

OVERVIEW

Peru / Equity - Corporate Credit / Utilities

28 JULY 2022

ENGIE ENERGIA PERU 2Q22 RESULTS: PERFORMANCE WEIGHED DOWN BY REGULATED PPAs EXPIRATION

KEY DRIVERS

- 🕒 EBITDA plunged -17.2% YoY to USD 49.9mn, depressed by lower contract sales and higher energy purchases after changes to the gas price declaration mechanism.
- 🕒 Net income came to USD 15.3mn, down from USD 24.2mn in 2Q21, mostly owing to weaker operating performance and FX differences.
- 🕒 Net debt/EBITDA worsened to 2.1x in 2Q22 from 1.8x on lower EBITDA.



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- Net debt/EBITDA worsened to 2.1x in 2Q22 from 1.8x on lower EBITDA.

Consolidated EBITDA came in at USD 49.9mn (-17.2% YoY), mainly on account of the -8% YoY drop in contract sales (mostly in the regulated segment as PPAs came to an end), while the change in the gas price declaration mechanism pushed purchase spot prices up. Net income came to a profit of USD 15.3mn (-37% YoY) owing to weaker operating performance and the negative impact of PEN appreciation on FX differences.

Net generation dropped to 1603 GWh (-7.1% YoY). This was driven by lower thermal generation (-9.3% YoY) while other generation sources remained flat. Unregulated physical sales rose +5.6%, while regulated sales plummeted -34.2% YoY as some regulated PPAs expired. However, the company continued to be a net spot buyer.

Revenues remained flat (+0.1% YoY) at USD 127.4mn on account of higher income from services provided and of higher prices from natural-gas-indexed PPAs, though this was offset by lower regulated demand caused by the expiration of long term PPAs. Costs rose 15% YoY to USD 94.8mn largely on account of greater energy purchase volumes at higher spot prices after regulatory changes to the gas price declaration mechanism and higher gas fuel costs.

Net income came to USD 15.3mn, down -37% YoY, mainly on account of weaker operating performance that was further compounded by the impact of PEN appreciation. Net Debt/EBITDA went from 1.78 in 1Q22 to 2.1x in 2Q22.

Engie Energia Peru: Quarterly Income Statement (USD mn)

	2Q22a	2Q21a	%Var 22/21
Revenues	127.4	127.3	0.1%
Op. Income	28.8	40.5	-28.9%
Op. Margin (%)	22.6%	31.8%	
EBITDA	49.9	60.3	-17.2%
EBITDA Margin (%)	39.2%	47.4%	
Net Income	15.3	24.2	-37.0%
Net Margin (%)	12.0%	19.0%	

Source: LarrainVial Research Department

STOCK INFORMATION

Current Price:	5.55
Target Price:	7.50
Recommendation:	NEUTRAL
BBG ticker:	ENGIE1 PE
52w high-low:	6.75 – 5.30
Free Float:	38%
#Shares:	601 mn

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