



## **Orazul Energy Perú**

### **Unaudited Combined Financial Information**

### **As of June 2017**

## **BASIS OF PRESENTATION**

The tables and information contained herein show the combined financial picture of Orazul Energy Perú (OEP) and Aguaytia Energy del Peru S.R.L. (Aguaytia), and contain certain combination adjustments to eliminate the effects of inter-company transactions. As the two companies have been accounting in different currencies, for the purposes of this document, Peruvian soles have been converted to U.S. dollars at the average sales exchange rate for the six months June 2017 period, as reported by SBS<sup>1</sup>. The U.S. dollar equivalent information should not be construed to imply that the soles amounts represent, or could have been or could be converted into, U.S. dollars at such rates. The information in this report is being provided solely for informational purposes, and does not constitute the official legal financial reporting of either OEP or Aguaytia, which are provided separately.

## **OVERVIEW OF COMBINED RESULTS**

The combined companies achieved an adjusted 2017 year-to-date EBITDA of \$54 million. The results reflect macroeconomic events affecting the broader industry, including lower client consumption due to slower demand growth driven by the unforeseen damage caused by the “El Niño Costero” weather event as well as by delays in the execution of approved public-sector investment projects. Apoyo Consultoria expects a GDP growth recovery of 67%, from 2.1% in 2017 to 3.5% in 2018.

The Aguaytia loading plant began operations on July 16 and will diversify our customer base for natural gasoline. Additionally, we implemented a cost optimization initiative resulting in lower selling and administrative expenses, which decreased by more than 4% in the year-to-date period. Those results confirm our commitment to further improving our operations and creating value for our stakeholders.

<sup>1</sup> “SBS” means Peruvian Superintendency of Banks, Insurance and Private Pension Fund Administration Entities (Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones).

## UNAUDITED COMBINING STATEMENTS OF PROFIT OR LOSS FOR 3-MONTH AND 6-MONTH PERIODS ENDED JUNE 2017

(In thousands of USD)

|                                                                     | Orazul<br>Q2 2017 | Aguaytia<br>Q2 2017 | Adjustments | Combined<br>Q2 2017 | Orazul<br>YTD 2017 | Aguaytia<br>YTD 2017 | Adjustments | Combined<br>YTD 2017 |
|---------------------------------------------------------------------|-------------------|---------------------|-------------|---------------------|--------------------|----------------------|-------------|----------------------|
| Sale of energy and electrical energy transmission services          | 26,969            | 21,332              | (886)       | 47,415              | 55,967             | 40,058               | (917)       | 95,108               |
| Sale of hydrocarbons                                                | -                 | 4,023               | -           | 4,023               | -                  | 9,021                | -           | 9,021                |
| Total of sales                                                      | 26,969            | 25,355              | (886)       | 51,438              | 55,967             | 49,079               | (917)       | 104,129              |
| Costs of sale of energy and electrical energy transmission services | (13,580)          | (10,373)            | 1,535       | (22,418)            | (27,288)           | (21,955)             | 2,211       | (47,032)             |
| Cost of sales of hydrocarbons                                       | -                 | (3,401)             | 1,038       | (2,363)             | -                  | (7,564)              | 2,069       | (5,495)              |
| Costo of sales                                                      | (13,580)          | (13,774)            | 2,573       | (24,781)            | (27,288)           | (29,519)             | 4,280       | (52,527)             |
| Gross profit                                                        | 13,389            | 11,581              | 1,687       | 26,657              | 28,679             | 19,560               | 3,363       | 51,602               |
| Administrative expenses                                             | (3,826)           | (4,433)             | 1,335       | (6,924)             | (7,450)            | (9,032)              | 2,660       | (13,822)             |
| Selling expenses                                                    | (382)             | -                   | -           | (382)               | (692)              | -                    | -           | (692)                |
| Other income                                                        | 5,762             | 120                 | (3,022)     | 2,860               | 8,982              | 126                  | (6,023)     | 3,085                |
| Other expenses                                                      | (928)             | (693)               | -           | (1,621)             | (1,126)            | (720)                | -           | (1,846)              |
| Financial income                                                    | 5,542             | 23                  | (83)        | 5,482               | 6,185              | 41                   | (83)        | 6,143                |
| Financial expenses                                                  | (14,820)          | (38)                | 83          | (14,775)            | (15,952)           | (109)                | 83          | (15,978)             |
| Exchange difference (net)                                           | (815)             | 42                  | -           | (773)               | (637)              | 403                  | -           | (234)                |
| <b>Profit before income tax</b>                                     | 3,922             | 6,602               | -           | 10,524              | 17,989             | 10,269               | -           | 28,258               |
| Income tax expense                                                  | (1,043)           | (2,218)             | -           | (3,261)             | (5,335)            | (3,264)              | -           | (8,599)              |
| <b>Net profit for the year</b>                                      | 2,879             | 4,384               | -           | 7,263               | 12,654             | 7,005                | -           | 19,659               |
| (+) Income tax expense and Profit Sharing                           |                   |                     |             | 2,858               |                    |                      |             | 8,904                |
| (+) Financial expenses, net                                         |                   |                     |             | 10,066              |                    |                      |             | 10,069               |
| (+) Depreciation and amortization                                   |                   |                     |             | 4,870               |                    |                      |             | 10,258               |
| <b>EBITDA</b>                                                       |                   |                     |             | <b>25,057</b>       |                    |                      |             | <b>48,890</b>        |
| (+) Maple gas provision                                             |                   |                     |             | 2,629               |                    |                      |             | 5,463                |
| (+/-) Any extraordinary gain or loss or any non-recurring expenses  |                   |                     |             | (424)               |                    |                      |             | (396)                |
| <b>Adjusted EBITDA <sup>(2)</sup></b>                               |                   |                     |             | <b>27,263</b>       |                    |                      |             | <b>53,958</b>        |

<sup>2</sup> According Indenture Section 1.01 Definitions: Consolidated Net Income and Consolidated Adjusted EBITDA.