

Orazul Energy Perú Unaudited Consolidated Financial Information As of September 2017

CORPORATE REORGANIZATION

On August 17, 2017, Orazul Energy Perú S.A. (OEP) merged with Orazul Energy Egenor S. en C. por A. (Egenor), and became the surviving entity with Aguaytia Energy del Peru S.R.L. (Aguaytia) as its direct subsidiary. As a consequence of the reorganization, OEP has a 99.99% ownership interest in Orazul's Peruvian operations and will be able to issue consolidated financial information for the issuer and its principal guarantor commencing on the period ending September 30, 2017. It is important to note that the carve-out of the Yungay asset in Chile from OEP, as contemplated in the Permitted Reorganization, is still in process. The asset is intended to be carved out from OEP prior to the end of 2018, and accordingly, is included as "Assets held for sale" on OEP's consolidated financial statements.

The main benefits of the corporate reorganization are (i) eliminate and simplify certain legacy intermediate holding company structures of the Duke Energy Group that are no longer necessary, (ii) minimize the structural subordination for the holders of our Indebtedness and (iii) achieve a more efficient and centralized corporate and management structure with respect to the Peruvian operations.

OVERVIEW

OEP achieved an adjusted 2017 year-to-date EBITDA of \$75.3 million. The results are impacted by slower demand growth in Peru, driven by El Niño coastal flooding, the Lavajato scandal and delays in infrastructure projects. However, the economy is being positively impacted by a favorable international environment as result of higher commodities prices.

Adjusted EBITDA dropped from same period last year mainly due to:

- Lower PPA energy sales due lower demand growth and decline in clients consumption, mainly distributors companies (-\$17.4M).
- Aguaytia thermal plant lower capacity revenues as a result of lower energy demand growth and congestion in transmission (-\$9.2M).

- No other revenues from regulation and minimum load dispatch (-\$6.4M)
- Less energy purchase due to decrease in marginal cost (\$10.1 Mw/h in 2017 and \$21.4 in 2016) coupled with lower gas royalties due to lower thermal generation (+14.9M)
- Higher third party energy transmission revenues due to lower thermal generation (+\$3.7M)
- Savings in services and other cost (+4.1M)

With respect to the hydrocarbon business, Maple Gas, Aguaytia's only customer for the natural gasoline, started to fall behind in its payments in June 2014 and ceased making payments in 2016. In 2016, Aguaytia started the construction of its own natural gasoline storage facility, which commenced operations in July 2017. The natural gas storage facility was completed on time and within

budget. The company terminated the fuel supply agreement with Maple Gas and started monetizing the natural gasoline production through the signing of a contract to deliver the product to a creditworthy counterparty (rated BBB+ by Fitch and BBB- by S&P) since October 2017.

Additionally, our cost optimization initiative resulted in lower administrative and selling expenses, which decreased by more than 13% and 5%, respectively in the year-to-date period. Those results confirm our commitment to further improving our operations and creating value for our stakeholders.

**YTD 2017
Adjusted
EBITDA
margin
was
50.2%**

ORAZUL ENERGY PERÚ S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF PROFIT OR LOSS FOR NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017⁽¹⁾ AND 2016⁽²⁾ (IN THOUSANDS OF DOLLARS US\$000)

	Q3 2017 ⁽¹⁾	Q3 2016 ⁽²⁾	YTD 2017 ⁽¹⁾	YTD 2016 ⁽²⁾
CONTINUOUS OPERATIONS				
Sale of energy and electrical energy transmission services	43,709	51,245	138,817	166,413
Sale of hydrocarbons	2,342	3,995	11,363	14,195
	<u>46,051</u>	<u>55,240</u>	<u>150,180</u>	<u>180,608</u>
Costs of sale of energy and electrical energy transmission services	(25,971)	(33,144)	(73,003)	(89,180)
Cost of sales of hydrocarbons	(1,724)	(4,254)	(7,219)	(10,838)
	<u>(27,695)</u>	<u>(37,398)</u>	<u>(80,222)</u>	<u>(100,018)</u>
Gross profit	18,356	17,842	69,958	80,590
Administrative expenses	(4,984)	(7,743)	(19,170)	(22,168)
Selling expenses	(371)	(376)	(1,063)	(1,122)
Other income	713	829	3,798	1,790
Other expenses	(293)	(3)	(2,139)	(1,672)
Financial expenses, net				
Related entities	528	-	(9,157)	-
Third parties	(12,034)	(1,273)	(49,321)	(3,482)
Exchange difference, net	906	(512)	672	12
Loss (Profit) before income tax	<u>2,821</u>	<u>8,764</u>	<u>(6,422)</u>	<u>53,948</u>
Income tax expense	(2,220)	(2,942)	(10,819)	(15,563)
Net loss (profit) for the year	<u>601</u>	<u>5,822</u>	<u>(17,241)</u>	<u>38,385</u>
(+) Income tax expense and Profit Sharing	2,231	3,191	11,135	17,584
(+) Financial expense, net	10,600	1,785	57,806	3,470
(+) Depreciation and amortization	5,732	5,610	15,990	17,723
EBITDA	19,164	16,408	67,690	77,162
(+) Maple gas provision	352	2,208	5,815	7,716
(+/-) Any extraordinary gain or loss or any non-recurring expenses	2,219	971	1,823	2,211
Adjusted EBITDA⁽³⁾	21,735	19,587	75,328	87,089

(1)2017 YTD Financial information includes OEP results since January 2017. For this reason it differs from prior release as of June 17, primarily due to non-operational income and expenses.

(2)The Consolidated Statements of Profit or Loss for nine-month period ended September 30, 2016 were prepared for reference and comparative purposes only. The Company acquired the 87.23% of the business in December 20, 2016 and in August 2, 2017, the remaining 12.76%, increasing its participation to 99.99%. These consolidated statements corresponds to the results of Duke Energy Egenor S. en C. por A and subsidiary, and Aguaytia Energy del Perú S.R.L. and subsidiaries; which were Peruvian subsidiaries of Duke Energy Corporation Group, former shareholder, as of September 30, 2016.

(3)According Indenture Section 1.01 Definitions: Consolidated Net Income and Consolidated Adjusted EBITDA.

Presented financial information should be read in conjunction with the consolidated financial statements and its notes, which are presented separately.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017⁽¹⁾ AND 2016⁽²⁾
(IN THOUSANDS OF DOLLARS US\$000)**

SALE OF ENERGY AND ELECTRICAL ENERGY TRANSMISSION SERVICES

	YTD 2017	YTD 2016 ⁽¹⁾	Variance	%
Sale of electrical energy:				
Sale of electrical energy and power				
Energy	78,025	95,458	(17,433)	-18.3%
Capacity	45,288	54,638	(9,350)	-17.1%
Other	90	89	1	1.1%
COES Compensations				
Energy	4,656	4,865	(209)	-4.3%
Capacity	3,538	1,224	2,314	189.1%
Other	-	6,634	(6,634)	-100.0%
Sale of hydrocarbons:				
LPG	4,928	6,487	(1,559)	-24.0%
Natural gasoline	6,435	7,707	(1,272)	-16.5%
Electrical energy transmission	7,220	3,506	3,714	105.9%
Total	150,180	180,608	(30,428)	-16.8%

COSTS OF SALE OF ENERGY AND ELECTRICAL ENERGY TRANSMISSION SERVICES

	YTD 2017	YTD 2016 ⁽¹⁾	Variance	%
Royalties from electrical energy sales	1,945	9,264	(7,319)	-79.0%
Royalties from sales of hydrocarbons	3,911	4,254	(343)	-8.1%
Supplies, spare parts and fuel	586	815	(229)	-28.1%
Purchase of transmission charges	27,790	31,656	(3,866)	-12.2%
Purchase of energy				
Energy	7,132	14,761	(7,629)	-51.7%
Capacity	7,076	1,008	6,068	602.0%
Other cost	1,630	2,022	(392)	-19.4%
Personnel charges	7,792	7,779	13	0.2%
Services provided by third parties	4,861	6,666	(1,805)	-27.1%
Taxes	1,132	957	175	18.3%
Sundry management charges	913	3,225	(2,312)	-71.7%
Estimates of the period:				
Depreciation	15,570	17,352	(1,782)	-10.3%
(Recovery) loss for obsolescence of inventories	(502)	(146)	(356)	243.8%
Employee severance indemnities	386	405	(19)	-4.7%
Total	80,222	100,018	(19,796)	-19.8%

ORAZUL ENERGY PERÚ S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016 (IN THOUSANDS OF DOLLARS US\$000)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	21,380	85,213
Trade accounts receivable (net)	22,071	22,719
Other accounts receivable	3,432	2,195
Accounts receivable from related entities	102,489	198
Inventories (net)	7,399	6,023
Income tax asset	504	3,833
Assets held for sale	185,644	508,258
Total current assets	344,558	629,020
NON-CURRENT ASSETS:		
Other accounts receivable	1,380	1,334
Property, plant and equipment (net) - Energy generation and transmission	382,578	388,326
Property, plant and equipment (net) - Gas investment	69,782	64,343
Intangibles assets	489,071	489,071
Deferred income tax assets	5,630	2,067
Other assets	1,512	536
Total non-current assets	949,953	945,677
TOTAL	1,294,511	1,574,697

	2017	2016
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Financial obligations	12,899	18,108
Trade accounts payable	10,103	16,738
Other accounts payable	1,965	3,963
Accounts payable to related entities	132,358	454
Liabilities for employee benefits	2,019	7,443
Deferred income	357	485
Total current liabilities	159,701	47,191
NON-CURRENT LIABILITIES:		
Financial obligations	539,821	494,670
Accounts payable to related entities	140,990	340,187
Deferred income tax liabilities	101,666	101,060
Provisions	1,591	1,784
Deferred income	0	309
Total non-current liabilities	784,068	938,010
Total liabilities	943,769	985,201
EQUITY:		
Issued capital stock	142,906	85,300
Excess of value paid in purchase of shares	(16,556)	0
Retained earnings	224,295	315,463
Equity attributable to equity holders controlling	350,645	400,763
Non-controlling interests	97	188,733
Total equity	350,742	589,496
TOTAL	1,294,511	1,574,697

Presented financial information should be read in conjunction with the consolidated financial statements and its notes, which are presented separately.

KEY OPERATING INFORMATION

		Q3 2017	Q3 2016	YTD 2017	YTD 2016
Energy Demand Growth	%	1.5%	8.1%	1.9%	9.2%
Spot Price	\$/MWh	12.6	27.6	10.1	21.4
Hydro Generation	GWh	303.5	292.5	1,651.1	1,598.3
Thermal Generation	GWh	51.5	48.1	91.9	321.4
PPA Energy Volumes	GWh	549.3	698.2	1,632.5	2,139.5
Spot Volumes, net	GWh	-	-	638.8	404.5
W. Avg PPA price	\$/MWh	45.1	43.9	45.0	44.2
LPG	bbl	39,335	49,770	122,473	168,810
Natural Gasoline	bbl	8,716	58,120	136,951	224,014
Effective capacity at end of period	MW	552.0	552.1	552.0	552.1
Gross Energy Generated	GWh	357.8	343.5	1,754.9	1,933.7