

# Earnings Release



## PETROPERU<sup>1</sup> Announces Second Quarter 2019 Earnings Results - 2Q19

**Lima, Peru, July 31, 2019:** Petróleos del Perú - PETROPERÚ S.A. ("PETROPERU S.A." or "the Company") (OTC: PETRPE) announced financial and operating results for the second quarter ("2Q19"), period ended June 30, 2019. For a more comprehensive financial analysis please refer to the Intermediate Financial Statements 2Q19<sup>2</sup> available on the Superintendencia Mercado de Valores del Perú website - SMV ([www.smv.gob.pe](http://www.smv.gob.pe)).

**Disclaimer and Applicable References:** The information contained in this presentation is general background information about Petróleos del Perú – PETROPERU S.A. ("PETROPERU S.A." or the "Company") and is not intended to constitute legal, tax or accounting advice or opinions. This presentation was prepared by PETROPERU S.A. for the purpose of providing certain financial and other relevant information of the Company. PETROPERU S.A. disclaims any responsibility for any errors or omissions in such information, including the financial calculations, projections and forecasts set forth herein. This presentation contains projections, forecasts, assumptions, estimates or other statements that are forward-looking. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance, statements regarding the timing and cost of completing the Talara Refinery Modernization Project, PETROPERU's expected future financings and expectations regarding capacity and utilization, among others. Although PETROPERU S.A. believes that these statements are based upon reasonable current assumptions and expectations, no assurance can be given that the future results referred to by the forward-looking statements will be achieved. We caution you that any such projections or forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and other factors that may cause actual results to be materially different from any future results expressed or implied in such projections or forward-looking statements. The Company expressly disclaims any duty to update any of the forward-looking statements, or any other information, contained herein. Actual results could differ materially from the expectations expressed by the projections and forward-looking statements contained herein. The information contained in this presentation refers to PETROPERU S.A. and all of its information, unless otherwise indicated. Certain data in this presentation was obtained from various external data sources, and neither PETROPERU S.A. nor any of its affiliates has verified such data with independent sources. This presentation contains non-IFRS financial measures used by PETROPERU's management when evaluating results of operations. PETROPERU's management believes these measures also provide users of the financial statements with useful comparisons of current results of operations with past and future periods. Non-IFRS financial measures should not be construed as being more important than comparable IFRS measures.

### HIGHLIGHTS

- **Gross Profit** increased from US\$ 133 million in 2Q18 to US\$ 136 million in 2Q19 (+2% YoY<sup>3</sup>), as a result of a greater buying and selling margin, mainly in April and June 2019, and an increase in exports by approximately +4 KBPD<sup>4</sup>.
- During 2Q19, **Total Revenue** increased by 1% compared to 2Q18, mainly as a result of the higher Other Operating Income in 2Q19 vs. 2Q18. Domestic revenue decreased by 2%, while Exports increased by 27% YoY. The decline in Domestic Revenue, was due to a lower Sales Volume of main products as a result of the gradual entry of aggressive competition and the market contraction.
- **Total Sales Volume** reached 150.8 KBPD in 2Q19, similar to the 150.6 KBPD in 2Q18 (+0.2% YoY), 86% of sales (129.9 KBPD) were concentrated in the domestic market.
- **Operating Profit** increased 78% YoY, from US\$ 46 million in 2Q18 to US\$ 83 million in 2Q19, mainly due to the reduction of administrative and sales expenses in 2Q19 compared to 2Q18 (US\$ 35 million vs. US\$ 84 million), which does not include the participation of workers, depreciation and amortization.
- **Net Profit** in 2Q19 was US\$ 51 million compared to US\$ 24 million in 2Q18 (+111% YoY), mainly due to the improvement of the Operating Margin that rose from 3.8% in 2Q18 to 6.7% in 2Q19.
- **Adjusted EBITDA**<sup>5</sup> increased to US\$ 101 million (57% YoY), due to changes in sales and administration expenses abovementioned. Adjusted EBITDA Margin went from 5.2% in 2Q18 to 8.2% in 2Q19.
- The **cash balance** was US\$ 138 million at the end of 2Q19 vs US\$ 141 million at the end of 2Q18, due to the deficit in the Cash Flow of Financing Activities of US\$ -112 million. This was as a result of the paying down of working capital loans, compared to the surplus registered in 2Q18, and the lower cash requirement due to the operating surplus. The Cash Flow of Operating Activities during 2Q19 was US\$ 101 million, due to the greater operating margin and to the monthly anticipated income coming from the balance in favor of the exporter that PETROPERÚ S.A. has been receiving from SUNAT<sup>6</sup> since December 2018. The Cash Flow of Investment Activities reported a deficit of US\$ 41 million.

<sup>1</sup> Petróleos del Perú-PETROPERU S.A. (hereinafter "PETROPERU" or "the Company").

<sup>2</sup> Intermediate Financial Statements for the Second Quarter 2019. Unless otherwise noted, all financial figures are presented in US\$, and references to "Dollars" or "US\$". Our Quarterly Financial Statements have been prepared in according with International Financial Reporting Standards (IFRS), as issued by the IASB (International Accounting Standards Board).

<sup>3</sup> Year-over-year (YoY): Compare financial results with those of the same period in the previous year.

<sup>4</sup> KBPD: Thousands of Barrels Per Day

<sup>5</sup> EBITDA is defined as Net Income plus Income Tax plus Workers' Profit Sharing minus Finance Income plus Finance Cost plus Amortization & Depreciation.

Adjusted EBITDA is defined as EBITDA minus net other income & expenses, and net exchange differences.

<sup>6</sup> SUNAT: Peruvian Tax Authority

# Earnings Release



- The **PMRT<sup>7</sup> progress** as of 2Q19 was 76.64%. The project baseline is being updated, after the conversations held with the EPC contractor (Técnicas Reunidas – TR). Likewise, this update should be integrated with what has been agreed upon with the EPC contractor for Auxiliary Units and Complementary Works (Cobra SCL UA&TC Consortium).
- In 2Q19, the **Net Refining Margin<sup>8</sup>** reached US\$ 4.50/Bbl vs. US\$ -0.21/Bbl in 2Q18, mainly due to the lower operating cost and lower average loading price compared to the previous period.
- PETROPERU S.A. continued to lead the national fuel market with a 46% share in the April - June 2019 period.
- Regarding the **Nor Peruano Oil Pipeline (ONP)**, a lower volume was pumped, mainly due to the stoppage of pumping at Section I caused by a spill occurred in May as a result of a grade 8 earthquake, 28 km near the ONP, and the stoppage of pumping at the North Branch Pipeline (ORN) caused by a cut made by third parties at km 237.
- Regarding **hydrocarbon exploration and production activities**, as of June 2019, in Block 64, Geopark withdrew from the EIA<sup>9</sup> approval request of SENACE<sup>10</sup> for Central Situche Reservoir in order to incorporate more information into the Study. Regarding Block 192, the Force Majeure was lifted; thus, the new termination date of the service contract with Frontera is for January 04, 2020. The direct negotiation process of the License Agreement with Perupetro S.A. began on June 17, 2019 and should last 60 days (pursuant to Perupetro S.A.'s guidelines).
- During 2Q19, the Company continued undertaking activities related to social and environmental matters, re-affirming PETROPERU's interest and commitment to ESG<sup>11</sup>, based on its Social Management Policy that promotes solid relationships and mutual respect with their stakeholders.
- In terms of **Environmental Matters**, the Company continues to execute the cleaning and remediation work in the areas affected by the oil spill in the ONP. Regarding the events in which the remediation activities were concluded, the Company is in a process of an ongoing dialogue and understanding with the communities to reach some agreements. It has also, set a systematic process of environmental monitoring focused on the status and evolution of the rehabilitation of soils, surface waters and aquatic sediments, as well as the flora and fauna of the remediated areas.

## 1. ANALYSIS

### 1.1. MACROECONOMIC ENVIRONMENT

During 2Q19, the growth of the Gross Domestic Product (GDP) has been affected by transitory factors in the primary sectors: lower quota of anchovy during the first fishing season, lower extraction of minerals due to temporary stoppages and lower concentrations, and lower primary manufacturing, therefore showing an average growth of 1.3%, which represents the lowest quarterly growth from 2012. In contrast to the low growth during the months of April and May (0.20% and 0.63%, respectively), the scenario for June seems better, as some sectors have shown a recovery per the Ministry of Economy and Finance: public investment (+ 21.4% in June), cement consumption (+ 8.8% in June), employment (3.9% during the 2Q19), electricity (+ 4.1% between May and June) and fishing (anchovy + 19.7% in June). Annual GDP growth was revised downwards compared to the one estimated by the BCRP in March 2019 (4.0%), leading to an expected 2019 growth of 3.4%, which would position Peru among one of the economies with the highest growth across the region.

In relation to annual inflation, as of June annual inflation reached 2.29%, therefore, all the inflation indicators are situated within the target range of 1% to 3%. So far, the general price level increased by 1.18%, the CPI (Consumer Price Index) without food and energy grew 1.41%, while both of them did so at a rate of 0.92%, corresponding a variation of 0.65% to food and drinks. In the last 12 months, education services had the highest price increase due to the increase in enrollment and tuition fees by 5.2%. According to BCRP estimates, annual inflation for 2019 is expected to be around 2.1%, reaching 2.0% by 2020.

<sup>7</sup> Talara Refinery Modernization Project: which consists of the built of a new refinery with the highest technological standards and competitive of the region. The new refinery will completely modify the current production scheme of the Talara Refinery, through the incorporation of new refining processes, auxiliary services and related facilities.

<sup>8</sup> Net Refining Margin =  $\Sigma$ Product Sales Revenue –  $\Sigma$ Expenditures for Raw Material and Supplies Purchases – Operative Cost

<sup>9</sup> EIA for its acronyms in Spanish: Estudio de Impacto Ambiental - Environmental Impact Study.

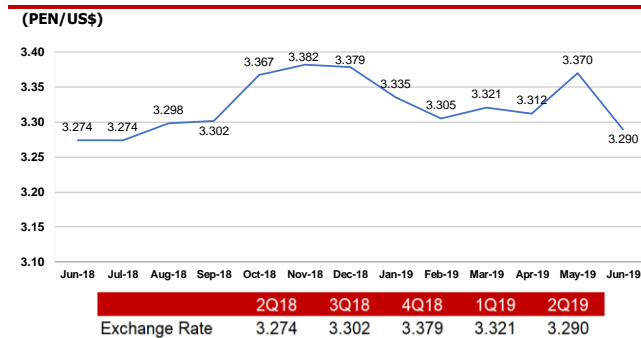
<sup>10</sup> National Institute of Environmental Certification – Servicio Nacional de Certificación Ambiental. In charge of reviewing and approving the EIA of public, private or mixed capital investment projects.

<sup>11</sup> Environmental, Social and Governance.

# Earnings Release

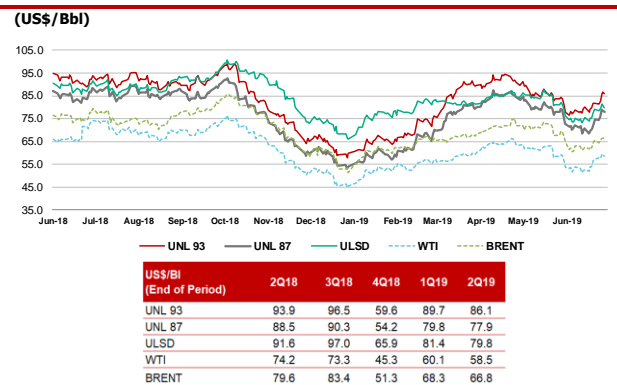


**Exchange Rate**



Source: SBS

**WTI & Other International By-Product Prices**



Source: Platt

**Notes: The UNL87 USGC Regular Gasoline equals a 92-octane gasoline, and the Premium Gasoline UNL 93 USGC is equivalent to a 98-octane gasoline.**

Regarding the exchange rate, between March and June 2019, this figure appreciated by 0.9% from S/ 3.321 to S/ 3.290 per dollar. This implies an appreciation of 2.6% between January and June 2019. According to the June 2019 BCRP Inflation Report, this increase was mainly due to expectations regarding a reduction in the US Federal Reserve interest rate, seeking to moderate the growth of global economic activity, associated with trade tensions between the United States and China. Within the abovementioned international context, the Central Bank has intervened in the foreign exchange market five times during the present year; and between March and June purchased a total of US\$ 405 million at the negotiating table, and placing US\$ 90 million in SWAPS in May in light of the higher exchange volatility.

With respect to oil prices, so far this year the Brent and WTI markers closed in 2Q19 at around US\$ 67/Bbl and US\$ 59/Bbl, respectively, and it is expected that by the end of 2019 Brent will be at US\$ 78/Bbl and WTI at US\$ 72/Bbl<sup>12</sup>. On the other hand, in the last two months the price of oil decreased due to the deterioration of growth prospects of global demand supported on lower crude oil imports from Asian countries since May. Additionally, the oil price in the global market has been strongly influenced by the sustained growth of US oil production, however, this has been offset by the production cuts of OPEC member countries and other producing countries, and lower production from Iran and Venezuela. As indicated by BCRP in its latest Inflation Report, it is quite likely that OPEC will extend production cuts until the year end to try to maintain current prices.

Fuel prices of the local market are determined considering the international prices of these fuels (Import Parity Prices calculated by PETROPERU S.A.). Prices are expressed in Soles at the current exchange rates. It is important to note that between 85%-90% of the ex-plant price (before taxes and margins of wholesale petrol stations) corresponds to international market prices. The Import Parity Pricing structure consists of the USGC value (Platt Price Values Plus Quality Adjustments) plus freight, insurance, import costs (inspections, port fees, financial costs, vessels overdue), performance, distribution costs, margin of profit and OSINERGMIN<sup>13</sup> tariffs.

<sup>12</sup> According to S&P Global Platts estimates in its report "WORLD OIL MARKET FORECAST" of June 2019.

<sup>13</sup> OSINERGMIN: Peru's Supervisory Body of Energy and Mining Investment.

# Earnings Release

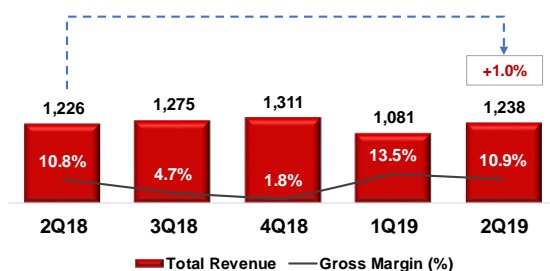


## 1.2. FINANCIAL RESULTS

### 1.2.1. INCOME STATEMENT

#### Quarterly Revenue & Gross Margin

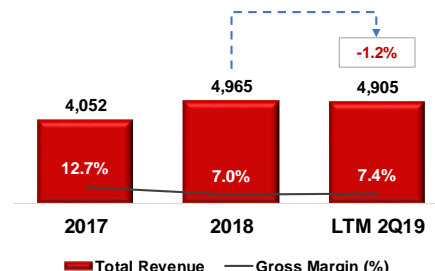
(In millions of US\$)



	2Q18	3Q18	4Q18	1Q19	2Q19
Total Sales (US\$ million)	1,208	1,258	1,285	1,066	1,210
Volume (MMbbl)	13.7	14.0	14.5	12.4	13.7
Price US\$ (Sales/bbl)	88.1	90.0	88.8	86.2	88.2

#### Annual Revenue & Gross Margin

(In millions of US\$)



	2017	2018	LTM 2Q19
Total Sales (US\$ million)	3,979	4,884	4,820
Volume (MMbbl)	53.0	55.5	54.5
Price US\$ (Sales/bbl)	75.1	88.0	88.4

**Note:** For the calculation of the Unit Prices in US\$, Total Sales do not include Other Income.

Total Revenue reached US\$ 1,238 million in 2Q19, an increase of 1% YoY, mainly as a result of the higher Other Operating Income in 2Q19 vs. 2Q18, which mainly incorporates operating rates in terminals, crude oil transportation through the pipeline and other rentals.

Local sales decreased by 2% from US\$ 1,104 million in 2Q18 to US\$ 1,078 million in 2Q19. Exports increased 27% YoY, from US\$ 104 million to US\$ 133 million. Sales Revenue (excluding Other Income) increased by 0.2% compared to 2Q18.

Gross Margin slightly increased from 10.8% in 2Q18 to 10.9% in 2Q19, as a result of a greater buying and selling margin mainly in April and June 2019, and an increase in exports by approximately +4 KBPD of products No. 6 Fuel Oil, Heavy, Crude Crude, Industrial Oil 500 and Diesel 2. It is important to note that the yield was not higher due to the devaluation of inventories that was presented in line with the decline in crude oil prices during the 2Q19.

# Earnings Release



## Analysis of the Product Portfolio:

SALES (In Millions of US\$)				
SALES	2Q18	2Q19	YoY	Weight on Total Sales
<b>LOCAL SALES</b>				
LPG <sup>(1) (2)</sup>	52	33	-35.3%	2.8%
Gasolines/Gasohols <sup>(1)</sup>	274	291	6.1%	24.0%
Turbo A-1	31	26	-17.2%	2.1%
Diesel B5 <sup>(1) (2)</sup>	618	588	-4.8%	48.6%
Industrial Oil <sup>(1) (2)</sup>	37	25	-32.3%	2.1%
Bunkers (Marine Residual - IFO + Marine Diesel N°2) <sup>(1)</sup>	7	23	218.7%	1.9%
Asphalt Liquid / Asphalt Solid <sup>(1)</sup>	11	17	56.1%	1.4%
Others <sup>(1) (3)</sup>	73	74	1.1%	6.1%
<b>Total Local Sales</b>	<b>1,104</b>	<b>1,078</b>	<b>-2.3%</b>	<b>89.1%</b>
<b>EXPORTS</b>				
Virgin Naphtha	31	13	-59.3%	1.1%
N°6 Fuel Oil, Reduced Crude, Industrial Oil 500	49	64	31.3%	5.3%
Diesel 2	10	41	300.8%	3.4%
Others <sup>(4)</sup>	14	15	5.8%	1.2%
<b>Total Exports</b>	<b>104</b>	<b>133</b>	<b>27.1%</b>	<b>10.9%</b>
<b>Total Local Sales &amp; Exports</b>	<b>1,208</b>	<b>1,210</b>	<b>0.2%</b>	
Other Operational Income <sup>(5)</sup>	18	28	58.0%	
<b>TOTAL REVENUE</b>	<b>1,226</b>	<b>1,238</b>	<b>1.1%</b>	

<sup>(1)</sup> Discount Included

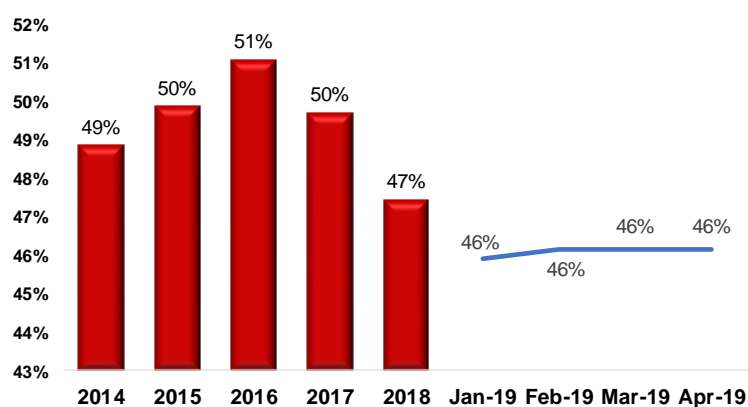
<sup>(2)</sup> FEPC Included

<sup>(3)</sup> Cutting material, Solvents, Gasoline Aviation and Naphthenic Acid.

<sup>(4)</sup> Turbo A-1, Gasolines, Asphalts, IFO's and Naphthenic Acid.

<sup>(5)</sup> Includes terminal operation fees, oil transportation by oil pipeline, lease Savia Perú S.A. among others.

## PETROPERU S.A. Market Share Evolution



During 2Q19, PETROPERU S.A. had Sales Revenue of US\$ 1,210 million, 0.2% slightly higher than in 2Q18, with 89% of sales concentrated in the domestic market.



# Earnings Release



PETROPERU S.A. maintained leadership in the national fuel market with a 46% share for the January - April 2019 period, as released by the Ministry of Energy and Mines (MINEM) at the date of release of this report.

## Income Breakdown

(In millions of US\$)		LTM 2Q19	% Participation	
<b>LOCAL REVENUE</b>			<b>4 Products</b>	<b>78.8%</b>
LPG <sup>(1) (2)</sup>		146	Diesel B5 <sup>(1) (2)</sup>	50.4%
Gasolines/Gasohols <sup>(1)</sup>		1,110	Gasolines/Gasohols <sup>(1)</sup>	23.0%
Turbo A-1		111	LPG <sup>(1) (2)</sup>	3.0%
Diesel B5 <sup>(1) (2)</sup>		2,432	Turbo A-1	2.3%
Industrial Oil <sup>(1) (2)</sup>		78		
Bunkers (Marine Residual - IFO + Marine Diesel N°2) <sup>(1)</sup>		96	<b>2 Products</b>	<b>73.5%</b>
Asphalt Liquid / Asphalt Solid <sup>(1)</sup>		63	Diesel B5 <sup>(1) (2)</sup>	50.4%
Others <sup>(1) (3)</sup>		247	Gasolines/Gasohols <sup>(1)</sup>	23.0%
<b>Total Local Revenue</b>		<b>4,284</b>	<b>Local Revenue</b>	<b>88.9%</b>
<b>EXPORTS</b>			<b>Exports</b>	<b>11.1%</b>
Virgin Naphtha		67		
N°6 Fuel Oil, Reduced Crude, Industrial Oil 500		234		
Diesel 2		179		
Others <sup>(4)</sup>		56		
<b>Total Exports</b>		<b>536</b>		
<b>TOTAL REVENUE</b>		<b>4,820</b>		

<sup>(1)</sup> Discount Included

<sup>(2)</sup> FEPC Included

<sup>(3)</sup> Cutting material, Solvents, Gasoline Aviation and Naphthenic Acid.

<sup>(4)</sup> Turbo A-1, Gasolines, Asphalts, IFO's and Naphthenic Acid.

PETROPERU S.A. maintains a network of 646 affiliated service stations as of June 2019, which are distributed across the country over 24 regions. Its products have the highest quality standards according to customer opinion and the quality certificates granted as a result of compliance with national and international standards. Additionally, it can be verified that PETROPERU S.A.'s most representative products, that represent the greatest income during the LTM, are gasoline/gasohols and Diesel B5 (Includes Diesel B5 S-50).

### LOCAL MARKET

Domestic Sales Revenue reached US\$ 1,078 million, decreasing 2% YoY or US\$ 26 million, mainly due to lower sales of Diesel caused by aggressive competition and the market contraction (GDP decrease), non competitive prices of LPG and lower fishing activity in 2019 compared to 2018.

Regarding the domestic market, important aspects that affect the commercial management of the Company have occurred, such as:

- In the period January / April 2019, the diesel market contracted by 5% compared to the same period of the previous year; gasoline increased by 6%.
- Average sales at the retail level during 2Q19 was +5% higher than in 2018. Likewise, Petroperu's participation in the retail market was 24% in this period (considering data published by OSINERGMIN as of May 2019).
- As of June 2019, Residual sales decreased compared to the previous month due to the suspension of the fishing campaign by PRODUCE (Ministry of Production).

### EXTERNAL MARKET

Export Sales Revenues of US\$ 133 million represented 11% of Total Sales Revenue in 2Q19. The Company sold a volume of 21 KBPD, 23% higher compared to the same period of 2018 (17 KBPD), mainly explained by the higher exports of High Sulfur and Residual

# Earnings Release



Diesel 2. However, this increase was partially offset by lower exports of Naphtha Virgin, as a result of the stoppage of Talara refinery in January 2019 (18 days), which impacted production and the inventory levels.

## SUPPLY CHAIN

Regarding the Company's Supply Chain, despite the continued maintenance of Dock 7 (situated in Callao Port), storage capacity restrictions due to port closures, among others; 98.0% of the time was attended normally at the Plants and Terminals nationwide.

On the other hand, maintenance works are being carried out in our submarine terminal and liquid loading dock of Talara Refinery.

In June, we recorded a total of 124.2 days of port closings, compared to the 117.3 days corresponding to the same period of 2018. The accumulate number of port closing days to June 2019 was 433.1 days versus 467.0 days with respect to the same period of the previous year. These closures generate operating cost increases for product loading and unloading as well as for land transportation.

In 2Q19, progress rates for the construction of new Plants and Terminals were as follows: i) Terminal Ilo: 54.5% construction progress due to unjustified delays by the EPC contractor, which has few working fronts for civil projects and is limited to foundation works for administrative buildings. Additionally, the contractor has not carried out valuations since December 2018. ii) Pasco - Ninacaca Supply Plant: 52.1% construction progress, due to delays in the initiation of external projects (access road to the central highway), and also with the response to the observations made by PROVIAS<sup>14</sup>, which was entered on January 22, 2019 and was responded on May 14, 2019. iii) Puerto Maldonado Supply Plant: 26.2% progress, due to delays in approvals for the issuance of work permits and a letter of guarantee, by the land contractor, which caused delays in the contracting process.

PETROPERU continues with its Safe Transport Plan aimed at achieving zero accidents with the land transport units which are outsourced to various companies across the different supply routes to our Plants.

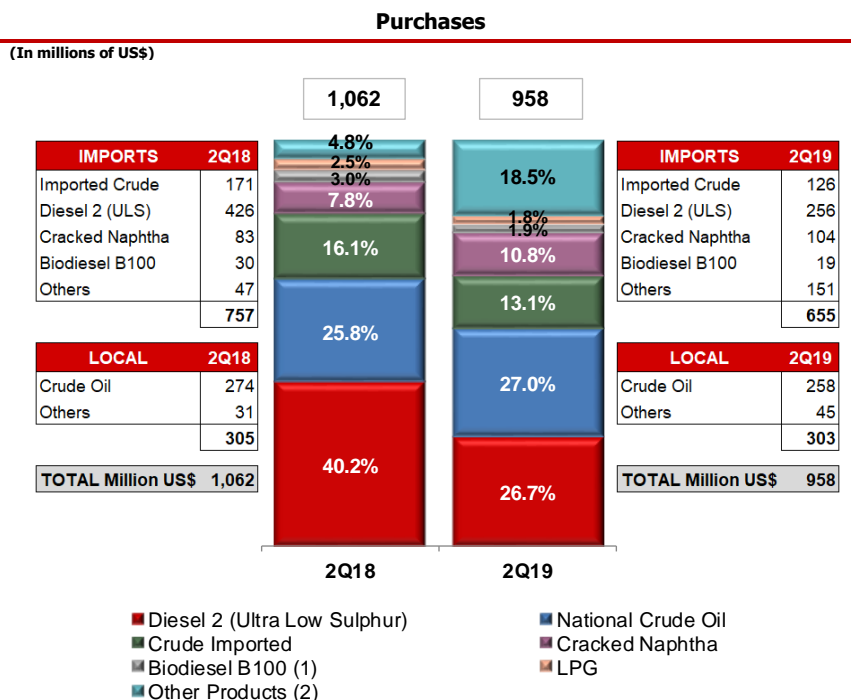
---

<sup>14</sup> Institution in charge of the execution of construction, improvement, rehabilitation and maintenance projects for the National Road Network.

# Earnings Release



## PURCHASES

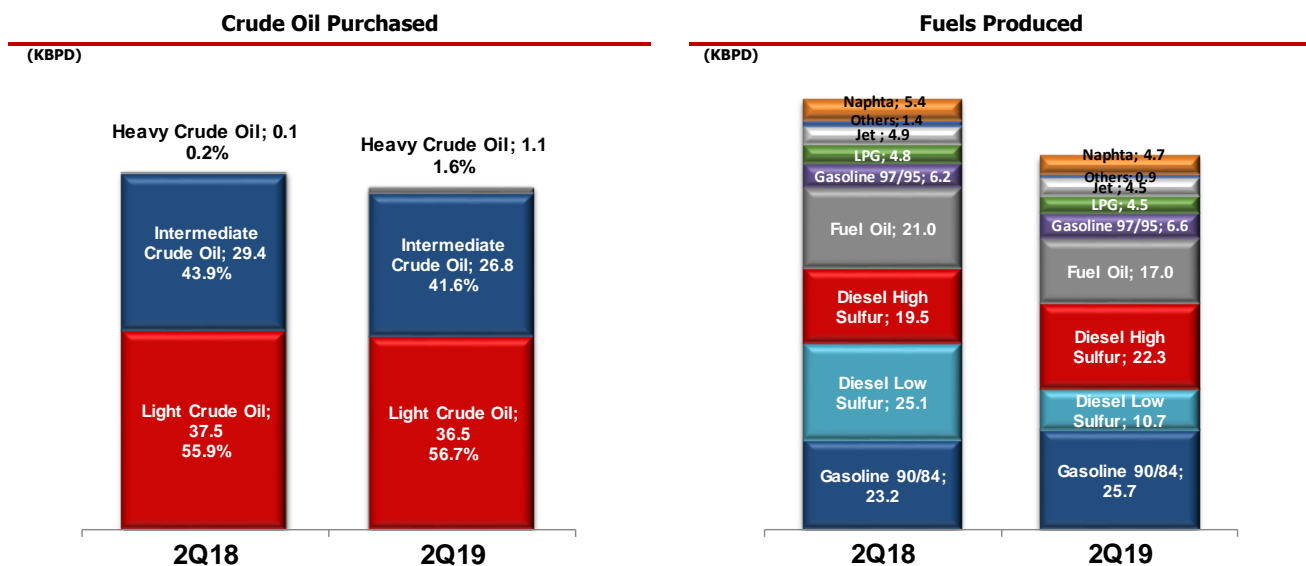


<sup>(1)</sup> Inputs for formulation of Diesel B5

<sup>(2)</sup> Includes: HOGBS, Gasoline Aviation, Alcohol Fuel, Natural Gas Condensate and Turbo A1

Crude oil processed in our refineries is either local or imported. Local crude oil comes mainly from the Talara area and is purchased considering an average oil prices basket. Crude oil (from the Northwestern region of Peru) during 2Q19 represented 27% of total purchases.

In 2Q19, oil imports as a percent of total purchases by our refineries decreased to 13.1% (compared to 16.1% in 2Q18).

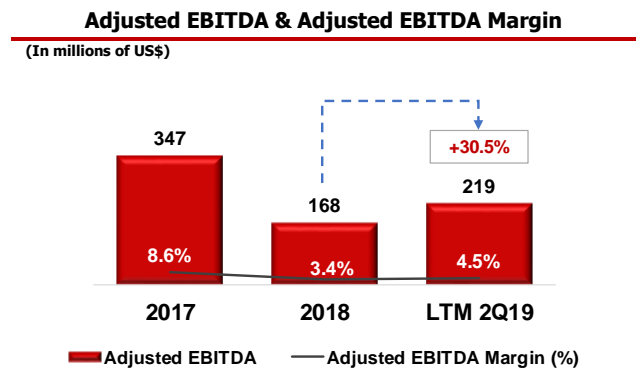
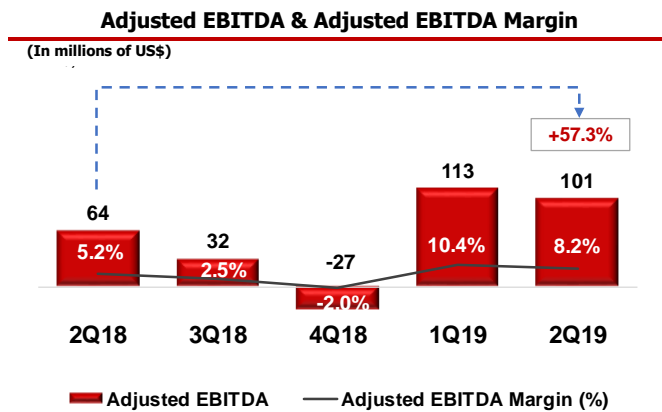




# Earnings Release



## EBITDA



Adjusted EBITDA US\$ 101 million in 2Q19, compared to US\$ 64 million in 2Q18. This increase was mainly due to the reduction of administrative and sales expenses in 2Q19 compared to 2Q18 (US\$ 35 million vs. US\$ 84 million YoY), and due to Other Operating Income (+58% YoY).

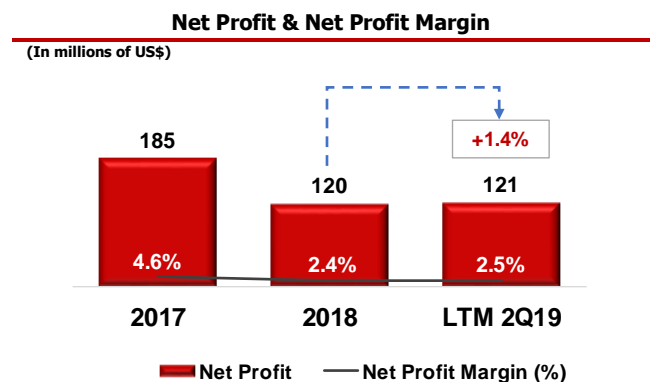
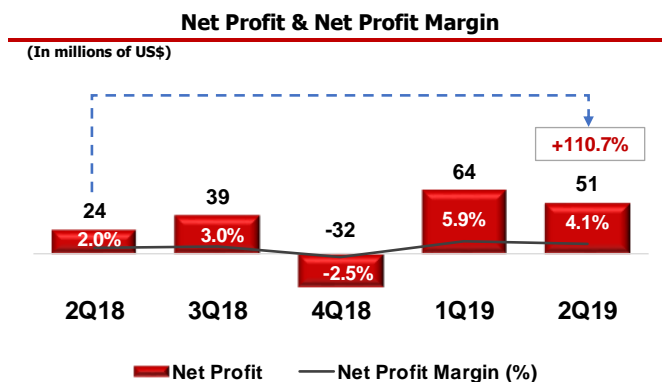
Operating expenses per business unit are as follows:

**OPEX: Operative Expenses**  
(In thousands of US\$)

Business Unit	Executed on 2018 <sup>(1)</sup>	Executed as of June 2019
Refining	240,503	116,640
Transportation through ONP	62,697	29,848
Distribution & Commercialization	170,729	83,251
Others	93,347	38,195
<b>Total</b>	<b>567,276</b>	<b>267,934</b>

(1) Reversal due to impairment of assets of the Nor Peruano Pipeline reached US\$ 31,790 million .

The Refining business unit represented the highest operating expenses among all the business units (42% of total OPEX in 2018 and 44% in 2Q19). The Talara, Conchán and Iquitos refineries are currently in operation. The business unit with the second highest operating expenses is Distribution & Commercialization, which encompasses Supply Plants and Storage Tanks throughout the country, as well as the ONP business unit.

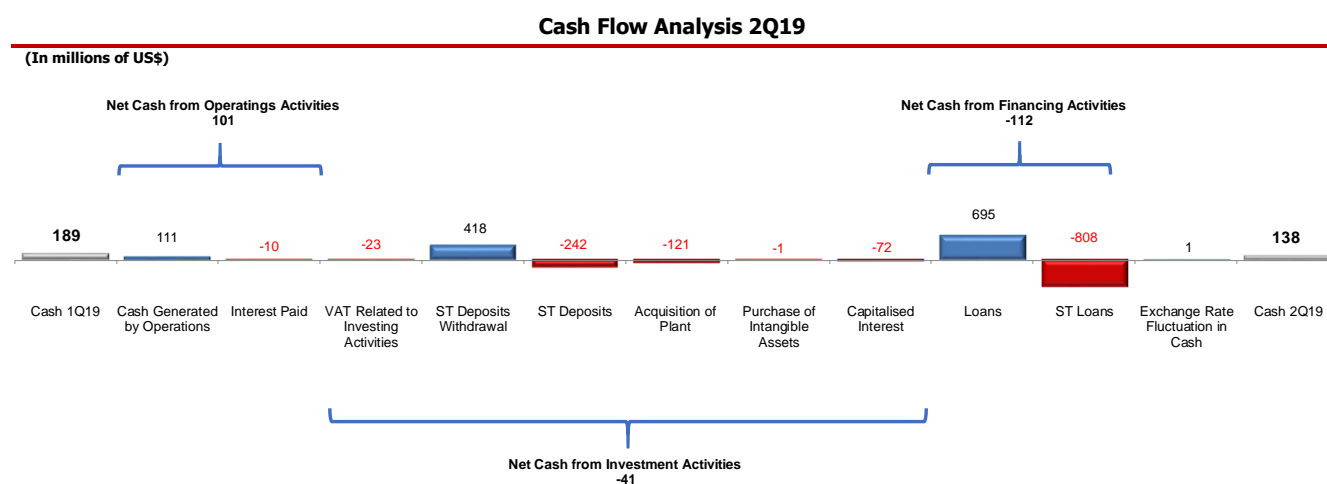


# Earnings Release



Net Profit in 2Q19 was US\$ 51 million compared to US\$ 24 million in 2Q18, mainly due to the improvement of the Operating Margin that improved from 3.8% in 2Q18 to 6.7% in 2Q19, which represented 78% growth in Operating Profit.

## 1.2.2. CASH FLOW STATEMENT



At the end of 2Q19, PETROPERU S.A. reported Cash of US\$ 138 million, compared to US\$ 141 million in 2Q18. The cash balance was slightly lower due to the deficit in the Cash Flow of Financing Activities for loan payments for working capital, compared to the surplus in 2Q18, which was offset by a surplus of the Cash Flow of Operating Activities.

Cash Flow from Operating Activities in 2Q19 reached US\$ 101 million versus US\$ -108 million in 2Q18, mainly explained by the greater operating margin and to the monthly anticipated income coming from the balance in favor of the exporter that PETROPERÚ S.A. has been receiving from SUNAT since December 2018.

Cash Flow from Financing Activities was US\$ -112 million in 2Q19 vs. US\$ 76 million in 2Q18, mainly due to the pay down working capital loans and lower cash requirement as a result of the operating surplus.

Cash Flow from Investment Activities reached US\$ -41 million in 2Q19 compared to US\$ -347 million in 2Q18, mainly due to the capital inflow as result of the return of term deposits (that were used to make payments for the progress works of PMRT), and also for disbursements in current investments.

# Earnings Release



The bond proceeds were used as follows:

In millions of US\$	
<b>Total Bonds</b>	<b>2,000</b>
ST Loan Paid	(904)
ECP/Supplier Paid	(880)
Financial Expenses Paid	(45)
Bond Coupons Paid	(208)
Interest Earned	29
CESCE Refund	721
<b>Bond Balance</b>	<b>712</b>

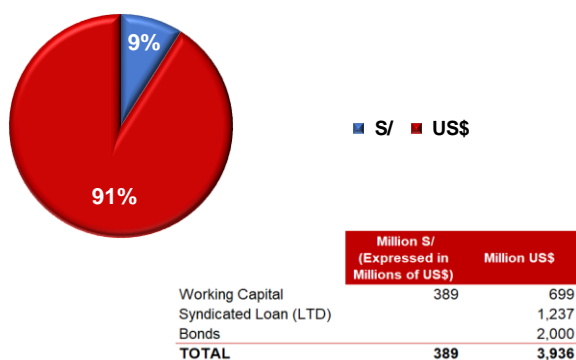
Note: In relation to outstanding balances, which are regularly reported to the Central Reserve Bank and the Ministry of Economy and Finance, these notes were placed with investment banks, local and international financial institutions.

## 1.2.3. BALANCE SHEET

Working Capital in 2Q19 reached US\$ 343 million compared to US\$ -205 million in 2Q18. This improvement was mainly due to short-term loan repayments made with part of the fund received from the recovery of VAT tax credit, which is being received since December 2018.

### Foreign Exchange Debt Composition

2Q19



Composition that only considers the debt for the concepts in the table.

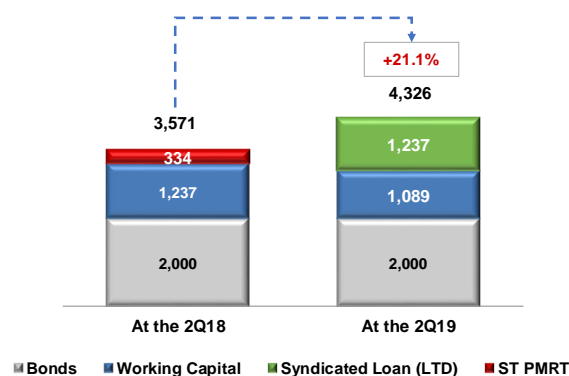
As of 2Q19, Total Debt is split into 91% in US\$ and 9% in Soles. The average debt duration for the 15-year bond is 9.40 years, and for the 30-year bond is 13.09 years. It is important to mention that the contract for the bonds issued does not include the obligation to comply with covenants beyond the delivery of financial information. These bonds do not have specific guarantees.

At the end of 2Q19, PETROPERU S.A. maintained revolving credit lines granted by local and foreign banks for up to US\$ 3.0 billion, of which US\$ 1.8 billion are still available. This is sufficient to cover the Company's Working Capital needs.

Total debt outstanding is comprised as follows: 46% Bonds, 25% Working Capital and 29% for a long term Syndicated Loan with CESCE's guarantee. It is important to mention that for the financing carried out for working capital with local banks in national and foreign currency, financing costs have been achieved below the corporate financial cost (LIMABOR) and in some cases even below the Sovereign Rate.

### Debt Outstanding

(In millions of US\$)

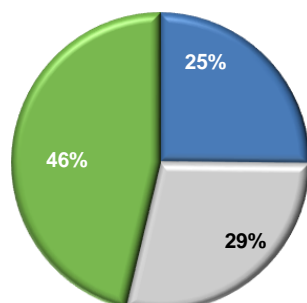


# Earnings Release



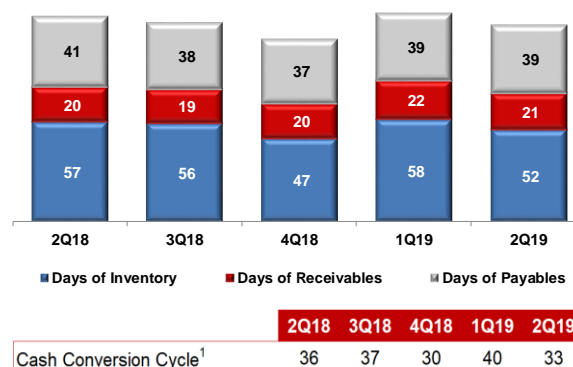
## Debt Composition

2Q19



■ Working Capital ■ Syndicated Loan (LTD) ■ Bonds

## Cash Conversion Cycle



<sup>1</sup> Days of Inventory + Days of Receivables – Days of Payable

The Cash Conversion Cycle (CCE) in 2Q19 reached 33 days, that is, 3 days under 2Q18 (36), due to the 5-day decrease in inventory turnover as inventories are being consumed with the sale and decrease in the volume of purchases.

## 1.2.4. FINANCIAL INDICATORS

### Ratios

	2017	2018	LTM2Q18	LTM1Q19	LTM2Q19	YoY	QoQ
EBITDA / Interest	10.0	4.6	9.1	4.1	4.6	-50%	13%
Financial Debt / Assets	55.6%	65.6%	58.7%	63.2%	61.9%	6%	-2%
EBITDA / Assets	5.8%	2.3%	6.8%	2.6%	3.2%	-53%	22%
Financial Debt / EBITDA	10x	29x	9x	24x	19x	124%	-20%
Current Rate	1.02	1.29	0.91	1.25	1.19	31%	-4%

The EBITDA/Interest ratio declined by 50% in 2Q19 compared to 2Q18, due to a lower EBITDA LTM 2Q19 as a result of declines in Gross Profit, which was due to higher sales costs.

The Debt/Assets ratio was higher than 2Q19, mainly due to a higher long-term debt corresponding to the CESCE guarantee loan for US\$ 1,236.7 million disbursed in November 2018; these funds were fully allocated towards PMRT financing. Regarding EBITDA LTM 2Q19 on Assets, this figure was 3.2% lower than in 2Q18, due to a higher EBITDA obtained in LTM2Q18.

As of 2Q19, the Financial Debt / EBITDA (LTM) Ratio was 19x, higher than in 2Q18, mainly due to an increase in long-term financial debt for the syndicated loan with CESCE guarantee, in addition to a lower EBITDA LTM 2Q19.

Finally, in 2Q19, the Liquidity Ratio improved to 1.19x, mainly due to: 1) a decrease in current liabilities given a lower short-term financial debt as a result of payments that were realized, 2) to the balance of the syndicated loan for US\$ 500 million received in 2014 and working capital loans with part of the fund received for the early recovery of the VAT tax credit, and 3) to greater current assets obtained from the balance of financing with CESCE guarantee (used to replenish the fund used with bonds), whose balance is placed in term deposits.

# Earnings Release



## 1.3. OPERATING RESULTS

PETROPERU S.A. focuses on three business lines, the participation of each business with respect to the results of the Company in 2Q19 is as follows: 1) refining and commercialization, which represented 73%, 2) leasing and privatization of certain units, which represented 11%, and 3) ONP represented 16%.

### PMRT

As of 2Q19, (cut-off date June 28, 2019), the PMRT progress reached 76.64%. It is necessary to mention that the project baseline has been updated, following the conversations held with the EPC contractor (Técnicas Reunidas – TR). Likewise, this update should be integrated with what is been agreed upon with the EPC contractor for Auxiliary Units and Complementary Works (Cobra SCL UA&TC Consortium).

### Engineering, Procurement and Construction (EPC) Contract for the Process Units

As of June, 2019, the EPC Contract activities have a progress rate of 91.06%.

On May 8, 2019, an "Agreement of Principles" agreement was signed with TR via which the guidelines for the generation of contractual documents and actions enabling the allocation of the necessary resources have been set up, in order to comply with the PMRT's objectives.

Detail Engineering: Work progress reached 100%.

Procurement: Work progress reached 99.82%. Pending the delivery of some radioactive measuring instruments, currently in process of acquisition by TR.

Construction: Work progress reached 86.82%. After signing an Agreement of Principles, the TR is allocating greater resources, which will be reflected in a greater progress rate in the assembly and pre-commissioning activities of the Process Units.

### Auxiliary Units and Complementary Works

To date, the EPC Contract activities in charge of Consortium COBRA-SCL UA & TC have reached a progress rate of 23.59%.

Engineering: Progress rate of 61.01%,

Procurement: Progress rate of 28.52%

Construction: Progress rate of 10.39%

Conversations are being held with Cobra SCL UA & TC Consortium to establish schedule agreements that align with the commitments assumed with TR. Likewise, after holding bi-monthly meetings and greater control, there has been an improvement in purchase order placements and a greater presence in the field.

### Financing

Various financing alternatives are being evaluated to cover the total financing need of 100%.

### Local Labor Recruitment

As of 2Q19, the workforce totaled 5,986 jobs, including personnel from both Contractors (TR and Cobra Consortium). Local unskilled labor had a participation of 87%, exceeding the minimum established by the EIA (70%), while qualified local labor had a 44% participation.

# Earnings Release



PETROPERU S.A. continues its communication, citizen participation and local development support projects in order to increase employment opportunities for people in Talara, as well as to improve and rehabilitate public infrastructure in the area.

## 1.3.1. REFINING

During 2Q19, the Refining Margin was greater than that for the same period 2018 (US\$ 4.5/Bbl vs US\$ -0.21/Bbl), mainly due to the operating cost and the average loading price were lower compared to the previous period.

The Blending Margin from April to June 2019 was higher than the one for same period of 2018, because the average price of imported inputs (HOGBS and cracked naphtha) was lower by US\$ 13/Bbl (US\$ 78.7/Bbl vs. US\$ 91.7/Bbl).

## Operating Data

Gasoline/Gasohols of high octane (95, 97 and 98 octane) that is marketed and used nationally, should not be greater than 50 ppm.

	2017	2018	LTM 2Q19	2Q18	1Q19	2Q19	YoY	QoQ
Refining Capacity (in KBPD) <sup>(1)</sup>	94.5	94.5	94.5	94.5	94.5	94.5	-	-
Refinery Utilization (in KBPD) <sup>(2)</sup>	69.4	67.4	66.2	69.3	61.9	68.4	-1.4%	10.4%
Refined Products (in KBPD) <sup>(3)</sup>	104.7	110.4	104.5	111.5	98.8	96.9	-13.1%	-1.9%
Refining Margin (US\$/bbl) <sup>(4)</sup>	5.76	0.27	1.86	-0.21	3.50	4.50	2236.2%	28.4%
Blending Margin (US\$/bbl) <sup>(5)</sup>	11.89	7.08	7.24	5.58	10.37	7.57	35.7%	-27.0%
Net Total Margin (US\$/bbl) <sup>(6)</sup>	7.28	2.28	3.28	1.40	5.19	5.07	261.9%	-2.3%
Capacity Utilization Rate <sup>(7)</sup>	73.4%	71.3%	70.0%	73.3%	65.5%	72.3%	-	-
Volume Sales (in KBPD)	145.2	152.1	149.4	150.6	137.3	150.8	0.2%	9.8%

### Notes:

- (1) Maximum amount of crude that can be introduced into the second step of refining process, referred to as atmospheric distillation.
- (2) Total amount of crude, asphalts residue and diesel reprocess introduced into the second step of the refining process, referred to as atmospheric distillation.
- (3) Total amount of refined products produced by one complete cycle of the refining process.
- (4) Means the differential between the price of crude oil purchased for our refining operations and the price of our refined products extracted from such crude. Operating costs of refineries are discounted.
- (5) Differential between the price of the purchased inputs for the mixing operations carried out in the refineries and the price of the formulated products (Gasolines 97/95 and Diesel B5 S50). The operating costs of the blending activities carried out at the Talara and Conchán Refineries are discounted.
- (6) It is the average margin obtained from the refining and blending activities carried out by the Company's refineries.
- (7) Defined crude refinery utilization (in thousands of average barrels per day for the period) divided by atmospheric distillation refining capacity.

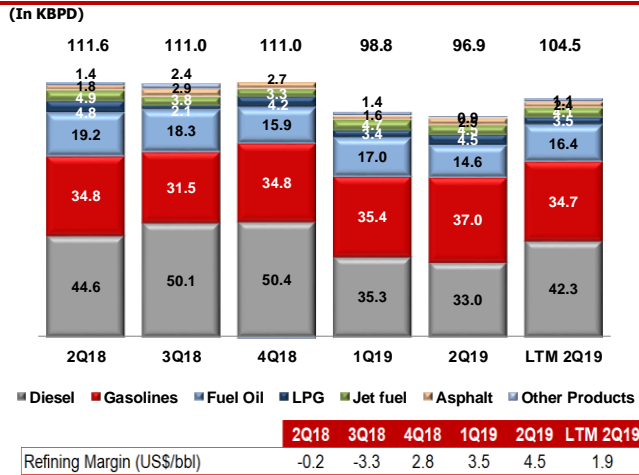
Production was lower compared to the same period of the previous year (98.8 vs. 108.0 KBPD), mainly due to lower volume produced of Diesel, LPG and Asphalts.



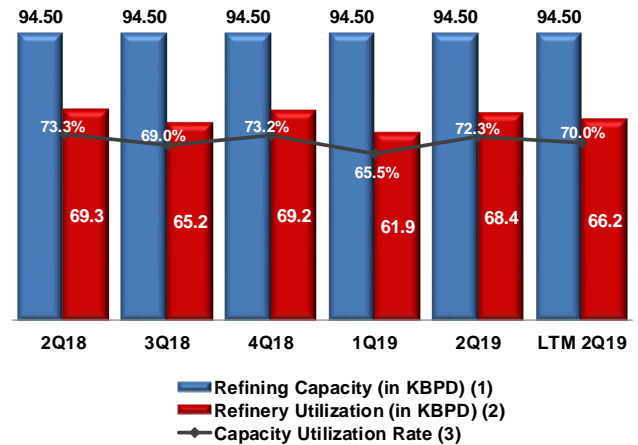
# Earnings Release



## Refined Products



## Capacity Utilization Rate



- (1) Maximum amount of crude that can be introduced into the second step of the refining process, referred to as atmospheric distillation.  
 (2) Total amount of crude, asphalts residue and diesel reprocess introduced into the second step of the refining process, referred to as atmospheric distillation  
 (3) Defined as crude refinery utilization (in thousands of average barrels per day for the period) divided by atmospheric distillation refining capacity.

### 1.3.2. NOR PERUANO OIL PIPELINE (ONP)

The pumped crude oil volumes accumulated 2Q19 are the following:

SECTION	PUMPED VOLUME AT JUNE (MB)
SECTION I	702.12
SECTION II	1,983.12
ORN	1,028.01

The pumping in Section I was stopped on June 02, 2019 due to an oil leak at km 95 + 725 as a consequence of the 8.0-magnitude earthquake registered on May 26, 2019, whose epicenter was 28 km from the ONP. Its repair is moving forward and is expected to be completed soon, with an expected pumping restart at the beginning of July 2019.

In Section ORN, the production was returning to normal since mid of April; however, the pumping stoppage for maintenance purposes that was scheduled by June 15, 2019, was affected by the cutting of the pipeline at Km 237+746 by third-party vandalism.

As a result of the abovementioned stoppages, the pumping in Section II was lower than normal.

Regarding the volumes loaded at the Bayóvar Terminal, we have 587 MMbbls of Primary Residual from PETROPERU S.A. and 1,116 MMbbls of Loreto Crude.

The state of the contingencies occurred in previous years, were the following:

DATE	LOCATION	SITUATION	% PROGRESS At MARCH
Nov 07, 2017	Km 221+046 - ORN	- Cleaning and remediation work completed.	100
Feb 27, 2018	Km 20+204 - Section I	- Cleaning and remediation work completed. - Pending OEFA 's conclusions and results of its inspection.	95
Nov 27, 2018	Km 193 - ORN	- Repair work completed. - Pending reception of technical/economic proposals for the cleaning and remediation work.	-

In relation to the state of the contingencies occurred in the present year, we have the following:

DATE	LOCATION	SITUATION	% PROGRESS At MARCH
Jan 01, 2019	Km 323+955 - Section II	- Repair work completed. - Cleaning, remediation and solid waste recollection works are being carried out.	27
Jun 02, 2019	Km 95+725 - Section I	- Pipeline repair work was completed.	100
Jun 18, 2019	Km. 237+746 - ORN	- Communities do not permit entry to the area to start repair work. - Once the access is permitted, 04 gantries will be built to lift the pipeline for inspection of the intentional cut (criminal act) by the Prosecutor's Office, and then the installation of a reinforcement jacket for the pipeline will be done.	5

The prioritized activities carried out to continue a safe and reliable operation of the transport system, there were the following advances:

- Installation of Pressure Transmitters in Section I (progress rate of 60%) and in the ORN (progress rate of 95%).
- Acquisition and installation of blocking valves in the ONP and ORN: Progress rate of 23%.
- Improvement to the SCADA Supervision and Control System: Progress rate of 100%.
- Improvement to the Cathodic Protection System: Progress rate of 26%.
- Acquisition and installation of a flow level measurement system for stations 1, 5, Andoas and Bayóvar Terminal: Progress rate of 22%.

### 1.3.3. EXPLORATION AND PRODUCTION

#### Block 64

On June 14, 2019, Geopark desisted from the request for EIA approval for the Development Project for the Central Situche Central Reservoir, with the purpose of including more information into the EIA.

The extended basic engineering studies (FEED) is under preparation and should be completed by August 2019. On the other hand, the repair of the Morona Base Camp dock has been completed; the flexible pipe - which will serve to evacuate the early production - is already in the Base Camp.

Regarding the EIA for the Exploratory Program (drilling of an exploratory well), GeoPark continues working on the preparation of the new Citizen Participation Plan and Terms of Reference.

#### Block 192

The Services Contract for the block operation was in Force Majeure from December 5, 2018 to February 28, 2019, due to the attack which occurred at km 193 of the ORN. Considering this period, Perupetro S.A. reported that the new termination date of this contract is now January 4, 2020.

# Earnings Release



The direct negotiation with Perupetro S.A for the License Contract began on June 17, 2019 and should last 60 days (according to Perupetro S.A.'s guidelines). However, Perupetro S.A. has the option to extend the term.

Regarding the Prior Consultation process, under the responsibility of the Ministry of Energy and Mines, it continues under an ongoing process.

On June 25, 2019, the kick-off meeting with Bank of America Merrill Lynch (BofA) was held. BofA will provide with the financial advisory for the Selection of an oil company or consortium to whom the License Contract will be transferred. PETROPERÚ is preparing the project teaser, the definition of possible interested companies and the virtual data room.

## 2. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ANALYSIS

### 2.1. ENVIRONMENTAL & SOCIAL MATTERS

The main actions carried out during 2Q19 show PETROPERÚ's commitment and interest with society and its active and voluntary contribution to the economic and environmental improvement of its influence area.

It also demonstrates its continuous commitment with the local employment and local companies in Talara and Oleoducto, managing and supervising the monitoring visits of working conditions to the main contractors in Talara, monitoring cases of complaints and claims in the area.

In the ONP, in order to contribute to the sustainable development, 02 Agroforestry Projects have been implemented: Bio-Garden in Mayuriaga and Cacao in Nuevo Milagro, which consist of the installation of bio-gardens and management of organic crops to be consumed by families.

In May, the execution of the Project "Poultry Productive Project" was completed, benefiting 640 families of 18 native communities situated around the Morona area. The main objective of this was to contribute to the food security of the families, as well as to train them in the raising, proper management and commercialization of hens. Likewise, the implementation of water solutions in communities in the Morona district is still ongoing.

On the other hand, 03 informative workshops have been developed aimed at those contractors interested in participating in the tendering process of the Clearing and Early Warning Service along the ONP Right of Way.

In Talara, the Solid Waste Collection program is executed in conjunction with the Municipality of Talara. Likewise, in May, a Cooperation Agreement has been signed with this Municipality in order to benefit the whole Talara area.

Aimed at strengthening artisanal fishing in the district of Pariñas, Talara; 04 projects will be implemented for the benefit of the Artisanal Fishermen of San Pedro Port through training, formalization, equipment and design of its production line.

In Conchan, the first medical campaign of the year 2019 was carried out, with care of general medicine, Dentistry, Ophthalmology, Gynecology-Obstetrics, Nutrition and Psychology, as well as live cooking as part of the nutrition program. The health campaign was free and approximately 400 residents were benefited.

Likewise, a Participatory Socio-Environmental Monitoring Program is being executed, which consists of monitoring air quality through indicators, in order to promote transparent management of the refinery and reduce the perception of environmental pollution. This is carried out with in Villa El Salvador, a human settlement near Conchán refinery.

In Ninaca, where PETROPERÚ is building a Supply Plant, the Community Relations Plan was presented to the municipality as part of the Project's Environmental Impact Study.

Finally, during the month of April, PETROPERÚ committed to the education of our country, it was carried out the delivery of 38,837 school supplies packages in educational institutions of areas adjacent to each of our operations, sales plant and terminals.

Regarding environmental matters, from 2018 to June 2019, 12 out of the 28 Contaminated Site Identification Reports (IISC) were approved, being the reports of Station 6, 7, 8 and 9 the ones corresponding to the 2Q19. This allows PETROPERU S.A. to initiate the

planning for the remediation in coordination with MINEM. In this stage, Iquitos refinery and ONP have been prioritized, considering their influence area.

In relation to the contingencies occurred along the ONP, during 2Q19, 02 significant events occurred, km 95 y km 237 both of Section ORN. In relation to the first one, cleaning and remediation works are being developed; and in relation to the second one, which was generated by a vandalism, presents a reluctant social context to allow PETROPERÚ to enter for cleaning and remediation work. To date, PETROPERÚ, together with the State entities, continue negotiations to solve the situation in the short term and begin with the cleaning and remediation work. Regarding the attack occurred in km 323 of Section II at the beginning of the first quarter of 2019, the cleaning and remediation activities are still on progress.

Regarding the attack registered at Km 193 of the ORN Section (occurred in November 2018), an agreement, with Mayuriaga Community was reached, to repair the pipeline and restart the pumping, pending negotiations for the execution of the "Cleaning and Remediation" activities. Finally, regarding the events in which the remediation activities were concluded, the Company is in a process of ongoing dialogue and understanding with the communities to reach some agreements, as well as it has set a systematic process of environmental monitoring focused on the follow-up and evolution of the rehabilitation of soils, surface waters and aquatic sediments, as well as the flora and fauna of the remediated areas.

## 2.2. CORPORATE GOVERNANCE

During 2Q19, the following actions and achievements in Corporate Governance (CG) took place:

1. Between April and June 2019, the Annual Shareholders Meeting appointed new members for the Board, leaving the collegiate formed by the following persons: Carlos Paredes Lanatta (Chairman of the Board), Hernán Barros Cruchaga (Deputy Chairman of the Board), Raúl Pérez-Reyes Espejo (new member), Jaime Aguirre Guarderas (new member), José Del Carmen Cabrejo Villagarcía.
2. Due to the recomposition of the Board, the Board Committees were reconstituted so that all members may participate in any of the Committees. It is important to mention that during this period the Board Committees have met regularly (1 session per month).
3. For the 2018 evaluation, PETROPERÚ underwent the validation process of corporate governance practices under the methodology established by the Lima Stock Exchange. PCS was in charge of this evaluation; obtaining a compliance score of 88.7% .
4. In relation to the Integrity System, the following activities have been carried out:
  - In May, within the framework of the Integrity System anniversary, an Integrity Fair was held, which was aimed at bringin together the main Integrity-related entities, state companies and leading organizations on issues of Integrity and Transparency, in order to strengthen the ethical culture both inside and outside with citizens.
  - The revision of the Integrity System regulations initiated, which includes the Integrity Code, the Anti-Fraud and Anti-Corruption Policy and the Integrity System Guidelines, as a good corporate governance practice, in order to update the commitments aligned with national and international standards. The proposed modification is being reviewed by the Corporate Governance and Good Practices Committee.
  - During 2Q19, BDO Consulting began operations for the Integrity Line, in order to give more impartiality to the attention of complaints and protect the complainant. BDO is a global consulting and auditing firm that has more than 50 years of experience, with a consolidated presence in 162 countries and more than 80,000 professionals.
  - Visits were made to various institutions, organizations and companies, such as the General Comptroller of the Republic, Ministry of Justice, UNDP, to disseminate and share experiences in managing ethics and transparency in the Company and in the country.

## 2.3. ORGANIZATIONAL MATTERS

The Company continues managing its personnel based on its competences and the new profile necessary for its modernization, performing actions such as performance management, strengthening of organizational culture and work environment, and review of its organizational structure.

In terms of development management, evaluations corresponding to 2018 concluded; the feedback and the Individual Development Plan are in process. Evaluations for Functional Objectives for each Division continue.

The Company continues working on the establishment of actions in order to improve its work environment, considering that personnel relations are being significantly improved.

A Voluntary Redundancy Program was initiated to benefit those people who opt for this option and will generate the renovation of personnel aimed to improving the management of the Company. This program will conclude by December 2019.

As part of the 2019 Trade Union Negotiation, this process is under arbitration.

The implementation of talent attraction and retention strategies continue.

A new training policy has been approved in order to optimize and allocate greater resources it in order to fortify worker capabilities and knowledge. Likewise, policies related to recognition, communications and organizational culture are being implemented.

In Talara, specifically with the PMRT, the organizational design of the new refinery is in its final stage, the Company is hiring new personnel, which are being trained under the new Refinery specifications, giving priority to people who are from the area to strengthen the relationship with the Talara community. There is also a training program for existing personnel, geared towards the efficient operation of the new refinery.

# Earnings Release



## 3. Financial Summary

### 3.1. Income Statement

In Millions of US\$	2017	2018	LTM 2Q19	2Q18	1Q19	2Q19	YoY <sup>(1)</sup>	QoQ <sup>(2)</sup>
Domestic Sales	3,586	4,369	4,284	1,104	938	1,078	-2%	15%
Exports	394	515	536	104	128	133	27%	4%
Other Revenue	72	81	85	18	15	28	58%	85%
Total Revenue	4,052	4,965	4,905	1,226	1,081	1,238	1%	15%
COGS	-3,537	-4,618	-4,541	-1,093	-936	-1,103	1%	18%
COGS (% of Revenue)	87.3%	93.0%	92.6%	-89.2%	-86.5%	-89.1%	-	-
Gross Profit	514	347	364	133	146	136	2%	-7%
Gross Margin (%)	12.7%	7.0%	7.4%	10.8%	13.5%	10.9%	-	-
SG&A	-216	-132	-150	-86	-63	-53	-39%	-16%
SG&A (% of Revenue)	5.3%	2.7%	3.1%	7.0%	5.8%	4.3%	-	-
Operating Profit	299	216	214	46	83	83	78%	0%
Operating Margin (%)	7.4%	4.3%	4.4%	3.8%	7.7%	6.7%	-	-
Net Profit	185	120	121	24	64	51	111%	-20%
Net Profit Margin (%)	4.6%	2.4%	2.5%	2.0%	5.9%	4.1%	-	-
Adj. EBITDA	347	168	219	64	113	101	57%	-10%
Adj. EBITDA Margin (%)	8.6%	3.4%	4.5%	5.2%	10.4%	8.2%	-	-
Adj. EBITDA (LTM)	347	168	219	412	182	219	-47%	20%

(1) Year-over-year (YoY): Compare financial results with those of the same period in the previous year.

(2) Quarter-on-quarter (QoQ): Compare financial results with those of the same period in the previous quarter.

### 3.2. Cash Flow Statement

In Millions of US\$	2017	2018	LTM 2Q19	2Q18	1Q19	2Q19	YoY	QoQ
Initial Balance	74	666	141	116	529	189	63%	-64%
Operating Cash Flow	165	-134	320	-108	170	101	-193%	-40%
Capital Expenditures	-1,229	-1,502	-1,002	-347	-61	-41	-88%	-32%
Cash Flow from Financing	1,653	1,501	680	76	-450	-112	-248%	-75%
Final Balance	666	529	138	141	189	138	-2%	-27%

Final Balance is affected by the exchange rate fluctuation on cash.

### 3.3. Balance Sheet

In Millions of US\$	2017	2018	LTM 2Q19	2Q18	1Q19	2Q19	YoY	QoQ
Current Assets	2,319	3,016	2,115	2,079	2,388	2,115	2%	-11%
Non-Current Assets	3,620	4,328	4,749	4,000	4,567	4,749	19%	4%
Total Assets	5,939	7,344	6,864	6,079	6,955	6,864	13%	-1%
Short Term Debt	1,319	1,673	1,102	1,581	1,251	1,102	-30%	-12%
Long Term Debt	1,985	3,148	3,150	1,985	3,148	3,150	59%	0%
Total Debt	3,304	4,821	4,252	3,566	4,399	4,252	19%	-3%
Other Liabilities	1,017	786	760	781	755	760	-3%	1%
Total Liabilities	4,321	5,607	5,011	4,348	5,154	5,011	15%	-3%
Stockholders' Equity	1,618	1,737	1,852	1,731	1,801	1,852	7%	3%
Total Capitalization (Debt + Equity)	5,939	7,344	6,864	6,079	6,955	6,864	13%	-1%
Total Current Liabilities	2,266	2,343	1,772	2,283	1,911	1,772	-22%	-7%
Working Capital	53	673	343	-205	477	343	268%	-28%
Debt / EBITDA (LTM)	10x	29x	19x	9x	24x	19x	124%	-20%