Earnings Release

PETROPERÚ[1] Announces Third Quarter 2019 Earnings Results - 3Q19

Lima, Peru, October 30, 2019: Petróleos del Perú - PETROPERÚ S.A. (OTC: PETRPE) announced financial and operating results for the third quarter ("3Q19"), period ended September 30, 2019. For a more comprehensive financial analysis please refer to the Intermediate Financial Statements 3Q19[2] available on the *Superintendencia Mercado de Valores del Perú website - SMV* (www.smv.gob.pe).

HIGHLIGHTS

- **Gross Profit** increased from US$ 60 million in 3Q18 to US$ 117 million in 3Q19 (+95% YoY[3]), as a result of the optimization of the Cost of Sales through a reduction in Purchases.
- During 3Q19, **Total Revenue** decreased by 4% compared to 3Q18, mainly due to the the fall in national sales volumes compared to 3Q18. Domestic Income decreased by 6%, while Exports decreased by 4% YoY.
- **Total Sales Volume** reached 145.9 KBPD[4] in 3Q19, lower than 151.9 KBPD in 3Q18 (-3.9% YoY); 85% of sales (123.9 KBPD) were concentrated in the domestic market.
- **Operating Profit** increased by 75% YoY, from US$ 42 million in 3Q18 to US$ 73 million in 3Q19, mainly due to a higher Gross Margin compared to the same period of the previous year.
- **Net Profit** in 3Q19 was US$ 30 million compared to US$ 39 million in 3Q18 (-22% YoY), as despite an Operating Margin improvement that went from 3.3% in 3Q18 to 6.2% in 3Q19, the tax effect negatively impacted Net Profit.
- **Adjusted EBITDA**[5] increased to US$ 77 million (138% YoY), mainly due to a higher Gross Margin generated due to the optimization of the Cost of Sales. Adjusted EBITDA Margin went from 2.5% in 3Q18 to 6.4% in 3Q19.
- Final **cash balance** reached US$ 261 million at 3Q19 vs. US$ 139 million at 3Q18. This was due to a higher balance of the Operating Cash Flow balance during 3Q19, maintaining a balance of US$ 314 million for a higher operating margin and higher revenues from the return of the Balance in Favor of the Benefit and lower payments for imports of crude oil and Diesel B5-S50.
- **PMRT[6] progress** as of 3Q19 was 80.56%. The overall scheduled progress will be updated once it includes the schedule approved with TR and Cobra SCL UA&TC Consortium, the latter which is currently under review. This complete schedule will establish the new baseline of the project.

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[1] Petróleos del Perú-PETROPERÚ S.A. (hereinafter "PETROPERÚ" or "the Company").

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

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

[4] KBPD: Thousands of Barrels Per Day

[5] 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.

[6] Talara Refinery Modernization Project: which consists of the construction of a new refinery with the highest technological standards and competitivity in the region. The new refinery will completely modify the current production structure of the Talara Refinery, through the incorporation of new refining processes, auxiliary services and related facilities.

- In 3Q19, **Net Refining Margin**[7] reached US$ 6.8/Bbl vs. US$ -3.3/Bbl in 3Q18, mainly due to the lower operating cost and lower average loading price compared to the previous period.
- PETROPERÚ S.A. continued to be a leader in the national fuel market with a 45% share for the January to July 2019 period.
- With respect to the **Nor Peruano Oil Pipeline (ONP)**, in Section II a lower pumping volume was reported due to low levels of crude oil inventory at Station 5, as a result of pumping shutdowns in Sections I and North Branch Pipeline (ORN).
- Regarding **hydrocarbon exploration and production activities**, as of September 2019 the Environmental Impact Study (EIS) for Development of the Central Lituche Deposit by SENACE[8] and the Exploratory Program in Block 64, is pending approval. With regards to Block 192, Perupetro S.A. reported the new termination date for the Temporary Services Contract.
- During 3Q19, the Company continued undertaking activities related to social and environmental matters, re-affirming PETROPERÚ's interest and commitment to ESG[9], 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. In addition, agreements were signed as part of the corporate responsibility policy and within the framework of the Biodiversity Strategy, in order to provide care for children in vulnerable conditions and conserve and protect the biodiversity present in the sphere of influence of Company facilities.

1. ANALYSIS

1.1. MACROECONOMIC ENVIRONMENT

The growth of the Gross Domestic Product (GDP) accelerated during 3Q19, reaching approximately 3.4%, mainly due to the performance of primary and secondary activities in recent months. According to the estimates of the Central Reserve Bank of Peru (BCRP) with respect to primary activity, in July 2019, there was an important fishing growth of 52.3%, as well as growth of the primary manufacturing sector of 13.5%. In August, 38.2% growth of the hydrocarbons sector was explained by a greater extraction of natural gas (58.2%), natural gas liquids (34.7%) and crude oil (27.7%). On the other hand, non-primary activities also influenced this growth mainly by 3.7% and 3.3%, for July and August, respectively. With the results of the recent months, the GDP's accumulated expansion for the January to August period was 2.1%.

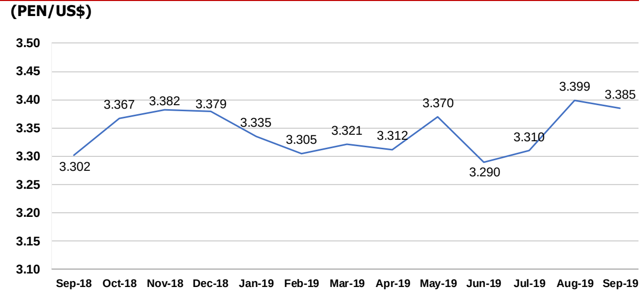
Annual inflation, according to the BCRP study, reached 1.85% for the last twelve months ending in September. In line with this, inflation without food and energy for the same period reached 2.16%. Both indicators are within the target range of 1% to 3%. So far, the general price level increased by 1.45%, the CPI (Consumer Price Index) without food and energy grew by 1.68%, while both did so at a rate of 1.19%. Inflation expectations remain at 2.3% in August and are estimated to gradually decline to around 2% by the end of 2019 and 2020.

7 Net Refining Margin = ∑Product Sales Revenue – ∑Expenditures for Raw Material and Supplies Purchases – Operative Cost

8 SENACE: Instituion responsible for reviewing and approving the EIS corresponding to government, private or mixed investment projects.

9 Environmental, Social and Governance.

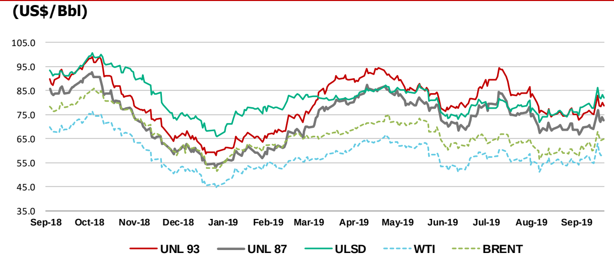
Exchange Rate



	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Exchange Rate	3.274	3.302	3.379	3.321	3.290	3.385

Source: SBS

WTI & Other International By-Product Prices



US$/Bl (End of Period)	3Q18	4Q18	1Q19	2Q19	3Q19
UNL 93	96.5	59.6	89.7	86.1	78.8
UNL 87	90.3	54.2	79.8	77.9	72.6
ULSD	97.0	65.9	81.4	79.8	82.1
WTI	73.3	45.3	60.1	58.5	58.1
BRENT	83.4	51.3	68.3	66.8	65.0

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 June and September 2019, this figure depreciated by 2.9% from S/ 3.290 to S/ 3.385 per dollar. This implies a 1.5% depreciation YTD. According to the September 2019 BCRP Inflation Report, the recent evolution of the exchange rate was mainly due to the volatility in the international financial markets associated with commercial tensions between the United States and China, and local political uncertainty that includes the closing of the Parliament at the end of September 2019. Within this context, BCRP intervened during the month of August with a placement of US$ 708 million in Exchange Swaps in order to reduce the upward exchange rate pressures. So far this year, the BCRP's net intervention (between spot market and derivatives) was US$ 197 million.

With respect to oil prices, so far this year the Brent and WTI markers closed 3Q19 at around US$ 65/Bbl and US$ 58/Bbl, respectively, and it is expected that by the end of 2019, Brent will be at US$ 69/Bbl and WTI at US$ 64/Bbl[10]. Until August, the outlook for crude oil demand has been affected by the intensification of trade tensions between China and the United States. In terms of supply, during the month of August, U.S. oil production growth reached new highs, which were offset by production cuts of OPEC members and their allies and by other supply shocks from Iran and Venezuela that have affected production. It is important to note that, in mid-September, the price of oil increased by more than 15% as a result of attacks on facilities of the Aramco crude oil refineries in Saudi Arabia, which is second place in terms of oil-producing countries behind the United States.

Local market fuel prices are determined considering international prices of these fuels (Import Parity Prices calculated by PETROPERÚ S.A.). Prices are expressed in Soles at 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[11] tariffs.

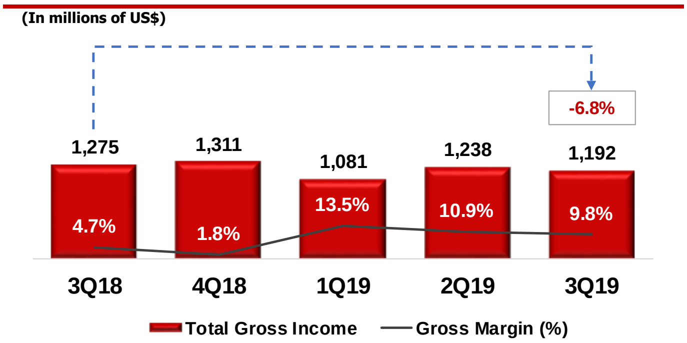
[10] According to S&P Global Platts estimates as per its report "WORLD OIL MARKET FORECAST" at September 2019.

[11] OSINERGMIN: Peru's Supervisory Body of Energy and Mining Investment.

1.2. FINANCIAL RESULTS

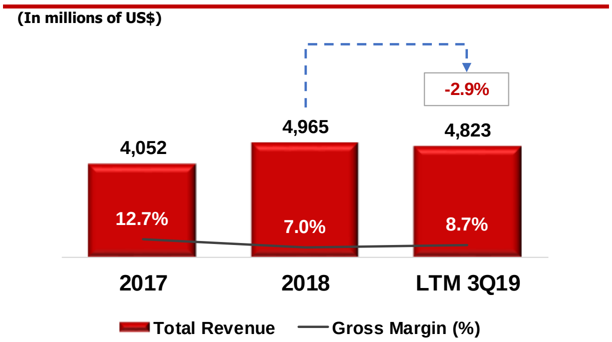
1.2.1. INCOME STATEMENT

Quarterly Revenue & Gross Margin



	3Q18	4Q18	1Q19	2Q19	3Q19
Total Sales (US$ million)	1,258	1,285	1,066	1,210	1,173
Volume (MMbbl)	14.0	14.5	12.4	13.7	13.4
Price US$ (Sales/bbl)	90.0	88.8	86.2	88.2	87.4

Annual Revenue & Gross Margin



	2017	2018	LTM 3Q19
Total Sales (US$ million)	3,979	4,884	4,735
Volume (MMbbl)	53.0	55.5	54.0
Price US$ (Sales/bbl)	75.1	88.0	87.7

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

Total Revenue reached US$ 1,192 million in 3Q19, a decrease of 6.8% YoY, mainly as a result of the volume decline of national sales compared to 3Q18, and a reduction in prices compared to the same period of 2018.

Local sales decreased by 6.1% from US$ 1,114 million in 3Q18 to US$ 1,046 million in 3Q19. Exports decreased 12.3% YoY, from US$ 144 million to US$ 127 million. Sales Revenue (excluding Other Income) decreased by 6.8% compared to 3Q18.

Gross Margin increased from 4.7% in 3Q18 to 9.8% in 3Q19 as a result of the optimization of the Cost of Sales through a reduction in Purchases and the revaluation of inventories.

Analysis of the Product Portfolio:

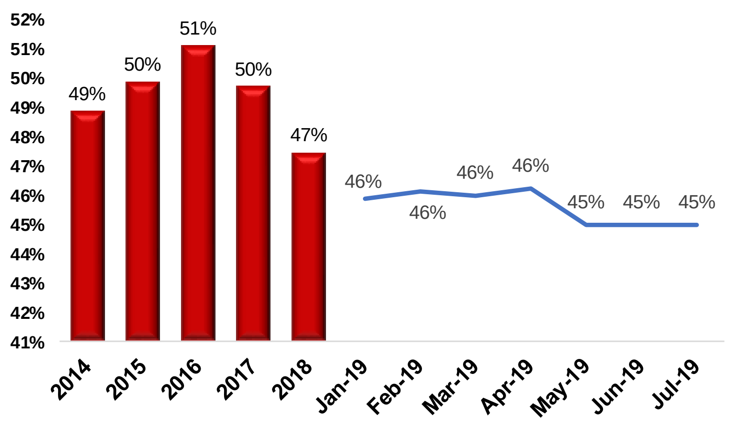
SALES
(In Millions of US$)

SALES	3Q18	3Q19	YoY	Weight on Total Sales
LOCAL SALES				
LPG (1) (2)	48	28	-41.9%	2.4%
Gasolines/Gasohols (1)	280	291	4.0%	24.8%
Turbo A-1	31	25	-21.4%	2.1%
Diesel B5 (1) (2)	640	603	-5.8%	51.4%
Industrial Oil (1) (2)	14	16	20.6%	1.4%
Bunkers (Marine Residual - IFO + Marine Diesel N°2) (1)	21	20	-1.2%	1.7%
Asphalt Liquid / Asphalt Solid (1)	18	21	13.6%	1.8%
Others (1) (3)	63	43	-31.8%	3.6%
Total Local Sales	**1,114**	**1,046**	**-6.1%**	**89.2%**
EXPORTS				
Virgin Naphtha	15	25	64.7%	2.1%
N°6 Fuel Oil, Reduced Crude, Industrial Oil 500	78	54	-31.0%	4.6%
Diesel 2	39	31	-20.7%	2.7%
Others (4)	11	16	43.3%	1.4%
Total Exports	**144**	**127**	**-12.3%**	**10.8%**
Total Local Sales & Exports	**1,258**	**1,173**	**-6.8%**	
Other Operational Income(5)	17	19	14.2%	
TOTAL REVENUE	**1,275**	**1,192**	**-6.5%**	

(1) Discount Included
(2) FEPC Included
(3) Cutting material, Solvents, Gasoline Aviation and Naphthenic Acid.
(4) Turbo A-1, Gasolines, Asphalts, IFO's and Naphthenic Acid.
(5) Includes terminal operation fees, oil transportation by oil pipeline, lease Savia Perú S.A. among others.

During 3Q19, PETROPERÚ S.A. had Sales Revenue of US$ 1,173 million, 6.8% lower than in 3Q18, with 89% of sales concentrated in the domestic market.

PETROPERÚ S.A. Market Share Evolution



PETROPERÚ S.A. maintained leadership in the national fuel market with a 45% share for the January-July 2019 period, as published by the Ministry of Energy and Mines (MINEM) at the date of this report.

Income Breakdown

(In millions of US$)

	LTM 3Q19
LOCAL REVENUE	
LPG (1) (2)	126
Gasolines/Gasohols (1)	1,121
Turbo A-1	104
Diesel B5 (1) (2)	2,394
Industrial Oil (1) (2)	81
Bunkers (Marine Residual - IFO + Marine Diesel N°2) (1)	96
Asphalt Liquid / Asphalt Solid (1)	66
Others (1) (3)	228
Total Local Revenue	**4,217**
EXPORTS	
Virgin Naphtha	77
N°6 Fuel Oil, Reduced Crude, Industrial Oil 500	209
Diesel 2	171
Others (4)	61
Total Exports	**518**
TOTAL REVENUE	**4,735**

% Participation	
4 Products	**79.1%**
Diesel B5 (1) (2)	50.6%
Gasolines/Gasohols (1)	23.7%
LPG (1) (2)	2.7%
Turbo A-1	2.2%
2 Products	**74.3%**
Diesel B5 (1) (2)	50.6%
Gasolines/Gasohols (1)	23.7%
Local Revenue	**89.1%**
Exports	**10.9%**

(1) Discount Included
(2) FEPC Included
(3) Cutting material, Solvents, Gasoline Aviation and Naphthenic Acid.
(4) Turbo A-1, Gasolines, Asphalts, IFO's and Naphthenic Acid.

PETROPERÚ S.A. maintains a network of 648 affiliated service stations as of September 2019, which are distributed across the 24 regions of the country. Its products reach the highest quality standards, according to customer opinions and the quality certificates granted as a result of compliance with national and international standards. Additionally, PETROPERÚ S.A.'s most representative products, that reflect the greatest income during the last twelve months, are gasolines/gasohols and Diesel B5 (Includes Diesel B5 S-50), that have a market share of 65% and 56%, respectively.

<u>LOCAL MARKET</u>

Domestic Sales Revenue reached US$ 1,046 million, decreasing 6% YoY or US$ 68 million, mainly due to lower sales of Diesel caused by lower consumption by wholesalers, electricity companies, fishing and oil companies; and LPG due to the reduction of purchases of packaging customers.

Regarding the domestic market, important events have taken place that affect the commercial management of the Company, such as:

- Reduction in national sales that was mainly due to lower revenues from the commercialization of LPG, Turbo A-1 and cutting materials.
- In the January-September 2019 period, Diesel sales revenues decreased by 6% compared to the same period of the previous year. In the case of gasoline, these increased by 4%.
- PETROPERÚ S.A.'s participation in the retail market has been 24% (in accordance with data published by OSINERGMIN as of September 2019).

<u>EXTERNAL MARKET</u>

Export Sales Revenues of US$ 127 million represented 11% of Total Sales Revenue in 3Q19. The Company exported a volume of 22 KBPD, 5% higher compared to the same period of 2018 (21 KBPD). Despite a higher level of exports, these revenues were lower due to the average price effect, which was lower than in the same period of 2018 across all products. The greater volume exported of virgin naphta has been offset by the lowest exported volume of No. 6 Fuel Oil, Heavy Crude Oil, Reduced Crude and Industrial Oil 500.

SUPPLY CHAIN

Despite the continued maintenance of Dock 7 (situated in the Callao Port), storage capacity restrictions due to port closures, to a greater extent it has been served normally in plants and terminals nationwide.

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

In September, we recorded a total of 70.4 days of port closings, compared to the 109.8 days corresponding to the same period of 2018. The accumulated number of port closing days at September 2019 was 681.5 days versus 794.3 days, with respect to the same period of the previous year.

In 3Q19, progress rates for the construction of new Plants and Terminals were as follows:

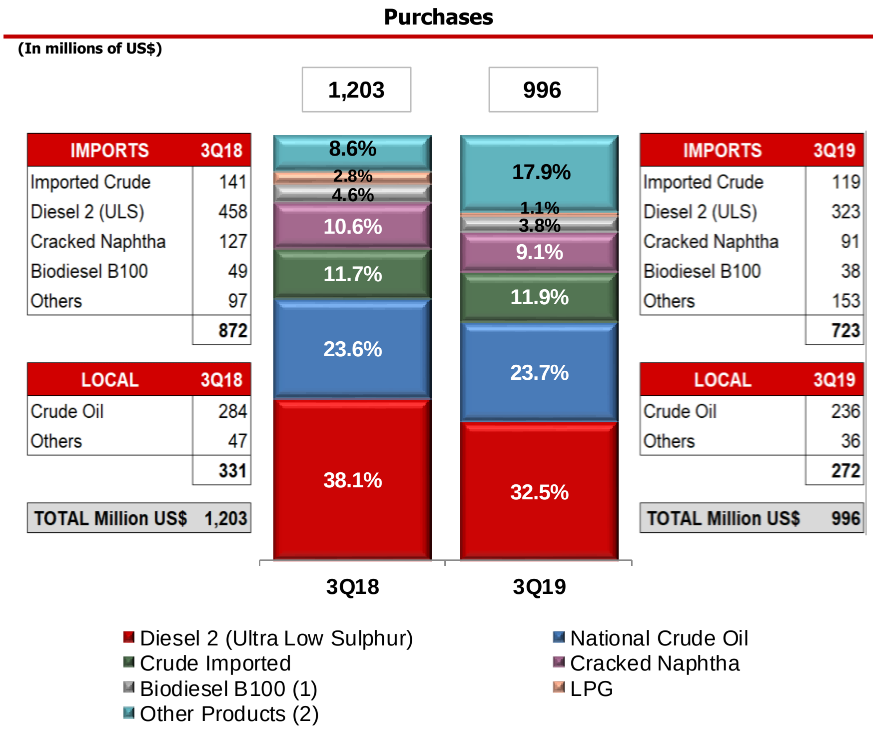
i) Terminal Ilo: 54.5% construction progress. In July, the PETROPERÚ S.A.'s team agreed to suspend the EPC service for an orderly closing of the contract.

ii) Pasco - Ninacaca Supply Plant: 54.4% construction progress. It was sent to OBS - Imecón Consortium a letter of concern regarding fulfillment of contractual obligations. Meetings are held between the supervision, Consorcio OBS - Imecón and PETROPERÚ S.A. in order to review requests for recognition of general and additional expenses.

iii) Puerto Maldonado Supply Plant: 34.9% progress. Contractor Gewald & Inkas Gold for the land movement, was late in passing work permit exams. In August, the work was suspended due to breach of contracts and observations for security issues until the beginning of September.

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

PURCHASES



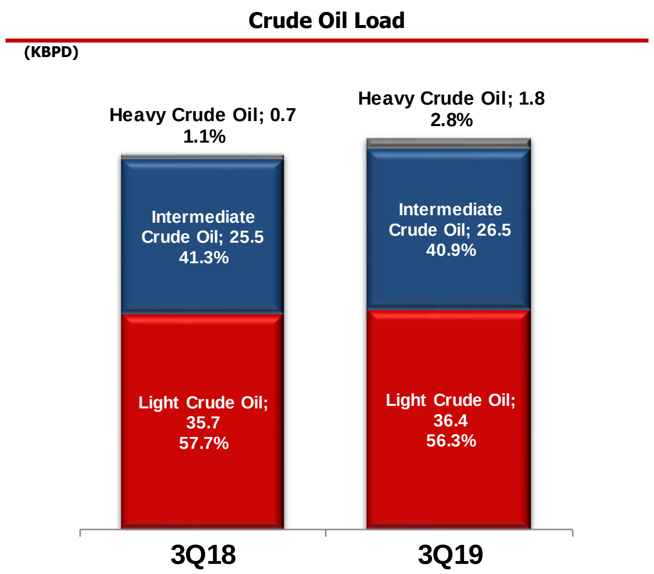
IMPORTS	3Q18
Imported Crude	141
Diesel 2 (ULS)	458
Cracked Naphtha	127
Biodiesel B100	49
Others	97
	872
LOCAL	**3Q18**
Crude Oil	284
Others	47
	331
TOTAL Million US$	1,203

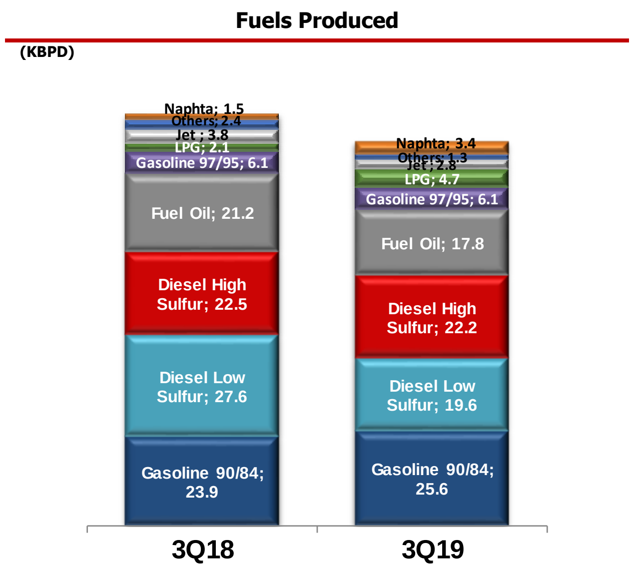
IMPORTS	3Q19
Imported Crude	119
Diesel 2 (ULS)	323
Cracked Naphtha	91
Biodiesel B100	38
Others	153
	723
LOCAL	**3Q19**
Crude Oil	236
Others	36
	272
TOTAL Million US$	996

(1) Inputs for formulation of Diesel B5
(2) Includes: HOGBS, Gasoline Aviation, Alcohol Fuel, Natural Gas Condensate and Turbo A1

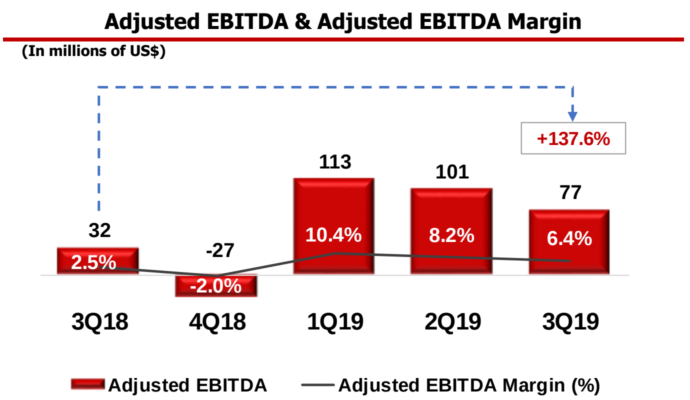
Crude oil processed in our refineries is either local or imported. Local crude oil comes mainly from the Talara area and is purchased considering an average oil prices basket. Crude oil (from the Northwestern region of Peru) during 3Q19 represented 24% of total purchases.

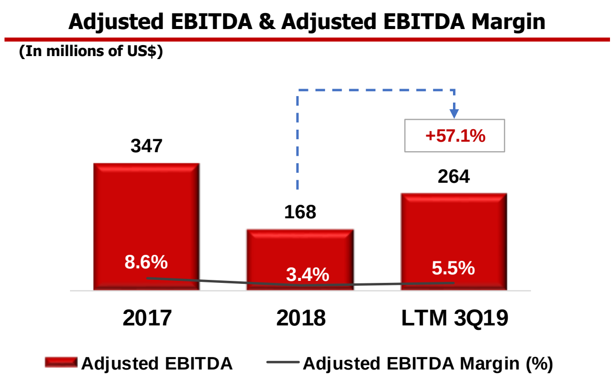
In 3Q19, oil imports as a percent of total purchases by our refineries increased slightly to 11.9% (compared to 11.7% in 3Q18).





EBITDA





Adjusted EBITDA US$ 77 million in 3Q19, compared to US$ 32 million in 3Q18 compared to the US$ 32 million of 3Q18. This increase in Adjusted EBITDA is mainly due to a higher Gross Margin generated from the optimization of the Cost of Sales as a result of lower purchases of crude and products.

Operating expenses per business unit are as follows:

OPEX: Operating Expenses

(In thousands of US$)

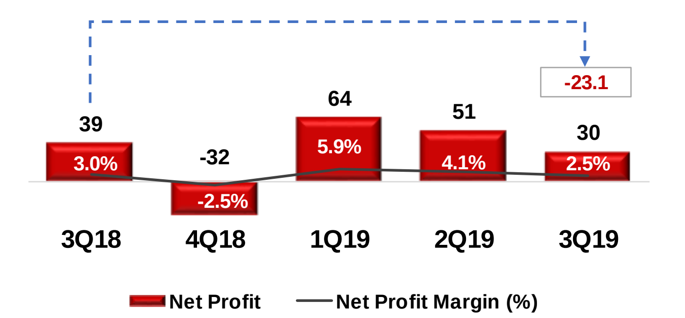
Business Unit	Executed on 2018 (1)	Executed as of September 2019
Refining	240,503	174,955
Transportion through ONP	62,697	46,343
Distribution & Comercialization	170,729	127,837
Others	93,347	58,272
Total	**567,276**	**407,407**

(1) **Reversal due to impairment of assets of the Nor Peruano Pipeline reached US$ 31,790 million. Does not include worker participation.**

The Refining business unit represented the highest operating expenses among all the business units (43% in 3Q19 and 42% of total OPEX in 2018). 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.

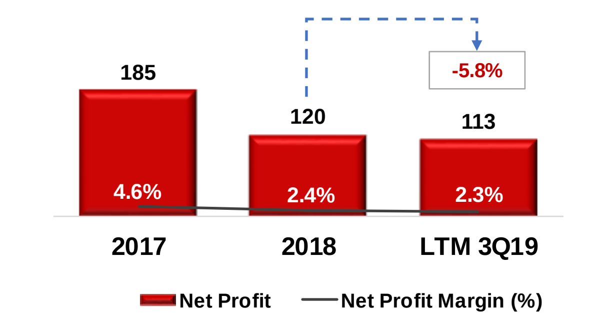
Net Profit & Net Profit Margin

(In millions of US$)



Net Profit & Net Profit Margin

(In millions of US$)

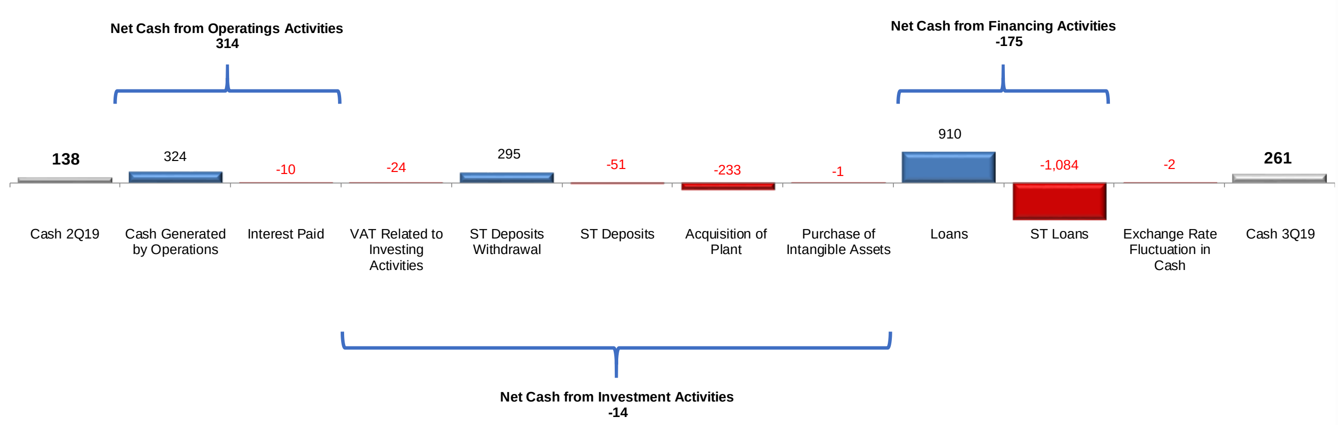


Net Profit in 3Q19 was US$ 30 million compared to US$ 39 million in 3Q18. This result was due to the payment of Income Tax, since in 3Q18 there was a tax credit in favor of the Company, which instead of paying taxes had an income for the equivalent of US$ 4 million.

1.2.2. CASH FLOW STATEMENT

Cash Flow Analysis 3Q19

(In millions of US$)



PETROPERÚ S.A. recorded a cash balance of US$ 261 million at the end of 3Q19, compared to US$ 139 million in 3Q18. The cash balance is higher due to an operating surplus that served to cover part of the financial deficit.

Cash Flow from Operating Activities in 3Q19 reached US$ 314 million compared to US$ -135 million in 3Q18, mainly as a result of higher revenues from the return of the Balance in Favor of the Benefit and lower payments for imports of crude oil and Diesel B5-S50.

Likewise, Cash Flow from Financing Activities increased to US$ -175 million in 3Q19 from US$ 155 million in 3Q18, mainly due to the cancellation of a larger amount of loans for working capital and the lower cash requirement due to the operating surplus.

Cash Flow from Investment Activities reached US$ -14 million in 3Q19 compared to US$ -21 million in 3Q18, mainly due to higher capital expenditures, mainly for PMRT and current investments.

<u>The bond proceeds were used as follows:</u>

in millions of US$	
Total Bonds	**2,000**
ST Loan Paid	(904)
ECP/Supplier Paid	(1,052)
Financial Expenses Paid	(50)
Bond Coupons Paid	(208)
Interest Earned	29
CESCE Refund	721
Bond Balance	**536**

Note: Bond balances were placed with investment banks, in well-known local and international financial institutions. The Company regularly reports the outstanding balances to the Central Reserve Bank and the Ministry of Economy and Finance.

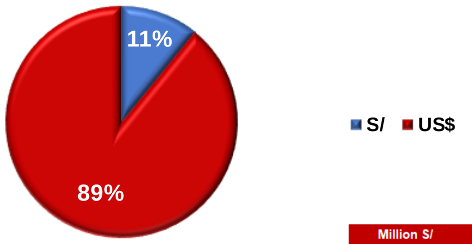
1.2.3. BALANCE SHEET

Total Assets amounted to US$ 6,921 million, 10% higher than in the same period in 2018, which was mainly explained by the increase in works in progress corresponding to investment projects (mainly PMRT), current investments and additional investments.

In 3Q19, Working Capital reached US$ 159 million compared to US$ -313 million in 3Q18. This difference was as a result of: i) the amortization of the PMRT short-term debt for US$ 334 million in 1Q19, ii) the amortization of US$ 469 million of the financing for working capital with funds obtained from the recovery of value added tax credit and, iii) the higher balance in Cash and Banks for the payment of the PMRT works in progress.

Foreign Exchange Debt Composition

3Q19

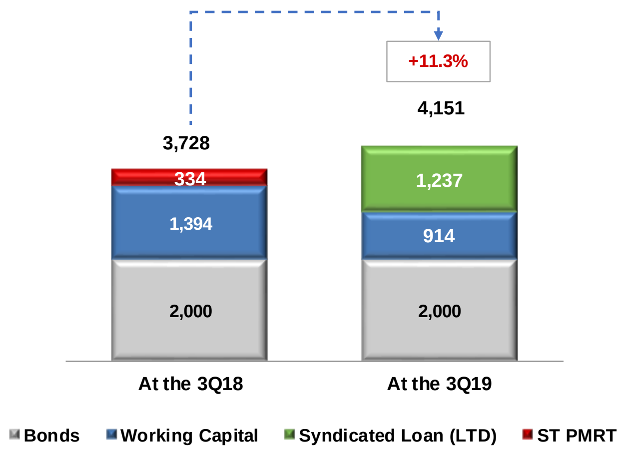


	Million S/ (Expressed in Millions of US$)	Million US$
Working Capital	450	464
Syndicated Loan (LTD)		1,237
Bonds		2,000
TOTAL	**450**	**3,701**

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

Debt Outstanding

(In millions of US$)

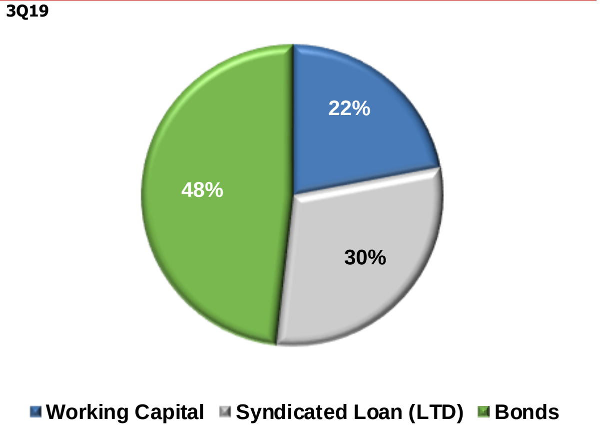


As of 3Q19, Total Debt is split into 89% in U.S. dollars and 11% in Peruvian Soles. The average debt duration is 9.79 years for the 15-year bond, and 15.30 years for the 30-year bond. It is important to mention that the contract for the bonds issued does not include the obligation to comply with covenants beyond the delivery of financial information. These bonds do not have specific guarantees.

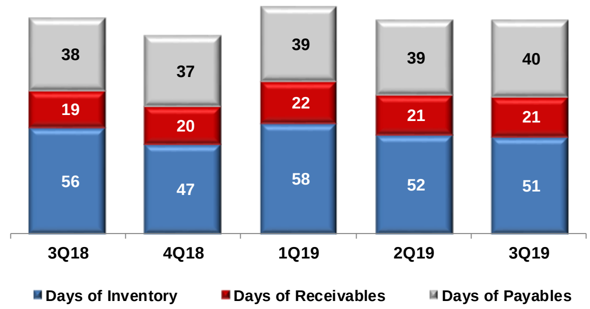
At the end of 3Q19, PETROPERÚ S.A. maintained revolving credit lines granted by local and foreign banks for up to US$ 3.1 billion, of which US$ 2.1 billion are still available. This is sufficient to cover the Company's Working Capital needs. It is important to mention that for the financing carried out for working capital with local banks in national and foreign currency, financing costs have been achieved at below the corporate financial cost (LIMABOR) and in some cases even below the Sovereign Rate.

Total debt outstanding is comprised as follows: 48% Bonds, 22% Working Capital and 30% for a long term Syndicated Loan with CESCE's guarantee.

Debt Composition



Cash Conversion Cycle



	3Q18	4Q18	1Q19	2Q19	3Q19
Cash Conversion Cycle[1]	37	30	40	33	32

[1] Days of Inventory + Days of Receivables – Days of Payable

The Cash Conversion Cycle (CCE) in 3Q19 reached 32 days, that is, 5 days under 3Q18 (37), 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	LTM 3Q18	LTM 2Q19	LTM 3Q19	YoY	QoQ
EBITDA / Interest	10.0	4.6	7.9	4.6	5.5	-31%	20%
Debt / Assets	55.6%	65.6%	59.6%	61.9%	59.4%	0%	-4%
EBITDA / Assets (LTM)	5.8%	2.3%	4.8%	3.2%	3.8%	-20%	19%
Debt / EBITDA (LTM)	10x	29x	13x	19x	16x	25%	-20%
Current Rate	1.02x	1.29x	0.87x	1.19x	1.09x	25%	-9%

The EBITDA / Interest ratio evaluated in the last twelve months decreased 31% to 3Q19 compared to 3Q18, due to the lower EBITDA obtained during the last twelve months ending in 3Q19, which are the higher financial expenses incurred in the last twelve months. This is all the result of higher Sales Costs and Operating Expenses.

With respect to the Financial Debt / Assets ratio, this figure for 3Q19 it is similar to that of 3Q18. Although the debt balance is currently greater than that for the same period of 2018 (considering that credit with CESCE guarantee was disbursed in November 2018), Total Assets are also greater due to the increase in the works in progress. In that sense, the EBITDA ratio (LTM) on Assets, as of 3Q19 was 3.8%, 20% lower compared to 3Q18.

Considering the aforementioned lines regarding EBITDA and Financial Debt, as of 3Q19 the Company has a Financial Debt / EBITDA (LTM) ratio of 16x, which is 25% above that of 3Q18. As this ratio reflects the financial health of the Company, PETROPERÚ S.A. seeks to reduce the Financial Debt with the support of the Government.

Finally, in 3Q19 the Liquidity Ratio improved to 1.09x, mainly due to the increase in current assets, as a result of the balance of the CESCE guarantee financing received in November 2018 and registered in time deposits as part of other accounts receivable and cash.

1.3. OPERATING RESULTS

PETROPERÚ S.A. focuses on three business lines, the participation of each business with respect to the total revenue of the Company in 3Q19 is as follows: 1) refining and commercialization, which represented 98%, 2) leasing and privatization of certain units, which represented 1%, and 3) ONP which represented 1%.

PMRT

As of 3Q19 (cut-off date September 27, 2019), the PMRT progress rate reached 80.56%. It is important to mention that the overall scheduled progress will be updated once it includes the schedule approved with TR and Cobra SCL UA&TC Consortium, the latter which is currently under review. This integrated schedule will establish the new baseline of the project.

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

As of September, 2019, the EPC Contract activities have a progress rate of 92.04%.

Detail Engineering: Work progress reached 100%.

Procurement: Work progress reached 99.89%. Pending the delivery of certain radioactive measuring instruments, currently in process of acquisition by TR.

Construction: Work progress reached 88.53%. TR performs mechanical work in the FCC Unit (Fluid Catalytic Cracking) and Precommissioning activities (hydrostatic testing, loop testing, mechanical equipment box-up, among others) in the processing units. TR is allocating greater resources to meet the expected advances.

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 38.26% at September 2019.

Engineering: Progress rate of 69.36%,

Procurement: Progress rate of 46.21%

Construction: Progress rate of 24.82%

On September 2, 2019, the Cobra SCL UA&TC Consortium issued an updated schedule that has been revised and is expected to be approved by the end of October. This schedule was aligned to the Framework Agreement signed with Cobra and will define the new baseline for the Auxiliary Units.

Financing

To date, various financing alternatives are still being evaluated to complete the pending tranche of financing. In July, the conversations with TR and Consortium Cobra SCL UA&TC culminated, which allowed for the establishment of complementary agreements in the execution of the works, thus also updating the investment amount of the project and, consequently, the tranche to be financed.

Local Labor Recruitment

As of 3Q19, the workforce totaled 8,332 jobs, including personnel from both Contractors (TR and Cobra Consortium SCL). Local unskilled labor had a participation of 87%, exceeding the minimum established by the EIS (70%), while qualified local labor had a 38% participation.

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

1.3.1. REFINING

During 3Q19, the Refining Margin was greater than that for the same period 2018 (US$ 6.8/Bbl vs US$ -3.3/Bbl), mainly due to the operating cost and the average loading price were lower compared to the previous period.

Net Margin of Mix of January-September 2019, was higher compared to the same period of 2018, due to the positive impact on the average prices of inputs (January and September 2019) and products (July 2019).

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

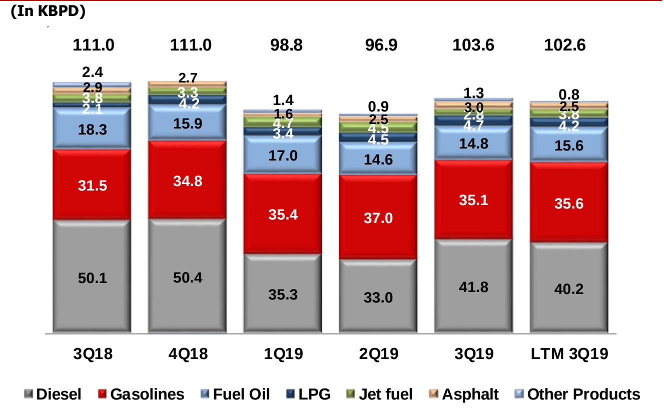
Operating Data

	2017	2018	LTM 3Q19	3Q18	2Q19	3Q19	YoY	QoQ
Refining Capacity (in KBPD) (1)	94.5	94.5	94.5	94.5	94.5	94.5	-	-
Refinery Utilization (in KBPD) (2)	69.4	67.4	67.2	65.2	68.4	69.1	6.0%	1.1%
Refined Products (in KBPD) (3)	104.7	110.4	102.6	111.0	96.9	103.6	-6.6%	6.9%
Refining Margin (US$/bbl) (4)	5.76	0.27	4.39	-3.26	4.50	6.76	307.1%	50.3%
Blending Margin (US$/bbl) (5)	11.89	7.08	9.53	2.18	7.57	11.29	416.8%	49.1%
Net Total Margin (US$/bbl) (6)	7.28	2.28	5.69	-0.71	5.07	7.91	1217.3%	56.1%
Capacity Utilization Rate (7)	73.4%	71.3%	71.1%	69.0%	72.3%	73.1%	-	-
Volume Sales (in KBPD)	145.2	152.1	146.6	151.9	150.8	145.9	-3.9%	-3.3%

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 reside 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.

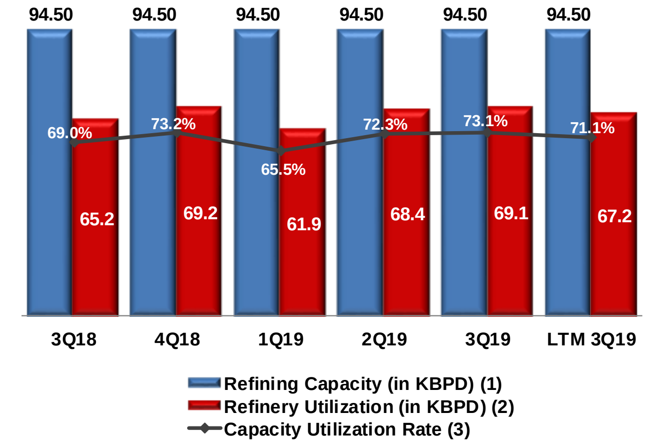
Production was lower compared to the same period of the previous year (98.8 vs. 108.0 KBPD), mainly due to lower volume produced of Diesel, LPG and Asphalts.

Refined Products



	3Q18	4Q18	1Q19	2Q19	3Q19	LTM 3Q19
Refining Margin (US$/bbl)	-3.3	2.8	3.5	4.5	6.8	4.4

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 reside 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 3Q19 are the following:

SECTION	PUMPED VOLUME AT SEPTEMBER (MB)
SECTION I	1,663.59
SECTION II	3,190.97
ORN	1,647.22

In Section I, the stoppage that occurred on June 2, 2019 resulting from the outcrop of crude oil at Km. 95 + 725 as a result of the 8.0 grade earthquake culminated on July 31, 2019. On the other hand, prior to the start of pumping, on July 31, 2019, the pumping was suspended from July 6, 2019 to July 21, 2019 due to the taking of Station 5 by local townspeople who are located in areas adjacent to the ONP.

Due to the suspension caused by third-party acts on Km 237 + 746, pumping was halted in the ORN, from June 18, 2019 to July 24, 2019.

In Section II, a lower pumping volume was recorded due to low levels of crude oil inventory in Station 5, as a result of pumping shutdowns in Sections I and ORN.

Regarding the volumes loaded at the Bayóvar Terminal, there were 1,202 MMbls of Primary Residual from PETROPERÚ S.A. and 1,116 MMbls of Loreto Crude and 248 of Bretaña Crude.

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

DATE	LOCATION	SITUATION	% PROGRESS At SEPTEMBER
Nov 07, 2017	Km 221+046 - ORN	- Cleaning and remediation works completed. - Awaiting results of supervision by OEFA[12].	95
Feb 27, 2018	Km 20+204 – Section I	- Cleaning and remediation works completed. - Awaiting supervision by OEFA.	95
Nov 27, 2018	Km 193 - ORN	- Cleaning and remediation works at 50%. - Clearing activities were carried out.	50

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	- Cleaning and remediation works at 65%.	65
Jun 18, 2019	Km 237+746 - ORN	- Cleaning and remediation works at 15%. - Agreement was signed with the Nuevo Progreso Community, in October the area would be entered to carry out the cleaning and remediation work.	15
Jul 09, 2019	Km 371+734 - Section II	- Cleaning and remediation works at 87%.	87
Aug 11, 2019	Km 400+710 - ORN	- Cleaning and remediation works at 5%. - The mobilization of personnel and equipment for the execution of the works began. - It is estimated to start the service in October.	5

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

- Installation of Pressure Transmitters in Section I (progress rate of 60%) and in the ORN (progress rate of 98%).
- Acquisition and installation of blocking valves in the ONP and ORN: Progress rate of 32%.
- 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 27%.

1.3.3. EXPLORATION AND PRODUCTION

Block 64

Geopark is coordinating with government entities regarding the requirements necessary for the continuity of the EIS approval process of the Central Situche Reservoir development.

The extended basic engineering studies (FEED) was completed.

Regarding the EIS for the Exploratory Program (drilling of an exploratory well), GeoPark submitted it for approval to SENACE, the Citizen Participation Plan and Terms of Reference.

Block 192

Perupetro S.A. informed that the new termination date of the Temporary Services Contract is March 02, 2020.

The direct negotiation process of the License Contract with Perupetro S.A. continues and will culminate, as indicated by Perupetro S.A., once the Prior Consultation process has been completed by MINEM.

[12] OEFA: Organismo de Evaluación y Fiscalización Ambiental

Bank of America Merrill Lynch and PETROPERÚ S.A. have prepared all the pre-marketing information for the selection process of an oil company or consortium to whom the License Contract will be transferred.

2. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

2.1. ENVIRONMENTAL & SOCIAL MATTERS

Regarding environmental matters, from 2018 to September 2019, 18 out of the 28 Contaminated Site Identification Reports (IISC) were approved. Of these, 6 IISC were approved during 3Q19. This allows PETROPERÚ S.A. to initiate the planning for the remediation in coordination with MINEM.

Agreements were signed with several institutions to deliver paper waste and plastic bottles, to be recycled and commercialized, generating revenue that can be used to care for children in vulnerable conditions, as well as to provide support in the research and exchange of technical information that allows the conservation and protection of biodiversity present in the field of influence of PETROPERÚ S.A.'s facilities.

Regarding the event at km 323 of the ORN section (occurred at the beginning of 1Q19), cleaning and remediation works continue, always in continuous communications with the populations within the area of influence. During 3Q19, three events occurred at the ONP: i) Km 604 of Section II, ii) Km 95 of ORN section, and iii) Km 237 of ORN section. All three have been and are being dealt with in a timely and diligent manner. The latter occurred in a social context in which PETROPERÚ S.A. was not allowed to enter to perform its cleaning and remediation works during the first months. However, with the support of the Prime Minister Office (PCM) agreements were reached with the communities that allowed the start of those works.

Likewise, all those incidents that caused spills in the vicinity of the ONP continue to be dealt with in the same way.

Regarding social matters, during 3Q19, PETROPERÚ S.A. continues demonstrating its commitment with its areas of influence through transversal actions to all operations aimed at managing social risks and opportunities in a timely manner, so that it can generate value for the Company and its stakeholders.

In the ONP, arduous social work continues in each of the contingencies presented, actively participating in meetings with community authorities and representatives of the government, in order to rebuild community relationships, and monitor commitments and agreements of the Company with the communities. For example, in September, the beginning of a plan was announced to clear the right of way and early warning system to look for the participation of local companies.

In line with the above, PETROPERÚ S.A. continues to exhaustively monitor local hiring and working conditions in line with the main Human Rights standards. For this reason, in 3Q19 the first labor audits were carried out on the main contractors in the areas of Km 323 and Section I of the ONP. Likewise, in Talara, monthly work condition monitoring visits are made to contractors and sub-contractors in compliance with the Community Relations Plan established in the EIS of the PMRT.

Similarly, the Company maintained its social intervention in education matters, with the Quality Schools Program, developing pedagogical fairs in the city of Olmos in Piura, as well as the first training workshop, to benefit of more than 500 children and 20 primary level teachers in 7 public schools.

Regarding health care issues, it is important to highlight the second medical campaign carried out in Talara and Conchán in September, benefiting more than 1,500 people located in the areas of direct influence.

PETROPERÚ S.A. helps to strengthen the capacities of its stakeholders, so in July and September, there were two entrepreneurship fairs held in the city of Talara, which had the participation of the 11 businesses promoted by the Company benefiting 200 Talara women between 2017 and 2019.

Finally, PETROPERÚ S.A. has been implementing and supervising the Community Relations Plans of the new projects in Ilo, Ninacaca and Puerto Maldonado, where it participates monthly in meetings with its stakeholders and monitor the Company's commitments, analyze the progress of the projects and establish alliances to meet population demands.

2.2. CORPORATE GOVERNANCE

During 3Q19, the following actions and achievements in Corporate Governance (CG) took place:

1. Board Committees have met regularly (1 session per month).

2. Internal training about Corporate Governance was carried out in the offices and operations of the Company, in order to generate greater knowledge, commitment and involvement of all corporate management.

3. In relation to the Integrity System, the following activities have been carried out:

   - In August, an Inter-Institutional Cooperation Agreement between PETROPERÚ S.A. and PROÉTICA was signed, in order to strengthen transparency in the procurement and contracting processes of goods and services and hydrocarbons.
   - In September, the update of the Integrity Code and the Anti-Fraud and Anti-Corruption Policy were approved, aligned with the Law 30424 and Legislative Decree 1352 on administrative responsibility of the legal person for bribery crimes, taking into account the contribution of the various areas and international standards.
   - In September, Transparency Week was celebrated. In this context the discussion "Challenges and Realities of Transparency in public management and PETROPERÚ S.A." was held, featuring high expertise panelists.
   - Top and General Management are supporting all actions carried out within the framework of strengthening of ethics at the Company, and in the fight against corruption.

2.3. ORGANIZATIONAL AND HUMAN RESOURCES 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 plan and the Individual Development are being implemented. Evaluations for Functional Objectives for each Division continue.

The Company continues working on the establishment of actions in order to improve its work environment and strengthen its organizational culture based on transparency.

In this sense, work has been done to provide workers with new training opportunities, focused on the Human Resources policies and allocating greater resources to fortify worker capabilities and knowledge.

A strategic plan is being prepared, based on a business model that guarantees its long-term sustainability and profitability. It also secures the supply of hydrocarbons nationwide and focus the Company to provide new types of energy.

The Voluntary Redundancy Program is in force until December 31, 2019.

The implementation of talent attraction and retention strategies continues in order to identify, attract and retain talent within the Company.

In Talara, specifically with the PMRT, the organizational design of the new refinery was completed. Personnel have been hired, which is being trained under the approach of the new Refinery, giving priority to local people in order to strengthen relationships with the Talara community. There is also a training program for the new staff, as well as for the existing one, geared towards the efficient operation of the new refinery.

3. Financial Summary

3.1. Income Statement

In Millions of US$	2017	2018	LTM 3Q19	3Q18	2Q19	3Q19	YoY (1)	QoQ(2)
Domestic Sales	3,586	4,369	4,217	1,114	1,078	1,046	-6%	-3%
Exports	394	515	518	144	133	127	-12%	-4%
Other Revenue	72	81	88	17	28	19	14%	-31%
Total Revenue	4,052	4,965	4,823	1,275	1,238	1,192	-6%	-4%
COGS	-3,537	-4,618	-4,402	-1,215	-1,103	-1,075	-12%	-3%
COGS (% of Revenue)	87.3%	93.0%	91.3%	-95.3%	-89.1%	-90.2%	-	-
Gross Profit	514	347	421	60	136	117	95%	-14%
Gross Margin (%)	12.7%	7.0%	8.7%	4.7%	10.9%	9.8%	-	-
SG&A	-216	-132	-175	-18	-53	-44	140%	-18%
SG&A (% of Revenue)	5.3%	2.7%	3.6%	1.4%	4.3%	3.7%	-	-
Operating Profit	299	216	246	42	83	73	75%	-11%
Operating Margin (%)	7.4%	4.3%	5.1%	3.3%	6.7%	6.2%	-	-
Net Profit	185	120	113	39	51	30	-22%	-41%
Net Profit Margin (%)	4.6%	2.4%	2.3%	3.0%	4.1%	2.5%	-	-
Adj. EBITDA	347	168	264	32	101	77	138%	-24%
Adj. EBITDA Margin (%)	8.6%	3.4%	5.5%	2.5%	8.2%	6.4%	-	-
Adj. EBITDA (LTM)	347	168	264	299	219	264	-12%	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 3Q19	3Q18	2Q19	3Q19	YoY	QoQ
Initial Balance	74	666	141	141	189	138	-2%	-27%
Operating Cash Flow	165	-134	769	-135	101	314	-333%	211%
Capital Expenditures	-1,229	-1,502	-995	-21	-41	-14	-34%	-65%
Cash Flow from Financing	1,653	1,501	350	155	-112	-175	-212%	55%
Final Balance	666	529	261	139	138	261	89%	90%

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

3.3. Balance Sheet

In Millions of US$	2017	2018	LTM 3Q19	3Q18	2Q19	3Q19	YoY	QoQ
Current Assets	2,319	3,016	1,922	2,142	2,115	1,922	-10%	-9%
Non-Current Assets	3,620	4,328	4,999	4,153	4,749	4,999	20%	5%
Total Assets	5,939	7,344	6,921	6,295	6,864	6,921	10%	1%
Short Term Debt	1,319	1,673	961	1,764	1,102	961	-46%	-13%
Long Term Debt	1,985	3,148	3,152	1,985	3,150	3,152	59%	0%
Total Debt	3,304	4,821	4,112	3,750	4,252	4,112	10%	-3%
Other Liabilities	1,017	786	926	775	760	926	19%	22%
Total Liabilities	4,321	5,607	5,038	4,525	5,011	5,038	11%	1%
Stockholders´ Equity	1,618	1,737	1,882	1,770	1,852	1,882	6%	2%
Total Capitalization (Debt + Equity)	5,939	7,344	6,921	6,295	6,864	6,921	10%	1%
Total Current Liabilities	2,266	2,343	1,763	2,455	1,772	1,763	-28%	0%
Working Capital	53	673	159	-313	343	159	151%	-54%
Debt / EBITDA (LTM)	10x	29x	16x	13x	19x	16x	25%	-20%