

## Expected benefits from the Reorganization

Free translation. For all legal effects rules and govern the original Spanish version

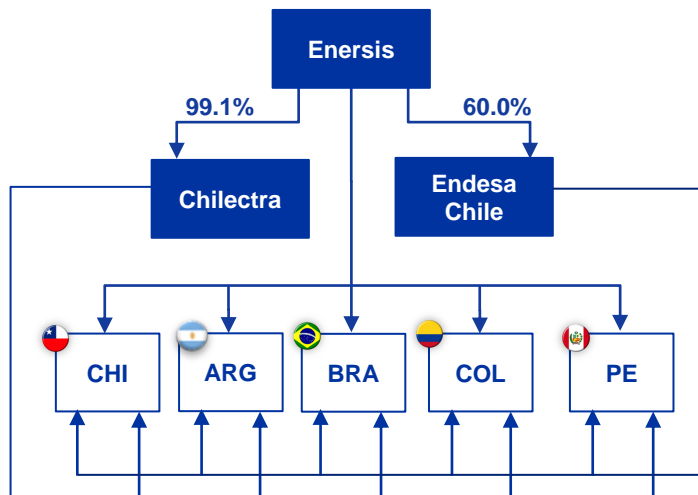
Santiago, 11/05/2015

**enersis**

# Transaction highlights

## New geographic and business organization focus

### Current structure

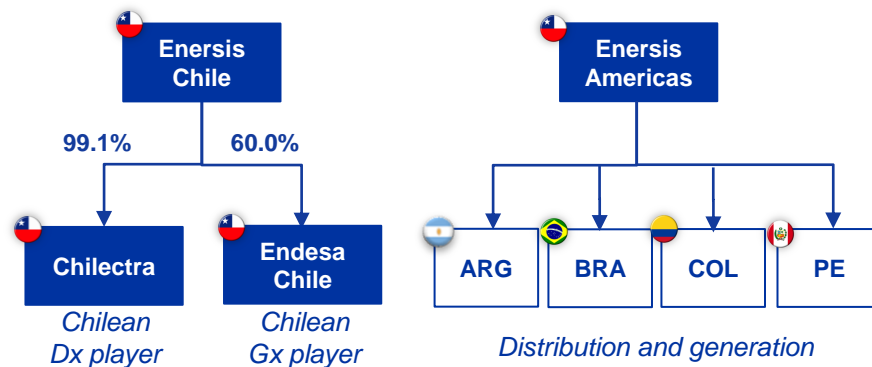


*Cross shareholdings*

### Post-reorganization

Pure Chilean player

Latin America investment vehicle (Chile based)



■ Listed

## Transaction rationale

The reorganization plan results in a more efficient and focused structure to maximize value creation

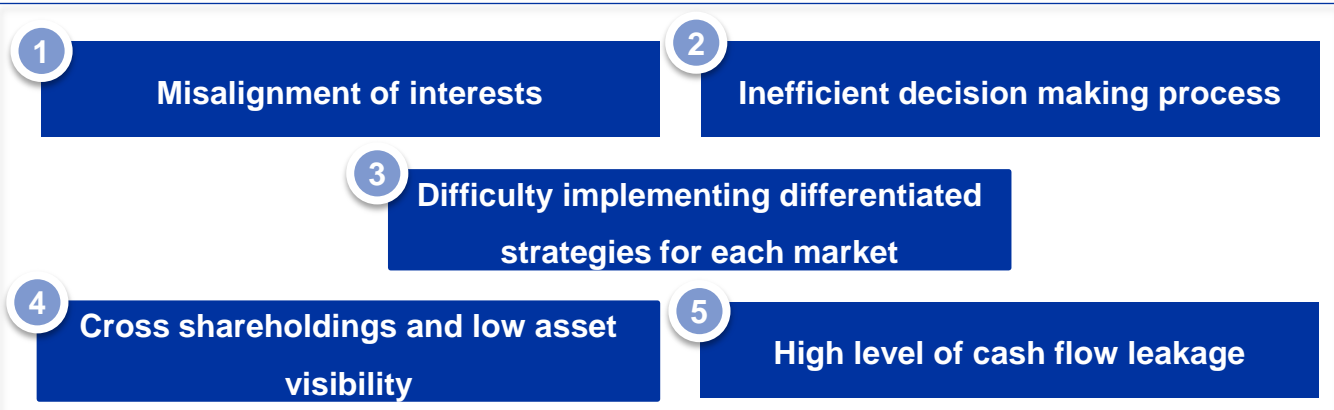
### Current situation



Largest power platform in Latin America with unique and well diversified portfolio of assets



Complex corporate structure

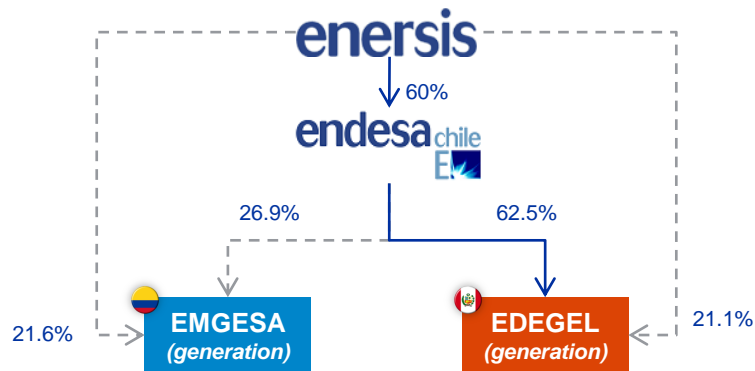


# Transaction highlights

## 1 Interest alignment – Emgesa and Edegel case studies

### Current structure

- Perception of interest misalignment between Endesa Chile and Enersis over investment policy (e.g. recent acquisition of 21% stake in Edegel by Enersis)
- Accounting consolidation does not reflect control (e.g. Enersis yields to Endesa Chile the voting rights related to Emgesa)

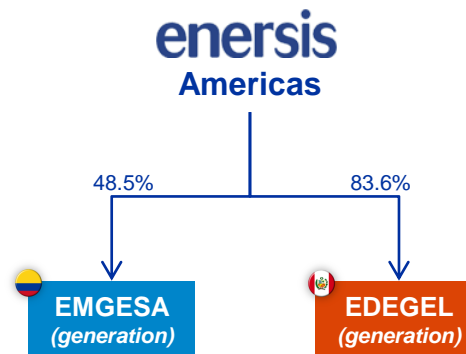


----- Non controlling interest

— Controlling interest

### Post-reorganization

- Ownership stakes combined under one single controlling entity
- A single investment vehicle for both generation and distribution in Latam

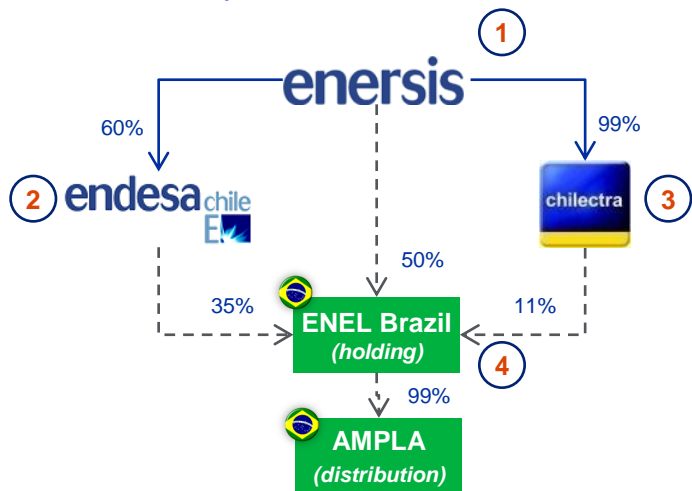


# Transaction highlights

## 2 Leaner decision making process – Ampla case study

### Current structure<sup>1</sup>

- Multiple decision layers
- Delay in strategy implementation
- Potential for conflict of interest (e.g. over development of distribution in Brazil)



### Post-reorganization

- One single vehicle for all relevant decisions
- Streamlined decision process



<sup>1</sup> Simplified structure: Edegel has a 4% stake in Enel Brazil

# Transaction rationale

## 3 Distinctive industrial approaches ...



### Enersis Chile

#### Generation

- Moderate growth in energy demand, nearing growth rates of developed countries and increased competition in the power generation sector
- Relatively inelastic average wholesale prices backed by long term contracts
- Energy contracts indexed to US\$, protecting margins from currency devaluations
- Difficulties in development of large-scale projects
- Opposition from local communities against operating plants and future projects

#### Distribution & retail

- Stable regulatory framework in distribution (over 30Y of history)
- Modern infrastructure receptive to efficiency add-ons (e.g. digital meters)
- Low level of technical losses (c. 5%)
- Growing clients in metropolitan areas
- High receptiveness to the supply and value added services




### Enersis Americas

- Significant growth potential in energy demand
- More volatile markets
- Regulatory frameworks subject to change
- Focus on efficiencies and cost reductions required
- Broader Greenfield opportunities

- Frequent changes in regulation
- Infrastructure update needs
- Focus in losses reduction and quality improvement: smart metering implementation mainly to detect and reduce fraud
- Consumption growing rapidly *per capita* and due to rapidly expanding metropolitan areas
- Higher receptivity by basic services



# Transaction rationale



## 3 ...require tailored strategies



### Enerjis Chile



### Enerjis Americas



#### Generation

- Flexibility and operational efficiency in existing plants
- Investments for recovery and incremental availability of thermoelectric plants in Chile
- Development and flexible pipeline of medium-sized projects
- Gas portfolio optimization (synergies between thermoelectric and industrial/residential sectors)
- Investments in sustainability

- New generation plants in where the Group has presence

#### Distribution & retail

- Development in energy efficiency and lighting
- Investment plan in Dx network quality and increase in automation
- Services in energy management solutions based on electricity (Full electric)

- Investment plan for reduction in energy losses and interruptions
- Public lighting and electric transportation in Colombia

#### Central Cost

- Holding efficiencies

- Finalize integration of personnel by country
- Cash pooling
- Structure rationalization (Colombia, Peru)

# Transaction rationale

## 3 Improved ability to measure management's results



### KPI Chile

#### Generation

- P&L by plant
- Optimization of fuels portfolio—gas flexibility
- Maximize availability of existing capacity
- Investments in sustainability and the environment
- Immediate cash flow generation

#### Distribution & retail

- Development of new technologies (smart meters)
- Services in energy management solutions based on electricity (Full electric)
- Stable regulation




### KPI Enersis Americas




- New capacity
- Investment for efficiency recovery
- Medium-term EBITDA growth

- Valued-added services proposition (insurance, credit cards)—more frequent regulatory changes
- SAIDI service level
- Energy losses
















# Transaction rationale

## 4 5 Reduced cross shareholdings and higher visibility

As a result of the reorganization, shareholders would benefit from a much simpler structure and greater visibility:

- 1 Significant reduction in minority interest
- 2 Greater cash retention due to lower leakage
- 3 Only holding company to invest in LatAm ex Chile

| Relevant subsidiaries | Country   | Economic interest (%) |        |           | Post transaction ownership |
|-----------------------|---|-----------------------|--------|-----------|----------------------------|
|                       |   | Energis               | Endesa | Chilectra |                            |
| Ampla                 |  | 45.3%                 | 17.4%  | 36.7%     | 99.3%                      |
| Coelce                |  | 45.2%                 | 21.9%  | 6.6%      | 73.7%                      |
| Cachoeira             |  | 50.9%                 | 37.0%  | 11.2%     | 99.1%                      |
| Cien                  |  | 51.0%                 | 37.1%  | 11.3%     | 99.3%                      |
| Fortaleza             |  | 51.0%                 | 37.1%  | 11.3%     | 99.3%                      |
| Emgesa                |  | 21.6%                 | 26.9%  | -         | 48.5% <sup>1</sup>         |
| Codensa               |  | 39.1%                 | -      | 9.4%      | 48.5% <sup>1</sup>         |
| Endesa Costanera      |  | -                     | 75.7%  | -         | 75.7%                      |
| Hid. el Chocón        |  | -                     | 65.4%  | -         | 65.4%                      |
| Edesur                |  | 37.6%                 | 0.5%   | 34%       | 72.1%                      |
| Edelnor               |  | 60.0%                 | -      | 15.6%     | 75.7%                      |
| Edegel                |  | 21.1%                 | 62.5%  | -         | 83.6%                      |
| Piura                 |  | 96.5%                 | -      | -         | 96.5%                      |

**Leakage**  
(minority interests)

**Lack of visibility**  
(non-consolidated subsidiaries)

# Transaction rationale

## Implementation of business efficiencies

Annual savings

OPEX<sup>1</sup>

Staff & Services expenses<sup>1</sup>

Cash pooling and financial expenses

Tax

Total

|  | enersis<br>chile | enersis<br>Americas |
|--|------------------|---------------------|
|  | MMUS\$           | MMUS\$              |
| OPEX <sup>1</sup>                      | ~90              | ~220                |
| Staff & Services expenses <sup>1</sup> | ~10              | ~42                 |
| Cash pooling and financial expenses    | n.a.             | ~15                 |
| Tax                                    | n.a.             | ~50                 |
| <b>Total</b>                           | <b>~100</b>      | <b>~327</b>         |

Note:

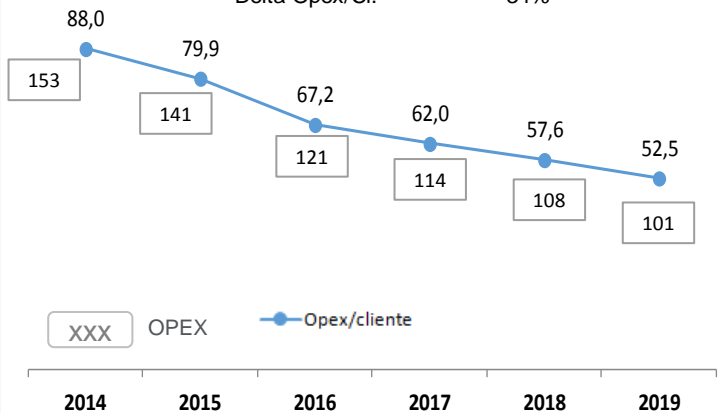
1. Comparison data: 2019 vs real 2015

# Efficiencies: 2016-2020 Business Plan

## Efficiencies Plan – Opex trend for Dx in Chile

Dx Chile Opex (USD real/Client)

**2019/15**  
 Delta Opex -28%  
 Delta Opex/Cl. -34%



### ACTIONS

Investments in the Remote Plan to reduce reaction time when power failures occur (Medium Voltage)

Investments in the quality of supply to reduce the number of failures, allowing improvements in the maintenance of Low Voltage's network (corrective, preventive and predictive)

New local and global procurement process

ICT plans to improve the process of customer service, sales, billing, collection and market intelligence

Technical support and assistance from GBL to identify and share best practices, standardizing scales, multi skill crews and contracts with larger magnitude

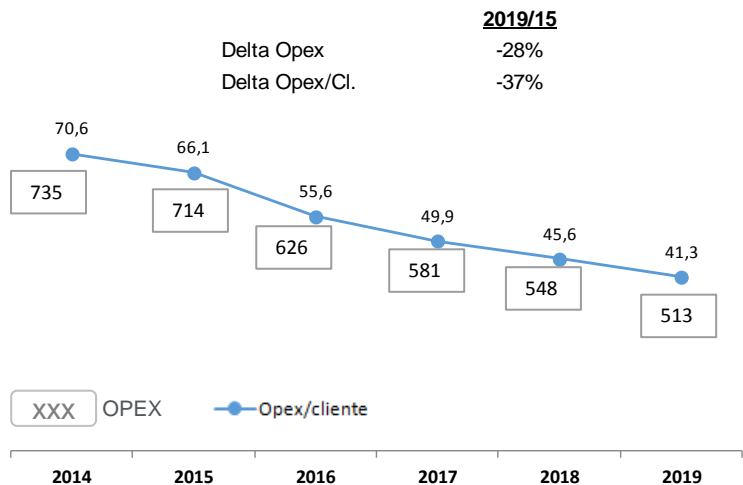
The implementation of the e-order system allows improvements in the efficiency and the operative management of the field crews, in the logistics management and reduction of back office activities

Improvement of own staff productivity: simplification of the foreign subsidiaries reports, elimination of regional activities and convergence plan

# Efficiencies: 2016-2020 Business Plan

## Efficiencies Plan – Opex trend Dx Americas

Dx Americas Opex (USD real/Client)- Without Argentina



### ACTIONS

Investments in the Remote Plan to reduce reaction time when power failures occurs (Medium Voltage)

Investments in the quality of supply to reduce the number of failures, allowing improvements in the maintenance of Low Voltage's network (corrective, preventive and predictive)

New local and global procurement process

Improvements in legal process

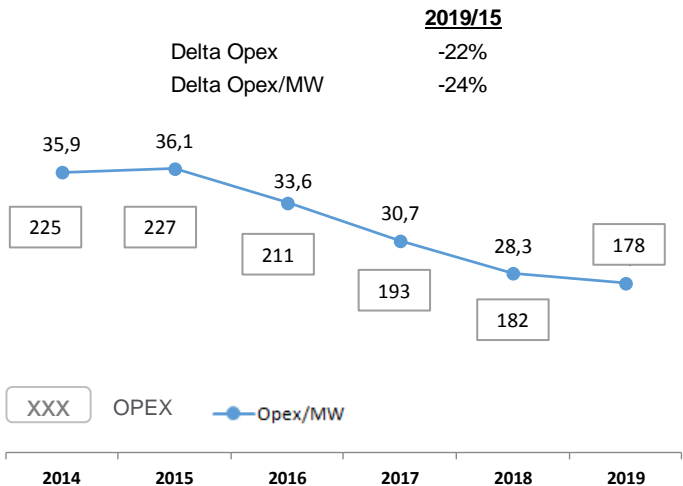
The implementation of the smart meters, allowing for savings in the process of reading, disconnection and reconnection of supply due to remote monitoring and operation

Improvement of own staff productivity: Convergence plan and renewal of the telecommunications network

# Efficiencies: 2016-2020 Business Plan

## Efficiencies Plan – Opex trend for Gx in Chile

Gx Chile Opex (kUSD real/MW)



### ACTIONS

Optimization of the contracts of Operation and Generation 's fleet Maintenance

Optimization of the scheduled stop coal plant plan with improved availability

Centralization of the HYDRO Plant Control (CEN project)

Optimization of the stations' contracts for monitoring services

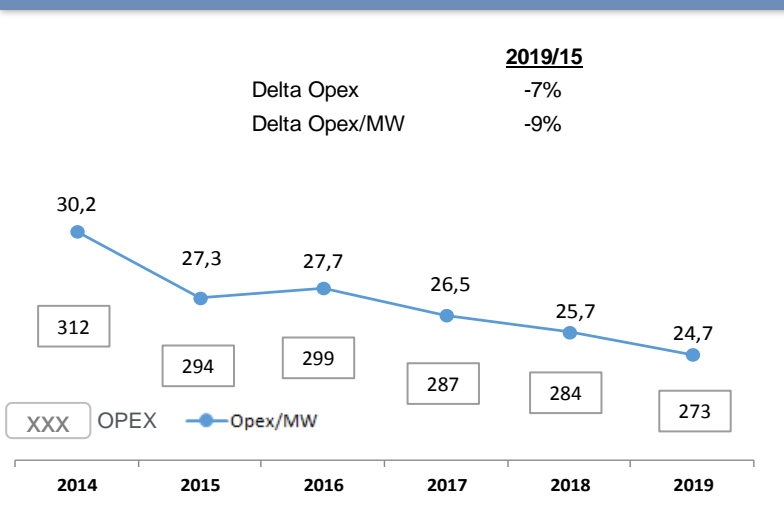
New local and global procurement process

Improvement of own staff productivity: greater integration with the global structures of the Enel Group and elimination of regional activities

# Efficiencies: 2016-2020 Business Plan

## Efficiencies Plan – Opex trend Gx Americas

Gx Americas Opex (kUSD real/MW)



### ACTIONS

Optimization of the contracts of Operation and Generation 's fleet Maintenance

Hydro efficiency improvement

Optimization of the scheduled stop coal plant plan in Colombia

Centralization of the HYDRO Plant Control

New local and global procurement process

Less licenses and efficiencies in ICT transformation processes

Improvement of own staff productivity: incorporating best practices from Gx companies of Enel Group in worldwide