



Enel Chile

Strategic Plan 2017-2019

November 25, 2016



Agenda

Enel Chile Strategic Plan 2017-2019



Enel Chile today and main KPIs

Strategic pillars:

- Focus on simplification
- Focus on industrial growth
- Focus on efficiencies

Financial targets

Closing remarks

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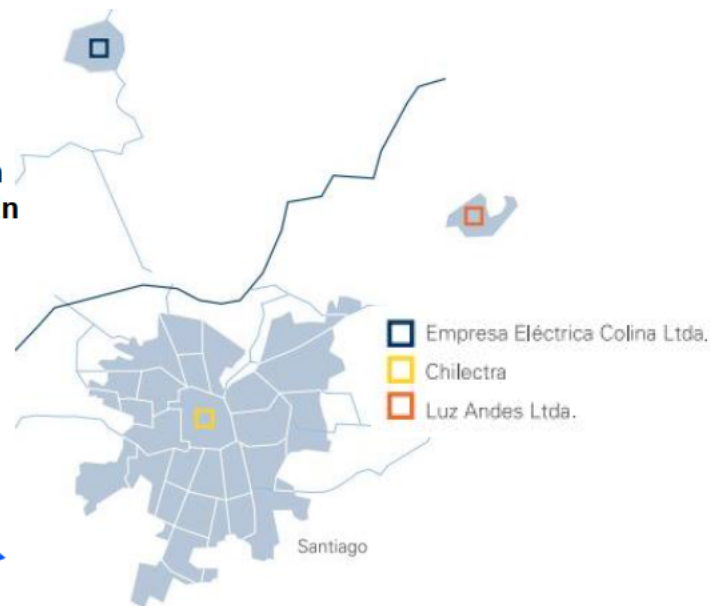
Most relevant player in both generation and distribution business



56% of installed capacity corresponds to renewable resources



Largest distribution company in the main electricity system



Total Installed Capacity	: 6.3 GW
Market Share 2016E	: 33%
Generation 2016E	: 18.4 TWh
Energy sales 2016E	: 22.3 TWh

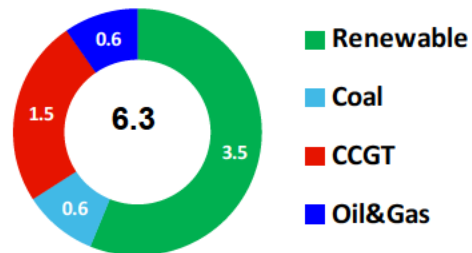
Clients	: 1.8 million
Concession period	: No deadline
Energy 2016E	: 15.9 TWh
Energy losses 2016E	: 5.3%

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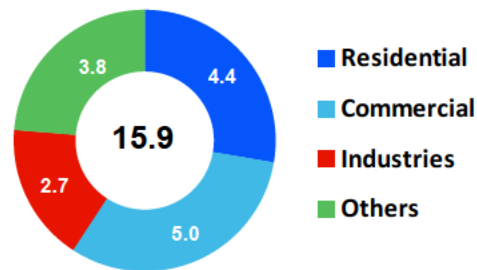
Positioning and key figures 2016 ¹



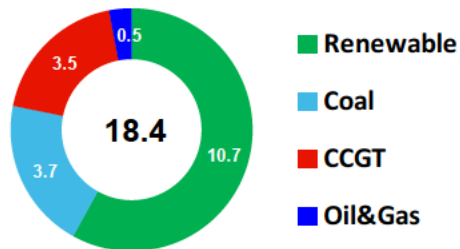
Installed Capacity (GW)



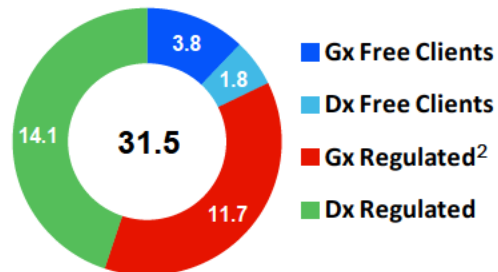
Energy distributed (TWh) – 1.8 mn clients



Net Electricity Production (TWh)



Energy Sales (TWh)



1. Forecast numbers

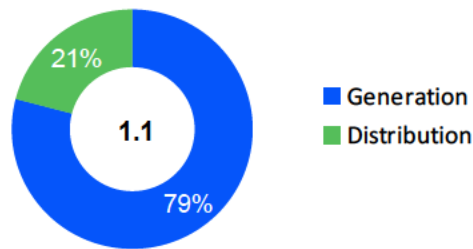
2. Does not include sales from Enel Generation to Enel Distribution (6.7 TWh)

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Positioning and key figures¹



2016E EBITDA (US\$bn)



Financials (US\$bn)	2016E ³	2015 ⁴⁻⁵	Delta
EBITDA	1.14	1.08	+ 5.7%
Opex ²	0.38	0.40	-4.6%
Maintenance capex	0.22	0.21	+ 4.4%
Growth capex	0.28	0.25	+ 12.4%
Net Debt	1.05	1.07	-2.0%

Financial indicators confirming main targets

1. Forecast numbers in nominal terms
 2. Opex increase includes write off of generation projects

3. Exchange rate average of Ch\$ 694.0/ US\$.
 4. Exchange rate average of Ch\$ 654.66/ US\$.
 5. 2015 Proforma Financial Statements only for information purpose.

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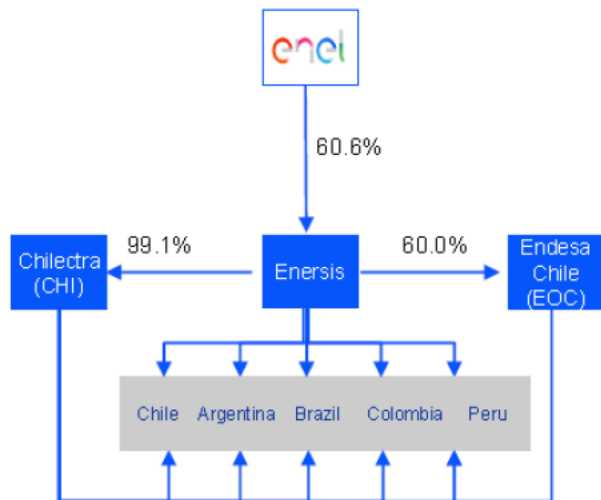
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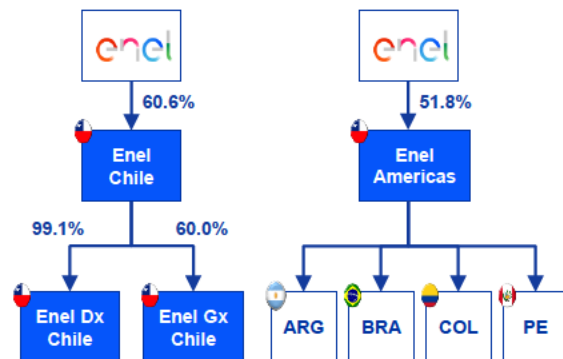
Latam restructuring



Yesterday



Today



Overall objectives

- ✓ Current number of companies in Chile (23) and Americas (43): 66
- ✓ Target to reduce below 30 the number of companies
- ✓ Creation of sub holdings by country

Activities done in Chile

- ✓ Disposal of GNL Quintero
- ✓ Merger of Celta, Gas Atacama, Gas Atacama Holding, Gasoducto Taltal, GNL Norte and Progas companies into Gas Atacama Chile.

A leaner, more agile and simplified structure

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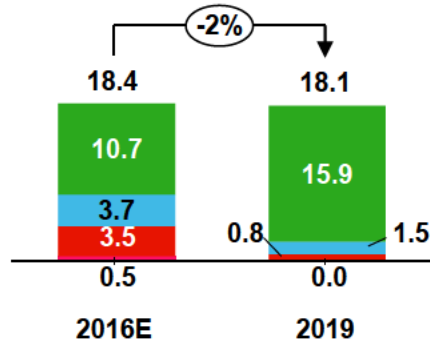
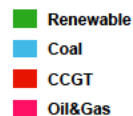
Main industrial KPIs



Generation & Trading

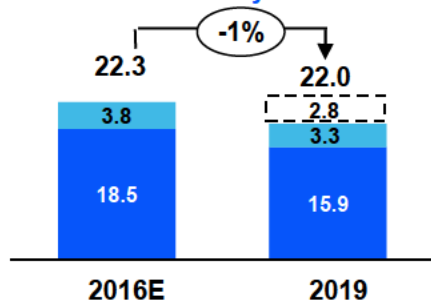
Production

TWh



Electricity Sales

TWh

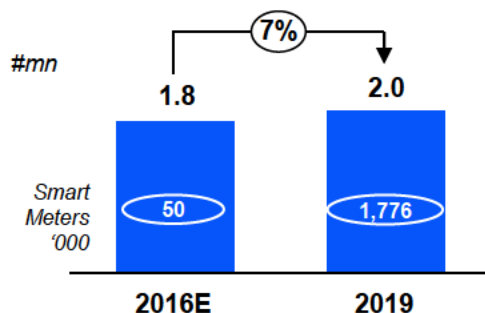


Networks

Clients served

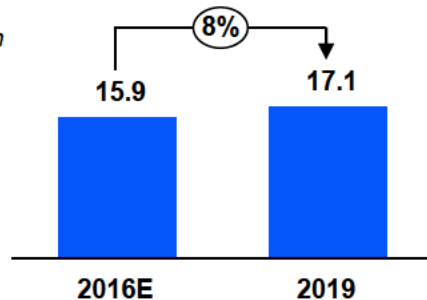
#mn

Smart Meters '000



Electricity distributed

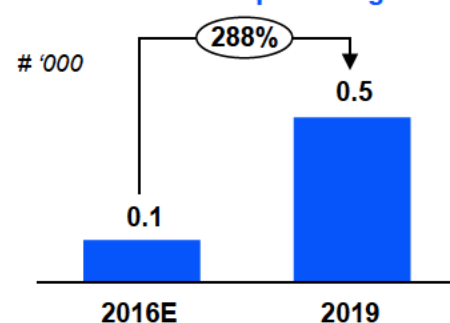
TWh



Retail

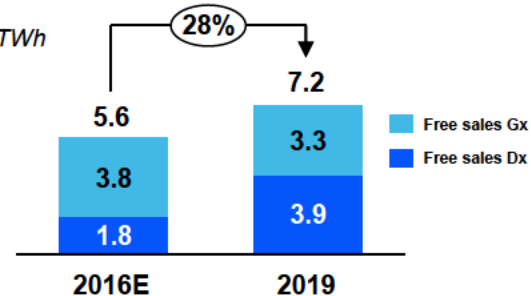
Free clients power & gas

'000



Electricity sales in free market

TWh

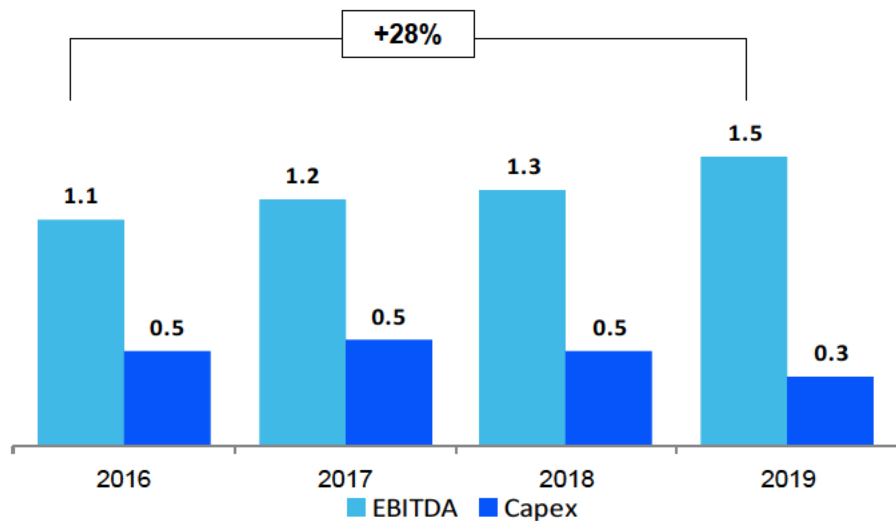


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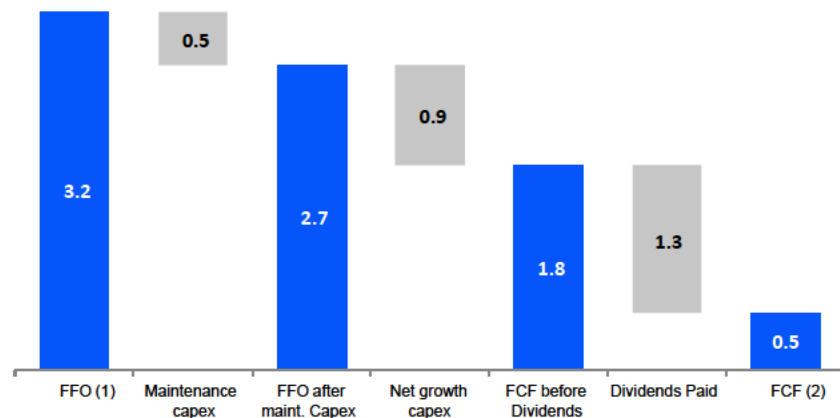


Asset profitability

EBITDA and CAPEX (US\$bn)



2017-19 Cash flow generation (US\$bn)



Strong cash flow generation with a growing payout ratio

(1) After taxes.

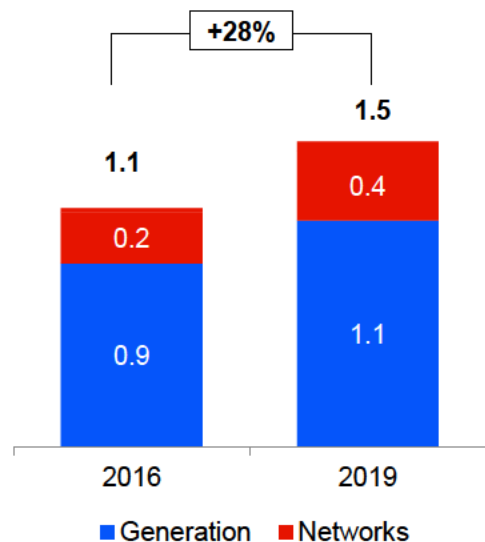
(2) Before extraordinary operations.

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EBITDA evolution: Main drivers



EBITDA (US\$bn)



Drivers

Hydrology

Normalization of hydrology since 2018, favor an increase in hydro production, improving margin.

Efficiencies

Efficiency plan allows an increased EBITDA, in a stable regulatory environment.

Free market development

Strong growth in PSVA's. Ambitious plan to capture new clients also outside our concession area.

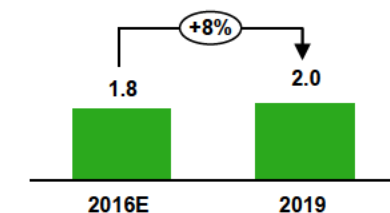
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Regulatory scenario: Networks

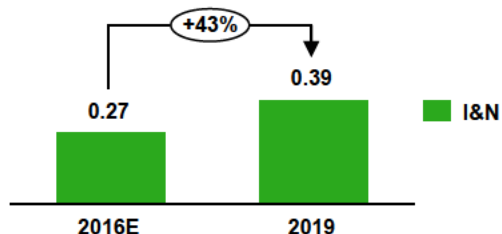


	Chile
1 2016 WACC real pre tax	10%
2 Remuneration scheme	CAPEX/OPEX Remuneration on "efficient company" model
3 Regulatory cycle	4 years
4 Next regulatory cycle	2017 - 2020

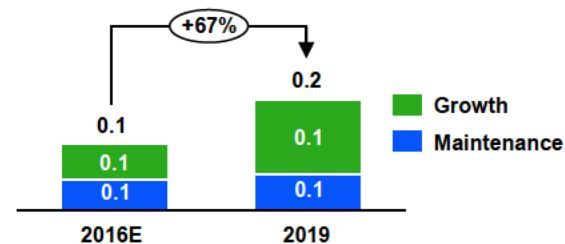
Customers (mn)



EBITDA (US\$bn)



Capex (US\$bn)



Stable distribution regulatory framework in the next years

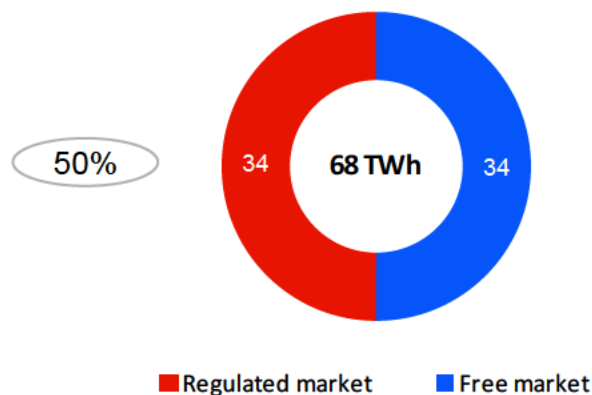
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Regulatory scenario: Supply market liberalization

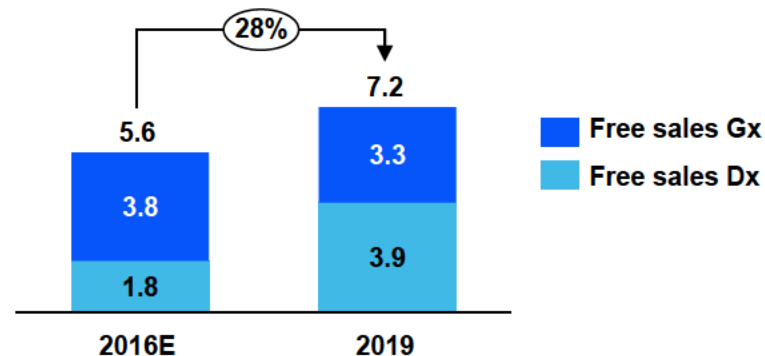


2016 Total Chilean Free market sales (TWh)

(% of Total)



Enel Free market sales evolution (TWh)



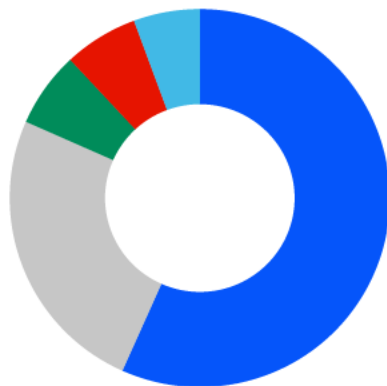
Market share expected to increase significantly
Growth driven by an aggressive commercial strategy on the free market
High potential from further market liberalization

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Margin breakdown by business Dx + Retail

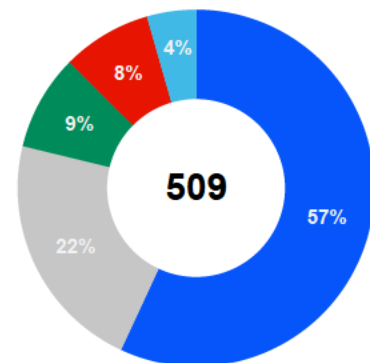


2016E: US\$ 389 mn



- Dx regulated
- Subtransmission
- Free Market Dx
- VAS without electric grids relocation
- Electric grids relocation

2019: US\$ 509 mn



Important growth in all segments related to the energy distribution

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Others business for the future (PSVA's – Future projects)



Public Lighting¹

Energy efficiencies

Electric Transportation

Distributed Generation



- Presence outside our concession area.
- 137 thousand new public lighting points estimated in 2017-2019.

- 45% market share in full electric business.
- 108 thousand new connections in 2017-2019

- 20 electric buses in 2017.
- 1,500 new electric buses estimated in 2018-2021.

- Initiatives within and outside our concession area are already being prospected.
- Over 2,000 projects of distributed generation estimated between 2017-2019.

Important growth from future opportunities as a consequence of the new market context

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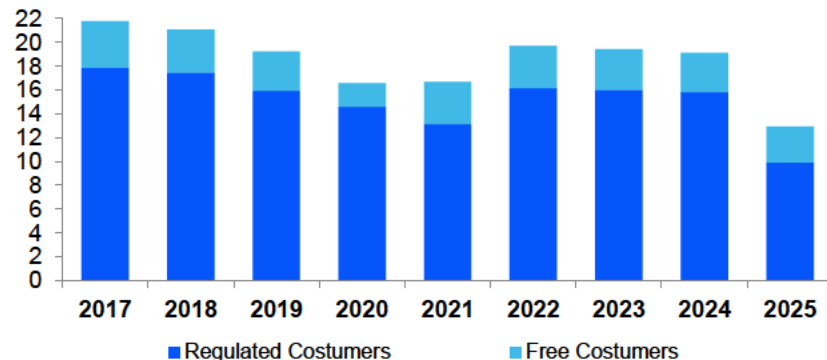
Sales scenario: Generation



Regulatory Scenario

General framework	Auctions for 15, 20 and 30 years
Remuneration scheme	Income based on contributions during peak demand and recognition of dual generation for gas turbines
Regulated guaranteed pass through	Recalculated monthly
Spot market price	Spot market with audited costs
National Regulatory Authority	SEC
Concessions	Unlimited

Contracted sales (TWh)



Most of our production is covered with contracts until 2025 with prices around US\$ 80-90/MWh.

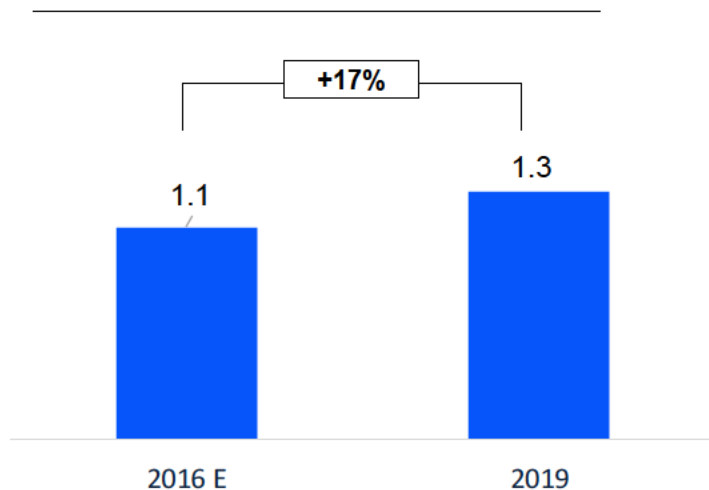
Active position in free clients to capture all market opportunities leveraging on portfolio flexibility

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Margin improvement: Generation



Gross Margin (US\$bn)



Drivers

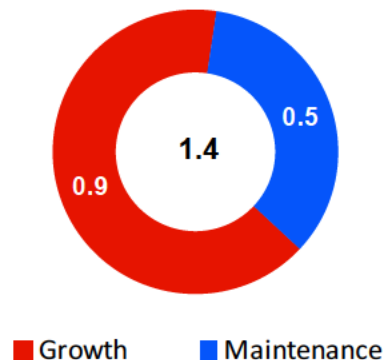
Hydrology	Normalization of hydrology since 2018, favor an increase in hydro production, improving margin
Additional capacity	Commercial operations of Los Cóndores starting by the end of 2018, increasing our production in 600 GWh/year approx.
Sale price	Contractual position allows to defend margins when spot prices fall down
Assets Mix	Diversified generation mix mitigates hydrology risk

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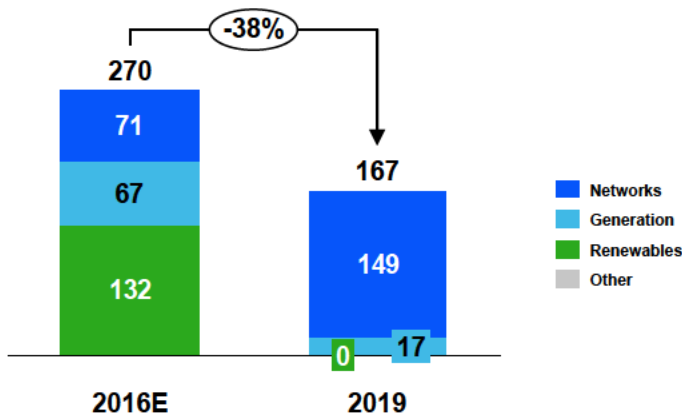
Industrial growth 2017-2019



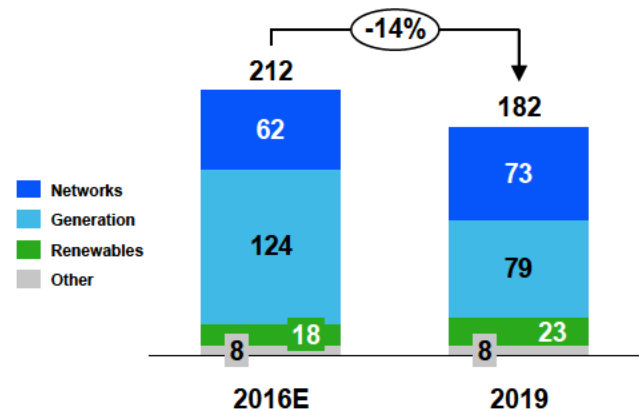
Total Capex 2017-2019 (US\$bn)



Growth Capex by business (US\$bn)



Maintenance Capex by business (US\$bn)



Confirmed the development of efficient and profitable projects in networks

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Efficiencies: New 2019 target saving



(US\$m)	2016E	2019 OLD	2019 NEW	(New vs Old)
OPEX	42	90	94	+4%
Gx	34	50	53	+6%
Dx	8	40	41	+3%
SG&A	6	10	18	+80%
Total	48	100	112	+12%

Improving efficiency 2019 targets

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Financial targets (US\$bn)



	NEW PLAN		
	2017	2019	CAGR
EBITDA	1.2	1.5	+8%
Net Income ¹	0.5	0.6	+9%
Capex	0.5	0.3	-19%
Dividend Policy ²	55%	65%	

Growth in all financial targets

1. Attributable Net Income
2. Expected

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Closing remarks



Strong presence in all market segments

Stable growth in all businesses

Further progress expected in structure simplification

Confirmed dividend policy, increasing by 5% every year reaching 65% in 2019

Cost efficiency ahead of plan

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Thank you

