



Enel Distribución Chile

Analyst Update Meeting

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Santiago, June 1st, 2017

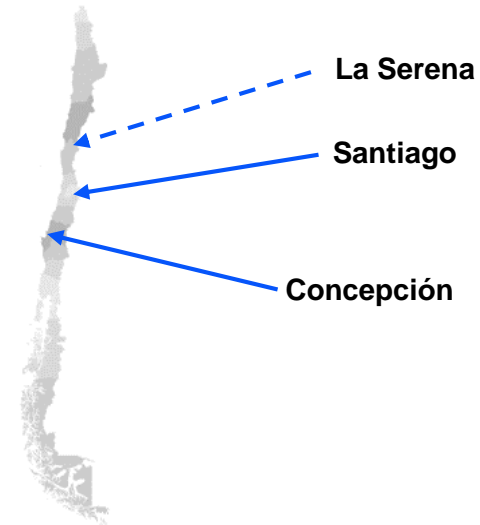


Business Overview, Regulatory Framework and Financial Results 2016

Market

Strategic Plan 2017 - 2019

Business Overview



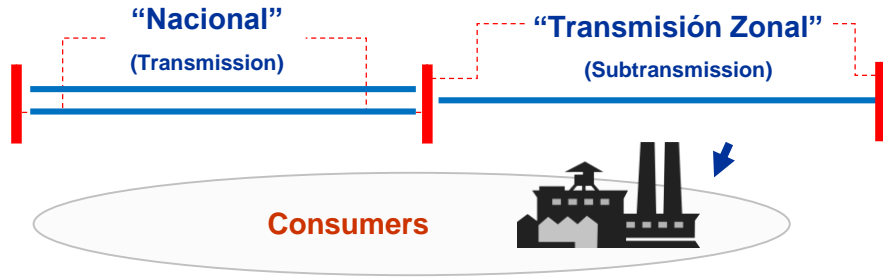
- Enel Dx Chile is the largest electricity distribution company in terms of energy sales and the second in terms of number of customers at country level.
- We operates through a indefinite concession granted by the Ministry of Energy (2,066 Kms²)
- The distribution business considers the commercialization and distribution of electricity
- Regulated customers are 100% supplied through tenders. Free customers can negotiate independently their electricity agreement.
- There is no limitation to sell services and products, even outside the concession area.

Electricity business



Transmission (Natural Monopoly)

Distribution (Natural Monopoly)



Related services

- Light meter rental
- Pole rental
- Disconnection and Reconnection of services

VI: USD 8.5 millions
(VI dec. 2013)

VI: USD 860 millions
(VI dec. 2013)

VNR: USD 1,450 millions
(VNR dic. 2014)

**Revenues:
USD 9 millions**

Remuneration and Tariff processes



Tx

- Remuneration regulated by Annualized Investment Value (investment, useful life, discount rate) + Efficient Operation and Maintenance Costs
- Price Cap → Revenue Cap [2018 – 2019: transitional process] [2020 – 2024: new tariff process]

Dx

Concession

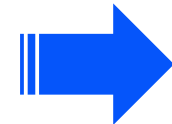
- Indefinite administrative concessions (DFL1 - 1982)

Tariff revision

- Tariff cycle: 4 years.
- **Annualization of New Replacement Value (AVNR)** (investment, useful life, discount rate) + **Operation & Maintenance (O&M) Costs** + Pass Through Gx/Tx.
- Return on investment according to the value of assets:
 - Recognition of asset value according to optimized network (New Replacement Value of an optimized network).
 - WACC: Set by law since 1982 (10% real before taxes).
- O&M Costs: Recognizing efficient costs.
- Average energy and power losses (efficient)
- In parallel, The Associated Services Study is carried out.

Arbitration

- Experts board (*Panel de Expertos*) to resolve disputes between regulator and agents.



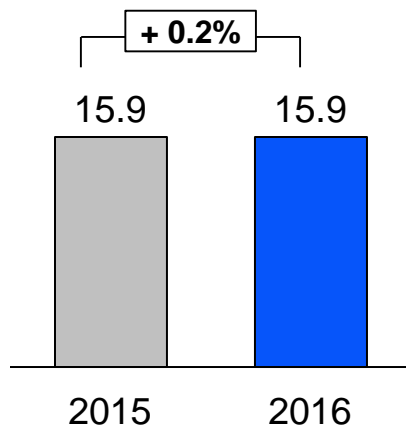
Added Value of Distribution (VAD)

$$\text{Final tariff} = Gx + Tx (\text{Nacional} + \text{Zonal}) + VAD$$

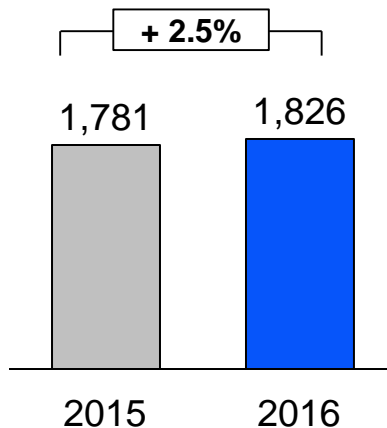
2016 Results – Operating highlights



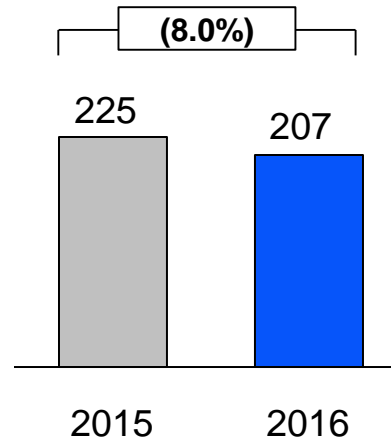
Distributed Energy (TWh)



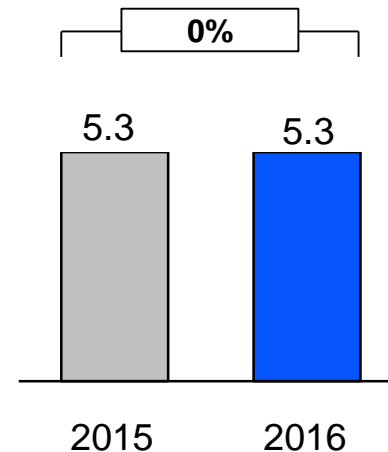
End Users (Th)



SAIDI¹ (minutes)



Energy losses (%)



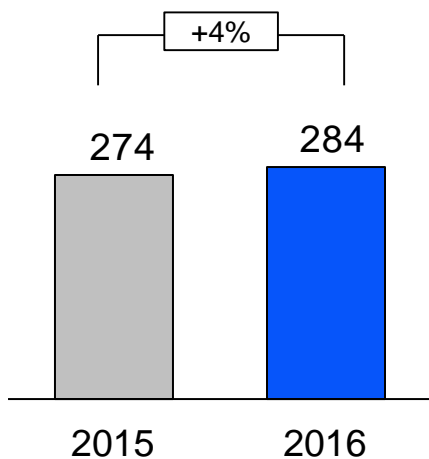
1, SAIDI: System Average Interruption Duration Index

2016 Financial Results

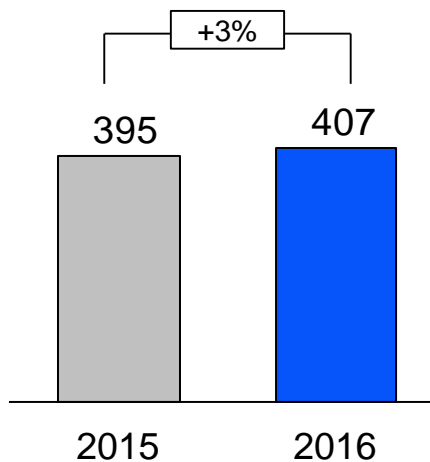
USD Millions



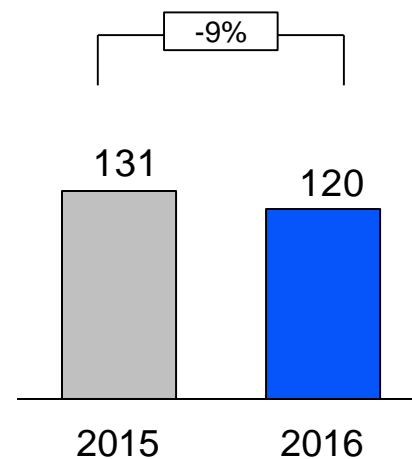
EBITDA



Recurrent Margin*



Opex



Recurrent Margin* exclude extraordinary revenues and costs

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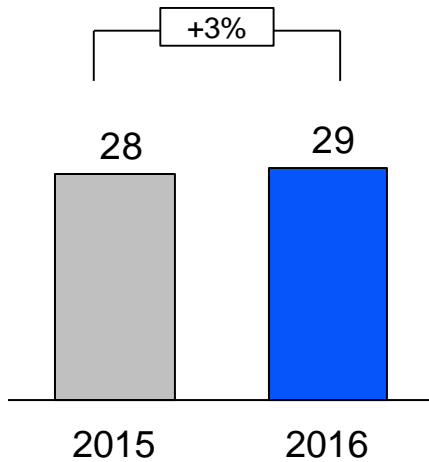
Strategic Plan 2017 - 2019

2015 vs 2016

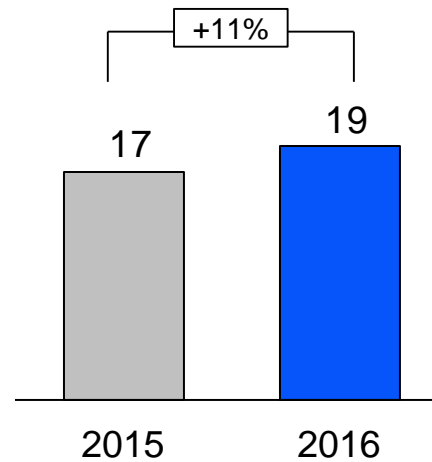
Gross Margin, USD millions



Free Market



VAS

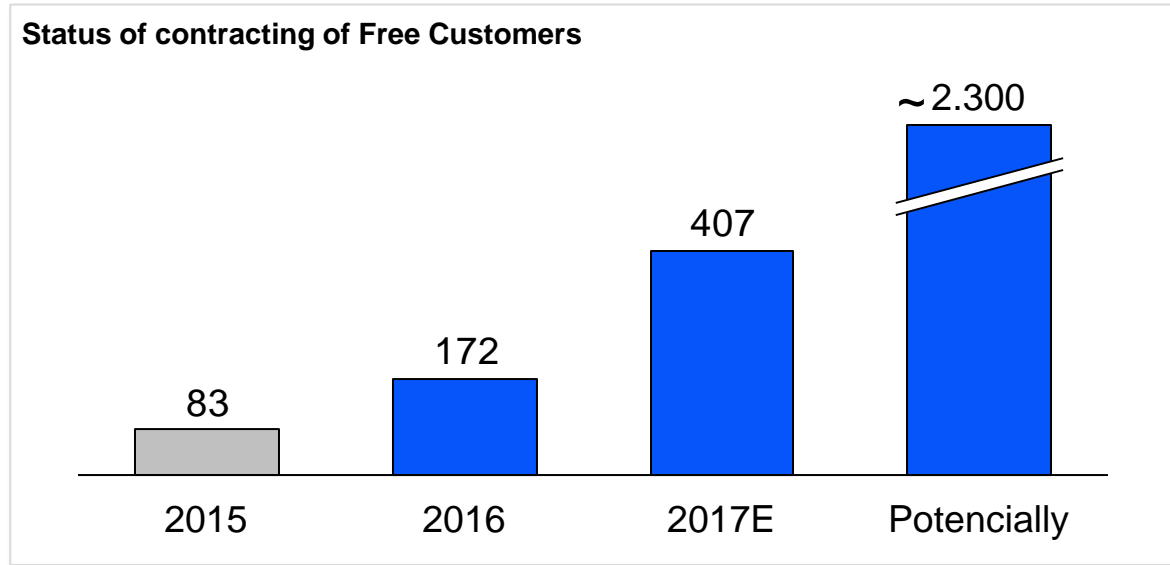


Context: Distribution and Market in Chile



Market liberalization and energy commercialization

The growth since 2015 and 2016 is focused in adding potentially free customers to the portfolio and multi sites clients (such as chains of shopping malls)



Opportunity in free and potentially free market



Strengths:

- Commercial structure adapted to customer needs not offered by competitors
- Bundling with energy efficiency project

Insights:

- Free Market: High competition in price compared to Gx.
- Potentially free market: Larger opportunity and lower competition
- Consultancy companies are starting to advise customers to become free clients (but there are some regulatory constrains)

VAS Business Lines

Strategy



We do not sell products. We develop partnerships to improve together.

We have solutions to some of the main challenges of our customers on their day by day life, including environmental and pollution issues.

Our objective is to be recognized from the customer as the reliable partner to introduce innovation, sustainability and efficiency in their life, with the concept of Shared Value.

Capture the full value of existing customers and the potential to expand beyond the concession area with innovative service propositions, leveraging on distribution synergies, growing economy and transition to energy efficiency culture.

Transforming innovation and pilot into sustainable business



URBAN DEVELOPMENT

Description

To develop and promote an aggressive offer to position ourselves in the market (CCTV cameras, cellular microcells, LED screens and ornamental lighting and buildings)

Objetive

To install 150 antennas with WOM
To install LED advertising displays, at bicycle charging points at Lo Barnechea

We already have 91 antennas installed and soon will be 41 screens in Lo Barnechea and Ciudad Empresarial

Transforming innovation and pilot into sustainable business



ELECTRIC BUS TRANSANTIAGO

Description

To develop value propositions for future public transport tenders, promoting electric mobility

Objective

To implement electric bus fleet in Transantiago

Ministry of Transport began the incorporation of 90 Electric Buses in the next tender. In addition, MetBus incorporates 2 new Electric Buses in its route 516



E-COMMERCE

Description

Boosting mass sales through an on-line technology platform, flexible and close to customers

Objective

Massify VAS e-sales

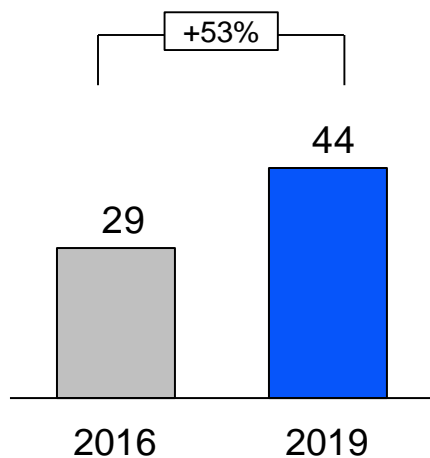
40% of the sales of air conditioning are by this channel. It's already a reality!

2016 vs 2019

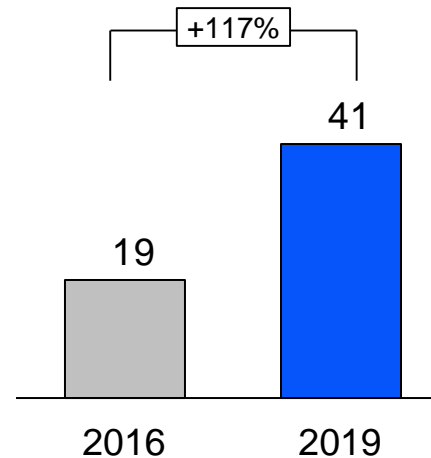
Gross Margin, USD Millions



Free Market



VAS



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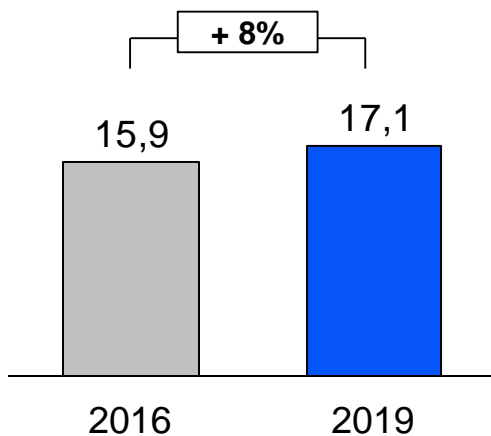
Market

Strategic Plan 2017 - 2019

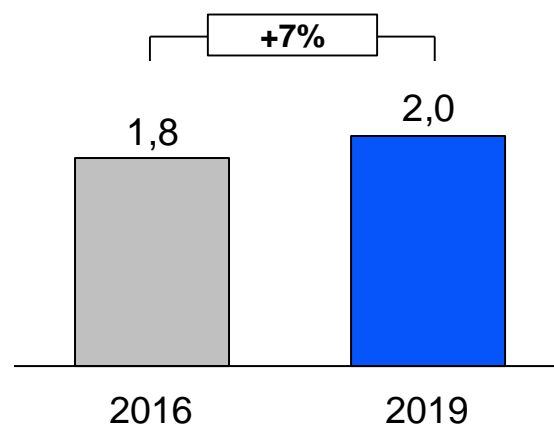
Operational KPIs 2017 - 2019



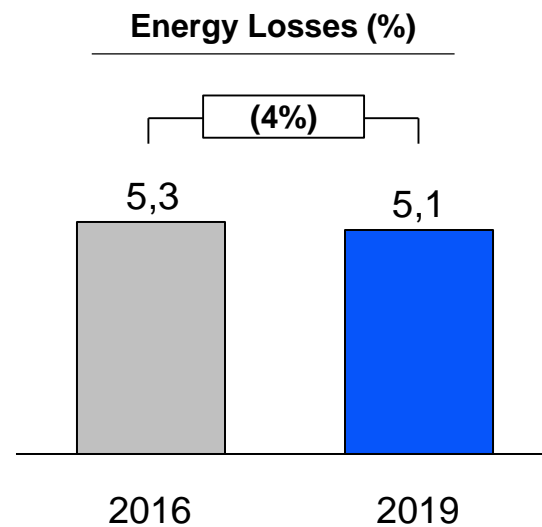
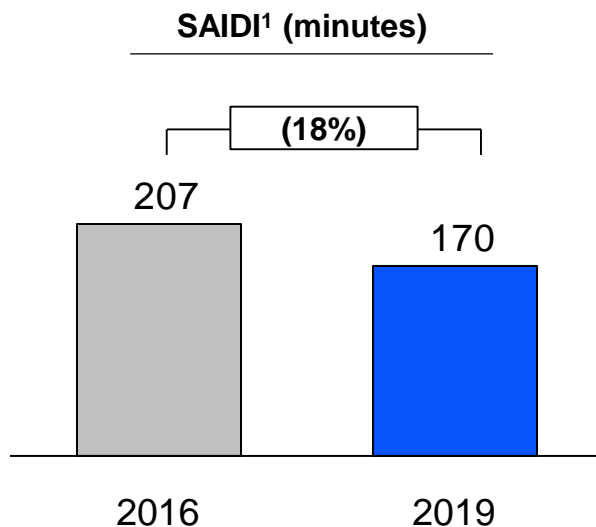
Distributed Energy (TWh)



End Users (millions)



Operational Efficiencies



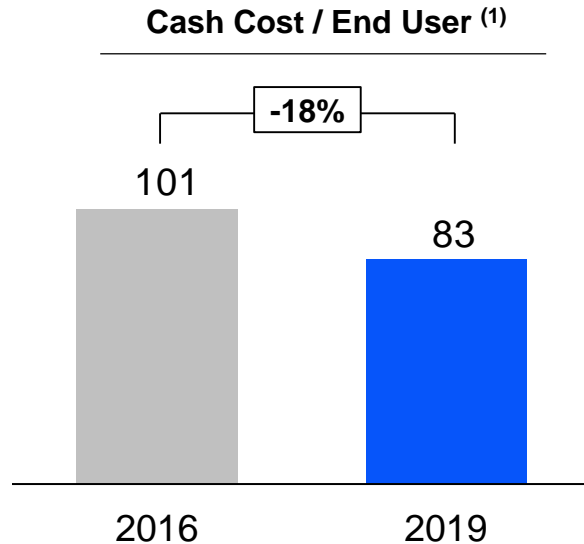
Quality plan

- Reduction of the interruptions duration, installing equipment and systems which can allow to remotely operates the medium voltage network.
- Reinforcement of the critical feeders

Energy losses reduction

- Improvements in balance and energy recovery
- Optimization of energy recovery with "data mining" and "big data"
- Reduction of Energy losses with specific actions and best practice sharing

Operational Efficiencies



Synergies in processes and systems

- Process reengineering
- In / outsourcing optimization
- Convergence of ICT systems

Operational Excellence

- Synergies and savings achieved
- Optimization of suppliers contracts
- Best practice sharing

(1) USD / End User in real terms 2016

Digitalization Strategy



Remote Control y Quality Plan

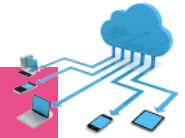


Smart Meters

Global Distribution System



E4E



Workforce Management



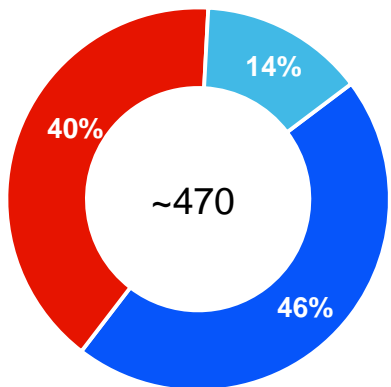
Big Data – Data Analytics



Growth investments 2017-2019



Growth Capex by topic (USD Millions)



- Smart Meters
- Connections & Transmission
- Quality, Efficiency & Others

Key Figures

+ 150 thousands connected end users

Cumulative Growth EBITDA ~90 USD MM

Time to EBITDA < 2 años

Enel Chile – Looking forward

Looking forward - Other business (PSVA's & Future projects)



Public Lighting



- ✓ Presence outside our concession area.
- ✓ During 2016, construction bids were won for 53.500 luminaries, some of which also included maintenance.
- ✓ 137 thousand new public lighting points estimated in 2017-2019.

Energy efficiencies



- ✓ In 2016, approximately 49,000 apartments were connected, of which 300 full electric.
- ✓ 108 thousand new connections in 2017-2019.

Distributed Generation



- ✓ Initiatives within and outside our concession area are already being prospected.
- ✓ During 2016 a total of 36 residential projects (85 Kwp) and 2 medium projects were installed (160 Kwp).
- ✓ Over 2,000 projects of distributed generation estimated between 2017-2019.

Electric Transportation



- ✓ First electric bus on public transport in Santiago. In addition, 4 electric taxis are in operation.
- ✓ 5 electric buses in operation in 2017.
- ✓ Over 300 new electric buses estimated in 2017-2019.
- ✓ The Electric Mobility Employees Plan was launched, 30 vehicles were assigned.
- ✓ Strong involvement in the process of definition of terms and context for the new tender for public transportation service of Santiago.

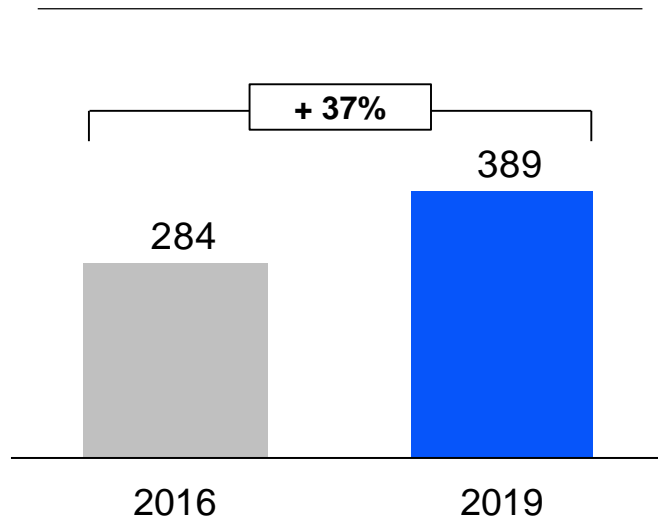
Important growth from future opportunities as a consequence of the new market context

Financial Targets

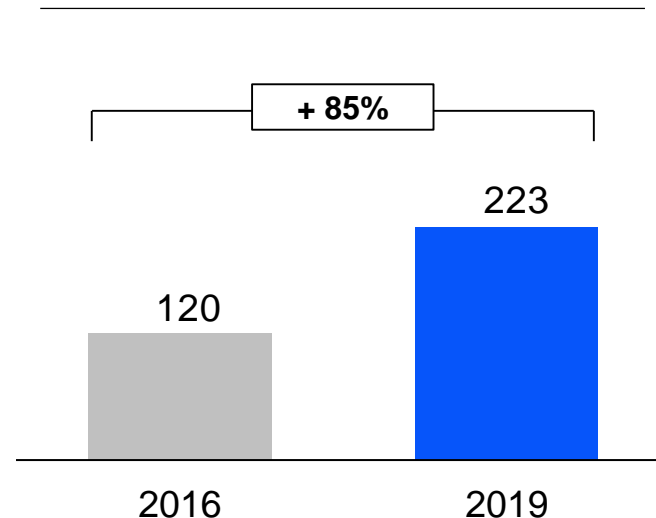
USD millions



EBITDA



CAPEX



Thank you



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