



Enel Distribución Chile

Analyst Update Meeting

Andreas Gebhardt
Simone Tripepi

Santiago, June 1st, 2017

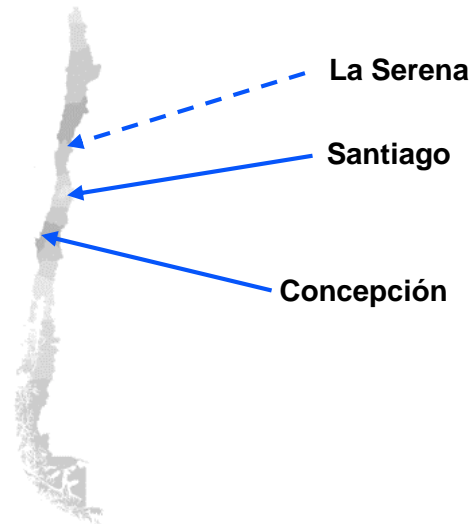
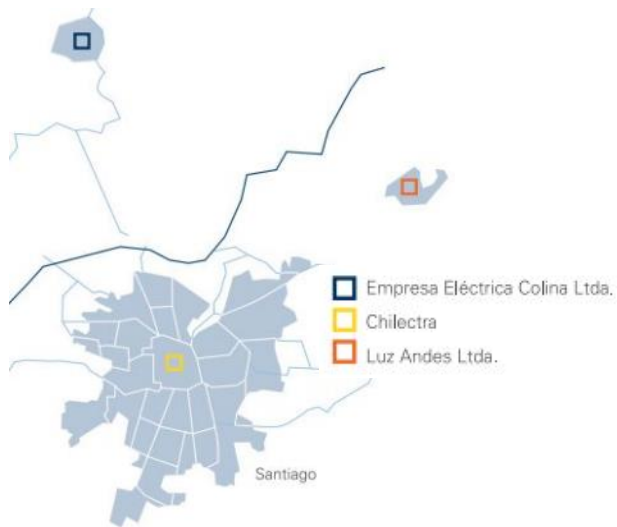


Business Overview, Regulatory Framework and Financial Results 2016

Market

Strategic Plan 2017 - 2019

Business Overview



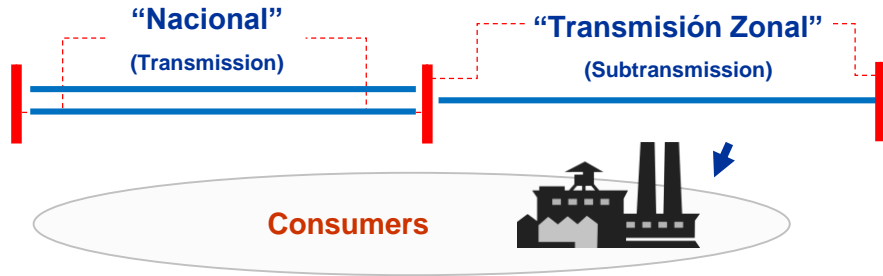
- Enel Dx Chile is the largest electricity distribution company in terms of energy sales and the second in terms of number of customers at country level.
- We operates through a indefinite concession granted by the Ministry of Energy (2,066 Kms²)
- The distribution business considers the commercialization 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

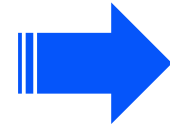
- Indefinite administrative concessions (DFL1 - 1982)

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.



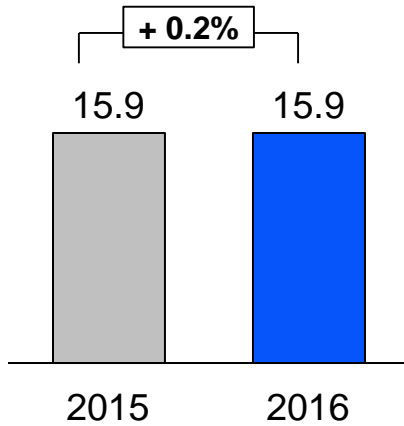
Added Value of Distribution (VAD)

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

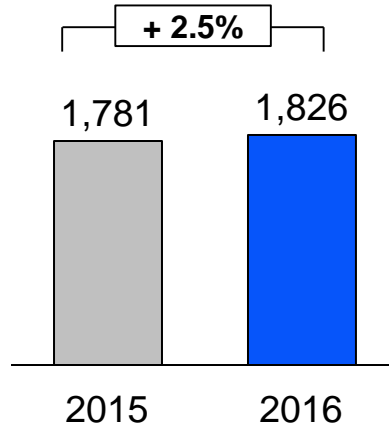
2016 Results – Operating highlights



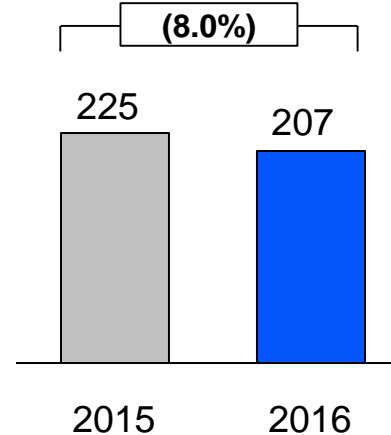
Distributed Energy (TWh)



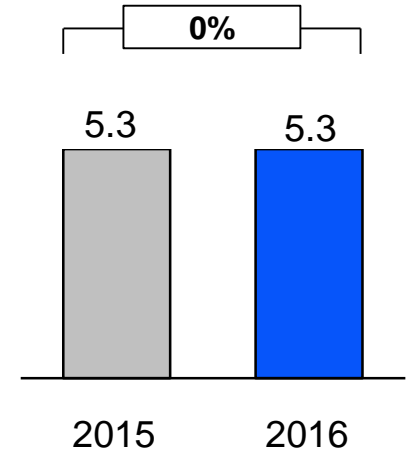
End Users (Th)



SAIDI¹ (minutes)



Energy losses (%)



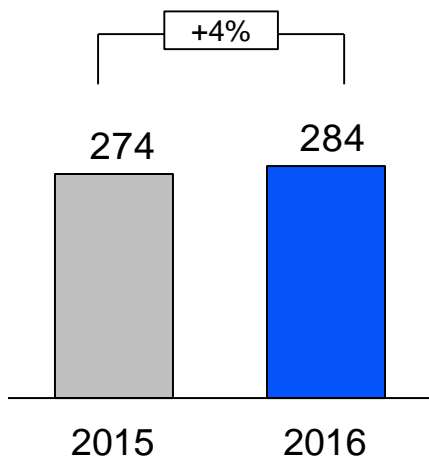
1, SAIDI: System Average Interruption Duration Index

2016 Financial Results

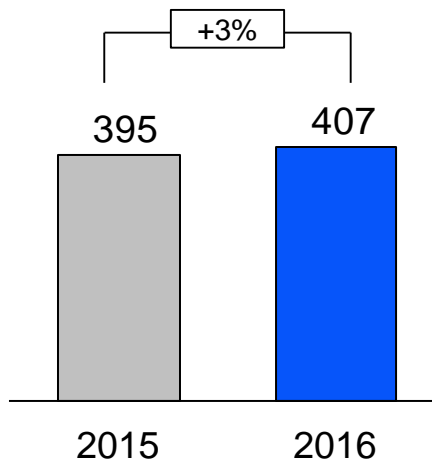
USD Millions



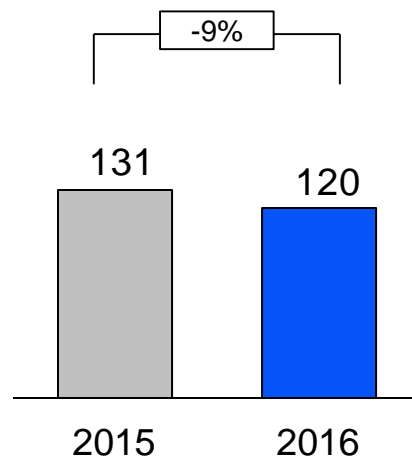
EBITDA



Recurrent Margin*



Opex



Recurrent Margin* exclude extraordinary revenues and costs

Business Overview, Regulatory Framework and Financial Results 2016

Market

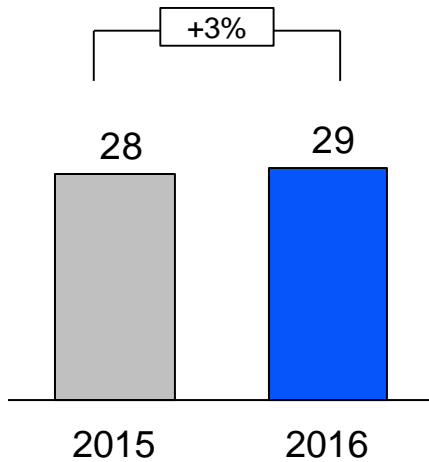
Strategic Plan 2017 - 2019

2015 vs 2016

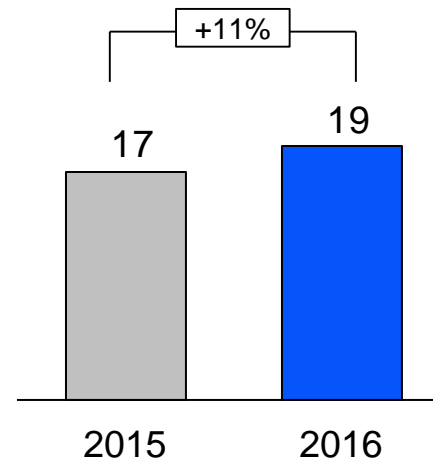
Gross Margin, USD millions



Free Market



VAS

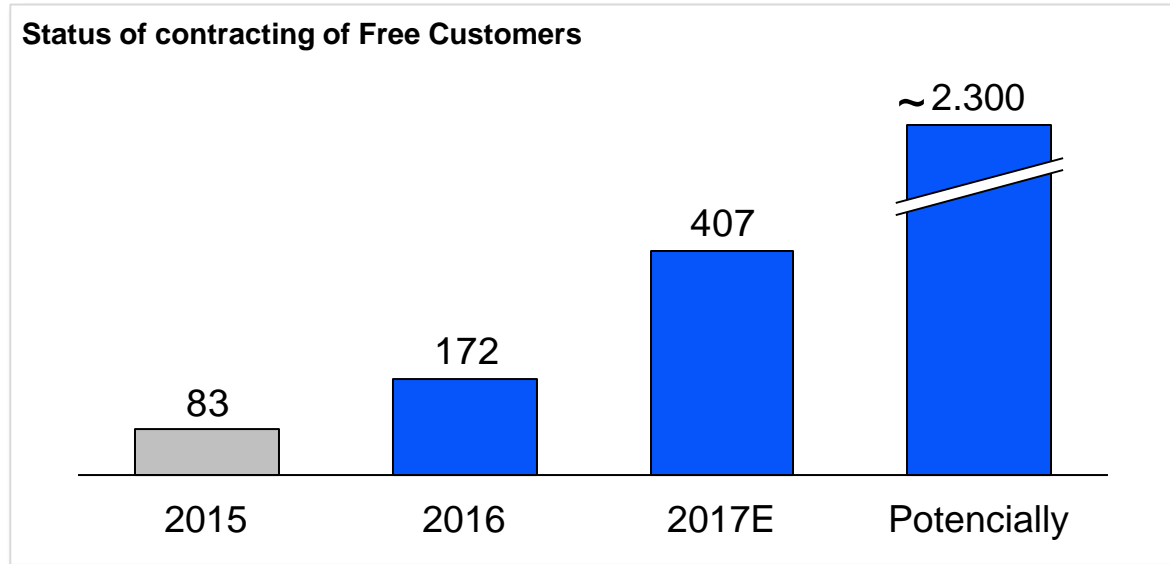


Context: Distribution and Market in Chile

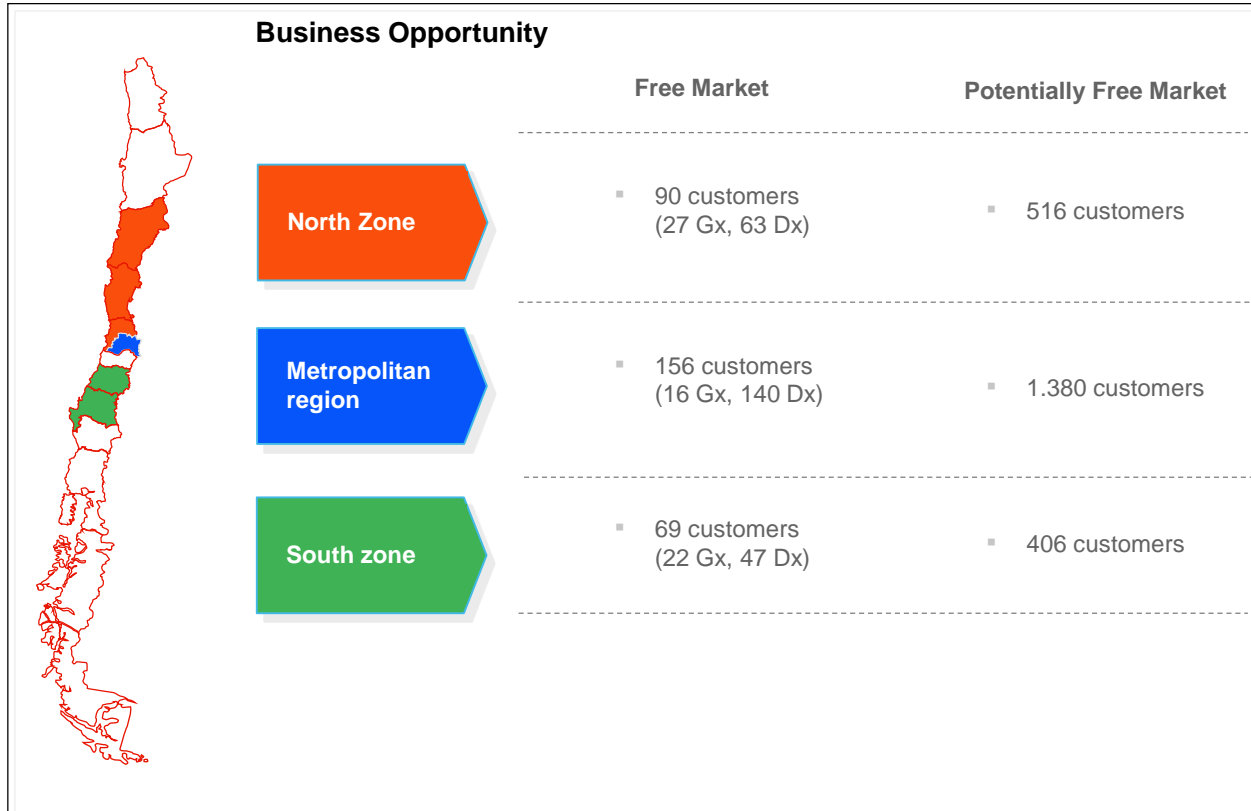


Market liberalization and energy commercialization

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 constraints)

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

Objetive

Massify VAS e-sales

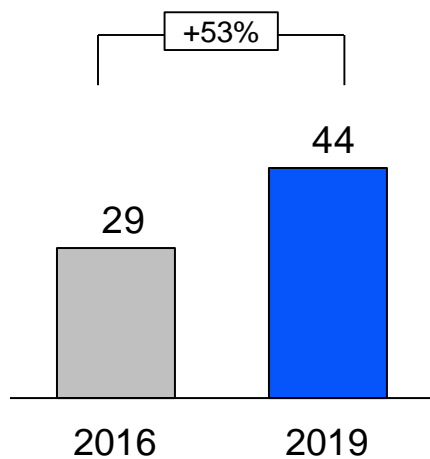
40% of the sales of air conditioning are by this channel. It's already a reality!

2016 vs 2019

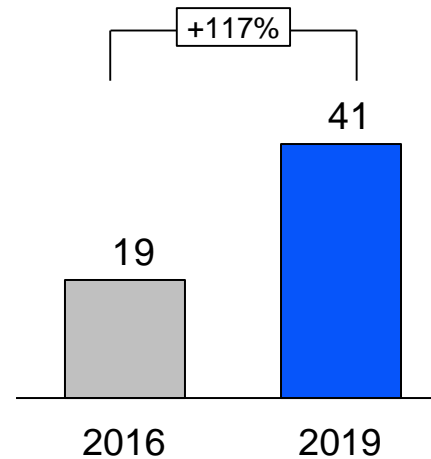
Gross Margin, USD Millions



Free Market



VAS



Enel Distribución Chile

Agenda



Business Overview, Regulatory Framework and Financial Results 2016

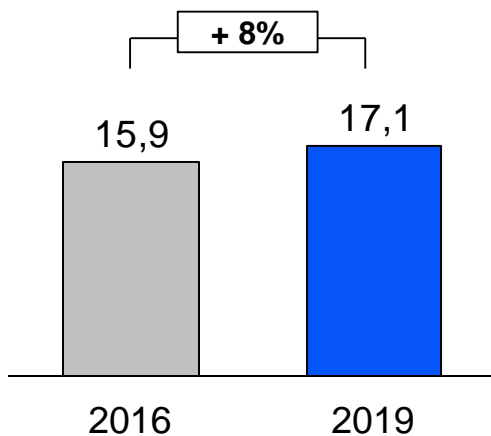
Market

Strategic Plan 2017 - 2019

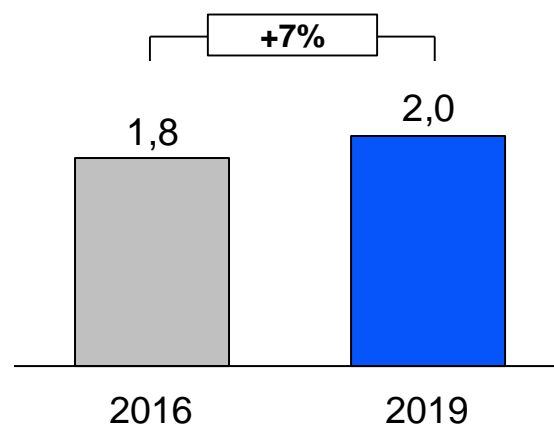
Operational KPIs 2017 - 2019



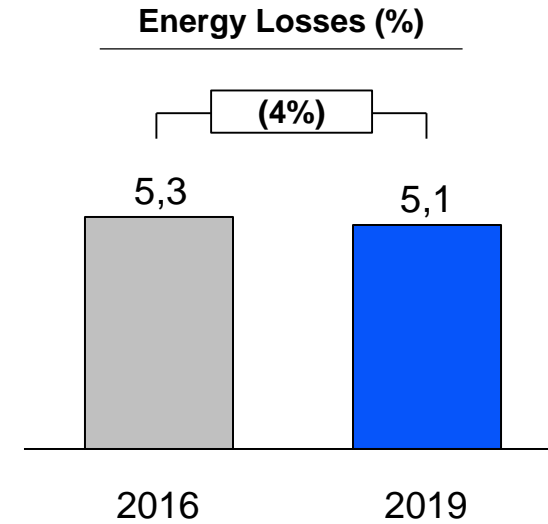
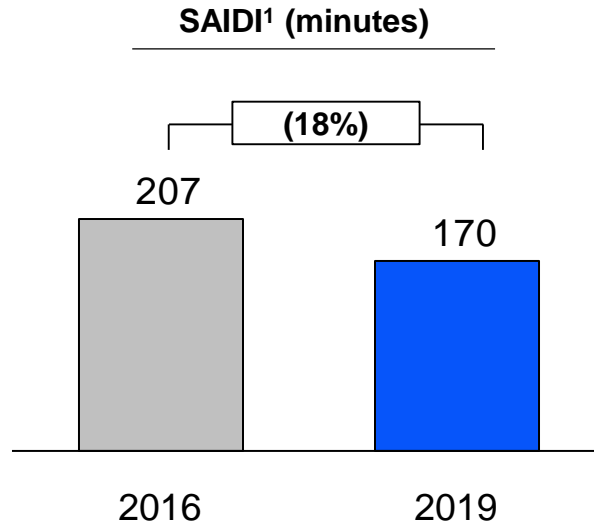
Distributed Energy (TWh)



End Users (millions)



Operational Efficiencies



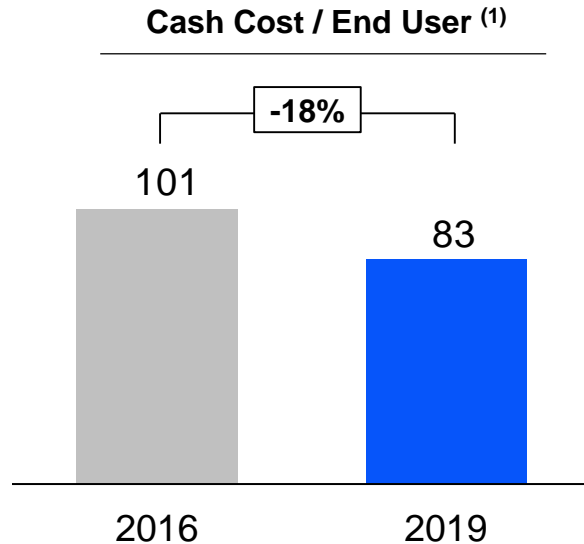
Quality plan

- 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



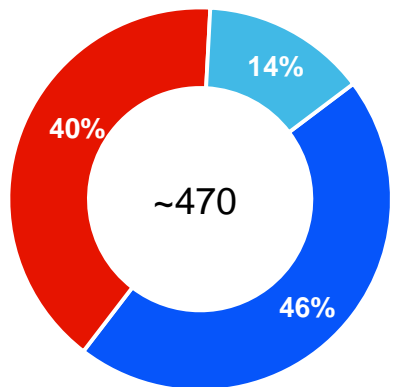
Big Data – Data Analytics



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.

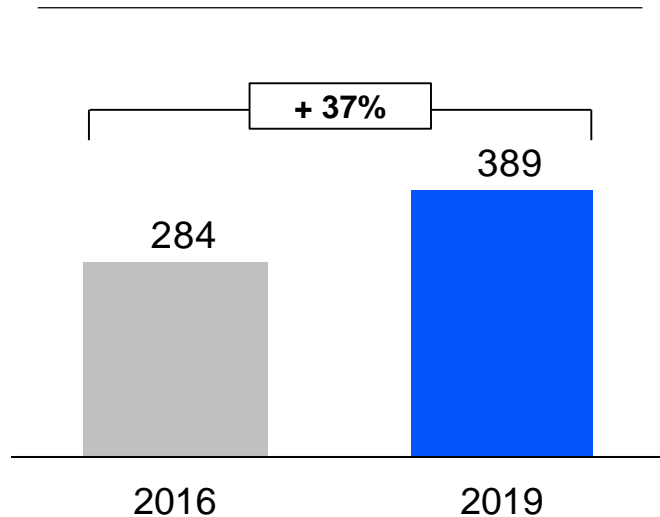
Important growth from future opportunities as a consequence of the new market context

Financial Targets

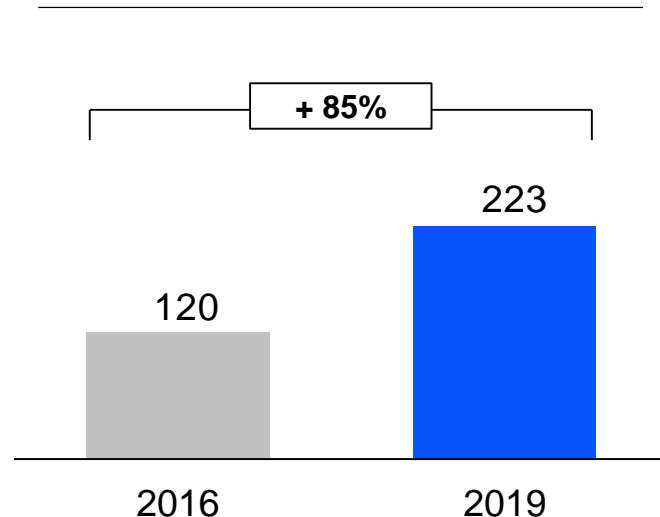
USD millions



EBITDA



CAPEX



Thank you



DISCLAIMER

This presentation does not constitute an offer to sell any securities and is not soliciting an offer to buy any securities in any jurisdiction.

This presentation contains certain “forward-looking statements” regarding anticipated financial and operating results and statistics and other future events relating to Enel Distribución Chile S.A. (Enel Distribución) These statements are not guarantees of future performance and are subject to material risks, uncertainties, changes and other factors which may be beyond Enel Distribución’ control or may be difficult to predict. These statements may constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. The inclusion of these forward-looking statements should not be regarded as an indication that Enel Distribución or any other person considers such projections to be material or to be a reliable prediction of actual future results. These forward-looking statements are subjective in many respects and there can be no assurance that they will be realized or that actual results will not be significantly higher or lower than described. As a result, the inclusion of any forward-looking statements in this presentation should not be relied on as necessarily predictive of actual future events. The projections and other forward-looking statements were based on numerous variables and assumptions that are inherently uncertain. Actual results may differ materially from those projected as a result of such risks and uncertainties. In addition, the financial projections do not necessarily reflect revised prospects, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the projections were prepared.

Forward looking statements include, but are not limited to, information regarding: Enel Distribución’ business plans, Enel Distribución’ cost reduction plans, trends affecting Enel Distribución ’ financial condition or results of operations including market trends in the electricity sector in Chile or elsewhere, supervision and regulation of the electricity sector in Chile or elsewhere, and the future effect of any changes in the laws and regulations applicable to Enel Distribución’ or its affiliates. The principal assumptions underlying these forecasts and targets relate to: Economic and Industry Conditions, Commercial Factors, Political/Governmental Factors, Operating Factors, and Competitive Factors.

The following important factors, in addition to those discussed elsewhere in this presentation, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements, including but not limited to: changes or developments regarding the applicable regulations (which may affect the investment plan of Enel Distribución regarding the regulated activities), legal restrictions applicable to the implementation of the dividends policy, environmental regulations and other legal issues; price of electricity; price and supply of raw materials; interest rates or exchange rates; availability of fuel; ability to maintain relationship with suppliers, customers and consumer and user protection groups; changes in climate conditions; widespread adoption energy efficiency measures; inherent risks in the construction of new power generation and distribution facilities; changes in general economic, political, administrative and business conditions; operating hazards and risks; tax risks; loss of senior management and key personnel; insufficiency of insurance coverage or increase of insurance costs; failure of systems and information technology and processing; inability to access the capital markets to refinance its debt and finance its capital expenditures; and other factors that could adversely affect the business and financial results of the Company.

No assurance can be given that the forward-looking statements in this document will be realized. Readers are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this presentation. Our independent registered public accounting firm has not audited, examined or compiled the forward-looking statements and, accordingly, does not provide any assurance with respect to such statements. Neither Enel Distribución nor any of its affiliates intends, nor undertakes any obligation, to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.