Enel Chile
FY 2019 consolidated results

February, 28th 2020

Key highlights

Decarbonization & Renewables

Decarbonization on track
Closure of Tarapacá (158 MW) on Dec 31st 2019 as committed

Leadership on electrification and quality of services
Enel X will develop the first electro-route with the installation of 1,200 charging points

Electrification

EBITDA Margins resilience
Despite the hydrology and demand performance in the quarter

Proposed dividend pay-out of 60% of 2019
Adjusted Net Income by decarbonization[1]

Enabling Infrastructure

ESG full embedded into our growth strategy
With almost 90% of our capex allocated to ESG´ contribution

Ecosystems & Plataforms

1. Impairment of the closure of the coal-fired power plants of USD 273 mn (Average exchange rate for the period 702.63 CLP/USD)

Decarbonization on track

Enel Chile is leading the decarbonization process in Chile

Tarapacá successful closure

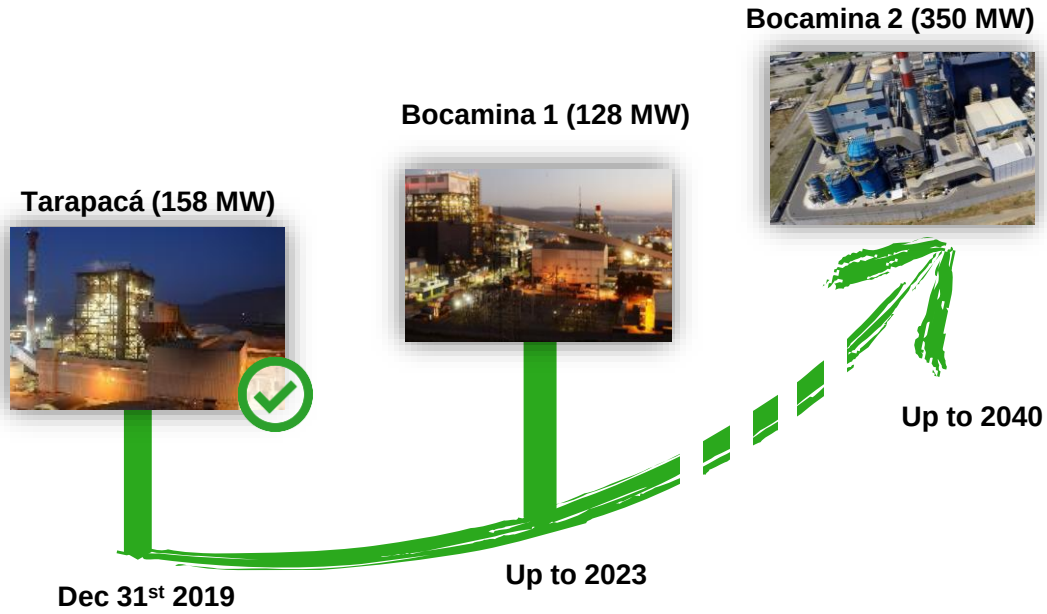
Tarapacá operations successfully terminated

Decision to anticipate the final closure is framed on Enel Chile decarbonization strategy

Sustainable closure, employees rotation plan on renewables

Started studies on alternatives to the site, based on fair transition

Coal Power Plants closure timeline[1]

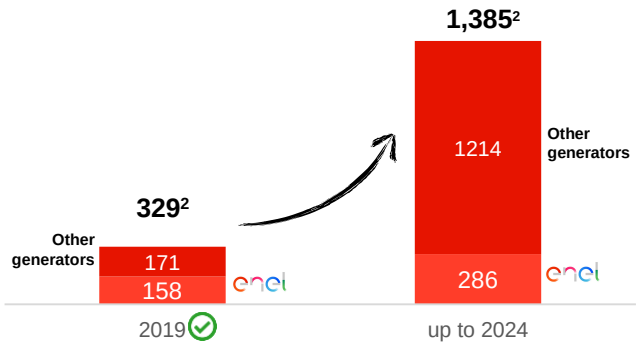


1. Gross installed capacity

Decarbonization and renewables framework

Growth opportunities in Chile

Chilean Carbon fleet closure timeline[13]



Commercial trend in 2019: 100% renewables contracts

+ 3TWh/ year renewable 15-year PPA (BHP as from Aug/21)

Up to 3 TWh/ year renewable 10-years PPA (Anglo American as from Jan/21)

Up to 1 TWh/ year renewable 10-year PPA (Collahuasi as from Apr/20)

Main regulatory topics to be addressed

- ✓ Transmission lines
- ✓ Flexibility Law

Robust Renewable Pipeline

Geothermal | Wind | Hydro | Solar

2 GW in 2020-2022

1. First phase and COP 25 announcements. Source: Ministry of Energy (2019)
2. Cumulated figures
3. Gross capacity of Tarapacá and Bocamina I

Ecosystem and platforms to foster Electrification

Enel Chile is leading the e-mobility in Chile

First national electric route

Connect Chile from Arica to Punta Arenas (cover 5,000 km)

Installation of 1,200 charging stations and 1,800 connections for electric vehicles

Reduce city pollution by increasing more efficient daily use of energy

Initial investment of USD 15m

Enel X main KPIs[1]

	2017	2018	2019	YoY
Electric buses[4]	2	76	285	+275%
Charging Points[2]	63	221	454	+105%
Public lighting (‘000)	234	259	277	+7%
e-Home services[3] (‘000)	39.7	65.8	77.8	+18%

Wood stoves replacement with more efficient system (5,261 families benefited and 17k tons CO_2 emissions avoided)

1. Cumulative figures
2. Public and private charging points. Also include e-buses charging points
3. Includes insurance services, air conditioning, and photovoltaic panels
4. Includes 26 e-buses added in January 2019 and 183 e-buses added in September 2019

Distribution Business business

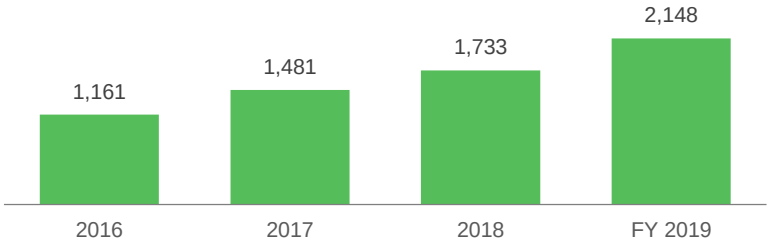
Focus on digitalization to continuously improve our services and efficiency

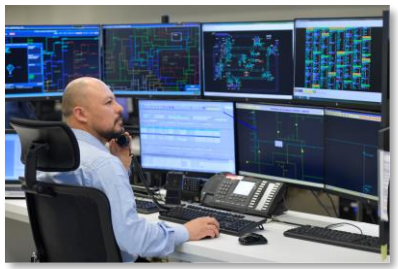
Main KPIs

	FY 2018	FY 2019	
Energy distributed (TWh)[1]	16.8	17.1	+2%
SAIDI[2] LTM (minutes)	195	184	-6%
Energy losses (%)	5.02	4.99	-0.03 p.p
End users (mn)	1.92	1.97	+2%

Digitalization on quality service

Telecontrol equipment installation[3]





- Telecontrol and automation looking toward an higher resilience of our grid
- Digitalization on Substations
- Inspection technologies (Helicopters, Drone using LIDAR)

1. Energy distributed only in Enel Distribución concession area
2. SAIDI LTM: System Average Interruption Duration Index during the last twelve months. 2018 FY figures adjusted by 2019 reported figures criteria
3. Cumulated figures

Progress on SDGs

Engaging local communities[1]

		2018	2019	2022
4 QUALITY EDUCATION	High-quality, inclusive and fair education	39	80	139.0
7 AFFORDABLE AND CLEAN ENERGY	Access to affordable and clean energy	170	199	200.0
8 DECENT WORK AND ECONOMIC GROWTH	Employment and sustainable and inclusive economic growth	362	371	447.0

I&N, sustainable cities and cyber securities[2]

		2018	2019	2022
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Digitalization (Telecontrol equip.- #)	1,733	2,148	2,969
11 SUSTAINABLE CITIES AND COMMUNITIES	Charging points[3]	221	357	2,954

Climate change

		2019
7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION	Emission free production, as % of total generation in MWh	66%

1. Cumulated data and targets from 2015 of thousand beneficiaries
2. Cumulated data
3. Public and private charging stations

ESG Focus Indexes and Recognitions

Indexes, recognitions and certifications

Dow Jones Sustainability Indexes

Chile Index

MILA Index

Emerging Markets Index

MSCI

“A” rate in 2019

FTSE4Good

Emerging Market and Latin America Emerging Market Index

SAM

Now a Part of S&P Global

Enel Chile is part of the Robecco SAM Sustainability Yearbook 2020 (Bronze class)

CERTIFIED ISO 37001 CERTIFIED

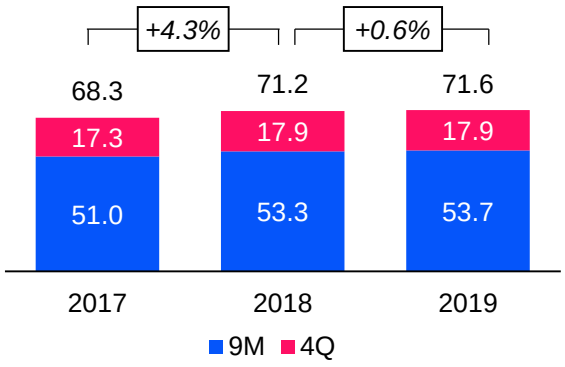
Enel Chile **ISO 37001 certification**

Macro and Regulatory updates

Main updates on the Chilean Market

Market and sector performances

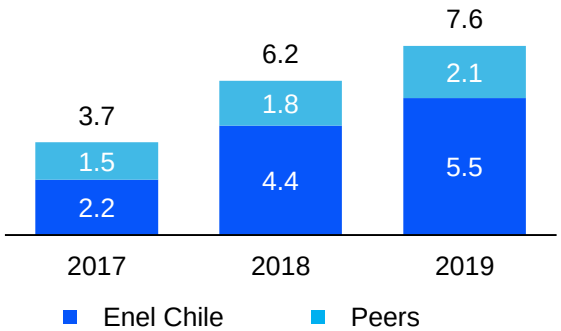
Demand performance (TWh)



GDP[1] Growth (%)	1.3	4.0	1.0

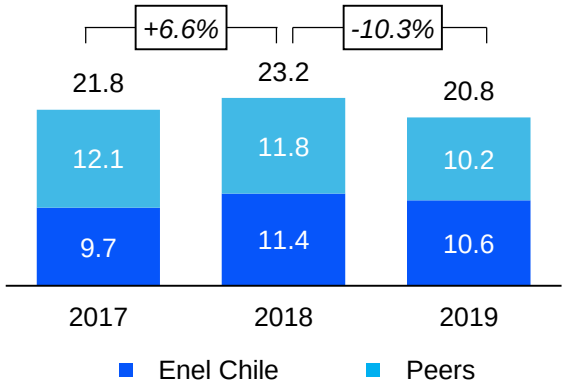
Flat growth in demand, particularly in 4Q

Clients Migration (TWh)[2]



Around 1.4 TWh could still migrate to free market under the current regulatory framework

Country Hydro performance (TWh)



Challenging hydrology condition, particularly on 4Q19

1. Source: Central Bank of Chile. 2019 data correspond to estimated figures
2. Cumulated data. Company estimates

Main updates on the Chilean Market

Distribution framework and next steps

Ley Corta

Approved

- Remuneration reduction from 10% before tax to a variable value with a cap at 8% and a floor at 6% both after tax.
- No more 2/3 – 1/3 ponderation with two studies. Only one study that can be appealed.
- New asymmetric range to be used to check industry profitability (-3% to 2%) over calculated remuneration.
- Model company will consider some elements to better reflect real company conditions
- Unbundling of Distribution Business by Jan 2021

Ley Larga

First draft on March, 2020

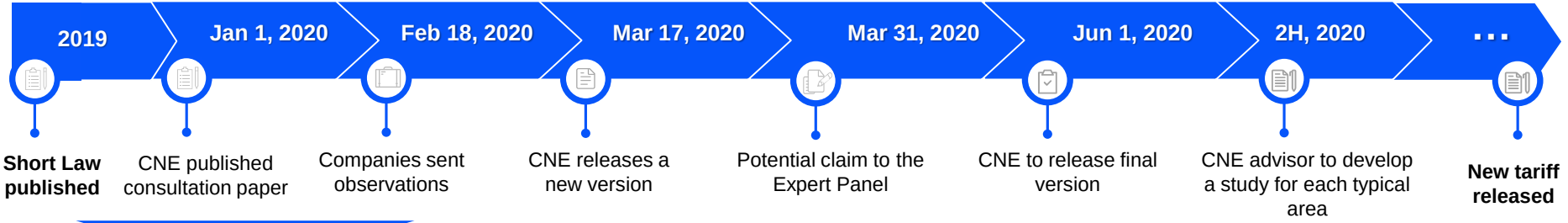
- Ministry of Energy committed to dispatch a draft to the Congress by March 2020
- New law expected by 2021
- Potential topics to be addressed:
  - Commercialization
  - New elements to better align model and real company conditions
  - Market liberalization

Main updates on the Chilean Market

November 2020 – November 2024 new distribution regulatory tariff cycle

New regulatory cycle based on new distribution tariffs defined by CNE (Energy Regulator) and officially published by the Ministry of Energy

How do we get here



- Model company confirmed
- 6% real terms after taxes of remuneration confirmed
- VAD defined by one study and companies might access Expert Panel ("*Panel de Expertos*")

Main updates on the Chilean Market

Generation Business: Stabilization tariff mechanism

Main updates

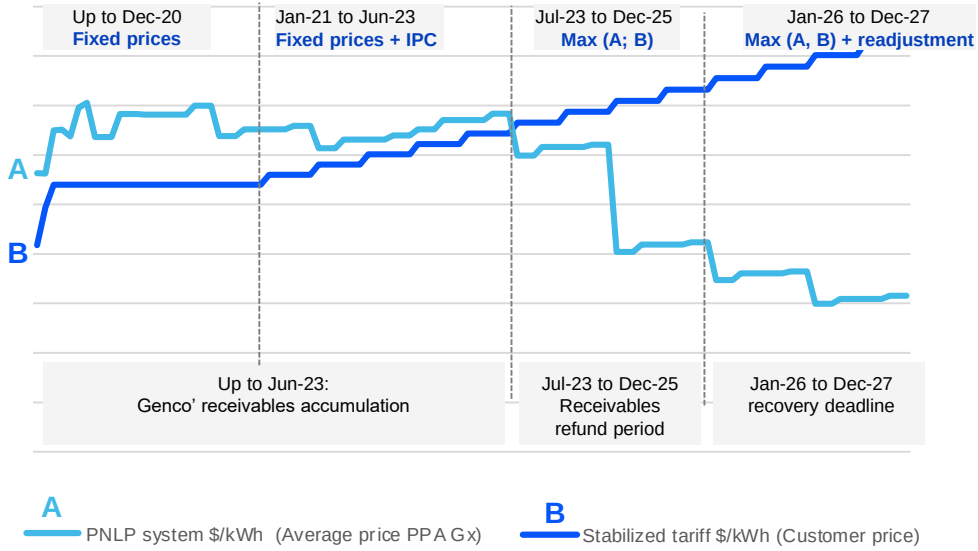
CNE released a **second version** of the document that details the mechanism**.**

Recovery mechanism: once the cap is reached, CNE will adjust tariff to guarantee outstanding debt will be covered within Jan 25 and Dec 27

Mechanism takeways

- Approved in Nov/19, it reverted regulated tariff to 1H19 level and freeze them up to Jan 21
- Cap: Jun/23 or 1,350 MUSD
- Currency: account receivables in USD
- Interests: applied from Jan/26 onwards

Expected mechanism evolution[1]



1. PNLP: Long-term average energy price; IPC: Chilean Consumer Price Index

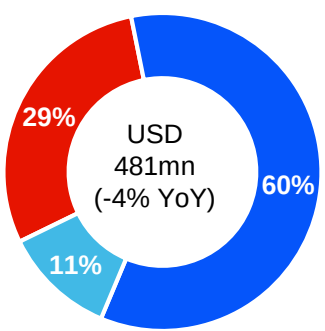
FY 2019 consolidated results

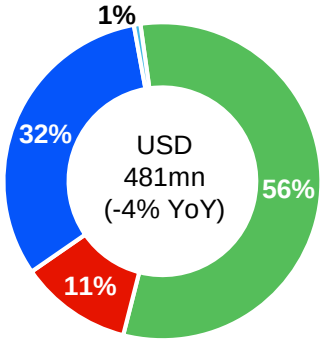
Financial results

Capex allocation

Development capex focused on renewables

FY 2019 Capex by business and by nature[1]

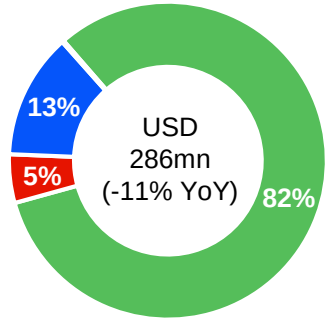




- Asset Management
- Asset Development
- Customers

- Renewables
- Networks & Enel X
- Thermal generation
- Other

FY 2019 Development capex[1]



- Renewables
- Networks & Enel X
- Thermal generation
- Other

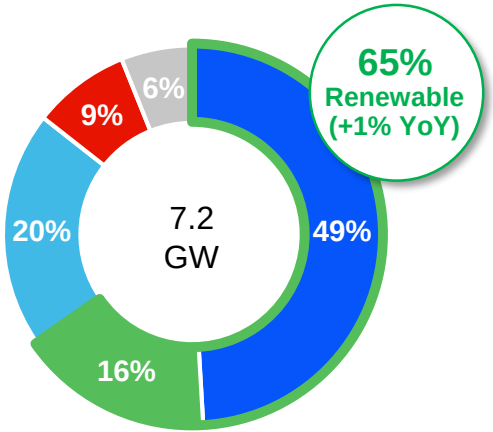
~90% of total capex contributed to achieve the SDG targets

1. Average exchange rate for the period 702.63 CLP/USD

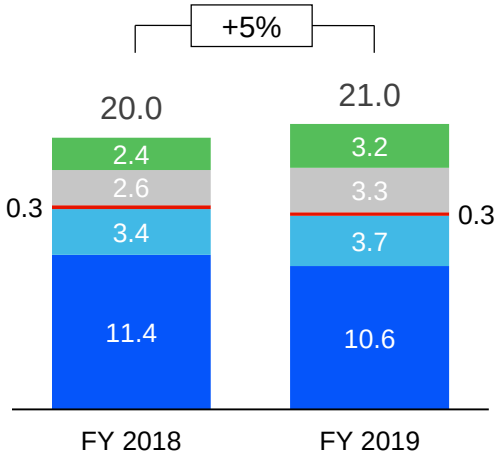
Generation portfolio

Continuous improvement on our generation mix

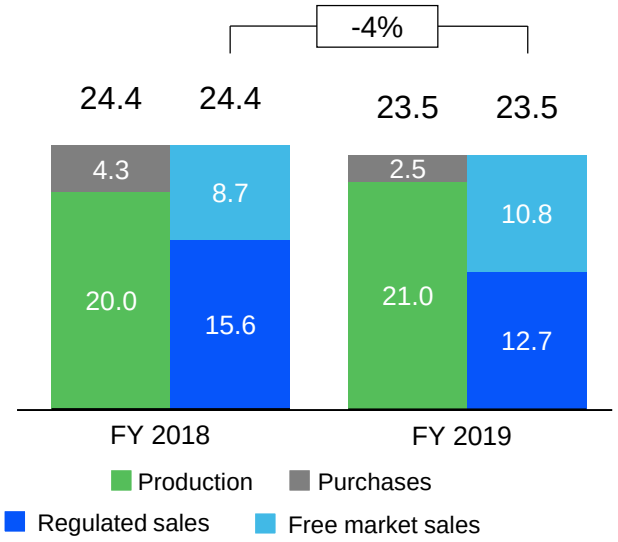
Net Installed capacity (GW)[1]



Production (TWh)



Energy balance (TWh)



Hydro | CCGT[2] | Oil-Gas | Coal | Wind, Solar & Geothermal

1. Tarapacá not included in FY 2019 figures (closure on Dec 31st 2019)
2. Combined Cycle Gas Turbine

Financial highlights

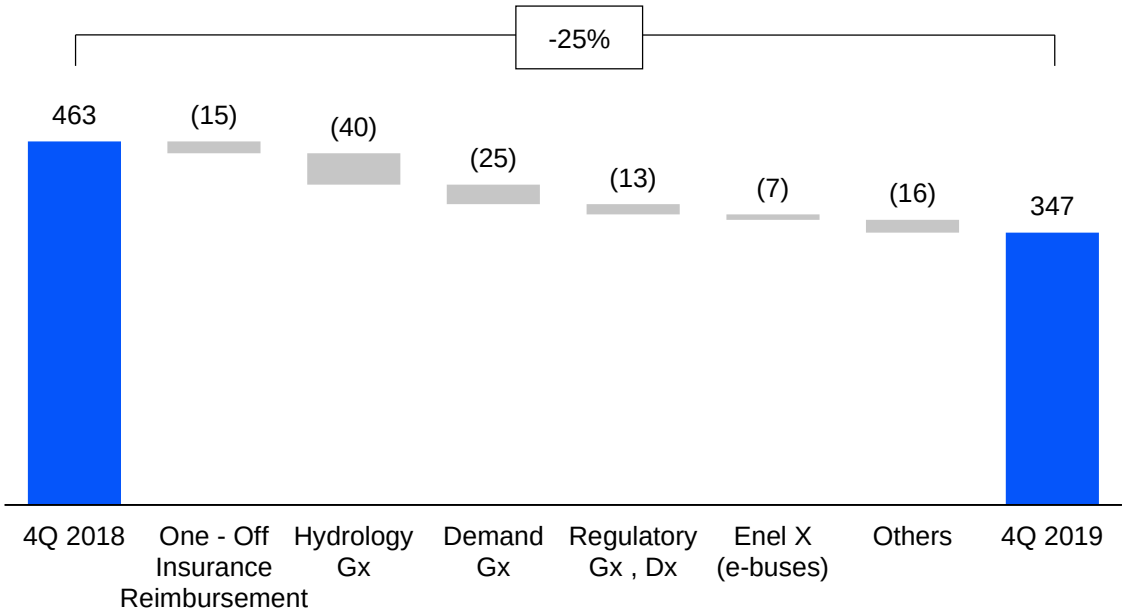
(USD mn)[1]

	FY 2019	FY 2018	Var.
Revenues	3,943	3,497	+13%
EBITDA	1,499	1,269	+18%
Group Net Income	421	515	-18%
Adjusted Group Net Income[2]	*694*	*515*	*+35%*
EBITDA Margin	38%	36%	+2 p.p.
CAPEX	481	501	-4%
Net Debt	3,271	3,331[3]	-2%
Net Debt/EBITDA	2.2x	2.4x	-0.2x

1. Reported figures. Comparisons between periods in the Financial Income Statements are made using the average exchange rate for the period 702.63 CLP/USD
2. Adjusted by net impact of the impairment of the closure of the coal-fired power plants of USD 273 mn
3. Jan 1st 2019, adjusted by IFRS 16 adoption (USD 50 mn)

EBITDA

4Q 2019 vs 4Q 2018 (USD mn)[1]



Lower hydro generation (-1 TWh)

Lower demand (-0.5 TWh) as a result of Chilean situation and clients migration

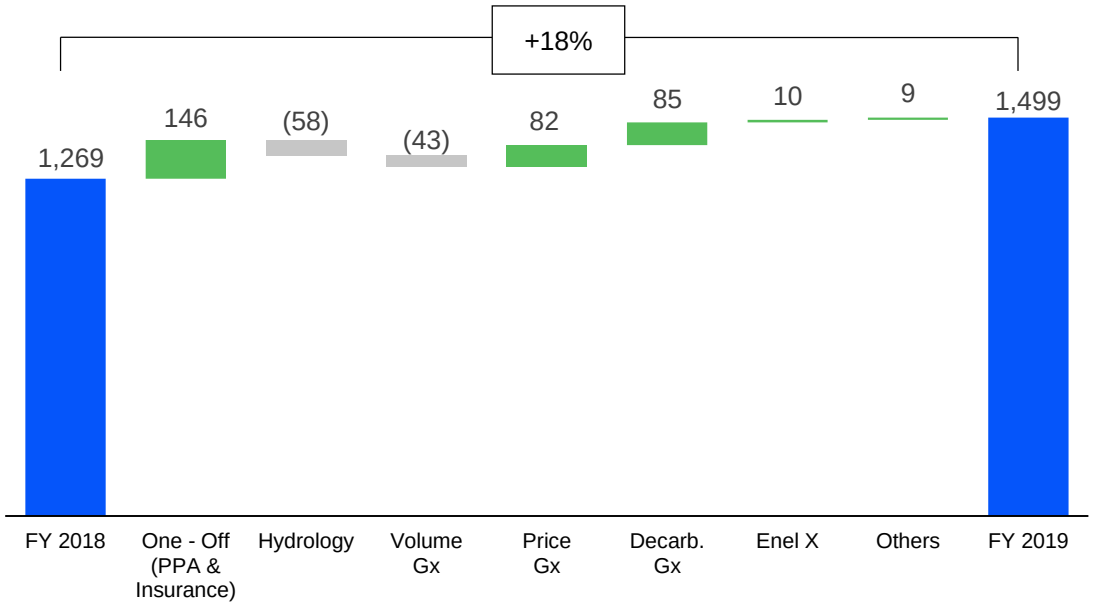
Regulatory efficiencies captured by the model

76 e-buses into operation in 4Q 2018

1. Average exchange rate for the period 702.63 CLP/USD

EBITDA

FY 2019 vs FY 2018 (USD mn)[1]



PPAs indexation, compensated the lower hydrology and volumes

Decarbonization strategy reflecting in better mix and reduction of variable generation cost

New connections and lower energy losses, offset by non recurring impacts

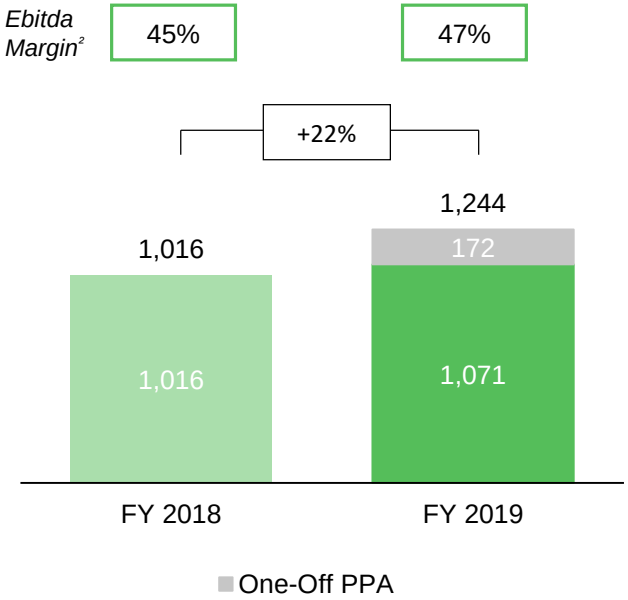
E-city business boosted by public transportation and infrastructure

1. Average exchange rate for the period 702.63 CLP/USD

Generation Businesses

Improving our operating margins

EBITDA evolution (USD mn)[1]



+2 p.p EBITDA Margin improvement due to optimized portfolio mix

Important contribution from the decarbonization strategy

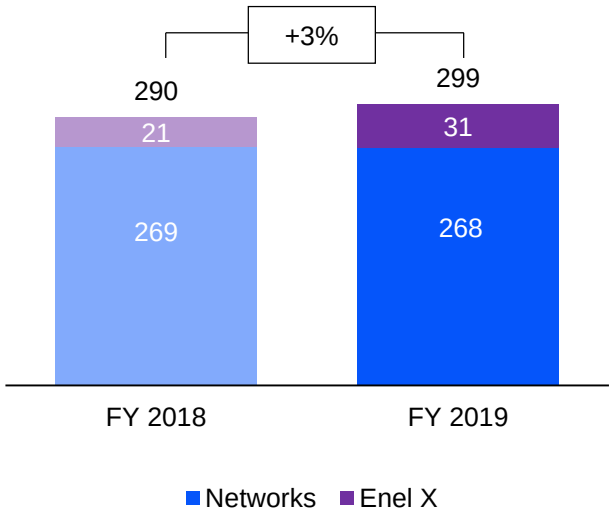
PPA indexation, offset by lower demand and hydro generation

1. Average exchange rate for the period 702.63 CLP/USD
2. Excludes one-off effect on PPA early termination of USD 172 mn in EBITDA

Networks & Enel X Businesses

Focus on efficiency, network resilience and final customer

EBITDA evolution (USD mn)[1]



Higher volumes and connections

Higher networks maintenance and non recurring effects

Enel X additional EBITDA on e-city (e-buses, infrastructure and public lighting)

1. Average exchange rate for the period 702.63 CLP/USD

Profit & Loss

(USD mn)[1]

	FY 2019	FY 2018	Δ yoy
EBITDA	1,499	1,269	+18%
D&A	(337)	(306)	+10%
Impairment[2]	(414)	(8)	5,128%
EBIT	749	954	-22%
Financial expenses	(215)	(158)	+36%
Results from equity investments	3	9	-67%
EBT	537	806	-33%
Income taxes	(87)	(218)	-60%
Minorities	(28)	(73)	-61%
Group net income	421	515	-18%
Adjusted Group net income[3]	694	515	+35%

Higher D&A mainly due to impairment of coal-fired power plants

Higher Financial Expenses related to Elqui project and the consolidation of EGP Chile

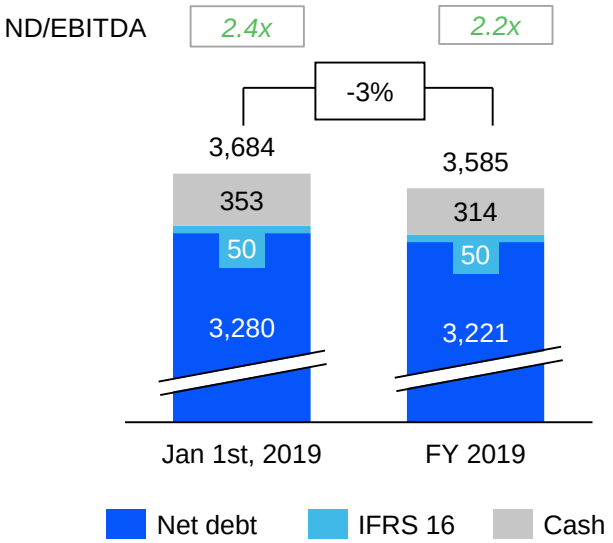
Lower tax expenses mainly related to the impairment and corporate structure simplification

Lower Minorities due to Enel Generación Chile tender offer

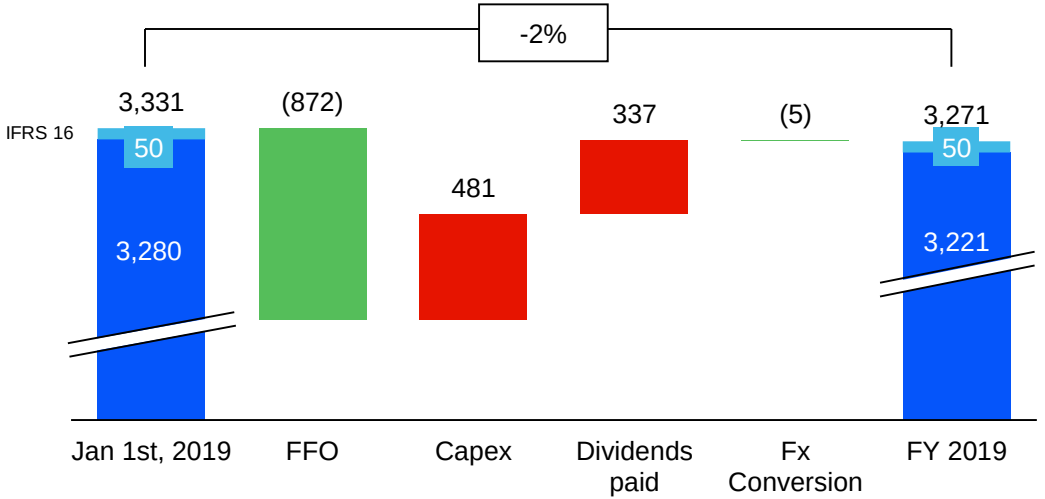
1. Average exchange rate for the period 702.63 CLP/USD
2. Includes impairment of the closure of the coal-fired power plants Tarapacá and Bocamina 1 of USD 399 mn
3. Adjusted by impairment of the closure of the coal-fired power plants of USD 273 mn

Debt and financial expenses
(USD mn)[1]

Gross and net debt



Net debt evolution



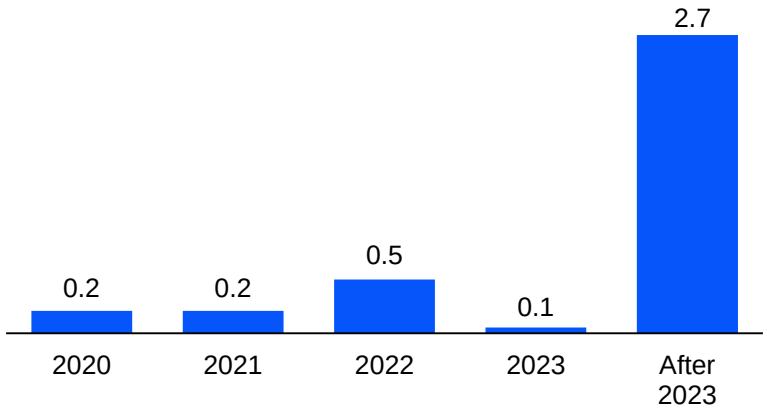
Average Maturity: 6.85 years

Cost of gross debt: 5.2% (vs 5.1% 2018)

1. Average exchange rate for the period : Dec/2019 (748.74 CLP/USD), Jan 1st 2019 (657.81 CLP/USD), Dec/2018 (694.00 CLP/USD)

Debt and financial expenses

Debt maturity by year (USD mn)



98% of gross debt has a fixed interest rate

97% of gross debt is USD denominated

Long term credit rating

International market

Standard & Poor's	Moody's
BBB+ Stable	Baa2 Stable
Since April 2016 **Affirmed** Oct/19	**Since** May 2018 **Affirmed** Jun/19

Chilean market

Fitch Ratings	Feller Rate
AA+(cl) Stable	AA Stable
Since April 2016 **Upgrade** Jan/20	**Since** April 2016 **Affirmed** Jul/19

Closing remarks

Decarbonization & Renewables

Continue to seize opportunities in the Chilean market and to cope with the evolution on the Chilean regulatory framework

Client long-term partnership, sustainable portfolio mix and digitalization will continue to driver our growth

Decarbonization and renewables expansion aiming to de-risk our portfolio towards hydrology

Sustainable Margins and Cash-flow stability will continue to be one of our priorities onwards

Enabling Infrastructure

Electrification

Ecosystems & Plataforms

FY 2019 consolidated results

Contact us

Isabela Klemes
Head of Investor Relations Enel Chile

Investor Relations team
Catalina González
Claudio Ortiz
Pablo Contreras
Gonzalo Juarez

Contacts

Email ir.enelchile@enel.com

Phone +56 2 2630 9606

Channels

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