



# **Enel Américas**

**Corporate Presentation, June 2017**



# Enel Américas Overview and Macro Context

# Enel Américas overview<sup>1</sup>

Enel Américas is Latin America's largest private power company



## Colombia

### Generation

3,467 MW  
21% Market Share in Installed capacity  
Net Production 7,443 GWh  
Sales 8,690 GWh  
27% Market Share in Sales

### Distribution

3.3 million clients  
Sales 6,783 GWh  
23% Market Share Dx

## Peru

### Generation

1,978 MW  
16% Market Share in Installed capacity  
Net Production 3,409 GWh  
Sales 5,057 GWh  
21% Market Share in Sales

### Distribution

1.4 million clients  
Sales Dx 4,058 GWh  
29% Market Share Dx

### Total Generation

Installed capacity: 10,838 MW  
Energy sales: 27,054 GWh

### Total Distribution

Clients: 17.0 million  
Energy sales: 36,781 GWh



## Brazil

### Generation

974 MW  
1% Market Share in Installed capacity  
Net Production 1,882 GWh  
Sales 5,505 GWh  
2% Market Share in Sales

### Distribution

9.8 million clients  
Sales Dx 16,850 GWh  
9% Market Share Dx

### Transmission

2,100 MW transmission lines

## Argentina

### Generation

4,419 MW  
14% Market Share in Installed capacity  
Net Production 7,779 GWh  
Sales 7,802 GWh  
12% Market Share in Sales

### Distribution

2.5 million clients  
Sales Dx 9,090 GWh  
16% Market Share Dx

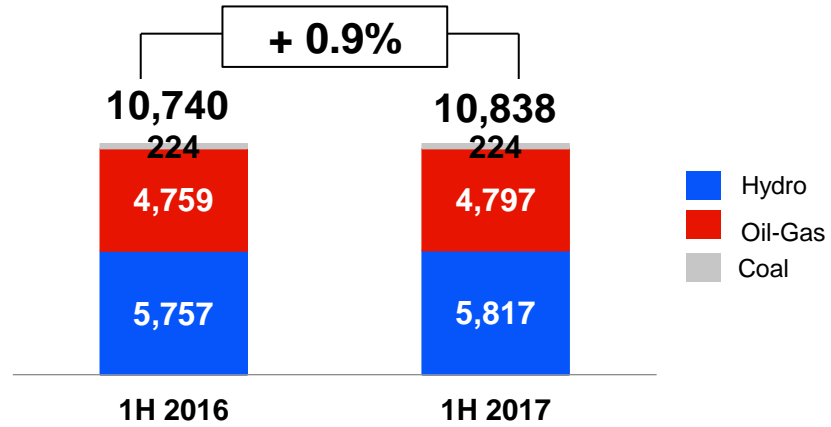
# Enel Américas overview

Operating highlights post CELG consolidation (1H 2017)

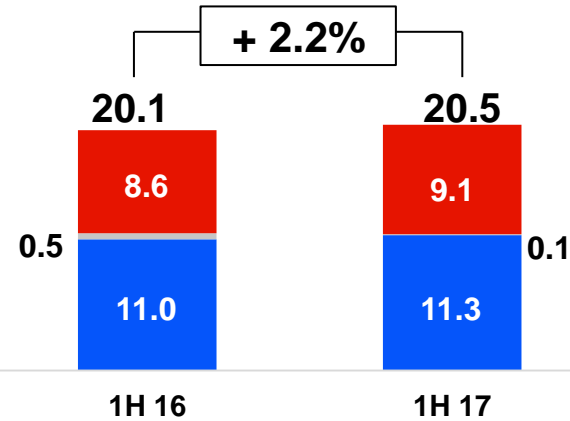


Generation

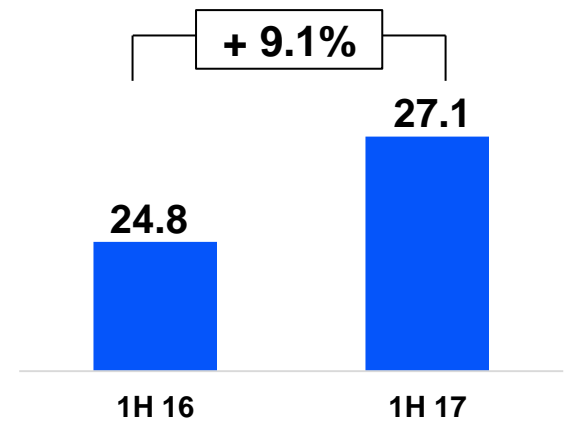
### Net Installed capacity (MW)



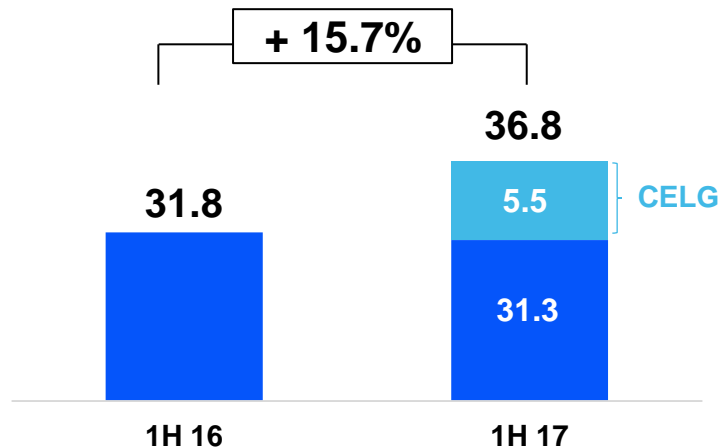
### Net production (TWh)



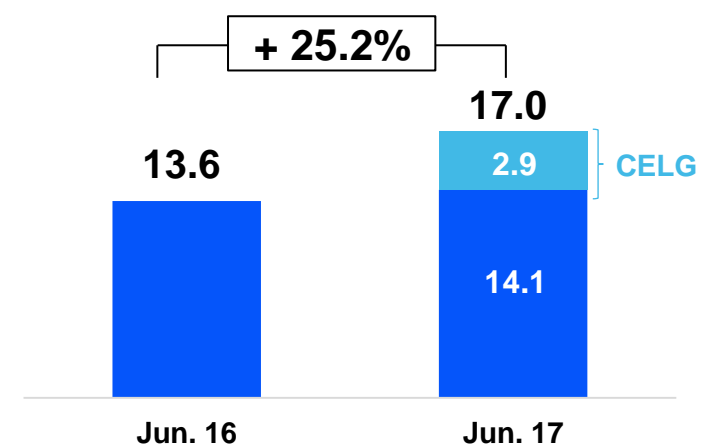
### Electricity sales (TWh)



### Electricity Distributed (TWh)



### Number of customers (m)



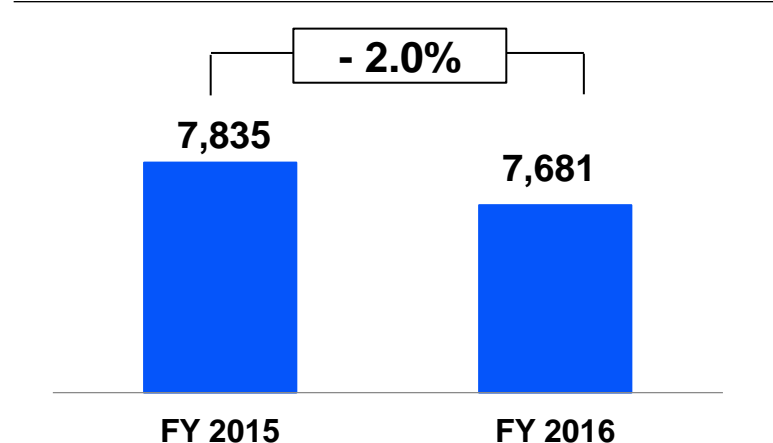
Distribution

# Enel Américas overview

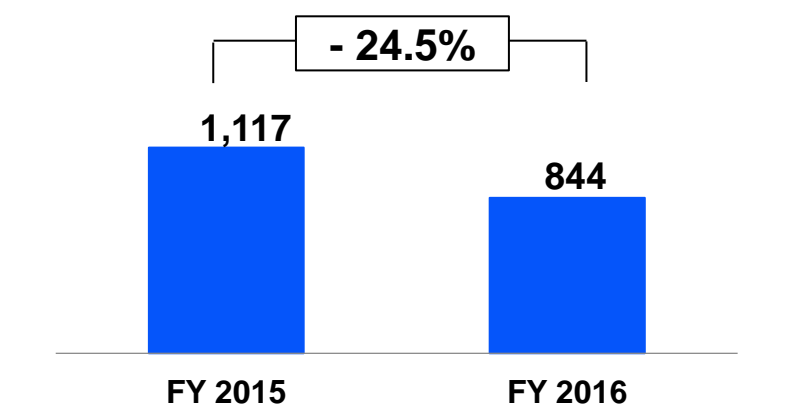
Financial highlights (US\$ mn) FY 2016<sup>1</sup>



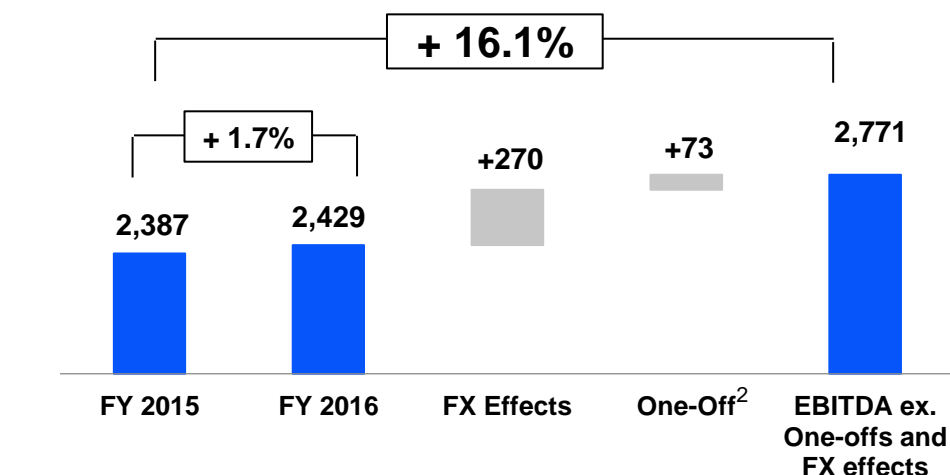
## Revenues



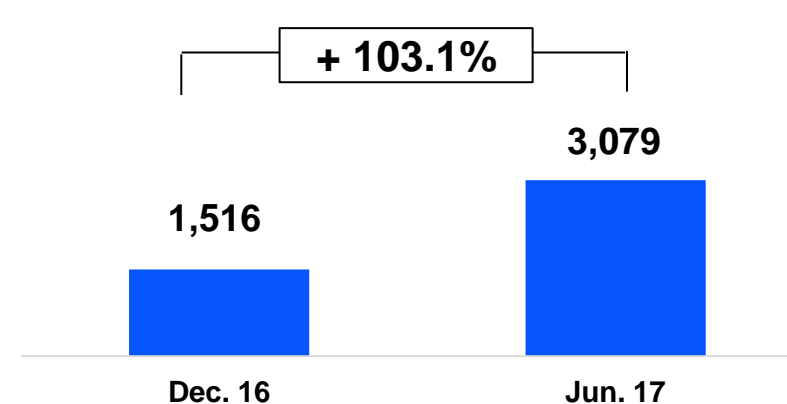
## Net Income (without discontinued operations)



## EBITDA



## Net Debt<sup>3</sup>



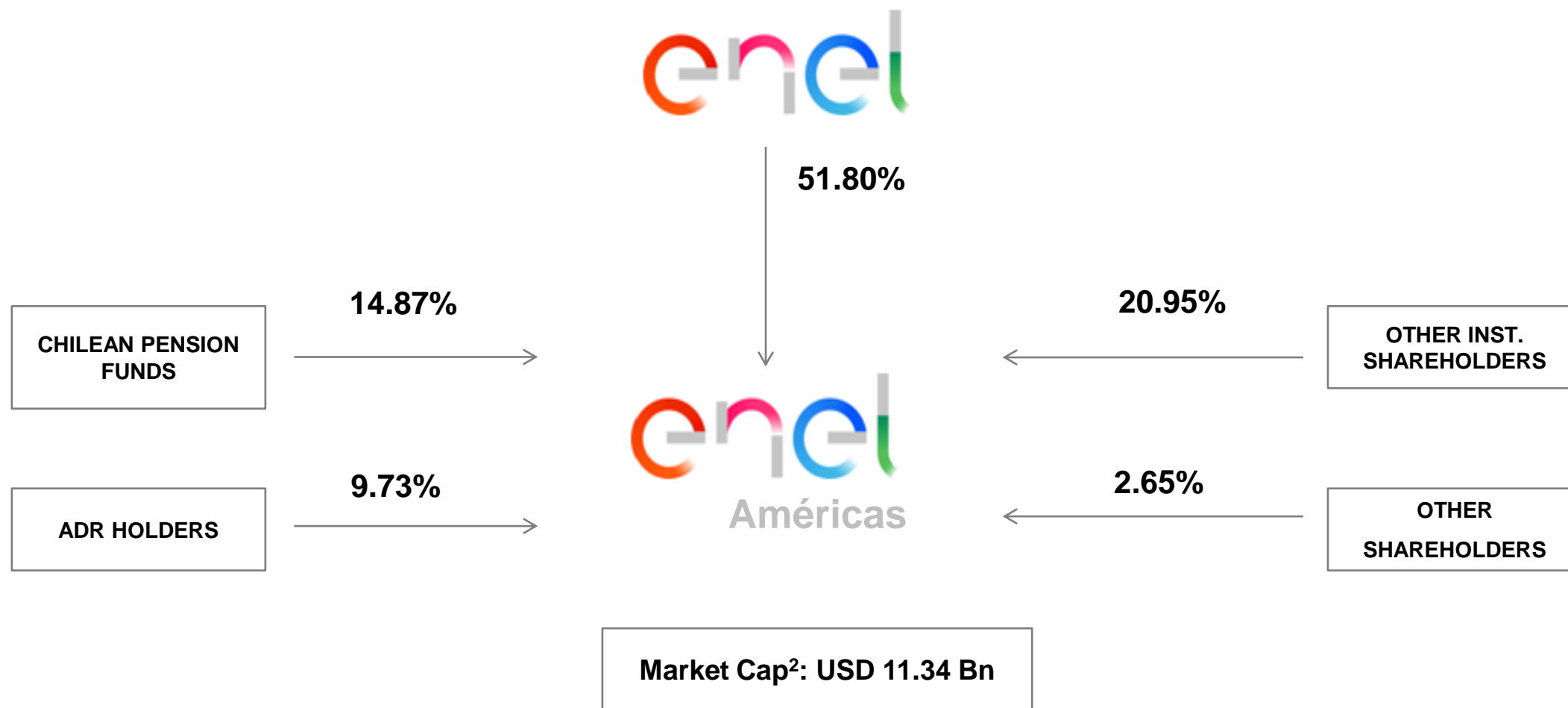
1. Comparisons between periods are made using the average USD FX rate for FY 2016 equal to 676.67 CLP only for information purposes. Original data is in Chilean pesos.

2. Related to write-off of Curibamba and Marañón projects, and clients-related provisions in Peru.

3. Includes cash and cash equiv. + 90-day cash investments.

# Enel Américas overview

Ownership profile<sup>1</sup>

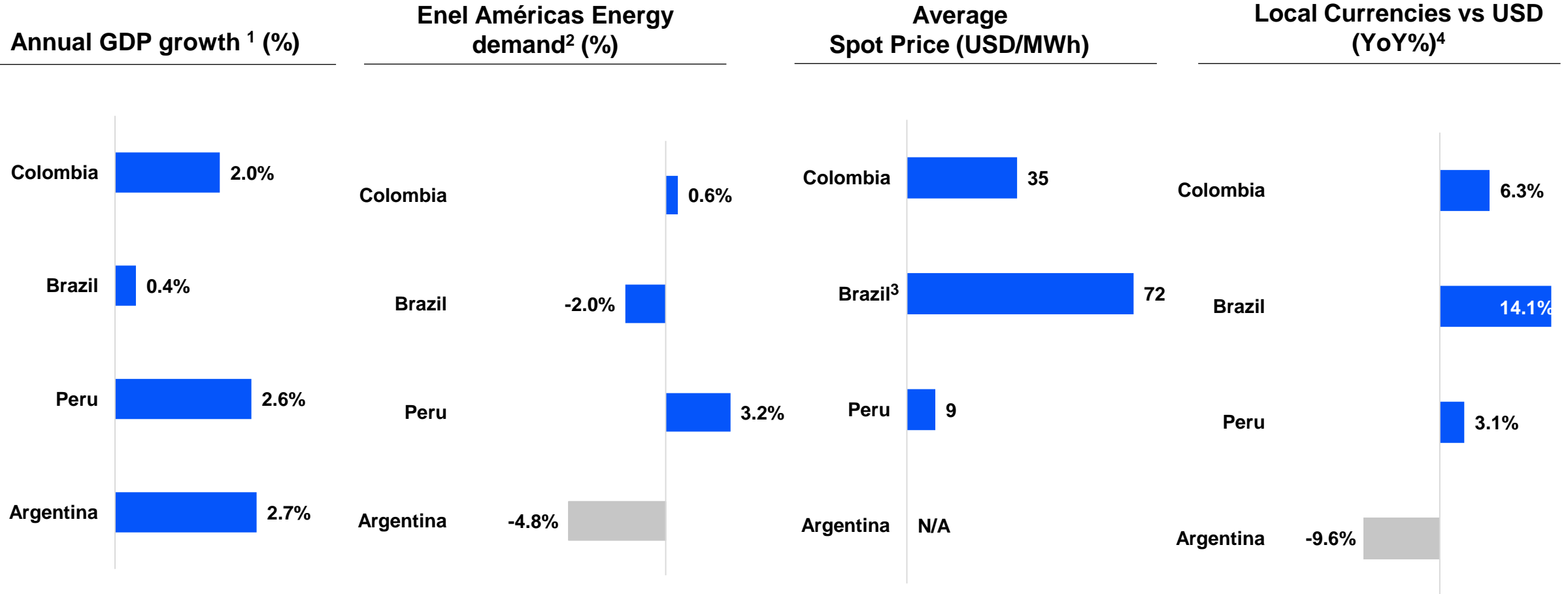


1. As of June 30, 2017.

2. As of August 04, 2017.

# Macro context

## Market context in 2Q



1. GDP (e) for 2017. Source: Latin America Consensus Forecast as of July 2017

2. Cumulative Demand. Brazil: Ampla and Coelce (Brazil Energy demand does not include Celg-D), Colombia: Codensa, Peru: Edelnor, Argentina: Edesur.

3. Southeast / Central-West region.

4. YoY. Source: Internal.

# Strategic Plan 2017-2019<sup>(1)</sup>



# Strategic Plan 2017-2019

## Industrial and ESG pillars



### Digitalization

#### Industrial pillars

- Operational efficiency
- Industrial growth
- Group simplification

#### ESG pillars

- Engaging the local communities
- Engaging the people we work with
- Aiming at operating efficiency and innovation
- Decarbonizing the energy mix

### Customer Focus



# Industrial Pillars

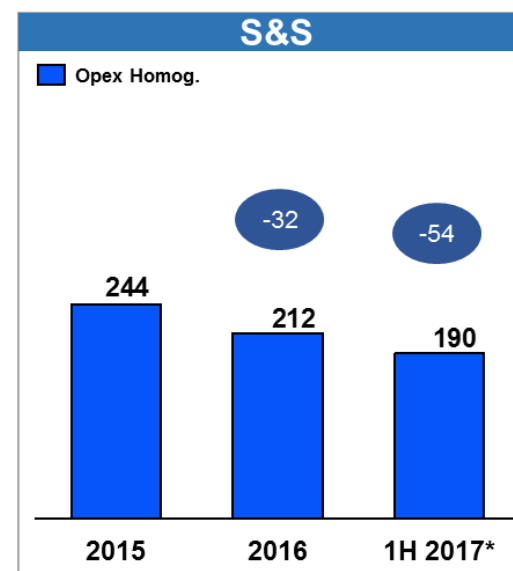
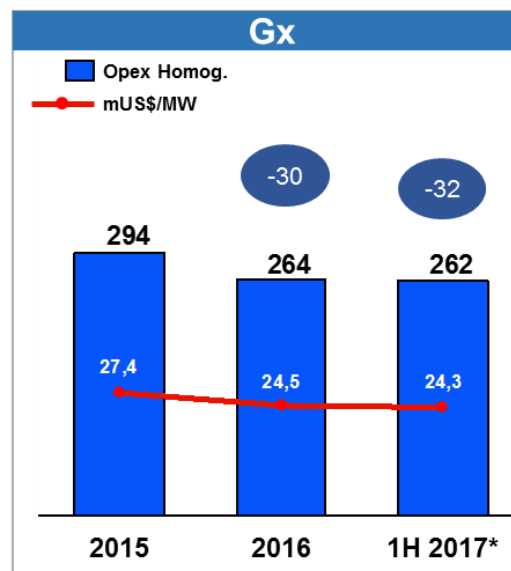
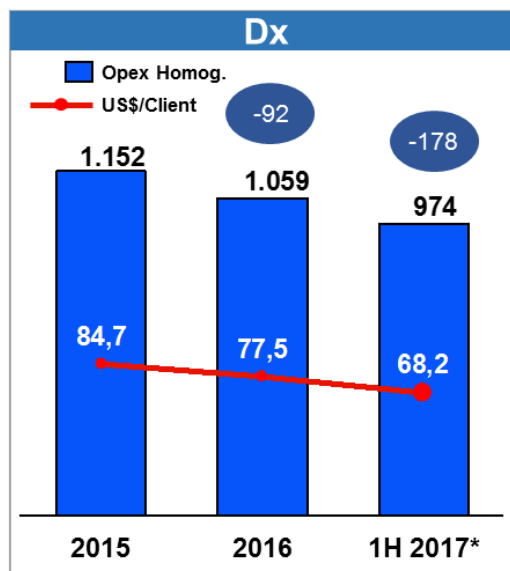
# Industrial Pillars

## Operational efficiency<sup>1</sup>



	2016	1H 2017	2019	% accomplished as of June, 2017
OPEX	122	210	234	90%
SG&A	32	54	59	92%
Cash Optimization	4	11	15	73%
Tax	50	50	50	100%
<b>Total</b>	<b>208</b>	<b>325</b>	<b>358</b>	<b>91%</b>

### Efficiencies vs 2015



**Already accomplished more than 90 % of total efficiencies announced**

1.- MUSD net of inflation and Fx changes

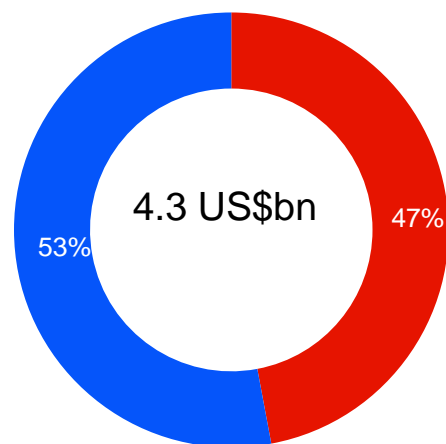
\* Annualized value.

# Industrial Pillars

Industrial Growth - Capex 2017 - 2019

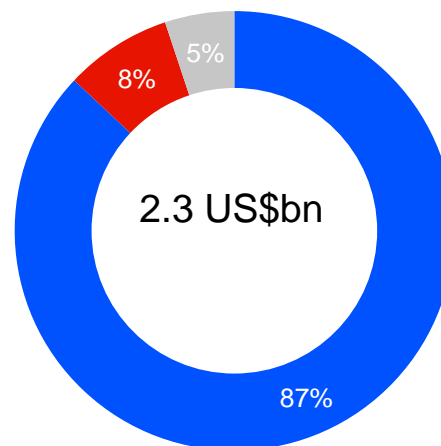


Total capex



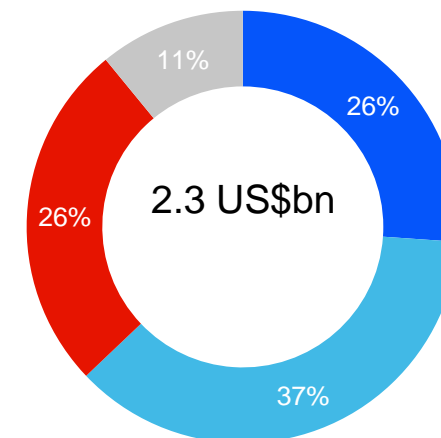
■ Maintenance ■ Growth

Growth capex by business



■ Networks ■ Generation ■ Retail

Growth capex by country



■ Argentina ■ Brazil ■ Colombia ■ Peru

**Growth capex concentrated in Networks**  
**Initial Capex estimated for CELG-D USD 0.8 bn on top of the Strategic Plan figures**

# Industrial Pillars

## Industrial Growth - New regulatory cycles



			2016	2017	2018	2019	2020
Enel Distribución Perú		Every 4 years					
Codensa <sup>1</sup>		Every 5 years					
Enel Distribuição Ceará		Every 4 years					
Enel Distribuição Rio		Every 5 years		+ 160 mm USD <sup>(3)</sup>			
Celg-D		Every 4 years					
Edesur <sup>2</sup>		Every 5 years	+ 440 mm USD <sup>(3)</sup>				

**RTI in Argentina approved**  
**4<sup>th</sup> regulatory cycle for Enel Dx Rio already signed**

1. 2014 process is still pending. It is expected to start the process by 1Q 2018.
2. New tariff scheme in Argentina in place from February 01<sup>st</sup>, 2017
3. Strategic Plan 2017-2019

# Industrial Pillars

## Industrial growth – New regulatory cycles



	Regulation @ Strategic Plan 2017-2019	New Regulation expected @ Strategic Plan 2017-2019	2017-19 EBITDA <sup>1</sup> impact
Argentina (Edesur)	<ul style="list-style-type: none"> <li>Temporary tariff based on historical Opex and Capex from February 2016</li> </ul>	<ul style="list-style-type: none"> <li>Recognized RAB remuneration: Expected RAB 2017 ~ 2.1 bnUSD, WACC 12.5%</li> <li>Recognized Opex at 2016 level</li> <li>Depreciation: 2.7% yearly</li> </ul>	+ 0.44
Brazil (Enel Dx Rio)	<ul style="list-style-type: none"> <li>3rd cycle until 2019 (WACC 11.4%)</li> <li>Bad debt recognition updated every 5 years</li> <li>Recognized losses: based on ANEEL model</li> </ul>	<ul style="list-style-type: none"> <li>4<sup>th</sup> cycle starting from 2018 (WACC 12.3%)</li> <li>Recognition of bad debt updated yearly</li> <li>Recognized losses: new target from 2017</li> </ul>	+ 0.16
Colombia (Codensa)	<ul style="list-style-type: none"> <li>RAB calculation: price cap model</li> <li>RAB updated every 5 years</li> <li>Opex connected to quality indicators</li> <li>WACC: 13.7%</li> </ul>	<ul style="list-style-type: none"> <li>RAB calculation: revenue cap model updated with investments</li> <li>New Opex as a % of new assets and historical recognized Opex</li> <li>WACC: Pending to be defined</li> </ul>	-0.06
Total			+ 0.54

1. (bnUSD) cumulative

# Industrial Pillars

## Industrial growth – New regulatory cycles – Argentina (Edesur)



### Methodology model

- Price cap model.
- VNR (Valor Neto de Reposición) depreciated according to the lifetime of the assets.

### Regulated rate of return

- WACC 12,46%. Real pre-tax.

### Regulated Asset Base

- RAB recognition of approximately U\$D 2.5 Bn (VNR depreciated model) – Internal source

### VAD (*Valor Agregado de Distribución*)

- VAD recognition of approximately U\$D ~ 914 Mn.
- Tariff increase will be applied in 3 different steps: February 2017 (42%); November 2017 (12%); February 2018 (12%).
- VAD determined in real terms adjusted by inflation VAD. Adjusted also by an efficiency factor (X) and by investments (Q).

### Investments

- FY 2017-2019: U\$D 0.9 Bn committed in line with the Company's Strategic Plan presented last November.
- Resolution has established a mechanism of investments control to be periodically monitored by the Regulator.

### Economic and Financial impacts

- Upside in EBITDA versus 2017-2019 Strategic Plan
- Improvement also in Cash Flow although lower than effect on EBITDA

### Others commitments (Edesur)

- Improve current levels of SAIDI and SAIFI increasing quality and reducing penalties.
- Increase control in energy losses. Regulatory target (10%) to be reached by 2019. Current level of losses 12%.
- Upgrade quality of customers care.

# Industrial Pillars

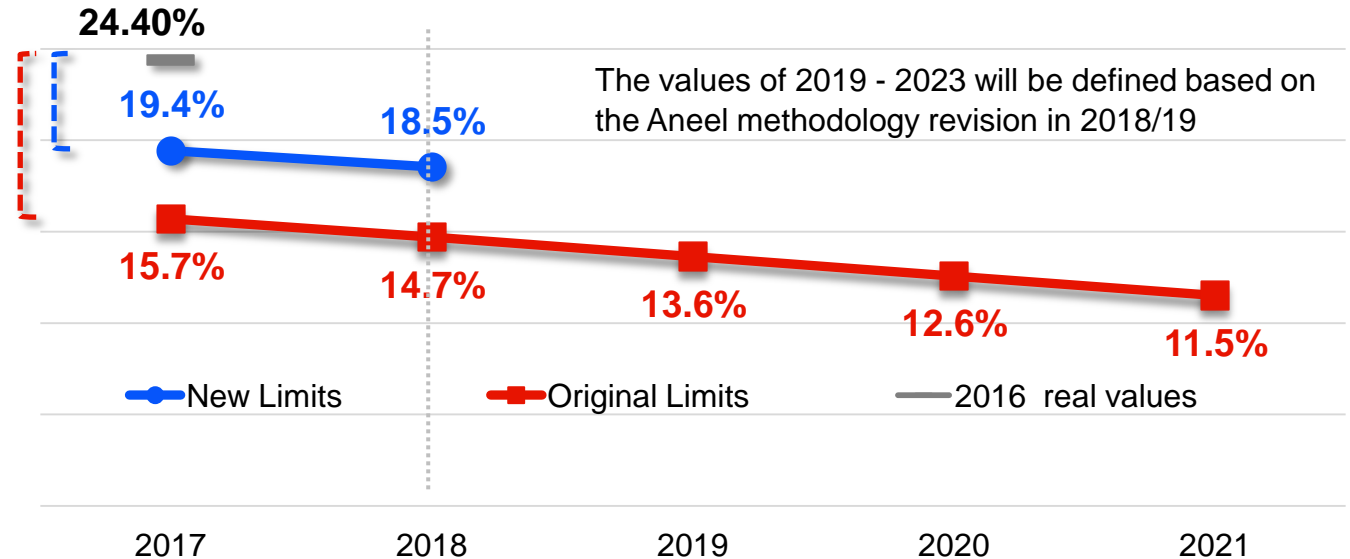
Industrial growth – New regulatory cycles – Brazil (Enel Distribuição Rio)



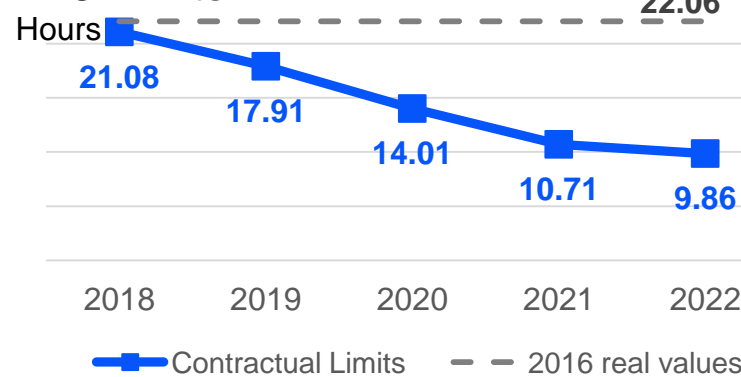
- **Enel Río Tariff Review anticipation for 2018 (Previous was 2019)**
- **Regulatory non-technical losses review:** new limits for 2017 and 2018, with partial recognition of losses in areas with high criminal levels as an exception of socio-economic model
- **Regulatory Bad Debt:** annual adjustment based on the regulatory revenue requirement established in the tariff readjustment process
- **Components A costs neutrality:** Calculated for energy, transmission, bad debt and other financial costs.
- **Adequacy of quality indicators:** Definition of a path to adapt the DECI / FECi indicators to regulatory limits from 2018 yo 2022
- **Efficiency in economic and financial management:** The establishment of new objectives for economic and financial management
- **The non-compliance for 2 consecutive years or in 2022 of the new quality and economic and financial management objectives, will trigger a process for the termination of the concession**

## New limits of non-technical losses

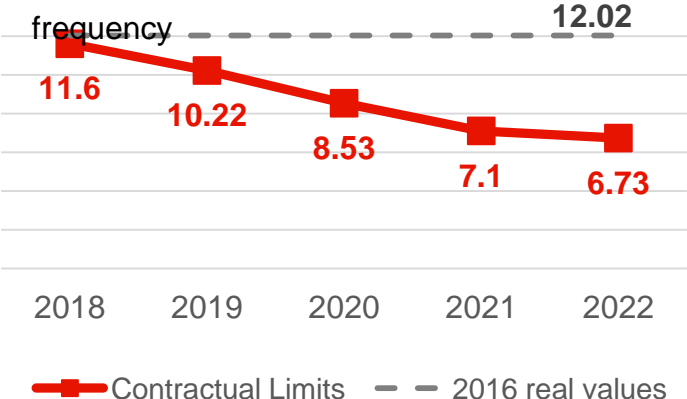
% over low tension market



## DECI Limits



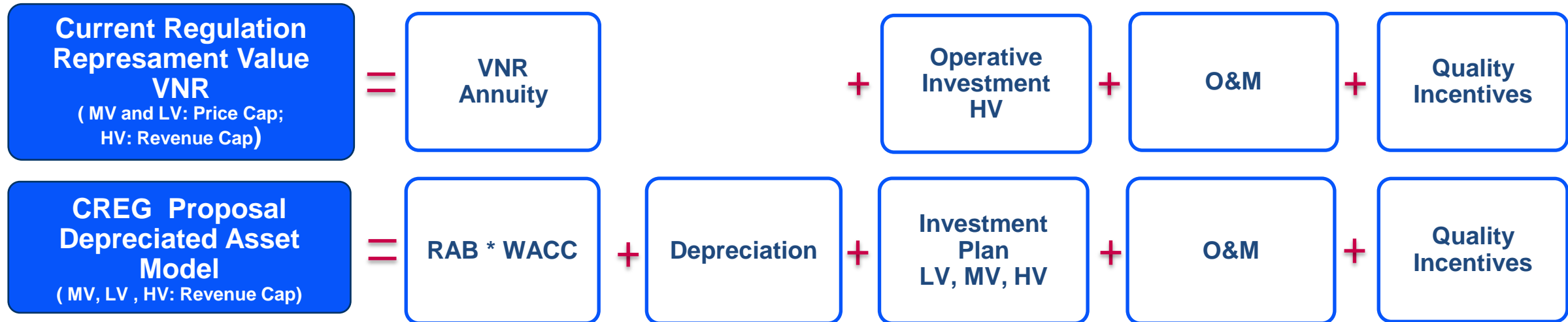
## FECi Limits





# Industrial Pillars

Industrial growth – New regulatory cycles – Colombia (Codensa)



## Regulatory Asset Base

- Net Regulatory Asset Base (Net RAB), according to Remaining Capital Factor (-11%)
- WACC 13.1%+CREE, includes income tax path
- Regulated Income includes depreciation of assets and investment plan.

## Investment Plan

- Investment Plan: Annual planned assets of a 5Y plan are included in RAB. Maximum 8% of the Gross Asset Base (excluding HV investment).
- First year anticipated income.
- WACC 13.1%

## O&M and Quality

- **O&M**:
  - AOM of Current asset base: average of historical remuneration (2009-2014).
  - New investment: 4% Level 1,2, 2% Level 3,4
- **Quality**: annual reduction target 8%. Reference avg. SAIDI, SAIFI 2013 to 2016. Quality incentives & compensations.

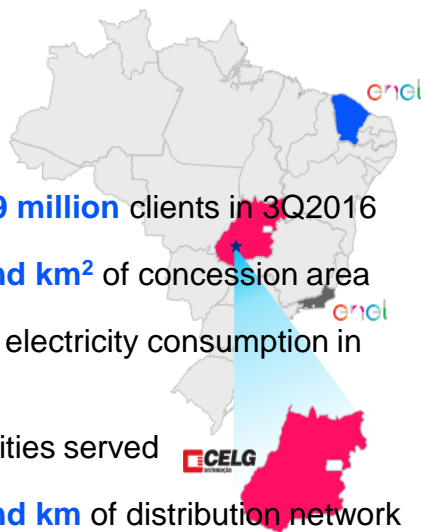
# Industrial Pillars

## Industrial growth – CELG-D



### Key Highlights

- **More than 2.9 million** clients in 3Q2016
- **~337 thousand km<sup>2</sup>** of concession area
- **~13.1 TWh** of electricity consumption in 2015
- **237** municipalities served
- **~201 thousand km** of distribution network
  - 70% in rural areas / 30% in urban areas
- Responsible for providing electricity to **97% of the population of Goiás** (State population of 6.5 million as of 2014)
- Concession granted until **2045**



### Performance

### CELG-D Today

Financial	<ul style="list-style-type: none"> <li>• EBITDA and OPEX net of one-offs, substantially better than targets.</li> </ul>
HR Actions	<ul style="list-style-type: none"> <li>• 2 Voluntary Plans (Retirement and Dismissal)                             <ul style="list-style-type: none"> <li>• Total of 744 (609+135) people joined</li> <li>• Pay-back period: 1 year</li> </ul> </li> </ul>
Safety after the takeover	<ul style="list-style-type: none"> <li>• 60% reduction of fatal and severe accidents</li> </ul>
Quality KPI's	<ul style="list-style-type: none"> <li>• DEC<sup>1</sup> TAM<sup>2</sup> Apr/17 29,8 hours vs TAM Apr/16 of 37,3 hours</li> <li>• Effective maintenance plan launched, Telecontrol Project launched, Quality Plan on course</li> </ul>
Investments	<ul style="list-style-type: none"> <li>• Accelerating growth investments vs initial targets</li> <li>• Main growth activities: Connections (<i>Urban connections, universalization, etc..</i>) and Quality plan (<i>MV Telecontrol, 3 new MV/MV substations, etc..</i>)</li> </ul>
CELG 2020 Plan	<ul style="list-style-type: none"> <li>• 7 working groups making up the project CELG 2020                             <ul style="list-style-type: none"> <li>• Identified 163 ideas and initiatives to date</li> </ul> </li> </ul>

**Addressing the turnaround performance above initial targets**

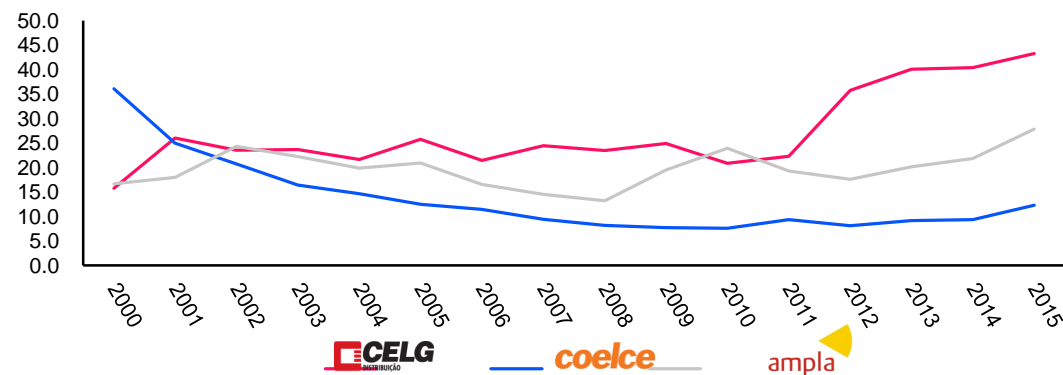
1. DEC: Duração Equivalente de Interrupção por Unidade Consumidora

2. TAM: Termo de Ajustamento de Conduta

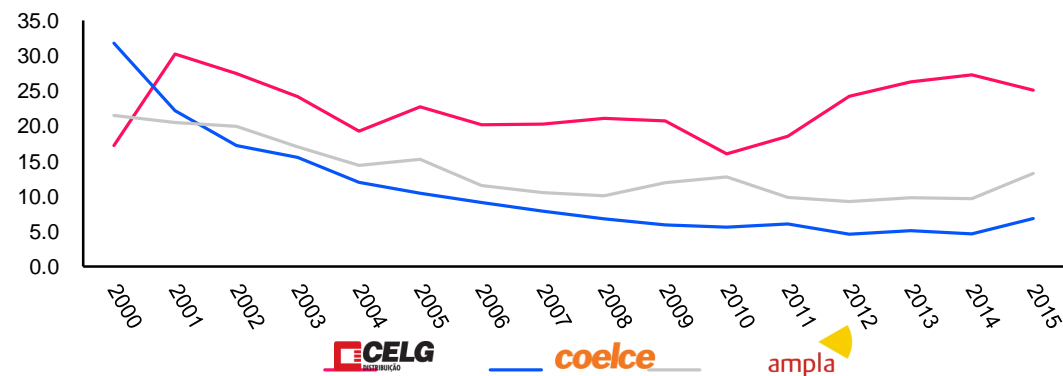
# Industrial Pillars

## Industrial growth – CELG-D

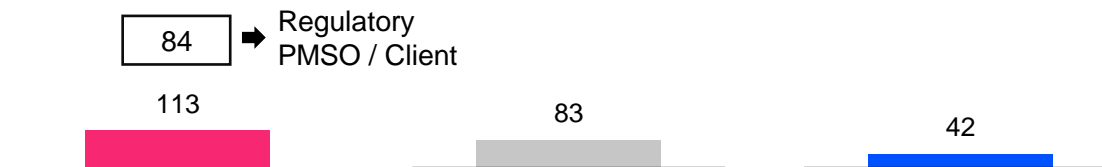
**SAIDI - System Average Interruption Duration Index**  
Hours of Interruption per Year/Client



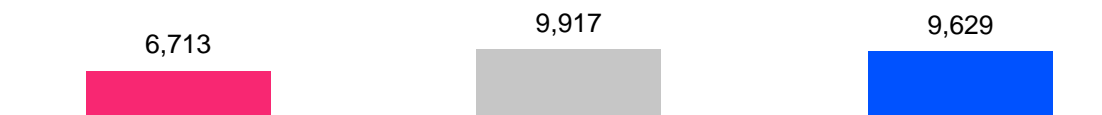
**SAIFI - System Average Interruption Frequency Index**  
Times per Year/Client



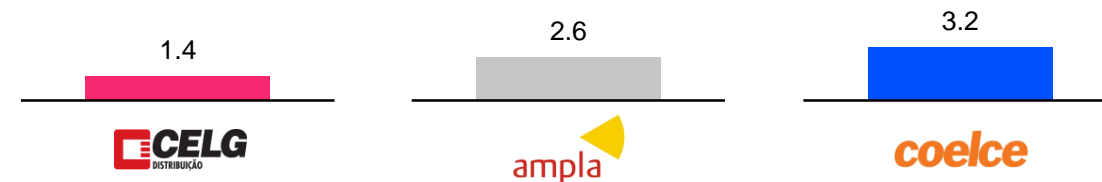
**PMSO<sup>1</sup> / Client (2015)**  
US\$/client



**Energy Sold / Employee (2015)**  
MWh/Employee (Own)



**Client / Employee (2015)**  
'000 Clients/Employee (Own)



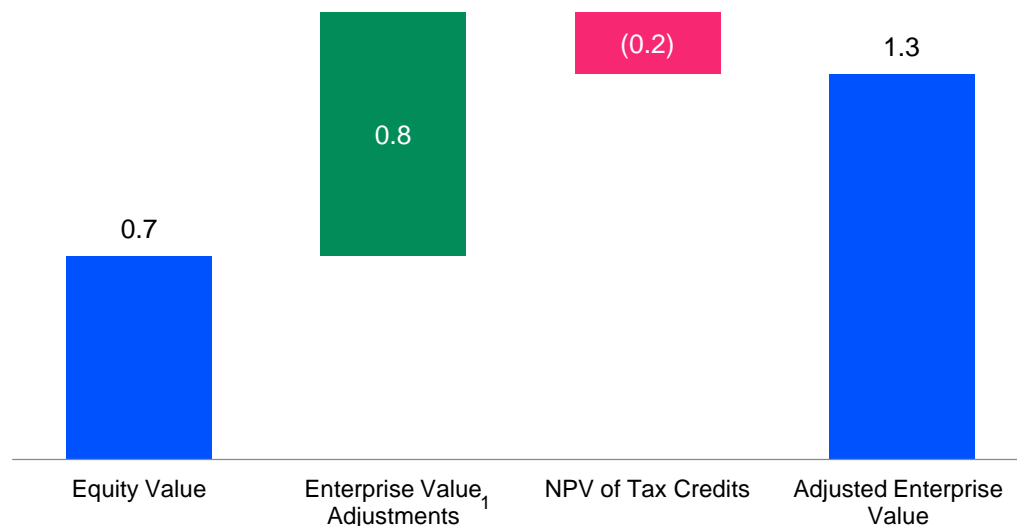
Targeting Coelce as a benchmark in the medium term

# Industrial Pillars

## Industrial growth – CELG-D



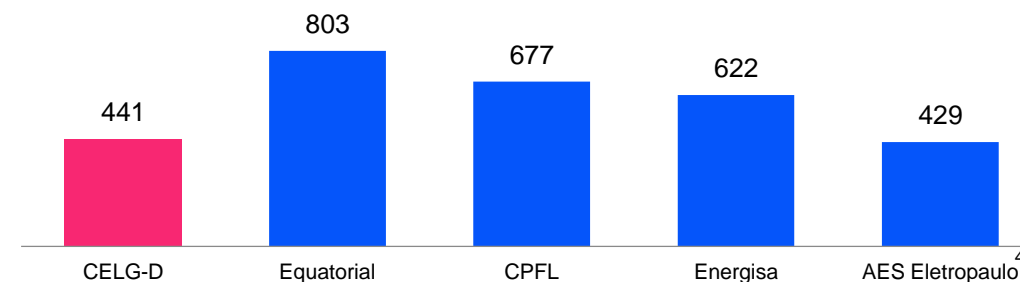
CELG-D: Adjusted Enterprise Value Build-Up (US\$ bn)



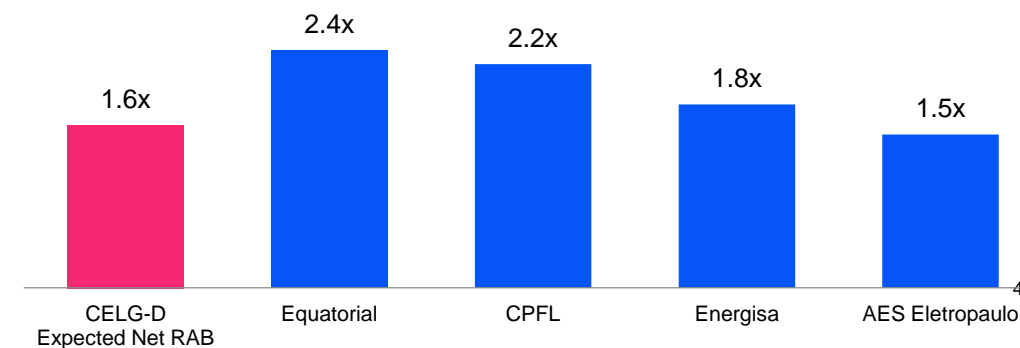
**# of Clients:**  
2.9 mn

**Expected Net RAB<sup>2</sup>:**  
US\$ 0.8 bn

EV / 3Q16 Clients (US\$ / client)



EV / 16E RAB



**Note:** Reference USDBRL FX rate: 1 US\$ = 3.41 R\$ as of November 25, 2016

<sup>1</sup> Considers debt and debt-like items, non-operational assets / liabilities, cash and cash equivalents as per Accenture's Valuation Report as of Sep/2016

<sup>2</sup> Expected Net RAB for 2016.

<sup>3</sup> Adjusted to consider power distribution segment only

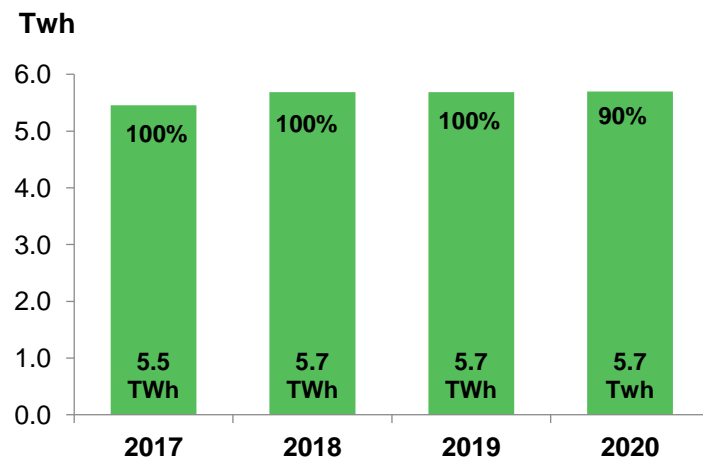
<sup>4</sup> Includes the pension fund liabilities (incl. account corridor) and Eletrobras dispute liability according to AES estimates.

# Industrial Pillars

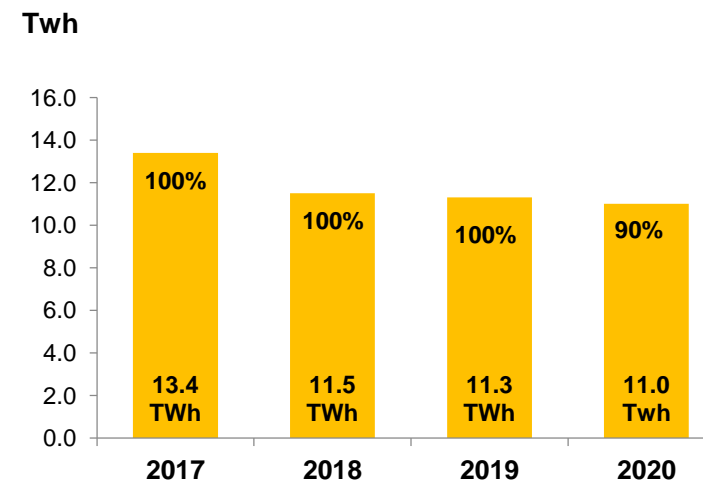
Industrial growth - Contracted energy



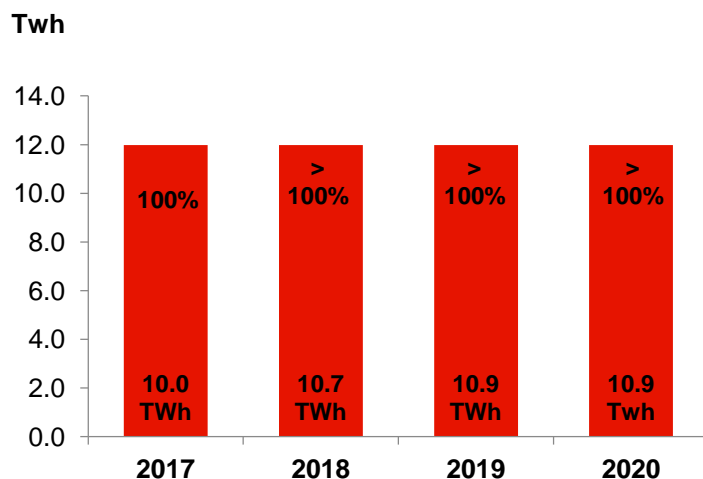
## Brazil



## Colombia



## Peru



Average duration of contracts

7 years

Brazil 4-5 years

Colombia 4-5 years

Peru 10-12 years

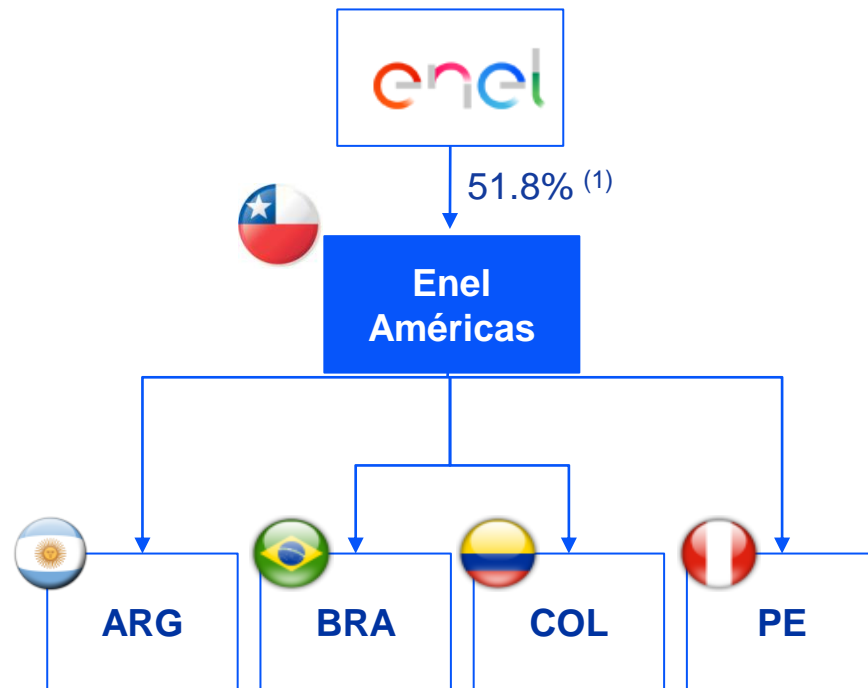
**Securing profitability through long-term PPAs**

# Industrial Pillars

## Group simplification



Today



Further simplification at country level

Nr. of companies in Americas at December 2016: 43

Target to reduce the number of companies below 21

Creation of sub holdings at country level

**A leaner, more agile and simplified structure**

1. After the cancellation of own issuance shares acquired in the merger of Endesa Américas and Chilectra Américas into Enel Américas valid as of the 1<sup>st</sup> of December

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# ESG Pillars

# Sustainability Plan 2017-2019

Pillars and backbones





# ESG Pillars

Engaging the local communities - Enel Américas contribution to the Sustainable Development Goals



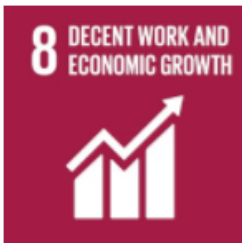
## Enel commitments to the global SDGs



400,000 people by 2020



3 million of people, mainly in Africa, Asia and Latin America by 2020



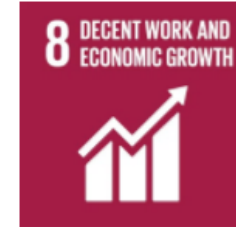
1.5 million people by 2020<sup>1</sup>

## Contribution of Enel Américas to Enel target on SDGs <sup>(1)</sup>

Total Enel Américas <sup>(2)</sup>



1.1



0.23



0.10

**Significant contribution of ENEL Américas to the global SDGs commitments**



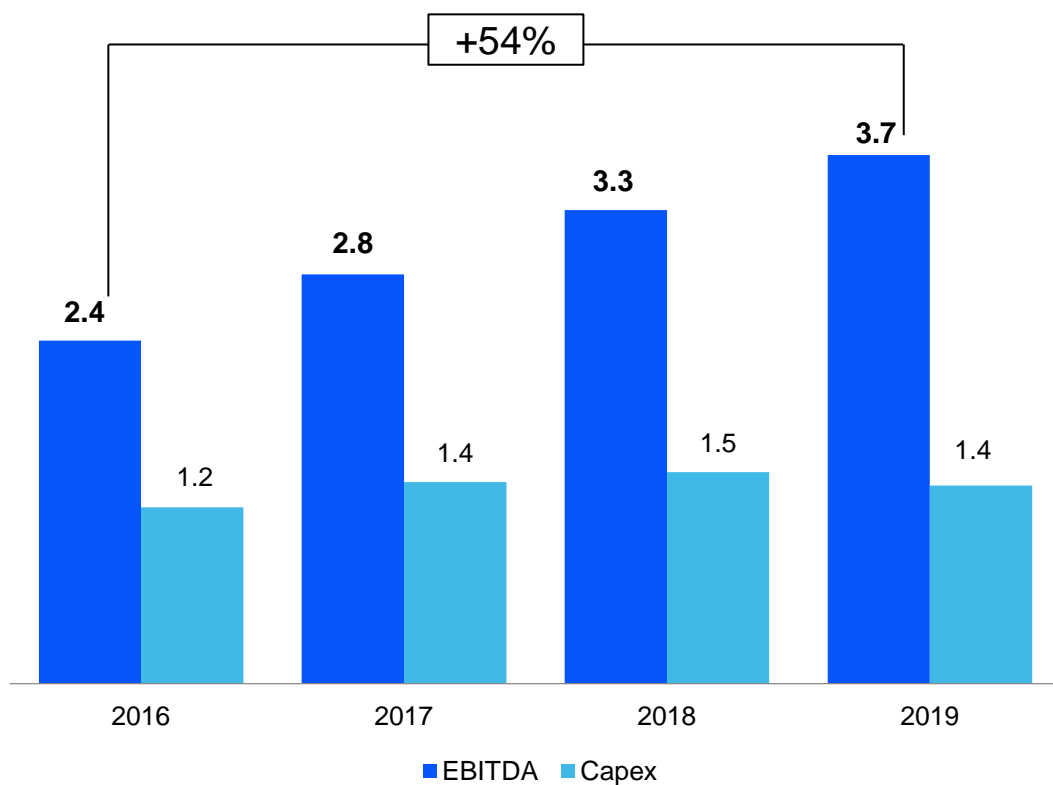
# Financial Strategy

# Financial Strategy

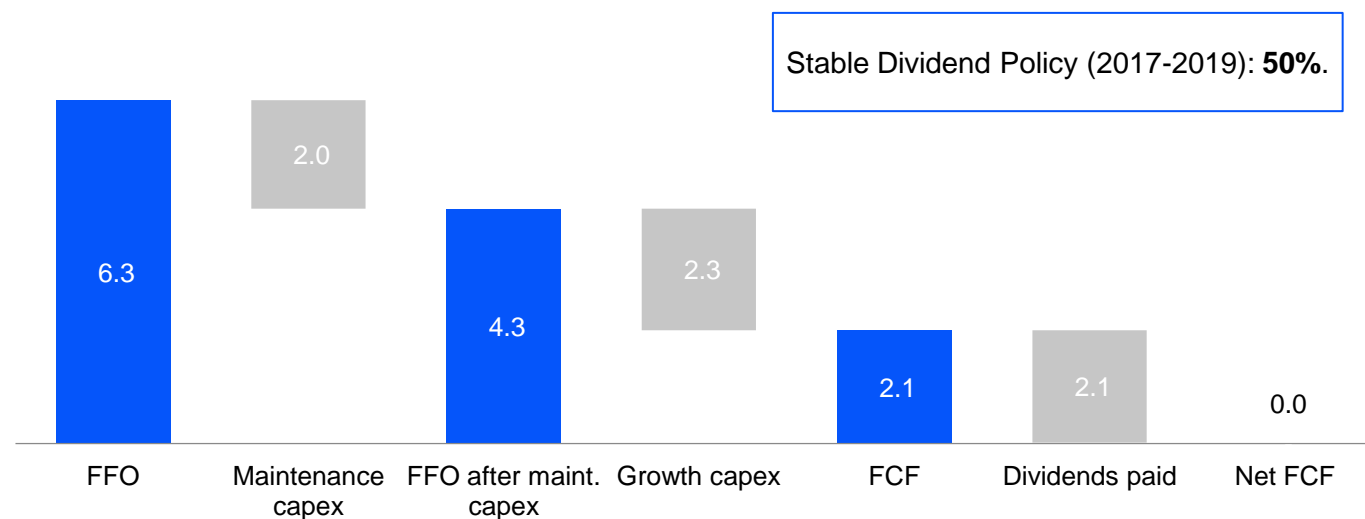
Targets - EBITDA, capex and cash flow 2017-19



## EBITDA and CAPEX (bnUSD)



## 2017-19 Cash flow generation (bnUSD)<sup>1</sup>



**A sound EBITDA performance and cash generation**

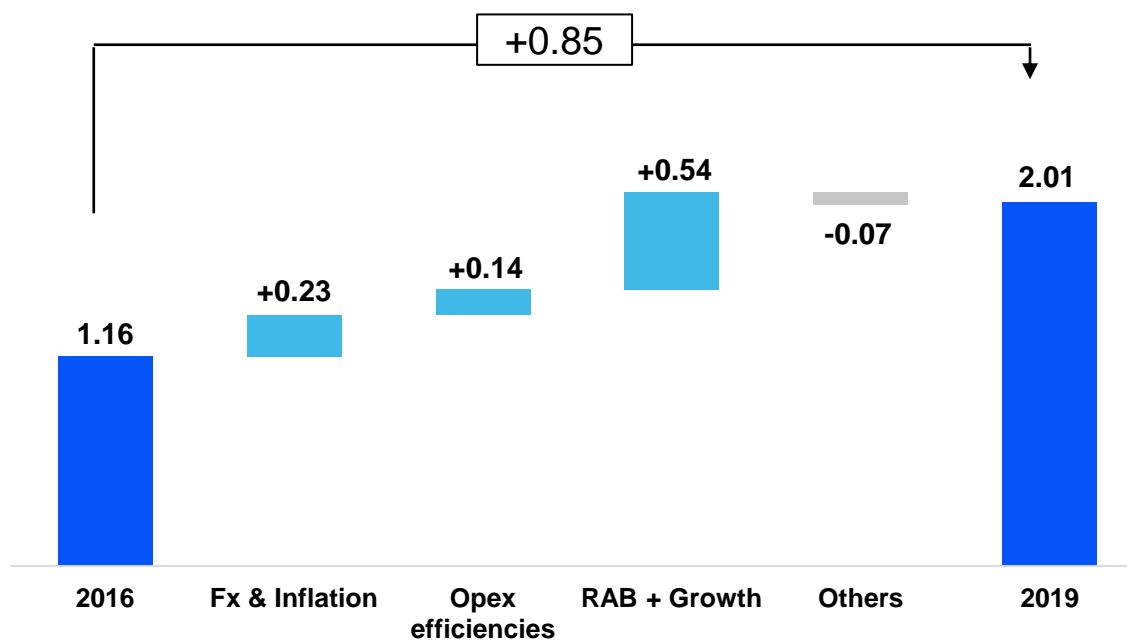
1. Opportunities in M&A and minorities buy-out not included.

# Financial Strategy

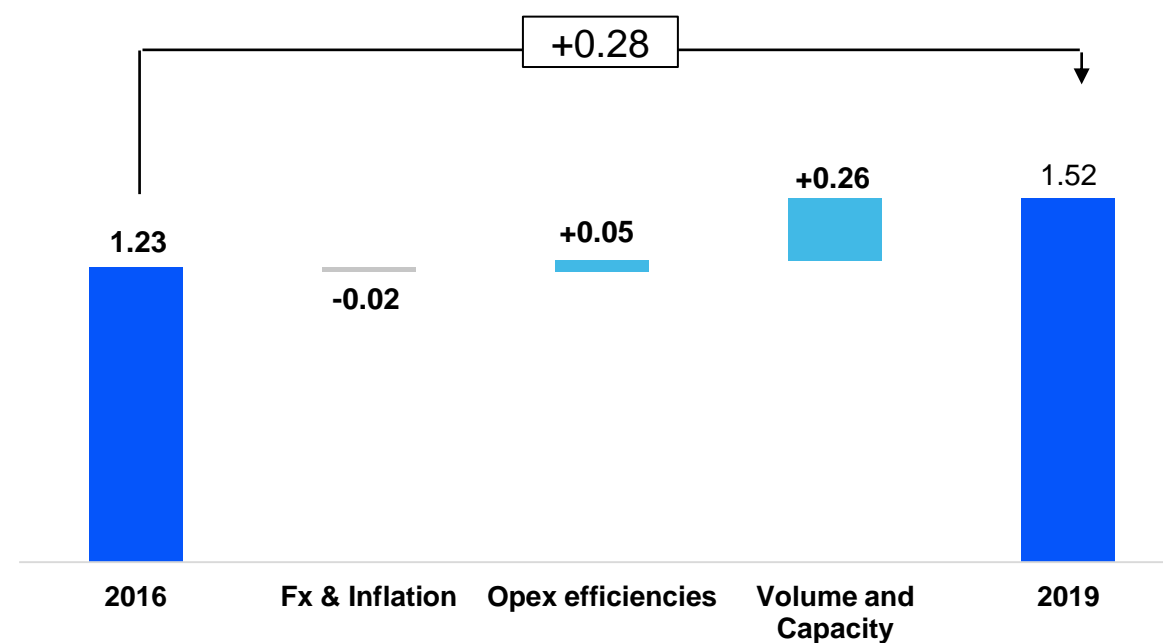
## Targets - Networks and Generation EBITDA



EBITDA Evolution in Networks (bnUSD)



EBITDA Evolution in Generation (bnUSD)



**Solid growth mainly in Networks**  
**In addition, Free Market<sup>1</sup> will add 210 MUSD by 2019**

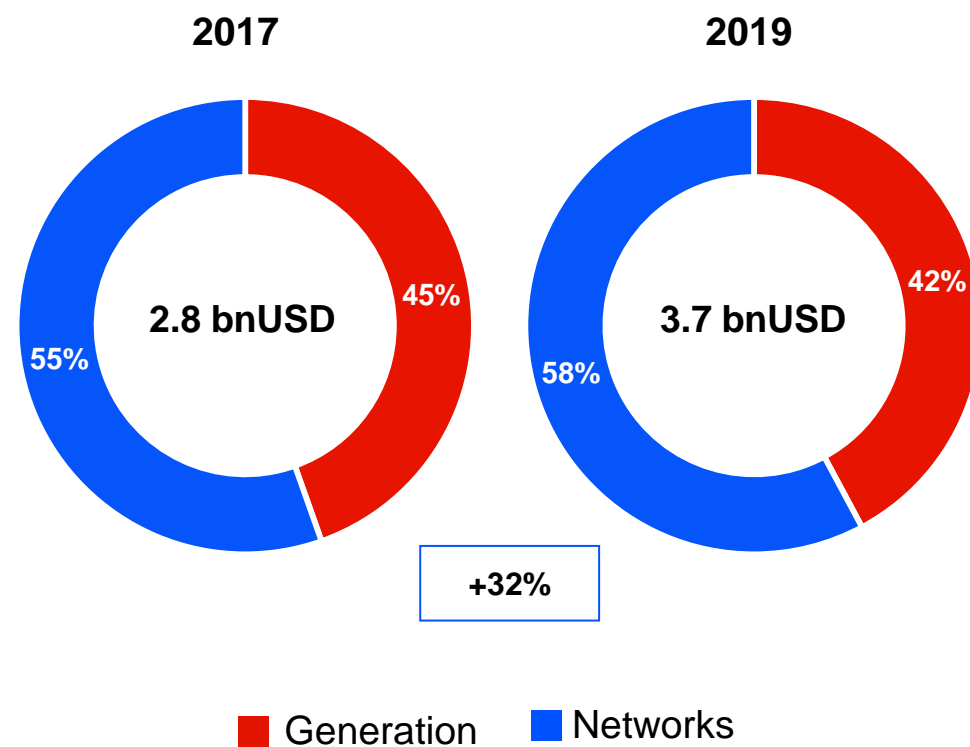
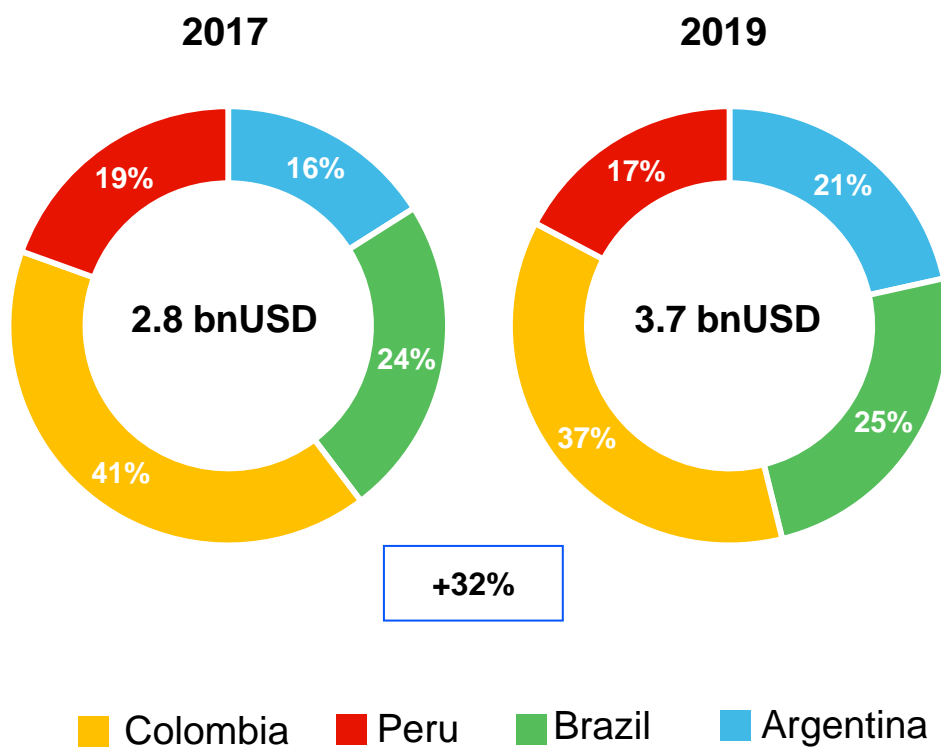
# Financial Strategy

Targets - EBITDA by country and by business



EBITDA by Country

EBITDA by Business



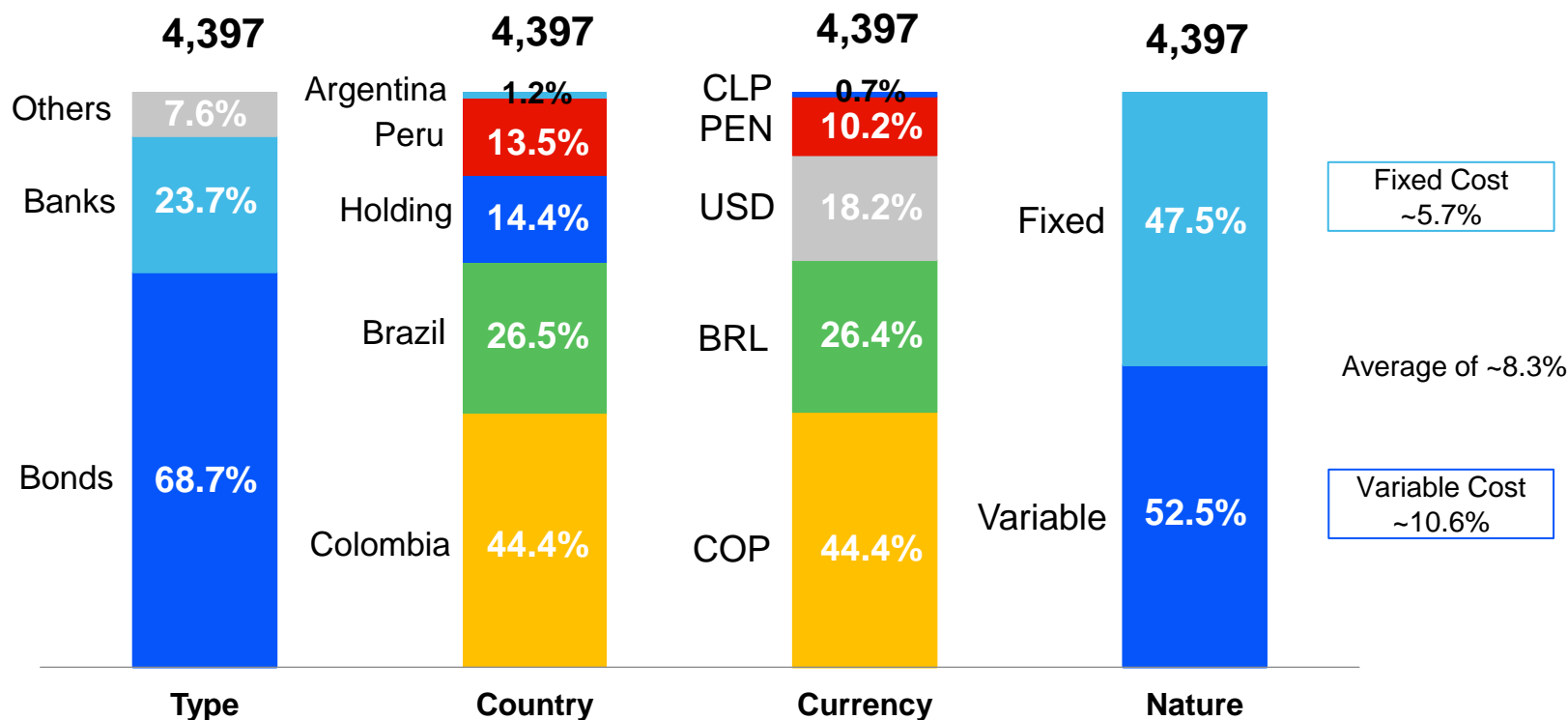
**+32% of EBITDA increase by 2019 vs 2017**

# Financial Strategy

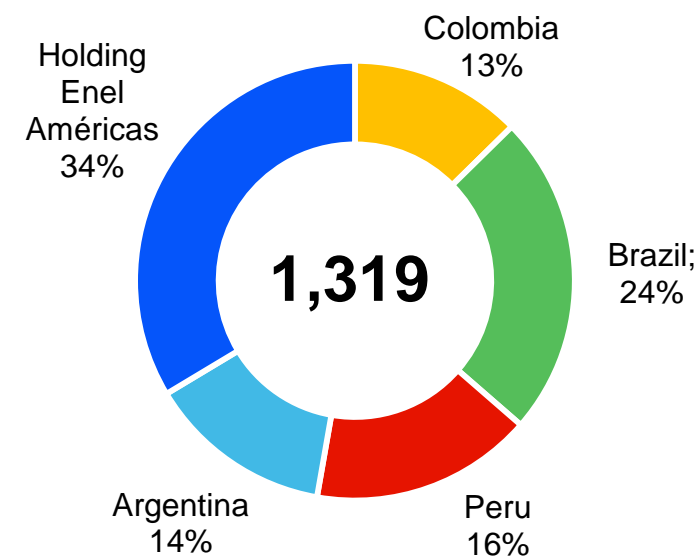
Gross debt and cash allocation as of June 30, 2017



## Gross Debt (MUSD)



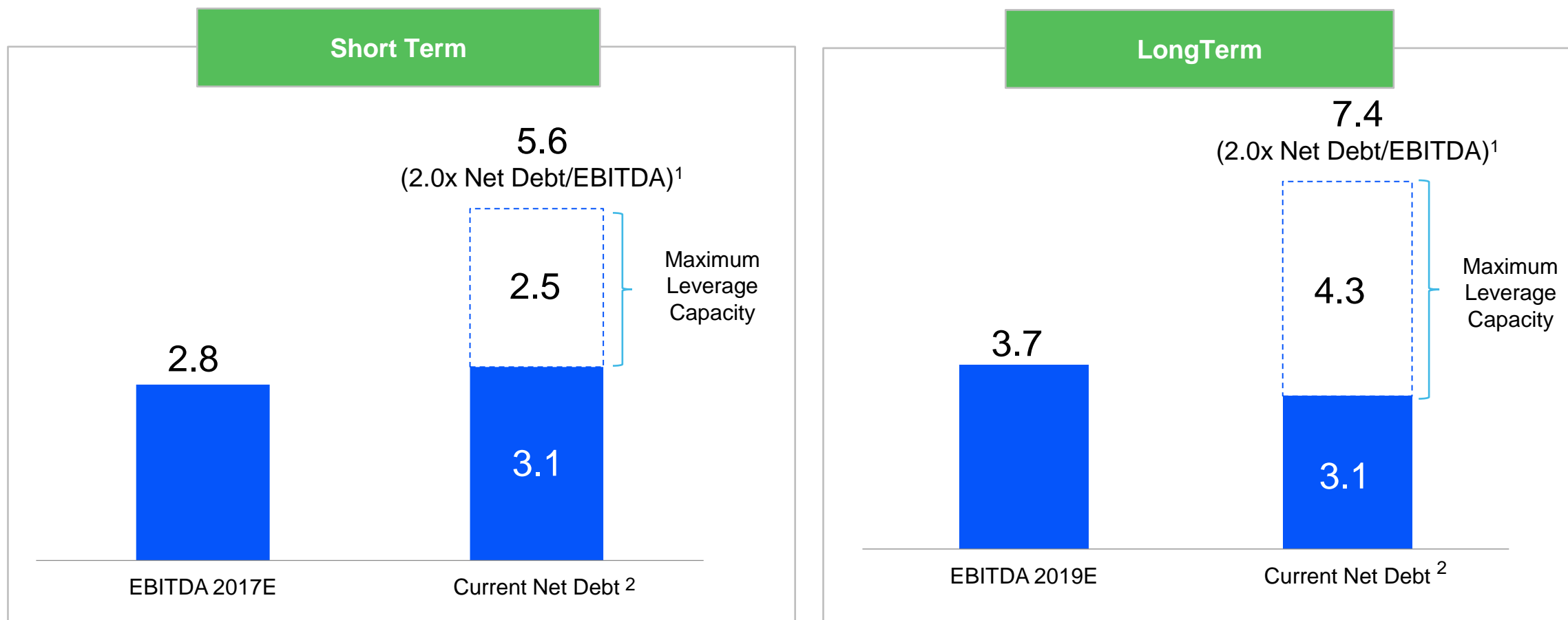
## Cash allocation (MUSD)



**Operating companies fund project execution through their own cash-flow and debt capacity**

# Financial Strategy

Maximum leverage capacity (BnUSD)



**Relevant leverage capacity to continue growing**

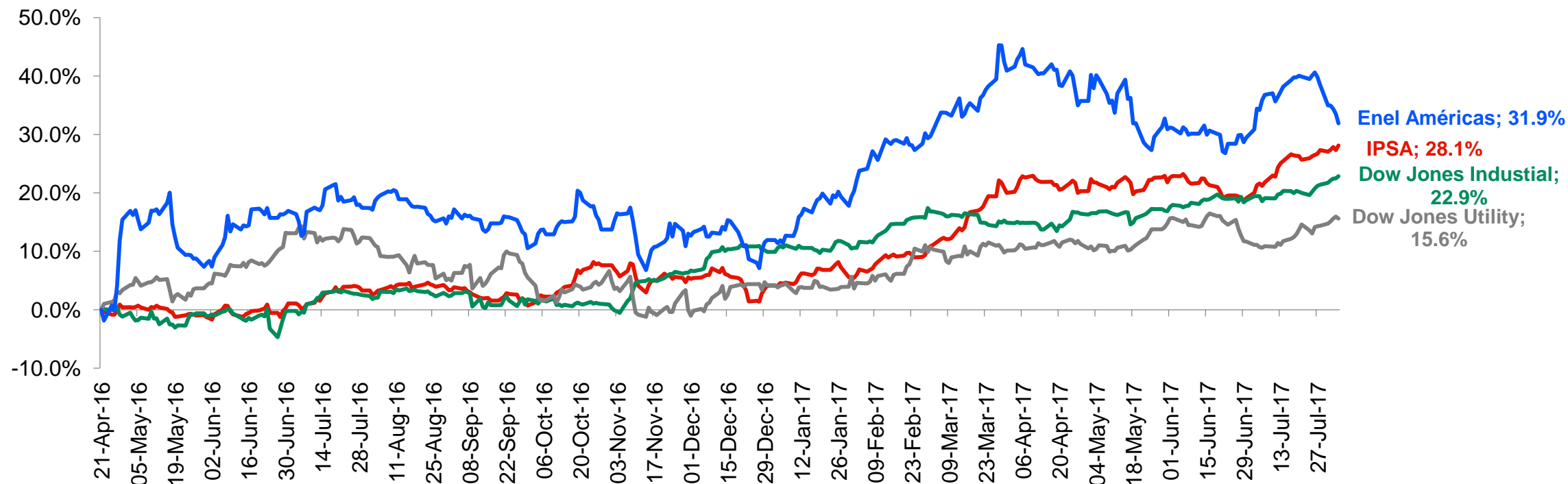
A decorative graphic on the left side of the slide features a white vertical rectangle. To its right is a large, semi-transparent green shape with a curved right edge, which overlaps the title text. The background of the slide is a solid magenta color.

# Share Performance Consensus



# Share performance

Stock price evolution and liquidity vs IPSA and Dow Jones Industrial / Utility<sup>1</sup>

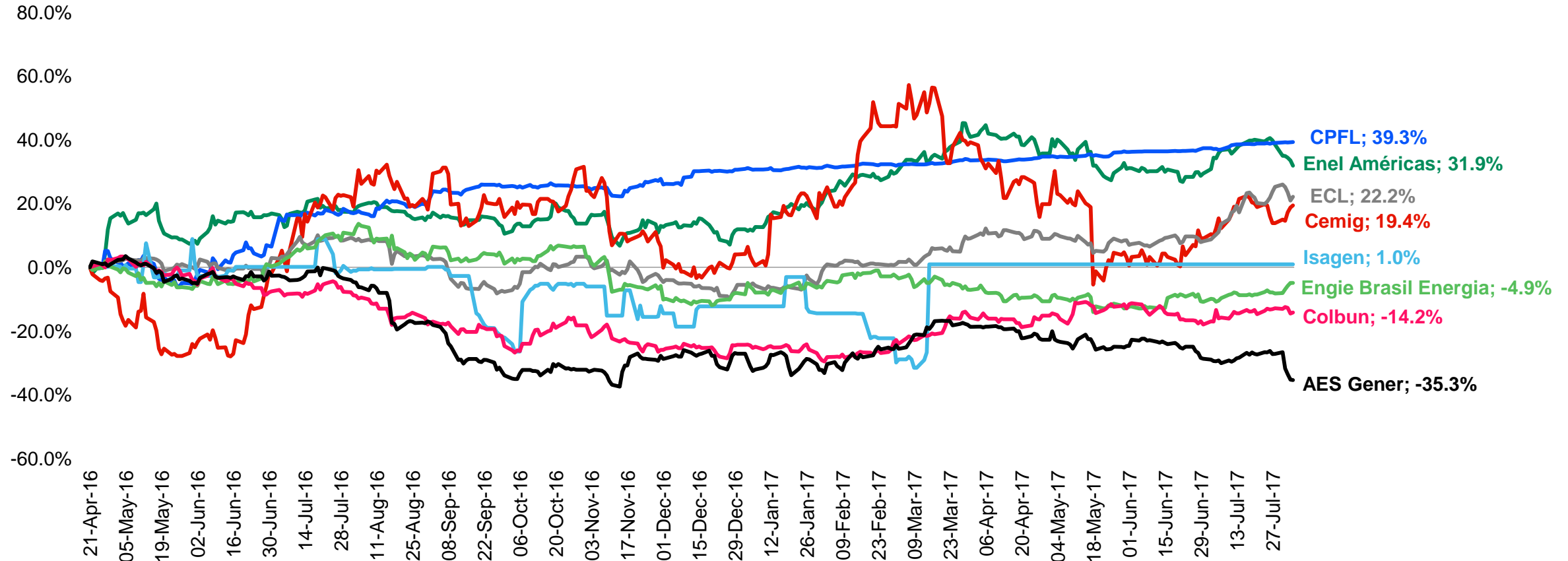


	BCS	NYSE	Total
Average daily traded volume last 12 months (US\$)	6,144,649	7,950,660	14,095,309
%	44%	56%	100%

**Enel Americas' share performance + 3.8% above the IPSA**

# Share performance

Stock price evolution vs peers<sup>1</sup>



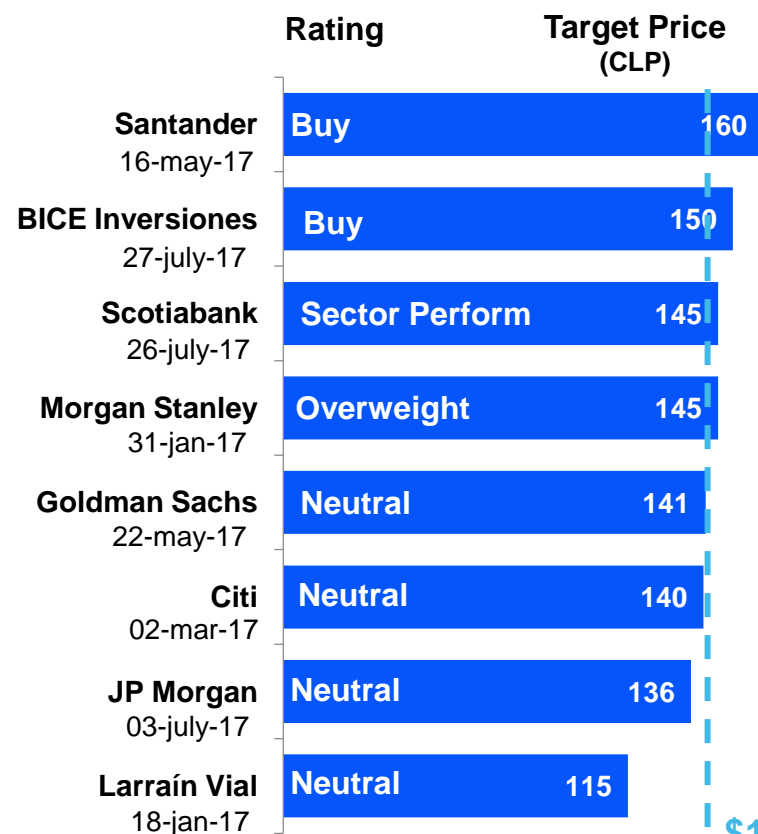
**Enel Americas' among the top performers in the 2<sup>st</sup> Q 2017**

# Share performance

## Market consensus analysis

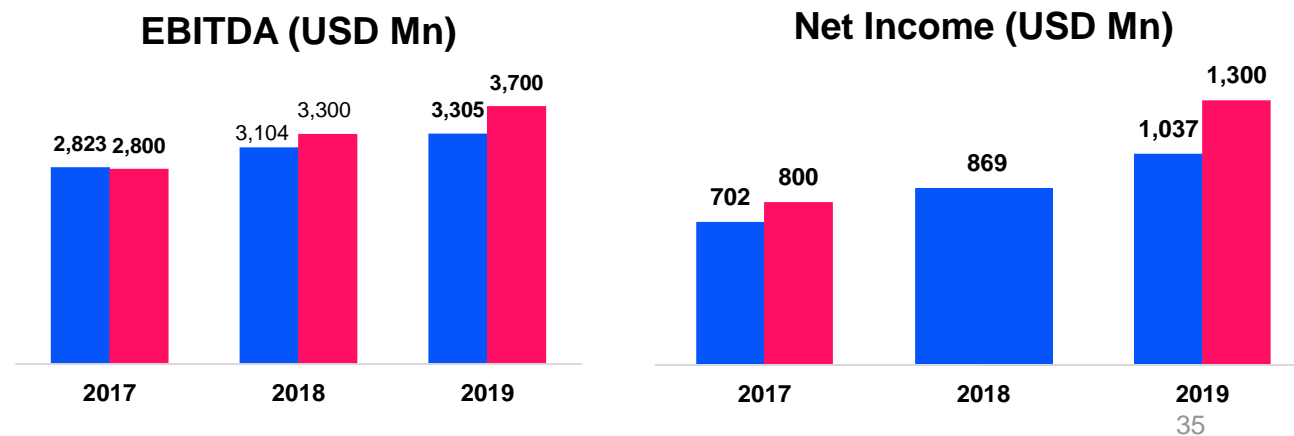
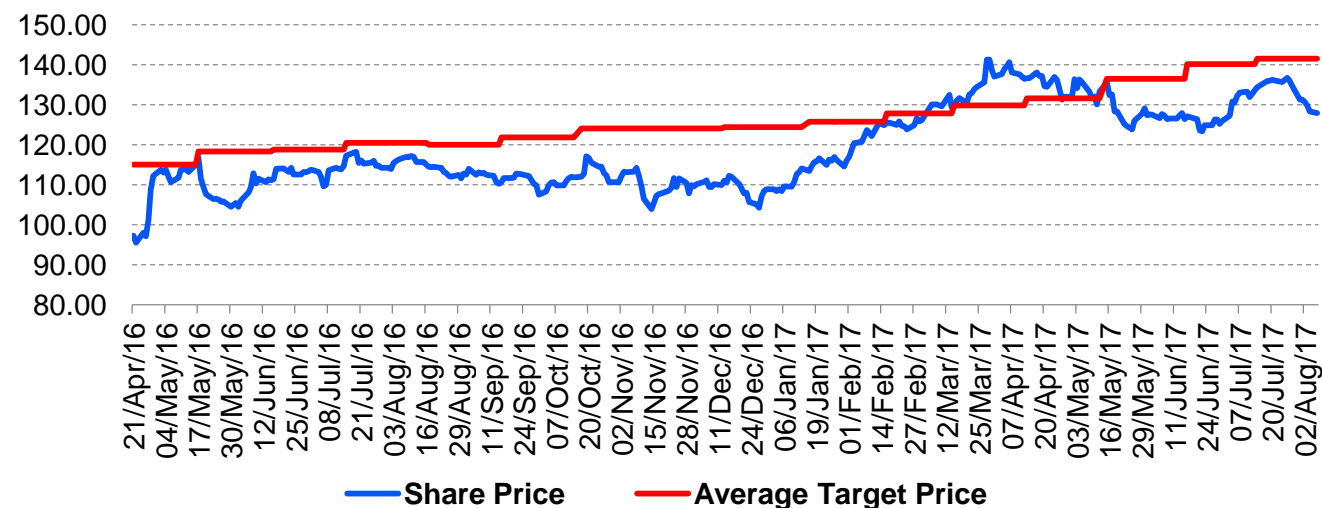


	CLP/Sh	USD/ADR
Share price as of 04-aug-17	128.30	9.8
Average target price as of 04-aug-17	141.50	
Current share price upside vs target price	+10.29%	



■ Broker's average  
■ Enel Américas guidance

\$141.50



**Enel Americas' share among the Latam top picks for analysts**

# Corporate Presentation

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# Thank you.



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