



Business Strategy

Enel Américas Analyst Update Meeting



Enel Américas overview

Enel Américas is Latin America's largest private power company



Colombia

Generation

3,457 MW
21% Market Share in Installed capacity
Net Production 14,952 GWh
Sales 18,015 GWh
21% Market Share in Sales

Distribution

3.2 million clients
Sales 13,632 GWh
22% Market Share Dx

Peru

Generation

1,934 MW
16% Market Share in Installed capacity
Net Production 8,698 GWh
Sales 9,800 GWh
22% Market Share in Sales

Distribution

1.4 million clients
Sales Dx 7,780 GWh
30% Market Share Dx

Total Generation

Installed capacity: 10,785 MW
Energy sales: 40,439 GWh

Total Distribution

Clients: 14.1 million
Energy sales: 62,714 GWh



Brazil

Generation

974 MW
1% Market Share in Installed capacity
Net Production 3,665 GWh
Sales 9,448 GWh
2% Market Share in Sales

Distribution

6.9 million clients
Sales Dx 22,809 GWh
6% Market Share Dx

Transmission

2,100 MW transmission lines

Argentina

Generation

4,419 MW
13% Market Share in Installed capacity
Net Production 13,124 GWh
Sales 13,312 GWh
10% Market Share in Sales

Distribution

2.5 million clients
Sales Dx 18,493 GWh
17% Market Share Dx



Macro context

Macro context

Macro context in the period



Unwinding the imbalances

GDP	USD1,774.725bn (World ranking 9, World Bank 2015)
Population	207.848mn (World ranking 5, World Bank 2015)
Form of state	Presidential republic
Head of government	Michel Temer (center), since 2016
Next elections	Presidential and legislative 2018 (4-year term)



Strengths

- International economic power
- Diversified economy
- Robust foreign direct investment, high level of foreign exchange reserves and moderate external debt
- Expanding middle class

Weaknesses

- Sensitive to global commodity prices
- High production costs
- High taxation and red tape
- Large fiscal deficits
- Political and social tensions, income inequality

The skies clear up

GDP	USD583.169bn (World ranking 21, World Bank 2015)
Population	43.417mn (World ranking 32, World Bank 2015)
Form of state	Presidential republic
Head of government	Mauricio Macri (centre-right), since 2015
Next elections	Mid-term legislative October 22 2017 (one-half of the lower house and one-third of the upper house, 4-year term), presidential 2019 (4-year term)



Strengths

- Government commitment to correct imbalances
- Developed industrial fabric
- Skilled workforce compared to the region

Weaknesses

- Sensitive to changes in agricultural prices
- Macroeconomic imbalances and a weakened institutional framework
- High inflation

Growth to accelerate after the fall in oil prices

GDP	USD292.08bn (World ranking 37, World Bank 2015)
Population	48.23mn (World ranking 28, World Bank 2015)
Form of state	Presidential Republic
Head of government	Juan Manuel Santos
Next elections	2018, presidential



Strengths

- Fiscal sustainability principle included in the Constitution
- Support from international financial institutions
- Natural resource base: agricultural, energy and minerals
- Strong medium-term growth
- Pro-business environment

Weaknesses

- Sensitive to commodity price fluctuations and the U.S. business cycle
- After the Peace Deal there is still rooms of improvement in terms of security
- Skewed income distribution

Pro-business policies to be pursued by the new President

GDP	USD202.903bn (World ranking 52, World Bank 2014)
Population	30.77mn (World ranking 42, World Bank 2014)
Form of state	Constitutional Republic
Head of government	Pedro Kuczynski (center-right)
Next elections	2021, presidential and legislative



Strengths

- Natural resource rich (minerals: copper, silver, gold, zinc, energy and fishing)
- Prudent macroeconomic policies, independent central bank
- Low public debt
- Strong FX reserve position and low external debt

Weaknesses

- Sensitive to commodity prices
- Highly skewed income distribution and high, if reducing, poverty levels
- High dollarization of the financial system
- Rule of Law and control of corruption are below average

Macro context

Market context in 1Q

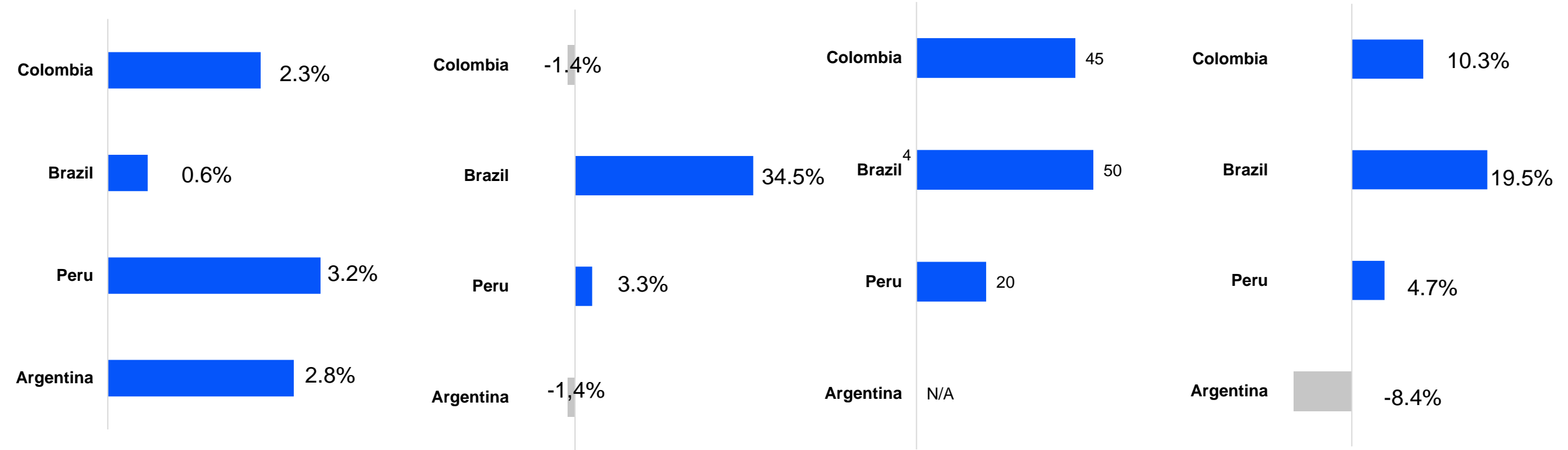


Annual GDP growth² (%)

Energy demand³ in Distribution areas of (%) Enel Américas

Average Spot Price (USD/MWh)

Local Currencies vs USD (YoY%)⁵



1. Figures at 1Q 2017

2. GDP (e) for 2017. Source: Latin America Consensus Forecast as of April 2017; 3. Cumulative Demand. Brazil: Ampla and Coelce, Colombia: Codensa, Perú: Edelnor, Argentina: Edesur. 4. Southeast / Central-West region. 5. YoY. Source: Internal.

Industrial and ESG Pillars

Investor Analyst Day

Business Strategy



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 from the Group Simplification

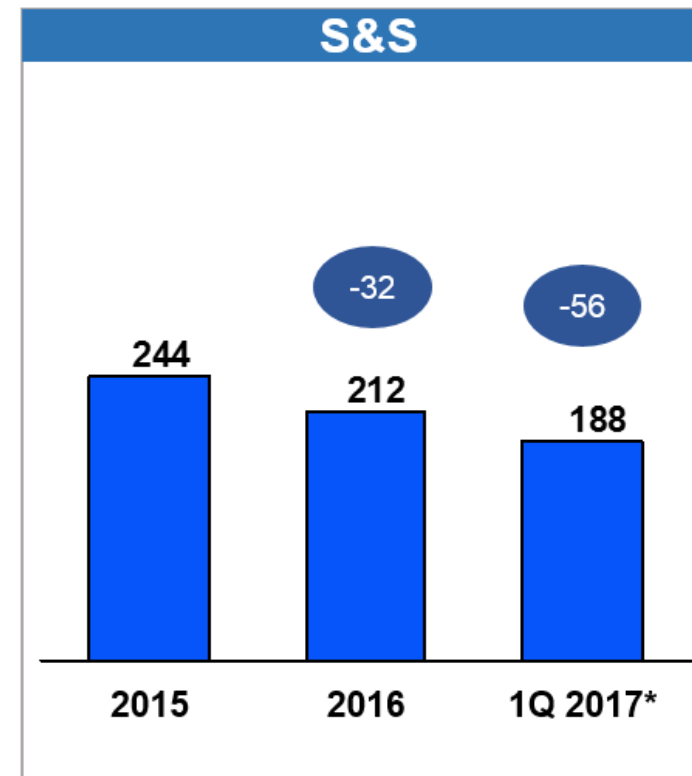
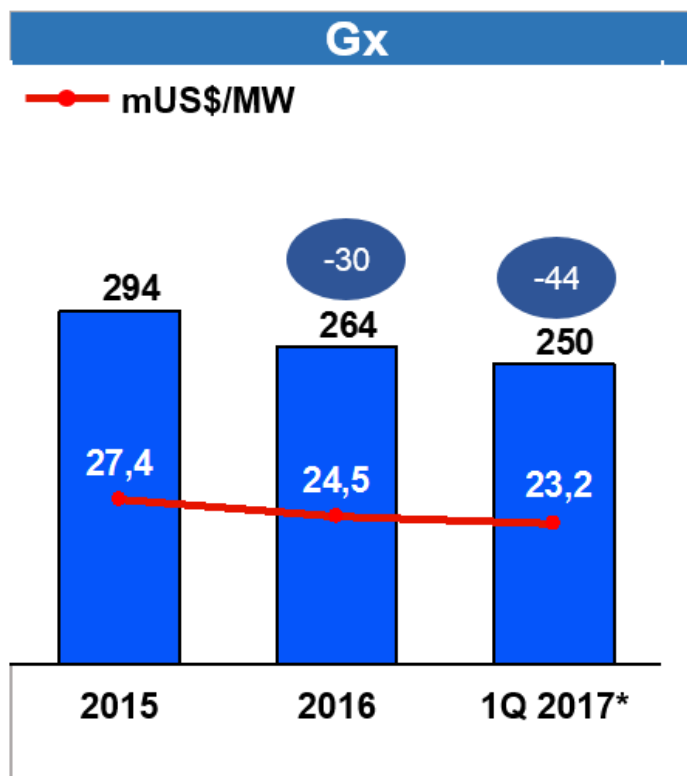
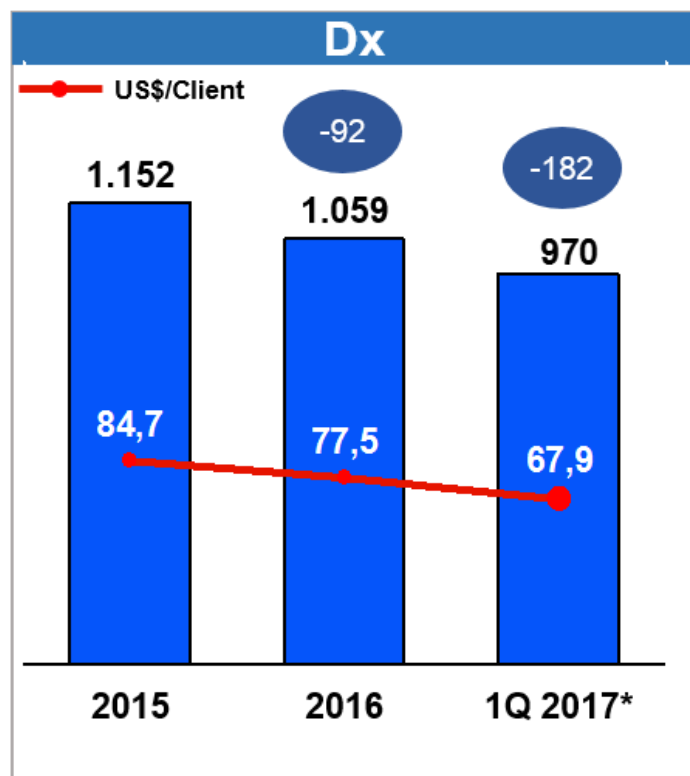


US\$ mn net of inflation and Fx changes	2016	2019	Δ 2016 vs 2019
OPEX	122	234	+92%
SG&A	32	59	+84%
Cash Pooling	4	15	-
Tax	50	50	-
Total	208	358	+72%

Accelerating implementation of efficiencies

Industrial Pillars

Operational efficiency



Efficiencies, continuing improvement in the 1Q.

Industrial Pillars

Operational efficiency



Efficiencies	Gx	<ul style="list-style-type: none">▪ Apply Group standards in technical maintenance▪ Revision of technical design solutions▪ Optimize spare parts management▪ Exit from LTSA (Long Time Service Agreements)▪ Efficiency in purchasing▪ Staff costs optimization
	Dx	<ul style="list-style-type: none">▪ Argentina - Edesur 2020 Plan: global model alignment, process optimization and best practice sharing.▪ Brasil - Ampla Crash Program: Improving the quality and efficiency of personnel costs▪ Energy Losses: Promotion of best practice sharing and synergy with the Sustainability by Socio-Cultural Leverage▪ Quality of service: Reduced costs due to low quality▪ Optimizing the level of insourcing / outsourcing▪ Technological and functional convergence of systems▪ Rightsizing of CELG headcount
	SG&A	<ul style="list-style-type: none">▪ Reducing external costs, mainly services, travel, introduction of surveillance technology▪ New purchase process▪ Staff size optimization

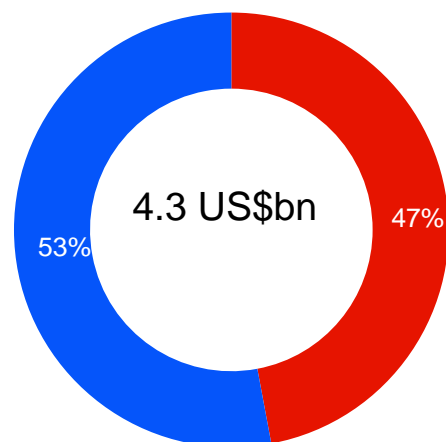
Execution of operational efficiencies at all levels

Industrial Pillars

Industrial Growth / Capex 2017 - 2019

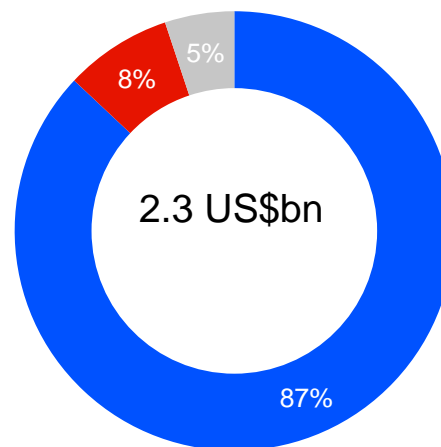


Total capex



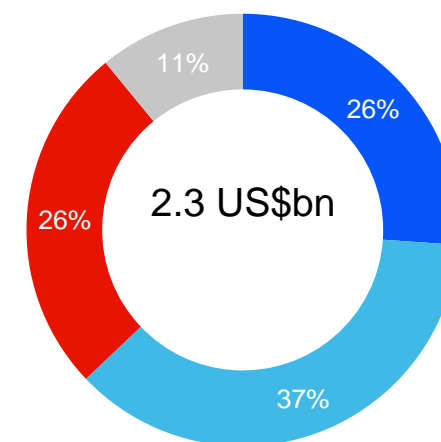
■ Maintenance ■ Growth

Growth capex by business



■ Networks ■ Generation ■ Retail

Growth capex by country

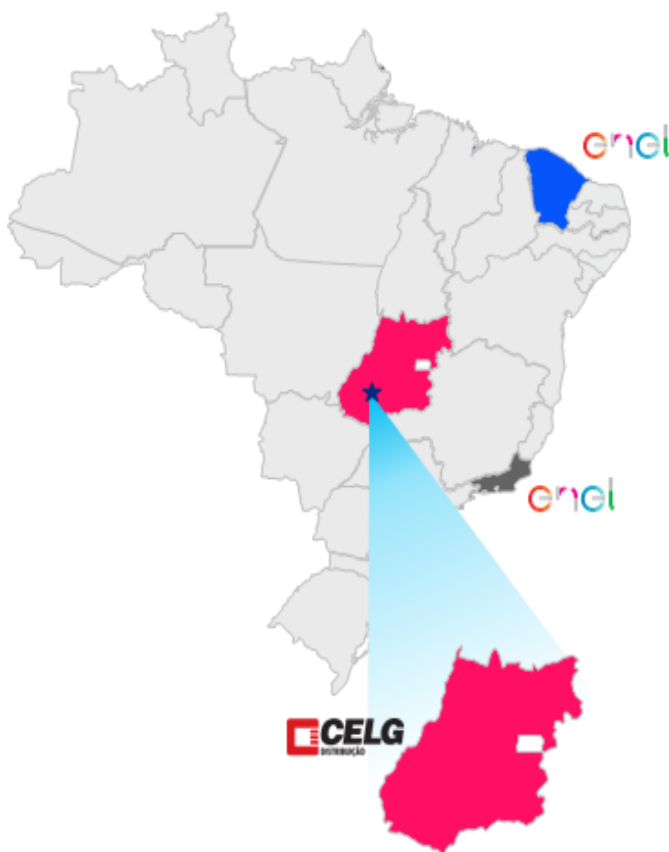


■ Argentina ■ Brazil ■ Colombia ■ Peru

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

Industrial Pillars

Operational efficiency / CELG-D



Performance

CELG-D Today

Financial	<ul style="list-style-type: none"> • EBITDA and OPEX net of one-offs, substantially better than targets.
HR Actions	<ul style="list-style-type: none"> • 2 Voluntary Plans (Retirement and Dismissal) • Total of 744 (609+135) people joined • Pay-back period: 1 year
Safety after the takeover	<ul style="list-style-type: none"> • 60% reduction of fatal and severe accidents
Quality KPI's	<ul style="list-style-type: none"> • DEC¹ TAM² Apr/17 29,8 hours vs TAM Apr/16 of 37,3 hours • Effective maintenance plan launched, Telecontrol Project launched, Quality Plan on course
Investments	<ul style="list-style-type: none"> • Accelerating growth investments vs initial targets • Main growth activities: Connections (<i>Urban connections, universalization, etc..</i>) and Quality plan (<i>MV Telecontrol, 3 new MV/MV substations, etc..</i>)
CELG 2020 Plan	<ul style="list-style-type: none"> • 7 working groups making up the project CELG 2020 • Identified 163 ideas and initiatives to date

Addressing the turnaround performance above initial targets

1. DEC: Duração Equivalente de Interrupção por Unidade Consumidora

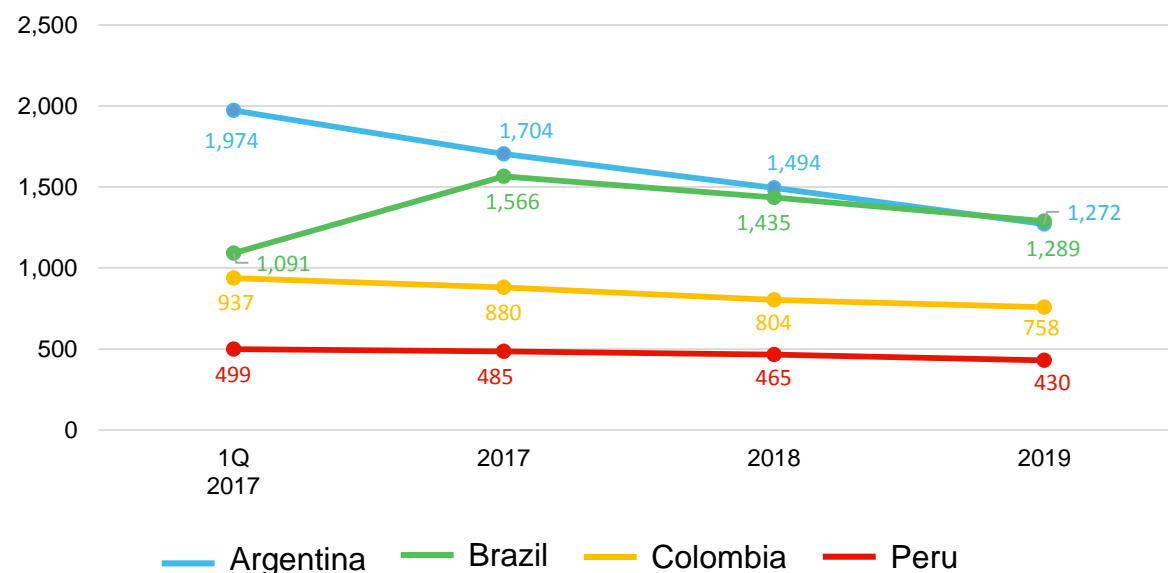
2. TAM: Termo de Ajustamento de Conduta

Industrial Pillars

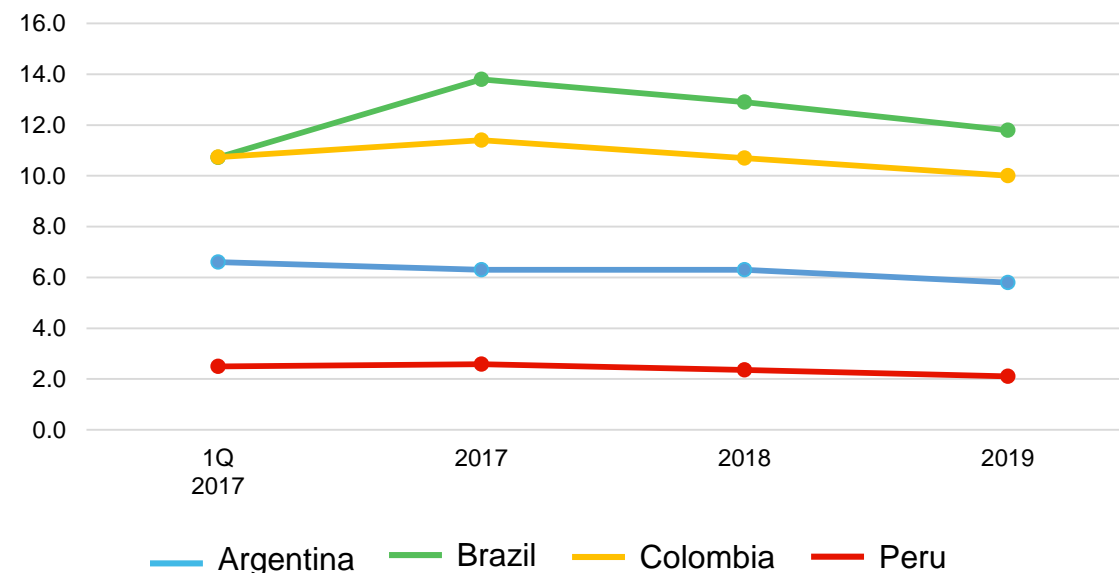
Operational efficiency / Improvement in quality level indicators



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



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



Improvement of SAIDI and SAIFI reliability indexes

Industrial Pillars

Industrial Growth / New regulatory cycles



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

RTI in Argentina approved
4th regulatory cycle for Enel Dx Rio already signed

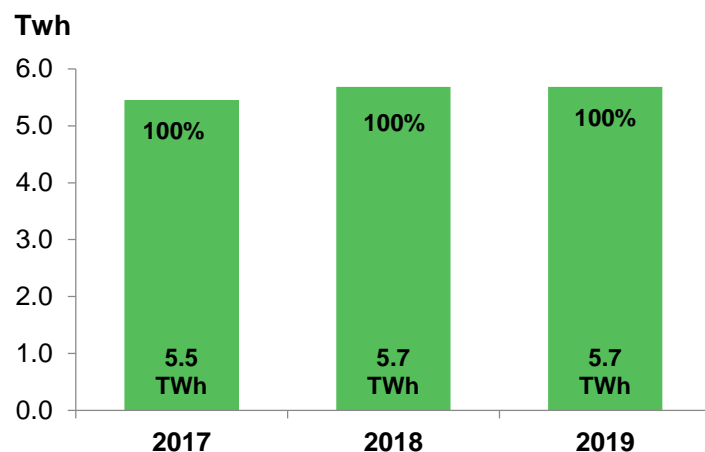
1. 2014 process is still pending. It is expected to start the process by 4Q 2017.
2. New tariff scheme in Argentina in place from February 01st, 2017
3. Strategic Plan 2017-2019

Industrial Pillars

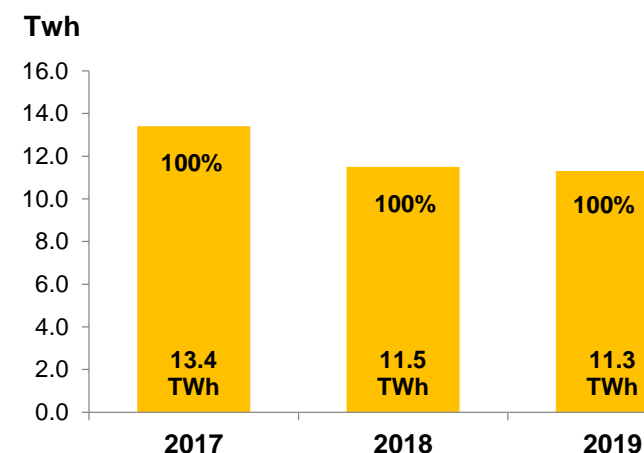
Industrial growth / Contracted energy



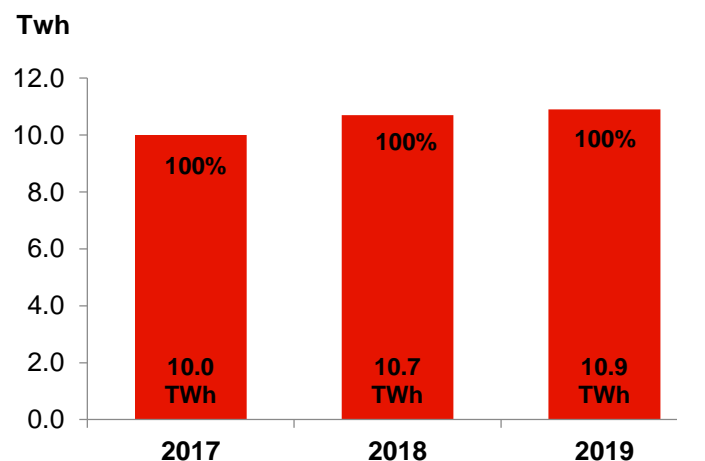
Brazil



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

Industrial growth / Retail strategy: Commodity - Power



Customer Acquisition Strategy

- Development of direct and indirect sales channels in and out of the concession zone (Bra, Col, Per).
- Increase volumes due to free market opening (Arg, Per)
- Strengthening communication and marketing through Enel's only brand

Dynamic margins and prices

- Defending margins in markets with strong price competition (Per)
- Evolution of margins related to the development of third party energy and wholesale markets (Bra, Col)

Sourcing strategy

- Integrated energy sourcing management from Group Generators
- Increase buying portfolio from small producers and wholesaler (Bra, Col)

Feature offered

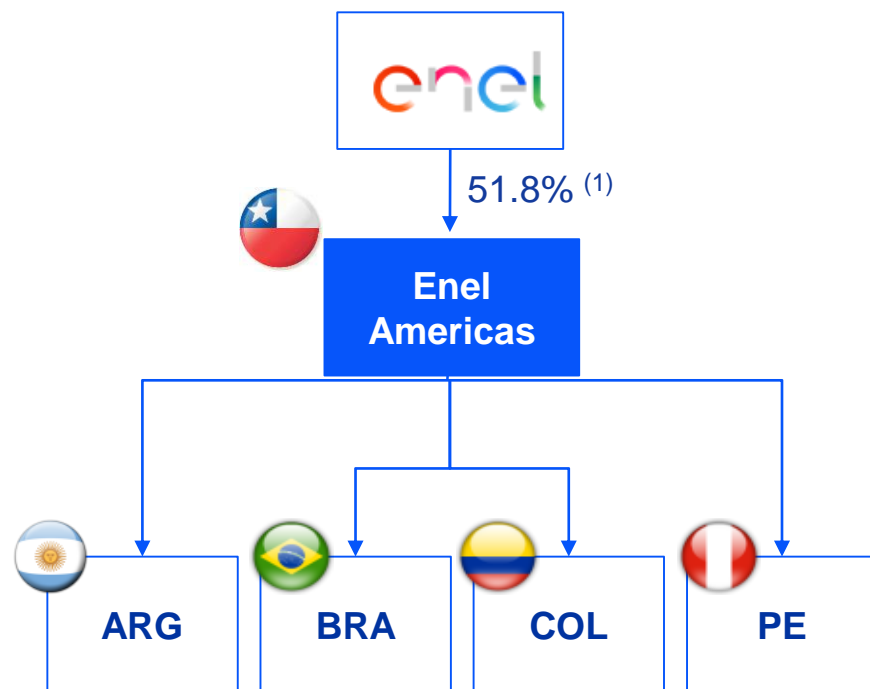
- Renegotiation of term contracts (Col, Per)
- Creating a Medium / Long Term Contracts Portfolio (Bra, Col)
- Indexed Price Offer and Commodity Coverage (Bra, Col)
- In developing new offer types (need management, multi site supplies, cross selling VAS)

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 1st of December

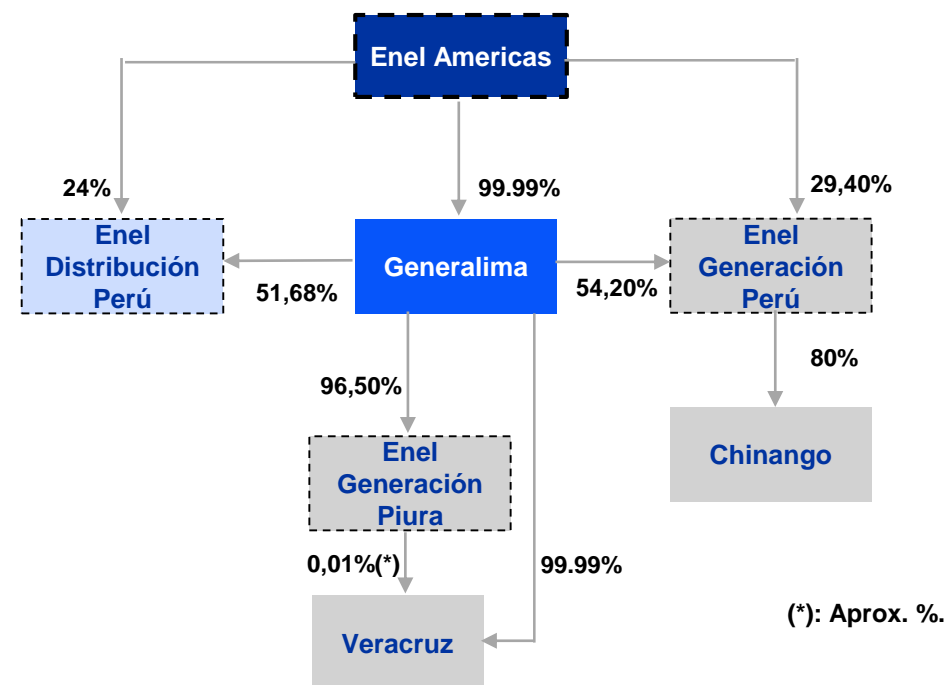
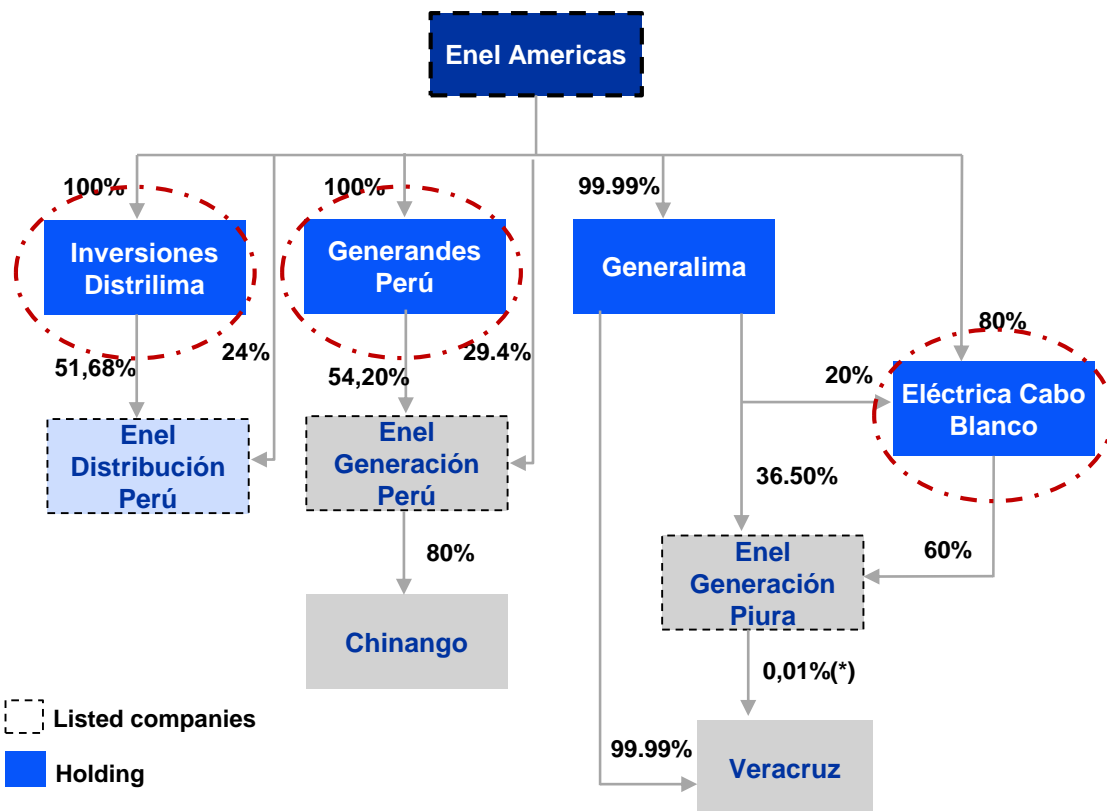
Industrial Pillars

Group simplification / Peru



Yesterday

Today



(*): Aprox. %.

- Gx [Grey box] Listed companies
- Dx [Blue box] Holding
- [Red dashed circle] Merge into Generalima

Peru, good sample of how to simplify

ESG Pillars

Sustainability Plan 2017-2019

Pillars and backbones



ESG Pillars


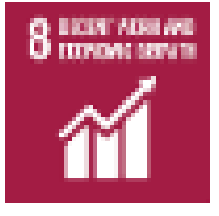

Engaging the local communities - Enel Americas contribution to the Sustainable Development Goals



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 ¹

Contribution of Enel Américas to Enel target on SDGs ⁽¹⁾

			
Total Enel Américas ⁽²⁾	1,1	0,23	0,09

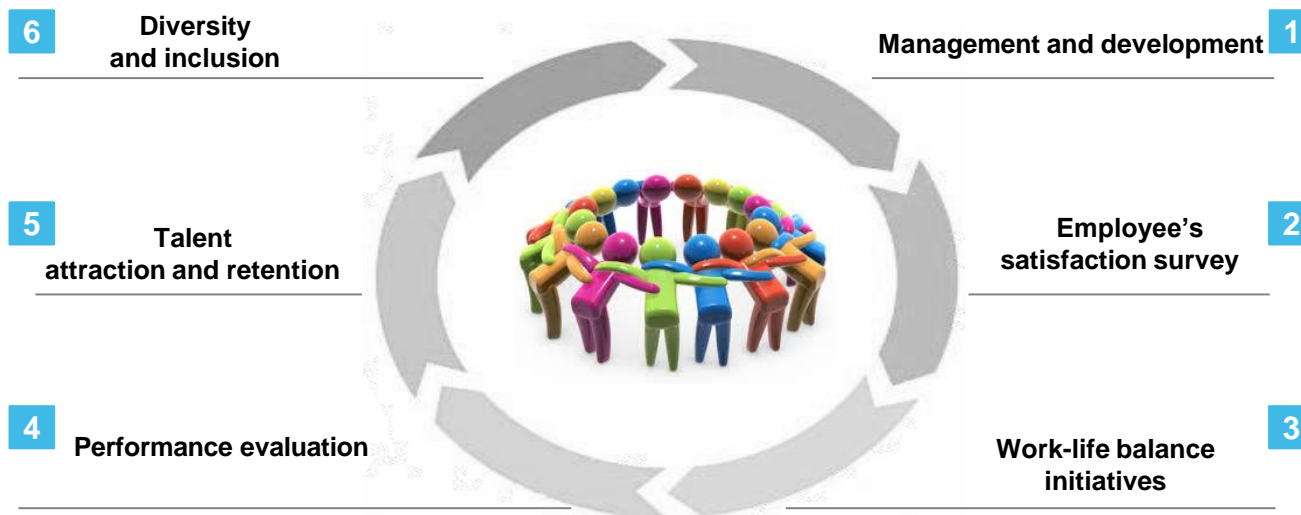
Significant contribution of ENEL Americas to the global SDGs commitments

1. Beneficiaries @ closing 2016 / Cumulated since 2015

2. Figures in mm

ESG Pillars

Engaging the people we work with

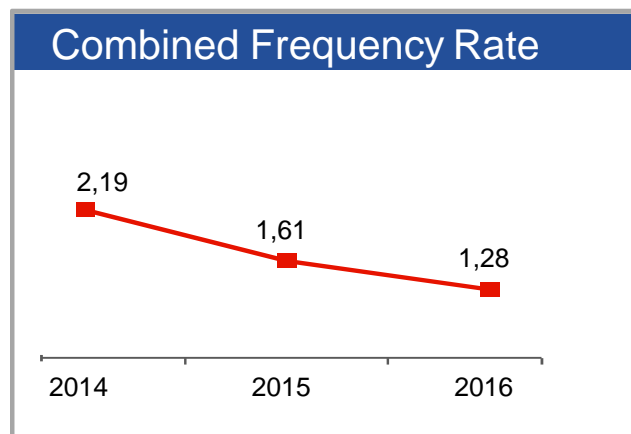


1	2	3	4	5	6
Management and development	Employee's satisfaction survey	Work-life balance	Performance evaluation	Talent attraction and retention	Diversity and inclusion
<ul style="list-style-type: none"> ▪ Training actions to update and enhance the company's employees on a permanent basis. ▪ In 2016, the training programs for employees totaled 278,827 hours ▪ Application of the IDP (Itinerario de desarrollo profesional) system to detect developments needs. ▪ Initiative "Uno a uno" that allows to deepen in the employees motivation. 	<ul style="list-style-type: none"> ▪ Good working environment is a key priority. ▪ Climate and Security Survey is realized every year. The results of it allow for the elaboration of an action plan to cover the gaps evidenced (results in 2016 better than the previous year. ▪ Plan "Dejando Huellas" and "RHO Contigo" implemented. 	<ul style="list-style-type: none"> ▪ Exceptional results in the ranking "Mejores Empresas para padres y madres que trabajan" 2016. ▪ Telecommuting program implemented with excellent results ▪ Several initiatives in 2016 to strengthen the life-quality of life of the employees (sport and culture program, artistic workshops, summer and winter camps, etc..). 	<ul style="list-style-type: none"> ▪ Performance management is key for the development and promotion of the employees. ▪ In 2016 a new model of assessment and objectives evaluation was implemented "performance appraisal". 	<ul style="list-style-type: none"> ▪ Dedicated program aiming at bringing in the best people to cover the vacant positions. ▪ In 2016, ENEL Américas joined the fairs on Economic and Business and Engineering in Chile. The company participated in both events with their own stand. 	<ul style="list-style-type: none"> ▪ Enel Americas has developed a new Diversity Policy as part of its strategy, addressing practices related to gender, age, nationality and disability. ▪ In 2016 the company realized a Diagnosis of Cultural Dynamics of Gender to better understand the cultural values within the Group. ▪ The "Programa Entrada" aims at recruiting people in situation of physical disability.

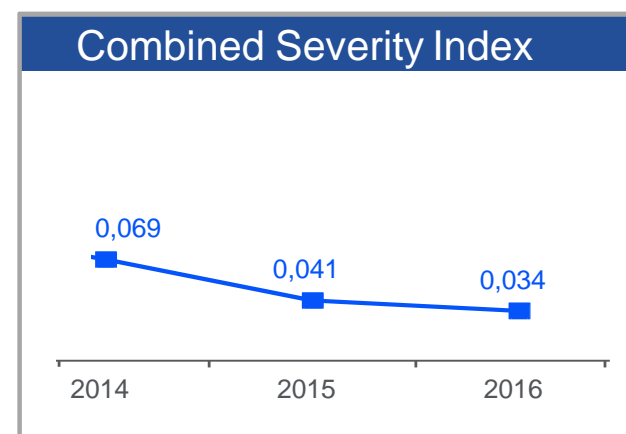
Significant set of people care initiatives

Backbones

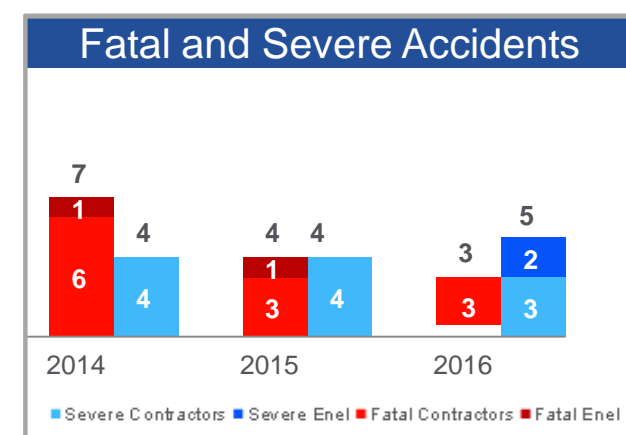
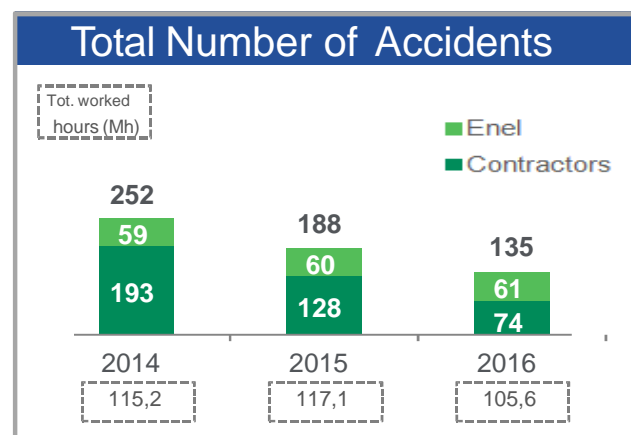
1 Occupational health and safety



Severity Index: (Number of days lost / thousands Man-Hours).
Considers own staff + contractor



Frequency rate: (Accident with Disability / Man-Hours) x
1.000.000. Considers own staff + contractor



Sound performance in health and safety indicators

Backbones

2 Sound governance



Conflict of interest Policy

In July 2016, **Policy No. 82** on Conflict of Interest approved by the Board of Directors of the countries.

Code of ethics Ethical channel

Defines unethical conducts and the core values that all workers and stakeholders of the Company have to respect. The **Ethical Channel** works anonymously through the company's website.

Model of prevention of criminal risks

A **model of prevention of criminal risks** establishes a system of control to prevent crimes such as money laundering, financing of terrorism, etc..

Zero tolerance plan against the corruption

The company applies a program to combat this practice called the **Zero Tolerance Plan** against Corruption (TCC), in which identifies the activities most exposed to such risks (donations to political parties; Charities and sponsorships; treats of favor and gifts; accommodation and expenses).



Ample set of governance standards to safeguard the shareholders interests

Backbones

3 Environmental Sustainability



Main initiatives



- Exchange of recyclable waste by discounts on the electricity bill. **32 thousand** tonnes of waste correctly managed since 2007.



- In 2016, we reused 15,768 m3 of industrial waste water generated by the Thermal Power Plant Termozipa for irrigation activities.



- **Improvement of the Water Use.** Replacement of mineral oil by biodegradable oil in El Chocón and Arroyito.



- **15.56 hectares** reforested in the forest of Callahuanca.
- More than 7000 trees planted in some districts of Lima.



- **Exchange of old equipment** for efficient ones, This initiative applies to specific collectives.



- **Modernization Project** for the reduction of emissions in **Termozipa** to ensure an environmental improvement



- Edesur made in 2016 a donation to the **“Vivienda Digna”** Foundation of discarded furniture to sell it at low cost to people with low resources.



- Prevention force to improve resilience to natural disasters. (more than 500 beneficiaries up to now).



- Home visits, speeches and workshops to specific collectives that educate for a conscious consumption. **94.000** benefited in 2016.



- **Projects for biodiversity** protection on going (Rio Magdalena, Betania, el Quimbo, Nueva Esperanza, Cartagena., etc..)



- Guided visits and trees planting in **recovered forest** (area of Buenos Aires).



- More than 350 people trained in order to generate **environmental awareness** in the population.

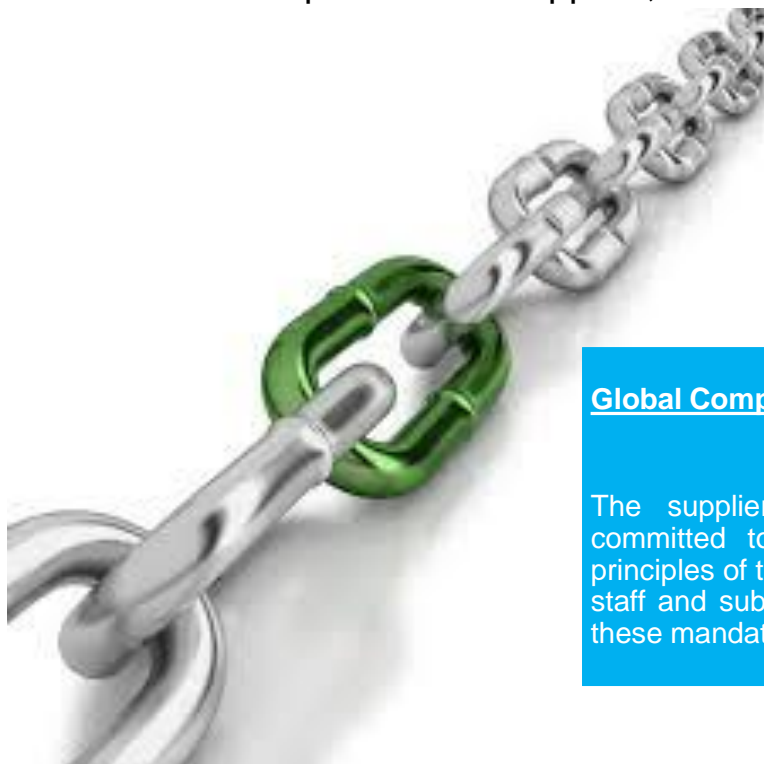
The Company has implemented extensive plans to protect natural resources and the quality of the environment

Backbones

4 Sustainable supply chain



The Contract General Conditions (CGC) is a document that applies to Enel Americas and its subsidiaries. Establishes explicit regulation on the contractual relationship with all suppliers, both for the acquisition of materials, equipment, works and services. These conditions apply to contracts for the purchase of supplies, services or works affected by the legislation in force in each country where Enel Americas Operates.



Global Compact

The suppliers of Enel Americas are committed to fully complying with the principles of the Global Compact, so all its staff and subcontractors are aligned with these mandates.

Conflict of interests

The contracting companies agree to avoid conflicts of interest during the term of the contract with Enel Americas, considering the requirements that Enel provides.

Protection of the environment

All contractors working with Enel Americas undertake to take appropriate measures to ensure compliance with their environmental obligations under the legislation in force in each country where it operates.

Security and health

Enel Americas is committed to promote and consolidate a health and safety culture, thus promoting a "zero accident" work environment for all its workers and contractors.

Ethical conduct

The suppliers and contractors of Enel Americas must comply with the principles stated in the Code of Ethics, Zero Tolerance Plan against Corruption and Human Rights Policy.

Seizes value creation opportunities and offers significant competitive advantages

Business Strategy

Closing remarks



Delivery in operational efficiencies above targets

Industrial growth on the right track (RTI in Argentina in force and 4th regulatory cycle of ENEL Dx Rio signed)

Continuous simplification to enable management focus

Strategy relies on a sustainable business model

Commitment to our customers, employees, shareholders and suppliers

Energy sector at the heart of a transition towards environmentally sound and sustainable development

Analyst Update Meeting

Contact us



Email

ir.enelamericas@enel.com

Phone

+562 23534682

Web site

www.enelamericas.com

Rafael De La Haza

Head of Investor Relations Enel Américas

Jorge Velis

Investor Relations Enel Américas

Itziar Letzkus

Investor Relations Enel Américas

Thank you.



Disclaimer

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