



# **Enel Américas**

## **Strategic Plan 2018-20**

November 30<sup>th</sup>, 2017



# Strategic Plan 2018-20

## Agenda



Enel Américas today

Previous Plan Delivery 2017-19

Strategic pillars new plan 2018-20:

- Industrial growth:
    - Organic growth
    - Non organic growth
  - Efficiencies
  - Sustainable long-term value creation
- } Digitalization
- } Customer focus

Financial targets

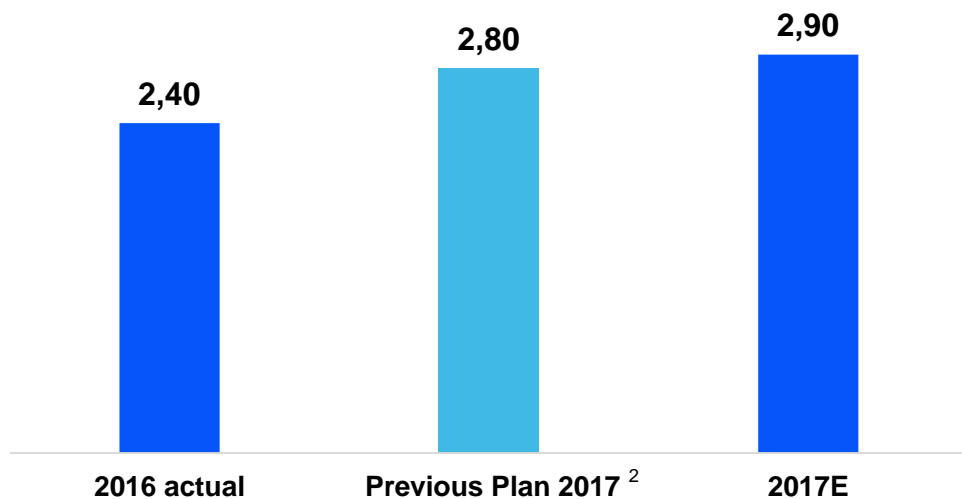
Closing remarks

# Delivery on strategic plan

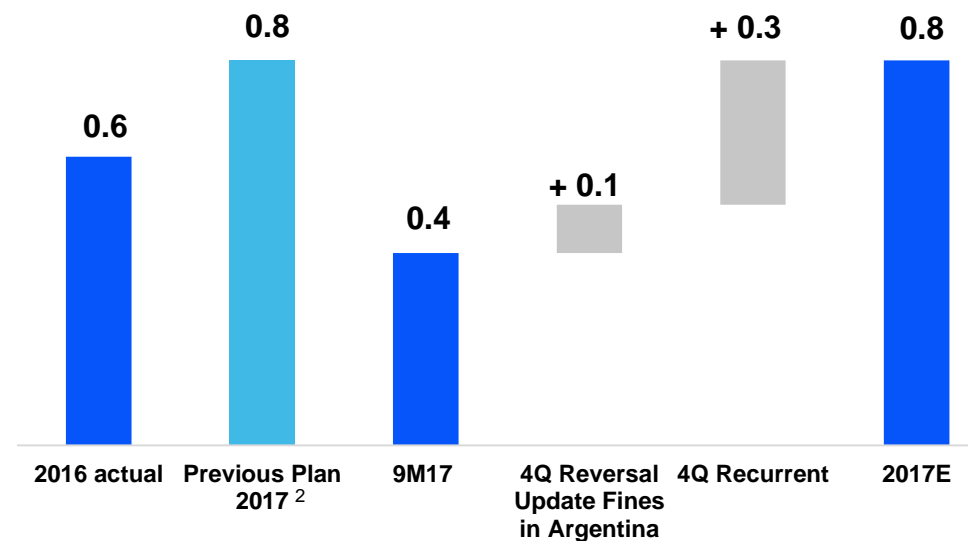
Financial targets 2017 (bnUS\$)



## EBITDA



## Net Income<sup>1</sup>



**Targets 2017: EBITDA exceeded and Net Income confirmed**

1. Attributable Net Income to the controller shareholders

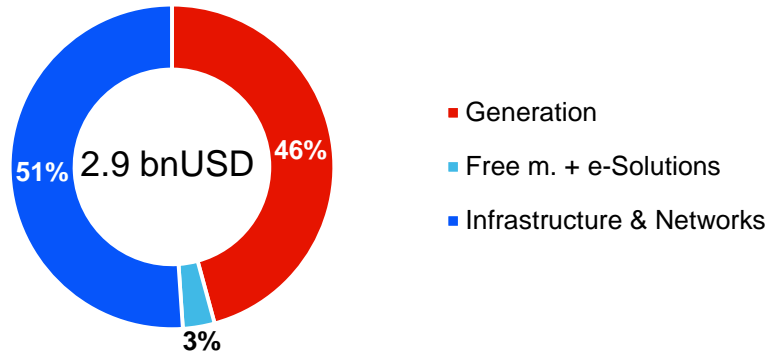
2. Guidance 2017 EBITDA and Net Income Strategic Plan 2017-19

# Enel Américas today

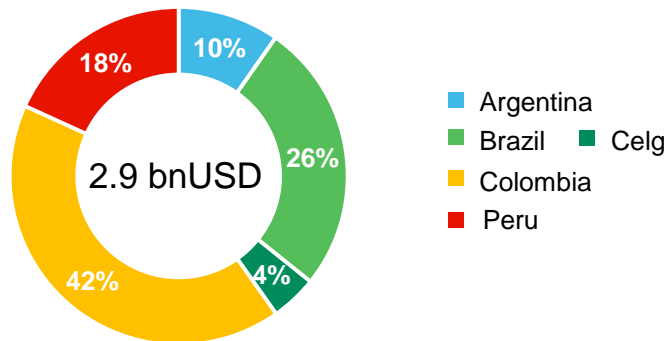
2017<sup>1</sup> KPIs



EBITDA by business



EBITDA by country



## Key figures

2017E

|                             |      |
|-----------------------------|------|
| Net installed capacity (GW) | 10.8 |
| RAB (bnUSD)                 | 9.3  |
| Distributed energy (TWh)    | 74.6 |
| End users (mn)              | 17.1 |
| <b>Financials (bnUSD)</b>   |      |
| EBITDA                      | 2.9  |
| Opex                        | 1.7  |
| Net Income                  | 0.8  |
| Maintenance Capex           | 0.7  |
| Growth Capex                | 1.0  |
| Net Debt                    | 3.7  |
| Market Cap <sup>2</sup>     | 11.1 |

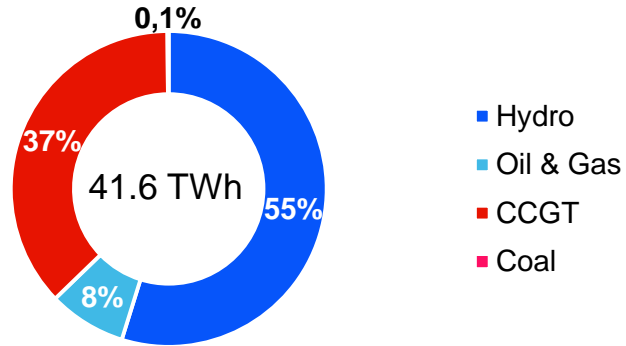
Enel Américas largest private utility company in South America

# Enel Américas today

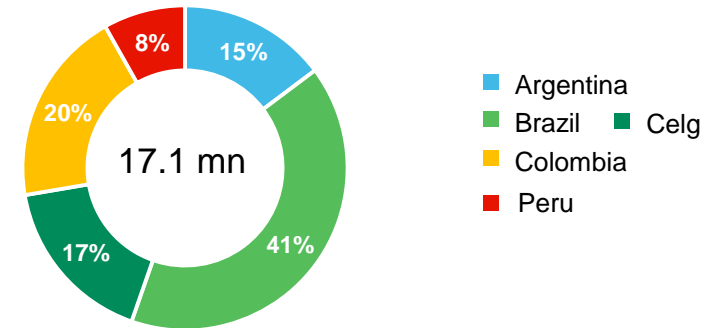
2017<sup>1</sup> Generation and I&N<sup>2</sup> business



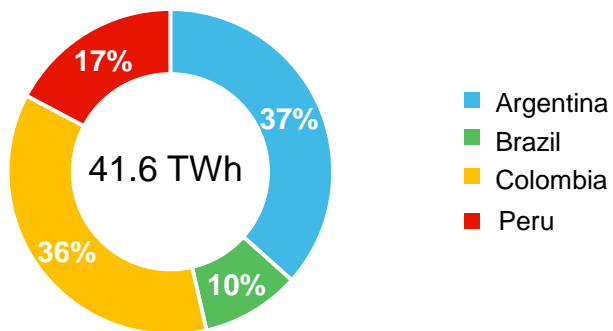
Net production by technology



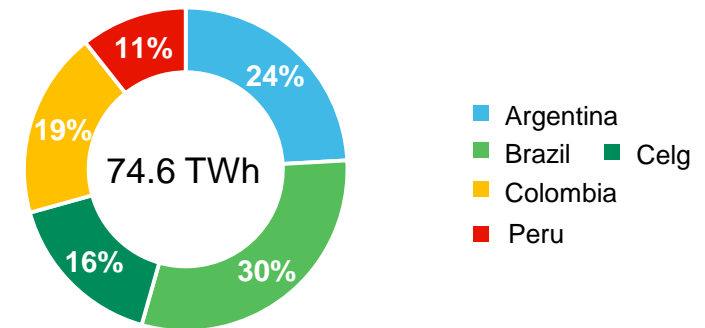
Customers by country



Net production by country



Energy distributed by country



Argentina and Colombia largest in Gx; Brazil largest in I&N

# Previous Plan delivery 2017-19

Progress on strategic pillars vs previous guidance

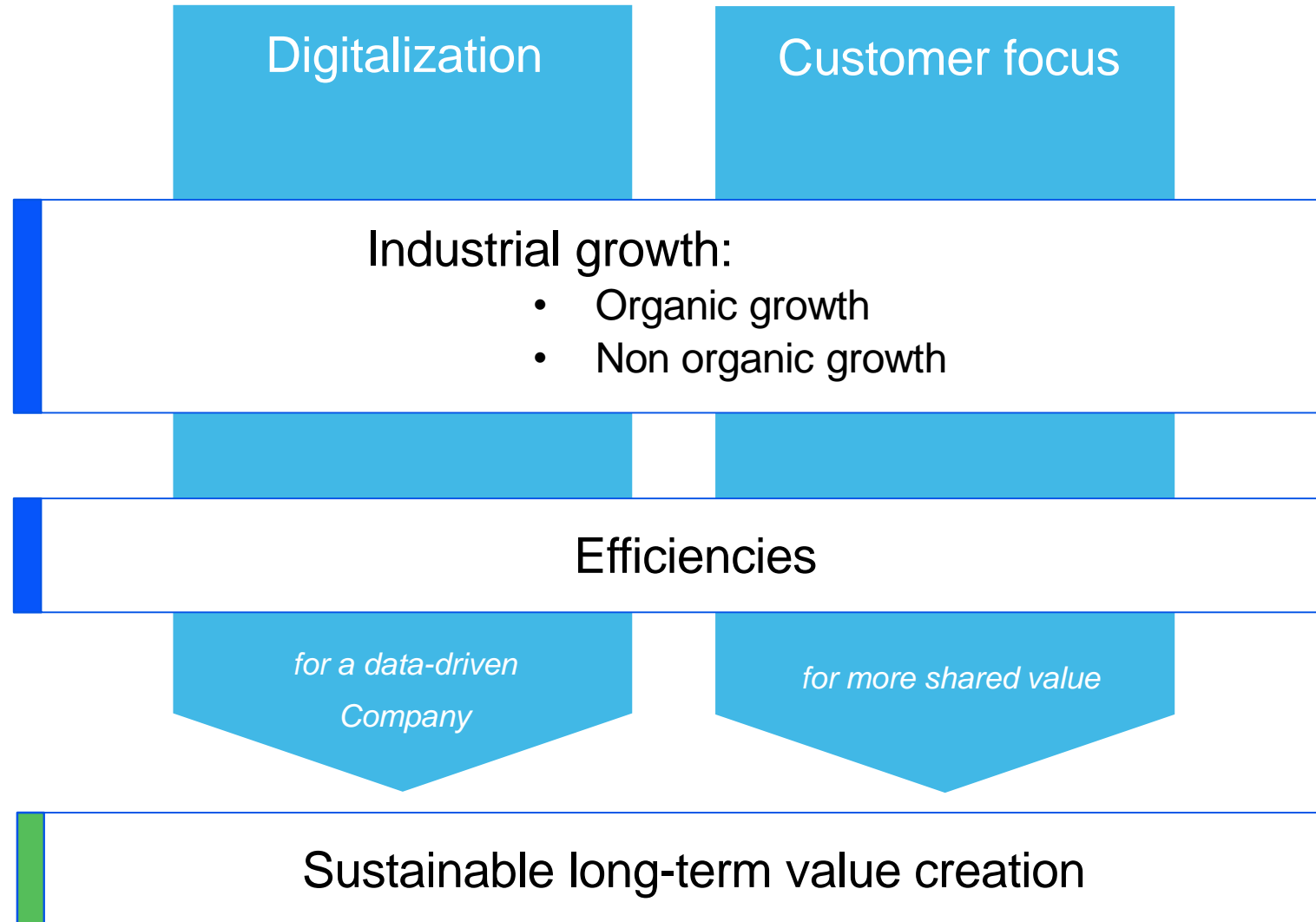


|  |   |
|--|---|
| <p>1</p> <p>Industrial growth:</p> <ul style="list-style-type: none"><li>• Organic growth</li><li>• Non organic growth</li></ul> | <ul style="list-style-type: none"><li>• <b>New regulatory framework in Dx Argentina</b> in place since February 1<sup>st</sup>, 2017</li><li>• New <b>concession agreement in Enel Dx Río</b> signed in March, 2017</li><li>• <b>+ 2.3 bnUSD on RAB</b> vs previous year (including Celg) and <b>WACC ~12%</b></li><li>• <b>Higher sales</b> volume in Gx business</li><li>• <b>+ 7% on EBITDA from Value Added Services</b> vs previous year</li></ul> |
| <p>2</p> <p>Efficiencies</p>   | <ul style="list-style-type: none"><li>• Purchases of <b>Celg</b> and <b>Volta Grande</b> in Brazil</li><li>• Purchase of an additional <b>7.5% stake in Enel Dx Perú</b> from minorities</li></ul>  |
| <p>3</p> <p>Group simplification</p>   | <ul style="list-style-type: none"><li>• Accomplished more than <b>99% of total efficiencies</b> announced in the previous plan, reaching a total amount of <b>355 mnUSD</b></li></ul>   |
| <p>4</p> <p>Sustainable long-term value creation</p>   | <ul style="list-style-type: none"><li>• Reduction in the number of subsidiaries from <b>43 to 34</b></li><li>• Push down operations in Peru and Brazil already executed</li></ul><br><ul style="list-style-type: none"><li>• Our projects have benefited a total of ~ 538 k people in 2017</li><li>• Enel Américas included for the first time in the <b>Dow Jones Sustainability Index</b> in Chile and in the <b>FTSE4Good Index</b></li></ul>        |

Progress on all strategic pillars underpinning results

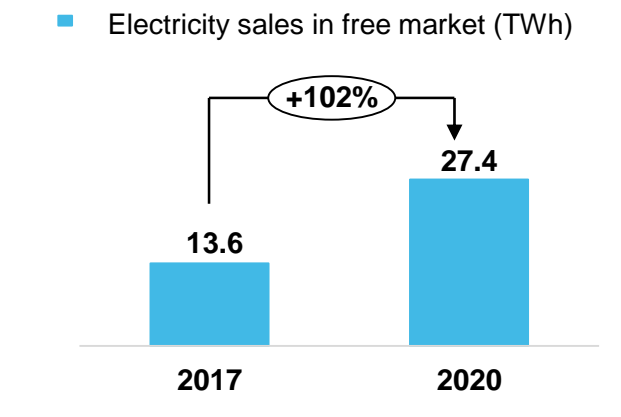
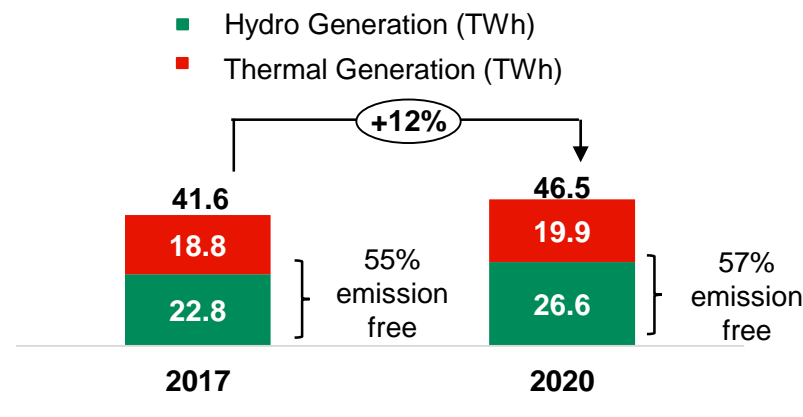
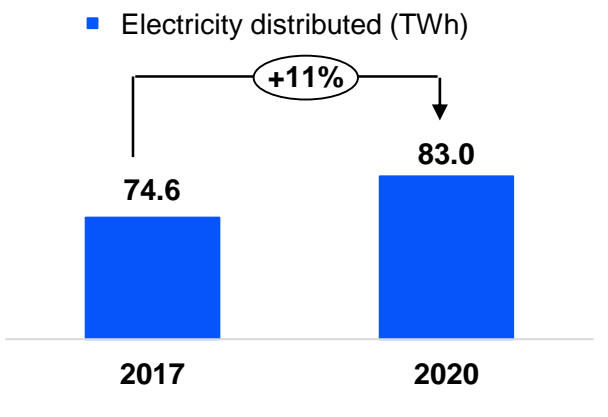
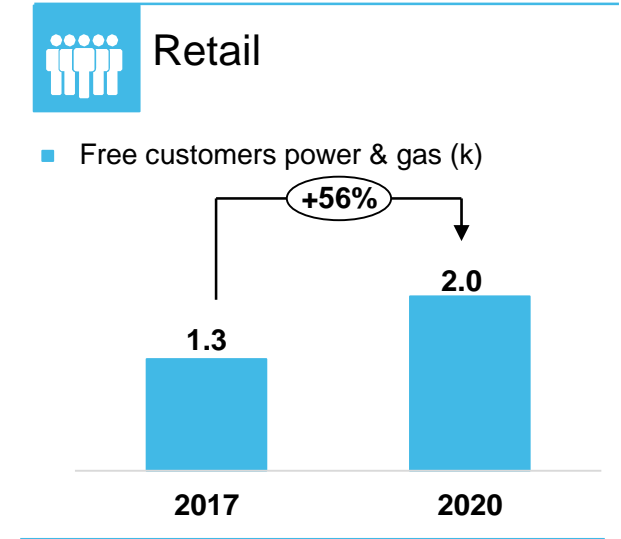
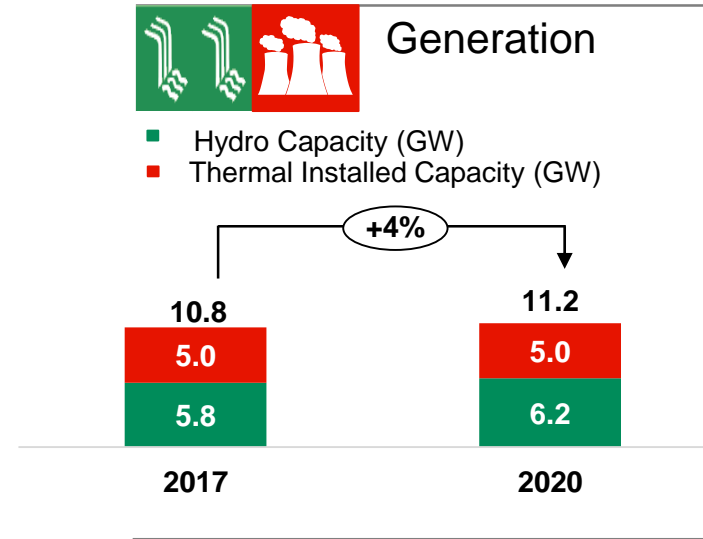
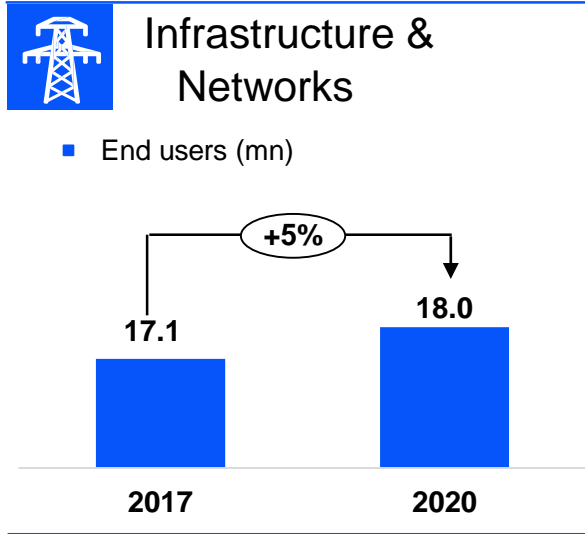
# Strategic Pillars

New plan 2018-20



# Industrial growth: Organic growth

Operational targets by business



Hydro production increases during the period  
 Solid increase in our I&N business and more than double in Free market



# Industrial growth: Organic growth

Infrastructure & Networks: Current regulatory scenario



|                                | Argentina                             | Brazil   | Colombia           | Peru               |
|--------------------------------|---------------------------------------|--|--------------------|--------------------|
| 2017 WACC<br>real before tax   | 12.5%                                 | Enel Dx Rio 11.4%<br>Enel Dx Ceará 12.3%<br>Celg 11.4%             | 13.7% <sup>1</sup> | 12.0% <sup>3</sup> |
| Regulatory cycle               | 5 years                               | Enel Dx Rio 5 years<br>Enel Dx Ceará 4 years<br>Celg 4 years       | 5 years            | 4 years            |
| Next regulatory cycle          | 2022                                  | Enel Dx Rio 2018<br>Enel Dx Ceará 2019<br>Celg 2018                | 2018               | 2018               |
| RAB <sup>2</sup> 2017E         | 2.4 bnUSD                             | Enel Dx Rio 1.6 bnUSD<br>Enel Dx Ceará 1.0 bnUSD<br>Celg 0.9 bnUSD | 2.4 bnUSD          | 1.1 bnUSD          |
| Comparison vs<br>previous plan | + 0.3 bnUSD RAB<br>+ 0.6 bnUSD EBITDA | -  | -                  | -                  |

**WACC ~ 12% average over a RAB of more than 9.3 bnUSD**

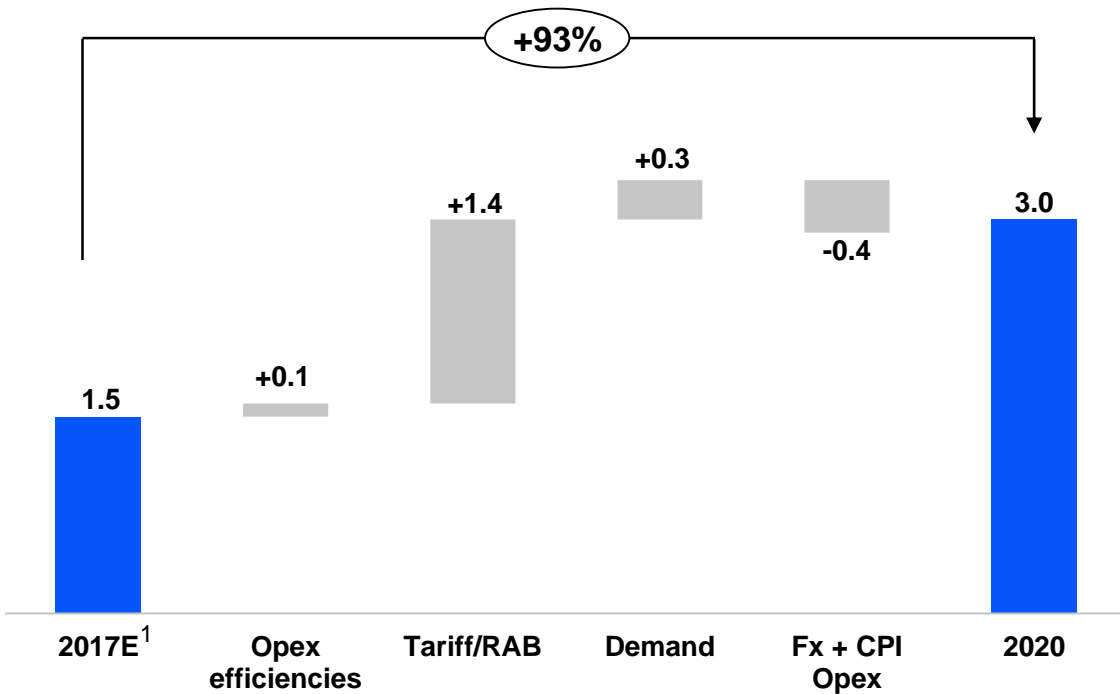
1. Average medium and high voltage.
2. Regulatory Asset Base.
3. ROA (Return On Asset).

# Industrial growth: Organic growth

Infrastructure & Networks evolution 



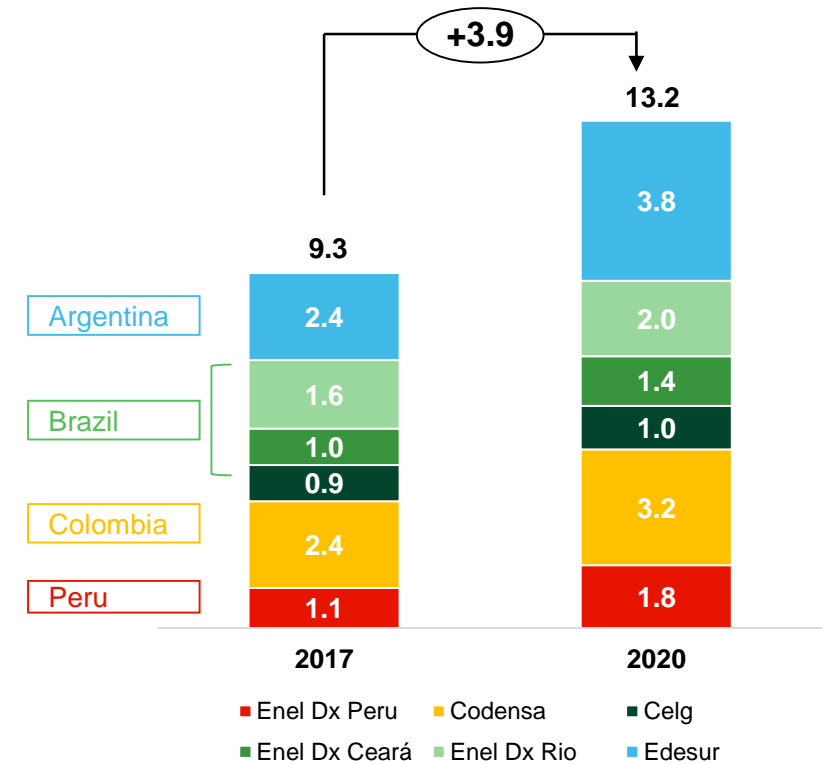
EBITDA (bnUSD)



WACC<sup>2</sup>

|           | 2017E | 2020  |
|-----------|-------|-------|
| Argentina | 12.5% | 12.5% |
| Rio       | 11.4% | 12.3% |
| Ceará     | 12.3% | 12.3% |
| Celg      | 11.4% | 12.3% |
| Colombia  | 13.7% | 12.8% |
| Peru      | 12.0% | 12.0% |

RAB (bnUSD)



**+93% of EBITDA growth and +42% of potential RAB increase**

1. Not including Services & Holding.

2. WACC: real before tax

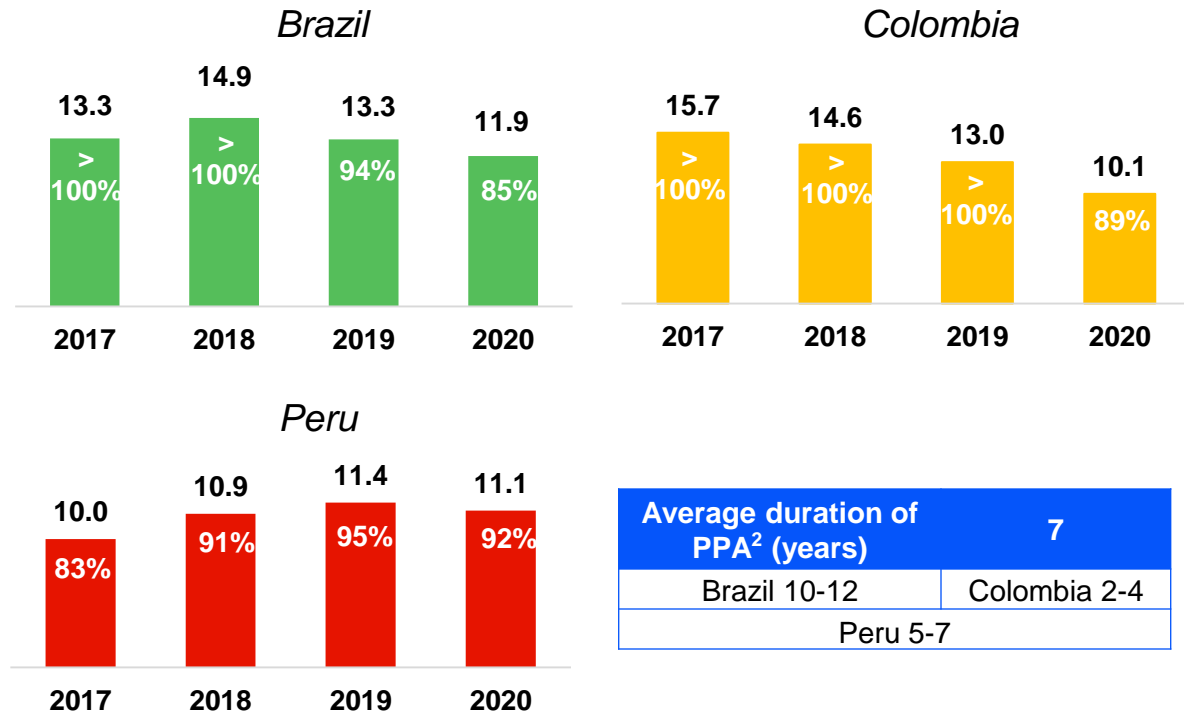
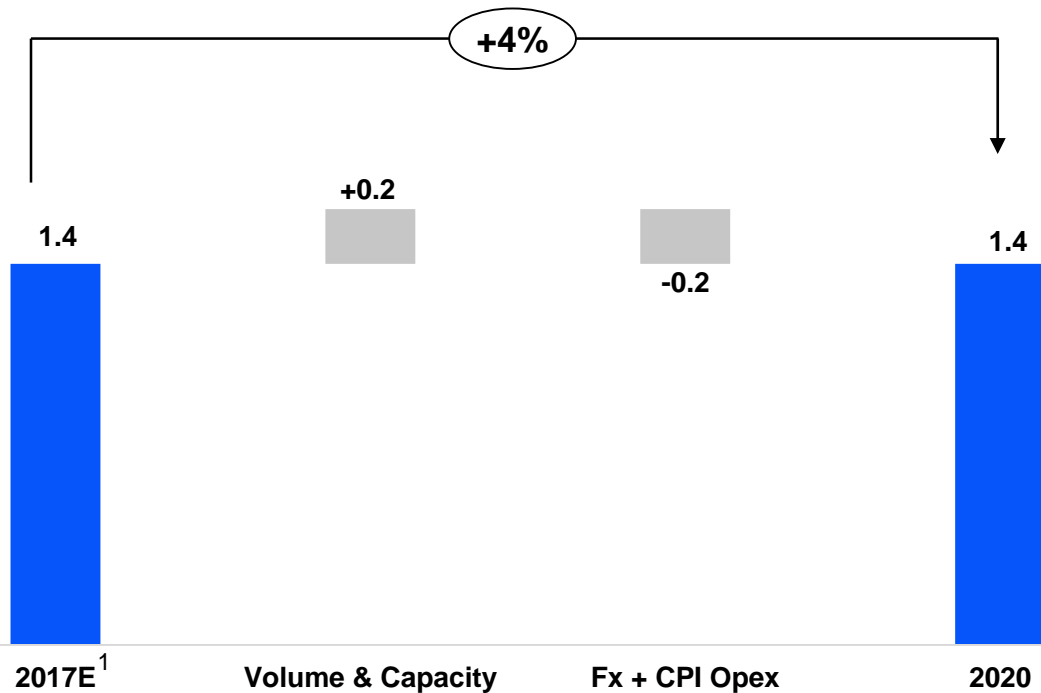
# Industrial growth: Organic growth

Generation evolution  



EBITDA (bnUSD)

Contracted Energy (TWh)



|  |              |   |
|--|--------------|---|
| Average duration of PPA <sup>2</sup> (years) |              | 7 |
| Brazil 10-12                                 | Colombia 2-4 |   |
| Peru 5-7                                     |              |   |

Securing profitability through long-term PPAs

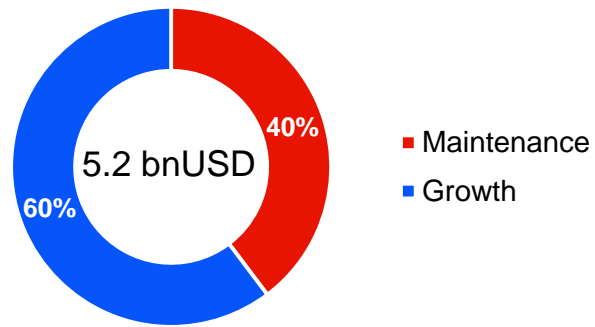
1. Not including Services & Holding  
2. Power Purchase Agreement.

# Industrial growth: Organic growth

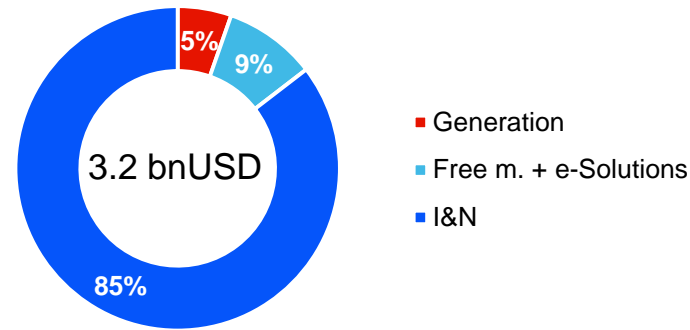
Capex plan 2018- 20



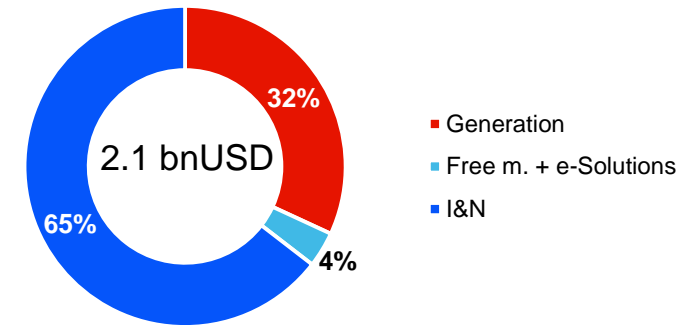
Total capex



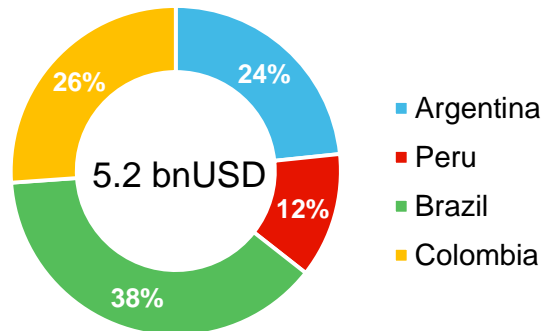
Growth capex by business



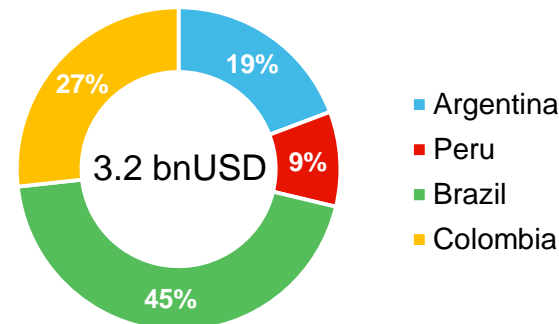
Maintenance capex by business



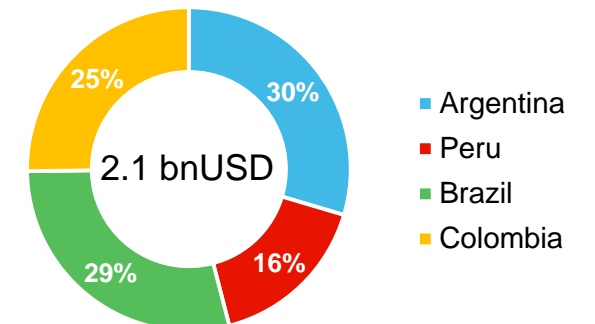
Total capex by country



Growth capex by country



Maintenance capex by country



I&N business captures almost 80% of total capex plan

# Industrial growth: Non organic growth

M&A and Minorities buy-out



In the last year, the Company has invested about **1.3 bnUSD** in acquisitions

## CELG (Dx)

**0.7 bnUSD**



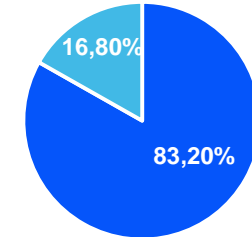
## Volta Grande (Gx)

**0.5 bnUSD**



## Minorities Enel Dx Perú (7.5%)

**0.1 bnUSD**



- Enel Américas S.A.<sup>1</sup>
- Pension Funds and others

## Key Drivers

Capacity to add value

Stable and attractive Regulation

Profitability

Operational turnaround  
Investments  
Synergies with other DisCos

High regulation OPEX

EBITDA 2020:  
0.4 bnUSD

Synergies with Cachoeira  
Dourada

Leverage energy for free  
market

Low Capex  
Limited premium on price  
paid

-

Stable Framework

Market price without  
premium

**Pursuing value creation in all acquisitions**

1. Stake in Enel Dx Peru after the 7.5% acquisition

# Industrial growth: Non organic growth

Perimeter: Celg



## Key Drivers

|                   |
|-------------------|
| EBITDA            |
| Investments       |
| RAB               |
| Customers growth  |
| Regulatory review |
| Efficiencies      |
| Energy losses     |
| Quality           |

### Target 2019 @ Bid

### New Plan 2019

### New Plan 2020

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| ~ 250 mnUSD   | 315 mnUSD                   | 371 mnUSD                   |
| 0.8 bn USD ('17-19)                                     | -                           | 0.7 bnUSD ('18-20)          |
| 0.8 bnUSD   | 1.0 bnUSD                   | 1.0 bnUSD                   |
| + 275K (+3% yearly)                                     | +265 (+4.58%)               | +368 (+6.31%)               |
| 2018  | 2018                        | 2018                        |
| Opex improvement  | -                           | ~ 100 mnUSD                 |
| 12.91%  | 11.54%                      | 11.45%                      |
| SAIDI <sup>1</sup> : 36.24 / SAIFI <sup>2</sup> : 22.24 | SAIDI: 21.25 / SAIFI: 14.61 | SAIDI: 17.38 / SAIFI: 12.33 |

Successful turnaround case

1. System Average Interruption Duration Index (Hours of interruption per year/client).  
 2. System Average Interruption Frequency Index (Times per year/client).

# Efficiencies

## Further efficiencies 2018-20



| mnUSD net of inflation and Fx changes | Previous Plan<br>2019 <sup>1</sup> | Accomplished<br>2017 <sup>1</sup> | % Accomplished<br>2017 <sup>1</sup> | New Plan<br>2020 <sup>2</sup> |
|---------------------------------------|------------------------------------|-----------------------------------|-------------------------------------|-------------------------------|
| OPEX                                  | 234                                | 236                               | 101%                                | <b>90</b>                     |
| Staff & Services                      | 59                                 | 54                                | 92%                                 | <b>12</b>                     |
| New perimeter                         | -                                  | -                                 | -                                   | <b>97<sup>3</sup></b>         |
| <b>Total operational efficiencies</b> | <b>293</b>                         | <b>290</b>                        | <b>99%</b>                          | <b>199</b>                    |
| Tax and others                        | 65                                 | 65                                | 100%                                | -                             |
| <b>Total</b>                          | <b>358</b>                         | <b>355</b>                        | <b>99%</b>                          | <b>199</b>                    |

**Efficiencies plan announced last year substantially completed.  
New Strategic Plan envisages additional efficiencies for ~ 200 mnUSD**

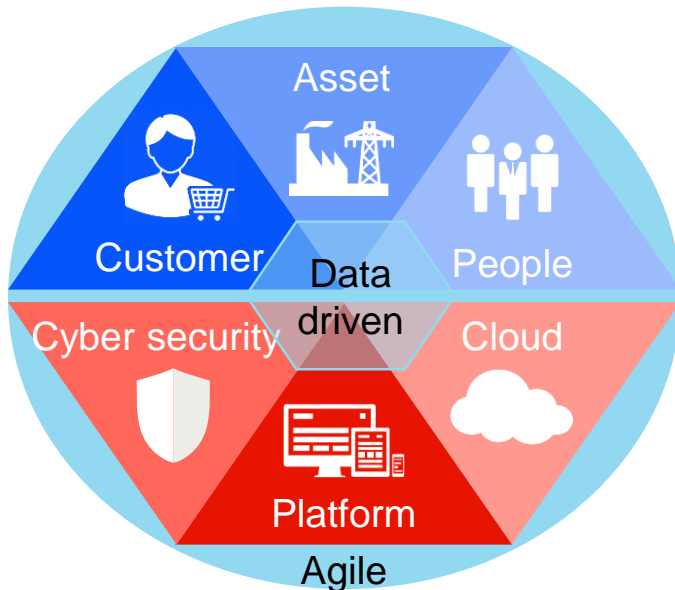
1. Base year 2015
2. Base year 2017
3. Celg efficiencies: 50 mnUSD accomplished as of 2017E.

# Digitalization

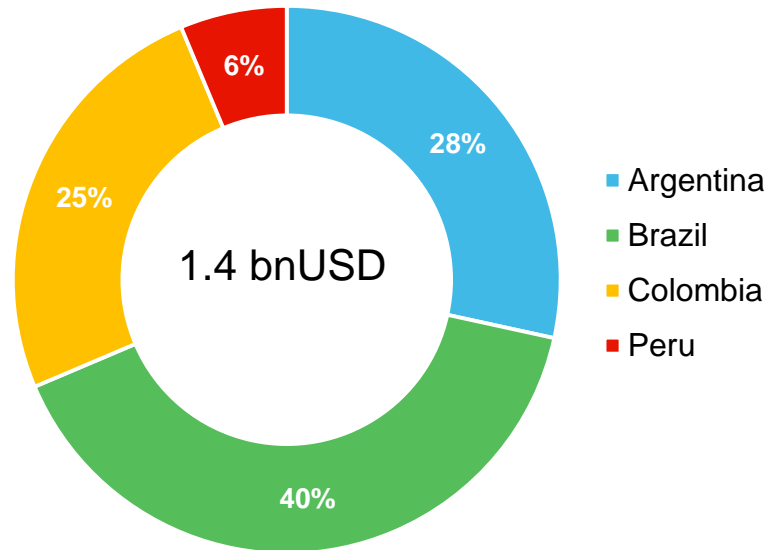
Key levers, capex and main initiatives



## Key levers for digitalization



## 2018-20 digitalization capex



## Main initiatives

-  Smart Meters  
Global Billing System  
Network Automation and Remote Control  
E4E, Data Mining, Workforce Management
-  Global Plant Operation System  
IoT for Industrial Services  
Analytics Services /Big Data
-  Data Analytics  
Customer care and Collections through Digital Channels
-  New solutions and services offer

Investments in Digitalization represent more than 40% of Enel Américas' total growth capex

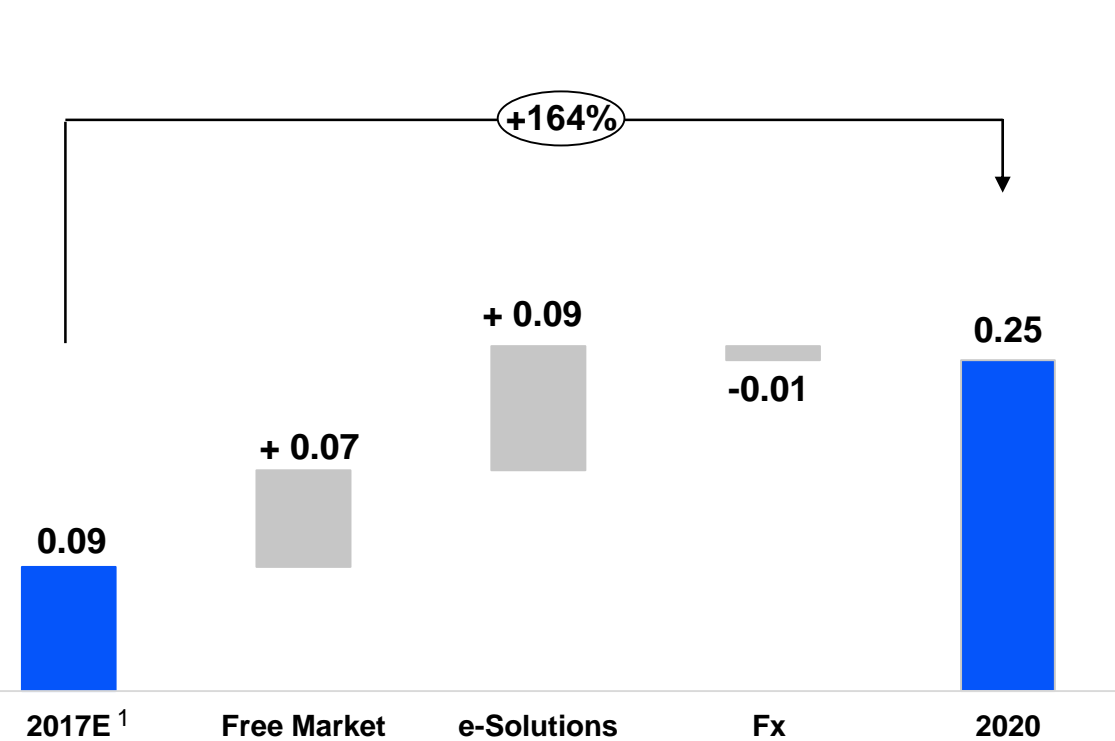


# Customer focus

Free market + e-Solutions evolution



EBITDA (bnUSD)



Enel Américas Free energy sold (TWh)

|               | From 2017E | Market share | To 2020E | Market share |
|---------------|------------|--------------|----------|--------------|
| Argentina     | 0.2        | 5%           | 5.0      | 15%          |
| Brazil        | 3.2        | 3%           | 9.7      | 7%           |
| Colombia      | 4.3        | 20%          | 5.2      | 23%          |
| Peru          | 5.9        | 24%          | 7.5      | 25%          |
|               | 13.6       |              | 27.4     |              |
| Customers (k) | 1.2        |              | 1.9      |              |

Key figures 2020

~1.9 k power customers  
~ 0.1 gas customers

EBITDA reaching 250 mnUSD by 2020 due to the new Global Business Line contribution

1. Not including Services & Holding.

# Sustainable long-term value creation

A sustainable strategy



Enel Américas

Delivery<sup>1</sup>      2017E (k)      2015-17E (k)

Main projects in SDGs<sup>2</sup> framework



92

191

### ***Pachacutec Electrotechnical Institute***

Access to education for **low-income students** training in the industrial electrotechnical career. The project is implemented in the Pachacutec Institute in Ventanilla, Lima, and results in more than **90% of students inclusion in the labor market** on a total of 200 students involved.



384

1,499

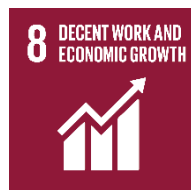
### ***Ecoenel***

Access to energy for **low-income clients** that may pay the bill by **selling recycling wastes**. Results 2017: 13,437 tons CO2 avoided, 72,724 clients involved, 5k tons wastes recycled, 300,000 USD total value for clients and consequently for the Company (avoided debt).



### ***Second opportunity***

**Recycling of industrial wastes** like pallets, cable reels, rafts are recycled for different furnitures fabrication like schools desks, resulting in a **benefit for 1,400 people**.



62

207

### ***Innovative rural economic development in El Quimbo***

Foster local economic development in the communities by **training entrepreneurs** on fund raising, marketing, management and administration. Project already count about **150 people** setting up their business of 16 already running.



Aprox. 538 k total people benefited in 2017  
SDG initiatives execution in all the countries of presence

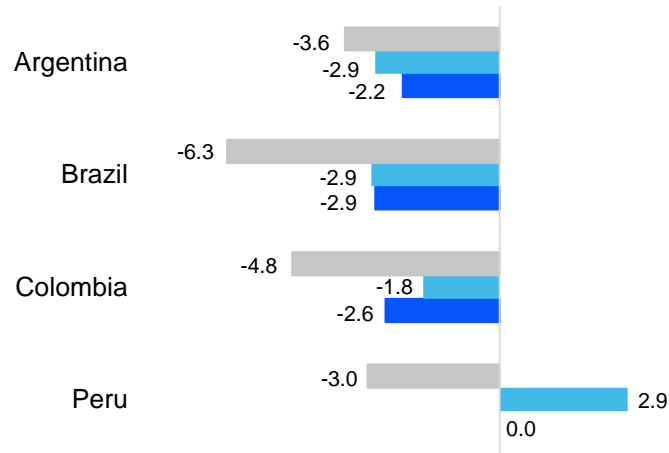
1. Number of people benefited. 2. Sustainable Development Goals.

# Macro and energy scenario

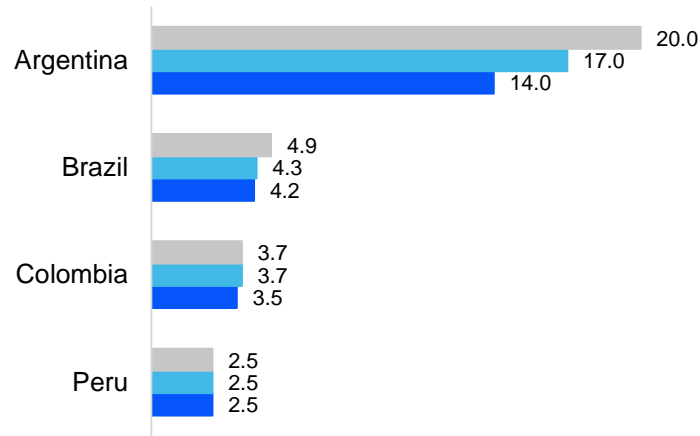
South America Region (%)<sup>1</sup>



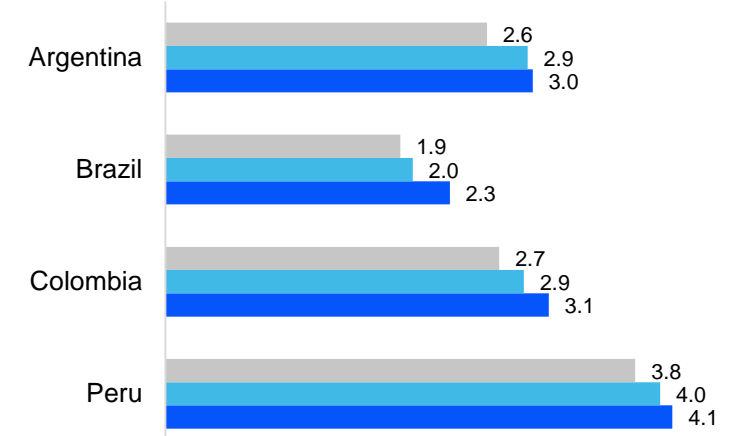
## Local currencies vs USD



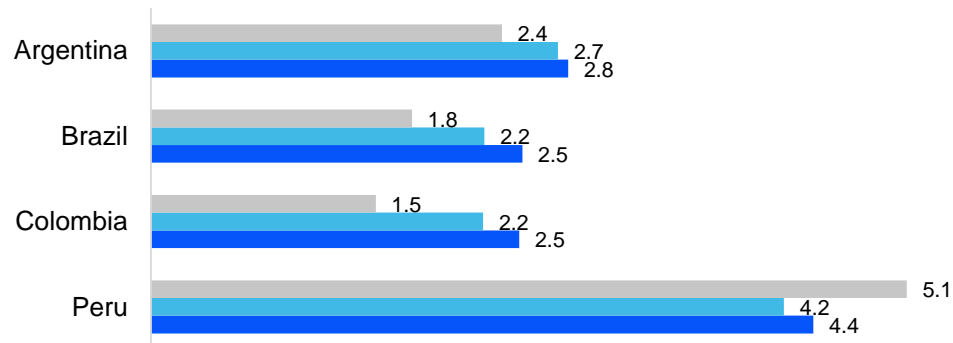
## CPI<sup>2</sup>



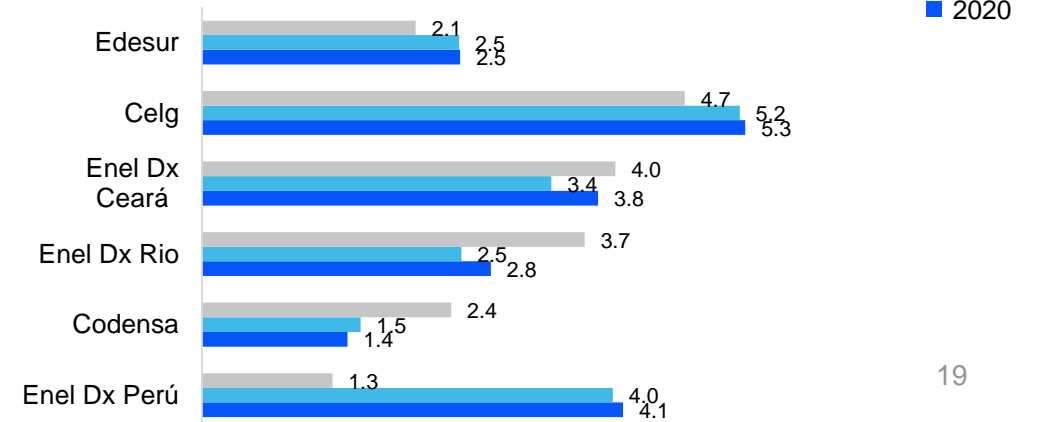
## GDP



## Energy demand



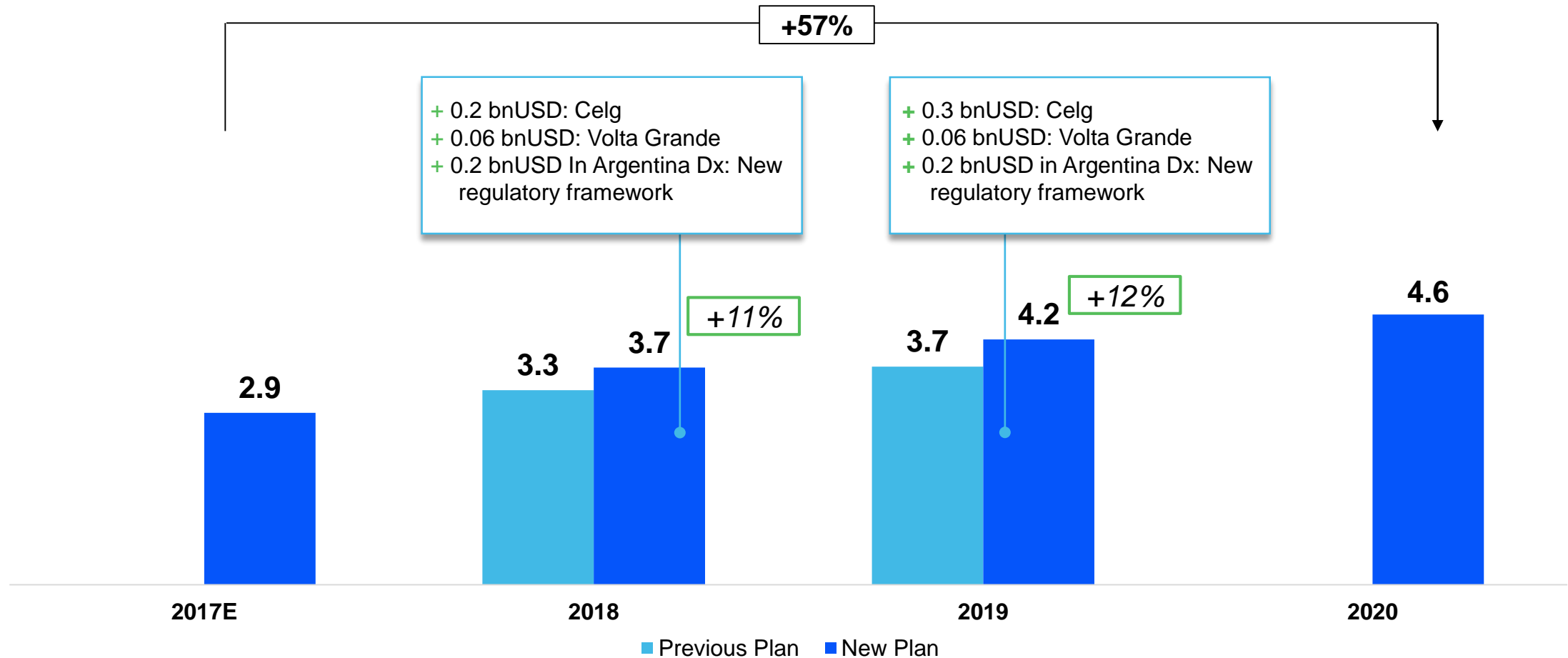
## Enel Américas distributed energy



1. Versus previous year.  
2. Consumer Prices Index.

# Financial targets

EBITDA (bnUSD): Guidance vs previous Strategic Plan



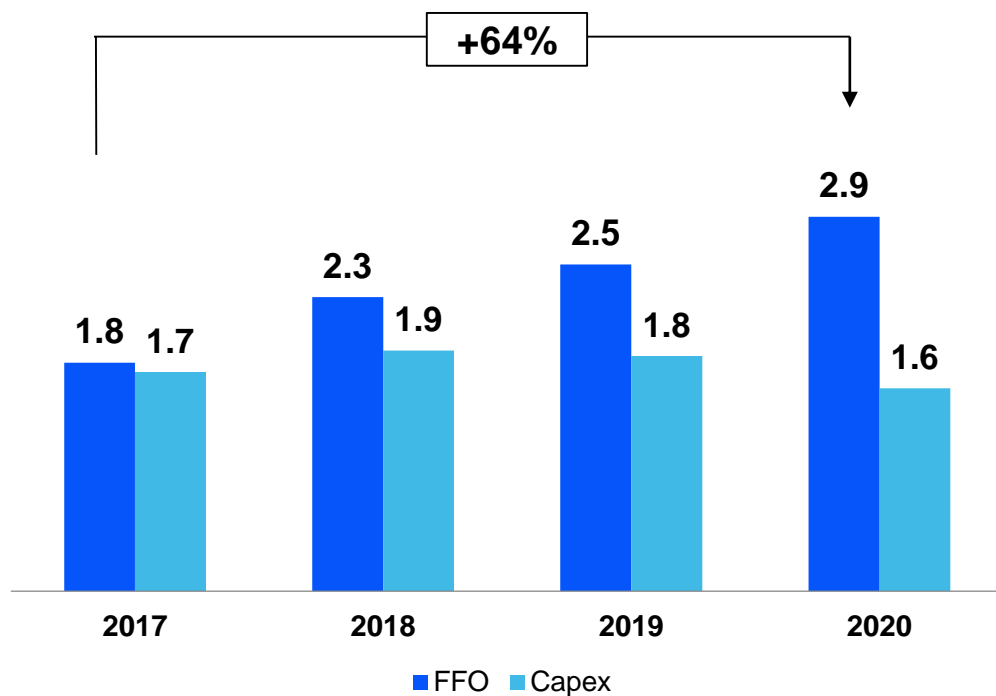
Recent acquisitions in Brazil and new framework in Dx Argentina allow to improve our previous estimations

# Financial targets

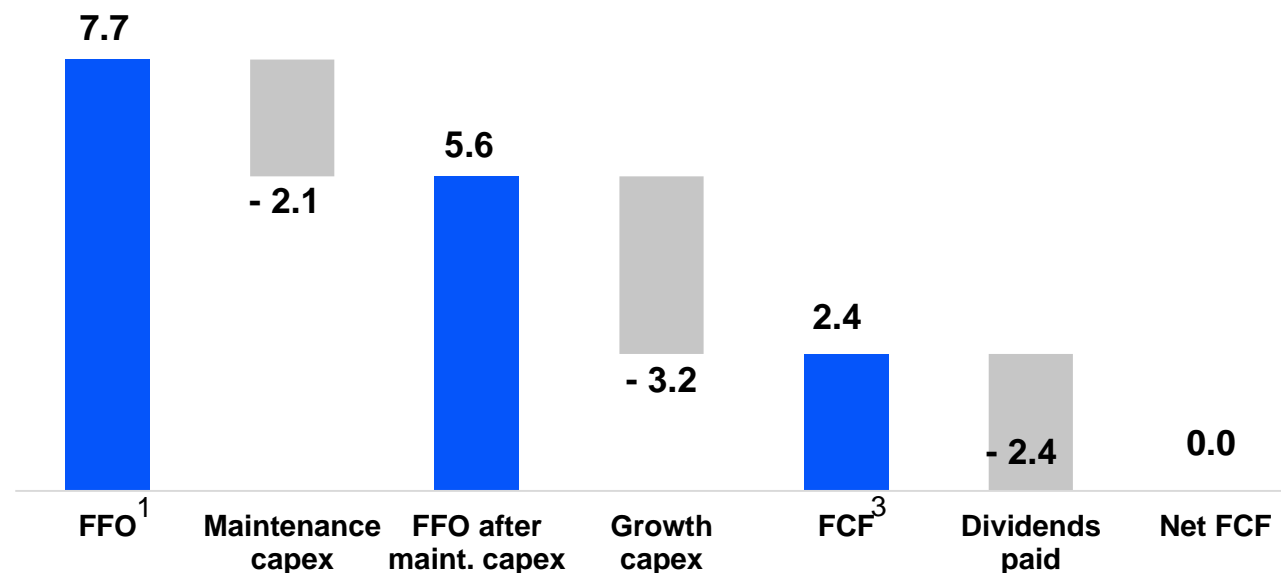
FFO<sup>1</sup>, Capex and Cash flow 2018-20



FFO and Capex (bnUSD)



2018-20 Cash flow generation (bnUSD)<sup>2</sup>

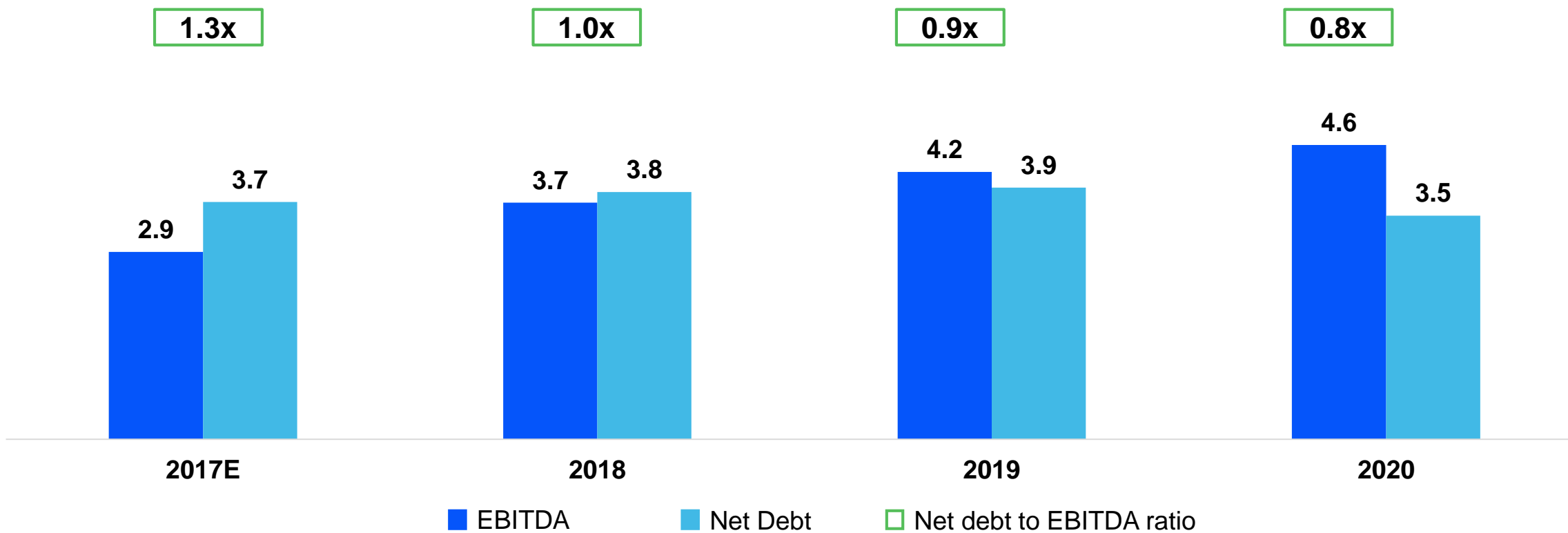


Solid cash flow generation

1. Funds From Operations. 2. Opportunities in M&A and minorities buy-out not included. 3. Free Cash Flow.

# Financial targets

Net debt evolution (bnUSD)



Low ratio net debt to EBITDA leaves room to additional growth

# Financial targets

Guidance 2018-20 (bnUSD)



|                               | Previous Plan |      | New Plan |      |      | New Plan vs Previous Plan |
|-------------------------------|---------------|------|----------|------|------|---------------------------|
|                               | 2018          | 2019 | 2018     | 2019 | 2020 |                           |
| <b>EBITDA</b>                 | 3.3           | 3.7  | 3.7      | 4.2  | 4.6  | +12.9%                    |
| <b>Capex</b>                  | 1.5           | 1.4  | 1.9      | 1.8  | 1.6  | +27.6%                    |
| <b>Net Income<sup>1</sup></b> | 1.1           | 1.3  | 1.4      | 1.4  | 1.6  | +16.7%                    |
| <b>Dividend Policy</b>        | 50%           |      | 50%      |      |      |                           |

**Substantial Net Income growth ensures remuneration to our shareholders**

1. Attributable Net Income to the controller shareholders.

# Closing remarks



1

Execution on all strategic pillars allows us to raise targets

2

Consolidation of regulatory scenarios will ensure accelerated growth

3

Digitalization and customer focus enablers of our strategy

4

Upgrade of financial targets

5

Capital structure leaves room to continue growing through M&A and Minorities buy-out

6

Sustainable long-term business model to deliver shared value to our stakeholders



# Disclaimer



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Forward looking statements include, but are not limited to, information regarding: Enel Américas' business plans, Enel Américas' cost reduction plans, trends affecting Enel Américas' 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 Américas' 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.

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# Strategic Plan 2018-20

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