



# **Amendment Covenants Bond series B2 Enel Américas**

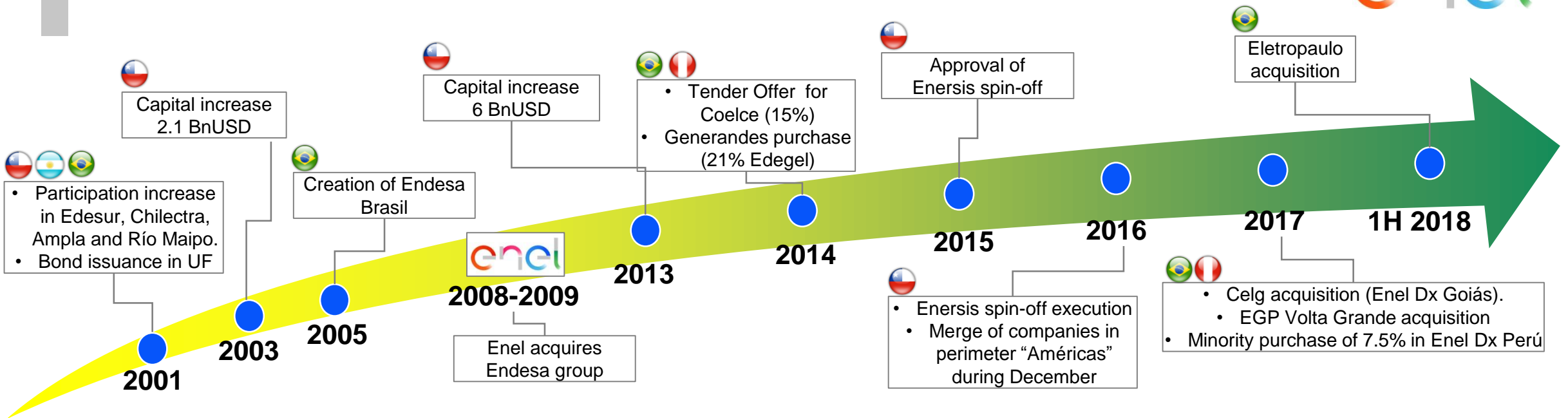




# Enel Américas: Growth and present

enel

# Enel Américas growth



## KPIs Evolution

	2001	1H2018	Var %
Market Cap (BnUSD)	2.2	10.1	360%
Total assets (BnUSD)	18.9	26.2	39%
EBITDA (BnUSD)	1.8	3.2	73%
Clients Dx (mn)	10	24	140%

- Economic group with diversified business profile (geography and business lines), with a successful process of expansion and **significant change of perimeter**
- Enel Américas is the largest private electricity company in Latin America
- Expansion based on the distribution business, providing guaranteed returns with low risk
- Investments for more than 3.6 BUSD in the period 2013-2018
- Focus on expansion in Brazil, as seen in the latest acquisitions, and minority purchase in Peru

Note: Information of year 2001 corresponds to Enersis S.A. (cons.) – currently Enel Américas S.A., which incorporated the assets in Gx and Dx in Chile. Information of year 2018 corresponds to Enel Américas S.A. (cons).

EBITDA 1H2018 corresponds to the last 12 months. At the time of Enersis spin-off, the installed capacity in Chile was 6,351 MW and had 1.8 mn of clients.

Source: Enersis/Enel Américas Financial Statetments, Significant events, public information related to "Carter II Project".

# 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 14,765 GWh  
 Sales 18,156 GWh  
 27% Market Share in Sales

### Distribution

3.3 million clients  
 Sales 13,790 GWh  
 22% Market Share Dx

## Peru

### Generation

1,979 MW  
 16% Market Share in Installed capacity  
 Net Production 7,430 GWh  
 Sales 10,457 GWh  
 15% Market Share in Sales

### Distribution

1.4 million clients  
 Sales Dx 7,934 GWh  
 30% Market Share Dx

### Total Generation

Installed capacity: 11,219 MW  
 Energy sales: 56,051 GWh



## Brazil

### Generation

1,354 MW  
 1% Market Share in Installed capacity  
 Net Production 4,034 GWh  
 Sales 12.587 GWh  
 3% Market Share in Sales

### Distribution

10.0 million clients + 7.1 Eletropaulo clients  
 Sales Dx 34,876 GWh + 42,982 Eletropaulo distributed energy  
 9% Market Share Dx ~ 20% including Eletropaulo

### Transmission

2,100 MW transmission lines

## Argentina

### Generation

4,419 MW  
 13% Market Share in Installed capacity  
 Net Production 14,825 GWh  
 Sales 14,857 GWh  
 11% Market Share in Sales

### Distribution

2.5 million clients  
 Sales Dx 17,736 GWh  
 17% Market Share Dx

### Total Distribution

Clients: 17.2 million 24.3 million including Eletropaulo  
 Energy sales: 74,337 GWh ~ 120 TWh including Eletropaulo

# Local Bond B2

# Local Bond B2

## Main characteristics



Issuer	Enel Américas S.A. (formerly Enersis S.A.)
Ticker	BENER-B2
Inscription	N° 269 September 2001
Outstanding balance	UF 655,877
Rating risk	AA(c) Fitch / AA Humphreys / AA- Feller Rate
Currency	UF
Coupon	5.75%
Structure	Depreciable / semi-annual interest payments
Maturity	June 15 <sup>th</sup> , 2022
Prepayment	Does not apply
Financial Covenants	<ul style="list-style-type: none"><li>• Total Liabilities/Equity <math>\leq</math> 2.24</li><li>• Assets in guarantee <math>&gt;</math> 1</li><li>• Minimum equity</li></ul>

# Local Bond L2

## Financial context and impacts of non-compliance of the *covenant*



### Financial context

- Enel Américas S.A. (individual) has a financial debt of 978 MUSD, from which 27 MUSD corresponds to a local bond issued on the year 2001 by Enersis S.A. with maturity in 2022.
- As of June 2018 the company breached the covenant "debt ratio", calculated as Total Liabilities / Equity, reaching 2.34 times vs. the limit established of 2.44.
- The breach is due to the purchase and consolidation of Eletropaulo, considering new debt for the acquisition and Eletropaulo's debt. The main effects were i) the incorporation of the total liabilities of Eletropaulo for 4 BnUSD approx. and ii) new financial debt in Enel Brasil and Enel Sudeste for 2.5 BnUSD approx.
- The placement of the Bond Series B2 was carried out at the end of 2001, an exercise that was affected by a slowdown in the markets of Latin America and global instability after the attack on the twin towers in USA. The funds were used to partially repurchase Yankee Bonds for 100 MUSD.

### Impacts on Enel Américas

- No "cross defaults" are triggered by the breach. Threshold for Yankee Bonds and international line in USD is 150 MUSD.
- Bond reclassified as short-term financial debt.
- The breach was announced in notes to the Financial Statements of 1H 2018, published on July 27.
- Enel Américas has been in contact with CMF (Comisión para el Mercado Financiero), trustee (Santander) and bondholders.
- Bci Asesoría Financiera was hired to advise Enel Américas in the process of informing the holders of the Bond series B2, coordination and negotiation of the solution to amend the breach, to present at the Bondholders Meeting.

# Local Bond B2

## Additional considerations



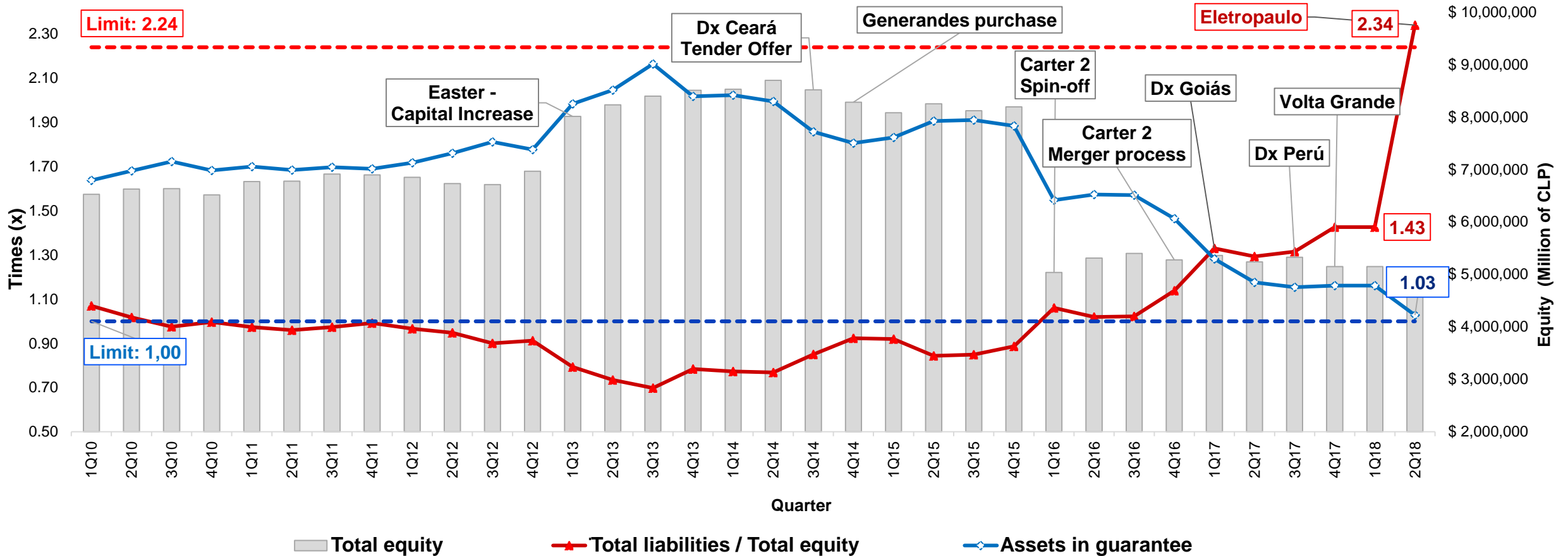
### Additional information

- After the Eletropaulo acquisition, the rating agencies Feller Rate and Fitch have confirmed the rating of Enel Américas, maintaining the Investment Grade, due to not considering the breach as a risk of “downgrade”.
- The covenant “Assets in guarantee” is currently in the limit (1.03x vs 1.00x), so there is risk of an additional breach.
- The issue does not contemplate Enel Américas' option to prepayment in full or in part.
- In case of default by the borrower and subject to a quorum greater than 50% in the Bondholders' Meeting, the bondholders may demand the total prepayment of the non-amortized principal of the bond and the interest accrued as of the date of payment (at par).



# Local Bond B2

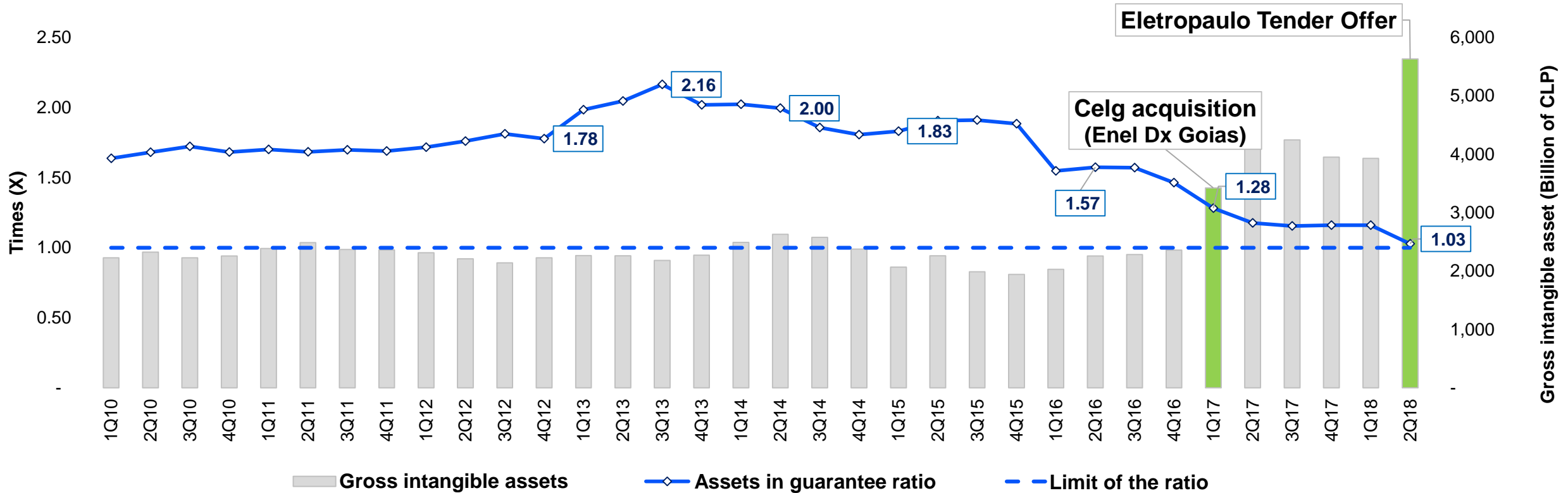
## Covenants evolution regarding perimeter changes



Note: It considers 2010-2018 period, after the IFRS adoption on 2010, when the current limits were defined.

# Local Bond B2

Covenant explanation: Assets in guarantee



## Additional data

- Correlation coefficient between intangible assets and assets in guarantee ratio is -0.8.
- The addition of the distribution companies in Brazil, and their respective increases in asset by capex, directly impact the increase in intangible assets due to IFRIC 12.

Note: It considers 2010-2018 period, after the IFRS adoption on 2010, when the current limits were defined.



# The operation

# The operation

## Objective and proposal



### Objective

- Enel Américas S.A. seeks to carry out a liability Management of the bond series B2, in order to standardize its contractual conditions with those present in its Yankee Bonds and committed lines, which do not contemplate any financial covenants. This, according to its status as an Investment Grade Company.
- The foregoing, given that current financial covenants of the bond series B2 are the only ones that Enel Américas presents and are no longer consistent with the reality of the Company in terms of size and business mix, and with the conditions required of the Company at international level.
- Furthermore, these financial covenants have been affected by financial provision rules, as is the case of intangible assets in IFRIC 12, so these covenants do not reflect the financial risks they originally intended to cover.

### Proposal

- To submit a vote to the Bondholders in the Extraordinary Meeting, the elimination of the financial covenants of i) Leverage ratio and ii) assets in guarantee.

# The operation

## Considerations



- ✓ The size of the Company changed and became a regional investment platform, with financing of global origin.
- ✓ The Company has multiple financing options and has to standardize the covenants and restrictions of its debt.
- ✓ Higher participation in the distribution business, this business has flows more stable than the generation business.
- ✓ Current covenants are not aligned with the evolution and growth of the Company.
- ✓ Quantitative covenants are affected by financial reporting standards (IFRS – IFRIC 12) and do not represent safeguards to investors.
- ✓ Elimination of covenants does not affect the Company's rating, given that Risk Rating Agencies do not perceive any deterioration in the financial position of Enel Américas.

# The operation

## Tentative calendar



August						
Mo	Tu	We	Th	Fr	Sa	Su
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September						
Mo	Tu	We	Th	Fr	Sa	Su
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October						
Mo	Tu	We	Th	Fr	Sa	Su
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**August 29<sup>th</sup>**

Enel Américas' Board of Directors

**August 29<sup>th</sup>– September 7<sup>th</sup>**

Roadshow with investors

**October 18<sup>th</sup>**

Bondholders' Meeting (Series B2 Bond)

# Contact



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Associate

# Annexes



# Annex | Local Bond B2

## Description and calculation of financial covenants



### Leverage ratio

The Leverage ratio, defined as the Total Liability to Net Equity, must be maintained less than or equal to 2.24. The Total Liability is the sum between the total current and the total non-current liabilities, while the Net Equity is the sum between the net equity attributable to the shareholders of the Company and Equity attributable to Minority interest.

### Assets in guarantee ratio

The Assets in Guarantee ratio is calculated dividing the Unsecured Assets by the Unsecured Liabilities, and it must be equal or higher to 1. The Total Unsecured Assets correspond to the difference between the Total Assets non-guaranteed and the Secured Assets. Total Assets non-guaranteed consider the Total Assets (current and non-current), less the sum of the following accounts: cash and cash equivalents, cash balance in banks, current accounts receivables from related parties, anticipated payments (current), non-current accounts receivables from related parties, identifiable intangible assets (gross). The Total Secured Assets correspond to assets committed through direct guarantees. The Total Unsecured Liabilities correspond to the sum between the total current liabilities and the total non-current liabilities, less the secured liabilities committed through direct guarantees.

### Minimum equity

A Minimum Equity of CH\$ 660,260 must be maintained, a limit that is updated at the end of each year, as established in the contract. Equity is the sum between Net Equity attributable to the Shareholders of the Company and Equity attributable to Minority interest.

# Annex | Enel Américas' financial background

Consolidated as of June, 2018<sup>1</sup>



	Full Year			Half Year		
	2017	2016	%	1H 18	1H 17	%
Revenues	<b>10,540</b>	7,686	37.1%	<b>5,948</b>	4,891	21.6%
EBITDA	<b>2,947</b>	2,430	21.3%	<b>1,652</b>	1,385	19.3%
Total Net Income	<b>1,127</b>	1,015	11.0%	<b>660</b>	374	76.7%
Current Assets	<b>4,545</b>	4,776	-4.8%	<b>6,855</b>	3,766	82.0%
Cash and cash equivalents	<b>1,473</b>	2,689	-45.2%	<b>2,376</b>	1,272	86.8%
Non-Current Assets	<b>15,624</b>	12,075	29.4%	<b>19,365</b>	14,311	35.3%
Property, plant and equipment	<b>8,092</b>	7,693	5.2%	<b>7,851</b>	7,775	1.0%
Intangible assets	<b>3,682</b>	1,810	103.4%	<b>4,485</b>	3,569	25.6%
Current Liabilities	<b>4,934</b>	3,822	29.1%	<b>8,264</b>	3,956	108.9%
Other current financial liabilities	<b>690</b>	754	-8.5%	<b>2,967</b>	660	349.8%
Non-Current Liabilities	<b>6,956</b>	5,149	35.1%	<b>10,106</b>	10,194	-0.9%
Other non-current financial liabilities	<b>4,350</b>	3,580	21.5%	<b>6,224</b>	3,764	65.4%
Equity	8,279	7,880	5.1%	7,849	7,883	-0.4%



1. Consolidated Financial Statements of Enel Américas.

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