

# **Enersis**

## **1Q 2014 results**

06/05/2014

**enersis**



# Consolidated results 1Q 2014

## Highlights

**The group is moving: successful progress on investments in Coelce's tender offer, Gas Atacama acquisition, Edegel minorities and Los Condores hydro project.**

**EBITDA totaled US\$ 750 mn, 4.6% less than the first quarter of 2013, in spite of the negative impact of Bocamina II coal plant in Chile and higher distribution costs in Argentina, which were offset by the positive effects on Colombia, Peru and Brazil**

**Net income attributable to shareholders reached US\$ 140 mn, 8.7% less than last year and already represents about 64% of total net income (vs. 43% last year)**

**During 1Q14 the distribution business added 94,000 new clients to the business with an average demand growth of 4.6%**

**Organic growth and new capacity in the short-term: El Quimbo (Hydro +400 MW), Salaco (Hydro +145 MW)**

**~ 140 USD mn negative one-off effects impacting EBITDA**

# Enersis recent announcements

**Voluntary Tender offer for the 100% of free float**



**Distribution - Brazil**

- Results:** 15% incremental stake. Enersis totaled 74%.
- Price:** R\$ 49 per share.
- Premium:** +20.1% compared to VWAP last 30 trading days.
- Closing date:** February 17, 2014. Still open for the Ordinary Series until May 16<sup>th</sup>, 2014.
- FY 13 EBITDA: US\$ 231 Mn
- FY 13 Net Income: US\$ 84 Mn
- PER 13: 20.89 x
- EV/EBITDA 13: 10.34 x

**Investment: US\$ 242 mn**

**Acquisition of 50% by Endesa Chile**



**Generation - Chile**

- Results:** Endesa Chile became controller of GasAtacama.
- Price:** US\$ 309 mm for the 50% of GAT complex.
- Closing date:** April 22<sup>nd</sup>, 2014
- FY 13 EBITDA: US\$ 114 Mn
- FY 13 Net Income: US\$ 69 Mn
- PER 13: 4.9x
- EV/EBITDA 13: 3.5x

**Investment: US\$ 309 mn**

**Purchase of 21.14% Inkia**



**Generation - Peru**

- Results:** Enersis signed SPA<sup>1</sup> with Inkia for the 21.14% of Edegel. After the closing, Enersis will increase its economic participation from 37,5% to 59%
- Price:** US\$ 413 mm for the package
- Discount:** 9% over current market cap<sup>2</sup>.
- Closing date:** Subject to approval by the Peruvian antitrust entity INDECOPI.
- FY 13 EBITDA: US\$ 279 Mn
- FY 13 Net Income: US\$ 162 Mn
- PER 13: 11.6x
- EV/EBITDA 13: 6.6x

**Investment: US\$ 413 mn**

**Los Condores Hydro Project**



**Generation - Chile**

- Results:** Los Cóndores project is 100% owned by Endesa Chile.
- Investments:** 661 Mn US\$
- Capacity:** 150 MW
- Production:** 642 GWh yearly
- Closing Date:** end of 2018
- The project is expected to lower the average energy price of the SIC market in 5 US\$/MWh aprox.

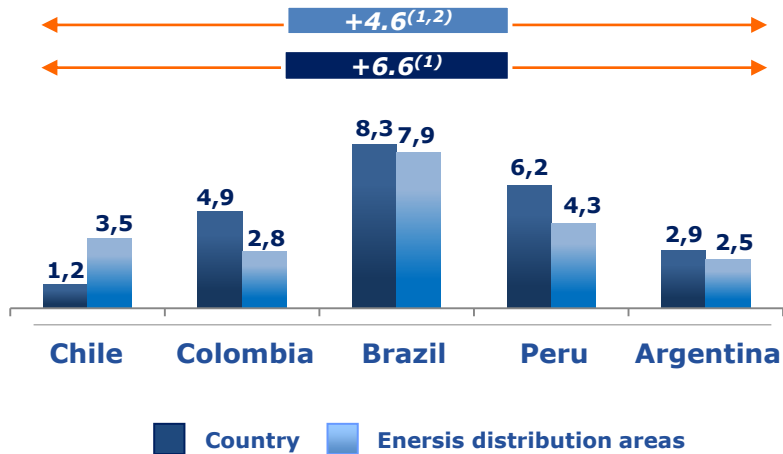
**Investment: US\$ 661 mn**

1 Shares purchase agreement  
 2 Market cap as of April 21<sup>st</sup>, 2014  
 3. Ratios, Source: Bloomberg

# Consolidated results 1Q 2014

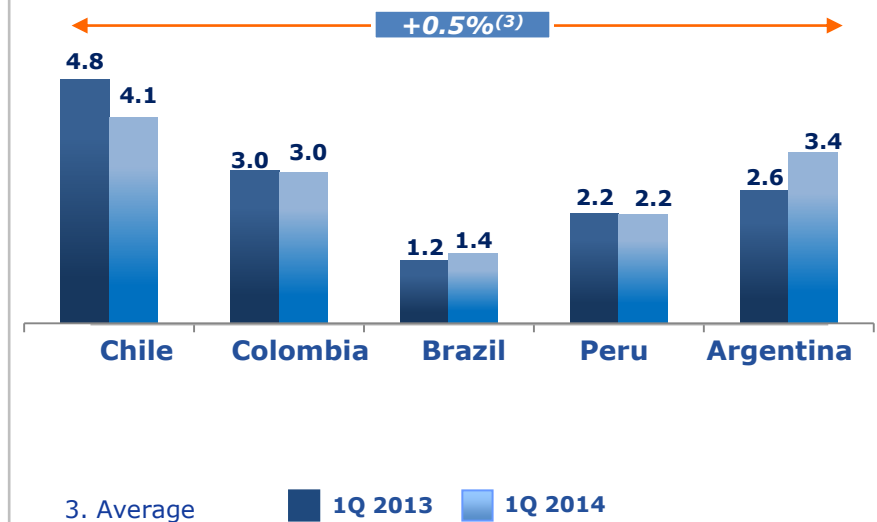
## Business context in 1Q 2014

### Sales to final clients (%)



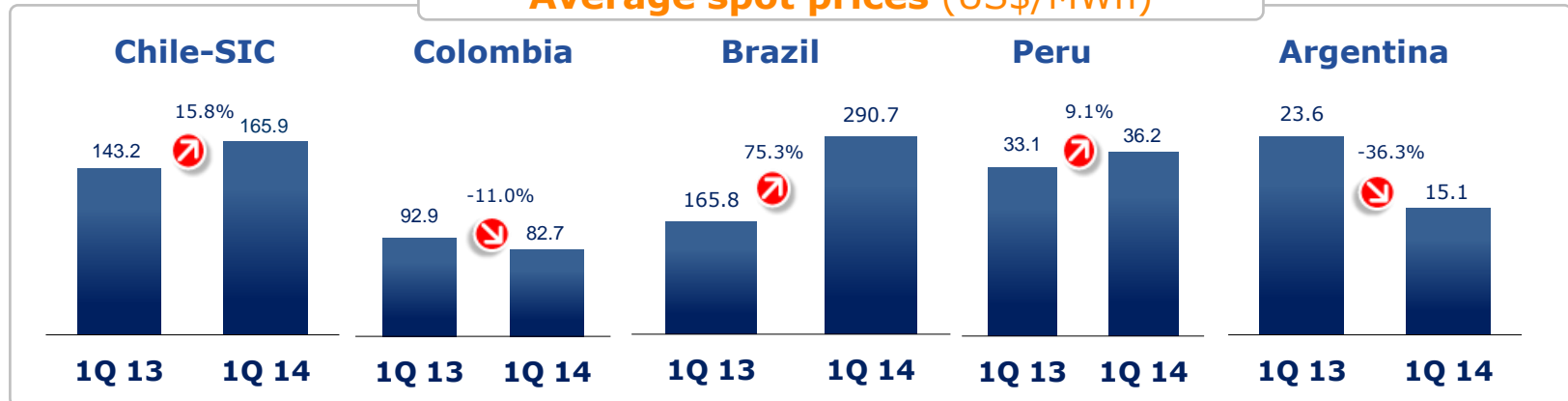
1. Average growth weighted by TWh (not adjusted)  
 2. Sales to final clients. Tolls and unbilled consumption not included (net of losses)

### Generation Output (TWh)



(1) Average growth weighted by production

### Average spot prices (US\$/MWh)



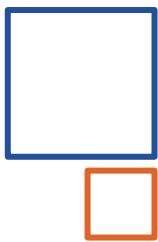
# Consolidated results 1Q 2014

## Financial highlights

Ch\$ Million <sup>(1)</sup>	1Q 2014	1Q 2013	Change (%)	1Q 2014 Mn US\$
<b>Revenues</b>	<b>1,608,614</b>	<b>1,456,669</b>	<b>10.4%</b>	<b>2,915</b>
<b>Costs</b>	<b>-1,194,720</b>	<b>-1,022,628</b>	<b>16.8%</b>	<b>-2,165</b>
<b>EBITDA</b>	<b>413,894</b>	<b>434,041</b>	<b>-4.6%</b>	<b>750</b>
<b>EBIT</b>	<b>295,037</b>	<b>325,515</b>	<b>-9.4%</b>	<b>535</b>
<b>Net income</b>	<b>120,195</b>	<b>195,351</b>	<b>-38.5%</b>	<b>218</b>
<b>Attributable to shareholders of Enersis</b>	<b>76,811</b>	<b>84,159</b>	<b>-8.7%</b>	<b>139</b>
<b>Net Debt<sup>(2)</sup></b>	<b>1,758,435</b>	<b>1,307,850</b>	<b>34.5%</b>	<b>3,190</b>

1 Under IFRS, Enersis has adopted the Chilean peso as the functional currency. Comparisons between periods are made using Chilean pesos. The average exchange rate for the period January – March 2014 was 551.91 CLP/USD, and the exchange rate as of March 31, 2014 was 551.18 CLP/USD.

2 Cash and Cash Equivalents considers in addition "Other current financial assets" ("Inversiones mantenidas hasta el vencimiento" + "Activos financieros a valor razonable con cambio en resultados"), linked to investments in financial instruments with maturity greater than 90 days. Refer to Note 7 of the financial statements for further disclosure.



# Consolidated results 1Q 2014

From EBIT to net income

Ch\$ Million <sup>(1)</sup>	1Q 2014	1Q 2013	Change (%)	1Q 2014 Mn US\$
<b>EBIT</b>	<b>295,037</b>	<b>325,515</b>	<b>-9.4%</b>	<b>535</b>
<b>Net Financial Expense</b>	<b>-61,360</b>	<b>-57,492</b>	<b>6.7%</b>	<b>-111</b>
<b>Interest Expense</b>	<b>-100,270</b>	<b>-100,747</b>	<b>-0.5%</b>	<b>-182</b>
<b>Other</b>	<b>73,928</b>	<b>43,423</b>	<b>70.3%</b>	<b>134</b>
<b>Net Income from Equity Investments</b>	<b>6,971</b>	<b>6,596</b>	<b>5.7%</b>	<b>13</b>
<b>EBT</b>	<b>245,471</b>	<b>277,601</b>	<b>-11.6%</b>	<b>445</b>
<b>Income Tax</b>	<b>-125,276</b>	<b>-82,249</b>	<b>52.3%</b>	<b>-227</b>
<b>Net Income</b>	<b>120,195</b>	<b>195,351</b>	<b>-38.5%</b>	<b>218</b>
<b>Attributable to non-controlling interests</b>	<b>43,384</b>	<b>111,192</b>	<b>-61.0%</b>	<b>79</b>
<b>Attributable to shareholders of Enersis</b>	<b>76,811</b>	<b>84,159</b>	<b>-8.7%</b>	<b>139</b>

1 Under IFRS, Enersis has adopted the Chilean peso as the functional currency. Comparisons between periods are made using Chilean pesos.

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# Consolidated results 1Q 2014

## Regulation update

### Chile

- Fiscal reform project:
  - ✓ Gradual increase of corporate income tax from 20% to 25% in 2017
  - ✓ Disappearance of FUT("Fondo de Utilidades Tributarias")
  - ✓ New emissions tax beginning in 2017 affecting thermal facilities >50MW (5 US\$/t for CO2 and 0,1 US\$/t for NOx and SO2)

### Brazil

- Ampla's tariffs review:
  - ✓ On April 7th, ANEEL approved Ampla's +2.64% tariff revision starting on April 8th
- Coelce's tariffs adjustment
  - ✓ On April 15, ANEEL approved a +16,8% increase in the average final tariff, beginnings on April 22
- Still affected by involuntary extra-costs in Distribution:
  - ✓ Until today a part of the incremental energy costs have not been recognized yet

### Argentina

- Dx:
  - ✓ Progress in negotiations with the Government related to general corporate sustainability
- Gx:
  - ✓ Progress in reviewing standards foreseen in Resolution 95/2013

### Colombia

- ✓ New tariffs should be approved by the end of 2014 become and effective from 2015 going forward.

# Consolidated results 1Q 2014

## EBITDA evolution (Ch\$ Million)

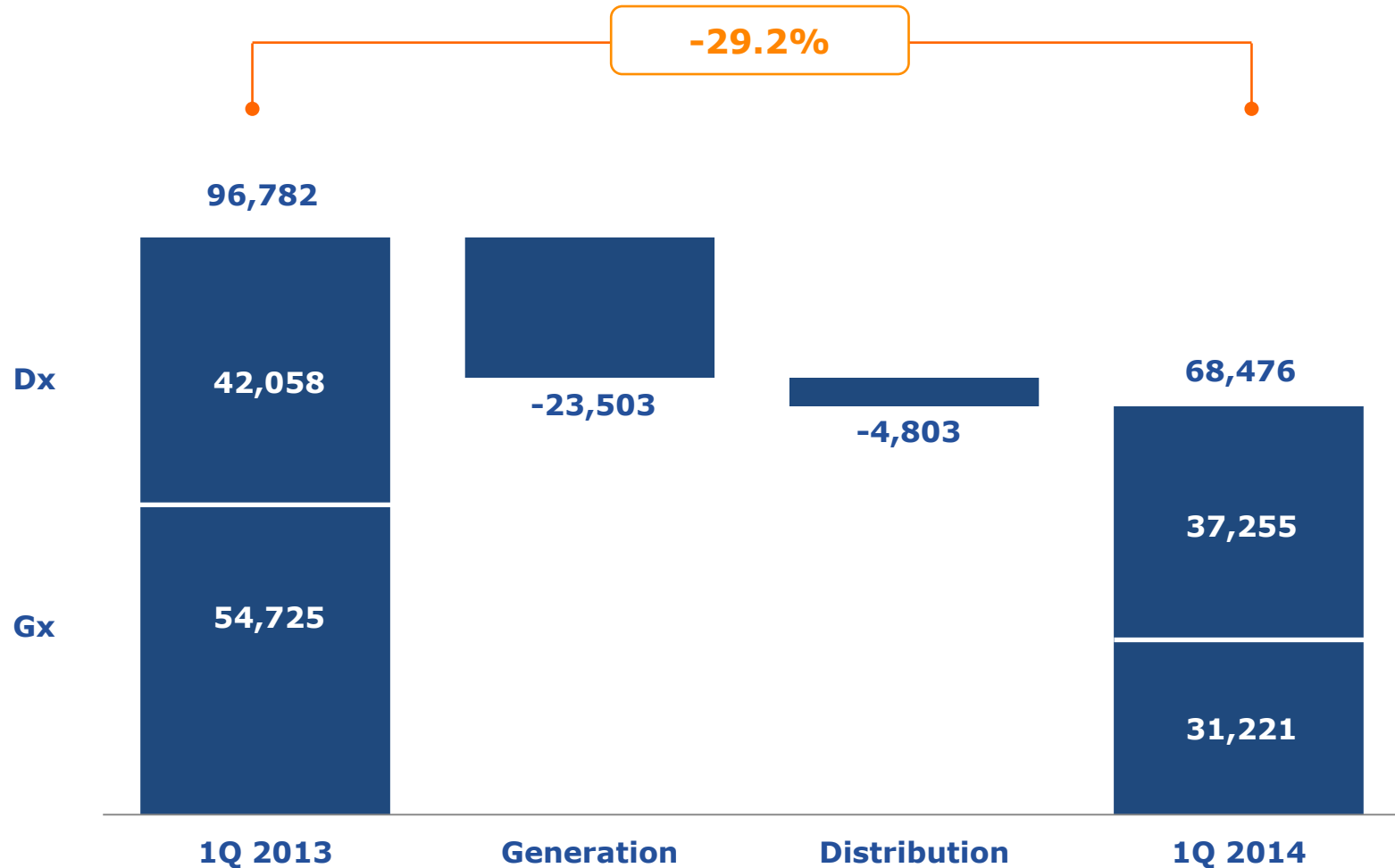


1 Other: Holding and consolidation adjustments



# Consolidated results 1Q 2014

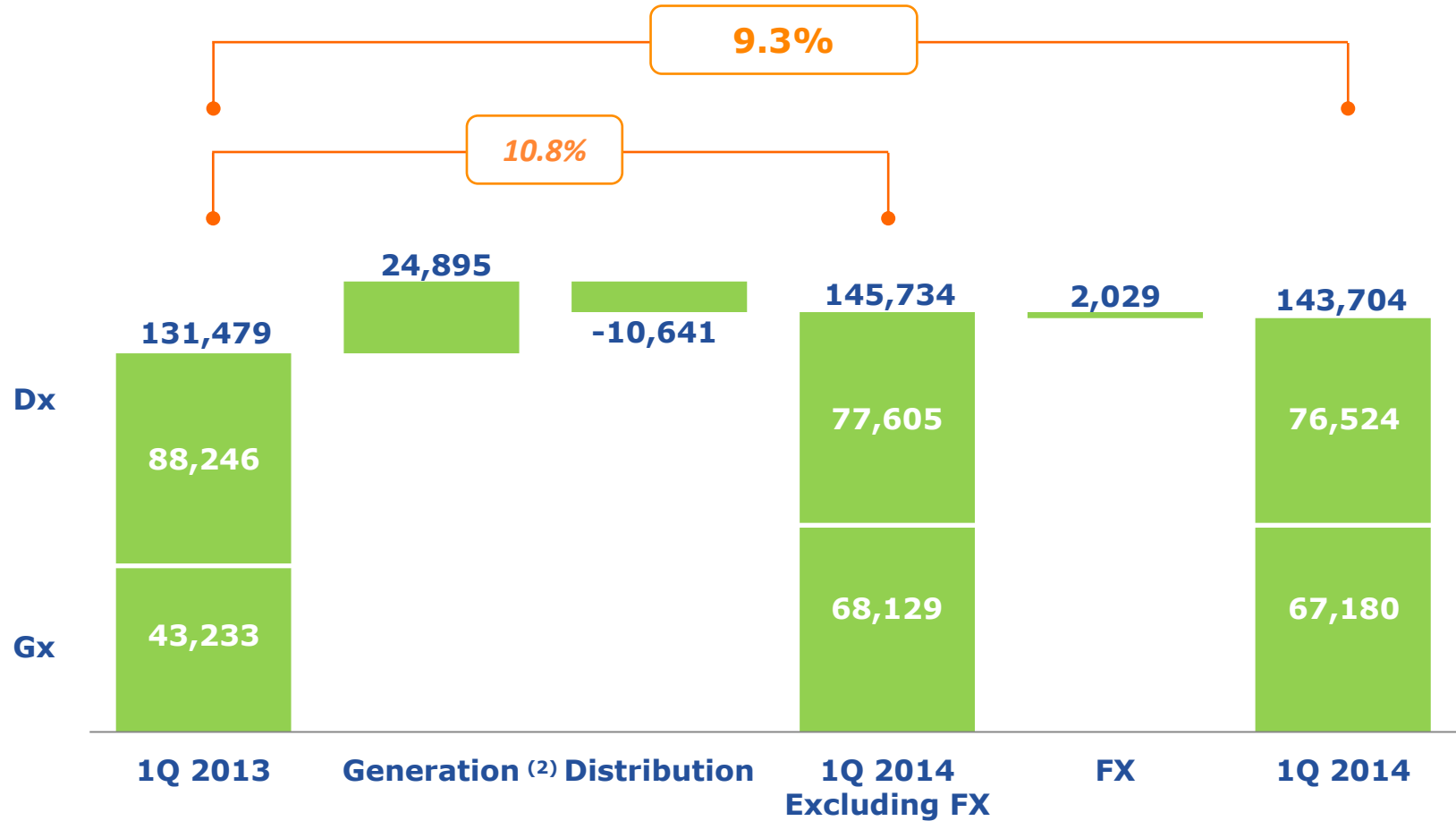
EBITDA<sup>(1)</sup> – Chile evolution (Ch\$ Million)



1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments.

# Consolidated results 1Q 2014

## EBITDA<sup>(1)</sup> – Brazil evolution (Ch\$ Million)

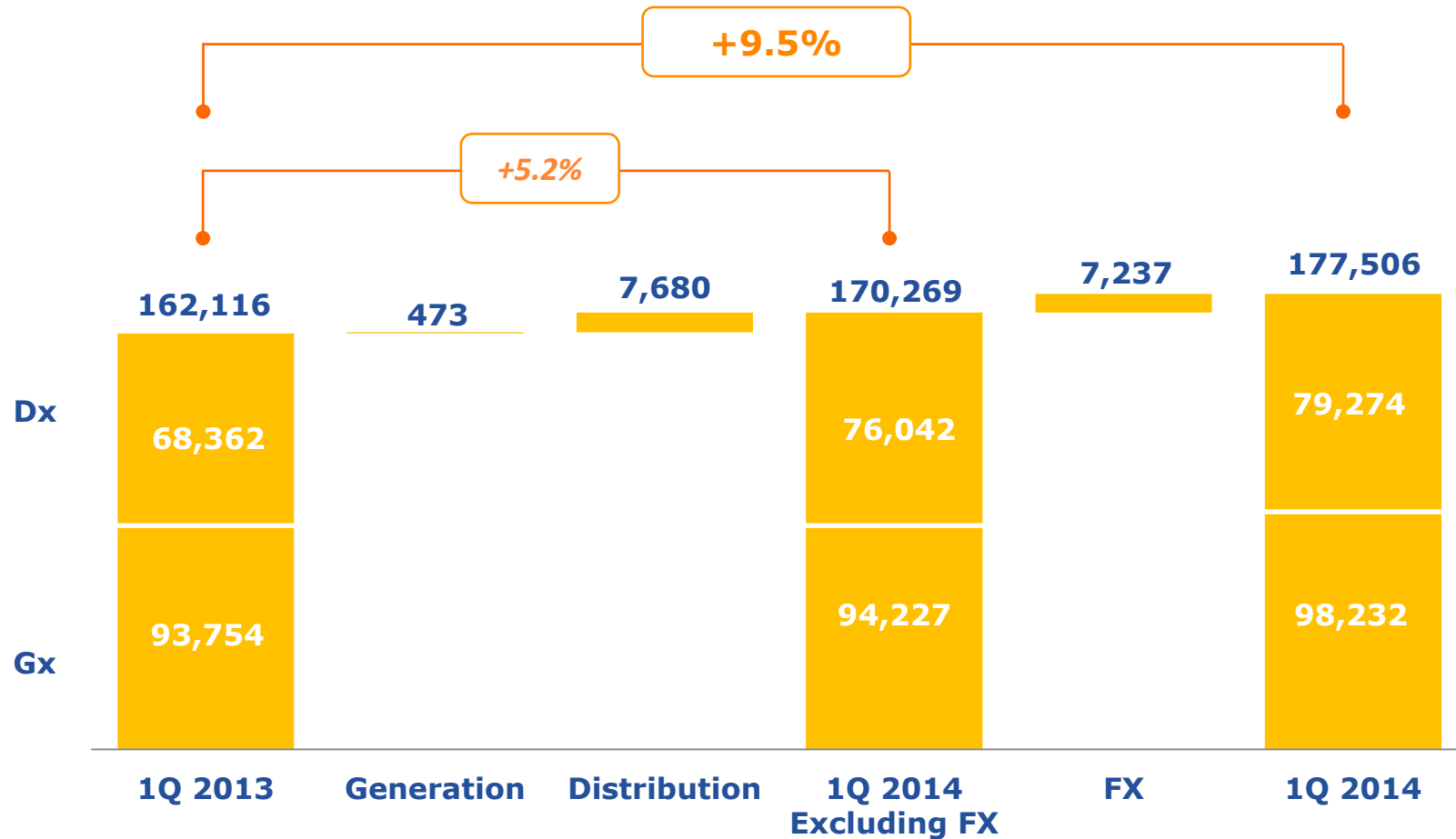


1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments. Foreign exchange effect calculated for presentation purposes. The effect of translating the financial statements from Brazilian reais to Chilean pesos in both periods was a 1.4% reduction in Chilean peso terms in March 2014 when compared to March 2013.

2 Includes CIEN.

# Consolidated results 1Q 2014

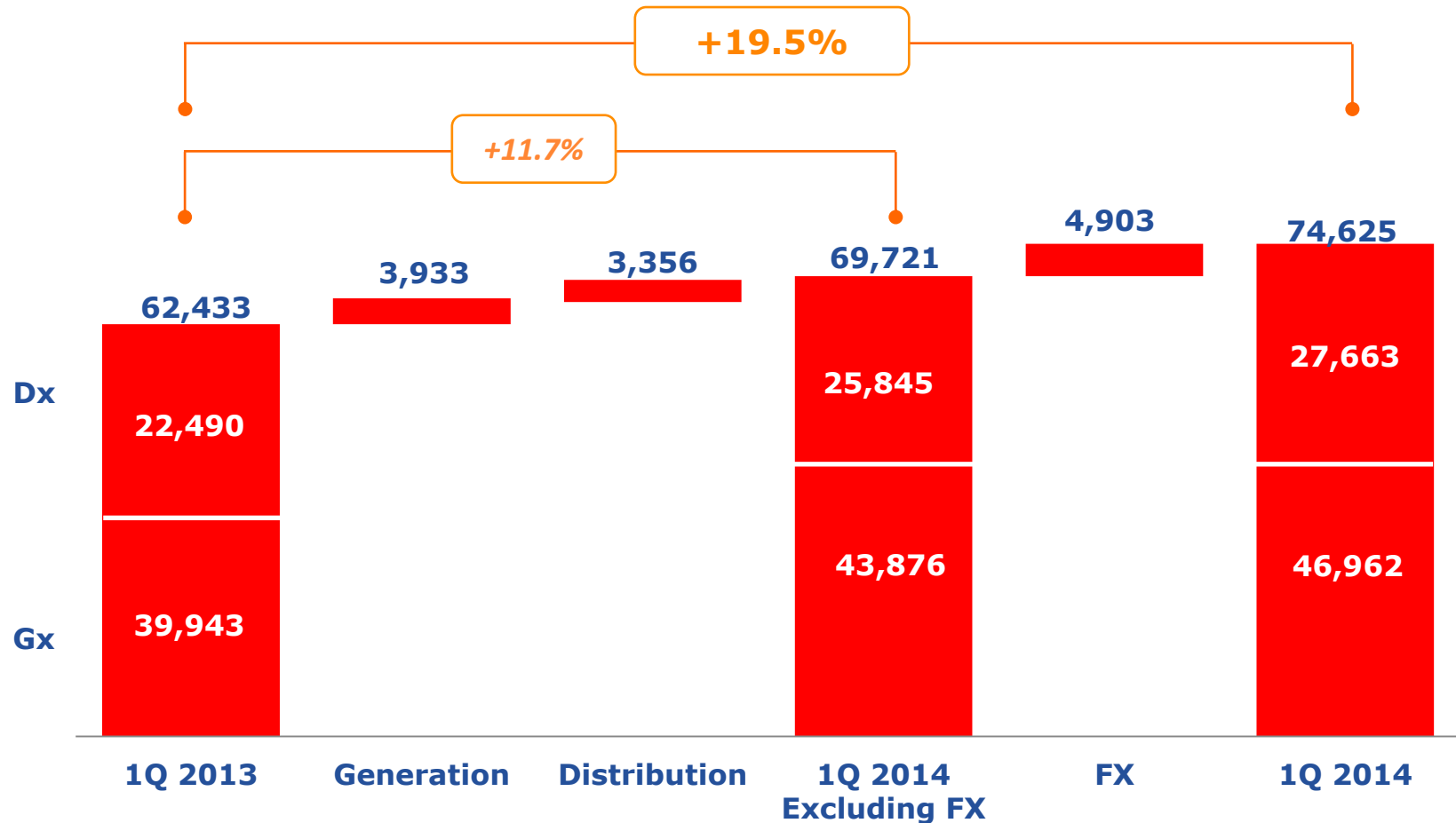
## EBITDA<sup>(1)</sup> – Colombia evolution (Ch\$ Million)



1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments. Foreign exchange effect calculated for presentation purposes. The effect of translating the financial statements from Colombian pesos to Chilean pesos in both periods resulted in a 4.3% increase in Chilean peso terms at March 2014 when compared to March 2013.

# Consolidated results 1Q 2014

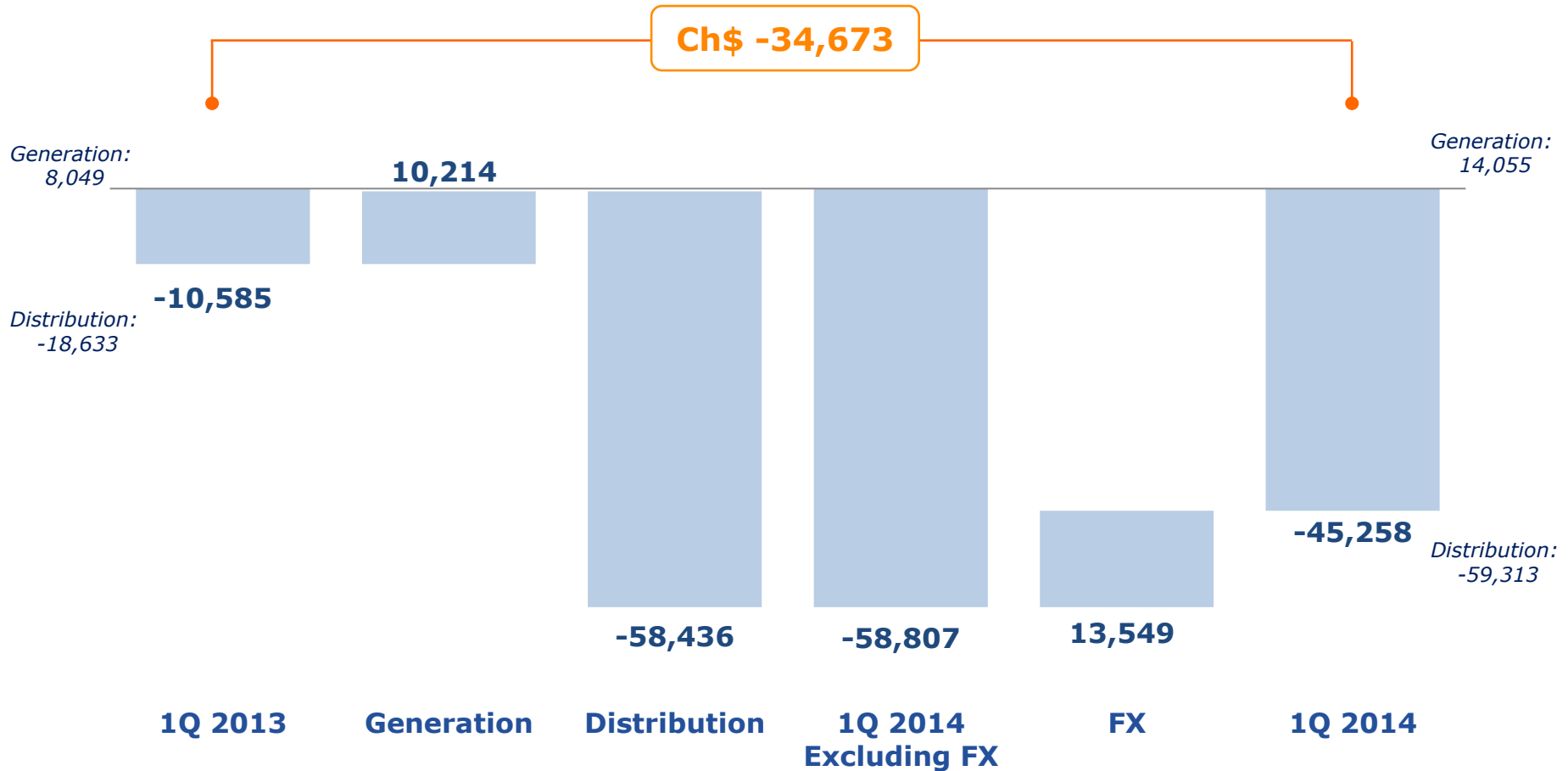
## EBITDA<sup>(1)</sup> – Peru evolution (Ch\$ Million)



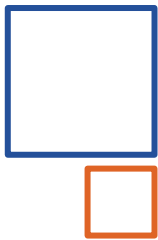
1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments. Foreign exchange effect calculated for presentation purposes. The effect of translating the financial statements from Peruvian soles to Chilean pesos in both periods resulted in a 7.0% increase in Chilean peso terms at March 2014 when compared to March 2013.

# Consolidated results 1Q 2014

## EBITDA<sup>(1)</sup> – Argentina evolution (Ch\$ Million)

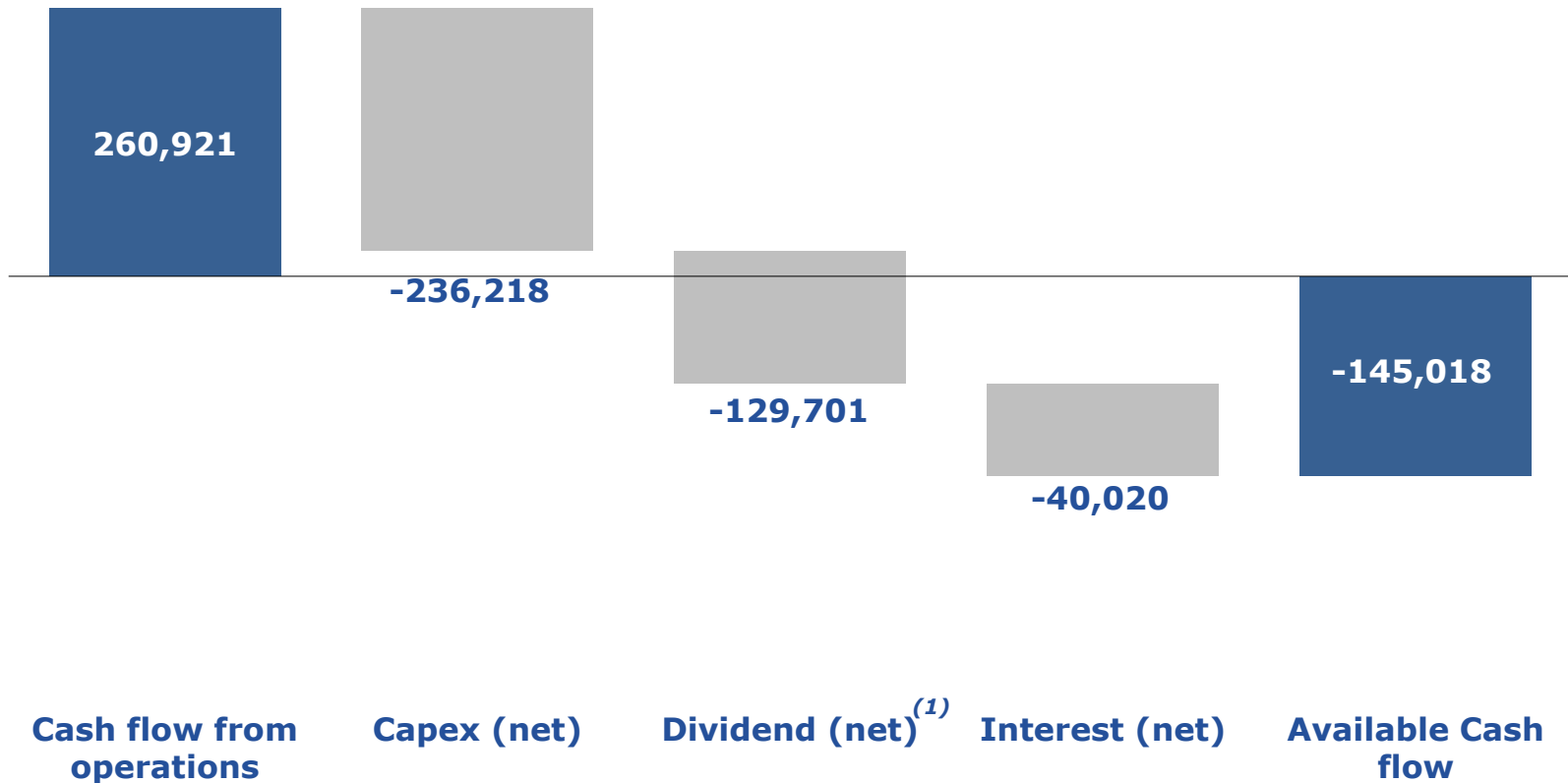


1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments. Foreign exchange effect calculated for presentation purposes. The effect of translating the financial statements from Argentine pesos to Chilean pesos in both periods led to a 23.0% decrease in Chilean pesos in March 2014 as compared to March 2013.



# Consolidated results 1Q 2014

A solid financial position Cash flow YTD (Ch\$ Million)



1. Dividend considers cash outflow to Enersis and minorities' shareholders

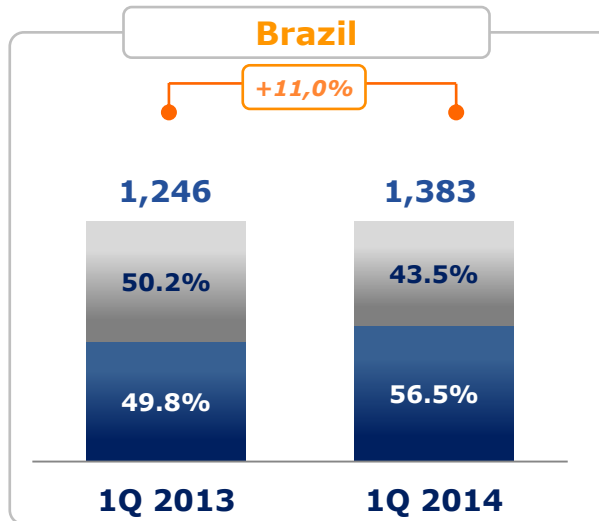
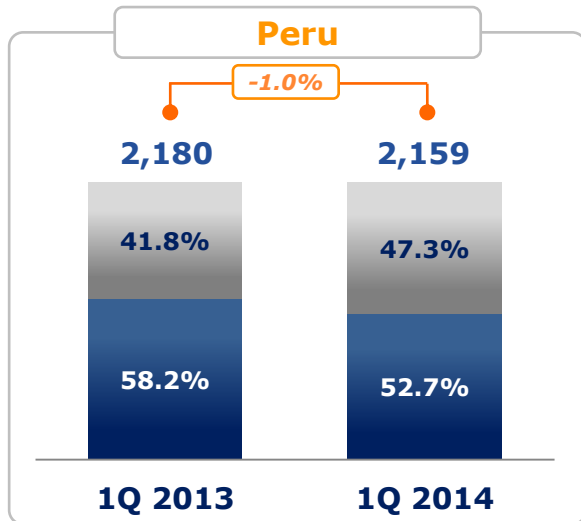
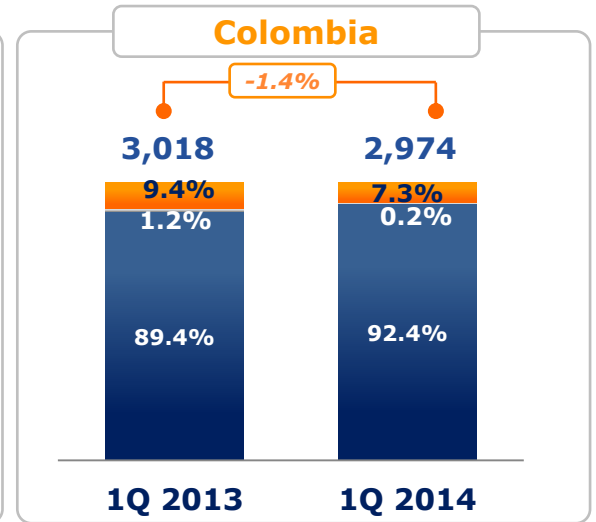
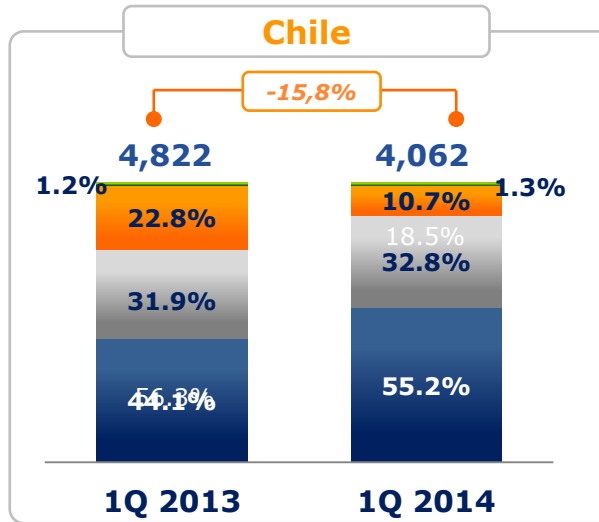
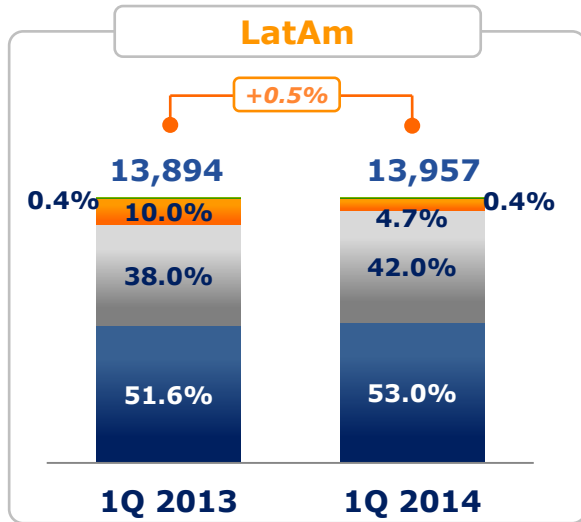
# Annexes

**enersis**

# Operational annexes 1Q 2014

## Production mix (GWh)

■ Hydro ■ Oil-gas ■ Coal ■ NCRE





# Operational annexes 1Q 2014

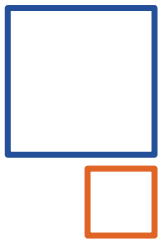
1Q 2014 Net installed capacity: Breakdown by source and geography

<b>MW</b>	<b>Hydro</b>	<b>Oil-Gas</b>	<b>Coal</b>	<b>NCRE</b>	<b>Total</b>
<b>Chile</b>	<b>3,456</b>	<b>1,392</b>	<b>636</b>	<b>87</b>	<b>5,571</b>
<b>Colombia</b>	<b>2,512</b>	<b>208</b>	<b>236</b>	<b>0</b>	<b>2,956</b>
<b>Peru</b>	<b>750</b>	<b>1,090</b>	<b>0</b>	<b>0</b>	<b>1,840</b>
<b>Brazil</b>	<b>665</b>	<b>322</b>	<b>0</b>	<b>0</b>	<b>987</b>
<b>Argentina</b>	<b>1,328</b>	<b>3,194</b>	<b>0</b>	<b>0</b>	<b>4,522</b>
<b>Total</b>	<b>8,712</b>	<b>6,205</b>	<b>872</b>	<b>87</b>	<b>15,875</b>

# Operational annexes 1Q 2014

1Q 2014 total net production: Breakdown by source and geography

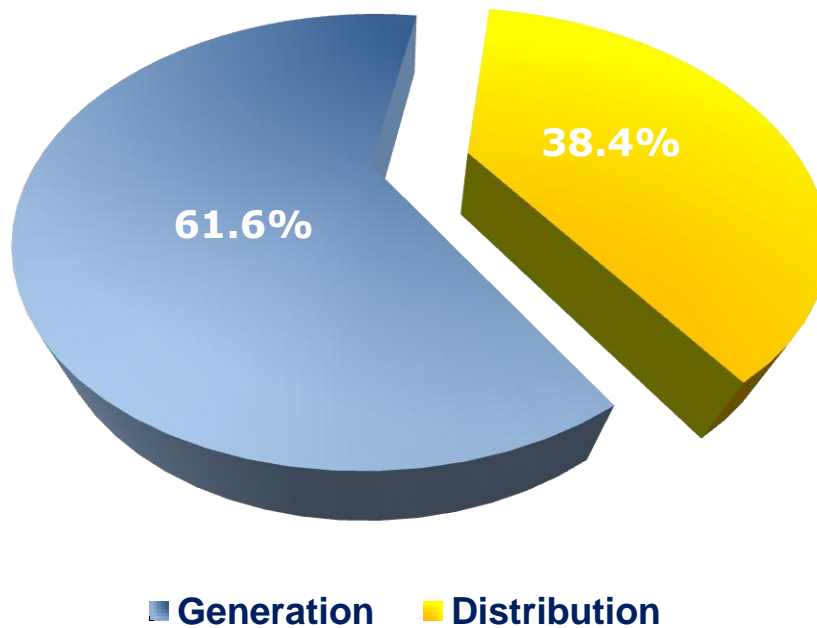
<b>MWh</b>	<b>Hydro</b>	<b>Oil-Gas</b>	<b>Coal</b>	<b>NCRE</b>	<b>Total</b>
<b>Chile</b>	<b>2,241</b>	<b>1,334</b>	<b>433</b>	<b>54</b>	<b>4,062</b>
<b>Colombia</b>	<b>2,749</b>	<b>7</b>	<b>218</b>	<b>0</b>	<b>2,974</b>
<b>Peru</b>	<b>1,138</b>	<b>1,021</b>	<b>0</b>	<b>0</b>	<b>2,159</b>
<b>Brazil</b>	<b>782</b>	<b>601</b>	<b>0</b>	<b>0</b>	<b>1,383</b>
<b>Argentina</b>	<b>487</b>	<b>2,892</b>	<b>0</b>	<b>0</b>	<b>3,380</b>
<b>Total</b>	<b>7,396</b>	<b>5,855</b>	<b>651</b>	<b>54</b>	<b>13,957</b>



# Operational annexes 1Q 2014

EBITDA: generation/distribution businesses

**1Q 2014 EBITDA: US\$ 750Mn<sup>1</sup>**



<sup>1</sup> The average exchange rate for the period January – March 2014 of 551.91 CLP/USD.

# Operational annexes 1Q 2014

## EBITDA: reconciliation of FX effect:

Financial Statements

1Q 2013	Chile	Brazil	Colombia	Peru	Argentina	Total
Generation	55,714	42,323	93,716	37,435	7,030	236,218
Distribution	41,572	87,728	68,362	22,490	-18,630	179,032
<b>Total</b>	<b>97,286</b>	<b>130,051</b>	<b>162,078</b>	<b>59,925</b>	<b>-11,600</b>	<b>415,250</b>

1Q 2014	Chile	Brazil	Colombia	Peru	Argentina	Total
Generación	30,780	66,535	98,217	47,110	14,700	257,342
Distribución	36,769	76,225	79,275	27,667	-59,311	160,625
<b>Total</b>	<b>67,549</b>	<b>142,760</b>	<b>177,491</b>	<b>74,778</b>	<b>-44.611</b>	<b>417,967</b>

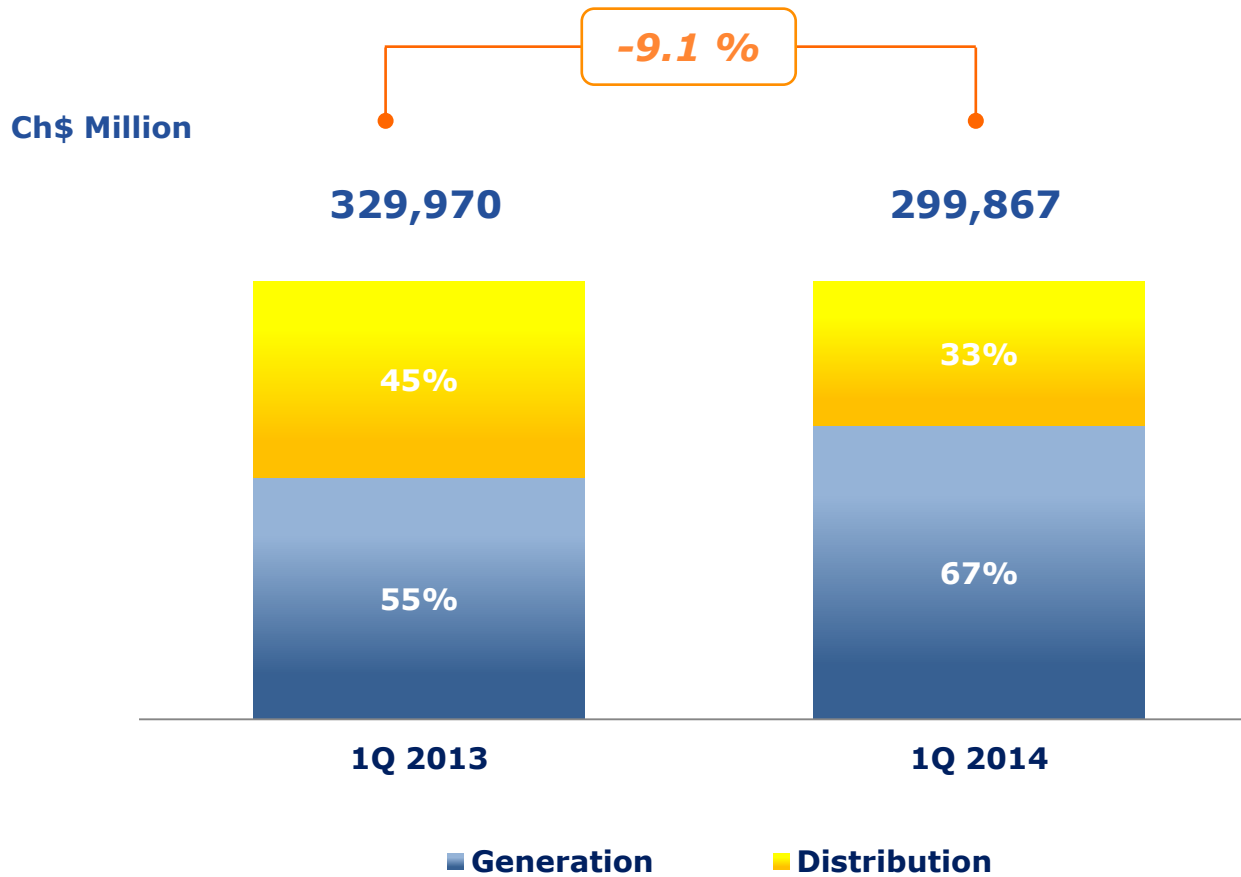
EBITDA net of FX

1Q 2013	Chile	Brazil	Colombia	Peru	Argentina	Total
Generation	54,725	43,233	93,754	39,943	8,049	239,704
Distribution	42,058	88,246	68,362	22,490	-18,633	202,522
<b>Total</b>	<b>96,782</b>	<b>131,479</b>	<b>162,116</b>	<b>62,433</b>	<b>-10,585</b>	<b>442,225</b>

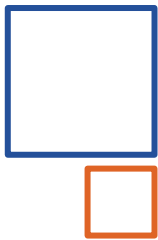
1Q 2014	Chile	Brazil	Colombia	Peru	Argentina	Total
Generation	31,221	67,180	98,232	46,962	14,055	257,649
Distribution	37,255	76,524	79,274	27,663	-59,313	161,404
<b>Total</b>	<b>68,476</b>	<b>143,704</b>	<b>177,506</b>	<b>74,625</b>	<b>-45,258</b>	<b>419,053</b>

# Operational annexes 1Q 2014

## EBIT<sup>(1)</sup> by business



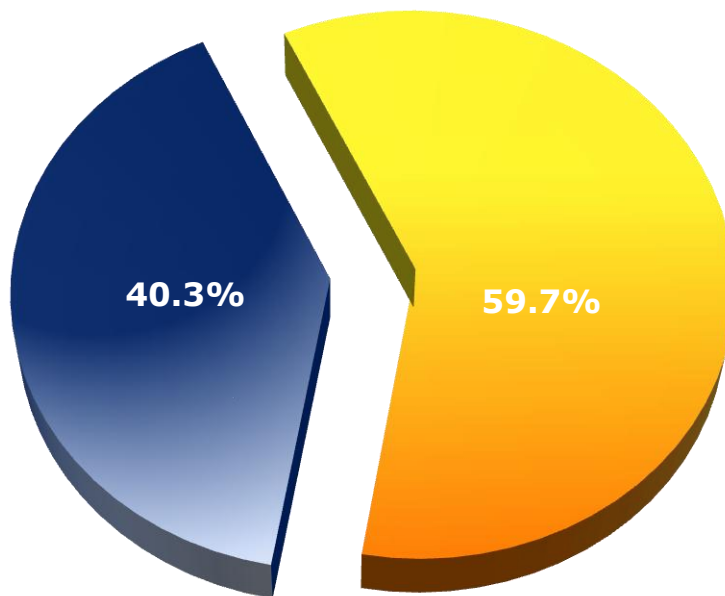
1. EBIT by business does not include holding companies or services



# Operational annexes 1Q 2014

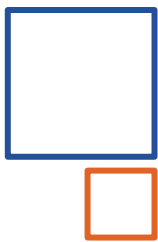
## CAPEX by business

**1Q 2014: Ch\$ Million 236,218**



■ Generation

■ Distribution



# Operational annexes 1Q 2014

## Balance Sheet

<b>Ch\$ Million</b>	<b>1Q 2014</b>	<b>1Q 2013</b>	<b>Change (%)</b>	<b>1Q 2014 Mn US\$<sup>(1)</sup></b>
<b>Net Debt</b>	1,758,435	1,307,850	<b>34.5%</b>	3,190
<b>Shareholder's equity</b>	6,348,028	6,168,554	<b>2.9%</b>	11,517
<b>Net capital employed<sup>(2)</sup></b>	8,106,463	7,476,404	<b>8.4%</b>	14,707

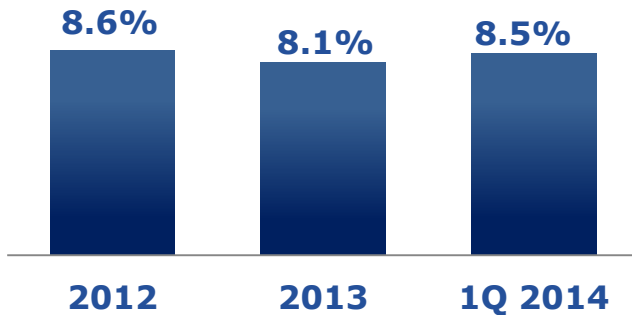
1. The exchange rate as of March 31, 2014 was 551.18 CLP/USD.

2. Net capital employed is the sum of Net Debt and Shareholder's Equity.

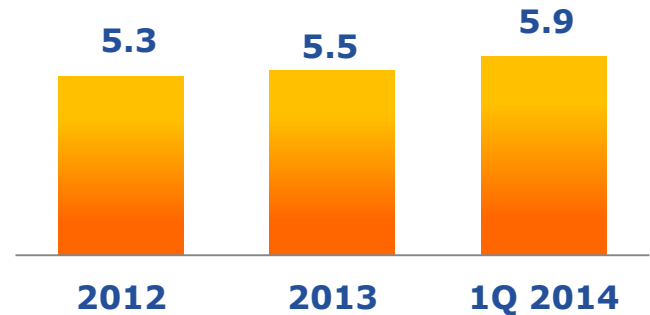
# Operational annexes 1Q 2014

## Financial debt

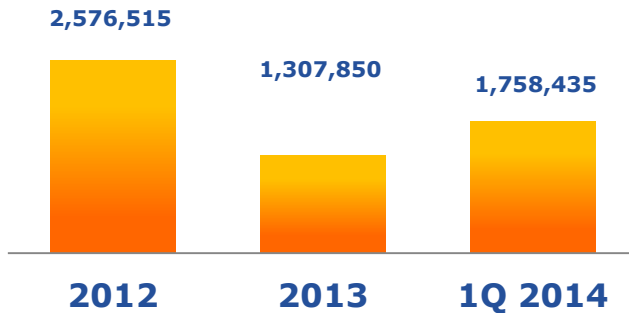
Average cost of gross debt



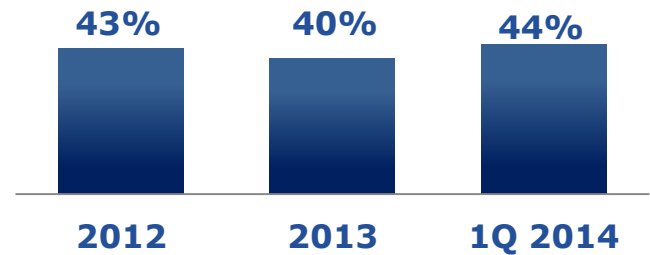
Average residual maturity (years)



Net debt (CLP\$ MM)<sup>(1)</sup>

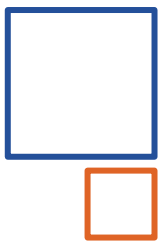


Fixed + hedged / Total gross debt



1 Net debt considers "Other current financial assets" ("Inversiones mantenidas hasta el vencimiento" + "Activos financieros a valor razonable con cambio en resultados"), linked to investments in financial instruments with maturity over 90 days. Refer to Note 7 of the financial statements for further disclosure.





# Operational annexes 1Q 2014

## Liquidity analysis

<b>US\$ Million</b>	<b>Amount</b>	<b>Outstanding</b>	<b>Available</b>
<b>Committed credit lines</b>	791	0	791
<b>Cash and cash equivalents<sup>(1)</sup></b>	3,099	n.a.	3,099
<b>Uncommitted lines</b>	783	0	783
<b>Total liquidity</b>	<b>4,673</b>	<b>0</b>	<b>4,673</b>

1 Cash and cash equivalents considers in addition "Other current financial assets" ("Inversiones mantenidas hasta el vencimiento" + "Activos financieros a valor razonable con cambio en resultados"), linked to investments in financial instruments with maturity greater than 90 days. Refer to Note 7 of the financial statements for further disclosure.

# Operational annexes FY 2013

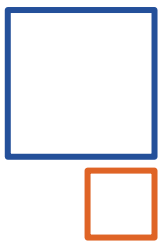
## Debt structure

- **Average debt maturity:** 5.9 years
- **Average cost of gross debt:** 8.5%
- **Fixed+Hedged/ Total gross debt:** 44%
- **Rating:**
  - Standard & Poor's<sup>(1)</sup>: BBB+ / AA, Stable
  - Moody's: BBB+, Stable
  - Fitch Ratings<sup>(1)</sup>: Baa2 / AA, Stable

Ch\$ Million	Dec. 2013	1Q 2014	Change (%)
<b>Long-term</b>	2,790,249	2,878,841	<b>3.2%</b>
<b>Short-term</b>	906,675	587,770	<b>-35.2%</b>
<b>Cash and cash equivalent<sup>(2)</sup></b>	2,389,075	1,708,177	<b>-28.5%</b>
<b>Net debt</b>	1,307,850	1,758,435	<b>34.5%</b>

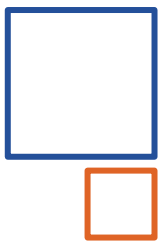
1 International / Local

2 Cash and cash equivalent considers in addition "Other current financial assets" ("Inversiones mantenidas hasta el vencimiento" + "Activos financieros a valor razonable con cambio en resultados"), linked to investments in financial instruments with maturity over 90 days. Refer to Note 7 of the financial statements for further disclosure.



# Disclaimer

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