

26 | 07 | 2012

# enersis 1H 2012 results

## **Highlights in 1H 2012**

**Distribution: an increase in 1,582 GWh in physical sales and close to 377,000 new customers were added in the period**

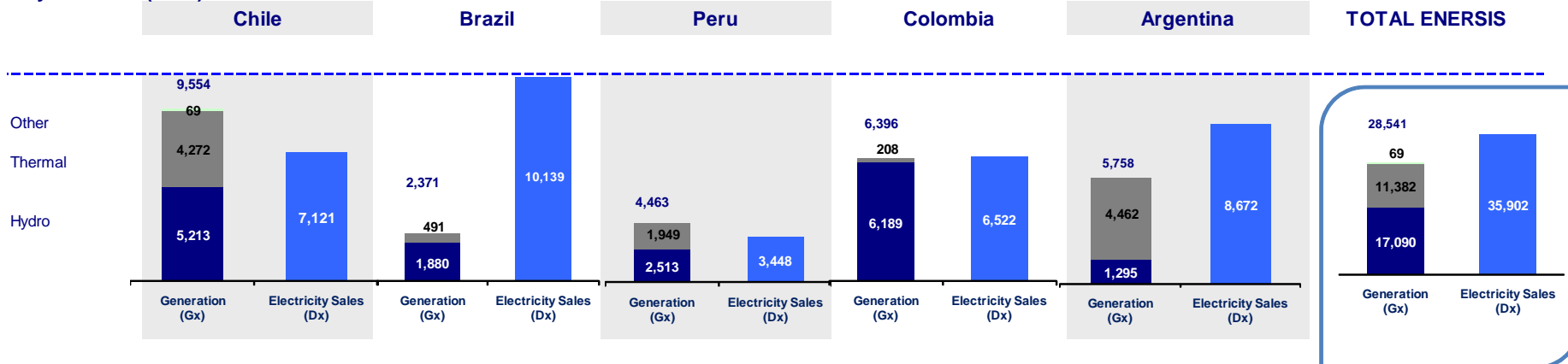
**Generation: despite the increase in physical sales, higher operating costs impacted our results which were heavily influenced by two and a half years of sustained drought in Chile. However, this situation is changing since June 2012.**

**Enersis increased its operating revenues by 2.9% by despite unfavorable hydrological conditions in Chile and Argentina's situation**

**EBITDA increased by 3.2% up to Ch\$ 954,815 million, being a solid proof of the benefits of adequate diversification.**

## Key physical data and EBITDA structure

### Physical data (GWh) 1H 2012



### Var% Over 1H 2011

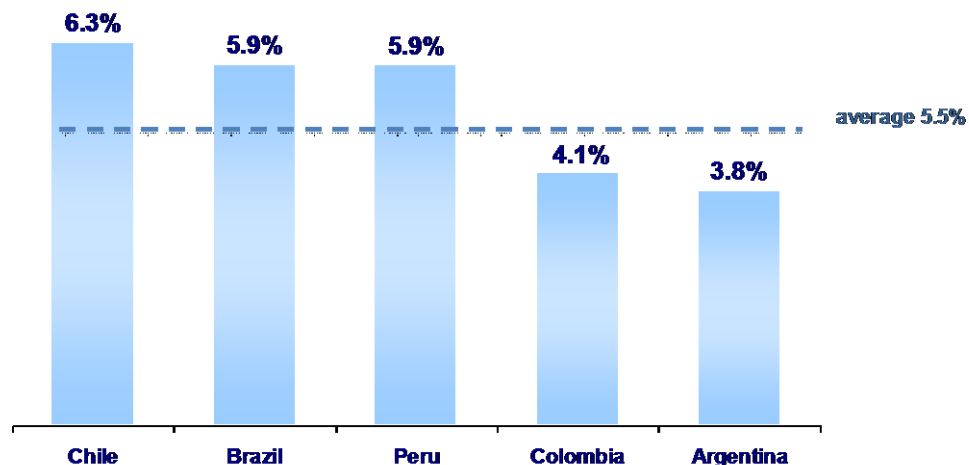
Country	Generation	Electricity Sales	Country	Generation	Electricity Sales	Country	Generation	Electricity Sales	Country	Generation	Electricity Sales
Chile	4.0%	5.9%	Brazil	75.3%	7.0%	Peru	-4.2%	5.2%	Colombia	16.1%	3.4%
Argentina	-4.3%	1.6%	TOTAL ENERGIS	6.8%	4.6%						

### EBITDA Composition 1H 2012

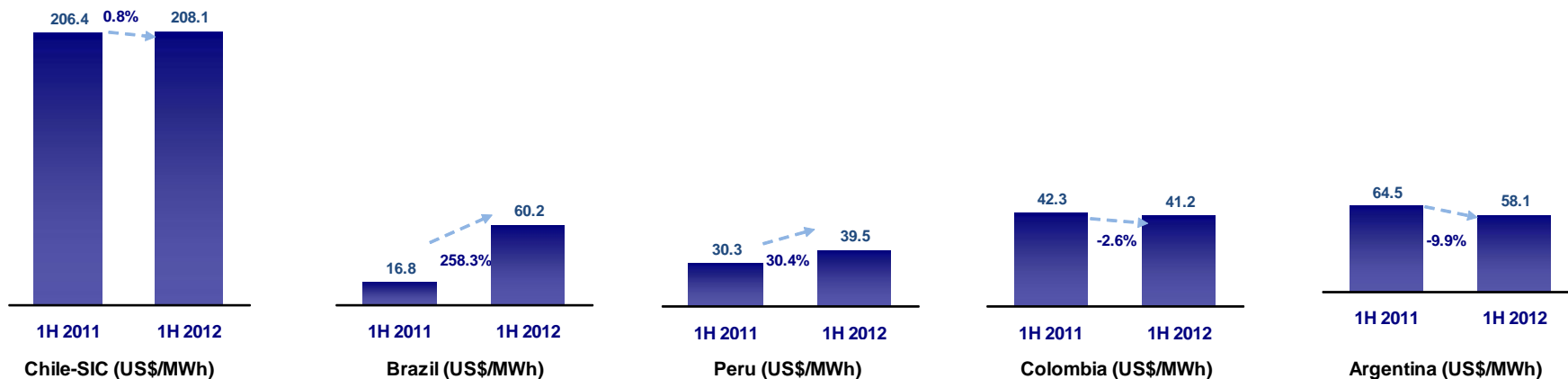
	Chile	Brazil	Peru	Colombia	Argentina	TOTAL ENERGIS
Generation	53.1%	31.1%	60.3%	53.1%	-	48.2%
Distribution	46.9%	68.9%	39.7%	46.9%	-	51.8%
	100.0%	100.0%	100.0%	100.0%	-	100.0%
Ch\$ Million	179,062	324,555	119,271	334,098	-2,171	954,815
Var%	-26.2%	3.5%	-3.7%	51.7%	-108.7%	3.2%

## Demand evolution and spot prices

Latam countries where Enersis operates showed an average weighted growth by TWh +5.5%<sup>1</sup>



### Average spot prices <sup>2</sup>



<sup>1</sup> The demand evolution for Chile corresponds to SIC + SING;

<sup>2</sup> Brazilian average spot price, reflects only the price of South East Middle West sub-system, where we operate

## Income Statement <sup>1</sup>

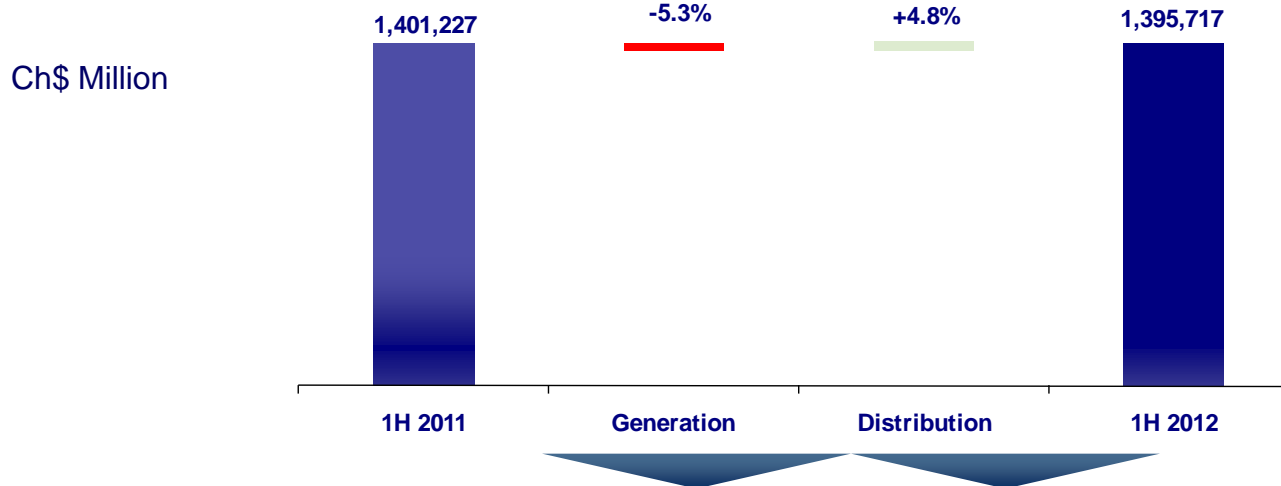
Ch\$ Million	1H 2011	1H 2012	Change	Th US\$ 1H 2012
<b>Revenues</b>	3,201,722	3,295,704	<b>2.9%</b>	6,688,389
<b>Gross Margin</b>	1,401,227	1,395,717	<b>-0.4%</b>	2,832,504
<b>EBITDA</b>	925,286	954,815	<b>3.2%</b>	1,937,728
<b>Operating Income</b>	735,065	719,350	<b>-2.1%</b>	1,459,868
<b>Net Financial Expenses</b>	-137,556	-152,742	<b>-11.0%</b>	-309,978
<b>Net Income</b>	416,717	388,958	<b>-6.7%</b>	789,362
<b>Net Income Attributable to Controlling</b>	201,756	162,621	<b>-19.4%</b>	330,027

- **Best performers in terms of EBITDA: Colombian companies, generation and transmission in Brazil and distribution in Chile.**
- **Underperformers: Chilean generation business and Argentinean companies.**

<sup>1</sup> Since under IFRS, Enersis has adopted the Chilean Peso as the functional currency. Comparisons between periods have been only made under Ch\$.

Referential average exchange rate 492.75 CLP/USD for the cumulative period as of June 30,2012

## Gross margin<sup>1</sup>



↓ CHI: Lower average sales price, lower revenues coming from RM88 and the absence of insurance compensation from Bocamina I, among others.

↓ ARG: Lower margin from Costanera, due the non renewal of the Power Payment Agreement for 2012 and lower thermal generation.

↑ PER: Higher sales' volume and increase in contracts sale prices due to a rise in indexation factors.

↑ COL: Higher sales and higher power payment which compensate the higher fuel consumption despite the better production mix

↑ BRA: Higher transmission revenues from CIEN, besides better hydro availability in Cachoeira and average energy sales price in Cachoeira and Fortaleza.

↑ COL: Higher energy sales volume due to an increase in demand by 4.1%.

↑ PER: Higher average sales price and a 5.2% of increase in demand.

↑ CHI: Better client mix and higher demand as a consequence of an increase in economic activity.

↑ ARG: Higher demand.

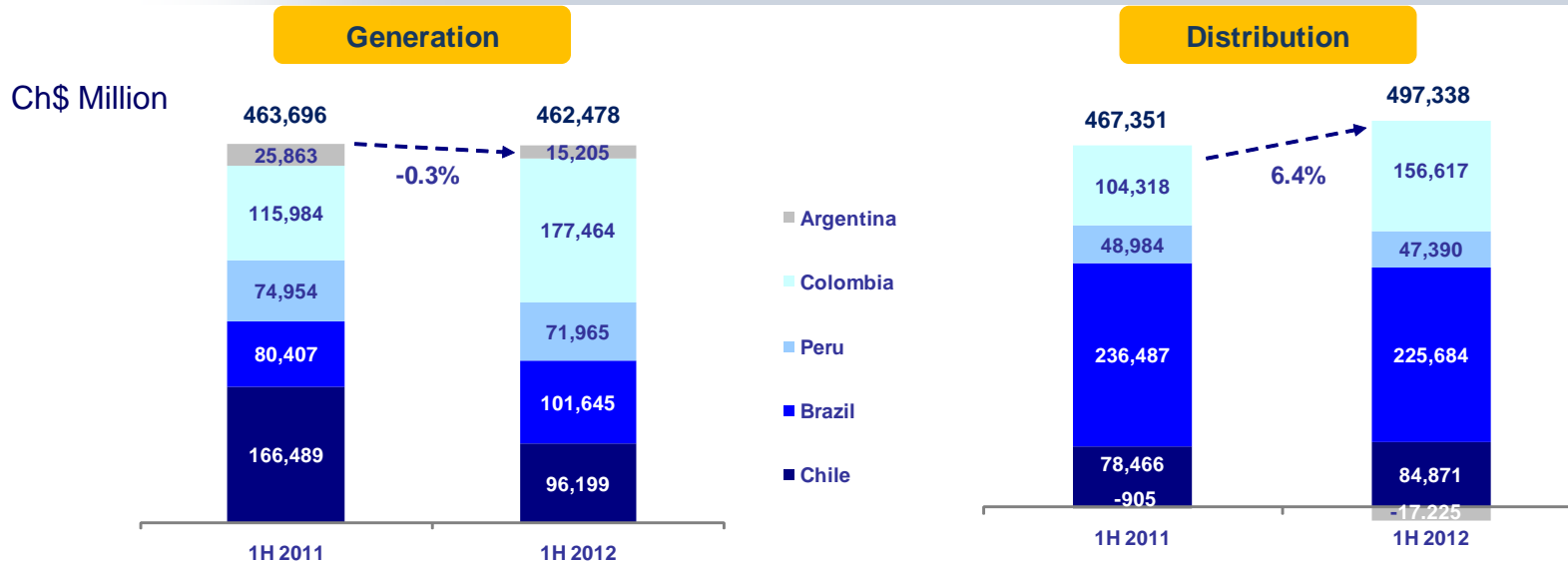
↓ BRA: Stronger demand in Ampla and Coelce and higher average energy sale price totally due to the annual tariff adjustment for Ampla offset by the conversion from Brazilian Real to Chilean Pesos

• **Gx:** The region has showed a stronger growth in demand, overshadowed by the drought and the one time effects in Chilean operations and Argentine situation.

• **Dx:** The growth of demand in our concession areas are in line with the economic conditions showed in the period

<sup>1</sup> Generation + Distribution may differ from Enersis' EBITDA due to consolidation adjustments

# EBITDA in Generation and Distribution<sup>1</sup>



**Unit margin** 22.9 Th CLP / MWh  $\xrightarrow{-11.4\%}$  20.3 Th CLP / MWh

**Unit margin** 22.5 Th CLP / MWh  $\xrightarrow{0.2\%}$  22.6 Th CLP / MWh

- **Chile:** Lower energy sales prices, RM88 effect, higher transmission tools and the absence of insurance compensation were partially offset by lower energy purchases.
- **Argentina:** lower revenues due to the non-renewal of the Power Payment Agreement for 2012 and lower thermal generation. Partially offset by lower fuel consumption.
- **Peru:** Higher personnel expenses due to a non-recurring effect registered in June 2011 as a consequence of IFRS conversion and higher fuel consumption.

- **Colombia:** positive impact from the one-time effect of net worth tax reform accounted last period and higher demand.
- **Brazil:** Recognition of CIEN as regulatory asset, as well as higher energy generation and average sales price in Fortaleza and Cachoeira.

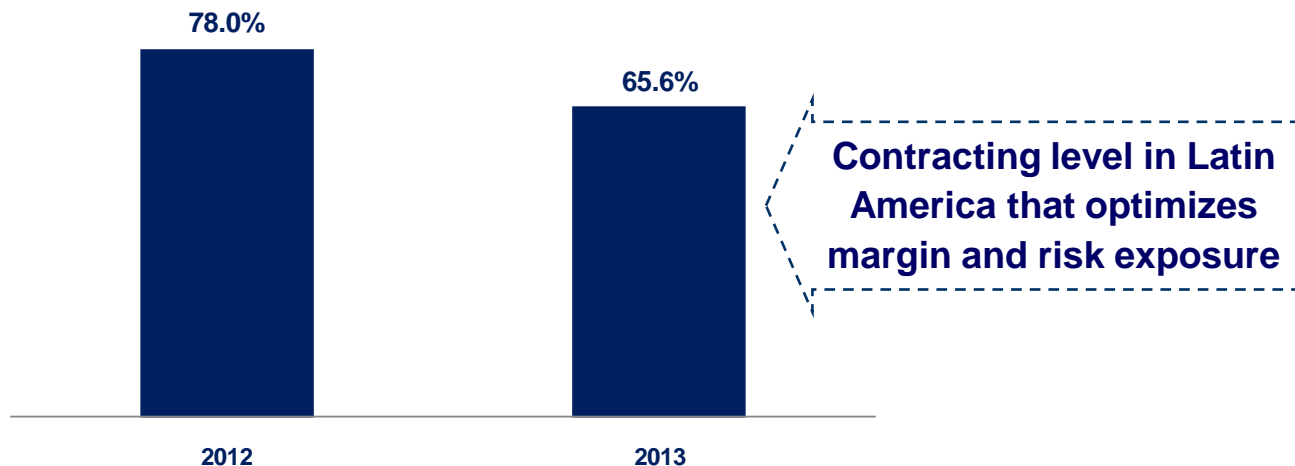
- **Colombia:** positive impact from the one-time effect of net worth tax reform accounted last period, added to higher physical sales and energy purchases costs.
- **Chile:** Better client mix and higher demand as a consequence of an increase in economic activity.

- **Peru:** Higher personnel expenses due to a non-recurring effect registered in June 2011 as a consequence of IFRS conversion and higher operational costs labor costs for grid movements as well as connections and reconnections.
- **Brazil:** the fall in Brazilian results are mainly explained by the appreciation of the Real against the Peso. This more than offset the better performance of Ampla and Coelce.
- **Argentina:** higher operational costs due to higher energy purchases and higher employee benefits.

<sup>1</sup> Generation + Distribution may differ from Enersis' EBITDA due to consolidation adjustments

## Commercial policy and sales strategy

### Latin America (% estimated output hedged)



31% of the generation sold through contracts > 5 yrs and 21% through contracts > 10 yrs

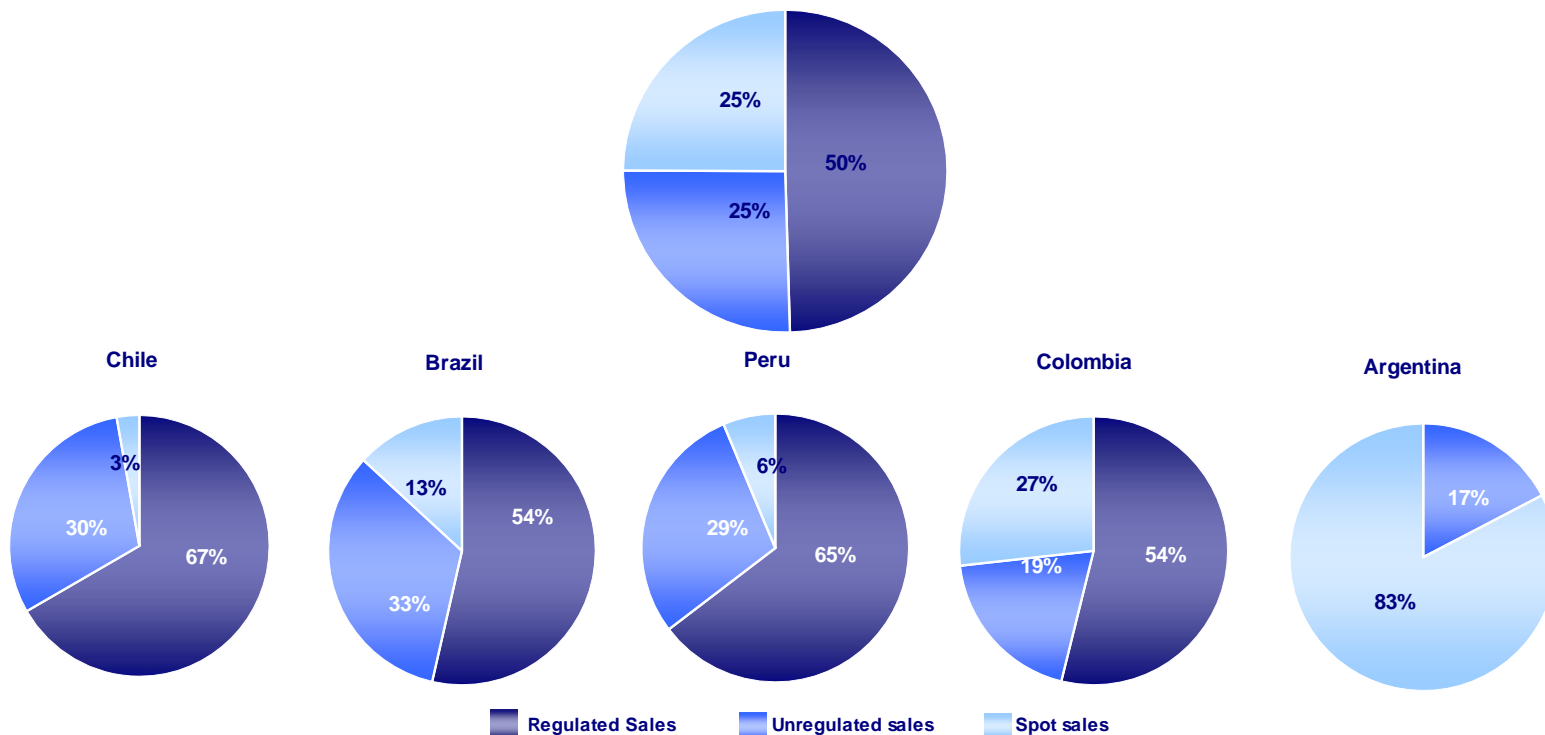
Year 2012	Chile	Peru	Brazil	Colombia	Argentina
Total contracted energy	13,917	6,843	3,858	8,659	0
Average Price US\$/MWh	89.6	56	85.7	73.9	0

- **Effective policy to manage hydrological volatility risk**
- **Successful bidding and pricing policy for regulated and non regulated clients**
- **Fuel acquisition policies have been built considering global energy management optimization**
- **Stability of future margins, despite market volatility**



# Commercial Policy

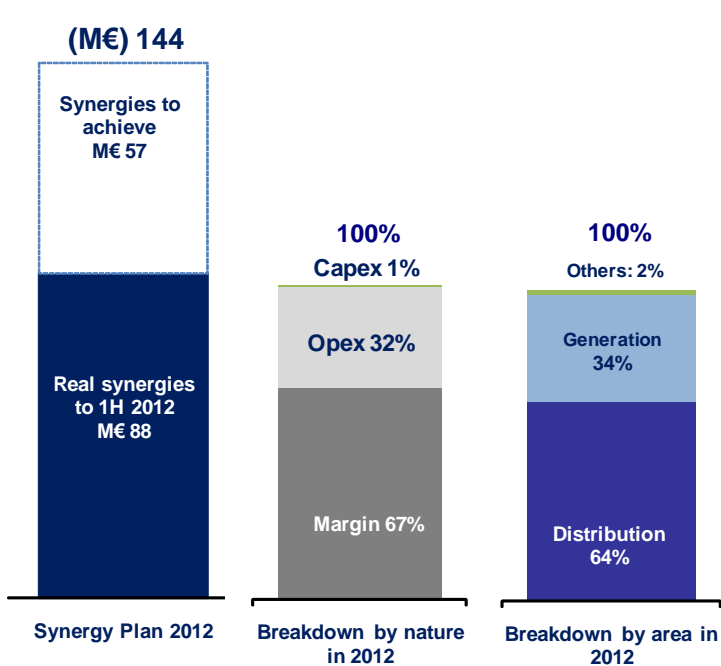
Total Generation Sales 1H 2012



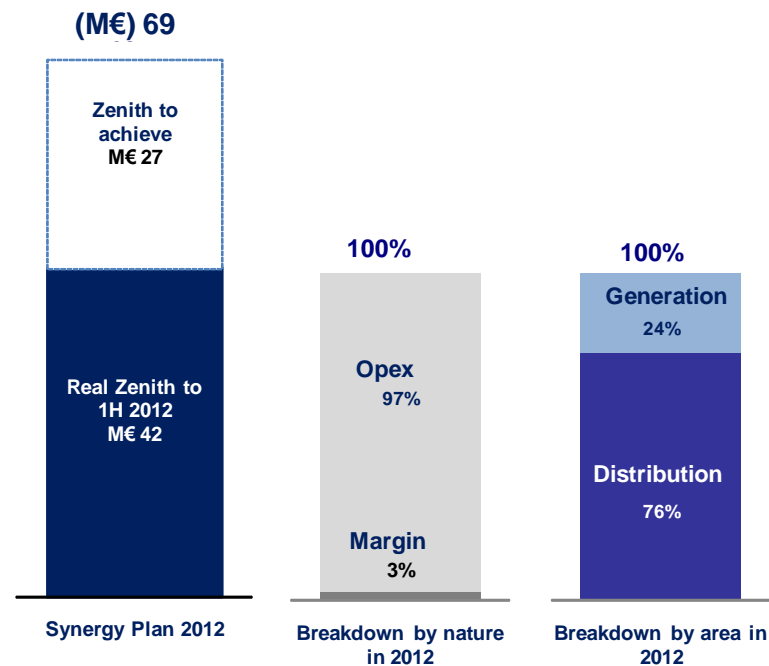
GWh	Chile		Brazil		Peru		Colombia		Argentina		Total	
	1H 2012	Var v/s 1H 2011	1H 2012	Var v/s 1H 2011	1H 2012	Var v/s 1H 2011	1H 2012	Var v/s 1H 2011	1H 2012	Var v/s 1H 2011	1H 2012	Var v/s 1H 2011
<b>Regulated sales</b>	6,938	3.7%	1,899	-0.7%	3,125	1.2%	4,159	14.4%	0	-	16,119	5.2%
<b>Unregulated sales</b>	3,181	-5.2%	1,179	23.6%	1,406	13.7%	1,495	3.5%	1,047	-2.2%	8,308	3.1%
<b>Spot sales</b>	291	137.5%	466	79.6%	305	-27.6%	2,065	-3.7%	4,988	-4.9%	8,115	-0.9%
<b>Total sales</b>	10,410	2.4%	3,544	13.3%	4,835	1.9%	7,719	6.9%	6,034	-4.4%	32,542	3.0%

## Efficiency Program

### Enersis' Synergy Plan



### Enersis' Zenith Plan



• Target 2012 € 213 million

• Efficiencies, achieving 61% of annual target

## Regulation update: Latam

### Brazil

- Coelce, 3<sup>rd</sup> Cycle tariff review:
  - The Federal Court allowed Coelce to capture the revenues coming from the tax benefit from SUDENE. The net effect for the tariff reduction for 2012 reached 6.76%.
  - Even with this tariff review, the company maintains an attractive return.
- CIEN, annual tariff adjustment:
  - ANEEL approved a resolution increasing in a 4.99% the RAP for the 2012-2013 period, equivalent to R\$ 278 million for the period.

### Chile

- “Electrical Highway”:
  - According to Chilean government statements, this project considers the figure of servitude instead of expropriation.
- Chilectra, 2012 Tariff Revision:
  - Synex and Systeem were selected as consultancy companies to develop the reports for CNE and Chilectra respectively. The final resolution is expected in November 2012.

### Argentina

- The situation is uncertain in regulatory terms. Among other topics, the distribution business has the VAD frozen since 2002, while in the generation business, the regulated cost doesn't reflect the real cost of the system.

## Regulation update: Argentina

### Asset portfolio

- Generation:
  - Hydro: 1,328 MW (Chocón)
  - Thermal: 2,324 MW (Costanera)
- Distribution: 2.4 million clients in Buenos Aires (Edesur)

### Exposure

- Total risk: CLP 108,239 million after CLP 106,750 million value adjustment in Dec. 2011:
  - CLP 5,633 million of book value (including goodwill of Chocón)
  - CLP 21,399 million intercompany loans
  - CLP 5,978 million trade receivables
  - CLP 75,229 million exchange differences and others
- Limited exposure

### Self financing policy

- Non-recourse debt
- Non-cross default or covenant clauses with any other subsidiary nor parent company

### Regulatory measures are needed

- Generation: implementation and extension of the 2010 agreements
- Distribution: to increase tariff level in order to restore financial equilibrium

## Growth platform

### Solid organic, and sustained growth in Distribution

- 377 thousand new customers in current distribution areas in 1H 2012 in comparison to 1H 2011.
- 1.8% increase in electricity consumption per household during the year.
- The future brings smart grids, telemetering, innovation and a wide range of technologies available in the Enel Group.



### CAPEX in Generation

#### Under study

- Chile, Peru and Colombia appear as the most attractive countries to develop new projects in the future, according to expectations, risks and business environment.
- More than 6.300 MW of new capacity in the pipeline for Chile, currently under assesment. This considers Neltume, Los Cóndores, Punta de Alcalde<sup>1</sup> and HidroAysén, among others.

#### Under construction

##### El Quimbo - Colombia

- **Installed capacity: 400 MW Hydro.**
- **Estimated investment: US\$ 837 Million.**
- **Estimated start-up: December 2014.**

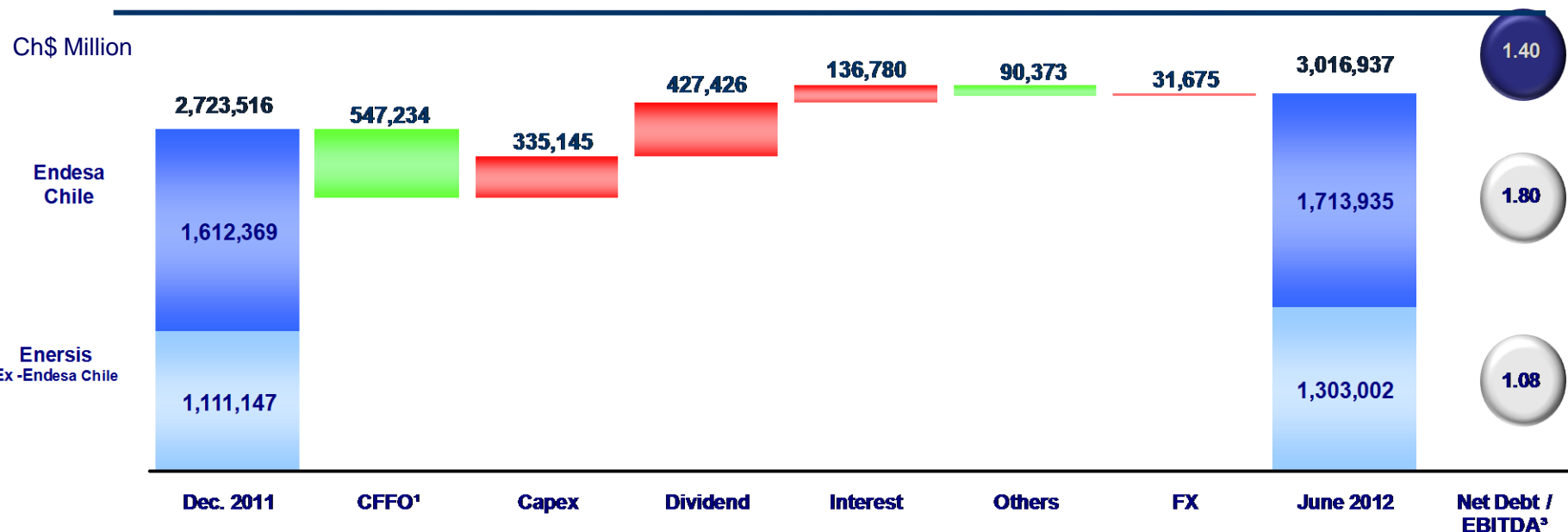
##### Bocamina II - Chile

- **Installed capacity: 350 MW Coal Fired.**
- **Estimated Investment: US\$ 841 Million.**
- **Estimated start-up: 2H 2012.**

<sup>1</sup> The Envairomntal Impact Study was rejected, Endesa Chile will appel to Council of Ministers

## A solid financial position

### Net debt evolution in 1H 2012



**Solid Financial Leverage**

	As of Dec. 2011	As of June 2012
Leverage (Net debt/Equity)	0.39	0.45

- Enersis liquidity ex Endesa Chile covers 29 months of debt maturities including interest expenses
- Enersis liquidity covers 31 months of debt maturities including interest expenses

<sup>1</sup> Cash flow from operations.

<sup>2</sup> Payment of loans

<sup>3</sup> Financial debt less cash divided by EBITDA TTM

## Expecting better conditions for the coming months

### Macro LATAM scenario

- The strong growth shown by the five countries and the economic expectations, help to guarantee the continuing growth in electricity demand close to a 5%.
- Tough hydrological scenarios, as seen in Chile during last two years, show the advantages to have a diversified portfolio by countries considering geographical as well as by businesses, softening the volatility and hedging the operations.
- After Coelce's tariff review, is important to highlight the importance of stable regulatory frameworks, the transparency and explicitness is one common factor in most of the countries where the company operates. The increasing electricity demand and natural growth in our concession areas for distribution, among others, give solidity to our business.
- Better hydrological conditions during second half, will allow the return of balance registered in the past.
- Los Cóndores, Neltume, Punta Alcalde<sup>1</sup>, Curibamba and HidroAysén represent 4,318 MW in installed capacity under study or advanced approval stage.

<sup>1</sup> The Environmental Impact Study was rejected, Endesa Chile will appeal to Council of Ministers

## Disclaimer

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*light · gas · people*

**appendices**

## Installed capacity and output per country<sup>1</sup>

MW at 1H 2012

	Chile		Colombia		Brazil		Peru		Argentina		Total	
<b>Total</b>	5,611		2,914		987		1,668		3,652		14,833	
Hydro	3,456		2,470		665		746		1,328		8,666	
Coal	286		236		0		0		0		522	
Oil-Gas	1,782		208		322		922		2,324		5,559	
CHP / Renewables	87		0		0		0		0		87	

Installed Capacity

GWh at 1H 2012  
chg. Vs. 1H 2011

	Chile		Colombia		Brazil		Peru		Argentina		Total	
<b>Total</b>	9,554	4.0%	6,396	16.1%	2,371	75.3%	4,463	-4.2%	5,758	-4.3%	28,541	6.8%
Hydro	5,213	16.8%	6,189	16.9%	1,880	65.3%	2,513	-1.3%	1,295	14.4%	17,090	17.2%
Coal	880	-5.5%	111	-7.1%	0	-	0	-	0	-	991	-5.6%
Oil-Gas	3,392	-8.5%	97	2.5%	491	128.1%	1,949	-7.6%	4,462	-8.7%	10,391	-5.6%
CHP / Renewables *	69	-18.9%	-	-	-	-	-	-	-	-	69	-18.9%

Output

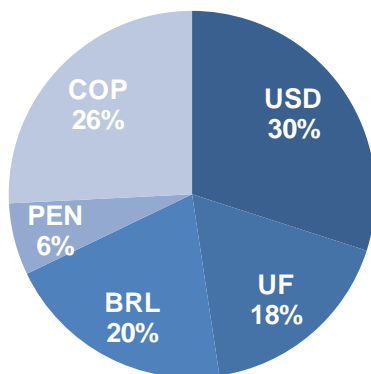
<sup>1</sup> The run-of-the-river facility "Ojos de Agua" (9 MW of installed capacity), located in Chile, is considered as "CHP / Renewable", as mini hydro facilities in Chile are considered as renewable. In the slide per country, it appears considered under "Hydro" output in Chile.

## Energis: financial debt maturity calendar

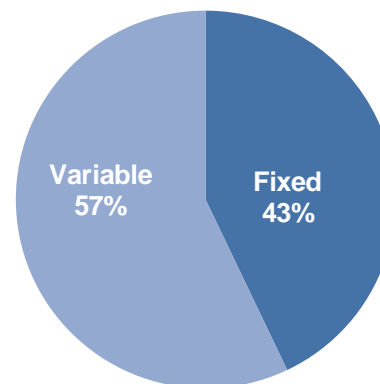
### Debt by Country

(Million Ch\$)	2012	2013	2014	2015	2016	Balance	TOTAL
Chile	17,378	212,978	373,079	112,734	224,676	476,300	1,417,145
Argentina	54,614	63,055	33,117	17,517	17,197	-	185,499
Peru	38,143	56,584	55,715	42,269	44,795	130,583	368,089
Brazil	170,889	108,842	78,732	66,058	102,402	218,548	745,471
Colombia	1,708	67,771	110,137	81,737	52,211	597,637	911,201
<b>TOTAL</b>	<b>282,732</b>	<b>509,229</b>	<b>650,781</b>	<b>320,315</b>	<b>441,280</b>	<b>1,423,068</b>	<b>3,627,405</b>

### Debt by Currency<sup>1</sup>



### Debt by Interest Rate



- **Total debt as of June 2012:** Ch\$ 3,627,405 million (US\$ 7,228 million<sup>2</sup>)
- **Debt structure:** Debt in currency in which operating cash flow is generated

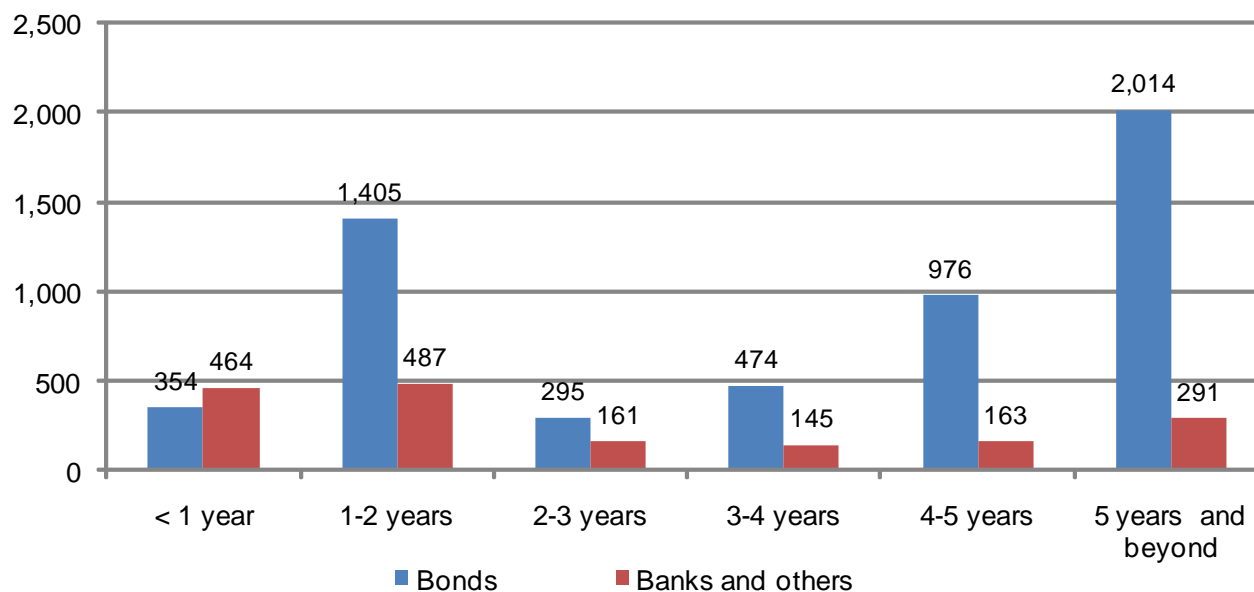
<sup>1</sup> COP: Colombian Peso; PEN; Peruvian Soles; BRL; Brazilian Reais; UF: Chilean inflation-indexed, peso-denominated monetary unit ; USD: US dollar

<sup>2</sup> US\$ 1 equals to \$501.84 using the close price for the period

## Energis: financial debt maturity calendar

### Debt maturity profile outstanding as of June 30, 2012

US\$ million



- **Liquidity: US\$ 4,207 million**
- **Average life of debt: 5.2 years**

**US\$ 1,459 million in cash**

**US\$ 887 million in committed credit lines**

**US\$ 1,861 million non-committed credit lines (available)**

## Enersis Group in Chile

### Generation

#### ENDESA CHILE

Total Generation: 9,554 GWh

Market Share<sup>1</sup>: 32%

**Hydro**  
5,213 GWh  
(54%)

**Thermal**  
4.272 GWh  
(45%)

**Wind**  
69 GWh  
(1%)

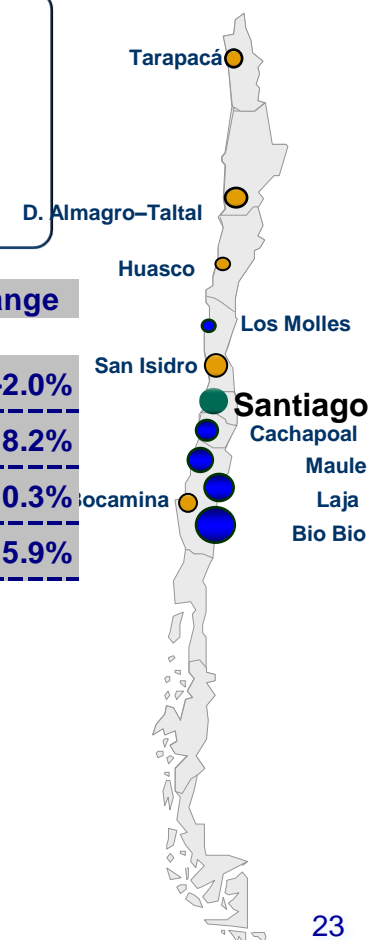
### Distribution

#### CHILECTRA

Distribution area: Santiago de Chile

1.6 million customers

Energy losses 5.4%



Ch\$ Million	1H 2012	1H 2011	Change
Revenues	553,995	615,186	-9.9%
EBITDA	96,199	166,489	-42.2%
EBITDA Margin	17.4%	27.1%	-35.8%
Physical Sales	10,409	10,169	2.4%

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	494,323	504,214	-2.0%
EBITDA	84,871	78,466	8.2%
EBITDA Margin	17.2%	15.6%	10.3%
Physical Sales	7,121	6,726	5.9%

<sup>1</sup> Measured as sales over installed capacity of the system

## Enersis Group in Colombia

### Generation

#### EMGESA

Total Generation: 6,396 GWh

Market Share<sup>1</sup>: 20%

Hydro  
6,189 GWh  
(97%)

Thermal  
208 GWh  
(3%)

### Distribution

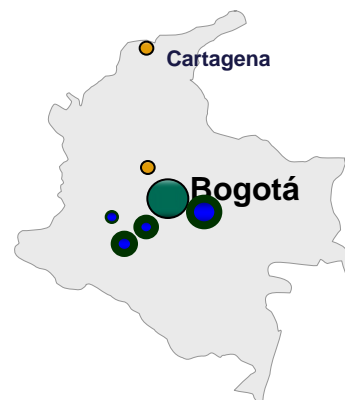
#### CODENSA

Distribution area: Bogotá

2.7 million customers

Energy losses 7.9%

Ch\$ Million	1H 2012	1H 2011	Change	Ch\$ Million	1H 2012	1H 2011	Change
Revenues	272,012	232,228	17.1%	Revenues	444,496	388,119	14.5%
EBITDA	177,464	115,984	53.0%	EBITDA	156,613	104,318	50.1%
EBITDA Margin	65.2%	49.9%	30.6%	EBITDA Margin	35.2%	26.9%	31.1%
Physical Sales	7,719	7,224	6.9%	Physical Sales	6,522	6,305	3.4%



<sup>1</sup> Measured as sales over installed capacity of the system



## Enersis Group in Peru

### Generation

#### EDEGEL

Total Generation: 4,463 GWh

Market Share<sup>1</sup>: 26%

Hydro  
2,513 GWh  
56%

Thermal  
1,949 GWh  
44%

### Distribution

#### EDELNOR

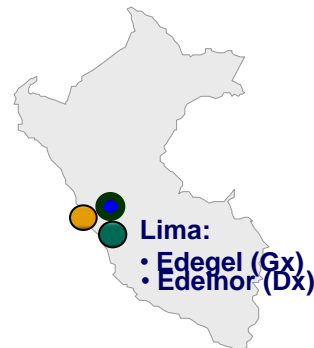
Distribution area: Northern Lima

1.2 million customers

Energy losses 8.2%

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	141,754	115,117	23.1%
EBITDA	71,965	74,954	-4.0%
EBITDA Margin	50.8%	65.1%	-22.0%
Physical Sales	4,835	4,746	1.9%

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	194,265	158,417	22.6%
EBITDA	47,390	48,983	-3.3%
EBITDA Margin	24.4%	30.9%	-21.1%
Physical Sales	3,448	3,276	5.2%



## Enersis Group in Brazil

### Generation

Total Generation: 2,371 GWh

Market Share<sup>1</sup>: 1%

#### CACHOEIRA

Hydro  
1,880 GWh

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	72,195	59,300	21.7%
EBITDA	50,089	43,710	14.6%
EBITDA Margin	69.4%	73.7%	-5.9%
Physical Sales	2,145	1,792	19.7%

#### FORTALEZA

Thermal  
491 GWh

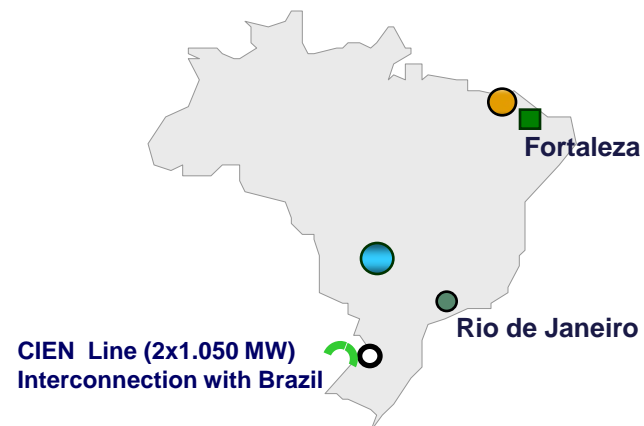
Ch\$ Million	1H 2012	1H 2011	Change
Revenues	65,715	61,169	7.4%
EBITDA	27,510	27,907	-1.4%
EBITDA Margin	41.9%	45.6%	-8.2%
Physical Sales	1,398	1,334	4.8%

### Transmission

#### CIEN

Two 500 Km lines  
Total interconnection capacity : 2,100 MW

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	37,644	17,047	120.8%
EBITDA	26,049	10,930	138.3%
EBITDA Margin	69.2%	64.1%	7.9%



## Enersis Group in Brazil

### Distribution

#### AMPLA

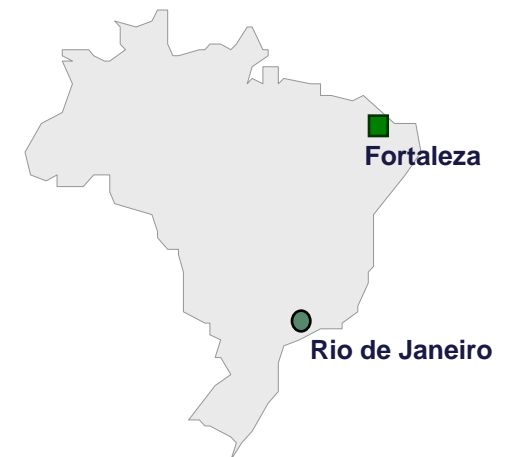
Distribution area: R o de Janeiro State  
2.7 million customers  
Energy losses 19.5%

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	559,722	561,888	-0.4%
EBITDA	121,657	127,229	-4.4%
EBITDA Margin	21.7%	22.6%	-4.0%
Physical Sales	5,386	5,217	3.2%

#### COELCE

Distribution area: Ceara State  
3.3 million customers  
Energy losses 12.2%

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	421,170	427,438	-1.5%
EBITDA	104,027	109,258	-4.8%
EBITDA Margin	24.7%	25.6%	-3.4%
Physical Sales	4,753	4,257	11.7%



## Enersis Group in Argentina

### Generation

Total Generation: 5,758 GWh

Market Share<sup>1</sup>: 12%

### EL CHOCON

Hydro  
1,295 GWh

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	24,538	23,183	5.8%
EBITDA	13,952	12,182	14.5%
EBITDA Margin	56.9%	52.5%	8.2%
Physical Sales	1,498	1,395	7.4%

### COSTANERA

Thermal  
4,462 GWh

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	157,992	180,888	-12.7%
EBITDA	-749	14,122	-
EBITDA Margin	-0.5%	7.8%	-
Physical Sales	4,537	4,919	-7.8%

### Distribution

#### EDESUR

Distribution area: Southern Buenos Aires

2.4 million customers

Energy losses 10.6%

Ch\$ Million	1H 2012	1H 2011	Change
Revenues	165,014	139,425	18.4%
EBITDA	-17,225	-905	-
EBITDA Margin	-10.4%	-0.6%	-
Physical Sales	8,672	8,539	1.6%



<sup>1</sup> Measured as sales over installed capacity of the system



*light · gas · people*