

07 | 25 | 2013

# enersis 1H 2013 results

## Highlights

**Average demand<sup>1</sup> growth in LatAm reaches +3.5% improving the trend vs 1Q13**

**The GAP of hydro generation caused by the persistence of droughts in the region was faced through the entrance of the new thermal plant Bocamina II in Chile<sup>2</sup> (+1.2 TWh) and higher CCGT production in Brazil and Peru**

**Overall EBITDA increased<sup>3</sup> by 16.2% or 333 US\$mn, mainly thanks to better regulatory terms recognition on past distribution costs in Argentina**

**Endesa Spain's in-kind contribution in capital increase already contributing since 2Q13**

**Attributable Net Income increased by 98% during first half 2013 compared to first half 2012**

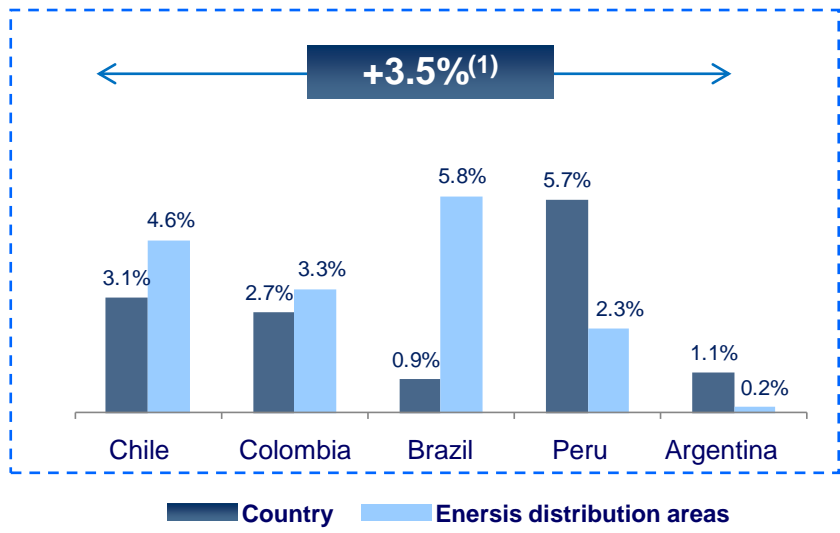
1. Country demand. Weighted by production

2. Coal fired plant, 350 MW installed capacity.

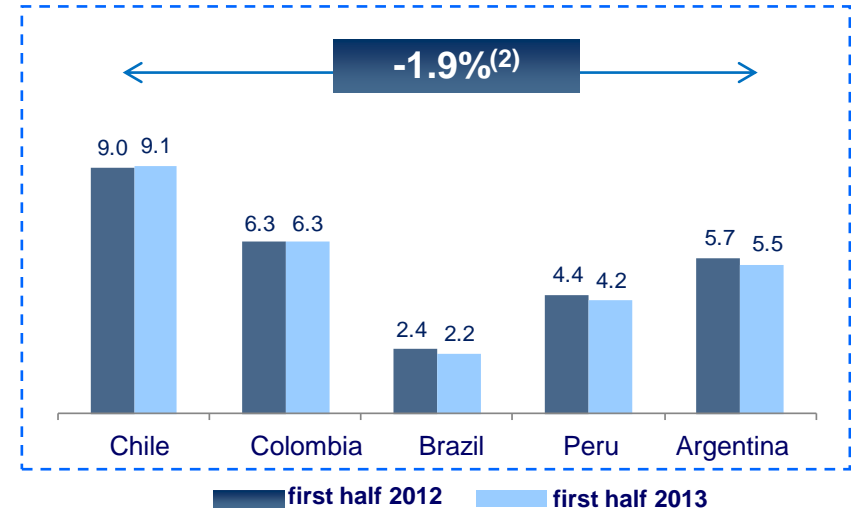
3. Percentage variation is based on Chilean Pesos

# Business context in 1H 2013

## Demand (%)



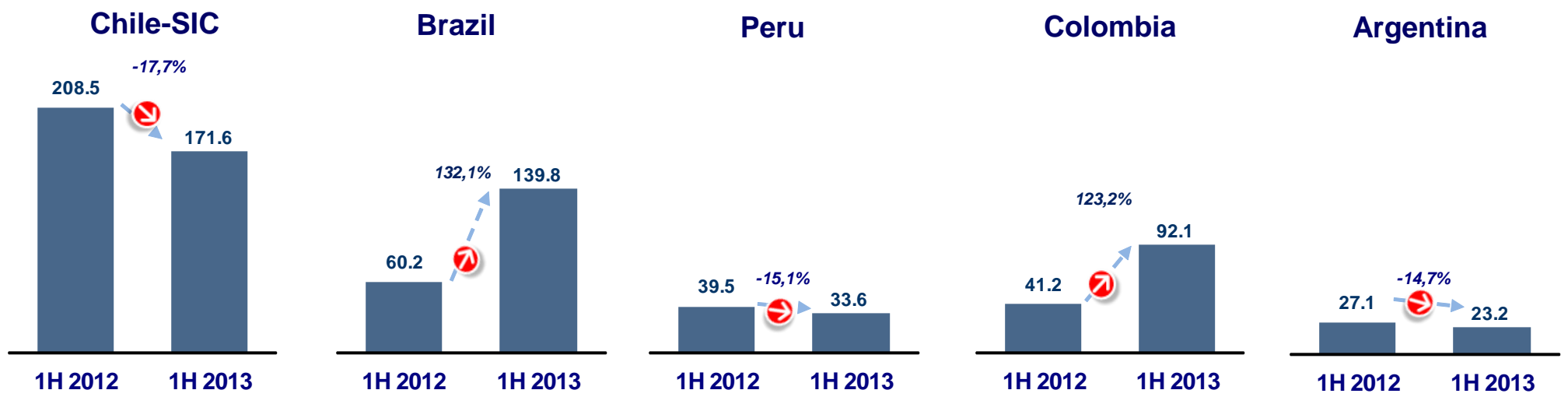
## Generation Output (TWh)



(1) Average growth weighted by production  
Electricity sales in distribution consider tolls and unbilled consumption

(2) Average

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



# Financial highlights<sup>1</sup>

Ch\$ Million	1H 2013	1H 2012	Change	Th US\$ 1H 2013
<b>Revenues</b>	3,157,601	3,251,304	<b>-2.9%</b>	6,596
<b>EBITDA</b>	1,087,175	935,698	<b>16.2%</b>	2,271
<b>EBIT</b>	865,630	704,427	<b>22.9%</b>	1,808
<b>Group Income</b>	562,306	388,715	<b>44.7%</b>	1,175
<b>Group Net Ordinary Income</b>	322,356	162,621	<b>98.2%</b>	673
<b>Net Debt</b>	2,432,439	2,770,711 <sup>(2)</sup>	<b>-12.2%</b>	4,796

<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 478.71 CLP/USD for the cumulative period as of June 30, 2013 and 507.16 CLP/USD for net debt calculation as of June 30, 2013.

<sup>2</sup> Net debt as of Dec. 31, 2012.

## From EBIT to net income<sup>1</sup>

Ch\$ Million	1H 2013	1H 2012	Change	Th US\$ 1H 2013
<b>EBIT</b>	865,630	704,427	<b>22.9%</b>	1,808
<b>Net Financial Charges</b>	-63,464	-162,089	<b>-60.8%</b>	-133
Interest Charges	-205,410	-233,494	<b>-12.0%</b>	-429
Other	141,946	89,322	<b>58.9%</b>	297
<b>Net Income from Equity Investments</b>	10,396	16,249	<b>-36.0%</b>	22
<b>EBT</b>	818,586	560,375	<b>46.1%</b>	1,710
<b>Income Tax</b>	-256,280	-171,660	<b>49.3%</b>	-535
<b>Net Income (Continuing operations)</b>	562,306	388,715	<b>44.7%</b>	1,175
<b>Minorities</b>	239,950	226,094	<b>6.1%</b>	501
<b>Group Net Income</b>	322,356	162,621	<b>98.2%</b>	673

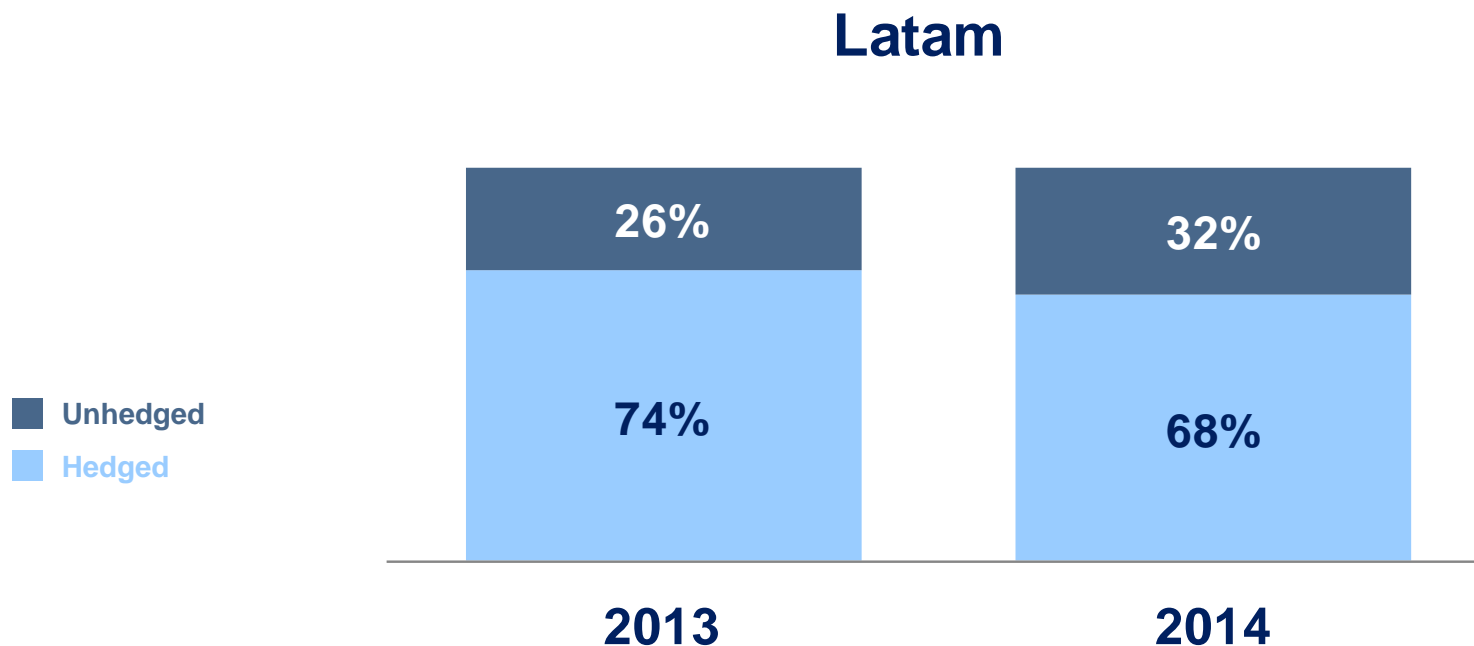
<sup>1</sup> Since under IFRS, Enersis has adopted the Chilean Peso as the functional currency. Comparisons between periods have been only made under Ch\$.

Referential average exchange rate 478.71 CLP/USD for the cumulative period as of June 30, 2013

<sup>2</sup> Net Financial Expenses correspond to Net Financial Income discounted of Foreign Currency Exchange Differences.

# Focus on forward electricity sales

Level of total production hedge (%)



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**Overall hedge in estimated output equals to ~ 74% in 2013 and ~ 68% in 2014  
35% and 19% of generation sold through contracts > 5 and 10 yrs respectively**

## Regulation update: Latam (I)

### Argentina

- Dx: MMC recognition from May 2007 to February 2013:
  - Increase of EBITDA and net income levels. No significant cash flow impact
  - Resolution SE N° 250/13 (May 7<sup>th</sup>, 2013) authorized a compensation to Edesur of positive credit concerning MMC with:
    - Debt arising from the application of PUREE
    - Debt with CAMMESA
    - Exceeds credits to fund the trust (*Fideicomiso*) constituted by ENRE Resolution N° 347 from November 23, 2012
- Gx: regulatory remuneration based on “Cost Plus” scheme. To be booked retroactively as of Feb 2013, when law is enforced

### Brazil

- The concession non-renewal in Gx resulted in involuntary exposure of distributors;
- Ministry of Energy called “A-0” was unsuccessful
- Most of the involuntary exposure has been covered by CDE (National Treasury).

## Regulation update: Latam (II)

### Chile

- Congress agreement on projects of non-conventional renewable and electrical concessions
  - The goal of 20% of total production to be generated from renewable sources as of 2025 applies to new contracts and exclusive auctions for non-conventional renewables.
  - Improvement of Electrical Concessions Law.
- Bill presented by the Government encourages SIC-SING interconnection

### Peru

- Edelnor tariff review progress according to schedule. To be published next November

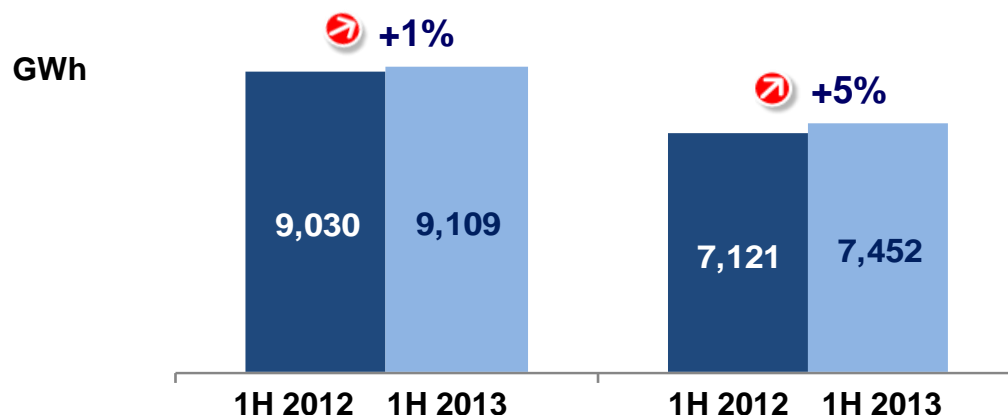
### Colombia

- Dx: Regulator (CREG) issued resolution defining criteria for next tariff review (2014-2018):
  - WACC according to current methodology
  - RAB Review



# Chile

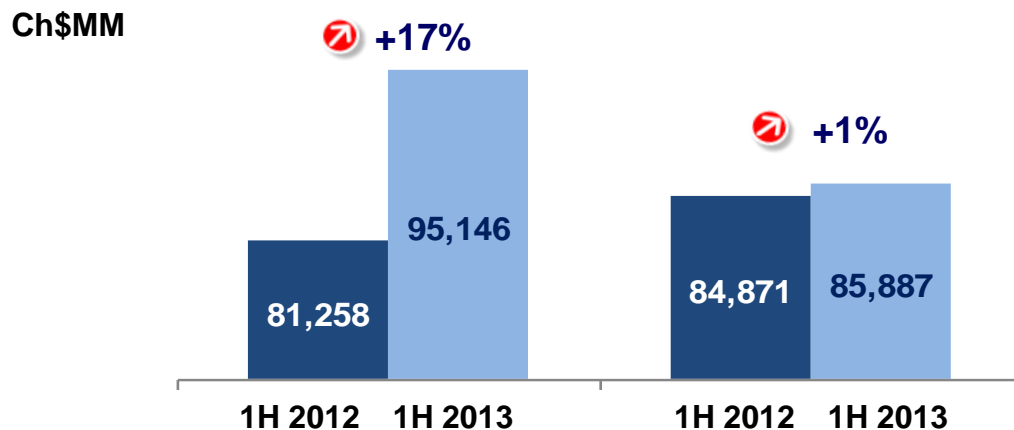
## Generation output      Distribution sales<sup>(1)</sup>



- **Gx:** Despite lower hydrology, energy output remained stable vs 2012 thanks to Bocamina II plant
- **Dx:** Strong demand supported by residential & commercial customers and new real estate projects

## Gx EBITDA

## Dx EBITDA



- **Gx:** lower fuel costs and energy purchases, coupled with a better production mix. 2012 contains a positive one-off effect linked to CMPC settlement
- **Dx:** higher sales volume and additional service income, partially offset by lower VAD.

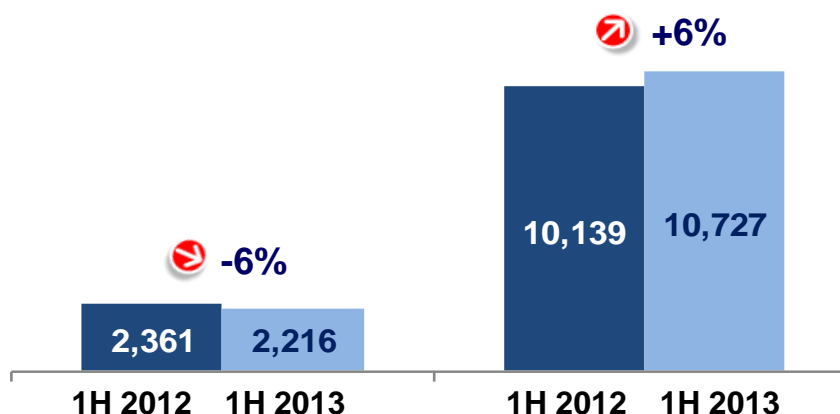
**Total EBITDA Ch\$MM 175,389 (+6.9%)**

(1) Tolls and unbilled consumption included. (2) Includes Holding expenses.

## Brazil

### Generation output      Distribution sales<sup>(1)</sup>

GWh

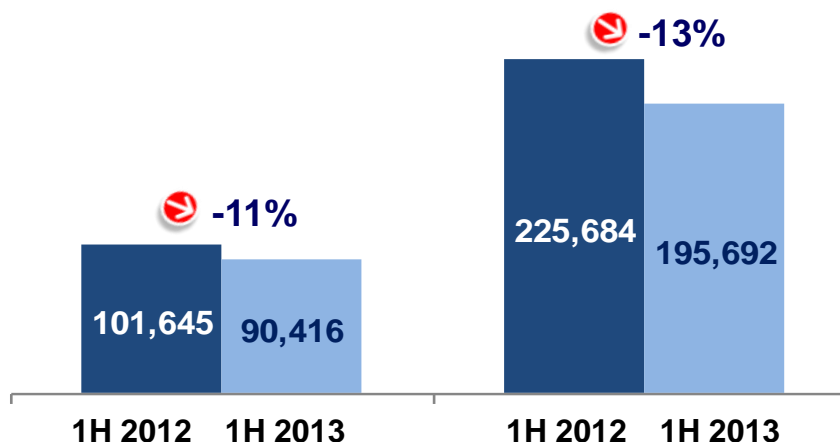


- **Gx:** Worse hydro conditions due to drought impacted Cachoeira, partly offset by thermal dispatch from Fortaleza.
- **Dx:** Strong demand linked to weather conditions

Ch\$MM

### Gx EBITDA

### Dx EBITDA



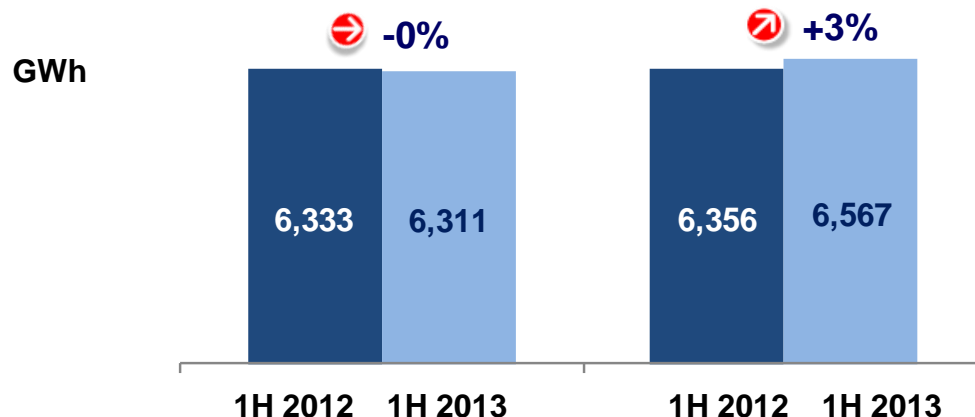
- **Gx:** higher fuel costs and energy purchases in Fortaleza partly compensated by higher thermal generation. Lower sales volume from Cachoeira.
- **Dx:** higher energy costs in Ampla and Coelce due to drought (to be recovered in annual tariff adjustments). Negative impact of Coelce's tariff revision.

**Total EBITDA<sup>(2)</sup> Ch\$MM 284,010 (-12.5%)**

(1) Tolls and unbilled consumption included. (2) Includes Holding expenses.

# Colombia

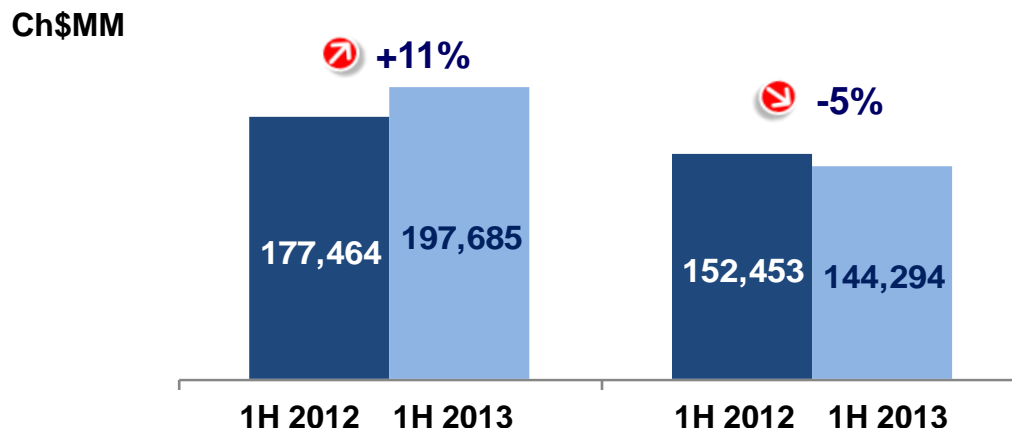
## Generation output      Distribution sales<sup>(1)</sup>



- **Gx:** Lower hydro conditions compensated by higher thermal generation from coal-fired plants.
- **Dx:** Stable demand in line with country dynamics

## Gx EBITDA

## Dx EBITDA



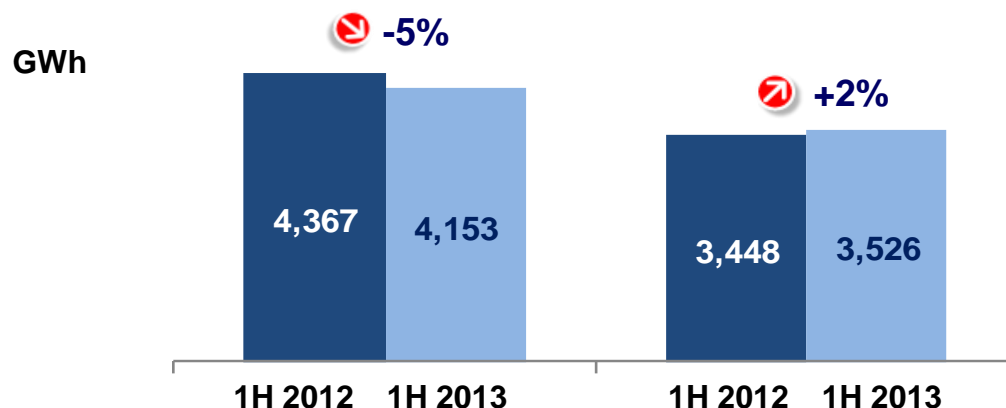
- **Gx:** higher energy prices and sales volume, partially offset by increases in energy purchases and fuel costs
- **Dx:** lower sales prices and fixed costs, partially compensated by higher sales volume and other services

**Total EBITDA Ch\$MM 342,031 (+3.7%)**

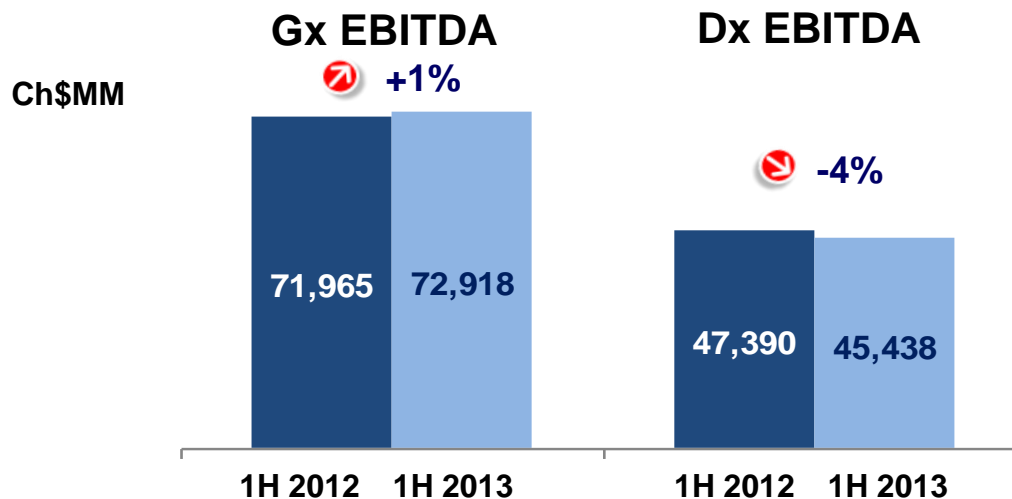
(1) Tolls and unbilled consumption included

# Peru

## Generation output      Distribution sales<sup>(1)</sup>



- **Gx:** Lower thermal dispatch, partially offset by recovery of Ventanilla
- **Dx:** Lower energy sales due to slowdown in manufacture activity in Lima area



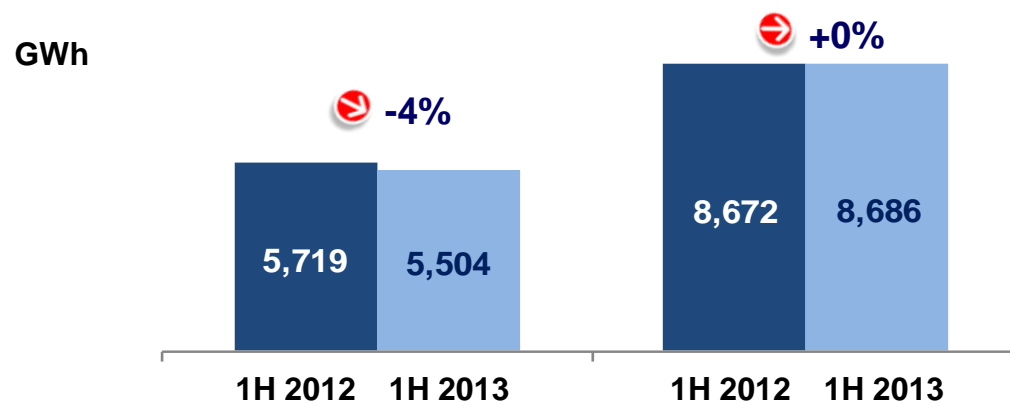
- **Gx:** lower fuel costs due to lower thermal dispatch, partly offset by lower sales
- **Dx:** lower average price and fixed costs

**Total EBITDA Ch\$MM 117,990 (-1.1%)**

(1) Tolls and unbilled consumption included

# Argentina

## Generation output      Distribution sales<sup>(1)</sup>

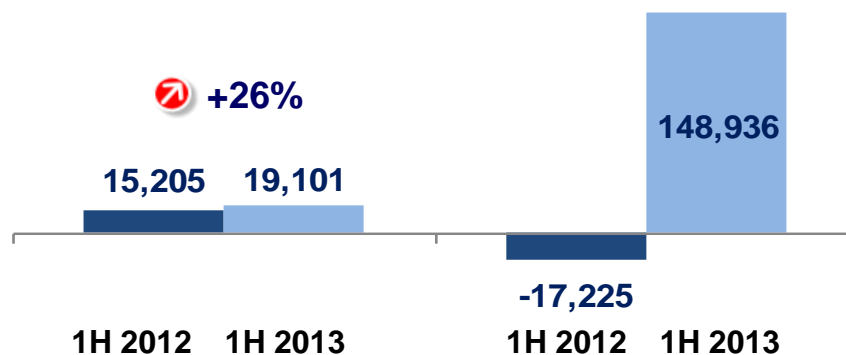


- **Gx:** Worse hydro conditions and lower thermal availability
- **Dx:** Lower demand due to slowdown in economic activity

## Gx EBITDA

## Dx EBITDA

Ch\$MM



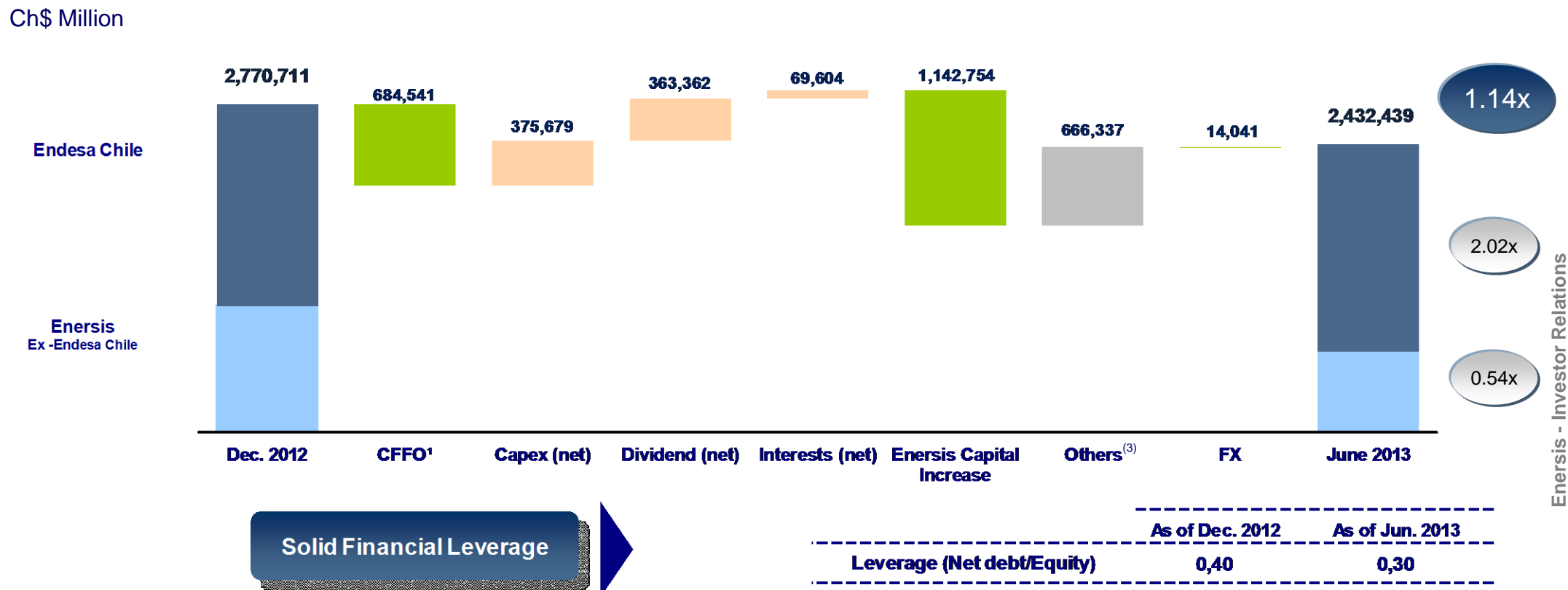
- **Gx:** higher margin due to new regulation and availability payments
- **Dx:** one-off effect due to Resolution 250/2013

**Total EBITDA Ch\$MM 167,256**

(1) Tolls and unbilled consumption included

# A solid financial position

## Net debt evolution in 1H 2013



- Enersis liquidity ex Endesa Chile covers 41 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>3</sup> Financial debt less cash divided by EBITDA TTM

<sup>3</sup> Under IFRS, cash devoted to products with tenor over 90 days are not considered as "Cash and Equivalents"

## Final Remarks

**Consolidated results incorporate the effect of transferred assets from Endesa, S.A. for the capital increase and the higher financial income related thanks to the invested cash**

**Despite the persistent drought in Chile, the Group has obtained positive results mainly thanks to Bocamina II and the use of LNG**

**Recovery in electricity demand during the second quarter of the year with an important contribution of our main distribution companies**

**Results have been impacted by the positive one-time effect in Argentinean distribution business**

**annexes**



## Installed capacity

Installed Capacity



	Chile	Colombia	Brazil	Peru	Argentina	Total
<b>Total</b>	<b>5,571</b>	<b>2,914</b>	<b>987</b>	<b>1,773</b>	<b>4,522</b>	<b>15,766</b>
Hydro	3,456	2,471	665	746	1,328	8,666
Nuclear	0	0	0	0	0	0
Coal	636	236	0	0	0	872
Oil-Gas	1,392	208	322	1,027	3,194	6,142
CHP / Renewables	87	0	0	0	0	87

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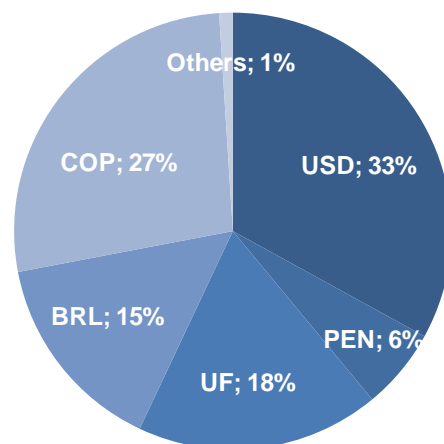
<sup>2</sup> The run-of-the-river mini hydro facility "Ojos de Agua" (9 MW of installed capacity), located in Chile, is considered as Renewable. In the slide per country, it is considered under "Hydro" output

## Energis: financial debt maturity calendar

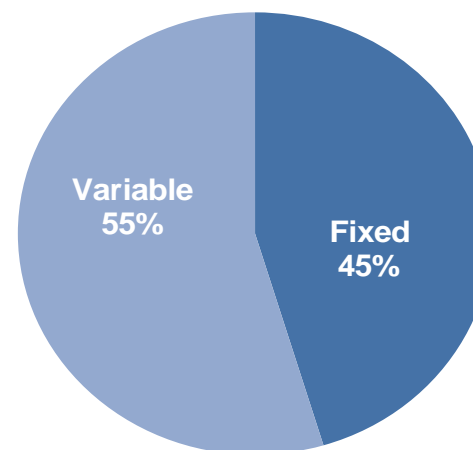
### Debt by Country

Ch\$ million	2013	2014	2015	2016	2017	Balance	TOTAL
<b>Chile</b>	204,094	376,988	113,923	226,914	9,310	471,844	1,403,072
<b>Argentina</b>	129,376	86,756	9,541	4,922	-	-	230,594
<b>Peru</b>	18,475	61,532	47,464	50,552	45,388	149,932	373,343
<b>Brazil</b>	75,573	78,055	65,923	100,936	100,109	120,795	541,391
<b>Colombia</b>	42,329	102,973	76,420	48,814	158,318	531,900	960,754
<b>TOTAL</b>	<b>478,071</b>	<b>706,303</b>	<b>313,271</b>	<b>432,137</b>	<b>313,124</b>	<b>1,274,472</b>	<b>3,517,378</b>

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



### Debt by Interest Rate



- **Total debt <sup>2</sup> as of June 2013:** Ch\$ 3,517,378 million (US\$ 6,935 million)
- **Debt structure:** Debt in currency in which operating cash flow is generated

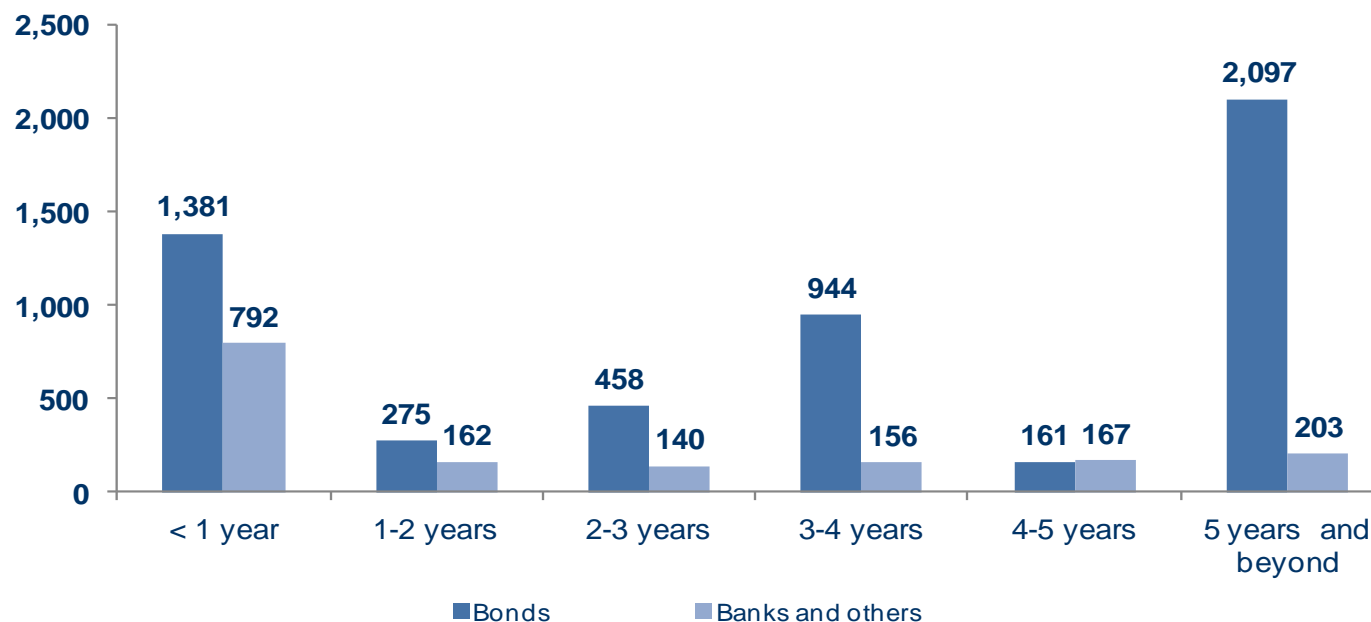
<sup>1</sup> COP: Colombian Peso; PEN; Peruvian Soles; BRL; Brazilian Reais; UF: Chilean inflation-indexed, peso-denominated monetary unit ; USD: US dollar; Others: ArgentineaPeso

<sup>2</sup> US\$ 1 equals to \$507.16 using the end of the period exchange rate.

## Enersis: financial debt maturity calendar

### Debt maturity profile outstanding as of June 30, 2013

US\$ million



- **Liquidity: US\$ 4,023 million**
- **Average life of debt: 5.0 years**

**US\$ 2,298 million in cash**

**US\$ 769 million in committed credit lines (available)**

**US\$ 956 million non-committed credit lines (available)**

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