

Enersis

9M 2014 results

29/10/2014

enersis



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Highlights

Since October 23rd Enersis became a company directly held by Enel Group

On November 25th Enersis will hold an Extraordinary Shareholder Meeting regarding Central Dock Sud capital increase proposal in Argentina

Overall EBITDA in 9M14 reached 2.7 US bn\$, 6.9% lower than the same period of 2013.

Net Income Attributable to Shareholders during 9M14 decreased by 41.8% to 485 US\$ mn

The Group has launched operations to acquire minority stakes in the amount of 964 US mn\$ in both distribution and generation assets in Brazil, Chile and Peru.

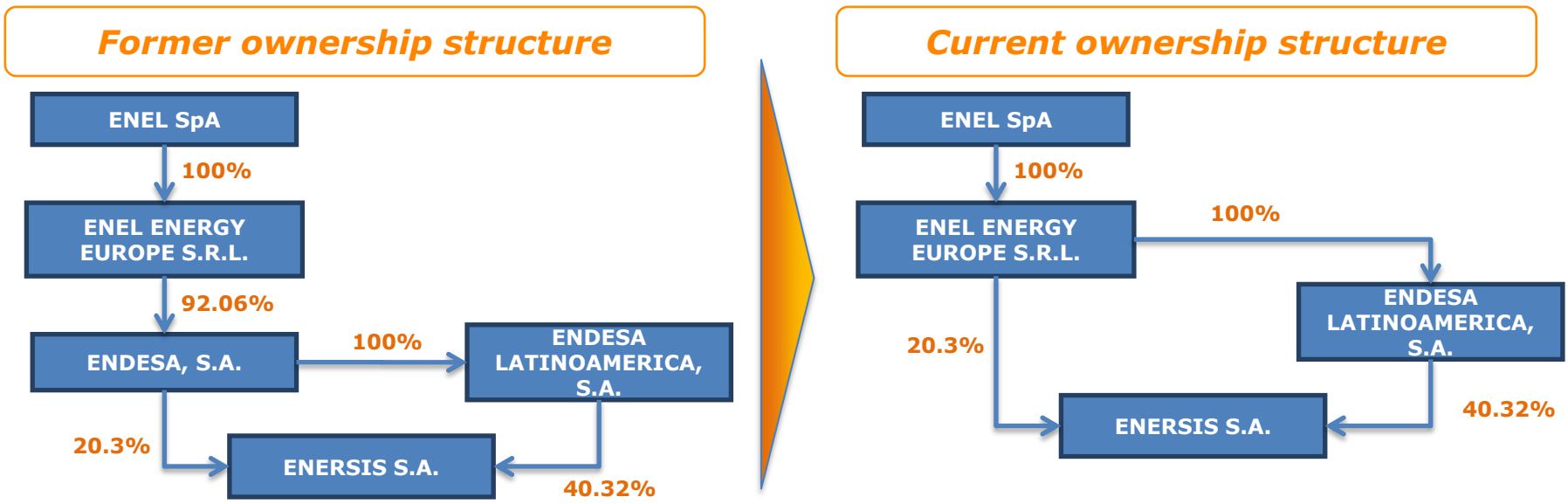
Positive impact of 154 US\$mn of Net Income in the 4th quarter due to a new MMC recognition and the restructuring of debt in Endesa Costanera

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Enel restructuring process

- **Enersis sale to Enel:**

- ✓ On October 23, Endesa, S.A. finalized the sale of its Enersis S.A. shares to Enel Energy Europe, S.R.L., equal to 20.3%. Additionally, Endesa, S.A. sold 100% of the shares of Endesa Latinoamérica, S.A. (which owned 40.32% of Enersis S.A.'s equity) to Enel Energy Europe, S.R.L.
- ✓ With this transaction, Enel SpA continues to be the final controller of Enersis S.A., and such control will be exercised through Enel Energy Europe S.R.L., which is based in Spain.



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Central Dock Sud

Rationale

- The Operation has the purpose of reestablishing the net equity of Inversora Dock Sud S.A. and Central Dock Sud S.A. (CDS), Enersis S.A.'s Argentinean subsidiaries through a capital increase in both companies, where:
 - Shareholders will capitalize the existing loans
 - Shareholders will keep approximately the current ownership structure in CDS: Enersis (40%), YPF (40%) and Pan American Energy (20%).
- In order to participate in the capital increase, Enersis should buy existing loans currently held by Endesa Latinoamérica, S.A.
- After the completion of the operation, CDS will no longer hold debt

Independent Appraisers & Board of Directors

- 2 independent appraisers valued the loans held by Endesa Latinoamérica, S.A.:
 - IM Trust, estimated the value of the loans to be acquired at a value between USD 21.1 million to USD 23.6 million.
 - Itaú BBA de Banco Itaú Chile, estimated that the purchase of the loans generates value for Enersis if it is made at a value of less than USD 33.8 million.
- Each member of Enersis' Board of Directors have publicly declared that this operation contributes to the best interest of Enersis.

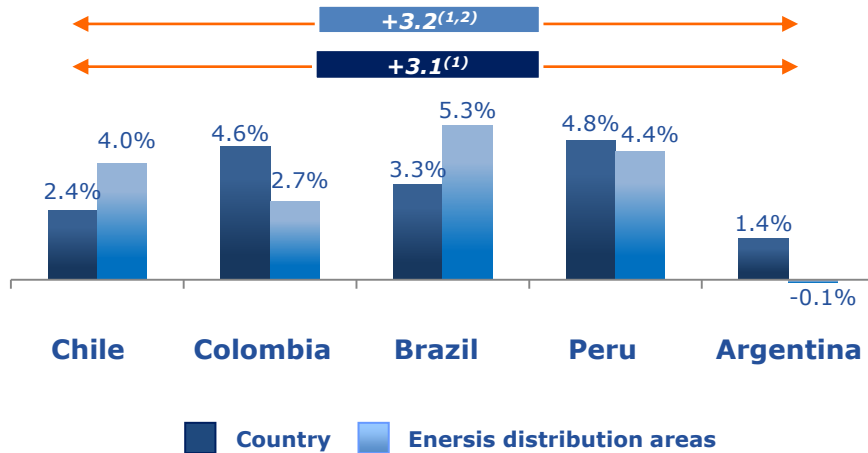
Next steps

- **November 25th : Enersis' Extraordinary Shareholders' Meeting, called to vote for:**
 - Purchase of Endesa Latinoamérica's loans
 - Conversion of debts from dollars to Argentine pesos
 - Interests condonation
 - Loans capitalization
 - Potential equity reduction
- **November 25th-28th:** Execution of the operation.

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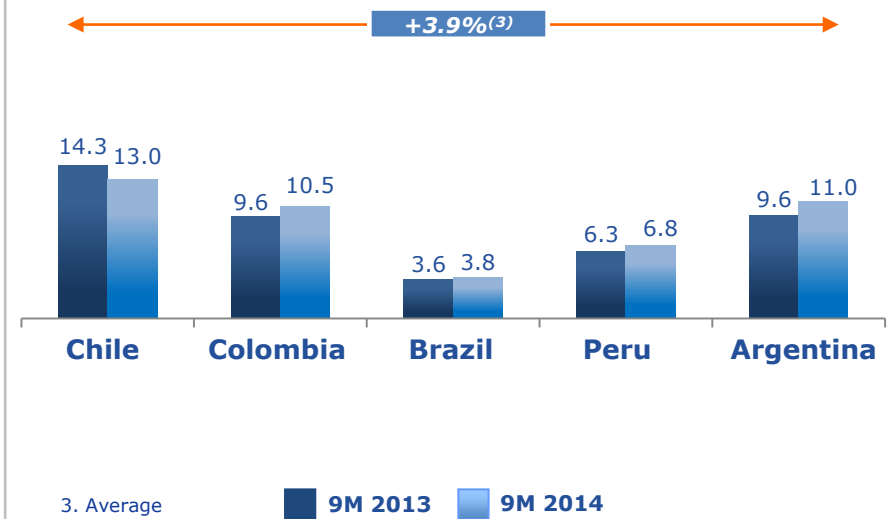
Business context in 9M 2014

Electricity demand (%)

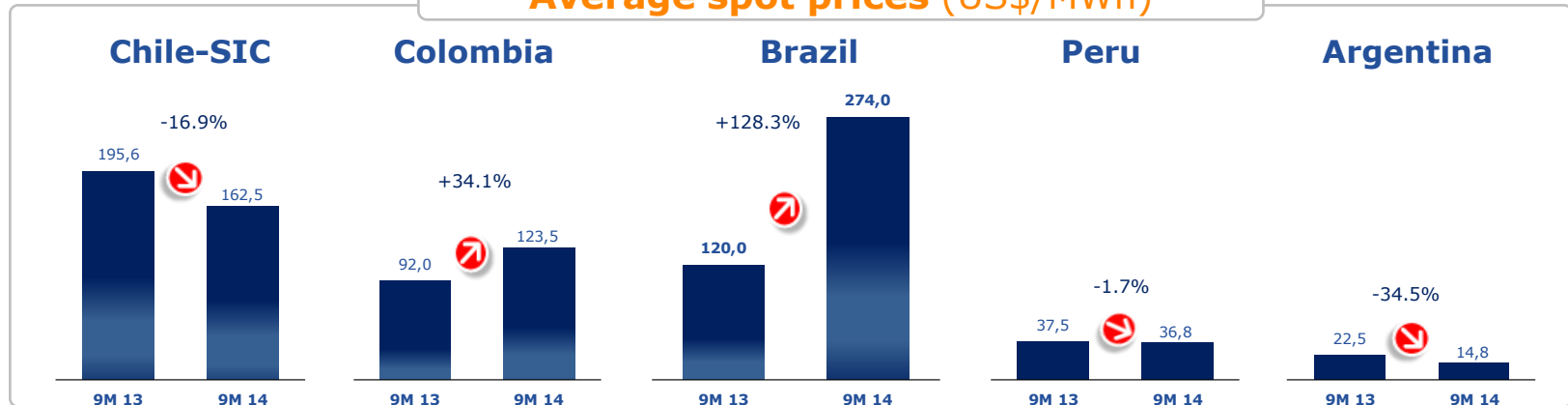


1. Average growth weighted by TWh (not adjusted)
 2. Sales to final clients. Tolls and unbilled consumption not included (net of losses)

Generation Output (TWh)



Average spot prices (US\$/MWh)



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Financial highlights

Ch\$ Million ⁽¹⁾	9M 2014	9M2013	Change (%)	9M 2014 Mn US\$
Revenues	5,209,263	4,593,455	13.4%	9,284
Costs	-3,688,149	-2,959,310	24.6%	-6,573
EBITDA	1,521,114	1,634,145	-6.9%	2,711
EBIT	1,142,256	1,248,759	-8.5%	2,036
Net income	526,191	802,624	-34.4%	938
Attributable to shareholders of Enersis	272,132	467,901	-41.8%	485
Net Debt⁽²⁾	2,603,463	1,338,757 ⁽³⁾	94.5%	4,345

- 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 – September 2014 was 561.10 CLP/USD, and the exchange rate as of September 30, 2014 was 599.22 CLP/USD.
- 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 8 of the financial statements for further disclosure.
- FY13 Net debt

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From EBIT to net income

Ch\$ Million ⁽¹⁾	9M 2014	9M2013	Change (%)	9M 2014 Mn US\$
EBIT	1,142,256	1,248,759	-8.5%	2,036
Net Financial Expense	-309,326	-142,715	116.7%	-551
Interest Expense	-387,066	-286,019	35.3%	-690
Other	126,351	168,026	-24.8%	225
Net Income from Equity Investments	12,197	14,636	-16.7%	22
EBT	893,695	1,133,863	-21.2%	1,593
Income Tax	-367,505	-331,238	10.9%	-655
Net Income	526,191	802,624	-34.4%	938
Attributable to non-controlling interests	254,059	334,724	-24.1%	453
Attributable to shareholders of Enersis	272,132	467,901	-41.8%	485

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

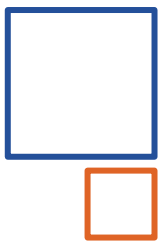
The average exchange rate for the period January – September 2014 was 561.10 CLP/USD, and the exchange rate as of September 30, 2014 was 599.22 CLP/USD

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Regulation update

Chile

- **Tax reform:**
 - ✓ On Sep 26th , Government approved a tax reform, seeking to raise ~US\$ 8.3 Bn a year to fund several initiatives. Main considerations:
 - ✓ From 2017 onwards, companies can choose between 2 taxation schemes:
 - ✓ "Attributable income" (*renta atribuida*) scheme: income will be subject to taxation when accrued. Company taxation will be 25% with a 100% of fiscal credit.
 - ✓ "Semi integrated system" (semi integrado): Companies taxation will be 27% with a 65% of fiscal credit to shareholders only when they receive dividends.
 - ✓ Also from 2017, a 'green tax' will be charged on generation plants:
 - ✓ 5 US\$ on of CO2 emitted
 - ✓ Nox, SO2 and PM emission depending on zone population
- **Net - billing:**
 - ✓ On September 6, the net-billing regulations were approved, establishing the price paid for the energy injected by distributed generators
- **Project of law - Energy auctions:**
 - ✓ On August 19, the Government began a law project to amend the auctions system for supplying power to regulated customers.



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Regulation update

Colombia

- **Dx:**
 - ✓ The tariff setting process is under development. It is expected to be completed before year-end. The CREG will propose, for consultation, a first draft of the methodology to be used for calculating the distribution rate. The final version would take effect during 1st half of 2015.

Brazil

- **Exposure to overruns in the distribution sector:** On going process.
- **New methodology for spot price calculation:**
 - ✓ ANEEL proposed to modify the spot price's (PLD) upper and lower limits:
 - ✓ Reduce the upper limit from 822.8 to 388.04 R\$/MWh or
 - ✓ increase the lower limit from 15.6 to 30.26 R\$/MWh.
- **4th tariff cycle:**
 - ✓ ANEEL published methodology proposals for the 4th tariff cycle which included modifications to WACC (proposal reduction from 11.36% to 10.85% real before tax).

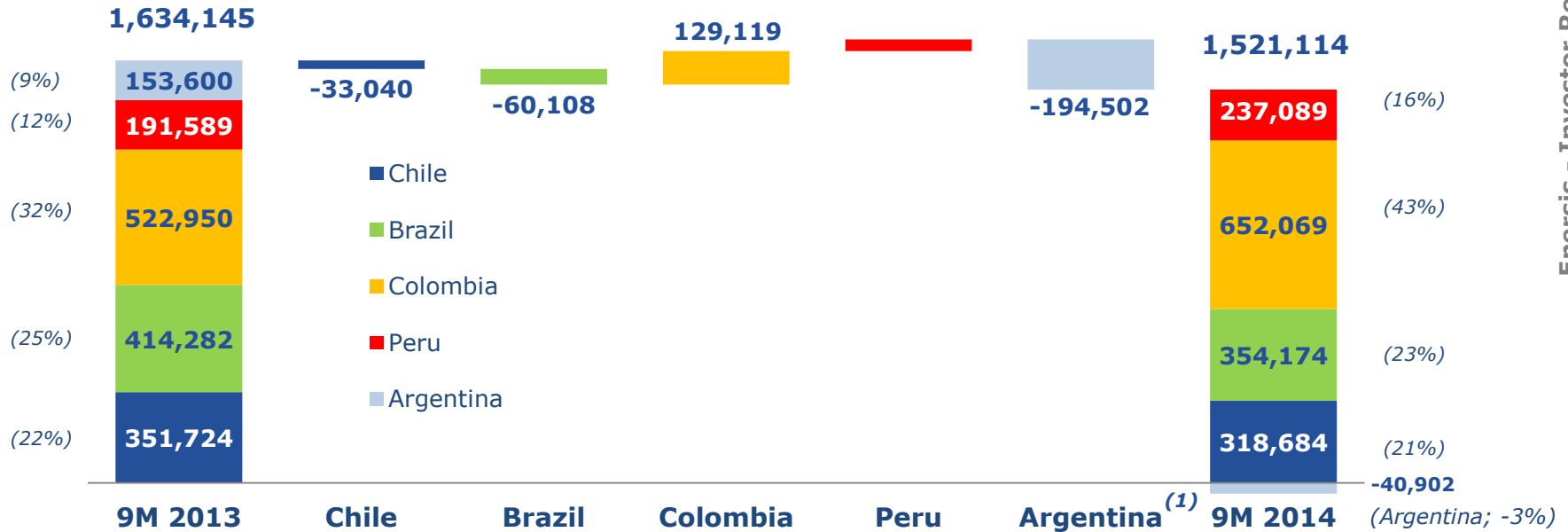
Argentina

- **MMC recognition in Edesur:**
 - ✓ On October 9th the Secretary of Energy issued Note N° 0486, which authorized application of Res. 250 between April and August 2014 for Edesur. This will represent a positive impact in Edesur of 92 US\$mn for the 4th quarter of 2014.

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EBITDA evolution (Ch\$ Million)

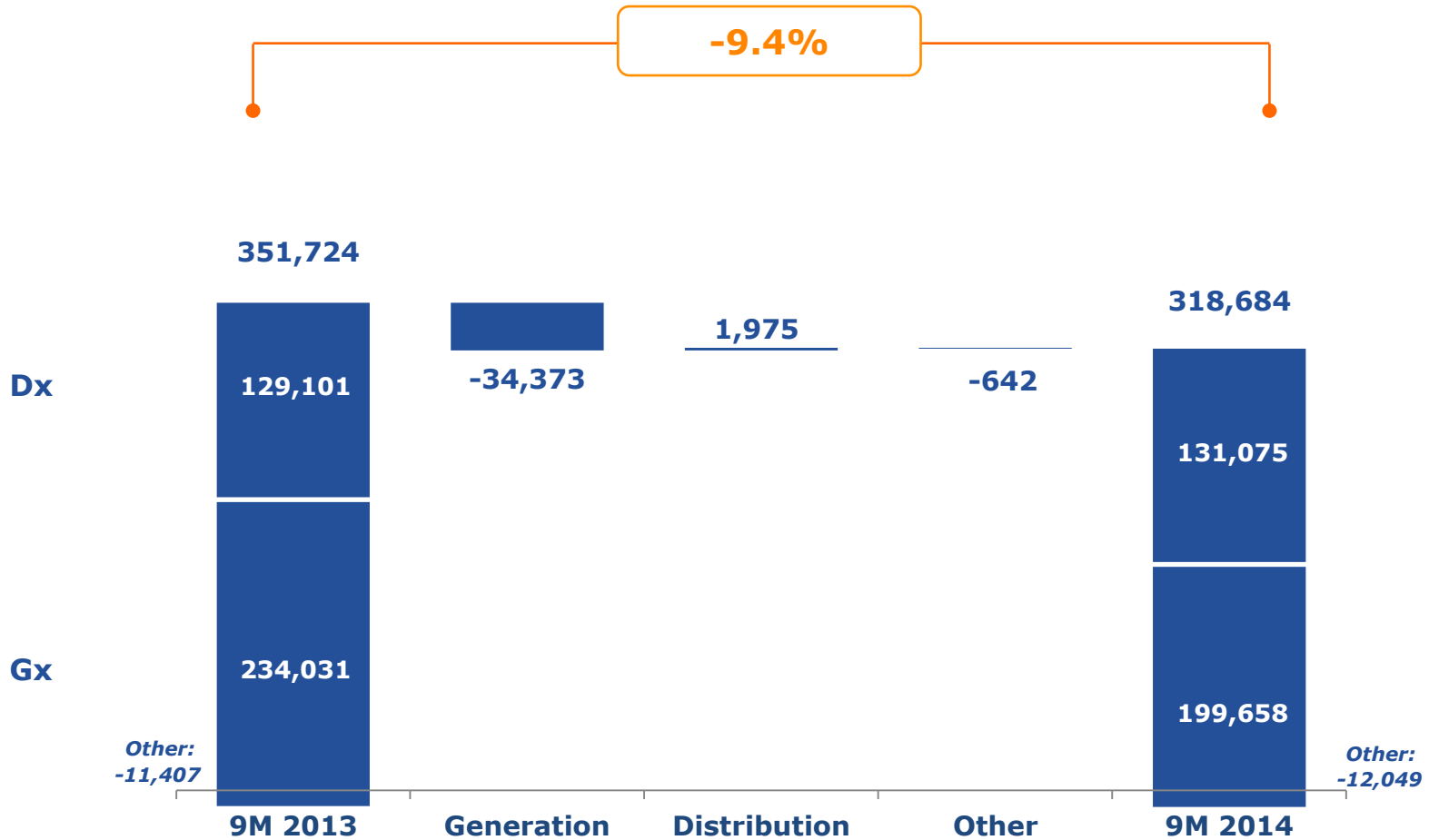
-6.9%



1 Other: Holding and consolidation adjustments

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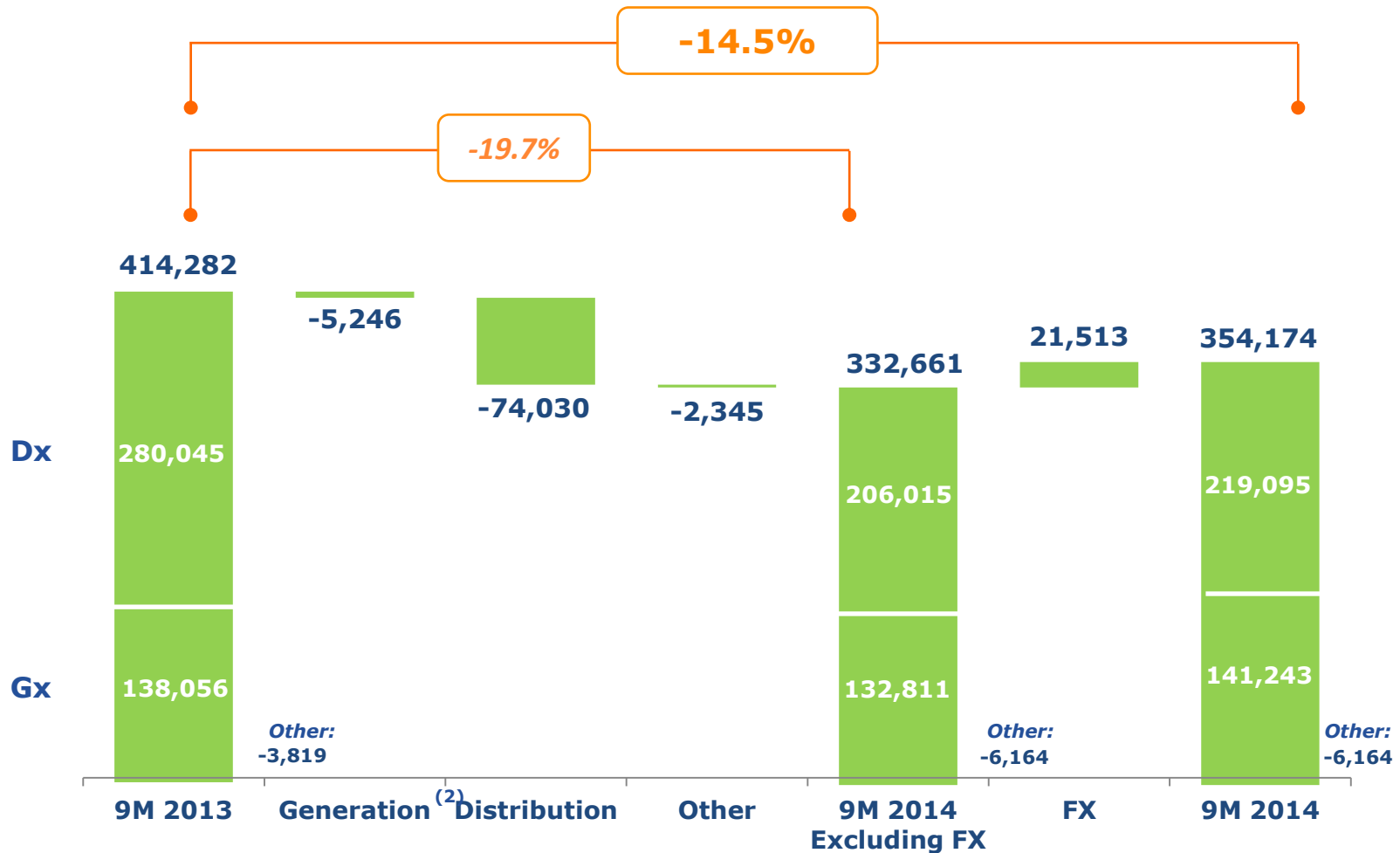
EBITDA⁽¹⁾ – Chile evolution (Ch\$ Million)



1 EBITDA considered "Others", related to holding and services.

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EBITDA⁽¹⁾ – Brazil evolution (Ch\$ Million)

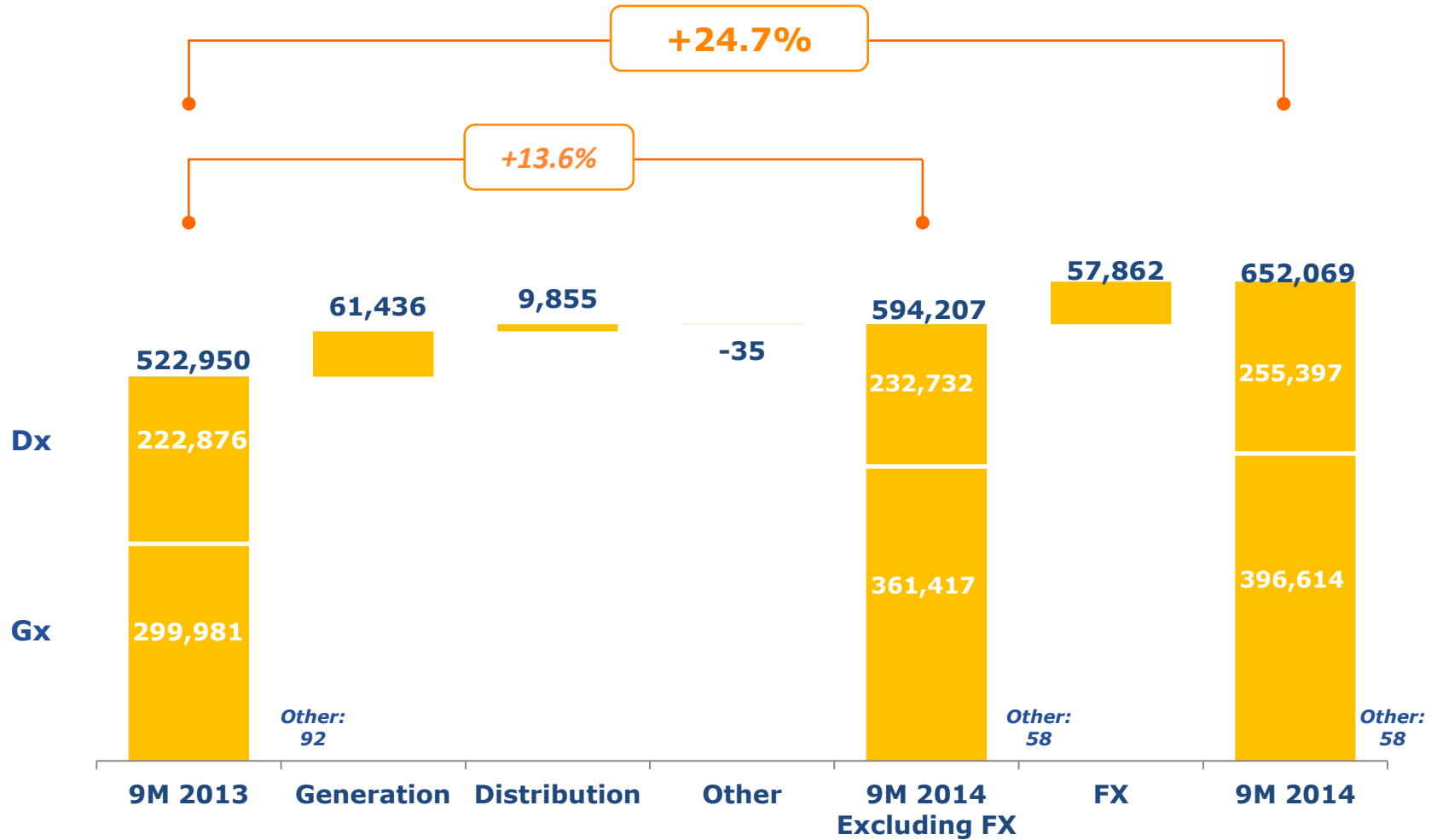


1 EBITDA considered "Others", related to holding and services. The effect of converting the financial statements from Brazilian reais to Chilean pesos in both periods was a 6.3% increase in Chilean peso, considering the base exchange rate registered in 9M 2014.

2 Includes CIEN.

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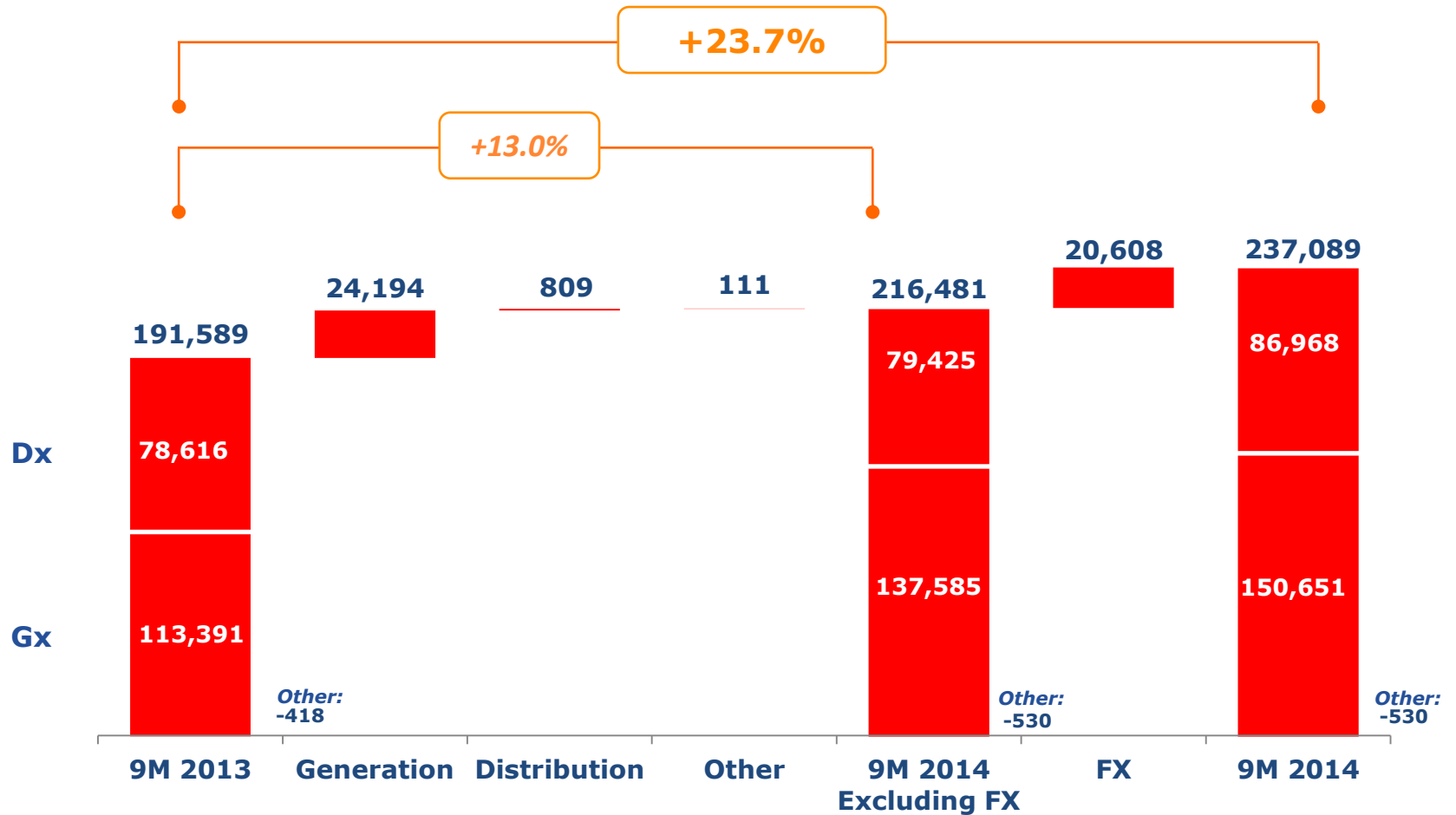
EBITDA⁽¹⁾ – Colombia evolution (Ch\$ Million)



1 EBITDA considered "Others", related to holding and services. The effect of converting the financial statements from Colombian pesos to Chilean pesos in both periods resulted in a 9.7% increase in Chilean peso, considering the base exchange rate registered in 9M 2014.

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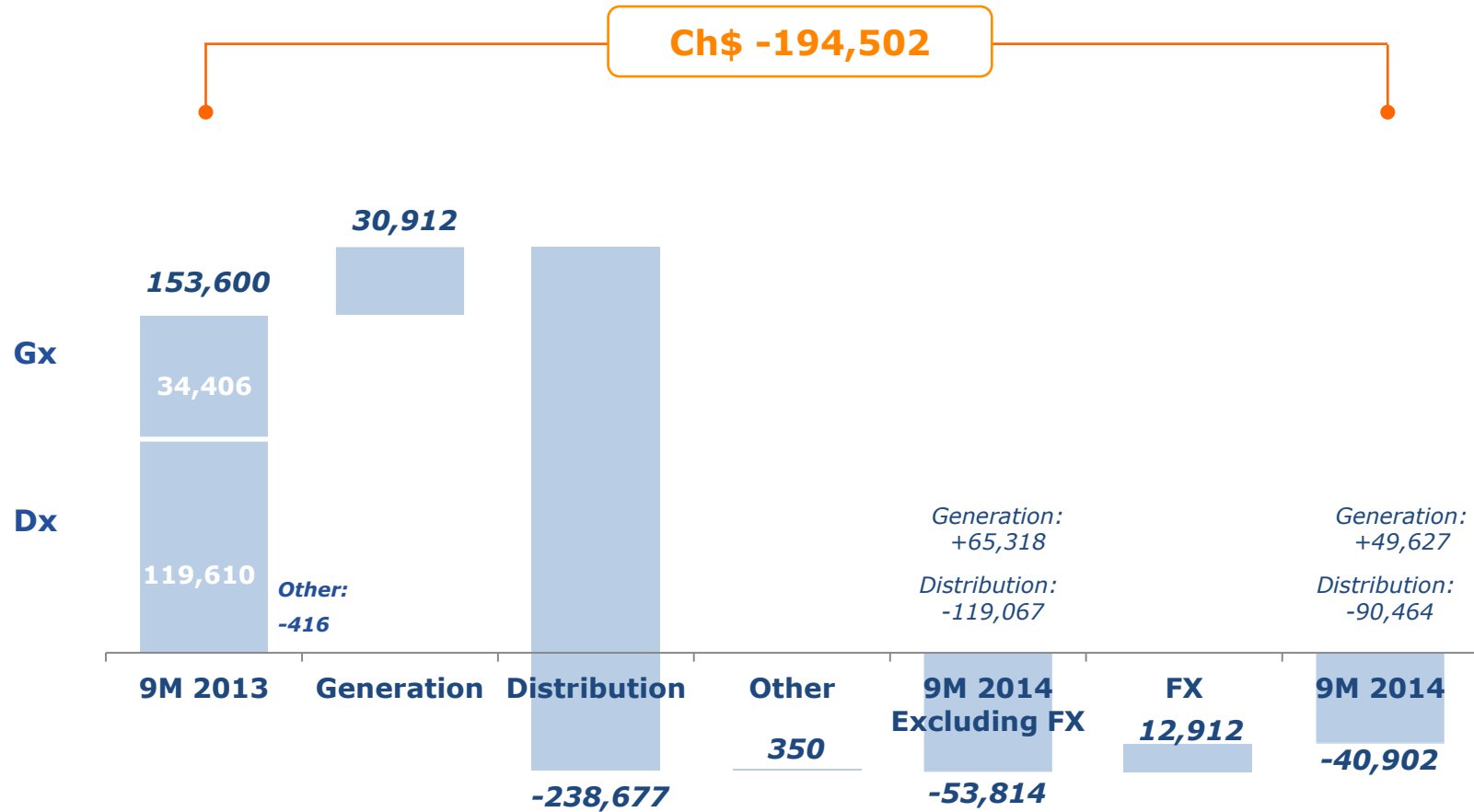
EBITDA⁽¹⁾ – Peru evolution (Ch\$ Million)



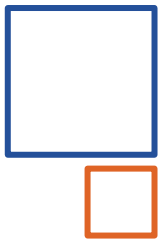
1 EBITDA considered "Others", related to holding and services. The effect of converting the financial statements from Peruvian soles to Chilean pesos in both periods resulted in a 9.5% increase in Chilean peso, considering the base exchange rate registered in 9M 2014.

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EBITDA⁽¹⁾ – Argentina evolution (Ch\$ Million)

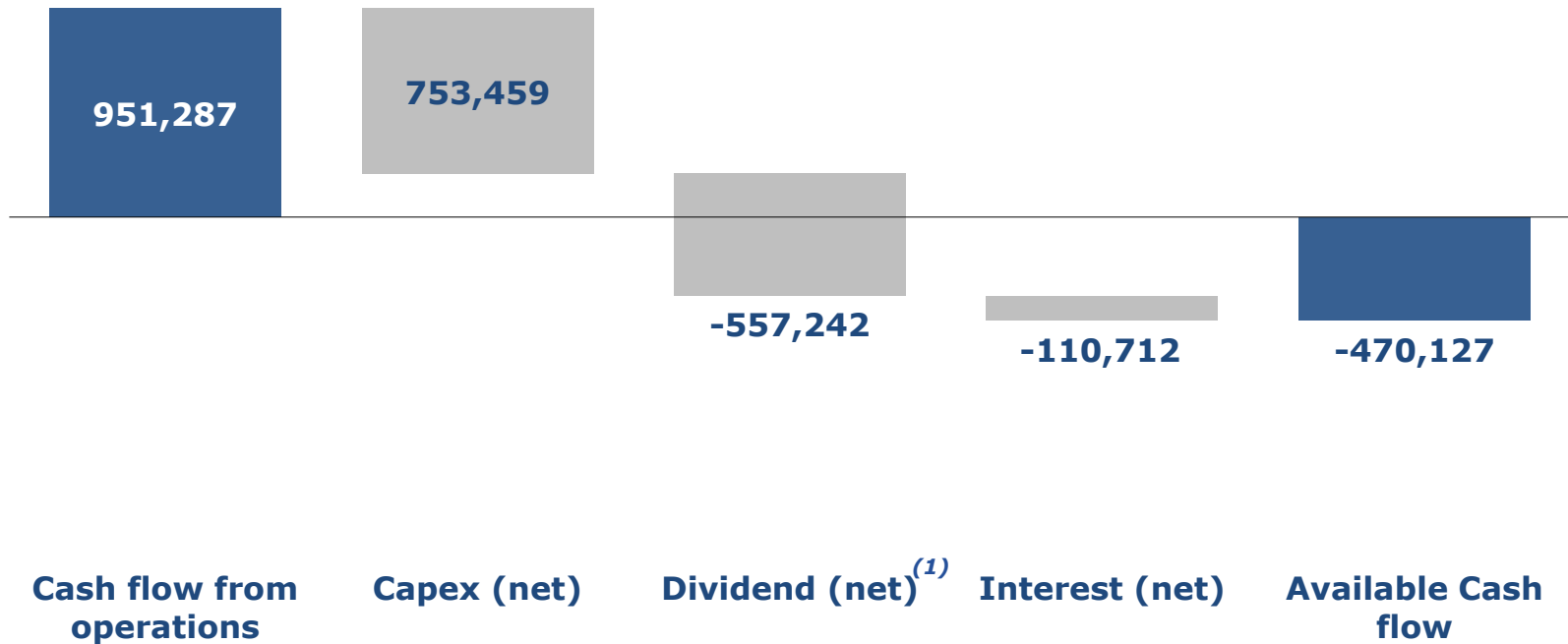


1 EBITDA considered "Others", related to holding and services. The effect of converting the financial statements from Argentine pesos to Chilean pesos in both periods led to a 24.0% decrease in Chilean pesos, considering the base exchange rate registered in 9M 2014.



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



1. Dividend considers cash outflow from Enersis S.A., out of which dividends paid from Enersis S.A. to its direct shareholders amount to MMCLP\$ 330,133.

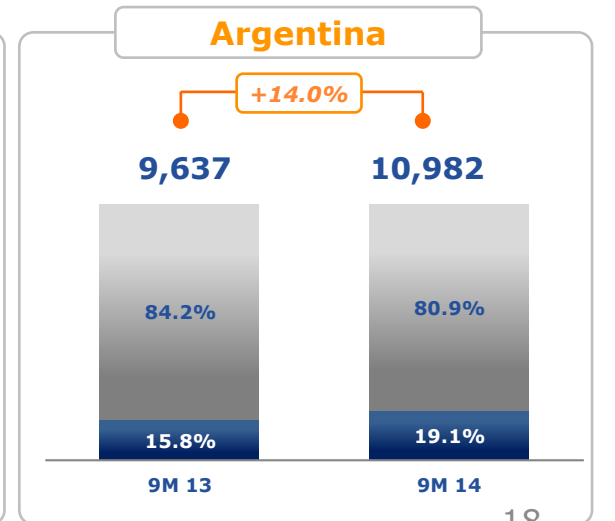
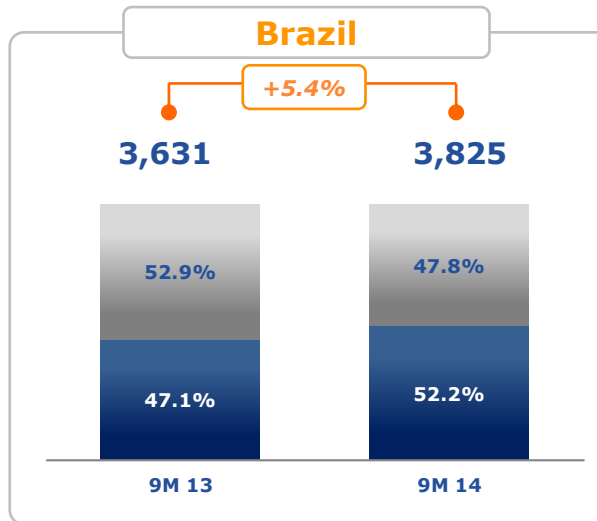
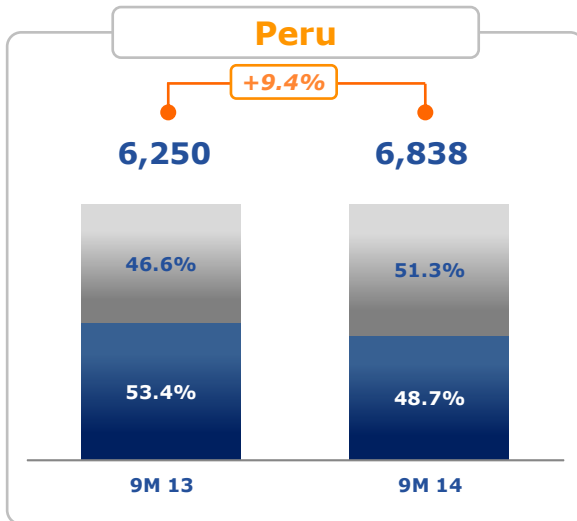
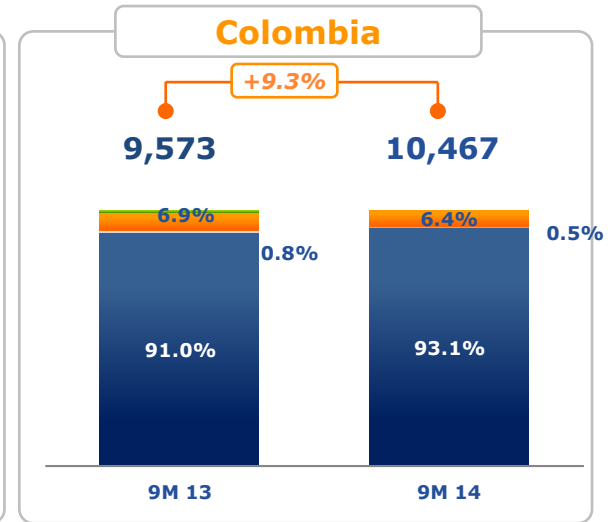
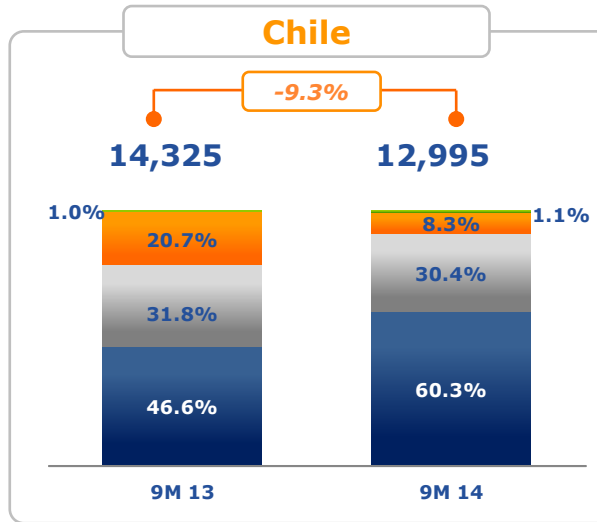
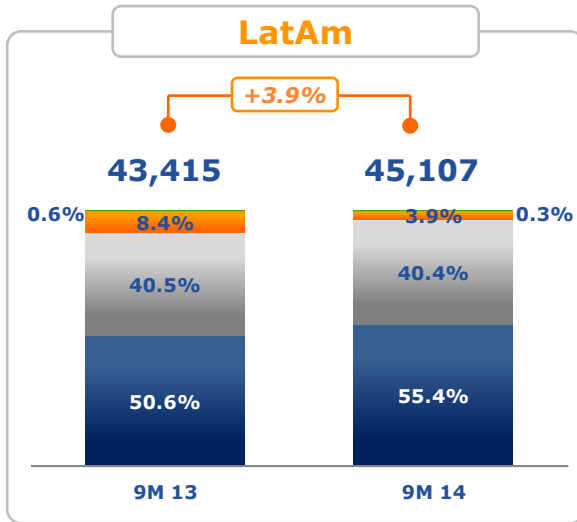
Annexes

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Production mix (GWh)

■ Hydro ■ Oil-gas ■ Coal ■ NCRE



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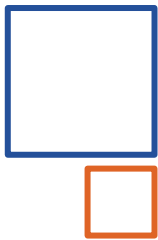
9M 2014 Net installed capacity: Breakdown by source and geography

MW	Hydro	Oil-Gas	Coal	NCRE	Total
Chile	3,456	2,173	636	87	6,352
Colombia	2,597	208	236	0	3,041
Peru	755	1,070	0	0	1,825
Brazil	665	322	0	0	987
Argentina	1,328	3,194	0	0	4,522
Total	8,801	6,966	872	87	16,725

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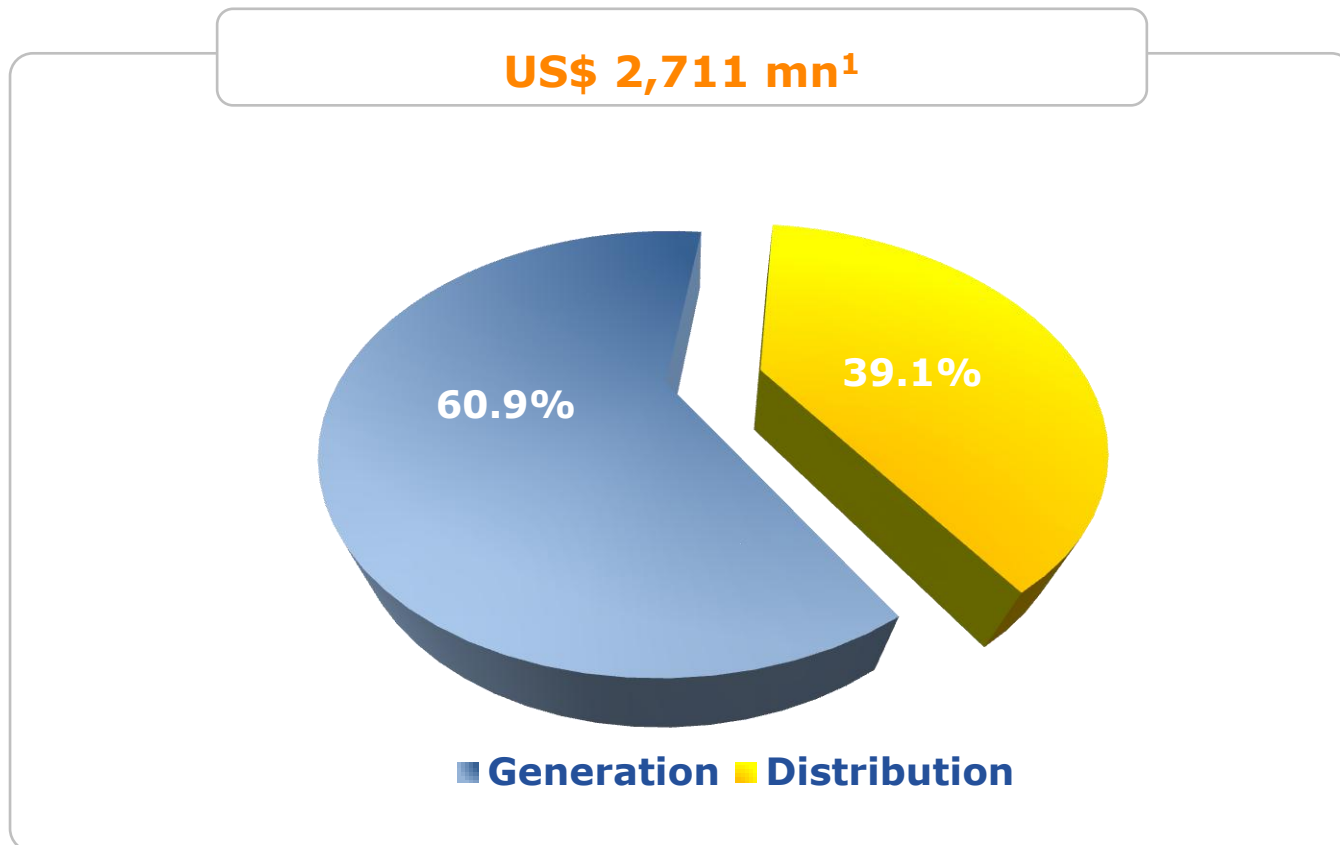
9M 2014 total net production: Breakdown by source and geography

MWh	Hydro	Oil-Gas	Coal	NCRE	Total
Chile	7,831	3,945	1,076	143	12,995
Colombia	9,741	52	674	0	10,467
Peru	3,330	3,508	0	0	6,838
Brazil	1,999	1,827	0	0	3,825
Argentina	2,101	8,881	0	0	10,982
Total	25,001	18,213	1,751	143	45,107



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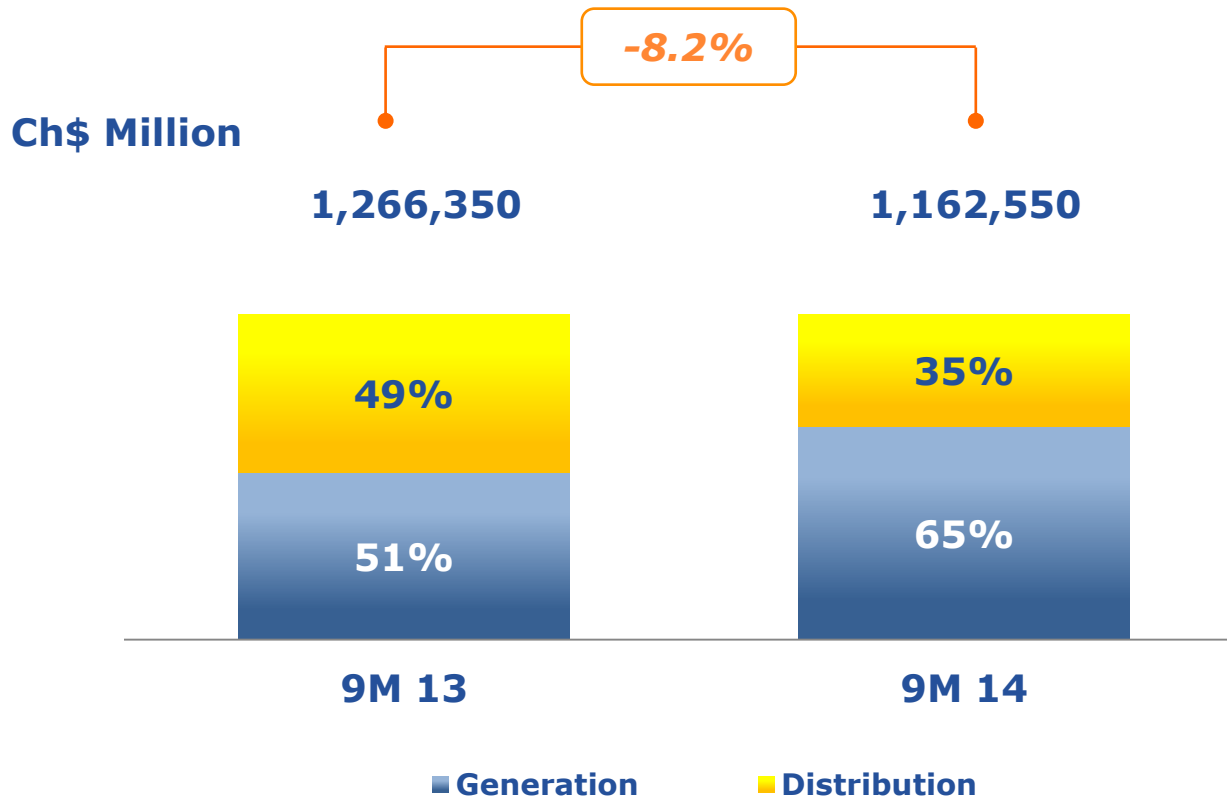
EBITDA: generation/distribution businesses



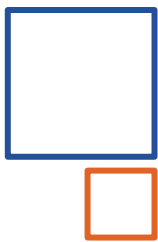
¹ Using the average exchange rate for the period January – September 2014 of 561.10 CLP/USD.

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⁽¹⁾ EBIT by business

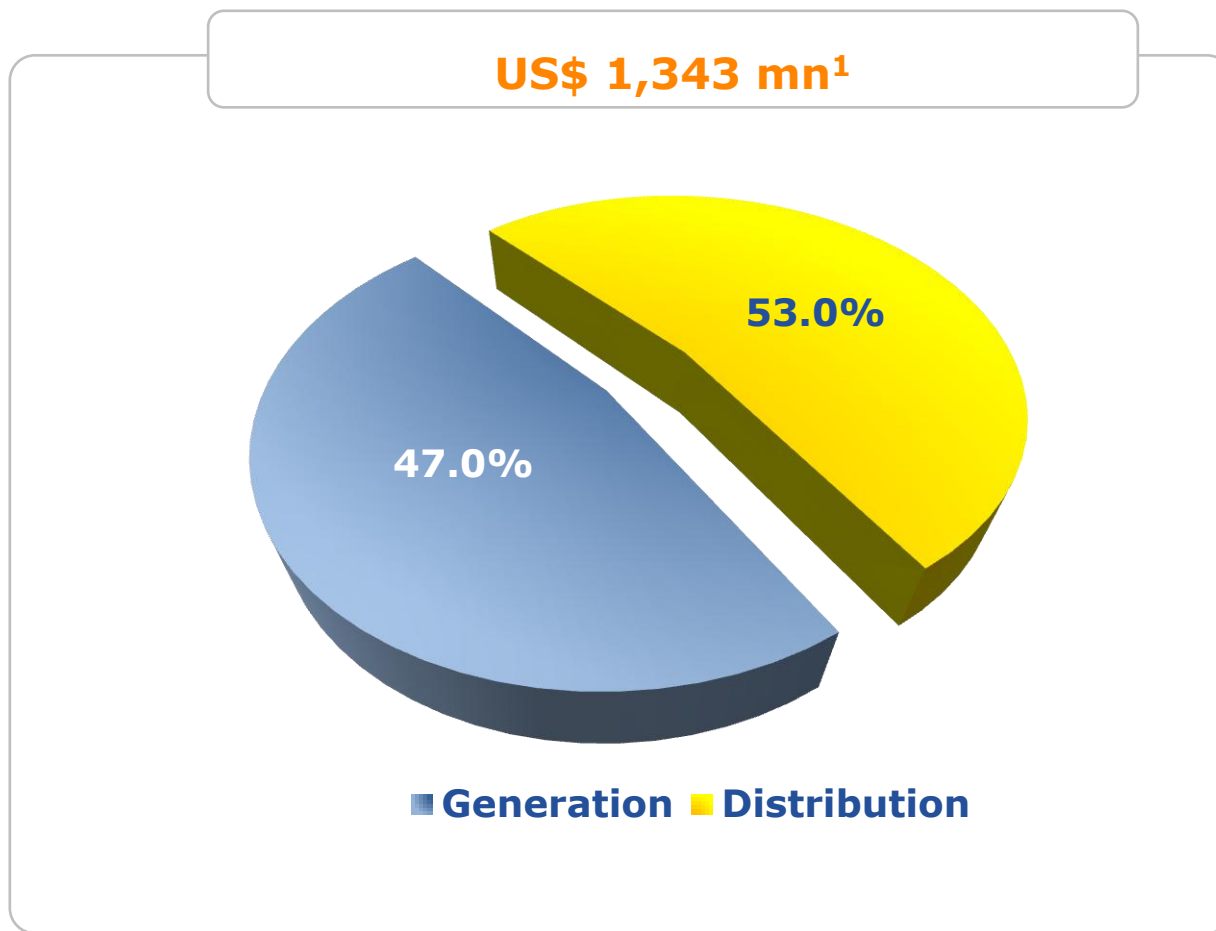


1 EBIT by business does not include holding companies or services

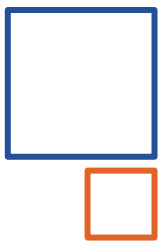


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CAPEX by business



¹ The average exchange rate for the period January – September 2014 of 561.10 CLP/USD.



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Balance Sheet

Ch\$ Million	9M 2014	FY 2013	Change (%)	9M 2014 Mn US\$ ⁽¹⁾
Net Debt	2,603,463	1,338,757	94.5%	4,345
Shareholder's equity	6,281,702	6,168,554	1.8%	10,483
Net capital employed⁽²⁾	8,885,165	7,507,312	18.4%	14,828

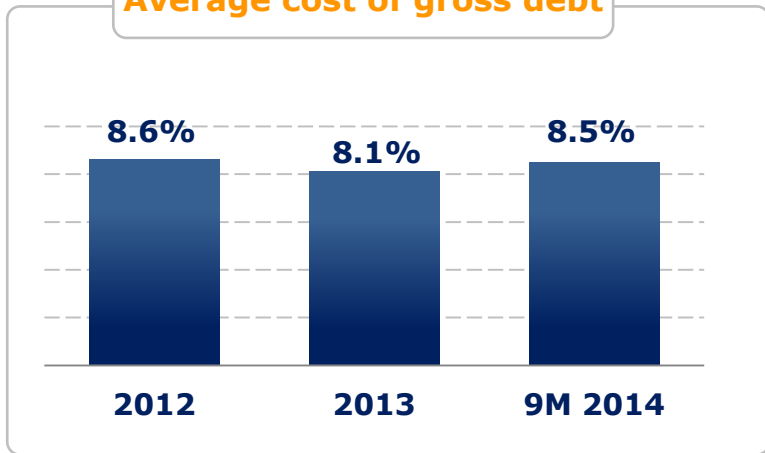
1. The exchange rate as of September 30, 2014 was 599.22 CLP/USD.

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

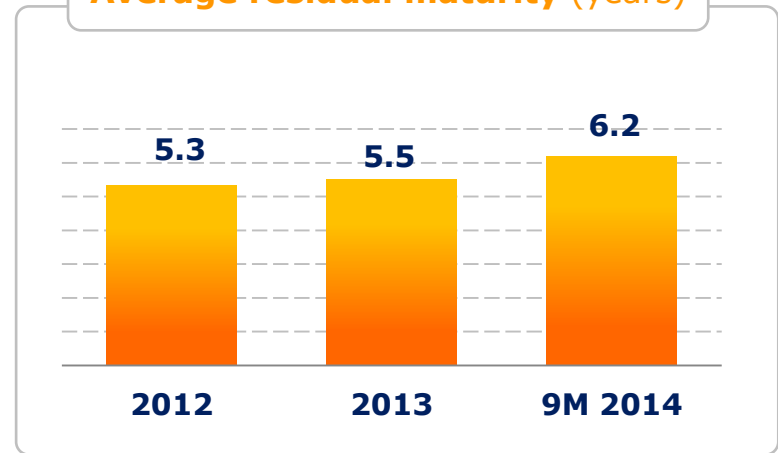
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Financial debt

Average cost of gross debt



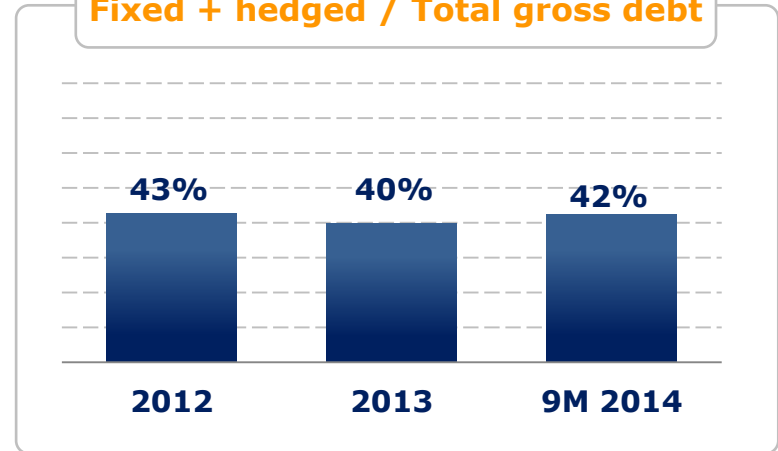
Average residual maturity (years)



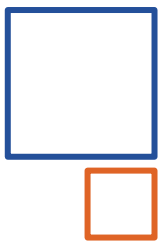
Net debt (CLP\$ MM)⁽¹⁾



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 8 of the financial statements for further disclosure.



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Liquidity analysis

US\$ Million	Amount	Outstanding	Available
Committed credit lines	816	0	816
Cash and cash equivalents⁽¹⁾	2,565	n.a.	2,565
Uncommitted lines	804	0	804
Total liquidity	4,185	0	4,185

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 8 of the financial statements for further disclosure.

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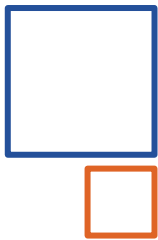
Debt structure

- **Average debt maturity:** 6.2 years
- **Average cost of gross debt:** 8.5%
- **Fixed+Hedged/Total gross debt:** 42%
- **Rating:**
 - Standard & Poor's⁽¹⁾: BBB+ / AA, Stable
 - Moody's: BBB+, Stable
 - Fitch Ratings⁽¹⁾: Baa2 / AA, Stable

Ch\$ Million	9M 2014	FY 2013	Change (%)
Long-term	3,504,461	2,790,249	25.6%
Short-term	636,122	906,675	-29.8%
Cash	1,537,119	2,358,167	-34.8%
Net debt	2,603,463	1,338,757	94.5%

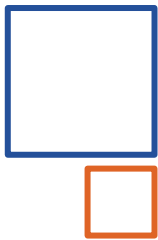
1 International / Local

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 8 of the financial statements for further disclosure.



Disclaimer

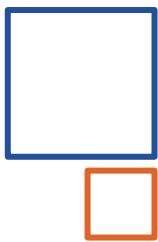
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Investor Relations Team (ir@enersis.cl)

- Pedro Cañamero +56 2 2353 4682
- Denisse Labarca +56 2 2353 4576
- Nicolás Donoso +56 2 2353 4492
- Jorge Velis +56 2 2353 4552
- Carmen Poblete +56 2 2353 4447
- María Luz Muñoz +56 2 2353 4682

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