

Enersis

1H 2014 results

28/07/2014

enersis



Consolidated results 1H 2014

Highlights

EBITDA in 1H14 was 1.7 bn USD decreasing by 14.8% vs 1H13 and includes important non-recurring effects mainly in our distribution businesses in Argentina and Brazil.

Generation has increased EBITDA by 17.2% during 2Q14 thanks to higher hydro generation in Chile and the good operational performance of Argentina, Peru and Colombia.

Net income attributable to shareholders in 1H14 decreased by 40.7% to 346 mn USD.

During 1H14 the distribution segment added 197,000 new clients with an average demand growth of 4.7%.

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

The group is moving: successful progress with investments in Coelce's tender offer, Gas Atacama acquisition, Edegel minorities and Los Condores hydro project during 1H14.

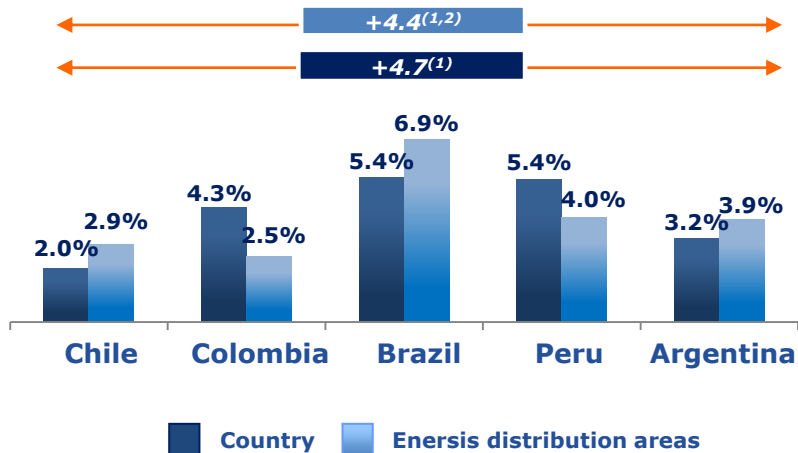


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Business context in 1H 2014

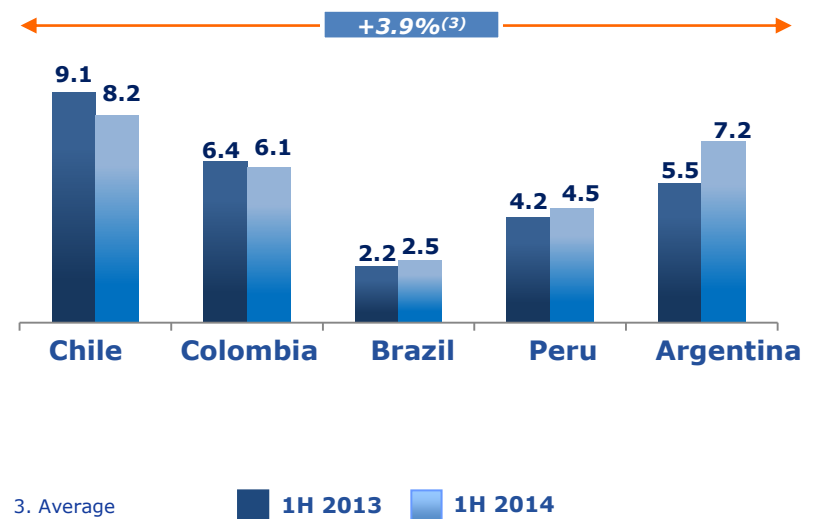
Sales to final clients (%)



1. Average growth weighted by TWh (not adjusted)

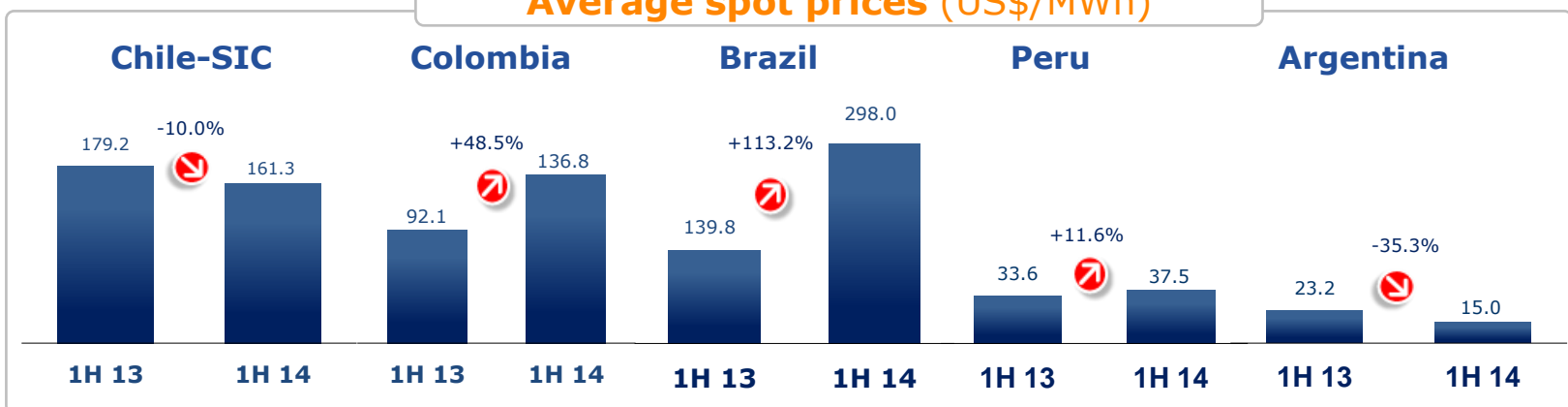
2. Sales to final clients. Tolls and unbilled consumption not included (net of losses)

Generation Output (TWh)



3. Average

Average spot prices (US\$/MWh)





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Financial highlights

Ch\$ Million ⁽¹⁾	1H 2014	1H 2013	Change (%)	1H 2014 Mn US\$
Revenues	3,379,432	3,157,601	7.0%	6,110
Costs	-2,452,706	-2,070,425	18.5%	-4,434
EBITDA	926,726	1,087,175	-14.8%	1,675
EBIT	680,282	865,630	-21.4%	1,230
Net income	343,236	562,306	-39.0%	621
Attributable to shareholders of Enersis	191,273	322,356	-40.7%	346
Net Debt ⁽²⁾	2,358,172	1,896,340 ⁽³⁾	24.4%	4,266

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 – June 2014 was 553.12 CLP/USD, and the exchange rate as of June 30, 2014 was 552.72 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.
3. FY13 Net debt



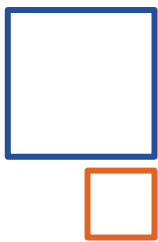
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From EBIT to net income

Ch\$ Million ⁽¹⁾	1H 2014	1H 2013	Change (%)	1H 2014 Mn US\$
EBIT	680,282	865,630	-21.4%	1,230
Net Financial Expenses	-204,660	-64,879	215.5%	-370
Financial Expenses	-243,516	-187,511	29.9%	-440
Financial Income	89,882	124,211	-27.6%	162
Net Income from Equity Investments	10,112	10,396	-2.7%	18
EBT	513,225	818,586	-37.3%	928
Income Tax	-169,989	-256,280	-33.7%	-307
Net Income	343,236	562,306	-39.0%	621
Attributable to non-controlling interests	151,963	239,950	-36.7%	275
Attributable to shareholders of Enersis	191,273	322,356	-40.7%	346

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 – June 2014 was 553.12 CLP/USD, and the exchange rate as of June 30, 2014 was 552.72 CLP/USD



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Regulation update

Chile

- **Fiscal reform project:**

- ✓ Possibility to choose among 2 tax systems from 2017: "Attributed income" or "Semi-integrated system"
- ✓ 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)

- **Gx:**

- ✓ Bocamina 2 coal power plant reopening to be decided by the Supreme Court
- ✓ Minister's Committee ruled against Hydroaysén 2,750 MW project

Brazil

- **Dx:**

- ✓ WACC initial proposal for 4th Cycle Tariff Review has been set as 10.85% real pre-tax
- ✓ Final number will be released in 4Q2014
- ✓ Coelce will be the first company assessed under this new regulatory stage

- **Still affected by involuntary extra-costs in Distribution:**

- ✓ A part of the incremental energy costs have not been recognized yet through tariffs
- ✓ A new government loan to the sector is expected for 2H2014

Argentina

- **Dx:**

- ✓ Progress in negotiations with the Government related to general corporate sustainability
- ✓ New recognition of MMC compensation (accrued from Oct. '13 to March '14)

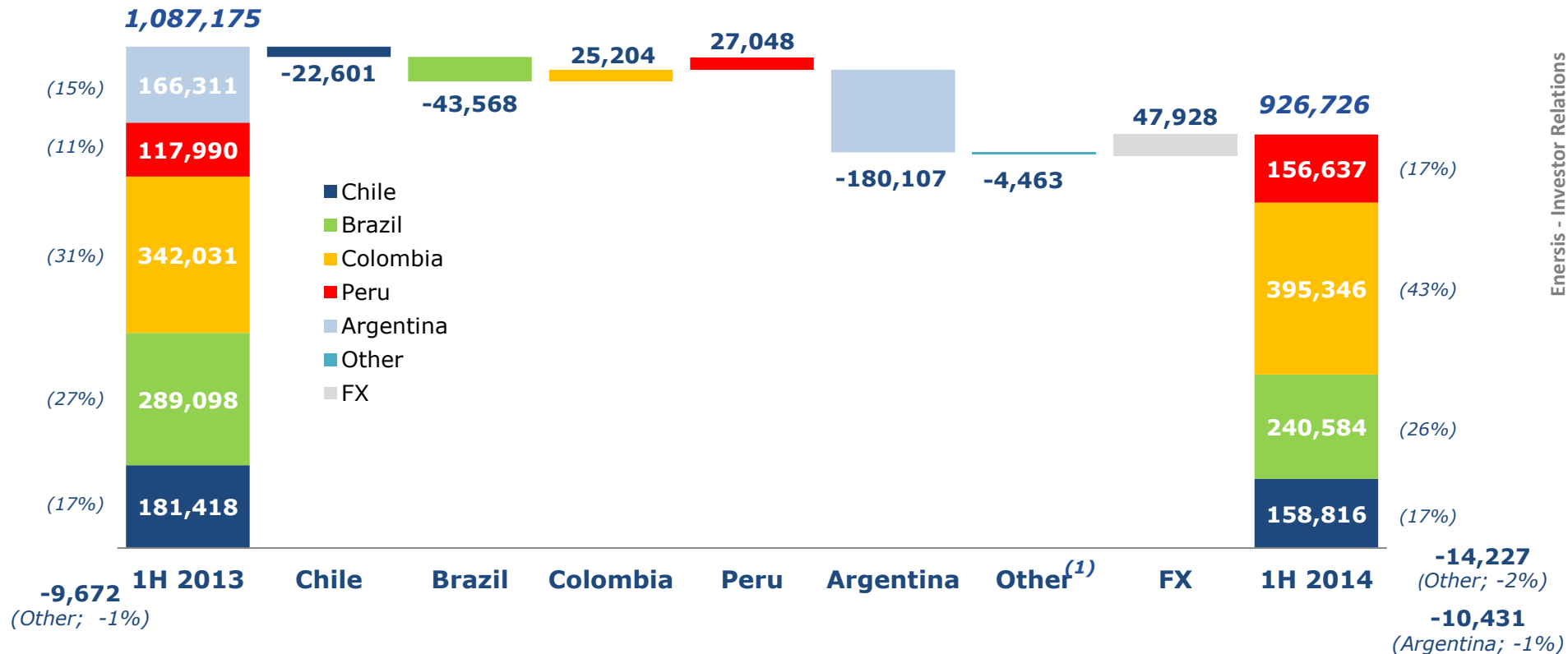
- **Gx:**

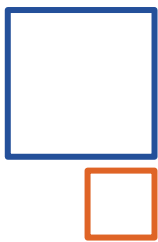
- ✓ Progress in reviewing standards foreseen in Resolution 95/2013 reflected on Res. 529/2014:
 - i) increases fixed and variable costs recognition
 - ii) sets a new remuneration scheme for non-recurrent maintenance
 - iii) retroactive effect since Feb. '14

Consolidated results 1H 2014

EBITDA evolution (Ch\$ Million)

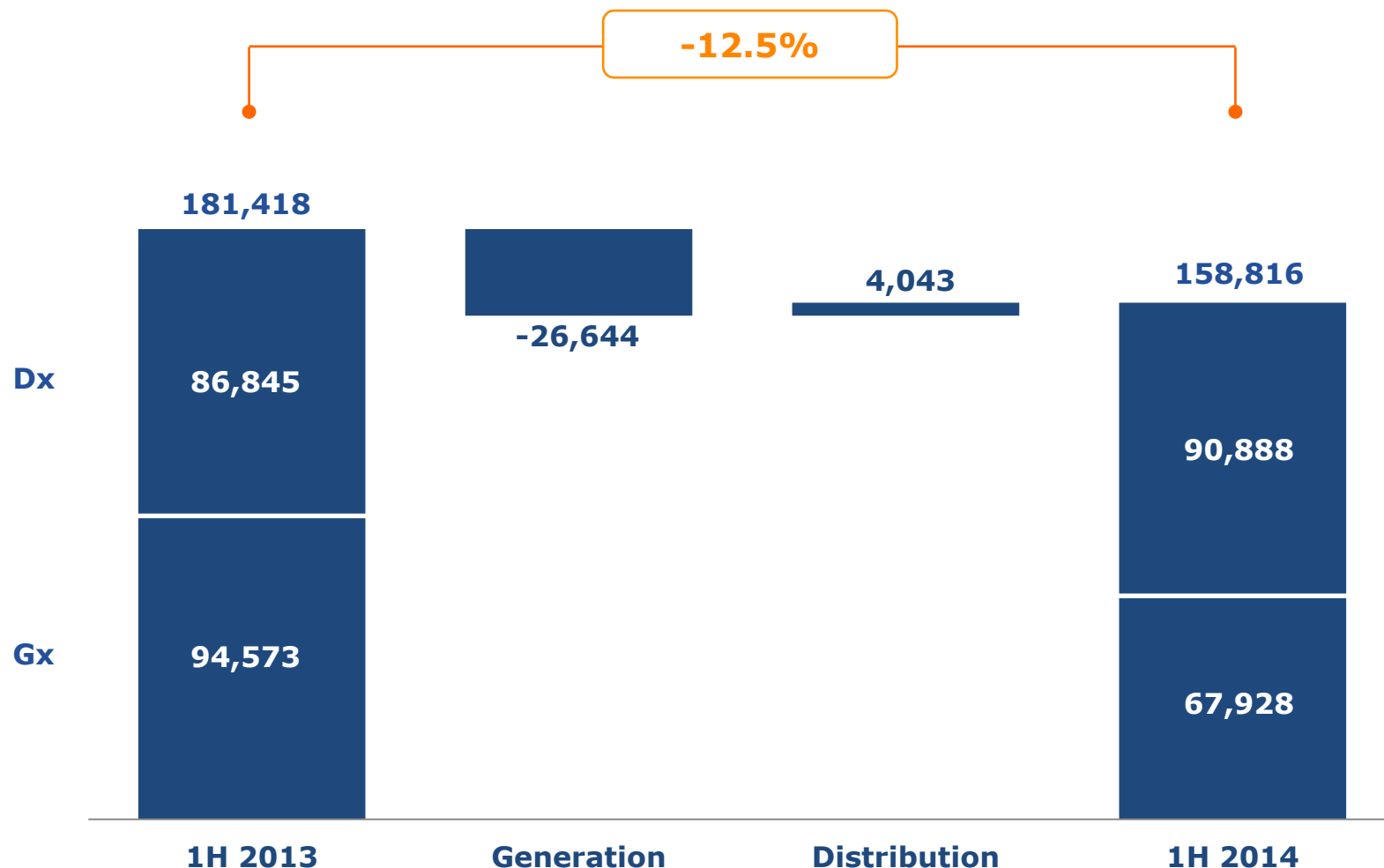
-14.8%





Consolidated results 1H 2014

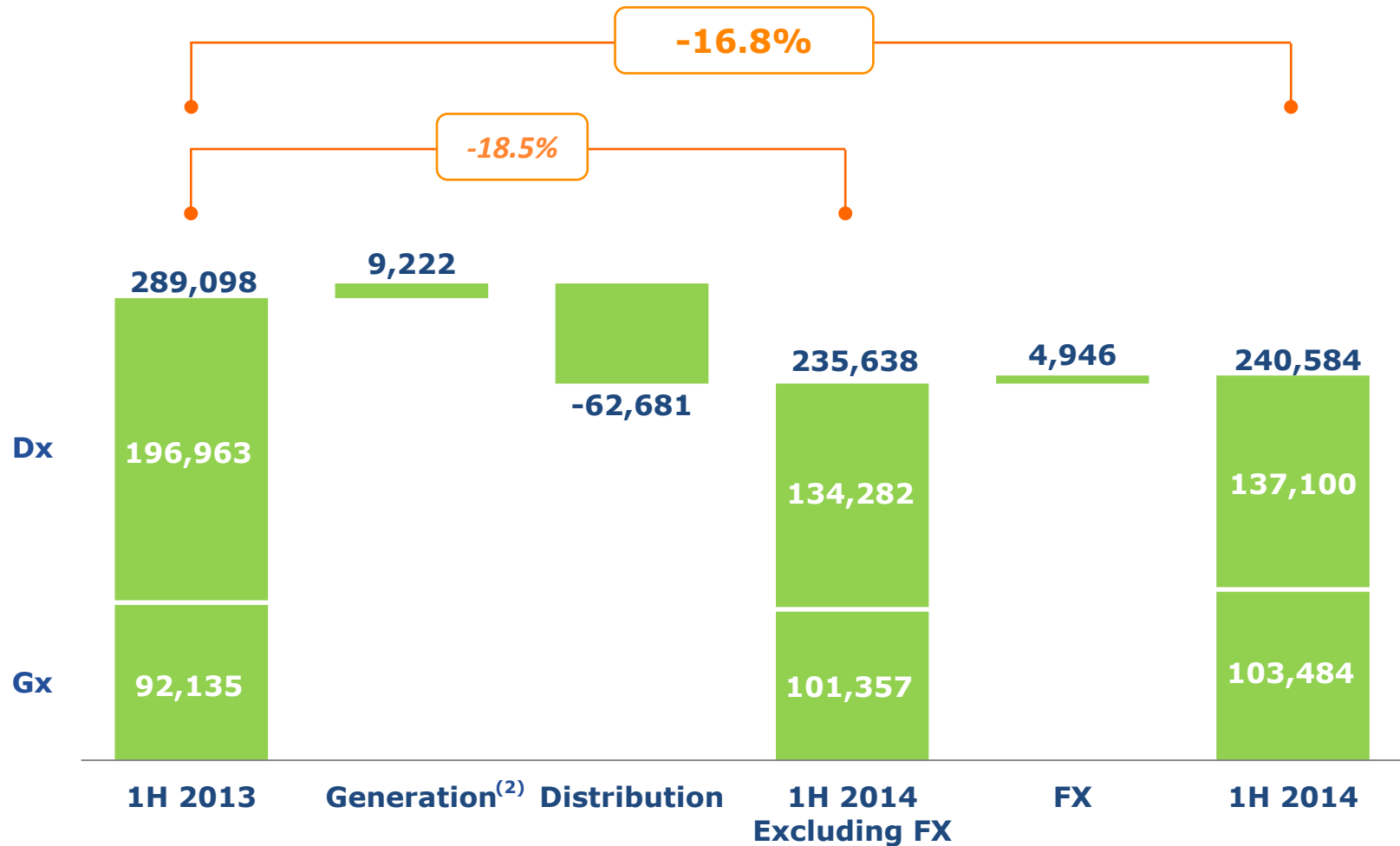
EBITDA⁽¹⁾ – Chile evolution (Ch\$ Million)



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 1H 2014

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

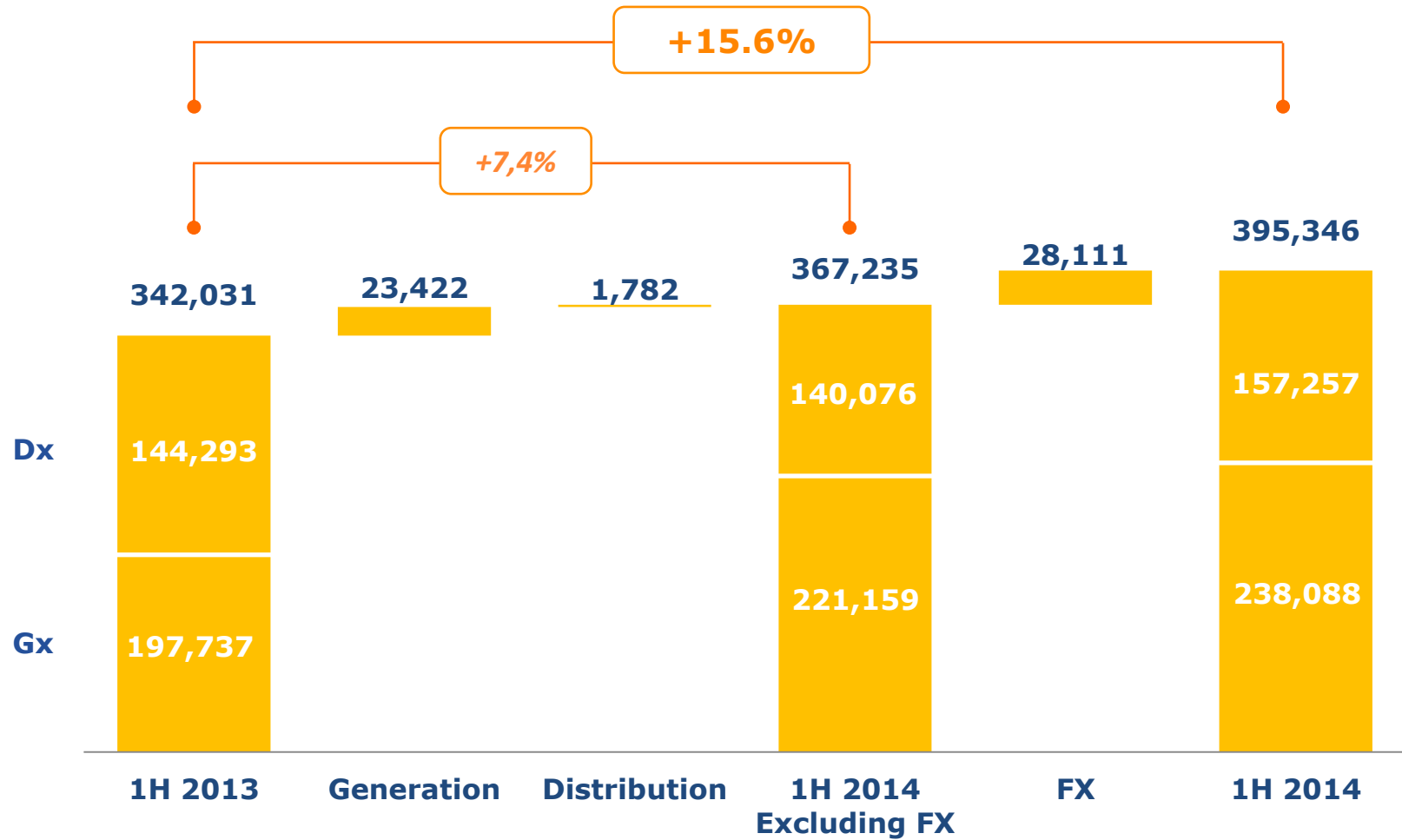


1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments. Foreign exchange effect calculated for presentation purposes. The effect of translating the financial statements from Brazilian reais to Chilean pesos in both periods was a 1.7% increase in Chilean peso, considering the base exchange rate registered in 1H 2014.

2 Includes CIEN.

Consolidated results 1H 2014

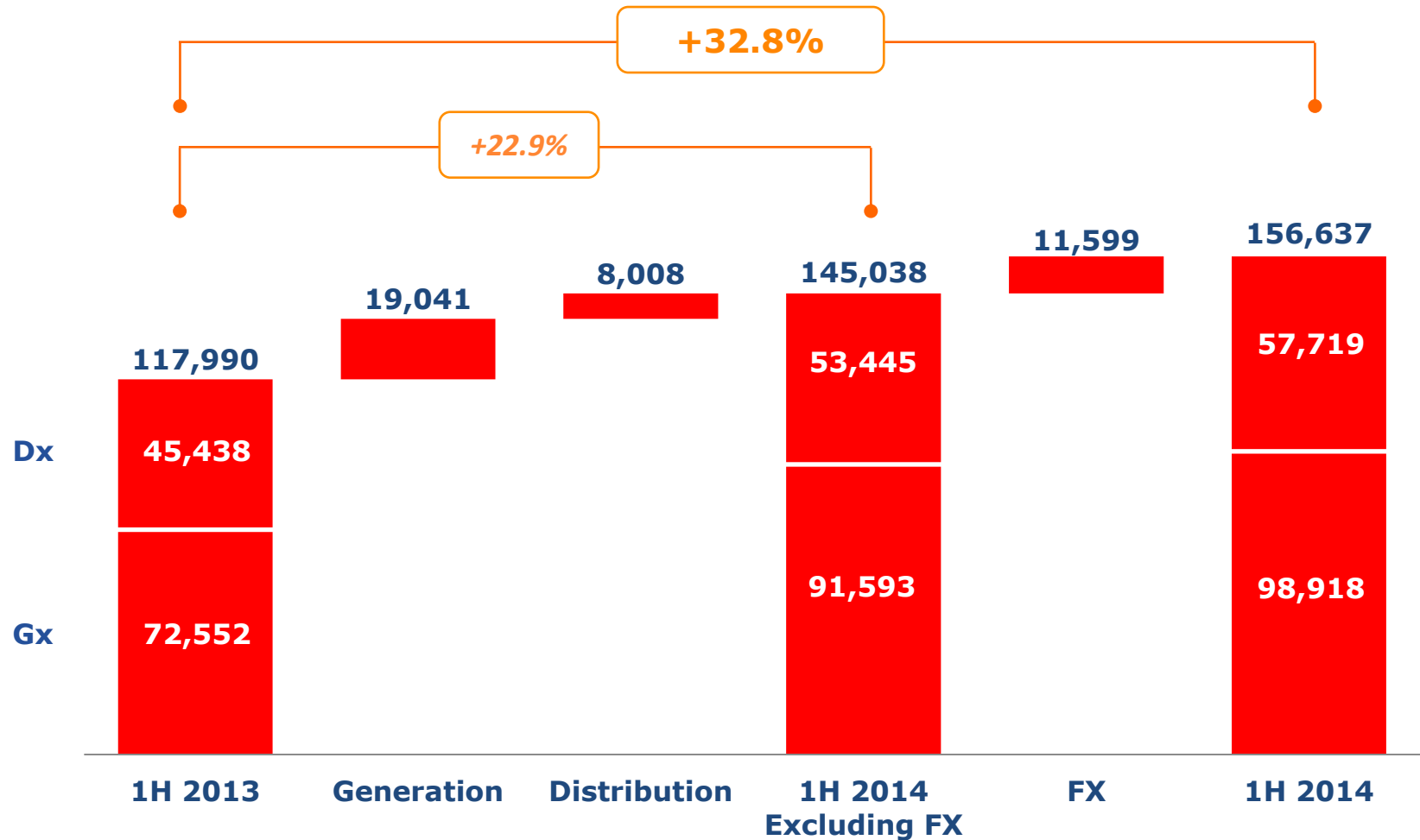
EBITDA⁽¹⁾ – Colombia evolution (Ch\$ Million)



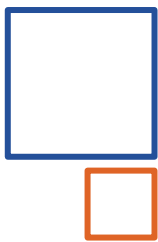
1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments. Foreign exchange effect calculated for presentation purposes. The effect of translating the financial statements from Colombian pesos to Chilean pesos in both periods resulted in a 8.2% increase in Chilean peso, considering the base exchange rate registered in 1H 2014.

Consolidated results 1H 2014

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

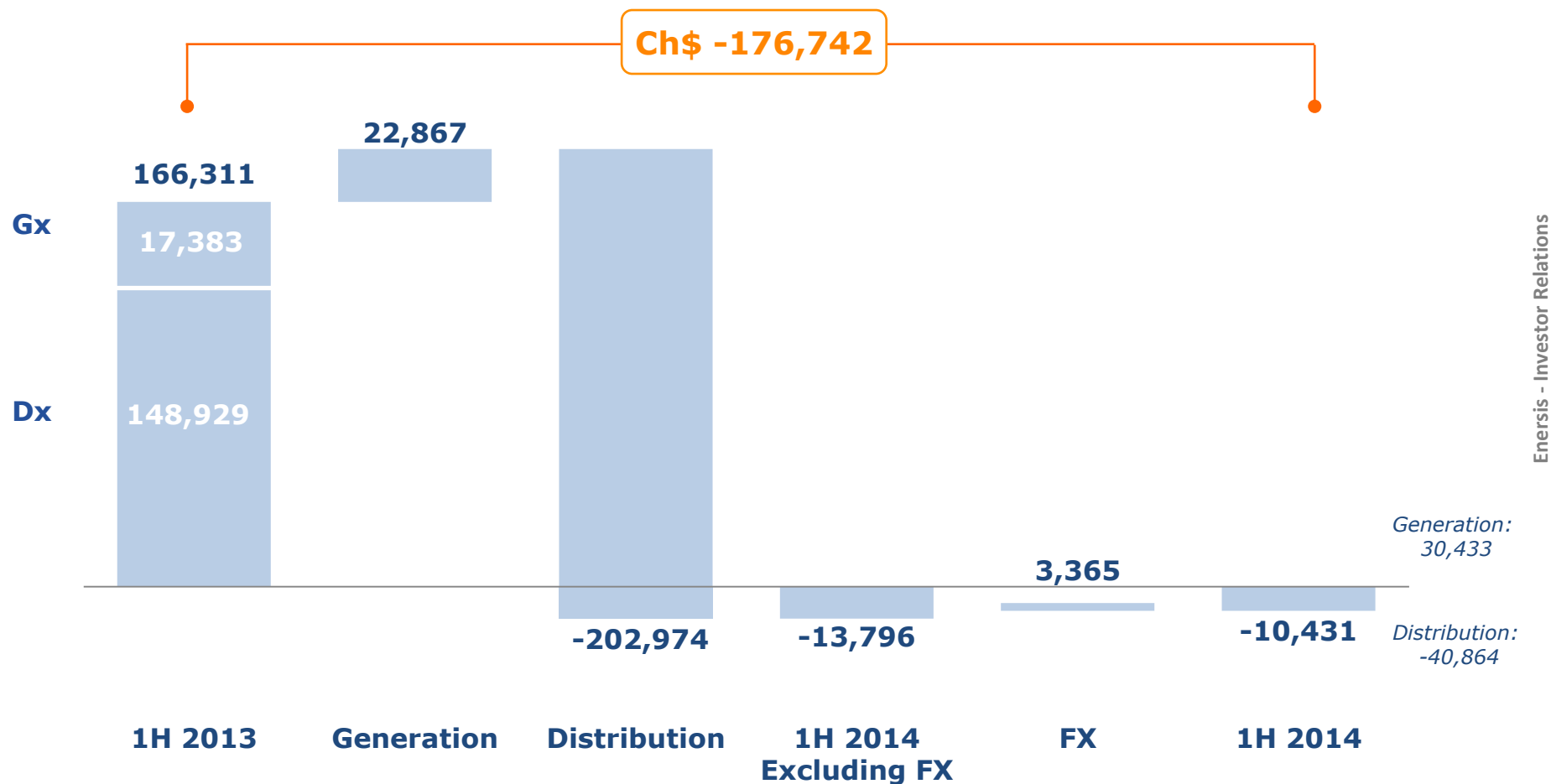


1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments. Foreign exchange effect calculated for presentation purposes. The effect of translating the financial statements from Peruvian soles to Chilean pesos in both periods resulted in a 9.8% increase in Chilean peso, considering the base exchange rate registered in 1H 2014.



Consolidated results 1H 2014

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

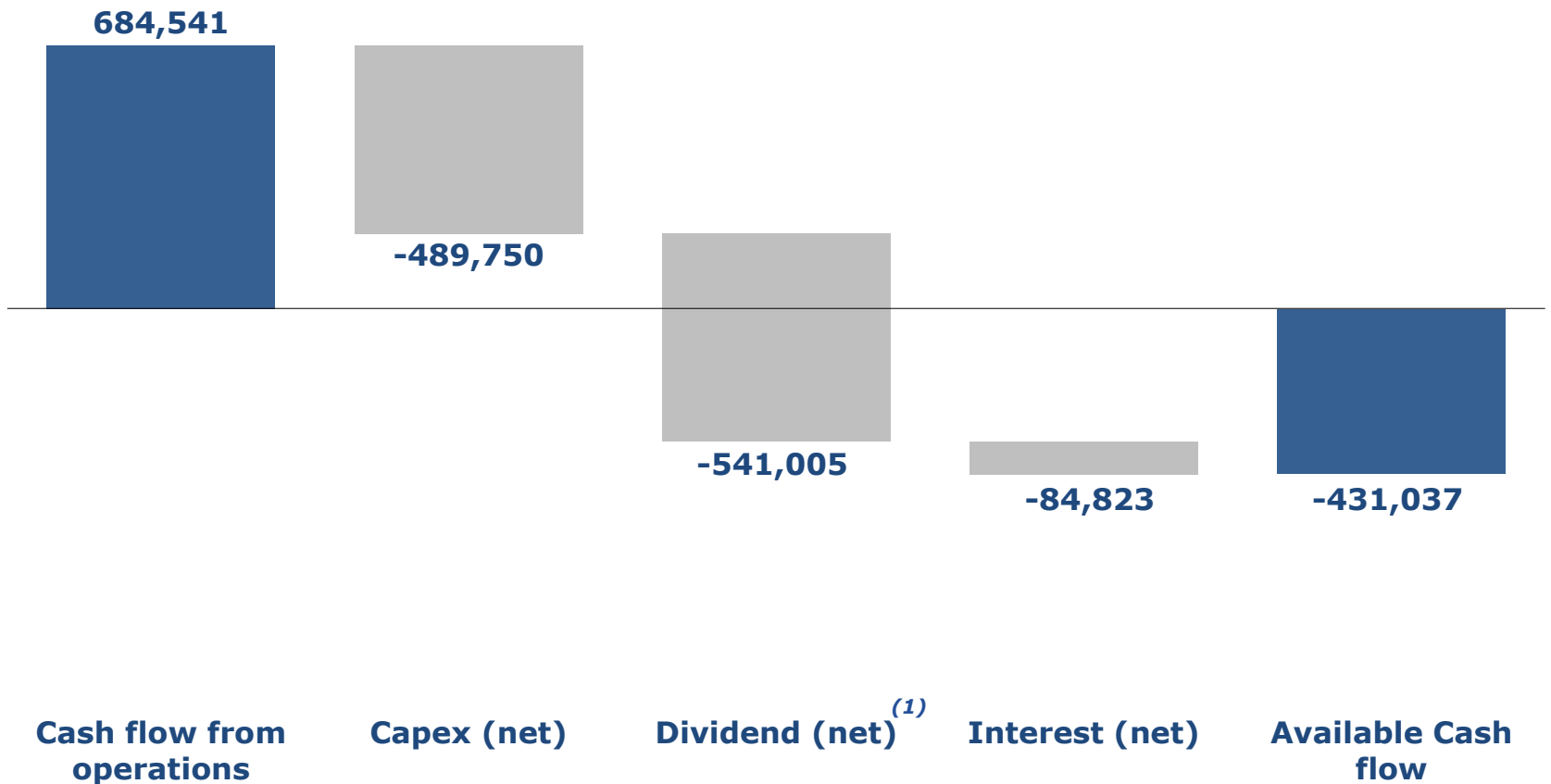


1 Figures differ from data published in financial statements ("Nota Segmentos") due to the elimination of investment vehicles and the corresponding consolidation adjustments. Foreign exchange effect calculated for presentation purposes. The effect of translating the financial statements from Argentine pesos to Chilean pesos in both periods led to a 2.0% increase in Chilean pesos, considering the base exchange rate registered in 1H 2014.



Consolidated results 1H 2014

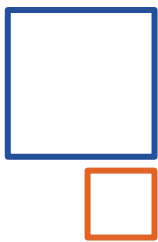
A solid financial position Cash flow YTD (Ch\$ Million)



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

Annexes

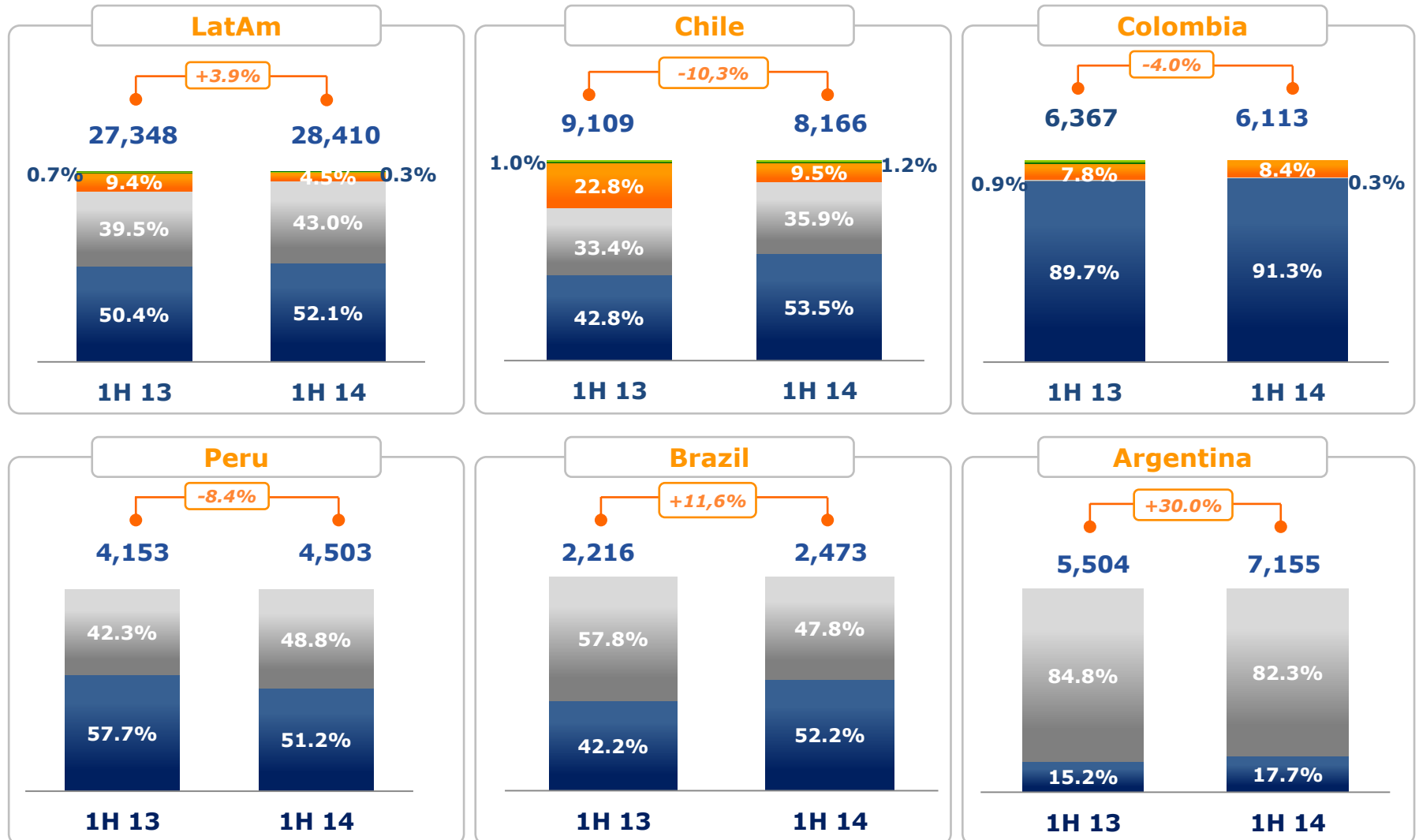
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Operational annexes 1H 2014

Production mix (GWh)

■ Hydro ■ Oil-gas ■ Coal ■ NCRE



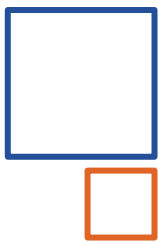


Operational annexes 1H 2014



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

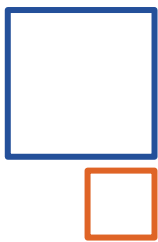
MW	Hydro	Oil-Gas	Coal	NCRE	Total
Chile	3,456	2,173	636	87	6,351
Colombia	2,597	208	236	0	3,041
Peru	750	1,082	0	0	1,832
Brazil	665	322	0	0	987
Argentina	1,328	3,194	0	0	4,522
Total	8,797	6,978	872	87	16,733



Operational annexes 1H 2014

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

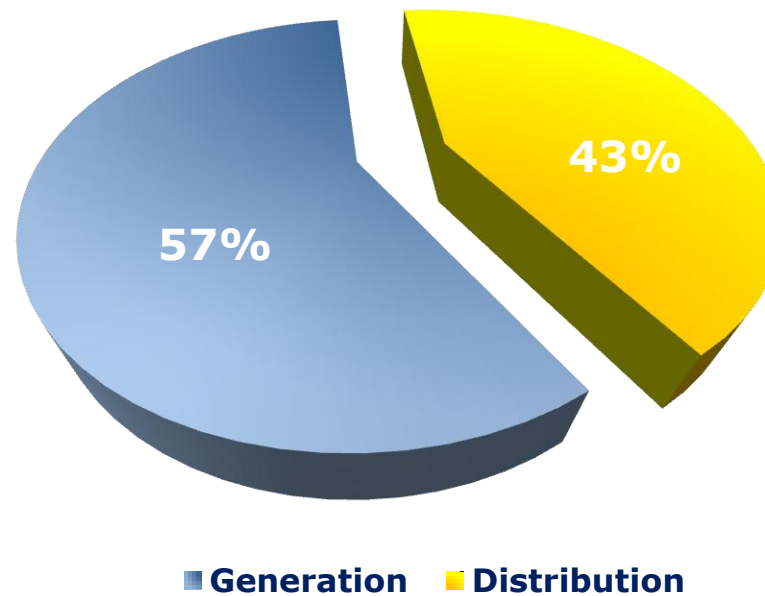
MWh	Hydro	Oil-Gas	Coal	NCRE	Total
Chile	4,368	2,931	773	95	8,166
Colombia	5,581	21	512	0	6,113
Peru	2,307	2,196	0	0	4,503
Brazil	1,290	1,183	0	0	2,473
Argentina	1,268	5,887	0	0	7,155
Total	14,814	12,217	1.284	95	28.410



Operational annexes 1H 2014

EBITDA: generation/distribution businesses

1H 2014 EBITDA: US\$ 1,697Mn¹



¹ The average exchange rate for the period January – June 2014 of 553.12 CLP/USD.

Operational annexes 1H 2014

EBITDA: reconciliation of FX effect:

Financial Statements⁽¹⁾

1H 13	Chile	Brazil	Colombia	Peru	Argentina	Total
Generation	95,146	90,416	197,685	72,918	19,101	475,266
Distribution	85,887	195,692	144,294	45,438	148,936	620,246
Total	181,033	286,108	341,978	118,357	168,037	1,095,513

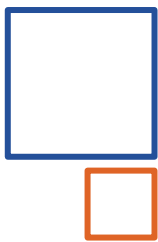
1H 14	Chile	Brazil	Colombia	Peru	Argentina	Total
Generation	66,902	102,315	238,054	99,234	31,601	538,107
Distribution	89,916	136,620	157,257	57,725	-40,857	400,662
Total	156,818	238,936	395,312	156,958	-9,256	938,769

EBITDA net of FX

1H 13	Chile	Brazil	Colombia	Peru	Argentina	Total
Generation	94.573	92.135	197.737	72.552	17.383	474.380
Distribution	86.845	196.963	144.293	45.438	149	473.688
Total	181.418	289.098	342.031	117.990	17.532	948.068

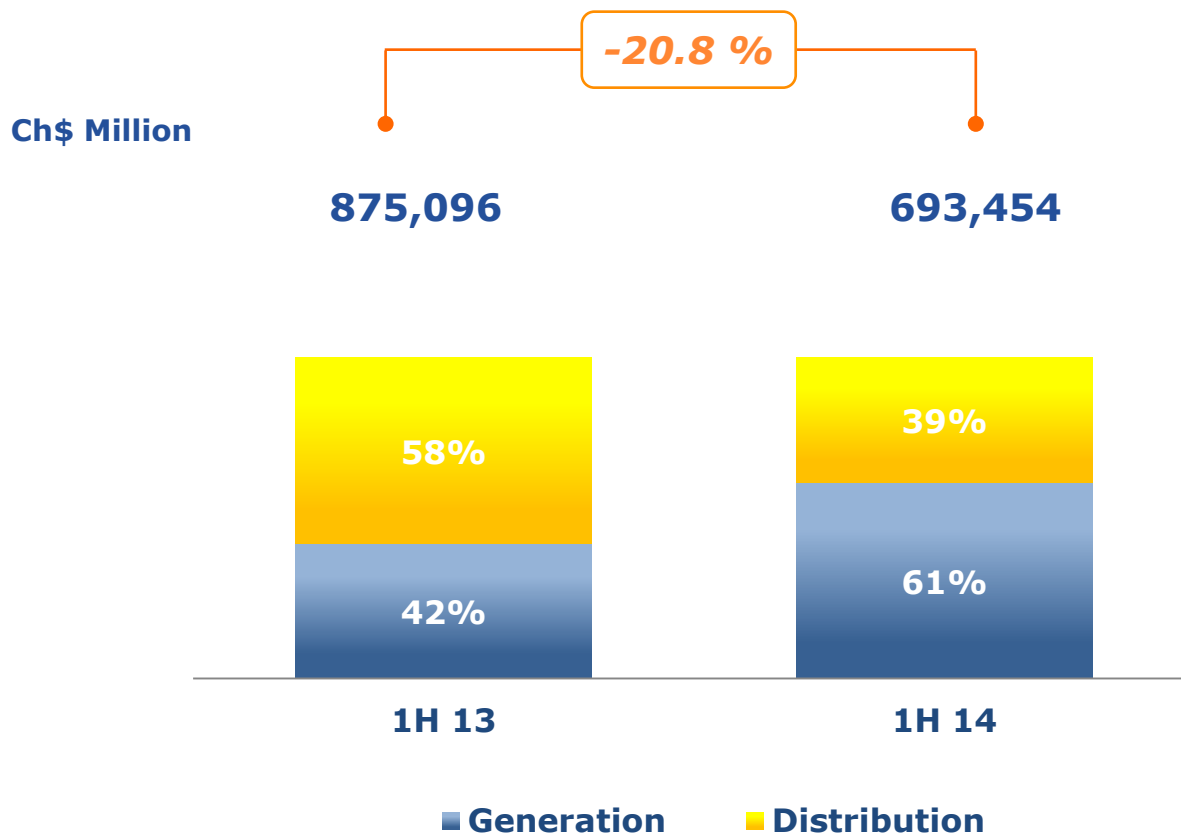
1H 14	Chile	Brazil	Colombia	Peru	Argentina	Total
Generation	67.928	101.357	221.159	91.593	40.250	522.287
Distribution	90.888	134.282	146.076	53.445	-54.045	370.645
Total	158.816	235.638	367.235	145.038	-13.796	892.932

1. The Financial Statement does not consider the investments vehicles of each country.



Operational annexes 1H 2014

⁽¹⁾
EBIT by business

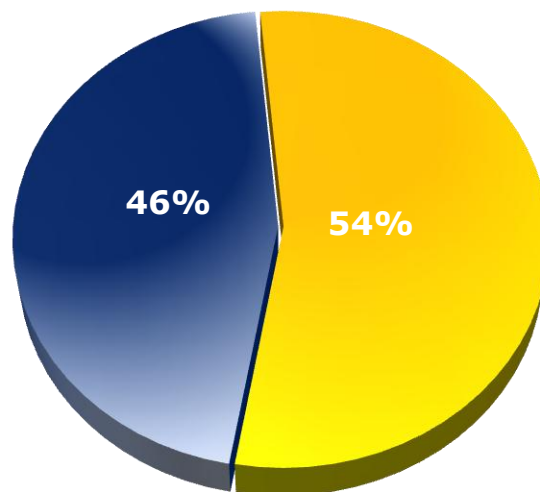




Operational annexes 1H 2014

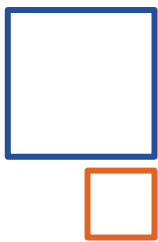
CAPEX by business

1H 2014: Ch\$ Million 489,750



■ Generation

■ Distribution



Operational annexes 1H 2014

Balance Sheet

Ch\$ Million	1H 2014	1H 2013	Change (%)	1H 2014 Mn US\$ ⁽¹⁾
Net Debt	2,358,172	1,896,340	24.4%	4,266
Shareholder's equity	6,410,774	6,168,554	3.9%	11,599
Net capital employed⁽²⁾	8,768,946	8,064,895	8.7%	15,865

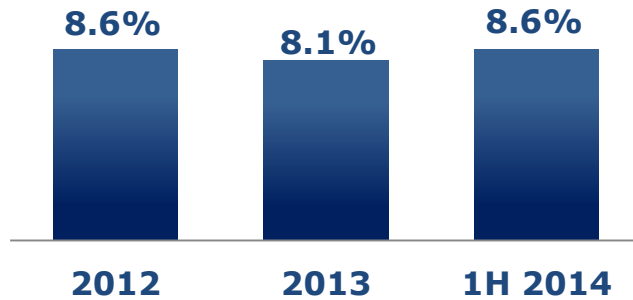
1. The exchange rate as of June 30, 2014 was 552.72 CLP/USD.

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

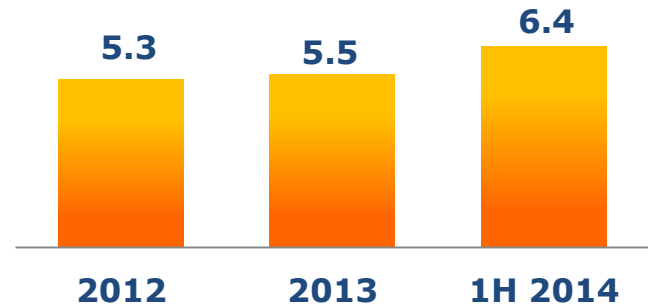
Operational annexes 1H 2014

Financial debt

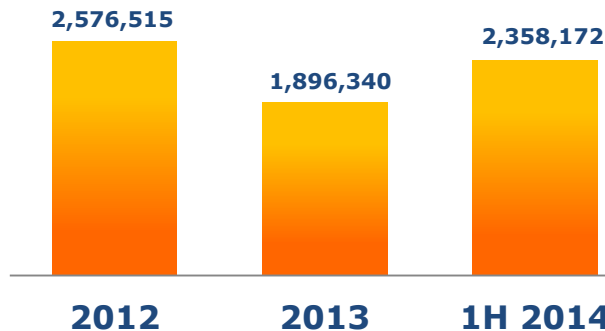
Average cost of gross debt



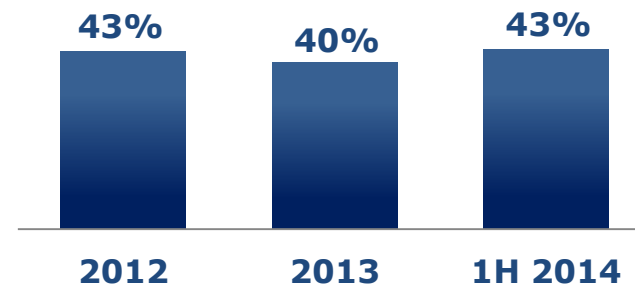
Average residual maturity (years)



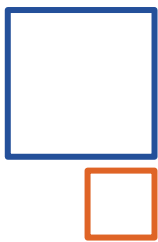
Net debt (CLP\$ MM)⁽¹⁾



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 7 of the financial statements for further disclosure.



Operational annexes 1H 2014

Liquidity analysis

US\$ Million	Amount	Outstanding	Available
Committed credit lines	784	16	768
Cash and cash equivalents ⁽¹⁾	3,099	n.a.	3,099
Uncommitted lines	857	1	856
Total liquidity	4,398	17	4,381

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 1H 2013

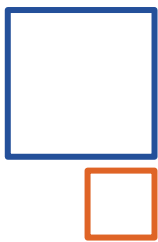
Debt structure

- **Average debt maturity:** 6.4 years
- **Average cost of gross debt:** 8.6%
- **Fixed+Hedged/ Total gross debt:** 43%
- **Rating:**
 - Standard & Poor's⁽¹⁾: BBB+ / AA, Stable
 - Moody's: BBB+, Stable
 - Fitch Ratings⁽¹⁾: Baa2 / AA, Stable

Ch\$ Million	Dec. 2013	1H 2014	Change (%)
Long-term	2,790,249	3,368,060	20.7%
Short-term	906,675	513,969	-43.3%
Cash	1,800,584	1,523,857	-15.4%
Net debt	1,896,340	2,358,172	24.4%

1 International / Local

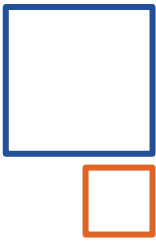
2 Cash and cash equivalent considers in addition "Other current financial assets" ("Inversiones mantenidas hasta el vencimiento" + "Activos financieros a valor razonable con cambio en resultados"), linked to investments in financial instruments with maturity over 90 days. Refer to Note 7 of the financial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



Disclaimer

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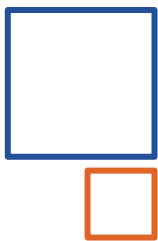
This presentation contains statements that could constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this announcement and include statements regarding the intent, belief or current expectations of Enersis and its management with respect to, among other things: (1) Enersis' business plans; (2) Enersis' cost-reduction plans; (3) trends affecting Enersis' financial condition or results of operations, including market trends in the electricity sector in Chile or elsewhere; (4) supervision and regulation of the electricity sector in Chile or elsewhere; and (5) the future effect of any changes in the laws and regulations applicable to Enersis or its subsidiaries. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of various factors. These factors include a decline in the equity capital markets of the United States or Chile, an increase in the market rates of interest in the United States or elsewhere, adverse decisions by government regulators in Chile or elsewhere and other factors described in Enersis' Annual Report and Form 20-F. Readers are cautioned not to place undue reliance on those forward-looking statements, which state only as of their dates. Enersis undertakes no obligation to release publicly the result of any revisions to these forward-looking statements.



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