

December 2014



**SIC distribution companies
auction results**



- AUCTION HIGHLIGHTS

- CONTRACTUAL POSITION

- PROJECTS

- FINANCING

- ✓ In December 12, the Comisión Nacional de Energía (“CNE”) announced the results of a **public auction among generation companies to supply electricity to distribution companies in the SIC up to 2032.**

- ✓ **The auction comprised 4 supply blocks for an aggregate 13,000 GWh/year:**
 - ✓ **Block 1:** 1,000 GWh of hourly supply targeted to renewable energy producers
 - ✓ **Block 2:** 1,000 GWh of hourly supply targeted to renewable energy producers
 - ✓ **Block 3:** 6,000 GWh for supply between 2018 and 2032 (with a 40% ramp-up in the first year)
 - ✓ **Block 4:** 5,000 GWh for supply between 2019 and 2032 (with a 50% ramp-up in the first year)

- ✓ **E.CL was awarded 84 sub-blocks under Block 3:**
 - ✓ **2,016 GWh** in 2018, equivalent to **230 MW-average**;
 - ✓ **5,040 GWh** per year **between 2019-2032**, equivalent to **575 MW-average**
 - ✓ **Monomic price: US\$ 124/MWh**, slightly above E.CL's current average price

- ✓ This will represent a **significant increase in E.CL's contractual sales commitments, a more diversified client portfolio, and access to the SIC**, Chile's main market and three times larger than the SING (where the company is already a leader).

- ✓ The auction's successful outcome for E.CL **will trigger investments for approximately US\$1.8 billion** over the following three years:
 - ✓ A 600-km long **transmission line project to connect** its power generation units in **Mejillones with Cardones in the SIC**.
 - ✓ E.CL will supply the new contract with **existing gas and coal units, potential renewable projects, as well as through the construction of its IEM coal-fired project** with gross capacity of 375MW.



- AUCTION HIGHLIGHTS

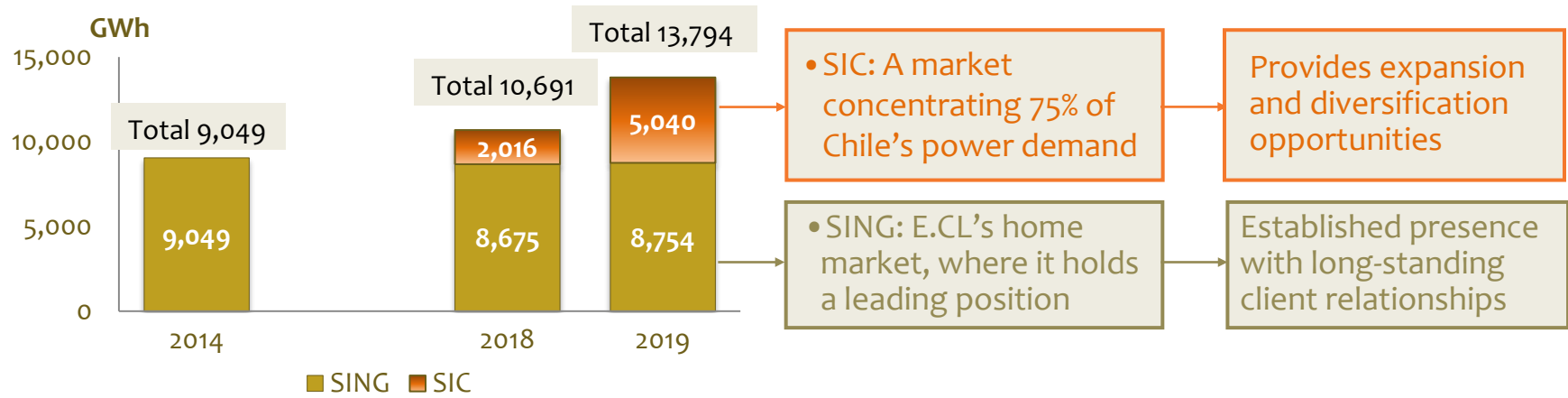
- CONTRACTUAL POSITION

- PROJECTS

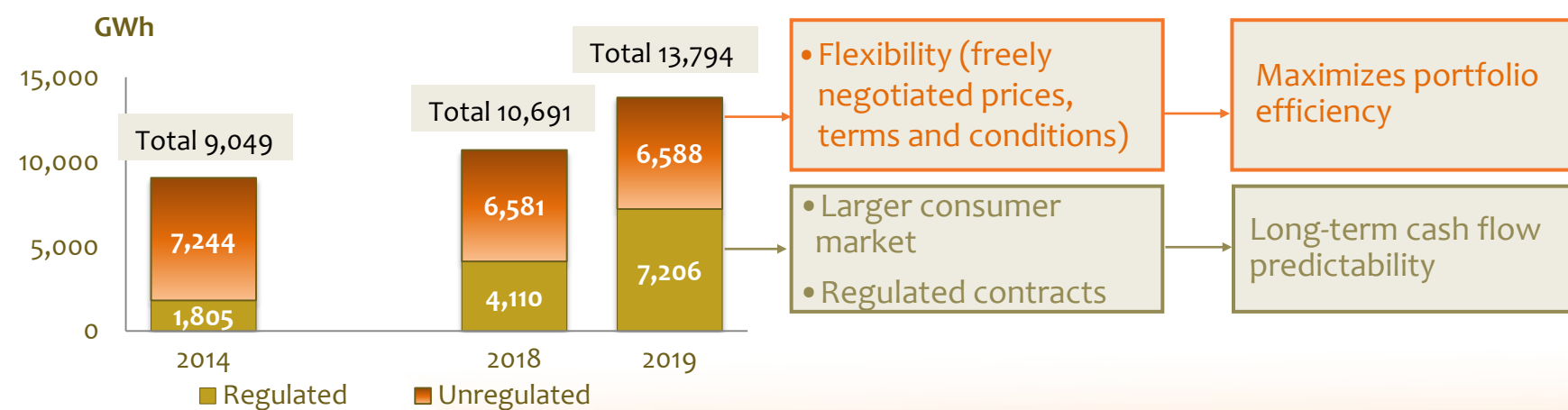
- FINANCING

A more sustainable and balanced commercial portfolio

Electricity sales breakdown by grid (GWh)



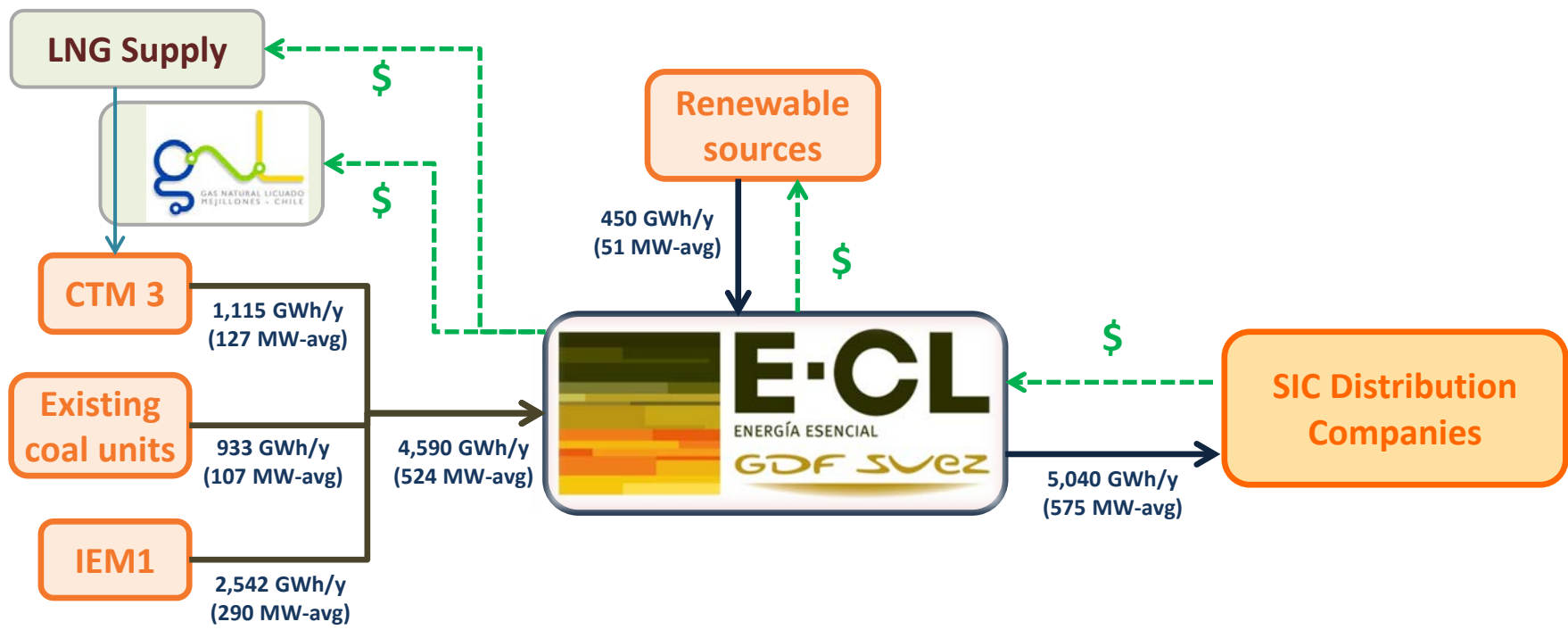
Electricity sales breakdown by type of client (GWh)



- Notes:**
- Figures for 2014 correspond to LTM ending Sept. 14.
 - Unregulated client sales in the SING consider current sales without renewal assumptions.
 - Excludes spot sales.
 - SING sales growth assumes 5% growth in regulated clients' demand.

... to maximize the value of E.CL's assets

The new PPA will be supplied from a mix of existing and new generation units



- ✓ A new 15-year LNG supply has been secured as a result of a private tender process among international providers
 - ✓ 2 LNG cargoes in 2018, 3 LNG cargoes per year as from 2019 onwards
- ✓ The 450 GWh from renewable sources will be supplied out of E.CL's development portfolio, the acquisition of renewable projects in the SIC, or an energy purchase contract → decision will be taken in due course

Note:
• As from 2019 onwards



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Infraestructura Energética Mejillones (IEM)



Characteristics	
Gross capacity (IEM1 & IEM2)	2 x 375 MW
Net capacity	2 x 320 MW
Availability (plant factor)	90%
Location	Mejillones
Associated infrastructure	Mechanized port (Capesize carriers)
Transmission line IEM1	Connection to SIC-SING transmission line (see next slide)
Transmission line IEM2	Expansion existing Chacaya-Crucero 220 kV

- ✓ This 2 x 375 MW pulverized coal-fired project will represent a US\$1.1 to 1.8 billion investment depending on whether one or two plants are built (first unit is independent from the second)
- ✓ Status: environmental license obtained, EPC contract assigned to SK E&C (Korea)
- ✓ The Notice to Proceed for the first unit will be issued after signing the contracts with the SIC distribution companies; second unit is contingent upon the closing of new sales contracts

Infraestructura Energética Mejillones (IEM), a major project with the strictest environmental standards

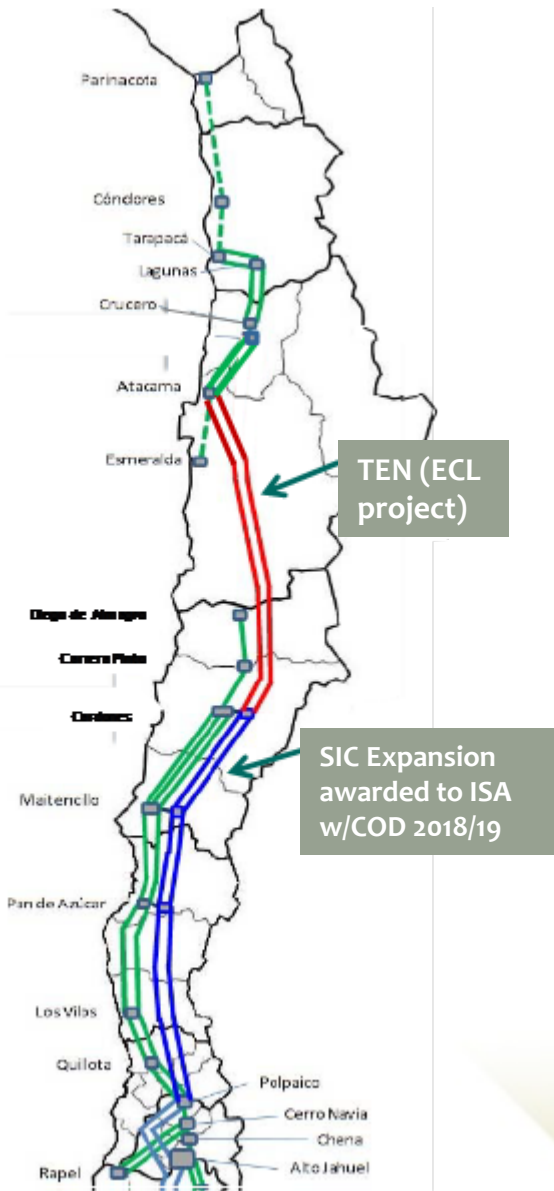
SIC-SING transmission line *(1 of 2)*

- ✓ E.CL acquired Transmisora Eléctrica del Norte (“TEN”) from E.CL’s main shareholder, GDF Suez Energy Andino (“GSEA”), for the purpose of developing a transmission line connecting Mejillones (SING) to Copiapó (SIC).
- ✓ In 1H14 E.CL paid US\$13.7 million to GSEA for the acquisition of the project company.
- ✓ The project is a private initiative that will contribute to the development of E.CL’s core generation projects such as IEM. We believe the project meets the conditions of a trunk transmission system that could interconnect the SING and the SIC grids in as early as June 2017.
- ✓ E.CL plans to engage a partner to take a 50% stake in the project.
- ✓ TEN is currently the only project with approved environmental permits and advanced easement process that has the conditions to interconnect the SIC and SING markets, allowing the development of renewables along its 600-km route and enabling further penetration of such technologies in case of full interconnection.



The SIC-SING transmission line will open sizeable untapped markets for E.CL

SIC-SING transmission line (2 of 2)



Characteristics	
Type	Double circuit, 500 kV, alternate current
Capacity	Up to 1,500 MVA per circuit
Length	600 km connecting Mejillones (SING) to Copiapó (SIC)
Sponsor	T.E.N. (Transmisora Eléctrica del Norte), wholly owned (so far) by E.CL
Initiative	Private initiative meeting all requirements for a trunk transmission line
Total CAPEX	US\$ 721 million
Status	<ul style="list-style-type: none"> EPC agreement signed with ALUSA NTP for early works and detailed engineering given on Jan. 2014 with equipment orders worth US\$20 million already placed Partners & financing in progress
Construction period	30 months (after detailed engineering)
Permits	<ul style="list-style-type: none"> Approved environmental permits; Easements requests filed; Electric concessions for relevant segments filed.

TEN's transmission line project: a private initiative with potential to become a trunk line

Renewable Energy Projects Portfolio



- ✓ El Águila I (2MW): developed as a pilot project and inaugurated in July 2013.
- ✓ Pampa Camarones I (6MW 1st stage) is under construction:
 - Expected total investment: US\$20 million
 - The environmental permit application for up to 300MW and total investment of up to US\$620 million has been approved
 - Probable COD: 1Q15 for 1st stage
- ✓ El Águila II (34MW) is under development:
 - Expected total investment: US\$80 million
 - The environmental permit application has been approved
- ✓ Calama wind farm (20 MW 1st stage) is under development:
 - Expected total investment for 1st stage: US\$60 million
 - The environmental permit application has been approved for up to 220 MW
 - Over 3,400 hectares acquired and wind assessment performed

A sizeable portfolio of renewable energy projects, with environmental licenses for 220MW of wind energy and 334MW of solar power projects

E.CL's cash requirements related to the new PPAs

CAPEX (US\$ million)	2015	2016	2017	2018	TOTAL
TEN transmission line – total	347	250	124	-	721
E.CL equity contribution ⁽¹⁾ :	52	38	19	-	108
IEM1	154	254	346	121	876
Port	56	71	-	-	127
Other ⁽²⁾	22	8	10	3	43
TOTAL E.CL REQUIREMENTS	284	371	375	124	1,154

Notes:

1. The TEN transmission line project will be developed off-balance sheet; only E.CL's equity contribution is considered in the total amount.
2. Other includes investments in existing assets to connect them to the TEN line and works in the existing coal yards.
3. Without assuming any new CAPEX for renewable projects
4. CAPEX figures without VAT (IVA) and interests during construction
5. Real amounts as of December 2014



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- ✓ E.CL is committed to maintaining a **strong investment grade rating**
- ✓ E.CL has a **flexible dividends policy**: pay-out might be reduced in next years to cope with the required investments
- ✓ **IEM and new port**: financed within **E.CL's balance sheet**, with a mix of funding sources, in the following order of priority:
 1. Current cash position (MUD 275 as of Sept. 14) and cash flow from operations
 2. New senior debt to be raised for up to MUSD 350
 3. Equity-like funds (subordinated or hybrid debt, sale of non-core assets, and/or capital injection)
- ✓ **TEN**: to be developed in a **50/50 partnership**, with a non-recourse **project finance**
 - ✓ Long-term, non-recourse debt: 70%
 - ✓ Equity: 30% (15% from E.CL, 15% from a partner)



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