



## **ENAP generates earnings of US\$ 18 million in the second quarter**

*\*This compares favorably with the losses suffered in the first quarter, strongly affected by the earthquake of February 27.*

Empresa Nacional del Petróleo produced positive consolidated earnings of US\$ 18 million in the second quarter of 2010, reflecting a reversal of the trend in relation to the losses of the first quarter.

This figure is after the application of income tax of 17% and foreign taxes. Net earnings, measured after the special additional tax applicable to state-owned companies (Law 2,398), were also a positive US\$ 11 million. The accumulated loss for the first half is therefore US\$78 million, at the bottom line.

The gross margin for the first half of 2010 was US\$ 92 million, a figure US\$ 101 million lower than in the same period of the year before. The reduced margin reflects partly the reduced international refining margins during the period, but principally the effect on the business of the stoppage of operations at ENAP's refineries due to the earthquake.

Administrative expenses reduced by US\$ 2.2 million (4.4%) to US\$ 47 million, comparing the first half of 2009 with that of 2010.

Financial expenses also reduced, by US\$ 6 million, between the two periods, which represents 6.9% of lower costs for this concept, from US\$ 88 million to US\$ 82 million, reflecting lower interest rates on ENAP's borrowings and the excellent access that the company enjoys today to attractive borrowing terms and conditions.

There was a loss for exchange differences of US\$ 20 million in the first half of 2010, which compares with a gain of US\$ 18 million in the same period of 2009. This was because the exchange rate at June 30, 2009 of Ch\$547/US\$ was much higher than the present rate.

### **Effects of the Earthquake**

The earthquake that affected the center-south zone of the country in the early morning of February 27 caused alterations to the operations of the BíoBío and Aconcagua refineries, mainly due to electricity blackouts and structural damages which forced a stoppage in production for safety reasons. Both refineries were subjected to rigorous inspections to establish the extent of the damages and determine the measures necessary for restoring their

safe functioning. The repairs carried out enabled the Aconcagua refinery to start operation during May. With respect to the BíoBío refinery, this suffered substantial damages so its start-up could only be made on June 22. The group has presented insurance claims for damage to property, stoppages and civil damages caused by the earthquake. These claims are currently in their liquidation process and advances against the indemnities have already been received.

The financial statements as of June 30, 2010 incorporate the net effect on results as a consequence of the effects of the earthquake, equivalent to US\$ 33.7 million (gain), which is shown as a deduction from the cost of sales of US\$ 30.9 million (relating to physical damages) and higher income of US\$ 2.8 million in Other gains (losses).

### **Prices of crude and refined products**

The international price of crude oil, based on the West Texas Intermediate (WTI) benchmark, averaged US\$ 78.3 per barrel in the first half of 2010, which was 51.7% higher than the average for the last quarter of 2009 (US\$ 51.6 per barrel).

The prices of refined products on the US Gulf Coast, which ENAP takes as the reference for prices on the domestic market, generally followed the inter-annual recovery of the crude price, although at different rhythms. The average price of diesel was US\$ 88.4 per barrel in the first half of 2010, 44.4% higher than the average for the first half of the year before (US\$ 61.2 per barrel). In the case of gasoline, the average price for the half-year was US\$ 87.7 per barrel, an increase of 42.6% over the average for the first half of 2009 (US\$ 61.5 per barrel). The price of fuel oil No.6 averaged US\$ 69.4 per barrel, a rise of 52.5% over the first half of 2009 (US\$ 45.5 per barrel). However, the refining margins, which are the key prices for ENAP's operation, were lower in the first half of 2010 than in the same period of 2009.

### **Assets, financial debt and EBITDA**

As of June 30, 2010, ENAP's total assets showed an increase of 2.4%, from US\$ 5,560 million in December 2009 to US\$ 5,694 million at June 30, 2010.

Total liabilities, net of cash or equivalents, at June 2010 totaled US\$ 5,228 million. The financial debt plus interest-bearing supplier credits were US\$ 4,099 million at June 30 2010, 10.73% down on the US\$4,591 million reported at the end of March 2010. ENAP's debt at June 2010 is very similar to the level of US\$4,015 million at the end of 2009.

The EBITDA generated by ENAP in the first half of 2010 was US\$ 167 million.

## RESULTS OF ENAP 2010/2009

**Figures in million of dollars**

	1Q2010	2Q2010	Accumulated to 30-Jun- 2010	Accumulated to 30-Jun- 2009
Sales	1,937	1,995	3,932	3,033
Gross margin	28	64	92	193
EBITDA	60	107	167	308
Earnings after 17% income tax&foreign taxes	-81	18	-63	32
Earnings after 40% tax (Law 2,398)	-89	11	-78	27

	At Close of:		
	30-Jun-10	31-Mar-10	31-Dec-09
Financial debt	3,171	3,715	3,045
Financial debt + suppliers*	4,099	4,591	4,015
Long-term financial debt/total financial debt (percentage)	70.70%	64.70%	79.90%

\* *Includes only interest-bearing supplier credit.*

Santiago, May 28, 2010.