



# Third Quarter 2019 Results Presentation

November 2019

## Disclaimer

Forward-looking statements are based on the beliefs and assumptions of ENAP's management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of ENAP and could cause results to differ materially from those expressed in such forward-looking statements.

This presentation contains certain performance measures that do not represent Chilean GAAP and IFRS definitions, such as "EBITDA" and "Net financial debt". These measures cannot be compared with the same previously used by ENAP and the same used by other companies.

# Q3'19 Highlights

## Operational Highlights

- ENAP's refining margin of US\$12.2/bbl for Q3'19 YTD, very similar to US\$12.1/bbl of Q3'18.
- Refined products production of 205 kbbls/day in Q3'19.
- Aggregate market share of 65% in refined products.
- Average crude price of US\$64.8/bbl for this first nine-month period.
- E&P: Production of 67kboe/day for Q3'18 vs. 62kboe/day for Q3'19.

## Financial Highlights

- Net debt to LTM EBITDA decreased from 7.3x in Q2'19 to 6.7x in Q3'19.
- US\$483 million EBITDA for Q3'19 YTD vs. US\$348 million for Q3'18 without exceptional items.
- Income before taxes for Q3'19 YTD of negative US\$38.7 million compared with a loss of US\$152.3 million for Q3'18 (including exceptional items).
- US\$224 million CAPEX for Q3'19 YTD vs. US\$325 million for Q3'18, in line with CAPEX reduction plans.

Financial information	Metric	Q3'18 YTD	Q3'19 YTD
Revenues	MMUS\$	6,280	<b>5,798</b>
COGS	MMUS\$	-6,010	<b>-5,462</b>
SG&A and Distribution cost	MMUS\$	-282	<b>-249</b>
Adj. EBITDA	MMUS\$	424	<b>483</b>
EBITDA margin	%	6.8%	<b>8.3%</b>
Operational Result	MMUS\$	32.2	<b>105</b>
Financial expense	MMUS\$	-177	<b>-183</b>
Income (losses) before taxes	MMUS\$	-152	<b>-39</b>
Operational information		Q3'18 YTD	Q3'19 YTD
Refining capacity	kbbl/day	224	<b>224</b>
R&M production	kbbl/day	187	<b>205</b>
Valuable products production	kbbl/day	147	<b>165</b>
R&M sales	kbbl/day	241	<b>246</b>
ENAP's margin	US\$/bbl	12.1	<b>12.2</b>
E&P's production	kboe/day	62	<b>67</b>

### Solid & Stable Credit Ratings

Moody's	Standard & Poor's	FitchRatings	Japan Credit Rating Agency, Ltd.
<b>Baa3</b> (Stable)	<b>BBB-</b> (Stable)	<b>A</b> (Stable)	<b>A +</b> (Stable)

# Revenues & Adj. EBITDA

## Revenues

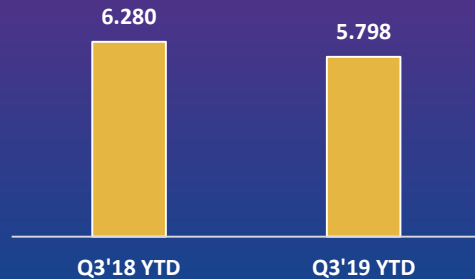
- Revenues decreased in US\$482 million mainly due to a lower ICE Brent price for this period compared to nine month period of 2018, US\$64.8/bbl vs. US\$72.7/bbl.
  - (i) -US\$64.8 million in lower own production sales despite higher production (ENAP's product prices 3Q'19 US\$76.9/bbl vs. 3Q'18 US\$84.0/bbl).
  - (ii) -US\$359 million in lower sales of imported products (28.5% negative variation) mainly due to a 22% decrease in volume.

## Adj. EBITDA<sup>(1)</sup>

- EBITDA of US\$483 million for Q3'19 YTD increased in US\$59 million compared to Q3'18 level of US\$424 million.
- Without exceptional items such as the reversals of spare parts for US\$56 million and US\$20 million due to Mehr block, Q3'18 EBITDA is reduced to US\$348 million (Q3'19 varies positively in US\$135 million).
- Reduction in Personnel costs, Administrative expenses and Distribution cost translated into US\$67 million in savings for Q3'19 YTD vs. Q'18 YTD.



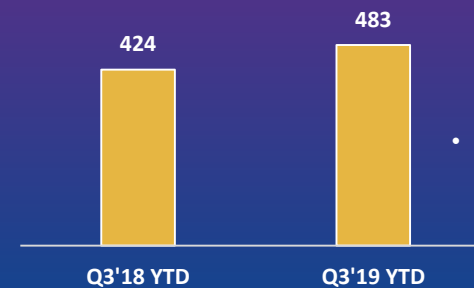
Revenues  
(US\$ million)



- US\$32 million in lower E&P sales, mainly due to Pampa del Castillo effect (revenues of US\$63 million during 2018).
- Higher E&P production increased revenues in US\$85 million.
- Imported gas sales reduced in US\$27 million due to lower prices.



Adj. EBITDA  
(US\$ million)



- EBITDA of US\$152 million for R&M this nine-month period, up a 75% compared to Q3'18.
- E&P's EBITDA for Q3'19 reached US\$310 million, up US\$3 million vs. Q3'18.
- G&E's EBITDA of \$21.7 million compared to Q3'18 of US\$29.9 million.

(1) Adjusted EBITDA is defined as the sum of: (i) gross margin, (ii) other income, per function, (iii) depreciation and depletion quota, (iv) abandonment of exploratory wells, (v) geological studies and non absorbed costs, (vi) deterioration and other non operational provisions and (vii) exploration costs, less (i) distribution costs, (ii) administrative expenses and (iii) other expenses, per function.

# Cost of Goods Sold & Other Operational Expenses

## COGS

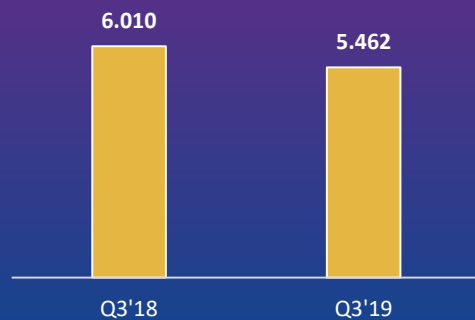
- Cost of goods sold reduced in US\$548 (9.1%) million mainly due to:
  - 3.3% decrease in crude purchases, resulting in US\$117 million less for crude cost.
  - US\$349 million less in imported products cost due to lower volume and lower prices.

## Other Operational Expenses

- Distribution cost reduced in US\$19.5 million mainly due to lower indirect costs and personnel expenses, from US\$181 million to US\$161.5 million.
- Administrative expenses decreased in US\$19.9 million due to the personnel reduction carried out in January 2019 and other initiatives contained in the cost reduction plan, from US\$79.9 million to US\$60 million.



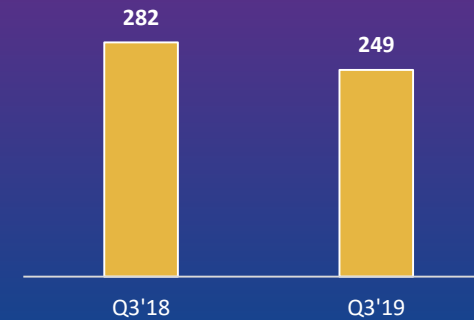
COGS  
(US\$ million)



- E&P production costs decreased in US\$45.7 million mainly due to Pampa del Castillo effect.
- Non-crude costs decreased 1.8%, from US\$577 million in Q3'18 to US\$567 million as of September'19, including a fixed costs reduction of US\$35 million.



Other Operational Expenses  
(US\$ million)



- Other expenses, per function increased in US\$6.3 million, from US\$21.2 million as of September'18 to US\$27.5 million in Q3'19 due to higher exploratory campaigns.

# Refining & Marketing

## EBITDA

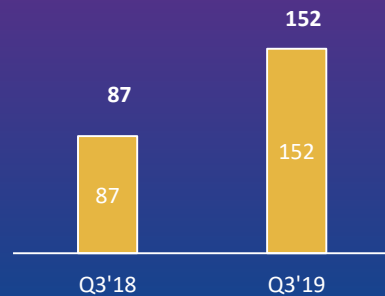
- R&M EBITDA increased US\$65 million to US\$152 million in Q3'19 YTD from US\$87 million in Q3'18.
- Weighted average price of refined products for Q3'19 YTD of US\$76.9/bbl compared to US\$84.0/bbl for Q3'18, decreasing 8.5%.
- Daily average production increased 10% as of Q3'19 compared to Q3'18.
- Imported products volume sold decreased 22%.

## Additional information

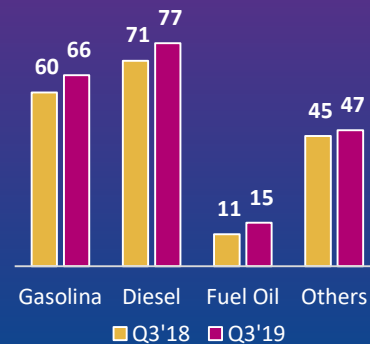
- Increase in refined products production 8.9 vs. 8.1 million m<sup>3</sup>.
- 81% in valuable products production for Q3'19 vs. 79% for Q3'18.
- Total Crude Oil Purchases: 42.4 million barrels in 3Q'19 from 30 different suppliers.



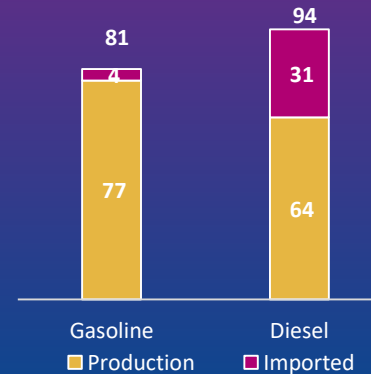
EBITDA  
(US\$ million)



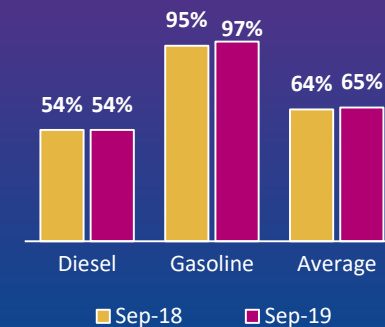
Production  
(kbb/day)



Sales – Q3'19  
(kbb/day)



Market share<sup>(1)</sup> – Q3'19



# Refining & Marketing

- ENAP's margin ("Margen Primo")

- 2015: 21.1 US\$/bbl
- 2016: 15.5 US\$/bbl
- 2017: 15.6 US\$/bbl
- 2018: 12.0 US\$/bbl
- Q3'18 YTD: 12.1 US\$/bbl
- **Q3'19 YTD: 12.2 US\$/bbl**

- Basket 7:3:3:1 vs ICE Brent

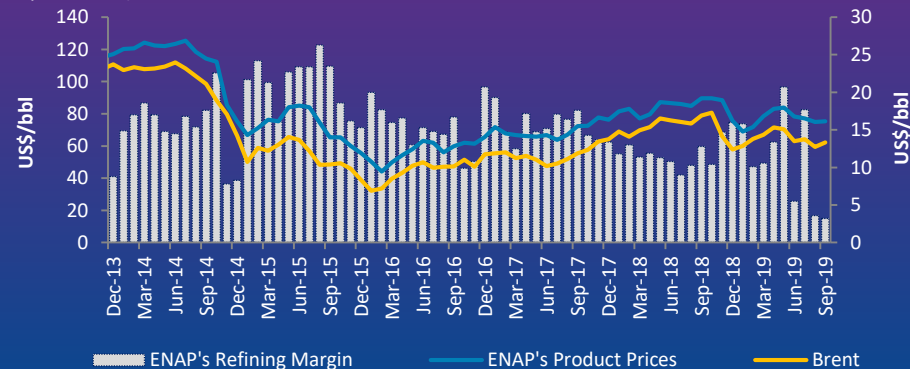
- 2015: 9.7 US\$/bbl
- 2016: 8.0 US\$/bbl
- 2017: 10.6 US\$/bbl
- 2018: 8.1 US\$/bbl
- Q3'18 YTD: 8.9 US\$/bbl
- **Q3'19 YTD: 9.3 US\$/bbl**

- Brent

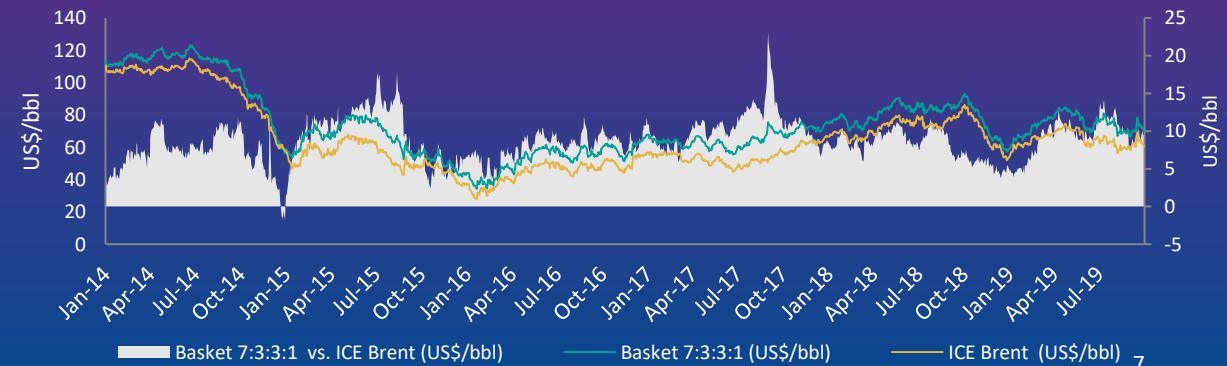
- Q3'18 YTD average: US\$72.7
- **Q3'19 YTD average: US\$64.8**



ENAP's refining margin  
(US\$ per barrel)



7- 331 basket  
(US\$ per barrel)



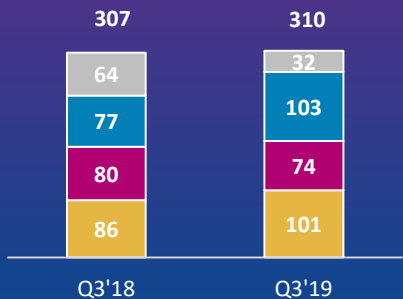
# Exploration & Production

## EBITDA

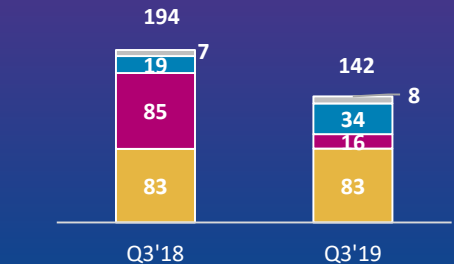
- I. E&P's EBITDA increased from US\$307 million during nine-month period of 2018 to US\$310 million in the same period of 2019.
- II. EBITDA from Magallanes (Chile) increased US\$15 million, mainly due to an increase in volume and a decrease in depletion quota.
- III. Argentina's contribution to E&P's EBITDA decreased US\$6 million mainly due to higher production in Area Magallanes, partially offset by the sale of Pampa del Castillo and a decrease in crude sale prices.
- IV. In Ecuador, EBITDA increased US\$26 million due to higher production, and in Egypt, EBITDA's contribution related to production did not change significantly ending in US\$32 million for the nine month period ended September 30 2019.



**EBITDA**  
(US\$ million)



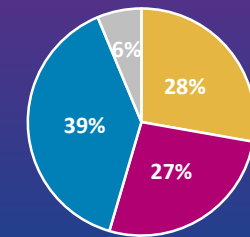
**CAPEX**  
(US\$ million)



**Production – Q3'19**  
(Th. boed)



**Reserves**  
(Th. boe)



Total reserves<sup>1</sup>:  
137 MM boe



# CAPEX analysis

## 2014-2018 CAPEX

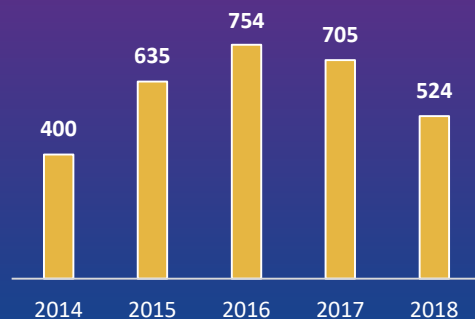
- Average CAPEX of US\$604 million for this 5-year period.
- New projects includes PIAM Project, Cogeneradora Aconcagua and E&P investment in Magallanes (Chile).
- An average of US\$100 million per year in maintenance for our refineries.
- Main increase in CAPEX due to the 2015-2025 strategic plan.

## CAPEX Q3'18 – Q3'19 YTD

- 31% reduction in CAPEX for Q3'19 compared to Q3'18, with US\$224 million vs. US\$325 million.
- Q3'18's Capex by business unit: US\$194 million for E&P; US\$119 million for R&M; US\$7 million for G&E.
- Q3'18 investments focused on E&P investment in Magallanes (Chile) and Argentina, Wet Gas Scrubber in Bío Bío Refinery and Cogeneradora Aconcagua.



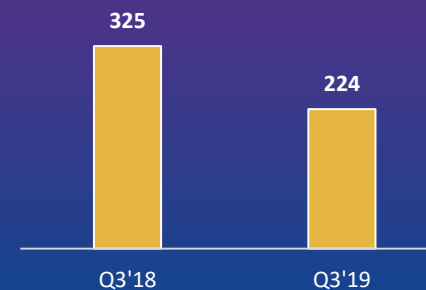
5-year historical CAPEX  
(US\$ million, EOY)



- New administration and BoD revised the plan and considered several CAPEX reductions.
- 2018's CAPEX of US\$524<sup>(1)</sup> million is a result of that revision: nearly US\$150 million were cancelled/postponed due to high leverage.
- 2018's Capex by business unit: US\$303 million for E&P; US\$195 million for R&M; US\$16 million for G&E.



Q3'18 – Q3'19 YTD CAPEX  
(US\$ million)

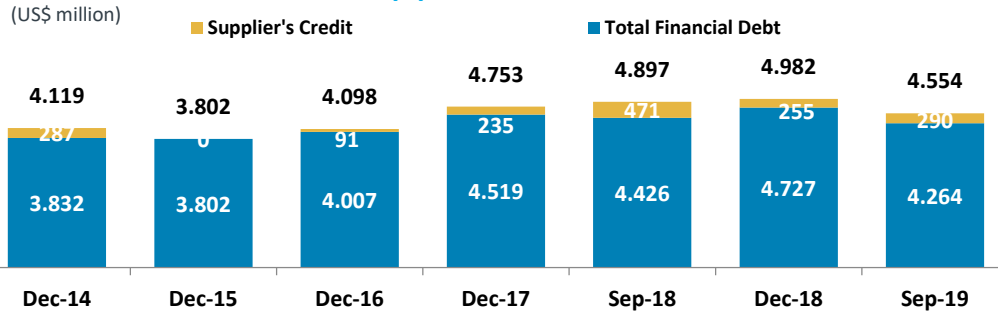


- E&P investments reached US\$142 million for Q3'19, focused in Arenal block in Chile, MDC and PBHI in Ecuador and El Turbio Este in Argentina.
- US\$73 million in R&M for the first nine months, focused in programmed shutdowns, initiatives and preventive maintenance in our refineries.
- G&E investments of US\$8 million for Q3'19, focused in Magallanes Wind Farm and Aconcagua Cogeneration facility.

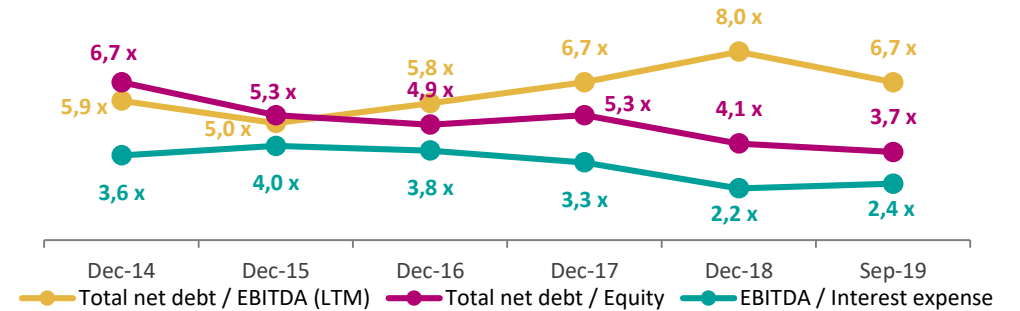
1: Includes US\$10 million assigned in a corporate level

# Debt Statistics & Maturity Profile

## Financial Debt & Supplier's Credit

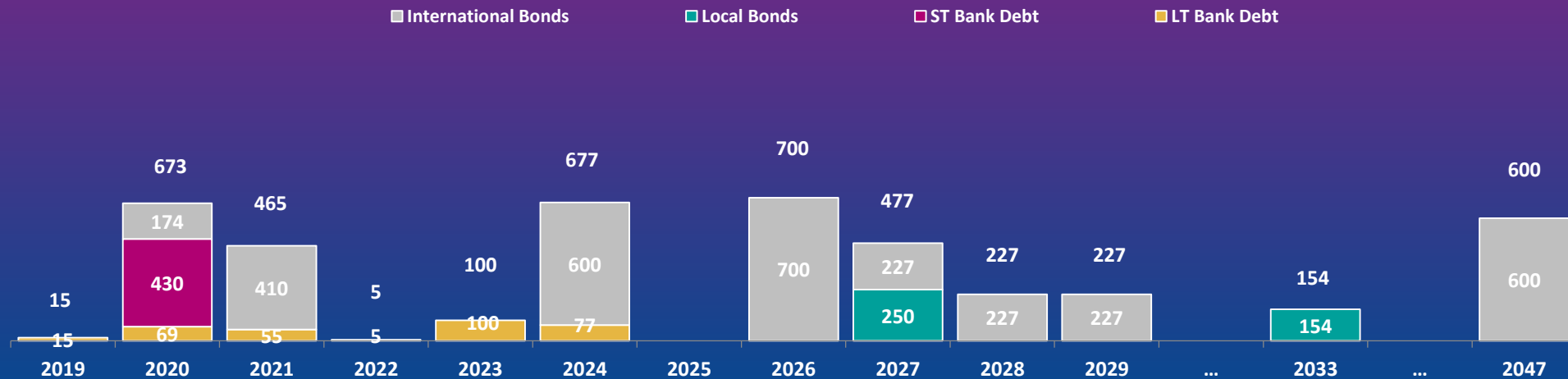


## Key Financial Ratios



## Debt Maturity Profile – September 2019

(US\$ million)





ENAP

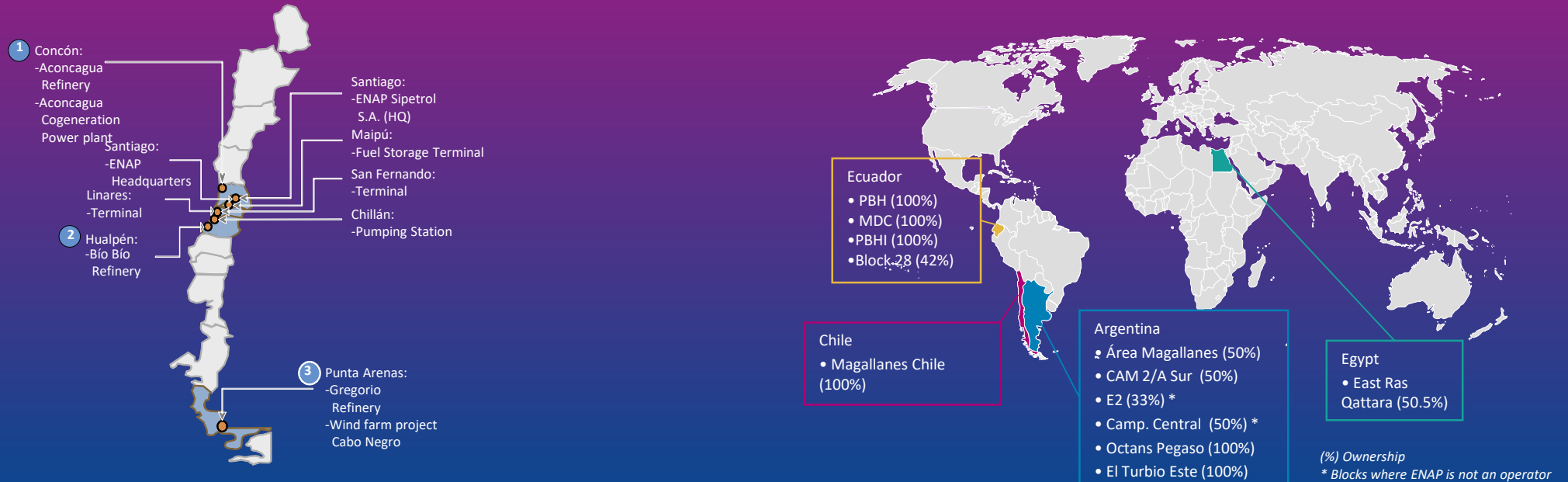
# Geography

## Downstream

- Leading position in refining capacity, with 230kbbbl/day.
- Extensive oil & gas wholesale distribution network in Chile.
- Unmatched asset base of critical importance to Chile including country's only 3 refining facilities.
- ENAP reached a 205 kbbbl/day production during Q3'19 of refined products, including gasoline, diesel, kerosene, LPG, among others.

## Upstream

- Field expertise and relationships with E&P partners and crude oil suppliers worldwide.
- Fields in Chile, Argentina, Ecuador and Egypt.
- E&P's goal: to maintain oil and gas reserves in Chile and abroad.
- E&P's production: 36 kbbbl/day and 31 kboe/day of crude and gas respectively.



# ENAP and the Republic of Chile

## Corporate Governance

- A new Corporate Governance Law: gives ENAP more stability in long-term plans, following best practices of private sector.
- Reduction in number of Board Members from eight to seven.
- Shareholders: Finance and Energy Ministers.
- Five-year Business Plan 2019-2023 approved. The yearly budget and long term debt issuance are also subject to the shareholders' approval.

## Support

- Capital injections: US\$250 MM capital increase in 2008 and US\$400 MM capital increase in 2018.
- Capitalization of Retained Earnings (Subsidiaries) approved on a yearly-basis. The Republic has waived its right to receive any dividends for the past ten years.
- Gas sales subsidy in Magallanes (Chile): Approved on a yearly basis as part of the Chilean General Budget Law. Up to CLP \$58,521 million (~US\$90 million) approved for 2019.

## Board

- Seven Members:
  - Appointed directly by the President of the Republic
    - María Loreto Silva Rojas (Chairman) and Fernando Massú Taré
  - Elected from proposals from the High Public Management System (ADP)
    - Ana Holuigue Barros, Rodrigo Azócar Hidalgo, José Luis Mardones Santander and Claudio Skármeta Magri
  - Elected by the company's employees
    - Marcos Varas Alvarado
- Board Members will have four-year terms and will be eligible for reelection only once
- Members will be changed partially, not all at the same time

# Financial Statements Summary

Summary Income Statement (US\$ million)	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Sep-18	Sep-19
<b>Sales</b>	<b>9,837</b>	<b>6,351</b>	<b>5,217</b>	<b>6,420</b>	<b>8,305</b>	<b>6,280</b>	<b>5,798</b>
COGS	(9,358)	(5,708)	(4,670)	(5,913)	(7,964)	(6,010)	(5,462)
<b>Gross profit</b>	<b>479</b>	<b>643</b>	<b>547</b>	<b>507</b>	<b>341</b>	<b>270</b>	<b>336</b>
% margin	5%	10%	10%	8%	4%	4%	6%
SG&A and Distribution cost	(247)	(292)	(307)	(341)	(373)	(261)	(222)
Other income (expense)	(3)	(77)	(39)	(67)	(216)	23	(10)
<b>Operational Result</b>	<b>228</b>	<b>274</b>	<b>201</b>	<b>99</b>	<b>(248)</b>	<b>32</b>	<b>105</b>
D&A	373	392	392	426	464	342	212
Others*	20	76	84	140	287	50	52
<b>EBITDA</b>	<b>621</b>	<b>742</b>	<b>678</b>	<b>665</b>	<b>526</b>	<b>424</b>	<b>483</b>
% margin	6%	12%	13%	10%	6%	7%	8%
<b>EBITDA (LTM)</b>	<b>621</b>	<b>742</b>	<b>678</b>	<b>665</b>	<b>526</b>	<b>565</b>	<b>586</b>
Net Interest expense (LTM)	(172)	(185)	(180)	(202)	(241)	(233)	(245)
<b>Net income</b>	<b>157</b>	<b>170</b>	<b>183</b>	<b>24</b>	<b>(231)</b>	<b>(50)</b>	<b>5</b>

Summary Balance Sheet (US\$ million)	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Sep-18	Sep-19
Total current assets	1,924	1,525	1,664	2,270	2,573	2,585	2,056
Cash & equivalents	154	114	66	91	525	319	362
Accounts Receivables	702	632	644	822	781	895	680
Inventories	741	566	728	1,039	932	1,129	827
Total non-current assets	3,733	3,929	4,179	4,523	4,665	4,644	4,631
Net PP&E	2,753	2,798	3,138	3,241	3,167	3,304	3,102
<b>Total assets</b>	<b>5,657</b>	<b>5,454</b>	<b>5,843</b>	<b>6,793</b>	<b>7,238</b>	<b>7,229</b>	<b>6,687</b>
Total current liabilities	1,392	1,095	1,603	2,055	2,171	2,636	1,778
Short-term debt	459	492	868	960	1,037	1,361	723
Total non-current liabilities	3,719	3,658	3,432	3,899	4,036	3,390	3,867
Long-term debt	3,372	3,310	3,140	3,558	3,689	3,065	3,541
<b>Total liabilities</b>	<b>5,112</b>	<b>4,753</b>	<b>5,036</b>	<b>5,954</b>	<b>6,207</b>	<b>6,026</b>	<b>5,645</b>
<b>Total equity</b>	<b>546</b>	<b>701</b>	<b>807</b>	<b>839</b>	<b>1,031</b>	<b>1,202</b>	<b>1,042</b>
<b>Total liabilities + SHE</b>	<b>5,657</b>	<b>5,454</b>	<b>5,843</b>	<b>6,793</b>	<b>7,238</b>	<b>7,229</b>	<b>6,687</b>



ENAP