



FY 2019

# Results Presentation

April 2020

## 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.

# FY19 Highlights

## Operational Highlights

- ENAP's refining margin of US\$11.2/bbl for 2019 vs. US\$12.0/bbl for 2018.
- Refined products production of 205 kbbls/day in 2019.
- Aggregate market share of 64% in refined products.
- Average crude price of US\$64.2/bbl for this year.
- E&P: Production of 67 kboe/day for 2019 vs. 62 kboe/day for 2018.

## Financial Highlights

- Net debt to EBITDA decreased from 8.0x in 2018 to 6.3x in 2019.
- US\$656 million EBITDA for 2019 vs. US\$526 million for 2018.
- Income before taxes for 2019 of negative US\$54.8 million compared with a loss of US\$506.6 million for 2018 (including exceptional items).
- US\$330 million CAPEX for 2019 vs. US\$524 million for 2018, in line with CAPEX reduction plans.

Financial information	Metric	2018	2019
Revenues	MMUS\$	8,305	<b>7,628</b>
COGS	MMUS\$	-7,964	<b>-7,169</b>
SG&A and Distribution cost	MMUS\$	-635	<b>-341</b>
Adj. EBITDA	MMUS\$	526	<b>656</b>
EBITDA margin	%	6.3%	<b>8.6%</b>
Operational Result	MMUS\$	-248	<b>141</b>
Financial expense	MMUS\$	-244	<b>-245</b>
Income (losses) before taxes	MMUS\$	-507	<b>-55</b>
Operational information		2018	2019
Refining capacity	kbbl/day	224	<b>231</b>
R&M production	kbbl/day	186	<b>205</b>
Valuable products production	kbbl/day	146	<b>164</b>
R&M sales	kbbl/day	239	<b>243</b>
ENAP's margin	US\$/bbl	12.0	<b>11.2</b>
E&P's production	kboe/day	62	<b>67</b>

### Solid Credit Ratings

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

# Revenues & Adj. EBITDA

## Revenues

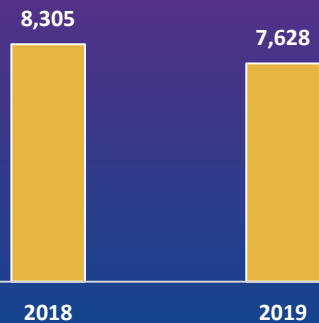
- Revenues decreased in US\$677 million mainly due to a lower ICE Brent price for this period compared to 2018, US\$64.2/bbl vs. US\$71.7/bbl.
  - (i) -US\$145.9 million in lower own production sales despite higher production (ENAP's product prices 2019 US\$76.6/bbl vs. 2018 US\$84.3/bbl).
  - (ii) -US\$457.5 million in lower sales of imported products (28.3% negative variation) mainly due to a 21.8% decrease in volume.

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

- EBITDA of US\$656 million for 2019 increased in US\$130 million compared to 2018 level of US\$526 million.
- Reduction in Personnel costs, Administrative expenses and Distribution cost translated into US\$87 million in savings for 2019 vs. 2018.



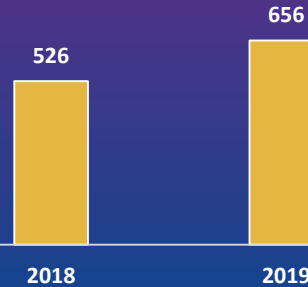
Revenues  
(US\$ million)



- US\$60.4 million in lower E&P sales, mainly due to Pampa del Castillo effect (revenues of US\$64.5 million during 2018).
- Higher E&P production increased revenues in US\$92.7 million.
- Imported gas sales reduced in US\$16.5 million due to lower prices.



Adj. EBITDA  
(US\$ million)



- EBITDA of US\$217 million for R&M this year, up an 80% compared to 2018.
- E&P's EBITDA for 2019 reached US\$412 million, up a 10% vs. 2018.
- G&E's EBITDA of \$27 million compared to 2018 of US\$30 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

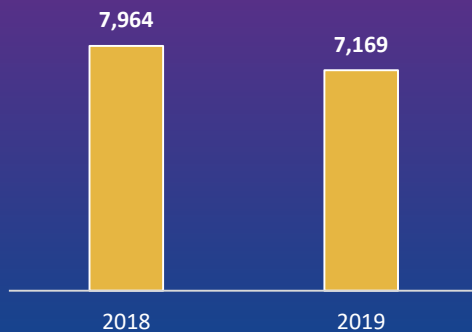
- Cost of goods sold reduced in US\$795 (10.0%) million mainly due to:
  - US\$187 million less in crude purchases cost, mainly due to a lower ICE Brent price.
  - US\$442 million less in imported products cost due to lower volume and lower prices.

## Other Operational Expenses

- Other Operational expenses reduced from US\$635 million in 2018 to US\$341 million in 2019
- Distribution cost reduced in US\$19.3 million mainly due to lower indirect costs and personnel expenses, from US\$236.9 million to US\$217.6 million.



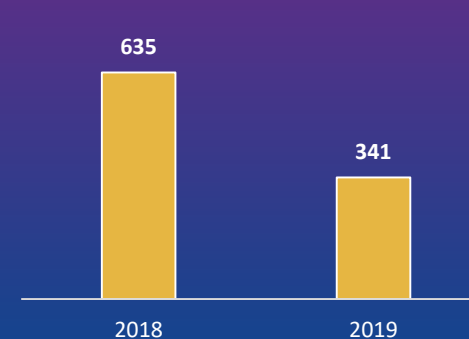
COGS  
(US\$ million)



- E&P production costs decreased in US\$95.7 million mainly due to Pampa del Castillo effect.
- Non-crude costs decreased 5.8%, from US\$774 million in 2018 to US\$730 million in 2019, mainly due to a US\$52 million reduction in services and maintenance.



Other Operational Expenses  
(US\$ million)



- Administrative expenses decreased in US\$54 million due to the personnel reduction carried out in January 2019 and other initiatives contained in the cost reduction plan, passing from US\$135.6 million to US\$81.6 million.
- Other expenses, per function decreased in US\$220 million, from US\$262 million as of December'18 to US\$42 million in 2019, mostly related to the US\$180 million E&P impairment of 2018 and lower administrative expenses in 2019.

(1) Other Operational Expenses: Distribution cost, Administrative expenses and Other expenses, per function

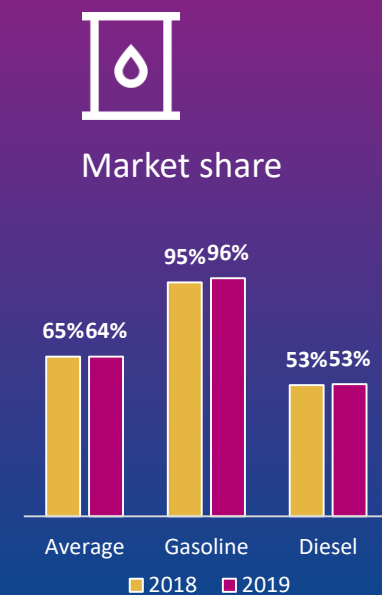
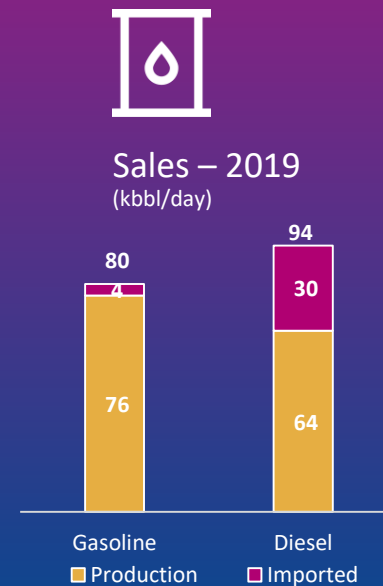
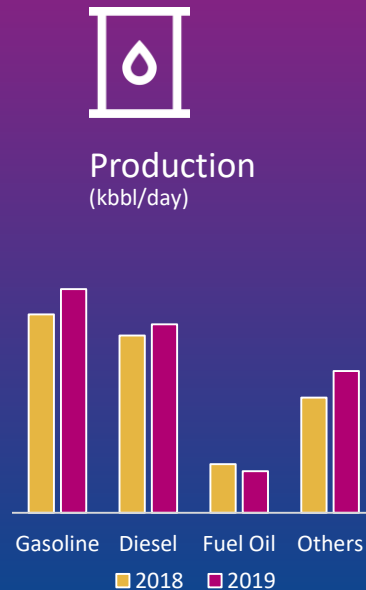
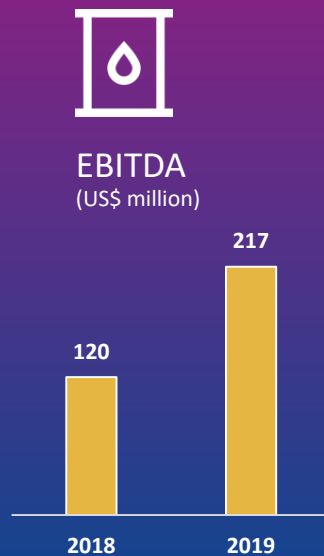
# Refining & Marketing

## EBITDA

- R&M EBITDA increased 80% or US\$96 million to US\$217 million in 2019 from US\$120 million in 2018.
- Weighted average price of refined products for 2019 of US\$76.6/bbl compared to US\$84.3/bbl for 2018, decreasing 9.1%.
- Daily average production increased 10% for 2019 compared to 2018.
- Imported products volume sold decreased in 28.3%

## Additional information

- Increase in refined products production 11.9 vs. 10.8 million m<sup>3</sup>.
- 80% in valuable products production for 2019 vs. 79% for 2018.
- Total Crude Oil Purchases: 65.5 million barrels in 2019 from 30 different suppliers.
- In average, the refining margin decreased to US\$11.2/bbl in 2019 compared to US\$12/bbl in 2018.



# 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
- **2019: 11.2 US\$/bbl**

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

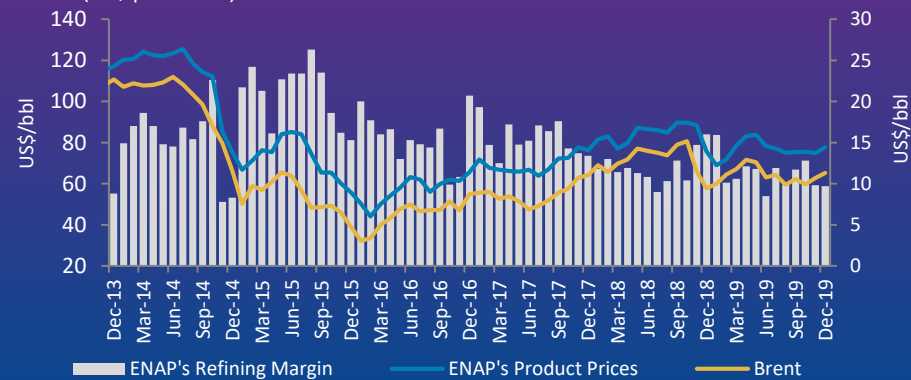
- 2015: 9.7 US\$/bbl
- 2016: 8.0 US\$/bbl
- 2017: 10.6 US\$/bbl
- 2018: 8.1 US\$/bbl
- **2019: 8.7 US\$/bbl**

- Brent

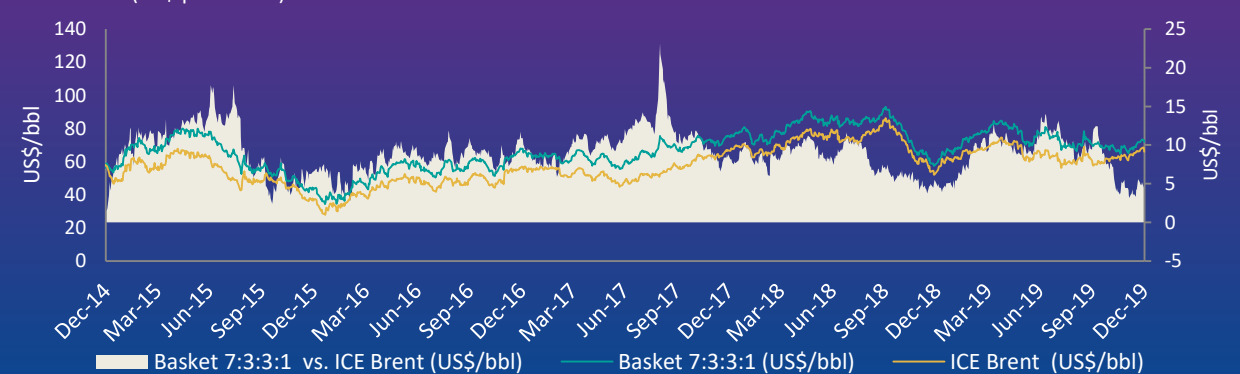
- 2018 average: US\$71.7
- **2019 average: US\$64.2**



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



7- 3:3:1 basket  
(US\$ per barrel)



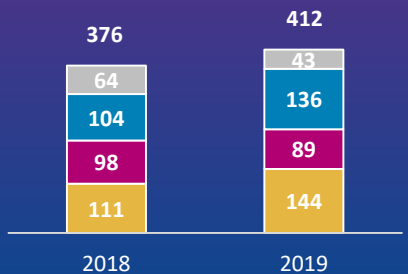
# Exploration & Production

## EBITDA

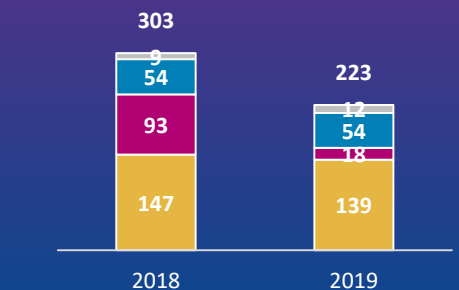
- I. E&P's EBITDA increased from US\$376 million in 2018 to US\$412 million during 2019.
- II. EBITDA from Magallanes (Chile) increased US\$27 million, mainly due to an increase in volume and a decrease in depletion quota.
- III. Argentina's contribution to E&P's EBITDA decreased US\$9 million YoY, mainly due to the decrease in oil prices in 2019 partially offset by cost optimization efforts.
- IV. In Ecuador, EBITDA increased US\$32 million due to higher production, and in Egypt, EBITDA's contribution related to production increased US\$7 million ending in US\$43 million for 2019 (US\$36 million in 2018 without the Iran reversal).



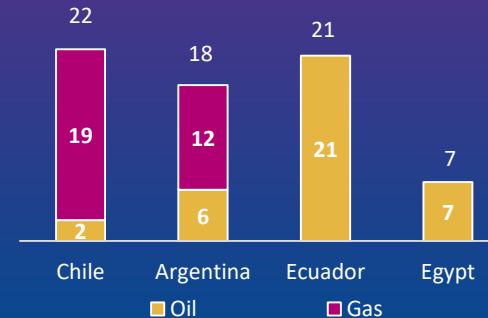
EBITDA  
(US\$ million)



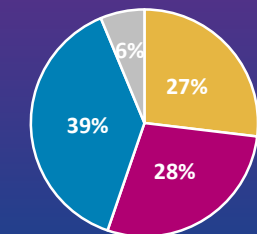
CAPEX  
(US\$ million)



Production – 2019  
(Th. boed)



Reserves  
(Th. boe)



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



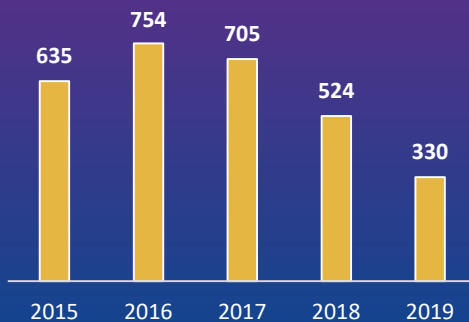
# Capex analysis

## 2015-2019 Capex

- Average CAPEX of US\$590 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 and improvements for our refineries.
- Main increase in Capex during 2015-2017 was due to the 2014-2025 strategic plan, which is no longer applicable.



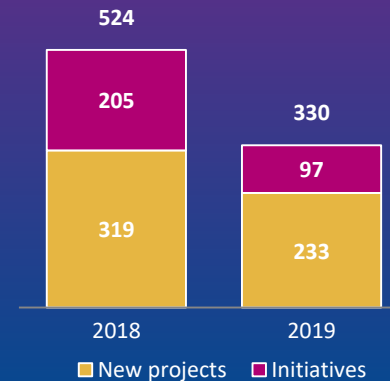
5-year historical CAPEX  
(US\$ million, EOY)



- New administration and BoD revised the plan and considered several Capex reductions, including new Capex guidelines.
- 2019's Capex<sup>(1)</sup> by business unit: US\$223 million for E&P; US\$91 million for R&M; US\$14 million for G&E.
- 2019's Capex reflects the efforts to control leverage and cashflow.



2018 – 2019 CAPEX  
(US\$ million)

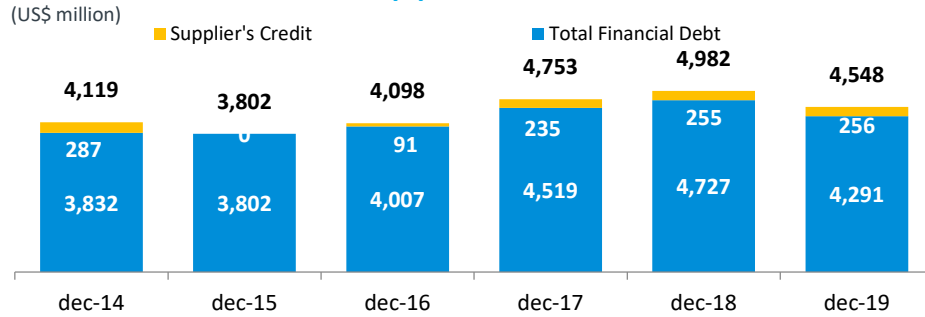


- E&P investments reached US\$223 million for 2019, focused in Arenal block in Chile, MDC and PBH in Ecuador.
- US\$91 million in R&M for 2019, focused in programmed shutdowns, initiatives and preventive maintenance in our refineries.
- G&E investments of US\$14 million for 2019, focused in Magallanes Wind Farm and Aconcagua Cogeneration facility.

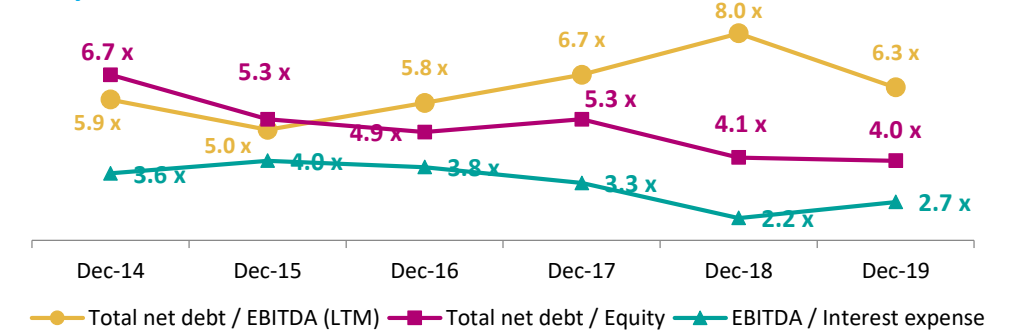
1: Includes US\$2 in other CAPEX.

# Debt Statistics & Maturity Profile

## Financial Debt & Supplier's Credit

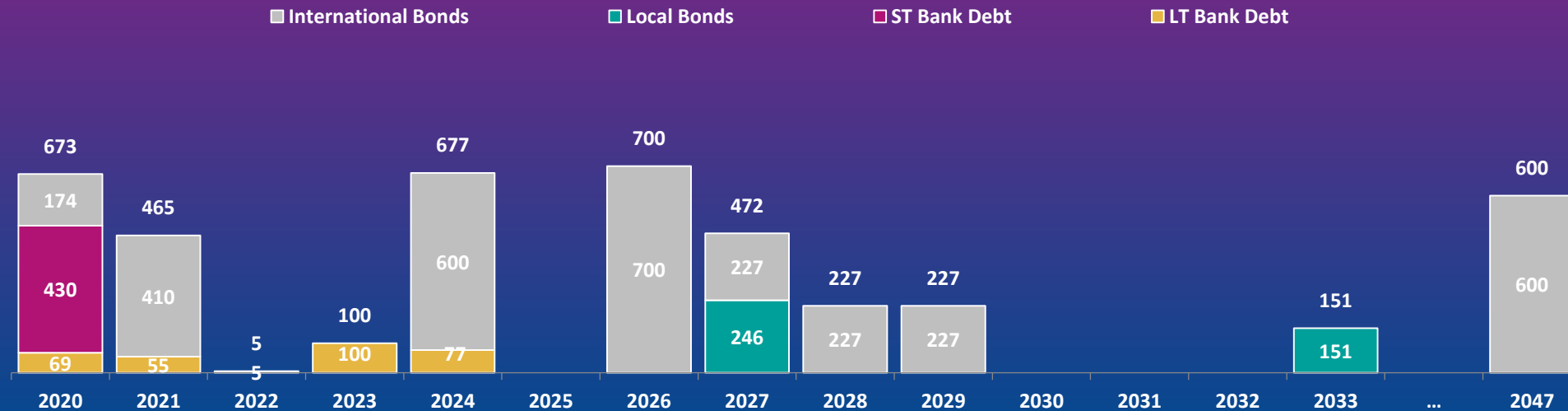


## Key Financial Ratios



## Debt Maturity Profile – December 2019

(US\$ million)





ENAP

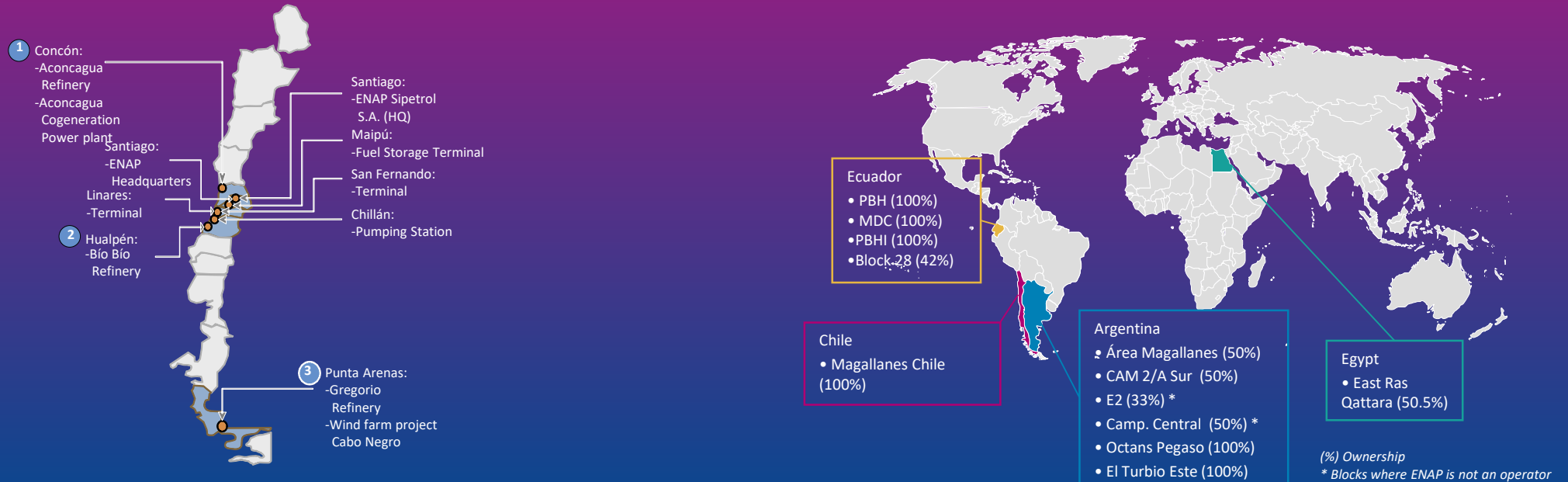
# Geography

## Downstream

- Leading position in refining capacity, with 231kbbbl/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 of refined products during 2019, 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

- 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 2020-2024 in progress. 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\$68 million) approved for 2020.

## 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	Dec-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>7,628</b>
COGS	(9,358)	(5,708)	(4,670)	(5,913)	(7,964)	(7,169)
<b>Gross profit</b>	<b>479</b>	<b>643</b>	<b>547</b>	<b>507</b>	<b>341</b>	<b>460</b>
<i>% margin</i>	5%	10%	10%	8%	4%	6%
SG&A and Distribution cost	(247)	(292)	(307)	(341)	(373)	(299)
Other income (expense)	(3)	(77)	(39)	(67)	(216)	(20)
<b>Operational Result</b>	<b>228</b>	<b>274</b>	<b>201</b>	<b>99</b>	<b>(248)</b>	<b>141</b>
D&A	373	392	392	426	464	440
Others*	20	76	84	140	310	75
<b>EBITDA</b>	<b>621</b>	<b>742</b>	<b>678</b>	<b>665</b>	<b>526</b>	<b>656</b>
<i>% margin</i>	6%	12%	13%	10%	6%	9%
Net Interest expense (LTM)	(172)	(185)	(180)	(202)	(238)	(241)
<b>Net Income</b>	<b>157</b>	<b>170</b>	<b>183</b>	<b>24</b>	<b>(231)</b>	<b>5</b>

Summary Balance Sheet (US\$ million)	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Total current assets	1,924	1,525	1,664	2,270	2,573	1,811
Cash & equivalents	154	114	66	91	525	132
Accounts Receivables	702	632	644	822	781	676
Inventories	741	566	728	1,039	932	845
Total non-current assets	3,733	3,929	4,179	4,523	4,665	4,701
Net PP&E	2,753	2,798	3,138	3,241	3,167	3,083
<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>6,512</b>
Total current liabilities	1,392	1,095	1,603	2,055	2,171	1,577
Short-term debt	459	492	868	960	1,037	764
Total non-current liabilities	3,719	3,658	3,432	3,899	4,036	3,895
Long-term debt	3,372	3,310	3,140	3,558	3,689	3,527
<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>5,471</b>
<b>Total equity</b>	<b>546</b>	<b>701</b>	<b>807</b>	<b>839</b>	<b>1,031</b>	<b>1,040</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>6,512</b>



ENAP