

ENGIE ENERGÍA CHILE REPORTED EBITDA OF US\$455 MILLION AND NET INCOME OF US\$164 MILLION IN 2020.

EBITDA AMOUNTED TO US\$118 MILLION IN THE FOURTH QUARTER OF 2020, AN 11% INCREASE COMPARED TO THE FOURTH QUARTER OF 2019, MAINLY DUE TO INCREASED VOLUME SALES TO UNREGULATED CLIENTS.

- **Operating revenues** amounted to US\$1,351.7 million in 2020, a 7% decrease compared to 2019, mainly due to lower average realized energy prices and a decrease in other operating income, in turn explained by liquidated damages received in 2019 from the main contractor of the IEM project.
- **EBITDA** amounted to US\$455 million in 2020, a 15% decrease compared to 2019, mainly due to the decrease in other operating income and lower average realized energy prices.
- **Net income** amounted to US\$163.5 million in 2020, a 48% increase as compared to 2019, mainly due to significant non-recurring losses in 2019 related to the impairment of four coal-fired units that will be decommissioned at the end of 2021 and 2024.

Financial Highlights (in US\$ millions)

	4Q19	4Q20	Var %	12M19	12M20	Var%
Total operating revenues	335.0	355.7	6%	1,454.5	1,351.7	-7%
Operating income	64.0	72.0	12%	377.7	275.4	-27%
EBITDA	105.6	117.5	11%	534.9	455.3	-15%
EBITDA margin	31.5%	33.0%	0,1pp%	36.8%	33.7%	3.1 pp
Total non-operating results	(106.7)	(24.1)	n.a	(216.3)	(71.7)	-67%
Net income after tax	(31.5)	40.3	-228%	118.7	163.5	38%
Net income attributed to controlling shareholders	(32.2)	40.3	-225%	110.8	163.5	48%
Net income attributed to minority shareholders	0.6	-	-	7.9	-	-
Earnings per share (US\$/share)	(0.031)	0.038		0.105	0.155	
Total energy sales (GWh)	2,847	2,881	1%	11,123	11,408	3%
Total net generation (GWh)	1,439	1,133	-21%	5,282	6,438	22%
Energy purchases on the spot market (GWh)	1,356	1,667	23%	5,520	4,645	-16%
Energy purchases - back up (GWh)	127	127	0%	500	503	1%

ENGIE ENERGÍA CHILE S.A. (“ECL”) is engaged in the generation, transmission and supply of electricity and the transportation of natural gas in Chile. ECL is the fourth largest electricity generation company in Chile and one of the largest electricity generation companies in the northern segment of the SEN national grid (formerly known as SING). As of December 31, 2020, ECL accounted for 9% of the SEN’s installed capacity. ECL primarily supplies electricity to large mining and industrial customers, and it also supplies electricity distribution companies throughout Chile. ECL is currently 59.99% indirectly owned by ENGIE (formerly known as GDF SUEZ). The remaining 40.01% of ECL’s shares are publicly traded on the Santiago stock exchange. For more information, please refer to www.engie-energia.cl.

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HIGHLIGHTS:

- **COVID-19:** The Corona virus, or COVID-19, was first detected in Chile on March 3, 2020, and as of January 26, 2021, 706,500 cases have been confirmed and 18,023 deaths have been reported. The current situation has been cataloged as Phase 4, and the country remains under constitutional state of catastrophe. The COVID-19 pandemic is deemed to be the worst sanitary and economic crisis in recent times. Economists estimate that the Chilean economy will contract between 6% and 7% in 2020 as a result of the pandemic. Electricity demand has decreased overall by approximately 8.9% since the third week of March. While the demand from our unregulated clients remained stable and even increased compared to 2019, electricity demand from our regulated clients increased in the first two months of the year, but then reported a 5% decrease in the second quarter as compared to the second quarter of last year. It began showing signs of recovery in the third quarter and then stabilized in the fourth quarter. The COVID-19 pandemic has posed several challenges forcing us to adapt ourselves and to respond quickly along three lines of action: first, ensuring the safety and wellbeing of our teams; third, ensuring our company's operational continuity, which is essential in providing continued electricity supply in our country; and, finally, coordinating ourselves as best as possible with our stakeholders including our customers, suppliers, shareholders and communities to keep an open, direct and collaborative dialogue. Since the beginning of this crisis, we established a crisis committee and have implemented contingency plans, adopting sanitary measures in our sites as necessary to comply with the authority's instructions. Similarly, we have monitored the situation and actions taken by our suppliers and contractors, asking them to comply with safety standards with their own staff. At present, approximately 70% of our staff is working from home, while approximately 300 direct employees and 400 contractors are working in shifts in ten different sites to ensure the continuity of our operations. Our operations are functioning normally. The government has implemented the "*Plan Paso a Paso*", a step-by-step plan that considers five scenarios from a full lockdown to an advanced opening, each with specific restrictions and obligations. The advance or retrocession from one to another scenario is subject to epidemiologic indicators, sanitary network availability and traceability.

SUBSEQUENT EVENTS:

- **Monetization of accounts receivable stemming from Tariff Stabilization Law:** On January 20, 2021, Engie Energía Chile S.A. ("EECL") and its subsidiary, Eólica Monte Redondo SpA ("EMR") reached an agreement with Goldman Sachs & Co. LLC and Goldman Sachs Lending Partners LLC ("GS") on the terms and conditions for a financing operation specifically related to current and future accounts receivable from distribution companies accrued in the context of Law #21,185, which creates an electricity tariff stabilization mechanism for regulated consumers, and exempt resolution #72 of the National Energy Commission ("CNE"), which set the rules for the application of the law. If the agreed conditions under the financing transaction agreed with GS are met, EECL and EMR will be entitled to sell, without recourse to them, accounts receivable from distribution companies for up to a committed amount of US\$162 million to Chile Electricity PEC SpA (the "Purchaser"). The sales of receivable will be perfected in groups, from time to time, as each Average Node Price decree ("PNP decree") is published including the corresponding chart with the balances owed by distribution companies to generation companies pursuant to the tariff stabilization law. Additionally, EECL, EMR and Inter-American Investment Corporation ("IDB Invest") are finalizing negotiations under which IDB Invest, if agreed conditions are met, will participate in the financing to the Purchaser for the acquisition of accounts receivable sold by EECL and EMR. The Company estimates that the total amount of accounts receivable, considering those already accrued and those to be accrued until the mechanism's cap is reached, which cannot occur after July 2023, could be approximately US\$266 million. The sale of accounts receivable seeks to enhance the company's liquidity and procure the necessary financing resources in times of active investment in renewable generation projects.

RECENT EVENTS:

4Q20

- **Financing agreement with IDB Invest:** On December 23, 2020, the Company and IDB Invest signed a financing agreement under which IDB Invest will extend a US\$125 million loan to Engie Energía Chile within an initiative seeking to accelerate the decarbonization of the energy matrix in Chile. The financing includes a US\$74 million senior loan from IDB Invest, US\$15 million of mixed financing by the Clean Technology Fund (CTF), and a US\$36 million loan from the China Fund for Co-financing in Latin America and the Caribbean (China Fund). The transaction, with a tenor of up to 12 years, has the purpose of financing the construction, operation and maintenance of the Calama wind farm. This innovative financing solution is designed to promote the acceleration of decarbonization activities by monetizing the actual displacement of CO₂ emissions achieved through the anticipated decommissioning of coal-based generation plants whose generation will be replaced with the renewable power output of the Calama wind farm. As of December 31, 2020, the company had not yet drawn any loans under this facility.
- **Rating outlook changed to positive by local rating agency, Feller Rate:** On December 21, Feller Rate confirmed Engie Energía Chile's solvency rating at AA- in the national rating scale and changed the outlook from Stable to Positive given the company's improved capital structure and coverage ratios as well as the quality of the company's contract portfolio. Feller also confirmed the company's shares as First Class Level 2.
- **Engie's acquisition of additional 7.2% stake in EECL:** On November 26, 2020, the company's controlling shareholder, ENGIE Latam S.A., communicated the acquisition of 76,155,000 shares of EECL through an acquisition program organized by Banchile Corredores de Bolsa S.A. Through this transaction, the ENGIE group, through ENGIE Latam S.A. increased its ownership share in EECL by 7.23% to a new total of 59.99%.
- **New power supply auction:** The National Energy Commission issued the preliminary guidelines for the 2021/01 auction to supply 2,310 GWh/y for 15 years beginning 2026 to regulated clients in the National Electricity System.
- **Provisional dividend:** On October 27, 2020, the Board of Directors approved the distribution of a provisional dividend in the amount of US\$66.6 million (US\$0.0632310625 per share) on account of 2020 net income. The dividend was paid on November 30, 2020, in pesos at the dollar-equivalent rate published in the Official Gazette on November 23.
- **Chile rating downgrade by Fitch:** On October 15, Fitch Ratings downgraded Chile's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'A-' and revised its Outlook to Stable. The Stable Outlook reflects Fitch's view that Chile's lower trend growth prospects, eroding fiscal balance sheet and political/social risks are captured in the lower rating, which is supported by a credible macroeconomic policy framework and still-low government debt burden compared with 'A' range peers.

3Q20

- **Public auction to supply regulated clients:** The National Energy Commission (CNE) postponed the 2,200 GWh power supply auction for regulated clients originally scheduled for November 2020 due to slower projected demand growth. The auction, which seeks to obtain the lowest possible power prices for regulated clients, has been deferred to the first half of 2021.
- **Transmission segment annual assessment report:** The final report on the valuation of the national transmission systems was delivered on October 20, 2020 to the supervising committee in charge. The public audience in which the final report was presented took place on November 30, 2020. The affected companies sent their observations to the National Energy Commission.

- **Zonal transmission valuation report:** The first version of the final valuation report of the zonal transmission systems was delivered on October 30, 2020 to the supervisory committee. The CNE conducted a public audience to communicate the results on December 2, 2020. Subsequently, the affected parties sent their observations to the CNE.
- **Environmental impact assessment for the Vientos del Loa wind project:** On August 18, the Company submitted to the Environmental Impact Evaluation Service an environmental impact declaration (DIA) to expand the capacity of the Vientos del Loa wind project from an initially submitted 126.5 MW to a new total installed capacity of 204.6 MW.
- **Result of land auction:** On July 15, in an auction launched by the Ministry of National Assets, ENGIE Energía Chile (EECL) was awarded one of the available land plots in the Antofagasta Region for the development of renewable energy projects. This land plot is located in Tal-Tal. It covers a 2,347-hectare surface area and will permit the development of up to 320 MW of renewable energy projects.
- **Eólica Monte Redondo acquisition:** On July 1, EECL informed the acquisition of Eólica Monte Redondo SpA (“EMR”) from ENGIE Latam, through a Material Event notice filed with the *Comisión para el Mercado Financiero* (the Capital Markets Commission or “CMF”). Through this acquisition, EECL added two renewable assets to its generation fleet, the 48 MW Monte Redondo wind farm and the 34.4MW Laja hydroelectric plant. The Monte Redondo wind farm is located in the Coquimbo region, 43 kilometers away from the city of Ovalle, has 24 wind turbines and began commercial operations in January 2010. The Laja hydroelectric plant is located in the Biobío region, 60 kilometers away from the city of Los Ángeles, and began commercial operations in 2015. It is a run-of-the-river facility including a 14Mm³ reservoir, with a 26-meter high concrete dam, five spillway radial gates and two gantry cranes. EECL paid a price of US\$53 million plus approximately US\$2 million of available cash at EMR at the time of the acquisition, and the company was acquired on a debt-free basis. The Directors Committee, formed by the independent board members, mandated 350 Renewables and GTD Consultores for a technical and commercial due diligence, respectively, and Scotiabank to perform an independent valuation of the company. The EMR acquisition is consistent with the company’s portfolio diversification strategy and its transition to renewable energy and had a US\$14.7 million positive impact on EECL’s consolidated net income in the second half of 2020.

2Q20

- **Rating upgrade:** On June 12, Fitch Ratings upgraded EECL’s international credit rating to BBB+ from BBB. The outlook was changed to Stable. The national-scale rating was upgraded to AA from AA-. This upgrade recognizes EECL’s high quality contract portfolio, with an average remaining life of 12 years. Fitch also expects EECL to maintain adequate liquidity levels in the medium term, supported by predictable cash flow generation. The agency also considered EECL’s capacity and financial support to migrate to cleaner energy generation sources, consistently with its asset transition strategy.
- **New PPA with CAP Aceros:** On May 18, 2020, the company was awarded a new, 15-year power supply agreement with the steel company, CAP Aceros S.A., for up to 420 GWh/y beginning 2021.
- **PPA renegotiations:** On April 1, 2020, in a Material Event notice filed with the CMF, the company informed about new commercial agreements with its client, Minera Centinela, an affiliate of Antofagasta Minerals S.A. (AMSA). In first place, the agreement comprises the amendment of the existing energy supply contracts between our subsidiary, Inversiones Hornitos S.A. and Minera Centinela concerning its Esperanza and El Tesoro mines for an aggregate volume of 186 MW. This amendment considers the application of a price discount during 2020 and 2021 and a change in the contract maturity date to December 31, 2021. In addition, the agreement includes the execution of a new 186 MW power supply contract between EECL and Minera Centinela for the period between January 2022 and December 2033 with prices indexed to CPI. There will be one tariff applicable for the period between 2022 and 2028 and a lower tariff for the period running between 2029 and 2033. This new contract and its price scheme will allow the company to gradually adapt its electricity production to generation with renewable sources and at the same time will extend the average life of its contracts with Minera Centinela by 7.5 years. Finally, the

agreement considers the amendment of the shareholders' agreement ruling the ownership and corporate governance of Inversiones Hornitos S.A., including (a) an agreement not to distribute any dividends until Inversiones Hornitos' debt with EECL is repaid in full and to use any excess cash to repay this debt; and (b) the transfer to EECL by December 2021 of 40% of Inversiones Hornitos's shares, which up to the date of this agreement belonged to Inversiones Punta de Rieles Limitada, an affiliate of Antofagasta Minerals S.A. The objective of this new contract structure is to support our client in its own transformation by gradually replacing conventional power sources with renewable energy. Under the agreement, EECL will control 100% of Inversiones Hornitos S.A. and, as a result, no minority interest has been reported since March 31, 2020.

- **Annual Ordinary Shareholders' Meeting:** On April 28, 2020, the Company's shareholders agreed the following:
 - a) **Definitive Dividends:** No final dividends will be paid on account of 2019's net income, and any undistributed earnings will be retained in the company. This decision takes into account that the sum of provisional dividends paid on June 21, 2019 and December 13, 2019, equivalent to US\$90 million, accounted for approximately 81% of 2019's net earnings. This largely exceeds the 30% regulatory minimum distribution established by Law and the company's dividend policy.
 - b) **Auditors:** To appoint EY Servicios Profesionales de Auditoría y Asesorías SpA as the Company's external auditors.
 - c) **Local Rating Agencies:** To confirm "Feller Rate Clasificadora de Riesgo" and "Fitch Chile Clasificadora de Riesgo Ltda." as the agencies that will rate the company's shares according to the national rating scale.

1Q20

- **Price stabilization fund:** On March 11, 2020, the National Energy Commission ("CNE") published Exempt Resolution #72 setting the rules for the implementation of the temporary price stabilization mechanism for clients subject to regulated tariffs, as established in Law #21,185 dated November 2, 2019. This price stabilization mechanism froze electricity tariffs at the levels prevailing in the first half of 2019 until year-end 2027, subject to certain adjustments, from time to time, as provided by the law. The mechanism has therefore produced a differential between the tariffs that generation companies are entitled to charge according to the terms of their contracts with distribution companies and the tariffs actually collected from regulated end-consumers. As a result of this price differential, generation companies have begun to build up an account receivable from distribution companies, which taken as a whole, gives birth to the so-called price stabilization fund. According to Law #21,185 this fund may increase until the first to occur between July 2023 or until it reaches a global amount of US\$1,350 million. The authority expects that once lower-priced power supply agreements awarded in more recent auctions become effective, the average price of the contracts between generation and distribution companies will begin to decrease gradually starting 2021. At some point, average contract prices will fall below the stabilized price and, distribution companies will begin repaying the accounts with generation companies that form part of the stabilization fund. As of December 31, 2020, EECL, including its subsidiary Eólica Monte Redondo, reported approximately US\$142 million in accounts receivable related to the price stabilization mechanism.
- **Annual expansion plan for the transmission system:** The CNE started the process for the annual expansion plan for the transmission system in the national electric system ("SEN"). The first phase of the process consists of the presentation of the companies' proposals, which will be analyzed considering their contribution to the system's safety and economic benefits.
- **National valuation process report:** The CNE published the first draft of the valuation report for national transmission systems for the four-year period running between 2020 and 2023. This report provides the basis on which the remuneration for national transmission systems is determined.

- **New 144-A/Reg S bond:** On January 23, 2020, following a series of investor meetings in Santiago, London, Boston, Los Angeles and New York, ENGIE Energía Chile successfully issued 10-year 144-A/Reg S notes in an amount of US\$500 million at a 3.484% yield and a 3.4% annual coupon rate. The proceeds of the new issue were used primarily to fully refinance the US\$400 million notes due on January 15, 2021 through a tender offer, followed by the redemption of the notes that were not tendered. The Global Coordinators and Joint Bookrunning Managers were BofA Securities, Inc. Citigroup Global Markets Inc. and Scotia Capital (USA) Inc., while MUFG Securities Americas Inc. and Santander Investment Securities Inc. acted as Co-Managers. In addition, the company prepaid US\$80 million in short-term debt with Scotiabank and Banco Estado. This bond placement, combined with the prepayment of existing bond and bank debt, allowed the company to extend the average maturity and significantly lower the average coupon rate of its financial debt.

INDUSTRY OVERVIEW

The SING and SIC power grids operated independently until November 24, 2017, when the interconnection of both grids was perfected through EECL's 50%-owned TEN project, giving birth to the SEN ("Sistema Eléctrico Nacional"). Currently, the company's generation assets are predominantly located in the northern segment of the SEN, in the area that used to be covered by the so-called SING Grid ("Sistema Interconectado del Norte Grande"), which serves a major portion of the country's mining industry. Given local conditions, the northern segment of the SEN is predominantly a thermoelectric system, with generation based on coal and LNG, with growing penetration of renewable sources, including wind, solar, and geothermal. Energy flows through the interconnection are variable, and until the full commissioning of the Interchile project, used to be predominantly in the south-north direction comprising inflows of renewable power generated in the area known as Norte Chico into the SING grid.

Following the commissioning of the last tranche of Interchile's Cardones-Polpaico transmission project on May 30, 2019, marginal costs in the different nodes of the SEN have reported greater stability and lower average levels due to the coupling of transmission bars at different substations and the injection into the grid of renewable power generation, which was previously being lost due to insufficient transmission capacity.

In addition to the interconnection, during 2020 other factors contributed to the reduction and stabilization of marginal costs, including (i) hydraulic sources; (ii) greater volumes of Argentine gas supply; and (iii) greater LNG availability, which has caused some combined-cycle units to operate in an inflexible manner at zero marginal cost.

Marginal Costs

2019 Month	Minimum				Average				Maximum			
	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220
Jan	15.0	14.7	-	-	63.1	61.5	51.5	55.1	166.6	161.3	148.0	161.4
Feb	41.5	40.8	-	-	64.0	62.6	51.2	55.8	162.1	157.2	155.0	155.6
Mar	45.4	44.7	-	-	63.5	62.1	49.2	53.0	152.2	148.9	118.1	123.5
Apr	45.3	44.5	-	-	71.6	70.1	49.3	56.4	178.0	173.3	168.8	172.1
May	40.7	39.6	34.6	-	68.5	66.7	51.9	55.2	198.0	192.2	148.9	145.0
Jun	37.5	36.5	32.5	32.5	53.0	51.3	48.2	50.0	83.3	80.6	78.8	79.9
Jul	36.1	35.4	30.3	6.5	49.6	48.1	46.3	47.7	73.1	69.9	72.1	72.6
Aug	37.5	36.6	29.7	-	52.5	50.3	50.7	50.2	106.1	100.4	106.7	105.5
Sep	28.0	27.3	25.9	26.8	42.9	41.3	40.8	42.0	69.1	65.4	69.9	69.2
Oct	23.5	23.1	21.6	-	37.8	36.2	38.8	36.5	80.2	75.6	403.2	81.3
Nov	23.3	23.1	21.7	-	35.1	34.2	34.0	32.5	70.3	67.4	140.3	69.8
Dic	26.6	26.1	26.0	-	35.0	34.2	34.0	31.7	40.0	38.5	41.2	41.5

Month	Minimum				Average				Maximum			
	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220
Jan	18.9	18.5	18.8	-	41.6	40.4	41.9	39.9	151.8	147.8	149.9	148.5
Feb	25.1	24.8	23.7	-	43.1	42.1	40.1	40.4	148.7	146.6	140.3	143.4
Mar	28.0	27.7	26.9	-	68.7	67.6	64.3	67.2	182.4	178.1	180.2	179.4
Abr	25.3	25.0	24.3	24.4	44.8	44.2	43.4	43.4	106.3	104.6	106.2	104.9
May	27.5	27.1	-	-	45.2	44.1	40.9	41.0	99.5	96.4	100.1	99.4
Jun	26.7	26.2	25.6	26.0	43.7	42.8	41.6	42.2	107.6	104.9	108.2	106.2
Jul	-	-	-	-	31.5	30.5	31.6	30.8	90.2	86.3	93.9	90.2
Aug	-	-	-	-	31.5	30.4	30.4	28.9	126.3	121.0	133.1	126.1
Sep	-	-	-	-	29.3	28.2	29.2	28.4	66.1	62.9	74.1	67.3
Oct	-	-	-	-	30.8	29.5	34.2	30.9	80.0	76.2	132.3	119.2
Nov	-	-	-	-	32.8	31.6	34.9	31.3	87.5	83.5	106.3	94.8
Dec	-	-	-	-	42.1	40.6	43.1	41.5	132.3	126.1	140.3	131.2

Source: Coordinador Eléctrico Nacional

In the fourth quarter of 2020, marginal energy costs increased when compared to the third quarter. In October, marginal costs increased slightly despite the greater contribution from renewables, which accounted for 22% of the total generation injected into the grid, due to de-couplings of transmission systems resulting from works at the 220 kV systems in the region called Norte Chico. The de-couplings continued through November, driven by maintenance works at the 2x500 Nueva Pan de Azúcar – Polpaico transmission tranche. Finally, in December marginal costs increased due to plant failures, technical limitations and extended maintenance periods of relevant power units, as well as the lack of LNG supply in central Chile, all of which led to the dispatch of less efficient plants and diesel units during peak hours.

In the third quarter of 2020, marginal energy costs remained relatively low and stable. In July, marginal costs were stable due to increased hydraulic generation and the operation of gas plants in inflexible mode. In August marginal costs exhibited occasional peaks due to plant outages and works at the Nueva Cardones – Nueva Maitencillo 500 kV transmission line; however, average costs remained below the average observed in previous quarters. In September, marginal costs remained stable due to increased hydraulic generation and ENEL’s increased imports of natural gas from Argentina.

In the second quarter, marginal energy costs at the Crucero node recorded a US\$42/MWh average, attributed to lower demand due to the COVID-19 effect and abundant LNG and Argentine gas supply, which translated into the operation of combined-cycle units in an inflexible mode. In April, marginal costs at the Crucero node averaged US\$43/MWh, in May, they averaged US\$41/MWh, while in June average marginal costs reached US\$42/MWh with a declining trend due to the operation of gas units in an inflexible mode in the center-south region, increased rainfall in the second half of the month and lower demand owing to COVID-19.

In the first quarter, particularly in March, marginal costs increased as compared to previous months due to the unavailability of some power plants, plant trips and lower reservoir levels. Therefore, marginal costs at the Crucero node averaged US\$64/MWh vs. US\$42/MWh in January and US\$40/MWh in February. The unavailability of some large, cost-efficient power plants in March led to the dispatch of higher-cost plants to meet the shortfall. Towards the end of the month, marginal energy costs began to return to previous levels and demand started to fall due to the COVID-19 outbreak.

Given the renewable production intermittency, a number of thermoelectric power plants have been required to lower their load. The operating costs reported by plants operating at their technical minimum are remunerated through the over-cost mechanism pursuant to Supreme Decree 130. System over-costs reached US\$21.2 million in the third quarter of 2020, an increase from US\$6.5 million in the second quarter. EECL’s pro-rata was US\$6.3 million in the first nine months of 2020, approximately 73% of which was passed through to energy prices.

Fuel prices

International Fuel Prices Index

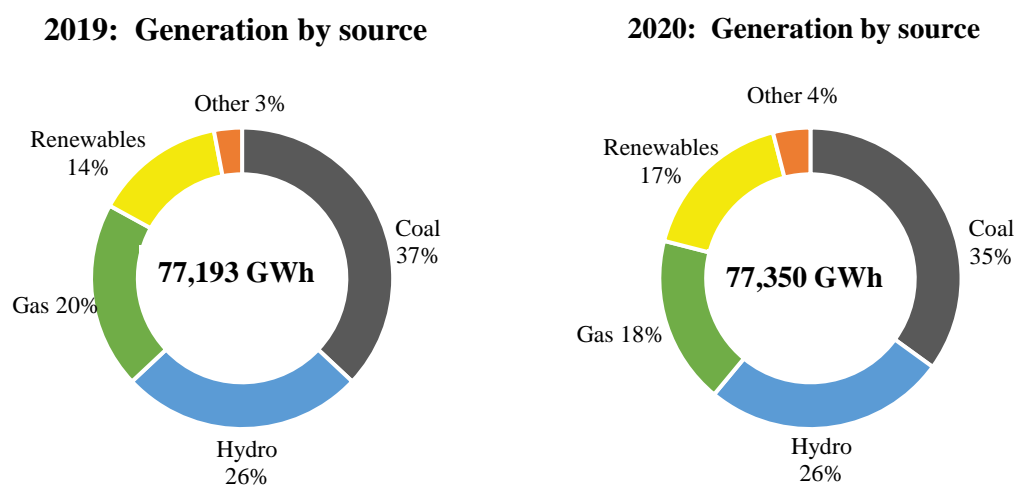
	WTI (US\$/Barrel)			Brent (US\$/Barrel)			Henry Hub (US\$/MMBtu)			European coal (API 2) (US\$/Ton)		
	2019	2020	% Variation	2019	2020	% Variation	2019	2020	% Variation	2019	2020	% Variation
	YoY			YoY			YoY			YoY		
Jan	52.3	57.0	9%	60.3	63.2	5%	3.15	2.01	-36%	81.8	50.4	-38%
Feb	55.0	50.5	-8%	64.1	55.7	-13%	2.72	1.91	-30%	74.4	48.3	-35%
March	58.3	30.4	-48%	66.3	33.5	-49%	2.94	1.80	-39%	69.6	47.9	-31%
April	63.7	15.4	-76%	71.3	18.1	-75%	2.67	1.76	-34%	58.3	45.0	-23%
May	60.6	29.0	-52%	71.3	30.0	-58%	2.63	1.75	-34%	56.5	38.6	-32%
June	54.7	38.5	-30%	64.2	41.1	-36%	2.40	1.63	-32%	48.9	45.6	-7%
July	57.1	40.6	-29%	63.8	43.3	-32%	2.36	1.76	-25%	58.4	49.9	-14%
August	54.8	42.2	-23%	58.7	44.5	-24%	2.22	2.30	4%	54.2	49.0	-10%
September	56.3	39.0	-31%	62.2	40.3	-35%	2.52	1.90	-24%	60.4	52.3	-13%
October	54.3	39.6	-27%	59.9	40.3	-33%	2.34	2.48	6%	59.8	56.4	-6%
November	57.0	40.7	-29%	63.4	44.8	-29%	2.67	2.62	-2%	56.1	53.8	-4%
December	59.7	46.9	-21%	67.1	50.4	-25%	2.22	2.57	16%	53.6	66.2	23%

Source: Bloomberg, IEA

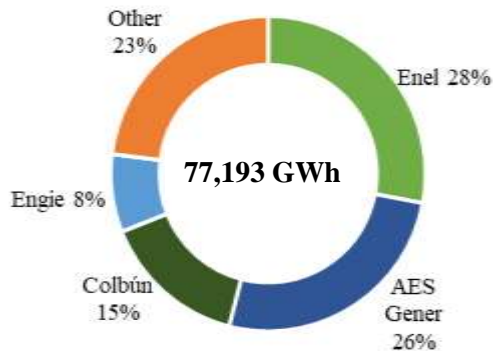
Lower international fuel prices can be observed across the board when comparing 2020 with 2019, with variations between 2% and 30% in the fourth quarter. However, coal and gas prices reported an increase in December 2020. This was primarily due to oversupply of coal, as evidenced by a global surplus of 28 million tons at year-end 2019. In the specific case of API2, the index was further affected by the decarbonization process in Europe, and gas supply surpluses, which turned gas more competitive than coal and led coal to reach 5-year lows in May 2020. A subsequent decline in coal supply, further aggravated by supply shortages in Colombia given Glencore's production halt and Cerrejón's over 50-day strike, explained the recovery in prices through the fourth quarter. With the exception of August, Henry Hub had steadily remained below 2019's levels through the month of September, but a crude winter in Europe caused prices to increase in the fourth quarter, particularly in December.

Generation

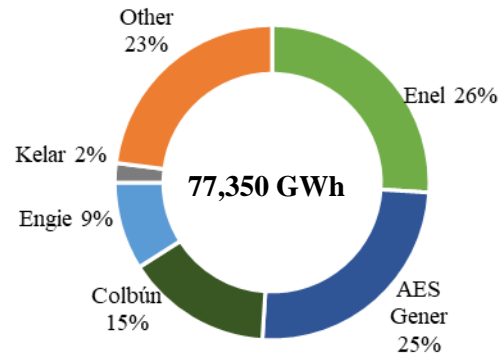
The following table provides a breakdown of generation in the SEN (ex – SING) by fuel type and by company during 2019 and 2020:



2019: Generation by company



2020: Generation by company



Source: Coordinador Eléctrico Nacional

Electricity demand reached a maximum of 10,900.4 MWh/h in 2020, a 1% increase compared to 2019. Electricity sales reached 71,798, with a 2.9% increase in sales to unregulated clients and a 4% drop in the regulated client segment.

In terms of renewable energy, solar energy increased by 17.9% compared to 2019, while wind energy increased by 14.9%. The main limitations were related to transmission congestion at the 220 kV systems in the Norte Chico, affected by maintenance works at Interchile's 500 kV lines and coincidence of wind generation at sun hours. During 2020 293 MW of solar power capacity and 424 MW of new wind capacity were added to the grid.

In 2020, hydraulic generation decreased 1% as compared to 2019 and by 12% when compared to 2018. The levels at the Laja, Maule, Ralco and Chapo reservoirs ended the year below the levels observed at year-end 2019, while levels at Rapel, Colbún and Invernada increased when compared to 2019. In 2020 the snow melt season began later than in 2019, causing increased hydraulic generation in the Maule river basin, while generation at power plants located in the Bío-Bío river basin was lower. The 2020-2021 hydrologic year is expected to be relatively dry with a 91.7% probability of exceedance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The following discussion is based on our audited consolidated financial statements for the 12-month periods ended December 31, 2020, and December 31, 2019. These financial statements have been prepared in U.S. dollars in accordance with IFRS. The information below should be read in conjunction with the financial statements and the notes thereto published by the Comisión para el Mercado Financiero (www.cmfchile.cl).

4Q2020 compared to 3Q2020 and 4Q2019

Operating Revenues

Quarterly Information (In US\$ millions)

	<u>4Q 2019</u>		<u>3Q 2020</u>		<u>4Q 2020</u>		<u>% Variation</u>	
	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>	<u>QoQ</u>	<u>YoY</u>
Operating Revenues								
Unregulated customers sales.....	161.2	54%	142.5	50%	163.5	54%	15%	1%
Regulated customers sales.....	133.3	45%	139.5	49%	127.2	42%	-9%	-5%
Spot market sales.....	2.6	1%	5.2	2%	9.6	3%	86%	271%
Total revenues from energy and capacity sales	297.1	89%	287.2	85%	300.3	84%	5%	1%
Gas sales.....	4.3	1%	10.9	3%	13.4	4%	23%	212%
Other operating revenue.....	33.6	10%	40.6	12%	42.0	12%	3%	25%
Total operating revenues.....	335.0	100%	338.7	100%	355.7	100%	5%	6%
Physical Data (in GWh)								
Sales of energy to unregulated customers (1).....	1,658	58%	1,493	54%	1,635	57%	10%	-1%
Sales of energy regulated customers.....	1,145	40%	1,283	46%	1,240	43%	-3%	8%
Sales of energy to the spot market.....	44	2%	6	0%	5	0%	n.a	-
Total energy sales.....	2,847	100%	2,783	100%	2,881	100%	4%	1%
Average monomic price unregulated customers(U.S./MWh)(2)	96.2		98.5		99.6		1%	4%
Average monomic price regulated customers (U.S./MWh)(3)	118.7		108.7		102.6		-6%	-14%

(1) Includes 100% of CTH sales.

(2) Calculated as the quotient between unregulated and spot revenues from energy and capacity sales and unregulated and spot physical energy sales.

(3) Calculated as the quotient between regulated revenues from energy and capacity sales and regulated physical energy sales.

Energy and capacity sales reached US\$300.3 million in the fourth quarter of 2020, representing a US\$3.2 million, or 1% increase, compared to the fourth quarter of 2019. This was mainly due to higher realized prices in sales to unregulated clients, while volume sales to unregulated clients exhibited a 1% decrease due to the end of the PPA with Minera Zaldívar (~37 GWh/month), which was partially offset by increased demand from Chuquicamata, Centinela and Glencore, among others. Physical sales to regulated clients decreased when compared to the immediately preceding quarter, but they increased 8% compared to the fourth quarter of 2019 given EECL's higher pro-rata of regulated contracts in the south SEN and the addition of EMR's sales in the second half of 2020.

Sales to distribution companies reached US\$127.2 million in the fourth quarter of 2020; that is, a 9% decrease compared to the third quarter and a 5% decrease compared to the fourth quarter of last year. This was primarily a result of price decreases explained by lower fuel prices, while physical sales presented a more uneven performance due to mixed effects: EECL's higher prorata of regulated contracts and EMR's sales on the one hand, offset by client migration to the unregulated sphere and the effects of the COVID pandemic on the other.

In the fourth quarter of 2020, physical energy sales to the spot market reached 5 GWh, slightly below those of the third quarter and well below those of the fourth quarter of 2019 due to the CTA outage.

During the fourth quarter of 2020, gas sales increased when compared to previous periods mainly due to sales to Gas Atacama's combined-cycle units. The 'Other operating revenue' item regularly includes sub-

transmission tolls and regulatory transmission revenues, which beginning 2018 include the so-called “*cargo único de transmisión*”, as well as port and maintenance services. From the second quarter of 2020 onwards, this item also includes financial income related to the acquisition of a 40% equity share in Inversiones Hornitos, which is being paid by EECL through the price discount granted to Minera Centinela, pursuant to the terms of the PPA renegotiation.

Operating Costs

	4Q 2019		3Q 2020		4Q 2020		% Variation	
	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Operating Costs								
Fuel and lubricants.....	(72.2)	27%	(59.9)	24%	(48.9)	17%	-18%	-32%
Energy and capacity purchases on the spot market.....	(95.5)	35%	(71.7)	28%	(90.7)	32%	27%	-5%
Depreciation and amortization attributable to cost of goods sold.....	(40.1)	15%	(48.1)	19%	(44.5)	16%	-7%	11%
Other costs of goods sold.....	(50.3)	19%	(64.8)	26%	(89.9)	32%	39%	79%
Total cost of goods sold.....	(258.1)	95%	(244.5)	97%	(274.0)	97%	12%	6%
Selling, general and administrative expenses...	(12.1)	4%	(8.3)	3%	(8.0)	3%	-5%	-34%
Depreciation and amortization in selling, general and administrative expenses.....	(1.5)	1%	(0.8)	0%	(1.0)	0%	21%	-36%
Other operating revenue/costs.....	0.7	0%	1.9	-1%	(0.7)	0%		
Total operating costs.....	(271.0)	100%	(251.8)	100%	(283.7)	100%	13%	5%
Physical Data (in GWh)								
Gross electricity generation								
Coal.....	1,169	75%	1,046	59%	792	61%	-24%	-32%
Gas.....	333	21%	620	35%	358	28%	-42%	7%
Diesel Oil and Fuel Oil.....	4	0%	0	0%	5	0%	1815%	17%
Hydro/Solar.....	48	3%	112	6%	134	10%	19%	178%
Total gross generation.....	1,554	100%	1,779	100%	1,288	100%	-28%	-17%
Minus Own consumption.....	(116)	-7%	(122)	-7%	(155)	-12%	27%	34%
Total net generation.....	1,439	49%	1,657	55%	1,133	39%	-32%	-21%
Energy purchases on the spot market.....	1,356	46%	1,220	41%	1,667	57%	37%	23%
Energy purchases- bridge.....	127	4%	127	4%	127	4%	n.a	n.a
Total energy available for sale before transmission losses.....	2,921	100%	3,004	100%	2,927	100%	-3%	0%

Gross electricity generation decreased by 17% in the fourth quarter of 2020, as compared to the same quarter of 2019, while it declined by 28% when compared to the third quarter of 2020 mainly due to the unavailability of the CTA unit, which was out of service for most of the fourth quarter. This coincided with lower gas availability and maintenance periods or output limitations at other relevant units including both CCGTs, IEM and CTM 1 & 2. The entire north-SEN system reported a decrease in coal and gas generation for the following main reasons: (i) greater power inflows through the interconnection given the higher hydraulic generation in the center-south segment of the SEN; (ii) lower Argentine gas availability in December; and (iii) maintenance and forced outages of coal-fired plants. Our renewable generation increased due to the EMR acquisition and accounted for 10% of EECL’s generation in the fourth quarter of 2020.

In the fourth quarter, fuel costs decreased as compared to the third quarter due to the decrease in our own generation. Fuel costs decreased by 32% (US\$23.3 million) when compared to the fourth quarter of 2019 mainly due to the decrease in generation and lower fuel prices across the board.

The spot electricity purchase cost item increased by 27% (US\$19 million), as compared to the third quarter of 2020, mainly due to larger volumes purchased owing to the decrease in generation and higher spot prices. The slight decrease in the spot electricity purchase cost item as compared to the fourth quarter of 2019 was explained by an increase in volumes combined with a decrease in prices except for the month of December. The lower marginal costs through November were mainly explained by the higher contribution of hydraulic generation, the dispatch of certain gas plants under inflexible mode and the increased generation from renewables, especially in the center-south zone of the SEN. All in all, marginal costs in the system average US\$35/MWh in the fourth quarter of 2020.

In the fourth quarter of 2020, our sales to distribution companies in the center-south zone, which normally require higher volumes of energy purchases for geographic reasons, reached 818 GWh, representing an 8% increase compared to the last quarter of 2019. This can be attributed to EECL's increased share of system-wide energy sales to distribution companies starting 2020 due to the end of some power supply contracts from other players, in part offset by the demand decrease resulting from the COVID-19 pandemic. Part of this contract was supplied with energy purchases under contracts with other generation companies (127 GWh). Our energy purchases, either through contracts or through the spot market, are accounted for under the same item labelled 'Energy and capacity purchases on the spot market'.

In the fourth quarter of 2020, depreciation costs in the costs-of-goods-sold item included IEM's depreciation as well as an asset increase explained by the U16 CCGT overhaul, which includes US\$11 million in fixed assets to be depreciated over a three-year period and US\$5.7 million over a 7-year period. Depreciation of this U16-related assets was first accounted for in the third quarter with retroactive effect to February (8 months of depreciation expenses recognized in the third quarter). This explains the decrease in depreciation in the fourth quarter as depreciation of the U16 components has been since recognized linearly with no retroactive effects.

Other direct operating costs included, among others, operating and maintenance costs, transmission tolls, insurance premiums and cost of fuels sold. The increase in this item as compared to the fourth quarter of 2019 is mainly explained by higher transmission tolls, higher maintenance costs, an increase in insurance premiums, and the payment of a US\$10.5 million fee for the cancellation of an LNG shipment.

SG&A expenses were lower than those reported in the third quarter and the fourth quarter of 2019.

The Other operating revenue/cost item includes water sales and miscellaneous income as well as recoveries and provisions. It also includes a single regulatory transmission charge called "*cargo único*". EECL's share in TEN's net income, which amounted to US\$0.7 million in the fourth quarter, is also included in this item.

Electricity Margin

	Quarterly Information (In US\$ millions)									
	2019					2020				
	1Q19	2Q19	3Q19	4Q19	12M19	1Q20	2Q20	3Q20	4Q20	12M20
Electricity Margin										
Total revenues from energy and capacity sales.....	315.1	324.3	305.1	297.1	1,241.5	305.8	271.9	287.2	300.3	1,165.2
Fuel and lubricants.....	(66.5)	(72.8)	(78.4)	(72.2)	(290.0)	(80.8)	(83.6)	(59.9)	(48.9)	(273.2)
Energy and capacity purchases on the spot market.....	(122.9)	(102.8)	(72.1)	(95.5)	(393.3)	(93.2)	(69.2)	(71.7)	(90.7)	(324.8)
Gross Electricity Profit	125.7	148.6	154.6	129.4	558.2	131.8	119.0	155.6	160.7	567.1
Electricity Margin	40%	46%	51%	44%	45%	43%	44%	54%	54%	49%

In the fourth quarter, the electricity margin, or the gross profit from the electricity generation business, increased by US\$31 million, when compared to the fourth quarter of 2019, and rose to 54% of energy and capacity revenues. On the one hand, we could observe an increase in electricity sales to unregulated clients mainly due to slightly higher average realized monomic prices. On the other hand, fuel costs fell by US\$23.3 million as a result of the decrease in our own generation, while energy purchase costs decreased by US\$4.8 million despite the increase in purchase volumes thanks to the decrease in spot prices. All in all, the slight increase in revenues was accompanied by a decrease in average energy supply costs, leading to the fourth quarter's stronger electricity margin.

Operating Results

Quarterly Information (in US\$ millions)

EBITDA	4Q 2019		3Q 2020		4Q 2020		% Variation	
	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Total operating revenues.....	335.0	100%	338.7	100%	355.7	100%	5%	6%
Total cost of goods sold.....	(258.1)	-77%	(244.5)	-72%	(274.0)	-77%	12%	6%
Gross income.....	76.9	23%	94.1	28%	81.7	23%	-13%	6%
Total selling, general and administrative expenses and other operating income/(costs).	(12.9)	-4%	(7.3)	-2%	(9.7)	-3%	32%	-25%
Operating income.....	64.0	19%	86.8	26%	72.0	20%	-17%	12%
Depreciation and amortization.....	41.6	12%	48.9	14%	45.5	13%	-7%	9%
EBITDA.....	105.6	31.5%	135.8	40.1%	117.5	33.0%	-13%	11%

Fourth-quarter EBITDA reached US\$117.5 million, an 11% increase compared to the same quarter of 2019 due to the electricity margin improvement and lower SG&A expenses. The comparison with the third quarter of 2020, however, shows an US\$18.3 million EBITDA decrease as the higher electricity margin was offset by higher maintenance costs and higher costs of gas supply including a US\$10.5 million LNG shipment cancellation fee.

Financial Results

Quarterly Information (In US\$ millions)

Non-operating results	4Q 2019		3Q 2020		4Q 2020		% Variation	
	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Financial income.....	1.8	1%	0.5	0%	(0.6)	0%	-204%	-130%
Financial expense.....	(12.5)	-4%	(10.5)	-3%	(9.9)	-3%	-5%	-21%
Foreign exchange translation, net.....	(1.0)	0%	(1.7)	0%	(4.4)	-1%		339%
Other non-operating income/(expense) net...	(95.1)	-28%	(0.1)	0%	(9.3)	-3%		-90%
Total non-operating results.....	(106.7)	-31%	(11.7)	-3%	(24.1)	-7%		
Income before tax.....	(42.7)	-12%	75.2	22%	47.9	14%	-36%	-212%
Income tax.....	11.2	3%	(18.1)	-5%	(7.6)	-2%	-58%	-168%
Net income from continuing operations after taxes	(31.5)	-9%	57.0	17%	40.3	12%	-29%	-228%
Net income attributed to controlling shareholders.....	(32.2)	-9%	57.0	17%	40.3	12%	-29%	-225%
Net income attributed to minority shareholders.....	0.6	0%	(0.0)	0%	-	-	-	-
Net income to EECL's shareholders	(32.2)	-9%	57.0	17%	40.3	12%	-29%	-225%
Earnings per share.....	(0.031)		0.1		0.038			

In the fourth quarter, interest expense decreased slightly as compared to the third quarter, but decreased markedly, as compared to the fourth quarter of 2019 mainly due to the lower average coupon rate achieved following the liability management transaction in the first quarter of 2020. In January, EECL launched an Any and All tender offer on its US\$400 million bonds maturing in January 2021, subject to the results of a new 10-year bond issue, which was successfully placed on January 23 in an amount of US\$500 million at a 3.4% annual coupon rate. Immediately following the new issue, the company announced a make-whole call to repay the remainder of the 2021 bond. Therefore, in February 2020, EECL completed the full repayment of the US\$400 million bond and the payment of premiums in an amount of US\$13.6 million, which were fully charged against first quarter results. Of

the interest paid in the fourth quarter, US\$1.78 million was capitalized in renewable energy projects under construction.

Foreign-exchange losses reached US\$4.4 million in the fourth quarter of 2020 due to greater volatility in foreign exchange rates. Foreign exchange variations affect the valuation of certain assets and liabilities denominated in currencies other than the US dollar --the company's functional currency--, such as accounts receivable and payable, advances to suppliers, and value-added tax credit.

In the fourth quarter of 2020, the 'Other net non-operating income' account decreased compared to the third quarter as it included an US\$18 million increase in the plant dismantling provision and additional impairments. The loss in this account was significantly lower than the one reported in the last quarter of 2019, when the company booked the impairments of the CTM1 and CTM2 coal units which will be decommissioned in 2024.

Net Earnings

In the fourth quarter of 2020, net after-tax profits reached US\$40.3 million, an increase compared to the fourth quarter of 2019 due to the impairments of the CTM1 and CTM2 coal units, which amounted to US\$95.5 million. However, this result represented a decrease as compared to third quarter results since the improved operating performance was offset by the increase in dismantling provisions.

2020 compared to 2019

Operating Revenues

For the 12-month period ended December 31 (in US\$ millions)

	<u>12M19</u>		<u>12M20</u>		<u>Variation</u>	
	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>%</u>
Operating Revenues						
Unregulated customers sales.....	650.5	52%	612.9	53%	-37.7	-6%
Regulated customers sales.....	576.9	46%	528.2	45%	-48.7	-8%
Spot market sales.....	14.1	1%	24.1	2%	10.0	71%
Total revenues from energy and capacity sales.....	1,241.5	85%	1,165.2	86%	-76.4	-6%
Gas sales.....	16.9	1%	37.9	3%	20.9	124%
Other operating revenue.....	196.0	13%	148.6	11%	-47.4	-24%
Total operating revenues.....	1,454.5	100%	1,351.7	100%	-102.8	-7%
Physical Data (in GWh)						
Sales of energy to unregulated customers (1).....	6,241	56%	6,463	57%	222	4%
Sales of energy regulated customers.....	4,780	43%	4,931	43%	151	3%
Sales of energy to the spot market.....	102	1%	15	0%	-87	-85%
Total energy sales.....	11,123	100%	11,408	100%	285	3%
Average monomic price unregulated customers(U.S./MWh)(2)	104.8		98.3		-6.5	-6%
Average monomic price regulated customers (U.S./MWh)(3)	120.7		107.1		-13.6	-11%

(1) Includes 100% of CTH sales.

(2) Calculated as the quotient between unregulated and spot revenues from energy and capacity sales and unregulated and spot physical energy sales.

(3) Calculated as the quotient between regulated revenues from energy and capacity sales and regulated physical energy sales.

Energy and capacity sales reached US\$1,165.2 million in 2020, representing a 6% or a US\$76.4 million decrease compared to 2019. The revenue decrease was primarily explained by a decrease in average monomic prices due to the drop in tariff indexes (CPI, gas and coal prices) and tariff renegotiations, which in the case of the Centinela PPA includes a larger discount in 2020 through which EECL is paying for the acquisition of a 40% interest in Inversiones Hornitos.

Physical energy sales to unregulated clients recovered from the lower demand observed in 2019, which was affected by temporary stoppages at mining operations caused by the Altiplanic Winter, environmental improvement works, and a 14-day strike at the Chuquicamata mine. Physical sales to regulated clients increased by 3% despite the COVID-19-driven decrease in demand. This was because starting 2020, EECL's share of the power supply contracts in the center-south segment of the SEN increased as older power supply contracts from other generation companies came due. In other words, the decrease in demand from regulated clients explained by the pandemic was offset by EECL's higher pro-rata of the pool of contracts in the area and the addition of EMR's sales beginning July 1, 2020.

Physical sales to the spot market decreased because of lower spot sales by CTA given the recovery in demand from its clients (Chuquicamata and Gaby), which was followed by the plant's prolonged outage in the last quarter. Spot sales reported in some months by EMR were not enough to offset the lower spot sales reported by the Los Loros PV plant and CTA. However, the dollar amount of the spot sales item increased due to higher retroactive net capacity and energy re-liquidations.

While gas sales increased as compared to 2019, the Other operating revenue account decreased by 24%. Normally, this account includes transmission tolls and regulatory transmission revenues. However, this account included special items in both periods. In 2020, Other operating revenue included US\$31.7 million in financial income associated to the acquisition of 40% of Inversiones Hornitos SpA, which is being paid monthly through the tariff discount in the Centinela PPA. In 2019, this account included US\$74.9 million in liquidated damages paid by the IEM EPC contractor to compensate for past capacity revenue losses and higher energy supply costs attributed to the delayed start-up of the project.

Operating Costs

For the 12-month period ended december 31 (in US\$ millions)

	12M 2019		12M 2020		Variation	
	Amount	% of total	Amount	% of total	Amount	%
Operating Costs						
Fuel and lubricants.....	(290.0)	27%	(273.2)	25%	-16.8	-6%
Energy and capacity purchases on the spot market...	(393.3)	37%	(324.8)	30%	-68.5	-17%
Depreciation and amortization attributable to cost of goods sold...	(151.7)	14%	(175.5)	16%	23.8	16%
Other costs of goods sold.....	(207.2)	19%	(270.1)	25%	62.9	30%
Total cost of goods sold.....	(1,042.1)	97%	(1,043.7)	97%	1.5	0%
Selling, general and administrative expenses...	(38.2)	4%	(32.6)	3%	-5.6	-15%
Depreciation and amortization in selling, general and administrative expenses...	(5.6)	1%	(4.4)	0%	-1.1	-20%
Other operating revenue/costs.....	9.1	-1%	4.5	0%	4.7	-51%
Total operating costs.....	(1,076.8)	100%	(1,076.3)	100%	-0.6	0%
Physical Data (in GWh)						
Gross electricity generation						
Coal.....	3,541	62%	4,419	64%	878	25%
Gas.....	2,022	35%	2,176	31%	154	8%
Diesel Oil and Fuel Oil.....	14	0%	23	0%	9	63%
Hydro/Solar.....	135	2%	327	5%	191	141%
Total gross generation.....	5,713	100%	6,945	100%	1,232	22%
Minus Own consumption.....	(431)	-8%	(507)	-7%	-76	18%
Total net generation.....	5,282	47%	6,438	56%	1,156	22%
Energy purchases on the spot market.....	5,520	49%	4,645	40%	-875	-16%
Energy purchases- bridge.....	500	4%	503	4%	3	-
Total energy available for sale before transmission losses.....	11,302	100%	11,586	100%	284	3%

Gross electricity generation increased 22% compared to 2019, mainly due to commissioning of the IEM plant in May 2019. The generation mix revealed not only an increase in coal generation, since 2020 was the IEM plant's first full year of operations, but also an increase in gas generation given greater gas availability. Renewable generation also increased due to the acquisition of the Los Loros PV plant in April 2019 and the Eólica Monte Redondo wind farm and hydro plant in July 2020.

Despite the 26% increase in generation, the fuel cost item decreased by 6% or US\$16.8 million in 2020 due to lower coal and gas prices through most of the year.

The electricity purchase costs item fell by US\$68.5 million (17%) given the decrease in physical purchases as a result of the increase in generation. Average spot prices also decreased, in part due to the full interconnection of the country's main power grids on May 31, 2019, the increased hydro production in center-south Chile, and the operation of gas plants in inflexible mode due to more abundant gas supply. Demand under the contract with distribution companies in the center-south SEN reached 3,231 GWh in 2020 and was supplied with bridge contracts

with other generation companies (503 GWh) and energy purchased from the spot market. Both types of purchases are included in the same accounting item.

The increase in depreciation costs is explained by the incorporation of IEM and an asset increase related to the U-16 CCGT overhaul, which were only partially offset by the decrease in depreciation resulting from the decommissioning and impairments of coal-based units.

Other direct operating costs included, among others, transmission tolls, operating and maintenance costs, cost of fuel sold, and insurance premiums. This item increased due to higher maintenance costs, an increase in insurance premiums, and the fee paid upon the cancellation of an LNG shipment.

SG&A expenses decreased in part due to foreign-exchange effects.

The 'Other operating revenue/cost' item includes water sales, services and office rentals as well as the proportional result in TEN, which amounted to US\$4.3 million in 2020.

Operating Results

For the 12-month period ended december 31 (in US\$ millions)

EBITDA	12M 2019		12M 2020		Variation	
	Amount	% of total	Amount	% of total	Amount	%
Total operating revenues.....	1,454.5	100%	1,351.7	100%	-102.8	-7%
Total cost of goods sold.....	(1,042.1)	72%	(1,043.7)	77%	1.5	0%
Gross income.....	412.3	28%	308.0	23%	-104.3	-25%
Total selling, general and administrative expenses and other operating income/(costs).	(34.7)	2%	(32.6)	2%	-2.1	-6%
Operating income.....	377.7	26%	275.4	20%	-102.2	-27%
Depreciation and amortization.....	157.2	11%	179.9	13%	22.7	14%
EBITDA.....	534.9	36.8%	455.3	33.7%	-79.5	-15%

In 2020 EBITDA reached US\$455.3 million, a 15%, or US\$79.5 million, decrease compared to 2019, mainly due to one-off income received in 2019 consisting of liquidated damages paid by the IEM EPC contractor to compensate for the losses attributed to the delayed start-up of the project. This explains US\$74.9 million of the EBITDA decrease. Other factors which contributed to the EBITDA decrease in 2020 were the lower results in the gas business, which included a US\$10.5 million LNG shipment cancellation fee, and in the transmission business due to the recognition of revenues according to the new tariff scheme, which has not yet been published but will be applied retroactively beginning 2020. These effects were partially offset by an US\$11 million increase in the electricity margin and US\$31.7 million in other income from the acquisition of a 40% ownership share in Inversiones Hornitos.

Financial Results

For the 12-month period ended December 31 (in US\$ millions)

	<u>12M 2019</u>		<u>12M 2020</u>		<u>Variation</u>	
	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>%</u>
Non-operating results						
Financial income.....	5.2	0%	2.5	0%	-2.6	-51%
Financial expense.....	(37.8)	-3%	(59.5)	-6%	-21.6	57%
Foreign exchange translation, net.....	(3.0)	0%	(7.3)	-1%	-4.2	140%
Share of profit (loss) of associates accounted for using the equity method	-	0%	-	0%	0.0	
Other non-operating income/(expense) net...	(180.6)	-16%	(7.5)	-1%	173.1	
Total non-operating results.....	(216.3)	-19%	(71.7)	-7%		
Income before tax.....	161.4	14%	203.7	20%	42.4	26%
Income tax.....	(42.6)	-4%	(40.2)	-4%	2.4	
Net income from continuing operations after taxes						
...	118.7	11%	163.5	16%	44.8	38%
Net income attributed to controlling shareholders.....	110.8	10%	163.5	16%	52.7	48%
Net income attributed to minority shareholders.....	7.9	1%	-	0%	-7.9	-100%
Net income to EECL's shareholders	110.8	10%	163.5	16%	52.7	48%
Earnings per share.....	0.105		0.155	0%		

Financial income decreased slightly due to lower interest rates.

The increase in interest expense in 2020 is explained by two main factors. First, the liability management transaction by which EECL prepaid a US\$400 million 144A/RegS bond with the proceeds of a new US\$500 million issue, which considered early repayment premiums in an amount of US\$13.6 million, fully charged against first quarter results. Second, the increase in interest expense due to the lower interest capitalization following the completion of the IEM project in May 2019. While capitalized interest amounted to US\$19.2 million in 2019, in 2020 it was just US\$4.4 million corresponding to interest capitalized in renewable energy projects under construction.

Foreign-exchange differences resulted in a US\$7.3 million loss in 2020, which compares to a US\$3.0 million loss in 2019.

In 2020, Other net non-operating income recorded a US\$7.5 million loss, favorably comparing to the US\$180.6 million loss in 2019, which was primarily explained by the asset impairment related to the future closure of the coal-fired units N°14 and N°15 in Tocopilla and CTM1 and CTM2 in Mejillones. The Tocopilla units' impairment represented after-tax losses of US\$63 million (US\$87.4 million before-tax loss), while the Mejillones units' impairment amounted to US\$70 million on an after-tax basis (US\$95.5 million pre-tax loss).

Net Earnings

In 2020, net income after taxes reached US\$163.5 million, up from US\$110.8 million in 2019. As explained earlier, in 2019, the impairment of Units 14, 15, CTM1 and CTM2 negatively impacted net results, but this was partially offset by the liquidated damages paid by IEM's EPC contractor.

In 2020, the company also reported non-recurring losses related to the make-whole paid to the bond holders for the early bond redemption, which had a US\$9.9 million post-tax impact, and the increase in plant dismantling provisions, which had a net US\$7.5 million impact. Excluding non-recurring impacts in both periods and the one-off

compensation paid by the IEM EPC contractor, which had a positive after-tax impact of US\$54.7 million in 2019, net income would have been US\$181 million in 2020, down from US\$190 million in 2019.

Liquidity and Capital Resources

As of December 31, 2020, EECL reported consolidated cash balances of US\$235.3 million, while its total nominal financial debt¹ amounted to US\$900 million, with only US\$50 million maturing within one year and no other scheduled principal payments until January 2025.

For the 12-month period ended december 31 (in US\$ millions)

Cash Flow	<u>2019</u>	<u>2020</u>
Net cash flows provided by operating activities...	477.8	231.3
Net cash flows used in investing activities.....	(170.0)	(241.5)
Net cash flows provided by financing activities..	<u>(131.6)</u>	<u>2.9</u>
Change in cash.....	<u>102.6</u>	<u>(7.3)</u>

Cash Flow from Operating Activities

In 2020, cash flow generated from operating activities reached approximately US\$365.3 million. However, the cash flow statement shows cash flow from operating activities of US\$231.3 million since this figure is presented after income and green taxes (US\$78.3 million) and interest payments (US\$55.7 million), which in turn include the US\$13.6 million loss related to premiums paid on the early redemption of the US\$400 million 144A bonds with original maturity in January 2021.

Cash Flow Used in Investing Activities

In 2020, cash flows from investing activities resulted in a net cash expenditure of US\$241.5 million, mainly due to acquisitions and capital expenditures. Acquisitions included Eólica Monte Redondo, which represented a US\$53 million cash outflow, and the Coya project (US\$3.7 million). Capital expenditures in new projects included the Capricornio and Tamaya solar PV projects (US\$88.5 million), the Calama windfarm project (US\$61 million), and new transmission substations (US\$15.3 million). Finally, maintenance expenditures in power plants and transmission assets amounted to US\$14.9 million. Investing flows also show a US\$7.5 million cash inflow corresponding to debt repayments from the related company, TEN, in January 2020, and a US\$3.4 million reimbursement of an advanced payment made in the past to the main contractor of the IEM project.

Capital Expenditures

Our capital expenditures in 2020 and 2019 amounted to US\$185.1 million and US\$154.7 million, respectively, as shown in the following table. These amounts include VAT payments and capitalized interest. In 2020, capitalized interest in our renewable projects under construction amounted to US\$4.4 million, while in 2019 these amounted to US\$19.2 million.

⁽¹⁾ Nominal amounts differ from the debt amounts recorded under the IFRS methodology in the Financial Statements, which considers deferred financial expenses and mark-to-market valuations on derivative transactions. The above amount excludes the financial leases related to the long-term tolling agreement with TEN and transactions qualified as financial leases under IFRS 16.

For the 12-month period ended december 31 (in US\$ millions)

CAPEX	<u>2019</u>	<u>2020</u>
CTA (New Port)	1.0	-
IEM	76.9	-
Substation.....	4.1	15.3
Overhaul power plants & equipment maintenance and refurbishing.....	22.5	9.8
Environmental improvement works.....	0.3	-
Overhaul equipment & transmission lines	8.5	5.1
PV Power Plant.....	6.3	88.5
Wind farm.....	22.6	61.0
Others.....	12.6	5.4
Total capital expenditures.....	<u>154.7</u>	<u>185.1</u>

Cash Flow from Financing Activities

In 2020 cash from financing activities resulted in a net cash inflow of US\$2.8 million, an increase compared to the US\$131.6 million net cash outflow reported in 2019. The main financing cash flows in 2020 were those related to the new 144A/RegS issue in an amount of US\$500 million payable in a single principal installment in January 2030 with a 3.484% yield and a 3.4% coupon rate. The proceeds were used to prepay the US\$400 million 144A/RegS bond with original maturity in January 2021, plus accrued interest, financial costs, stamp taxes and early redemption premiums. The company also prepaid two short-term loans with Scotiabank and Banco Estado for an aggregate amount of US\$80 million. Subsequently, in May 2020, the company took a new US\$50 million one-year loan with Banco Estado. Finally, in December 2020, the company paid a provisional dividend on account of 2020 earnings, in the amount of US\$66.6 million, equivalent to approximately 50% of the recurring net income reported in the first nine months of the year.

Contractual Obligations

The following table sets forth the maturity profile of our debt obligations as of December 31, 2020.

Contractual Obligations as of 12/31/20
Payments Due by Period (in US\$ millions)

	<u>Total</u>	<u>< 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>More than 5 years</u>
Bank debt.....	50.0	50.0	-	-	-
Bonds (144 A/Reg S Notes).....	850.0	-	-	350.0	500.0
Financial lease - Tolling Agreement TEN.....	56.3	1.4	3.2	3.9	47.9
Financial lease - IFRS 16.....	82.7	4.3	9.1	6.5	62.8
Deferred financing cost.....	(19.0)	-	(6.3)	(6.6)	(6.1)
Accrued interest.....	14.3	14.3	-	-	-
Mark-to-market swaps.....	-	-	-	-	-
Total	<u>1,034.3</u>	<u>70.0</u>	<u>6.0</u>	<u>353.8</u>	<u>604.6</u>

Notes:

- a. The tolling contract signed with TEN for the use of dedicated transmission assets is considered a financial leasing operation and is accounted for under accounts payable to related companies.
- b. According to the IFRS16 Leasing rules, leasing obligations for land and vehicle rentals were accounted for as financial debt.

As of December 31, 2020, the company's short-term debt included a US\$50 million loan with Banco Estado maturing on May 14, 2021. This loan is denominated in US dollars, accrues a fixed interest rate and is documented by a simple promissory note reflecting the repayment obligation on the agreed date, with no other operating or financial covenants, and a prepayment option at no cost for the company.

EECL has two bonds under the 144A/RegS format. The first one is a US\$350 million issue with a single principal payment in January 2025 and a 4.5% p.a. coupon rate. On January 28, 2020, the company closed a new 144A/RegS issue to fully refinance the US\$400 million notes originally due in January 2021. The new issue amounts to US\$500 million, has a 3.4% coupon rate and is due on January 28, 2030. This bond allowed EECL to extend the average maturity of its total debt to a new average of 7.7 years and to lower the average coupon rate of its debt to a new average of 3.73% per annum.

On December 23, 2020, the Company and IDB Invest signed a financing agreement under which IDB Invest will extend a US\$125 million loan to Engie Energía Chile within an initiative seeking to accelerate the decarbonization of the energy matrix in Chile. The financing includes a US\$74 million senior loan from IDB Invest, a US\$15 million mixed financing provided by the Clean Technology Fund (CTF), and a US\$36 million loan from the China Fund for Co-financing in Latin America and the Caribbean (China Fund). The transaction, with a tenor of up to 12 years, has the purpose of financing the construction, operation and maintenance of the Calama wind farm. This innovative financing solution is designed to promote the acceleration of decarbonization activities by monetizing the actual displacement of CO₂ emissions achieved through the anticipated decommissioning of coal-based generation plants whose generation will be replaced with the renewable power output of the Calama wind farm. In the absence of a carbon market, the financial structure provides for a minimum price for the avoided emissions to be paid through the reduction in the financial cost of the CTF loan. In case a carbon market is developed during the life of the loan, CTF and Engie will share any positive difference between the market price and the minimum price set at the beginning of the financing. As of December 31, 2020, the company had not yet drawn any loans under this facility; therefore, it remains fully available to be drawn at any time.

Leasing obligations refer to a long-term tolling agreement signed with TEN for the use of dedicated transmission assets connecting EECL's plants in Mejillones with the national grid at the Los Changos substation. The tolling agreement is out to 20 years at which time EECL will take ownership of the asset. The agreement has a present value of US\$56.3 million and is payable in monthly instalments totaling approximately US\$7 million per year until 2037.

As of December 31, 2020, the company reported leasing obligations in respect to vehicles, land use concessions and other assets for a total amount of US\$82.7 million, which qualified as financial debt under IFRS 16 accounting norm.

Dividend Policy

Our dividend policy consists of paying the minimum legal required amounts (30% of net income), although higher amounts may be approved if the company's conditions so allow. Our dividend payment for each year is proposed by our Board of Directors based on the year's financial performance, our available cash balance and anticipated financing requirements for capital expenditures and investments. As possible and subject to Board approval, the company will pay provisional dividends based on the net results of the first three quarters plus the definitive dividend to be paid in May of each year.

The dividend policy proposed by our Board is subsequently approved at a Shareholders' Meeting as established by law.

On May 28, 2019, the company's Board of Directors approved the distribution of a provisional dividend on account of 2019's net earnings, in an amount of US\$50 million or US\$0.047469416 per share. The dividend was paid on June 21, 2019, in Chilean pesos using the peso-dollar observed rate published by the Official Gazette on

June 19, 2019. Such dividend was approved in consideration to the company's cash generation and the fulfillment of an intensive investment period.

On December 13, 2019, the company paid its second provisional dividend on account of 2019 net profits in an amount of US\$40 million, or US\$0.03798 per share, as approved by the Board of Directors on November 26, 2019.

On April 28, 2020, at the Annual Ordinary Shareholders' Meeting our shareholders agreed not to distribute a final dividend on account of 2019's net income in consideration to the uncertainties surrounding the outbreak of the COVID-19 pandemic. Therefore, total dividends paid on account of 2019's net income amounted to US\$90 million, equivalent to 81% of 2019's US\$110.8 million net income.

On October 27, 2020, the company's Board approved the payment of a US\$66.6 million provisional dividend on account of 2020's net earnings. On November 30, shareholders were paid US\$0.0632310625 per share, in its Chilean-peso equivalent using the peso-dollar observed rate published by the Official Gazette on November 23, 2020.

The record of dividends paid since 2010 is shown in the following table:

Cash Dividends paid by Engie Energía Chile S.A.

Payment Date	Dividend Type	Amount (in US\$ millions)	US\$ per share
May 4, 2010	Final (on account of 2009 net income)	77.7	0.07370
May 4, 2010	Additional (on account of 2009 net income)	1.9	0.00180
May 5, 2011	Final (on account of 2010 net income)	100.1	0.09505
Aug 25 2011	Provisional (on account of 2011 net income)	25.0	0.02373
May 16 2012	Final (on account of 2011 net income)	64.3	0.06104
May 16 2013	Final (on account of 2013 net income)	56.2	0.05333
May 23 2014	Final (on account of 2013 net income)	39.6	0.03758
Sept 30,2014	Provisional (on account of 2014 net income)	7.0	0.00665
May 27 ,2015	Final (on account of 2014 net income)	19.7	0.01869
Oct 23 ,2015	Provisional (on account of 2015 net income)	13.5	0.01280
Jan 22, 2016	Provisional (on account of 2015 net income)	8.0	0.00760
May 26, 2016	Final (on account of 2015 net income)	6.8	0.00641
May 26, 2016	Provisional (on account of 2016 net income)	63.6	0.06038
May 18, 2017	Final (on account of 2016 net income)	12.8	0.01220
May 22,2018	Final (on account of 2017 net income)	30.4	0.02888
Oct 25 ,2018	Provisional (on account of 2018 net income)	26.0	0.02468
May 24 ,2019	Final (on account of 2018 net income)	22.1	0.02102
June 21 ,2019	Provisional (on account of 2019 net income)	50.0	0.04747
Dec 13 ,2019	Provisional (on account of 2019 net income)	40.0	0.03798
Nov 30 ,2020	Provisional (on account of 2020 net income)	66.6	0.06323

Risk management policy

In the normal course of business, EECL is exposed to several risk factors that may impact its operating and financial performance.

The company's financial risk management strategy seeks to safeguard EECL's operating stability and sustainability in a context of risk and uncertainty.

EECL has established risk management procedures, which include a description of the risk assessment methodology and the construction of a risk matrix called Enterprise Risk Management, which is approved annually and is reviewed quarterly in each of the company's functional committees where risk mitigation action plans are defined and monitored. Management presents the company's risk management performance to the board on an annual basis.

Hedging Policy

Our hedging policy intends to protect the company against our exposure to certain risks, as follows:

Business Risk and Commodity Hedging

Our business is subject to the risk of variations in the availability of fuels and their prices. Historically, our policy has been to hedge as much as possible against these risks through the indexation of the energy tariffs incorporated in our PPAs, and the fuel mix taken into consideration in the tariffs. However, given (i) the volume fluctuations that our PPAs may have; (ii) the variability that our plant dispatch profile may experience; (iii) our inability to perfectly match at all times our fuel cost mix with the tariff indexation in our PPAs; and (iv) the growing trend to dissociate PPA price indexation from fossil fuel price fluctuations, we maintain residual exposure to certain international commodity prices. For example, as a result of our decarbonization strategy, the tariff indexation of several of our PPAs has been switched from coal prices to US CPI beginning 2021 or 2022, as the case may be. This assumes power supply based on renewable sources or energy purchases at prices linked to inflation rather than fuel prices. As long as we have a mismatch in the indexation of our power sources and our PPA tariffs, we will have exposure to commodity price fluctuations. Another example refers to the tariff of our contract with distribution companies in the northern SEN, which became effective in 2012, and is readjusted semiannually according to the Henry Hub and the US CPI. There is a mismatch between the Henry Hub index used to define the contract tariff (four-month average prior to the tariff fixing, which takes place every six months) and the Henry Hub index prevailing at the time each LNG shipment is made. In the specific case of this contract, this risk is mitigated by an automatic tariff indexation triggered any time the price formula reports a fluctuation of 10% or more. Hence, we periodically execute financial hedging strategies to cover our residual exposure to international commodity price risks. We have occasionally taken financial swap contracts to reduce our residual exposure to Brent and Henry Hub.

Currency Hedging

Given that most of our revenues and costs are denominated in US dollars and that we seek to incur debt in US dollars, we face limited exposure to foreign exchange risk. Our main costs denominated in Chilean pesos are personnel and administrative expenses, which account for 10% of our total operating costs. In the specific case of regulated contracts, the price is calculated in US dollars and is then converted to Chilean pesos at the average monthly exchange rate observed in the invoiced month. In terms of the impact on the company's income statement, these contracts' exposure to foreign currency risk is limited as revenues are recognized at contract rates. However, delays in the publication of the Average Node Price decrees may impact the company's cash flow as monthly invoices are translated to Chilean pesos at exchange rates that remain fixed over the life of the tariff decree and differ from the monthly exchange rates considered in the contracts. Even though these differences are adjusted after the Average Node Price decrees are published, the uncertainty as to the timing and amount of these adjustments does not allow for an effective hedge through derivative instruments. The delay in the collection of foreign-exchange adjustments has significantly increased after the approval of the Price Stabilization law in November 2019. Per this law and resolution #72, by which the National Energy Commission set the terms of implementation of the law, accounts receivable from distribution companies will increase at a rate that is highly sensitive, among other variables, to the CLP/USD exchange rate. To face this risk and mitigate its effect on the company's cash flow and liquidity, the company and its subsidiary, EMR, signed an agreement with Goldman Sachs & Co. LLC and Goldman Sachs Lending Partners LLC ("GS") setting out the terms and conditions of a financing transaction which will allow the company to sell, without recourse, these accounts receivable from distribution companies to a special purpose company called Chile Electricity PEC SpA. GS has committed to provide financing to Chile Electricity PEC, either through an international bond issue or with its own resources in an amount sufficient to buy accounts receivable

with a total nominal amount of up to US\$162 million in the specific case of EECL and EMR. Additionally, EECL and EMR and the Inter-American Investment Corporation (“IDB Invest”) are in advanced negotiations to set out the guidelines under which IDB Invest will participate, subject to the fulfillment of agreed conditions, in the financing of the purchase of additional accounts receivable by Chile Electricity PEC SpA.

Our main cost in Chilean pesos is personnel and certain operating and administrative costs, which account for approximately 10% of our operating costs. Given that most of our revenues are either in US dollars or in Chilean pesos adjusted for the exchange rate, our costs in Chilean pesos represent our main exposure to foreign-currency risks. Therefore, we have hedged a portion of our recurrent costs in Chilean pesos through forward contracts and zero-cost collars. As of December 31, 2020, the Company reported no outstanding foreign-currency derivatives.

In the past we and our subsidiary CTA have signed foreign-currency derivative contracts to hedge the UF and EUR cash flows stemming from EPC contracts, to avoid cash flow or investment value variations resulting from foreign currency fluctuations that are beyond management’s control. As of December 31, 2020, there were no outstanding derivative contracts associated with such EPC contract cash flows.

Interest Rate Hedging

The stability and predictability of our cash flows is also exposed to interest rate risk, principally with respect to the portion of our indebtedness that bears interest at floating rates. We seek to maintain a significant portion of our long-term debt at fixed rates to minimize interest-rate exposure. As of December 31, 2020, 100% of our financial debt, for a principal amount of US\$900 million, was at fixed rates.

As of December 31, 2020
Contractual maturity date (in US\$ millions)

	<u>Average interest rate</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Thereafter</u>	<u>Grand Total</u>
Fixed Rate							
(US\$)	1.580% p.a.	50.0	-	-	-	-	50.0
(US\$)	3.400% p.a.	-	-	-	-	500.0	500.0
(US\$)	4.500% p.a.	-	-	-	-	350.0	350.0
Total		50.0	-	-	-	850.0	900.0

Credit Risk

In the normal course of business, and when investing our cash, we are exposed to credit risk. In our regular electricity generation business, we deal mostly with financially strong mining companies, which report low levels of credit risk. However, these companies are exposed to variations in commodity prices, particularly copper. Although our clients have demonstrated significant resilience to down-cycles, we closely monitor their exposure through our commercial counterparty risk policy. We also sell electricity to regulated clients, which provide electricity supply to residential and commercial clients and report low levels of credit risk.

Over the last years, the electricity generation business and its customer base have evolved. In particular, consumers with demand between 500 kW and 5 MW are allowed to contract their power supply directly with generation companies rather than through distribution companies. This disintermediation trend has led us to sign contracts with smaller commercial and industrial clients with potentially higher credit risk. To mitigate this risk, we have implemented a commercial counterparty risk policy, which among other considerations, requires the review of the credit risk of the client before entering into a power supply agreement. As of December 31, 2020, the contracts signed with smaller commercial and industrial clients represented a low percentage of our overall client portfolio.

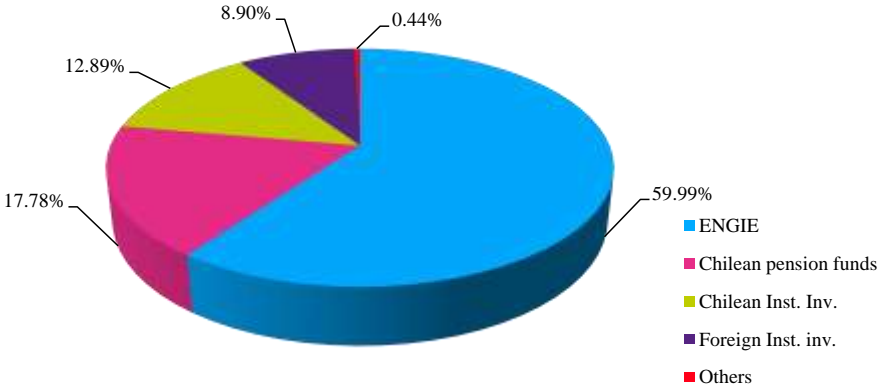
The outbreak of the COVID-19 pandemic is leading to a world economic recession, with the consequential uncertainty about the behavior of power demand and the financial capacity of consumers of essential services to afford the timely payment of their bills. To face this situation the company has instructed its commercial areas to

maintain close, direct contact with our customers to monitor the situation and take timely measures as necessary to both support our customers and mitigate the impact on the company’s performance.

Our cash management policy is to invest in investment-grade institutions only, and only within the short term. We also measure our counterparty risk when dealing with derivatives and guarantees, and we have individual counterparty limits to manage our exposure.

OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2020

Number of shareholders: 1,872



TOTAL NUMBER OF SHARES: 1,053,309,776

APPENDIX 1

PHYSICAL DATA AND SUMMARIZED QUARTERLY FINANCIAL STATEMENTS

Physical Sales

	Physical Sales (in GWh)									
	<u>2019</u>					<u>2020</u>				
	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>12M19</u>	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>4Q20</u>	<u>12M20</u>
Physical Sales										
Sales of energy to unregulated customers.	1,423	1,550	1,610	1,658	6,241	1,672	1,662	1,493	1,635	6,463
Sales of energy to regulated customers	1,220	1,183	1,232	1,145	4,780	1,285	1,122	1,283	1,240	4,931
Sales of energy to the spot market.....	6	20	31	44	102	-	3	6	5	15
Total energy sales.....	2,649	2,754	2,873	2,847	11,123	2,957	2,788	2,783	2,881	11,408
Gross electricity generation										
Coal.....	594	911	867	1,169	3,541	1,304	1,276	1,046	792	4,419
Gas.....	356	569	764	333	2,022	493	705	620	358	2,176
Diesel Oil and Fuel Oil.....	2	1	8	4	14	17	1	0	5	23
Renewable.....	14	32	41	48	135	46	35	112	134	327
Total gross generation.....	965	1,513	1,680	1,554	5,713	1,861	2,017	1,779	1,288	6,945
<i>Minus Own consumption.....</i>	(78)	(106)	(131)	(116)	(431)	(82)	(148)	(122)	(155)	(507)
Total net generation.....	888	1,407	1,549	1,439	5,282	1,779	1,869	1,657	1,133	6,438
Energy purchases on the spot market.....	1,729	1,307	1,128	1,356	5,520	1,063	821	1,093	1,667	4,645
Energy purchases- bridge	122	124	127	127	500	125	125	127	127	503
Total energy available for sale before transmission losses.....	2,739	2,838	2,804	2,921	11,302	2,967	2,815	2,877	2,927	11,586

Quarterly Income Statement

Quarterly Income Statement (in US\$ millions)

IFRS

	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>12M19</u>	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>4Q20</u>	<u>12M20</u>
Operating Revenues										
Regulated customers sales.....	150.6	146.9	146.1	133.3	576.9	134.1	127.5	139.5	127.2	528.2
Unregulated customers sales.....	163.0	173.7	152.7	161.2	650.5	164.0	142.9	142.5	163.5	612.9
Spot market sales.....	1.6	3.6	6.3	2.6	14.1	7.8	1.5	5.2	9.6	24.1
Total revenues from energy and capacity sales.....	315.1	324.3	305.1	297.1	1,241.5	305.8	271.9	287.2	300.3	1,165.2
Gas sales.....	4.1	4.2	4.4	4.3	16.9	5.9	7.6	10.9	13.4	37.9
Other operating revenue.....	24.6	94.1	43.7	33.6	196.0	23.5	42.6	40.6	42.0	148.6
Total operating revenues.....	343.8	422.5	353.2	335.0	1,454.5	335.3	322.0	338.7	355.7	1,351.7
Operating Costs										
Fuel and lubricants.....	(66.5)	(72.8)	(78.4)	(72.2)	(290.0)	(80.8)	(83.6)	(59.9)	(48.9)	(273.2)
Energy and capacity purchases on the spot	(122.9)	(102.8)	(72.1)	(95.5)	(393.3)	(93.2)	(69.2)	(71.7)	(90.7)	(324.8)
Depreciation and amortization attributable to cost of goods sold..	(33.2)	(38.4)	(40.0)	(40.1)	(151.7)	(41.2)	(41.7)	(48.1)	(44.5)	(175.5)
Other costs of goods sold.....	(52.9)	(49.2)	(54.8)	(50.3)	(207.2)	(52.9)	(62.5)	(64.8)	(89.9)	(270.1)
Total cost of goods sold.....	(275.5)	(263.2)	(245.3)	(258.1)	(1,042.1)	(268.1)	(257.0)	(244.5)	(274.0)	(1,043.7)
Selling, general and administrative expenses...	(9.0)	(8.9)	(8.2)	(12.1)	(38.2)	(7.7)	(8.7)	(8.3)	(8.0)	(32.6)
Depreciation and amortization in selling, general and administrative expenses...	(0.9)	(1.9)	(1.2)	(1.5)	(5.6)	(1.1)	(1.5)	(0.8)	(1.0)	(4.4)
Other revenues.....	3.9	(0.2)	4.7	0.7	9.1	(1.6)	4.9	1.9	(0.7)	4.5
Total operating costs.....	(281.5)	(274.3)	(250.0)	(271.0)	(1,076.8)	(278.5)	(262.3)	(251.8)	(283.7)	(1,076.3)
Operating income.....	62.2	148.2	103.2	64.0	377.7	56.8	59.7	86.8	72.0	275.4
EBITDA.....	96.3	188.5	144.4	105.6	534.9	99.1	103.0	135.8	117.5	455.3
Financial income.....	1.2	1.5	0.6	1.8	5.2	1.6	1.0	0.5	(0.6)	2.5
Financial expense.....	(3.2)	(8.5)	(13.7)	(12.5)	(37.8)	(28.5)	(10.6)	(10.5)	(9.9)	(59.5)
Foreign exchange translation, net method	1.1	(0.1)	(3.1)	(1.0)	(3.0)	(0.4)	(0.9)	(1.7)	(4.4)	(7.3)
Other non-operating income/(expense) net.....	0.9	(90.6)	4.2	(95.1)	(180.6)	1.7	0.2	(0.1)	(9.3)	(7.5)
Total non-operating results.....	0.1	(97.7)	(12.0)	(106.7)	(216.3)	(25.6)	(10.4)	(11.7)	(24.1)	(71.7)
Income before tax.....	62.4	50.5	91.1	(42.7)	161.4	31.3	49.4	75.2	47.9	203.7
Income tax.....	(16.8)	(13.9)	(23.1)	11.2	(42.6)	(5.6)	(8.8)	(18.1)	(7.6)	(40.2)
Net income from continuing operations after taxes	45.6	41.1	63.6	(31.5)	118.7	25.6	40.6	57.0	40.3	163.5
Net income attributed to controlling shareholders.....	42.9	37.7	62.4	(32.2)	110.8	25.6	40.6	57.0	40.3	163.5
Net income attributed to minority shareholders.....	2.7	3.4	1.2	0.6	7.9	-	-	-	-	-
Net income to EECL's shareholders.....	42.9	37.7	62.4	(32.2)	110.8	25.6	40.6	57.0	40.3	163.5
Earnings per share..... (US\$/share)	0.041	0.036	0.059	(0.031)	0.105	0.024	0.039	0.054	0.038	0.155

Quarterly Balance Sheet

Quarterly Balance Sheet (in U.S.\$ millions)

	2019	2020
	<u>December</u>	<u>December</u>
Current Assets		
Cash and cash equivalents (1)	239.1	235.3
Other financial assets		
Accounts receivable	108.6	108.1
Recoverable taxes	12.7	29.9
Current inventories	116.2	76.7
Other non financial assets	8.2	14.9
Total current assets	484.8	464.9
Non-Current Assets		
Property, plant and equipment, net	2,537.1	2,668.9
Other non-current assets	485.9	587.2
TOTAL ASSETS	3,507.8	3,721.0
Current Liabilities		
Financial debt	103.7	68.6
Other current liabilities	253.7	254.9
Total current liabilities	357.5	323.5
Long-Term Liabilities		
Financial debt	816.9	964.3
Other long-term liabilities	209.8	265.2
Total long-term liabilities	1,026.7	1,229.5
Shareholders' equity	2,059.3	2,168.0
Minority' equity	64.4	-
Equity	2,123.6	2,168.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,507.8	3,721.0

(1) Includes short-term investments classified as available for sale.

Main Balance Sheet Variations

The main balance-sheet variations between December 31, 2019, and December 31, 2020, are the following:

Cash and cash equivalents: The company's cash balances decreased by US\$3.8 million, reaching US\$235.3 million at year-end 2020 because of the following main uses and sources of funds. The main uses of funds included (i) capital expenditures for US\$181 million, (ii) the EMR acquisition for US\$53 million; (iii) dividend payments for US\$65 million; (iv) interest and other financial expenses incurred in connection with financing activities (US\$60 million including US\$13.6 million in early bond redemption premiums), and (v) income and green tax payments for US\$78 million. These cash expenditures were financed with available cash, operating cash flow (US\$365 million), a US\$7.5 million payment received from TEN and a US\$50 million short-term loan taken with Banco Estado. The proceeds of the new US\$500 million 144A/RegS issue were entirely used to prepay the US\$400 million bond and

US\$80 million in short-term bank debt, which the company reported as of year-end 2019. Cash balances were invested in time deposits with strongly rated banks.

Accounts receivable: The balance of this account remained virtually unchanged, although its components reported movements in opposite directions: On the one hand, accounts receivable from third parties reported a US\$10.6 million increase, with minor increases in receivables' aging. On the other hand, intercompany receivables decreased by US\$11.2 million due to payments by Engie Gas and TEN.

Current inventories: The US\$39.5 million inventory decrease includes a US\$39.7 million decrease in fuel stocks (LNG, hydrated lime and coal), mainly due to lower prices.

Recoverable taxes: This item exhibited a US\$17.2 million increase mainly due to an increase in monthly provisional payments resulting from the higher net income reported in 2019.

Other non-financial assets – current: The US\$6.7 million increase in these assets includes two principal effects: (i) a US\$4.9 million increase in fiscal VAT credit explained by capital expenditures and lower collection of revenues from distribution companies due to the price stabilization mechanism, and (ii) a US\$2.4 million increase in insurance premiums paid in advance.

Property, plant and equipment, net: The US\$131.8 million increase in this account is principally explained by (i) US\$252 million including capital expenditures incurred in connection with plant overhauls and the construction of renewable generation projects (Calama wind farm and Capricornio and Tamaya solar PV plants) as well as transmission projects and a US\$43.3 million dismantling provision; and (ii) the EMR and Coya acquisitions (US\$56.6 million). The increase was partially offset by depreciation, which amounted to US\$158 million, and asset impairments for US\$18.4 million.

Other non-current assets: The US\$101.3 million net increase in this item is explained by (i) a US\$52.2 million increase in the acquisition of rights of use over land for the construction of renewable projects and other assets with rights of use associated to the implementation of IFRS16; (ii) a US\$66.4 million increase in long-term accounts receivable associated to the enactment of the price stabilization law in the fourth quarter of 2019; (iii) a US\$10.4 million increase in intangible assets due to expenses associated to generation projects in their development stage (Trigales and Coya); and (iv) a US\$3.4 million deferred tax increase. These increases were partially offset by decreases in the following items: (i) US\$8.1 million in the company's investment in TEN mainly due to the mark-to-market of financial derivatives, (ii) a US\$6 million payment of intercompany receivables, mainly from TEN, and (iii) a US\$16.5 million amortization of intangible assets.

Financial debt – current: This item reported a net US\$35.1 million decrease due to the full prepayment of short-term debt (US\$80.7 million including principal and interest) in the first quarter of 2020 and the new US\$50 million loan taken in May with Banco Estado. In addition, accrued interest decreased by US\$3.1 million due to the lower average interest rates achieved following the refinancing of the 5.625% US\$400 million with a new 3.4% US\$500 million bond.

Other current liabilities: This item presented no significant variations; however, changes were reported in its different components. The following accounts decreased: (i) the income tax provision (US\$13.3 million); (ii) VAT payables (US\$1.6 million) and (iii) intercompany payables (US\$2.9 million), mainly with GNL Mejillones. These variations were offset by the following increases: (i) accounts payable (US\$16.7 million), (ii) lease liabilities (US\$2.7 million), and (iii) personnel-related provisions (US\$3.2 million).

Long-term financial debt: The US\$147.4 million increase in this account is mainly explained by the new US\$500 million bond issue, which proceeds were used to prepay the US\$400 million bond originally maturing in January 2021. A US\$55.6 million increase in lease liabilities, mainly referred to land use concessions acquired to develop generation projects also contributed to the financial debt increase. The following items partially offset this increase: (i) a US\$6.7 million increase in financial expenses related to debt issues, which are discounted from the total debt amount and are amortized over the life of the respective debt, and (ii) a US\$1.5 million decrease in the financial leasing with TEN due to the transfer of the current portion to the short-term debt account.

Other long-term liabilities: This item increased by US\$55.3 million due to (i) an increase in asset dismantling provisions (US\$46 million), net of a reversal in technical inspection provisions, and (ii) a US\$9.3 million increase in deferred taxes.

Shareholders' equity: The US\$108.8 million increase in shareholders' equity is made up of (i) the net income reported in 2020 (US\$163.5 million), plus (ii) the US\$23.9 million corresponding to the difference between the absorption of the minority interest that Inversiones Punta de Rieles had in our subsidiary, Inversiones Hornitos, and the valuation of the investment of the 40% interest in Inversiones Hornitos pursuant to the agreement signed by its shareholders on March 31, 2020. These increases were partially offset by (i) the US\$66.6 million provisional dividend paid in December 2020 and (ii) a US\$12.5 million decrease in mark-to-market valuation of hedging instruments. According to the terms of the agreement signed last March and IFRS rules, EECL began to consolidate 100% of Inversiones Hornitos' results in its financial statements.

Minority interest: The elimination of minority interest is explained by the agreement between EECL and the minority shareholder of Inversiones Hornitos and its related companies, Minera Centinela and Antofagasta Minerals on March 31, 2020, as reported in a material fact notice filed with the CMF. As a result of this agreement, EECL took control over Inversiones Hornitos, consolidating 100% of its results in EECL's accounting records and eliminating minority interest, which as of year-end 2019 amounted to US\$64 million.

APPENDIX 2

Financial information

	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
EBITDA*	188.5	144.4	105.6	99.1	103.0	135.8	117.5
Net income attributed to the controller	37.7	62.4	-32.2	25.6	40.6	57.0	40.3
Interest expense	8.5	13.7	12.5	28.5	10.6	10.5	9.9
* Operating income + Depreciation and Amortization for the period							
			Dec/19				Dec/20
LTM EBITDA			534.9				455.3
LTM Net income attributed to the controller			110.8				163.5
LTM Interest expense			37.8				59.5
Financial debt			864.2				1,032.9
Current			103.7				68.6
Long-Term			760.4				964.3
Cash and cash equivalents			239.1				235.3
Net financial debt			625.1				797.6

Financial Ratios

		FINANCIAL RATIOS			
			Dec/19	Dec/20	Var.
LIQUIDITY	Current ratio (current assets / current liabilities)	(times)	1.36	1.44	6%
	Quick ratio ((current assets - inventory) / current liabilities)	(times)	1.03	1.20	17%
	Working capital (current assets – current liabilities)	MMUS\$	127.3	141.4	11%
LEVERAGE	Leverage ((current liabilities + long-term liabilities) / networth)	(times)	0.65	0.72	10%
	Interest coverage * ((EBITDA / interest expense))	(times)	14.14	7.66	-46%
	Financial debt –to- LTM EBITDA*	(times)	1.72	2.27	32%
	Net financial debt – to - LTM EBITDA*	(times)	1.28	1.75	37%
PROFITABILITY	Return on equity* (LTM net income attributed to the controller / net worth attributed to the controller)	%	5.4%	7.5%	40%
	Return on assets* (LTM net income attributed to the controller / total assets)	%	3.2%	4.4%	37%

*LTM = Last twelve months

As of December 31, 2020, the current ratio and the quick ratio were 1.44x and 1.20x, respectively, an increase compared to year-end 2019's ratios. The main reason was the reduction of current liabilities due to the full repayment of the company's short-term debt (US\$80 million) followed by a new loan for a lower amount (US\$50 million). As a result, working capital, as measured by total current assets minus total current liabilities, increased. Liquidity remained strong due to the company's cash balances, strong cash generation ability, and low repayment commitments before January 2025.

The leverage ratio, as measured by total liabilities-to-equity increased slightly as compared to December 31, 2019, due to the moderate increase in gross debt and dividends paid last December.

The interest coverage ratio was 7.66x in 2020. Although this is a strong ratio, it represents a sharp decrease compared to exceptionally high levels at year-end 2019, due to (i) the increase in interest expense explained by the early redemption costs of the US\$400 million bond, (ii) the lower level of interest capitalization, and (iii) the decrease in EBITDA, which in 2019 was favorably impacted by the liquidated damages paid by the IEM EPC contractor.

The leverage ratio, as measured by Gross financial debt-to-EBITDA, increased to 2.27 times due to the 2020 EBITDA decrease and the US\$112 million gross debt increase. The latter was explained by the issue of a US\$500 million bond to refinance a US\$400 million bond and the increase in leased assets whose liability qualifies as financial debt per IFRS 16. For the same reasons, net financial debt-to-EBITDA increased to 1.75 times.

Return on equity and return on assets reached 7.5% and 4.4%, respectively, an increase compared to the ratios reported at year-end 2019. Despite the absorption of the minority interest in Inversiones Hornitos, return on equity attributable to controlling shareholders also increased due to the significant non-recurring impacts on net income in 2019 explained by the impairment of two sets of coal-based units which will be decommissioned by year-end 2021 and 2024, respectively.

CONFERENCE CALL 12M2020

ENGIE Energía Chile is pleased to inform you that it will conduct a conference call to review its results for the period ended December 31, 2020, on Thursday, February 4, 2020 at 10:00 a.m. (USA-NY) – 12:00 p.m. (Chile)

hosted by:
Eduardo Milligan, CFO ENGIE Energía Chile S.A.

To participate, please dial:
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