August 1, 2018

ENGIE ENERGÍA CHILE REPORTED EBITDA OF US$186.7 MILLION AND NET INCOME OF US$35 MILLION IN THE FIRST HALF OF 2018.

EBITDA AMOUNTED TO US$95 MILLION IN THE SECOND QUARTER, A 28% INCREASE COMPARED TO THE SECOND QUARTER OF 2017. THE EBITDA IMPROVEMENT IS LARGELY EXPLAINED BY THE NEW CONTRACT WITH DISTRIBUTION COMPANIES IN THE CENTER-SOUTH SEGMENT OF THE NATIONAL GRID ("SEN"), UNDER WHICH THE COMPANY BEGAN SUPPLYING ELECTRICITY FOR UP TO 5,040 GWh PER YEAR OVER A 15-YEAR PERIOD.

- **Operating revenues** amounted to US$603.4 million in the first half of 2018, a 14% increase compared to the first half of 2017, mainly due to the beginning of the power supply contract with distribution companies in the center-south segment of the SEN.
- **EBITDA** amounted to US$186.7 million in the first half of 2018; that is, a 33% or US$46.3 million increase compared to the first half of 2017, mainly due to the increase in regulated sales to distribution companies.
- **Net income** amounted to US$35.2 million in the first half of 2018, a 35% decrease compared to the first half of 2017, due to significant non-recurring effects, largely explained by the impairment of the U12 and U13 coal-fired plants, which will be closed in 2019. Excluding non-recurring effects in both periods, net income amounted to US$83.6 million in the first half of 2018, a 91% increase compared to the first half of 2017.

Financial Highlights (in US$ millions)

	2Q17	**2Q18**	**Var %**	**1H17**	**1H18**	Var%
Total operating revenues	**271.7**	**304.3**	***12%***	**530.4**	**603.4**	***14%***
Operating income	40.4	62.0	*53%*	73.0	119.9	*64%*
EBITDA	**74.4**	**95.0**	***28%***	**140.4**	**186.7**	***33%***
EBITDA margin	27.4%	31.2%	*+3.6 pp*	26.5%	30.9%	*+3.6 pp*
Total non-operating results	6.1	(68.2)		3.1	(69.8)	
Net income after tax	33.9	(2.9)	*-108%*	56.1	38.8	*-31%*
Net income attributed to controlling shareholders	**31.5**	**(4.0)**	***-113%***	**51.2**	**35.2**	***-31%***
Net income attributed to controlling shareholders without non recurring effects	**24.0**	**44.4**	***85%***	**43.7**	**83.6**	***91%***
Net income attributed to minority shareholders	2.4	1.1	*-52%*	5.0	3.5	*-28%*
Earnings per share (US$/share)	0.030	(0.004)		0.049	0.033	
Total energy sales (GWh)	2,164	2,408	*11%*	4,357	4,838	*11%*
Total net generation (GWh)	1,419	1,414	*0%*	2,850	2,714	*-5%*
Energy purchases on the spot market (GWh)	821	929	*13%*	1,663	1,871	*13%*
Energy purchases - bridge (GWh)	-	204	*n,a*	-	419	*n,a*

ENGIE ENERGÍA CHILE S.A. ("EECL") is engaged in the generation, transmission and supply of electricity and the transportation of natural gas in Chile. EECL 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 June 30, 2018, EECL accounted for 8.2% of the SEN's installed capacity. EECL primarily supplies electricity to large mining and industrial customers, and it also supplies the entire electricity needs of EMEL, the sole electricity distribution group in the northern segment of the SEN. On January 1, 2018, EECL began supplying electricity to distribution companies in the center-south segment of the SEN. EECL is currently 52.76% indirectly owned by ENGIE (formerly known as GDF SUEZ). The remaining 47.24% of EECL's shares are publicly traded on the Santiago stock exchange. For more information, please refer to www.engie.cl.

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HIGHLIGHTS:

RECENT EVENTS

- **Transmission Auction:** On July 25, 2018, the National System Coordinator *("CEN"* or *"Coordinador Eléctrico Nacional")* communicated the results of the auction for the construction and operation of the second set of new transmission projects included in Decree 422/2017 of the Ministry of Energy. EECL presented the best economic offer for the Nueva Chuquicamata 220 kV sectioning substation and the new Nueva Chuquicamata-Calama 2 x 220 kV transmission line. The project will have a referential investment value of approximately US$18 million and will generate annual regulated revenues (VATT) of US$1.17 million.

2Q2018

- **Material Event-Asset Impairment**: On June 27, 2018, the company communicated that the National Energy Commission (*"CNE"*) approved the company's request to close the U12 and U13 coal-fired units in Tocopilla within a 12-month period from the date of the request, subject to the completion of the southern segment of the Cardones-Polpaico transmission project sponsored by InterChile S.A. As the CNE authorized the disconnection of both units, the company's board acknowledged the need to book an accounting impairment with an after-tax effect of US$51.9 million on the company's first half results.

- **Local Rating Upgrade**: On June 20, 2018, Fitch Ratings confirmed EECL's issuer default ratings at BBB on the international scale, and upgraded the company's national-scale solvency ratio to 'AA-(cl)' from 'A+(cl)'. The outlook is Stable for both the international and local ratings.

- **Transmission Auction**: On May 25, EECL was awarded the construction and operation of two sectioning substations -El Algarrobal (220 kV) and El Rosal (220 kV)- included in the transmission-project auction launched by the CEN as per the D.E. 422/2017 of the Ministry of Energy. EECL plans to invest a combined US$18 million in these projects, which will generate aggregate annual revenues (VATT) of US$0.9 million.

- **Ruta Energética 2018-2022**: In May the Ministry of Energy disclosed the new energy agenda for the 2018-2022 period including the sector's guidelines during President Piñera's government. The document focuses on seven angles, including fostering regional interconnections, mainly with Peru and Argentina, as well as several short and medium-term topics, with emphasis on the sector's modernization; agile, clean and efficient development of new power sources, and permanent involvement of local communities.

- **Material Event**: On April 2, 2018, the company filed a material event notice with the Financial Market Commission to communicate the execution of commercial agreements with Codelco and the Glencore affiliates, Lomas Bayas and Altonorte. These agreements consisted of amendments to power supply agreements for an aggregate maximum contracted demand of 300 MW including successive tariff reductions, a change in price indexation clauses, and the extension of the contracts' life. The 200MW Codelco contract was extended from 2025 through 2035, Altonorte's 50MW contract was extended from 2033 through 2037, and the Lomas Bayas 50MW contract was extended from 2028 through 2038. In addition to these three contracts, the 110MW El Abra PPA had been previously amended and extended through 2028.

  Under these agreements, beginning 2021 energy tariffs will be readjusted according to the variation reported by the CPI index rather than to coal price variations. The contracts' life extension and tariff CPI indexation will allow the company to invest in renewable capacity so as to gradually replace some of its aging coal capacity, in accordance with its energy transformation plan. Accordingly, the company formally requested the National Energy Commission's authorization to close down its coal fired plants, U12

(85MW) and U13 (85MW), situated in Tocopilla, within 12 months. The National Energy Commission accepted this request subject to the completion of the southernmost segment of the Interchile transmission project.

- **Annual Ordinary Shareholders' Meeting**: On April 24, 2018, the Company's shareholders agreed the following:

  a) **Definitive Dividends:** To pay a final dividend of US$30,424,756 (or US$0.028884908 per share) on account of 2017's net income, payable on May 22, 2018, to be converted to Chilean pesos at the observed exchange rate published by the Central Bank of Chile on the Shareholders' Meeting date; that is, April 24, 2018.

  b) **Auditors:** To confirm Deloitte Auditores Consultores Limitada 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.

1Q2018

- **Power supply contract with distribution companies:** On January 1, 2018, EECL began supplying electricity to distribution companies under the power supply contract awarded in a public auction in December 2014. The contract considers annual supply of up to 5,040 GWh for 15 years, on the basis of a diversified generation portfolio, including existing and new capacity. The latter includes the IEM power project in Mejillones, to be commissioned in the second half of 2018, and additional gas supply arrangements for use in existing CCGTs. Since the national transmission interconnection between the SING and SIC grids is not yet operating at full capacity due to delays in the southernmost segment of the line, EECL has signed one-year bridge power supply agreements with other generation companies to cover approximately 60% of the power demand under the contract with distribution companies.

- **TEN transmission project in operations:** On January 11, 2018, the national grid coordinator, CEN *("Coordinador Eléctrico Nacional")*, officially confirmed that the transmission project interconnecting the national grid from Mejillones to Cardones, known as *"Sistema de Transmisión 2x500 kV Mejillones – Cardones"*, belonging to Transmisora Eléctrica del Norte S.A. (TEN), began operations on November 24, 2017. Consequently, a single national power grid known as SEN, or *"Sistema Eléctrico Nacional"*, began operations on the same date.

- **Transmission system expansion:** On January 26, 2018, the national grid coordinator, CEN, disclosed its 2018 annual expansion proposal for the country's transmission system according to Law 20,936/2016. The CEN's annual expansion proposal comprises 48 projects, which entail an overall investment of US$1,678 million. Ten of these projects correspond to national transmission assets (US$1,465 million), while the remaining 38 projects (US$213 million) correspond to zonal transmission initiatives.

PROJECT STATUS AS OF JUNE 30, 2018:

i. **Infraestructura Energética Mejillones Project ("IEM"):** This 375MW coal-fired project is in its commissioning phase. The boiler's first fire took place on February 13, 2018, and the first coal firing on July 21, 2018. The EPC contractor is S.K. Engineering and Construction (Korea) ("SKEC"). The main SKEC subcontractors are Salfa for civil works and Belfi for marine works. The project's overall progress rate was approximately 98.4% as of the end of June. The IEM project, excluding the new port, will cost approximately US$896 million, of which US$778 million had already been paid as of June 30, 2018, including capitalized interest. IEM is scheduled to begin operations in the fourth quarter of 2018.

ii. **New Port in Mejillones ("Puerto Andino"):** This new port is being built by the EPC contractor, Belfi, and it will cost approximately US$122 million, US$118.4 million of which had been paid as of June 2018. The project began its operational tests on December 22, 2017, following the arrival of the first coal shipment unloaded through this port. Since that date, Puerto Andino has unloaded 12 shipments carrying a total of 788,000 tons of coal and 33,000 tons of limestone. It is worth noting that, for the first time, Puerto Andino was able to successfully handle a 160,000-ton load from a Capesize carrier.

iii. **The TEN project:** This transmission project is jointly controlled with Red Eléctrica Chile, an indirect subsidiary of Red Eléctrica Corporación (Spain). On November 21, the project was energized and connected to the national grid. The system's coordinator officially recognized the interconnection commencement date as November 24, 2017, more than one month ahead of the date committed with the authority. The TEN project considered capital expenditures of approximately US$770 million, and construction was within budget. On December 6, 2016, TEN successfully closed a long-term project financing with ten national and international financial institutions.

In its south end, the TEN project was connected to the national power grid at the Nueva Cardones substation belonging to the Nueva Cardones-Polpaico 500kV transmission project sponsored by Interchile, an affiliate of the Colombian group ISA. Interchile has communicated delays in the construction of the southernmost segment of its project, although this did not affect the interconnection of the SING and SIC power grids. In its north-end TEN was connected to the northern national grid through the new 3-kilometer transmission line connecting the Los Changos substation (TEN) to the Kapatur (MEL/Saesa) substation. TEN is also connected through dedicated systems to EECL's IEM and CTM power plants in Mejillones.

INDUSTRY OVERVIEW

The SING and SIC power grids operated independently until November 24, 2017, when the interconnection of both grids was perfected and gave birth to the SEN (*"Sistema Eléctrico Nacional"*). Currently, the company's generation assets are 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, LNG, and diesel and fuel oil, with growing penetration of renewable sources, including wind, solar, and geothermal. Energy flows through the interconnection are variable, reaching a maximum of approximately 720 MW. Flows through the interconnection have so far been predominantly in the south-north direction comprising inflows of renewable power generated in the area known as Norte Chico into the SING grid.

Marginal Costs

Mes	Mínimo					Promedio					Máximo				
	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	Quillota 220	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	Quillota 220	A. Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	Quillota 220
Ene	-	-	-	-	32.6	50.9	48.9	54.2	49.4	50.7	61.0	58.3	236.5	189.2	-
Feb	4.1	4.0	-	-	4.0	54.7	53.2	45.2	48.5	53.1	110.6	107.2	268.7	159.2	-
Mar	36.2	35.5	-	-	36.1	75.3	73.5	43.4	59.4	73.4	174.6	169.9	168.6	160.2	-
Abr	46.1	44.4	0.8	-	45.4	63.6	61.7	51.4	57.5	62.1	162.5	157.9	104.7	147.5	-
May	30.1	29.5	43.5	-	29.4	81.1	78.9	56.7	66.9	78.4	156.0	159.9	112.0	136.8	-
Jun	36.2	34.7	-	-	35.9	80.5	77.8	54.1	54.9	77.9	187.8	180.9	117.0	114.4	-

Source: Coordinador Eléctrico Nacional

Marginal costs have been stabilizing following the SIC-SING interconnection. The most significant spikes have been related to specific plant trips or transmission issues, and troughs have been explained by the lack of operational flexibility of the Kelar CCGT, which has been prompted to consume its LNG supply, leading to zero-marginal cost episodes at the Crucero node, particularly in February.

It should be noted that, given the renewable production intermittence, a larger number of power plants have been required to lower their load. Plants operating at their technical minimum levels cannot set the marginal cost. The operating costs reported by plants operating in such mode are remunerated through the over-cost mechanism pursuant to Supreme Decree 130. Given the increasing penetration of intermittent power, system over-costs reached US$35.4 million in the first half of 2018, well above 1H17's US$22.8 million. EECL's pro-rata was US$10.3 million, approximately 60% 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)		
	2017	**2018**	**% Variation YoY**	**2017**	**2018**	**% Variation YoY**	**2017**	**2018**	**% Variation YoY**	**2017**	**2018**	**% Variation YoY**
Jan	52.5	63.7	*21%*	54.6	69.1	*27%*	3.32	3.88	*17%*	88.5	95.3	*8%*
Feb	53.5	62.2	*16%*	54.9	65.3	*19%*	2.85	2.67	*-6%*	82.3	85.8	*4%*
March	49.3	62.6	*27%*	51.6	66.0	*28%*	2.88	2.69	*-6%*	73.4	79.5	*8%*
April	51.1	66.6	*30%*	52.3	71.9	*37%*	3.10	2.80	*-10%*	75.4	81.8	*8%*
May	48.5	70.1	*45%*	49.7	77.1	*55%*	3.15	2.80	*-11%*	74.5	89.5	*20%*
June	45.2	67.8	*50%*	46.4	74.4	*60%*	2.98	2.97	*0%*	79.2	96.4	*22%*

Source: Bloomberg, IEA

When comparing the first half of 2018 with the first half of last year, we can observe that international fuel prices reported an increase led by oil, with year-on-year increases in the 50% area last June, followed by coal, which reported 20% year-on-year price increases in May and June of 2018.

Generation

The following table provides a breakdown of generation in the northern segment of the SEN (ex – SING) by fuel type:

Total North SEN Generation by Fuel Type (in GWh)

2017

Fuel Type	**1Q 2017 GWh**	***% of total***	**2Q 2017 GWh**	***% of total***	**3Q 2017 GWh**	***% of total***	**4Q 2017 GWh**	***% of total***	**12M 2017 GWh**	***% of total***
Coal	3,344	*78%*	3,776	*80%*	3,826	*77%*	3,807	*73%*	14,754	*77%*
LNG	413	*10%*	476	*10%*	524	*10%*	497	*9%*	1,911	*10%*
Diesel / Fuel oil	35	*1%*	28	*1%*	32	*1%*	203	*4%*	297	*2%*
Renewable	477	*11%*	466	*10%*	611	*12%*	736	*14%*	2,290	*12%*
Total gross generation SING	**4,269**	*100%*	**4,747**	*100%*	**4,992**	*100%*	**5,243**	*100%*	**19,251**	*100%*

2018

Fuel Type	**1Q 2018 GWh**	***% of total***	**2Q 2018 GWh**	***% of total***
Coal	3,356	*68%*	3,421	*70%*
LNG	842	*17%*	895	*18%*
Diesel / Fuel oil	30	*1%*	16	*0%*
Renewable	682	*14%*	577	*12%*
Total gross generation SING	**4,910**	*100%*	**4,909**	*100%*

Source: Coordinador Eléctrico Nacional

During the first quarter of 2018, gross power generation increased 15% compared to the first quarter of 2017, largely as a result of the low comparison base explained by the 43-day strike at the Escondida mine in the first quarter of 2017. The maximum system demand reached 2,264 MW in the first quarter, 16% above the peak demand observed in 1Q17. Gas generation increased its share in the generation mix, partly due to Kelar's gas supply and inflexible operation in 1Q18 and partly due to LNG's greater suitability to cope with renewable power intermittence. Renewable sources increased their share to 14% of total generation, while diesel generation accounted for just 1%. Renewable energy flows from the interconnection, in addition to the increased gas production, contributed to the decrease in coal generation in the northern segment of the SEN in the first quarter of 2018.

The system's gross electricity generation increased 3.4% year-on-year in the second quarter, with an increase in renewable and LNG generation, which led to a reduction in coal generation and definitely displacing diesel generation.

During the first half of the year, increasing energy flows through the interconnection together with an increase in gas generation have contributed to the reduction in coal generation. Power demand reached a maximum of 2,177 MW in the second quarter, representing an 11% increase compared to the maximum demand observed in 2017 in the northern segment of the SEN.

Electricity production in the northern segment of the SEN (ex-SING), broken down by company, was as follows:

Generation by Company (in GWh)

	2017									
	1Q 2017		2Q 2017		3Q 2017		4Q 2017		12M2017	
Company	GWh	% of total	GWh	% of total	GWh	% of total	GWh	% of total	GWh	% of total
AES Gener	1,990	47%	2,362	50%	2,364	47%	2,422	46%	9,137	47%
EECL (with 100% of CTH)	1,550	36%	1,553	33%	1,542	31%	1,656	32%	6,301	33%
Enel Generación	128	3%	145	3%	210	4%	157	3%	640	3%
Other	601	14%	687	14%	877	18%	1,008	19%	3,173	16%
Total gross generation SING	**4,269**	100%	**4,747**	100%	**4,992**	100%	**5,243**	100%	**19,251**	100%

	2018			
	1Q 2018		2Q 2018	
Company	GWh	% of total	GWh	% of total
AES Gener	2,171	44%	2,396	49%
EECL (with 100% of CTH)	1,538	31%	1,411	29%
Enel Generación	34	1%	22	0%
Other	1,167	24%	1,081	22%
Total gross generation SING	**4,910**	100%	**4,909**	100%

Source: Coordinador Eléctrico Nacional

During the second quarter of 2018, EECL reported a 9% year-on-year decrease in electricity generation, and accounted for 29% of the system's power production. Other non-traditional players reported an 8-point increase in their share, which reached 22% of total generation in the area. When comparing the second quarter with the first quarter of 2018, EECL's generation decreased 8%.

In the first half of 2018, EECL accounted for 30% of electricity generation in the northern part of the SEN grid, representing a 4-point decline compared to the first half of last year.

Regarding EECL's plant maintenance schedule, CTM2, which had been out of service since October 2017, resumed operations on March 11, 2018, while CTH was out of service between March 18 and April 17, 2018, for its scheduled maintenance. CTA was also under maintenance from May 1 to May 18 and subsequently from May 25 to June 8.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The following discussion is based on our consolidated financial statements for the six-month periods ended June 30, 2018, and June 30, 2017. These financial statements have been prepared in U.S. dollars in accordance with IFRS, and should be read in conjunction with the financial statements and the notes thereto published by the Comisión para el Mercado Financiero (www.cmfchile.cl).

2Q 2018 compared to 2Q 2017 and 1Q 2018

Operating Revenues

Quarterly Information (In US$ millions)

	2Q 2017		1Q 2018		2Q 2018		% Variation	
Operating Revenues	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**QoQ**	**YoY**
Unregulated customers sales…………………..	184.2	*75%*	173.6	*62%*	184.3	*65%*	*6%*	*0%*
Regulated customers sales…………………….	51.3	*21%*	102.5	*37%*	99.3	*35%*	*-3%*	*93%*
Spot market sales………………………………..	11.2	*5%*	2.1	*1%*	1.3	*0%*	*-40%*	*-88%*
Total revenues from energy and capacity sales	**246.7**	*91%*	**278.3**	*93%*	**284.9**	*94%*	***2%***	***15%***
Gas sales…………………………..	1.9	*1%*	3.4	*1%*	1.6	*1%*	*-52%*	*-14%*
Other operating revenue……………………….	23.1	*8%*	17.5	*6%*	17.8	*6%*	*2%*	*-23%*
Total operating revenues…………………..	**271.7**	*100%*	**299.1**	*100%*	**304.3**	*100%*	***2%***	***12%***
Physical Data (in GWh)								
Sales of energy to unregulated customers (1)……	1,631	*74%*	1,485	*62%*	1,552	*64%*	*5%*	*-5%*
Sales of energy regulated customers……	479	*22%*	915	*38%*	871	*36%*	*-5%*	*82%*
Sales of energy to the spot market……………	82	*4%*	8	*0%*	7	*0%*	*-11%*	*-92%*
Total energy sales………………………….	**2,193**	*100%*	**2,408**	*100%*	**2,430**	*100%*	***1%***	***11%***
Average monomic price unregulated customers(U.S.$/MWh)(2)	**114.0**		**117.7**		**119.0**		***1%***	***4%***
Average monomic price regulated customers (U.S.$/MWh)(3)	**107.1**		**112.0**		**114.1**		***2%***	***6%***

(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$284.9 million in the second quarter, representing a US$38.2 million or 15% increase compared to the second quarter of 2017, due mainly to higher regulated revenues from the new contract with distribution companies in the center-south segment of the SEN. Physical sales to unregulated clients decreased due to the end of the Radomiro Tomic contract in August 2017 (-169 GWh), which was partly offset by increased demand from clients such as Codelco, Esperanza, and El Tesoro. Physical sales to regulated clients increased due to the new contract with distribution companies, which represented additional sales of 405 GWh in the second quarter.

Unregulated sales increased when compared to the first quarter of 2018 due to greater demand from Codelco, Esperanza and El Tesoro, among others, and due to a slight increase in energy prices explained by the increase in international fuel prices.

In the second quarter, sales to distribution companies, or regulated clients, amounted to US$99.3 million, a significant increase compared to the second quarter of last year, due to the new contract with distribution companies, which represented quarterly revenues of US$50.4 million. However, sales to distribution companies decreased 3% when compared with the first quarter.

Physical sales to the spot market reached 7 GWh in the second quarter, a decrease compared to both the first quarter of 2018 and the second quarter of 2017. The spot market sales and purchase items also include the retroactive annual sufficiency capacity tariffs and monthly energy adjustment payments per the reliquidations made by the system's coordinator.

Gas sales during the first quarter have remained at low levels, with a slight decrease compared to previous quarters. The most relevant items in the 'Other operating revenue' account are sub-transmission tolls and regulatory transmission revenues. In addition, this account includes port and maintenance services as well as a US$2.8 million insurance compensation for business interruption losses associated to a past CTM3 plant failure.

Operating Costs

Quarterly Information (In US$ millions)

	2Q 2017		1Q 2018		2Q 2018		% Variation	
Operating Costs	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Fuel and lubricants………………………………	(87.5)	38%	(91.9)	38%	(92.0)	38%	0%	5%
Energy and capacity purchases on the spot market……………………………	(60.3)	26%	(57.8)	24%	(70.3)	29%	22%	17%
Depreciation and amortization attributable to cost of goods sold……………………………	(33.0)	14%	(32.8)	14%	(32.1)	13%	-2%	-3%
Other costs of goods sold…………………….	(43.1)	19%	(51.1)	21%	(41.2)	17%	-19%	-4%
Total cost of goods sold………………..	**(223.9)**	97%	**(233.6)**	97%	**(235.6)**	97%	**1%**	**5%**
Selling, general and administrative expenses…	(7.0)	3%	(9.2)	4%	(8.4)	3%	-9%	20%
Depreciation and amortization in selling, general and administrative expenses………..	(1.0)	0%	(1.0)	0%	(0.9)	0%	-1%	-5%
Other operating revenue/costs……………………….	0.6	0%	2.6	-1%	2.6	-1%		
Total operating costs…………………..	**(231.3)**	100%	**(241.2)**	100%	**(242.3)**	100%	**0%**	**5%**
Physical Data (in GWh)								
Gross electricity generation								
Coal…………………………………………	1,294	83%	1,167	76%	1,001	71%	-14%	-23%
Gas…………………………………………..	234	15%	347	23%	391	28%	13%	67%
Diesel Oil and Fuel Oil…………………….	11	1%	2	0%	3	0%	51%	-73%
Hydro/Solar………………………………………	13	1%	20	1%	14	1%	-29%	9%
Total gross generation…………………..	**1,553**	100%	**1,536**	100%	**1,410**	100%	**-8%**	**-9%**
Minus Own consumption……………..	(122)	-8%	(123)	-8%	(110)	-8%	-10%	-10%
Total net generation…………………….	**1,431**	**63%**	**1,414**	**55%**	**1,301**	**53%**	**-8%**	**-9%**
Energy purchases on the spot market………..	842	**37%**	929	**36%**	942	**38%**	1%	12%
Energy purchases- bridge………..	-		215		204	**8%**	n.a	n.a
Total energy available for sale before transmission losses………………………	**2,273**	**100%**	**2,558**	**100%**	**2,447**	**100%**	**-4%**	**8%**

Gross electricity generation decreased 8% in the second quarter compared to the immediately preceding quarter, mainly in terms of coal generation, due to the CTA and CTH maintenance outages. Gas generation increased its proportion in the generation mix due to its greater flexibility to cope with the intermittence of renewable generation.

The fuel cost item remained relatively unchanged from the previous quarter despite the lower generation levels. The year-on-year comparison shows a 5% or a US$4.5 million increase in fuel costs mainly due to the higher coal prices recorded in the second quarter of 2018.

The spot electricity purchase cost item increased by US$12.5 million (22%) compared to 1Q18 mainly because physical energy purchases increased due to the unavailability of some power plants, while spot prices in the central-south segment of the grid increased due to dry hydrologic conditions. When compared to the second quarter of last year, physical energy purchases increased 36% to meet the new contract with distribution companies. Since the interconnection is not yet functioning at full capacity, this contract is being supplied with energy purchases under one-year bridge contracts with other generation companies (204 GWh in the second quarter) and spot energy purchases (201 GWh). Both types of energy purchases are accounted for under the same item labelled ‘Energy and capacity purchases on the spot market’. The year-on-year comparison shows a US$10 million (17%) increase in energy and capacity purchases mainly due to increased physical purchases made at lower average prices.

Depreciation costs in the costs-of-goods-sold item remained at similar levels as compared to both the 1Q18 and 2Q17.

Other direct operating costs included, among others, operating and maintenance costs, transmission tolls, insurance premiums and cost of fuels sold. The decrease in this item, as compared to the first quarter of 2018, was related to lower third-party maintenance services. As a result of ongoing cost control efforts, this item reported no significant year-on-year change despite the effects of the appreciation of the Chilean peso on local currency costs.

The slight decrease in SG&A expenses in the second quarter as compared to the first quarter, was due to lower IT and travel expenses, while the US$1.4 million year-on-year increase was explained by higher third-party service costs and the effects of the appreciation of the Chilean peso through most of the first half of 2018.

The Other operating revenue/cost item includes water sales and miscellaneous income as well as recoveries and provisions. EECL’s share in TEN’s net income, which amounted to US$1.9 million in the second quarter, is also included in this item.

Electricity Margin

Quarterly Information (In US$ millions)

	2017			2018		
	1Q17	**2Q17**	**1H17**	**1Q18**	**2Q18**	**1H18**
Electricity Margin						
Total revenues from energy and capacity sales………	**238.3**	**246.7**	**485.0**	**278.3**	**284.9**	**563.2**
Fuel and lubricants…………………..	(88.2)	(87.5)	(175.7)	(91.9)	(92.0)	(183.9)
Energy and capacity purchases on the spot market……	(54.7)	(60.3)	(115.0)	(57.8)	(70.3)	(128.1)
Gross Electricity Profit	**95.3**	**99.0**	**194.3**	**128.5**	**122.6**	**251.2**
Electricity Margin	*40%*	*40%*	*40%*	*46%*	*43%*	*45%*

In the second quarter, the electricity margin, or the gross profit from the electricity generation business, increased by US$23.6 million when compared to the second quarter of 2017, reaching 43% in percentage terms. This was mainly due to the increase in regulated revenue from the new contract with distribution companies, which translated into a US$38.2 million net increase in energy and capacity revenues, partly offset by a US$4.5 million increase in fuel costs and a US$10 million increase in energy purchase costs. In sum, the margin improvement was achieved thanks to higher physical sales at higher prices combined with lower per MWh cost of power supply.

When compared to the first quarter, the electricity margin decreased by US$5.9 million since the US$6.6 million revenue increase was offset by a US$12.6 million cost increase. Fuel price increases, particularly coal prices, resulted in an increase in average realized prices (119 US$/MWh versus 117 US$/MWh) as well as in an increase in fuel costs despite EECL’s lower generation levels. Energy purchase volumes were similar to those of the first quarter, but spot prices rose by 22%. In sum, despite the revenue increase and flat fuel costs, higher spot prices explained by the quarter’s dry weather conditions, was the main cause for the 3-point electricity margin decrease in the second quarter.

Operating Results

Quarterly Information (in US$ millions)

EBITDA	**2Q 2017**		**1Q 2018**		**2Q 2018**		**% Variation**	
	Amount	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**QoQ**	**YoY**
Total operating revenues………………………	271.7	*100%*	299.1	*100%*	304.3	*100%*	*2%*	*12%*
Total cost of goods sold……………………	(223.9)	*-82%*	(233.6)	*-78%*	(235.6)	*-77%*	*1%*	*5%*
Gross income…………………………	**47.8**	*18%*	**65.5**	*22%*	**68.7**	*23%*	***5%***	***44%***
Total selling, general and administrative expenses and other operating income/(costs).	(7.4)	*-3%*	(7.6)	*-3%*	(6.7)	*-2%*	*-11%*	*-9%*
Operating income…………………….	**40.4**	*15%*	**57.9**	*19%*	**62.0**	*20%*	***7%***	***53%***
Depreciation and amortization……..…………	34.0	*13%*	33.8	*11%*	33.0	*11%*	*-2%*	*-3%*
EBITDA…………………………………	**74.4**	*27.4%*	**91.7**	*30.7%*	**95.0**	*31.2%*	***4%***	***28%***

Second-quarter EBITDA reached US$95 million, a US$20.6 million increase compared to the same period the year before. This was due to the above-explained US$23.6 million electricity margin increase, partly offset by a decrease in other revenues and an increase in SG&A expenses, mainly attributed to the effect of the appreciation of the Chilean peso on local-currency costs.

EBITDA increased by US$3.3 million compared to the immediately preceding quarter despite the US$5.9 million electricity margin decrease, which was offset by lower operating and maintenance costs.

Financial Results

Quarterly Information (In US$ millions)

	2Q 2017		**1Q 2018**		**2Q 2018**		**% Variation**	
Non-operating results	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**QoQ**	**YoY**
Financial income………..………………………	0.9	*0%*	1.2	*0%*	1.8	*1%*	*52%*	*103%*
Financial expense……………..…………………	(3.3)	*-1%*	(2.8)	*-1%*	(2.3)	*-1%*	*-16%*	*-29%*
Foreign exchange translation, net………….…	(1.4)	*-1%*	(0.1)	*0%*	(1.5)	*0%*		*7%*
Share of profit (loss) of associates accounted for using the equity method	(0.2)	*0%*	-	*0%*	-	*0%*		*-100%*
Other non-operating income/(expense) net…	10.1	*4%*	0.1	*0%*	(66.2)	*-22%*		*-755%*
Total non-operating results…………….	**6.1**	*2%*	**(1.6)**	*-1%*	**(68.2)**	*-22%*		
Income before tax…………………… ………	46.4	*17%*	56.4	*19%*	(6.2)	*-2%*	***-111%***	***-113%***
Income tax……………………………………	(12.5)	*-5%*	(14.7)	*-5%*	3.4	*1%*	*-123%*	*-127%*
Net income from continuing operations after taxes …	33.9	*12%*	41.7	*14%*	(2.9)	*-1%*	*-107%*	*-108%*
Net income attributed to controlling shareholders…….	**31.5**	*12%*	**39.2**	*13%*	**(4.0)**	*-1%*	***-110%***	***-113%***
Net income attributed to minority shareholders……….	2.4	*1%*	2.4	*1%*	1.1	*0%*	*-52%*	*-52%*
Net income to EECL's shareholders	**31.5**	*12%*	**39.2**	*13%*	**(4.0)**	*-1%*	***-110%***	***-113%***
Earnings per share……………………..	**0.030**		**0.037**		**(0.004)**			

Interest expense decreased by US$0.5 million, when compared to 1Q18, and by US$1.0 million when compared to the second quarter of 2017 due to the capitalization of interest, which is made in proportion to the IEM and Port capital expenditures in each quarter. Interest capitalization offset the interest expense on the company's new financial debt.

Foreign-exchange losses reached US$1.5 million in the second quarter due to the effect of exchange-rate variations on 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.

The account labelled 'Share of profit (loss) of associates accounted for using the equity method' used to include the proportional result in the jointly-controlled TEN company, which is now included in the operating accounts above EBITDA.

The 'Other net non-operating income' account includes the U12 and U13 impairment, which resulted in a US$71 million pre-tax loss or a US$51.9 million after-tax loss. This loss was only partly offset by a US$4.8 million property-damage insurance recovery, which resulted in a positive US$3.5 million non-recurring after-tax effect. In the second quarter of 2017, net income had also been affected by US$10 million in non-recurring insurance recoveries for property-damage at the U16 CCGT. This had a positive US$7.5 million after-tax effect on 2Q17's net income.

Net Earnings

The applicable income tax rate for 2018 is 27%, up from 25.5% in 2017.

In the second quarter of 2018, the company reported after-tax net losses of US$4 million as a result of the above-explained asset impairment, which was only partially offset by insurance recoveries. Excluding non-recurring effects, net income would have reached US$44.3 million in the second quarter, a 13% increase compared to the first quarter.

When compared with the same quarter of 2017, net recurring income increased by US$20.3 million, or 84%, basically due to the company's increased revenues and stronger operating performance.

1H 2018 compared to 1H 2017

Operating Revenues

For the 6-month period ended June 30 (in US$ millions)

	1H17		1H18		Variation	
Operating Revenues	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**%**
Unregulated customers sales…………………..	368.6	*76%*	357.9	*64%*	*-10.8*	*-3%*
Regulated customers sales…………………….	98.0	*20%*	201.8	*36%*	*103.8*	*106%*
Spot market sales……………………………..	18.3	*4%*	3.4	*1%*	*-14.9*	*-81%*
Total revenues from energy and capacity sales……	**485.0**	*91%*	**563.2**	*93%*	***78.2***	*16%*
Gas sales…………………………..	3.2	*1%*	5.0	*1%*	*1.8*	*56%*
Other operating revenue……………………….	42.3	*8%*	35.2	*6%*	*-7.0*	*-17%*
Total operating revenues………………….	**530.4**	*100%*	**603.4**	*100%*	***72.9***	*14%*
Physical Data (in GWh)						
Sales of energy to unregulated customers (1)……	3,232	*74%*	3,038	*63%*	*-194*	*-6%*
Sales of energy regulated customers……	955	*22%*	1,786	*37%*	*830*	*87%*
Sales of energy to the spot market…………….	170	*4%*	14	*0%*	*-155*	*-91%*
Total energy sales………………………….	**4,357**	*100%*	**4,838**	*100%*	***481***	*11%*
Average monomic price unregulated customers(U.S.$/MWh)(2)	**113.8**		**118.4**		***4.6***	*4%*
Average monomic price regulated customers (U.S.$/MWh)(3)	**102.6**		**113.0**		***10.4***	*10%*

(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$563.2 million in the first half of 2018, representing a 16% or a US$78.2 million increase compared to the first half of 2017, due to increased sales to regulated clients resulting from the new contract with distribution companies in the center-south segment of the SEN grid. This contract contributed US$101.3 million in additional revenues in the first half of the year.

Physical energy sales to unregulated clients decreased 6% basically due to the end of the Radomiro Tomic contract in August 2017 (-341 GWh), partly offset by increased demand from El Abra, Esperanza, El Tesoro and new clients. Physical sales to regulated clients more than doubled due to the new contract with distribution companies that contributed 846 GWh in additional sales.

Physical sales to the spot market decreased 81%. The spot market sales and purchase items also include the retroactive annual firm capacity price and monthly energy adjustment payments per the re-liquidations made by the grid coordinator.

Gas sales reached US$5 million, a US$1.8 million increase compared to the first half of 2017. The Other operating revenue account is composed of transmission tolls and regulatory transmission revenues, which accounted for 70% of this item. In addition, this item includes port and maintenance services as well as insurance recoveries for business interruption related to a past loss at CTM3, which amounted to US$2.8 million in the first half of 2018.

Operating Costs

For the 6-month period ended June 30 (in US$ millions)

Operating Costs	**1H 2017** Amount	**1H 2017** % of total	**1H 2018** Amount	**1H 2018** % of total	**Variation** Amount	**Variation** %
Fuel and lubricants………………………………	(175.7)	*38%*	(183.9)	*38%*	*8.2*	*5%*
Energy and capacity purchases on the spot market…	(115.0)	*25%*	(128.1)	*26%*	*13.1*	*11%*
Depreciation and amortization attributable to cost of goods sold…	(65.4)	*14%*	(64.9)	*13%*	*-0.5*	*-1%*
Other costs of goods sold…………………….	(86.1)	*19%*	(92.3)	*19%*	*6.2*	*7%*
Total cost of goods sold………………..	**(442.2)**	*97%*	**(469.2)**	*97%*	***27.0***	***6%***
Selling, general and administrative expenses…	(15.4)	*3%*	(17.7)	*4%*	*2.3*	*15%*
Depreciation and amortization in selling, general and administrative expenses…	(2.1)	*0%*	(1.9)	*0%*	*-0.2*	*-8%*
Other operating revenue/costs……………………….	2.1	*0%*	5.3	*-1%*	*-3.1*	*146%*
Total operating costs.…………………	**(457.5)**	*100%*	**(483.5)**	*100%*	***26.0***	***6%***
Physical Data (in GWh)						
Gross electricity generation						
Coal………………………………………….	2,548	*82%*	2,169	*74%*	*-379*	*-15%*
Gas…………………………………………..	511	*16%*	738	*25%*	*227*	*45%*
Diesel Oil and Fuel Oil…………………….	14	*0%*	5	*0%*	*-9*	*-64%*
Hydro/Solar……………………………………….	30	*1%*	35	*1%*	*5*	*16%*
Total gross generation…………………	**3,103**	*100%*	**2,946**	*100%*	***-156***	***-5%***
Minus Own consumption………………..	(252)	*-8%*	(232)	*-8%*	*20*	*-8%*
Total net generation……………………	**2,850**	***63%***	**2,714**	***54%***	***-136***	*-5%*
Energy purchases on the spot market………..	1,663	***37%***	1,871	***37%***	*209*	*13%*
Energy purchases- bridge………..	-	***0%***	419	***8%***	*419*	*100%*
Total energy available for sale before transmission losses………………………	**4,513**	***100%***	**5,005**	***100%***	***492***	***11%***

Gross electricity generation decreased 5% compared to the first half of 2017, mainly due to a 15% decrease in coal generation. The generation mix revealed a higher contribution of gas generation given its greater flexibility to cope with the intermittency of renewable output. This, the increased penetration of renewable sources, and the frequent dispatch of coal plants at lower load factors, explained the decrease in coal generation.

The increase in international coal prices resulted in a 5% increase (US$8.2 million) in the fuel cost item in the first half of 2018, despite the decrease in generation.

The electricity purchase costs item increased by US$13 million (11%) since physical purchases rose by 38% to supply the new contract with distribution companies. This contract is being supplied with bridge contracts with other generation companies (419 GWh) and energy purchased from the spot market (426 GWh). Both types of purchases are included in the same accounting item.

Depreciation costs remained at similar levels as those reported in the first half of 2017.

Other direct operating costs included, among others, transmission tolls, operating and maintenance costs, cost of fuel sold, and insurance premiums. This item, as a whole, increased due to higher maintenance costs and the effect of the appreciation of the Chilean peso through most of the period on peso-denominated costs.

SG&A expenses increased slightly due to the effects of the appreciation of the Chilean peso, despite lower IT, travel and consulting expenses achieved in the context of ongoing cost-saving initiatives.

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$4.6 million in the first half of 2018.

Operating Results

For the 6-month period ended June 30 (in US$ millions)

EBITDA	**6M 2017**		**6M 2018**		**Variation**	
	Amount	**% of total**	**Amount**	**% of total**	**Amount**	**%**
Total operating revenues………………………	530.4	*100%*	603.4	*100%*	*72.9*	*14%*
Total cost of goods sold……………………	(442.2)	*83%*	(469.2)	*78%*	*27.0*	*6%*
Gross income…………………………	**88.3**	*17%*	**134.2**	*22%*	***45.9***	***52%***
Total selling, general and administrative expenses and other operating income/(costs).	(15.3)	*3%*	(14.3)	*2%*	*-1.0*	*-6%*
Operating income…..………………	**73.0**	*14%*	**119.9**	*20%*	***46.9***	***64%***
Depreciation and amortization……...…………	67.4	*13%*	66.8	*11%*	*-0.6*	*-1%*
EBITDA………………….………………	**140.4**	*26.5%*	**186.7**	*30.9%*	***46.3***	***33%***

1H18 EBITDA reached US$186.7 million, a 33% increase compared to the first half of 2017. As explained earlier, this was due to the US$56.9 million increase in the electricity margin, which was partially offset by higher direct operating costs and lower other income.

Financial Results

For the 6-month period ended June 30 (in US$ millions)

	6M 2017		**6M 2018**		**Variation**	
Non-operating results	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**%**
Financial income………..………………………	1.9	*0%*	3.0	*1%*	*1.1*	*60%*
Financial expense……………..……………	(7.8)	*-1%*	(5.1)	*-1%*	*2.6*	*-34%*
Foreign exchange translation, net…………	(1.1)	*0%*	(1.6)	*0%*	*-0.5*	*48%*
Share of profit (loss) of associates accounted for using the equity method	0.4	*0%*	-	*0%*	*-0.4*	
Other non-operating income/(expense) net…	9.6	*2%*	(66.1)	*-11%*	*-75.7*	
Total non-operating results……………	**3.1**	*1%*	**(69.8)**	*-12%*		
Income before tax……………………. ………	76.1	*14%*	50.1	*8%*	***-26.0***	***-34%***
Income tax……………………………………	(20.0)	*-4%*	(11.3)	*-2%*	*8.7*	
Net income from continuing operations after taxes …	56.1	*11%*	38.8	*6%*	*-17.3*	*-31%*
Net income attributed to controlling shareholders…….	**51.2**	*10%*	**35.2**	*6%*	***-15.9***	***-31%***
Net income attributed to minority shareholders……….	5.0	*1%*	3.5	*1%*	*-1.4*	*-28%*
Net income to EECL's shareholders	**51.2**	*10%*	**35.2**	*6%*	***-15.9***	***-31%***
Earnings per share……………………..	**0.049**		**0.033**			

Financial income increased slightly due to higher interest rates.

Interest expense decreased by US$2.6 million given the capitalization of interest in the IEM and port projects.

Foreign-exchange losses reached US$1.6 million in 1H18 and remained at similar levels as those reported in the first half of 2017.

The ‘Share of profit (loss) of associates accounted for using the equity method’ account reported in the first half of 2017 included the proportional net income of the TEN project, which is now included as other operating income since TEN began commercial operations at the end of last year.

Other net non-operating income reported a US$66.1 million loss due to the asset impairment related to the future closure of the U12 and U13 coal-fired units in Tocopilla, which represented and after-tax loss of US$51.9 million (US$71 million before-tax loss). This item includes insurance recoveries on property damages at the CTM3 and U16 CCGTs. Insurance recoveries amounted to US$4.8 million, with a US$3.5 million positive after-tax impact on net results. In the first half of 2017, this item included a US$10 million partial insurance recovery associated to property damage at the U16 CCGT, which had a positive US$7.5 million after-tax impact on net results.

Net Earnings

The applicable income tax rate for 2018 is 27%, up from 25.5% in 2017.

In the first half of 2018, net income after taxes reached US$35.2 million, down from 1H17’s US$51.2 million. When isolating the non-recurring effects, the 1H18 net income would have been US$83.6 million, a 91% increase compared to the US$43.7 million net recurring income in the first half of 2017. This is mainly explained by the company’s expanded operations and improved operating results.

Liquidity and Capital Resources

As of June 30, 2018, EECL reported cash balances of US$133 million, in addition to US$200 million available under a committed revolving credit facility. This position compares with a total nominal financial debt[1] of US$900 million, with US$150 million maturing within one year. EECL took this US$200 million committed revolving credit facility in 2015 to support the company’s liquidity in times of active investing in capital expenditures. Five international banks -Mizuho, BBVA, Citibank, Caixabank, and HSBC- extended this facility, which matures on June 30, 2020, and remained undrawn as of June 30, 2018.

For the 6-month period ended March 31 (in US$ millions)

Cash Flow	**2017**	**2018**
Net cash flows provided by operating activities…	121.0	171.8
Net cash flows used in investing activities………	(284.8)	(134.6)
Net cash flows provided by financing activities..	(21.1)	18.6
Change in cash………………...………….	**(184.9)**	**55.8**

(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 lease related to the long-term tolling agreement with TEN.

Cash Flow from Operating Activities

In the first half of 2018, cash flow generated from operating activities reached approximately US$191.7 million; however, the cash flow statement shows US$171.8 million since it is presented after income-tax payments of US$16.4 million and interest expense of US$3.4 million. It should be noted that cash interest payments actually amounted to US$19.8 million, US$16.3 million of which were capitalized and accounted for as investments in fixed assets.

Cash Flow Used in Investing Activities

In the first half of 2018, cash flows from investing activities resulted in a net cash expenditure of US$134.6 million, mainly due to the cash expenditures related to investments in fixed assets (US$118.3 million) plus capitalized interest for US$16.3 million.

Capital Expenditures

Our capital expenditures in the first half of 2018 and 2017 amounted to US$133.5 million and US$269.4 million, respectively, as shown in the following table. These amounts include VAT payments and capitalized interest.

For the 6-month period ended June 30 (in US$ millions)

CAPEX	**2017**	**2018**
CTA ……………………………………………….	0.6	0.1
CTA (New Port) …………………………………..	23.8	13.5
CTH ………………………………………………	0.4	0.6
IEM …………………………………………………	212.9	107.8
Overhaul power plants & equipment maintenance and refurbishing…………………	16.1	4.9
Environmental improvement works………………	0.1	0.1
Overhaul equipment & transmission lines …………………	11.0	2.5
Others…………………………………………	4.5	4.0
Total capital expenditures……………………….	**269.4**	**133.5**

Capital expenditures in the above table include VAT payments and capitalized interest. In the first half of 2018, capitalized interest amounted to US$13.9 million in the IEM Plant and US$2.4 million in the Puerto Andino project belonging to our CTA subsidiary.

Cash Flow from Financing Activities

Financing cash flows include EECL's US$33.1 million final dividend on account of 2017 net income and a US$2.2 million dividend paid to the minority shareholder in Inversiones Hornitos (CTH).

Contractual Obligations

The following table sets forth the maturity profile of our debt obligations as of June 30, 2018.

Contractual Obligations as of 06/30/18
Payments Due by Period (in US$ millions)

	Total	< 1 year	1 - 3 years	3 - 5 years	More than 5 years
Bank debt…………………………………..……	150.0	150.0	-	-	-
Bonds (144 A/Reg S Notes)……………………..	750.0	-	400.0	-	350.0
Financial lease - Tolling Agreement TEN………	59.3	1.1	2.5	3.1	52.6
Deferred financing cost…………………………..	(17.4)	(0.4)	(7.8)		(9.2)
Accrued interest…………………………………..	18.6	18.6	-	-	-
Mark-to-market swaps……………………………	3.1	3.1	-	-	
Total	**963.6**	**172.5**	**394.7**	**3.1**	**393.4**

On July 20, 2017, EECL took one-year loans with BCI for US$60 million and Banco de Crédito del Perú (BCP) for US$15 million. On October 25, 2017, EECL borrowed US$25 million from Scotiabank. On April 5, 2018, EECL took an additional US$40 million with Scotiabank and US$10 million with Banco Estado, thus reaching an aggregate US$150 million in short-term debt as of June 30, 2018. All of these loans are in US dollars and accrue a fixed interest rate. They are documented by simple promissory notes (*"pagarés"*) reflecting the payment obligation on the due date, with no operational or financial restrictions and permitted prepayment at any time with no penalties for the company.

The bonds include our US$400 million, 10-year, 5.625% 144-A/Reg.S notes maturing January 15, 2021 and our 144 A/Reg S issue for a total amount of US$350 million with a single principal payment in January 2025 and a 4.5% p.a. coupon rate.

Leasing obligations refer to a long-term tolling agreement signed with TEN for the use of dedicated 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 approximately US$60 million, and it is payable in monthly instalments adding up approximately US$7 million per year.

On June 30, 2015, EECL signed a long-term senior unsecured revolving credit facility agreement with five international banks (Mizuho, BBVA, Citibank, Caixabank and HSBC) in an aggregate amount of up to US$270 million with maximum maturity date of June 30, 2020. This revolving credit facility has provided EECL with financial flexibility to finance its expansion in the transmission and generation businesses. The facility draws a commitment fee on the unused portion of the line and a floating interest rate equal to 90-day LIBOR plus a margin on any drawn amounts. The total committed amount was reduced to US$200 million in May 2018 at the company's request. As of June 30, 2018, the US$200 million committed amount remained fully available, as EECL had not made any disbursements under this facility.

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

On April 24, 2018, at the Annual Ordinary Shareholders Meeting, our shareholders approved the Board's proposal to pay a final dividend of US$30,424,756 (US$0.028884908 per share) payable on May 22, 2018, in Chilean pesos using the peso-dollar observed rate published by the Official Gazette on April 24, the date of the Shareholders' Meeting.

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

Risk management policy

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

EECL has established risk management procedures, which include a description of the risk assessment methodology and a risk matrix. Additionally, the company established a Risk and Insurance Committee, responsible for the risk matrix review, analysis and approval as well as the proposal of risk mitigation measures. The risk matrix is updated and reviewed semiannually, while action plans are monitored on a permanent basis. Management presents the company's risk management performance to the board on an annual basis.

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

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. 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 recent trend to dissociate PPA price indexation from fossil fuel price fluctuations, we maintain residual exposure to certain international commodity prices. For example, the tariff of the EMEL contract, which became effective at the beginning of 2012, is readjusted semiannually according to the Henry Hub and the U.S. CPI indices. However, there is a mismatch between the Henry Hub index used to define the EMEL tariff (4-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 somewhat naturally hedged by a contractual indexation triggered any time the price formula reports a fluctuation of 10% or more. We periodically define and execute financial hedging strategies to cover our residual exposure to international commodity price risks. Therefore, 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 U.S. dollars and that we seek to incur debt in U.S. dollars, we face limited exposure to foreign exchange risk. Our main costs denominated in Chilean pesos are personnel and administrative expenses, which account for approximately 10% of our total operating costs. In the specific case of regulated contracts, the price is calculated in dollars and is converted to pesos at the average monthly exchange rate; therefore, the foreign currency exposure related to this contract has been substantially reduced. Given the dollarized nature of most of our revenues, the portion of operating and administrative costs in pesos represents our main exposure to foreign-currency risks. Therefore, we have hedged a portion of our recurrent costs in pesos through forward contracts.

The company and its CTA subsidiary signed foreign-currency derivative contracts to hedge the UF and EUR cash flows stemming from the EPC contracts with S.K. Engineering and Construction and Belfi, respectively, to avoid variations in cash flows and the final value of the investment resulting from foreign currency fluctuations out of management's control.

Interest Rate Hedging

We seek to maintain a significant portion of our long-term debt at fixed rates in order to minimize interest-rate exposure. As of June 30, 2018, 100% of our financial debt, for a principal amount of US$900 million, was at fixed rates, including US$150 million in short-term loans with interest rates fixed for one year at the time of disbursement. Loans under the 5-year revolving credit facility will draw a variable interest rate based on 90-day LIBOR. As of this date, EECL has not requested any drawings under this facility.

As of June 30, 2018
Contractual maturity date (in US$ millions)

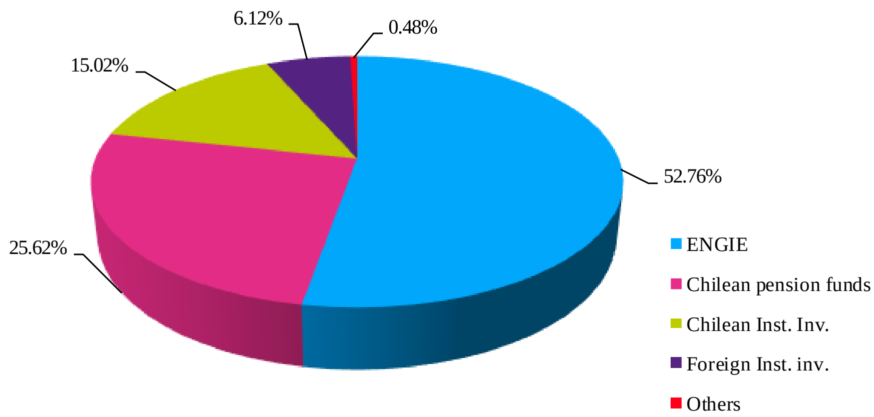
	Average interest rate	2018	2019	2020	2021	Thereafter	Grand Total
Fixed Rate							
(US$)	5.625% p.a.	-	-	-	400.0		400.0
(US$)	4.500% p.a.	-	-	-	-	350.0	350.0
(US$)	1.940% p.a.	100.0	50.0	-	-	-	150.0
Total		**100.0**	**50.0**	**-**	**400.0**	**350.0**	**900.0**

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 level 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, our company closely follows up this exposure through its 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. 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 we have individual counterparty limits to manage our exposure.

OWNERSHIP STRUCTURE AS OF JUNE 30, 2018

Number of shareholders: 1,804



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

APPENDIX 1

PHYSICAL DATA AND SUMMARIZED QUARTERLY FINANCIAL STATEMENTS

Physical Sales

Physical Sales (in GWh)

	2017			2018		
	1Q17	**2Q17**	**1H17**	**1Q18**	**2Q18**	**1H18**
Physical Sales						
Sales of energy to unregulated customers.	1,600	1,631	3,232	1,485	1,552	3,038
Sales of energy to regulated customers	476	479	955	915	871	1,786
Sales of energy to the spot market………	88	82	170	8	7	14
Total energy sales………………………….	**2,164**	**2,193**	**4,357**	**2,408**	**2,430**	**4,838**
Gross electricity generation						
Coal………………………………………….	1,253	1,294	2,548	1,167	1,001	2,169
Gas…………………………………………..	277	234	511	347	391	738
Diesel Oil and Fuel Oil…………………….	3	11	14	2	3	5
Renewable……………………………………….	17	13	30	20	14	35
Total gross generation………………….	**1,550**	**1,553**	**3,103**	**1,536**	**1,410**	**2,946**
Minus Own consumption……………..	(130)	(122)	(252)	(123)	(110)	(232)
Total net generation…………………….	**1,419**	**1,431**	**2,850**	**1,414**	**1,301**	**2,714**
Energy purchases on the spot market………..	821	842	1,663	929	942	1,871
Energy purchases- bridge	-	-	-	215	204	419
Total energy available for sale before transmission losses………………………	**2,240**	**2,273**	**4,513**	**2,558**	**2,447**	**5,005**

Quarterly Income Statement

Quarterly Income Statement (in US$ millions)

IFRS						
Operating Revenues	**1Q17**	**2Q17**	**1H17**	**1Q18**	**2Q18**	**1H18**
Regulated customers sales………………………	46.7	51.3	98.0	102.5	99.3	201.8
Unregulated customers sales…………………..	184.4	184.2	368.6	173.6	184.3	357.9
Spot market sales………………………………..	7.1	11.2	18.3	2.1	1.3	3.4
Total revenues from energy and capacity sales……………………………	**238.3**	**246.7**	**485.0**	**278.3**	**284.9**	**563.2**
Gas sales…………………………..	1.3	1.9	3.2	3.4	1.6	5.0
Other operating revenue……………………….	19.2	23.1	42.3	17.5	17.8	35.2
Total operating revenues………………….	**258.8**	**271.7**	**530.4**	**299.1**	**304.3**	**603.4**
Operating Costs						
Fuel and lubricants………………………………	(88.2)	(87.5)	(175.7)	(91.9)	(92.0)	(183.9)
Energy and capacity purchases on the spot	(54.7)	(60.3)	(115.0)	(57.8)	(70.3)	(128.1)
Depreciation and amortization attributable to cost of goods sold..	(32.3)	(33.0)	(65.4)	(32.8)	(32.1)	(64.9)
Other costs of goods sold…………………….	(43.0)	(43.1)	(86.1)	(51.1)	(41.2)	(92.3)
Total cost of goods sold………………..	**(218.3)**	**(223.9)**	**(442.2)**	**(233.6)**	**(235.6)**	**(469.2)**
Selling, general and administrative expenses…	(8.3)	(7.0)	(15.4)	(9.2)	(8.4)	(17.7)
Depreciation and amortization in selling, general and administrative expenses…	(1.1)	(1.0)	(2.1)	(1.0)	(0.9)	(1.9)
Other revenues………...……………………….	1.5	0.6	2.1	2.6	2.6	5.3
Total operating costs…..………………..	**(226.2)**	**(231.3)**	**(457.5)**	**(241.2)**	**(242.3)**	**(483.5)**
Operating income…..……………….	**32.6**	**40.4**	**73.0**	**57.9**	**62.0**	**119.9**
EBITDA………………….…………………	**66.0**	**74.4**	**140.4**	**91.7**	**95.0**	**186.7**
Financial income………..………………………	1.0	0.9	1.9	1.2	1.8	3.0
Financial expense…………..…………………	(4.5)	(3.3)	(7.8)	(2.8)	(2.3)	(5.1)
Foreign exchange translation, net……………	0.3	(1.4)	(1.1)	(0.1)	(1.5)	(1.6)
Share of profit (loss) of associates accounted for using the equity method	0.7	(0.2)	0.4	-	-	-
Other non-operating income/(expense) net………………………	(0.5)	10.1	9.6	0.1	(66.2)	(66.1)
Total non-operating results……………	**(2.9)**	**6.1**	**3.1**	**(1.6)**	**(68.2)**	**(69.8)**
Income before tax……………………..………	29.7	46.4	76.1	56.4	(6.2)	50.1
Income tax………………………………………	(7.4)	(12.5)	(20.0)	(14.7)	3.4	(11.3)
Net income from continuing operations after taxes …….	22.2	33.9	56.1	41.7	(2.9)	38.8
Net income attributed to controlling shareholders……………….	**19.7**	**31.5**	**51.2**	**39.2**	**(4.0)**	**35.2**
Net income attributed to minority shareholders……………….	2.6	2.4	5.0	2.4	1.1	3.5
Net income to EECL's shareholders…….	**19.7**	**31.5**	**51.2**	**39.2**	**(4.0)**	**35.2**
Earnings per share…………………….. (US$/share)	**0.019**	**0.030**	**0.049**	**0.037**	**(0.004)**	**0.033**

Quarterly Balance Sheet

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

	2017 December	2018 June
Current Assets		
Cash and cash equivalents (1)	78.2	133.7
Other financial assets	2.8	0.5
Accounts receivable	129.4	126.0
Recoverable taxes	12.9	7.7
Current inventories	129.5	141.7
Other non financial assets	28.6	9.1
Total current assets	**381.4**	**418.7**
Non-Current Assets		
Property, plant and equipment, net	2,543.5	2,616.3
Other non-current assets	439.3	444.0
TOTAL ASSETS	**3,364.2**	**3,479.0**
Current Liabilities		
Financial debt	117.3	172.5
Other current liabilities	215.7	209.2
Total current liabilities	**333.0**	**381.7**
Long-Term Liabilities		
Financial debt	731.4	791.2
Other long-term liabilities	234.3	214.8
Total long-term liabilities	**965.7**	**1,006.0**
Shareholders' equity	1,991.5	2,018.6
Minority' equity	74.0	72.8
Equity	**2,065.5**	**2,091.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,364.2**	**3,479.0**

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

Main Balance Sheet Variations

The main balance-sheet variations between December 31, 2017, and June 30, 2018, are the following:

Cash and cash equivalents: The company's strong cash generation ability, together with two new loans for an aggregate US$50 million booked in April 2018, allowed EECL to finance capital expenditures for US$117 million and dividends of US$31 million, among other uses of funds, while increasing the company's cash balances by US$55.5 million.

Accounts receivable: The US$3.4 million reduction is mainly a result of an account receivable from regulated clients arising from the differential between the tariff in effect according to the contract and the tariff being effectively applied to regulated clients according to the Node Price decrees. This differential was caused by the delay in the publication of the Average Node Price decrees, and is being paid over one-year periods following the publication of the decrees.

Recoverable taxes: The US$5.2 million decrease is mainly due to a combination of two opposite effects: (i) an increase in provisional monthly tax payments (“PPM”) (+US$9.5 million) and (ii) a US$15.1 million increase in taxes payable on net earnings reported during the period.

Current inventories: A US$12.2 million increase can be observed in inventory balances due to (i) a US$14.3 million coal stock increase, (ii) a US$6.1 million hydrated lime stock increase, and (iii) an increase in other fuel stocks (US$3.5 million). All of this was partly offset by a US$9.5 million spare-part inventory impairment associated to the future closure of the U12 and U13 coal-fired plants.

Other non-financial assets – current: The US$19.5 million reduction in this item is explained by a US$3.4 million decrease in advances to suppliers, a US$4.5 million decrease in deferred expenses, and a US$10.6 million decrease in the VAT credit account.

Property, plant and equipment, net: Two main items explain the increase in this account: (i) the construction of the IEM and Puerto Andino projects (US$118.3 million) and (ii) the dedicated transmission assets resulting from the tolling agreement signed with TEN, with present value of US$59.8 million. These increases were partially offset by the period’s depreciation cost (US$58.2 million) and the US$61.6 million fixed-asset impairment corresponding to the U12 and U13 coal-fired plants.

Financial debt – current: This item reported a US$55.2 million net increase mainly explained by (i) the two new short-term loans for an aggregate US$50 million taken in April 2018; (ii) a higher mark-to-market valuation of FX forward contracts taken hedge the company’s cash flows against foreign-currency risk; (iii) the short-term portion of the tolling agreement with TEN; and (iv) accrued interest (US$18 million), offset by US$19.1 million in interest payments on the 144-A bonds.

Other current liabilities: The US$6.5 million decrease resulted from the following main variations: (i) a US$9.9 million decrease in accounts payable to related companies due to the dividends paid in May; and (ii) a US$21.2 million decrease in accounts payable to suppliers. This was partially offset by (i) a US$7.5 million increase in income tax provisions and (ii) a US$21 million increase in other liabilities corresponding to an advanced payment from YPF pursuant to a gas export contract with product delivery scheduled for the second half of the year.

Long-term financial debt: The US$59.8 million increase in long-term debt is explained by 20-year tolling agreement signed with TEN for the use of dedicated transmission assets, which is accounted for as a financial lease.

Other long-term liabilities: This item has reported no significant variations in the first half of 2018.

Shareholders’ equity: The US$27.1 million increase in shareholders’ equity is made up of (i) the first half’s net income (US$35.2 million), minus (ii) a US$10.6 million dividend payment provision corresponding to 30% of net income in accordance with the company’s dividend payment policy. This amount was discounted from equity and included in accounts payable to related companies, in the proportion corresponding to our controlling shareholder, and in other accounts payable, in the proportion payable to our minority shareholders.

Minority equity: This account reported a US$1.2 million decrease due to the provision corresponding to the dividends payable to the minority shareholder in Inversiones Hornitos on its share in net income accrued in the first half of 2018.

APPENDIX 2

Financial information

	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
EBITDA*	76.4	66.4	66.0	74.4	60.1	75.6	91.7	95.0
Net income attributed to the controller	27.0	-5.7	19.7	31.5	18.1	32.1	39.2	35.2
Interest expense	6.8	4.1	4.5	3.3	2.3	1.6	2.8	5.1

* Operating income + Depreciation and Amortization for the period

	Jun/17	Jun/18
LTM EBITDA	283.1	322.3
LTM Net income attributed to the controller	72.4	124.7
LTM Interest expense	18.7	11.8
Financial debt	747.1	963.6
Current	17.1	172.5
Long-Term	730.0	791.2
Cash and cash equivalents	92.9	133.7
Net financial debt	654.2	830.0

Financial Ratios

	FINANCIAL RATIOS		Dec/17	Jun/18	Var.
LIQUIDITY	Current ratio (current assets / current liabilities)	(times)	1.15	1.10	***-4%***
	Quick ratio ((current assets - inventory) / current liabilities)	(times)	0.76	0.73	***-4%***
	Working capital (current assets – current liabilities)	MMUS$	48.4	37.0	***-23%***
LEVERAGE	Leverage ((current liabilities + long-term liabilities) / networth)	(times)	0.63	0.66	***6%***
	Interest coverage * ((EBITDA / interest expense))	(times)	23.81	35.95	***51%***
	Financial debt –to- LTM EBITDA*	(times)	3.07	2.99	***-3%***
	Net financial debt – to - LTM EBITDA*	(times)	2.79	2.57	***-8%***
PROFITABILITY	Return on equity* (LTM net income attributed to the controller / net worth attributed to the controller)	%	5.1%	4.2%	***-17%***
	Return on assets* (LTM net income attributed to the controller / total assets)	%	3.0%	2.5%	***-18%***

*LTM = Last twelve months

At the end of June 2018, the current ratio and the quick ratio were 1.10x and 0.73x, respectively, a 4% decrease compared to December 2017 mainly due to (i) a decrease in cash balances explained by the use of cash to pay for capital expenditures; and (ii) an increase in current liabilities due to the above-mentioned new short-term debt, as well as income tax and dividend payment provisions. As a result, working capital, measured as total current assets minus total current liabilities, decreased to US$37 million. Liquidity remains strong due to the company's cash balances and strong cash generation ability, in addition to the US$200 million committed revolving credit facility, which remains fully available.

The leverage ratio, as measured by total liabilities-to-equity, reached 0.66x as of June 30, 2018, an increase compared to December 2017's 0.63x, due to the 20-year tolling agreement signed with TEN, which is accounted for as a financial lease; and the new loans for an aggregate amount of US$50 million.

As of June 30, 2018, interest coverage was 35.95x, greater than December 2017's 23.81x, primarily as a result of the EBITDA increase, and also due to the decrease in interest expense explained by the capitalization of interest in the IEM and Puerto Andino projects.

The leverage ratio, as measured by Gross financial debt-to-EBITDA, decreased by 3% despite the increase in financial debt due to the EBITDA increase. Net financial debt-to-EBITDA decreased further by 8% due to the high cash balances reported at the end of June 2018.

Return on equity and return on assets reached 4.2% and 2.5%, respectively, a decrease compared to year-end 2017, basically due to non-recurring losses, which adversely impacted net income in the first half of 2018, as explained earlier in this report.

CONFERENCE CALL 6M18

ENGIE Energía Chile is pleased to inform you that it will conduct a conference call to review its results
for the period ended June 30, 2018, on Thursday, August 2, 2018,
at 12:00 p.m. (USA-NY) – 12:00 p.m. (Chilean Time)

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

To participate, please dial:
1(412) 858-4609, international or
1230-020-5800 (toll free Chile) or
1(866) 750-8807 (toll free US).

To join the conference, please state the name of the conference (**ENGIE Energía Chile**); no other Conference ID will be requested. Please connect approximately 10 minutes prior to the scheduled starting time.

To access the phone replay, please dial **1 (877) 344-7529** / 1 **(412) 317-0088**
Passcode I.D.: 10122239, a conference call replay will be available until August 14, 2018.