April 25, 2018

ENGIE ENERGÍA CHILE REPORTED EBITDA OF US$92 MILLION AND NET INCOME OF US$39 MILLION IN 1Q2018.

THE EBITDA INCREASE IS LARGELY EXPLAINED BY THE NEW CONTRACT WITH DISTRIBUTION COMPANIES IN THE CENTER-SOUTH SEGMENT OF THE NATIONAL GRID ("SEN"), BY WHICH THE COMPANY BEGAN SUPPLYING ELECTRICITY FOR UP TO 5,040 GWh PER YEAR OVER A 15-YEAR PERIOD.

- **Operating revenues** amounted to US$301.8 million in 1Q18, a 17% increase compared to the first quarter 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$91.7 million in 1Q18; that is, a 39% or US$25.7 million increase compared to 1Q17, mainly due to the increase in regulated sales to distribution companies.
- **Net income** amounted to US$39.2 million in 1Q18, twice as much as in the first quarter of 2017, due to improved operating results.

Financial Highlights (in US$ millions)

	1Q17	1Q18	Var %
Total operating revenues	**258,8**	**301,8**	***17%***
Operating income	32,6	57,9	*78%*
EBITDA	**66,0**	**91,7**	***39%***
EBITDA margin	25,5%	30,4%	*+4.0 pp*
Total non-operating results	(2,9)	(1,6)	
Net income after tax	22,2	41,7	*87%*
Net income attributed to controlling shareholders	**19,7**	**39,2**	***100%***
Net income attributed to minority shareholders	2,6	2,4	*-6%*
Earnings per share (US$/share)	0,019	0,037	
Total energy sales (GWh)	2.164	2.408	*11%*
Total net generation (GWh)	1.419	1.414	*0%*
Energy purchases on the spot market (GWh)	821	929	*13%*
Energy purchases - bridge (GWh)	-	215	*n,a*
Average marginal cost (US$/MWh)	59,5	-	*-100%*

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 March 31, 2018, EECL accounted for 8.3% 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-energia.cl

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HIGHLIGHTS:

RECENT EVENTS

- **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.

- **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 third quarter 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 MARCH 31, 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. 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 95.4% as of the end of March. The IEM project, excluding the new port, will cost approximately US$896 million, of which US$764 million had already been paid as of March 31, 2018, including capitalized interest. IEM is scheduled to begin operations in the third 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 March 2018. As of that date, the project presented a 98.12% overall progress rate. On December 22, 2017, the first vessel arrived at Puerto Andino, and 70,000 tons of coal were unloaded and placed on the new IEM coal yard as well as in the CTA/CTH coal yard using the newly installed conveyor belts and stacker.

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, giving 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. Following the interconnection, generation flows have been observed, primarily inflows of renewable power generated in the area known as Norte Chico into the SING grid.

Marginal Costs

	Mínimo				Promedio				Máximo			
Mes	Alto Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	Alto Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220	Alto Jahuel 220	Charrúa 220	Crucero 220	P. Azúcar 220
Ene	0	0	0	0	50,9	48,9	54,2	49,4	61,0	58,3	236,5	189,2
Feb	4,1	4,0	0	0	54,7	53,2	45,2	48,5	110,6	107,2	268,7	159,2
Mar	36,2	35,5	0	0	76,5	74,6	47,5	59,3	176,2	171,5	168,6	166,4

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 minimum technical 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$25.7 million in the first quarter of 2018, well above 1Q17's US$9.1 million, and only slightly above the 4Q17's US$23.5 million. EECL's pro-rata was US$4.3 million, approximately half 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%*	73,8	79,5	*8%*

Source: Bloomberg, IEA

When comparing the first quarter of 2018 with the first quarter of last year, we can observe that international fuel prices reported an increase led by oil, with increases in the 20% area, followed by coal, which reported more moderate one-digit price increases over the period.

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									
	1Q 2017		**2Q 2017**		**3Q 2017**		**4Q 2017**		**12M 2017**	
Fuel Type	**GWh**	*% of total*	**GWh**	*% of total*	**GWh**	*% of total*	**GWh**	*% of total*	**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	
	1Q 2018	
Fuel Type	**GWh**	*% of total*
Coal	3.356	*68%*
LNG	842	*17%*
Diesel / Fuel oil	30	*1%*
Renewable	682	*14%*
Total gross generation SING	**4.910**	***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 2,820 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.

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**	
	GWh	*% of total*	**GWh**	*% of total*	**GWh**	*% of total*	**GWh**	*% of total*	**GWh**	*% of total*
Company										
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	
	GWh	*% of total*
Company		
AES Gener	2.171	*44%*
EECL (with 100% of CTH)	1.538	*31%*
Enel Generación	34	*1%*
Other	1.167	*24%*
Total gross generation SING	**4.910**	*100%*

Source: Coordinador Eléctrico Nacional

During the first quarter of 2018, EECL reported a 1% year-on-year decrease in electricity generation, and accounted for 31% of the system's power production. Other non-traditional players reported a 10-point increase in their share, which reached 24% of total generation in the area. Regarding EECL's plant maintenance schedule in the first quarter, CTM2, which had been out of service since October 2017, resumed operations on March 11, 2018, while CTH was taken out of service between March 18 and April 19, 2018, for its scheduled maintenance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The following discussion is based on our consolidated financial statements for the three-month periods ended March 31, 2018, and March 31, 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).

1Q 2018 compared to 4Q 2017 and 1Q 2017

Operating Revenues

Quarterly Information (In US$ millions)

	1Q 2017		4Q 2017		1Q 2018		% Variation	
Operating Revenues	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Unregulated customers sales…………………..	184,4	77%	186,4	77%	173,6	62%	-7%	-6%
Regulated customers sales…………………….	46,7	20%	50,2	21%	102,5	37%	104%	120%
Spot market sales………………………………..	7,1	3%	5,1	2%	2,1	1%	-58%	-70%
Total revenues from energy and capacity sales	**238,3**	92%	**241,7**	89%	**278,3**	92%	**15%**	**17%**
Gas sales…………………………..	1,3	1%	2,9	1%	3,4	1%	16%	155%
Other operating revenue……………………….	19,2	7%	27,2	10%	20,2	7%	-26%	5%
Total operating revenues………………….	**258,8**	100%	**271,9**	100%	**301,8**	100%	**11%**	**17%**
Physical Data (in GWh)								
Sales of energy to unregulated customers (1)……	1.600	74%	1.518	74%	1.485	62%	-2%	-7%
Sales of energy regulated customers……	476	22%	479	23%	915	38%	91%	92%
Sales of energy to the spot market……………	88	4%	46	2%	8	0%	-83%	-91%
Total energy sales………………………….	**2.164**	100%	**2.043**	100%	**2.408**	100%	**18%**	**11%**
Average monomic price unregulated customers(U.S.$/MWh)(2)	**113,5**		**122,5**		**117,7**		**-4%**	**4%**
Average monomic price regulated customers (U.S.$/MWh)(3)	**98,0**		**104,9**		**112,0**		**7%**	**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$278.3 million in the first quarter, representing a US$36.6 million or 15% increase from the fourth 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 partly to the seasonal demand increase observed towards the end of each year, and partly due to lower demand from clients such as Esperanza, Zaldívar and Antucoya. Physical sales to regulated clients increased due to the new contract with distribution companies, which represented 441 GWh of additional sales in the first quarter.

The year-on-year comparison shows lower sales to unregulated clients related to the end of the Radomiro Tomic contract in August 2017 (-169 GWh), which was partly offset by increased demand from Codelco, Esperanza and El Tesoro, among others.

In the first quarter, sales to distribution companies, or regulated clients, amounted to US$102.5 million, a significant increase compared to previous quarters due to the new contract with distribution companies, which represented US$50.9 million in additional revenues.

Physical sales to the spot market reached 8 GWh in the first quarter, a decrease compared to both the first and fourth quarters 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 increase 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 EECL's share in TEN's net income, which amounted to US$2.7 million in the first quarter. The Other income item, as a whole, reported a reduction compared to 4Q17, which included US$4.1 million in transmission toll reliquidations.

Operating Costs

Quarterly Information (In US$ millions)

	1Q 2017		4Q 2017		1Q 2018		% Variation	
Operating Costs	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Fuel and lubricants………………………………	(88,2)	*39%*	(94,1)	*41%*	(91,9)	*38%*	*-2%*	*4%*
Energy and capacity purchases on the spot market……………………………	(54,7)	*24%*	(35,9)	*16%*	(57,8)	*24%*	*61%*	*6%*
Depreciation and amortization attributable to cost of goods sold…………………………….	(32,3)	*14%*	(33,6)	*15%*	(32,8)	*13%*	*-2%*	*2%*
Other costs of goods sold…………………….	(43,0)	*19%*	(58,1)	*25%*	(51,1)	*21%*	*-12%*	*19%*
Total cost of goods sold………………..	**(218,3)**	*97%*	**(221,7)**	*96%*	**(233,6)**	*96%*	***5%***	***7%***
Selling, general and administrative expenses…	(8,3)	*4%*	(9,4)	*4%*	(9,2)	*4%*	*-2%*	*11%*
Depreciation and amortization in selling, general and administrative expenses………..	(1,1)	*0%*	(1,2)	*1%*	(1,0)	*0%*	*-19%*	*-11%*
Other operating revenue/costs……………………….	1,5	*-1%*	1,2	*-1%*	(0,1)	*0%*		
Total operating costs…………………..	**(226,2)**	*100%*	**(231,1)**	*100%*	**(243,9)**	*100%*	***6%***	***8%***
Physical Data (in GWh)								
Gross electricity generation								
Coal…………………………………………	1.253	*81%*	1.334	*81%*	1.167	*76%*	*-13%*	*-7%*
Gas…………………………………………..	277	*18%*	301	*18%*	347	*23%*	*15%*	*25%*
Diesel Oil and Fuel Oil…………………….	3	*0%*	5	*0%*	2	*0%*	*-62%*	*-31%*
Hydro/Solar……………………………………….	17	*1%*	16	*1%*	20	*1%*	*27%*	*21%*
Total gross generation…………………	**1.550**	*100%*	**1.656**	*100%*	**1.536**	*100%*	***-7%***	***-1%***
Minus Own consumption……………..	(130)	*-8%*	(130)	*-8%*	(123)	*-8%*	*-6%*	*-6%*
Total net generation……………………	**1.419**	***63%***	**1.526**	***72%***	**1.414**	***55%***	***-7%***	***0%***
Energy purchases on the spot market………..	821	***37%***	583	***28%***	929	***36%***	*59%*	*13%*
Energy purchases- bridge………..	-		-		215	***8%***	*n.a*	*n.a*
Total energy available for sale before transmission losses………………………	**2.240**	***100%***	**2.110**	***100%***	**2.558**	***100%***	***21%***	***14%***

Gross electricity generation decreased 7% compared to 4Q17, mainly in terms of coal generation. 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 decreased slightly when compared to the fourth quarter of 2017. However, when compared to the first quarter of last year, the fuel-cost item increased by 4% or US$3.7 million mainly due to higher coal prices.

The spot electricity purchase cost item increased by US$21.9 million (61%) compared to 4Q17 mainly because physical energy purchases almost doubled 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 (215 GWh) and spot energy purchases (225 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$6.2 million (11%) 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 1Q17 and 4Q17.

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 fourth quarter of 2017 was related to reliquidations of transmission tolls and third-party maintenance services reported in the previous quarter. However, this item reported a year-on-year increase due to higher plant maintenance costs and the effects of the appreciation of the Chilean peso on local currency costs.

SG&A expenses, excluding depreciation, remained relatively unchanged compared to previous quarters, despite the effects of the appreciation of the Chilean peso over local-currency costs.

The Other operating revenue/cost item includes water sales and miscellaneous income as well as recoveries and provisions, and its value is relatively low.

Electricity Margin

Quarterly Information (In US$ millions)

	2017					2018
	1Q17	**2Q17**	**3Q17**	**4Q17**	**12M17**	**1Q18**
Electricity Margin						
Total revenues from energy and capacity sales………	**238,3**	**246,7**	**226,4**	**241,7**	**953,1**	**278,3**
Fuel and lubricants…………………..	(88,2)	(87,5)	(85,7)	(94,1)	(355,5)	(91,9)
Energy and capacity purchases on the spot market……	(54,7)	(60,3)	(50,4)	(35,9)	(201,3)	(57,8)
Gross Electricity Profit	**95,3**	**99,0**	**90,3**	**111,7**	**396,3**	**128,5**
Electricity Margin	*40%*	*40%*	*40%*	*46%*	*42%*	*46%*

In the first quarter, the electricity margin, or the gross profit from the electricity generation business, increased by US$33.2 million when compared to the first quarter of 2017, reaching 46% 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$40 million net increase in energy and capacity revenues, partly offset by a US$3.7 million increase in fuel costs and a US$3.1 million increase in energy purchase costs. In sum, the margin improvement was achieved thanks to higher revenues combined with lower per MWh cost of power supply.

Operating Results

Quarterly Information (in US$ millions)

EBITDA	**1Q 2017**		**4Q 2017**		**1Q 2018**		**% Variation**	
	Amount	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**QoQ**	**YoY**
Total operating revenues………………………	258,8	*100%*	271,9	*100%*	301,8	*100%*	*11%*	*17%*
Total cost of goods sold……………………	(218,3)	*-84%*	(221,7)	*-82%*	(233,6)	*-77%*	*5%*	*7%*
Gross income…………………………	**40,5**	*16%*	**50,2**	*18%*	**68,2**	*23%*	***36%***	***68%***
Total selling, general and administrative expenses and other operating income/(costs).	(7,9)	*-3%*	(9,3)	*-3%*	(10,3)	*-3%*	*10%*	*30%*
Operating income…………………..	**32,6**	*13%*	**40,8**	*15%*	**57,9**	*19%*	***42%***	***78%***
Depreciation and amortization……..…………	33,4	*13%*	34,8	*13%*	33,8	*11%*	*-3%*	*1%*
EBITDA……………….………………….	**66,0**	*25,5%*	**75,6**	*27,8%*	**91,7**	*30,4%*	***21%***	***39%***

1Q18 EBITDA reached US$91.7 million, a US$25.7 million increase compared to the same period the year before. This was due to the above-explained US$33.2 million electricity margin increase, partly offset by an increase in operating costs and SG&A expenses, mainly attributed to the effect of the appreciation of the Chilean peso on local-currency costs.

EBITDA increased by US$16.1 million compared to the immediately preceding quarter due to the increased electricity margin.

Financial Results

Quarterly Information (In US$ millions)

	1Q 2017		4Q 2017		1Q 2018		% Variation	
Non-operating results	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**QoQ**	**YoY**
Financial income……….………………………	1,0	*0%*	0,6	*0%*	1,2	*0%*	*89%*	*21%*
Financial expense…………….…………………	(4,5)	*-2%*	(1,6)	*-1%*	(2,8)	*-1%*	*77%*	*-37%*
Foreign exchange translation, net……………	0,3	*0%*	2,1	*1%*	(0,1)	*0%*		
Share of profit (loss) of associates accounted for using the equity method	0,7	*0%*	0,5	*0%*	-	*0%*		
Other non-operating income/(expense) net…	(0,5)	*0%*	(0,1)	*0%*	0,1	*0%*		
Total non-operating results…………….	**(2,9)**	*-1%*	**1,5**	*1%*	**(1,6)**	*-1%*		
Income before tax……………………. ………	29,7	*11%*	42,4	*16%*	56,4	*19%*	***33%***	***90%***
Income tax………………………………………	(7,4)	*-3%*	(7,8)	*-3%*	(14,7)	*-5%*	*90%*	*98%*
Net income from continuing operations after taxes …	22,2	*9%*	34,6	*13%*	41,7	*14%*	*20%*	*87%*
Net income attributed to controlling shareholders…….	**19,7**	*8%*	**32,1**	*12%*	**39,2**	*13%*	***22%***	***100%***
Net income attributed to minority shareholders……….	2,6	*1%*	2,5	*1%*	2,4	*1%*	*-4%*	*-6%*
Net income to EECL's shareholders	**19,7**	*8%*	**32,1**	*12%*	**39,2**	*13%*	***22%***	***100%***
Earnings per share……………………..	**0,019**		**0,030**		**0,037**			

Interest expense increased by US$1.2 million, when compared to 4Q17, and decreased by US$1.7 million when compared to the first quarter of 2017. These changes depend on the pace of interest capitalization of the company’s existing debt, which is made in proportion to the IEM and Port capital expenditures made in each quarter.

Foreign-exchange losses reached US$0.1 million in the quarter, which compares negatively with small profits in previous quarters. This is explained by 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 was a small profit, which positively compares with small losses in previous quarters.

Net Earnings

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

In the first quarter of 2018, the company reported after-tax net income of US$39.2 million, an increase from the 4Q17’s US$32.1 million and the 1Q17’s US$19.7 million, mainly due to better operating results. It should be noted that the 4Q17 net income had a one-off positive US$5.7 million effect from Gasoducto Norandino's deferred taxes as a result of a tax reform enacted in Argentina.

Liquidity and Capital Resources

As of March 31, 2018, EECL reported cash balances of US$59 million. This amount compares with a total nominal financial debt[1] of US$910 million, with US$109.9 million of debt maturing within one year. The company has a US$270 million committed revolving credit facility to support its liquidity in times of active investment in capital expenditures. This facility has been provided by five international banks: Mizuho, BBVA, Citibank, Caixabank, and HSBC and matures on June 30, 2020. It remained undrawn as of March 31, 2018.

For the 3-month period ended March 31 (in US$ millions)

Cash Flow	**2017**	**2018**
Net cash flows provided by operating activities…	81,9	67,0
Net cash flows used in investing activities………	(156,8)	(84,8)
Net cash flows provided by financing activities..	(4,0)	(2,2)
Change in cash………………...………….	**(78,8)**	**(20,0)**

Cash Flow from Operating Activities

In the first quarter of 2017, cash flow generated from operating activities reached approximately US$78.4 million; however, the cash flow statement shows US$67 million since it is presented after income tax payments of US$8.3 million and interest expense of US$3.1 million. It should be noted that cash interest payments amounted to US$19.4 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 quarter of 2018, cash flows from investing activities resulted in a net cash expenditure of US$84.8 million, mainly due to the cash expenditures related to investments in fixed assets (US$68.4 million) plus capitalized interest for US$16.3 million.

Capital Expenditures

Our capital expenditures in the first quarter of 2018 and 2017 amounted to US$84.7 million and US$149.8 million, respectively, as shown in the following table. These amounts include VAT payments and capitalized interest.

(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.

For the 3-month period ended March 31 (in US$ millions)

CAPEX	**2017**	**2018**
CTA …………………………………………………	0,5	0,0
CTA (New Port) ……………………………………..	9,4	2,4
CTH …………………………………………………	0,1	0,0
IEM …………………………………………………	126,2	80,6
Overhaul power plants & equipment maintenance and refurbishing…………………	4,7	0,1
Environmental improvement works………………	0,1	0,0
Overhaul equipment & transmission lines …………………	6,5	1,1
Others…………………………………………	2,3	0,5
Total capital expenditures……………………….	**149,8**	**84,7**

Capital expenditures in the above table include VAT payments and capitalized interest. In the first quarter of 2018, capitalized interest amounted to US$13.8 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 a single item in the first quarter of 2018: 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 March 31, 2018.

Contractual Obligations as of 03/31/18

Payments Due by Period (in US$ millions)

	Total	**< 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Bank debt……………………………	100,0	100,0	-	-	-
Bonds (144 A/Reg S Notes)………	750,0	-	400,0		350,0
Financial lease………………………	59,5	1,1	3,9	3,3	51,3
Deferred financing cost…………..	(18,1)	(0,3)	(10,1)	(4,7)	(3,0)
Accrued interest…………………	8,4	8,4	-	-	-
Mark-to-market swaps	0,8	0,8	-	-	
Total	**900,6**	**109,9**	**393,7**	**(1,4)**	**398,3**

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 an additional US$25 million from Scotiabank. The three one-year loans are in US dollars, accrue a fixed interest rate and 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 the asset's property will be taken by EECL. The agreement has a present value of approximately US$60 million, and annual tolling payments amount to approximately US$7 million.

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), that will allow the company to draw loans in a flexible manner 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. As of March 31, 2018, the 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, the size of our available cash balance and anticipated financing requirements for capital expenditures and investments in the following years. 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, a Risk and Insurance Committee, responsible for the risk matrix review, analysis and approval as well as the proposal of risk mitigation measures, has been established. The risk matrix is updated and reviewed semiannually, while the monitoring of action plans is effected on a permanent basis. The company's risk management performance is presented to the company's board on an annual basis.

The company's financial risk management strategy is geared at safeguarding EECL's operating stability and sustainability in a context of risk and uncertainty.

Hedging Policy

Our hedging policy intends to protect the company from certain risks to which we are exposed, 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 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 as a result of 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 March 31, 2018, 100% of our financial debt, for a principal amount of US$850 million, was at fixed rates, including the US$100 million 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 March 31, 2018
Contractual maturity date (in US$ millions)

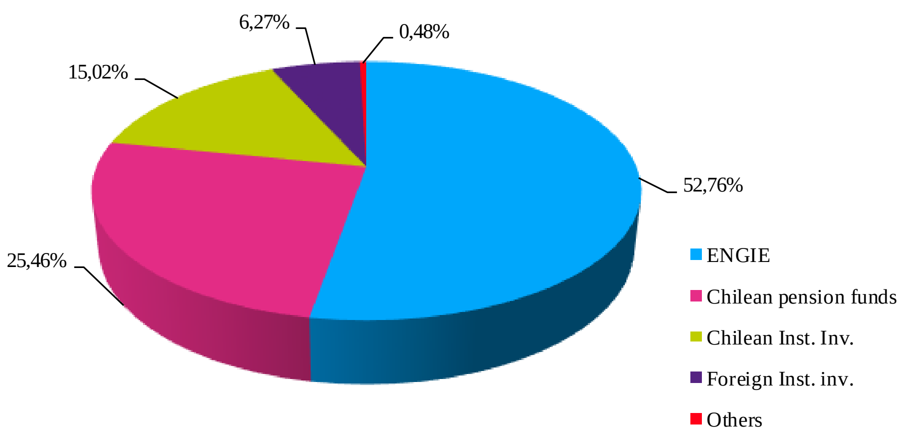
	Average interest rate	2018	2019	2020	2021	Thereafter	Grand Total
Fixed Rate							
(US$)	5.625% p.a.	-	-	-	400,0		400,0
(US$)	4.500% p.a.	-	-	-	-	350,0	350,0
(US$)	1.580% p.a.	100,0	-	-	-	-	100,0
Total		**100,0**	**-**	**-**	**400,0**	**350,0**	**850,0**

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 MARCH 31, 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	3Q17	4Q17	12M17	1Q18
Physical Sales						
Sales of energy to unregulated customers.	1.600	1.631	1.585	1.518	6.335	1.485
Sales of energy to regulated customers	476	479	475	479	1.909	915
Sales of energy to the spot market………	88	82	76	46	291	8
Total energy sales………………………….	**2.164**	**2.193**	**2.136**	**2.043**	**8.535**	**2.408**
Gross electricity generation						
Coal………………………………………….	1.253	1.294	1.286	1.334	5.168	1.167
Gas…………………………………………..	277	234	236	301	1.047	347
Diesel Oil and Fuel Oil…………………….	3	11	7	5	27	2
Renewable……………………………………….	17	13	13	16	59	20
Total gross generation………………….	**1.550**	**1.553**	**1.542**	**1.656**	**6.301**	**1.536**
Minus Own consumption………………..	(130)	(122)	(121)	(130)	(504)	(123)
Total net generation…………………….	**1.419**	**1.431**	**1.421**	**1.526**	**5.797**	**1.414**
Energy purchases on the spot market………..	821	842	795	583	3.041	929
Energy purchases- bridge	-	-	-	-	-	215
Total energy available for sale before transmission losses………………………	**2.240**	**2.273**	**2.215**	**2.110**	**8.838**	**2.558**

Quarterly Income Statement

Quarterly Income Statement (in US$ millions)

IFRS			
Operating Revenues	**1Q17**	**4Q17**	**1Q18**
Regulated customers sales………………………	46,7	50,2	102,5
Unregulated customers sales…………………..	184,4	186,4	173,6
Spot market sales……………………………..	7,1	5,1	2,1
Total revenues from energy and capacity sales……………………………	**238,3**	**241,7**	**278,3**
Gas sales…………………………..	1,3	2,9	3,4
Other operating revenue……………………….	19,2	27,2	20,2
Total operating revenues…………………	**258,8**	**271,9**	**301,8**
Operating Costs			
Fuel and lubricants………………………………	(88,2)	(94,1)	(91,9)
Energy and capacity purchases on the spot	(54,7)	(35,9)	(57,8)
Depreciation and amortization attributable to cost of goods sold..	(32,3)	(33,6)	(32,8)
Other costs of goods sold…………………….	(43,0)	(58,1)	(51,1)
Total cost of goods sold………………..	**(218,3)**	**(221,7)**	**(233,6)**
Selling, general and administrative expenses…	(8,3)	(9,4)	(9,2)
Depreciation and amortization in selling, general and administrative expenses…	(1,1)	(1,2)	(1,0)
Other revenues………..………………………	1,5	1,2	(0)
Total operating costs….………………	**(226,2)**	**(231,1)**	**(243,9)**
Operating income…………………..	**32,6**	**40,8**	**57,9**
EBITDA………………..……………….	**66,0**	**75,6**	**91,7**
Financial income………..………………………	1,0	0,6	1,2
Financial expense…………….…………………	(4,5)	(1,6)	(2,8)
Foreign exchange translation, net……………	0,3	2,1	(0,1)
Share of profit (loss) of associates accounted for using the equity method	0,7	0,5	0
Other non-operating income/(expense) net………………………	(0,5)	(0,1)	0,1
Total non-operating results……………	**(2,9)**	**1,5**	**(1,6)**
Income before tax…………………..………	29,7	42,4	56,4
Income tax……………………………………	(7,4)	(7,8)	(14,7)
Net income from continuing operations after taxes …….	22,2	34,6	41,7
Net income attributed to controlling shareholders……………….	**19,7**	**32,1**	**39,2**
Net income attributed to minority shareholders……………….	2,6	2,5	2,4
Net income to EECL's shareholders…….	**19,7**	**32,1**	**39,2**
Earnings per share…………………….. (US$/share)	**0,019**	**0,030**	**0,037**

Quarterly Balance Sheet

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

	2017	2018
	December	**March**
Current Assets		
Cash and cash equivalents (1)	78,2	59,1
Other financial assets	2,8	2,5
Accounts receivable	129,4	140,8
Recoverable taxes	12,9	13,1
Current inventories	129,5	141,9
Other non financial assets	28,6	26,9
Total current assets	**381,4**	**384,4**
Non-Current Assets		
Property, plant and equipment, net	2.543,5	2.662,6
Other non-current assets	439,3	442,8
TOTAL ASSETS	**3.364,2**	**3.489,7**
Current Liabilities		
Financial debt	117,3	109,9
Other current liabilities	215,7	259,4
Total current liabilities	**333,0**	**369,3**
Long-Term Liabilities		
Financial debt	731,4	790,7
Other long-term liabilities	234,3	234,7
Total long-term liabilities	**965,7**	**1.025,3**
Shareholders' equity	1.991,5	2.021,7
Minority' equity	74,0	73,4
Equity	**2.065,5**	**2.095,1**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3.364,2**	**3.489,7**

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

Main Balance Sheet Variations

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

Cash and cash equivalents: The US$19.1 million decrease in cash balances is explained by the use of cash in the company’s current intensive capital expenditure program, basically the construction of the IEM plant in Mejillones.

Accounts receivable: The US$11.4 million increase 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. On October 10, 2017, the Average Node Price decrees for the six-month periods starting January 2017 and July 2017 were published. The increased balance is also attributed to the increase in accrued portion of green taxes that will be charged to clients.

Recoverable taxes: The US$0.2 million variation is mainly due to a combination of two opposite effects: (i) an increase in provisional monthly tax payments ("PPM") (+US$6.1 million) and (ii) a US$5.9 million increase in taxes payable on net earnings reported during the period.

Current inventories: A US$12.4 million increase can be observed in inventory balances due to (i) an US$11 million coal stock increase, (ii) a US$2.3 million hydrated lime stock increase, and (iii) and increase in other fuel stocks (US$0.5 million). All of this was partly offset by a US$0.5 million reduction in spare parts and operating materials.

Other non-financial assets – current: The US$1.7 million reduction in this item is explained by a US$0.7 million decrease in advances to suppliers and a US$4.5 million decrease in deferred expenses, partially offset by a US$4.6 million increase in the VAT credit account, basically resulting from the high level of capital expenditures in the construction of the IEM project.

Property, plant and equipment, net: Two main items explain this account's increase: (i) the construction of the IEM and Puerto Andino projects (US$83.8 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$28.7 million).

Financial debt – current: This item reported a US$7.4 million net reduction due to interest payments on the 144-A bonds (US$19.1 million), partly offset by interest accrued during the quarter (US$9.5 million).

Other current liabilities: The significant US$43.7 million increase was a result of the following main variations: (i) an US$8.5 million increase in income tax provisions explained by the increase in net income, (ii) a US$10.1 million increase in accounts payable to related companies associated to the dividend payment provision, and (iii) a US$5.6 million dividend payment provision to minority shareholders.

Long-term financial debt: The US$59 million increase in long-term debt is explained by the financial lease resulting from the tolling agreement signed with TEN for the use of dedicated transmission assets.

Other long-term liabilities: No significant variations have been reported in this item in the first quarter of 2018.

Shareholders' equity: The US$30 million increase in shareholders' equity is made up of (i) the quarter's net income (US$39 million), minus (ii) a US$12.3 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$0.6 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 quarter of 2018.

APPENDIX 2

Financial information

	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
EBITDA*	71,3	76,4	66,4	66,0	74,4	60,1	75,6	91,7
Net income attributed to the controller	21,6	27,0	-5,7	19,7	31,5	18,1	32,1	39,2
Interest expense	8,0	6,8	4,1	4,5	3,3	2,3	1,6	2,8

* Operating income + Depreciation and Amortization for the period

	Mar/17	Mar/18
LTM EBITDA	280,1	301,8
LTM Net income attributed to the controller	62,5	121,0
LTM Interest expense	23,4	9,9
Financial debt	737,7	900,6
Current	5,6	109,9
Long-Term	732,1	790,7
Cash and cash equivalents	199,2	59,1
Net financial debt	538,5	841,5

Financial Ratios

	FINANCIAL RATIOS				
			Dec/17	**Mar/18**	**Var.**
LIQUIDITY	Current ratio (current assets / current liabilities)	(times)	1,15	1,04	***-9%***
	Quick ratio ((current assets - inventory) / current liabilities)	(times)	0,76	0,66	***-13%***
	Working capital (current assets – current liabilities)	MMUS$	48,4	15,1	***-69%***
LEVERAGE	Leverage ((current liabilities + long-term liabilities) / networth)	(times)	0,63	0,67	***6%***
	Interest coverage * ((EBITDA / interest expense))	(times)	23,81	30,41	***28%***
	Financial debt –to- LTM EBITDA*	(times)	3,07	2,98	***-3%***
	Net financial debt – to - LTM EBITDA*	(times)	2,79	2,79	***0%***
PROFITABILITY	Return on equity* (LTM net income attributed to the controller / net worth attributed to the controller)	%	5,1%	6,0%	***18%***
	Return on assets* (LTM net income attributed to the controller / total assets)	%	3,0%	3,5%	***15%***

*LTM = Last twelve months

At the end of March 2018, the current ratio and the quick ratio were 1.04x and 0.66x, respectively, a 9% and a 13% decrease, respectively, compared to December 2017 mainly due to (i) a decrease in cash balances explained by the use of available cash to pay for capital expenditures; and (ii) an increase in current liabilities due to the above-mentioned income tax and dividend payment provisions. As a result, working capital, measured as total current assets minus total current liabilities, decreased to US$15.1 million. Liquidity remains strong due to the company's strong cash generation ability added to the US$270 million committed revolving credit facility, which remains fully available.

The leverage ratio, as measured by total liabilities-to-equity, reached 0.67x as of March 31, 2017, an increase compared to December 2017's 0.63x, explained by the 20-year tolling agreement signed with TEN, which is accounted for as a financial lease.

As of March 31, 2018, interest coverage was 30.22x, 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 2% due to the combined effect of a 6% increase in financial debt and the 36% EBITDA increase. Net financial debt-to-EBITDA remained at similar levels as those reported at year-end 2017.

Return on equity and return on assets reached 5.9% and 3.4%, respectively, an increase compared to year-end 2017, basically due to improved operating results in the first quarter of 2018.

CONFERENCE CALL 3M18

ENGIE Energía Chile is pleased to inform you that it will conduct a conference call to review its results for the period ended March 31, 2018, on Thusday, April 26, 2018,
at 11:00 a.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
1230-020-5802 (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.: 10119072, a conference call replay will be available until May 8, 2018.