

Inversiones Latin America Power Ltda | ILAPCL

October, 2022

3Q2022 Operational Report

San Juan & Totoral Wind Farms

Figures are unaudited and may be subject to change during the auditors' review.

YTD KPI

EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [\$/MWh]	MgC W/D [\$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
9.3 Projected: 28.2 (-18.9 -67.02%)	16.4 Projected: 34.9 (-18.5 -53.07%)	-7.1 Projected: -6.7 (-0.4 -5.67%)	424.2 Projected: 469.1 (-44.9 -9.6%)	94.5 Projected: 30.8 (+63.7 +206.95%)	122.9 Projected: 61.1 (+61.89 +101.37%)	28.5 % Projected: 33.8 % (-5.28 %)	88.8 % Projected: 97.0 % (-8.25 %)	96.9 % Projected: 97.0 % (-0.08 %)	27.1 % Projected: 29.9 % (-2.9 %)	29.8 % Projected: 29.9 % (-0.10 %)

	QUARTER			YTD		
P&L SubTotal	Actual	Projected	Desv Q	Actual YTD	Projected Y...	Desv YTD

	Actual	Projected	Desv Q	Actual YTD	Projected Y...	Desv YTD
Comercial Margin	6.3	12.3	-6.0	16.4	34.9	-18.5
Net Spot Energy Revenues	-2.0	-0.6	-1.4	-16.6	-3.5	-13.1
PPA Energy Revenues	10.0	13.5	-3.4	37.9	40.2	-2.4
Net Capacity Revenue	0.6	0.9	-0.3	1.3	2.7	-1.4
Net Tollways revenues	-1.5	-0.9	-0.5	-4.4	-2.8	-1.5
Land Lease	-0.4	-0.6	0.2	-1.1	-1.8	0.7
Other Income/Cost	-0.4	0.0	-0.4	-0.8	0.0	-0.8
OpEx	-2.1	-2.2	0.1	-7.1	-6.7	-0.4
Maintenance	-1.3	-1.3	0.0	-3.9	-4.0	0.1
Software and equipement acquisition	0.0	0.0	0.0	-0.1	0.0	0.0
Consultancies	0.0	0.0	0.0	-0.1	-0.1	0.0
Social contributions	0.0	0.0	0.0	-0.1	-0.1	0.0
Environmental	-0.1	0.0	0.0	-0.2	-0.1	0.0
Communications	0.0	0.0	0.0	-0.1	-0.1	0.0
General expenses	0.0	-0.1	0.0	-0.1	-0.1	0.0
Municipal permits	0.0	0.0	0.0	0.0	0.0	0.0
Regulatory	0.0	0.0	0.0	-0.1	-0.1	0.0
Health seafety and security	-0.1	-0.1	0.0	-0.3	-0.2	0.0
Land permits	0.0	0.0	0.0	0.0	0.0	0.0
Insurance	-0.2	-0.3	0.0	-0.9	-0.8	-0.1
General and Administrative	-0.3	-0.4	0.0	-1.4	-1.0	-0.4
EBITDA (MM)	4.2	10.0	-5.8	9.3	28.2	-18.9

- After a very complex Jun-22 for the company, when high prices and intraday volatility in the spot market strongly affected ILAP's results, we have seen a downward trend for spot prices during 3Q22, which can be reflected in a decrease in energy purchases for the projects (July: 2.6M, August: 3.1M and September: 1.2M) compared to last quarter. This downward trend is given mainly by the use of the Hydro Reserve (since Ago.22), and more renewable energy that has been injected to the system due to its seasonal generation. Although the situation is improving, the current scenario continues to be complex, which led to the drawdown of the O&M LC by \$4.5M during October, in order to catch up working capital pending from las periods. In the event that further liquidity injections are required to meet the Jan-23 financial obligations, the DS LC is fully founded (\$16.5M).
- The third quarter of the year is presented as a poor period in terms of generation, with generation exceedance of ~P96 for San Juan and ~P85 for Totoral (-17% than expected), which added to high spot prices, impacted ILAP spot balance, not allowing the OpCos to capture the full PPA margin, thus reducing ILAP's EBITDA, which reached 4.2M during the period, being \$5.8M lower than projected. High spot prices were caused mainly by a sharp increase in fuel prices (Coal, Natural Gas and Diesel), considering that coal and diesel prices have nearly doubled their values during the last year, and thus, strongly rising prices at the spot market when such technologies are operating. Additionally, during July a failure in the national main transmission system isolated the northern system from the rest of the country generating huge price differentials for about 10 days, strongly affecting ILAP results during that period.
- Consolidated generation during the quarter reached 163.2 GWh, 17% lower than initial projections, but being 47% higher than last quarter due to the seasonal profile of the wind farms generation. However, during the month of September we saw that the generation of the wind farms has resumed its expected daily seasonality, which implies high generation during nighttime block and lower generation during solar block, allowing ILAP to capture a better spot balance, thus improving Commercial Margin and EBITDA.
- Finally, it is important to notice that DisCos Oversupply has been lower than expected (28.5% vs 33.8%), which improves our projections, especially in the mid-long term, as DisCo PPA report a high margin for the company and considering that prices in the spot market should tend to decrease as they coupled to incoming renewable tecnologies

Financial & Operational Results

ILAP

Sep

Q3.2022

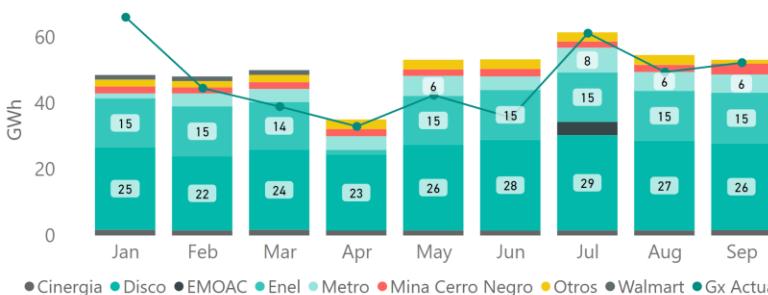
2022

LAP
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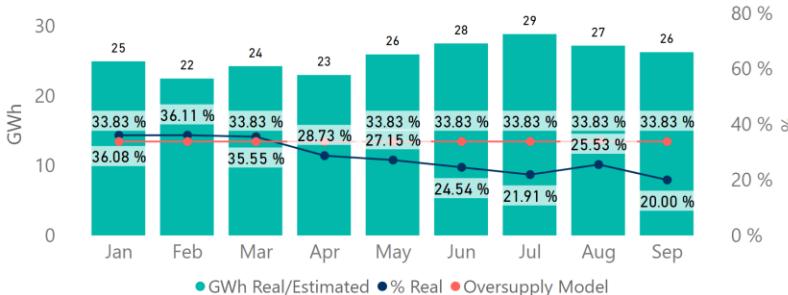
Quarter KPI

EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [\$/MWh]	MgC W/D [\$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
4.2 Projected: 10.0 (-5.8 -58.12%)	6.3 Projected: 12.3 (-6.0 -48.61%)	-2.1 Projected: -2.2 (+0.1 +6.19%)	163.2 Projected: 196.7 (-33.53 -17.05%)	95.2 Projected: 40.4 (+54.8 +135.57%)	123.1 Projected: 42.2 (+80.91 +191.93%)	22.6 % Projected: 33.8 % (-11.23 %)	89.8 % Projected: 97.0 % (-7.23 %)	97.5 % Projected: 97.0 % (+0.48 %)	30.9 % Projected: 37.3 % (-6.4 %)	33.6 % Projected: 37.3 % (-3.61 %)

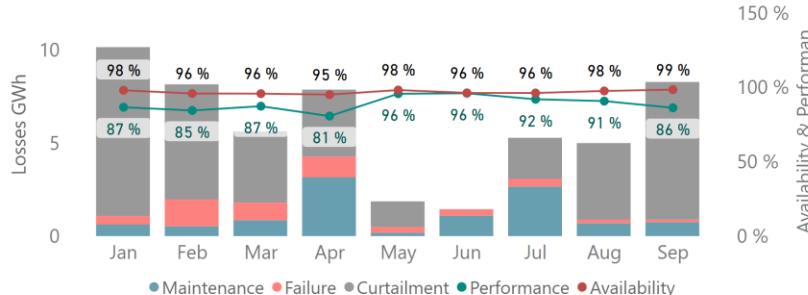
GENERATION VS PPA CONSUMPTION



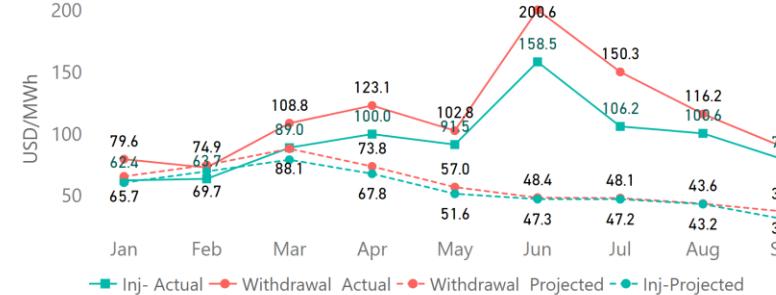
DISCOS CONSUMPTION(GWH) & OVERSUPPLY(%)



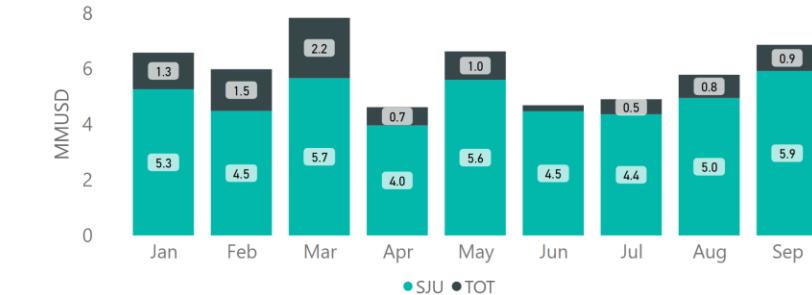
LOSSES (GWH) / AVAILABILITY(%) / PERFORMANCE(%)



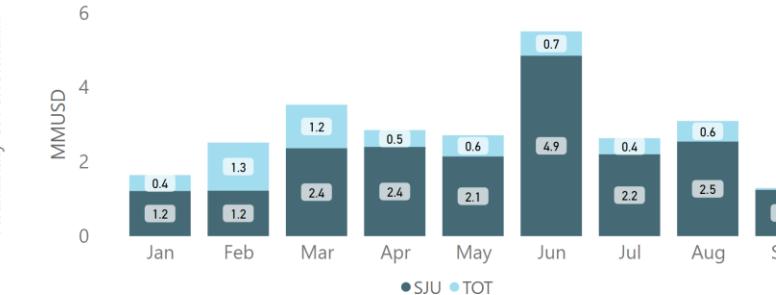
MARGINAL COST (SPOT PRICES)



REVENUES BY SPV



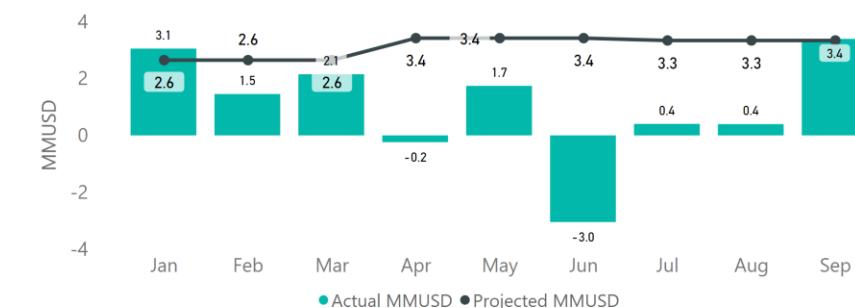
ENERGY PURCHASE BY SPV



PPA DETAIL CONSUMPTION

PPA	Precio PPA	CMg Retiro	GWh Real	GWh Budget
Disco	93.86	134.64	230.53	210.33
Enel	50.11	105.65	121.22	135.26
Metro	108.72	119.39	42.48	55.10
Otros	49.86	114.20	21.93	29.83
Mina Cerro Negro	46.31	114.30	19.64	29.70
Cinergia	43.22	111.22	14.13	14.96
Walmart	57.20	77.46	4.22	4.46
EMOAC	100.00	113.12	4.00	

EBITDA

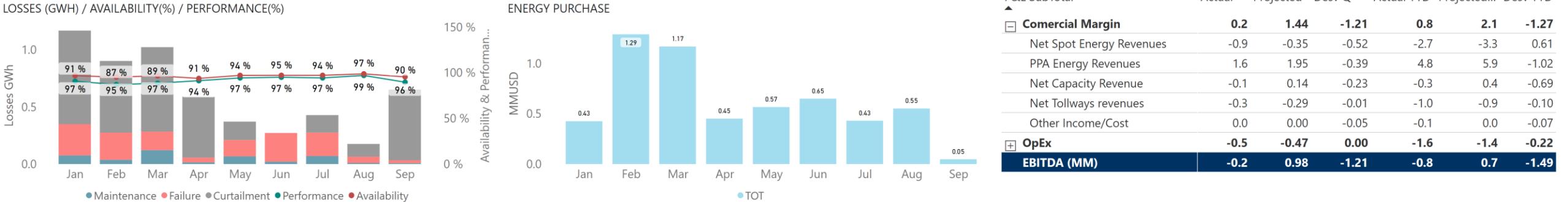
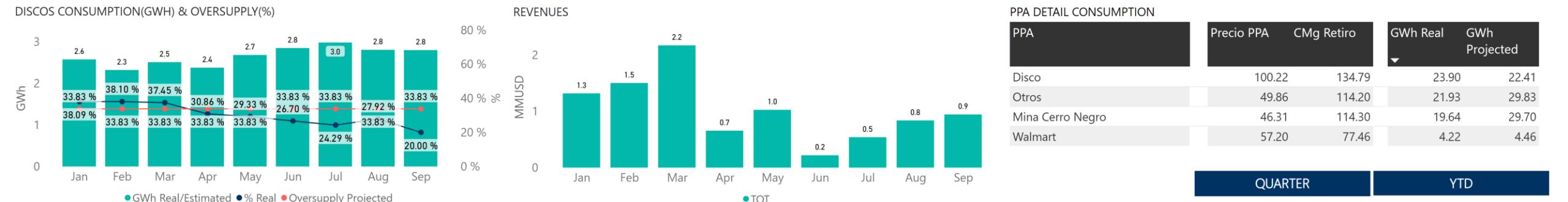
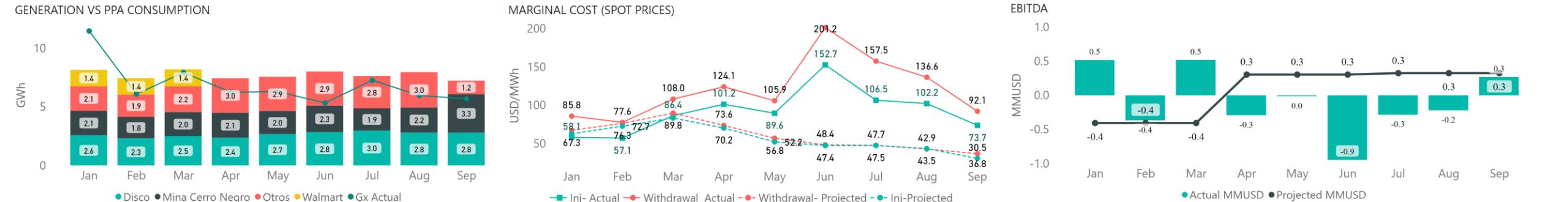




Financial & Operational Results

TOT
Sep
Q3.2022
2022

Quarter KPI	EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [\$/MWh]	MgC W/D [\$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
	-0.2 Projected: 1.0 (-1.2 -124.25%)	0.2 Projected: 1.4 (-1.2 -83.69%)	-0.5 Projected: -0.5 (-0.0 -0.99%)	18.9 Projected: 20.6 (-1.67 -8.09%)	94.1 Projected: 40.5 (+53.6 +132.43%)	129.6 Projected: 42.9 (+86.70 +202.09%)	24.2 % Projected: 33.8 % (-9.59 %)	93.8 % Projected: 97.0 % (-3.23 %)	97.2 % Projected: 97.0 % (+0.24 %)	18.6 % Projected: 20.3 % (-1.7 %)	19.8 % Projected: 20.3 % (-0.51 %)



YTD KPI	EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [\$/MWh]	MgC W/D [\$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
	-0.8 Projected: 0.7 (-1.5 -222.97%)	0.8 Projected: 2.1 (-1.3 -61.79%)	-1.6 Projected: -1.4 (-0.2 -15.5%)	62.3 Projected: 59.5 (+2.82 +4.74%)	91.9 Projected: 30.5 (+61.4 +201.05%)	121.4 Projected: 60.9 (+60.49 +99.29%)	30.5 % Projected: 33.8 % (-3.36 %)	91.8 % Projected: 97.0 % (-5.23 %)	96.6 % Projected: 97.0 % (-0.43 %)	20.7 % Projected: 19.7 % (+1.0 %)	22.4 % Projected: 19.7 % (+2.67 %)

Market Situation

- Even though the current rainy season has been better than 2021/22, this hydrological year is still being considered a dry year (hydrology at P89). As a result, generation from hydro plants power during the quarter was 62% above 3Q21, due to a better hydrological condition and the release of the hydro reserve formed in the 2Q2022. Such reserve was established in the rationing decree issued by the Energy Ministry to store water in the dams for its use in the 3Q22 in the case a very dry hydrology scenario occurred, which did not happen. The increase in hydro generation resulted in a downward trend in the marginal costs, reaching an average of ~USD 120/MWh despite strong pressure from rising fuel prices, as can be seen in Figure 2.
- The increase in renewable energy generation and high fuel prices generated a very high intraday price volatility to the system with prices reaching USD 0/MWh during the solar block most of the days and prices above \$120/MWh during the night blocks. It is expected that this volatility will be beneficial for ILAP because both wind farms have a generation profile with a higher tendency towards night blocks. It is expected that accumulated water and snowpack will last until Mar-23, so marginal costs should behave as seen during Sept-22 and Oct-22 until then.
- In addition, the southern zone remained with decoupled prices from the rest of the electricity grid, reaching levels above USD 200/MWh due to works in one of the transmission lines, for which the transmission system was operated at lower capacity. Additionally during the month of July the main national transmission system had a failure for ~10 days, which isolated the northern part of the country with the center, generating very high levels of internodal decoupling during those days.
- For the next months, ~7,000 MW of new ERNC (Non-Conventional Renewable Energies) capacity is expected to enter into the Chilean system. Injections of these new power plants, better hydrological conditions and the hydro reserve are expected to strengthen the system's reliability and reduce spot prices in the near future, but will add pressure to the current transmission system, specially in the northern part of Chile.

Figure 1

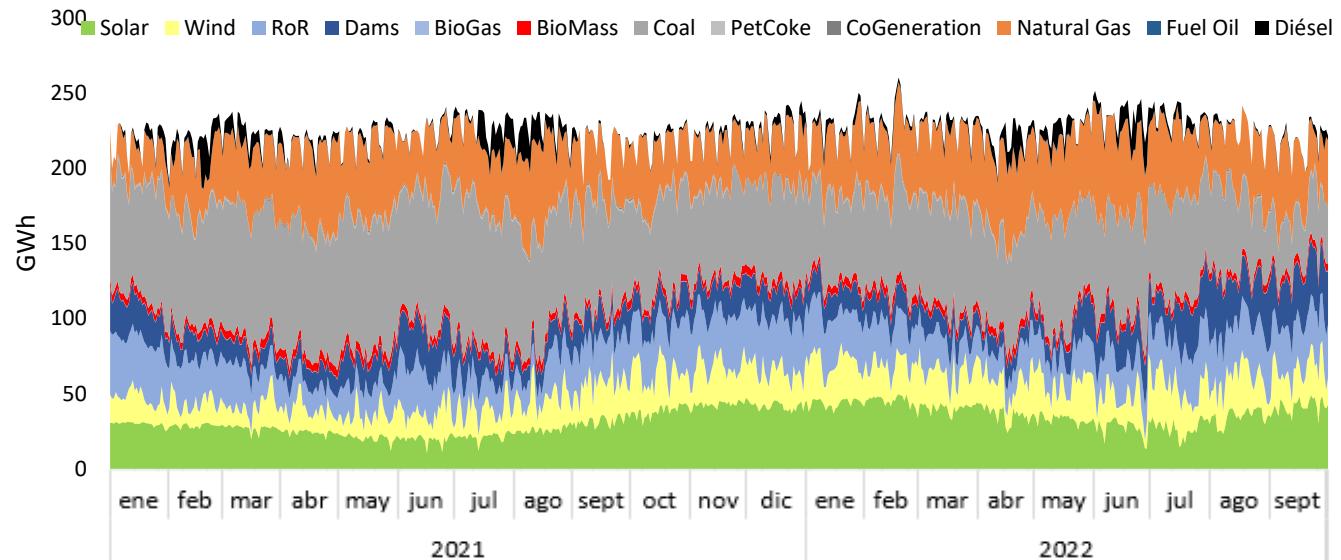
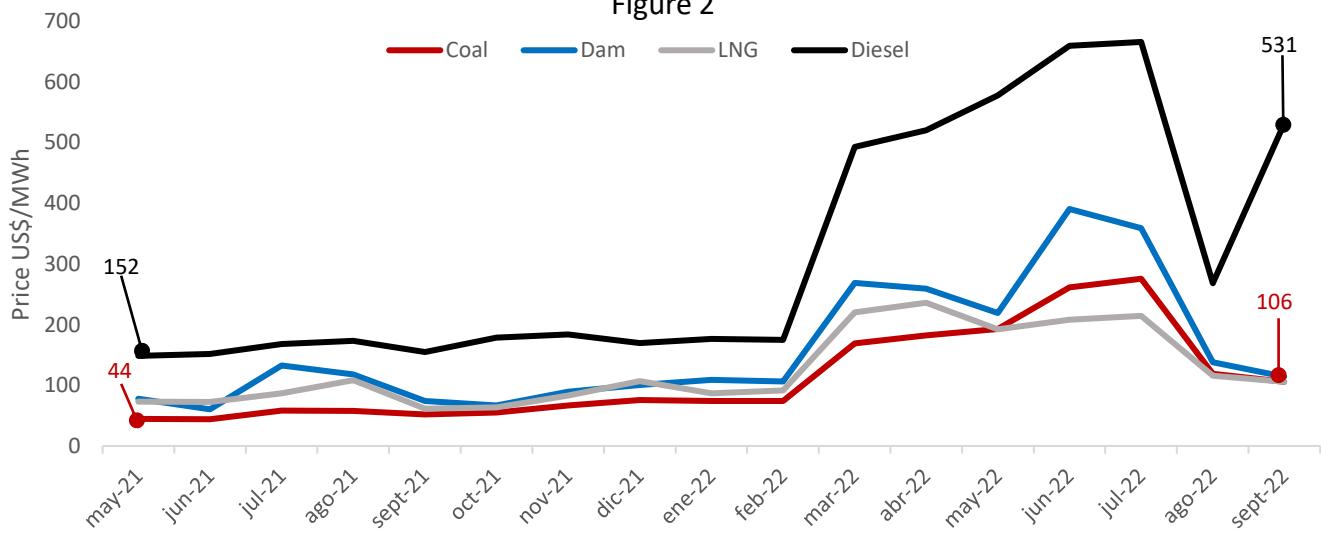


Figure 2



Economic energy balance

- ILAP's spot balance is the result of the net injection/withdrawal and marginal cost in the relevant nodes. For instance, if ILAP's power plants register low generation levels it must purchase the energy shortages in the spot market to comply with PPA energy commitments, producing high purchases levels when the spot prices present high values. Such situation occurred during 3Q2022, as can be seen in figure 3 and 4.
- The last figure also shows ILAP's wind farms registered generation levels below contractual obligations, therefore, they could not comply their commitments in the spot market in order to supply their PPA contracts. Accordingly, ILAP had to buy energy in the spot market at high prices to deliver all its contracted energy, considerably increasing its commercial costs during the period.
- Sep-22 and Oct-22 have shown a more normalized scenario for the spot market with average marginal cost being lower than previous months and volatility being reduced (reference figure 3), this has helped the projects to capture the expected results.

Cerro Navia MgC

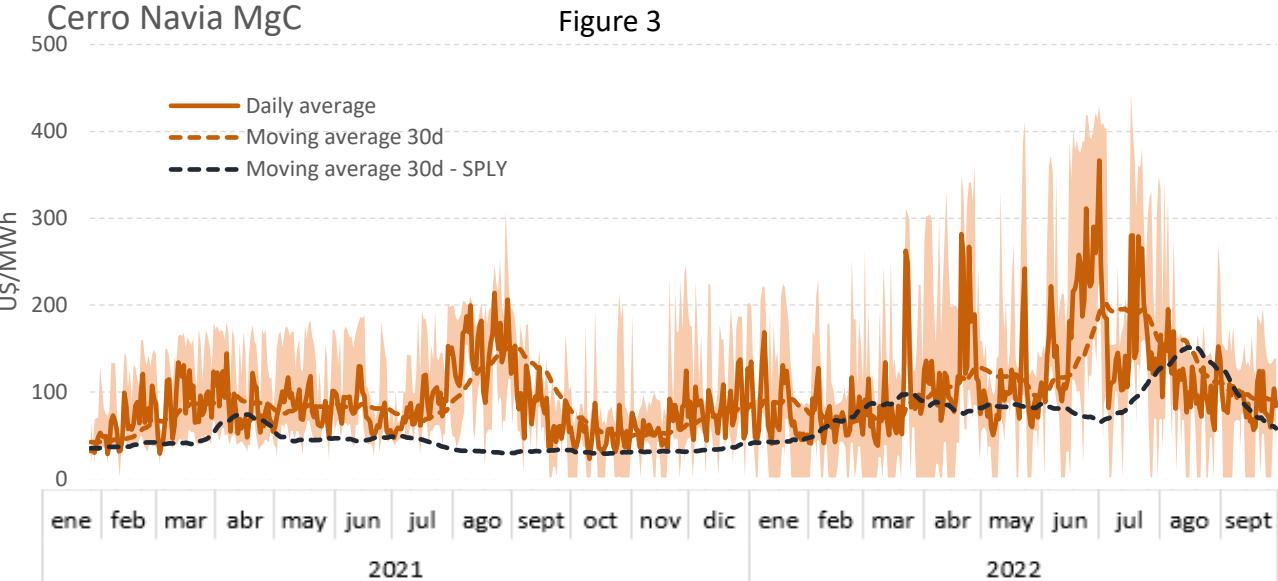
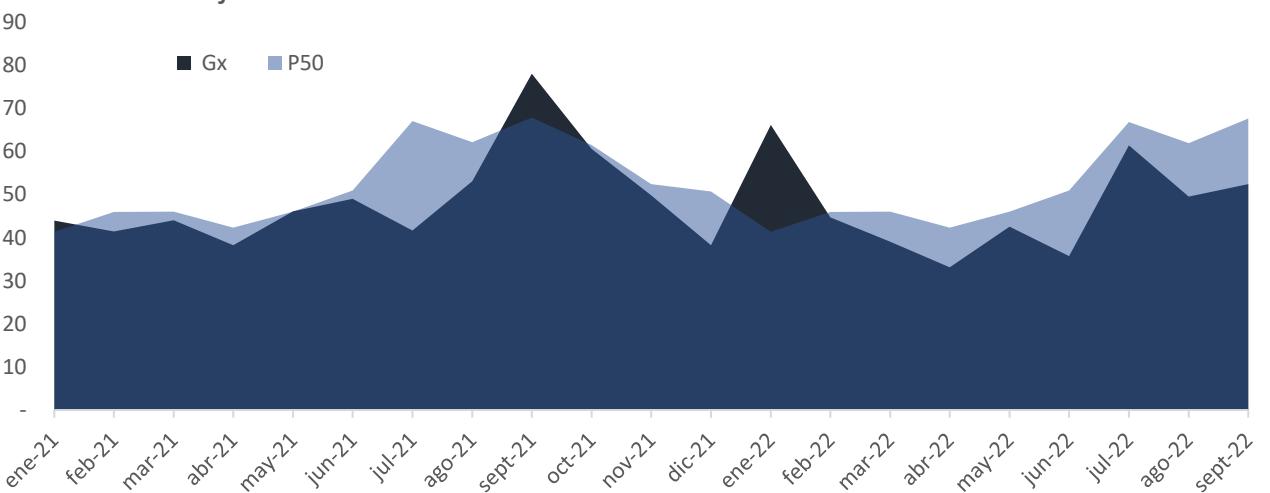
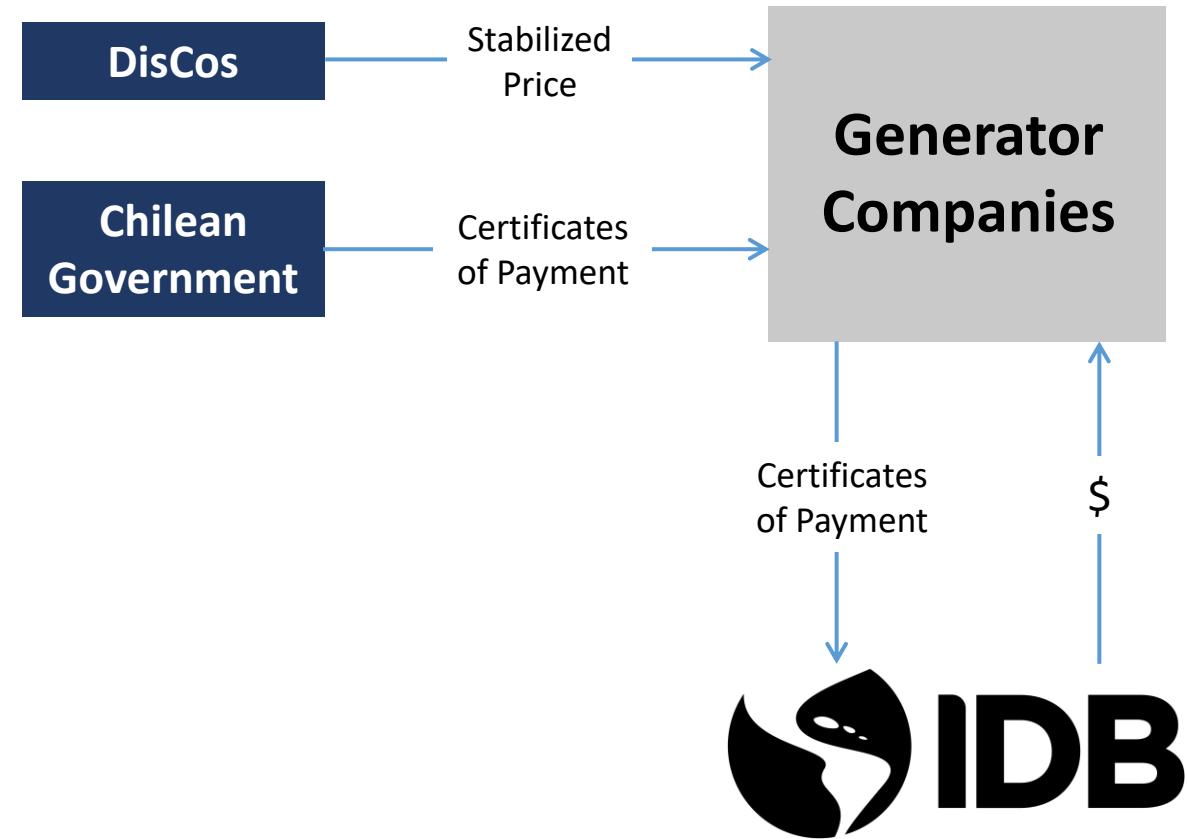


Figure 3

Gx Wind Projects



- The stabilized energy price for regulated consumer law (“PEC 1”) reached its cap in March 2022, thus since April PPA DisCo prices could be fully invoiced once the new tariff decree is published. This is expected to happen during Dic-22, when the sum of the price balances accumulated between Apr-22 and Nov-22 should be reimbursed to the generator companies (ILAP is expecting ~\$3M).
- The new stabilized price law (“PEC 2”) has not been applied yet, because tariff decree and by-laws are needed to be issued. The expectation is for it to be fully executed in Dec-22. This new mechanism involves a government injection of USD 1,8M to avoid regulated tariff increase to the final client. This time the difference between stabilized prices and PPA prices will be paid by a new fund managed by the Chilean Treasury, which will issue Certificates of Payment. This Certificates of Payments will be purchased by IDB and will include a premium to cover financial expenses for generators.
- It is expected that this new law will return liquidity to the generator companies. Additionally, this law includes a USD 500M fund that will support the stabilization mechanism and will be funded by final clients with higher than 350kWh/month of consumption, so unlike the initial PEC law, this one will not be financed by the generator companies.





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