Inversiones Latin America Power Ltda | ILAPCL

4Q2022 Earnings Call

San Juan & Totoral Wind Farms

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

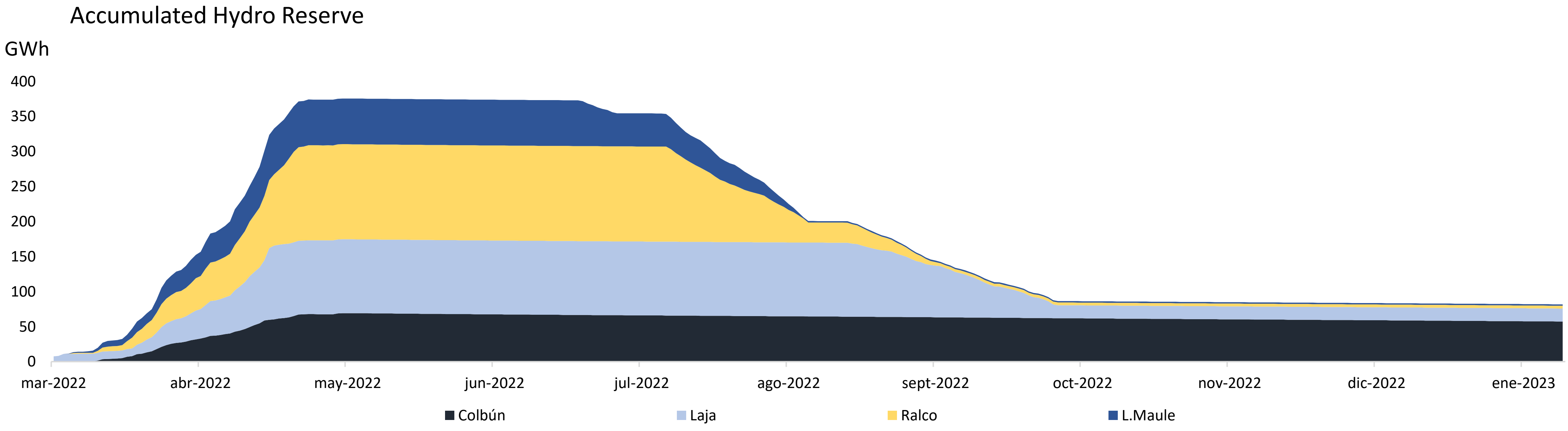
February, 2023

2H2022 results

2022	1Q	2Q	3Q	4Q
Revenues (MUSD)	20.4	15.9	17.6	23.0
Commercial Margin (MUSD)	9.0	1.1	6.3	11.8
Energy purchases (MUSD)	7.7	11.2	5.7	4.2
EBITDA (MUSD)	6.7	(1.5)	4.2	9.1
Margen EBITDA (%)	33%	-9%	24%	40%
Generación (GWh)	149.8	111.3	163.2	105.3
Average marginal cost - W/D (USD/MWh)	96.3	148.9	123.1	89.6
Average marginal cost - Inj (USD/MWh)	71.7	116.7	95.2	93.4
MgC difference (USD/MWh)	(24.6)	(32.2)	(27.9)	3.8

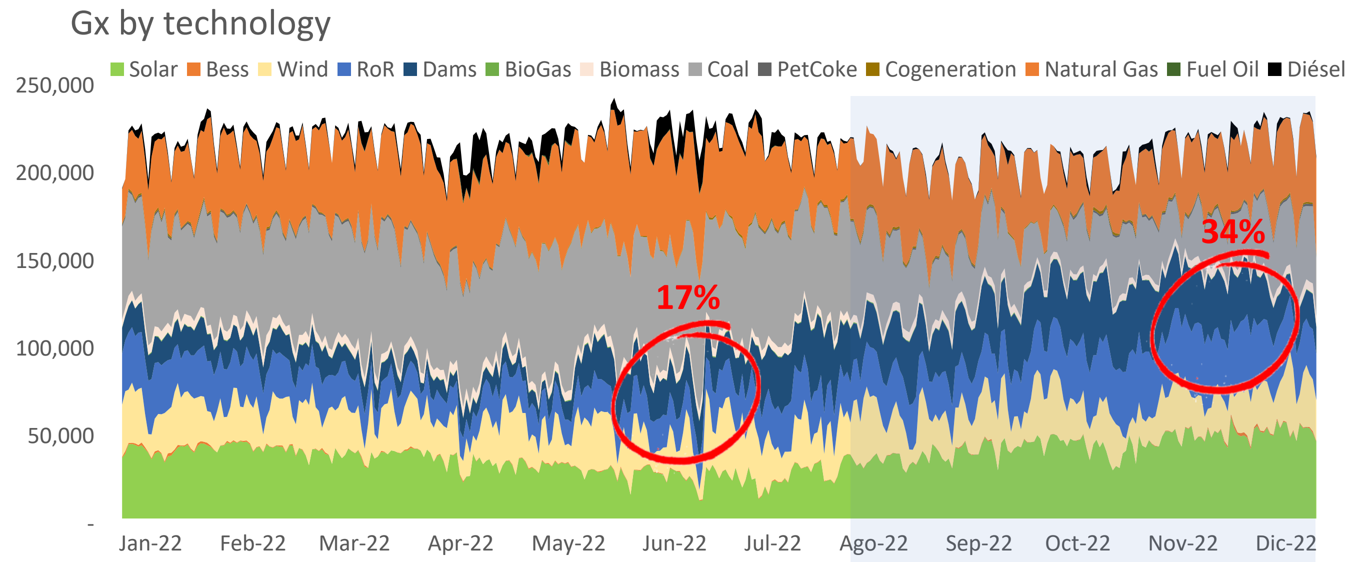
- 4Q results more aligned with projections after 2 consecutive quarters of poor results, mainly driven by market conditions and generation stability.
- Even though generation was lower than expected during Q4, it presented a daily stability allowing the projects to capture better injection prices.
- Spot balances were better than last 2 quarters after less energy at high prices had to be purchased.

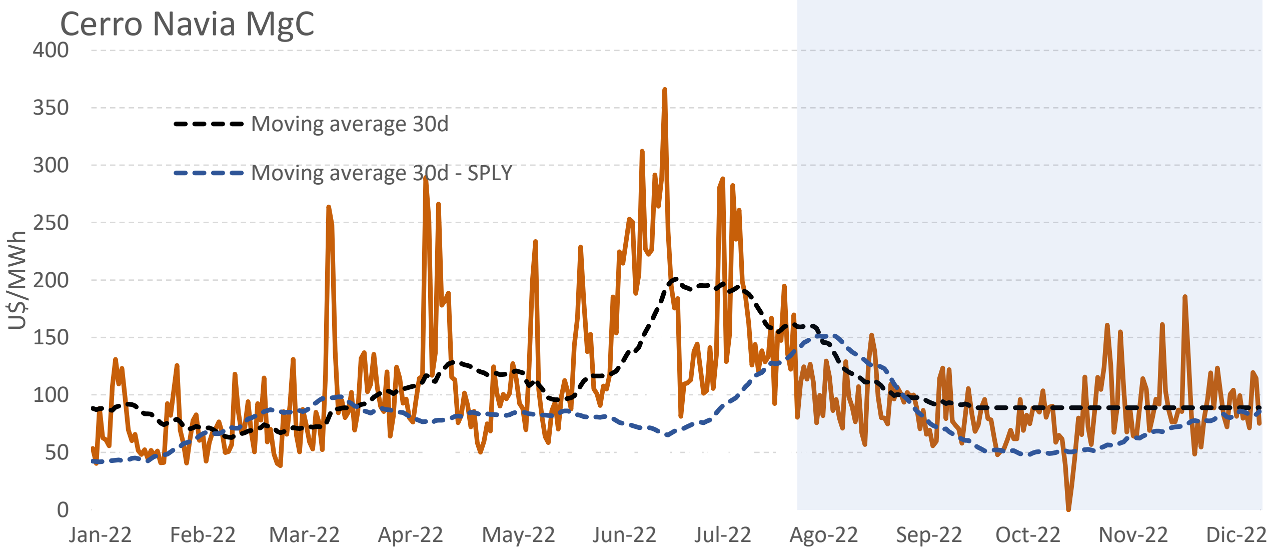
More stability during 4Q2022 after the Hydro reserve release (1/2)



- Since March, a hydro reserve has been built up in the dams as a way to prevent any energy shortfall that could occur in an extremely dry scenario.
- By the end of June this reserve accumulated more than 350 GWh.
- Due to higher-than-expected winter rainfalls and the commission of new renewable power plants the hydro reserve threshold was decreased by August.
- Until Jan-23 the reserve accumulated ~100 GWh.

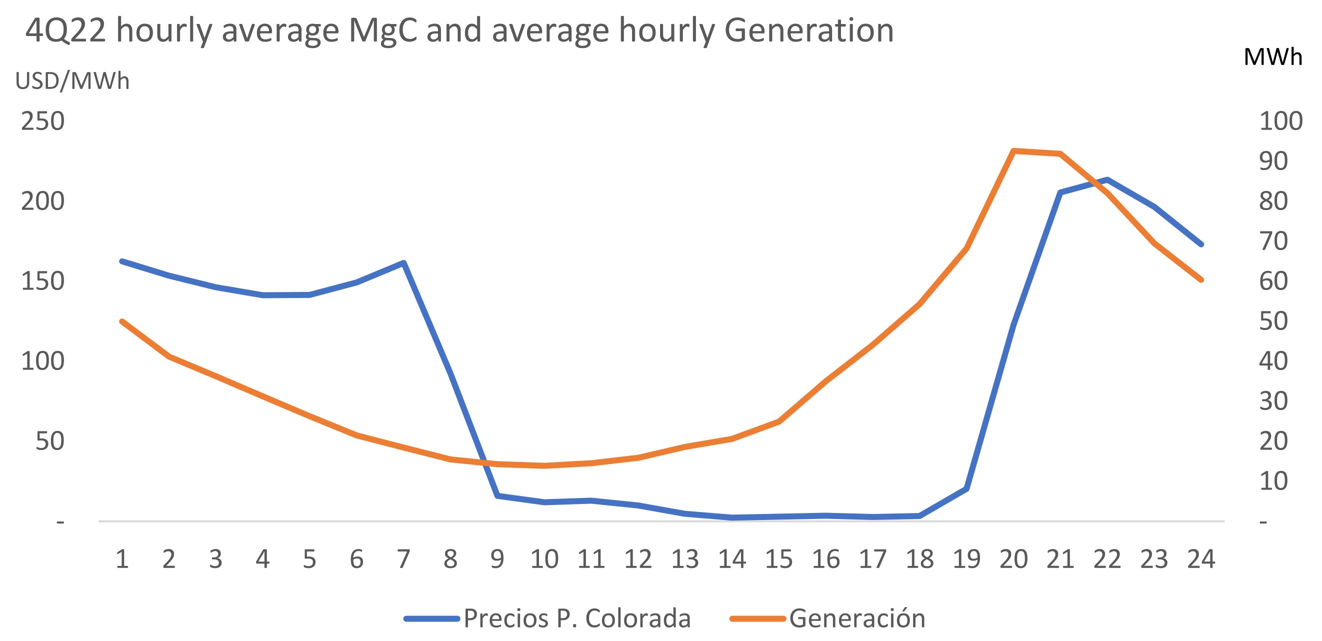
More stability during 4Q2022 after the Hydro reserve release (2/2)

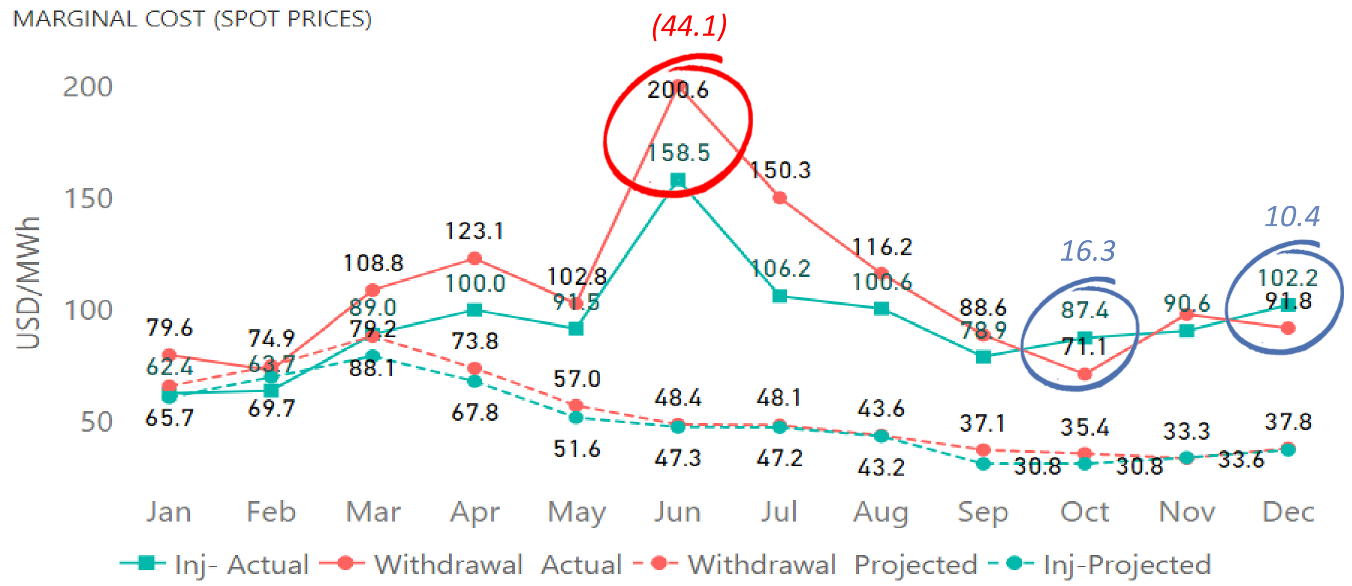




- The use of the hydro reserve since August and the winter rains allowed for an increase in hydro generation during 2H22.
- The COD of new renewable energies (wind and solar) increased the power of the system.
- These two factors meant that less fossil fuel generation was needed (especially diesel) giving stability to the system.
- Stability of the system implied a drop in marginal costs and a decrease in volatility.

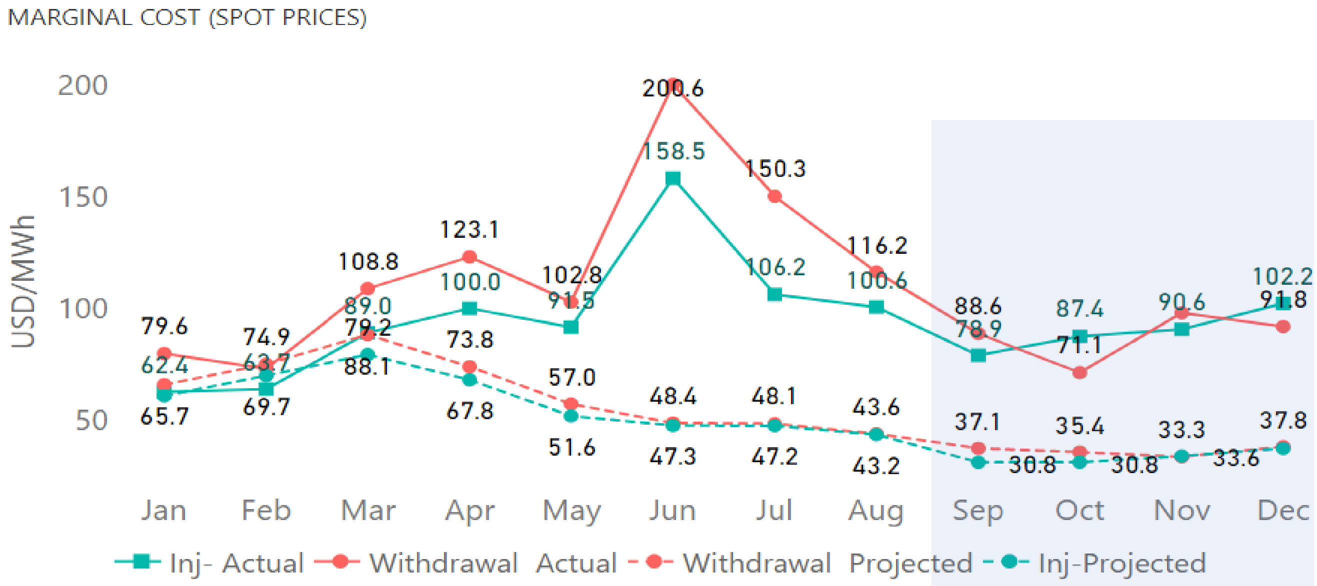
Projects capturing better MgC

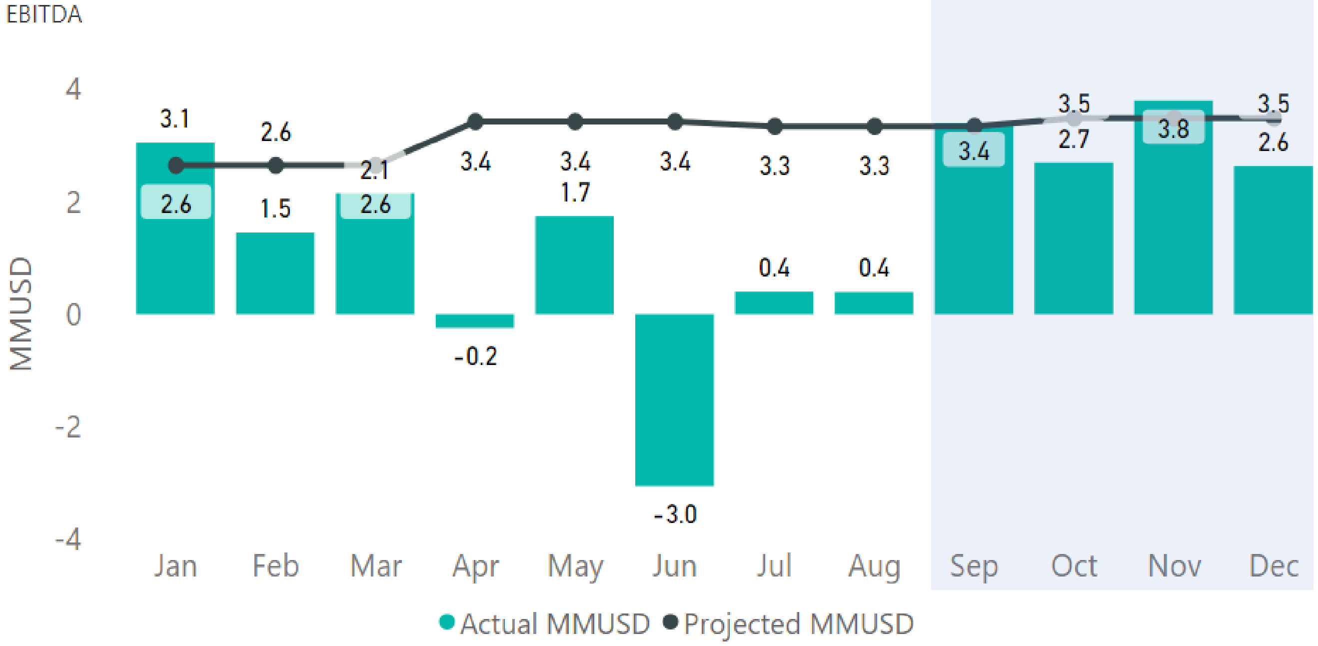




- Q4 low generation partially offset by daily and hourly generation profile performing aligned with expectations.
  - 66% of the project's generation at night.
- Spot prices with higher prices al night hours, allowing the projects to capture high injection prices.
- Injection prices higher than withdrawal prices during Oct and Dec.

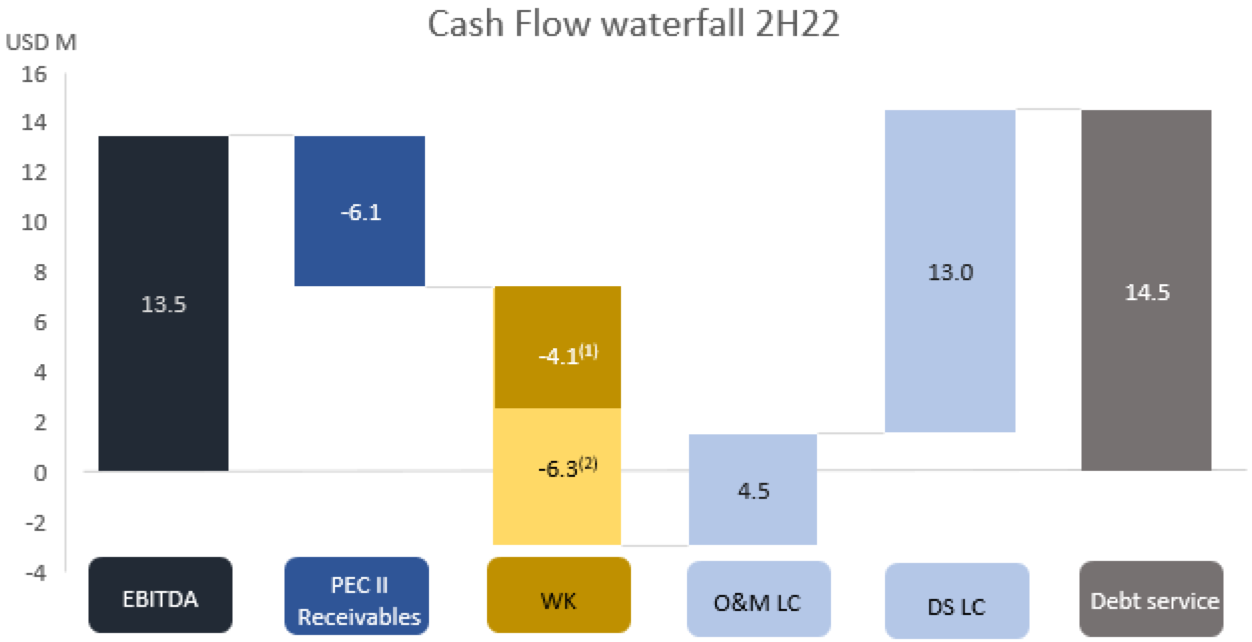
4Q EBITDA more aligned with initial projections





- Despite low generation (>P50) the stability in market conditions and generation allowed the projects to perform more aligned with the model.
- Injections valued at a higher price made it possible to reduce the energy balance deficit.
- 1Q22 EBITDA → $6.7M
- 2Q22 EBITDA → ($1.5M)
- 3Q22 EBITDA →$4.2M
- 4Q22 EBITDA → $9.1M

2H EBITDA and cash generation



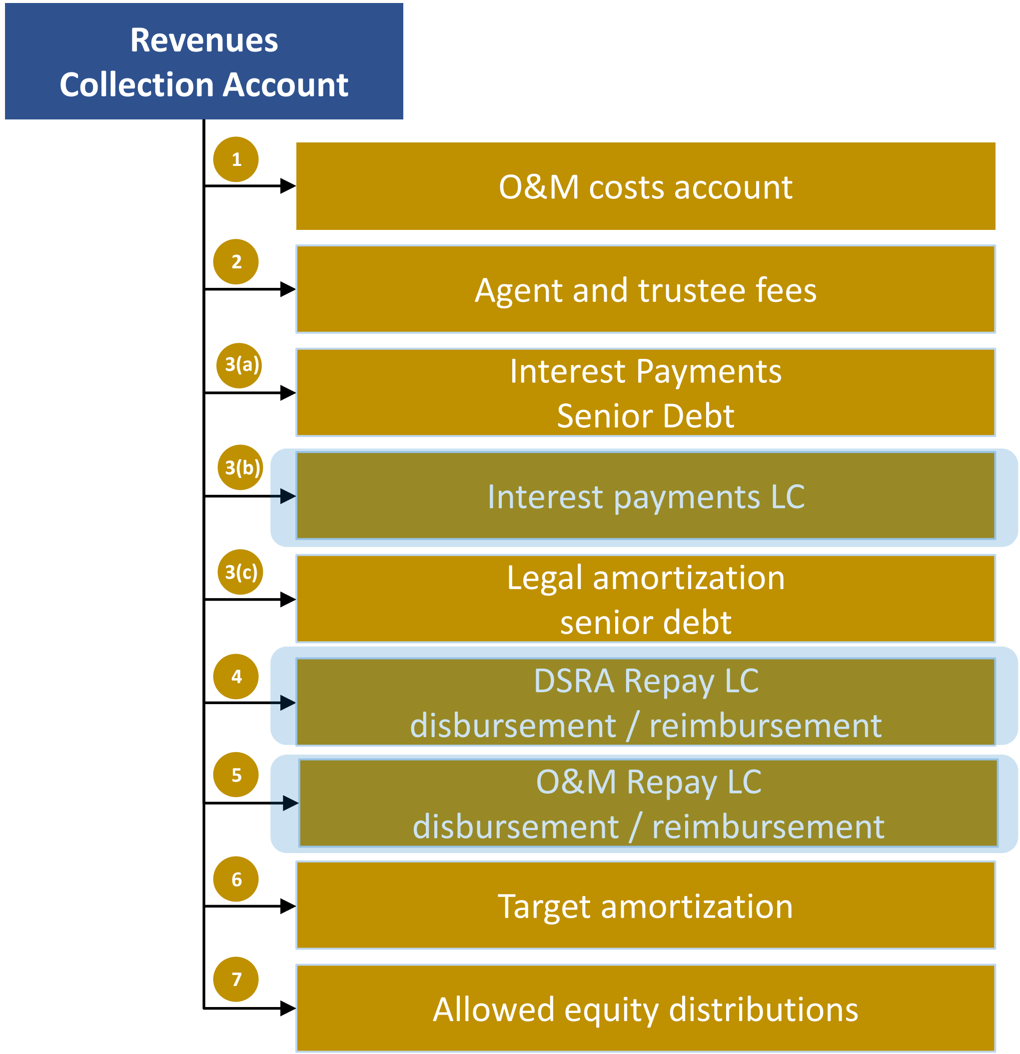
(1) The accumulated balances of PEC 2 during the months of April through June ($4.1M) that were not monetized during the second half of the year generated significant cash charges that were assumed during the second half of the year.

(2) The June result, whose cash flows affected the following month, together with December´s EBITDA, whose cash flows are not collected during the period, generated significant WK charges to the result.

- EBITDA of $13.5M during 2H22 strongly affected by the delay on the implementation of PEC 2 an WK.
- A total of $10.2M were accumulated as receivables during 2022.
- WK catch up from previous period (specially June) affected 2H22 cash flow.
- OM LC ($4.5M) was withdrawn in Oct-22 and DS LC ($13M) was partially withdrawn in Dec-22 in order to meet financial obligations.

LC and Reserve Accounts

- Total of \$17.5M of the O&M and DS SBLC withdrawn as of Dec-22. \$3.5M available.
- LC repayments have precedence over target amortization and are subordinated to legal amortization and interest payment.
- Current LC issued by Citibank, with an expiration date of June 15^{th} 2024.



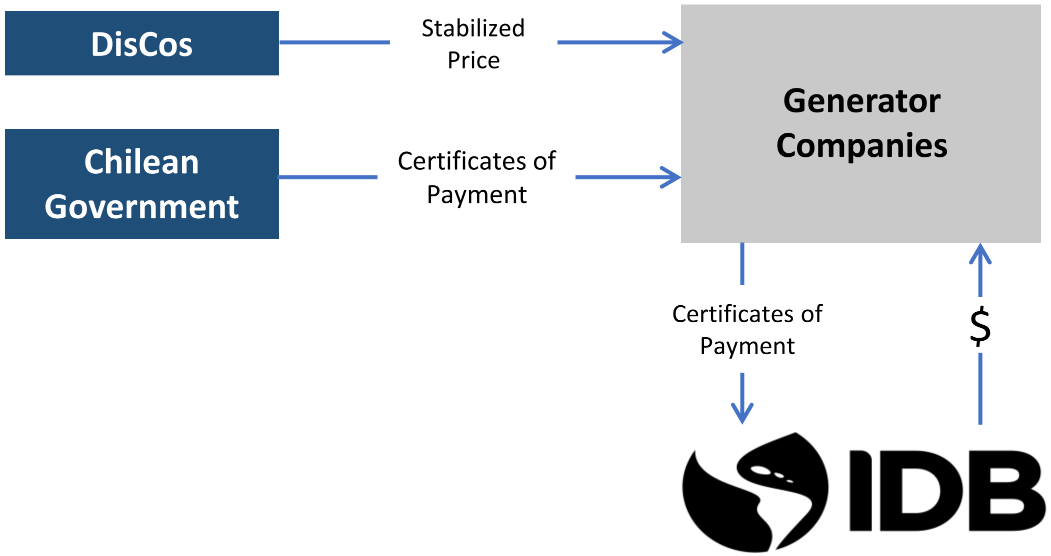
PEC receivables monetization

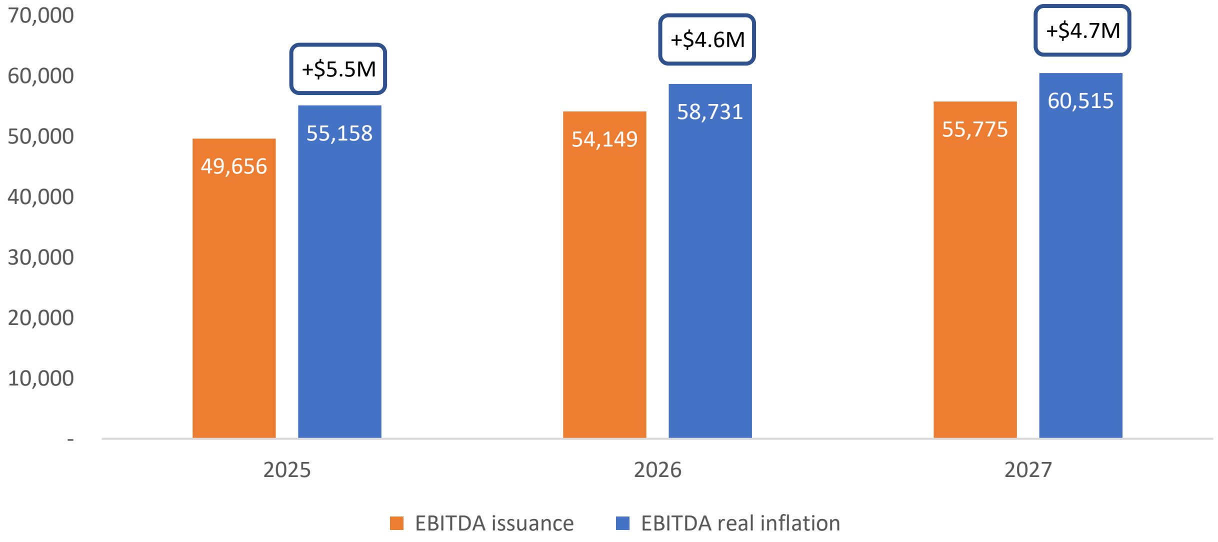
PEC 2:

- $10.2M accumulated in PEC 2 receivables as of Dec-22.
- Tariff Decree expected to be issued in the following weeks.
- No setbacks on the facility side.
- Monetization expected to occur during 1H23.

PEC 1:

- $18M receivables from PEC 1 law (2019) not being monetized.
- Collection expected from 2025 to 2027. Cash flows considered as part of target amortization in bond structure.
- Possibility to monetize those receivables in order to inject liquidity to the projects.
  - It is necessary to find a buyer who is willing to monetize at a reasonable cost.
  - Approval of bondholders is required.
- Increase in revenues due to higher-than-expected inflation and lower DisCos Oversupply than the initial model would cover most of the gap during 2025 and 2027.





Market expectations

- More stable marginal cost behavior:
  - Higher damn levels than 2022 (Jan-22→~2.600GWh vs Jan-23→~3.250GWh).
  - Lower fuel prices.
  - ~6GW of power to be commissioned during the year, from which ~2GW are wind projects.
- Monthly basis PEC 2 monetization going forward.
- Mid-long term transmission solutions:
  - BESS Project expected to be operative by the Dec-24.
  - New HVDC should double the actual capacity by 2029.
- Inflation already being 8.5% higher tan initial projections increasing PPA prices. CPI expectations are still higher tan projected.
- DisCos oversupply being lower than initial proyjections by ~5% until 2025.
- FAQ: In December 2023 ILAP should see the maturation of the Enel contract. Are you planning to recontract or remain on the spot? A: Enel PPA ending by Dec-23, will not be renewed. The decrease in DisCos oversupply (higher consumption tan expected) should keep contractual position within ILAP´s contactual policy. Prices: Enel ~$67/MWh vs DisCos ~$130/MWh.

Rating Agencies

- International Rating Agencies:

S&P Global Ratings	B-	Jan-23
Moody's	B2	Dec-22
Fitch Ratings	B-	Feb-23

- Rating agencies incorporated a higher risk due to volatility in the spot market and lower funds in the reserve accounts after LC withdrawal.
- All agencies presented negative outlooks, with expectations of how market will evolve and when will the PEC funds be received.
- Management maintains fluid communication with all agencies regarding project performance and market conditions.

- National Rating Agencies:

ICR Chile
AN AFFILIATE OF MOODY'S INVESTORS SERVICE

ICR Chile	SJU	BBB+	Jun-22
ICR Chile	NVD	BBB+	Jul-22

- A BB+ local credit rating is required under the DisCos PPA.
- In case the local rating is lower than BB+, the company has 6 months to improve the rating, otherwise DisCos have the right to early terminate the PPAs.
- Local and international rating agencies present different measurement methodologies.
- New rating review is underway and should deliver ratings during 1Q23. Management expect to receive a downgrade but not bellow threshold.

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