

Inversiones Latin America Power Ltda | ILAPCL



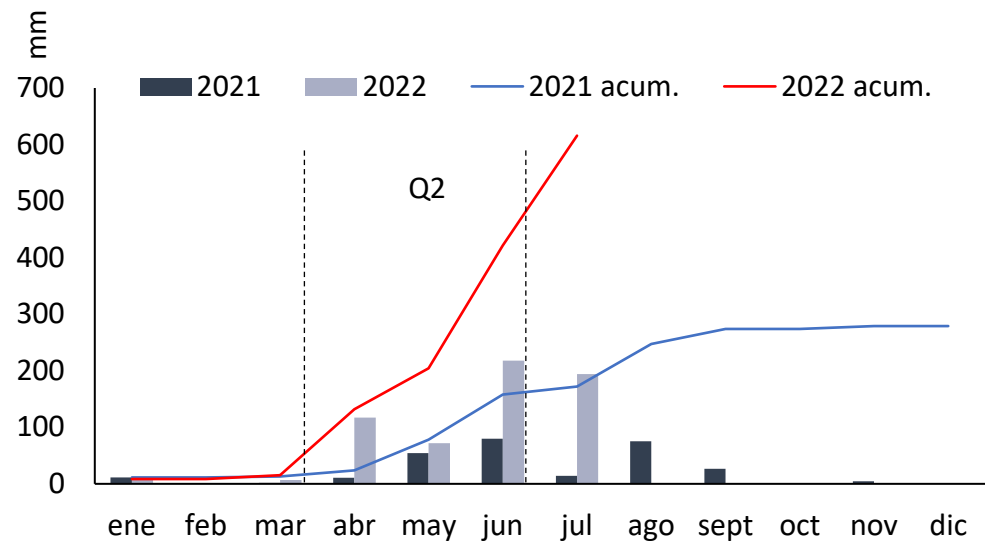
August, 2022

2Q2022 Investors Call

San Juan & Totoral Wind Farms

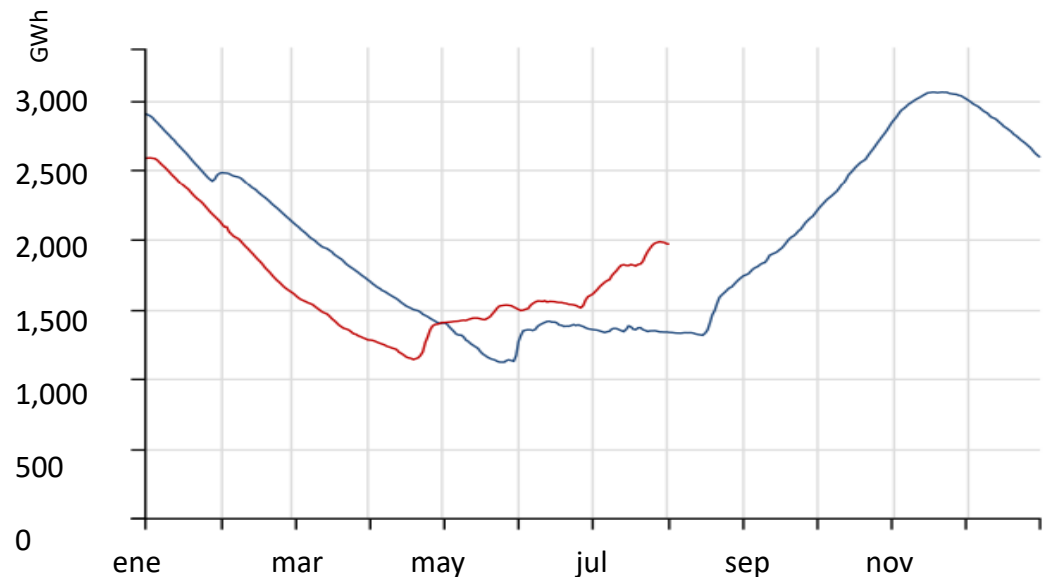
Complex market conditions during Q2 - Hydrology

Rainfalls at Station Maria Dolores, Biobio Region

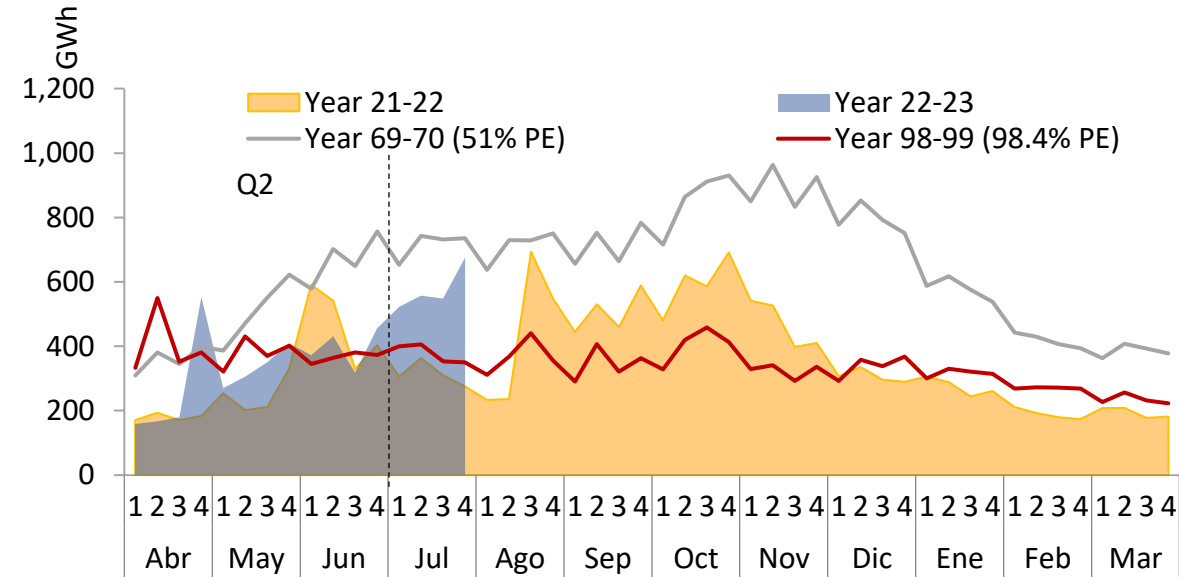


- Hydrological year in Chile starts in Q2 (April)
- 2Q2022 had better rainfall levels than last year
- The hydrological reserve has resulted in 24% more storage capacity as of July-22 than same period last year
- Despite higher rainfalls, hydrology during 2Q was at similar levels than last year, due to the hydrological reserve being under construction

Capacity accumulated at dams (2021 vs 2022)

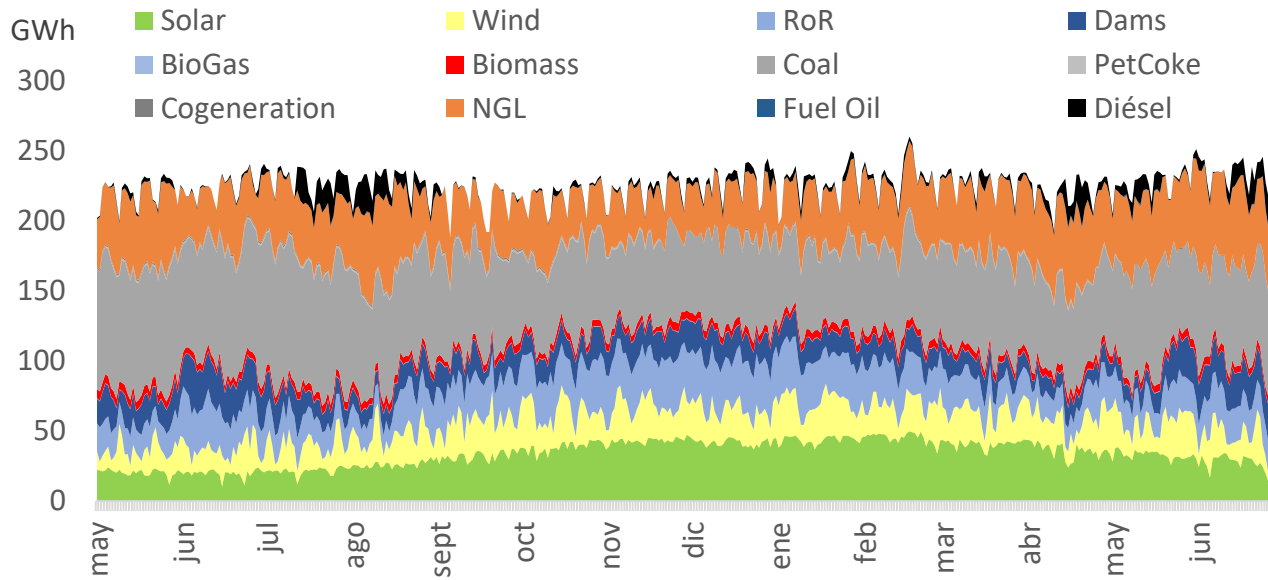


Hydroelectric energy flowing into the system



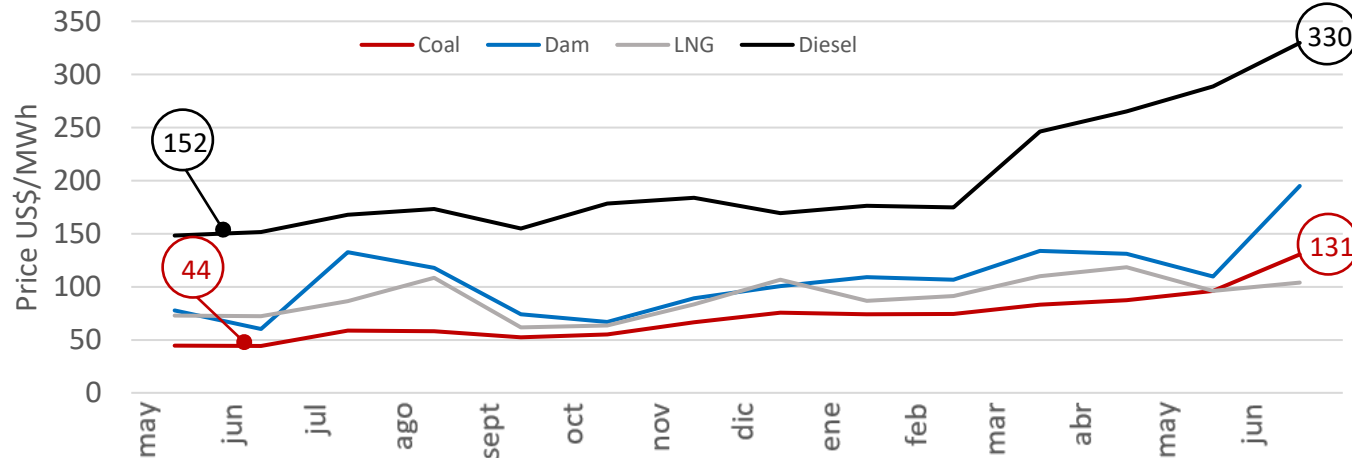
Complex market conditions during Q2 – High MgC and volatility

Gx by Technology

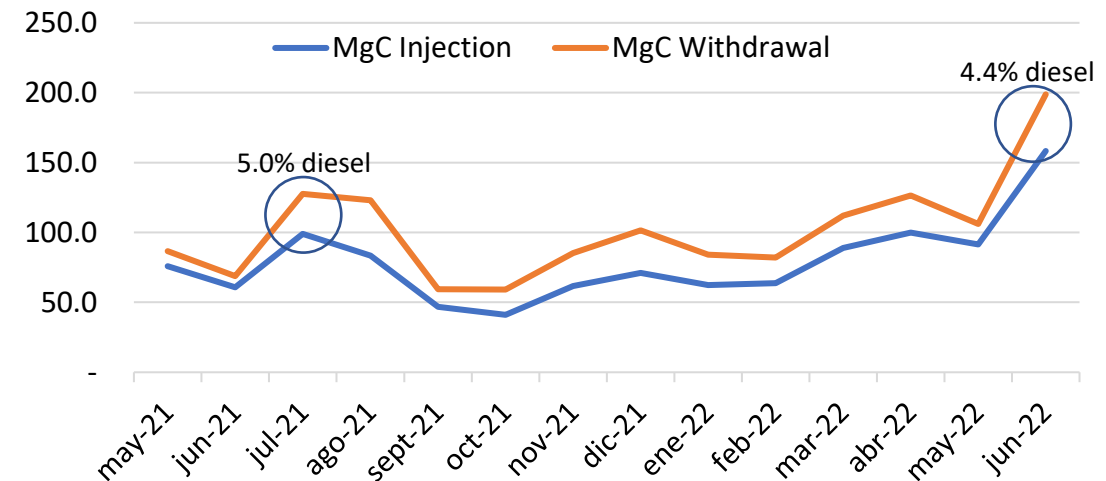


- Hydrological reserve formation forced the system to operate with thermal power plants
- In addition, unscheduled maintenance of coal-fired power plants led to the operation of diesel power plants at certain times.
- During Jun-22, 4.4% of the energy generated was by diesel power plants, similar to the 5.0% in Jul-21, however, due to the increase in prices, volatility was higher during Jun-22.

Average Marginal Cost by technology

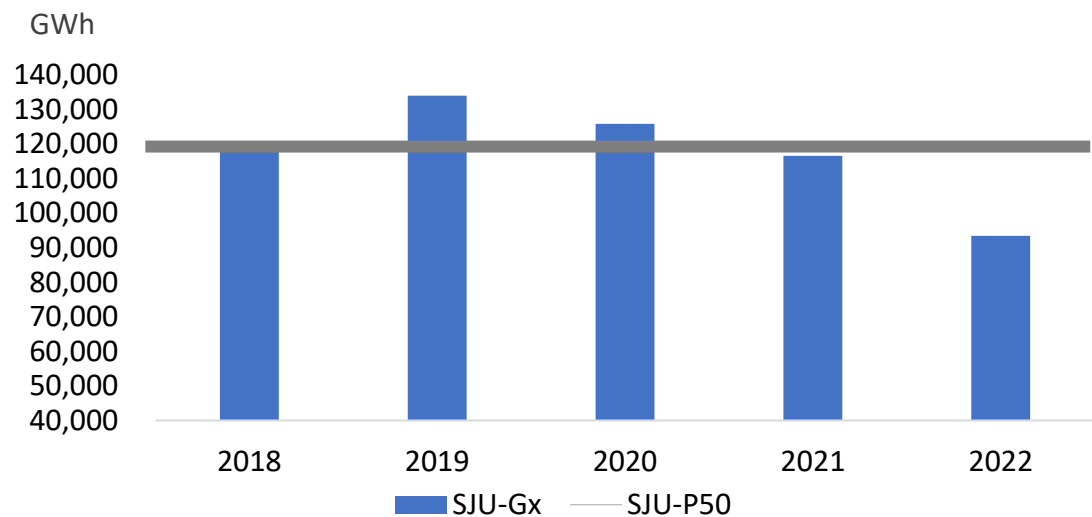


ILAP Marginal Cost: Injection vs Withdrawals



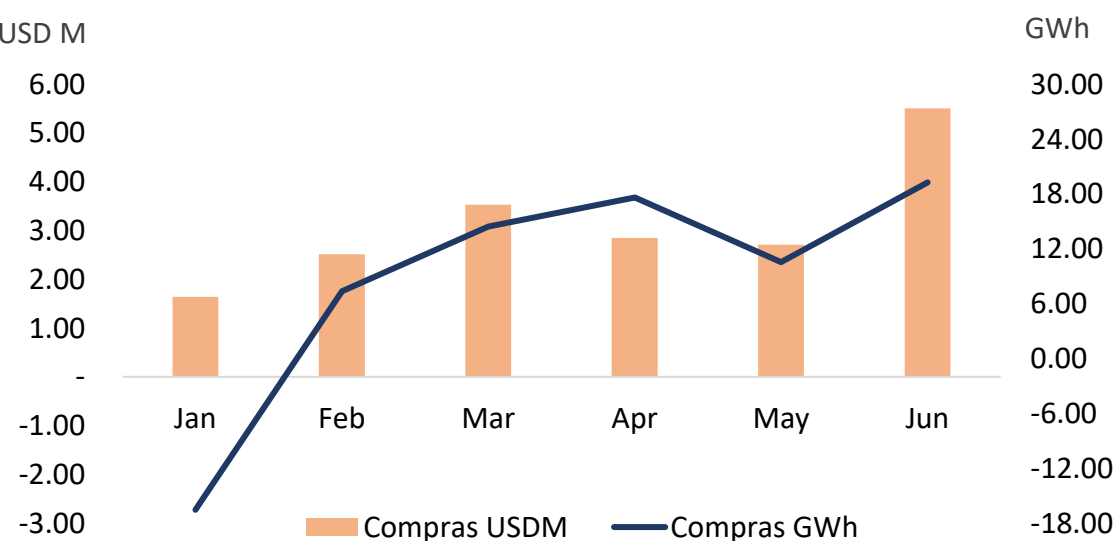
Q2 lower-than-expected generation drove to higher purchases in Spot Market

San Juan: Q2 historical generation



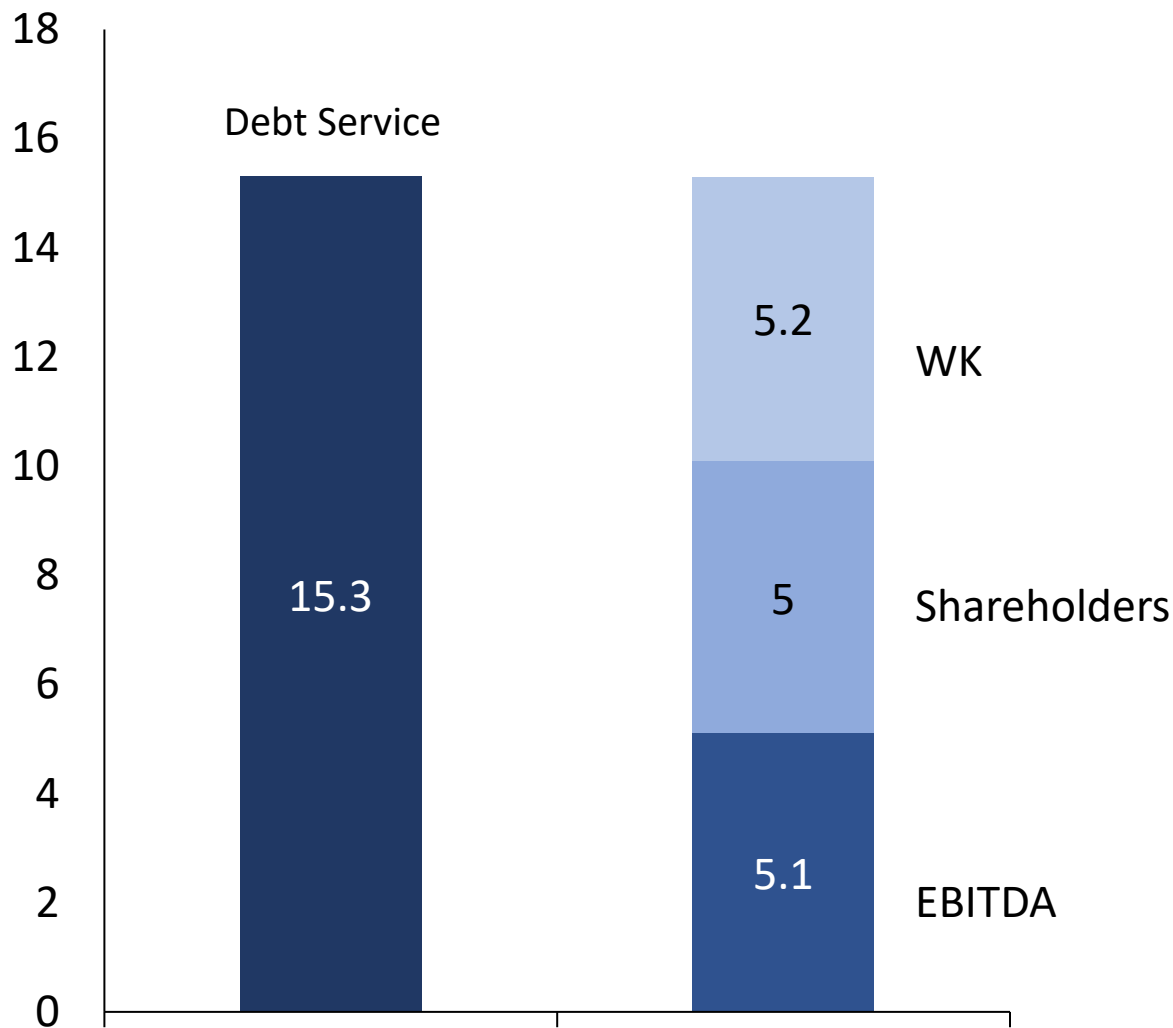
- Unlike the historical generation of San Juan, 2Q2022 showed a deviation from the matrix P50
- The exceedance probability in San Juan reached P97 during the period, while in Totoral it reached P85.

ILAP H1 energy purchases: GWh vs USD M



- Low generation during the period led to an increase in energy purchases (GWh), while high prices and volatility in the spot market caused those purchases to be at a high value
- Although purchases in GWh during Jun-22 were similar to Apr-22 in terms of GWh, in terms of USD purchases, there was a strong difference due to high withdrawal prices in the spot market

2H EBITDA and cash generation



- Extreme market conditions led to a low cash generation during the period
- Q2 EBITDA – (-1.5M)
- H2 EBITDA – (5.1M)
- In order to avoid the use of ILAP reserve accounts it was necessary:
 - USD5M injection from shareholders as subordinated debt
 - ~USD5.2M WK management mostly from June spot market purchases

- Hydro reserve in operation since the beginning of August
- First snowpack measurement together with conservative forecasted rainfalls (P85) predicts a P80-P75 hydrology scenario for this season
- Low price NGL from Argentina was negotiated to be delivered between Sep and Dec
- Almost 10% more total capacity will be added to the system before the year ends, all renewable energy
- New Stabilization Price Law already approved, ensuring generator companies to capture full PPA price from June onwards

- All ILAP PPA contracts are US nominated and adjusted by CPI (6% higher than base case model)
- Lower DisCos oversupply
- As per ILAP generation matrix, higher generation during the second half of the year is expected
- Potential additional sources of liquidity in case cash generation is not enough to comply with payment schedule:
 - Target Amortization – USD2.8M
 - Debt Service and O&M LC – USD16.5M and USD4.5M
 - WK negotiations

Curtailment

- During 2021 and 1H2022 energy flows were mostly from north to south
- Better hydrology should help stabilize energy flows
- Important penetration of solar capacity 2H2022
- ILAP generation profile negatively correlated with solar hours
- New HVDC should double the actual capacity by 2029
- BESS Project expected to be operative by the Dec-24

Rating Agencies

- International Rating Agencies- ILAP:

S&P Global
Ratings

BB- Jun-22

MOODY'S

Ba2 Jul-22

FitchRatings

BB+ Jun-22

- National Rating Agencies:



→ SJU BBB+ Jun-22

→ NVD BBB+ Jul-22

- Rating agencies incorporated a higher risk due to volatility in the spot market, requiring higher DSCR ratios
- All agencies presented negative outlooks, with expectations of how market will evolve
- Management maintains fluid communication with all agencies
- 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

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