

# COLBÚN 2016

PRESENTATION

MAY

Southern Cone & Andean Opportunities Conference  
J.P. Morgan



# A G E N D A

## OVERVIEW



OPERATIONS  
IN CHILE AND PERU



FINANCIALS



GROWTH  
OPPORTUNITIES




VALUE PROPOSAL



# POWER GENERATION BUSINESS IN CHILE AND PERU

 **PERU**  
Main Grid: SEIN  
9,311 MW Inst. Capacity  
94% of the demand

 **CHILE**  
4 separated grids  
Main Grid: SIC  
15,838 MW Inst. Capacity  
74% of the demand



**COLBUN'S PRESENCE IN PERU**

570 MW Inst. Capacity  
Thermal: 570 MW  
3,621 GWh annual generation  
9% market share\*

**COLBUN'S PRESENCE IN CHILE**

3,282 MW Inst. Capacity  
Hydro: 1,602 MW  
Thermal: 1,686 MW  
12,535 GWh annual generation  
25% market share\*

↓  
Consolidated installed capacity: 3,852 MW

\* In terms of generation All information as of December 2015

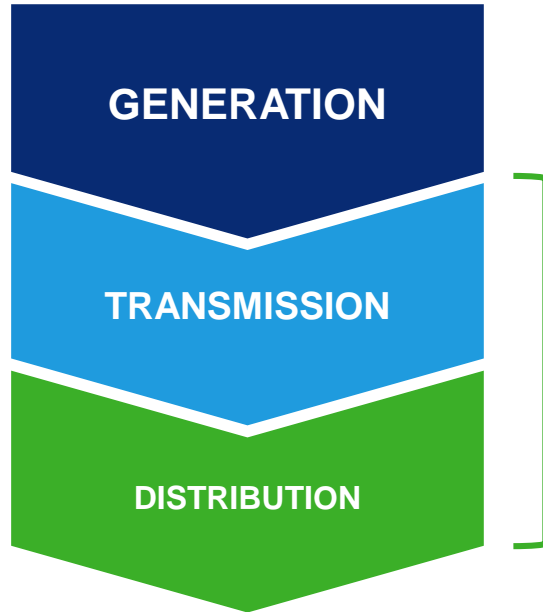


# OVERVIEW

## SECTOR SEGMENTATION

1

### CHILE

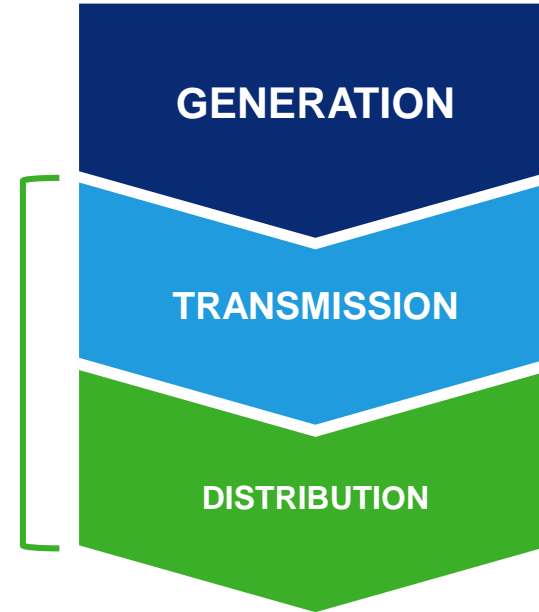


#### RELEVANT INSTITUTIONS

Ministry of Energy  
Regulator: CNE  
Supervisor: SEC  
Coordinator: CDEC

2

### PERU



Regulated  
sectors  
(concessions)

#### RELEVANT INSTITUTIONS

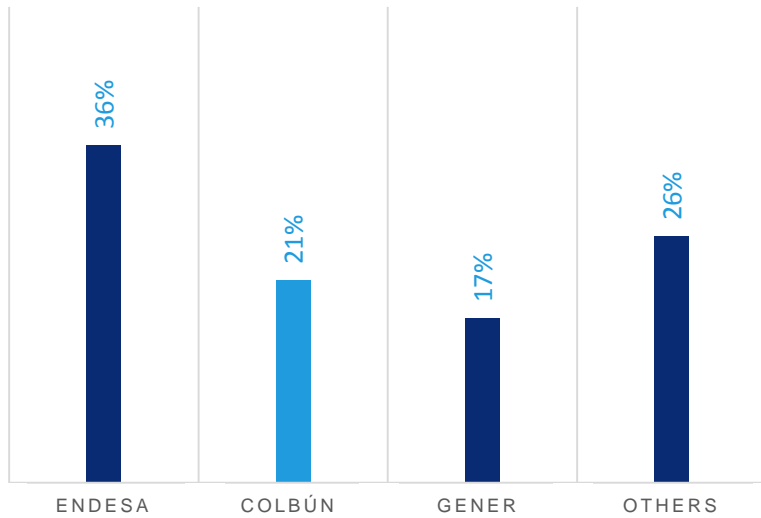
Ministry of Energy and Mines  
Supervisor: OSINERGMIN  
Coordinator: COES



# RELEVANT PLAYERS IN MARKET

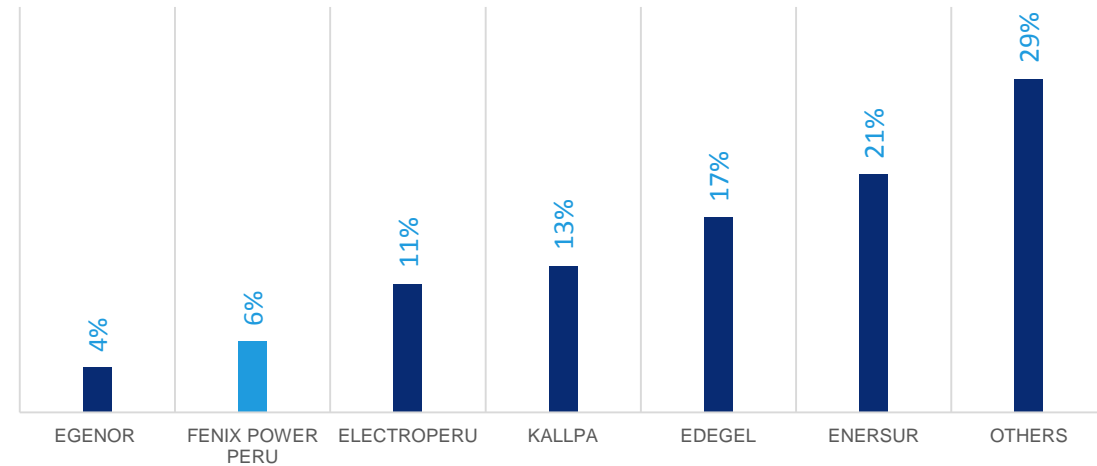
## SIC

(Market Share by Installed Capacity)



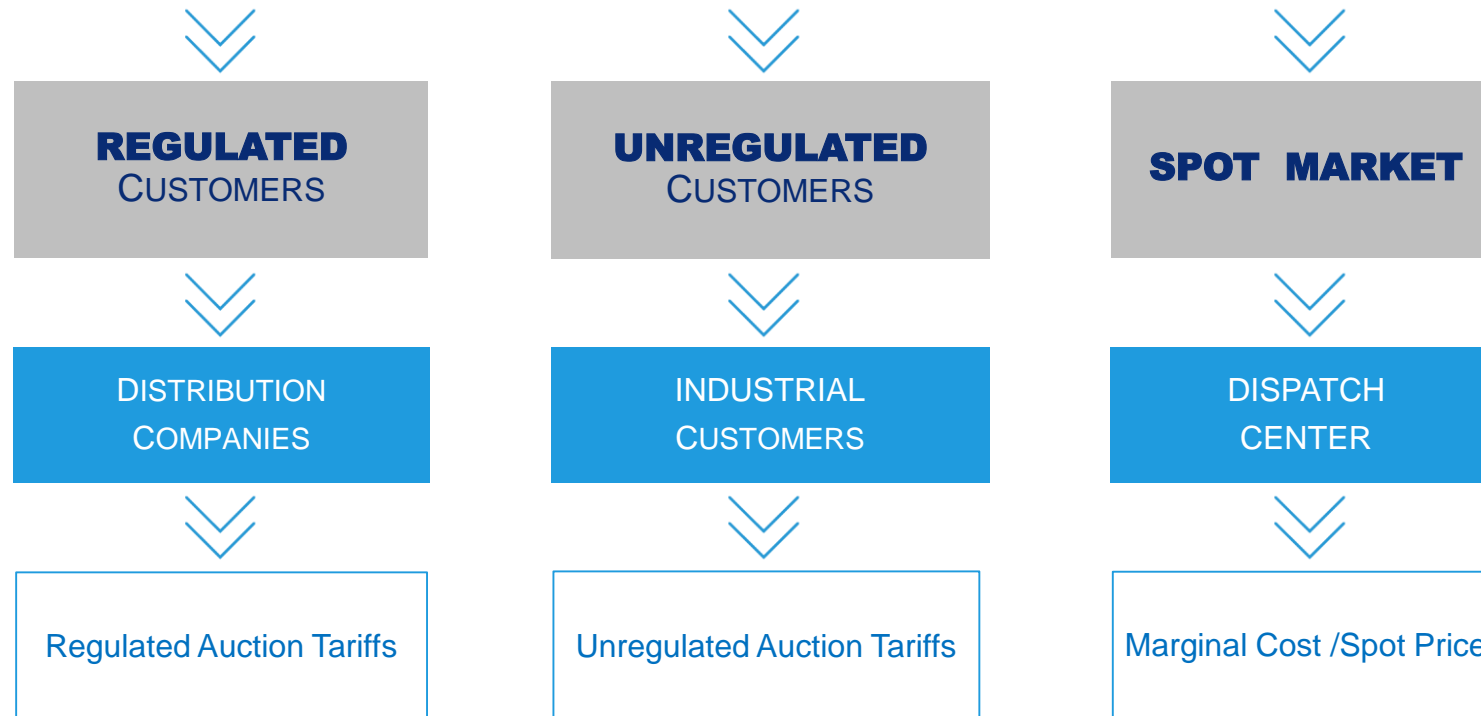
## SEIN

(Market Share by Installed Capacity)



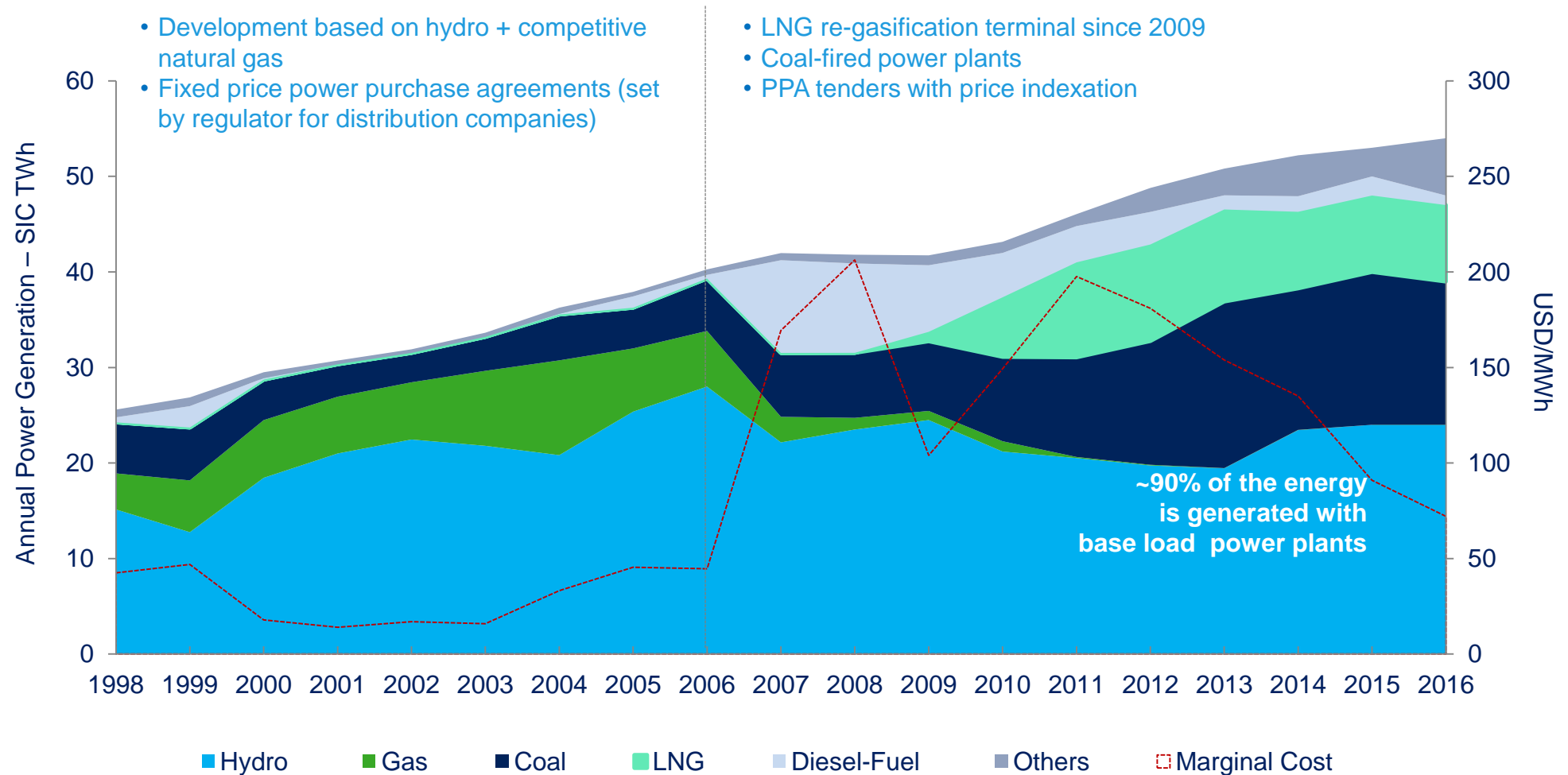


# GENERATORS



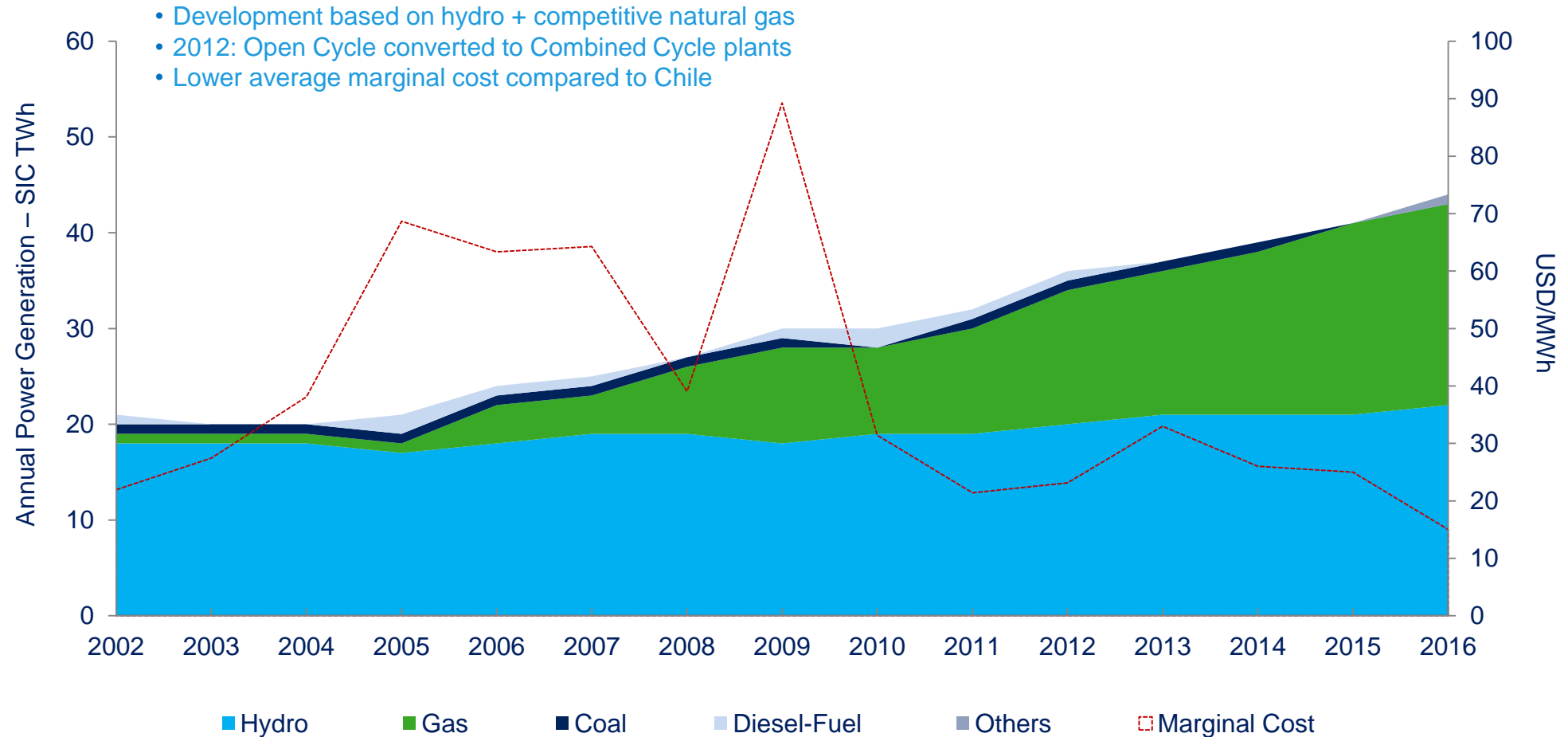


# GENERATION AND PRICE DEVELOPMENT IN CHILE'S CENTRAL GRID (SIC)





# GENERATION AND PRICE DEVELOPMENT IN PERU'S NATIONAL GRID (SEIN)



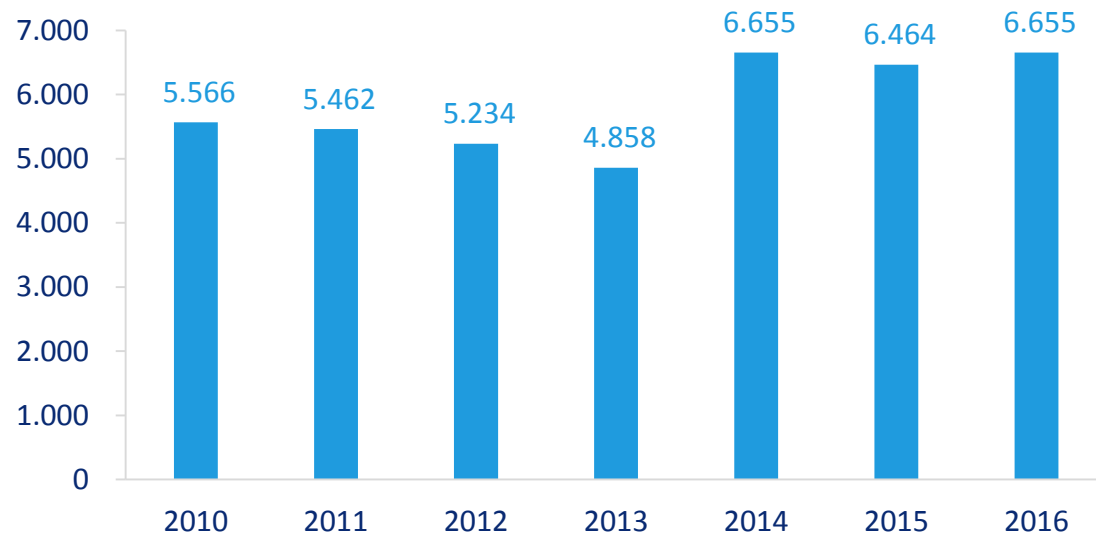




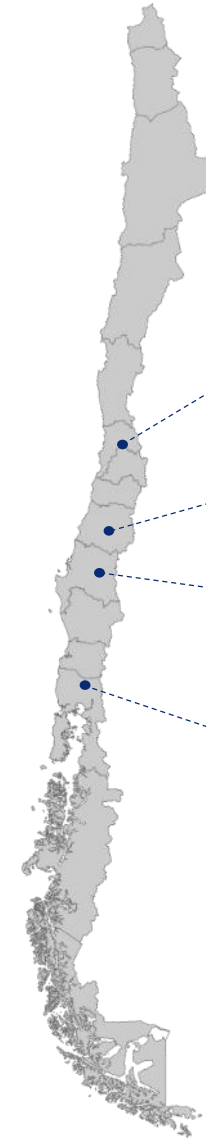
# HYDROLOGICAL CONDITIONS IN CHILE

1

Colbún Hydro Generation (GWh)



## Acc. Rainfalls



| Los Quilos (mm) |      |
|-----------------|------|
| 2015            | 2016 |
| 20,6            | 3,4  |

| Armerillo (mm) |      |
|----------------|------|
| 2015           | 2016 |
| 24,8           | 8,3  |

| Abanico (mm) |      |
|--------------|------|
| 2015         | 2016 |
| 0            | 33,5 |

| Canutillar (mm) |       |
|-----------------|-------|
| 2015            | 2016  |
| 131,5           | 194,5 |

\*Updated in March 2016 considers real figures. Jan-Mar

# A G E N D A



## OPERATIONS IN CHILE AND PERU












# OPERATIONS IN CHILE AND PERU OVERVIEW

**INSTALLED CAPACITY OF 3,852 MW - MARKET SHARE BY GENERATION: 25% IN CHILE (SIC); 9% IN PERU (SEIN)**

## Gx. ASSET DIVERSIFICATION. (MW)

-  4 Reservoir: 1,065
-  12 Run-of-the-river: 532
-  3 CCGT: 1,337
-  4 Diesel: 568
-  1 Coal: 350
-  1 Wind Farm: 45\*
-  1 Biomass: 26\*

\*Through PPAs

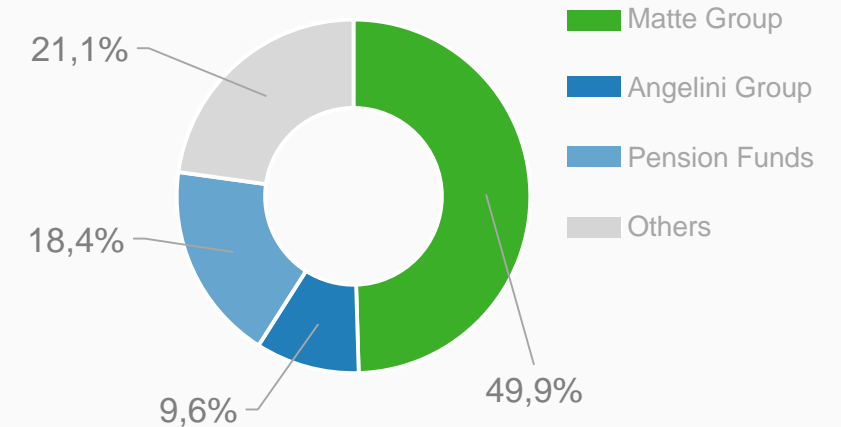
## FINANCIALS. As of Mar 16 (US\$ Million)

- Assets: 7,200
- Equity: 3,700
- Mkt Cap: 4,700
- EV: 5,882

## EBITDA LTM: 661


- Cash: 1,063
- Net Debt: 1,182

## OWNERSHIP%



- Committed Controlling Group
- High Standards of Corporate Governance

## Tx. ASSETS.

-  · ~900 Km
- 27 Substations

## NET DEBT/EBITDA: 1.8x.

- Dividend Policy: 30%

## INTER. RATINGS

FitchRatings : BBB

STANDARD & POOR'S : BBB-

## LOCAL RATINGS

FitchRatings : A+

Humphreys : AA-  
ELASIFICADORA DE RIESGO

\*All information as of Mar2016



# OPERATIONS IN CHILE AND PERU

## 3,852 MW OF INSTALLED CAPACITY



1,337 MW CCGT – 45%



350 MW Coal – 20%



568 MW Diesel – 35%

59% Thermal  
2,256 MW



532 MW Run-of-the-river – 33%








1,065 MW Reservoir – 67%



## OPERATIONS IN CHILE AND PERU

# COMMERCIAL POLICY IN CHILE

### ■ **Balanced position between existent and future efficient generation capacity and medium to long-term power supply commitments**

-  **Hydro:** contract output considering medium to dry hydrology
-  **Coal:** contract output considering an efficient load factor
-  **LNG:** secure long-term competitive LNG Supply for Combined Cycle units
-  **NCRE:** add additional assets to our generation matrix
-  **Back-up capacity:** available for the spot market and other opportunities

### ■ **Secure long-term contracts with creditworthy counterparties**

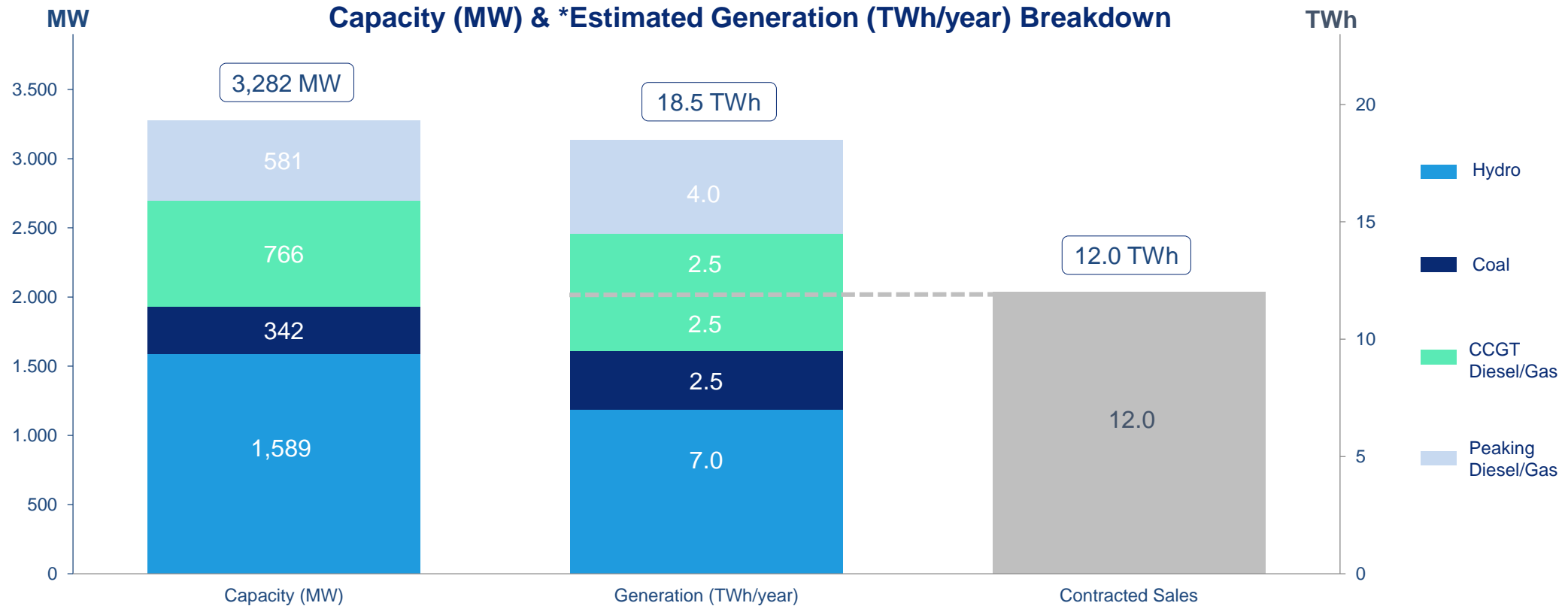
- Balanced mix between Regulated and Unregulated clients
- Incorporate risk-sharing mechanisms

### ■ **Expand operations to selected Latam countries and maintain a relevant market share in the SIC**

- Diversify geography, markets, technologies and regulation frameworks



# CHILE'S COMMERCIAL STRATEGY: MAXIMIZE RETURNS, WHILE MANAGING VOLATILITY



(\*) Under medium hydrological conditions.

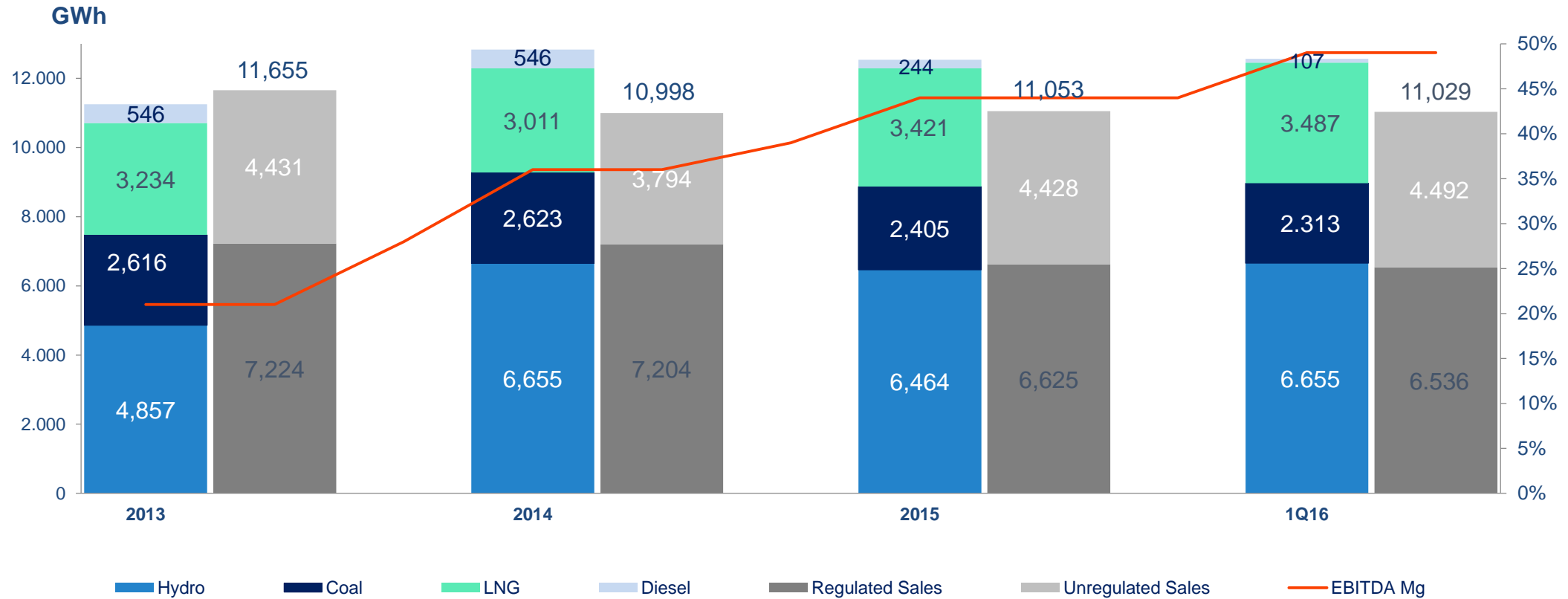
This graph is shown for illustrative purposes and represents estimated and potential output of our power plants and approximate level of contractual commitments. Real output from our power plants and variable production costs are dependent on many factors, such as hydrology, plant availability, access to fuels (coal and LNG) and commodity prices, among others.



# OPERATIONS IN CHILE AND PERU

## COMMERCIAL POSITION IN CHILE

**Contractual Commitments vs. Generation (GWh)**



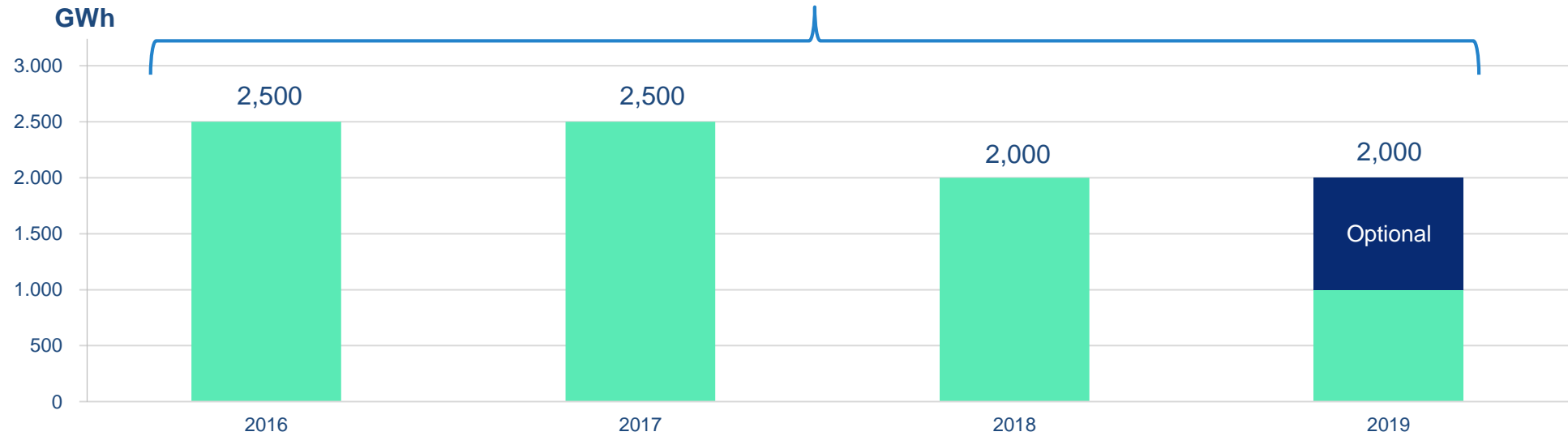
Graph Source: Colbún. Unregulated Sales 2015 & 1Q16 excludes sales to Codelco at Marginal Cost



# OPERATIONS IN CHILE AND PERU

## LNG: MEDIUM TERM AGREEMENTS IN CHILE

Contracted Gas Generation: Metrogas and ENAP (GWh)

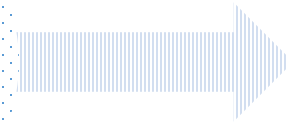
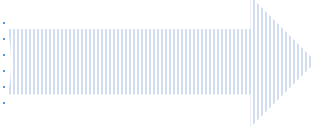


- Efficient complement to hydro and coal
- Nehuenco I & II – 766 MW





# LNG: LONG-TERM RESERVE REGASIFICATION CAPACITY IN CHILE



Long-term strategy:  
leveraging our efficient  
natural gas power  
facilities

Contributing to provide  
competitive, secure and  
sustainable power  
supply.

2020-2040  
2,500 GWh

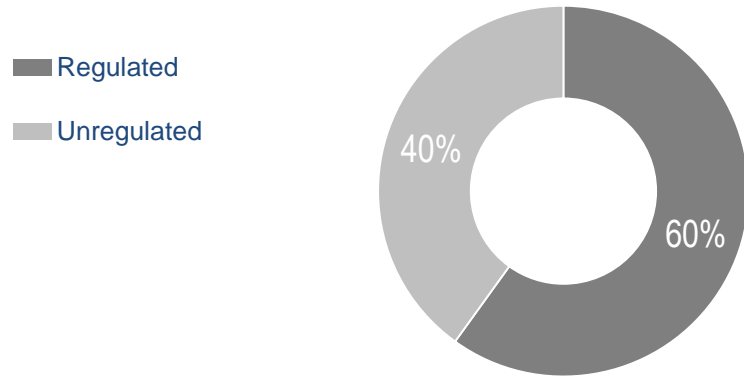


# OPERATIONS IN CHILE AND PERU

## HIGH QUALITY CLIENTS IN CHILE

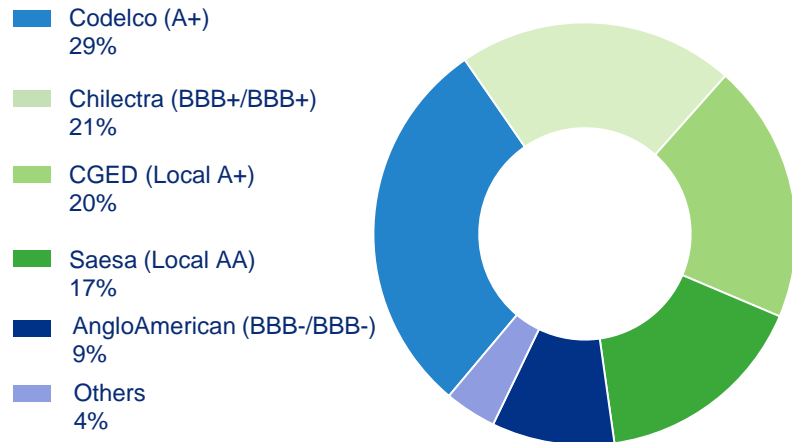
1

### Sales by Type of Customer (%)



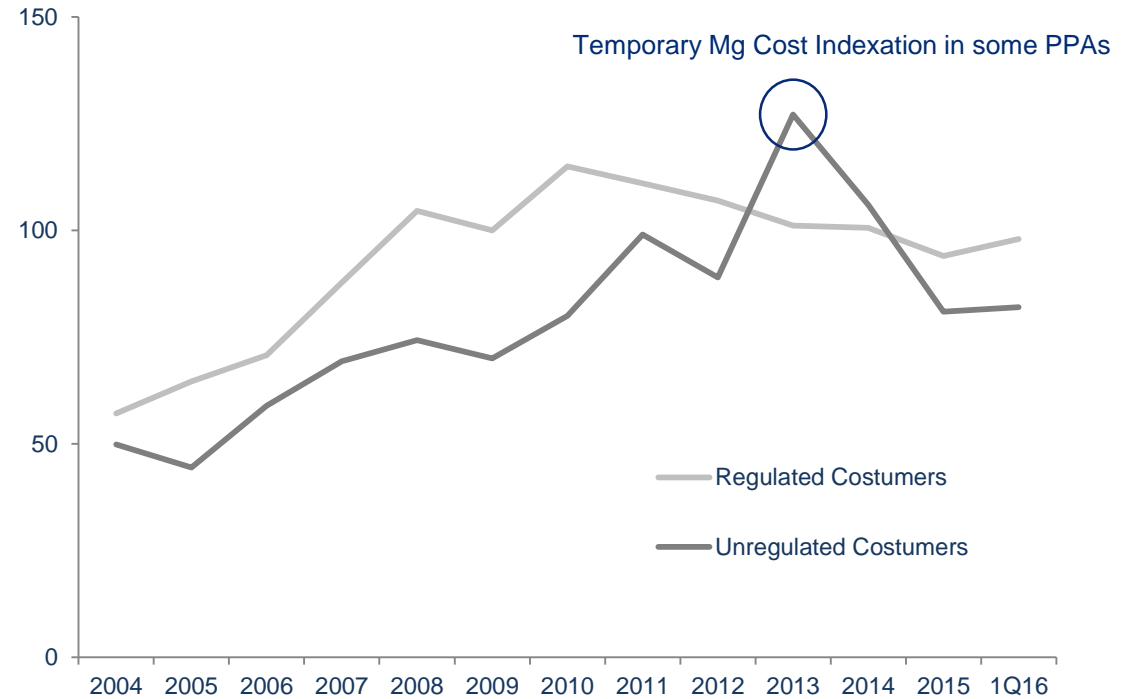
2

### Sales Volume by Customer (%)



3

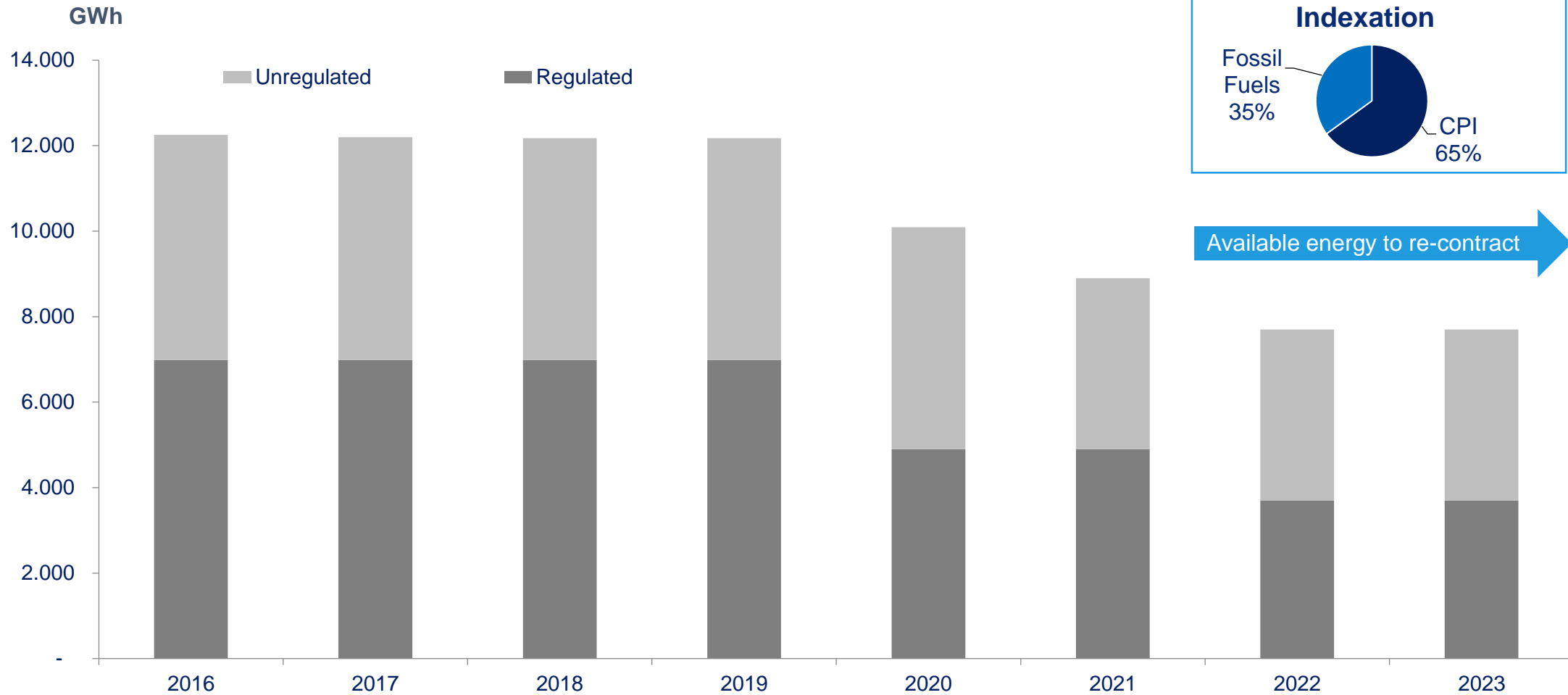
### Average Monomic Price (US\$/MWh)



Graphs Sources: 1), 2), 3) Colbún as of Mar16 LTM. 3) Average monomic prices are calculated by dividing the total amount of sales in US\$, by physical energy sales in MWh.



# OUR PPAs IN CHILE: 9.8 YEARS AVERAGE MATURITY



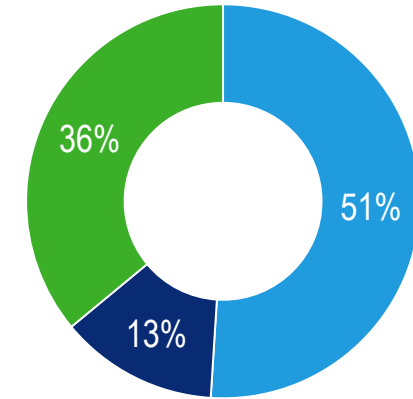


# FENIX POWER PERU: MOST EFFICIENT CCGT IN PERU



## Ownership

- Colbún
- Sigma
- ADIA



- Fenix Power Peru: Thermal combined cycle unit.
- Location: Chilca district, 64 km south of Lima, Peru.
- Installed capacity: 570 MW.

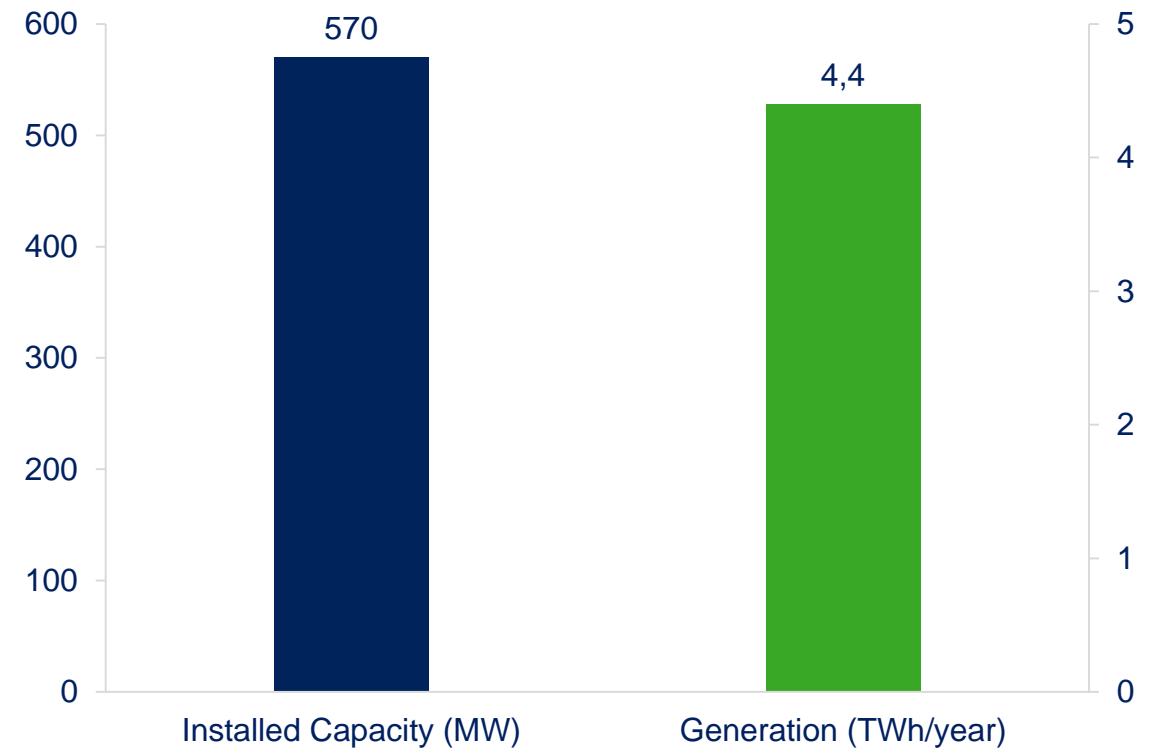
- Expected annual generation: 4,4 TWh.
- Market share: 9% in terms of generation.
- Commissioning date: December 24th 2014.



# PERU'S COMMERCIAL STRATEGY: COMMITTED ENERGY THROUGH LONG-TERM PPAs

## Secure long term contracts with creditworthy counterparties

- Relevant regulated costumers (stable demand)
- Incorporate risk-sharing mechanisms
- US\$ currency market
- Average PPA Portfolio Maturity: 7.5 years



# A G E N D A

---



**FINANCIALS**

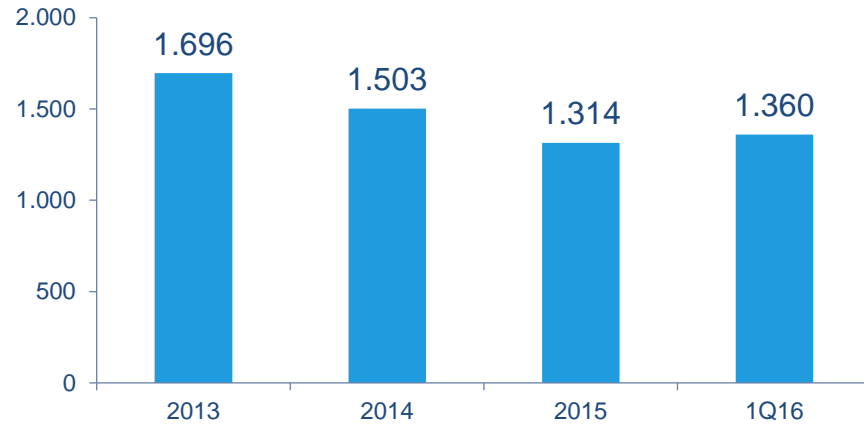




# STRONG FINANCIAL RESULTS

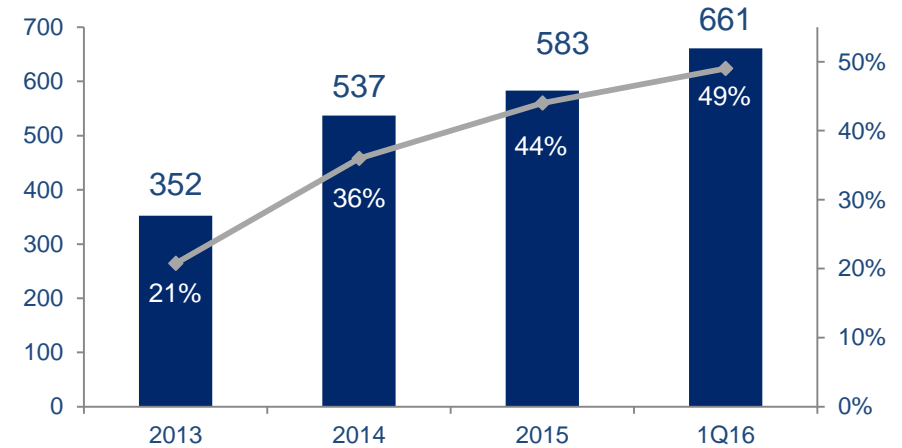
1

Operating Revenues (US\$ million)



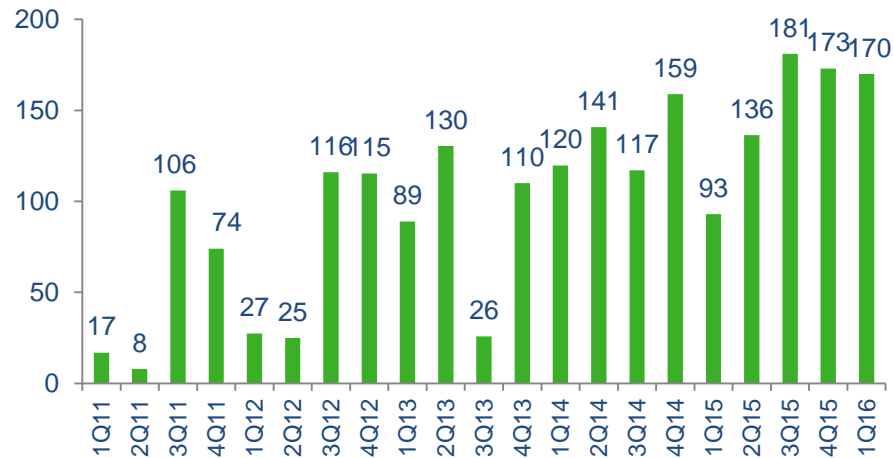
2

EBITDA (US\$ million) & EBITDA Mg (%)



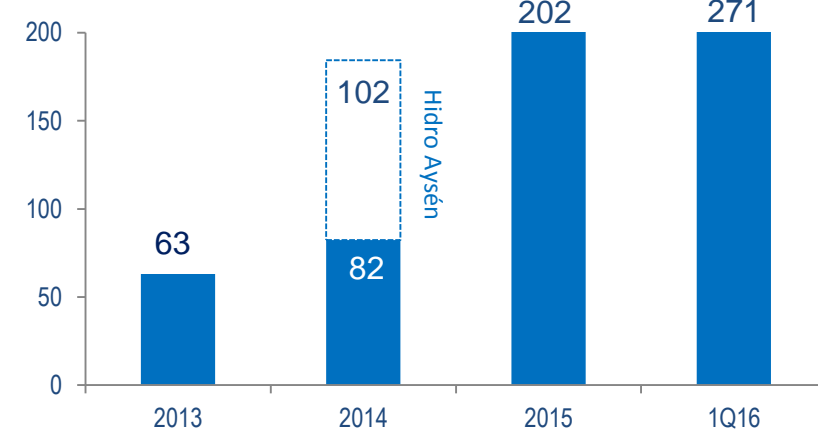
3

Quarterly EBITDA (US\$ million)



4

Net Income (US\$ million)



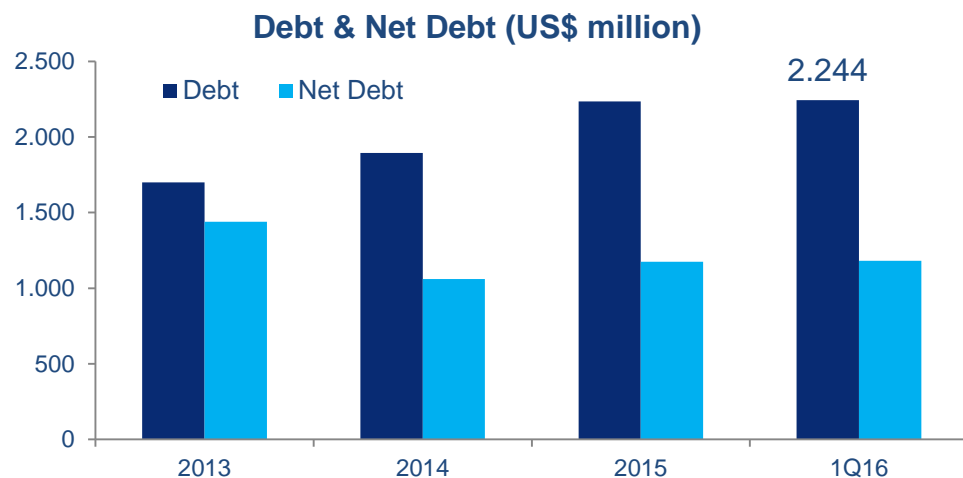
Source: Colbún's Financial Statements



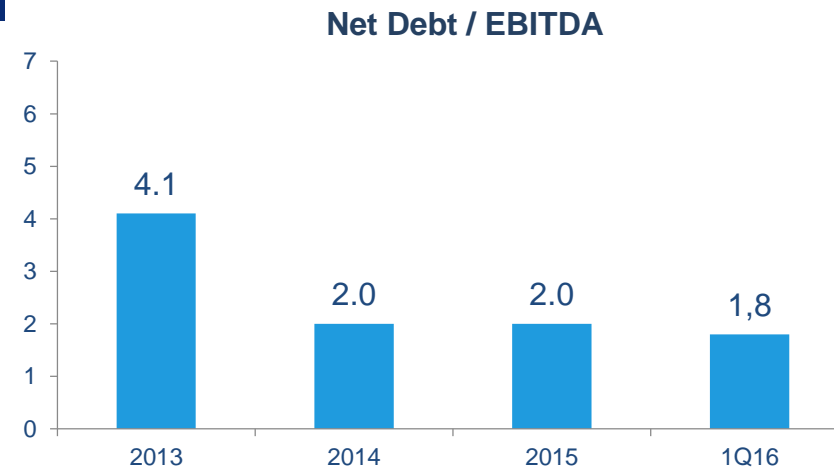
# FINANCIALS

## STRONG FINANCIAL RESULTS

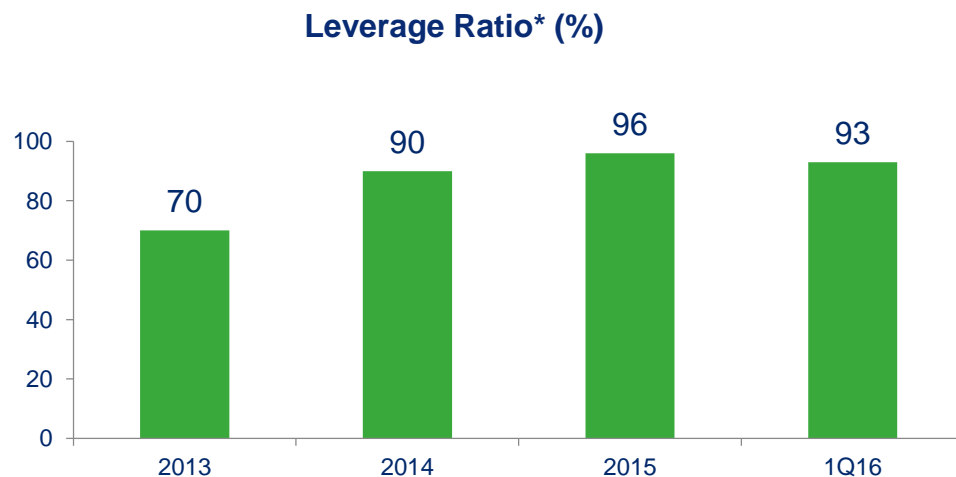
1



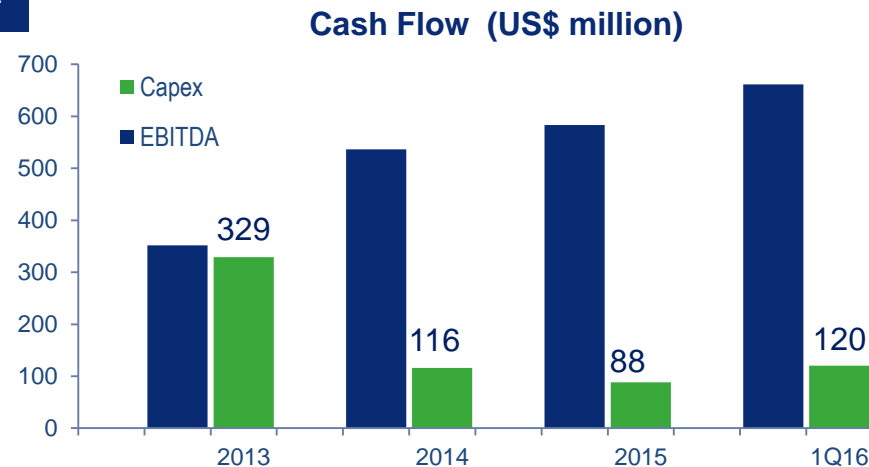
2



3



4



Source: Colbún's Financial Statements. (\*) Calculated as Liabilities/Equity

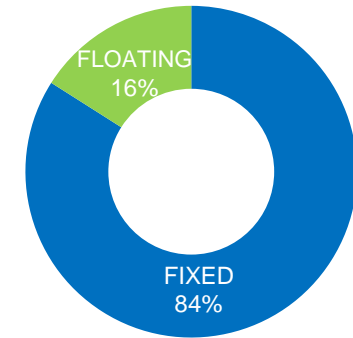
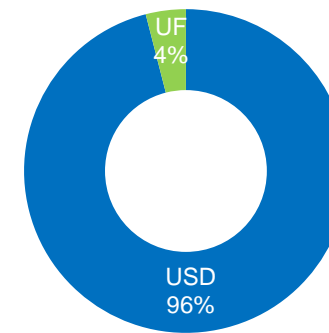
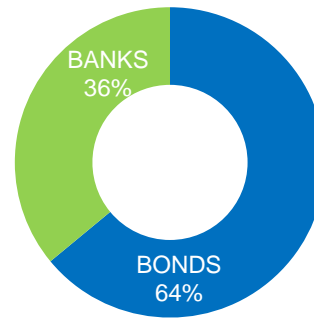




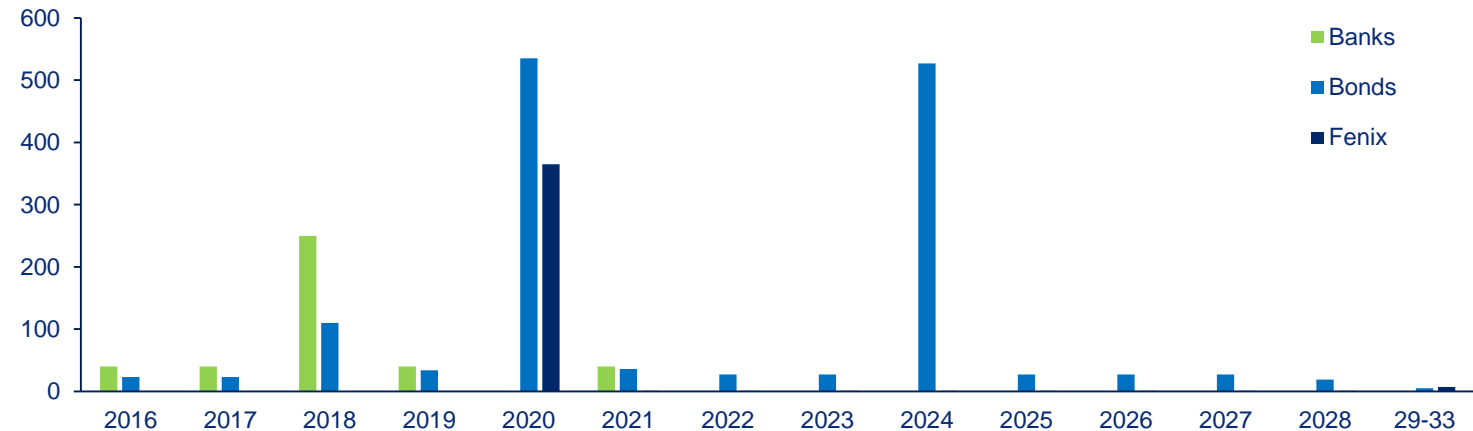
# ADEQUATE DEBT PROFILE AND STRONG LIQUIDITY

- Total Debt: MMUS\$ 2,244
- Avrg. Maturity: 5.2 years
- Avrg. USD Interest Rate: 4.7%
- Cash: MMUS\$ 1,063
- Net Debt: MMUS\$ 1,182
- Dividend Policy 30%
- Banks Committed Lines: MMUS\$ 146

## Debt Profile



## Amortization Structure (US\$ million)



# A G E N D A

---

 OVERVIEW

---

 OPERATIONS  
IN CHILE AND PERU

---

 FINANCIALS

**GROWTH OPPORTUNITIES**

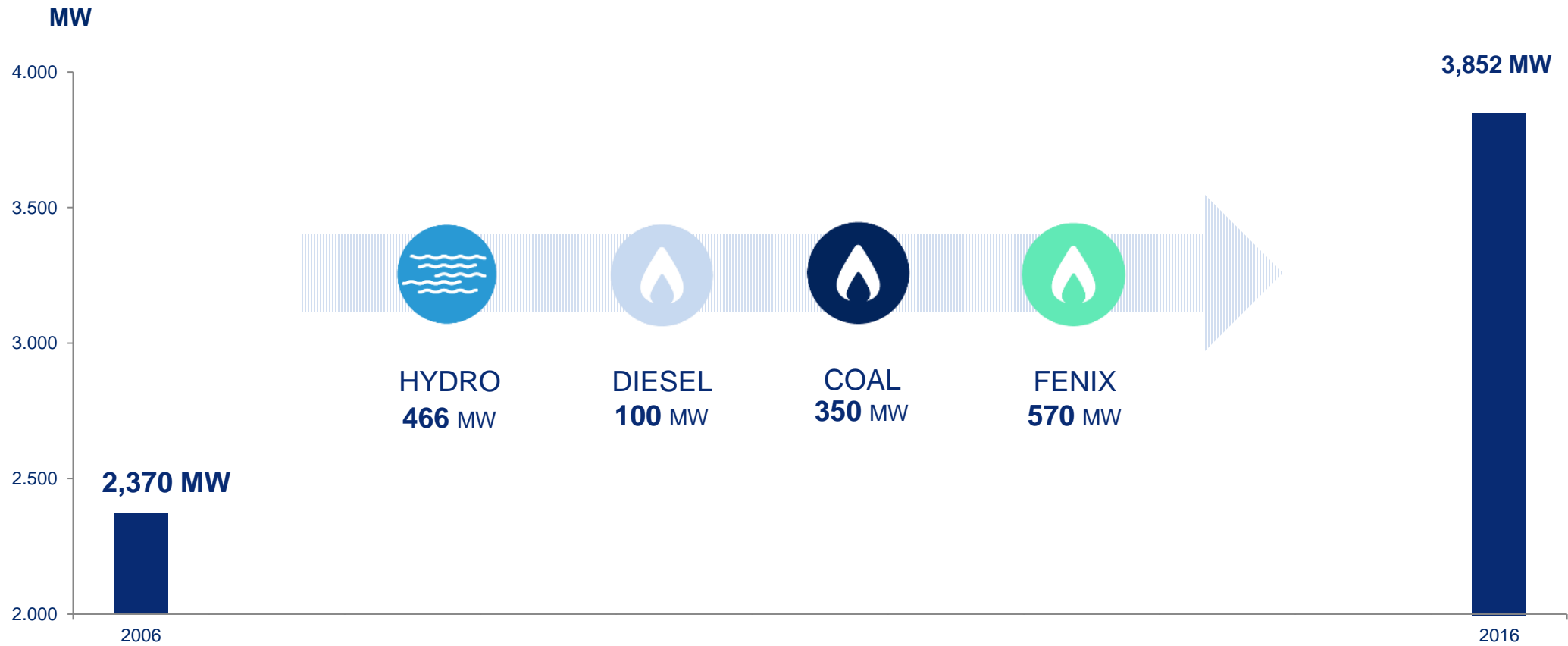


---

 VALUE PROPOSAL

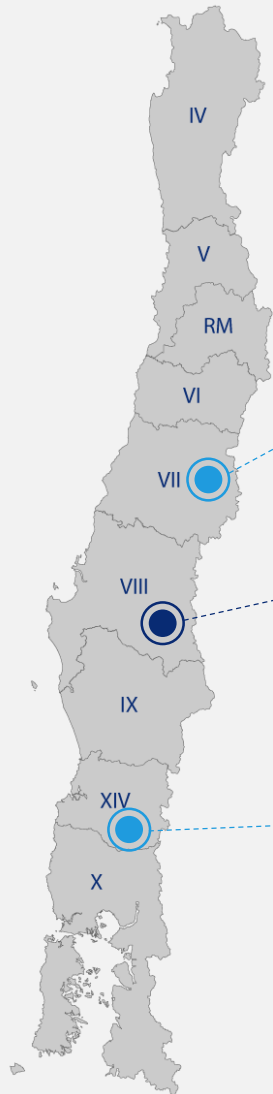


# INSTALLED CAPACITY EVOLUTION: LAST 10 YEARS





# GROWTH OPPORTUNITIES IN CHILE: BASE LOAD CAPACITY AND RENEWABLES



**34 MW**

**La Mina**  
Run-of-the-river / NCRE

**350 MW**

**Santa María II**  
Coal

**170 MW**

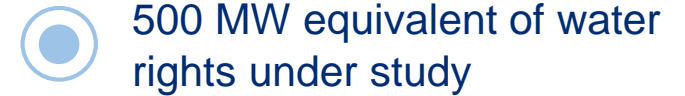
**San Pedro**  
Reservoir



Hydro



Coal



500 MW equivalent of water rights under study



NCRE under study



# LA MINA – RENEWABLE ENERGY FOR THE SYSTEM

- 34 MW of Installed Capacity and 190 GWh of expected annual generation

- Under construction since Dec14. As of March 2016 it has 63% progress, according to plan

- Expected to be commissioned in early 2017





# SANTA MARIA II – COAL FIRED BASE LOAD CAPACITY

- 350 MW of Installed Capacity and 2,500 GWh of expected annual generation

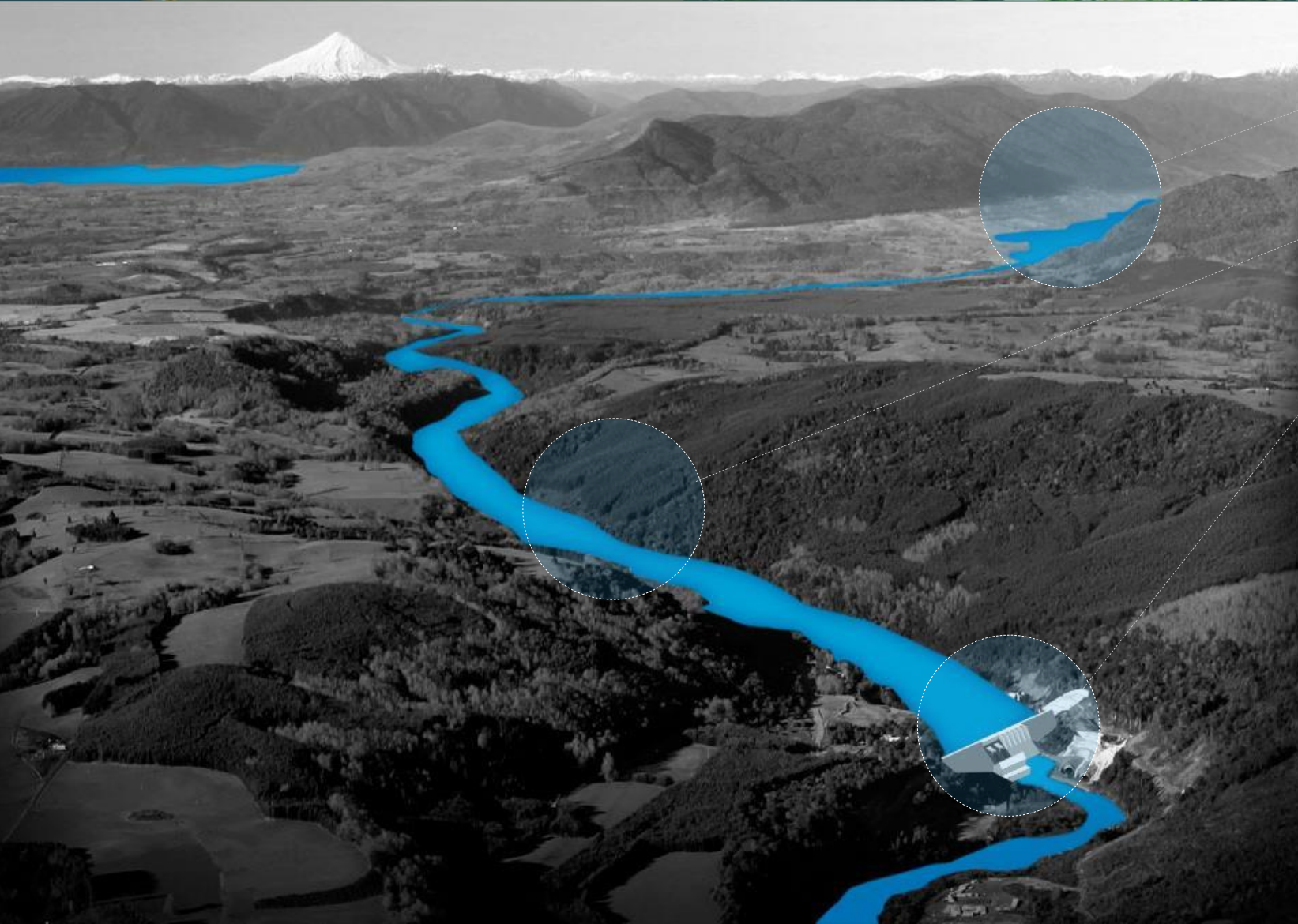
- Environmentally Approved

- Social, economic and commercial dimensions of the project are being analyzed, in order to timely define the beginning of its construction





# GROWTH OPPORTUNITIES SAN PEDRO – HIGHLY EFFICIENT HYDROELECTRIC PROJECT



**Riñihue Lake**

**San Pedro reservoir**

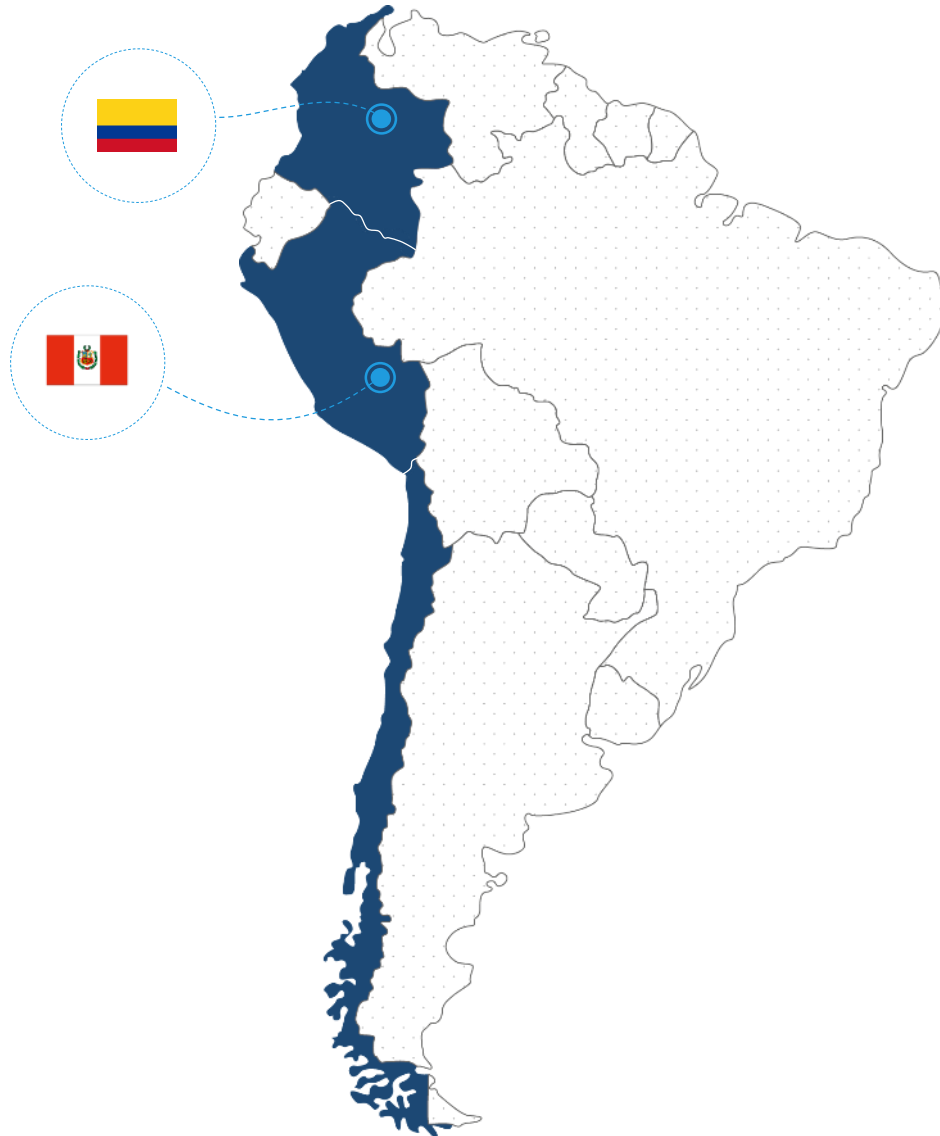
**Project**

- ~170 MW of Installed Capacity and 950 GWh of expected annual generation

- Broad explicative and clarifying meeting process plan



# SEARCHING FOR INVESTMENT OPPORTUNITIES IN THE REGION



## Special Focus on Colombia and Peru

✓ Growing Electricity Consumption

✓ Well established regulatory framework

- ✓ Diversification:
- Hydrological Conditions
  - Generation Technology
  - Fuel Access
  - Regulation





# GROWTH OPPORTUNITIES

## SUNEDISON'S ASSETS ACQUISITION



- Long-term energy supply contracts with regulated customers
  - 350 GWh per year
  - 15 years
  - Starting 2017

- Two photovoltaic solar parks in development in SIC
  - Parque Solar Olmué 145 MW (Environmentally approved)
  - Parque Solar Santa Sofía 57 MW (Environmental approvals in process)

- Long-term supply contract by which SunEdison will build a solar plant of 100 MW
  - 200 GWh per year
  - 15 years
  - Starting 2021

# A G E N D A



VALUE PROPOSAL





# VALUE PROPOSAL

## OUR VALUE PROPOSAL



---

“ Be a leading and growing company of profitable and sustainable power generation in selected countries of Latin America ”

---



# DISCLAIMER AND CONTACT INFORMATION

- This document provides information about Colbún S.A. In no case this document constitutes a comprehensive analysis of the financial, production and sales situation of the company.
- To evaluate whether to purchase or sell securities of the company, the investor must conduct its own independent analysis.
- This presentation may contain forward-looking statements concerning Colbún's future performance and should be considered as good faith estimates by Colbún S.A.
- In compliance with the applicable rules, Colbún S.A. publishes on its Web Site ([www.colbun.cl](http://www.colbun.cl)) and sends the financial statements of the Company and its corresponding notes to the Superintendencia de Valores y Seguros, those documents should be read as a complement to this presentation.

## INVESTOR RELATIONS

### TEAM CONTACT

Miguel Alarcón  
[malarcon@colbun.cl](mailto:malarcon@colbun.cl)  
+ 56 2 2460 4394

---

Verónica Pubill  
[vpubill@colbun.cl](mailto:vpubill@colbun.cl)  
+ 56 2 2460 4308

---

Soledad Errázuriz  
[serrazuriz@colbun.cl](mailto:serrazuriz@colbun.cl)  
+ 56 2 2460 4450