



Larrain Vial's 12th Annual Andean & Southern Cone Conference

COMPANY PRESENTATION

March 2018



AGENDA

1. Company overview
2. Market overview
3. Commercial strategy
4. Financial review
5. Sustainability in Colbun
6. Growth opportunities



1.

COMPANY OVERVIEW



Company overview

Leading position in Chile & Peru

THE COMPANY



Installed Capacity

3,884 MW

 **3,319 MW** /  **565 MW**



Market Share¹

 **23%** /  **8%**



Ownership

- **49.96%** Matte Group
- **9.58%** Angelini Group
- **20.77%** Pension Funds
- **19.69%** Others



Power-Plants

25

 **24** /  **1**



Transmission Lines

~940 km

KEY FINANCIALS



Total Assets

US\$6.9 bn



EBITDA LTM

US\$692 mm

 **US\$639 mm** /  **US\$54 mm**

Rating

BBB

Fitch



BBB

S&P



Cash

US\$810 mm



Net Debt / EBITDA

1.2 x

Company overview

Well diversified generation assets

Thermal: 2,250 MW

Hydro¹: 1,634 MW



¹ Includes 37 MW of La Mina power plant

Company overview

Fenix Power: Most efficient CCGT in Peru



Most efficient CCGT in Peru

Based on Heat Rate



40 miles south of Lima

Capital of Peru and largest city of the country



565 MW

Gross effective capacity



3.5 TWh

Net annual generation



3 TWh / year

Long term contracts (~75% capacity)

SHAREHOLDERS

- 51% Colbún
- 36% ADIA
- 13% Sigma

KEY FIGURES



LTM EBITDA

US\$ **54** mm



Cash

US\$ **53** mm

Internacional Ratings



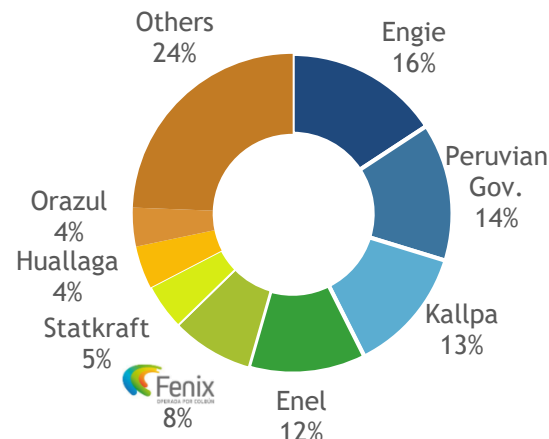
Baa3 Stable

Moody's

BBB- Stable

S&P/Fitch

MARKET SHARE¹



Company overview

Relevant transmission assets



Transmission lines
~**940** km



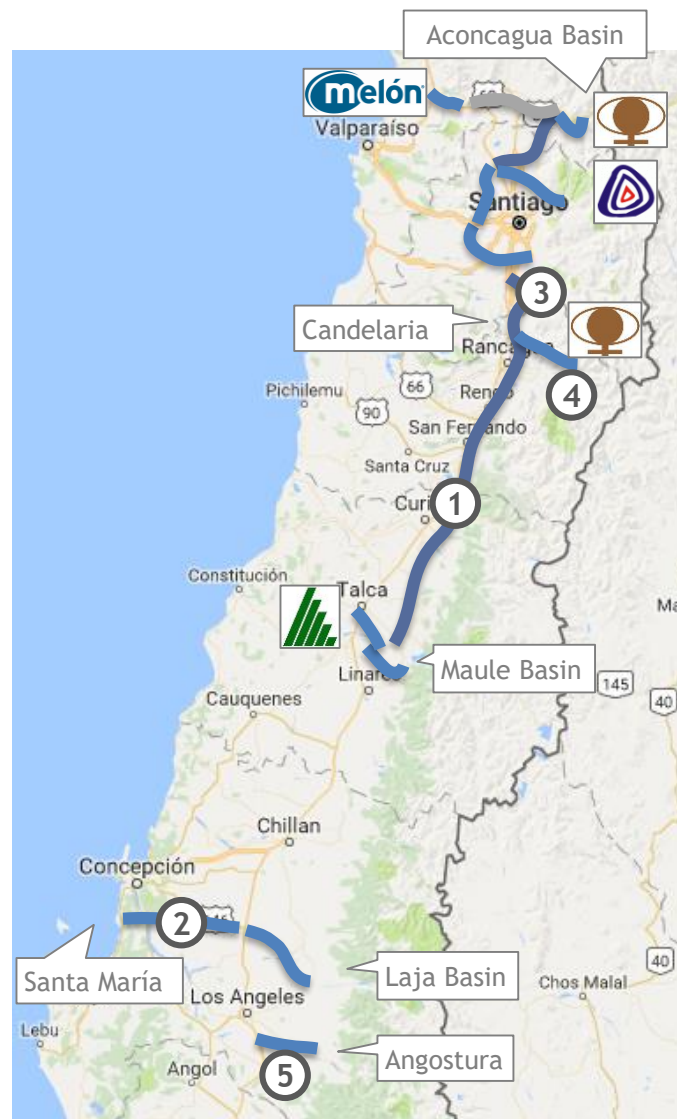
Substations
30



Market share ¹
5%



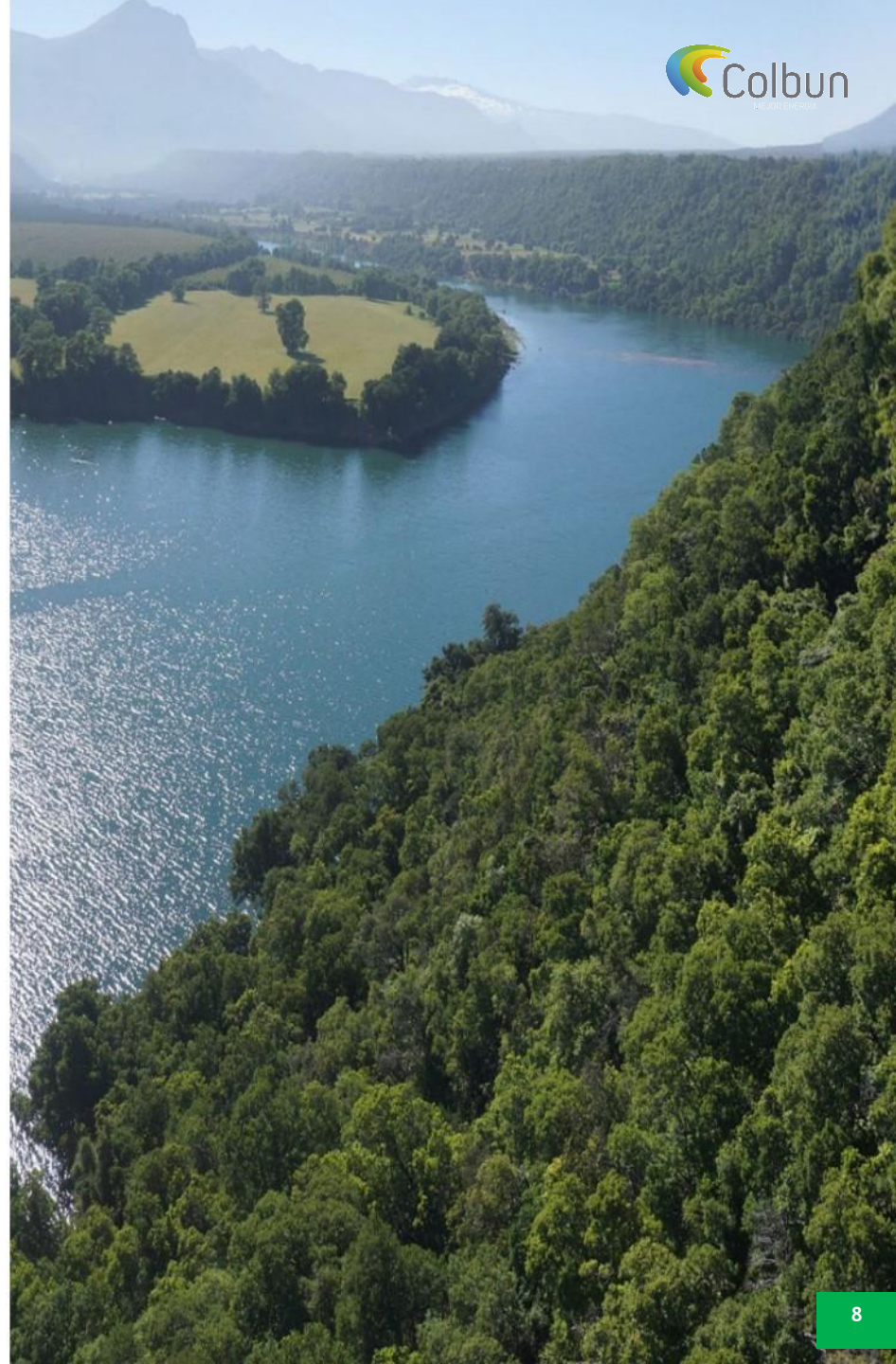
Annual Equivalent EBITDA
~**US\$60** mm



Note: All figures as of Dec17
¹ "National" Transmission

2.

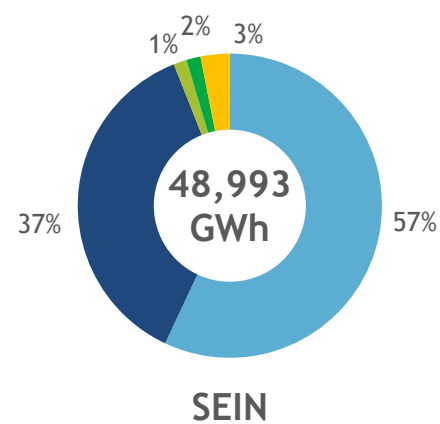
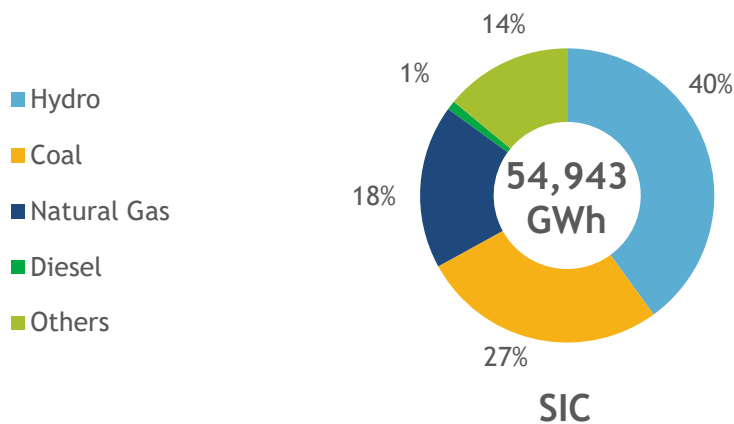
MARKET OVERVIEW



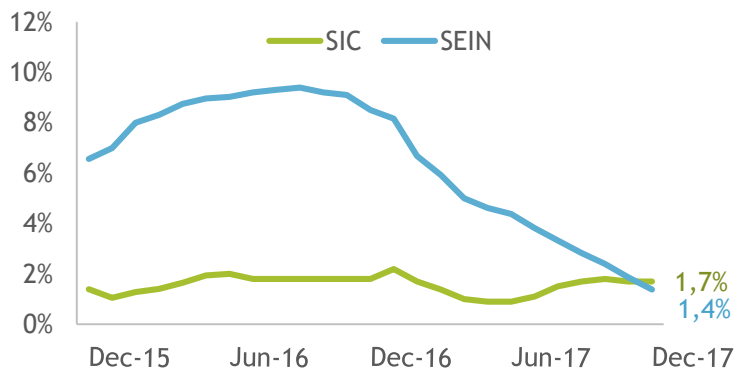
Market Overview

SIC & SEIN

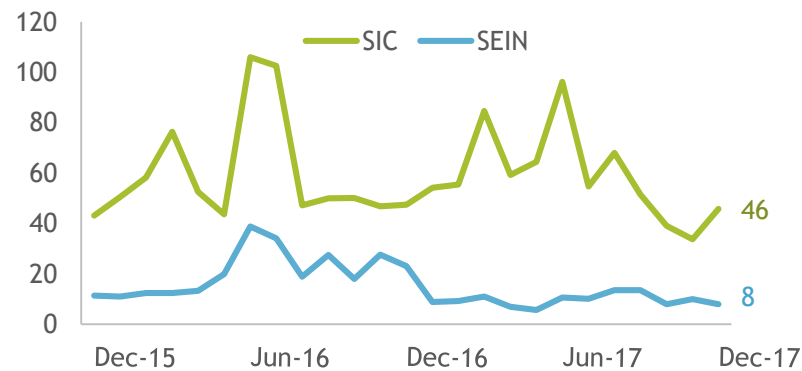
1 GENERATION MATRIX. (%)



2 POWER DEMAND GROWTH. (12 month average %)



3 MARGINAL COST. (US\$/MWh)



3.

COMMERCIAL STRATEGY



Commercial strategy

Long Term PPAs to ensure cash flow stability

WHOLE-SALE POWER COMMERCIAL POLICY

1 Optimal Contracting level

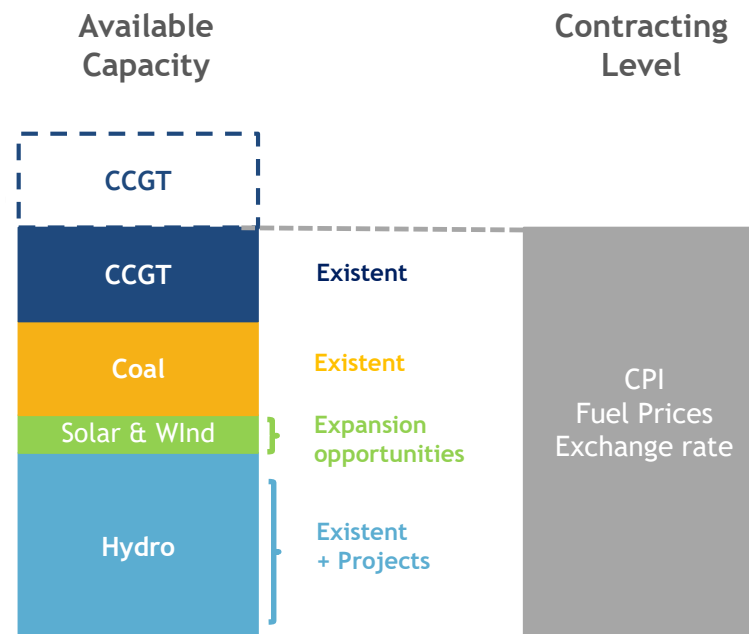
- I. Renewable Capacity:
Hydro, solar and wind
- II. Efficient thermal capacity:
Coal and CCGTs

2 Cost structure properly reflected in sale prices

3 Active risk management

- I. LNG purchases in the short and mid term
- II. Financial hedges

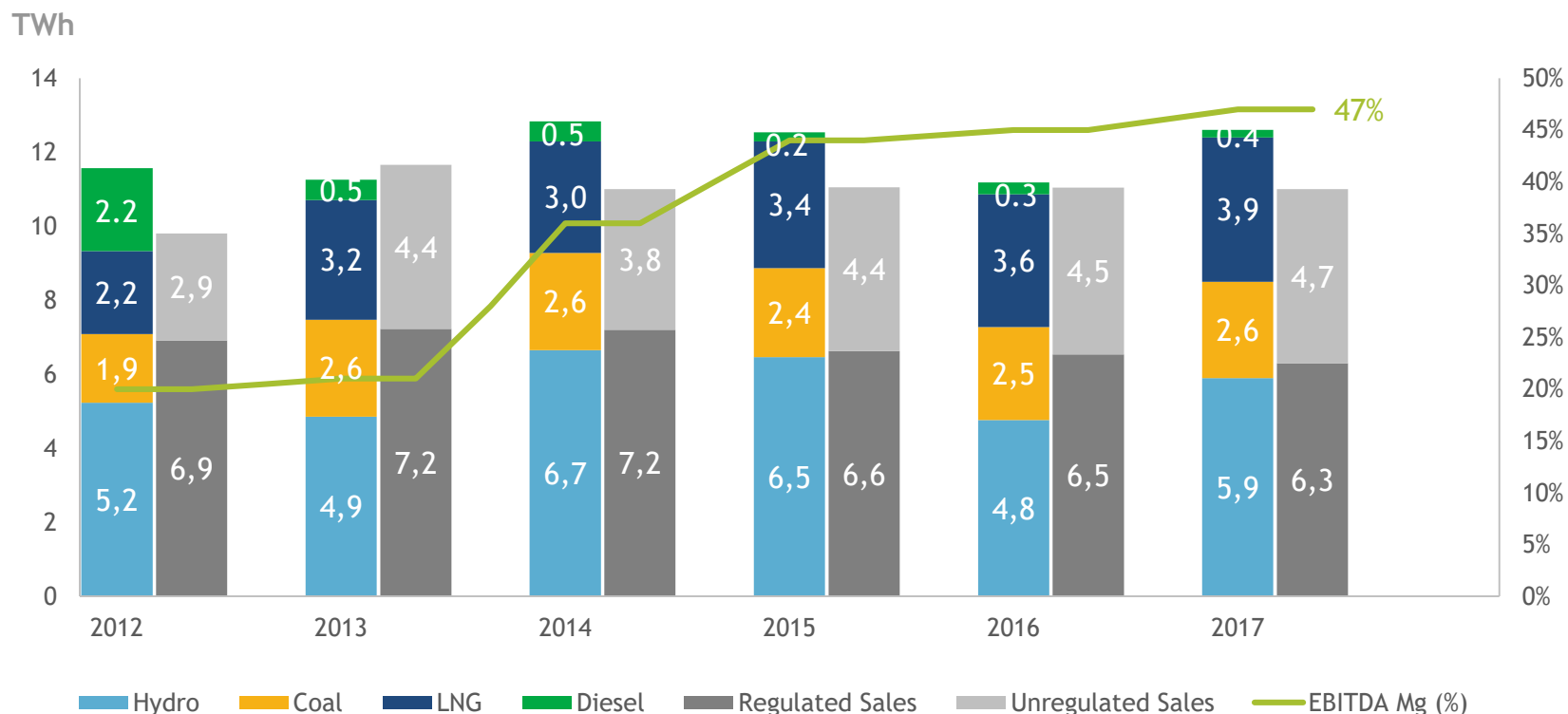
BASE OF ASSETS & PPAS LEVEL



Commercial strategy

Balanced commercial position in Chile

CONTRACTED SALES VS GENERATION. (TWh)



Note: Unregulated Sales, excludes sales to Codelco at Marginal Cost

Commercial strategy

Secured long-term regasification capacity & LNG supply

Long-term strategy: leveraging our efficient natural gas power facilities and diversifying our supply sources; contributing to a competitive, flexible, secure and sustainable power supply.

MEDIUM AND SHORT TERM LNG SUPPLY

LNG supply with Metrogas and ENAP

- Short term contracts (~3 months) available.
- Medium term contracts: signed for 2 TWh of natural gas generation in 2018 and 2019 ¹.

LONG TERM LNG SUPPLY

Regasification capacity and supply contract with ENAP

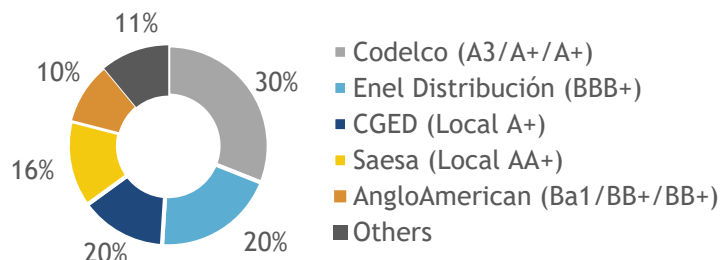
- Effective from 2018 onwards, for a period of 13 years.
- Competitive LNG supply with ENAP and international providers.
- Capacity for up to two combined-cycle units per year.

¹ For 2019, 1 TWh is optional.

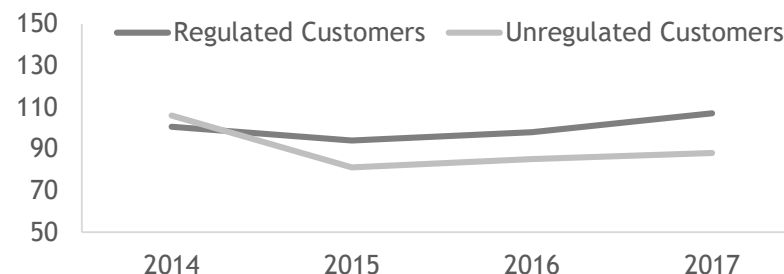
Commercial strategy

High quality clients in Chile

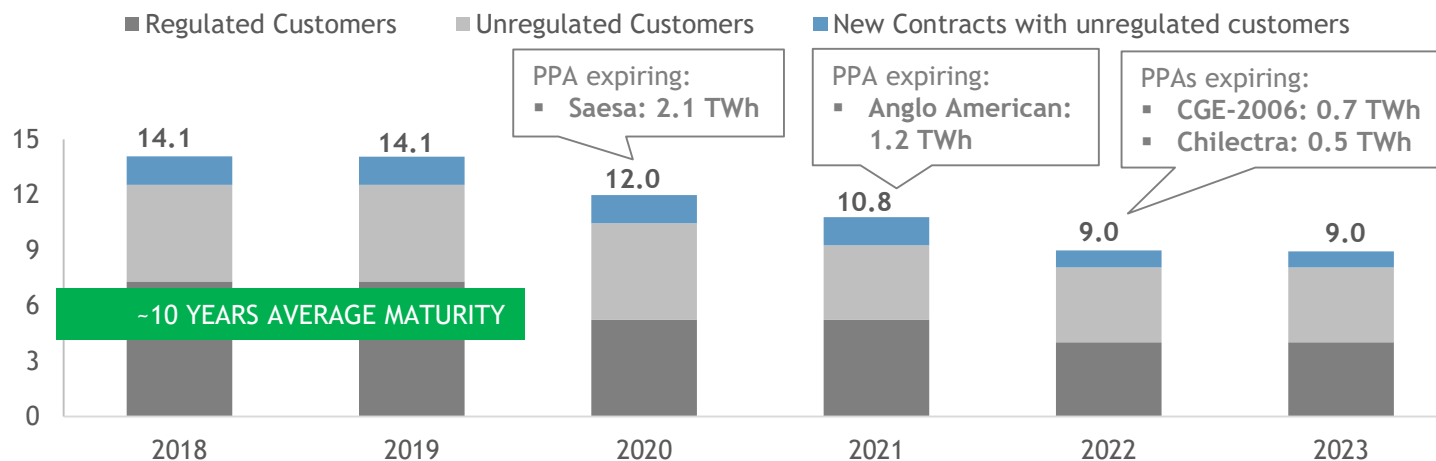
1 SALES BY CUSTOMER (%)



2 AVERAGE MONOMIC PRICE¹ (US\$/MWh)



3 PPAs IN CHILE: MAXIMUM CONTRACTED ENERGY COMMITMENT (TWh)

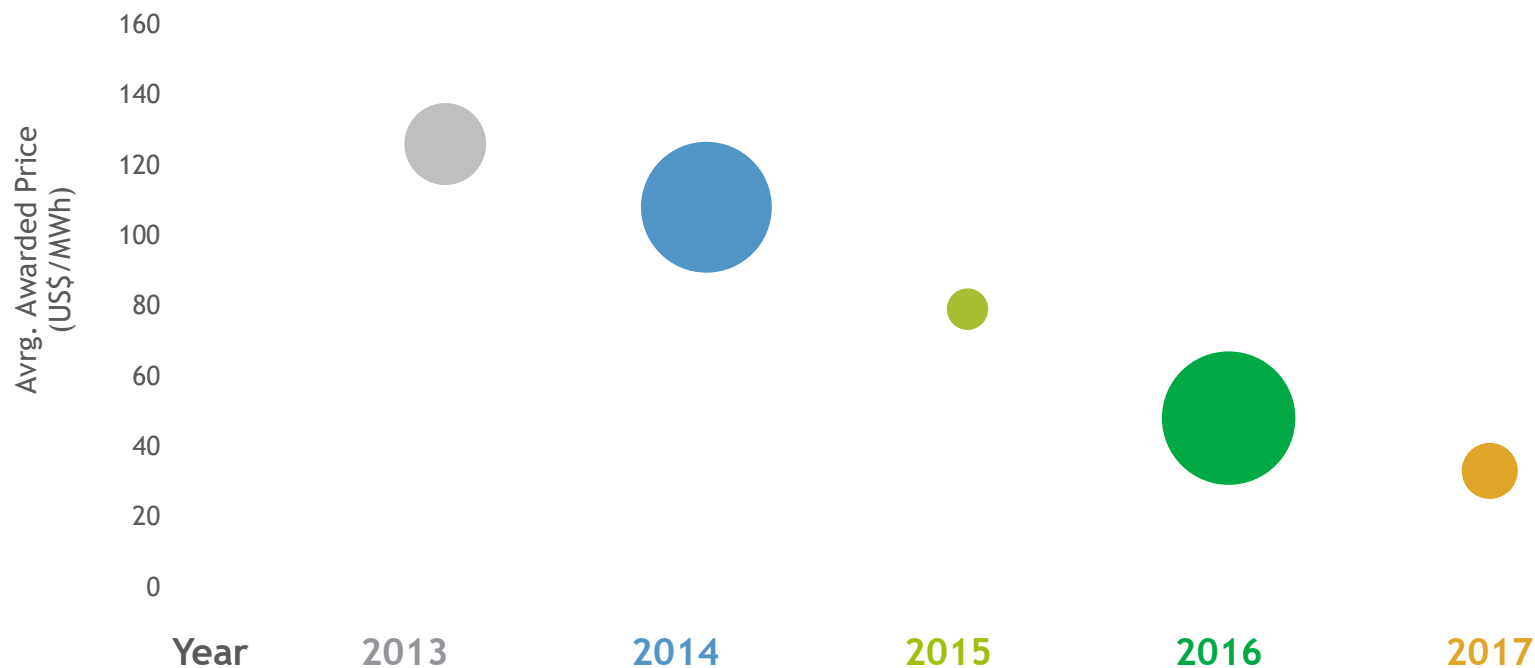


Note: All figures as of Dec17

¹ Average monomic prices are calculated by dividing the total amount of sales in US\$, by physical energy sales in MWh

Commercial strategy

Decreasing prices in the last regulated auctions in Chile

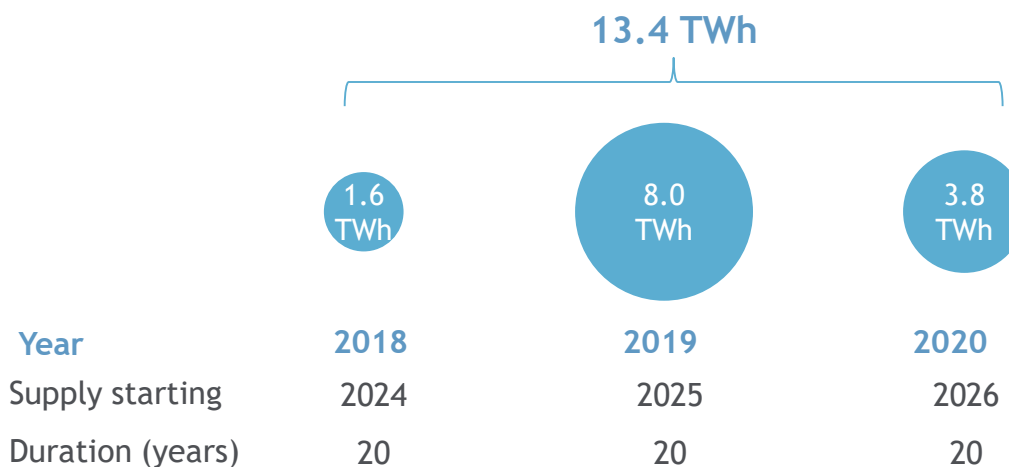


Year	2013	2014	2015	2016	2017
Energy (TWh)	4.7	12.0	1.2	12.5	2.2
Avg. Awarded Price (US\$/MWh)	126	108	79	48	33
Supply starting	2016/2019	2016/2019	2023	2023	2024
Duration (years)	15	15	20	20	20

Commercial strategy

PPAs renewal opportunities in Chile

1 UPCOMING REGULATED AUCTIONS ¹.



2 UNREGULATED CLIENTS.

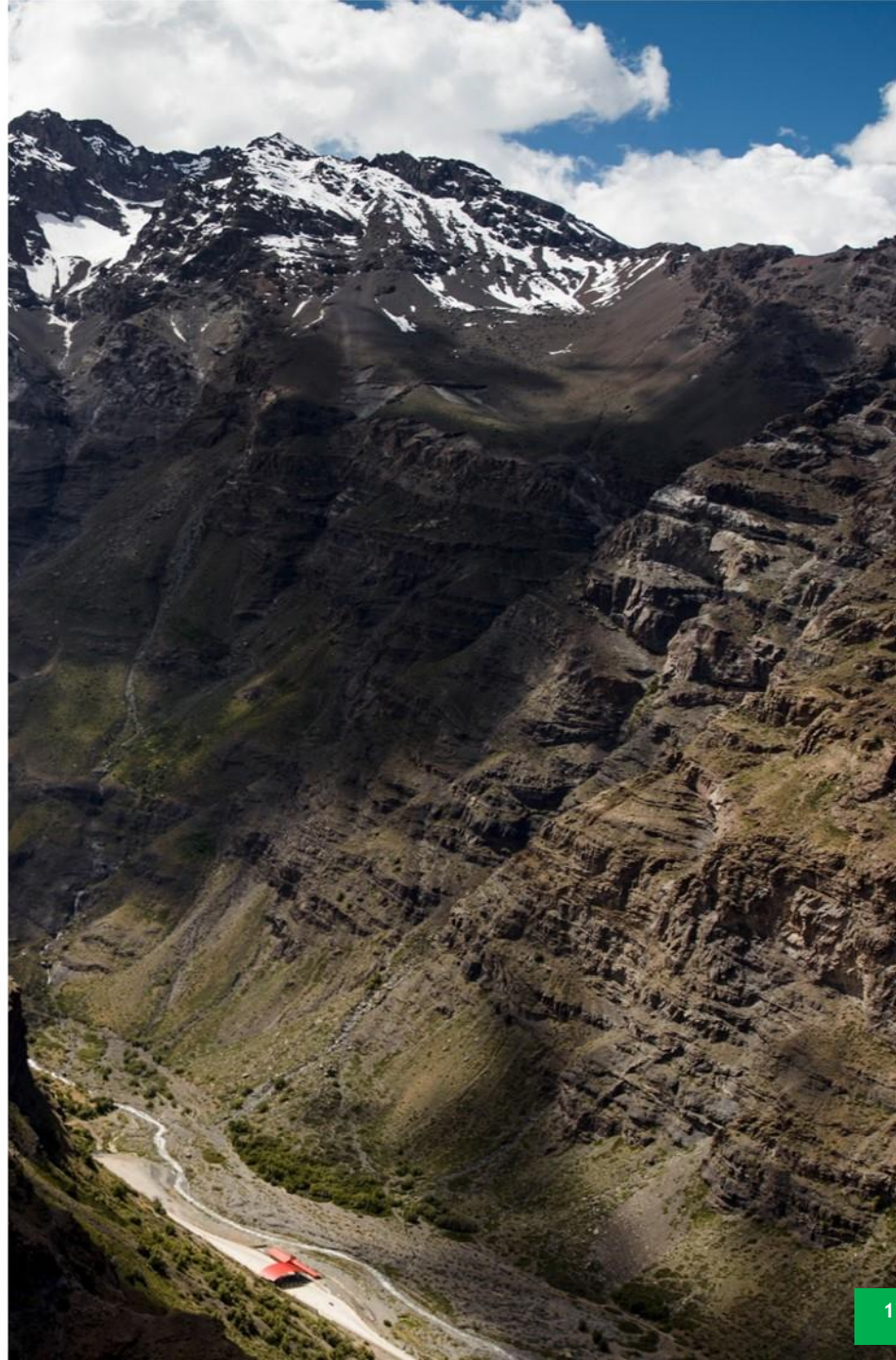
- In the coming years there is a **relevant amount of energy for large unregulated clients to be re-contracted.**
- Colbun is currently participating in auctions with unregulated customers (mining and industrials).
- **Opportunities in medium-size clients:** In the last months, Colbun has signed new contracts with medium-size clients for a total of ~1,700 GWh/year and average tenor ranging from 6 to 10 years.

¹ Latest available information.



4.

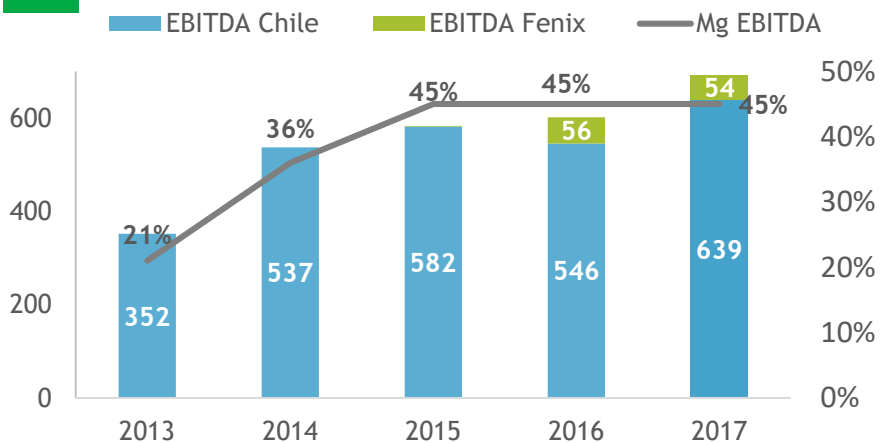
FINANCIAL REVIEW



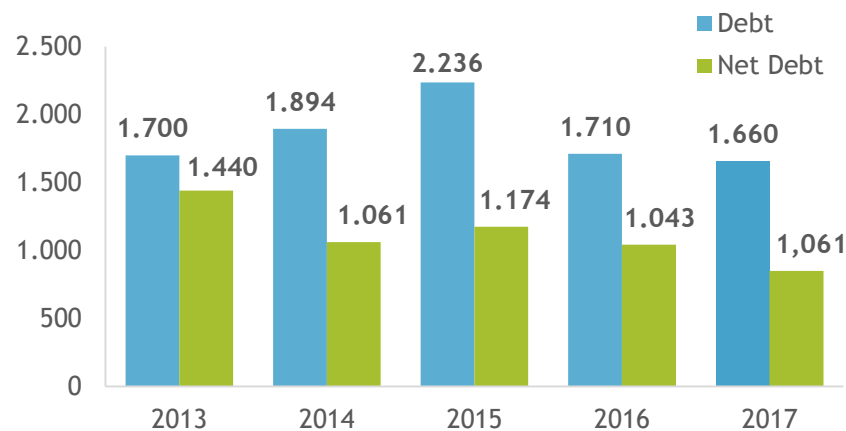
Financial review

Consolidated Financial Results

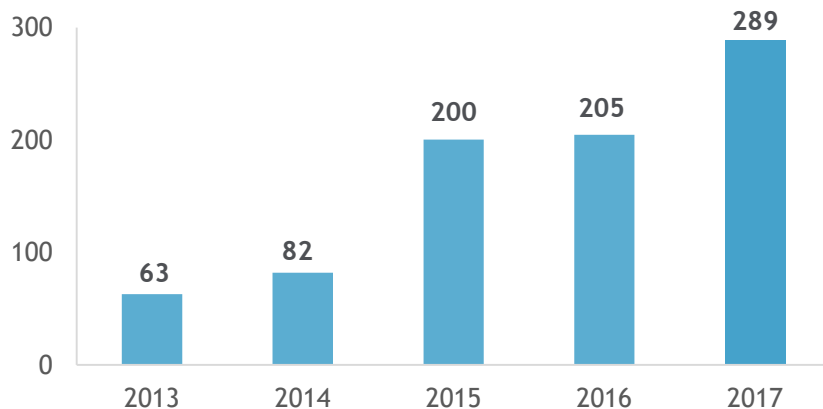
1 EBITDA & EBITDA MG. (US\$ million & %)



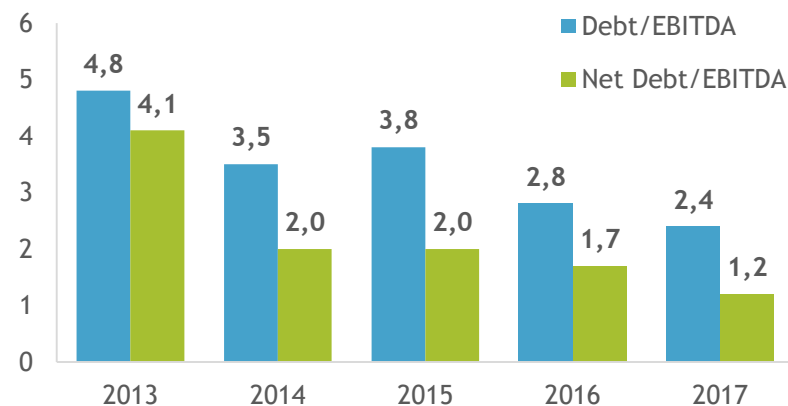
3 DEBT & NET DEBT. (US\$ million)



2 NET INCOME. (US\$ million)



4 DEBT/EBITDA & NET DEBT/EBITDA. (x)



Financial review

Consolidated Debt Profile

1 Debt Profile

US\$1,660 million

US\$1,305 million

US\$354 million



100% bonds

94% USD and 6% UF

100% Fixed rate

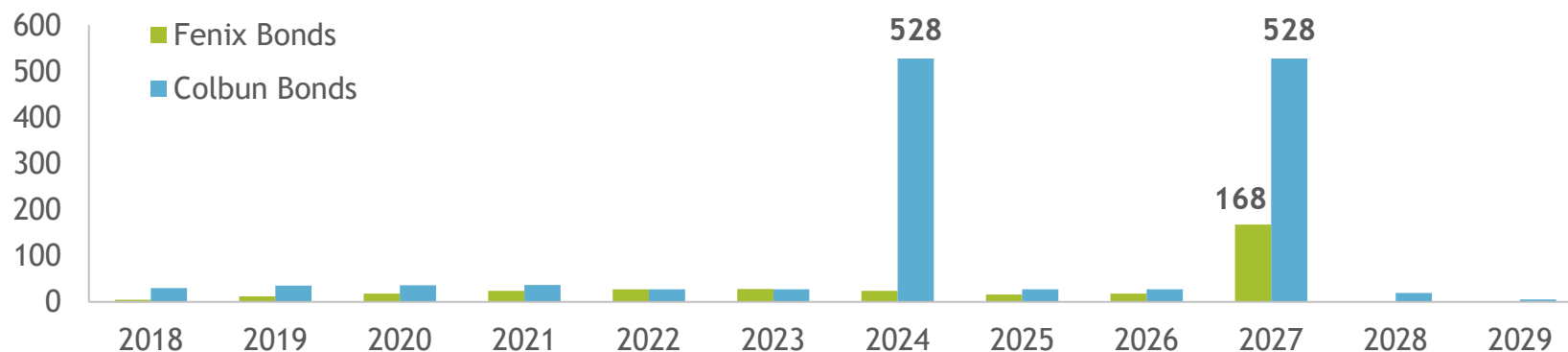


5.0% Interest Rate average

7.5 years average life



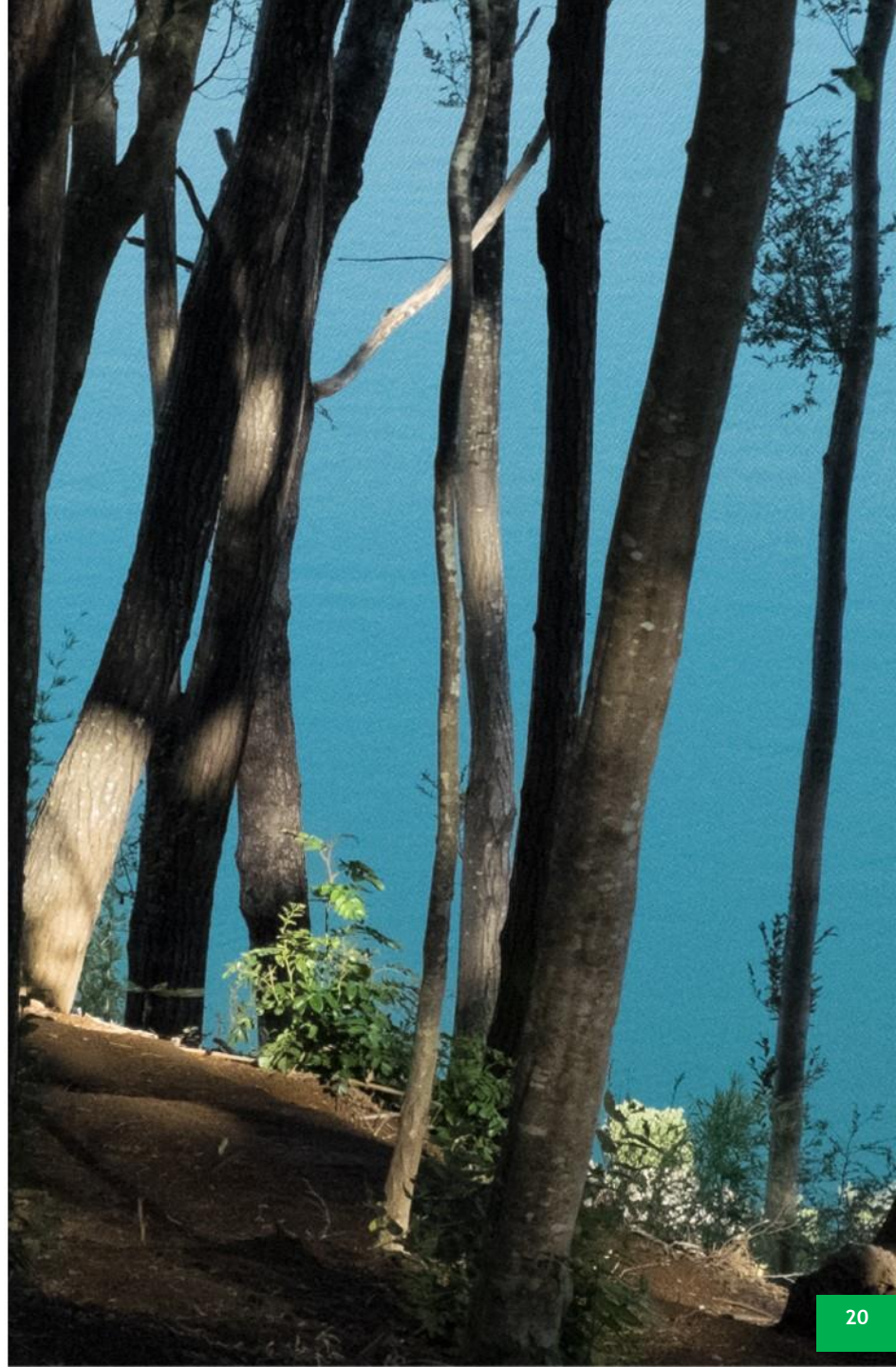
2 Amortization Structure. (US\$ million)





5.

SUSTAINABILITY IN COLBUN



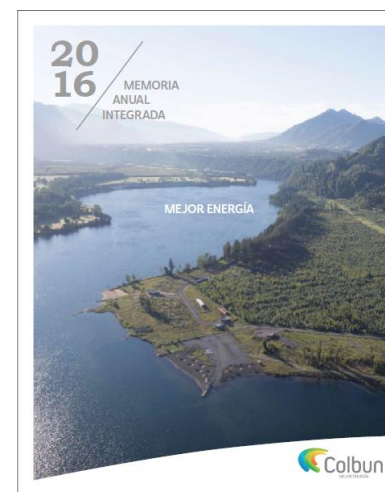
Sustainability in Colbún

Sustainability strategy

SUSTAINABILITY IS OUR BUSINESS AND IT IS INTEGRATED IN ALL AREAS OF THE COMPANY



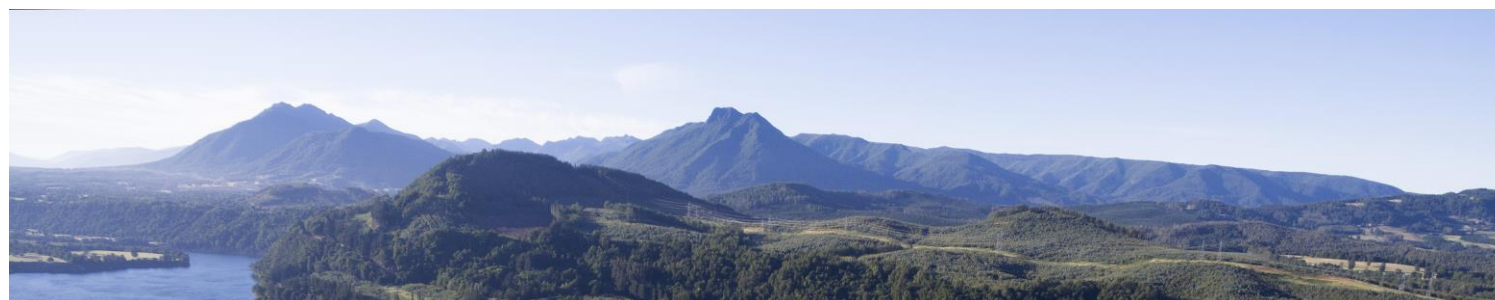
- Because sustainability is our core business, since 2015 we started publishing an **Integrated Annual Report**, with all the financial, social and environmental information of the Company.



Sustainability in Colbún

Awards and recognitions

<p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p> <p>2017</p> <p>Colbún listed in the Dow Jones Sustainability Index Emerging Markets</p>	<p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p> <p>2016</p> <p>Colbún listed in the Dow Jones Sustainability Index Chile</p>	<p>BEST PLACE TO INNOVATE</p> <p>2017</p> <p>Colbún listed in the ranking Best Place to Innovate</p>	<p>iha International hydropower association</p> <p>2017</p> <p>Angostura power plant was chosen as a Sustainable Hydroelectricity study case</p>	<p>informe reporta</p> <p>2017</p> <p>Colbún obtained the first place in the "Relevance" category</p>	<p>ESR EMPRESA SOCIALMENTE RESPONSABLE</p> <p>2017</p> <p>Fenix power plant was distinguished as a socially responsible company</p>
<p>Cámara Chileno Británica</p> <p>2016</p> <p>Colbún is recognized for the "CO2 neutral Lastarria - Bellas Artes route"</p>	<p>ALAS20</p> <p>2016</p> <p>Colbún Board's president and CEO were recognized as sustainability leaders</p>	<p>PREMIOS LATINOAMÉRICA Verde</p> <p>2016</p> <p>Colbún received an international award for the reforestation of its viewpoints</p>	<p>HuellaChile Programa de Gestión del Carbono</p> <p>2016</p> <p>Colbún is recognized for its emissions management by the Environmental Ministry</p>	<p>MUTUAL de seguridad Somos CCIC</p> <p>2016</p> <p>Rucúe and Quilleco power plants are recognized</p>	<p>REVOLUCIÓN WELLNESS</p> <p>2016</p> <p>Colbún is recognized for its initiatives in favor of the quality life of its employers</p>





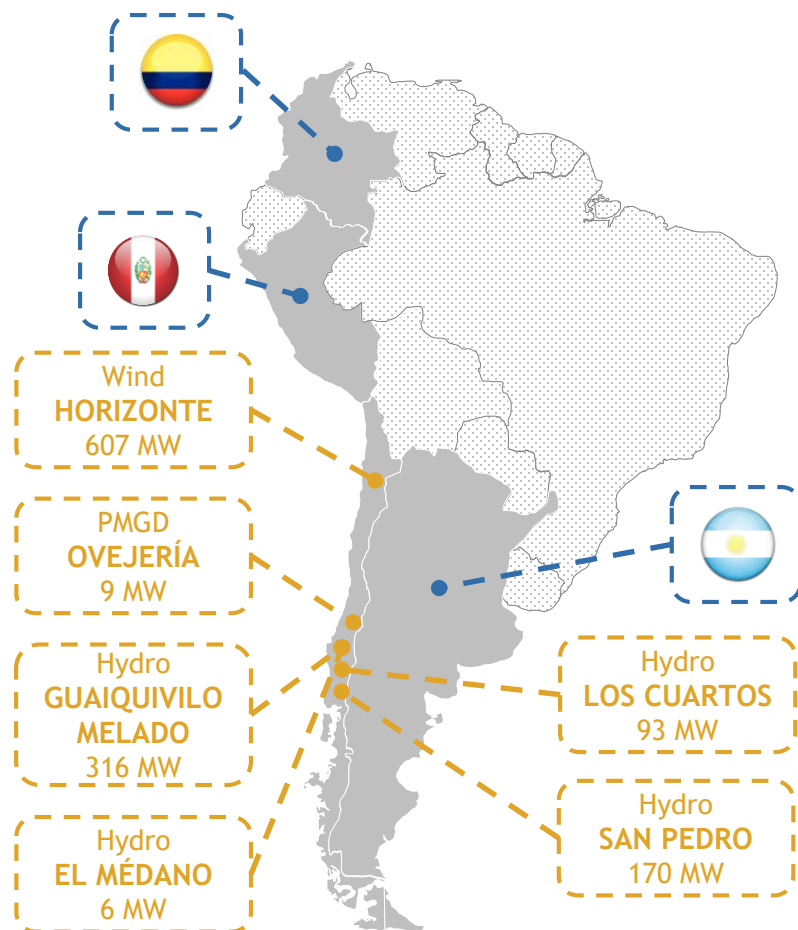
6.

GROWTH OPPORTUNITIES



Growth opportunities

Growth opportunities in Chile & the Region



1

SPECIAL FOCUS IN PERU, COLOMBIA AND ARGENTINA.

- Growing power consumption
- Well established regulatory framework ¹
- Diversification:
 - Hydrological conditions
 - Generation technology
 - Fuel access
 - Regulation

2

GROWTH OPPORTUNITIES IN CHILE: BASE LOAD CAPACITY AND RENEWABLES.

- Pipeline of renewable projects
- Purchase of energy from third parties
- M&A opportunities

¹ Argentina under discussion to promote private investments.

Concluding remarks

- 1 Size:** Second-largest generation company in Chile's largest electricity grid and a relevant presence in Peru.
- 2 Customers:** Diversified, solid and creditworthy portfolio of clients.
- 3 High standards of environmental and social management:** Adding value to all of our stakeholders.
- 4 Shareholders:** Strong, reliable controlling group with a strategic and long-term vision of the business.
- 5 Management:** Experienced management and high standards of corporate governance.
- 6 Financial flexibility:** Strong metrics, conservative financial strategy and ample access to financial markets.

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) and sends the financial statements of the Company and its corresponding notes to the Comisión para el Mercado Financiero, those documents should be read as a complement to this presentation.

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