

BCI - BREAKFAST

# 1Q18 EARNINGS

## REVIEW

MAY 2018



# Colbun

MEJOR ENERGÍA



# AGENDA

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1.

OVERVIEW

2.

COMMERCIAL STRATEGY

3.

FINANCIAL REVIEW

4.

GROWTH OPPORTUNITIES



# Overview

## 1Q18 highlights

- 1 In terms of growth activities, in March 2018, Colbún reached an agreement with First Solar to acquire “**Sol de Tarapacá**” a photovoltaic solar energy project under development, which considers a nominal power of **150 MW**.
- 2 Distribution of a dividend for 100% of the distributable net income for the year 2017.



# Company overview

## Leading position in Chile & Peru

### THE COMPANY



Installed Capacity

**3,884 MW**

 3,319 MW /  565 MW



Market Share<sup>1</sup>

 17% /  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\$7.0 bn**



EBITDA LTM

**US\$701 mm**

 US\$649 mm /  US\$52 mm

Rating

**BBB**

Fitch



**BBB**

S&P



Cash

**US\$881 mm**



Net Debt / EBITDA

**1.1 x**

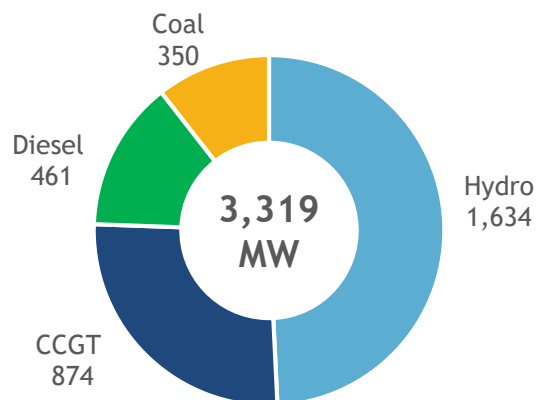
Note: All figures as of Mar18

<sup>1</sup> In terms of generation in the SEN in Chile (23% in the SIC, prior to the interconnection with the SING effective as of October 2017) and in the SEIN in Peru.

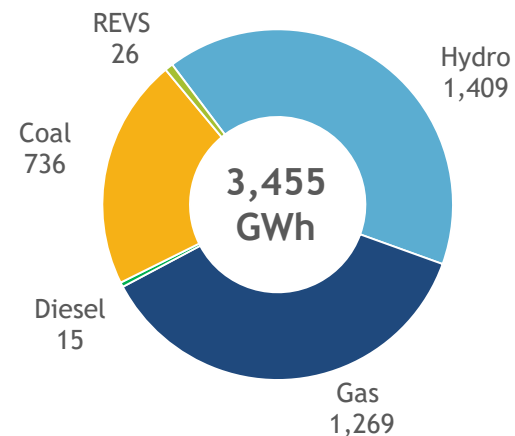
# Overview

## Colbún Chile: 1Q18 Company overview

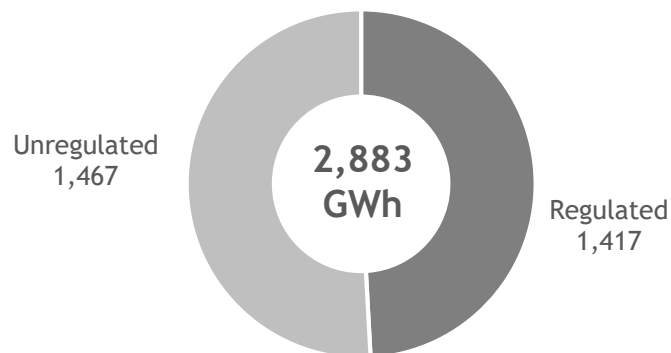
**1 TOTAL INSTALLED CAPACITY. (MW)**



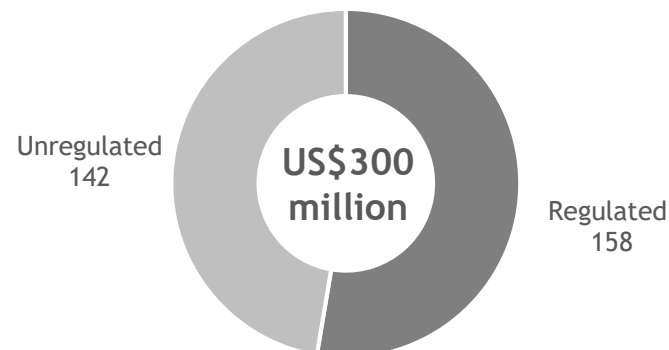
**2 GENERATION. (GWh)**



**3 CONTRACTED ENERGY SALES. (GWh)**



**4 REVENUES FROM CONTRACTED SALES. (US\$ million)**



Note: All figures as of Mar18

# Company overview

## Fenix Power: a state-of-the-art 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\$ **52** mm



Cash

US\$ **41** mm

Internacional Ratings



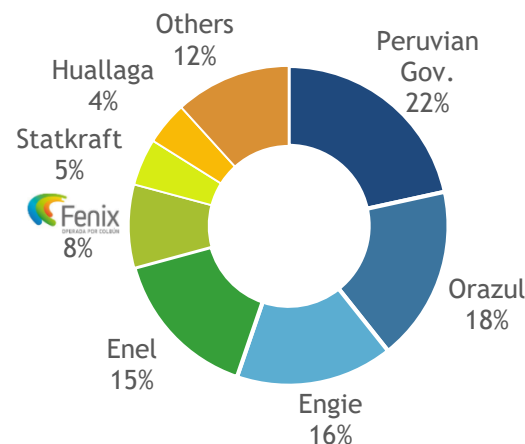
**Baa3** Stable

Moody's

**BBB-** Stable

S&P/Fitch

### MARKET SHARE<sup>1</sup>



Note: All figures as of Mar18


<sup>1</sup> In terms of generation

Source: Colbún S.A.



# Company overview

## Relevant transmission assets



Transmission lines  
~**940** km



Substations  
**28**



Market share <sup>1</sup>  
**6%**



Annual EBITDA<sup>2</sup>  
~**US\$23** mm

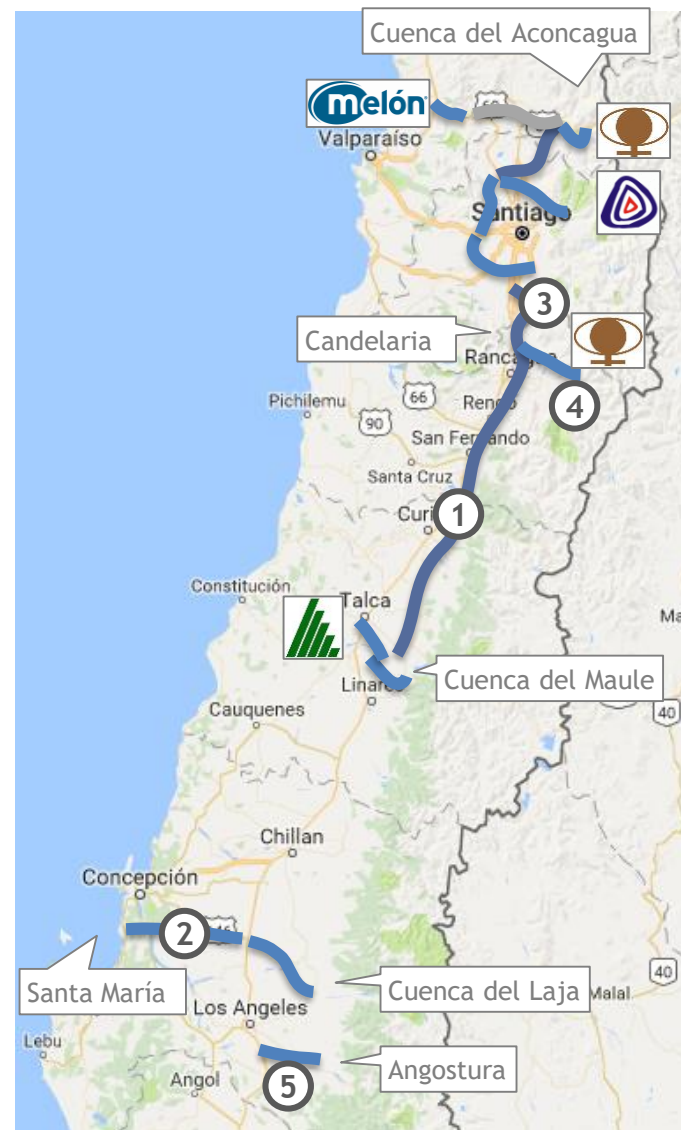
	Lenght (km)
Nacional	331
Zonal	79
Dedicada	531
<b>Total</b>	<b>941</b>

~**US\$60** million in expansion projects in transmission

Note: All figures as of Dec17

<sup>1</sup> Nacional Transmission

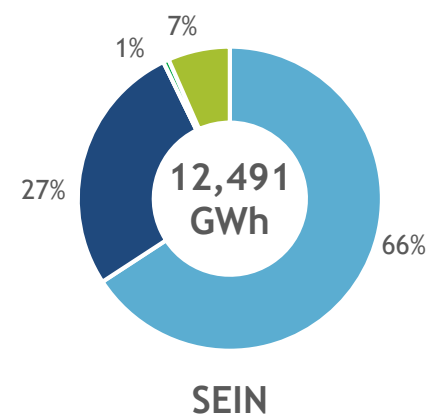
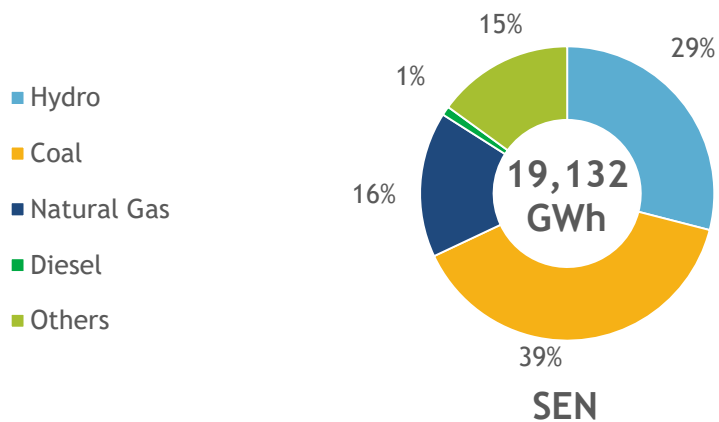
<sup>2</sup> Corresponds to Colbún Transmisión EBITDA



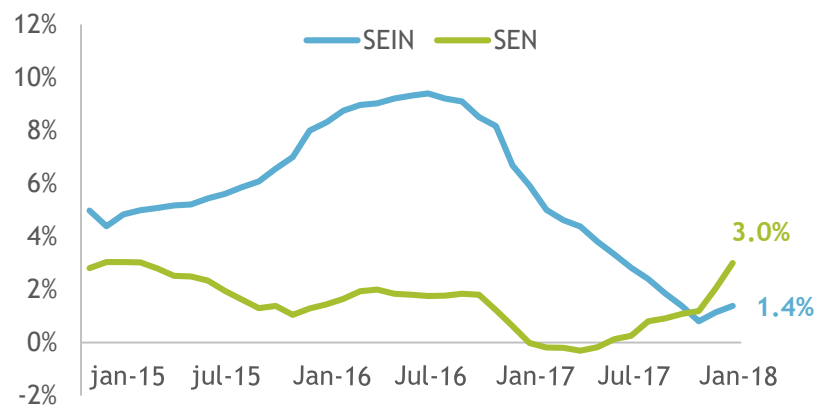
# Overview

## Market overview 1Q18

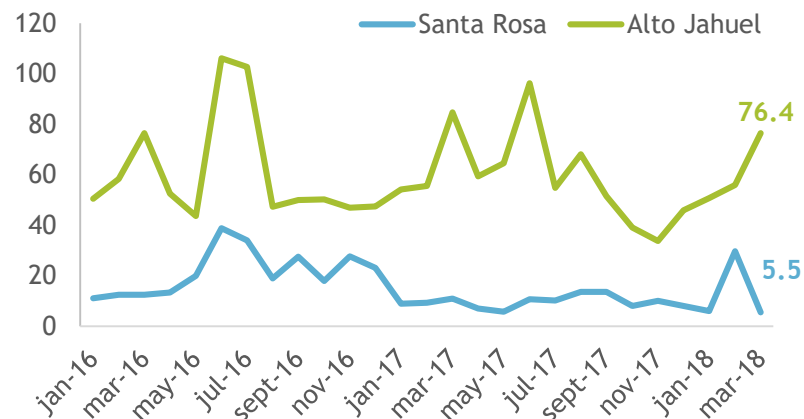
### 1 GENERATION MATRIX. (%)



### 2 POWER DEMAND GROWTH. (12 month average %)



### 3 MARGINAL COST. (US\$/MWh)



Sources: Coordinador Eléctrico Nacional SEN (Chile) & COES (Peru)  
 Note: All figures fas of Mar18



# AGENDA

1. OVERVIEW

2. COMMERCIAL STRATEGY

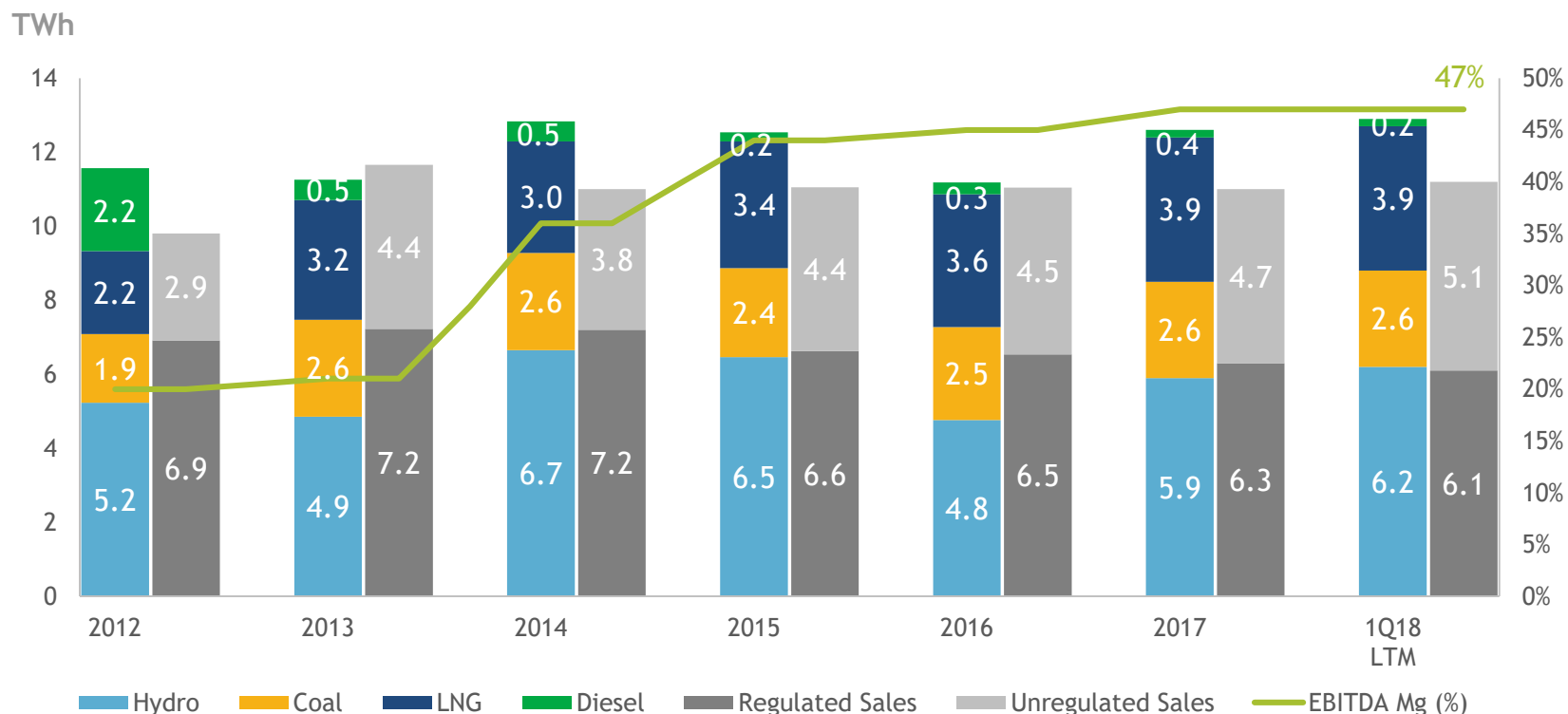
3. FINANCIAL REVIEW

4. GROWTH OPPORTUNITIES

# Commercial strategy

## Balanced commercial position in Chile

CONTRACTUAL COMMITMENTS VS GENERATION. (TWh)





## 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 <sup>1</sup>.

### LONG TERM LNG SUPPLY

#### Regasification capacity and supply contract with ENAP

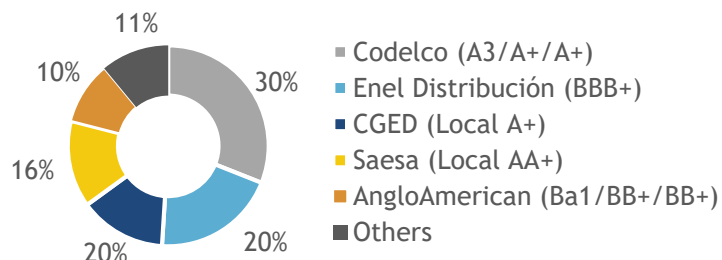
- Effective from 2018 onwards, for a period of 13 years.
- Competitive LNG supply with ENAP and international providers.
- Capacity for up to two combined-cycle units per year.

<sup>1</sup> For 2019, 1 TWh is optional.

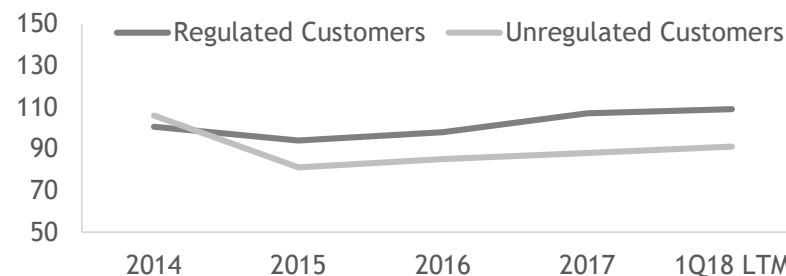
# Commercial strategy

## High quality clients in Chile

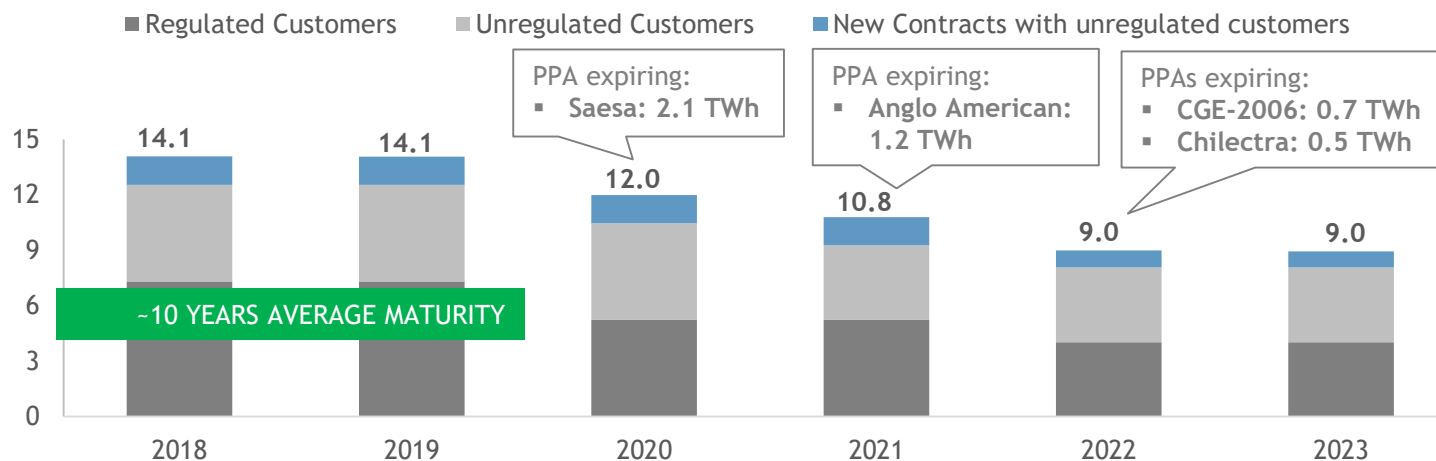
### 1 SALES BY CUSTOMER (%)



### 2 AVERAGE MONOMIC PRICE<sup>1</sup> (US\$/MWh)



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



Note: All figures as of Mar18

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



# Commercial strategy

## PPAs Renewal Opportunities in Chile

### UNREGULATED CUSTOMERS

- 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.

### REGULATED CUSTOMERS

- There is a relevant amount of energy to be tendered in the next 3 years (~ 13 TWh).
- 20 years is the average duration of the contracts.
- Supply starting 2024 onwards.

# AGENDA

1. OVERVIEW

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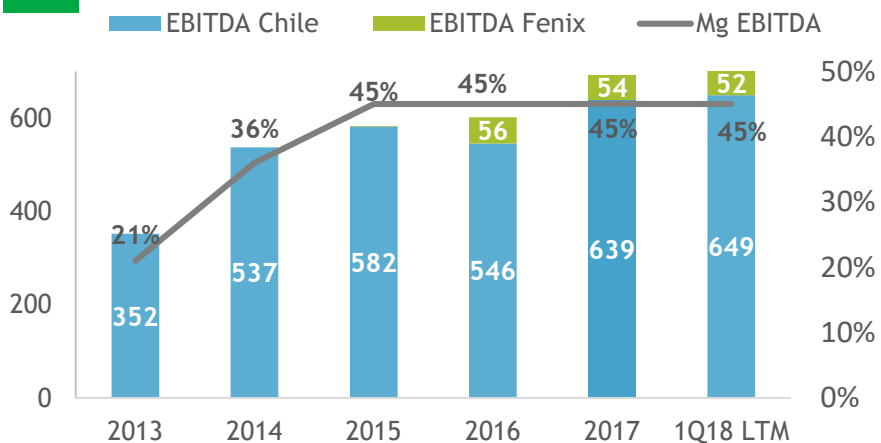
4. GROWTH OPPORTUNITIES



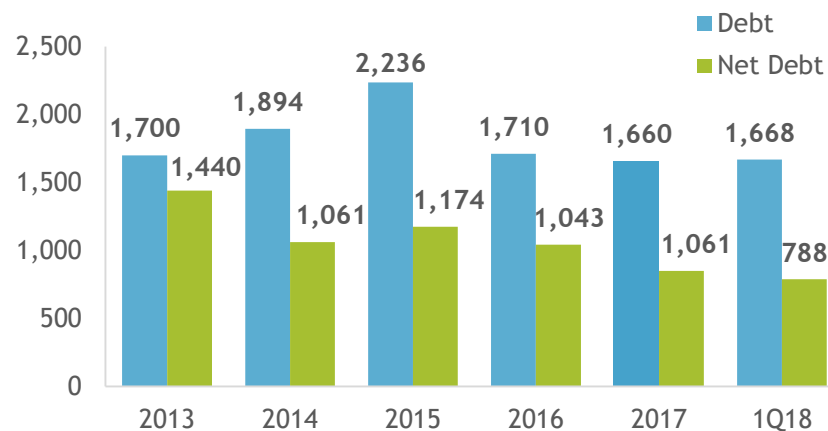
# Financial review

## Consolidated Financial Results

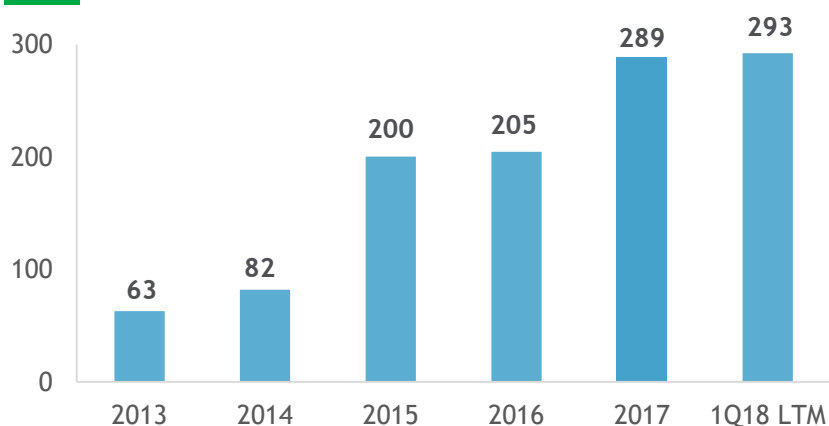
### 1 EBITDA & EBITDA MG. (US\$ million & %)



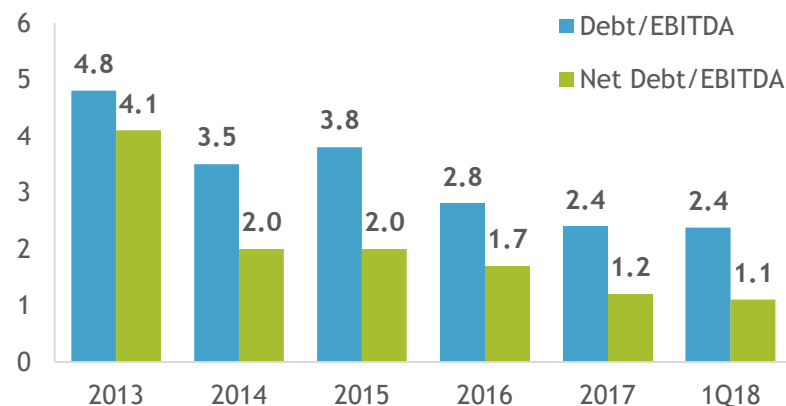
### 3 DEBT & NET DEBT. (US\$ million)



### 2 NET INCOME. (US\$ million)



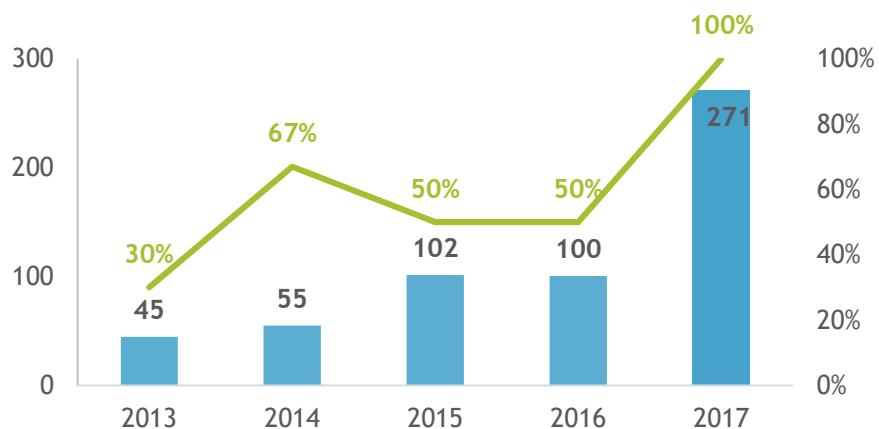
### 4 DEBT/EBITDA & NET DEBT/EBITDA. (x)



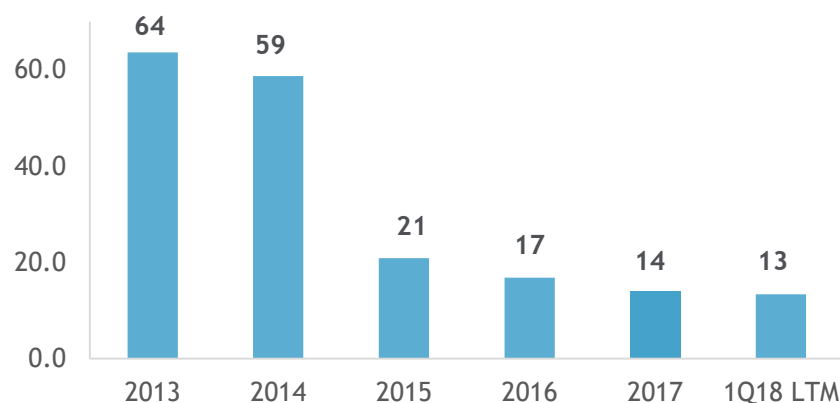
# Financial review

## Consolidated Financial Results

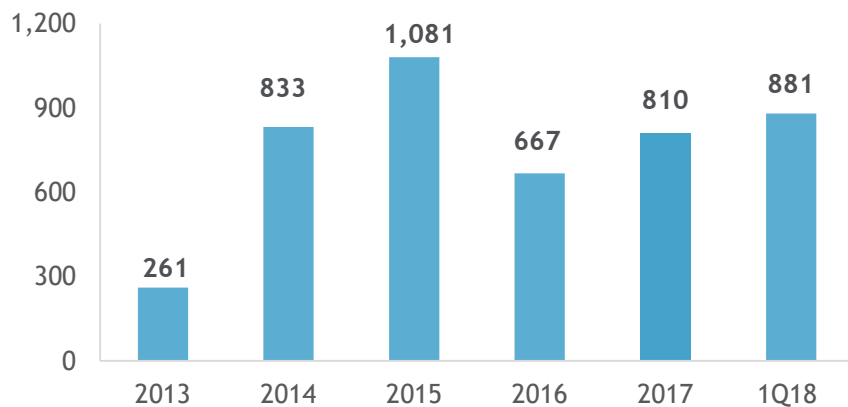
**1** DIVIDEND DISTRIBUTION. (US\$ million & %)



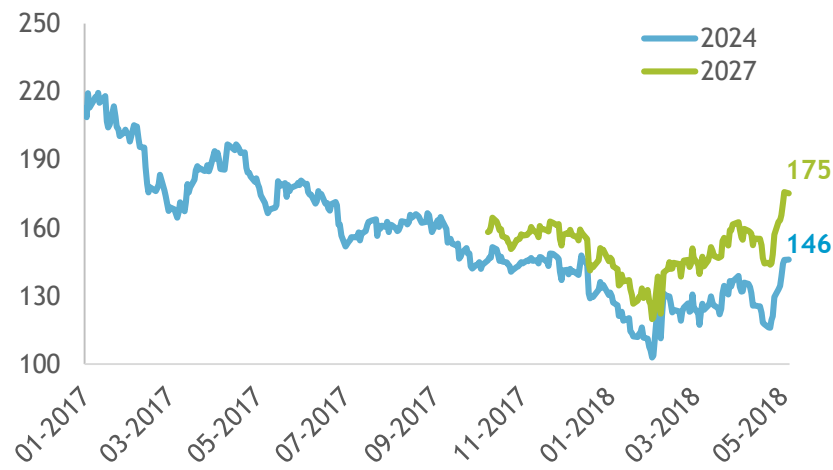
**3** P/E. (X)



**2** CASH POSITION. (US\$ million)



**4** G-SPREAD 144A BONDS. (basis points)



Note: All figures as of Mar18  
Source: Colbún S.A.

# Financial review

## Consolidated Debt Profile

### 1 Debt Profile

**US\$1,668 million**

US\$1,318 million

US\$350 million



**100% bonds**

94% USD and 6% UF

100% Fixed rate

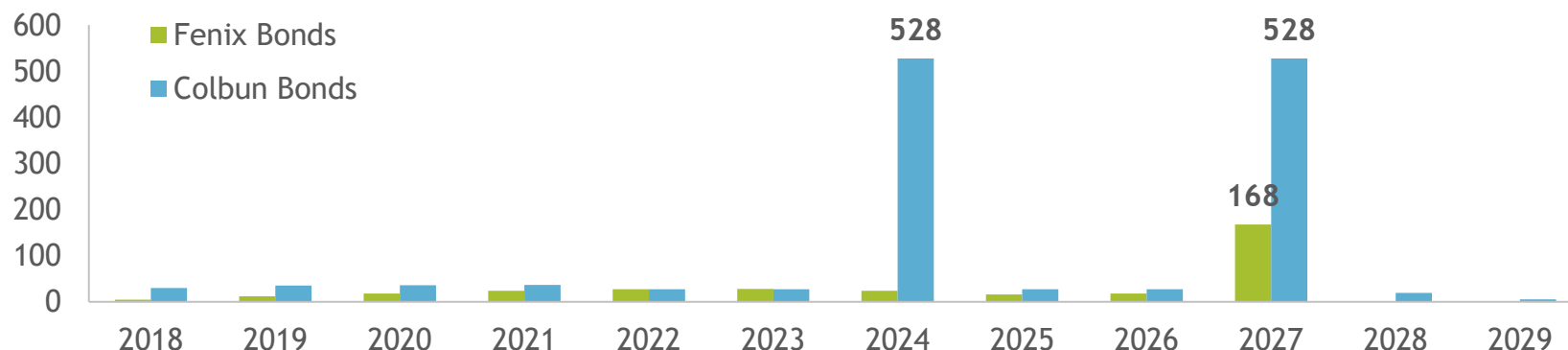


**5.0%** Interest Rate average

**7.3** years average life



### 2 Amortization Structure. (US\$ million)





# AGENDA

1. OVERVIEW

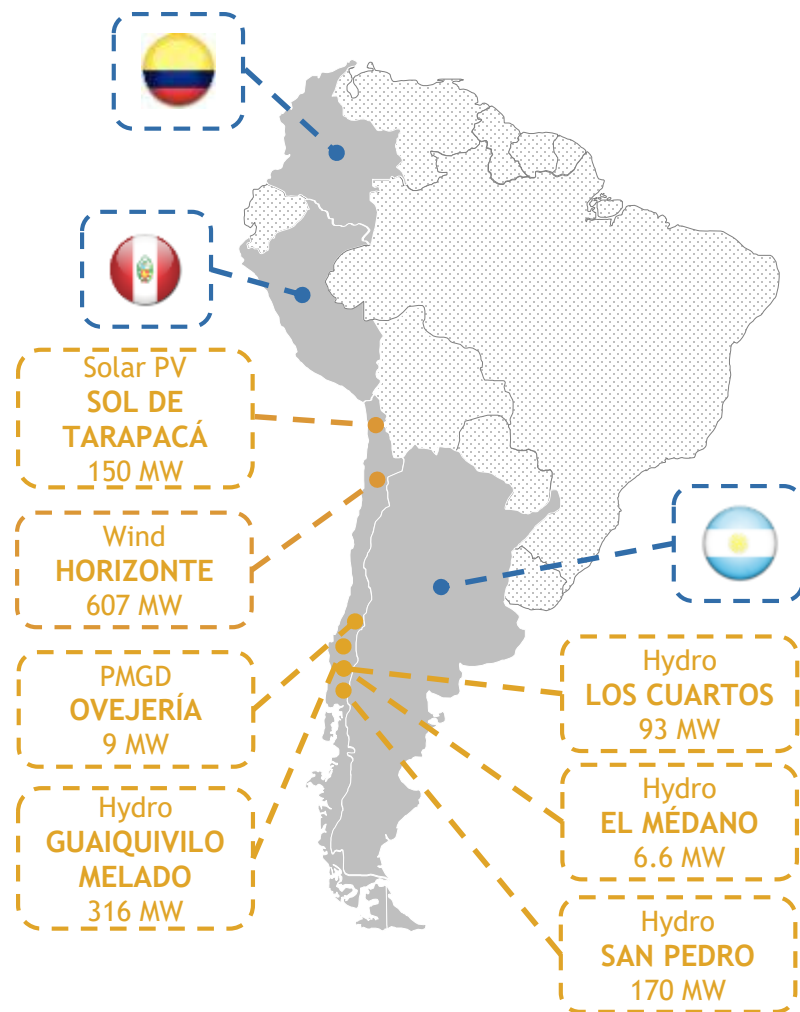
2. COMMERCIAL STRATEGY

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# Growth opportunities

## Growth opportunities in Chile & the region



1

### SPECIAL FOCUS IN PERU, COLOMBIA AND ARGENTINA.

- Growing power consumption
- Well established regulatory framework <sup>1</sup>
- 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

<sup>1</sup> Argentina under discussion to promote private investments.



# Growth opportunities

## REVS under construction



### OVEJERÍA

Location

Til-Til, Metropolitan Region

Installed capacity

9 MW

Generation

~ 22 GWh/year

Land

18 hectares

Time frame

In white march stage



# Growth opportunities

## REVS under development



HORIZONTE	Location	70 km NE of Taltal and 170 km SW of Antofagasta
	Installed capacity	~ 607 MW
	Generation	~ 1,900 GWh/year
	Land	8 Th hectares, 30-year onerous concession contract with the Ministry of National Assets
	Time frame	3 years for studies and permits + 4 years for construction

SOL DE TARAPACÁ	Location	Almonte's municipality, 6 km SW of La Tirana, Tarapacá Region
	Installed capacity	~ 150 MW
	Generation	~ 470 GWh/year
	Land	435 hectares
	Time frame	Under development

# 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 Comisión para el Mercado Financiero, those documents should be read as a complement to this presentation.

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