

BAML EMERGING MARKETS DEBT AND
EQUITY CONFERENCE

CORPORATE PRESENTATION

MAY 2019



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- 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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AGENDA

1. COMPANY OVERVIEW

2. VALUE PROPOSITION

3. STRATEGIC AGENDA PROGRESS

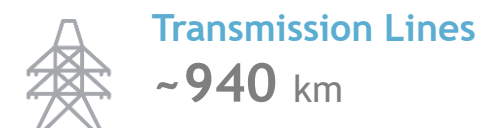
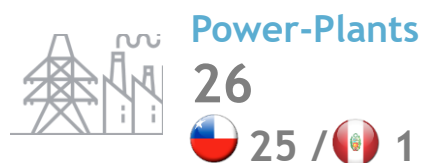
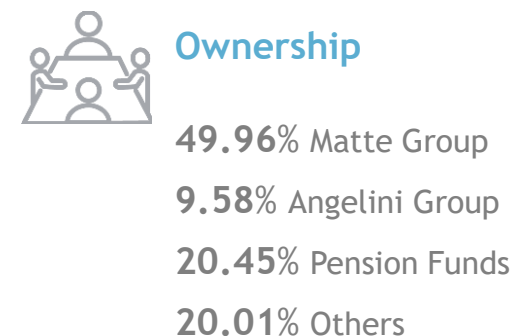
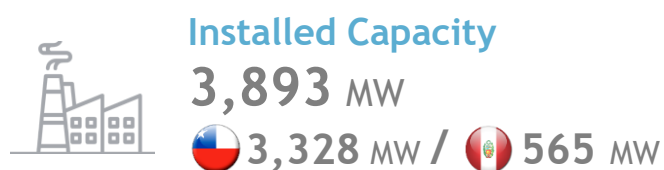
4. CONCLUDING REMARKS



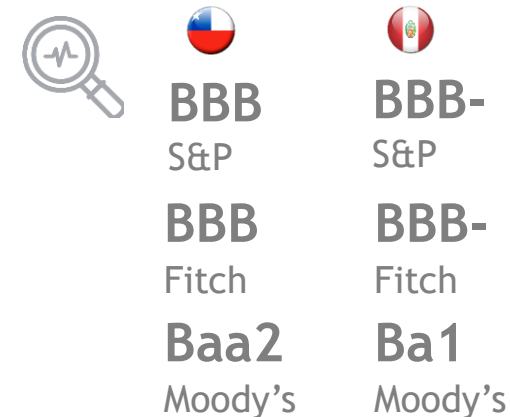
Company & industry overview

Leading position in Chile & Peru

THE COMPANY



KEY FINANCIALS



Note: All figures as of Mar19

¹ In terms of generation in the SEN in Chile and in the SEIN in Peru

² Figures for the Generation and Transmission business are proforma

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Value proposition

Leading position supported by competitive strengths



1

**COST
EFFICIENT AND
DIVERSIFIED
ASSET BASE**

2

**STABLE &
PREDICTABLE
CASH FLOWS**

3

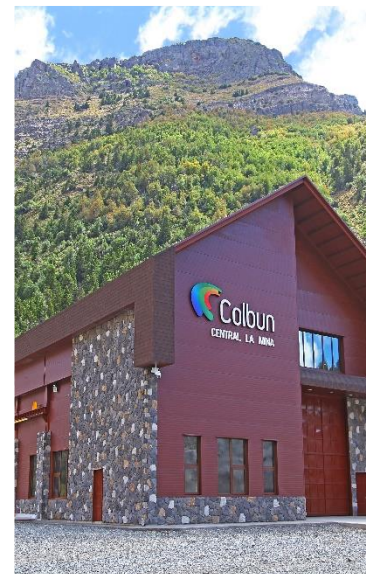
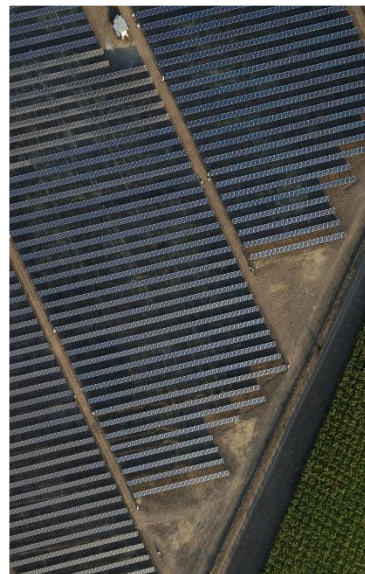
**PRUDENT
FINANCIAL
MANAGEMENT**

4

**ATTRACTIVE
PORTFOLIO OF
GROWTH
OPTIONS**

5

**MAXIMIZING
VALUE TO ALL
OF OUR
STAKEHOLDERS**



Value proposition

Leading position supported by competitive strengths



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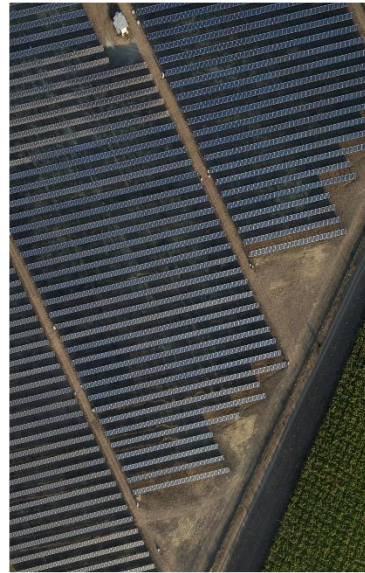
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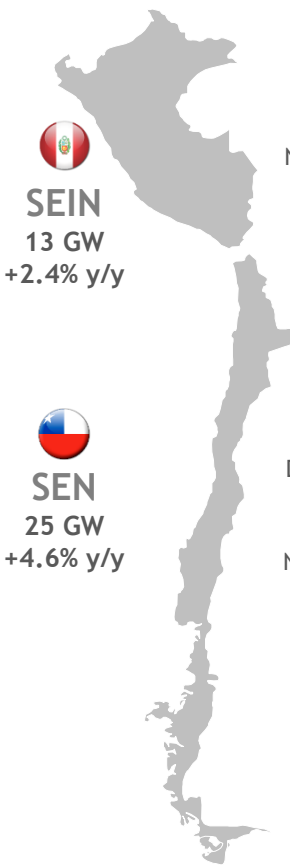
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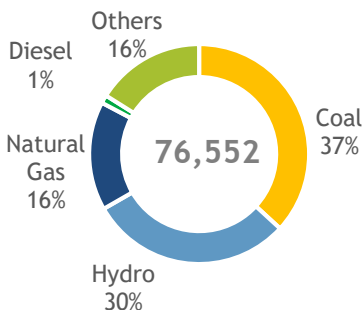
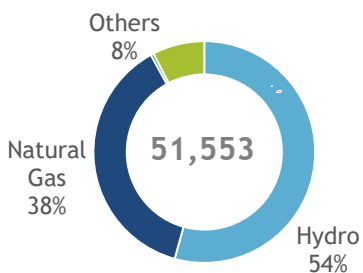


1. Cost efficient & diversified asset base

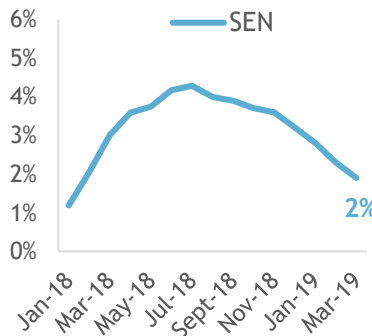
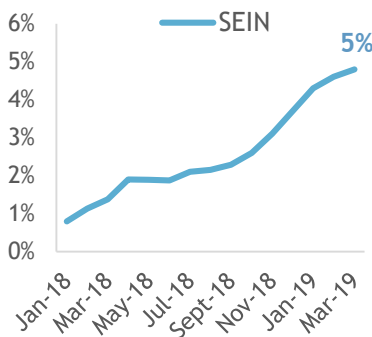
Attractive markets...



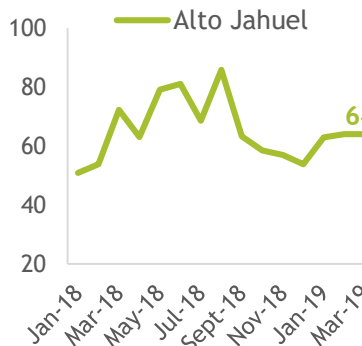
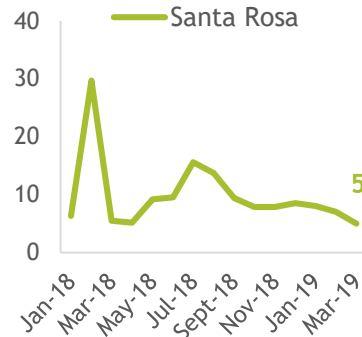
GENERATION
GWh



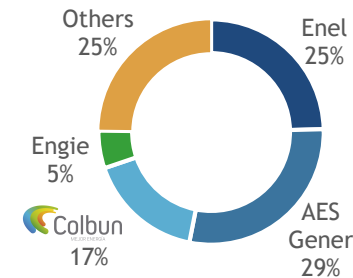
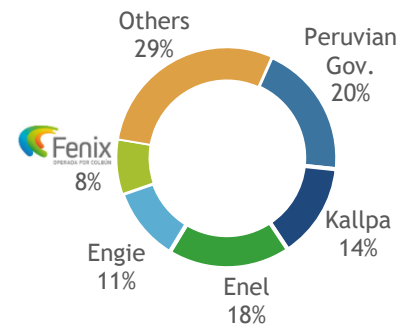
DEMAND GROWTH
12 month average %



MARGINAL COST
US\$/MWh



MARKET SHARE¹
%

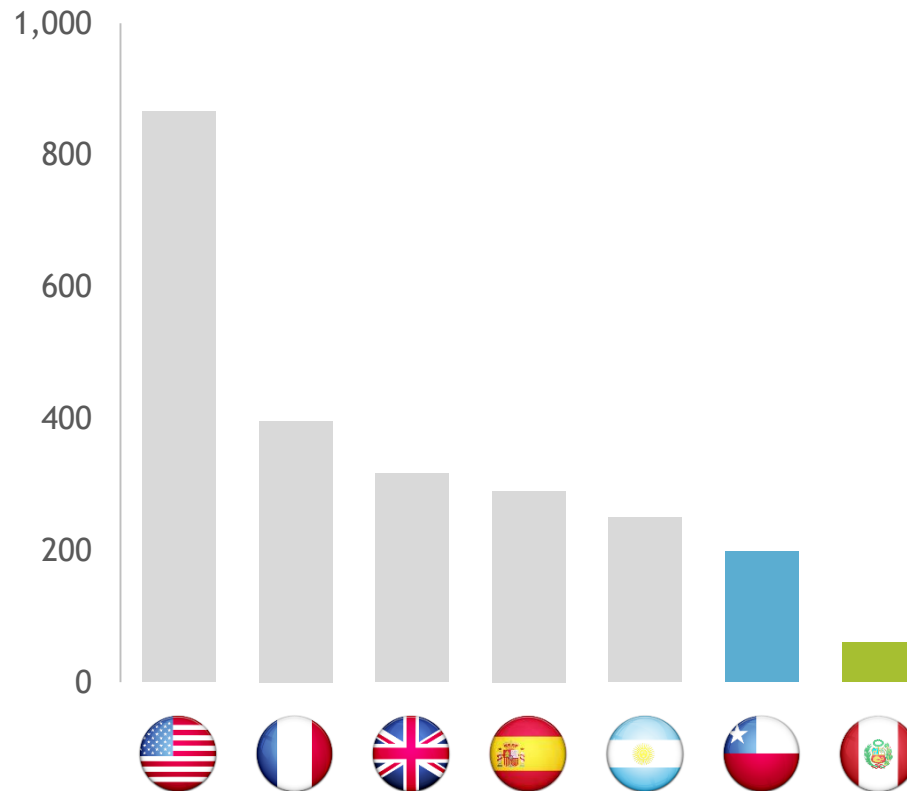


Note: All figures as of Mar19

¹ Based on generation

1. Cost efficient & diversified asset base ... with high growth potential

AVERAGE RESIDENCIAL
ELECTRICITY CONSUMPTION
(kWh/month)



Only **22%** of the total energy consumption in Chile corresponds to electricity.



As electricity prices become more competitive,

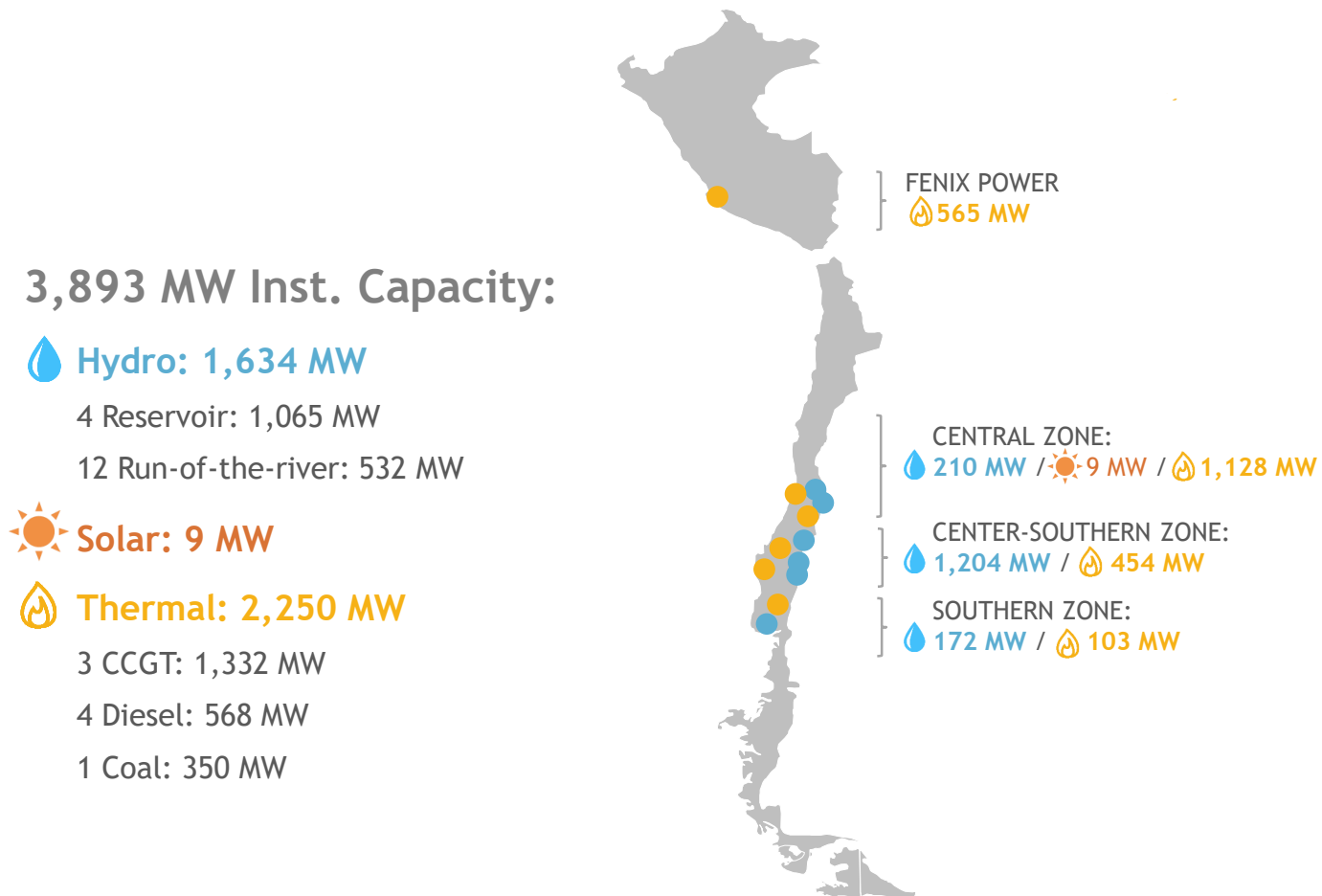
houses will start an electrification process...

... and the size of the electricity market will continue growing.

1. Cost efficient & diversified asset base

Assets diversified by technology & geography

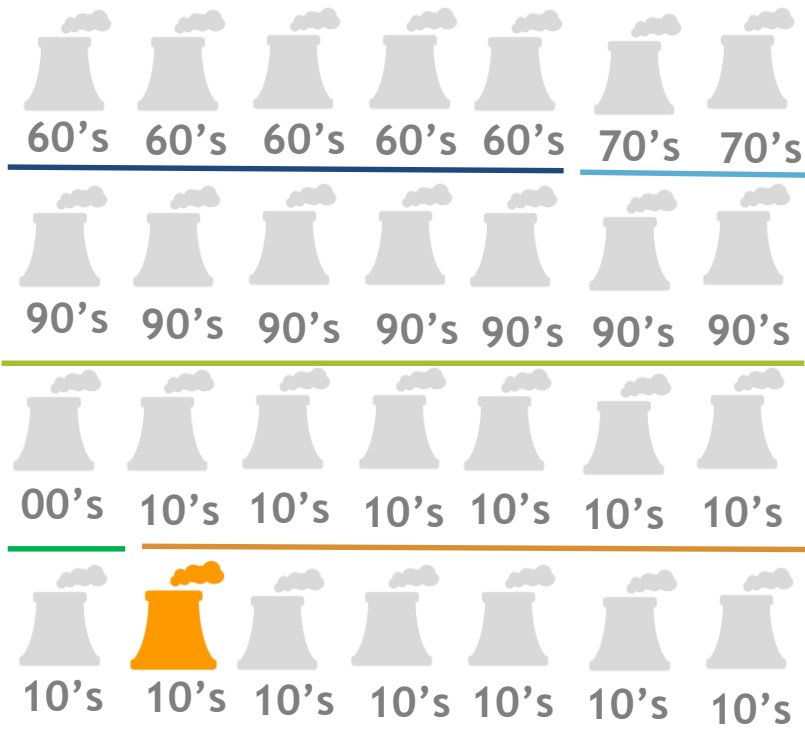
- **42%** of installed capacity from renewable energy.
- **Diversified** asset base: 9 regions in Chile, 1 in Peru. Assets spread throughout 1,050 km in Chile.



1. Cost efficient & diversified asset base

Decarbonization Process

COAL-FIRED PLANTS & DATE OF COMMISSIONING



- Colbún has only 1 coal-fired power plant of the 28 present in the system.
- Santa Maria was built in 2012, being one of the most efficient and modern coal-fired power plants of the Chilean system.
- Santa María's emissions are way below the norm:

	2018	Norm Limit
PM (mg/Nm ³)	6.8	50
Nox (mg/Nm ³)	338	500
SO ₂ mg/Nm ³)	173	400

 Santa María (Colbún)

1. Cost efficient & diversified asset base

100% of PPAs supplied with cost-efficient generation

WHOLE-SALE COMMERCIAL POLICY

1. Optimal Contracting level

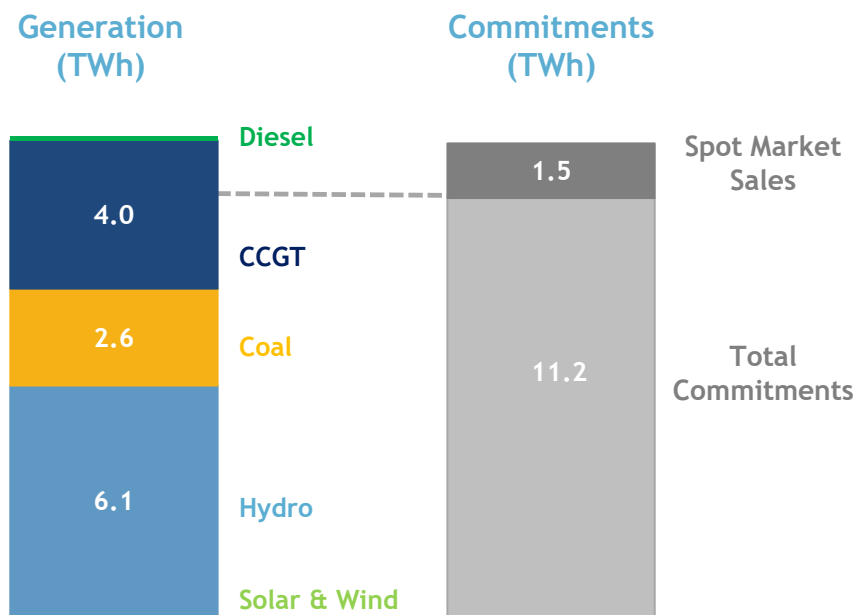
- I. Renewable Capacity:
Hydro, solar and wind
- II. Efficient thermal capacity:
Coal and CCGTs

2. Cost structure properly reflected in sale prices

3. Active risk management

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

GENERATION & PPAs level 1Q19 LTM



1. Cost efficient & diversified asset base

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 Agesa and ENAP

- Short term contracts (~4 months) available.
- Medium term contracts: signed for 2 TWh of 2019's natural gas generation ¹.

LONG TERM LNG SUPPLY

Regasification capacity and supply contract with ENAP

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

GAS FROM ARGENTINA

6 agreements signed with local Argentinean producers

- Interruptible supply with daily confirmation.
- Since October 2018.

¹ 1 TWh is optional.

1. Cost efficient & diversified asset base

Relevant transmission assets



Transmission lines
~940 km

National	330 km
Zonal	80 km
Dedicated	530 km



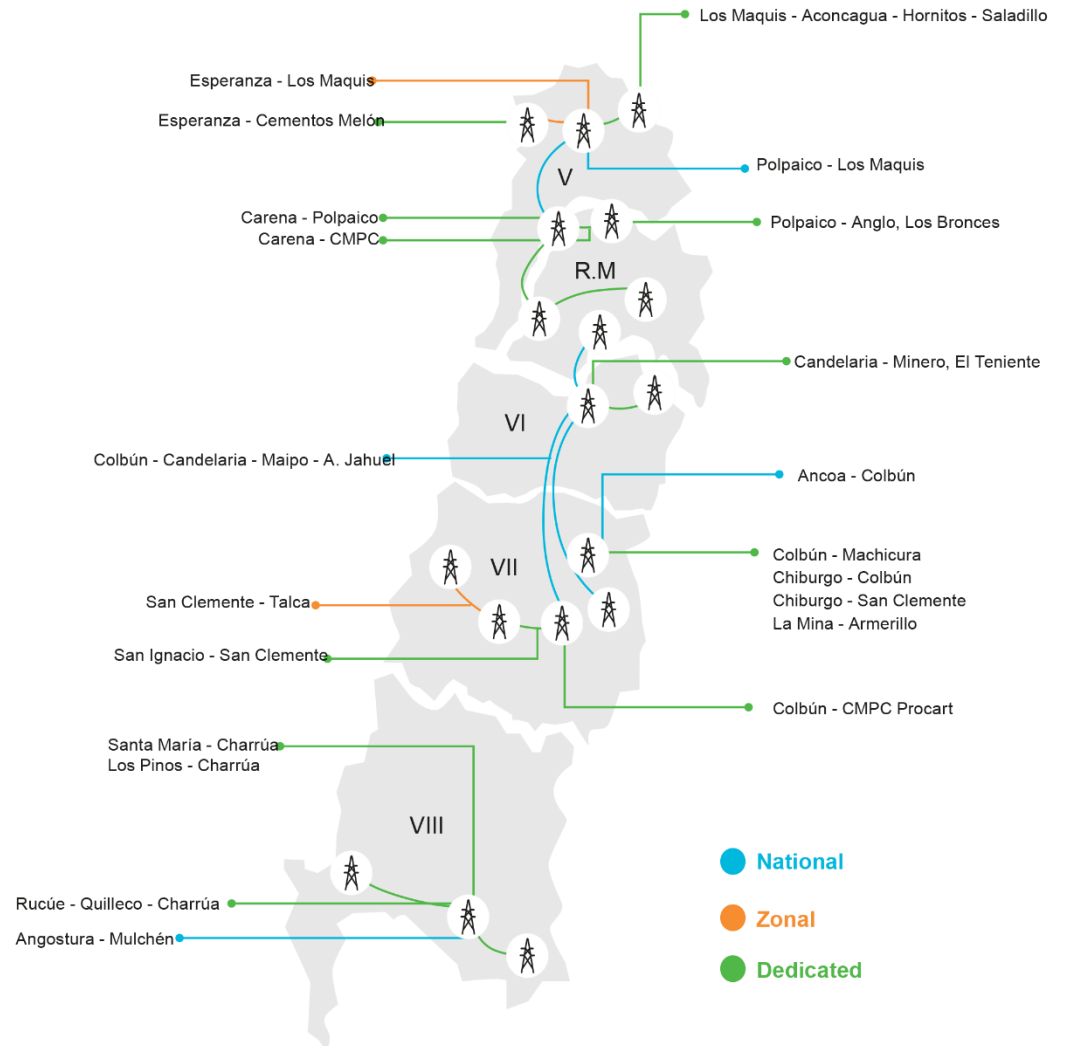
Substations
28



Market share ¹
~6%



Proforma EBITDA LTM
~US\$69 mm



Note: All figures as of Mar19
¹ National Transmission

1. Cost efficient & diversified asset base

Fenix Power: a relevant & efficient CCGT in Peru

THE COMPANY



One of the 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



4.2 TWh

Net annual generation



3 TWh / year

Long term contracts (~100% capacity)

SHAREHOLDERS



51%



ADIA

36%

SIGMA

13%

KEY FIGURES



LTM EBITDA

US\$ 39 mm



Cash

US\$ 13 mm



International Ratings¹

BBB- Stable
Fitch

BBB- Stable
S&P

Ba1 Stable
Moody's

Value proposition

Leading position supported by competitive strengths



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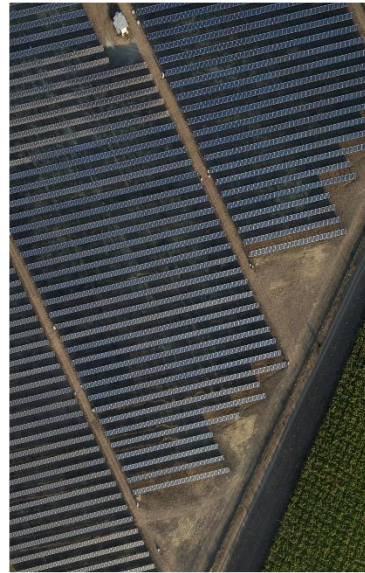
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2. Stable & predictable cash flows

High quality clients in Chile

CUSTOMER BASE PROFILE

+200

Total
customers

50% / 50%

Regulated/
unregulated
customers

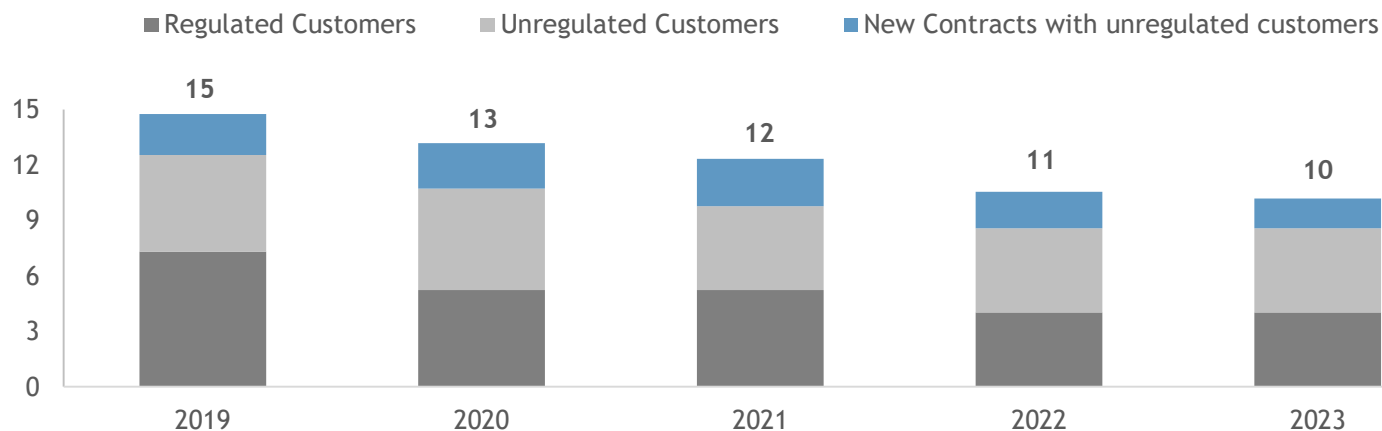
~94%

Customers with
credit ratings

~8 YEARS

Average life of
PPAs

PPAs IN CHILE: MAXIMUM CONTRACTED POWER SUPPLY (TWh)



2. Stable & predictable cash flows

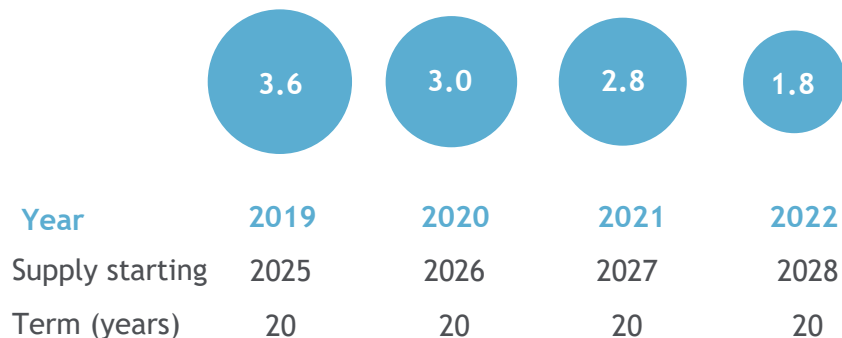
PPAs renewal opportunities in Chile

UNREGULATED CUSTOMERS

- In the coming years there is a **relevant amount of energy for large unregulated clients to be re-contracted.**
- Since 2016, Colbun has signed new contracts with large and medium-size clients for a total of ~3.2 TWh/year.

REGULATED CUSTOMERS

- **Upcoming regulated auctions:** according to the CNE's final report¹, around 11 TWh will be auctioned in the next years.



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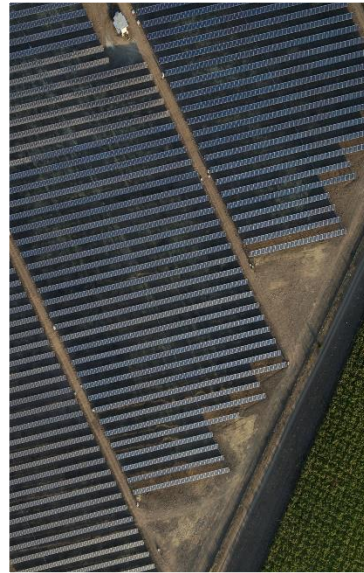
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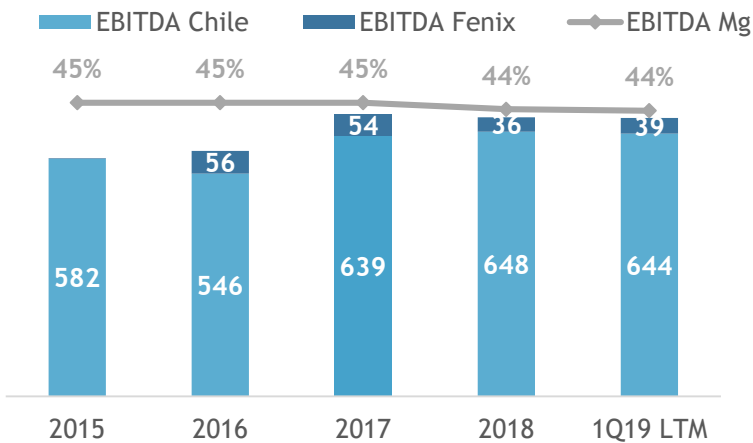
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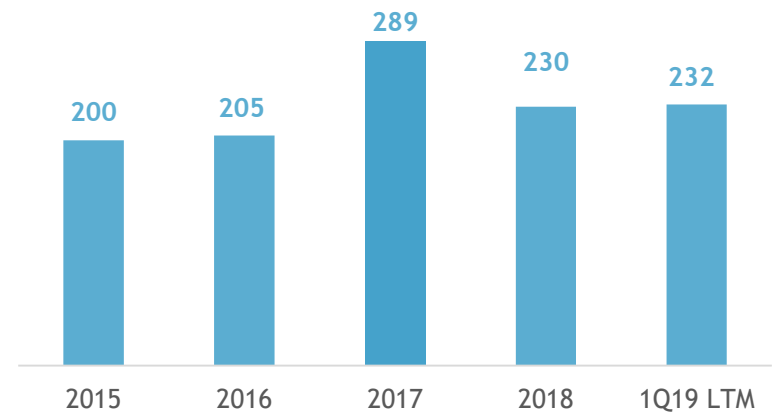
3. Prudent financial management

Stable operational results & solid metrics

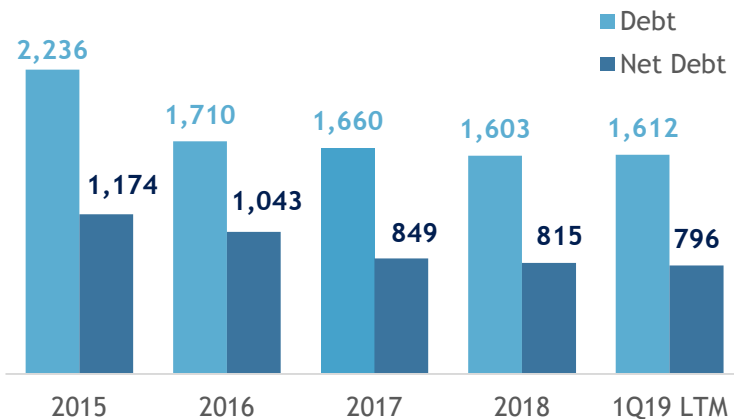
1. EBITDA & EBITDA MG. (US\$ million & %)



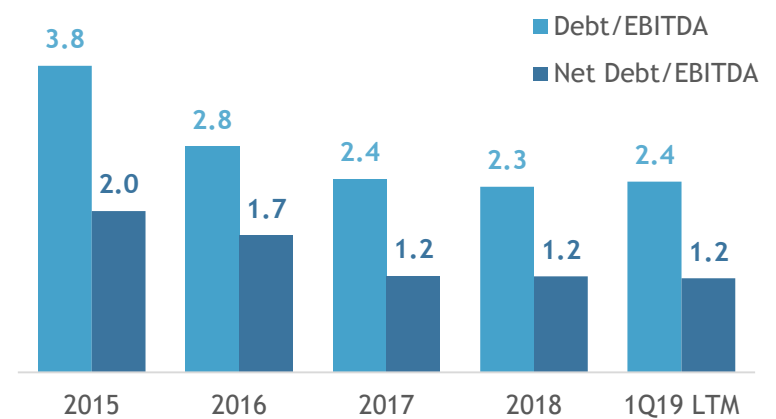
2. NET INCOME. (US\$ million)



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



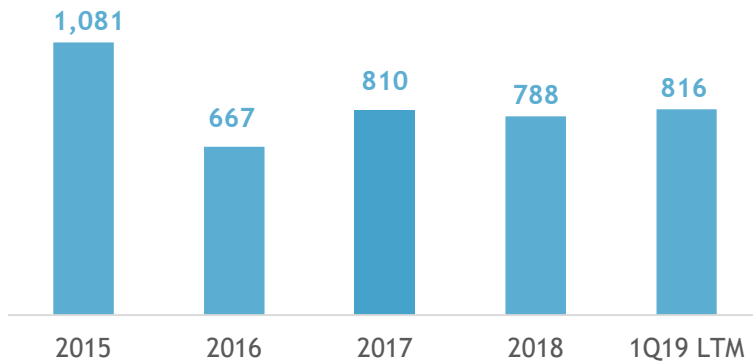
4. DEBT/EBITDA & NET DEBT/EBITDA. (x)



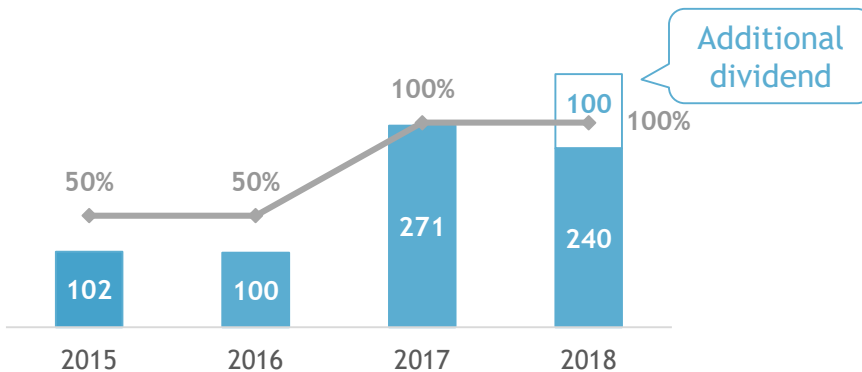
3. Prudent financial management

Strong liquidity

1. CASH POSITION. (US\$ million)

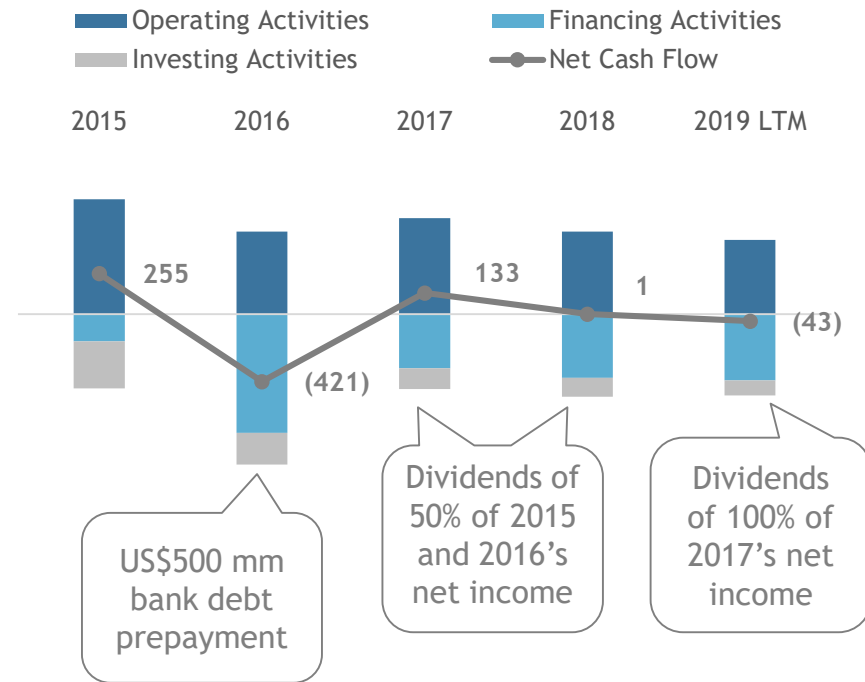


2. DIVIDEND DISTRIBUTION. (US\$ million & %)



The Dividend Policy approved by the 2019's Annual Shareholders Meeting is 50% of the net income.

3. CASH FLOW (US\$ million)



3. Prudent financial management

Long term debt profile

1. DEBT PROFILE

US\$1,612 mm

US\$1,254 million

US\$349 million



100% bonds

94% USD and 6% UF

100% Fixed rate

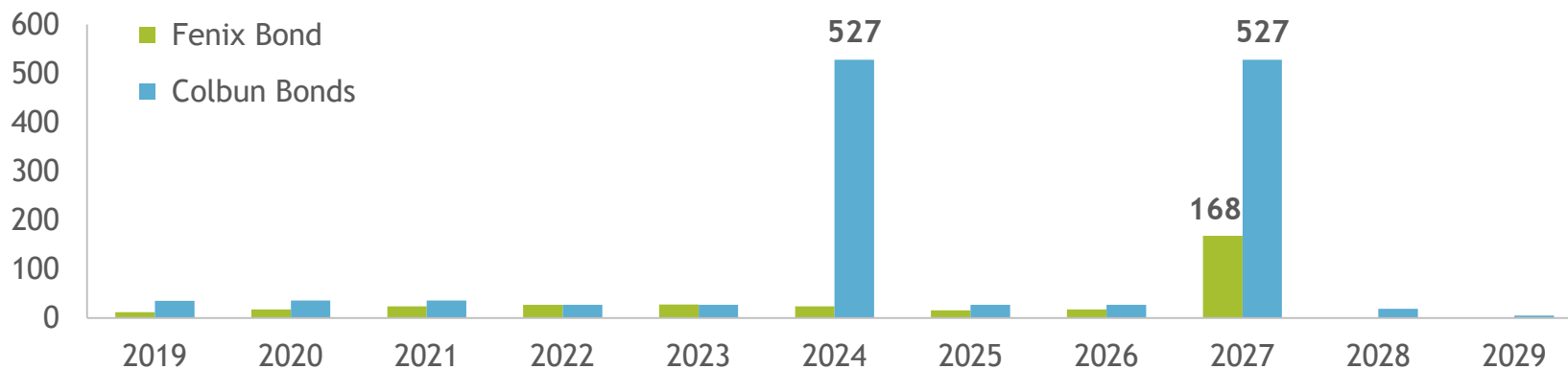


4.5% Interest Rate average

6.5 years average life



2. AMORTIZATION STRUCTURE. (US\$ million)



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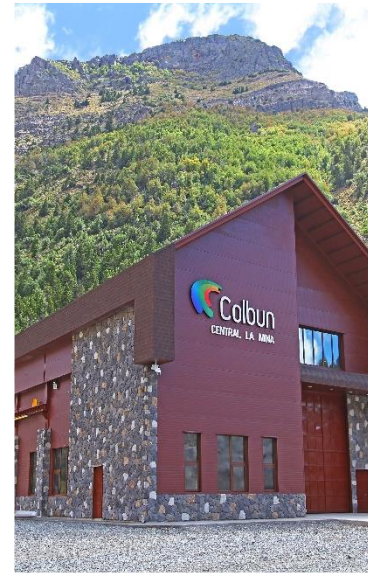
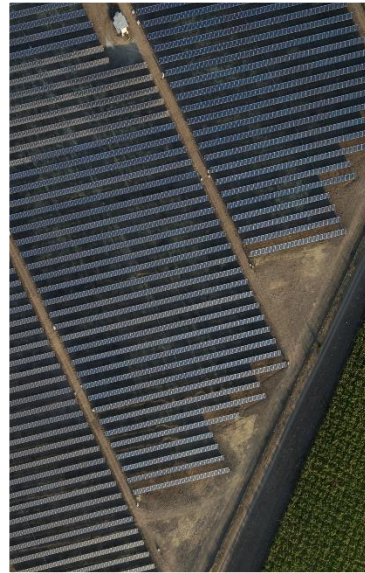
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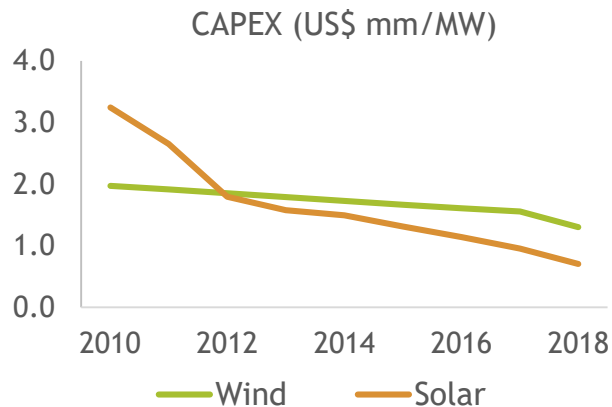
4. Attractive portfolio of growth options

Local expansion considerations

GROWTH STRATEGY

Add 4,000 MW of new renewable capacity over 10 years

- Focus on solar and wind. The development cost of these technologies have decreased over the last years

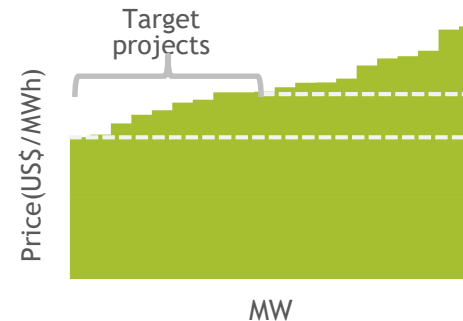


- Pillars of growth:
 - Pipeline of solar, wind and hydro projects
 - M&A Opportunities
 - Purchase energy from third parties

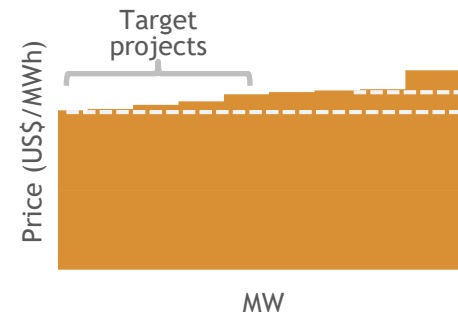
WIND AND SOLAR PIPELINE OF PROJECTS

- Current portfolio of 7 wind and solar projects, for a total of ~1,800 MW
- Objective to further increase portfolio by 1,000 MW in medium term

Wind projects supply curve



Solar projects supply curve



Lower LCOE depending on:

- Load factor
- Proximity to transmission lines
- Technical/commercial considerations

4. Attractive portfolio of growth options

Large pipeline of renewable projects



SOLAR & WIND PROJECTS



HORIZONTE

- Atacama Region
- Inst. capacity : ~607 MW
- Gx: ~2,000 GWh/year
- Preparing EIA¹

DIEGO DE ALMAGRO SUR I & II

- Atacama Region
- Inst. capacity: 210 MW
- Gx: ~560 GWh/year
- Environmental assesment

SOL DE TARAPACÁ

- Tarapacá Region
- Inst. capacity: 200 MW
- Gx: ~470 GWh/year
- Preparing EIA¹

+ Additional ~800 MW underlying transactions still under confidentiality agreements

HYDRO PROJECTS



SAN PEDRO

- Los Rios Region
- Inst. capacity: 170 MW
- Gx: ~950 GWh/year
- Environmental assesment

GUAQUIVILO MELADO

- Maule Region
- Inst. capacity: 316 MW
- Gx: ~1,600 GWh/year
- Under review

LOS CUARTOS

- Maule Region
- Inst. capacity: 93 MW
- Gx: ~500 GWh/year
- Under review

TRANSMISSION PROJECTS



PIPELINE OF PROJECTS

- Expansion and enhancement of the Company's current transmission assets
- Total investment value: US\$50 mm

TRANSMISSION EXPANSION

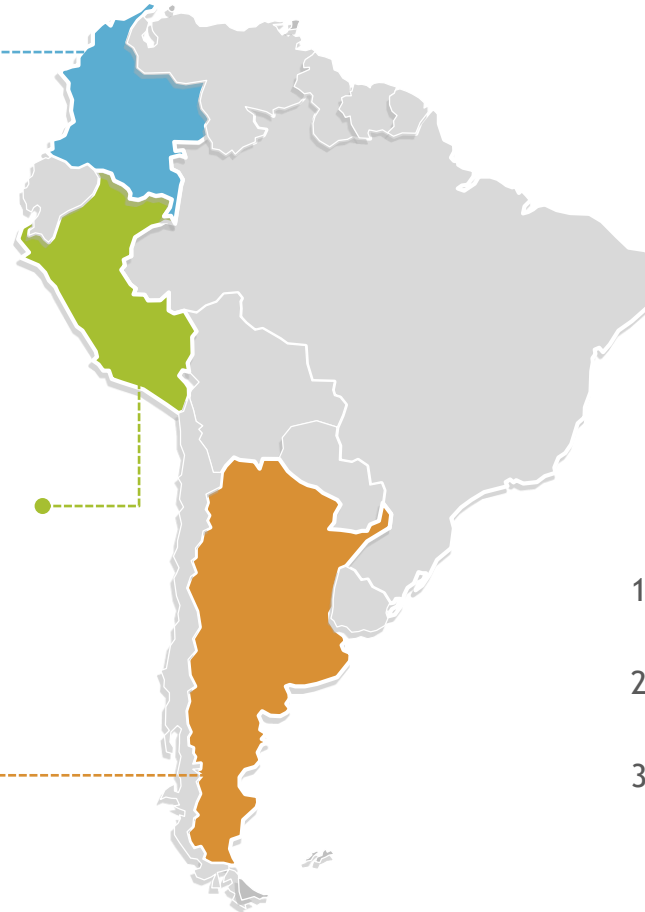
- As the decarbonization process is implemented, the system will require new investments in transmission
- To replace all coal generation with wind and solar technologies, it would be required to install and connect ~11,000 MW²

¹ EIA: Environmental impact study

² Assumption: 30% load factor for wind and solar projects

4. Attractive portfolio of growth options

International expansion



KEY DRIVERS

1. Low per capita energy consumption
2. Stable regulatory frameworks / positive developments in Argentina
3. Expected increases in economic activity and power demand



OTHERS

Tracking trends and business models

STRATEGY

1. Preference for assets in operation (brownfields)
2. Incorporate partners with local knowledge but maintain control
3. Investment amounts subject on maintaining international investment grade ratings

Value proposition

Leading position supported by competitive strengths



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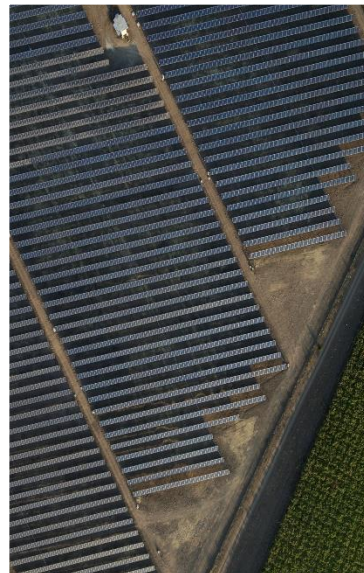
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5. Maximizing value to all of our stakeholders

Sustainability strategy

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



Since 2015 we publish an Integrated Annual Report, with all the financial, social and environmental information of the Company.

AWARDS AND RECOGNITIONS

<p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p> <p>2018</p> <p>Colbún listed in the Dow Jones Sustainability Index Chile</p>	<p>informe reporta</p> <p>2018</p> <p>Colbún obtained the first place in the overall ranking</p>	<p>IMAD INSTITUTO DE MUJERES EN ALTA DIRECCIÓN</p> <p>2018</p> <p>Colbún won the category Female Presence in Directories</p>
<p>BEST PLACE TO INNOVATE</p> <p>2018</p> <p>Colbún was recognized in the category Innovation Perception</p>	<p>Generadoras de Chile energía que nos mueve</p> <p>2018</p> <p>The Reverse Osmosis Plant was recognized with the innovation award</p>	<p>PRO ACONCAGUA CORPORACION DE DESARROLLO</p> <p>2018</p> <p>Pro Aconcagua distinguished Colbún for its contribution to the area</p>
<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>iha International hydropower association</p> <p>2017</p> <p>Angostura was chosen as a Sustainable Hydroelectricity study case</p>	<p>ESR EMPRESA SOCIALMENTE RESPONSABLE</p> <p>2017</p> <p>Fenix power plant was distinguished as a socially responsible company</p>

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Update on strategic agenda progress

Overview



1. Enter in to New Power Purchase Agreements

During 1Q19, Colbún contracted ~300 GWh/year of its generation with new unregulated customers.



2. Grow in renewable energy from variable sources (solar and wind)

Add 4,000 MW of new renewable energy capacity over 10 years.



3. Implement cost efficiency plan

Reduce Company's annual fixed cost structure by US\$20 million.



4. Complete digitalization and automation program

Simplify operational, administrative and maintenance processes.



5. Leverage transmission asset base

Achieve a greater focus on management, reporting and visibility of the transmission business.



6. Explore new business opportunities

Colbún is analyzing different business opportunities to anticipate potential changes on electric consumption:

- Demand response
- Storage
- Waste to Energy

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Concluding remarks

1. Shareholders:

Strong, reliable controlling group with a strategic and long-term vision of the business.

2. Size:

Leading position in Chile's power market and a relevant presence in Peru.

3. Management:

Experienced management and high standards of corporate governance.

4. Customers:

Diversified, solid and creditworthy portfolio of clients.

5. Sustainability:

Integrated in all areas of the Company.

6. Financial:

Strong metrics and ample access to financial markets.

