



# CORPORATE PRESENTATION

**BAML - EMERGING  
MARKETS DEBT AND  
EQUITY CONFERENCE**  
**JUNE 2020**

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- 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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# AGENDA

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**1. COMPANY OVERVIEW**

2. VALUE PROPOSITION

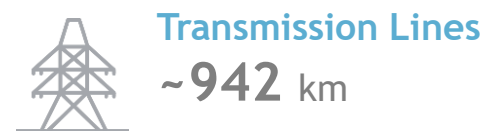
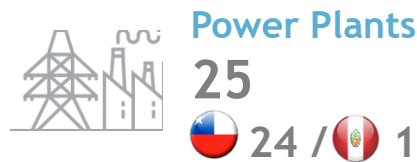
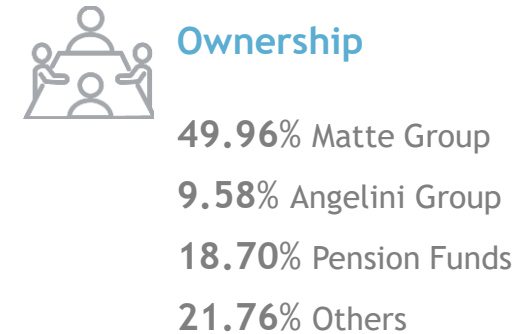
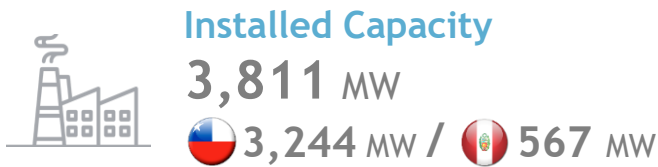
3. CONCLUDING REMARKS



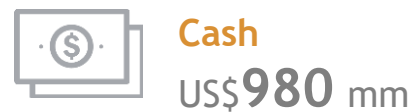
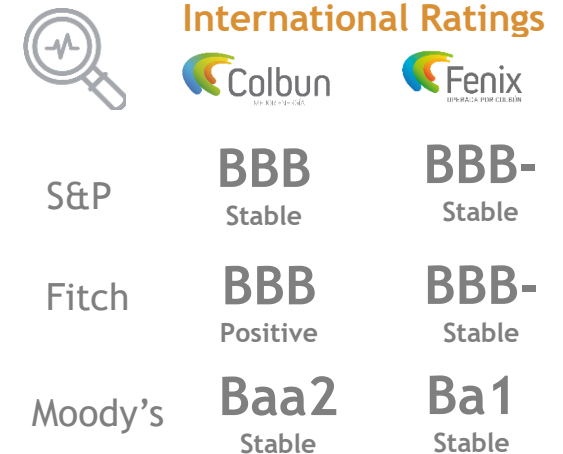
# Company & industry overview

## Leading position in Chile & Peru

### THE COMPANY



### KEY FINANCIALS



Note: All figures as of Mar20

<sup>1</sup> In terms of generation in the SEN in Chile and in the SEIN in Peru

# AGENDA

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1. COMPANY OVERVIEW

2. VALUE PROPOSITION

3. CONCLUDING REMARKS

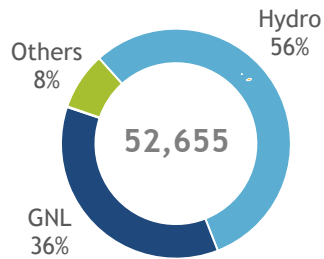


1		COST EFFICIENT AND DIVERSIFIED ASSET BASE
2		STRONG AND COMPETITIVE SUPPLY CONTRACTS
3		PRUDENT FINANCIAL MANAGEMENT
4		ATTRACTIVE PORTFOLIO OF GROWTH OPTIONS
5		MAXIMIZING VALUE TO ALL OF OUR STAKEHOLDERS

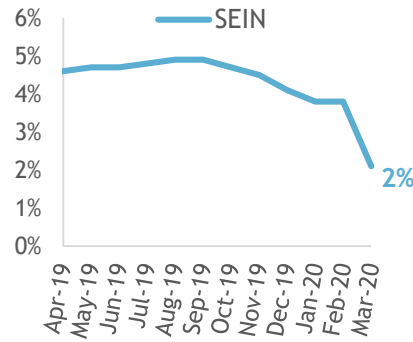
# 1. Cost efficient & diversified asset base

## Attractive markets

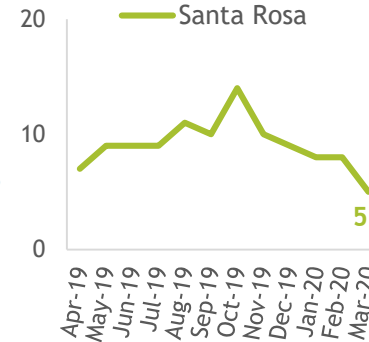
**LTM GENERATION**  
GWh



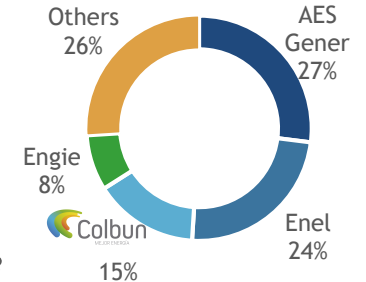
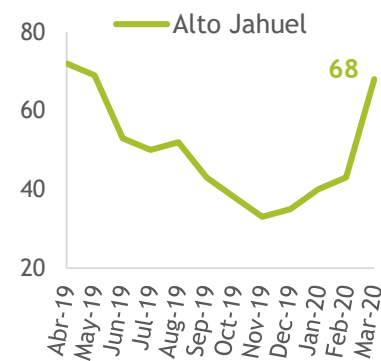
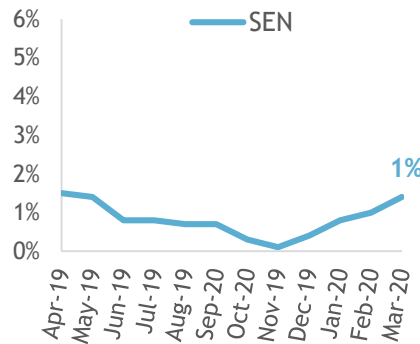
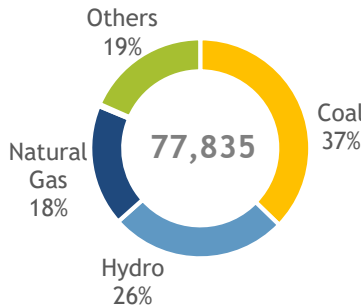
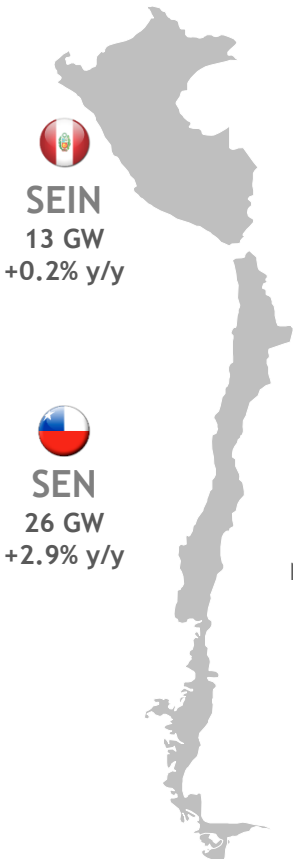
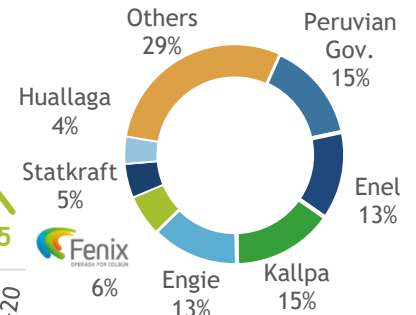
**DEMAND GROWTH**  
12 month average %



**MARGINAL COST**  
US\$/MWh



**MARKET SHARE<sup>1</sup>**  
%



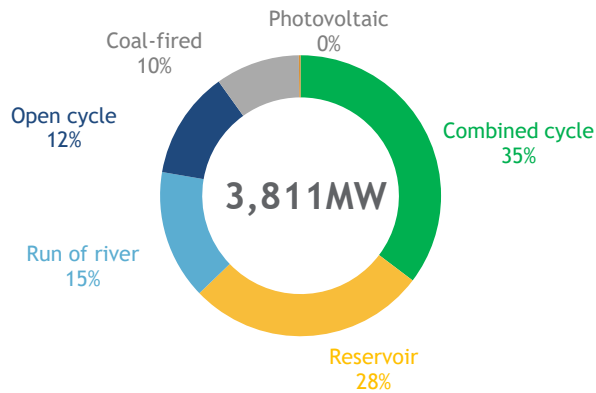
Note: All figures as of Mar20

<sup>1</sup> Based on generation

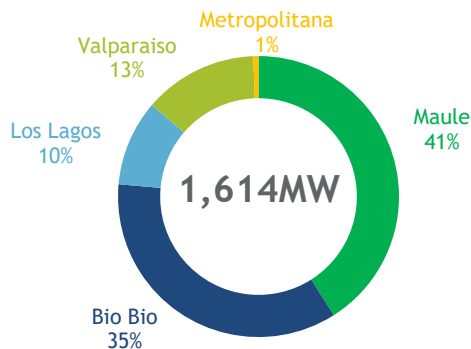
# 1. Cost efficient & diversified asset base

## Geographical and technological diversification

### 1. DIVERSIFIED GENERATION ASSETS



### 2. DIVERSIFIED HYDROLOGICAL BASINS IN CHILE



### 3. DECARBONIZATION PROCESS: LOW IMPACT FOR COLBÚN

- Colbún has only 1 coal-fired power plant of the 27 present in the system.
- Santa Maria is one of the newest and most efficient of the system.
- It's emissions are significantly below the norm:

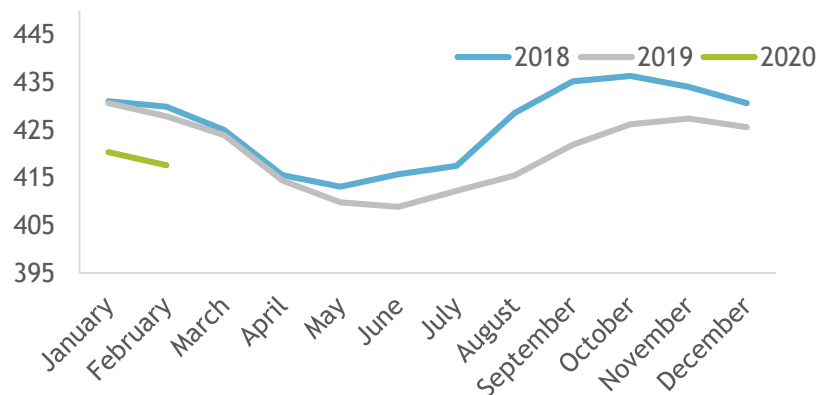
	2019	Norm Limit
PM (mg/Nm <sup>3</sup> )	8	50
Nox (mg/Nm <sup>3</sup> )	310	500
SO <sub>2</sub> (mg/Nm <sup>3</sup> )	188	400



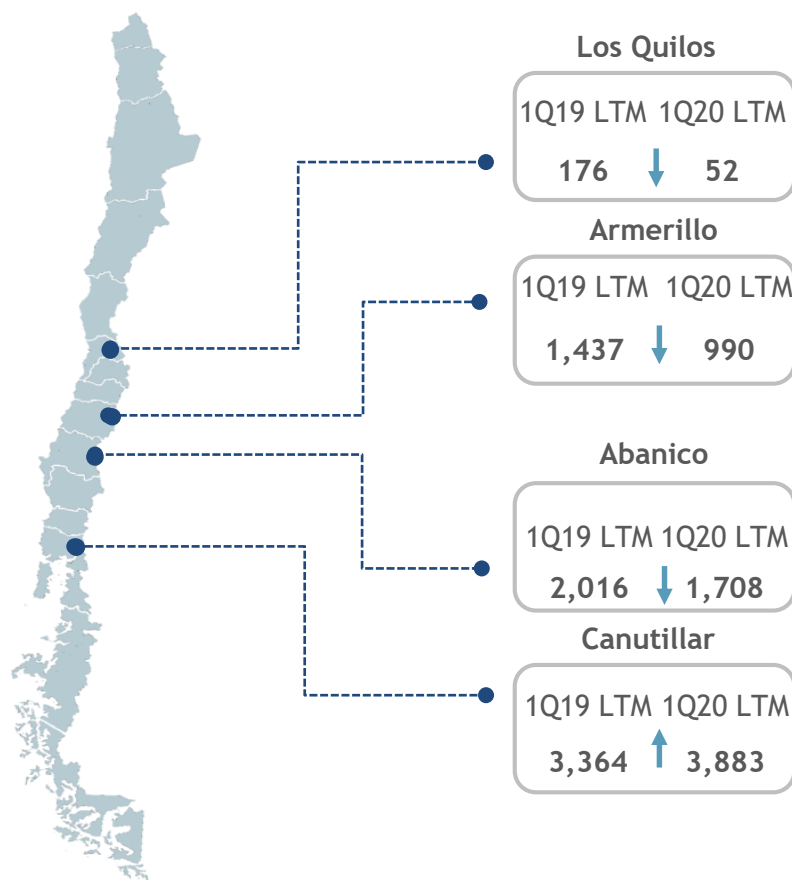
# 1. Cost efficient & diversified asset base

## Hydrological conditions

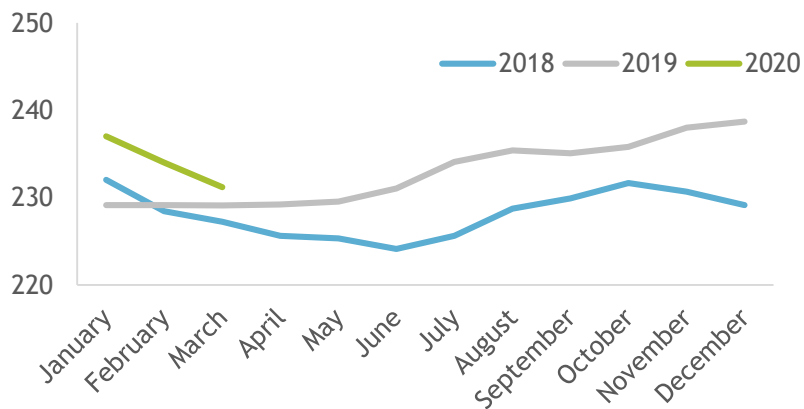
### 1. COLBÚN RESERVOIR LEVEL (m.a.s.l)



### 3. ACCUMULATED RAINFALLS (mm)



### 2. CHAPO RESERVOIR LEVEL (m.a.s.l)



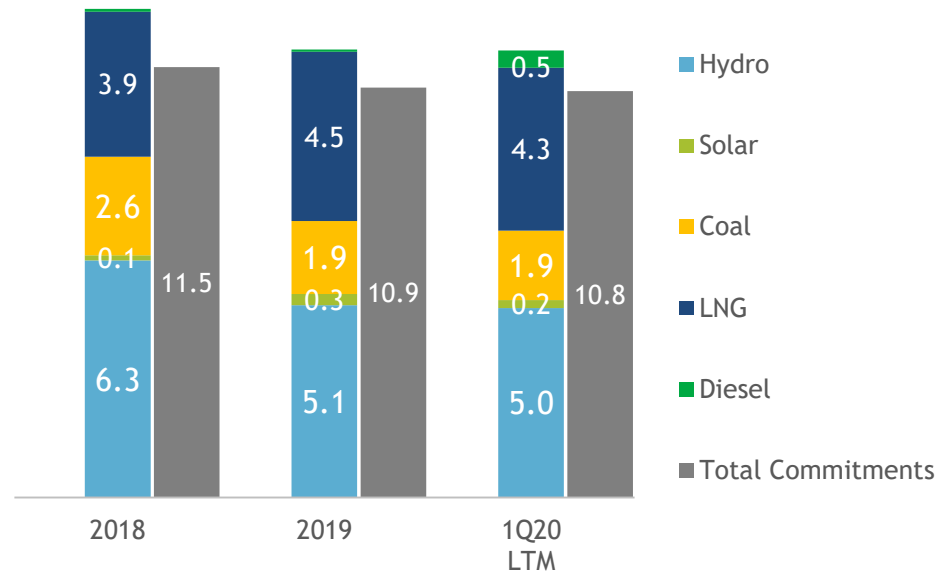
# 1. Cost efficient & diversified asset base

## 100% of PPAs supplied with cost-efficient generation

### WHOLE-SALE COMMERCIAL STRATEGY

1. Optimize Contracting level
  - Renewable Capacity: hydro, solar, wind
  - Efficient thermal capacity: coal, CCGTs
2. Cost structure properly reflected in sale prices
3. Active risk management
  - LNG purchases
  - Commodity hedges
4. Unique portfolio of assets provide support our strategy
  - Hydroelectric power plants: Balanced cost structure and ancillary services supply (system balancing)
  - Gas-fired power plants: Coverage for years with dry hydrology, and for wind and solar intermittency

### GENERATION & PPAs LEVEL<sup>1</sup> (TWh)



### GUIDELINES FOR THE FUTURE

1. Secure future cashflows with new PPAs
2. Incorporate competitive renewable projects, lowering the average supply cost structure
3. Back-up contracts with efficient combined cycles
4. Additional products and services to customers



**Maximizing long-term profitability by achieving a competitive supply cost structure**

**Combining our efficient base-load capacity with the development of our pipeline of wind and solar projects**

# 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

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### 1. REGASIFICATION CAPACITY AND SUPPLY CONTRACT WITH ENAP

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

### 2. LNG SPOT CONTRACTS

- Spot contracts with local providers upon short-term requirements

### 3. GAS FROM ARGENTINA

- These contracts represented 60% of Colbún's gas consumption in 1Q20 and 41% LTM.

# 1. Cost efficient & diversified asset base

## Recent developments in Chile's regulatory framework

### LATEST CHANGES

#### 1. Price stabilization mechanism for regulated clients tariffs

- Tariffs will be stabilized until Jan21, and adjusted by local CPI until 2026
- Generators will accumulate collectable accounts for the difference between the contracts' prices and the stabilized price
- The fund is denominated in US\$ and is capped at US\$1,350 million
- The stabilization fund will start reducing the accumulated collectable accounts once new PPAs (already signed) come into force with an average contract price below the stabilized price
- The stabilization fund must be completely (re)paid by December 2027
- Starting January 2026, outstanding collective accounts will accrue interest at 6 month LIBOR rate plus country risk
- We do not expect any significant change in Colbún's revenues. However, the mechanism is expected to impact our working capital

### BILLS UNDER DISCUSSION

#### 1. New distribution law

- Update the regulation to better address technological advances
- Increase competitiveness and investments

#### 2. Flexibility law

- To address the consequences arising from the increasing incorporation of variable renewable energy

# 1. Cost efficient & diversified asset base

## Addressing COVID19

### CURRENT STATUS

- Two priorities: **protect the health** of all our stakeholders and to **ensure the security of the energy supply**
- **Home office model** for almost 100% of the headquarters workers
- For positions with critical functions, the work is maintained on-site, but with the **necessary safeguards.**
- Currently, **our power plants are operating normally.**
- Regarding the system's power demand, since March 8<sup>th</sup>, it has recorded a **decrease of 5.5%**
- **Our pipeline of projects hasn't been delayed.** We expect to start the construction of Diego de Almagro in 2H20, as originally projected.

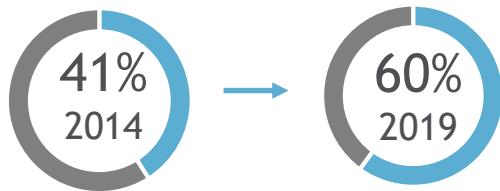
### COMMUNITY SUPPORT

- The payment period for supplier invoices was reduced **from 15 days to 7 days**
- The confection of **more than 40,000** face shields has been commissioned
- Entrepreneurship Centers spaces have been made **available to Health Services**
- Different communication channels have been activated to **contribute to the dissemination** of protection and self-care messages
- Contribution of basic food baskets for **vulnerable families**, personal protection elements and sanitation of streets and public spaces.
- Contribution of **more than 700,000 personal protection elements** to *Hogar de Cristo*.

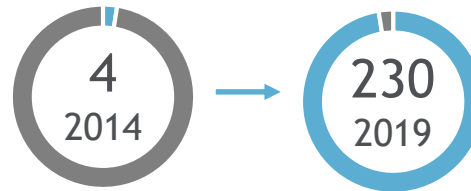
## 2. Strong and competitive supply contracts High quality clients in Chile

### CUSTOMER BASE PROFILE

Sales % to Unregulated Customers



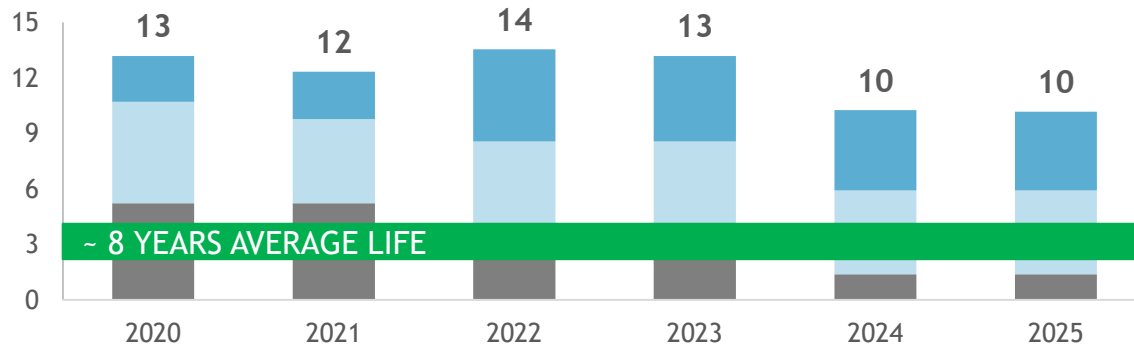
Number of Unregulated Customers



■ Unregulated Customers ■ Regulated Customers

### PPAs IN CHILE: MAXIMUM CONTRACTED POWER SUPPLY (TWh)

■ Regulated Customers ■ Unregulated Customers before 2016 ■ Unregulated Customers after 2016



### MAIN CONTRACTS SIGNED SINCE 2016



3.0 TWh/year, for 10 years starting January 2022



0.5 TWh/year, for 10.5 years starting July 2020



0.2 TWh/year, for 10 years starting January 2019



0.7 TWh/year, for 10 years starting January 2018



0.3 TWh/year, for 4 years starting January 2018

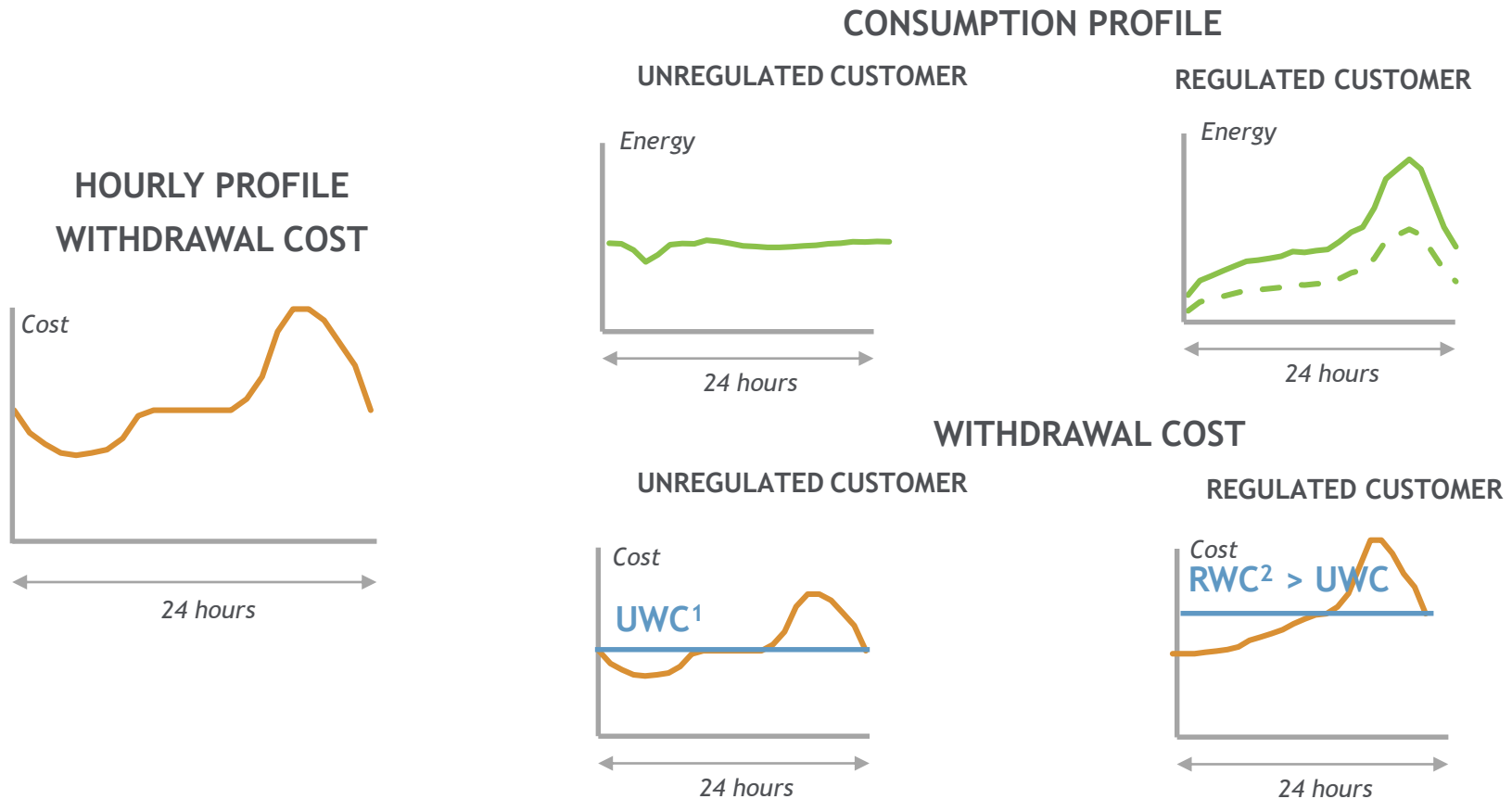


1.7 TWh/year with other unregulated customers, with a term from 4 to 6 years

## 2. Strong and competitive supply contracts

### Energy consumption profile by segment

Due to their consumption profile, **unregulated costumers have a lower withdrawal cost**



...additionally, unregulated customers do not dilute their consumption and their withdrawal is not reduced by overestimated consumption

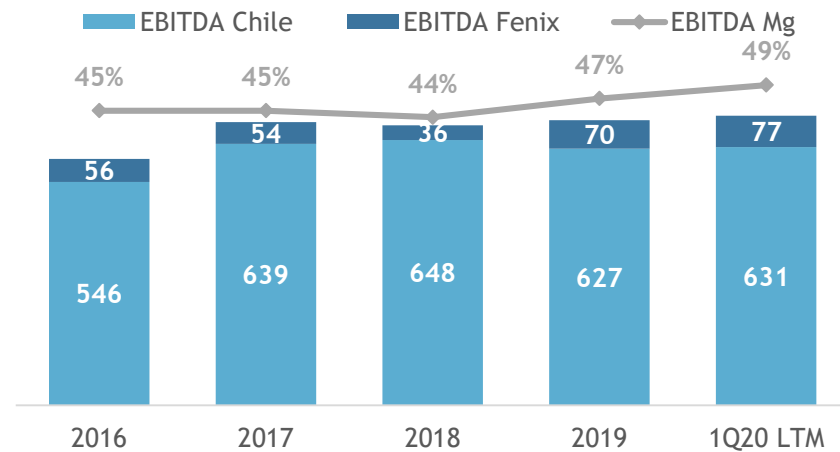
<sup>1</sup> Unregulated withdrawal cost

<sup>2</sup> Regulated withdrawal cost

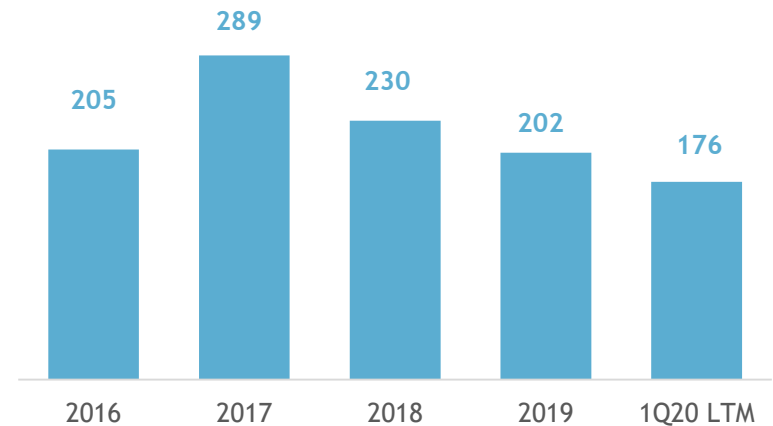
# 3. Prudent financial management

## Stable operational results & solid metrics

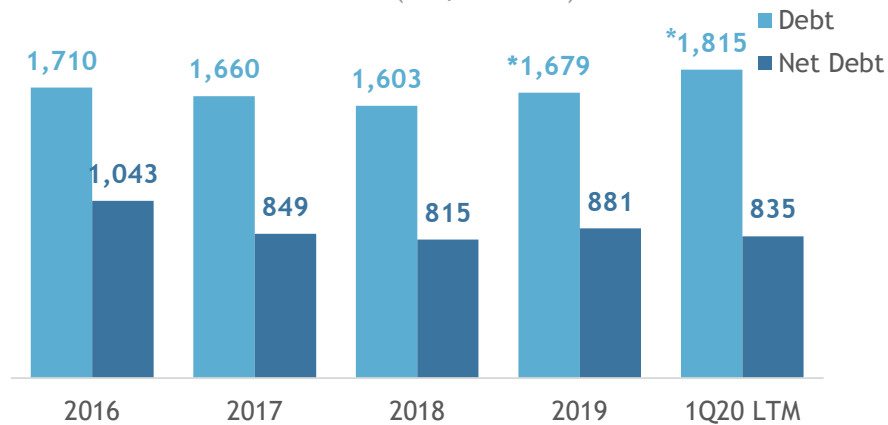
### 1. EBITDA & EBITDA MG. (US\$ million & %)



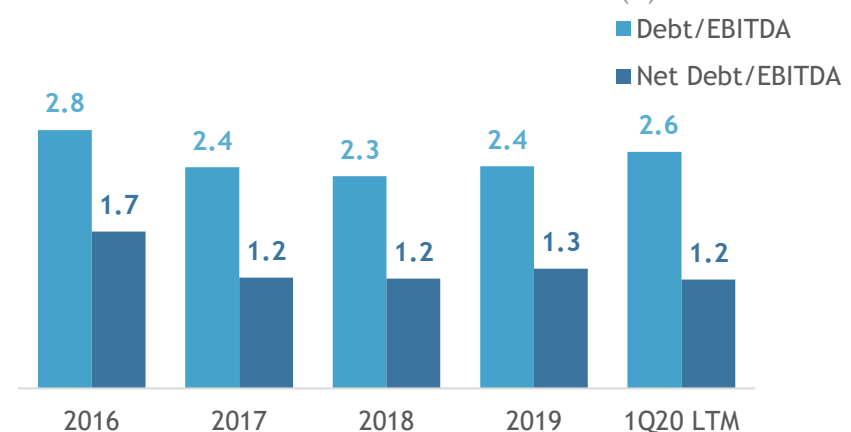
### 2. NET INCOME. (US\$ million)



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



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



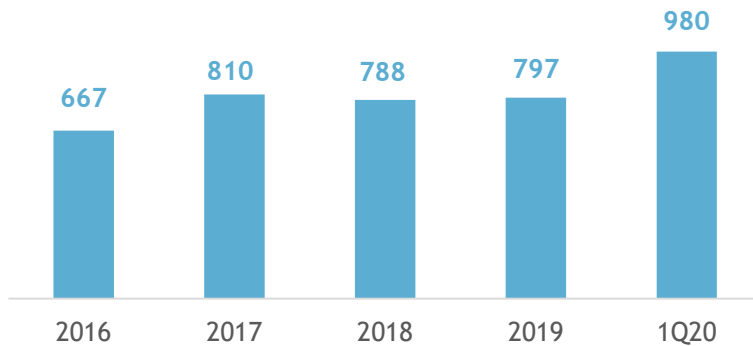
Note: All figures as of Mar20  
\*Financial leases are included



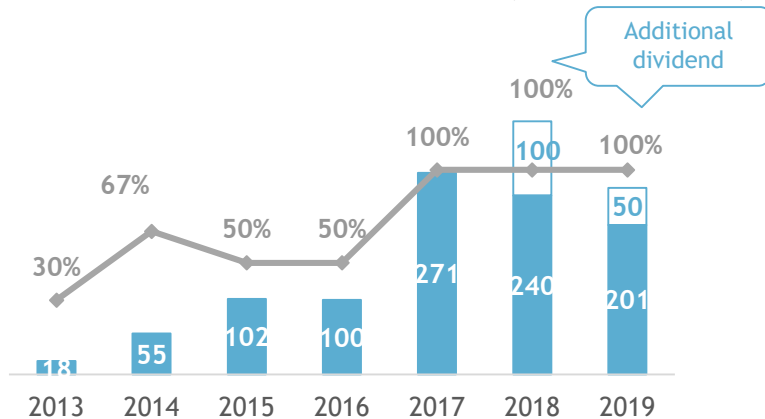
# 3. Prudent financial management

## Strong liquidity

### 1. CASH POSITION. (US\$ million)

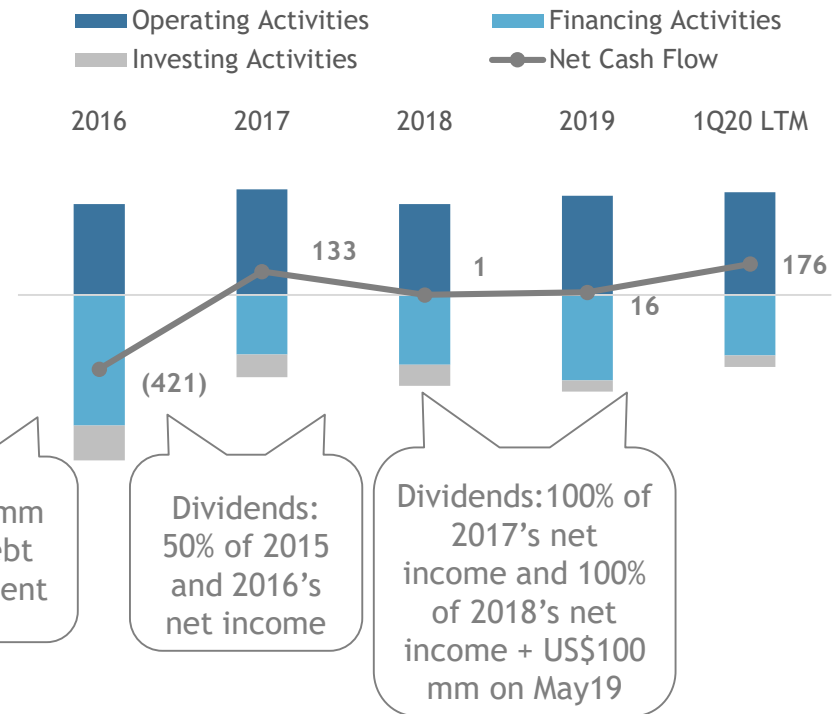


### 2. DIVIDEND DISTRIBUTION. (US\$ million & %)



The Dividend Policy approved by the 2020's Annual Shareholders Meeting is 50% of the net income.

### 3. CASH FLOW. (US\$ million)




# 3. Prudent financial management

## Long term debt profile

### 1. FINANCIAL DEBT PROFILE

US\$1,719(\*) mm

 US\$1,405 million

 US\$314 million

100% bonds

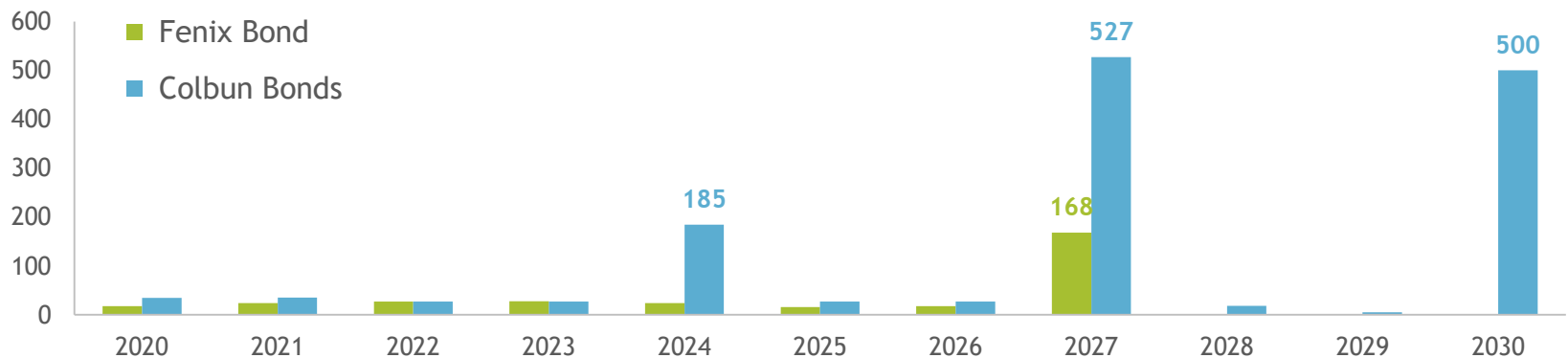
97% USD and 3% UF

100% Fixed rate

3.9% Interest Rate average

7.2 years average life

### 2. AMORTIZATION STRUCTURE (US\$ million)



Note: All figures as of Mar20  
 (\*) Financial leases are not included

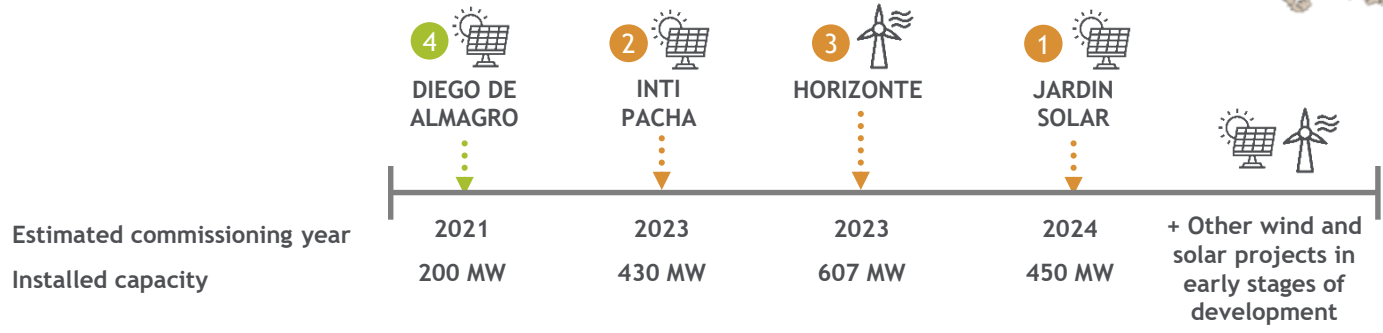
# Attractive pipeline of renewable energies

## Solar and Wind Generation Projects

● Feasibility ● Environmentally approved



We hold a portfolio of solar and wind farm power plants, in different stages of development, for approximately **3,100 MW**



### COMPETITIVE ADVANTAGES OF OUR PROJECTS



Load Factors



Proximity to the transmission network



Socio-Environmental viability



Concessions / Easements

# 4. Attractive portfolio of growth options

## Diego de Almagro - Solar power plant



**Location:**  
Atacama Region, 120 km north of Copiapó in the Route C-17, which joins Copiapó and Diego de Almagro

### KEY INDICATORS

Estimated capacity

200 MW

Estimated net annual generation

560 GWh

Estimated load factor

35%

Land Surface

330 ha

Connection point

Illapa S/E 220 kV  
(2.6 km)

Environmental Impact Study

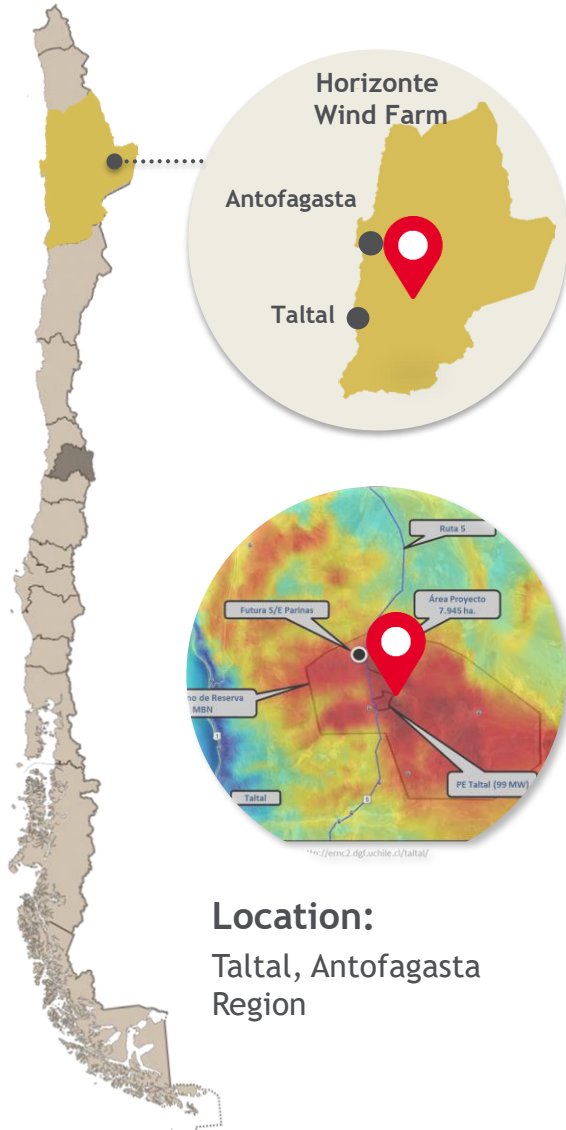
Approved

Estimated commissioning

2021

# 4. Attractive portfolio of growth options

## Horizonte - Wind farm



### KEY INDICATORS

Estimated capacity	607 MW minimum
Estimated net annual generation	2,000 GWh
Estimated load factor	38%
Land Surface	8,000 ha
Connection point	Parinas S/E
Environmental Impact Study	Processing
Estimated commissioning	2023

# 4. Attractive portfolio of growth options

## International expansion

### GENERATION ASSETS

#### 1. KEY DRIVERS

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

#### 2. 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



### EXPLORING NEW BUSINESS OPPORTUNITIES

#### 1. NEW SERVICES AND PRODUCTS

Products and services that respond to customers needs

- Demand Response
- Flexibility
- Energy Advisory

#### 2. NEW TECHNOLOGIES

Incorporate the latest generation technologies that support the development of new business models

- Blockchain
- Big Data & AI
- Smart-Metering

#### 3. NEW WAYS TO REACH CUSTOMERS

Differentiating service channel, close and direct

# 5. Maximizing value to all of our stakeholders

## Sustainability strategy

### EMPLOYEES

- Offering high-quality employment and a safe work environment
- Annual Work Environment Surveys
- Strong relationship with our unions
- Annual Sustainable weeks to promote Colbún's core values

### SUPPLIERS AND CONTRACTORS

- Ensuring traceable and auditable supply processes
- Promoting a transparent and close relationship
- Ensuring that the supply process comply with our Ethics Code
- ProPyme Seal: certificate for paying our SMEs<sup>1</sup> in less than 30 days

### CLIENTS AND PROVIDERS

- Providing a reliable, competitive and sustainable electric energy supply
- Generating long-term, transparent and strategic relationships
- Annual Client's Day
- "Taylor-made" products and services

### INVESTORS

- Providing transparent, timely and relevant information to all of our investors
- Annual Investor Surveys

### COMMUNITY AND SOCIETY

- Building and maintaining open relationships with the community
- Promoting the development of local economy
- Enhancing the community's development through entrepreneurship, education and sports programs

### ENVIRONMENT

- Minimizing our impact on the environment
- Taking care of our natural resources and using them in an efficient manner
- Online emissions monitoring in Santa Maria and Nehuenco power plants



# 5. Maximizing value to all of our stakeholders

## Sustainability strategy



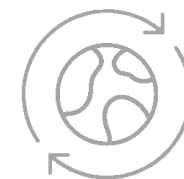
### 1. SUSTAINABILITY IS INTEGRATED IN ALL AREAS OF THE COMPANY

- Business model based on **specific value creation goals** for each of our stakeholders
- **Constant benchmarking** to reduce potential sustainability gaps
- Community relationship model built from the basis of **responsible operational and environmental performance**



### 2. SIGNIFICANT ACHIEVEMENTS AND RECOGNITIONS

- Since 2015 Colbún adheres to the **Global Compact Network** and directly contributes to 10 of the 17 **Sustainable Development Goals** of the United Nations
- Selected for the last four years in the **DJSI Chile** and for the last two years in the **DJSI MILA**
- Since 2015 we publish an **Integrated Annual Report**
- In 2018 we were recognized with the **maximum distinction of HuellaChile program** of the Ministry of the Environment (Excellence in Greenhouse Gas emissions management)



### 3. ADDRESSING CLIMATE CHANGE

- **Largest issuer of carbon credits** coming from hydroelectric power plants in Chile
- Colbún's carbon footprint is **measured since 2001**
- Member and Chair of the **Center for Business Leaders for Climate Change** (CLG Chile)



# AGENDA

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1. COMPANY OVERVIEW

2. VALUE PROPOSITION

**3. CONCLUDING REMARKS**



# Concluding remarks

## 1. Shareholders:

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

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## 2. Size:

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

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## 3. Management:

Experienced management and high standards of corporate governance

## 4. Customers:

Diversified, solid and creditworthy portfolio of clients

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## 5. Sustainability:

Integrated in all areas of the Company

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## 6. Financial:

Strong metrics and ample access to financial markets

