

1Q 2014 Results Review

May 7, 2014



AGENDA

HIGHLIGHTS

FINANCIAL REVIEW

PROJECTS UNDER DEVELOPMENT UPDATE

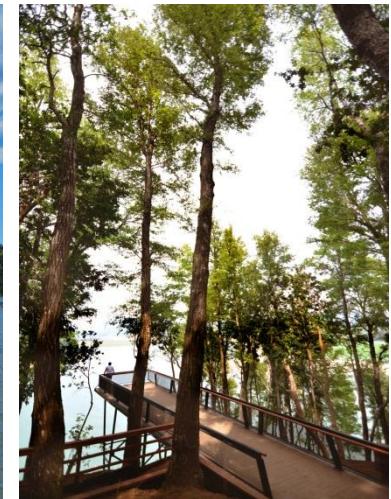
OTHER RELEVANT EVENTS

Highlights of 1Q 2014

1. **34% YoY Increase in EBITDA** mainly explained by a non-recurring effect of the business interruption compensation from our insurance companies for the machinery failure that affected Nehuenco II in March 2013
2. **5% YoY Increase in Hydro Generation** resulting mainly from the generation of the Angostura Project during its testing period
3. **Angostura hydroelectric plant** (316 MW) was commissioned in April
4. **Blanco hydroelectric plant** (60 MW) experienced a machinery failure in January
5. **Financial Investments** reached US\$208 million (US\$ 237 million in 1Q13) and net debt closed at US\$1,432 million (US\$1,451 million in 1Q13)

Angostura Hydroelectric Power Plant

- **316 MW** of Installed Capacity
- **1,500 GWh** of expected annual generation
- **US\$760 million** of CAPEX
- **Largest hydroelectric power plant** built in Chile over the last decade
- Successful **community integration**
- **116 GWh** of production as of March 31, 2014



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Physical Sales and Generation Balance Analysis

Sales Volumes GWh	1Q13	4Q13	1Q14	QoQ	YoY
Regulated Customers	1,790	1,708	1,771	4%	(1%)
Free Customers	779	1,469	1,233	(16%)	58%
Spot Market Sales	511	8	219	0%	(57%)
Total Energy Sales	3,081	3,185	3,223	1%	5%

Generation GWh	1Q13	4Q13	1Q14	QoQ	YoY
Hydraulic	1,052	1,446	1,109	(23%)	5%
Thermal – Gas	1,243	779	1,357	74%	9%
Thermal – Diesel	28	8	96	1100%	240%
Thermal - Coal	732	592	706	19%	(4%)
Total Own Generation	3,055	2,825	3,268	16%	7%
Energy Purchases (Spot Market)	82	411	0	-	-

Key Drivers of 1Q14

- **The generation mix** of 1Q14 allowed 60% of the Company's commercial commitments to be covered with efficient capacity: hydroelectric and coal
- Colbún had no need to resort to the **energy purchases** on the spot market to meet its commercial contracts

EBITDA Analysis

US\$ million	1Q13	4Q13	1Q14	QoQ	YoY
Revenues	367.0	349.5	413.2	18%	13%
Raw Materials and Consumables Used	256.6	222.7	275.4	24%	7%
Personnel and other operating expenses	21.2	20.0	18.1	(9%)	(14%)
EBITDA	89.2	106.8	119.8	12%	34%
EBITDA Margin (%)	24.3	30.5	29.0	(5%)	19%

Key Drivers of 1Q14

- **Non-recurring Income** of US\$32.5 million resulting from the business interruption compensation relating to the failure of Nehuenco II power plant in March 2013
- Net Margin of US\$16.9 million produced by **Angostura Hydroelectric power plant**
- **Higher Fuel Costs** of US\$13.5 million explained by higher Diesel generation offset by lower coal-fired generation

Non-Operating Income Analysis

US\$ million	1Q13	4Q13	1Q14	QoQ	YoY
Financial Income	1.7	1.2	1.5	19%	(14%)
Financial Expenses	(15.2)	(12.1)	(10.6)	(13%)	(30%)
Results of Indexation Units	0.5	2.1	2.4	14%	353%
Exchange Rate Differences	(2.8)	0.0	(8.9)	-	213%
Share of profit (loss) from equity-accounted associates	2.2	0.7	1.3	80%	(39%)
Other non-operating income/expense	(15.9)	(18.0)	7.7	-	-
NON-OPERATING INCOME	(29.5)	(26.1)	(6.6)	(75%)	(78%)

Key Drivers of 1Q14

- **Non-recurring Income** of US\$15.7 million resulting from the physical damage compensation relating to the failure of Nehuenco II power plant in March 2013
- **Asset impairment** of US\$7.0 million resulting from the physical damage from the failure of Blanco hydroelectric power plant in January 2014
- **Exchange Rate Difference** of US\$(8.9) million due to a 5% depreciation of the CLP/US\$ exchange rate

Net Income Analysis

US\$ million	1Q13	4Q13	1Q14	QoQ	YoY
Net Income Before Tax	19.3	38.0	71.2	87%	269%
Income Tax	5.1	(31.1)	(19.6)	(37%)	-
NET INCOME	24.4	6.9	51.5	646%	111%

Key Drivers of 1Q14

- **Net Income Before Tax** of US\$71.2 million resulting mainly from business interruption and physical damage compensation (relating to the failure at Nehuenco II)
- **Income Tax Expense** of US\$19.6 million due mainly to greater profits before taxes and a 5% depreciation of the CLP/US\$ exchange rate

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Projects Under Development Update



1 La Mina Hydroelectric Project

- 34 MW of Installed Capacity
- 180 GWh of expected annual generation
- Phase: EIA Approved
- Qualifies as NCRE

2 Santa María II Coal-fired Project

- 350 MW of Installed Capacity
- 2,500 GWh of expected annual generation
- Phase: EIA Approved

3 San Pedro Hydroelectric Project

- 144 MW of Installed Capacity
- 930 GWh of expected annual generation
- Phase: EIA Approved

+ Water rights for over 500 MW of hydro potential



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Relevant Events

- **The Company extended a natural gas supply contract for one CCGT unit until Jun-14 with ENAP.** In 1Q14 Colbún had LNG supply contracts for its 2 combined cycle units



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