



# 2016 EARNINGS REVIEW

FEBRUARY 2017





# AGENDA

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3. Growth Opportunities





# 1.

## HIGHLIGHTS

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## Company Highlights

# 2016 Key Facts

- Higher EBITDA and Net Income, despite extremely dry conditions presented in the current hydrological year in Chile.
- Significant efficient thermal generation due to ample access to LNG supply and high availability of Santa Maria I.
- Nehuenco 2 back in operation after the fire that affected the main transformer of the gas turbine on June 28<sup>th</sup>.
- As of December 2016, La Mina Project (34 MW) accounts for a 98.5% progress.
- Colbún prepaid debt for ~ US\$500 million during 2016, improving its credit metrics and debt maturity profile.



# Company Highlights

## 2016 Main Consolidated Figures

US\$ **602** mm  
EBITDA LTM



US\$ **205** mm  
Net Income



US\$ **667** mm  
In Cash



**1.7** x  
Net Debt / EBITDA



**4.9** %  
Avg. Interest Rate\*



**3,852** MW  
Installed Capacity

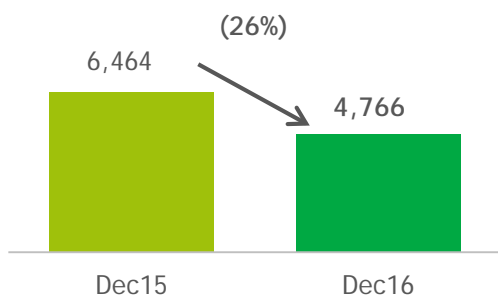


\* In US Dollars

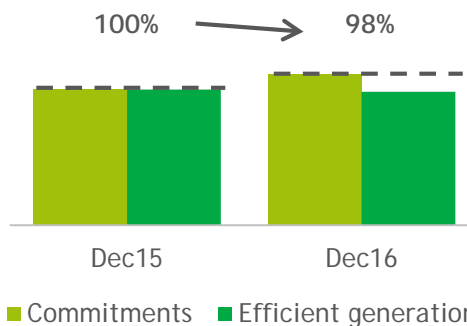
# Company Highlights

## Dec15 vs Dec16 Comparison

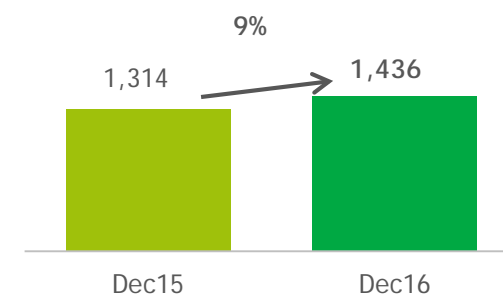
**1** HYDRO GENERATION. (GWh)



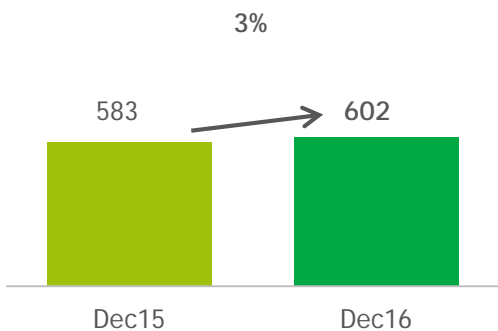
**2** EFFICIENT GENERATION OVER COMMITMENTS IN CHILE. (%)



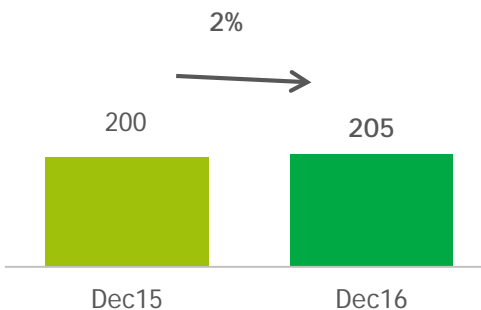
**3** REVENUES. (MMUS\$)



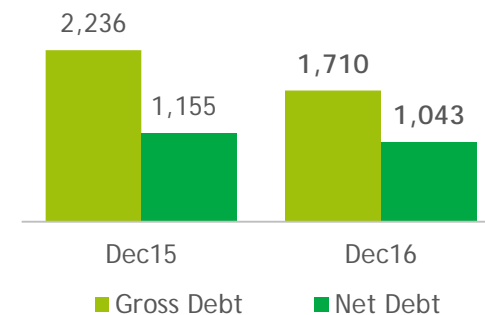
**4** EBITDA. (MMUS\$)



**5** NET INCOME. (MMUS\$)



**6** GROSS DEBT AND NET DEBT. (MMUS\$)





# 2.

## Financial Review

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# Financial Review

## Chile: Physical Sales & Generation Balance

Generation (GWh)	Dec15	Dec16	Ac/Ac
Hydraulic	6,464	4,766	(26%)
Thermal - Gas	3,421	3,594	5%
Thermal - Diesel	244	315	29%
Thermal - Coal	2,405	2,505	4%
Eolic - Punta Palmeras	111	95	(15%)
<b>Total Generation</b>	<b>12,646</b>	<b>11,275</b>	<b>(11%)</b>

Sales Volume (GWh)	Dec15	Dec16	Ac/Ac
Regulated Clients	6,625	6,534	(1%)
Unregulated Clients	4,428	4,507	2%
Total Commitments	11,053	11,041	0%
Sales to the Spot Market	1,444	916	(37%)
<b>Total Energy Sales</b>	<b>12,497</b>	<b>11,956</b>	<b>(4%)</b>

Spot Market (GWh)	Dec15	Dec16	Ac/Ac
Sales	1,444	916	(37%)
Purchases	124	927	648%
<b>Net Spot Market Balance</b>	<b>1,320</b>	<b>(11)</b>	<b>-</b>

### MAIN VARIATIONS 2016 / 2015

- **Total generation** decreased, mainly because of lower hydroelectric generation.
- **Physical sales** decreased due to lower sales in the spot market.
- **Spot market balance** registered net purchases for 11 GWh.
- **98%** of total commitments were supplied with **cost-efficient base generation**.



# Financial Review

## Chile: EBITDA Analysis

US\$ million	Dec15	Dec16	Ac/Ac
Revenues	1,308	1,220	(7%)
Raw Materials and Consumables Used	(641)	(580)	(9%)
Personnel and other operating expenses	(278)	(290)	4%
Operating Income (Loss)	388	350	(10%)
<b>EBITDA</b>	<b>582</b>	<b>546</b>	<b>(6%)</b>
EBITDA Margin (%)	45%	45%	-

### MAIN VARIATIONS 2016 / 2015

- **Revenues decreased**, mainly due to:
  - Lower sales to the spot market.
  - Lower "Other Income", because 2015 includes a non-recurring income as a result of an insurance compensation.
  
- **Raw Materials and Consumables Used decreased**, mainly explained by lower fuel costs.

# Financial Review

## Peru: Physical Sales & Generation Balance <sup>1</sup>

Generation (GWh)	Dec15	Dec16	Ac/Ac
Thermal - Gas	3,621	3,582	(1%)
<b>Total Own Generation</b>	<b>3,621</b>	<b>3,582</b>	<b>(1%)</b>

Sales Volume (GWh)	Dec15	Dec16	Ac/Ac
Customers Under Contract	3,627	3,177	(12%)
Spot Market Sales	778	825	6%
<b>Total Energy Sales</b>	<b>4,405</b>	<b>4,002</b>	<b>(2%)</b>

Spot Market (GWh)	Dec15	Dec16	Ac/Ac
Sales	778	825	6%
Purchases	254	311	22%
<b>Net Spot Market Balance</b>	<b>524</b>	<b>514</b>	<b>(2%)</b>

### MAIN VARIATIONS 2016 / 2015

- **Physical withdrawals** from customers under contract decreased, mainly due to the end of bilateral short-term supply contracts during 2016.
- **Spot market balance** reached net sales for 514 GWh.
- **100%** of total commitments were supplied with own generation.

<sup>1</sup> Contemplates periods prior to Colbún's acquisition of Fenix, thus Fenix's results for the year 2015 are presented only for comparative purposes.

# Financial Review

## PERU: EBITDA Analysis <sup>1</sup>

US\$ million	Dec15	Dec16	Ac/Ac
Revenues	213	217	2%
Raw Materials and Consumables Used	(152)	(144)	(5%)
Personnel and other operating expenses	(48)	(48)	0%
Operating Income (Loss)	(13)	24	-
<b>EBITDA</b>	<b>49</b>	<b>56</b>	<b>15%</b>
EBITDA Margin (%)	23%	26%	-

### MAIN VARIATIONS 2016 / 2015

- **Revenues** in line compared to Dec15.
  - **Raw materials and consumables used** decreased due to lower associated operating costs and other disbursements.
- ➔ Fenix **EBITDA totalized US\$56 million as of Dec16** mainly due to Lower costs associated with the operation of the plant.

<sup>1</sup> Contemplates periods prior to Colbún's acquisition of Fenix, thus Fenix's results for the year 2015 are presented only for comparative purposes.



# Financial Review

## Consolidated: Non-operating Income Analysis

US\$ million	Dec15	Dec16	Ac/Ac
Financial Income	6	10	82%
Financial Expenses	(91)	(103)	14%
Results of Indexation Units	2	(0)	-
Exchange Rate Differences	(11)	3	-
Share of Profit (Loss) from Equity-Accounted Associates	7	5	(18%)
Other Non-Operating Income/Expense	(1)	(18)	-
<b>Non-Operating Income</b>	<b>(88)</b>	<b>(102)</b>	<b>16%</b>
Profit (Loss) Before Taxes	300	272	(9%)
Income Tax Expense	(100)	(67)	(33%)
<b>Net Income</b>	<b>200</b>	<b>205</b>	<b>2%</b>

### MAIN VARIATIONS 2016 / 2015

- **Non-operating income** recorded higher losses, mainly explained by:
  - Higher financial expenses related to debt prepayments in Chile.
  - Non-recurring income recorded in "Other Profit (Loss)" in 2015, as a result of an insurance compensation.



# 3.

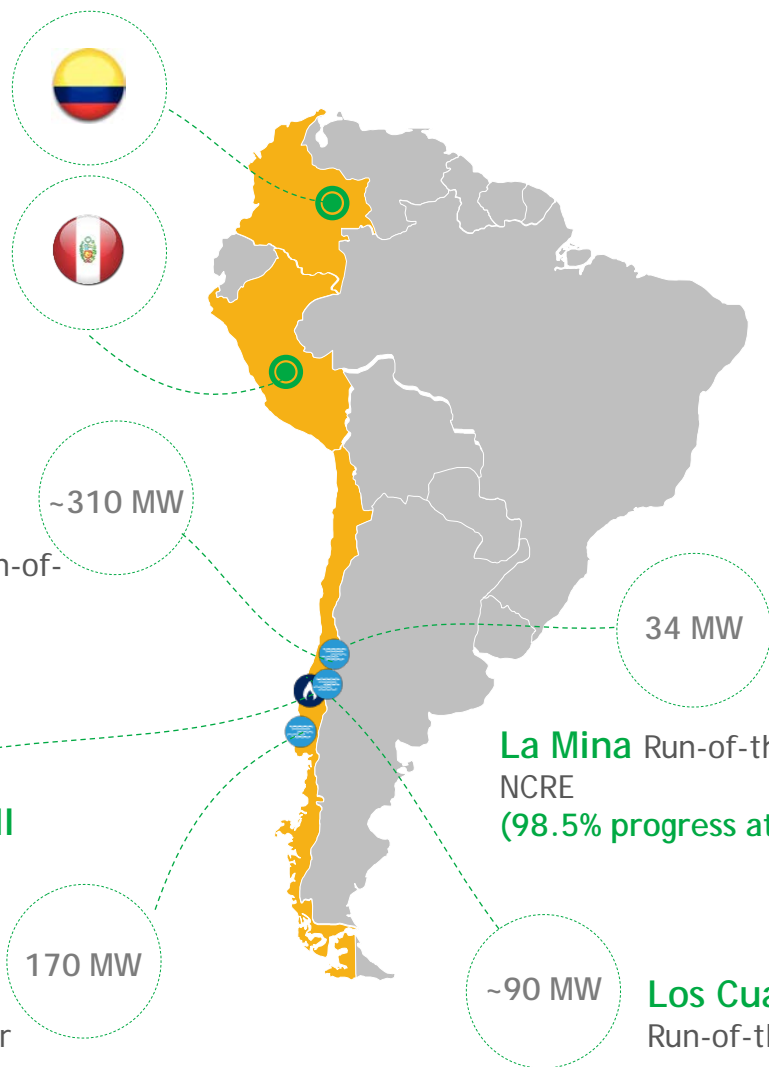
## Growth Opportunities

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# Growth Opportunities

## Growth Opportunities in Chile & the Region



### 1 SPECIAL FOCUS IN PERU AND COLOMBIA.

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

### 2 GROWTH OPPORTUNITIES IN CHILE: BASE LOAD CAPACITY AND RENEWABLES.

- Hydro/Coal projects
- NCRE under study



# Disclaimer And Contact Information

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