

3Q
16

COLBÚN



3 Q 1 6 E A R N I N G S R E V I E W

A G E N D A



FINANCIAL
REVIEW



GROWTH
OPPORTUNITIES

HIGHLIGHTS

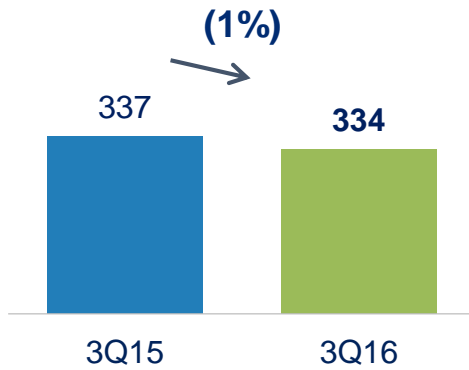




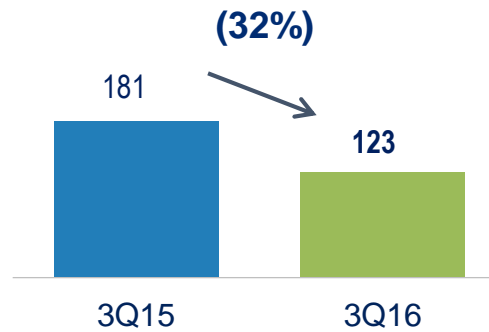
HIGHLIGHTS

3Q 2016 vs. 3Q 2015

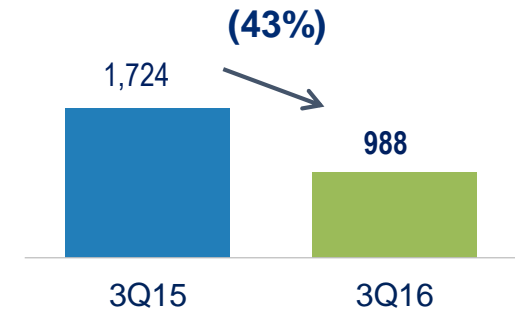
1 REVENUES. (MMUS\$)



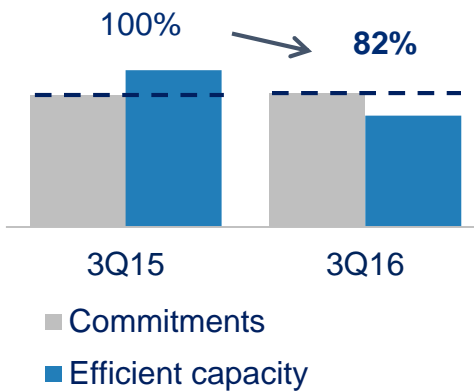
2 EBITDA. (MMUS\$)



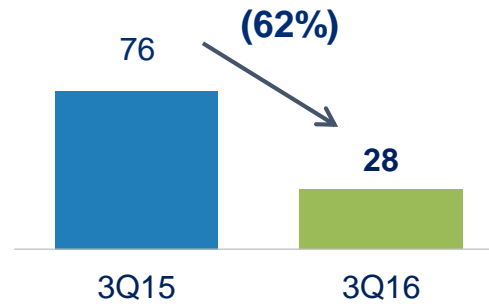
3 HYDRO GENERATION. (GWh)



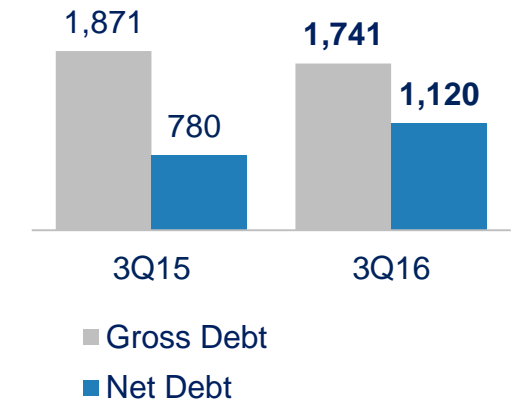
4 EFFICIENT CAPACITY OVER COMMITMENTS IN CHILE. (%)



5 NET INCOME. (MMUS\$)



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



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FINANCIAL REVIEW





PHYSICAL SALES AND GENERATION BALANCE

Generation (GWh)	3Q15	3Q16	QoQ
Hydraulic	1,724	988	(43%)
Thermal – Gas	868	559	(36%)
Thermal – Diesel	0	94	-
Thermal - Coal	651	743	14%
Eolic - Punta Palmeras	27	28	3%
Total Generation	3,270	2,412	(26%)

Sales Volume (GWh)	3Q15	3Q16	QoQ
Regulated Clients	1,636	1,621	(1%)
Unregulated Clients	1,106	1,160	5%
Total Commitments	2,741	2,781	1%
Sales to the Spot Market	456	0	(100%)
Total Energy Sales	3,197	2,781	(13%)

Spot Market (GWh)	3Q15	3Q16	QoQ
Sales	456	0	-
Purchases	0	(433)	-
Net Spot Market	456	(433)	

KEY DRIVERS OF 3Q16

- **Generation decreased** (QoQ), mainly due to **lower hydro generation**.
- Total **energy sales decreased** (QoQ), given that Colbún didn't record net sales on the spot market in 3Q16.
- **Spot market purchases** of 433 GWh.
- **Base load efficient generation accounted for 82% of commitments**.



FINANCIAL REVIEW

CHILE:

EBITDA ANALYSIS



US\$ million	3Q15	3Q16	QoQ
Revenues	337	285	(15%)
Raw Materials and Consumables Used	(136)	(155)	14%
Personnel and other operating expenses	(69)	(73)	6%
Operating Income (Loss)	132	57	(57%)
EBITDA	181	107	(41%)
<i>EBITDA Margin (%)</i>	<i>54%</i>	<i>37%</i>	<i>-</i>

KEY DRIVERS OF 3Q16

- **Lower Revenues** (QoQ), mainly due to:
 - Lower sales to the spot market.
 - 3Q15 includes a non-recurrent insurance compensation.
- **Raw Materials and Consumables Used increased** (QoQ), mainly explained by a lower hydro generation, which lead to higher purchases to the spot market.
- Given the above, **EBITDA decreased 41%** (QoQ).



PHYSICAL SALES AND GENERATION BALANCE ¹

Generation (GWh)	3Q15	3Q16	QoQ
Thermal – Gas	856	912	7%
Total Own Generation	856	912	7%

Sales Volume (GWh)	3Q15	3Q16	QoQ
Customers Under Contract	787	661	(16%)
Spot Market Sales	692	730	6%
Total Energy Sales	1,479	1,391	(6%)

Spot Market (GWh)	3Q15	3Q16	QoQ
Sales	692	730	6%
Purchases	(644)	(506)	(21%)
Net Spot Market	47	224	373%

KEY DRIVERS OF 3Q16

- **Total generation** increased (QoQ), mainly explained by the net effect of the maintenance performed in 2016 vs. the maintenance conducted in 2015.
- **Lower physical withdrawals from customers under contract** (QoQ), mainly due to the end of bilateral short-term contracts between July and September 2016.
- **Net sales to the spot market** of 224 GWh.

¹ The table presented in this slide and the corresponding analysis includes periods prior the acquisition of Fenix Power Peru, thus Fenix results for the year 2015 are presented for comparative purposes only.



FINANCIAL REVIEW

PERU:

EBITDA ANALYSIS ¹



US\$ million	3Q15	3Q16	QoQ
Revenues	55	49	(11%)
Raw Materials and Consumables Used	(41)	(31)	(24%)
Personnel and other operating expenses	(11)	(10)	(4%)
Operating Income (Loss)	4	8	102%
EBITDA	13	16	24%
<i>EBITDA Margin (%)</i>	<i>24%</i>	<i>33%</i>	<i>-</i>

KEY DRIVERS OF 3Q16

- **Lower Revenues** (QoQ), mainly due to lower sales to regulated clients and to lower income from transmission tolls.
- **Raw materials and consumables decreased** (QoQ), mainly explained by lower costs associated to the plant's operation.
- Given the above, **EBITDA increased 24%** (QoQ).

¹ The table presented in this slide and the corresponding analysis includes periods prior the acquisition of Fenix Power Peru, thus Fenix results for the year 2015 are presented for comparative purposes only.



US\$ million	3Q15	3Q16	QoQ
Financial Income	1	2	49%
Financial Expenses	(22)	(24)	6%
Results of Indexation Units	1	0	-
Exchange Rate Differences	(11)	0	-
Share of Profit (Loss) from Equity-Accounted Associates	2	1	(38%)
Other Non-Operating Income/Expense	11	(1)	-
Non-Operating Income	(18)	(21)	16%
Profit (Loss) Before Taxes	114	44	(61%)
Income Tax Expense	(38)	(16)	(58%)
Net Income	76	28	(62%)

KEY DRIVERS OF 3Q16

- **Non-operating income** registered higher losses (QoQ), mainly given by:
 - Higher financial expenses due to the consolidation of Fenix Power's debt and the impact of debt prepayment in Chile.

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 HIGHLIGHTS

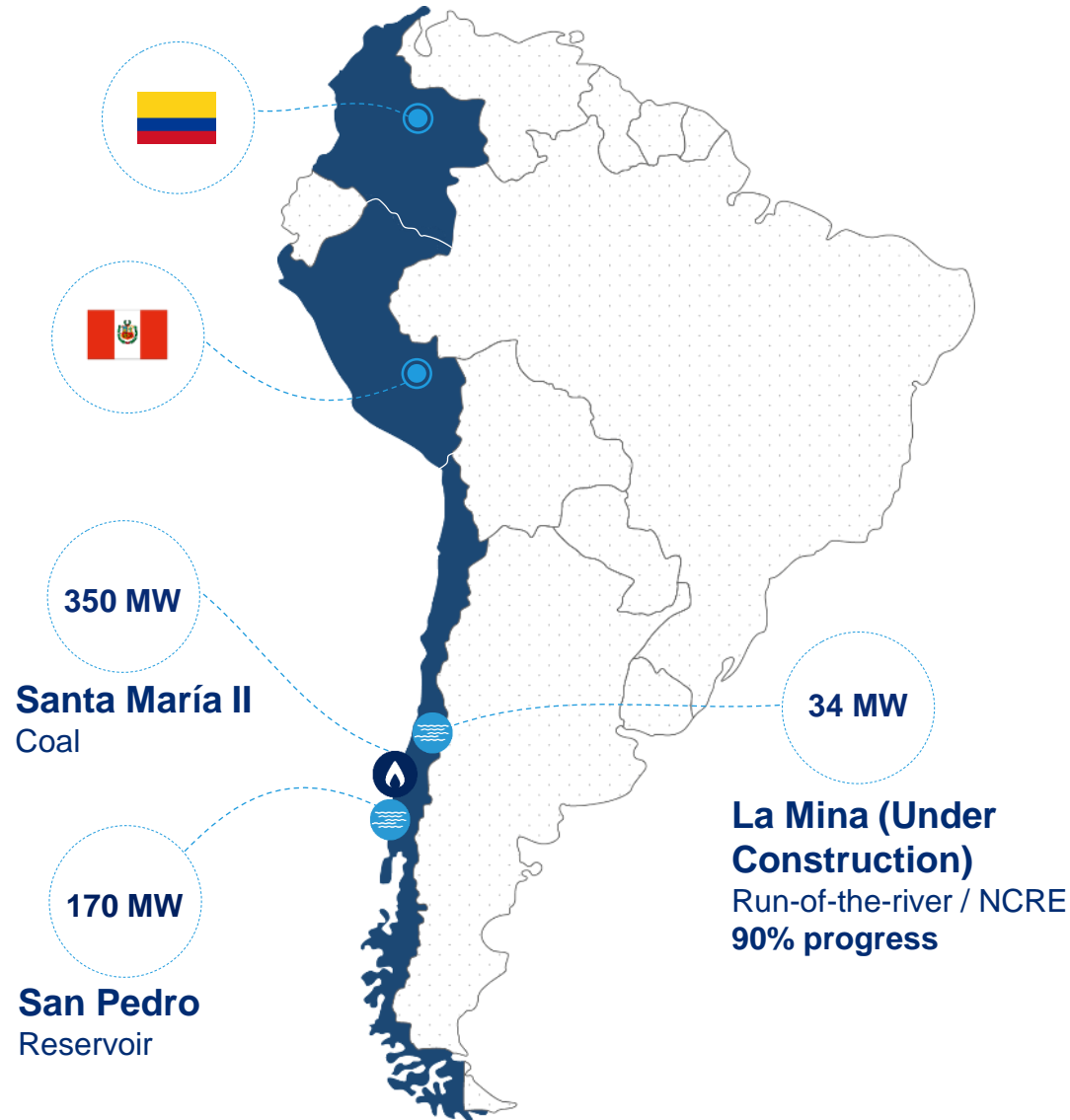
 FINANCIAL
REVIEW

GROWTH OPPORTUNITIES





GROWTH OPPORTUNITIES IN CHILE AND THE REGION



1 SPECIAL FOCUS ON 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
- Water rights owned by Colbún mainly in the Maule Region (430 MW) and Biobío Region (170 MW).
- NCRE projects under study



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.
- Investors are cautioned that any such forward-looking statements are not guarantee of future performance and involve a number of risks and uncertainties including, but not limited to, the risks detailed in the Company's financial statements, and the fact that actual results could differ materially from those indicated by such forward-looking statements..
- 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 Superintendencia de Valores y Seguros, those documents should be read as a complement to this presentation.

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