Colbun
MEJOR ENERGÍA

2Q17 EARNINGS REVIEW

AUGUST 2017

AGENDA

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   - Key Facts
   - 2Q17 Main Consolidated Figures
   - Jun16 vs. Jun17 Comparison
2. Financial Review
3. Growth Opportunities

1.

HIGHLIGHTS

Colbun
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Company Highlights
2Q17 Key Facts

1. On May 24 2017, Colbún and Enap Refinerías S.A. (Enap) entered into a contract for the supply of natural gas with regasification capacity from LNG, which will enable Colbún to have LNG from Enap shipments and shipments from third party suppliers in the international markets.

2. La Mina Project (34 MW): As of Jun17 the construction of the project is completed. The first synchronization of units 1 and 2 was carried out in May and is currently undergoing testing phase.

3. On May 29, 2017, Standard & Poor's raised Colbún´s international credit rating from BBB- to BBB with a stable Outlook.

4. During the last few months, Colbún has subscribed new medium-term supply contracts with unregulated customers for ~800 GWh.

5. In July 2017, Fenix announced the award of a medium-term energy supply contract with a non-regulated customer, for an approximate of 830 GWh of energy in a period of 5 years, starting from January 2018.

Company Highlights
2Q17 Main Consolidated Figures

KEY FIGURES

EBITDA LTM
US$594 mm
US$541 mm / US$53 mm

Net Income LTM
US$216 mm

Cash
US$681 mm

Net Debt / EBITDA LTM
1.7 x

Avg. Interest Rate*
4.95 %

Rating
BBB Fitch
BBB S&P

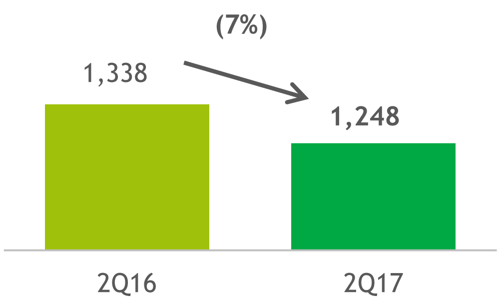
Installed Capacity
3,852 MW
3,282 MW / 570 MW

Power-Plants
24
23 / 1

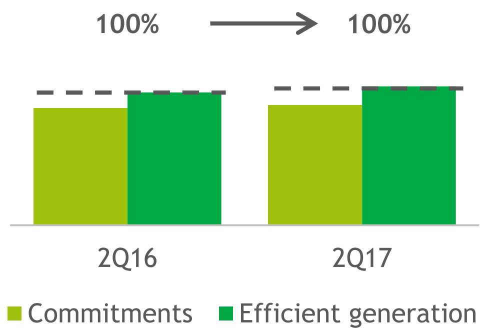
Note: All figures as of Jun17
* In US Dollars

Company Highlights
2Q16 vs 2Q17 Comparison

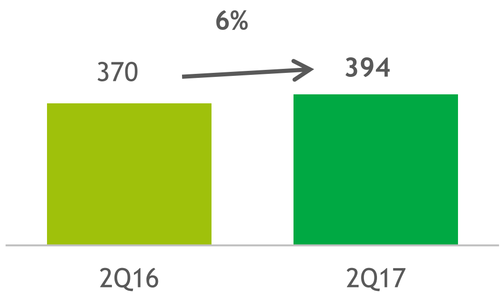
1 HYDRO GENERATION. (GWh)



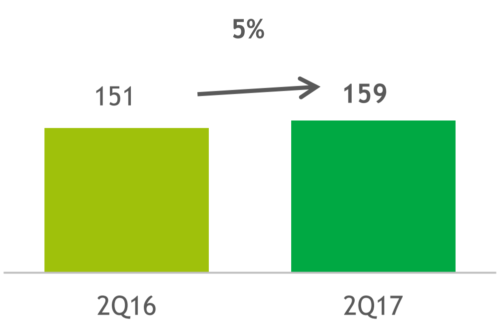
2 EFFICIENT GENERATION OVER COMMITMENTS IN CHILE. (%)



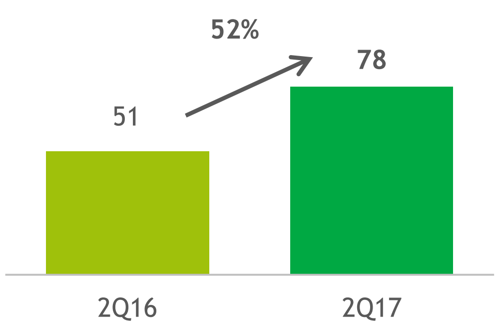
3 REVENUES. (MMUS$)



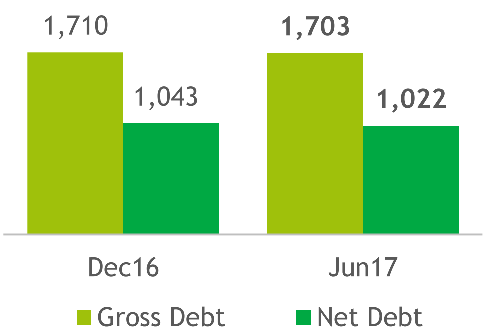
4 EBITDA. (MMUS$)



5 NET INCOME. (MMUS$)



6 GROSS DEBT AND NET DEBT. (MMUS$)



Note: All figures as of Jun17

2.

Financial Review

Financial Review

Chile: Physical Sales & Generation Balance

Generation (GWh)	2Q16	2Q17	QoQ
Hydraulic	1,338	1,248	(7%)
Thermal – Gas	1,028	1,248	21%
Thermal - Diesel	205	123	(40%)
Thermal - Coal	724	738	2%
Eolic - Punta Palmeras	18	29	59%
Total Generation	**3,313**	**3,386**	**2%**

Sales Volume (GWh)	2Q16	2Q17	QoQ
Regulated Clients	1,622	1,579	(3%)
Unregulated Clients	1,109	1,217	10%
Total Commitments	2,731	2,796	2%
Sales to the Spot Market	513	477	(7%)
Total Energy Sales	**3,244**	**3,273**	**1%**

Spot Market (GWh)	2Q16	2Q17	QoQ
Sales	513	477	(7%)
Purchases	0	0	-
Net Spot Market Balance	**513**	**477**	**(7%)**

MAIN VARIATIONS 2Q16 / 2Q17

- **Total generation** increased, mainly because of higher cost efficient gas generation, to compensate for the lower hydro generation.
- **Physical sales** slightly increase due to higher sales to unregulated customers.
- **Spot market balance** registered net sales for 477 GWh.
- **100%** of total commitments were supplied with **cost-efficient base load generation.**

Financial Review
Chile: EBITDA Analysis

US$ million	2Q16	2Q17	QoQ
Revenues	315.2	346.6	10%
Raw Materials and Consumables Used	(150.2)	(175.8)	17%
Personnel and other operating expenses	(70.1)	(75.6)	8%
Operating Income (Loss)	**94.9**	**95.2**	**0%**
EBITDA	**142.0**	**147.6**	**4%**
EBITDA Margin (%)	45%	43%	-

MAIN VARIATIONS 2Q16 / 2Q17

- **Revenues increased**, mainly due to:
  - Higher sales to regulated and unregulated customers.
  - Higher revenues from energy and capacity sales in the spot market.
  - Higher operating revenues due to the portion of the tax on emissions of thermal power plants (in effect since Jan17) transferred to non-regulated customers (law 20,708).
- **Raw Materials and Consumables Used increased**, mainly explained by:
  - Higher gas consumption.
  - Higher costs in the line “others” from the portion of the tax on emissions to thermal power plants.

Financial Review
Peru: Physical Sales & Generation Balance

Generation (GWh)	2Q16	2Q17	QoQ
Thermal – Gas	800	1,074	34%
Total Own Generation	**800**	**1,074**	**34%**

Sales Volume (GWh)	2Q16	2Q17	QoQ
Customers Under Contract	895	713	(20%)
Spot Market Sales	71	336	371%
Total Energy Sales	**966**	**1,049**	**9%**

Spot Market (GWh)	2Q16	2Q17	QoQ
Sales	71	336	371%
Purchases	147	0	-
Net Spot Market Balance	**(76)**	**336**	**-**

MAIN VARIATIONS 2Q16 / 2Q17

- **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 336 GWh.
- **100%** of total commitments were supplied with own generation.

Financial Review
PERU: EBITDA Analysis

US$ million	2Q16	2Q17	QoQ
Revenues	55.0	47.0	(15%)
Raw Materials and Consumables Used	(41.8)	(34.0)	(19%)
Personnel and other operating expenses	(12.0)	(10.1)	(16%)
Operating Income (Loss)	**1.2**	**2.9**	**146%**
EBITDA	**9.1**	**10.9**	**20%**
EBITDA Margin (%)	17%	23%	-

MAIN VARIATIONS 2Q16 / 2Q17

- **Revenues** decreased mainly due to lower sales to regulated customers and other generators.
- **Raw materials and consumables used** decreased because no purchases in the spot market where made and due to lower transmission tolls costs.

→ Fenix **EBITDA totalized US$10.9 million** higher by 20% mainly explained by lower expenses registered in the line "other expenses by nature".

Financial Review
Consolidated: Non-operating Income Analysis

US$ million	2Q16	2Q17	QoQ
Financial Income	2.7	2.8	1%
Financial Expenses	(32.0)	(20.2)	(37%)
Exchange Rate Differences	1.9	0.8	(58%)
Share of Profit (Loss) from Equity-Accounted Associates	1.7	1.1	(33%)
Other Non-Operating Income/Expense	(4.2)	14.6	-
Non-Operating Income	**(29.9)**	**(0.9)**	**(97%)**
Profit (Loss) Before Taxes	66.1	97.2	47%
Income Tax Expense	(14.7)	(18.9)	29%
Net Income	**51.4**	**78.3**	**52%**

MAIN VARIATIONS 2Q16 / 2Q17

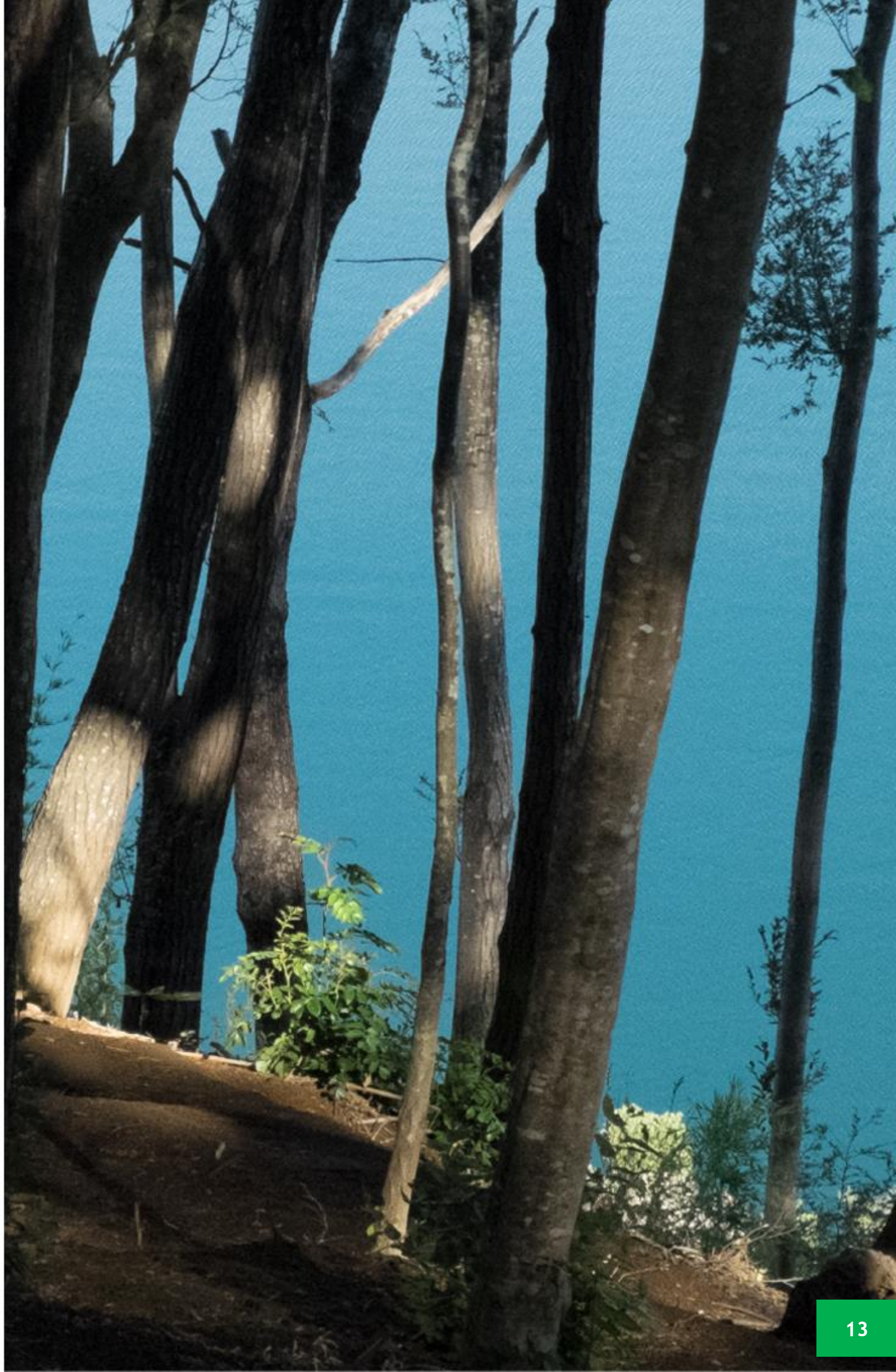
- **Non-operating income** recorded lower losses, mainly explained by:

  - In June 2017 Fenix recorded a non-recurring income of US$23.4 million, resulting from a deferred tax asset recognition. This value represents a profit at the business combination level.

  - Lower financial expenses due to lower financial debt outstanding in the period, related to debt prepayments in Chile made in 2016.

3.

Growth Opportunities



Growth opportunities

Growth opportunities in Chile & the Region

9 MW

PMGD
Solar Photovoltaic

~316 MW

Guaiquivilo Melado
Reservoir / Run-of-the-river

6 MW

El Médano
Run-of-the-river

170 MW

San Pedro
Run-of-the-river

34 MW

La Mina
Run-of-the-river / NCRE
(Completed as of Apr17)

~93 MW

Los Cuartos
Run-of-the-river

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 projects
- NCRE under study

Disclaimer And Contact Information

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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 Superintendencia de Valores y Seguros, those documents should be read as a complement to this presentation.

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