1Q18 EARNINGS REVIEW

MAY 2018

Colbun

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AGENDA

1. COMPANY HIGHLIGHTS
2. FINANCIAL REVIEW
3. GROWTH OPPORTUNITIES

COMPANY HIGHLIGHTS
1Q18 KEY FACTS

1. In terms of growth activities, in March 2018, Colbún reached an agreement with First Solar to acquire **“Sol de Tarapacá”** a photovoltaic solar energy project under development, which considers a nominal power of **150 MW**.

2. **Distribution of a dividend for 100% of the distributable net income for the year 2017.**

COMPANY HIGHLIGHTS

1Q18 MAIN CONSOLIDATED FIGURES

US$701mm
EBITDA LTM
US$649 mm/ US$52 mm

1.1x
Net Debt/ EBITDA LTM

3,884MW
Inst. Capacity
3,319 MW/ 565 MW

US$293mm
Net Income LTM

5.0%
Avg. Interest Rate[1]

25
Power Plants
24/ 1

US$881mm
Cash

BBB Ratings
S&P/Fitch

Market Share[2]
17%/8%

Note: All figures as of Mar18
[1] In US Dollars.
[2] In terms of generation in the SEN in Chile (23% in the SIC, prior to the interconnection with the SING effective as of October 2017) and in the SEIN in Peru.

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FINANCIAL REVIEW

CHILE: PHYSICAL SALES & GENERATION BALANCE

Generation (GWh)	1Q17	1Q18	QoQ
Hydraulic	**1,089**	**1,409**	**29%**
Thermal	**2,080**	**2,020**	**(3%)**
Gas	1,301	1,269	(2%)
Diesel	43	15	(65%)
Coal	736	736	0%
REVS*	**22**	**26**	**20%**
Wind Farm**	22	26	17%
Solar	0	1	-
Total Generation	**3,191**	**3,455**	**8%**

Sales Volume (GWh)	1Q17	1Q18	QoQ
Regulated Clients	1,655	1,417	(14%)
Unregulated Clients	1,100	1,467	33%
Total Commitments	**2,754**	**2,883**	**5%**
Sales to the Spot Market	356	525	48%
Total Energy Sales	**3,110**	**3,408**	**10%**

Spot Market (GWh)	1Q17	1Q18	QoQ
Sales	356	525	48%
Purchases	0	0	-
Net Spot Market Balance	**356**	**525**	**48%**

MAIN VARIATIONS 1Q18 / 1Q17

- **Total generation** increased, mainly because of:
  - Higher hydro generation.
- **Physical sales** increased, mainly due to:
  - Higher sales to unregulated customers.
  - Higher sales in the spot market.
- **Spot market balance** registered net sales for 525 GWh.
- **100%** of total commitments were supplied with **cost-efficient base load generation.**

(*): Renewable energy from variable sources (REVS).
(**): Corresponds to the energy purchased from Punta Palmeras wind farm owned by Acciona.

FINANCIAL REVIEW
CHILE: EBITDA ANALYSIS

US$ million	1Q17	1Q18	QoQ
Revenues	334	354	6%
Raw Materials and Consumables Used	(167)	(174)	4%
Personnel and other operating expenses	(75)	(77)	2%
Operating Income (Loss)	**92**	**103**	**12%**
EBITDA	**143**	**154**	**7%**
EBITDA Margin (%)	43%	43%	

MAIN VARIATIONS 1Q18 / 1Q17

- **Revenues increased**, mainly due to:
  - Higher sales to unregulated customers.
  - Higher revenues from energy and capacity sales in the spot market.
  - Higher hydroelectric generation.
- **Raw Materials and Consumables Used increased**, mainly explained by:
  - Higher costs of gas and coal.
- **EBITDA totalized US$154 million,** higher by 7% compared to 1Q17.

FINANCIAL REVIEW

PERU: PHYSICAL SALES & GENERATION BALANCE

Generation (GWh)	1Q17	1Q18	QoQ
Thermal – Gas	715	605	(15%)
Total Own Generation	**715**	**605**	**(15%)**

Sales Volume (GWh)	1Q17	1Q18	QoQ
Customers Under Contract	670	754	3%
Spot Market Sales	119	56	(53%)
Total Energy Sales	**789**	**810**	**3%**

Spot Market (GWh)	1Q17	1Q18	QoQ
Sales	119	56	(53%)
Purchases	93	210	126%
Net Spot Market Balance	**26**	**(154)**	**-**

MAIN VARIATIONS 1Q18 / 1Q17

- **Gas-power generation** decreased, mainly explained by the lower availability of the power plant compared to 1Q17.
- **Physical withdrawals** from customers under contract increased, mainly explained by:

  - The beginning of bilateral supply contracts.

  - Higher withdrawals from customers under contract.
- **Spot market balance** reached net purchases for 154 GWh.

FINANCIAL REVIEW
PERU: EBITDA ANALYSIS

US$ million	1Q17	1Q18	QoQ
Revenues	48	53	11%
Raw Materials and Consumables Used	(34)	(41)	19%
Personnel and other operating expenses	(10)	(10)	2%
Operating Income (Loss)	**3**	**2**	**(48%)**
EBITDA	**11**	**10**	**(13%)**
EBITDA Margin (%)	24%	19%	

MAIN VARIATIONS 1Q18 / 1Q17

- **Revenues** increased, mainly due to higher sales to unregulated customers.
- **Raw materials and consumables used** increased, mainly explained by higher:
  - Energy and capacity purchases at higher marginal costs.
  - Other operating costs.
- Fenix **EBITDA totalized US$9.9 million** lower by 13% compared to 1Q17.

FINANCIAL REVIEW
CONSOLIDATED: NON-OPERATING INCOME ANALYSIS

US$ million	1Q17	1Q18	QoQ
Financial Income	3	5	92%
Financial Expenses	(20)	(21)	4%
Exchange Rate Differences	1	(1)	-
Profit (Loss) of Companies Accounted for Using the Equity Method	1	5	529%
Other Profits (Losses)	(5)	(4)	(9%)
Non-Operating Income	**(21)**	**(17)**	**(20%)**
Profit (Loss) Before Taxes	**74**	**88**	**19%**
Income Tax Expense	(14)	(24)	73%
Net Income	**61**	**64**	**6%**

MAIN VARIATIONS 1Q18 / 1Q17

- **Non-operating income** recorded lower losses, mainly explained by:
  - Revaluations of lands owned by HydroAysén.
  - Higher financial income.
- Higher **tax expenses** mainly due to:
  - Higher profit before taxes, in Chile.
  - Increase in the income tax rate, in Chile.
  - A tax profit registered in 1Q17 in Peru.

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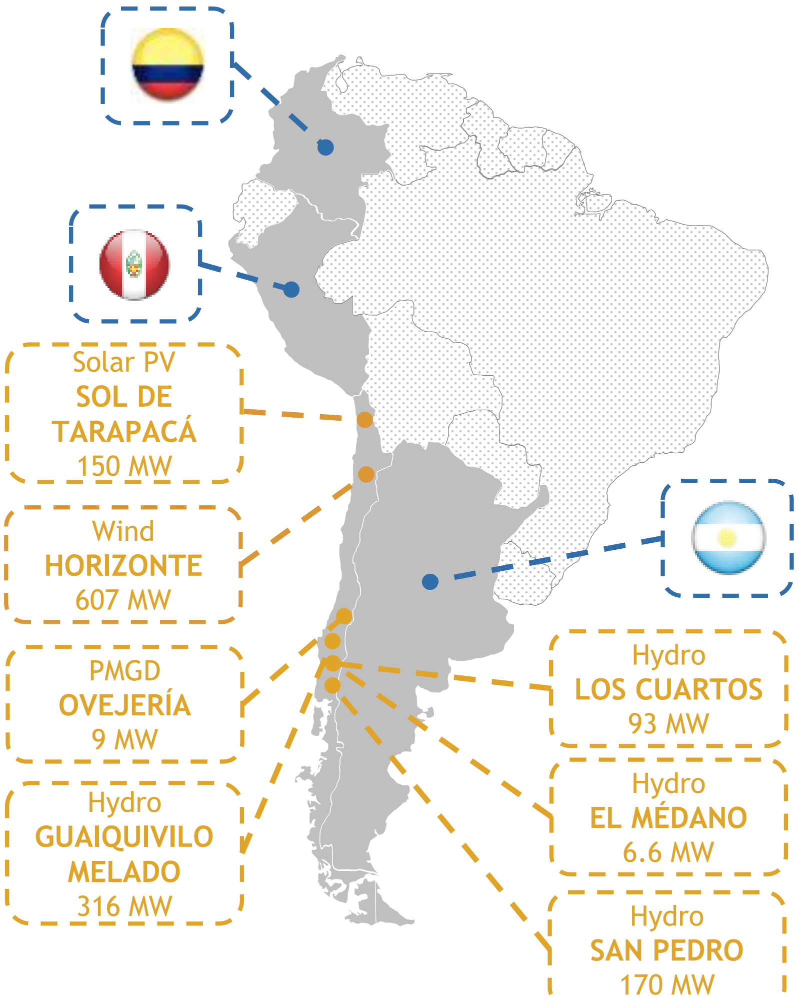
GROWTH OPPORTUNITIES

GROWTH OPPORTUNITIES IN CHILE & THE REGION



1 SPECIAL FOCUS IN PERU, COLOMBIA AND ARGENTINA.

- Growing power consumption
- Well established regulatory framework [1]
- Diversification:
  - Hydrological conditions
  - Generation technology
  - Fuel access
  - Regulation

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

- Pipeline of renewable projects
- Purchase of energy from third parties
- M&A opportunities

[1] Argentina under discussion to promote private investments.

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