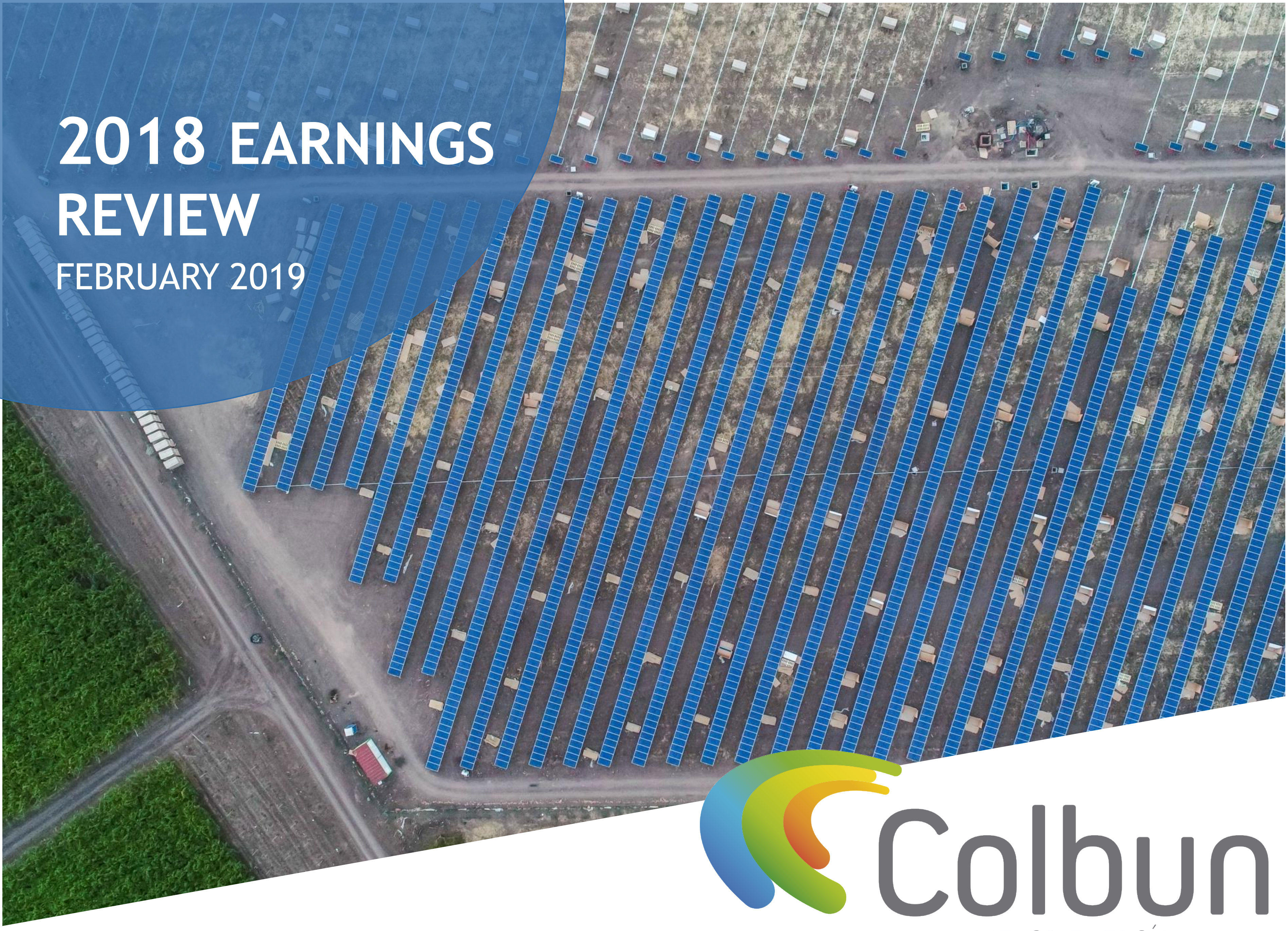
# 2018 EARNINGS REVIEW

FEBRUARY 2019



Colbun

MEJOR ENERGÍA

# AGENDA

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

# COMPANY HIGHLIGHTS
# 2018 KEY FACTS

1. During 2018, Colbún signed medium-term power **supply agreements with unregulated customers for approximately 1,400 GWh.**

2. Colbun completed a portfolio of approximately **1,800 MW of installed capacity in Renewable Energy from Variable Sources (REVS),** consisting in 7 wind and solar projects.

3. **Ovejería Project (9 MW)** located in the Metropolitan region of Chile, **started operations in June 2018.**

4. In September, Colbún was selected to list for the third time in the **Dow Jones Sustainability Index (DJSI) Chile,** and for the second time in the DJSI MILA.

5. Colbún has developed a detailed efficiency program focused on fixed costs, **that from 2019 onwards will materialize in a US$20 million savings per year.**

# Company Highlights
## 2018 main consolidated figures

US$684mm
EBITDA
US$648 mm/ US$36 mm

1.2x
Net Debt/ EBITDA LTM

3,893MW
Inst. Capacity
3,328 MW/ 565 MW

US$230mm
Net Income

4.5%
Avg. Interest Rate[1]

26
Power Plants
25/ 1

US$788mm
Cash

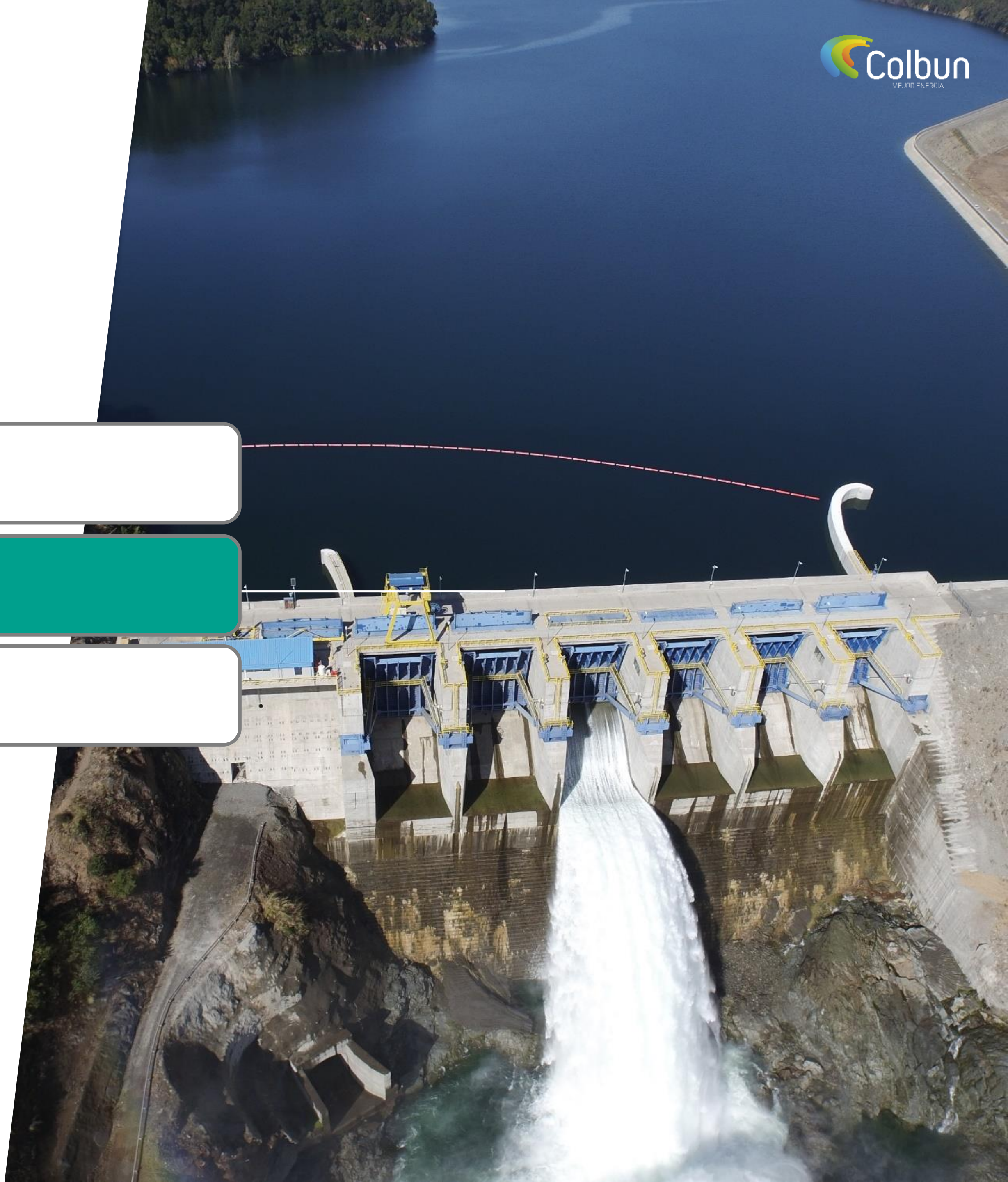
Ratings
BBB S&P/Fitch
Baa2 Moody's

Market Share[2]
17%/8%

Note: All figures as of Dec18
[1] In US Dollars.
[2] In terms of generation at the SEN in Chile (23% in the SIC, prior to the interconnection with the SING effective as of October 2017) and at the SEIN in Peru.

# AGENDA





# Financial Review
## Consolidated: EBITDA analysis

| US$ million | 2017 | 2018 | YoY |
|---|---|---|---|
| Revenues | 1,548 | 1,571 | 1% |
| Raw Materials and Consumables Used | (756) | (774) | 2% |
| Personnel and other operating expenses | (101) | (114) | 13% |
| Depreciation and Amortization | (224) | (237) | 6% |
| **Operating Income (Loss)** | **469** | **447** | **(5%)** |
| **EBITDA** | **692** | **684** | **(1%)** |
| EBITDA Margin (%) | 45% | 44% | - |

### MAIN VARIATIONS 2018 / 2017

- **Annual EBITDA totalized US$684 million,** decreasing 1% compared to 2017. The main reasons are:
  - Higher costs of gas and coal
  - Lower sales to regulated customers
  - Lower EBITDA contribution from Fenix

  Partially compensated by:
  - Higher sales to unregulated customers
  - Higher hydroelectric generation

Colbun

# Financial Review
## Chile: physical sales & generation balance

| Generation (GWh) | 2017 | 2018 | YoY |
|---|---|---|---|
| **Hydraulic** | **5,897** | **6,312** | **7%** |
| **Thermal** | **6,702** | **6,558** | **(2%)** |
| Gas | 3,890 | 3,859 | (1%) |
| Diesel | 206 | 78 | (62%) |
| Coal | 2,606 | 2,620 | 1% |
| **REVS*** | **116** | **136** | **17%** |
| Wind Farm** | 116 | 122 | 5% |
| Solar | 0 | 14 | - |
| **Total Generation** | **12,716** | **13,005** | **2%** |

| Sales Volume (GWh) | 2017 | 2018 | YoY |
|---|---|---|---|
| Regulated Clients | 6,303 | 5,426 | (14%) |
| Unregulated Clients | 4,732 | 6,113 | 29% |
| **Total Commitments** | **11,035** | **11,539** | **5%** |
| Sales to the Spot Market | 1,393 | 1,313 | (6%) |
| **Total Energy Sales** | **12,428** | **12,851** | **3%** |

| Spot Market (GWh) | 2017 | 2018 | YoY |
|---|---|---|---|
| Sales | 1,393 | 1,313 | (6%) |
| Purchases | 52 | 94 | 81% |
| **Spot Market Balance** | **1,341** | **1,218** | **(9%)** |

### MAIN VARIATIONS 2018 / 2017

- **Total generation** increased, mainly because of:
  - Higher hydro and REVS generation
  - Partially compensated by lower diesel and gas generation
- **Physical sales** increased, mainly due to higher sales to unregulated customers
- **Spot market balance** registered net sales for 1,218 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: Operating Income analysis

| US$ million | 2017 | 2018 | YoY |
|---|---|---|---|
| Revenues | 1,356 | 1,370 | 1% |
| Raw Materials and Consumables Used | (614) | (617) | 1% |
| Personnel and other operating expenses | (103) | (104) | 1% |
| Depreciation and Amortization | (191) | (204) | 7% |
| **Operating Income (Loss)** | **447** | **445** | **(1%)** |
| | | | |
| **EBITDA** | **639** | **648** | **2%** |
| EBITDA Margin (%) | 47% | 47% | - |

### MAIN VARIATIONS 2018 / 2017

- **Revenues increased**, mainly due to:
  - Higher sales to unregulated customers

  Partially compensated by:
  - Lower revenues from transmission tolls
  - Lower sales to regulated customers
- **Raw Materials and Consumables Used increased**, mainly explained by:
  - Higher costs of gas and coal generation
- **EBITDA totalized US$648 million,** higher by 2% compared to 2017.

# Financial Review

## Consolidated: Non-Operating Income analysis

| US$ million | 2017 | 2018 | YoY |
|---|---|---|---|
| Financial Income | 13 | 20 | 60% |
| Financial Expenses | (85) | (84) | (1%) |
| Exchange Rate Differences | 8 | (13) | - |
| Profit (Loss) of Companies Accounted for Using the Equity Method | 3 | 11 | 292% |
| Other Profits (Losses) | (85) | (54) | (37%) |
| **Non-Operating Income** | **(146)** | **(118)** | **(19%)** |
| **Profit (Loss) Before Taxes** | **323** | **329** | **2%** |
| Income Tax Expense | (34) | (98) | 189% |
| **Net Income** | **289** | **230** | **(20%)** |

### MAIN VARIATIONS 2018 / 2017

- Non-operating income recorded lower losses, mainly explained by:
  - Lower provisions for asset's impairments
  - Other Profits due to the revaluation of lands owned by Hidroaysén
  - Higher financial income
- Partially compensated by:
  - Exchange Rate losses

# AGENDA



# Attractive portfolio of growth options
## Expansion considerations

### STRATEGY
#### MAIN GUIDELINES

1. **Increase presence** in Chile and Perú
2. **Expand operations** to selected countries in the region (Argentina, Mexico and Colombia)
   a. Low per capita energy consumption
   b. Stable regulatory frameworks
   c. Expected increases in economic activity and power demand
3. **Diversification** of technologies and locations
4. **Incorporate renewable energy** to our portfolio

### LOCAL EXPANSION

1. Pipeline of Renewable Projects
   a. Hydro
   b. Solar and wind
2. M&A Opportunities
3. Purchase energy from third parties

### INTERNATIONAL EXPANSION

1. Preference for assets in operation (brownfields)
2. Incorporate partners with local knowledge but maintain control
3. Investment amounts subject on maintain investment grade international ratings

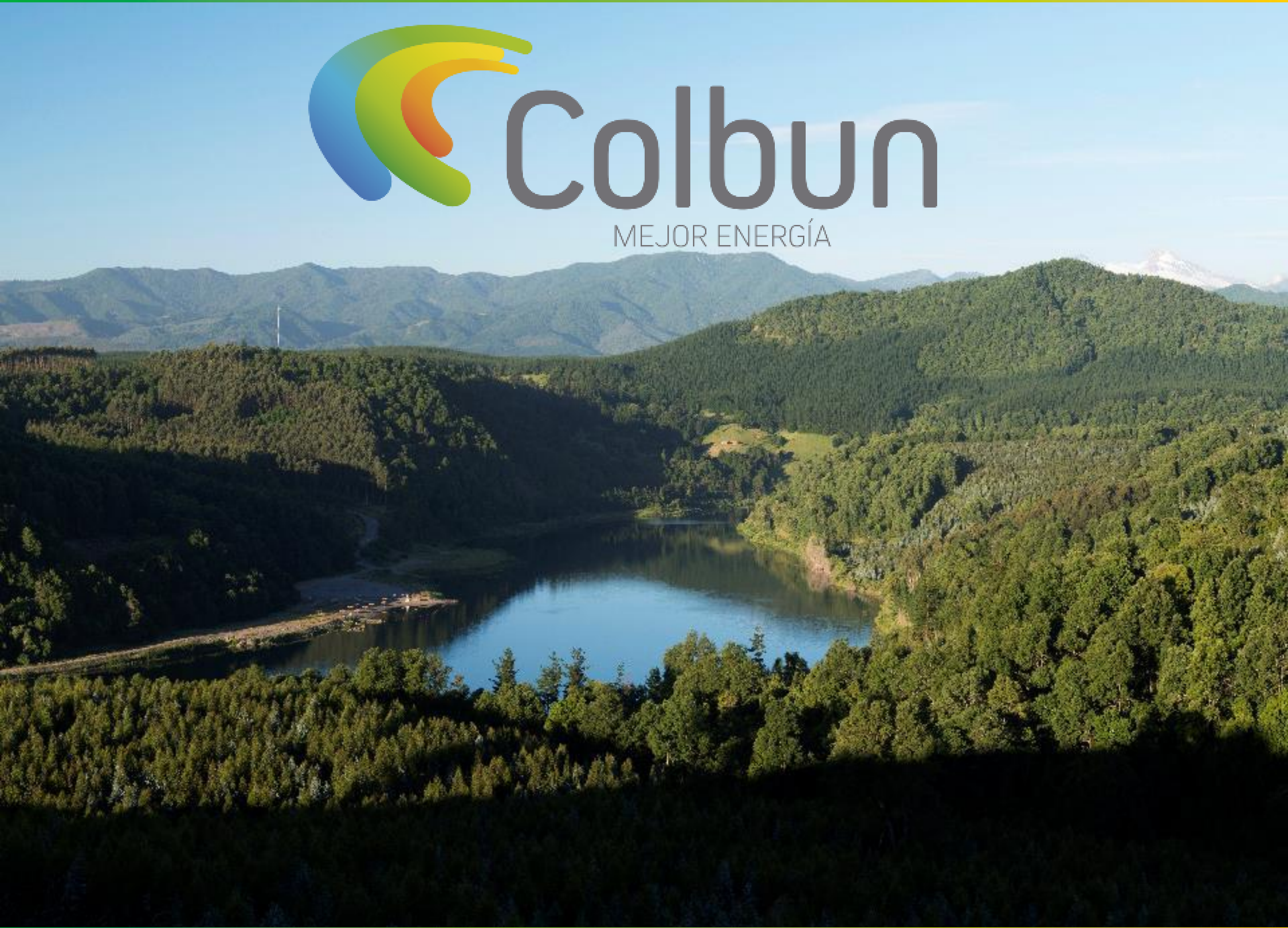
# DISCLAIMER AND CONTACT INFORMATION

- 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.
- 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 Comisión para el Mercado Financiero (CMF), those documents should be read as a complement to this presentation.

## INVESTOR RELATIONS
TEAM CONTACT


Miguel Alarcón
malarcon@colbun.cl
+ 56 2 2460 4394

Soledad Errázuriz
serrazuriz@colbun.cl
+ 56 2 2460 4450


Colbun
MEJOR ENERGÍA

# Appendix: Financial review

## Peru: physical sales & generation balance

| Generation (GWh) | 2017 | 2018 | YoY |
|---|---|---|---|
| Thermal – Gas | 4,113 | 3,914 | (5%) |
| **Total Own Generation** | **4,113** | **3,914** | **(5%)** |

| Sales Volume (GWh) | 2017 | 2018 | YoY |
|---|---|---|---|
| Customers Under Contract | 3,012 | 3,001 | (0%) |
| Spot Market Sales | 1,099 | 1,044 | (5%) |
| **Total Energy Sales** | **4,112** | **4,045** | **(2%)** |

| Spot Market (GWh) | 2017 | 2018 | YoY |
|---|---|---|---|
| Sales | 1,099 | 1,044 | (5%) |
| Purchases | 93 | 210 | 126% |
| **Spot Market Balance** | **1,007** | **834** | **(17%)** |

# Appendix: Financial review
## Peru: EBITDA

| US$ million | 2017 | 2018 | YoY |
|---|---|---|---|
| Revenues | 193 | 202 | 4% |
| Raw Materials and Consumables Used | (141) | (156) | 10% |
| Personnel and other operating expenses | 2 | (10) | - |
| Depreciation and Amortization | (32) | (33) | 3% |
| **Operating Income (Loss)** | **21** | **3** | **(88%)** |
| **EBITDA** | **54** | **36** | **(33%)** |
| EBITDA Margin (%) | 28% | 18% | |