



# 2020 EARNINGS

# REVIEW

## JANUARY 2021

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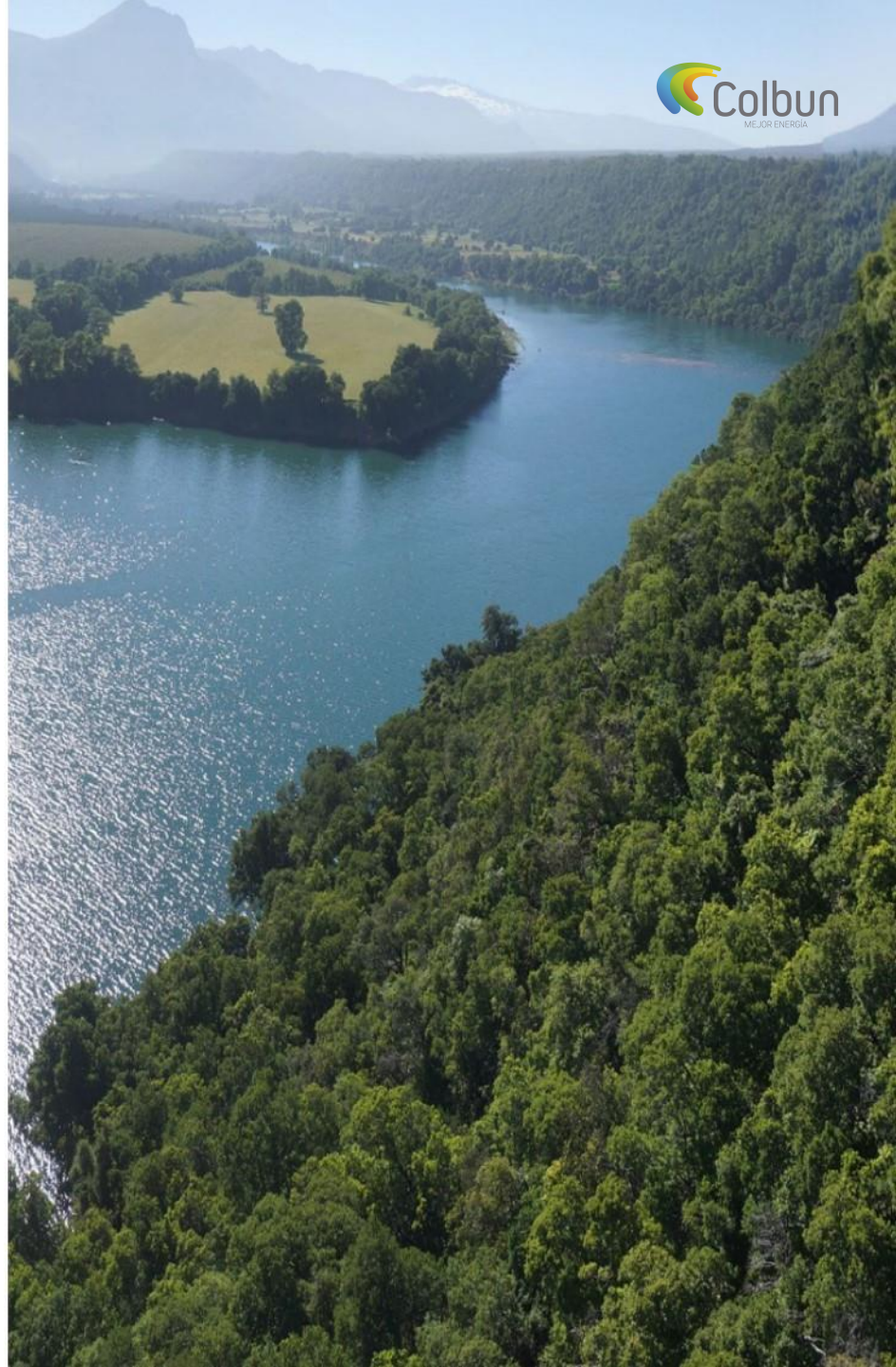
# AGENDA

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HIGHLIGHTS OF THE YEAR

FINANCIAL REVIEW

GROWTH OPPORTUNITIES



# Highlights of the year 2020

## 1. COVID-19 PANDEMIC

- Regarding the COVID-19 pandemic contingency, and as we have been informing the last quarters the Company's overall operations and specifically its power plants keep operating normally , taking into consideration the protection and health of personnel, suppliers and our surrounding communities.

## 2. COLBÚN S.A CONTINUED PARTICIPATING IN VARIOUS SUPPLY BIDDING PROCESSES

- New contracts were signed with 52 clients for 699 GWh/year
- Among the main contracts signed are the renewal of energy supply agreements with Walmart, Sonda, Grupo Camanchaca, and Concha y Toro

## 3. FINANCING ACTIVITIES

- Colbun issued a new bond series in the international market for US\$500 million, 3.33% yield
- US\$343 million were used to partially refinance the US\$500 million bond of the same type that matured in 2024

## 4. PROJECTS PIPELINE

- On June 2020, the Board approved the construction of two photovoltaic projects:
  - a. **Diego de Almagro Sur I and II (230 MW):**
    - Construction started in 3Q20 and commissioning is estimated for 1Q22
    - The investment amount approved for this project is US\$147 million
  - b. **Machicura (9MW):**
    - Construction started in 3Q20 and commissioning in estimated for 3Q21
    - The investment amount approved for this project is US\$7 million

# Highlights of the year 2020

## 5. ACQUISITION OF EFIZITY

- Efizity is a company specialized on providing energy solution in the national market
- With the purpose of enhancing the Company's value proposition by incorporating solutions related to energy management

## 6. DJSI & INFORME REPORTA

- Colbún was selected to list in the DJSI Chile and DJSI Pacific Alliance
- The Company headed the Informe Reporta ranking, standing out as the company that best reports information to the market

## 7. COLBÚN'S TRANSMISSION ASSETS

- In September, the Board of Directors agreed to carry out a process that involves the invitation of actors with experience in power, infrastructure and financial transmission industries, in order to explore their interest and the conditions in which its possible participation could be agreed either: (i) as a strategic partner, (ii) acquiring a majority position or (iii) acquiring up to all the shares of its subsidiary Colbún Transmission S.A.
- To date, the mentioned process continues to progress in accordance with the terms estimated by the Company



## 8. TARIFF STABILIZATION MECHANISM

- Colbún reached an agreement with Goldman Sachs, pursuant to which the Company will gradually sell the accounts receivable generated by the tariff stabilization mechanism
- Additionally, Colbún also reached an agreement with the Inter-American Development Investment Corporation, pursuant to incorporate the mentioned institution in the financing of the acquisition of US\$ 42 million of the aforementioned accounts receivable.

# Company highlights

## 2020 main consolidated figures

US\$ **683** mm  
EBITDA

 Gx US\$551 mm / Tx US\$67 mm  
 US\$65 mm

**1.2x**  
Net Debt/  
EBITDA LTM

**3,811** MW  
Inst. Capacity  
 3,244 MW /  567 MW

US\$ **163** mm  
Controller's Profit

**4.0%**  
Avg. Interest Rate<sup>1</sup>

**25**  
Power Plants  
 24 /  1

US\$ **967** mm  
Cash

**BBB+** Fitch  
**BBB** S&P  
**Baa2** Moody's

**899** km Tx Lines  
**27** Substations

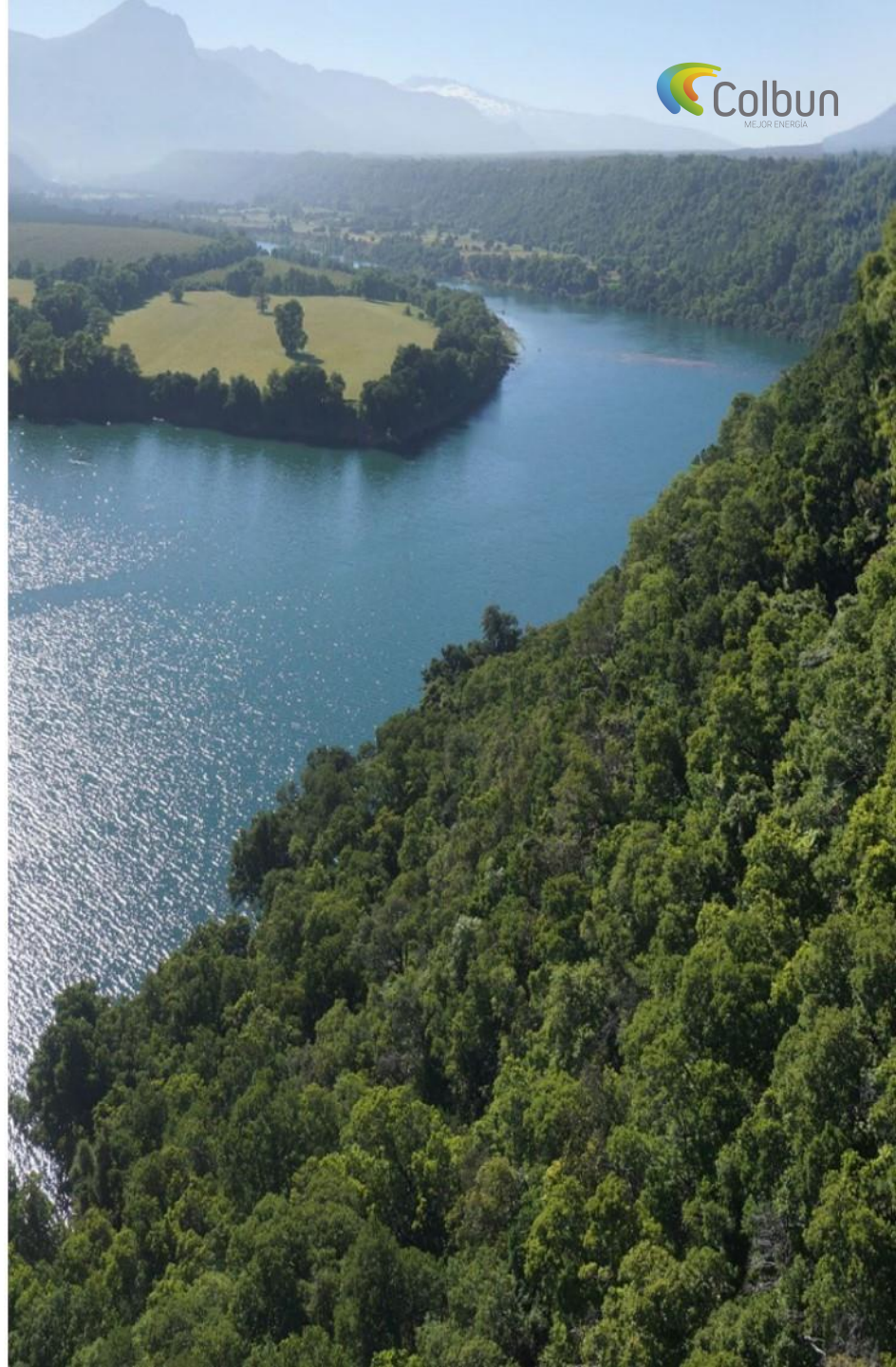
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Generation (GWh)	2019	2020	YoY
Hydraulic	5,119	5,596	9%
Thermal	6,508	6,375	(2%)
Gas	4,507	4,108	(9%)
Diesel	67	72	9%
Coal	1,934	2,195	13%
VRE*	301	132	(56%)
Wind Farm**	280	111	(61%)
Solar	20	21	5%
<b>Total Generation</b>	<b>11,927</b>	<b>12,103</b>	<b>1%</b>

Sales Volume (GWh)	2019	2020	YoY
Regulated Clients	4,349	3,151	(28%)
Unregulated Clients	6,553	7,162	9%
<b>Total Commitments</b>	<b>10,902</b>	<b>10,313</b>	<b>(5%)</b>
Sales to the Spot Market	1,276	1,723	35%
<b>Total Energy Sales</b>	<b>12,178</b>	<b>12,035</b>	<b>(1%)</b>

Spot Market (GWh)	2019	2020	YoY
<b>Net sales to the Spot Market</b>	<b>804</b>	<b>1,453</b>	<b>81%</b>

### MAIN VARIATIONS 2020 / 2019

- Total generation** increased, mainly due to:
  - Higher hydro and coal generation.
  - Partially offset by lower gas and wind generation.
- Physical sales** decreased, mainly due to:
  - Lower sales to regulated clients.
  - Partially offset by higher sales to unregulated clients and to the spot market.
- Spot market balance** increased, mainly due to:
  - Higher generation of the year.

(\*): Variable renewable energy (VRE).

(\*\*): Corresponds to the energy purchased from Punta Palmeras wind farm owned by Acciona and San Pedro, owned by Alba S.A



Operating Income (US\$ million)	2019	2020	YoY
Revenues	1,252	1,134	(9%)
Raw Materials and Consumables Used	(609)	(502)	(18%)
<b>Gross Profit</b>	<b>643</b>	<b>632</b>	<b>(2%)</b>
Personnel and other operating expenses	(88)	(82)	(7%)
Depreciation and Amortization	(194)	(189)	(2%)
<b>Operating Income</b>	<b>361</b>	<b>362</b>	<b>0%</b>

EBITDA (US\$ million)	2019	2020	YoY
<b>EBITDA</b>	<b>555</b>	<b>551</b>	<b>(1%)</b>
EBITDA Margin (%)	44%	49%	

### MAIN VARIATIONS 2020 / 2019

- **Revenues** decreased, mainly due to:
  - Lower physical sales to regulated clients.
- **Raw Materials and Consumables Used** decreased, mainly explained by:
  - Lower average purchase gas price.
- **EBITDA** totaled US\$551 million, in line with the EBITDA recorded as of Dec19.

## Tx Business in Chile: Operating Income analysis

Operating Income (Loss) (US\$ million)	2019	2020	YoY
Revenues	83	80	(4%)
Raw Materials and Consumables Used	(10)	(12)	20%
<b>Gross Profit</b>	<b>73</b>	<b>68</b>	<b>(7%)</b>
Personnel and other operating expenses	(1)	(1)	5%
Depreciation and Amortization	(11)	(11)	0%
<b>Operating Income</b>	<b>61</b>	<b>56</b>	<b>(9%)</b>

EBITDA (US\$ million)	2019	2020	YoY
<b>EBITDA</b>	<b>72</b>	<b>67</b>	<b>(7%)</b>
EBITDA Margin (%)	87%	83%	

### MAIN VARIATIONS 2020 / 2019

- **Revenues** decreased, mainly due the change in the discount rate that began to apply as of Jan20 and some zonal assets reclassification.
- **EBITDA** totaled US\$67 million, lower than the EBITDA recorded in 2019 mainly explained by the decrease in operating income.

Generation (GWh)	2019	2020	YoY
Thermal - Gas	3,767	2,887	(23%)
<b>Total Generation</b>	<b>3,767</b>	<b>2,887</b>	<b>(23%)</b>

Sales Volume (GWh)	2019	2020	YoY
Customers under contract	2,922	2,506	(14%)
Sales to the Spot Market	988	747	(24%)
<b>Total Energy Sales</b>	<b>3,911</b>	<b>3,253</b>	<b>(17%)</b>

Spot Market (GWh)	2019	2020	YoY
<b>Spot Market Balance</b>	<b>756</b>	<b>307</b>	<b>(59%)</b>

### MAIN VARIATIONS 2020 / 2019

- **Total generation** decreased, mainly due to:
  - The lower dispatch and availability of the plant
- **Physical sales** decreased, explained by:
  - Lower sales to customers under contract.
  - Lower sales in the spot market.
- **Spot market balance** recorded net sales of 307 GWh, compared to the net sales of 756 GWh during 2019, due to the lower generation of the quarter.

# Financial review

## Peru: Operating Income analysis

Operating Income (US\$ million)	2019	2020	YoY
Revenues	175	159	(9%)
Raw Materials and Consumables Used	(96)	(87)	(10%)
<b>Gross Profit</b>	<b>79</b>	<b>73</b>	<b>(8%)</b>
Personnel and other operating expenses	(9)	(8)	(13%)
Depreciation and Amortization	(46)	(47)	1%
<b>Operating Income</b>	<b>24</b>	<b>19</b>	<b>(23%)</b>

EBITDA (US\$ million)	2019	2020	YoY
<b>EBITDA</b>	<b>70</b>	<b>65</b>	<b>(7%)</b>
EBITDA Margin (%)	40%	41%	

### MAIN VARIATIONS 2020 / 2019

- Revenues** decreased, mainly due to:
  - US\$6 million non-recurring income recorded in 4Q19.
  - Lower sales to unregulated and regulated clients.
  - Partially offset by higher sales to the spot market.
- Raw Materials and Consumables Used** decreased, mainly explained due to:
  - Lower gas consumption.
- EBITDA** totaled US\$65 million, lower the EBITDA of US\$70 million recorded in 2019 mainly explained by the lower operating income recorded during the year.

Non-Operating Income (Loss) (US\$ million)	2019	2020	YoY
Financial Income	22	11	(49%)
Financial Expenses	(91)	(91)	(1%)
Exchange Rate Differences	(7)	6	-
Profit (Loss) of Companies Accounted for Using the Equity Method	9	10	9%
Other Profits (Losses)	(109)	(240)	120%
<b>Non-Operating Income (Loss)</b>	<b>(176)</b>	<b>(304)</b>	<b>72%</b>

Net Income (US\$ million)	2019	2020	YoY
Profit (Loss) Before Taxes	270	132	(51%)
Income Tax Expense	(68)	(43)	(37%)
<b>Net Income</b>	<b>202</b>	<b>90</b>	<b>(56%)</b>
<b>Controller's Profit</b>	<b>203</b>	<b>163</b>	<b>(20%)</b>

### MAIN VARIATIONS 2020 / 2019

- **Non-operating income** recorded higher losses, mainly explained by:
  - Impairment provision registered at Fenix subsidiary in Peru.
  - Lower financial income.
- **Controller's profit** totaled US\$163 million, 20% lower compared to 2019.

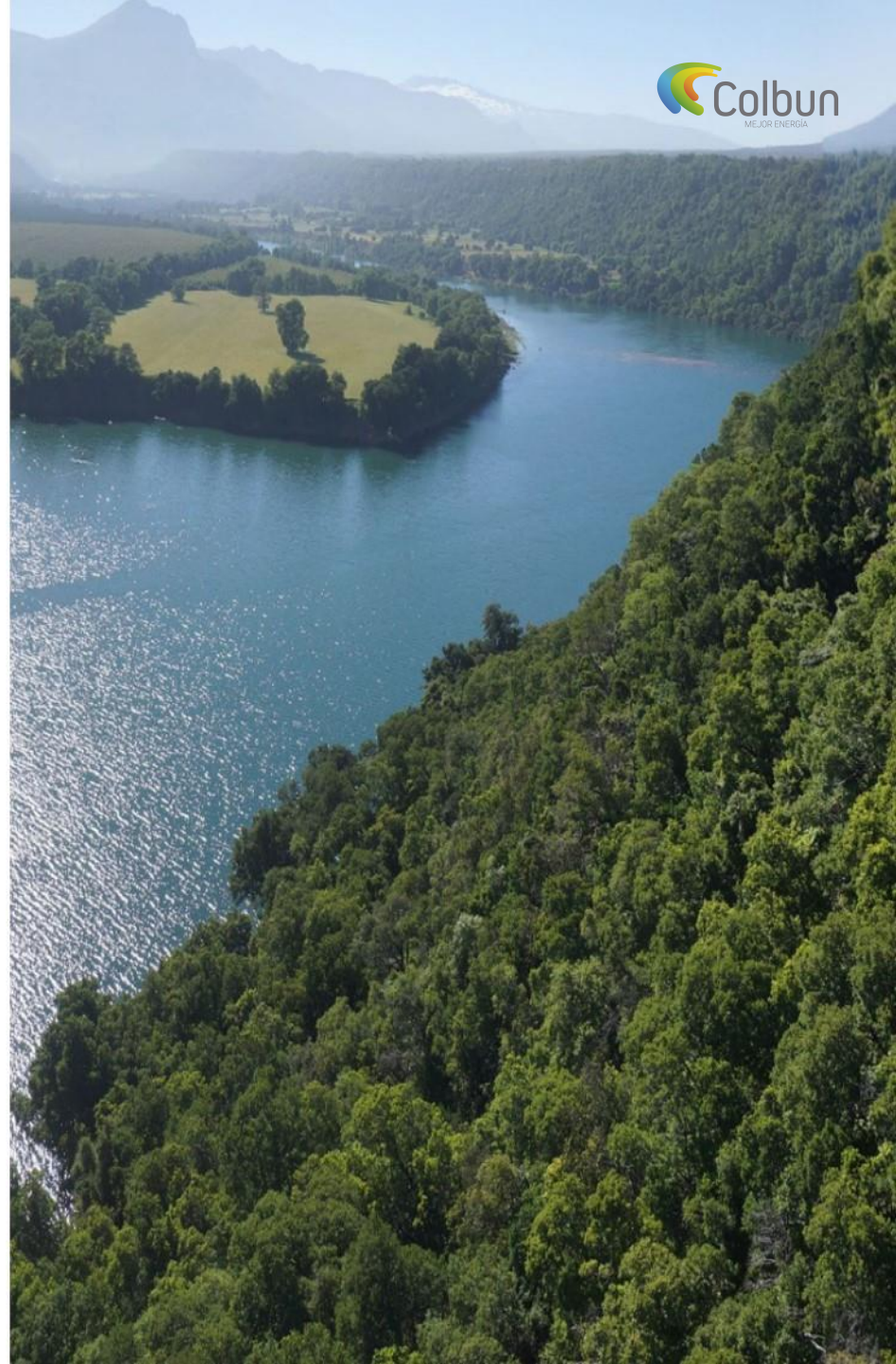
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# Attractive portfolio of growth options

## Expansion considerations

### LOCAL EXPANSION

#### Generation Business

1. Pipeline of Renewable Projects
  - a. Horizonte wind farm (607 MW)
  - b. Diego de Almagro Sur I and II photovoltaic projects (230 MW)
  - c. Machicura photovoltaic project (9 MW)
  - d. Inti Pacha photovoltaic project (486 MW)
  - e. Jardin Solar photovoltaic project (537 MW)
  - f. Los Junquillos wind farm (265 MW)
  - g. Other wind and solar projects in early stages of development
2. M&A Opportunities
3. Purchase energy from third parties

#### Transmission Business

1. Expansion and enhancement of the Company's current transmission assets
2. Total awarded investment value: ~US\$84 million

### 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

