FitchRatings

Colbun S.A.

Colbun S.A.'s ratings reflect its strengthening credit profile based on its strong capital structure. Fitch Ratings expects leverage will be 2.5x–3.0x in 2023–2026. The ratings also reflect the company's solid liquidity and improved contracted position, with an average life of eight years for its power purchase agreements (PPAs).

Key Rating Drivers

Strong Leverage Profile: Colbun has a strong leverage profile, with EBITDA leverage estimated at 2.5x–3.0x over the rated horizon, in line with the company's historical leverage of 2.5x. To cover its contracted position of roughly 15 terawatts per year in 2023–2024, the company has balanced generation based on hydro, renewable and efficient combined-cycle units.

EBITDA is forecast to average approximately USD650 million per year in 2023–2024, assuming no additional debt, with the next significant maturity in 2027. Fitch anticipates Colbun will retain strong EBITDA coverage, on average above 10.0x in 2023–2026, from an historical 9.0x.

Solid Contractual Position: Colbun has a strong contracted profile; it has long-term PPAs with an average life of eight years. Fitch expects the company to maintain a significant portion of its capacity contracted in the long term, migrating toward non-regulated customers, as it has shown recontracting prospects with similar contractual terms. The ratings reflect Colbun's major plants operating under constructive regulatory environments in Chile and Peru.

Manageable Capex: Colbun's main project under construction is its 812MW Horizonte wind project, expected to complete the construction phase by YE 2024, with remaining capex of USD700 million in 2023–2024. After the project concludes, FCF will remain positive, while annual maintenance capex will be approximately USD80 million in Chile and USD15 million in Peru, which can be funded through internal cash flow without incurring additional debt, and a 50% dividend payout ratio of the previous year's net income. Colbun has a renewable pipeline of 2,713MW. Fitch's base case does not include these projects, as they do not have board approval.

Diversified Asset Base: Fitch believes that Colbun has a balanced portfolio of assets that is expected to further improve as the company expands into renewables. This expansion will help offset the company's existing exposure to hydrology risk, as 45%–50% of the company's total power generations is sourced from hydro plants. The company mitigates this risk by maintaining a conservative commercial policy, where it can meet its total contracted positions through its efficient natural gas units or purchase on the spot market, with a negative effect on margins if it faces a dry hydrological environment.

National Equity Rating: Fitch rates Colbun's National Equity at 'Primera Clase Nivel 1(cl)' based on the company's solid solvency position and consolidated stock history. As of June 26, 2023, Colbun had a market capitalization of USD2.2 billion with an average volume traded in the last month of USD3.7 million. The stock is part of the Indice de Precio Selectivo de Acciones and has a free float of 40.5% between pension funds and other shareholders.

Corporates
Electric-Corporate
Chile

Ratings

Foreign Currency

Long-Term IDR	BBB+

Local Currency

Long-Term IDR	BBB+

National Rating

National Long-Term Rating	AA(cl)

Outlooks

Long-Term Foreign Currency IDR	Stable
Long-Term Local Currency IDR	Stable
National Long-Term Rating	Stable

Debt Ratings

Senior Unsecured Debt - Long-Term Rating	BBB+

2035 Climate Vulnerability Signal: 34
Click here for the full list of ratings

Applicable Criteria

Exposure Draft: Climate Vulnerability in Corporate Ratings Criteria (June 2023)

Sector Navigators: Addendum to the Corporate Rating Criteria (May 2023)

Corporate Rating Criteria (October 2022)

Chilean Equity Rating Criteria (August 2021)

National Scale Rating Criteria (December 2020

Related Research

Global Corporates Macro and Sector Forecasts

Chilean Corporate Credit Indicators: First-Quarter 2023 (Downgrades Accumulate as Economy Worsens) (June 2023)

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Financial Summary

(USD 000)	2020	2021	2022	2023F	2024F	2025F
Gross Revenue	1,348,868	1,439,744	1,974,023	1,812,797	1,488,175	1,410,592
EBITDAR	660,676	498,399	739,811	690,620	652,461	768,321
EBITDA Leverage (x)	2.5	4.3	2.7	2.8	2.9	2.4
EBITDAR Fixed-Charge Coverage (x)	9.3	7.6	10.2	10.1	9.9	11.7
EBITDAR Margin (%)	49.0	34.6	37.5	38.1	43.8	54.5

F – Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

Colbun's business profile and solid contractual position with PPAs is slightly lower than that of Engie Energia Chile S.A. (BBB/Stable) and AES Andes S.A. (BBB–/Stable). These companies have PPAs averaging more than 10 years. Colbun has a generation mix evenly distributed between hydro and thermal, similar to Enel Generacion Chile S.A. (BBB+/Stable). Both have adequate indexing mechanisms that closely match their generation mix and contracts, which mitigate exposure to fuel price volatility and reduces business risk consistent with the rating category.

AES Andes and Engie Chile are mainly concentrated on coal-based units and have less exposure to hydroelectricity generation in Chile. Enel Chile S.A. (BBB+/Stable) has slightly less business risk than its peers due to the integration provided by the generation business under Enel Generacion Chile, the renewable business from Enel Green Power and distribution business under Enel Distribution. Colbun's credit is among the country's strongest, with EBITDA leverage of 2.5x–3.0x.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Although unlikely in the short term, a positive rating action is possible if the company maintains gross debt/EBITDA consistently below 2.0x, maintaining robust liquidity indicators. Fitch also would view Colbun's ability to maintain a long-term contracted position positively.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- A change in Colbun's commercial policy that results in an imbalanced long-term contracted position;
- Pressure from shareholders that results in a significant increase in dividend payments beyond the company's plan;
- A material and sustained deterioration in credit metrics, reflected in total consolidated debt/EBITDA above 3.0x;
- Inability to recontract a significant portion of expiring contracts;
- Debt-financed acquisitions that diminish credit metrics.

Liquidity and Debt Structure

Strong Liquidity: Colbun has a solid liquidity position, with over USD1.0 billion of cash and cash equivalents as of March 31, 2023, compared with USD75 million of short-term debt. Fitch expects Colbun will maintain strong liquidity, driven by cash generation. Liquidity is buoyed by uncommitted credit lines of approximately USD150 million and two bond lines registered in the local market for a total of UF7.0 million. Colbun's debt consists almost entirely of international notes of approximately USD2.0 billion, including USD240 million outstanding notes from Fenix Power Peru S.A. The company has no significant maturities until 2027.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Climate Vulnerability Considerations

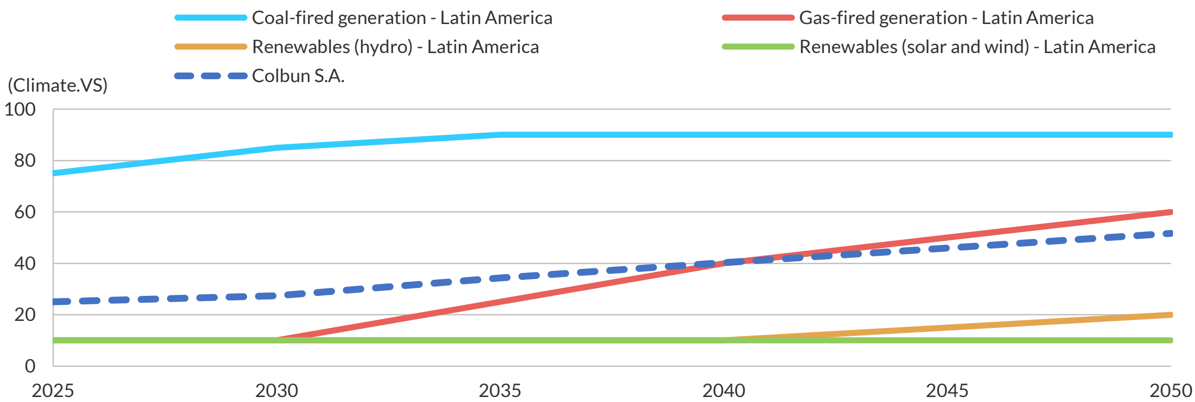
Fitch has published a Criteria Exposure Draft describing its approach to assessing Climate Vulnerability for Corporates. In this report, we describe our proposal to use Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Click here for the Criteria Exposure Draft.

The 2022 revenue-weighted Climate.VS for Colbun for 2035 is 34 out of 100, which is in line with electric peers relying on hydro and renewables with low exposure to coal. The score reflects potential risks related to policies that require lower carbon emissions over time and encourage reduced usage of fossil fuels in favor of renewable source. The Climate VS reflects the context of lower costs driven by the need for greater focus on reducing emissions and longer-term risks in the context of reduction in demand for fossil fuels as the world transitions toward renewable sources.

For further information on how Fitch perceives climate-related risks in the Utilities sector, see *Utilities - Long-Term Climate Vulnerability Signals Update*.

Climate.VS Evolution

As of Dec. 31, 2022



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(USD Mil.)	12/31/22	3/31/23
Total Cash and Cash Equivalents	198	202
Short-Term Investments	936	841
Less: Not Readily Available Cash and Cash Equivalents	0	0
Fitch-Defined Readily Available Cash and Cash Equivalents	**1,134**	**1,043**
Availability Under Committed Lines of Credit	0	0
Total Liquidity	**1,134**	**1,043**
LTM EBITDA After Associates and Minorities	750	735
LTM FCF	-8	-74

Source: Fitch Ratings, Colbun S.A.

Scheduled Debt Maturities

(USD Mil.)	3/31/23
2023	75
2024	20
2025	17
2026	27
2027	626
Thereafter	1,227
Total	**1,991**

Source: Fitch Ratings, Colbun S.A.

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer Include

- Energy sales in Chile of approximately 15,000 gigawatt hours (GWh) in 2023–2024;
- Hydro production in Chile of 5,000GWh in 2023–2026;
- Coal energy production of 1,500GWh–2,000GWh annually and natural gas at 4,200GWh annually in 2023–2024;
- Thermal coal (Australia Newcastle) at USD165 per tonne in 2023, USD95 per tonne in 2024, USD85 per tonne in 2025 and USD70 in 2026;
- Henry Hub gas prices of USD3.00 per thousand cubic feet (mcf) in 2023, USD3.50 per mcf in 2024, USD3.00 per mcf during 2025 and USD2.75 per mcf in the long term;
- Capex of USD650 million in 2023, declining to USD250 million in 2024;
- Dividend payout ratio of 50% in 2023–2026.

Financial Data

	Historical			Forecast		
(USD 000)	2020	2021	2022	2023	2024	2025
Summary Income Statement						
Gross Revenue	1,348,868	1,439,744	1,974,023	1,812,797	1,488,175	1,410,592
Revenue Growth (%)	-9.3	6.7	37.1	-8.2	-17.9	-5.2
EBITDA (Before Income from Associates)	660,676	498,399	739,811	690,620	652,461	768,321
EBITDA Margin (%)	49.0	34.6	37.5	38.1	43.8	54.5
EBITDAR	660,676	498,399	739,811	690,620	652,461	768,321
EBITDAR Margin (%)	49.0	34.6	37.5	38.1	43.8	54.5
EBIT	452,023	356,321	456,028	464,021	424,739	545,901
EBIT Margin (%)	33.5	24.7	23.1	25.6	28.5	38.7
Gross Interest Expense	-65,745	-67,555	-76,546	-69,144	-67,095	-66,251
Pretax Income (Including Associate Income/Loss)	132,219	825,172	416,000	397,878	360,644	482,650
Summary Balance Sheet						
Readily Available Cash and Equivalents	967,400	1,319,379	1,134,472	847,588	966,097	1,260,477
Debt	1,662,374	2,223,377	2,021,170	1,925,613	1,902,100	1,886,553
Lease-Adjusted Debt	1,662,374	2,223,377	2,021,170	1,925,613	1,902,100	1,886,553
Net Debt	694,974	903,998	886,698	1,078,025	936,003	626,076
Summary Cash Flow Statement						
EBITDA	660,676	498,399	739,811	690,620	652,461	768,321
Cash Interest Paid	-72,189	-67,861	-73,240	-69,144	-67,095	-66,251
Cash Tax	-99,921	-117,423	-232,260	-107,427	-97,374	-130,316

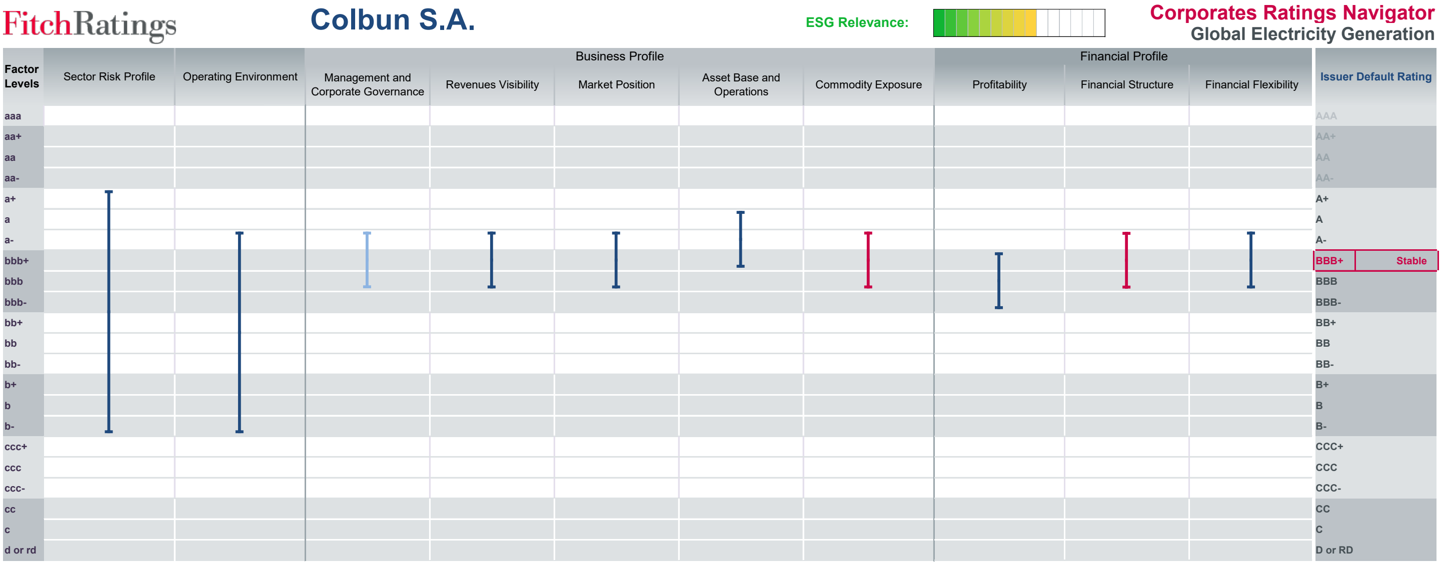
(USD 000)	Historical 2020	2021	2022	Forecast 2023	2024	2025
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	9,146	15,697	9,880	9,000	9,000	9,000
Other Items Before FFO	-54,771	-93,022	29,015	0.0	0.0	0.0
Funds Flow from Operations	453,142	239,231	505,242	526,049	499,992	583,755
FFO Margin (%)	33.6	16.6	25.6	29.0	33.6	41.4
Change in Working Capital	293	27,326	-86,514	13,155	26,487	6,330
Cash Flow from Operations (Fitch Defined)	453,435	266,557	418,728	539,204	526,479	590,085
Total Non-Operating/Nonrecurring Cash Flow	—	—	—	—	—	—
Capex	-112,556	-253,738	-274,430	—	—	—
Capital Intensity (Capex/Revenue) (%)	8.3	17.6	13.9	—	—	—
Common Dividends	-241,319	-1,244,739	-151,868	—	—	—
FCF	99,560	-1,231,920	-7,570	—	—	—
Net Acquisitions and Divestitures	—	—	—	—	—	—
Other Investing and Financing Cash Flow Items	-283,667	-328,134	34,811	—	—	—
Net Debt Proceeds	120,405	520,618	-216,693	-95,557	-23,513	-15,547
Net Equity Proceeds	—	—	—	0.0	0.0	0.0
Total Change in Cash	-63,702	146,926	-184,215	-286,884	118,509	294,380
Leverage Ratios (x)						
EBITDA Leverage	2.5	4.3	2.7	2.8	2.9	2.4
EBITDA Net Leverage	1.0	1.8	1.2	1.5	1.4	0.8
EBITDAR Leverage	2.5	4.3	2.7	2.8	2.9	2.4
EBITDAR Net Leverage	1.0	1.8	1.2	1.5	1.4	0.8
EBITDAR Net Fixed-Charge Coverage	10.8	8.0	18.2	10.6	10.3	12.3
FFO Adjusted Leverage	3.2	7.3	3.7	3.3	3.4	2.9
FFO Adjusted Net Leverage	1.3	3.0	1.6	1.8	1.7	1.0
FFO Leverage	3.2	7.3	3.7	3.3	3.4	2.9
FFO Net Leverage	1.3	3.0	1.6	1.8	1.7	1.0
Calculations for Forecast Publication						
Capex, Dividends, Acquisitions and Other Items Before FCF	-353,875	-1,498,477	-426,298	-730,531	-384,457	-280,157
FCF After Acquisitions and Divestitures	99,560	-1,231,920	-7,570	-191,327	142,022	309,927
FCF Margin (After Net Acquisitions) (%)	7.4	-85.6	-0.4	-10.6	9.5	22.0
Coverage Ratios (x)						
FFO Interest Coverage	7.1	4.5	7.5	8.6	8.4	9.8
FFO Fixed-Charge Coverage	7.1	4.5	7.5	8.6	8.4	9.8
EBITDAR Fixed-Charge Coverage	9.3	7.6	10.2	10.1	9.9	11.7
EBITDA Interest Coverage	9.3	7.6	10.2	10.1	9.9	11.7
Additional Metrics (%)						
CFO-Capex/Debt	20.5	0.6	7.1	-5.8	14.4	25.8
CFO-Capex/Net Debt	49.0	1.4	16.3	-10.3	29.2	77.6
CFO/Capex	402.9	105.1	152.6	82.9	208.2	567.4

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
■ Higher Importance	⇩ Negative
■ Average Importance	⇳ Evolving
■ Lower Importance	□ Stable

FitchRatings

Colbun S.A.

Corporates Ratings Navigator
Global Electricity Generation

Operating Environment

a	Economic Environment	a	Strong combination of countries where economic value is created and where assets are located.
a-	Financial Access	a	Strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	a	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'a'.
b-			
ccc+			

Management and Corporate Governance

a	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
a-	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb+	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bbb-			

Revenues Visibility

a	Contracted Position	a	Balanced position under long term PPAs or incentives (typically more than 7 year average remaining life).
a-	Contract Renewal Risk	bbb	Likely re-contracting prospects with similar to potentially moderately worse contractual terms.
bbb+	System / Capacity Payments	a	Well established and transparent market pricing structure with minimal political interference providing long-term price visibility for power generators.
bbb	Degree of Supply Integration	bbb	Balanced supply integration with strong retail position contributing to cash-flow stability and predictability.
bbb-	Resource Predictability	bbb	Stable and predictable capacity factor.

Market Position

a	Supply/Demand Dynamics	a	Beneficial outlook for prices. Adequate or tight reserve margins and limited capacity expansion prospects in market over the medium to long-term.
a-	Competitive Position	bbb	Efficient generation with recurrent merit dispatch.
bbb+	Relative Size and Scale	bbb	Large scale operations with diverse generation asset base or company supplies more than 20% of electricity to the systems where it operates or strong competitive position in a localized market.
bbb			
bbb-			

Asset Base and Operations

a+	Asset Quality and Diversity	a	High-quality assets with large diversification by geography and/or generation source.
a	Exposure to Environmental Regulations	a	No exposure to environmental regulations. Energy generation mostly from clean sources and low carbon exposure.
a-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bbb+			
bbb			

Commodity Exposure

a	Counterparty Risk	bbb	Diversified, medium counterparty risk or weighted average credit quality of actual and potential off-takers is in line with 'BBB' rating. Single 'BBB' rated off-taker under well-structured PPA.
a-	Costs Pass-Through and Supply Mix	bbb	Limited exposure to changes in commodity costs with ability to pass cost changes to end users. Low variable costs and moderate flexibility/certain of supply.
bbb+	Hedging Strategy	bbb	Portfolio/cash flow smoothing effects from extensive contractual hedge.
bbb			
bbb-			

Profitability

a-	Free Cash Flow	bbb	Structurally neutral to slightly negative FCF across the investment cycle.
bbb+	Cash Flow Predictability	bbb	Stability and predictability cash flow in line with peers.
bbb			
bbb-			
bb+			

Financial Structure

a	EBITDA Leverage	bbb	3.3x
a-	FFO Leverage		n.a.
bbb+	FFO Net Leverage		n.a.
bbb			
bbb-			

Financial Flexibility

a	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a-	Liquidity	bbb	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb+	FFO Interest Coverage		n.a.
bbb	DSCR	bbb	Expected average DSCR of >1.8 for high merchant exposure or >1.3 for amortizing debt with well contracted business profile.
bbb-	FX Exposure	a	Profitability potentially exposed to FX but efficient hedging in place. Debt and cash flows well-matched.

Credit-Relevant ESG Derivation

Colbun S.A. has 12 ESG potential rating drivers

- Emissions from operations
- Fuel use to generate energy and serve load
- Impact of waste from operations
- Plants' and networks' exposure to extreme weather
- Product affordability and access
- Quality and safety of products and services; data security

Showing top 6 issues

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	2	issues	2
	0	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

FitchRatings **Colbun S.A.** **Corporates Ratings Navigator**
Global Electricity Generation

Credit-Relevant ESG Derivation

Colbun S.A. has 12 ESG potential rating drivers

- Colbun S.A. has exposure to emissions regulatory risk but this has very low impact on the rating.
- Colbun S.A. has exposure to energy productivity risk but this has very low impact on the rating.
- Colbun S.A. has exposure to waste & impact management risk but this has very low impact on the rating.
- Colbun S.A. has exposure to extreme weather events but this has very low impact on the rating.
- Colbun S.A. has exposure to access/affordability risk but this has very low impact on the rating.
- Colbun S.A. has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	2	issues	2
	0	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations	5
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Counterparty and Commodity Exposure; Profitability	4
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability	2
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Revenues Predictability; Profitability	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Asset Base and Operations	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability	3
Employee Wellbeing	2	Worker safety and accident prevention	Asset Base and Operations	2
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Revenues Predictability; Profitability; Financial Structure	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance; Financial Structure	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance; Counterparty and Commodity Exposure	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

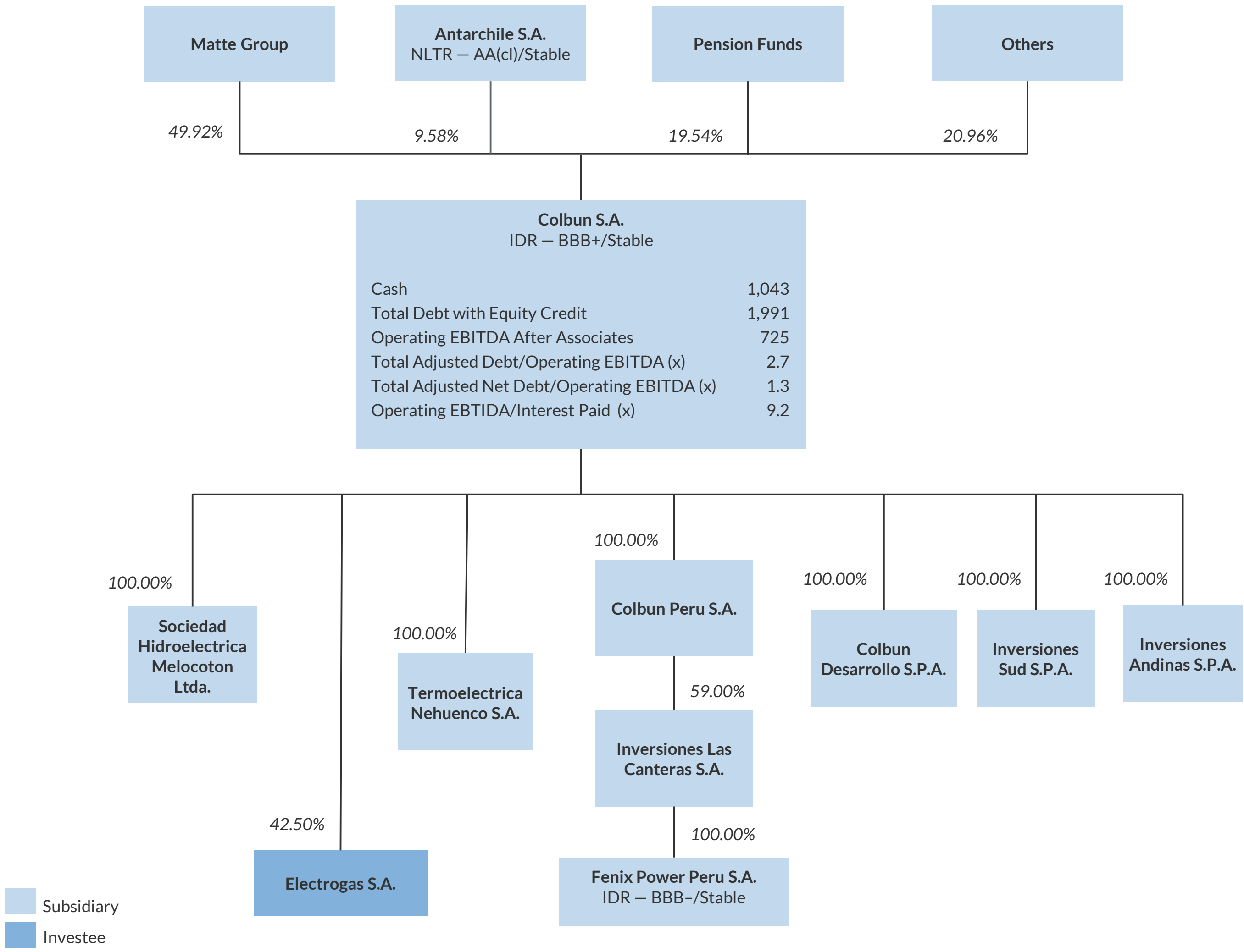
CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure — Colbun S.A.
USD Mil., as of March 31, 2023



NLTR – National Long-Term Rating. IDR – Issuer Default Rating.
Source: Fitch Ratings, Fitch Solutions, Colbun S.A.

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue (USD Mil.)	EBITDAR (USD Mil.)	EBITDAR Leverage (x)	EBITDAR Fixed-Charge Coverage (x)	EBITDAR Margin (%)
Colbun S.A.	BBB+						
	BBB+	2022	1,974	740	2.7	10.2	37.5
	BBB+	2021	1,440	498	4.3	7.6	34.6
	BBB+	2020	1,349	661	2.5	9.3	49.0
Enel Chile S.A.	BBB+						
	A–	2022	5,717	1,337	3.3	6.4	23.4
	A–	2021	3,296	596	8.1	3.6	18.1
	A–	2020	3,547	1,238	3.6	5.8	34.9

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue (USD Mil.)	EBITDAR (USD Mil.)	EBITDAR Leverage (x)	EBITDAR Fixed-Charge Coverage (x)	EBITDAR Margin (%)
AES Andes S.A.	BBB–						
	BBB–	2022	2,579	797	3.4	5.1	30.9
	BBB–	2021	2,771	1,075	1.8	6.3	38.8
	BBB–	2020	2,508	1,044	3.5	5.1	41.6
Engie Energia Chile S.A.	BBB						
	BBB	2022	1,920	180	9.9	3.2	9.4
	BBB+	2021	1,479	306	3.5	4.0	20.7
	BBB+	2020	1,352	443	2.0	8.0	32.8
Enel Generacion Chile S.A.	BBB+						
	A–	2022	4,405	979	1.0	10.8	22.2
	A–	2021	2,193	299	3.7	4.6	13.6
	A–	2020	2,044	749	1.5	9.2	36.6

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(USD 000, as of Dec. 31, 2022)	Notes and Formulas	Reported Values	Sum of Adjustments	CORP- Lease Treatment	Other Adjustments	Adjusted Values
Income Statement Summary						
Revenue		1,974,023				1,974,023
EBITDAR		763,382	-23,571	-23,571		739,811
EBITDAR After Associates and Minorities	(a)	773,262	-23,571	-23,571		749,691
Lease Expense	(b)	0				0
EBITDA	(c)	763,382	-23,571	-23,571		739,811
EBITDA After Associates and Minorities	(d) = (a-b)	773,262	-23,571	-23,571		749,691
EBIT	(e)	466,168	-10,140	-10,140		456,028
Debt and Cash Summary						
Other Off-Balance-Sheet Debt	(f)	0				0
Debt	(g)	2,137,926	-116,756	-136,100	19,344	2,021,170
Lease-Equivalent Debt	(h)	0				0
Lease-Adjusted Debt	(i) = (g+h)	2,137,926	-116,756	-136,100	19,344	2,021,170
Readily Available Cash and Equivalents	(j)	1,134,472				1,134,472
Not Readily Available Cash and Equivalents		0				0
Cash Flow Summary						
EBITDA After Associates and Minorities	(d) = (a-b)	773,262	-23,571	-23,571		749,691
Preferred Dividends (Paid)	(k)	0				0
Interest Received	(l)	32,036				32,036
Interest (Paid)	(m)	-83,380	10,140	10,140		-73,240
Cash Tax (Paid)		-232,260				-232,260
Other Items Before FFO		5,444	23,571	23,571		29,015
Funds from Operations (FFO)	(n)	495,102	10,140	10,140		505,242
Change in Working Capital (Fitch-Defined)		-86,514				-86,514
Cash Flow from Operations (CFO)	(o)	408,588	10,140	10,140		418,728
Non-Operating/Nonrecurring Cash Flow		0				0
Capital (Expenditures)	(p)	-274,430				-274,430
Common Dividends (Paid)		-151,868				-151,868
Free Cash Flow (FCF)		-17,710	10,140	10,140		-7,570
Gross Leverage (x)						

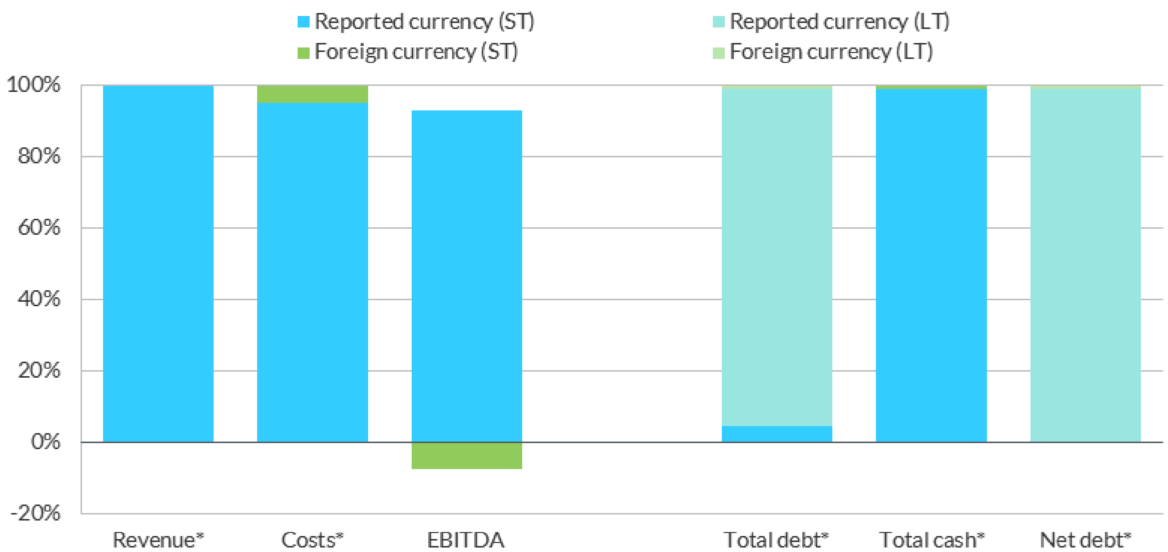
(USD 000, as of Dec. 31, 2022)	Notes and Formulas	Reported Values	Sum of Adjustments	CORP- Lease Treatment	Other Adjustments	Adjusted Values
EBITDAR Leverage[a]	(i/a)	2.8				2.7
FFO Adjusted Leverage	(i/(n-m-l-k+b))	3.9				3.7
FFO Leverage	(i-h)/(n-m-l-k)	3.9				3.7
EBITDA Leverage[a]	(i-h)/d	2.8				2.7
(CFO-Capex)/Debt (%)	(o+p)/(i-h)	6.3				7.1
Net Leverage (x)						
EBITDAR Net Leverage[a]	(i-j)/a	1.3				1.2
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	1.8				1.6
FFO Net Leverage	(i-h-j)/(n-m-l-k)	1.8				1.6
EBITDA Net Leverage[a]	(i-h-j)/d	1.3				1.2
(CFO-Capex)/Net Debt (%)	(o+p)/(i-h-j)	13.4				16.3
Coverage (x)						
EBITDAR Fixed-Charge Coverage[a]	a/(-m+b)	9.3				10.2
EBITDA Interest Coverage[a]	d/(-m)	9.3				10.2
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	6.6				7.5
FFO Interest Coverage	(n-l-m-k)/(-m-k)	6.6				7.5

[a]EBITDA/R after dividends to associates and minorities. Note: Debt includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, Colbun S.A.

FX Screener

Colbun's PPA structure with unregulated clients is denominated in U.S. dollars, and contracts are payable in U.S. dollars. Contracts with regulated customers are payable in Chilean pesos, based on the average monthly U.S. dollar exchange rate at the time of billing. A substantial portion of company costs are denominated in U.S. dollars. Less than 10% of costs related to salaries and other operating costs are denominated in local currency. The company mitigates foreign exchange exposure of its recurring local currency costs through forward contracts for commodities and foreign exchange. Total debt is denominated in U.S. dollars. Given the natural dollarization of Colbun's business, a depreciation of the Chilean peso would be positive for the company. Fitch estimates a 50% depreciation of the Chilean peso would result in a decrease in gross leverage of approximately 0.7x.

Fitch FX Screener
(Colbun S.A. — BBB+/Stable, Dec-22, USDth)



* Post hedge, absolute figures displayed are Fitch's analytical estimates, based on publicly available information
Source: Fitch Ratings

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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