

A horizontal bar composed of three colored segments: dark blue, light blue, and green.

COMPANY PRESENTATION

**2^{da} Cumbre Latinoamericana Mercado Integrado
Corpbanca**

November 16th & 17th, 2011





Agenda

Company Overview

Chilean Electricity Sector

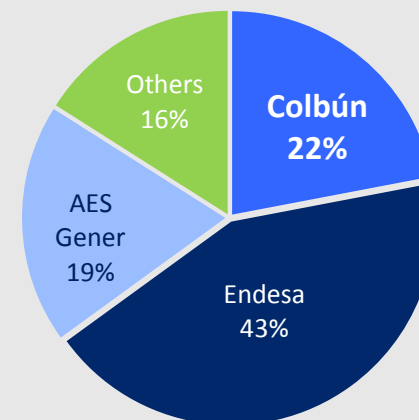
Business Strategy

Financial Profile

Colbún at a glance

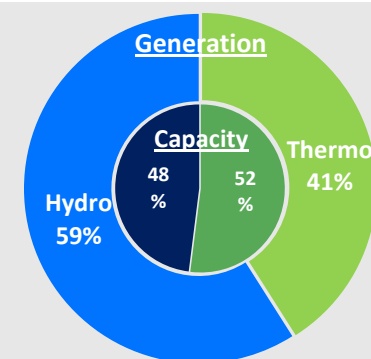
- Business → Power Generation & Trade
- Size → 2nd largest generator in Chile's Central Grid (SIC), with 22% market share (MW).
The SIC covers 90% of the population
- Capacity → 2,620 MW
52% thermal and 48% hydraulic
- Generation → 9,402 GWh in 2010
41% thermal and 59% hydraulic
- Assets → 15 hydro plants in 4 different basins
6 thermal plants in 4 different regions
- People → 915 employees as of September'11
- Results → EBITDA of USD 331.1 million in 2010
Revenues of USD 1.0 billion in 2010

Market Share (MW) - SIC



Source: CNE – December 2010

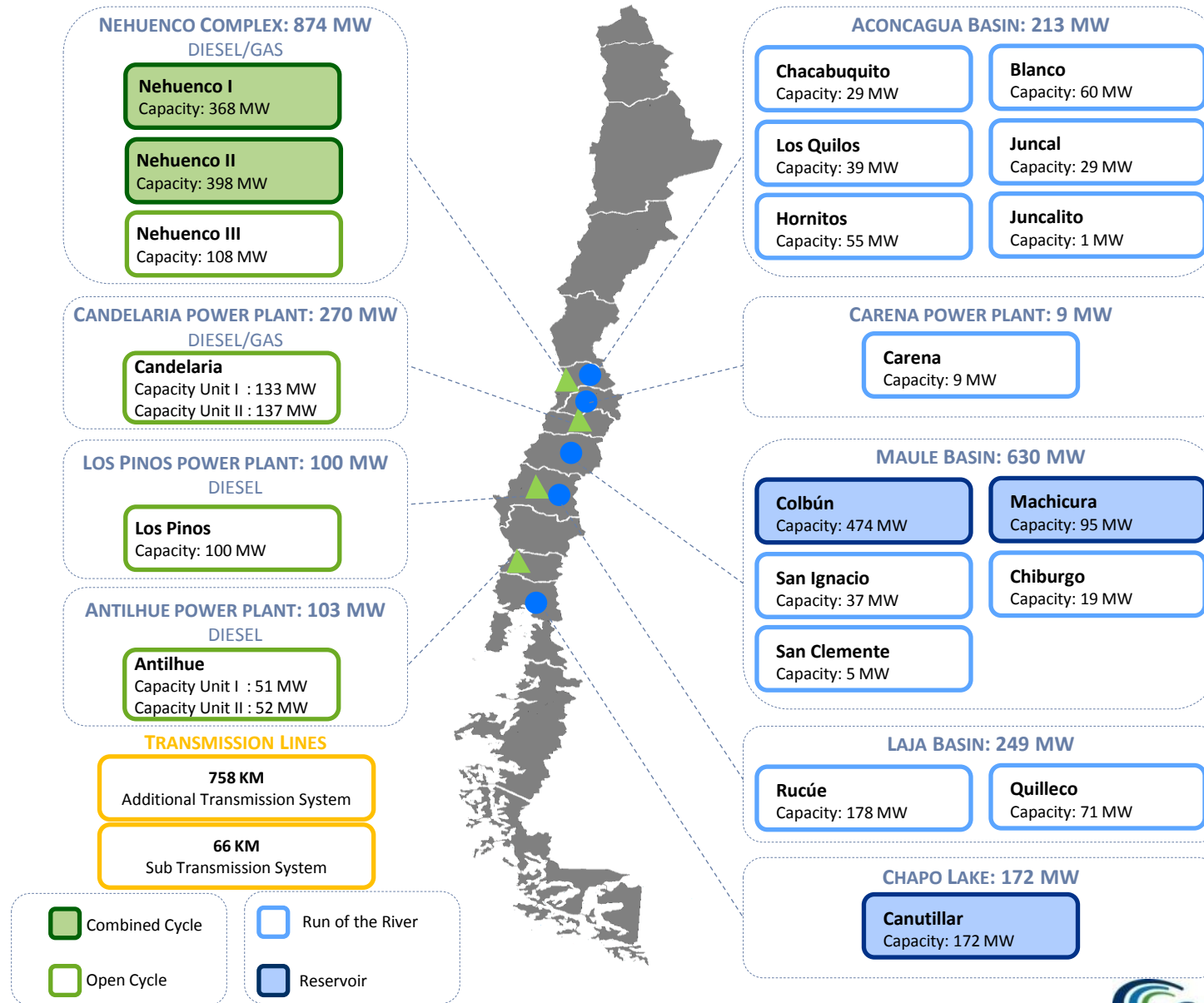
Generation (GWh) and Installed Capacity (MW)



Source: Colbún 2010 Generation and Capacity

6 THERMAL POWER PLANTS

A diversified asset base



15 HYDRO POWER PLANTS

A diversified customer base

REGULATED CUSTOMERS

CHILECTRA
(2011- 2021/23/25)

CONAFE
(Until 2020)

CGE-Río Maipo
(2010- 2021)

CGE-Distribución
(2010- 2024)

SAESA
(2010- 2019)

CODELCO
Salvador

CODELCO
Ventanas

ANGLOAMERICAN
Los Bronces

CODELCO
Andina

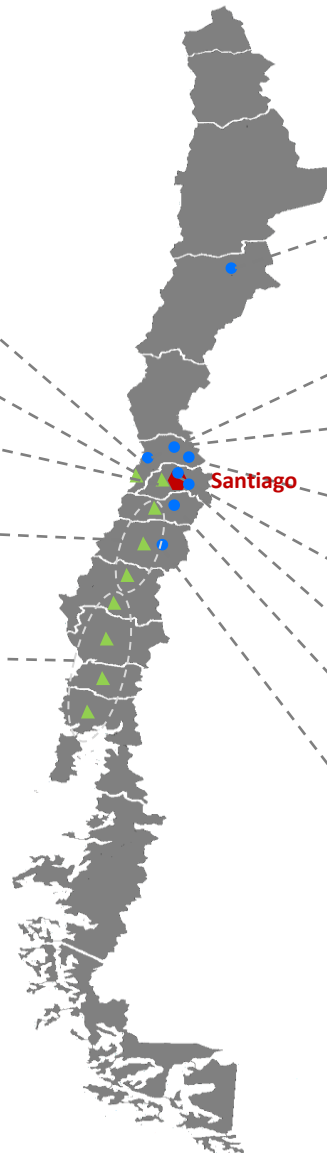
METRO
AGUAS ANDINAS
La Farfana

CMPC
Puente Alto

CODELCO
Teniente

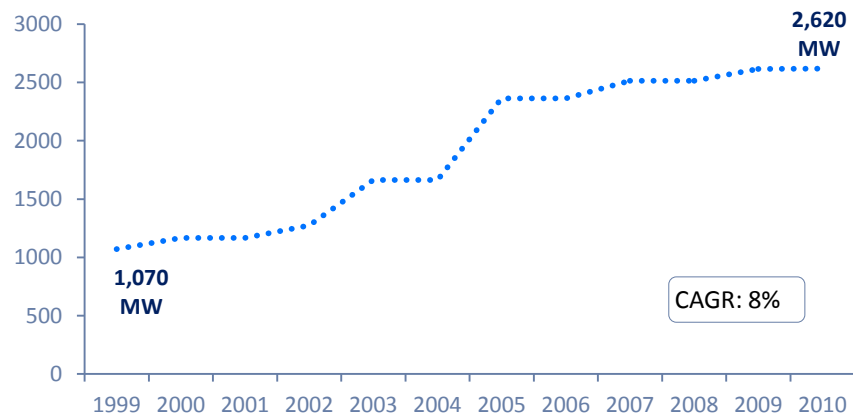
CMPC
Procart

UN-REGULATED CUSTOMERS

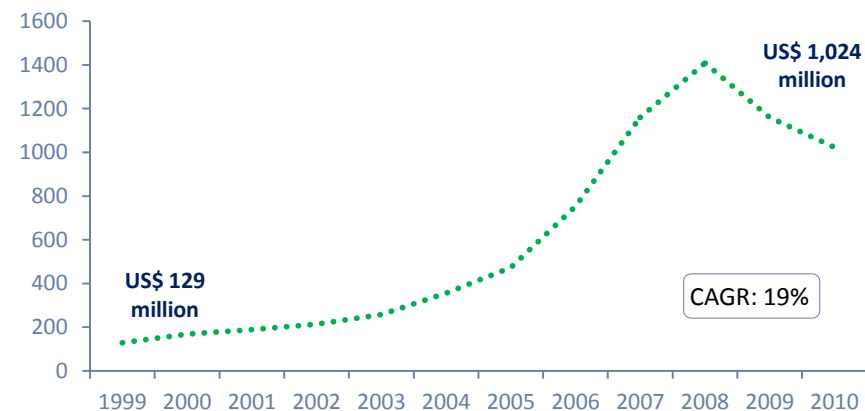


Colbún has grown steadily over the past decade

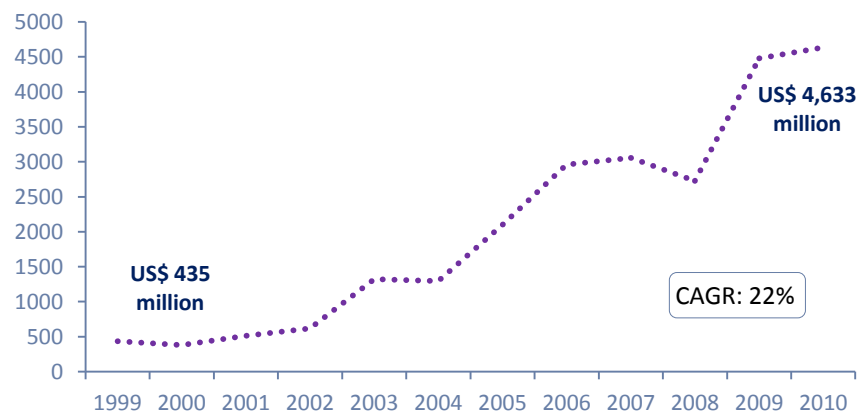
Capacity (MW)



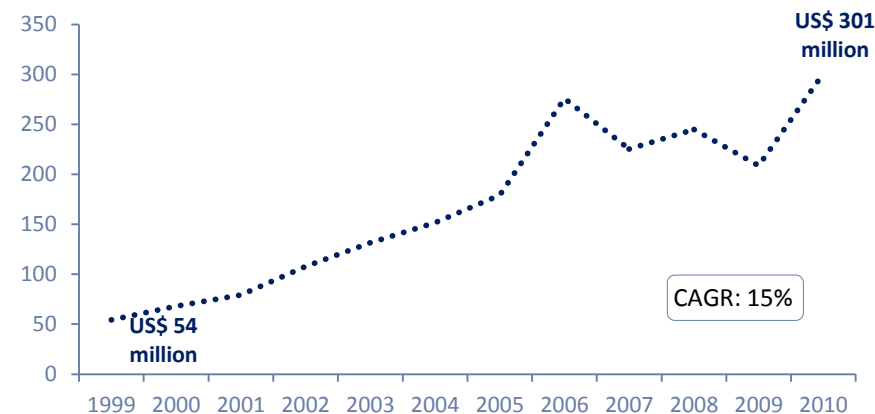
Total Operating Revenues (MMUSD)



Market Cap (MMUSD)



3-year Moving Average EBITDA (MMUSD)



Solid and reliable controlling group with a strategic and long term vision

CONTROL

Controlled by the **Matte Group (49%)**, one of the leading economic groups in Chile, with **stakes in various sectors** (forestry, financial, telecommunications, among others).

LARGE STAKEHOLDER

The second important stakeholder, the **Angelini Group**, is also a leading Chilean economic group and owns **9.6%** of Colbún.

FLOAT

41% free float, with relevant local institutional investor presence.

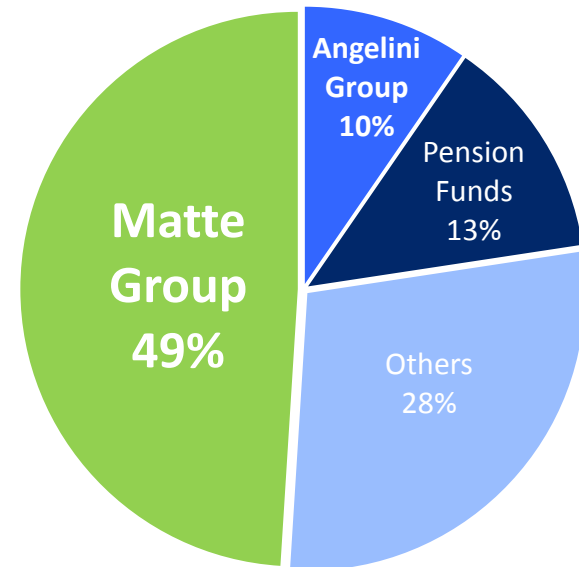
GOVERNANCE

4 out of 9 are **independent directors**.

ACCOUNTING STANDARDS

Disclosure under **IFRS standards**
Functional currency: **US dollar**

Ownership Structure



Source: Colbún, December 2010



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Company Overview

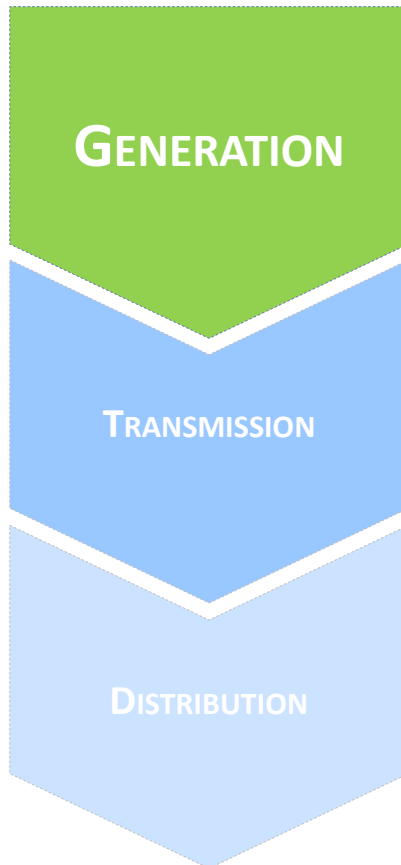
Chilean Electricity Sector

Business Strategy

Financial Profile

Sector Segmentation

3 SUB-SECTORS



Regulated
sectors
(concessions)

RELEVANT INSTITUTIONS

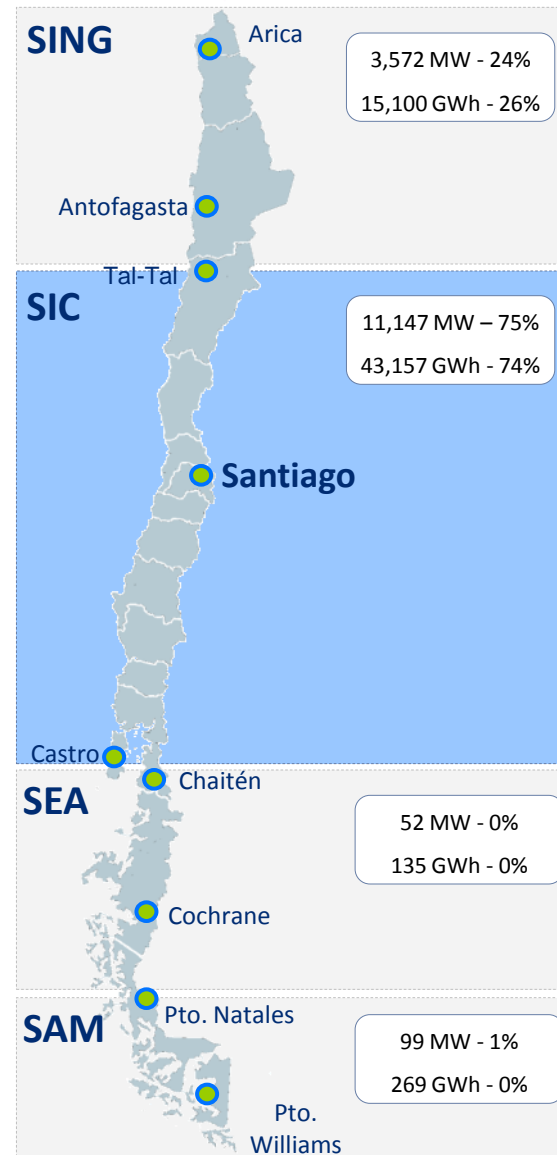
Ministry of **Energy**

Regulator: **CNE**

Supervisor: **SEC**

Coordinator: **CDEC**

4 SEPARATE GRIDS



Source: CNE, December 2010

Market Structure

Electricity Market Structure

GENERATORS

REGULATED
CUSTOMERS

DISTRIBUTION
COMPANIES

Regulated
Auction
Tariffs

UNREGULATED
CUSTOMERS

"FREE"
CUSTOMERS

Unregulated
Auction
Tariffs

SPOT
MARKET

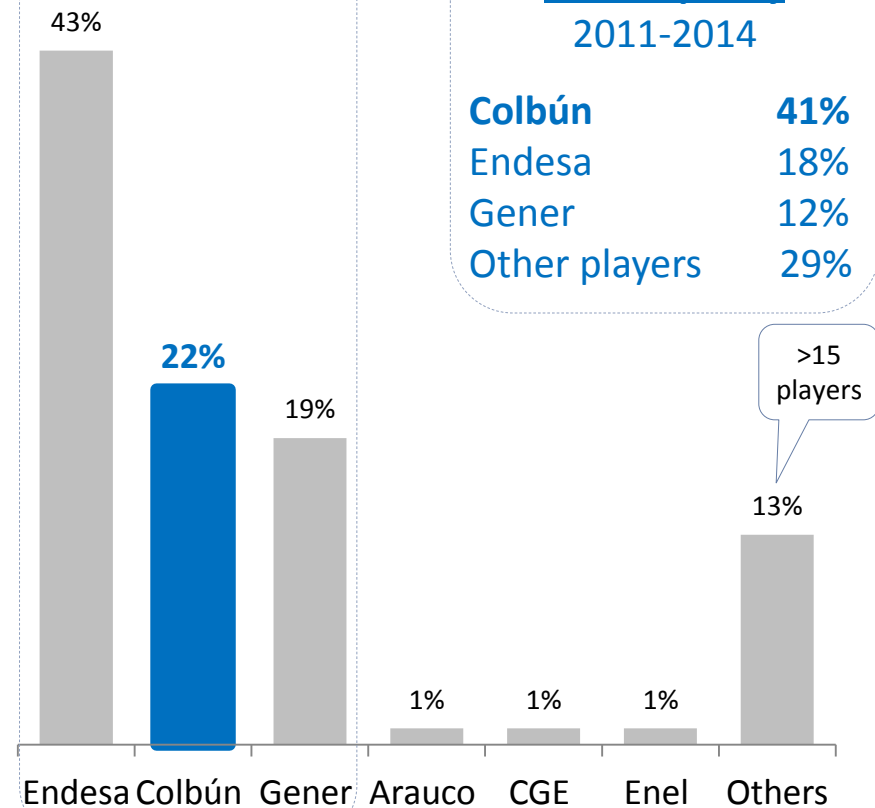
CDEC

Marginal Cost
/Spot Price

Main Players in the Generation Sector-SIC

New Capacity 2011-2014

Colbún	41%
Endesa	18%
Gener	12%
Other players	29%



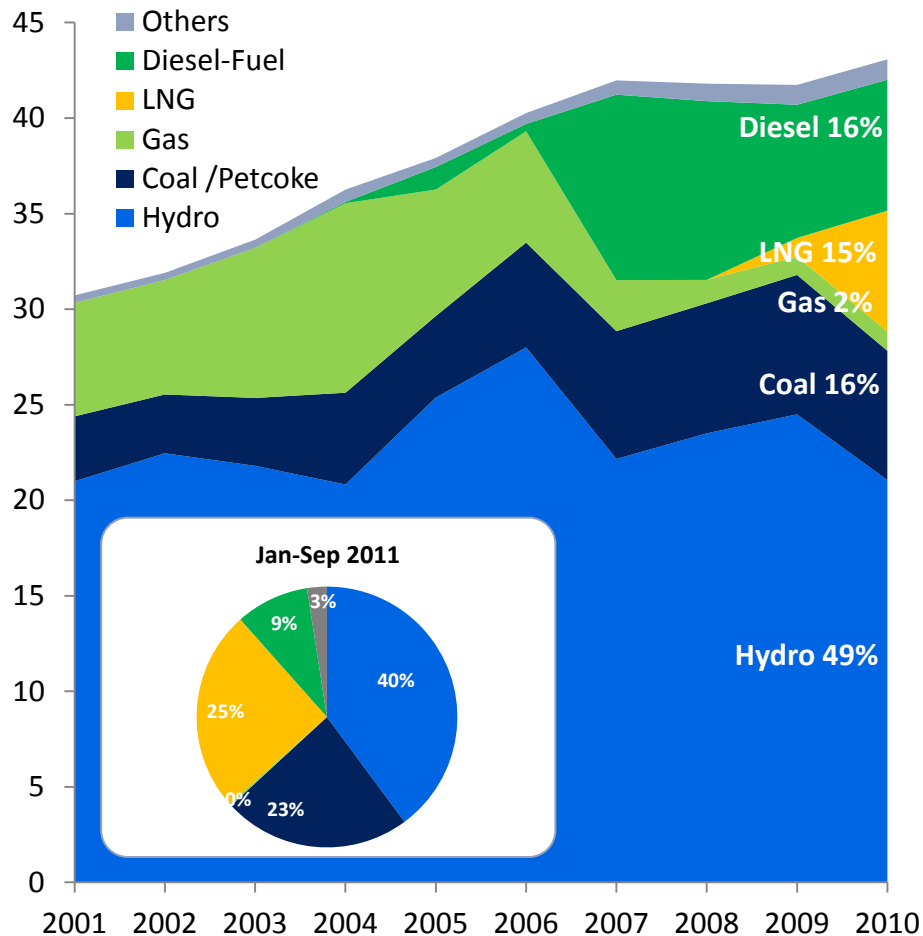
Source: "Capacidad Empresas Generadoras" CDEC, 2010.

"Informe Técnico Definitivo Fijación Precio Nudo SIC", CNE, October 2011



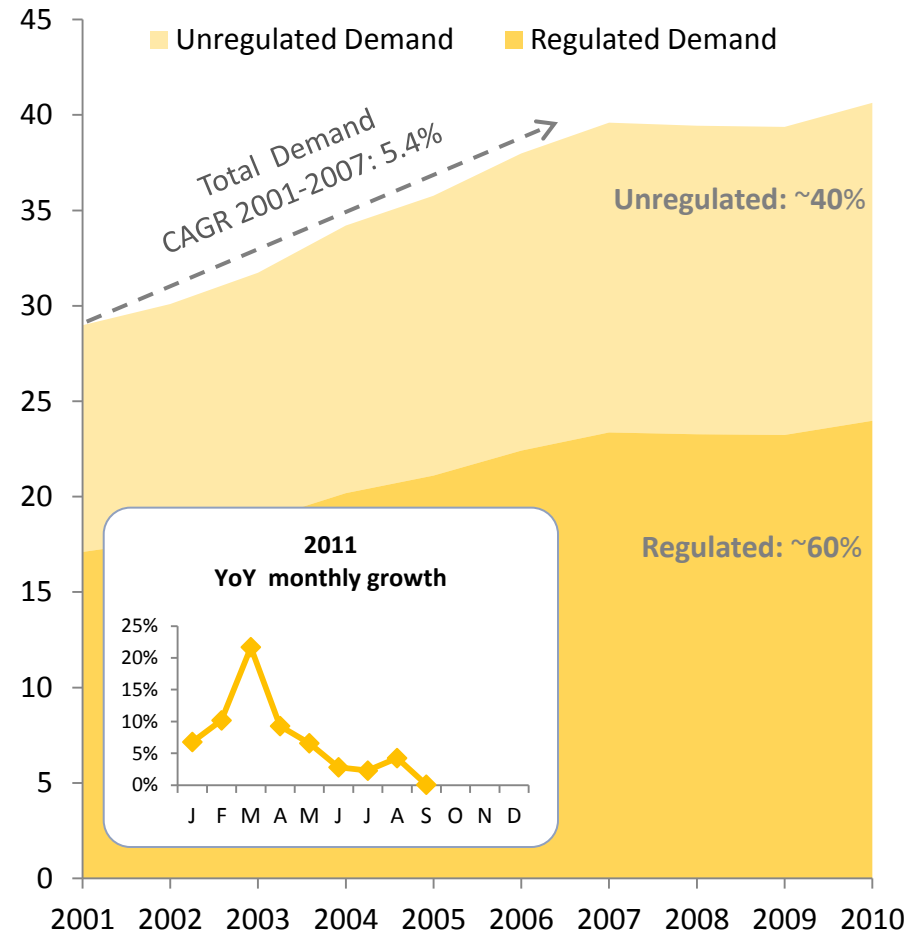
Evolution of Power Generation and Demand in the SIC

Annual Power Generation-SIC (TWh)



Source: "Generación Bruta en el SIC", CNE/Colbún, 2011.

Annual Electricity Demand-SIC (TWh)



Source: "Producción Real por Sistema", CNE/Colbún, 2010.
 "Informe Técnico Definitivo SIC", CNE, October 2010.
 "Informe Systeem", Systeem, 2011

Dispatch and pricing model: a technical guide

Dispatch Model

- OBJECTIVE** → Meet demand at the **lowest cost** possible
- INSTITUTION** → Independent load dispatch center (**CDEC**) coordinates the efficient dispatch of electricity producers
- MODEL** → CDEC dispatches plants in **ascending order of variable production cost**

Pricing Model

Prices **vary** according to the **type of customer**:

REGULATED CUSTOMERS

- 1) **Node Price**: calculated by the CNE every 6 months
- 2) **Auction Price**: auctioned under the supervision of the Regulator for bilateral LT contracts

UNREGULATED CUSTOMERS

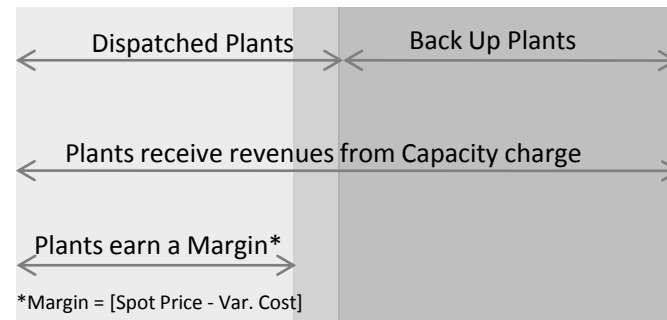
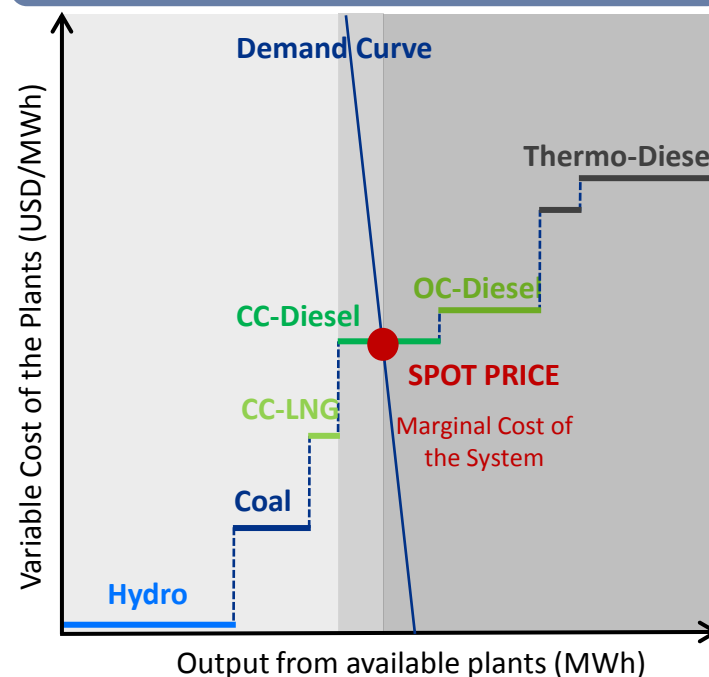
- 3) **Market Price**: free price settled by both parties for bilateral contracts

OTHER GENERATORS

- 4) **Spot Market Price**: the variable cost of the most expensive dispatched plant at each moment of the day

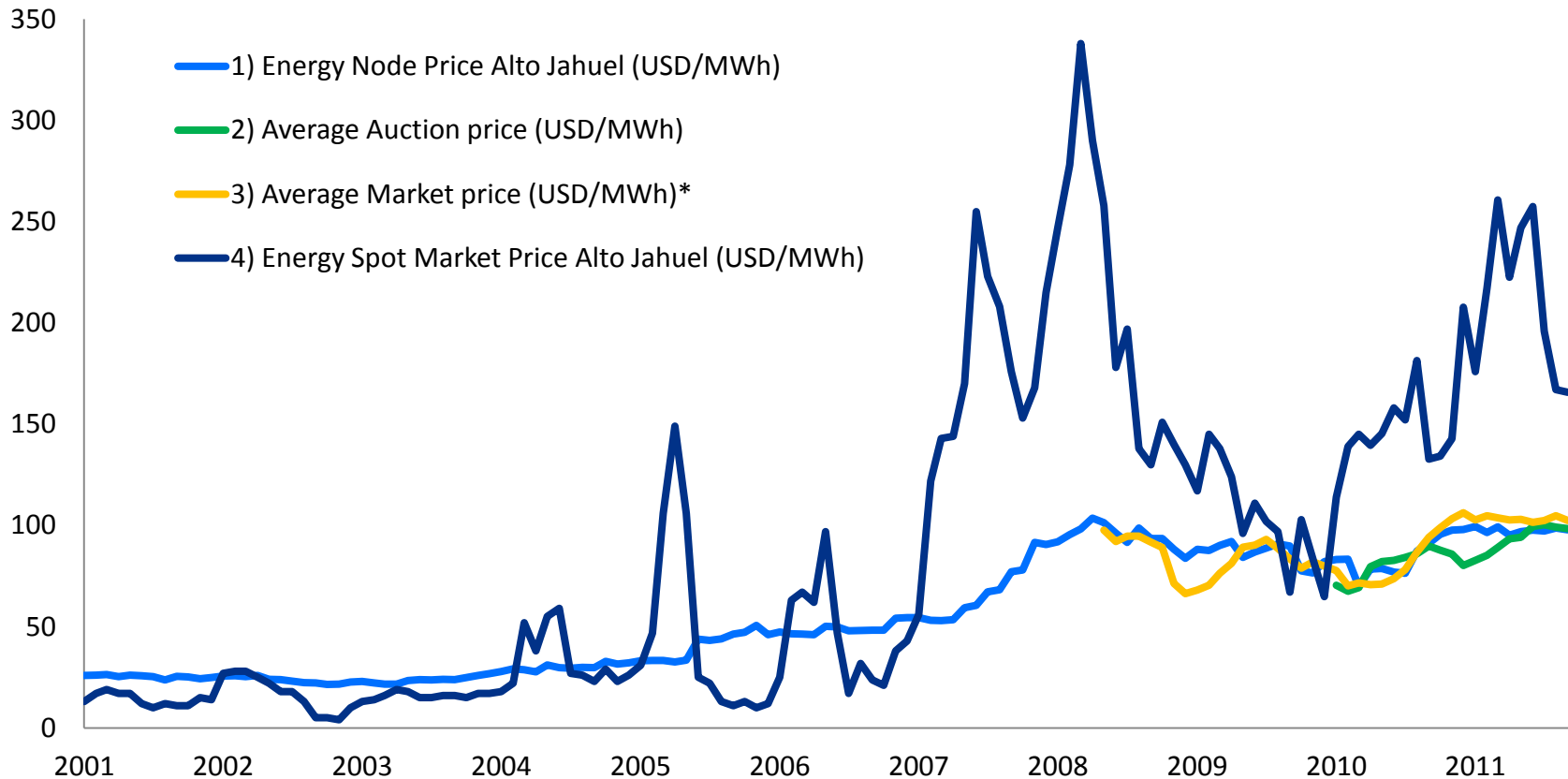
All facilities are also paid a capacity charge for being available

Dispatch Scheme



Evolution of electricity prices

Electricity Prices-SIC (USD/MWh)

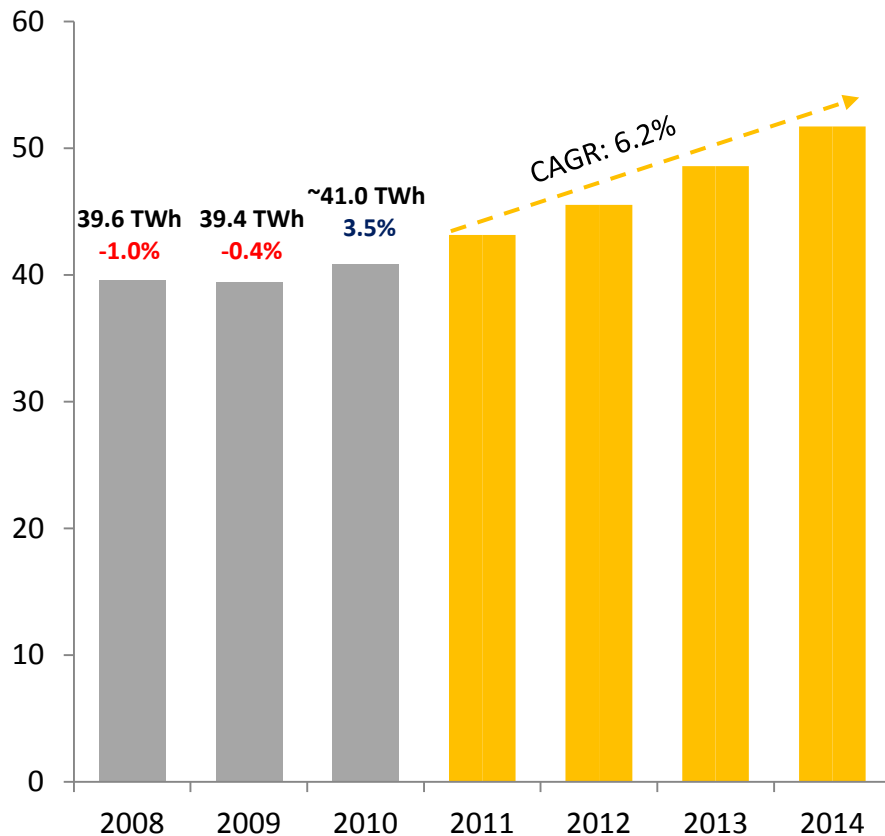


Source: "Costos reales marginales mensuales Alto Jahuel", CDEC/ Colbún; "Historia precios nudos", CNE; "Informes Mensuales Systepl", www.systepl.cl

Note (*): The market Price is calculated by the Regulator upon information provided by all generation companies. This average price does not include the capacity charge component.

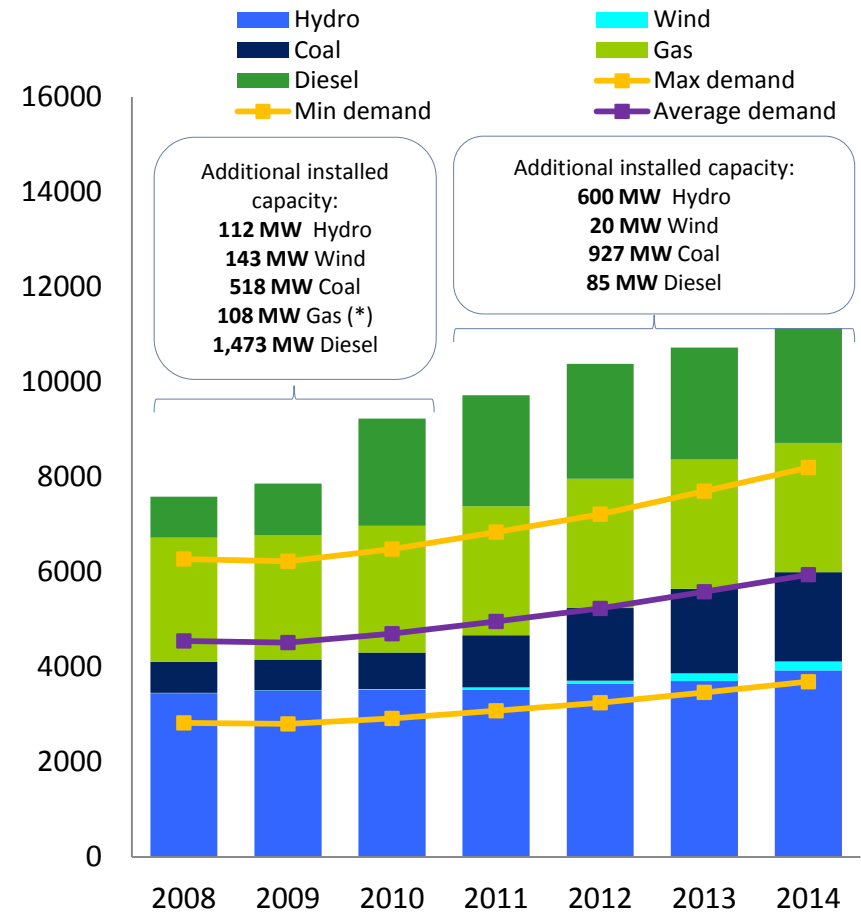
Demand and Supply: what to expect in the coming years

Electricity Demand - SIC (TWh)



Source: "Informe Técnico Definitivo Fijación Precio Nudo SIC", CNE/Colbún, October 2011

Available Power by type - SIC (MW)



Source: "Informe Técnico Definitivo Fijación Precio Nudo SIC", CNE/Colbún, October 2011
 (*) Real gas output depends on fuel availability



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Our expansion plan



Our projects under construction

SANTA MARIA I COAL POWER PLANT: 342 MW

Coronel, Biobío Region

TOTAL INVESTMENT: 748 MMUSD
SPENT AS OF SEPTEMBER 2011: 689 MMUSD
ADVANCE SEPTEMBER 2011: 99%

ESTIMATE START OF OPERATION: 4Q2011

ANGOSTURA HYDRO POWER PLANT: 316 MW

Santa Barbara and Quilaco, Biobío Region

TOTAL INVESTMENT: 668 MMUSD
SPENT AS OF SEPTEMBER 2011: 218 MMUSD
ADVANCE SEPTEMBER 2011: 46%

ESTIMATE START OF OPERATION: 2013

TOTAL INVESTMENT(*):
1,416 MMUSD

SPENT AS OF SEPTEMBER 2011(*):
907 MMUSD

SANTA MARIA I

ANGOSTURA

SAN PEDRO

SAN PEDRO HYDRO POWER PLANT: 150 MW

Riñihue Lake, Los Ríos Region

TOTAL INVESTMENT: Under revision
SPENT AS OF SEPTEMBER 2011: 112 MMUSD

ESTIMATE START OF OPERATION: Under revision

Drivers of Colbún's commercial policy

DRIVER 1

CONTRACT LEVEL

Define optimal Contract Level



Hydro capacity

(Output of a medium-dry year)

+

Efficient thermal capacity

(Output of coal-fueled plant)

DRIVER 2

SALE PRICE INDEXATION

Incorporate indexation formulas of sale prices



that reflect

our cost structure

(CPI, Coal, Diesel, Spot Price)

DRIVER 3

RISK MANAGEMENT

Proactive and dynamic management



to protect from risks:

- 1) Hydrologic conditions
- 2) Fuel prices
- 3) Transmission
- 4) Project execution
- 5) Litigation
- 6) Environmental and social

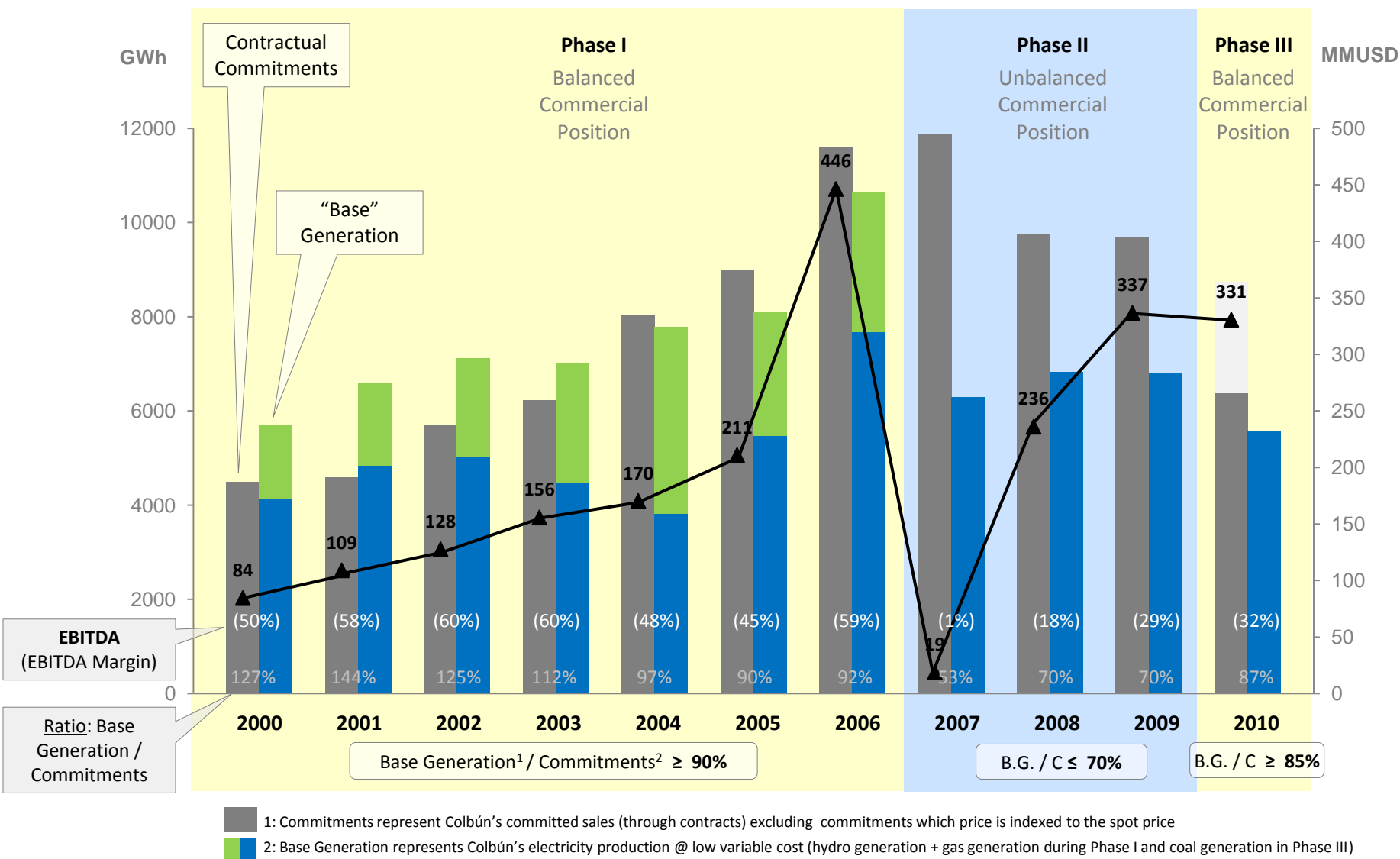
Supply secure and competitive energy to our customers

Maximize Returns from our current and future assets

Manage structural and extrinsic **Risks**

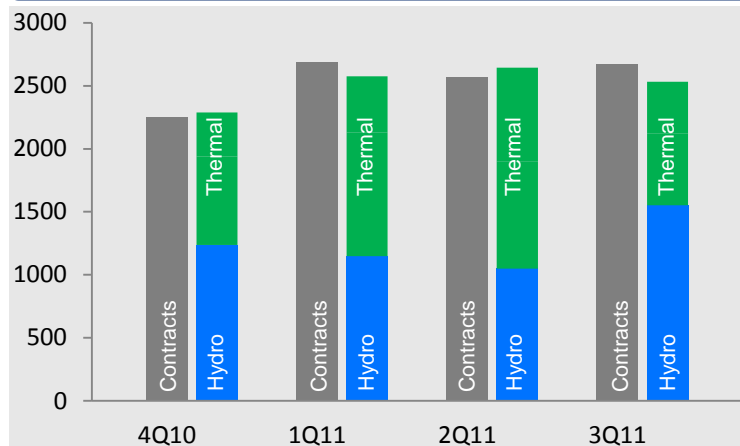
COMMERCIAL GOALS

Evolution of Colbún's Business Model

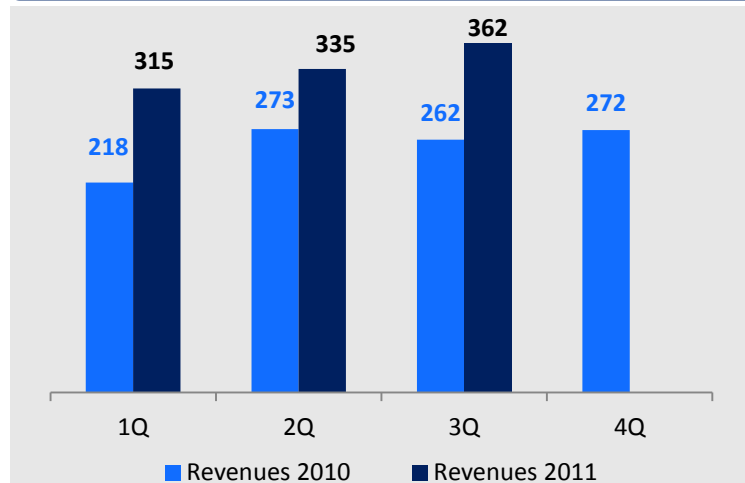


A brief look at LTM

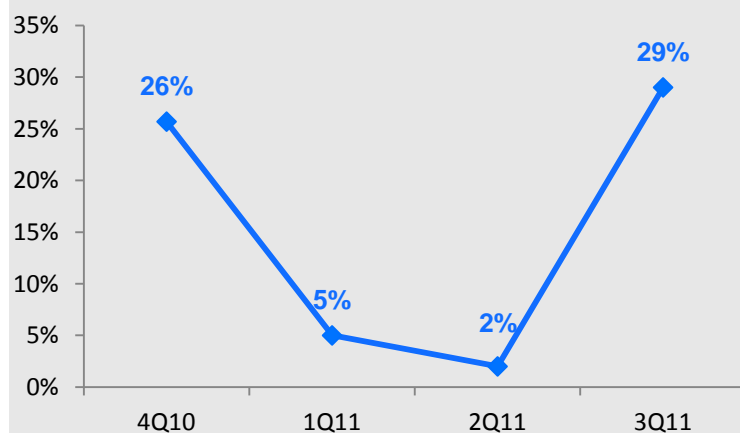
Sales vs. Generation - quarterly (GWh)



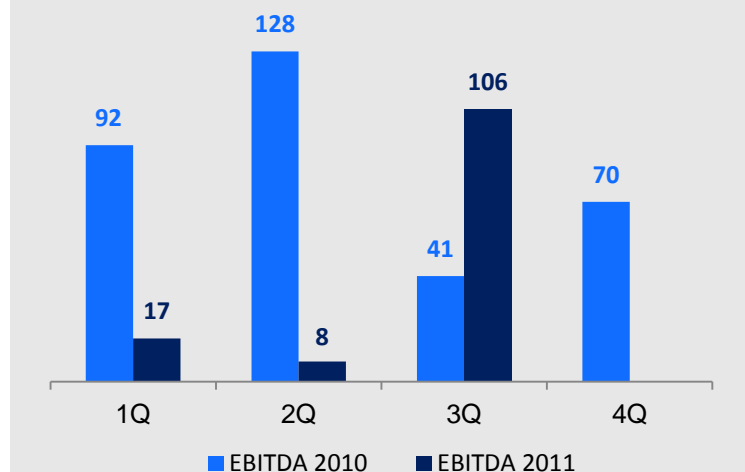
Revenues - quarterly (MMUSD)



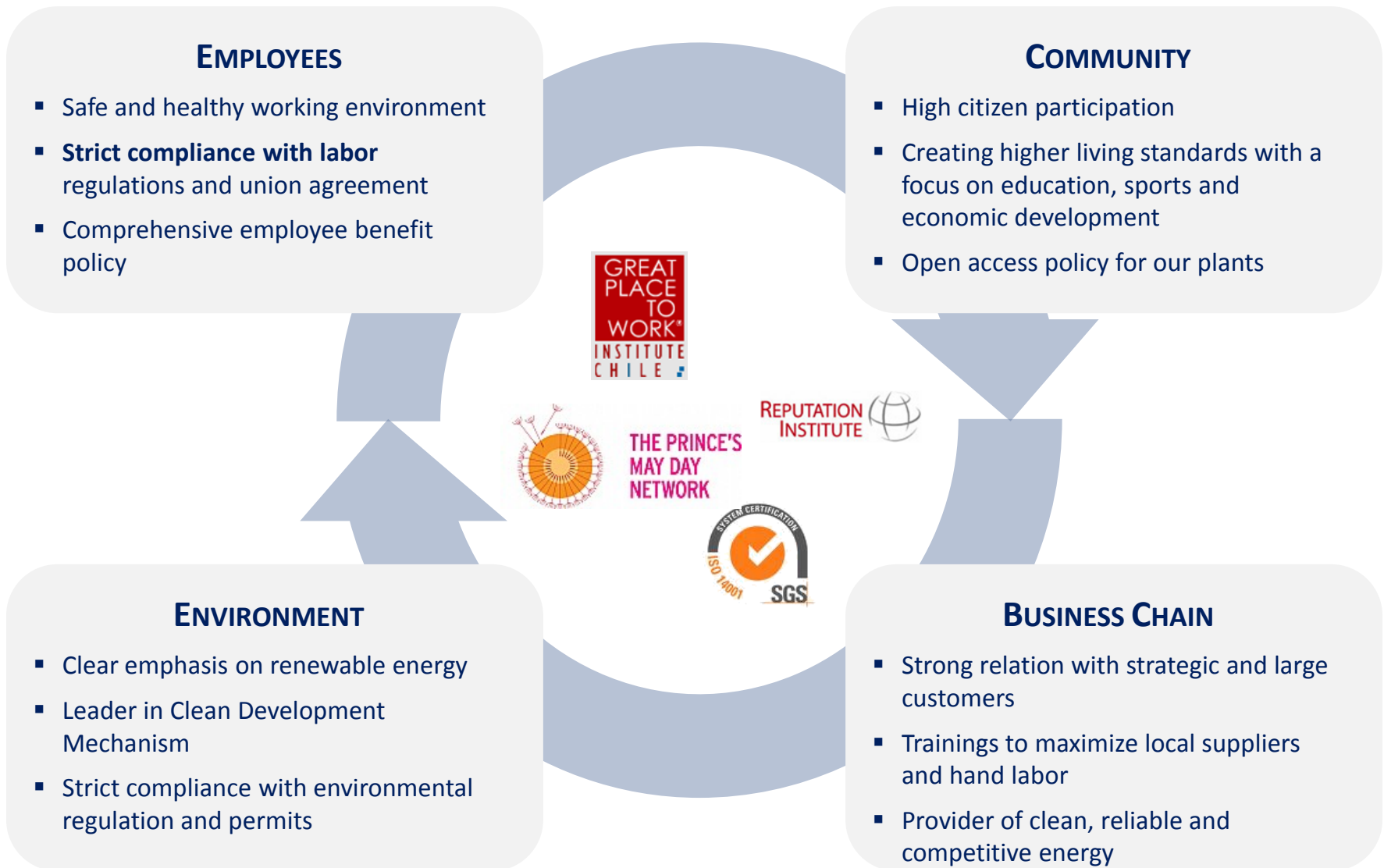
EBITDA margin - quarterly (%)



EBITDA - quarterly (MMUSD)



Colbún: creating shared value





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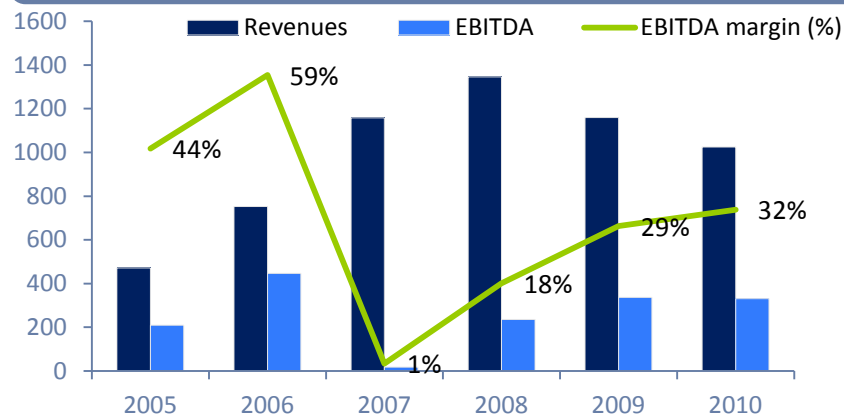
Chilean Electricity Sector

Business Strategy

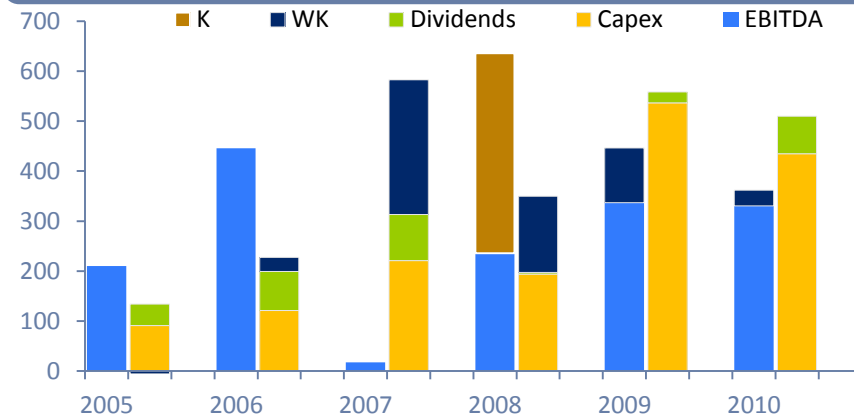
Financial Profile

Historical key financial indicators

Revenues, EBITDA (MMUSD) & EBITDA Margin



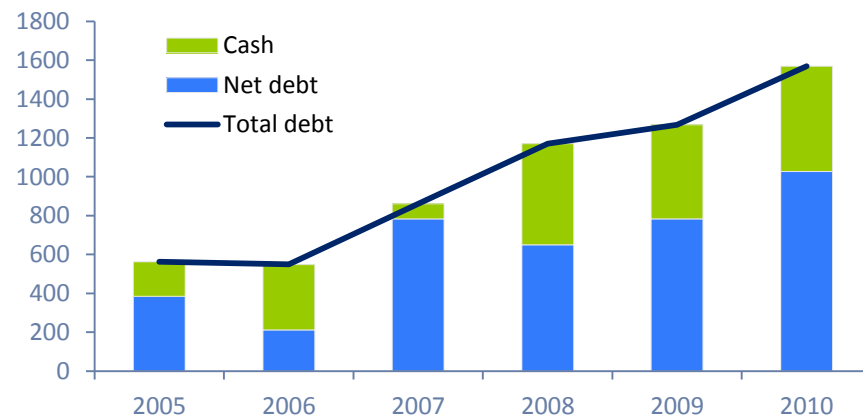
EBITDA, Capex, Dividends, ΔWK & ΔK (MMUSD)



Key Credit Metrics

	2005	2006	2007	2008	2009	2010
Total debt to total capital (%)	22.0	18.8	26.0	25.0	26.0	21.4
Net debt to EBITDA (x)	1.8	0.4	36.6	2.3	2.1	3.1
EBITDA interest coverage (x)	7.8	14.3	0.5	3.9	6.5	6.7

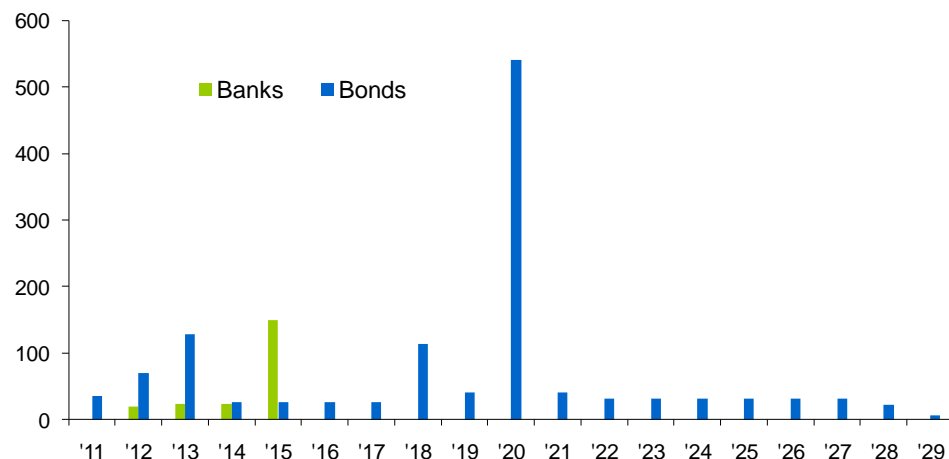
Cash, Debt & Net Debt (MMUSD)



Conservative Financial Strategy:

Smooth debt profile coupled with a strong liquidity position

Amortization Schedule of LT Debt (MMUSD)



Liquidity Position

Cash

USD 250 million of cash and cash equivalents as of September 2011.

Committed lines

Committed back-up facility of USD 200 million (unused) signed with local counterparties. Plan to maintain a similar level of back-up liquidity facilities during the CAPEX period

Other sources of liquidity

Access to additional USD 200 million in credit lines facilities and a registered commercial paper program, which we use from time to time for working capital optimization purposes

Balance Sheet as of Sep. 2011 (MMUSD)

<u>Current Assets</u>	<u>767</u>
Cash and equivalents	248
Accounts receivable	243
<i>Normal sales</i>	156
<i>Sales to regulated customers w/o contracts (ST)</i>	9
<i>Others</i>	78
Recoverable taxes	189
Other current assets	88
<u>Non-Current Assets</u>	<u>4.859</u>
Property, Plant and Equipment	4.596
Other non-current assets	263
Total Assets	5.626
Current Liabilities	329
Long-Term Liabilities	1.870
Shareholders' Equity	3.427
Total Liabilities and Shareholders' Equity	5.626

