



COMPANY PRESENTATION

**3^{era} Cumbre Latinoamericana
Corpbanca**

November 14th & 15th, 2012





Agenda

Company Overview

Chilean Electricity Sector

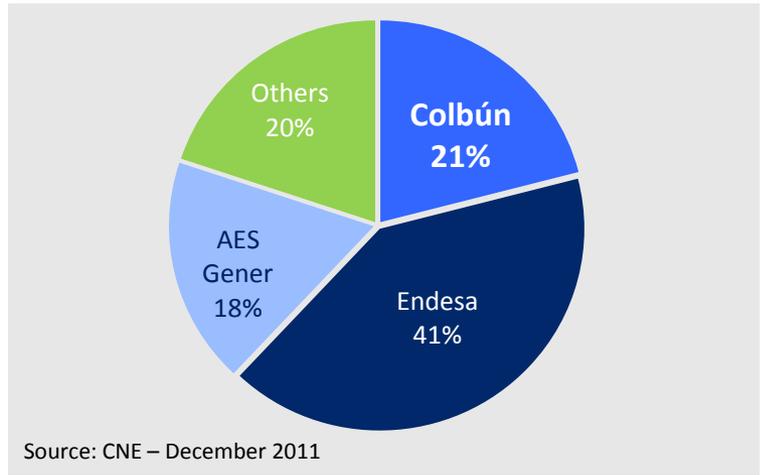
Business Strategy

Financial Profile

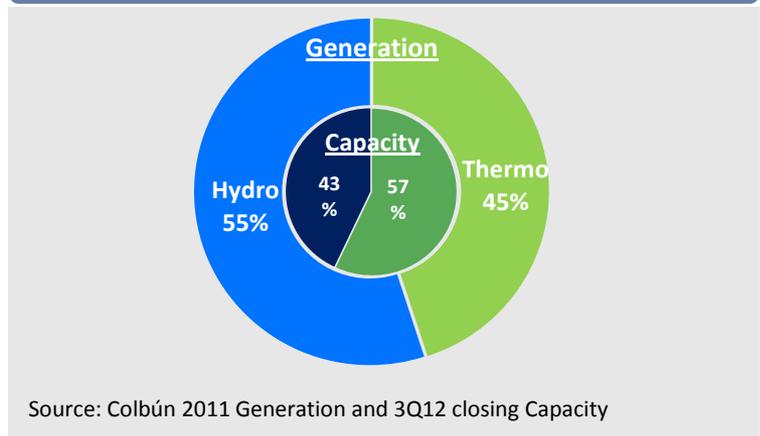
Colbún at a glance

- Business → Power Generation & Trade
- Size → 2nd largest generator in Chile's Central Grid (SIC), with over 20% market share (MW).
The SIC covers 90% of the population
- Capacity → 2,962 MW
57% thermal and 43% hydro
- Generation → 9,781 GWh in 2011
45% thermal and 55% hydro
- Assets → 15 hydro plants in 4 different basins
7 thermal plants in 4 different regions
- People → 961 employees as of September'12
- Results → EBITDA of USD 204.7 million in 2011
EBITDA of USD 242.6 million LTM
Revenues of USD 1.3 billion in 2011
Revenues of USD 1.3 billion LTM

Market Share (as a % of Installed Capacity) - SIC



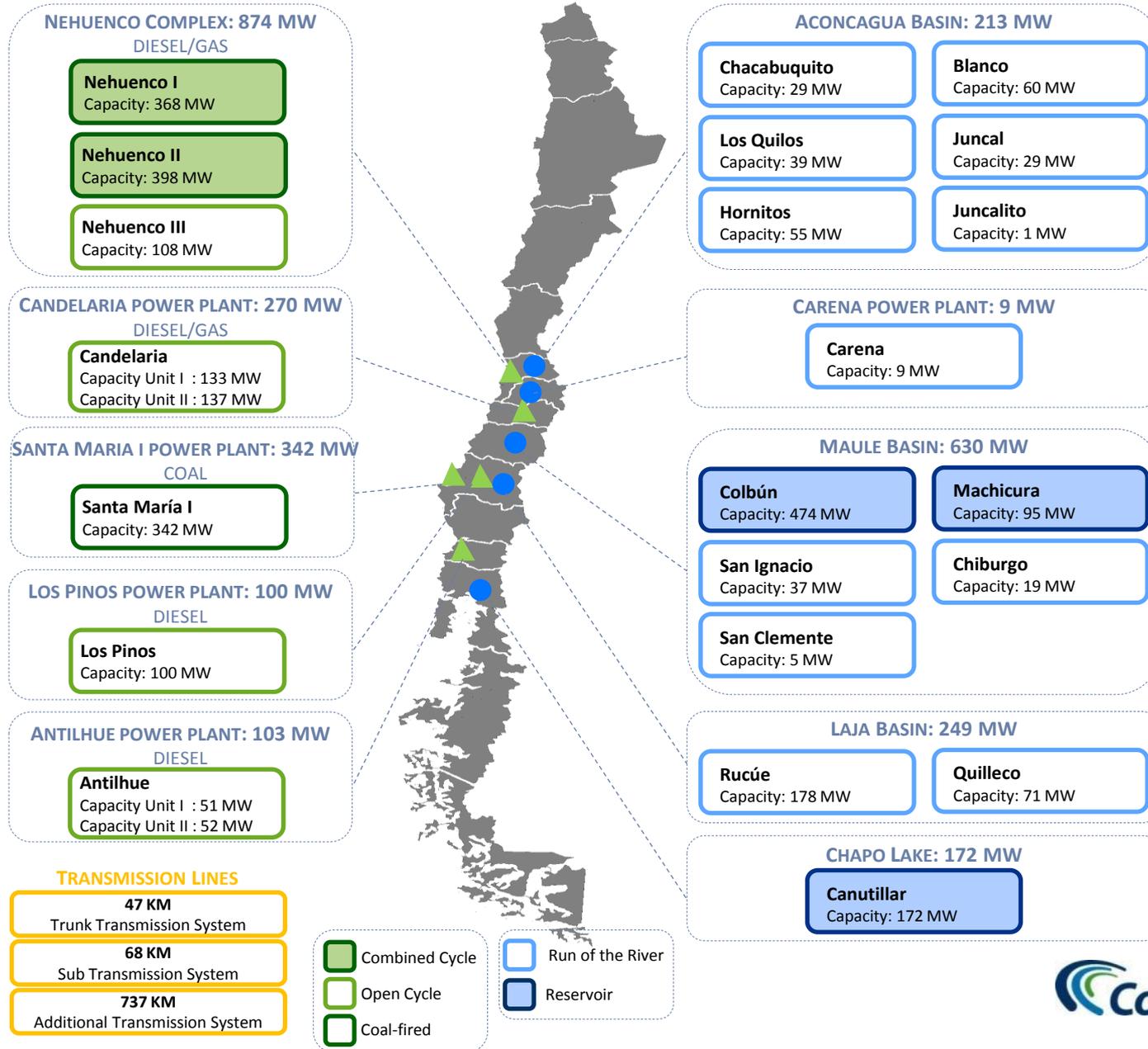
Generation (GWh) and Installed Capacity (MW)



7 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

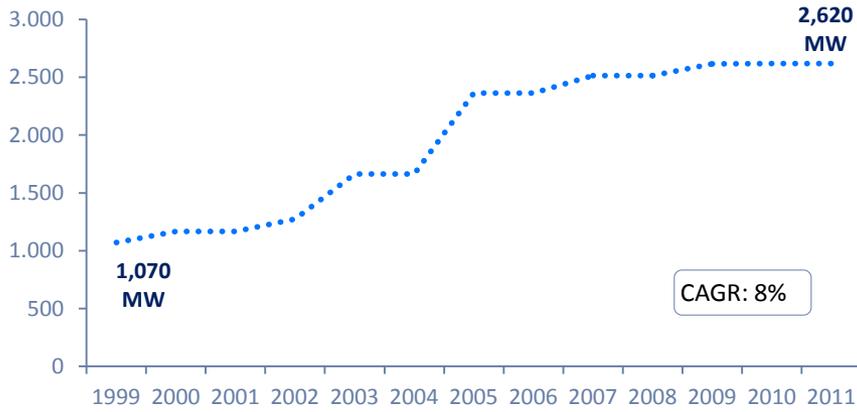
CMPC
Procart



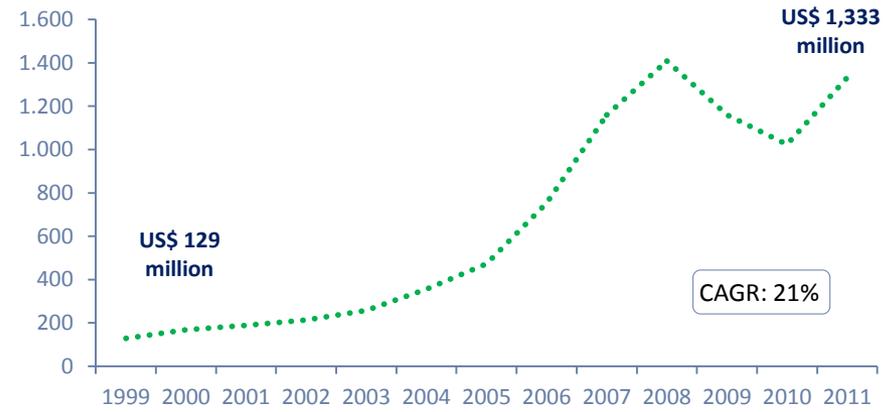
UN-REGULATED CUSTOMERS

Colbún has grown steadily over the past decade

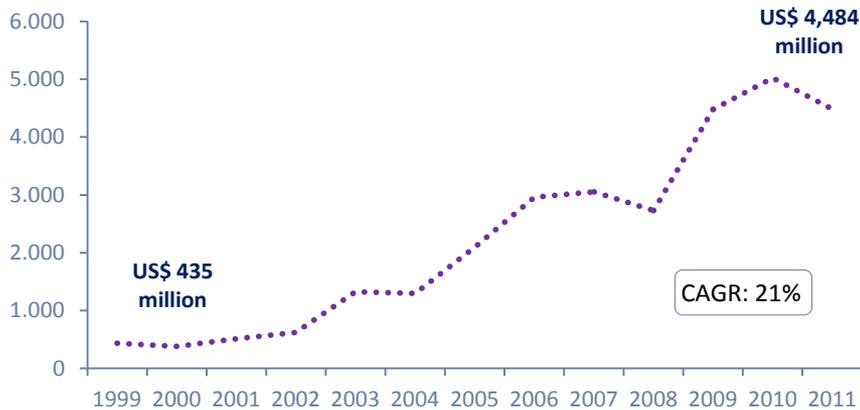
Capacity (MW)



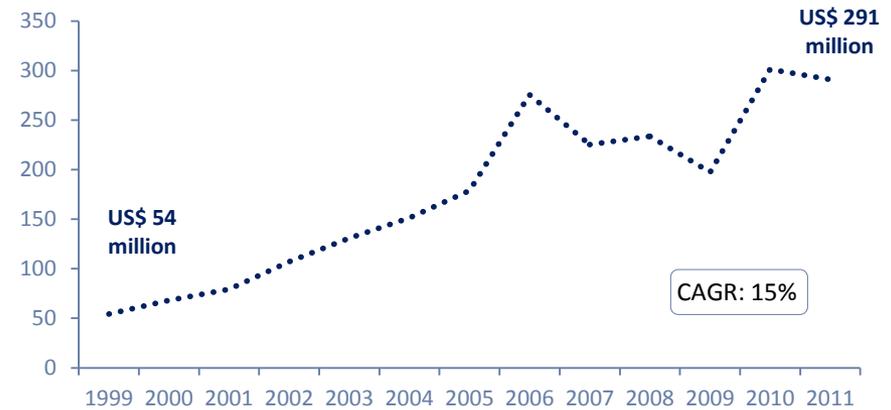
Total Operating Revenues (MMUSD)



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.

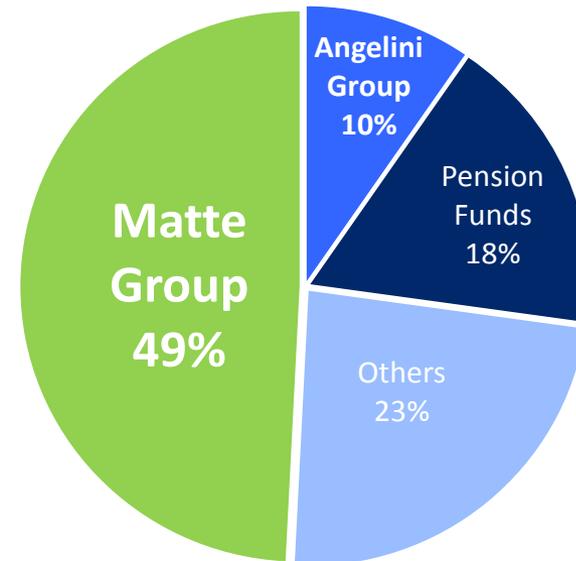
GOVERNANCE

4 out of 9 are independent directors.

ACCOUNTING STANDARDS

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

Ownership Structure



Source: Colbún, December 2011



Agenda

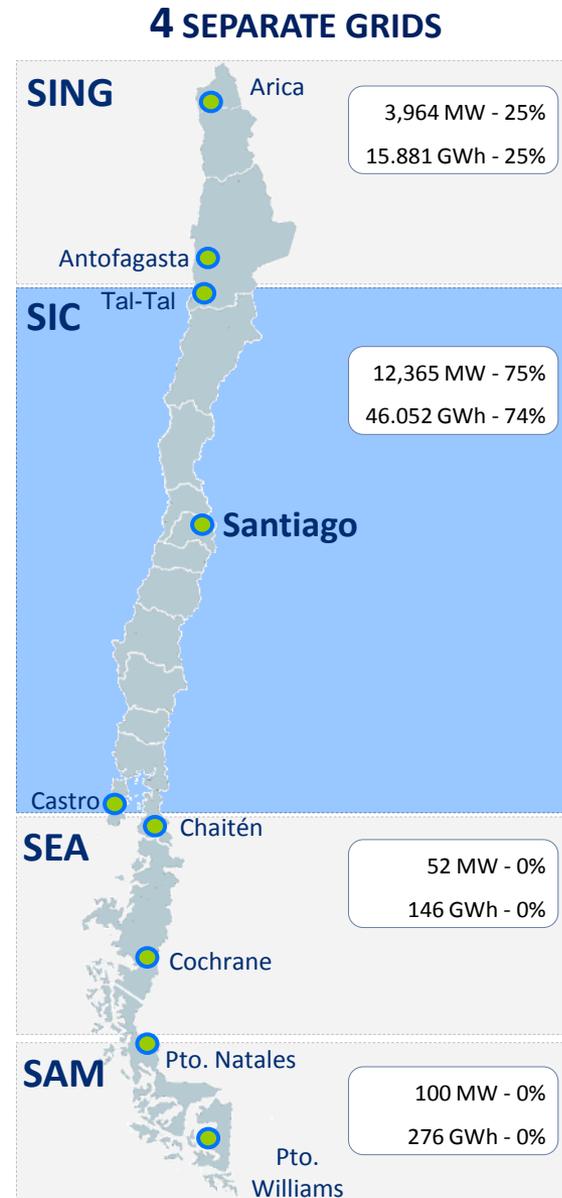
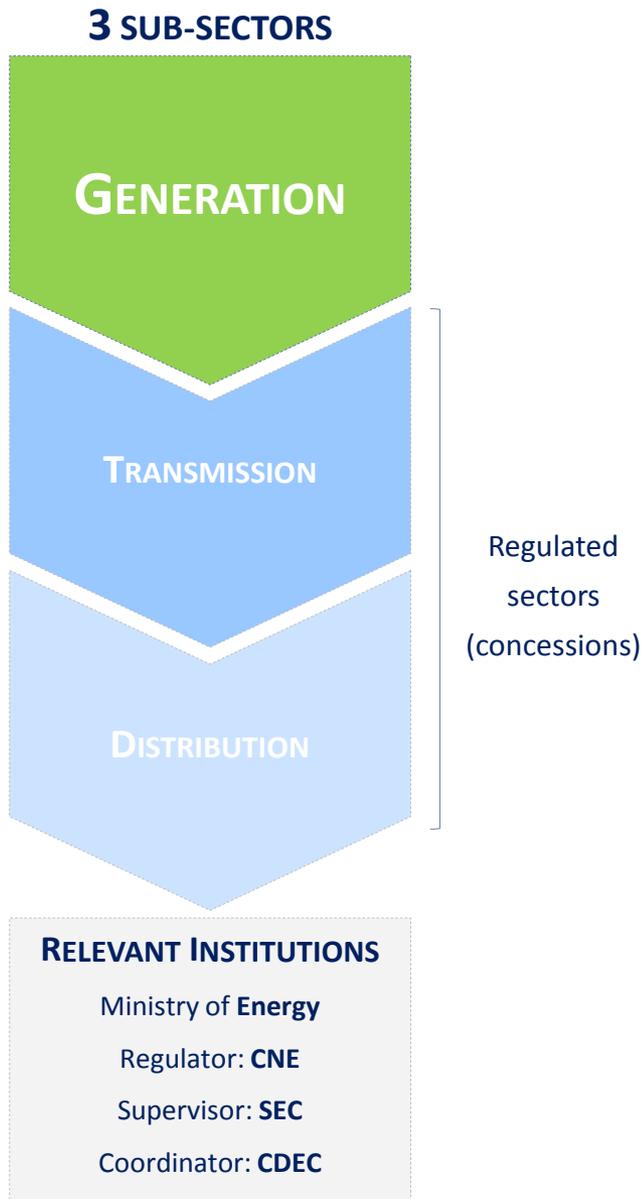
Company Overview

Chilean Electricity Sector

Business Strategy

Financial Profile

Sector Segmentation



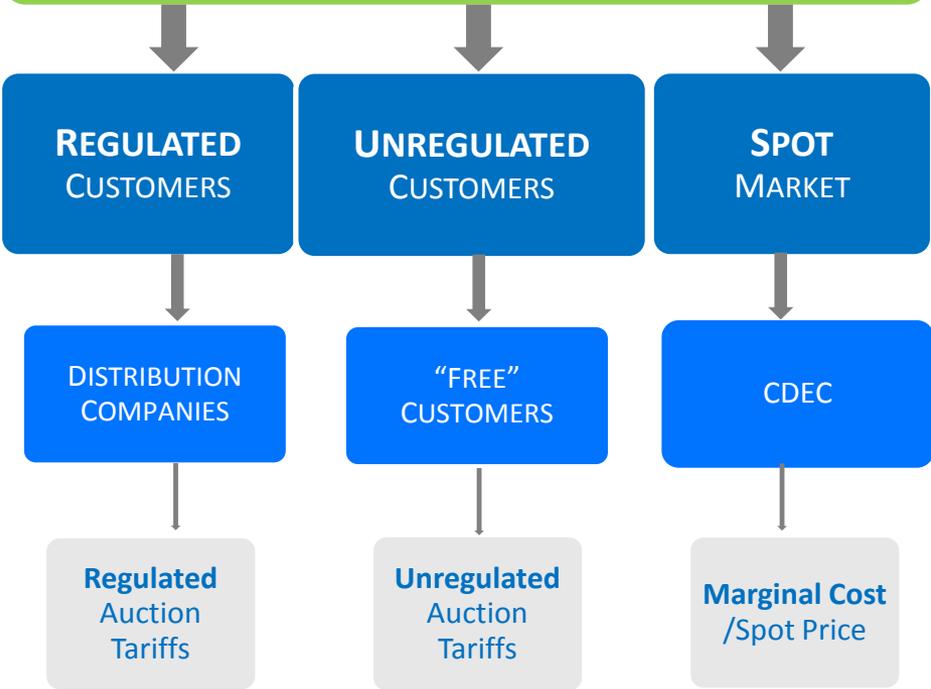
Source: CNE, December 2011



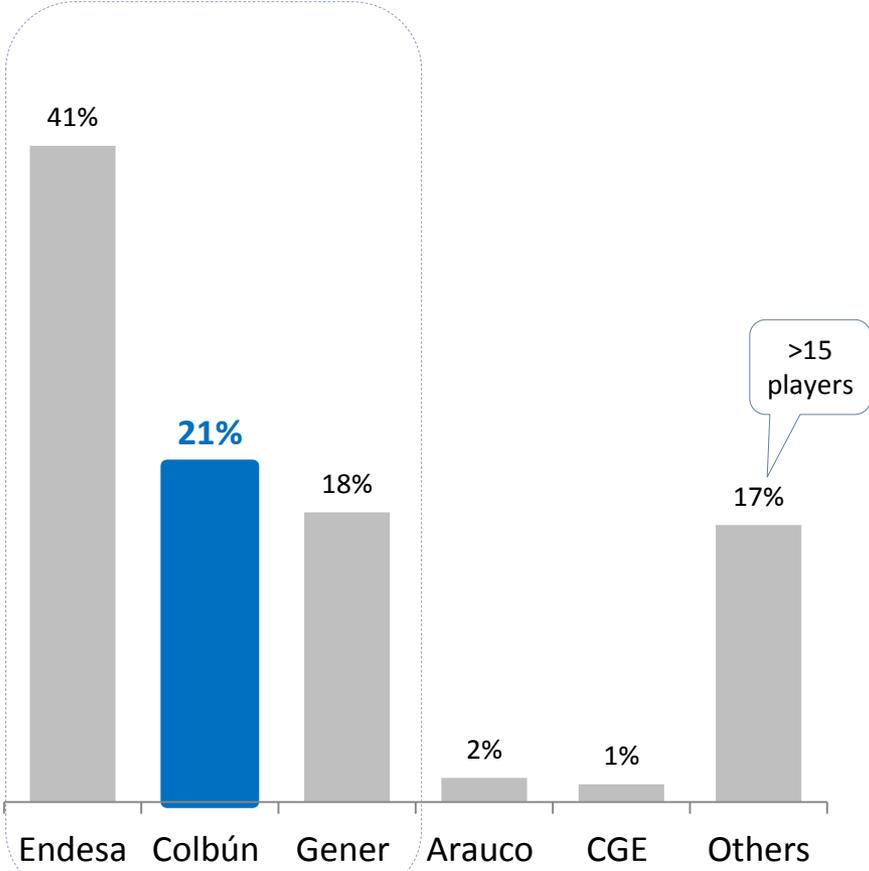
Market Structure

Electricity Market Structure

GENERATORS



Main Players in the Generation Sector-SIC

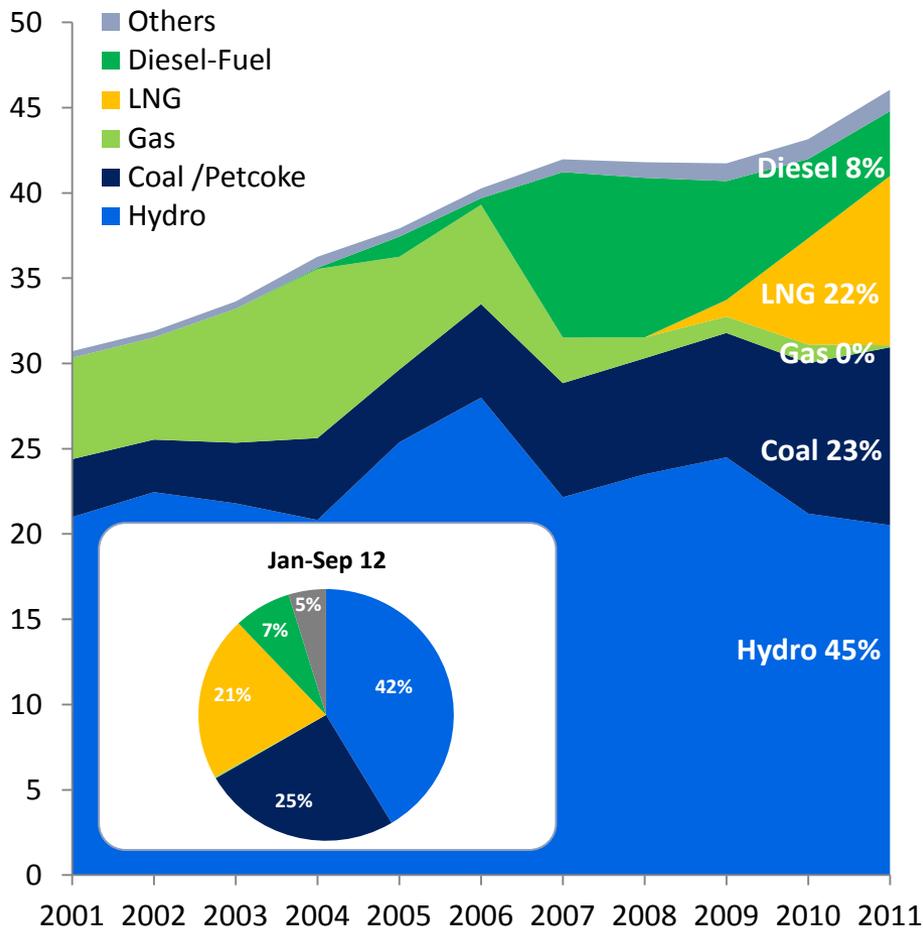


Source: "Capacidad Empresas Generadoras CDEC, December 2011



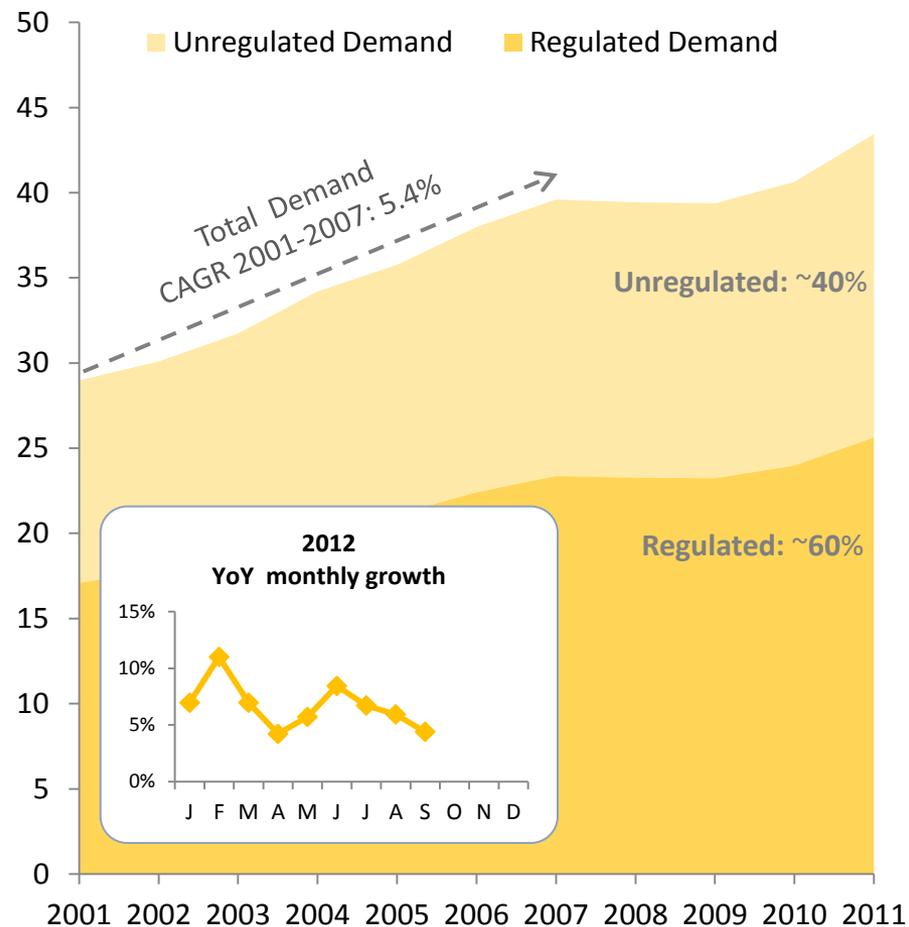
Evolution of Power Generation and Demand in the SIC

Annual Power Generation – SIC (TWh)



Source: "Generación Bruta en el SIC", CNE/Colbún, 2012.

Annual Electricity Demand – SIC (TWh)



Source: "Producción Real por Sistema", CNE/Colbún, 2012
 "Informe Técnico Definitivo SIC", CNE, October 2011
 "Informe Systeem", Systeem, 2012



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

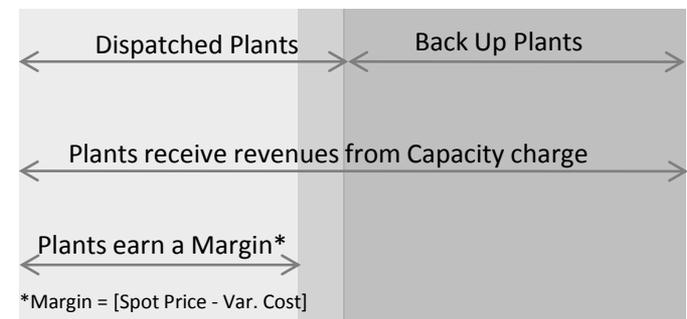
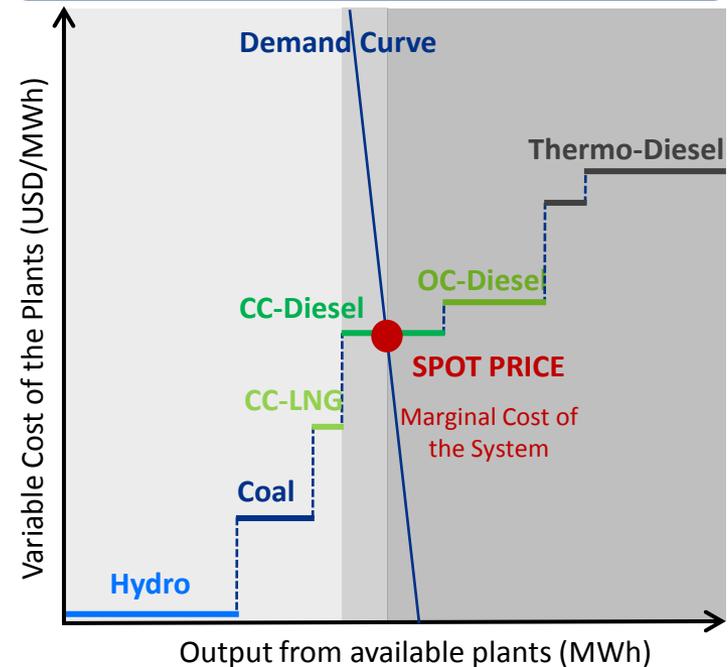
- 3) Market Price:** free price settled by both parties for bilateral contracts

OTHER GENERATORS

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

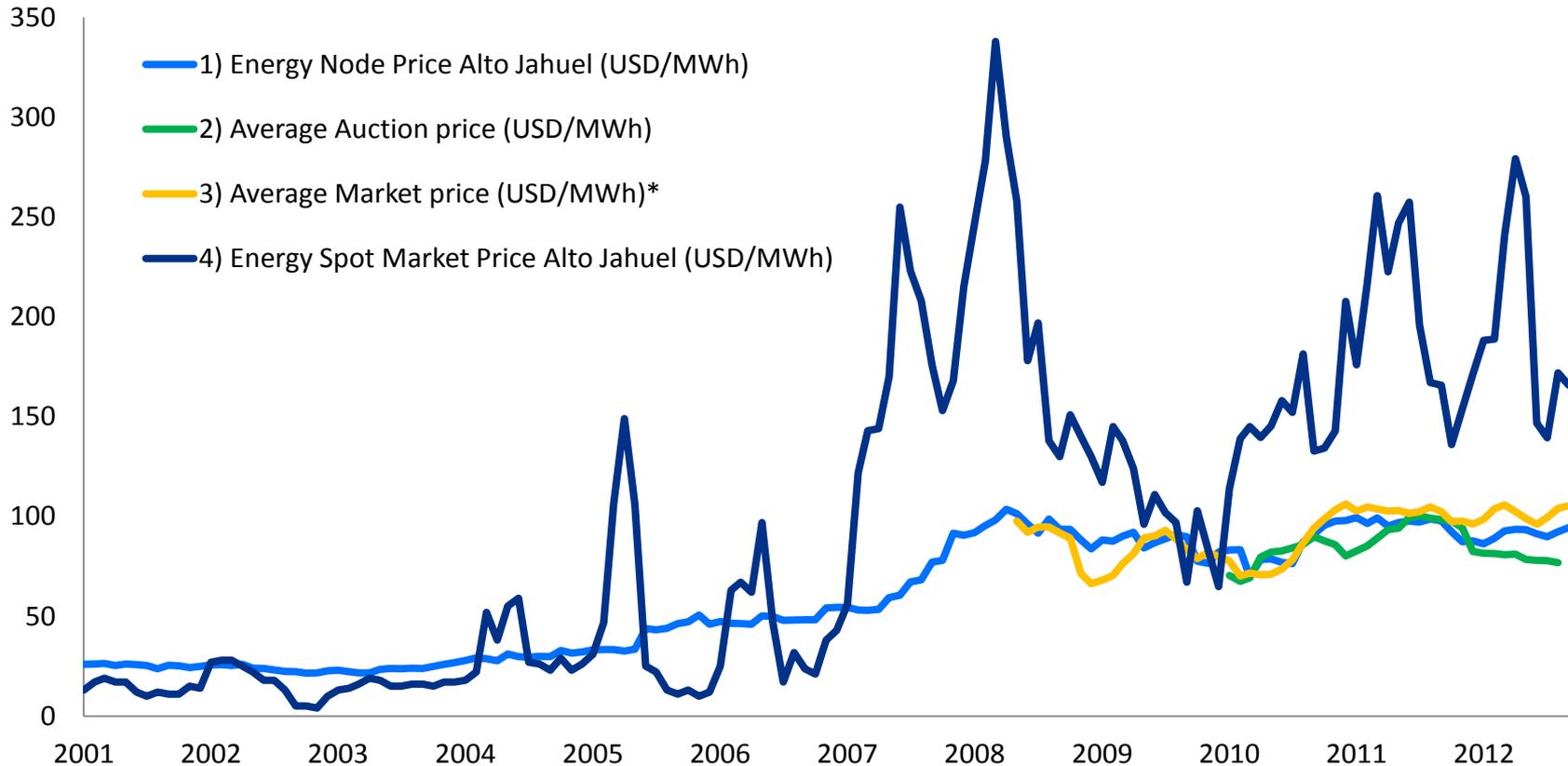
All facilities are also paid a capacity charge for being available

Dispatch Scheme



Evolution of electricity prices

Electricity Prices-SIC (USD/MWh)

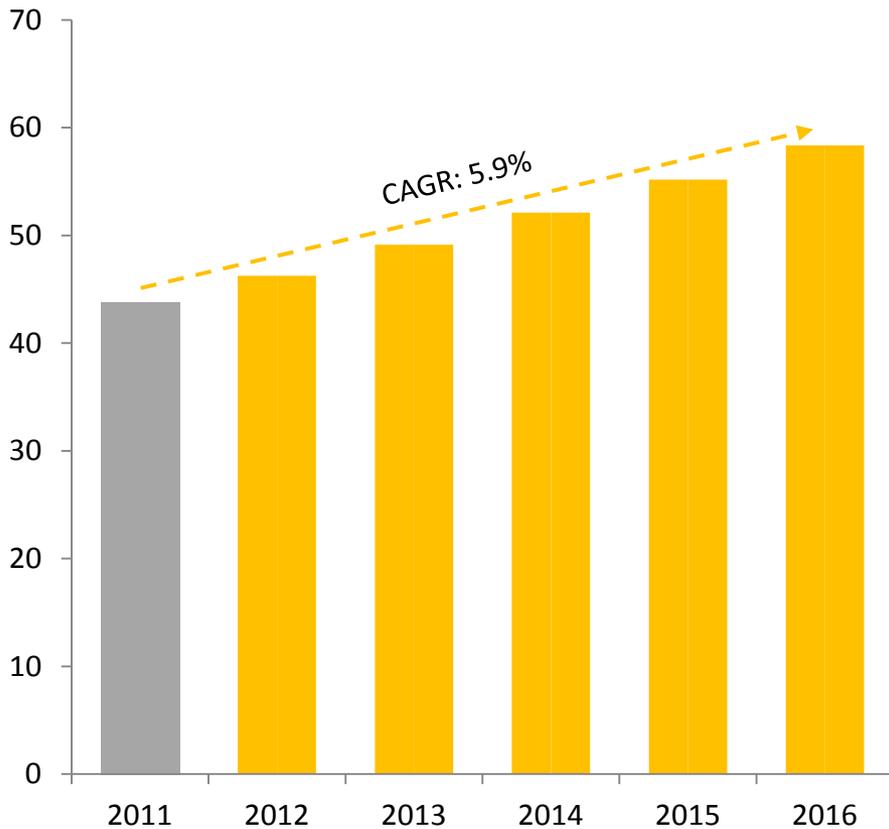


Source: "Costos reales marginales mensuales Alto Jahuel", CDEC/ Colbún; "Historia precios nudos", CNE; "Informes Mensuales Systepl", www.systepl.cl

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.

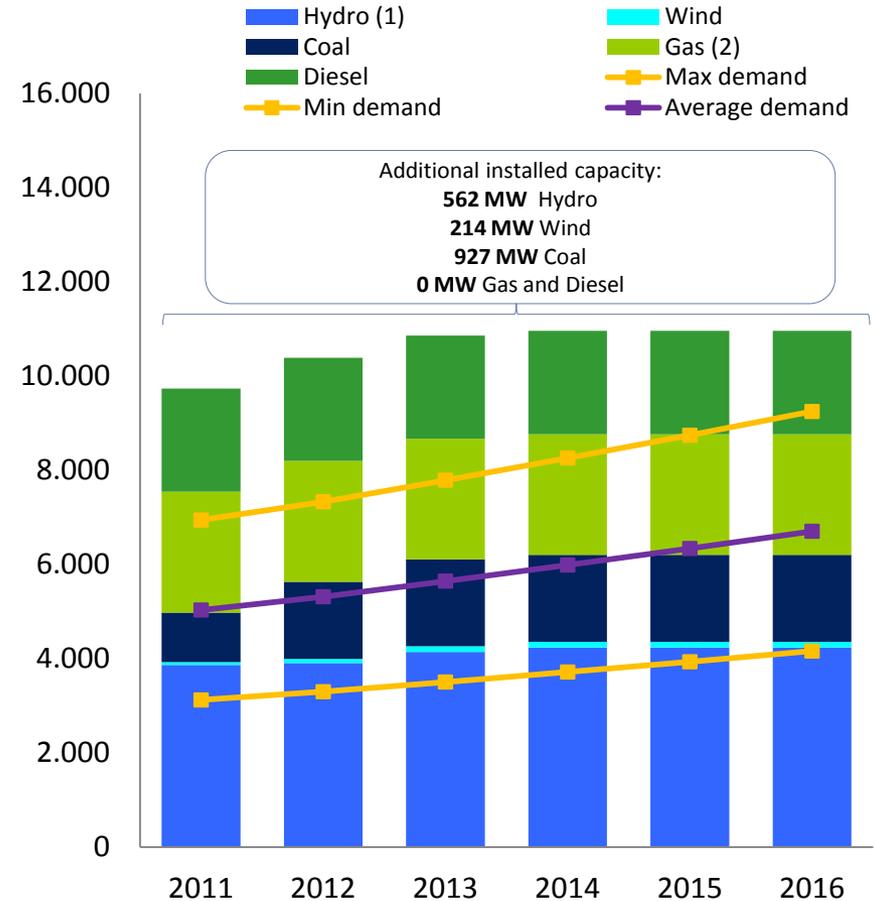
Demand and Supply: what to expect in the coming years

Electricity Demand - SIC (TWh)



Source: "Informe Técnico Definitivo Fijación Precio Nudo SIC", CNE/Colbún, April 2012

Available Power by type - SIC (MW)



Source: "Informe Técnico Definitivo Fijación Precio Nudo SIC", CNE/Colbún, April 2012

(1) Considering normal hydro conditions

(2) Real gas output depends on fuel availability





Agenda

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Who are we?



We are a Chilean company, leader in the generation of reliable, competitive and sustainable energy

What do we do?



We seek to **generate long-term value** by developing projects and managing power infrastructure to meet the country's energy demand.



Strategic Pillars



 Value Chain

The diagram illustrates a three-stage value chain. It consists of three blue chevron-shaped boxes pointing to the right, each containing a stage name. Below each stage is a grey rectangular box listing key components. At the bottom, a wide blue bar contains the word 'Sustainability' and the phrase 'Value & Trust'.

Project
Development

Operational
Excellence

Risk / Return
Profile

**Multidimensional
challenge:**

Technical
+
Environmental / Social
+
Financial

**High
standards:**

Reliability
+
Security
+
Environmental

**Risk / return profile
combining:**

Commercial policy
+
Financial strength
+
Risk management

Sustainability
Value & Trust

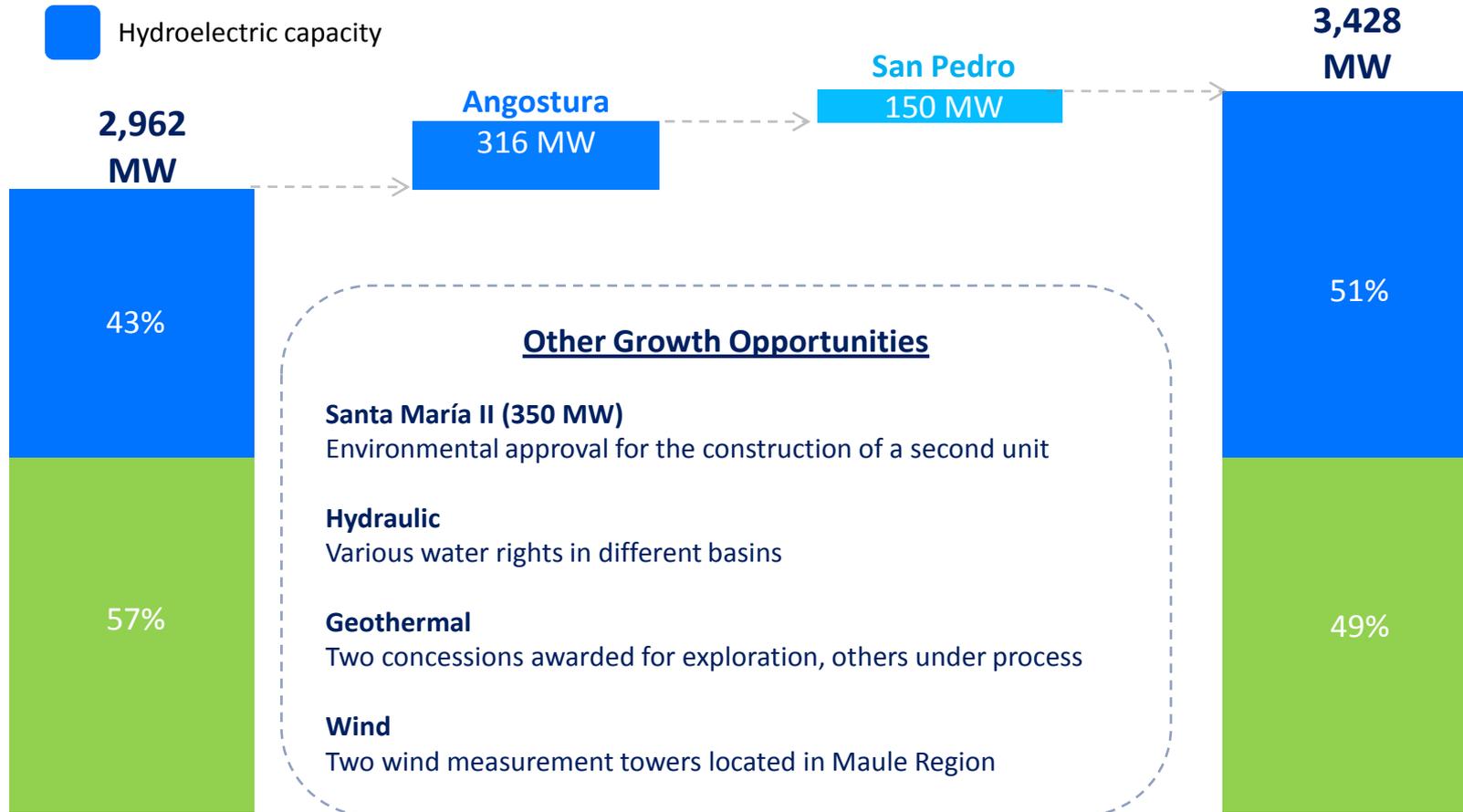
Colbún: a sustainable partner



Our expansion plan

 Thermoelectric capacity

 Hydroelectric capacity



Our projects under development



ANGOSTURA HYDRO POWER PLANT: 316 MW

Santa Barbara and Quilaco, Biobío Region

INVESTMENT POWER PLANT:	675 MMUSD
INVESTMENT TX LINE:	45 MMUSD
SPENT AS OF SEP. 2012:	480 MMUSD
ADVANCE SEP. 2012:	80%

ESTIMATE START OF OPERATION: 4Q2013

SAN PEDRO HYDRO POWER PLANT: 150 MW

Riñihue Lake, Los Ríos Region

INVESTMENT:	Under revision
SPENT AS OF SEP 2012:	112 MMUSD

ESTIMATE START OF OPERATION: Under revision

Commercial policy

1. CONTRACT LEVEL

Define optimal
Contract Level



Hydro capacity

(Output of a medium-dry year)

+

Efficient thermal capacity

(Output of coal-fueled plant)

2. SALE PRICE INDEXATION

Incorporate **indexation**
formulas of sale prices



that reflect
our cost structure

Hydro ↔ CPI

Efficient thermal ↔ Fossil Fuels

Transitional periods ↔ Flexible Price

3. HEDGE PROGRAM

Structure tailor-made
hedge programs



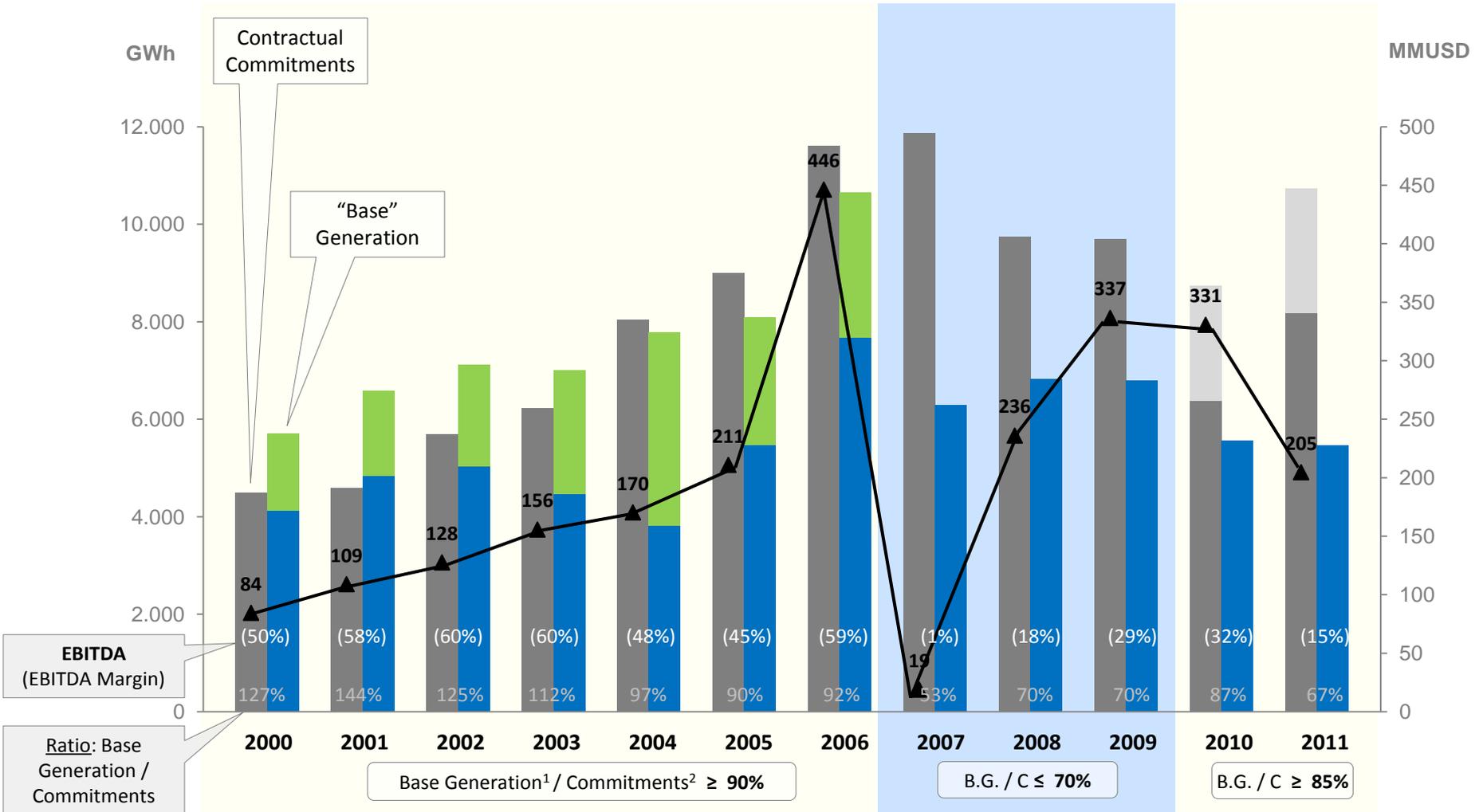
to protect from more
adverse

- 1) Hydrologic conditions
- 2) Fuel prices

COMMERCIAL GOALS

- Supply secure and competitive energy** to our customers
- Maximize returns** from our current and future assets
- Manage volatility** given large renewable component

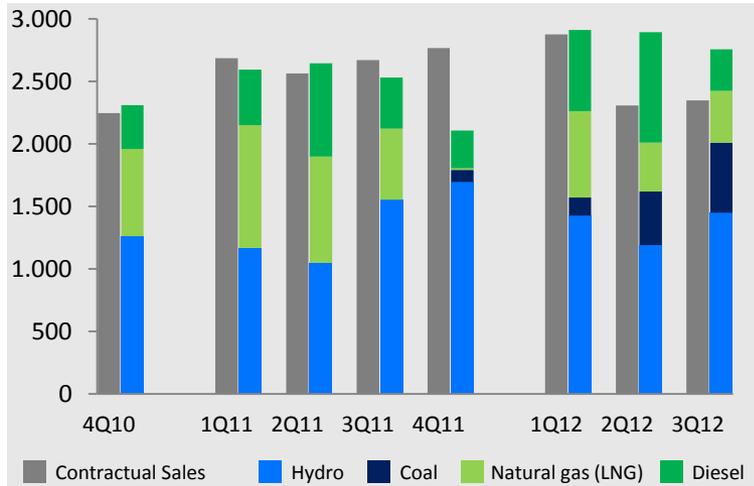
Evolution of Colbún's Business Model



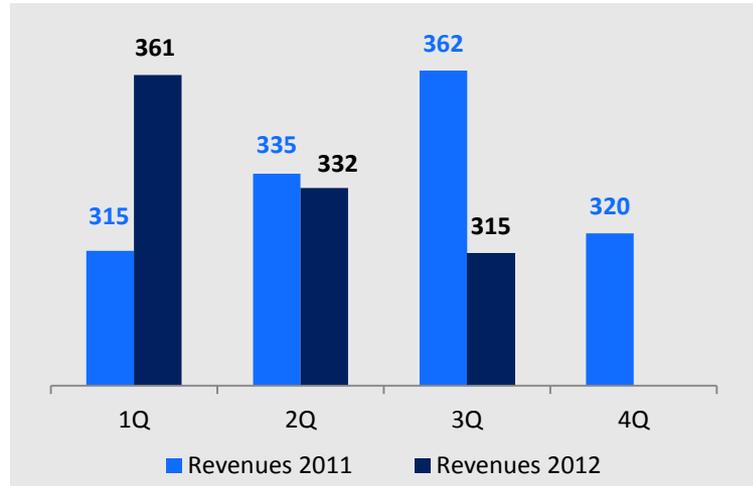
1: Commitments represent Colbún's committed sales (through contracts) excluding commitments which price is indexed to the spot price
 2: Base Generation represents Colbún's electricity production @ low variable cost (hydro generation + gas generation during Phase I and coal generation in Phase III)

A quarterly look at Colbún's results

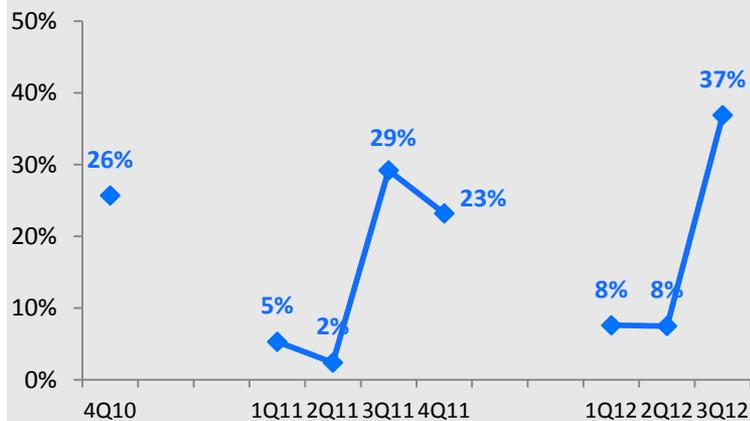
Sales vs. Generation - quarterly (GWh)



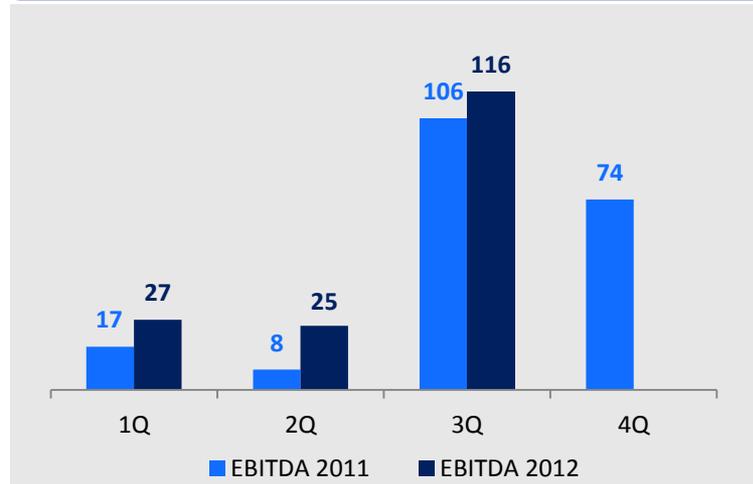
Revenues - quarterly (MMUSD)



EBITDA margin - quarterly (%)



EBITDA - quarterly (MMUSD)





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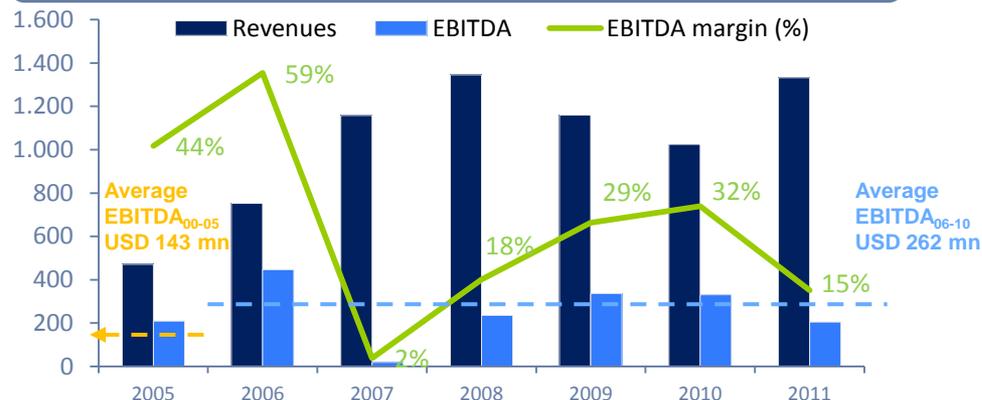
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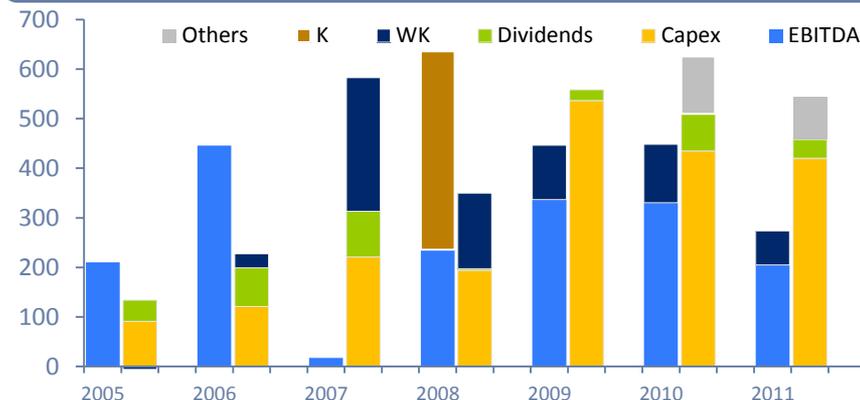
Financial Profile

Historical key financial indicators

Revenues, EBITDA (MMUSD) & EBITDA Margin



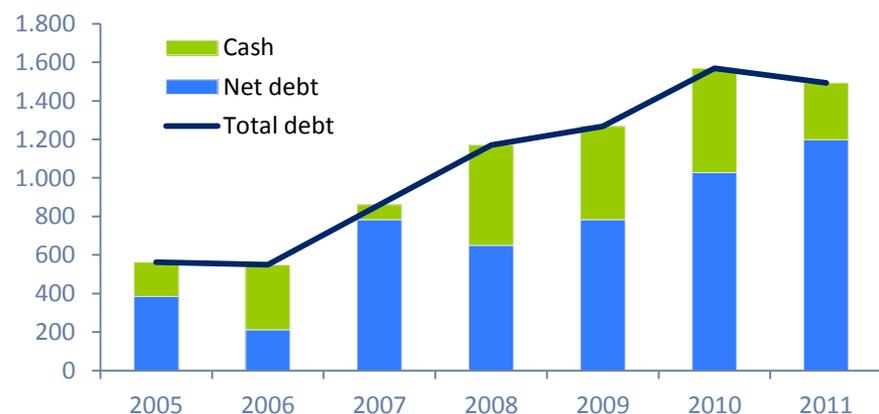
EBITDA, Capex, Dividends, ΔWK & ΔK (MMUSD)



Key Credit Metrics

	2005	2006	2007	2008	2009	2010	2011
Total debt to total capital (%)	22.0	18.8	26.0	25.0	27.0	31.0	30.0
Net debt to EBITDA (x)	1.8	0.4	36.6	2.3	2.3	3.1	5.9
EBITDA interest coverage (x)	7.8	14.3	0.5	3.9	6.5	6.7	7.4

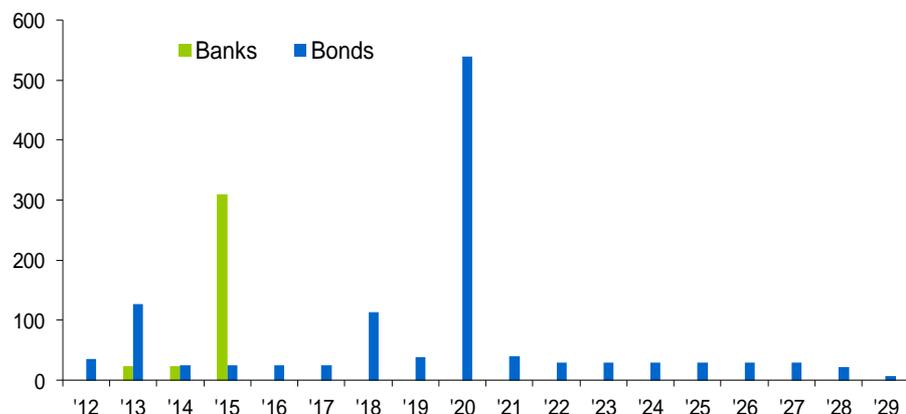
Cash, Debt & Net Debt (MMUSD)



Conservative Financial Strategy:

Smooth debt profile coupled with a strong liquidity position

Amortization Schedule of LT Debt (MMUSD)



Liquidity Position

Cash

USD 281 million of cash and cash equivalents as of September 2012.

Committed lines

Committed back-up facility of UF 8 million (~USD 380 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 150 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 September 2012 (MMUSD)

<u>Current Assets</u>	<u>790</u>
Cash and equivalents	281
Accounts receivable	171
Recoverable taxes	245
Other current assets	92
<u>Non-Current Assets</u>	<u>5,157</u>
Property, Plant and Equipment	4,833
Other non-current assets	324
Total Assets	5,947
Current Liabilities	432
Long-Term Liabilities	2,041
Shareholders' Equity	3,474
Total Liabilities and Shareholders' Equity	5,947

