



COMPANY PRESENTATION

2Q 2013





Agenda

Company Overview

Business Strategy

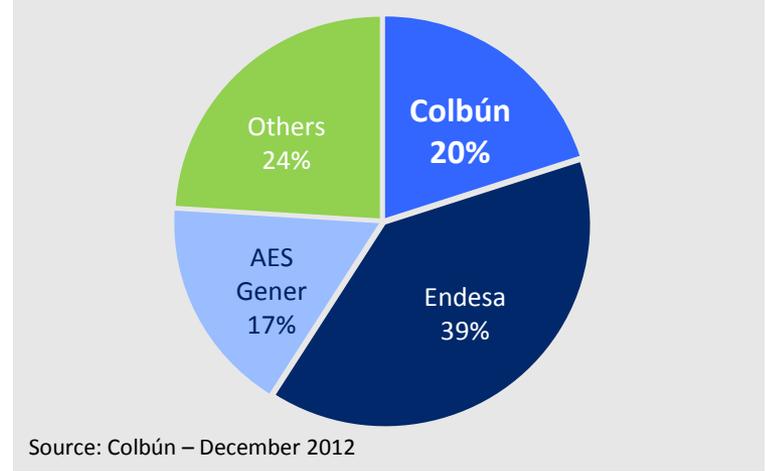
Financial Profile

Chilean Electricity Sector Overview

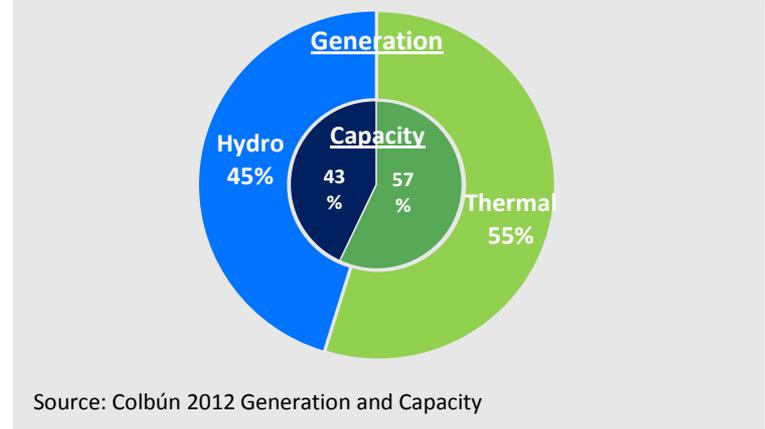
Colbún at a glance

- 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
43% hydro and 57% thermal
- Generation → 11,568 GWh in 2012
45% hydro and 55% thermal
- Power plants → 15 hydro plants in 4 different basins
7 thermal plants in 4 different regions
- People → 976 employees as of March'13
- Results → EBITDA of USD 284 million in 2012
EBITDA of USD 451 million LTM
Revenues of USD 1.4 billion in 2012
Revenues of USD 1.6 billion LTM

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



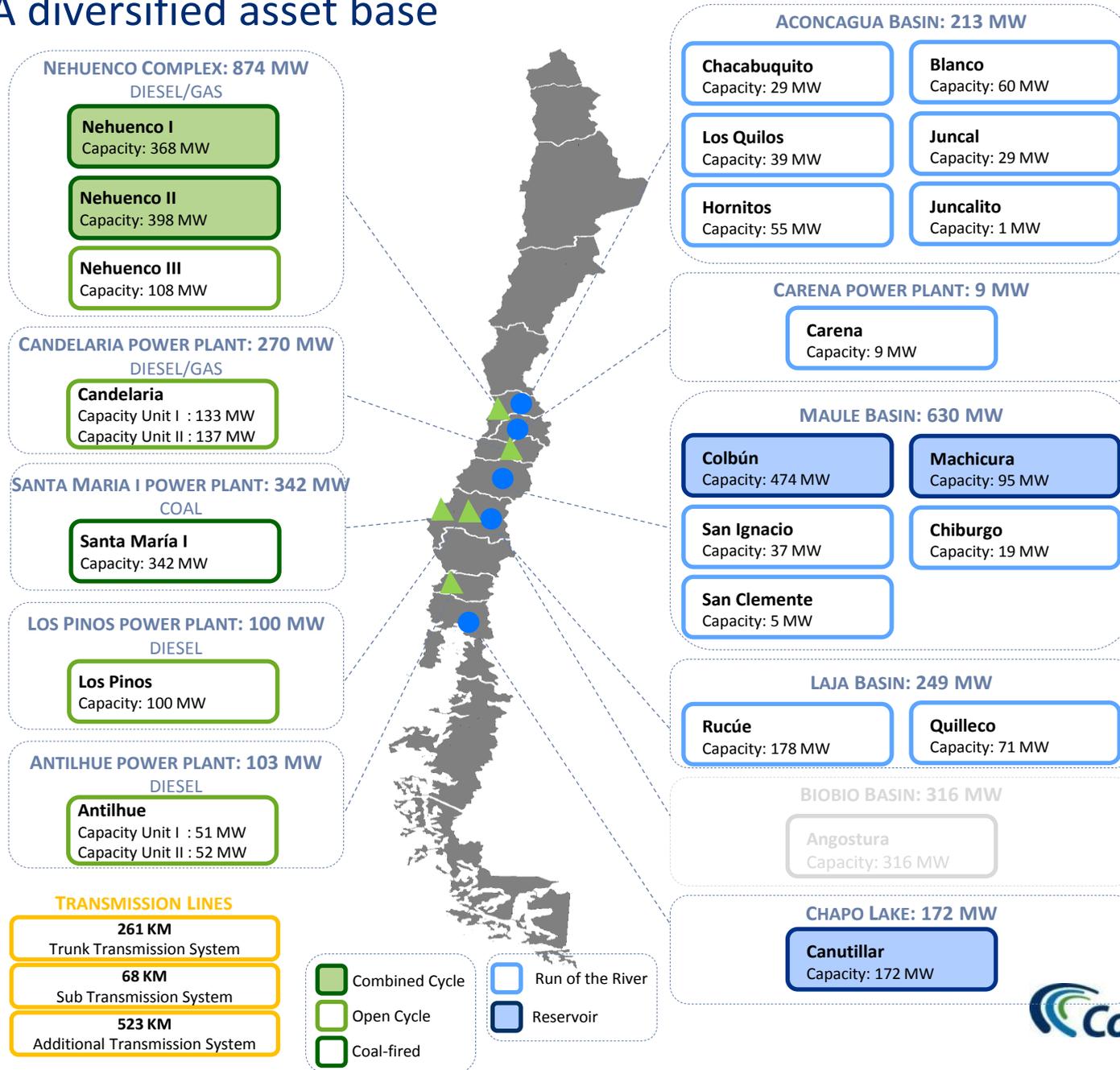
Generation (GWh) and Installed Capacity (MW)



7 THERMAL POWER PLANTS

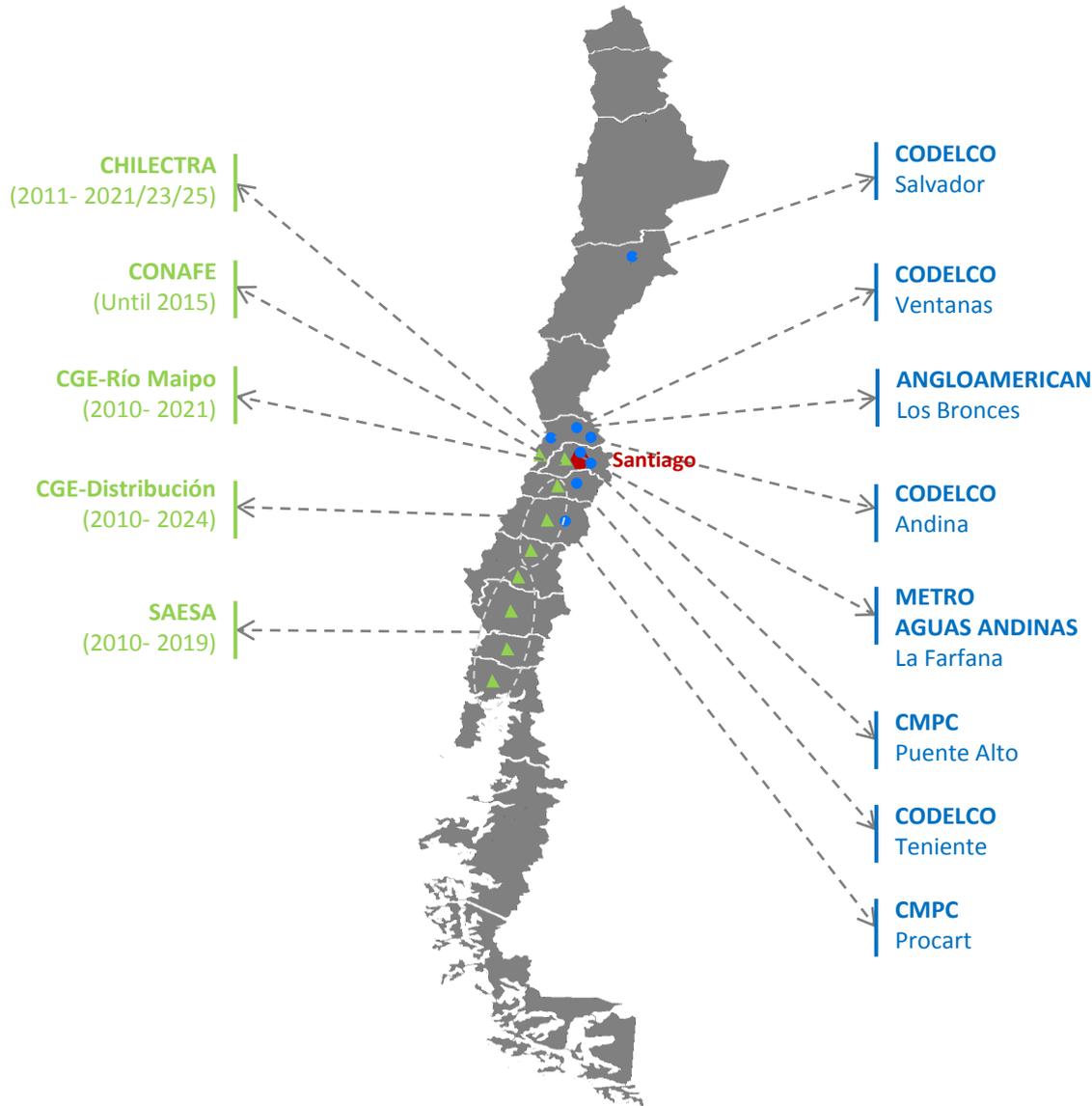
A diversified asset base

15 HYDRO POWER PLANTS



A diversified customer base

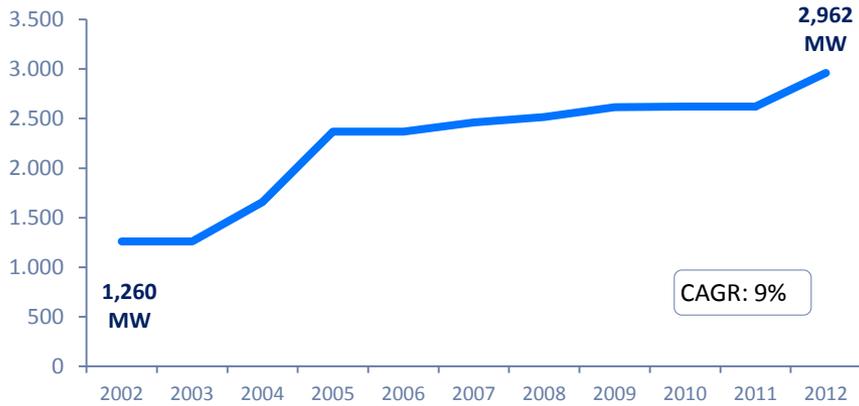
REGULATED CUSTOMERS



UN-REGULATED CUSTOMERS

Colbún has grown steadily over the past decade

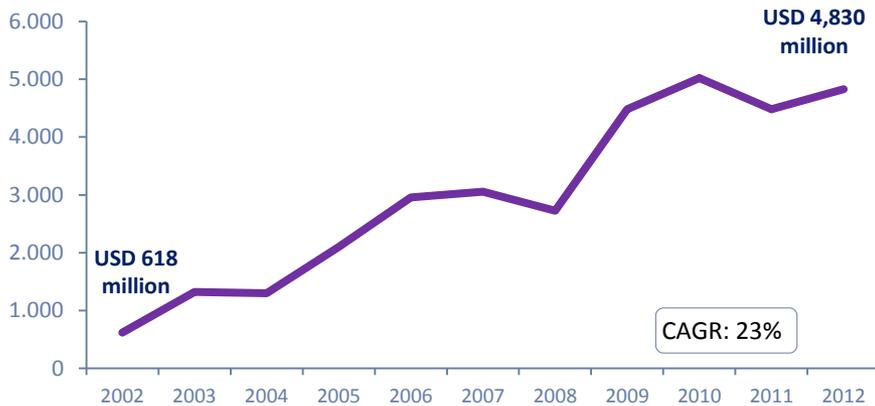
Capacity (MW)



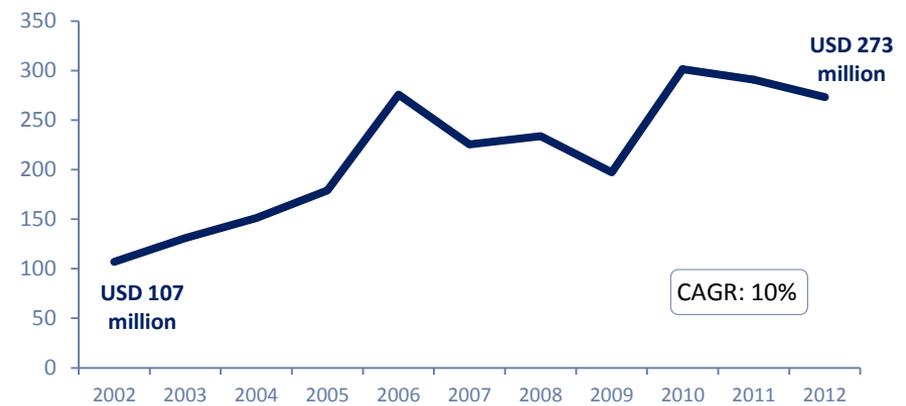
Total Operating Revenues (MMUSD)



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.

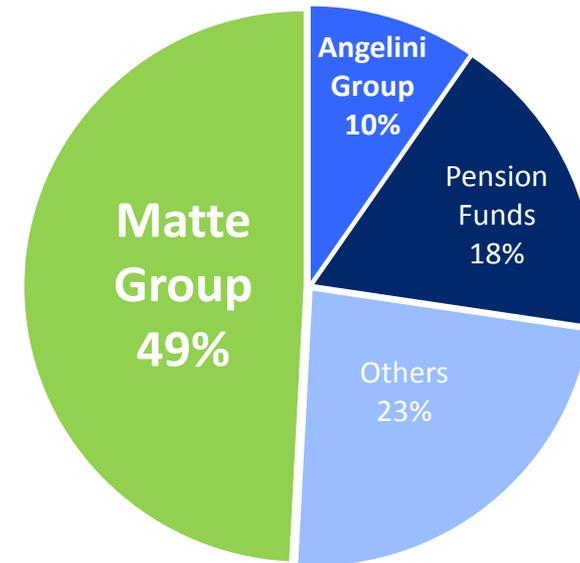
GOVERNANCE

4 out of 9 are independent directors.

ACCOUNTING STANDARDS

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

Ownership Structure



Source: Colbún, June 2013



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Chilean Electricity Sector Overview

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, integrating with excellence the economical, technical, environmental and social dimensions.



Strategic pillars

1. Strengthening

- Strengthen our organization and people
- Strengthen our operations
- Strengthen our financial position

2. Diversification and Risk Management

- Narrow our exposure to exogenous variables: diversified asset base (technology, fuel and location) and clients
- Risk-sharing mechanisms with our strategic clients and suppliers
- Active risk-management policy

3. Growth

- Identify and develop growth options to strengthen our competitive position based on efficient capacity
- Commercial strategy that generates long-term returns consistent with our asset base

Colbún: a sustainable partner



Commercial policy

COMMERCIAL GOALS

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

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

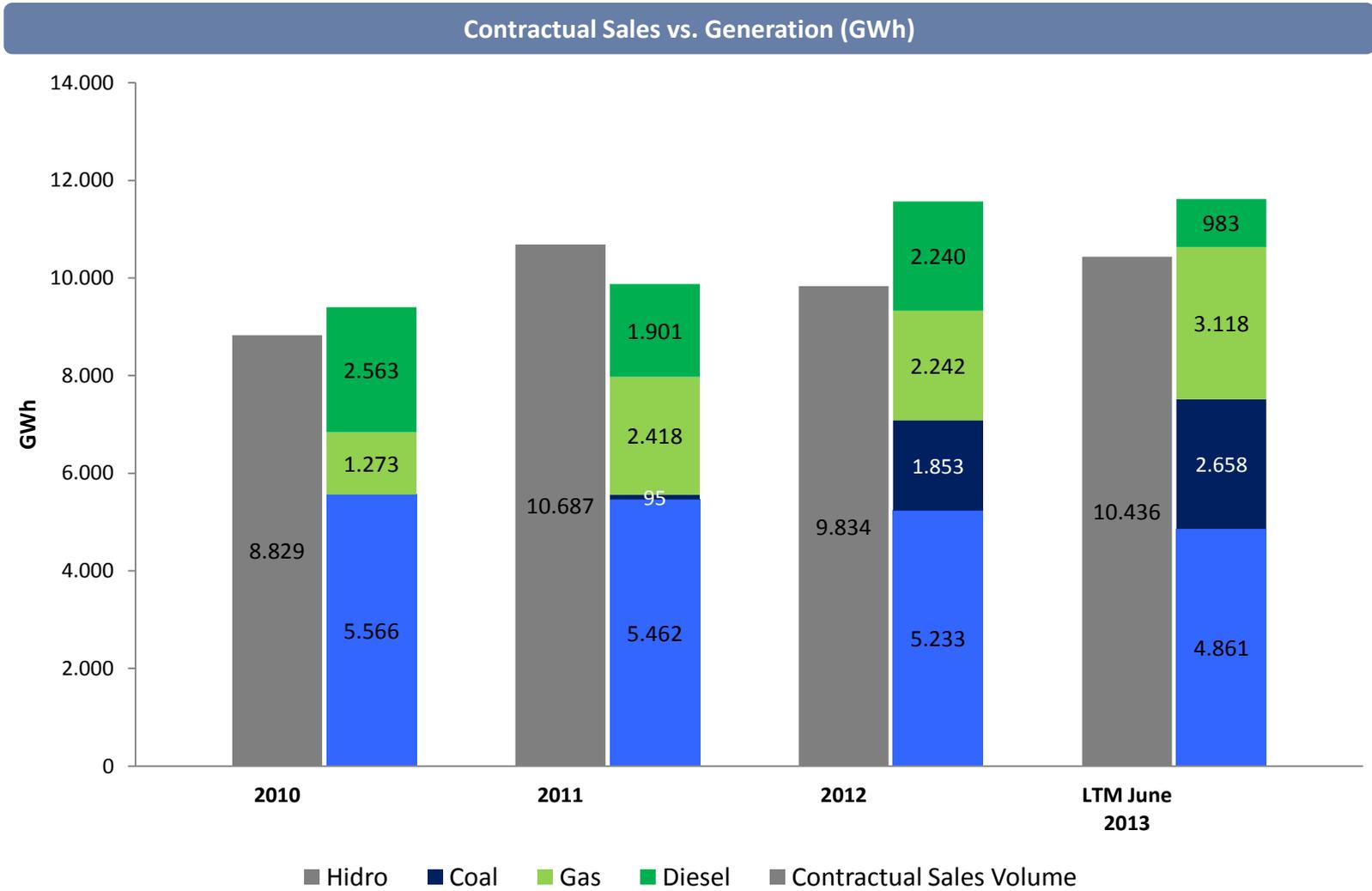
Structure tailor-made
hedge programs



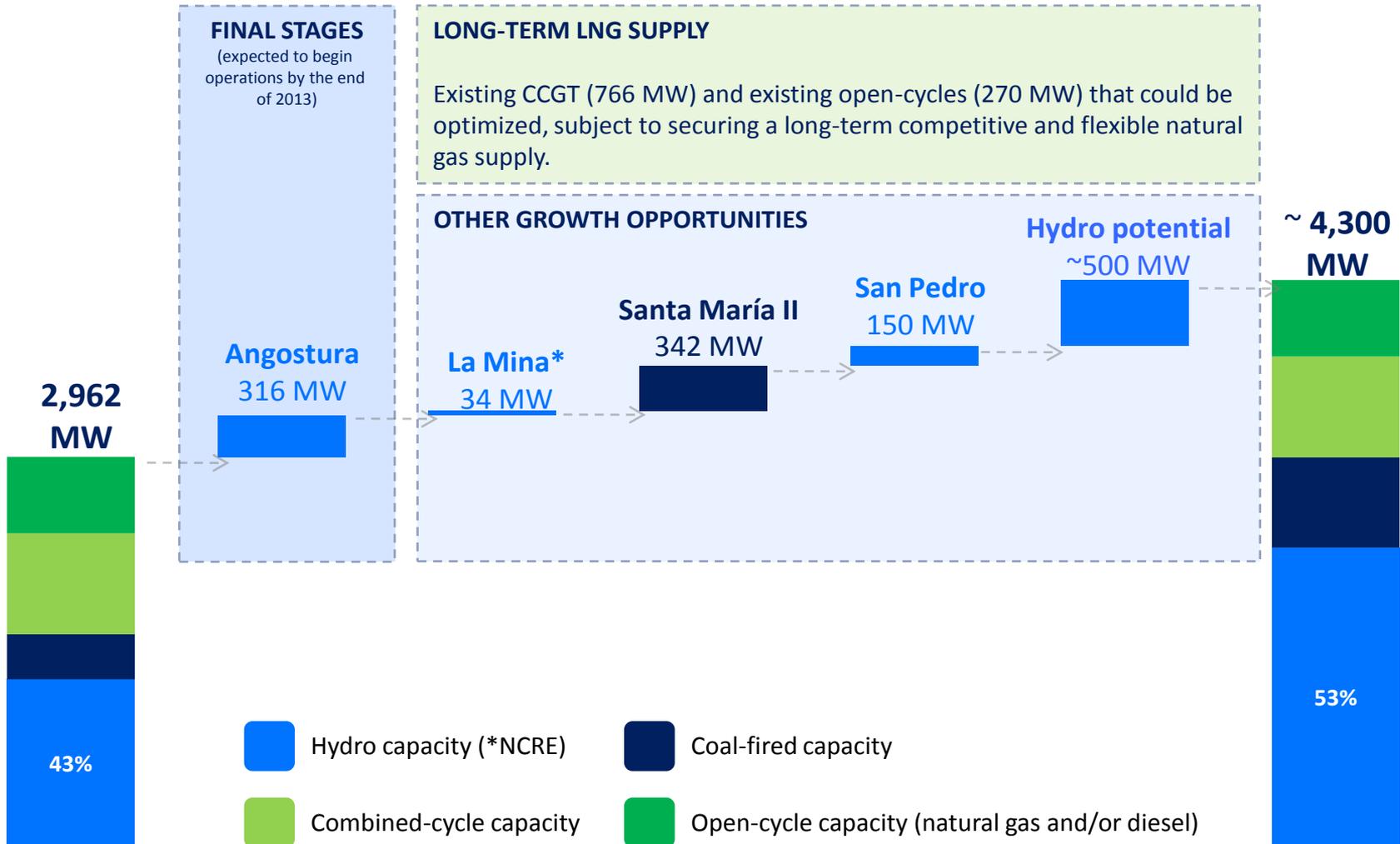
to protect from more
adverse

- 1) Hydrologic conditions
- 2) Fuel prices

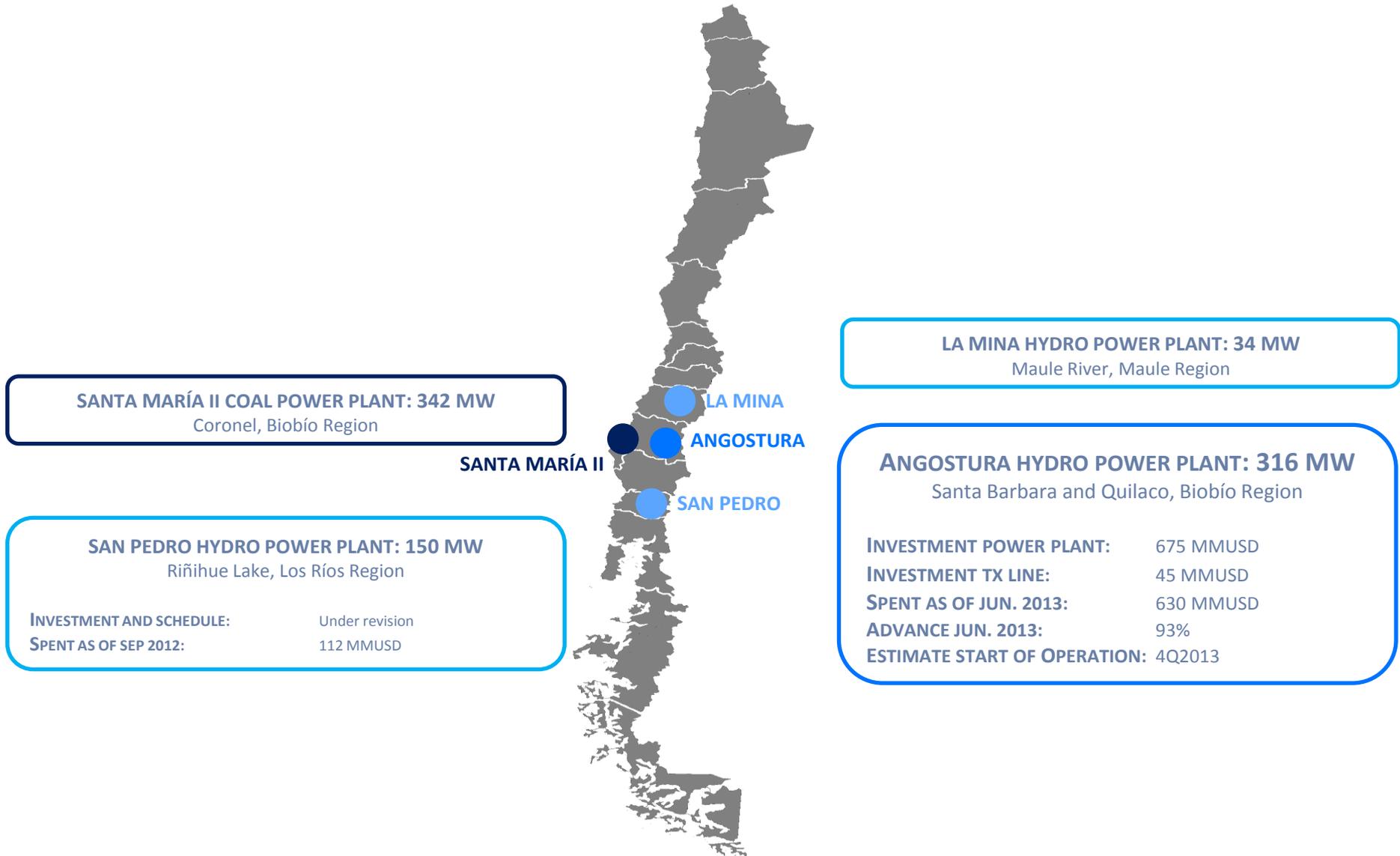
Commercial balance evolution



Our expansion plan



Our projects under development



SANTA MARÍA II COAL POWER PLANT: 342 MW
 Coronel, Biobío Region

SAN PEDRO HYDRO POWER PLANT: 150 MW
 Riñihue Lake, Los Ríos Region

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

LA MINA HYDRO POWER PLANT: 34 MW
 Maule River, Maule Region

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 JUN. 2013:	630 MMUSD
ADVANCE JUN. 2013:	93%
ESTIMATE START OF OPERATION:	4Q2013



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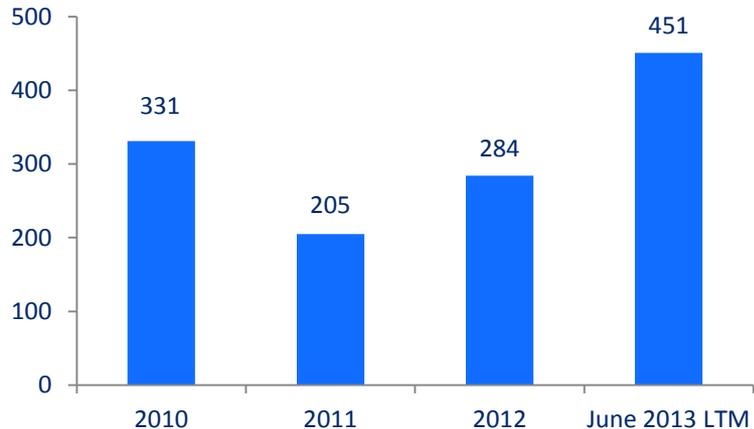
Business Strategy

Financial Profile

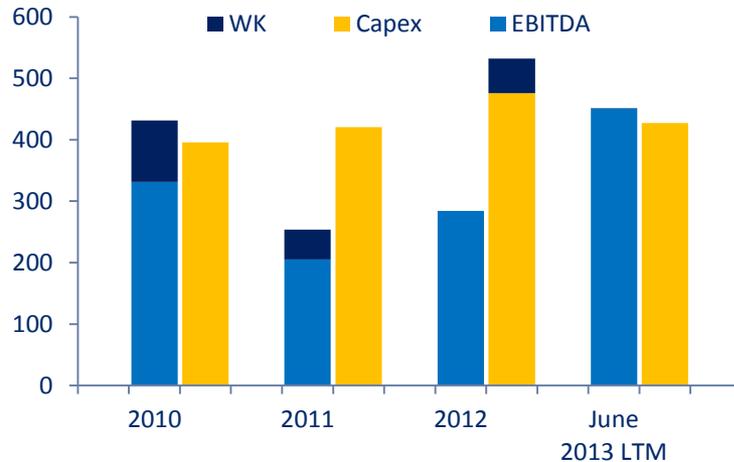
Chilean Electricity Sector Overview

Income statement and FCF

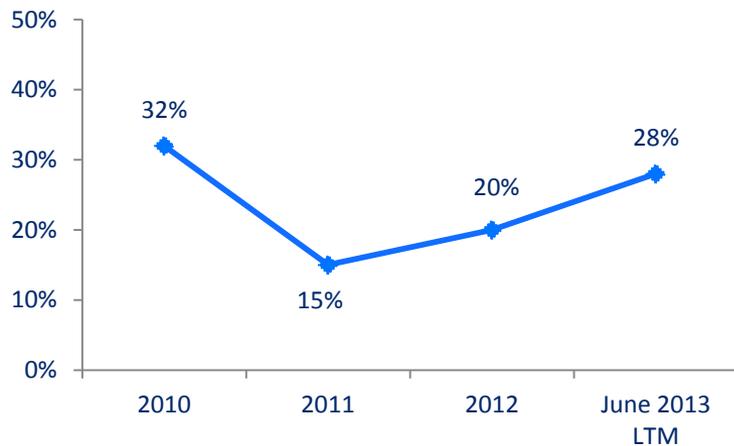
EBITDA (MMUSD)



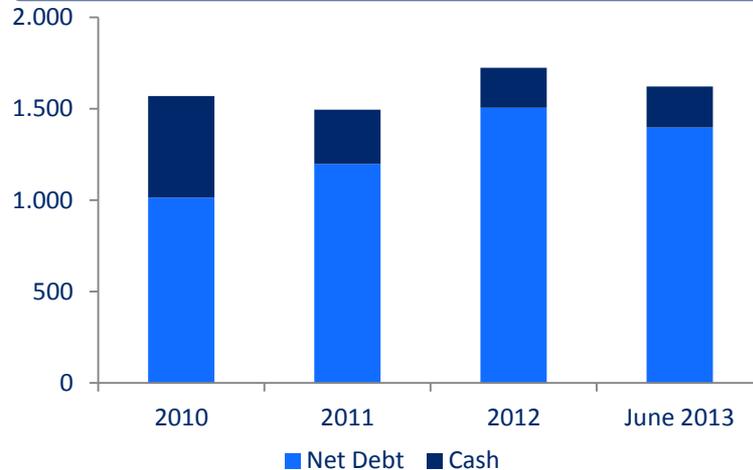
Selected Sources & Uses of Funds (MMUSD)



EBITDA margin (%)

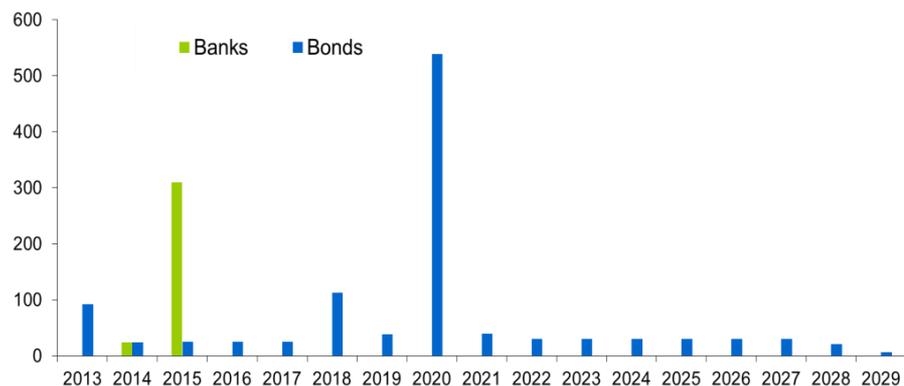


Debt (MMUSD)



Conservative financial strategy

Amortization Schedule of LT Debt (MMUSD)



Liquidity Position

Cash

USD 223 million of cash and cash equivalents as of June 2013.

Committed lines

Committed back-up facility of UF 4 million (~USD 200 million), unused, signed with local counterparties.

Other sources of liquidity

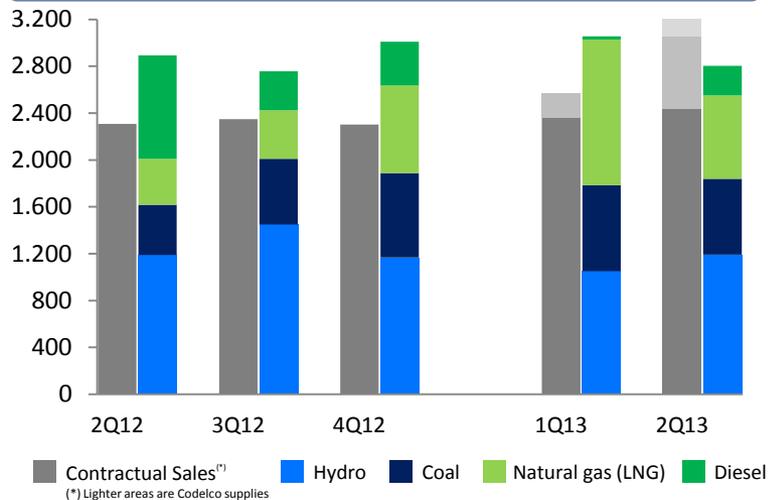
Access to additional USD 150 million in credit lines facilities and a registered commercial paper program, which we use from time to time for working capital optimization purposes

Balance Sheet as of June 2013 (MMUSD)

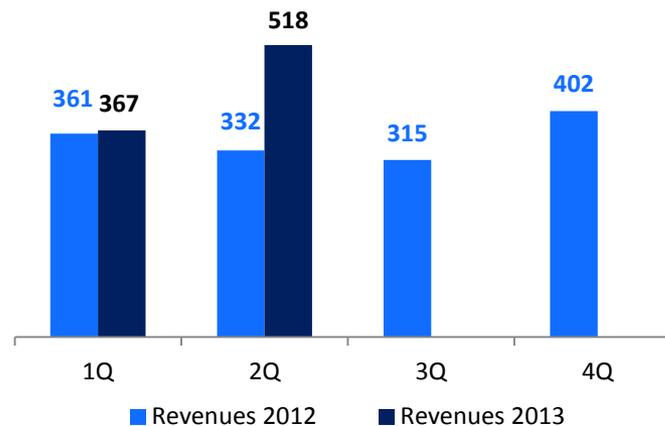
<u>Current Assets</u>	<u>760</u>
Cash and equivalents	223
Accounts receivable	184
Recoverable taxes	230
Other current assets	123
<u>Non-Current Assets</u>	<u>5,259</u>
Property, Plant and Equipment	4,955
Other non-current assets	305
Total Assets	6,020
Current Liabilities	536
Long-Term Liabilities	1,904
Shareholders' Equity	3,580
Total Liabilities and Shareholders' Equity	6,020

A quarterly look at Colbún's results

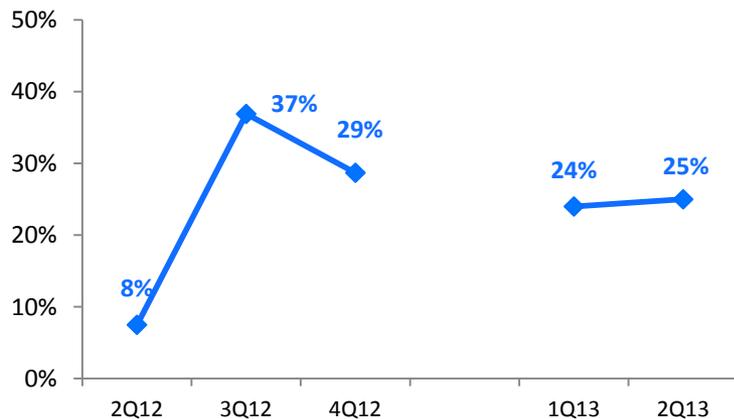
Sales vs. Generation - quarterly (GWh)



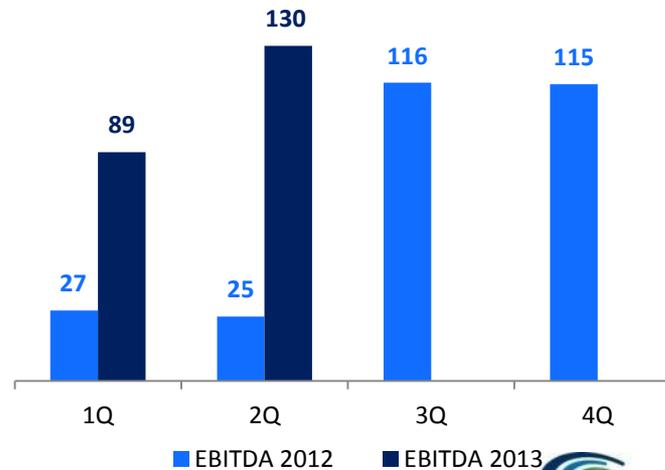
Revenues - quarterly (MMUSD)



EBITDA margin - quarterly (%)



EBITDA - quarterly (MMUSD)





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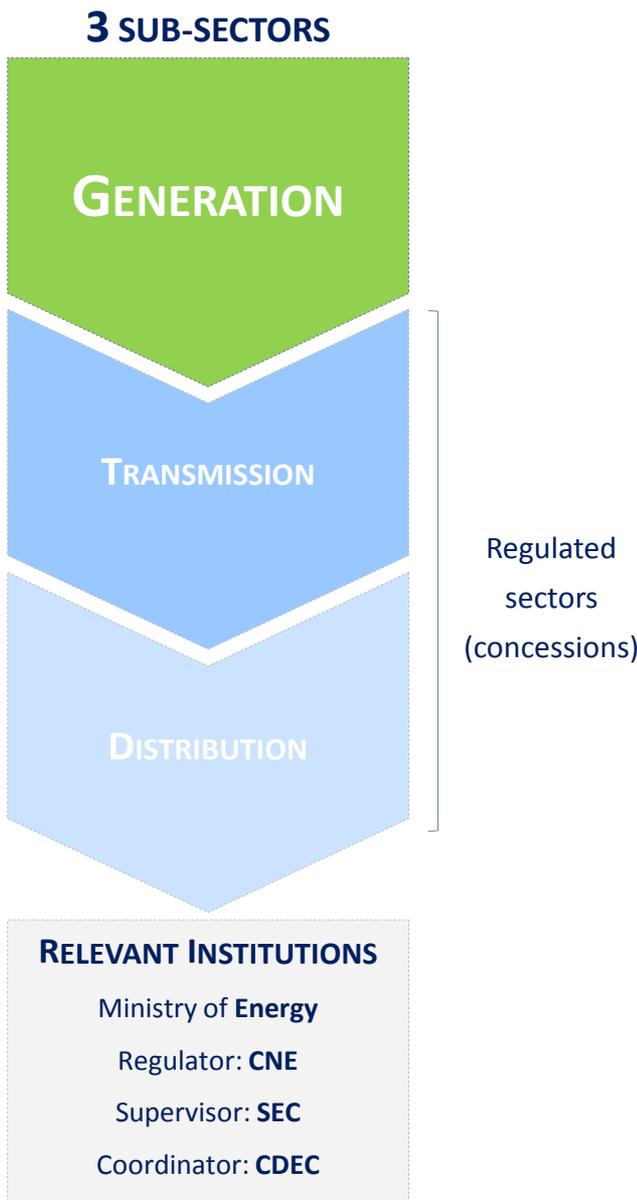
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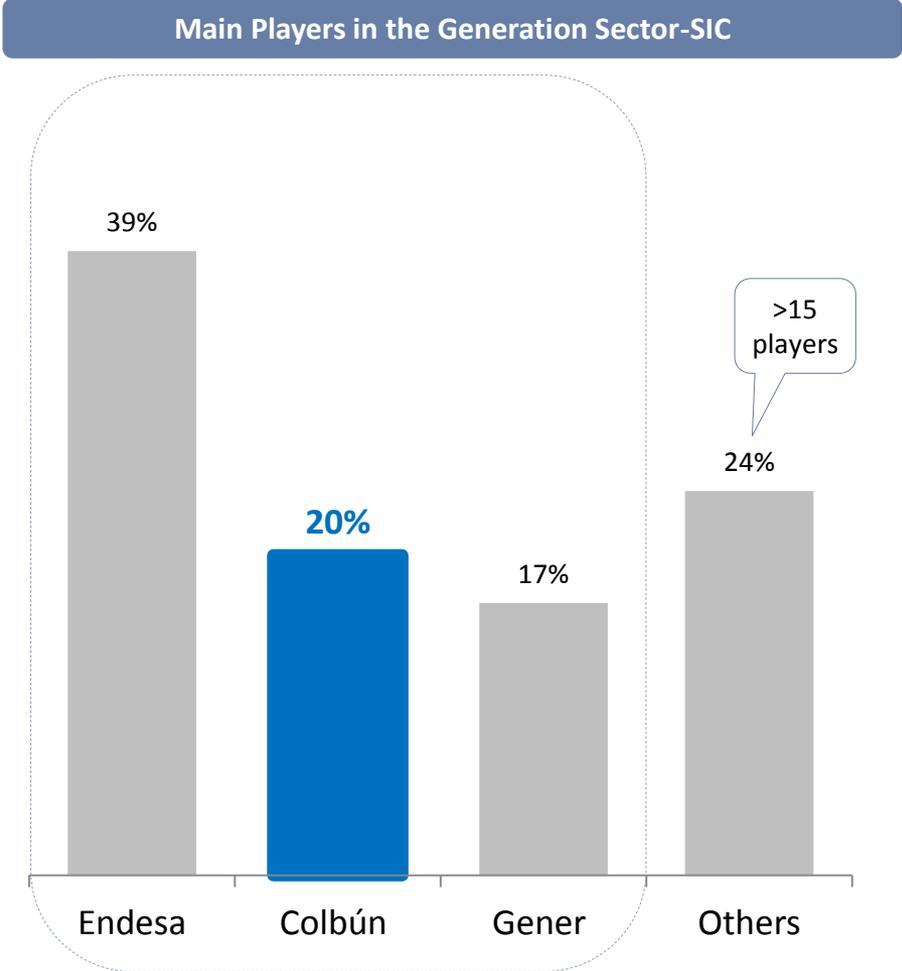
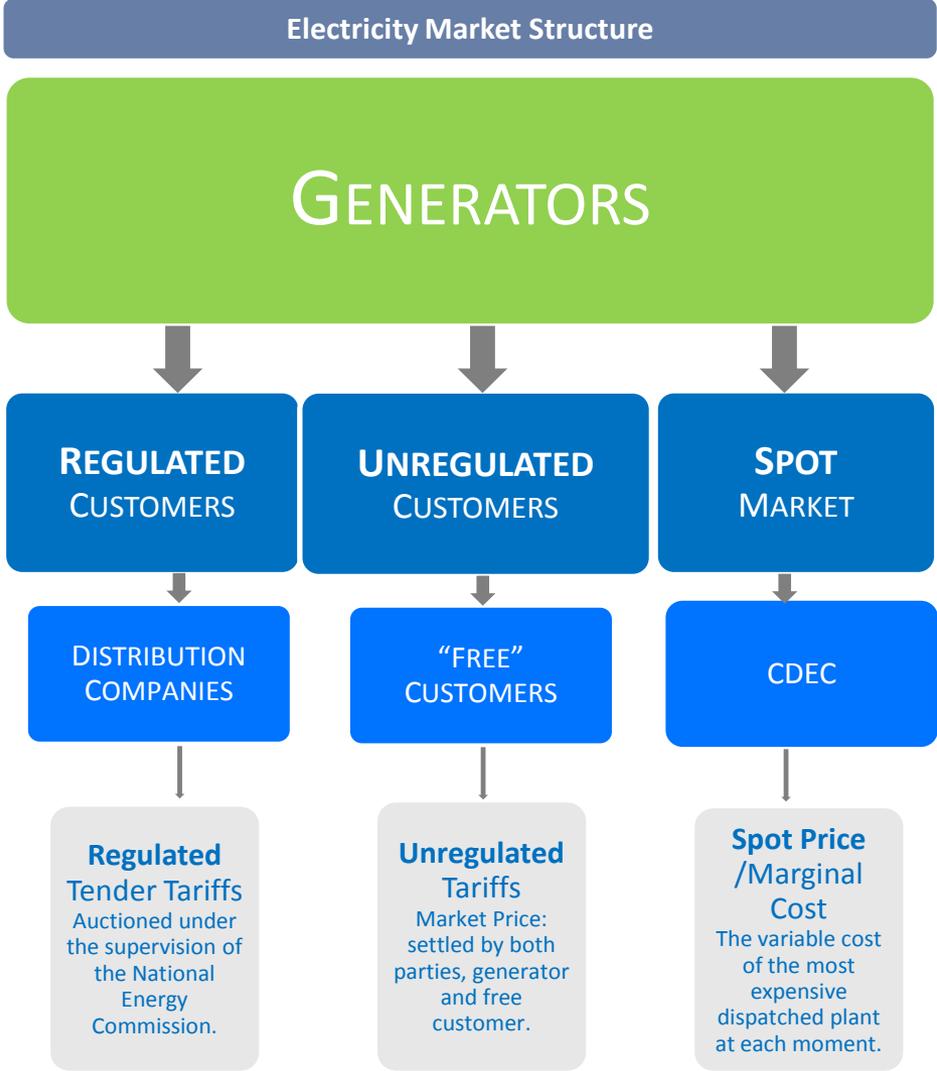
Sector segmentation



Source: CNE, December 2012

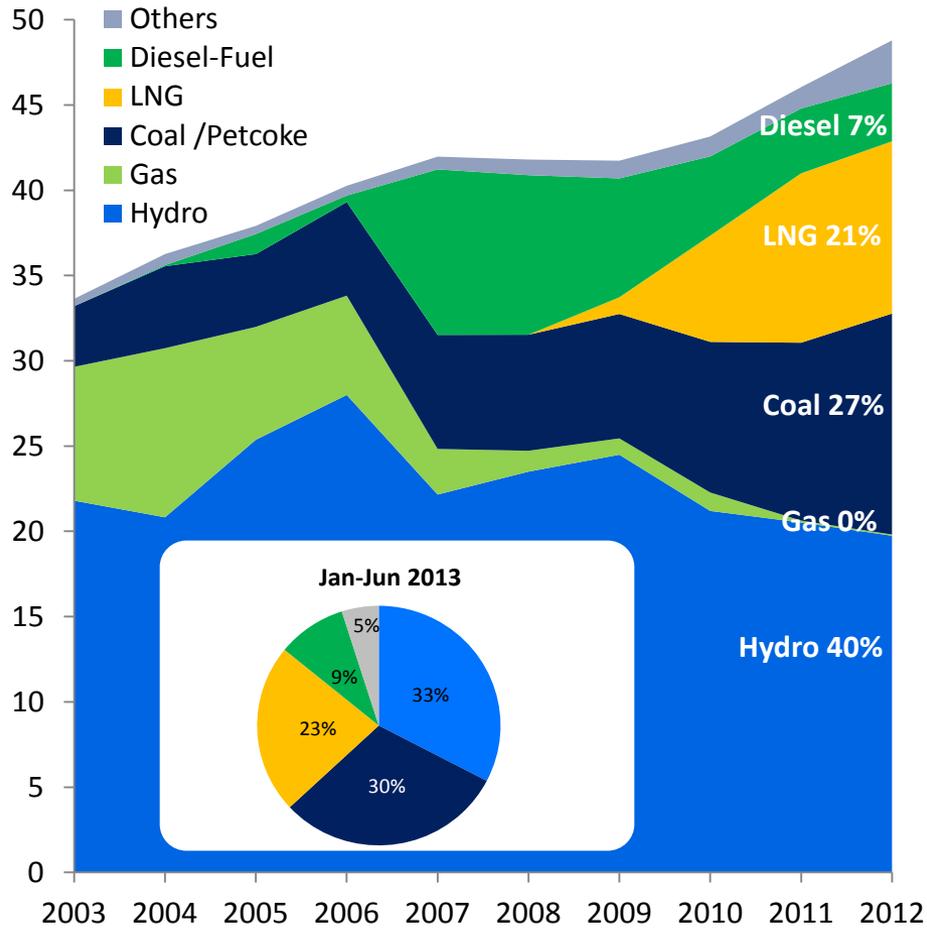


Market structure



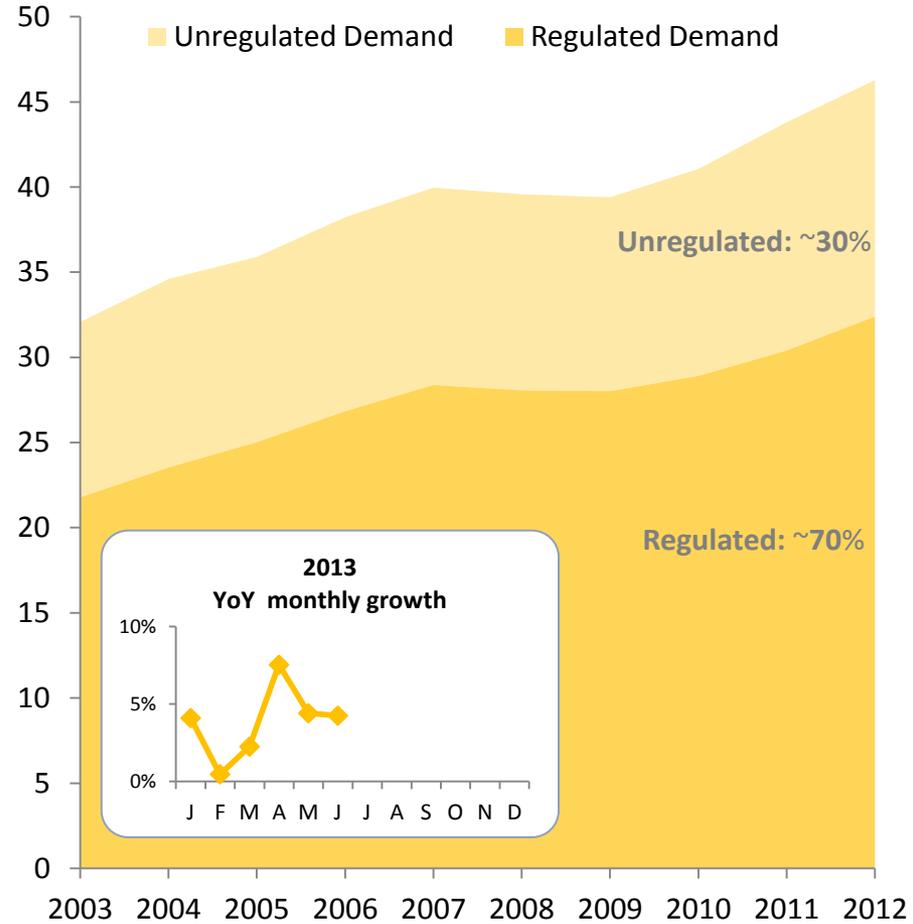
Evolution of power generation and demand in the SIC

Annual Power Generation – SIC (TWh)



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

Annual Electricity Demand – SIC (TWh)



Source: "Producción Real por Sistema", CNE/Colbún, 2013.
Anuarios CDEC-SIC

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

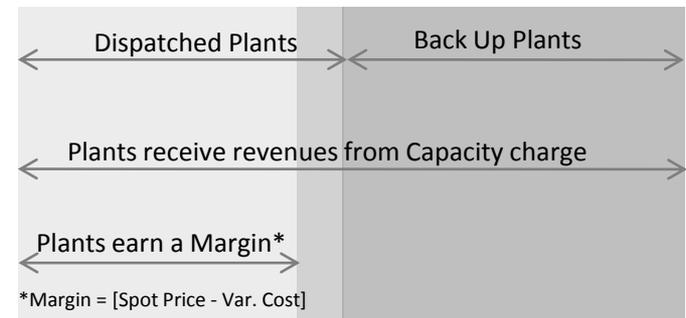
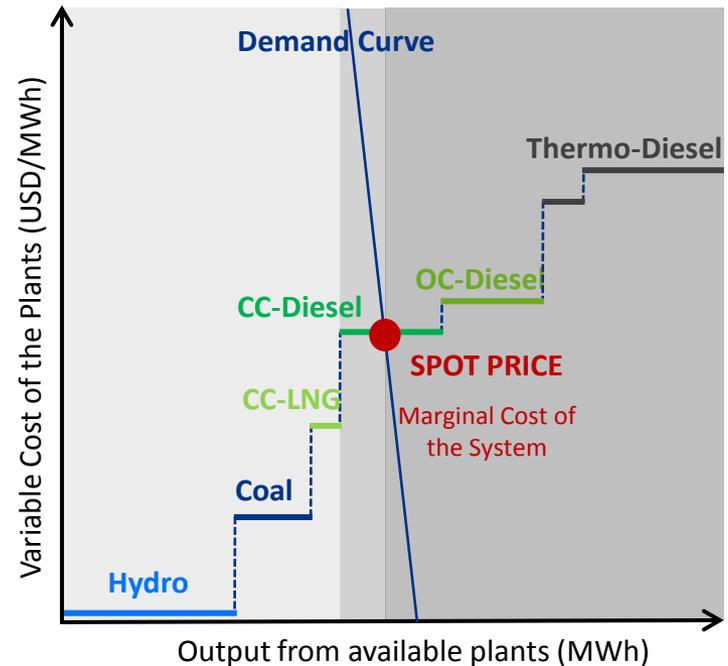
- 3) **Market Price**: free price settled by both parties for bilateral contracts

OTHER GENERATORS

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

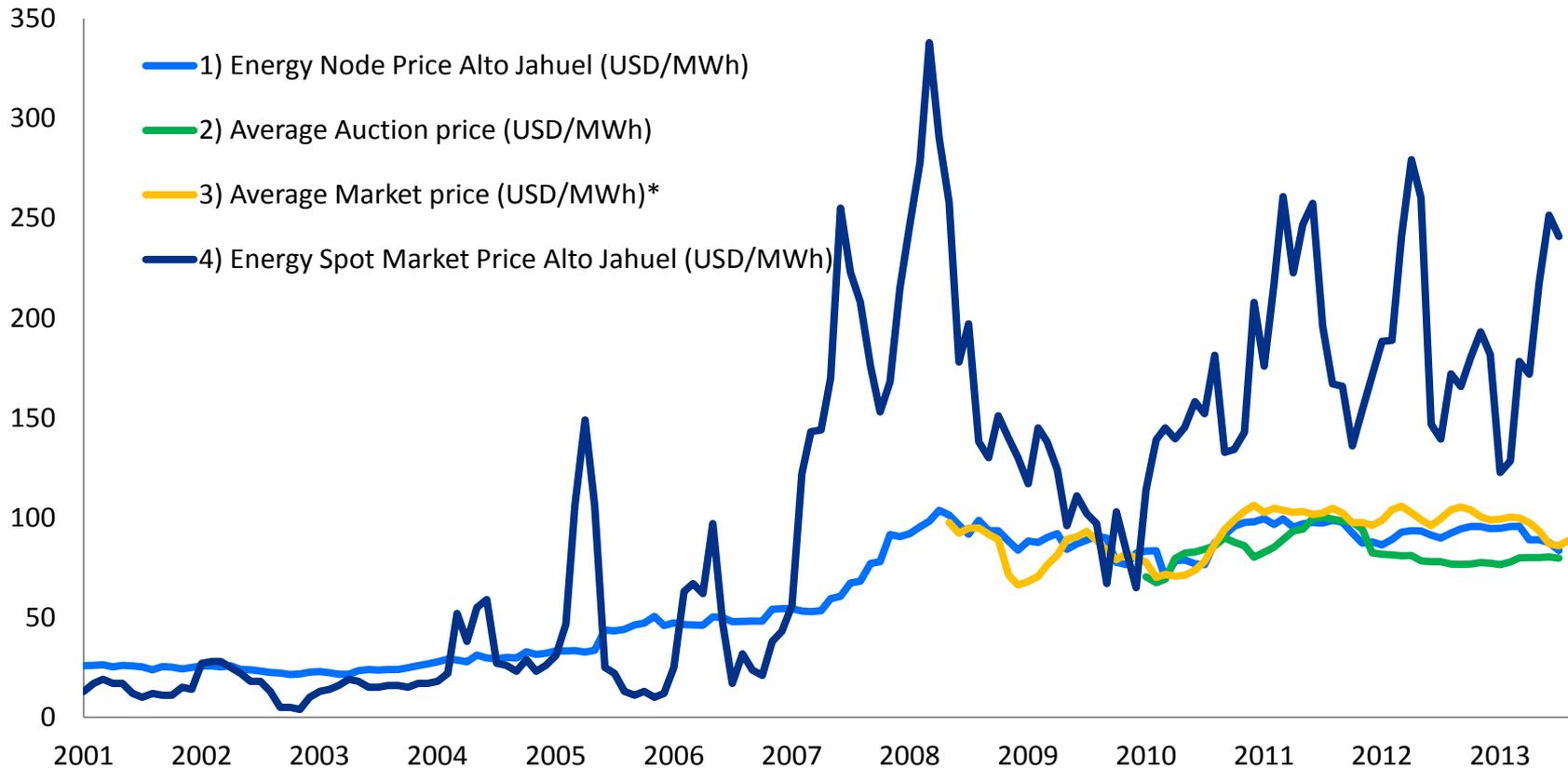
All facilities are also paid a capacity charge for being available

Dispatch Scheme



Evolution of electricity prices

Electricity Prices-SIC (USD/MWh)

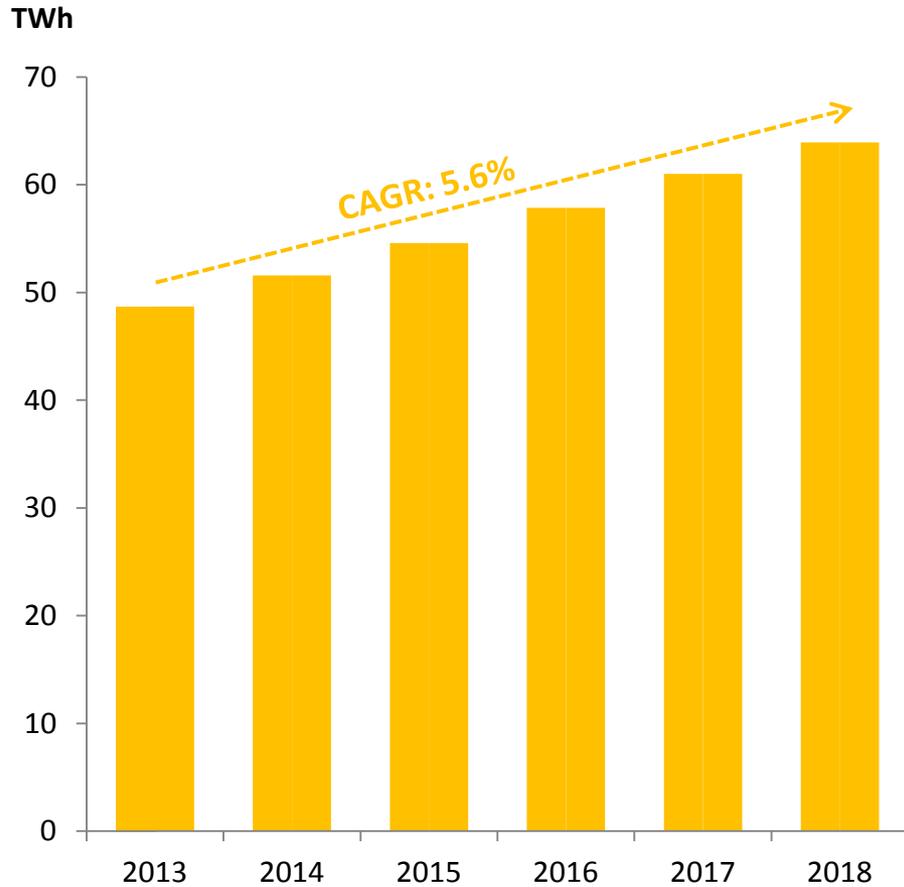


Source: "Costos reales marginales mensuales Alto Jahuel", CDEC/ Colbún; "Historia precios nudos", CNE; "Informes Mensuales Systepl", www.systepl.cl

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.

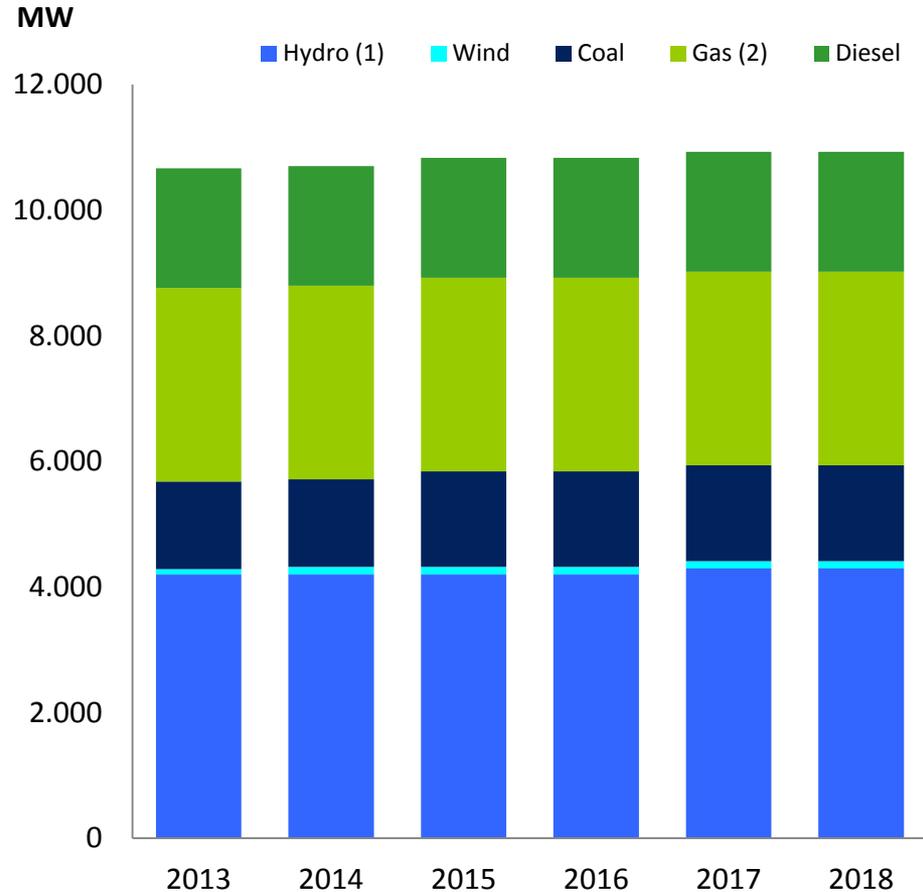
Demand and supply: what to expect in the coming years

Electricity Demand - SIC (TWh)



Source: "Informe Técnico Definitivo Fijación Precio Nudo SIC", CNE/Colbún, April 2013

Available Power by type - SIC (MW)



Source: "Informe Técnico Definitivo Fijación Precio Nudo SIC", CNE, April 2013

(1) Considering normal hydro conditions

(2) Real gas output depends on fuel availability



