



COMPANY PRESENTATION

3Q 2013





Agenda

Chilean Electricity Sector Overview

Company Overview

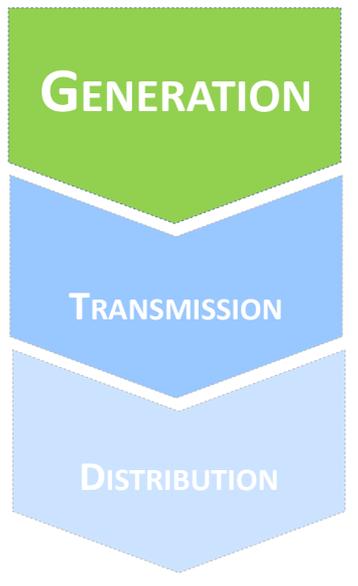
Competitive Advantages

Conclusion

Chilean Electricity Sector

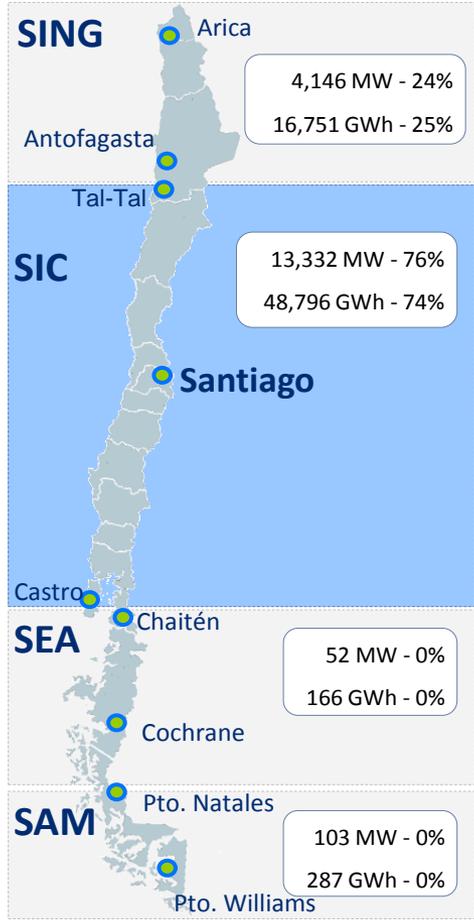
Sector Segmentation

3 SUB-SECTORS



Regulated sectors
(concessions)

4 SEPARATE GRIDS

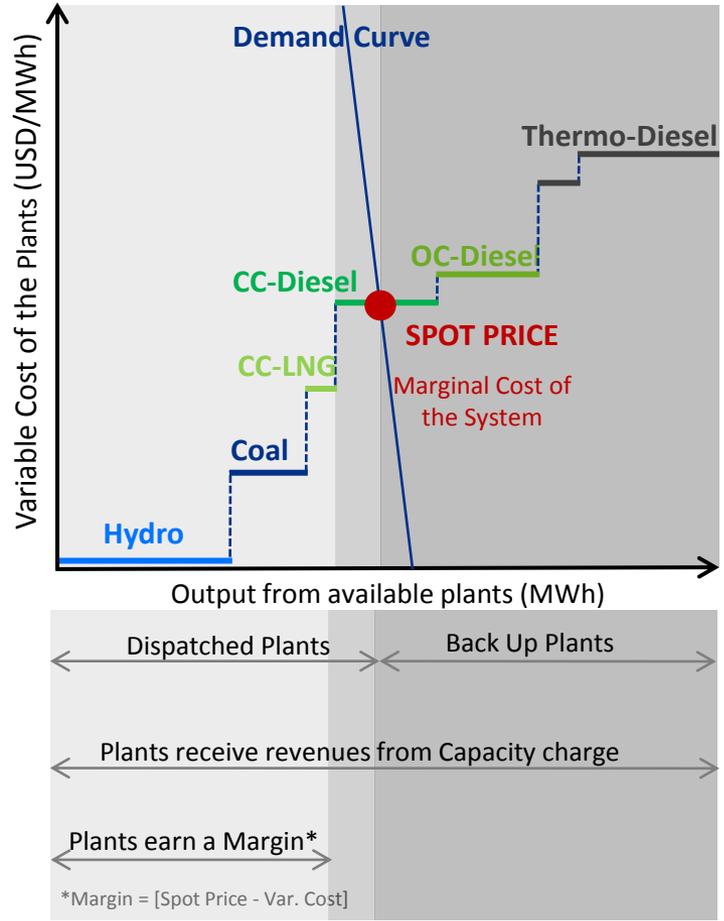


RELEVANT INSTITUTIONS

- Ministry of Energy
- Regulator: CNE
- Supervisor: SEC
- Coordinator: CDEC

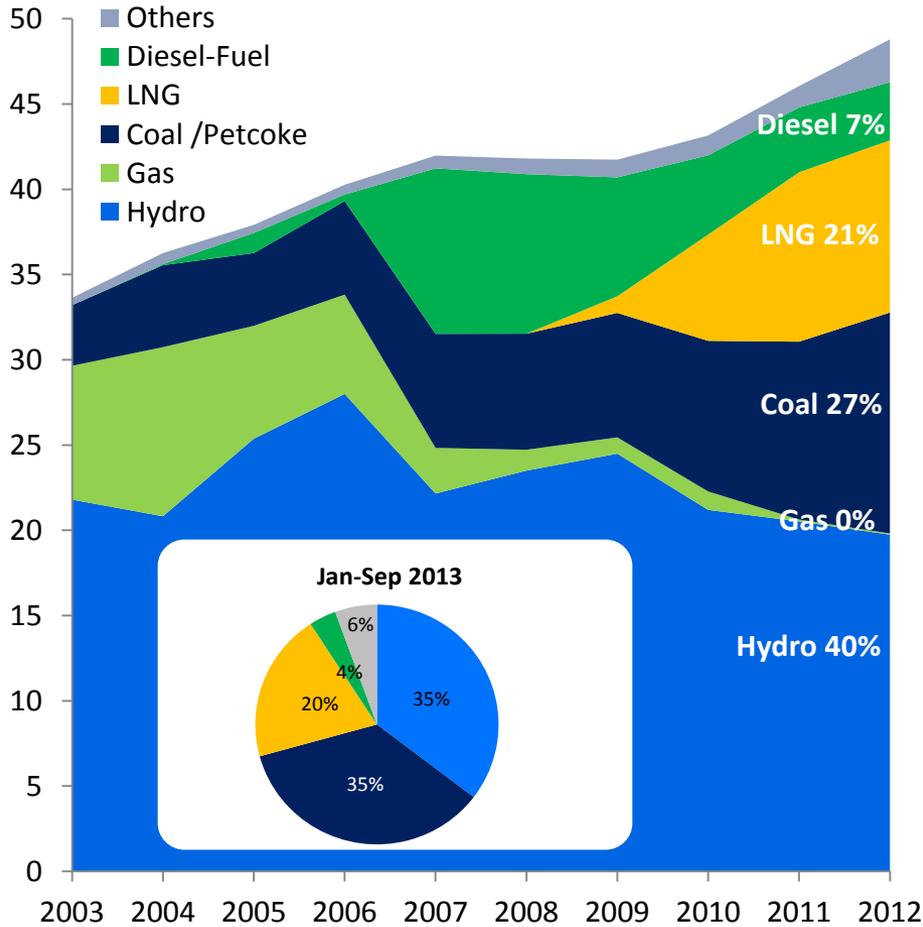
Source: CNE, December 2012

Centralized Dispatch Scheme



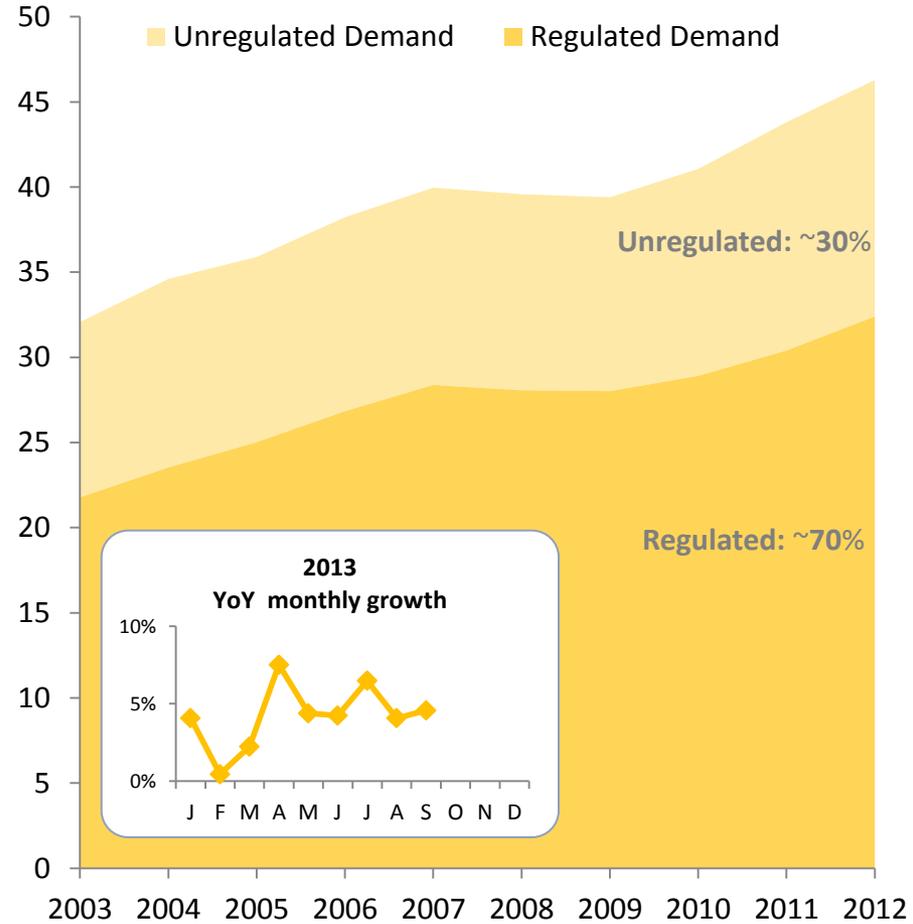
Evolution of Power Generation and Demand in the SIC

Annual Power Generation – SIC (TWh)



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

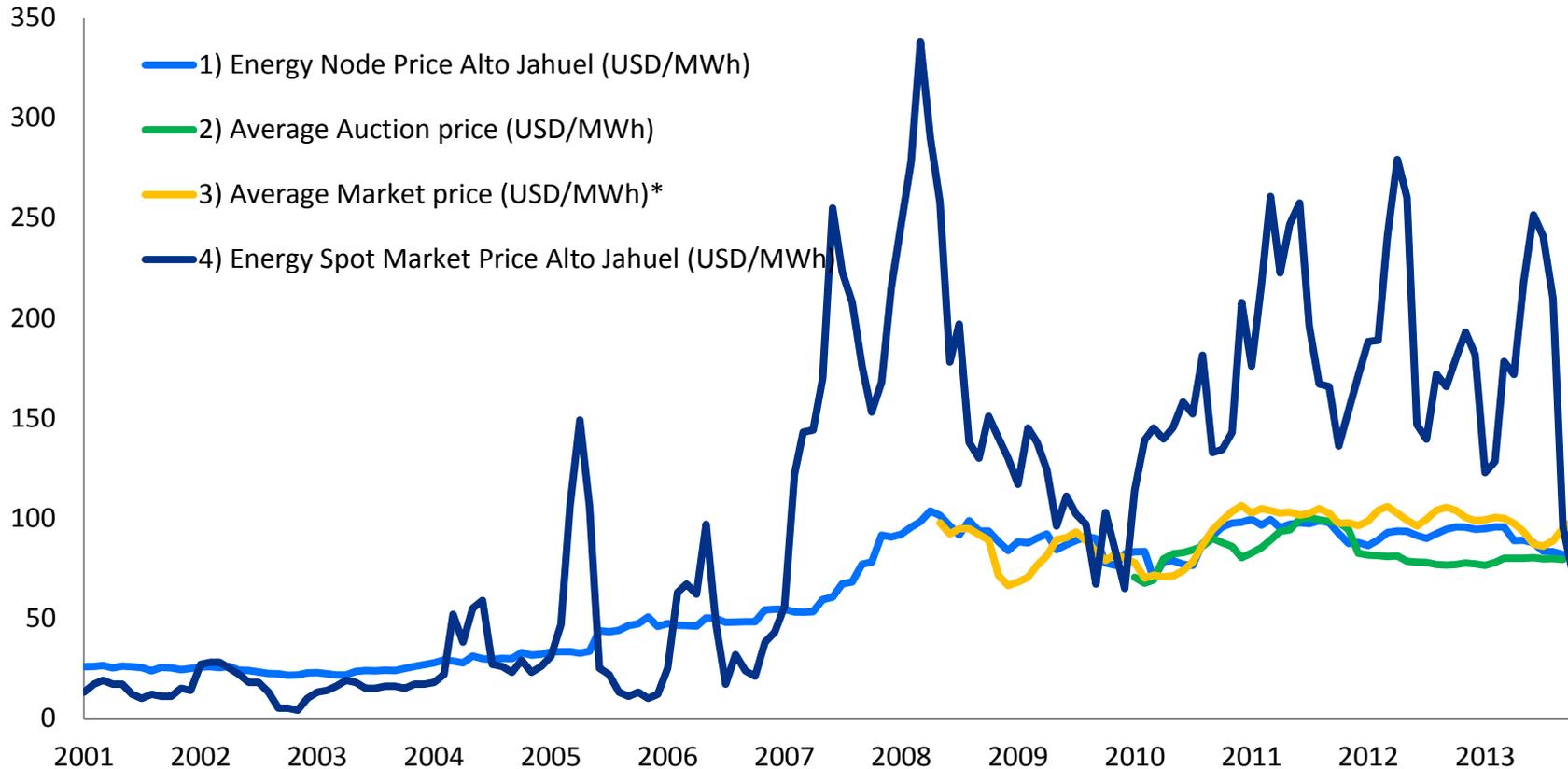
Annual Electricity Demand – SIC (TWh)



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

Volatile Growing Prices Due to Lack of Efficient Supply

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.

Strong and Stable Regulation in a A+ Rating Country

Regulatory Aspects

GENERAL ELECTRIC POWER SERVICES LAW

Set: 1982

3 Main Amendments: "Short Law 1" - 2004
 "Short Law 2" - 2005
 NCRE - 2008

ENVIRONMENTAL LAW

Major Modification: 2009

Main Amendments: Environmental Ministry,
 Superintendence, Courts and the Biodiversity and Wild
 Protected Area Service - 2009

WATER CODE

Set: 1951

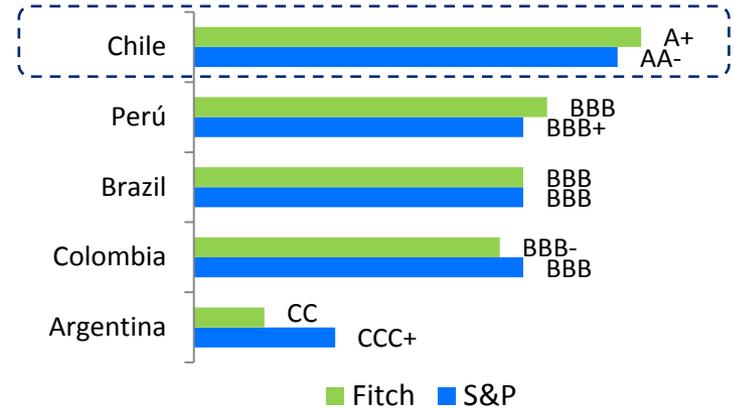
Main Amendment: Unused water right patents - 2005

ACCOUNTING STANDARDS

IFRS standards - 2009

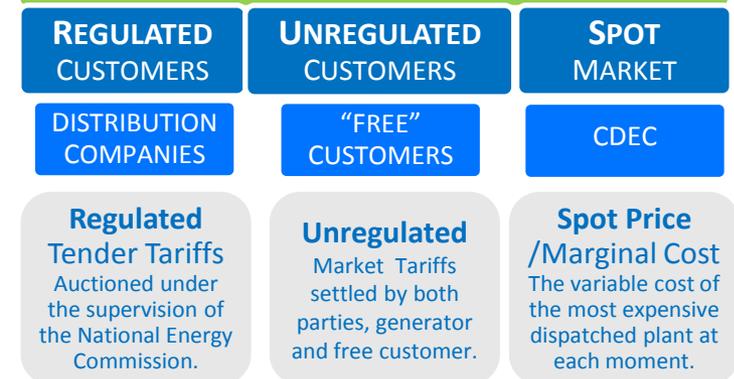
Functional currency: US dollar

Country Risk



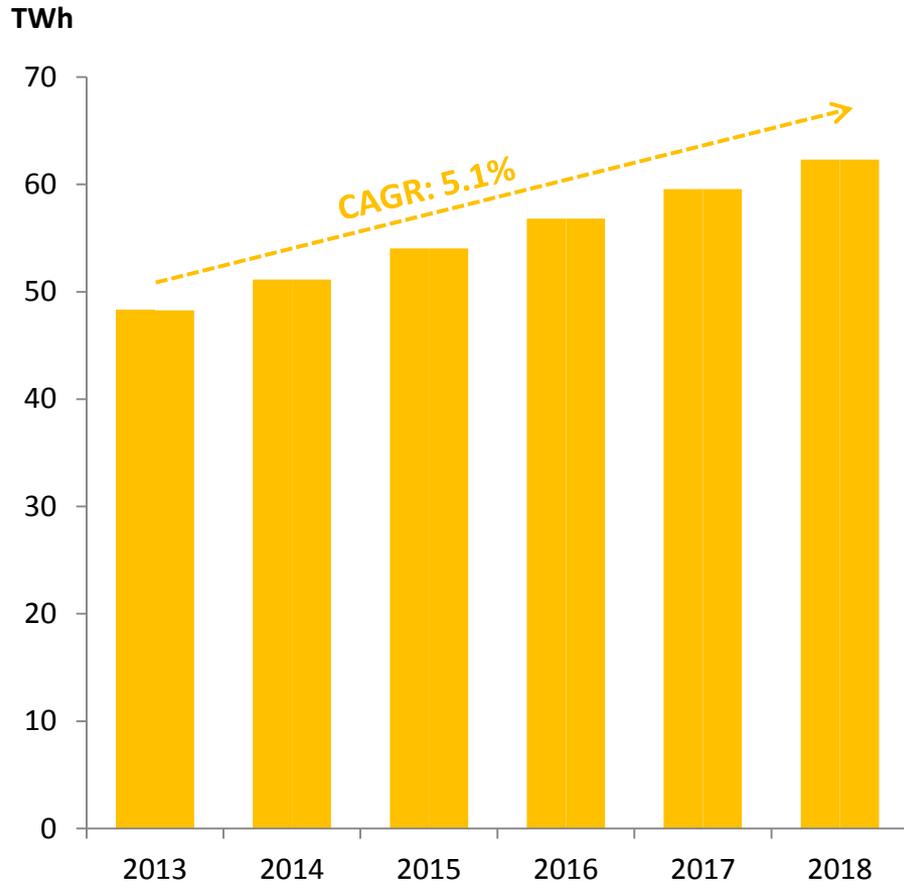
Electricity Market Structure

GENERATORS



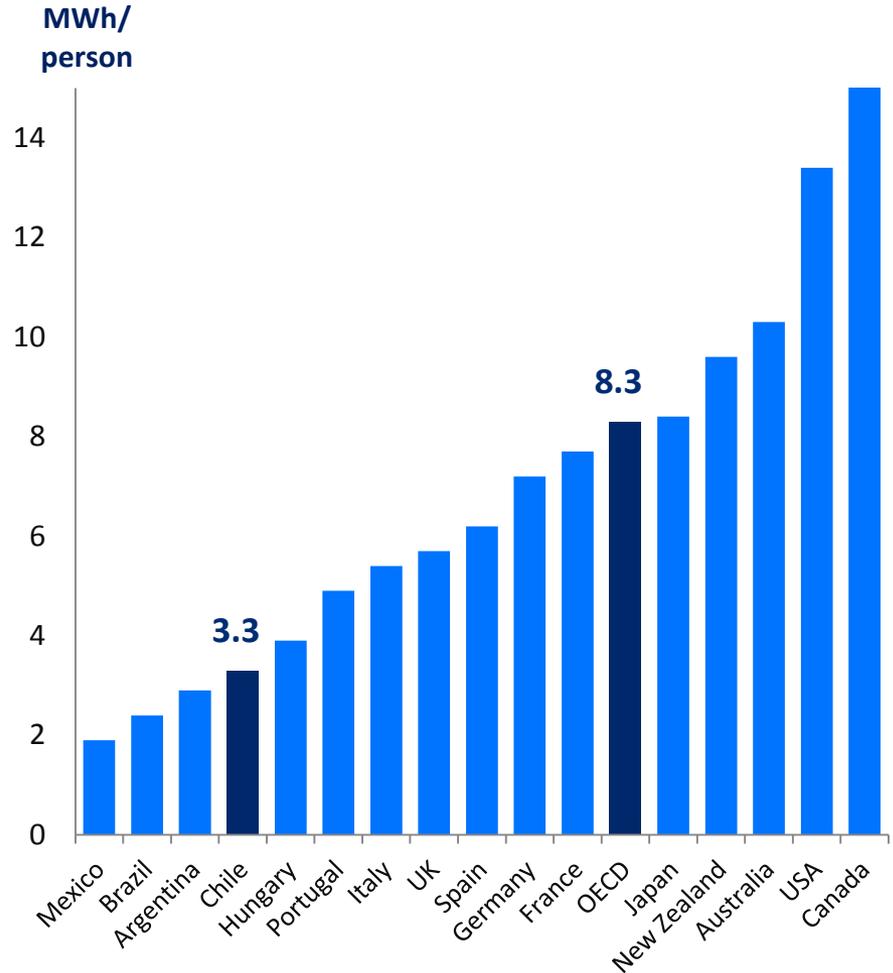
Chile Has Growing Energy Requirements

Electricity Demand Outlook - SIC (TWh)



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

Electricity per capita Consumption





Agenda

Chilean Electricity Sector Overview

Company Overview

Competitive Advantages

Conclusion

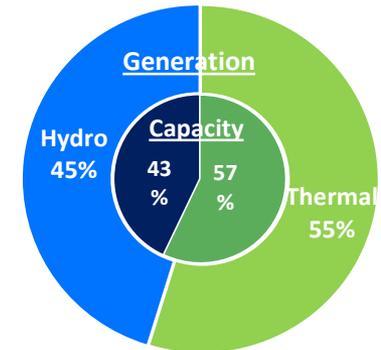
Colbún at a glance

- **Leading** Chilean generation company of reliable, competitive and sustainable energy.
- **Develop projects and manage power infrastructure** to generate long term value.
- **Commit our power** through long-term power purchase agreements with distribution, industrial and mining companies.

Some relevant figures

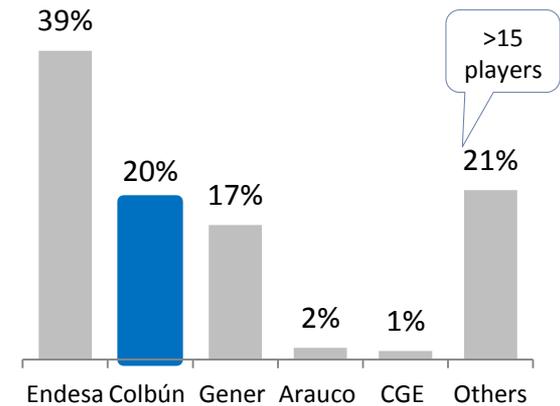
- Revenues of US\$ 1.4 billion in 2012.
- EBITDA of US\$ 284 million in 2012.
- EBITDA of US\$ 462 million LTM Sep 2013.
- Employees: 983 as of Sep 2013.

Generation (GWh) and Installed Capacity (MW)



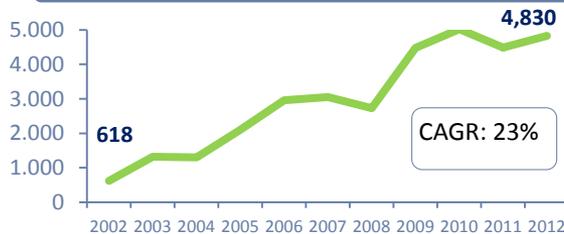
Source: Colbún, December 2012

Main Players in the Generation Sector-SIC

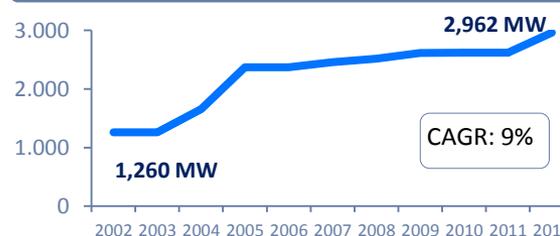


Source: Colbún, December 2012

Market Cap (MMUSD)



Capacity (MW)



Solid committed controlling group with a strategic and long term vision

CONTROL

Matte Group (49%) since 2005, a leading economic group in Chile, with **stakes in various sectors** (forestry, financial, telecommunications, among others).

LARGE STAKEHOLDER

Angelini Group (9.6%) since 2006, also a leading Chilean economic group.

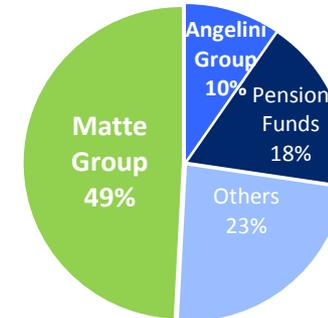
FLOAT

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

GOVERNANCE

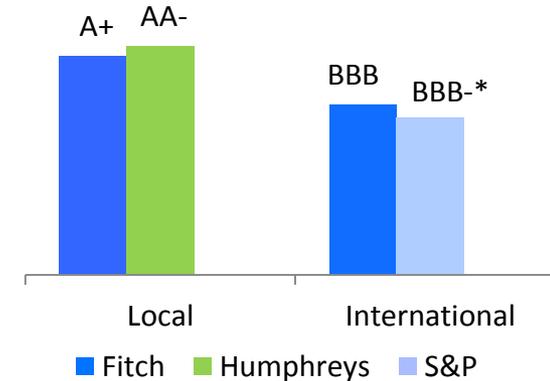
4 out of 9 are **independent directors**.

Ownership Structure



Source: Colbún, September 2013

Credit Rating



* Negative Outlook



Agenda

Chilean Electricity Sector Overview

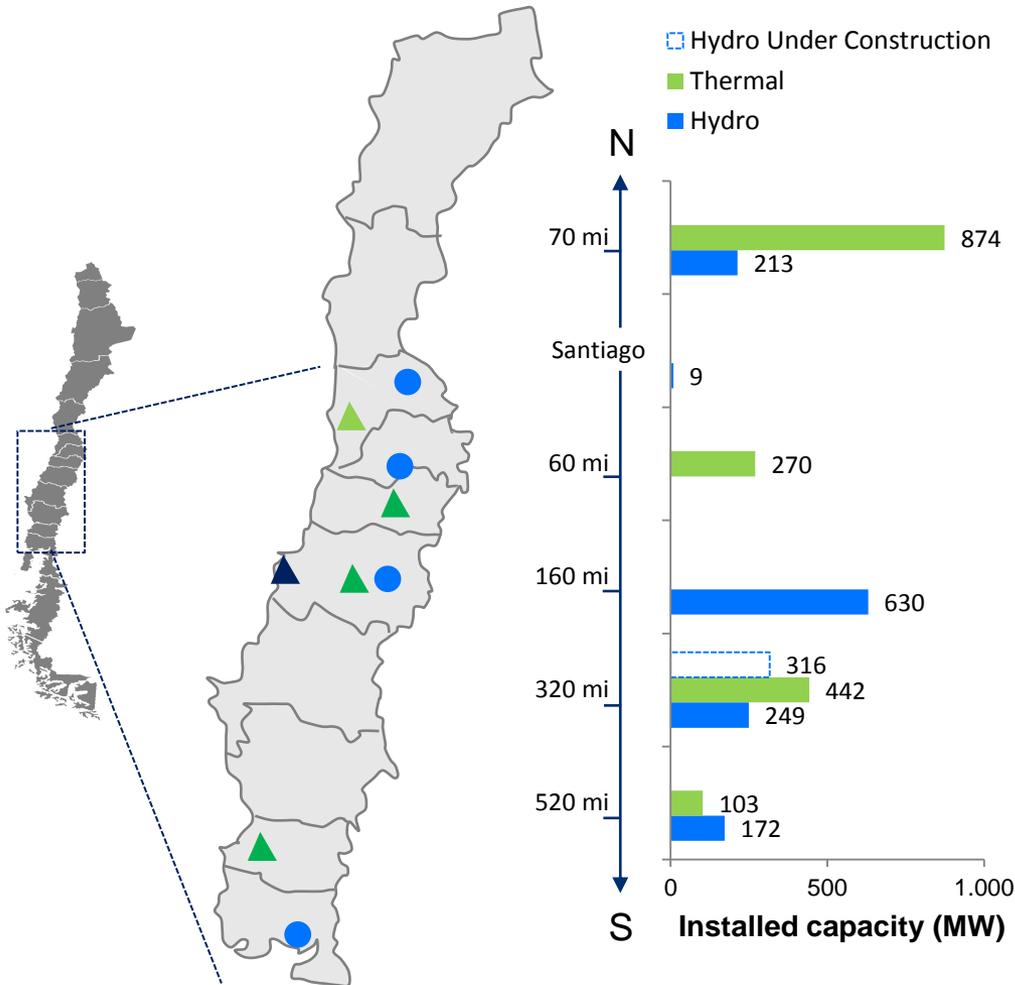
Company Overview

Competitive Advantages

- Attractive Market
- Diversity of Asset Base
- High Quality Customers, Risk Sharing PPAs
- Strong Financial Discipline
- Committed to Sustainability
- Valuable Portfolio of New Projects

Conclusion

Diversity of Asset Base for Flexibility, Lower Generation Risk



Type (as of Sep-13)	Capacity (MW)	Estimated Generation ⁽¹⁾ (TWh/year)
Hydro (operational)	1,273	6.5
Hydro (under construction)	316	1.5
Coal	342	2.5
CCGT (gas/diesel) ⁽²⁾	766	5.0
Peaking (gas/diesel)	581	4.0
Total	2,962	18
Total with hydro under construction	3,278	19.5



(1) For hydro, this estimation considers medium-to-dry hydrological conditions.
 For CCGT and peaking, they are estimated yearly productions (85% plant factor).

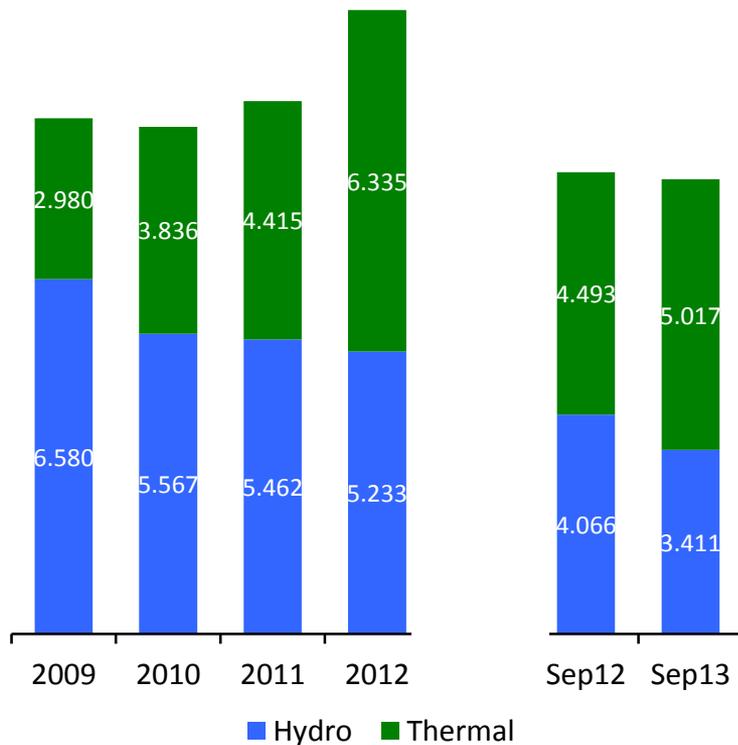
(2) Gas generation will depend upon gas availability

(3) Total figures reflect the commissioning of the Angostura hydro project, which is expected to start operations at the end of 2013.

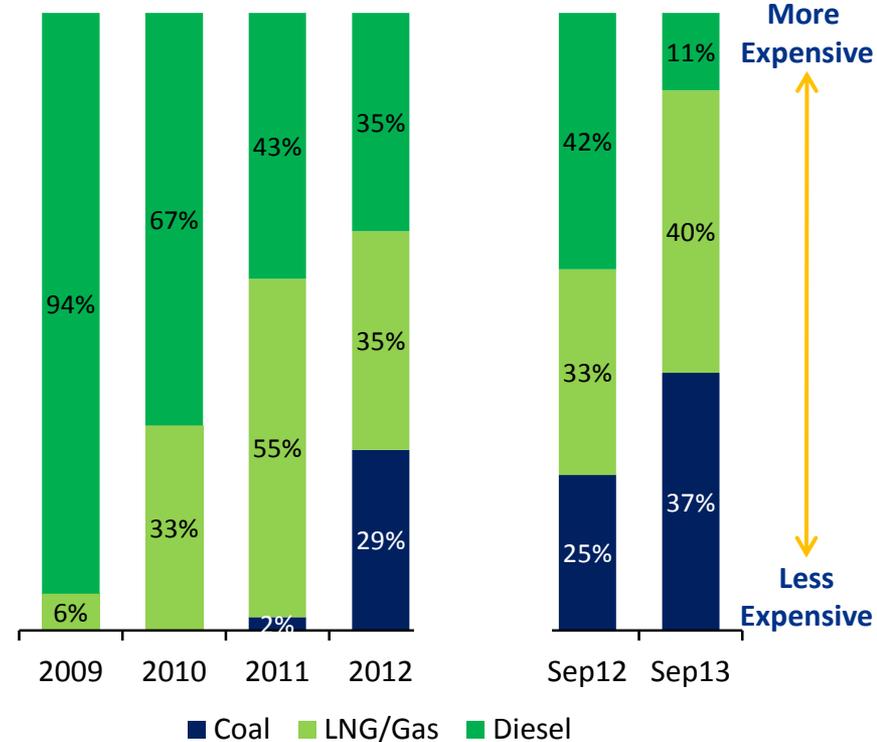
Increasingly Efficient Generation Matrix

- Increasingly diversified generating matrix lowers volatility.
- Santa María I has become a key component of our thermal production.
- Since the entry into operations of the Quintero terminal Colbún has been able to secure LNG supply.

Colbún Production (GWh)



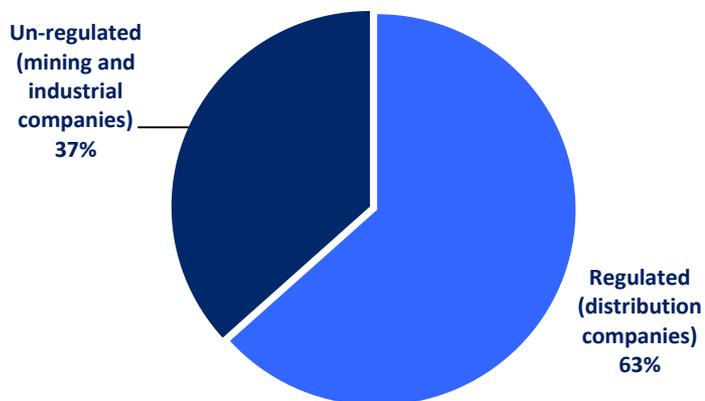
Colbún Thermal Production Breakdown (%)



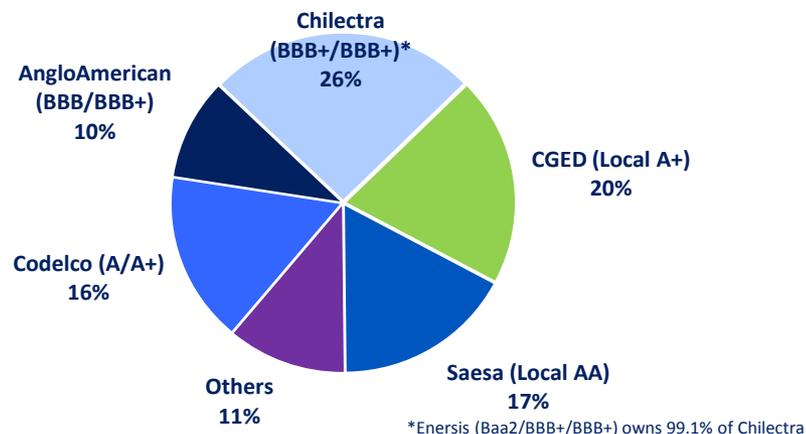
Diversified And Creditworthy Customer Portfolio

- Long term contracts with a diversified and creditworthy customer base
- Long-term average PPA price ~100 US\$/MWh

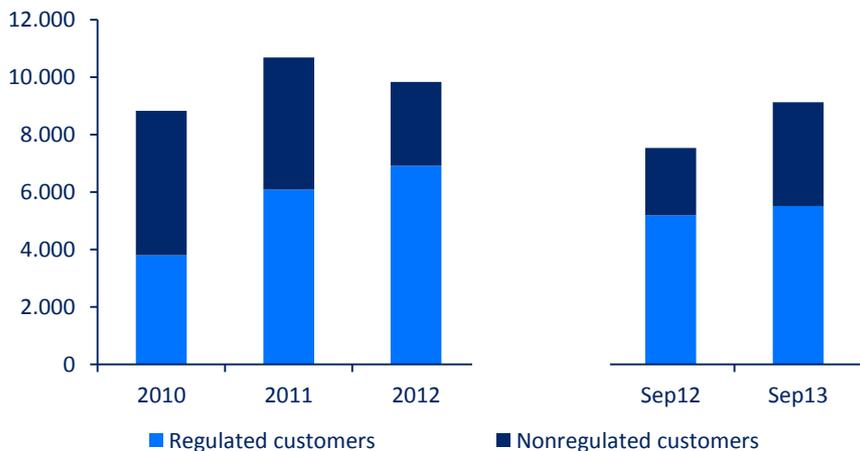
Sales by Type of Customer⁽¹⁾



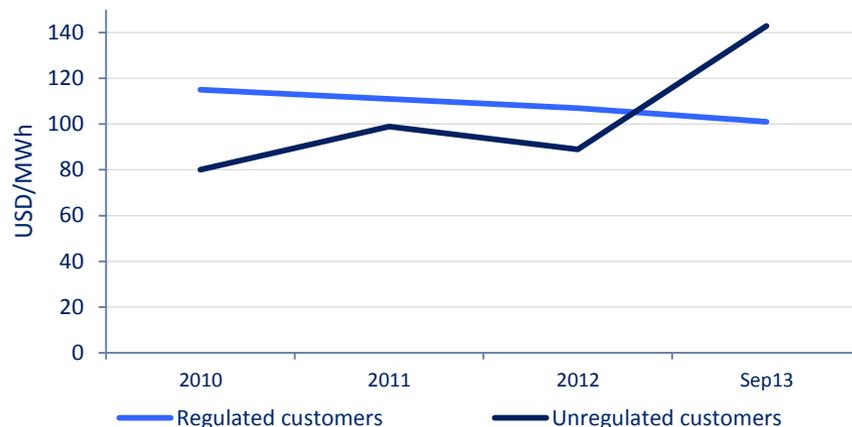
Sales Volume by Customer (%) ⁽¹⁾



Historic Sales by Type of Customer (GWh)



Selected historical average monomic prices ⁽²⁾



The key driver in our results is our commercial policy

COMMERCIAL GOALS

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

1. Define optimal contract level

2. Incorporate indexation formulas in sale prices, which reflect our cost structure

3. Business, operational and financial management

Hydro capacity

CPI

Efficient thermal capacity

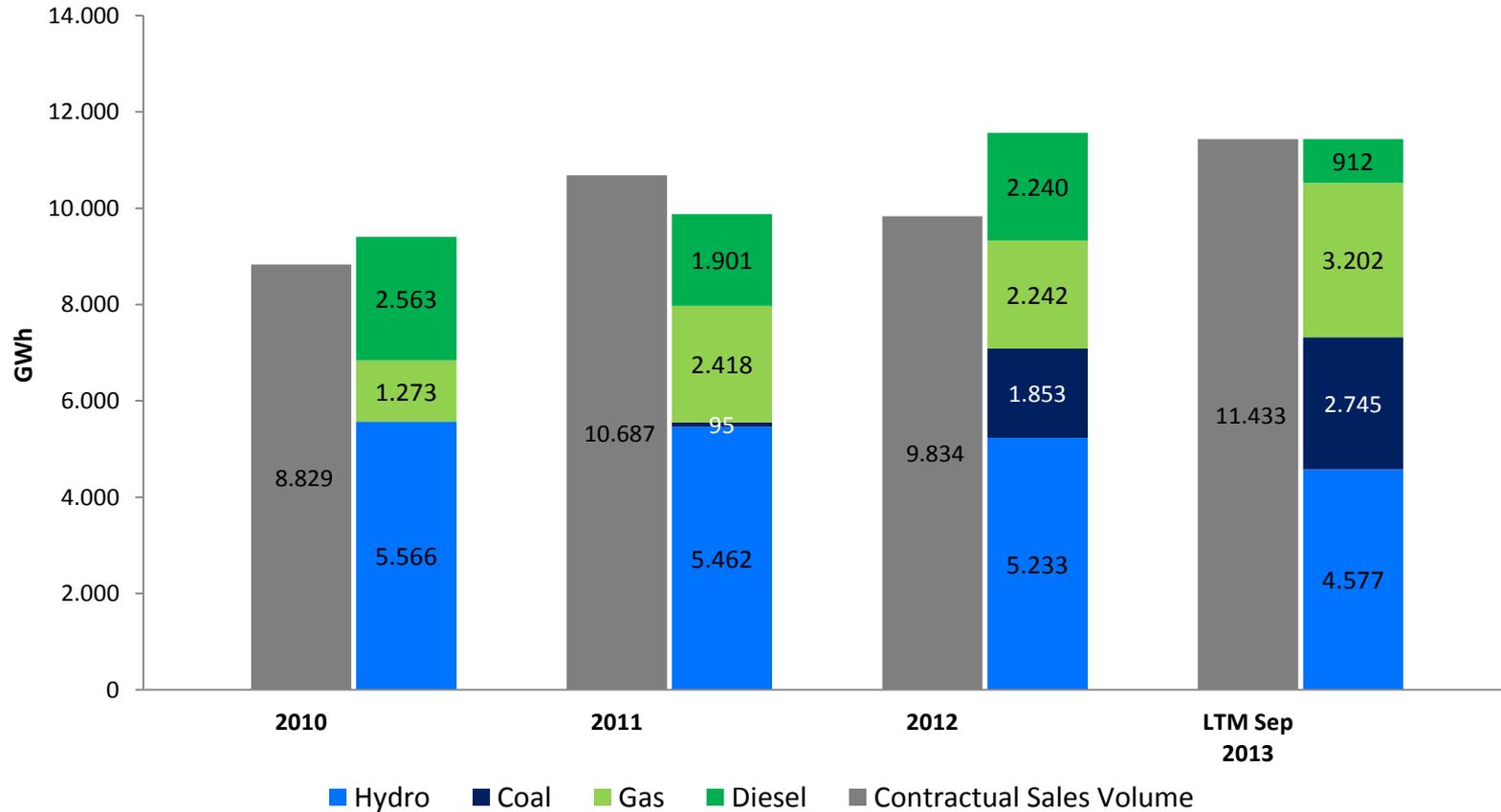
Fossil Fuels prices

Flexible prices for transitional periods



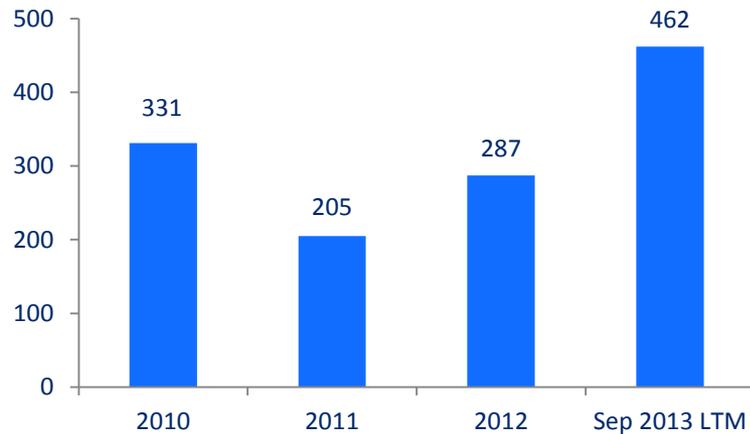
Commercial Balance Improving

Contractual Sales vs. Generation (GWh)

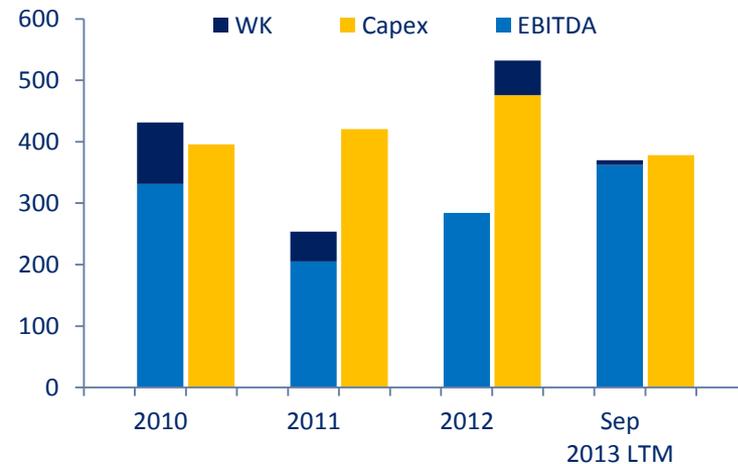


Income statement and FCF

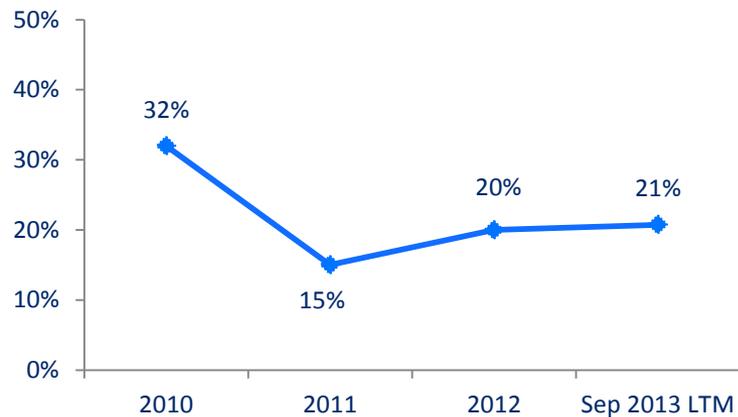
EBITDA (MMUSD)



Selected Sources & Uses of Funds (MMUSD)



EBITDA margin (%)

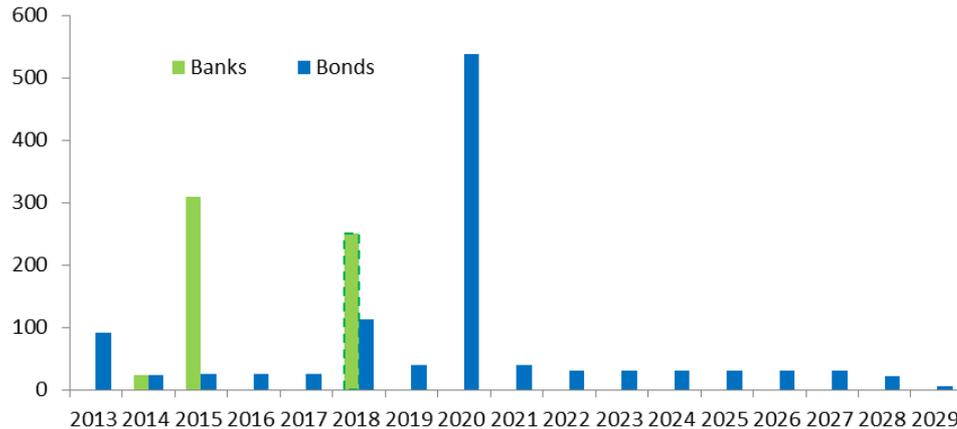


Key Metrics

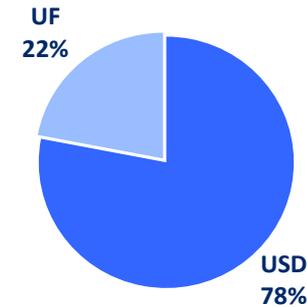
	2010	2011	2012	Sep 2013 LTM
Leverage Ratio (%)	65	62	71	69
Net debt to EBITDA (x)	3.1	5.9	5.3	4.1
EBITDA Interest coverage (x)	6.7	7.4	8.7	7.5

Strong financials

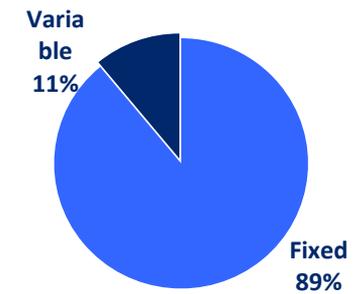
Amortization Schedule of LT Debt (MMUSD)



Debt by Currency



Interest Rate Exposure



Liquidity Position

Cash

USD 208 million

Committed lines

UF 4 million (~USD 200 million), unused.

Other sources of liquidity

- ~ USD 150 million in credit lines facilities,
- ~ USD 300 million registered domestic bonds
- ~ USD 100 million registered commercial papers

Dividend policy

30% (minimum required by Chilean law).

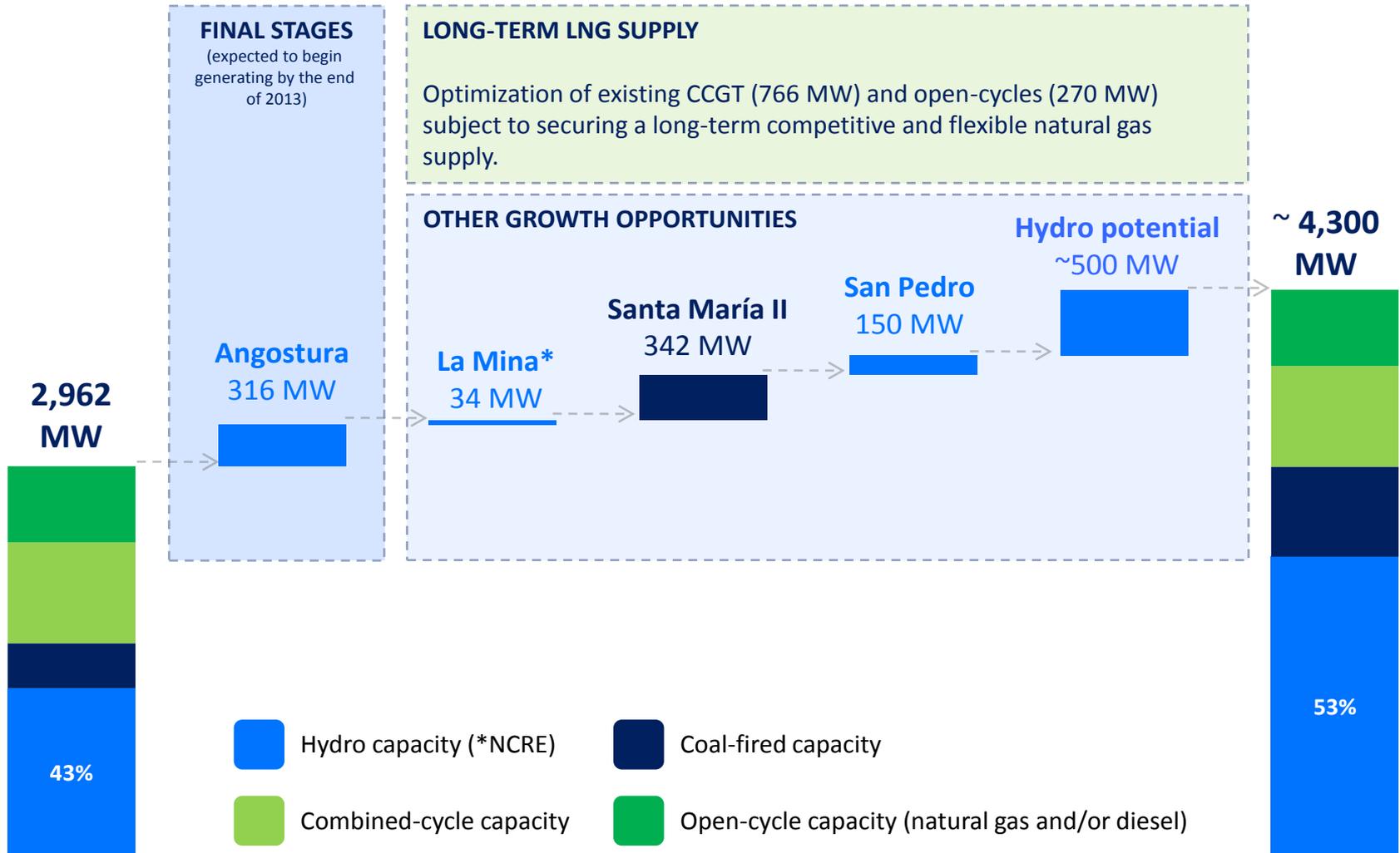
Balance Sheet as of September 2013 (MMUSD)

<u>Current Assets</u>	<u>692</u>	Current Liabilities	548
Cash and equivalents	208	Long-Term Liabilities	1,924
Accounts receivable	147		
Recoverable taxes	231		
Other current assets	106		
<u>Non-Current Assets</u>	<u>5,352</u>	Shareholders' Equity	3,572
Property, Plant and Equipment	5,014		
Other non-current assets	338		
Total Assets	6,044	Total Liabilities and Shareholders' Equity	6,044

Colbún: a sustainable partner



Our expansion plan



Our projects under development

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

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 2013: 114 MMUSD



ANGOSTURA HYDRO POWER PLANT: 316 MW
Santa Barbara and Quilaco, Biobío Region

INVESTMENT POWER PLANT: 700 MMUSD
INVESTMENT TX LINE: 45 MMUSD
SPENT AS OF SEP. 2013: 668 MMUSD
ADVANCE SEP. 2013: 97%
ESTIMATE START OF GENERATION: 4Q2013



Agenda

Chilean Electricity Sector Overview

Company Overview

Competitive Advantages

Conclusion

