

Company Presentation

3Q 2014



COLBUN AT A GLANCE

Business	Power Generation
Size	2 nd largest generator in Chile's Central Grid (SIC), with over 21% market share (MW) The SIC covers 75% of Chile's electricity demand
Capacity	3,278 MW 48% hydro and 52% thermal
Generation	12,832 GWh in Sep. 14' LTM 43% hydro and 57% thermal
Power plants	16 hydro plants in 4 different basins 7 thermal plants in 4 different regions
Ownership	Matte Group: ~49% Angelini Group: ~10% Pension funds: ~17% and others: ~24%
As of Sep. 2014:	
Assets	US\$ 6.5 billion
Equity	US\$ 3.5 billion
Market Cap	US\$ 4.5 billion
EBITDA	Sep. 14' LTM US\$ 484 million

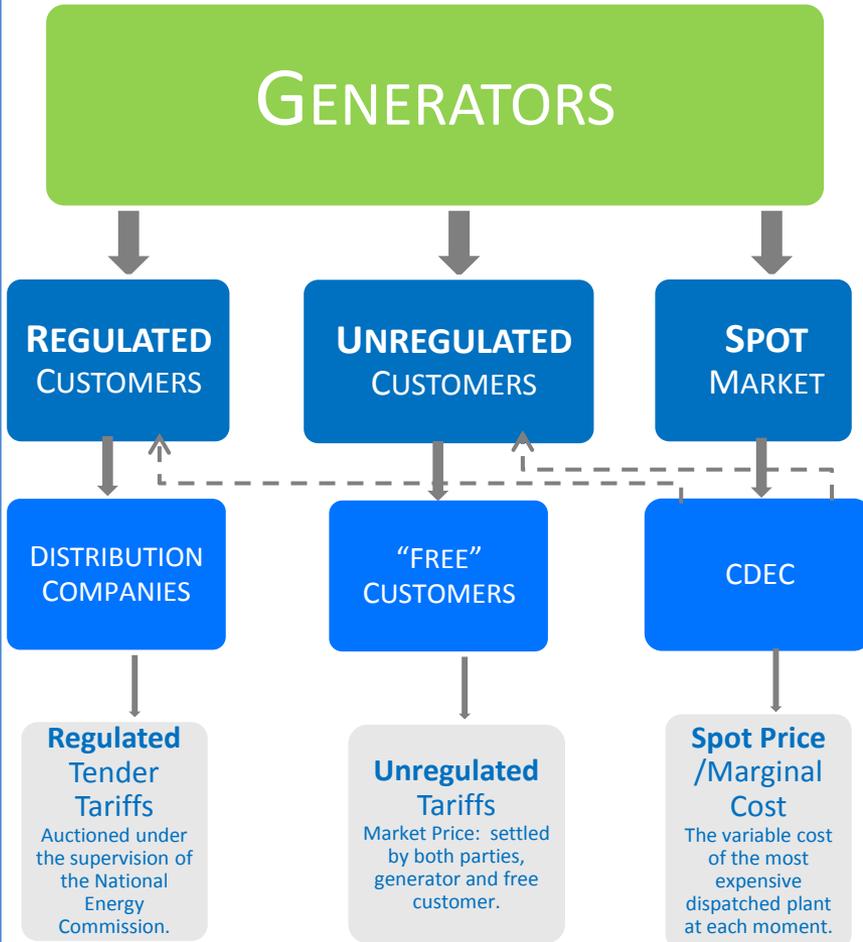


Source: CNE, December 2013

CHILEAN POWER MARKET STRUCTURE

1

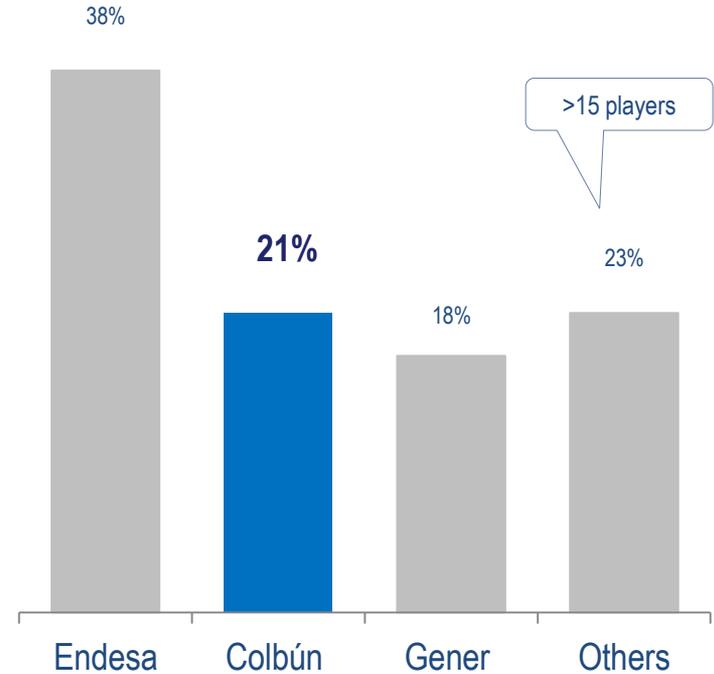
Electricity Market Structure



2

Leading Player in the SIC

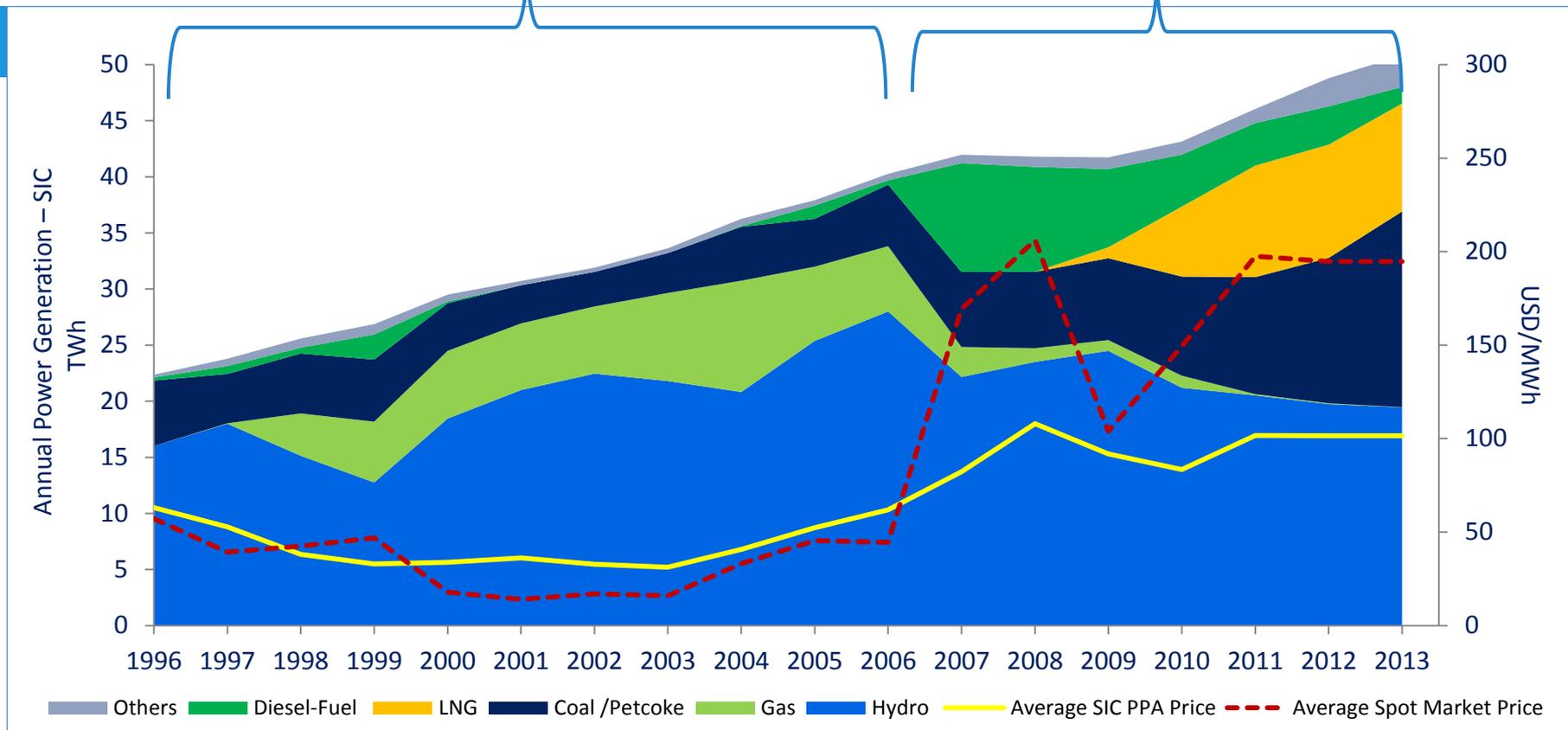
Market Share



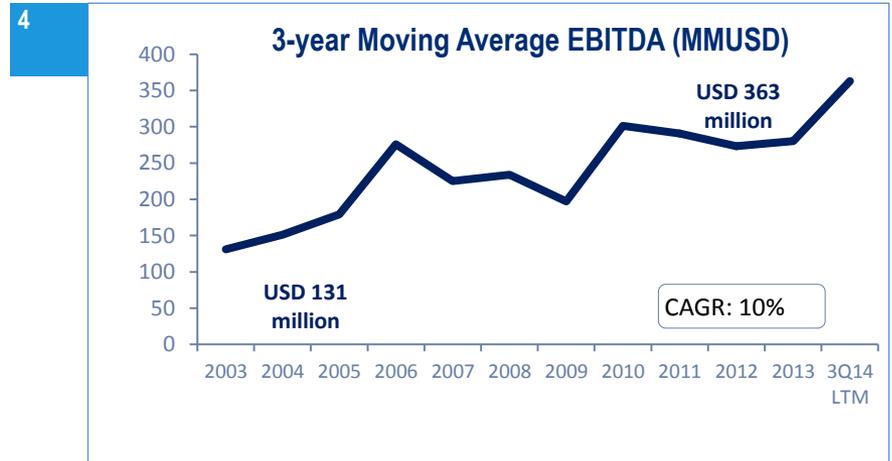
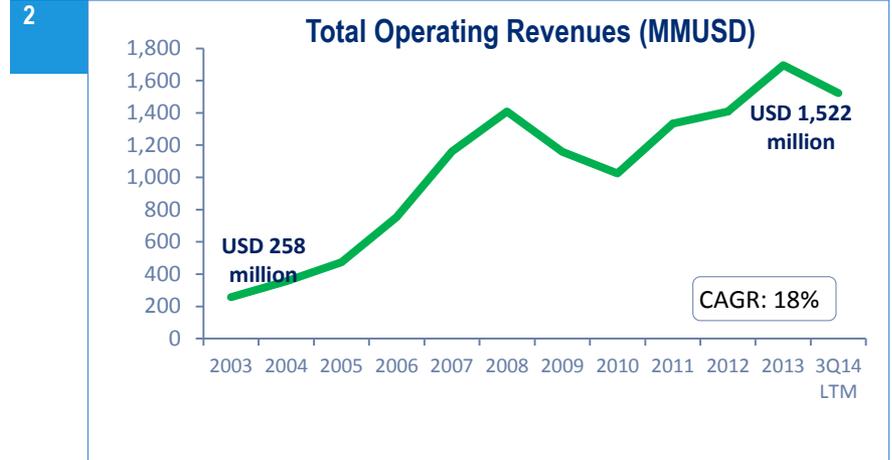
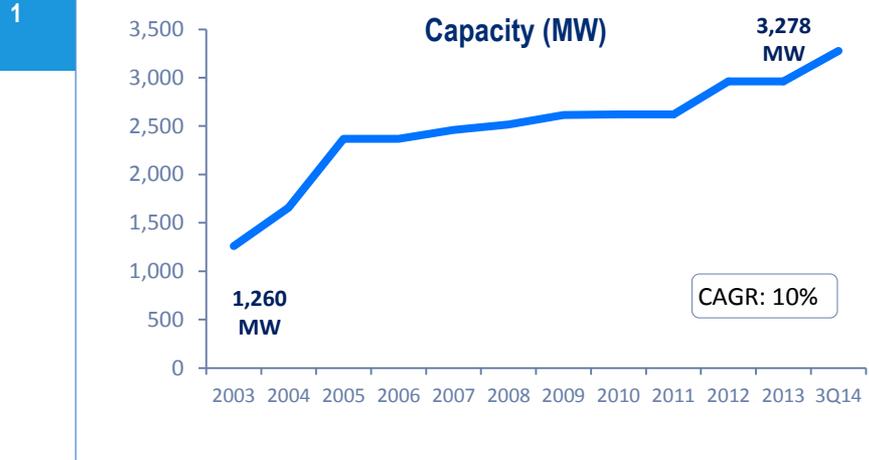
GENERATION AND PRICE EVOLUTION IN CHILE'S CENTRAL GRID

- Development based on hydro + competitive natural gas
- Power purchase agreements signed under fixed prices (set by regulator for distribution clients)

- (+) Development based on gas turbine (diesel)
- (+) LNG re-gasification terminal since 2009
- (+) Coal- power plants
- New law: PPA tenders with price indexation



STEADY GROWTH OVER THE PAST DECADE



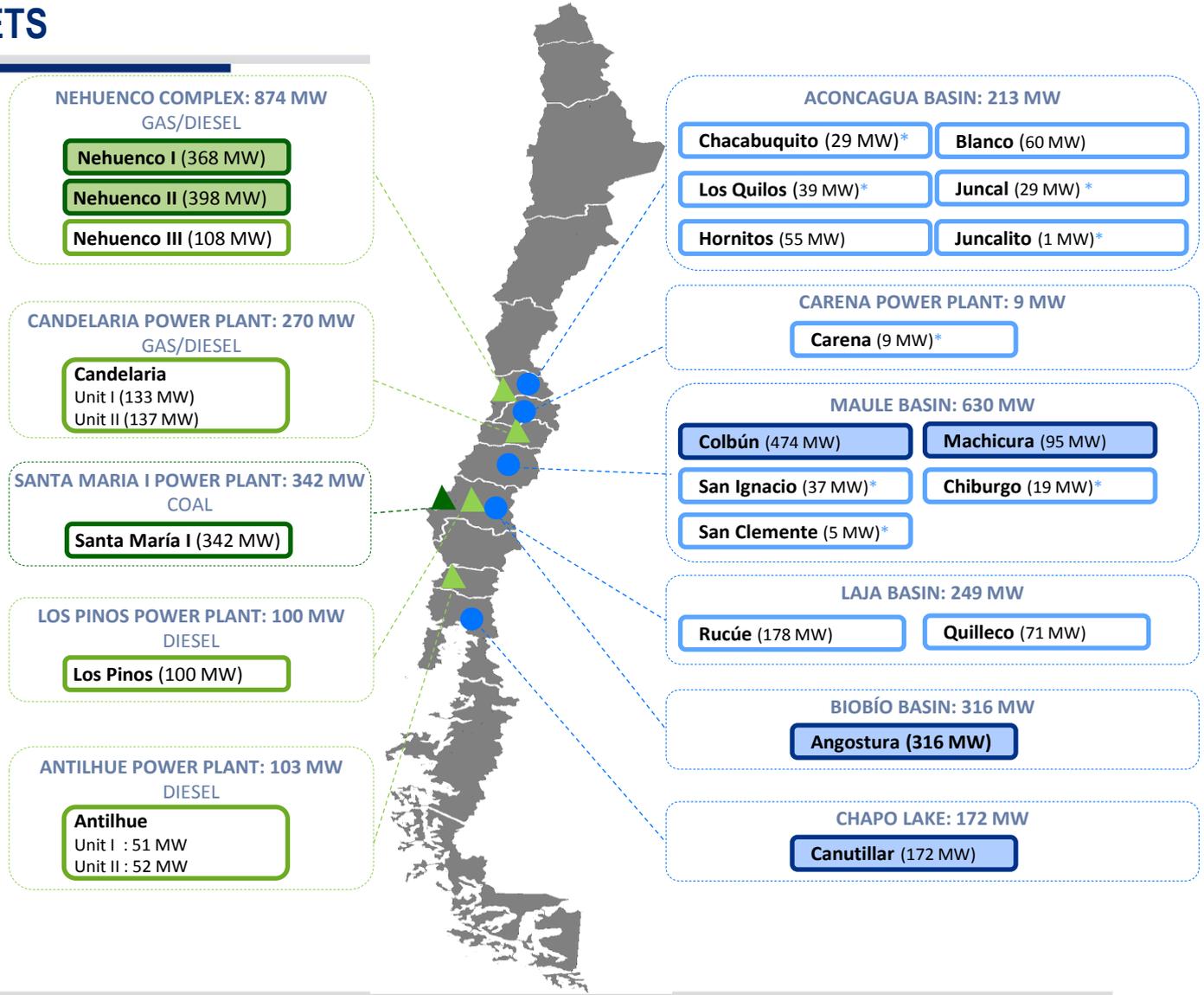
GENERATION ASSETS

7 thermal power plants (1,689 MW)

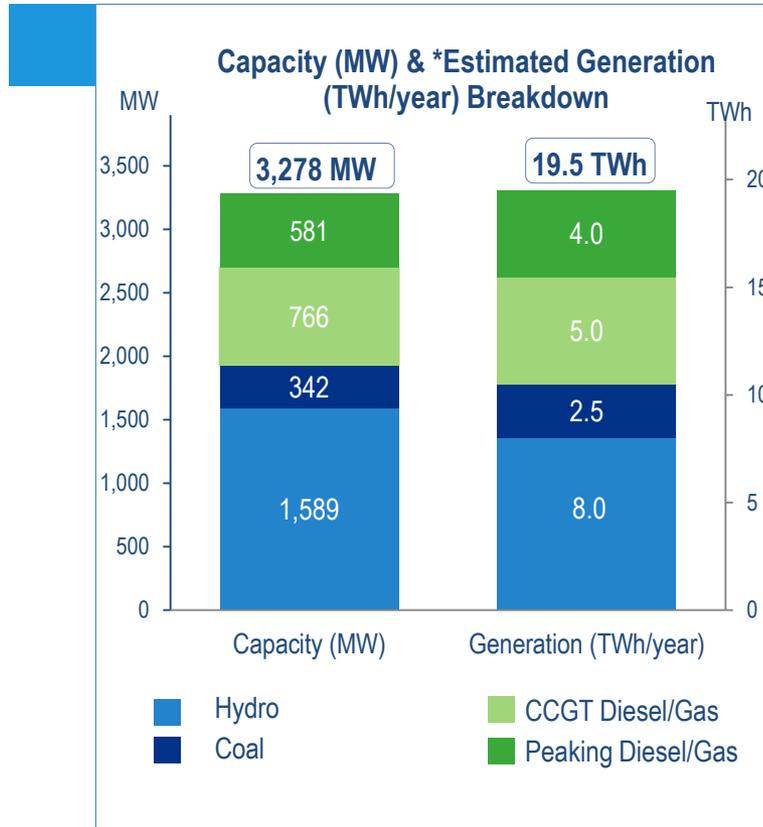
- Combined Cycle
- Open Cycle
- Coal-fired

16 hydro power plants (1,589 MW)

- Run of the River (*NCRE mini-hydro)
- Reservoir



GENERATION ASSETS



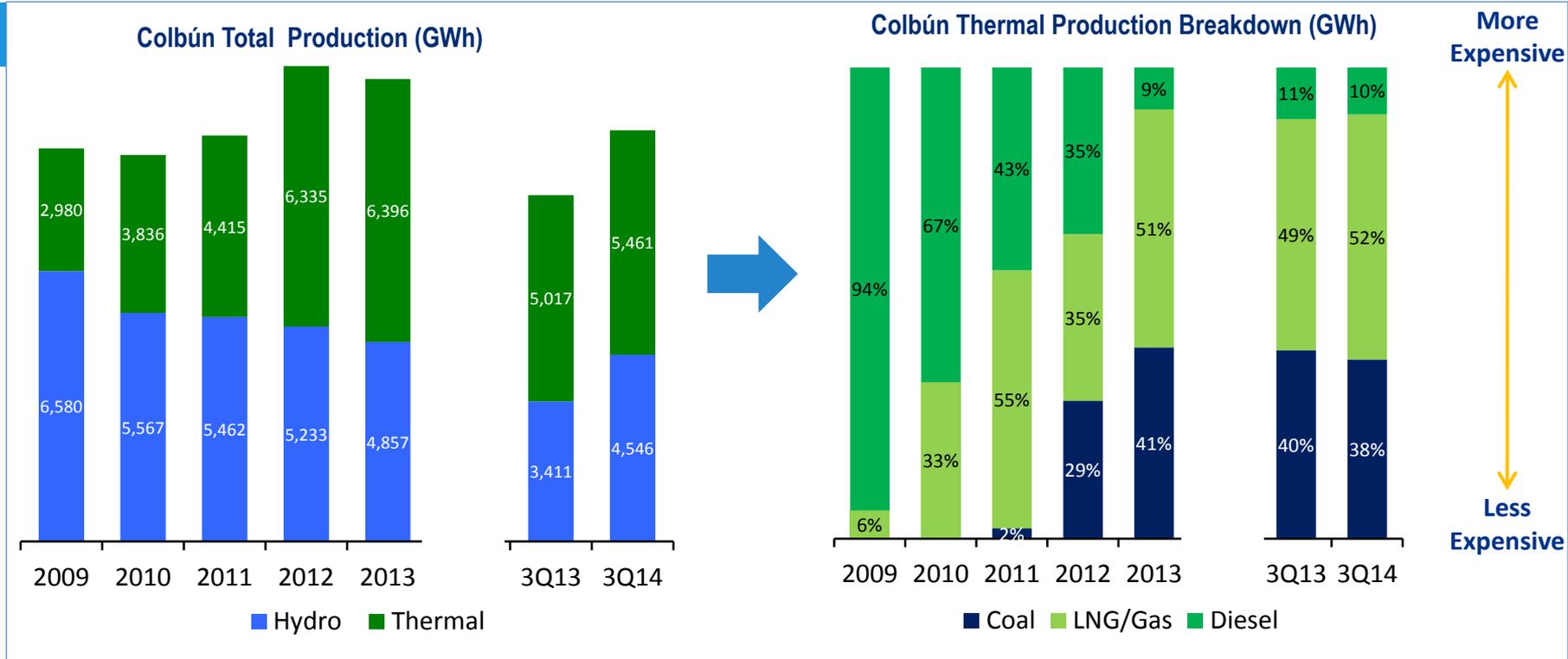
Colbún– Reservoir



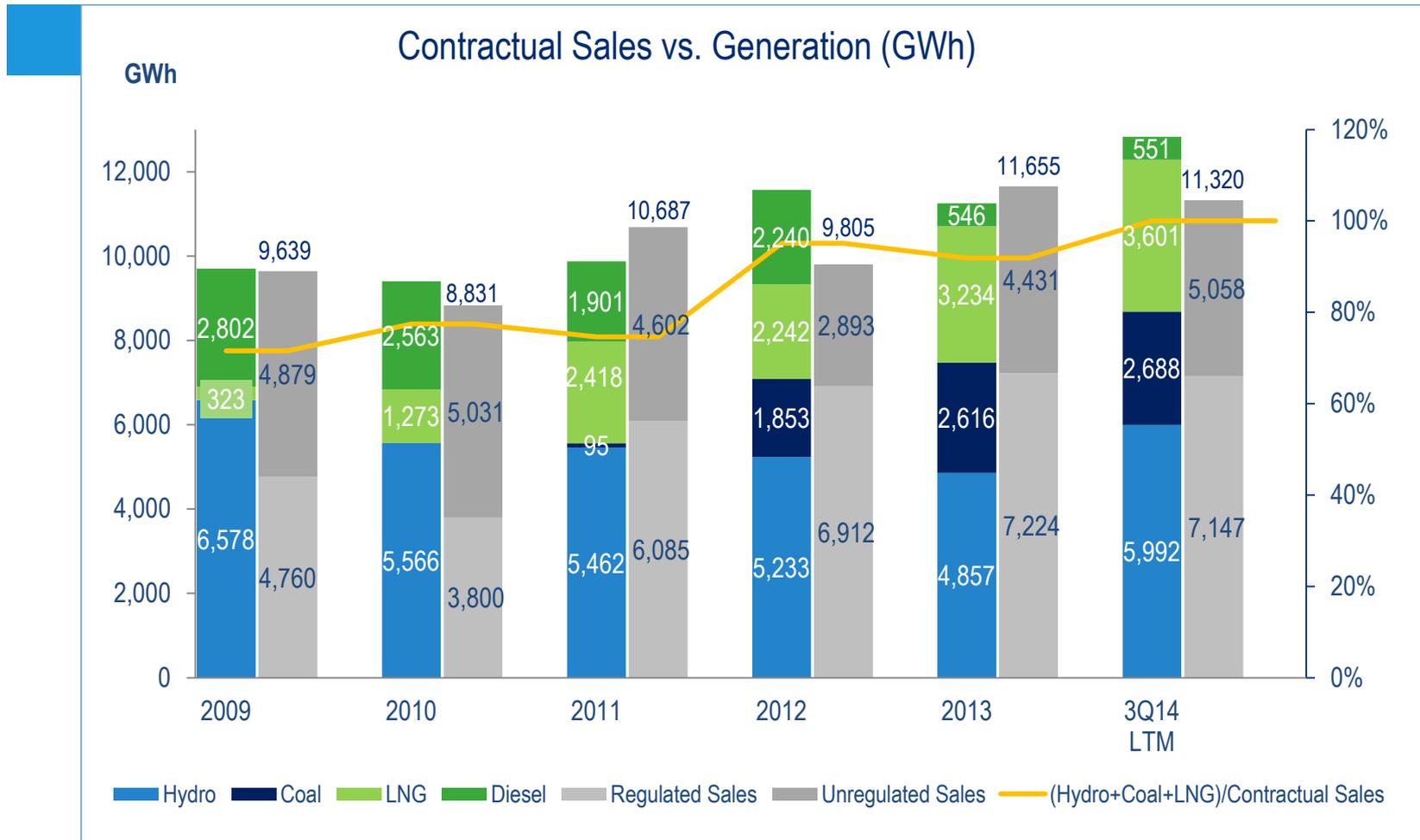
Santa María I – Coal-fired power plant

*For hydro considers medium-to-dry hydrological conditions, for CCGT and peakers, estimated yearly productions (85% plant factor). Gas generation will depend upon gas availability.

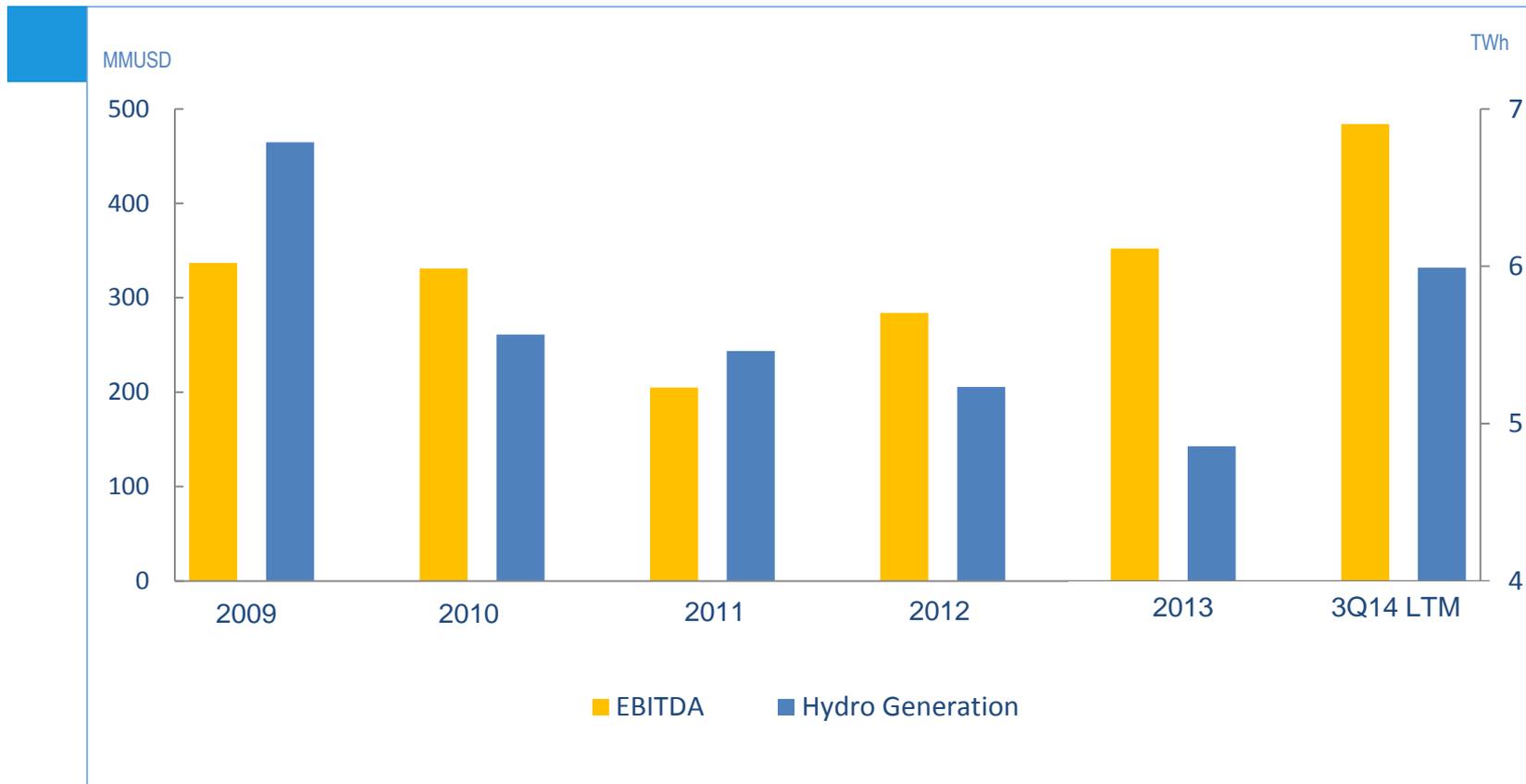
INCREASINGLY EFFICIENT GENERATION MATRIX



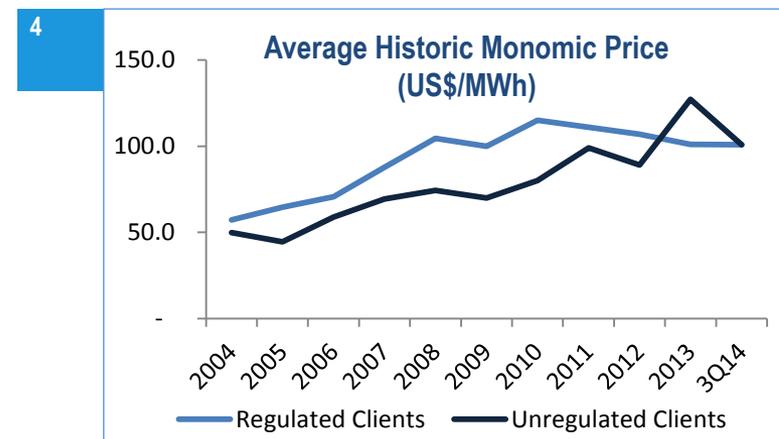
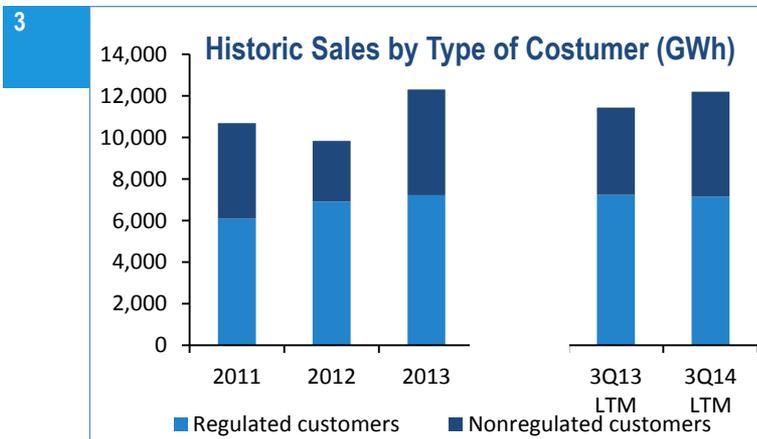
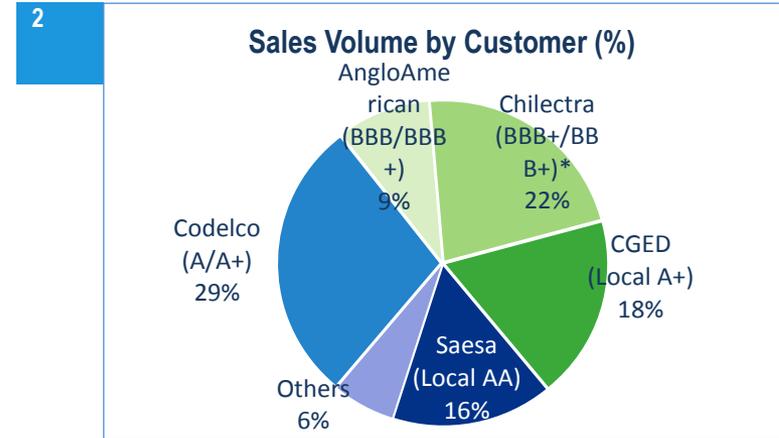
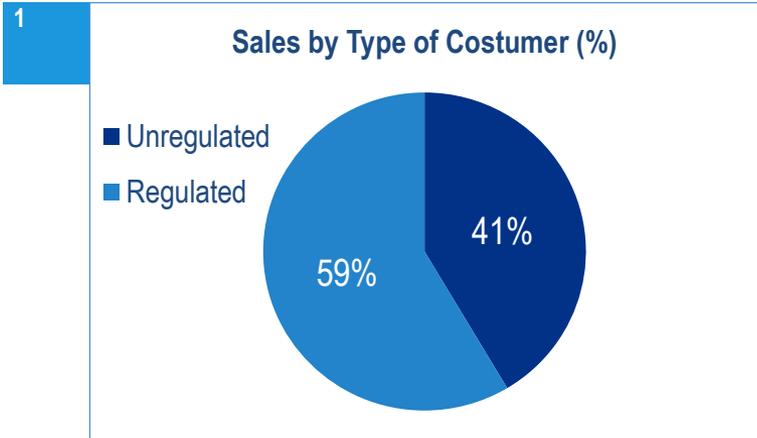
INCREASINGLY BALANCED COMMERCIAL POSITION



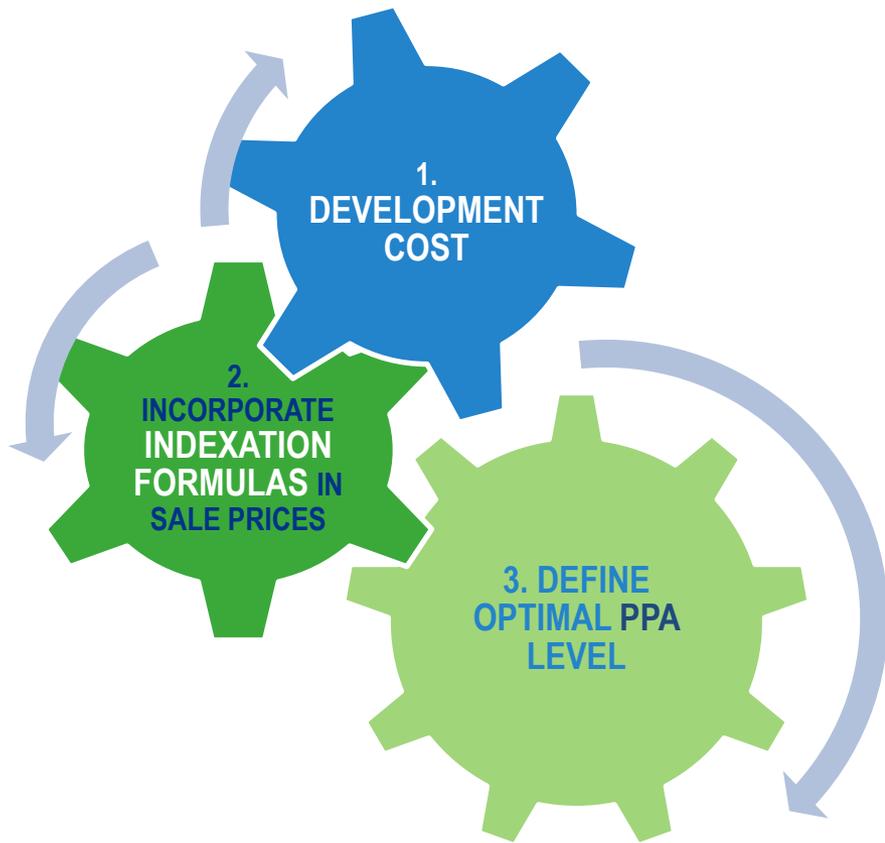
EBITDA VS. HYDRO GENERATION EVOLUTION



HIGH QUALITY CLIENTS



COMMERCIAL STRATEGY



Maximize returns from our current and future assets
Manage volatility given relevant hydro component
Predictable Cash Flows

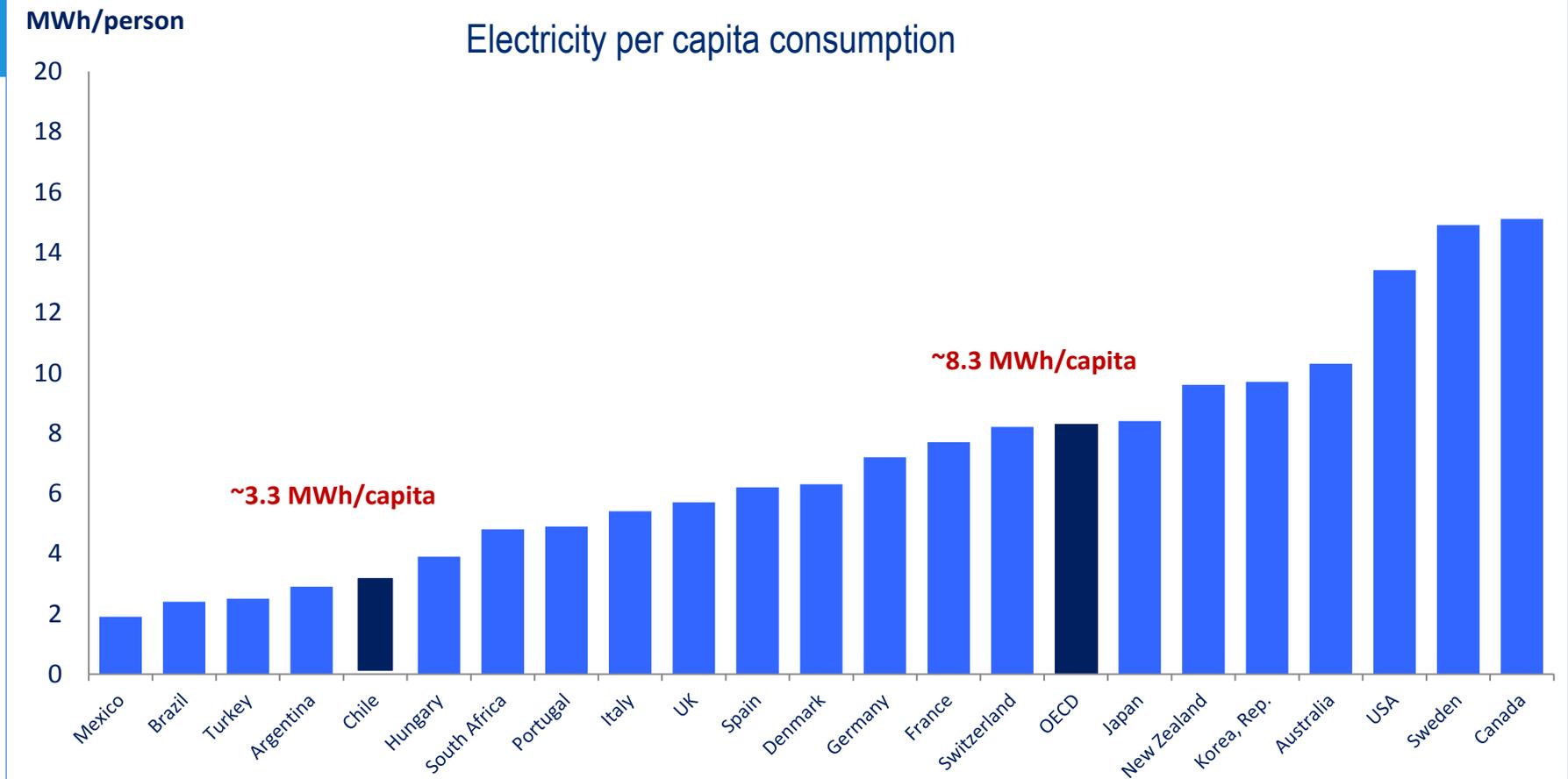


- Active Risk Management
- Financial Hedges
- Natural gas for certain periods

(*) Under medium-to-dry hydrological conditions. For CCGT and peaking, estimated yearly productions (85% plant factor). Gas generation will depend upon gas availability

CHILE HAS GROWING ENERGY REQUIREMENTS

- In the next decade, Chile is expected to become the first developed economy (by OECD standards) in Latin America. We expect this transition to result in increased demand for power generation.
- The National Energy Commission projects a CAGR of electricity demand of 3.8% for Chile by year 2020.



COLBUN HAS SEVERAL GROWTH OPPORTUNITIES

La Mina - Hydroelectric Project

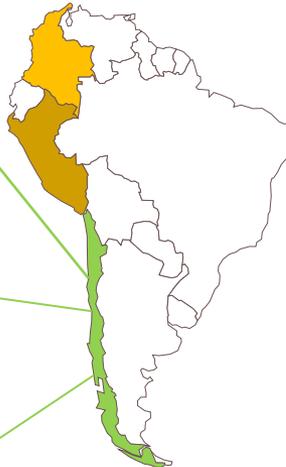
- **34 MW** of Installed Capacity
- **180 GWh** of expected annual generation
- **Phase:** Environmentally Approved
- Qualifies as **NCRE**

Santa María II - Coal-fired Project

- **350 MW** of Installed Capacity
- **2,500 GWh** of expected annual generation
- **Phase:** Environmentally Approved

San Pedro - Hydroelectric Project

- **150 MW** of Installed Capacity
- **930 GWh** of expected annual generation
- **Phase:** Existing Environmental Approval to be modified



Searching for investment opportunities in the region:

Special focus on assets in Colombia and Perú

Country Attractiveness:

- Attractive business environment
- Positive economic perspective
- Well established regulatory framework
- Growing electricity consumption
- Diversification of:
 - Geography
 - Generation technology
 - Access to fuel sources

COLBUN'S CORPORATE STRATEGY

Our 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

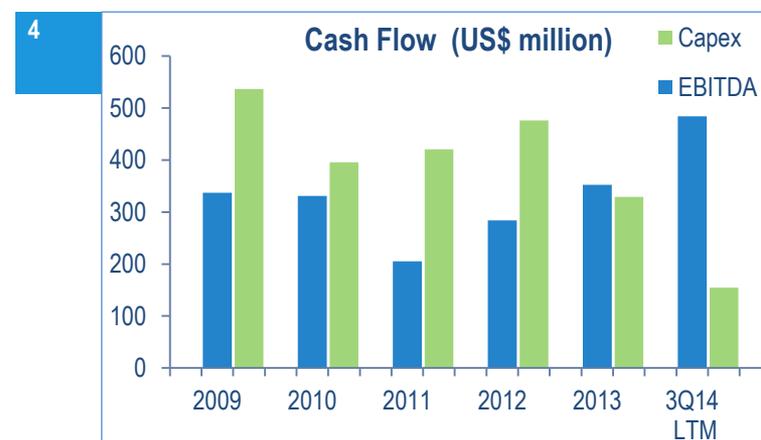
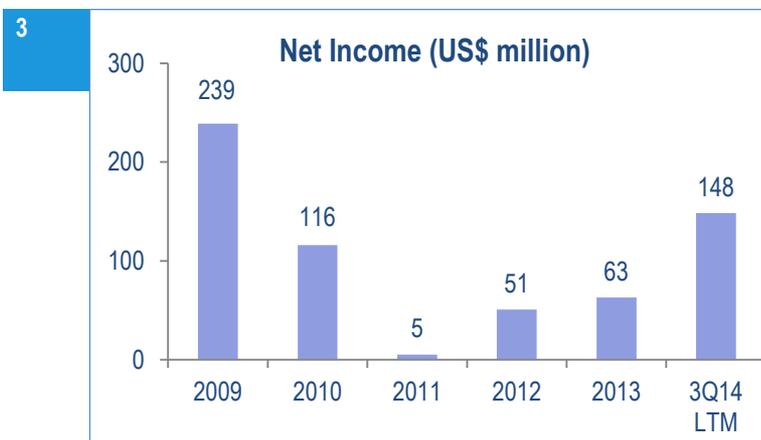
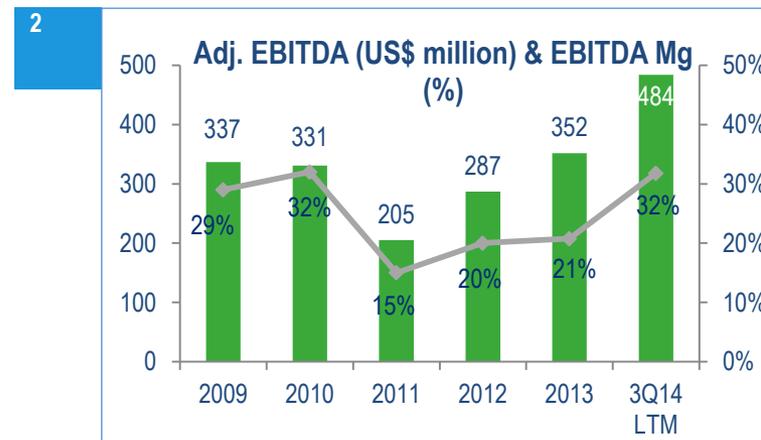
3. Growth

- 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

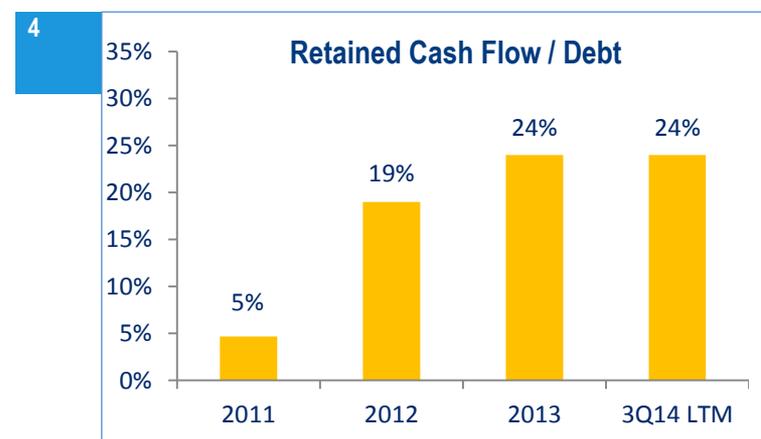
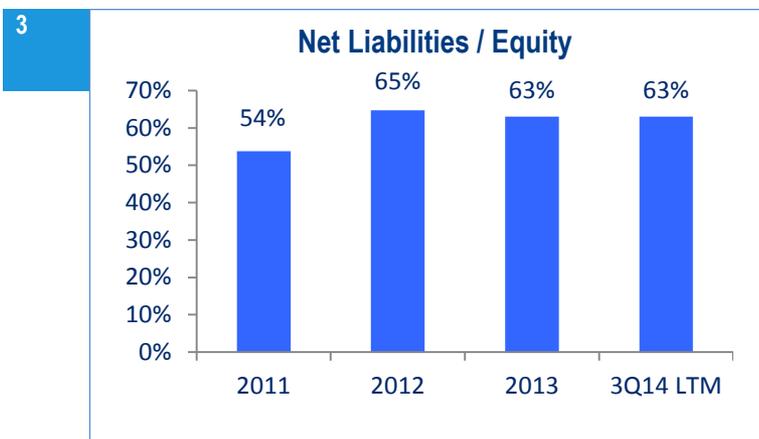
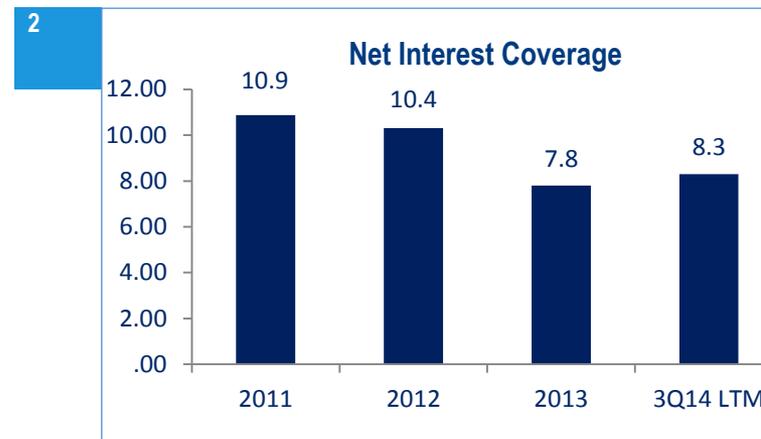
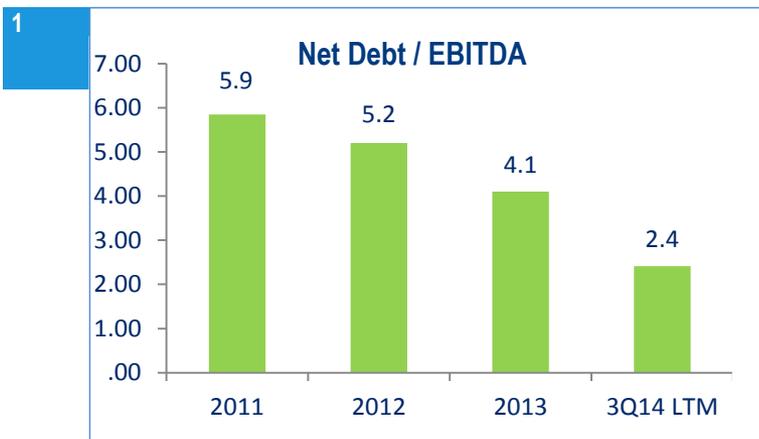
OUR OPERATIONS ARE SUPPORTED BY A DEFINED CORPORATE SOCIAL RESPONSIBILITY STRATEGY



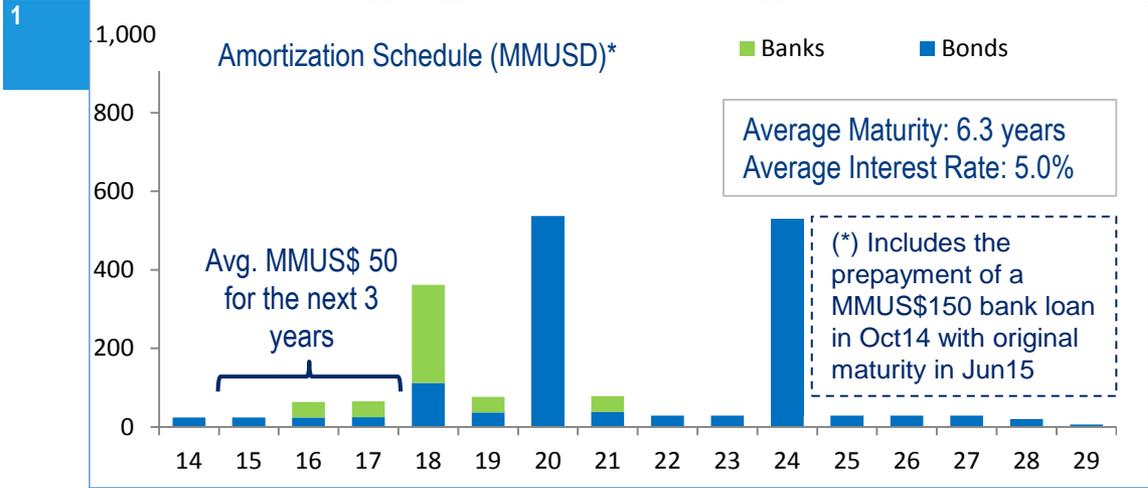
IMPROVING RESULTS



SOLID INTEREST COVERAGE AND IMPROVING LEVERAGE



A LOOK AT OUR DEBT AND LIQUIDITY



2

Local	Rating	Last Update
Fitch Ratings	A+	Jul-14
Humphreys	AA-	Jul-14

International	Rating	Last Update
Fitch Ratings	BBB (Stable)	Jul-14
Standard & Poors	BBB- (Negative)	Mar-14

3

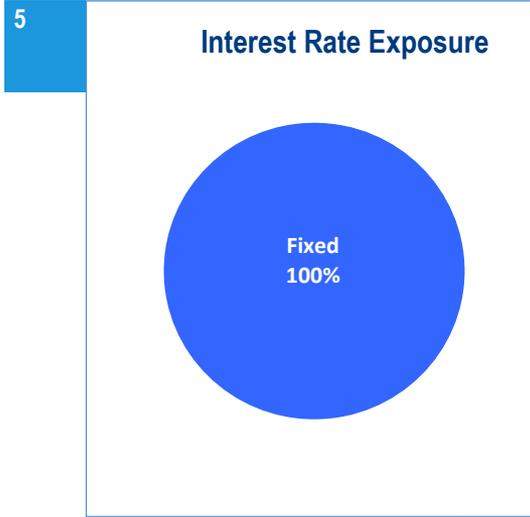
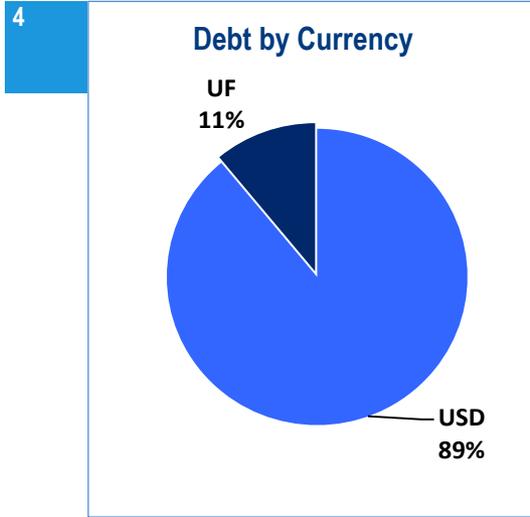
Liquidity Position

Cash
~USD 880 million

Committed lines
~USD 200 million, unused, signed with local counterparties.

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).



KEY INVESTMENT HIGHLIGHTS

- **Country:** Operates in Chile, the highest-rated country in the region (Aa3/AA/A+)
- **Size:** Second-largest generation company in Chile's largest electricity grid
- **Competitive:** High-quality, diversified asset portfolio and flexible commercial policy.
- **Stable:** Diversified, solid and creditworthy customer portfolio
- **Shareholders:** Strong, reliable controlling group with a strategic and long-term vision for the business
- **Management:** Experienced management and high standards of corporate governance
- **Projects:** Strong pipeline of new projects with improving efficiency and diversification of generation sources
- **Liquidity:** Conservative financial strategy that emphasizes keeping a strong liquidity position

