

JP MORGAN Southern Cone & Andean
Opportunities Conference

COMPANY PRESENTATION

MAY 2018



AGENDA

1. OVERVIEW

2. VALUE PROPOSAL

3. CONCLUDING REMARKS



Company overview

Leading position in Chile & Peru

THE COMPANY



Installed Capacity

3,884 MW

 3,319 MW /  565 MW



Market Share¹

 17% /  8%



Ownership

- 49.96% Matte Group
- 9.58% Angelini Group
- 20.77% Pension Funds
- 19.69% Others



Power-Plants

25

 24 /  1



Transmission Lines

~940 km

KEY FINANCIALS



Total Assets

US\$7.0 bn



EBITDA LTM

US\$701 mm

 US\$649 mm /  US\$52 mm



Cash

US\$881 mm



Net Debt / EBITDA

1.1 x



Ratings

Baa2

Moody's

BBB

S&P

BBB

Fitch

Note: All figures as of Mar18

¹ In terms of generation in the SEN in Chile (23% in the SIC, prior to the interconnection with the SING effective as of October 2017) and in the SEIN in Peru.

AGENDA

1.

OVERVIEW

2.

VALUE PROPOSAL

3.

CONCLUDING REMARKS



Value proposal

Leading position supported by competitive strengths

1

**COST
EFFICIENT AND
DIVERSIFIED
ASSET BASE**

2

**STABLE &
PREDICTABLE
CASH FLOWS**

3

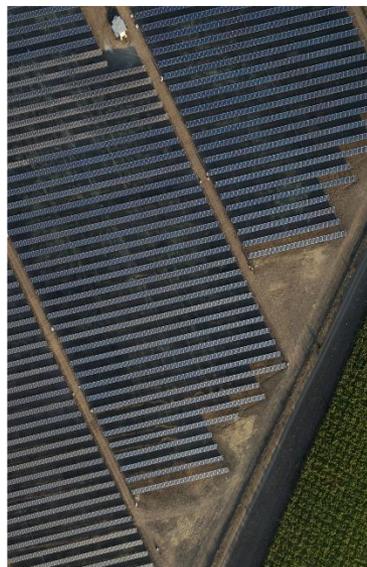
**PRUDENT
FINANCIAL
MANAGEMENT**

4

**ATTRACTIVE
PORTFOLIO OF
GROWTH
OPTIONS**

5

**MAXIMIZING
VALUE TO ALL
OF OUR
STAKEHOLDERS**



Value proposal

Leading position supported by competitive strengths

1

**COST
EFFICIENT AND
DIVERSIFIED
ASSET BASE**

2

**STABLE &
PREDICTABLE
CASH FLOWS**

3

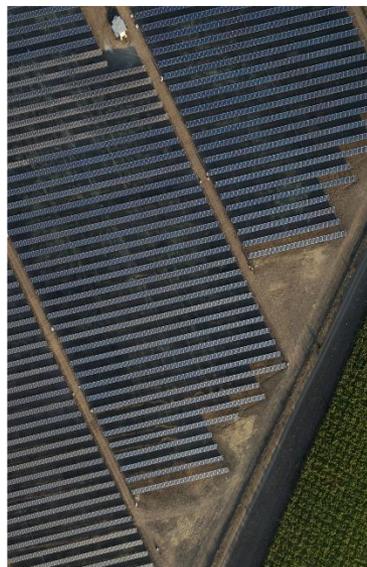
**PRUDENT
FINANCIAL
MANAGEMENT**

4

**ATTRACTIVE
PORTFOLIO OF
GROWTH
OPTIONS**

5

**MAXIMIZING
VALUE TO ALL
OF OUR
STAKEHOLDERS**



1. Cost efficient & diversified asset base

Generation assets diversified by technology & geography

3,884 MW Inst. Capacity:

- Hydro: 1,634 MW



- 4 Reservoir: 1,065 MW

- 12 Run-of-the-river: 532 MW

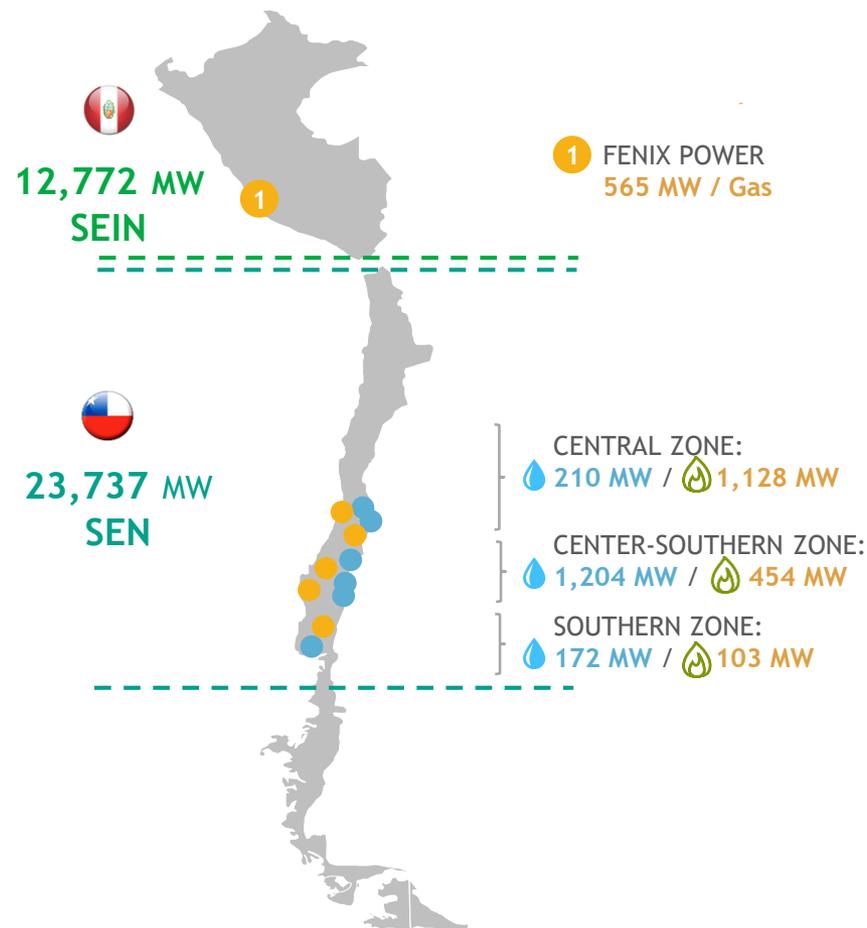
- Thermal: 2,250 MW



- 3 CCGT: 1,332 MW

- 4 Diesel: 568 MW

- 1 Coal: 350 MW



¹ Includes 37 MW of La Mina power plant
 Note: values as of Mar18

1. Cost efficient & diversified asset base

Fenix Power: a relevant & efficient CCGT in Peru



Most efficient CCGT in Peru

Based on Heat Rate



40 miles south of Lima

Capital of Peru and largest city of the country



565 MW

Gross effective capacity



3.5 TWh

Net annual generation



3 TWh / year

Long term contracts (~75% capacity)

SHAREHOLDERS

- 51% Colbún
- 36% ADIA
- 13% Sigma

KEY FIGURES



LTM EBITDA

US\$**52** mm



Cash

US\$**41** mm

Internacional Ratings



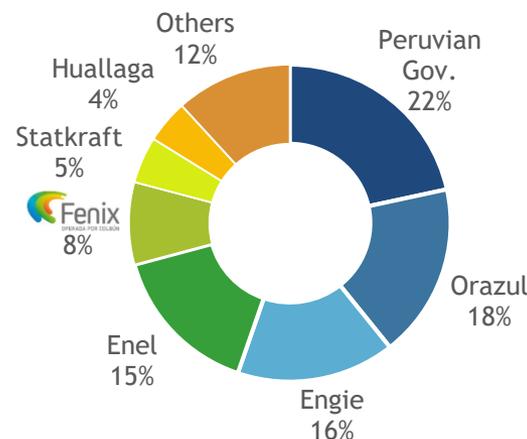
Baa3 Stable

Moody's

BBB- Stable

S&P/Fitch

MARKET SHARE¹



Note: All figures as of Mar18

¹ In terms of generation

1. Cost efficient & diversified asset base

Secured long-term regasification capacity & LNG supply

Long-term strategy: leveraging our efficient natural gas power facilities and diversifying our supply sources; contributing to a competitive, flexible, secure and sustainable power supply.

MEDIUM AND SHORT TERM LNG SUPPLY

LNG supply with Metrogas and ENAP

- Short term contracts (~3 months) available.
- Medium term contracts: signed for 2 TWh of natural gas generation in 2018 and 2019 ¹.

LONG TERM LNG SUPPLY

Regasification capacity and supply contract with ENAP

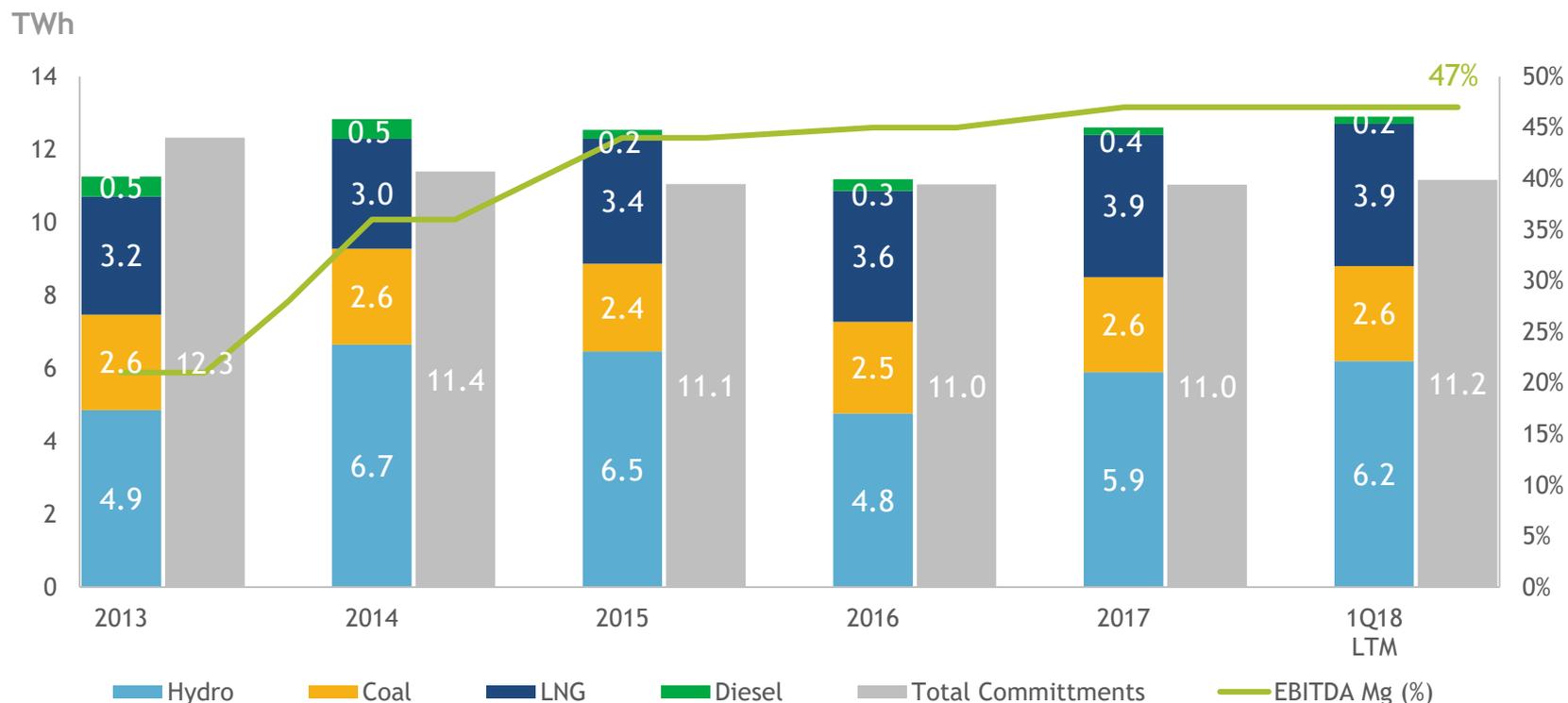
- Effective from 2018 onwards, for a period of 13 years.
- Competitive LNG supply with ENAP and international providers.
- Capacity for up to two combined-cycle units per year.

¹ For 2019, 1 TWh is optional.

1. Cost efficient & diversified asset base

100% of PPAs supplied with cost-efficient generation

CONTRACTUAL COMMITMENTS VS GENERATION. (TWh)



1. Cost efficient & diversified asset base

Relevant transmission assets


Transmission lines
 ~**940** km


Substations
28


Market share ¹
 ~**5%**


Annual EBITDA²
 ~**US\$23** mm

	Length (km)
Nacional	331
Zonal	79
Dedicada	531
Total	941

~**US\$60** million in expansion projects in transmission



Note: All figures as of Mar18

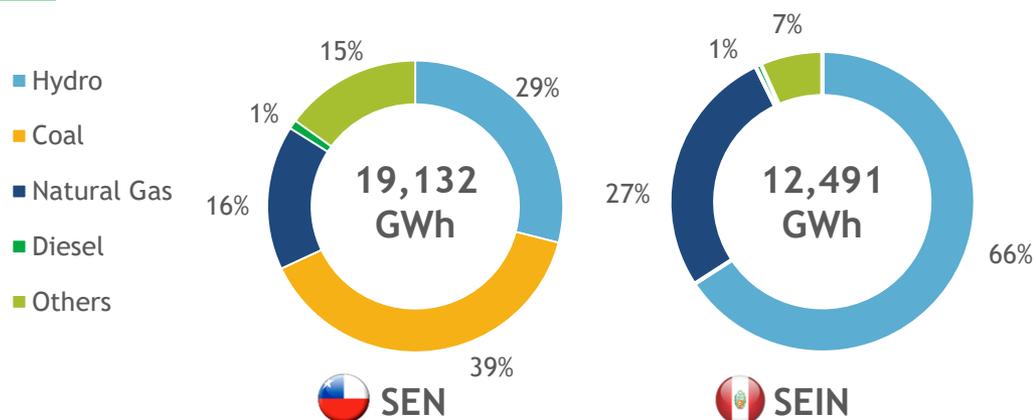
¹ Nacional Transmission

² Corresponds to Colbún Transmisión EBITDA as of Dec17

1. Cost efficient & diversified asset base

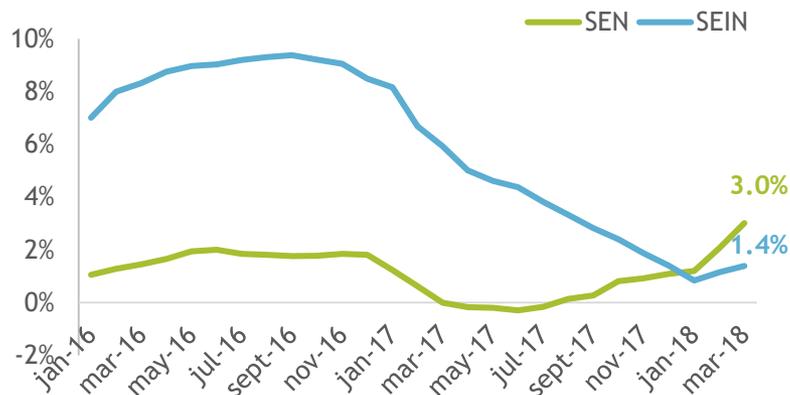
Attractive markets

1 GENERATION MATRIX. (%)

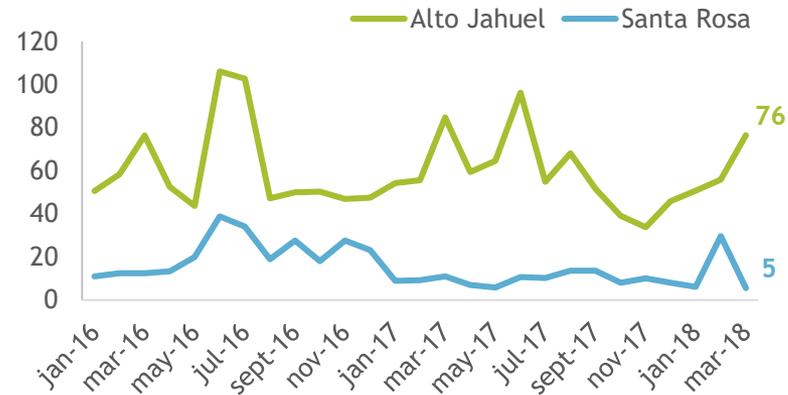


- **Diversified** generation profile.
- **Stable** regulatory framework.
- **US\$ currency** denominated markets.
- **Investment grade** countries.
- **High growth potential.**

2 POWER DEMAND GROWTH. (12 month average %)



3 MARGINAL COST. (US\$/MWh)



Note: All figures as of Mar18

Value proposal

Leading position supported by competitive strengths

1

**COST
EFFICIENT AND
DIVERSIFIED
ASSET BASE**

2

**STABLE &
PREDICTABLE
CASH FLOWS**

3

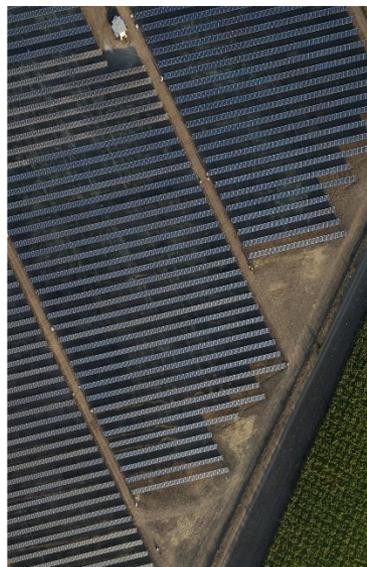
**PRUDENT
FINANCIAL
MANAGEMENT**

4

**ATTRACTIVE
PORTFOLIO OF
GROWTH
OPTIONS**

5

**MAXIMIZING
VALUE TO ALL
OF OUR
STAKEHOLDERS**



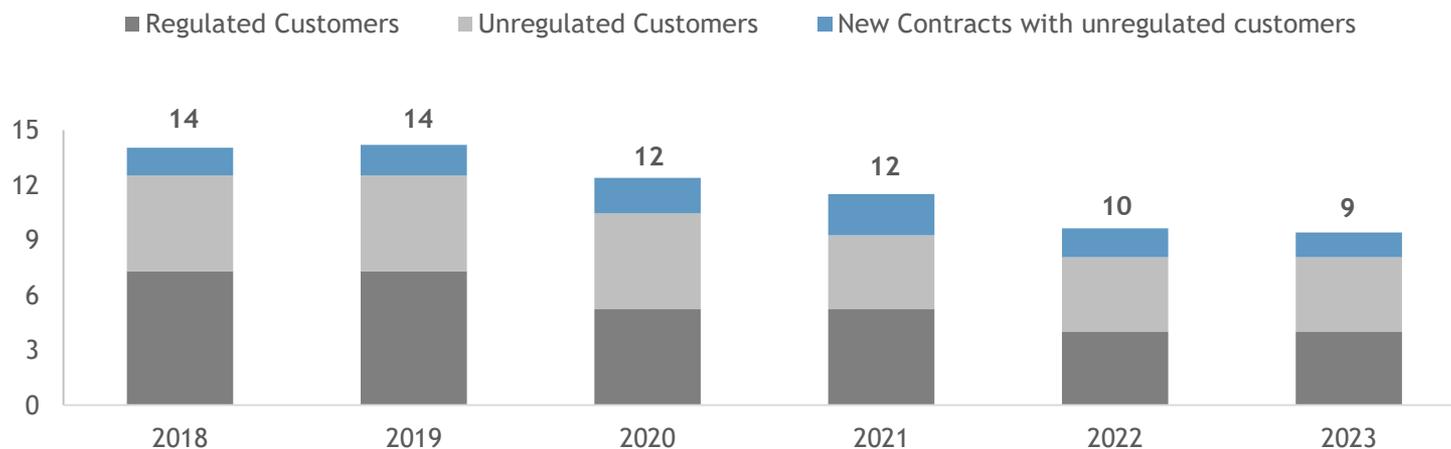
2. Stable & predictable cash flows

High quality clients in Chile

1 CUSTOMER BASE PROFILE



2 PPAs IN CHILE: MAXIMUM CONTRACTED ENERGY COMMITMENT (TWh)



Note: All figures as of Jun18

¹ Average monomic prices are calculated by dividing the total amount of sales in US\$, by physical energy sales in MWh

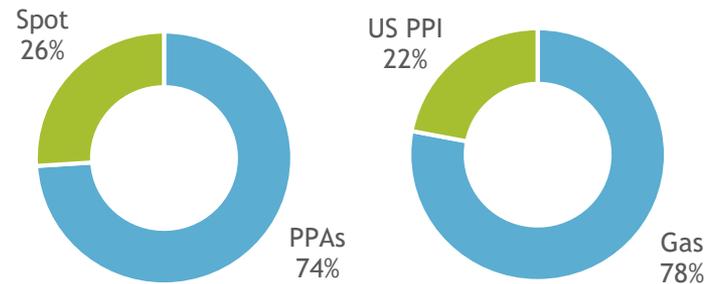
2. Stable & predictable cash flows

Stable cash flow profile supported by long-term PPAs in Peru

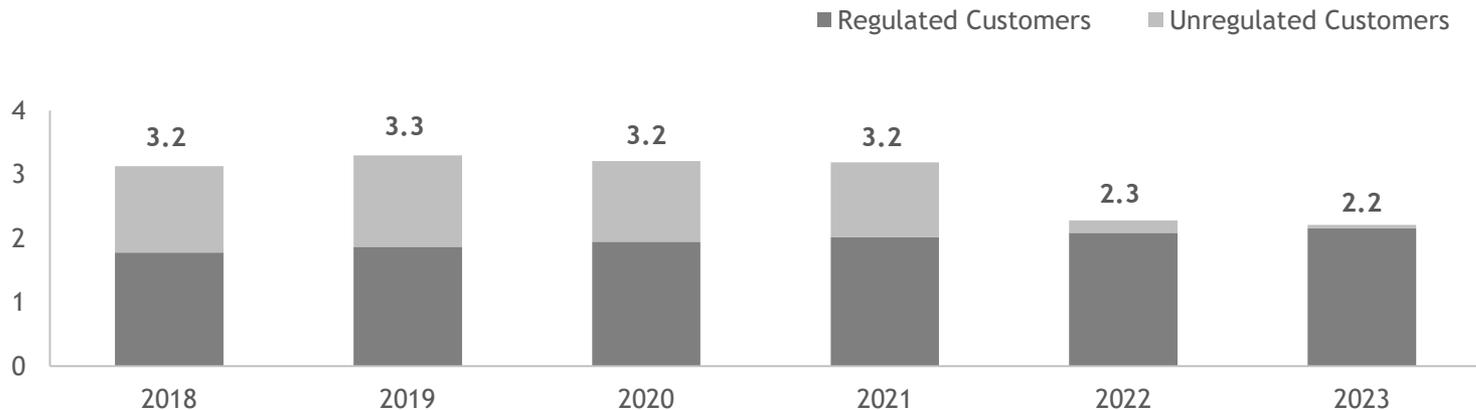
1 PPA PROFILE.

- Average life of long-term PPAs of ~6 years.
- US\$ FX adjusted and US\$ denominated capacity payments.
- ~75% contracted through 2023.
- Strong AAA locally-rated off takers.

2 ENERGY SALES & INDEXATION. (%)



3 PPA PORTFOLIO. (TWh)



2. Stable & predictable cash flows

Significant increase in number of clients over the past 2 years in Chile

2016

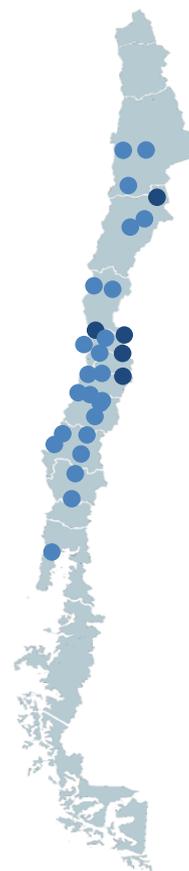


3
UNREGULATED
CUSTOMERS

15
REGULATED
CUSTOMERS

6
SELLING
POINTS

2018



+100
UNREGULATED
CUSTOMERS

15
REGULATED
CUSTOMERS

+300
SELLING
POINTS

2. Stable & predictable cash flows

Long-term PPAs to ensure cash flow stability

WHOLE-SALE POWER COMMERCIAL POLICY

1 Optimal Contracting level

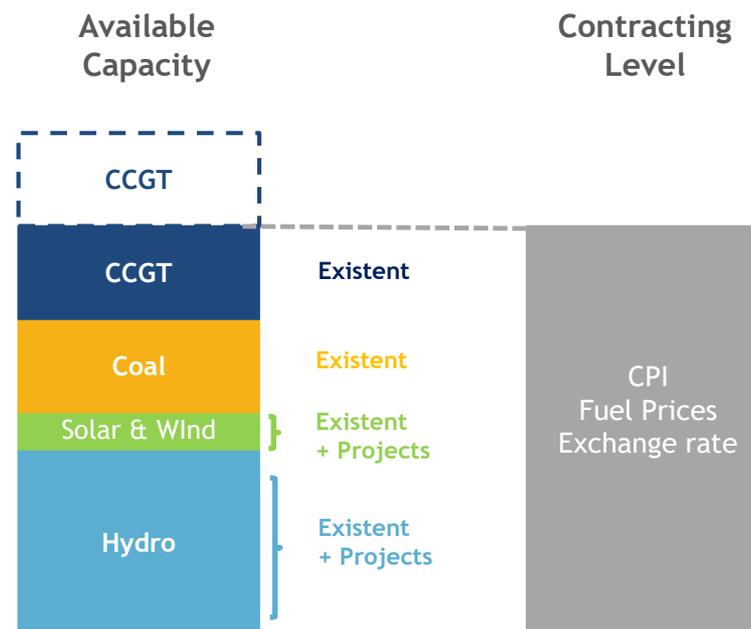
- I. Renewable Capacity:
Hydro, solar and wind
- II. Efficient thermal capacity:
Coal and CCGTs

2 Cost structure properly reflected in sale prices

3 Active risk management

- I. LNG purchases in the short and mid term
- II. Financial hedges

BASE OF ASSETS & PPAS LEVEL



2. Stable & predictable cash flows

PPAs renewal opportunities in Chile

UNREGULATED CUSTOMERS

- In the coming years there is a **relevant amount of energy for large unregulated clients to be re-contracted.**
- Since 2017, Colbun has signed new contracts with large and medium-size clients for a total of ~2.3 TWh/year.
 - Minera Zaldivar, signed in Jun18 for a total supply of **550 GWh/year, for 10.5 years** starting in Jul20.
 - CMPC, signed in Oct17 for the supply of power for **630 GWh per year over a 10-year**, started in Jan18.
 - Wallmart, signed in Dec17 for **~300 GWh/year for 4 years**, started in Jan18.
 - Other customers signed during 2017 for ~800 GWh/year with average tenors ranging from 4 to 6 years.

REGULATED CUSTOMERS

- Upcoming regulated auctions:



- Decreasing prices in the last regulated auctions in Chile:

Year	2013	2014	2015	2016	2017
Energy (TWh)	4.7	12.0	1.2	12.5	2.2
Price (US\$/MWh)	126	108	79	48	33
Supply starting	2016/2019	2016/2019	2023	2023	2024

Value proposal

Leading position supported by competitive strengths

1

**COST
EFFICIENT AND
DIVERSIFIED
ASSET BASE**

2

**STABLE &
PREDICTABLE
CASH FLOWS**

3

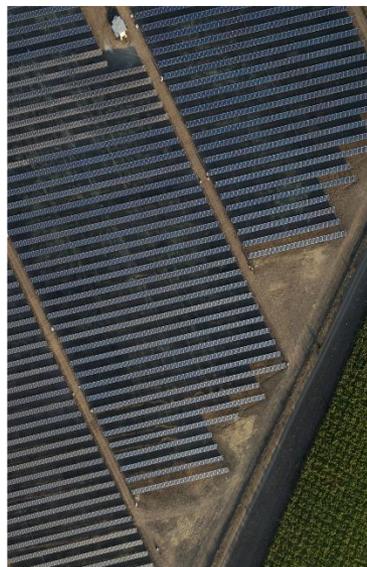
**PRUDENT
FINANCIAL
MANAGEMENT**

4

**ATTRACTIVE
PORTFOLIO OF
GROWTH
OPTIONS**

5

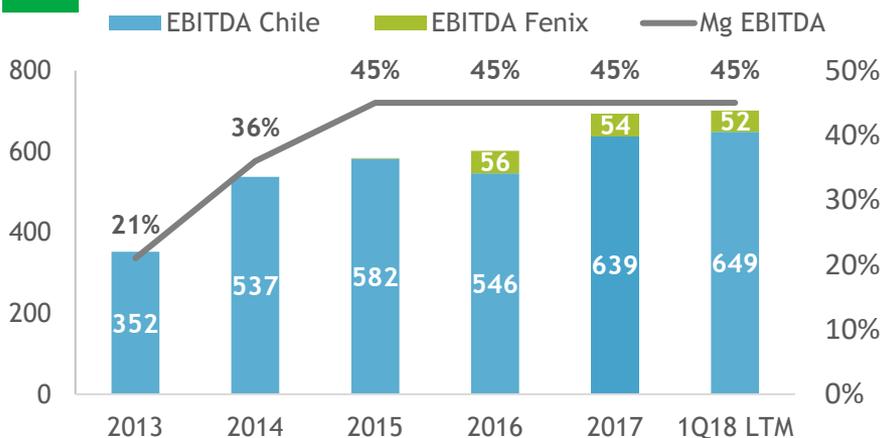
**MAXIMIZING
VALUE TO ALL
OF OUR
STAKEHOLDERS**



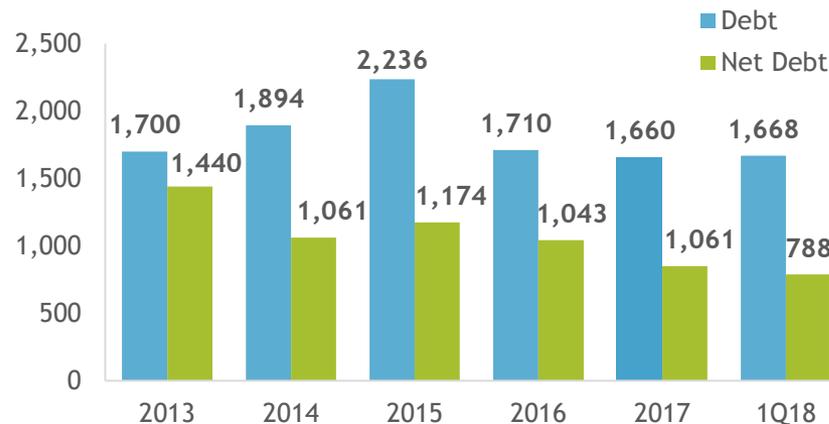
3. Prudent financial management

Stable operational results & solid metrics

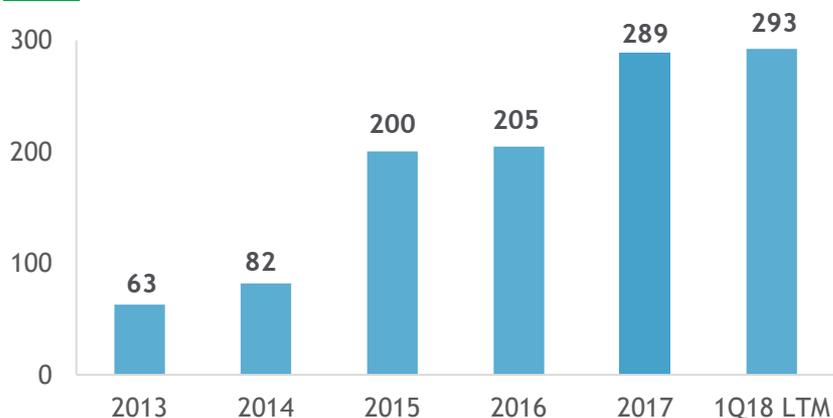
1 EBITDA & EBITDA MG. (US\$ million & %)



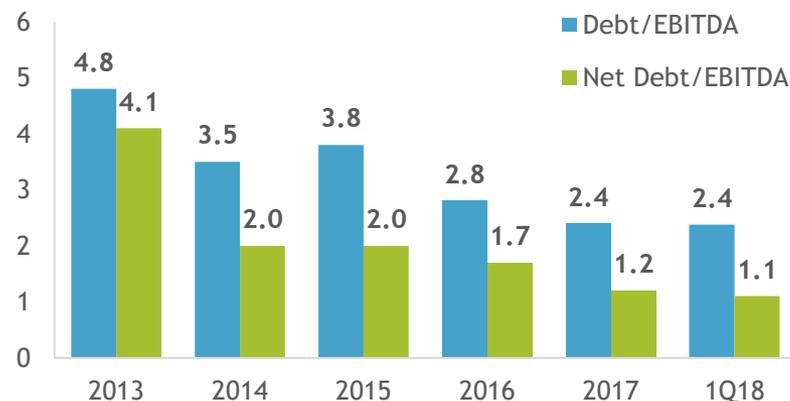
3 DEBT & NET DEBT. (US\$ million)



2 NET INCOME. (US\$ million)



4 DEBT/EBITDA & NET DEBT/EBITDA. (x)

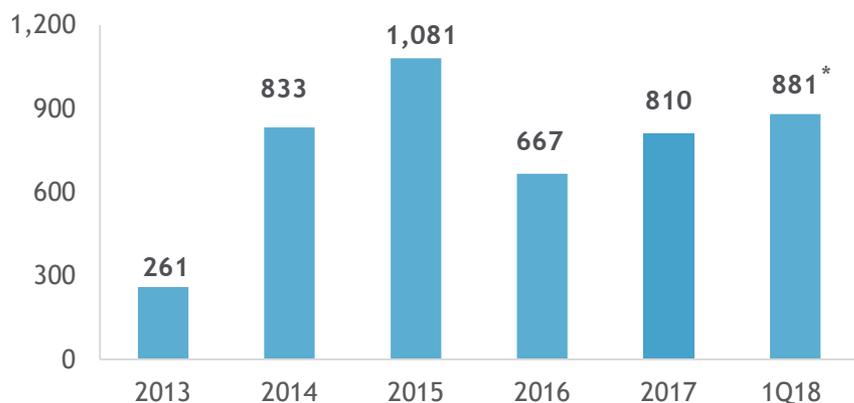


Note: All figures as of Mar18

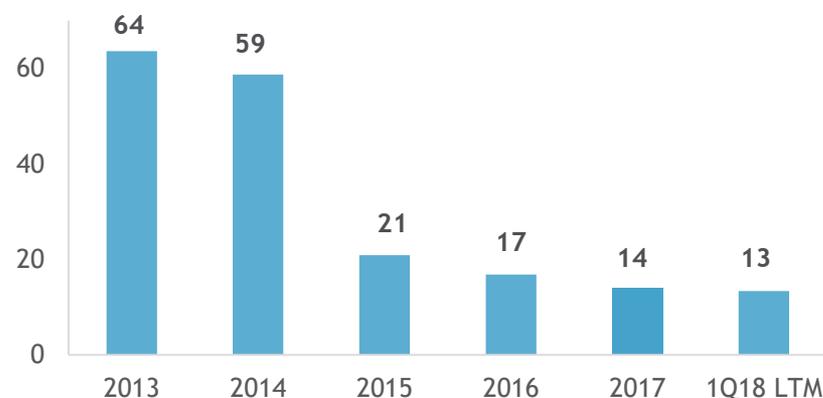
3. Prudent financial management

Stable operational results & solid metrics

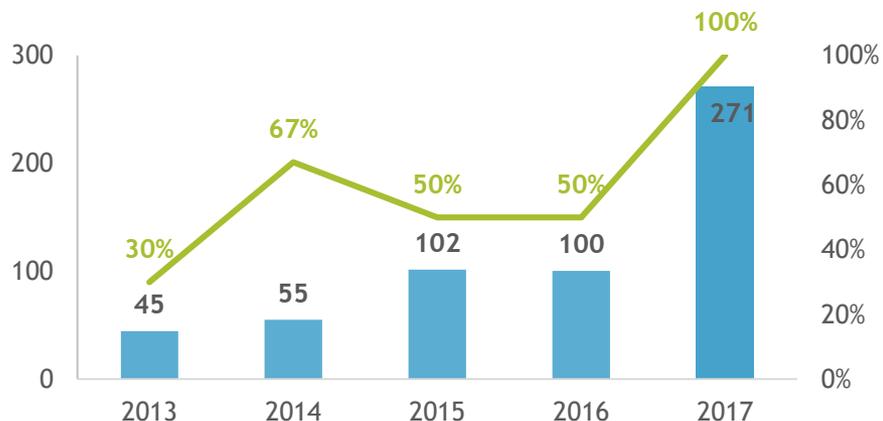
1 CASH POSITION. (US\$ million)



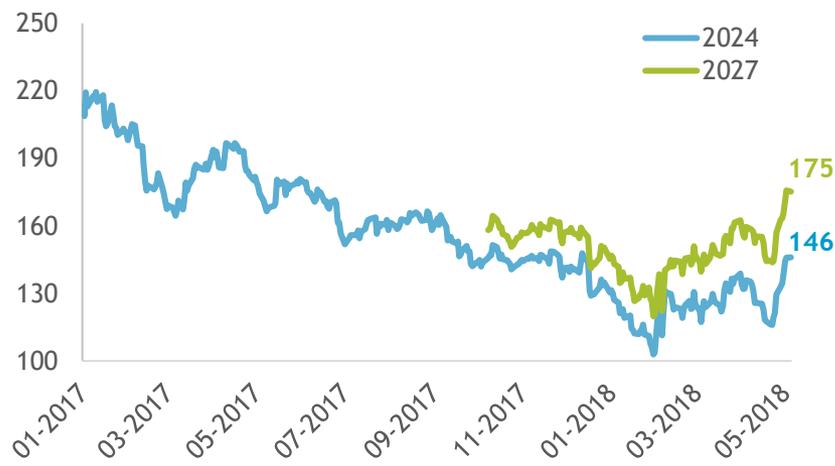
3 P/E. (X)



2 DIVIDEND DISTRIBUTION. (US\$ million & %)



4 G-SPREAD 144A BONDS. (basis points)



Note: All figures as of Mar18

(*): Figures before final dividend distribution for US\$213 million, occurred in may18

3. Prudent financial management

Clean debt profile

1 DEBT PROFILE

US\$1,668 million

US\$1,318 million

US\$350 million



100% bonds

94% USD and 6% UF

100% Fixed rate

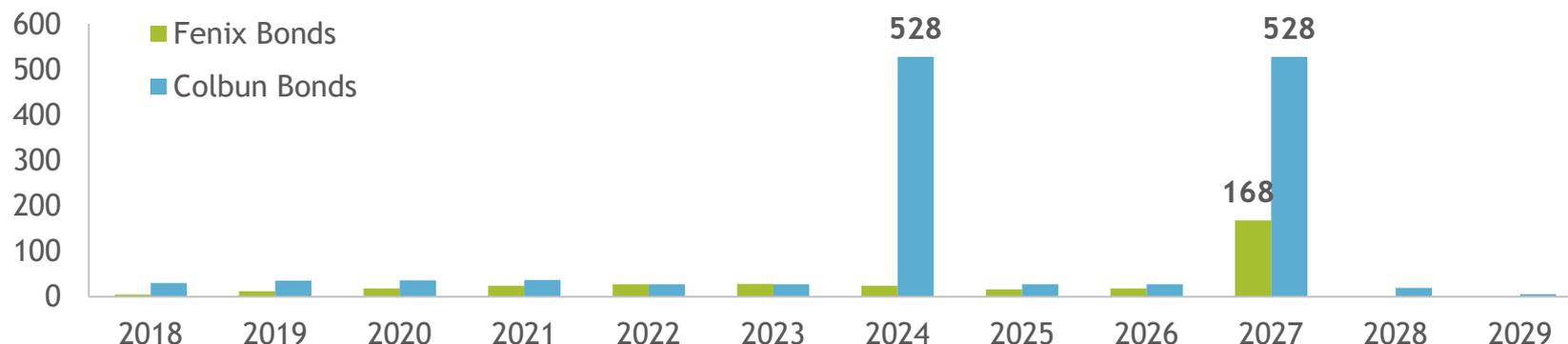


5.0% Interest Rate average

7.3 years average life



2 AMORTIZATION STRUCTURE. (US\$ million)



Value proposal

Leading position supported by competitive strengths

1

**COST
EFFICIENT AND
DIVERSIFIED
ASSET BASE**

2

**STABLE &
PREDICTABLE
CASH FLOWS**

3

**PRUDENT
FINANCIAL
MANAGEMENT**

4

**ATTRACTIVE
PORTFOLIO OF
GROWTH
OPTIONS**

5

**MAXIMIZING
VALUE TO ALL
OF OUR
STAKEHOLDERS**



4. Attractive portfolio of growth options

Expansion considerations

STRATEGY

MAIN GUIDELINES

1. **Increase presence** in Chile and Perú
2. **Expand operations** to selected countries in the region (Argentina and Colombia)
 - a. Low per capita energy consumption
 - b. Stable regulatory frameworks
 - c. Expected increases in economic activity and power demand
3. **Diversification** of technologies and locations
4. **Incorporate renewable energy** to our portfolio

LOCAL EXPANSION



1. Pipeline of Renewable Projects
 - a. Hydro
 - b. Solar and wind
2. M&A Opportunities
3. Purchase energy from third parties

INTERNATIONAL EXPANSION



1. Preference for assets in operation (brownfields)
2. Incorporate partners with local knowledge but maintain control
3. Investment amounts subject on maintain investment grade international ratings

4. Attractive portfolio of growth options

Diversify our operations at a regional level



4. Attractive portfolio of growth options

Large pipeline of growth options

HYDRO PROJECTS



SAN PEDRO

- Los Rios Region
- Inst. capacity: 170 MW
- Gx: ~980 GWh/year
- Status: Preparing EIA

GUAQUIVILO MELADO

- La Puente y Melado, Maule Region
- Inst. capacity: 316 MW
- Gx: ~1,600 GWh/year
- Pre-feasibility completed

LOS CUARTOS

- Biobío River, Maule Region
- Inst. capacity: 93 MW
- Gx: ~530 GWh/year
- Basic engineering

EL MÉDANO

- San Clemente, Maule Region
- Inst. capacity: 6 MW
- Gx: ~25GWh/year
- Processing DEI¹

SOLAR & WIND PROJECTS



OVEJERÍA

- Til Til, Metropolitan Region
- Inst. capacity: 9 MW
- Gx: ~22 GWh/year
- Status: in White march
- COD (estimated): 2Q18

HORIZONTE

- Tal Tal, II Region
- Inst. capacity :~607 MW
- Gx: ~1,900 GWh/year
- Under study

SOL DE TARAPACÁ

- La Tirana, Tarapacá Region
- Inst. capacity: ~150 MW
- Gx: ~470 GWh/year
- Under study

Value proposal

Leading position supported by competitive strengths

1

**COST
EFFICIENT AND
DIVERSIFIED
ASSET BASE**

2

**STABLE &
PREDICTABLE
CASH FLOWS**

3

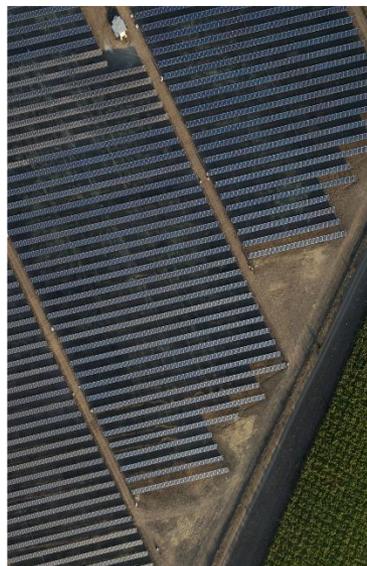
**PRUDENT
FINANCIAL
MANAGEMENT**

4

**ATTRACTIVE
PORTFOLIO OF
GROWTH
OPTIONS**

5

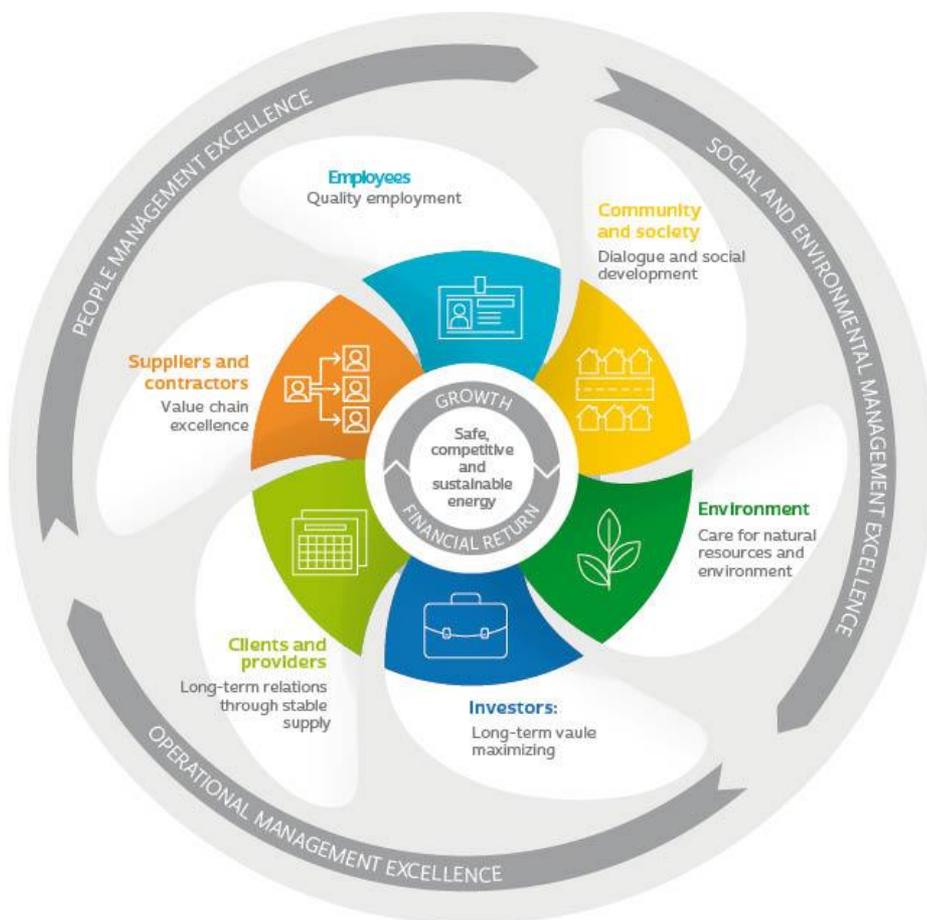
**MAXIMIZING
VALUE TO ALL
OF OUR
STAKEHOLDERS**



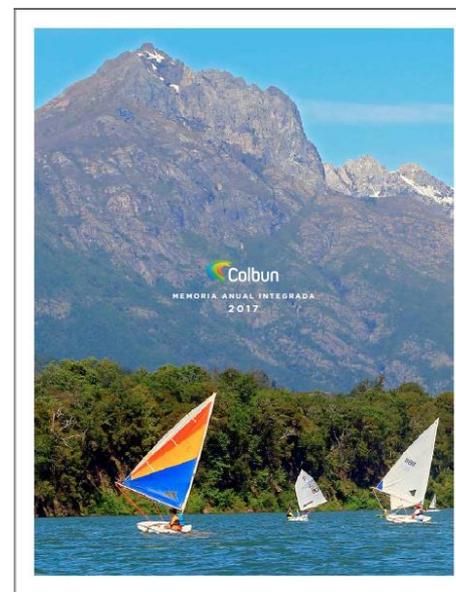
5. Maximizing value to all of our stakeholders

Sustainability strategy

SUSTAINABILITY IS OUR BUSINESS AND IT IS INTEGRATED IN ALL AREAS OF THE COMPANY



- Since 2015 we started publishing an **Integrated Annual Report**, with all the financial, social and environmental information of the Company.



5. Maximizing value to all of our stakeholders

Adding value to all of our stakeholders

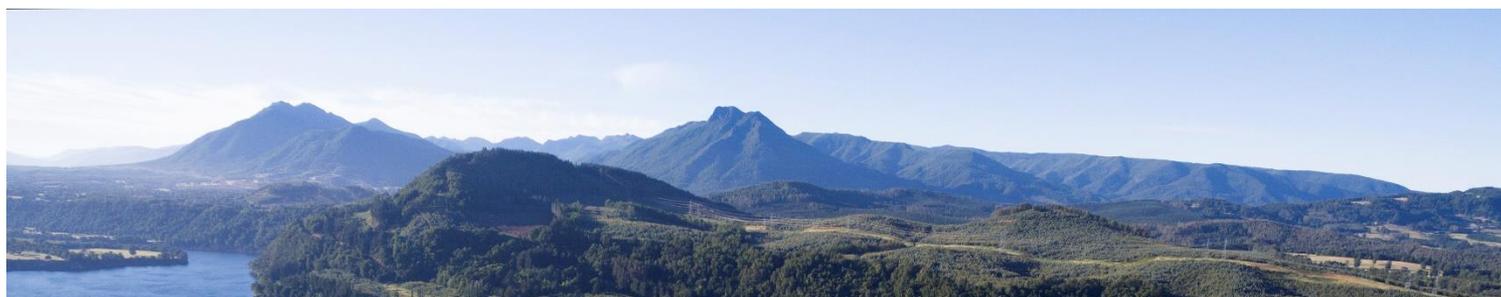
STAKEHOLDER	EXAMPLES OF ADDED VALUE
 <p>CUSTOMERS</p> <ul style="list-style-type: none"> ▪ Secure, competitive and sustainable energy ▪ Long-term relationships 	<p>16,587 GWh of energy sold</p>
 <p>INVESTORS</p> <ul style="list-style-type: none"> ▪ Profitability and economic value 	<p>US\$692 million of EBITDA 100% Payout ratio</p>
 <p>WORKFORCE</p> <ul style="list-style-type: none"> ▪ Quality employment ▪ Professional development 	<p>87% of total employees trained</p>
 <p>CONTRACTORS</p> <ul style="list-style-type: none"> ▪ Hiring local suppliers and contractors 	<p>2,970 supplier companies in Chile 61% of suppliers and contractors are SMEs in Chile</p>
 <p>COMMUNITY</p> <ul style="list-style-type: none"> ▪ Local development ▪ Constant dialogue 	<p>US\$8.5 million in social investments 19,124 people visit our power plants in 2017</p>
 <p>ENVIRONMENT</p> <ul style="list-style-type: none"> ▪ Excellence in environmental management 	<p>382 Thousand Tons of CO₂ reduced by power plants (CDM)¹ 33% of water used in hydro generation is reused in other power plants of Colbún</p>

¹ registered power plants under the Clean Development Mechanism (CDM)
Note: Annual figures as of Dec17, consolidated

5. Maximizing value to all of our stakeholders

Awards and recognitions

<p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p> <p>2017</p> <p>Colbún listed in the Dow Jones Sustainability Index Emerging Markets</p>	<p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p> <p>2016</p> <p>Colbún listed in the Dow Jones Sustainability Index Chile</p>	<p>2017</p> <p>Colbún listed in the ranking Best Place to Innovate</p>	<p>2017</p> <p>Angostura power plant was chosen as a Sustainable Hydroelectricity study case</p>	<p>2017</p> <p>Colbún obtained the first place in the "Relevance" category</p>	<p>2017</p> <p>Fenix power plant was distinguished as a socially responsible company</p>
<p>2016</p> <p>Colbún is recognized for the "CO2 neutral Lastarria - Bellas Artes route"</p>	<p>2016</p> <p>Colbún Board's president and CEO were recognized as sustainability leaders</p>	<p>2016</p> <p>Colbún received an international award for the reforestation of its viewpoints</p>	<p>2016</p> <p>Colbún is recognized for its emissions management by the Environmental Ministry</p>	<p>2016</p> <p>Rucúe and Quilleco power plants are recognized</p>	<p>2016</p> <p>Colbún is recognized for its initiatives in favor of the quality life of its employers</p>



5. Maximizing value to all of our stakeholders

Only power-generation company in Chile that listed in the DJSI EM

MEMBER OF
**Dow Jones
 Sustainability Indices**
 In Collaboration with RobecoSAM



- Selective ranking, “**Best in Class**”, based in S&P indexes, since 1999.
- Questionnaire of approx. **100 questions**, evaluated by the rating agency **RobecoSAM** (Switzerland).
- **Economic, environmental, social** criteria and main sustainability challenges are evaluated.

5. Maximizing value to all of our stakeholders

Highest standards of corporate governance

1 CORPORATE GOVERNANCE STRUCTURE.

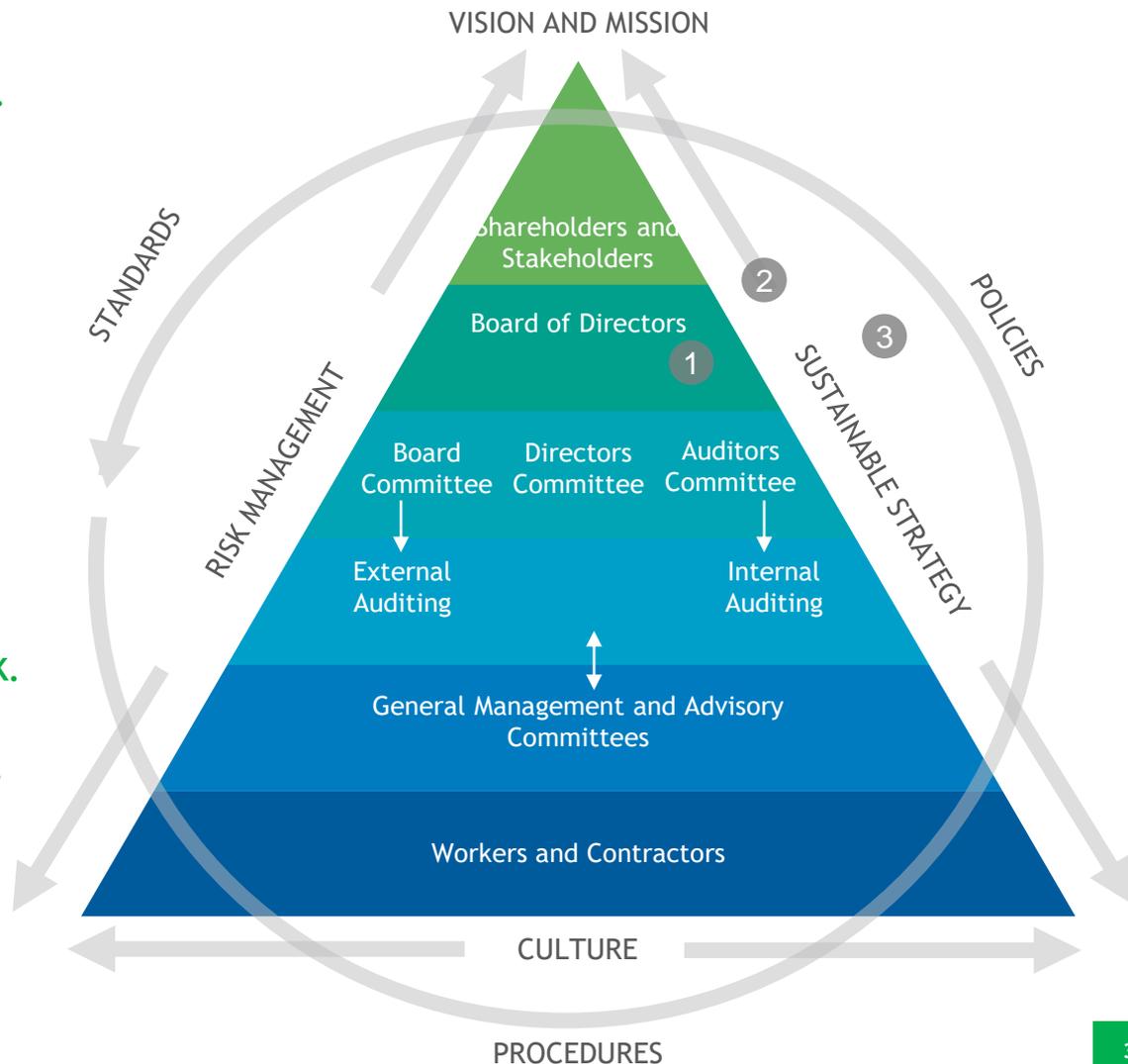
Personnel, managers, directors and the Board's advisory committees are responsible for enforcing Colbún's corporate governance.

2 CORPORATE GOVERNANCE STRATEGY.

Main interrelated elements that promote an adequate governance of the Company and its affiliates.

3 CORPORATE GOVERNANCE FRAMEWORK.

Internal (policies and procedures) and external standards (regulations) ruling the manner in which Colbún's corporate governance is implemented.



AGENDA

1.

OVERVIEW

2.

VALUE PROPOSAL

3.

CONCLUDING REMARKS



Concluding remarks

- ① **Shareholders:** Strong, reliable controlling group with a strategic and long-term vision of the business.
- ② **Size:** Leading position in Chile's power market and a relevant presence in Peru.
- ③ **Management:** Experienced management and high standards of corporate governance.
- ④ **Customers:** Diversified, solid and creditworthy portfolio of clients.
- ⑤ **Sustainability:** Integrated in all areas of the Company.
- ⑥ **Financial:** Strong metrics, conservative financial strategy and ample access to financial markets.

Disclaimer & Contact Information

- This document provides information about Colbún S.A. In no case this document constitutes a comprehensive analysis of the financial, production and sales situation of the company.
- To evaluate whether to purchase or sell securities of the company, the investor must conduct its own independent analysis.
- This presentation may contain forward-looking statements concerning Colbún's future performance and should be considered as good faith estimates by Colbún S.A.
- In compliance with the applicable rules, Colbún S.A. publishes on its Web Site (www.colbun.cl) and sends the financial statements of the Company and its corresponding notes to the Comisión para el Mercado Financiero, those documents should be read as a complement to this presentation.

INVESTOR RELATIONS

TEAM CONTACT

Miguel Alarcón
malarcon@colbun.cl
+ 56 2 2460 4394

Verónica Pubill
vpubill@colbun.cl
+ 56 2 2460 4308

Soledad Errázuriz
serrazuriz@colbun.cl
+ 56 2 2460 4450



Colbun

MEJOR ENERGÍA



Colbun
CENTRAL LA MINA