



4Q14 Financial Report

Conference Call 4Q14 Results

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- 4Q14 **EBITDA** was US\$159.0 million, higher than the US\$106.8 million in 4Q13 and US\$117.0 million in 3Q14. The increase over both periods is explained by a higher hydroelectric output (+46%-4Q13 and +16%-3Q14) and due to lower contracted sales volume. It is worth mentioning 2014 EBITDA of US\$536.6 million was the highest ever achieved by the company.
- Colbún's **operating revenues** for 4Q14 reached US\$330.1 million, a decrease of 6% compared to 4Q13 mainly due to lower sales to free costumers (two contracts expired). Operating income compared to 3Q14 decreased 6% due to a lower demand.
- Total **energy sales volume** amounted to 2.9 TWh, a decrease of 9% compared both to 4Q13 and 3Q14.
- Total generation** was 2.8 TWh, in line with 4Q13. Although the hydroelectric generation increased – the Angostura power plant was commissioned in Apr14 – natural gas generation decreased. Total generation decreased 13% compared to 3Q14 given by less thermal production (gas, diesel and coal), partially compensated by higher hydroelectric generation.
- Colbun reported a **net loss** of US\$61.8 million in 4Q14, lower than the net income of US\$6.9 million in 4Q13 and the US\$18.2 million in 3Q14. Despite the increase in EBITDA, the net loss is mainly explained by a higher non-operating loss due to an impairment provision registered in the **HidroAysén associated** company amounting to US\$102.1 million.
- Colbún fully **pre-paid an international bank** loan for US\$150 million in Oct14. The original maturity of the obligation was Aug15. At the end of 4Q14, **financial investments** reached US\$832.8 million and **net debt decreased** to US\$1,061 million.
- In Sep14 the Board approved **La Mina Project** (34 MW), a hydroelectric, run-of-the-river facility. During 4Q14, civil works and electromechanical infrastructure were tendered and contracts allocated. Simultaneously, the Company continued holding meetings with local authorities and neighboring communities. The construction and commissioning is expected to last about 26 months.

Summary

USD million

	4Q13	3Q14	4Q14	12M13	12M14	Change		
						YoY	QoQ	Ac/Ac
Revenues	349,6	351,2	330,1	1.696,0	1.502,6	(6%)	(6%)	(11%)
EBITDA	106,8	117,0	159,0	352,4	536,6	49%	36%	52%
Net Income	6,9	18,2	(61,8)	62,9	79,5	-	-	26%
Net debt	1.440	1.281	1.061	1.440	1.061	(26%)	(17%)	(26%)
Energy sales (GWh)	3.202	3.193	2.913	12.842	12.731	(9%)	(9%)	(1%)
Total generation (GWh)	2.825	3.240	2.828	11.253	12.835	0%	(13%)	14%
Hydroelectric generation (GWh)	1.446	1.816	2.109	4.857	6.655	46%	16%	37%

Colbún is the second largest generator of the SIC (the Sistema Interconectado Central is the main electricity grid covering 75% of Chilean demand). The Company has 3,278 MW of installed capacity (52% thermal and 48% hydraulic) spread over 23 plants. The facilities are located in 7 regions. Colbún sells energy and capacity to regulated customers (Distribution Companies), to non-regulated customers (Industrial Companies) and its surplus is sold to other Generators on the spot market.

MANAGEMENT COMMENT

“The hydrological year started in Apr14 exhibits slightly favorable hydrological conditions compared to the last four years. Melting during the last quarter of 2014 was better than in 2013, which added to the new Angostura power plant that has operated reliably since its commissioning, translated into the highest annual hydroelectric generation since 2008.

The increase in hydroelectric output and higher availability of our plants, together with an efficient thermal production (coal and natural gas), have led to an EBITDA for 2014 of US\$536.6 million, the highest level ever recorded. Added to this, the net exposure to the spot market was the lowest in the last four years, representing less than 5% of our contracted sales volume.

In line with the abovementioned, Colbun posted strong financial metrics. The Net Debt / EBITDA ratio of 2.0 times is well below the previous periods and consistent with a solid "investment grade" credit rating.

Regarding 2015 contracted sales, it is worth mentioning that the contracts with Codelco expired in Dec14. On January 1st, 2015 two new long term contracts with Codelco started for annual power supply of about 4,000 GWh.

Generation for the coming months will likely have both poor rainfalls and poor snow breaks due to the summer season. In order to face the coming dry months, Colbún has secured efficient natural gas supply, through the agreements reached with ENAP and Metrogas in 2014. The expected gas production for 2015 is in the range of 2,300 GWh.

Regarding Colbún's projects, it is important to highlight the start of construction of the hydroelectric run-of-the-river La Mina project (34 MW), which is expected to generate about 190 GWh under medium-to-dry conditions and qualifies as NCRE.

In line with the Company's future growth, it is worth mentioning the recent creation of the Development Unit, whose main objective is to look for potential business opportunities mainly outside Chile. Leading this Unit will be Mr. Sebastián Fernández, who has extensive experience in developing and evaluating investment projects in the electric industry."

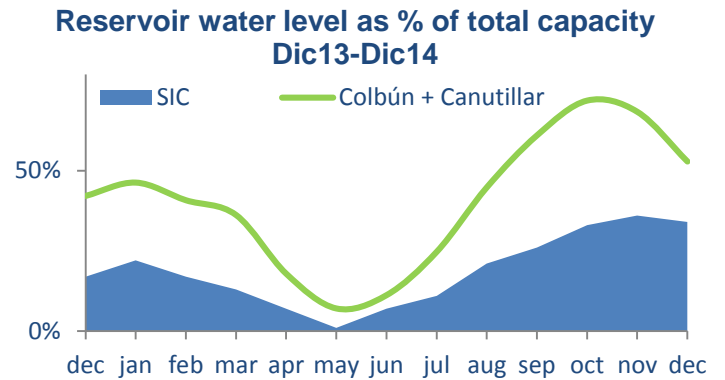
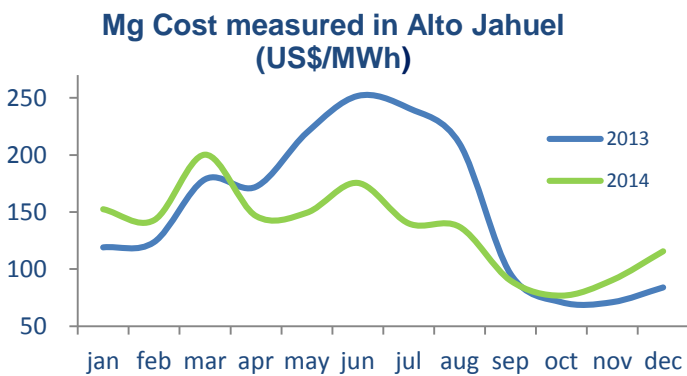
MARKET CONDITIONS

Generation in the SIC (Central Interconnected System) grew slightly by 0.6% during the fourth quarter of 2014. In line with this slow increase, annual growth reached 2.7%, the lowest level since 2009. Remember that the level of demand is related to the economic activity, which has also been decreasing in Chile.

Regarding the **annual generation mix**, hydroelectric generation was up 7% reaching a 45% of the total output, whereas natural gas and coal fired generation decreased its participation to 15% and 28% respectively. The increase in hydroelectric production and the decline in conventional thermo resulted in an annual **12% decrease of the average marginal cost measured in Alto Jahuel** as compared to 2013 from US\$154/MWh to US\$135/MWh.

The left side graph below shows the difference in marginal costs for year 2014 as compared to those of previous year. The **marginal cost curve for 2014 is flatter**, mainly because in winter months higher rainfalls prevented the operation of inefficient diesel power plants, unlike 2013 where marginal costs in those months were above US\$200/MWh.

The lower right side graph shows the **increase in the amount of energy stored** at both the SIC and Colbún's reservoirs compared to 2013's levels. In the case of the system, the water stored at 2014-end is twice as high as in 2013 reaching 34% of the total use of the storage capacity. For Colbún's case, the increase was 25%. That said, despite increased hydroelectric generation in 2014, the system has a higher water reservoir level.

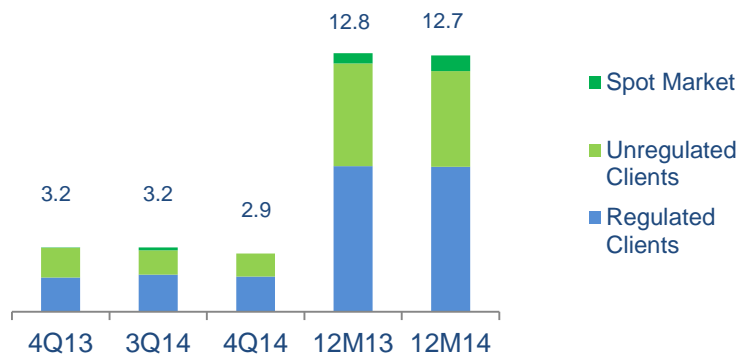


PHYSICAL SALES

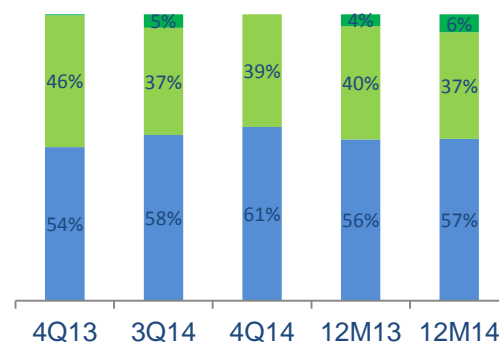
Sales volume to customers under power purchase agreements during 4Q14 reached 2,913 GWh, 9% lower than the same period of the previous year, mainly explained by the expiry of two contracts with free customers at the end of 2013. Sales were 4% lower as compared to 3Q14 due to lower demand both from regulated and unregulated clients.

Over the quarter, Colbún recorded **net purchases in the spot market by 120 GWh**, against net purchases of 434 GWh in 4Q13 and net sales by 123 GWh in 3Q14.

Physical Sales by Type of Client (TWh)



Physical Sales by Type of Client (%)



GENERATION

The hydrological year started in Apr14 exhibits slightly favorable hydrological conditions compared to the last four years. Melting during the last quarter of 2014 was better than in 2013, added to the new Angostura power plant that has operated reliably since its commissioning, providing 1,301 GWh in 2014. Both factors lead to a 37% increase in own hydroelectric generation in 2014 versus 2013, where 27% is explained by Angostura and 10% is the result of an improvement in hydrological conditions. This has meant a decline in the marginal costs of 12% compared to the previous year (US\$135/MWh versus US\$154/MWh).

Hydroelectric generation was 46% higher compared to the 4Q13, mainly due to higher river flows explained by a more favorable melting season (26%) and due to the entry into operation of the Angostura power plant (20%) which generated 378 GWh during the quarter; and 16% higher than the third quarter, mainly due to a better melting season.

Coal-fired generation decreased 11% and 22% compared to 4Q13 and 3Q14 respectively. During the quarter the power plant was out of service for 29 days due to a major maintenance and to unscheduled outage. Last year maintenance was performed during the third quarter. It is worth noting, that during 2014 the Santa María I coal-fired power plant had an 86% of availability, which compares favorably to the average availability of other coal-fired facilities in the SIC.

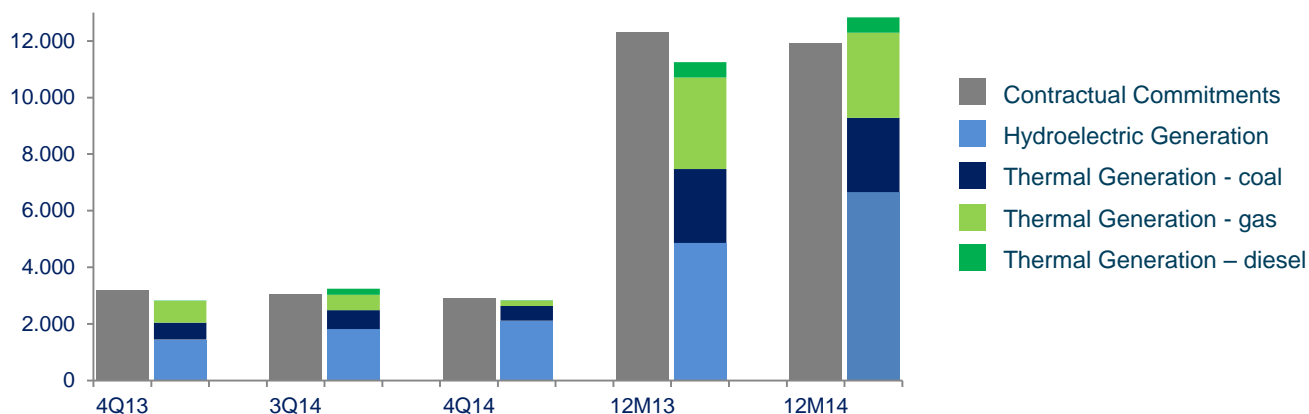
Gas-fired generation decreased by 76% compared to 4Q13; and fell by 65% compared to 3Q14. The decrease was due to expected more favorable hydrological conditions.

Diesel-fired generation was almost none (3 GWh), lower than the 8 GWh in 4Q13 and the 216 GWh output of the previous quarter. Hydrological conditions favored this low output.

PHYSICAL SALES AND GENERATION BALANCE

The generation mix of 4Q14 allowed **91% of the Company's commercial commitments to be covered with efficient energy**: hydroelectricity and coal (vs. 64% of 4Q13 and 82% of 3Q14). The other commitments were met with natural gas generation and purchases on the spot market (120 GWh).

Commitments vs. Generation Balance
GWh



Sales Volume vs. Generation

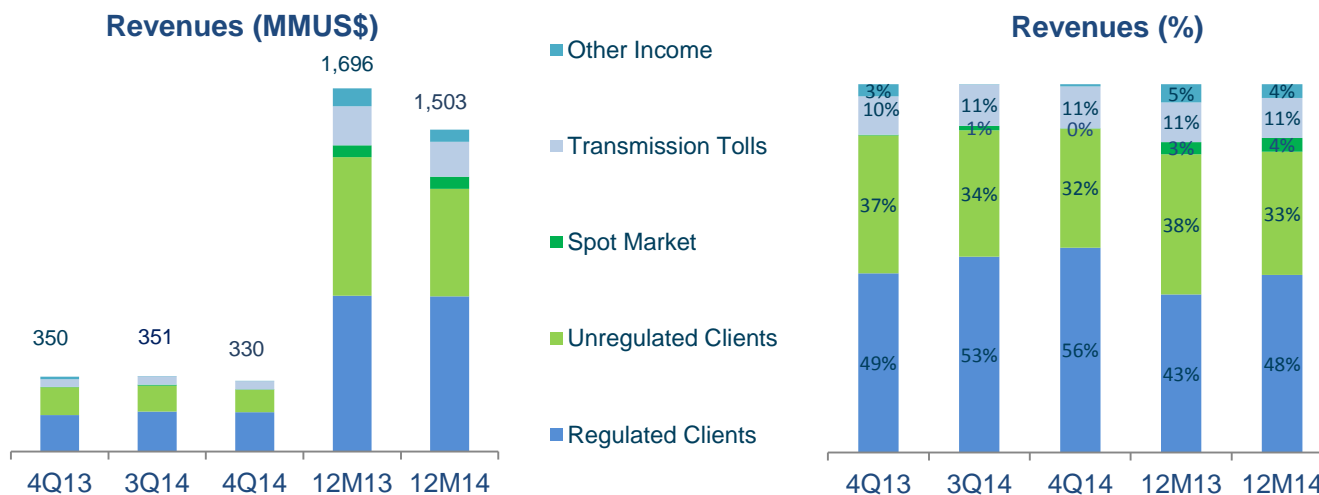
GWh

	4Q13	3Q14	4Q14	12M13	12M14	Change		
						QoQ	YoY	Ac/Ac
Sales Volumes								
Regulated customers	1,725	1,849	1,765	7,241	7,204	(5%)	2%	(1%)
Free customers	1,469	1,197	1,148	5,082	4,737	(4%)	(22%)	(7%)
Spot market sales	8	147	0	519	791	(100%)	(100%)	52%
Total energy sales	3,202	3,193	2,913	12,842	12,731	(9%)	(9%)	(1%)
Generation								
Hydraulic	1,446	1,816	2,109	4,857	6,655	16%	46%	37%
Thermal - Gas	779	536	189	3,234	3,011	(65%)	(76%)	(7%)
Thermal - Diesel	8	216	3	546	546	(99%)	(66%)	0%
Thermal - Coal	592	672	527	2,616	2,623	(22%)	(11%)	0%
Total own generation	2,825	3,240	2,828	11,253	12,835	(13%)	0%	14%
Energy purchases (spot market)	442	24	120	1,802	144	402%	(73%)	(92%)
Energy Purchases - Sales in the Spot Market	(434)	123	(120)	(1,283)	647	(197%)	(72%)	(150%)

OPERATING REVENUES

Operating revenues from ordinary activities for 4Q14 totaled US\$330.1 million, decreasing 6% compared to both 4Q13 and to 3Q14, respectively.

Accumulated operating revenues from ordinary activities as of Dec14 totaled US\$1,503 million, 11% lower than the previous year, mainly due to a lower monomic sale price to free costumers and to the expiry of two contracts with industrial customers. Revenues are broken down as follow:



Regulated clients: Revenue from regulated clients was US\$183.5 million in 4Q14, 8% higher than 4Q13, mainly explained by an increase in the average monomic sale price due to the increase in the exchange rate (CLP/US\$) set in the last semiannual tariff calculation of regulated contracts and in a lesser extent explained by lower physical sales. As compared to 3Q14, regulated income decreased 2% mainly due to lower physical sales. In cumulative terms, sales reached US\$724.6 million as of Dec14 in line with Dic13.

Unregulated clients: Revenue from unregulated clients reached US\$106.8 million in 4Q14, decreasing by 18% and 12% compared to 4Q13 and 3Q14, respectively. The decline over the same period last year is mainly explained by the expiry of two contracts with this type of customers in Dic13, partially offset by a higher average monomic sale price. The decrease regarding 3Q14 is due to a lower demand together with a lower average monomic sale price. In cumulative terms, sales reached US\$502.1 million in Dec14, lower by 22% compared to the same period of last year explained by lower physical sales (contracts expired) and lower average monomic price.

Spot Market: During 4Q14 the Company did not sell energy to the spot market. In cumulative monetary terms, sales to the spot market were in line with Dic13, but in physical energy terms they increased by 52%. Note that this item includes the Angostura generation in its test phase prior to the start of commercial operation in Abr14, in the amount of 118 GWh (US\$19.7 million were recorded in "Other Income").

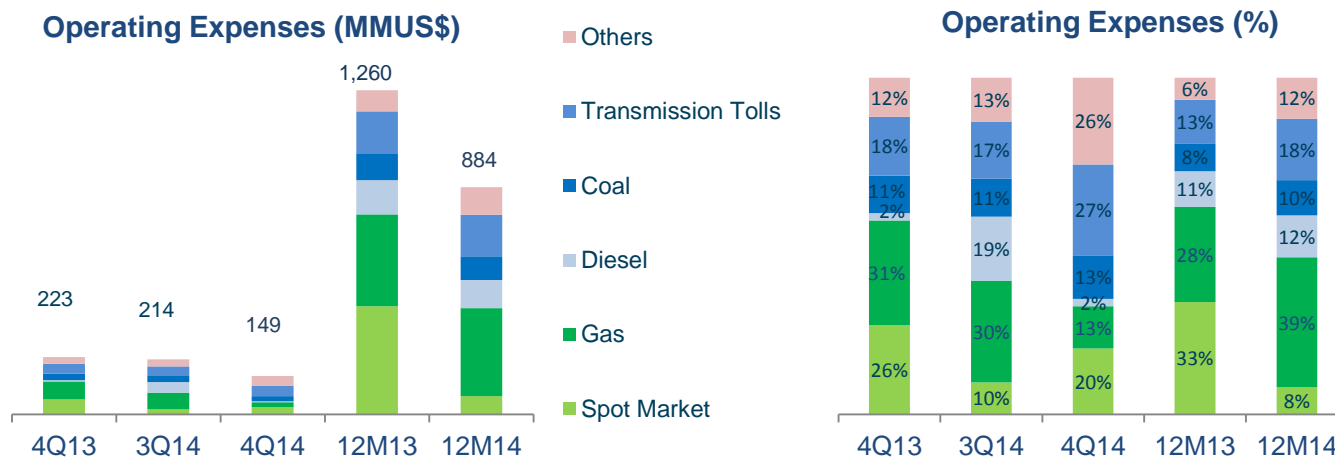
Transmission Tolls: Revenue from transmission tolls kept in line compared to 4Q13 and 3Q14. In cumulative terms, this line totaled US\$163.2 million, down by 10% compared to 2013. The decrease is explained by lower demand and consequent lower income associated with the sub-transmission lines and by lower "ingresos tarifarios" (tariff income) in the trunk system given that the 2013 period had a temporary rise in tariffs due to line congestions. Both effects were partially offset by higher trunk revenues.

Other Income: During the quarter there were no relevant other incomes. In cumulative terms, Other income totaled US\$56.7 million against US\$83.9 million in 2013. This difference is mainly because the Dec14 figure incorporates a compensation for loss of profits associated with Nehuenco II power plant failure for US\$32.5 million in 1Q14 and US\$19.7 million for the net profit during the commissioning period of the Angostura power plant earlier this year. In turn, the amount accumulated as of Dec13 considers: the favorable outcome in the insurance settlement of the fire in the Nehuenco I power plant in Dec07 for US\$63.9 million; the sale of carbon credits from the Quilleco and Hornitos power plants for US\$7.2 million; and a partial payment for the Nehuenco II power plant failure for US\$9.7 million.

OPERATING EXPENSES

Raw materials and consumables used totaled US\$149.0 million in 4Q14, decreasing 33% and 30% compared to 4Q13 and 3Q14, respectively. The decrease compared to 4Q13 is mainly due to lower gas consumption and lower purchases to the spot market. The 3Q14 decrease is explained by lower gas and diesel consumption.

In cumulative terms, as of Dec14, raw materials and consumables used totaled US\$883.7 million, a 30% decrease compared to the same period in 2013, explained by a more efficient generation structure.



Spot market purchases: during 4Q14 reached 120 GWh (US\$29.1 million), a decrease compared to the 420 GWh (US\$59.0 million) purchased in 4Q13, explained by a similar output but lower contracted sales. During 3Q14 there were lower purchases (24 GWh – US\$20.4 million) due to higher own generation. In cumulative terms, as of Dec14 spot market purchases reached US\$70.9 million, down from US\$420.3 million of Dec13, mainly given by higher hydroelectric generation and due to the unavailability of the Nehuencho II power plant during part of 2013.

Fuel Costs: reached US\$41.2 million, 58% and 68% lower than 4Q13 and 3Q14, respectively. The decrease from 4Q13 is primarily due to lower natural gas-fired generation and to a lesser extent by lower coal-fired generation; and the difference from 3Q14 is due to lower natural gas-fired and diesel generation.

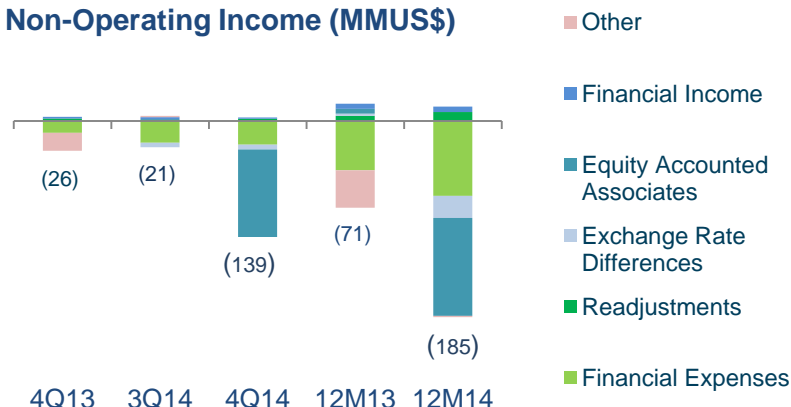
The cumulative fuel costs as of Dec14 totaled US\$543.8 million, slightly lower than Dec13. This is mainly given by lower physical thermal natural gas output and lower diesel and coal prices.

Other Costs: in 4Q14 reached US\$38.4 million, higher compared with US\$25.7 million of 4Q13 and US\$27.7 million of 3Q14. The increase is mainly explained by provisions registered this quarter given differences related to clients supply contracts.

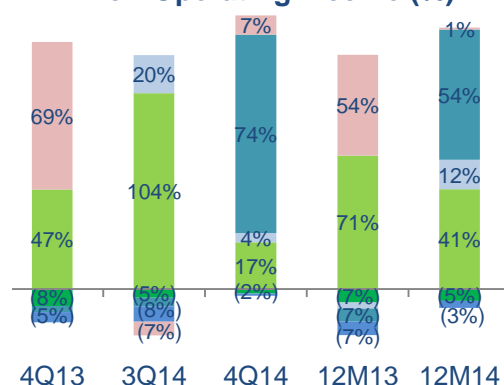
In cumulative terms, this line amounted to US\$107.0 million from US\$81.8 million as of Dec13, mainly due to the aforementioned.

NON-OPERATING RESULT

Non-Operating Income (MMUS\$)



Non-Operating Income (%)



The **non-operating result of 4Q14 registered a loss of US\$138.7 million**, higher than the loss of US\$26.1 million in 4Q13 and US\$21.3 million in 3Q14. In cumulative terms, as of Dec14 the company posted a loss of US\$184.5, higher than the loss of US\$70.8 million as of Dec13. The main non-operating factors are:

Financial Expenses: reached US\$24.2 million during the quarter, an increase compared to the US\$12.1 million in 4Q13 and in line with 3Q14. The increase over 4Q13 is explained by a higher level of debt due to the international bond issued in Jul14, along with lower financial expenses capitalized due to the start-up of the Angostura power plant in Apr14. In cumulative terms, financial expenses reached US\$76.0 million in Dec14 versus US\$50.1 million as of Dec13, due to the same reasons aforementioned.

Exchange Rate Differences: posted a loss of US\$4.9 million compared to a nearly US\$0 million in 4Q13 and staying in line with 3Q14. The loss of the period is mainly explained by the effect of the depreciation of 1% of the exchange rate CLP/US\$ during the quarter and the 1.8% inflation registered during the quarter. In cumulative terms, this line posted a loss of US\$22.4 million, compared to the profit of US\$2.3 million in Dec13. This result is due to a 16% depreciation of the exchange rate CLP/US\$ during the period Ene14-Dic14, on an average annual balance having a small excess of assets over liabilities in local currency.

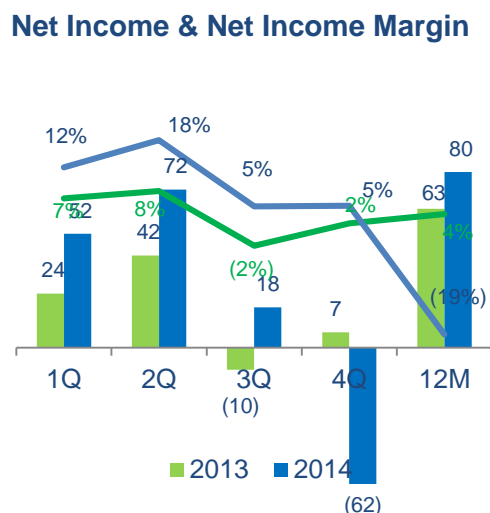
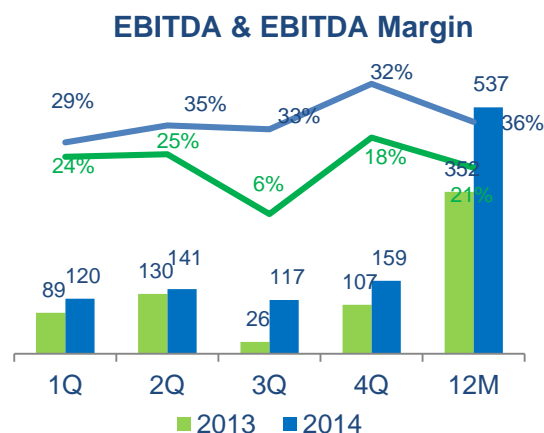
Share of profit of associated and joint ventures accounted for using the equity method: during the quarter registered a loss of US\$103.2 million which compares unfavorably with the profit of US\$0.7 million in 4Q13 and the profit of US\$1.0 million of 3Q14. The loss for the quarter is mainly explained by the recognition of a provision for an impairment in the HidroAysén affiliated company of US\$ 102.1 million.

Tax Expense: registered an expense as of Dec14 amounting US\$90.1 million, compared to US\$56.0 million in Dec13. This higher tax expense is mainly explained by a higher income before taxes, and to a lesser extent by the depreciation of the exchange rate CLP/US\$ which affects both the taxable fixed asset and the taxable losses which are registered in Chilean pesos. Is worth mentioning the provision for the impairment in the HidroAysén affiliated company does not affect the tax calculation.

EBITDA AND NET INCOME ANALYSIS

4Q14 EBITDA was US\$159.0 million, higher than the US\$106.8 million recorded in 4Q13, and also higher than the US\$117.0 million recorded in 3Q14. The increase in the quarter over 3Q14 is due to higher hydroelectric output, to a minimum diesel generation and to a lower power contracted level.

The company recorded in 4Q14 a **net loss of US\$61.8 million** (vs. a net income of US\$6.9 million in 4Q13 and a net profit of US\$18.2 million 3Q14). Despite the increase in EBITDA, the net loss is mainly explained by a higher non-operating loss due to an impairment provision registered in the HidroAysén associated company amounting to US\$102.1 million and by higher financial expenses given by: 1) higher gross debt and 2) lower financial expenses capitalization due to the start-up of the Angostura power plant in Apr14.



EBITDA USD million

						Change		
	4Q13	3Q14	4Q14	12M13	12M14	QoQ	YoY	Ac/Ac
Revenues	349.6	351.2	330.1	1,696.0	1,502.6	(6%)	(6%)	(11%)
Sales to regulated customers	170.2	186.6	183.5	727.8	724.6	(2%)	8%	(0%)
Sales to free customers	130.8	120.7	106.8	646.0	502.1	(12%)	(18%)	(22%)
Sales to other generators (spot market)	0.5	4.4	0.1	55.9	55.9	(97%)	(77%)	0%
Transmission tolls	36.5	39.2	37.8	182.3	163.2	(3%)	4%	(10%)
Other operating income	11.6	0.3	1.9	83.9	56.7	437%	(84%)	(32%)
Raw materials and consumables used	(222.7)	(213.8)	(149.0)	(1,260.1)	(883.7)	(30%)	(33%)	(30%)
Transmission tolls	(39.0)	(36.2)	(40.3)	(163.0)	(161.9)	11%	3%	(1%)
Energy and capacity purchases	(59.0)	(20.4)	(29.1)	(420.4)	(70.9)	43%	(51%)	(83%)
Gas purchases	(69.3)	(64.6)	(18.7)	(357.5)	(341.6)	(71%)	(73%)	(4%)
Diesel purchases	(5.0)	(40.6)	(3.3)	(133.0)	(109.8)	(92%)	(35%)	(17%)
Coal purchases	(24.7)	(24.2)	(19.3)	(104.4)	(92.4)	(20%)	(22%)	(12%)
Third party works and supplies	(25.7)	(27.7)	(38.4)	(81.8)	(107.0)	38%	49%	31%
Personnel expenses and other operating expenses	(20.1)	(20.5)	(22.0)	(83.5)	(82.3)	7%	10%	(1%)
EBITDA	106.8	117.0	159.0	352.4	536.6	36%	49%	52%

GROWTH PLAN

We are searching for growth opportunities in Chile and other countries in the region such as Colombia and Perú to maintain a significant position in the power generation business and diversify our sources of income. These countries have an attractive economic environment and its electricity sectors have a well-established regulatory framework. In addition, entering in markets such as these could enhance our diversification in terms of hydrological conditions, generation technologies and access to fuel sources.

In Chile, we have a number of potential projects currently in development, including hydroelectric and thermal projects. The status of these projects is shown below:

	La Mina	Sta. María II	San Pedro
Description	Mini Hydro	Coal	Hydro-Reservoir
Capacity(MW)	34	350	150
Gwh/year expected	190	2.500	930

Projects under Construction

- **La Mina Hydroelectric Project (34 MW):** this project, located in the community of San Clemente, will use the waters of the Maule River. The project that qualifies as a NCRE mini-hydro power plant obtained its Environmental Qualification Resolution in November of 2011 and its DIA (Environmental Declaration) optimization in May 2013. In April, the DGA (National Water Authority) granted the hydraulic works permit. In Sep14 the Board approved the project and during 4Q14, civil works and electromechanical infrastructure were tendered and contracts allocated. Simultaneously, the Company continued to hold meetings with local authorities and neighboring communities. The construction and commissioning is expected to last about 26 months.



La Mina Project site

Projects under Development

- **Second coal-fired unit in the Santa María Complex (350 MW):** Colbún has an environmental permit to build a second unit, similar to the first unit in operation. Its design was improved by incorporating technology to meet the stringent emission standard. Also, the Company is analyzing the environmental, social and financial dimensions of the project to timely start its development.
- **San Pedro Hydroelectric Project (150 MW):** this project, located in the districts of Panguipulli and Los Lagos will use the San Pedro River water flows. The Company has completed the prospection analyses and the field studies collected over the last 2 years. With this information, the Company is concluding the engineering stage for adjustments and improvements recommended by the experts and which do not affect the main environmental parameters of the approved project. During the first half of the year, the Company started a process to inform these modifications to competent national and regional authorities and institutions, and the results were also submitted to

a socialization process with the community since the second half of the year. It is expected to resubmit the new data to the Environmental Evaluation System by the first quarter of 2015.

- **Hidroaysén:** Colbún, together with Endesa-Chile through Hidroaysén S.A., are developing hydroelectric projects in the Baker and Pascua Rivers in the Aysén Region. These hydroelectric plants will have a total installed capacity of approximately 2,750 MW that will be sold independently by both companies once operational.

In June 2014, the Ministers' Committee decided to rescind the decision made by the former government Ministers' Committee and to revoke the project's RCA (environmental permit), siding with some of the complaints filed against HidroAysén. Later in August 2014, HidroAysén filed appeals before the Environmental Court of Santiago and Valdivia, claiming the reasons argued by the authority to revoke the RCA, according to Colbún is not consistent with the history and current technical study in the RCA, the EIA and the decision by the Supreme Court. To date these claims have yet to be resolved.

In October 2014 Hidroaysén restructured its executive team in order to focus on the legal environment and the preservation of the rights and assets of the company.

Considering the natural uncertainty on the timing and content of the court's decision to which Hidroaysén has appealed or will appeal in the future, as well as guidelines, conditions or any reformulations that those processes determine in relation to the development of the hydroelectric potential in Aysén; Colbún S.A. recorded in its financial statements an impairment provision of its participation in Hidroaysén S.A. for approximately US\$102 million.

Despite the aforementioned, Colbún restates its belief that the existing water rights, the additional water rights requested, the environmental permits (RCA – Environmental Qualification Resolution), the field studies, the engineering, approvals and project properties are assets acquired and developed by the company for the past eight years under the current institutional framework and in accordance with international technical and environmental standards.

Finally, Colbún maintains the conviction that the development of this hydroelectric potential presents benefits for the country's growth and represents a source of potential long-term value. Colbún S.A. will continue defending the Environmental Qualification Resolution (RCA) of the project which is under debate in the Environmental Courts and as well as the defense of the additional water rights currently underway according to our Institutional Legal Framework.

RELEVANT EVENTS

- **Wind Farm Punta Palmeras** was commissioned in October 2014. The park located in Canela, Coquimbo Region has an installed capacity of 45 MW and is expected to generate 124 GWh annually. Remember Colbún signed an agreement in 2013 where it agreed to buy the total energy generated by the wind farm for 12 years. The price set is a stabilized price and includes the NCRE attributes.
- In October 2014, Colbún was awarded for being the "**Best carbon footprint 2013**" in the category "Large Industries". The award was handed by the Chilean-British Chamber of Commerce. It aims to reward Chilean companies that have excellence in managing their carbon footprint, in order to foster the development and improvement of greenhouse gases emissions monitoring, thus promoting action against climate change in the country.
- In November 2014 Colbún carried out the **2nd annual environmental results presentations of the Santa María I power plant**. In the exhibition were exposed to opinion leaders, media and the local community, the results of environmental monitoring and social progresses after the second year of the power plant's operation. The invite had high attendance and the transparency of the company was valued.
- On November 25th the Board of Directors agreed to distribute an **interim dividend** charged to earnings for the year ended December 31, 2014, in the amount of US\$0.00241 per share. The dividend payment was made on January 6th, 2015.
- In January 2015 a **gas supply contract** with ENAP was reached. The contract will last from late January to mid-April and the total volume available is 80MMm3 of LNG to be used in the Nehuenco complex. Considering all natural gas contracts in force in 2015, the company estimates a total gas production of 2,300 GWh.

BALANCE SHEET ANALYSIS

Summarized Balance Sheet

USD million

	Change				
	Dec13	Sep14	Dec14	YoY	QoQ
Current Assets	744.1	1,301.2	1,270.2	526.0	(31.0)
Cash and cash equivalents	260.5	878.3	832.8	572.3	(45.5)
Trade and other accounts receivable	328.6	254.8	243.7	(85.0)	(11.1)
Current tax receivable	44.0	59.7	47.0	3.0	(12.7)
Other current assets	111.0	108.5	146.7	35.7	38.3
Non-Current Assets	5,313.9	5,231.0	5,112.2	(201.8)	(118.8)
Property, plant and equipment	5,033.0	4,967.6	4,956.2	(76.7)	(11.4)
Other non-current assets	281.0	263.3	156.0	(125.0)	(107.4)
Total Assets	6,058.1	6,532.2	6,382.3	324.3	(149.8)
Current liabilities	341.9	316.4	258.3	(83.6)	(58.0)
Non-current liabilities	2,159.9	2,749.3	2,763.5	603.6	14.1
Total net equity	3,556.3	3,466.5	3,360.6	(195.7)	(105.9)
Total Liabilities and Net Equity	6,058.1	6,532.2	6,382.3	324.3	(149.8)

(*) "Cash and cash equivalents" include the amount of time-deposits over 90 days registered as "Other Financial Assets, Current" in the Financial Statements.

The main changes on balance sheet accounts for the period are described below:

Cash and cash equivalents: totaled US\$832.8 million, decreasing compared to Sep14, mainly explained by an international bank loan prepaid in Oct14 (US\$150 million), in part offset by cash inflows from operating activities of the period.

Trade and other accounts receivable: reached US\$243.7 million, 5% lower than in Sep14, mainly due to other accounts receivables associated to tax credit returns with the specific tax on diesel.

Property, Plant and Equipment, net: totaled US\$4,956 million as of Dec14, a decrease of US\$11.4 million compared to Sep14. This is explained by the depreciation expense registered in the period, partially offset by investment carried out by Colbún (mainly La Mina).

Other non-current assets: totaled US\$156.0 million a decrease of 44% compared to Sep14 mainly due to a decrease in the associated accounted companies using the equity method, mainly the HidroAysén associated company.

Current Liabilities: totaled US\$258.3 million, a US\$58.0 million decrease compared to the closing of the previous quarter. This variation is explained by the international loan pre-paid in Oct14 (US\$150 million), partly offset by the recognition of the interim dividend payable.

Non-current liabilities: Non-current liabilities totaled US\$2,764 million at the end of 4Q14, an increase of US\$14.1 million during the quarter mainly explained by an increase in deferred taxes.

Shareholders' Equity: The Company achieved a net worth of US\$3,360 million, relatively in line with Sep14. The cumulative net income was offset by the interim dividend, recognized this quarter.

DEBT AND CREDIT METRICS

Liquidity Analysis & Indicators

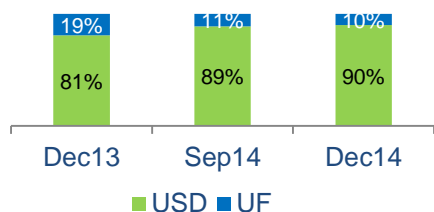
USD million

	4Q13	3Q14	4Q14	Change	
				YoY	QoQ
Gross financial debt	1,700.1	2,045.0	1,893.9	194	(151)
Financial investments	260.5	878.3	832.8	572	(46)
EBITDA LTM	352.4	484.4	536.6	184	52
Net financial debt	1,439.7	1,166.7	1,061.1	(379)	(106)
Net Debt / EBITDA LTM	4.1	2.4	2.0	(2.1)	(0.4)
Leverage (%)	71%	88%	91%	20.9%	3.5%
Short Term Liabilities(%)	14%	10%	9%	(4.7%)	(1.4%)
Financial Expense Coverage	3.4	4.7	4.4	1.1	(0.2)
Equity Profitability (%)	1.8%	4.2%	4.9%	3.1%	0.7%
Asset Profitability (%)	1.0%	2.4%	2.7%	1.7%	0.4%
EBITDA/Operational Assets (%)	3.8%	6.2%	7.1%	3.3%	0.9%

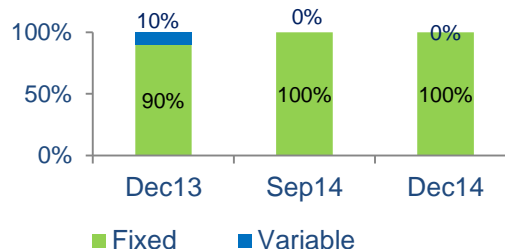
On Oct14, Colbún prepaid an international bank loan for US\$150 million. The original maturity of the obligation was Ago15. This resulted in a decrease of Gross Debt, which together with the 2014 EBITDA given the higher hydroelectric generation and Angostura output lead the **Net Debt/EBITDA LTM** to a minimum level of **2.0 times**.

Meanwhile, the **average maturity** of Colbún's long term financial debt was extended from 6.2 years to **6.4 years** and the average USD long-term financial **debt interest rate slightly decrease from 5.0% to 4.9%**.

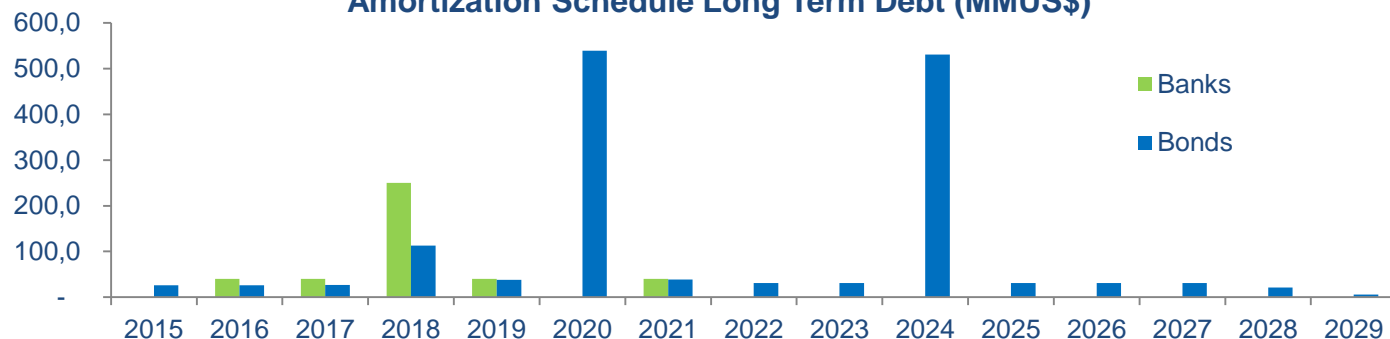
Debt by Currency



Debt by Interest Rate



Amortization Schedule Long Term Debt (MMUS\$)



CASH FLOW ANALYSIS

Cash Flow

USD million

	4Q13	3Q14	4Q14	12M13	12M14	Change		
						QoQ	YoY	Ac/Ac
Cash and cash equivalents at beginning of period	208.0	337.4	878.3	217.7	260.4	540.9	670.3	42.7
Cash Flow from Operating Activities	87.1	148.9	166.8	423.5	595.6	17.9	79.7	172.1
Cash Flow from Financing Activities	32.2	430.9	(184.0)	(47.8)	116.7	(614.9)	(216.2)	164.5
Cash Flow from Investing Activities	(64.2)	(20.3)	(33.9)	(329.3)	(121.1)	(13.6)	30.3	208.2
Net increase (decrease) in cash and cash equivalents	55.1	559.5	(51.1)	46.4	591.2	(610.6)	(106.2)	544.8
Effects of exchange rate changes on cash and cash equivalents	(2.7)	(18.6)	5.6	(3.8)	(18.8)	24.2	8.3	(15.0)
Cash and cash equivalents at end of period	260.4	878.3	832.8	260.4	832.8	(45.5)	572.4	572.4

During 4Q14, the Company presented a **net cash outflow of US\$51.1 million** and, as of Dec14, an cumulative positive cash flow in the amount of US\$591.2 million, which compares favorably to the same period of 2013.

Operating activities: during 4Q14 generated net cash inflows of US\$166.8 million, higher than the net inflows of US\$148.9 million in 3Q14. This is mainly explained by a more efficient supply of power contracts. In cumulative terms as of Dec14, the company generated a net cash inflow of US\$595.6 million which compares favorably to the past year mainly explained by a more efficient production mix, as mentioned before.

Financing activities: generated net cash outflows of US\$184.0 million during 4Q14, mainly explained by the international bank loan prepaid (US\$150 million). In cumulative terms, as of Dec14 Colbún generated a net cash inflow of US\$116.7 million mainly explained by an international bond issued in Jul14 (US\$500million), partly offset by the already mentioned loan prepaid, by the total payment of the "revolving debt" and in a lesser extent by the amortization of a local bank loan in the beginning of 2014.

Investing activities: generated a net cash outflow of US\$33.9 million during 4Q14, higher than 3Q14, mainly explained by disbursements of La Mina project. In cumulative terms, as of Dec14, the company generated a net cash outflow of US\$121.1 million, lower than in 2013 explained by the commissioning in Apr14 of the Angostura power plant, which was under construction during the entire 2013.

DISCLAIMER

This document provides information about Colbún SA. 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 press release may contain forward-looking statements concerning Colbun'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.Colbún.cl) and sends the financial statements of the Company and its corresponding notes to the Superintendencia de Valores y Seguros, those documents should be read as a complement to this report.

Appendix 1 Sales Volume & Generation

Quarterly Sales and Production

GWh

	2013				Total
	1Q13	2Q13	3Q13	4Q13	
Sales					
Regulated customers (GWh)	1,790	1,853	1,872	1,725	7,241
Free customers (GWh)	779	1,363	1,471	1,469	5,082
Spot market sales (GWh)	511	0	0	8	519
Total energy sales (GWh)	3,081	3,216	3,343	3,202	12,842
Capacity sales (MW)	1,564	1,806	1,898	1,806	1,770
Generation					
Hydroelectric (GWh)	1,052	1,193	1,166	1,446	4,857
Thermal - Gas (GWh)	1,243	713	499	779	3,234
Thermal - Diesel (GWh)	28	250	260	8	546
Thermal - Coal (GWh)	732	646	646	592	2,616
Total own generation (GWh)	3,055	2,802	2,571	2,825	11,253
Energy purchases spot market (GWh)	82	463	817	442	1,802
Energy Purchases - Sales in the Spot Market	429	(463)	(817)	(434)	(1,283)

	2014				Total
	1Q14	2Q14	3Q14	4Q14	
	1,751	1,838	1,849	1,765	7,204
	1,233	1,159	1,197	1,148	4,737
	219	425	147	0	791
	3,203	3,422	3,193	2,913	12,731
	1,750	1,677	1,717	1,659	1,701
	1,109	1,621	1,816	2,109	6,655
	1,357	929	536	189	3,011
	96	231	216	3	546
	706	718	672	527	2,623
	3,268	3,499	3,240	2,828	12,835
	0	0	24	120	144
	219	425	123	(120)	647

Appendix 2 Income Statement

Quarterly Income Statement

USD million

	2013					2014				
	1Q13	2Q13	3Q13	4Q13	Total	1Q14	2Q14	3Q14	4Q14	Total
Operating revenues	367,0	518,4	461,1	349,6	1.696,0	413,2	408,0	351,2	330,1	1.502,6
Raw materials and consumables used	(256,6)	(367,2)	(413,6)	(222,7)	(1.260,1)	(275,4)	(245,6)	(213,8)	(149,0)	(883,7)
GROSS MARGIN	110,4	151,1	47,5	126,9	435,9	137,9	162,4	137,5	181,0	618,9
Personnel expenses and other operating expenses	(21,2)	(20,7)	(21,6)	(20,1)	(83,5)	(18,1)	(21,6)	(20,5)	(22,0)	(82,3)
Depreciation & amortization	(40,4)	(39,4)	(40,1)	(42,7)	(162,6)	(42,0)	(46,2)	(46,3)	(47,9)	(182,4)
OPERATING INCOME	48,8	91,0	(14,2)	64,1	189,8	77,8	94,6	70,6	111,1	354,2
EBITDA	89,2	130,4	25,9	106,8	352,4	119,8	140,8	117,0	159,0	536,6
Financial income	1,7	1,4	0,8	1,2	5,0	1,5	1,2	1,7	1,2	5,6
Financial expenses	(15,2)	(12,1)	(10,7)	(12,1)	(50,1)	(10,6)	(18,9)	(22,2)	(24,2)	(76,0)
Results of indexation units	0,5	0,2	2,2	2,1	5,1	2,4	3,3	1,0	2,4	9,1
Exchange rate differences	(2,8)	7,1	(1,9)	-	2,3	(8,9)	(4,3)	(4,4)	(4,9)	(22,4)
Share of profit (loss) from equity-accounted associates	2,2	0,9	1,1	0,7	4,8	1,3	1,6	1,0	(103,2)	(99,3)
Other non-operating income/expense	(15,9)	(8,7)	4,6	(18,0)	(38,0)	7,7	(0,6)	1,6	(10,0)	(1,4)
NON-OPERATING INCOME	(29,5)	(11,3)	(3,9)	(26,1)	(70,8)	(6,6)	(17,8)	(21,3)	(138,7)	(184,5)
NET INCOME BEFORE TAX	19,3	79,8	(18,1)	38,0	119,0	71,2	76,8	49,3	(27,6)	169,7
Income Tax	5,1	(38,1)	8,0	(31,1)	(56,0)	(19,6)	(5,2)	(31,1)	(34,2)	(90,1)
NET INCOME FROM CONTINUING OPERATIONS	24,4	41,7	(10,1)	6,9	62,9	51,5	71,6	18,2	(61,8)	79,5

Appendix 3 Balance Sheet

Summarized Balance Sheet

USD million

	2013				2014			
	Mar13	Jun13	Sep13	Dec13	Mar14	Jun14	Sep14	Dec14
Current Assets	750.5	760.4	691.5	744.1	756.7	803.7	1,301.2	1,270.2
Cash and equivalents	237.6	223.0	208.0	260.5	208.3	337.4	878.3	832.8
Accounts receivable	161.0	184.3	146.5	328.6	378.6	327.7	254.8	243.7
<i>Normal sales</i>	154.0	178.5	140.5	128.9	149.2	162.1	124.8	132.3
<i>Deudores varios</i>	7.0	5.8	6.0	199.7	229.4	165.6	130.0	111.3
Recoverable taxes	118.7	11.5	12.3	44.0	52.6	41.8	59.7	47.0
Other current assets	233.2	341.6	324.8	111.0	117.11945	96.8	108.4823	146.7
Non-Current Assets	5,251.4	5,259.3	5,352.4	5,313.9	5,305.4	5,268.4	5,231.0	5,112.2
Property, Plant and Equipment , net	4,933.2	4,954.7	5,014.1	5,033.0	5,026.1	4,993.0	4,967.6	4,956.2
Other non-current assets	318.2	304.6	338.4	281.0	279.3	275.4	263.3	156.0
Total Assets	6,001.9	6,019.7	6,044.0	6,058.1	6,062.1	6,072.1	6,532.2	6,382.3
Current liabilities	552.5	535.5	547.8	341.9	281.3	232.3	316.4	258.3
Long-term liabilities	1,908.1	1,903.9	1,924.1	2,159.9	2,177.9	2,170.1	2,749.3	2,763.5
Shareholders' equity	3,541.3	3,580.3	3,572.1	3,556.3	3,602.9	3,669.6	3,466.5	3,360.6
Total Liabilities and Shareholders' Equity	6,001.8	6,019.7	6,044.0	6,058.1	6,062.1	6,072.0	6,532.2	6,382.3
End-of-quarter exchange rate (CLP/USD)	472.0	507.2	504.2	524.6	551.2	552.7	599.2	606.8