

3Q18 EARNINGS

REVIEW

NOVEMBER 2018



Colbun

MEJOR ENERGÍA

AGENDA

1.

COMPANY HIGHLIGHTS

2.

FINANCIAL REVIEW

3.

GROWTH OPPORTUNITIES

Company highlights

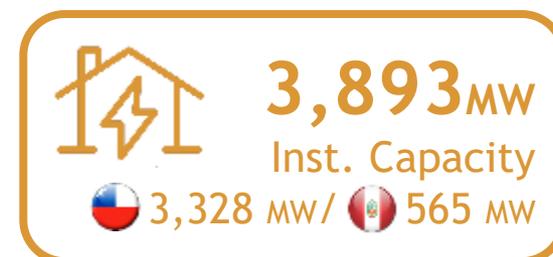
3Q18 key facts

- 1 During 3Q18, Colbún has signed **new power purchase agreements**, in the medium term, **with unregulated customers for approximately 500 GWh/year**. In accumulated terms, the Company has contracted approximately 2,800 GWh of its generation with new clients.
- 2 As a recognition to the Company in matters of sustainability, in September 2018, **Colbún was selected to list for the third time in the DJSI Chile**, and for the **second time in the DJSI MILA**, in its 2018 version.



Company Highlights

3Q18 main consolidated figures



Note: All figures as of Sept18

¹ In US Dollars.

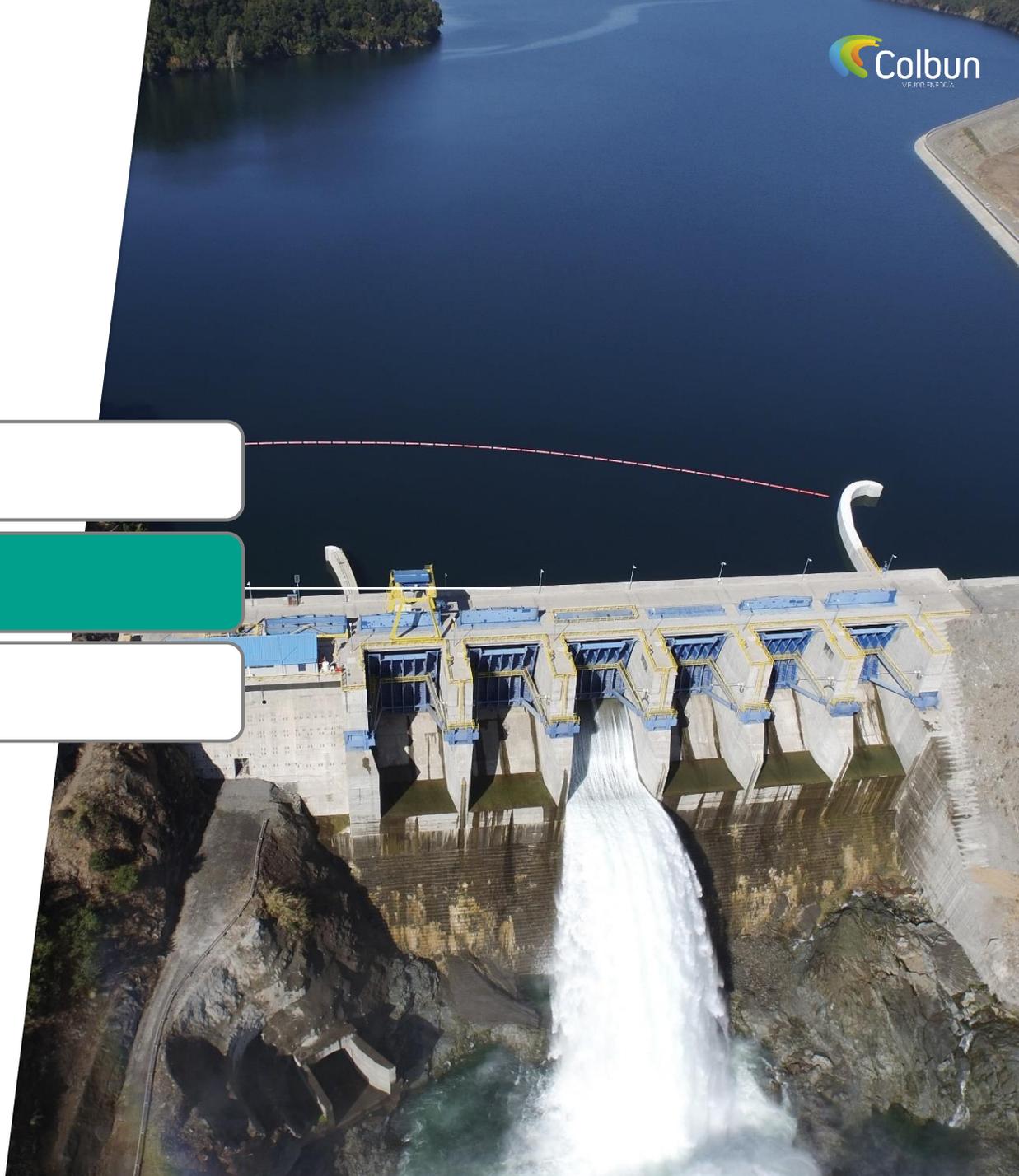
² In terms of generation in the SEN in Chile (23% in the SIC, prior to the interconnection with the SING effective as of October 2017) and in the SEIN in Peru.

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Financial Review

Consolidated: EBITDA analysis

US\$ million	3Q17	3Q18	QoQ
Revenues	384.0	369.0	(4%)
Raw Materials and Consumables Used	(182.8)	(185.3)	1%
Personnel and other operating expenses	(86.7)	(86.8)	0%
Operating Income (Loss)	114.5	96.8	(15%)
EBITDA	174.0	156.3	(10%)
EBITDA Margin (%)	45%	42%	

MAIN VARIATIONS 3Q18 / 3Q17

- **EBITDA totalized US\$156 million,** decreasing by 10%, mainly due to:
 - Lower sales to regulated customers
 - Higher costs of gas and coal
 - Lower EBITDA contribution from Fenix
 - Partially offset by higher sales to unregulated customers

Financial Review

Chile: physical sales & generation balance

Generation (GWh)	3Q17	3Q18	QoQ
Hydraulic	1,403	1,349	(4%)
Thermal	1,626	1,641	1%
Gas	846	914	8%
Diesel	32	22	(33%)
Coal	747	705	(6%)
REVS*	29	47	60%
Wind Farm**	29	33	12%
Solar	0	14	-
Total Generation	3,058	3,037	(1%)

Sales Volume (GWh)	3Q17	3Q18	QoQ
Regulated Clients	1,580	1,376	(13%)
Unregulated Clients	1,231	1,542	25%
Total Commitments	2,811	2,918	4%
Sales to the Spot Market	216	114	(47%)
Total Energy Sales	3,027	3,032	0%

Spot Market (GWh)	3Q17	3Q18	QoQ
Sales	216	114	(47%)
Purchases	52	65	25%
Spot Market Balance	164	49	(70%)

MAIN VARIATIONS 3Q18 / 3Q17

- **Total generation** of the quarter slightly decreased, mainly due to:
 - Lower hydro and coal generation
- **Physical sales** remained in line
- **Spot market balance** recorded net sales for 49 GWh
- **100%** of total commitments were supplied with **cost-efficient base load generation**

(*): Renewable energy from variable sources (REVS).

(**): Corresponds to the energy purchased from Punta Palmeras wind farm owned by Acciona.

Financial Review

Chile: Operating Income analysis

US\$ million	3Q17	3Q18	QoQ
Revenues	332.5	320.1	(4%)
Raw Materials and Consumables Used	(147.2)	(146.3)	(1%)
Personnel and other operating expenses	(76.5)	(76.0)	(1%)
Operating Income (Loss)	108.8	97.8	(10%)
EBITDA	160.6	149.0	(7%)
EBITDA Margin (%)	48%	47%	

MAIN VARIATIONS 3Q18 / 3Q17

- **Revenues** decreased, mainly due to lower:
 - Sales to unregulated customers
 - Transmission tolls

- **EBITDA** decreased by 7%, mainly explained by the lower revenues

Financial Review

Consolidated: Non-Operating Income analysis

US\$ million	3Q17	3Q18	QoQ
Financial Income	3.2	5.0	57%
Financial Expenses	(21.8)	(20.9)	(4%)
Exchange Rate Differences	2.7	(1.6)	-
Profit (Loss) of Companies Accounted for Using the Equity Method	1.3	2.8	118%
Other Profits (Losses)	(4.4)	(5.5)	24%
Non-Operating Income	(19.1)	(20.2)	6%
Profit (Loss) Before Taxes	95.4	76.7	(20%)
Income Tax Expense	(25.2)	(22.8)	(10%)
Net Income	70.2	53.9	(23%)

MAIN VARIATIONS 3Q18 / 3Q17

- **Non-operating income** recorded losses in line with 3Q17
- **Tax expenses** decreased 10%, due to:
 - Lower profits recorded in the quarter
 - Partially offset by the increase in the income tax rate in Chile.

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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, Mexico 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

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- 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 (CMF), those documents should be read as a complement to this presentation.

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Appendix: Financial review

Peru: physical sales & generation balance

Generation (GWh)	3Q17	3Q18	QoQ
Thermal - Gas	1,188	1,121	(6%)
Total Own Generation	1,188	1,121	(6%)

Sales Volume (GWh)	3Q17	3Q18	QoQ
Customers Under Contract	809	725	(10%)
Spot Market Sales	355	371	5%
Total Energy Sales	1,163	1,097	(6%)

Spot Market (GWh)	3Q17	3Q18	QoQ
Sales	355	371	5%
Purchases	0	0	-
Spot Market Balance	355	371	5%

Appendix: Financial review

Peru: EBITDA

US\$ million	3Q17	3Q18	QoQ
Revenues	51.5	48.9	(5%)
Raw Materials and Consumables Used	(35.7)	(39.1)	10%
Personnel and other operating expenses	(10.2)	(10.8)	6%
Operating Income (Loss)	5.6	(0.9)	-
EBITDA	13.5	7.4	(45%)
EBITDA Margin (%)	26%	15%	