

4Q19 EARNINGS REVIEW

JAN 2020

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- This presentation may contain forward-looking statements concerning Colbún's future performance and should be considered as good faith estimates by Colbún S.A.
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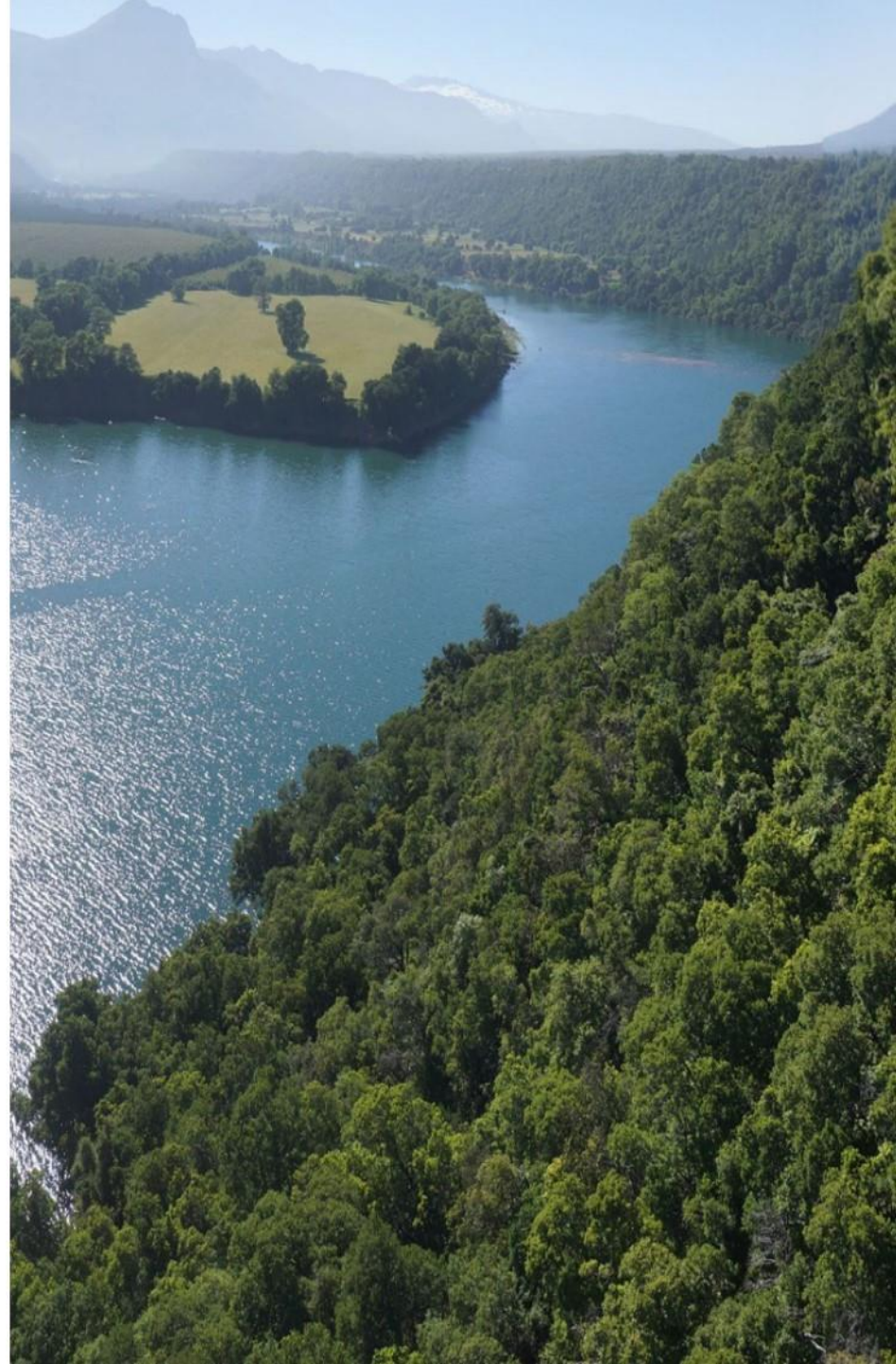
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AGENDA

STRATEGIC AGENDA PROGRESS

FINANCIAL REVIEW

GROWTH OPPORTUNITIES



Strategic Agenda Progress

4Q19

1. COMMERCIAL STRATEGY

Colbún awarded of a renewable energy supply contract for **3,000 GWh/year** with **BHP**

During **2019** Colbún has contracted **3,490 GWh/year** with new unregulated clients

2. GROWTH OPPORTUNITIES

Horizonte wind project:

- Feasibility stage

Diego de Almagro Sur solar project:

- Environmentally approved

Jardín Solar and Machicura solar projects:

- Environmental Impact Declaration submitted

3. FIXED COSTS EFFICIENCY PLAN

Colbún **implemented operational efficiencies** achieving relevant saving compare to last.

4. DIGITALIZATION AND AUTOMATIZATION

- Digitalizing and integrating the management of the **commercial cycle**
- **Higher level of technology** to administrative processes in the supply, contract and travel management
- The scope of **telemonitoring coverage** of our facilities increased.



5. STRENGTHENING TX BUSINESS

- Expansion and normalization of the Company's current assets
- Investment value awarded reached **US\$50 million**
- 2019's EBITDA of Colbún Transmisión: **US\$72 million**

Company highlights

2019 main consolidated figures

US\$ **697** mm
EBITDA

 Gx US\$555 mm / Tx US\$72 mm
 US\$70 mm

1.3x
Net Debt/
EBITDA LTM

3,811 MW
Inst. Capacity
 3,244 MW /  567 MW

US\$ **202** mm
Net Income

4.5%
Avg. Interest Rate¹

25
Power Plants
 24 /  1

US\$ **797** mm
Cash

BBB S&P/Fitch
Baa2 Moody's
Ratings

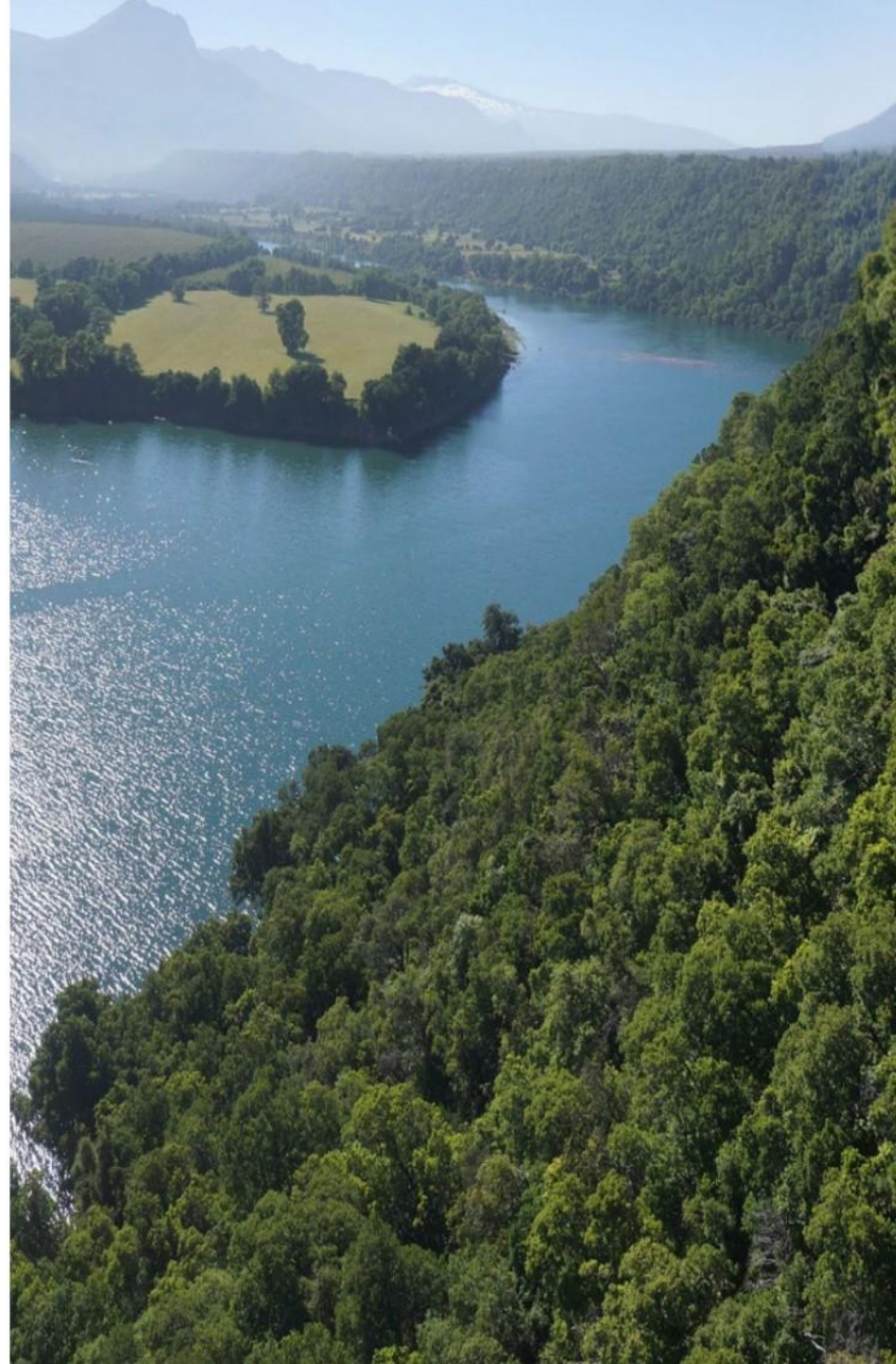
937 km Tx Lines
31 Substations

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Generation (GWh)	2018	2019	YoY
Hydraulic	6,312	5,119	-19%
Thermal	6,558	6,508	-1%
Gas	3,859	4,507	17%
Diesel	78	67	-15%
Coal	2,620	1,934	-26%
VRE*	136	282	107%
Wind Farm**	122	261	115%
Solar	14	20	44%
Total Generation	13,005	11,908	-8%

Sales Volume (GWh)	2018	2019	YoY
Regulated Clients	5,417	4,340	-20%
Unregulated Clients	6,113	6,570	7%
Total Commitments	11,530	10,910	-5%
Sales to the Spot Market	1,313	1,247	-5%
Total Energy Sales	12,843	12,157	-5%

Spot Market (GWh)	2018	2019	YoY
Sales	1,313	1,247	-5%
Purchases	94	512	-
Spot Market Balance	1,218	735	-40%

MAIN VARIATIONS 2019 / 2018

- Total generation** decreased, mainly due to:
 - Lower hydro, coal and diesel generation
 - Partially offset by higher gas and wind generation
- Physical sales** decreased, mainly due to:
 - Lower sales to regulated clients and to the spot market
 - Partially offset by higher sales to unregulated clients
- Spot market balance** registered net sales for 735 GWh, compared to net sales of 1,218 GWh during 2018 as a result of the lower generation

(*): Variable renewable energy (VRE).

(**): Corresponds to the energy purchased from Punta Palmeras wind farm owned by Acciona and San Pedro, owned by Alba S.A.

Operating Income (Loss) (US\$ million)	2018	2019	YoY
Revenues	1,313	1,265	-4%
Raw Materials and Consumables Used	-628	-622	-1%
Gross Profit	685	643	-6%
Personnel and other operating expenses	-104	-88	-7%
Depreciation and Amortization	-190	-194	2%
Operating Income (Loss)	392	361	-8%

EBITDA (US\$ million)	2018	2019	YoY
EBITDA	582	555	-5%
EBITDA Margin (%)	44%	44%	-

MAIN VARIATIONS 2019 / 2018

- **Revenues** decreased, mainly due to:
 - Lower physical sales and average sale prices to regulated clients
 - Partially offset by physical sales and average prices to unregulated clients
- **Raw Materials and Consumables Used** decreased, mainly explained by:
 - Lower coal consumption
 - Tolls payments decreased
 - Partially offset by higher spot market purchases
- **EBITDA** totaled US\$555 million, 5% lower compared to 2018, mainly due to the decrease in operating income recorded.

Tx Business in Chile: Operating Income analysis

Operating Income (Loss) (US\$ million)	2018	2019	YoY
Revenues	77	83	8%
Raw Materials and Consumables Used	-10	-10	-1%
Gross Profit	67	73	9%
Personnel and other operating expenses	-1	-1	72%
Depreciation and Amortization	-14	-11	-21%
Operating Income (Loss)	53	61	16%

EBITDA (US\$ million)	2018	2019	YoY
EBITDA	67	72	9%
EBITDA Margin (%)	87%	87%	-

MAIN VARIATIONS 2019 / 2018

- **Revenues** increased, mainly due to:
 - Higher revenues from zonal transmission assets due to the release of the 6T decree in October 2018, which modified the pricing of those assets
- **EBITDA** totaled US\$72 million, 9% higher compared to 2018

Generation (GWh)	2018	2019	YoY
Thermal - Gas	3,914	3,767	-4%
Total Generation	3,914	3,767	-4%

Sales Volume (GWh)	2018	2019	YoY
Customers under contract	3,001	2,922	-3%
Sales to the Spot Market	1,044	988	-5%
Total Energy Sales	4,045	3,911	-3%

Spot Market (GWh)	2018	2019	YoY
Sales	1,044	988	-5%
Purchases	210	232	11%
Spot Market Balance	834	756	-9%

MAIN VARIATIONS 2019 / 2018

- **Total generation** decreased, mainly due to:
 - Lower availability driven by a failure in the plant's gas turbine
 - Partially offset by the lower term of the lower term of the major maintenance of the plant during 2019
- **Physical sales** decreased, explained by:
 - Lower generation as a result of the previously mention failure
- **Spot market balance** registered net sales for 756 GWh, compared to net sales of 834 GWh during 2018

Financial review

Peru: Operating Income analysis

Operating Income (Loss) (US\$ million)	2018	2019	YoY
Revenues	160	175	10%
Raw Materials and Consumables Used	-114	-96	-16%
Gross Profit	45	79	75%
Personnel and other operating expenses	-10	-9	-4%
Depreciation and Amortization	-33	-46	38%
Operating Income (Loss)	3	24	-

EBITDA (US\$ million)	2018	2019	YoY
EBITDA	36	70	96%
EBITDA Margin (%)	23%	40%	-

MAIN VARIATIONS 2019 / 2018

- **Revenues** increased, mainly due to:
 - A non-recurring income of US\$6.2 million derived from the arbitration award from Calidda
 - Higher revenues sales from regulated, unregulated and other generators
- **Raw Materials and Consumables Used** decreased, mainly explained due to:
 - Lower gas consumption
 - Lower energy and capacity purchases
- **EBITDA** totaled US\$70 million, 96% higher compared to 2018

Non-Operating Income (Loss) (US\$ million)	2018	2019	YoY
Financial Income	20	22	9%
Financial Expenses	-84	-91	9%
Exchange Rate Differences	-13	-7	-43%
Profit (Loss) of Companies Accounted for Using the Equity Method	11	9	-20%
Other Profits (Losses)	-54	-109	104%
Non-Operating Income (Loss)	118	176	49%

Net Income (US\$ million)	2018	2019	YoY
Profit (Loss) Before Taxes	310	270	-13%
Income Tax Expense	-98	-68	-31%
Net Income	240	203	-16%

MAIN VARIATIONS 3Q19 / 3Q18

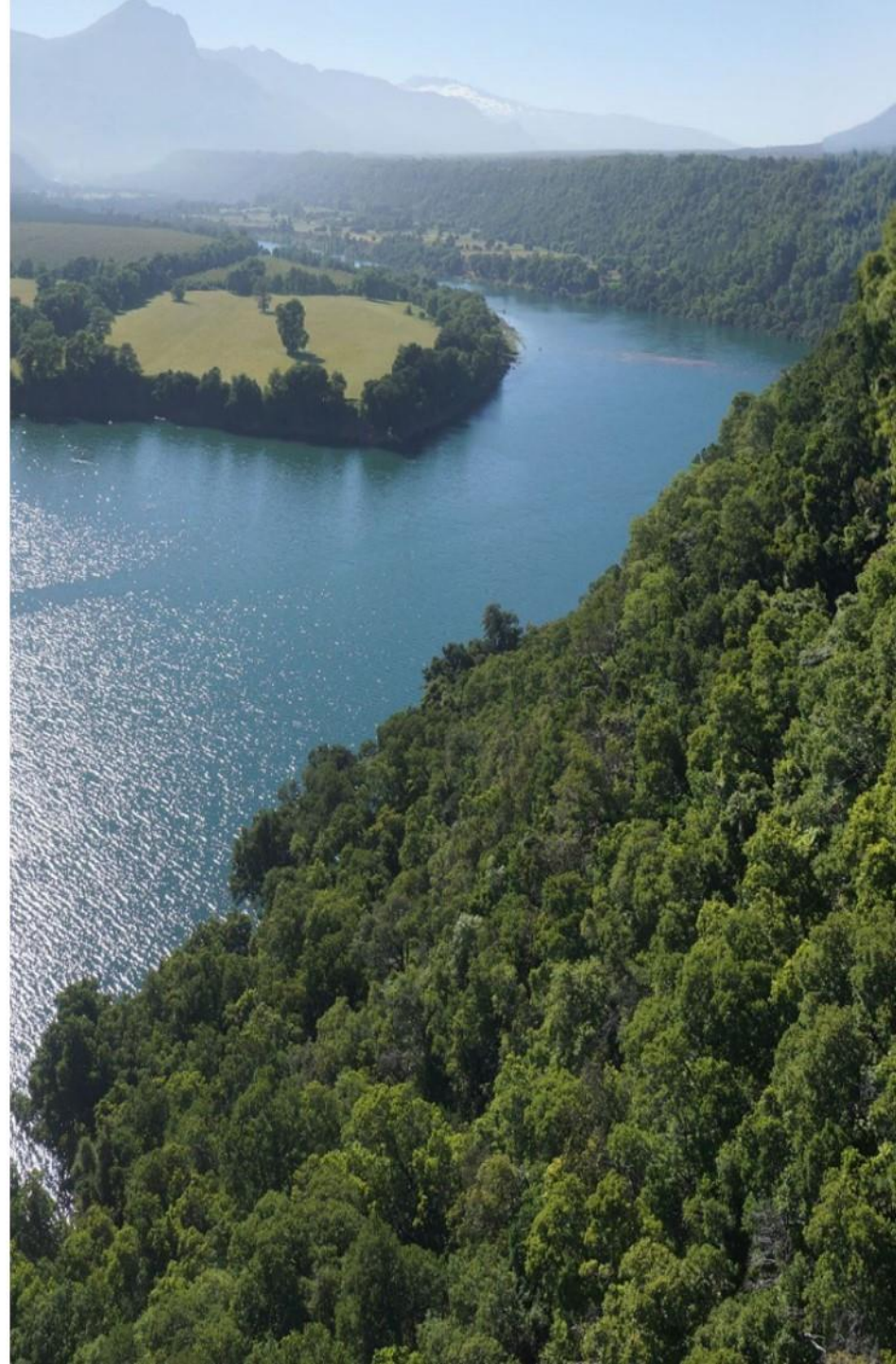
- **Non-operating income** recorded higher losses, mainly explained by:
 - Higher impairment provisions of individual assets
 - Higher financial expenses due to the recognition of the gas distribution contract with Calidda as a financial lease
- **Net income** totaled US\$203 million, 16% lower compared to 2018

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Attractive portfolio of growth options

Expansion considerations

LOCAL EXPANSION

Generation Business

1. Pipeline of Renewable Projects
 - a. Horizonte wind farm (607 MW)
 - b. Diego de Almagro Sur I and II photovoltaic projects (200 MW)
 - c. Inti Pacha photovoltaic project (430 MW)
 - d. Jardin Solar photovoltaic project (450 MW)
 - e. Machicura photovoltaic project (10 MW)
 - f. Other wind and solar projects in early stages of development
2. M&A Opportunities
3. Purchase energy from third parties



Transmission Business

1. Expansion and enhancement of the Company's current transmission assets
2. Total awarded investment value: ~US\$50 million



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

