

# 1Q19 EARNINGS

# REVIEW

MAY 2019



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## INVESTOR RELATIONS

### TEAM CONTACT

Miguel Alarcón  
[malarcon@colbun.cl](mailto:malarcon@colbun.cl)  
+ 56 2 2460 4394

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Soledad Errázuriz  
[serrazuriz@colbun.cl](mailto:serrazuriz@colbun.cl)  
+ 56 2 2460 4450

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Isidora Zaldívar  
[izaldivar@colbun.cl](mailto:izaldivar@colbun.cl)  
+ 56 2 2460 4308

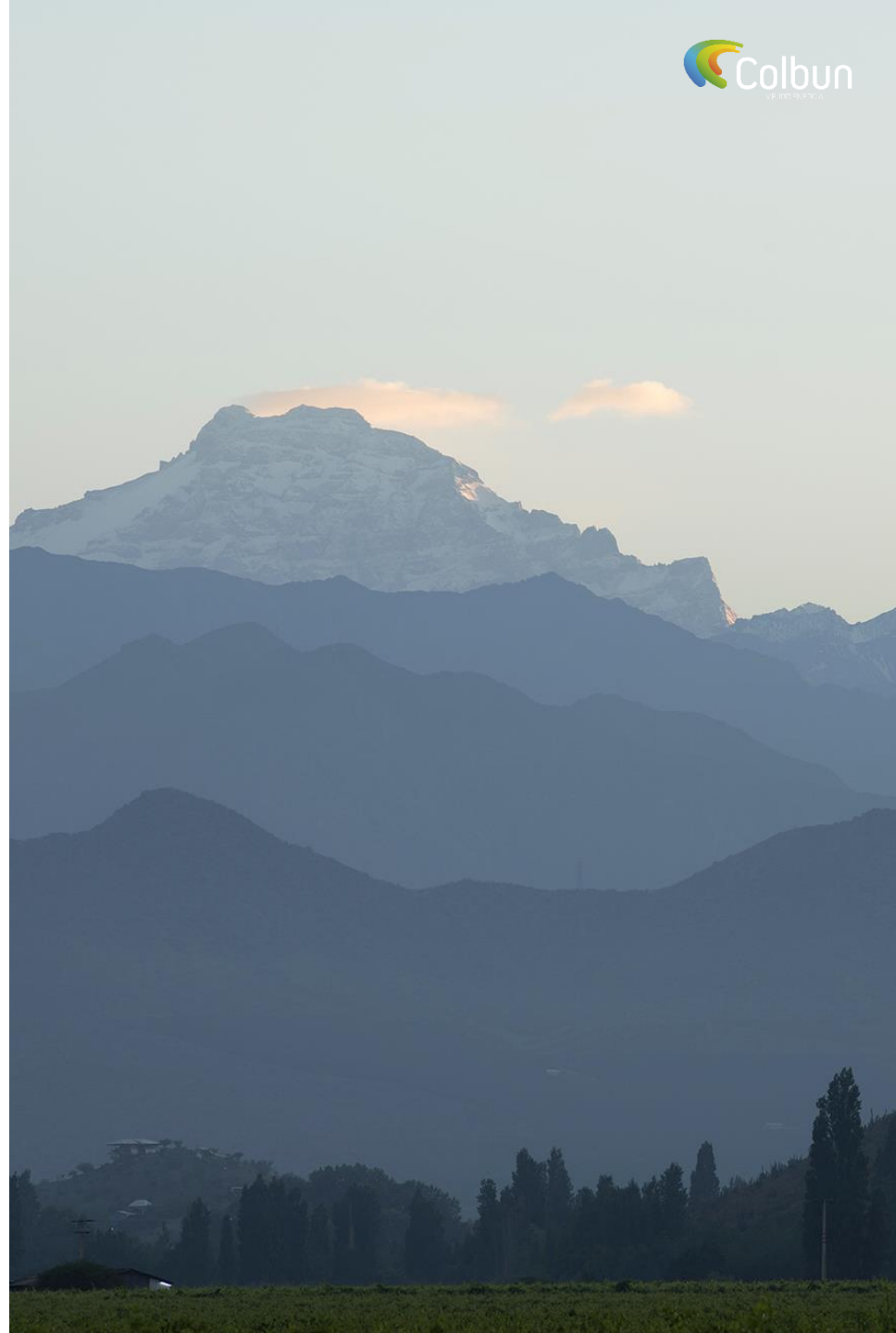
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COMPANY HIGHLIGHTS

FINANCIAL REVIEW

GROWTH OPPORTUNITIES



# Company Highlights

## 1Q19

### 1. DIVIDENDS

1. A final dividend of **US\$156 million**, which added to the US\$84 million paid on December 2018 will reach 100% of the distributable liquid income for the year 2018.

2. An additional dividend of **US\$100 million**.

### 2. GROWTH OPPORTUNITIES

Regarding growth, Colbún made public the acquisition of the projects **Diego de Almagro Sur I and II**.

These projects consider an overall capacity of approximately 210 MW.


### 3. COMMERCIAL STRATEGY

During 2019, **the Company has contracted** approximately **300 GWh/year** of its generation with new unregulated costumers.

# Company Highlights

## 1Q19 main consolidated figures

US\$ **162**mm  
EBITDA

 Gx US\$129mm / Tx US\$20mm  
 US\$13 mm

**1.2x**

Net Debt/  
EBITDA LTM



**3,893**MW

Inst. Capacity

 3,328 MW /  565 MW

US\$ **66** mm  
Net Income





**4.5%**

Avg.  
Interest Rate<sup>1</sup> %

**26**

Power Plants

 25 /  1



US\$ **816**mm  
Cash



**BBB S&P/Fitch**  
**Baa2 Moody's**  
Ratings



Transmission Assets

**941** km Tx Lines

**28** Substations



Note: All figures as of March19

<sup>1</sup> In US Dollars.

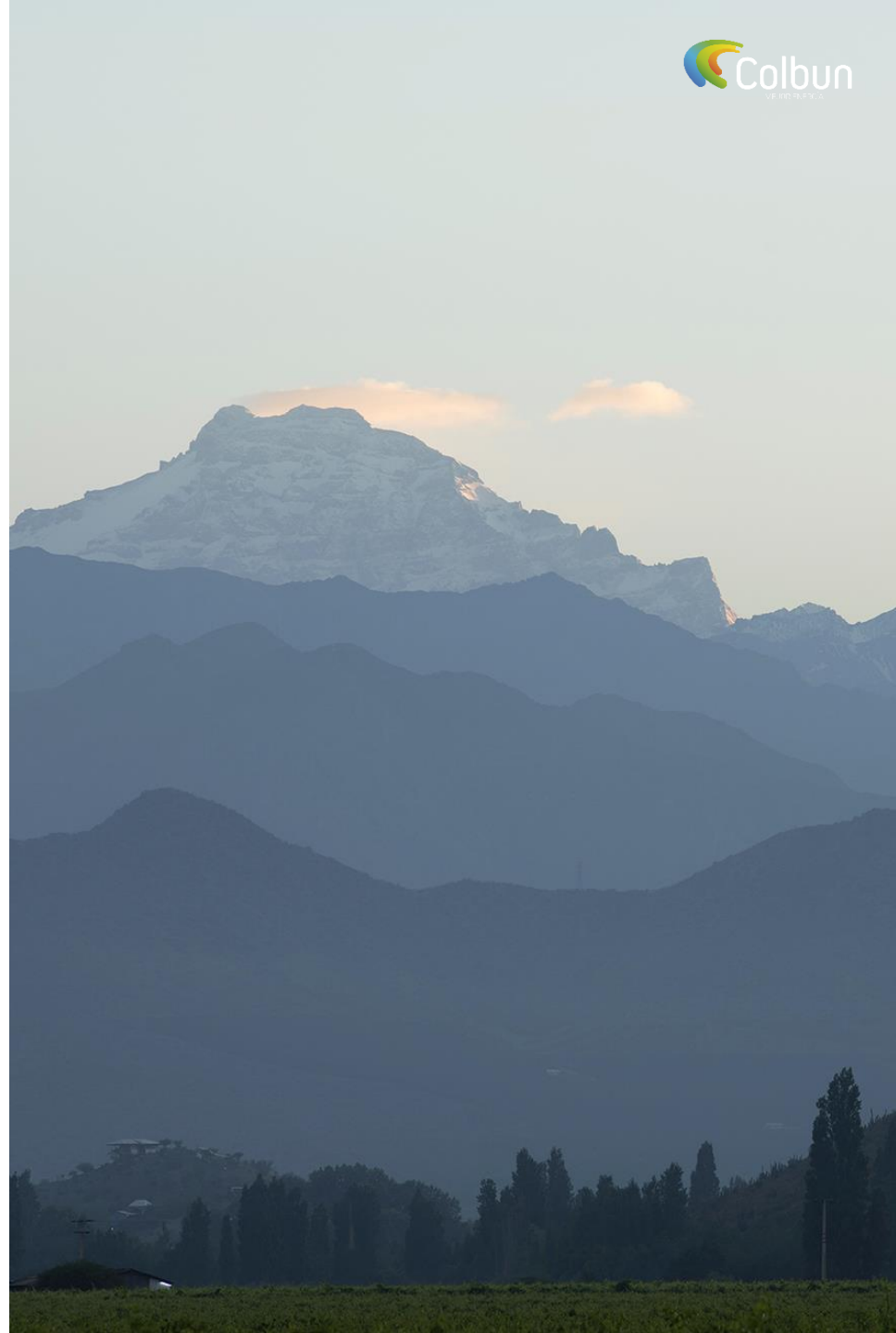
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## Financial review

# Gx Chile: Generation & physical sales balance

Generation (GWh)	1Q18	1Q19	QoQ
<b>Hydraulic</b>	<b>1,409</b>	<b>1,194</b>	<b>(15%)</b>
<b>Thermal</b>	<b>2,020</b>	<b>2,114</b>	<b>5%</b>
Gas	1,269	1,363	7%
Diesel	15	52	245%
Coal	736	699	(5%)
<b>REVS*</b>	<b>26</b>	<b>27</b>	<b>1%</b>
Wind Farm**	26	20	(21%)
Solar	1	6	--
<b>Total Generation</b>	<b>3,455</b>	<b>3,334</b>	<b>(3%)</b>

Sales Volume (GWh)	1Q18	1Q19	QoQ
Regulated Clients	1,417	1,086	(23%)
Unregulated Clients	1,467	1,489	2%
<b>Total Commitments</b>	<b>2,884</b>	<b>2,575</b>	<b>5%</b>
Sales to the Spot Market	525	673	28%
<b>Total Energy Sales</b>	<b>3,408</b>	<b>3,248</b>	<b>(5%)</b>

Spot Market (GWh)	1Q18	1Q19	QoQ
Sales	525	673	28%
Purchases	0	0	-
<b>Spot Market Balance</b>	<b>525</b>	<b>673</b>	<b>28%</b>

### MAIN VARIATIONS 1Q19 / 1Q18

- **Total generation** decreased, mainly due to:
  - Lower hydro and coal generation
  - Partially offset by higher gas and diesel generation
- **Physical sales** decreased, mainly due to lower sales to regulated customers
- **Spot market balance** registered net sales for 673 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

## Gx Business: Operating Income analysis

US\$ million	1Q18	1Q19	QoQ
Revenues	337	329	(2%)
Raw Materials and Consumables Used	(176)	(178)	1%
Personnel and other operating expenses	(24)	(22)	(8%)
Depreciation and Amortization	(45)	(48)	6%
<b>Operating Income (Loss)</b>	<b>92</b>	<b>82</b>	<b>(12%)</b>
<b>EBITDA</b>	<b>138</b>	<b>129</b>	<b>(6%)</b>
EBITDA Margin (%)	41%	39%	-

### MAIN VARIATIONS 1Q19 / 1Q18

- **Revenues decreased**, mainly due to:
  - Lower sales to regulated customers
- Partially offset by:
  - Higher energy and capacity sales in the spot market.
  - Higher sales to unregulated customers
- **Raw Materials and Consumables Used increased**, mainly explained by:
  - Higher diesel generation
- **EBITDA totalized US\$129 million**, lower by 6% compared to 1Q18



## Financial Review

# Tx Business in Chile: Operating Income analysis

US\$ million	1Q18	1Q19	QoQ
Revenues	19	22	15%
Raw Materials and Consumables Used	(3)	(2)	(18%)
Personnel and other operating expenses	(0)	(0)	0%
Depreciation and Amortization	(3)	(4)	6%
<b>Operating Income (Loss)</b>	<b>13</b>	<b>16</b>	<b>25%</b>
<b>EBITDA</b>	<b>16</b>	<b>20</b>	<b>21%</b>
EBITDA Margin (%)	84%	91%	-

### MAIN VARIATIONS 1Q19 / 1Q18

- Revenues** for 1Q19 amounted to US\$22 million, of which 30% correspond to revenues from national assets, 17% from zonal assets and 53% to the dedicated segment. The higher revenues compared to 1Q18 are mainly explained by an increase in the revenues from zonal transmission assets
- EBITDA** totaled **US\$20 million**, higher by 21% compared to 2018

# Financial Review

## Gx Peru: generation & physical sales

Generation (GWh)	1Q18	1Q19	QoQ
Thermal - Gas	605	932	54%
<b>Total Own Generation</b>	<b>605</b>	<b>932</b>	<b>54%</b>

Sales Volume (GWh)	1Q18	1Q19	QoQ
Customers Under Contract	754	753	0%
Spot Market Sales	56	189	239%
<b>Total Energy Sales</b>	<b>810</b>	<b>942</b>	<b>16%</b>

Spot Market (GWh)	1Q18	1Q19	QoQ
Sales	56	189	239%
Purchases	210	33	(84%)
<b>Spot Market Balance</b>	<b>(154)</b>	<b>156</b>	<b>-</b>

### MAIN VARIATIONS 1Q19 / 1Q18

- **Total generation** increased, mainly due to:
  - Scheduled annual maintenance carried out during January and February, while in 2019 it occurred between March 19 and April 19
- **Physical sales** increased, mainly explained by higher sales to the spot market
- **Spot market balance** registered net sales for 156 GWh, compared to net purchases of 154 GWh during 1Q18, due to the difference in maintenance dates

# Financial Review

## Peru: Operating Income analysis

US\$ million	1Q18	1Q19	QoQ
Revenues	53	53	0%
Raw Materials and Consumables Used	(41)	(38)	(7%)
Personnel and other operating expenses	(2)	(2)	0%
Depreciation and Amortization	(8)	(9)	5%
<b>Operating Income (Loss)</b>	<b>2</b>	<b>4</b>	<b>134%</b>
<b>EBITDA</b>	<b>10</b>	<b>13</b>	<b>28%</b>
EBITDA Margin (%)	19%	25%	-

### MAIN VARIATIONS 1Q19 / 1Q18

- **Revenues** reached US\$53 million, in line with 1Q18
- **Raw Materials and Consumables Used decreased**, mainly explained by lower Energy and Capacity Purchases due to:
  - The annual maintenance scheduled dates (Jan18 - Feb18 vs Mar19 - Apr19)
  - Lower marginal cost of energy purchases during maintenance process
- **EBITDA totalized US\$13 million**, higher by 28% compared to 1Q18

# Financial Review

## Consolidated: Non-Operating Income analysis

US\$ million	1Q18	1Q19	QoQ
Financial Income	5	6	31%
Financial Expenses	(21)	(21)	(2%)
Exchange Rate Differences	(1)	1	-
Profit (Loss) of Companies Accounted for Using the Equity Method	5	2	(50%)
Other Profits (Losses)	(4)	(5)	8%
<b>Non-Operating Income</b>	<b>(17)</b>	<b>(15)</b>	<b>(10%)</b>
<b>Profit (Loss) Before Taxes</b>	<b>88</b>	<b>86</b>	<b>(2%)</b>
Income Tax Expense	(24)	(20)	(15%)
<b>Net Income</b>	<b>64</b>	<b>66</b>	<b>3%</b>

### MAIN VARIATIONS 1Q19 / 1Q18

- **Non-operating income** recorded lower losses, mainly explained by:
  - Positive effect of the variation of the PEN/US\$ and CLP/US\$ exchange rate on temporary items of the balance sheet in local currency
  - Higher financial income as a result of higher investments rates

#### Partially compensated by:

- Decrease in the line “Profit (loss) of companies accounted for using the equity method”

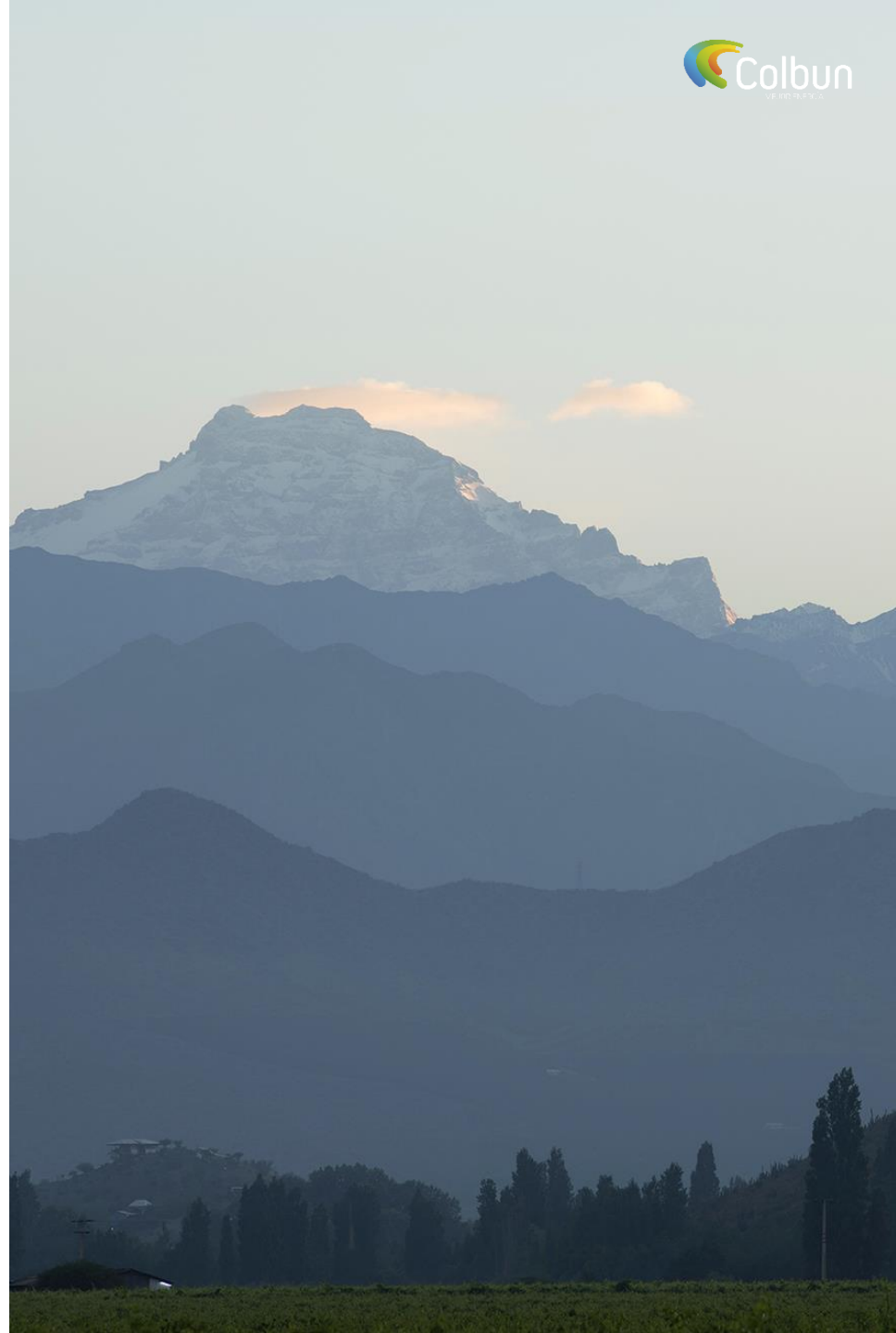
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# Attractive portfolio of growth options

## 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 (210 MW)
  - c. Sol de Tarapacá photovoltaic project (200 MW)
  - d. Other 4 wind and solar projects in early stages of development (~800 MW)
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 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







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