

3Q 2014 Results Review

Oct 30, 2014



AGENDA

HIGHLIGHTS

FINANCIAL REVIEW

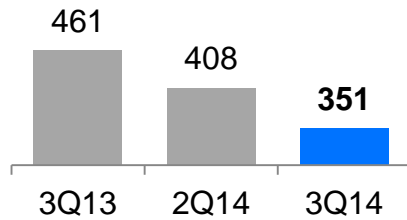
PROJECTS UNDER DEVELOPMENT UPDATE

OTHER RELEVANT EVENTS

Highlights of 3Q 2014

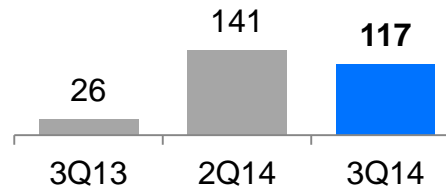
1

Revenues (MMUS\$)



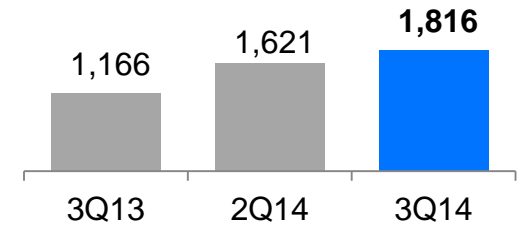
2

EBITDA (MMUS\$)



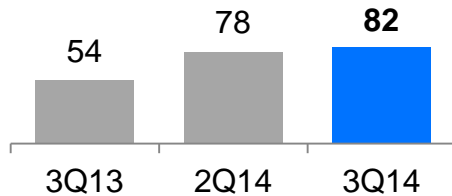
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Hydro Generation (GWh)



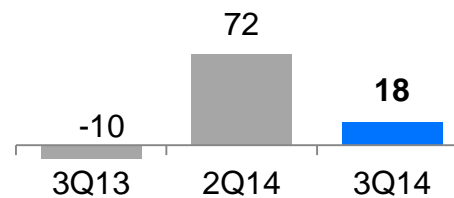
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Efficient Capacity over Commitments (%)



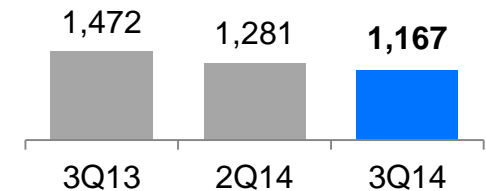
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Net Income (MMUS\$)



6

Net Debt (MMUS\$)



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Physical Sales and Generation Balance Analysis

Sales Volumes	3Q13	2Q14	3Q14	QoQ	YoY
GWh					
Regulated Customers	1,872	1,838	1,849	1%	(1%)
Free Customers	1,471	1,159	1,197	3%	(19%)
Total Commitments	3,343	2,997	3,046	2%	(9%)
Spot Market Sales	0	425	147	(65%)	-
Total Energy Sales	3,343	3,422	3,193	(7%)	(4%)

Generation	3Q13	2Q14	3Q14	QoQ	YoY
GWh					
Hydroelectric	1,166	1,621	1,816	12%	56%
Thermal – Gas	499	929	536	(42%)	7%
Thermal – Diesel	260	231	216	(7%)	(17%)
Thermal - Coal	646	718	672	(6%)	4%
Total Own Generation	2,571	3,499	3,240	(7%)	26%

Spot Market	3Q13	2Q14	3Q14	QoQ	YoY
GWh					
Sales	0	425	147	(65%)	-
Purchases	821	0	24	-	(97%)
Net Spot Market	(821)	425	123	(71%)	(115%)

Key Drivers of 3Q14

- Higher **hydroelectric generation** explained by the commissioning in Apr14 of the Angostura power plant and by higher rainfalls.
- The **generation mix** of 3Q14 allowed 82% of the Company's commercial commitments to be covered with efficient capacity: hydroelectric and coal.
- Colbún recorded lower **net energy sales** on the spot market by 123 GWh.

EBITDA Analysis

US\$ million	3Q13	2Q14	3Q14	QoQ	YoY
Revenues	461.1	408.0	351.2	(14%)	(24%)
Raw Materials and Consumables Used	(413.6)	(245.6)	(213.8)	(13%)	(48%)
Personnel and other operating expenses	(21.6)	(21.6)	(20.5)	(5%)	(5%)
EBITDA	25.9	140.8	117.0	(17%)	351%
EBITDA Margin (%)	6%	35%	33%		

Key Drivers of 3Q14

- **Lower energy purchases** at the spot Market (YoY), given by a higher hydro output
- **Lower raw materials and consumable used** (QoQ) explained by lower fuel costs due to lower gas-fired generation (-42%)

Non-Operating Income Analysis

US\$ million	3Q13	2Q14	3Q14	QoQ	YoY
Financial Income	0.8	1.2	1.7	48%	123%
Financial Expenses	(10.7)	(18.9)	(22.2)	18%	108%
Results of Indexation Units	2.2	3.3	1.0	(69%)	(55%)
Exchange Rate Differences	(1.9)	(4.3)	(4.4)	1%	129%
Share of profit (loss) from equity-accounted associates	1.1	1.6	1.0	(38%)	(9%)
Other non-operating income/expense	4.6	(0.6)	1.6	(345%)	(66%)
NON-OPERATING INCOME	(3.9)	(17.8)	(21.3)	20%	441%

Key Drivers of 3Q14

- **Higher Financial Expenses** of US\$3.3 million (QoQ) and US\$ 11.6 million (YoY) due to higher gross debt and lower interest expense capitalization after commissioning of Angostura
- **Exchange Rate Difference** of US\$(4.4) million due to 8% CLP/US\$ depreciation during the quarter

Net Income Analysis

US\$ million	3Q13	2Q14	3Q14	QoQ	YoY
Net Income Before Tax	(18.1)	76.8	49.3	(36%)	(372%)
Income Tax	8.0	(5.2)	(31.1)	494%	(489%)
NET INCOME	(10.1)	71.6	18.2	(75%)	(280%)

Key Drivers of 3Q14

- **Net Income Before Tax** of US\$49.3 million resulting mainly from Operating Income
- **Income Tax Expense** of US\$31.1 million due mainly to 8% depreciation of the CLP/US\$ exchange rate in 3Q14

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Projects Under Development Update

La Mina - Hydroelectric Project

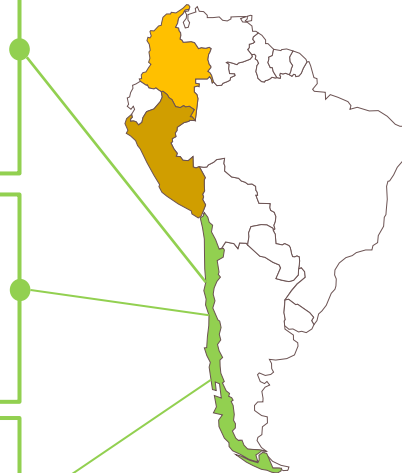
- **34 MW** of Installed Capacity
- **190 GWh** of expected annual generation
- **Phase:** Environmentally Approved / Board Approved subject to pending water rights
- Qualifies as **NCRE**

Santa María II - Coal-fired Project

- **350 MW** of Installed Capacity
- **2,500 GWh** of expected annual generation
- **Phase:** Environmentally Approved

San Pedro - Hydroelectric Project

- **144 MW** of Installed Capacity
- **930 GWh** of expected annual generation
- **Phase:** Existing Environmental Approval to be modified



Searching for investment opportunities in the region:

Special focus on assets in Colombia and Perú

Country Attractiveness:

- Attractive business environment
- Positive economic perspective
- Well established regulatory framework
- Growing electricity consumption
- Diversification of:
 - Geography
 - Generation technology
 - Access to fuel sources

La Mina hydroelectric run-of-the-river project

- Location: San Clemente community, Maule region
- Capacity: 34 MW
- Annual Generation: 180-195 GWh
- CAPEX: US\$120-130 million
- Construction + commissioning time: 25-30 months
- Qualifies as NCRE



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Relevant Events

- On July 10, **Colbún issued a bond in international markets** for a total of US\$ 500 million.
- On October 1st, **Mr. Thomas Keller** became the CEO of Colbún, replacing Mr. Ignacio Cruz.
- The current **medium term LNG supply agreement** with Metrogas S.A. was extended until 2019.
- At the end of Sep14 a **tax reform** (Law 20,780) was enacted increasing the corporate tax rate (gradual increase from 20% to 27% in 2018).



www.colbun.cl

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