



2017 EARNINGS REVIEW

February 2018



AGENDA

1. COMPANY HIGHLIGHTS
2. FINANCIAL REVIEW
3. GROWTH OPPORTUNITIES



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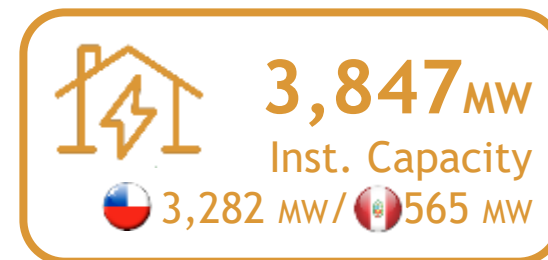
COMPANY HIGHLIGHTS

2017 KEY FACTS

- 1 Colbún posted a **historical record EBITDA of US\$692 million and net income of US\$289 million** as of December 2017.
- 2 During 2017, Colbún signed medium-term power **supply contracts with unregulated customers for approximately 1,600 GWh**.
- 3 **La Mina Project (34 MW)**: its construction was completed in April 2017, with units 1 and 2 being synchronized in May of the same year.
- 4 In September, Colbún was selected to list for the first time in the **Dow Jones Sustainability Index Emerging Markets**, in its 2017 version. Colbún is the only power-generation company of Chilean capitals that listed in this index.
- 5 During the year 2017, with the purpose of improving the debt profile, **the Company issued two bonds in the international market** (Rule 144A and Regulation S).
- 6 Colbún was awarded a 30-year land concession for the development, construction and operation of a wind farm called **“Horizonte”**, which considers **607 MW of installed capacity**.

COMPANY HIGHLIGHTS

2017 MAIN CONSOLIDATED FIGURES



Note: All figures as of Dec17
* In US Dollars.



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FINANCIAL REVIEW

CHILE: PHYSICAL SALES & GENERATION BALANCE

Generation (GWh)	2016	2017	YoY
Hydraulic	4,767	5,897	24%
Thermal - Gas	3,594	3,890	8%
Thermal - Diesel	315	206	(35%)
Thermal - Coal	2,505	2,606	4%
Eolic - Punta Palmeras	95	116	22%
Total Generation	11,276	12,716	13%

Sales Volume (GWh)	2016	2017	YoY
Regulated Clients	6,533	6,303	(4%)
Unregulated Clients	4,508	4,732	5%
Total Commitments	11,041	11,035	(0%)
Sales to the Spot Market	916	1,393	52%
Total Energy Sales	11,956	12,428	4%

Spot Market (GWh)	2016	2017	YoY
Sales	916	1,393	52%
Purchases	923	3	-
Net Spot Market Balance	(7)	1,390	-

MAIN VARIATIONS 2017 / 2016

- **Total generation** increased, mainly because of:
 - Higher hydro generation.
 - Higher cost efficient thermal generation based on natural gas and coal.
- **Physical sales** increased, mainly due to:
 - Higher sales in the spot market
 - Higher sales to unregulated customers.
- **Spot market balance** registered net sales for 1,390 GWh.
- **100%** of total commitments were supplied with **cost-efficient base load generation**.

FINANCIAL REVIEW

CHILE: EBITDA ANALYSIS

US\$ million	2016	2017	YoY
Revenues	1,220	1,356	11%
Raw Materials and Consumables Used	(580)	(614)	6%
Personnel and other operating expenses	(290)	(294)	2%
Operating Income (Loss)	639	741	16%
EBITDA	546	639	17%
EBITDA Margin (%)	45%	47%	-

MAIN VARIATIONS 2017 / 2016

- **Revenues increased**, mainly due to:
 - Higher revenues from energy and capacity sales in the spot market.
 - Higher sales under contract.
 - Higher “Other Operating Income”.

- **Raw Materials and Consumables Used increased**, mainly explained by:
 - Higher gas and coal consumption.
 - Higher “Other Operating Expenses”.
 - Higher transmission tolls costs.

- **EBITDA totalized US\$639 million**, higher by 17% compared to 2016.

FINANCIAL REVIEW

PERU: PHYSICAL SALES & GENERATION BALANCE

Generation (GWh)	2016	2017	YoY
Thermal - Gas	3,581	4,113	15%
Total Own Generation	3,581	4,113	15%

Sales Volume (GWh)	2016	2017	YoY
Customers Under Contract	3,154	3,012	(4%)
Spot Market Sales	825	1,099	33%
Total Energy Sales	3,979	4,111	3%

Spot Market (GWh)	2016	2017	YoY
Sales	825	1,099	33%
Purchases	311	93	(70%)
Net Spot Market Balance	514	1,007	96%

MAIN VARIATIONS 2017 / 2016

- **Gas-power generation** increased, mainly explained by the higher availability of the power plant compared to 2016.
- **Physical withdrawals** from customers under contract decreased, mainly explained by the expiration of bilateral short-term contracts.
- **Spot market balance** reached net sales for 1,007 GWh.
- **100%** of total commitments were supplied with **own generation**.

FINANCIAL REVIEW

PERU: EBITDA ANALYSIS

US\$ million	2016	2017	YoY
Revenues	217	193	(11%)
Raw Materials and Consumables Used	(144)	(141)	(2%)
Personnel and other operating expenses	(48)	(30)	(38%)
Operating Income (Loss)	24	21	(12%)
EBITDA	56	54	(4%)
EBITDA Margin (%)	26%	28%	-

MAIN VARIATIONS 2017 / 2016

- **Revenues** decreased, mainly due to the higher volume of sales in the spot market at lower marginal costs.
- **Raw materials and consumables used** decreased, mainly explained by lower energy and capacity purchases in the spot market.
- Fenix **EBITDA totalized US\$54 million** lower by 4% compared to 2016.

FINANCIAL REVIEW

CONSOLIDATED: NON-OPERATING INCOME ANALYSIS

US\$ million	2016	2017	YoY
Financial Income	10	13	27%
Financial Expenses	(103)	(85)	(18%)
Exchange Rate Differences	3	8	138%
Share of Profit (Loss) from Equity-Accounted Associates	5	3	(46%)
Other Profits (Losses)	(18)	(85)	382%
Non-Operating Income	(102)	(146)	43%
Profit (Loss) Before Taxes	272	323	19%
Income Tax Expense	(67)	(34)	(49%)
Net Income	205	289	41%

MAIN VARIATIONS 2017 / 2016

- **Non-operating income** recorded higher loss, mainly explained by an increase registered in the line “Other Profits (Losses)”, product of:
 - Accounting record of provisions of impairment of specific assets.
 - Tax expense on the emissions of thermal power plants (Law 20,780), which became effective as of Jan17.
 - Impairment of licenses for non-use water rights.
- These effects were partially offset by lower financial expenses.



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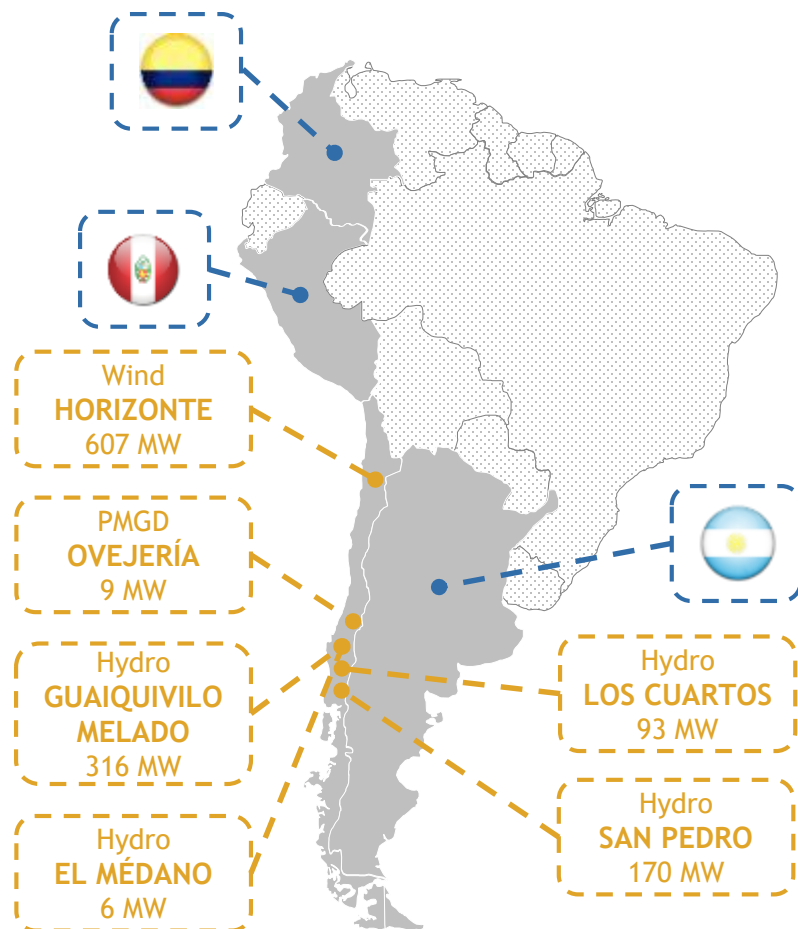
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GROWTH OPPORTUNITIES

GROWTH OPPORTUNITIES IN CHILE & THE REGION



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SPECIAL FOCUS IN PERU, COLOMBIA AND ARGENTINA.

- Growing power consumption
- Well established regulatory framework ¹
- Diversification:
 - Hydrological conditions
 - Generation technology
 - Fuel access
 - Regulation

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GROWTH OPPORTUNITIES IN CHILE: BASE LOAD CAPACITY AND RENEWABLES.

- Pipeline of renewable projects
- Purchase of energy from third parties
- M&A opportunities

¹ Argentina under discussion to promote private investments.

DISCLAIMER AND CONTACT INFORMATION

- 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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