POWER GENERATION BUSINESS IN CHILE AND PERU

OVERVIEW

CONSOLIDATED INSTALLED CAPACITY: 3,852 MW

1. COLBUN’S PRESENCE IN PERU.
   - 570 MW Inst. Capacity
   - Thermal: 570 MW
   - 3,621 GWh annual generation
   - 8% market share*

2. COLBUN’S PRESENCE IN CHILE.
   - 3,282 MW Inst. Capacity
   - Hydro: 1,597 MW
   - Thermal: 1,685 MW
   - 12,535 GWh annual generation
   - 24% market share*

* In terms of generation

Source: Colbún S.A.
SECTOR SEGMENTATION

OVERVIEW

Chile:
- **GENERATION**
- **TRANSMISSION**
- **DISTRIBUTION**

**RELEVANT INSTITUTIONS**
- Ministry of Energy
- Regulator: CNE
- Supervisor: SEC
- Coordinator: CDEC

Peru:
- **GENERATION**
- **TRANSMISSION**
- **DISTRIBUTION**

**RELEVANT INSTITUTIONS**
- Ministry of Energy and Mines
- Supervisor: OSINERGMIN
- Coordinator: COES

Regulated sectors (concessions)
MARKET STRUCTURE

OVERVIEW

GENERATORS

REGULATED CUSTOMERS

UNREGULATED CUSTOMERS

SPOT MARKET

DISTRIBUTION COMPANIES

INDUSTRIAL CUSTOMERS

DISPATCH CENTER

Regulated Auction Tariffs

Unregulated Auction Tariffs

Marginal Cost /Spot Price

Source: Colbún S.A.
GENERATION AND PRICE DEVELOPMENT IN CHILE´S CENTRAL GRID (SIC)

OVERVIEW

• 16,327 MW Inst. Capacity
• Development based on hydro + competitive natural gas
• Fixed price power purchase agreements (set by regulator for distribution companies)

• LNG re-gasification terminal since 2009
• Coal-fired power plants
• PPA tenders with price indexation

~90% of the energy is generated with base load power plants

Source: Colbún S.A.
GENERATION AND PRICE DEVELOPMENT IN PERU´S NATIONAL GRID (SEIN)

**OVERVIEW**

- 9,311 MW Inst. Capacity
- Development based on hydro + competitive natural gas
- 2012: Open Cycle converted to Combined Cycle plants
- Lower average marginal cost compared to Chile

*Source: Colbún S.A.*
OPERATIONS IN CHILE AND PERU

AGENDA

OVERVIEW

FINANCIALS

PROJECTS

VALUE PROPOSAL
INSTALL CAPACITY OF 3,852 MW - MARKET SHARE BY GENERATION: 24% IN CHILE (SIC); 8% IN PERU (SEIN)

**Gx. ASSET DIVERSIFICATION. (MW)**

- 4 Reservoir: 1,065
- 12 Run-of-the-river: 532
- 3 CCGT: 1,337
- 4 Diesel: 568
- 1 Coal: 350
- 1 Wind Farm: 46 \(^1\)
- 1 Biomass: 26 \(^1\)

\(^1\) Through PPAs

**Tx. ASSETS.**

- ~900 Km
- 27 Substations

**INTER. RATINGS.**

- FitchRatings: BBB
- STANDARD &POOR'S: BBB-

**LOCAL RATINGS.**

- FitchRatings: A+
- Humphreys: AA-

**OWNERSHIP. (%)**

- 49.9%
- 18.4%
- 16.3%
- 9.6%
- 21.1%

- Matte Group
- Angelini Group
- Pension Funds
- Others

- Committed **Controlling Group**
- High Standards of Corporate Governance

All figures as of March 2016

Source: Colbún S.A.
1. BALANCED POSITION BETWEEN EXISTING AND FUTURE EFFICIENT GENERATION CAPACITY AND MEDIUM TO LONG-TERM POWER SUPPLY COMMITMENTS.

- **Hydro**: contract output considering medium to dry hydrology
- **Coal**: contract output considering an efficient load factor
- **LNG**: secure long-term competitive LNG Supply for Combined Cycle units
- **NCRE**: add additional assets to our generation matrix
- **Back-up capacity**: available for the spot market and other opportunities

2. SECURE LONG-TERM CONTRACTS WITH CREDITWORTHY COUNTERPARTIES.
   - Balanced mix between Regulated and unregulated clients
   - Incorporate risk-sharing mechanisms

3. EXPAND OPERATIONS TO SELECTED LATAM COUNTRIES AND MAINTAIN A RELEVANT MARKET SHARE IN THE SIC.
   - Diversify geography, markets, technologies and regulation frameworks

This graph is shown for illustrative purposes and represents estimated and potential output of our power plants and approximate level of contractual commitments. Real output from our power plants and variable production costs are dependent on many factors, such as hydrology, plant availability, access to fuels (coal and LNG) and commodity prices, among others.

1 Under medium hydrological conditions.
CONTRACTUAL COMMITMENTS VS GENERATION. (GWh)

Source: Colbún S.A. Unregulated Sales, excludes sales to Codelco at Marginal Cost
LNG: LONG TERM AGREEMENTS IN CHILE

OPERATIONS IN CHILE AND PERU

CONTRACTED GAS GENERATION: METROGAS AND ENAP. (GWh)

- Efficient complement to hydro and coal
- Nehuenco I & II – 766 MW (~5,000 GWh/year)
- Long-term strategy: leveraging our efficient natural gas power facilities

REGASIFICATION CAPACITY (GWh)

Source: Colbún S.A.
SALES BY TYPE OF CUSTOMER. (%) 
- Regulated: 40%
- Unregulated: 60%

SALES VOLUME BY CUSTOMER. (%) 
- Codelco (A+): 29%
- Chilcatra (BBB+/BBB+): 17%
- CGED (Local A+): 4%
- Saesa (Local AA): 9%
- AngloAmerican (BBB-/BBB-): 21%
- Others: 20%

AVERAGE MONOMIC PRICE 1. (US$/MWh) 
- Regulated Customers
- Unregulated Customers

1 Average monomic prices are calculated by dividing the total amount of sales in US$, by physical energy sales in MWh.

Source: Colbún S.A.
OUR PPAs IN CHILE: 9.8 YEARS AVERAGE MATURITY

Available energy to re-contract

INDEXATION. (%)
- Fossil Fuels: 35%
- CPI: 65%

Source: Colbún S.A.
FENIX POWER PERU: MOST EFFICIENT CCGT IN PERU

1. OWNERSHIP. (%)
   - Colbún: 36%
   - Sigma: 13%
   - ADIA: 51%

2. DESCRIPTION.
   - Location: Chilca district, 64 km south of Lima, Peru
   - US$ currency market
   - Installed capacity: 570 MW
   - Expected annual generation: 4.4 TWh/year
   - Market Share: 8% in terms of generation*
   - Long-term contracts: 3 TWh/year
   - Average PPA Portfolio Maturity: 7.5 years

(*) Source: Osinergmin
STRONG FINANCIAL RESULTS

1. OPERATING REVENUES. (US$ Million)

2. EBITDA & EBITDA MG. (US$ Million & %)

3. CASH FLOW. (US$ Million)

4. NET INCOME. (US$ Million)

Source: Colbún S.A.
STRONG FINANCIAL RESULTS

1 DEBT & NET DEBT. (US$ Million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt</th>
<th>Net Debt</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,700</td>
<td>1,440</td>
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<tr>
<td>2014</td>
<td>1,894</td>
<td>1,061</td>
</tr>
<tr>
<td>2015</td>
<td>2,236</td>
<td>1,174</td>
</tr>
<tr>
<td>1Q16</td>
<td>2,244</td>
<td>1,182</td>
</tr>
</tbody>
</table>

2 NET DEBT / EBITDA. (x)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>1Q16 LTM</th>
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<td>Debt</td>
<td>4.1</td>
<td>2.0</td>
<td>2.0</td>
<td>1.8</td>
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</table>

3 LEVERAGE RATIO 1. (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>1Q16</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>90</td>
<td>96</td>
<td>93</td>
<td></td>
</tr>
</tbody>
</table>

4 MAIN FIRM VALUE FIGURES 2. (US$ Million)

<table>
<thead>
<tr>
<th>Item</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>1Q16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>7,200</td>
<td>6,300</td>
<td>3,700</td>
<td>4,900</td>
</tr>
</tbody>
</table>

1 Calculated as Liabilities/Equity
2 As of March 2016

Source: Colbún S.A.
ADEQUATE DEBT PROFILE AND STRONG LIQUIDITY

**KEY DRIVERS.**

- Total Debt: US$ 2,244 Million
- Avrg. Maturity: 5.2 years
- Avrg. US$ Interest Rate: 4.7%
- Cash: US$ 1,063 Million
- Net Debt: US$ 1,182 Million
- Dividend Policy 30%
- Banks Committed Lines: US$ 146 Million

**DEBT PROFILE.**

- **BANKS**: 36%
- **BONDS**: 64%
- **UF**: 4%
- **FLOATING**: 16%
- **FIXED**: 84%

**AMORTIZATION STRUCTURE. (US$ Million)**

- All figures as of March 2016
- Source: Colbún S.A.
INSTALLED CAPACITY EVOLUTION: LAST 10 YEARS

- 2,000 MW in 2006
- 2,370 MW in 2016
- 3,852 MW

Projects:
- HYDRO +466 MW
- DIESEL +100 MW
- COAL +350 MW
- FENIX +570 MW
GROWTH OPPORTUNITIES IN CHILE AND THE REGION

1 SPECIAL FOCUS ON COLOMBIA AND PERU.
   - Growing Electricity Consumption
   - Well established regulatory framework
   - Diversification:
     - Hydrological Conditions
     - Generation Technology
     - Fuel Access
     - Regulation

2 GROWTH OPPORTUNITIES IN CHILE: BASE LOAD CAPACITY AND RENEWABLES.
   - Hydro
   - Coal
   - 500 MW equivalent of water rights under study
   - NCRE under study
LA MINA – RENEWABLE ENERGY FOR THE SYSTEM

[Image of a construction site]

1. **34 MW** of Installed Capacity and **190 GWh** of expected annual generation

2. Under construction since Dec-14. As of Mar-16 it has **63% progress**, according to plan

3. Expected to be commissioned in **early 2017**
SANTA MARIA II – COAL FIRED BASE LOAD CAPACITY

350 MW of Installed Capacity and 2,500 GWh of expected annual generation

Environmentally Approved

Social, economic and commercial dimensions of the project are being analyzed, in order to timely define the beginning of its construction
SAN PEDRO – HIGHLY EFFICIENT HYDROELECTRIC PROJECT

~170 MW of Installed Capacity and 950 GWh of expected annual generation

2 Broad explicative and clarifying meeting process plan
1. SUNEDISON’S ASSETS ACQUISITION

- Long-term energy supply contracts with regulated customers:
  - 350 GWh/year
  - 15 years, starting 2017

- Two photovoltaic solar parks in the SIC:
  - Olmué: 145 MW (Environmentally approved)
  - Santa Sofía: 57 MW (Environmental approval in process)

- Long-term supply contract by which SunEdison will build a solar plant of 100 MW:
  - 200 GWh/year
  - 15 years, starting 2021

2. 15-YEAR CONTRACT WITH SUNPOWER

- 15-year PPA to Total with its affiliate, SunPower
- 500 GWh/year
- Makes viable the construction of a 164 MW solar power plant
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To evaluate whether to purchase or sell securities of the company, the investor must conduct its own independent analysis.

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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 Superintendencia de Valores y Seguros, those documents should be read as a complement to this presentation.