



The lower hydro availability during the 1Q13 was mostly offset by the stable thermal generation with coal and higher generation with natural gas under more competitive conditions. A new power supply contract with Codelco entered into force, which considers current market conditions and Colbún's cost structure.

1Q13 Financial Report

- Colbún's operating revenues for 1Q13 reached USD 367.0 million, a 9% decrease compared to 4Q12 and a 2% increase compared to 1Q12. The previous quarter included a USD 39.6 million one-time revenue from an insurance compensation.
- 1Q13 EBITDA reached USD 89.2 million compared to 4Q12 EBITDA of USD 115.4 million and 1Q12 EBITDA of USD 27.4 million. EBITDA margin for 1Q13 was 24%, as compared to 29% during 4Q12 and 8% during 1Q12.
- 1Q13 Net income posted a profit of USD 24.4 million compared to a USD 55.6 million profit the previous quarter and a USD 9.2 million profit in 1Q12.
- The Angostura hydroelectric project (316 MW) continues under full execution stage on various fronts: civil works, equipment installment, infrastructure reposition and compliance of the social commitments with the community. The filling of the reservoir is expected during the third quarter of 2013, to then put the power plant into service towards the end of the year.
- Regarding the San Pedro hydroelectric project (150 MW), there is no relevant update to what was informed the previous quarter. The analysis of the results of the almost two years of prospection and land studies campaign are still underway, together with the hired panel of experts.
- At 1Q13 closing, our financial investments reached USD 237.6 million while net debt reached USD 1,476 million.

Summary

USD million

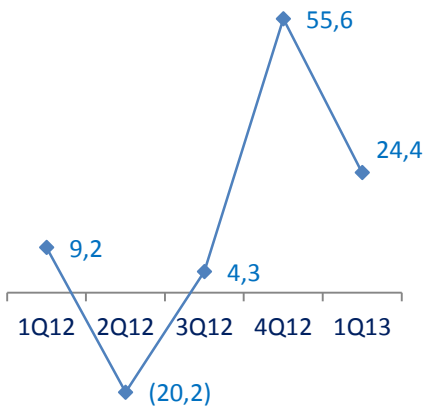
	Change				
	1Q12	4Q12	1Q13	QoQ	YoY
Revenues	361.1	401.5	367.0	(9%)	2%
EBITDA	27.4	115.4	89.2	(23%)	225%
Net Income	9.2	55.6	24.4	(56%)	165%
Net debt	1,357	1,505	1,476	(2%)	9%
Energy sales (GWh)	2,935	2,945	3,081	5%	5%
Hydraulic generation (GWh)	1,426	1,167	1,052	(10%)	(26%)
E-o-Q exchange rate (CLP/USD)	487.4	480.0	472.0	(2%)	(3%)

Conference Call 1Q13 Results

Date: Friday May 3rd 2013
Time: 12:00 PM Eastern Daylight Time
 12:00 PM Chile
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Colbún is the second largest generator of the SIC (the Sistema Interconectado Central is the main electricity grid covering 75% of Chilean demand). The Company has 2,962 MW of installed capacity (57% thermal and 43% hydraulic) spread over 22 plants. The facilities are located in 7 regions. Colbún sells energy and capacity to regulated customers (Distribution Companies), to non-regulated customers (Industrial Companies) and its surplus is sold to other Generators on the spot market.

Net Income
USD Million



Net Income for 1Q13 posted a profit of USD 24.4 million, which compares negatively with previous quarter profit of USD 55.6 million and positively with the USD 9.2 million profit of 1Q12.

The difference regarding previous quarter is mainly explained by:

- *Higher operational income:* mainly explained by a one-time effect during 4Q12, which registered a USD 39.6 million profit from an insurance compensation; and in a lesser extent, by a lower base generation (hydro + coal) to comply with contractual commitments.
- *Lower non-operating income:* mainly explained by a non-recurrent loss of USD 18.6 million posted during 1Q13 in the “Other non-operational income/(expenses)” line, due to an asset deterioration resulting from a breakdown in the CCGT power plant Nehuenco II occurred on March 14th, and which caused damage mainly to the gas turbine. To date, the manufacturer General Electric has begun with the repair works, which consist primarily in the replacement of the rotor and compressor. It is estimated that the duration of these works will be within the dates informed to the Central Dispatcher (CDEC), which are 145 days as of April 1st. Colbún has insurance which covers both physical damage as well as loss of profit, with standard deductibles. The adjustment process is currently underway.

EBITDA
USD Million

1Q13 EBITDA reached USD \$89.2 million, lower than 4Q12 EBITDA of USD 115.4 million, and higher than 1Q12 EBITDA of USD 27.4 million.

1Q13 EBITDA vs. 4Q12 is mainly explained by:

▪ **Commitments vs. generation mix balance**

Our commitments vs. generation mix balance was given by:

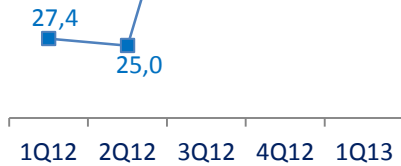
- A lower **hydroelectric output** of 115 GWh (-10%), explained by a lower dispatch of our hydro power plants during the quarter. Lower hydro availability during the 1Q13 is explained by weak water inflows, consistent with seasonality, where the summer months coincide with the end of the melting season; and to the effect of the past three consecutive very dry years. As a reference, hydro output during January, February and March reached 422 GWh, 330 GWh and 299 GWh respectively. The rainfalls during the past hydrological year (from April 2012 to March 2013) in the Company's 4 most relevant basins (Aconcagua, Maule, Laja and Chapo) registered a deviation of -55%, -27%, -12% and -10% respectively, as compared to average historical conditions.

- A **thermal coal output** (732 GWh) in line with the previous quarter (721 GWh), which proves a stable and reliable operation of our Santa María I power plant.

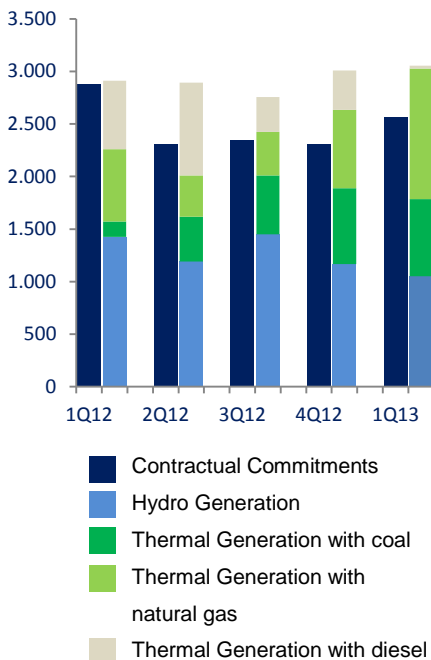
- In summary, a **base generation** (hydro and coal) which totaled 1,784 GWh, thus representing 69% of the quarter's contractual commitments, as compared to 1,887 GWh of previous quarter, which represented 82%. It is worth mentioning that in March a new supply contract with Codelco entered into force. This contract, which stipulates a maximum annual supply of 2,500 GWh, considers the current market conditions and Colbún's cost structure.

- **Natural gas** availability led Colbún to generate 1,243 GWh with this fuel during the first quarter of the year, as compared to 747 GWh in previous quarter. The higher generation with this fuel during 1Q13 is explained by the two supply agreements reached: the first, with Metrogas S.A., for one CCGT unit of the Nehuenco Complex for the January-April period of 2013, 2014 and 2015, and which considers supply options for other periods during those years; and the second, with Enap, for the other CCGT unit of Nehuenco, for the January-May 2013 period. Since the Unit II of Nehuenco has been out of service, part of the contracted natural gas has been redirected to the Candelaria open-cycle power plant.

- **Sales volume to contracted clients** increased by 12% as compared to previous quarter, mainly due to the new contract with Codelco which entered into force in March.



Commitments vs. Generation Balance
GWh



Income Statement Analysis

Operating Results

Sales Volume vs. Generation

GWh

	Change				
	1Q12	4Q12	1Q13	QoQ	YoY
Sales Volumes					
Regulated customers	1,721	1,721	1,790	4%	4%
Free customers	1,156	582	779	34%	(33%)
Spot market sales	59	642	511	(20%)	-
Total energy sales	2,935	2,945	3,081	5%	5%
Generation					
Hydraulic	1,426	1,167	1,052	(10%)	(26%)
Thermal - Gas	690	747	1,243	66%	80%
Thermal - Diesel	650	374	28	(92%)	(96%)
Thermal - Coal	145	721	732	2%	404%
Total own generation	2,911	3,009	3,055	2%	5%
Energy purchases (spot market)	72	0	82	-	14%

- **Spot market balance**

The combination of the abovementioned factors, and the lower marginal costs presented in the system during the quarter, led to a very low dispatch of our thermal power plants with diesel (28 GWh). Colbún had **surpluses** of energy during most of the quarter, which translated to net sales of 429 GWh in the spot market during 1Q13 (and a net profit of USD 33.6 million). As a reference, the average marginal cost was USD 143/MWh in 1Q13 vs. USD 185/MWh in 4Q12 (measured in Alto Jahuel). The decrease in the marginal cost is mainly explained by a higher availability of coal-fired capacity and natural gas output throughout the system during 1Q13.

- **Fuel costs**

This quarter showed a **lower average cost of thermal generation**, mainly due to the lower average cost of natural gas generation, due to the new supply agreements reached.

- **Average sales prices to contracted clients**

The main variation in the average monomic sales price to contracted clients, is given by the higher sales price to free clients, explained by the already mentioned new contract with Codelco, and the current indexation formulas applicable to that contract.

- **Other effects**

The previous quarter registered a one-time profit of USD 39.6 million, arising from the insurance compensation of the loss of profit caused by the February 2010 earthquake effect on our Santa María I power plant; and higher “Third party works and supplies” and “Personnel expenses”.

Income Statement Analysis

Operating Results

EBITDA
USD million

	1Q12	4Q12	1Q13	Change	
				QoQ	YoY
Revenues	361.1	401.5	367.0	(9%)	2%
Sales to regulated customers	187.8	185.7	188.7	2%	0%
Sales to free customers	114.9	47.8	84.7	77%	(26%)
Sales to other generators (spot market)	9.3	92.5	55.3	(40%)	496%
Transmission tolls	37.1	35.4	37.9	07%	02%
Other operating income	12.0	40.2	0.4	(99%)	(97%)
Raw materials and consumables used	(316.3)	(262.3)	(256.6)	(2%)	(19%)
Transmission tolls	(34.9)	(38.7)	(40.9)	6%	17%
Energy and capacity purchases	(47.4)	(2.8)	(21.7)	677%	(54%)
Gas purchases	(99.6)	(86.7)	(139.8)	61%	40%
Diesel purchases	(120.4)	(68.3)	(8.4)	(88%)	(93%)
Coal purchases	0.0	(29.8)	(27.7)	-	-
Third party works and supplies	(13.9)	(36.0)	(18.1)	(50%)	30%
Personnel expenses and other operating expenses	(17.4)	(23.8)	(21.2)	(11%)	22%
EBITDA	27.4	115.4	89.2	(23%)	225%
Depreciation and amortization	(31.1)	(39.5)	(40.4)	2%	30%

- **Financial Income:** 1Q13 registered an income of USD 1.7 million, consistent with the financial investments held during the period.
- **Financial Expenses:** 1Q13 registered expenses of USD 15.2 million, in line with the USD 15.3 million of the previous quarter.
- **Other non-operating income/expenses:** 1Q13 registers a USD 15.9 million expense. This is mainly explained by a non-recurrent USD 18.6 expense posted from asset deterioration, due to the breakdown in the CCGT Nehuenco II plant, which caused damage primarily to its gas turbine. It is important to remember that Colbún has insurance which covers both physical damage as well as loss of profit, with standard deductibles. The adjustment process is currently underway
- **Exchange Rate Differences:** the USD 2.8 million loss recorded is mainly due to the redenomination of loans in Chilean pesos and UF to dollars.
- **Income Tax:** the income tax item registered an income of USD 5.1 million for 1Q13, which compares positively to the USD 3.6 million expense registered for 4Q12. This income is explained by the reversal of differed taxes as the result of the impairment component from the Nehuenco II breakdown and to the positive effect of the CLP/USD exchange rate appreciation over the taxable fixed asset which is carried in Chilean pesos.

For Balance Sheet analysis the following accounts should be highlighted:

Cash and cash equivalents

This account reached USD 237.6 million at 1Q13 closing. The USD 19.8 million increase as compared to 4Q12 closing is mainly explained by operating cash net inflow, which are partially offset by disbursements linked to our investment projects which are currently underway.

Trade and other accounts receivable

Closing at USD 172.6 million at 1Q13 end, this account decreased in USD 12.3 million as compared to previous quarter, mainly due to the payment of the insurance compensation recognized in the 4Q12. The payment totaled USD 56 million, which includes both physical damage and delays in the Santa María I coal-unit, due to the February 2010 earthquake. It is worth mentioning that for comparative reasons, we have reclassified USD 17.9 million of "Trade and other accounts receivable" to "Other current assets" in the December 2012 Financial Statements.

Current tax receivable

Current tax receivable reached USD 118.7 million at 1Q13 closing. The USD 27.9 million decrease as compared to previous quarter is mainly explained by the requested reimbursements under article 27 Bis of DL825, where part of the VAT Credit accumulated from disbursements linked to our investment projects, are recovered in anticipation. It is worth mentioning that for comparative reasons, we have reclassified USD 111.8 million of "Current tax receivable" to "Non-current tax receivable" in the December 2012 Financial Statements, given a portion of VAT that is expected to be recovered after the 12-month period.

Non-current assets

Net property, plant, and equipment reached USD 4,933 million at 1Q13 closing, a USD 29.1 million increase as compared to previous quarter closing. This is explained by the investment projects conducted by Colbún (mainly the Angostura Project). This effect is partially offset by the depreciation during the period and the asset deterioration associated to the Nehuenco II breakdown before mentioned.

Current Liabilities

Current liabilities reached USD 552.5 million, in line with 4Q12 closing. During 1Q13, a portion of a bank loan in Chilean pesos amortized, effect which was offset by the transfer from the long term portion to the short term portion of the abovementioned loan.

Non-current liabilities

Non-current liabilities totaled USD 1,908 million at 1Q13 closing, a USD 31.8 million decrease during the quarter. This is mainly explained by the transfer from the long term portion to the short term portion of the abovementioned loan.

Shareholders' Equity

At 1Q13 closing, the Company reached a Net Shareholder Equity of USD 3,541 million, a USD 28.5 million increase, which is mainly explained by net income of the quarter.

Summarized Balance Sheet

USD million

	1Q12	4Q12	1Q13	Change	
				QoQ	YoY
Current Assets	764.0	676.8	638.7	(38.1)	(125.2)
Cash and cash equivalents	203.0	217.7	237.6	19.8	34.5
Trade and other accounts receivable	213.2	184.9	172.6	(12.3)	(40.6)
<i>Normal sales</i>	157.6	121.7	154.0	32.3	(3.5)
<i>Others</i>	55.7	63.2	18.6	(44.6)	(37.1)
Current tax receivable	239.8	146.6	118.7	(27.9)	(121.1)
Other current assets	107.9	127.6	109.8	(17.7)	1.9
Non-Current Assets	4,941.1	5,326.6	5,363.1	36.5	422.0
Property, plant and equipment	4,659.8	4,904.2	4,933.2	29.1	273.4
Other non-current assets	281.3	422.4	429.9	7.5	148.6
Total Assets	5,705.1	6,003.4	6,001.8	(1.6)	296.8
Current liabilities	400.6	550.8	552.5	1.7	151.9
Non-current liabilities	1,821.2	1,939.8	1,908.1	(31.8)	86.9
Total net equity	3,483.3	3,512.8	3,541.3	28.5	58.0
Total Liabilities and Net Equity	5,705.1	6,003.4	6,001.8	(1.6)	296.8

Cash flow from operating activities during 1Q13 generated a net inflow of USD 135.5 million, mainly explained by EBITDA and the payment during 1Q13 of the insurance compensation recognized in 4Q12.

Cash flow from financing activities during 1Q13 generated a net outflow of USD 17.6 million, mainly due to the amortization of a local bank loan, partially offset by short-term financing.

Cash flow from investment activities during 1Q13 generated a net outflow of USD 99.9 million, mainly explained by capex for a total of USD 92.3 million, primarily for our projects under construction (mainly Angostura), and to contributions (USD 2.8 million) and loans (USD 4.9 million) to our Hidroaysen joint-venture.

				Change	
	1Q12	4Q12	1Q13	QoQ	YoY
Cash and cash equivalents at beginning of period	295.8	281.1	217.7	(63.4)	(78.1)
Cash Flow from Operating Activities	(10.1)	100.1	135.5	35.3	145.6
Cash Flow from Financing Activities	18.9	(37.9)	(17.6)	20.3	(36.6)
Cash Flow from Investing Activities	(110.0)	(124.5)	(99.9)	24.5	10.1
Net increase (decrease) in cash and cash equivalents	(101.2)	(62.2)	17.9	80.1	119.1
Effects of exchange rate changes on cash and cash equivalents	8.4	(1.1)	2.0	3.1	(6.4)
Cash and cash equivalents at end of period	203.0	217.7	237.6	19.8	34.5

Net Debt and Liquidity Analysis

Net debt decreased by USD 29.4 million during 1Q13, reaching USD 1,476 million at closing, explained by the net cash inflow during the quarter.

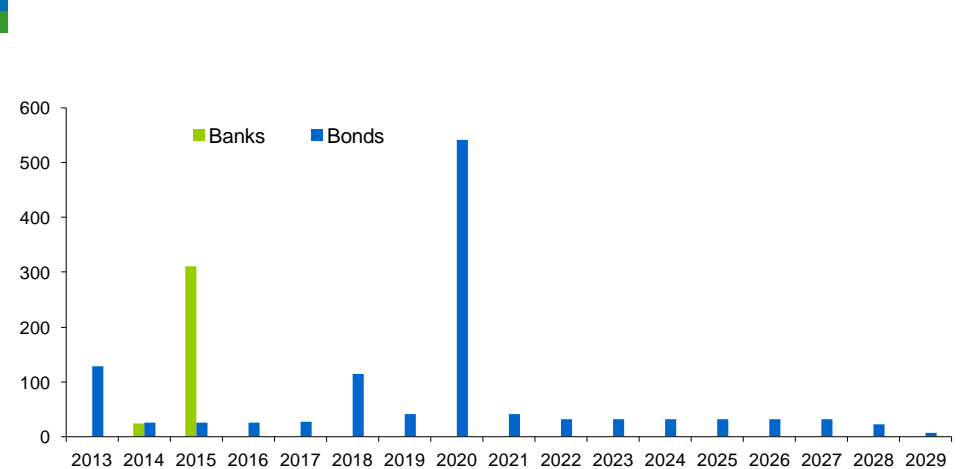
Liquidity Analysis USD million

	1Q12	4Q12	1Q13	Change	
				QoQ	YoY
Gross financial debt	1,560.6	1,722.9	1,713.4	(9.5)	152.8
Financial investments	203.2	217.7	237.6	19.9	34.4
Net financial debt	1,357.4	1,505.2	1,475.8	(29.4)	118.4

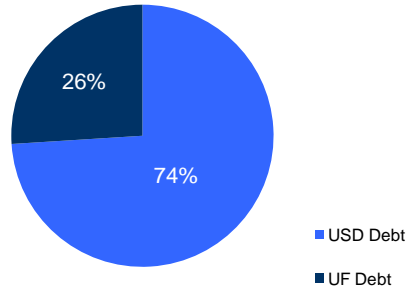
Financial investments reached USD 237.6 million at 1Q13 closing, which including the effect of derivatives to re-denominate the investments currency, reaches the same amount.

Gross financial debt reached USD 1,713 million at the end of 1Q13. This amount includes net effect of hedging derivatives, discounts on bond issuances, taxes, commissions and other upfront expenses. During the 1Q13, gross debt decreased by USD 9.5 million due to the amortization of the abovementioned loan, which was partially offset by short-term financing.

Long Term Debt amortization schedule at 1Q13 closing USD million



Long-term debt breakdown by currency
As a % of total debt



The average USD long-term financial debt rate is 5.12%.

The average maturity of Colbún's long term financial debt is 5.8 years.

Taking into account the interest rate and currency derivatives, 74% of Colbún's long term financial debt is dollar-denominated and 89% has a fixed rate.

This document provides information about Colbún SA. 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.

In compliance with the applicable rules, Colbún S.A. publishes this document 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, which are available for review.

Appendix 1 Sales Volume & Generation

Quarterly Sales and Production

Gwh

	2012				
	1Q12	2Q12	3Q12	4Q12	Total
Sales					
Regulated customers (GWh)	1,721	1,718	1,753	1,721	6,912
Free customers (GWh)	1,156	589	594	582	2,921
Spot marketsales (GWh)	59	534	320	642	1,555
Total energy sales (GWh)	2,935	2,841	2,667	2,945	11,389
Capacity sales (MW)	1,523	1,486	1,513	1,492	1,503
Generation					
Hydraulic (GWh)	1,426	1,190	1,450	1,167	5,233
Thermal - Gas (GWh)	690	391	415	747	2,242
Thermal - Diesel (GWh)	650	885	331	374	2,240
Thermal - Coal (GWh)	145	428	560	721	1,853
Total own generation (GWh)	2,911	2,893	2,755	3,009	11,568
Energy purchases spot market (GWh)	72	0	7	0	79

	2013				
	1Q13	2Q13	3Q13	4Q13	Total
	1,790				1,790
	779				779
	511				511
Total	3,081				3,081
	1,564				1,564
	1,052				1,052
	1,243				1,243
	28				28
	732				732
Total	3,055				3,055
	82				82

Appendix 2 Income Statement

Quarterly Income Statement

USD million

	2012					2013				
	1Q12	2Q12	3Q12	4Q12	Total	1Q13	2Q13	3Q13	4Q13	Total
Operating revenues	361.1	331.6	314.5	401.5	1,408.8	367.0	-	-	-	367.0
Raw materials and consumables used	(316.3)	(288.7)	(180.1)	(262.3)	(1,047.4)	(256.6)	-	-	-	(256.6)
GROSS MARGIN	44.8	42.9	134.4	139.2	361.4	110.4	-	-	-	110.4
Personnel expenses and other operating expenses	(17.4)	(17.9)	(18.4)	(23.8)	(77.5)	(21.2)	-	-	-	(21.2)
Depreciation & amortization	(31.1)	(31.2)	(34.2)	(39.5)	(136.0)	(40.4)	-	-	-	(40.4)
OPERATING INCOME	(3.7)	(6.2)	81.8	75.9	147.8	48.8	-	-	-	48.8
EBITDA	27.4	25.0	116.0	115.4	283.9	89.2	-	-	-	89.2
Financial income	1.4	0.8	1.6	1.2	5.0	1.7	-	-	-	1.7
Financial expenses	(4.6)	(4.0)	(8.7)	(15.3)	(32.5)	(15.2)	-	-	-	(15.2)
Results of indexation units	2.2	0.4	(0.1)	2.0	4.5	0.5	-	-	-	0.5
Exchange rate differences	10.3	(1.6)	3.7	(2.0)	10.4	(2.8)	-	-	-	(2.8)
Share of profit (loss) from equity-accounted associates	1.8	1.3	2.0	3.3	8.3	2.2	-	-	-	2.2
Other non-operating income/expense	(14.6)	(8.4)	(1.6)	(6.0)	(30.6)	(15.9)	-	-	-	(15.9)
NON-OPERATING INCOME	(3.4)	(11.5)	(3.2)	(16.7)	(34.8)	(29.5)	-	-	-	(29.5)
NET INCOME BEFORE TAX	(7.1)	(17.7)	78.6	59.2	113.0	19.3	-	-	-	19.3
Income Tax	16.3	(2.5)	(74.4)	(3.6)	(64.1)	5.1	-	-	-	5.1
NET INCOME FROM CONTINUING OPERATIONS	9.2	(20.2)	4.3	55.6	48.8	24.4	-	-	-	24.4
NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT COMPANY	9.2	(20.2)	4.3	55.6	48.8	24.4	-	-	-	24.4

Summarized Balance Sheet

USD million

	2012				2013			
	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13
Current Assets	764.0	796.0	789.9	676.8	638.7			
Cash and equivalents	203.0	255.8	281.1	217.7	237.6			
Accounts receivable	213.2	196.2	171.3	184.9	172.6			
<i>Normal sales</i>	157.6	131.6	123.6	121.7	154.0			
<i>Deudores varios</i>	55.7	64.6	47.7	63.2	18.6			
Recoverable taxes	239.8	251.5	245.3	146.6	118.7			
Other current assets	107.9	92.4	92.1	127.6	109.8			
Non-Current Assets	4,941.1	5,039.5	5,156.6	5,326.6	5,363.1			
Property, Plant and Equipment, net	4,659.8	4,751.1	4,833.1	4,904.2	4,933.2			
Other non-current assets	281.3	288.4	323.5	422.4	429.9			
Total Assets	5,705.1	5,835.5	5,946.5	6,003.4	6,001.8			
Current liabilities	400.6	441.5	431.7	550.8	552.5			
Long-term liabilities	1,821.2	1,942.5	2,041.1	1,939.8	1,908.1			
Shareholders' equity	3,483.3	3,451.5	3,473.7	3,512.8	3,541.3			
Total Liabilities and Shareholders' Equity	5,705.1	5,835.5	5,946.5	6,003.4	6,001.8			
End-of-quarter exchange rate (CLP/USD)	487.4	501.8	473.8	480.0	472.0			