COMPANY PRESENTATION

4Q 2011

Agenda

Company Overview

Chilean Electricity Sector

Business Strategy

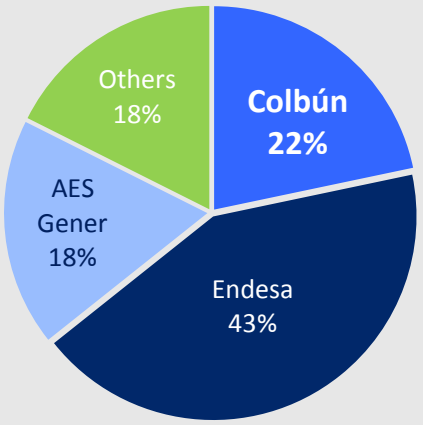
Financial Profile

Colbún

Colbún at a glance

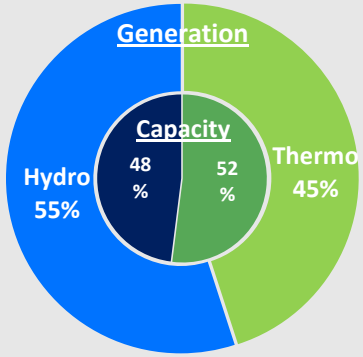
Business	→	Power Generation & Trade
Size	→	2nd largest generator in Chile's Central Grid (SIC), with 22% market share (MW). The SIC covers 90% of the population
Capacity	→	2,620 MW 52% thermal and 48% hydraulic
Generation	→	9,781 GWh in 2011 45% thermal and 55% hydraulic
Assets	→	15 hydro plants in 4 different basins 6 thermal plants in 4 different regions
People	→	926 employees as of December'11
Results	→	EBITDA of USD 204.7 million in 2011 Revenues of USD 1.3 billion in 2011

Market Share (as a % of Installed Capacity) - SIC



Source: CNE – October 2011

Generation (GWh) and Installed Capacity (MW)



Source: Colbún 2011 Generation and Capacity

A diversified asset base

6 Thermal Power Plants

Nehuenco Complex: 874 MW
DIESEL/GAS

- **Nehuenco I**
  Capacity: 368 MW
- **Nehuenco II**
  Capacity: 398 MW
- **Nehuenco III**
  Capacity: 108 MW

Candelaria Power Plant: 270 MW
DIESEL/GAS

- **Candelaria**
  Capacity Unit I : 133 MW
  Capacity Unit II : 137 MW

Los Pinos Power Plant: 100 MW
DIESEL

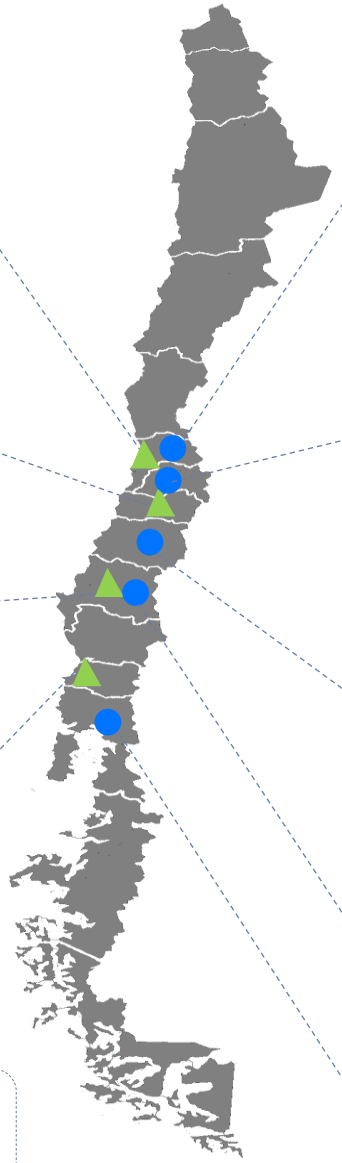
- **Los Pinos**
  Capacity: 100 MW

Antilhue Power Plant: 103 MW
DIESEL

- **Antilhue**
  Capacity Unit I : 51 MW
  Capacity Unit II : 52 MW

Transmission Lines

- **758 KM**
  Additional Transmission System
- **66 KM**
  Sub Transmission System



- Combined Cycle
- Open Cycle
- Run of the River
- Reservoir

15 Hydro Power Plants

Aconcagua Basin: 213 MW

- **Chacabuquito**
  Capacity: 29 MW
- **Blanco**
  Capacity: 60 MW
- **Los Quilos**
  Capacity: 39 MW
- **Juncal**
  Capacity: 29 MW
- **Hornitos**
  Capacity: 55 MW
- **Juncalito**
  Capacity: 1 MW

Carena Power Plant: 9 MW

- **Carena**
  Capacity: 9 MW

Maule Basin: 630 MW

- **Colbún**
  Capacity: 474 MW
- **Machicura**
  Capacity: 95 MW
- **San Ignacio**
  Capacity: 37 MW
- **Chiburgo**
  Capacity: 19 MW
- **San Clemente**
  Capacity: 5 MW

Laja Basin: 249 MW

- **Rucúe**
  Capacity: 178 MW
- **Quilleco**
  Capacity: 71 MW

Chapo Lake: 172 MW

- **Canutillar**
  Capacity: 172 MW

A diversified customer base

REGULATED CUSTOMERS

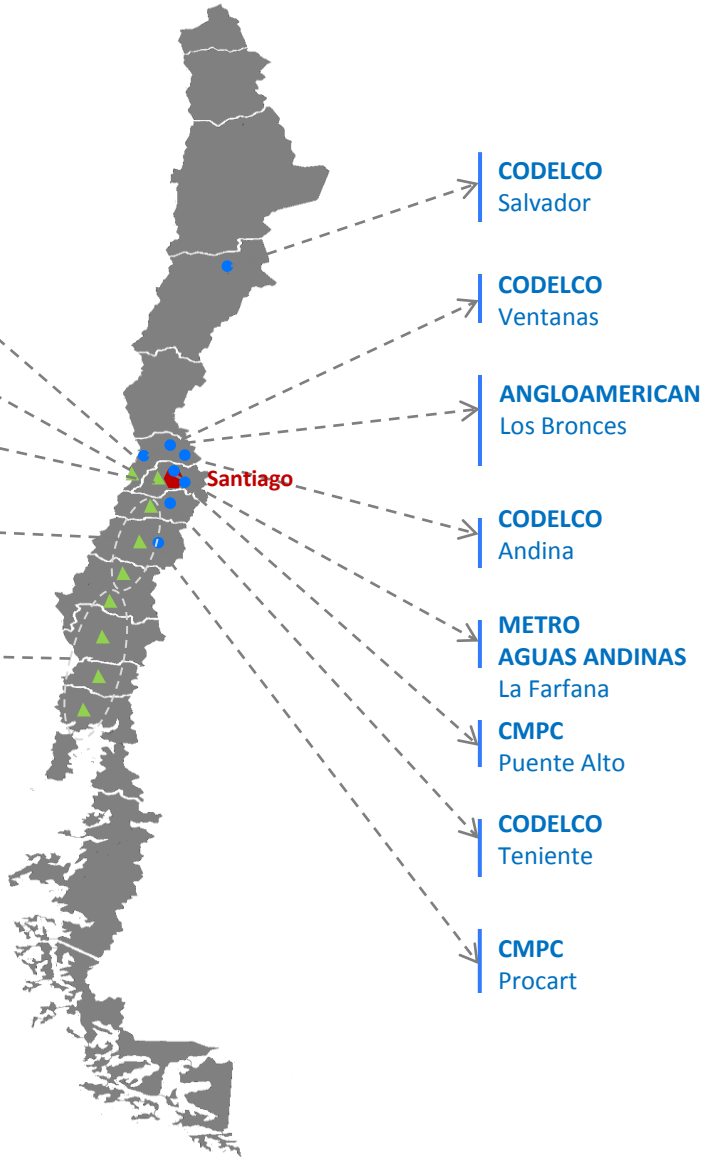
CHILECTRA
(2011- 2021/23/25)

CONAFE
(Until 2020)

CGE-Río Maipo
(2010- 2021)

CGE-Distribución
(2010- 2024)

SAESA
(2010- 2019)



UN-REGULATED CUSTOMERS

CODELCO
Salvador

CODELCO
Ventanas

ANGLOAMERICAN
Los Bronces

CODELCO
Andina

METRO
AGUAS ANDINAS
La Farfana

CMPC
Puente Alto

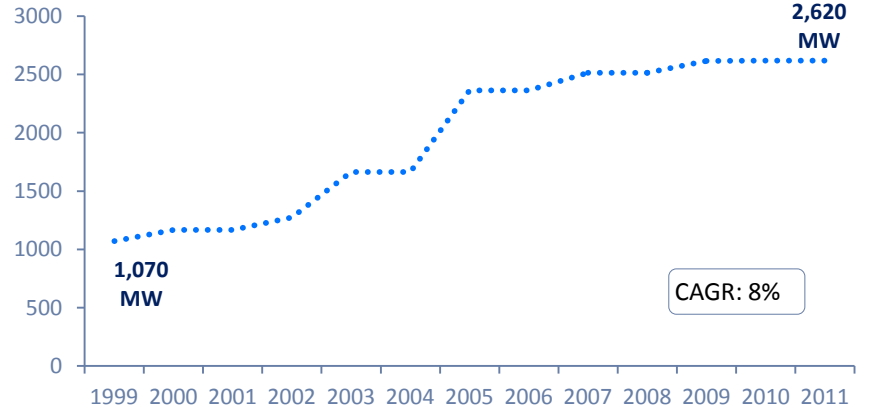
CODELCO
Teniente

CMPC
Procart

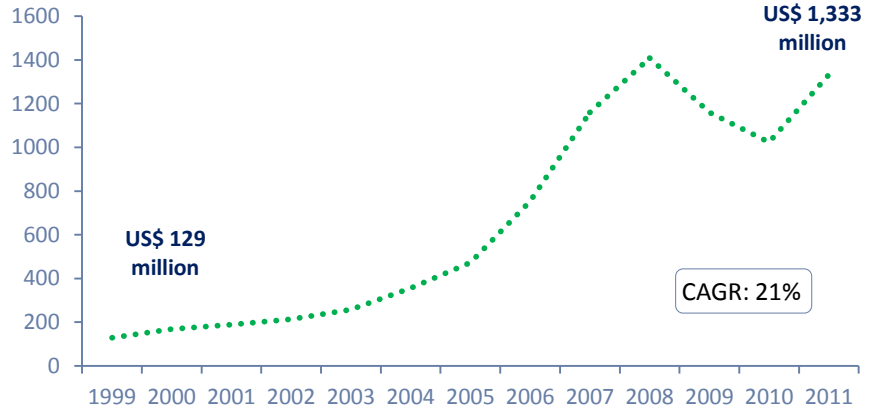
Colbún

Colbún has grown steadily over the past decade

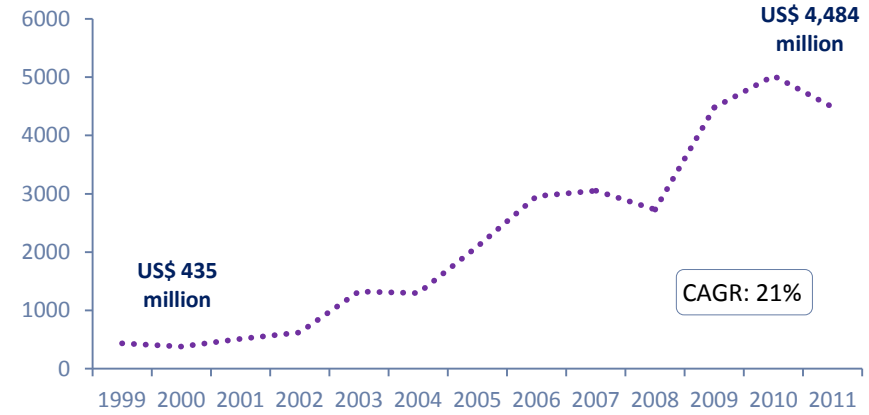
Capacity (MW)



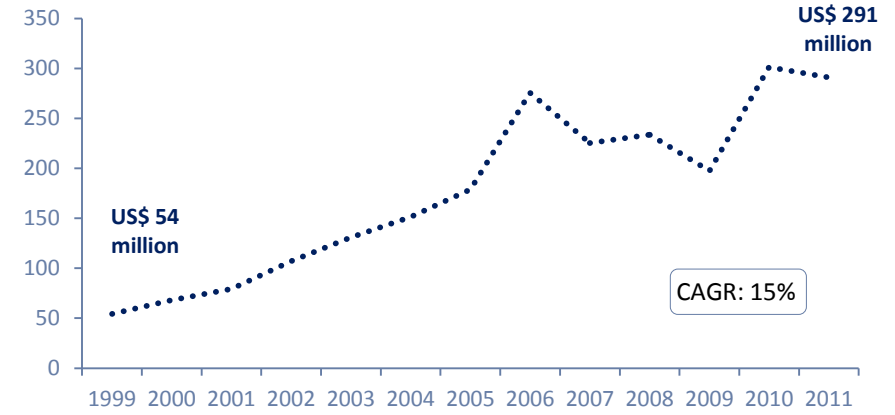
Total Operating Revenues (MMUSD)



Market Cap (MMUSD)



3-year Moving Average EBITDA (MMUSD)



Solid and reliable controlling group with a strategic and long term vision

CONTROL

Controlled by the Matte Group (49%), one of the leading economic groups in Chile, with stakes in various sectors (forestry, financial, telecommunications, among others).

LARGE STAKEHOLDER

The second important stakeholder, the Angelini Group, is also a leading Chilean economic group and owns 9.6% of Colbún.

FLOAT

41% free float, with relevant local institutional investor presence.
USD 7.7 million average daily trading in 2011

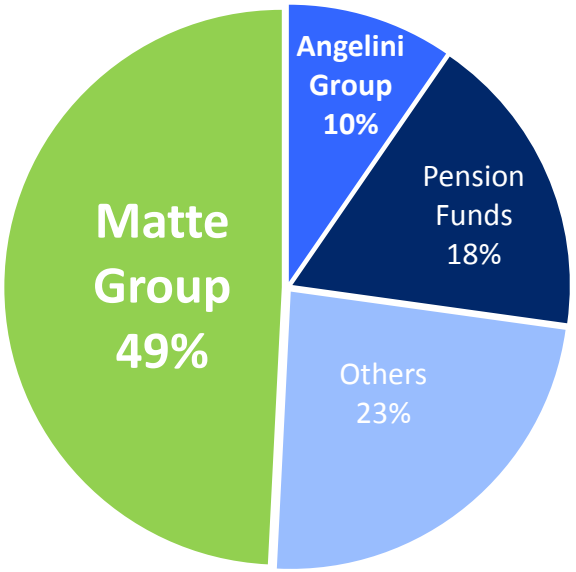
GOVERNANCE

4 out of 9 are independent directors.

ACCOUNTING STANDARDS

Disclosure under IFRS standards
Functional currency: US dollar

Ownership Structure



Source: Colbún, December 2011

Agenda

Company Overview

Chilean Electricity Sector

Business Strategy

Financial Profile

Sector Segmentation

3 SUB-SECTORS

GENERATION

TRANSMISSION

DISTRIBUTION

Regulated sectors (concessions)

RELEVANT INSTITUTIONS

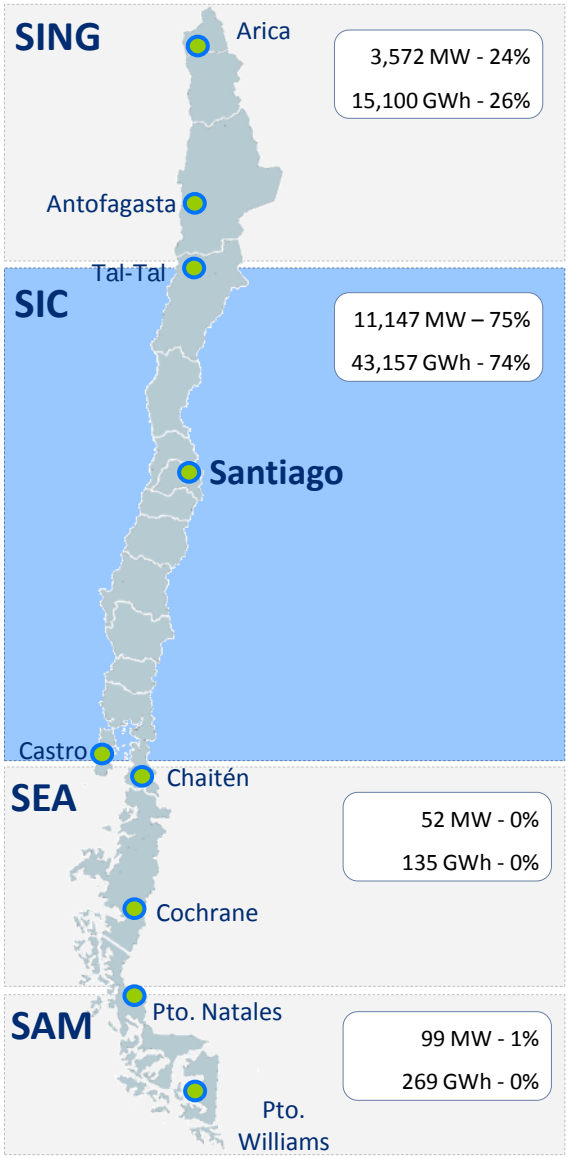
Ministry of **Energy**

Regulator: **CNE**

Supervisor: **SEC**

Coordinator: **CDEC**

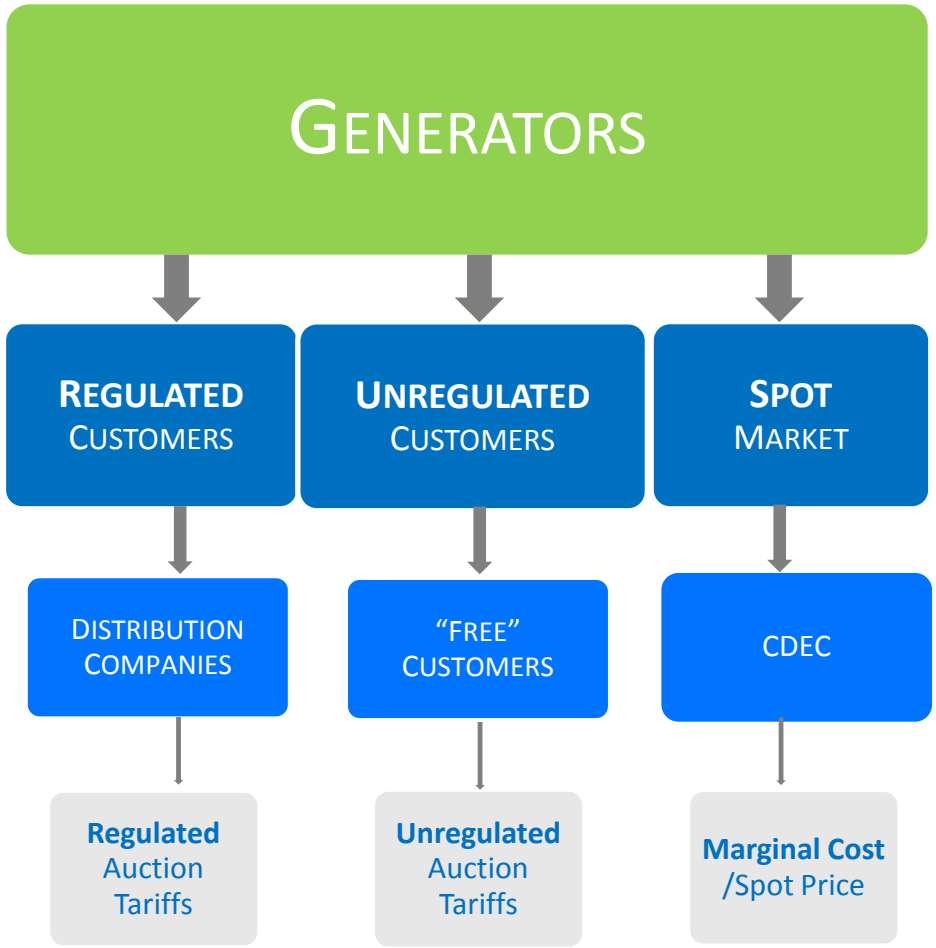
4 SEPARATE GRIDS



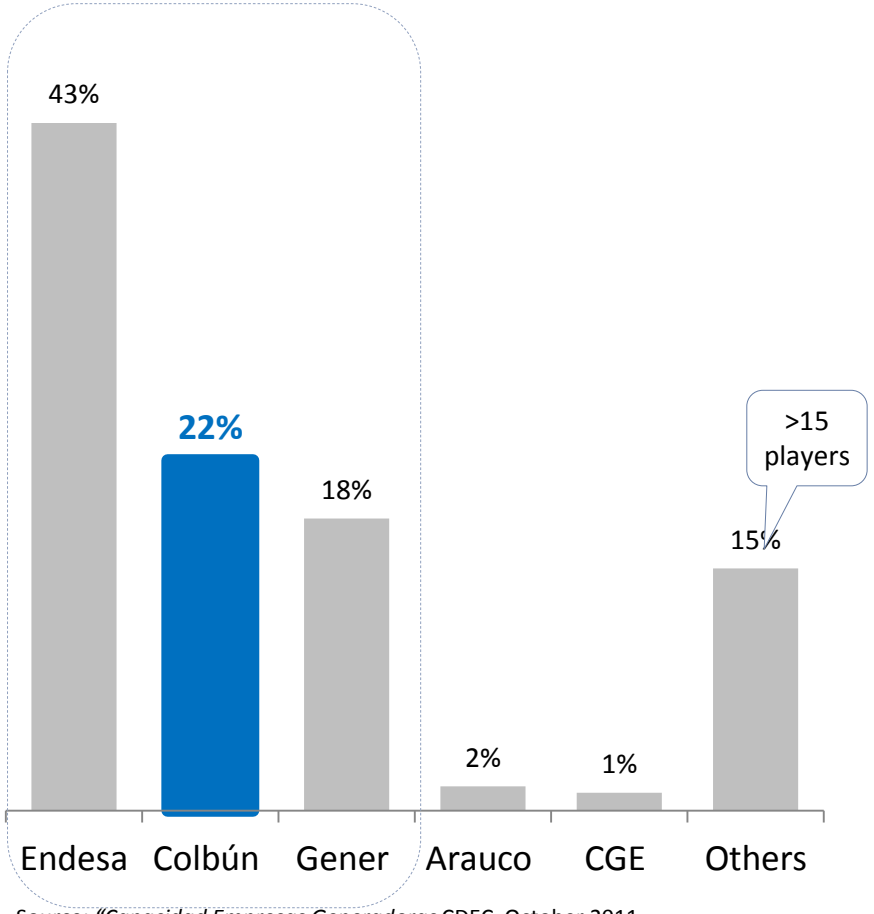
Source: CNE, December 2010

Market Structure

Electricity Market Structure



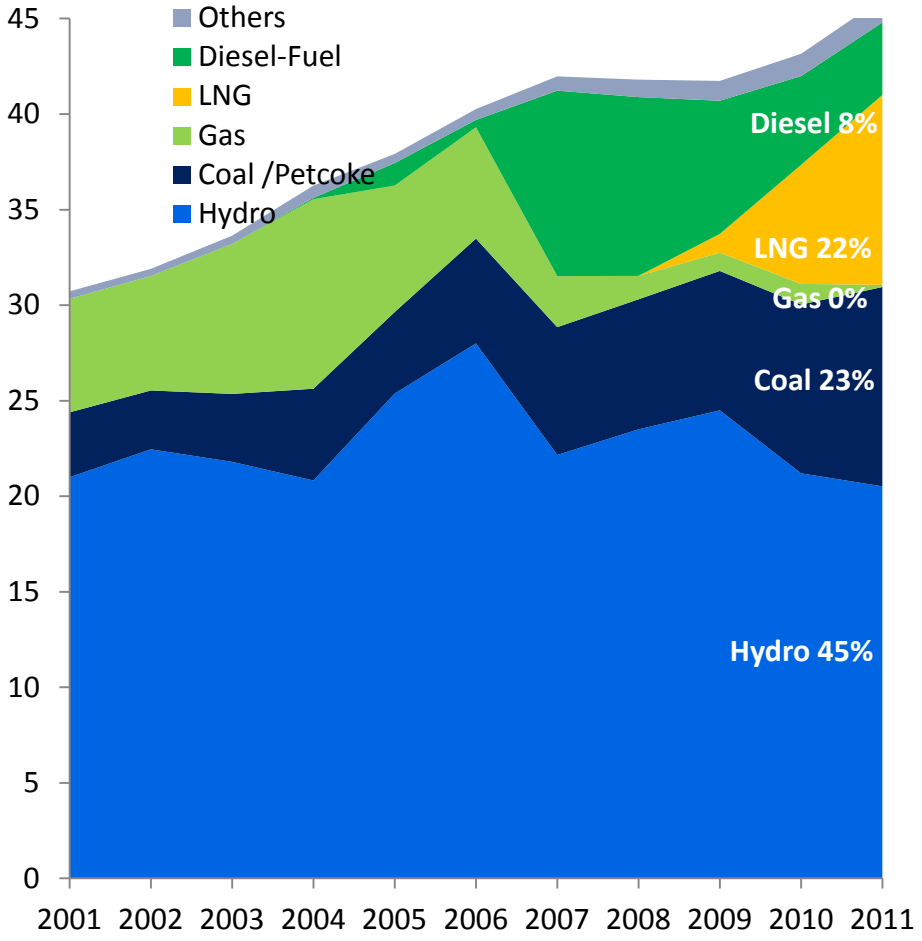
Main Players in the Generation Sector-SIC



Source: *"Capacidad Empresas Generadoras* CDEC, October 2011

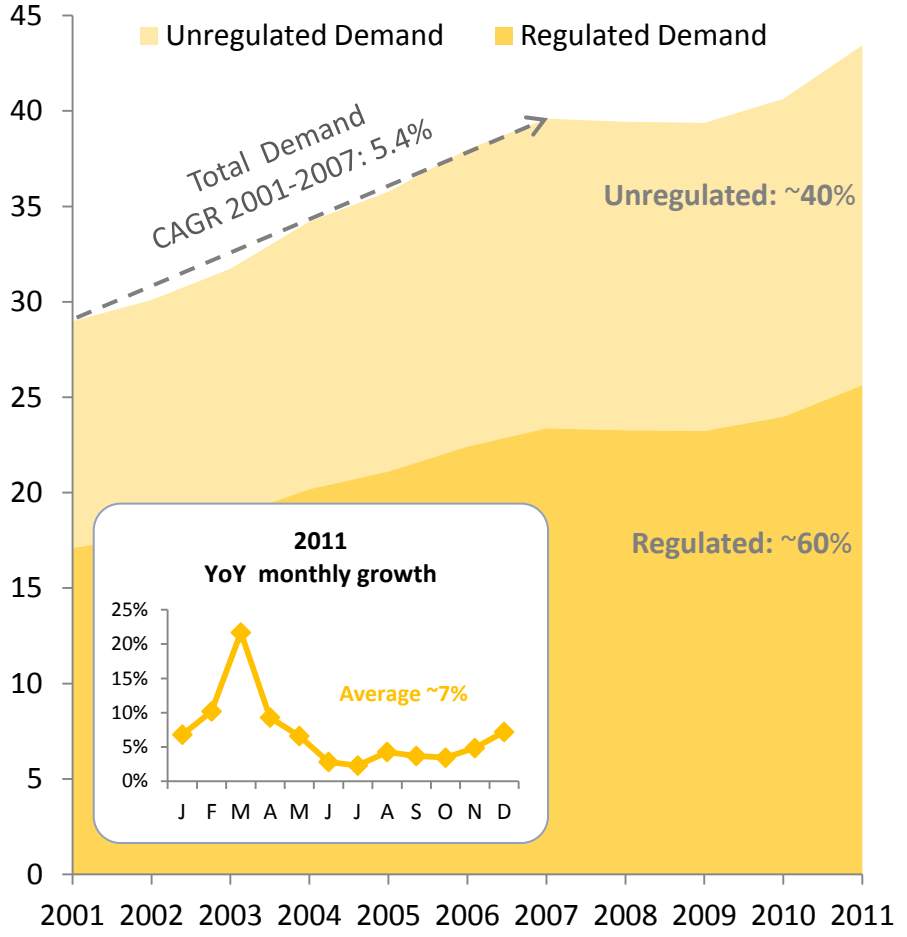
Evolution of Power Generation and Demand in the SIC

Annual Power Generation-SIC (TWh)



Source: *"Generación Bruta en el SIC"*, CNE/Colbún, 2011.

Annual Electricity Demand-SIC (TWh)



Source: *"Producción Real por Sistema"*, CNE/Colbún, 2010.
"Informe Tecnico Definitivo SIC", CNE, October 2010.
"Informe Systep", Systep, 2011

Colbún

Dispatch and pricing model: a technical guide

Dispatch Model

OBJECTIVE → Meet demand at the **lowest cost** possible

INSTITUTION → Independent load dispatch center (**CDEC**) coordinates the efficient dispatch of electricity producers

MODEL → CDEC dispatches plants in **ascending order of variable production cost**

Pricing Model

Prices **vary** according to the **type of customer:**

REGULATED CUSTOMERS

1) Node Price: calculated by the CNE every 6 months

2) Auction Price: auctioned under the supervision of the Regulator for bilateral LT contracts

UNREGULATED CUSTOMERS

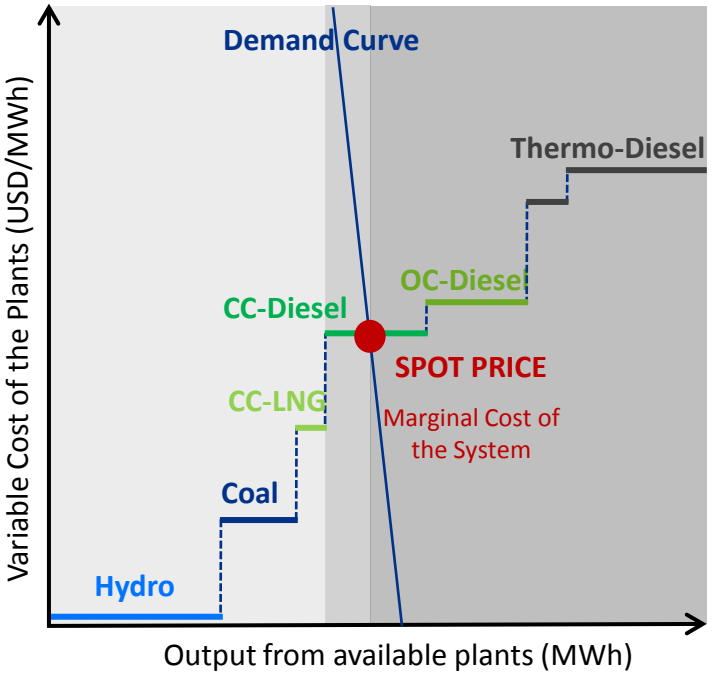
3) Market Price: free price settled by both parties for bilateral contracts

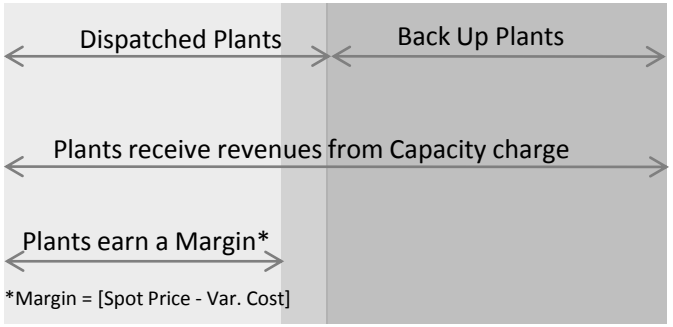
OTHER GENERATORS

4) Spot Market Price: the variable cost of the most expensive dispatched plant at each moment of the day

All facilities are also paid a capacity charge for being available

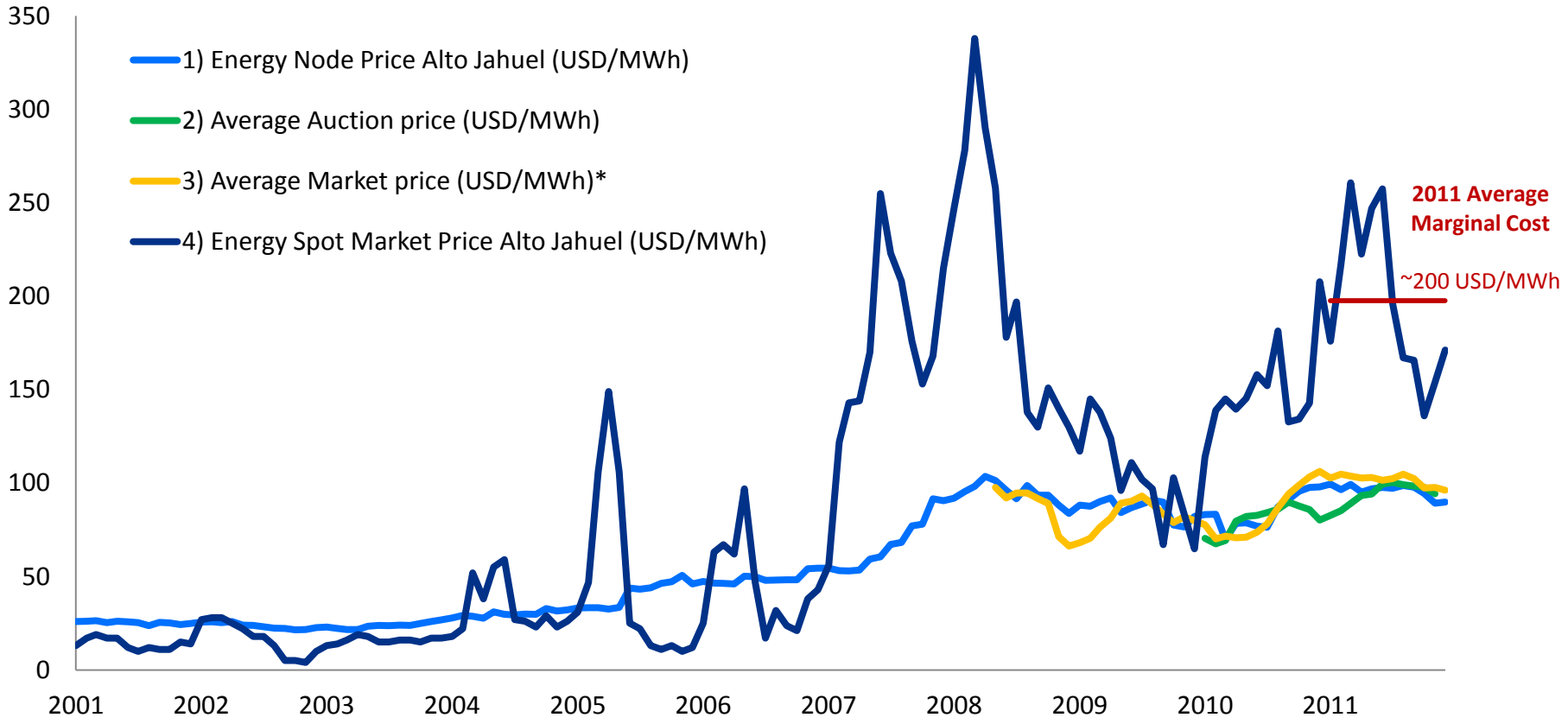
Dispatch Scheme





Evolution of electricity prices

Electricity Prices-SIC (USD/MWh)

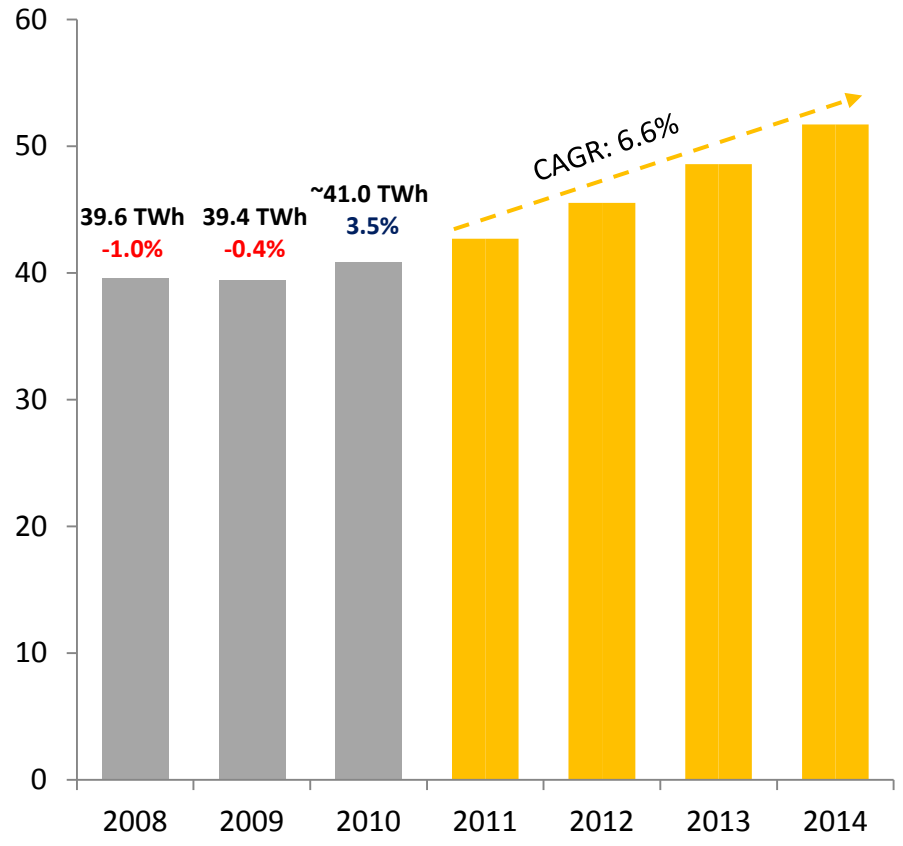


Source: "*Costos reales marginales mensuales Alto Jahuel*", CDEC/ Colbún; "*Historia precios nudos*", CNE; "*Informes Mensuales Systep*", *www.systep.cl*
Note (*): The market Price is calculated by the Regulator upon information provided by all generation companies. This average price does not includes the capacity charge component.

Colbún

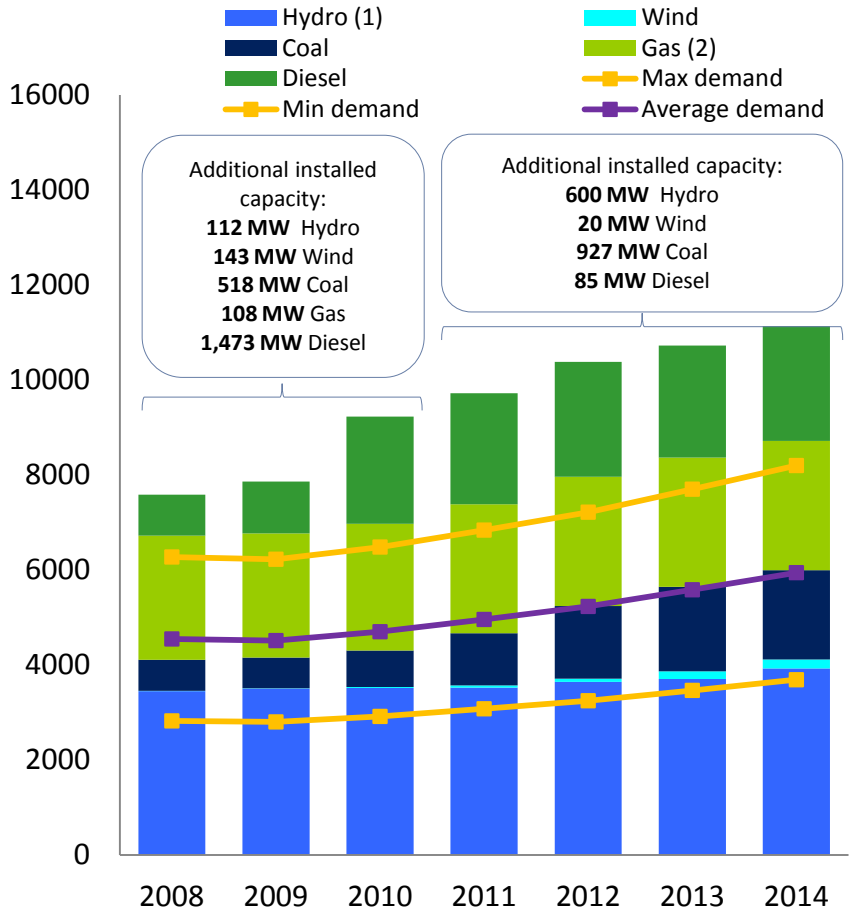
Demand and Supply: what to expect in the coming years

Electricity Demand - SIC (TWh)



Source: *"Informe Técnico Definitivo Fijación Precio Nudo SIC"* ,CNE/Colbún, October 2011

Available Power by type - SIC (MW)



Source: *"Informe Técnico Definitivo Fijación Precio Nudo SIC"* ,CNE/Colbún, October 2011

(1) Considering normal hydro conditions

(2) Real gas output depends on fuel availability

Agenda

Company Overview

Chilean Electricity Sector

Business Strategy

Financial Profile

Corporate Strategy

Who are we?

We are a Chilean company, leader in the generation of reliable, competitive and sustainable energy

What do we do?

We seek to **generate long-term value** by developing projects and managing power infrastructure to meet the country's energy demand.

Colbún

Strategic Pillars

3. Growth

- Identify and develop project options to consolidate our market share.
- Commercial strategy that generates long-term returns consistent with our asset base.

2. Diversification and Risk Management

- Narrow our exposure to exogenous variables: diversified asset base (technology, fuel and location) and clients.
- Active risk management policy.

1. Consolidation

- Consolidate our people, our operations, our projects, our financials…

Long-term value generation (Profitability/EBITDA)

Colbún

Value Chain

Multidimensional challenge:	**High standards:**	**Risk / return profile combining:**
Technical + Environmental / Social + Financial	Reliability + Security + Environmental	Commercial policy + Financial strength + Risk management

Sustainability
Value & Trust

Colbún

Colbún: a sustainable partner

Colbún

Our expansion plan

Other Growth Opportunities

Santa María II (350 MW)
Environmental approval for the construction of a second unit

Hydraulic
Various water rights in different basins

Geothermal
Two concessions awarded for exploration, others under process

Wind
Two wind measurement towers located in Maule Region

Colbún

Our projects under construction

SANTA MARIA I COAL POWER PLANT: 342 MW

Coronel, Biobío Region

TOTAL INVESTIMENT:	748 MMUSD
SPENT AS OF DECEMBER 2011:	715 MMUSD
ADVANCE DECEMBER 2011:	99%
ESTIMATE START OF OPERATION:	Jan-Apr 2012

ANGOSTURA HYDRO POWER PLANT: 316 MW

Santa Barbara and Quilaco, Biobío Region

TOTAL INVESTIMENT:	668 MMUSD
SPENT AS OF DECEMBER 2011:	282 MMUSD
ADVANCE DECEMBER 2011:	54%
ESTIMATE START OF OPERATION:	4Q2013

TOTAL INVESTMENT(*): 1,416 MMUSD

SPENT AS OF DECEMBER 2011(*): 997 MMUSD

SAN PEDRO HYDRO POWER PLANT: 150 MW

Riñihue Lake, Los Ríos Region

TOTAL INVESTIMENT:	Under revision
SPENT AS OF DECEMBER 2011:	112 MMUSD
ESTIMATE START OF OPERATION:	Under revision

(*): San Pedro not included

Colbún

Commercial policy

CONTRACT LEVEL

Define optimal Contract Level

Hydro capacity
(Output of a medium-dry year)
+
Efficient thermal capacity
(Output of coal-fueled plant)

SALE PRICE INDEXATION

Incorporate indexation formulas of sale prices

that reflect our cost structure
(CPI, Coal, Diesel, Spot Price)

HEDGE PROGRAM

Structure tailor-made hedge programs

to protect from more adverse

1) Hydrologic conditions
2) Fuel prices

Supply secure and competitive energy to our customers

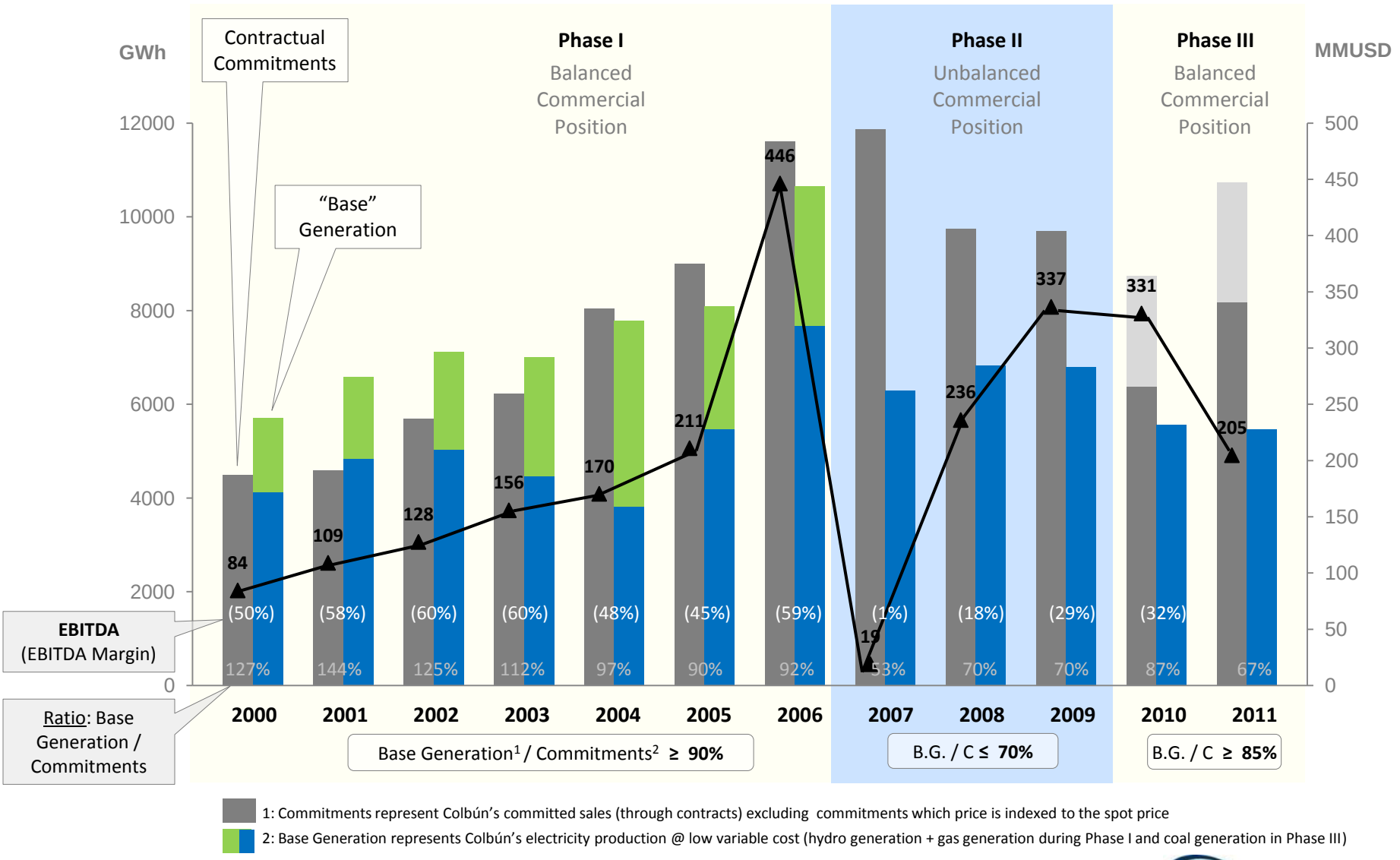
Maximize Returns from our current and future assets

Manage Volatility given large renewable component

COMMERCIAL GOALS

Colbún

Evolution of Colbún's Business Model



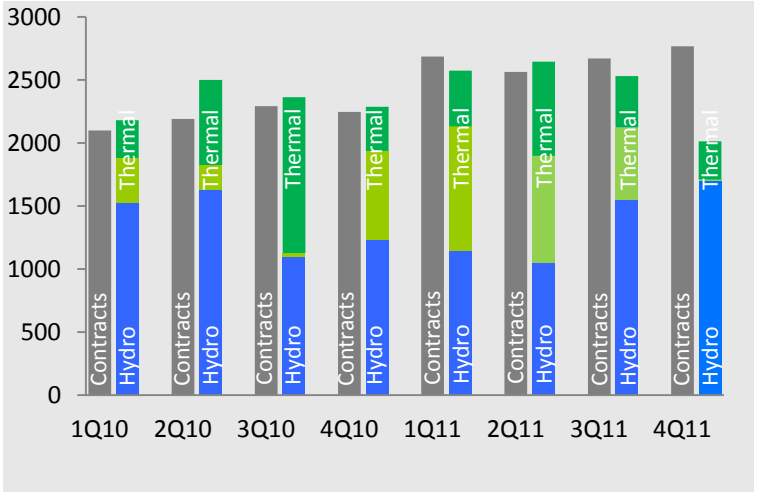
1: Commitments represent Colbún's committed sales (through contracts) excluding commitments which price is indexed to the spot price

2: Base Generation represents Colbún's electricity production @ low variable cost (hydro generation + gas generation during Phase I and coal generation in Phase III)

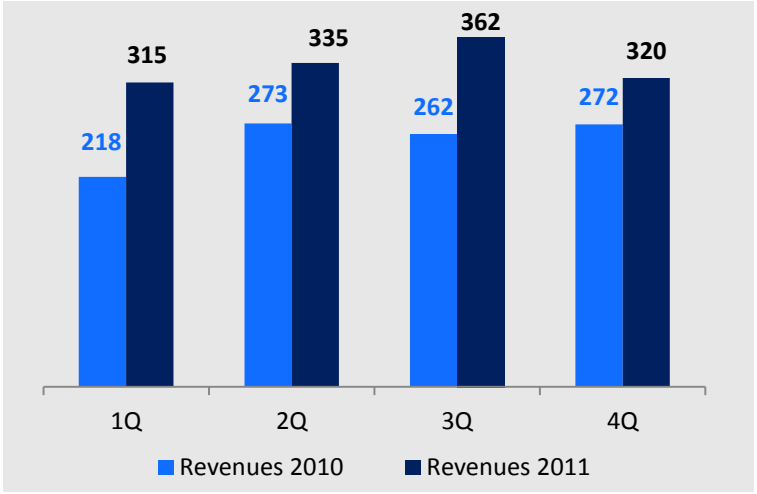
Colbún

A quarterly look at Colbún's results

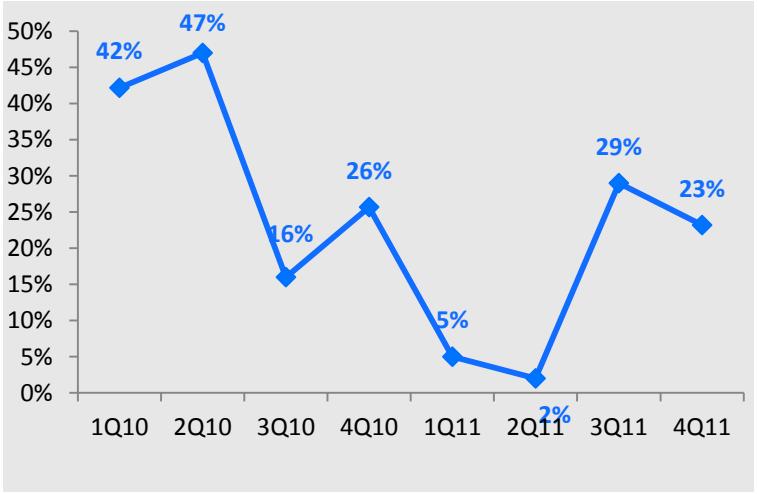
Sales vs. Generation - quarterly (GWh)



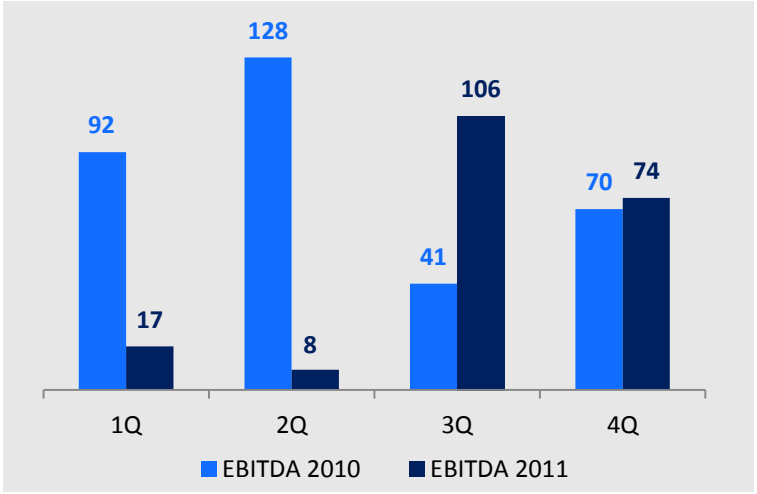
Revenues - quarterly (MMUSD)



EBITDA margin - quarterly (%)

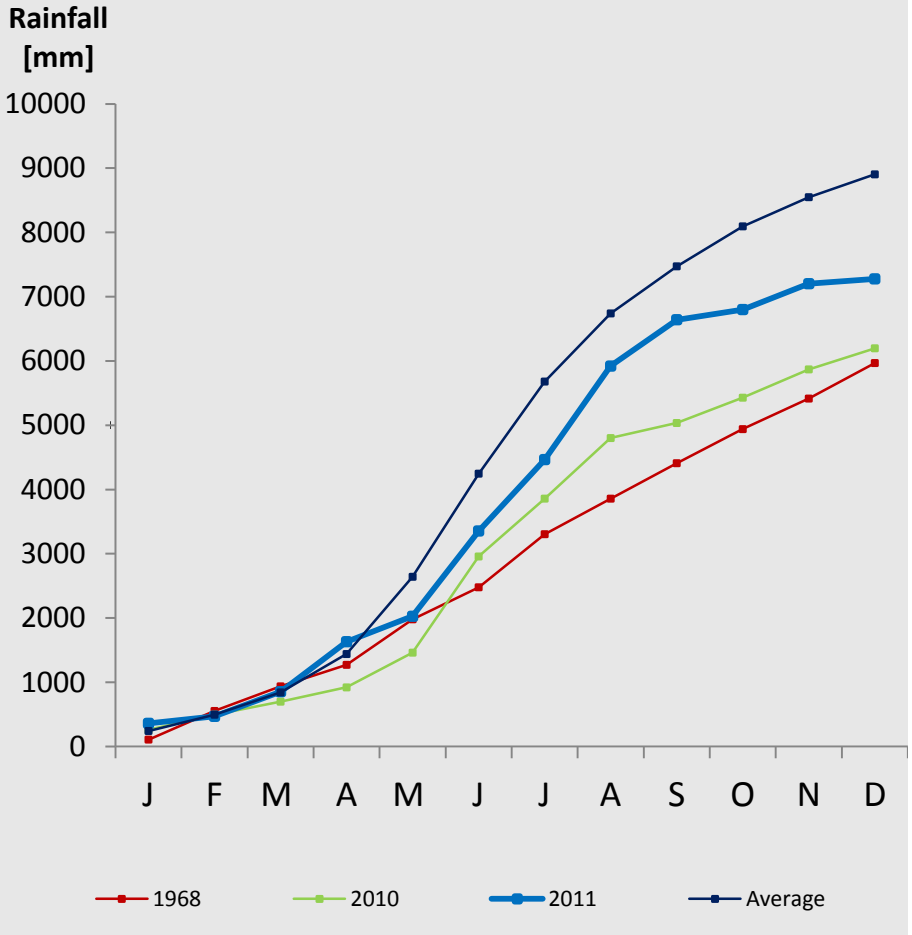


EBITDA - quarterly (MMUSD)

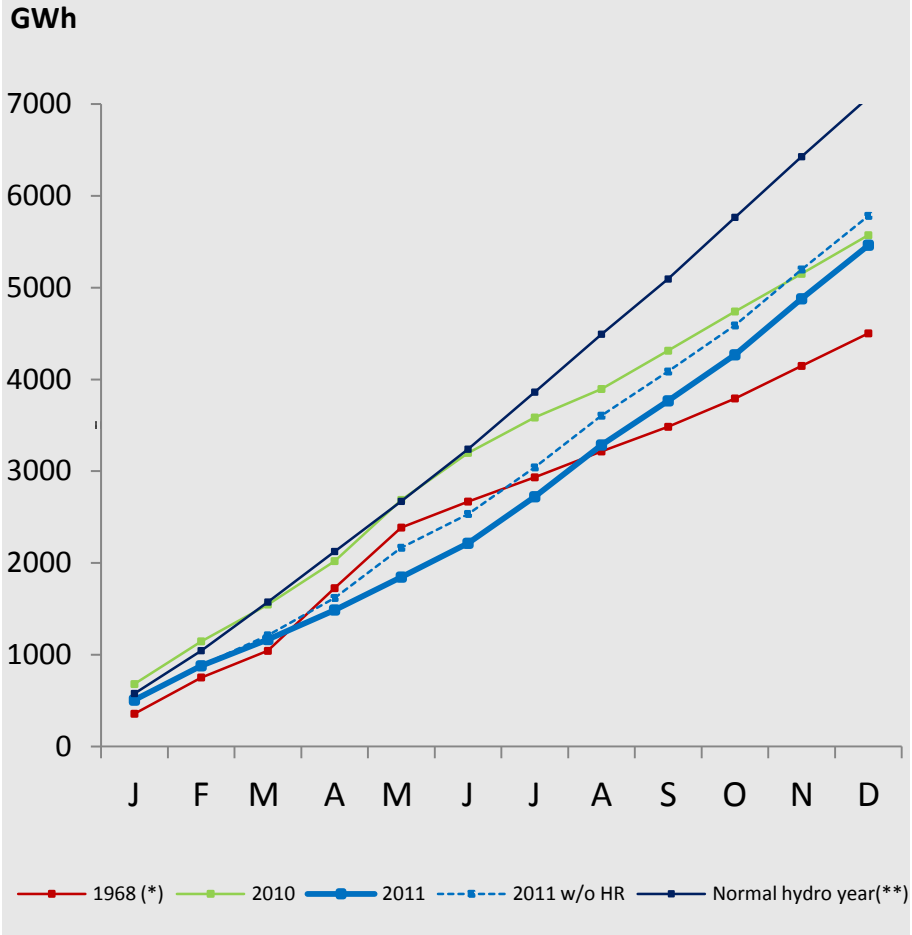


Hydrological conditions: two consecutive dry years

Yearly cumulative rainfalls in Colbun's relevant basins



Colbún's cumulative hydro generation



(*) Theoretical generation based on hydrology pattern
(**) Normal hydro year considers the real average generation from the years 1999-2008

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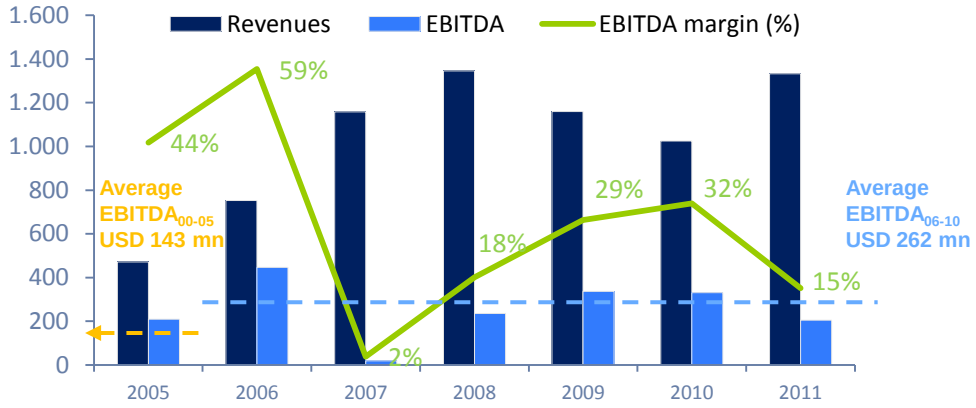
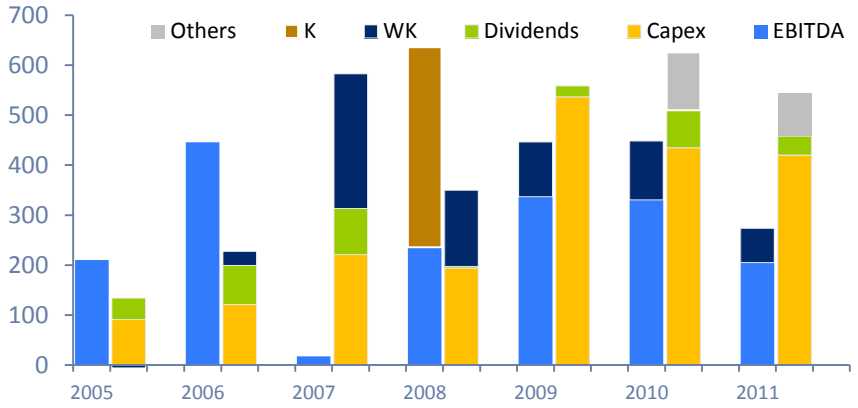
Colbún

Historical key financial indicators

Revenues, EBITDA (MMUSD) & EBITDA Margin



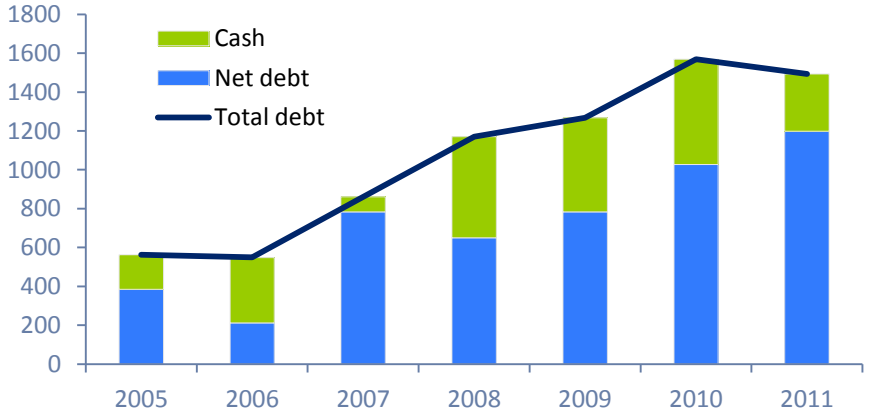
EBITDA, Capex, Dividends, ΔWK & ΔK (MMUSD)



Key Credit Metrics

	2005	2006	2007	2008	2009	2010	2011
Total debt to total capital (%)	22.0	18.8	26.0	25.0	27.0	31.0	30.0
Net debt to EBITDA (x)	1.8	0.4	36.6	2.3	2.3	3.1	5.9
EBITDA interest coverage (x)	7.8	14.3	0.5	3.9	6.5	6.7	7.4

Cash, Debt & Net Debt (MMUSD)

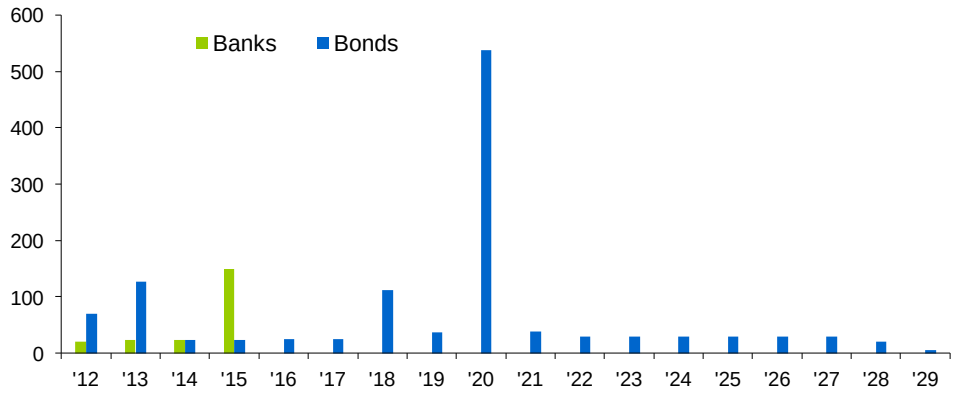


Colbún

Conservative Financial Strategy:

Smooth debt profile coupled with a strong liquidity position

Amortization Schedule of LT Debt (MMUSD)



Liquidity Position

Cash

USD 295 million of cash and cash equivalents as of December 2011.

Committed lines

Committed back-up facility of USD 200 million (unused) signed with local counterparties. Plan to maintain a similar level of back-up liquidity facilities during the CAPEX period

Other sources of liquidity

Access to additional USD 200 million in credit lines facilities and a registered commercial paper program, which we use from time to time for working capital optimization purposes

Balance Sheet as of Dec. 2011 (MMUSD)

Current Assets	771
Cash and equivalents	296
Accounts receivable	214
Normal sales	*157*
Sales to regulated customers w/o contracts (ST)	*0*
Others	*57*
Recoverable taxes	183
Other current assets	79
Non-Current Assets	4.848
Property, Plant and Equipment	4.595
Other non-current assets	254
Total Assets	**5.620**
Current Liabilities	339
Long-Term Liabilities	1.818
Shareholders' Equity	3.462
Total Liabilities and Shareholders' Equity	**5.620**

Colbún

Colbún