



BTG III Andean Conference June 2014



COLBUN AT A GLANCE

Business	Power Generation
Size	2 nd largest generator in Chile's Central Grid (SIC), with over 21% market share (MW) The SIC covers 75% of Chile's electricity demand
Capacity	3,278 MW* 48% hydro and 52% thermal
Generation	11,253 GWh in 2013 43% hydro and 57% thermal
Power plants	16 hydro plants in 4 different basins 7 thermal plants in 4 different regions
Ownership	Matte Group: ~49% Angelini Group: ~10% Pension funds: ~18% and others: ~23%
As of March 2014:	
Assets	US\$ 6.0 billion
Equity	US\$ 3.5 billion
Market Cap	US\$ 4.3 billion
EBITDA	Mar.14' LTM Adjusted EBITDA of US\$ 383 million



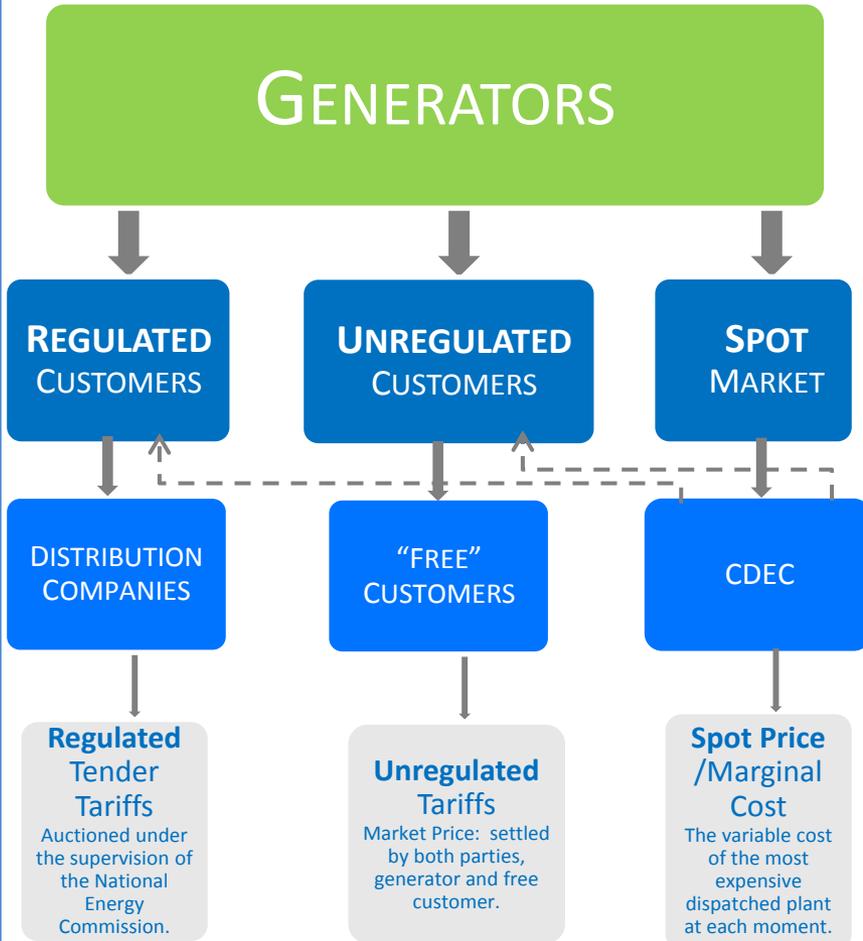
Source: CNE, December 2013

* Considers Angostura, which began operations in April 2014.

CHILEAN POWER MARKET STRUCTURE

1

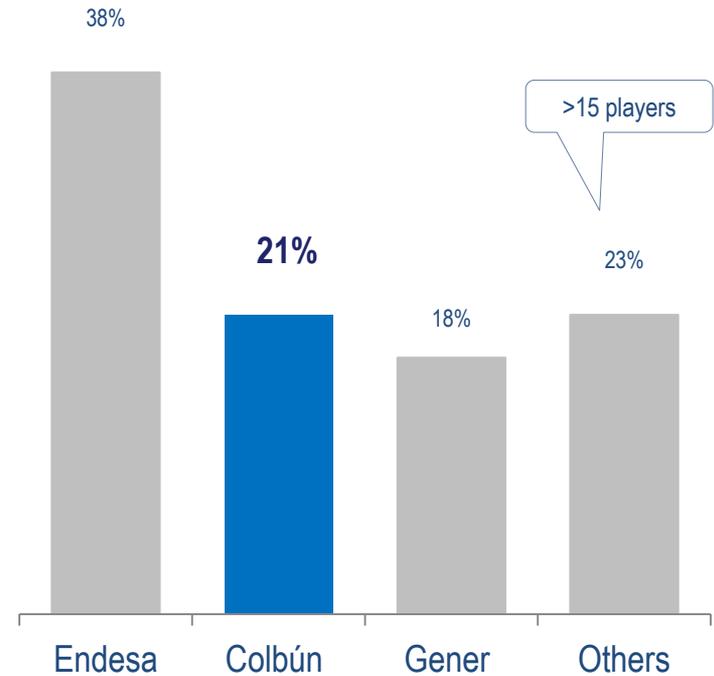
Electricity Market Structure



2

Leading Player in the SIC

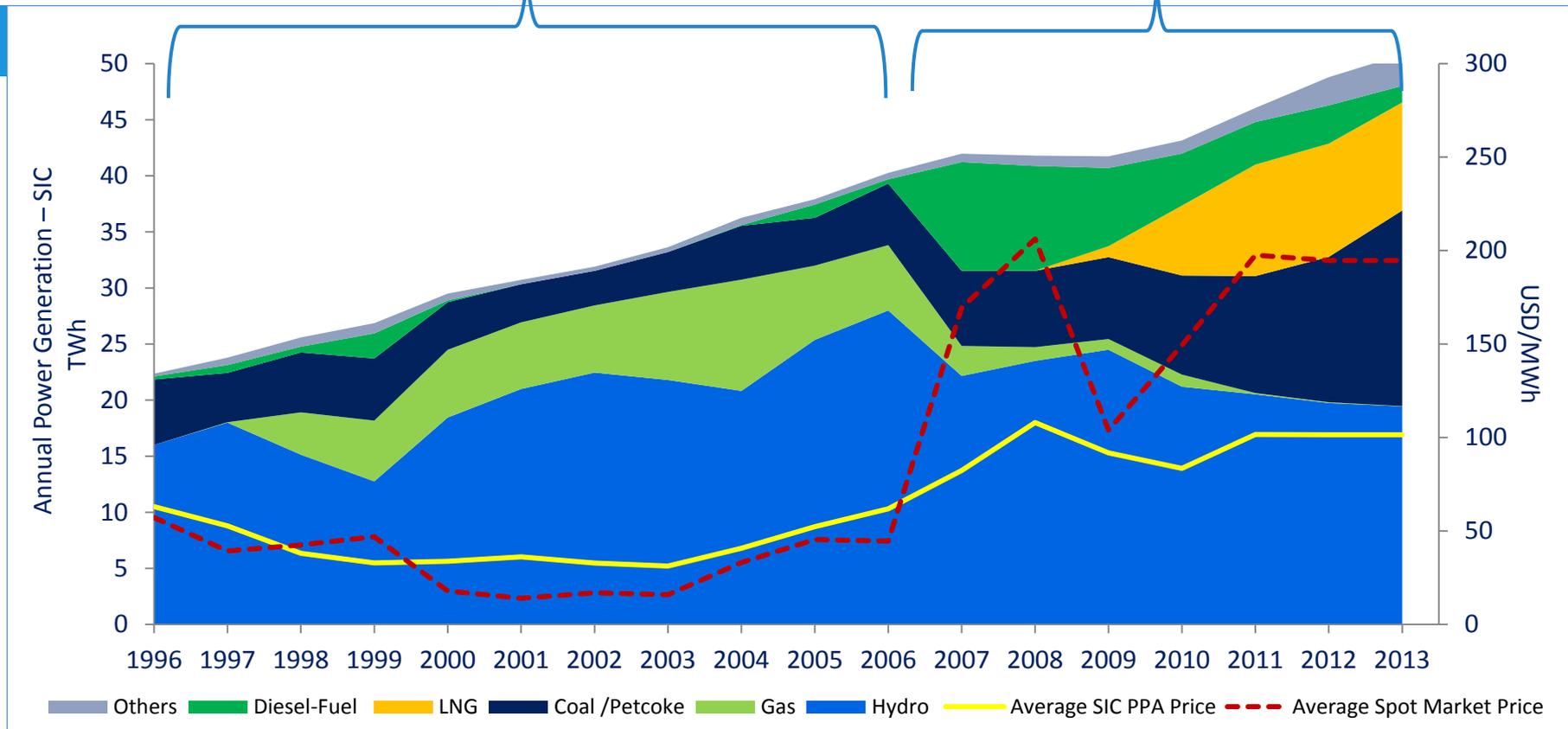
Market Share



GENERATION AND PRICE EVOLUTION IN CHILE'S CENTRAL GRID

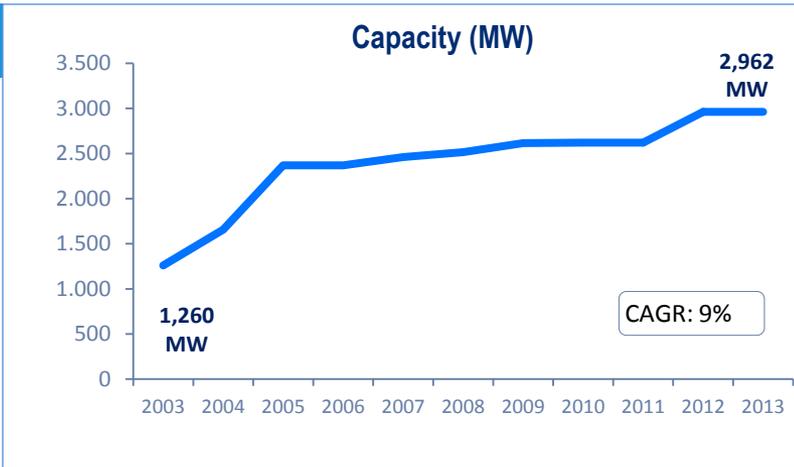
- Development based on hydro + competitive natural gas
- Power purchase agreements signed under fixed prices (set by regulator for distribution clients)

- (+) Development based on gas turbine (diesel)
- (+) LNG re-gasification terminal since 2009
- (+) Coal- power plants
- New law: PPA tenders with price indexation

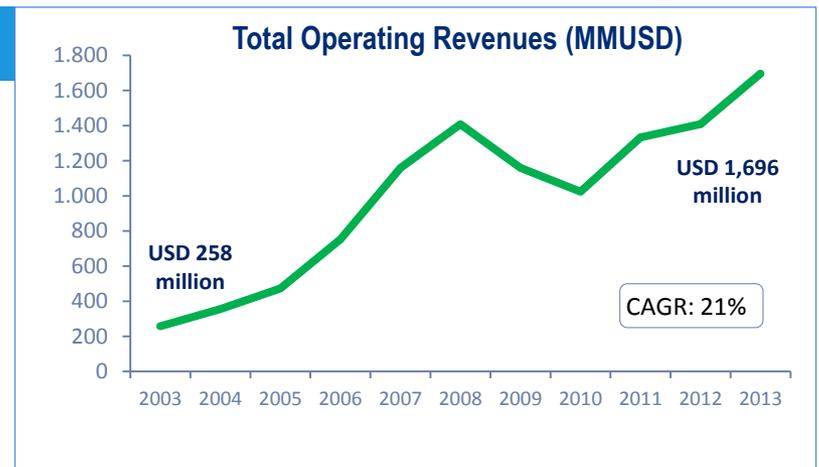


STEADY GROWTH OVER THE PAST DECADE

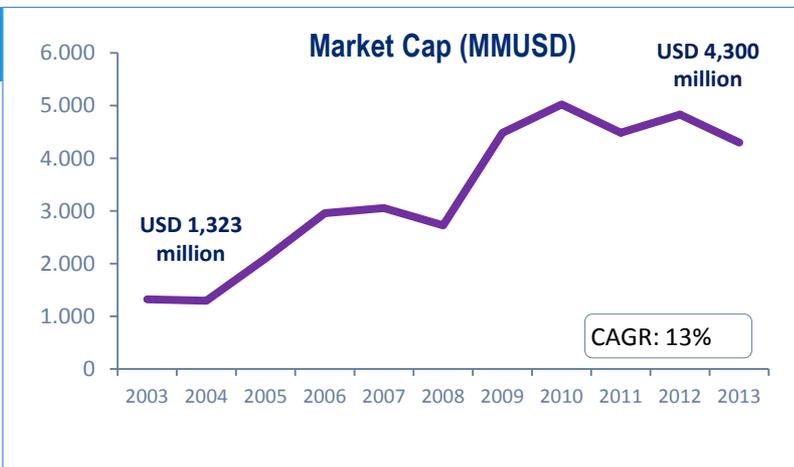
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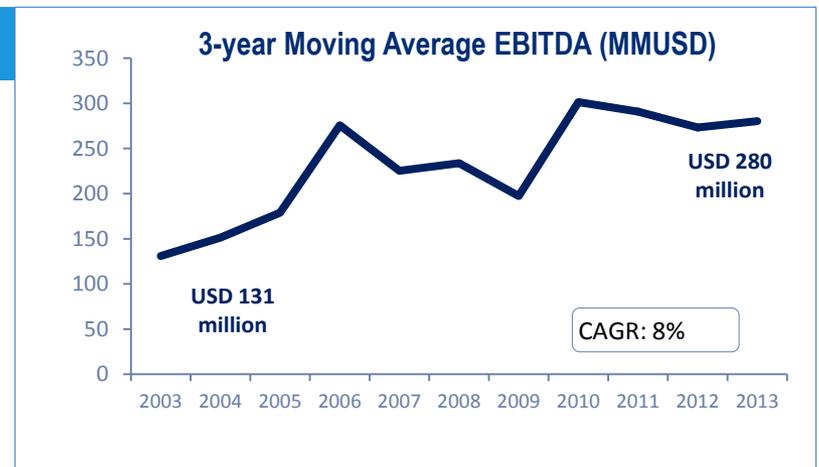
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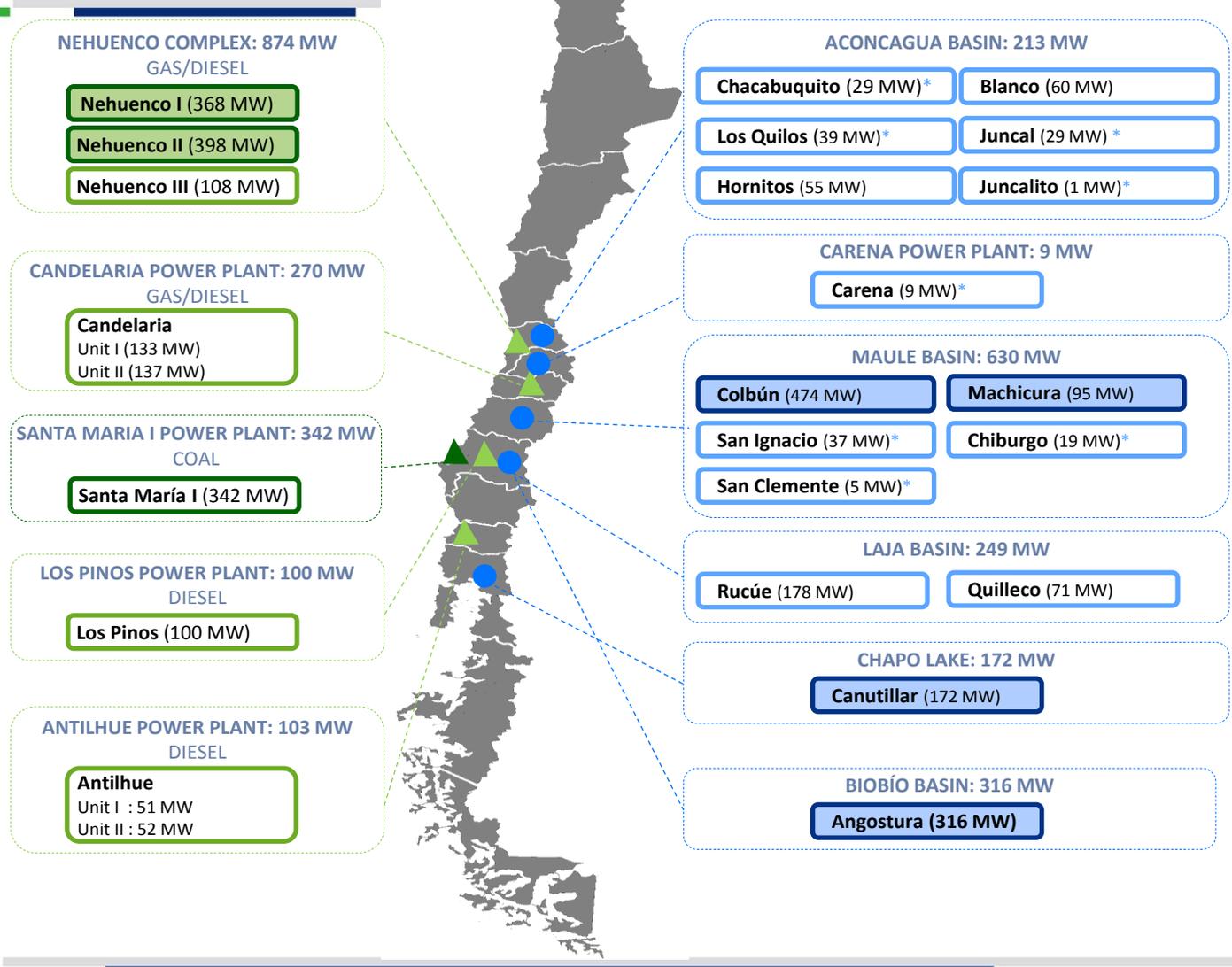
7 thermal power plants (1,689 MW)

16 hydro power plants (1,589 MW)

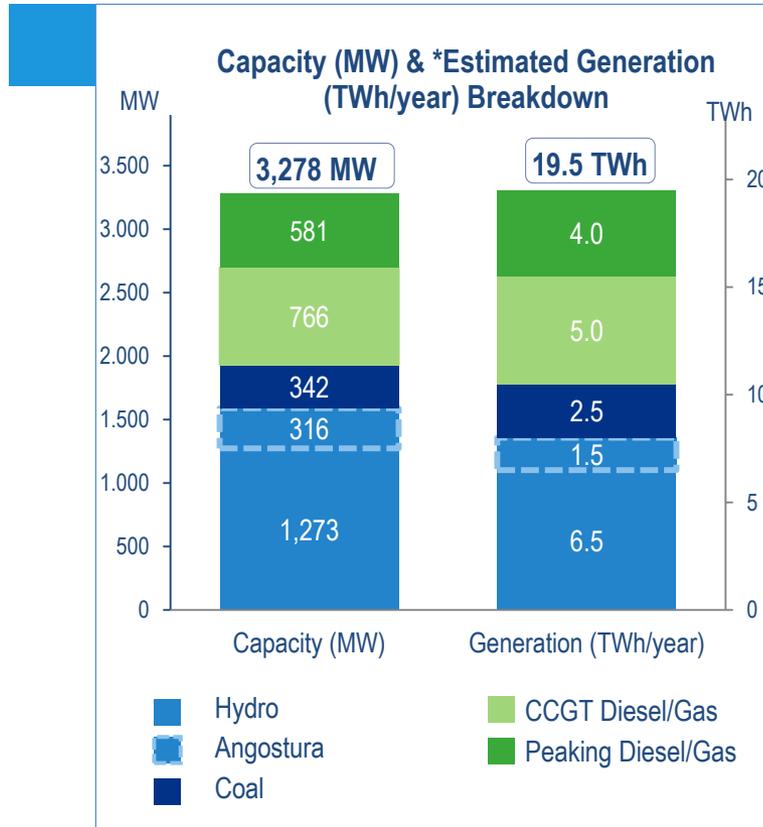
- Combined Cycle
- Open Cycle
- Coal-fired

- Run of the River (*NCRE mini-hydro)
- Reservoir

GENERATION ASSETS



GENERATION ASSETS



Colbún– Reservoir

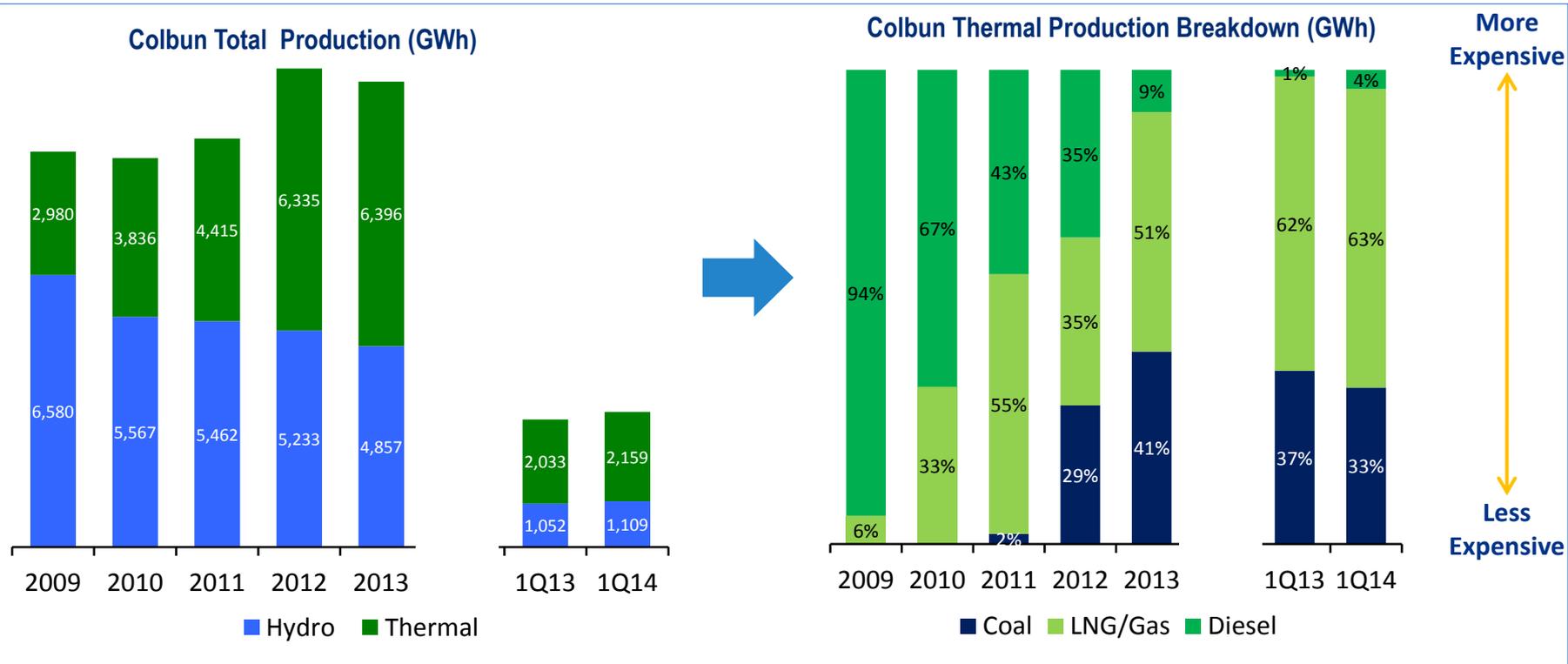


Santa María I – Coal-fired power plant

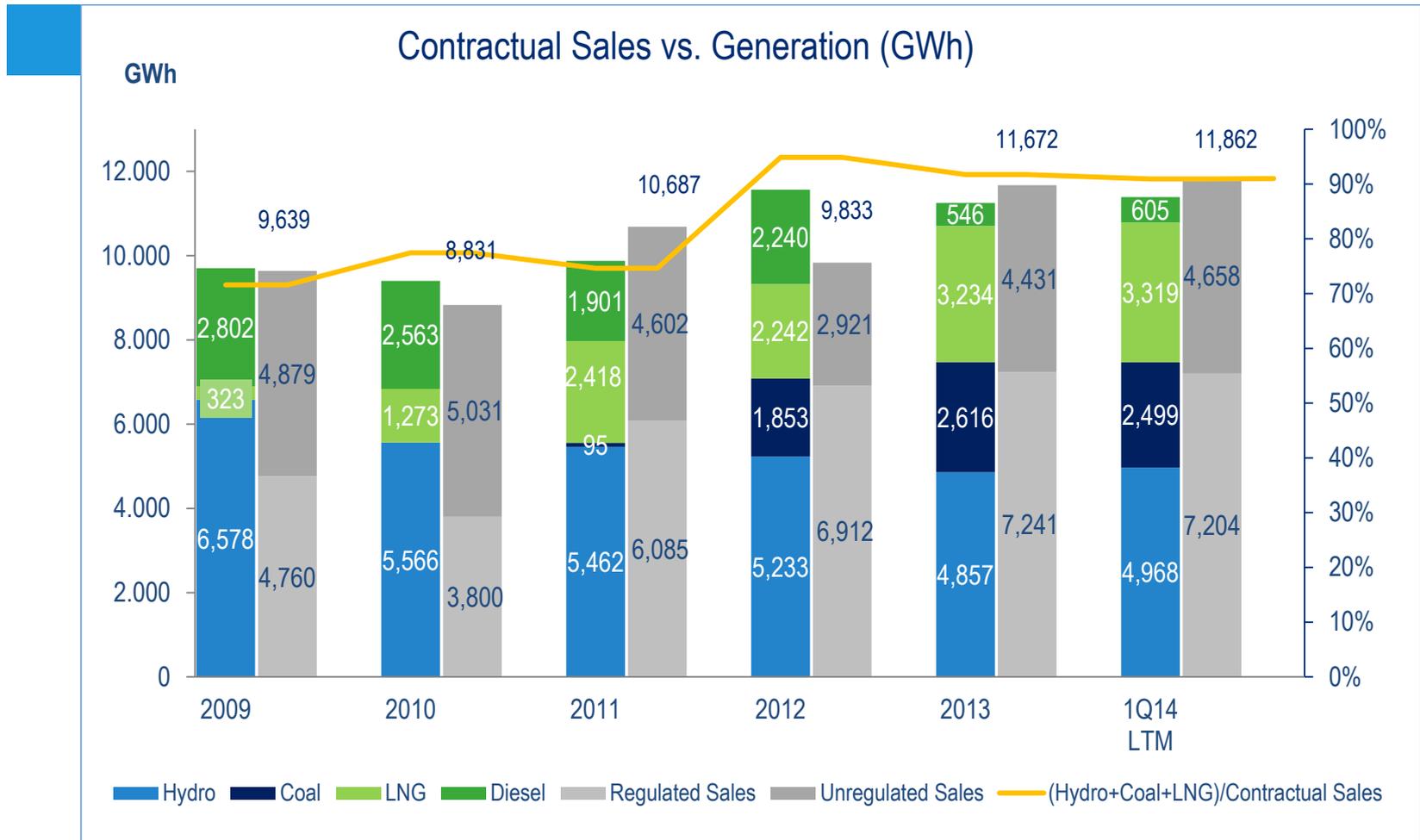
*For hydro considers medium-to-dry hydrological conditions, for CCGT and peakers, estimated yearly productions (85% plant factor). Gas generation will depend upon gas availability.

INCREASINGLY EFFICIENT GENERATION MATRIX

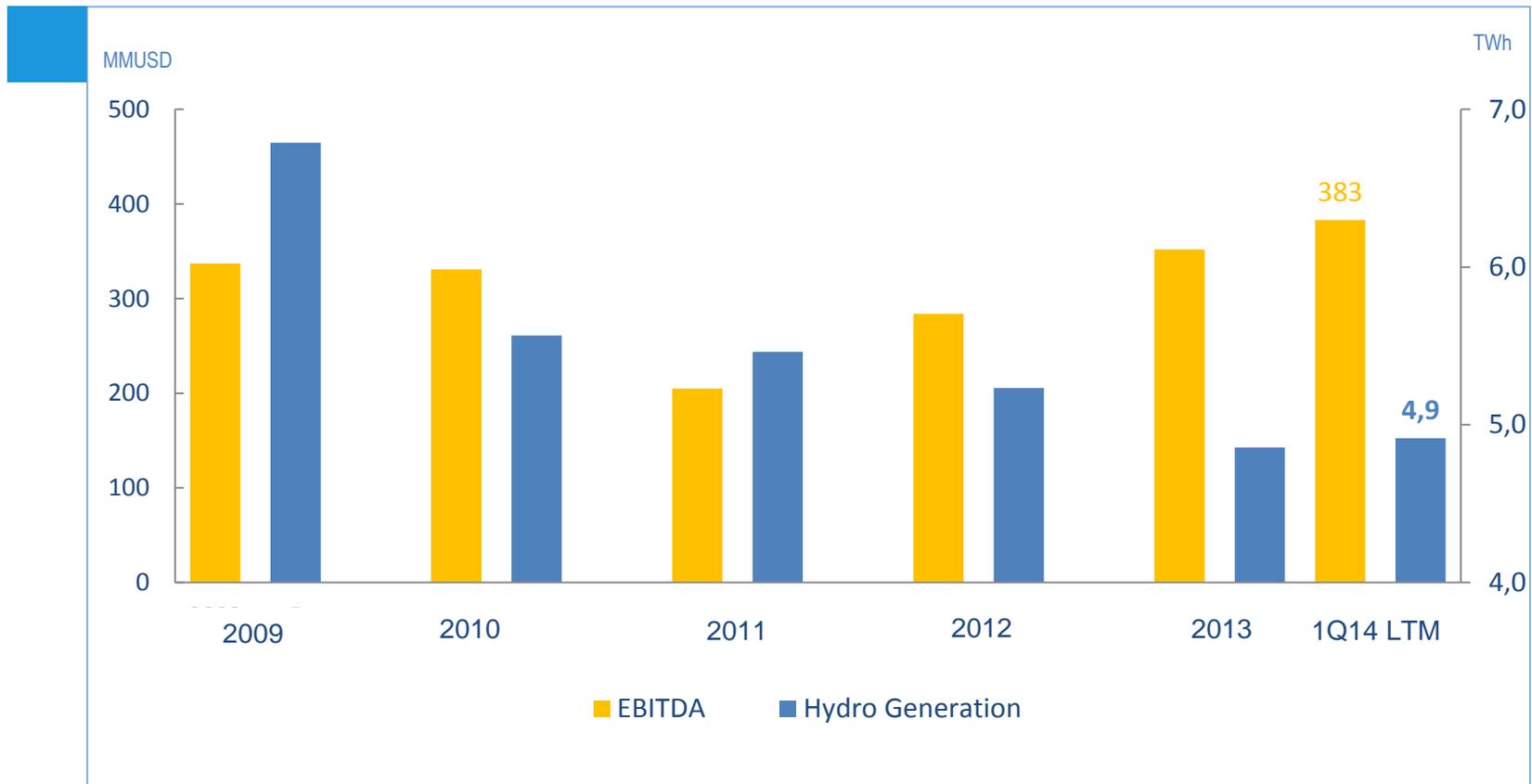
- Increasingly diversified generation matrix lowers volatility.
- Santa María I has become a key component of our thermal production.
- Recent market changes have resulted in higher LNG supply.
- Angostura will provide a significant portion of zero-variable-cost generation production.



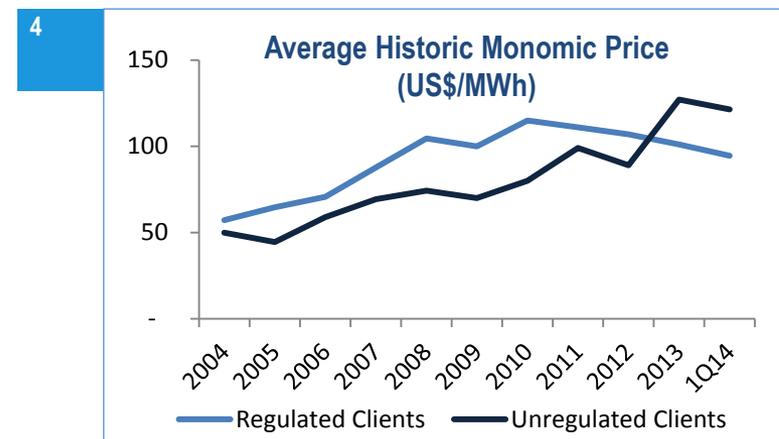
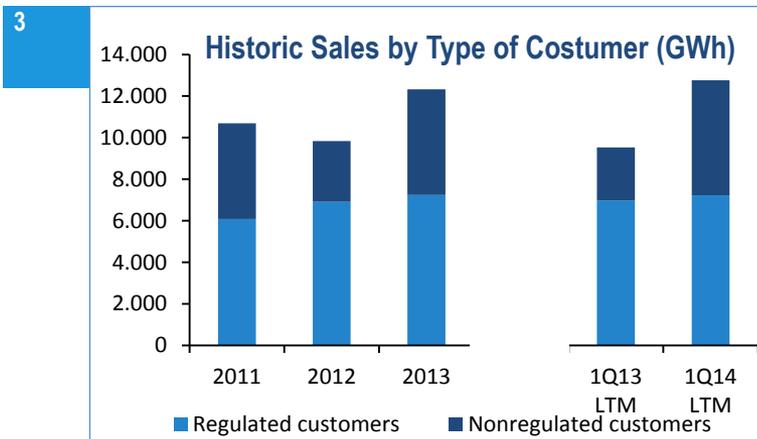
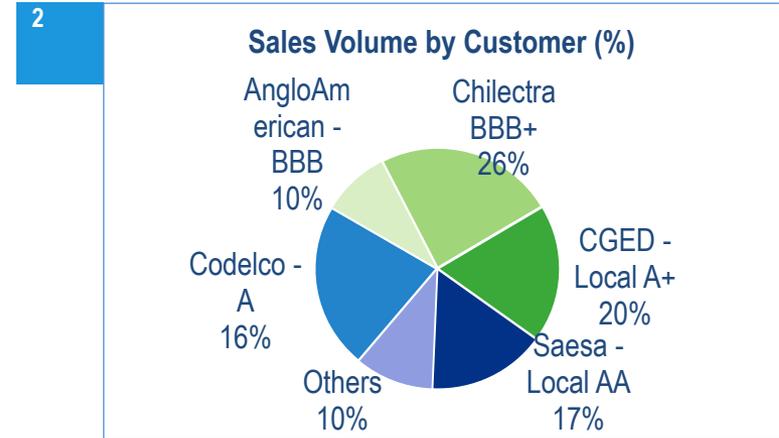
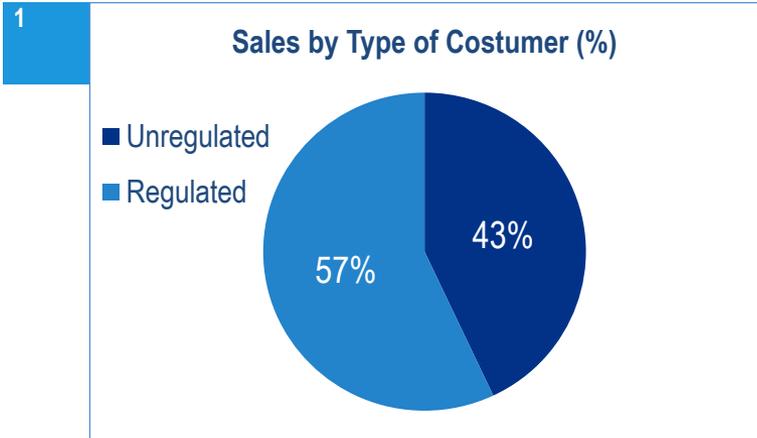
INCREASINGLY BALANCED COMMERCIAL POSITION



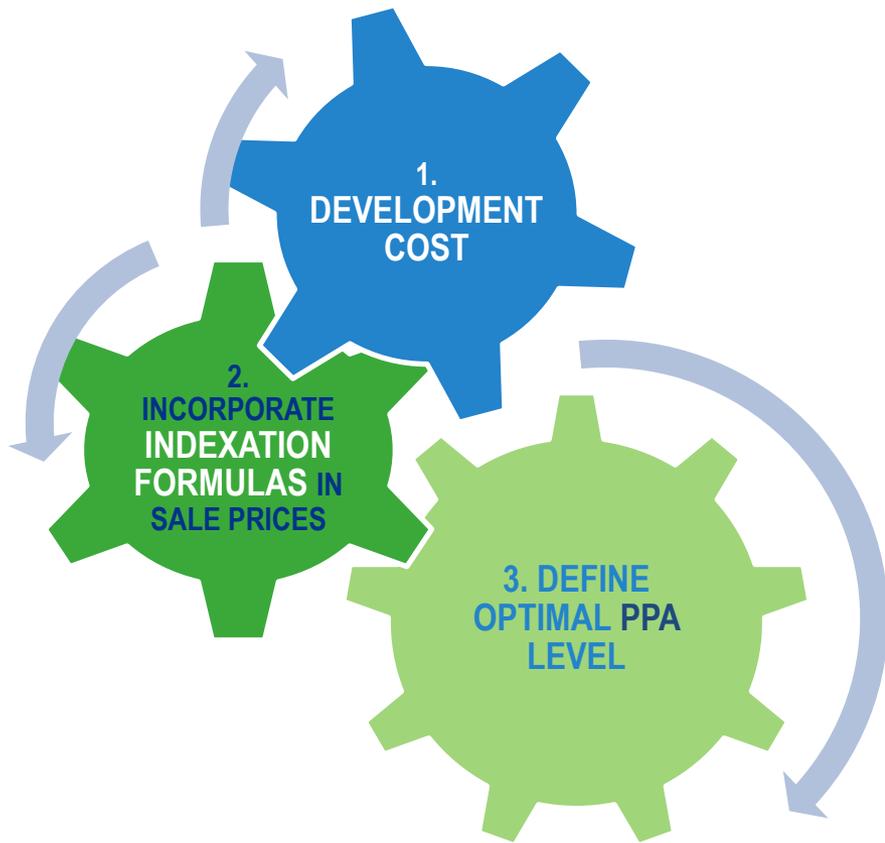
EBITDA VS. HYDRO GENERATION EVOLUTION



HIGH QUALITY CLIENTS



ADVANCED COMMERCIAL STRATEGY



Maximize returns from our current and future assets
Manage volatility given relevant hydro component
Predictable Cash Flows

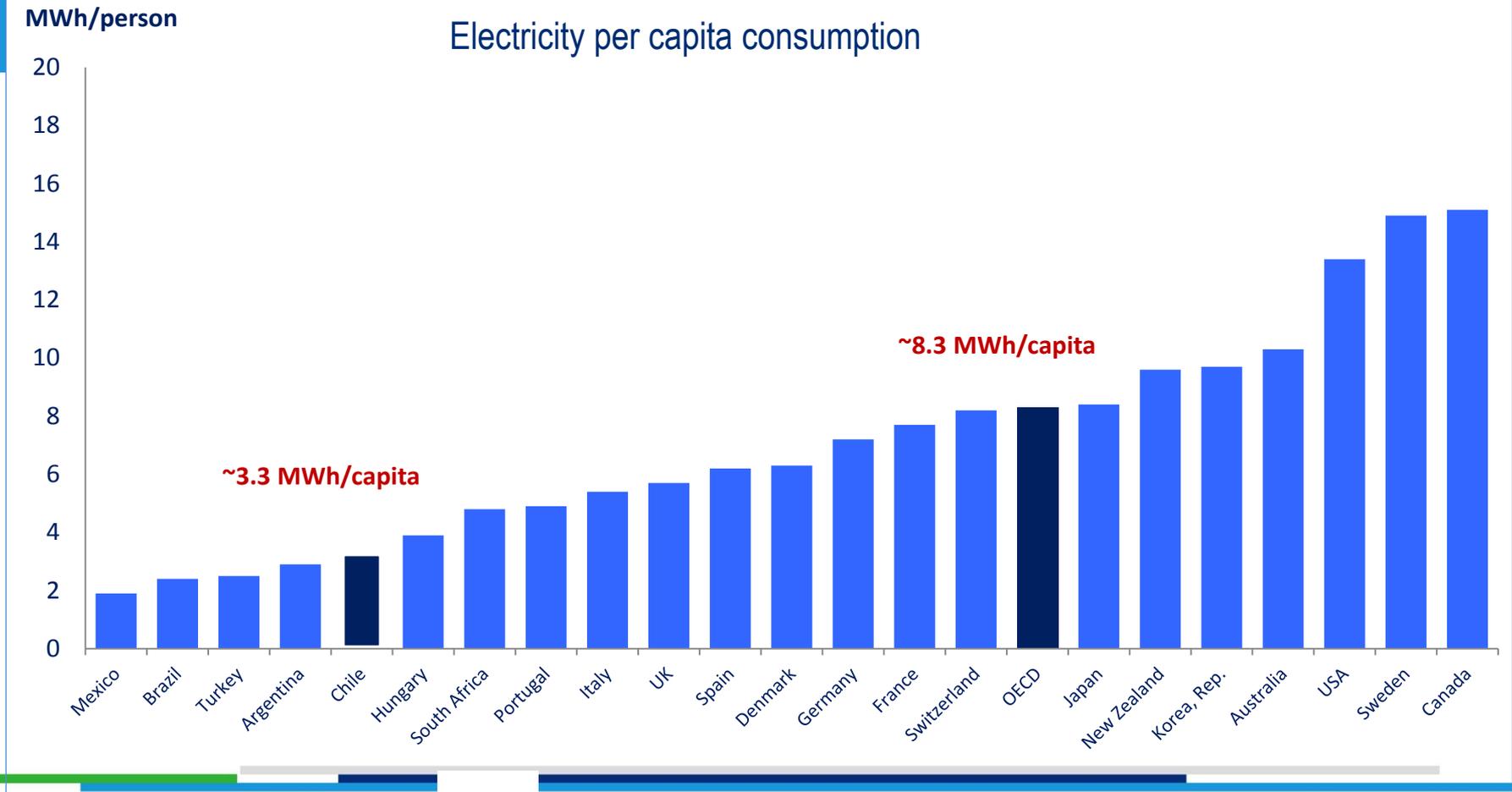


- Active Risk Management
- Financial Hedges
- Natural gas for certain periods

(*) Under medium-to-dry hydrological conditions. This includes output of the Angostura hydroelectric power project
For CCGT and peaking, estimated yearly productions (85% plant factor). Gas generation will depend upon gas availability

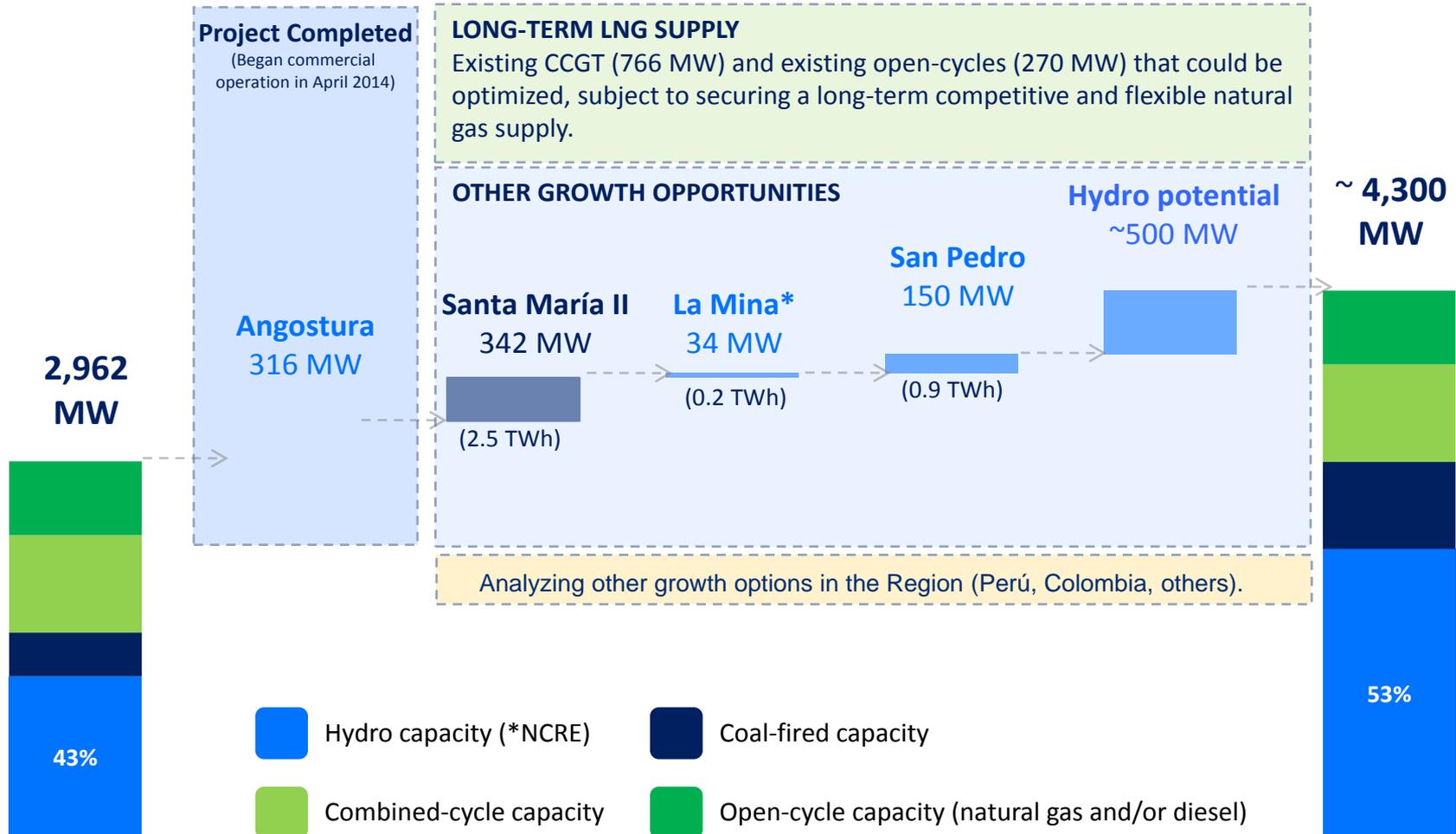
CHILE HAS GROWING ENERGY REQUIREMENTS

- In the next decade, Chile is expected to become the first developed economy (by OECD standards) in Latin America. We expect this transition to result in increased demand for power generation.
- The National Energy Commission projects a CAGR of electricity demand of 4.8% for Chile by year 2020.



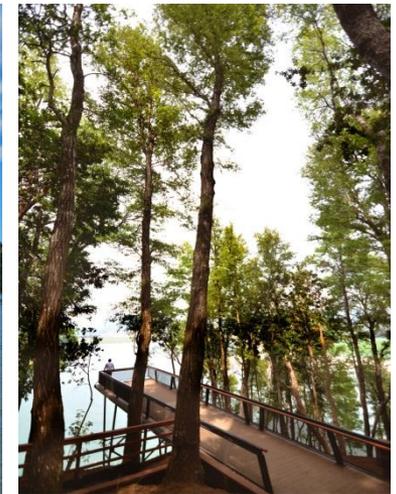
Source: World Bank

COLBUN HAS SEVERAL GROWTH OPPORTUNITIES



ANGOSTURA HYDROELECTRIC POWER PLANT

- **316 MW** of Installed Capacity
- **1,500 GWh** of expected annual generation
- **US\$760 million** of CAPEX
- **Largest hydroelectric power plant** built in Chile over the last decade
- Successful **community integration**
- **247 GWh** of production as of May 31, 2014



COLBUN'S CORPORATE STRATEGY

Our Strategic Pillars

1. Strengthening

- Strengthen our organization and people
- Strengthen our operations
- Strengthen our financial position

2. Diversification and Risk Management

- Narrow our exposure to exogenous variables: diversified asset base (technology, fuel and location) and clients
- Risk-sharing mechanisms with our strategic clients and suppliers
- Active risk-management policy

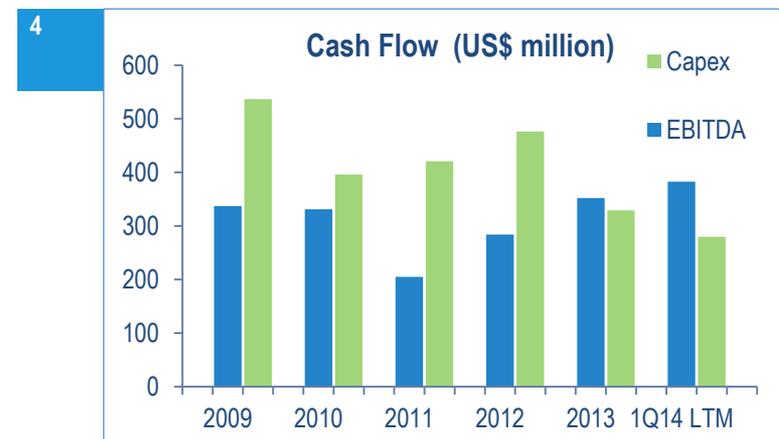
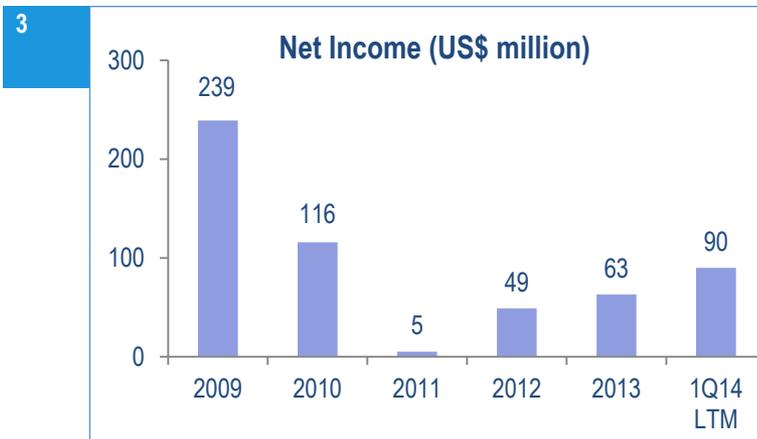
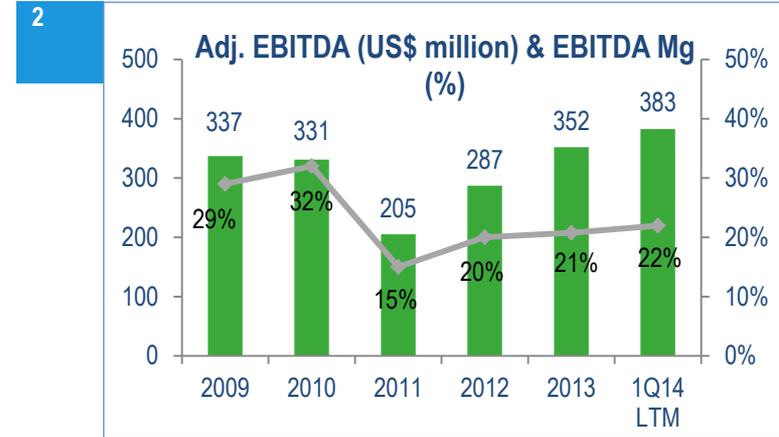
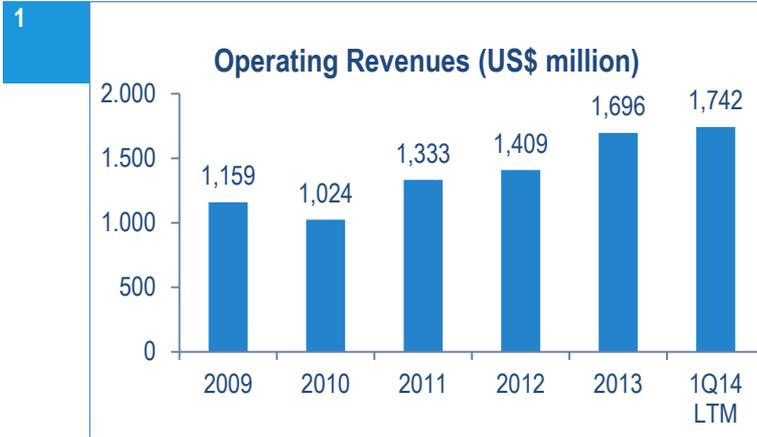
3. Growth

- Identify and develop growth options to strengthen our competitive position based on efficient capacity
- Commercial strategy that generates long-term returns consistent with our asset base

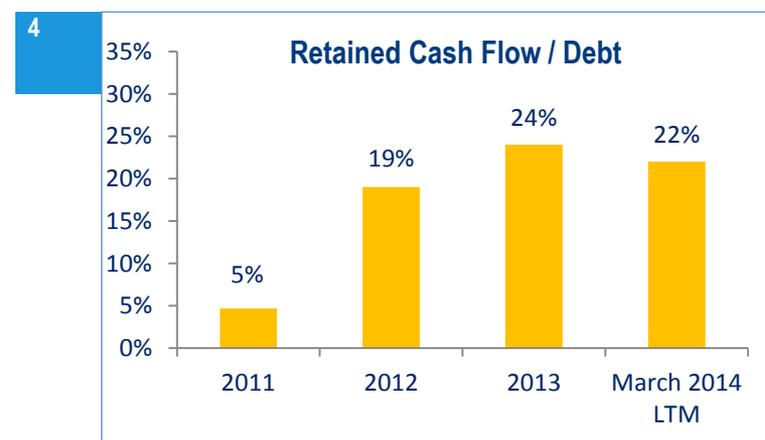
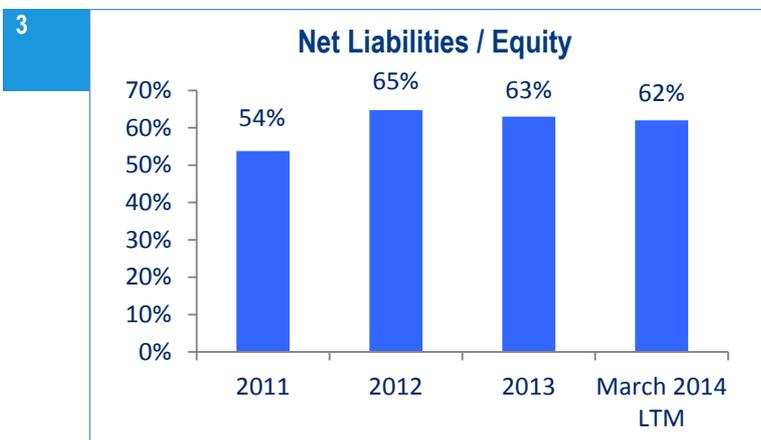
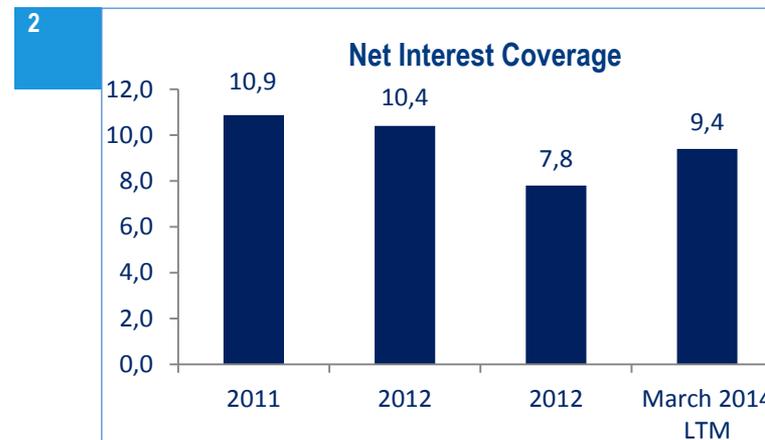
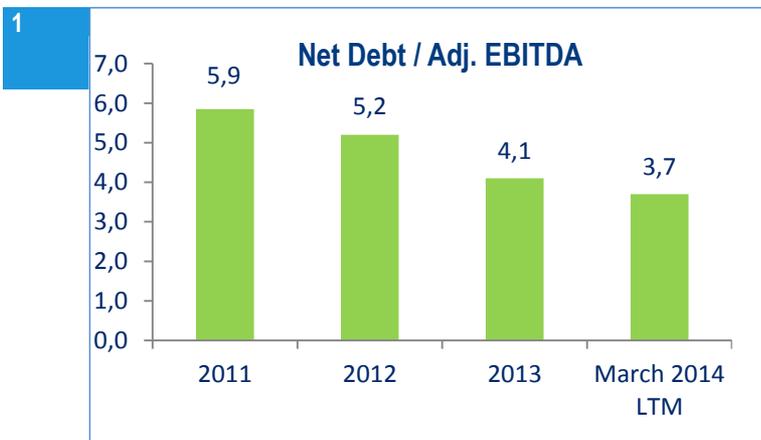
OUR OPERATIONS ARE SUPPORTED BY A DEFINED CORPORATE SOCIAL RESPONSIBILITY STRATEGY



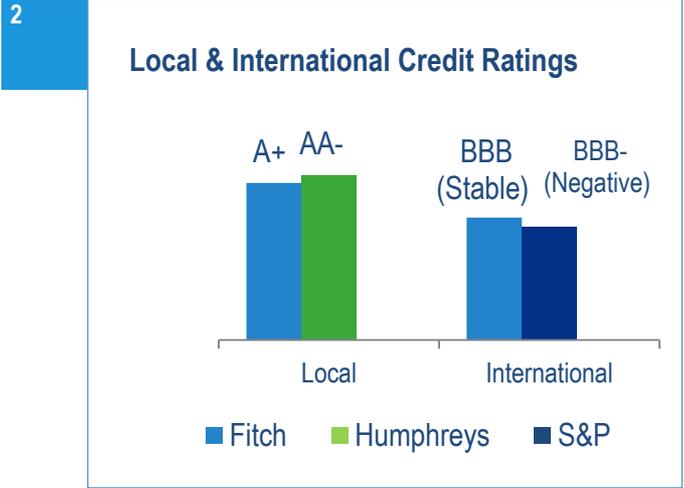
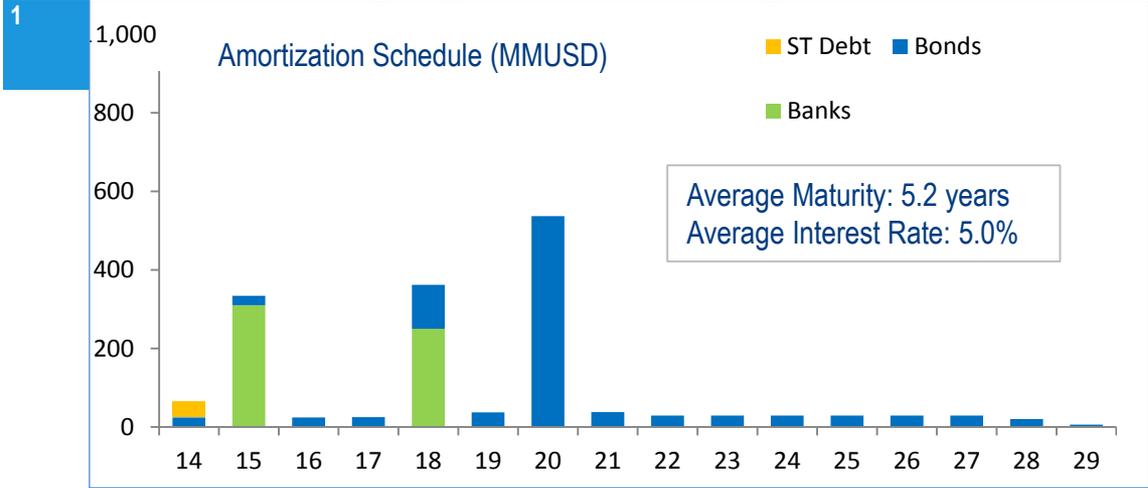
IMPROVING RESULTS



SOLID INTEREST COVERAGE AND IMPROVING LEVERAGE



A LOOK AT OUR DEBT AND LIQUIDITY



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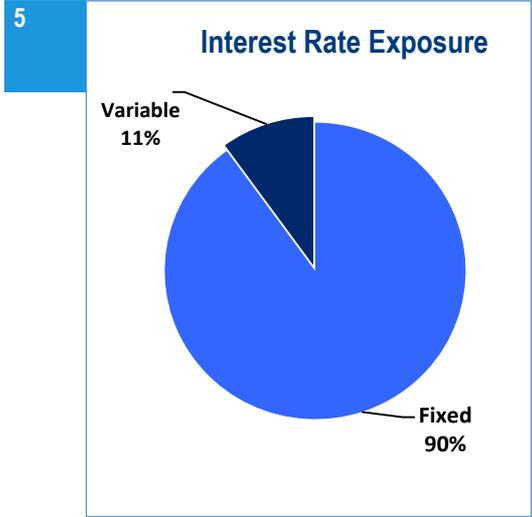
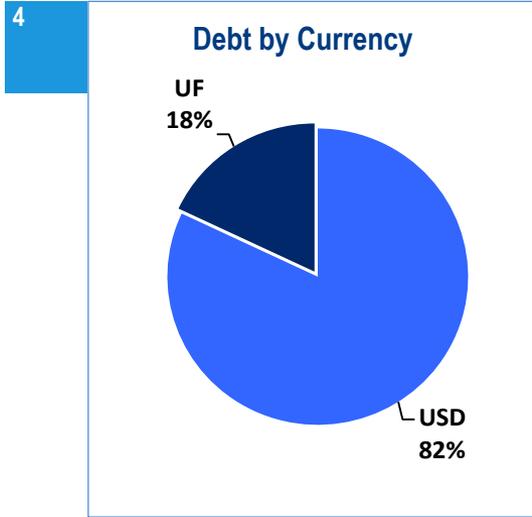
Liquidity Position

Cash
~USD 300 million

Committed lines
~USD 200 million, unused, signed with local counterparties.

Other sources of liquidity
~ USD 150 million in credit lines facilities,
~ USD 300 million registered domestic bonds
~ USD 100 million registered commercial papers

Dividend policy
30% (minimum required by Chilean law).



KEY INVESTMENT HIGHLIGHTS

- **Country:** Operates in Chile, the highest-rated country in the region (Aa3/AA/A+)
- **Size:** Second-largest generation company in Chile's largest electricity grid
- **Competitive:** High-quality, diversified asset portfolio and flexible commercial policy.
- **Stable:** Diversified, solid and creditworthy customer portfolio
- **Shareholders:** Strong, reliable controlling group with a strategic and long-term vision for the business
- **Management:** Experienced management and high standards of corporate governance
- **Projects:** Strong pipeline of new projects with improving efficiency and diversification of generation sources
- **Liquidity:** Conservative financial strategy that emphasizes keeping a strong liquidity position

