



**COLBÚN PRESENTATION**  
**BTG Pactual VI LatAm CEO Conference 2015**  
October 2015



# AGENDA

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SIC OVERVIEW

COLBUN OVERVIEW

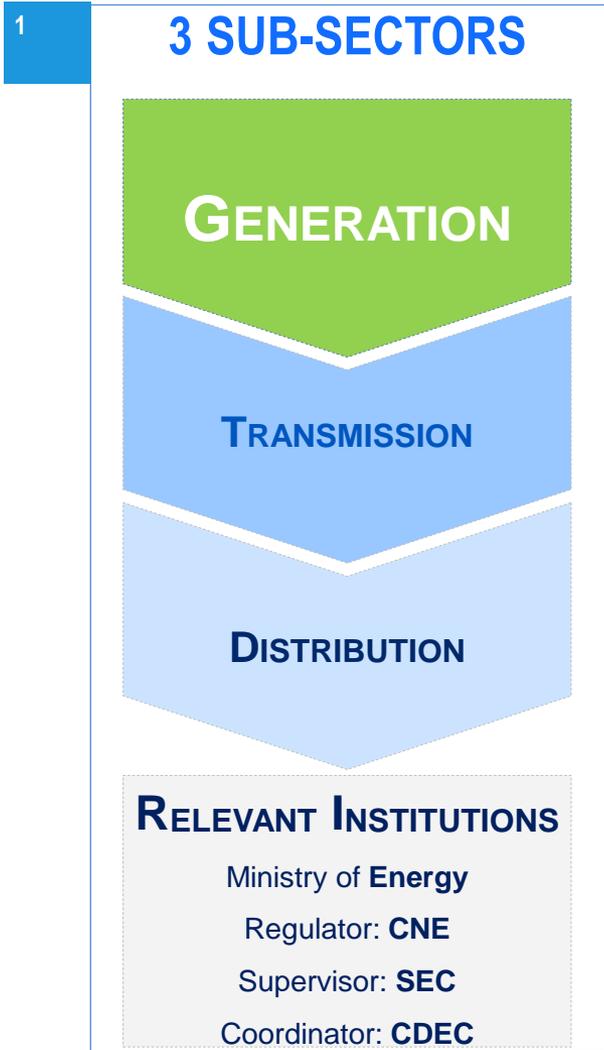
OPERATIONS

FINANCIALS

PROJECTS

CORPORATE GOVERNANCE

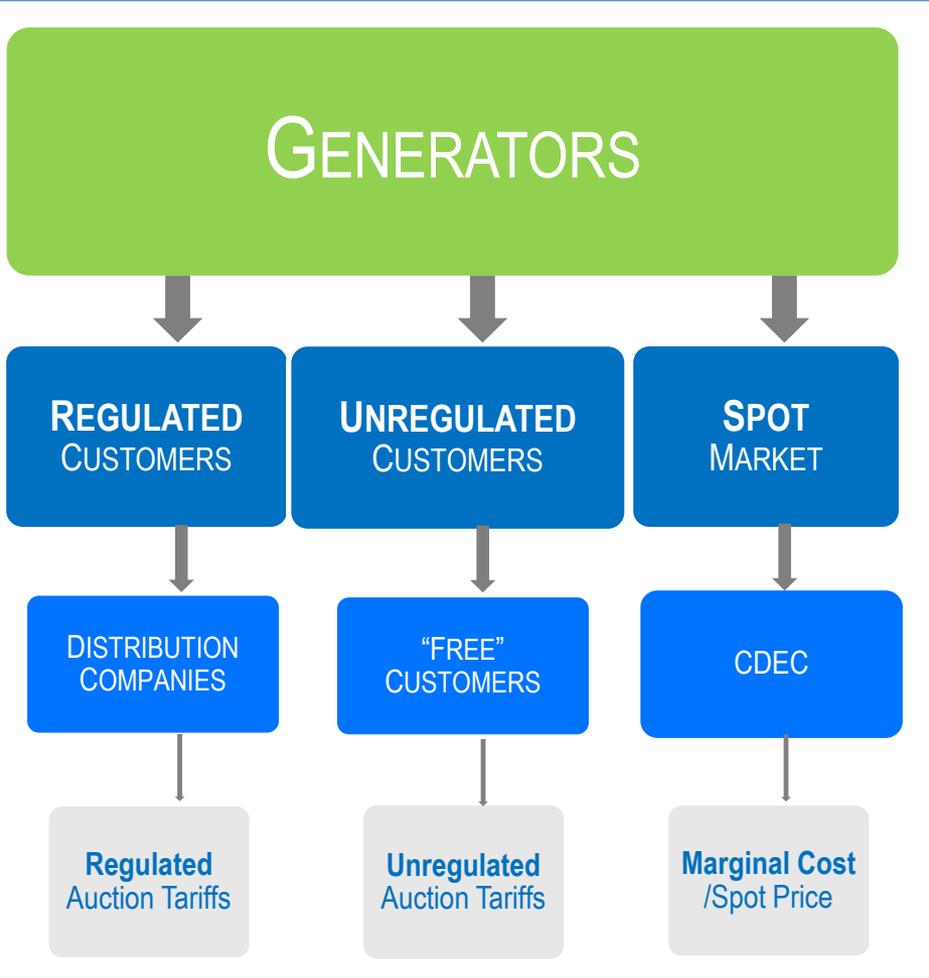
# SECTOR SEGMENTATION



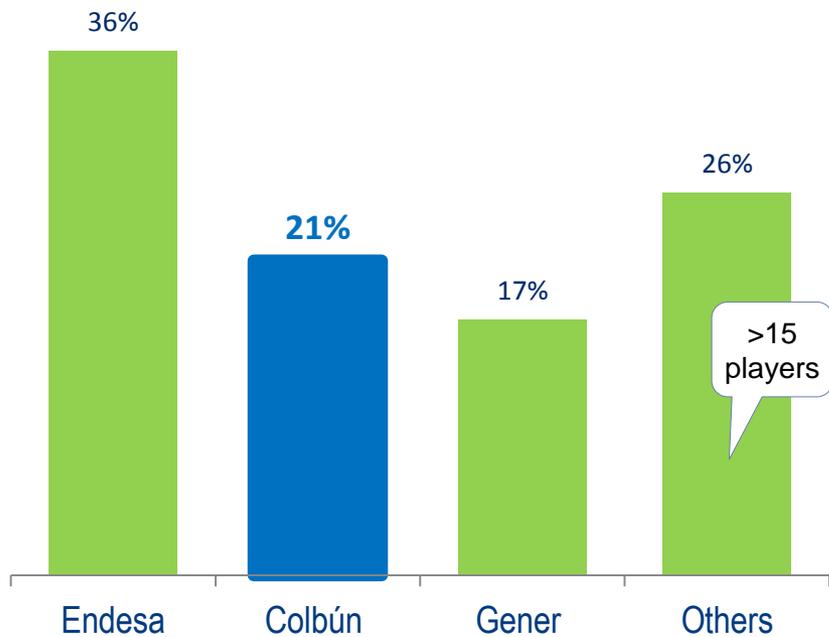
Regulated sectors  
(concessions)



# MARKET STRUCTURE

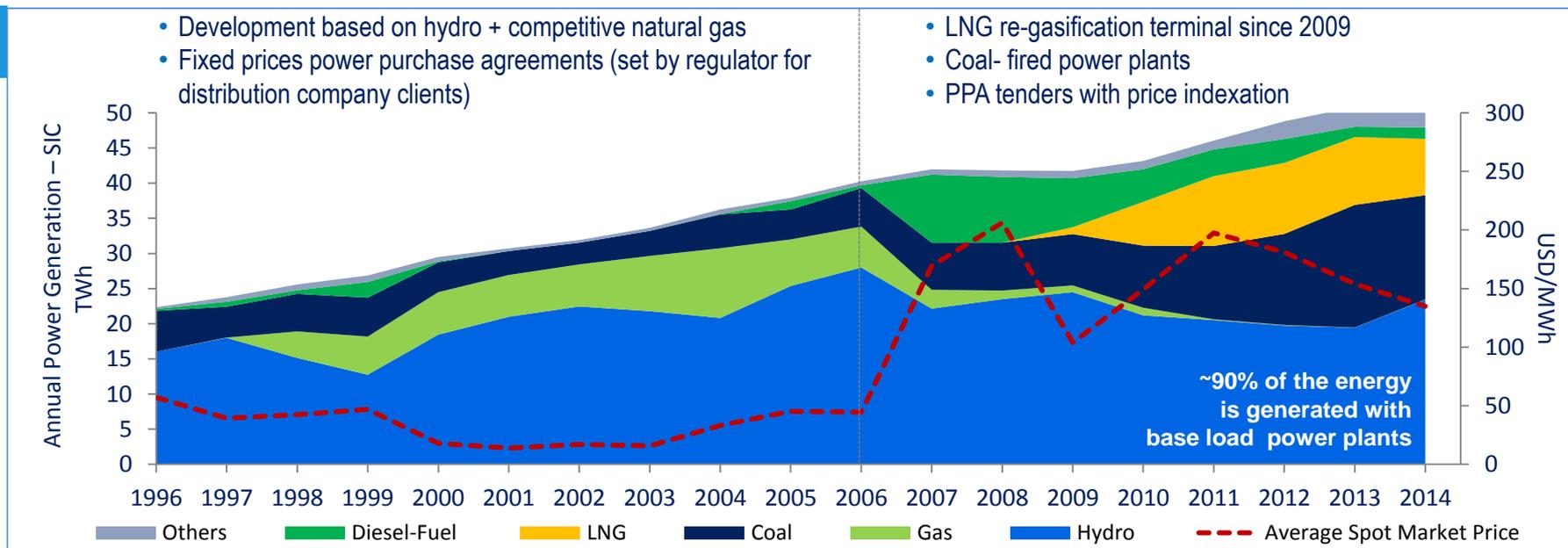


**Main Players in the Generation Sector-SIC**  
(Market Share by Installed Capacity)

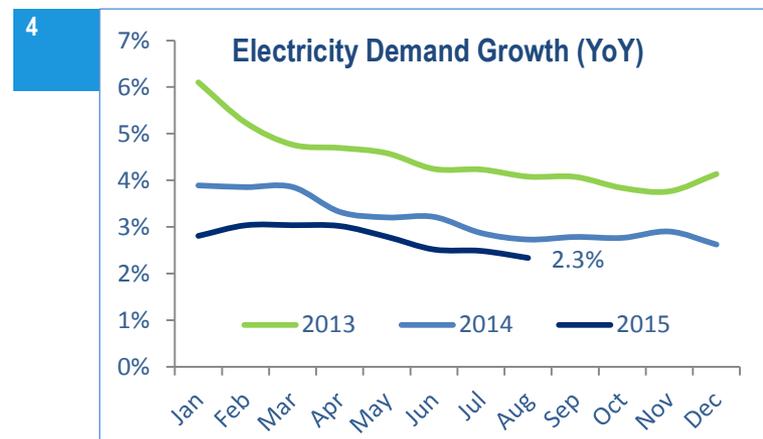
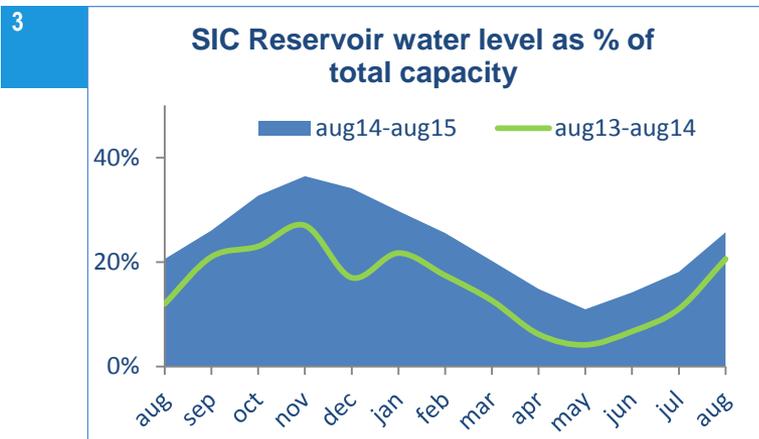
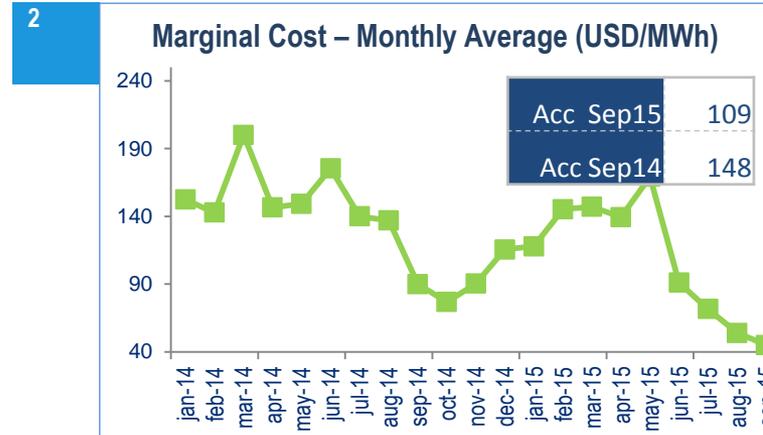
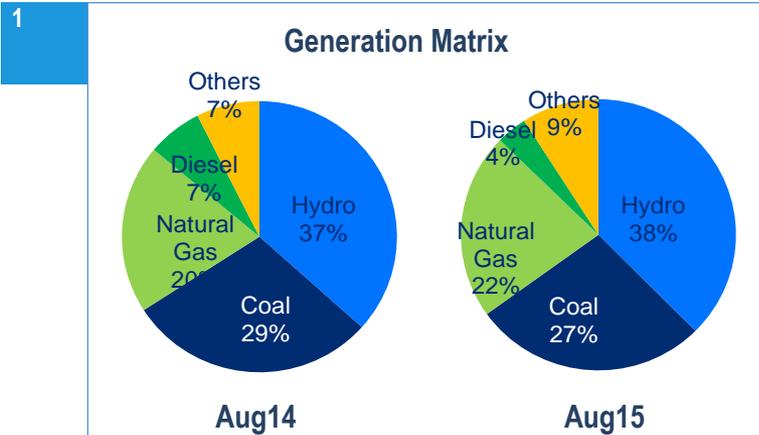


Source: Colbún Dec14

# GENERATION AND PRICE DEVELOPMENT IN CHILE'S CENTRAL GRID

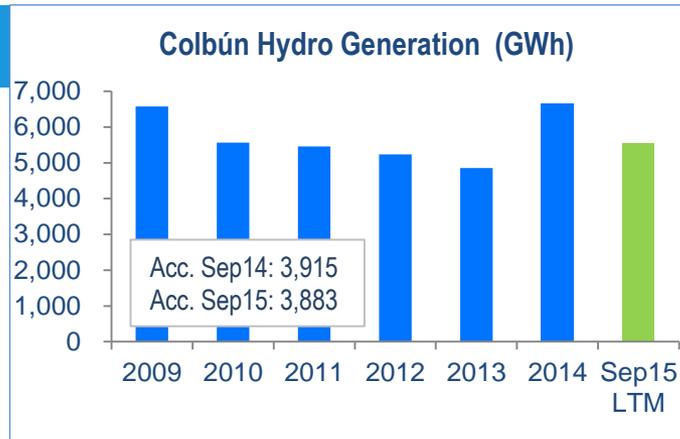


# SIC OVERVIEW

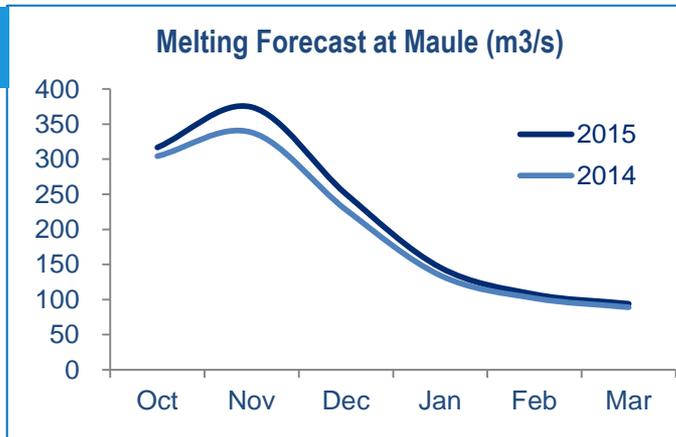


# HYDROLOGICAL CONDITIONS

1



2



## Acc. Rainfalls Sep14/Sep15\*

**Los Quilos (mm)**

2014	2015
154	235

**Armerillo (mm)**

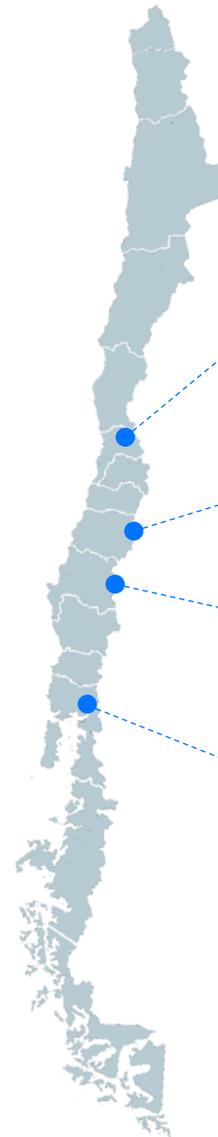
2014	2015
1,977	1,627

**Abanico (mm)**

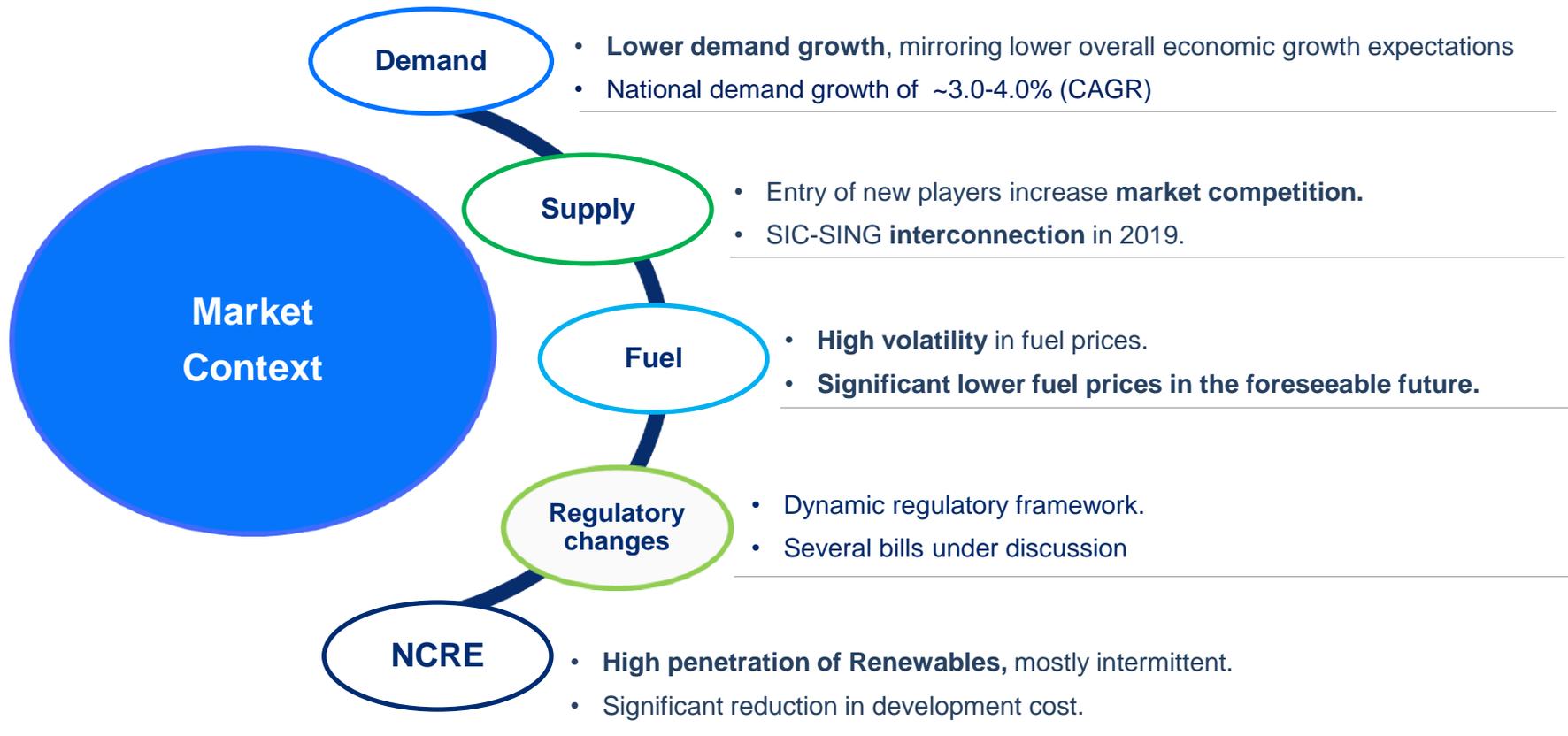
2014	2015
1,959	1,522

**Canutillar (mm)**

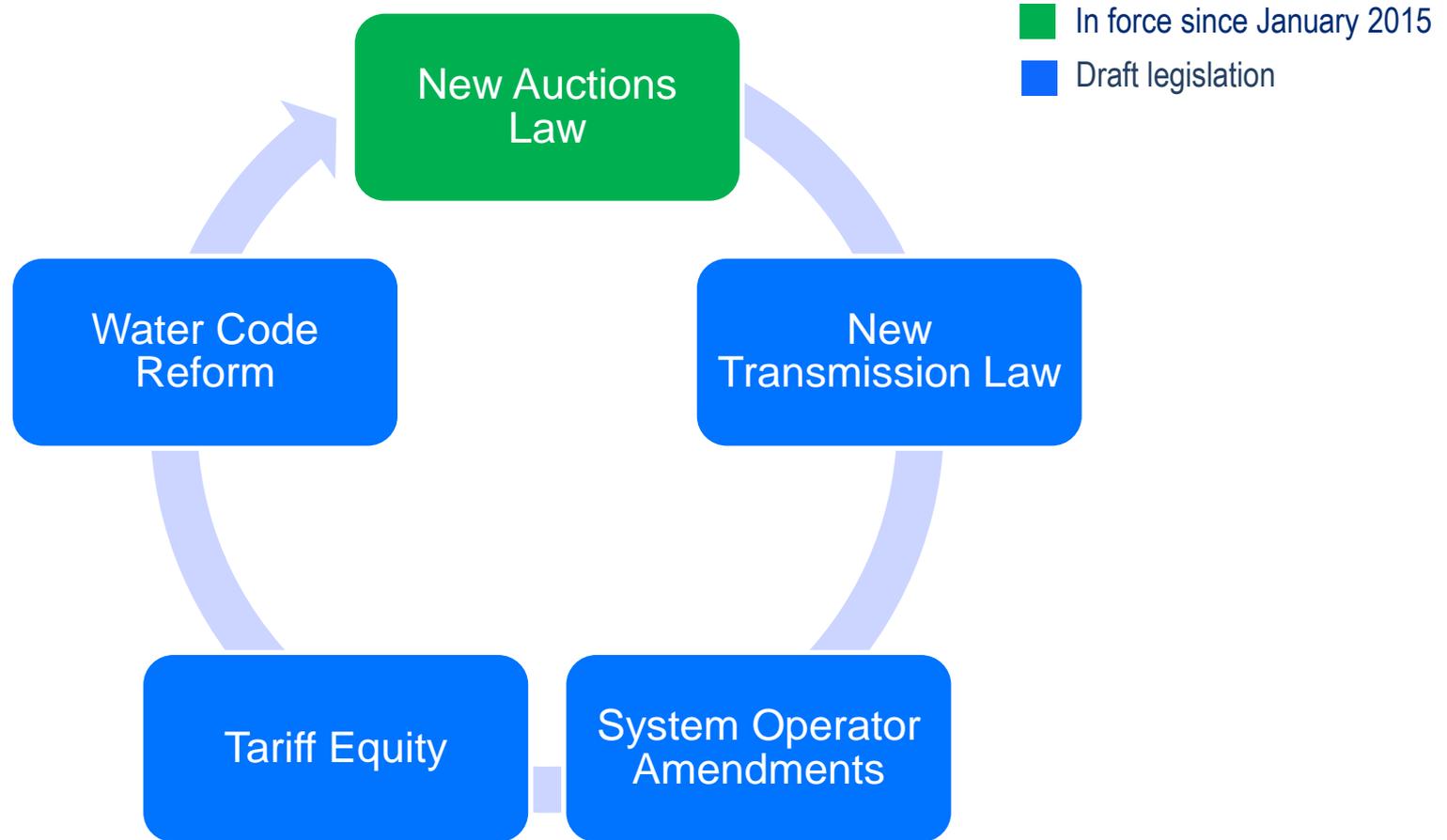
2014	2015
3,013	2,570



## A DYNAMIC MARKET WITHIN A STABLE INDUSTRY



## THE GOVERNMENT IS PROMOTING SEVERAL REGULATORY CHANGES IN THE SECTOR



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# OVERVIEW

## Installed capacity of 3,278 MW - 25% Market Share by Generation

### Gx. Asset Diversification

(MW)



4 Reservoir: 1,057



12 Run-of-the-river: 532



2 CCGT: 766



4 Diesel: 581



1 Coal: 342



1 Wind Farm: 46\*



1 Biomass: 26\*

\*Through PPAs

### Tx. Assets

- ~900 Km
- 27 Substations

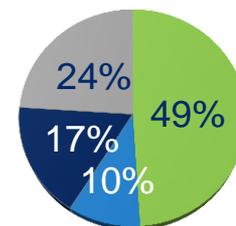


### Financials

As of Jun15 (US\$ million)

- Assets: 6,400
- Equity: 3,400
- Mkt Cap: 4,900
- EV: 5,800
- **EBITDA LTM: 505**
- Cash: 988
- Net Debt: 965
- **Net Debt/EBITDA: 1.9x**
- Dividend Policy: 30%

### Ownership



- Matte Group
- Angelini Group
- Pension Funds
- Others

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

### Intern. Ratings

- Fitch: BBB
- S&P: BBB-

### Local Ratings

- Fitch: A+
- Humph.: AA-

# COLBUN IS THE SECOND LARGEST GENERATOR IN THE SIC

48% Hydro  
1,589 MW

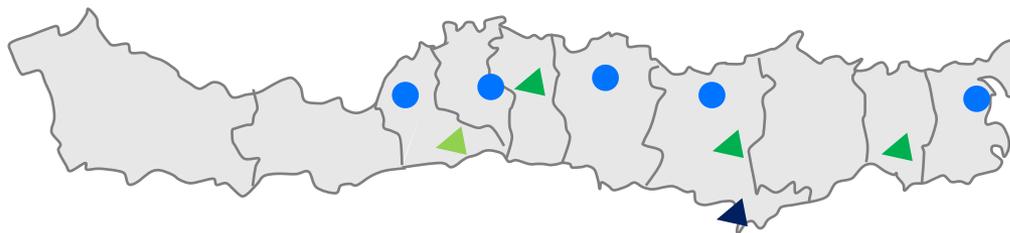


532 MW Run-of-the-river – 33%



1,057 MW Reservoir – 67%

3,278 MW



World Class  
Technology-  
diversified  
Facilities  
spread in  
different  
basins

52% Thermal  
1,689 MW



766 MW CCGT – 45%



342 MW Coal – 20%



581 MW Diesel – 35%

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## COMMERCIAL POLICY

- **Balanced Position between existent 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

- **Secure long term contracts with creditworthy counterparties**

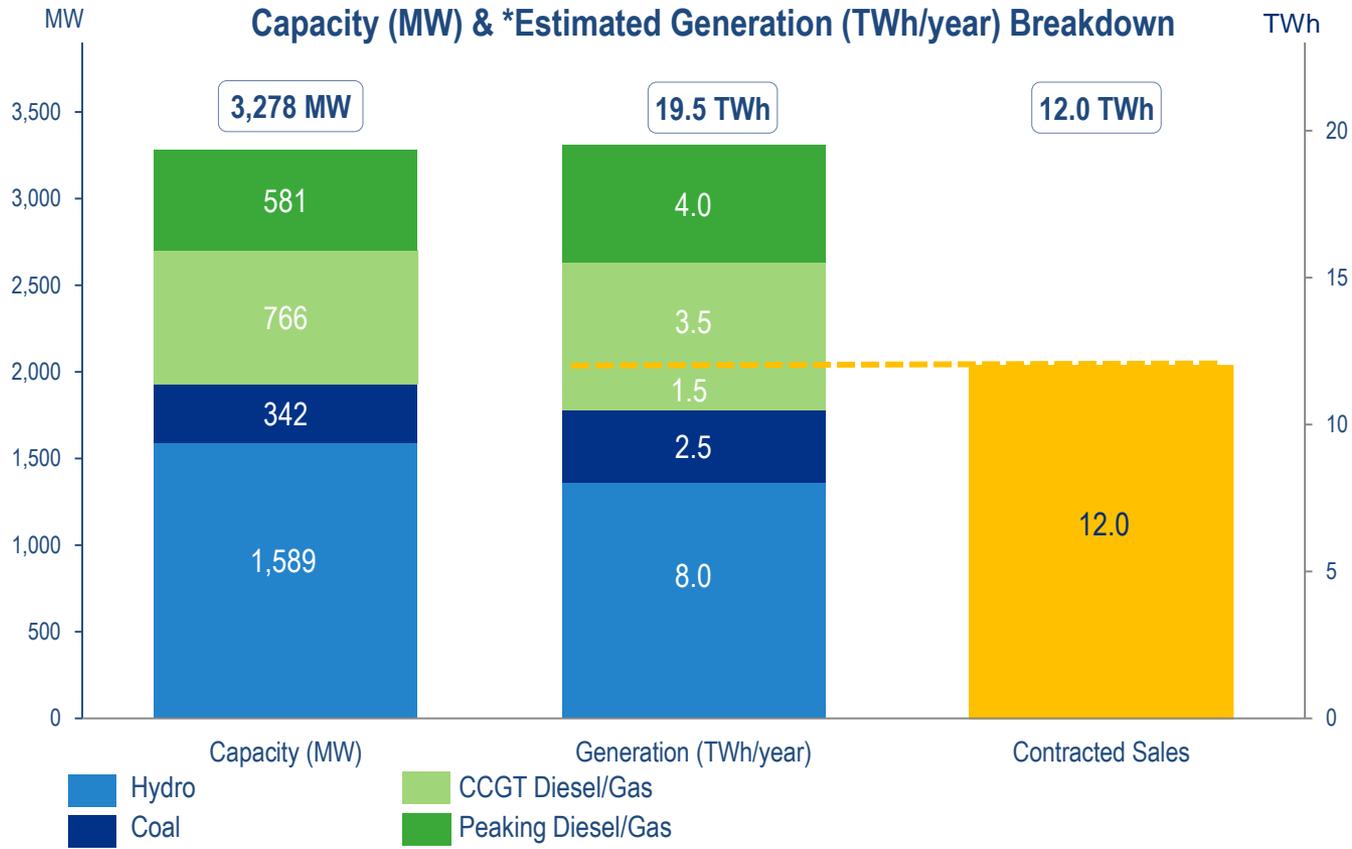
- Balanced mix between Regulated and Unregulated clients
- Incorporate risk-sharing mechanisms

- **Expand operations to selected Latam countries and maintain a relevant market share in the SIC**

- Diversify geography, markets, technologies and regulation frameworks

# COMMERCIAL STRATEGY: MAXIMIZE RETURNS, WHILE MANAGING VOLATILITY

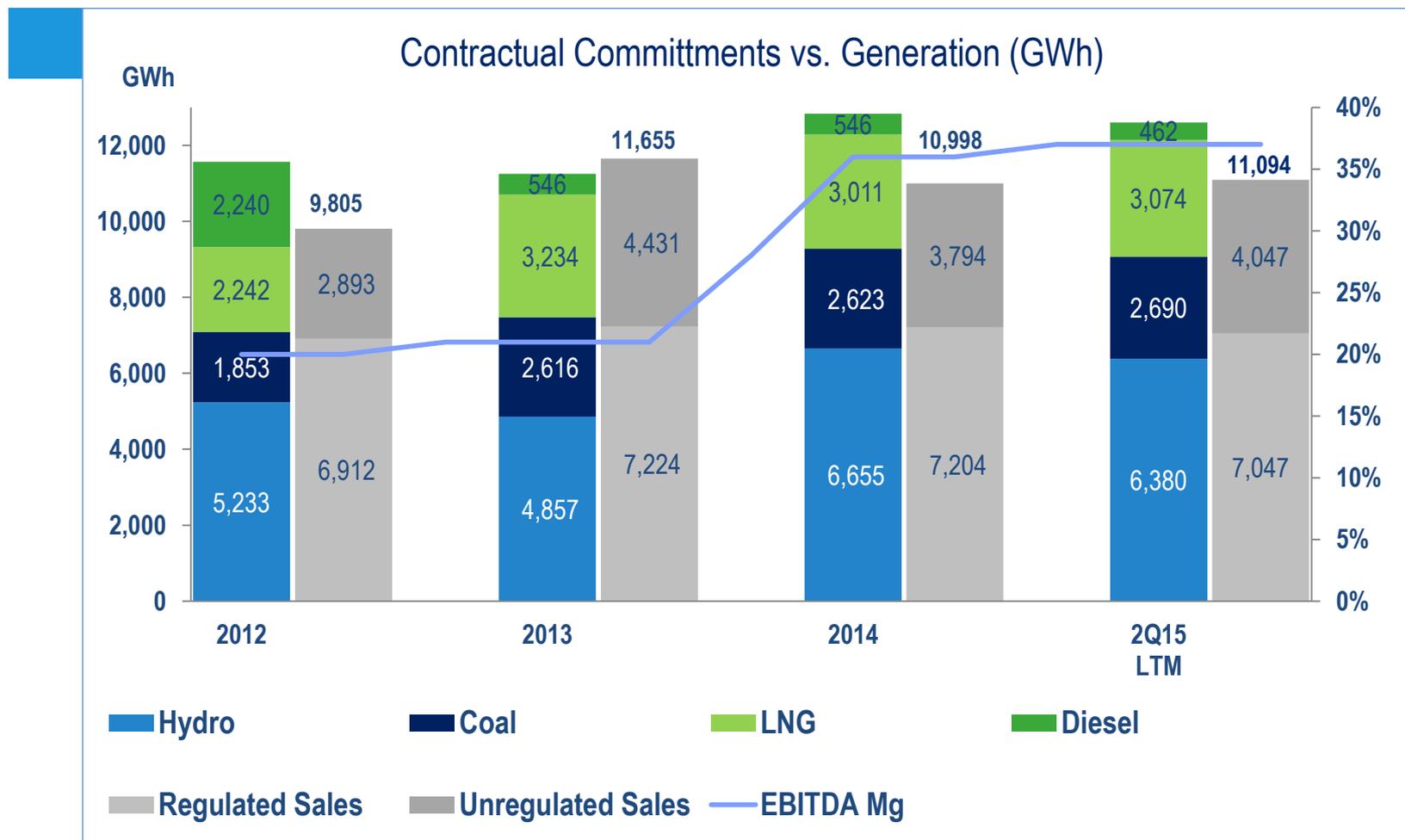
1



(\*) Under medium hydrological conditions.

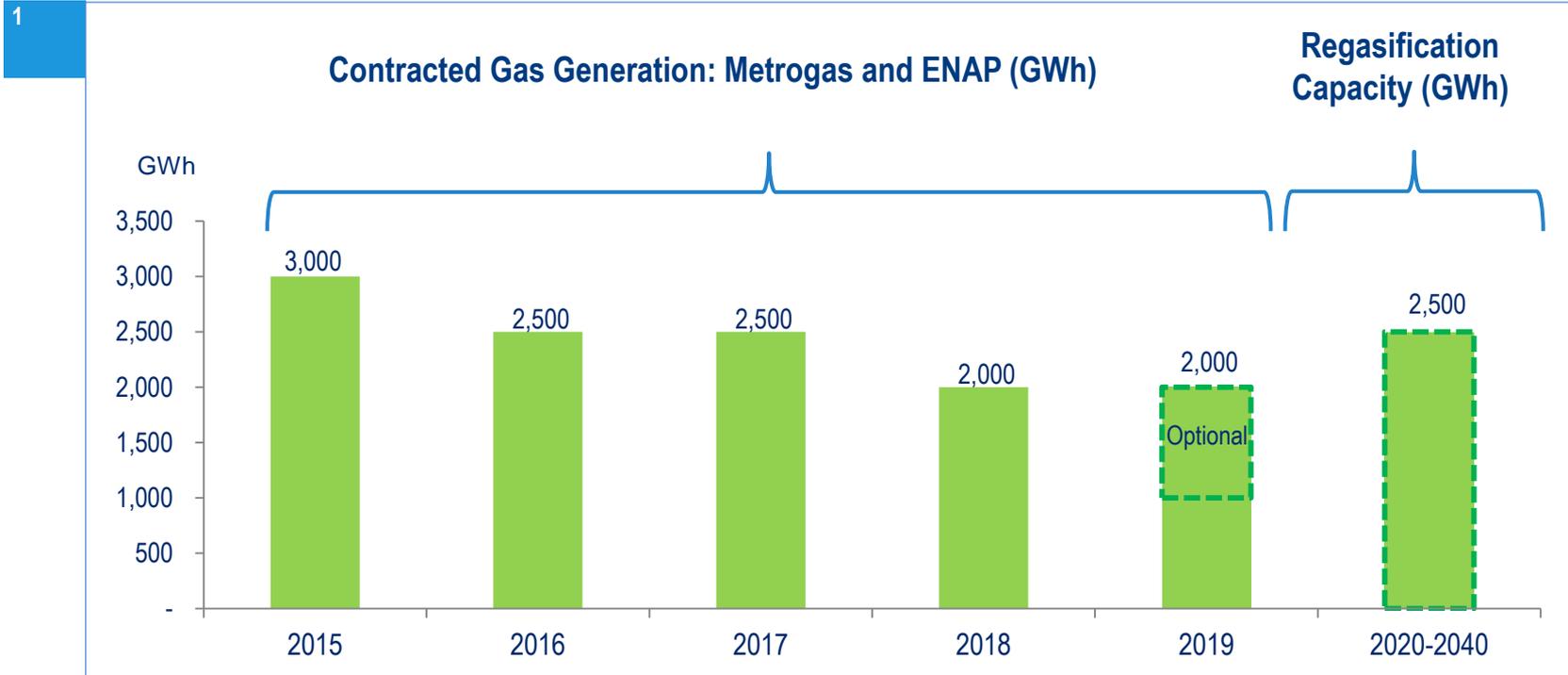
*This graph is shown for illustrative purposes and represents estimated and potential output of our power plants and approximate level of contractual commitments. Real output from our power plants and variable production costs are dependent on many factors, such as hydrology, plant availability, access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

# COMMERCIAL POSITION



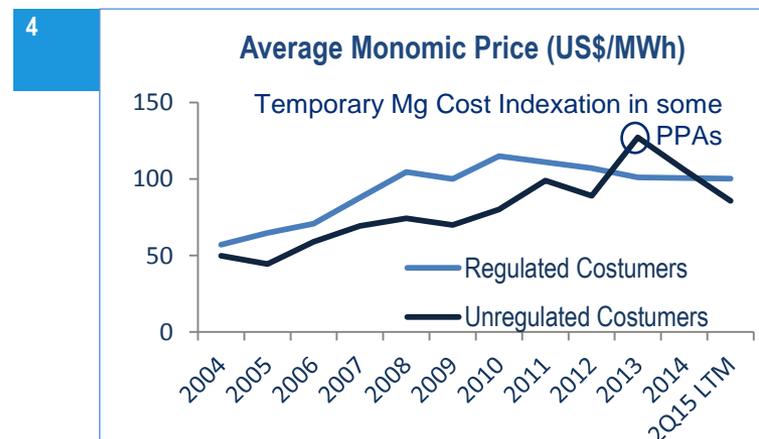
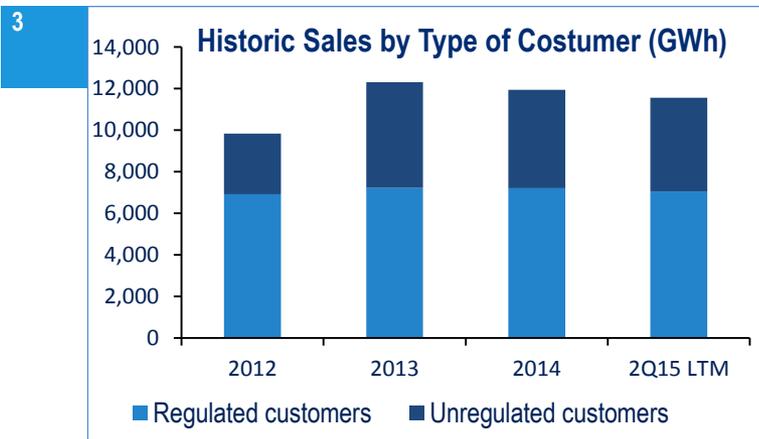
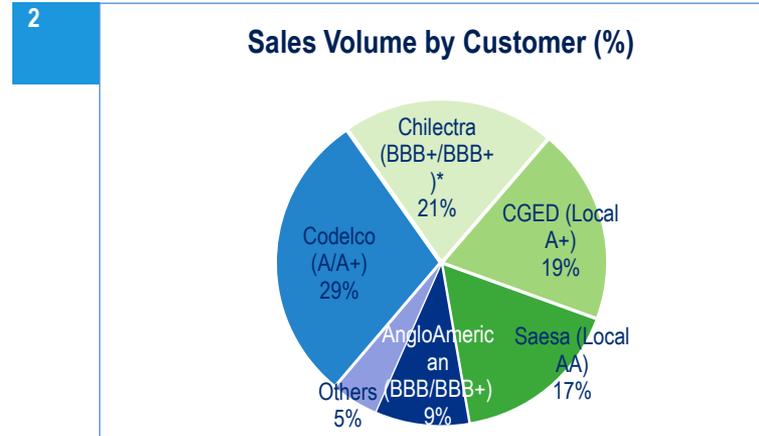
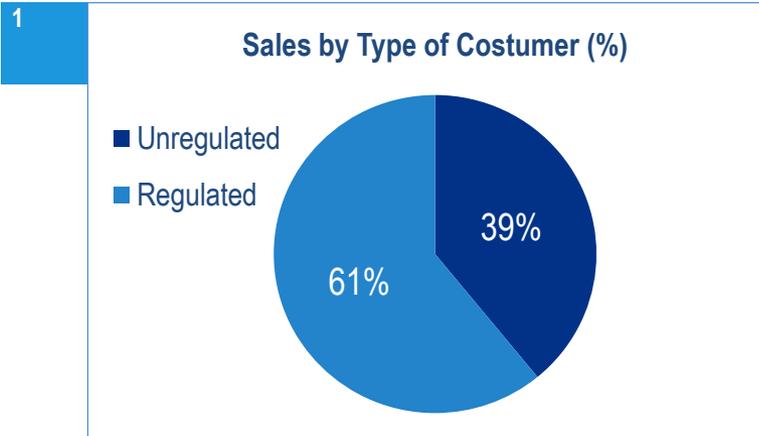
Graph Source: Colburn. Unregulated Sales 2013 & 2014 excludes sales to Codelco at Marginal Cost

## LEVERAGING OUR COMBINED CYCLES (NEHUENCO I & II – 766 MW)



- 2
- Long- term flexible gas price, providing flexibility to our LNG production
  - Good complement to hydro and coal

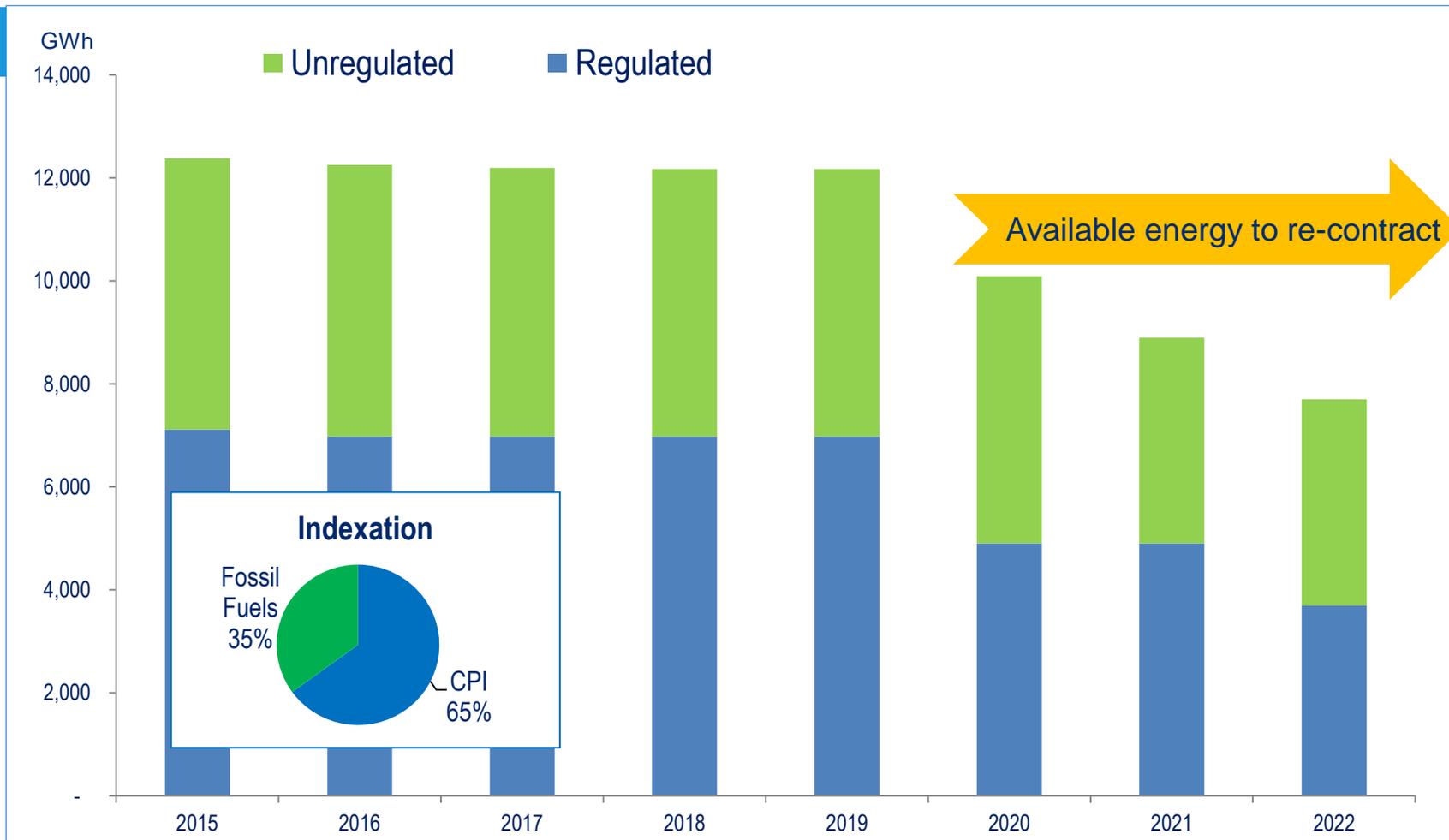
# HIGH QUALITY CLIENTS



Graphs Sources: 1), 2), 3), 4) Colbun as of June15 LTM. 4) Average monomic prices are calculated by dividing the total amount of sales in US\$, by physical energy sales in MWh.

# OUR PPAS: 9.5 YEARS AVERAGE MATURITY

1



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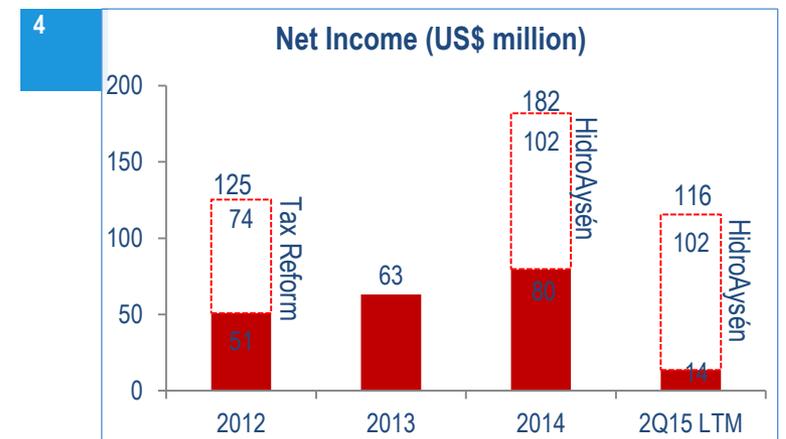
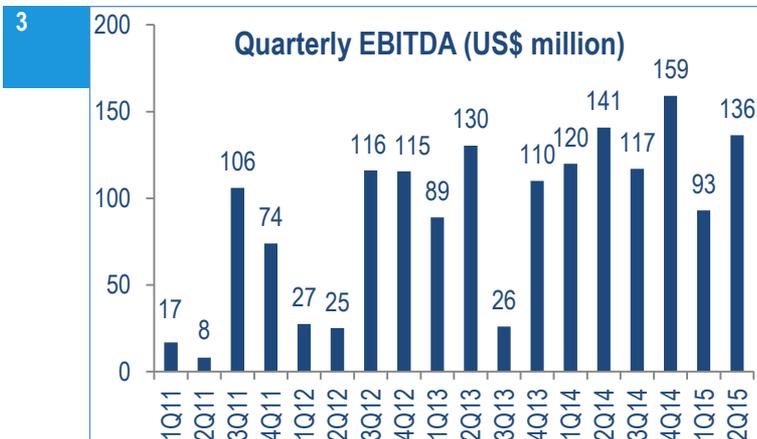
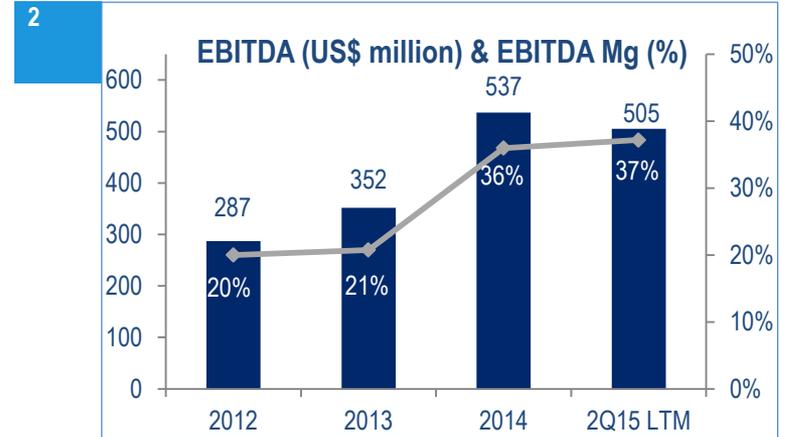
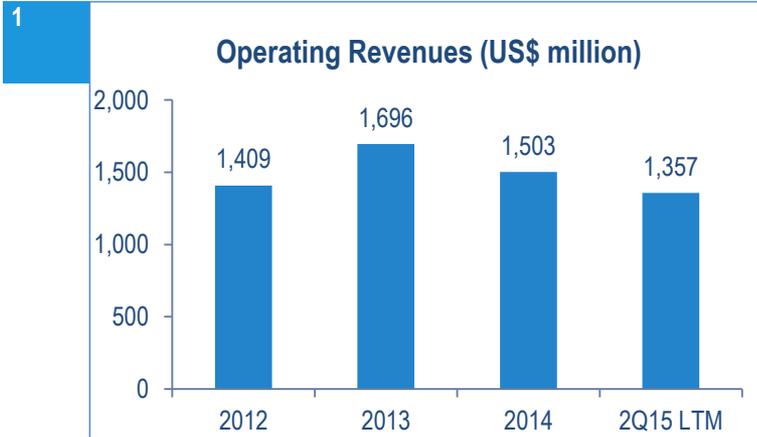
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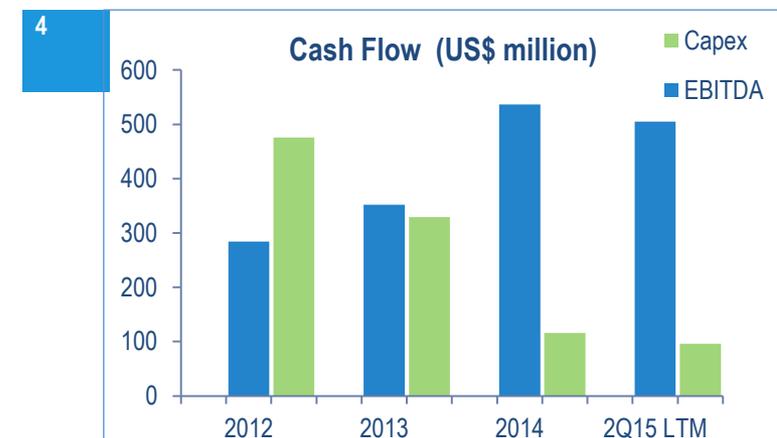
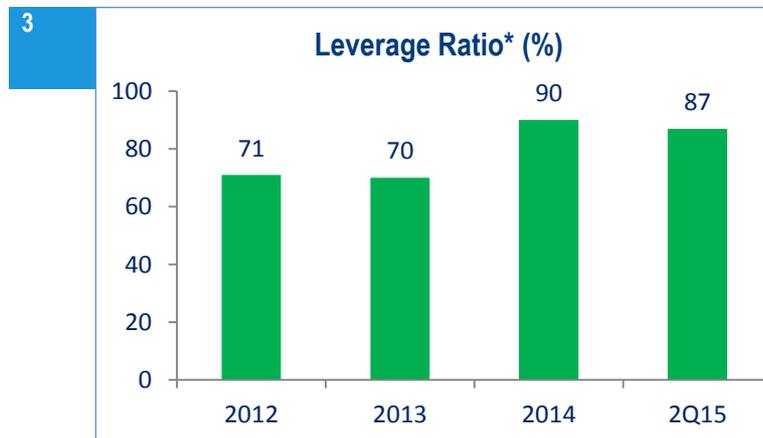
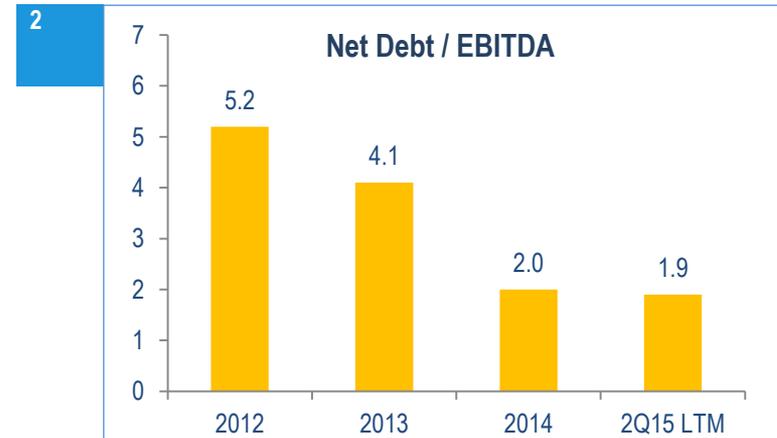
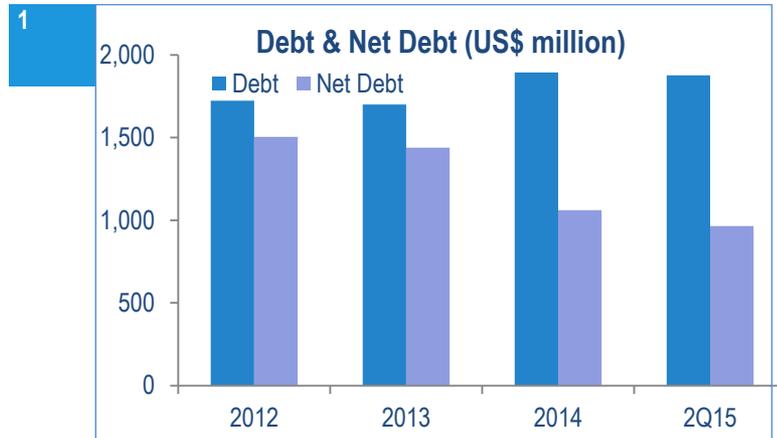
PROJECTS

CORPORATE GOVERNANCE

# IMPROVING RESULTS AND LOWERING VOLATILITY



# SOLID CREDIT METRICS



\* Financial Statements: (\*) Calculated as Liabilities/Equity

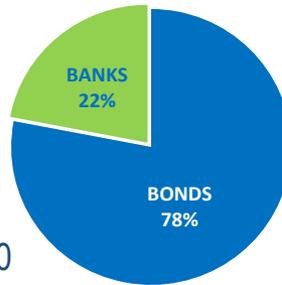
# BALANCED DEBT POSITION AND HIGH LIQUIDITY

1

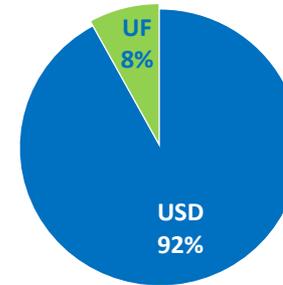
- Total Debt: MMUS\$ 1,880
- Avg. Maturity: 5.8 years
- Avg. USD Interest Rate: 4.8%
- Cash: MMUS\$ 988
- Net Debt: MMUS\$ 892
- Dividend Policy 30%
- Banks Committed Lines: MMUS\$ 150  
(As of Aug15)

## Debt Profile

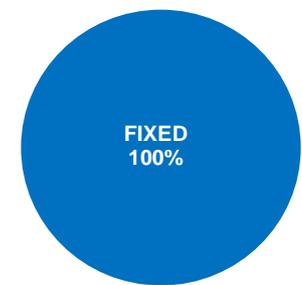
Type



Currency

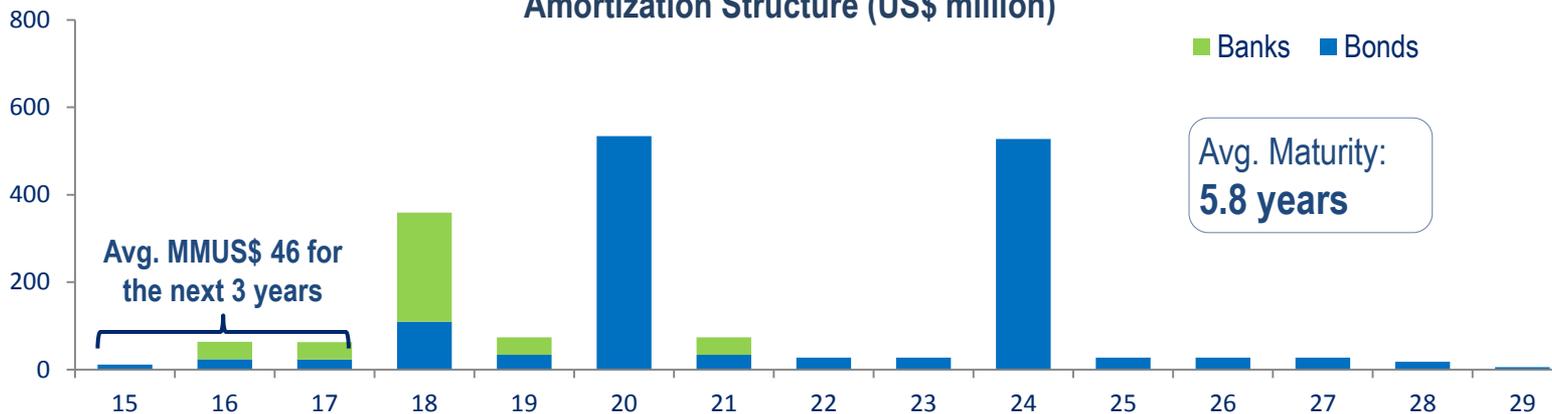


Interest Rate



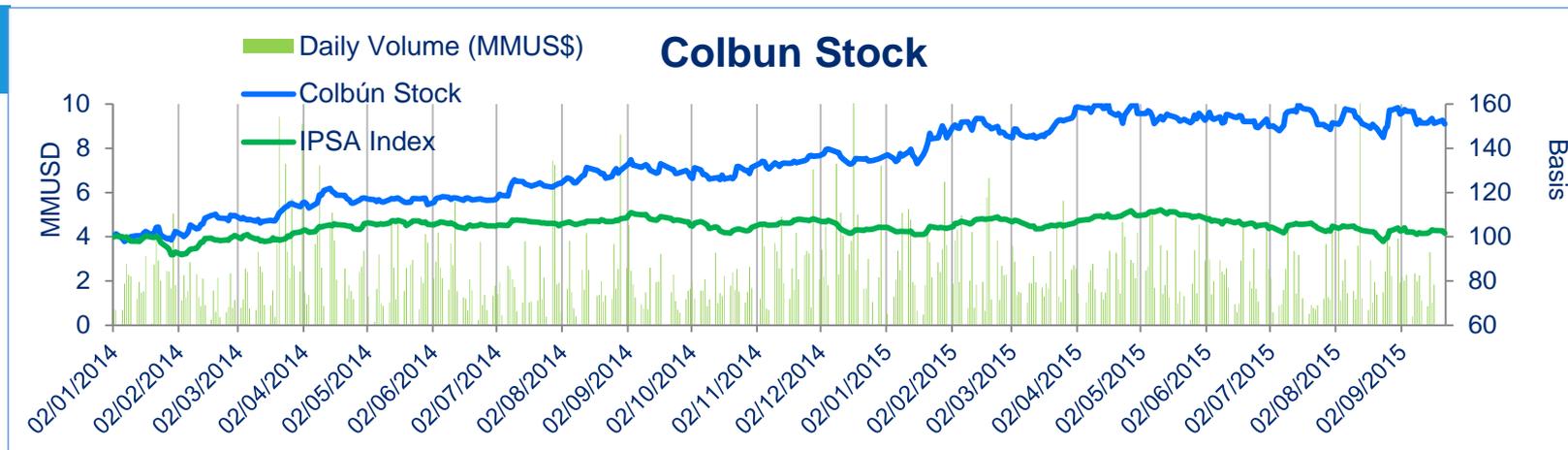
2

## Amortization Structure (US\$ million)

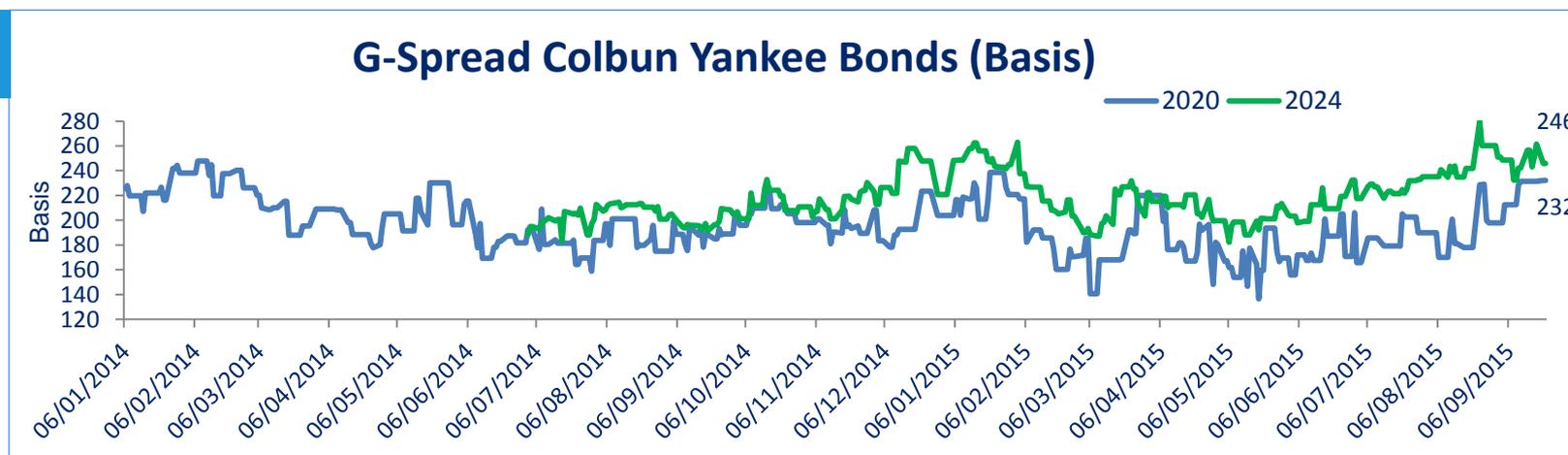


# DEBT & EQUITY MARKET WATCH

1

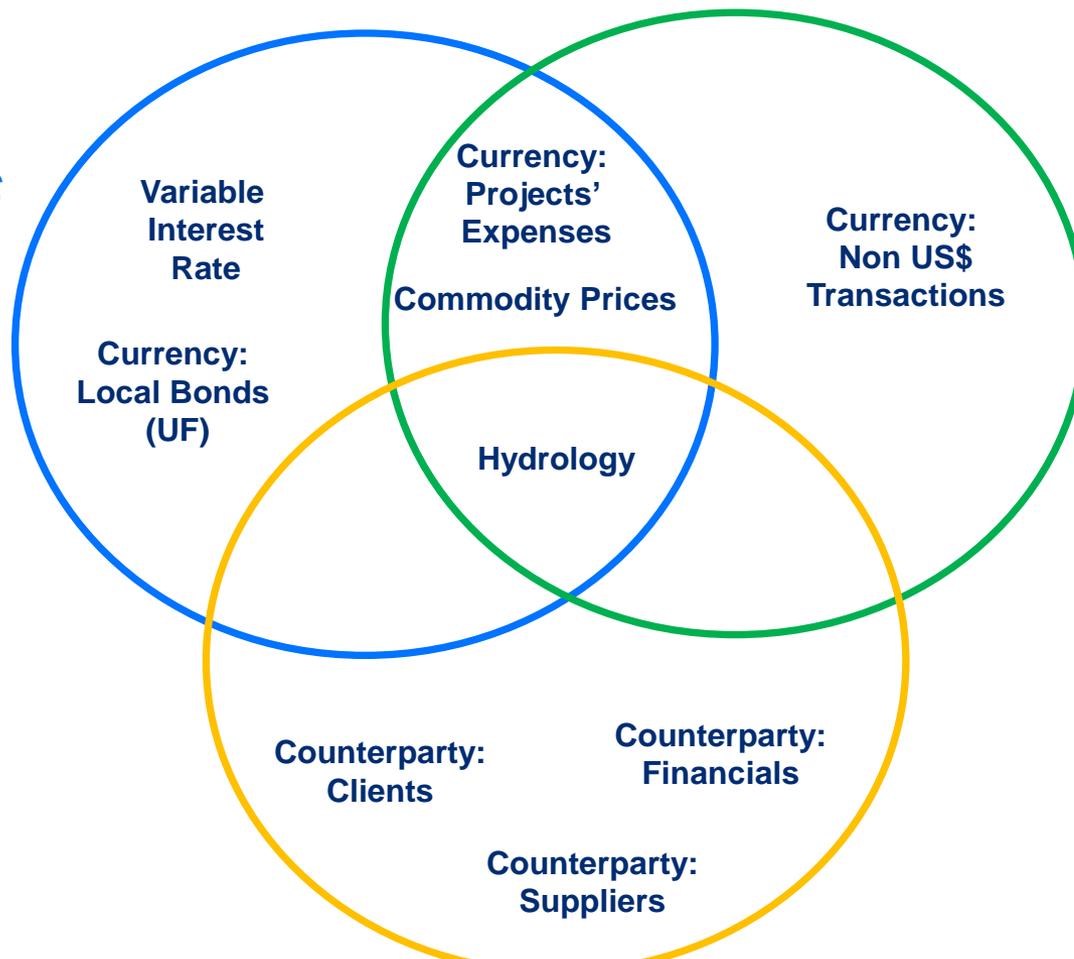


2



# MANAGING OUR MOST RELEVANT RISKS

*MITIGATION ACTION:*  
**DERIVATIVES**



*MITIGATION ACTION:*  
**INDEXATOR**

*MITIGATION ACTION:*  
**OTHERS**

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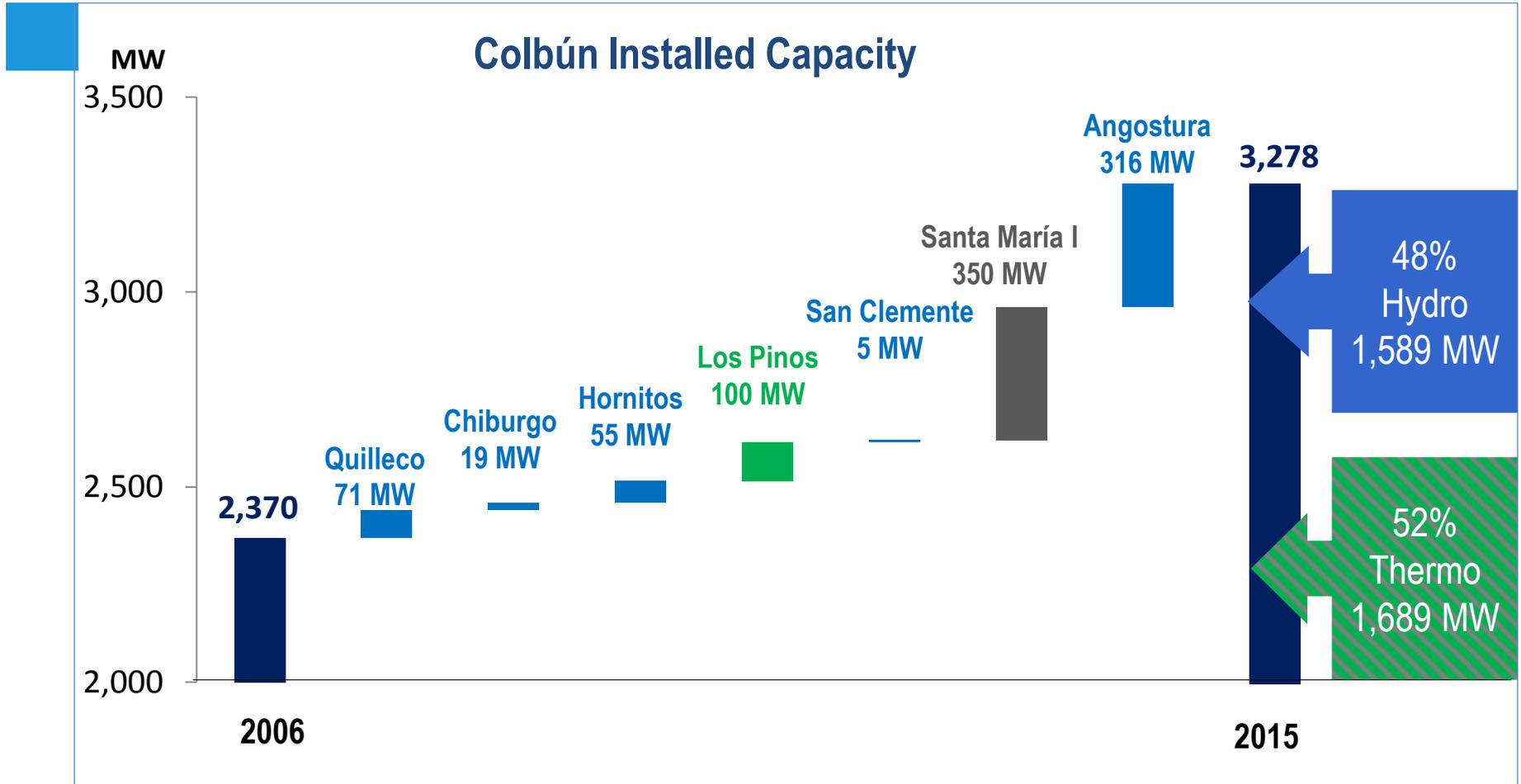
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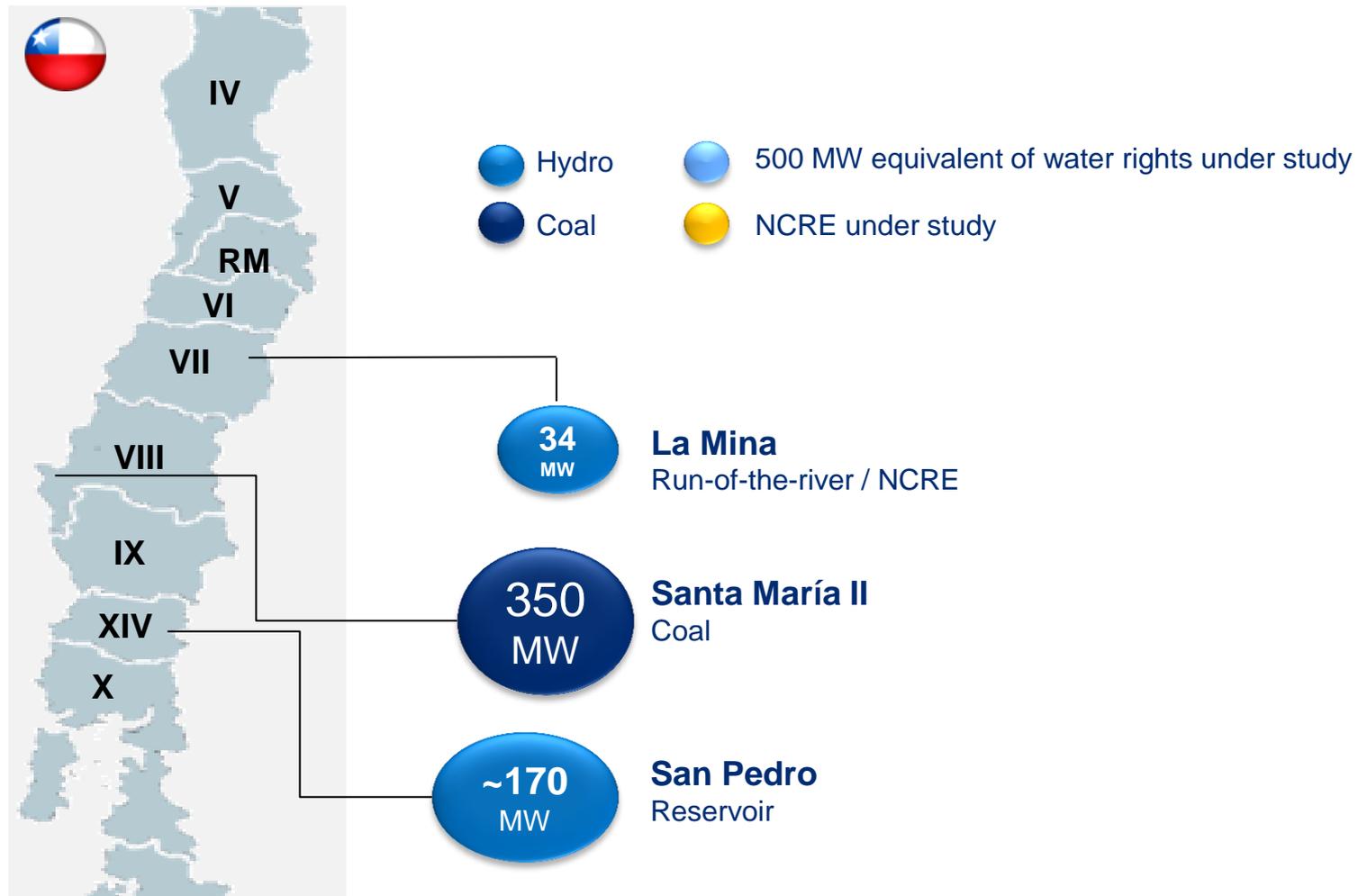
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# ~900 MW OF NEW CAPACITY WITH OVER US\$2,000 MILLION INVESTED



# GROWTH OPPORTUNITIES IN CHILE: BASE LOAD CAPACITY AND RENEWABLES



## LA MINA – RENEWABLE ENERGY FOR THE SYSTEM

- 34 MW of Installed Capacity and 190 GWh of expected annual generation
- Under construction since Dec14 and to date is on schedule
- Expected to be commissioned in early 2017

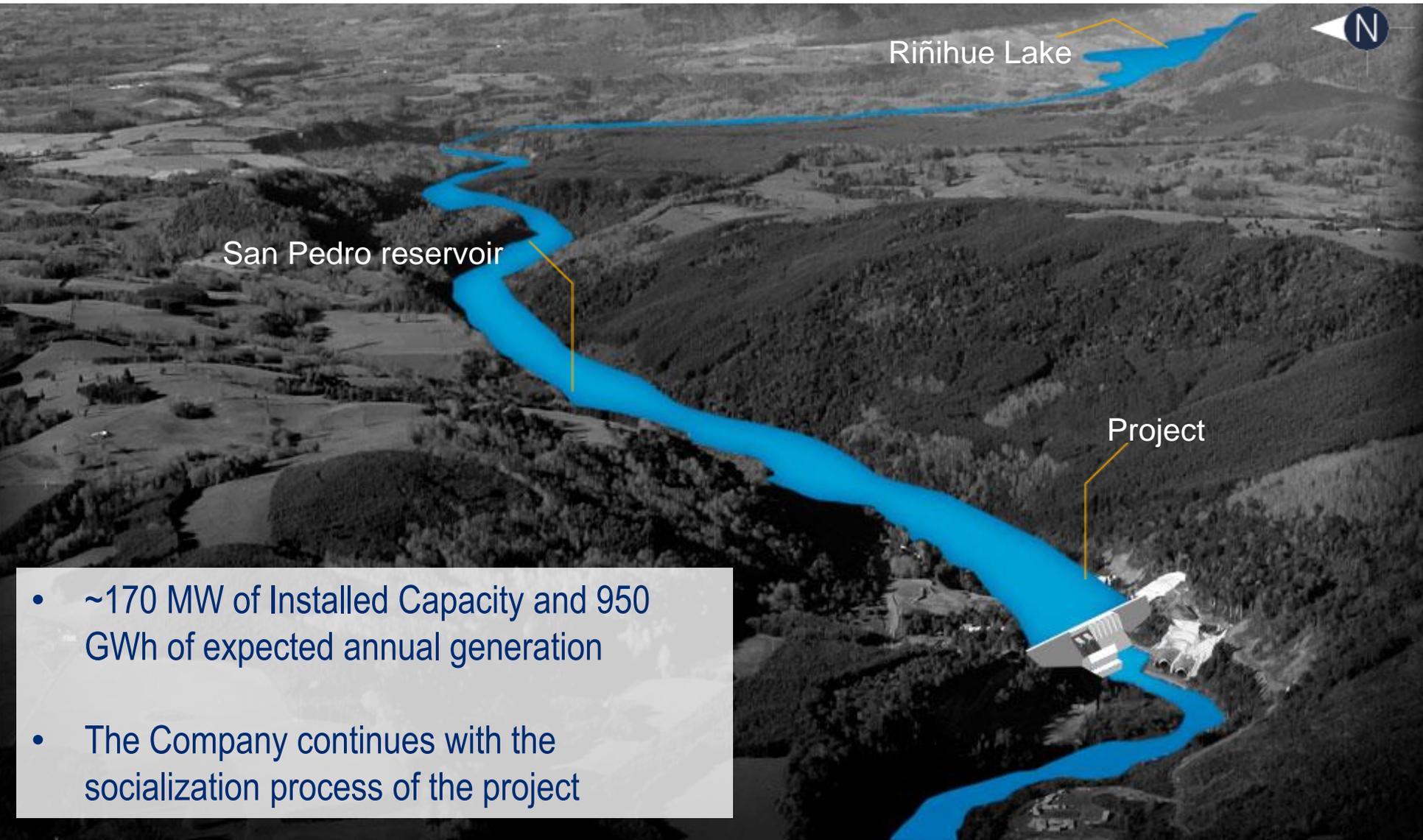


## SANTA MARIA II COAL-FIRED – BASE LOAD CAPACITY

- 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 – HYDROELECTRIC PROJECT



San Pedro reservoir

Riñihue Lake

Project

- ~170 MW of Installed Capacity and 950 GWh of expected annual generation
- The Company continues with the socialization process of the project

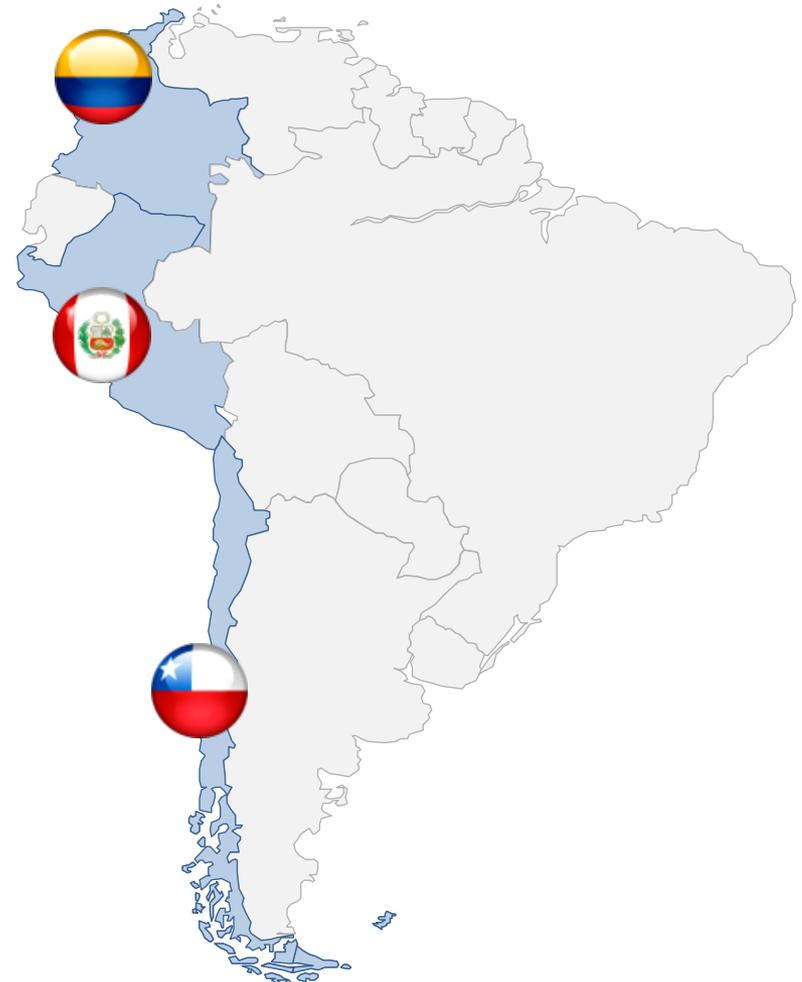
## SEARCHING FOR INVESTMENT OPPORTUNITIES IN THE REGION

### Special Focus on Colombia and Peru

✓ Growing Electricity Consumption

✓ Well established regulatory framework

- ✓ Diversification:
- Hydrological Conditions
  - Generation Technology
  - Fuel Access
  - Regulation



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# HIGH STANDARDS OF CORPORATE GOVERNANCE



## Structure



## Communications

*Equitable Treatment*

- Website, IR Team, Media Team, Quarterly Financial Statements & Conference Calls, Others.

DISCLOSURE INFORMATION POLICY / PUBLIC INFORMATION MANUAL

DELEGATION OF AUTHORITY

CODE OF ETHICS: Anonymous Whistleblowing Channel



## Regulation

- Our Board is ruled by Law N°18,046, Law N°20,393 (Criminal Liability) and “Colbún’s Board policies and procedures”
- Internal Ruling: Policies, Procedures and Code of Ethics
- SVS Corporate Governance Practices (NCG 385)

# REPUTABLE CONTROLLING GROUP WITH A STRATEGIC AND LONG-TERM VISION OF THE BUSINESS



Bernardo Larrain Matte

Luis Felipe Gazitúa Achondo \*

Vivianne Blanlot Soza \*



Juan Eduardo Correa Garcia

Luz Granier Bulnes \*

Juan Hurtado Vicuña



Arturo Mackenna Íñiguez

Eliodoro Matte Larrain

Eduardo Navarro Beltrán

- ✓ Average Seniority as Colbún Director: 6 years
- ✓ Average Age: 58 years
- ✓ 2 out of 9 are Independent Directors

## OUR BOARD

- ✓ Ruled by **Law N°18.046** and “**Colbún’s Board policies and procedures**”
- ✓ Directors elected every 3 years (indefinite reelection)
- ✓ Monthly sessions
- ✓ Two annual meetings with External Auditors
- ✓ Board Members do not hold management positions
- ✓ Board Members compensation approved at the annual shareholders meeting (no equity options)
- ✓ Annual Shareholders meeting to account for administration

## DIRECTORS’ COMMITTEE \*

- ✓ 2 out of 3 members are Independent Directors
- ✓ Revises the reports prepared by the “Inspectores de cuenta” (account inspectors) and External Auditors
- ✓ Examines the information concerning Related Party transactions
- ✓ Examines the main executives’ compensation system
- ✓ Others

## AUDIT COMMITTEE \*

- ✓ Monitoring the annual Audit Plan and proposed action plans
- ✓ Analyze the effectiveness of Crime Prevention Models and review any irregular situations

# OUR VALUE PROPOSAL



*Be a leading and growing company of profitable and sustainable power generation in selected countries of Latin America*

## DISCLAIMER

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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 Colbun'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.Colbún.cl](http://www.Colbún.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.

## INVESTOR RELATIONS TEAM CONTACT

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