



**COLBÚN PRESENTATION**  
**2015 CITIBANK ANDEAN CONFERENCE**  
**SEPTEMBER 2015**



# AGENDA

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SIC OVERVIEW

COLBUN OVERVIEW

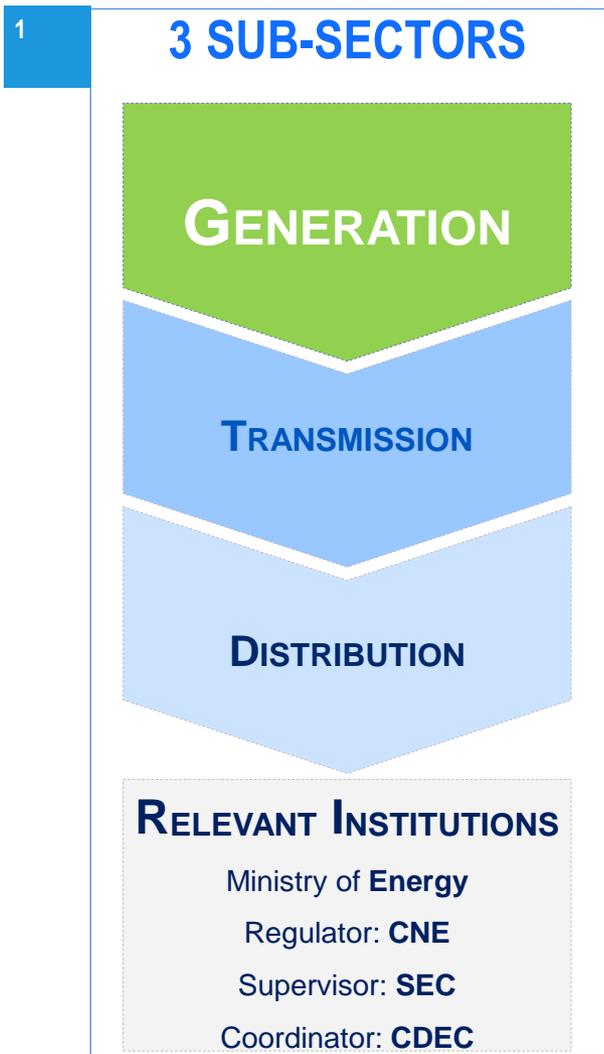
OPERATIONS

FINANCIALS

PROJECTS

VALUE PROPOSAL

# SECTOR SEGMENTATION



Regulated sectors  
(concessions)



Source: CNE, December 2014

# MARKET STRUCTURE

## GENERATORS

REGULATED CUSTOMERS

UNREGULATED CUSTOMERS

SPOT MARKET

DISTRIBUTION COMPANIES

"FREE" CUSTOMERS

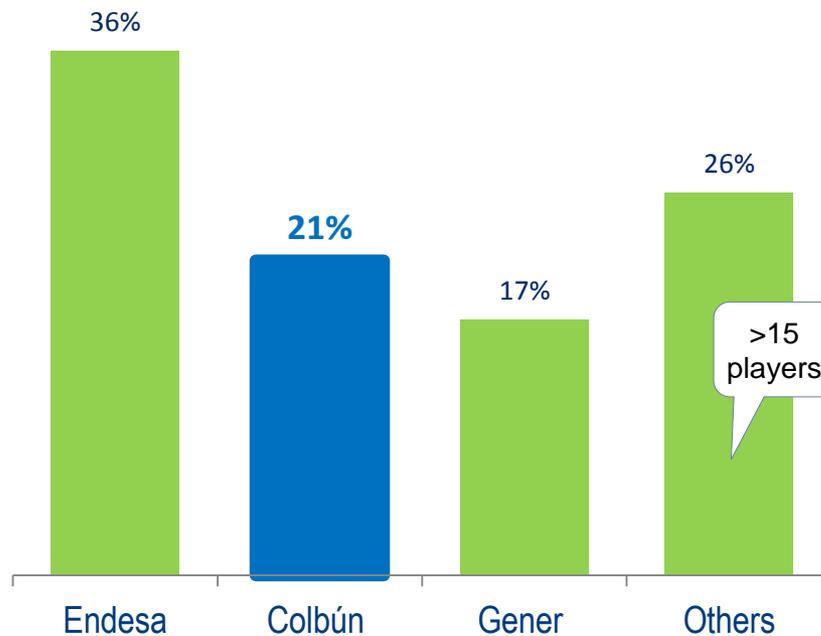
CDEC

Regulated Auction Tariffs

Unregulated Auction Tariffs

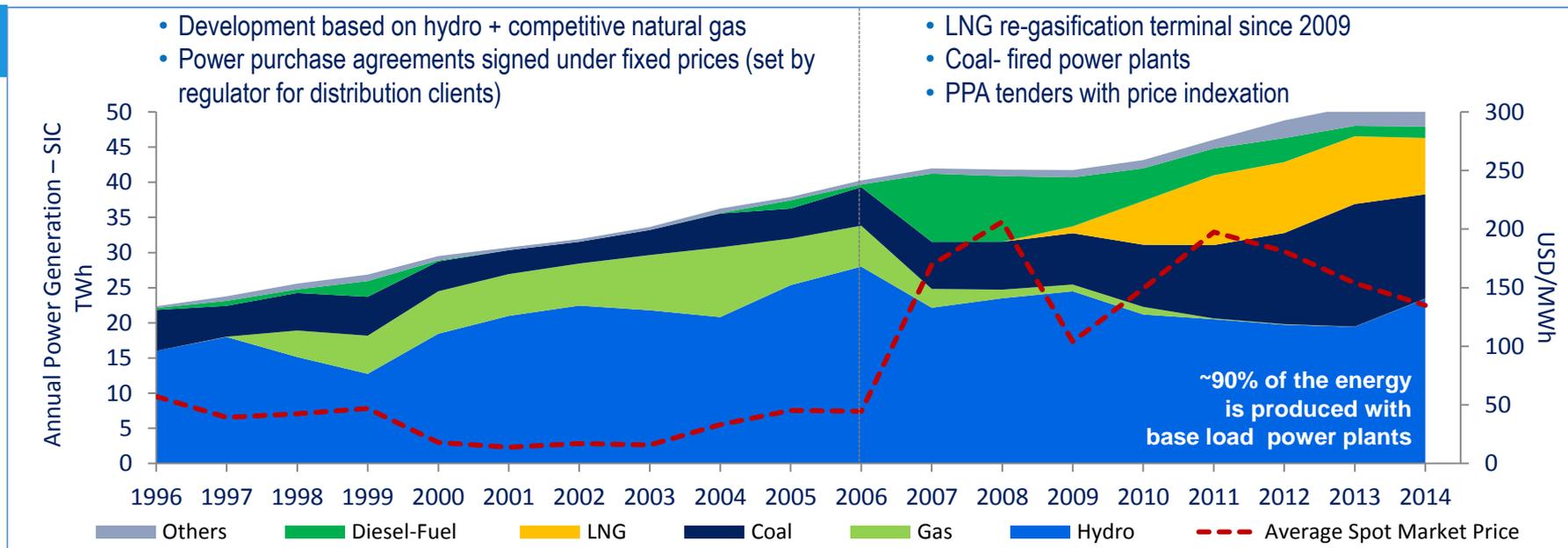
Marginal Cost /Spot Price

## Main Players in the Generation Sector-SIC

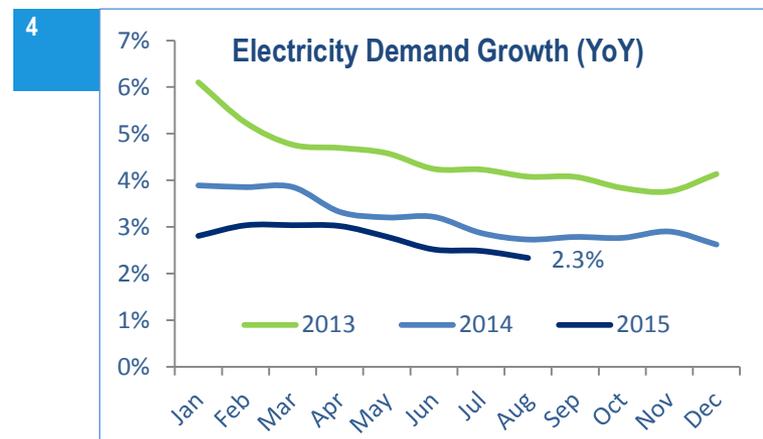
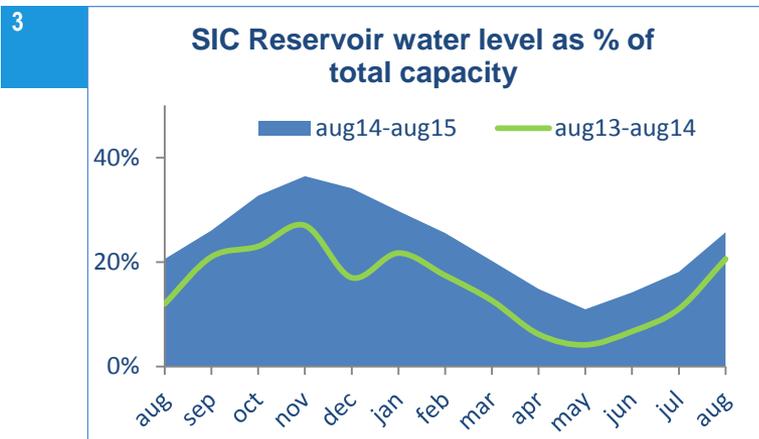
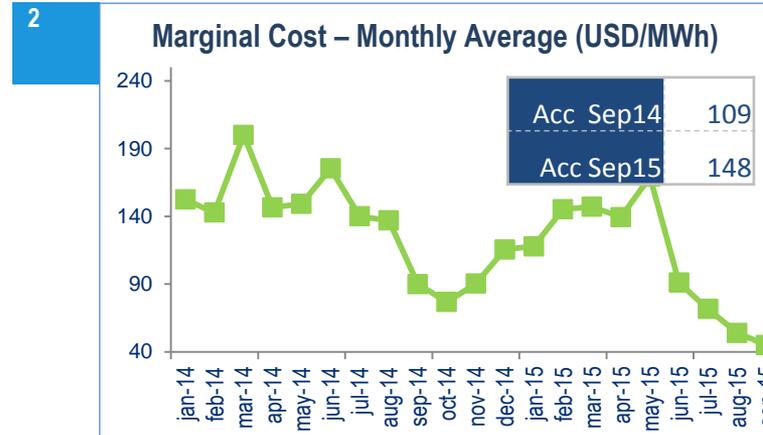
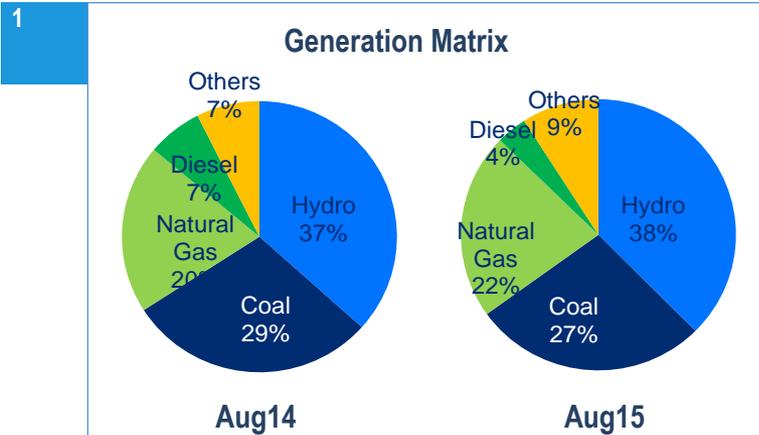


Source: Colbún Dec14

# GENERATION AND PRICE EVOLUTION IN CHILE'S CENTRAL GRID

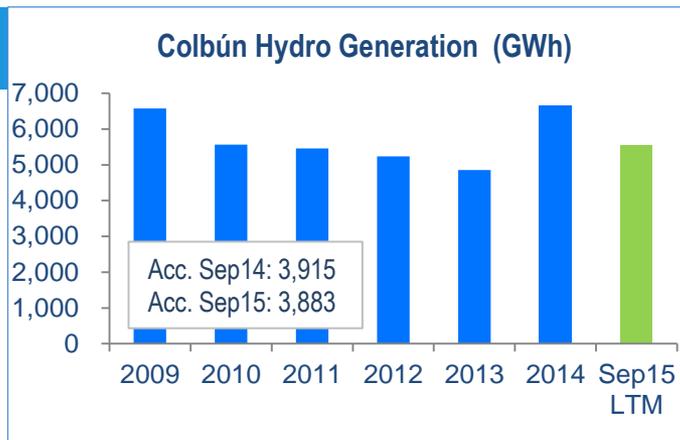


# SIC OVERVIEW

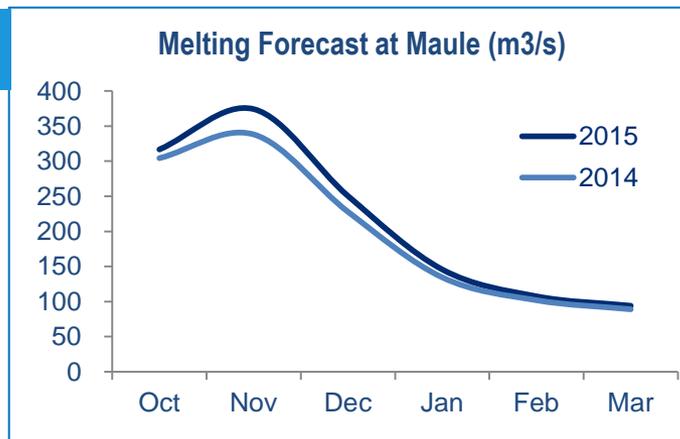


# HYDROLOGICAL CONDITIONS

1



2



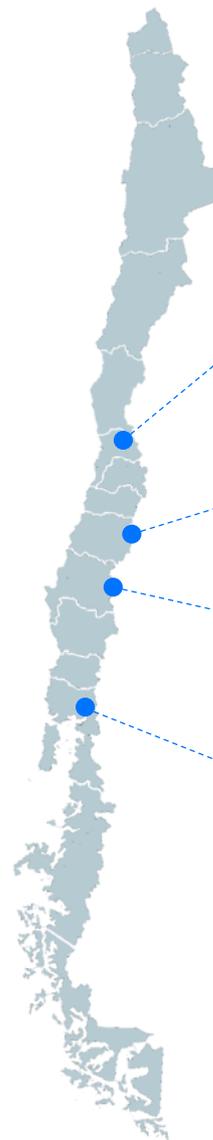
## Acc. Rainfalls Sep14/Sep15\*

Los Quilos (mm)	
2014	2015
154	235

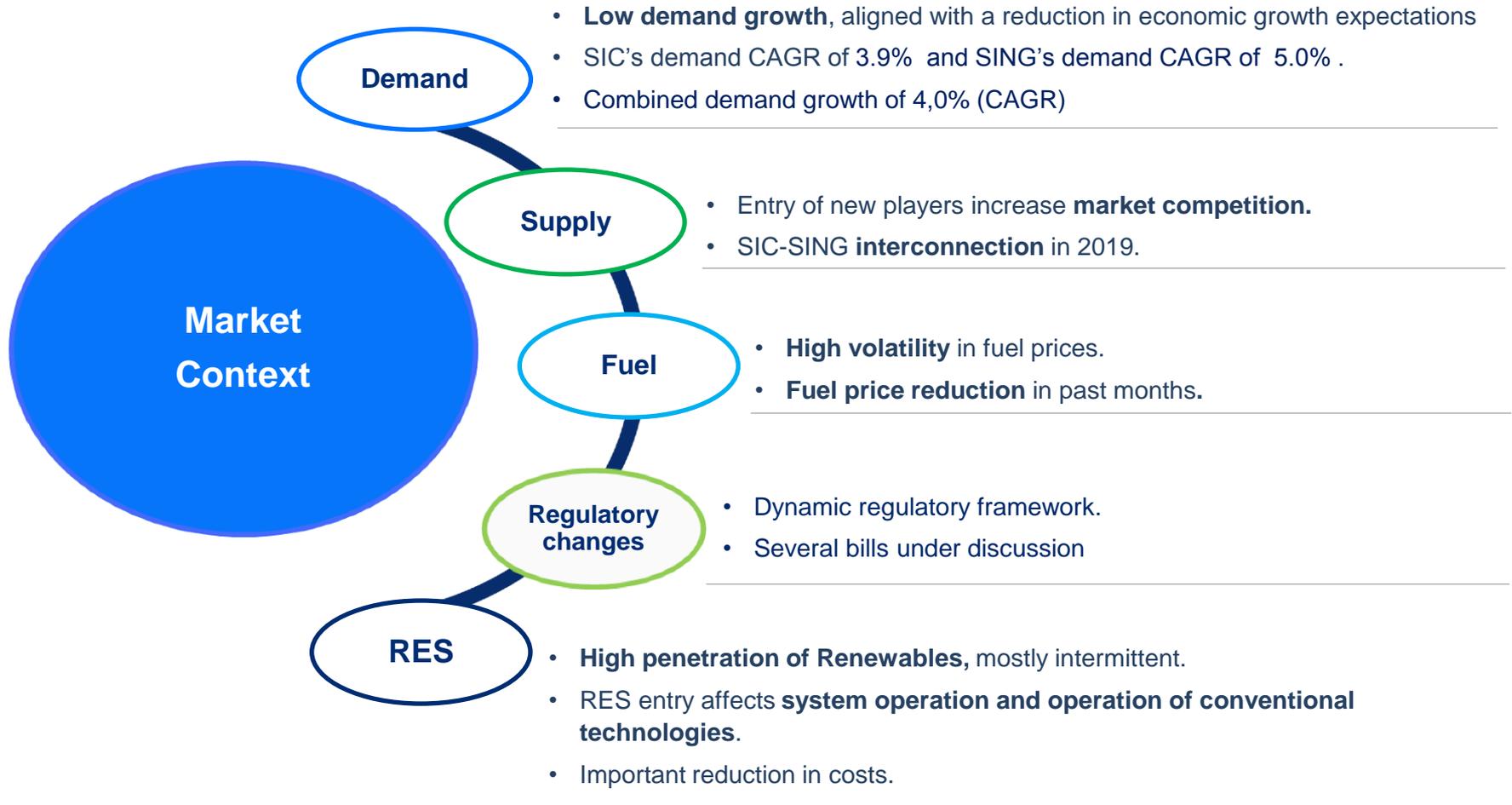
Armerillo (mm)	
2014	2015
1,977	1,627

Abanico (mm)	
2014	2015
1,959	1,522

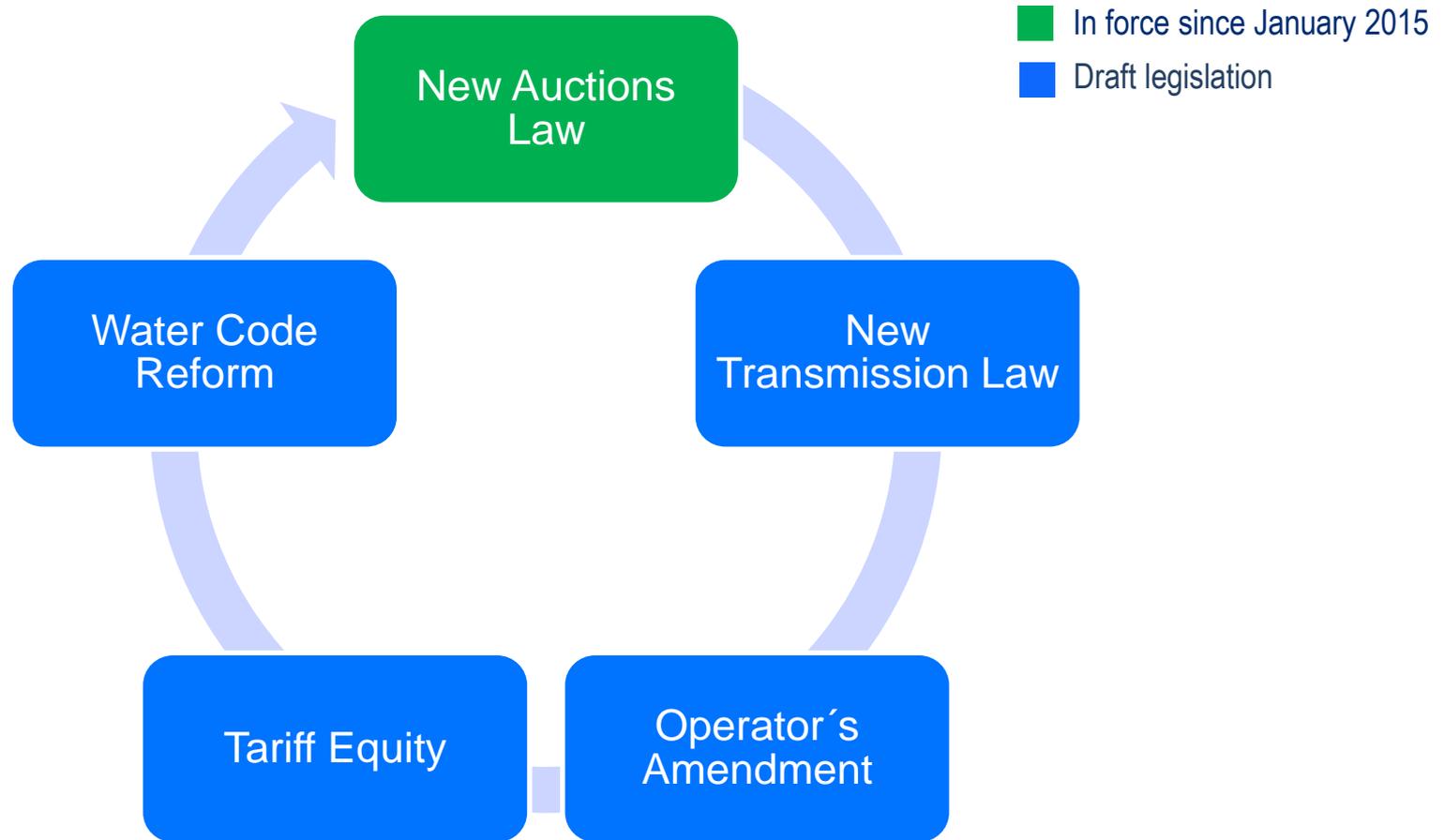
Canutillar (mm)	
2014	2015
3,013	2,570



## 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 ~ 21% by Market Share / 25% by Generation

Dec2014

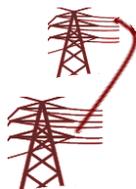
### Gx. Asset Diversification

(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

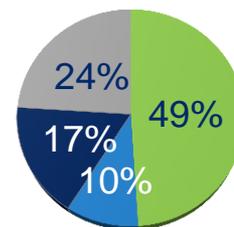


### Main Figures

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

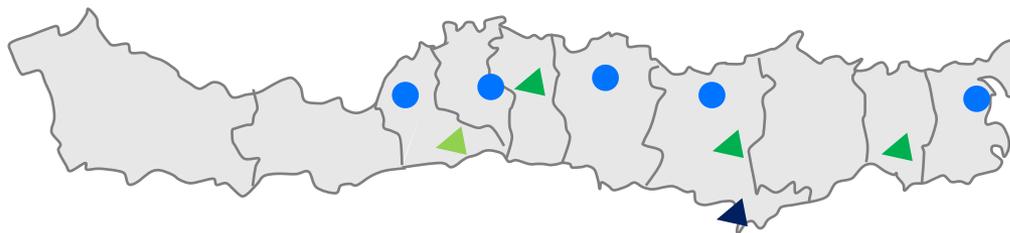


532 MW Run-of-the-river – 33%



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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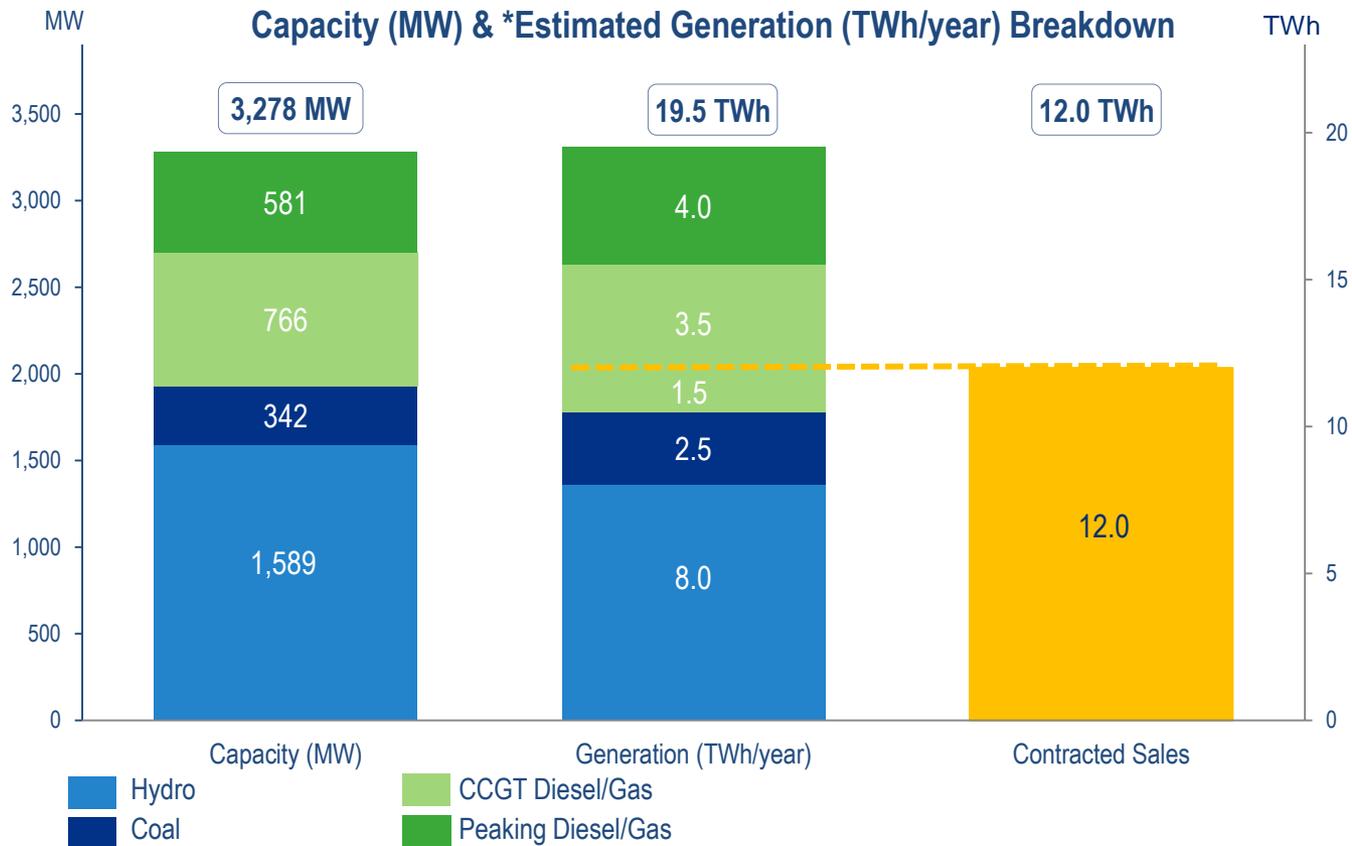
FINANCIALS

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# COMMERCIAL STRATEGY: MAXIMIZE RETURNS, WHILE MANAGING VOLATILITY

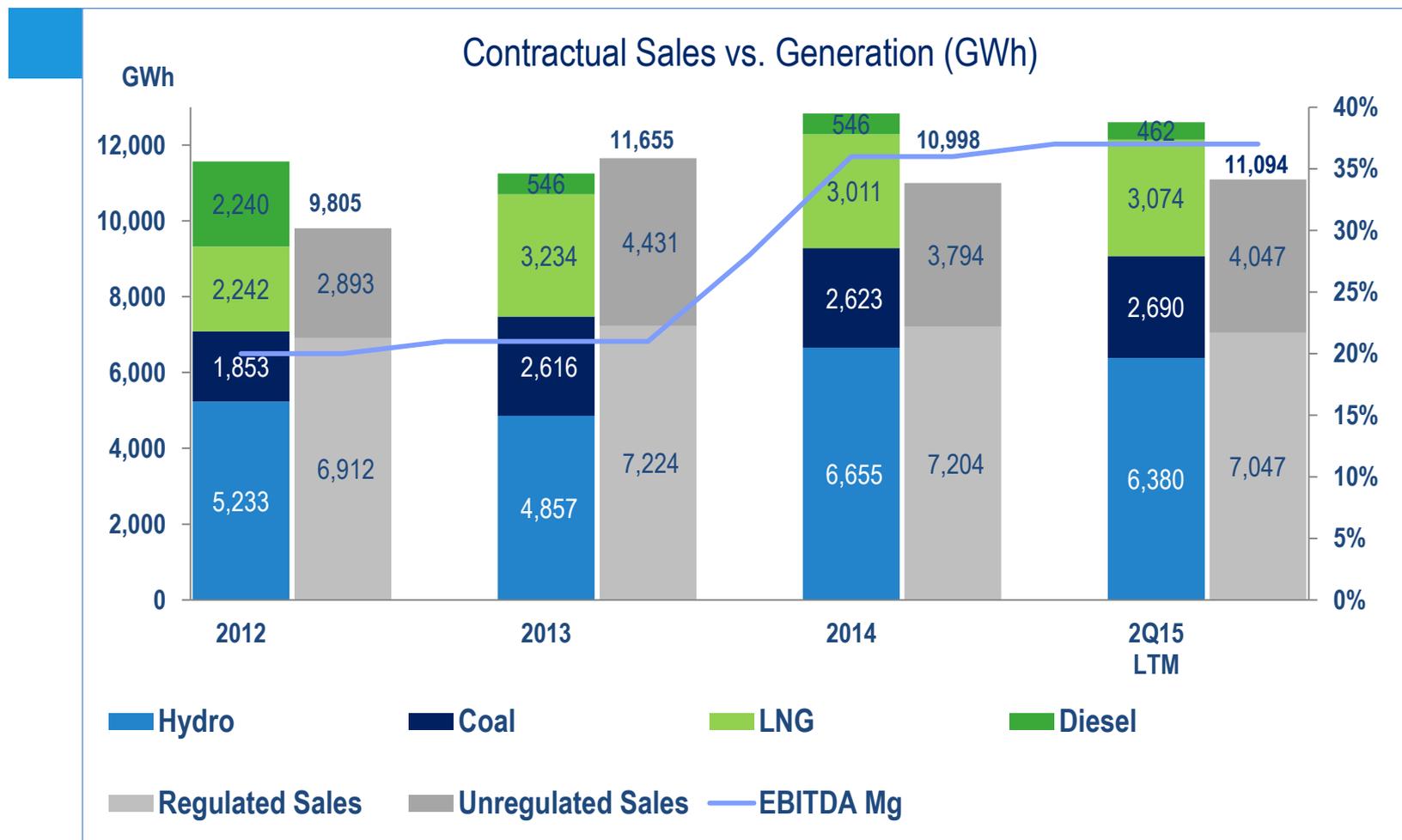
1



(\*) Under medium hydrological conditions.

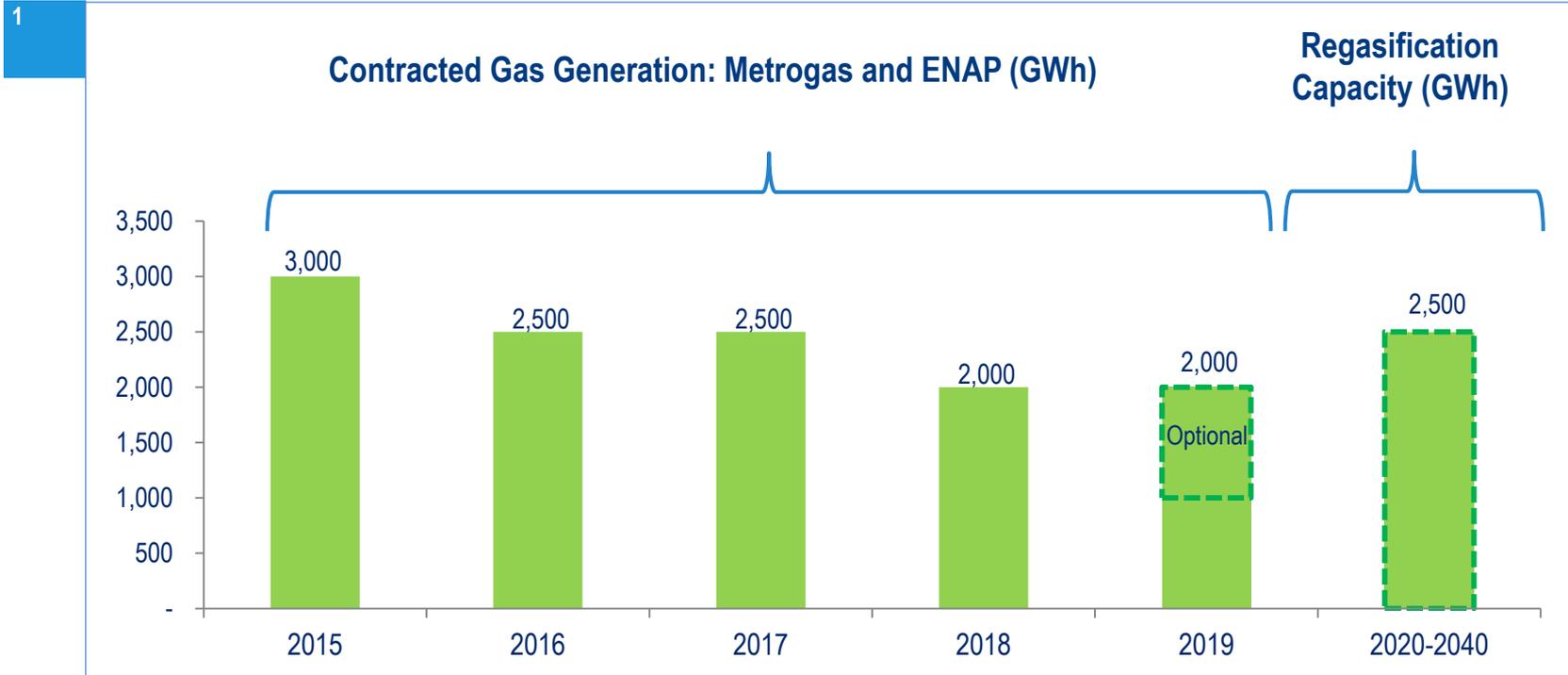
*This graph is shown for illustrative purposes and represents estimated and potential output of our power plants and approximate level of contractual commitments. Real output from our power plants and variable production costs are dependent on many factors, such as hydrology, plant availability, access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

# COMMERCIAL POSITION



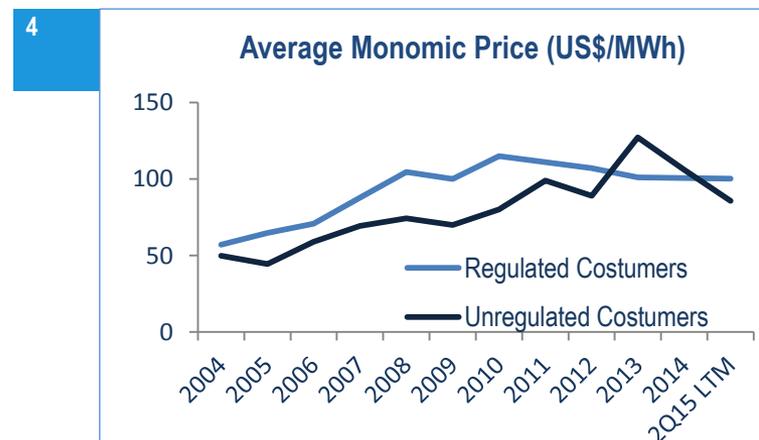
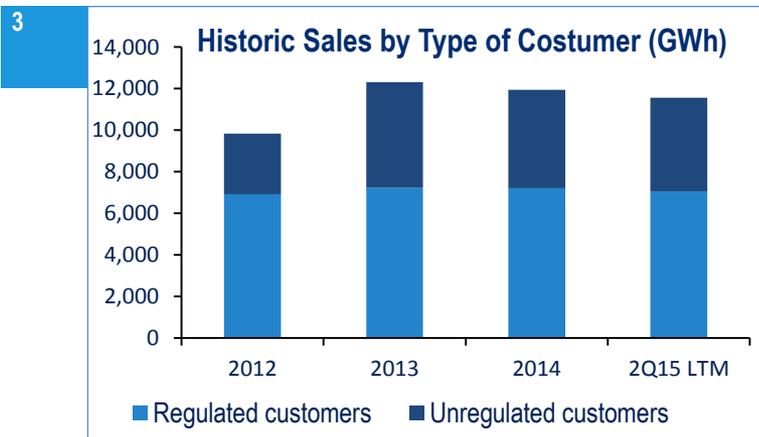
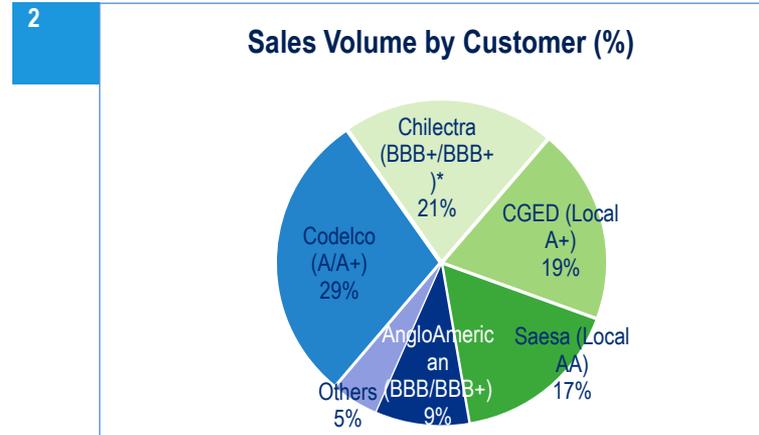
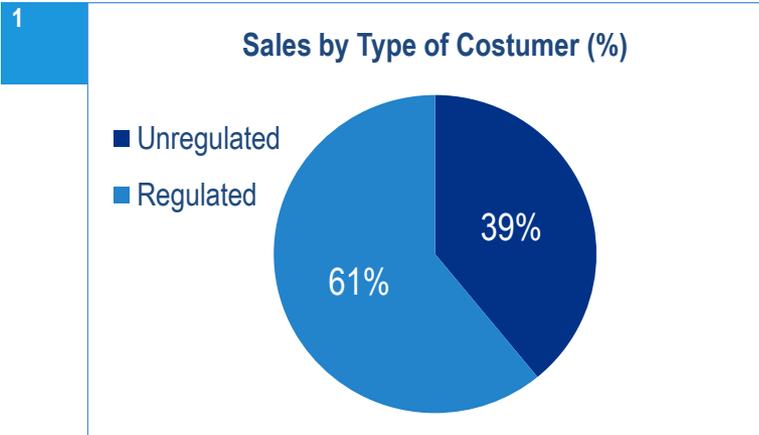
Graph Source: Colburn. Unregulated Sales 2013 & 2014 excludes sales to Codelco at Marginal Cost

## 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.

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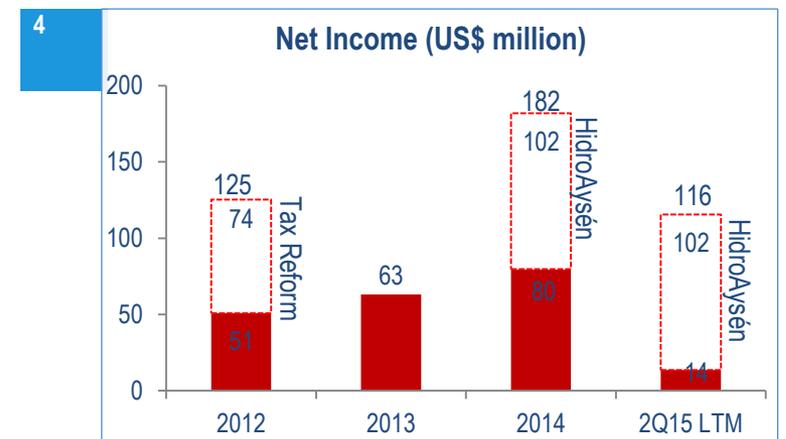
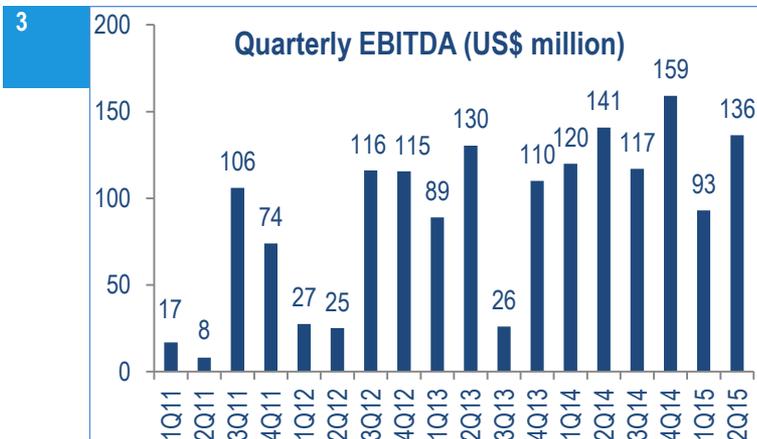
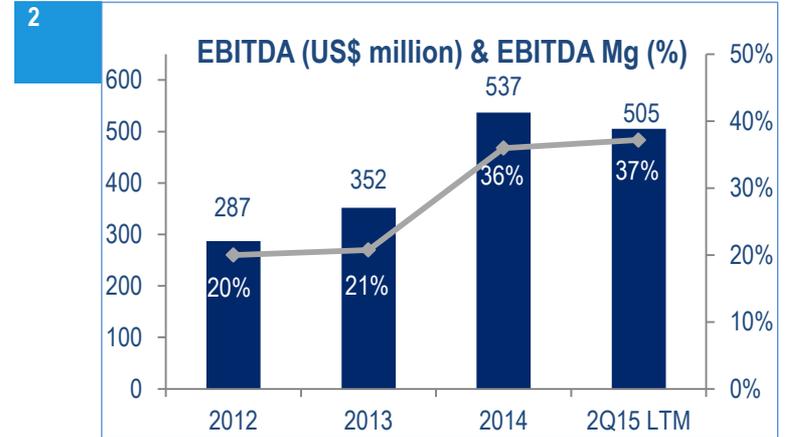
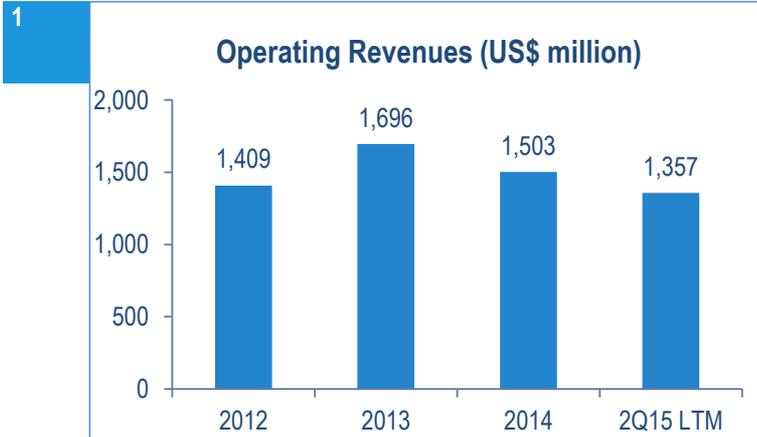
OPERATIONS

FINANCIALS

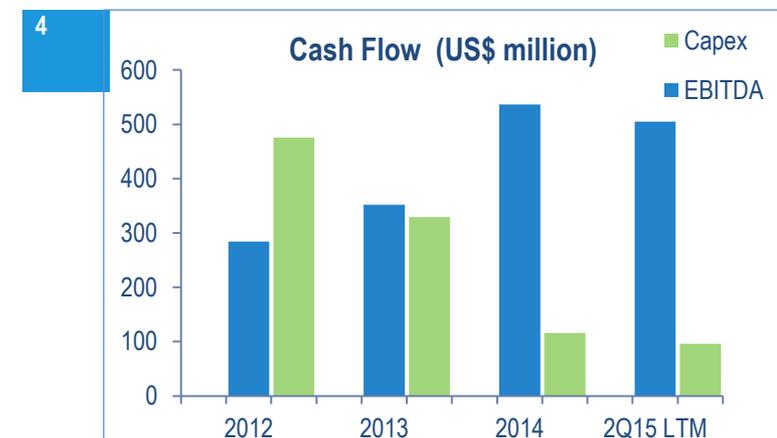
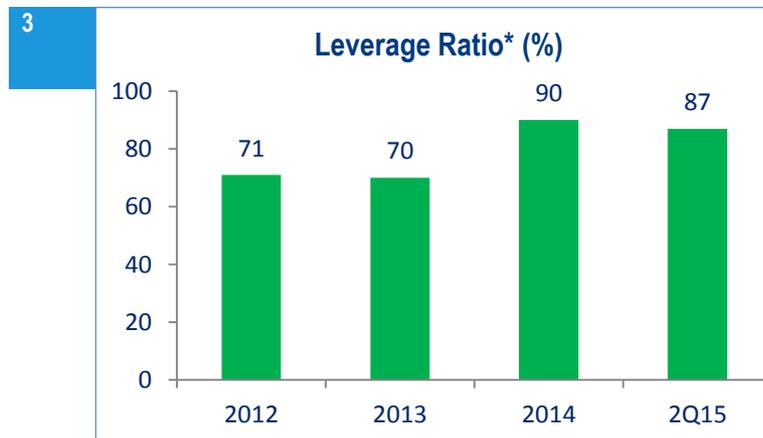
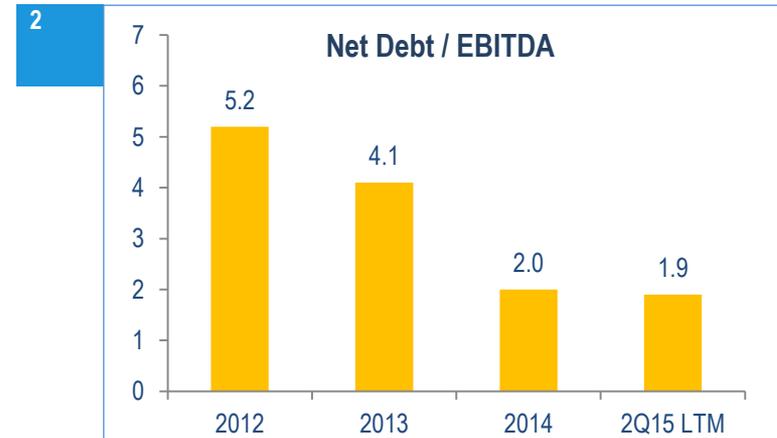
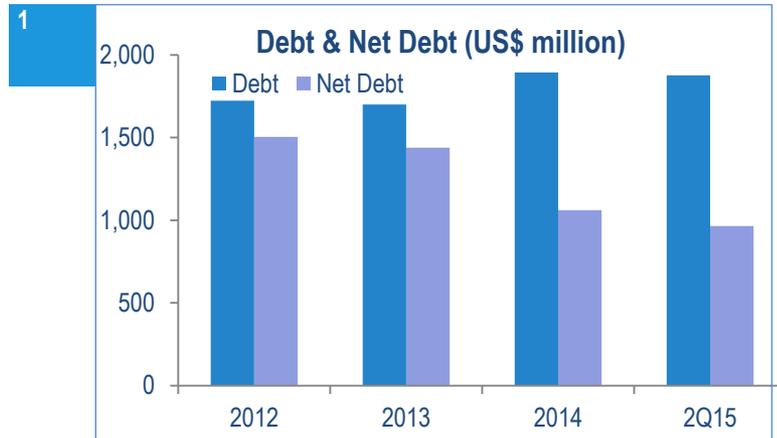
PROJECTS

VALUE PROPOSAL

# IMPROVING RESULTS AND LOWERING VOLATILITY



# SOLID CREDIT METRICS



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

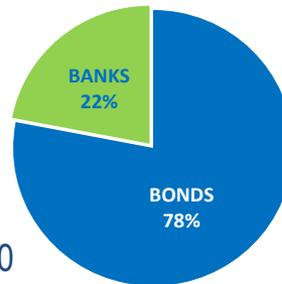
# BALANCED DEBT POSITION AND HIGH LIQUIDITY

1

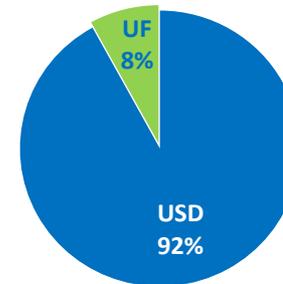
- Total Debt: MMUS\$ 1,880
- Avg. Maturity: 5.8 years
- Avg. USD Interest Rate: 4.8%
- Cash: MMUS\$ 988
- Net Debt: MMUS\$ 892
- Dividend Policy 30%
- Banks Committed Lines: MMUS\$ 150  
(As of Aug15)

## Debt Profile

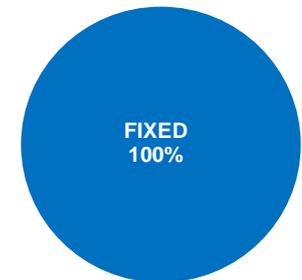
### Type



### Currency

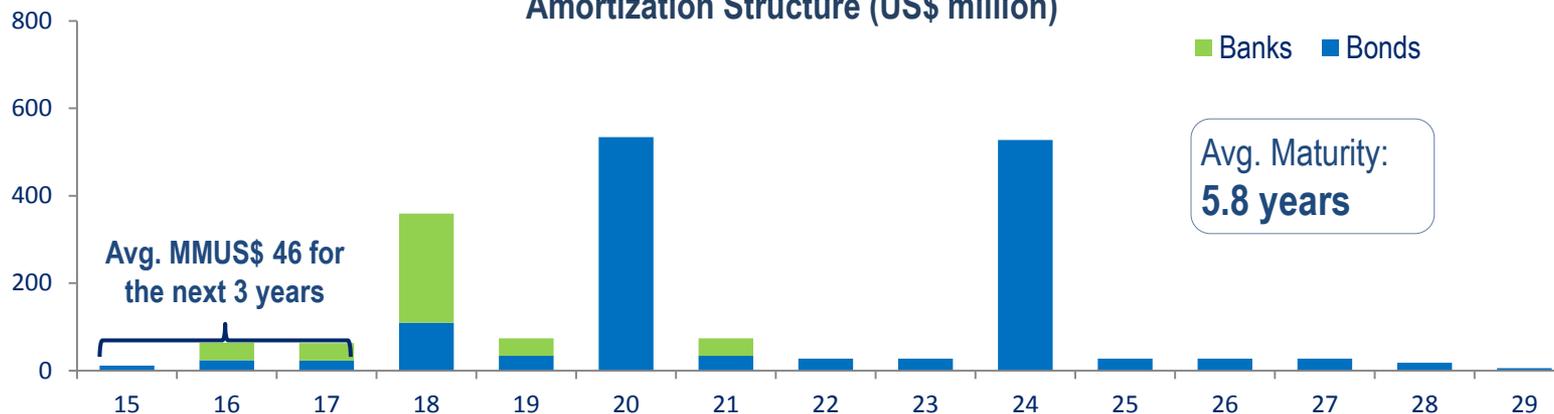


### Interest Rate



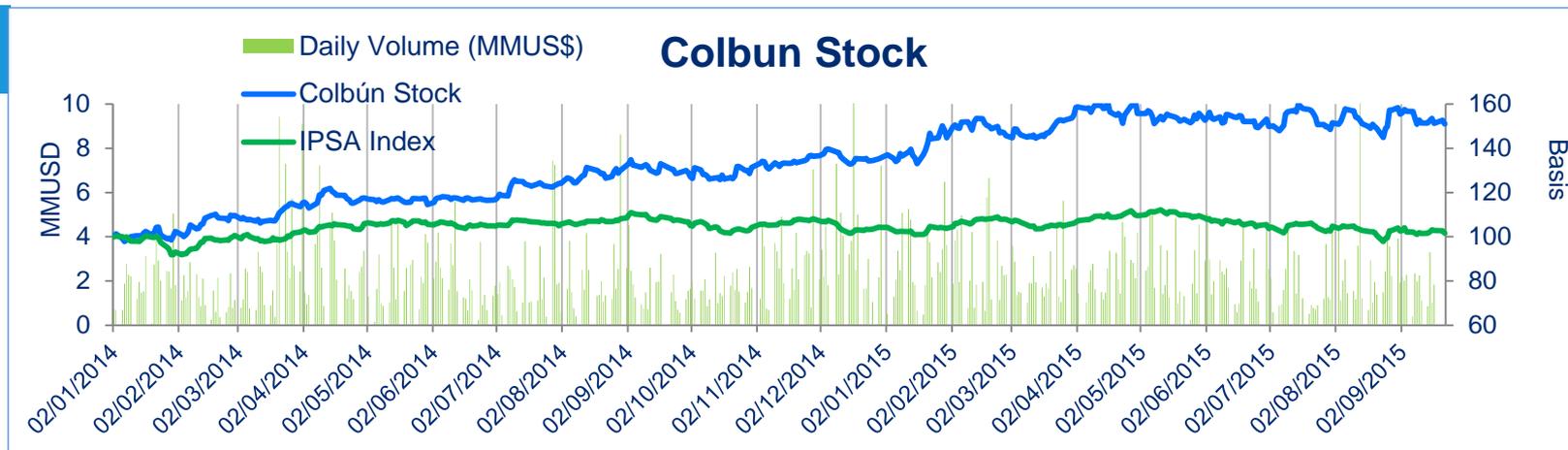
2

## Amortization Structure (US\$ million)

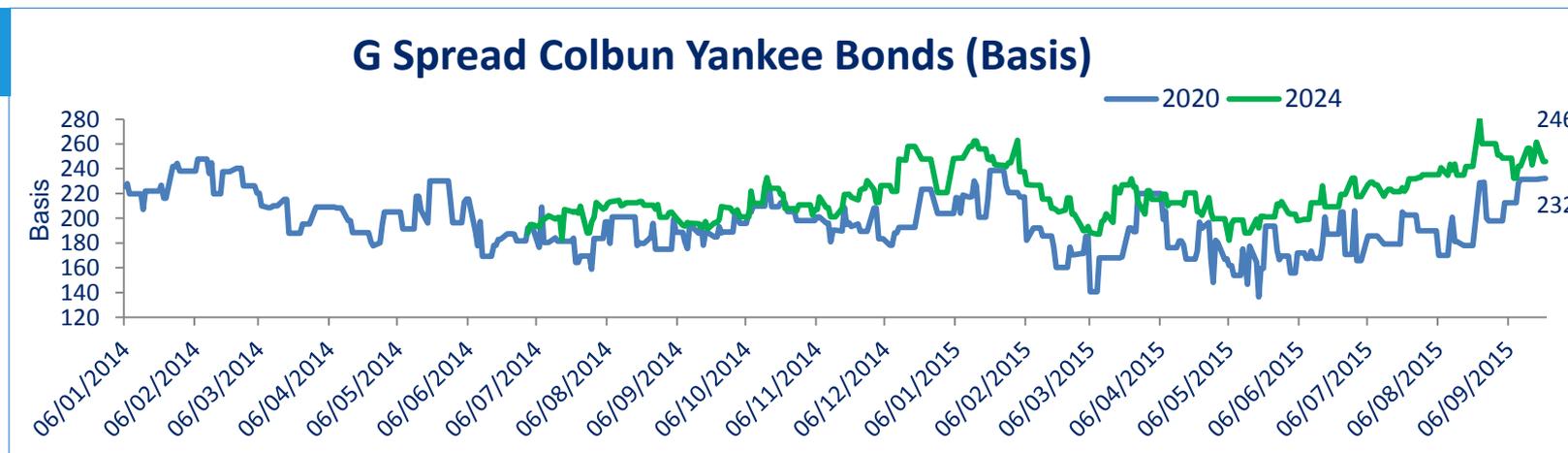


# DEBT & EQUITY MARKET WATCH

1

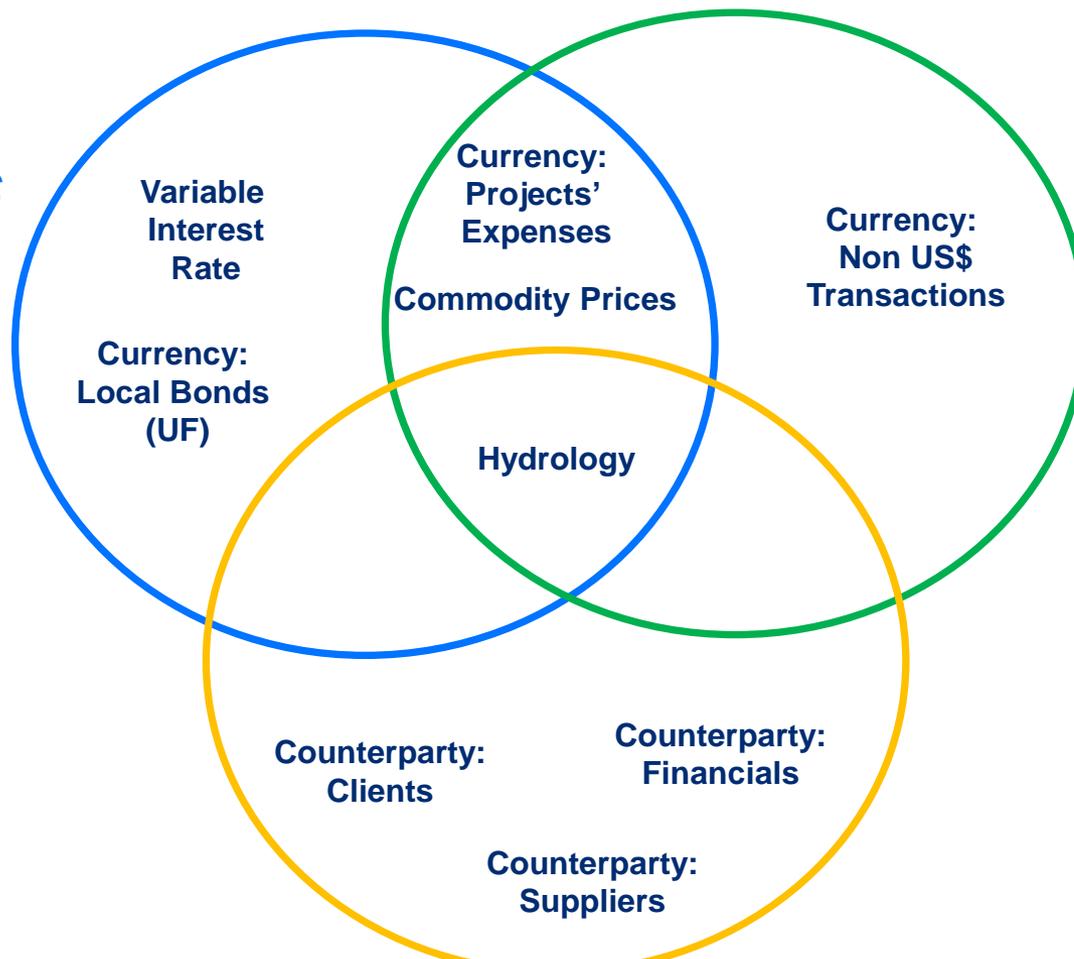


2



# HEDGING OUR MOST RELEVANT RISKS

*MITIGATION ACTION:*  
**DERIVATIVES**



*MITIGATION ACTION:*  
**INDEXATOR**

*MITIGATION ACTION:*  
**OTHERS**

# AGENDA

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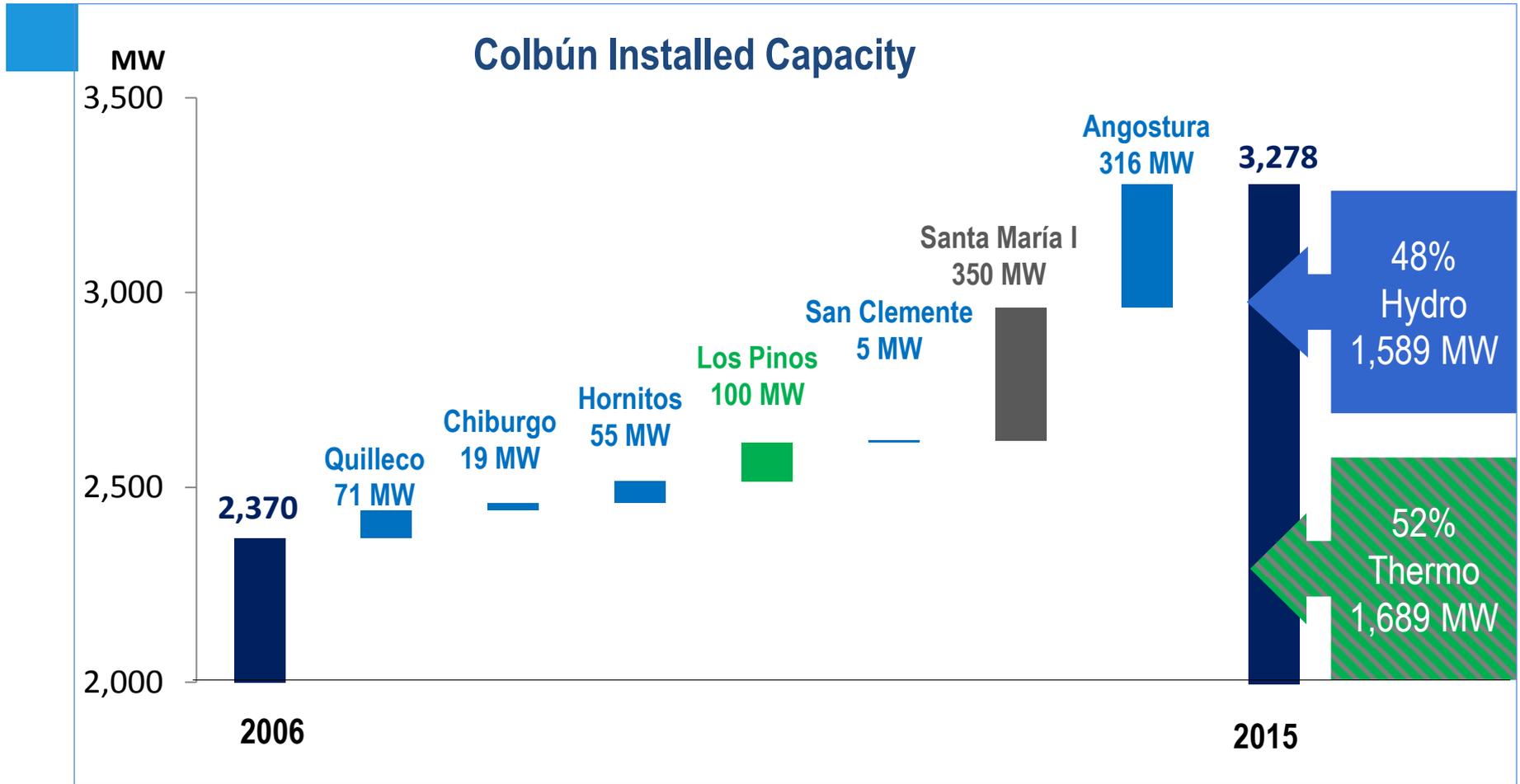
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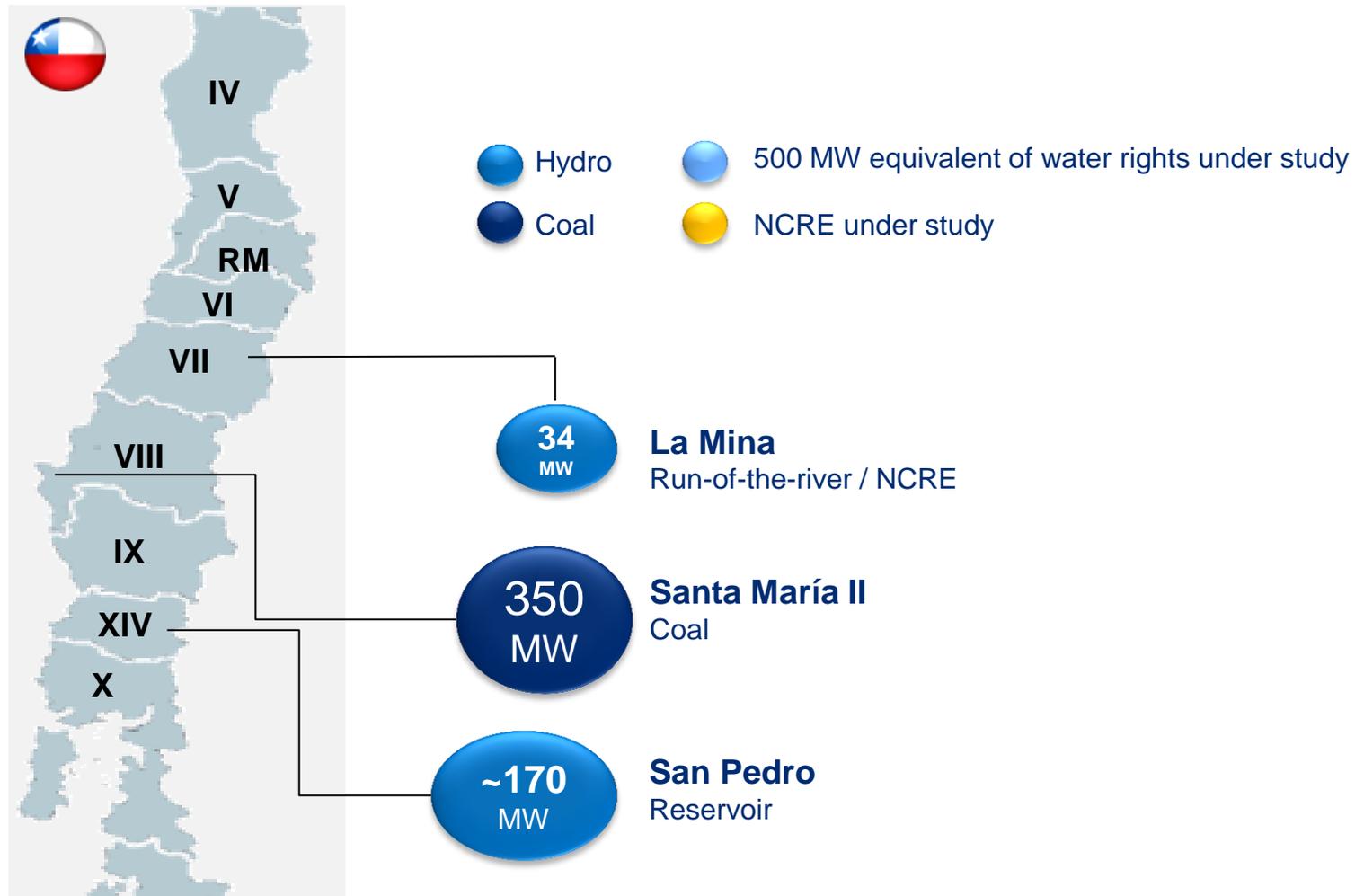
PROJECTS

VALUE PROPOSAL

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



# GROWTH OPPORTUNITIES IN CHILE: RENEWABLES AND BASE LOAD CAPACITY



## 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

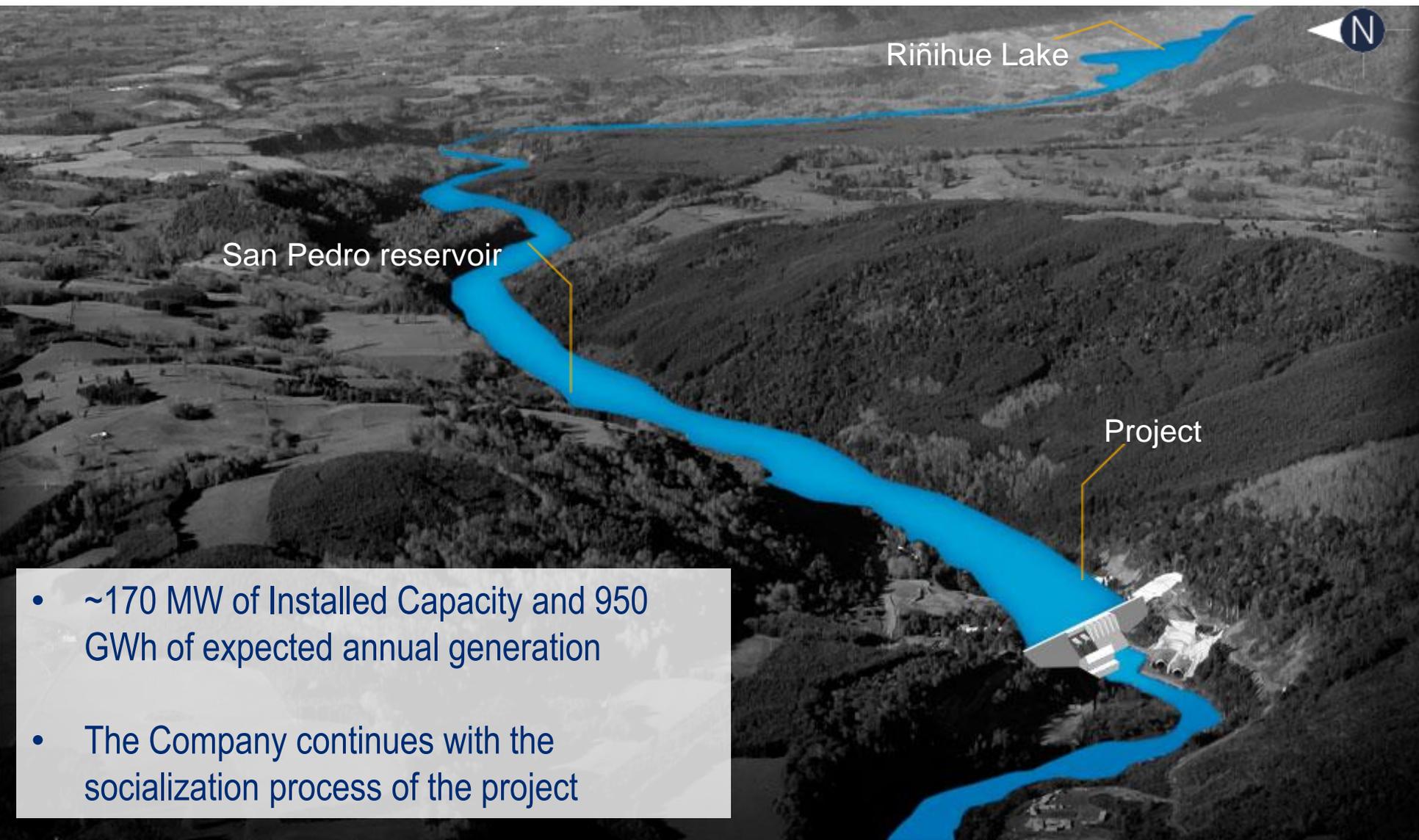


## SANTA MARIA II COAL-FIRED – BASE LOAD CAPACITY

- 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



- ~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

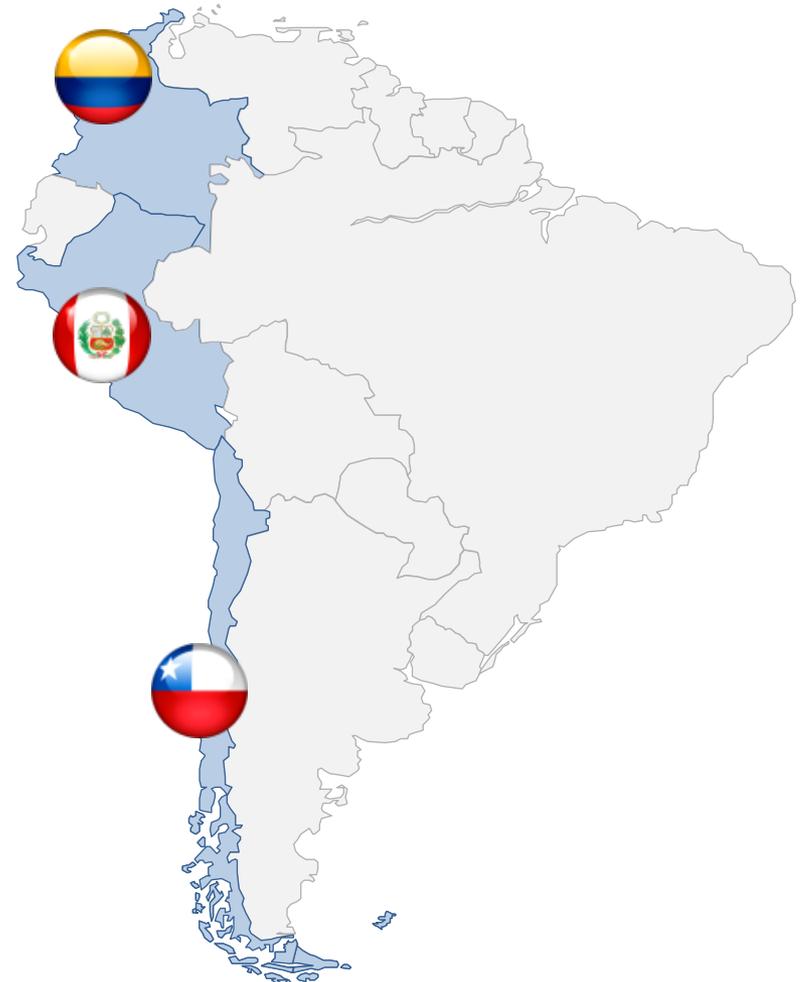
### Special Focus on Colombia and Peru

✓ Growing Electricity Consumption

✓ Well established regulatory framework

✓ Diversification:

- Hydrological Conditions
- Generation Technology
- Fuel Access
- Regulation



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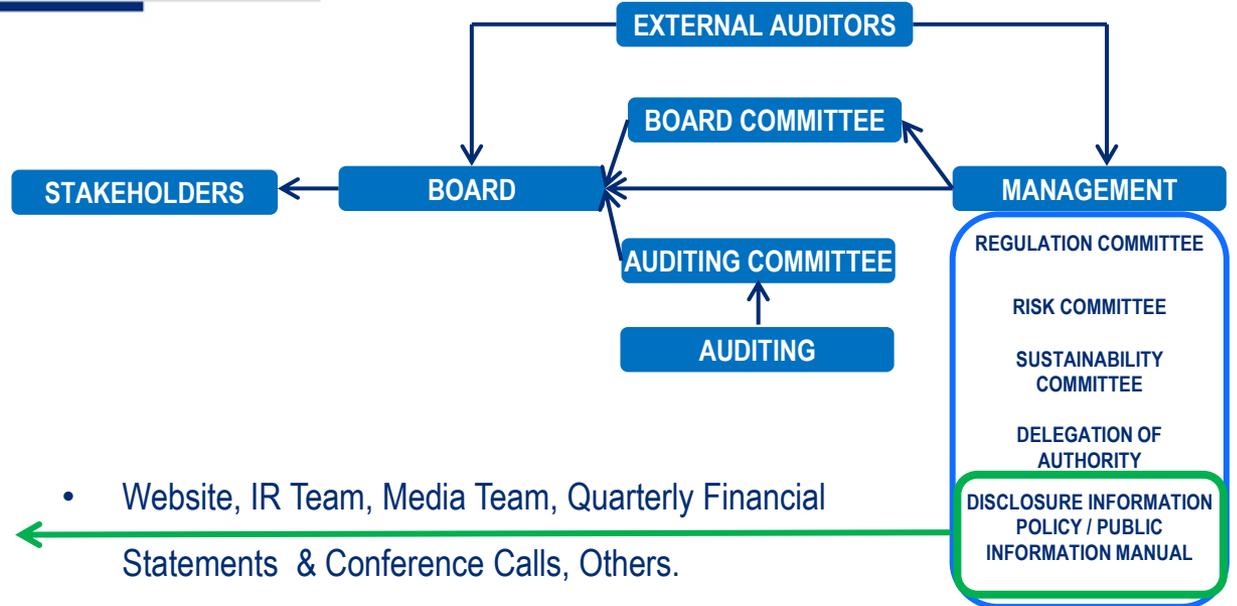
PROJECTS

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# HIGH STANDARDS OF CORPORATE GOVERNANCE



## Structure



## Communications

*Equitable Treatment*

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



## Regulation

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

CODE OF ETHICS: Anonymous Whistleblowing Channel

# RELIABLE 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 meetings
- ✓ Two annual meetings with external auditors
- ✓ No Board members holding management positions
- ✓ Remunerations approved by shareholders (no equity options)
- ✓ Annual Shareholders meeting to account for administration

## DIRECTORS’ COMMITTEE \*

- ✓ 2 out of 3 members are independent directors
- ✓ Revise the reports prepared by the account inspectors and external auditors
- ✓ Examines the information concerning related party transactions
- ✓ Examines the officers’ compensation system
- ✓ Others

## AUDITING 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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