



BofAML EMERGING MARKETS CORPORATE CREDIT CONFERENCE

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# COMPANY PRESENTATION

MAY 2017



## AGENDA

1. Company overview
2. Market overview
3. Operations in Chile & Peru
4. Growth opportunities





# 1.

## COMPANY OVERVIEW

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# Company overview

## Leading position in Chile & Peru

### THE ASSETS



Installed Capacity

**3,852 MW**  
 🇨🇱 3,282 MW / 🇵🇪 570 MW



Market Share<sup>1</sup>  
 🇨🇱 21% / 🇵🇪 7%



Power-Plants

**24**  
 🇨🇱 23 / 🇵🇪 1



Transmission Lines

**~900 km**

### KEY FINANCIALS



Total Assets  
 US\$ **6.8** bn



EBITDA LTM

US\$ **586** mm  
 🇨🇱 US\$535 mm / 🇵🇪 US\$51 mm

Rating

**BBB**

Fitch



**BBB**

S&P



Cash  
 US\$ **664** mm



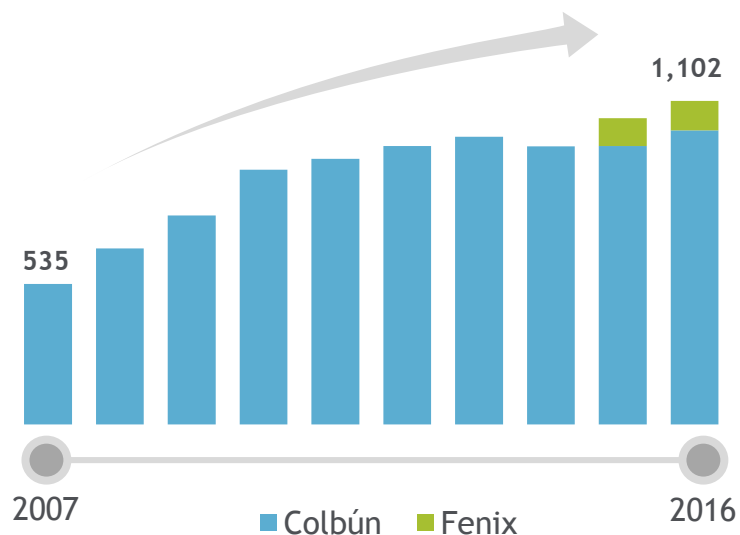
Net Debt / EBITDA

**1.8 x**

# Company overview

## Substantial growth over the last 10 years

### 1 NUMBER OF EMPLOYEES. (N°)



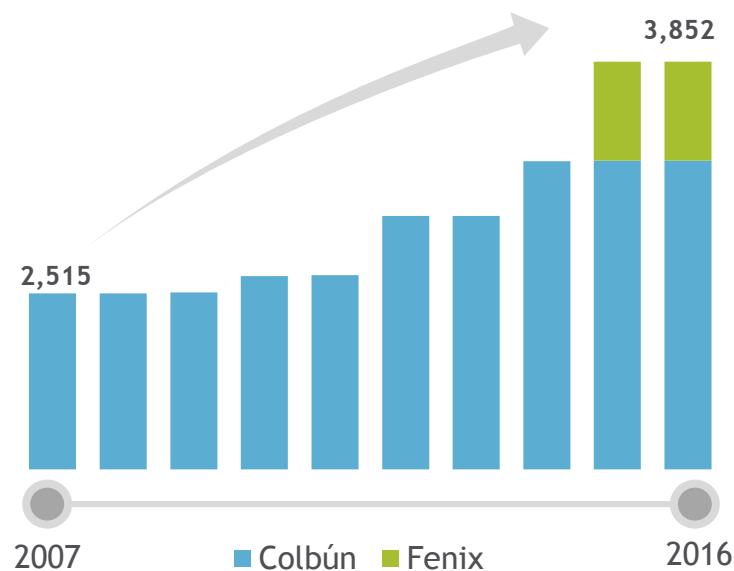
1,011



91

N° OF EMPLOYEES 2016

### 2 INSTALLED CAPACITY. (MW)



3,282



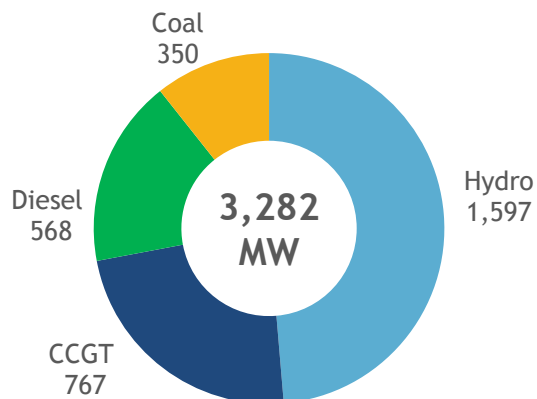
570

MW OF INSTALLED CAPACITY 2016

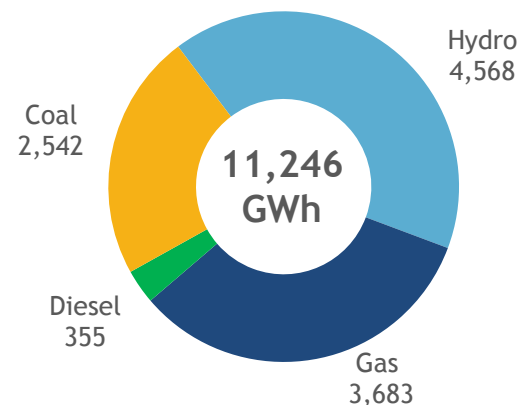
# Overview

## Colbún Chile: Company Overview

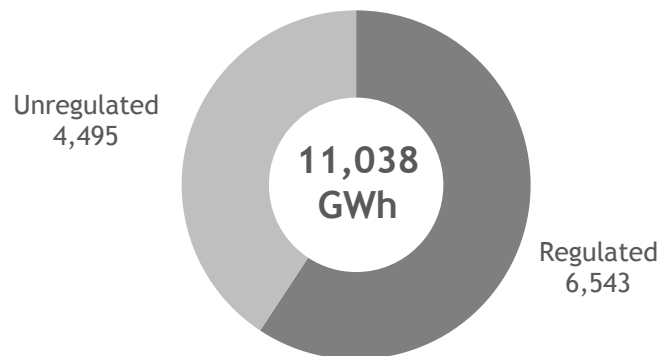
**1 TOTAL INSTALLED CAPACITY. (MW)**



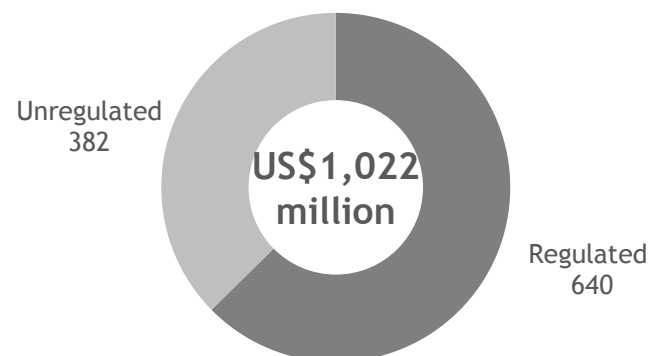
**2 GENERATION LTM. (GWh)**



**3 CONTRACTED ENERGY SALES LTM. (GWh)**



**4 REVENUES FROM CONTRACTED SALES LTM. (US\$ million)**



Note: All figures as of Mar17

# Company overview

## Fenix Power: Most efficient CCGT in Peru <sup>1</sup>

### 1 DESCRIPTION.



#### CCGT

Most efficient CCGT in Peru<sup>1</sup>

#### GE Turbines

2 gas turbines (190 MW each) + 1 steam turbine (190 MW)



**570 MW**

Gross installed capacity

**4,4 TWh**

Expected annual generation

**7%**

Market share <sup>2</sup>



**3 TWh/year**

Long-term contracts (~80% of capacity)

**6.8 years**

PPAs average life

**NG Supply**

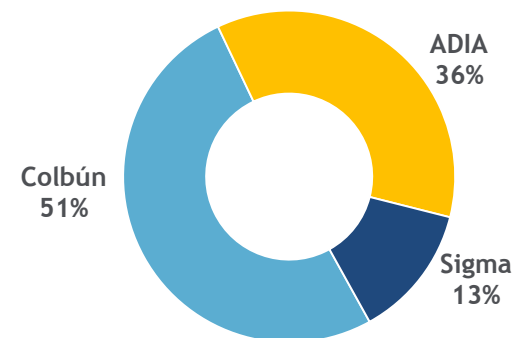
Sufficient for 100% of the generation for the next 6 years

Note: All figures as of Mar17

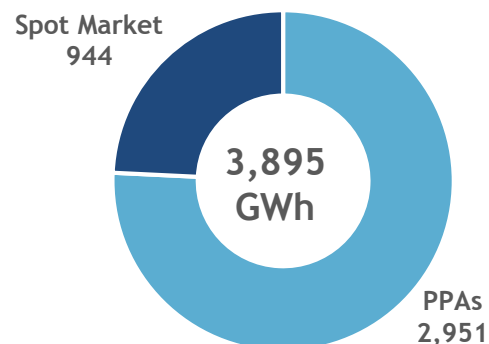
<sup>1</sup> Based on fuel consumption

<sup>2</sup> In terms of generation

### 2 OWNERSHIP. (%)



### 3 ENERGY SALES LTM. (GWh)



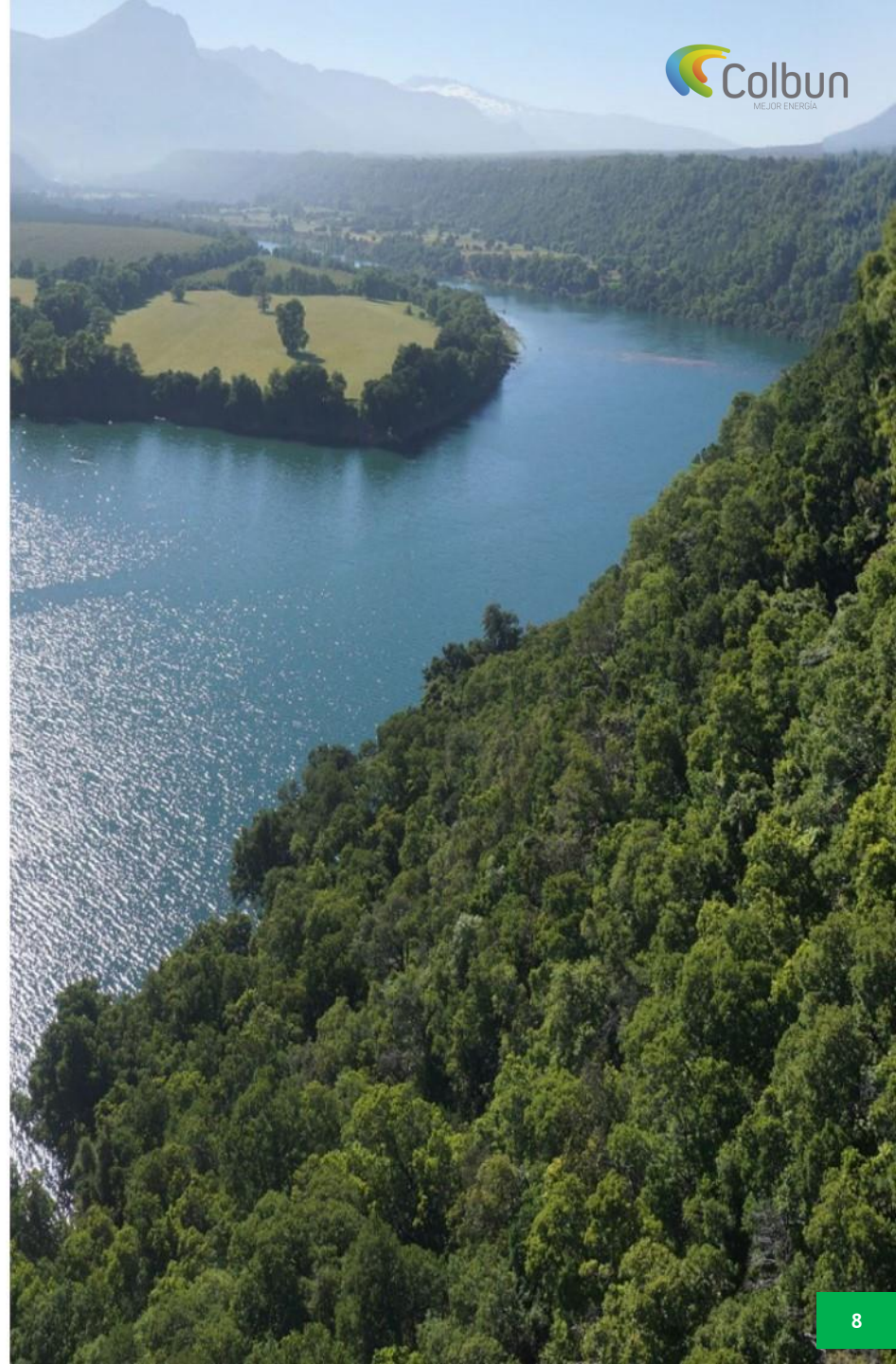




# 2.

## MARKET OVERVIEW

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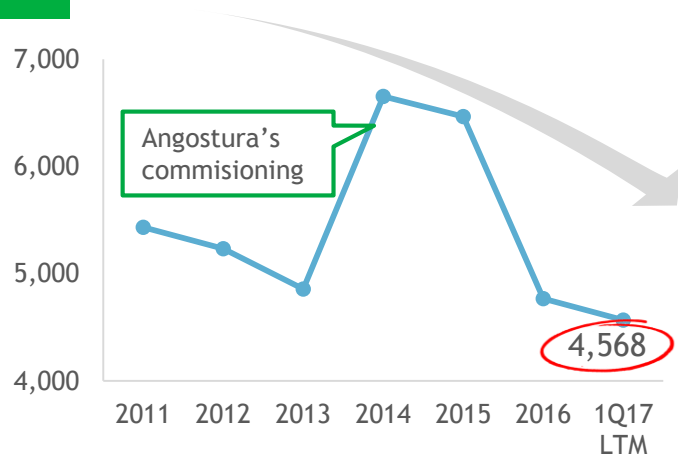




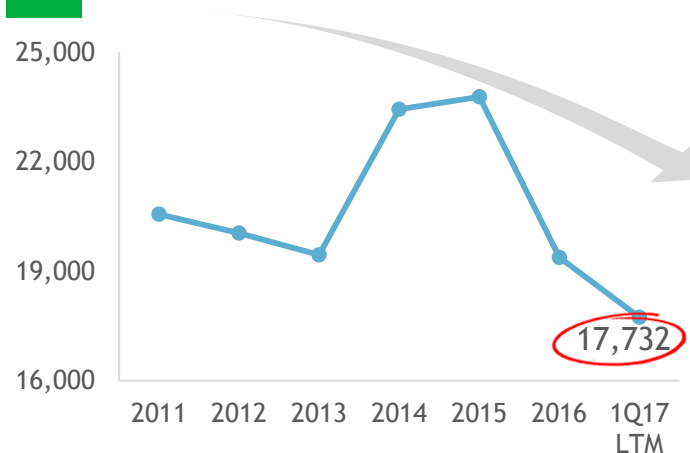
# Market overview

## Driest hydrological year of the past 6 years

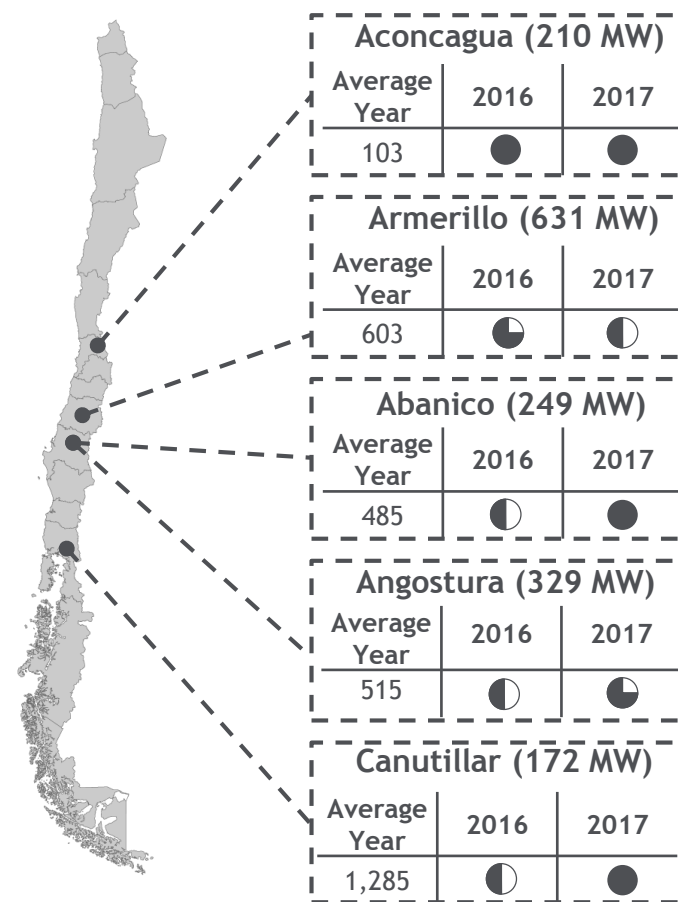
**1 COLBÚN'S HYDRO GENERATION. (GWh)**



**2 SIC HYDRO GENERATION. (GWh)**

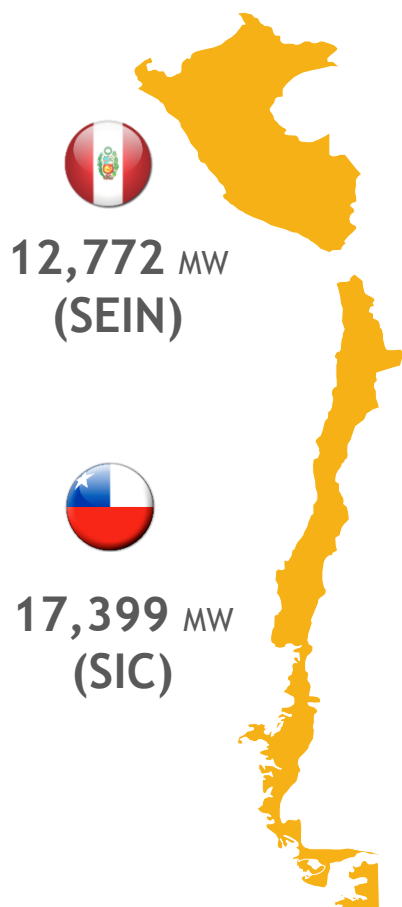


**3 ACCUMULATED RAINFALLS. (mm)**

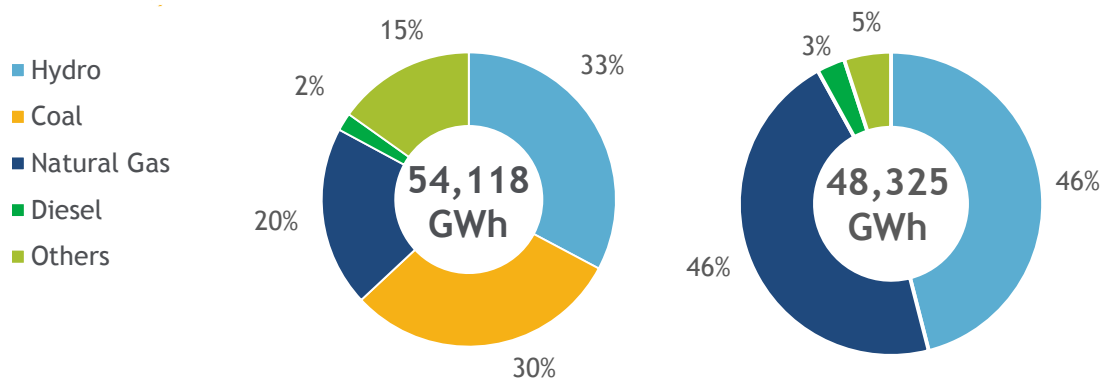


# Overview

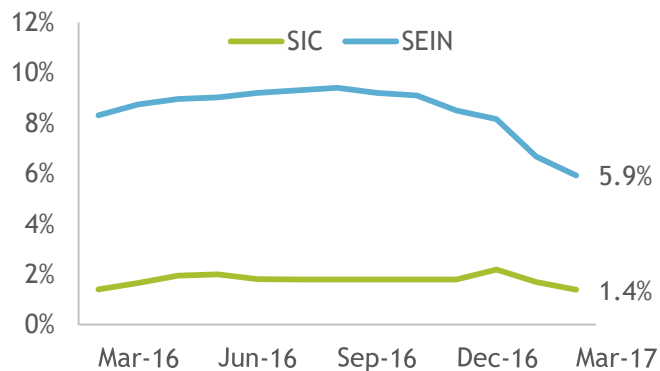
## Market Overview



### 1 GENERATION MATRIX LTM. (%)



### 2 DEMAND GROWTH. (12 month average %)

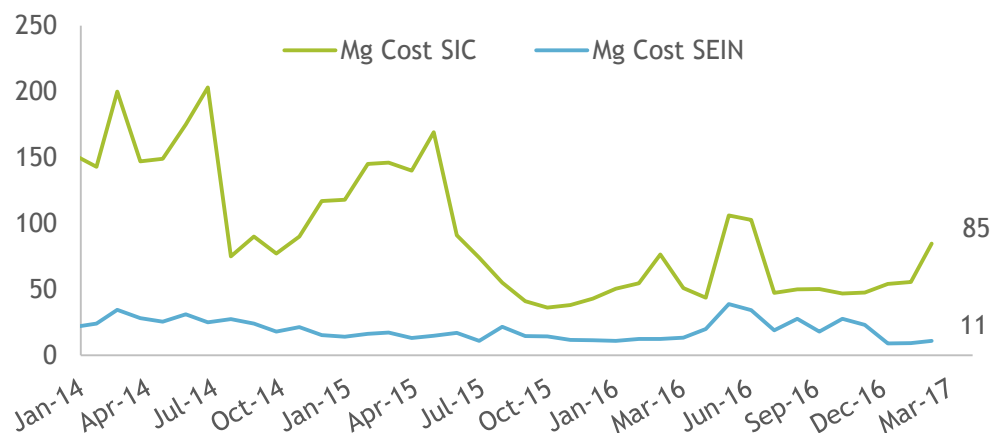


Sources: Coordinador Eléctrico Nacional SIC (Chile) & COES (Peru)  
 Note: All figures fas of Mar17

# Market overview

## Marginal costs in Chile and Peru

### 1 MARGINAL COST IN SIC & SEIN. (US\$ / MWh)



- Marginal costs in the SIC have fallen in the last years, mainly due to the entrance of NCRE, the drop in commodity prices and to the sluggish demand.

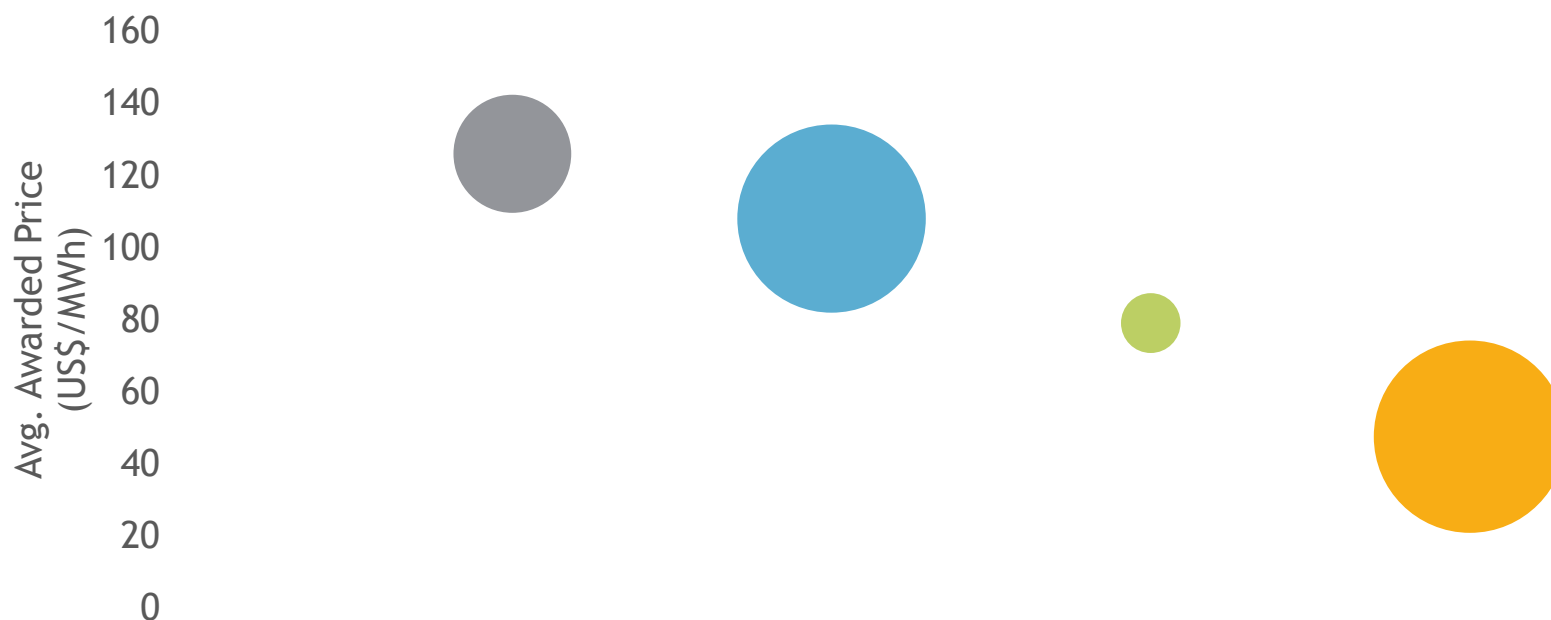


- Marginal costs in Peru are lower than in Chile, mainly due to the low cost of natural gas.
- However, marginal costs have been particularly low over the past years because of an oversupply due to the entrance into operation of relevant hydro projects.



# Market overview

## Decreasing prices in the last regulated auctions in Chile



Year	2013	2014	2015	2016
Energy (TWh)	4.7	12.0	1.2	12.5
Avg. Awarded Price (US\$/MWh)	126	108	79	48
Supply starting	2016/2019	2016/2019	2023	2023
Duration (years)	15	15	20	20

# 3.

## OPERATIONS IN CHILE & PERU

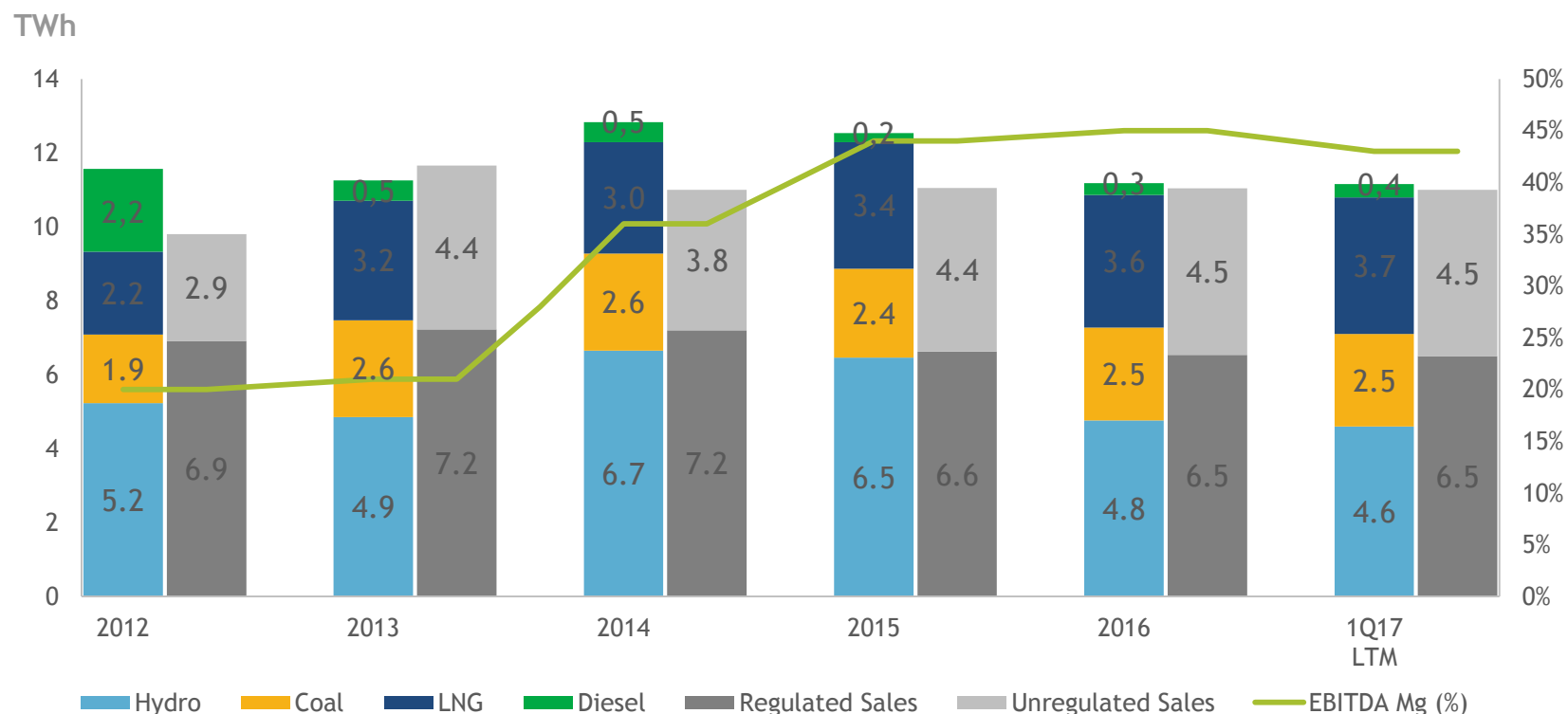
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# Operations in Chile & Peru

## Balanced commercial position in Chile

### CONTRACTUAL COMMITMENTS VS GENERATION. (TWh)



Source: Colbún S.A. Unregulated Sales, excludes sales to Codelco at Marginal Cost

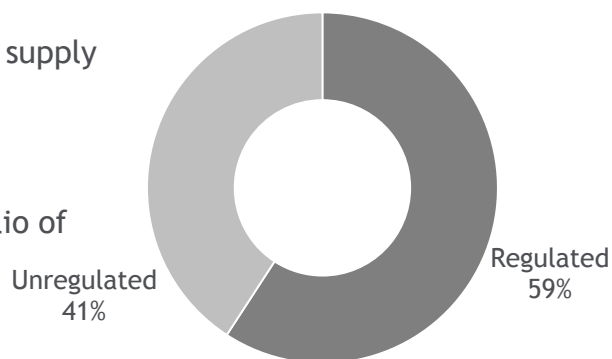


# Operations in Chile & Peru

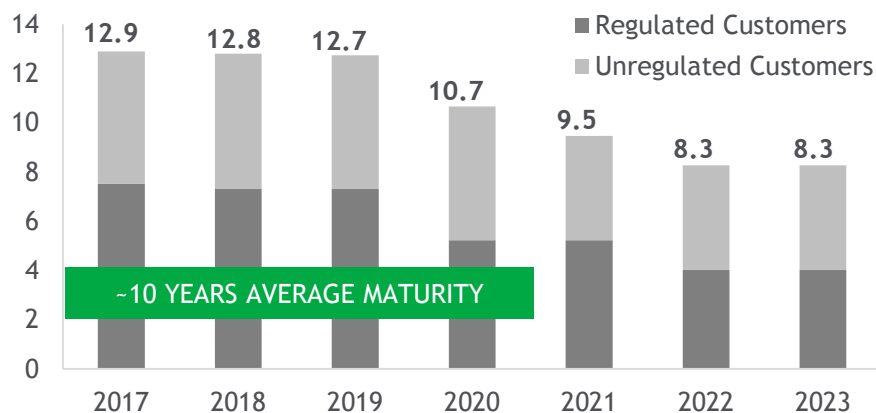
## High quality clients In Chile

### 1 SALES BY TYPE OF CUSTOMER. (%)

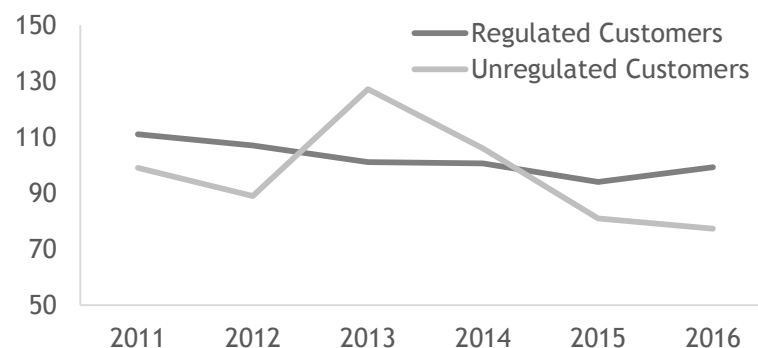
- Long-term energy supply contracts with creditworthy counterparties.
- Diversified portfolio of customers.



### 3 PPAs IN CHILE. (TWh)



### 2 AVERAGE MONOMIC PRICE <sup>1</sup>. (US\$/MWh)



**100%** HYDRO ENERGY

Contracted until **2023**

**100%** EFFICIENT THERMO ENERGY

Contracted until **2040**

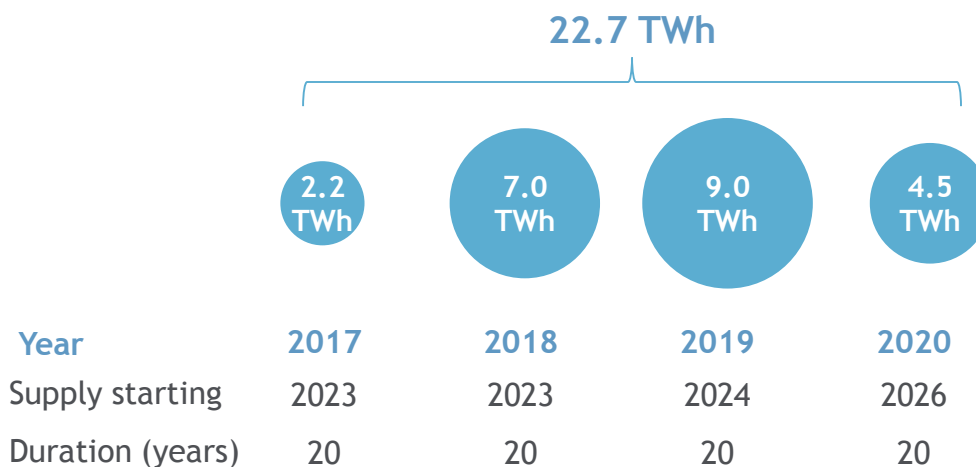
Note: All figures as of Mar17

<sup>1</sup> Average monomic prices are calculated by dividing the total amount of sales in US\$, by physical energy sales in MWh

# Operations in Chile & Peru

## Contract renewal opportunities in Chile

### 1 UPCOMING REGULATED AUCTIONS <sup>1</sup>.



### 2 UNREGULATED CLIENTS.

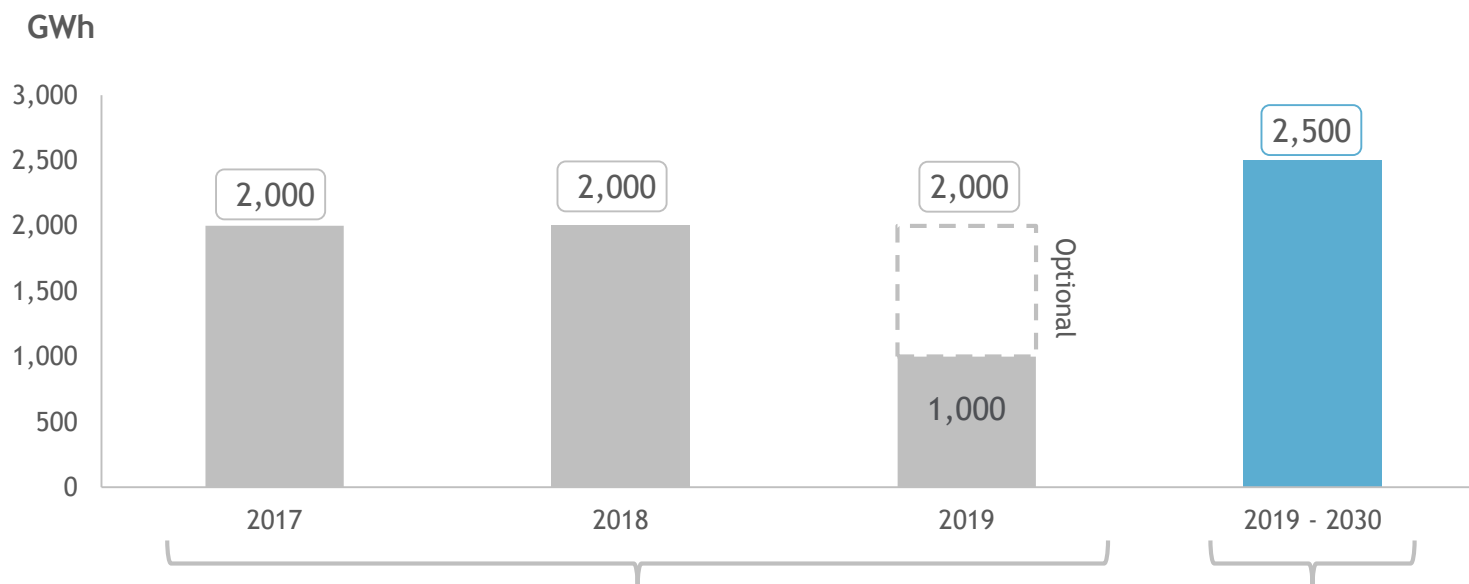
- In the coming years there is a **relevant amount of energy for large unregulated clients to be re-contracted.**
- **Opportunities in medium-size clients:** In the last months, Colbún has signed new contracts with medium-size clients for a total of ~500 GWh/year. The prices and volumes offered reflect the current market conditions and the cost structure of the Company.

<sup>1</sup> Latest available information.

# Operations in Chile & Peru

## Ensured long-term regasification capacity and LNG supply

**Long-term strategy:** leveraging our efficient natural gas power facilities and diversifying our supply sources; contributing to provide competitive, flexible, secure and sustainable power supply



**MEDIUM-TERM LNG SUPPLY:  
METROGAS AND ENAP**

**LONG-TERM REGASIFICATION CAPACITY  
AND SUPPLY CONTRACT WITH ENAP**

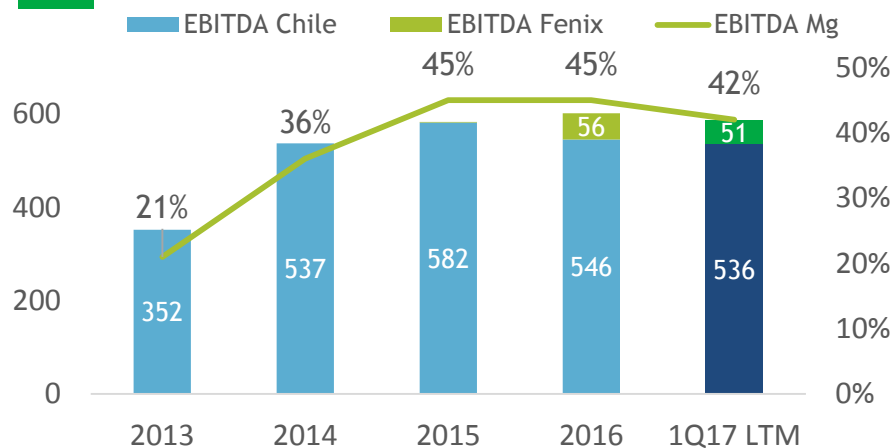
- 2,500 GWh of regasification capacity
- GNL supply with Enap and international providers



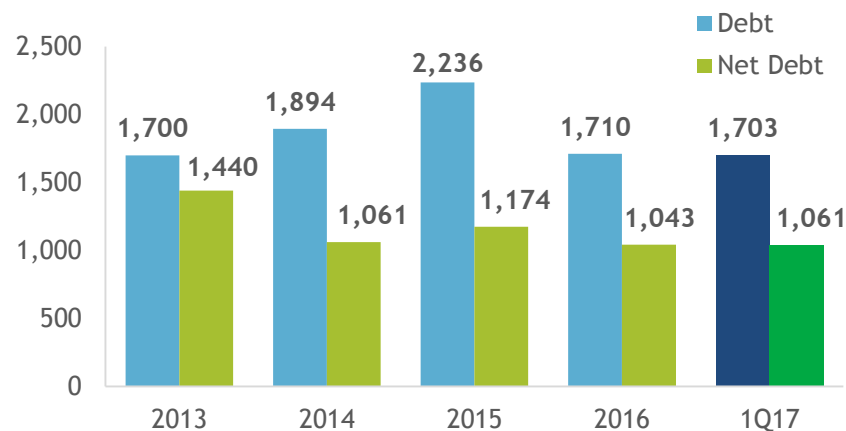
# Operations in Chile & Peru

## Consolidated financial results

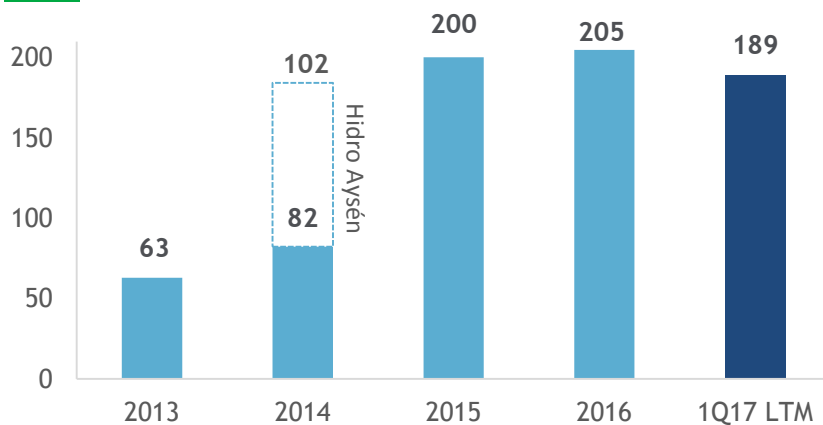
### 1 EBITDA & EBITDA MG. (US\$ million & %)



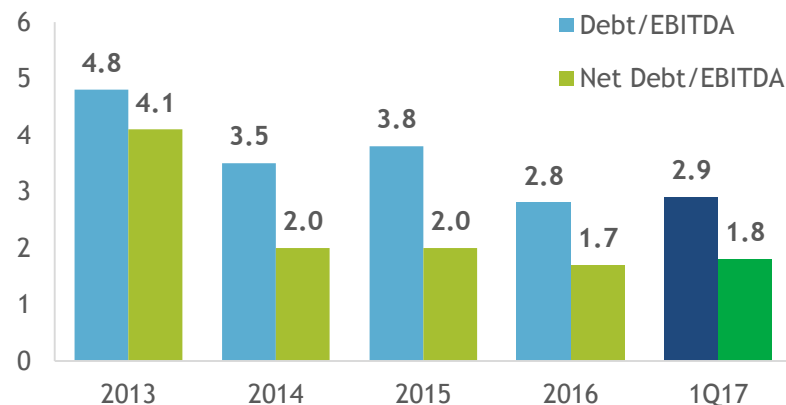
### 3 DEBT & NET DEBT. (US\$ million)



### 2 NET INCOME. (US\$ million)



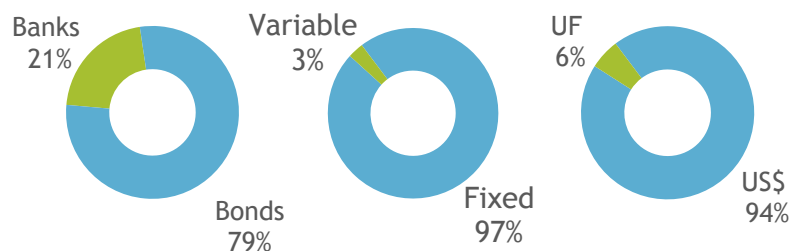
### 4 DEBT/EBITDA & NET DEBT/EBITDA. (x)



# Operations in Chile & Peru

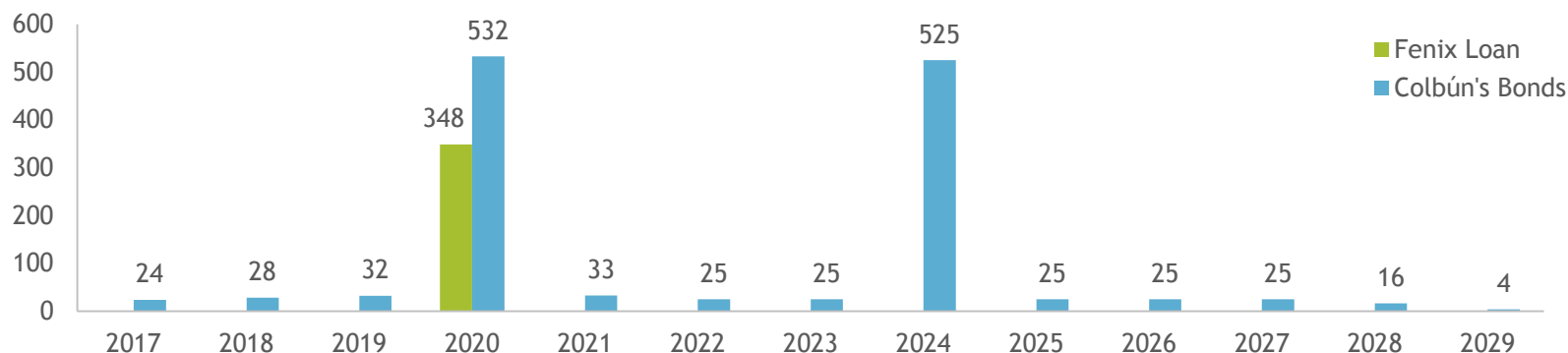
## Consolidated debt profile

### 1 DEBT PROFILE.



- Financial debt: **US\$1,703 mm**  
 US\$ 1,346 mm /  US\$ 363 mm
- Avg. Maturity: **4.8 years**
- Avg. US\$ Interest Rate: **4.9%**

### 2 AMORTIZATION STRUCTURE. (US\$ million)

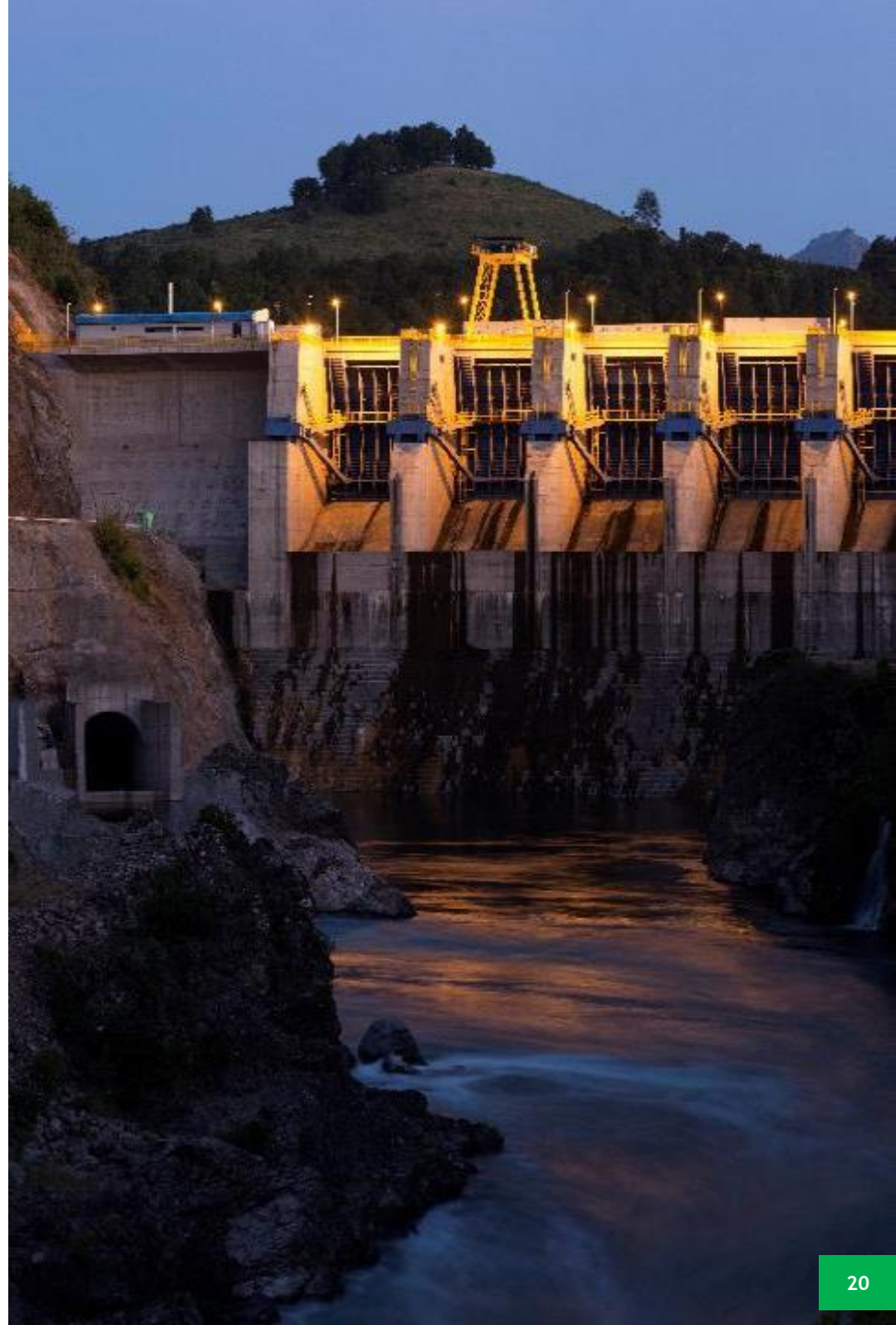




# 4.

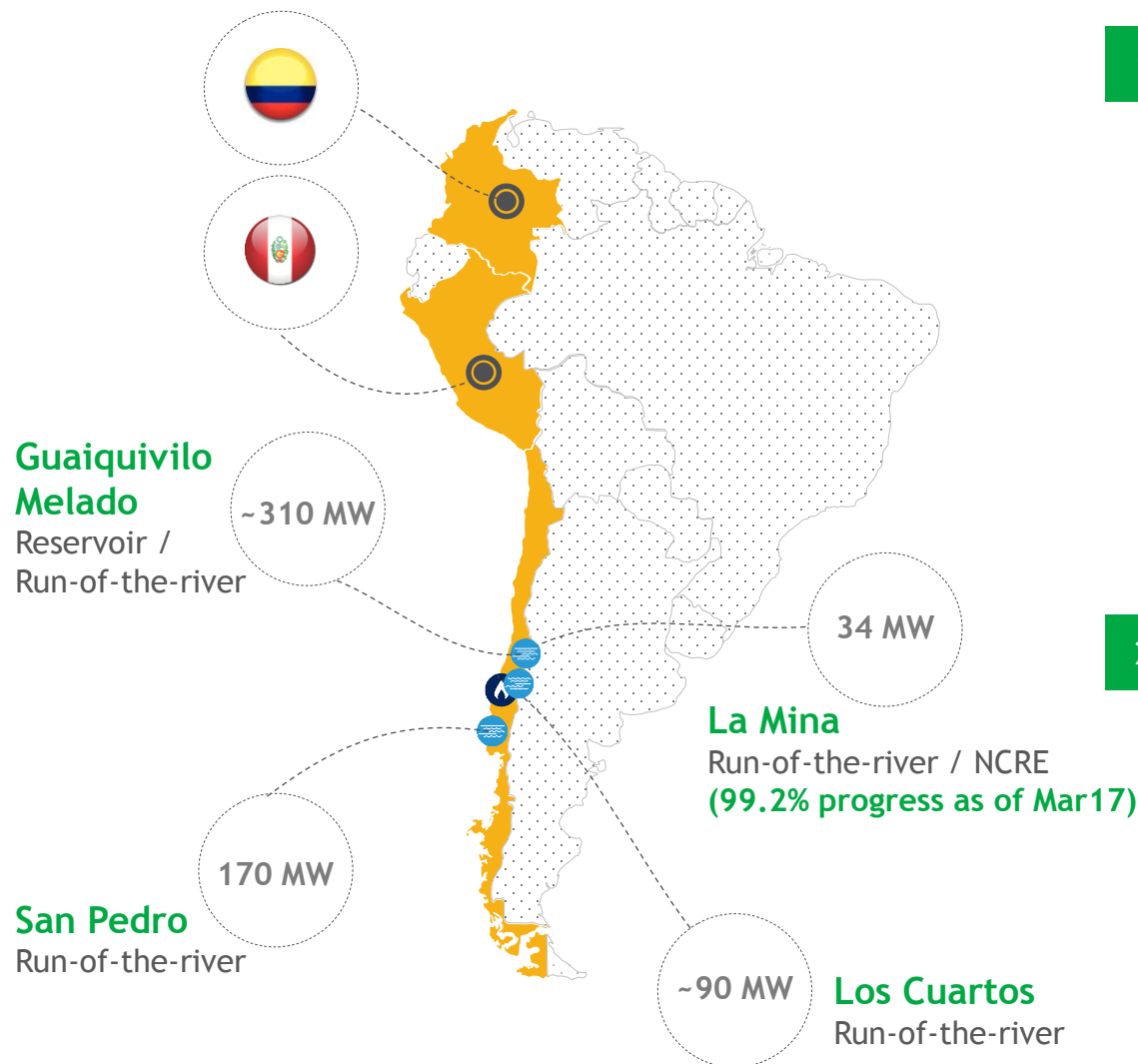
## GROWTH OPPORTUNITIES

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# Growth opportunities

## Growth opportunities in Chile & the Region



### 1 SPECIAL FOCUS IN PERU AND COLOMBIA.

- Growing electricity consumption
- Well established regulatory framework
- Diversification:
  - Hydrological conditions
  - Generation technology
  - Fuel access
  - Regulation

### 2 GROWTH OPPORTUNITIES IN CHILE: BASE LOAD CAPACITY AND RENEWABLES.

- Hydro projects
- NCRE under study

## Disclaimer And contact information

- 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 Colbún'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.colbun.cl](http://www.colbun.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

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Colbun

MEJOR ENERGÍA

# Appendix

## Solar energy transactions



### 1 SUNEDISON'S ASSETS AQUISITION

- **Long-term energy supply contracts with regulated customers:**
  - 350 GWh/year
  - 15 years, starting 2017
  
- **Two photovoltaic solar parks in the SIC:**
  - Olmué: 145 MW (Environmentally approved)
  - Santa Sofía: 57 MW (Environmental approval in process)
  
- **Long-term supply contract by which SunEdison will build a solar plant of 100 MW:**
  - 200 GWh/year
  - 15 years, starting 2021

### 2 15-YEAR CONTRACT WITH SUNPOWER

- 15-year PPA to Total with its affiliate SunPower, starting 2021
- 500 GWh/year
- Linked to the construction of a 164 MW solar power plant

# Appendix

## More than 50% of the total energy was awarded to new projects in the last bid process in Chile

- More than 50% of the total awarded energy proceed from new projects of intermittent energies.
- Particular conditions of 2016's bid process:
  - 6 years until supply begins.
  - Low performance bonds and fines.

Supplier	Technology	GWh Awarded <sup>1</sup>						% Awarded	Leveled Price (USD/MWh)
		B-1	B-2A	B-2B	B-2C	B-3	Total		
Mainstream	Wind	2,640	49	73	38	260	3,060	27%	41.0
WPD	Wind	0	247	227	161	80	715	6%	50.5
Cabo Leones	Wind	0	321	355	265	0	941	8%	50.5
Endesa	Portfolio	0	0	0	0	5,380	5,380	48%	50.7
Acciona	Wind	0	0	0	0	460	460	4%	54.9
Others	-	160	0	255	9	320	744	7%	41.1
<b>Total</b>	-	<b>2,800</b>	<b>618</b>	<b>909</b>	<b>473</b>	<b>6,500</b>	<b>11,300</b>	<b>100%</b>	<b>47.6</b>

<sup>1</sup> Doesn't include the variable block, which amounts 1.13 TWh

The auction was divided into 3 blocks:

1. Block 1: full day
2. Block 2:
  - Block 2.A.: 23:00 hrs - 7:59 hrs
  - Block 2.B.: 8:00 hrs - 17:59 hrs
  - Block 2.C.: 18:00 hrs - 22:59 hrs
3. Block 3: full day

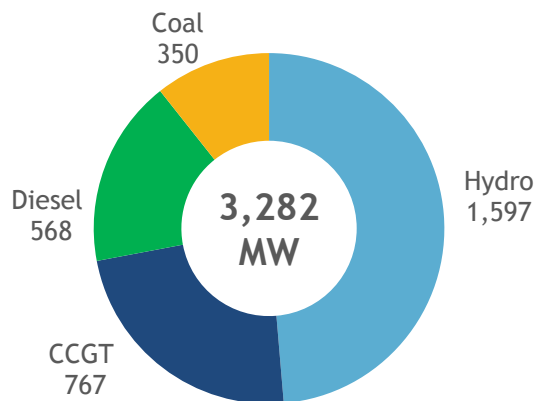




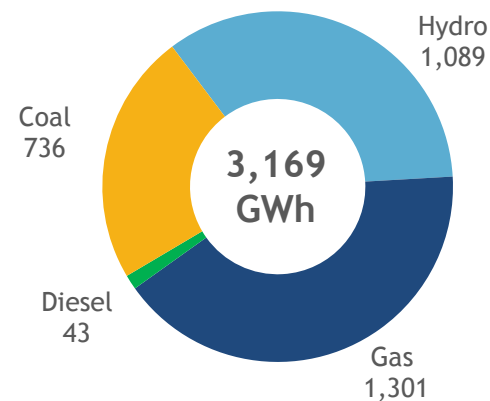
# Appendix

## Colbún Chile: 1Q17 company overview

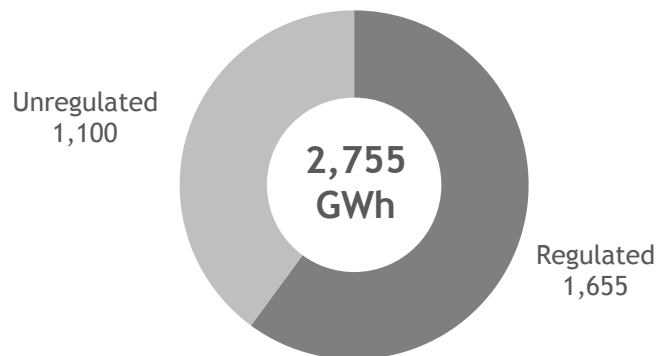
**1 TOTAL INSTALLED CAPACITY. (MW)**



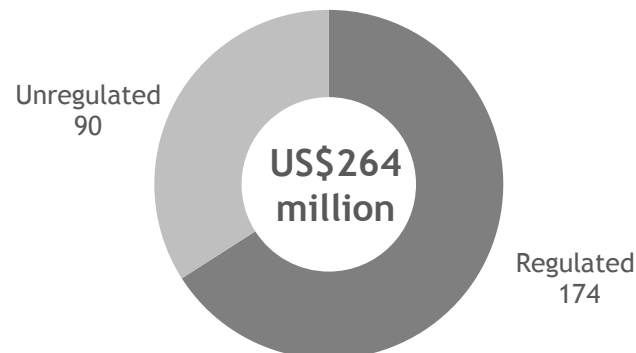
**2 GENERATION LTM. (GWh)**



**3 CONTRACTED ENERGY SALES. (GWh)**



**4 REVENUES FROM CONTRACTED SALES. (US\$ million)**



Note: All figures as of Mar17