



ITAÚ BBA - BREAKFAST

2017 EARNINGS REVIEW

February 2018



AGENDA

1. Overview
2. Commercial strategy
3. Financial review
4. Growth opportunities

1.

OVERVIEW



Overview

Company highlights

- 1 Colbún posted a **historical record EBITDA of US\$692 million and net income of US\$289 million** as of December 2017.
- 2 During 2017, Colbún signed medium-term power **supply contracts with unregulated customers for approximately 1,600 GWh.**
- 3 **La Mina Project (34 MW):** its construction was completed in April 2017, with units 1 and 2 being synchronized in May of the same year.
- 4 In September, Colbún was selected to list for the first time in the **Dow Jones Sustainability Index Emerging Markets**, in its 2017 version. Colbún is the only power-generation company of Chilean capitals that listed in this index.
- 5 During the year 2017, with the purpose of improving the debt profile, **the Company issued two bonds in the international market** (Rule 144A and Regulation S).
- 6 Colbún was awarded a 30-year land concession for the development, construction and operation of a wind farm called **“Horizonte”**, which considers **607 MW of installed capacity.**

Overview

Leading position in Chile & Peru

THE COMPANY



Installed Capacity

3,847 MW

 **3,282 MW** /  **565 MW**



Market Share¹

 **23%** /  **7%**



Ownership

- **49.96%** Matte Group
- **9.58%** Angelini Group
- **19.44%** Pension Funds
- **21.02%** Others



Power-Plants

25

 **24** /  **1**



Transmission Lines

~900 km

KEY FINANCIALS



Total Assets

US\$6.9 bn



EBITDA LTM

US\$692 mm

 **US\$639 mm** /  **US\$54 mm**

Rating

BBB

Fitch



BBB

S&P



Cash

US\$810 mm



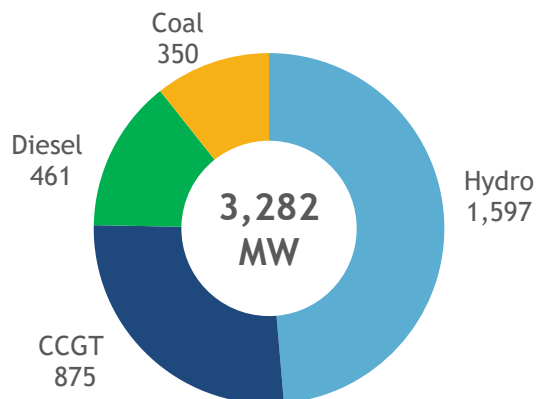
Net Debt / EBITDA

1.2 x

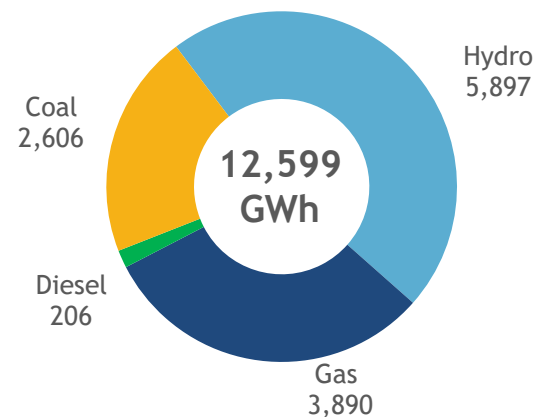
Overview

Colbún Chile: 2017 Company overview

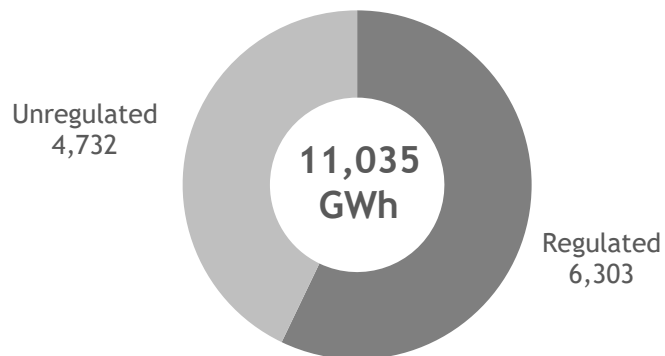
1 TOTAL INSTALLED CAPACITY. (MW)



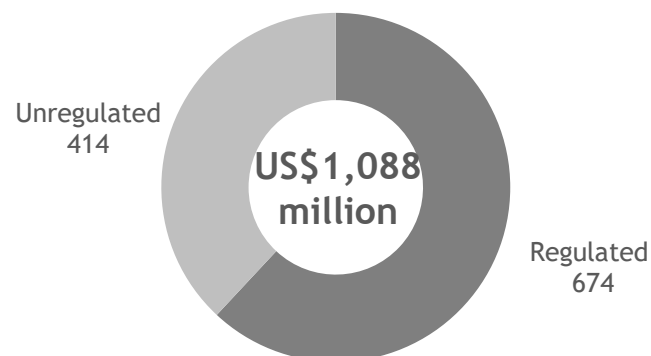
2 GENERATION. (GWh)



3 CONTRACTED ENERGY SALES. (GWh)



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



Note: All figures as of Dec17

Overview

Fenix Power: Most efficient CCGT in Peru



Most efficient CCGT in Peru¹

Based on Heat Rate



40 miles south of Lima

Capital of Peru and largest city of the country



565 MW

Gross effective capacity



3.5 TWh

Net annual generation



3 TWh / year

Long term contracts (~75% capacity)



SHAREHOLDERS

- 51% Colbún
- 36% ADIA
- 13% Sigma

KEY FIGURES



LTM EBITDA

US\$ **54** mm



Cash

US\$ **53** mm

Internacional Ratings



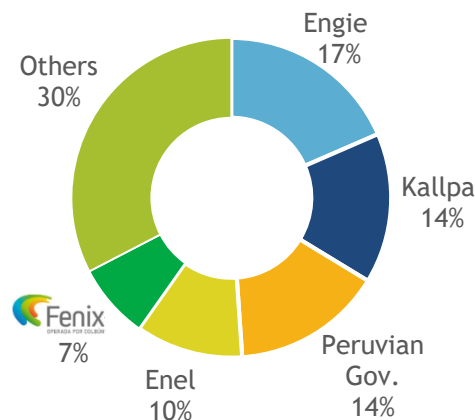
Baa3 Stable

Moody's

BBB- Stable

S&P/Fitch

MARKET SHARE¹



Note: values as of Dec17

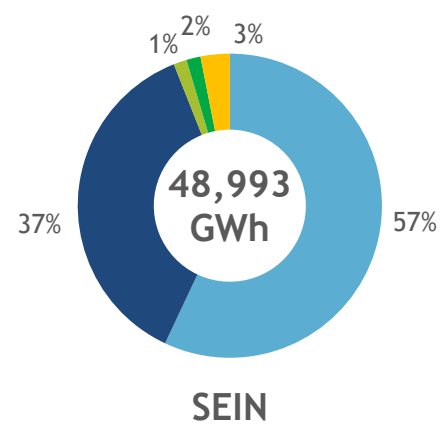
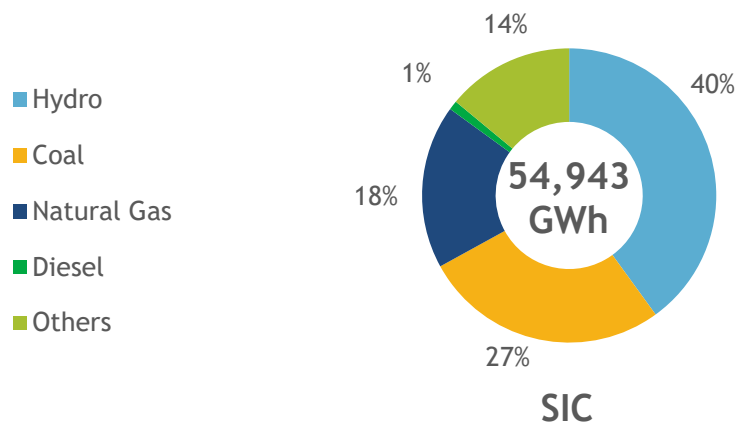
¹ Based on generation

Source: Colbún S.A.

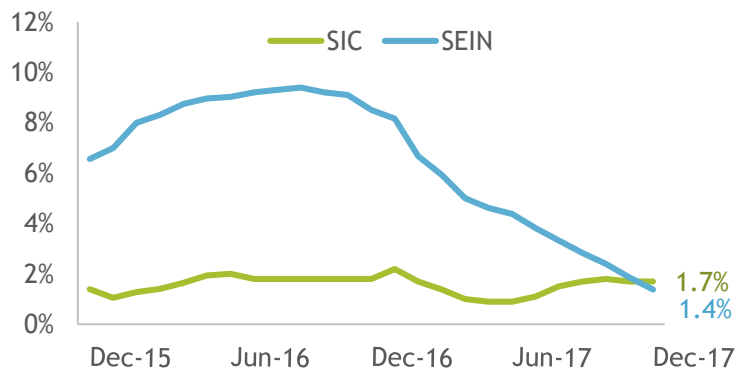
Overview

Market overview

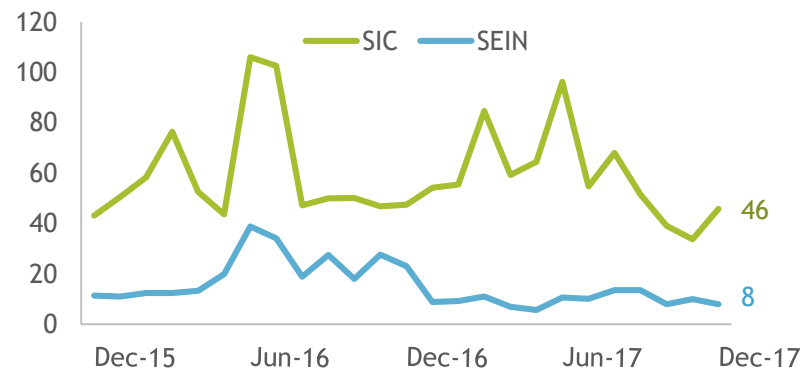
1 GENERATION MATRIX. (%)



2 POWER DEMAND GROWTH. (12 month average %)



3 MARGINAL COST. (US\$/MWh)



2.

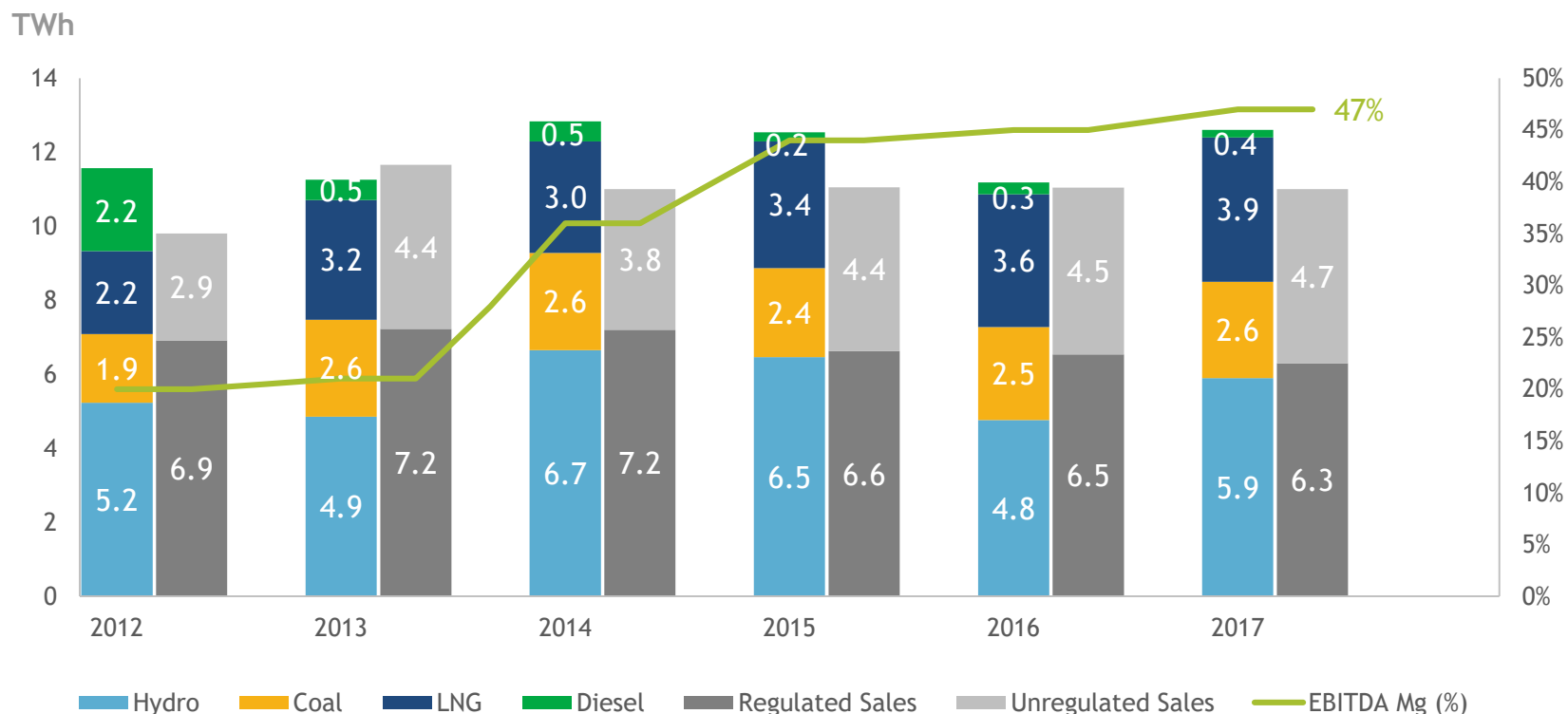
COMMERCIAL STRATEGY



Commercial strategy

Balanced commercial position in Chile

CONTRACTUAL COMMITMENTS VS GENERATION. (TWh)



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

Commercial strategy

Secured long-term regasification capacity & LNG supply

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

MEDIUM AND SHORT TERM LNG SUPPLY

LNG supply with Metrogas and ENAP

- Short term contracts (~3 months) available.
- Medium term contracts: signed for 2 TWh of natural gas generation in 2018 and 2019 ¹.

LONG TERM LNG SUPPLY

Regasification capacity and supply contract with ENAP

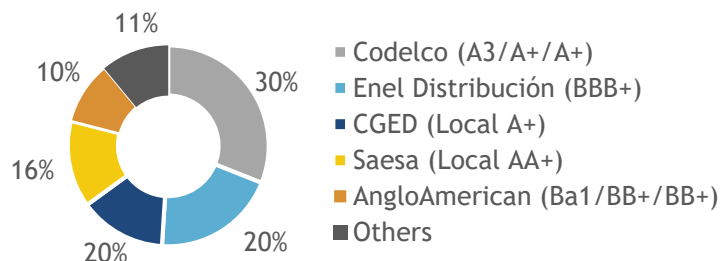
- Effective from 2018 onwards, for a period of 13 years.
- Competitive LNG supply with ENAP and international providers.
- Capacity for up to two combined-cycle units per year.

¹ For 2019, 1 TWh is optional.

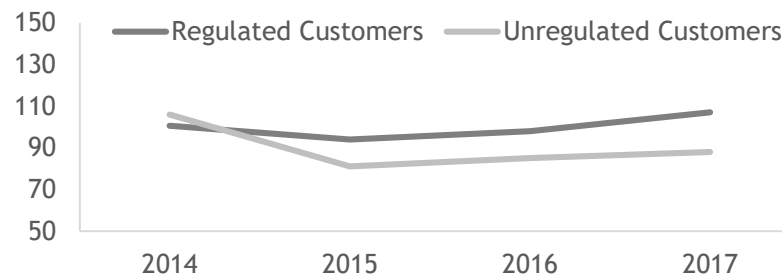
Commercial strategy

High quality clients in Chile

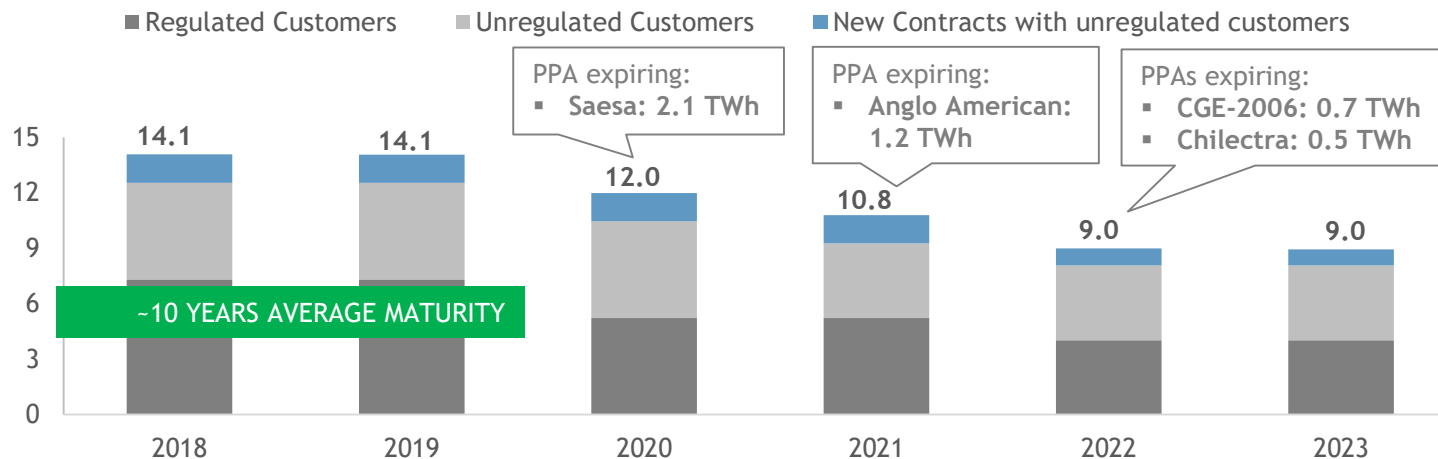
1 SALES BY CUSTOMER (%)



2 AVERAGE MONOMIC PRICE¹ (US\$/MWh)



3 PPAs IN CHILE: MAXIMUM CONTRACTED ENERGY COMMITMENT (TWh)

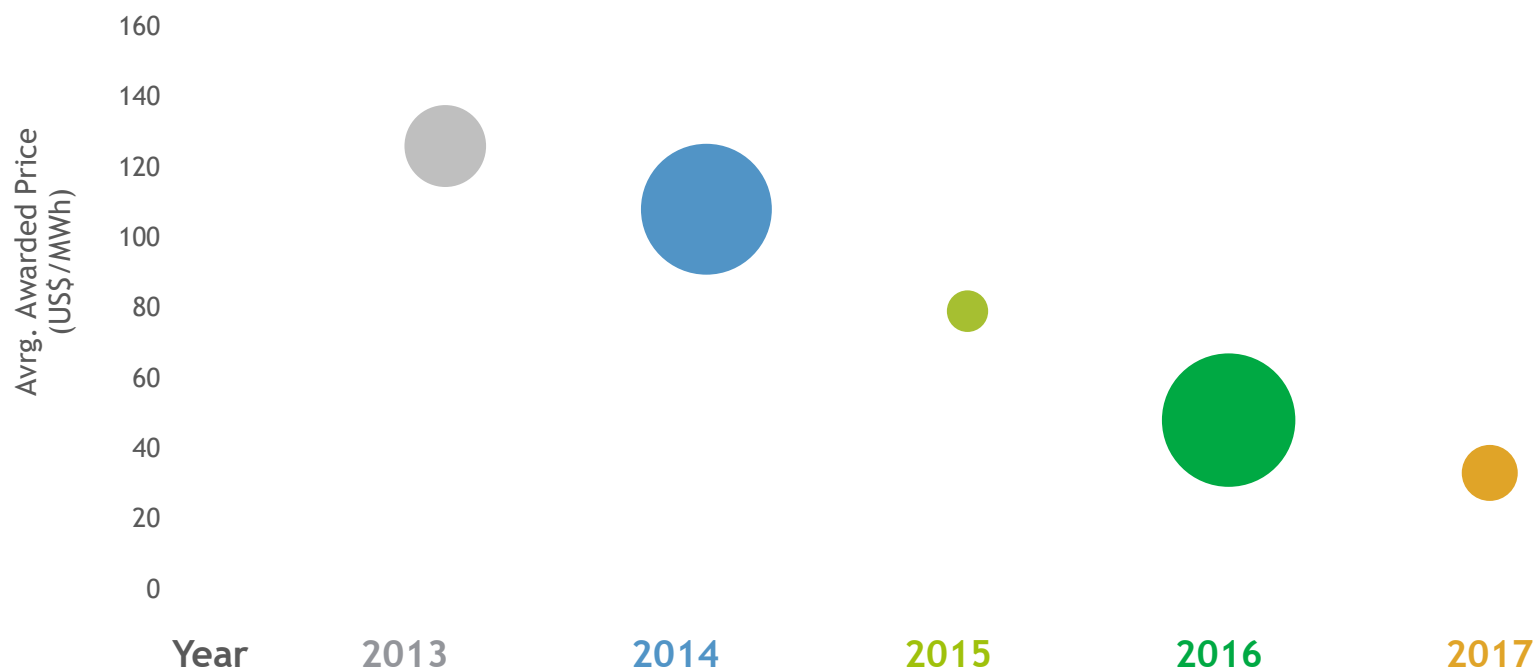


Note: All figures as of Dec17

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

Commercial strategy

Decreasing prices in the last regulated auctions in Chile

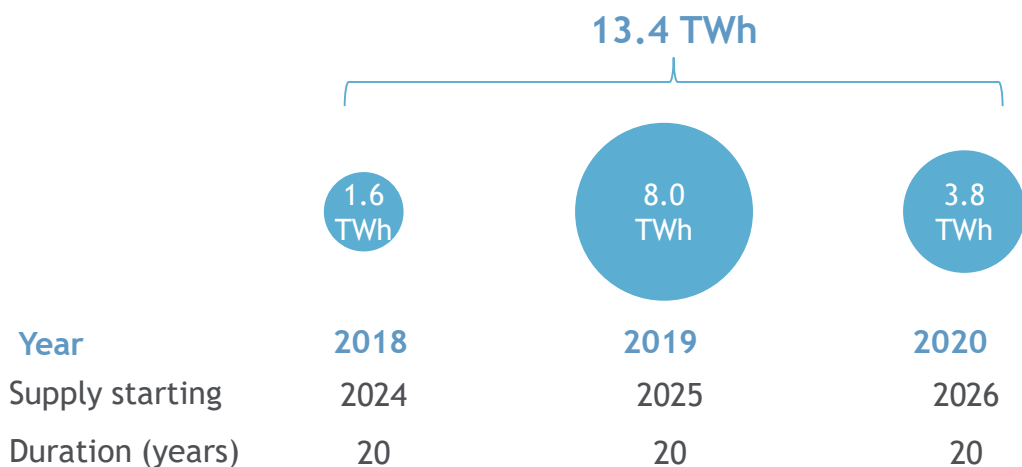


Year	2013	2014	2015	2016	2017
Energy (TWh)	4.7	12.0	1.2	12.5	2.2
Avg. Awarded Price (US\$/MWh)	126	108	79	48	33
Supply starting	2016/2019	2016/2019	2023	2023	2024
Duration (years)	15	15	20	20	20

Commercial strategy

PPAs Renewal Opportunities in Chile

1 UPCOMING REGULATED AUCTIONS.



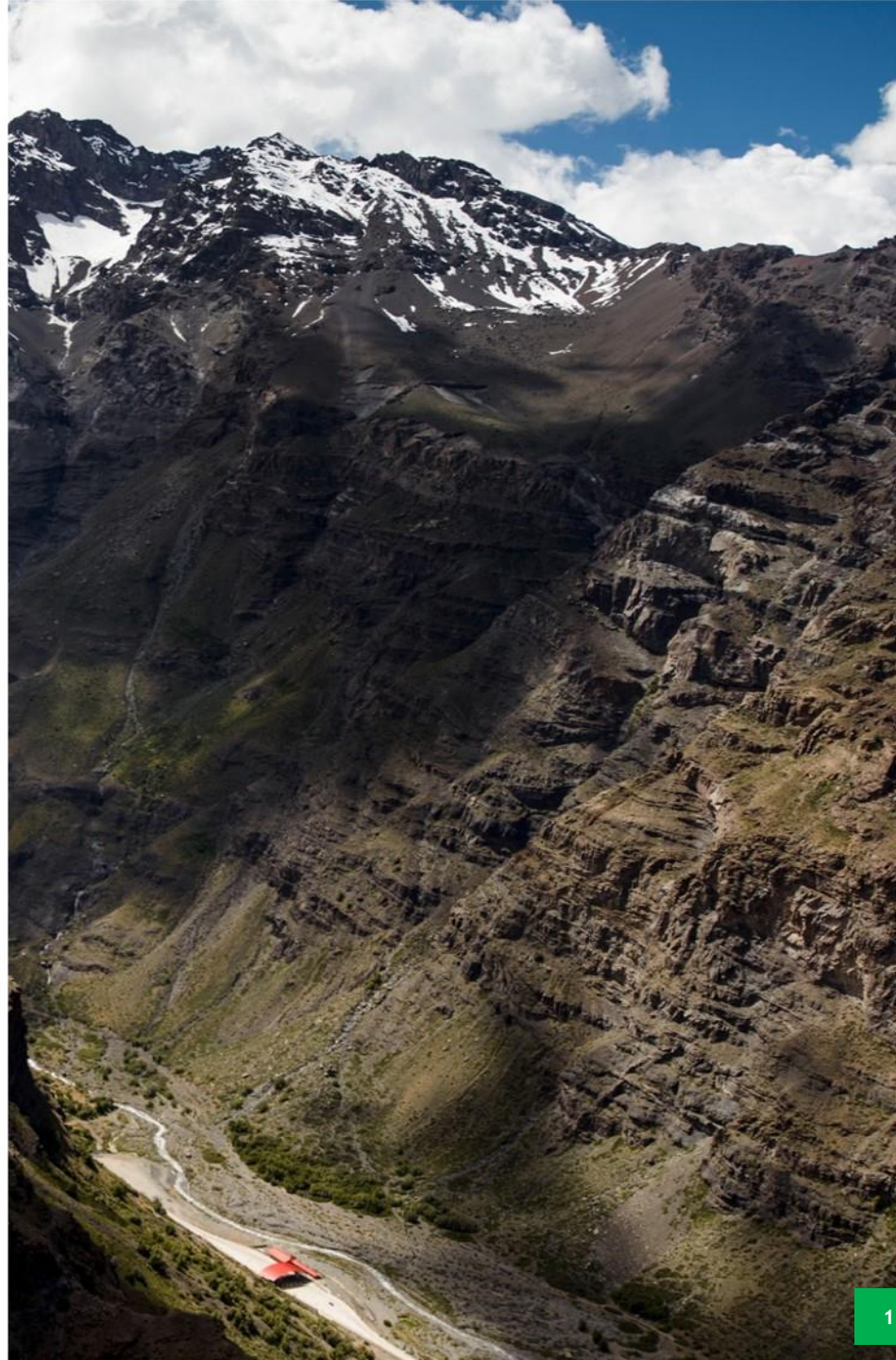
2 UNREGULATED CLIENTS.

- In the coming years there is a **relevant amount of energy for large unregulated clients to be re-contracted.**
- Colbun is currently participating in auctions with unregulated customers (mining and industrials).
- **Opportunities in medium-size clients:** During 2017, Colbún signed new contracts with medium-size clients for a total of 1,600 GWh/year and average tenor ranging from 6 to 10 years.



3.

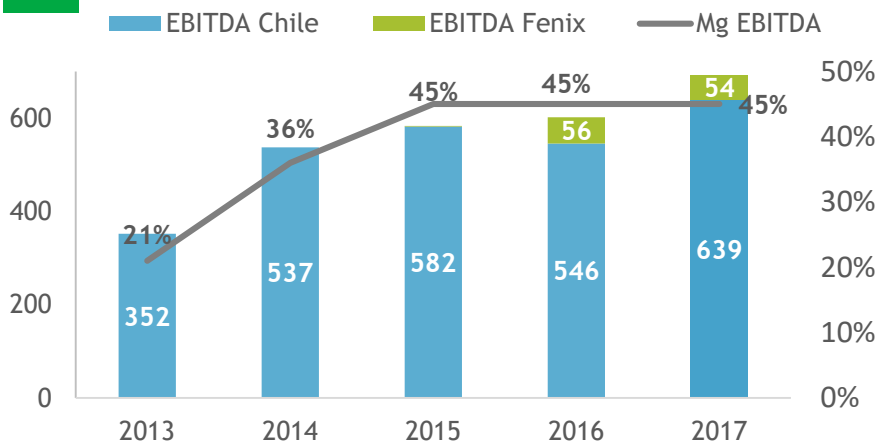
FINANCIAL REVIEW



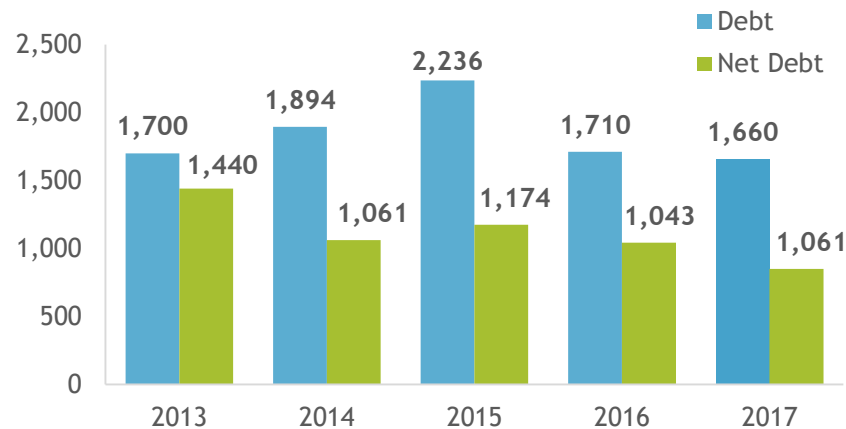
Financial review

Consolidated Financial Results

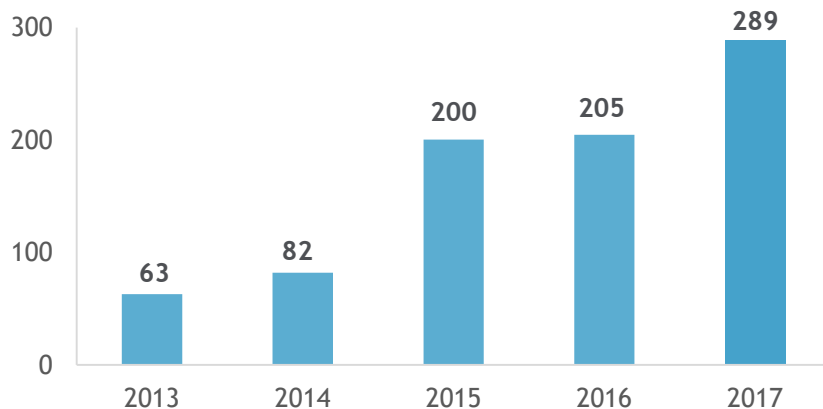
1 EBITDA & EBITDA MG. (US\$ million & %)



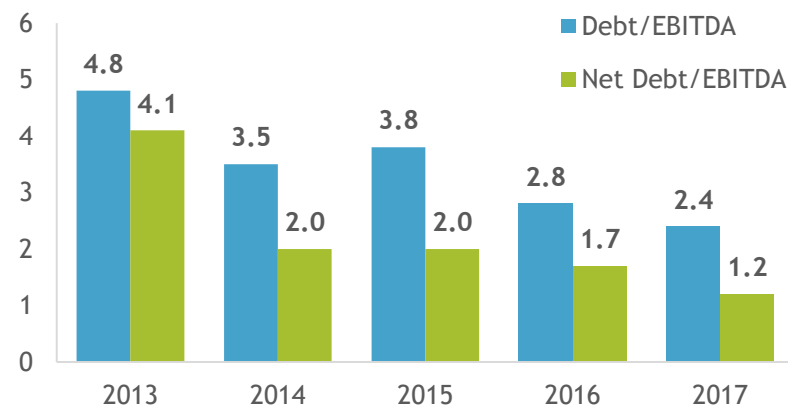
3 DEBT & NET DEBT. (US\$ million)



2 NET INCOME. (US\$ million)



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



Financial review

Consolidated Debt Profile

1 Debt Profile

US\$1,660 million

US\$1,305 million

US\$354 million



100% bonds

94% USD and 6% UF

100% Fixed rate

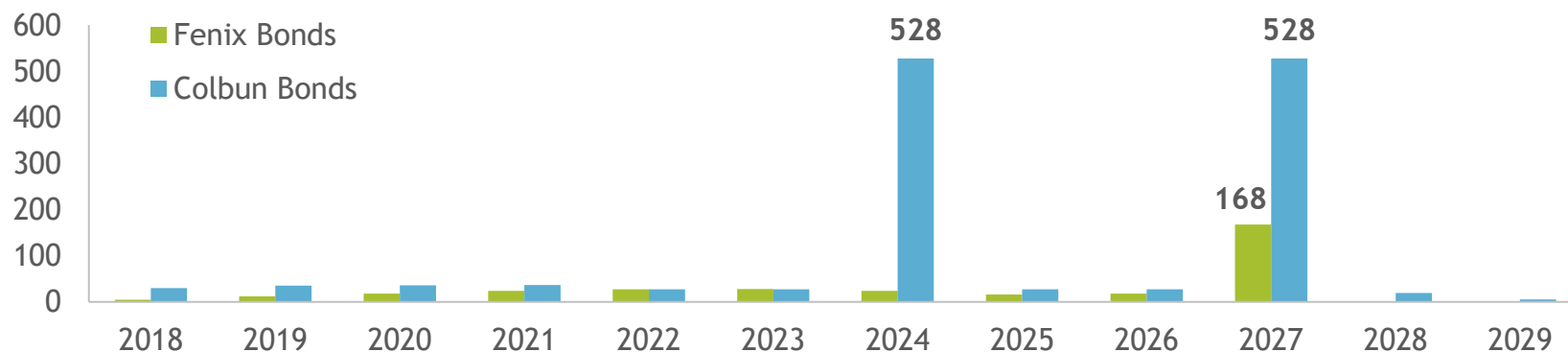


5.0% Interest Rate average

7.5 years average life



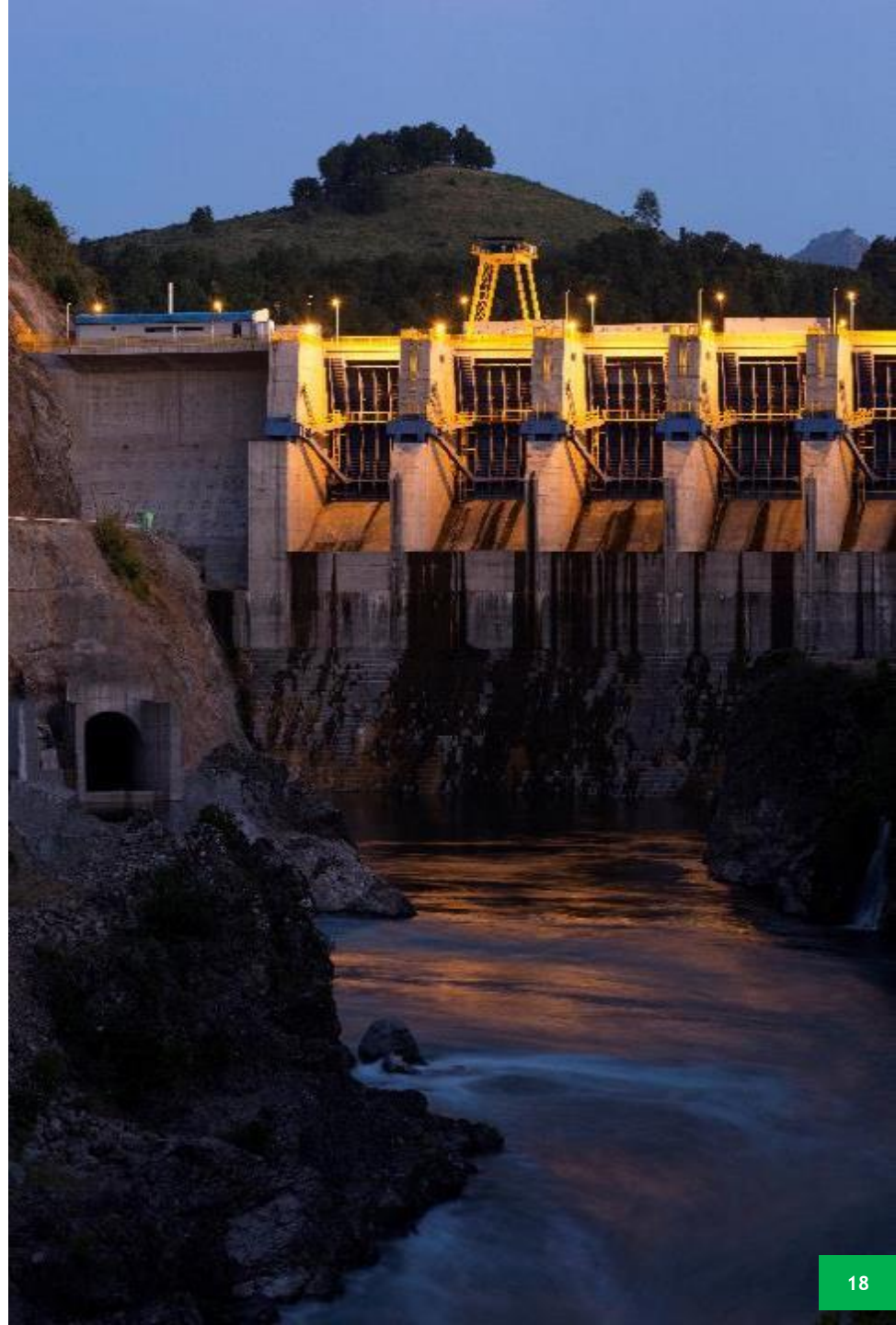
2 Amortization Structure. (US\$ million)





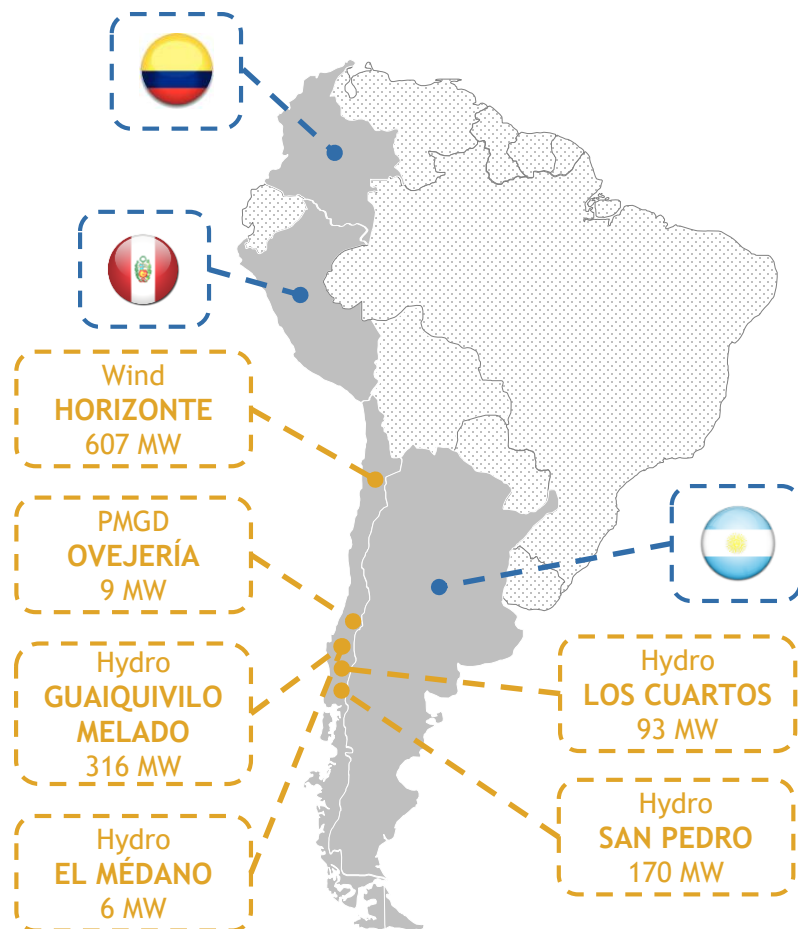
3.

GROWTH OPPORTUNITIES



Growth opportunities

Growth opportunities in Chile & the Region



1

SPECIAL FOCUS IN PERU, COLOMBIA AND ARGENTINA.

- Growing power consumption
- Well established regulatory framework ¹
- Diversification:
 - Hydrological conditions
 - Generation technology
 - Fuel access
 - Regulation

2

GROWTH OPPORTUNITIES IN CHILE: BASE LOAD CAPACITY AND RENEWABLES.

- Pipeline of renewable projects
- Purchase of energy from third parties
- M&A opportunities

¹ Argentina under discussion to promote private investments.

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) and sends the financial statements of the Company and its corresponding notes to the Comisión para el Mercado Financiero, those documents should be read as a complement to this presentation.

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