



CORPORATE PRESENTATION

**XVII ANDEAN
INVESTOR
CONFERENCE
CREDICORP
SEPTEMBER 2019**

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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 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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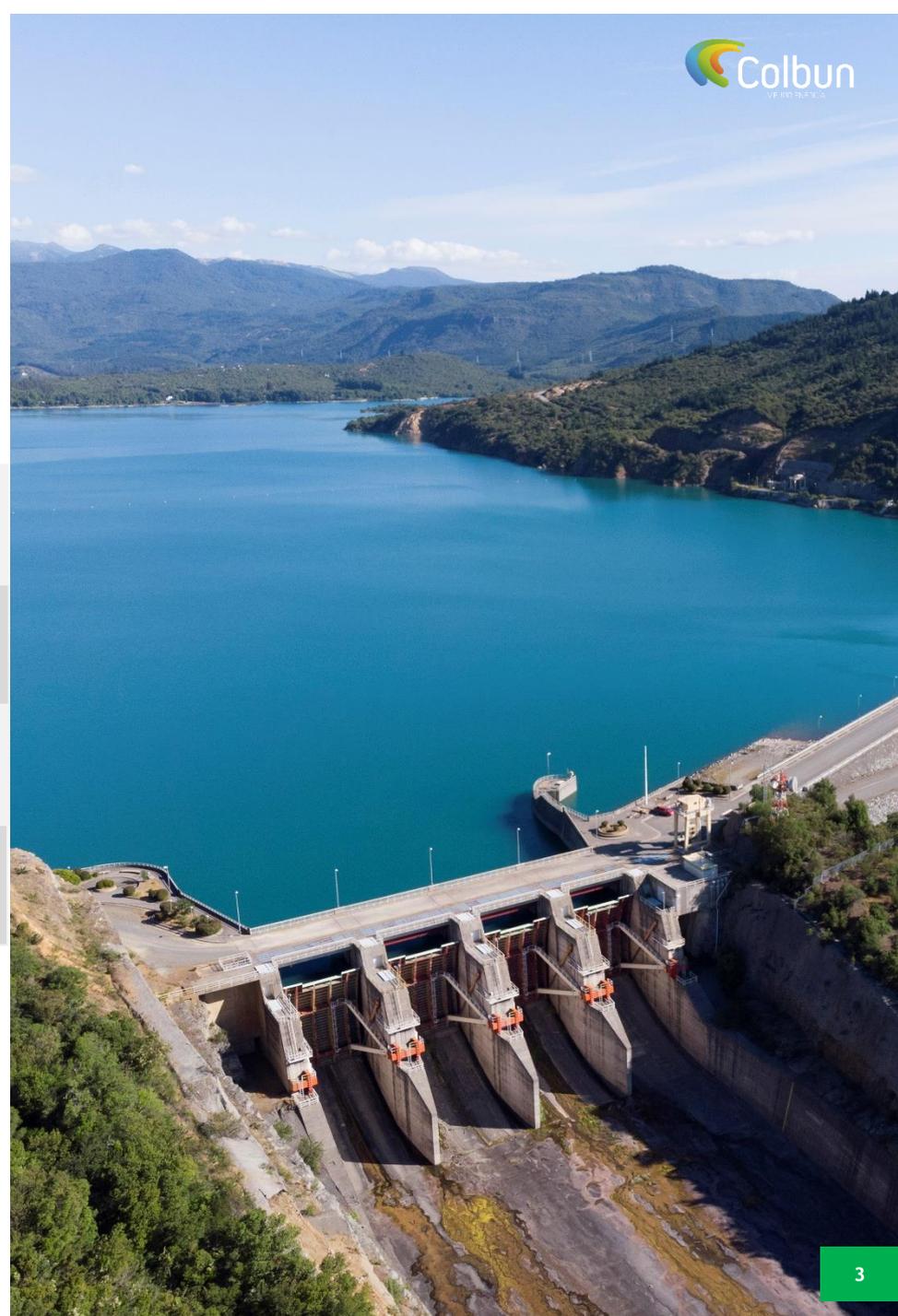
AGENDA

1. COMPANY OVERVIEW

2. VALUE PROPOSITION

3. STRATEGIC AGENDA PROGRESS

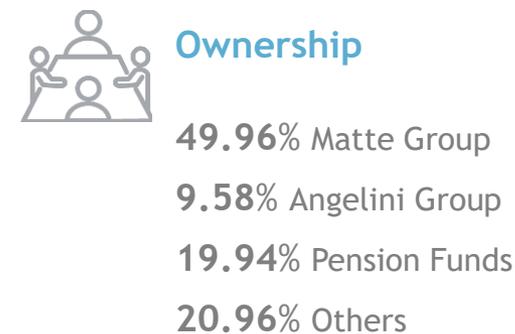
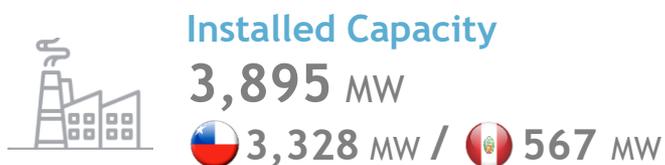
4. CONCLUDING REMARKS



Company & industry overview

Leading position in Chile & Peru

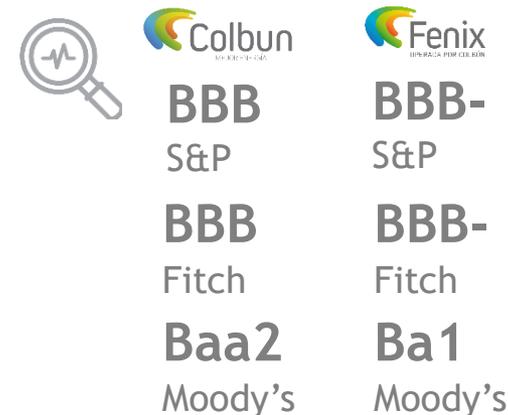
THE COMPANY



KEY FINANCIALS



International Ratings



Note: All figures as of Jun19

¹ In terms of generation in the SEN in Chile and in the SEIN in Peru

² Figures for the Generation and Transmission business are proforma

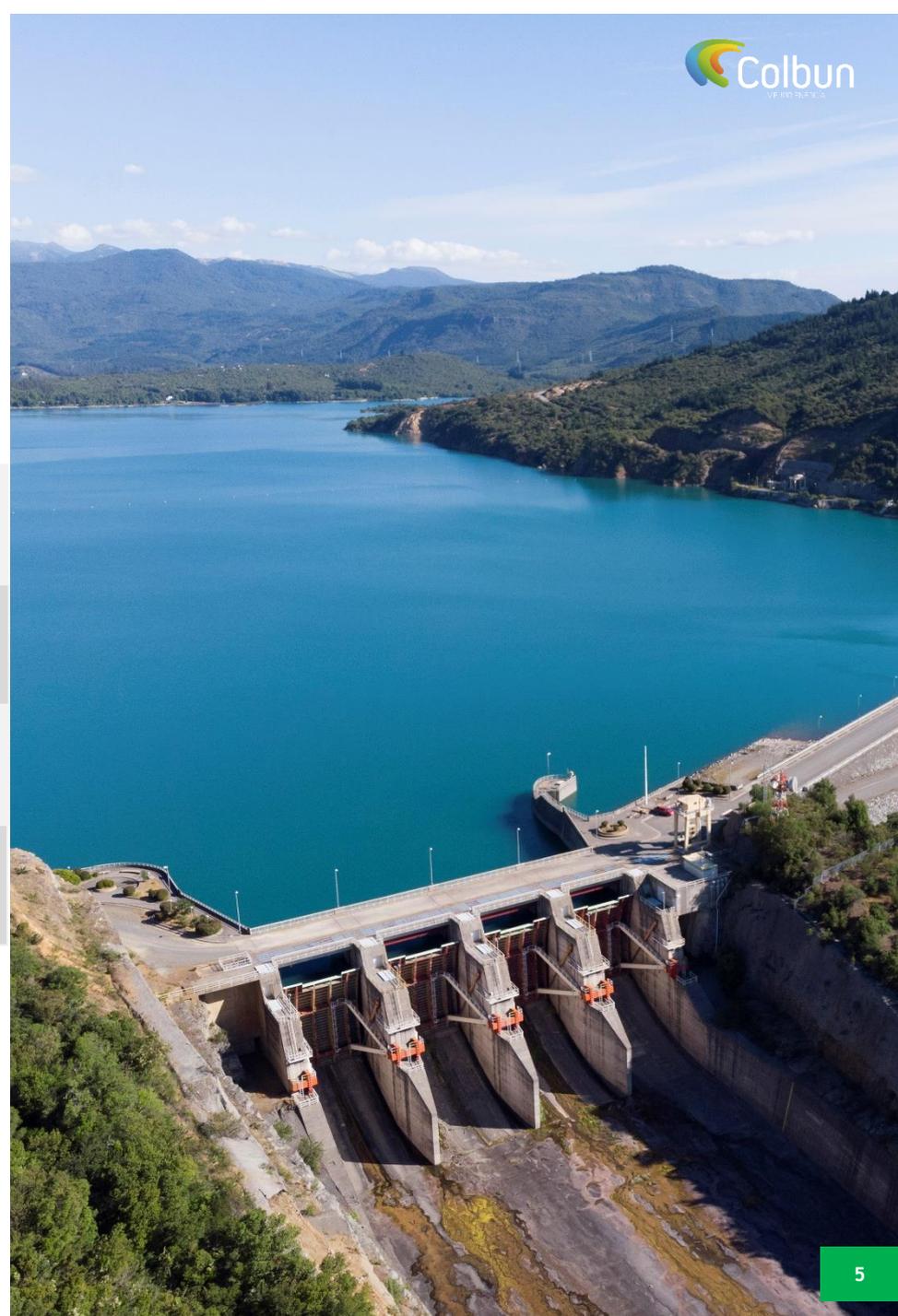
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Value proposition

Leading position supported by competitive strengths



1

**COST
EFFICIENT AND
DIVERSIFIED
ASSET BASE**

2

**STRONG AND
COMPETITIVE
SUPPLY
CONTRACTS**

3

**PRUDENT
FINANCIAL
MANAGEMENT**

4

**ATTRACTIVE
PORTFOLIO OF
GROWTH
OPTIONS**

5

**MAXIMIZING
VALUE TO ALL
OF OUR
STAKEHOLDERS**



Value proposition

Leading position supported by competitive strengths



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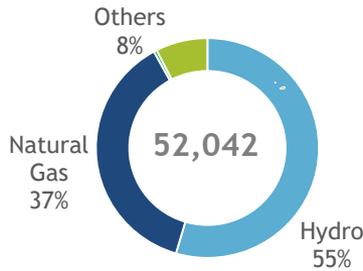
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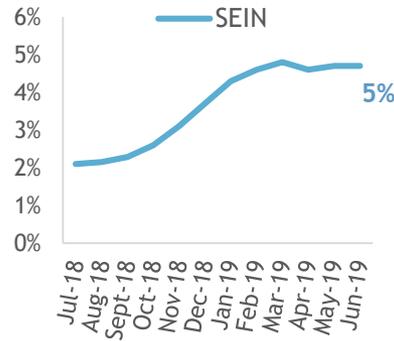
1. Cost efficient & diversified asset base

Attractive markets...

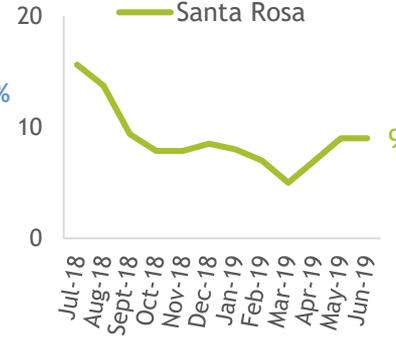
LTM GENERATION
GWh



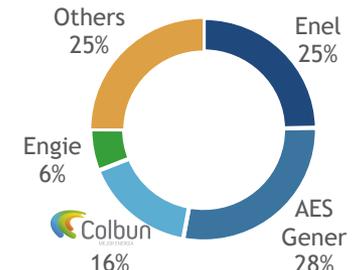
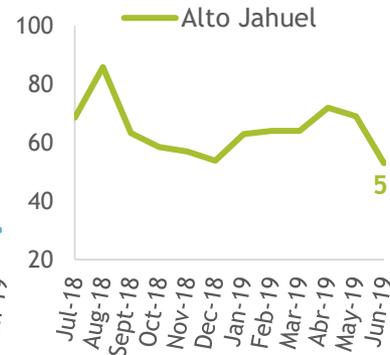
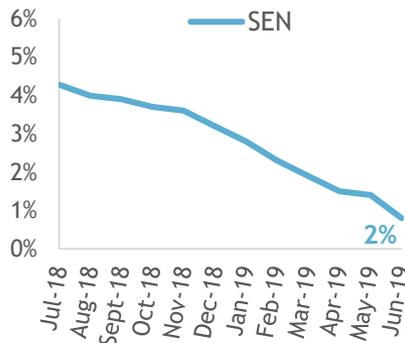
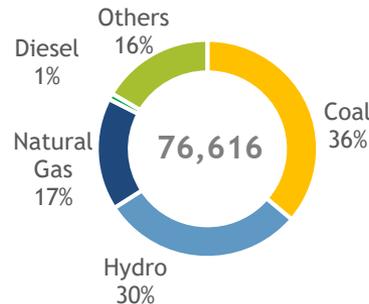
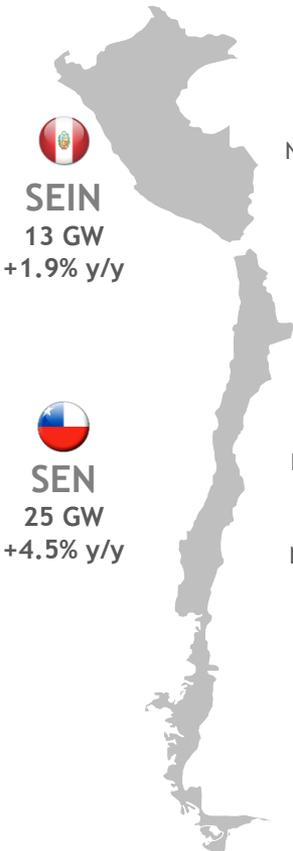
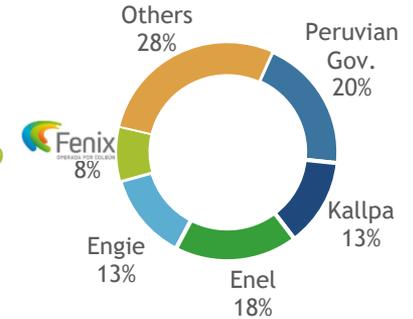
DEMAND GROWTH
12 month average %



MARGINAL COST
US\$/MWh



MARKET SHARE¹
%

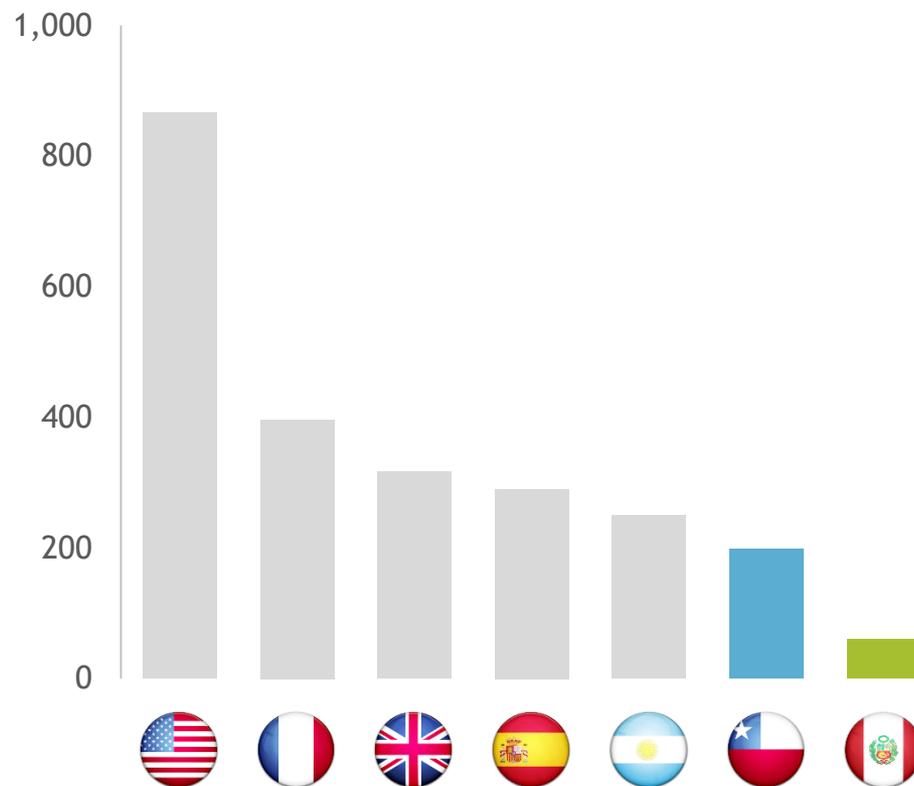


Note: All figures as of Jun19

¹ Based on generation

1. Cost efficient & diversified asset base ... with high growth potential

AVERAGE RESIDENCIAL
ELECTRICITY CONSUMPTION
(kWh/month)



Only **22%** of the total energy consumption in Chile corresponds to electricity ...

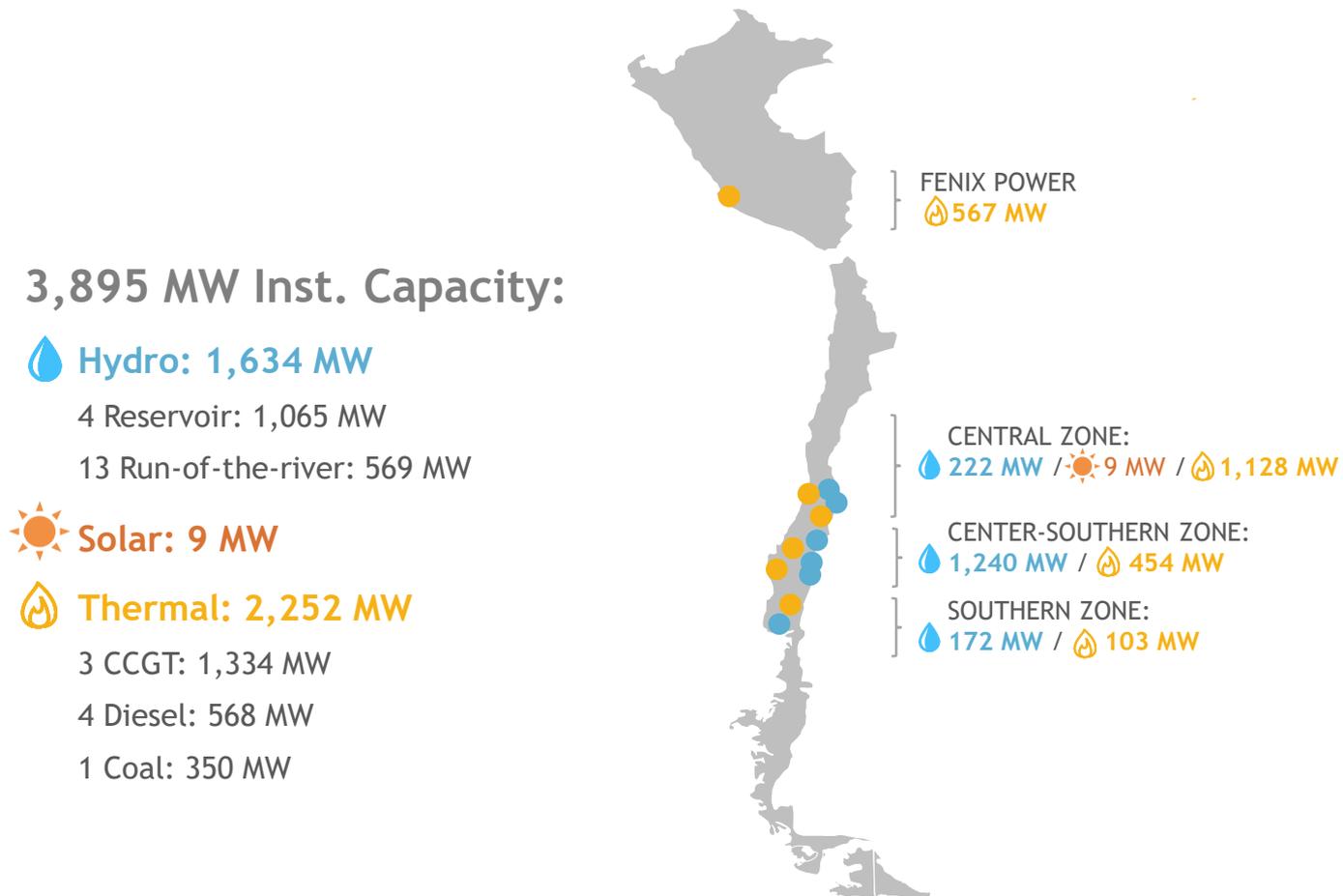


..However, **the future is electric.**

1. Cost efficient & diversified asset base

Assets diversified by technology & geography

- **42%** of installed capacity from renewable energy.
- **Diversified** asset base: 9 regions in Chile, 1 in Peru. Assets spread throughout 1,050 km in Chile.



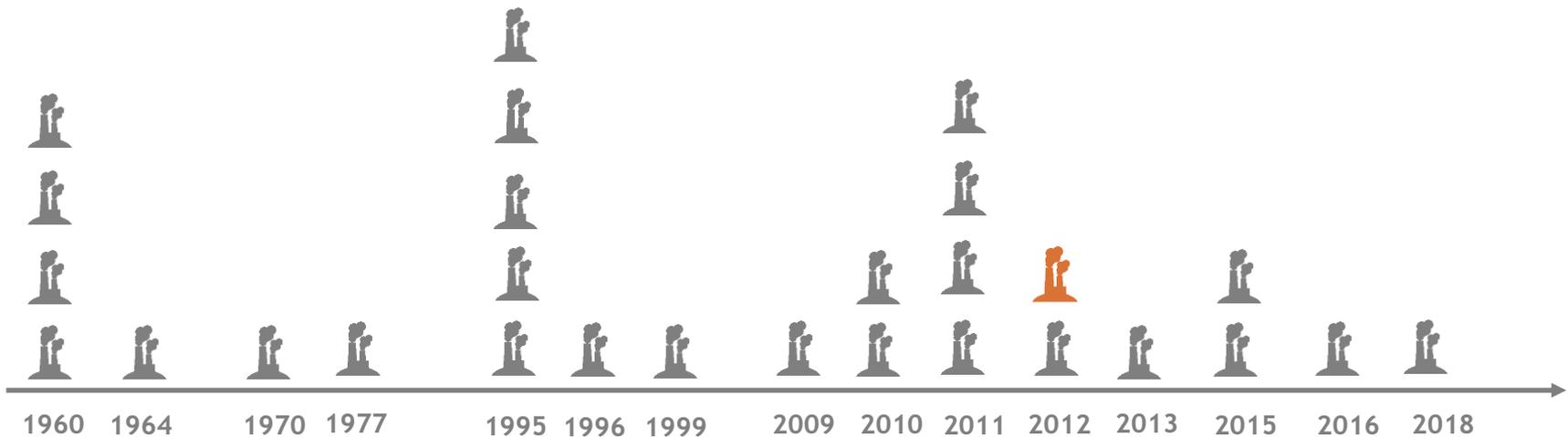
1. Cost efficient & diversified asset base

Decarbonization Process

- Colbún has only 1 coal-fired power plant of the 28 present in the system.
- Santa María is one of the newest and most efficient of the system.
- It's emissions are significantly below the norm:

	2018	Norm Limit
PM (mg/Nm ³)	7	50
Nox (mg/Nm ³)	338	500
SO ₂ mg/Nm ³)	173	400

COAL-FIRED POWER PLANTS & DATE OF COMMISSIONING



1. Cost efficient & diversified asset base

100% of PPAs supplied with cost-efficient generation

WHOLE-SALE COMMERCIAL POLICY

1. Optimal Contracting level

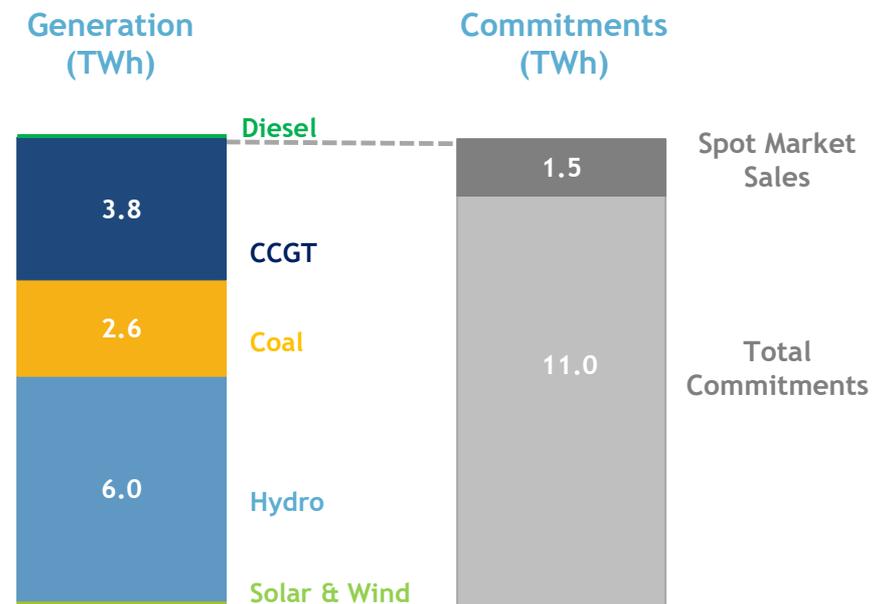
- I. Renewable Capacity:
Hydro, solar and wind
- II. Efficient thermal capacity:
Coal and CCGTs

2. Cost structure properly reflected in sale prices

3. Active risk management

- I. LNG purchases in the short and mid term
- II. Financial hedges

GENERATION & PPAs level 2Q19 LTM



1. Cost efficient & diversified asset base

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.

1. REGASIFICATION CAPACITY AND SUPPLY CONTRACT WITH ENAP

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

2. GNL SPOT CONTRACTS

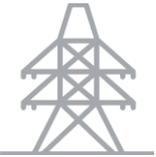
- Spot contracts with local providers upon short-term requirements
- Currently available contract for one combined-cycle until November 2019

3. GAS FROM ARGENTINA

- Contract from October 2019 until May 2020 for up to one combined-cycle
- As of Jun19 Colbún has generated 97 GWh with Argentinean gas.

1. Cost efficient & diversified asset base

Relevant transmission assets



Transmission lines
~**940** km



Substations
28



Market share ¹
~**6%**

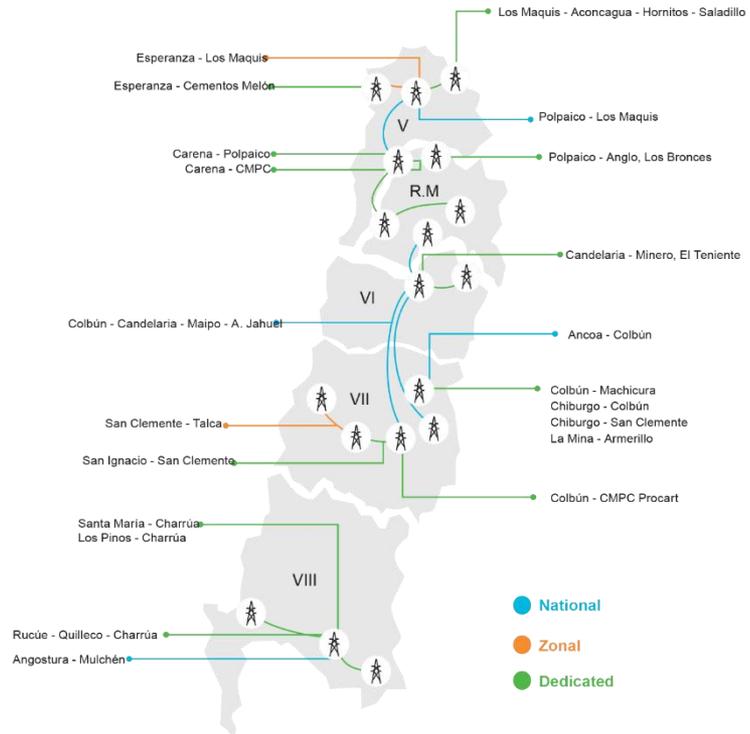


Proforma EBITDA LTM
~**US\$71** mm

Increase in renewable energies:

- > Of smaller size
- > With lower load factors
- > Far from consumption centers

WILL REQUIRE A RELEVANT GROWTH IN TRANSMISSION



Note: All figures as of Jun19

¹ National Transmission

1. Cost efficient & diversified asset base

Fenix Power: a relevant & efficient CCGT in Peru

THE COMPANY



One of the most efficient CCGT in Peru

Based on Heat Rate



40 miles south of Lima

Capital of Peru and largest city of the country



567 MW

Gross effective capacity



4.2 TWh

Net annual generation



3 TWh / year

Long term contracts (~100% capacity)

SHAREHOLDERS



Colbun
MEJOR ENERGIA
51%



ADIA
36%

SIGMA
13%

KEY FIGURES



LTM EBITDA

US\$ **48** mm



Cash

US\$ **17** mm

International Ratings

BBB- Stable
Fitch

BBB- Stable
S&P

Ba1 Stable
Moody's



Value proposition

Leading position supported by competitive strengths



1

**COST
EFFICIENT AND
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ASSET BASE**

2

**NEW AND
COMPETITIVE
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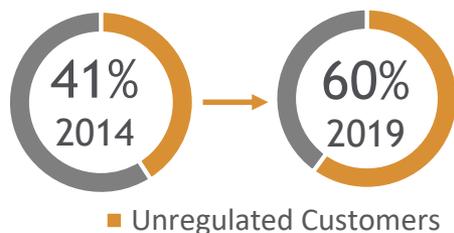


2. Strong and competitive supply contracts

High quality clients in Chile

CUSTOMER BASE PROFILE

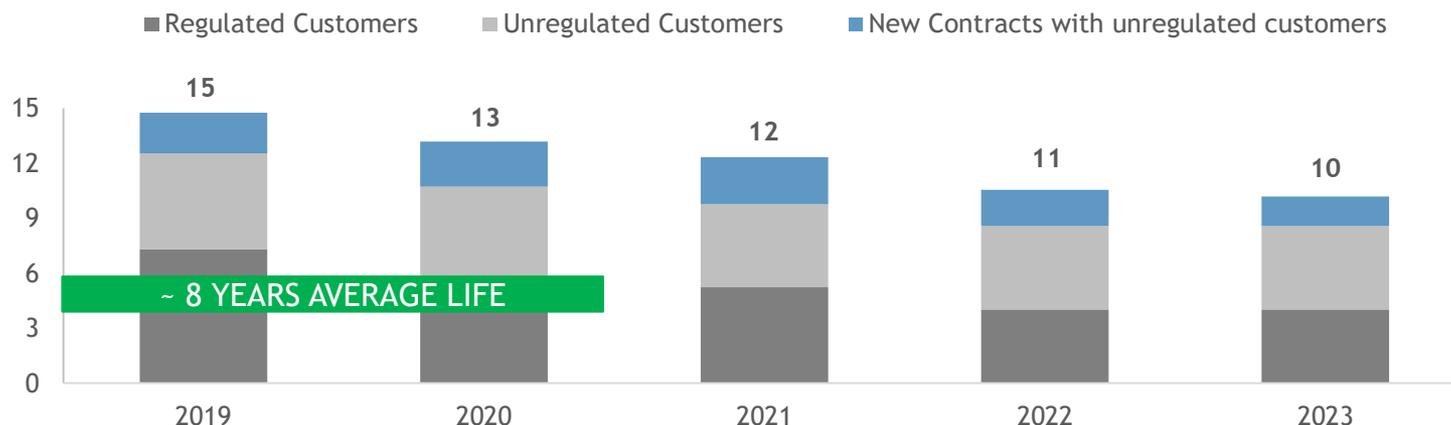
Sales % to Unregulated Customers



Number of Unregulated Customers



PPAs IN CHILE: MAXIMUM CONTRACTED POWER SUPPLY (TWh)



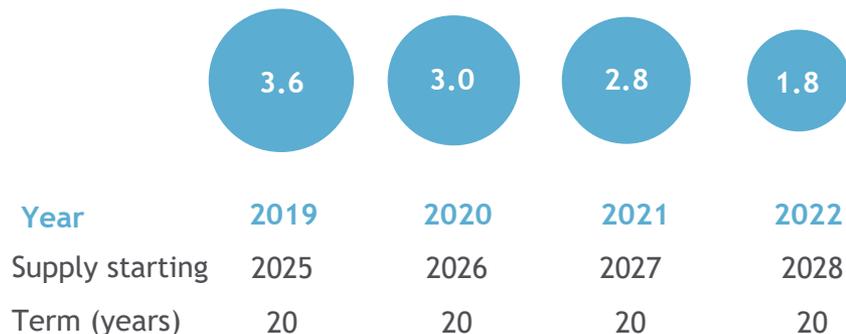
2. Strong and competitive supply contracts PPAs renewal opportunities in Chile

UNREGULATED CUSTOMERS

- In the coming years there is a **relevant amount of energy for large unregulated clients to be re-contracted.**
- Since 2016, Colbun has signed new contracts with large and medium-size clients for a total of ~3.7 TWh/year.

REGULATED CUSTOMERS

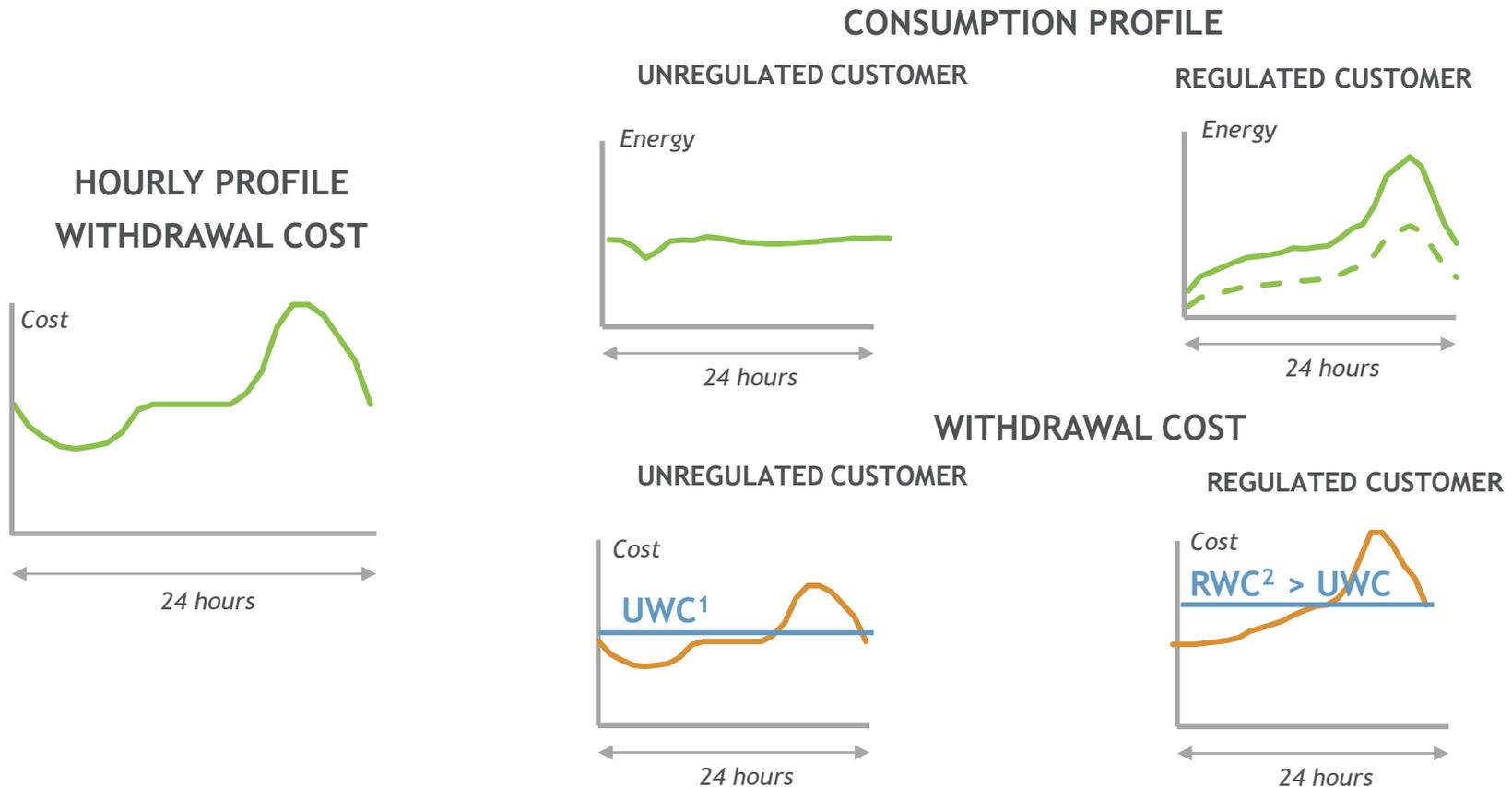
- **Upcoming regulated auctions:** according to the CNE's final report, around 11 TWh will be auctioned in the next years.



2. Strong and competitive supply contracts

Energy consumption profile by segment

Due to their consumption profile, **unregulated customers have a lower withdrawal cost.**



...additionally, unregulated customers do not dilute their consumption and their withdrawal is not reduced by overestimated consumption

¹ Unregulated withdrawal cost

² Regulated withdrawal cost

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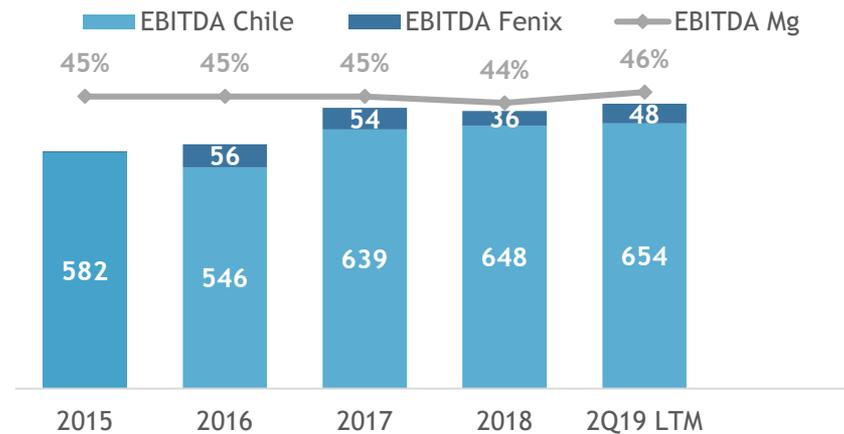
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3. Prudent financial management

Stable operational results & solid metrics

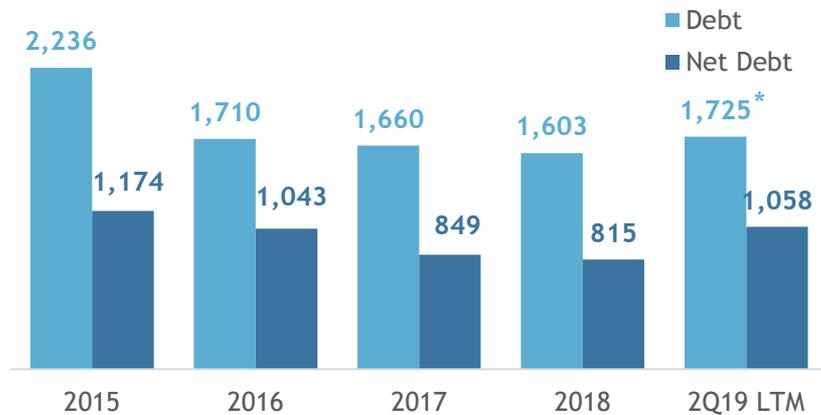
1. EBITDA & EBITDA MG. (US\$ million & %)



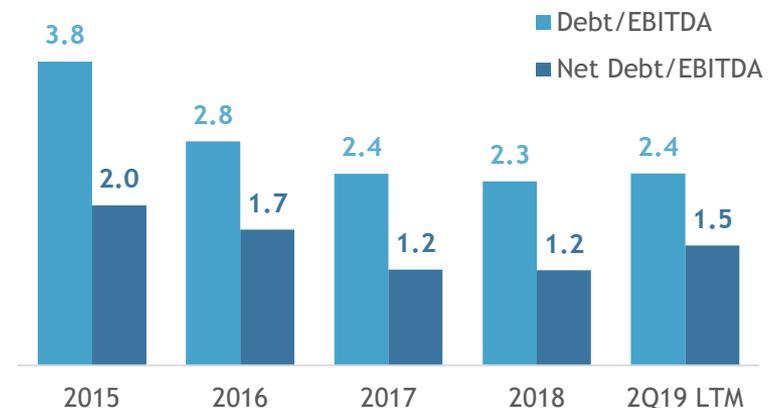
2. NET INCOME. (US\$ million)



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



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

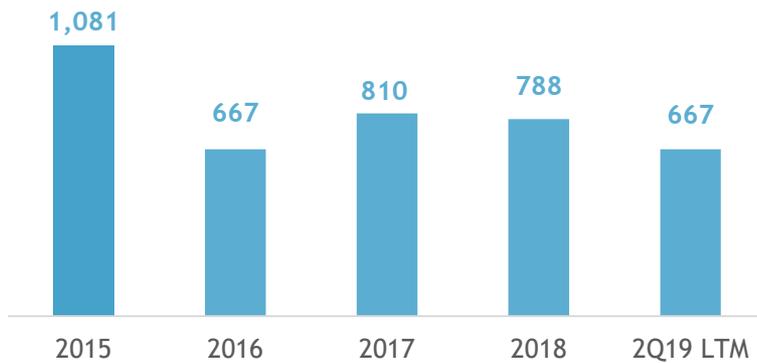


Note: All figures as of Jun19
 *Calidda Leasing is included (US\$127 mm)

3. Prudent financial management

Strong liquidity

1. CASH POSITION. (US\$ million)

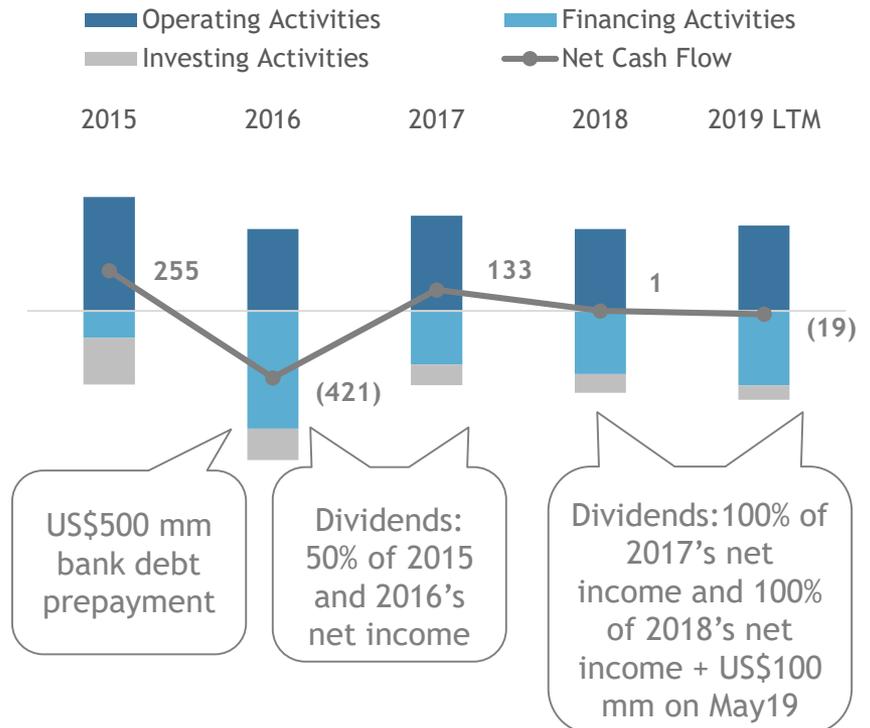


2. DIVIDEND DISTRIBUTION. (US\$ million & %)



The Dividend Policy approved by the 2019's Annual Shareholders Meeting is 50% of the net income.

3. CASH FLOW. (US\$ million)



3. Prudent financial management

Long term debt profile

1. FINANCIAL DEBT PROFILE

US\$1,608(*) mm

US\$1,279 million

US\$329 million



100% bonds

94% USD and 6% UF

100% Fixed rate

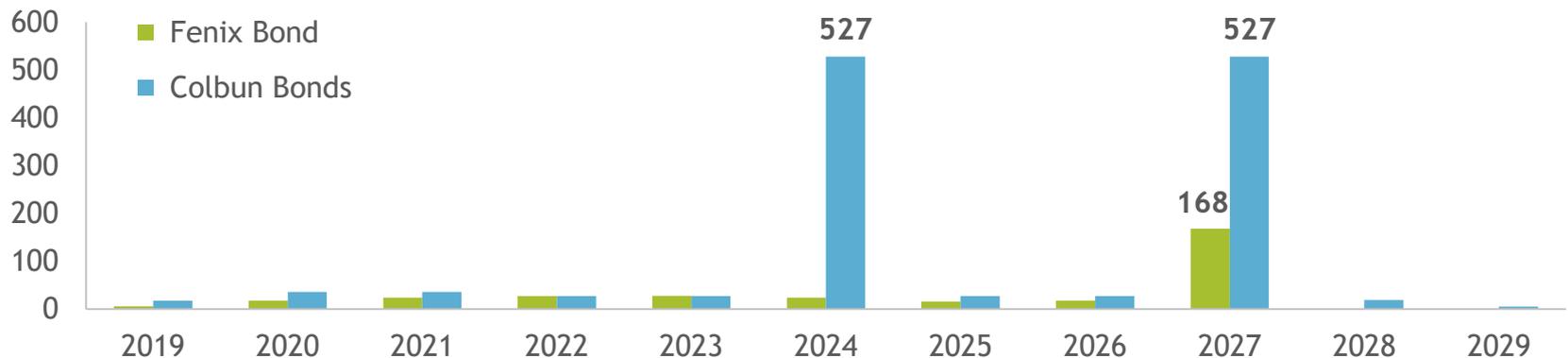


4.5% Interest Rate average

6.3 years average life



2. AMORTIZATION STRUCTURE. (US\$ million)



Note: All figures as of Jun19
 (*) Financial leases are not included

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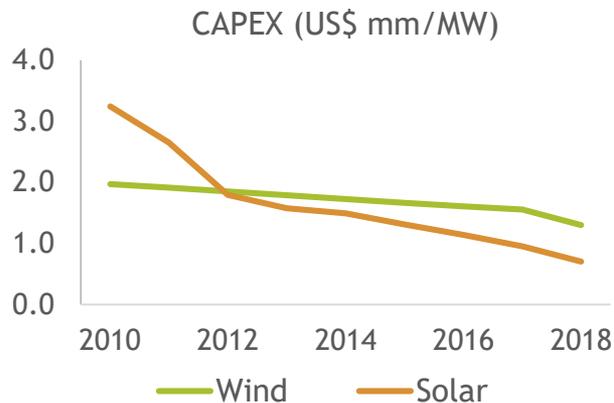
4. Attractive portfolio of growth options

Local expansion considerations

GROWTH STRATEGY

Add 4,000 MW of new renewable capacity over 10 years.

- Focus on solar and wind. The development cost of these technologies have decreased over the last years.

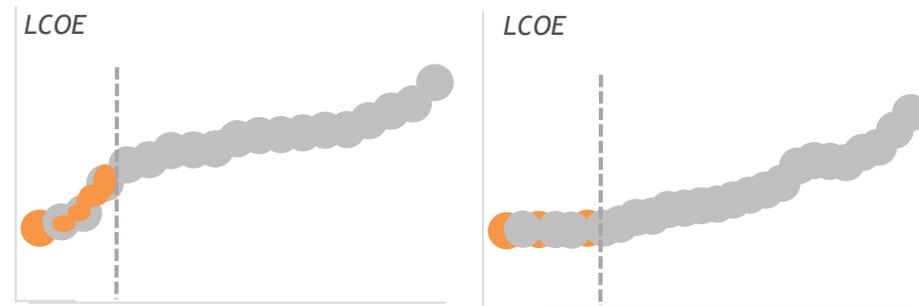


- Pillars of growth:**
 - Pipeline of solar, wind and hydro projects.
 - M&A Opportunities.
 - Purchase energy from third parties.

WIND AND SOLAR PIPELINE OF PROJECTS

Wind projects

Solar projects



Key considerations



Load Factors



Proximity to the transmission network



Socio-Environmental viability



Concession/Easements

4. Attractive portfolio of growth options

Local expansion considerations

We have options to develop solar power plants for 1,670 MW and wind farms for 1,617 MW



Horizonte

With 607 MW this project will become one of the wind farms with the **largest installed capacity worldwide**



Diego de Almagro

Located in one of the areas with the **best radiation in Chile**, the projects are in the **Environmental Impact Study** evaluation process

PROGRESS STAGE:

-  Preliminary studies
-  Prefeasibility
-  Feasibility

4. Attractive portfolio of growth options

Diego de Almagro - Solar power plant



Location:
Atacama Region, 120 km north of Copiapó in the Route C-17, which joins Copiapó and Diego de Almagro

KEY INDICATORS

Estimated capacity

200 MW

Estimated net annual generation

562 GWh

Estimated load factor

34%

Land Surface

330 ha

Connection point

Illapa S/E 220 kV
(2.6 km)

Environmental Impact Statement

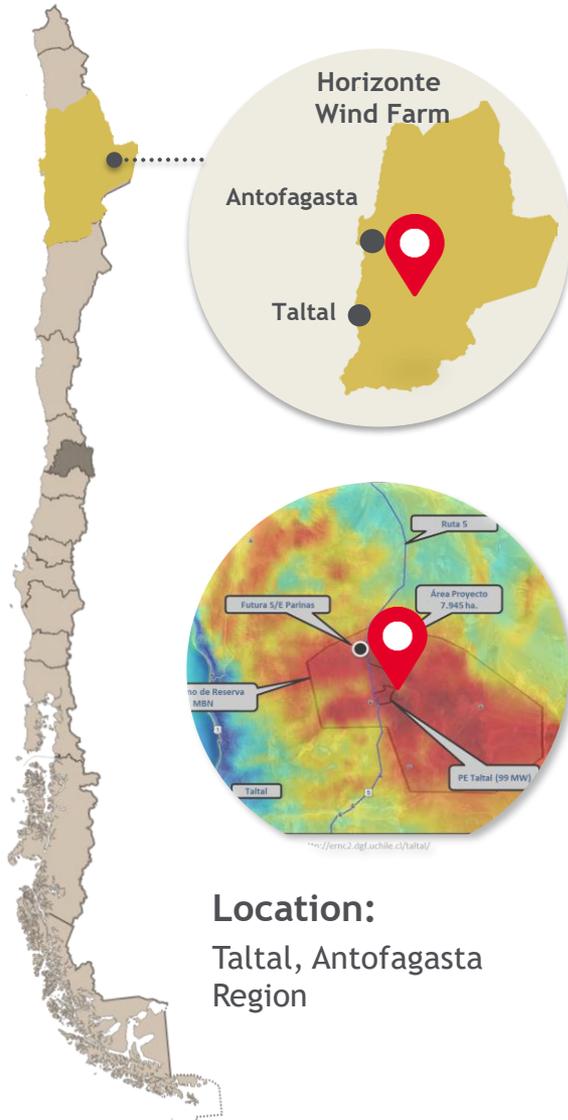
In progress

Estimated commissioning

2021

4. Attractive portfolio of growth options

Horizonte - Wind farm

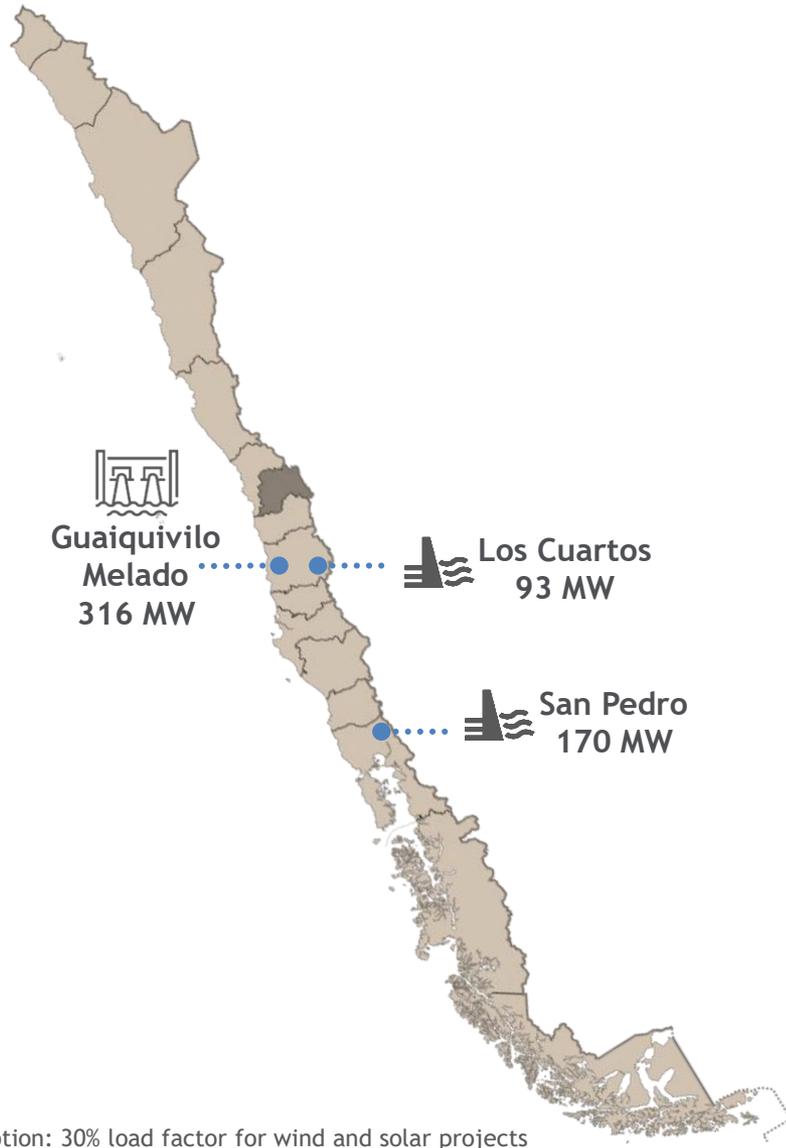


KEY INDICATORS

Estimated capacity	607 MW minimum
Estimated net annual generation	2,029 GWh
Estimated load factor	38%
Land Surface	8,000 ha
Connection point	Parinas S/E 500/220 kV
Turbine Supplier	Enercon
Environmental Impact Statement	In preparation
Estimated commissioning	2023

4. Attractive portfolio of growth options

Other projects 🇨🇱



San Pedro

In December 2018, an Environmental Impact Study was re-entered for project adjustments, which was admitted for processing.



Guaiquivilo Melado - Los Cuartos

Colbún has decided to pause the development of these projects since the market conditions for executing these initiatives are not in place. Conditions are being permanently monitored.



Transmission Projects

As the decarbonization process is implemented, the system will require new investments in transmission.

To replace all coal generation with wind and solar technologies, it would be required to install and connect ~11,000 MW¹

¹ Assumption: 30% load factor for wind and solar projects

4. Attractive portfolio of growth options

International expansion



KEY DRIVERS

1. Low per capita energy consumption
2. Stable regulatory frameworks / positive developments in Argentina
3. Expected increases in economic activity and power demand



OTHERS

Tracking trends and business models

STRATEGY

1. Preference for assets in operation (brownfields)
2. Incorporate partners with local knowledge but maintain control
3. Investment amounts subject on maintaining international investment grade ratings

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5. Maximizing value to all of our stakeholders

Sustainability strategy

SUSTAINABILITY IS OUR BUSINESS AND IT IS INTEGRATED IN ALL AREAS OF THE COMPANY



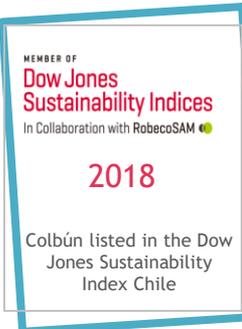
Since 2015 we publish an Integrated Annual Report, with all the financial, social and environmental information of the Company.

AWARDS AND RECOGNITIONS



2019

Colbún obtained the first place in the overall ranking



2018

Colbún listed in the Dow Jones Sustainability Index Chile



2018

Colbún won the category Female Presence in Directories



2018

Colbún was recognized in the category Innovation Perception



2018

The Reverse Osmosis Plant was recognized with the innovation award



2018

Pro Aconcagua distinguished Colbún for its contribution to the area



2018

Colbún obtained the first place in the overall ranking



2017

Colbún listed in the Dow Jones Sustainability Index Emerging Markets



2017

Angostura was chosen as a Sustainable Hydroelectricity study case

5. Maximizing value to all of our stakeholders

Lessons learned from the community relationship

1

**WE DO NOT
DELEGATE
COMMUNITY
RELATIONSHIP**

2

**EARLY
APPROACH TO
LOCAL
STAKEHOLDERS**

3

**PERMANENT
INVOLVEMENT
AND
MULTICHANNEL
MONITORING**

4

**FOCUS ON
OPERATIONAL/
ENVIRONMENTAL
PERFORMANCE**

5

**EVERY
PROJECT MUST
BE A GOOD
LOCAL NEWS**



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Update on strategic agenda progress

Overview



1. Enter in to New Power Purchase Agreements

During 2Q19, Colbún contracted ~490 GWh/year of its generation with new unregulated customers.



2. Grow in renewable energy from variable sources (solar and wind)

Add 4,000 MW of new renewable energy capacity over 10 years.



3. Implement cost efficiency plan

Reduce Company's annual fixed cost structure by US\$20 million.



4. Complete digitalization and automation program

Simplify operational, administrative and maintenance processes.



5. Leverage transmission asset base

Achieve a greater focus on management, reporting and visibility of the transmission business.



6. Explore new business opportunities

Colbún is analyzing different business opportunities to anticipate potential changes on electric consumption:

- Demand response
- Storage
- Waste to Energy

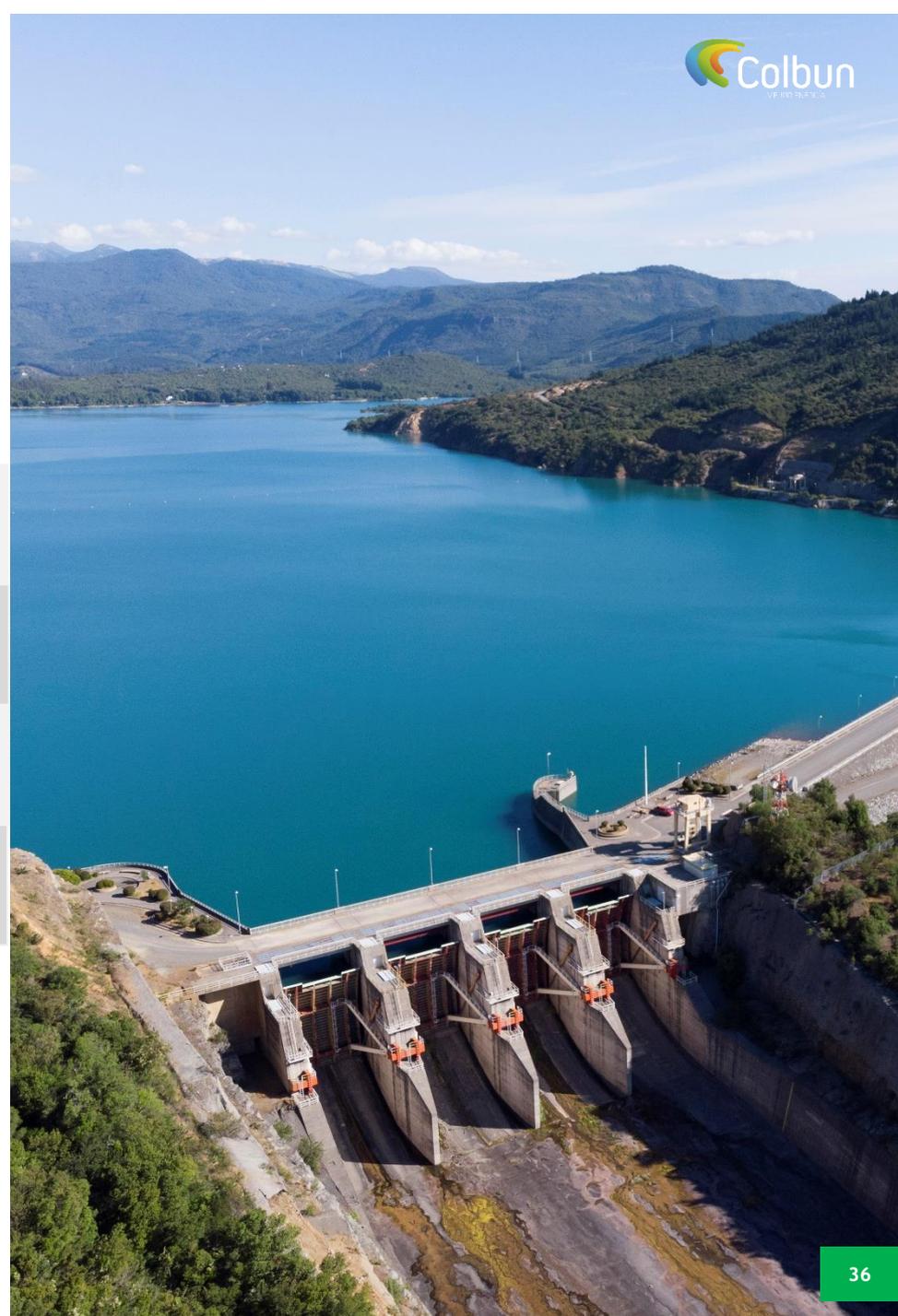
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Concluding remarks

1. Shareholders:

Strong, reliable controlling group with a strategic and long-term vision of the business.

2. Size:

Leading position in Chile's power market and a relevant presence in Peru.

3. Management:

Experienced management and high standards of corporate governance.

4. Customers:

Diversified, solid and creditworthy portfolio of clients.

5. Sustainability:

Integrated in all areas of the Company.

6. Financial:

Strong metrics and ample access to financial markets.

