



# 1Q15 Quarterly Report

## Conference Call 1Q15 Results

Date: Thursday April 30th 2015  
Time: 11:30 AM Eastern Daylight Time  
12:30 PM Chile Time  
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- **EBITDA in 1Q15 reached US\$92.8 million**, lower than the EBITDA of US\$119.8 million in 1Q14 and US\$159.0 million in 4Q14. The 1Q14 EBITDA included a non-recurring income of US\$32.5 million as a result of an insurance payment (loss of profit) associated with the failure in the Nehuenco II power plant in Mar13. Excluding this effect, EBITDA was up 6% compared to 1Q14. Meanwhile, the decrease from the previous quarter was given by a 48% lower hydro generation due to the seasonality of water inflows along the year and to the extremely dry conditions during 1Q15.
- Colbún reported a **net income of US\$7.0 million** this quarter vs. a net income of US\$51.5 million in 1Q14 and a net loss of US\$61.8 million in 4Q14. The drop from 1Q14 is explained by lower EBITDA and by higher interest expenses given by lower capitalization of these costs after the commissioning of the Angostura power plant in Apr14, and to a lesser extent by a higher level of gross debt. The net loss of 4Q14 is mainly explained by the impairment provision in the HidroAysén associated company.
- Total **energy sales volume** amounted to 3.1 TWh, down by 3% as compared to 1Q14 and up by 7% as compared to 4Q14.
- **Total generation** was 3.2 TWh, down by 3% from 1Q14 resulting from the lower natural gas generation due to a lower contracted volume. The 7% increase in generation from 4Q14 resulted from greater thermoelectric generation (natural gas, coal, diesel), partly offset by lower hydroelectric generation (-48%).
- At the closing of 1Q15 **financial investments** reached US\$816.7 million and **net debt** was US\$1,071.3 million.

## Summary

USD million

	1Q14	4Q14	1Q15	Change	
				YoY	QoQ
Revenues	413.2	330.1	317.0	(23%)	(4%)
EBITDA	119.8	159.0	92.8	(23%)	(42%)
Net Income	51.5	(61.8)	7.0	(86%)	-
Net debt	1,413	1,061	1,071	(24%)	1%
Energy sales (GWh)	3,203	2,913	3,109	(3%)	7%
Total generation (GWh)	3,268	2,855	3,196	(2%)	12%
Hydroelectric generation (GWh)	1,109	2,109	1,098	(1%)	(48%)

Colbún is the second largest generator of the SIC (the Sistema Interconectado Central is the main electricity grid covering 75% of Chilean demand). The Company has 3,278 MW of installed capacity (52% thermal and 48% hydraulic) spread over 23 plants. The facilities are located in 7 regions. Colbún sells energy and capacity to regulated customers (Distribution Companies), to non-regulated customers (Industrial Companies) and its surplus is sold to other Generators on the spot market.

## MANAGEMENT COMMENT

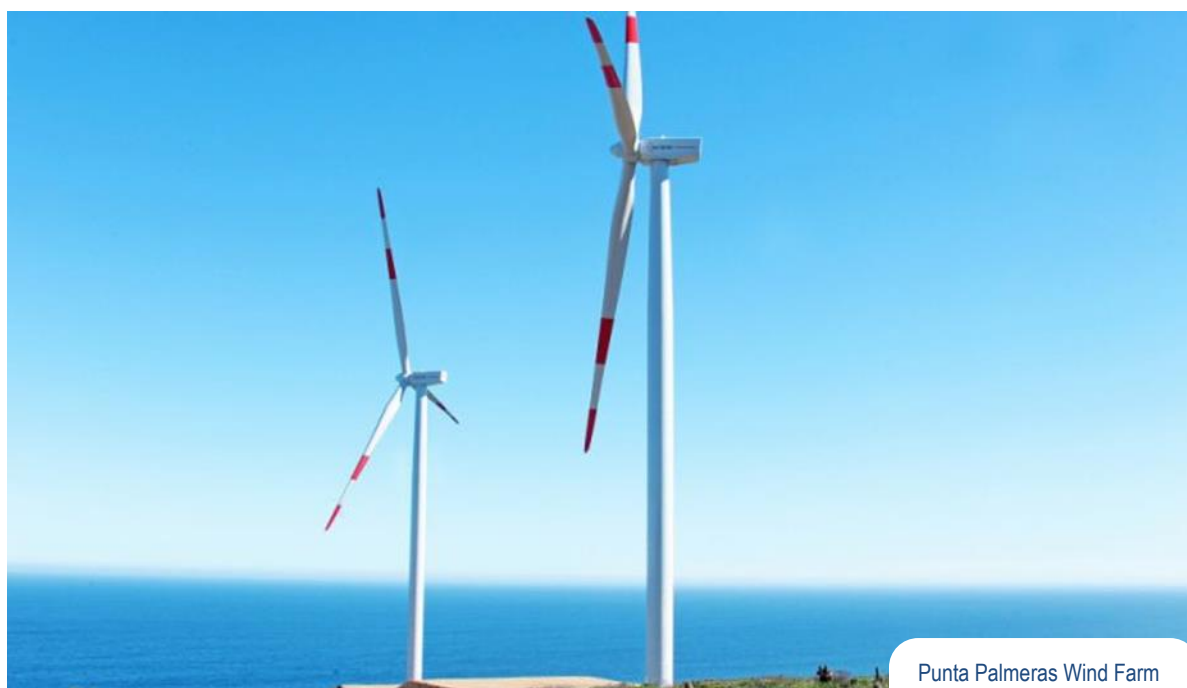
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*“Despite the fact that conditions of the recently finished hydrological year (Apr14-Mar15) were slightly better than previous years, the first quarter of 2015 was extremely dry, particularly March. In effect, excluding the contribution of the Angostura power plant, this was the lowest hydro generation quarter of the past five years. However, this lower hydro generation was partly compensated by efficient generation with coal and natural gas, which in addition to lower commodity prices meant a decline in Colbun’s thermal average production cost. Similarly, the marginal costs dropped 17% compared to the same quarter of the previous year (US\$136/MWh versus US\$165/MWh).*

*Punta Palmeras Wind Farm started operating during 4Q14, selling its energy production and NCRE attributes to Colbún at a stabilized price. Given the above, for effects of net energy balance made by the CDEC-SIC, this wind farm is modeled as a Colbún facility. During 1Q15 Punta Palmeras generated 18 GWh.*

*Regarding our PPAs for 2015, it is worth mentioning that in Dec14 the contracts with Codelco expired. Subsequently, on January 1<sup>st</sup> 2015 two new long-term contracts signed with Codelco started. The annual contracted capacity is 510 MW and the associated energy is approximately 4,000 GWh annually. The contracted level of the company will remain stable until 2019.*

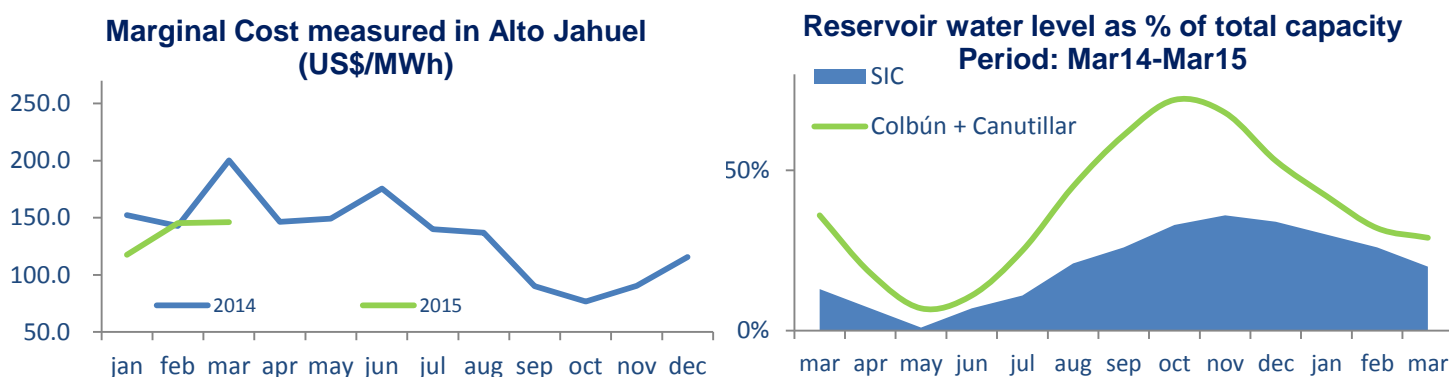
*The results of the coming quarters will depend on the reliability of our thermoelectric and hydroelectric power plants and on the conditions of the new hydrological year started in April”.*



## MARKET CONDITIONS

SIC (Central Interconnected System) generation grew by **3.0%** during the first quarter of 2015 **due to greater demand**, both from regulated and free customers. This growth rate is in line with the average growth seen over the last 12 months, but reflects a slowdown given that the demand growth rate at the end of the same quarter last year was 3.9%.

The generation mix for the quarter was very similar to last year's first quarter mix; **hydroelectricity reached a 37%** share and **coal-fired generation reached 26%**, up by 2% compared to 1Q14. This coal increase was offset by a 2% drop in **natural gas**, accounting for **24%** of total production. Diesel generation represented 5%. While the generation composition was similar, average marginal cost measured in Alto Jahuel decreased by 17% from US\$165/MWh to US\$136/MWh. This drop is mainly explained by a decline in commodity prices compared to the same period last year. As an example, the variable cost of Los Pinos power plant operating with diesel informed to the CDEC a year ago was US\$198/MWh versus US\$144/MWh at the end of Mar15.



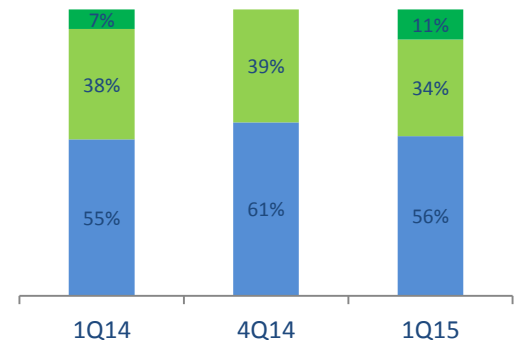
## SALES VOLUME

**Free clients withdrawals** during 1Q15 reached 2,782 GWh, 7% and 5% lower than in 1Q14 and 4Q14 respectively. This decrease is explained by the expiry of contracts with free costumers (Mar14 and Dec14) partially compensated by new contracts with free clients in Jan15. Meanwhile, **net sales in the spot market** reached 327 GWh, a 49% increase compared to 1Q14, however 301 GWh correspond to discounts taken on Codelco billing. Including the Codelco energy which was not withdrawn (301 GWh), the energy sales volume to customers under power purchase agreements sales increased 3% and 6% compared to 1Q14 and 4Q14.

Physical sales by Type of Client (TWh)



Physical sales by Type of Client (%)



## GENERATION

Power generation in 1Q15 was characterized by low hydroelectric generation due to lower water inflows than the already low season average, added to the effect of four years of drought in a row, and significant gas generation due to access to LNG supply that allowed operating the two combined cycle units throughout most of the quarter.

**Hydroelectric generation** of 1Q15 was 1% lower than in 1Q14 and roughly half of 4Q14. Although the Angostura power plant was fully operating during the quarter and the Blanco power plant reentered into operation on February 18<sup>th</sup>, 2015 (after it had failed in January 12<sup>th</sup>, 2014), hydroelectric generation was lower reflecting the extremely dry conditions of the period.

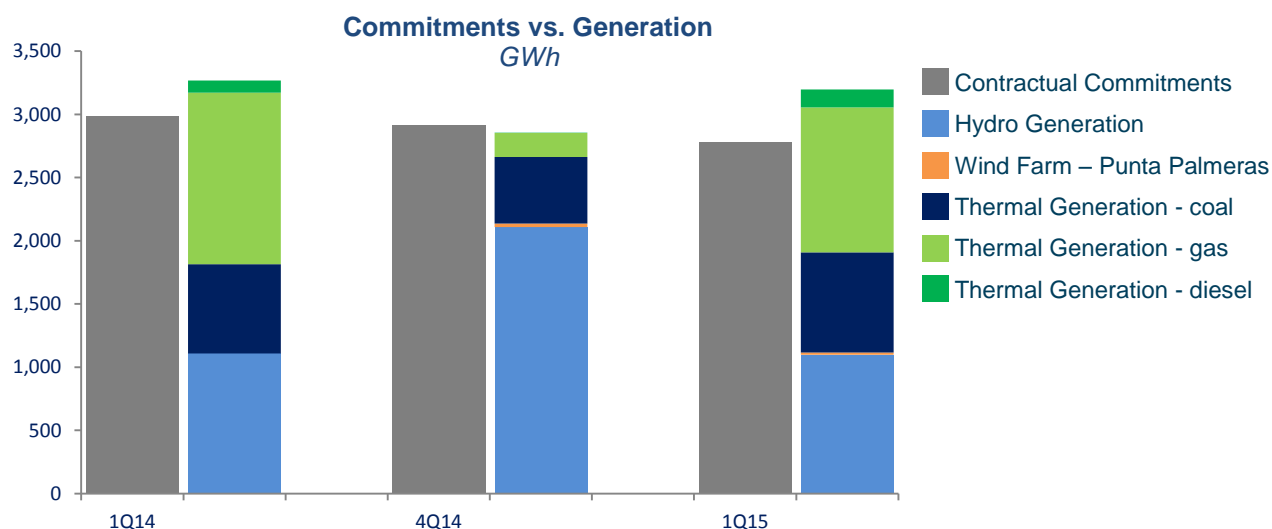
**Coal-fired generation** during 1Q15 was 792 GWh, 12% and 50% greater than in 1Q14 and 4Q14 respectively. This is explained by the Santa María I unit very high availability during the quarter, compared to 1Q14 when this power plant was a few days out for minor maintenance and in 4Q14 when the facility had its major maintenance and minors unscheduled stoppages.

**Gas-fired generation** decreased 15% compared to 1Q14 and increased more than 6 times compared to 4Q14. The decrease compared to 1Q14 is explained by the contracted volumes of this fuel due to prior expectations of lower marginal costs. With respect to 4Q14, the increase is given by a higher requirement of this fuel due to poorer hydrological conditions in the quarter.

**Diesel-fired generation** reached 141 GWh in 1Q15, up from 96 GWh in 1Q14. Despite the higher generation, diesel variable costs decreased over the same period last year due to lower prices in international markets. Diesel generation during 4Q14 was 3 GWh.

## PHYSICAL SALES AND GENERATION BALANCE

The generation mix of 1Q15 allowed 68% of the Company's commercial commitments to be covered with efficient energy: hydroelectricity and coal (vs. 61% of 1Q14 and 89% of 4Q14). The remaining commitments were supplied with natural gas generation, which considering Colbún's negotiated commercial conditions, currently represent an efficient generation source. These three quarters exposed denote an appropriate commercial policy in terms of contractual commitments versus generation output.



### Sales Volume vs. Generation

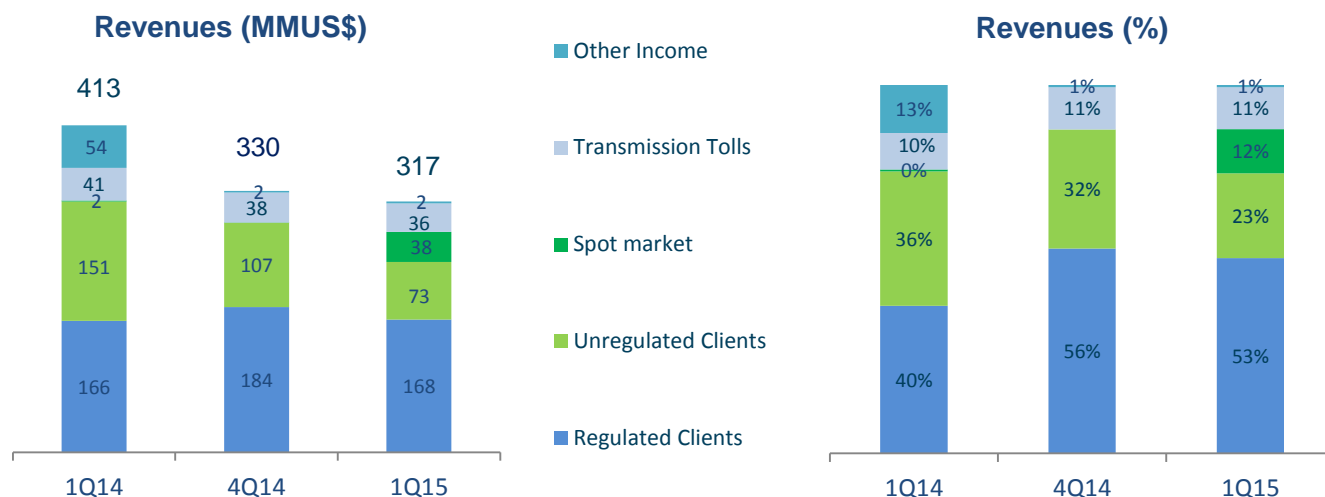
GWh

	1Q14	4Q14	1Q15	Change	
				QoQ	YoY
<b>Sales Volumes</b>					
Regulated customers	1,751	1,765	1,734	(2%)	(1%)
Free customers	1,233	1,148	1,048	(9%)	(15%)
Spot market sales	219	0	327	-	49%
<b>Total energy sales</b>	<b>3,203</b>	<b>2,913</b>	<b>3,109</b>	<b>7%</b>	<b>(3%)</b>
<b>Generation</b>					
Hydraulic	1,109	2,109	1,098	(48%)	(1%)
Thermal - Gas	1,357	189	1,147	507%	(15%)
Thermal - Diesel	96	3	141	5029%	47%
Thermal - Coal	706	527	792	50%	12%
Wind - Punta Palmeras	-	27	18	(33%)	-
<b>Total own generation</b>	<b>3,268</b>	<b>2,828</b>	<b>3,178</b>	<b>12%</b>	<b>(3%)</b>
Spot market purchases	0	120	0	-	-
<b>Energy Sales - Purchases in the Spot Market</b>	<b>219</b>	<b>(120)</b>	<b>327</b>	<b>-</b>	<b>49%</b>

## OPERATING REVENUES

**Operating revenues from ordinary activities for 1Q15 amounted to US\$317.0 million**, down by 23% and by 4% as compared to 1Q14 and 4Q14, respectively. The decrease compared to 1Q14 is mainly due to lower revenues in free customers and "other income" (Nehuenco II insurance payment), partially offset by higher sales of energy and power in the spot market. The decrease over 4Q14 is explained by lower revenues both from free and regulated customers mainly due to a price effect.

Revenues are broken down as follows:



**Regulated Customers:** Revenues from regulated customers were US\$167.6 million in 1Q15, in line with 1Q14 and down by 9% compared to 4Q14. The decrease from 4Q14 is mainly due to a lower average monomic price.

**Free Customers:** Revenue from free customers reached US\$73.0 million in 1Q15, down by 52% from 1Q14 and by 32% from 4Q14. The decrease is mainly explained by the expiration in Dec14 of a contract with Codelco at marginal cost which was replaced by another contract with the same customer at a long term price. This new contract considers the sale by Colbún of a portion of the contracted supply by Codelco, with a resulting margin that is credited to the client's billing. Secondly, the drop compared to 1Q14 is explained by the expiry of another contract with a free customer (Metro) in Mar14.

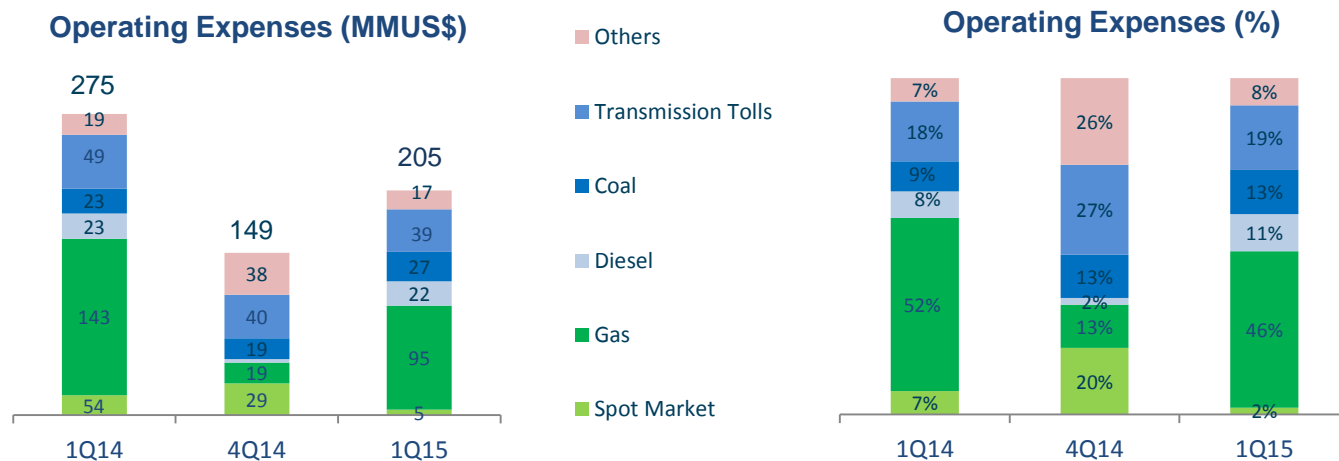
**Spot Market Sales:** During the 1Q15 the Company sold US\$38.0 million (equivalent to 327 GWh) in the spot market, an increase compared to 1Q14 (US\$1.5 million - 219 GWh). 4Q14 did not record spot sales. It is noteworthy that a significant part of this quarter's sales (301 GWh) are deducted in revenues to free customers as a result of energy sales contracts with Codelco as aforementioned.

**Transmission Tolls:** On a quarterly basis transmission tolls decreased 12% compared to 1Q14. Higher revenues from transmission tolls in 1Q14 correspond to greater tariffs collected from trunk transmission. Tolls are in line with 4Q14.

**Other Income:** During the quarter there were no significant "Other income" (US\$2.3 million). On 1Q14 Other Income recorded US\$53.8 million including US\$32.5 million resulting from the business interruption insurance compensation for the failure affecting the Neuenco II power plant in Mar13 and US\$16.9 million for the margin resulting from the difference between valued injections and withdrawals over the testing period of the Angostura hydroelectric power plant. 4Q14 recorded a lower amount (US\$1.9 million) under the "Other Income" line.

## OPERATING EXPENSES

**Raw materials and consumables used in 1Q15 totaled US\$205.2 million**, decreasing 25% compared to 1Q14 mainly due to lower gas price and consumption and lower purchases in the spot market. Raw materials and consumables used increased 38% over 4Q14 due to an increase in fuels consumption: gas, coal and diesel. Operating expenses are broken down as follows:



**Transmission tolls:** On a quarterly basis, tolls decreased 20% compared to 1Q14 due mainly to greater transmission toll expenses in trunk transmission in that quarter. Compared to 4Q14, transmission tolls remain relatively in line.

**Spot Market Purchases:** During 1Q15 physical purchases of energy and power in the spot market meant US\$4.5 million. This represents a decrease of 75% and 84% compared to 1Q14 and 4Q14 respectively. 1Q14 and 1Q15 did not include physical energy purchases, but in the monetary balance disbursements were made. It is worth mentioning that 1Q14 included capacity purchases due to a reduction in firm capacity as a result of the unavailability of Nehuenco II power plant that experienced a failure over a portion of the firm capacity control period (May to September). Meanwhile, in 4Q14 purchases in the spot market for 27 GWh were made.

**Fuel costs:** During 1Q15 reached US\$144.2 million, lower by 24% compared to the same period last year and three times higher compared to 4Q14. The decrease from 1Q14 is mainly due to lower gas generation and lower gas prices, partially offset by higher generation with coal and diesel. The average cost of our thermal generation decreased, reflecting the price drop of these commodities in international markets. Meanwhile, comparing with 4Q14, thermoelectric generation expenses increased more than 3 times explained by higher generation with gas, coal and diesel.

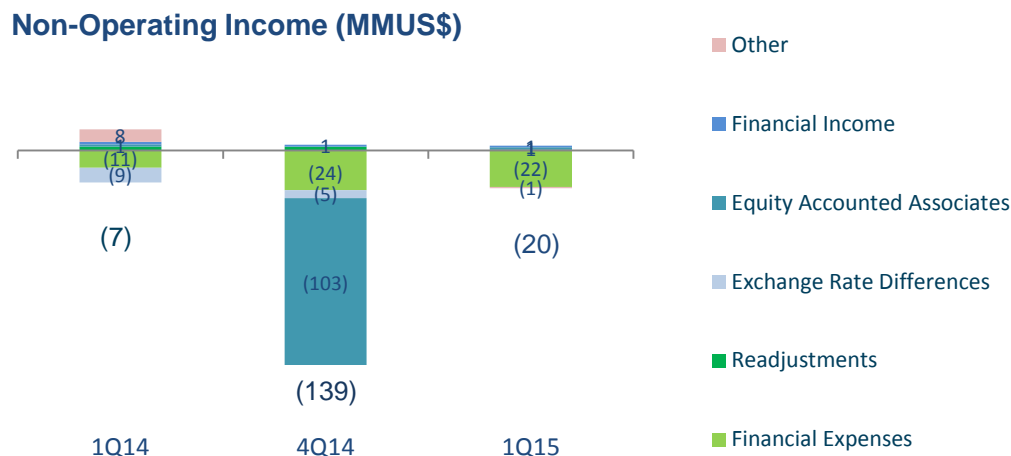
**Third parties' works and supplies:** reached US\$17.4 million in 1Q15, compared with US\$19.1 million in 1Q14 and US\$38.4 million in 4Q14. The decrease versus 4Q14 is mainly because the previous quarter recorded provisions associated to differences related to supplies agreements interpretation with customers.



## NON-OPERATING INCOME

**Non-Operating Income of 1Q15 recorded losses of US\$20.2 million**, higher than the losses of US\$6.6 million in 1Q14, given mainly by higher interest expenses which increased by US\$11.6 million. The non-operating income of 4Q14 was a loss of US\$138.7 million primarily explained by the impairment provision in the HidroAysén associated company.

The main reasons that explain this result are the following:



**Financial Expenses:** financial expenses during 1Q15 were US\$22.2 million, higher than the US\$10.6 million reported in the 1Q14 and more in line with 4Q14. The increase over 1Q14 is mainly due to lower capitalization of financial expenses after the commissioning of the Angostura power plant in Apr14 and due to higher gross debt because of the international bond issuance in Jul14 (US\$500.0 million).

**Exchange Rate Difference:** the exchange rate difference during 1Q15 recorded a profit of US\$0.4 million higher than the loss of US\$8.9 million recorded in 1Q14. The difference between 1Q15 and 1Q14 is mainly explained by the effect of a higher volatility in the exchange rate CLP/US\$ in 1Q14 on temporary balance sheet accounts in local currency, primarily receivable and payable accounts. Additionally, during 1Q15 there was a lower depreciation of the exchange rate compared to 1Q14 (3% vs 5%) on a balance sheet that shows a slightly higher proportion of assets than liabilities stated in local currency.

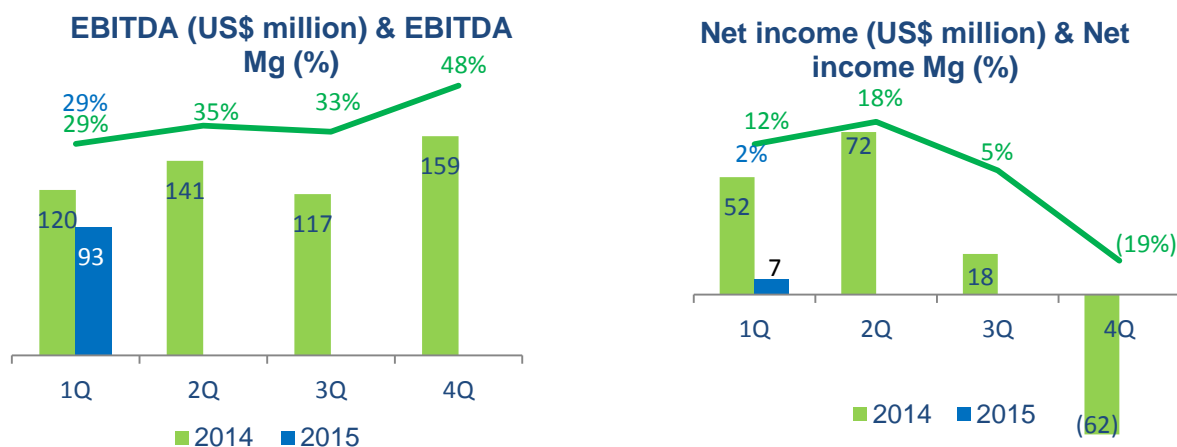
**Other income (loss):** During 1Q15 this line recorded a loss of US\$0.9 million, down from a profit of US\$7.7 million for the same period last year. 1Q14 considered a one-time charge of US\$18.6 million for asset impairment resulting from a failure at Nehuenco II power plant in Mar13. This effect was partially offset by the US\$7.0 million one-time asset impairment charge stemming from the failure of Blanco hydroelectric power plant occurred in Jan14. Note that the latter is in operation since Feb15. 4Q14 loss is mainly explained by an impairment in patents of water rights and a provision for obsolescence of spare parts.

**Income Tax Expense:** amounts to US\$18.2 million as of Mar15, compared to the expenditure of US\$19.6 million to Mar14 and US\$34.2 million in the previous quarter. The tax expense in 1Q15 is mainly explained by: i) an increased corporate tax rate due to the tax reform enacted in Sep14 (Law 20,780), ii) a 3% depreciation of the exchange rate CLP/US\$ affecting the calculation of deferred income taxes given that both fixed assets and tax losses are stated in Chilean Pesos, and iii) a higher PPUA (Provisional Payments for Absorbed Net Income).



## EBITDA AND NET INCOME ANALYSIS

**1Q15 EBITDA amounted to US\$92.8 million**, lower than the EBITDA of US\$119.8 million in 1Q14 and US\$159.0 million in 4Q14. 1Q14 EBITDA included a non-recurring income of US\$32.5 million as a result of insurance (loss of profit) associated with the failure in the Nehuenco II power plant in Mar13. Excluding this effect, EBITDA was up 6% compared to 1Q14. Meanwhile, the drop from 4Q14 is mainly explained by lower hydroelectric generation (50% down).



The Company recorded in 1Q15 a **profit of US\$ 7.0 million**, a decrease when compared to the profit of US\$51.5 million in 1Q14, but that favorably compares with the loss of US\$61.8 million in 4Q14. Net income margin reached 2% over operating revenues for the quarter under analysis, which compares unfavorably with 1Q14, but positively with 4Q14.

### EBITDA

USD million

	1Q14	4Q14	1Q15	Change	
				QoQ	YoY
<b>Revenues</b>	<b>413.2</b>	<b>330.1</b>	<b>317.0</b>	<b>(4%)</b>	<b>(23%)</b>
Sales to regulated customers	166.0	183.5	167.6	(9%)	1%
Sales to free customers	150.8	106.8	73.0	(32%)	(52%)
Sales to other generators (spot market)	1.5	0.1	38.0	32750%	2427%
Transmission tolls	41.2	37.8	36.0	(5%)	(12%)
Other operating income	53.8	1.9	2.3	25%	(96%)
<b>Raw materials and consumables used</b>	<b>(275.4)</b>	<b>(149.0)</b>	<b>(205.2)</b>	<b>38%</b>	<b>(25%)</b>
Transmission tolls	(48.9)	(40.3)	(39.1)	(3%)	(20%)
Energy and capacity purchases	(18.0)	(29.1)	(4.5)	(84%)	(75%)
Gas purchases	(143.1)	(18.7)	(95.1)	409%	(34%)
Diesel purchases	(22.9)	(3.3)	(22.5)	587%	(2%)
Coal purchases	(23.4)	(19.3)	(26.6)	38%	14%
Other Costs	(19.1)	(38.4)	(17.4)	(55%)	(9%)
<b>Personnel expenses and other operating expenses</b>	<b>(18.1)</b>	<b>(22.0)</b>	<b>(19.1)</b>	<b>(13%)</b>	<b>5%</b>
<b>EBITDA</b>	<b>119.8</b>	<b>159.0</b>	<b>92.8</b>	<b>(42%)</b>	<b>(23%)</b>

## GROWTH PLAN

Colbún has a development plan under way that consists of increasing its installed capacity, while maintaining a relevant participation in the hydroelectric generation industry, with a thermoelectric component that allows increasing the security of its supply in a competitive manner and diversifying its generation sources.

The company is seeking growth opportunities in Chile and in other countries in the region such as Colombia and Peru, to maintain a leading position in the power generation industry and to diversify its sources of income. These countries are characterized by an economical potential and their electricity regulatory framework have a well-established tracked record. Participating in these markets may also improve diversification in terms of hydrological conditions, generation technologies, access to fuels and regulatory frameworks.

In Chile, Colbún has several potential projects currently under different stages of development, including hydro, thermal and transmission line projects.

Below is the status of some of the Company's projects:

	La Mina	Sta. María II	San Pedro
Description	Mini Hydro	Coal	Hydro-Reservoir
Capacity(MW)	34	350	160-170
Gwh/year expected	191	2.500	950



## Projects under Construction

- **La Mina Hydroelectric Project (34 MW):** La Mina is a NCRE project located in San Clemente, about 110 km east of Talca. The project has an installed capacity of 34 MW and an annual average generation of 191 GWh. The energy will be injected to the SIC at the 220 kV Ancoa substation, through a High Tension Line (HTL) that will connect Los Córdobres, property of Endesa S.A., to the SIC. The project takes advantage from the hydraulic potential of the Maule River and captures the water when connects with the Puelche River, restoring the water to the same river 2 km downstream the capture point.

During 2014 relevant actions for obtaining permission to construct waterworks and the pending water rights were both successfully performed. An optimization of drop zone design was made, therefore civil works construction contracts for supply and assembly of hydro-mechanical and electromechanical equipment were tendered again. In Nov14 the order to proceed was given.

It is expected that the project begins commercial operation in early 2017. The investment amount will be approximately US\$130 million.

The progress of the Project as of Mar15 is according to schedule.

## Projects under Development

- **Unit II of the Santa María Complex Project (350 MW):** The project is located in Coronel, Biobío Region and considers an installed capacity of 350 MW. Currently, Colbún has the environmental permit approved to develop this second unit of the complex.

During 2014 its design was improved, incorporating new technology to meet the demanding regulations on emissions in force since January 1<sup>st</sup>, 2012. Also, the 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 (160 - 170 MW):** The project is located 25 km. northeast of Los Lagos, and considers using the water of the homonymous river through a power plant located between the outlet of the Riñihue Lake and the Malihue Bridge. Considering the adjustments included in the project, this will have an estimated flow design of 460 m<sup>3</sup>/s (+10% with openness) and an approximate installed capacity between 160 – 170 MW for an annual generation of 950 GWh in normal hydrological conditions. This plant will be connected to the SIC through a high voltage power line of 220 kV in the Ciruelos substation. The operation of the power plant will be such that the level of the reservoir remains virtually constant, which means that the flow downstream of the power plant is not going to be altered by its operation.

During 2014 the necessary geological studies were concluded and the adjustments therefore required by the engineering of the project. The adjustments do not involve changing the main environmental parameters, and is expected to enter these modifications to the Environmental Assessment System during 2015. During the second semester of 2014, Colbún began a socialization process prior the studies and adjustments of the project, through informative meeting with municipalities, communities, neighborhood associations and regional authorities, among other groups of interest.

On the other hand, major works defined in the RCA of the project were completed and submitted to the Municipalities of Los Lagos and Panguipulli, such as the Lakeside beach and Campsite in Riñihue and the Tourist Information Center of Panguipulli, demonstrating the project's commitment with its neighbor communities.

- **San Pedro-Ciruelos Transmission Line Project:** The San Pedro-Ciruelos transmission line project will allow evacuating the power of the San Pedro power plant to the SIC through a 220 kV line and 47 km. length, and will be connected to the Ciruelos substation, located about 40 km northeast of Valdivia.

The main activities in 2014 were related to negotiations for easements and relevant and strategic agreements with landowners were reached.

Some engineering modifications to the arrival segment of the line to the Ciruelos substation were performed and soil studies of the ground around the path were carried out. The above will serve as background to reenter the electrical concession into processing.

- **NCRE (Non-Conventional Renewable Energies) Projects:** The electrical regulation requires that a portion of the contracted energy comes from non-conventional renewable generation means, establishing as goal that by 2025, 20% comes from this type of technology.

In this context, in 2013 Colbún signed a contract with Acciona Energía for the purchase of energy and attributes generated by the Punta Palmeras wind farm, of 45 MW, located in Canela, 70 km. from the city of Los Vilos, IV region, which began its commercial operation in Nov14.

Also, Colbún continues analyzing the technical and economic feasibility of several projects of small hydroelectric power plants, which will use water rights from water user associations, businesses and individuals. Additionally, the involvement in generation projects of other technologies is studied.

- **Hidroaysén:** Colbún participate in a 49% ownership of HidroAysén S.A.

Despite the natural uncertainty on the timing and content of the court's decision to which Hidroaysén has appealed or will appeal in the future, as well as guidelines, conditions or any reformulations that those processes being conducted by the government regarding the long term energy agenda and basin territorial planning determine in relation to the development of the hydroelectric potential in Aysén, Colbún restates its belief that the existing water rights, the additional water rights requested, the environmental permits (RCA – Environmental Qualification Resolution), the field studies, the engineering, approvals and project properties are assets acquired and developed by the company for the past eight years under the current institutional framework and in accordance with international technical and environmental standards.

Colbún maintains the conviction that the development of this hydroelectric potential presents benefits for the country's growth and represents a source of potential long-term value. Colbún S.A. will continue defending the Environmental Qualification Resolution (RCA) of the project which is under debate in the Environmental Courts and as well as the defense of the additional water rights currently underway according to our Institutional Legal Framework.

- **Others:** During 2014 the company continued performing technical, economic and environmental prefeasibility and feasibility studies for hydroelectric projects, which would use water rights owned by Colbún mainly in the Region of el Maule.

In addition, the company is working on developing options to directly purchase LNG from the international market.



## RELEVANT EVENTS

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- **Blanco power plant (60 MW)**, located in the Aconcagua River, resumed operations on February 18<sup>th</sup>, 2015 (after the failure of January 12, 2014).
- As reported in the Public Statement of March 20<sup>th</sup>, 2015, the company is exploring investment opportunities in the generation market in South America, including the Colombian market. Related to this, in April 15<sup>th</sup> Colbún was prequalified in the public auction process of shares of **Isagen** led by the Colombian government.
- **Colbún's Ordinary Shareholders' Meeting** was held on April 22<sup>nd</sup>. All matters submitted for consideration of the shareholders were approved. Among these topics, the final dividend for the 2014 year end profits was approved, amounting to US\$0.000728 per share to be paid from May 6, 2015. In addition, there was a Board election and the same current members were reelected, except for the change in which Mr. Sergio Undurraga Saavedra was replaced by Ms. Luz Granier Bulnes.

## BALANCE SHEET ANALYSIS

### Summarized Balance Sheet

USD million

	Mar14	Dec14	Mar15
<b>Current Assets</b>	<b>756.7</b>	<b>1,270.2</b>	<b>1,251.6</b>
Cash and cash equivalents	208.3	832.8	816.7
Trade and other accounts receivable	378.6	243.7	237.8
Current tax receivable	52.6	47.0	57.2
Other current assets	117.1	146.7	139.9
<b>Non-Current Assets</b>	<b>5,305.4</b>	<b>5,112.2</b>	<b>5,090.1</b>
Property, plant and equipment	5,026.1	4,956.2	4,935.5
Other non-current assets	279.3	156.0	154.7
<b>Total Assets</b>	<b>6,062.1</b>	<b>6,382.3</b>	<b>6,341.8</b>
<b>Current liabilities</b>	<b>281.3</b>	<b>258.3</b>	<b>192.0</b>
Non-current liabilities	2,177.9	2,763.5	2,786.1
Total net equity	3,602.9	3,360.6	3,363.6
<b>Total Liabilities and Net Equity</b>	<b>6,062.1</b>	<b>6,382.3</b>	<b>6,341.8</b>

**Cash and cash equivalents:** reached US\$816.7 million, an increase over the 1Q14 explained by the issuance of an international bond in Jul14 and inflows generated in the period. Cash decreased compared to 4Q14 mainly due to the interim dividend paid in Jan15 (US\$41.1 million disbursed to date) and interest expenses payments, partially offset by cash flows from operating activities.

**Trade and other accounts receivable:** reached US\$237.8 million, US\$140 million less than in 1Q14 explained in part because 1Q14 records the account receivable associated with the failure of the Nehuenco II power plant insurance (US\$48.2 million) and a higher level of sales this quarter. This account is in line compared to 4Q14.

**Property, Plant and Equipment, net:** reached US\$4,935.5 million at the end of Mar15, a decrease compared to both periods primarily due to the depreciation of the period, partially offset by investment projects being executed by the company (mainly La Mina project).

**Current Liabilities:** reached US\$192.0 million, a decrease compared to both periods. The decrease versus the 1Q15 is explained by the full payment of the "revolving" debt. The difference with the 2014 closure is mainly explained by the payment of an interim dividend in Jan15 (US\$41.1 million disbursed to date).

**Non Current Liabilities:** totaled US\$2,786.1 million at the end of Mar15, increasing 28% compared to 1Q14 mainly explained by the bond issued in Jul14 (US\$500 million), and in line compared to Dec14.

**Equity:** the company had a net worth of US\$3,363.6 million, a decrease when compared to the US\$3,602.9 million in Mar15. The main reason behind this decline is the enactment of the Tax Reform in Sep14, since recognition of the new rate generated an impact of US\$212.9 million in net deferred tax liabilities, which caused a charge to equity of the same amount. Meanwhile, Net Shareholder's Equity remains in line with 2014 end.

## DEBT AND CREDIT METRICS

### Liquidity Analysis & Indicators

USD million

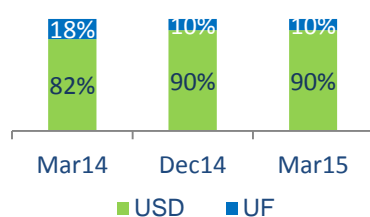
	1Q14	4Q14	1Q15
Gross financial debt	1,621.0	1,893.9	1,888.0
Financial investments	208.3	832.8	816.7
EBITDA LTM	383.0	536.6	509.6
<b>Net financial debt</b>	<b>1,412.7</b>	<b>1,061.1</b>	<b>1,071.3</b>
<b>Net Debt / EBITDA LTM</b>	<b>3.7</b>	<b>2.0</b>	<b>2.1</b>
Leverage (%)	68%	91%	89%
Short Term Liabilities(%)	11%	9%	6%
Financial Expense Coverage	4.8	4.4	2.4
Equity Profitability (%)	2.5%	4.9%	1.0%
Asset Profitability (%)	1.5%	2.7%	0.6%
EBITDA/Operational Assets (%)	7.6%	10.8%	10.0%

The financial debt reached US\$1,888.0 million, in line with Dec14. Financial investments and LTM EBITDA decreased slightly, therefore the **Net Debt/EBITDA LTM (last 12 months) ratio reached 2.1 times**, similar to the Dec14.

The **average maturity** of Colbún's long term financial debt is **6.2 years**.

The **average USD** long-term financial debt interest rate is **4.8%**.

Debt by Currency\*

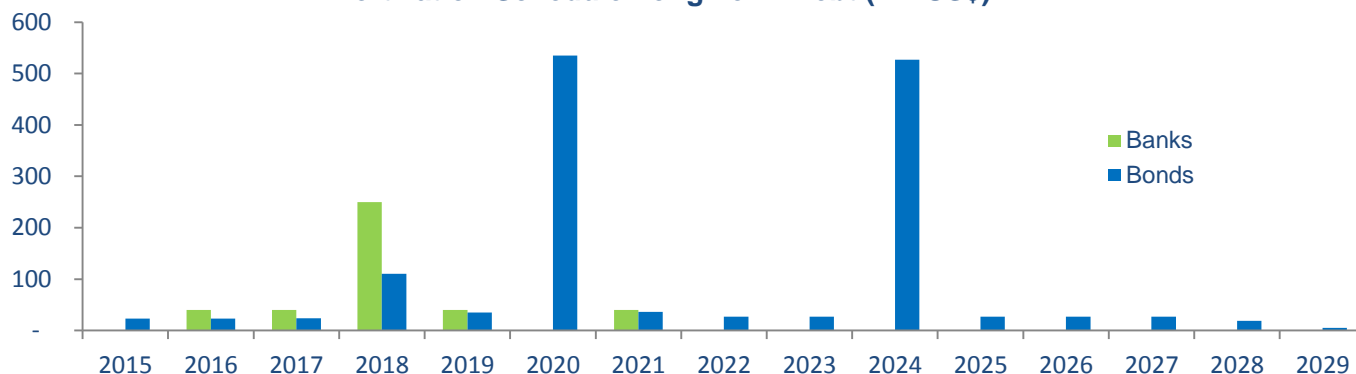


Debt by Interest Rate\*



\*Includes derivatives associated

Amortization Schedule Long Term Debt (MMUS\$)\*





## CASH FLOW ANALYSIS

				Change	
	1Q14	4Q14	1Q15	QoQ	YoY
<b>Cash and cash equivalents at beginning of period</b>	<b>260.4</b>	<b>878.3</b>	<b>832.8</b>	<b>(45.5)</b>	<b>572.4</b>
Cash Flow from Operating Activities	83.1	166.8	77.2	(89.6)	(5.9)
Cash Flow from Financing Activities	(83.1)	(184.0)	(67.3)	116.7	15.8
Cash Flow from Investing Activities	(48.1)	(33.9)	(26.3)	7.6	21.8
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(48.1)</b>	<b>(51.1)</b>	<b>(16.4)</b>	<b>34.7</b>	<b>31.7</b>
Effects of exchange rate changes on cash and cash equivalents	(4.0)	5.6	0.3	(5.3)	4.3
<b>Cash and cash equivalents at end of period</b>	<b>208.3</b>	<b>832.8</b>	<b>816.7</b>	<b>(16.1)</b>	<b>608.4</b>

During 1Q15, the Company had **net cash outflows of US\$16.4 million**, which favorably compares to both periods under comparison.

**Operating activities:** during 1Q15 a positive net cash inflow of US\$77.2 million was generated, in line with 1Q14, given that the generation mix and commitments were similar. However, there was a significant drop from 4Q14; this is explained by a less efficient generation mix given the decline in hydroelectric generation.

**Financing activities:** generated a net cash outflow of US\$67.3 million during the 1Q15, mainly explained by the payment of an interim dividend in Jan15 (US\$41.1 million disbursed to date) and interest debt payments in the period. 1Q14 outflow were explained by the last amortization of a bank loan, by the decrease in the "revolving debt" and by the interests paid during the period associated with long-term debt. Meanwhile, the cash outflow of 4Q14 is mainly explained by the prepayment made in Oct14 associated with a bank loan (US\$150 million).

**Investing activities:** generated a net cash outflow of US\$26.3 million in 1Q15, a decrease compared with 1Q14 mainly explained by lower disbursements on projects due to the completion of the Angostura power plant. The investments for the quarter were slightly lower than the previous quarter and disbursements for both quarters (1Q14 and 4Q14) were mainly associated with the La Mina project, which started construction in Dec14.

## 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.*

*This document 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 laws, Colbún S.A. publishes on its website ([www.colbun.cl](http://www.colbun.cl)) and sends the financial statements and its corresponding notes to the Superintendencia de Valores y Seguros, those documents should be read as a complement to this report.*

## Appendix 1 Sales and Production

### Quarterly Sales and Production

GWh

	2014					2015				
	1Q14	2Q14	3Q14	4Q14	Total	1Q15	2Q15	3Q15	4Q15	Total
<b>Sales</b>										
Regulated customers (GWh)	1,751	1,838	1,849	1,765	7,204	1,734				1,734
Free customers (GWh)	1,233	1,159	1,197	1,148	4,737	1,048				1,048
Spot market sales (GWh)	219	425	147	0	791	327				327
<b>Total energy sales (GWh)</b>	<b>3,203</b>	<b>3,422</b>	<b>3,193</b>	<b>2,913</b>	<b>12,731</b>	<b>3,109</b>				<b>3,109</b>
Capacity sales (MW)	1,750	1,677	1,717	1,659	1,701	1,593				1,593
<b>Generation</b>										
Hydroelectric (GWh)	1,109	1,621	1,816	2,109	6,655	1,098				1,098
Thermal - Gas (GWh)	1,357	929	536	189	3,011	1,147				1,147
Thermal - Diesel (GWh)	96	231	216	3	546	141				141
Thermal - Coal (GWh)	706	718	672	527	2,623	792				792
Eolic - Punta Palmeras (GWh)	-	-	-	27	27	18				18
<b>Total own generation (GWh)</b>	<b>3,268</b>	<b>3,499</b>	<b>3,240</b>	<b>2,855</b>	<b>12,862</b>	<b>3,196</b>				<b>3,196</b>
Spot market purchases (GWh)	0	0	24	120	144	0				144
<b>Energy Sales - Purchases in the Spot Market</b>	<b>219</b>	<b>425</b>	<b>123</b>	<b>(120)</b>	<b>647</b>	<b>327</b>				<b>183</b>

## Appendix 2 Income Statement

### Quarterly Income Statement

USD million

	2014					2015				
	1Q14	2Q14	3Q14	4Q14	Total	1Q15	2Q15	3Q15	4Q15	Total
Operating revenues	413.2	408.0	351.2	330.1	1,502.6	317.0				
Raw materials and consumables used	(275.4)	(245.6)	(213.8)	(149.0)	(883.7)	(205.2)				
<b>GROSS MARGIN</b>	<b>137.9</b>	<b>162.4</b>	<b>137.5</b>	<b>181.0</b>	<b>618.9</b>	<b>111.8</b>				
Personnel expenses and other operating expenses	(18.1)	(21.6)	(20.5)	(22.0)	(82.3)	(19.1)				
Depreciation & amortization	(42.0)	(46.2)	(46.3)	(47.9)	(182.4)	(47.5)				
<b>OPERATING INCOME</b>	<b>77.8</b>	<b>94.6</b>	<b>70.6</b>	<b>111.1</b>	<b>354.2</b>	<b>45.3</b>				
<b>EBITDA</b>	<b>119.8</b>	<b>140.8</b>	<b>117.0</b>	<b>159.0</b>	<b>536.6</b>	<b>92.8</b>				
Financial income	1.5	1.2	1.7	1.2	5.6	1.0				
Financial expenses	(10.6)	(18.9)	(22.2)	(24.2)	(76.0)	(22.2)				
Results of indexation units	2.4	3.3	1.0	2.4	9.1	0.1				
Exchange rate differences	(8.9)	(4.3)	(4.4)	(4.9)	(22.4)	0.4				
Share of profit (loss) from equity-accounted associates	1.3	1.6	1.0	(1.1)	2.8	1.5				
Other non-operating income/expense	7.7	(0.6)	1.6	(112.1)	(103.5)	(0.9)				
<b>NON-OPERATING INCOME</b>	<b>(6.6)</b>	<b>(17.8)</b>	<b>(21.3)</b>	<b>(138.7)</b>	<b>(184.5)</b>	<b>(20.2)</b>				
<b>NET INCOME BEFORE TAX</b>	<b>71.2</b>	<b>76.8</b>	<b>49.3</b>	<b>(27.6)</b>	<b>169.7</b>	<b>25.1</b>				
Income Tax	(19.6)	(5.2)	(31.1)	(34.2)	(90.1)	(18.2)				
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>51.5</b>	<b>71.6</b>	<b>18.2</b>	<b>(61.8)</b>	<b>79.5</b>	<b>7.0</b>				
<b>NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT COMPANY</b>	<b>51.5</b>	<b>71.6</b>	<b>18.2</b>	<b>(61.8)</b>	<b>79.5</b>	<b>7.0</b>				

## Appendix 3 Balance Sheet

### Summarized Balance Sheet

USD million

	2014				2015			
	Mar14	Jun14	Sep14	Dec14	Mar15	Jun15	Sep15	Dec15
Current Assets	756.7	803.7	1,301.2	1,270.2	1,251.6			
Cash and equivalents	208.3	337.4	878.3	832.8	816.7			
Accounts receivable	378.6	327.7	254.8	243.7	237.8			
<i>Normal sales</i>	149.2	162.1	124.8	132.3	146.5			
<i>Deudores varios</i>	229.4	165.6	130.0	111.3	91.3			
Recoverable taxes	52.6	41.8	59.7	47.0	57.2			
Other current assets	117.1	96.8	108.5	146.7	139.9			
Non-Current Assets	5,305.4	5,268.4	5,231.0	5,112.2	5,090.1			
Property, Plant and Equipment , net	5,026.1	4,993.0	4,967.6	4,956.2	4,935.5			
Other non-current assets	279.3	275.4	263.3	156.0	154.7			
<b>Total Assets</b>	<b>6,062.1</b>	<b>6,072.1</b>	<b>6,532.2</b>	<b>6,382.3</b>	<b>6,341.8</b>			
Current liabilities	281.3	232.3	316.4	258.3	192.0			
Long-term liabilities	2,177.9	2,170.1	2,749.3	2,763.5	2,786.1			
Shareholders' equity	3,602.9	3,669.6	3,466.5	3,360.6	3,363.6			
<b>Total Liabilities and Shareholders' Equity</b>	<b>6,062.1</b>	<b>6,072.0</b>	<b>6,532.2</b>	<b>6,382.3</b>	<b>6,341.8</b>			
End-of-quarter exchange rate (CLP/USD)	551.2	552.7	599.2	606.8	626.6			