



1Q16 Quarterly Report

Conference Call 1Q16 Results

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Summary

USD million

	1Q15	4Q15	1Q16	Change	
				YoY	QoQ
Revenues	317.0	301.4	362.5	14%	20%
EBITDA	92.8	173.3	170.2	83%	(2%)
Net Income	7.0	69.3	72.2	936%	4%
Net debt	1,166.7	1,174.2	1,181.7	1%	1%
Contracted energy sales Chile (GWh)	2,782	2,707	2,757	(1%)	2%
Contracted energy sales Peru (GWh)	676	775	758	12%	(2%)
Total generation Chile (GWh)	3,195	2,792	3,223	1%	15%
Total generation Perú (GWh)	1,056	605	663	(37%)	10%

- **EBITDA in 1Q16 reached US\$170.2 million**, 83% higher than the EBITDA of US\$ 92.8 million in 1Q15, and 2% lower than the EBITDA of 4Q15. 1Q16 presented a better generation mix compared to 1Q15, given by a higher hydroelectric generation (17%) as a result of the melting season, a higher natural gas generation at a competitive cost, and less diesel consumption. In addition, the quarter presented the contribution of EBITDA from the consolidation of Fenix Power (US\$16.7 million).

Colbún reported a **net income of US\$76.0 million** this quarter vs. a net income of US\$7.0 million in 1Q15, and a net income of US\$69.3 million in 4Q15. The difference is given mainly by the higher EBITDA.

It is worth mentioning that in the internationalization context in Latin American markets, Colbún through a consortium of firms where it participates with a 51% of the property, acquired **Fenix Power Perú S.A.** This company has a thermoelectric combined cycle unit of 570 MW of installed capacity in Chilca, 64 km south of Lima. Fenix's market share is approximately 9% in terms of generation in the National Electric Interconnected System (SEIN).

Chilean Operational Analysis:

- Total **energy sales** during 1Q16 went up by 2% compared to 1Q15 and 4Q15 respectively. Energy sales under contract amounted 2.8 TWh, down by 1% compared to 1Q15 and up by 2% compared to 4Q15. The decrease over 1Q15 is mainly explained by the maturity of Conafe's contract in Apr15, while the increase versus 4Q15 is mainly due to a higher regulated customer's demand.
- **Total generation** was 3.2 TWh, in line with 1Q15 and up by 15% compared to 4Q15. The increase over last quarter is mainly explained by better hydrological conditions, which reflected higher hydro generation (17%). 1Q16 also presented higher natural gas generation (6%). These increases were offset by lower diesel (-97%) and coal (-12%) generation.

Peruvian Operational Analysis*:

- **Gas-fired generation** in Fenix Power reached 663 GWh during 1Q16, which allowed 88% of contractual commitments to be supplied with Fenix's own generation, and purchases in the spot market accounted for 117 GWh. The unit presented a high level of availability but low dispatch, due to low marginal costs during the quarter (US\$12/MWh in Santa Rosa).

- At 1Q16 closing, **financial investments** amounted to US\$1,062.6 million, **net debt** was US\$1,181.7 million and net debt to LTM EBITDA reached 1.8 times.

(*) The analysis showed in this document compares periods prior to the acquisition of Fenix, in order to give a global view of the plant operations.

MANAGEMENT COMMENT

“The Chilean hydrological year (Apr15-Mar16) presented low rainfalls during the first months. However, since Jul15 hydrological conditions improved considerably. During 1Q16 Non-Conventional Renewable Energy (NCRE) and hydroelectric generation increased in the SIC due to increased inflows characteristic of the melting season, which combined with higher natural gas generation at a competitive price, resulted in lower average marginal costs in the system. Marginal costs decreased 55% compared to same period of last year (US\$61/MWh-1Q16 versus US\$136/MWh-1Q15), mainly given by lower energy commodity prices in the international markets.

Over the next months, giving the expected lower hydro inflows and consequent lower hydroelectric generation, typical of the hydrological pattern, medium-term gas supply contracts are in place with ENAP and METROGAS. Additionally, in line with the long-term strategy of leveraging our efficient natural gas power facilities and contributing to provide competitive, secure and sustainable power supply, Colbún confirmed in 4Q15 a long-term reserve regasification capacity in the Open Season tender process of GNL Quintero, starting in 2020.

In December 2015, in the internationalization and growing framework on new Latin American markets, Colbún together with two other firms acquired Fenix Power Perú S.A. This company has a thermoelectric combined cycle unit of 570 MW of installed capacity in Chilca, 64 km south of Lima. Fenix’s market share is approximately 9% in terms of generation within the National Electric Interconnected System (SEIN).

In line with the Company’s future growth, Colbún continues to drive its portfolio of projects in Chile and seek opportunities in countries of the region. Added to this, the San Pedro Hydroelectric Project is expected to submit a new Environmental Assessment Study with changes to the project during the year.”



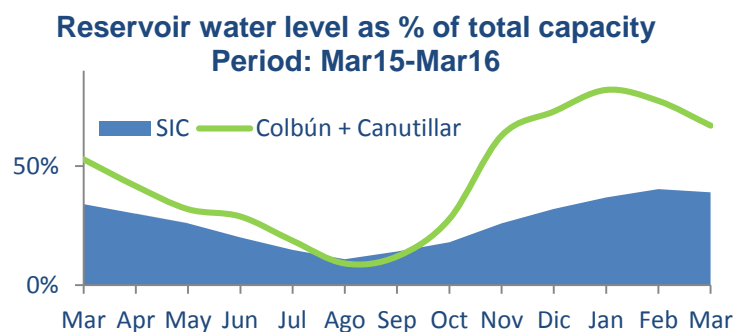
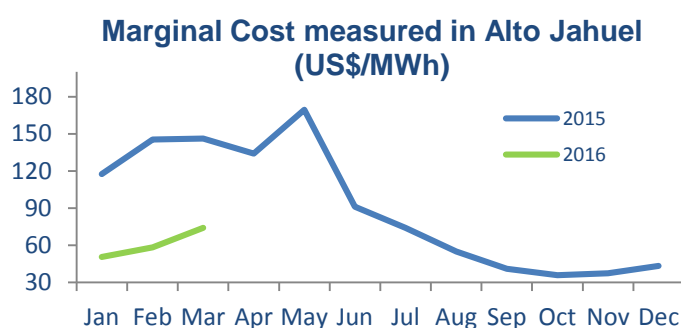
MARKET CONDITIONS

CHILE

The **SIC (Central Interconnected System) generation during the first quarter of 2016 grew by 3% compared to 1Q15**, which positively compares to the 0.4% growth in 4Q15. The slowdown in power demand has been present throughout the past year and when compared to 1T16 it has shown an increase of 4.3%. Remember that demand is strongly linked to the economic activity, which has been showing signs of deceleration.

Comparing 1Q16 versus 1Q15, the SIC had more hydroelectric generation (+9%), explained by increased inflows due to a better melting season, which together with higher NCRE (+11%) and coal (+17%) generation, reduced diesel participation by 41%. The above-mentioned explains the considerable decrease in marginal costs (-55%). Breakdown by technology was: **hydroelectric 39%, coal 30%, natural gas 19%, diesel 2% and NCRE 10% (wind 2%, solar 3%, others 5%)**.

Meanwhile, **average marginal cost measured in Alto Jahuel during the quarter decreased (-55%)** to US\$61/MWh, from US\$136/MWh in 1Q15. This drop is mainly explained by lower prices of fossil fuels in the international markets.

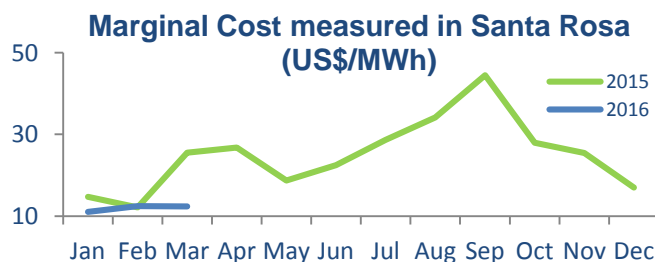


PERÚ

Generation at SEIN (National Electric Interconnected System) during the 1Q16 grew by 12% compared to 1Q15, which positively compares to the increase during 4Q15 of 6.4% (y/y).

Furthermore, SEIN has showed an increase in thermoelectric generation of 9% during 1Q16 compared to 1Q15, and 15% increase in hydroelectric generation due to the commissioning of new projects. Breakdown by technology was: **hydroelectricity 54%, thermoelectricity 42% and NCRE 4%**.

Average marginal cost in SEIN during the quarter decreased 25% to US\$12/MWh from US\$16/MWh in 1Q15. This reduction is mainly explained by the commissioning of efficient supply in the system and the operation of natural gas plants with declared operational costs below their real costs.



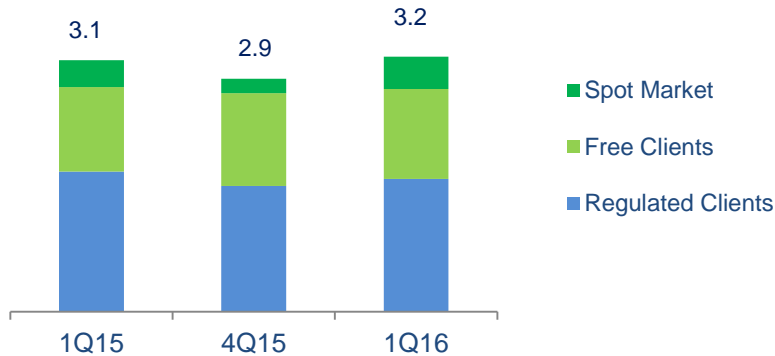
SALES VOLUME

CHILE

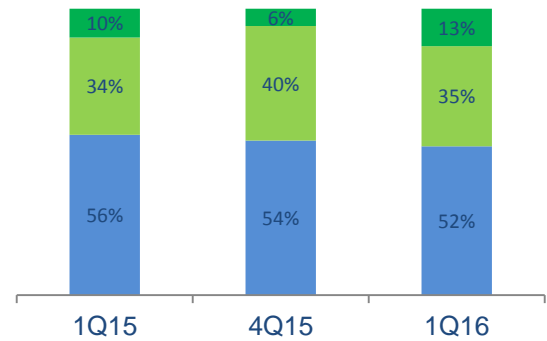
Physical withdrawals from costumers under contract reached 2,757 GWh during 1Q16, in line with 1Q15 and 4Q15.

Net sales in the spot market reached 403 GWh in 1Q16, compared with net sales in 1Q15 of 327 GWh and net sales of 54 GWh in 4Q15. During the quarter, given the system conditions, the Company showed high hydroelectric generation for the period, which along with the other power sources, supplied all contracts and allowed the company to sell in the spot market.

Physical Sales by Type of Client (TWh)



Physical Sales by Type of Client (%)

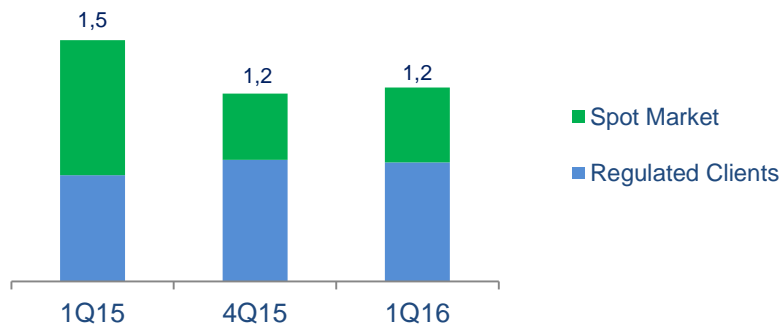


PERÚ

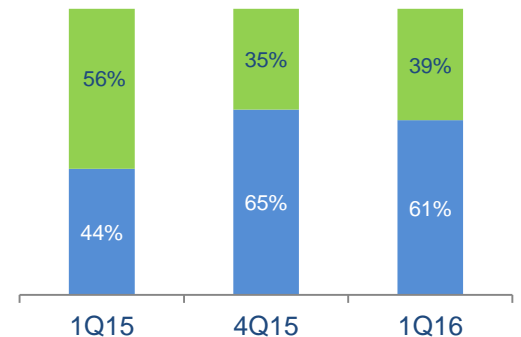
The analysis showed below compares periods prior to the acquisition of Fenix in order to provide a better view of the unit operations.

Physical withdrawals from costumers under contract increased to 758 GWh, 12% higher when compared to 1Q15, and 2% lower in relation to 4Q15. In addition, during the quarter 88% of total commitments were met with own generation. Fenix recorded spot market purchases of 117 GWh compared with net sales of 351 GWh during 1Q15. The Company holds an energy sale contract with Terochilca and given the contract's nature, it is accounted as Spot Market Sales.

Physical Sales by Type of Client (TWh)



Physical Sales by Type of Client (%)



GENERATION

CHILE

On a quarterly basis, power generation at Colbún was characterized by a **higher hydroelectric participation (40%), natural gas (38%) and coal (22%)**, which favorably impacts the efficient generation mix, resulting in a **100% of total commitments** covered with own generation and sales in the spot market. Colbún's total generation in 1Q16 reached 3,223 GWh in line with the 3,195 GWh from the 1Q15 and increased 15% over the 2,792 GWh from 4Q15, mainly because higher gas and coal-power generation.

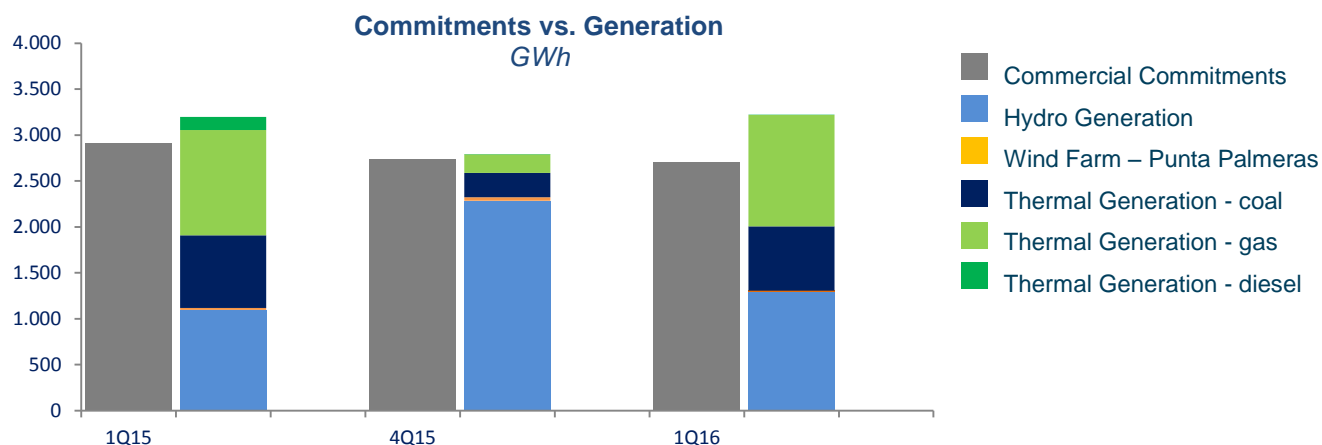
PERÚ

On a quarterly basis, thermal **gas-power generation of the company reached 663 GWh**, down by 37% compared to 1Q15 and up by 10% when compared to 4Q15. The decrease is given mainly by lower economic dispatch and less gas availability. During 1Q16 88% of total commitments were met with own generation and net purchases were made in the spot market totaling 117 GWh compared to net sales made in the spot market for 351 GWh in 1Q15 and with net purchases for 188 GWh in 4Q15.

PHYSICAL SALES AND GENERATION BALANCE

CHILE

The generation mix of 1Q16 allowed **100% of the Company's commercial commitments to be supplied with efficient base load capacity**: hydroelectricity, coal and natural gas; in line with 1Q15 and 4Q15. The quarters under analysis show a commercial policy adequate to the Company's generation capacity.



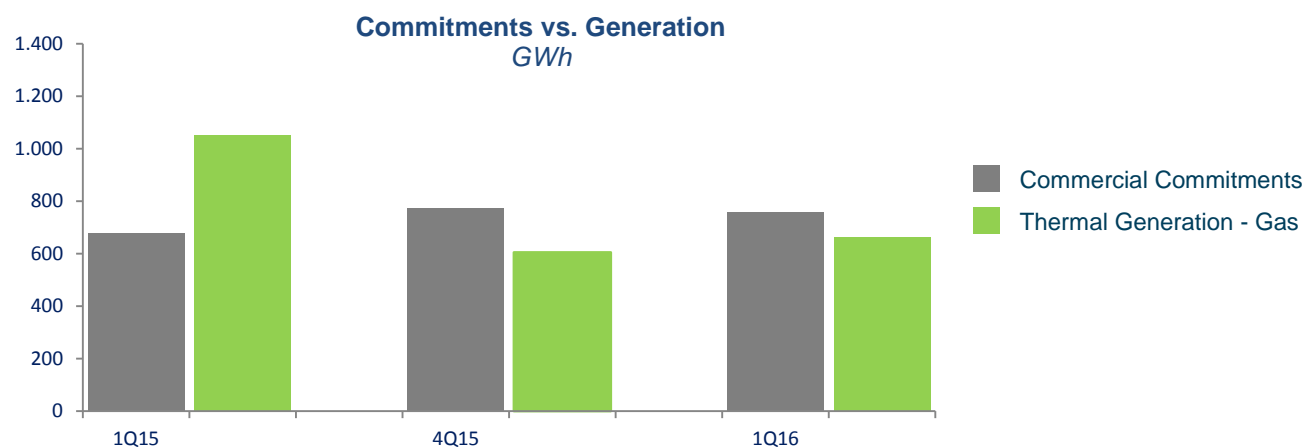
Sales Volume vs. Generation in Chile

GWh

	1Q15	4Q15	1Q16	Change	
				YoY	QoQ
Sales Volumes					
Regulated customers	1,734	1,557	1,645	(5%)	6%
Free customers	1,048	1,150	1,112	6%	(3%)
Spot market sales	327	178	403	23%	126%
Total energy sales	3,109	2,885	3,160	2%	10%
Generation					
Hydraulic	1,098	2,285	1,288	17%	(44%)
Thermal - Gas	1,147	204	1,212	6%	494%
Thermal - Diesel	141	1	4	(97%)	300%
Thermal - Coal	792	263	700	(12%)	166%
Wind Farm - Punta Palmeras	18	39	19	6%	(51%)
Total own generation	3,178	2,753	3,204	1%	16%
Energy purchases (spot market)	0	124	0	-	-
Energy Purchases - Sales in the Spot Market	327	54	403	23%	646%

PERÚ

The generation mix of 1Q16 allowed **88% of the Company's commercial commitments to be supplied with own generation** and to record spot net purchases for 117 GWh. As mentioned, this quarter's average marginal cost measured in Santa Rosa reached a value of US\$12/MWh.

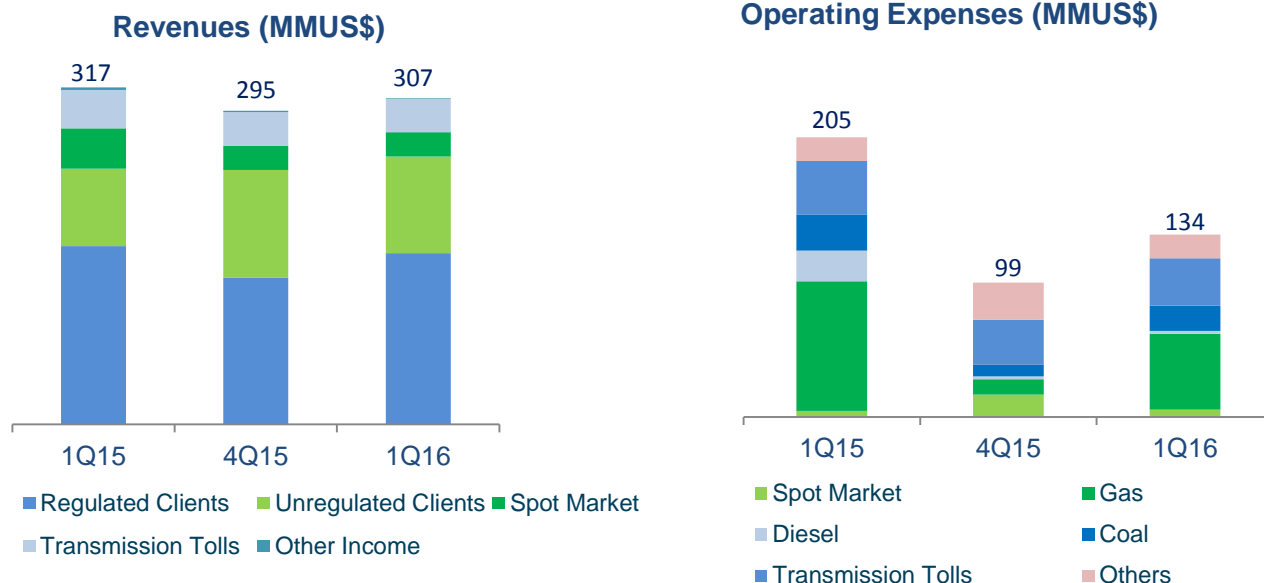


Sales Volume vs. Generation in Peru

GWh

	1Q15	4Q15	1Q16	Change	
				YoY	QoQ
Sales Volumes					
Customers under contract	676	775	758	12%	(2%)
Spot market sales	861	423	477	(45%)	13%
Total energy sales	1,537	1,197	1,235	(20%)	3%
Generation					
Thermal - Gas	1,056	605	663	(37%)	10%
Total own generation	1,056	605	663	(37%)	10%
Energy purchases (spot market)	510	611	594	16%	(3%)
Energy Purchases - Sales in the Spot Market	351	(188)	(117)	(133%)	(38%)

CHILE OPERATING ANALYSIS

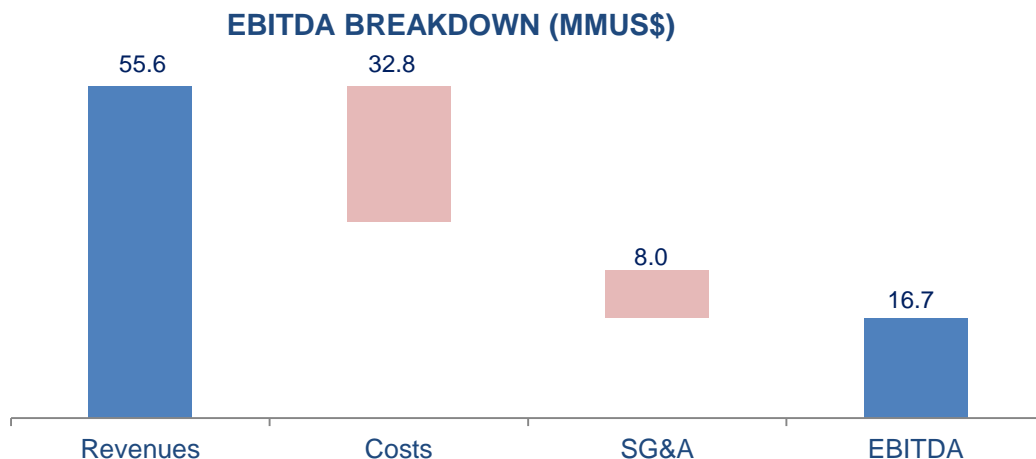


Operating revenues from ordinary activities for 1Q16 amounted to US\$306.9 million, down by 3% compared to 1Q15, mainly explained by lower spot market sales, compensated in part by higher sales to free clients. The 4% revenue increase compared to the US\$295.2 million in 4Q15 is mainly explained by higher sales to customers under contract.

Raw materials and consumables used decreased 36% compared to 1Q15, mainly explained by lower cost of fuels (-47%), given by a low diesel generation and natural gas at a competitive cost, and lower transmission tolls. Costs increased by 34% compared to 4Q15, mainly explained by higher thermal generation.

EBITDA increased 65% compared to 1Q15 and reached US\$153.5 million. The increase is explained by a better generation mix and lower fuel costs. The average thermal generation cost was more efficient, reflecting the continuous drop in international fuel prices and the new contractual conditions achieved in the natural gas supply. This quarter's EBITDA decreased by 11% compared to 4Q15 as a result of higher consumption of fuels.

PERU OPERATING ANALYSIS



Operating revenues from ordinary activities for 1Q16 reached US\$55.6 million, up by 12% compared to 1Q15, mainly from sales to clients under contract and higher income from transmission tolls. Raw materials used totaled US\$32.8 million, an increase of 7% compared with 1Q15, mainly explained by higher purchases in the spot market and transmission tolls costs.

This **quarter's EBITDA reached US\$16.7 million**, a 32% increase versus the EBITDA of US\$12.7 million in 1Q15. The plant's operation has been according to plan.

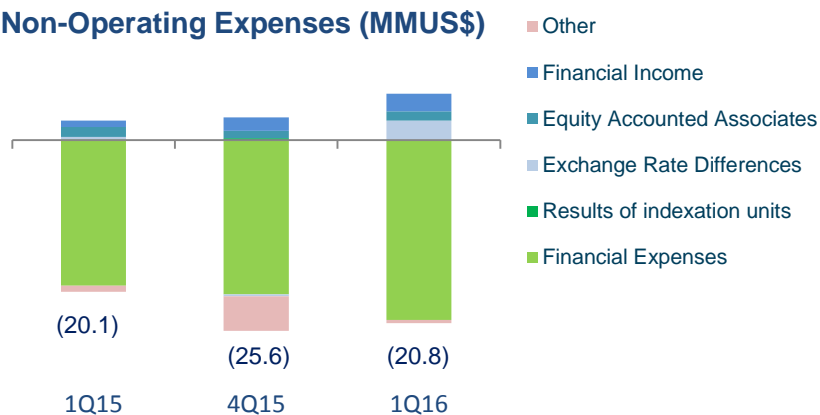
CONSOLIDATED NON-OPERATING INCOME

Non-Operating Income of 1Q16 recorded losses of US\$20.8 million, slightly higher than the losses of US\$20.2 million in 1Q15. The difference is mainly explained by higher financial expenses due to the consolidation of Fenix Power's debt, compensated in part by higher financial income and a favorable exchange rate difference. On the other hand, this quarter's loss compares positively with 4Q15's loss of US\$25.6 million, explained by the same reasons mentioned above.

The **1Q16 tax expense amounted to US\$17.6 million**, compared to a tax expense of US\$18.2 million in 1Q15. The difference against 1Q15 is because in spite of last year quarter's lower income before taxes, the

depreciation of 3% of the CLP/US\$ exchange rate in that period affects the calculation of deferred taxes given that both fixed assets and tax losses were stated in Chilean Pesos during 2015. The CLP/US\$ depreciation also explains the difference compared to 4Q15. In 2016 the Company converted its tax accounting to US dollars.

Non-Operating Expenses (MMUS\$)

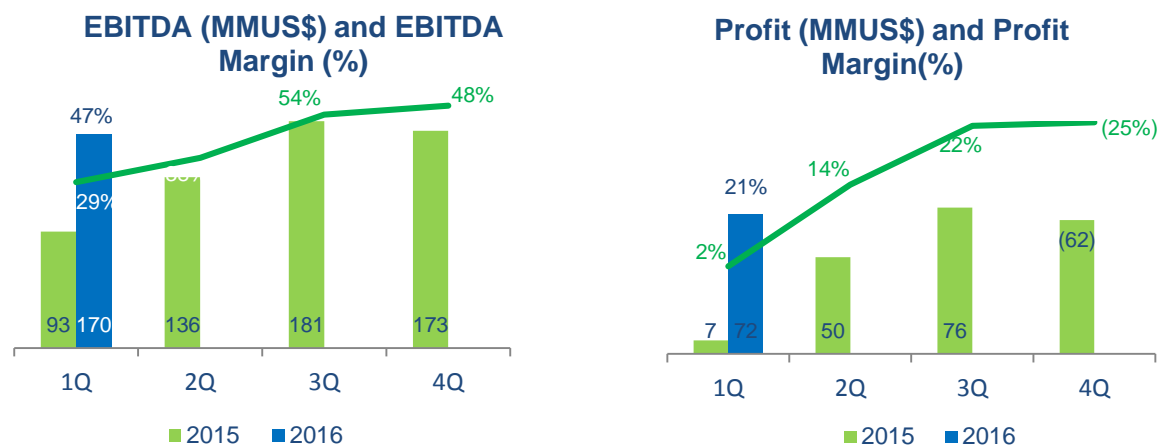


Non-Operating Expenses (%)



EBITDA AND NET INCOME ANALYSIS

1Q16 EBITDA amounted to US\$170.2 million, 83% higher than the EBITDA of US\$92.8 million in 1Q15 and 2% lower than EBITDA of US\$173.4 million in 4Q15. 1Q16 presented a better generation mix compared to 1Q15, given by a higher hydroelectric generation (17%) as a result of the melting season, a higher natural gas generation at a competitive price, and less diesel consumption. In addition, the quarter presented the contribution of EBITDA from the consolidation of Fenix Power (US\$16.7 million). The decrease versus 4Q15 is mainly explained by a higher consumption of fossil fuels, compensated in part by higher sales to clients under contract.



The Company registered in 1Q16 a net income of US\$76.0 million, higher than the net income of US\$7.0 million in 1Q15, and the net income of US\$69.5 million in 4Q15. The difference against 1Q15 is explained by a higher EBITDA.

EBITDA USD million

	1Q15	4Q15	1Q16	Change	
				QoQ	YoY
Revenues	316.9	301.5	362.5	20%	14%
Sales to regulated customers	167.6	142.9	209.0	46%	25%
Sales to free customers	73.0	101.5	90.9	(10%)	25%
Sales to other generators (spot market)	38.0	22.6	24.6	9%	(35%)
Transmission tolls	36.0	33.1	37.3	13%	4%
Other operating income	2.3	1.4	0.7	(50%)	(70%)
Raw materials and consumables used	(205.2)	(103.5)	(165.1)	60%	(20%)
Transmission tolls	(39.1)	(34.5)	(43.5)	26%	11%
Energy and capacity purchases	(4.5)	(17.1)	(8.0)	(53%)	78%
Gas purchases	(95.1)	(13.3)	(72.4)	444%	(24%)
Diesel purchases	(22.5)	(2.0)	(2.1)	5%	(91%)
Coal purchases	(26.6)	(8.4)	(18.7)	123%	(30%)
Other Costs	(17.4)	(28.2)	(20.4)	(28%)	17%
Personnel expenses and other operating expenses	(14.0)	(24.6)	(16.1)	(35%)	15%
EBITDA	92.8	173.4	170.2	(2%)	83%

GROWTH PLAN

Colbún has a development plan under way that consists on increasing its installed capacity, while maintaining a relevant participation in the hydroelectric generation industry, with a thermoelectric and renewable 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, in order to maintain a leading position in the power generation industry and to diversify its sources of income. These countries are characterized by an attractive economical potential and their electricity regulatory framework has a well-established track 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 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, 110 km east of Talca. The project has an installed capacity of 34 MW and expected annual average generation of 191 GWh. The energy will be injected to the SIC at the 220 kV Loma Alta substation, through a High Tension Line (HTL) of 66kV and 24 km long. 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.

In Jan15, the company started construction of the project, which by the end of 1Q16 had a 63% progress, according to plan. As important milestones achieved during the quarter it is worth mentioning: the beginning of setting-up concrete at the powerhouse, the diffusers are mounted and the concrete at the movable barrier is completed.

Construction of the La Mina Loma Alta transmission line started in Nov15 and progress to December is 35%, according to plan.

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

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 2014-2015 its design was improved, incorporating new technology to meet the demanding regulations on emissions in force since January 1st, 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 m³/s (+10% with openness) and an approximate installed capacity between 160 – 170 MW for an annual generation of 950 GWh under normal hydrological conditions. 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.

In Jun15, the Environmental Impact Assessment (EIA) for the changes to the project was submitted, being initially accepted into process by the Environmental Assessment Service (SEA) of Los Rios Region. However, in Aug15, the Authority decided to early terminate the process due to lack of relevant and essential information. The decision was confirmed after the company filed an administrative appeal with new information.

Notwithstanding the foregoing, the Company is analyzing the observations from all public services, in order to collect and prepare a timely response with technically founded information required by the authority. In parallel, we continue with explicative and clarifying meeting process plan with municipalities, communities, neighborhood, regional authorities, and indigenous communities, among other stakeholders, with the objective to identify the best way to insert this project in the area.

▪ **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 undertaken so far are related to negotiations for easements line.

▪ **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 Comasa for the purchase of renewable attributes and 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.

During the second half of 2015, a Renewable Energy Division was created, to develop and analyze exclusively the participation in NCRE generation projects, mainly solar and wind technologies, without ruling out other sources.

- **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, 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.

- **Others:** The company continues performing technical, economic and environmental prefeasibility and feasibility studies for hydroelectric projects, which would use water rights owned by Colbún mainly in the Maule Region, that add to 500 MW approximately.

RELEVANT EVENTS

- In February 2016, Colbún refinanced the bank debt Fenix Power held at the time of acquisition, for a total amount of **US\$365.7 million, at very competitive conditions**. This debt has no recourse to Colbun.
- In the context of the **Open Season** process in which GNL Quintero tendered part of a regasification capacity associated with the expansion of the gas regasification Terminal located at Quintero, Colbún obtained a reserve capacity in the tender, which was confirmed in Dec15. The involvement of the company within the process is part of its long-term strategy of leveraging its natural gas facilitates and contribute to provide competitive, secure and sustainable energy. Currently, the Company is in advanced stage of a tender process for the supply of gas.
- On March 22 2016, the Board acknowledged the resignation of **Vivianne Blanlot S.** to her role as Board Member of Colbún. Given this, the Board will be renewed in the following Shareholder's Meeting.



Fenix Power Perú Oversight

BALANCE SHEET ANALYSIS

Summarized Balance Sheet

USD million

	1Q15	4Q15	1Q16
Current Assets	1,251.6	1,365.8	1,451.5
Cash and cash equivalents	816.7	1,061.4	1,062.6
Trade and other accounts receivable	237.8	166.6	236.2
Current tax receivable	57.2	8.6	14.8
Other current assets	139.9	129.1	138.0
Non-Current Assets	5,090.1	5,787.4	5,771.7
Property, plant and equipment	4,935.5	5,602.6	5,579.1
Other non-current assets	154.7	184.8	192.6
Total Assets	6,341.8	7,153.2	7,223.2
Current liabilities	192.0	707.8	331.7
Non-current liabilities	2,786.1	2,778.2	3,152.4
Total net equity	3,363.6	3,667.1	3,739.0
Equity of the Controller	3,363.6	3,463.5	3,531.6
Non-controlling interests	-	203.6	207.4
Total Liabilities and Net Equity	6,341.8	7,153.2	7,223.2

Cash and cash equivalents: reached US\$1,062.6 million, an increase of US\$245.9 million compared to 1Q15 mainly explained by the cash flows generated in operating activities during the period, partly offset by the acquisition of Fenix. Cash and cash equivalents stayed in line compared to 4Q15.

Trade and other accounts receivable: reached US\$236.2 million, in line with 1Q15 and increasing 40% compared to 4Q15. In spite of Fenix Power consolidation, the similarity between 1T16 and 1T16 is mainly explained by a remaining tax credit balance in 1T15, which was consumed over the year. The increase is mainly due to the consolidation of Fenix's operations, which added US\$56.8 million in trade and other receivables.

Property, Plant and Equipment, net: Recorded US\$5,579.1 million at the end of 1Q16, increasing compared to 1Q15 (+13%) and line with 4Q15. The increase is mainly explained by the incorporation of Fenix's Power Property, Plant and Equipment of US\$726.6 million.

Current Liabilities: totaled US\$331.7 million at the end of Mar16, an increase of US\$139.8 million versus 1Q15 and a US\$376.1 million decrease compared to 4Q15. This variation is mainly explained by the incorporation of Fenix's Power financial debt (US\$362.0 million), which was refinanced in February.

Non-Current Liabilities: totaled US\$3,152.4 million at the end of 1Q16, increasing US\$366.3 million and US\$374.2 million compared to 1Q15 and 4Q15 respectively, explained mainly by Fenix's Power refinancing previously mentioned.

Equity: The Company had a net worth of US\$3,739 million, 11% and 2% higher than at the end of 1Q15 and 4Q15 respectively. The increase versus 1Q15 is explained mainly by the retained earnings recorded during the period, in addition to the consolidation of Fenix Power. The first also explains the difference against 4Q15.

CONSOLIDATED DEBT AND CREDIT METRICS

Liquidity Analysis & Indicators

USD million

	1Q15	4Q15	1Q16	Change	
				YoY	QoQ
Gross financial debt	1,888.0	2,235.6	2,244.3	0%	19%
Financial investments*	816.7	1,061.4	1,062.6	0%	30%
EBITDA LTM	509.6	583.3	660.9	13%	30%
Net financial debt	1,071.3	1,174.2	1,181.7	1%	10%
Net Debt / EBITDA LTM	2.1	2.0	1.8	(11%)	(14%)
Leverage (%)	89%	95%	93%	(2%)	5%
Short Term Liabilities(%)	6%	20%	9.5%	(53%)	48%
Financial Expense Coverage	2.4	4.3	4.9	12%	100%
Equity Profitability (%)	1.0%	5.8%	7.6%	32%	631%
Asset Profitability (%)	0.6%	3.0%	4.0%	33%	586%
EBITDA/Operational Assets (%)	6.5%	7.4%	8.7%	18%	35%

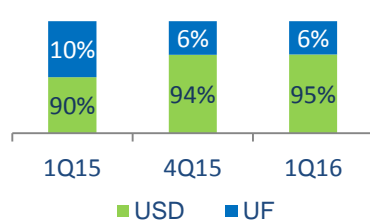
Financial debt reached US\$2,244.3 million, an increase of 19% compared to 1Q15 and in line with 4Q15. The increase is mainly due to Fenix Power financial debt consolidation.

Meanwhile, financial investments increased by US\$245.9 million compared to 1Q15 due to the operational cash inflows for the period, compensated with the acquisition of Fenix Power and the company's ongoing projects; and in line with 4Q15. Given the above, in relation to 1Q15, net debt went up by 10% mainly explained by the consolidation of Fenix debt, LTM EBITDA (last 12 months) increased 30%; and consequently the **net debt/LTM EBITDA ratio reached a level of 1.8 times**.

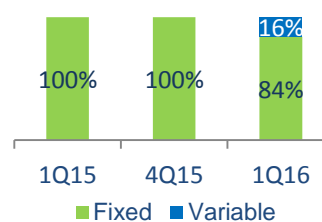
The **average maturity** of Colbún's long term financial debt is **5.2 years**.

The **average USD** long-term financial debt interest rate is **4.7%**.

Debt by Currency*

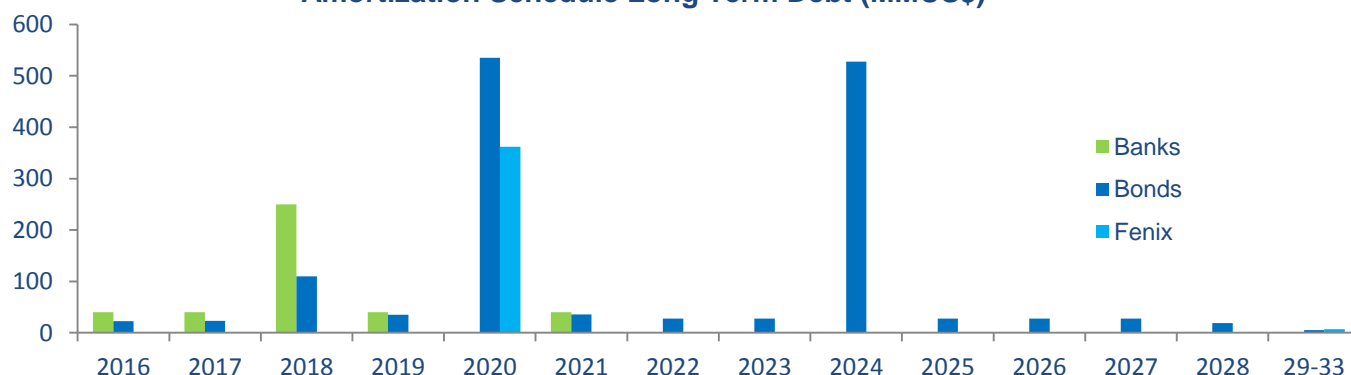


Debt by Interest Rate*



*Includes derivatives associated

Amortization Schedule Long Term Debt (MMUS\$)



CONSOLIDATED CASH FLOW ANALYSIS

Cash Flow USD million				Change	
	1Q15	4Q15	1Q16	YoY	QoQ
Cash and cash equivalents at beginning of period	832.8	1,090.6	1,061.4	228.6	(29.2)
Cash Flow from Operating Activities	77.2	229.1	104.1	26.9	(125.0)
Cash Flow from Financing Activities	(67.3)	(31.8)	(82.2)	(14.9)	(50.4)
Cash Flow from Investing Activities	(26.3)	(225.0)	(27.5)	(1.2)	197.5
Net increase (decrease) in cash and cash equivalents	(16.4)	(27.7)	(5.6)	10.8	22.1
Effects of exchange rate changes on cash and cash equivalents	0.3	(1.5)	(1.5)	(1.8)	0.0
Cash and cash equivalents at end of period (1)	816.7	1,061.4	1,062.6	245.9	1.2

During 1Q16, the Company had a negative **net cash inflows of US\$5.5 million**, a lesser amount versus 1Q15. Meanwhile, 4Q15 had a net negative cash flow of US\$27.7 million.

Operating activities: during 1Q16 a positive net cash inflow of US\$104.1 million was generated, 35% higher than in 1Q15, mainly explained by higher operational result due to a more efficient generation matrix. Compared with 4Q15, cash generation decreased by 55%, mainly by a lower operating margin and higher tax expenses with respect to 4Q15.

Financing activities: generated a negative net cash outflow of US\$82.2 million during 1Q16, which compares with 1Q15's net outflow of US\$67.3 million and 4Q15's lower net cash outflow of US\$31.8. The cash flow of this quarter is associated with interest and amortization payments. The increased outflow of 1Q16 is mainly due to higher financial expenses and costs associated to Fenix's refinancing. This refinancing includes US\$7.7 million used for an interest reserve account in favor of the lending banks.

Investing activities: generated a cash outflow of US\$27.5 million in 1Q16, higher than the outflow of US\$26.3 million in 1Q15 and US\$225.0 million in 4Q15. Disbursements for this quarter were mainly to La Mina project, which began construction in Dec14, while the outflow in 4Q15 was mostly associated to the acquisition of Fenix Power Perú.

DISCLAIMER

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) 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 Chile Sales and Production

Quarterly Sales and Production

GWh

	2015					2016				
	1Q15	2Q15	3Q15	4Q15	Total	1Q16	2Q16	3Q16	4Q16	Total
Sales										
Regulated customers (GWh)	1,734	1,699	1,636	1,557	6,625	1,645				1,645
Free customers (GWh)	1,048	1,125	1,106	1,150	4,428	1,112				1,112
Spot market sales (GWh)	332	486	456	178	1,452	403				403
Total energy sales (GWh)	3,113	3,309	3,197	2,885	12,505	3,160				3,160
Capacity sales (MW)	1,593	1,584	1,585	1,509	1,556	1,516				1,556
Generation										
Hydroelectric (GWh)	1,098	1,358	1,724	2,285	6,464	1,288				1,288
Thermal - Gas (GWh)	1,147	1,202	868	204	3,421	1,212				1,212
Thermal - Diesel (GWh)	141	102	0	1	245	4				4
Thermal - Coal (GWh)	792	699	651	263	2,405	700				700
Wind Farm - Punta Palmeras	18	28	27	39	111	19				19
Total own generation (GWh)	3,195	3,388	3,270	2,792	12,646	3,223				3,223
Energy purchases spot market (GWh)	0	0	0	124	124	0				0
Energy Purchases - Sales in the Spot Market	327	486	456	53	1,328	403				403

Appendix 2 Peru Sales and Production

Quarterly Sales and Production GWh

	2015					2016				
	1Q15	2Q15	3Q15	4Q15	Total	1Q16	2Q16	3Q16	4Q16	Total
Sales										
Customers under Contract (GWh)	676	763	787	775	3,002	758				758
Spot market sales (GWh)	861	910	692	423	2,885	477				477
Total energy sales (GWh)	1,537	1,673	1,479	1,197	5,886	1,235				1,235
Capacity sales (MW)	628	556	558	559	557	561				561
Generation										
Thermal - Gas (GWh)	1,056	1,105	856	605	3,621	663				663
Total own generation (GWh)	1,056	1,105	856	605	3,621	663				663
Energy purchases spot market (GWh)	510	596	644	611	2,361	594				594
Energy Purchases - Sales in the Spot Market	351	314	47	(188)	524	(117)				(117)

Appendix 3 Consolidated Income Statement

Quarterly Income Statement

USD million

	2015					2016				
	1Q15	2Q15	3Q15	4Q15	Total	1Q16	2Q16	3Q16	4Q16	Total
Operating revenues	317.0	358.5	337.0	301.4	1,313.9	362.5				362.5
Raw materials and consumables used	(205.2)	(201.3)	(136.0)	(103.5)	(646.0)	(165.1)				(165.1)
GROSS MARGIN	111.8	157.2	201.0	197.9	667.9	197.5				197.5
Personnel expenses and other operating expenses	(19.1)	(20.8)	(20.1)	(24.6)	(84.6)	(27.3)				(27.3)
Depreciation & amortization	(47.5)	(48.4)	(48.9)	(50.2)	(194.9)	(55.8)				(55.8)
OPERATING INCOME*	45.3	88.0	132.0	123.1	388.4	114.4	-	-	-	114.4
EBITDA	92.8	136.4	180.9	173.3	583.3	170.2	-	-	-	170.2
Financial income	1.0	1.1	1.4	2.0	5.5	2.7				2.7
Financial expenses	(22.2)	(22.7)	(22.2)	(23.5)	(90.5)	(27.4)				(27.4)
Results of indexation units	0.1	1.2	0.9	0.3	2.4	-				-
Exchange rate differences	0.4	0.1	(11.4)	(0.3)	(11.2)	3.0				3.0
Share of profit (loss) from equity-accounted associates	1.5	1.7	2.3	1.1	6.6	1.4				1.4
Other non-operating income (expense)	(0.9)	(3.9)	10.5	(5.3)	0.5	(0.5)				(0.5)
NON-OPERATING INCOME	(20.2)	(22.4)	(18.4)	(25.6)	(86.7)	(20.8)				(20.8)
NET INCOME BEFORE TAX	25.1	65.5	113.6	97.4	301.7	93.6				93.6
Income Tax	(18.2)	(15.4)	(37.9)	(28.1)	(99.6)	(17.6)				(17.6)
NET INCOME FROM CONTINUING OPERATIONS	7.0	50.1	75.7	69.3	202.1	76.0	-	-	-	76.0
NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT COMPAN	7.0	50.1	75.7	69.3	202.1	76.0				76.0
Equity of the Controller	7.0	50.1	75.7	71.9	204.7	72.2				72.2
Minority Interest	-	-	-	(2.6)	(2.6)	3.8				3.8

(*): the subtotal for "OPERATING INCOME" presented herein, differs from "Profit (loss) from operating activities" line presented in the Financial Statements. This is explained by a change in taxonomy distacted by the SVS, by means of which the concept of "Other Profit" (loss), which in the case of Colbún are only non-operating items, was incorporated as an operating item in the financial Statements.

Appendix 4 EBITDA Chile

EBITDA Chile <i>US\$ millions</i>	2015					2016				
	1Q15	2Q15	3Q15	4Q15	Total	1Q16	2Q16	3Q16	4Q16	Total
Revenues	317.0	358.5	337.0	295.2	1307.6	306.9	0.0	0.0	0.0	306.9
Sales to regulated customers	167.6	168.7	144.3	138.0	618.6	161.1				161.1
Sales to free customers	73.0	86.4	96.8	101.5	357.6	90.9				90.9
Sales to other generators (spot market)	38.0	61.6	31.3	22.6	153.5	23.0				23.0
Transmission tolls	36.0	39.5	37.9	31.7	145.1	31.2				31.2
Other operating income	2.3	2.3	26.7	1.4	32.8	0.7				0.7
Raw materials and consumables used	(205.2)	(201.3)	(136.0)	(98.7)	(641.1)	(132.2)	0.0	0.0	0.0	(132.2)
Transmission tolls	(39.1)	(34.7)	(34.5)	(33.3)	(141.6)	(34.7)				(34.7)
Energy and capacity purchases	(4.5)	(9.2)	(10.4)	(16.5)	(40.6)	(5.5)				(5.5)
Gas purchases	(95.1)	(96.2)	(48.8)	(11.3)	(251.4)	(55.5)				(55.5)
Diesel purchases	(22.5)	(18.1)	(1.5)	(2.0)	(44.1)	(2.1)				(2.1)
Coal purchases	(26.6)	(22.2)	(20.4)	(8.4)	(77.6)	(18.7)				(18.7)
Other Costs	(17.4)	(20.8)	(20.4)	(27.2)	(85.8)	(15.7)				(15.7)
Personnel expenses and other operating expenses	(19.1)	(20.8)	(20.1)	(24.5)	(84.4)	(21.2)	0.0	0.0	0.0	(21.2)
EBITDA	92.8	136.4	180.9	172.0	582.1	153.5	0.0	0.0	0.0	153.5

EBITDA Peru		
<i>US\$ millions</i>		
	1Q15	1Q16
Revenues	49.5	55.6
Sales to regulated customers	38.5	48.0
Sales to other generators (spot market)	7.8	1.5
transmission tolls	3.3	6.1
Other operating income	0.0	0.0
Raw materials and consumables used	(30.5)	(32.8)
transmission tolls	(5.7)	(8.7)
Energy and capacity purchases	(1.5)	(2.5)
Gas purchases	(23.4)	(16.9)
Other Costs	0.0	(4.7)
Personnel expenses and other operating expenses	(0.8)	(6.1)
EBITDA	12.7	16.7

Appendix 6 Consolidated Balance Sheet

Summarized Balance Sheet

USD million

	2015				2016			
	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
Current Assets	1,251.6	1,288.4	1,384.3	1,383.5	1,451.5			
Cash and equivalents	816.7	912.5	1090.6	1061.4	1062.6			
Accounts receivable	237.8	221.5	160.4	166.6	236.2			
<i>Normal sales</i>	146.5	150.1	109.4	124.0	147.3			
<i>Deudores varios</i>	91.3	71.4	51.0	42.6	88.9			
Recoverable taxes	57.2	39.5	20.6	8.6	14.8			
Other current assets	139.9	115.0	112.7	129.1	138.0			
Non-Current Assets	5,090.1	5,081.9	5,054.4	5,787.4	5,771.7			
Property, Plant and Equipment , net	4,935.5	4,919.5	4,891.1	5,602.6	5,579.1			
Other non-current assets	154.7	162.4	163.3	184.8	192.6			
Total Assets	6,341.8	6,370.3	6,438.6	7,153.2	7,223.2			
Current liabilities	192.0	223.7	201.8	707.8	331.7			
Long-term liabilities	2,786.1	2,743.9	2,766.3	2,778.2	3,152.4			
Shareholders' equity	3,363.6	3,402.7	3,470.5	3,667.1	3,739.0			
Equity of the Controller	3,363.6	3,402.7	3,470.5	3,463.5	3,531.6			
Non-controlling interests	-	-	-	203.6	-			
Total Liabilities and Shareholders' Equity	6,341.8	6,370.3	6,438.6	7,153.2	7,223.2			
End-of-quarter exchange rate (CLP/USD)	626.6	639.0	698.7	710.2	626.6			