

EPM Group 9th BBVA Latin America Conference

New York
May 1 & 2, 2019

Agenda



- 1. EPM Group Highlights**
- 2. Financial results as of December 2018**
- 3. Update on the Ituango Project**
- 4. Insurance policies Management**
- 5. Divestment plan**
- 6. Investment Plan 2019-2022**

1. Group EPM Highlights

Colombia's largest multi-utility Company leading across sectors



Electricity



Natural Gas



Water



Solid Waste Management



Telecommunications
(as Une Tigo shareholder)

1. Group EPM Highlights

Geographical diversification



Colombia's largest multi-utility company

- **Assets:** COP 52.4 billion (USD 16.152 MM equiv.)
- **Revenues:** COP 16.3 billion (USD 5.022 MM equiv.)
- **EBITDA:** COP 5.1 billion (USD 1.574 MM equiv.)

Headquartered in Medellin, with a growing Latin American portfolio

- Founded in 1955, **100% owned by the municipality of Medellin** with administrative and budgetary autonomy from its owner.
- Provides services **across 6 countries** throughout **7 business segments**

Investment Grade Rating ⁽¹⁾:

- **Fitch:**
 - International **BBB**, rating watch negative (Nov.27th,2018).
 - Local **AAA**, rating watch negative (Nov.27th,2018).
- **Moody's: Baa3**, negative outlook (Aug.27th,2018).

Note: USD figures converted at an exchange rate of COP/USD \$ 3.249,75 as of December 31, 2018.

(1) Source: Credit Rating Agencies.

1. Group EPM Highlights

Ample presence in Latin America



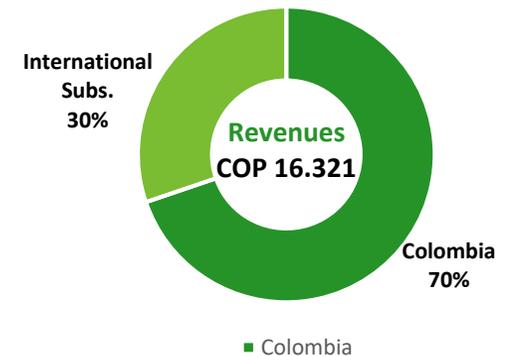
| Year of acquisition/investment: | ADASA 2015 | DECA 2010 | HET 2011 | Los Cururos 2013 | ENSA 2011 | TICSA 2013 | DELSUR 2011 |
|---------------------------------|---------------|--------------|-------------|---------------------|--------------|---------------|----------------|
| Amount Invested (USD MM): | 991 | 635 | 314 | 238 | 152 | 116 | 63 |

Total invested: USD 2.509 million

| Infrastructure | Grupo EPM (Colombia and LatAm) |
|--------------------|---|
| Power Generation | 34 hydro power plants: 3,057 MW 2 thermal power plants: 496 MW 2 wind parks: 128,4 MW |
| Power Distribution | T&D Lines: 235,274 Km Substations: 435 Transformers: 337,551 |
| Gas Natural | Distribution Lines: 7,519 Km |
| Water | Potable Water network: 5,962 Km Sewage network: 6,270 Km |

| EPM Group (figures in million) | Total Connections* 2018 | New Connections* 2018 | Var. % |
|-----------------------------------|----------------------------|--------------------------|-------------|
| EPM Parent Company | 5,94 | 0,24 | 4.2% |
| Colombian Subs. | 3,11 | 0,13 | 4.4% |
| Internacional Subs. | 2,47 | 0,06 | 2.6% |
| Total EPM Group | 11,53 | 0,43 | 3.9% |

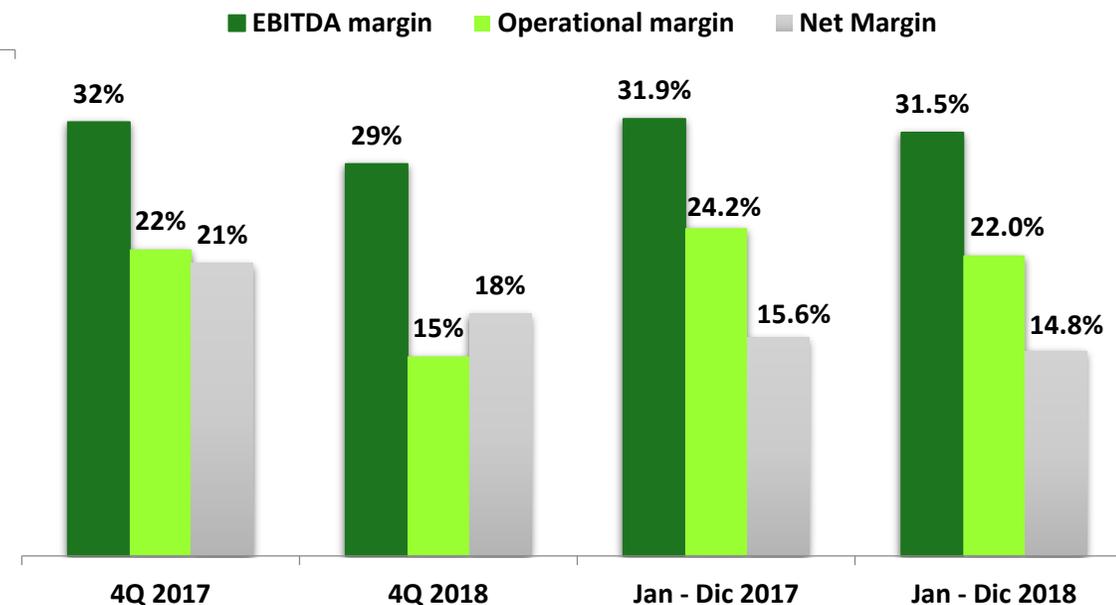
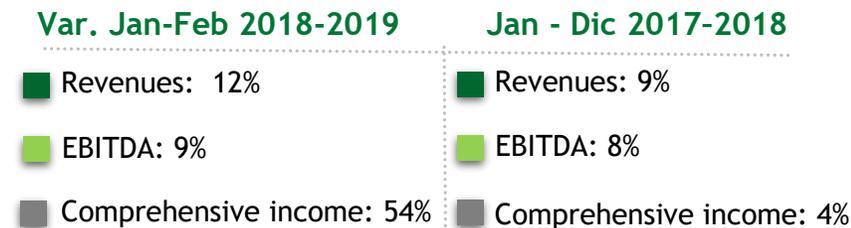
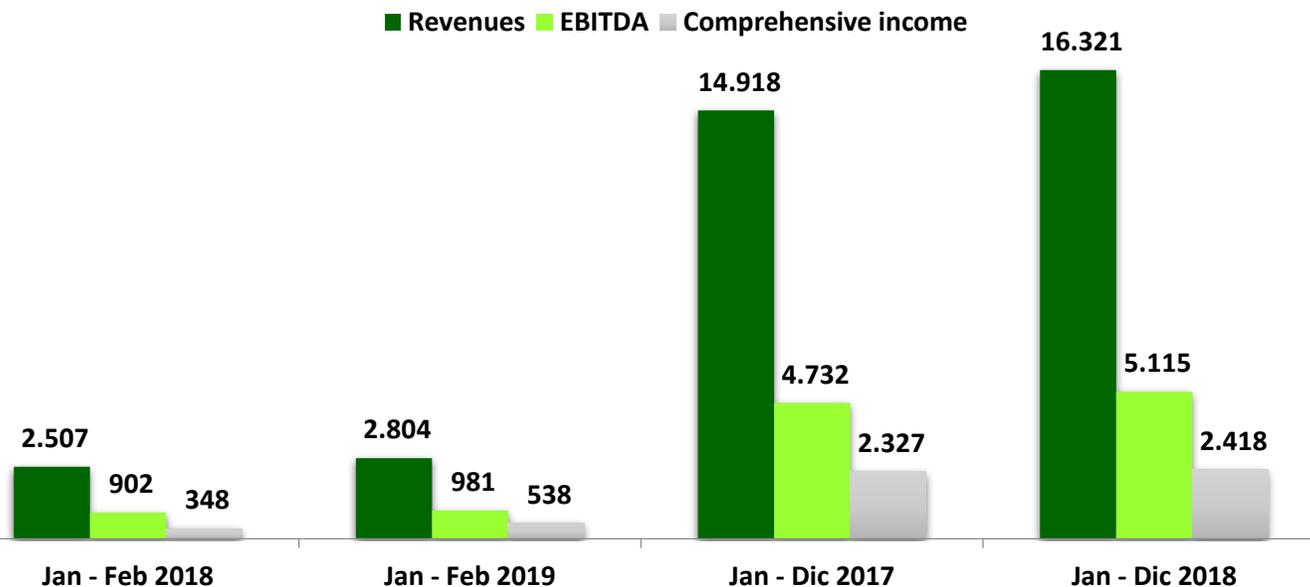
*Connections: Water/electricity/Gas



2. Financial Results as of December 31, 2018

EPM Group Income Statement

Figures in COP thousand million



- Revenues increased 9%, explained by higher consumption with a weighted average growth -WAG- of 3.6%, and higher rates with a WAG of 8.5%. The number of customers/users, adding all the services, had an increase of COP 434 thousand, 3.9% equivalent.
- Cost control measures delivered COP 421 savings against the budget.
- Comprehensive income increased 4%, mainly due to:
 - + Higher EBITDA by COP 383
 - + Lower income tax provision by COP 569
 - Higher Ituango contingency provision by COP 477 (Cash COP 69) and labor by COP 75
 - Higher FX expenses COP 423

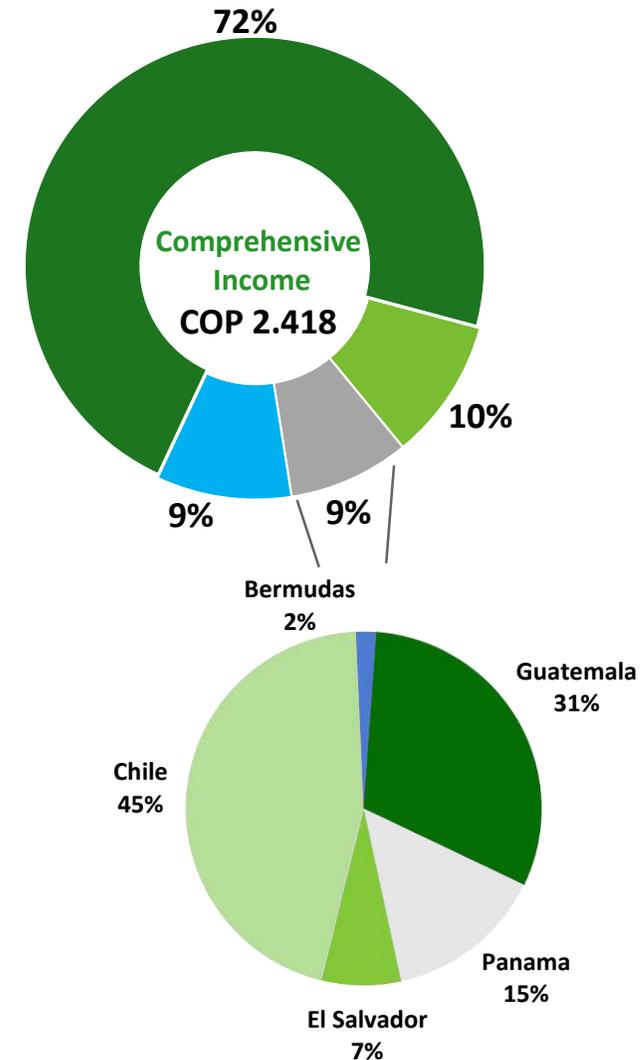
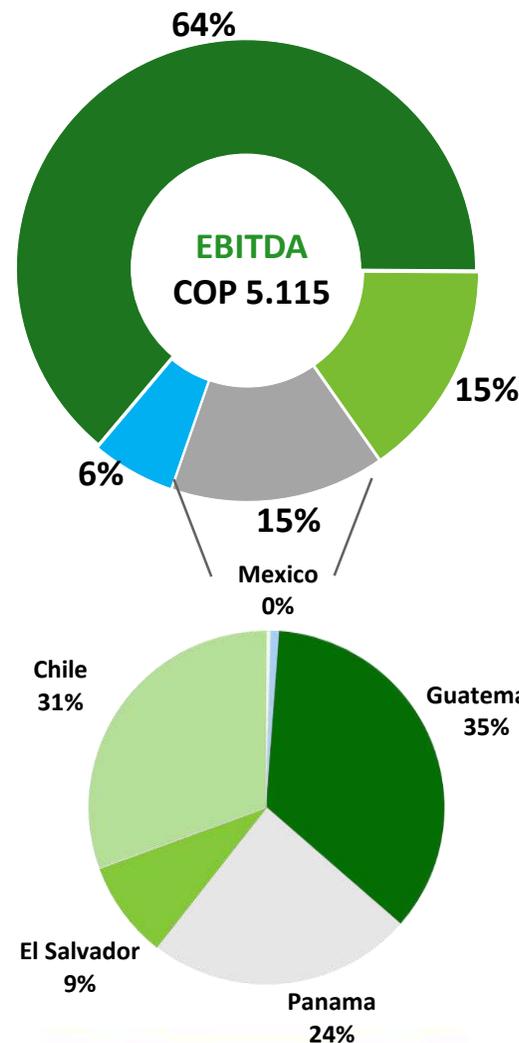
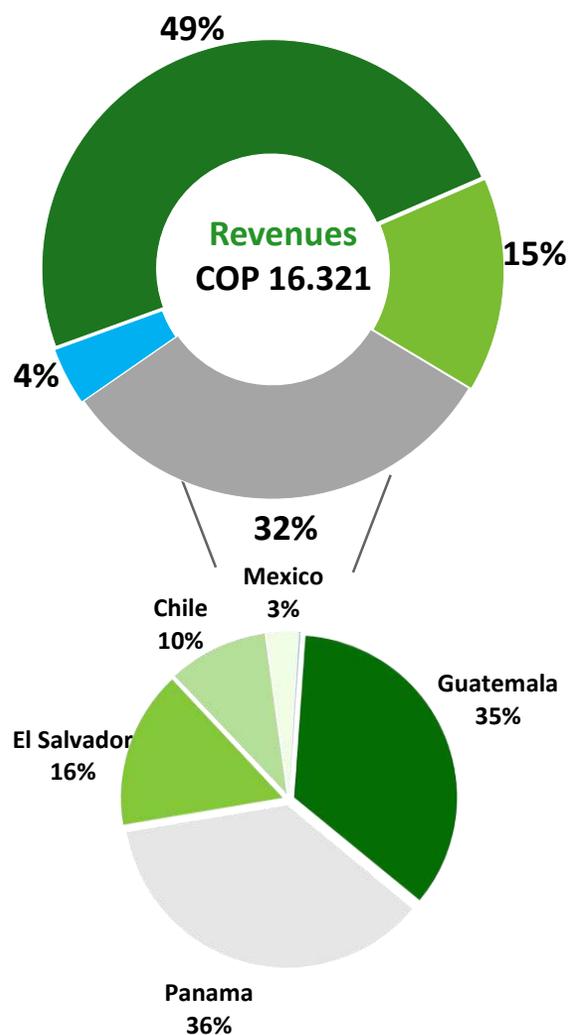
2. Financial Results as of December 31, 2018

EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million



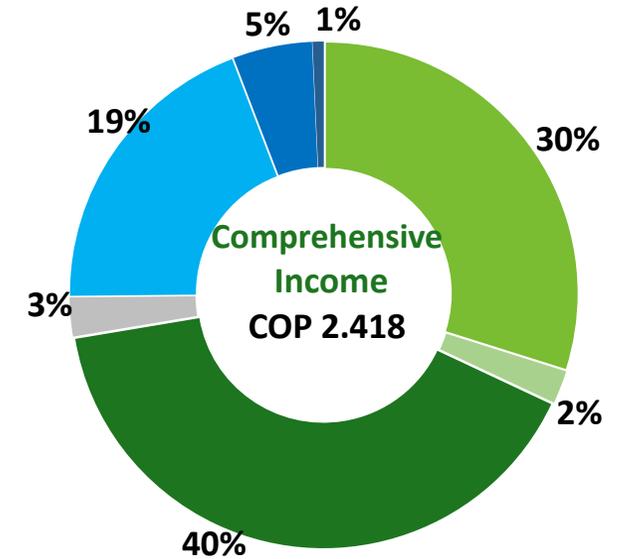
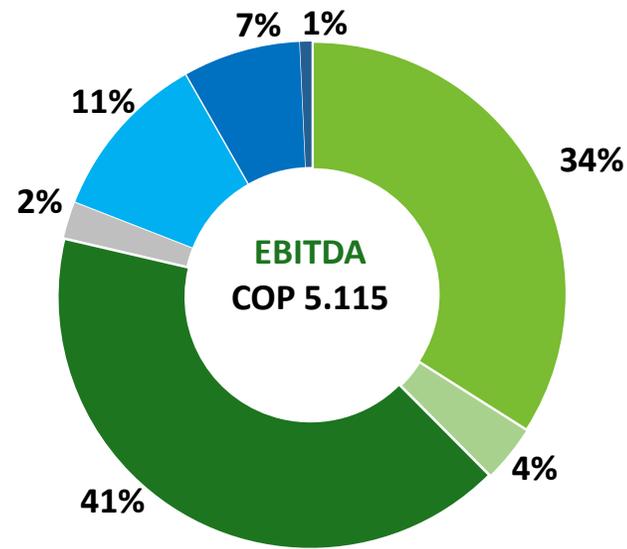
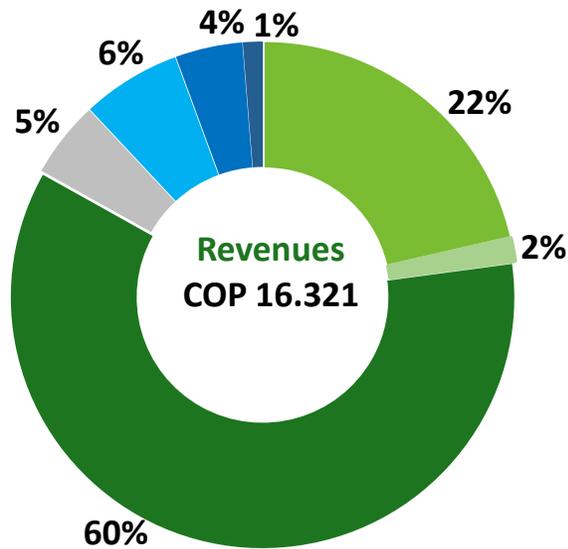
■ EPM
■ International Subsidiaries
■ Colombian Power Subsidiaries
■ Colombian Water Subsidiaries



2. Financial Results as of December 31, 2018

EPM Group by Segments

Figures in COP thousand million



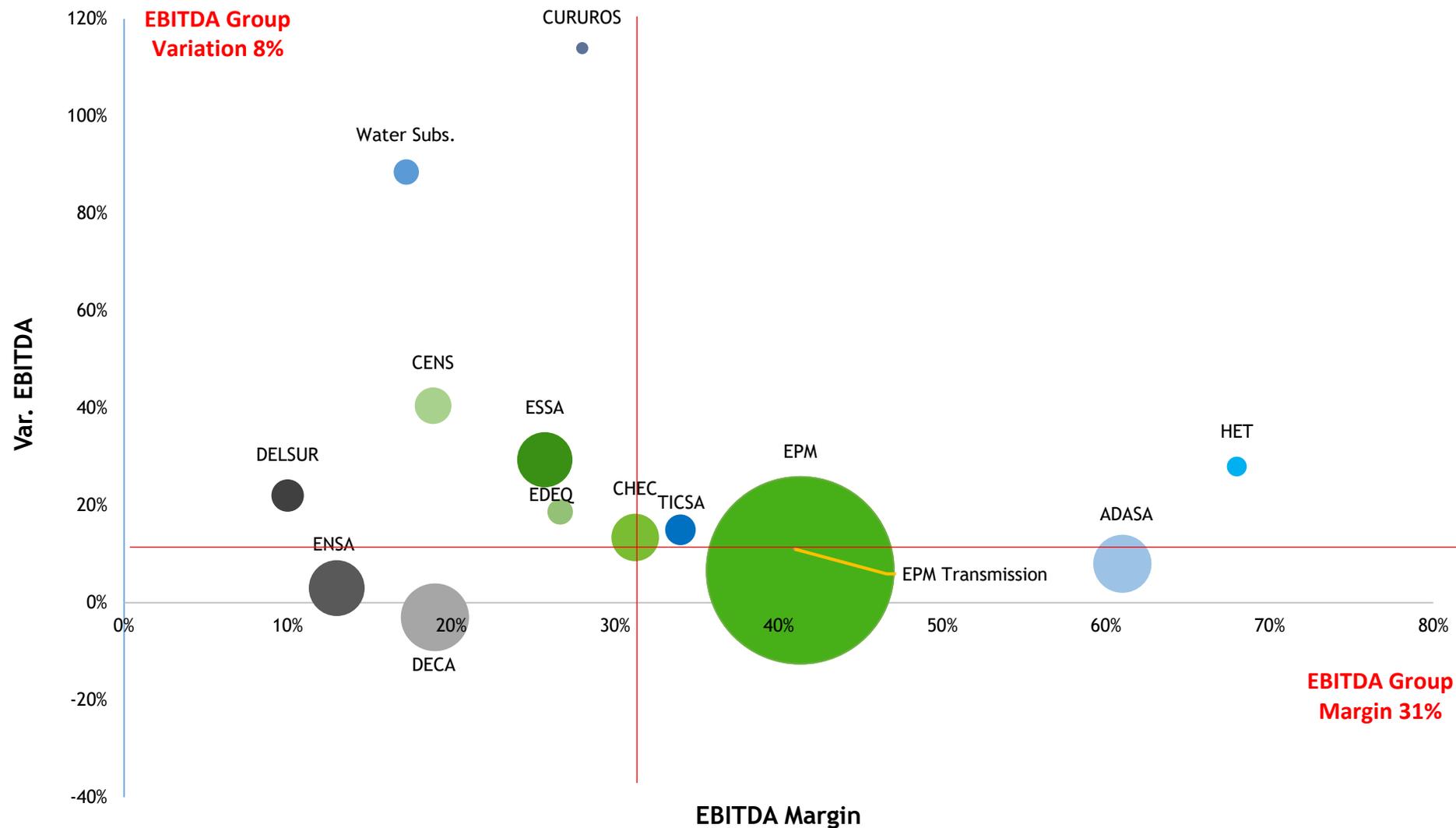
- Power Generation
- Power Distribution
- Water
- Solid Waste Management

- Power Transmission
- Gas
- Wastewater Management

2. Financial Results as of December 31, 2018

EPM Group EBITDA

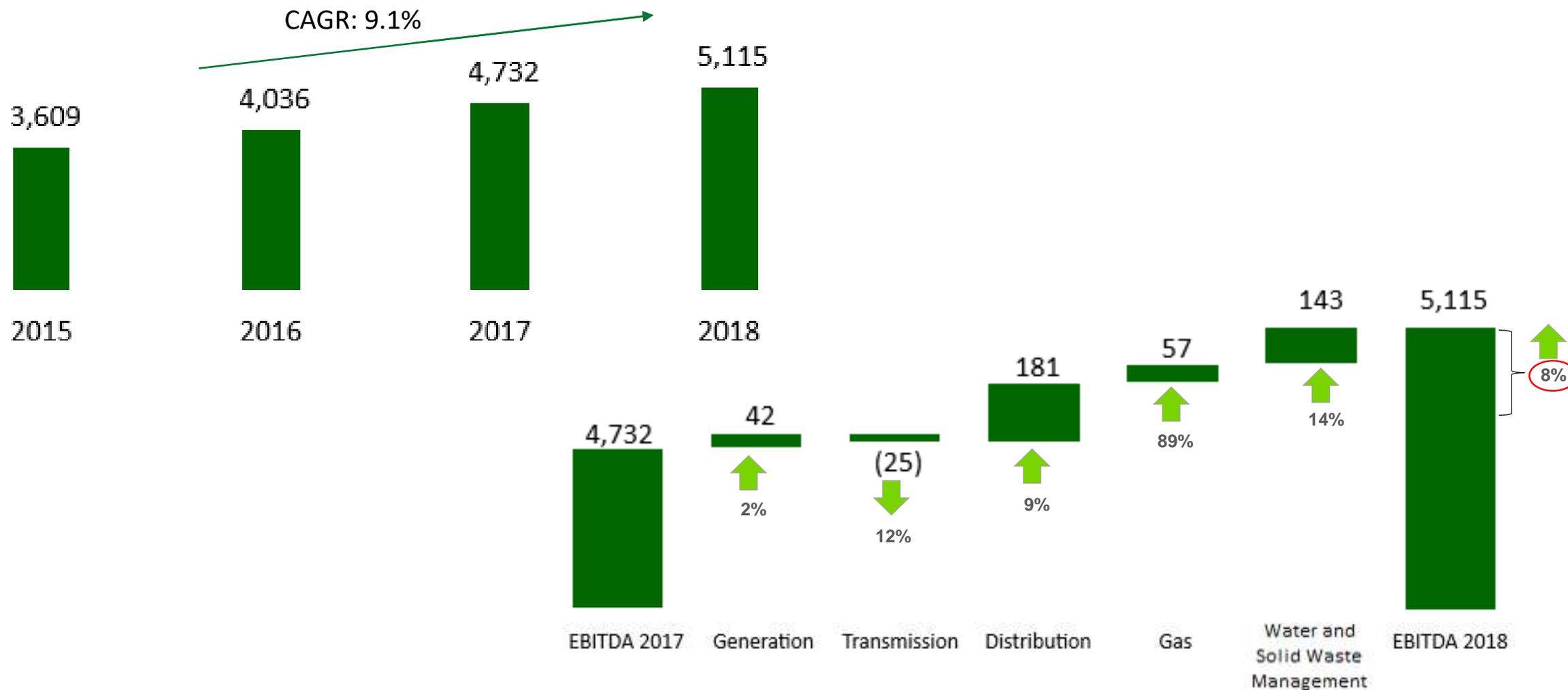
Figures in COP thousand million



2. Financial Results as of December 31, 2018

EPM Group EBITDA

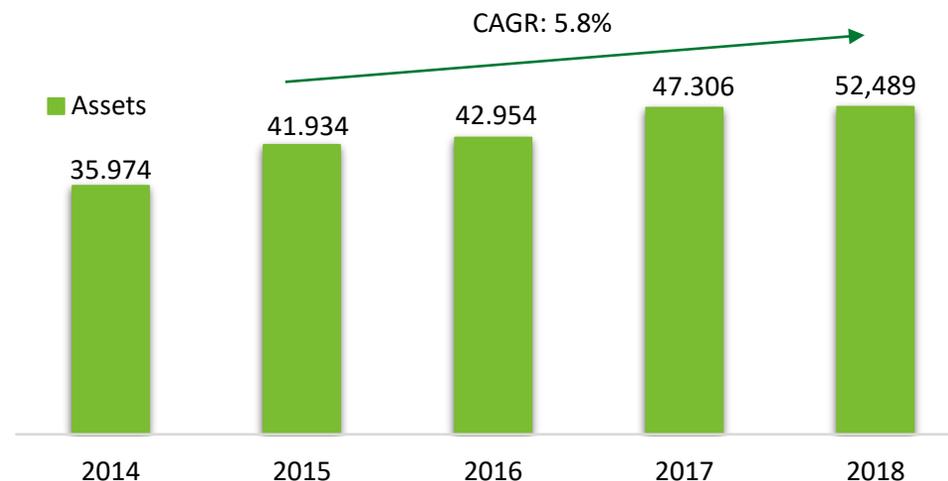
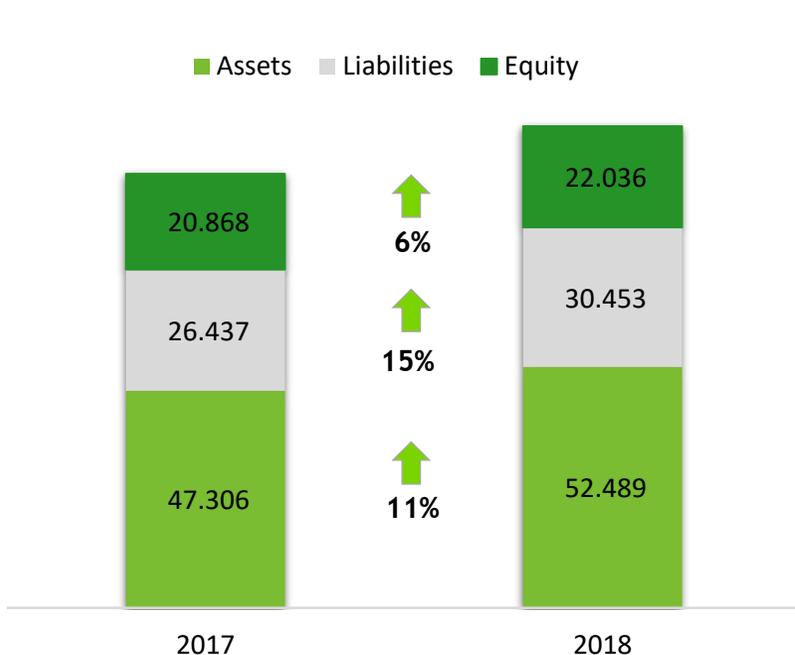
Figures in COP thousand million



2. Financial Results as of December 31, 2018

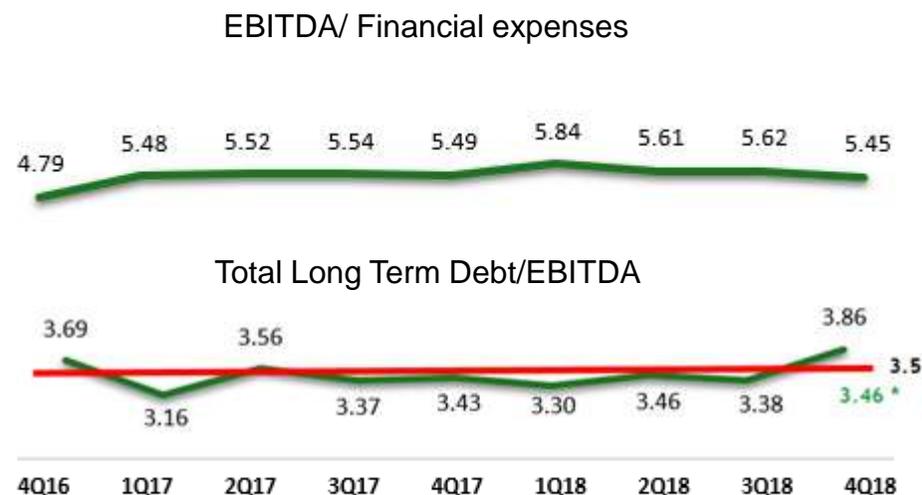
EPM Group Statement of Financial Position

Figures in COP thousand million



| Ratios | 2017 | 2018 |
|-----------------------------|------|---------------------|
| Total debt | 56 | 58 |
| Financial debt | 38 | 41 |
| EBITDA/financial expenses | 5.49 | 5.45 |
| Total Long Term Debt/EBITDA | 3.43 | 3.86 ^(*) |

(*) Net Debt/EBITDA: 3.46



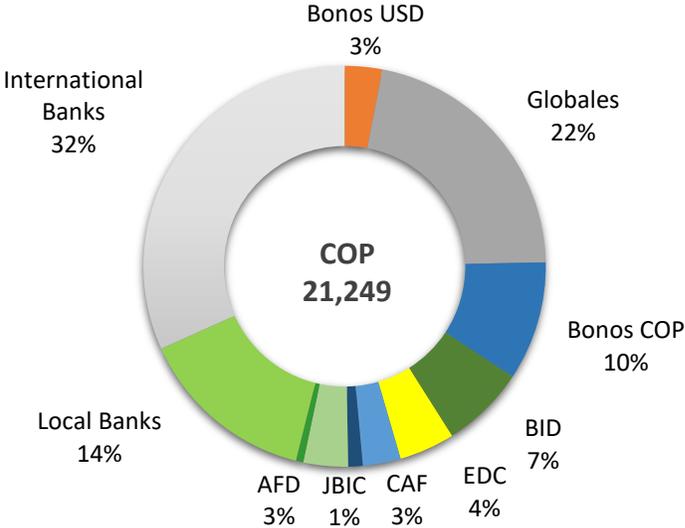
- Cash position as of December 31, 2018 was COP 2.6 billion

2. Debt profile as of March 31, 2019

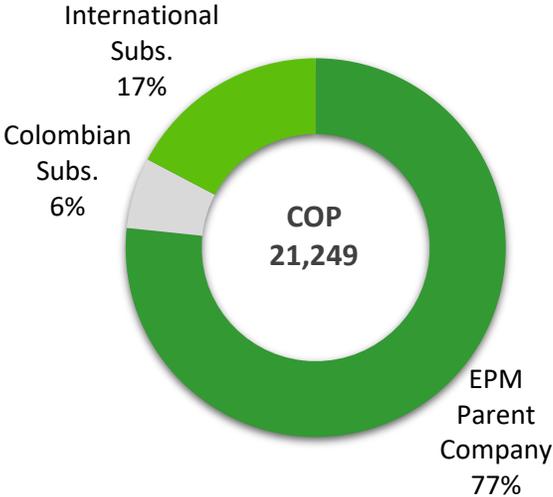
Figures in COP thousand million



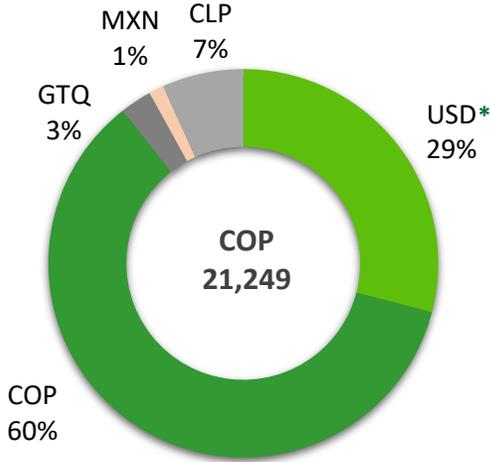
Source



Companies



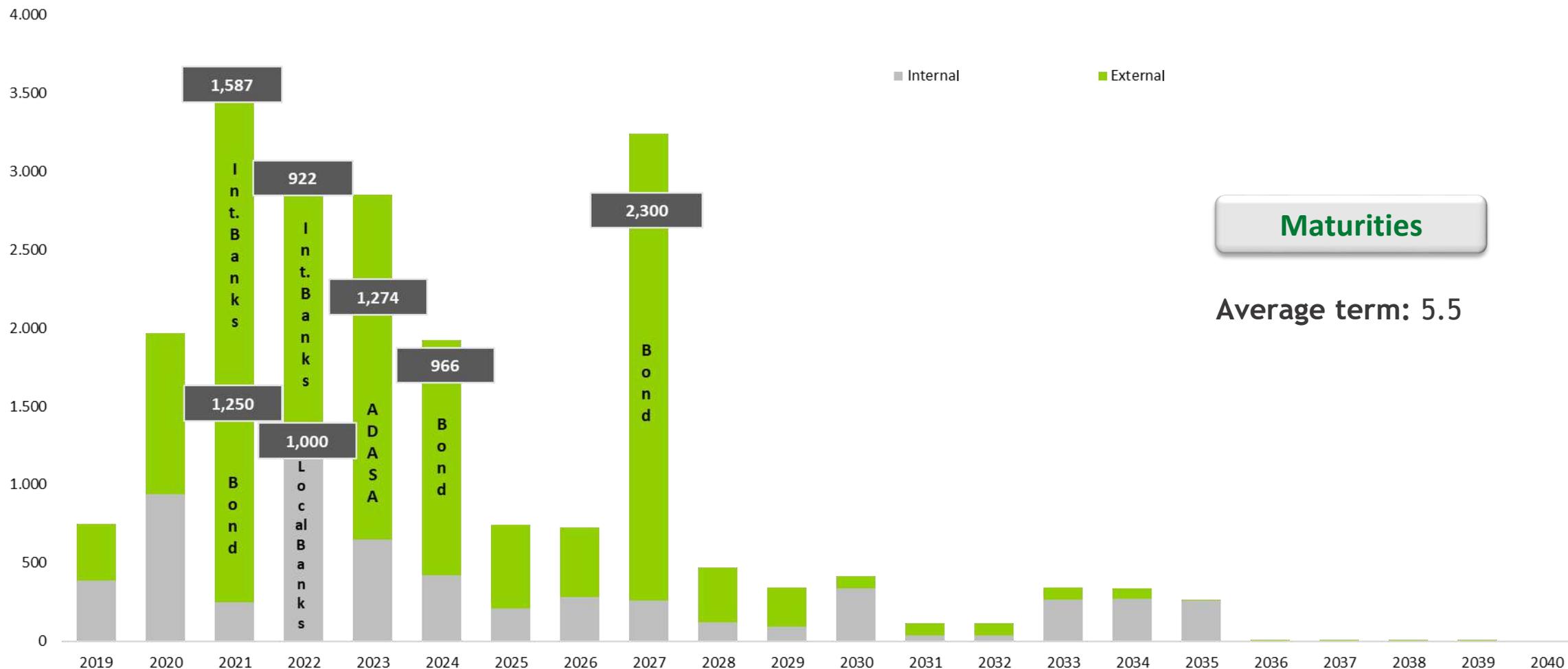
Currency*



*After hedging

2. Debt profile as of March 31, 2019

Figures in COP thousand million



Credit transactions since the Contingency, April 2018



Credit transactions total amount: USD 2.462 million

- ✓ **Loans - Disbursement**
 - EDC - USD 90 million (May)
 - CAF - USD 200 million (June and August)
 - IDB Invest - USD 450 million (December)

- ✓ **Liability management in October to increase maturity in 5 years**
 - ADASA - CLP 273,000 million (USD 430 million equiv.)
 - ENSA - USD 100 million

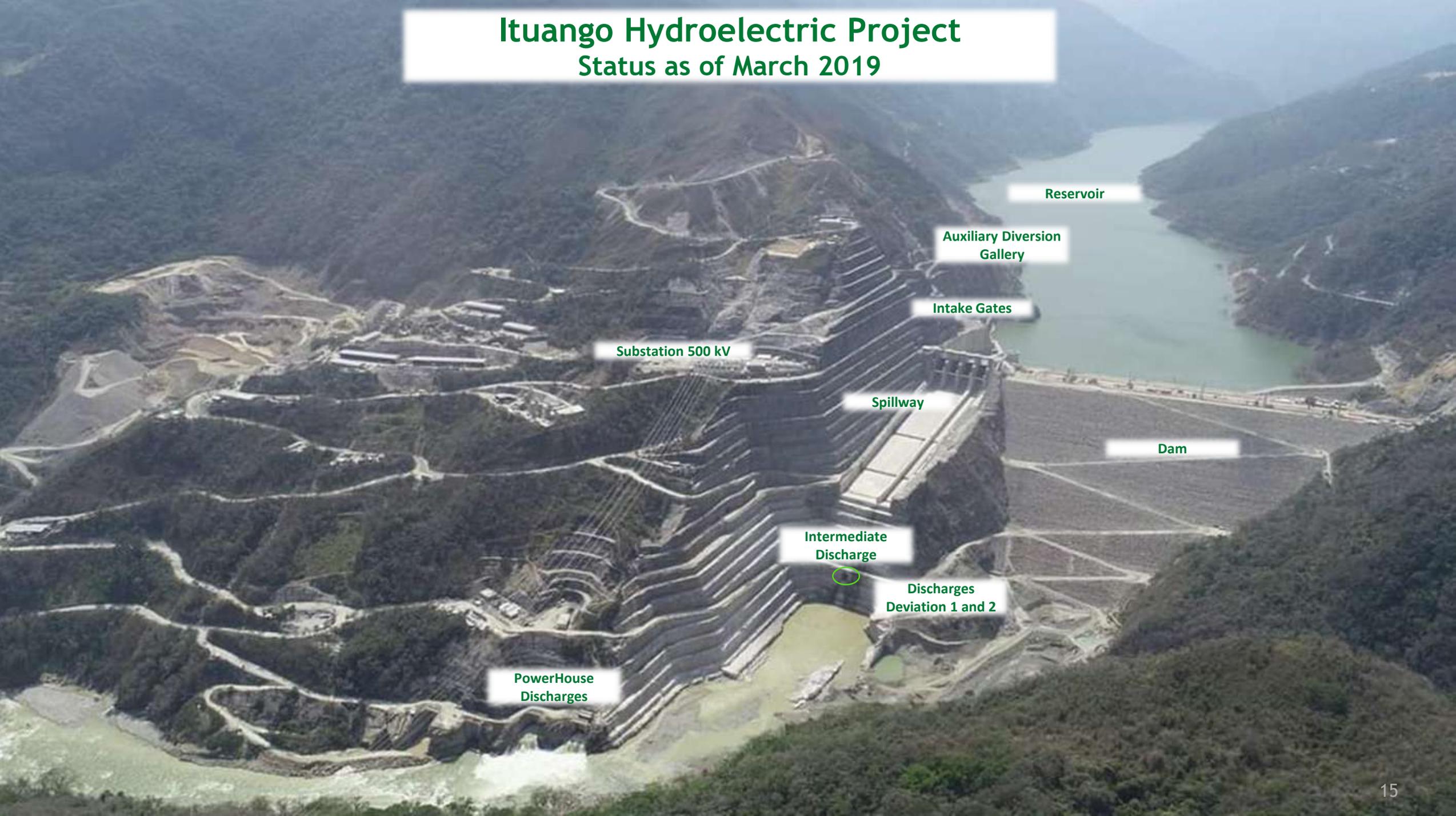
- ✓ **Signed loans in November**
 - International bank USD 750 million
 - Local bank COP 1.0 billion

- ✓ **Energy operations guarantees**
 - International banks USD 134 million
 - Local banks COP 0.4 billion

- ✓ **Stakeholders were kept informed about the advances of the contingency**
 - Investors, financial institutions and credit rating agencies.

Ituango Hydroelectric Project

Status as of March 2019



Reservoir

Auxiliary Diversion
Gallery

Intake Gates

Substation 500 kV

Spillway

Dam

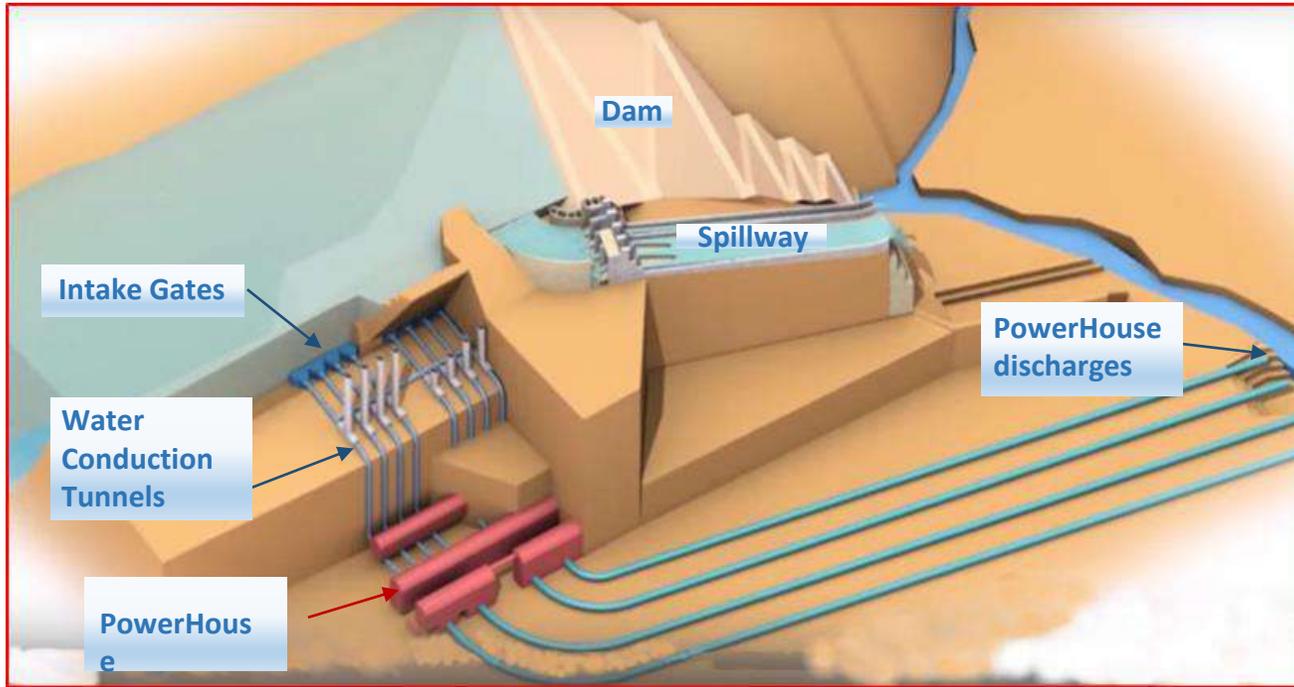
Intermediate
Discharge

Discharges
Deviation 1 and 2

PowerHouse
Discharges

3 . Update on the Ituango Contingency

General Plan of the Works



3 . Update on the Ituango Contingency

All dates estimated subject to changes due to technical findings and design adjustments (*)



Technical actions - What follows



Dam works

- **Main screen in plastic:** the construction of the panels on the screen (289 panels) was completed. Injections of consolidation continue on the left margin.
- **Dam filling:** Placement of the contact seal between the plastic screen and the upper core.

Estimated compliance dates: (*)

- **Dam filling 435 masl:** 3Q2019

Conduction tunnels

Estimated compliance dates: (*)

- **Filling of the hollow between Wells 1 and 2:** 3Q2019



Right Diversion Tunnel (RDT), Auxiliary Diversion Gallery (ADG) and Intermediate Discharge

- **RDT pre-plug 1:** the injections for the **pre-plug 1** continue from the tunnel of the intermediate discharge. 64 perforations of 120 total have been executed.
- **RDT pre-plug 2:** the subcontractor that will carry out the activity was selected.
- **RDT Final plug:** pre-plug 2 must be completed to start this activity.
- **ADG:** activities for rehabilitation of the floodgates and subsequent placement of the final plug.

Estimated compliance dates: (*)

- **RDT:** 2Q2020
- **ADG:** Pre-plug (closing of gates): 3Q2019
Final plug: 1Q2020
- **Intermediate Discharge Recovery:** 2Q2020



Powerhouse

Estimated compliance dates: (*)

- **Pumping of Powerhouse:** 2Q2019
- **Powerhouse sediments extraction:** 3Q2019
- **Tunnels and caverns recovery:** 2Q2020
- **Stabilization of the access tunnel to the Powerhouse:** 3Q2019
- **Stabilization of the rock between No.1 downstream surge tank and the Powerhouse:** 4Q2019



Estimated date of entry into operation Phase 1 (2 power units): Dec. 2021 (*)
(the other 2 power units): Oct.2022 (*)

3. Ituango Contingency - Financial Impact

Figures in COP thousand million^(*)



Project Cost

| Concept | CONTINGENCY COST | | |
|--------------------|------------------|--------------|---------------|
| | Before | Contingency | After |
| Direct Cost | 9,993 | 2,779 | 12,773 |
| Financial Expenses | 1,500 | 1,038 | 2,537 |
| Total Cost | 11,493 | 3,817 | 15,310 |

Direct Cost: COP 2.8 billion increase, mainly in recovery of the main Works and Equipment.

Financial Expenses: COP 1.0 increase, due to a greater period of construction (accounting effect, does not correspond to additional debt).

Total invested as of Mar.2019: COP 10.1 billion

Contingency CapEx Execution As of Mar. 2019

| | |
|-----------------------|------------|
| Investments | 616 |
| Expenses | 83 |
| Total executed | 699 |

Financial resources as of Mar. 2019

| Concept | Amounts accrued Mar. 2019 | Payments as of Mar. 2019 |
|---|------------------------------|-----------------------------|
| Reliability Charge Guarantee | 134 | 0 |
| Payment to transmitter | 104 | 0 |
| Removal of assets | 78 | N.A. |
| Contingency attention | 51 | 51 |
| Shelters Support | 46 | 31 |
| Affected Care and Compensation | 39 | 1 |
| Contingency and environmental sanction | 38 | 0 |
| Total | 491 | 83 |

Pending Financial Resources to be executed Estimated Figures^(*)

Contingency Investments: It is estimated that additional resources of up to COP 2.1 billion will be invested in works associated with the contingency. It should be noted that a recovery is expected for compensation of damage insurance for COP 1.22 billion.

Contingency expenses: in the financial projections, a value of up to COP 0.6 billion, of which has been executed COP 0.08 billion. The value of the COP 0.52 billion remaining is not included in the COP 2.8 billion of contingency CapEx investments.

^(*) Figures subject to variation based on technical findings and design adjustments

3. Ituango Contingency - Financial Impact

Project Cost Breakdown

Figures in COP thousand million (*)

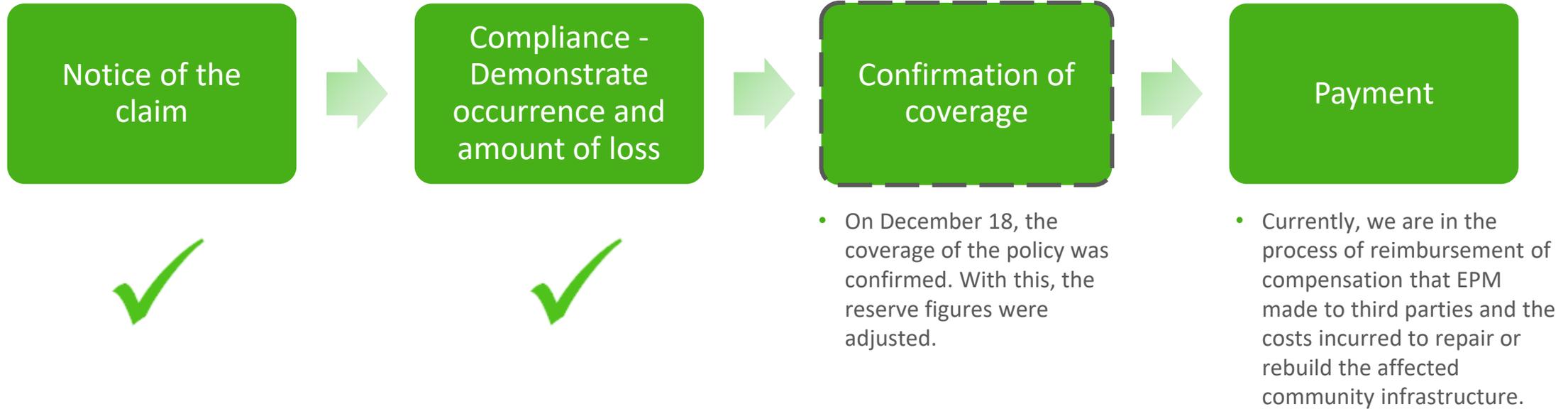


| CONCEPT | % Var. |
|--|------------|
| Equipment | 41% |
| Infrastructure and Main Works | 38% |
| Engineering administrative expenses | 20% |
| Environmental and Social Management | 14% |
| Land and Easements | 8% |
| Unforeseen delays and downward adjustments | -100% |
| DIRECT COST | 28% |
| Capitalized interests | 69% |
| TOTAL COST | 33% |

(*) Figures subject to variation based on technical findings and design adjustments

4. Insurance policy for non-contractual civil liability

Milestones of the claim process



➤ Total coverage: COP 50.000 million, with COP 150 million deductible.

Premises for loss management:

Relationship of trust and joint work with the adjuster through constant exchange of information about the compensation strategy for people affected
Accompaniment of the adjuster to the EPM team on the site to participate in the valuation of homes and negotiation.

4. Insurance policy all risk construction and assembly

Milestones of the claim process



Notice of the claim



Compliance -
Demonstrate
occurrence and
amount of loss



Confirmation of
coverage



Payment



- EPM hired the firm “Skava” to perform the root cause analysis.
- Detailed documentation of recovery costs.
- Discussion with the Adjuster on the variables for the liquidation of business interruption has begun.
- The adjuster's experts are conducting the root cause and legal analysis.

- Confirmation of coverage.
- Compensation process.

- Affected assets: Validation with the Loss Adjuster of the repair and replacement costs of the affected goods.
- For the business interruption coverage, work is being done jointly on the model compensation.

➤ **Total coverage: USD 2,556 million, with USD 1 million deductible.**

Premises for loss management:

Construction of a relationship of trust and joint work with the Loss Adjuster and the insurer and reinsurers:

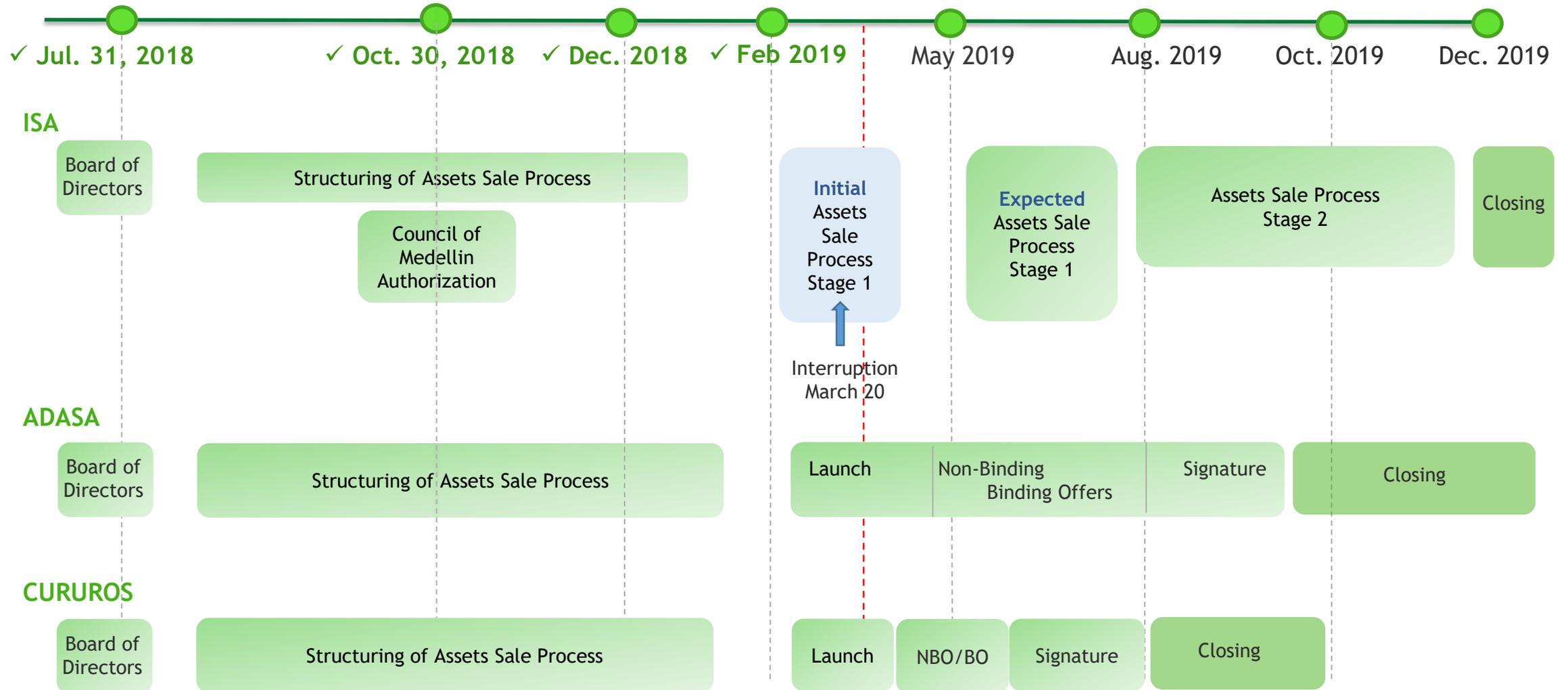
- Report of contingency progress, weekly.
- Visits of the leader Adjuster, monthly.
- Visits to the project with reinsurers leaders of claims and experts appointed by them.
- Continuous answers to requested information.
- Recruitment of experts in management of large claims to support the claim process.

5. Divesment Plan

Indicative schedule



Estimated value of sales: COP 3.5 - COP 4.0 bn approx.



6. Infrastructure Investment Plan 2019-2022

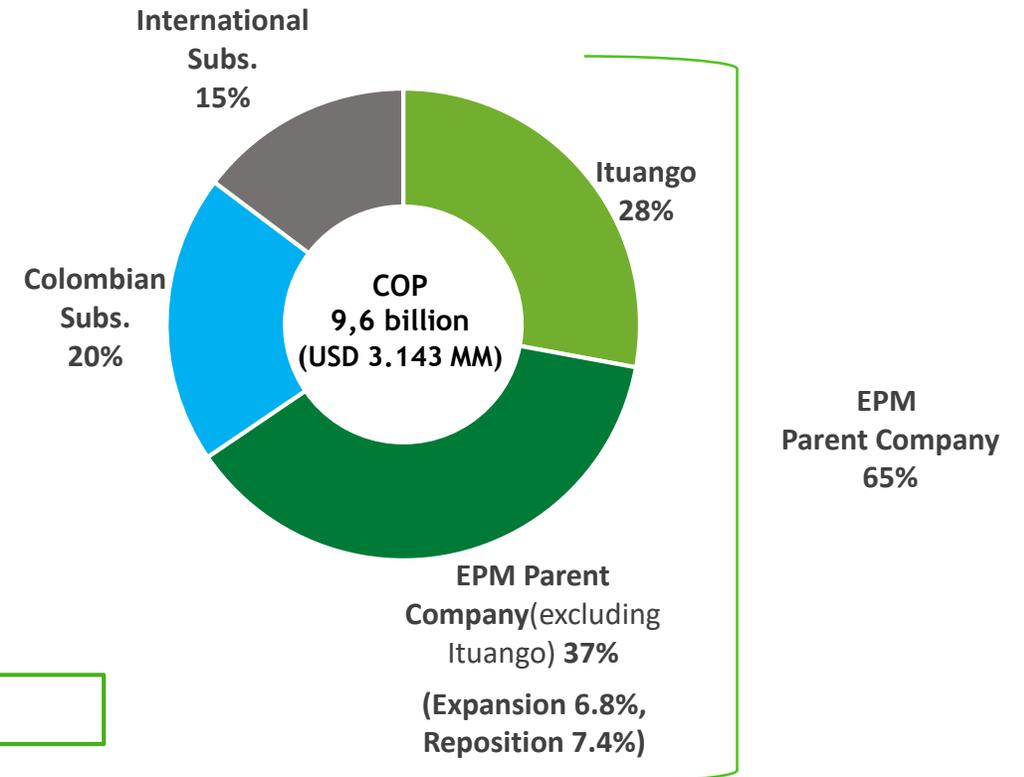


CapEx: COP 9,6 billion (USD 3.143 MM equiv.)

- 63% Power, 35% Water, 2% Other
- 65% EPM Parent company, 20% Colombian subsidiaries, 15% International subsidiaries

Figures in USD Million

| | 2019 | 2020 | 2021 | 2022 | Total 2019- 2022 |
|--|--------------|------------|------------|------------|---------------------|
| Ituango* | 344 | 289 | 153 | 91 | 877 |
| Power Generation | 23 | 40 | 33 | 25 | 121 |
| Transmission & Distribution | 411 | 358 | 309 | 226 | 1.303 |
| Gas | 5 | 4 | 5 | 2 | 17 |
| Water | 324 | 256 | 156 | 76 | 812 |
| Corporative | 6 | 6 | 1 | 0 | 13 |
| Total EPM Group | 1.114 | 953 | 656 | 420 | 3.143 |



* Contingency extra-cost of approx. COP 1,3 bn identified recently non-included. Total Contingency Cost: COP 15,3 bn.

➤ **Funding sources:**

- **Funding operations to be disbursed (USD 771 MM):**
 - ✓ A/B loan IDB Invest: USD 450 MM
 - ✓ BNDES: USD 71 MM
 - ✓ HSBC: USD 250 MM
- **Potential new funding sources:**
 - Capital markets: international and local
 - Commercial banks: international and local
 - Development Banks

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