

Grupo·epm

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# Agenda

- 1 EPM Highlights
- 2 Corporate Overview
- 3 Business Portfolio
- 4 Key Investment Projects & Acquisition
- 5 Relevant facts
- 6 Financial Highlights



# 1. EPM highlights

- Colombia's largest multi-services utility company, with presence in Central America, Mexico and Chile.
- Market leader in key segments, with an unmatched, vertically-integrated business model and an outstanding operational track record.
- Quasi-sovereign, 100% owned by the Municipality of Medellin with a strong corporate governance model.
- Stable regulatory environment, transparent and supportive of market participants.
- Well thought-out regional expansion strategy, looking to extend dominance in core segments.
- Sound financial profile, with significant cash flow generation and ample access to credit markets.



The Issuers Recognition – IR granted by the Colombian Stock Exchange is not a certification about the quality of the securities listed at the BVC nor the solvency of the issuer

# 2. Corporate Overview

We are a Colombian state-owned Multi-Latin economic group



We create equitable **well-being** and **development**

We provide comprehensive solutions in the fields of electricity, gas, water, solid waste management, and information and communication technologies -ICT-



# 2. Corporate Overview



-  Power (Generation, Distribution, Transmission)
-  Gas
-  Water
-  Waste Management

Colombia's largest multi-utility. Second largest corporate in the country

- **Assets:** COP 40.6 bn
- **Revenues:** COP 9.8 bn
- **EBITDA:** COP 3 bn

Headquartered in Medellin, with a growing Latin American portfolio

- Founded in 1955
- Provides services to **over 20 million people**
- Total EPM Group companies: **50**

**EPM Ratings (Parent):**

- Fitch: **BBB+** (stable outlook)
- Moody's: **Baa3** (positive outlook)

**Low-risk profile and stable credit metrics**

- Stable regulatory environment
- Transparent corporate governance
- Diversified revenue sources

# 2. Corporate Strategy

Expand dominance in core businesses and further LatAm expansion



In 2022  
EPM Group's  
great milestone



To continue growing in our core businesses going forward, generating value for stakeholders, enhancing social well-being and protecting the environment.



**Investment Plan 2016-2019: COP 11.8 bn**

- 78% energy, 22% water
- Largest investments include the Ituango hydroelectric project and the Bello waste water treatment plant
- 62% Parent Company, 38% Subsidiaries



**Bulk of investments to be funded via internally generated cash flow**

Complementary financing sources include:

- Capital markets (local and international)
- Commercial banks (local and international)
- Development banks & Multilaterals

\* Figures after the Une merge

# 2. Corporate Overview

Solid market share with high barriers to entry in key segments

## Market share by business

**Colombia**

**Power**

- #1 Generation
- #4 Transmission
- #1 Distribution

**Central America**

**Distribution**

- #1 Guatemala
- #2 El Salvador
- #2 Panama

**Colombia**

**Gas**

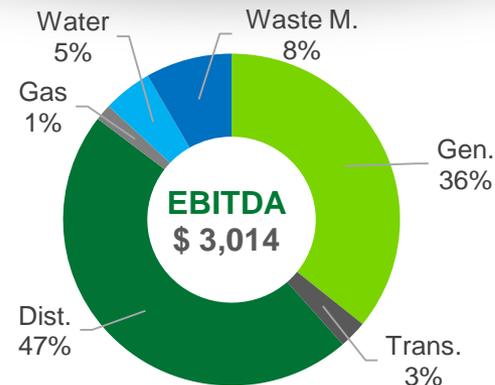
- #3 Distribution and Commercialization

**Colombia**

**Water**

- #2 Water

- A leading player in Colombia and Latin America with solid market share in key markets and segments.
  - Focused on electricity generation, transmission and distribution, natural gas, water, cleaning and sanitation.
- Vertically-integrated and highly-complementary business model, with high barriers to entry.
  - Regulated revenues and medium-term contracts lead to predictable cash flows.



■ Power Generation ■ Power Transmission ■ Power Distribution ■ Gas ■ Water ■ Waste Management

# 3. Business Portfolio: Power (87% of EBITDA)

## Strong market leadership

Generation



✓ 21.6% of Colombia's installed electricity generation capacity

- 26 hydroelectric plants (3,609 MW in Colombia and 31.8 MW in Panama)
- 2 thermal plants (La Sierra: 450 MW and Dorada: 50MW)
- 2 wind power plants (18.4 MW in Colombia and 109.6 MW in Chile)
- Customers: 3.7 mm
- 48% EBITDA Margin

Transmission & Distribution



✓ 23% of Colombia's electricity distribution market (8% in transmission)

- Distributes electricity to ~5.6mm customers (3.7mm in Colombia, 1.9m throughout Central America)
- Transmission: 63% EBITDA Margin
- Distribution: 21% EBITDA Margin

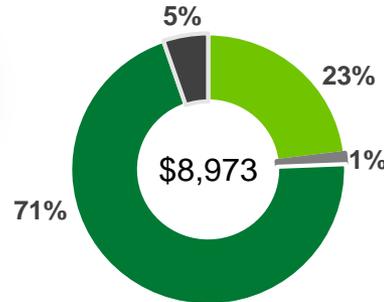
Gas



✓ Sole natural gas provider in the Medellin metropolitan area

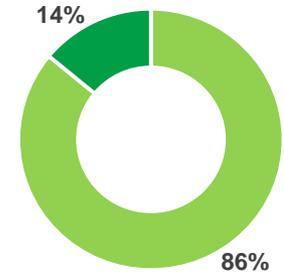
- Main distributor in the region of Antioquia, 3rd largest in Colombia
- Customers: 1 mm
- 9% EBITDA Margin

Revenues Breakdown  
September 2015



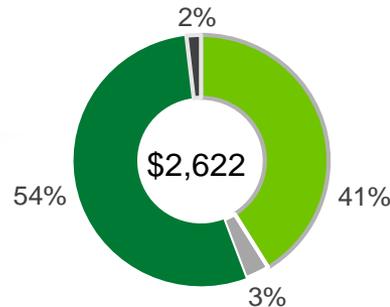
■ Generation ■ Transmission ■ Distribution ■ Gas

Installed Generation Capacity



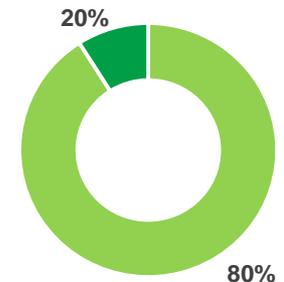
■ Hydroelectric ■ Others (thermal, wind)

EBITDA Breakdown  
September 2015



■ Generation ■ Transmission ■ Distribution ■ Gas

Energy Sales



■ Medium-term contracts ■ Spot

# 3. Business Portfolio: Water (13% of EBITDA)

High growth trajectory with sizeable investments in place

## Colombia's second largest water and sewage services provider

- Very stable and high-margin business (40% EBITDA margin)

### Waste Water Treatment

- **Bello waste water treatment plant** (capacity of 5.0 M3/sec) and an interceptor (7.7 km), is expected to begin operations in 2017.
- In September 2013, EPM invested USD113m in the acquisition of 80% of **TICSA-Tecnología Intercontinental S.A. de C.V.**
  - TICSA, Mexico's subsidiary, has 12 waste treatment plants in operation 1 under construction. **25 years of experience** in design, construction and operation of wastewater treatment plants.

### Waste Management: EMVARIAS (Colombia)

- Business line with strong potential growth.

Revenues Breakdown  
September 2015



EBITDA Breakdown  
September 2015



# 4. Key Investment Projects

## Ituango Hydroelectric Project

### ➤ Largest hydro-generation power plant in Colombia



- Installed capacity: **2.400 MW** /8.563 GWh/year
- Total cost: COP 11.4 bn (equivalent USD 5 bn)
- Invested to date (2011- 2015): COP 4.2 bn (USD 2.1 bn)

#### ✓ Key contracts already executed with top construction firms

- Main civil works: Brazilian-Colombian consortium of Construções e Comercio Camargo Correa SA, Conconcreto SA and Coninsa Ramon H SA.
- Turbines, generators: Alstom Brasil
- Transformers: Siemens Transformer Co. Ltd.

#### Financing:

- Local bonds: \$867.280 mm
- Global COP bonds: \$965.745 mm
- Club Deal: USD 450 mm (undisbursed)
- BNDES: USD 111 mm (in development)
- EDC: USD 135 mm (in development)

- Ituango will represent **17.9%** of total Colombian installed capacity
- 8 Francis type turbines: 300MW each
- Start of operation: 1st Stage in 2018 (**1.200 MW**)  
2nd Stage in 2022 (**1.200 MW**)
- Current progress: **39.7%**

# 4. Key Investment Projects

## Aguas Claras Park and Waste Water Treatment Plant in Bello



- Total cost: COP 1.4 bn (equivalent USD 525 m)
- Invested to date: (\*) COP 694 m (USD 297 m)
- Treatment capacity: **5.0 M<sup>3</sup>/sec.**

### Key contracts

Civil works and equipment supply:

- Korean – Spanish consortium “Aguas de Aburra HHA: Hyundai Engineering and Acciona Agua.
- Construction North Interceptor: Colombian-Mexican consortium CICE

### Main goals:

- The recovery of the Medellin river watershed.
- 75% of the wastewater collected from the metropolitan area will be treated and returned to the river. Global coverage will be 95%, including San Fernando’s plant.
- Operations expected to start in 2017
- Current progress: **60%**
- Financing: IADB → USD 450 m. To date, USD 235 m have been disbursed
- EPM will recover costs through a regulated tariff

(\*) Figure in COP expressed in thousand million

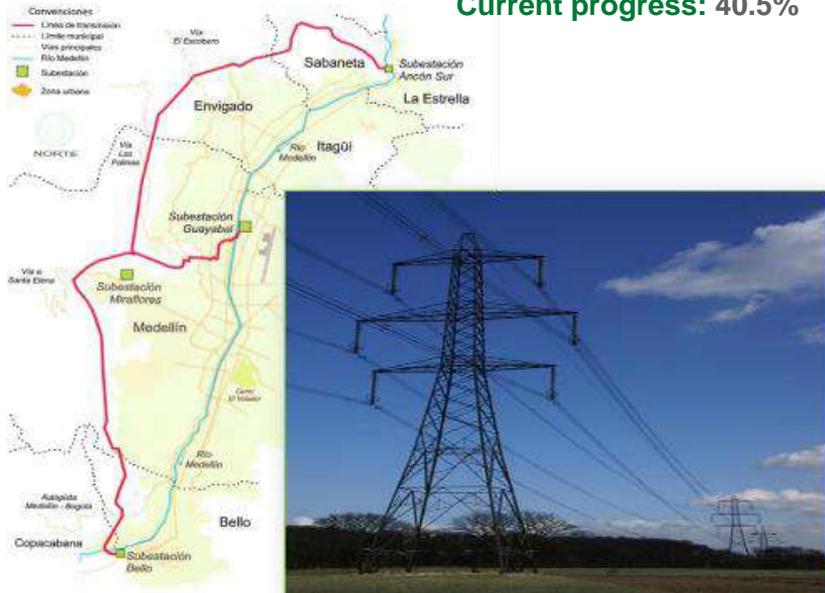
# 4. Key Investment Projects

## Power transmission projects in Antioquia and Cundinamarca



### Bello - Guayabal - Ancón

Current progress: 40.5%



**Capacity:**

180 MVA – Transmission lines: 230 kV (44 km)

**Start of operation:** 2016

**Total cost:** COP 226 m (equivalent USD 67 m)

**Invested to date:** COP 14 m (equivalent USD 5.25 m)

**Financing:** CAF (in development) and Club Deal (undisbursed)



### Nueva Esperanza

Current progress: 70.5%



**Capacity:**

Transmission lines: 500 Kv (48,5 Km.) – 230 Kv (159 Km)

**Start of operation:** 2016

**Total cost:** COP 321 m (equivalent USD 136 m)

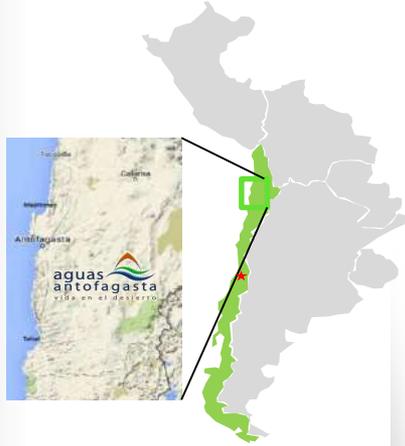
**Invested to date:** COP 257 m (equivalent USD 112 m)

**Financing:** COP 116 m Banco Agrario

# 4. Key Acquisition

## Recently acquired water distribution business

➤ Acquisition of the Chilean company ADASA for CLP 589.902 million (\*) (USD 945.649 million equivalent)



- Represents EPM's entry into the **water desalination sector**.
- Strengthens our presence in the **sector of water and sanitation**.
- Growth opportunities in the markets of Peru and Chile with the business of desalination.
- Concession until 2033



- 65% of revenues come from regulated market.
- 35% of revenues come from the block sale of water to mining companies.
- 4.8% growth in m<sup>3</sup>/client in the last four years.
- 390 Direct jobs
- 1115 Indirect jobs



### 2014 Financial Results

- Revenues: CLP 73.973 m
- EBITDA: CLP 40.142 m

### 2015 Financial Results

- Revenues: CLP 85.503 m
- EBITDA: CLP 43.371 m

### Variation 2014 - 2015

- Revenues: 16%
- EBITDA: 8%

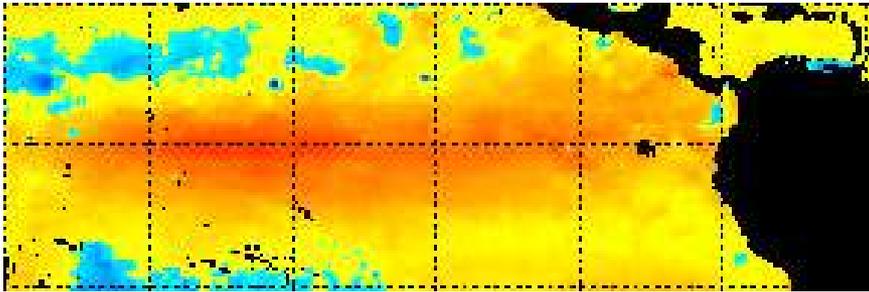
➤ Main goal in the water sector: to rank EPM Group among the international top players

(\*) Acquisition total cost adjusted due to previous owner expenses recognition

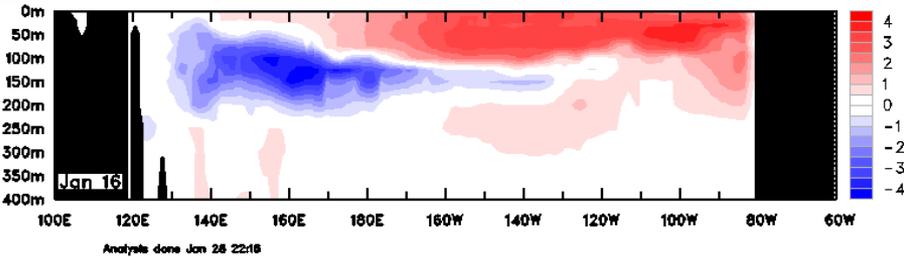
# 5. Relevant facts

## El Niño Phenomenon

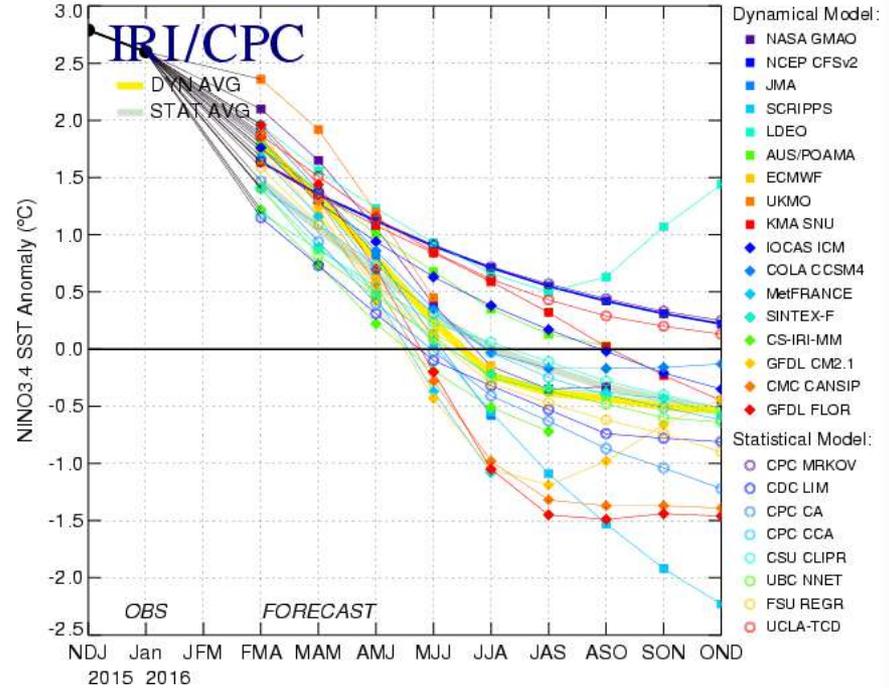
**Situation year 2015- 2016**



January  
Niño 3.4 2.60°C



Mid-Feb 2016 Plume of Model ENSO Predictions



The El Niño phenomenon forecast models provide 100% probability that the phenomenon will continue until Feb-Mar-Apr of 2016 and 99% until Mar-Apr-May. The probability that it will continue after Apr-May-Jun is lower than 68%. (Source: IRI ENSO FORECAST. January 21, 2016).

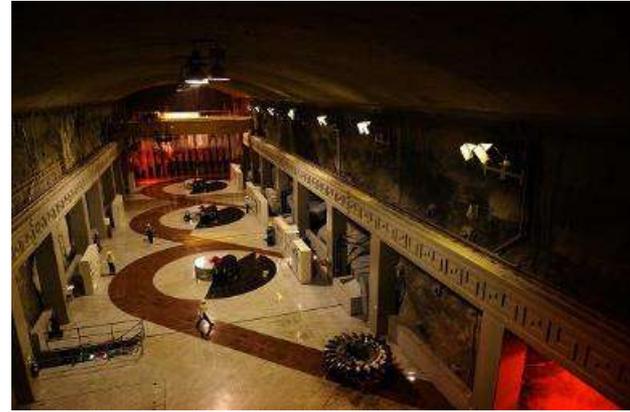
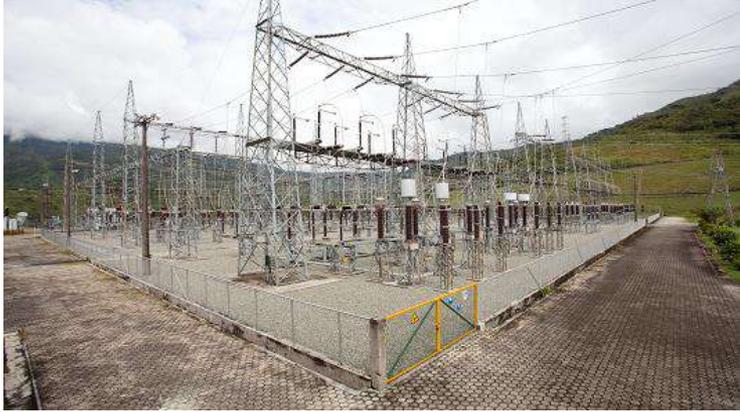
# 5. Relevant facts

## El Niño Phenomenon – EPM's Actions

- ! Using reservoirs capacity responsibly.
- ! Carrying out investments to guarantee liquid fuel supply and logistics for thermal plants.
- ! EPM was awarded with the Ecopetrol open bid for the purchase of gas from Nov 15 until Nov 16, which allows the partial operation of La Sierra and Dorada thermal plants.
- ! Reincorporating Termobarranca plant (48 MW, owned by ESSA) to the market, starting in March 2016.
- ! Endeavors with MME and CREG that led to the spot price cap.
- ! In order to mitigate impact on residential customers, the tariff adjustment will be adopted to defer over time the increases in energy prices.

# 5. Relevant facts

## Guatapé hydroelectric plant



- Guatapé is a 560 Mw hydroelectric power plant and represents around 4% of the Colombian power generation total capacity.
- On February 15th, the cables that convey the electricity from the Powerhouse to the substation were partially destroyed by an unexpected and accidental fire.
- The operation is expected to be restored gradually as follows:
  - 140 MW in May 2016
  - 140 MW in June 2016
  - 140 MW in August 2016
  - 140 MW in September 2016
- EPM's insurance covers business interruption and equipment/civil work damage with total coverage well above the estimated loss.

# 6. Financial Highlights - 3Q15

## EPM Group Income Statement

Figures in COP thousand million

■ Revenues ■ Ebitda ■ Comprehensive income

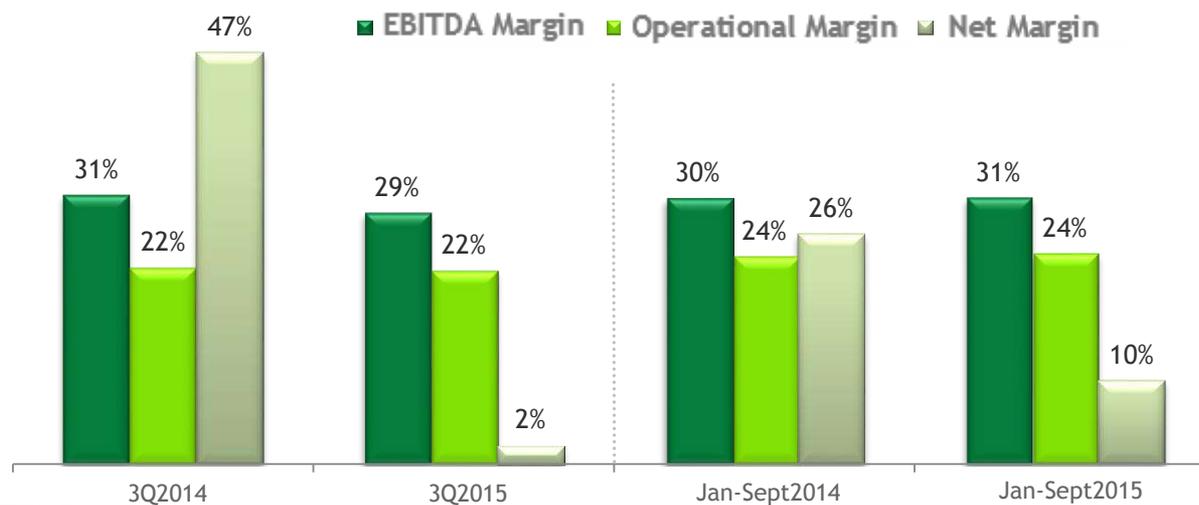


### Variation in Pesos 2014 - 2013

- Revenues: 14%
- EBITDA: 14%
- Comprehensive income: -59%

\*2014 excluding effect of telecommunication subsidiary

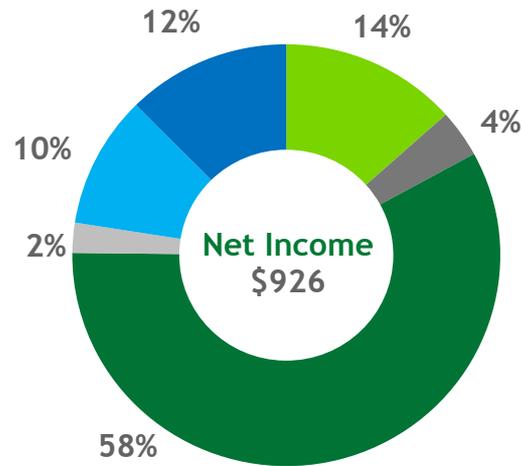
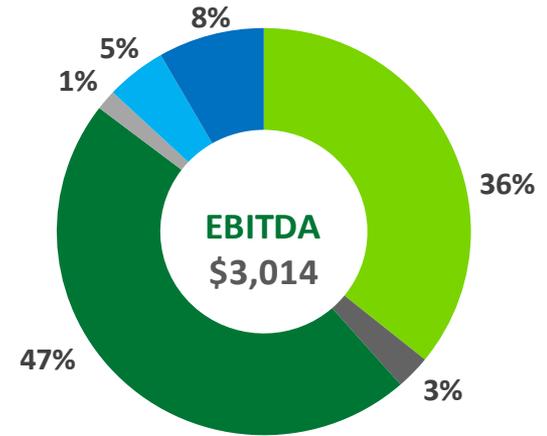
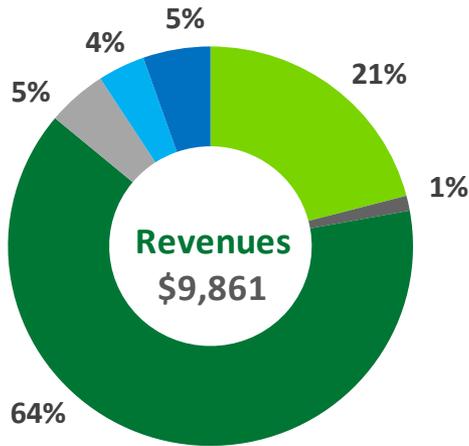
■ EBITDA Margin ■ Operational Margin ■ Net Margin



# 6. Financial Highlights - 3Q15

## By Segment

Figures in COP thousand million

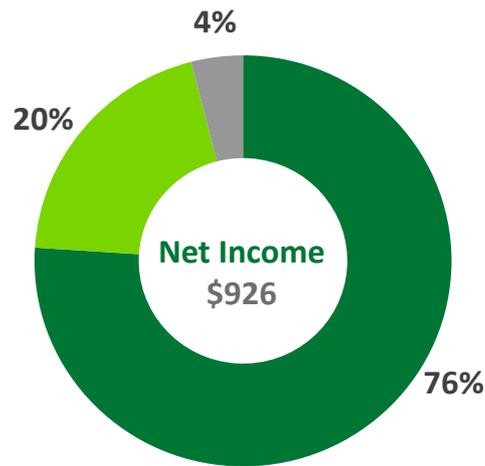
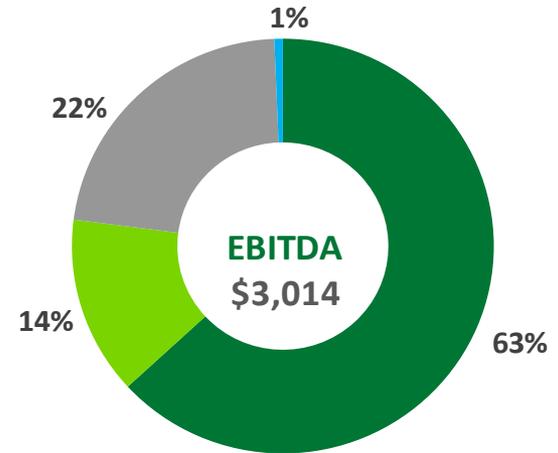
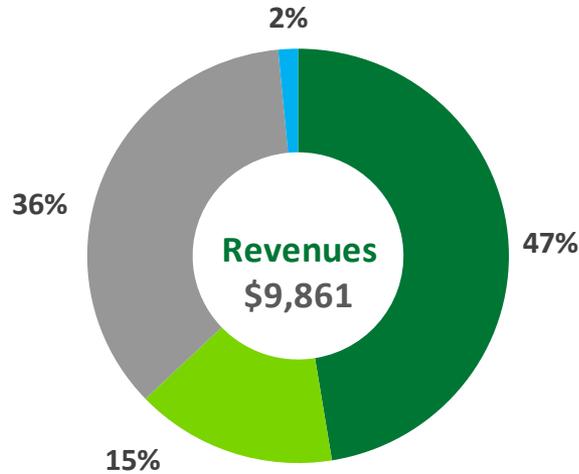


■ Power Generation ■ Power Transmission ■ Power Distribution ■ Gas ■ Water ■ Waste Management

# 6. Financial Highlights - 3Q15

## By Country

Figures in COP thousand million

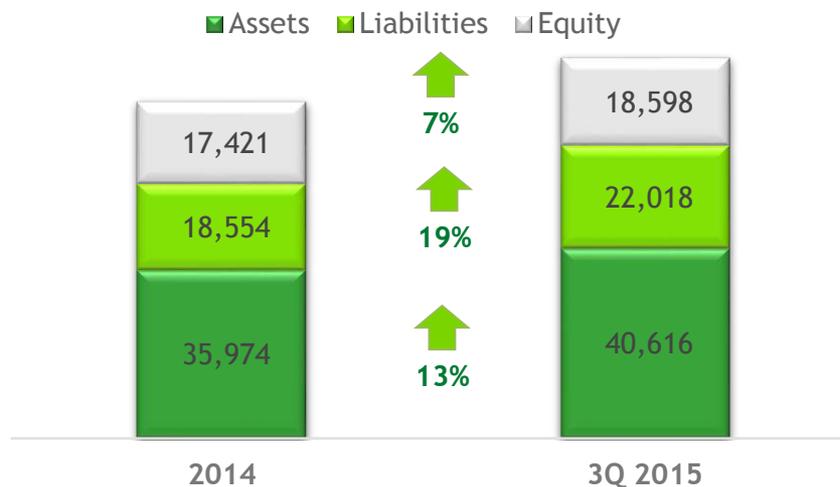


■ EPM   ■ Colombian Power Subsidiaries   ■ International Subsidiaries   ■ Water Subsidiaries

# 6. Financial Highlights - 3Q15

## Statement of Financial Position

Figures in COP thousand million



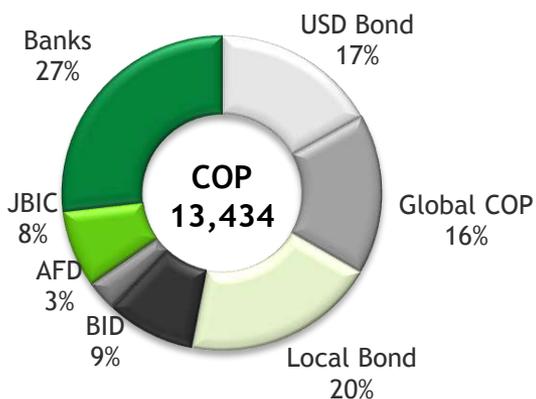
Ratios	2014	Sept. 2015	Dec. 2015 Estimated
Total debt	52%	53%	55%
Financial debt	31%	32%	37%
EBITDA/financial expenses	6,96	6,49	4.98
Total Debt/EBITDA	2,86	3,31	3,76

# 6. Financial Highlights

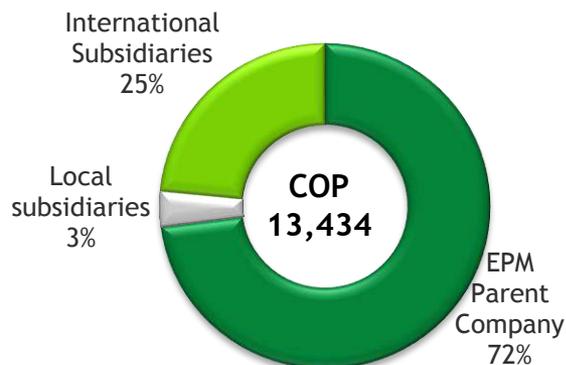
## Long Term Debt profile

Figures as of Dec.2015 in COP thousand million

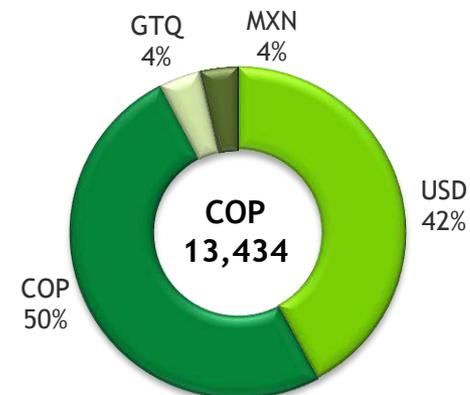
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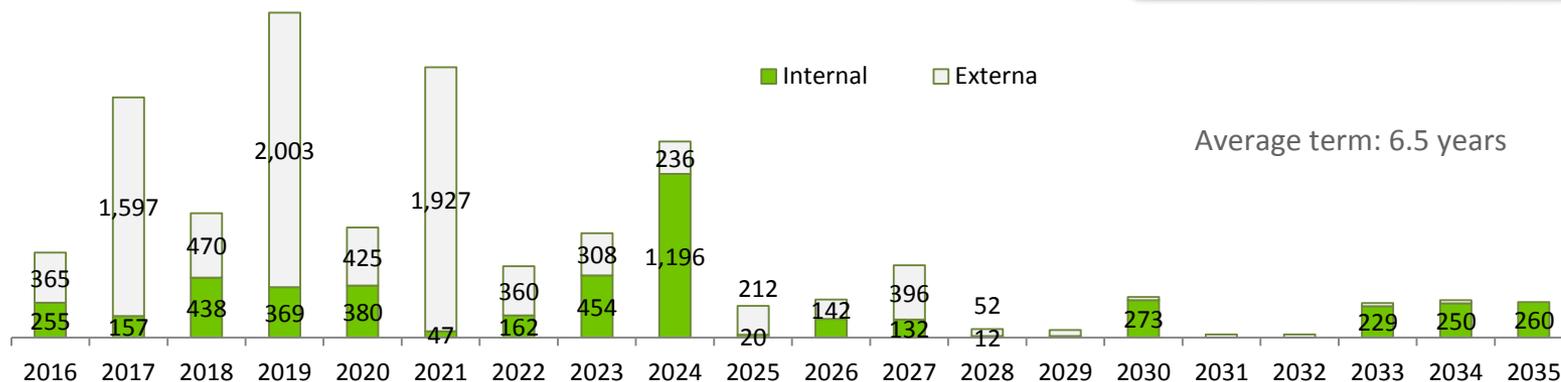
### Company



### Currency



### Maturities



# Gracias

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