

Grupo·epm

**Annual Emerging Markets
Corporate Conference 2017**
Bank of America Merrill Lynch
Miami, FL. May 31 - June 2

Agenda

- 1 EPM Highlights
- 2 Corporate Overview
- 3 Corporate Strategy
- 4 Main Infrastructure Projects
- 5 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.
- Investment grade ratings from Moody's and Fitch (Baa2/BBB+)



2. Corporate Overview

We provide comprehensive solutions in the fields of:



Electricity



Water



Natural Gas



Solid waste management



Telecommunications (as UNE shareholder)

EPM has administrative and budgetary autonomy from the municipality of Medellin.

2. Corporate Overview

Relevant facts



Colombia's largest multi-utility

- **Assets:** COP 43 billion* (USD 15 billion equiv.)
- **Revenues:** COP 3.6 billion* (USD 1.2 billion equiv.)
- **EBITDA:** COP 1.1 billion* (USD 397 million equiv.)

Headquartered in Medellin, with a growing Latin American portfolio

- Founded in 1955, 100% owned by the municipality of Medellin.
- Provides services to **over 20 million people**

Two Investment Credit Ratings - EPM (Parent Company):

- **Fitch:** international **BBB+** (stable outlook) and Local **AAA** (stable outlook).
- **Moody's:** **Baa2** (stable outlook).

2. Corporate Overview

Our presence in Colombia

Power



Gas



Water



Market share

- Generation **21.2%**
- Transmission **6.5%**
- Distribution **23.6%**

- Distribution and Commercialization **12.7%**

- Water **13.5%**

Customers

More than **4 million**

More than **1 million**

- Water and Sewage **1 million**
- Waste Management **767 thousand**

Key figure

3,540 MW of net effective capacity. **Largest** electricity generator and electricity distributor in the country

Main distributor in the region of Antioquia, **2nd** in Colombia

2nd largest player in Colombia

2. Corporate Overview

Our presence in Latin America



Chile



Guatemala



Panama



Mexico



El Salvador

▶ **LOS CURUROS:**
Wind Generation **110MW**.

▶ **ADASA:** 2.55 m3/seg (34% sea water) Owns the largest desalination plant in Latin America for drinking water, **940 L/s**.

▶ **DECA II (EEGSA, COMEGSA, TRELEC):** power distribution, commercialization and transmission.

▶ **1st** power distribution company. Market share: **44%**

▶ **ENSA, 2nd** power distribution company. Market share: **39.8%**.

▶ **HET:** hydro generation, **30MW**.

▶ **TICSA,** wastewater treatment, 11 plants in operation.

▶ **DELSUR, 2nd** power distribution company. Market share: **28%**.

Credit ratings:

▶ **ADASA local rating:**
AA- (Fitch R. and Humphreys)

▶ **International rating:**
ENSA: BBB (Fitch R.)

▶ **Local rating:**
AA- (Fitch R.)

	Los Cururos	ADASA	DECAII	ENSA	HET	TICSA	DELSUR
Amount invested (USD million):	238	991	635	152	314	116	63

Total invested: USD 2.509 million

2. Corporate Overview

Business Infrastructure

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



Infraestructure	Group EPM
Hydro power plants (30)	3,088 MW
Thermal power plants (3)	544 MW
Wind power parks (2)	129 MW
T&D Lines	231,908 km
Power substations	439
Power distribution transformers	367,440
Natural Gas distribution network	7,152 km
Water network	11,572 km
Wastewater treatment plants (12)	11,540 lps
Water desalination plants (2)	945 lps

3. Corporate Strategy

2025 EPM's great milestone

By **2025**, EPM Group will be growing in an efficient, sustainable and innovative way, guaranteeing access to the services rendered by it in the territories where it is present to **100%** of the population, **protecting 137,000 new hectares of water basins**, with a **carbon neutral operation**, and generating **EBITDA of COP 12.6 billion**.



4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



Largest hydro-generation power plant in Colombia **2.400 MW /8.563 GWh/year**
17% of total Colombian installed capacity in 2022



- Start of operation: 1st power generation unit (**300 MW**) in **November 2018** and the remaining 7 turbines will start operation gradually until the Project totals **2400 MW** in **March 2022**.

✓ Key contracts with top construction firms

- Main civil works: International Consortium CCC
- Turbines, generators: Alstom.
- Transformers: Siemens Transformer Co. Ltd.

4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



Total work progress as of April 2017: **68.9%**
 Invested to date: **COP 6.3 billion**

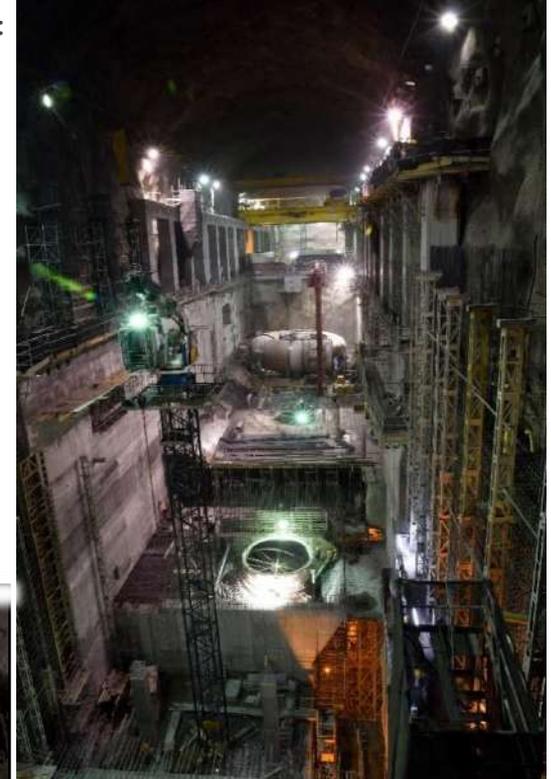
Progress in main civil works:

- ✓ The Dam, 225 m high with 20 million m³ of rock is at **59%** of construction.
- ✓ The Spillway, (a channel to control river floods of more than 22,600 m³/s of water and whose construction means excavating 14 million m³ of rock) is at **87%** of construction.
- ✓ The Power house was **concluded**.

Progress in power generation equipments:

- ✓ **4 turbines** of 300 MW each, **4 generators** of 336 MVA each. The manufacture is at **100%**, the assembly at **54%**.
- ✓ **12 transformers** of 112 MVA each. The manufacture is at **100%**, the assembly at **97%**.
- ✓ **2 crane bridges** of 600 tons of total capacity. The manufacture of both is at **100%**, the assembly of the 1st bridge crane is at **100%**, and the 2nd one is at **50%**.

The Power-House:
 Assembly of the equipments
 (turbines and generators).



Spiral casing assembly

The first 12
 transformers are
 already located at
 the Transformer
 Cavern.



4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



Total cost: COP 11.4 billion (USD 3.9 billion equiv.)



External Civil Works: spillway and dam.

- **Financing strategy:** 60% debt, 40% equity.
- **Financing allocated to date (including IDB-IIC loan agreement under negotiation):** COP 5.5 billion
 - Represents 48% of the project's total cost.
 - Represents 79% of the estimated debt.
- **Disbursed:** COP 3.6 billion.
- **Details of Loans Agreements already subscribed or under negotiation** COP 5.5 billion
 - ✓ Local bonds: COP 867,280 million
 - ✓ Global COP bonds: COP 965,745 million
 - ✓ Club Deal: USD 450 million
 - ✓ BNDES: USD 111 million (subscribed on Apr.26, 2016)
 - ✓ EDC: USD 135 million (subscribed on Aug.4, 2016)
 - IDB-IIC: USD 550 million (under negotiation)

4. Main Infrastructure Projects

Aguas Claras Park - Waste Water Treatment Plant in Bello



The recovery of the Medellin river watershed

95% of the wastewater collected from the metropolitan area will be treated and returned to the river



Treatment capacity: **5.0 m³/sec**

Total cost: COP 1.5 billion (USD 541 million equiv.).

Invested to date: COP 1.1 billion.

Key contracts for civil works and equipment:

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

Start of operation (Plant): 3Q2017

✓ **Status as of April 2017: 83 %**

Progress in main components:

- Treatment Plant: civil Works are at **86.4%**, mechanical component is at **92.1%** and electrical component at **88.3%**
- North Interceptor: **100% completed.**

Financing strategy:

80% debt, 20% equity

✓ Loan agreement:

- IADB → USD 450 m.
Disbursements: USD 312.81 m.

EPM will recover costs through a regulated tariff.

4. Main Infrastructure Projects

Power transmission projects in Antioquia and Cundinamarca



Bello - Guayabal - Ancón

Status as of April.2017 : **85.7%**

- Project of National interest that seeks to improve the reliability of the electricity system in the Aburrá Valley.



Capacity: 180 MVA

Transmission lines: 230 kV (44 km)

Start of operation: 2nd semester of 2017

Total cost: COP 155,044 million

Invested to date: COP 111,319 million

Financing strategy: 60% debt, 40% equity

Loan agreement: Club Deal: USD 40 million



Nueva Esperanza

Started operations **on May 12, 2017**

- The Project will benefit more than 12 million inhabitants of Cundinamarca, Meta, Guaviare and northern Tolima.



Capacity: 450 MVA

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

Total cost: COP 425,853 million

Financing strategy: 60% debt, 40% equity

Loan agreement:

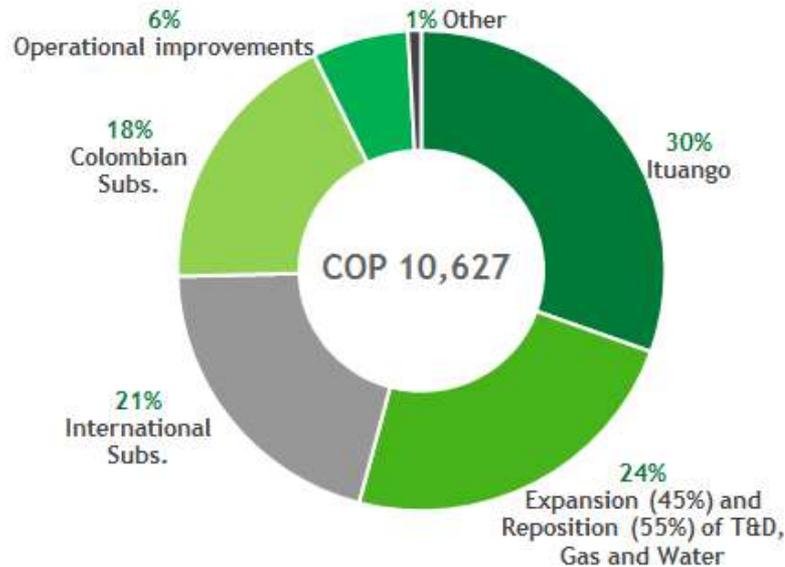
- Banco Agrario: COP 116,000 million.
- Club Deal: USD 30 million.

5. Financial highlights

Consolidated Infrastructure Investment Plan 2017-2020

EPM CapEx for the period 2017-2020
COP 10,627 million* (USD 3.54 billion equiv.)

- 73% Power, 27% Water
- 61% EPM Parent company, 18% Colombian subsidiaries, 21% International subsidiaries
- Financing: 60% debt, 40% equity

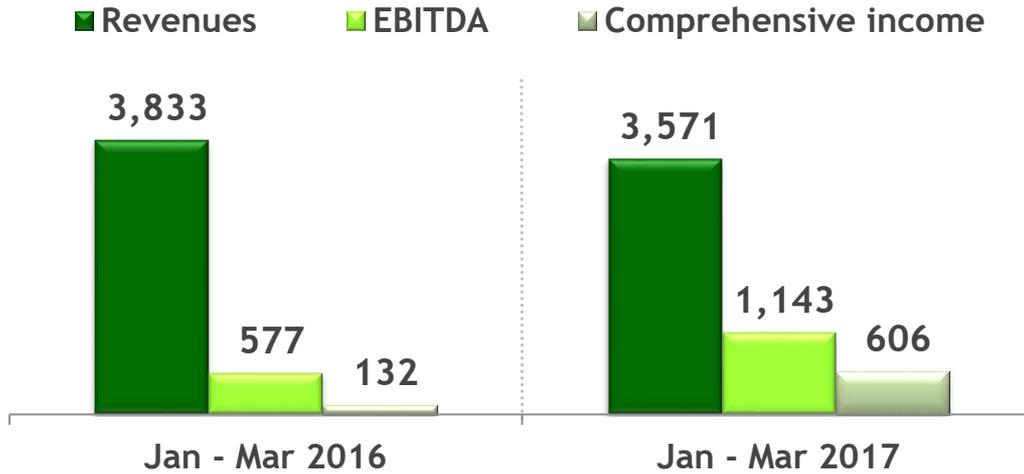


* Financial budget as of Dec. 2016

5. Financial Results as of March 31, 2017

EPM Group Income Statement

Figures in COP thousand million

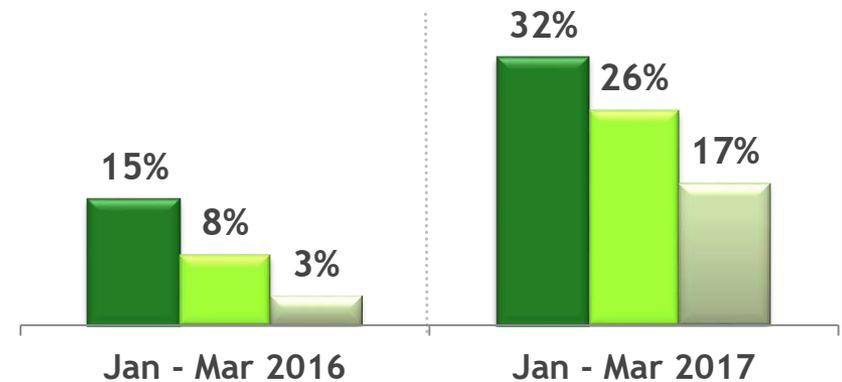


Var. 1Q 2016 - 1Q 2017

- Revenues: -7 %
- EBITDA: 98%
- Comprehensive Income: 358%

- Revenues dropped COP 262 (7%), mainly explained by the power generation segment in Colombia, because of lower sales in the spot market, due to the fall in the spot price from COP 678/KWh in 2016 to COP 131/KWh in 2017, also by lower AGC Services and the reimbursement of the Reliability Charge due to the increased power generation under the La Niña effect.

EBITDA margin Operational margin Net Margin

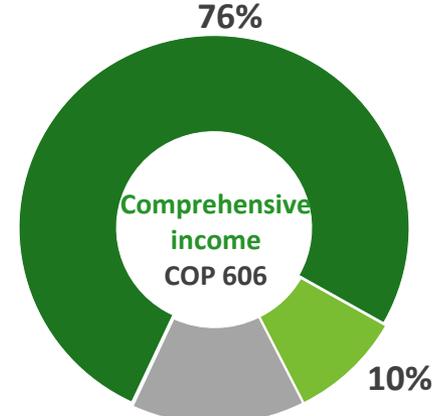
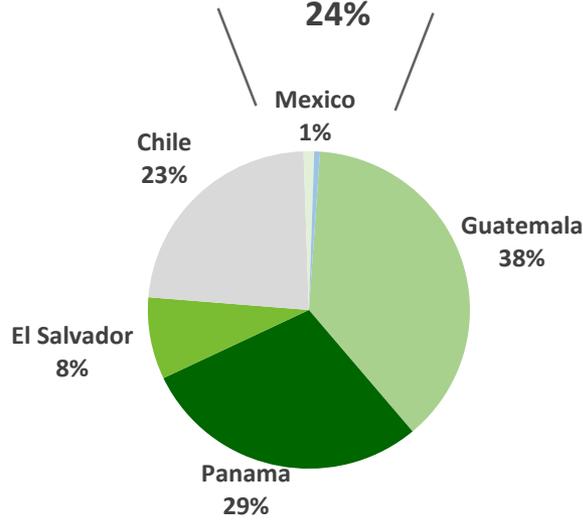
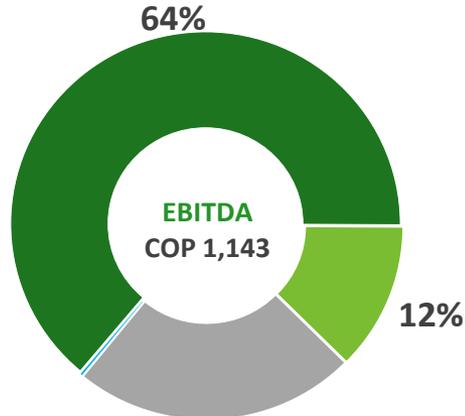
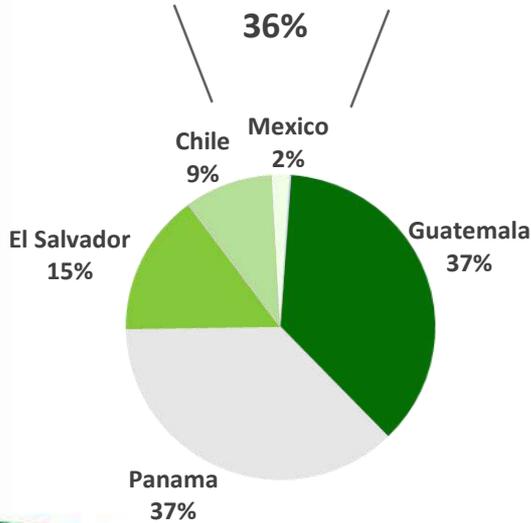
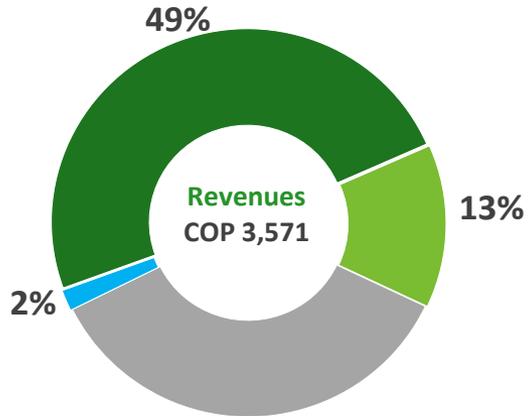


5. Financial Results as of March 31, 2017

EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million

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

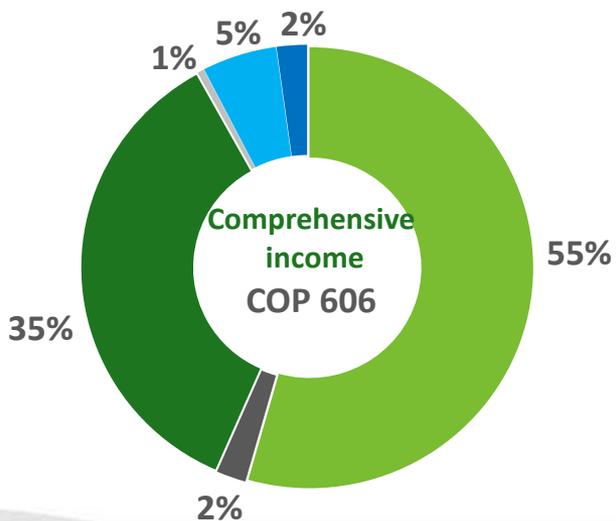
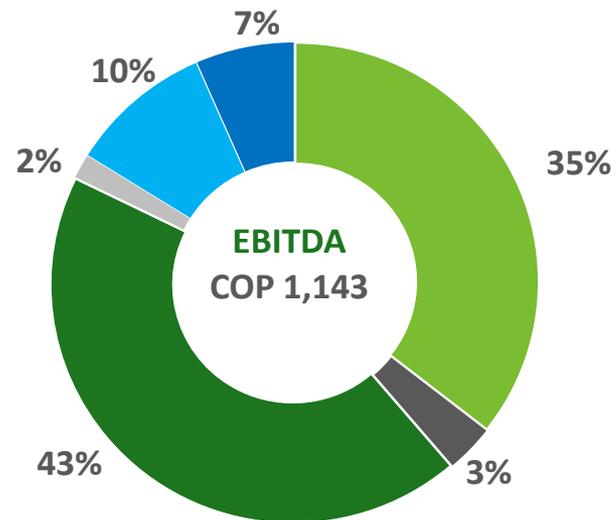
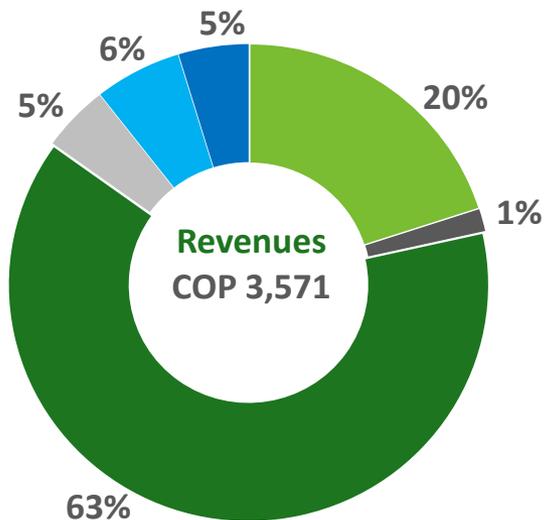


5. Financial Results as of March 31, 2017

EPM Group by Segments

Figures in COP thousand million

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

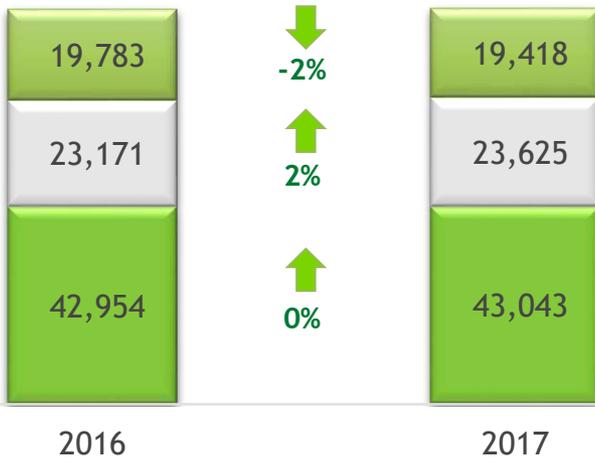


5. Financial Results as of March 31, 2017

EPM Group - Statement of Financial Position

Figures in COP thousand million

■ Assets ■ Liabilities ■ Equity



The 2% decrease in Equity is due to the recognition of surpluses to the Municipality of Medellín for COP 1,009 (COP 550 ordinary and COP 459 extraordinary) according to the COMPES report as of March 21, 2017, of which COP 250 have been paid.

Ratios	2016	2017
Total debt	56	55
Financial debt	37	36
EBITDA/financial expenses	3.20	5.48
Total Debt/EBITDA	4.29	3.16

- EBITDA amounted COP 1.1 billion and Debt/EBITDA ratio was 3.16.
- The Group's quarter end cash position of COP 1.1 billion.

EBITDA/Financial expenses



Debt/EBITDA

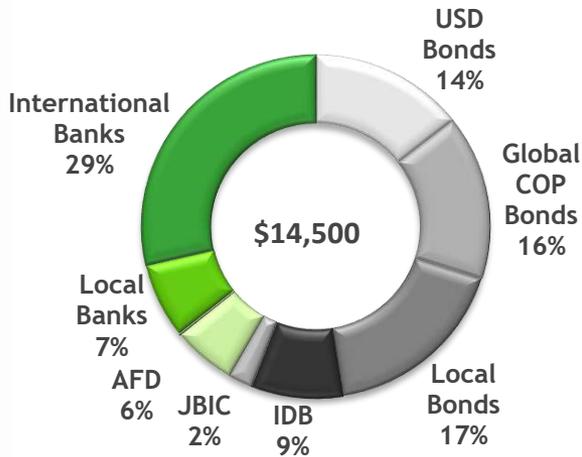


5. Financial Results as of March 31, 2017

Debt Profile

Figures in COP thousand million

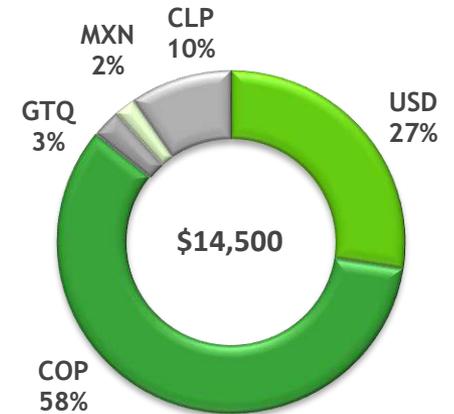
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Companies



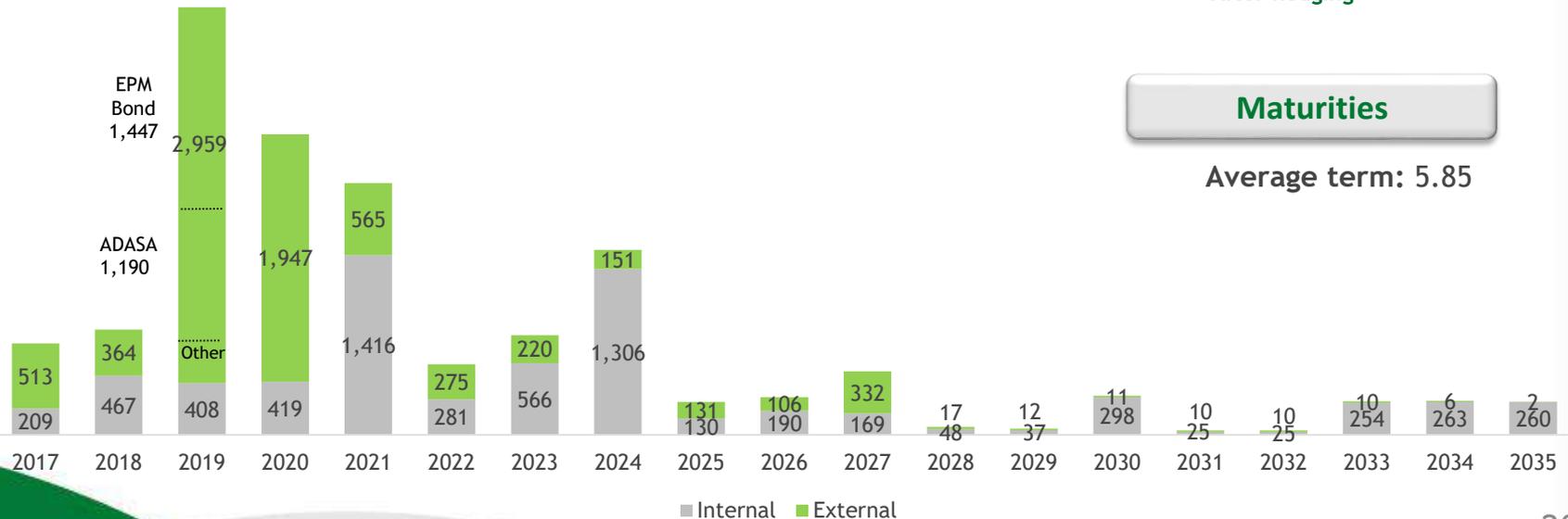
Currency*



*After hedging

Maturities

Average term: 5.85



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- This presentation contains forward-looking statements which are subject to several risks, uncertainties and circumstances relative to the operations and business environments of EPM. These factors could cause actual results to materially differ from any future result, expressed or implied, in such forward-looking statements. Accordingly, EPM cannot guarantee any results or future events. EPM expressly states that it will be under no obligation to update the forward-looking statements or any other information herein contained.
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