

FIRST QUARTER 2017 CONSOLIDATED FINANCIAL RESULTS CONFERENCE CALL FOR EPM GROUP.

Operator: Good afternoon, my name is Richard and I will be your conference operator today.

(Operator Instructions)

At this time, I would like to welcome everyone to the first quarter 2017 Consolidated Financial Results conference call for EPM group. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question and answer session. Please note that if you're having trouble accessing the webcast, you'll be able to access the PowerPoint presentation through EPM's web site: www.epm.com.co at the investors section. Remember to access the audio through the dial in numbers available. Thank you for your attention.

Mr Jorge Tabares, Executive Vice-President of Corporate Finance and Investment Management of EPM Group will be the host and speaker today. Mr Tabares, you may begin your conference.

Mr Jorge Andres Tabares: Thank you operator and welcome everybody, thank you for participating in our 1Q quarterly call for [Grupo] EPM, I will start going through the slides, we are going to talk about relevant events, the energy market, how the main production, including Ituango are going, the financial results and then some update in the finance (inaudible) we have in place.

We move to page 3, subsequent to this quarter, closing on during the event we highlight that during 2017 we will take to the municipality of Medellin 1 billion Colombian Pesos from which 250 have been already paid in 1Q '17, in mid-March Fitch revised EPM's international rating outlook from negative to stable on a firm our triple the clause rating, and more importantly, on March 30th **Moody** ratified EPM's financial sums and raised our international ratings to **EKK2** with a stable outlook and this is acting on the outlook that we had and the positive outlook that we had in 2014. And this week, we began operations of Nueva Esperanza Power transmission project in the center of the country, this line ensures the capacity and reliability of the electricity system serving Bogota and surrounding departments. This project will benefit more than 12 million people and mark the finalization of the 3rd biggest individual investment project that the EPM group is concerting in Colombia.

We move to page 4, the Energy market: The accumulated commercial demand in Colombia was reduced by 1.2%, to 16.2 GWH (Giga-Watts Hour), from which EPM delivered 24% of the market, this reduction in the demand in Colombia, explained by the economic slowing

of, in general, in the country, but also in the comparing from between hot quarter in 2016 versus a more moderate climate during 1Q of 2017, this reduced the consumption of air conditioning and pumping, representing the two more important reductions from last year to this quarter.

In Panama, the demand grew by 1%, which is slower than previous growth, but still positive and EPM delivered 35% of the demand and Guatemala showed a significant increase of 6.9% and this is in big part related to a strain by the lower in electricity prices and the elasticity of the demand in the country. EPM delivered 40% of the demand in Guatemala.

Moving to the Colombian companies: EPM, the total consolidated delivery during 1Q of '17 was 3.8 Gigawatts Hour, 3,848 GWH, representing a reduction of 3%, This is an important reduction in the Colombian market, explained mainly by the 4 departments in which we have operations, from which I highlight [SENSE], which delivered a reduction of 8.5% to 316. (INAUDIBLE) through their milder weather conditions across the country, combined with the slowing economy that required less electricity. At EPM, the reduction of the EPM operation at the Department of Antioquia, the reduction was 1.7% to 2,679 GW/hour. And looking at the international companies, the picture moves from the opposite direction, growing at 1.1%, we delivered 2,319 GW/H across our portfolio. And ENSA showed that, high increase with 2.1% reaching 864 GW/H during the quarter. ENSA [being] the second most important, delivered the same amount of energy and saw an .6% increase. [Which is a likely] lower increase than the previous quarter for Panama.

We move to page 6, here we have... page 5 (I'm sorry), here we have different movements in Colombia and the rest of the continent where we operate in the electricity market. Guatemala, El Salvador and Panama saw significant increase in the spot prices all of them above 30%, while in Colombia there was a significant reduction of 79% in the spot prices to 44 dollars per MWH (Megawatt-Hour), this reduction from 208 to 44 is mainly explained by the fact that we had a lenient condition during 1 through '16, and those conditions were not present '17, but also due to the demand impact in Colombia, we have lower demand that also impacted the spot prices.

(INAUDIBLE) I want to confirm, operator that you are seeing the slides in your screen...

Operator: Yes, we can see the slides.

Mr Jorge Andres Tabares: Ok, thank you. We are seen something different here on the screen. See on the bottom, page 5 our power generation increased by 23% during the quarter. Again, because the 1Q of '16 had a lenient condition. If we compare to the 1st quarter of 2016 which was a normal year, the increase in our electricity generation was slightly above 5%, so a positive growth.

Under... on a much smaller scale, our Chilean and Panamanian operation reveals the energy output in Chile mainly to the weather conditions and less winds in the area of the Cururo's

park and in Panama because of the combination of rain [for one] transmission capacity issues. That [strike] impacted (inaudible) generation delivery.

We move to page 6, update on the Ituango project, at the end of March, project progress showed a 67% advance having invested 6.2 billion Colombian pesos in the project until that day. The construction of the dam, reached 66%. The construction of the spillway reached 86% and the (inaudible) for the power house were concluded during the quarter.

In looking at the equipment installation, all (inaudible) and transformers have been manufactured. The (inaudible) 45% and from this the most important part is the construction of the first-generation unit. Which is the one we are intend to put in. (inaudible) put in place and start up at the end of 2018. The twelve transformers have already...in their final size and their (inaudible) at 95%, and the first crane that supports the installation of the transformers is 100% concluded, in place and the second one is at 40% conclusion. So, significant progress in the project during the quarter.

Moving to page 7, more update from last quarter in this page. I highlight that we are advancing in the negotiation with IIC and IDD for a 550 million dollar loan and we expect to finalize that negotiation in 3Q of 2017.

In page 8, shows the total investments Capex investments in the quarter, it reached 747.000 million Colombian Pesos. Ituango represents 44% of that investment, 23% of those were in the [pine] company excluding Ituango, 11% in the international subsidiary, 47 billion Colombian Pesos in our Stratas Park. The waste water treatment plant in the Medellin metropolitan area. And the Colombian power and water subsidiary accounted for accounted for 16% of the total investment during 1Q 2017. Our Capex program for 2016 is 4.4 billion pesos.

Moving to page 9, I'd like (inaudible) piece of information from this page, the Colombian CPI accumulated for 12 months is 4.69, showing a reducing trend that is likely gonna put the final number for 2017 close to the target of the Central Bank, which is for the uppers band is 4% and also the re-valuation of the Colombian Peso during the quarter of 4% revaluation, that had the same trend across the countries in which we have operation: .69% in Chile, 2.42% in Guatemala and the higher one of 8.85 in Mexico.

We move to page 10, financial results: we had a 3.5 billion revenue which is a 7.7% reduction from previous year, which is mainly explained by lowering (inaudible) prices associated with milder weather conditions during '17. EBITDA paid at 1.1 billion Colombian Pesos, this is growing 98% versus previous quarter, first quarter of 2016. We were to compare to the same quarter in 2016, which was a normal year, the growth will be 22.8%. The comprehensive income stayed at 606 billion Colombian Pesos, this is a 3.358% growth from previous year. This quarters are not fully comparable, again because of the lenient conditions in 2016. Looking at the margins, the EBITDA margin stayed at 32% which compares with 30% in 1Q 2016. The operational margin stayed at 26% which compares to

23% in 1Q 2016 and the net margin stayed at 17% which compares to 13% two years ago. So this is a positive trend in our contribution margin.

Moving to page 11, the [ATM pine] company represented 49% of the revenues and this corresponds to 64% of the EBITDA and 76% of the comprehensive income. The International subsidiary contributed to 36% of the revenue and from that 36% Guatemala and Panama contributed equally 37% and Salvador with 15% and Chile 9%.

Looking at the EBITDA composition, almost one in four pesos were contributed by the international subsidiary with 24%, Guatemala with 38% was the most important contributor and then Panama with 29% and Chile with 33%. Highlight how Chile, representing only 9% of the revenue continued to beat 23% of the EBITDA and this is due to the high EBITDA margin of our operations in Chile. And the international subsidiaries contributed 14% of the comprehensive income. Again, this mainly explained by the contribution from Guatemala and Panama. And then we have a negative contribution from our Mexican operations.

We move to page 12, and we look at the segment contribution, power generation business continue to 20% of the revenues within the spot prices in Colombia were in low and that implied that the contribution from generation was lower than in a typical period – in a typical quarter- That the power distribution business contributed with 63% of the total revenue while the whole water operation contributed to 11%. In a EBITDA, in distribution represented the highest contribution with 43% and power generation with 85%.

In the comprehensive income, power represented 55% and distribution with 35%.

We have the balance sheet in page 13, the equity show a 5% increase. Our equity show a 2% decrease to 20...19billion 418. I apologize for the incorrect number in the presentation, is a 2% decrease, but the asset base grew by 2% during the quarter.

Looking at the two key financial metrics: EBITDA to Financial expenses, it moved up from 2.2 last year to 5.48 this year and the debt to EBITDA finalized the quarter at 3.16 and this is down from 4.29 between the last quarter of the previous year. So now we are at 3.16 which is below our internal cut target and also the covenant that we have with some multilateral banks. Which is 3.5. We expect that the debt through EBITDA during the remaining of the year will be around 3.5.

The group year end of quarter cash position was 1.1 billion Colombian pesos.

In page 14, the total debt expressed in Colombian pesos at the end of the quarter was 14.5 billion Colombian pesos, roughly 5 billion US, and the composition doesn't change much from the last quarter. Nothing really to highlight from that composition. The average term of the portfolio is 5.85 years

At the end of the quarter we have 722 million US dollars available to disburse in the four lines of credit that you can see in page 15.

This more than covers the expected needs for 2017.

With that, I would like to open it for questions. We'll be glad to answer any questions that you may have.

Operator: At this time, I would like to remind everyone in order to ask a question, simply press star (*), then the number one (1) on your telephone keypad. If you would like to withdraw your question, press the pound key (#). We'll pause for just a moment to compile the Q&A roster.

At this time, we are going to reply first to the questions first from the audio-conference and then questions from the web.

Standing by for questions

(Reminder from operator)

At this time, I'm showing we have no questions in queue and we've been informed that there are no questions on the web at this time.

Mr Jorge Andres Tabares: Well thanks, I'd just like to add a couple comments just in case somebody wants to answer a question so the... related to the Nueva Esperanza power transmission project that we started operations this week, the total cost of the project was 435 billion Colombian pesos and as I said this represents the finalization of the third biggest project in the portfolio that we are concerting in Colombia. Within the next six months, we expect to be, to finalize, or be about to finalize the second biggest project in the portfolio which is the Bello waste water treatment plant in the Metropolitan area of Medellin. I'll give a couple of minutes also, in addition, in case somebody wants has any questions that you may want to ask.

(Operator instructions)

Operator: And there are no further questions at this time. Mr Tabares, do you have any closing remarks?

We do have a question on the web:

Ok, this question is: Why you expect leverage to increase to about 3.5 times for the rest of the year EBITDA to fall, cash to fall, debts to increase?

Mr Jorge Andres Tabares: So, given the investments that we are expecting to have through the year and the delivery of operational cash flow on EBITDA, we are likely to be close to 3.5, in the range of 3.5, is not exactly that we expect to finalize at 3.5, but we'll be in that range through the remaining of the year. So there, as you saw, the total investments that we planned during the year is 4.4 billion Colombian pesos which is a relatively high level for EPM, the progress on those investments have been positive, and especially Ituango which is (inaudible) and the idea is to continue on that trend. We had, as I mentioned, more than

700million dollars to disburse and we are, this quarter during April the remaining of the club deal of the international banks club deal, that will be a disbursement of 440million US, which is the only material disbursement that we planned during the year, so the 3.5 range by the end of the year, also includes a cash position by the end of the year, above 1 billion dollars at the group level. We measure the debt through EBITDA on a... we can get credit for the cash position that we have. Regional growth and debt level, that combination could put us in that range.

Operator: And I'm showing we have no questions on line, or over the phone.

Mr Jorge Andres Tabares: One might can mix points here that I mentioned dollars. Our cash position at the end of the year is expected to be around 1 billion Colombian Pesos, not 1 billion US dollars which I probably spoke.

I thank you for your participation, and ratify that for us [responding] the importance that all of our channels remain open for any further questions you might have. We'll be happy to answer those via the investor relations line or contacting anybody on the capital market scene.

Thank you very much.

Operator: Thank you ladies and gentlemen, this concludes today's conference. Thank you for participating.