1Q2018 TRANSCRIPT

Thank you for attending our quarterly conference call for Grupo EPM for the first quarter of 2018.

I'm going to talk about the relevant events, energy market, our Ituango project progress, and our financial results as of March of 2018.

Moving to page three, relevant events after the quarter closing and during the quarter, in March we paid 150.000 million COP to the municipality of Medellin and during the year we have accumulated 436.000 million COP.

On March 22, after five years we changed our external auditor and selected KPMG. That is going to be our auditor for the period May 1st to April 30th of 2019.

Finally, on April 25th our Board of Directors approved the acquisition of a controlling stake in Gas Natural ESP, the Bogota domestic gas company and we plan to do that by a takeover bid or a competitive bid to the current transaction that is being executed.

The credit operations to finance that acquisition were also approved and the budget modification.

Moving to page four, an overview of the energy market. Colombia during the quarter had a demand of 4.1 TWh. That's a 2.6 growth and EPM participated with 25% of the Colombian market during 1Q.

There was also a healthy growth rate in Panama, with 2.7% and 35% market share. Guatemala delivered a 1.6% growth and we participated with 4.1%.

Looking at the Colombian markets, the Colombian companies overall, the growth was 7%, moving from 3.848 GWh during 2017 to 4.116 GWh during 2018 and the bulk of that growth was delivered by EPM, which shows a 9.8% growth, reaching 2.941 GWh during the first quarter.

The international companies showed also growth, although lower than the domestic market, at 2.1% growth, reaching 2.369 GWh during the year and Panama showing a 2.2%, Comegsa 6.5% and EEGSA 1.2%, so growth basically in most of our markets and healthier growth rate in Colombia than in the international markets.

Moving to page five, the spot price in the countries in which we operate. Colombia, which is the most representative, has a 15% rate increase in the spot price, which is 51 dollars per MWh during the first quarter.

A significant reduction in Guatemala, with a 23% decrease and Panama, with a 9% decrease are the most important markets and changes.

Looking at the total generation for the group, we slightly reduced our generation during the quarter, reaching 3.673 GWh during the first quarter.

Our international subsidiaries, although from a much smaller base, show healthy growth rates of 15% in Chile and 30% in Panama.

All of that growth is due to the fact that the rainfall and hydrology was better in Panama. We actually moved out of an anomaly that happened in Chile in the wind pattern associated with a climatic effect and in Colombia was associated with relatively low rainfall earlier in the year that now has normalized and we are moving after the quarterly close to a rainfall season in Colombia.

In terms of the Ituango project, and I will share with you more details on the current situation at Ituango at the end of the call, as of March the project was progressing healthily.

It was at 83.5% progress, with 2.8 billion dollars equivalent invested at the project and we estimated at the quarterly close an on time start of generation of electricity at the end of the year, but as you may have heard, we had a problem in one of the tunnels that is causing some damage to part of the facility and also some delays, but again, I'm going to explain that later.

I am going to move to page eight then in terms of the financial results. The Capex for the quarter, the total, was 784.000 million COP, Ituango representing the bulk of that figure with 54% but also we invested 19% in our water and power distribution business in the parent company. We invested 12% in the international subsidiaries and 10% in the Colombian power subsidiaries, so it's a fairly diversified portfolio besides the half that represents Ituango.

83% of the total Capex was dedicated to the power business and 17% to the water business.

Moving to page nine, we went back to a significant reappreciation of the currencies in the countries in which we operate that are not linked to dollars, so Colombia with a 7% reappreciation and Mexico also with 7%, Chile slightly lower with 1.6% but all the relevant currencies strengthened against the US dollar.

In terms of the consumer price index, Colombia reduced significantly to an accumulated 12 months of 3.14% well inside the band that the Central Bank has defined for the long term, a very positive sign for the Colombian economy and one that has triggered some reduction in interest rates during the four months of this year.

Guatemala slightly higher with accumulative 12 months of 4.14% and a higher inflation in the context in which we operate in Mexico, with 5%.

Moving to page ten, in terms of financial results we are showing an important growth in the EBITDA. I must say that this is mostly organic EBITDA, as we have not incorporated any material acquisition into the group and revenues have increased also by 8%, as the energy prices have returned to more normal levels, compared to the first quarter of last year.

Comprehensive income is showing a 28% increase to 773.000 COP.

Contribution to EBITDA growth comes from most of the businesses in our portfolio, not just one single business that is delivering that growth.

EBITDA margin also growing from 26% to 28% and the net margin from 17% to 20%, so we continue the growth, delivering on our growth strategy supported by all the operations in the portfolio.

The composition in page 11, EPM represents 49% of the revenue. That corresponds to 64% of the EBITDA and 74% of the comprehensive income.

A third of the revenue came from the international operation, with equal contributions at 36% from Guatemala and Panama; Salvador contributing with 15% and Chile with 11%. That's basically continuing the diversified contribution to our revenue across the portfolio.

Contribution to EBITDA, Guatemala with 28% and Chile with 26% showing the most significant contributions, but no change in the participation of Chile, Guatemala and Panama as the main investments contributing to EBITDA at the group level.

Moving to page ten, when we look at the contribution by businesses… I'm going to focus here on the EBITDA. The power generation business contributes to 34% of the total 1.288.000 million COP. That's about 400 million US dollars of EBITDA during the quarter.

The distribution business contributing with 42% and the combined water provision and sewage with 18% of the total EBITDA of the group.

When looking at the comprehensive income, the power delivers almost half of the total comprehensive income for the group and the power distribution contributes with 35%.

When looking at the growth rate, when analyzing against the last twelve months of 2018 we continue the growth rate of 6.2% growth starting on 2014 and as I mentioned before, all businesses are contributing to the EBITDA growth.

The most significant growth in terms of the total pesos comes from the water business and that's due to the combination of growth rate in Adasa plus an increasing rate in the EPM portfolio associated with higher investments we are doing in that portfolio and also a 42.000 million COP contribution from the distribution business, and part of it is associated with the increased energy prices in Colombia, compared to the first quarter of last year for a total EBITDA again of 4.8 billion COP for the last 12 months.

When analyzing, as we have done in the previous presentations, the portfolio, not a significant change in the view, page 14 showing Adasa as the company with higher EBITDA margin above 55% and delivering a growth rate close to 10% and the combination is a 17% growth.

Most of the portfolio is delivering positive growth rates, which is what helps us to deliver the organic rate that we have been delivering.

Moving to page 15, the asset base basically remained flat, equity reduced from 20.8 billion to 20 billion in the quarter and that’s mainly linked to the dividends that we have paid to the municipality, as I said before, and the liabilities moved up by 3%, as we continue delivering the important Capex program for the group and that’s reflected also on the top right of the page in the asset base from 2014 at 5.7% throughout this period and a slight increase from 2017.

On the bottom right, we remain delivering on our own leveraging strategy. We ended up the quarter at 3.3 debt to EBITDA. That’s well below the 3.5 that we plan to maintain in the long run and that’s basically the fifth quarter in a row that we are within the 3.5, except the second quarter of ’17 with 3.56%, a slight increase.

A very healthy EBITDA to financial expenses at 5.84 and that compares to a 3.0 internal metric that we track over time.

The total financial debt at the end of the quarter was 38.000 million COP.

The debt profile, no significant change either. The average term of the debt is six years now and you see a very mild maturity profile in 2018, which is important so we can focus on delivering our Capex program and you see here the Adasa transaction of 1.200 million COP and the international 500-million-dollar bond due in 2019.

We are currently developing a transaction to move out the Adasa maturity of 2019 so we can smooth that profile and maintain a low maturity profile for the next three years, as we continue delivering our Capex program.

On the top right, at the end of the quarter we have a 15% of the total debt portfolio exposed to US dollars and a total debt of 17 billion COP at the end of the quarter.

You see here the Chilean 8% participation, which is the transaction we are planning to extend in maturity during the next couple of quarters, as we close the transaction in Chile in the local capital markets.

That concludes the main overview of the financial and operational results of the group for the quarter.

I just want to take some time to explain in more detail what is going on in the Ituango project and will open to questions after that.