

A large, leafy green tree stands on a grassy hill, positioned on the left side of the slide. The tree is the central visual element, with its canopy extending across the middle of the frame. The background is a light, hazy sky.

# EPM Group

## J.P. Morgan 10<sup>th</sup> Annual Global Emerging Markets Corporate Conference

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**Jorge Tabares**

Executive Vice President of Corporate Finance, Risk and Investment Management

- 5 years at EPM
- 30 years of industry experience

[Jorge.andres.tabares@epm.com.co](mailto:Jorge.andres.tabares@epm.com.co)



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**Juan Carlos Sampedro**

Head of Debt and Capital Markets

- 28 years with EPM
- 33 years of industry experience

[Juan.sampedro@epm.com.co](mailto:Juan.sampedro@epm.com.co)

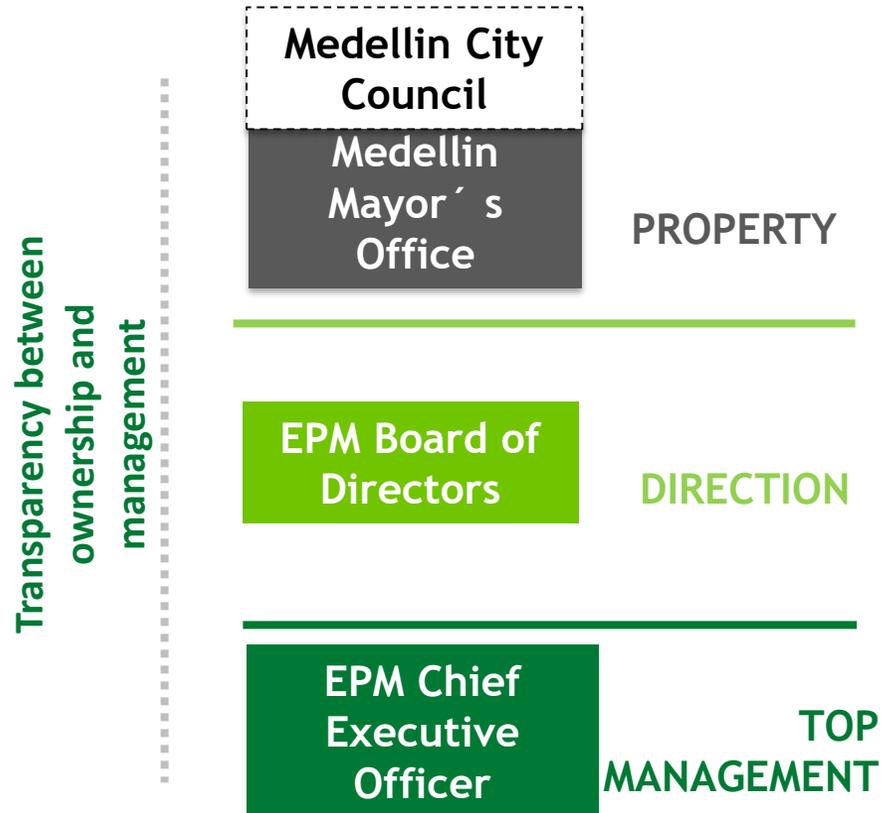
# Agenda



- 1. EPM Group Highlights**
- 2. Update on the Ituango Contingency**
- 3. Financial results as of November 2019**

# 1. EPM Group Highlights

Corporate Governance - Continuity and stability on the board of Directors



## Business Model:

Creating value with social balance, environmental and economic

### ➤ Medellin's Mayor and Chairman of EPM Board of Directors

Mr. Daniel Quintero Calle took office on January 1<sup>st</sup> for a period of 4 years.

### ➤ Continuity and stability on the board of Directors

On January 28<sup>th</sup>, the Mayor of Medellin ratified five members of the Board of Directors and appointed two new members who filled the vacancies:

- **Luis Fernando Álvarez**, attorney, former president and magistrate of the Council of State, among other positions.
- **Jesús Aristizabal**, civil engineer who worked for 15 years in EPM, holding important managerial positions, until his retirement in 2013.

➤ On January 2<sup>nd</sup>, attorney **Álvaro Guillermo Rendón López** took office as the **new Chief Executive Officer and leader of the EPM Group**. He has held the position of General Auditor of the Republic, among other important positions in the public, private and academic sectors. He also has been legal counsel for several important companies in Colombia.

### ➤ Changes in the Top Management

- **Daniel Arango**, Executive VP Business Management. Business Administrator who served as Vice Minister of Business Development of Colombia 2015-2018.
- **Juan Gabriel Rojas**, VP of Legal Affairs and General Secretary. He has been a trial attorney and advisor in the administrative field, and consultant. Mr. Rojas has taught at several universities in Colombia and published extensively on public law.

# 1. EPM Group Highlights

## *Corporate Purpose Update*



- **EPM initial bylaws:** established in 1955.
- **EPM current bylaws:** established in 1998.
- **Evolution and Tendencies of Utility services:**

In recent years, the model of provision of utility services has presented major changes globally. This has led Utilities to implement important changes in their business models and to complement it with new offers to their customers.

In the case of EPM, a proposal to update the corporate purpose is ongoing,

It aims to allow the company to develop activities in accordance with the realities of the market, expand its portfolio of products and services and deliver comprehensive solutions to the different segments covered.

# 1. EPM Group Highlights

7 focuses for the management of the EPM Group between 2020 and 2023



## 7

### Ituango Hydroelectric Project

- a. Project: Technical, environmental, social, logistics
- b. Socio-environmental contingency.
- c. Financial
- f. Legal
- g. Stakeholders
- h. Territory
- i. Human and Organizational Talent

## 1

### Services of the future, Smart Cities and 4IR

- a. Smart Cities
- b. Entrepreneurship promotion
- c. Solar Autogeneration
- d. Digital Transformation
- e. Partnerships to develop the technology district
- f. Innovation
- g. Smart meters; Smart Grid

## 6

### Cultural Evolution

- a. Conversation Circles
- b. Leadership
- c. Prototypes
- d. Organizational Capabilities System

## 2

### City/Region

- a. Water Protection
- b. Climate Change
- c. Eastern Municipalities
- d. MIT: Urabá, Bajo Cauca and Norte de Santander
- e. Sustainable Infrastructure
- f. Municipalities with gas outside the Valle de Aburrá
- g. Air quality program
- h. Sewage treatment

## 5

### Optimization

- a. Operational safety
- b. Infrastructure investments - Project Management
- c. Profitability Program
- d. Organizational structure adjustment.
- e. ERP
- f. CIS
- g. CyberSecurity
- h. Document Management
- i. Loss Management
- j. Control Centers Consolidation
- k. Solid Waste Recovery

## 4

### Socio-economic benefits of utilities

- a. Coverage
- b. Quality of services delivered
- c. Affordability
- d. Expenditure on utilities and rates

## 3

### Growth

- a. Corporate Purpose
- b. Vision 2025
- c. Innovation
- d. Portfolio Management

# 1. EPM Group Highlights

Colombia's largest multi-utility Company with presence and leadership across LatAm



## Colombia's largest multi-utility company

- **Assets:** USD 16,995 MM, +6%.
- **LTM Revenues:** USD 5,507 MM, +12%.
- **LTM EBITDA:** USD 1,840 MM, +16%.
- **LTM EBITDA Margin:** 33.4%

## 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**, serving more than **11.5 million customers**.

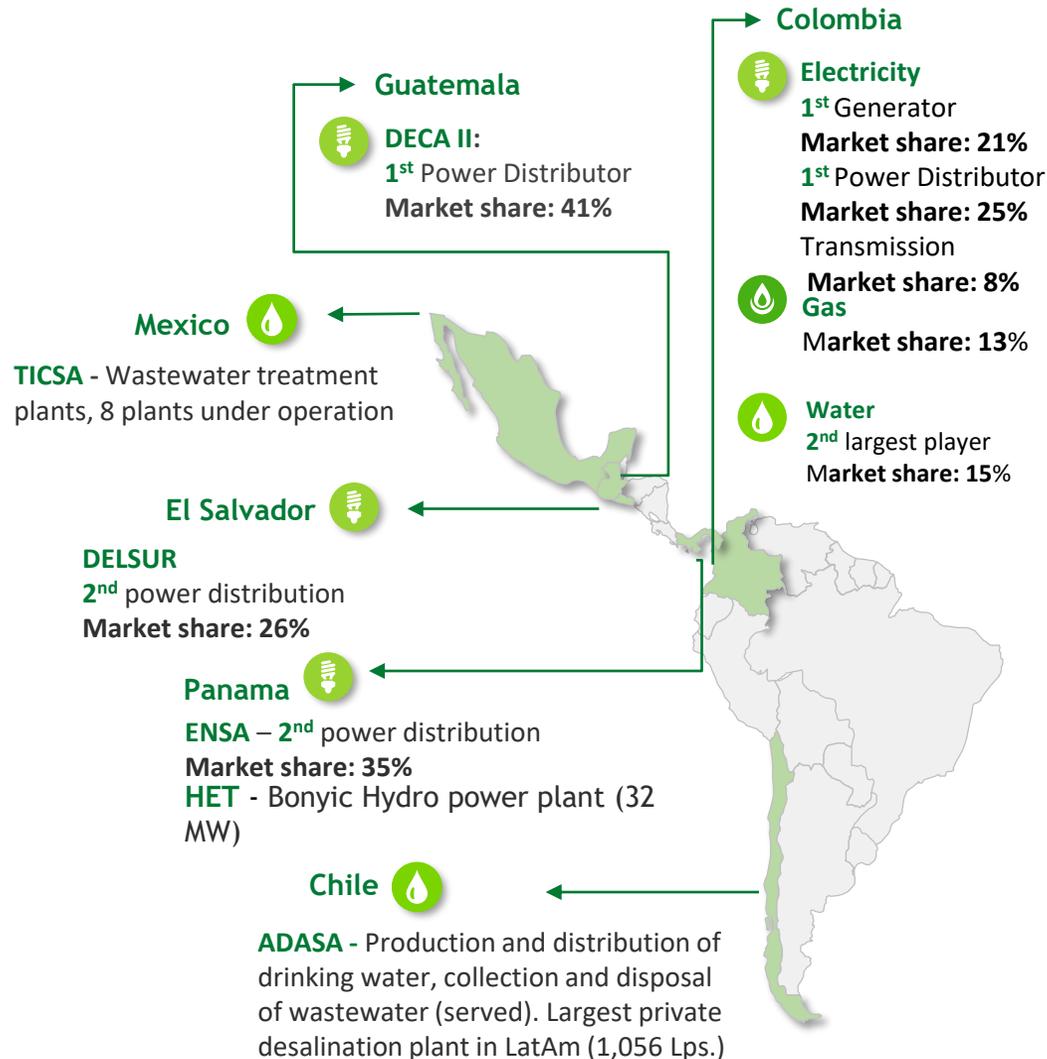
## Investment Grade Rating since 2018 <sup>(1)</sup>:

- **Fitch:**
  - Local **AAA**, rating watch negative
  - International **BBB**, rating watch negative
- **Moody's: Baa3**, negative outlook

Note: USD figures converted at an exchange rate of COP/USD \$3,522.48 as of November 30, 2019.  
(1) Source: Credit Rating Agencies.

# 1. EPM Group Highlights

With total installed capacity of 3,584MW, leading distribution capabilities (Colombia / Central America) and a natural monopoly in the network business, EPM is a relevant player among LatAm utilities



Infrastructure Highlights	EPM Group (Colombia and LatAm)
Power Generation	33 hydro power plants 2 thermal power plants
Installed Gen. Capacity	3,584MW
Power Distribution	T&D lines: 245,646 Km Substations: 446 Transformers: 347,054
Natural Gas	Distribution network: 8,276 Km
Water	Drinking water network: 6,511 Km Sewage network: 6,509 Km

EPM Group Customers (in millions)	2018 Customers	New Customers	Change (%)
Total	11.65	0.46	4.14%

## 2 . Update on the Ituango Contingency

*Ituango is the largest hydroelectric Project in Colombia and it will represent 17% of the total energy demand of the country*



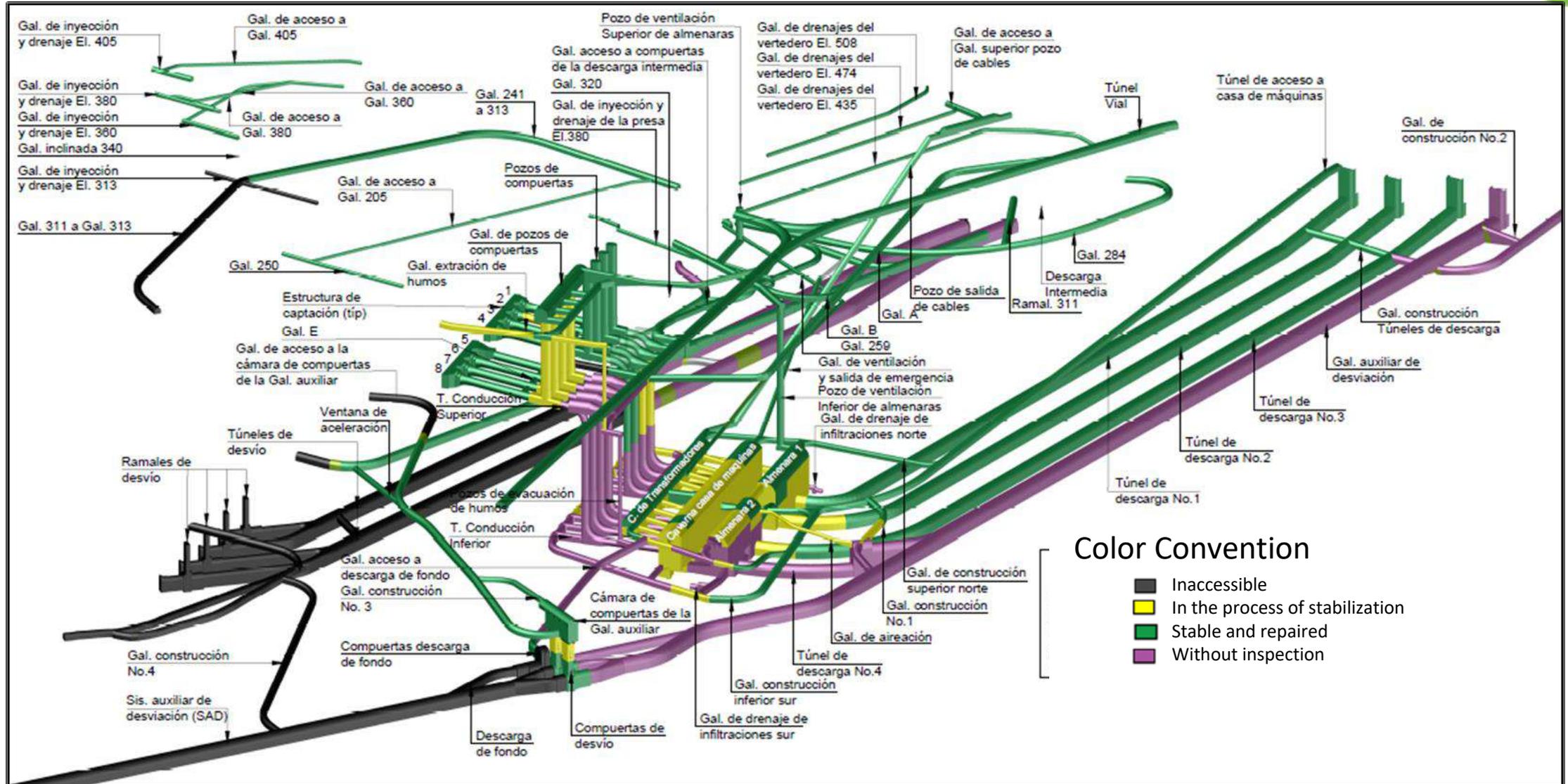
Recent relevant facts:

- ✓ The road at the top of the dam started operation for public transportation on November 8, 2019
- ✓ Closing of the right gate of the Auxiliary Diversion Gallery was completed on December 18, 2019
- ✓ EPM received the first payment from the Ituango insurance on December 4, 2019 (USD 150 million)



# 2. Update on the Ituango Contingency

## Stabilization underground works



## 2 . Update on the Ituango Contingency - Challenges and milestones to put into operation \*



### Dam and spillway

#### Milestones accomplished:

- ✓ **Dam: finalized and in operation** as of July 2019. Including bentonitic screen and priority filling at 435 m.a.s.l.
- ✓ **Spillway fully operational** with two channels.

### Intake tunnels

- **Cavity between pressure tunnels 1 and 2:** Currently being filled with concrete: **April 2020(\*)**



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

- ✓ **ADG: original gates closed** actually being by-passed.

#### Estimated compliance dates:(\*)

- **ADG (final plug): 2Q2020**
- **RDT (final plug): 3Q2020**
- **Intermediate Discharge: 4Q2021**



### Slopes and rock mass

- **Romerito Area:** Stabilization work at 83.5%
- **Substation area 50 kV:** Drainage gallery at 86.3%. Perforation and tensioners on top of the slope at 51%.

**Estimated dates: Romerito, substation: 2Q2020 (\*)**



### Powerhouse

#### Milestones accomplished:

- ✓ **Powerhouse pumping**
- ✓ **Stabilization of the access tunnel to the Powerhouse.**

#### Estimated dates:(\*)

- **Stabilization of the buttress between surge tank and the Powerhouse: 1Q2020**
- **Equipment removal: 3Q2020**
- **Tunnels and caverns recovery: 3Q2020**

**Comprehensive instrumentation system being put in place to monitor operating conditions and stability of all main structures, tunnels and slopes.**

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

## 2. Update on the Ituango Contingency - Financial Impact

Figures in COP thousand million



### Project Cost

Concept	Before	Contingency	After
Direct Cost	9,993	2,795	12,788
Financial Expenses	1,500	980	2,480
<b>Total Cost</b>	<b>11,493</b>	<b>3,775</b>	<b>15,268</b>

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

**Financial Expenses:** COP 1.0 increase. Not additional cash, accounting effect due to delay in Project construction.

Total invested as of Nov.2019: COP 10.6 billion

### Contingency CapEx Execution As of Nov. 2019

Investments	1,109
Expenses	129
<b>Total executed</b>	<b>1,238</b>

### Additional costs as of Nov. 2019

Concept	Amounts accrued Nov. 2019	Payments as of Nov. 2019
Downstream population	157	118
Energy system	259	0
Contingency and environmental sanction	73	10
<b>Total</b>	<b>489</b>	<b>129</b>

### Pending Financial Resources to be executed Estimated Figures (\*)

**Contingency Investments:** It is estimated that additional resources of up to COP 1.7 billion will be invested in direct costs.

**Contingency expenses:** in the financial projections, a value of up to COP 0.3 billion, of which has been executed COP 0.1 billion.

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

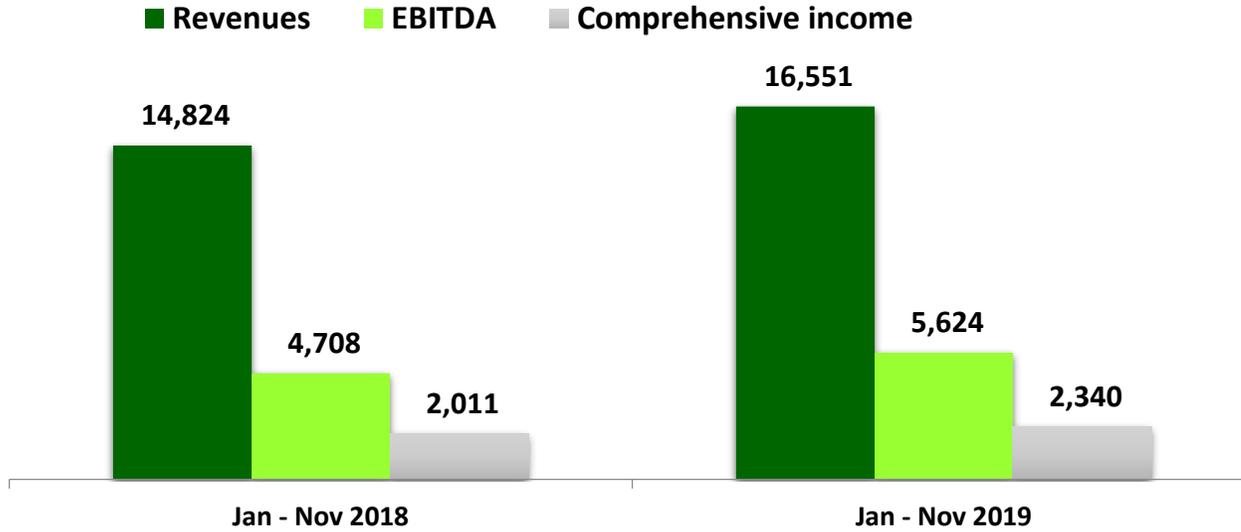
### Insurance

- ✓ Confirmation of coverage  
**Sept.17, 2019**
- ✓ Payment executed  
**USD150 million, Dec.2019**
- Ongoing adjusting process  
expected to go until 2021.

# 3. Financial Results as of November 30, 2019 (unaudited)

## EPM Group Income Statement

Figures in COP thousand million



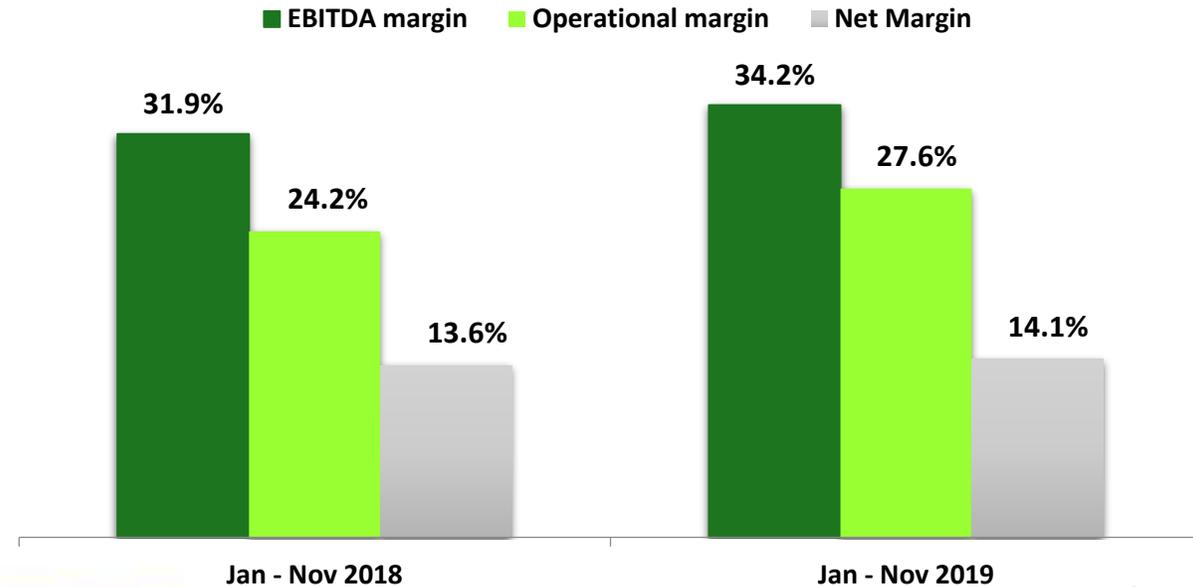
### Jan-Nov 2019 vs Jan-Nov 2018

- Revenues: 12%
- EBITDA: 19%
- Comprehensive income: 16%

- Revenues increased COP 1,727, 12%, explained by:  
In Colombia higher prices in power distribution due to the last tariff regulatory frame, and in power generation due to operation under the Niño phenomenon.

In Central America, in Ensa, Eegsa, and Delsur, higher consumptions and energy prices.

- EBITDA rose COP 916, 19% growth respect to previous year, standing out cost and expense savings.
- Comprehensive income increased COP 329, 16%, due to higher revenues and cost and expenses savings.



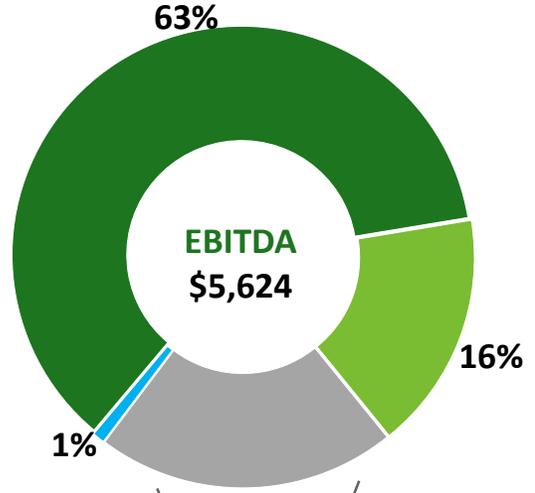
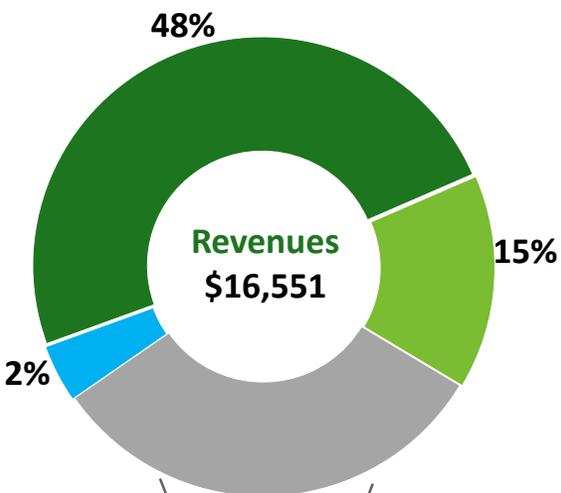
# 3. Financial Results as of November 30, 2019 (unaudited)

## Colombian-International Subsidiaries and Segments

Figures in COP thousand million

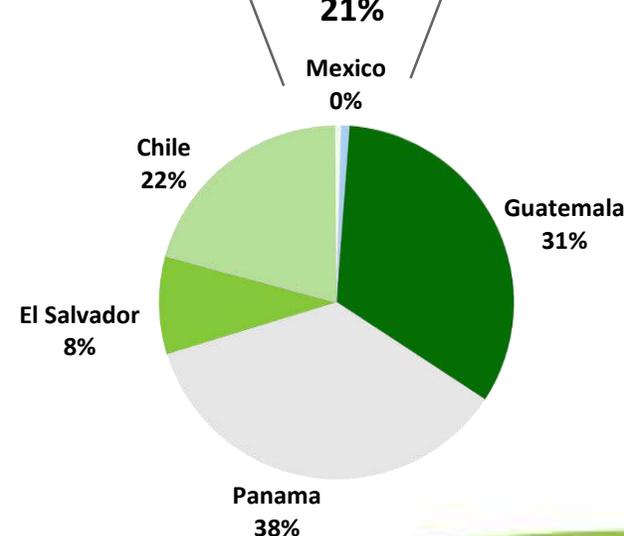
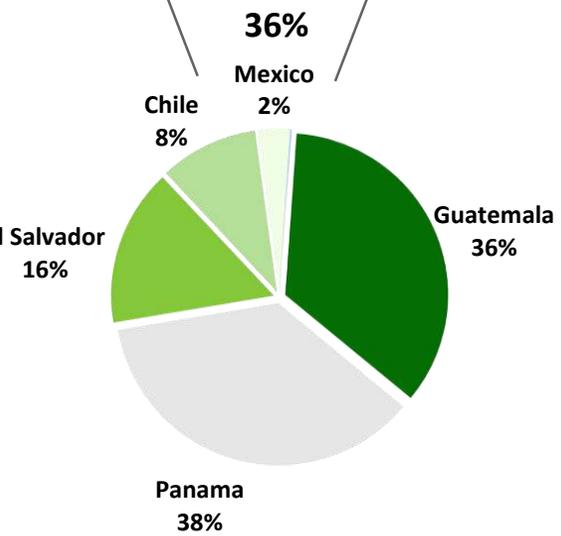
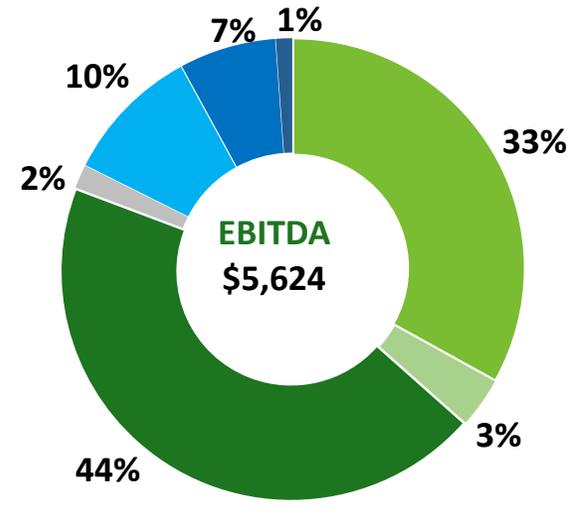
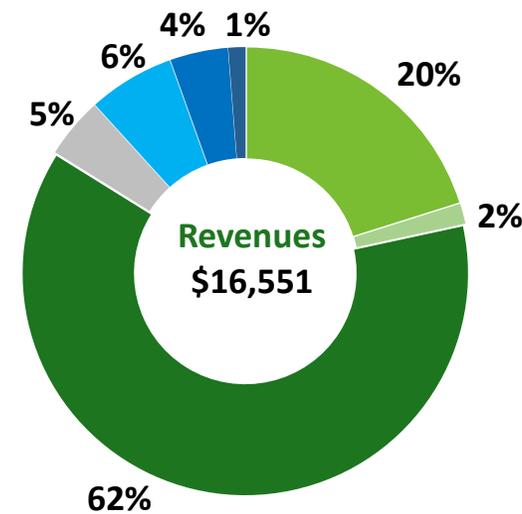


- EPM
- Colombian Power Subsidiaries
- International Subsidiaries
- Colombian Water Subsidiaries



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

- Power Transmission
- Gas
- Wastewater Management



The percentages do not include the Other Segment and Eliminations.

# 3. Financial Results as of November 30, 2019 (unaudited)

## Favorable effects on liquidity budgeted for 2019

Figures in COP thousand million



### Higher EBITDA

- Revenues increased explained by higher prices and consumption in power distribution in Colombia and Central America, and higher sales in the unregulated market of gas segment.
- Savings in costs and expenses.
- Favorable impact on EBITDA in EPM parent company \$345, subsidiaries \$200 and Adasa \$309 estimated.

### Insurance recognition

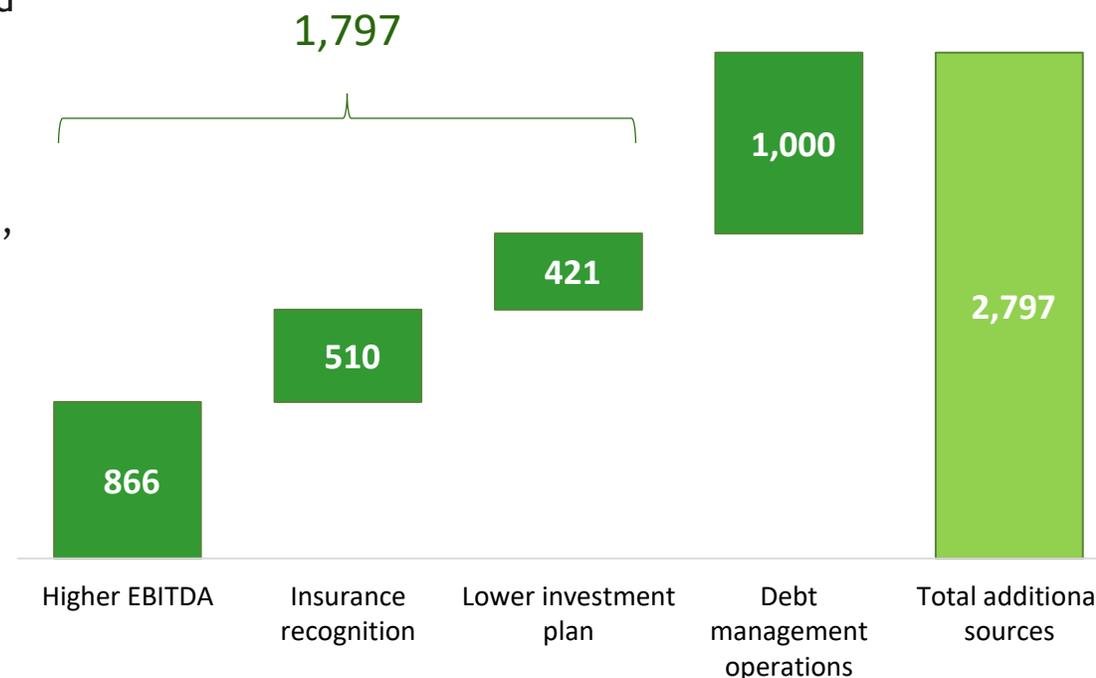
- EPM received the first USD 150 million payment from Mapfre to cover the contingency of the Ituango Hydroelectric Project.

### Lower investment plant

- Savings and displacements of some projects.

### Debt management operations

- EPM placed bonds in the international capital market the equivalent to USD 1,382 million.



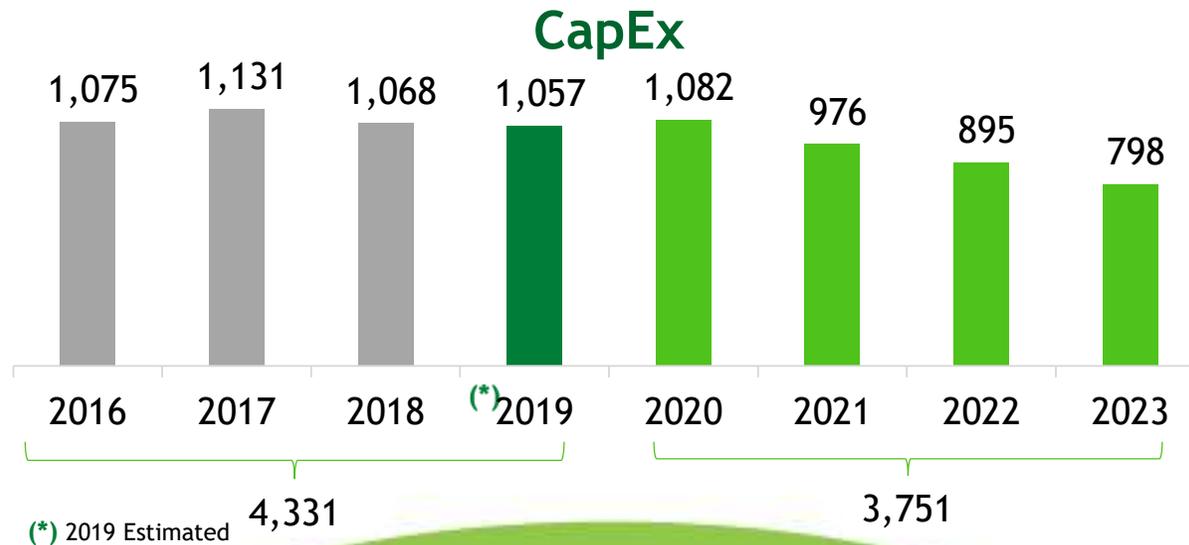
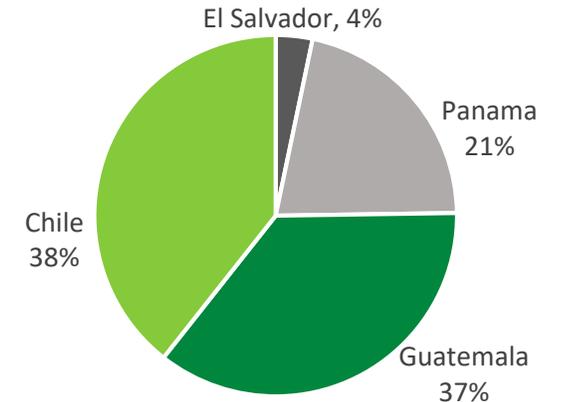
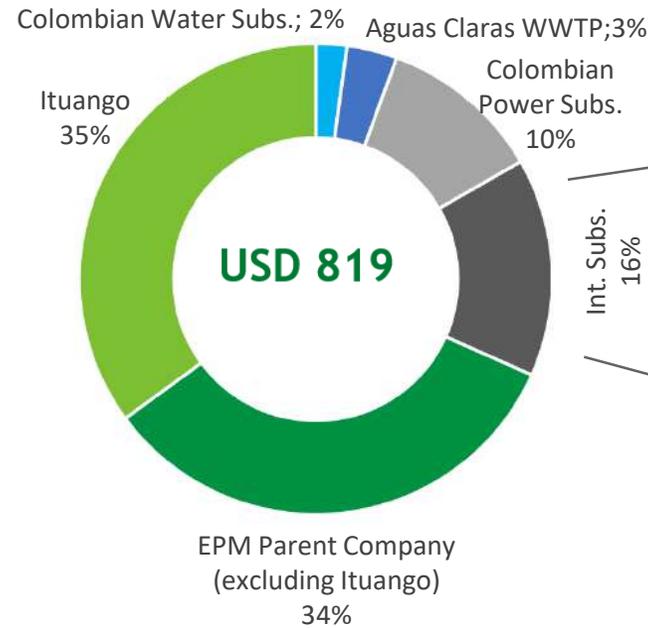
# 3. Financial Results as of November 30, 2019 (unaudited)

## CapEx EPM Group

Figures in USD million



EPM GROUP	Jan-Nov 2019
Ituango	284
EPM Parent Company (excluding Ituango)	275
International Subsidiaries	132
Aguas Claras WWTP	23
Colombian Power Subsidiaries	86
Colombian Water Subsidiaries	19
<b>Total</b>	<b>819</b>



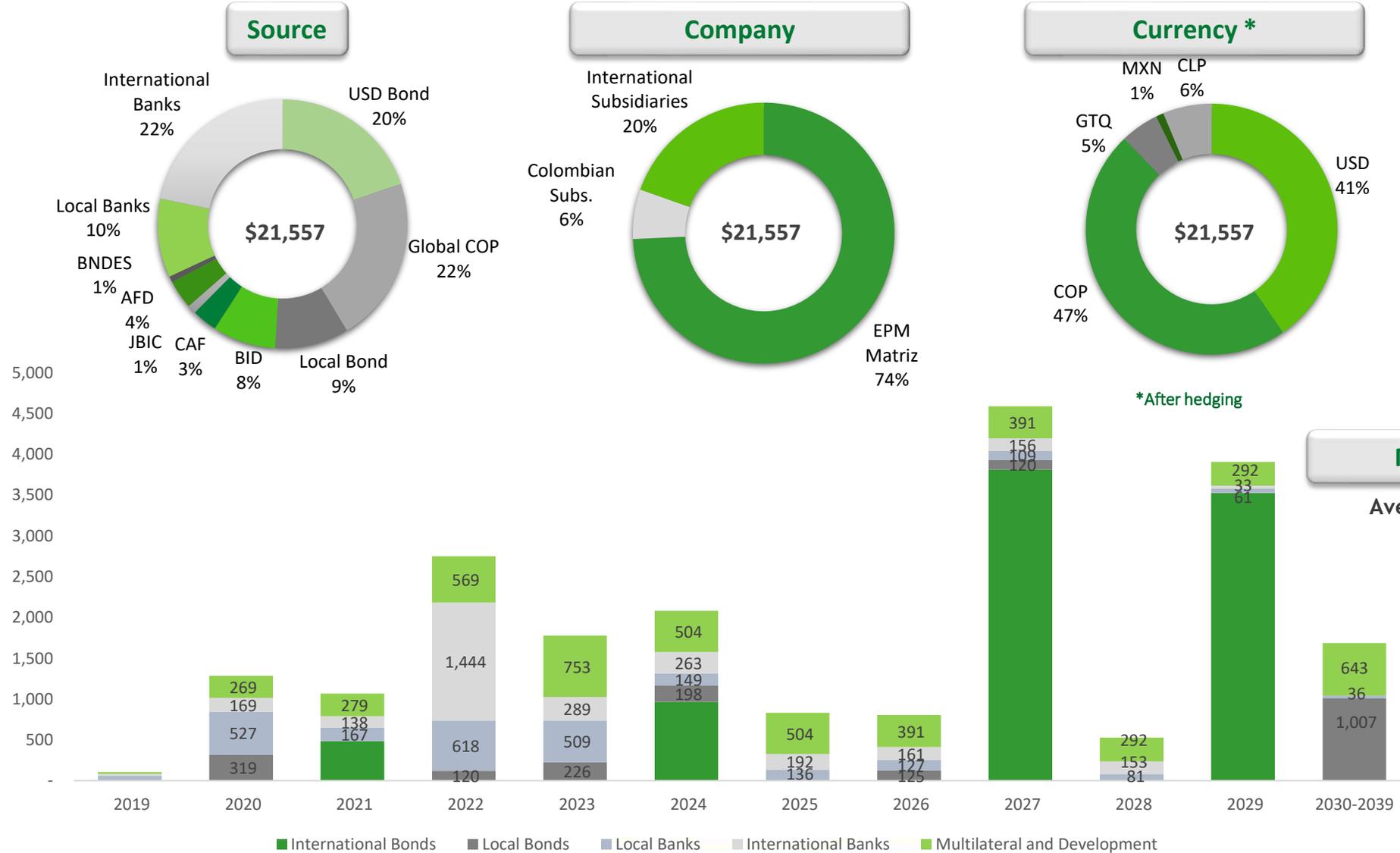
(\*) 2019 Estimated

# 3. Financial Results as of November 30, 2019 (unaudited)



## Debt Profile

Figures in COP thousand million



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[Investorelations@epm.com.co](mailto:Investorelations@epm.com.co)

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