



Grupo•epm[®]

Itau

Conference 2014

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Agenda

- 1 Company Overview
- 2 Corporate Strategy 2012-2022
- 3 Investment Plan 2014-2017
- 4 Ongoing projects
- 5 Third Quarter 2013 Financial Results



1 | Company Overview

Company overview

EPM group

EPM is a state-owned company founded in 1955, it has financial and administrative autonomy from the Municipality Medellin



We provide utility services :



Energy



Water and sanitation



Distribution of natural gas



Waste Management



Telecommunications



Company overview

EPM Group in Latin America



Ratings EPM (The Parent):

Fitch: **BBB**, Outlook stable.

Moody's: **Baa3**, Outlook stable.

Geographically diversified:

Corporate group with **58** companies:

- **38** companies in Central America, Chile, Mexico, Spain and USA
- **20** companies in Colombia



Energy

Colombia



Central America



Water and Waste Management

Colombia - Mexico



Our presence in Colombia

Electricity



Generation **21.7%**
Transmission **8.2%**
Distribution **23%**

More than **3,7 million** customers

3.578 MW Net Effective Capacity,
84% hydraulic

Gas



Distribution and Commercialization **11.5%**

More than **786 thousand** customers

Main distributor in the region of Antioquia,
3rd position in Colombia

Water



Water and Sewage Systems **13.7%**

Water System **1 million**
Sewage System **995 thousand**
Wastewater Treatment **237 thousand**

Second company in Colombia

Market Share

Customers

Key figures

Our presence in Central America



Panama	Guatemala	El Salvador	
ENSA HET	EEGSA TRELEC COMEGSA	DELSUR	Company
390.842	1.066.063	351.690	Customers
2nd electricity distribution company in the country 31 MW under construction	1st electricity distribution and commercialization company in the country	2nd electricity distribution company in the country	Key figures
ENSA: BBB Fitch Ratings	EEGSA: BB- S&P Ba1 Moody's	DEL SUR: AA- Fitch Ratings (local)	Ratings

UNE-Millicom



Merge between
UNE and **Millicom**
Holding



UNE would be the
absorbing company and
its condition will change
to a **mixed company**

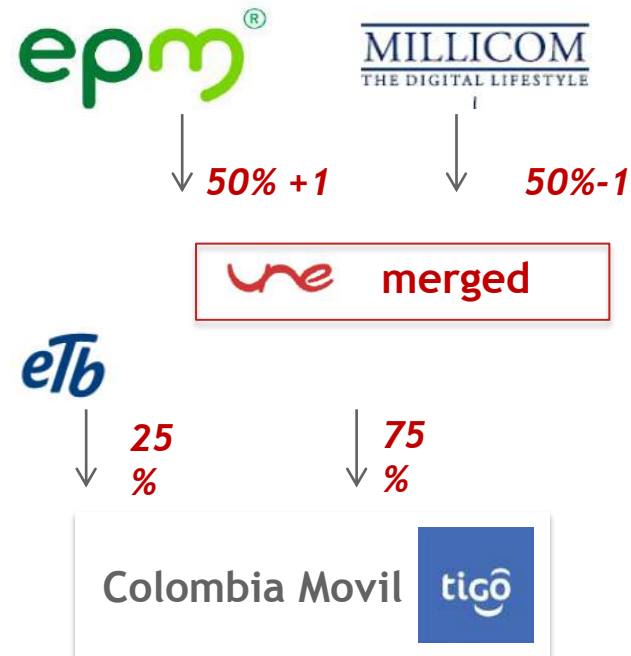


Ongoing
authorizations:
SIC, Superfinanciera,
ANTV.

Current Structure



Structure proposed



Company overview

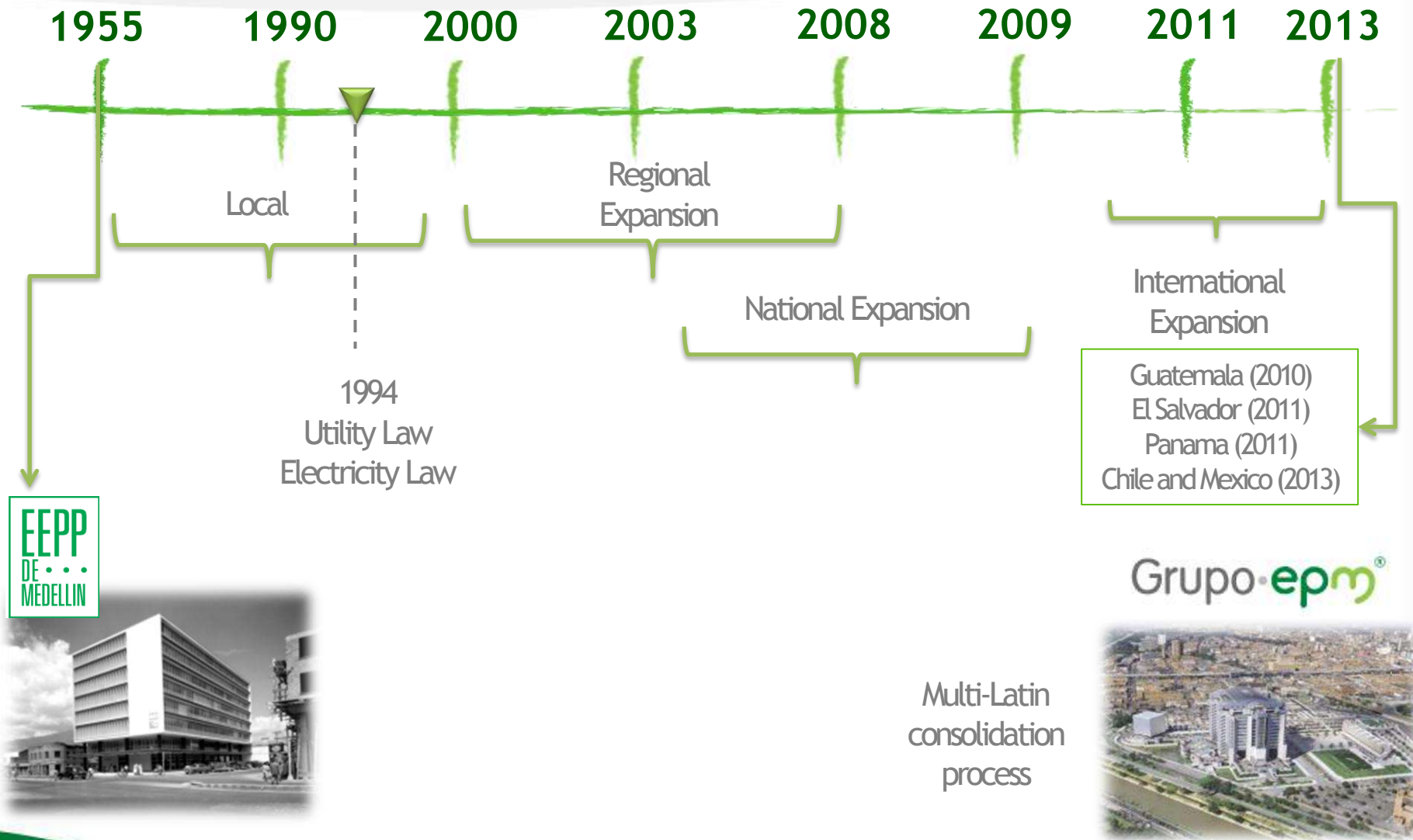
EPM Group in Colombia

- Leading and largest multi- utility Company in Colombia *
- Second Corporate Group in terms of assets: **USD 19,9 billion ***
- Third Corporate Group in terms of net profit: **USD 885 million ***
- We reach a population of more than **13 million people**

* Position annually reviewed among companies of the Real sector.
figures as of December 2012



Company expansion



EPM Group Corporate Strategy

Growth plan based on sustainability

In 2022
EPM Group expects
to position itself
among the first 50
Multi-Latin



- Revenues equivalent : **USD 16 billion.**
- Ebitda : **USD 5.5 billion.**



 EPM Market
 Main targets

Energy

- Peru
- Chile
- Brasil

Water

- Mexico
- Peru

EPM Group Corporate Strategy

Growth plan based on sustainability

- ✓ Balance between financial, economical, social and environmental outcomes.
- ✓ CSR promotes to set up economical, social and environmental conditions that benefit the sustainability of the environment where we act.



- ✓ **Cash flow generation**
Costs optimization, decrease in the cash cycle and revenues maximization.
- ✓ **Investment Management**
Optimization of the capital invested in: expansion, replacement and modernization of the operating assets of the existing businesses and acquisitions of new companies.
- ✓ **Indebtedness management**
Development of the investment financing strategy.



3

Investment Plan 2014-2017

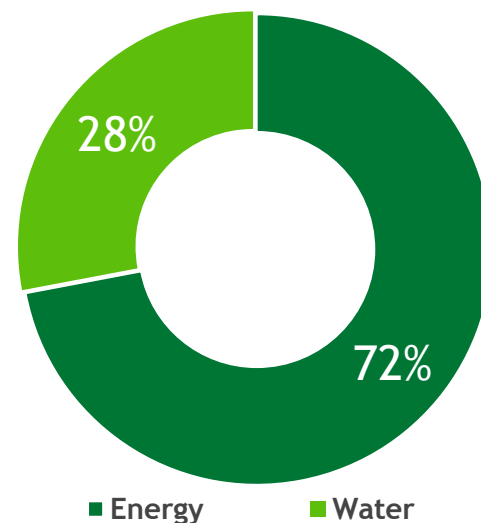
Investment Plan 2014-2017

EPM Group

Figures in USD million

Grupo EPM	2014	2015	2016	2017	Total
EPM	1.244 (71%)	1.177 (70%)	862 (74%)	715 (77%)	3.998
Filiales	513 (29%)	504 (30%)	298 (26%)	229 (23%)	1.544
Total	1.758	1.681	1.160	944	5.542

Grupo EPM	Energy	Water	Total
EPM	3.288 (76%)	704 (56%)	3.992
Filiales	1.005 (24%)	545 (44%)	1.550
Total	4.293	1.249	5.542



Investment Plan 2014-2017

Total Investment Plan



USD 5,5 billion

Financing Sources

- > EPM Cash flow 3.2 billion
- > IADB (Bello WTP) 352 million
- > Development Agencies 143 million
- > Ongoing transactions 480 million
- > Other financial sources 1.33 billion

- Capital markets: International & Local
- Commercial banks: International & Local
- Development Agencies
- Multilateral Agencies



4 | Ongoing projects

Ituango Hydroelectric Project

Cost: USD 5,5 billion 2014: USD 700 million



- 💡 Installed capacity: **2.400 MW** / 8.563 GWh/year
- 💡 8 Francis turbines: 300MW each
- 💡 Start of operation: 1st Stage **2018** / 2nd Stage **2022**
- 💡 Dam: 225 m height, 20mn m³
- 💡 Reservoir: 79 km length
- 💡 Area flooded: 3.800 hectares

Ituango Hydroelectric Project

Project Status: **20,1% completed**



Awarded contracts:

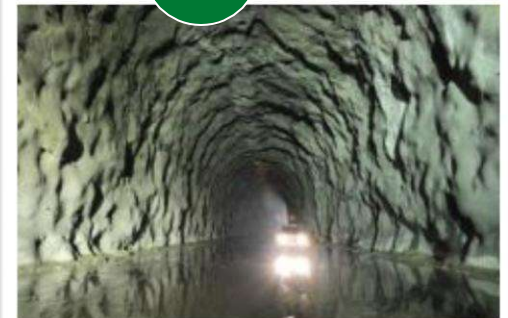
- Electromechanical equipment:
 - Turbines, generators: Alstom Brasil
 - Transformers: Siemens Transformer Co. Ltd.
 - Travelling Cranes: Imocom S.A.
 - Gates for deviation, adduction and suction tunnels: ATB Riva Calzoni S.p.A.
- Main civil works: Camargo Correa- Conconcreto
 - Coninsa Ramon H.

Progress of works:

- Access roads to main civil works, camps and deviation tunnels excavations: **100%**
- Cauca river deviation **completed**
- Ongoing excavations: powerhouse cavern, spillway, drainage galleries, surge tank N° 1
- Ongoing manufacture: transformers



Cauca river deviation



Deviation tunnel

Bello WasteWater Treatment Plant

Cost: **USD 553 million**

Sources of financing: **IADB USD 450 million**



Treatment capacity: **5.0 M3/sec.**



Interceptor: **7.7 Km**



Awarded contracts:

- Civil works and equipment supply Korean - Spanish consortium “Aguas de Aburra HHA: Hyundai Engineering and Acciona Agua.
- Construction North Interceptor **2012-2014**: Colombian-Mexican consortium CICE

Start of operation: **2016**

Los Cururos Wind Power Plant - Chile

Acquisition cost: USD 208 million



Capacity: 110MW

Location: Coquimbo, North of Chile

Turnkey contract: Vestas Wind System A/S

Start of operation: 2014



57 wind turbines: 20 are fully installed

TICSA - Mexico

Acquisition cost : USD 113 million



✓ TICSA has 22 years of experience in design, construction and operation of wastewater treatment plants. The company is considered one of the most efficient operators in the Mexican market, which has developed more than 200 solutions for the industrial sector.

✓ Holding company with 14 wastewater treatment plants, 10 of them are fully operational with a total capacity of 8,160 lps, and the other 4 are under construction with a capacity of 2,120 lps.



Start of operation: 2013-2015

EMVARIAS - Waste Management

Acquisition cost : USD 17 million



Prospects for development:

- Integrated management of solid waste and wastewater
- National and international business growth
- R+D in technology and service

Upcoming projects:

- Strengthening the truck fleet through the renting of 50 waste compactors
- Conversion of the truck fleet to natural gas
- Construction of the lixivate treatment plant.



5

Financial Results 2013

Macroeconomic Scenario



Item	Colombia		Panamá		Salvador		Guatemala		México		Chile	
	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13
CPI	2.44%	1.94%	5.70%	4.03%	0.80%	0.80%	3.45%	4.40%	3.60%	4.00%	1.48%	3.00%
PPI/WPI	-2.95%	-0.49%	4.70%	0.14%	-4.30%	-2.06%	N.A.	N.A.	1.84%	1.63%	0.70%	-2.80%
Exchange Rate	1,768	1,927	N.A.	N.A.	N.A.	N.A.	7.90	7.84	13.0	13.1	479	526
Devaluation	-8.98%	8.97%	N.A.	N.A.	N.A.	N.A.	1.17%	-0.77%	-7.06%	1.04%	-8.22%	9.97%
GDP	4.00%	4.00%	10.70%	7.69%	1.64%	1.80%	3.00%	3.30%	3.90%	1.20%	5.60%	4.20%



CPI: Consumer Price Index

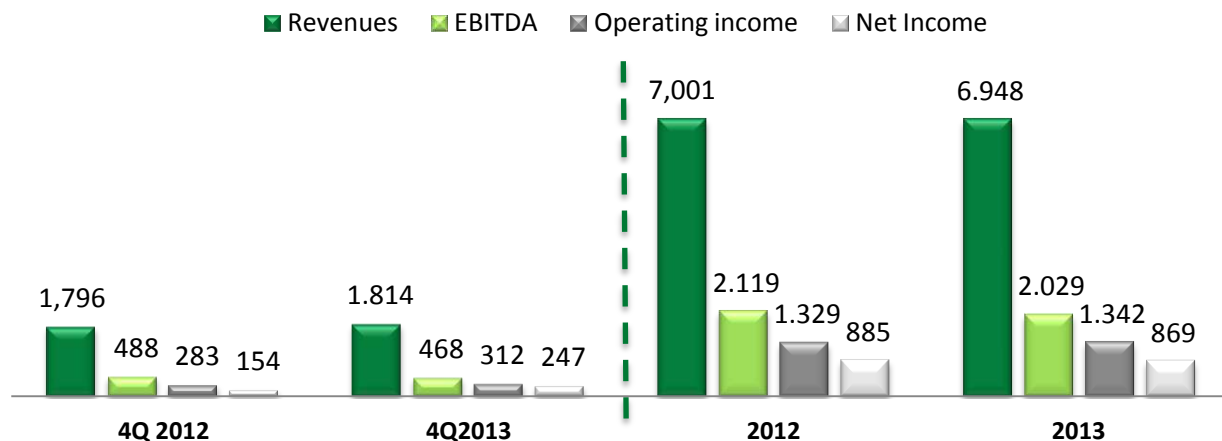
PPI: Producer Price Index

WPI: Wholesale Price Index (Panama and El Salvador)

GDP: Gross Domestic Product (Estimated for 2013)

EPM Group Income Statement

Figures in USD million

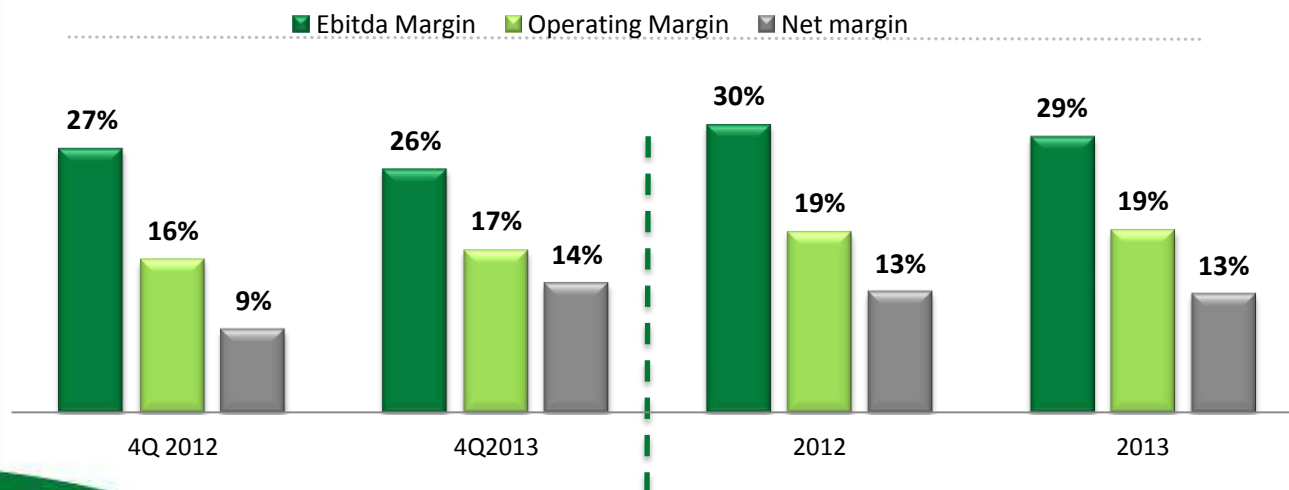


Quarterly variation

- Revenues: 1%
- Ebitda : -4%
- Net Income: 61%

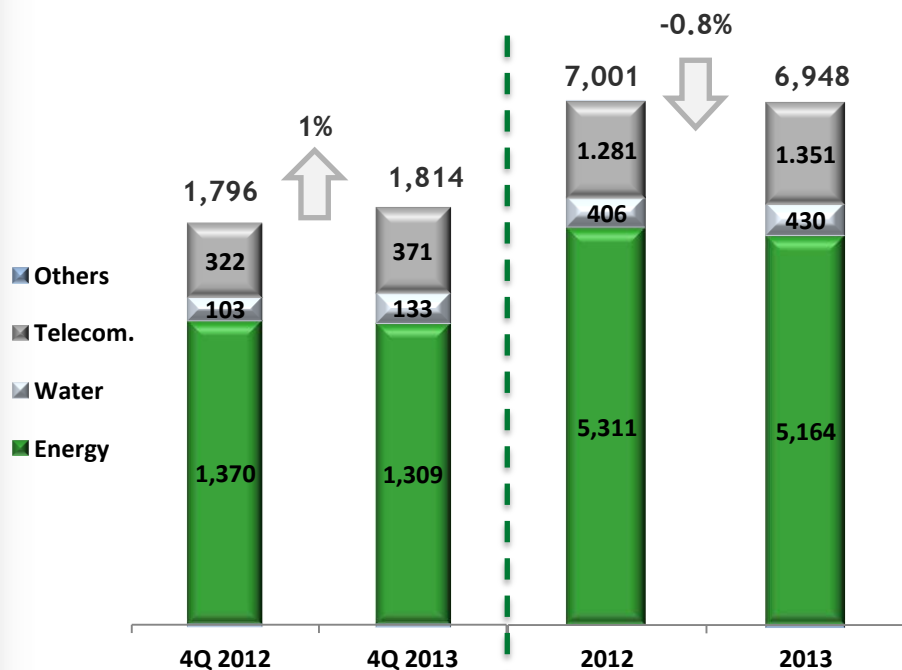
Annual variation

- Revenues: -0.8%
- Ebitda: -4%
- Net Income: -2%



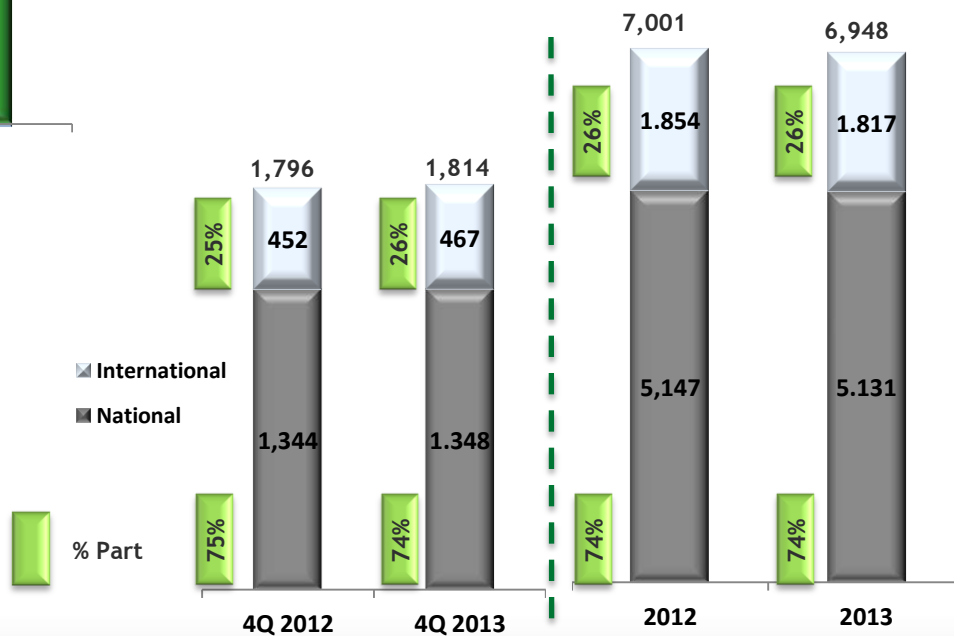
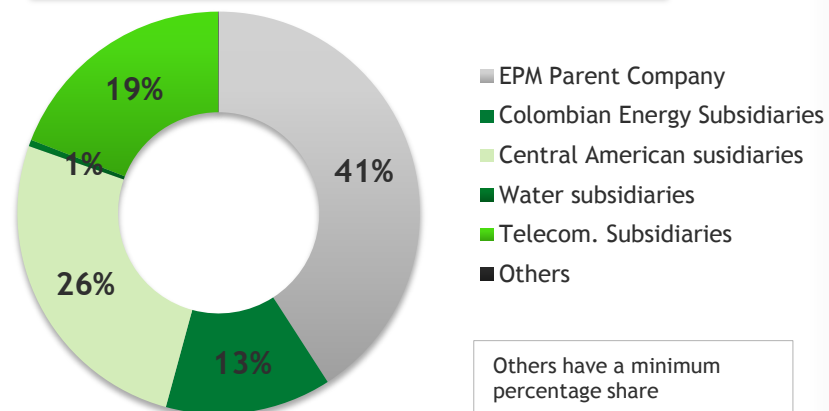
Revenues

Figures in USD million



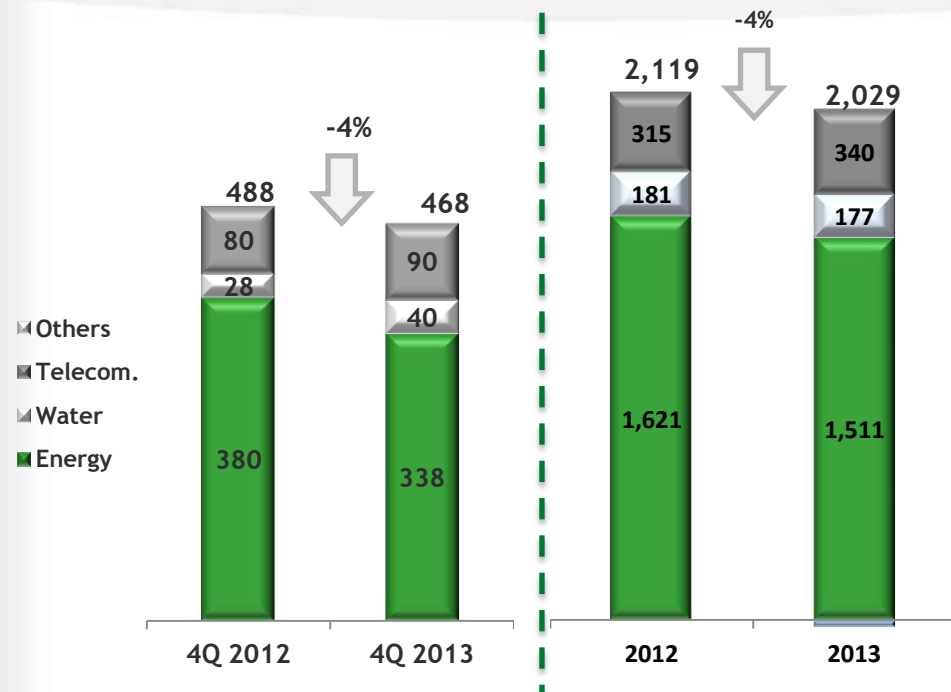
Revenues associated with "others" are minimal

Revenues Breakdown 2013

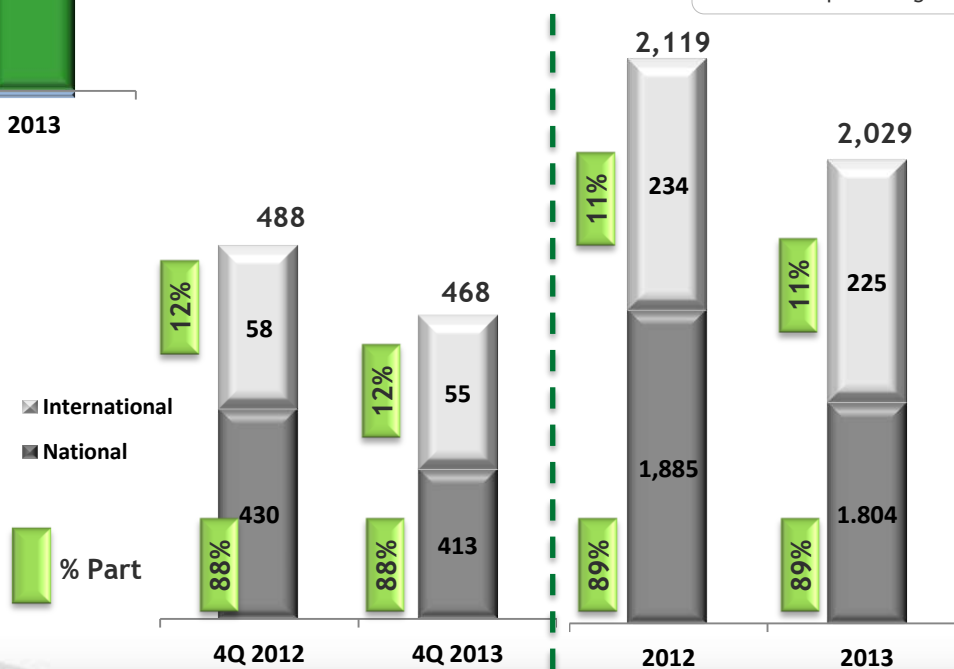
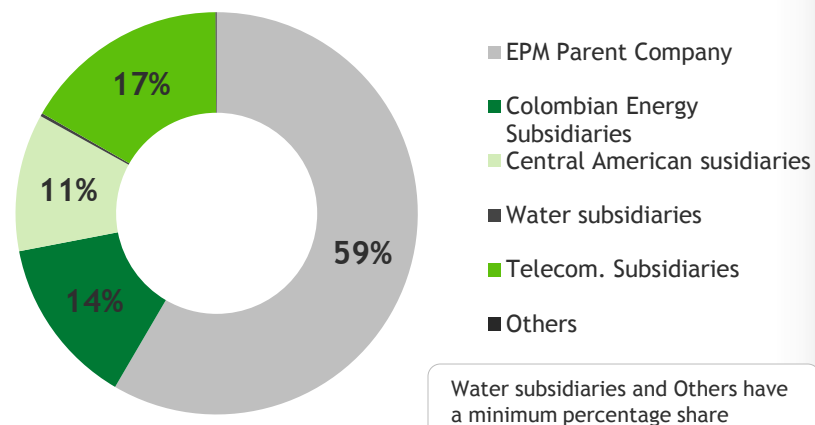


EBITDA

Figures in USD million

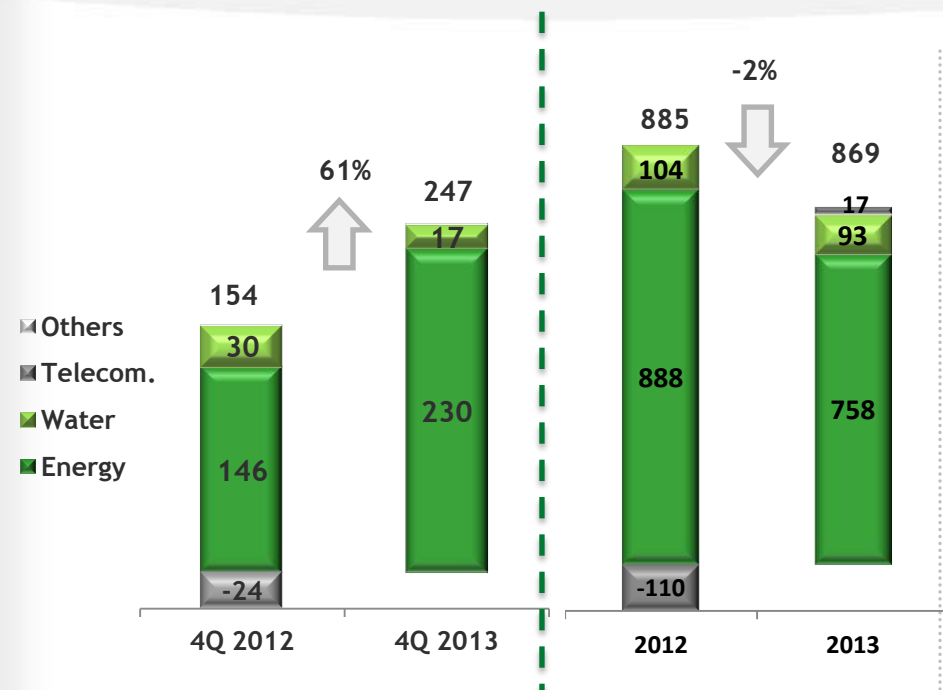


Ebitda Breakdown 2013

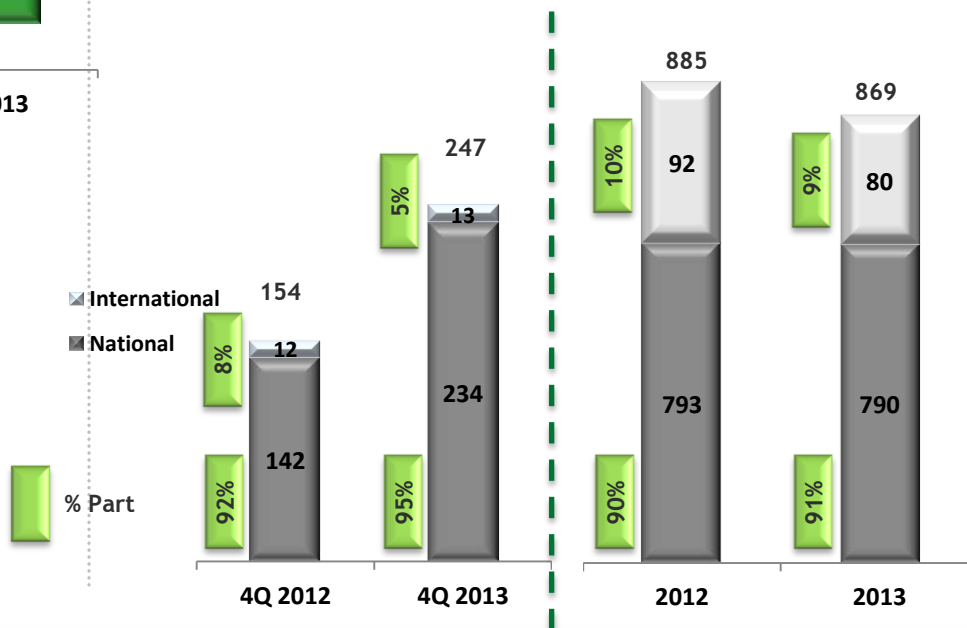
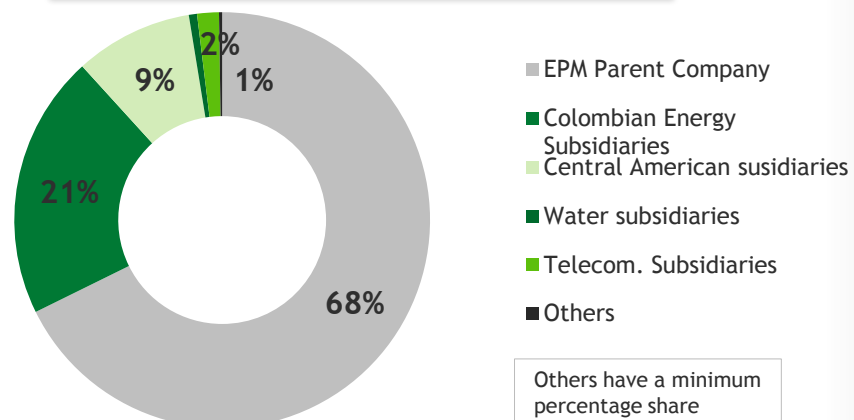


Net Income

Figures in USD million

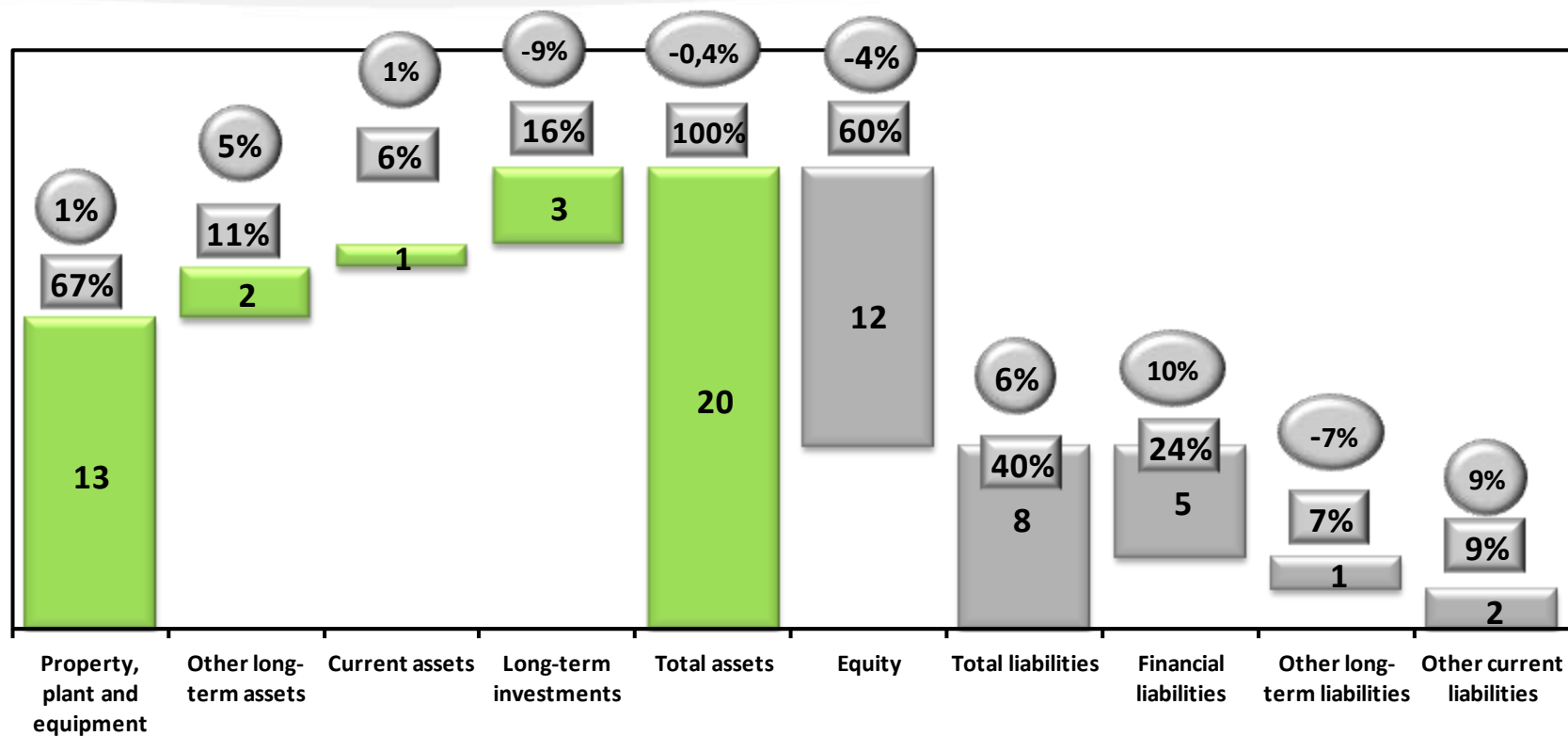


Net income Breakdown 2013



Balance Sheet

Figures in USD billion



Corresponds to growth with respect to 2012



Corresponds to participation with regard to assets

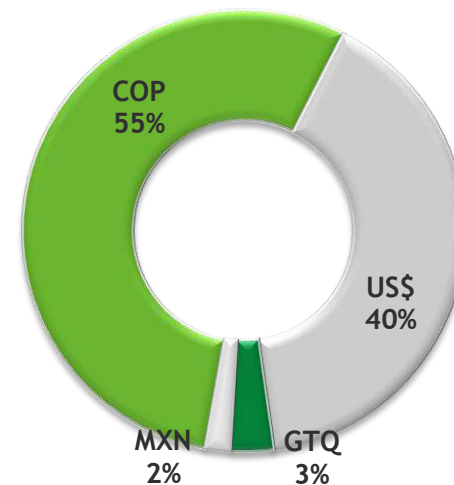
Concepto	2012	2013
Total Debt to Total Assets	37%	40%
Financial Debt to Total Assets	22%	24%
Ebitda/Financial expenses	6.52	6.91
Debt/Ebitda	2.02	2.43

Debt

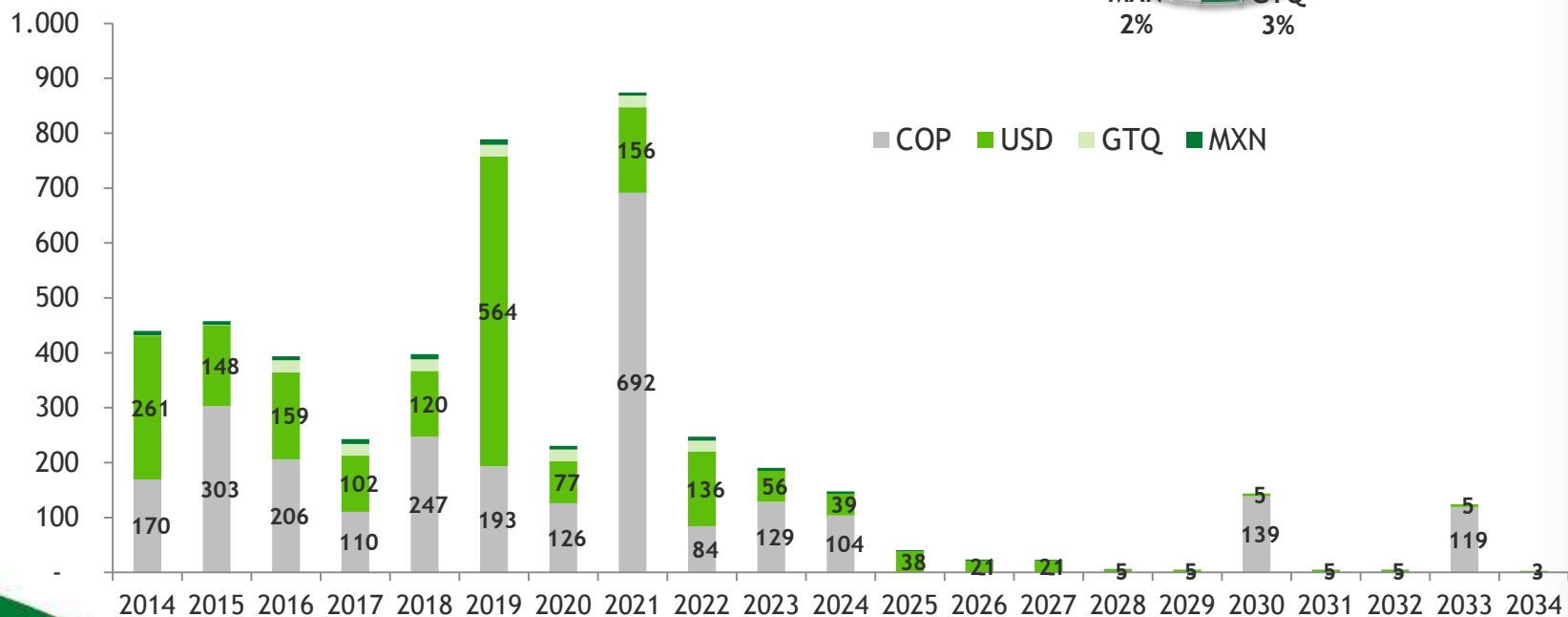
Figures in USD million

Group EPM Debt	Balance	% Part.
EPM	3,381	71%
Subsidiaries	1,410	29%
Total Debt	4,791	100%

Debt composition by currency



Debt Maturity Profile



Cash Flow Hedge



Cash Flow Hedging (US\$ MM)	2014	2015	2016	2017
Debt Service	230	222	272	216
Natural Hedge	73	77	88	87
Financial Hedge	63	39	46	0
Derivatives to Trade in 2014	55	57	60	6
Total Hedge	191	173	192	94
Hedge Percentage	83.0%	78.2%	70.7%	43.3%

EPM's hedge policy focuses on mitigating the adverse movements in market variables that impact the financial statements, with an emphasis on cash flow.

Thank You

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