



# **J.P. Morgan Global Emerging Markets Corporate Conference**

**February 29 - March 1, 2012**

**Grupo·epm<sup>®</sup>**

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# Agenda

- **Highlights 2011**
  
- **Company Overview**
  - Business Units
  - Corporate Governance
  - Environmental, Economic and Social Responsibility
  
- **Corporate Strategy**
  - Internationalization
  - Growth trajectory
  - Our presence in Central America
  
- **Financial Performance**
  - Group EPM

# Highlights 2011



- **Corporate Strategy**

Our goal for 2015 was to reach revenues of US\$ 5 billion.

We already achieved that goal in 2011, with US\$ 5,9 billion in revenues. Currently we are setting a new goal for 2015 and 2020.

EPM consolidated its control in its recent acquisitions: DECA II (Guatemala), DELSUR (El Salvador) and ENSA (Panama).

Porce III hydroelectric power plant entered into operation, adding 660 new megawatts to Colombia's energy system (Sept.2011).

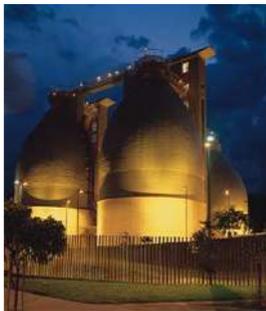
Ituango's Project construction kick-off. The Ituango project is expected to be the largest hydroelectric power plant in Colombia, with a total capacity of 2,400 MW.

- **Financial Results**

40% Revenue Growth

27 % Ebitda Growth

14% Net Income Growth



# Highlights 2011



- **Funding diversification**

Rating upgrade from BBB- to BBB, by Fitch Ratings.

EPM issued a 144A/RegS Global Bond in COP, equivalent to USD \$ 680MM (January 2011).

Closing of IFC A/B Loan of US\$ 349 MM(Dec.2011).  
Closing of IADB loan for US\$10 MM (Dec.2011).

- **Corporate Responsibility**

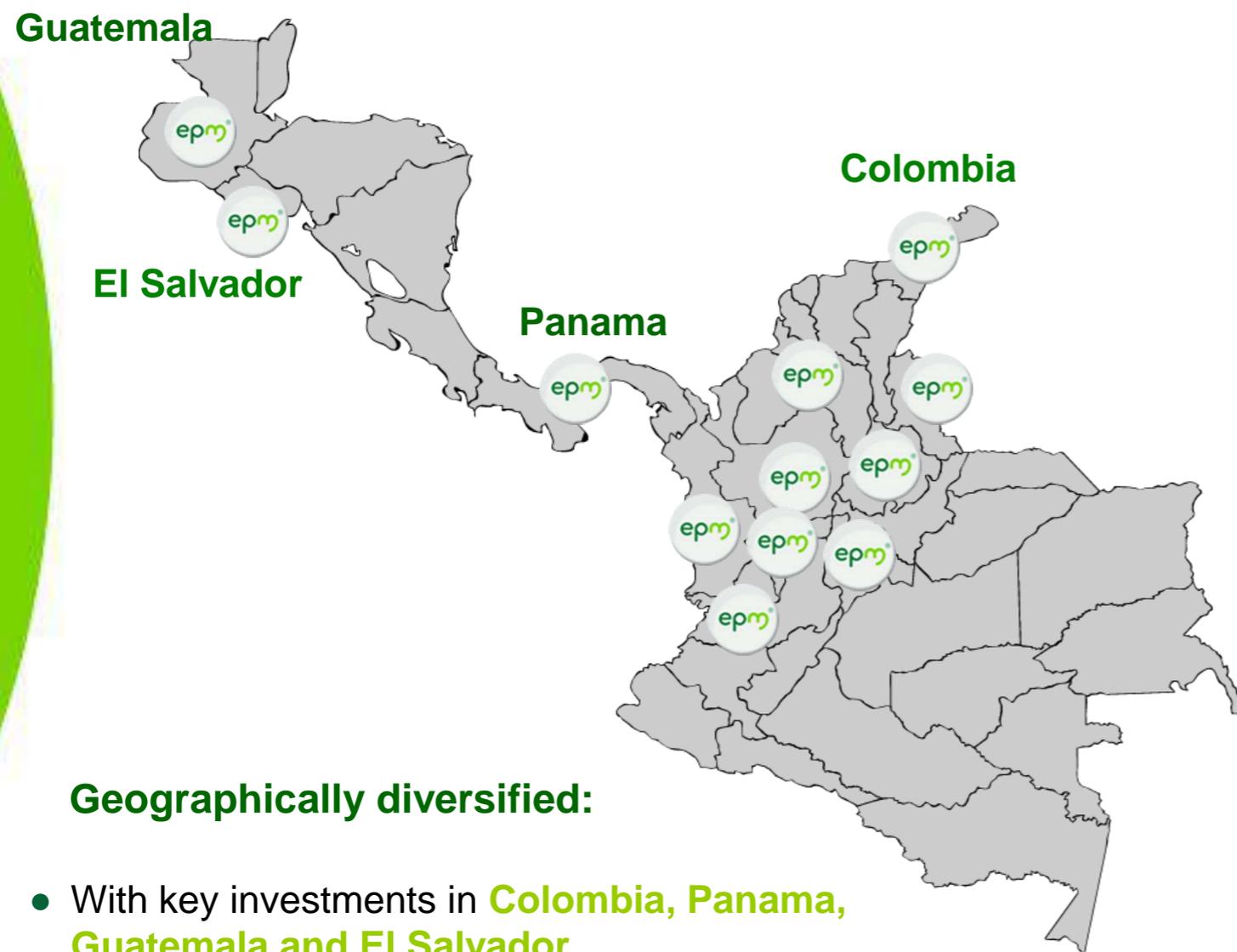
Increase of power supply coverage in faraway rural areas in the region of Antioquia, reaching 42.000 families (Antioquia Iluminada program).

Consolidation of prepaid energy program, reaching a total of 137.361 low income families benefited.





# Leading and Largest Multi-Utility Company in Colombia



## Geographically diversified:

- With key investments in **Colombia, Panama, Guatemala and El Salvador.**
- Main **Colombian Markets:** Medellin, Bogota, Manizales, Armenia, Pereira, Bucaramanga, Barranquilla, Cartagena, Cali, Chocó, Cucuta.

## EPM corporate group in Colombia:

Second company **in terms of assets** with US\$ 17.5 billion.

Second company **by revenues** with US\$ 6 billion.

- **Energy business unit 77% of total ebitda**
- **Water business unit 15% of total ebitda**
- **Telecommunications business unit 8% of total ebitda**

We provide services and utilities to more than **12 million people.**

**EPM (parent company) Ratings:**

**Moody's: Baa3**

**Fitch: BBB**

# Strong and stable regulatory framework



## Independent regulatory bodies

- **CREG** (energy and gas regulatory bureau) is an independent entity established in 1994 to promote market competition.
- **CRA** (water regulatory bureau) is an independent entity which regulates and promotes high quality standards in the sector.
- **CRT** (telecommunications regulatory bureau) promotes competition and investment in the sector.

## Strong energy platform

- Energy Exchange platform (1995) has made substantial changes in the energy market (buy/selling dynamics).
- Solid and competitive energy trading platform.
- The Colombian wholesale energy market is based on a competitive market model and operates under open access principles.
- Strong Transmission and Distribution interconnected network.

## Favorable tax incentives

- Deduction of 40% for the purchase of productive fixed assets in the energy generation activity by the legal stability contract, until year 2028.



# Business Units

## Energy

### Colombia

### Central America

## Water

### Colombia

## Telecommunications

- **CINCO TELECOM CORP (USA)**
- **Orbitel Comunicaciones Latinoamericanas S.A.U. (Spain)**
- **Orbitel Servicios Internacionales S.A. E.S.P. (Free Trade Zone)**

EPM Inversiones S.A.

max seguros epm

Fundación epm



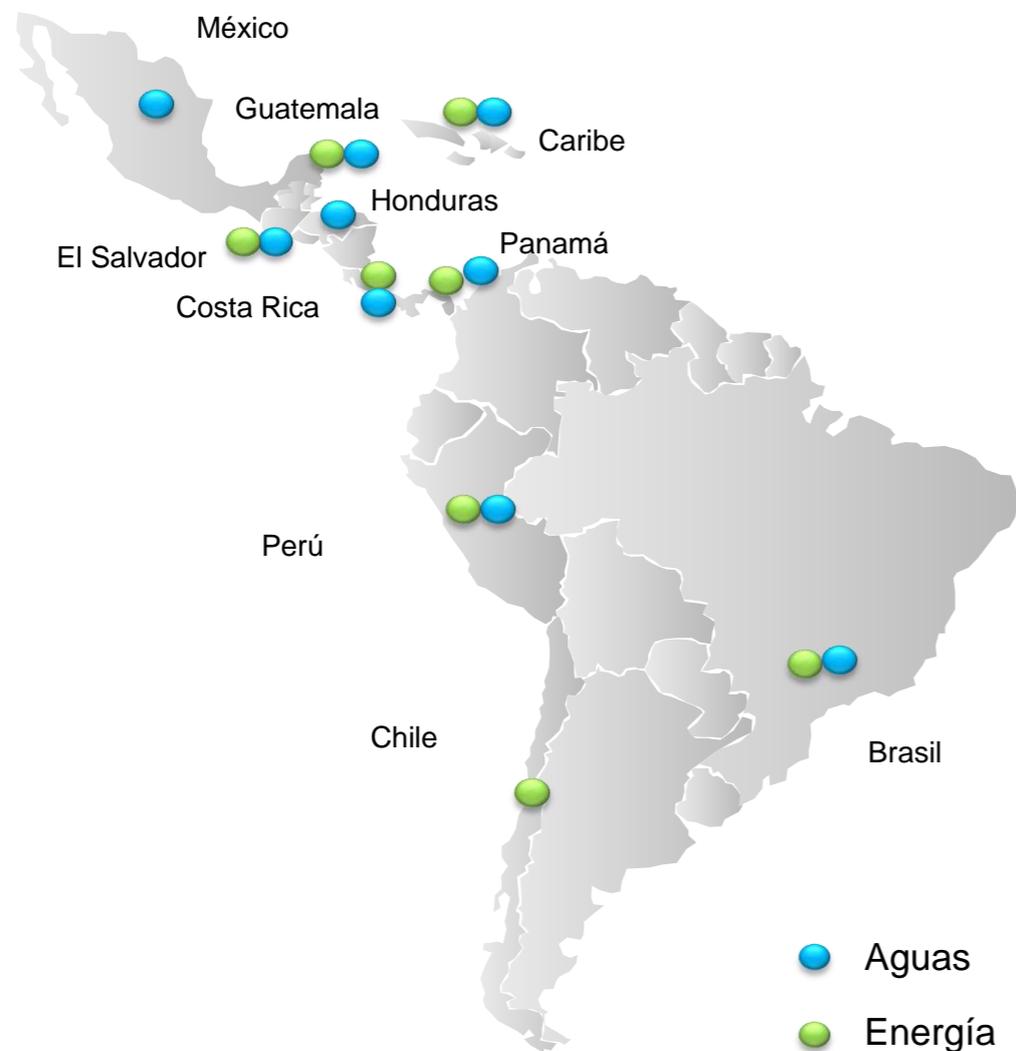
# Corporate Strategy



# Corporate Strategy



## Sustainability Growth Strategy and Internationalization



### 2005 Growth Plan :

“In 2015, the Corporate EPM Group will be a corporation with income sales equivalent to U.S.\$ 5 billion, of which 60% will be obtained in Colombia and 40% abroad”.

The Grupo EPM's **Energy Business** will be a major player in the energy field in the Americas.

The Grupo EPM's **Telecommunications Business** will be the single largest investor of the integrated telecommunications company in Colombia, serving the Latin American community in the U.S. and Spain

The Grupo EPM's **Water Business** will be a major player in the water and sewage industry in Latin America.

# Corporate Strategy - Internationalization



## Growth trajectory

Local	Regional	National	International
<b>1955</b> <b>EPM</b>	<b>2000</b> EADE <b>2001</b> San Pedro <b>2002</b> Entrerrios <b>2006</b> 100% of EADE <b>2007</b> Yarumal, Caucasia EPM-EADE	<b>2003</b> CHEC (Caldas) EDEQ (Quindio) <b>2009</b> ESSA (Santander) CENS (Norte de Santander)	<b>2010</b> DECA II (Guatemala) GESA Genhidro <b>2011</b> DELSUR (El Salvador) ENSA (Panama)

# Our presence in Central America



Panama	Guatemala	El Salvador
ENSA HET	EEGSA TRELEC COMECSA GENHIDRO	DELSUR
360 thousand	943 thousand	323 thousand
1 <sup>st</sup> distribution company in the country 31 MW in construction	1 <sup>st</sup> distribution and commercialization company in the country. 10 MW Generation Capacity	2 <sup>nd</sup> distribution company in the country
ENSA: BBB Fitch Ratings	EEGSA: BB- S&P Ba3 Moody's	

Company

Customers

Key figures

Ratings

# Strong corporate governance framework



## EPM Corporate Governance Framework

### Corporate Governance Code

- Establishes relationship with the owner
- Board of Director Rules
- Internal and External Controls

### Governance Framework Agreement

#### Principles:

- Transparency
- Sustainability & Competitiveness
- Responsible Autonomy
- Submission to the Corporate purpose
- Technical, legal, financial rigor
- Profitability & Efficiency

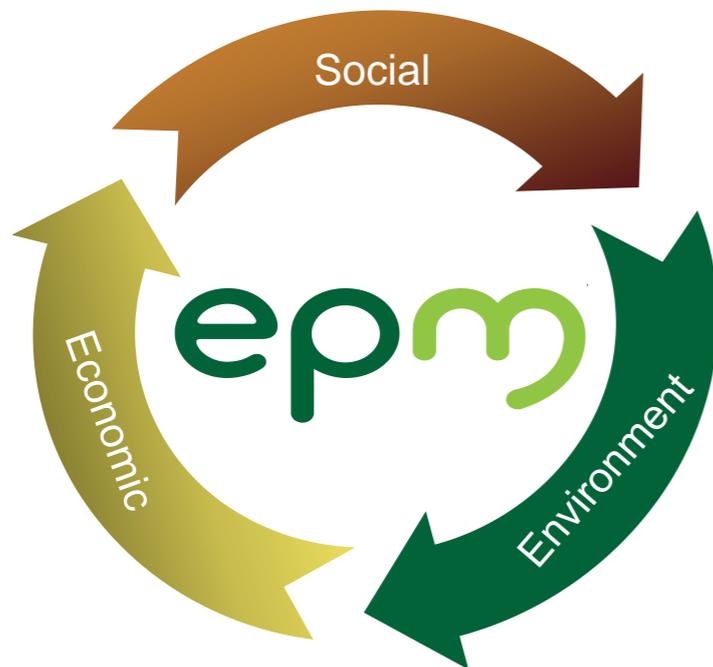
### Annual Corporate Governance Report

- Comply or explain system
- Market disclosure
- Transparency

# Environmental, Economic and Social Responsibility



## EPM Business Model – Key Drivers



- Environment, social and economic balance
- Focus on Sustainable Growth
- Proven track record of growth and profitability

- **Leading Environmental Initiatives**
  - Fully compliant with multilateral agencies standards
- **Integral environmental management model**
  - Climate Change Initiative: financing, adaptation, mitigation and technology
- **Social Responsibility**
  - Strategic and comprehensive CSR Model
  - Collaborative actions with communities
- **Corporate Values**
  - Transparency, Compromise, Responsibility, Reliability and Innovation
- **World Commitments**
  - Global Compact and Millennium Goals
  - GRI reporting



# Ongoing Greenfield Projects



# Ongoing greenfield projects



## Ituango Hydroelectric Power Plant

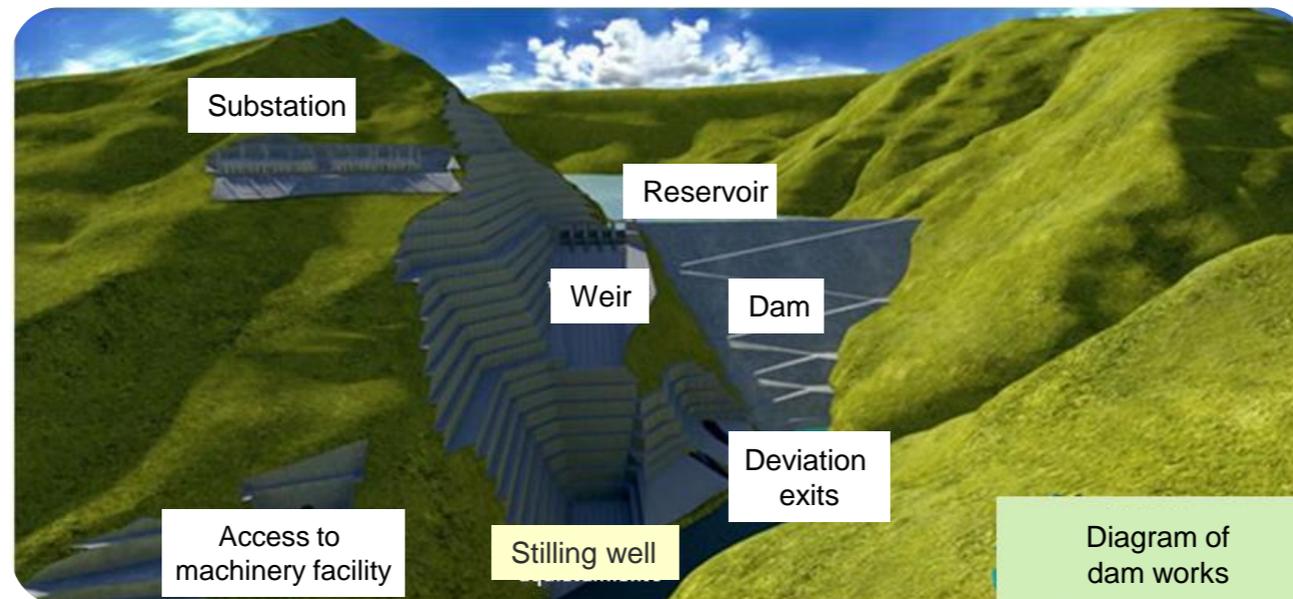


Diagram of dam works

### Technical Information

### Cost

### Financing Sources

### Status

2400MW - 8 Units

Firm energy:  
8360 GWh/year

Dam: 225 m high .Volume: 20 million m<sup>3</sup>.  
Reservoir: 79 km long. Flood area:3,800 Ha.  
Pipeline tunnels: 8 upper tunnels, 8 charge wells and 8 lower armored tunnels, for a total length of 340 m each tunnel.

US\$ 5,5 billion\*

- ✓ ECA
- ✓ Multilateral Agencies
- ✓ Capital Markets
- ✓ Commercial banks

Under development/ construction  
Begin operation: 2018-2022

Under construction: deviation tunnels and camps.

Bidding processes opened: for main civil works and electromechanical equipment.

(\*Includes financial expenses and contingencies. US\$ 4.4 billion in constant dollar without financial expenses and contingencies

# Ongoing greenfield projects



## Bello Wastewater Treatment Plant



Technical Information	Cost	Financing Sources	Status
Treatment capacity of 5.0 m <sup>3</sup> /sec	US\$ 581M	IDB US\$ 450M	Begin operation: 2015 Construction' time frame: 2012-2015
			Design and building of water interceptor (April 2011). Granting of the civil works and equipment supply to the skilled Korean – Spanish consortium “Aguas de Aburra HHA” (Feb.2012)

# Financial Performance

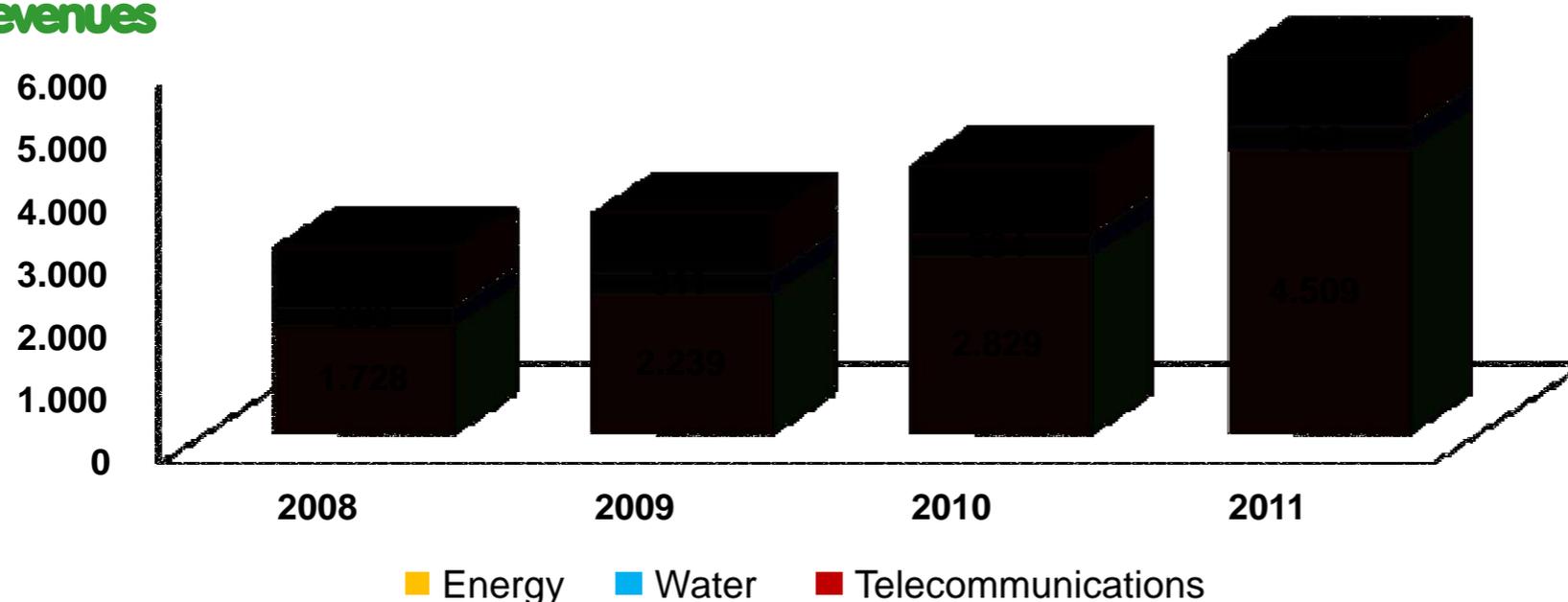


# Income Statement



4 Q 2010	4 Q 2011	Var.%	Concept	As of Dec.2010	As of Dec.2011	Var.%
1.169	1.569	34	Revenues	4.258	5.979	40
804	1.135	41	Costs and administrative expenses	2.794	4.117	47
365	433	19	EBITDA	1.463	1.862	27
173	137	(21)	Provisions, deprec. & amortizations	585	577	(1)
191	296	55	Operating Income	878	1.285	46
(66)	(31)	N.A	Other non-operating, nets	9	(110)	N.A
(25)	55	N.A	Income tax provision	162	314	94
154	202	31	Net income	716	816	14

## Revenues

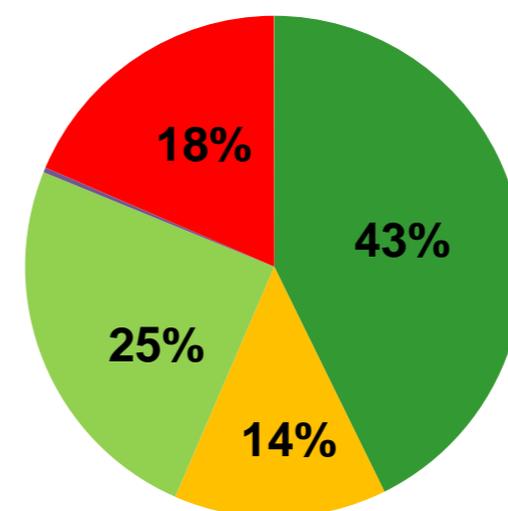


Note: Figures in US\$ million (Non audited figures)

# Internal Revenues and Ebitda Distribution

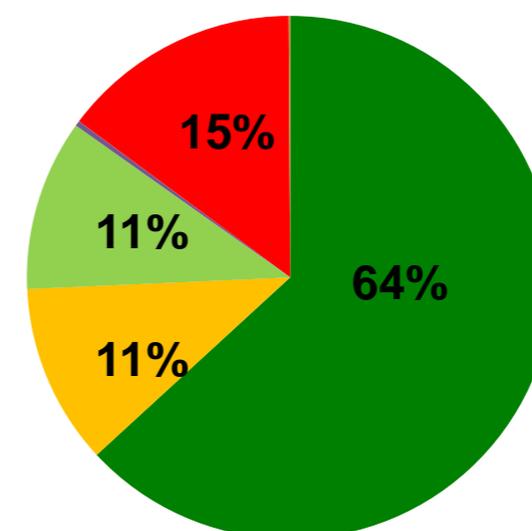


Revenues	Dec. 2011	Part. %	% YoY
EPM (The parent company)	2.553	43	16
Energy Subsidiaries (Col)	826	14	(0)
Centroamerica Subsidiaries	1.474	25	N.A
Water Subsidiaries	19	0	N.A
UNE and Subsidiaries	1.106	18	1
Others	2	0	573
<b>Total Revenues</b>	<b>5.979</b>	<b>100</b>	<b>40</b>



- EPM (The parent Company)
- Energy Subsidiaries (Col)
- Centroamerica Subsidiaries
- Water Subsidiaries
- UNE and Subsidiaries

EBITDA	Dec. 2011	Part. %	% YoY
EPM (The parent Company)	1.183	64	28
Energy Subsidiaries (Col)	209	11	(4)
Centroamerica Subsidiaries	198	11	732
Water Subsidiaries	(6)	(0)	N.A
UNE and Subsidiaries	276	15	(7)
Others	2	0	733
<b>Total EBITDA</b>	<b>1.862</b>	<b>100</b>	<b>27</b>



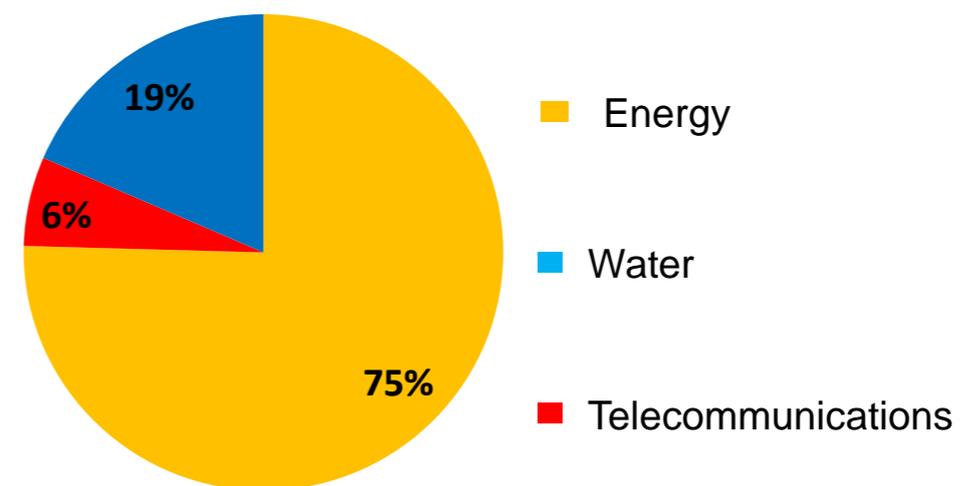
- EPM (The parent)
- Energy Subsidiaries (Col)
- Centroamerica Subsidiaries
- Water Subsidiaries
- UNE and Subsidiaries

Note: Figures in US\$ million - (Non audited figures)

# Revenues



Concept	Dec. 2011	% YoY
Energy	4.509	59
Water	362	9
Telecommunications	1.106	1
Others	2	573
Total	5.979	40

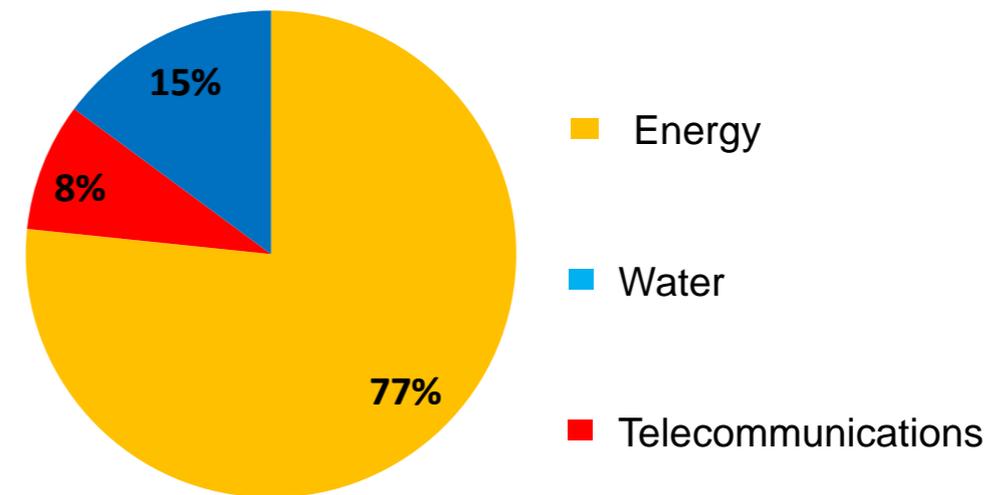


Note: Figures in US\$ million - (Non audited figures)

# EBITDA



Concept	Dec. 2011	% YoY
Energy	1.427	42
Water	159	(1)
Telecommunications	277	(7)
Others	2	733
<b>Total</b>	<b>1.865</b>	<b>27</b>

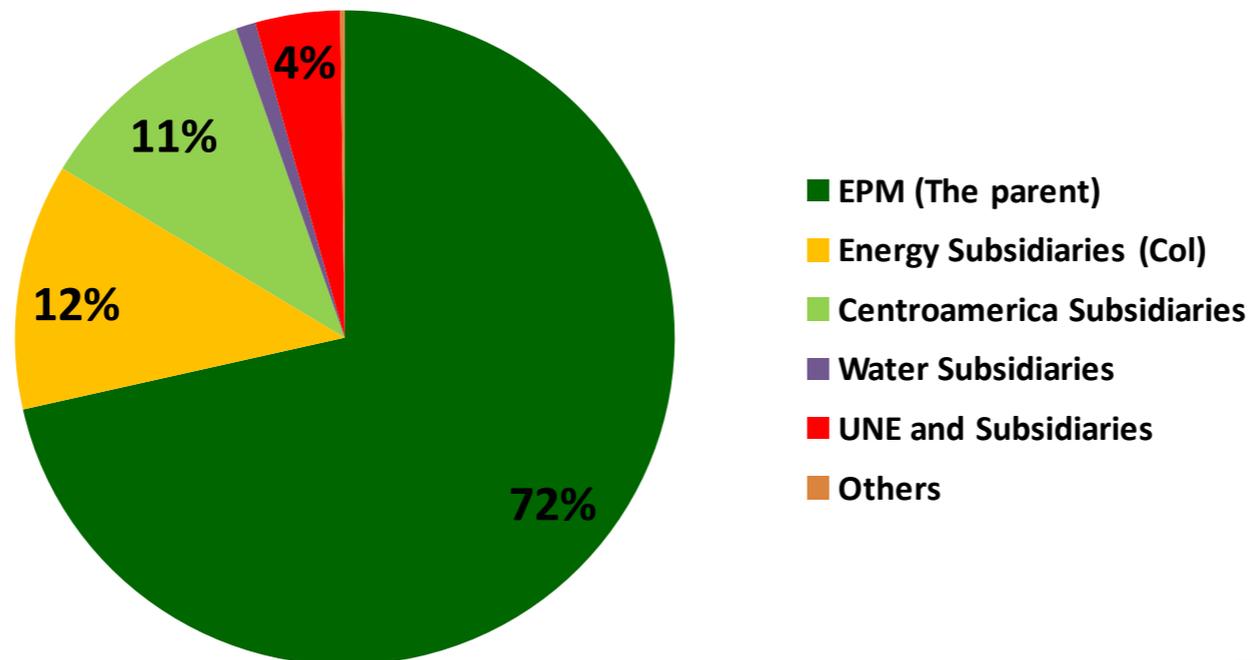
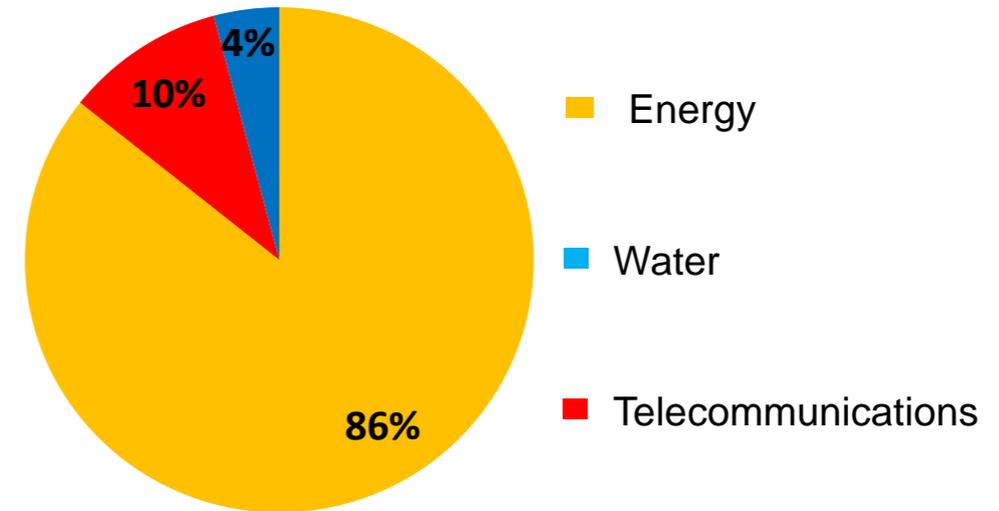


Note: Figures in US\$ million - (Non audited figures)

# Net Income

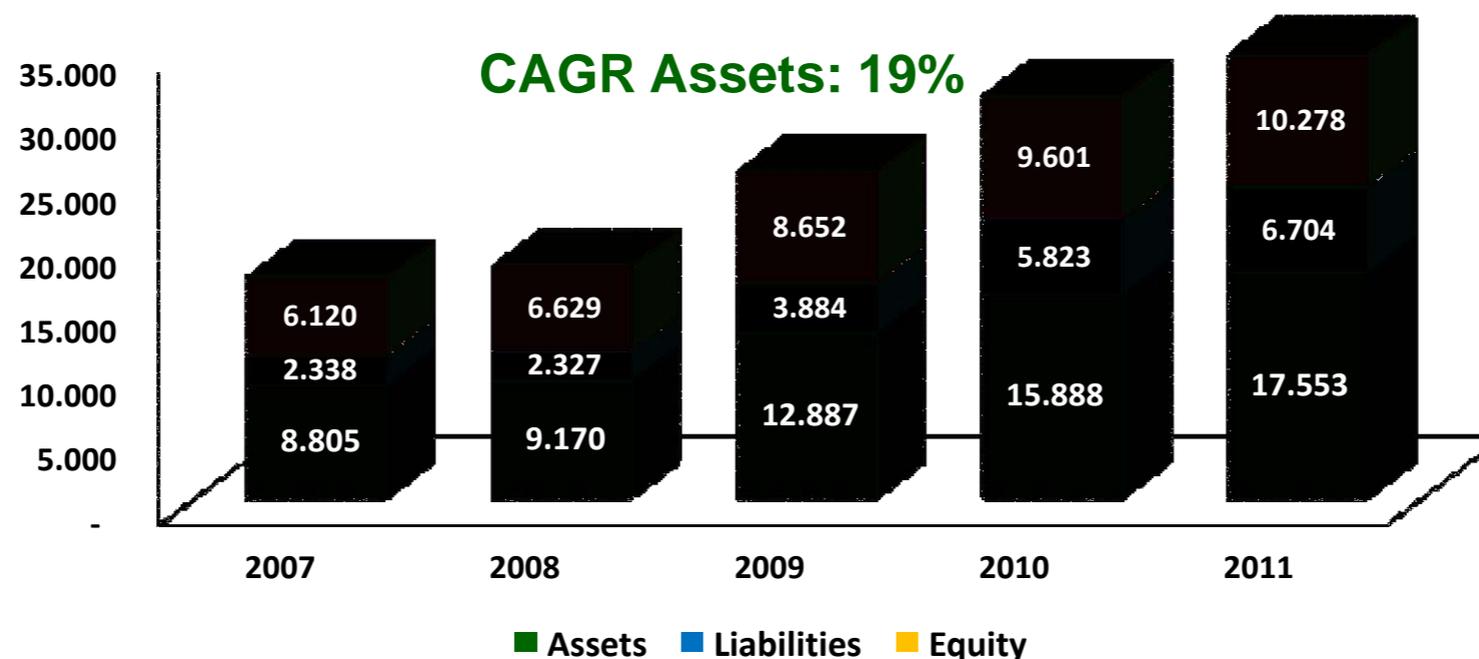


Concept	Dec. 2011	% YoY
Energy	697	36
Water	83	(48)
Telecommunications	34	(26)
Others	2	350
<b>Total</b>	<b>816</b>	<b>14</b>

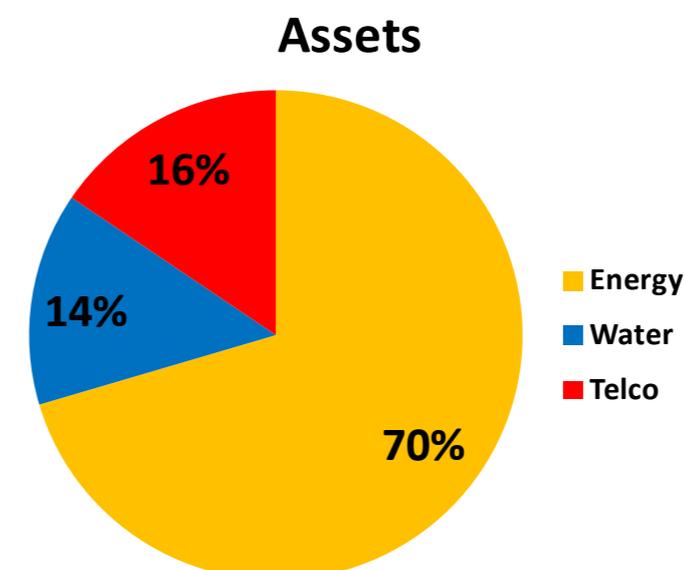


Note: Figures in million of US Dollars - (Non audited figures)

# Balance Sheet



Concept	Dec. 2011	Part.%	% YoY
<b>Assets</b>	<b>17.553</b>	<b>100</b>	<b>10</b>
Current assets	3.063	17	21
Non-current assets	14.490	83	8
<b>Liabilities</b>	<b>6.704</b>	<b>38</b>	<b>15</b>
Current	1.837	10	8
Non-current	4.867	28	18
Minority interest	570	3	23
<b>Equity</b>	<b>10.278</b>	<b>59</b>	<b>7</b>



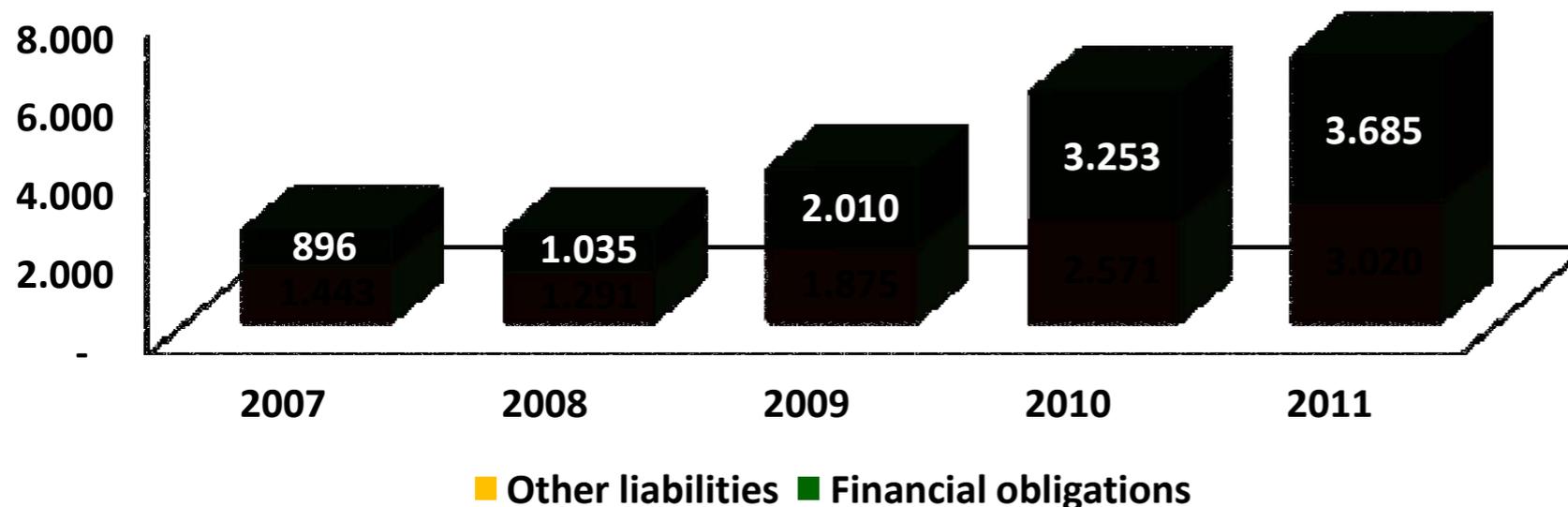
Note: Figures in US\$ million - (Non audited figures)

# Debt Operations



The most remarkable debt operations in 2011 were:

- EPM issued a 144A/RegS Global Bond in COP, equivalent to USD \$ 680 MM
- The subsidiary UNE issued a Local bond totaling US\$154 MM
- IADB loan execution of the first disbursement of US\$13.8 from the USD \$ 450 MM. Loan Agreement related to Bello's Wastewater Treatment Plant.
- US\$65 MM short term loan for DECAII, for the acquisition of Distribuidora DelSur Company in El Salvador. This loan was repaid in advance this quarter.
- IFC A/B Loan Agreement (USD \$349 MM) closed in late 2011

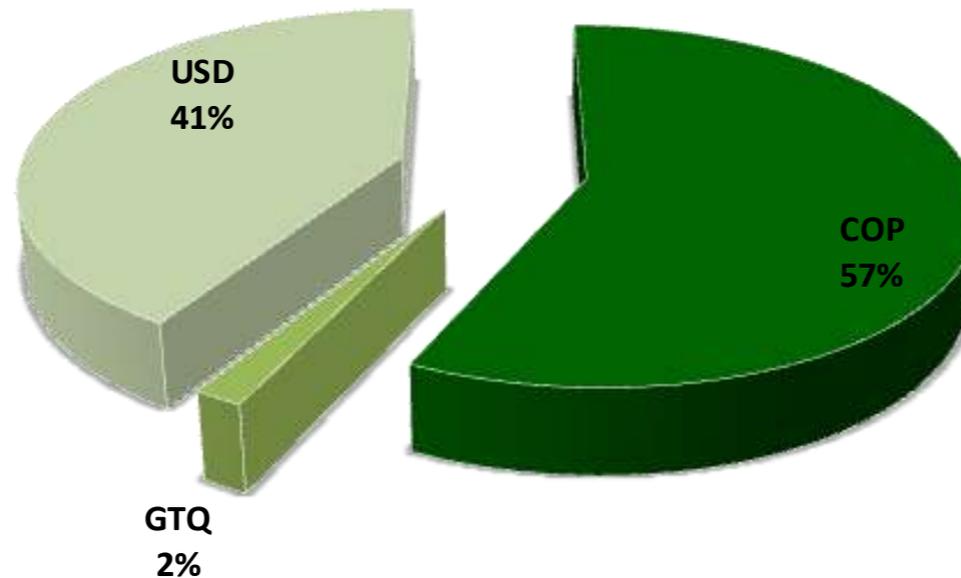


Note: Figures in US\$ million

# Debt Ratios



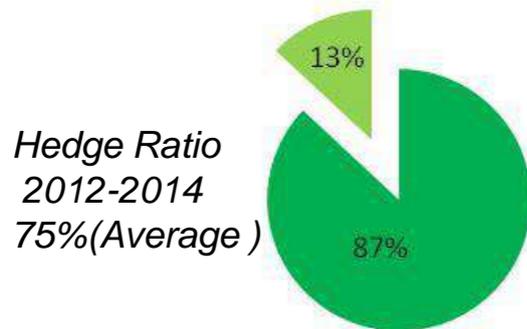
## Debt Composition as of 2011



Debt Ratios	2007	2008	2009	2010	2011
<b>Total indebtedness</b>	<b>27%</b>	<b>25%</b>	<b>30%</b>	<b>37%</b>	<b>38%</b>
<b>Financial indebtedness</b>	<b>10%</b>	<b>11%</b>	<b>16%</b>	<b>20%</b>	<b>21%</b>
<b>Debt/EBITDA</b>	<b>0,86</b>	<b>0,99</b>	<b>1,52</b>	<b>2,15</b>	<b>1,99</b>

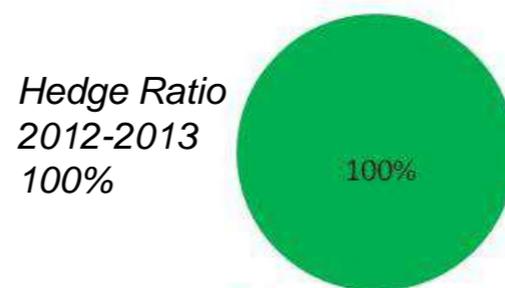
External Debt Hedge Ratio 2011

### EPM



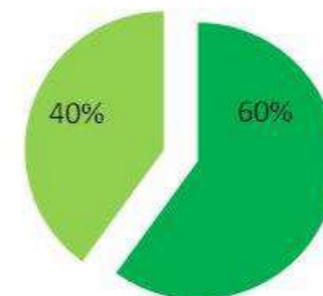
■ Hedged (using derivative financial instruments)  
■ No hedged

### UNE



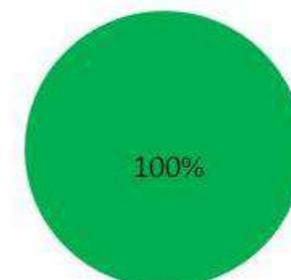
■ Hedged (using derivative financial instruments)  
■ No hedged

### EEGSA



■ Hedged (using natural hedges)  
■ No hedged

### Del Sur



■ Hedged (using natural hedges)  
■ No hedged

# Consolidated Debt

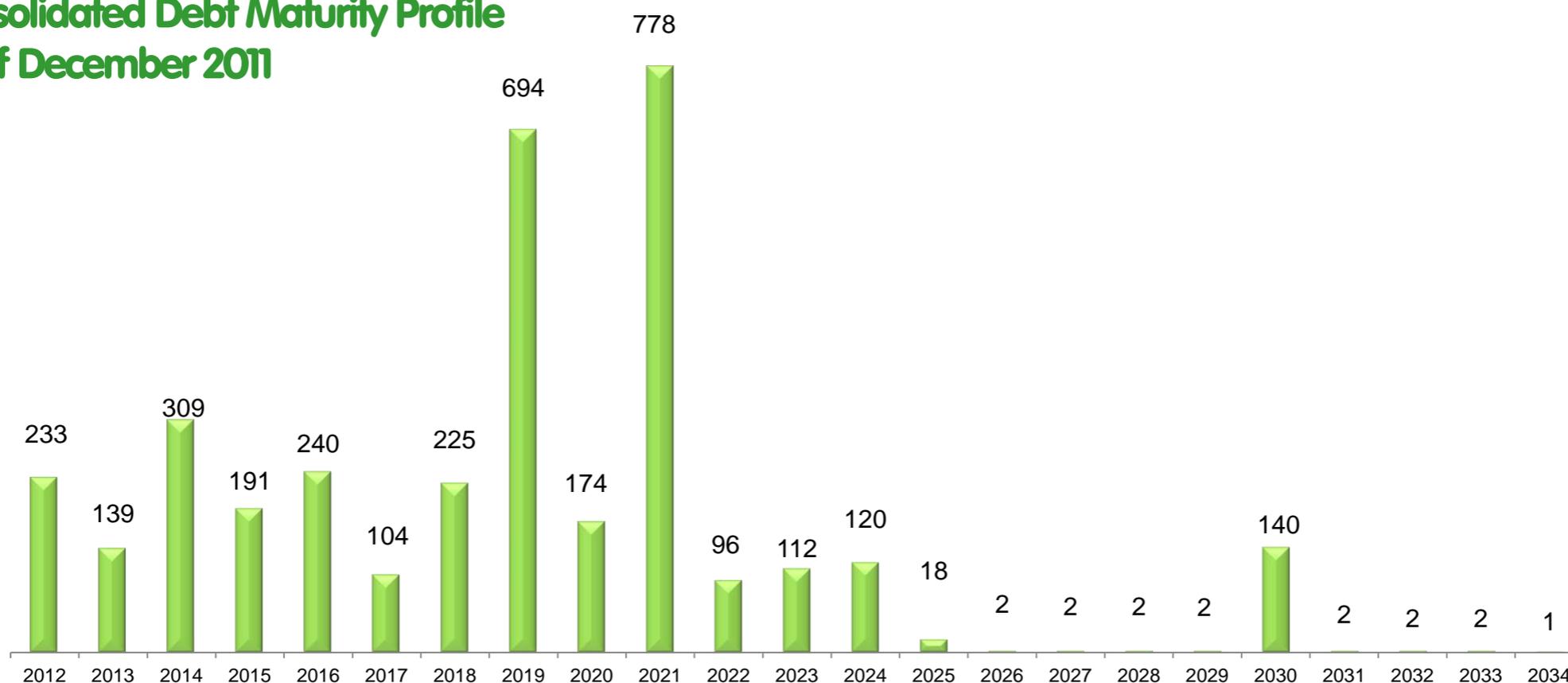


As of December 2011 – Figures in US\$  
(Non audited figures)

	2007	2008	2009	2010	2011
Total Debt	777	955	1.885	3.119	3.590
EPM Debt	545	657	1.620	2.402	2.712
Subsidiaries Debt	232	298	265	717	878

Note: FX rate 2007, 2008, 2009, 2010, 2011 (COP/USD): 2014,76; 2243,59; 2044,23; 1913,98; 1942,7, respectively

## Consolidated Debt Maturity Profile as of December 2011



Note: FX rate December 31, 2011 (COP/USD): 1.942,7

# Financial Ratios



Concept	EPM Corporate Group	Energy	Water	Telco.
EBITDA margin	31%	32%	44%	25%
Operating margin	21%	25%	28%	5%
Net income margin	14%	15%	23%	3%
Liquidity	1,67	1,52	5,81	1,17
Total indebtedness	38%	39%	33%	39%
Financial indebtedness	21%	22%	19%	18%
Equity profitability	8%	10%	5%	2%
Asset profitability	5%	6%	3%	1%
EBITDA/Financial expenses	6,55	6,92	4,34	6,62
Debt/EBITDA	1,99	1,92	3,04	1,80

Concept	1Q/ 10	2Q/10	3Q/10	4Q/10	1Q/11	2Q/11	3Q/11	4T/11
Revenues	1.015	1.054	1.020	1.169	1.409	1.463	1.540	1.569
EBITDA	354	366	379	365	497	468	464	433
EBITDA margin	35%	35%	37%	31%	35%	32%	30%	28%

# Financial Plan 2012 - 2014



## Investment Plan 2012-2014 \*

Energy: US \$ 2,97 billion

Water: US \$ 912 MM

Telecommunications: US \$ 779 MM

Total: US \$ 4,62 billion

**Note: \* It doesn't include new acquisitions**

## Financing Sources

- ✓ EPM Cash flow US \$ 3,5 billion
- ✓ IDB (Bello Wastewater treatment plant ) US \$ 393 MM
- ✓ IDB (Social Financing program) US \$ 10 MM
- ✓ IFC (A/B loan) US \$ 349 MM  
(Energy and Water distribution plans)
- ✓ Local Commercial banks US \$ 220 MM  
(Telecommunications Infrastructure)
- ✓ Public Credit Agencies US \$ 200 MM
- ✓ Other financial sources  
(Capital markets, Commercial Banks, ECAS, etc)



# EPM Highlights

Leading and Largest Multi-Utility Company in Colombia

Attractive Market and Strong Asset Base in Colombia and Central America

Strong and Stable Regulatory Framework

Quasi-Sovereign Nature with a Strong Corporate Governance

Solid Operating Margins and Sound Financial Profile

Experienced Management Team with Unparalleled Industry Knowledge

# EMPRESAS PUBLICAS DE MEDELLIN

Carrera 58 No. 42-125  
Medellin, Colombia

Tel: (57 4) 3805147 - Fax: (57 4) 3806771  
[www.epm.com.co](http://www.epm.com.co) (tab inversionistas)

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

**Juan Carlos Sampedro**  
Capital Management Unit Head  
[Juan.sampedro@epm.com.co](mailto:Juan.sampedro@epm.com.co)

**Catalina Lopez**  
IR - Capital Management Unit  
[Catalina.lopez@epm.com.co](mailto:Catalina.lopez@epm.com.co)

