

Grupo·epm

**Annual Emerging Markets
Corporate Conference 2016**
Bank of America Merrill Lynch
Miami, FL. June 1- 3

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Agenda

1 EPM Highlights

2 Corporate Overview

3 Corporate Strategy

4 Main Infrastructure
Project

5 Recent Evolution Events

6 Financial Highlights

7 2016 Key Facts

1. EPM highlights

- Colombia's largest multi-services utility company, with presence in Central America, Mexico and Chile.
- Market leader in key segments, with an unmatched, vertically-integrated business model and an outstanding operational track record.
- Quasi-sovereign, 100% owned by the Municipality of Medellin with a strong corporate governance model.
- Stable regulatory environment, transparent and supportive of market participants.
- Sound financial profile, with significant cash flow generation and ample access to credit markets.



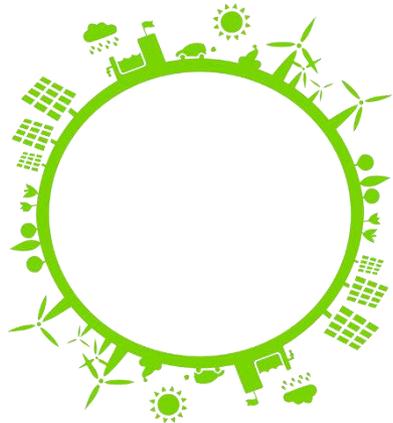
2. Corporate Overview

We are a Colombian state-owned Multi-Latin economic group



We create equitable **well-being** and **development**

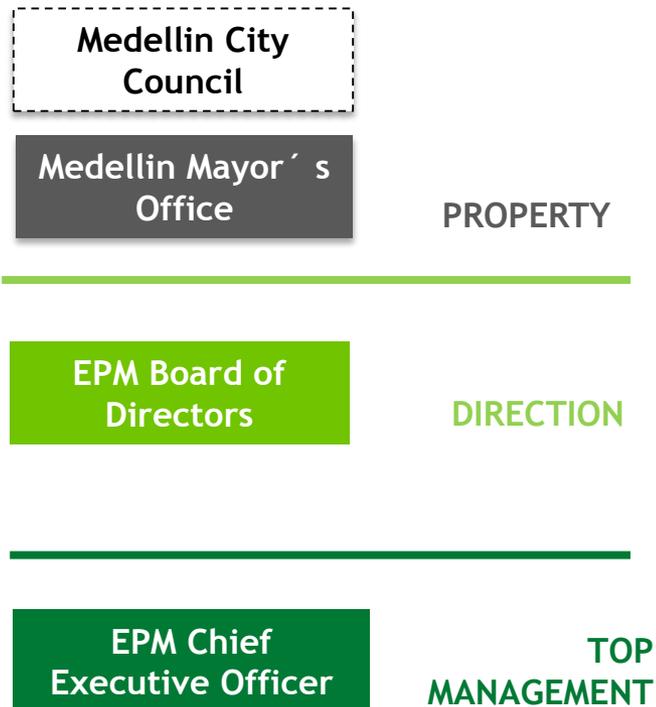
We provide comprehensive solutions in the fields of electricity, gas, water, solid waste management, and information and communication technologies -ICT-



2. Corporate Overview

Corporate Governance - Continuity and stability on the board of Directors

Transparency between ownership and management



Business Model: creating value with social balance, environmental and economic

- **Medellin's Mayor and Chairman of EPM Board of Directors:** on January 1st, upon taking office, the Mayor of Medellin, **Mr. Federico Gutiérrez Zuluaga**, is the current chairman of the Board of Directors of EPM.
- **Continuity and stability on the board of Directors:** on January 26th, the Mayor of Medellin appointed the members of the Board of Directors of EPM: **he ratified five members, changed two and appointed a vacancy.**
- On January 1st, engineer Jorge Londoño De la Cuesta took office as the **new Chief Executive Officer and leader of EPM Group.**
- Organic Growth and operational efficiency **strategy confirmed. Acquisitions paused** looking to reduce increased leverage due to El Niño and Cop depreciation" focus on client service and satisfaction and continue improving employee leadership, communication and climate.

2. Corporate Overview



 Power (Generation, Distribution, Transmission)

 Gas

 Water

 Waste Management

Colombia's largest multi-utility. Second largest corporate in the country

- **Assets:** COP 42.6 billion
- **Revenues:** COP 3.8 billion
- **EBITDA:** COP 577 thousand million

Headquartered in Medellin, with a growing Latin American portfolio

- Founded in 1955
- Provides services to **over 20 million people**
- Total EPM Group companies: **49** (Colombian: 12, International: 37)

EPM Ratings (Parent):

- **Fitch:** international **BBB+** and Local **AAA** (stable outlook) annual review October, 2015. Ratings affirmed in March, 2016 after analyzing non-current events.
- **Moody's:** **Baa3** (positive outlook) annual review October, 2015. Ratings affirmed in April, 2016 after analyzing non-current events.

Low-risk profile and stable credit metrics

- Stable regulatory environment
- Transparent corporate governance
- Diversified revenue sources

2. Corporate Overview

Solid market share with high barriers to entry in key segments

Market share by business

Colombia

Power

- #1 Generation
- #4 Transmission
- #1 Distribution

Central America

- Distribution
 - #1 Guatemala
 - #2 El Salvador
 - #2 Panama

Colombia

Gas

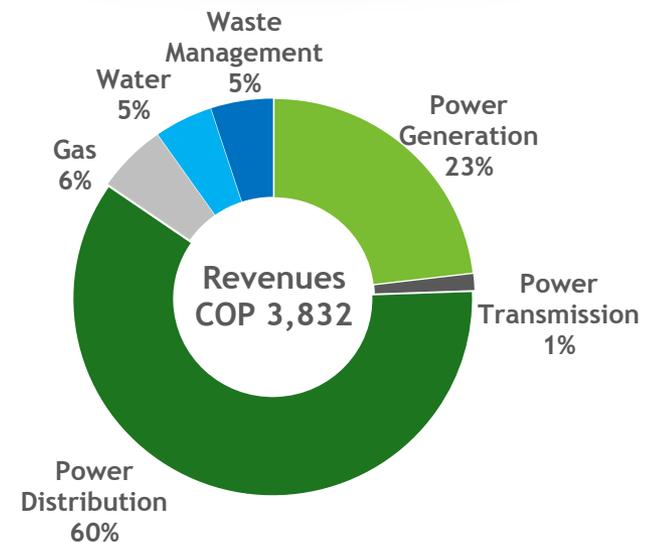
- #3 Distribution and Commercialization

Colombia

Water and Waste Management

- #2 Water
- #3 Waste Management

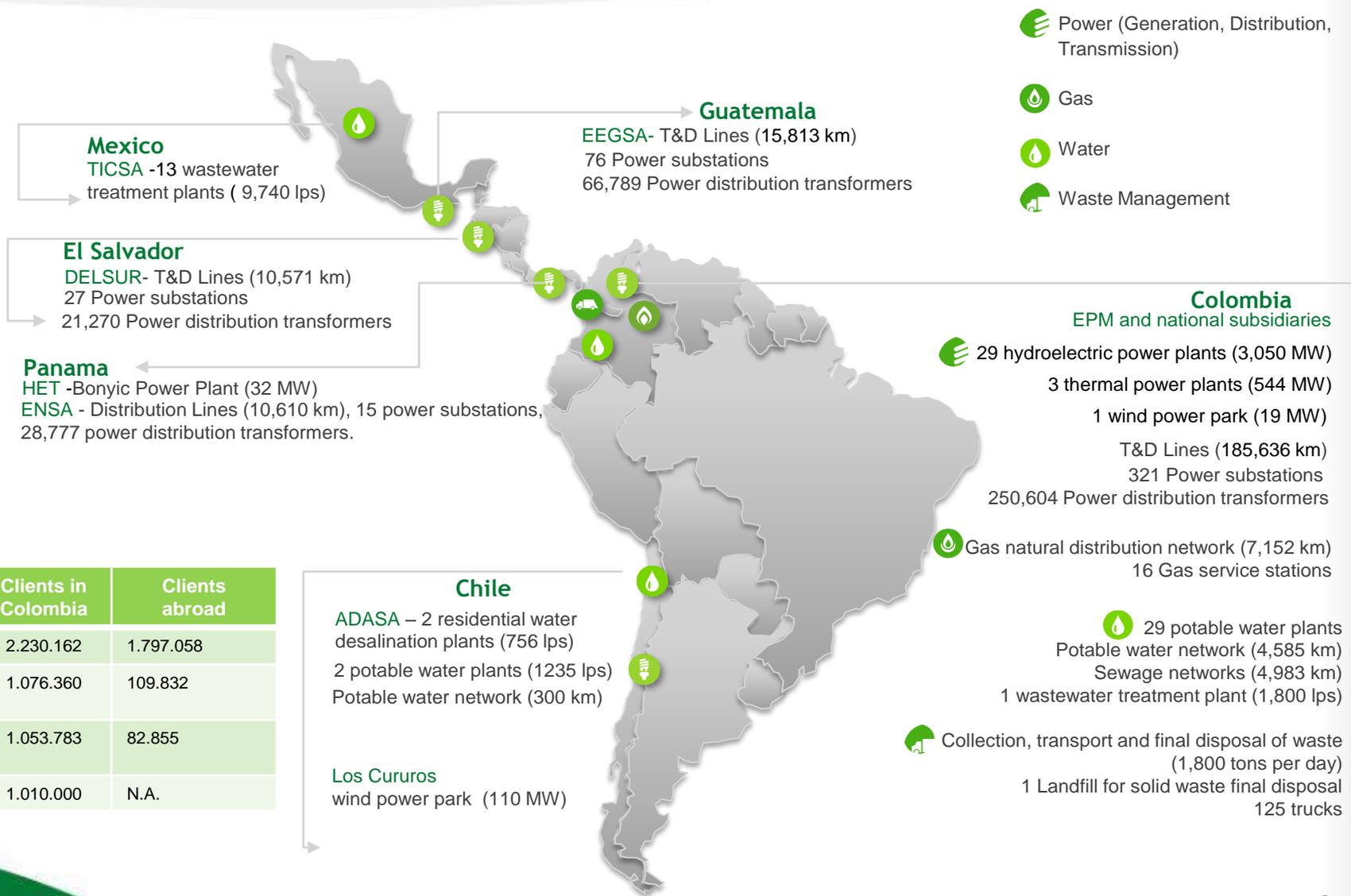
- A leading player in Colombia and Latin America with solid market share in key markets and segments.
 - Focused on electricity generation, transmission and distribution, natural gas, water, cleaning and sanitation.
- Vertically-integrated and highly-complementary business model, with high barriers to entry.
 - Regulated revenues and medium-term contracts lead to predictable cash flows.



Note: figures in COP thousands million as of March 31, 2016

2. Corporate Overview

Business Infrastructure



Services	Clients in Colombia	Clients abroad
Electricity	2.230.162	1.797.058
Potable water	1.076.360	109.832
Sewage management	1.053.783	82.855
Gas	1.010.000	N.A.

3. Corporate Strategy

Expand dominance in core businesses and further LatAm expansion



In 2022
EPM Group's
great milestone



To continue growing in our core businesses going forward, generating value for stakeholders, enhancing social well-being and protecting the environment.



Investment Plan 2016-2019*: COP 11.8 billion

- 78% energy, 22% water
- Largest investments include the Ituango hydroelectric project and the Bello waste water treatment plant
- 62% Parent Company, 38% Subsidiaries



Bulk of investments to be funded via internally generated cash flow

Complementary financing sources include:

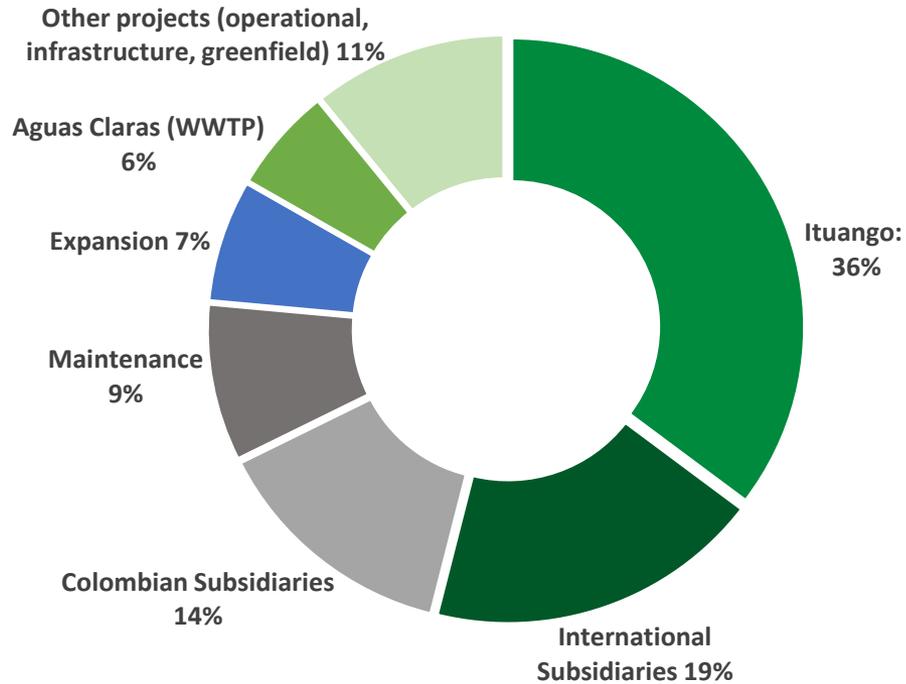
- Capital markets (local and international)
- Commercial banks (local and international)
- Development banks & Multilaterals

*Investment Plan 2016-2019 approved by the Board of Directors a on Nov.2015 10

3. Corporate Strategy

Infrastructure Investment Plan 2016 - 2019

EPM investments for 2016 - 2019 period
total COP 11,840,815 million



4. Main Project

Ituango Hydroelectric Generation Plant

➤ Largest hydro-generation power plant in Colombia **2.400 MW** /8.563 GWh/year



Ituango will represent **17.9%** of total Colombian installed capacity.



✓ Key contracts already executed with top construction firms

- Main civil works: Consortium: Camargo Correa SA, Conconcreto SA and Coninsa Ramon H SA.
- Turbines, generators: Alstom Brasil
- Transformers: Siemens Transformer Co. Ltd.

- Total cost: COP 11.4 billion (equivalent USD 5 billion)
- Investment (2011- Apr.2016): COP 4.5 billion (USD 2.1 billion)
- 8 Francis type turbines: 300MW each
- Start of operation: 1st Stage in 2018 (**1.200 MW**), 2nd Stage in 2022 (**1.200 MW**)

Funding

- Local bonds: COP 867.280 million
- Global COP bonds: COP 965.745 million
- Club Deal: USD 450 million
- EDC: USD 135 million (in development)
- On April 26th, EPM and BNDES signed a credit agreement for USD 111.4 million, for the financing of turbines and generators. Tenor 23.5 years and with a period of disbursement until the completion of the project.

4. Main Project

Ituango Hydroelectric Generation Plant



Total work progress as of April 2016: **50.4%**



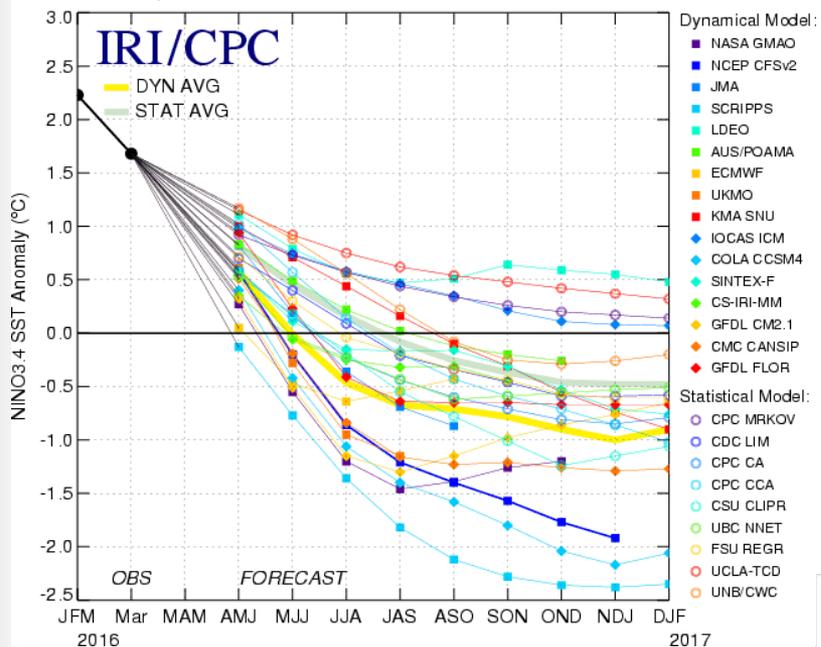
External Civil Works

- ✓ Milestone recently achieved: **50% progress in the main civil works:**
- ✓ The Dam, 225 m high with 20 million m³ of rock is at **33%**.
- ✓ The Power house, (a 250 m long and 49 m high cavern equivalent to a 16-story building) was **concluded at the Northern area**, where the first four turbines will be located, and **the Southern area is at 90% completion.**
- ✓ The Spillway, (a channel to control river floods of more than 25,000 m³ of water and whose construction means excavating 13.5 million m³ of rock) is at **73%** of construction.

5. Recent Evolution of events

El Niño Phenomenon - Hydrology and Reservoirs

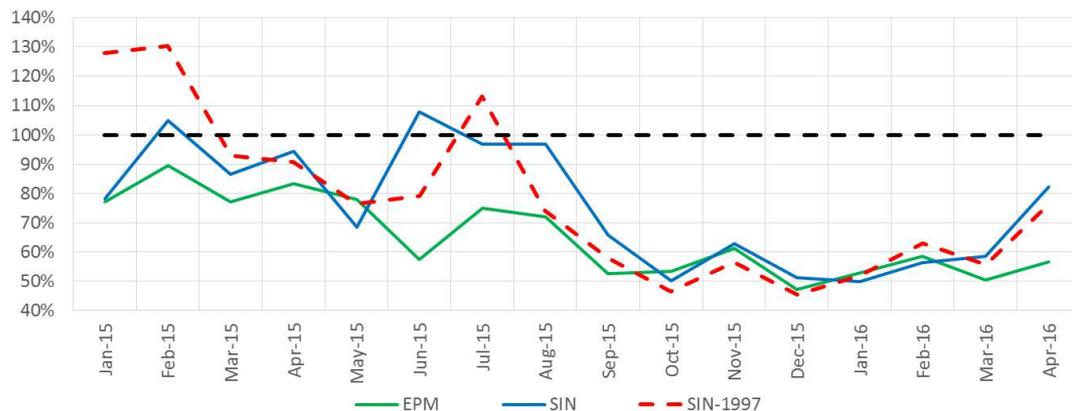
Mid-Apr 2016 Plume of Model ENSO Predictions



Model predictions: weakening of *El Niño* conditions during April and May 2016, becoming neutral conditions by around June.

El Niño probabilities fall rapidly to about **20%** by May-July and to **less than 10%** or lower

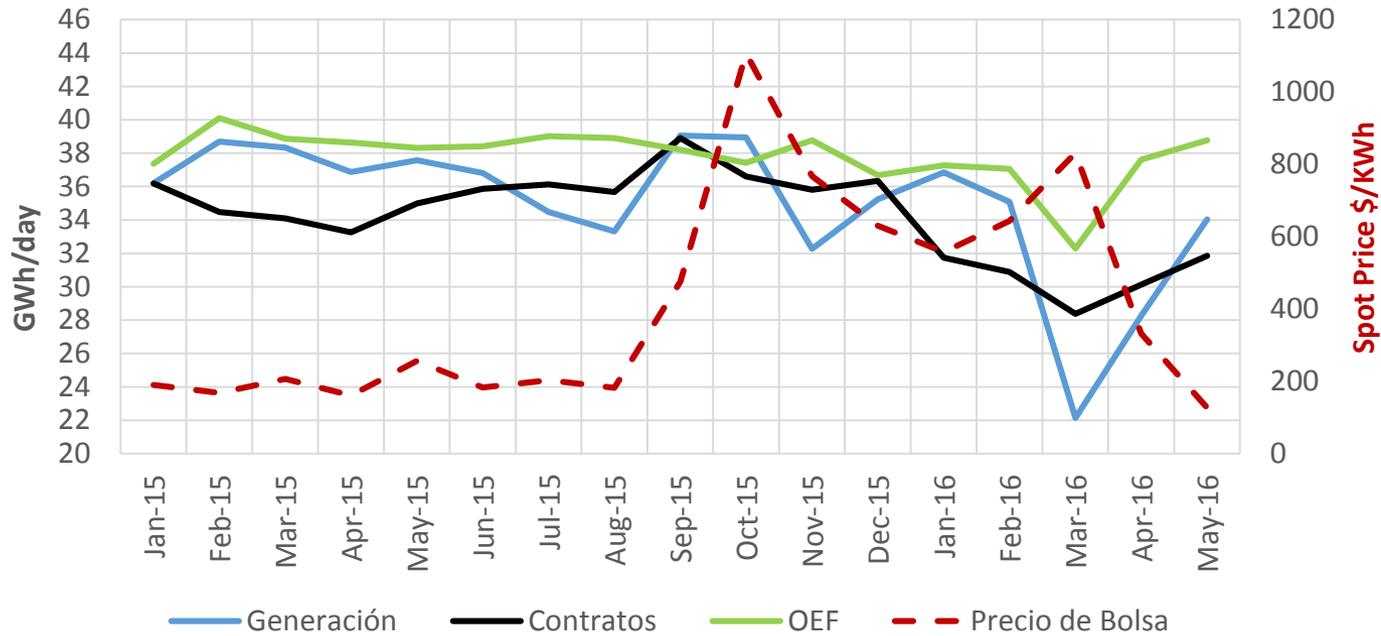
Hydrology (Average%)



5. Recent Evolution of events

El Niño Phenomenon - Evolution of physical variables and Spot Price

Generation vs Contracts

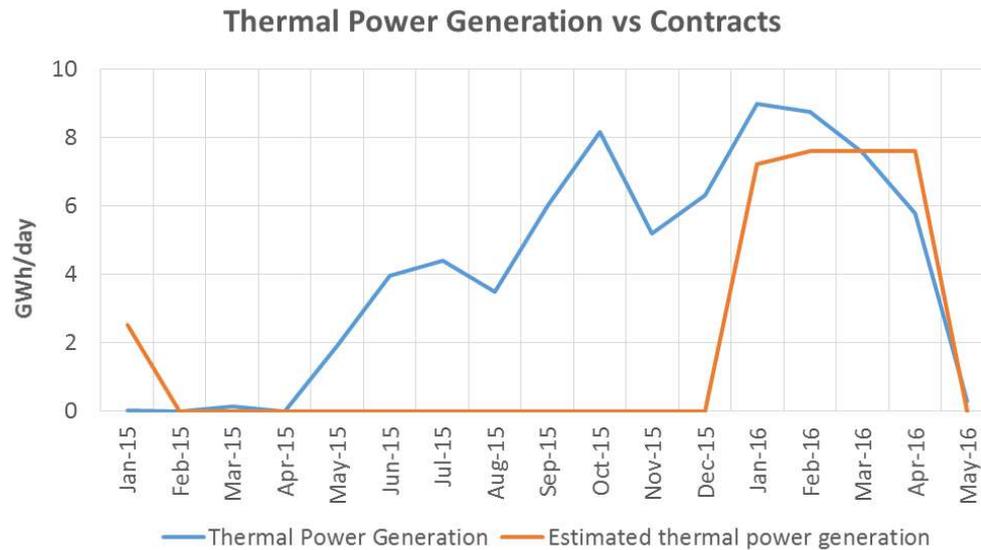
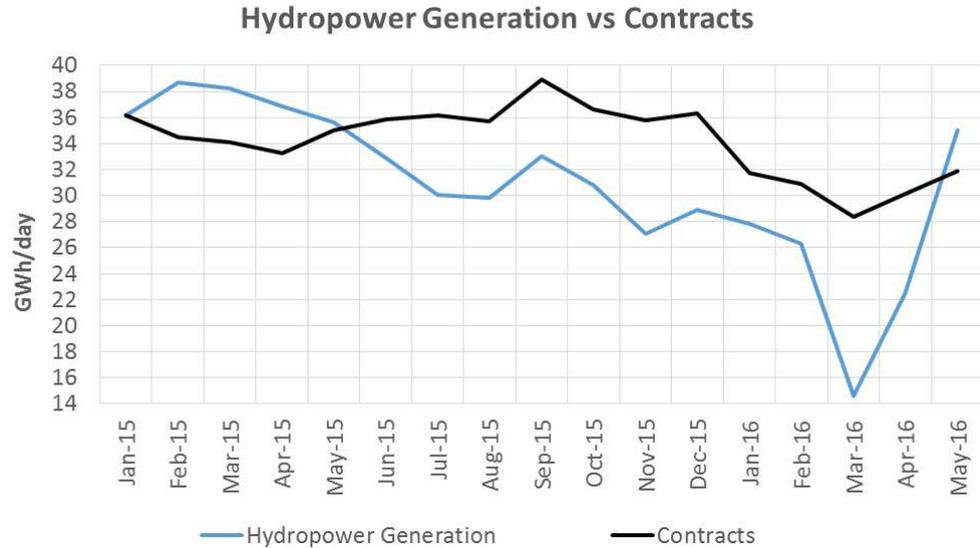


% of EPM's thermal generation

Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-16	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
0.1%	0.0%	0.3%	0.0%	5%	11%	13%	10%	15%	21%	16%	18%	24%	25%	34%	20%	0.0%

5. Recent Evolution of events

El Niño Phenomenon - Hydro and Thermal Power Generation



5. Recent Evolution of events

Guatapé Hydroelectric Generation Plant - Restart of operations

Restart operation at Guatapé hydroelectric power plant in record time:

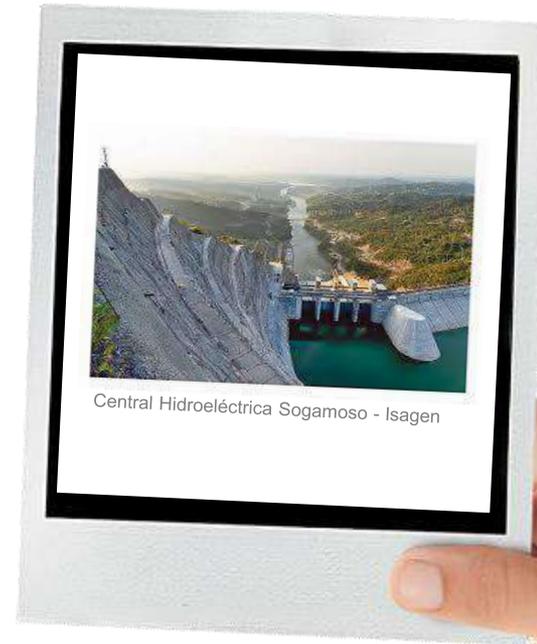


- The incident at Guatapé has an estimated **net impact on the EBITDA of 2016** preliminarily in an amount of **COP 180 thousand million**, including the recovery by the insurance policy.
- EPM is **advancing satisfactorily in the technical** repair management of the affected assets and in the insurance claim.
- **On April 25th, before the estimated date**, EPM put into operation **25% of Guatapé hydroelectric Plant** with two of the eight units that the Plant has in total. And on May 5th, again ahead of schedule, other two power generating units went into operation, with which **the plant already operates at 50% of its capacity**.
- Costs estimated for **business interruption** between COP 580 - 600 thousand million, repair works, **worth close to USD 25 million**, and the insurance policy **deductibles between COP 173 - 178 thousand million**.

5. Recent Evolution of events

Isagen shares - Additional liquidity

- As a consequence of the central government sell of Isagen, the government required the buyer to pay the same control price to minority shareholders.
- On March 15th the Council of Medellin authorized to sell 13,14% of EPM's shares in Isagen.
- EPM expects to receive close to COP 1,480,000 million.
- About COP 600,000 million will be distributed to its owner, COP 150,000 million each in the next four years (2016-2019).
- Additional resources to increase liquidity in 2016 (expected in July).

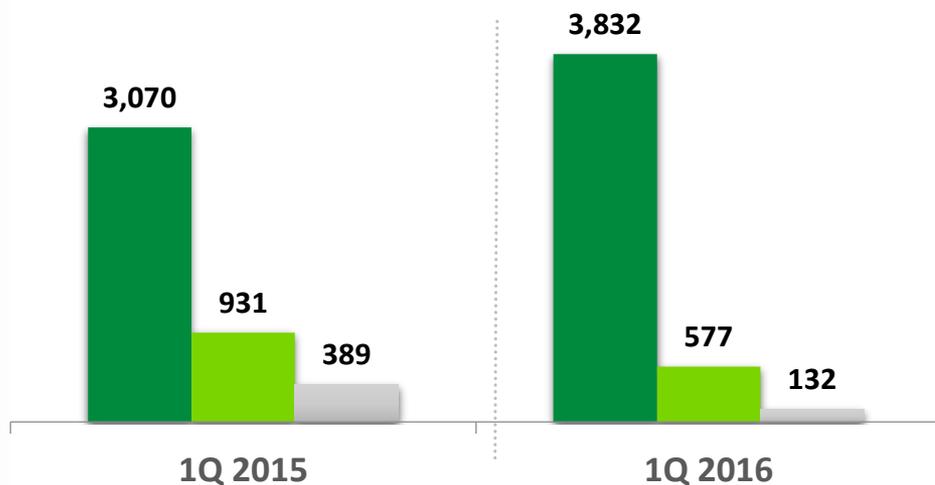


6. Financial Results 1Q2016

EPM Group Income Statement

Figures in COP thousand million

■ Revenues ■ EBITDA ■ Comprehensive income

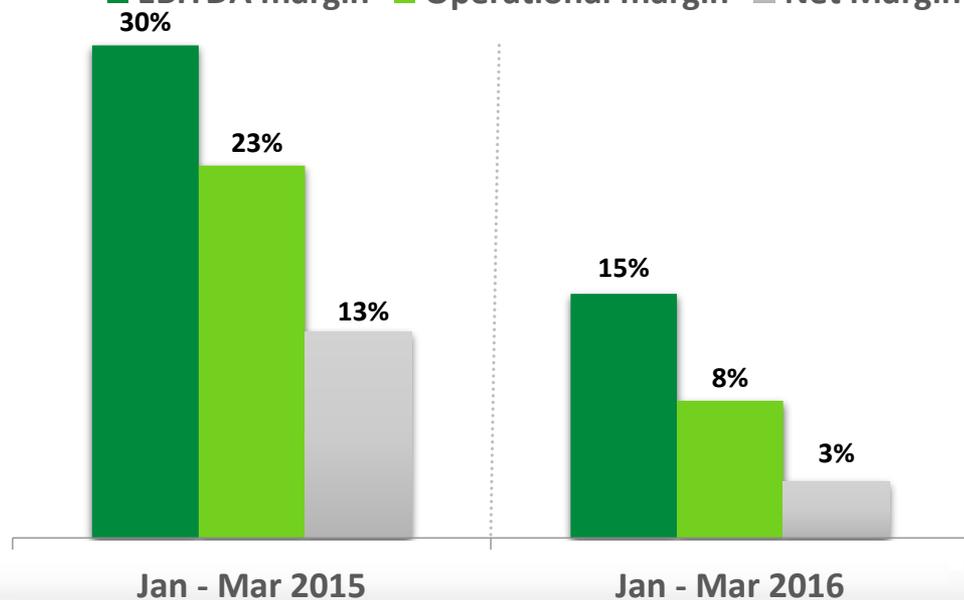


Variation in COP 1Q2015 – 1Q2016

- Revenues: 25%
- EBITDA: - 38%
- Comprehensive income: - 66%

Note: without including the Guatapé insurance claim payment.

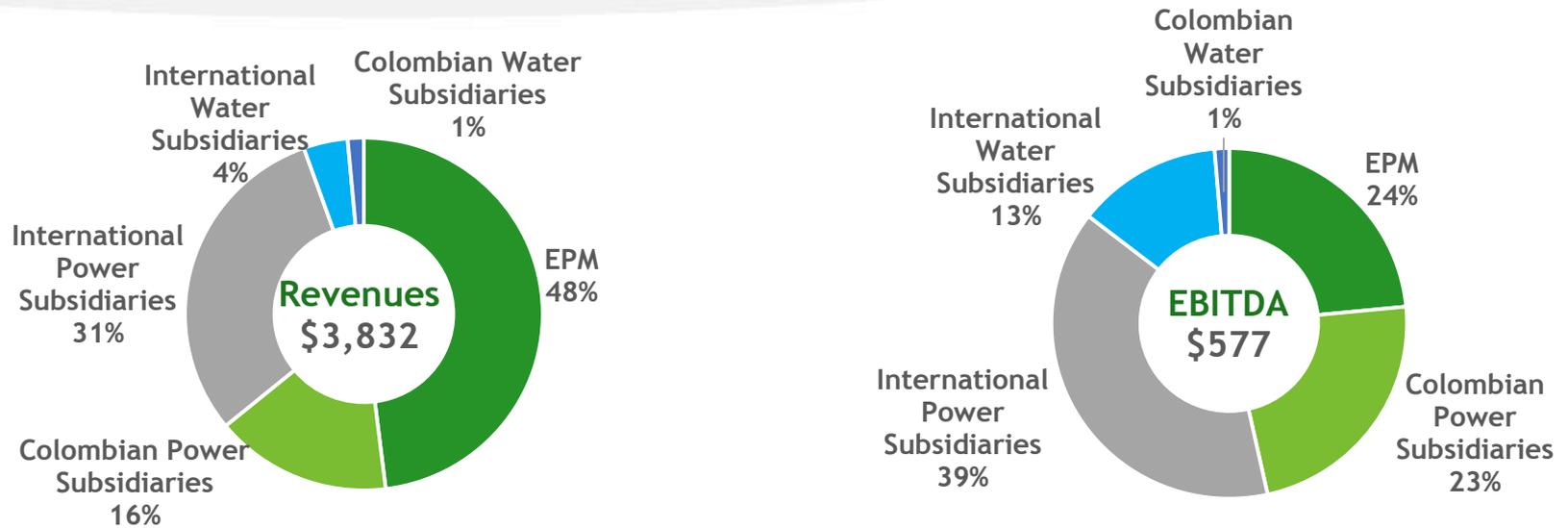
■ EBITDA margin ■ Operational margin ■ Net Margin



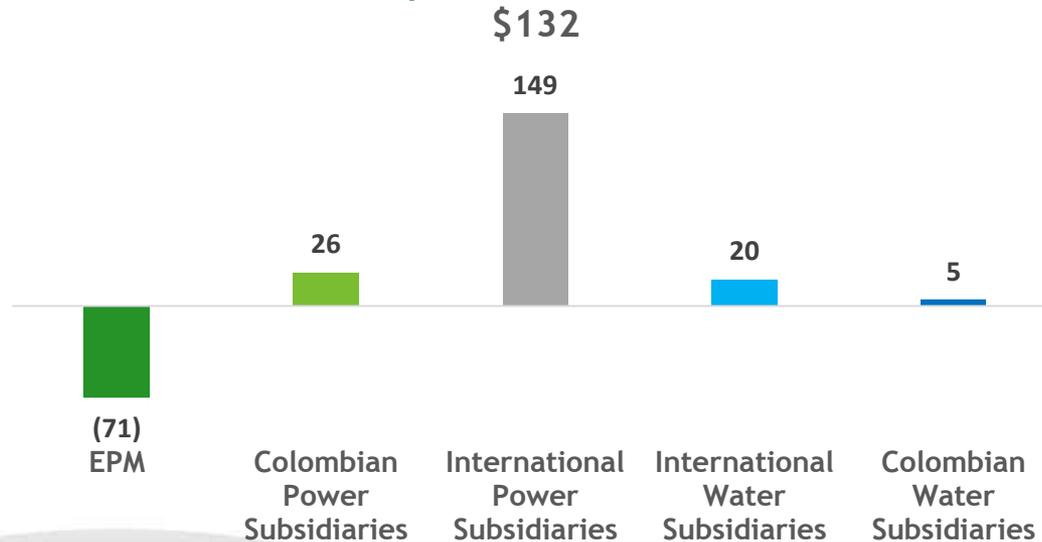
6. Financial Results 1Q2016

By Colombian and International Subsidiaries

Figures in COP thousand million



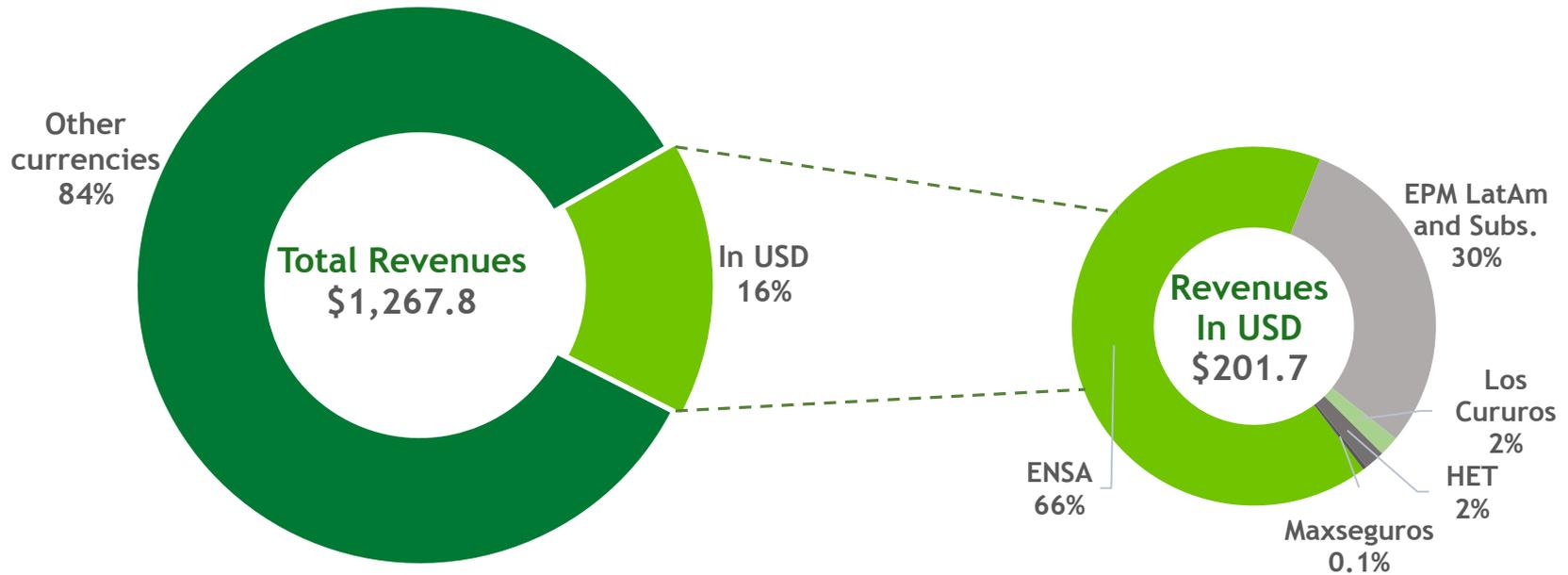
Comprehensive Income



6. Financial Results 1Q2016

Revenues generated in USD and Other currencies

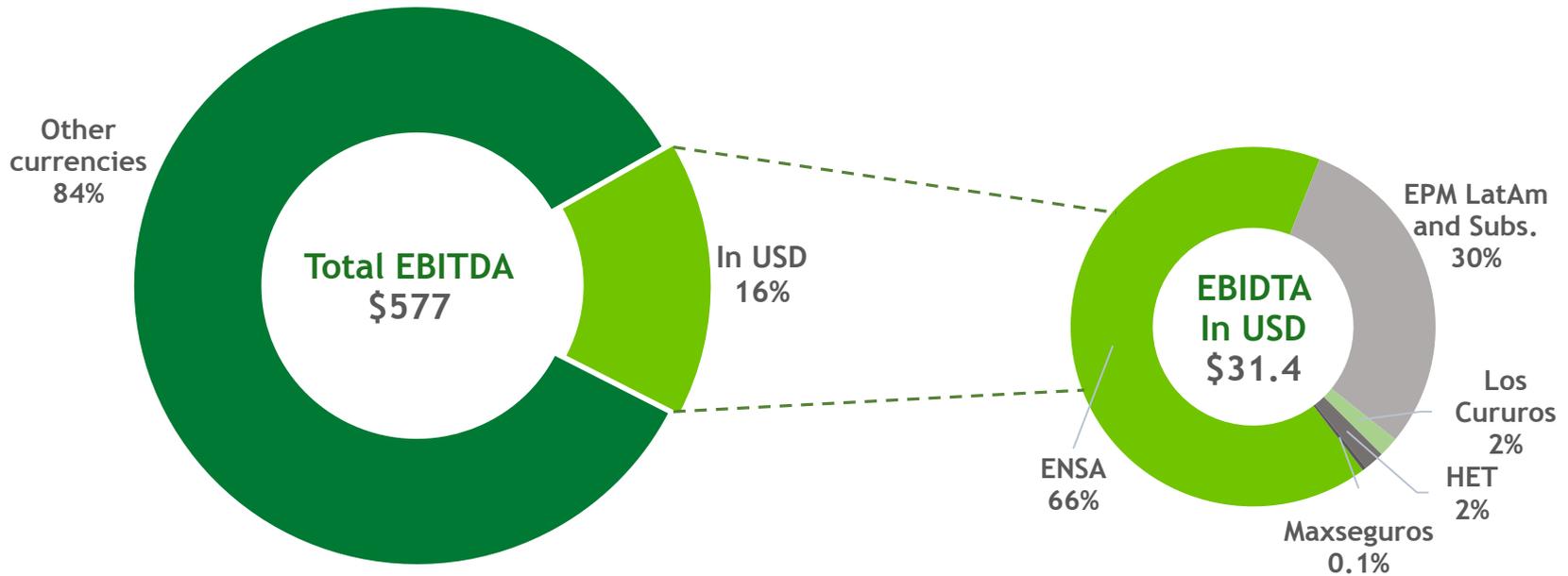
Figures in USD million



6. Financial Results 1Q2016

EBITDA generated in USD and Other currencies

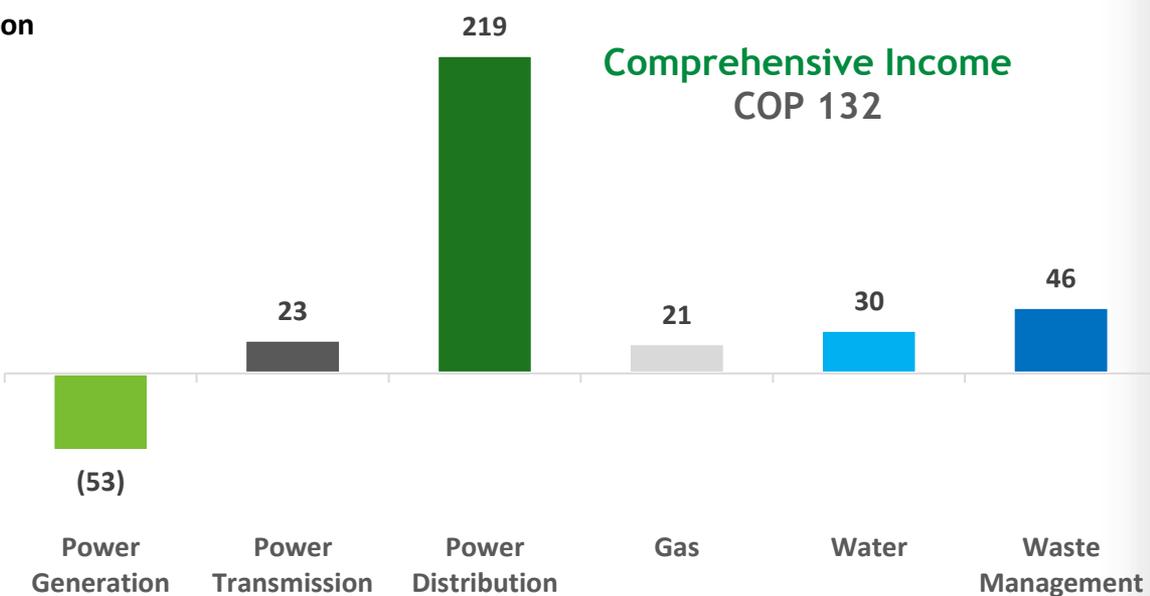
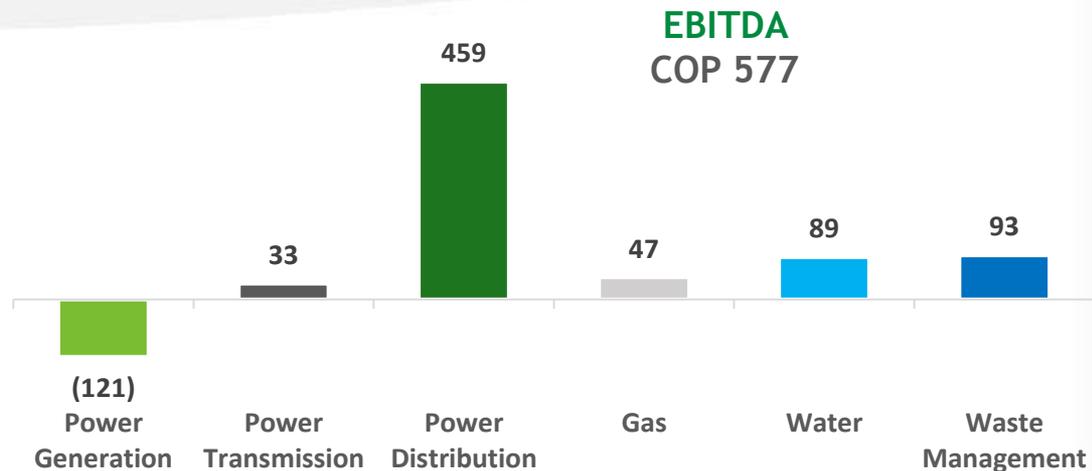
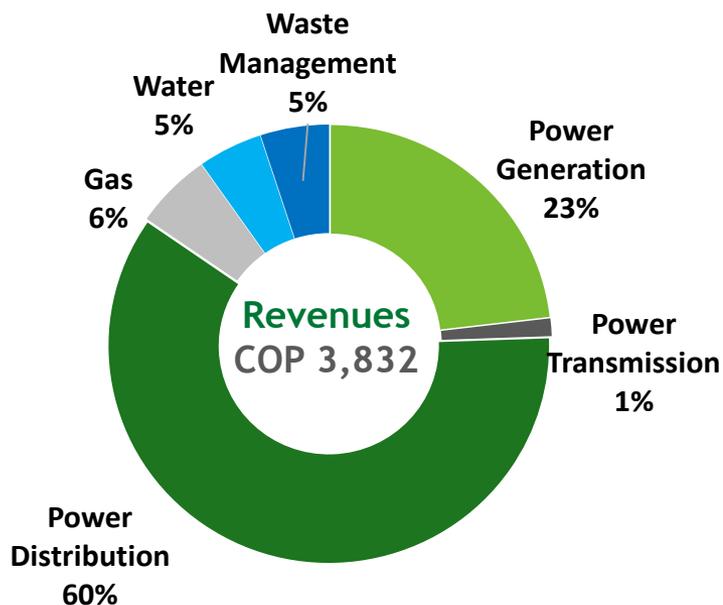
Figures in USD million



6. Financial Results 1Q2016

By Segments

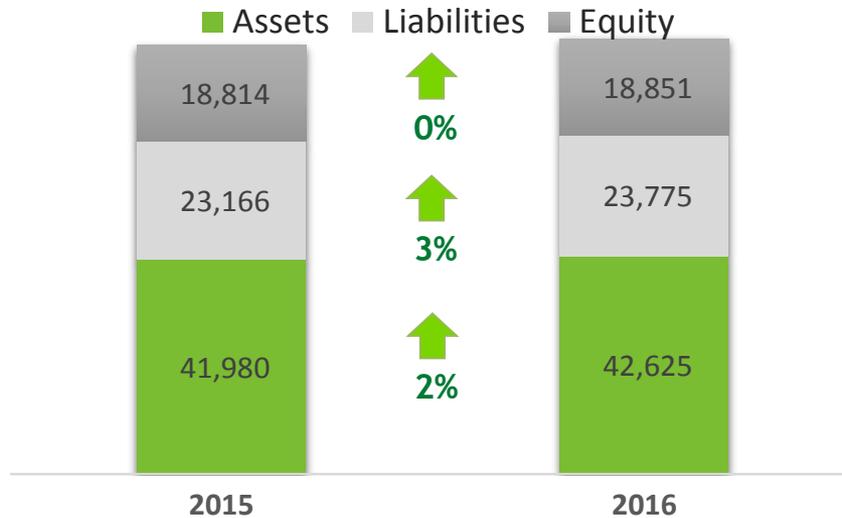
Figures in COP thousand million



6. Financial Results 1Q2016

Statement of Financial Position

Figures in COP thousand million



Ratios	2015	2016
Total debt	52%	56%
Financial debt	32%	37%
EBITDA/financial expenses	6.18	3.20
Debt/EBITDA	3.23	4.29

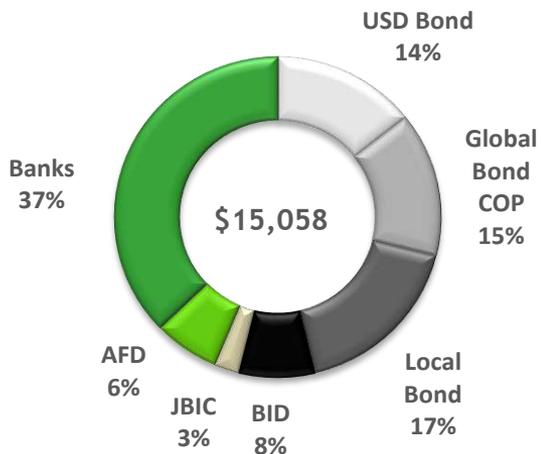
- Between December 2015 and March 2016, the Debt/EBITDA covenant went from 3.76 to 4.29, as a result of: 1) Lower EBITDA, 2) More energy purchases in the spot market, 3) Increased power generation at La Sierra. The combined effect of such factors produced lower COP 292 thousand million EBITDA. 4) Finally, debt increased with respect to December due to the USD 200 million disbursement of the Club Deal in January.
- 1Q2016 waiver for the Debt/Ebitda covenant in process with JBIC, outstanding debt for US 145 million.
- EPM expects to return to Debt/EBITDA ratio under 3.5 times in 1H - 2017.

6. Financial Results 1Q2016

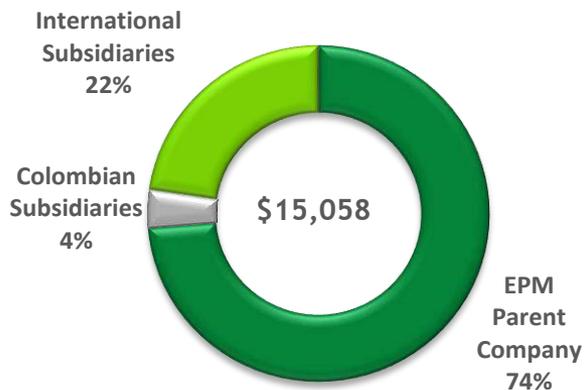
Debt Profile

Figures in COP thousand million

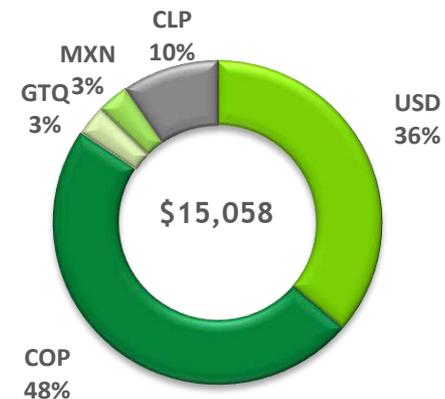
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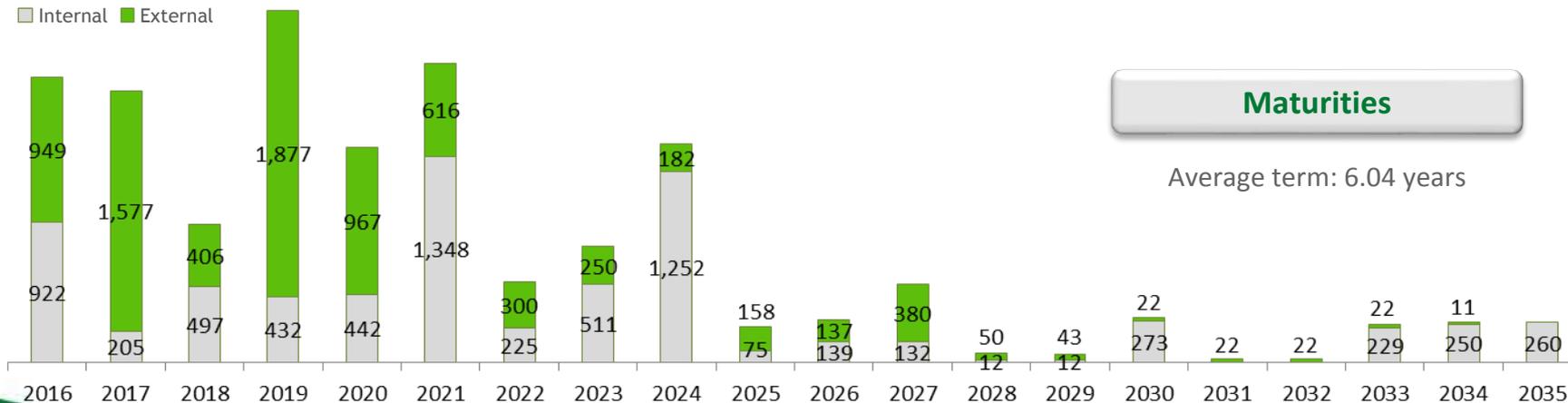
Companies



Currency



Internal External



Maturities

Average term: 6.04 years

7. 2016 Key Facts

- Fitch Ratings (March 16) and Moody's (April 18) ratings agencies ratified EPM's rating investment grade BBB+ and Baa3 after analyzing recent non-recurrent events.
- EPM top management team has a strong commitment to return to ratio Debt/EBITDA 3.5 levels.
- Weakening of El Niño as well as the normalization of the spot prices will help to improve EPM financial performance for the coming months.
- It is estimated to receive in June 2016 the resources from EPM's shares sell in Isagen, close to COP 1,480,000 million.
- Guatapé incident has been resolved successfully and covered by the insurance.
- EPM continues with a strong credit profile.

Gracias

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