

Grupo·epm

J.P. Morgan 9th Annual Global Emerging Markets
Corporate Conference
February 26-28, 2018

Included in The Sustainability Yearbook 2018

ROBECOSAM



Agenda

- Corporate overview
- Corporate strategy
- Infrastructure investment plan
- Main infrastructure projects
Main acquisition
- Financial highlights



1. Corporate Overview

We provide comprehensive solutions in the fields of:

We are a Colombian Multi-Latin economic group owned by the municipality of Medellin, with 63 years of corporate experience.



Electricity



Natural Gas



Water



Solid Waste Management



Telecommunications
(as Une Tigo shareholder)



1. Corporate Overview

Relevant facts



-  Power (Generation, Distribution, Transmission)
-  Gas
-  Water
-  Waste Management

Colombia's largest multi-utility

- **Assets:** COP 46 billion* (USD 15.3 bn equiv.)
- **Revenues:** COP 13.5 billion* (USD 4.5 bn equiv.)
- **EBITDA:** COP 4.3 billion* (USD 1.4 bn equiv.)

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**

Credit Ratings:

- **Fitch:** international **BBB+** (stable outlook) and Local **AAA** (stable outlook).
- **Moody's:** **Baa2** (negative outlook).

* Results as of November 30, 2017. Figures in COP translated into their USD equivalent using the exchange rate of COP/USD \$3,006.09 as of November 30, 2017.

1. Corporate Overview

Our presence in Colombia



Market Share

Power



- Generation **23%** ^(1,2)
- Distribution **23.9%** ⁽³⁾
- Transmission **10.3%** ⁽⁴⁾

Customers

More than **4.3 million**

Key Figure

3,482 MW net effective capacity throughout 33 power plants.

Largest electricity generator and electricity distributor in the country

Gas



- Distribution and Commercialization **12.7%**

More than **1 million**

Main distributor in the region of Antioquia, **2nd** in Colombia.

Water



- Water and Sewage **13.5%** ⁽⁵⁾

- Water and Sewage **1.4 million**
- Waste management **775 thousand**

2nd largest player in Colombia

Source: EPM. XM.

Note: Information as of Dec. 2017, unless otherwise stated.

(1) EPM ranks 1st in terms of Generation, Distribution and Commercialization.

(2) Based on electricity generated in the Sistema Interconectado Nacional.

(3) Based on commercialized energy.

(4) Measured as a percentage of total transmission lines in the Sistema de Transmisión Nacional. (5) Information as of December 30, 2014.

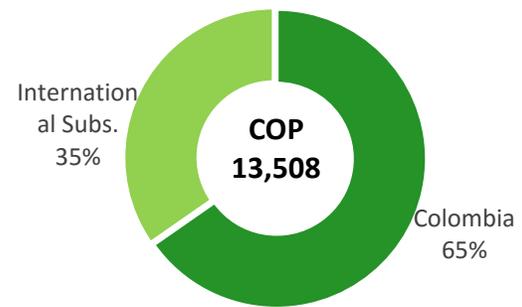
2. Corporate Overview

Our presence in Latin America



Infraestructure	Grupo EPM (Colombia and LatAm)
Power Generation	34 hydro power plants: 3,054 MW 2 thermal power plants: 497 MW 2 wind parks: 129 MW
Power Distribution	T&D Lines: 235,274 Km Substations: 435 Transformers: 337,551
Gas Natural	Distribution Lines: 7,519 Km
Water	Potable Water network: 5,962 Km Sewage network: 6,270 Km

Revenues



Year of acquisition:	ADASA 2015	DECA 2010	HET 2011	Los Cururos 2013	ENSA 2011	TICSA 2013	DELSUR 2011
Amount Invested (USD MM):	991	635	314	238	152	116	63

Total invested: USD 2.509 million

3. Corporate Strategy

2025 EPM's great milestone

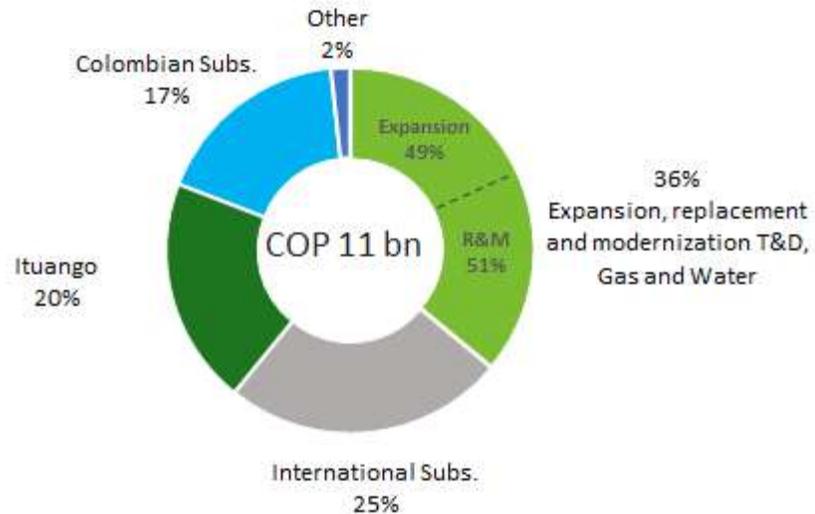
By **2025**, EPM Group will be growing in an efficient, sustainable and innovative way, guaranteeing access to the services rendered by it in the territories where it is present to **100%** of the population, **protecting 137,000 new hectares of water basins**, with a **carbon neutral operation**, and generating **EBITDA of COP 12.6 billion**.



4. Infrastructure Investment Plan 2018-2021

CapEx: COP 11 billion* (USD 3.67 billion equiv.)

- 63% Power, 35% Water, 2% Other
- 58% EPM Parent company, 17% Colombian subsidiaries, 25% International subsidiaries



* Financial budget as of Dec. 2017

➤ Financing structure:

➤ Funding operations to be disbursed (1.779 MM) :

- ✓ A/B loan IDB Invest: USD 1.000 MM
- ✓ EDC: USD 300 MM
- ✓ CAF: USD 200 MM
- ✓ Local commercial Banks: equiv. USD 113 MM
- ✓ BNDES: USD 85 MM
- ✓ IDB 2120: USD 81 MM

➤ Funding operations in progress:

- Local bond in Chile: USD 400 MM
- Local commercial banks: USD 41MM

Potential new funding sources:

- ✓ Capital markets: international and local
- ✓ Commercial banks: international and local
- ✓ Development Banks

5. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



Largest hydro-generation power plant in Colombia **2.400 MW** /8.563 GWh/year
17% of total Colombian installed capacity in 2022



- Start of operation: 1st power generation unit (**300 MW**) in **November 2018** and the remaining 7 turbines will start operation gradually until the Project totals **2400 MW** in **March 2022**.

✓ Key contracts with top construction firms

- Main civil works: International Consortium CCC
- Turbines, generators: GE Renewable Energy Ltd.
- Transformers: Siemens Transformer Co. Ltd.

5. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



80.5% total work progress as of December 2017 Invested to date: **COP 7.8 billion (USD 2.6 bn equiv.)**

Progress of main civil works:

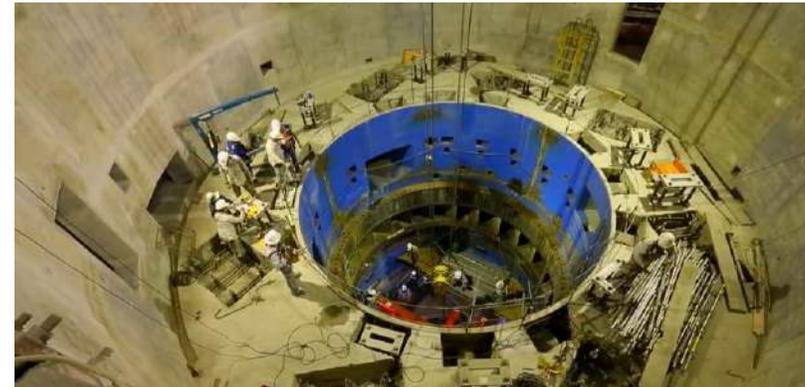
- ✓ **The Dam**, 225 m high with 20 million m³ of rock is at **75%** of construction.
- ✓ **The Spillway**, (a channel to control river floods of more than 22,600 m³/s of water and whose construction means excavating 14 million m³ of rock) is at **97%** of construction.
- ✓ **The Power House** was **concluded**.



External civil Works: Spillway

Progress in power generation equipment:

- ✓ **1st stage/4 power generation units: 4 turbines** of 300 MW each and **4 generators** of 336 MVA each. The manufacture is at **100%** and the assembly is at **32.25%** (turbines: **62.75%** and generators: **16%**).
- ✓ **25 transformers in** total, of 112 MVA each. At the North Area the manufacture and assembly are at **100%**. In the South Area, the manufacture is at **100%**.
- ✓ **2 Crane bridges** of 600 tons of total capacity are under operation.



Civil Works at the Powerhouse: turbine's assembly

5. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



Total cost: COP 11.4 billion



Financing Strategy:
61% debt, 39% equity

➤ Financing allocated to date :

COP 7 billion (USD 2.655 million equiv.)

- Represents 61% of the total cost of the project.

➤ Disbursed to date:

COP 3.6 billion (USD 1.544 million equiv.)

Loans Agreements subscribed:

- ✓ Local bonds: COP 867.280 million
- ✓ Global COP bonds: COP 2 billion
- ✓ Club Deal: USD 106 million
- ✓ BNDES: USD 111 million
- ✓ EDC: USD 135 million
- ✓ BID-IIC and other banks: USD 1.000 million
(signed on December 29th, 2017)

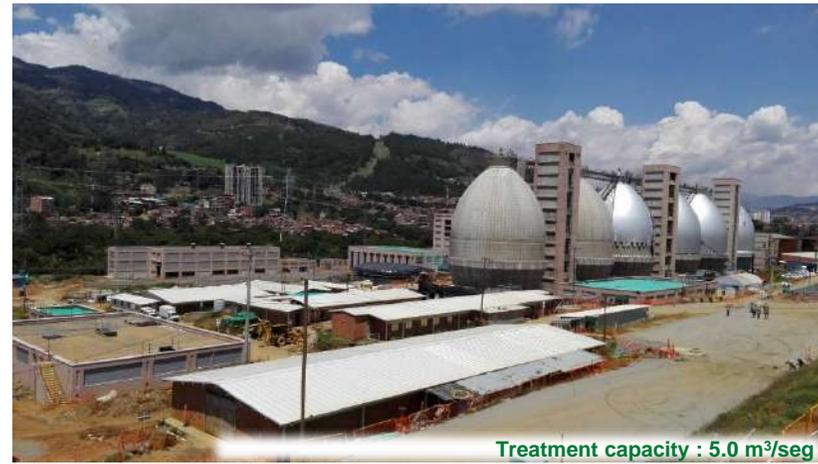
5. Main Infrastructure Projects

Aguas Claras Park - Waste Water Treatment Plant in Bello



The recovery of the Medellin river watershed

95% of the wastewater collected from the metropolitan area will be treated and returned to the river



Total cost: COP 1.6 billion (USD 532 million equiv.).
Invested to date: COP 1.3 billion.

Key contracts for civil works and equipment:

- ✓ Korean - Spanish consortium “Aguas de Aburra” HHA: Hyundai Engineering and Acciona Agua.
- ✓ North Interceptor: Colombian-Mexican consortium “CICE”.

Start of operation (Plant): August 2018

✓ **Status as of Dec. 2017: 91.2%**

Progress in main components:

- Treatment Plant: civil Works are at **90.3%**, mechanical component is at **97.7%** and electrical component at **88.21%**
- North Interceptor: **100% completed.**

Financing strategy:

78% debt, 22% equity

✓ Loan agreement:

- IADB → USD 450 m.
Disbursements: USD 369 m.

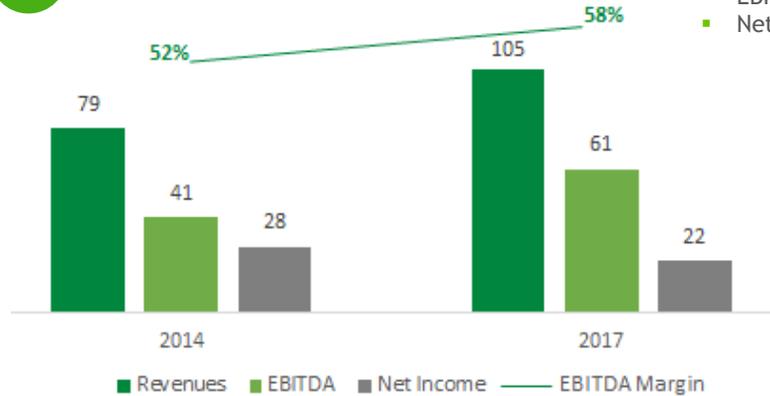
EPM will recover costs through a regulated tariff.

5. Main Acquisition

ADASA - Water Business in Chile



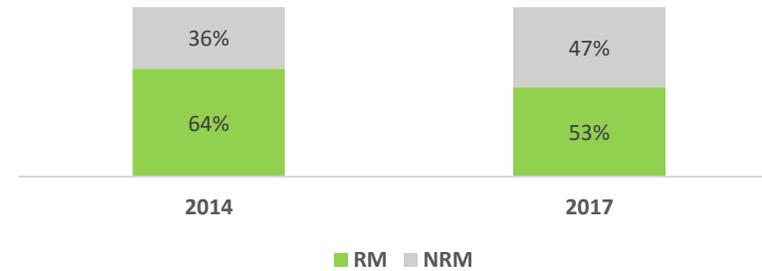
Financial Results (CLP billion)



CAGR: 2017-2014

- Revenues: 7%
- EBITDA: 11%
- Net Income: -6%

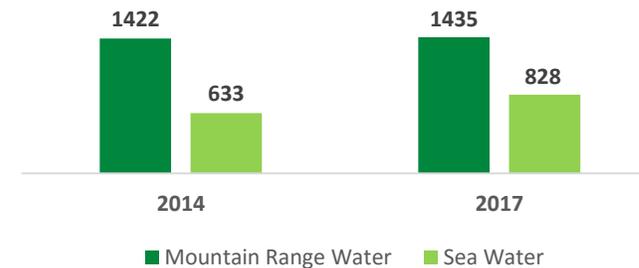
Revenues



Antofagasta Desalination Plant: supplies 65% of the consumption in Antofagasta. Installed capacity: 940L/s

- Sea water capacity grew 30% in 2016 thanks to the expansion of the Antofagasta Desalination Plant, and remained flat in 2017.
- Water and Sewage Customers: 176 thousand, grew by 2% in 2017.
- Total consumption(m³) grew by 6% in 2017 compared to 2016. 2017 RM Consumption: 38.551 m³. 2017 NRM consumption: 17,986m³

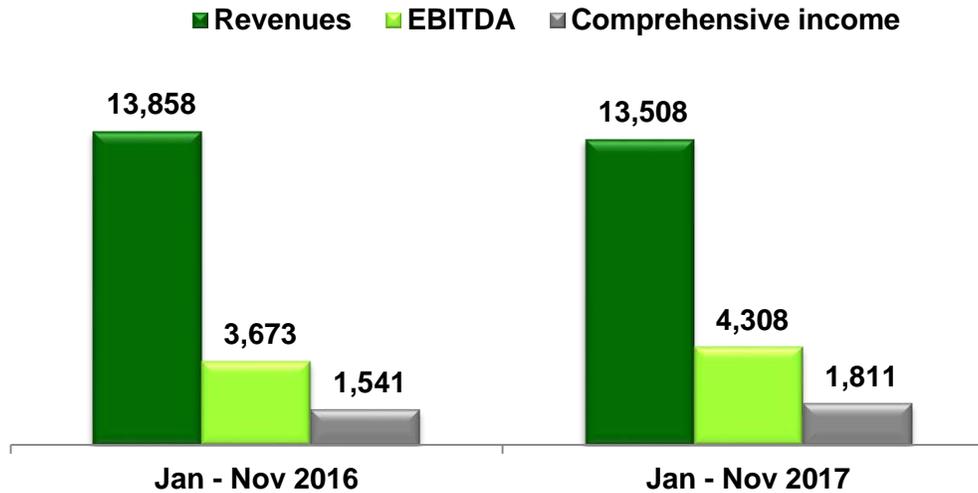
Available Water Sources L/s



6. Financial Results as of November 30, 2017

EPM Group Income Statement

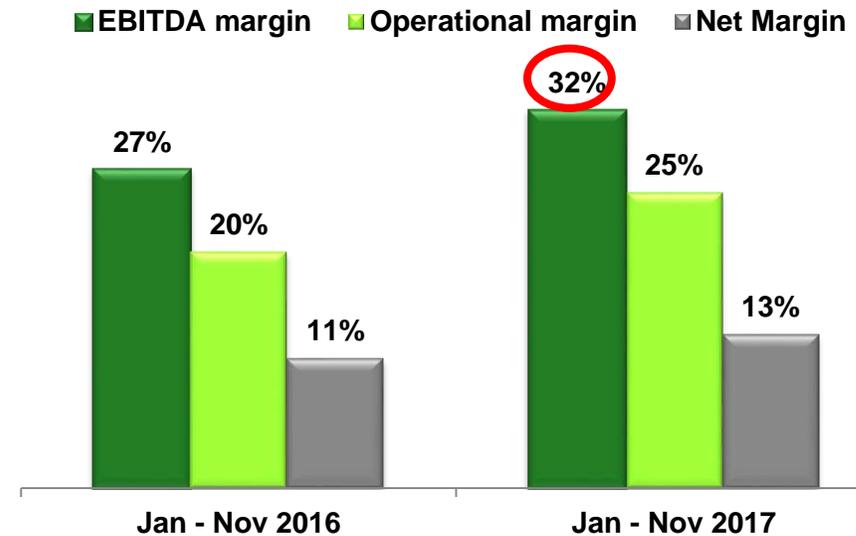
Figures in COP thousand million



2016 - 2017

- Revenues: -3 %
- EBITDA: 17%
- Comprehensive income: 17%

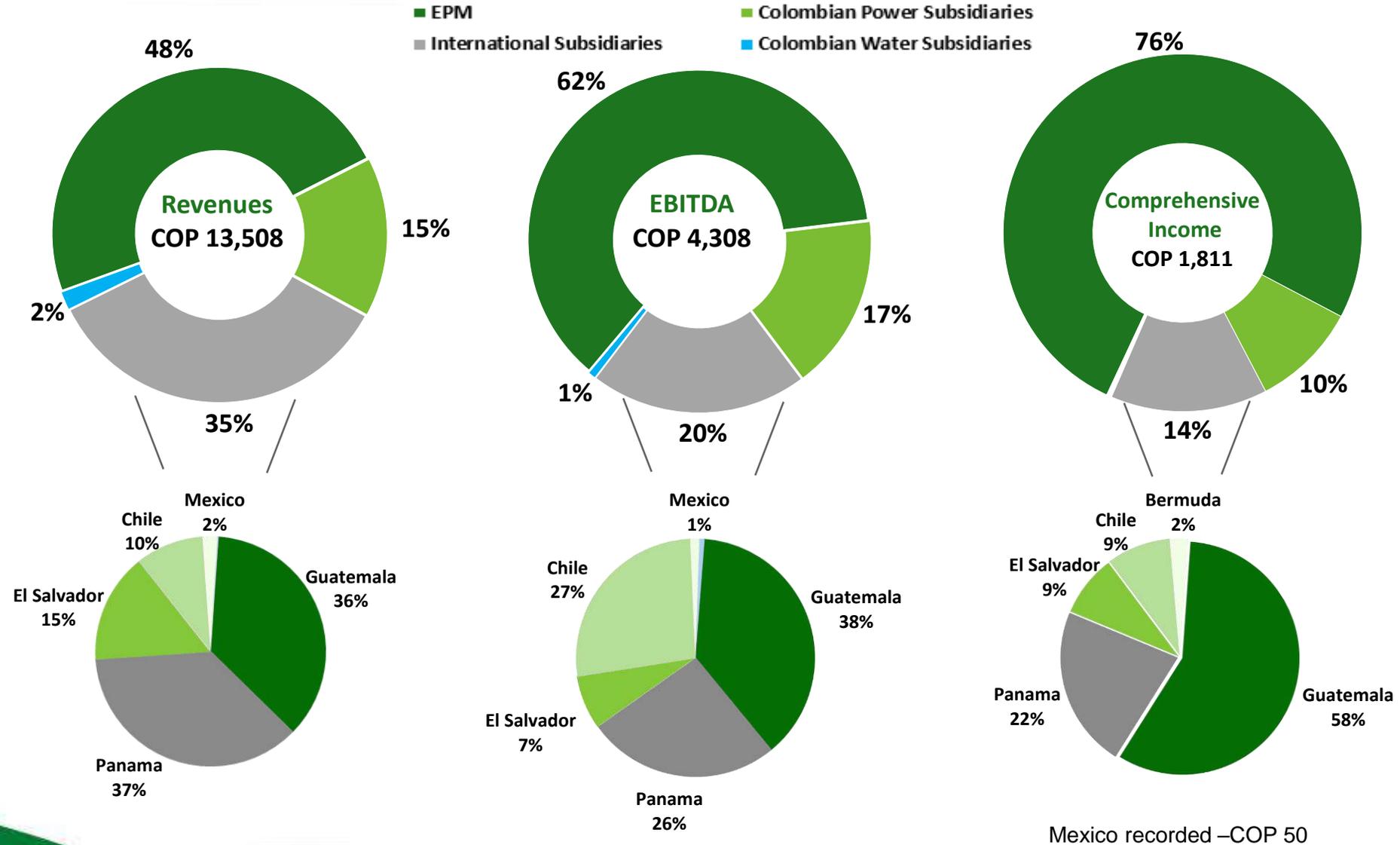
- Revenue declined by 3% explained mainly by the decrease of energy prices in Colombia.
- EBITDA increased COP 635, 17% with respect to previous year.
- Comprehensive income increased due to higher operating income and lower costs due to a decline in energy prices after a Niño Phenomenon in 2016.



6. Financial Results as of November 30, 2017

EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million

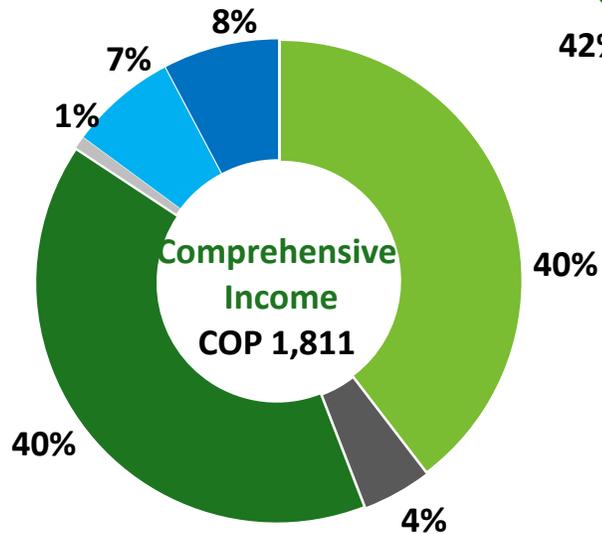
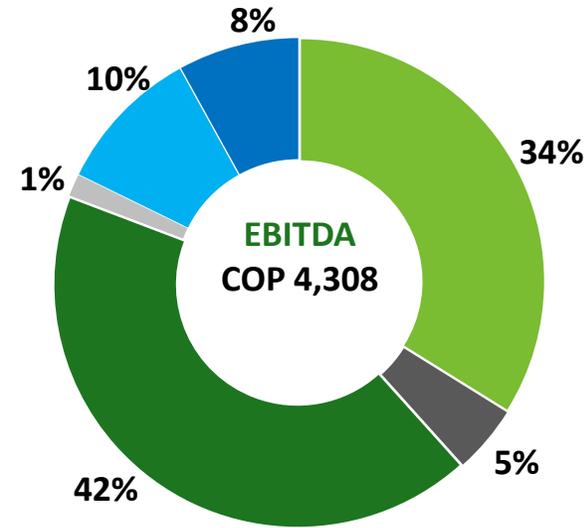
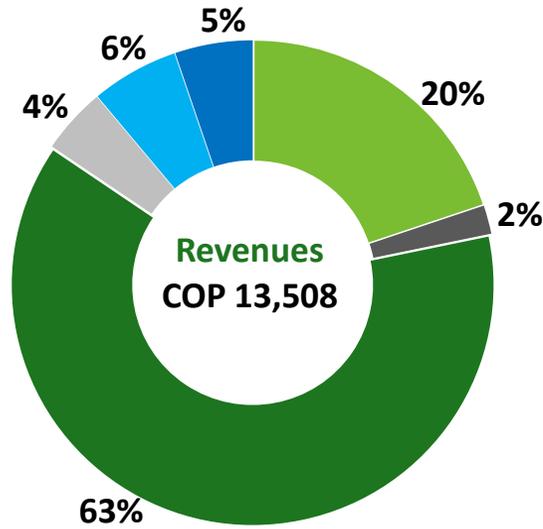


6. Financial Results as of November 30, 2017

EPM Group by Segments

Figures in COP thousand million

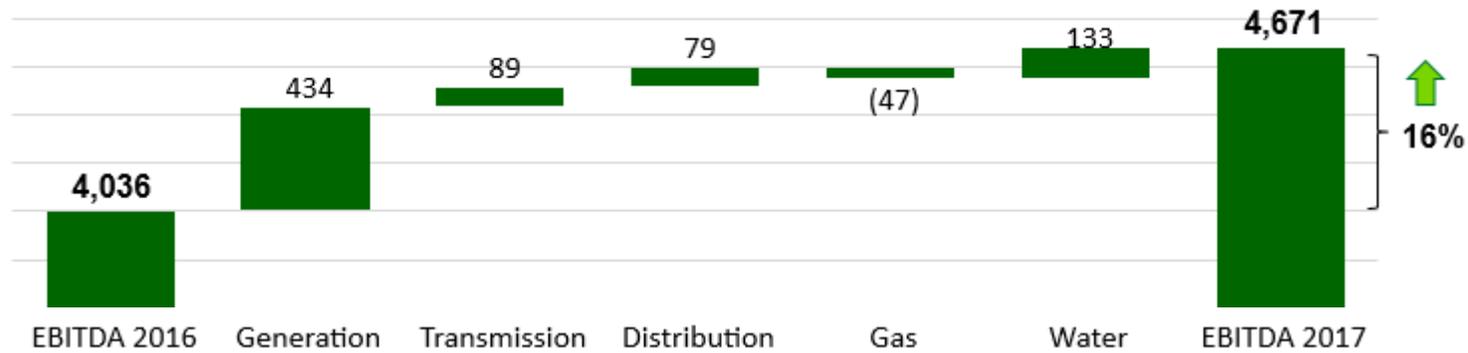
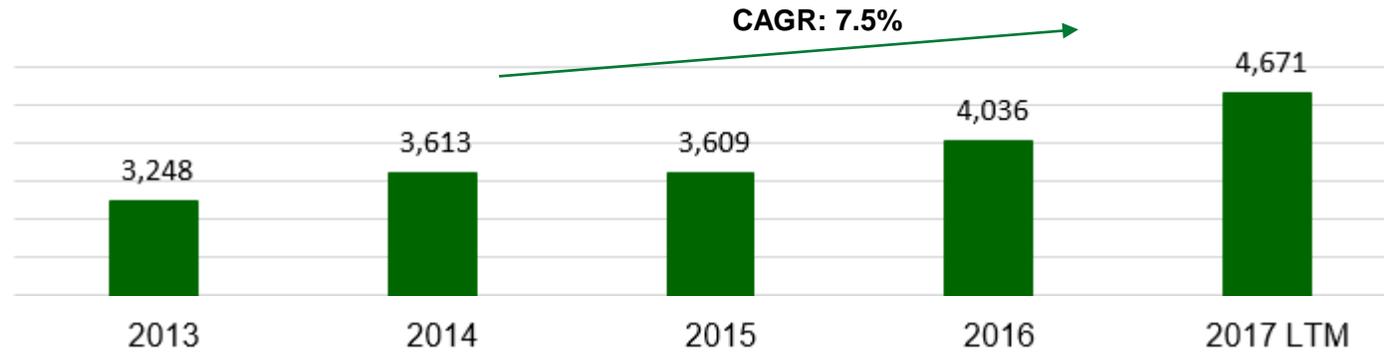
- Power Generation
- Power Transmission
- Power Distribution
- Gas
- Water
- Waste Management



6. Financial Results as of November 30, 2017

EPM Group EBITDA LTM

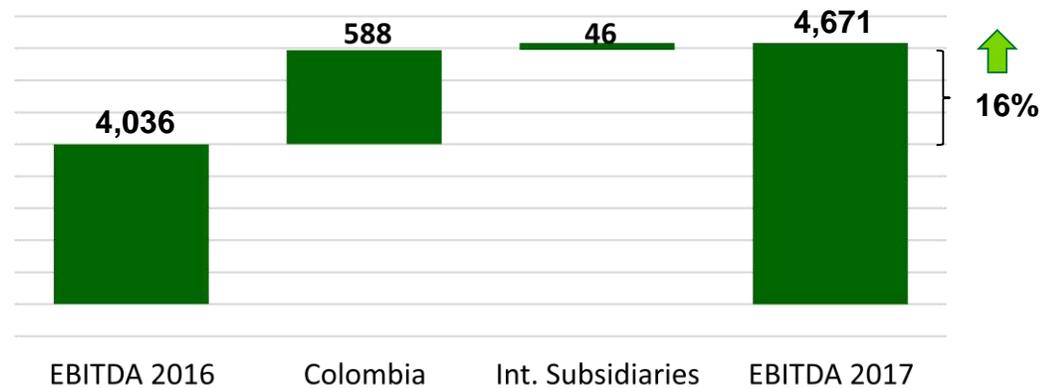
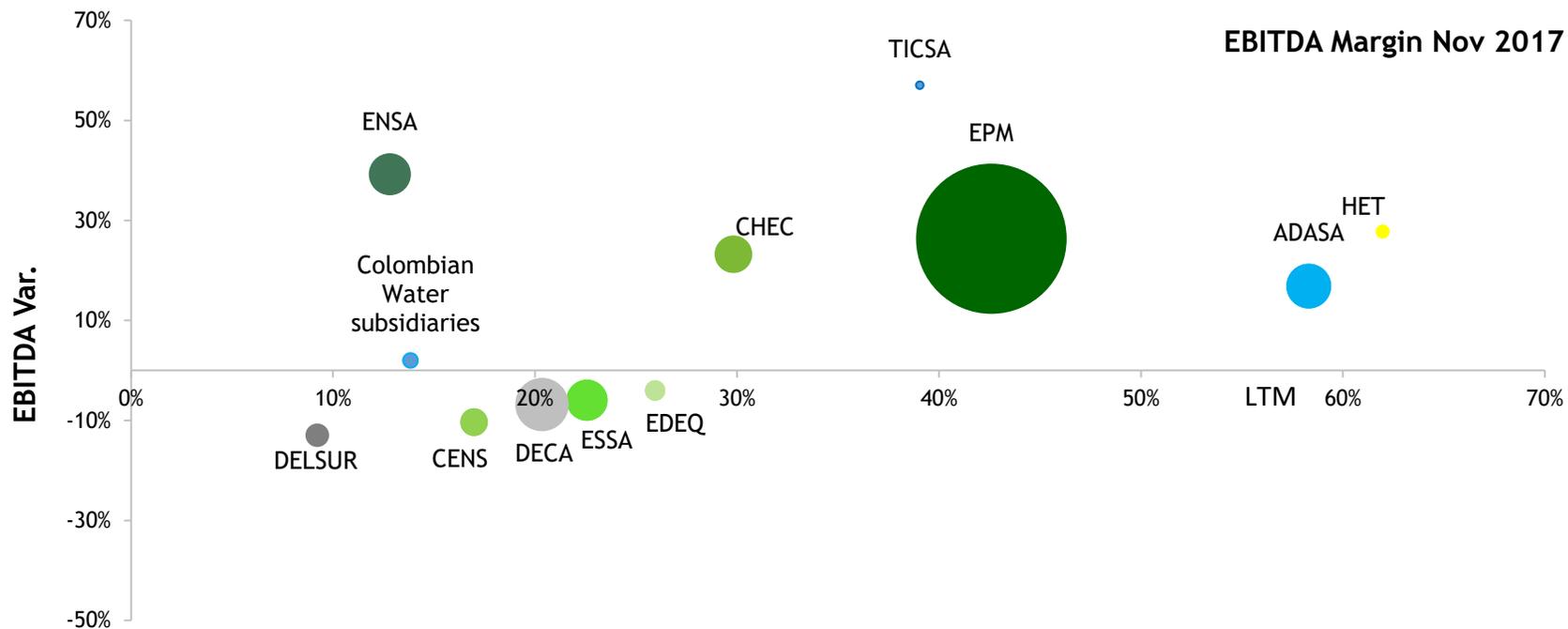
Figures in COP thousand million



6. Financial Results as of November 30, 2017

EPM Group EBITDA LTM

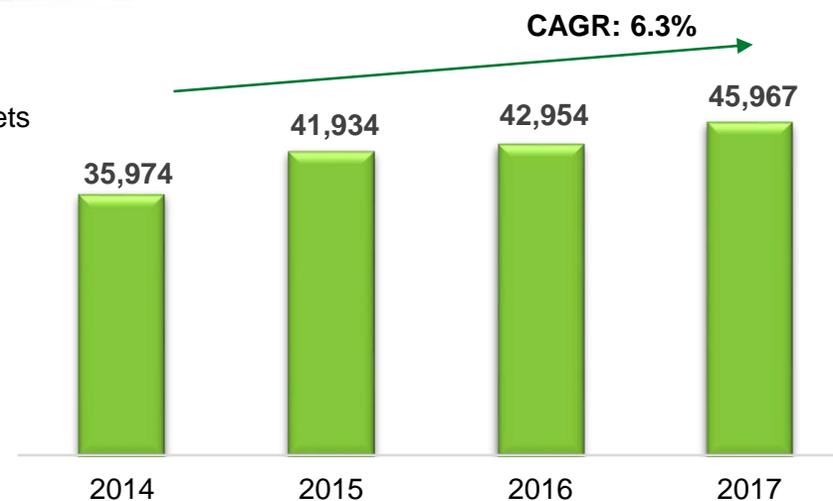
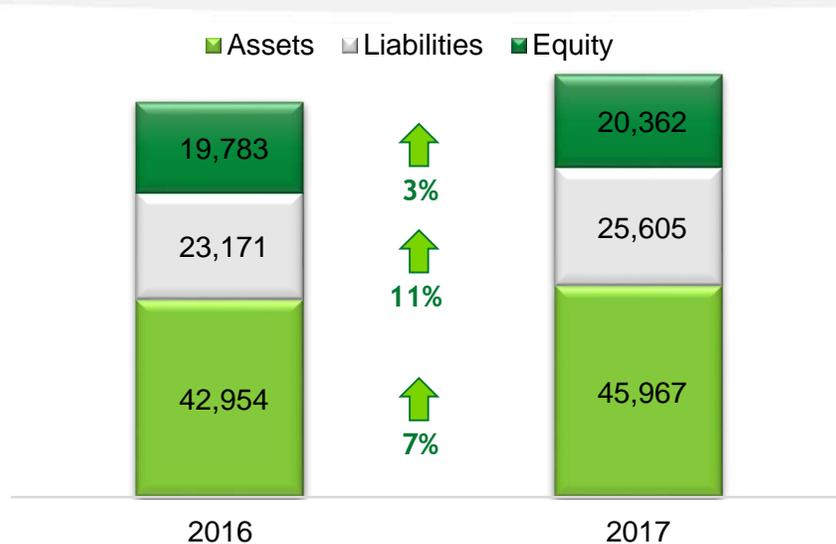
Figures in COP thousand million



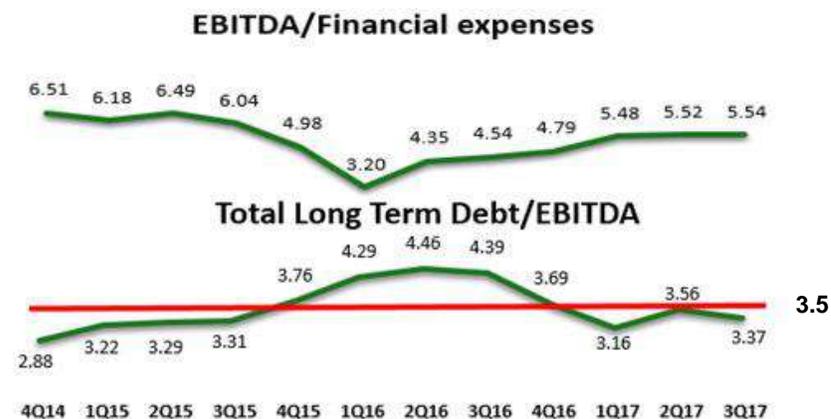
6. Financial Results as of November 30, 2017

EPM Group - Statement of Financial Position

Figures in COP thousand million



Ratios	2016	2017
Total debt	55	56
Financial debt	37	38
EBITDA/financial expenses	4.48	5.56
Total Long Term Debt/EBITDA	3.98	3.43

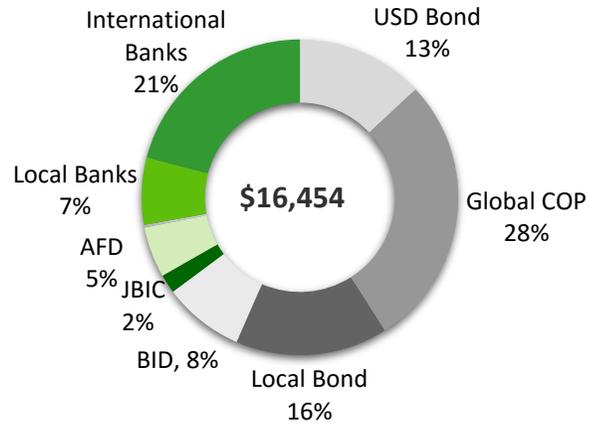


6. Financial Results as of November 30, 2017

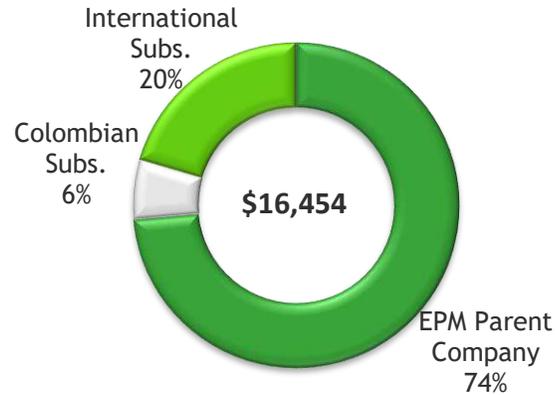
Debt Profile

Figures in COP thousand million

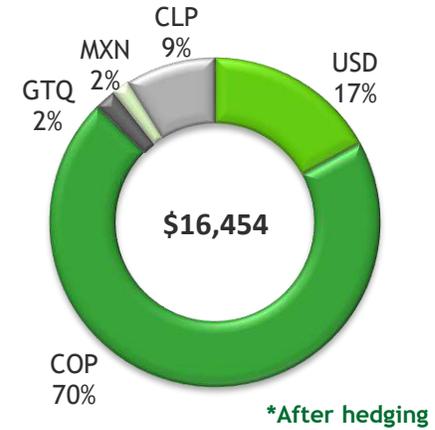
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Companies

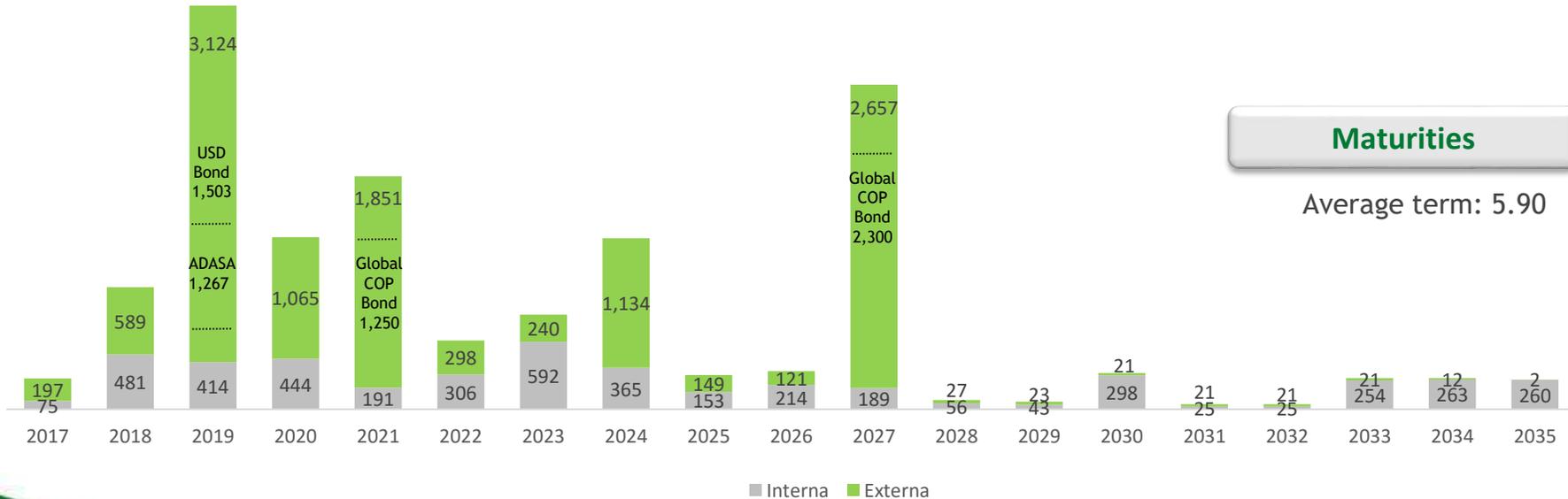


Currency*



Maturities

Average term: 5.90



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