

Grupo·epm

Investor Presentation

September 2015



ROBECOSAM
Sustainability Award
Bronze Class 2015

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Agenda

- 1 EPM Highlights
- 2 Corporate Overview
- 3 Business Portfolio
- 4 Key Investment Project and Acquisition
- 5 Financial Highlights



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.
- Well thought-out regional expansion strategy, looking to extend dominance in core segments.
- Sound financial profile, with significant cash flow generation and ample access to credit markets.



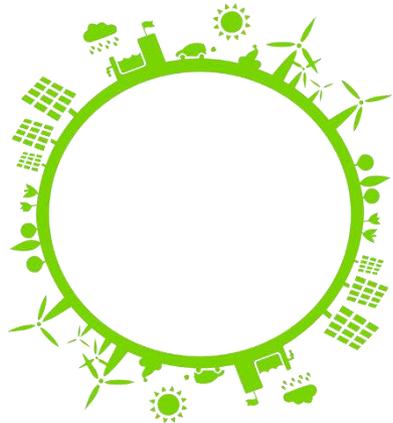
2. Corporate Overview

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



Power (Generation, Distribution, Transmission)



Gas



Water



Waste Management

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

- **Assets:** USD 14.7 bn
- **Revenues:** USD 4.8 bn
- **EBITDA:** USD 1.5 bn

Headquartered in Medellin, with a growing Latin American portfolio

- Founded in 1955
- Provides services to **over 20 million people**
- Subsidiaries: **52**

EPM Ratings (Parent):

- Fitch: **BBB+** (stable outlook)
- Moody's: **Baa3** (positive outlook)

Low-risk profile and stable credit metrics

- Stable regulatory environment
- Transparent corporate governance
- Diversified revenue sources
 - Net Debt/EBITDA: 3.1x
 - EBITDA/Assets: 10%

2. Corporate Overview

Solid market share with high barriers to entry in key segments

Market share by business



Power

Colombia

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

Central America

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



Gas

Colombia

- #3 Distribution and Commercialization



Water

Colombia

- #2 Water



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.

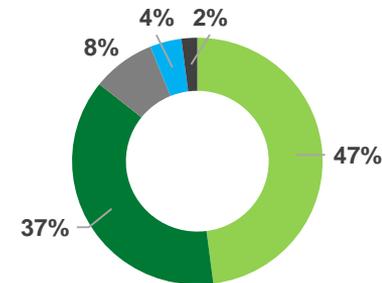


Vertically-integrated and highly-complementary business model, with high barriers to entry.

- Regulated revenues and medium-term contracts lead to predictable cash flows.

EBITDA Composition by Segment

LTM 2015



- Power Distribution
- Power Generation
- Waste management
- Water
- Gas

2. Corporate Strategy

Expand dominance in core businesses and further LatAm expansion



Vision: In 2022, EPM Group expects to position itself among the top **50** Multi-Latin Companies

Revenues: USD14.2 bn* (equivalent)
Progress: 42%

EBITDA: USD 5 bn* (equivalent)
Progress: 37%

- **Investment Plan 2015-2018: USD 5bn**
 - 80% energy, 20% water
 - Largest investments include the Ituango hydroelectric project and the Bello waste water treatment plant
 - 72% Parent Company, 28% Subsidiaries
- **Bulk of investments to be funded via internally generated cash flow (-44%)**
 - Complementary financing sources include:
 - Capital markets (local and international)
 - Commercial banks (local and international)
 - Development banks & Multilaterals

* Figures after the Une merge

3. Business Portfolio: Power (89% of EBITDA)

Dominant market leadership

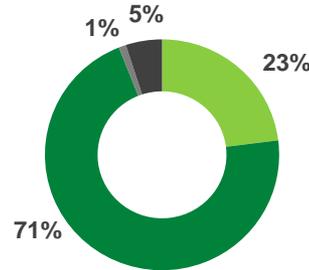
Generation



✓ 22.9% of Colombia's installed electricity generation capacity

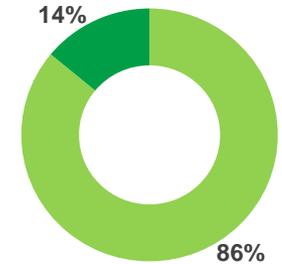
- 26 hydroelectric plants (3,593 MW in Colombia and 31.8 MW in Panama)
- 1 thermal plant (496 MW)
- 2 wind power plants (18.4 MW in Colombia and 109.6 MW in Chile)
- 53% EBITDA Margin

Revenues Breakdown
June 2015



■ Power Generation ■ Power Distribution
■ Power Transmission ■ Gas

Installed Generation Capacity
June 2015



■ Hydroelectric ■ Others (thermal, wind)

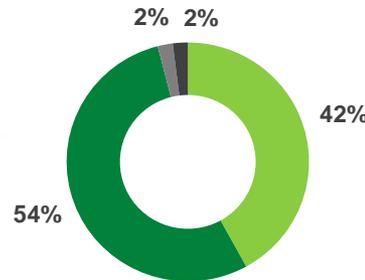
Transmission & Distribution



✓ 23% of Colombia's electricity distribution market (8% in transmission)

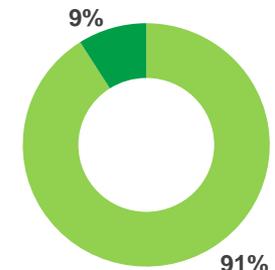
- Distributes electricity to ~5.6m customers (3.7m in Colombia, 1.9m throughout Central America)
- Transmission: 62% EBITDA Margin
- Distribution: 22% EBITDA Margin

Ebitda Breakdown
June 2015



■ Power Generation ■ Power Distribution
■ Power Transmission ■ Gas

Energy Sales
June 2015



■ Medium-term contracts ■ Spot

Gas



✓ Sole natural gas provider in the Medellin metropolitan area

- Main distributor in the region of Antioquia, 3rd largest in Colombia
- 10% EBITDA Margin

3. Business Portfolio: Water (11% of EBITDA)

High growth trajectory with sizeable investments in place

Colombia's second largest water and sewage services provider

- Very stable and high-margin business (42% EBITDA margin)

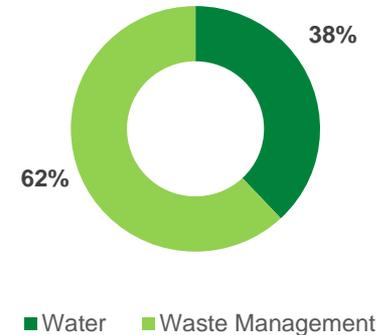
Waste Water Treatment

- **Bello waste water treatment plant** (capacity of 5.0 M3/sec) and an interceptor (7.7 km), is expected to begin operations in 2016.
- In September 2013, EPM invested USD113m in the acquisition of 80% of **TICSA-Tecnología Intercontinental S.A. de C.V.**
 - TICSA, Mexico's subsidiary, has 12 waste treatment plants in operation 1 under construction. **25 years of experience** in design, construction and operation of wastewater treatment plants.

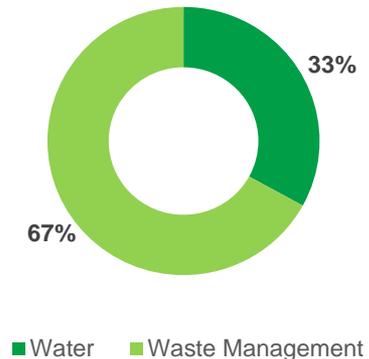
Waste Management: EMVARIAS (Colombia)

- Business line with strong potential growth.

Revenues Breakdown
June 2015



Ebtida Breakdown
June 2015



4. Key Investment Project

Ituango Hydroelectric Project

➤ Largest hydro-generation power station in Colombia



Installed capacity: **2.400 MW** /8.563 GWh/year

Total cost: USD 5.5 billion

Invested to date: USD 1.1 billion

✓ Key contracts already executed with top construction firms

- Main civil works: Brazilian-Colombian consortium of Construções e Comercio Camargo Correa SA, Conconcreto SA and Coninsa Ramon HSA.
- Turbines, generators: Alstom Brasil
- Transformers: Siemens Transformer Co. Ltd.

- Ituango will represent **17.9%** of total Colombian installed capacity
- 8 Francis type turbines: 300MW each
- Start of operation: 1st Stage in 2018 (**1.200 MW**)
2nd Stage in 2022 (**1.200 MW**)
- Current progress: **32%**

4. Key Investment Projects

Ituango Hydroelectric Integral Development

➤ Investment Plan: Environmental Management Plan + Social Additional Investment + Corporate Social Responsibility

➤ Environmental Management Plan:

- Management programs of physical and biotic environments.
- Restoration of wildlife.

➤ Social Additional Investment: USD 100 million

- **Utility services:** water, sewage, natural gas: 5.948 houses in total that will benefit (current progress: 84%).
 - 9,568 homes with electricity for a total of 11.000 (*Antioquia Illuminated program*).
 - **Health:** 8.276 families served (current progress: 84%).
 - **Education:** nine new schools and the improvement of other 77 existing schools.
 - **Housing:** 79 new homes and the improvement of 628 homes.
 - 254 homes built and delivered, of a total of 800 homes, which will benefit 40.000 people. (*Villages Program*).
 - **Production projects:** 3.667 beneficiaries (establishing wood-cocoa-banana, sugarcane, and silvopastoral systems).
 - **Road construction:** 161 km of secondary roads, 231 km of local roads, 828 km of bridle paths.
- #### ➤ Integration Region Project:
- **Job creation:** 6.000 direct jobs and 19.000 indirect jobs.
 - **Revitalization of the regional economy** with the acquisition of goods and services.



4. Acquisitions

Recently acquired water treatment solution businesses

➤ Acquisition of 100% of the Chilean company ADASA for CLP 596.359 million (USD 965 million equivalent)



- 10 years of experience in the design, construction and operation of desalination treatment plants.
- Largest sea water desalination plant in LATAM, 600 lps.
- 100% coverage in drinking water and 99.6% in sewage.
- Service coverage for 7 populations of about 560.000 inhabitants



- **Largest investment** to date made by EPM Group **abroad**.
- Represents EPM's entry into the **water purification sector**.
- Strengthens our presence in the **sector of water and sanitation**.



- Concession until 2033.
- Stable regulatory framework for over 25 years.
- 65% of revenues come from regulated market.
- 35% of revenues come from the block sale of water to mining companies.
- 4.8% growth in m3/client in the last four years.



2014 Financial Results

- Revenues: USD 122 m
- EBITDA: USD 71 m
- Net Income: USD 44 m
- 398 Direct jobs
- 365 Indirect jobs
- Growth opportunities in the markets of Peru and Chile with the business of desalination.

➤ Main goal in the water sector: to rank EPM Group among the international top players

5. Financial Highlights

Income Statement (without Une)

Figures 2013- June 2015, in USD millions

Revenues

CAGR 13-14: 7%



EBITDA

CAGR 13-14: 9%

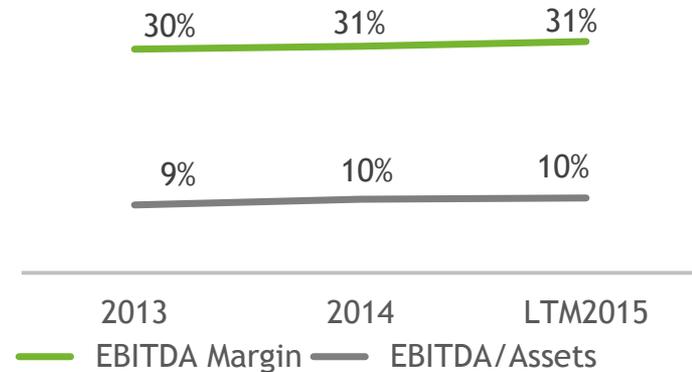


Net Income

CAGR 13-14: 53%



EBITDA/Margin - EBITDA/Assets

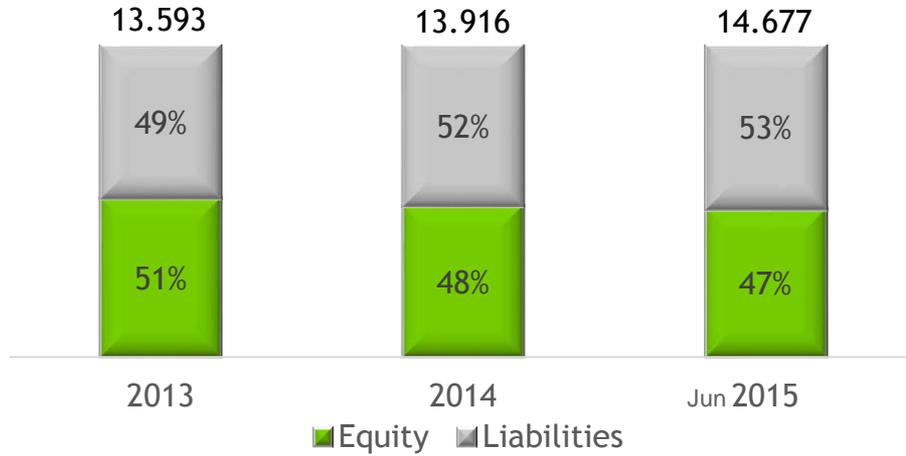


5. Financial Highlights

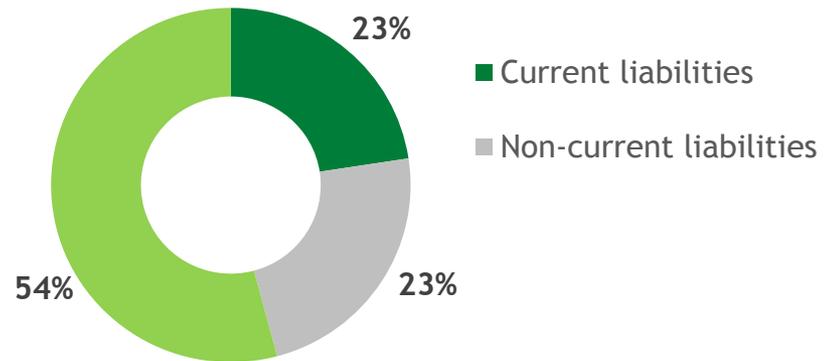
Balance Sheet

Figures 2013- June 2015, in USD millions

Balance Sheet

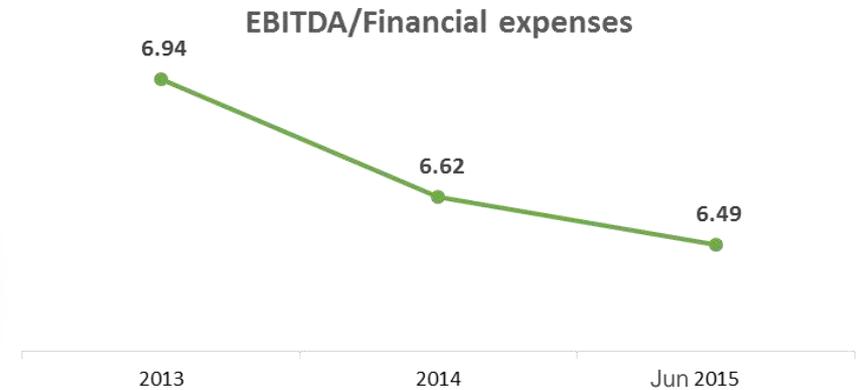
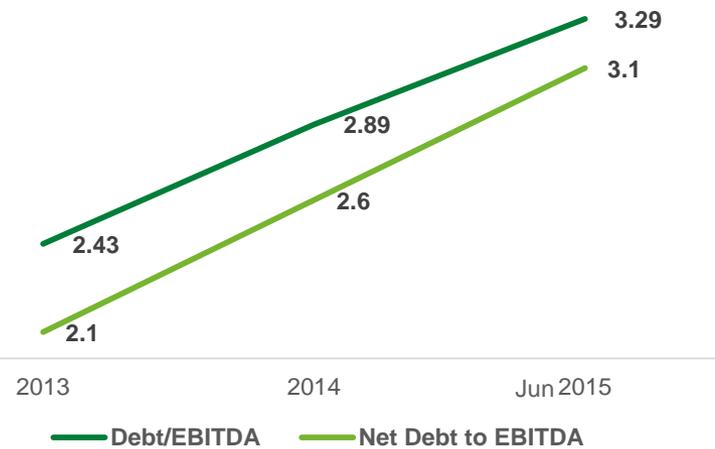
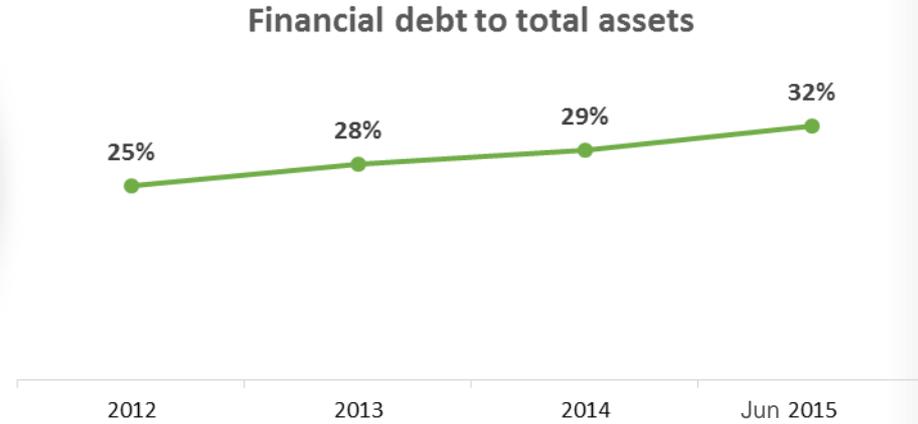
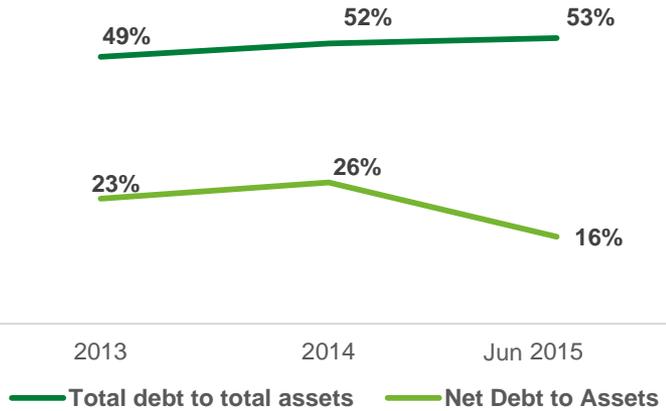


Liabilities 2015



5. Financial Highlights

Debt coverage ratios

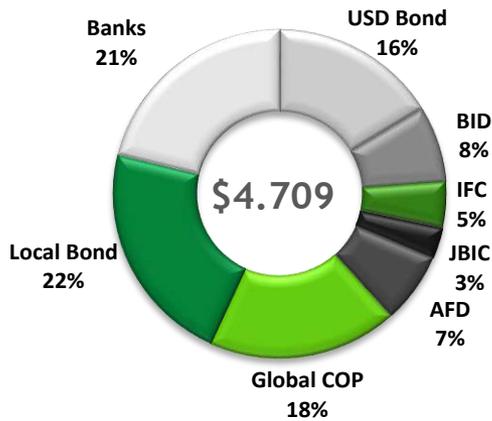


5. Financial Highlights

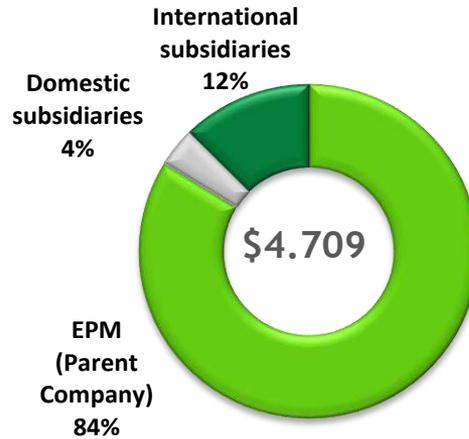
Debt profile

Figures in USD millions

Sources of Financing



Debt by Companies

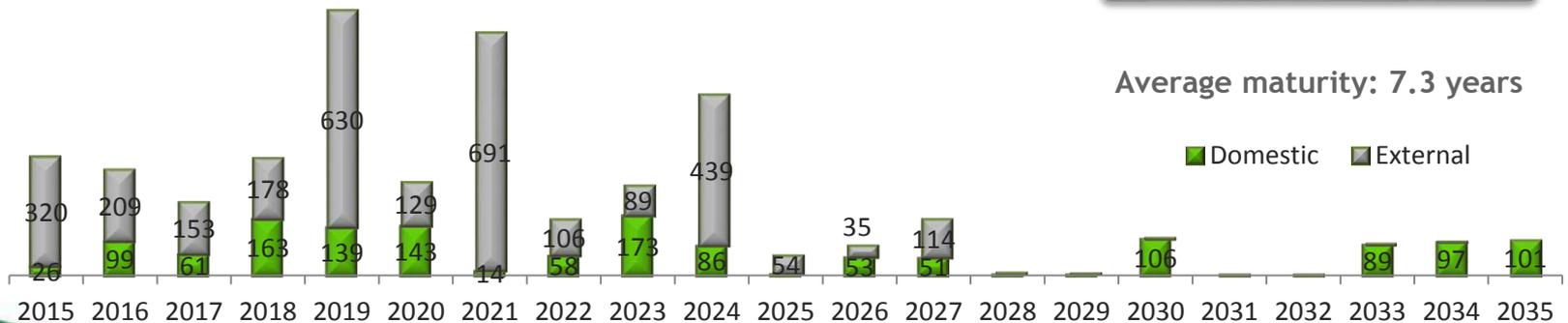


Debt by Currency



Maturity Profile

Average maturity: 7.3 years



5. Financial Highlights

Cash flow hedging

- EPM's hedge policy has emphasis on the cash flow

	2016	2017	2018
Debt Service	310	184	292
➤ Natural Hedge	89	95	112
➤ Financial Hedge	137	39	40
Total Hedge	226	135	151
Hedge Percentage	73%	73%	52%

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www.epm.com.co (tab inversionistas)

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