

Grupo·epm

Investor Presentation

March 2017

Agenda

- 1 EPM Highlights
- 2 Corporate Overview
- 3 Corporate Strategy
- 4 Main Infrastructure Projects
- 5 Key Acquisition
- 6 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.
- Investment grade ratings from Moody's and Fitch (Baa3/BBB)



2. Corporate Overview

We provide comprehensive solutions in the fields of:



Electricity



Water



Natural Gas



Solid waste management



Telecommunications (as UNE shareholder)

EPM has administrative and budgetary autonomy from the municipality of Medellin.

2. Corporate Overview

Relevant facts



Power (Generation, Distribution, Transmission)



Gas



Water



Waste Management

Colombia's largest multi-utility

- ▶ **Assets:** COP 42,99 billion* (USD 14.3 billion equiv.)
- ▶ **Revenues:** COP 15,85 billion* (USD 5.3 billion equiv.)
- ▶ **EBITDA:** COP 4,04 billion* (equivalent: USD 1.3 billion equiv.)

Headquartered in Medellin, with a growing Latin American portfolio

- ▶ Founded in 1955, 100% owned by the municipality of Medellin.
- ▶ Provides services to **over 20 million people**

Two Investment Credit Ratings - EPM (Parent Company):

- ▶ **Fitch:** international **BBB+** (negative outlook) and Local **AAA** (stable outlook) annual review Sept. 2016.
- ▶ **Moody's:** **Baa3** (positive outlook) annual review Dec. 2016.

* Results as of Dec.31,2016 (unaudited), subject to final review. Figures in COP translated into their USD equivalent using the exchange rate of COP/USD \$3.000,71 as of Dec. 31, 2016

2. Corporate Overview

Our presence in Colombia

Power



79%

Gas



3%

Water



18%

% of Consolidated EBITDA

Market share

- Generation 21.2%
- Transmission 6.5%
- Distribution 23.6%

- Distribution and Commercialization 12.7%

- Water 13.5%

Customers

More than 4 million

More than 1 million

- Water and Sewage 1 million
- Waste Management 767 thousand

Key figure

3,540 MW of net effective capacity. Largest electricity generator and electricity distributor in the country

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

2nd largest player in Colombia

2. Corporate Overview

Our presence in Latin America



% of Consolidated EBITDA

- ▶ LOS CURUROS: Wind Generation 110MW.
- ▶ ADASA: 2.55 m³/seg (34% sea water) Owns the largest desalination plant in Latin America, 940 L/s.

- ▶ EEGSA, COMEGSA, TRELEC: power distribution, commercialization and transmission.
- ▶ 1st power distribution company. Market share: 44%

- ▶ ENSA, 2nd power distribution company. Market share: 39.8%.
- ▶ HET: hydro generation, 30MW.

- ▶ TICSA, wastewater treatment, 11 plants in operation.

- ▶ DELSUR, 2nd power distribution company. Market share: 28%.

Credit ratings:

▶ ADASA local rating: AA- (Fitch R. and Humphreys)

▶ International rating: ENSA: BBB (Fitch R.)

▶ Local rating: AA- (Fitch R.)

Amount invested (USD million):	Los Cururos	ADASA	DECA	ENSA	HET	TICSA	DELSUR
	238	991	635	152	314	116	63

Total invested: USD 2.509 million

2. Corporate Overview

Business Infrastructure



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. 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



- Total cost: **COP 11,44 billion** (USD 3.8 billion equiv.)
- Start of operation:
 1st Stage (**1.200 MW**) November 2018
 2nd Stage (**1.200 MW**) March 2022

- ✓ **Key contracts with top construction firms**
 - Main civil works: Consortium: Camargo Correa SA, Conconcreto SA and Coninsa Ramon H SA.
 - Turbines, generators: Alstom.
 - Transformers: Siemens Transformer Co. Ltd.

4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



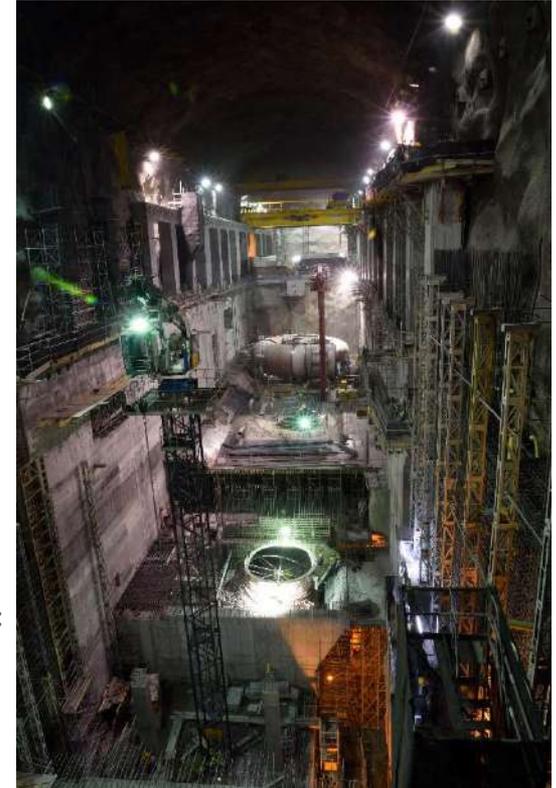
Total work progress as of Dec. 2016: **63.8%**

Progress in main civil works:

- ✓ The Dam, 225 m high with 20 million m³ of rock is at 47% 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 81% of construction.
- ✓ The Power house, (a 250 m long and 49 m high cavern equivalent to a 16-story building) was concluded.

Progress in power generation equipments:

- ✓ **1st Stage** equipments: **4 turbines** of 300 MW each, **4 generators** of 336 MVA each and **12 transformers** of 112 MVA each.
- The manufacture of the equipments is at 100%, the assembly of the turbines and generators at 33%, and the assembly of the transformers at 60%.
- ✓ The manufacture of the **2nd Stage** began.



The Power-House:
1st Stage -
Assembly of the
equipments
(turbines and
generators).



The 12
transformers of
the 1st Stage
are already
located at
the Transformer
Cavern.

4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant

 Total cost: **COP 11.4 billion** (invested 2011-2016: COP 5.7 billion)



External Civil Works: spillway and dam.

- **Financing strategy:** 60% debt, 40% equity.
- **Financing allocated to date (including IDB-IIC loan agreement under negotiation):** COP 5.5 billion
 - Represents 48% of the project's total cost.
 - Represents 79% of the estimated debt.
- **Disbursed:** COP 3.2 billion.
- **Details of Loans Agreements already subscribed or under negotiation** COP 5.5 billion
 - ✓ Local bonds: COP 867,280 million
 - ✓ Global COP bonds: COP 965,745 million
 - ✓ Club Deal: USD 450 million
 - ✓ BNDES: USD 111 million (subscribed on Apr.26, 2016)
 - ✓ EDC: USD 135 million (subscribed on Aug.4, 2016)
 - IDB-IIC: USD 550 million (under negotiation)

4. 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



Treatment capacity: **5.0 m³/sec**

Total cost: COP 1,46 billion (USD 488 million).

Invested (2002-2016): COP 1 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): 3Q2017

- ✓ **Total work progress: 75.9%**

Progress in main components:

- Treatment Plant: civil Works are at **84%**, mechanical component is at **87%** and electrical component at **78%**
- North Interceptor: **100% completed**.

Financing strategy:

80% debt, 20% equity

- ✓ **Loan agreement:**

- IADB → USD 450 m.
Disbursements: USD 276 m.

EPM will recover costs through a regulated tariff.

4. Main Infrastructure Projects

Power transmission projects in Antioquia and Cundinamarca



Bello - Guayabal - Ancón

Progress as of Dec.2016 : 77.3%

- Project of National interest that seeks to improve the reliability of the electricity system in the Aburrá Valley.



Capacity: 180 MVA

Transmission lines: 230 kV (44 km)

Start of operation: first quarter 2017

Total cost: COP 226, 283 million

Invested to date: COP 79,573 million

Financing strategy: 60% debt, 40% equity

Loan agreement: Club Deal: USD 40 million



Nueva Esperanza

Progress as of Dec.2016: 91%

- The Project will benefit more than 12 million inhabitants of Cundinamarca, Meta, Guaviare and northern Tolima.



Capacity: 450 MVA

Transmission lines: 500 Kv (48,5 Km.) - 230 Kv (159 Km)

Start of operation: first quarter 2017

Total cost: COP 425,853 million

Invested to date: COP 392,631 million

Financing strategy: 60% debt, 40% equity

Loan agreement:

- Banco Agrario: COP 116,000 million.
- Club Deal: USD 30 million.

5. Key Acquisition

ADASA - Water business in Chile



Largest sea water desalination plant in LATAM, 940 L/s
Strengthens EPM's presence in the sector of water

- Concession until **2033**
- Service coverage for 8 populations of about **623.461** inhabitants



Chile



- June 2015: acquisition of the Chilean company **ADASA** for CLP 589.965 million*
- Represents EPM's entry into the **water desalination sector**.
- More than 10 years of experience in the design, construction and operation of desalination treatment plants.
- Production and distribution of drinking water, collection and disposal of wastewater (served).
- **100%** coverage in drinking water and **99.8%** in sewage.
- Local Credit Rating: **AA-** (Fitch Ratings and Humphreys)
- Growth opportunities in the markets of Peru and Chile through desalination.

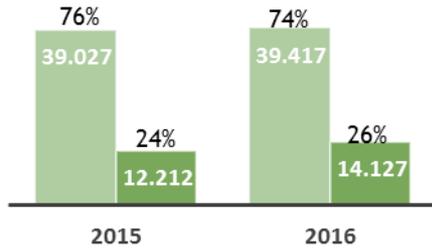
* Final purchase price: Acquisition total cost adjusted due to previous owner expenses recognition

5. Key Acquisition

ADASA - Water business in Chile

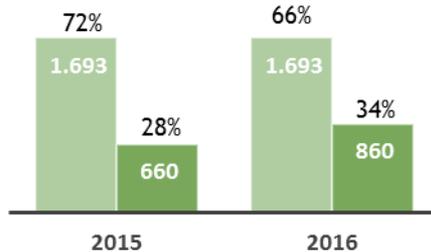


CONSUMPTION (Thousands m³)



■ Regulated Market ■ Non Regulated Market

CAPACITY (L/s)



■ Mountain Range Water ■ Sea Water

- 62% of revenues come from regulated market.
- 38% of revenues come from the block sale of water to mining companies.
- Consumption growth (m³): 4.5% in the last year.
- 439 Direct jobs
- 1051 Indirect jobs

2016 Financial Results

- Revenues: CLP 92.031 m
- EBITDA: CLP 53.713 m

Variation 2015 - 2016:

- Revenues: 7.6%
- EBITDA: 23.8%

Milestone reached in Oct.2016: Expansion of Antofagasta Desalination Plant



Antofagasta Desalination Plant: supplies 65% of the consumption in Antofagasta.

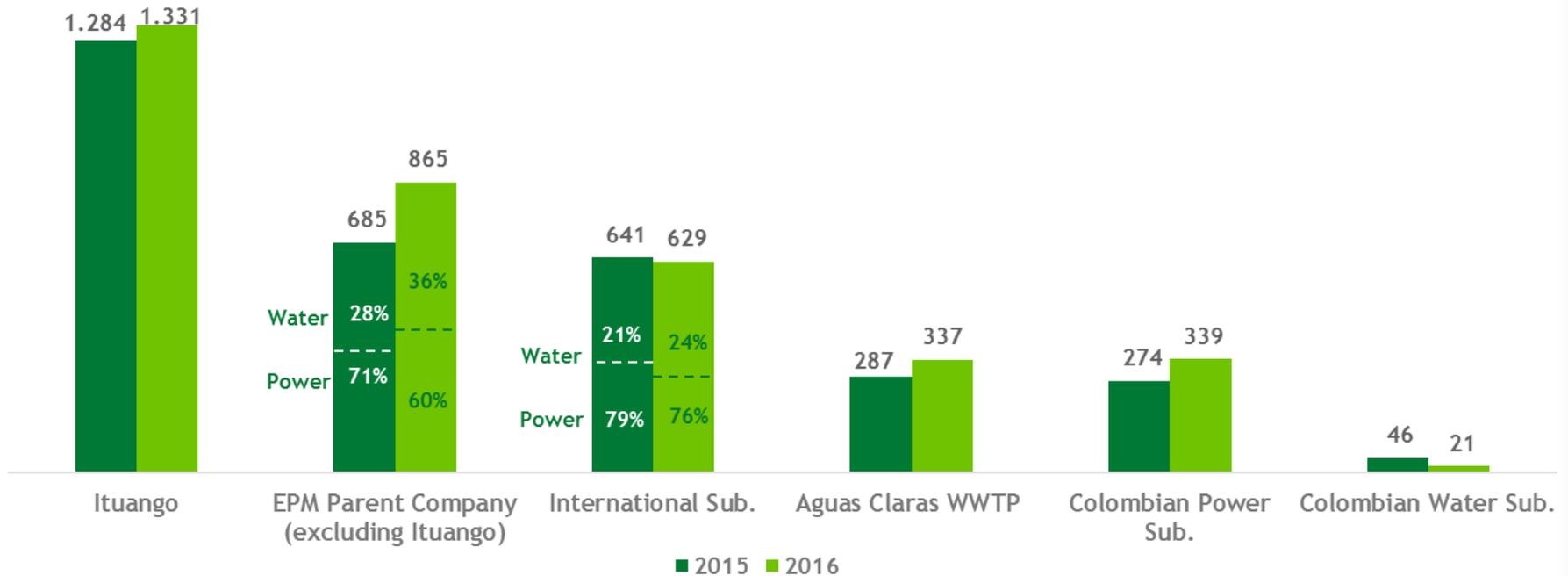


200 L/s output added in Nov.2016

Total installed capacity: 940 L/s

6. Financial highlights - Capex, 2016

Figures in COP thousand million



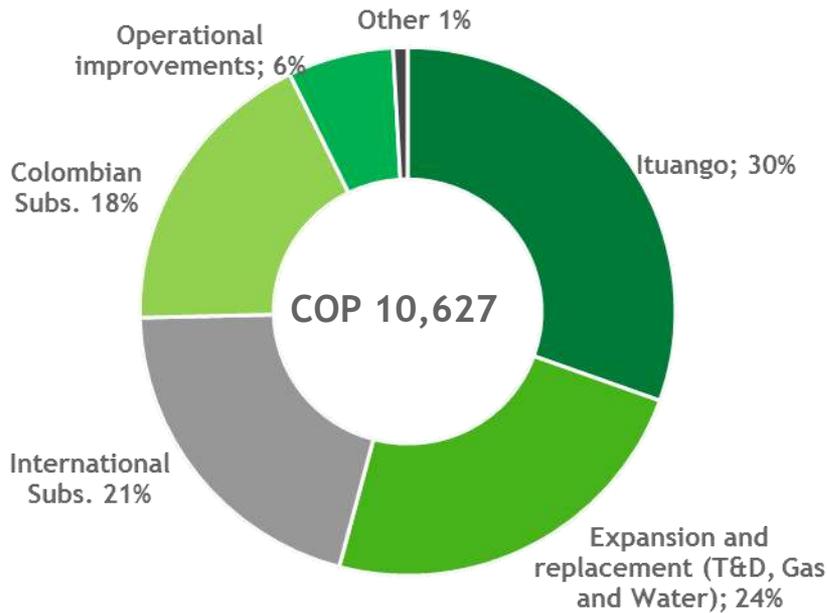
- ✓ EPM Group Investments 2015: COP 3.2 billion
- ✓ EPM Group Investments 2016: COP 3.5 billion

6. Financial highlights

Consolidated Infrastructure Investment Plan 2017-2020

EPM CapEx for the period 2017-2020
COP 10,627 million* (USD 3.54 billion equiv.)

- 73% Power, 27% Water
- 61% EPM Parent company, 18% Colombian subsidiaries, 21% International subsidiaries
- Financing: 60% debt, 40% equity



* Financial budget as of Dec. 2016

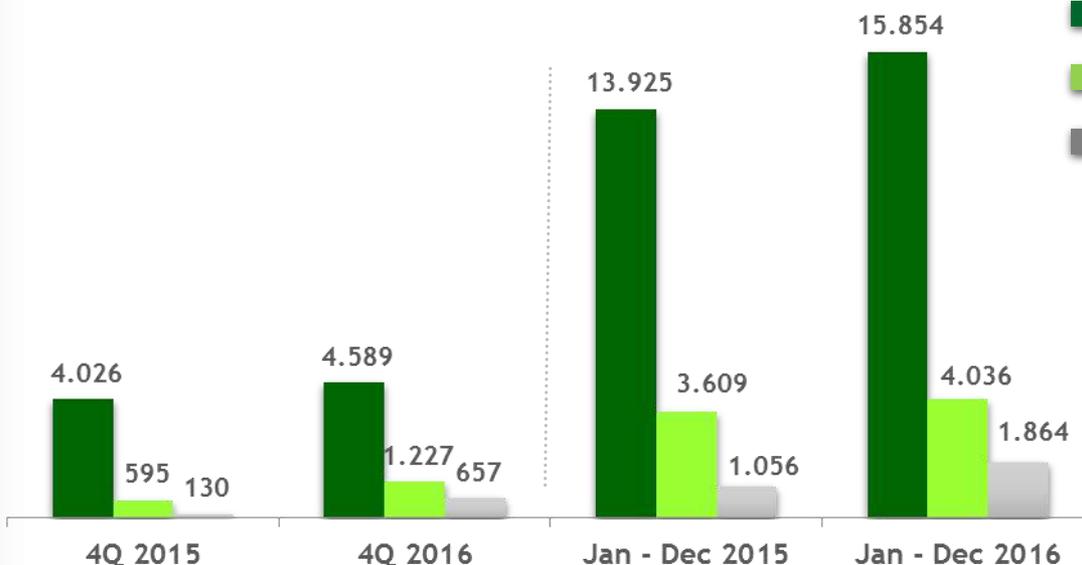
6. Financial Results as of Dec.31, 2016

EPM Group Income Statement

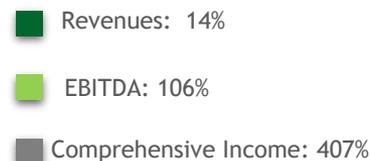
(results unaudited, subject to final review)

Figures in COP thousand million

■ Revenues ■ EBITDA ■ Comprehensive income



Var. 4Q2015 - 4Q2016

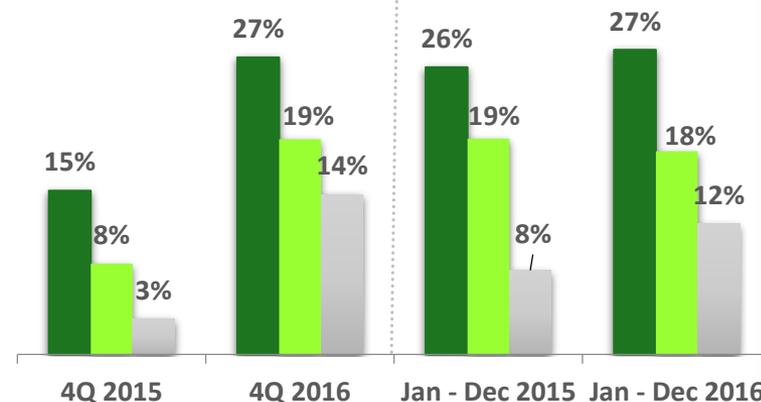


Var. Jan-Dec 2015 - Jan-Dec 2016



- The comprehensive income at COP 1.8 billion was 77% higher than a year ago mainly as a result of higher revenues and results mainly due to FX difference, particularly in EPM parent company and EPM Chile.
- Net margin was 11%.

■ EBITDA margin ■ Operational margin ■ Net Margin

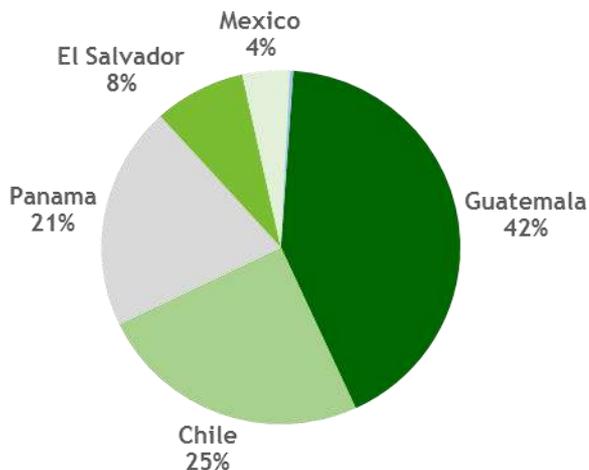
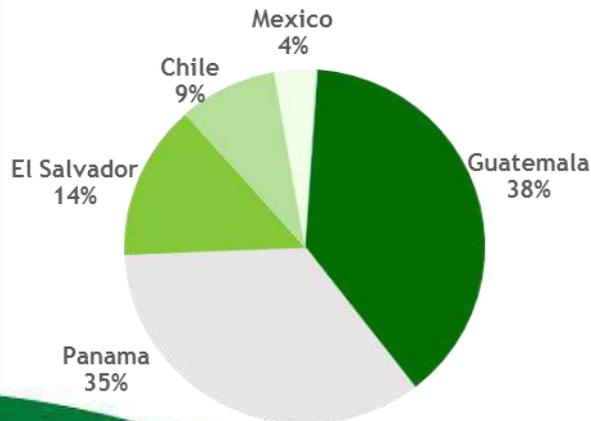
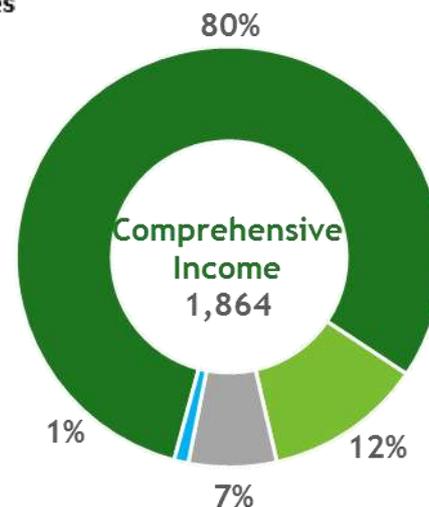
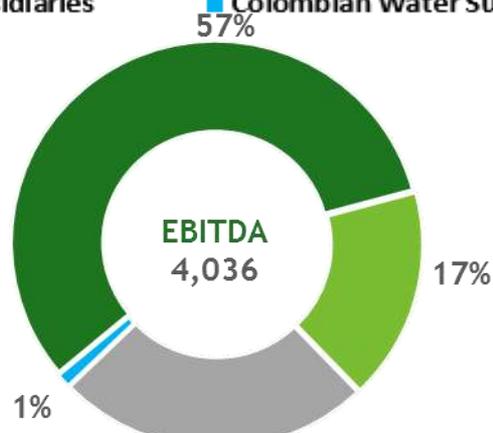
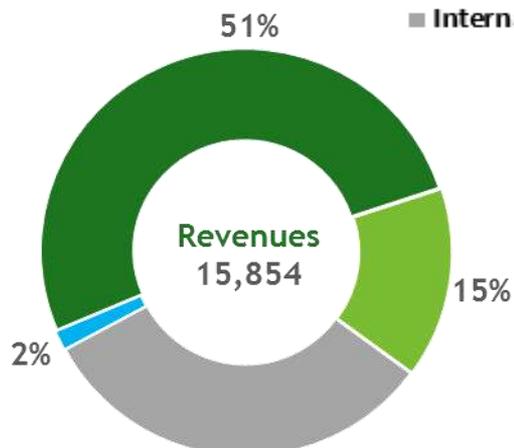


6. Financial Results as of Dec.31, 2016

By Colombian and International Subsidiaries (results unaudited, subject to final review)

Figures in COP thousand million

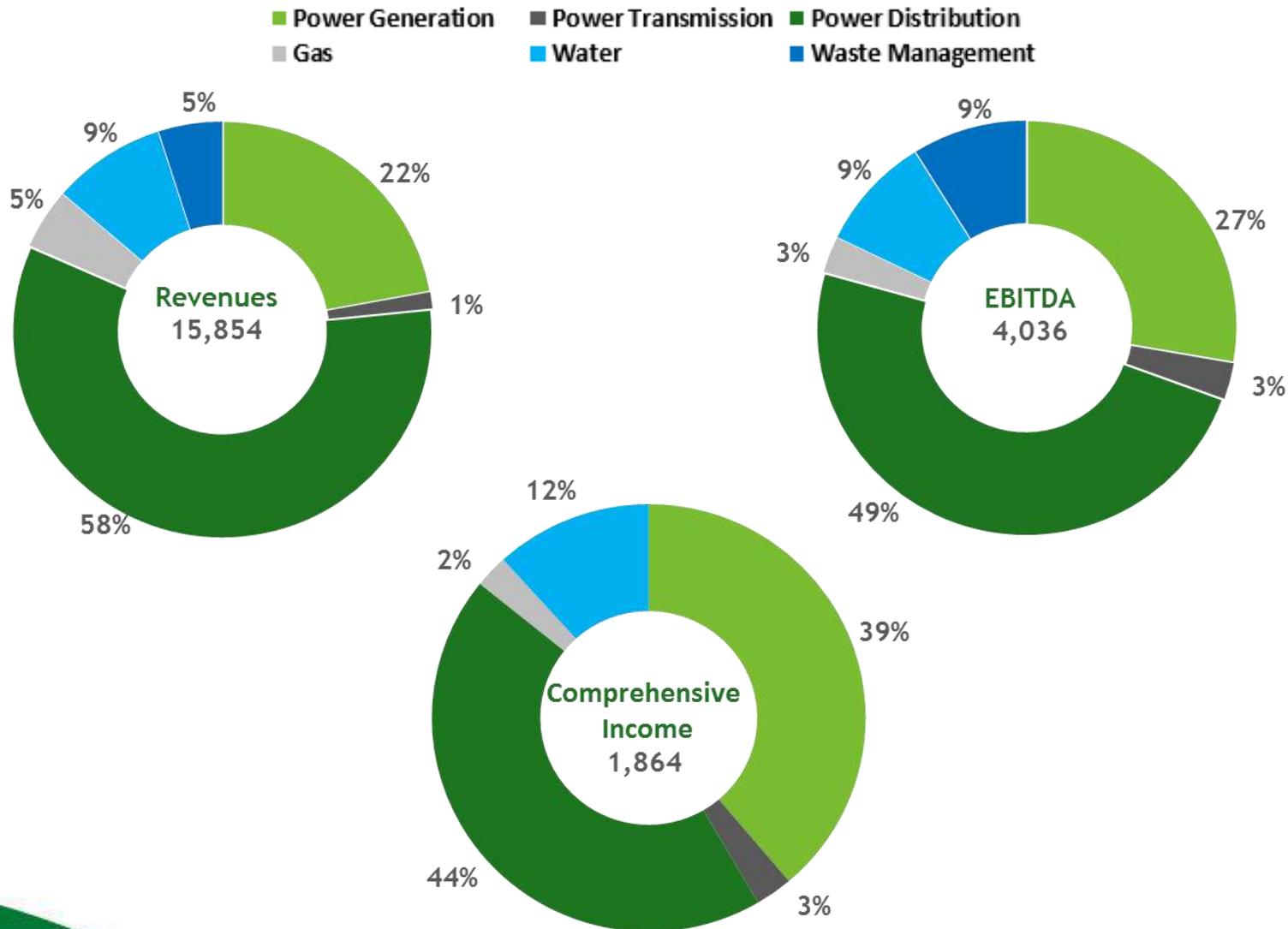
■ EPM
■ Colombian Power Subsidiaries
■ International Subsidiaries
■ Colombian Water Subsidiaries



6. Financial Results as of Dec.31, 2016

By Segments (results unaudited, subject to final review)

Figures in COP thousand million



6. Financial Results as of Dec.31, 2016

Statement of Financial Position (results unaudited, subject to final review)

Figures in COP thousand million

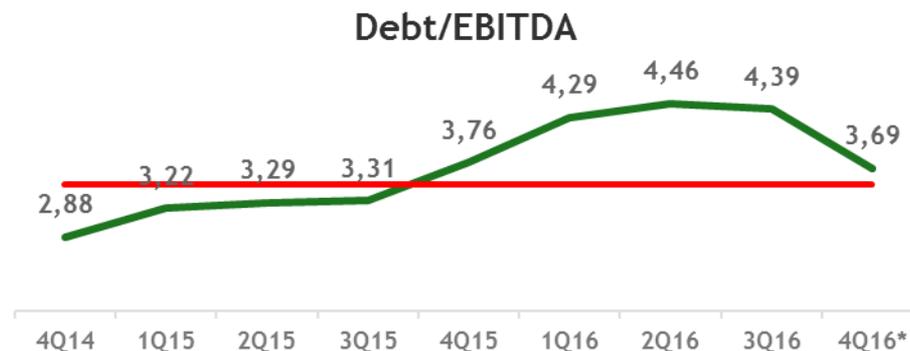
■ Assets ■ Liabilities ■ Equity



The 5% increase in Equity is explained by net income of the period for COP 1.8 billion and surpluses paid to the Medellin Municipality for COP 0.8 billion.

COP 1.01 billion increase in assets in property, plant and equipment associated to infrastructure projects under construction (Ituango, Nueva Esperanza and others); and a decrease from the sales of ISAGEN shares for COP 1.5 billion.

Ratios	2015	2016
Total debt	55%	54%
Financial debt	37%	37%
EBITDA/financial expenses	4.98	4.79
Gross Debt/EBITDA	3.76	3.69



6. Financial Results as of Dec.31, 2016

Debt Profile

Figures in COP thousand million

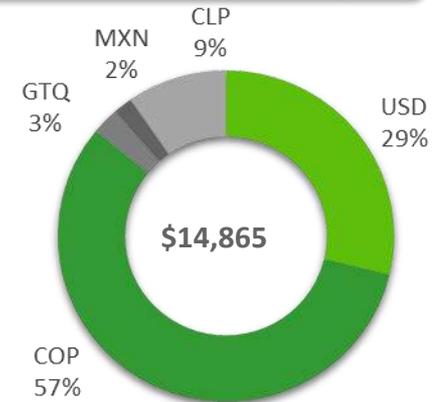
Source



Companies



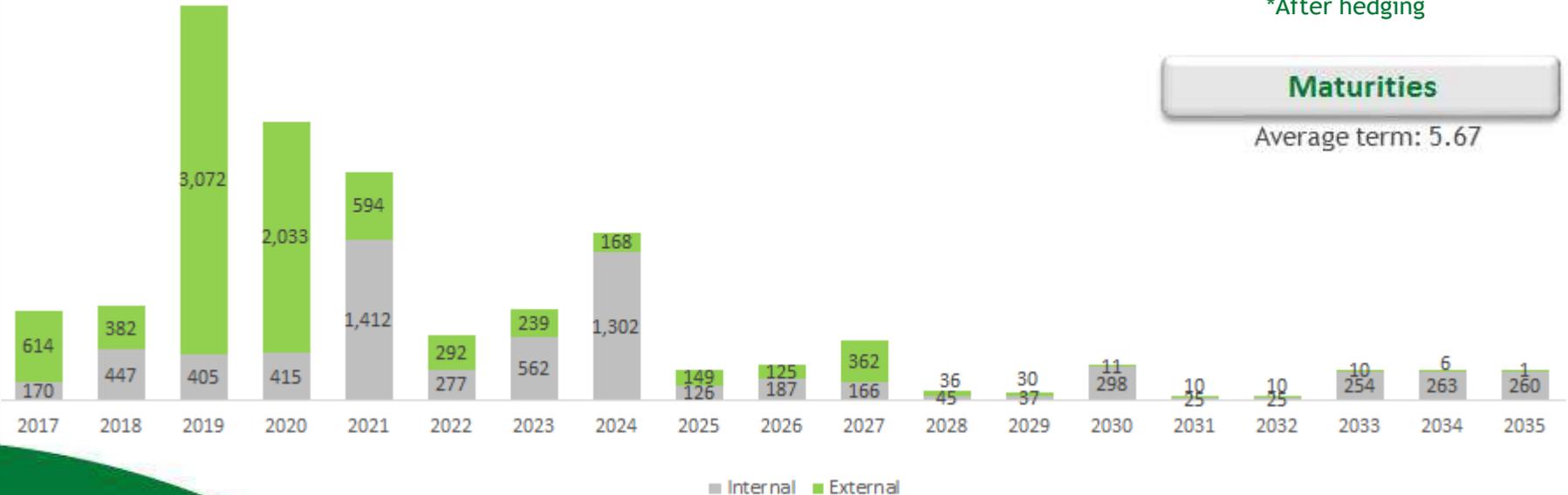
Currency*



*After hedging

Maturities

Average term: 5.67



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- Below is a general information presentation about Empresas Públicas de Medellín ESP and its Subsidiaries, as on the date of presentation. The materials herein contained have been summarized and do not intend to be complete.
- This presentation contains forward-looking statements which are subject to several risks, uncertainties and circumstances relative to the operations and business environments of EPM. These factors could cause actual results to materially differ from any future result, expressed or implied, in such forward-looking statements. Accordingly, EPM cannot guarantee any results or future events. EPM expressly states that it will be under no obligation to update the forward-looking statements or any other information herein contained.
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