

## DRAFT MUNICIPAL RESOLUTION

Whereby the disposal of certain shareholdings is authorized

### THE COUNCIL OF MEDELLÍN

In use of its legal and constitutional powers, particularly those granted by Article 17 of Law 226/1995

### HEREBY AGREES TO

**Article 1.** Authorize Empresas Públicas de Medellín E.S.P. to dispose of the shareholdings it has or may have in UNE EPM Telecomunicaciones S.A. and INVERSIONES TELCO S.A.S.

**Article 2.** Authorize Instituto de Deportes y Recreación de Medellín (INDER) to dispose of the shareholdings it has in UNE EPM Telecomunicaciones S.A.

**Article 3.** The authorizations contained in this Resolution shall remain effective until December 31, 2024.

**Article 4.** The disposal to be carried out by Empresas Públicas de Medellín E.S.P. and Instituto de Deportes y Recreación de Medellín (INDER) shall be performed in accordance with technical studies and one or several predefined programs that are consistent with the principles of democratization, preference, protection of public property and continuity of service, pursuant to the terms and procedures required by Law 226/1995.

**Article 5.** This resolution shall become effective as of the date of its publication in the Official Diary of the Municipality of Medellín and repeals the provisions that are contrary to it.

Issued in Medellín, on the

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## **1 Background**

### **1.1 UNE EPM Telecomunicaciones S.A.**

With the opening of the telecommunications market in Colombia and the arrival of world-class competitors such as Movistar and Telmex (currently Claro), Empresas Públicas de Medellín E.S.P. (hereinafter, “EPM”) decided in 2006 to spin off its telecommunications strategic business unit from the parent company to create a new company focusing exclusively on telecommunications, to enable it to better address the new competitive challenges.

UNE EPM Telecomunicaciones S.A. (hereinafter, “UNE” or the “Company”) was legally created as a beneficiary company of the spin-off of the telecommunications business of EPM, in accordance with the authorization granted by the Municipal Council by means of Resolution No. 45/2005. The resolution ordered that it could not transform into a different type of company, change its shareholder structure or assign its administration, management or business operations to a third party without prior authorization from the Council of Medellín.

In 2013, EPM defined that in order to ensure the sustainability of the business in the long term, it was necessary to manage the risks involved in its shareholdings in companies in the ICT sector, i.e., UNE and its affiliates (Edatel, ETP, Orbitel, CTC and OCL), as well as Emtelco S.A.S.(hereinafter, “Emtelco”), which at that time was owned by UNE, and in Colombia Móvil S.A. E.S.P., in which UNE owned 25 % of shareholdings.

In line with the above, the decision was made at the time to search for a strategic partner for UNE and its investments.

To achieve the above, one of the first steps taken was to request authorization from the Council of Medellín to transform UNE into a mixed public-private company that could receive private capital. Consequently, in May 2013 the Council approved Resolution 17/2013, through which it authorized changing the legal nature and shareholder structure of UNE, as well as to assign its administration, management or business operations to third parties.

After several studies and assessments, it was decided that the most suitable partner to operate and control the telecommunications businesses, in terms of its capacity

to face the competitive challenges and to protect the public property that EPM had invested directly in UNE and indirectly in Colombia Móvil S.A., was Millicom International Cellular S.L., which decided to take an interest in the capital of UNE through the merger of the latter's equity with that of its affiliate Millicom Spain Cable S.L., which in turn was owned by the intermediate company Millicom Spain S.L. The transaction was structured as a merger by absorption, in which the absorbing company was UNE and the absorbed company was Millicom Spain Cable S.L. Said merger was formalized on August 14, 2014.

The equity of Millicom Spain Cable S.L. was comprised by assets represented in shares in Colombia Móvil S.A. E.S.P., equivalent to an equity interest of 50 % + 1 share, and cash for USD 860 million. Following the merger, the company Millicom Spain Cable S.L. dissolved but was not liquidated, and its equity, including the aforementioned assets, was merged into the equity of UNE.

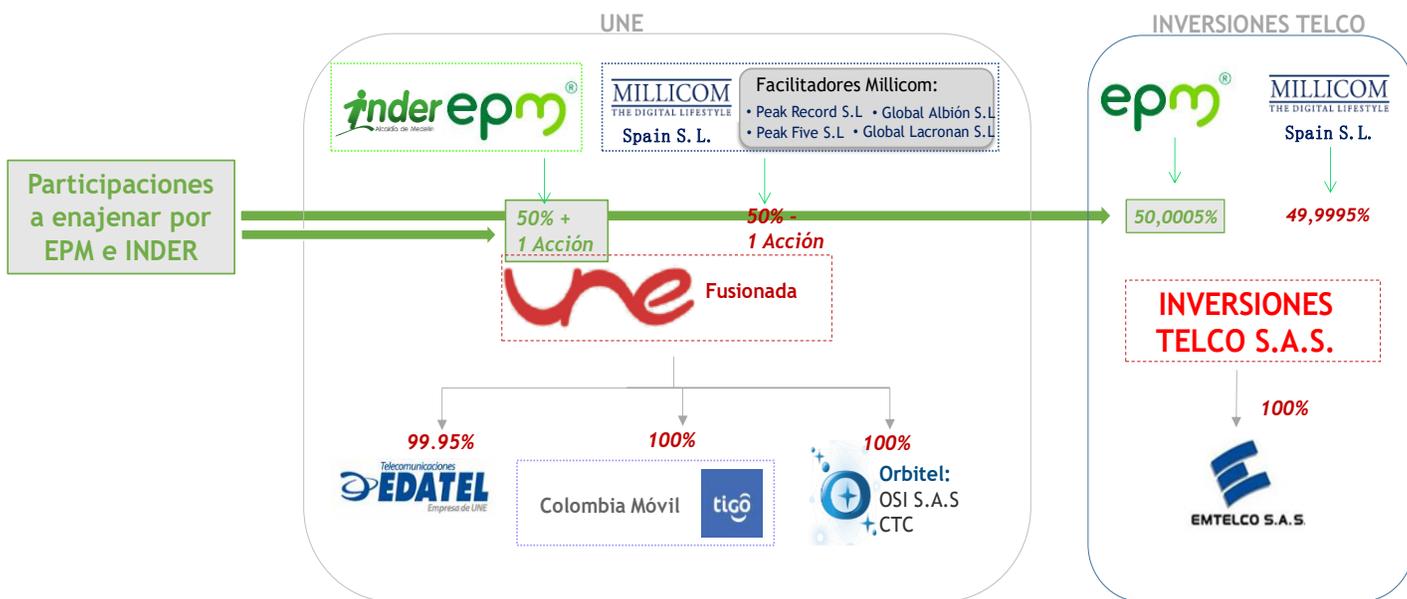
Pursuant to the provisions of subsection b. of Article 1 of Resolution 17/2013, after the merger Millicom gained administrative and operating control over UNE.

At the same time, a new company was created named Inversiones Telco S.A.S. (hereinafter, "INVERTELCO") which, upon receiving the contributions of EPM and Millicom Spain S.L, became the owner of the shares in Emtelco, a contact center and BPO services company<sup>1</sup>.

The following is the current corporate structure through which EPM and INDER, in their capacity of decentralized entities of the Municipality of Medellín, act as public-sector shareholders of UNE, and through which EPM acts as public-sector shareholder in INVERTELCO:

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<sup>1</sup> Business Process Outsourcing. BPO consists in the outsourcing of business processes to service providers, either internal or external to the company.



The following are the current shareholders of UNE:

Accionista	Acciones Ordinarias	Acciones Preferenciales	% Participación
Empresas Públicas de Medellín E.S.P.	4,223,309	3	50.000000%
Instituto de Deportes y Recreación (INDER)	1	0	0.000012%
Millicom Spain, S.L.	4,222,467	0	49.989996%
Peak Record S.L.	211	0	0.002498%
Peak Five S.L.	211	0	0.002498%
Global Albion S.L.	211	0	0.002498%
Global Lacroan S.L.	211	0	0.002498%
<b>TOTAL</b>	<b>8,446,621</b>	<b>3</b>	<b>100.000000%</b>

The shareholders of UNE entered into a Shareholder Agreement, signed by EPM and Instituto de Recreación and Deportes de Medellín (INDER) (public-sector shareholders), and by Millicom Spain S.L., Peak Record S.L., Peak Five S.L., Global Albion S.L. and Global Lacroan S.L. (Millicom shareholders). According to this agreement, the Millicom shareholders shall have joint control.

## 1.2 Inversiones Telco S.A.S.

INVERTELCO was incorporated in November 2013 by Millicom Spain S.L., which subsequently sold 50 % + 1 shares to EPM. Its corporate purpose includes, among

others, investing in companies whose corporate purpose is to provide business process outsourcing (BPO) and Contact Center services.

INVERTELCO owns 99.999985 % of the shares of Emtelco, whose shareholder structure is as follows:

<b>Accionista</b>	<b># de acciones</b>
Inversiones Telco S.A.S.	13,720,336
Colombia Móvil S.A. E.S.P.	1
Orbitel Servicios Internacionales S.A.S.	1
<b>Total</b>	<b>13,720,338</b>

The current shareholders of INVERTELCO are:

<b>Accionista</b>	<b>Acciones Ordinarias</b>	<b>Acciones Preferenciales</b>	<b>% Participación</b>
Empresas Públicas de Medellín E.S.P.	7,363,126,367	147,265	50.0005%
Millicom Spain, S.L.	7,363,126,368	0	49.9995%
<b>TOTAL</b>	<b>14,726,252,735</b>	<b>147,265</b>	<b>100.0000%</b>

At INVERTELCO, a Shareholder Agreement was signed between Empresas Públicas de Medellín E.S.P. and Millicom Spain S.L. on November 8, 2013, by virtue of which the latter is the controlling shareholder.

## **2 Description of the shareholdings to be disposed of**

### **2.1 UNE EPM Telecomunicaciones S.A.**

UNE is a mixed public-private stock company, the majority of whose shares are held by the public sector. Its corporate purpose is to provide public services in telecommunications, information technology and communications, information services and associated and/or related complementary activities. Its corporate domicile is in the city of Medellín and its duration is indefinite. The Company operates its business in the Colombian territory and offers landline telecommunications, Internet, television and satellite services.

UNE has investments in landline and mobile telecommunications services companies, both in Colombia and in the United States through Colombia Móvil S.A. E.S.P., Edatel S.A., Orbitel Servicios Internacionales S.A.S. (OSI), and Cinco Telecom Corporation (CTC), which, in combination, provide the following telecommunications services to the following users:

Users in thousands	December 2020
<b>Landlines - Total consolidated UNE users</b>	<b>4,756</b>
TV	1,308
Telephone	1,648
Broadband	1,800
<b>Mobile-Total users</b>	<b>12,503</b>
Prepaid	10,719
Post-paid	1,784

Source: UNE 2020 Management Report.

The following are the main figures extracted from the company's consolidated financial statements at December 2020:

Financial figures (millions of pesos)	2020
<b>Consolidated UNE*</b>	
Revenues	4,843,434
EBITDA	1,622,042
Total assets	9,316,566

\* Includes UNE, Colombia Móvil, Edatel and OSI, and CTC  
Source: Official 2020 consolidated financial statements of UNE

REGIONAL OFFICES	COVERAGE		
	UNE	COLOMBIA MÓVIL	EDATEL
Central	Cundinamarca, Meta, Boyacá	Amazonas, Casanare, Cundinamarca, Guainía, Guaviare, Meta, Putumayo, Vaupés, Vichada	
Coast	Atlántico, Bolívar, Cesar, Magdalena, Sucre, Córdoba	Atlántico, Bolívar, Cesar, Córdoba, Guajira, Magdalena, Sucre	Bolívar, Cesar, Sucre
Northwest	Antioquia	Antioquia, San Andrés Islands, Chocó	Antioquia, Caldas, Córdoba
Coffee-growing region	Caldas, Quindío, Risaralda, Tolima	Caldas, Quindío, Risaralda, Tolima, Huila, Caquetá	
East	Boyacá, Norte de Santander, Santander	Arauca, Boyacá, Norte de Santander, Santander	Santander
Southwest	Cauca, Nariño, Valle del Cauca	Cauca, Nariño, Valle del Cauca	

- At year-end 2019 UNE had presence in 96 % of the Colombia's urban areas and provided 4G network coverage to over 1,100 municipal town centers throughout the country.

Source: UNE 2019 and 2020 management report

## 2.2 Inversiones Telco S.A.S. and Emtelco S.A.S.

INVERTELCO is a mixed public-private decentralized municipal services company, in which the public sector holds an equity interest above 50.00 %, and whose corporate purpose is to invest in telecommunications and BPO companies. It currently owns 99.999985 % of the shares of Emtelco

Emtelco was incorporated in July 1994 in the city of Medellín by Empresas Públicas de Medellín and Empresas Municipales de Cali E.I.C.E. E.S.P. (EMCALI) as a telecommunications company that provided connectivity services and communications equipment, and which was initially located in Bogotá.

In 2003, the company expanded its services to venture into Call Center services and began to operate in Medellín.

Later, in 2007, the telecommunications business of Emtelco was spun off, which was integrated into the equity of UNE, and the company maintained the call center services operation.

In 2009, Emtelco created a new business line, business process outsourcing (BPO), and began to operate as a contact center and to incorporate other communications and relationship channels into its service portfolio.

Currently, Emtelco designs BPO solutions to connect corporate customers with their end users through different services: customer service, sales, collections, back office and service desk, using different channels: telephone, online and face-to-face.

Since 2012, the company has achieved average year-on-year growth of 15 %, which is in line with the growth of this industry in Colombia (14 %-16 %).

The following are the consolidated financial results of INVERTELCO at December 31, 2020:

Financial figures (millions of pesos)	2020
Consolidated Inversiones Telco*	

Revenues	477.395
EBITDA	72.629
Total assets	350.832

\* Includes Emtelco.

Source: 2020 official consolidated financial statements of Invertelco.

### 3 Justification for the disposal of all shareholdings

#### 3.1 EPM's justification

EPM is a company with positive operating results and healthy profitability and liquidity ratios, which indicate the company's sustainability over time. In order to maintain its track record and the positive evolution of its portfolio, it must continuously assess the dynamics of its businesses and take action as necessary, either to decide on which investments to make in order to pursue the strategy it has defined, or to establish which of the businesses it is involved in no longer fulfill its strategic objectives, either because of changes in the industry, changes in long-term plans, changes in the profitability or the liquidity of the investment, or even because it poses risks that the owner, in line with its profile, is not willing to take on. Based on the above criteria, it was established that the investments in UNE and Invertelco should be divested, as indicated in the following analysis.

UNE is the third largest telecommunications operator in Colombia in terms of revenue. The company has an adequate financial profile with stable leverage, a diversified service portfolio and ongoing cash generation. In this sense, a stable revenue flow is expected in the medium term, with EBITDA margins of approximately 30 %, even under competitive pressure and with the investments in progress, which will support its continuous growth in terms of subscribers and help maintain a stable credit profile in the short and medium term, as reflected in its stable outlook.

UNE is in a highly competitive industry, in a regulated market with free price competition, strong players, a high technological component that requires participants to make heavy capital investments, and therefore to have the financial muscle to create confidence in the event capital from its shareholders is required to acquire equipment and software, or to deploy networks and/or to participate in bidding processes for electromagnetic spectra. The above context of potentially large investment requirements, quick technological obsolescence and intense competition implies a high level of risk that creates greater demands in terms of the time required to recover the investments, and make it necessary to have highly specialized and costly personnel due to the technical, strategic and market particularities of the business. This high level of capital intensiveness is expected to

remain in the future as the need to implement new technologies arises and new competitors enter the Colombian telecommunications market.

As is well known, EPM is the top player in the field of public utilities in Colombia, and it has a relevant role in Latin America. It is also the parent company of a business group whose strategic planning, resources, capabilities and metrics revolve around public utilities. However, and for the same reason, in the current environment, EPM cannot take on the imperious capital and resource requirements that the telecommunications business demands.

Additionally, when Fitch Ratings confirmed UNE's ratings last November 18, 2020<sup>2</sup>, the agency indicated that UNE's ratings reflect the integrated operation of the Company and the robust competitiveness of its network infrastructure, which support its strong market position in the highly competitive Colombian telecommunications industry. Its operating cash flow is adequately diversified between mobile services, land lines and B2B (business to business). The ratings agency also highlights the financial soundness of UNE, given its stable leverage of approximately 2x adjusted EBITDA in the medium term. Fitch expects that the continuity of the investments required to expand and strengthen its networks will contribute to sustain its customer growth and to maintain a stable credit profile in the short and medium term, which is reflected in the rating's Stable Outlook. On average, investments are expected to represent 27 % of forecast sales, a proportion that is above the average intensity of 18 % between 2015 and 2019.

<b>Income statement figures<sup>3</sup></b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>	<b>4,843,434</b>	<b>4,927,143</b>	<b>4,810,880</b>	<b>5,060,311</b>
<b>EBITDA</b>	<b>1,622,042</b>	<b>1,626,135</b>	<b>1,430,277</b>	<b>1,349,654</b>
<b>Net income</b>	<b>-212.543</b>	<b>519</b>	<b>-65.738</b>	<b>-40.267</b>
<b>Capex<sup>45</sup></b>	<b>1,023,887</b>	<b>941,379</b>	<b>941,560</b>	<b>881,103</b>

Amounts in millions of pesos

<sup>2</sup> [https://www.tigo.com.co/sites/tigounecorp/files/fragmentos/general\\_listado\\_archivos/une-epm-frr-spanish-local.pdf](https://www.tigo.com.co/sites/tigounecorp/files/fragmentos/general_listado_archivos/une-epm-frr-spanish-local.pdf)

<sup>3</sup> 2019 and 2018 Consolidated Financial Statements UNE EPM Telecomunicaciones S.A. Not including Emtelco.

<sup>4</sup> Capital investments for operations. Does not include spectrum.

<sup>5</sup> Source of Capex: Financial statements viewed by management excluding Emtelco.

Even though net income is not the most important indicator for determining an asset's value, it is the one that enables dividend payouts. For this reason, for an investor like EPM this is a key indicator to enable delivering the transfers that the Municipality of Medellín requires year after year.

As shown in the above table, the net income of UNE in three of the last four years has been negative, and in 2019, even though it was positive, it is equivalent to a return on equity (ROE) of 0.5 %, which is lower than that of EPM's core businesses. Consequently, in terms of expected dividends, EPM has the possibility of obtaining higher yields in its strategic businesses.

Given the aforementioned conditions of this industry in terms of capital requirements, EPM might be required to make investments it has not included in its financial planning, given that in accordance to Resolution 17/2013 of the Council of Medellín, EPM cannot be diluted<sup>6</sup>. In view of the above, in the event that such investments are required, it would be necessary to take on additional debt (to the extent that indebtedness levels allow), because otherwise, i.e., in the event it does not make the required capital contributions, EPM would generate risk and harm to the operations, continuity and competitiveness of UNE, giving rise to losses in the value of the investment, which is an undesirable scenario.

The situation described above is illustrated in a similar case of the national government with Colombia Telecomunicaciones (Coltel), which in 2017 had to invest COP 1.2 trillion because the company was ordered to revert infrastructure. Then in 2018 it attempted to sell its 32.5 % equity interest, with no control, but the effort was unsuccessful. In fact, it is widely considered that the country's investment in Coltel has produced very low profitability for the nation in recent years<sup>7</sup>.

In the case of INVERTELCO, it is also in a highly competitive industry, and faces competition for the services it provides both in Colombia and abroad. Price is a determining factor for success in this industry, and it is a major challenge to maintain long-term contracts in this sector, given that customers always seek lower service prices with improved quality.

The following are some major trends, among others:

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<sup>6</sup> Dilution is defined as the situation in which a company calls for additional capital contributions from its shareholders, and one of its shareholders does not accept to contribute, in which case its percentage of shareholdings in the company's capital is diminished.

<sup>7</sup> Revista Dinero TELECOMUNICACIONES | 10/25/2018 "Un año después, la venta de ColTel sigue esperando"

- Investment requirements related to omni-channel platforms to address the new challenges brought about by the pandemic and the improvement in service provision, greater value propositions (robotics and artificial intelligence, among others) and redesigning of the solutions offered to customers in terms of level of customization and specialization of the services.
- In the business process outsourcing (BPO) industry, contract prices have been falling due to the automation of processes, which implies that competition will tend to intensify to win over new customers or contracts.
- The industry is increasingly specializing and consolidating, with the large players acquiring companies in regions or segments that leverage their growth and internalization.
- Non-specialized players in the industry have been selling their contact center and BPO businesses to focus their efforts on their strategic and core businesses, as in the case of: Telefónica selling Atento in 2012, Bancolombia selling Multienlace in 2008, IBM selling its BPO strategic unit in 2013.

### **3.2 INDER's justification**

Instituto de Deportes y Recreación de Medellín (INDER) is the decentralized entity of Medellín mayor's office responsible for promoting sports, exercise, recreation and use of free time by offering programs in areas that contribute to improving citizen culture and the quality of life of the people of the Municipality of Medellín. Consequently, the investment represented by its one share in UNE is not a relevant asset, and is certainly not within its strategic objectives.

INDER has only one share because it acted solely as facilitating partner to enable the involvement of a plural number of public decentralized shareholders of the Municipality of Medellín in UNE, as required by Resolution 17/2013. Nonetheless, it is also true that all the arguments set forth by EPM in the previous section also apply to INDER, in terms of justifying its divestment of said share.

### **3.3 Particular situation of the businesses of UNE and Invertelco**

In 2017, EPM contracted consulting services from the international firm Oliver Wyman, with the objective of maximizing the value of the investments of EPM in the ICT industry.

The consultant pointed out several aspects of the business and the market that currently, in addition to the current market situation, support the decision of divesting the equity interests held in UNE and INVERTELCO, as explained in the following sections:

### **3.3.1 Trends in telecommunications**

Global trends in telecommunications indicate a major transformation of the business that also affects this industry in the Colombian market. The following are the most important trends identified in telecommunications:

- Migration of voice service from landline to mobile, and in turn the migration of mobile voice to data, mainly affecting the companies that are still strong in landline voice.
- Migration of value from the telecommunications industry to media and OTT<sup>8</sup> companies, driven by Internet service, at the expense of other telecommunications offerings.
- Change in the composition of telecommunications companies' revenues, where voice and OTT have become more prominent and have taken a share of income from landline voice and television.
- Very significant increase in data traffic, which implies constant investment by telecommunications operators to meet the demand.
- The specialization of services is leading to concentration in the industry, and in the owners of said businesses, creating higher risk in the business.

### **3.3.2 Colombian market**

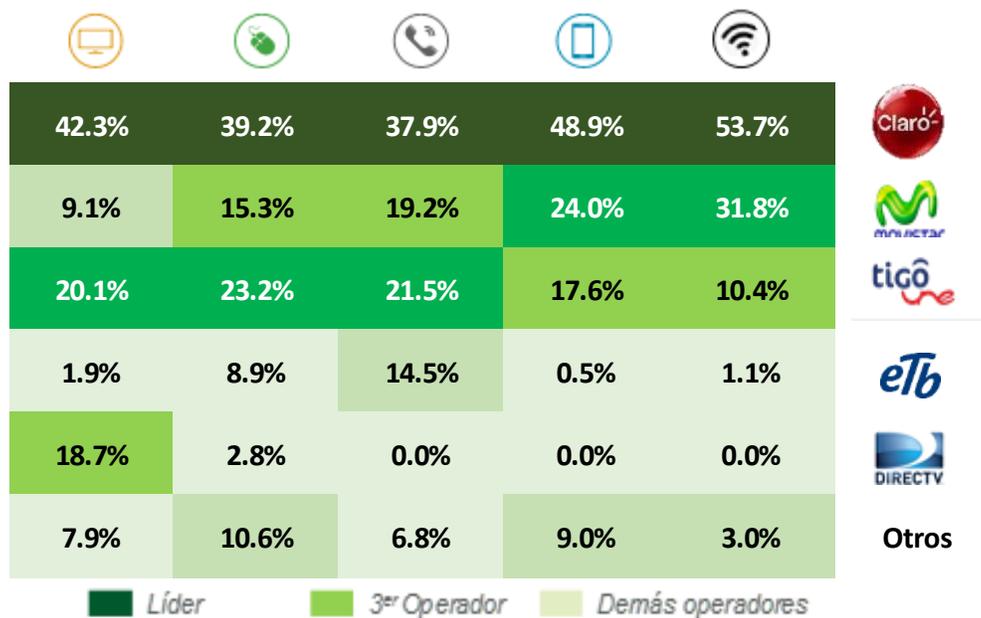
#### **3.3.2.1 Services**

The composition of the market in terms of television, data, voice and mobile telephone services is displayed in the table below, as of June 30, 2019 for television<sup>9</sup> and September 30, 2020 for the other services:

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<sup>8</sup> Over The Top. It refers to services that reach users through telecommunications services but that are provided by third parties, such as Netflix and Skype, among others.

<sup>9</sup> Due to the Law of Modernization of the ICT Sector, the National Television Authority disappeared and official figures on subscription television are no longer published.

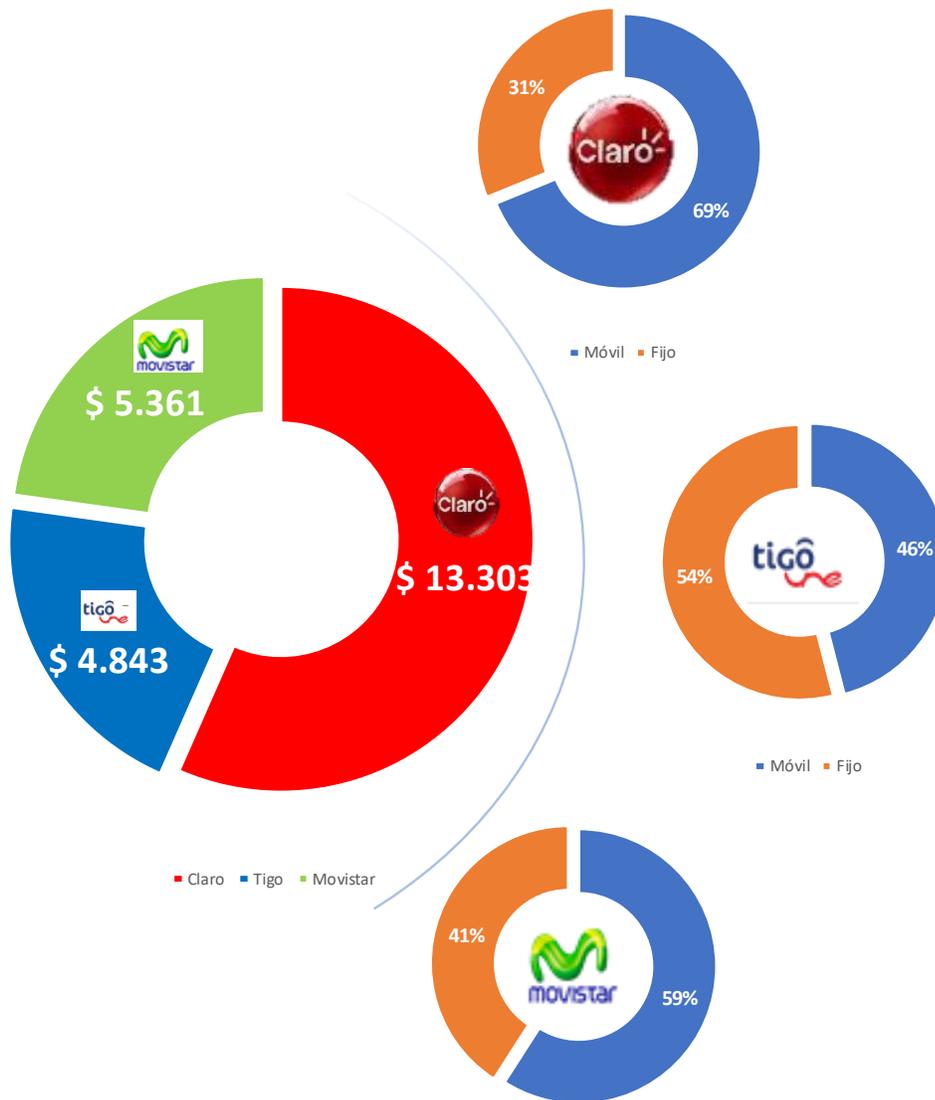


Source: Report Mintic T-III-20, Report ANTV jun-19.

Claro is the leading operator in all the services, followed by UNE, which is in second place in television, landline Internet and voice, and in third place in mobile telephone service; Movistar is in second place in mobile telephone and mobile data, third in Landline Internet and Voice, and fourth in television.

### 3.3.2.2 Revenues and EBITDA

Over the last ten years, Claro has been the leader of the Colombian telecommunications market in terms of revenues:



Source:

Claro: [https://s22.q4cdn.com/604986553/files/doc\\_financials/2020/q4/4T20.pdf](https://s22.q4cdn.com/604986553/files/doc_financials/2020/q4/4T20.pdf)

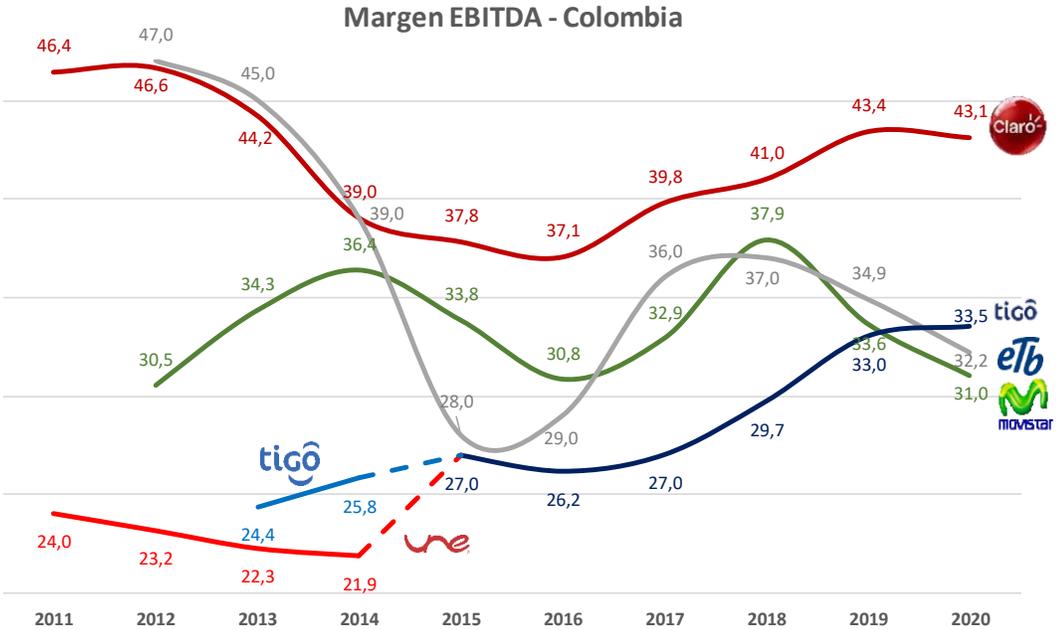
Movistar:

<https://www.telefonica.co/documents/1285851/408859722/Informe+de+Gesti+%C3%+B3n+Responsable+2020+Movistar.pdf/de37ba15-b033-6409-0eb8-8f71826b09a0>

Tigo: 2020 Financial Statements

Following the merger of UNE and Millicom, the second place in the industry in terms of revenue has been disputed by Telefónica-Movistar and UNE. As of the end of 2019, Movistar was in second place, followed very closely by UNE.

In its effort to maintain its market leadership, Claro has driven down prices, which has impacted the average EBITDA margin and profitability in the industry as a whole:



The EBITDA margin of UNE is lower than that of Claro, the market leader, which is in line with the findings of the consultant Oliver Wyman regarding telecommunications markets with a similar structure to Colombia. This topic is discussed further in the next section.

In addition to the above, WOM, the trading name of the firm Novator Partners, is the new competitor in Colombia, and began to offer mobile services on April 5, 2021. It acquired a spectrum in the auction of December 2019, and in early 2020 it acquired a controlling interest in Avantel S.A.S., and therefore has ventured as the fourth operator in the country. To date, it has entered the market aggressively in a manner that is very similar to what it did in Chile using, among other aspects, disruptive advertising, frontal attacks on competitors highlighting customer complaints, and revolutionizing the mobile market with its value proposition of “*mereces más* (you deserve more).” In Colombia, they launched prepaid offers of 15 Gb for COP 35,000, they opened 100 stores nationwide and 80 kiosks in 30 cities as the main asset to guarantee the brand. The launch of offerings by this new operator led other operators to lower prices or to reconfigure their offerings, which may lead to lower margins and to changes in market share (for example, in Chile, in 5 years its market share increased from 3 % to 20 %). In Colombia, its objective is to have a 25 % market

share in 5 years. As a result of the aggressive actions of WOM and any other potential new competitor, UNE and the other current operators may lose customers and/or be forced to cut prices.

### **3.3.3 References to countries with similar market structures**

The consultant performed an analysis of markets with competitive structures similar to Colombia's, i.e., markets where there are two large operators competing with one or several small operators.

The following are the conclusions:

- Increased competitiveness between operators: the EBITDA margin tends to be lower in this market structure, leading to intense competition to acquire market share.
- The early deployment of new technologies helps capture market share: operators who took the lead in deployment of FTTH<sup>10</sup> or 4G gained market share in services related to these new technologies, which implies that in the future the companies that invest first in new technologies will have a competitive edge for gaining market share.
- Small operators have lower EBITDA margins: historically, the third operator has a much lower EBITDA margin than the first and second largest operators.
- Bundling of services to increase EBITDA margin: operators are increasingly offering integrated services as a way to gain customer loyalty, increase market share and protect EBITDA margin.

The third operator faces an ever more competitive environment from a disadvantageous position of smaller scale and lower EBITDA margin.

### **3.3.4 Diagnosis of UNE**

UNE is one of the Millicom's most important markets worldwide, with the following figures as of 2020<sup>11</sup>:

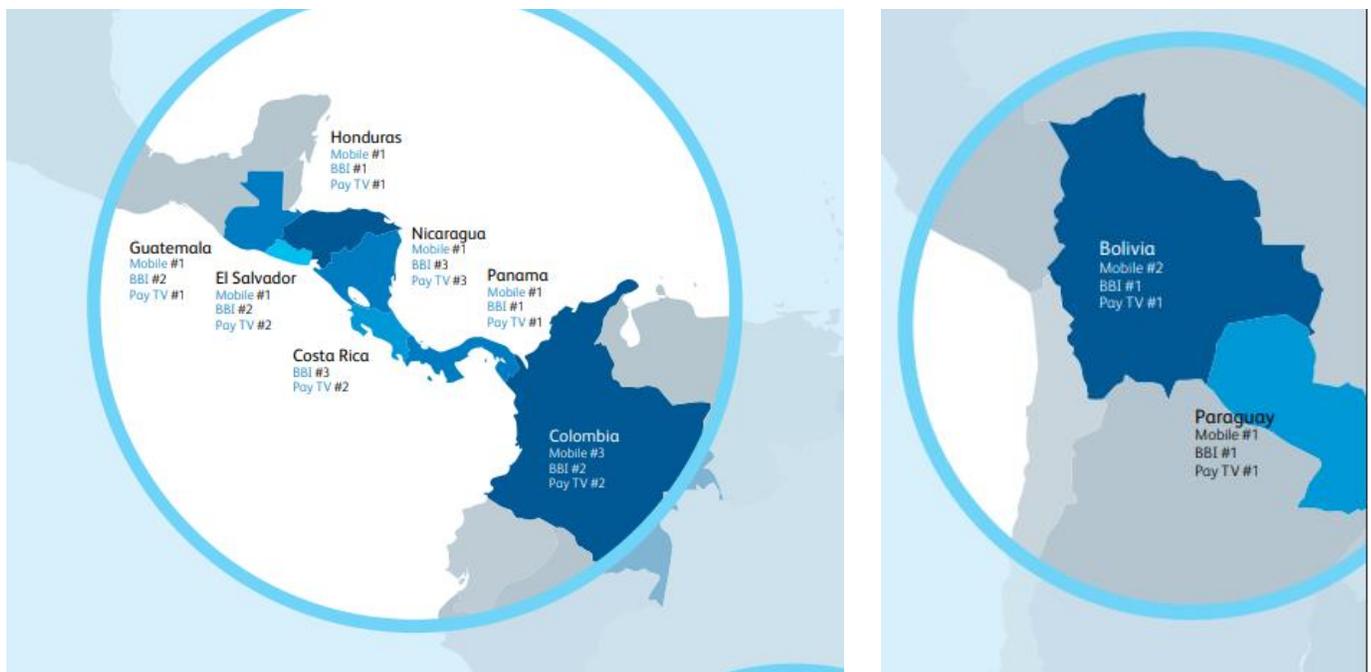
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<sup>10</sup> Fiber To The Home. Fiber to the home.

<sup>11</sup> <https://www.millicom.com/media/4381/financial-and-operational-data-q4-2020-vf.xlsx>

- Mobile customers in Colombia account for 24 % of Millicom’s mobile customers in Latin America.
- Landline customers in Colombia account for 38 % of Millicom’s landline customers in Latin America.
- Colombia contributes 23 % of Millicom’s Latin American revenues.
- Colombia contributes 19 % of Millicom’s EBITDA in Latin America and generates 20 % of Millicom’s cash flow (EBITDA-Capex), given the profitability of the asset and its high investment levels.

Position of Millicom in the markets where it is present<sup>12</sup>:



Under the operating and financial control of Millicom, the Company has achieved the following:

- Before the UNE–Millicom merger, it had been estimated that the synergy in terms of EBITDA would be worth COP 715 billion by 2019, but at December 2017 the merger had already achieved EBITDA synergy worth COP 751 billion. The synergy in terms of cash flow was expected to total COP 723 billion by 2019, but at December 2017 the merger had already achieved cash flow synergy worth COP 1 trillion.

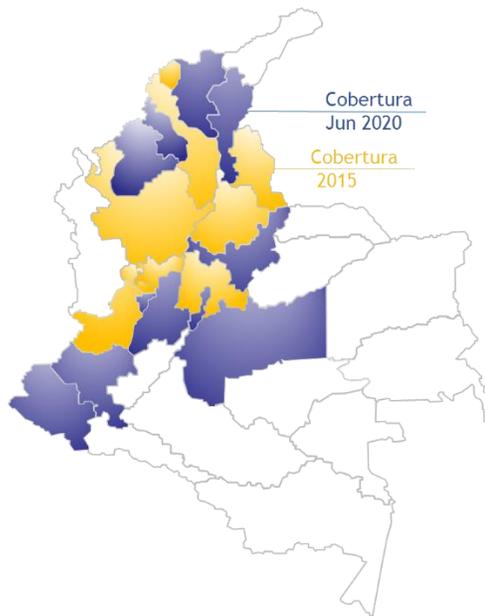
<sup>12</sup> Source: Millicom 2020 Annual Report.

Many of the synergy projects performed better than expected, and as a result the savings plan was fulfilled two years ahead of schedule.

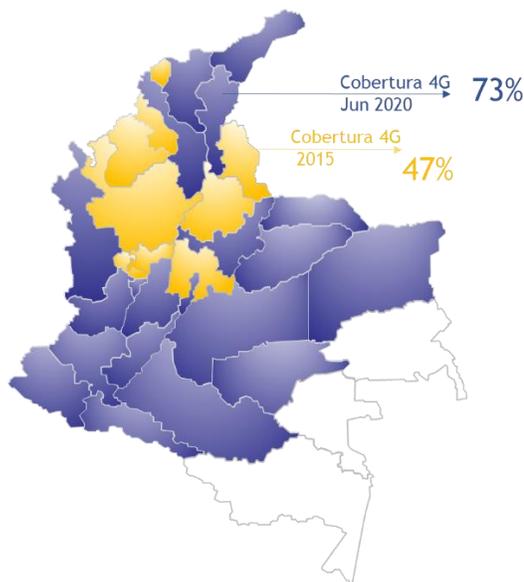
- In the spectrum auction held on December 20, 2019, UNE participated and was awarded 40 MHz in the 700 MHz band, in which it invested COP 2.45 trillion.

This award creates an obligation for UNE to provide coverage in 1,636 locations between 2021 and 2025.

- Direct and/or indirect coverage through affiliates increased from 773 municipalities in 2015 to 1,100 municipalities in 2019. It currently covers over 5 million Colombian households.



In 4G, coverage in Colombia increased from 47 % in 2015 to 73 % in 2020, reaching over 90 % of the country's urban population, to benefit over 4.6 million users.



- The following were the changes in the most important services between 2015 and 2020<sup>13</sup>:
  - Broadband connections increased by 395,101 to a total of 1,800,350 connections. In 2015, only 7 % of customers had a speed of more than 10 MB, and in 2020 the average customer’s speed is above 30 MB.
  - Television service increased by 266,663 to a total of 1,308,133 users.
  - Landlines decreased by 79,240 to 1,647,768 lines. Over 1 million users are already using IP technology.
  - Mobile lines increased by 1,589,248 to a total of 12,503,286 lines.
  - In January 2021, Opensignal published the results of mobile network experience, in which Tigo was in first place in 6 of the 7 categories, and on March 11 Ookla published the results of its study in which it found that Tigo’s mobile network was the fastest in Colombia (754,191 tests made by the users themselves in the second half of 2020).
  
- Product offerings have also increased, with the following highlights:
  - Offer of satellite television and OneTV.
  - Offers of broadband with speed up to 300 MB for households.
  - Access to value-added applications such as Amazon Prime and HBOGo.

<sup>13</sup> Source: UNE EPM Telecomunicaciones S.A. Management and Sustainability Reports, 2015 and 2020.

- Postpaid plans for mobile telephone services to be always connected with unlimited voice.
- In the companies and government line, offerings have been developed related to cybersecurity, Internet of Things (IoT), cloud-based services and applications, among others.

The consultant Oliver Wyman also performed an assessment of the Company's strategy in the medium term, 5 years, finding that it is in general consistent and self-financed, but limited in scope due to the business's cash flow generation capacity. The following are some specific aspects with high impact:

- **Strategy:** In general, a Digital Lifestyle approach is used, which in operating terms implies the expansion of the landline network, monetization of the mobile network and the digitalization of services.

Consultant's opinion: The strategy is consistent considering the cash flow restrictions.

- **Revenues:** Growth of 4 % per year, focused on households and B2B<sup>14</sup>. Strong expansion (2x) in broadband and in TV (2.6x).

Consultant's opinion: In general, the revenues are consistent with the investment levels, but in the specific case of the television business, revenues may be over-estimated.

- **Costs and EBITDA:** Reduction in costs based on increased operating efficiencies (digitalization) and EBITDA growth of 8 % per year on average, which implies an increase in the EBITDA margin from 26 % in 2016 to 31 % in 2021.

Consultant's opinion: The improvement in EBITDA is consistent with the strategic plan, although the increase in EBITDA margin is optimistic.

- **Network and CAPEX:** Installation of approximately 800,000 new HPs<sup>15</sup> and 200 mobile locations per year until 2021. The cash flow from the mobile business is expected to support the investment in the fixed business. In general, the plan is self-financed, i.e., it does not require shareholder contributions.

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<sup>14</sup> Business to Business. It is part of the corporate business unit.

<sup>15</sup> Home Passed. Homes passed.

Consultant's opinion: The investment plan is consistent with the business strategy. It could be more aggressive, but is not due to cash flow restrictions.

- **Debt and dividends:** The plan calls for a continuous reduction in the Company's indebtedness and financial leverage, and no dividend payouts are expected at least until 2020.

Consultant's opinion: The plan is conservative in terms of debt and dividends, and includes some margin of error.

Lastly, it is important to mention that even though EPM does not hold administrative, operating and financial control, through the Board of Directors EPM has contributed and provided input for decision-making and the protection of public property, given that the Shareholder Agreement establishes that some key decisions must receive the vote in favor of EPM.

This situation does not rule out the considerations for EPM to decide to proceed with the disposal of this company, because the level of risk of the industry, arising particularly from the intense competitiveness, high investments, changes in habits and greater user demands, technological obsolescence and short cycles for recovering the investments, all make its risk profile inappropriate for EPM.

Even though the final results of the study by the consultant Oliver Wyman were delivered to EPM in February 2018, from that date to the present we can say that the great majority of the consultant's opinions regarding UNE's business plan provided in 2017 have proved to be accurate.

It should be noted that the consultant considered that the target EBITDA margin at 2021 was optimistic, but in fact UNE has already achieved the target as of 2020.

### **3.3.5 The consultant's recommendation**

Considering the context and the risks involved, the consultant Oliver Wyman recommended the shareholder EPM to dispose of its 50 % shareholdings in UNE (fully exit the business).

### **3.3.6 Other reasons for divesting the telecommunications, contact center and BPO businesses**

- The telecommunications industry involves a higher level of risk than the energy, water and other businesses in which EPM is engaged.
- EPM does not control UNE or INVERTELCO, and as mentioned earlier, does not have broad experience in the challenges currently faced by the telecommunications, contact center and BPO businesses, which implies that it does not have significant input in the operating management of UNE and INVERTELCO, since all such knowhow stayed in UNE when the telecommunications business was spun off.
- It would be preferable for EPM itself to manage the equity it has invested in UNE and INVERTELCO in strategic businesses in which it does have competitive advantages and whose risk is more in line with the risk level that is acceptable for a household public utilities company and its owner, the Municipality of Medellín.
- UNE on its own account, i.e., without being a part of Millicom, would not have the sufficient scale to achieve the economies of scale that are required to remain competitive in the telecommunications industry, particularly when its competitors belong to large multinational companies with millions of customers who compete in different geographies. For this reason, UNE should continue to be part of a strong multinational telecommunications group, to enable it to continue to have access to economies of this type.
- UNE is considering investments and changes that will require additional resources, as was the case of the 700 MHz spectrum auction, new geographic expansion projects and increases in customers, which makes it highly likely that it will be difficult to obtain resources to finance these investments, which increases the likelihood that new shareholder contributions will be required in the future. It should be recalled that in accordance with Resolution 17/2013, the public shareholders (EPM and INDER) cannot be diluted, which would force them to capitalize UNE.
- The 2025 consulting study carried out in 2017 by McKinsey, with the purpose of *“identifying the actions that should be taken by EPM Group in its current businesses/lines of business and those to be ventured into in the future, as well as design the action path to implement the recommendations to maximize the value of the Group by 2025,”* also recommended that EPM should focus on the businesses of its corporate purpose (water and sewage systems, electricity and gas), and as one of the strategies to obtain financing for the new projects was to divest non-strategic assets, among which it specifically mentioned UNE.
- EPM must start the sale process as soon as possible in order to have the opportunity to exercise its right to exit and thereby increase the probability of success in the sale of the investments it holds in UNE and INVERTELCO.

- The fact that EPM holds an equity interest in UNE does not guarantee the implementation of the mass telecommunications programs that the Medellín mayor's office intends to undertake to the benefit of the city, such as the initiatives of the Medellín Futuro plan, which can be achieved through partnerships and agreements with UNE itself or other operators, without the need for EPM to be a shareholder.
- The sale of EPM's shareholdings would not produce major effects in the operation and strategy of UNE and/or INVERTELCO because there would be no change in the controlling shareholder. Since 2014, Millicom has made various strategic and operating decisions, and will continue to do so in the same manner.
- Given the high leverage reported by EPM Group at the end of 2020, with a Debt/EBITDA ratio of 4.37x (3.49x in 2019), divesting UNE would prevent increasing such ratios further and/or reduce the level of future indebtedness and its associated interest payments, because if the funds received from the disposal are used to finance the business group's investment plan, it would require less debt funding. It would also reduce the risk of a credit rating downgrade due to exogenous or endogenous factors.
- The funds received from the possible divestment of assets in which EPM does not have control could be redirected towards initiatives that are managed by EPM and that form part of its strategic businesses.
- UNE and INVERTELCO are assets that are not consolidated in the financial statements of EPM, they do not contribute EBITDA nor revenues, and consequently their sale would not have negative effects on the loan and bond covenants of EPM, and on the contrary would have a favorable effect by not having to increase debt, improving EPM's cash and cash equivalents holdings and generating greater EBITDA, as it invests in strategic businesses for EPM.

#### **4 Destination of the resources**

EPM intends to reinvest the funds received from the potential disposal in its strategic businesses, which are set out in the Group's investment plan, which for the 2021-2023 period are estimated at COP 11.2 trillion.

This decision would increase the financial strength of EPM Group by redirecting the substantial resources invested in UNE and Invertelco to initiatives that are managed by the organization itself and that form part of its strategic businesses and projects.

EPM's investment plan includes important infrastructure works that are vital to continue providing high quality public utility services, covering millions of people, as follows:

<b>Negocio / Proyecto</b>	<b>Valor del Plan de Inversiones (2021-2023)</b>	<b>% de Participación</b>
Generación de Energía	5,3	47%
Agua y Saneamiento	3,3	29%
Transmisión y Distribución	2,3	20%
Gas	0,1	1%
Otras Inversiones	0,3	2%
<b>Total</b>	<b>11,2</b>	<b>100%</b>

Cifras en billones de pesos

Therefore, it is very important and beneficial for EPM that the resources from this disposal be allocated to reinvestment in the Group's strategic businesses, because their return rates are higher than its cost of capital, and additionally their risk conditions are more aligned with the investment profile of EPM and its owner, the Municipality of Medellín.

Additionally, this decision demonstrates the commitment of management and of the Board of Directors of EPM to search for effective alternatives to strengthen the financial capacity of the Group and to provide the Company greater flexibility to make the investments contained in the 2021-2023 plan, because the sale of these companies would be an additional source to those initially contained in the investment plan:

- The internal cash generation from the parent company and of the national and international investments.
- Access to credit markets thanks to the financial strength and credit confidence of EPM Group.
- Positive developments in the insurance claims of Hidroituango.

## **5 About Law 226/1995**

Law 226/1995 ("Law 226") contains the procedure and guidelines for the disposal of government-owned shareholdings, pursuant to Article 60 of the Political Constitution, which establishes:

**Article 60.** *The State shall promote, in accordance to law, access to property ownership. Whenever the State disposes of its shareholdings in a company, it shall take all steps conducive to the democratization of share ownership, and will offer its workers and solidarity and worker organizations special conditions to have access to such share ownership. The law shall regulate these matters.*

The elements that form part of this procedure can be summarized as follows:

- It applies in the case of a full or partial disposal of equity interests owned by the State in any of its forms or levels in favor of private parties.
- According to the provisions of Article 2 of Law 226, the principle of democratization implies that “during the disposal processes, mechanisms shall be used that ensure broad publicity and unhindered access, as well as procedures that promote mass participation in share ownership.” Also, Article 3 establishes everything related to what the law calls “preference”, by creating the elements necessary to enable the presentation of purchase proposals by a sector of citizens defined in this instrument as being subject to preference during the entire disposal process.
- Additionally, Article 14 of Law 226 establishes that during the disposal process all measures must be taken aimed at preventing the violation of the principles of democratization, of protection of public property, of preference and unhindered access referred to therein.
- The disposal must be carried out under what Article 6 of the Law calls a “disposal program (... ) designed for each specific event, which shall abide by the provisions set forth in this Law”.

The disposal programs must contain the elements established in Article 7 of said Law, and those listed in Article 11 of said Law 226:

**Article 7.** *The share disposal program shall be carried out based on appropriate technical studies, which shall include an appraisal of the entities whose shares are to be disposed of. Such appraisal, in addition to the conditions and nature of the market, must take into consideration technical variables such as the institution’s profitability, the market value of its assets and liabilities, support provided by the Nation, that lead to determining its value in each case of disposal.*

**Article 11.** *The disposal of shares approved in each individual case shall include the following special conditions, which are targeted exclusively to the persons mentioned in Article 3 of this Law:*

1. *They will be offered firstly and exclusively the total number of shares to be disposed of.*
2. *A fixed share price will be set for them that is equivalent to the price resulting from the appraisal described in Article 7 of this Law, which shall be effective for the same term as the public offering, as long as there are no interruptions in the process. In the event of any interruption, or when the term of the offering has expired, the fixed price set by the government may be adjusted by following the parameters set forth in said Article 7.*
3. *Execution of the disposal program will begin when the owner, or one or several institutions have established credit lines or terms of payment to finance the purchase of the shares offered for sale, that imply credit financing availability that shall not be less, in total, than 10 % of the total shares included in the disposal program, which shall have the following characteristics:*
  - a. *The amortization terms shall not be less than 5 years;*
  - b. *The applicable interest rate for the acquiring parties who are entitled to special conditions shall not be greater than the current bank interest rate certified by the Banking Superintendence, at the time the loan is granted,*
  - c. *The grace period for principal shall not be less than one year. The interest that accrues during said grace period may be capitalized, to be paid along with the principal amortization installments;*
  - d. *The shares acquired using the loan shall be admitted as adequate guarantee. The price of the shares, for the effects of determining the guarantee's coverage, shall be the fixed price, either initial or adjusted, of their sale.*
4. *When the acquiring parties are individuals, they may use the cumulative deposits in their severance funds to acquire these shares.*

The law also indicates that the disposal program must include an itemized list of all the details involved in the disposal procedure.

## **6 Disposal procedure defined in Law 226/1995**

As indicated earlier, Article 60 of the Constitution was regulated by means of Law 226, which required that any disposal of shareholdings owned by the State must abide by the principles of democratization, preference, protection of public property and continuity of service, which have the following basic contents:

- **Democratization**

This principle establishes that all individuals or legal entities (covered by the Constitution) shall have access to ownership of shares disposed of by the

State. Consequently, disposal processes must use mechanisms that ensure wide publicity and unhindered access, as well as procedures that promote mass participation in share ownership.

- **Preference**

It establishes that in order to ensure effective access to State property, certain prerogatives shall be granted (financing lines, terms, etc.) to those eligible for special treatment, aimed at facilitating the acquisition of the offered state shareholdings, in accordance with Article 60 of the Constitution.

- **Protection of Public Property**

It establishes that the disposal of state shareholdings shall be carried out in conditions that safeguard the public property, to ensure that the disposal does not impair the financial conditions of the entity making the disposal.

- **Continuity of service**

When the shareholdings of an entity that provides services of public interest are disposed of, all measures necessary must be taken to ensure the continuity of the service.

In Ruling C-037 of 1994, M.P. Antonio Barrera Carbonell of the Constitutional Court stated:

*“The obligation imposed on the State to promote access to ownership represents a specific purpose that must be made a reality. To this end, the Constitution authorizes it to promote access to corporate ownership by workers (C.P. art. 60, paragraph 2) or to rural property (C.P. art. 64), which is undoubtedly a means of economic democratization, the scope of which must be a real option, a serious and effective possibility, to enable workers and solidarity-based organizations to participate in the advantages offered by economic development to the members of a society ‘based on the respect of human dignity, work and the solidarity of the people who form part of it, and in the prevalence of the common good’ (C.P. art. 1).*

At the municipal or district level, the city councils, in accordance with Articles 287.2 and 313.10 of the Political Constitution, must exercise the power of authorizing the disposal of shares assigned to them by Article 17 of Law 226, and must also guarantee the harmonious and integrated development of the cities and municipalities and the effective provision of the services they are responsible for (art. 322 Superior).

Law 226 establishes a chronological order for the procedure of disposal of shareholdings in four phases:

- a) Decide/authorize the disposal of a specific asset.
- b) Develop a disposal program.
- c) Approve and adopt the disposal program.
- d) Publicize the disposal plan and carry out the disposal program, which must be organized as a minimum in two stages, the first of which is to make the offering to the solidarity sector.

In compliance with Law 226/1995 and the procedure described above, the necessary actions will be taken to implement the disposal of all the shares that EPM has or may have in UNE and in INVERTELCO, and in the same way dispose of all the shares held by INDER in UNE, all of which will be offered to the solidarity sector in a first stage, for a term of two (2) months.

The solidarity sector, for the effects of this democratization, in accordance with Law 226/1995, is comprised by:

- The active workers and pensioners of the companies whose shareholdings will be disposed of, and of the entities in which these hold majority shareholdings, as long as their employment contracts have not been terminated with just cause
- The former workers of the companies whose shareholdings will be disposed of, and of the entities in which these hold majority shareholdings, as long as their employment contracts have not been terminated with just cause
- The associations of employees or former employees of the companies whose shareholdings will be disposed of
- The labor unions, labor union federations and confederations
- Employee cooperatives, mutual investment funds, pension and severance funds
- Cooperatives
- Family compensation funds, pursuant to the provisions of paragraph 2 of Section 3 of Article 16 of Law 789/2002.

The purpose of the participation of the solidarity sector in the sales process is to satisfy one of the requirements established in the Political Constitution and in the Law, namely the democratization of share ownership, to which end mechanisms will be used to ensure wide publicity and unhindered access.

In order to ensure effective access for workers, measures may be taken to prevent actions by third parties through intermediaries, such as, for example, at the time an offer is submitted, to require the submission of statements by the groups that form part of the solidarity sector, in which they indicate that they do so in their own benefit and not for the benefit of a third party, and that in the event it is found that any

misrepresentation has been made in the statement, they would be subject to criminal charges.

A requirement could also be established of not disposing of the acquired shares for a period of up to two (2) years, imposing financial penalties in the event of early resale or transfers of ownership of the acquired shareholdings.

The sales programs designed for those eligible for special conditions (solidarity sector) shall in any case abide by the aspects defined in Articles 10 and 11 of Law 226/1995, such as:

- All of the shares held by EPM in the companies whose shareholdings will be disposed of will be offered first and exclusively to the solidarity sector.
- A fixed share price will be set equivalent to the price resulting from the appraisal.

The central criterion to be used for the estimation of the sales price of the shareholdings in the companies that will be disposed of must be to ensure the protection of the public property in such investments. As indicated earlier, to such effect technical studies will be carried out based on recognized valuation techniques, and the disposal shall be structured to optimize the financial return of each transaction.

Once the programs for the disposal of the equity interests in UNE and INVERTELCO have been approved, the offer will be made to the solidarity sector.

## **7 Requirements for the disposal of shareholdings not registered in the Colombian Securities Exchange**

To introduce this matter, it must first be noted that the offer for disposal of the shares owned by the State pursuant to Law 226/1995, is framed in the parameters of a public offering, and for this reason the shares must first be listed in the National Securities and Issuers Registry (RNVE, for the Spanish original).

Consequently, in order to carry out the public offering of the shares in UNE and INVERTELCO, a Temporary Registration must be made of the shareholdings in the RNVE, because these shares are not listed in the Colombian Securities Exchange.

**On the temporary registration of securities.**

Pursuant to the provisions of Article 5.2.2.2.1 of Decree 2555/2010<sup>16</sup>, public or official entities that own shares or bonds convertible into shares that are not registered in the National Securities and Issuers Registry (RNVE) may request the Financial Superintendence of Colombia (hereinafter, “SFC”) to order their temporary Registration, for the effects of enabling their disposal by means of a public offer to sell in the secondary market.

The aforementioned regulation establishes the following:

*“Article 5.2.2.2.1 (amended by Article 1 of Decree 1523 of September 29, 2016). Temporary registration of securities.*

*Public or official entities and entities in receivership or liquidation proceedings that own shares or bonds convertible into shares that are not registered in the National Securities and Issuers Registry (RNVE) may request the Financial Superintendence of Colombia to order their temporary registration, for the effects of enabling their disposal by means of a public offer to sell in the secondary market.*

*Paragraph 1. In the case of privatization processes or receivership proceedings including liquidations, the order to temporarily register in the Registry mentioned in this article, will enable private owners of shares or of bonds that must be converted into shares to dispose of such securities through public sales offerings in the secondary market, within the privatization or disposal process, as the case may be, in accordance with regulations issued to such effect.*

*Paragraph 2. The temporary registration of securities shall have a maximum duration of six (6) months, **except when it involves shares or bonds convertible into shares owned by the State and for which a privatization process has been initiated, i.e., following approval of the disposal program or the start of the sales plan established to this effect, in which case such registration shall remain effective until the term established for disposal in the respective program has expired.***

*Paragraph 3. For the effects of this Article, privatization is defined as the disposal of shares owned by the state in accordance with the provisions of 226/1995, as well as the disposal of shares or bonds that must be converted*

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<sup>16</sup> Whereby regulations are compiled and reissued in connection with the financial, insurance and securities market sectors.

*into shares of public financial entities, pursuant to the provisions of Title 1 of Book 36 of Part 2 of this Decree, and in general it shall be defined as the disposal of shares or bonds that must be converted into shares through any other legally authorized procedure.” (Italics, boldface and underlining added)*

Once abidance of the appropriate preference criteria has been certified, as prescribed by Article 3 of Law 226/1995, as well as the ownership of the securities, the SFC will order the issuing entity (through the owner of the shareholdings in UNE and INVERTELCO) to provide any information that may be necessary for the effects of registering the respective securities in the National Securities and Issuers Registry (RNVE).

Following the assessment of the registration requirements, the SFC will order the temporary registration of the securities in the National Securities and Issuers Registry (RNVE)<sup>17</sup>, which shall be deemed to have been performed only and exclusively for the effects of performing the subsequent public sales offering. Consequently, once the term for performing the sales transaction has expired, the registration will be canceled.

Lastly, it should be noted that the temporary registration of the shares or bonds convertible into shares in the RNVE does not imply their automatic registration in a securities exchange, without prejudice that they may be registered therein for the effects of performing the corresponding public sales offering through the mechanisms authorized to this effect, in conditions of unhindered access, publicity, transparency and adequate forming of prices.

## **8 Conclusion and recommendation**

UNE and Invertelco are considered non-strategic investments for EPM Group, because the telecommunications, contact center and BPO business lines are not currently included in the strategic businesses of EPM Group.

When EPM made the decision to merge UNE EPM Telecomunicaciones S.A. with Millicom, relinquishing operating and financial control, one of the main reasons for doing so was the high risk level of this business, which does not fit the current risk profile of EPM and its owner. This risk level is reflected, among other aspects, in its high investment requirements, the need for extensive knowledge of the business

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<sup>17</sup> By virtue of subsection 3 of section A of Article 11.2.1.4.50 of Decree 2550/2010, the Deputy Superintendent for Issuers and Other Agents is responsible for authorizing the registration of securities in the National Securities and Issuers Registry (RNVE).

and the market, competition against global players and the need to achieve economies of scale to remain competitive in the business.

The various factors explained earlier lead the company to have heavy cash requirements, which directly affects dividend payouts, which implies that the best way to recover the investment is by divesting these assets.

EPM, given its status of a public-sector company, is not the best owner for a company in a highly competitive environment such as UNE and INVERTELCO, because not only does it slow down its processes by maintaining it in the public sector, but also because in the event it requires a capitalization, EPM might not have the resources available to do so, and even if it did, it would not be advisable to further expose public resources to companies with risk profiles such as UNE or INVERTELCO, having the possibility of investing them in strategic businesses with an acceptable risk level for EPM.

The authorization requested from the Honorable Council for Empresas Públicas de Medellín E.S.P. and INDER to sell all the shares they have or may have in UNE EPM Telecomunicaciones S.A. and Inversiones Telco S.A.S., is based, in summary, in reducing the exposure of public resources to the high level of risk of the telecommunications, contact center and BPO industry, the need to have financial resources to continue with the infrastructure Investment Plan, to cover medium term liquidity requirements, ensure adequate provision of the public utility services and the sustainability of the company over time.

For the reasons explained above, we conclude that at this time it is advisable to adopt the decision to divest the companies UNE and INVERTELCO as submitted to the considerable of the Honorable Council, in order to initiate the procedure set out in Law 226/1995.

EPM reiterates that it is and will be a 100 % public sector company, and that the proposed disposal of the shareholdings is not a privatization of EPM, which has not been considered by its owner (the Medellín mayor's office) or by its Board of Directors.

In the same vein, it is advisable to sell the one Share held by INDER in UNE EPM Telecomunicaciones S.A., given that its initial participation was in the capacity of facilitator to enable a plural number of public decentralized shareholders of the Municipality of Medellín, which implies that such Share is neither strategic nor relevant for INDER, and consequently the arguments set forth for EPM are also applicable to the divestment by INDER.

In this vein, we ask the honorable corporation for approval of this initiative.

**DANIEL QUINTERO CALLE**  
Mayor of Medellín