

Medellín, March 17, 2015

EPM Group Management Report

More opportunities for the communities, innovation and advancements in every program and project – a historic year for the company

- **This year, the Medellin Municipality will receive close to one billion Pesos (COP 1,000,000 million) of regular and special transfers for the development of the city and its inhabitants**
- **During the year, the Group employed more than 28,000 persons, of which, 65% are contractors hired under processes conducted in the several regions where it is present in Colombia**
- **In 2014, EPM's endeavors brought well-being to more than 20 million people in Medellin, Antioquia, Colombia and the other five countries where EPM Group is present**

2014 was yet another exceptional year in the history of EPM. The company not only attained satisfactory financial results but also advanced significantly both in the transformation process of the economic group and in its utmost goal of helping consolidation of sustainable and competitive territories with better quality of life and access to opportunities for the communities through delivery of basic utilities and execution of programs and projects that are integrated into the regions' development.

"This is the result of teamwork, inspiration and commitment to the millions of people who in Colombia and other five Latin American countries have given us the opportunity of being present in their homes with quality basic utilities. EPM's advancement generates well-being, quality of life and better opportunities for our communities, bringing hope to the millions of people who dream about living in a more equitable society where human beings, values and citizen culture are the protagonists" said Juan Esteban Calle Restrepo, EPM's Chief Executive Officer and leader of EPM Group, when presenting the 2014 Management Report to the Board of Directors.

Innovation to the service of people is the dynamic pivot of EPM Group and its management. Today, programs such as *Paga a tu Medida* and *Energía Prepagado* give access to public utilities to more families at the base of the pyramid.

Project advancements

The Group's sustainability model got stronger with projects such as Ituango Hydroelectric Plant – accumulated progress at year's end of 27.7 % and accumulated investment of COP 2,700,000 million. Mr. Calle Restrepo noted that "the project achieved its first major milestone with the Cauca

River deviation, giving us assuredness that we will meet its scheduled commissioning date in December of 2018. Additionally, it continues to positively change the life of thousands of families of Antioquia Province in the 12 municipalities of its influence area. Investments in social development included in the Integral Plan of Ituango Hydroelectric Plant totaled COP 98,998 million. Of this amount, COP 52,491 million corresponds to the social component of the Environmental Plan and COP 46,507 million to Additional Social Investment. These investments focused on psychological and social attention programs, infrastructure for delivery of natural gas service in six municipalities, institutional reinforcement, water and sewage civil works, hospital furnishings and improvement of housing, roads and educational centers.

Construction of the Bello waste-water treatment plant ended the year with 42% progress. The liquids line will start operations in December 2015, reasserting to the citizens of Medellín and its metropolitan area, EPM's commitment to the sanitation of the river, backbone and best space for urban development in the region.

Progress was also achieved in the Nueva Esperanza energy transmission project, a project essential to increase the transport capacity and reliability of the power system serving the provinces of Cundinamarca (including Bogotá), Meta, Guaviare and Northern Tolima). Environmental licenses were received and works' progress was 40%. Archaeological recovery, a task undertaken by the project with extreme responsibility and respect for Colombian historic heritage, was concluded successfully in the area designated for construction of the substation with the assistance of Instituto Colombiano de Antropología e Historia (ICANH) and participation of close to 180 persons between archaeologists, field workers and administrative personnel.

At the Bonyic hydroelectric project in Panama, substation installation, dam construction, and reservoir filling were concluded, and tests for the first unit (10.8 MW out of 31.8 MW) were conducted. The project was commissioned in January 2015.

Evolution of major strategic decisions

Significant advancements in EPM Group's transformation program resulted in improved governance and competitiveness obtained through operational integration of the Group's companies in Colombia, start of operations of the Supply Chain and Shared Services Center, and field productivity and assets management initiatives.

The UNE-Millicom merger subscribed in August of 2014 that reinforces and brings sustainability to the Group's Telecommunications business unit while protecting the future transfers from the company to the Medellín Municipality ended the year with very satisfactory results in terms of revenue growth (18%), EBITDA growth (28%) and market participation.

Advancements achieved in the first year of operations of Emvarias as part of EPM Group: The Linda Calle Siglo XXI strategy is radically changing solid waste management in Medellín after renewal of the compactor truck fleet, the start of operations of the Altair vase in La Pradera sanitary landfill and adoption of a new model of dignity of labor for drivers, crew members and street cleaners with Fundación Universidad de Antioquia.

With the expansion of Gas Sin Fronteras in every region of Antioquia province, EPM connected 63 localities to the service ending the year with 79 towns in the region that enjoy this clean and environmentally friendly energy source that means savings for families, companies and businesses. As to sustainable mobility, three new vehicle-natural-gas (GNV) service stations were opened, one of them in Apartadó and another to serve exclusively the vehicles of Lines 1 and 2 of the Medellín Metro transportation system. By the end of 2014, 12 service stations bore the EPM brand name.

EPM continues opening spaces to share its experience and knowledge with other Latin American countries to create development and quality of life. Besides the good results obtained by all the Group's international subsidiaries, the start of operations of the Los Cururos wind park in Chile and the conclusion of works at the Bonyic hydroelectric plant in Panama stand out. Opening of the Costa Rica branch office of EPM Group further consolidated its presence in Central America.

Sustainability and Social Responsibility

Together with the rural electrification program *Antioquia Iluminada* that has brought electricity to more than 98,000 homes, other social responsibility and corporate citizenship programs with outstanding moments during 2014 were *Habilitación Viviendas* that facilitates connection to public utilities, ALDEAS (construction of priority housing for low-income families), *Energía Prepago*, the scholarships regional program, and the Education for Water initiative, among others.

SOMOS, the first recognition program launched by a State company in Colombia exalts the good behavior of customers-users and promotes responsible use of public utilities, on-time payment of bills, and a culture of values among the citizens.

The community also prized the opening of the two first UVA, Unidades de Vida Articulada built around drinking-water storage tanks owned by EPM in Medellín in an effort to put the company's infrastructure to the service of people in order to promote learning, healthy recreation and communal meeting.

Sustainability advancements showed in the rating obtained in the Dow Jones Sustainability Index. The company's rating improved by one point with respect to 2013, which permitted its inclusion in the Sustainability Yearbook with bronze medal.

EPM's results

Despite the economic instability worldwide, the organization achieved positive results due to the combined effect of successful business operational management, a growing trend in the financial results of subsidiaries, the trust of investors and the successful hedging of financial risks. Work in these fronts permitted the company to end the year with COP 1,800,000 million net income, 9% up on 2013.

As of the end of the fiscal year, EBITDA totaled COP 2,500,000 million, equivalent to 10% increase in relation to 2013 and 44% EBITDA margin.

Mr. Calle Restrepo underlined that the most satisfactory aspect of these figures is having helped transforming the lives of people by bringing water, gas and electric energy to more homes, by offering innovative solutions, and by creating trust in people with the aid of the language of transparency and closeness that is so characteristic of EPM's culture.

Growth with equity

The CEO thanked the support of the community, businesses and institutions as well as the special efforts of EPM Group's work team in order to reach such accomplishments in benefit of all society. He added that these results "are evidence of the good moment of the economic group, they reflect the advantages of the transformation process we are carrying out, and most important, they guarantee more social investment in Medellín and the territories where we are present".

For this reason, he added, this year the Medellín Municipality will receive COP 991,139 million in transfers, funds that will result in works and actions benefiting all citizens. He also said that EPM Group remains one of the top employers in the region and the country. During 2014, the Group employed 28,907 persons, 18,882 of which were hired through processes conducted in Colombia.

Most relevant financial figures of 2014

EPM

- Total assets: COP 33,700,000 million, 6% up on 2013.
- Liabilities: COP 12,300,000 million, 29% growth.
- Equity: COP 21,300,000 million, 4% down on 2013.
- Operating revenues: COP 5,800,000 million, 6% up on 2013.
- Operating costs and operating expenses: COP 3,200,000 million, 2% growth.
- EBITDA: COP 2,500,000 million and 44% EBITDA margin
- Net income: COP 1,600,000 million with 31% net margin
- Reserves for COP 686,435 million established from 2014 income.
- Dividends declared for COP 327,295 million.

EPM Group (excluding the Telecommunications sector in 2013) (1)

- Total assets: COP 38,700,000 million, 17% up on 2013.
- Total liabilities: COP 16,600,000 million, with 28% growth and 43% debt ratio
- Equity: COP 21,000,000 million, 9% up on 2013.
- Net operating revenues: COP 11,500,000 million, 10% up on 2013.
- EBITDA: COP 3,500,000 million and 31% EBITDA margin
- Operating income: COP 2,800,000 million, 15% up on 2013.
- Net income: COP 1,780,000 million with 15% net margin and 10% growth

(1) As a result of the UNE-Millicom merger the telecommunications sector is no longer consolidated into the Group's financial statements; figures for 2013 were therefore restated so that they could be compared to those of 2014.

In its capacity as External Auditor, the firm of Deloitte & Touche Ltda. submitted its unqualified opinion on the financial information of EPM, as well as for the other companies of EPM Group where it acts as Statutory Auditor.

Information for journalists
EPM Group's Corporate Communications

Vice Presidency of Communications and Corporate Relations

Juan José García Villegas | (574) 380 65 62 | 310 823 89 42 |

juan.garcia.villegas@epm.com.co

José Ignacio Murillo Arango | (574) 380 44 04 - 300 619 62 85 | jose.murillo@epm.com.co