



Relevant Information

Medellin, October 30, 2019

The rating agency Fitch Ratings ratified, in its annual review, AAA and BBB as EMP's local and international investment level ratings. The outlook maintains a negative rating watch.

According to the report from the rating agency, one of the key elements of the assigned results is as follows: "EPM ratings reflect low business risk as a result of its diversification and characteristics as a provider of public services."

In relation to the uncertainties associated with the Ituango Project, the rating agency states literally in its report: "Additional unplanned contingencies have been partially mitigated after the insurance company announced that the damage resulting from the event would be covered by the insurance policy..."

About the disinvestment process that the company advances, Fitch considers that the sale of assets will decrease pressure on the leverage, in the base case of this rating assignment Fitch continues to incorporate the sale of assets including, among other, the sale of Aguas de Antofagasta S.A. (Adasa) and the rest of the shares that EPM holds over Electrical Interconnect S.A. (ISA).

According to the rating scheme of the rating agency, there is a strong link between EPM and the Municipality of Medellín, given the percentage that the transfers represent in the revenue from the local government. In the rating report, it is stated: "During 2018, EPM dividends represented 25% of Medellín's revenue and have been more than 20% of its revenue in four of the last five years." In relation to the foregoing, among the factors that in the future could lead to a negative rating by Fitch Ratings, the following stands out: "greater interventions from its main shareholder, the municipality of Medellín, which affect the company's cash flows".