

Relevant Information

Medellín, August 20, 2020

On Thursday, August 20, 2020, an article was published under the title “De quién es EPM” (Who owns EPM), by: Luis Pérez Gutiérrez <https://www.larepublica.co/analisis/luis-perez-gutierrez-2991901/de-quien-es-epm-3047337>. Regarding the information contained therein, EPM wishes to clarify the following:

1. EPM, a solid company with continuous growth

EPM was created in 1955, and for over 50 years its target market was limited to Medellín and neighboring municipalities. This stage enabled the consolidation of a solid public utility company that became a driver for development in the region.

In 2006, the Company undertook a transformation from what was then a local business into a Business Group structure (EPM Group), with the support of internal studies and external consulting, which established an organic and inorganic growth plan, whose objectives included the diversification of its portfolio, both in terms of markets and business lines, revolving around its central focus of a public utilities provider, to adapt to a changing environment.

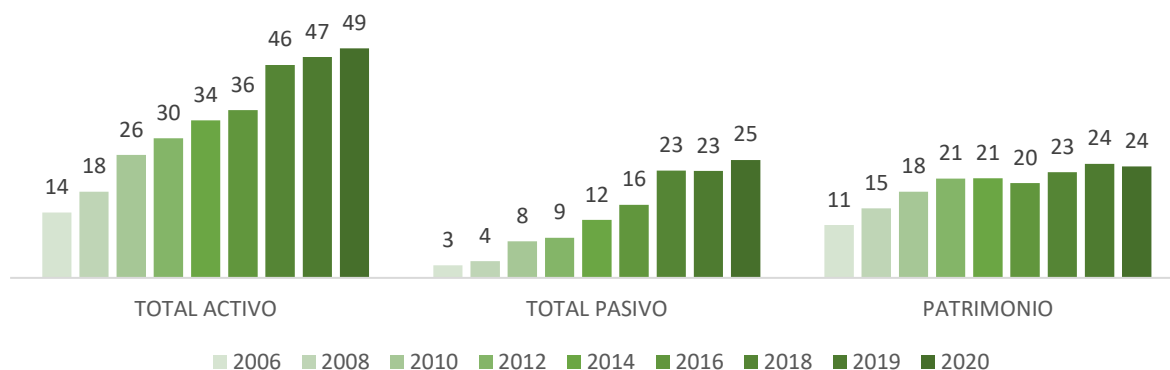
The transformation process was based on the need to diversify risk levels, establishing a financial structure that would enable the organization to leverage its capacity to take on debt and to generate greater profitability for its owner, the Municipality of Medellín. To date, this situation has materialized through the transfers made every year to the owner and which are vital for social investment and the well-being of thousands of people.

By following the path set out in 2006, EPM has transformed into a Business Group that currently has 14 affiliates and 30 subsidiaries, enabling it to become one of the most important multi-Latin groups in Latin America, with its higher purpose aimed at contributing to life in harmony for a better world in the territories in which it is present.

The growth path the company has set upon has required it to change its traditional financing through its own resources and instead to establish financing arrangements in which debt is an important driver for growth, which has produced a change in the debt/equity ratio and growth in the Company's total assets. It is important to highlight that since 2009, and in response to the requirements of international financial markets, EPM began to consolidate the Group's financial statements.

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EPM: Statement of Financial Position
-Amounts in trillions of Colombian Pesos (COP)



The new financial arrangement implies greater presence of EPM in national and international markets, which have displayed trust in its capacity to meet its obligations, as demonstrated in a track record of good relations that have been maintained even in critical moments, including the contingency of the Ituango Hydroelectric Project.

The above is demonstrated in the ratings granted by the rating agencies.

2007	Since 2007, the rating of public debt bonds issued by EPM have been rated AAA by Duff and Phelps de Colombia S.A., currently Fitch Ratings.
2009	Successful bond issuances have been made since 2007, initially in the local market, and starting in 2009 in international capital markets. At that time is received ratings of Baa3 and BB+ from Moody's and Fitch, respectively, which were very positive risk ratings for a new issuer in international capital markets.
2011 -2020	In 2011, the Company received investment grade ratings of Baa3 from Moody's and BBB- from Fitch Ratings. The following were the ratings obtained in successive bond issues made in 2014, 2017, 2019 and 2020: Baa3 / BBB, Baa2 / BBB+, Baa3 / BBB and Baa3 / BBB issued by Moody's and Fitch Ratings, respectively, always maintaining investment grade ratings and sometimes ratings higher than the country's risk rating.

Local international banks, as well as multilateral lenders, have been key players in financing the Company's investment, expansion and renovation plans, which have been undertaken to assure

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quality, timeliness and efficiency in the delivery of electricity, water, sewage, waste collection and gas services for communities, mainly in Medellín, Antioquia and Colombia.

The optimal financial indebtedness levels are basically linked to the companies' capacity to generate the cash flow required to fulfill financial obligations, a principle that EPM has honored and demonstrated through the fulfillment of all its obligations. EPM's main source of funds is from the operation of its base business and the dividends paid by its affiliates.



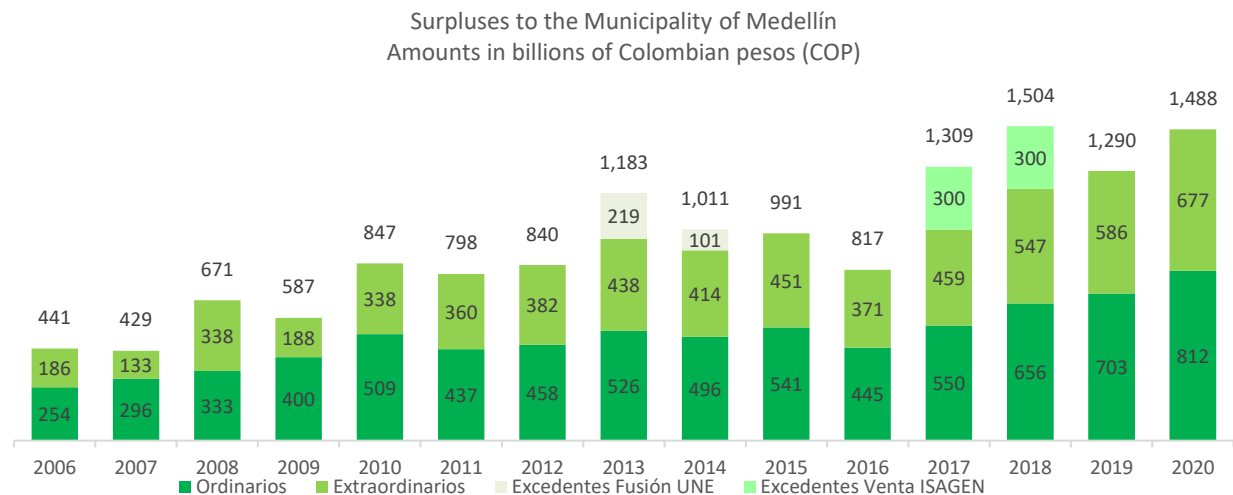
Between 2006 and 2019, EPM has received from its affiliates and subsidiaries resources in the amount of COP 6.1 trillion, of which the controlled companies have paid dividends and other payments for COP 3.5 trillion, and the non-controlled companies have provided COP 2.6 trillion.

The resources generated each year by EPM are used transparently and are mainly allocated to ensuring the continuity of the public utility services and fulfilling its obligations with its various stakeholders. Many of them are the result of changes in regulatory frameworks and of business dynamics that are different from those in place 20 years ago.

- The resources allocated to the Ituango project totaled COP 11.8 trillion at June 2020. Of this total, COP 5.8 trillion have been financed through debt, and the remainder with own resources. Once the project reaches its full installed capacity (2400 MW), it is expected to generate average EBITDA of COP 1.3 trillion.
- EPM is a major taxpayer in Colombia, and over the last four years it has paid taxes, duties and levies of approximately COP 1.7 trillion. It is important to point out that prior to 2006, EPM was not a taxpayer, because of the tax exemption on electricity transmission and generation. Such exemption is no longer valid.

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- **Transfers to the Municipality:** EPM has become a major driver for the development of Medellín and the quality of life of its residents, thanks to the transfers it makes to the Municipality. Over the 2006 – 2020 period it has paid surpluses to the Municipality of Medellín for COP 13.3 trillion, and has additionally provided resources in the amount of COP 2 trillion from the merger of UNE-Millicom and the sale of Isagen shares.



In recent years, EPM’s assets have increased by 251%, mainly in property, plant and equipment, while the Company’s equity increased by 111%. This growth has been achieved thanks to an enhanced financial structure and the resources generated by the businesses.

Based on internal cash generation and dividends, it is estimated that the Company can pay off its financial debt in approximately 4 years. It should be highlighted that in recent years EPM has invested heavily in all its businesses, remuneration of which according to current regulations can take between 30 and 40 years, which leads to forecasting improved cash flow in the future.

Today, as was the case 65 years ago when it was incorporated, EPM moves forward with a vision of the future, aimed at contributing to the harmony of life for a better world.

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