

February 25, 2014

**The CEO of EPM submitted the following report to the Board of Directors:
2013: a year of great strategic decisions, progress in all Social
Responsibility
programs, positive transformations and international
consolidation**

- Consolidated net income of EPM Group in 2013 added up to USD 869 million.
- The City of Medellín will receive COP 1,010,000 million this year on account of regular and special transfers
- EPM Group obtained consolidated operating revenue in the amount of USD 6.95 billion
 - Subsidiaries in Central America participated with 26% of total revenue
 - Dividends received from the subsidiaries amounted to COP 697,216 million
 - EPM Group remains one of the top employers in the region
In 2013 it generated 6,766 jobs in Medellín alone
- Antioquia Iluminada added 20,000 new rural families; gas distribution coverage reached 43 municipalities in Antioquia; Habilitación Viviendas totaled 20,393 power installations, 93,588 gas installations and 2,615 water installations.

The Board of Directors of EPM approved this past Tuesday the financial statements of the organization for the year 2013, in which the positive results of the Group are highlighted, despite having faced a difficult year in terms of water resources in Colombia. The Group's revenue, which added up to USD 6.95 billion, did not increase relative to 2012, and the consolidated net income, which amounted to USD 869 million, was 2% below last year's net income. We highlight the growth in revenue from the gas (26%) and energy distribution business units (3%).

By the end of the term, the operating revenue of EPM parent company totaled COP 5,500,000 million, with a growth of 3% relative to 2012, and an execution of 95% of the budgeted goal.

The energy generation business unit saw a decrease of 4% in operating revenue due to below-historical average water inflows (93% for EPM and 95% in the country). In the case of EPM, energy generation in 2013 decreased by 7.1% with respect to 2012.

In his report to the Board of Directors, CEO and EPM Group leader Juan Esteban Calle Restrepo, described "being very pleased with the Group's results, despite the adverse water resources situation Colombia faced since August 2012, due to a slight warming of the Pacific Ocean and other short-term weather phenomena, which implied the very careful management of the power plants and their associated reservoirs, with the aim of minimizing economic impact without compromising the fulfillment of our commitments in terms of being a reliable provider of electric power for the country."

In the energy distribution business unit, revenue was also slightly under budget at COP 96,522 million due to the lower demand of the regulated market and the lower sales price, which was affected, in turn, by the behavior of the Producer Price Index, PPI. Energy tariffs were stable throughout 2013, and by December closing, they were 0.8% cheaper than the same month in 2012.

Calle Restrepo highlighted the good financial performance of EPM Group, which is reflected in its main ratios, and he referred in a special way to the Group's local and international energy distribution subsidiaries, which reported important dividends to the organization.

Business and human growth

The CEO and EPM Group leader emphasized that the results were obtained thanks to the great effort of the people of the Group, who have been able to meet the challenges of an internal transformation without letting their guard down in order to guarantee the level of service and achieve very good levels of revenue and income.

Of the strategic decisions made in 2013, the CEO highlighted the progress in the search for an operating partner to provide sustainability for UNE's telecommunications business, and the acquisition of Emvarias.

Of the business dynamics developed during 2013 in the national stage, he listed the progress of works like the Ituango hydroelectric power plant (the biggest and most important in the country), the Nueva Esperanza energy transmission project in Cundinamarca, and the waste-water treatment plant in the municipality of Bello.

On the international level, he mentioned the acquisition of TICSA in Mexico (a holding company engaged in design, construction, operation and implementation of waste-water treatment plants); the establishment of EPM Chile (to leverage the company's growth plan in South America) and the renewal of the concession of ENSA in Panama for 15 years.

Programs such as Habilitación Viviendas, Aldeas, Energía para el Retorno, Antioquia Iluminada, Energía y Agua Prepago, Gas sin Fronteras, Financiación Social and Habilitación Viviendas, among many others, were a crucial part of the Corporate Social Responsibility work carried out in 2013 to create and maintain options that facilitate community access to the quality of the public services offered by EPM.

As part of its environmental commitment, during 2013, EPM registered achievements, investments and agreements that involve its own actions with regional autonomous agencies and with State and private companies. And within the framework of "corporate citizenship", EPM carried out other programs and projects, such as the UVAs, Unidades de Vida Articulada, which will promote development, culture and recreation in the surrounding areas of EPM's water tanks located in Medellín most underprivileged neighborhoods.

Through Fundación EPM, 93 water purification systems were built in rural schools across Antioquia and, in partnership with the Governor's Office of Antioquia and the Mayor's Office of Medellín, the Corporación para el Fomento de la Educación Superior (Corporation for the Promotion of Higher Education) was created, which enrolled 609 students in different technical, technological and professional education programs. With the Computadores para Educar (Computers for Education) initiative, 585 computers were provided to endow computer labs in 253 schools in 81 municipalities across Antioquia.

Calle Restrepo reiterated that EPM Group remains one of the top employers in the region and the country. In 2013, it generated 6,766 jobs in Medellín alone through contracts that added up to COP 673,000 million; and 10,901 additional jobs were created throughout the rest of Antioquia, for a total of 17,667 jobs. In the rest of the country and on the international level, 3,915 additional jobs were created, bringing the total to 25,582. The social recruitment program and the labor associated with the Ituango hydroelectric plants stand out.

In its ongoing commitment to entrepreneurship, innovation, science and technology, EPM announced an investment of COP 100,000 million in a private capital fund seeking to leverage the development of Colombian companies that work in processes of this type, related to domiciliary public utilities, in order to enhance their growth. In 2013, EPM received the Portfolio Award in the Innovation category for "the special effort in research and development of more convenient alternatives for consumers."

In order to leverage their business evolution, the CEO referred to the "Grupo EPM sin fronteras" project, which defined a new organizational model to ensure the growth and sustainability of the economic group. The program seeks to generate synergies, open new knowledge and mobility opportunities for its employees, improve the governance and competitiveness to benefit users/customers, owners, employees, the community and other stakeholders thanks to the development of capabilities and the integrated and efficient operations that enable us to be competitive in the Americas.

EPM

- **Total assets:** COP 31,800,000 million, with 7% growth relative to 2012
- **Liabilities:** COP 9,600,000 million, with 12% growth
- **Equity:** COP 22,200,000 million, with 5% growth with respect to previous year
- **Operating revenues:** COP 5,500,000 million, with 3 % growth relative to 2012
- **Operating costs and expenses:** COP 3,200,000 million
- **EBITDA:** COP 2,300,000 million and 42% EBITDA margin
- **Net income:** COP 1,600,000 million with 30% net margin
- Reserves for COP 694,176 million established from 2013 income.
- Dividends declared for COP 747,010 million.

EPM Group

- **Total assets:** COP 38,200,000 million, with 9% growth relative to 2012
- **Total liabilities:** COP 15,200,000 million, with 16% growth and 40% debt ratio
- **Equity:** COP 22,000,000 million, with 5% growth with respect to previous year
- **Net operating revenues:** COP 12,500,000 million, with 4% growth relative to 2012
- **EBITDA:** COP 3,800,000 million and 29% EBITDA margin
- **Operating income:** COP 2,500,000 million, with 5% growth with respect to previous year
- **Net income:** COP 1,600,000 million with 13% net margin

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.

Additional information: Unidad de Comunicaciones - Tels.: (574) 3804418 574
3804404

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