

The COP 12.5 billion budget recently approved by EPM's Board of Directors shows balance between sustainability, development and social investment.

- **EPM will carry out investments worth COP 6.5 billion along the next four years (2017-2020).**

EPM works day to day in order to contribute to the people's life quality. To continue on this path, which has turned the company into the development engine of Medellín and other territories where it is present, the Board of Directors in its latest meeting held this Tuesday, November 29, approved the budget for 2017 worth COP 12.5 billion including expenses, costs and investment.

EPM's CEO, Jorge Londoño De la Cuesta, explained that "the organization's budget for the next year includes strategic initiatives related to the "4C plus a G" (consolidation, closeness, coverage, care for the environment and growth) that amount to COP 2.1 billion so as to add well-being for the citizens".

Among these programs we highlight: Electrificación Rural, Habilitación Viviendas, Energía y Agua Prepago, Unidos por el Agua, Paga a tu medida, Somos, Expansión vegetativa en Antioquia, Protección hídrica, Carbono neutral, Factura más conveniente, Agendamiento de citas, Pasillo del cliente, ConTacto, Por ti estamos ahí and Diplomado del cliente.

- **Along its growing path EPM moves solidly ahead**

In the next four years (2017-2020) EPM will carry out investments worth COP 6.5 billion to carry out expansion, upgrading and growth programs in the water, energy and gas sectors, in addition to social and environmental responsibility projects associated to these works.

From such funds 72% will be earmarked to energy, 25% to water, and 3% to corporate projects. Mr. Londoño De la Cuesta drew attention to the progress in the construction of the Ituango Hydroelectric Project in Northern Antioquia province, the largest one currently being built in the country.

In turn, investments in the affiliates of EPM Group between 2017 and 2020 will amount to COP 4.1 billion, 76% for the energy businesses and 24% for water. In geographic terms, 47% will be invested in Colombia and 53% in Central and South America.

Adding the COP 6.5 billion of EPM Parent Company, EPM Group's total investment will amount to COP 10.6 billion along the next four years, with 80% to be carried out in Colombia reinforcing the organization's commitment to Medellín, Antioquia and the country.

Investments that show in development

Energy generation

Projected investments for COP 3.4 billion include COP 3.2 billion for construction of the Ituango hydroelectric project that will permit its conclusion and commissioning.

Additionally, infrastructure optimization projects will be conducted at the Guatapé, Porce II, Caracolí, Dolores, Guadalupe IV, Troneras and Playas power plants.

Energy transmission and distribution

COP 1.1 billion will be invested in expansion and replacement works for the electric system and public lighting, recovery and control of losses, improvement of service quality, and connection of 12,400 homes under the Electrificación Rural program.

Here we underline the conclusion of the Bello-Guayabal-Ancón and Nueva Esperanza projects in Cundinamarca province together with the Regional Transmission System projects approved by the Mining and Energy Planning Unit for expansion of capacity of EPM's power system.

Gas

COP 110,000 million will be earmarked to growth and expansion of the distribution systems operating in Antioquia province in order to guarantee new users' access and satisfaction.

As EPM's commitment to Urabá, COP 19,000 million will be allocated to operations optimization in such an important sub-region of Antioquia province.

La Alpujarra Thermal District, our venture into the on-demand air conditioning service that will start operations soon, will become the company's legacy to the care of the environment. COP 3,000 million will be invested in sustainable mobility to build new vehicle-natural-gas (GNV) service stations under EPM brand.

Water

COP 1.6 billion was approved for this sector to guarantee water supply and waste water management. Infrastructure and network upgrading and replacement projects seek to increase coverage and maintain and/or improve service continuity and quality for the citizens.

Investments associated to the Medellín river sanitation program and water discharge management will continue during the next four years together with the upgrading of both the San Fernando Waste-Water Treatment Plant and the La Ayurá Drinking Water Production Plant. The company will continue investing in the expansion projects for the San Nicolás Valley, Envigado (El Capiro sector) and Parque Montaña (Municipality of Bello), and funding the Caldas-La Estrella and San Antonio de Prado interconnections.

Along this period, through the Habitación Viviendas program, aqueduct and sanitation services will be installed in 2,749 homes.

Financing for 2017 budget

Of the COP 12.5 billion authorized by EPM Board of Directors, 4% (COP 552,000 million) will be financed with initial cash holdings, 57% (COP 7.2 billion) with current revenues (87% from the energy business unit, 12% from the water business unit, 1% from other services), and 39% (COP 5.0 billion) with capital resources, of which COP 2.5 billion correspond to loan disbursements.

Additionally, COP 345,000 million equivalent to 7% of total capital resources is expected to be obtained through dividends of the local and international subsidiaries of EPM Group.

The budget for 2017 will be distributed as follows:

- Trading and production costs: COP 4.9 billion (39%).
- Operating expenses: COP 1.7 billion (13%).
- Surpluses for the City: COP 1.2 billion (10%).
- Investments: COP 3.5 billion (28%).
- Debt service: COP 1.2 billion (9%).
- Ending cash holdings: COP 235,000 billion (1%).

This report contains forward-looking statements which are subject to several risks, uncertainties and circumstances relative to the operations and business environments of EPM. These factors could cause actual results to materially differ from any future result, expressed or implied, in such forward-looking statements. Accordingly, EPM cannot guarantee any results or future events. EPM expressly states that it will be under no obligation to update the forward-looking statements or any other information herein contained.