

Grupo·epm[®]

3Q2016 Report



ROBECOSAM
Sustainability Award
Silver Class 2016



Agenda

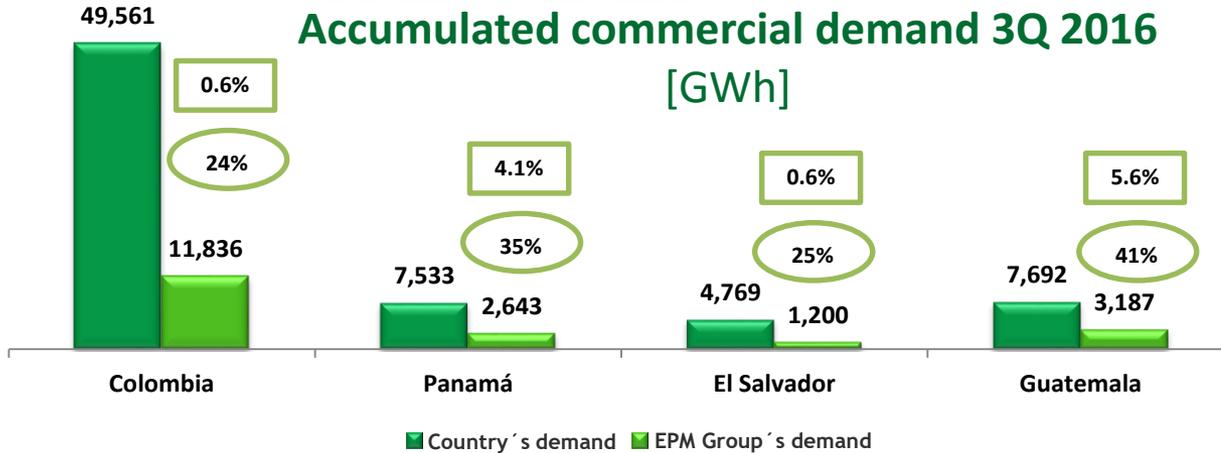


- > Relevant events
- > Energy market
- > Water market
- > Work progress in main project: Ituango
- > Financial results as of September 2016
- > Relevant events subsequent to the quarter

Relevant events of the quarter

- ✓ **On Sept. 22, Fitch Ratings ratified EPM's BBB+ international and AAA national credit ratings.** The ratings reflect the low risk profile of EPM's business resulting from its operating diversification as public utilities provider, the strength of its credit ratios supported on historical moderate leverage, as well as its solid liquidity position and ample interest coverage.
- ✓ **EPM parent company completed transfer of 358,332,000 shares held in ISAGEN** for COP 1,479,911 million (COP 4,130 per share), of which COP 600,000 million will be delivered to the Medellín Municipality as equity reduction in installments of COP 150,000 per year.
- ✓ **EPM received the CIER International award, silver category** to electric energy service satisfaction thanks to its customers' trust. EPM achieved second place in businesses with over 500,000 customers among 32 Latin American companies in the sector. EDEQ and Del Sur, subsidiaries of EPM Group, received accolades in the less-than-500,000-customers segment.

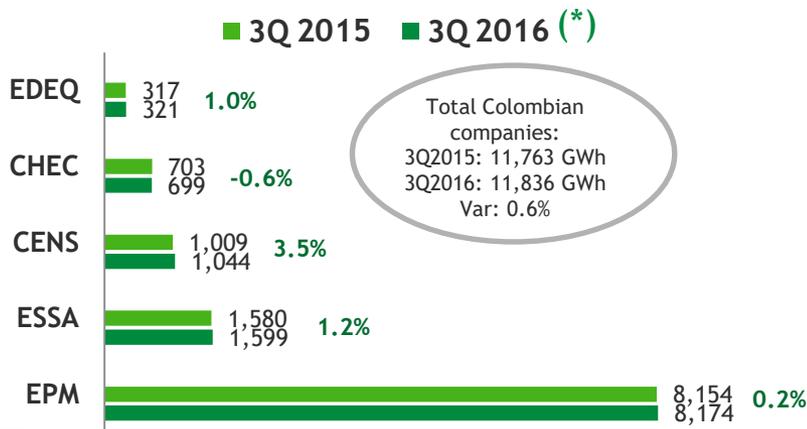
EPM Group Commercial Power Demand



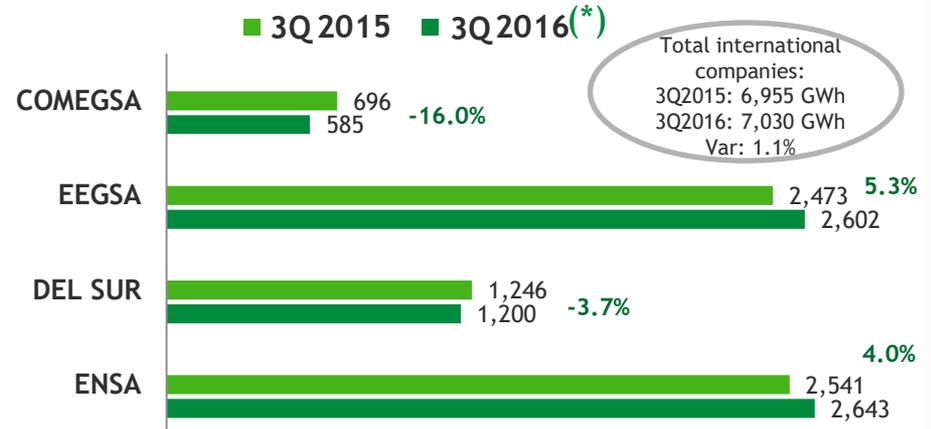
□ % Country's demand variation Jan-Sept.2015 vs Jan-Sept.2016
 ○ % EPM Group country demand's share.

Note: We report the commercial demand that depends on customers served directly by each company regardless of the distribution network to which regulated and unregulated users are connected. The country's demand reported does not include energy exports.

Colombian Companies GWh



Empresas internacionales GWh



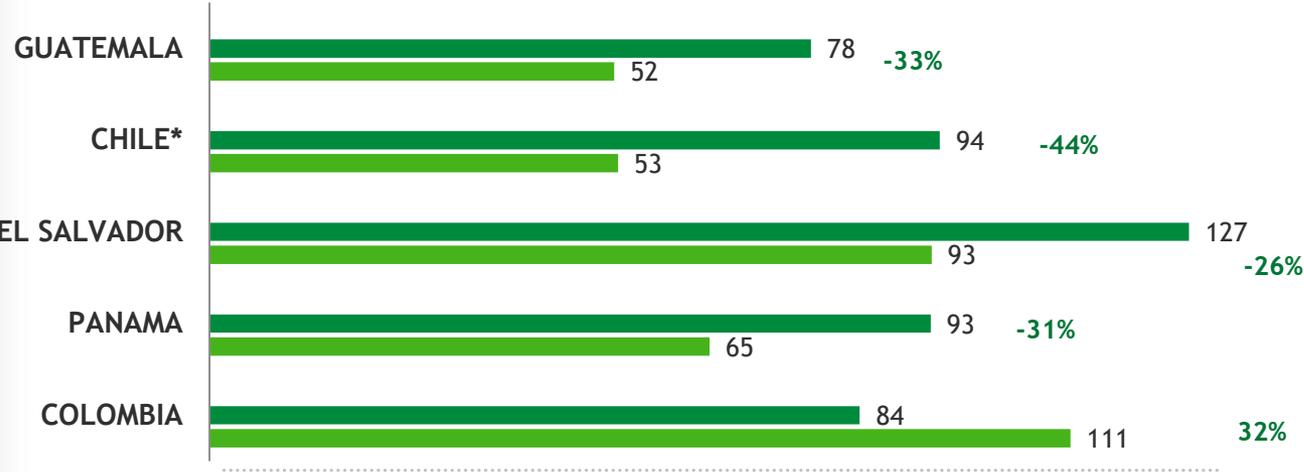
(*) Figures accumulated as of September

Energy Market

Spot Price USD/MWh and EPM Generation (GWh)

Precio spot USD/MWh

■ 3Q2015 ■ 3Q2016



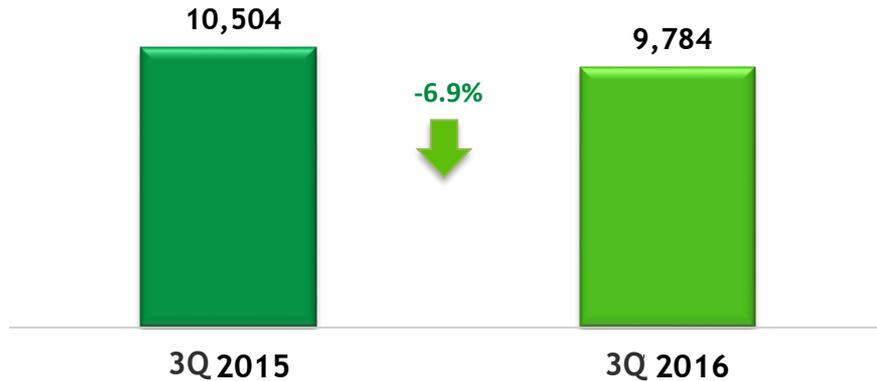
In the 3Q2016 spot price declined, mainly by the fall in fuel prices and the entry into operation of new generators.

In Colombia, El Niño has increased the prices at the beginning of the year.

*Price of La Cebada node where EPM's Los Cururos plant is connected.

Average spot prices in the period.

EPM Group Colombian actual generation [GWh]



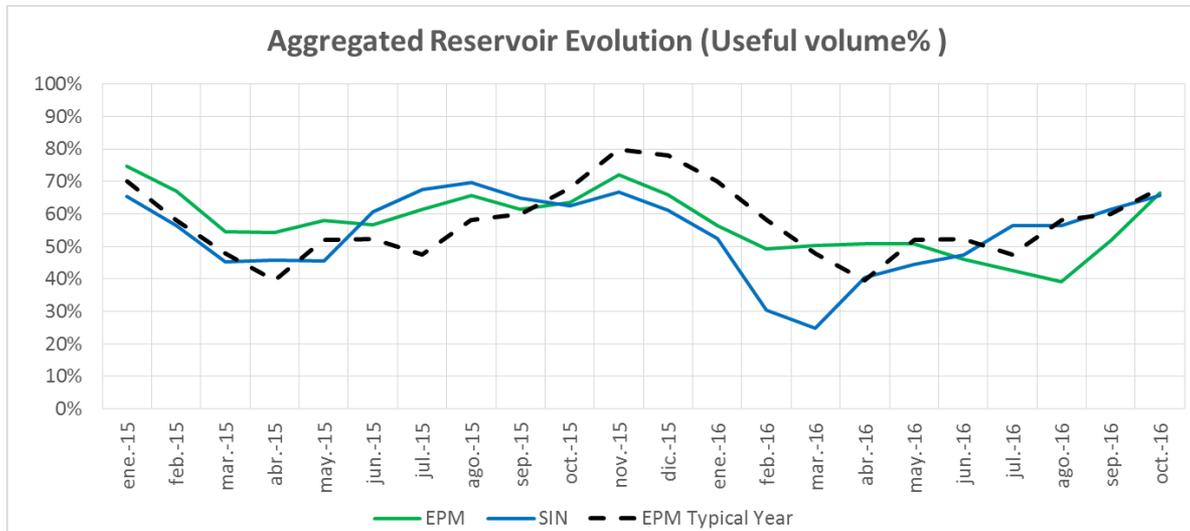
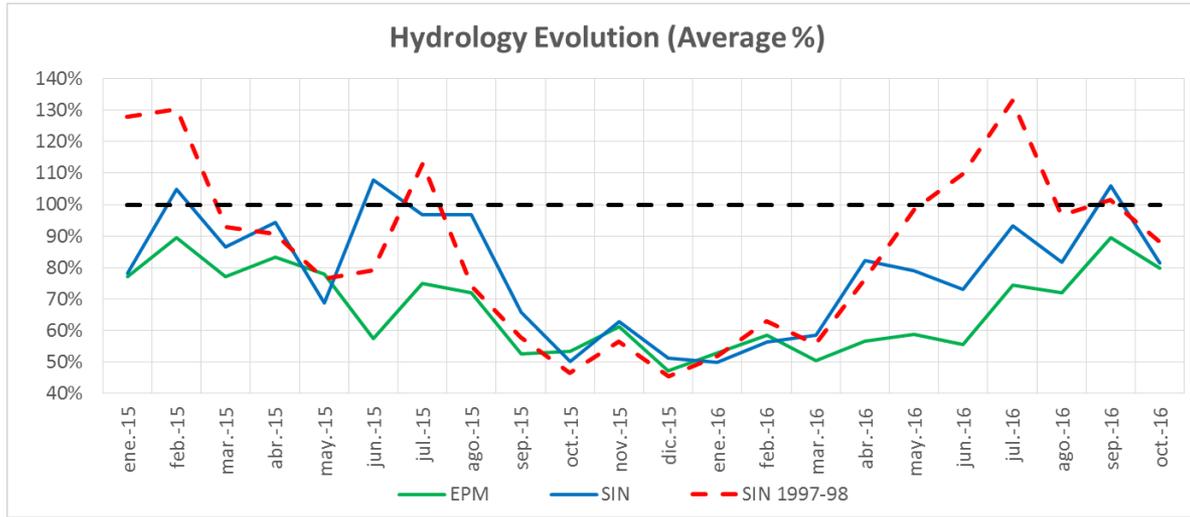
The power generation of Colombian subsidiaries was integrated in 2015 to EPM parent company.

International subsidiaries' generation [GWh]

■ 3Q2015 ■ 3Q 2016



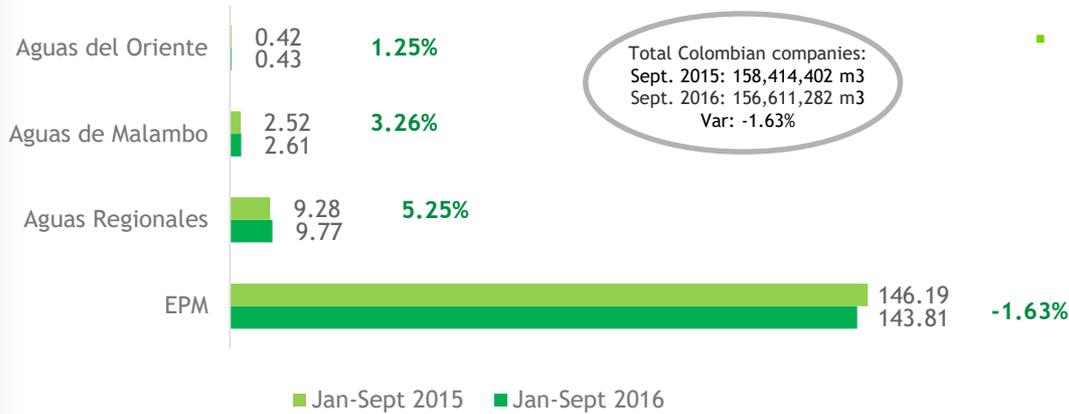
Hydrology and Reservoirs Evolution events



Water Market

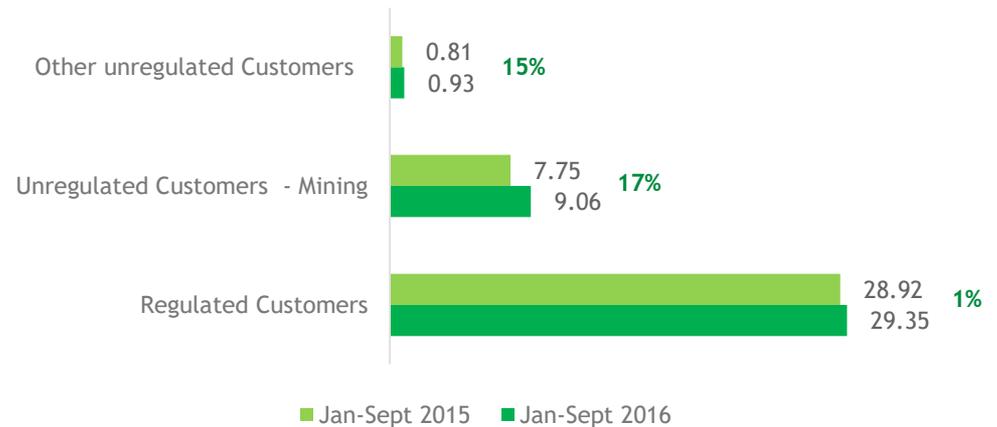
EPM Group Water consumption

Colombian Subsidiaries- Water Consumption (million m³)



- The decrease of 1.63 in water consumption is mainly impacted by saving campaigns associated with El Niño. The same regarding sewage services, which fell 1.80%.

Water Consumption - ADASA, Chile (million m³)



Work progress in main project: Ituango

17% of total Colombian installed capacity in 2022

- ✓ **58.9%** Total work progress as of Sept. 2016
- ✓ Total CapEx through Sept. 2016: **COP 5.1 billion**
- ✓ **Progress in main civil works:**
- ✓ The Dam, 225 m high with 20 million m³ of rock is at **41%**.
- ✓ The Power house, (a 250 m long and 49 m high cavern equivalent to a 16-story building) was **concluded at the Southern area** this quarter.
- ✓ The Spillway, (a channel to control river floods of more than 22,600 m³/s of water and whose construction means excavating 14 million m³ of rock) is at **77%** of construction.



- **Location:** Northwestern Antioquia.
Area of influence 12 municipalities
- **Installed capacity:** **2,400 MW**
- **Total cost:** **COP 11,444,923 millones**
- **Start of operation:** 1st Stage (**1.200 MW**)
Nov. 2018 - 2nd Stage (**1.200 MW**) March 2022

Work progress in main project: Ituango



External civil works

Total cost: COP 11.4 billion

Financing strategy: 60% debt, 40% equity.

- **Total financing allocated to date: (including loan agreement under negotiation):**
COP 5.5 billion (represents 48% of the project's total cost).
- **Total disbursements to date:**
COP 3.2 billion (represents 28% of the Project's total cost and 57% of the financing allocated to date).

Details of Loans Agreements already subscribed or under negotiation:

- ✓ Local bonds: COP 867,280 million
- ✓ Global COP bonds: COP 965,745 million
- ✓ Club Deal: USD 450 million
- ✓ BNDES: USD 111 million (contract subscribed on April 26, 2016)
- ✓ EDC: USD 135 million (contract subscribed on August 4, 2016)
- BID: USD 550 million (under negotiation)

Financial Results as of Sept. 30, 2016

Macroeconomic Scenario



CPI: Consumer Price Index

PPI: Producer Price Index

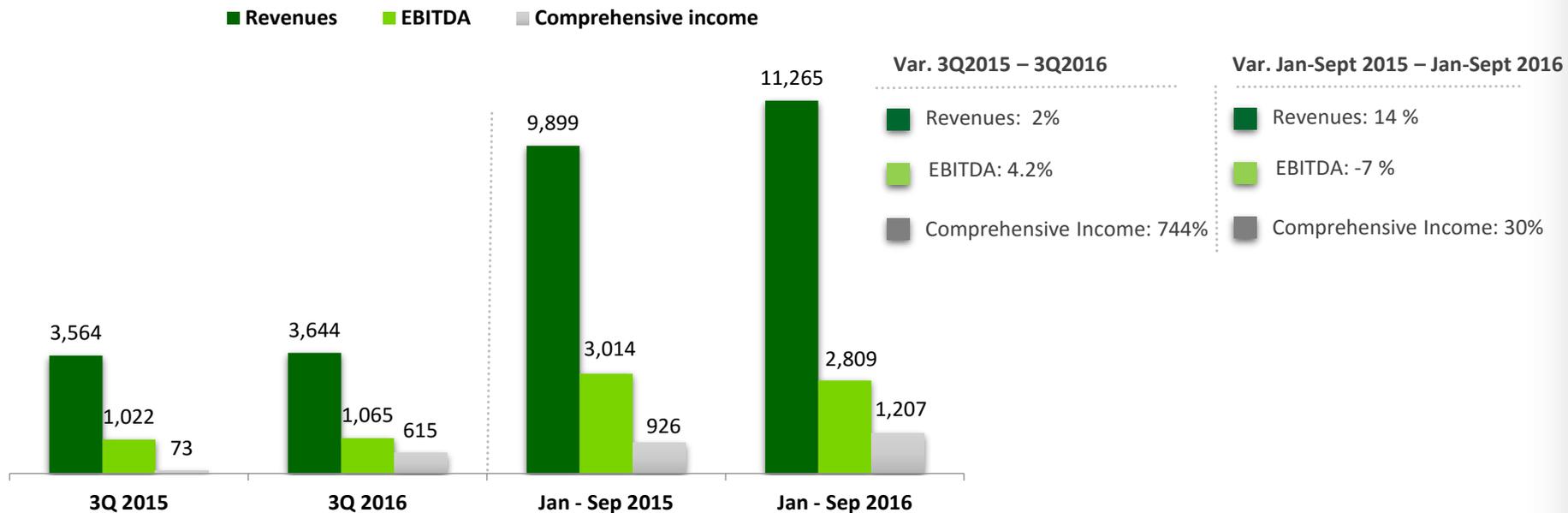
WPI: Wholesale Price Index (Panama and El Salvador)

Concept	Colombia	Chile	Guatemala	Panamá	México	El Salvador
CPI	5,26%	2,70%	3,11%	1,39%	1,47%	-0,99%
CPI (accumulated 12 months)	7,27%	3,10%	4,56%	1,19%	2,97%	1,01%
PPI/WPI	0,92%	2,09% Aug.	N.A.	N.A.	5,95%	-1,76% Aug.
PPI (accumulated 12 months)	3,38%	-2,33% Aug.	N.A.	N.A.	6,40%	-2,51% Aug.
Exchange rate	2.879,95	659,1	7,52	N.A.	19,38	N.A.
Devaluation (Revaluation)	-8,56%	-6,82%	-1,43%	N.A.	12,33%	N.A.

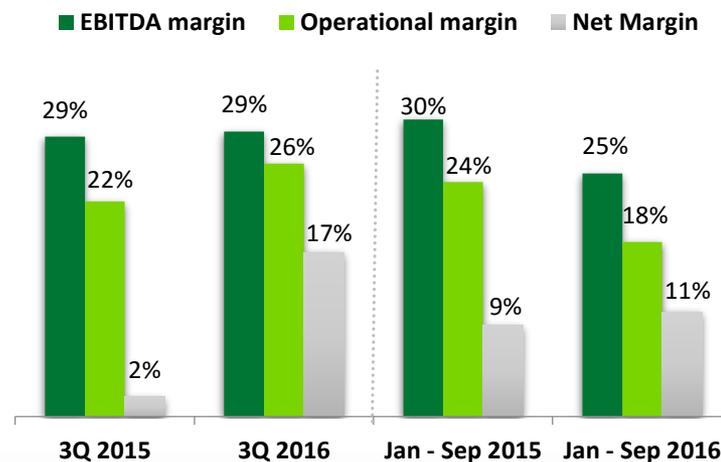
Financial Results as of Sept. 30, 2016

EPM Group Income Statement

Figures in COP thousand million



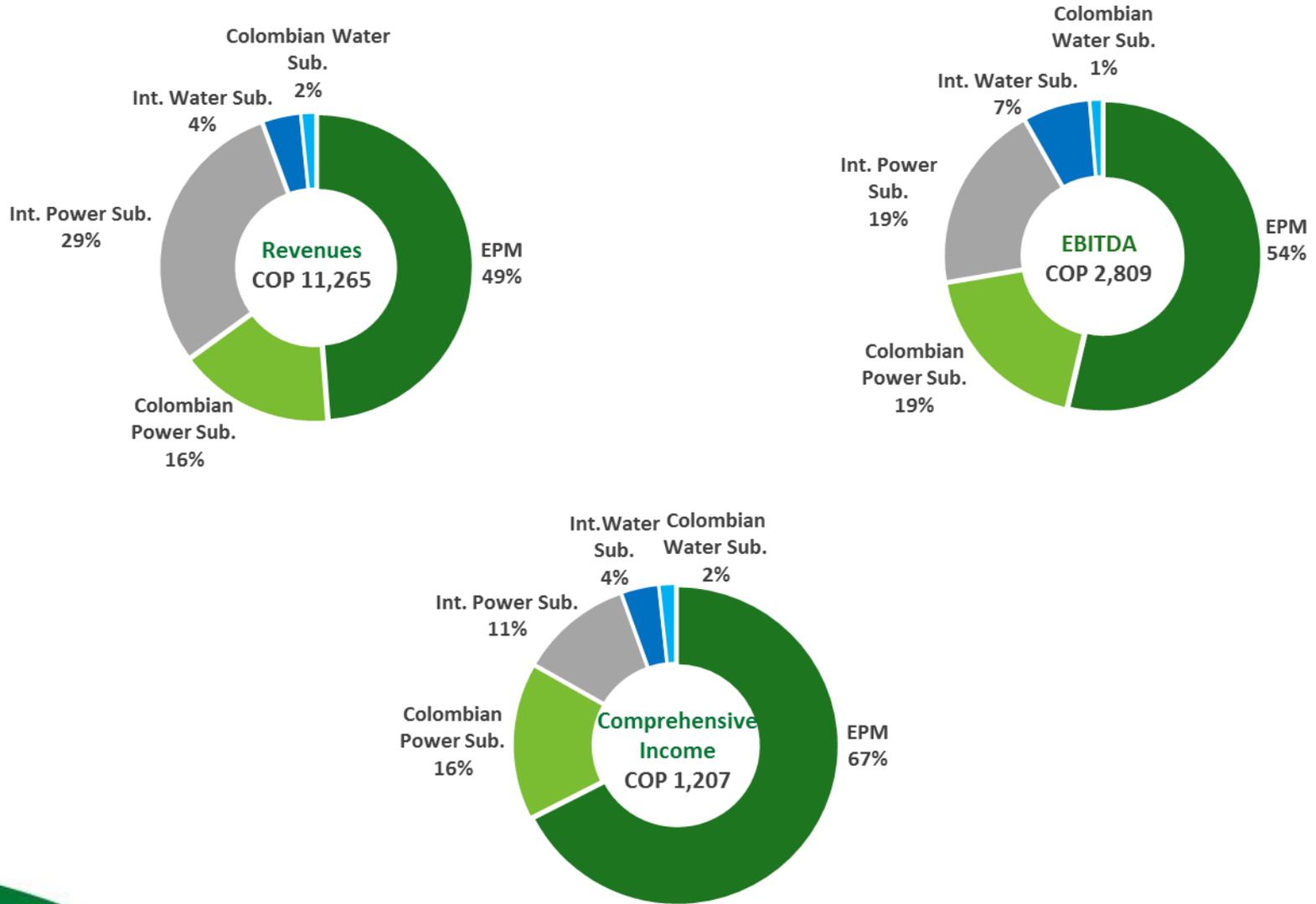
- EBITDA fell 7% with respect to last year; here we want to draw attention to the 23% increase in the Group's costs and expenses associated to higher energy purchases in the pool, higher diesel fuel and gas expenditures, the betterment levy of the El Limón-Anorí road, maintenance, parts and connections.



Financial Results as of Sept. 30, 2016

By Colombian and International Subsidiaries

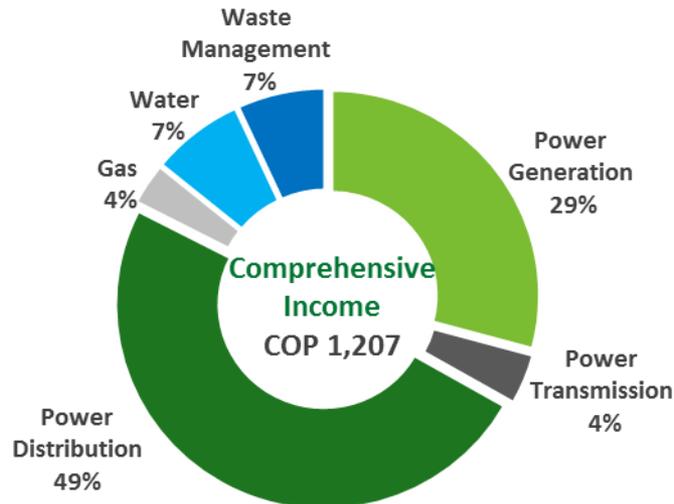
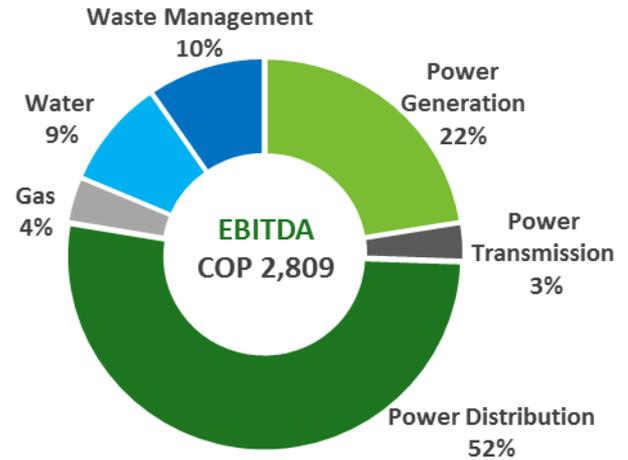
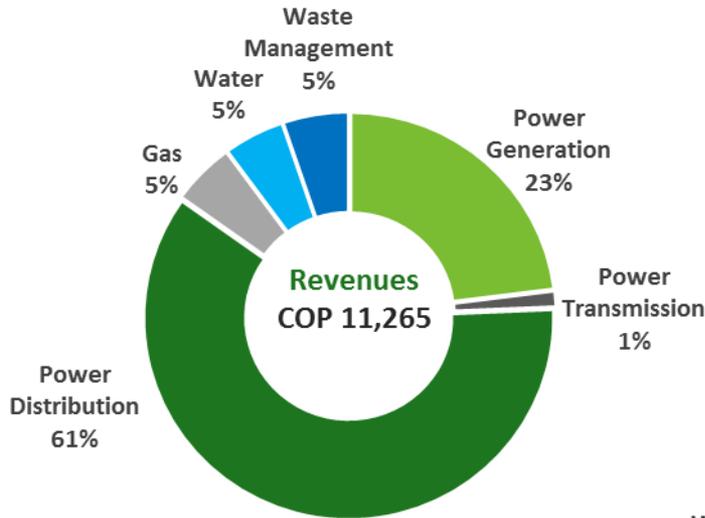
Figures in COP thousand million



Financial Results as of Sept. 30, 2016

By Segments

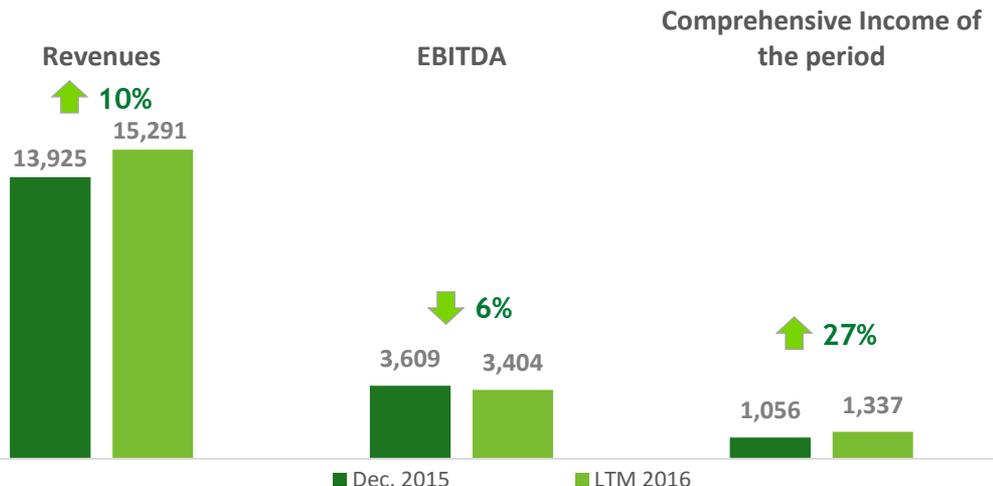
Figures in COP thousand million



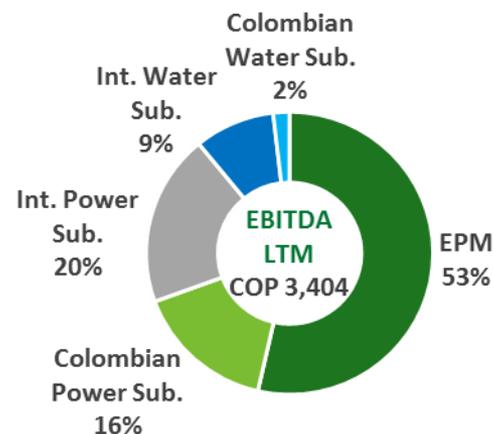
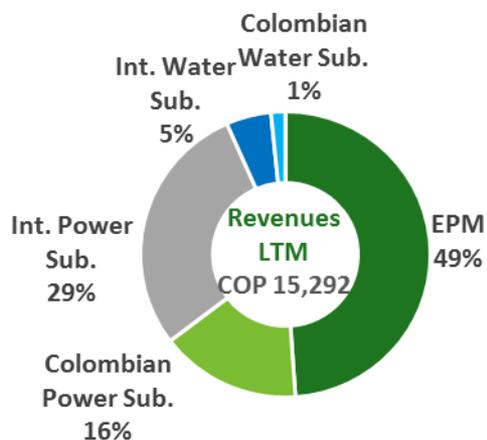
Financial Results LTM as of Sept. 30, 2016

EPM Group investments

Figures in COP thousand million



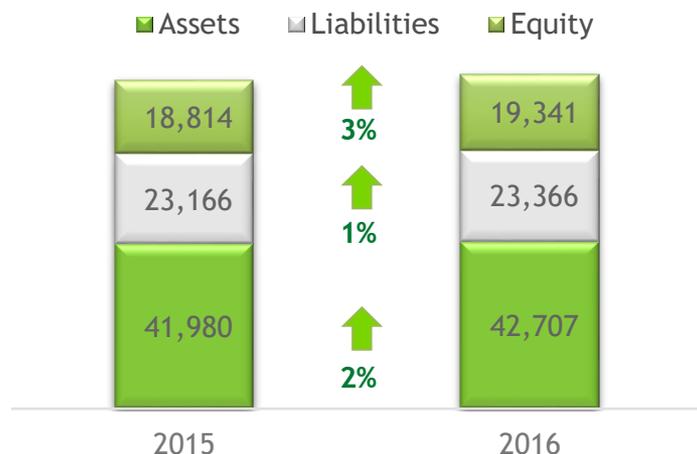
- EBITDA is COP 205,295 million lower explained mainly by the results of EPM parent company in the generation segment as a consequence of the incident happened at the Guatapé hydroelectric plant and the El Niño phenomenon.
- Comprehensive Income grew by COP 280,763 million, a combined effect of: i) increased operating revenue for COP 1.3 billion, increase in exchange difference revenue for COP 900.981 million, and associated to investments for COP 95,129 million; ii) less increased costs for COP 1.7 billion, financial expenses for COP 162,480 million and tax provision for COP 274,280 million.



Financial Results as of Sept. 30, 2016

Statement of Financial Position

Figures in COP thousand million



The 3% increase in Equity is explained by income of the period for COP 1.2 billion and surpluses paid to the Medellín Municipality for COP 75 thousand million, for a total of COP 670 thousand million.

The 1% increase in liabilities is explained by expenditures of EPM for COP 2 billion and ENSA for COP 1.5 billion, debt restructuring of TICSÁ Group for COP 247 thousand million, and other national affiliates for COP 326 thousand million.

COP 727 thousand million increase in assets explained in property, plant and equipment associated to infrastructure projects under construction (Ituango, Nueva Esperanza and others); and in other financial assets by the appreciation of ISA shares. We also highlight the increase in available cash product of the sale of ISAGEN shares for COP 1.4 billion.

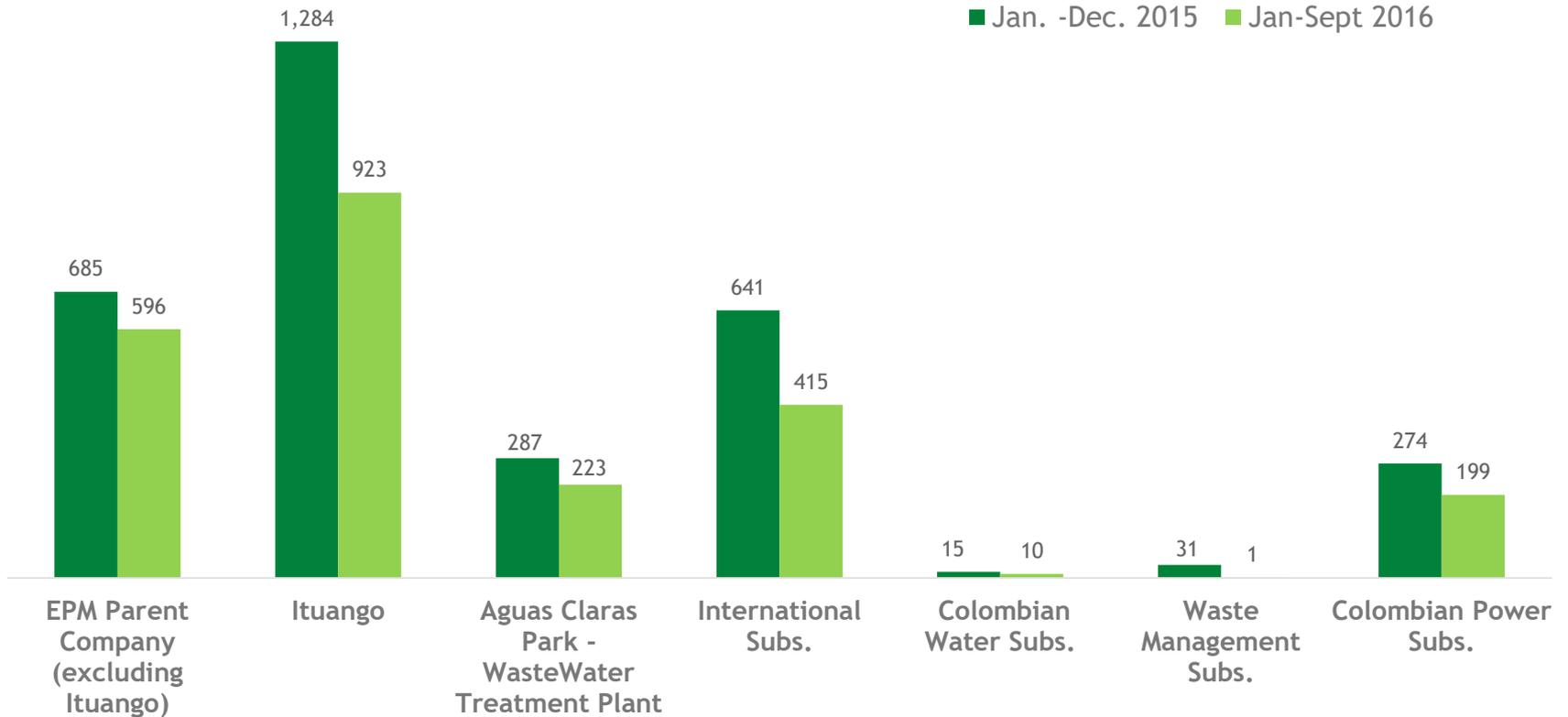
Ratios	2015	2016
Total debt	54%	55%
Financial debt	36%	37%
EBITDA/financial expenses	6.04	4.54
Debt/EBITDA	3.48	4.39

- LTM Group's EBITDA amounted COP 3.4 billion due mainly to El Niño and Guatapé effects. Without these effects, LTM Group's EBITDA would be COP 4.1 billion and Debt/EBITDA ratio: 3.63.
- Debt/EBITDA: Increase explained by: 1) Lower EBITDA, 2) more loans during the period particularly for the Ituango project of USD 451.2 million (Club Deal: USD 450 millones and BNDES: USD 1.2 million).
- Waiver, related to Debt/EBITDA covenant: with JBIC approved for 2016, with AFD approved for the first semester of 2016 and with IDB to be reviewed to the close of 2016.

Financial Results Jan-Sept.30, 2016

EPM Group investments

Figures in COP thousand million



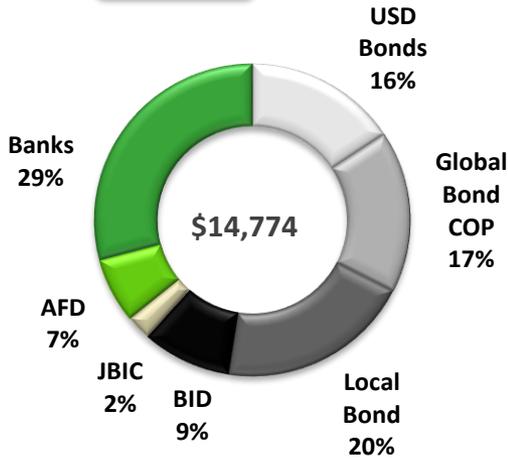
- ✓ EPM Group investments 2015: COP 3.2 billion
- ✓ EPM Group investments Jan-Sept.2016:COP 2.4 billion

Financial Results as of Sept. 30, 2016

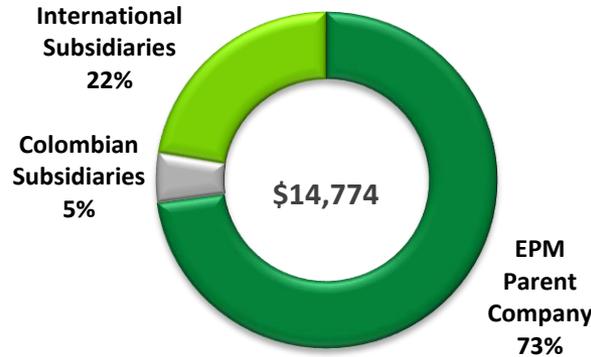
Debt Profile

Figures in COP thousand million

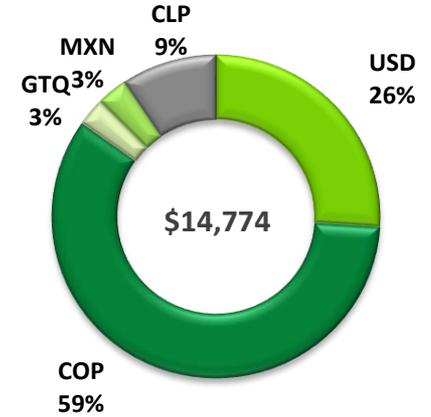
Source



Companies



Currency*

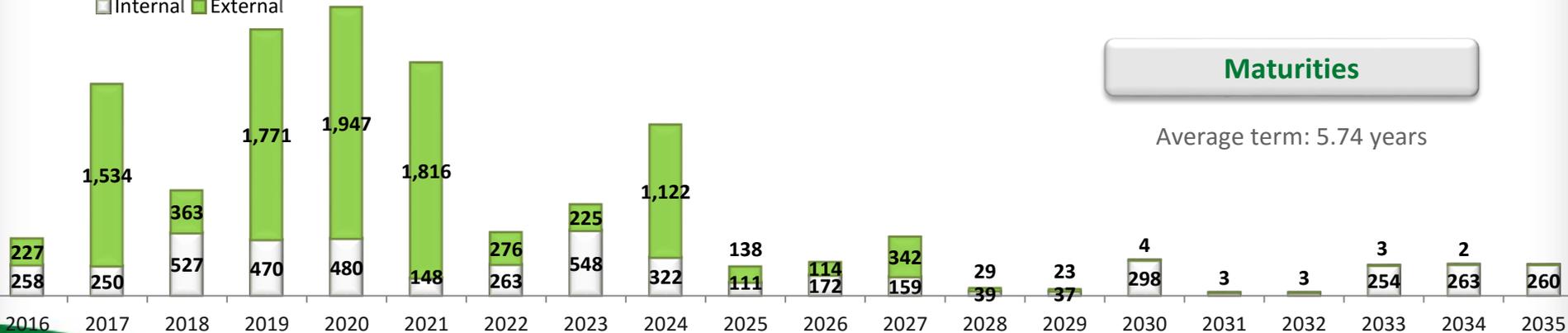


*After hedging

Maturities

Average term: 5.74 years

Internal External



Relevant events subsequent to the quarter

- ✓ Regarding the incident occurred at Guatapé Power Plant, EPM is advancing on the total amount with adjusters: USD 100 million had been registered in June and USD 56 million will be registered in November, for a total amount of USD 156 million. Total impact on EPM is about COP 222 thousand million (equivalent to the deductible of the insurance policy).
- ✓ EPM subscribed loan agreement with Corporación Andina de Fomento (CAF) for USD 200 million for partial financing of its investment plan. The loan, authorized by the Colombian Ministry of Finance and Public Credit, provides for 18-year term, five-year grace period and 24-year disbursement period.

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