

# Grupo·epm<sup>®</sup>

## 1Q2017 Report



**ROBECOSAM**  
Sustainability Award  
Silver Class 2016



# Agenda



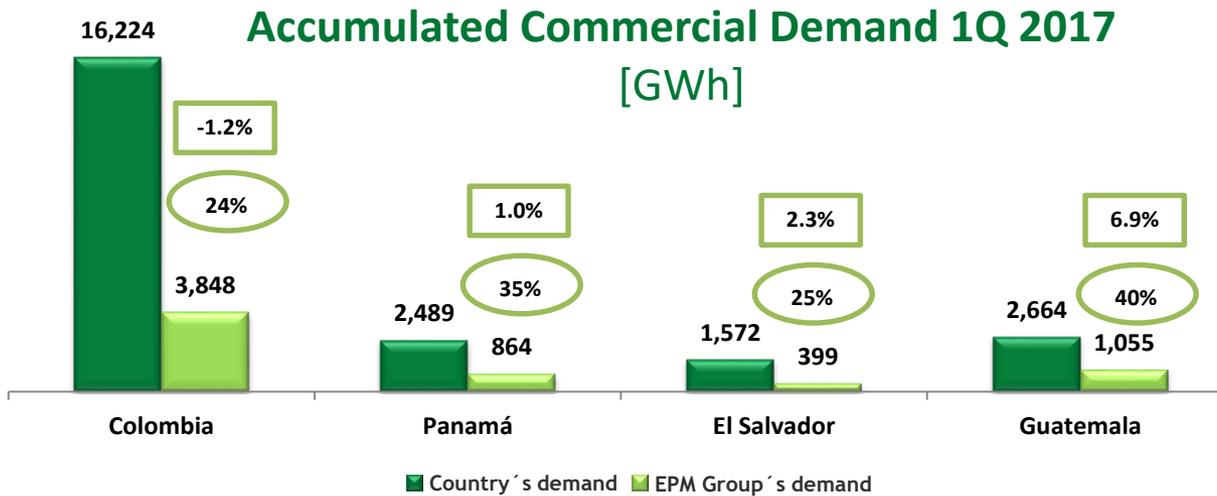
- > Relevant events
- > Energy market
- > Work progress in main project: Ituango
- > Financial results as of March 2017
- > Signed Credit Contracts

# Relevant events of the quarter and subsequent to the closing

- ✓ During 2017, EPM will pay dividends to the Medellin Municipality for COP 1 billion (COP 550 thousand million ordinary dividends and COP 459 thousand million extraordinary dividends). As of March, COP 250 thousand million have been paid.
- ✓ On March 14th 2017, Fitch Ratings has revised EPM's international rating outlook from negative to stable and affirmed rating at BBB+. This is explained by the outlook change of Colombian sovereign rating.
- ✓ On March 30 2017, Moody's ratified EPM's financial soundness by raising its international investment rating to Baa2 with stable outlook.
- ✓ On May 12, the Nueva Esperanza Power Transmission Project began to operate. Nueva Esperanza will increase the power transport capacity and reliability of the electricity system in the Central-Eastern zone of Colombia, which includes 4 departments: Cundinamarca (including Bogota), Meta, Guaviare and North-Tolima, benefiting more than 12 million people. The infrastructure of the Project is distributed in 21 municipalities.

# Energy Market

## EPM Group Commercial Power Demand

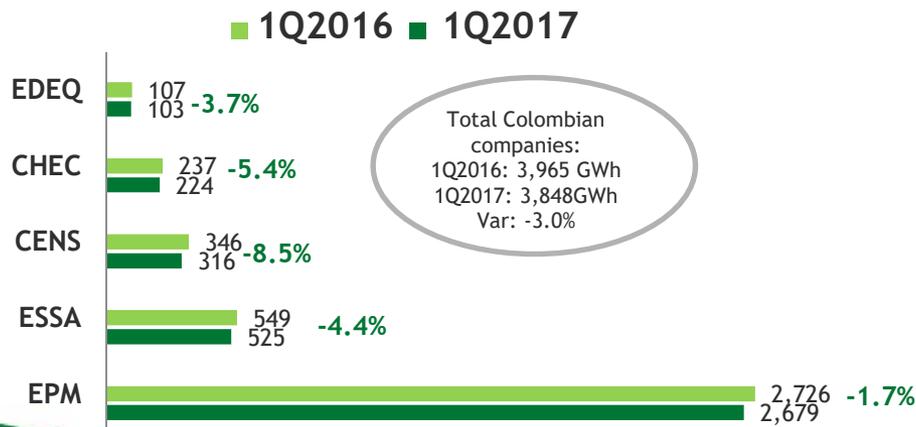


% Country's demand variation 1Q2017 vs 1Q2016

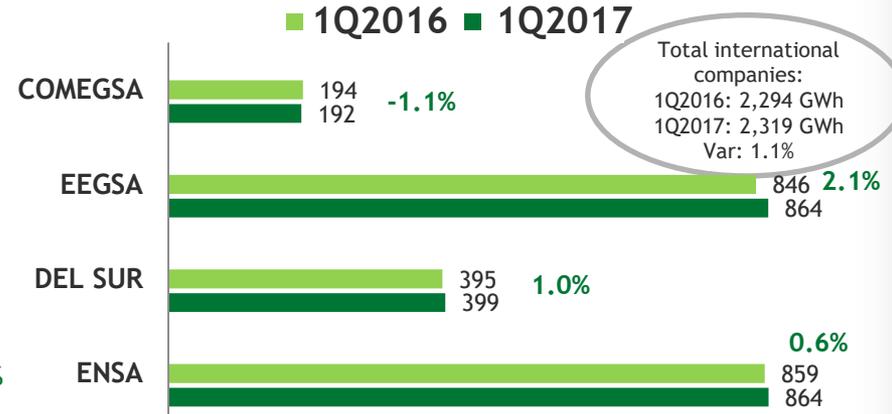
% EPM Group country demand's share.

*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



### International Companies GWh

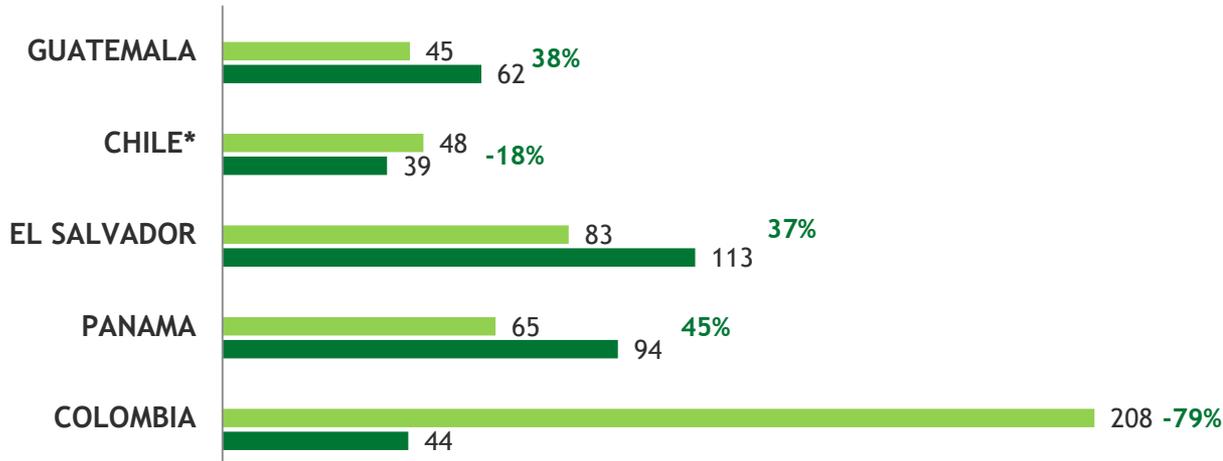


# Energy Market

## Spot Price USD/MWh and EPM Generation (GWh)

### Spot Price USD/MWh

■ 1Q2016 ■ 1Q2017

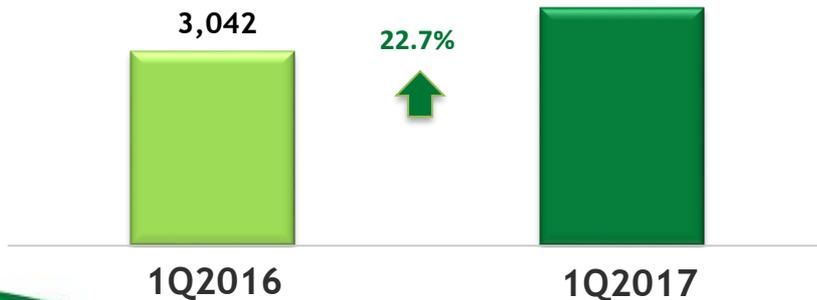


During 1Q2017 in Central America, spot price increased, mainly by the increase in fuel prices. In Colombia, where the hydro-generation component is so high, neutral conditions in 1Q2017 compared to El Niño weather conditions in 1Q2016 declined the prices significantly at the beginning of the year.

Average spot prices in the period.

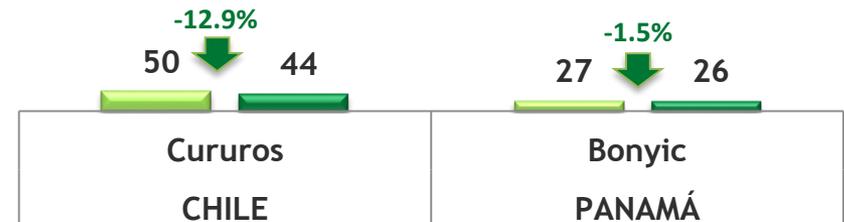
\*Price of La Cebada node where EPM's Los Cururos plant is connected.

### EPM Group Power Generation in Colombia [GWh]



### International Subs. Power Generation [GWh]

■ 1Q2016 ■ 1Q2017



# Main Infrastructure Project

## Ituango Hydroelectric Generation Plant



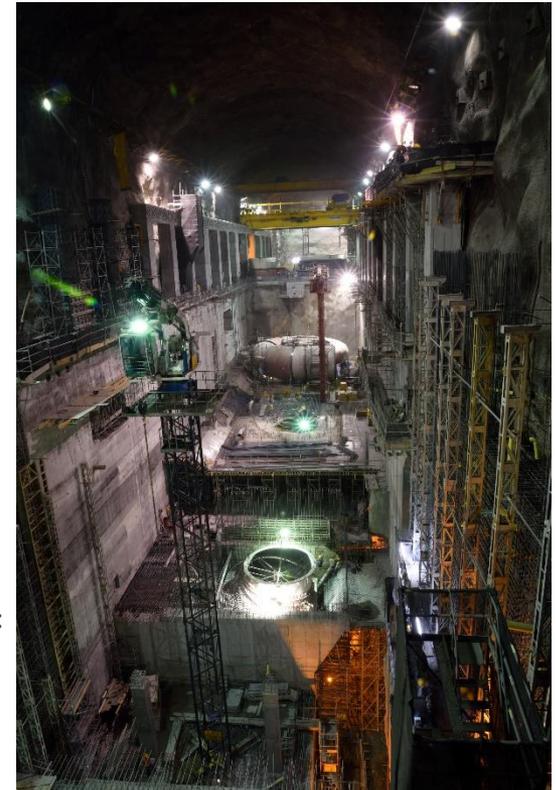
Total work progress as of March 2017: **66.7%**  
 Invested to date: **COP 6.17 billion**

### Progress in main civil works:

- ✓ The Dam, 225 m high with 20 million m<sup>3</sup> of rock is at **56%** of construction.
- ✓ The Spillway, (a channel to control river floods of more than 22,600 m<sup>3</sup>/s of water and whose construction means excavating 14 million m<sup>3</sup> of rock) is at **86%** of construction.
- ✓ The Power house was **concluded**.

### Progress in power generation equipments:

- ✓ **4 turbines** of 300 MW each, **4 generators** of 336 MVA each. The manufacture is at **100%**, the assembly at **45%**.
- ✓ **12 transformers** of 112 MVA each. The manufacture is at **100%**, the assembly at **94%**.
- ✓ **2 crane bridges** of 600 tons of total capacity. The manufacture of both is at **100%**, the assembly of the 1st bridge crane is at **100%**, and the 2nd one is at **40%**.



The Power-House:  
 Assembly of the equipments  
 (turbines and generators).



The first 12  
 transformers are  
 already located at  
 the Transformer  
 Cavern.

# Main Infrastructure Project

## Ituango Hydroelectric Generation Plant



Total cost: COP 11.4 billion



External Civil Works

- **Financing strategy:** 60% debt, 40% equity.
- **Financing allocated to date (including IDB-IIC loan agreement under negotiation): COP 5.5 billion**
  - Represents 48% of the project's total cost.
  - Represents 79% of the estimated debt.
- **Disbursed to date:** COP 3.6 billion
- **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 (subscribed on Apr.26, 2016)
  - ✓ EDC: USD 135 million (subscribed on Aug.4, 2016)
  - IDB-IIC A/B loan: USD 550 million (under negotiation)

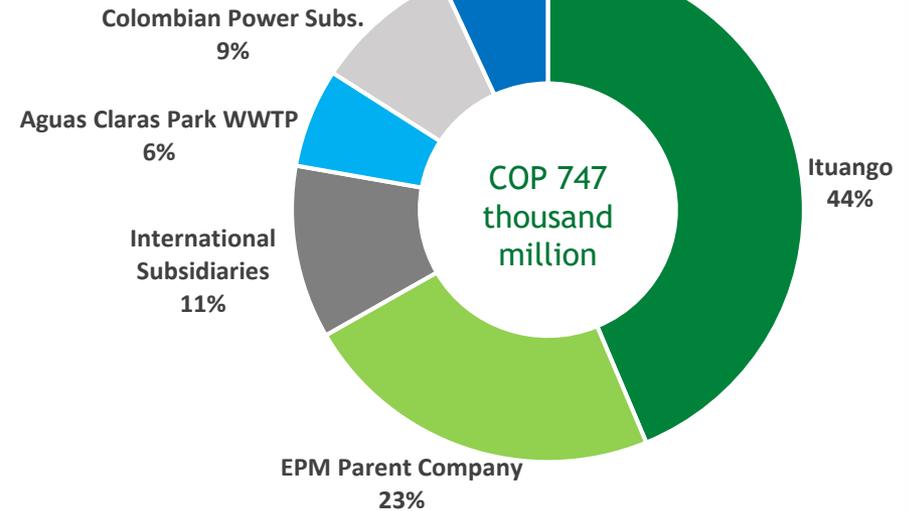
# Financial Results as of March 31, 2017

## Capex EPM Group

Figures in COP thousand million

### 1Q2017 Investments

Colombian Water Subs.  
7%



EPM Group	1Q2017
Ituango	326.601
EPM Parent Company (excluding Ituango)	171.737
International Subsidiaries	82,843
Aguas Claras Park Waste-Water Treatment Plant	47,301
Colombian Power Subsidiaries	67,493
Colombian Water Subsidiaries	51,080
<b>Total</b>	<b>747,055</b>



Power: 81%



Water: 19%

- ✓ EPM Group Investments as of March: COP 747 thousand million
- ✓ EPM Group Investments estimated for 2017: COP 4.4 billion

# Financial Results as of March 31, 2017

## Macroeconomic Scenario



**CPI:** Consumer Price Index

**PPI:** Producer Price Index

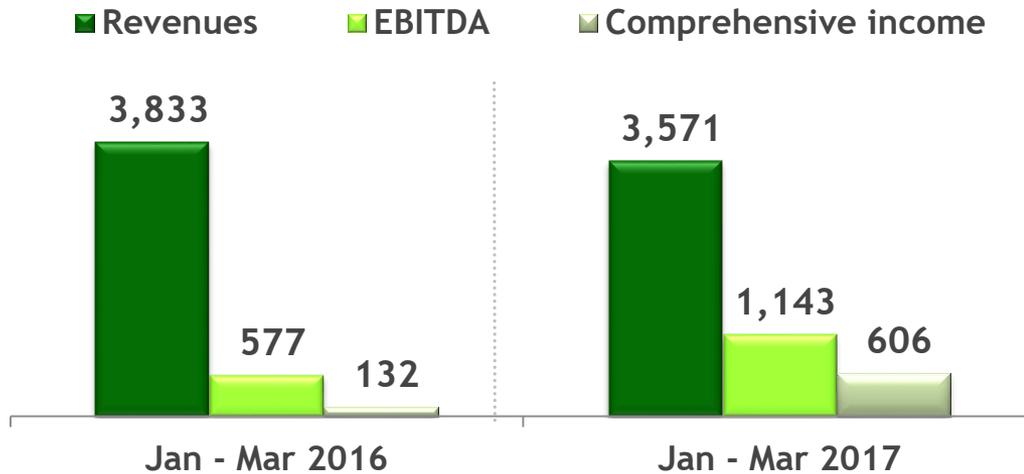
**WPI:** Wholesale Price Index (Panama and El Salvador)

Concept	Colombia	Chile	Guatemala	Panamá	México	El Salvador
CPI	2,52%	1,16%	1,10%	0,48%	2,92%	1,22%
CPI (accumulated 12 months)	4,69%	2,74%	4,00%	1,47%	5,08%	0,54%
PPI/WPI	0,44%	1,33%	N.A.	N.A.	2,73%	-0,16%
PPI/WPI (accumulated 12 months)	0,55%	7,61%	N.A.	N.A.	9,45%	-1,97%
Exchange rate	2880,24	662,66	7,34	N.A.	18,80	N.A.
Devaluation (Revaluation)	-4,01%	-0,69%	-2,42%	N.A.	-8,85%	N.A.

# Financial Results as of March 31, 2017

## EPM Group Income Statement

Figures in COP thousand million

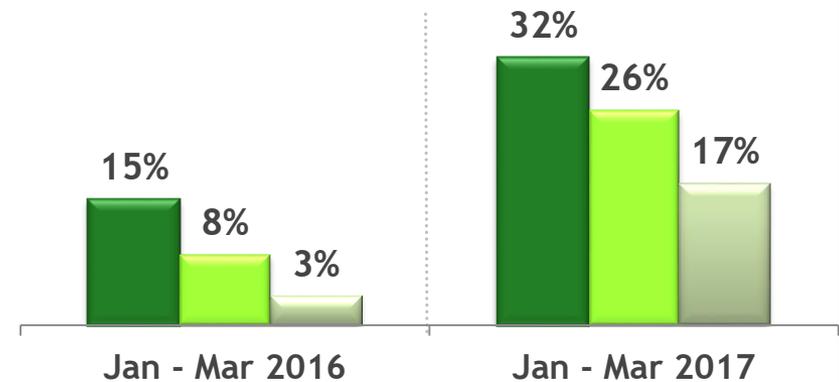


### Var. 1Q 2016 - 1Q 2017

- Revenues: -7 %
- EBITDA: 98%
- Comprehensive Income: 358%

- Revenues dropped COP 262 (7%), mainly explained by the power generation segment in Colombia, because of lower sales in the spot market, due to the fall in the spot price from COP 678/KWh in 2016 to COP 131/KWh in 2017, also by lower AGC Services and the reimbursement of the Reliability Charge due to the increased power generation under the La Niña effect.

### ■ EBITDA margin ■ Operational margin ■ Net Margin

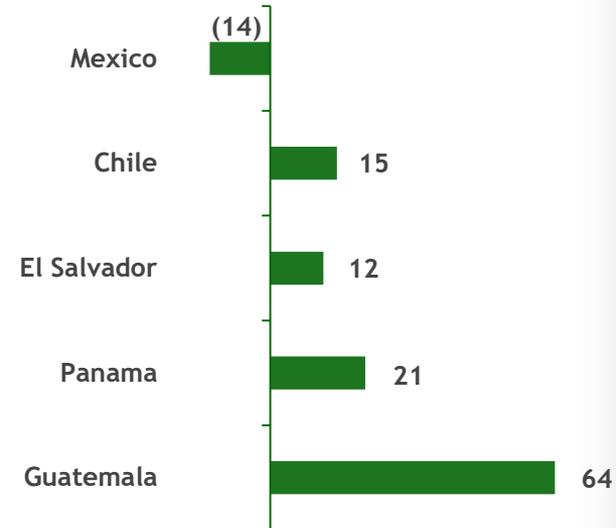
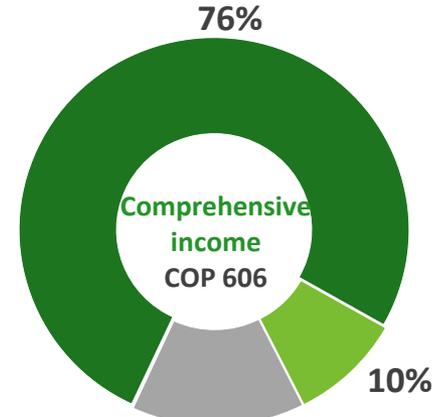
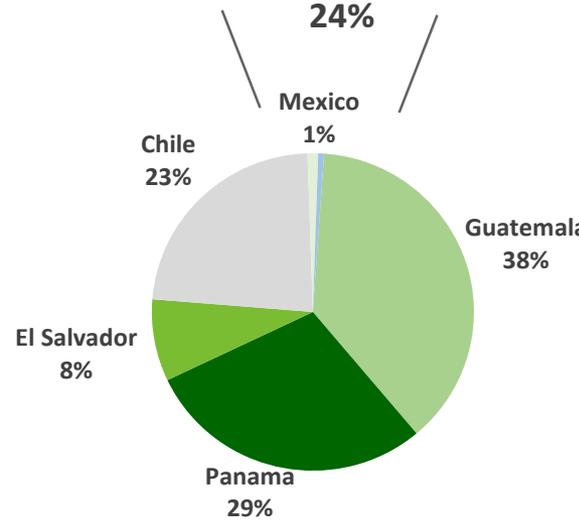
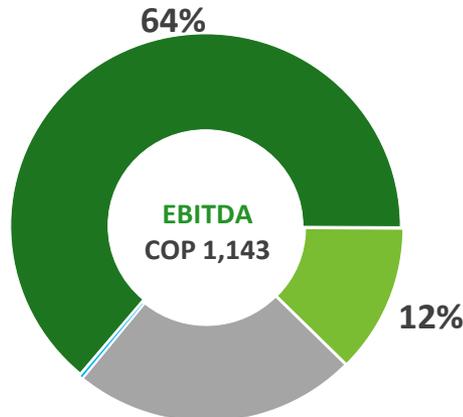
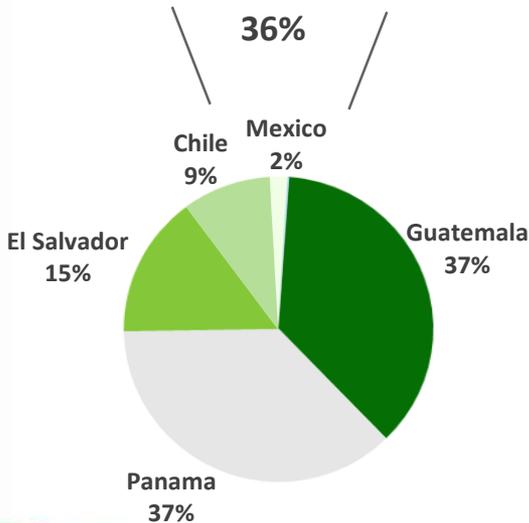
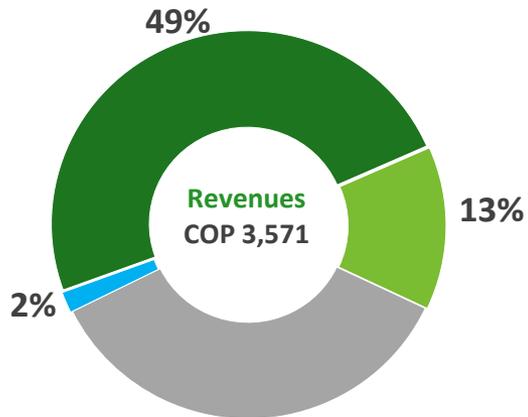


# Financial Results as of March 31, 2017

## EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million

■ EPM  
■ International Subsidiaries  
■ Colombian Power Subsidiaries  
■ Colombian Water Subsidiaries

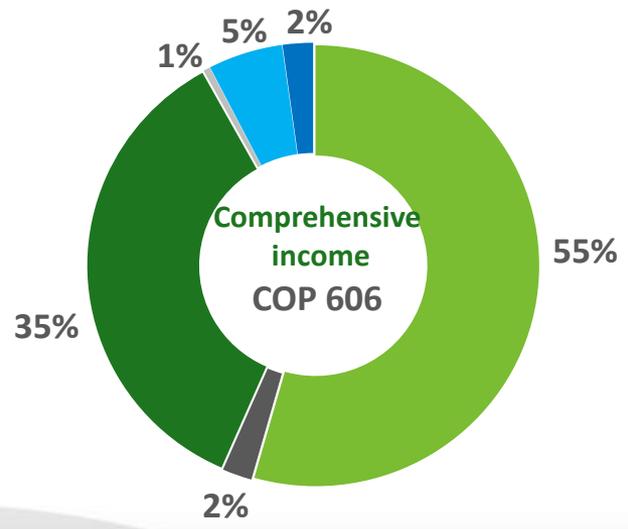
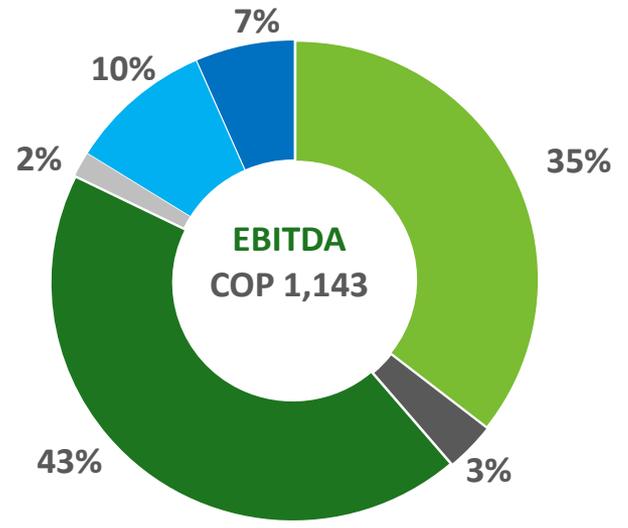
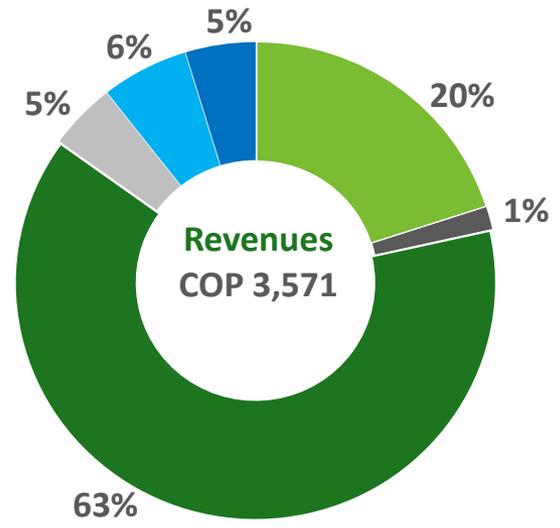


# Financial Results as of Mar.31, 2017

## EPM Group by Segments

Figures in COP thousand million

- Power Generation
- Power Transmission
- Power Distribution
- Gas
- Water
- Waste Management



# Financial Results as of March 31, 2017

## EPM Group - Statement of Financial Position

Figures in COP thousand million

■ Assets ■ Liabilities ■ Equity



The 2% decrease in Equity is due to the recognition of surpluses to the Municipality of Medellín for COP 1,009 (COP 550 ordinary and COP 459 extraordinary) according to the COMPES report as of March 21, 2017, of which COP 250 have been paid.

Ratios	2016	2017
Total debt	56	55
Financial debt	37	36
EBITDA/financial expenses	3.20	5.48
Total Debt/EBITDA	4.29	3.16

- EBITDA amounted COP 1.1 billion and Debt/EBITDA ratio was 3.16.
- The Group's period end cash position of COP 1.1 billion.

### EBITDA/Financial expenses



### Debt/EBITDA

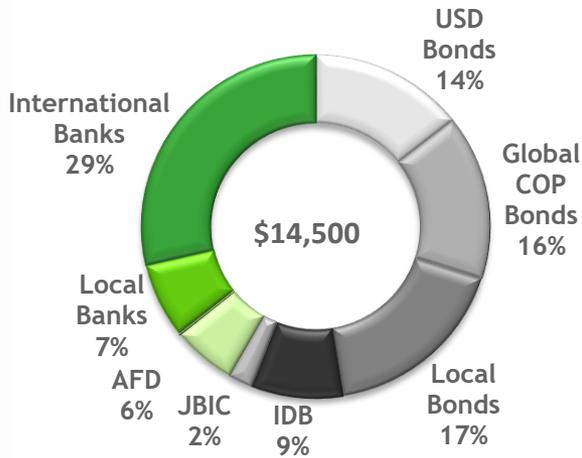


# Financial Results as of March 31, 2017

## Debt Profile

Figures in COP thousand million

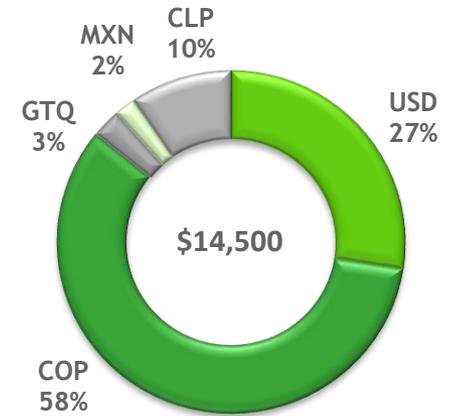
### Source



### Companies



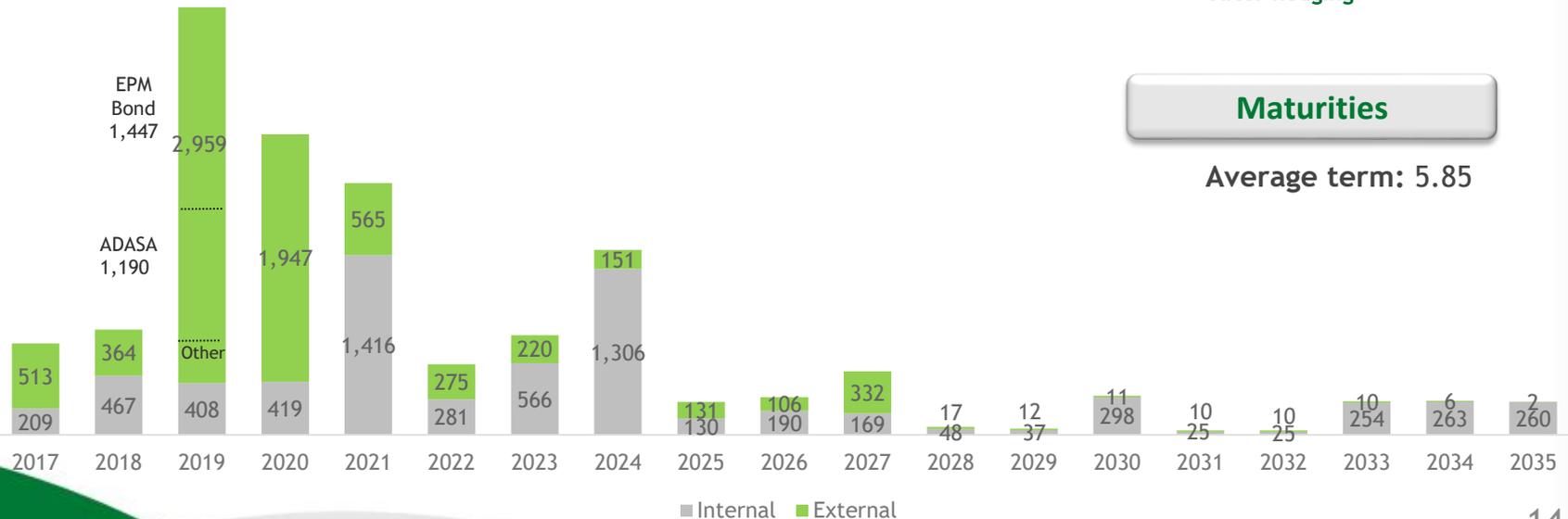
### Currency\*



\*After hedging

### Maturities

Average term: 5.85



# Signed Credit Contracts

Amount to be disbursed USD 722 million

Figures in USD million

## EDC

Amount: USD 300 MM  
 Balance to be disbursed: USD 300 MM  
 Availability period: 1 year  
 Until: 4-Aug-2017 (\*)  
 Initial tenor: 5 years (\*)  
 (\*) Amendment under negotiation for an extension of one year more.  
 Use of proceeds: 45% Ituango Project  
 - 55% Investment Plan.

## CAF

Amount: USD 200 MM  
 Balance to be disbursed: USD 200 MM  
 Availability period: 2 years  
 Until: 3-Oct-2018  
 Tenor: 18 years  
 Use of proceeds: Investment Plan.

## BID 2120

Amount: USD 450 MM  
 Balance to be disbursed: USD 120 MM  
 Availability period: 9 years  
 Until: 22-Sep-2018  
 Tenor: 25 years  
 Use of proceeds: Aguas Claras Park-Waste-Water Treatment Plant in Bello.

## BNDES

Amount: USD 112 MM  
 Balance to be disbursed: USD 102 MM  
 Availability period: 6.5 years  
 Until: Dec-2022  
 Tenor: 23.5 years  
 Use of proceeds: turbines and generators for the Ituango Project.

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