

Grupo·epm[®]

4Q2017 and full year Report

Included in The Sustainability Yearbook 2018

ROBECOSAM



Agenda



- > Relevant events
- > Energy market
- > Work progress in main project: Ituango
- > Financial results as of December 2017

Relevant events of the quarter and subsequent to the closing

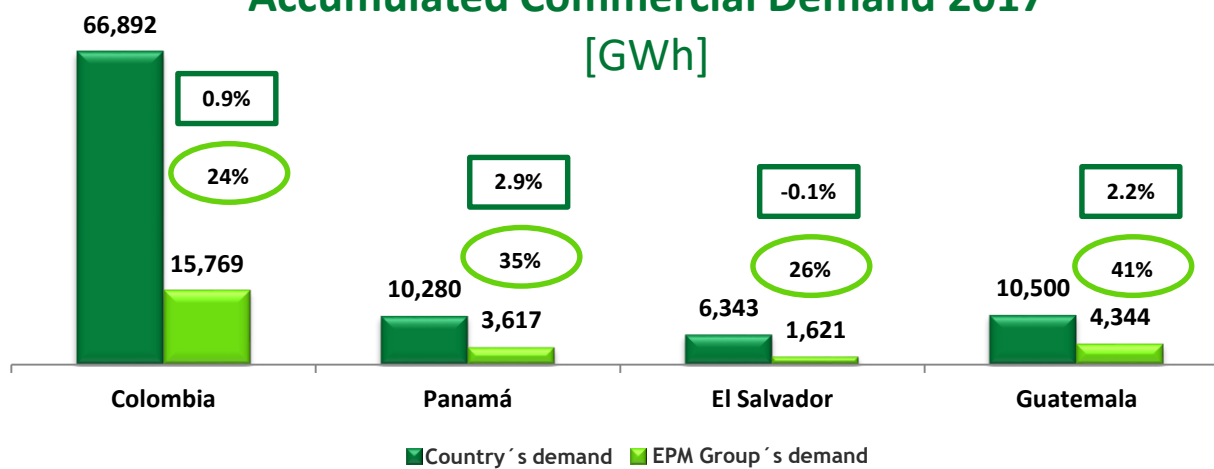
- ✓ On December 13th, 2017, EPM Board of Directors has approved an investment plan for the Parent Company for the period 2018-2021 of COP 6.4 billion and a COP 14.2 billion budget for 2018. The Ituango and Aguas Claras projects will come online. EPM will transfer COP 1.5 billion to the Municipality of Medellin, destined mainly for social investment.
- ✓ On December 14th, 2017, EPM finished paying the Municipality of Medellin the extraordinary surpluses for a total value of COP 459 thousand million.
- ✓ EPM and the IDB Invest, which is the private sector of the International Development Bank, signed a loan agreement for USD 1 billion, intended for funding the Ituango Hydroelectric Project.
- ✓ EPM has identified a potential business opportunity in acquiring a controlling stake in Gas Natural S.A. ESP, and has shown preliminary interest in participating in an open process for control of the company.
- ✓ On February 23, the rating agency Moody's maintains the rating of EPM's external debt at Baa2 investment grade, with a change in its outlook derived from the recent change in Colombia's risk rating, which went to negative from stable.
- ✓ On February 26, the Board of Directors of Empresas Públicas de Medellin E.S.P., authorized the allocation of resources worth COP 180.000 million to continue its investment strategy in innovation and corporate business ventures through private equity funds.

Energy Market

EPM Group Commercial Power Demand

Accumulated Commercial Demand 2017

[GWh]

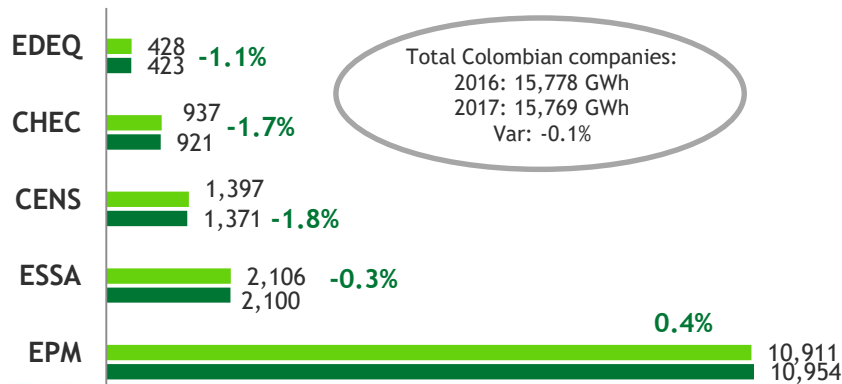


% Country's demand variation 2017 vs 2016
 % EPM Group country demand's share.

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.

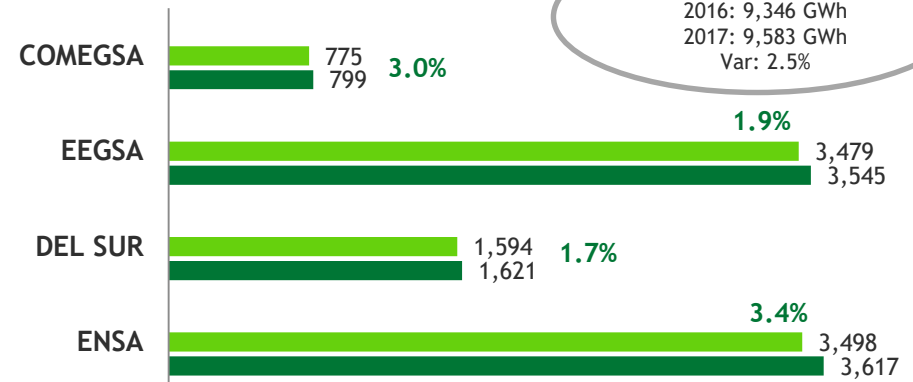
Colombian Companies GWh

■ 2016 ■ 2017



International Companies GWh

■ 2016 ■ 2017

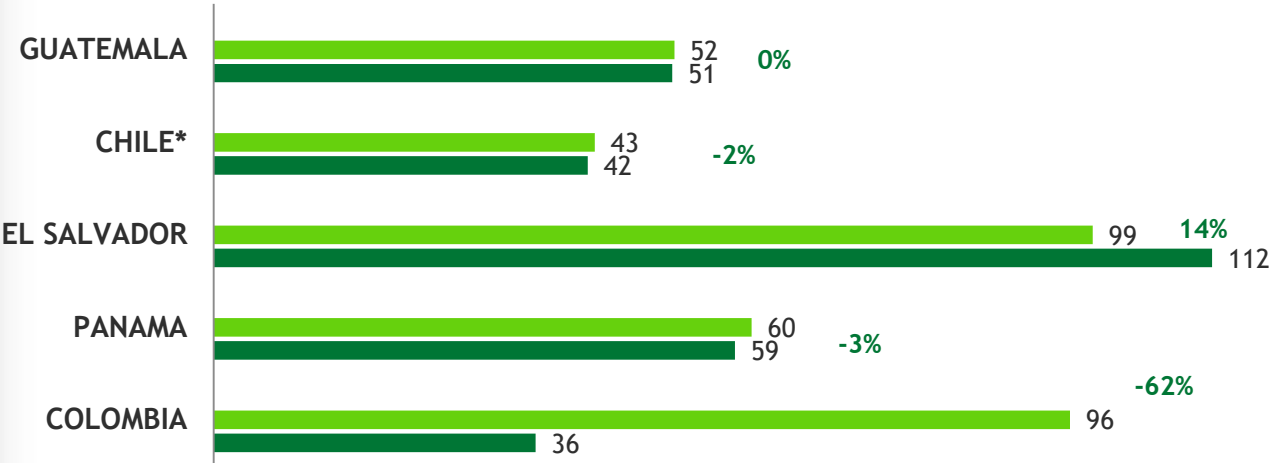


Energy Market

Spot Price USD/MWh and EPM Generation (GWh)

Spot Price USD/MWh

■ 2016 ■ 2017

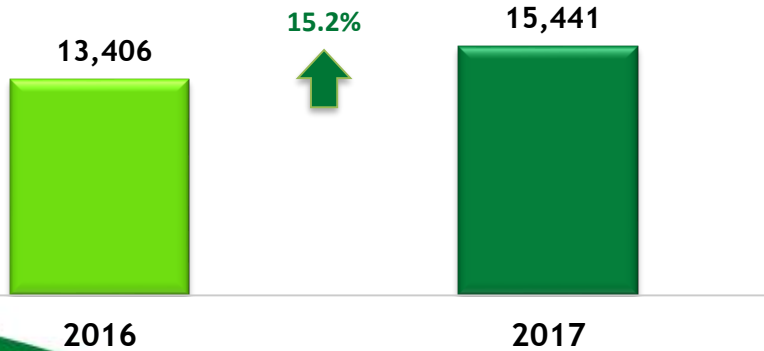


During 3Q2017 in Central America, spot price increased, mainly by the increase in fuel prices. In Colombia, neutral conditions in 2017 compared to El Niño weather conditions in 2016 declined the prices significantly.

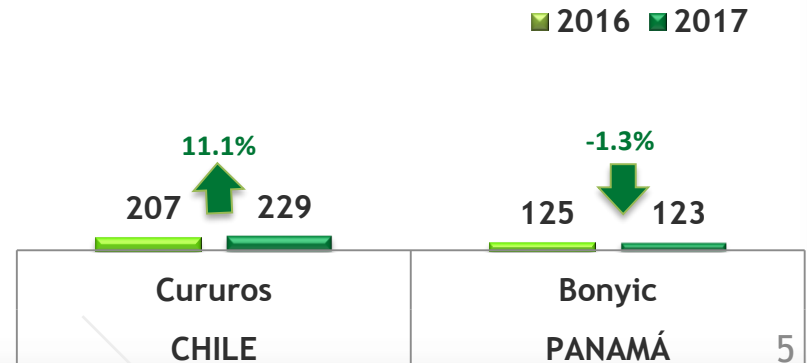
NOTES:
Annual average spot prices.

* 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]



Main Infrastructure Project

Ituango Hydroelectric Generation Plant



82.3% total work progress as of February 2018 Invested to date: **COP 8.1 billion (USD 2.7 bn equiv.)**

Progress of main civil works:

- ✓ **The Dam**, 225 m high with 20 million m³ of rock is at **81%** of construction.
- ✓ **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 **98%** of construction.
- ✓ **The Power House** was **concluded**.



External civil Works: Spillway and dam

Progress in power generation equipment:

- ✓ **1st stage/4 power generation units: 4 turbines** of 300 MW each and **4 generators** of 336 MVA each. The manufacture is at **100%** and the assembly is at **23%** (turbines: **56%** and generators: **12.3%**).
- ✓ **25 transformers in** total, of 112 MVA each. At the North Area the manufacture and assembly are at **100%**. In the South Area, the manufacture is at **100%**.
- ✓ **2 Crane bridges** of 600 tons of total capacity are under operation.



Civil Works at the Powerhouse: equipment's assembly (turbines and generators)

Main Infrastructure Project

Ituango Hydroelectric Generation Plant



Total cost: COP 11.4 billion



External civil works

Financing Strategy:
64% debt, 36% equity

➤ **Financing allocated to date :**
COP 7 billion (USD 2.655 million equiv.)

- Represents 64% of the total cost of the project.

➤ **Disbursed to date:**
COP 3.6 billion (USD 1.544 million equiv.)

Loans Agreements subscribed:

- ✓ Local bonds: COP 867.280 million
- ✓ Global COP bonds: COP 2 billion
- ✓ Club Deal: USD 106 million
- ✓ BNDES: USD 111 million
- ✓ EDC: USD 135 million
- ✓ BID-IIC and other banks: USD 1.000 million
(signed on December 29th, 2017)

Financial Results as of December 31, 2017

Macroeconomic Scenario



CPI: Consumer Price Index

PPI: Producer Price Index

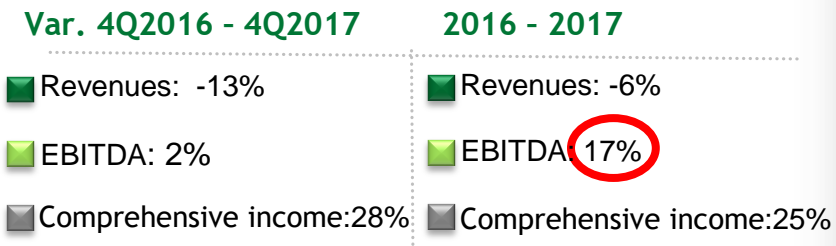
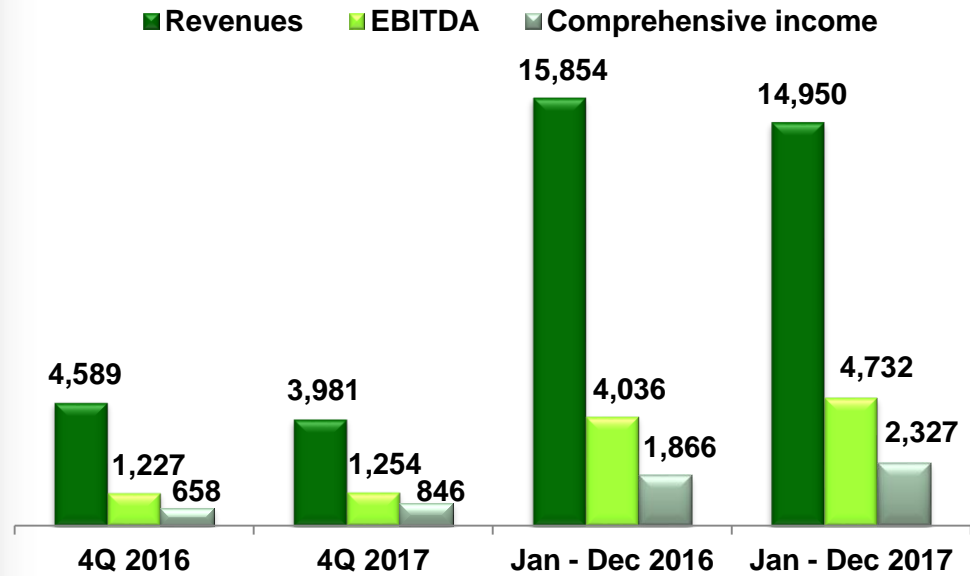
WPI: Wholesale Price Index (Panama and El Salvador)

Concept	Colombia	Chile	Guatemala	Panama	Mexico	El Salvador
GDP	1,80%	1,1% 3Q 2017	2,6% 3Q 2017	5,57% 3Q 2017	2,30%	2,3% 3Q 2017
CPI	4,09%	2,27%	5,68%	0,48%	6,77%	2,04%
PPI/WPI	1,86%	8,37%	N.A.	N.A.	4,65%	-0,11% Oct.
Exchange rate (year-end)	2.984,00	615,22	7,34	N.A.	19,66	N.A.
Devaluation/Revaluation (year-end)	-0,56%	-7,80%	-2,36%	N.A.	-4,64%	N.A.

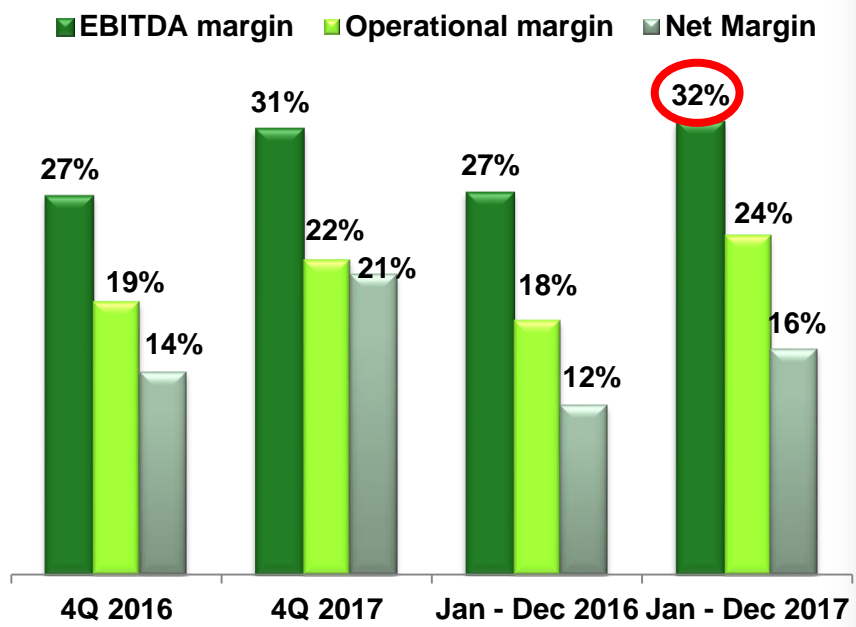
Financial Results as of December 31, 2017

EPM Group Income Statement

Figures in COP thousand million



- Revenue declined by 6% explained mainly by the decrease of energy prices in Colombia.
- EBITDA increased COP 696, 17% with respect to previous year.
- Comprehensive income increased due to higher operating income and lower costs due to a decline in energy prices after a Niño Phenomenon in 2016.

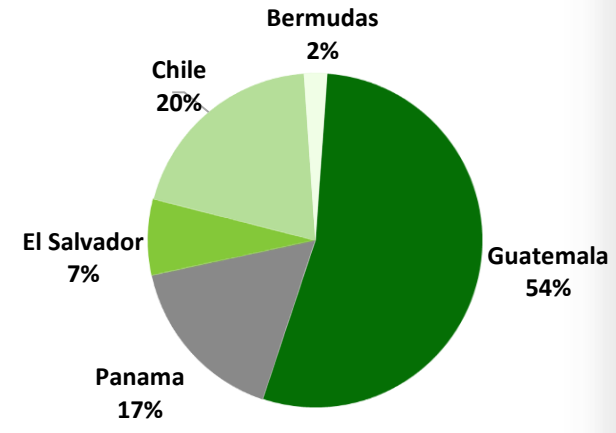
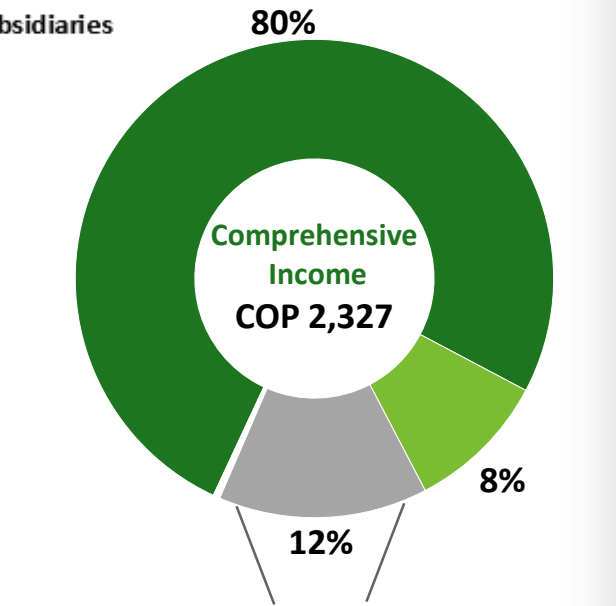
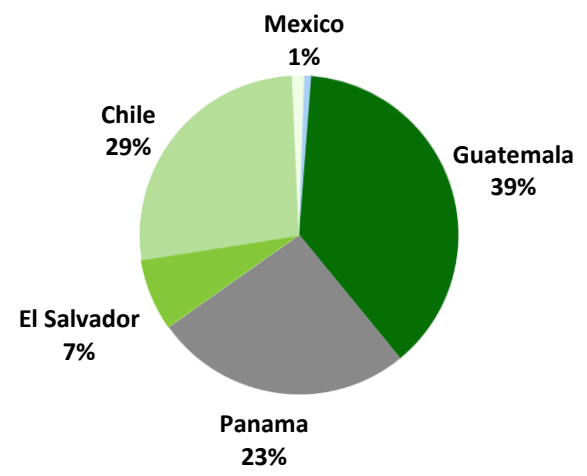
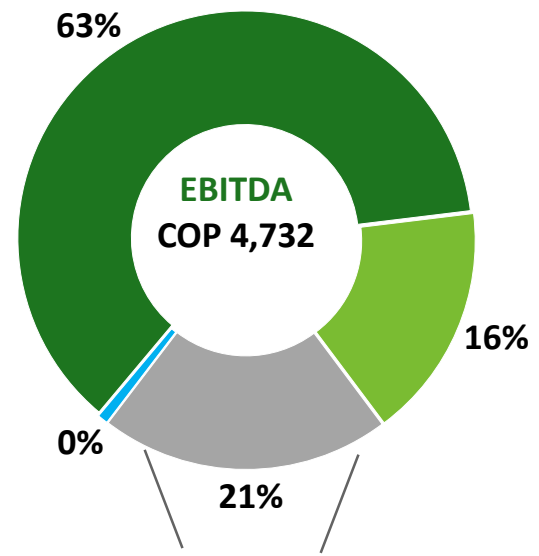
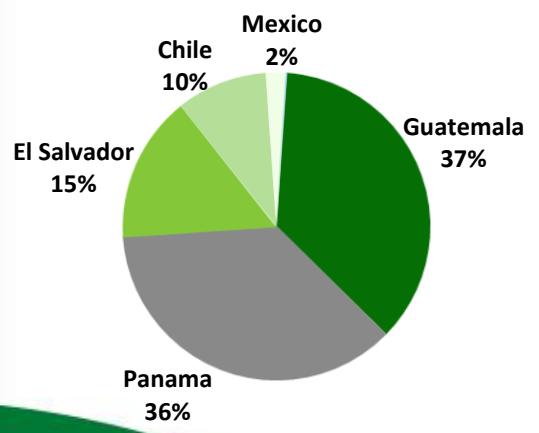
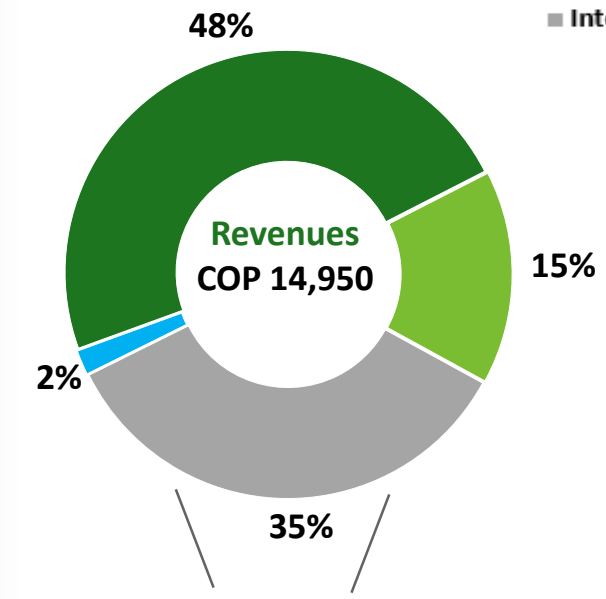


Financial Results as of December 31, 2017

EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million

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

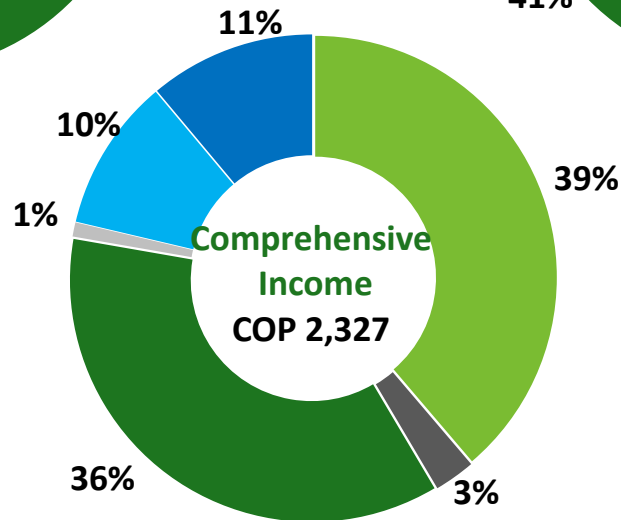
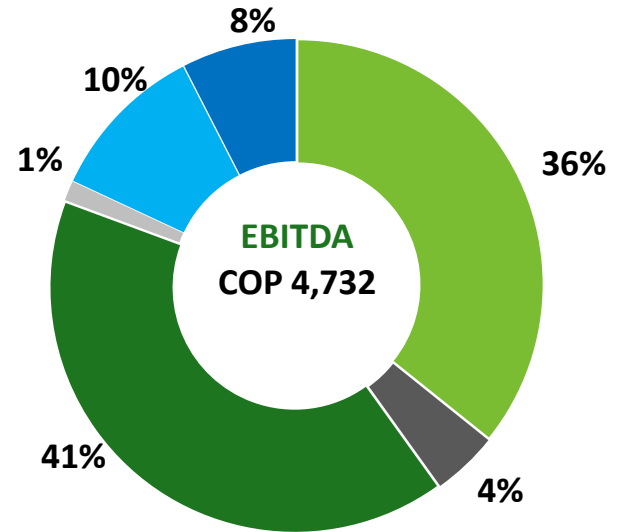
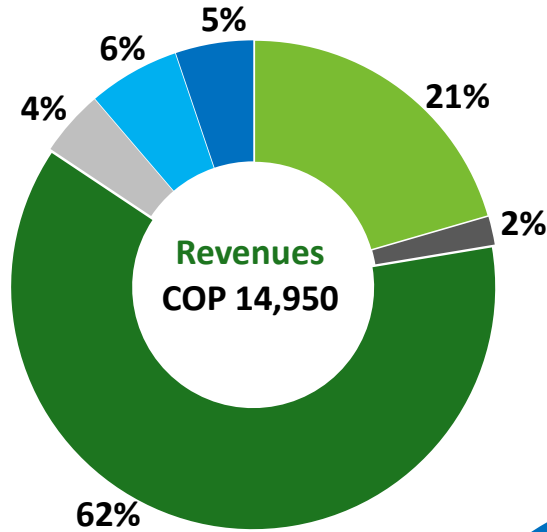


Financial Results as of December 31, 2017

EPM Group by Segments

Figures in COP thousand million

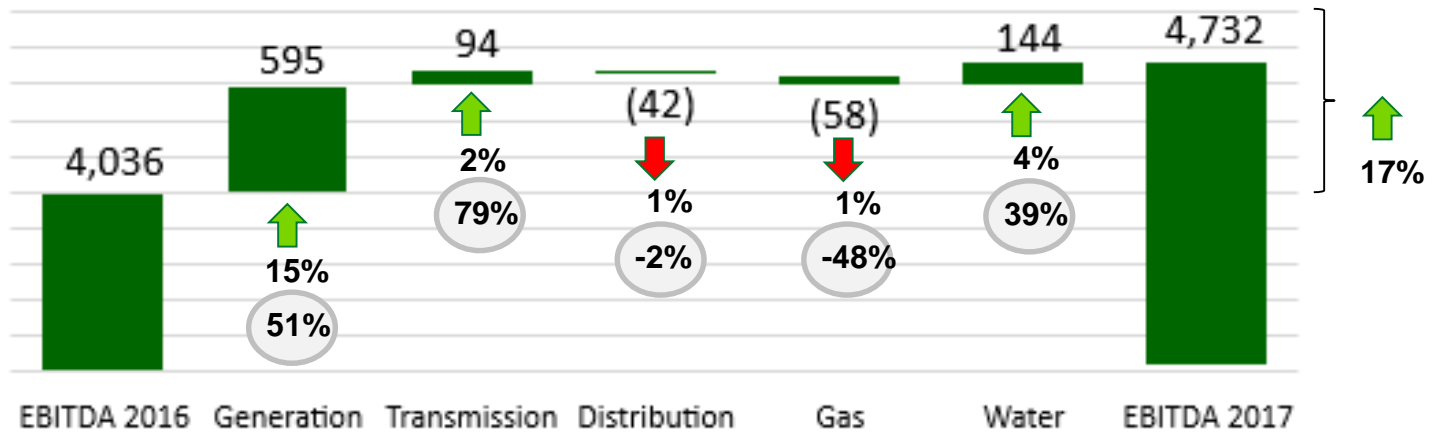
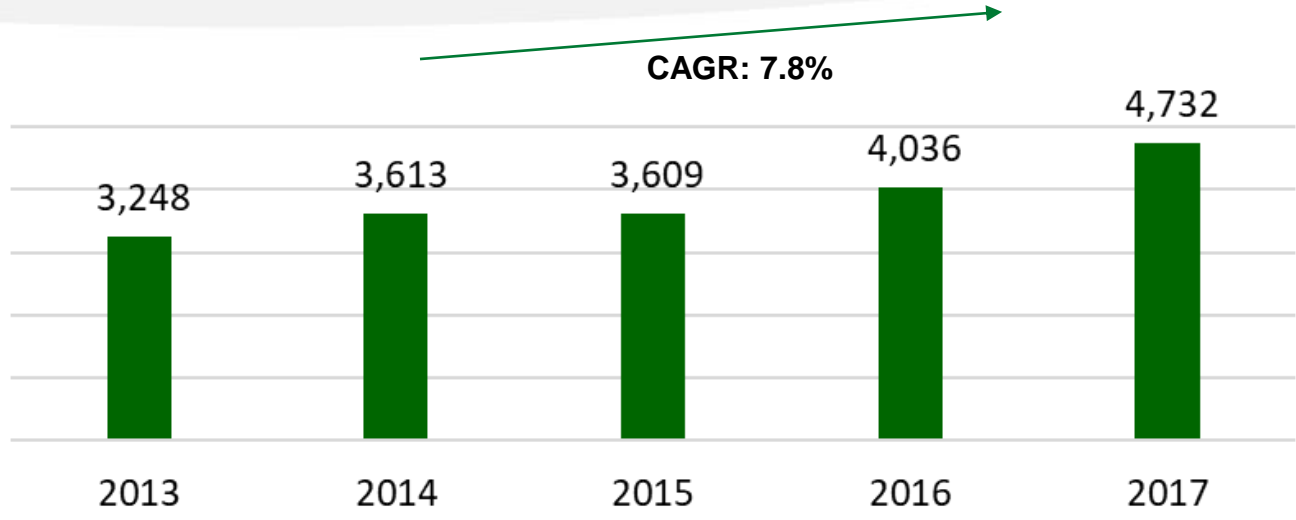
- Power Generation
- Power Transmission
- Power Distribution
- Gas
- Water
- Waste Management



Financial Results as of December 31, 2017

EPM Group EBITDA

Figures in COP thousand million

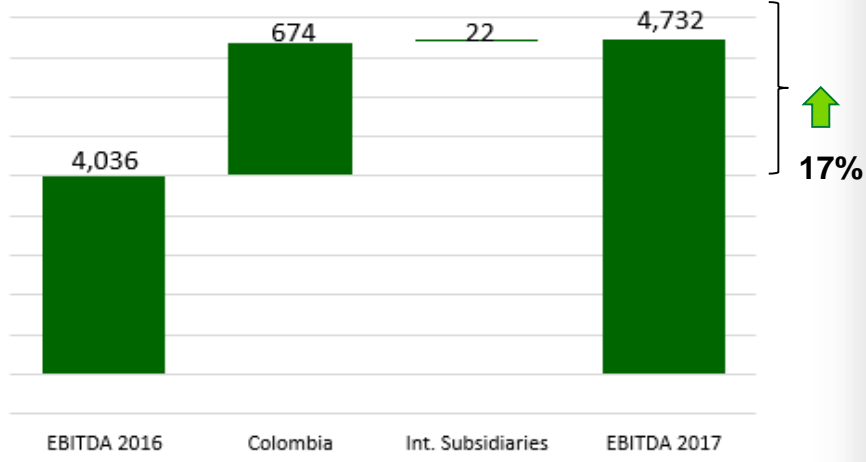
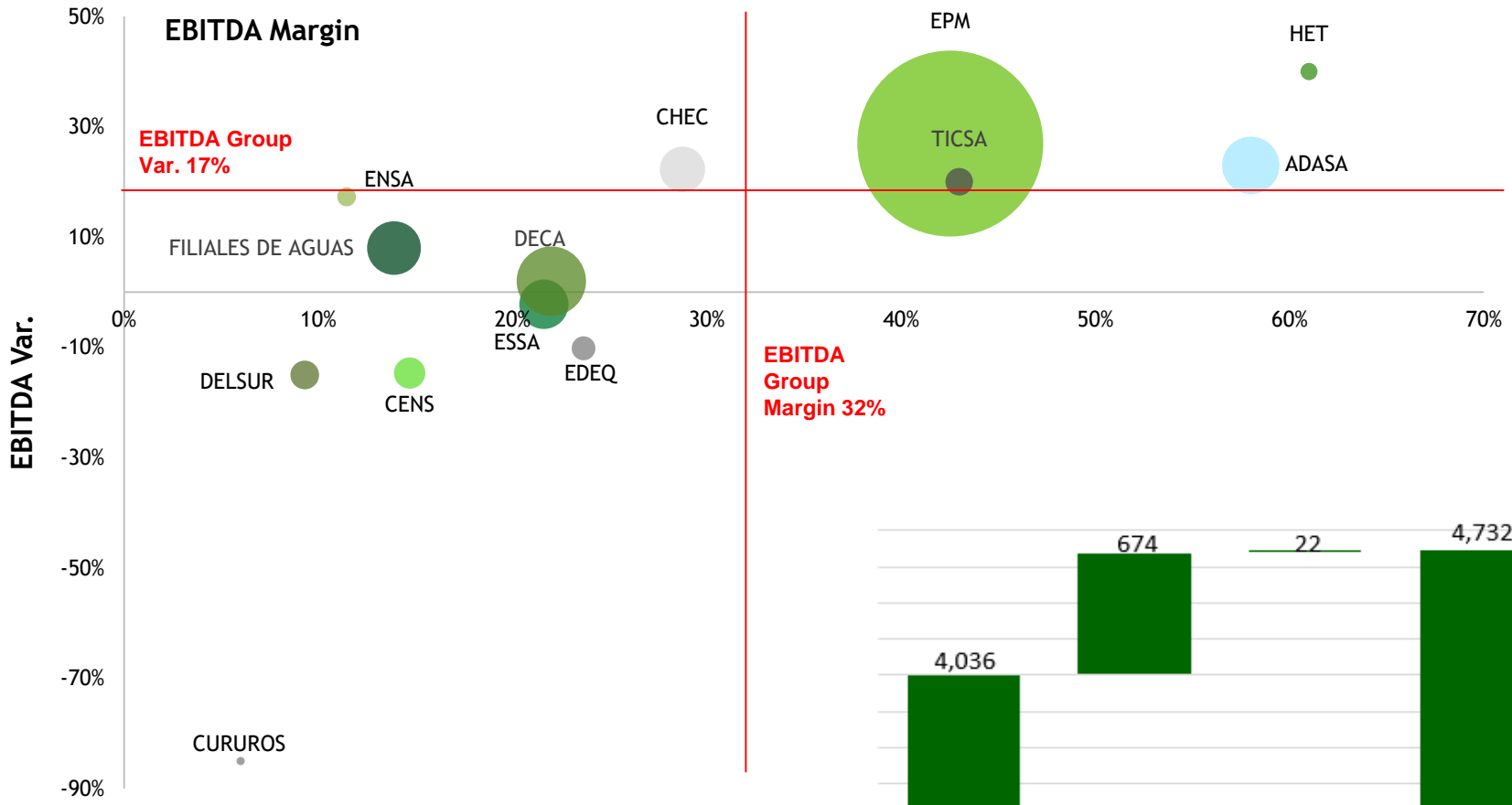


% Variation with respect 2016 total
 ○ Variation by segment

Financial Results as of December 31, 2017

EPM Group EBITDA

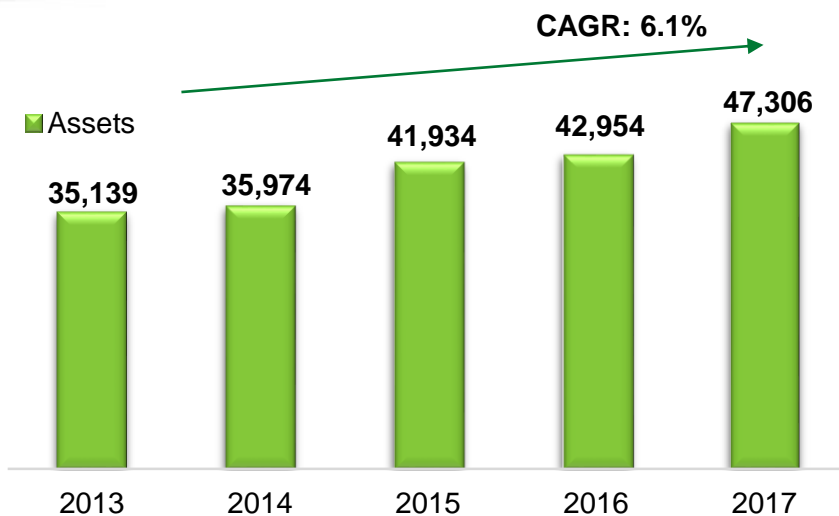
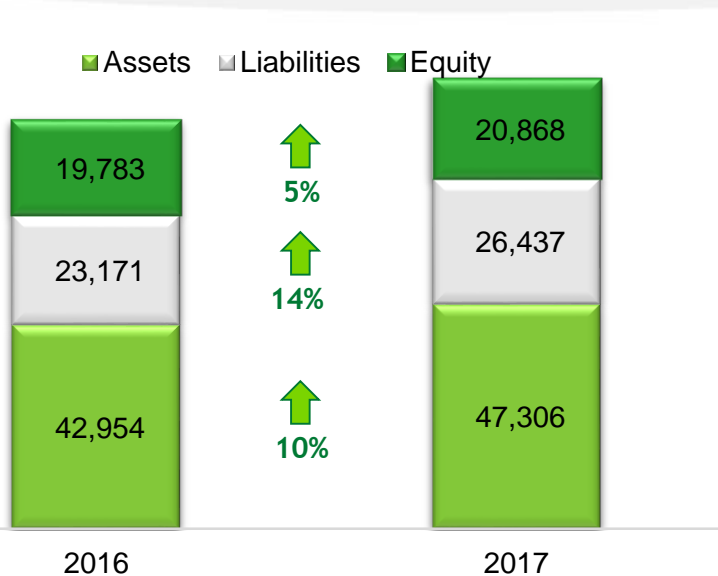
Figures in COP thousand million



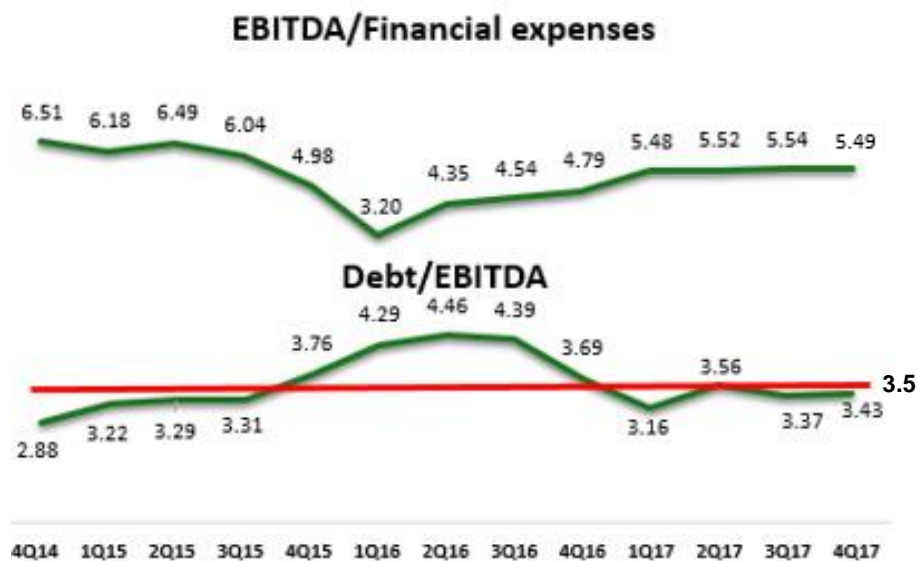
Financial Results as of December 31, 2017

EPM Group - Statement of Financial Position

Figures in COP thousand million



Ratios	2016	2017
Total debt	54	56
Financial debt	37	38
EBITDA/financial expenses	4.79	5.49
Total Long Term Debt/EBITDA	3.69	3.43

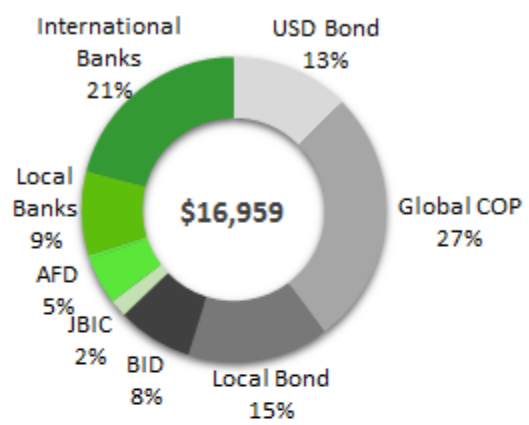


Financial Results as of December 31, 2017

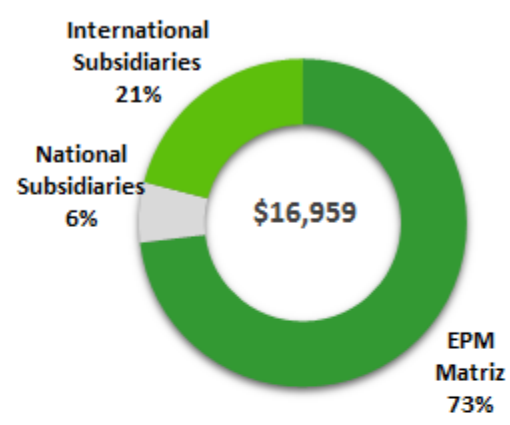
Debt Profile

Figures in COP thousand million

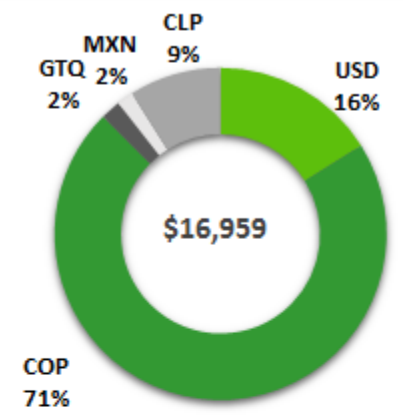
Source



Companies



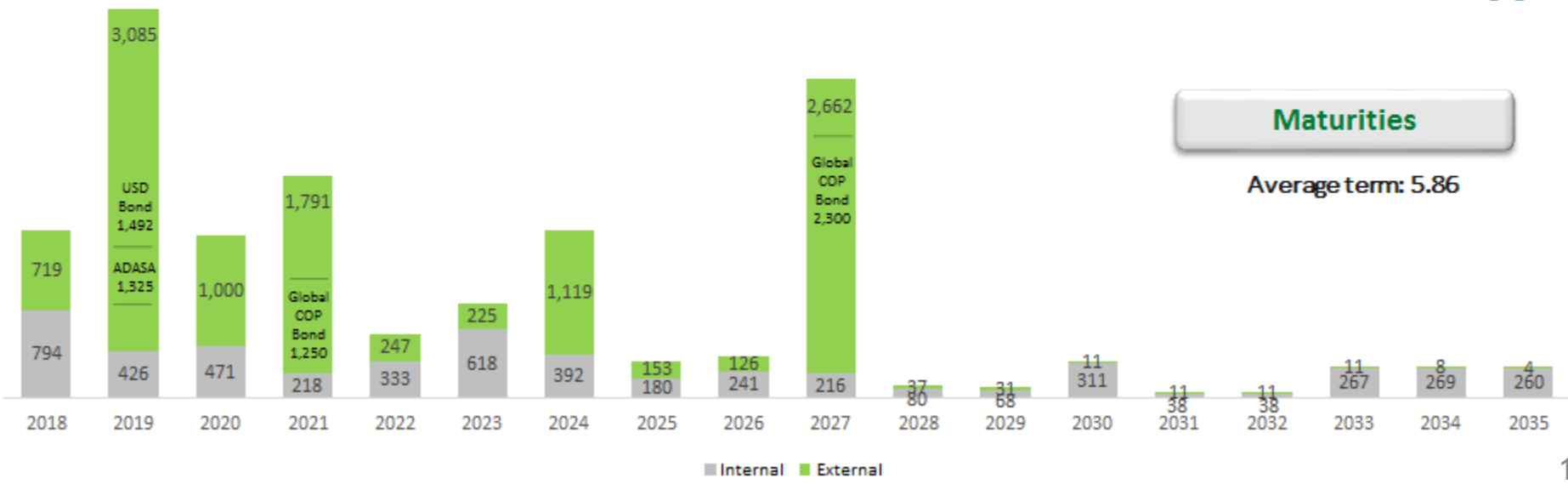
Currency*



*After hedging

Maturities

Average term: 5.86



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- This presentation 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.
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