

Medellin, April 3, 2018

## EPM Group announces consolidated financial results as of December 31, 2018

Empresas Públicas de Medellín E.S.P. and subsidiaries (hereinafter, "EPM Group") is the holding company of a multi-Latin enterprise group formed by 47 companies and one structured entity<sup>1</sup>, that have presence in the provision of public utilities in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama. Its corporate purpose is the provision of public utilities, mainly in power generation, power transmission and power distribution, gas, water supply, cleaning and waste management business lines.

The figures presented for this quarter are expressed in Colombian Pesos, according to the International Financial Reporting Standards (IFRS). The consolidation process implies inclusion of 100% of the companies where EPM has control. Figures for this period are audited.

### CONSOLIDATION SCOPE



<sup>1</sup> Autonomous Patrimony Social Financing. Under International Financial Reporting Standards (IFRS), it is considered a structured entity that forms part of the consolidation perimeter of the financial statements of the EPM Group.

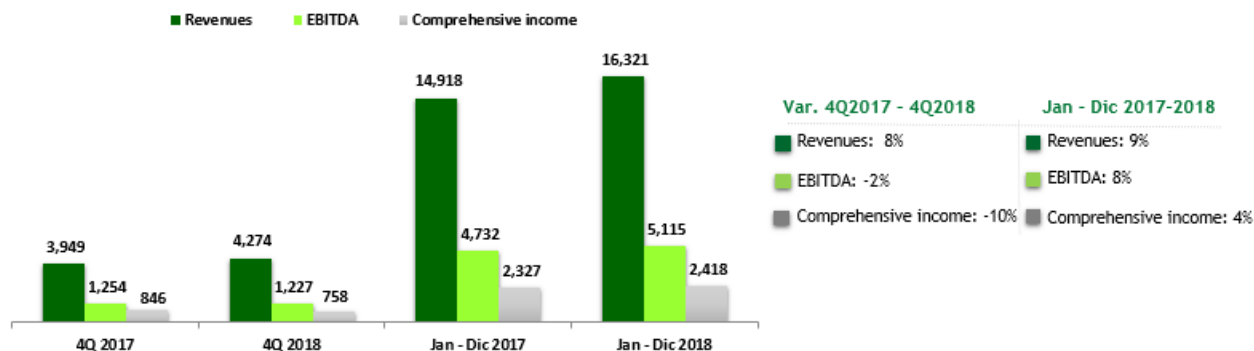
## 1. RELEVANT FACTS OF THE QUARTER AND SUBSEQUENT TO THE CLOSING

- In 2018 the EPM Group infrastructure investments to improve its services were COP 3.5 billion.
- The organization put the Aguas Claras Plant into operation, and with it, reached a treatment of 84% of the wastewater that reaches the Medellín River. It also contributed toward preserving 21,282 hectares of forests in Colombia.
- During the year, the Group received loan disbursements for USD 2,572 million, among which the following stand out: EPM USD 950, ADASA USD 425, ENSA USD 315 and Group DECA USD 285. EPM received short-term disbursements for COP 575, including COP 40 from Emvarias.
- New loans were signed in EPM for USD 750 million with the international financial sector and COP 1 billion with the local bank, resources destined to the investment plan.
- Thanks to last year's good results, during 2019 the municipality of Medellín will be able to develop social investment programs worth COP 1.3 billion, as a result of the transfers.
- In the midst of the complexity of a project of the magnitude of the Ituango hydroelectric project and the technical, social and environmental challenges faced by EPM, the company is moving forward in the recovery of the future power generation plant, with the reduction of risks for the people who live downstream, as its main priority.

## 2. FINANCIAL RESULTS AS OF DECEMBER 31, 2018

EPM Group presented the following financial performance compared to the same period of the previous year:

### 2.1 INCOME STATEMENT



Figures in COP thousand million

As of **December 31, 2018**, consolidated revenue totaled COP 16.3 billion with an 9% increase (COP 1.4 billion) with respect to same period of last year, which is mostly explained on the EPM Parent Company by: i) in the power Generation business greater demand on the non-regulated market (Ecopetrol Rubiales, Grupo Femsa, Corona, among others), and long-term sales due to the mid-term commercial strategy because of low stock prices, ii) greater commercialization in the power Distribution business, iii) and higher sales in the secondary market in the Gas business due to higher demand from thermal plants in the Colombian Atlantic coast.

In this sense, **EPM Parent Company** showed higher revenues for COP 762 thousand million, followed by **International subsidiaries** as a whole showed growth for COP 398 thousand million, and the **Colombian power subsidiaries** whose revenues rose COP 199 thousand million.

**Operating Margin** as of December 2018 was 22.0%, compared to 24.2% obtained the previous year.

**EBITDA** totaled COP 5.1 billion, increasing by COP 383 thousand million, 8% in relation to previous year.

**EBITDA Margin** rose to 31.5%, compared to 31.9% obtained the previous year.

The **comprehensive income** for the period was COP 2,418 thousand million, showing an increase of COP 90 thousand million, 4% in relation to previous year.

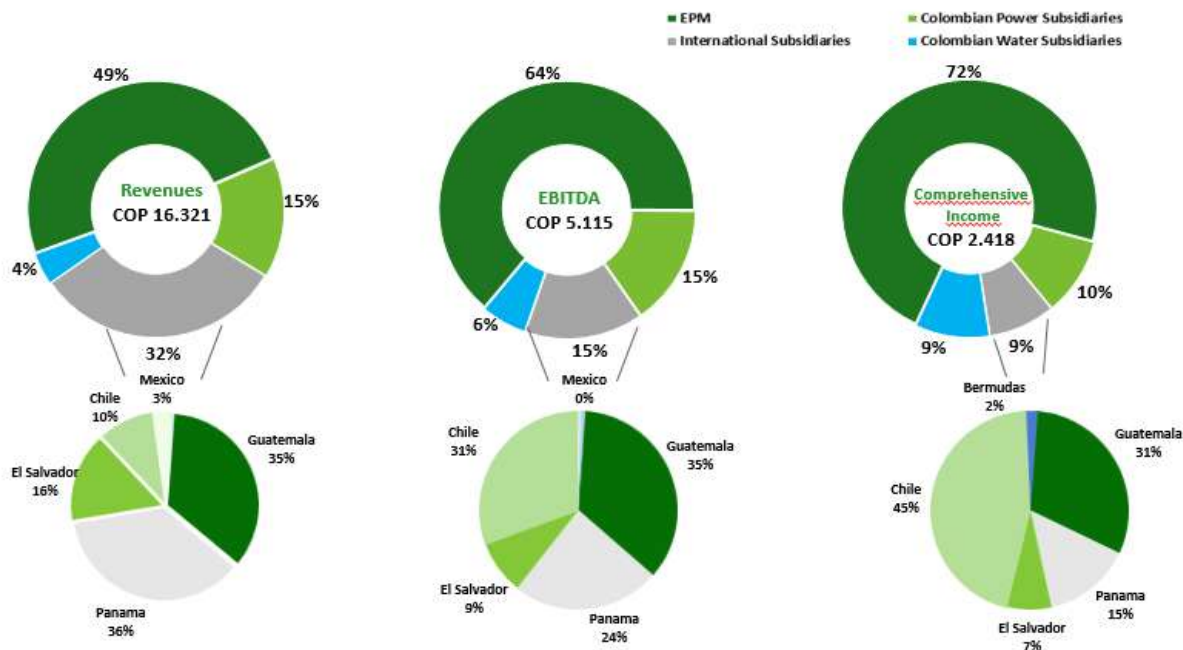
**Net margin** was 14.8%, compared to 15.6% obtained the previous year.

Concept	2017	2018	% Var.	2018 USD*
Net Revenues	14,917,917	16,321,343	9	5,022
Costs and administrative expenses	11,304,718	12,727,444	13	3,916
Exchange differences	158,730	(264,117)	(266)	(81)
Financial results, net	(769,376)	(778,957)	1	(240)
Investment results, net	73,663	47,149	(36)	15
Profit before taxes	3,076,217	2,597,974	(16)	799
Income tax provision	785,960	217,394	(72)	67
Regulatory accounts, net	36,847	36,957	N.A.	11
Comprehensive Income for the period	2,327,104	2,417,538	4	744
Other Comprehensive Income	424,689	36,831	(91)	11
<b>Total Comprehensive Income for the year</b>	<b>2,751,794</b>	<b>2,454,369</b>	<b>(11)</b>	<b>755</b>
Minority Interest	139,562	165,582	19	51
<b>Total Comprehensive Income for the year attributable to owners of the company</b>	<b>2,612,231</b>	<b>2,288,787</b>	<b>(12)</b>	<b>704</b>

Figures in COP million

\*Figures in COP were converted to USD at an exchange rate of COP/USD 3,249.75 (December 31, 2018).

## 2.2 FINANCIAL RESULTS BY COLOMBIAN AND INTERNATIONAL SUBSIDIARIES



Figures in COP thousand million

## EPM Group by national and international subsidiaries

**Of the Group's total revenue**, it is important to underscore the fact that Colombia accounts for 68% and foreign subsidiaries for 32%.

**EPM Parent Company accounted for 49%** with a COP 762 thousand million (10%) increase, explained by the segments of:

- i) the **Power Generation** by COP 328 thousand million, due to higher demand on the non-regulated market (Ecopetrol Rubiales GWh 60, Grupo Femsa, Corona, etc), increasing sales to large customers by COP 319 thousand million, and higher long-term sales by COP 107 thousand million (+GWh 231) due to the mid-term commercial strategy because of low stock prices.
- ii) the **Power Distribution** by COP 224 thousand million, mainly due to higher commercialization linked to greater Unitary Cost – UC – by COP 24/ kWh, consumptions by GWh 92, and higher energy networks revenues.
- iii) the **Fuel Gas** by COP 133 thousand million, mainly due to higher demand from thermal plants in secondary market and non-regulated market.
- iv) the **Water Business** by COP 65 thousand million, due to higher consumption (more customers), and higher tariffs.

**International subsidiaries** in turn, accounted for **32%** of revenue with net increase of COP 398 thousand million, 7% up on same period of 2017, with the following subsidiaries' growth standing out: **Ensa in Panama** with COP 147 thousand million due to an increase in the number of customers, units sold and the sale price, , **DelSur in El Salvador** with COP 87 thousand million, due to greater residential and industrial consumption and the tariff increase caused by higher oil prices, **Ticsa in México** with COP 72 thousand million, due to greater execution in preliminary works at the San Fernando Plant and Valle San Nicolás project in Colombia and Mexicali project in Mexico, in addition to the tariff increase in the treatment plants, and **Adasa in Chile** with COP 32 thousand million, linked to higher water consumption in the non-regulated market.

On the other hand, **the Colombian power subsidiaries** accounted for 15%, with 8% increase, with the following subsidiaries standing out: **ESSA** with a COP 81 thousand million increase, due to higher tariff and quantity of energy sold, due to higher compensation linked to the Distribution Area –ADD-, due to the increase in the maximum charge for the Administration, operation and maintenance –AOM- update as a result of the improvement in quality in 2017, and in construction contracts, higher settlement of activities on the agreements of Rural Electrification, **CENS** with an increase of COP 73 thousand million, due to higher sale on the stock market of contracts that were not in the previous year. In other income there was an increase COP \$ 17 thousand million, attributed to the litigation of the civil process of Chivor.

The remaining 4% comes from the Water subsidiaries in Colombia, with 27% increase and where Emvarias stands out with a COP 18 thousand million (9%) growth, linked to a greater number of kilometers swept and tons of garbage dumped in landfills, in addition to the tariff increase.

As to EBITDA, the Group's Colombian companies accounted for 85% and foreign companies for 15%.

EPM Parent Company accounted for 64% of EBITDA with an increase of COP 208 thousand million, with 7% growth compared to previous year, mainly due to the power generation segment contribution for COP 31 thousand million, the power distribution segment for COP 63 thousand million, the gas segment for COP 57 thousand million, and the water segment for COP 76 thousand million.

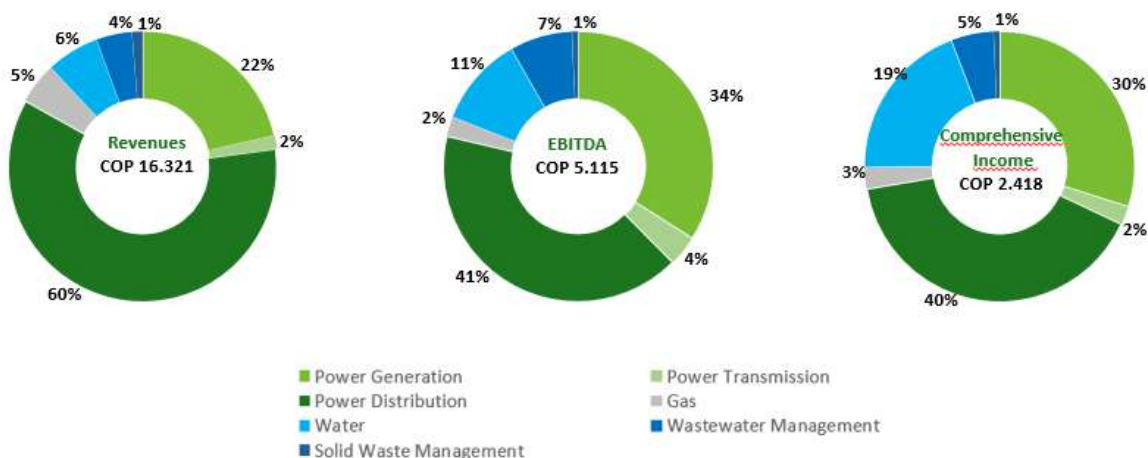
Colombian Power subsidiaries accounted for 16%, with individual growth standing out from the following: ESSA with COP 61 thousand million (27%), CENS with COP 35 thousand million (39%) and CHEC with COP 23 thousand million (12%).

International subsidiaries accounted for 15% of the Group's EBITDA, increasing 2% compared to previous year.

With respect to net profits, aspects to point out are:

- Increase in revenues for COP 1,403 thousand million.
- Increase in costs and expenses for COP 1,422 thousand million.
- Increase in FX expenses for COP 423 thousand million.
- Decrease in income tax provision for COP 569 thousand million.

## 2.3 FINANCIAL RESULTS BY SEGMENTS



Figures in COP thousand million

## Regarding the results by segment:

**Energy services** accounted for 84% of the Group's revenue, 79% of EBITDA and 72% of net income.

In revenue, the Power Distribution and Power Generation segments stood out with 60% and 22% participation, respectively.

**Fuel Gas services** contributed 5% of the Group's revenue, 2% of EBITDA and 3% of net income.

**Water supply services** represented 6% of the Group's revenue, 11% of EBITDA and 19% of the net income.

**Waste management services** accounted for 4% of the Group's revenue, 7% of EBITDA and 5% of net income.

**Solid waste management services** accounted for 1% of the Group's revenue, 1% of EBITDA and 1% of net income.

## 2.4 STATEMENT OF FINANCIAL POSITION

Financial Position	2018	2017	% Var.	2018 USD*
<b>Assets</b>				
Current	7,076,563	5,386,535	31	2,178
No Current	45,412,721	41,919,143	8	13,974
<b>Total assets</b>	<b>52,489,284</b>	<b>47,305,678</b>	<b>11</b>	<b>16,152</b>
<b>Liabilities</b>				-
Current	9,354,125	7,296,721	28	2,878
No Current	21,098,939	19,140,747	10	6,492
<b>Total Liabilities</b>	<b>30,453,065</b>	<b>26,437,467</b>	<b>15</b>	<b>9,371</b>
<b>Equity</b>	<b>22,036,219</b>	<b>20,868,211</b>	<b>6</b>	<b>6,781</b>

Figures in COP million

\*Figures in COP were converted to USD at an exchange rate of COP/USD 3,249.75 (December 31, 2018).

## Regarding the Balance Sheet:

**Equity** totaled COP 22 billion, increasing 6%, due to the combined effect of higher earnings in the period, minus accrued surpluses to the Municipality of Medellín for COP1.2 billion (of which COP 656 thousand million are ordinary surpluses and COP 547 thousand million are



extraordinary surpluses). It was paid COP 1.5 billion surpluses, included COP 300 thousand million of the sale of ISAGEN.

**Liabilities** rose to COP 30.4 billion, increasing COP 4 billion, 15% with respect to the previous year, mainly due to higher financial obligations, mainly: IBD Invest for COP 1.4 billion, Export Development Canada (EDC) for COP 847 thousand million, CAF for COP 597 thousand million, transitory credits for COP 575 thousand million, IDB for COP 240 thousand million, and BNDES for COP 43 thousand million.

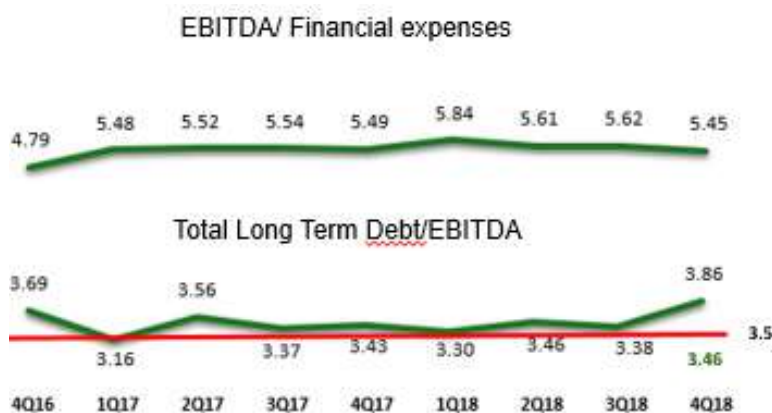
The Group's **total assets** rose to COP 52.4 billion, increasing 11% compared to the previous year.

**Cash position** was COP 2.6 billion.

**Regarding ratios:**

Ratios	2017	2018
Total debt	56	58
Financial debt	38	41
EBITDA/financial expenses	5.49	5.45
Total Long Term Debt/EBITDA	3.43	3.86 <sup>(*)</sup>

(\*) Net Debt/EBITDA: 3.46



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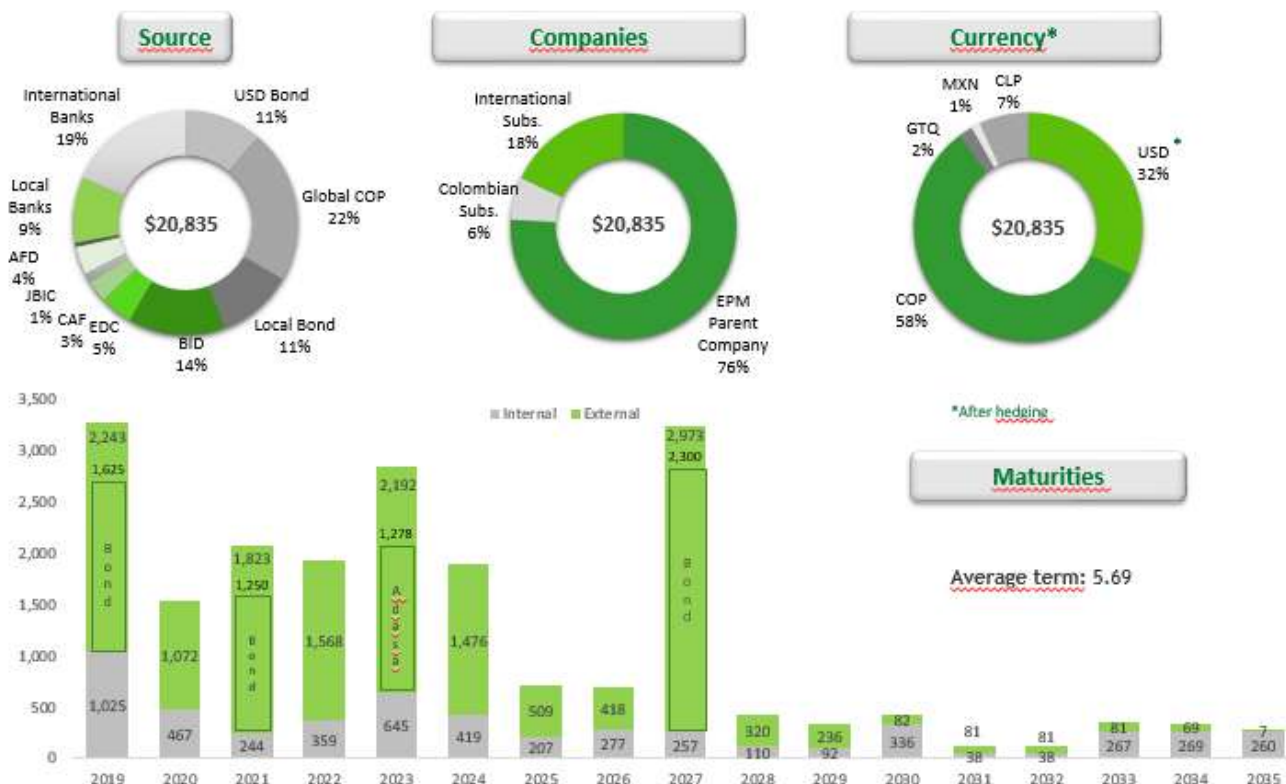
The Group's Total Debt/Total Assets was 58%, 2 percentage point up compared to 2017.

With regard to **debt** ratios:

- The EBITDA/Financial expenses reached 5.45x.
- The Total Debt/EBITDA was 3.86x, 0.36x above the goal of 3.50x.



## 2.5 DEBT PROFILE



Figures in COP thousand million

- The debt of EPM Group totaled COP 20.8 billion. As to financing source, 21% of debt corresponds to domestic debt, 22% to Pesos-denominated foreign debt, and 57% to foreign debt hired in other currencies.
- Of EPM Group's total debt 76% belongs to EPM parent company.
- As to Natural hedging, from inter-company loans granted to international subsidiaries with revenue linked to the US Dollar, EPM has a balance of USD 212 million.
- At the quarter's close, accumulated foreign-exchange financial hedges totaled USD 648 million.
- As to maturities, EPM parent company holds four international bond issues maturing in 2019, 2021, 2024 and 2027. Years 2020 and 2023 correspond to loans with international banking (EPM's Club Deal loan for USD 235 million and ADASA – loan with Scotia Bank and Banco del Estado for USD 393 million). These values are continuously analyzed taking into account the roll-over alternative in order to adjust to needs and comply with the strategic objectives of EPM Group.

**EMPRESAS PUBLICAS DE MEDELLIN E.S.P. Y SUBSIDIARIAS**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 For the period from January 1 to December 31, 2018 and 2017  
 Amounts stated in millions of Colombian pesos.

Grupo epm

	Notas	2018	2017
<b>Continued operations</b>			
Sale of goods	32	18,266	52,045
Rendering of services	32	15,885,888	14,444,599
Lease	32	83,110	76,992
Other income	33	326,768	342,633
<b>Income from ordinary activities</b>		<b>16,314,032</b>	<b>14,916,269</b>
Income for sale of assets	32	7,311	1,647
<b>Total income</b>		<b>16,321,343</b>	<b>14,917,916</b>
Costs of services rendered	34	(10,733,975)	(9,697,215)
Administrative expenses	35	(1,724,479)	(1,451,442)
Impairment loss on accounts receivable	13	(69,461)	(76,800)
Other expenses	36	(199,528)	(79,262)
Financial income	37.1	270,836	252,902
Financial expenses	37.2	(1,049,793)	(1,022,277)
Net exchange difference	38	(264,117)	158,730
Equity method in subsidiaries		(18,017)	(8,802)
Effect of participation on equity investment	39	65,167	82,465
<b>Income for the period before tax</b>		<b>2,597,976</b>	<b>3,076,215</b>
Income tax	40	(217,394)	(785,960)
<b>Profit for the year after taxes from continued activities</b>		<b>2,380,582</b>	<b>2,290,255</b>
<b>Profit of the period before net movement in balances of deferred regulatory accounts</b>		<b>2,380,582</b>	<b>2,290,255</b>
Net movement in balances of net regulatory accounts related to the result of the period	31	52,884	33,643
Net movement in deferred tax related to deferred regulatory accounts related to the results of the period	31	(15,928)	3,204
<b>Profit of the period and net movement in balances of deferred regulatory accounts</b>		<b>2,417,538</b>	<b>2,327,102</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified after profit for the period:</b>			
New measurements of defined benefit plans	21	(2,422)	(32,292)
Equity investments measured at fair value through equity	21	(3,990)	475,218
Income tax related to components that will not be reclassified	21 y 40	8,567	(33,274)
Equity method in associates and joint ventures business	21	(444)	(4,239)
		<b>1,711</b>	<b>405,413</b>
<b>Items that may be reclassified after profit for the period:</b>			
<b>Cash flow hedges</b>			
Recognized profit for the period	21	3,283	(5,449)
Reclassification adjustment	21	171,581	(93,387)
Exchange differences on translation of foreign operations	21	(168,298)	87,938
Income tax related to components that may be reclassified	21	100,380	15,225
Equity method in associates and joint ventures business	21 y 40	(67,928)	8,442
	21	(615)	1,058
		<b>35,120</b>	<b>19,276</b>
<b>Other comprehensive income, net of taxes</b>		<b>36,831</b>	<b>424,689</b>
<b>Total comprehensive income for the period</b>		<b>2,454,369</b>	<b>2,751,791</b>
<b>Profit for the period attributable to:</b>			
Owners of the company		2,258,293	2,186,302
Non controlling interest		159,245	140,800
		<b>2,417,538</b>	<b>2,327,102</b>
<b>Total comprehensive income attributable to:</b>			
Controlling interests		2,288,787	2,612,229
Non controlling interests		165,382	139,562
		<b>2,454,369</b>	<b>2,751,791</b>

The accompanying notes are an integral part of the consolidated financial statements

Jorge Londoño De la Cuesta  
General Manager

Certification Attached

Jorge Andrés Tabares Ángel  
Executive Vice-president of Corporate Finance,  
Risk Management and Investments

John Jaime Rodríguez Sosa  
Director of Accounting and Costs  
P.C. 144842-T

Certification Attached

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. Y SUBSIDIARIAS  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As of December 31, 2018 and 2017

Amounts stated in millions of Colombian pesos

	Notas	2018	2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	34,488,599	31,480,096
Investment property	6	91,382	126,740
Goodwill	7	3,032,267	3,060,672
Other intangible assets	7	2,315,958	2,076,453
Investments in associates	11	1,746,487	1,804,827
Investments in joint ventures	12	82	82
Deferred Tax assets	40	249,700	225,317
Trade and Other Receivables	13	929,475	874,751
Other financial assets	14	2,312,368	2,105,782
Other assets	17	112,192	115,581
Cash and cash equivalents	19	22,343	-
<b>Total non-current assets</b>		<b>45,300,853</b>	<b>41,870,301</b>
<b>Current assets</b>			
Inventories	18	409,665	372,240
Trade debtors and other accounts receivable	13	3,284,742	2,752,912
Assets for current income tax	40	118,400	415,669
Other financial assets	14	1,234,305	265,938
Other assets	17	453,411	388,561
Cash and cash equivalents	19	1,576,039	1,191,214
<b>Total Current assets</b>		<b>7,076,562</b>	<b>5,386,534</b>
<b>Total assets</b>		<b>52,377,415</b>	<b>47,256,835</b>
<b>Debit balances of deferred regulatory accounts</b>	31	<b>111,868</b>	<b>48,842</b>
<b>Total assets and debit balances of deferred regulatory accounts</b>		<b>52,489,283</b>	<b>47,305,677</b>
<b>Equity</b>			
Issued capital	20	67	67
Reserves	20	2,560,657	3,479,283
Accumulated other comprehensive income	21	2,894,627	2,864,172
Accumulated profit	20	13,392,190	11,505,849
Net profit for the year	20	2,258,293	2,186,302
Other components of equity	20	(23,323)	(25,118)
<b>Equity attributable to controlling interests</b>		<b>21,082,511</b>	<b>20,010,555</b>
Non controlling interests		953,707	857,654
<b>Total equity</b>		<b>22,036,218</b>	<b>20,868,209</b>

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. Y SUBSIDIARIAS  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As of December 31, 2018 and 2017

Amounts stated in millions of Colombian pesos

	Notas	2018	2017
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Credits and loans	22	16,029,141	14,116,243
Creditors and other accounts payable	23	502,769	264,530
Other financial liabilities	24	491,571	538,470
Employee benefits	26	858,515	849,558
Income tax payable	40	33,701	-
Deferred tax liabilities	40	2,556,008	2,854,341
Provisions	28	474,148	384,345
Other liabilities	29	119,527	118,607
<b>Total non current liabilities</b>		<b>21,065,380</b>	<b>19,126,094</b>
<b>Current liabilities</b>			
Credits and loans	22	4,805,659	2,842,480
Creditors and other accounts payable	23	2,698,694	2,948,403
Other financial liabilities	24	347,100	364,878
Employee benefits	26	251,260	237,959
Income tax payable	40	91,264	148,088
Taxes contributions and rates payable	27	191,281	181,740
Provisions	28	778,219	400,026
Other liabilities	29	190,648	173,147
<b>Total current liabilities</b>		<b>9,354,125</b>	<b>7,296,721</b>
<b>Total liabilities</b>		<b>30,419,505</b>	<b>26,422,815</b>
<b>Deferred tax liabilities related to balances of deferred regulatory accounts</b>	31	33,560	14,653
<b>Total liabilities and credit balances of deferred regulatory accounts</b>		<b>30,453,065</b>	<b>26,437,468</b>
<b>Total liabilities and equity</b>		<b>52,489,283</b>	<b>47,305,677</b>

The accompanying notes are an integral part of the consolidated financial statements

Jorge Londoño Della Cuesta  
General Manager

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Certification Attached



EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. Y SUBSIDIARIAS  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Periods ended on December 31, 2018 and 2017

Amounts stated in millions of Colombian pesos

Grupo epm

	Notas	2018	2017
<b>Cash flows for operating activities:</b>			
Net profit for the year		2,417,538	2,327,102
<b>Adjustments to reconcile the net profit for the year to the net cash flow used in operation activities:</b>			
Depreciation and amortization of property, plant and equipment and intangible assets	34 y 35	992,108	948,481
Impairment of property, plant and equipment and intangibles	34	6,052	62,944
Impairment of accounts receivable	13	122,614	109,232
Reversal of loss for impairment of accounts receivable	33	(53,153)	(32,432)
Profit due to exchange difference		264,117	(158,730)
Profit due to valuation of investment property	6	(4,352)	(10,848)
Result for valuation of financial instruments and hedge accounting		24,479	72,615
Provisions, post-employment and long term defined benefit plans		541,557	228,554
Government subsidies applied		(2,091)	(928)
Deferred income tax	40	(357,497)	312,817
Current income tax	40	574,890	473,143
Participation in the results of investments in associates and joint business		18,017	8,802
Interest revenue	37	(214,351)	(177,287)
Interest expense	37	929,969	853,412
Profit due to disposal of property, plant and equipment, intangibles and investment property		(3,148)	5,674
Profit due to disposal of financial instruments		3,043	(32)
Profit due to business combination	10	-	(32,669)
Dividend from investments	39	(68,209)	(49,764)
Other revenues and expenses not effective		38,816	(54,599)
		5,230,199	4,885,487
<b>Net changes in operational assets and liabilities:</b>			
Change in inventories		2,386	21,024
Change in debtors and other receivables		(514,522)	(328,546)
Change in other assets		105,108	(494,654)
Change in creditors and other accounts payable		197,318	635,994
Change in labor obligations		(32,979)	(42,803)
Change in provisions		(38,476)	(24,863)
Change in other liabilities		(21,268)	393,963
Interest paid		(1,268,260)	(1,118,565)
Income tax paid		(741,178)	(707,078)
Income tax refund		374,974	-
Net cash flows originated by operation activities		3,293,502	3,219,959

# Fourth Quarter 2018 Financial Report

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. Y SUBSIDIARIAS  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Periods ended on December 31, 2018 and 2017

Amounts stated in millions of Colombian pesos

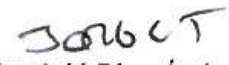
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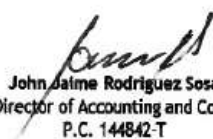
	Notas	2018	2017
<b>Cash flows for investment activities:</b>			
Acquisition in associates and joint business		-	19,234
Purchase of property, plant and equipment		(3,704,438)	(4,301,594)
Disposal of property, plant and equipment		138,953	32,423
Purchase of intangible assets		(90,759)	(114,843)
Disposal of intangible assets		19,433	1,805
Investments in associates		-	(76)
Purchase of investments in financial assets		(1,604,528)	-
Disposal of investments in financial assets		612,789	617,513
Government Grants		-	442
Interest received		4,498	-
Dividends received from subsidiaries, associates and joint business		-	49,764
Other dividends received		64,488	-
Other cash flows from investment activities		95,823	(14,045)
<b>Net cash flows originated by investment activities</b>		<b>(4,463,741)</b>	<b>(3,709,377)</b>
<b>Cash flows by financing activities:</b>			
Obtaining of public credit and treasury		6,700,282	5,074,675
Payments of public credit and treasury		(3,455,320)	(3,194,085)
Transaction costs due to issuance of debt instruments		(65,212)	(10,084)
Payments of liabilities for financial leasing		(1,040)	(935)
Dividends or surpluses paid		(1,503,504)	(1,309,136)
Dividends or surplus paid to non-controlling interests		(126,389)	(86,328)
Subsidies of capital		353	-
Payments of capital of derivatives designated as cash flow hedge		-	(12,384)
Other cash flows from financing activities		83,899	(3,450)
<b>Net cash flows from financing activities</b>		<b>1,633,069</b>	<b>458,273</b>
<b>Net cash and cash equivalent increase</b>		<b>462,830</b>	<b>(31,145)</b>
Effects of variations in exchange rates on cash and cash equivalents		(55,663)	27,860
Cash and cash equivalent at the beginning of period		1,191,214	1,194,499
<b>Cash and cash equivalent at the end of period</b>		<b>1,598,381</b>	<b>1,191,214</b>
Restricted resources		173,375	183,609

The accompanying notes are an integral part of the consolidated financial statements

  
Jorge Londoño De la Cuesta  
General Manager

Certification Attached

  
Jorge Andrés Tabares Ángel  
Executive Vice-president of Corporate Finance,  
Risk Management and Investments

  
John Jaime Rodríguez Sosa  
Director of Accounting and Costs  
P.C. 144842-T

Certification Attached

EMPRESAS PUBLICAS DE MEDELLIN E.S.P.

## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 to December 31, 2018 and 2017

Amounts stated in millions of Colombian pesos



	Notes	2018	2017
<b>Continued operations</b>			
Sale of goods		30	-
Rendering of services	30	7,849,388	7,097,643
Lease	30	47,536	48,277
Other income	31	236,655	248,130
<b>Income from ordinary activities</b>		<b>8,133,609</b>	<b>7,394,050</b>
Income for sale of assets	30	23,596	1,040
<b>Total income</b>		<b>8,157,205</b>	<b>7,395,090</b>
Costs of services rendered	32	(4,462,036)	(3,970,570)
Administrative expenses	33	(1,138,953)	(838,204)
Impairment loss on accounts receivable	12	(39,737)	(9,800)
Other expenses	34	(173,100)	(43,168)
Financial income	35.1	262,217	262,250
Financial expenses	35.2	(817,548)	(797,778)
Net exchange difference	36	(207,444)	64,671
Equity method in subsidiaries	9	809,606	532,059
Effect of participation on equity investment	37	102,968	76,846
<b>Income for the period before tax</b>		<b>2,493,178</b>	<b>2,671,396</b>
Income tax	38	(148,356)	(483,207)
<b>Profit for the year after taxes from continued activities</b>	19	<b>2,344,822</b>	<b>2,188,189</b>
<b>Net profit for the year</b>	19	<b>2,344,822</b>	<b>2,188,189</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified after profit for the period:</b>			
New measurements of defined benefit plans	20 y 38	372	(18,735)
Equity investments measured at fair value through equity	20 y 38	(24,810)	475,220
Income tax related to components that will not be reclassified	20 y 38	5,396	(35,160)
Equity method in subsidiaries	20 y 38	(41,274)	114,254
		<b>(60,316)</b>	<b>935,579</b>
<b>Items that may be reclassified after profit for the period:</b>			
<b>Cash flow hedges</b>			
Recognized profit for the period	20 y 38	2,777	(5,142)
Reclassification adjustment		171,076	(93,080)
		(168,209)	87,938
<b>Income tax related to components that may be reclassified</b>			
Recognized profit for the period	20 y 38	(67,764)	8,377
Reclassification adjustment		(77,717)	8,377
		9,953	-
<b>Equity method in subsidiaries</b>			
Recognized profit for the period	20 y 38	115,586	10,238
		115,586	10,238
		50,599	13,473
<b>Other comprehensive income, net of taxes</b>	38	<b>(9,717)</b>	<b>549,052</b>
<b>Total comprehensive income for the period</b>		<b>2,335,105</b>	<b>2,737,241</b>

The accompanying notes are an integral part of the financial statements

Jorge Londoño de la Cuesta  
General Manager

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Risk Management and Investments

John Jaime Rodríguez Sosa  
Director of Accounting and Costs  
P.C. 144842-T

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EMPRESAS PUBLICAS DE MEDELLIN E.S.P.  
SEPARATE STATEMENT OF FINANCIAL POSITION  
As of December 31, 2018 and 2017  
Amounts stated in millions of Colombian pesos



	Notes	2018	2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	27,040,487	23,133,509
Investment property	6	77,829	116,823
Goodwill	7	260,950	260,950
Other intangible assets	7	477,315	401,980
Investments in subsidiaries	9	7,290,431	6,823,153
Investments in associates	10	2,434,417	2,434,417
Investments in joint ventures	11	99	99
Trade and Other Receivables	12	2,012,782	2,006,350
Other financial assets	13	2,221,695	2,029,035
Other assets	16	100,742	99,130
<b>Total non-current assets</b>		<b>41,916,747</b>	<b>37,305,446</b>
<b>Current assets</b>			
Inventories	17	117,334	116,484
Trade debtors and other accounts receivable	12	1,628,488	1,523,523
Assets for current income tax	38	2,037	237,389
Other financial assets	13	990,676	63,024
Other assets	16	104,483	100,568
Cash and cash equivalents	18	835,779	234,526
<b>Total Current assets</b>		<b>3,678,797</b>	<b>2,275,514</b>
<b>Total assets</b>		<b>45,595,544</b>	<b>39,580,960</b>
<b>Liabilities and Equity</b>			
<b>Equity</b>			
Issued capital		67	67
Reserves	19	1,961,034	2,951,644
Accumulated other comprehensive income	20	2,917,113	2,926,924
Accumulated profit	19	15,332,345	13,381,162
Net profit for the year	19	2,344,822	2,188,189
Other components of equity		49,944	49,995
<b>Total equity</b>		<b>22,605,325</b>	<b>21,497,981</b>

EMPRESAS PUBLICAS DE MEDELLIN E.S.P.

## SEPARATE STATEMENT OF FINANCIAL POSITION

As of December 31, 2018 and 2017

Amounts stated in millions of Colombian pesos



	Notes	2018	2017
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Credits and loans	21	12,050,033	10,462,487
Creditors and other accounts payable	22	4,483	15,953
Other financial liabilities	23	2,054,762	488,247
Employee benefits	26	305,695	282,697
Income tax payable	38	30,331	-
Net deferred tax liabilities	38	2,156,828	2,321,376
Provisions	28	360,917	279,922
Other liabilities	29	32,136	32,499
<b>Total non current liabilities</b>		<b>16,995,185</b>	<b>13,883,181</b>
<b>Current liabilities</b>			
Credits and loans	21	3,794,580	1,984,843
Creditors and other accounts payable	22	1,017,938	1,363,774
Other financial liabilities	23	285,867	308,881
Employee benefits	26	139,497	131,817
Income tax payable	38	25,697	-
Taxes contributions and rates payable	27	108,195	104,078
Provisions	28	489,052	172,173
Other liabilities	29	134,208	134,232
<b>Total current liabilities</b>		<b>5,995,034</b>	<b>4,199,798</b>
<b>Total liabilities</b>		<b>22,990,219</b>	<b>18,082,979</b>
<b>Total liabilities and equity</b>		<b>45,595,544</b>	<b>39,580,960</b>

The accompanying notes are an integral part of the financial statements

**Jorge Londoño De la Cuesta**  
General Manager  
Certification Attached

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Executive Vice-president of Corporate Finance,  
Risk Management and Investments

**John Jaime Rodríguez Sosa**  
Director of Accounting and Costs  
P.C. 144842-T  
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EMPRESAS PUBLICAS DE MEDELLIN E. S. P.

## SEPARATE STATEMENT OF CASH FLOWS

For the period from January 1 to December 31, 2018 and 2017

Amounts stated in millions of Colombian pesos

	Notes	2018	2017
<b>Cash flows for operating activities:</b>			
<b>Net profit for the year</b>		<b>2,344,822</b>	<b>2,188,189</b>
<b>Adjustments to reconcile the net profit for the year to the net cash flow used in operation activities:</b>			
		1,053,594	1,082,259
Depreciation and amortization of property, plant and equipment and intangible assets	32 & 33	503,178	490,335
Impairment loss of financial instruments	12	68,366	37,503
Reversal for impairment loss of financial instruments	12	(28,630)	(27,721)
Profit due to exchange difference		207,444	6,097
Profit due to valuation of investment property	6	(1,597)	(9,528)
Profit due to valuation of financial instruments and hedge accounting		21,033	50,213
Provisions, post-employment and long term defined benefit plans		483,518	177,087
Applied government subsidies		(1,146)	-
Deferred income tax	38	(226,916)	306,775
Current income tax	38	375,272	176,432
Profit due to equity method in subsidiaries	9	(809,606)	(532,059)
Profit due to business combination	37	-	(32,669)
Interest revenue		(220,889)	(207,010)
Interest expense		739,507	660,982
Profit due to disposal of property, plant and equipment, intangibles and investment property		(23,563)	17,375
Dividend from investments	37	(102,968)	(44,157)
Other revenues and expenses not effective		70,591	12,604
		<b>3,395,416</b>	<b>3,270,448</b>
<b>Net changes in operational assets and liabilities:</b>			
Change in inventories		(764)	(1,404)
Change in debtors and other receivables		(53,717)	(343,647)
Change in other assets		166,810	(440,420)
Change in creditors and other accounts payable		(108,872)	776,789
Change in labor obligations		15,593	11,779
Change in provisions		(70,189)	(117,206)
Change in other liabilities		97,319	(53,233)
		<b>46,180</b>	<b>(167,342)</b>
Interest paid		(1,004,667)	(853,437)
Income tax paid		(448,757)	(400,637)
Income tax refund		306,845	-
<b>Net cash flows originated by operation activities</b>		<b>2,300,067</b>	<b>1,849,012</b>

EMPRESAS PUBLICAS DE MEDELLIN E. S. P.


## SEPARATE STATEMENT OF CASH FLOWS

For the period from January 1 to December 31, 2018 and 2017

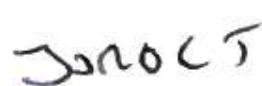
Amounts stated in millions of Colombian pesos

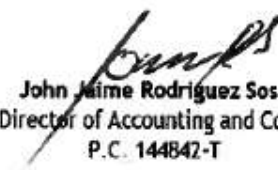
	Notes	2018	2017
<b>Cash flows for investment activities:</b>			
Acquisition and capitalization of subsidiaries or businesses	9	(10,453)	(295,493)
Disposal of subsidiaries or businesses		15,000	-
Purchase of property, plant and equipment		(2,626,682)	(2,739,285)
Disposal of property, plant and equipment		116,245	-
Purchase of intangible assets		(49,372)	(48,691)
Disposal of intangible assets		154	-
Disposal of investment property		40,034	-
Purchase of investments in financial assets		(1,085,878)	-
Disposal of investments in financial assets		139,623	261,893
Dividends received from subsidiaries, associations and joint ventures		383,796	323,406
Other dividends received		64,486	44,157
Loans to economic associates		(51,654)	113,190
Other cash flows from investment activities		(8,966)	-
<b>Net cash flows originated by investment activities</b>		<b>(3,073,607)</b>	<b>(2,340,823)</b>
<b>Cash flows by financing activities:</b>			
Obtaining of public credit and treasury		3,763,343	4,262,524
Payments of public credit and treasury		(856,594)	(2,741,526)
Transaction costs for issuance of debt instruments		(60,866)	(8,363)
Payments of liabilities for financial leasing		(987)	(906)
Dividends or surpluses paid	19	(1,503,504)	(1,309,136)
Payment of derivative principal for means of cash flow hedge		-	(12,384)
Other cash flows from financing activities		7,322	-
<b>Net cash flows from financing activities</b>	25	<b>1,348,714</b>	<b>190,209</b>
<b>Net cash and cash equivalent increase</b>		<b>575,174</b>	<b>(301,512)</b>
Effects of variations in exchange rates on cash and cash equivalents		26,079	17,030
Cash and cash equivalent at the beginning of period		234,526	519,078
<b>Cash and cash equivalent at the end of period</b>	18	<b>835,779</b>	<b>234,526</b>
<b>Restricted resources</b>	18	<b>79,823</b>	<b>116,250</b>

The accompanying notes are an integral part of the financial statements

  
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General Manager

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For more information, contact Investor Relations [investorelations@epm.com.co](mailto:investorelations@epm.com.co)  
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