

Grupo·epm[®]

2Q2018 Report

Included in The Sustainability Yearbook 2018

ROBECOSAM



Agenda



- > Relevant events
- > Energy market
- > Update on the contingency presented at the Ituango Hydroelectric Project
- > Financial results as of June 2018

Relevant events subsequent to the closing

- ✓ EPM Board of Directors authorized the Company's Administration to initiate the necessary procedures, including the management before the Council of Medellín, to dispose of the shares it owns directly in Interconexión Eléctrica S.A. (ISA), equivalent to 10.17%, and some non-material minority shareholdings in Colombia.

It also gave its approval to dispose shareholdings in Chilean companies Aguas Antofagasta S.A. (100%), and in the Wind Park Los Cururos Ltda. (100%).

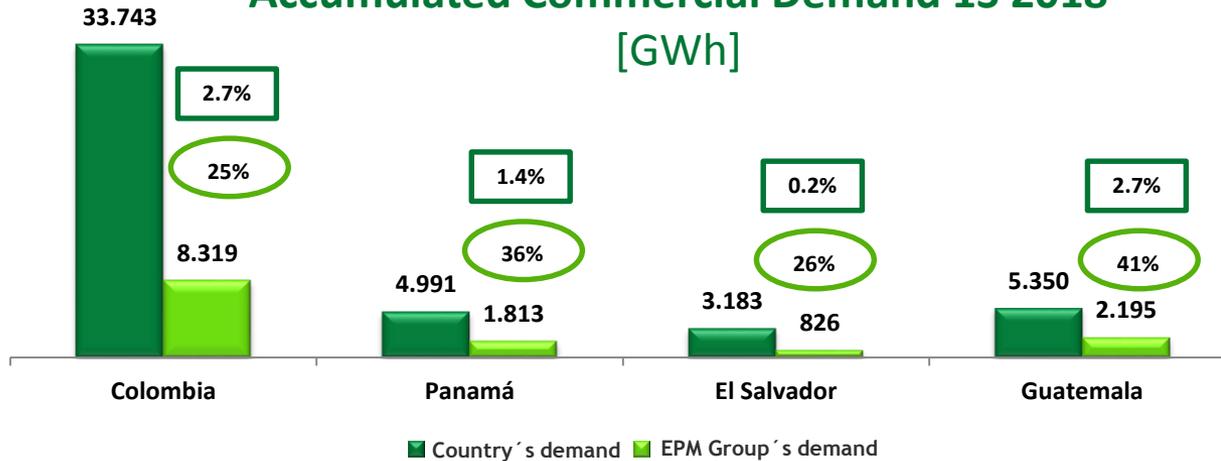
The Board of Directors authorized the sale of assets of the organization between COP3.5 and COP4 billion, with the main purpose of continuing with the Capex plan.

Energy Market

EPM Group Commercial Power Demand

Accumulated Commercial Demand 1S 2018

[GWh]



□ % Country's demand variation 1S2018 vs 1S2017

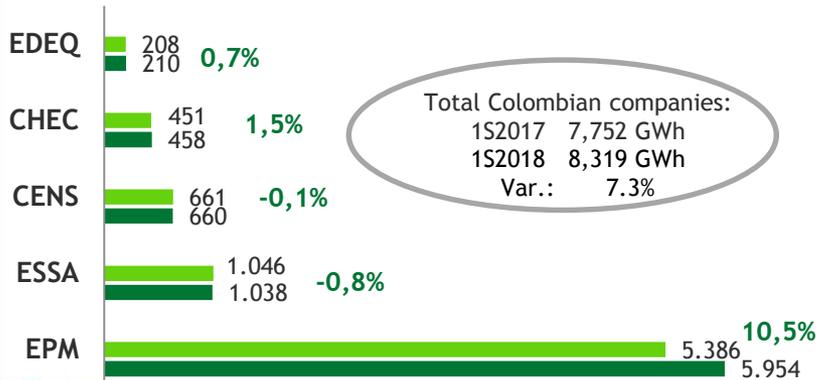
○ % EPM Group country demand's share.

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.

1S = First Semester

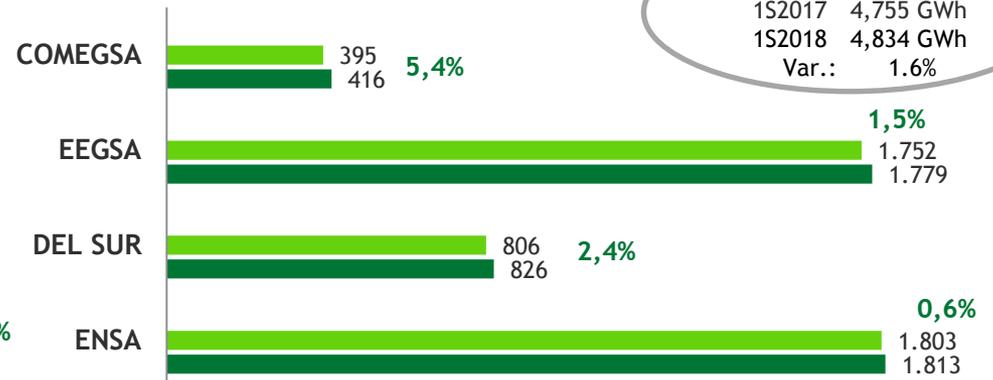
Colombian Companies GWh

■ 1S 2017 ■ 1S 2018



International Companies GWh

■ 1S 2017 ■ 1S 2018

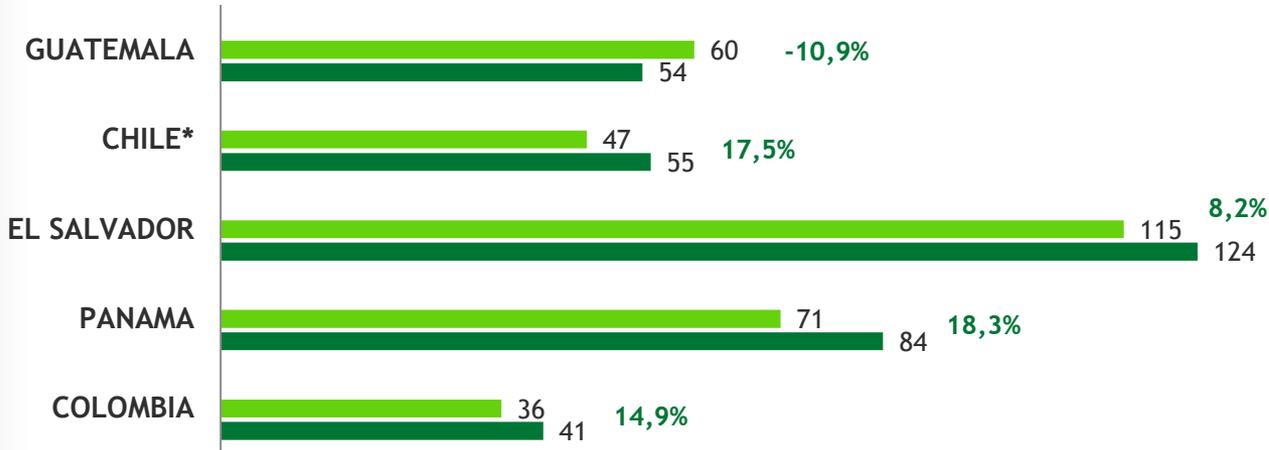


Mercado de Energía

Precio Spot USD/MWh y Generación EPM (GWh)

Precio spot USD/MWh

■ 1S 2017 ■ 1S 2018



During 1S2018 in El Salvador and Panama spot price increased, mainly by the increase in fuel prices. Contrary to Guatemala where the spot price declined due to lower cost of the technologies (hydro-sugar cane bagasse-coal).

In Colombia, the spot price increased due to a lower water input from the SIN aggregated reservoir and to a higher demand.

NOTES:

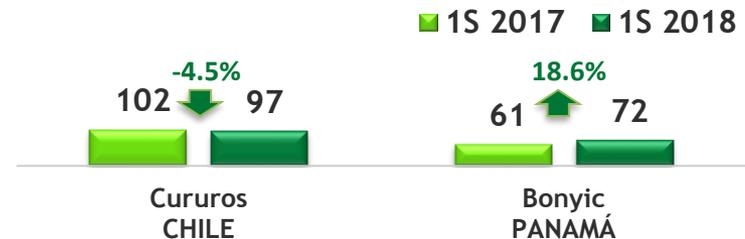
First Semester average spot prices.

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

EPM Group Power Generation in Colombia [GWh]

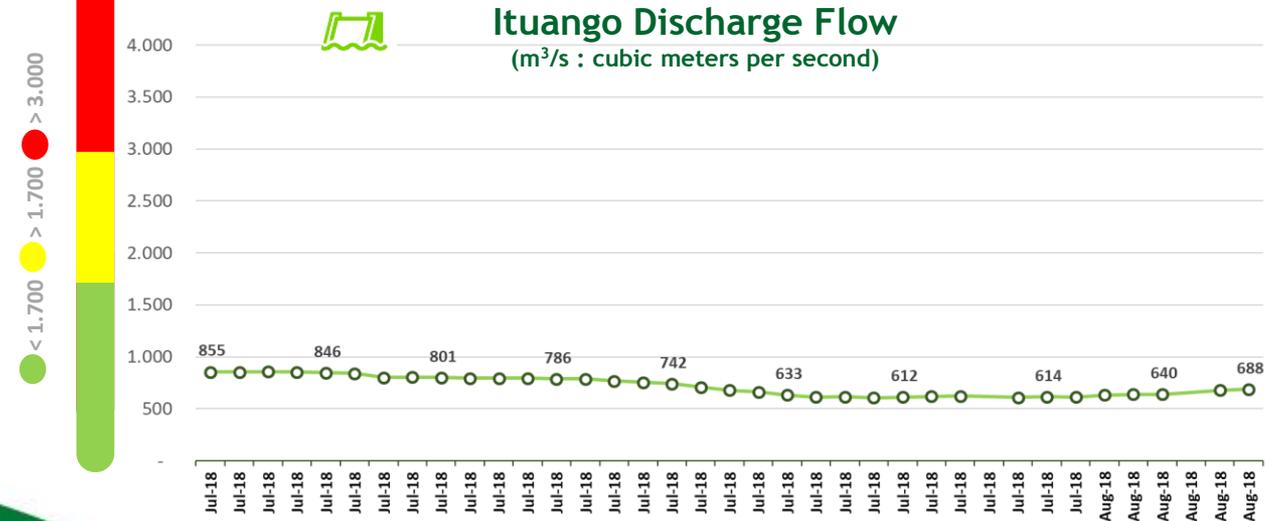
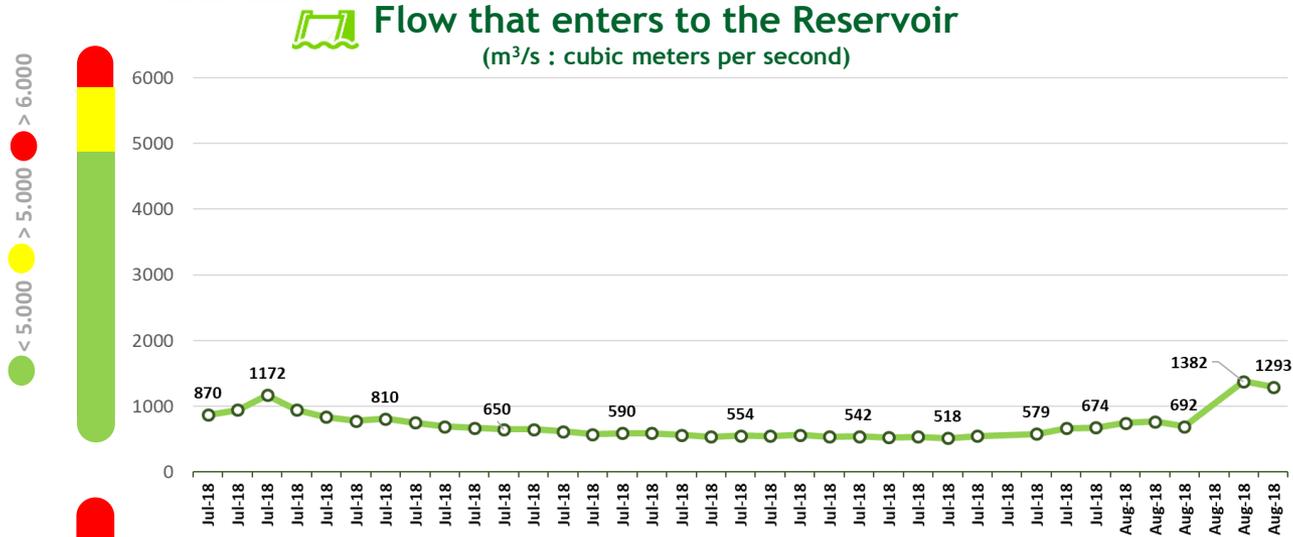


International Subs. Power Generation [GWh]



Ituango Contingency

Main Risks Monitoring



Ituango Contingency

Recent Events

July 6

Rock detachment in road tunnel access to power house, causing a partial obstruction.

July 31

Dam: level 418 masl was reached with the priority filling.

August 9

No event has been registered to date.



Technical actions - What follows



- **Dam:** progress is made with the strengthening of the riverbed upstream to swell it until it reaches the level 418 masl. Likewise, with the preparation for the construction of the concrete plastic screen in the dam.

The multinational Soletanche Bachy Cimas will build the screen in plastic concrete (bentonite and cement), which will go between 380 masl and 418 masl.

Estimated date of completion: Oct.2018



- To block the right diversion tunnel (RDT) and the Auxiliary Diversion Gallery (ADG).

Alternative for the sealing of the RDT:

- Filtration plugging from the reservoir.
- Pre-consolidation
- Pre-tamp with injections from a new gallery to be built from the intermediate discharge (ID).
- Final plug from the left tunnel (LDT). Exploratory drilling of 4 "was made, from ID. It was confirmed that the tunnel is full of material and has no reservoir pressure.

For the GAD:

- Consolidation by means of injections of concrete from the southern portal platform of tunnel km 12 or from the Tenche deposit platform, with *Down Boring* equipment.

Estimated completion date: Dec.2019



- Shutting down the flow through the Power House and evaluate damages.

For the sealing of the power house, the company is working on a plan to close water intake as soon as possible to minimize risks.

CFD (Computerized Fluid Dynamics) tests are carried out in Holland, to determine the performance of the gate closure system at a height of 401 masl.

Estimated date for the closing of the first gate: Sept.9,2018.

Ituango Contingency

Claims management



- Prior to the incident, we counted on the accompaniment and visits of the reinsurance inspector every 12 or 18 months, whose recommendations were followed.
- Notice of the incident and communication of the main advances and decisions made.
- Appointment of the adjuster in common agreement and with immediacy.
- Adjuster visits to the project (four visits to date).
- Advice and permanent accompaniment of insurance and reinsurance advisers.
- Meetings and direct and fluid communication with the adjuster and the insurer.

Adjuster performance context - All Risk Construction and Assembly:

1. Adjuster reports weekly to reinsurers (weekly report on progress in front of works).
2. Monthly visits of the leading reinsurer and weekly with the adjuster in Colombia.
3. Appointment by the expert adjuster, with which meetings have already been held and progress has been made in the delivery of information.

Adjuster performance context - Extracontractual Civil Liability:

1. Information on the compensation strategy to those affected and repairment of communitary infrastructure.
2. Accompaniment of the adjuster to the EPM team to participate in housing valuation and in negotiation.

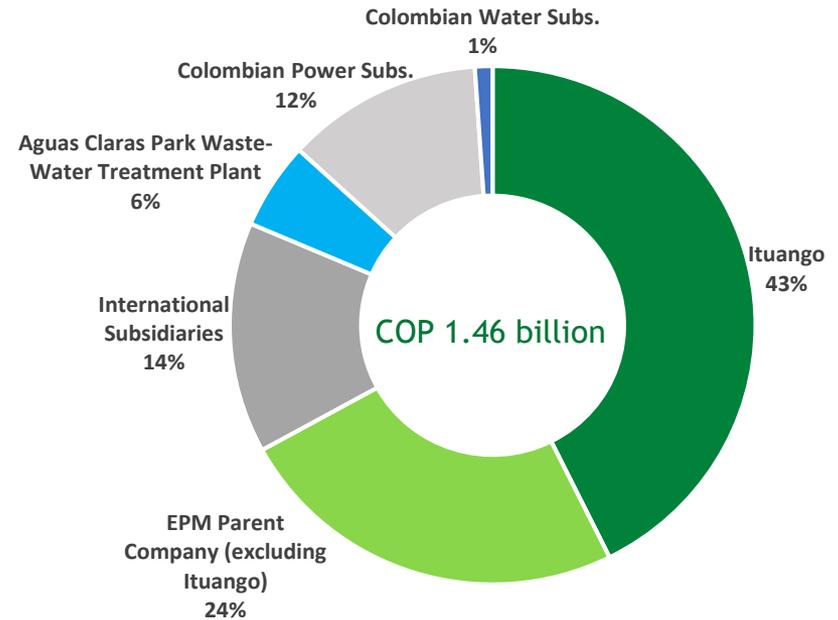
Financial Results as of June 30, 2018

Capex EPM Group

Figures in COP million

2Q2018 Investments

| EPM Group | 2Q2018 |
|---|------------------|
| Ituango | 623,193 |
| EPM Parent Company (excluding Ituango) | 355,597 |
| International Subsidiaries | 210,327 |
| Aguas Claras Park Waste-Water Treatment Plant | 79,159 |
| Colombian Power Subsidiaries | 176,624 |
| Colombian Water Subsidiaries | 15,809 |
| Total | 1,460,709 |



Power: 80%



Water: 20%

✓ EPM Group Investments as of June: **COP 1.46 billion**

Financial Results as of June 30, 2018

Macroeconomic Scenario



CPI: Consumer Price Index

PPI: Producer Price Index

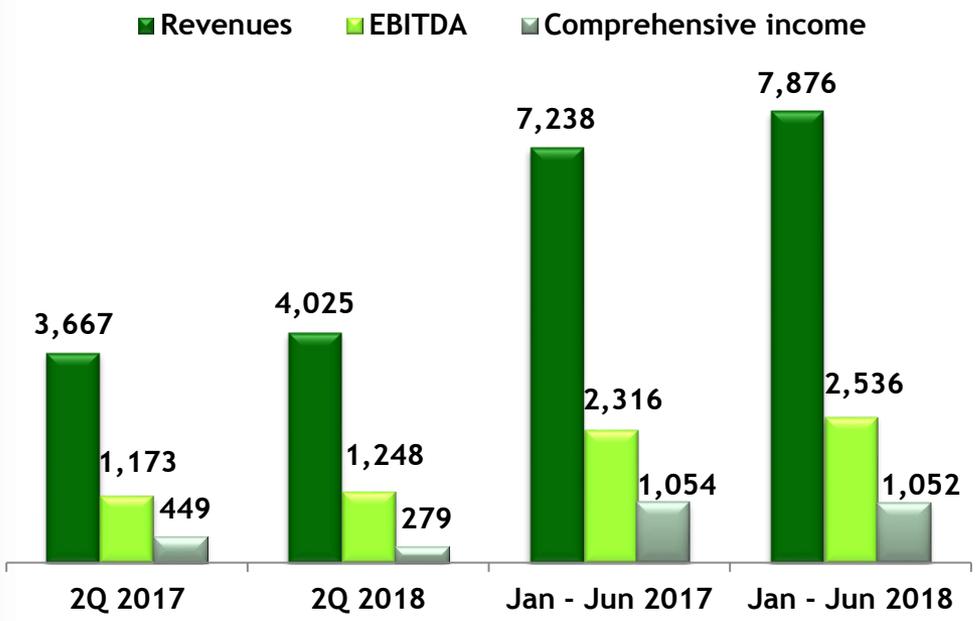
WPI: Wholesale Price Index (Panama and El Salvador)

| Concept | Colombia | Chile | Guatemala | Panama | Mexico | El Salvador |
|---------------------------------|----------|--------|-----------|--------|--------|-------------|
| CPI | 2,47% | 1,42% | 0,72% | 0,96% | 1,12% | 0,40% |
| CPI (accumulated 12 months) | 3,20% | 2,54% | 3,79% | 1,15% | 4,65% | 0,90% |
| PPI/WPI | 1,11% | 2,57% | N.A. | N.A. | 4,33% | 1,03% |
| PPI/WPI (accumulated 12 months) | 3,08% | 10,15% | N.A. | N.A. | 6,95% | 1,32% |
| Exchange rate (month-end) | 2.930,8 | 647,95 | 7,49 | N.A. | 19,69 | N.A. |
| Devaluation/Revaluation | -1,78% | 5,32% | 2,02% | N.A. | 0,14% | N.A. |

Financial Results as of June 30, 2018

EPM Group Income Statement

Figures in COP thousand million



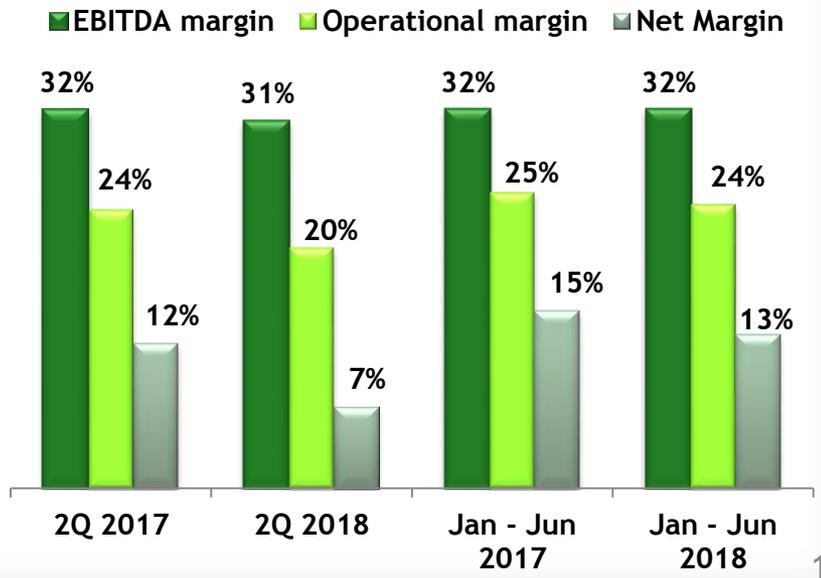
- Revenues increased COP 638, 9%, explained by greater demand on the non-regulated market and long-term sales on EPM Parent Company.
- EBITDA rose COP 220, 10% with respect to previous year.
- Costs and expenses accrued by COP 231 stood out during the period, related to the contingency presented at the Ituango Project, of which COP 45 were paid.

Var. 2Q2017 - 2Q2018

- Revenues: 10%
- EBITDA: 6%
- Comprehensive income: -38%

Jan-Jun2017 - 2018

- Revenues: 9%
- EBITDA: 10%
- Comprehensive income: 0%

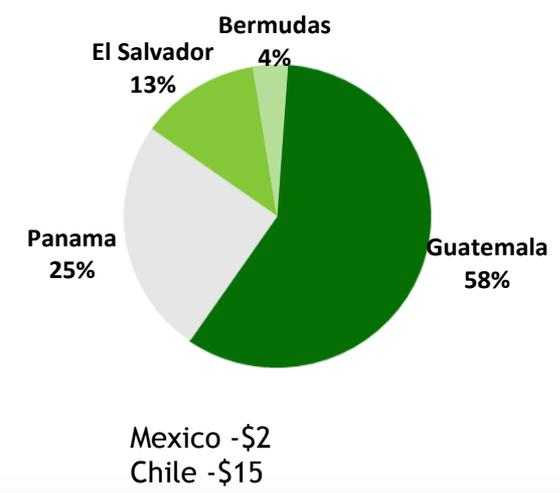
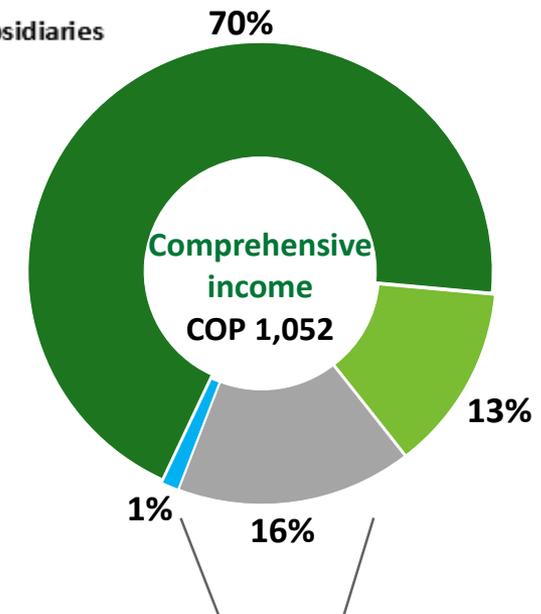
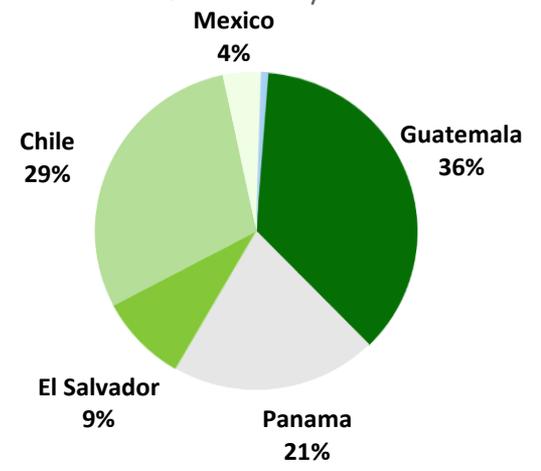
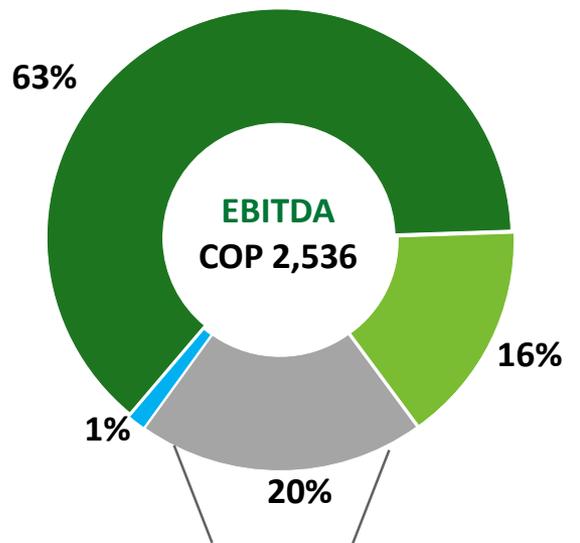
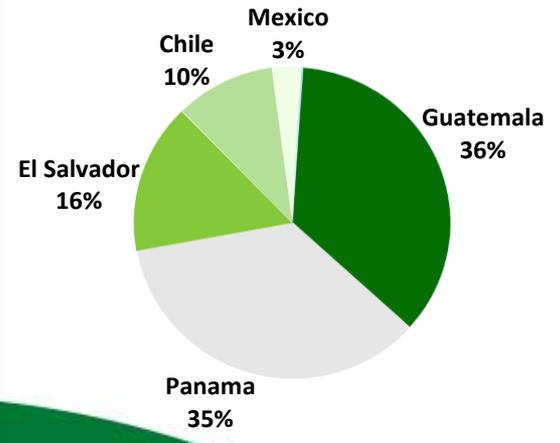
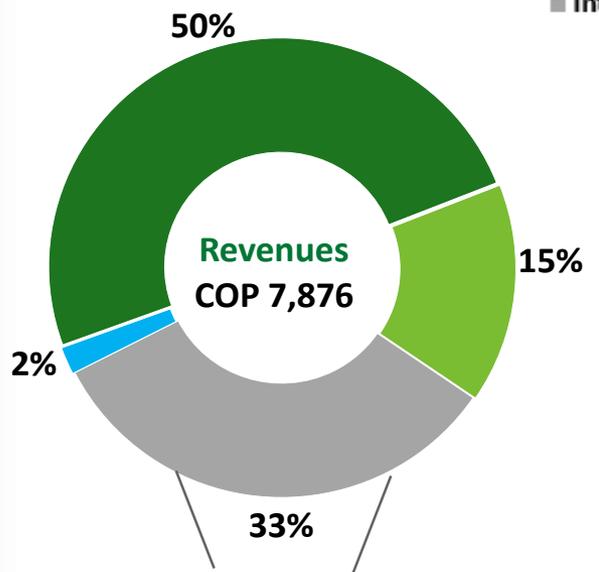


Financial Results as of June 30, 2018

EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million

- EPM
- International Subsidiaries
- Colombian Power Subsidiaries
- Colombian Water Subsidiaries

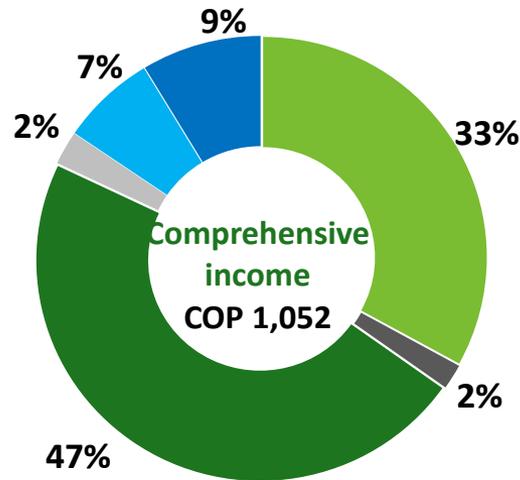
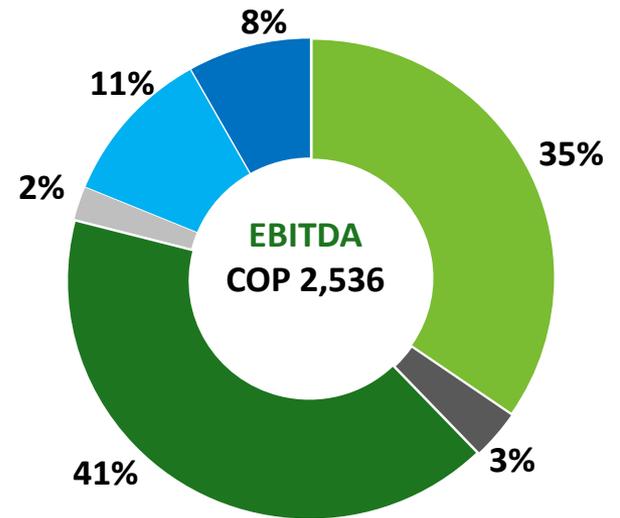
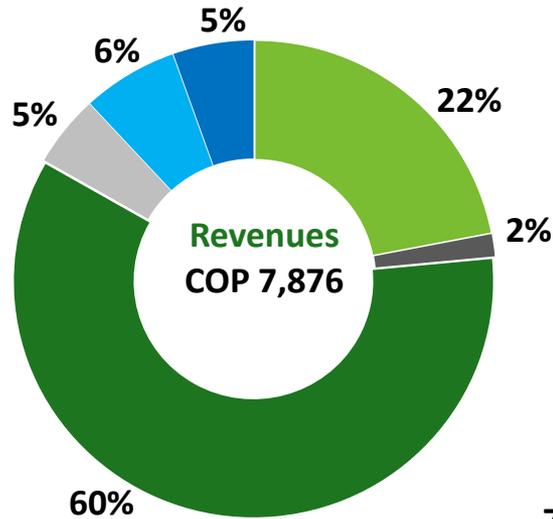


Financial Results as of June 30, 2018

EPM Group by Segments

Figures in COP thousand million

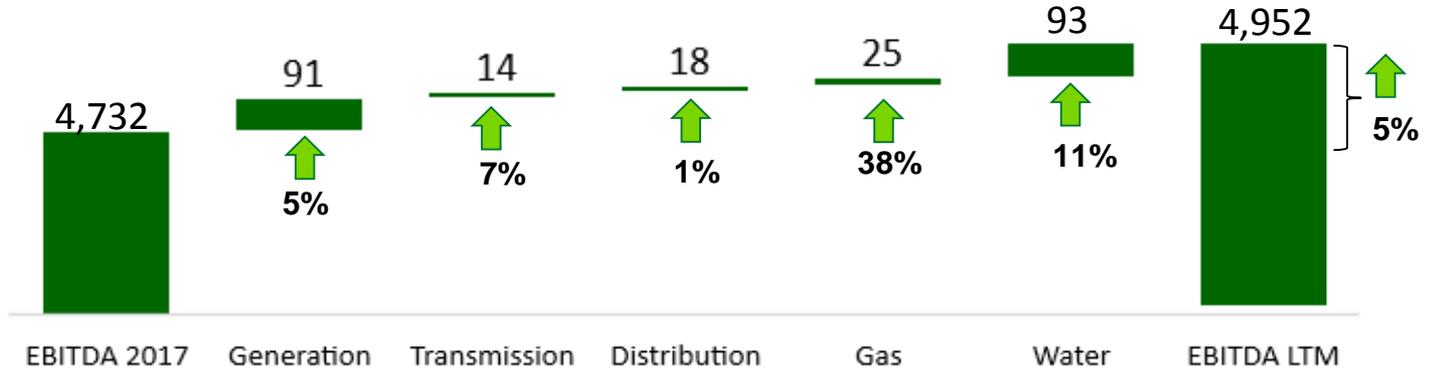
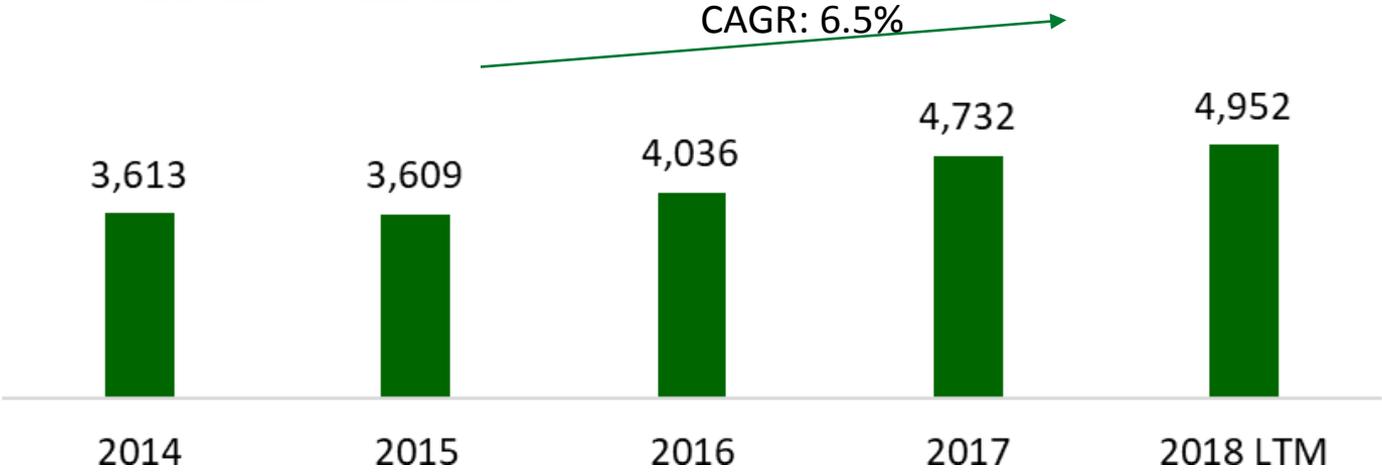
- Power Generation
- Power Transmission
- Power Distribution
- Gas
- Water
- Waste Management



Financial Results as of June 30, 2018

EPM Group EBITDA

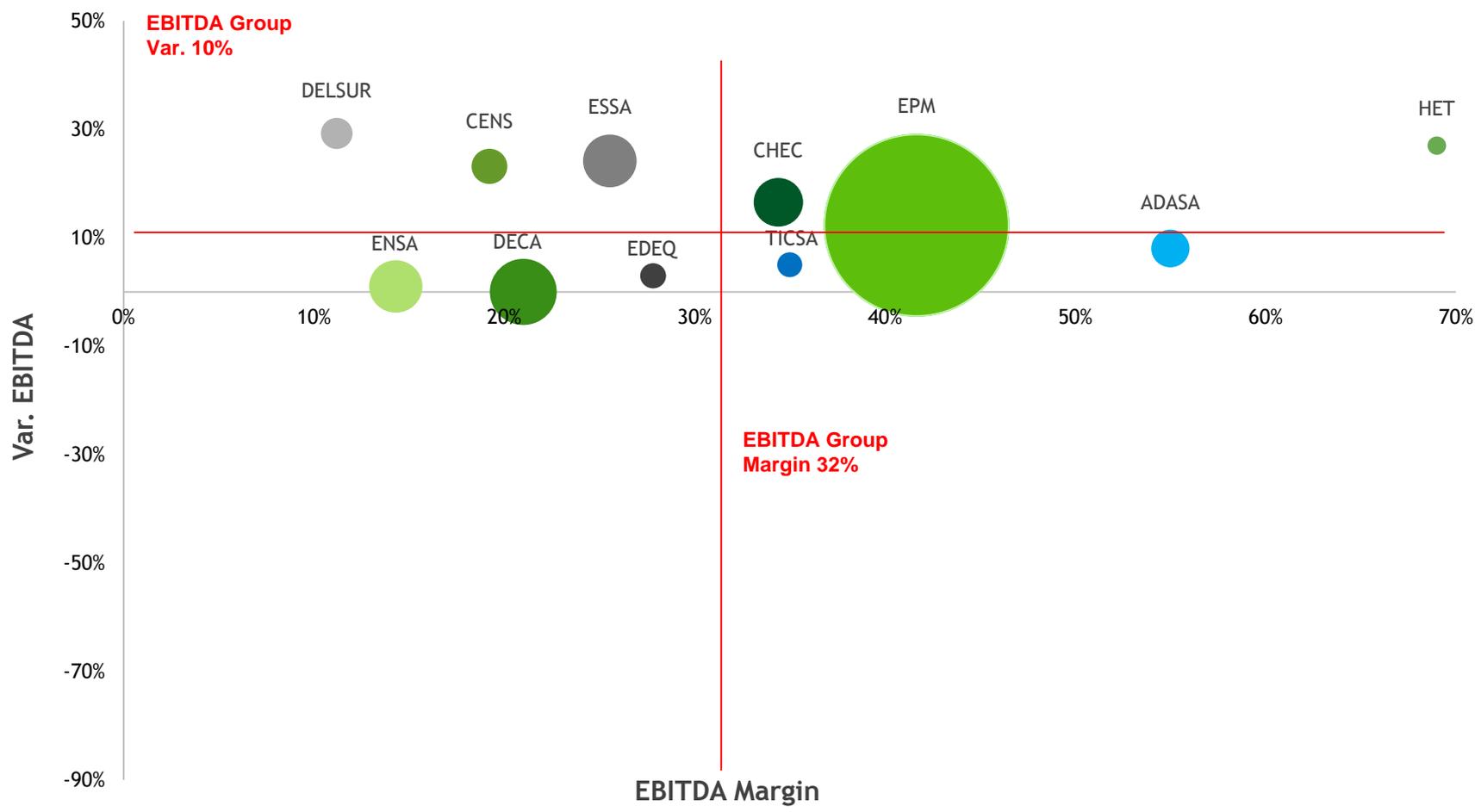
Figures in COP thousand million



Financial Results as of June 30, 2018

EPM Group EBITDA

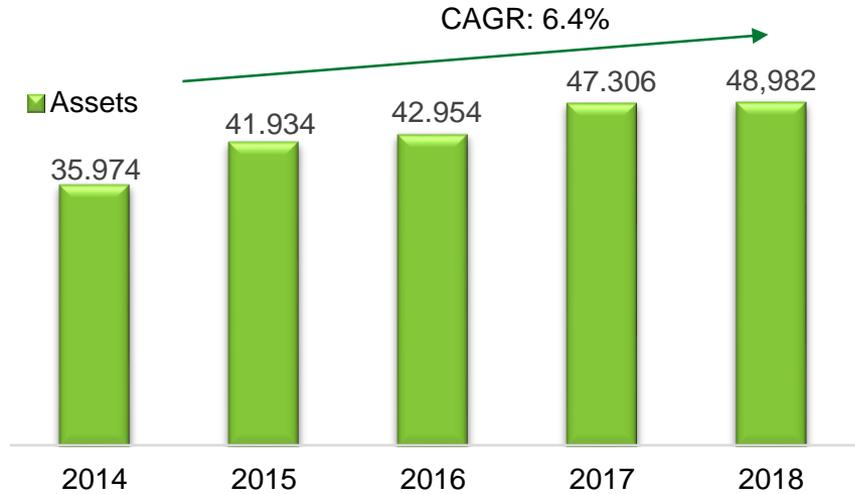
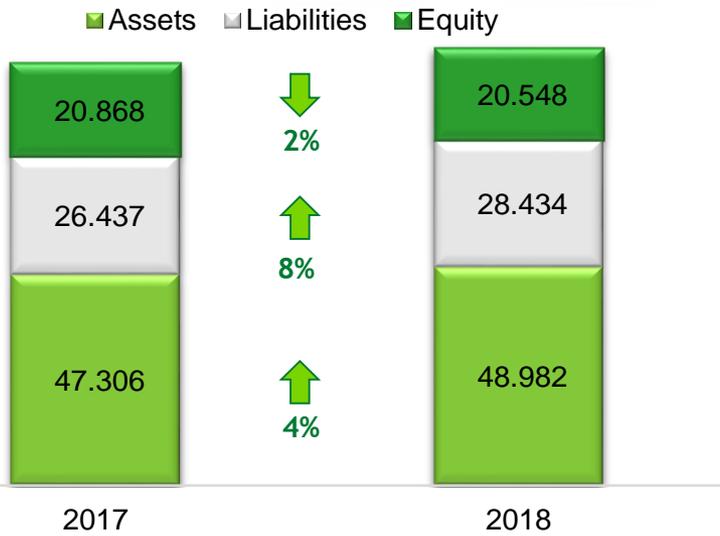
Figures in COP thousand million



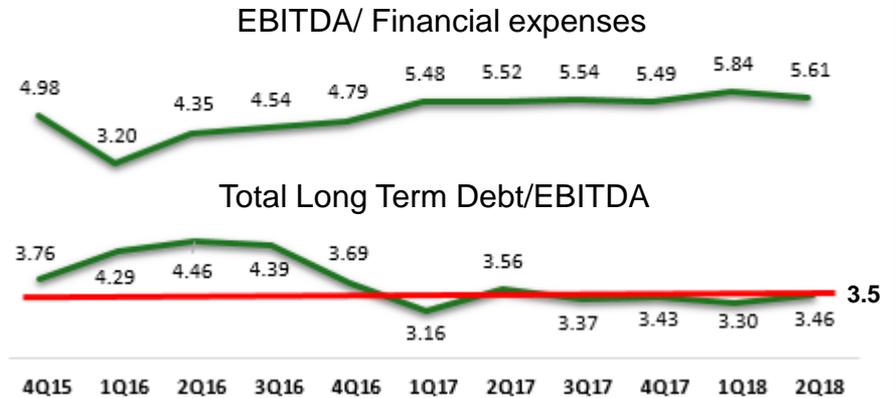
Financial Results as of June 30, 2018

EPM Group - Statement of Financial Position

Figures in COP thousand million



| Ratios | 2017 | 2018 |
|-----------------------------|------|------|
| Total debt | 57 | 58 |
| Financial debt | 38 | 40 |
| EBITDA/financial expenses | 5.52 | 5.61 |
| Total Long Term Debt/EBITDA | 3.56 | 3.46 |

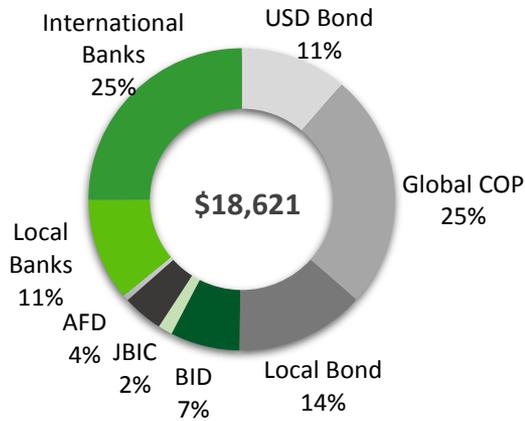


Financial Results as of June 30, 2018

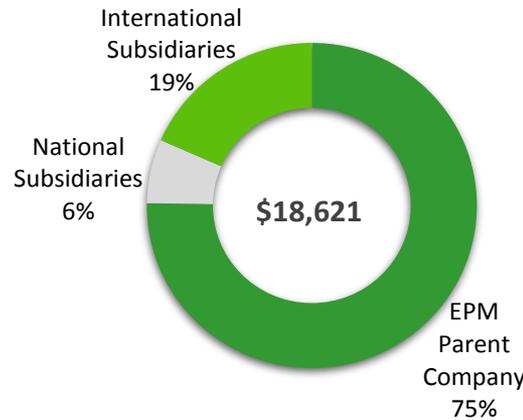
Debt Profile

Figures in COP thousand million

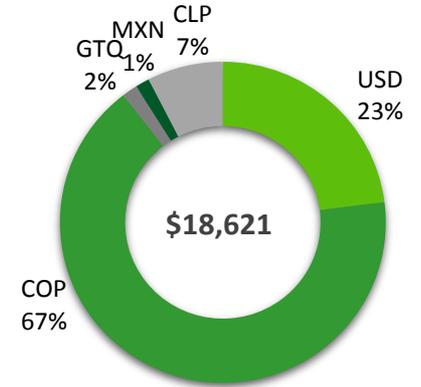
Source



Companies



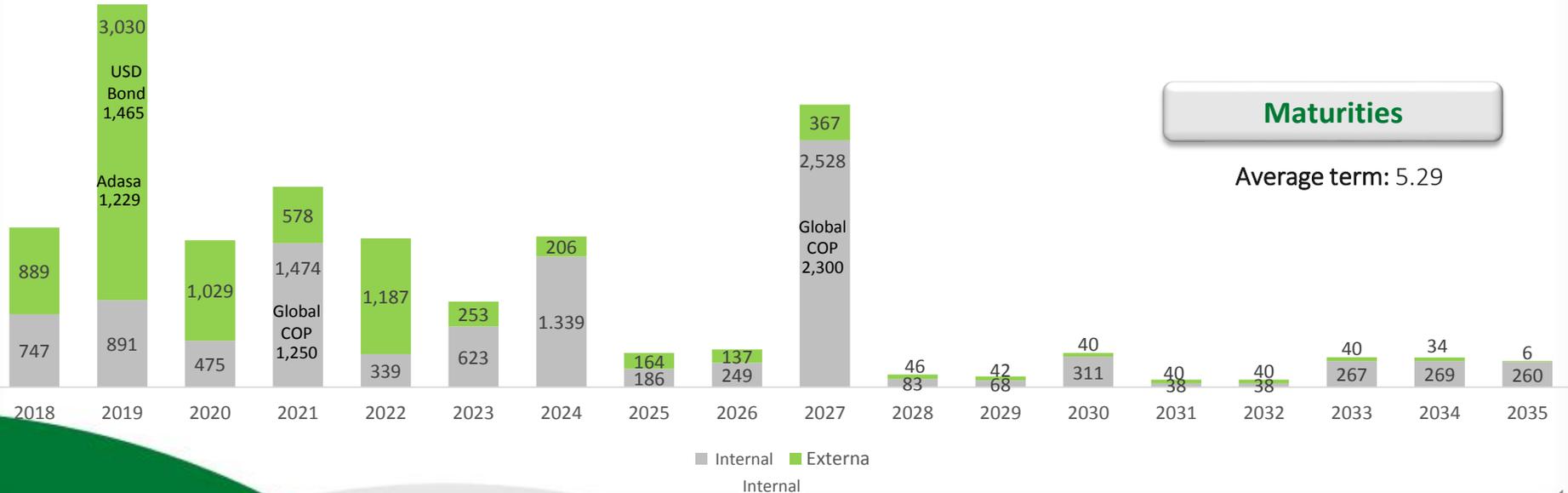
Currency*



*After hedging

Maturities

Average term: 5.29



Liquidity sources via financing

➤ Disbursements after Ituango contingency

| | |
|--|-------------------|
| Export Development Canada -EDC- May 11, 2018 - | USD 90 MM |
| CAF - June 29, 2018 - | USD 100 MM |
| Total | USD 190 MM |

➤ Main committed credit lines for disbursing

| | |
|----------------------|---------------------|
| IADB (public sector) | USD 58 MM |
| CAF | USD 100 MM |
| IADB Invest | USD 1,000 MM |
| Total | USD 1,158 MM |

➤ Credit lines under negotiation

| | |
|--|---------------------|
| Local and International Commercial Banks | |
| Parent Company | USD 1,100 MM |
| Subsidiaries | USD 500 MM |
| Total | USD 1,600 MM |

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