

A large, full-canopied green tree with a thick trunk, positioned on the left side of the slide. The tree is set against a white background with green decorative elements: a large green circle on the left and a green hill at the bottom.

# 3Q2018 Report

November 08, 2018

# Agenda



- 1. Relevant events**
- 2. Energy Market**
- 3. Financial results as of September 2018**
- 4. Update on the Ituango Contingency**
- 5. Insurance policies - milestones of the claim process**
- 6. Divestment plan**

# 1. Relevant events of the quarter and subsequent to the closing



 Moody's Investors Service has confirmed EPM's international rating at Baa3 maintaining the investment grade and assigned negative outlook.

Fitch Ratings affirms EPM's local rating at AAA under negative observation.

 The EPM Group improves its debt maturity profile with two financial liability management operations in EPM international subsidiaries, for a total amount of USD 530 million.

 • Aguas Antofagasta (ADASA) extended the term to 5 years of the credit line for \$273 thousand million Chilean pesos (equivalent to USD 430 million) with the Bank of Nova Scotia (Scotiabank) and the Banco del Estado in Chile. This transaction refinances the credit obtained by the company in 2015, which had a maturity date of February 2019.

 • The subsidiary Elektra Noreste S.A. (ENSA) signed a credit line with Scotiabank in Panama for an amount of USD 100 million and a term of 5 years, also extending the term of the existing debt.

 Medellín City Council approved the sale of EPM's shares in Interconexión Eléctrica S.A. (ISA), corresponding to 10.17% in the company. Also, other non-material minority investments.

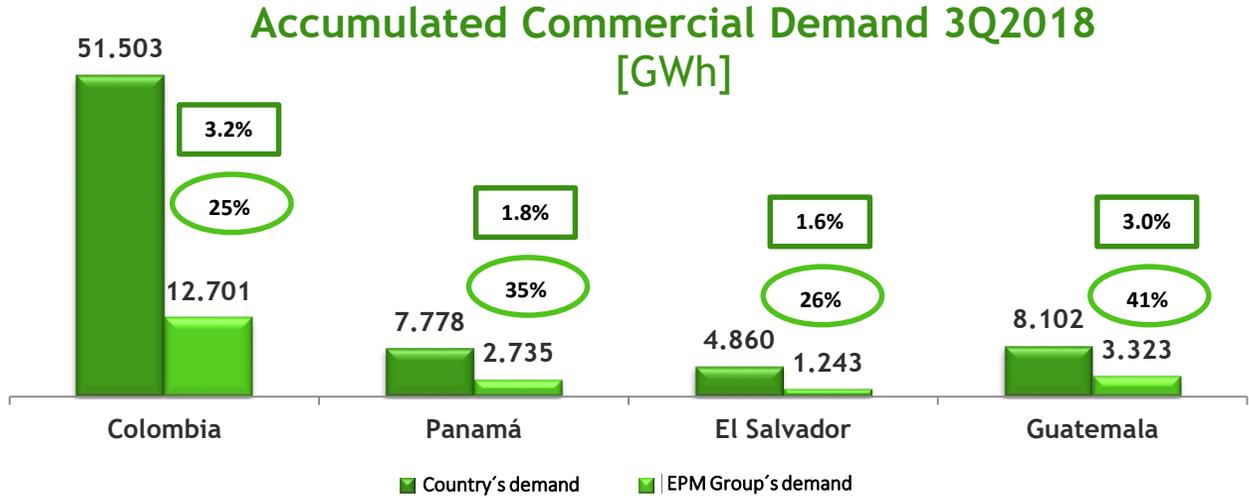
 The Aguas Claras Plant begins its start-up phase with the entry into operation of the first two treatment lines. Aguas Claras is already treating a flow of three cubic meters of wastewater per second and began the process of stabilizing the plant until it is gradually ready for full commercial operation in the fourth quarter of 2018. With Aguas Claras, EPM will treat 75% of the wastewater that is produced in the metropolitan area of the Aburrá Valley.

 The contingency in the Ituango hydroelectric project generated COP 251 thousand million in extraordinary costs.

# 2. Energy Market



## EPM Group Commercial Power Demand



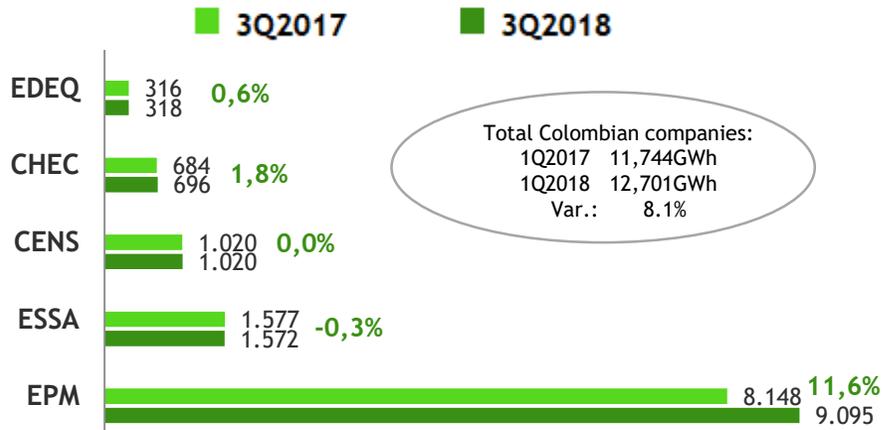
□ % Country's demand variation 3Q2018 frente a 3Q2017

○ % EPM Group country demand's share.

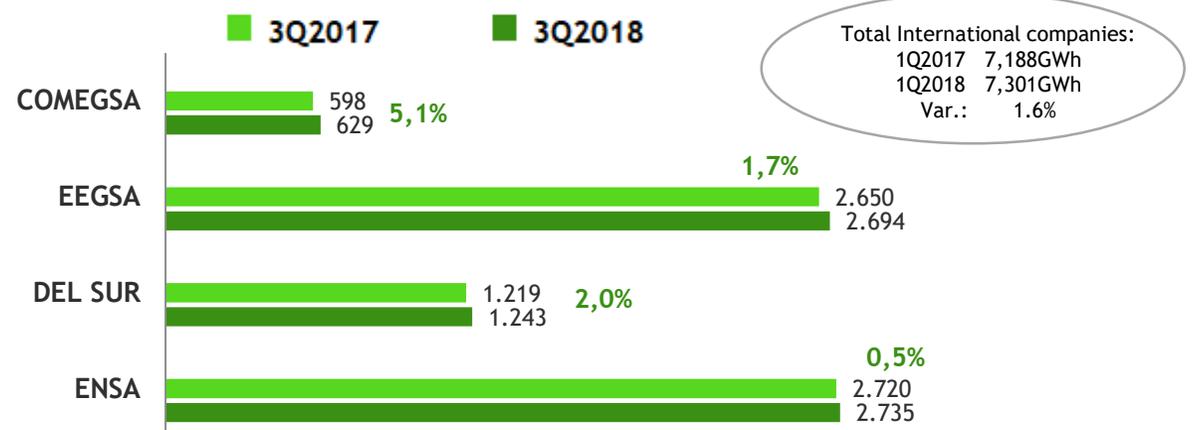
*Note: We report the commercial demand that depends on customers served directly by each company regardless of the distribution network to which regulated and unregulated users are connected. The country's demand reported does not include energy exports.*

3Q = Third Quarter

### Colombian companies GWh



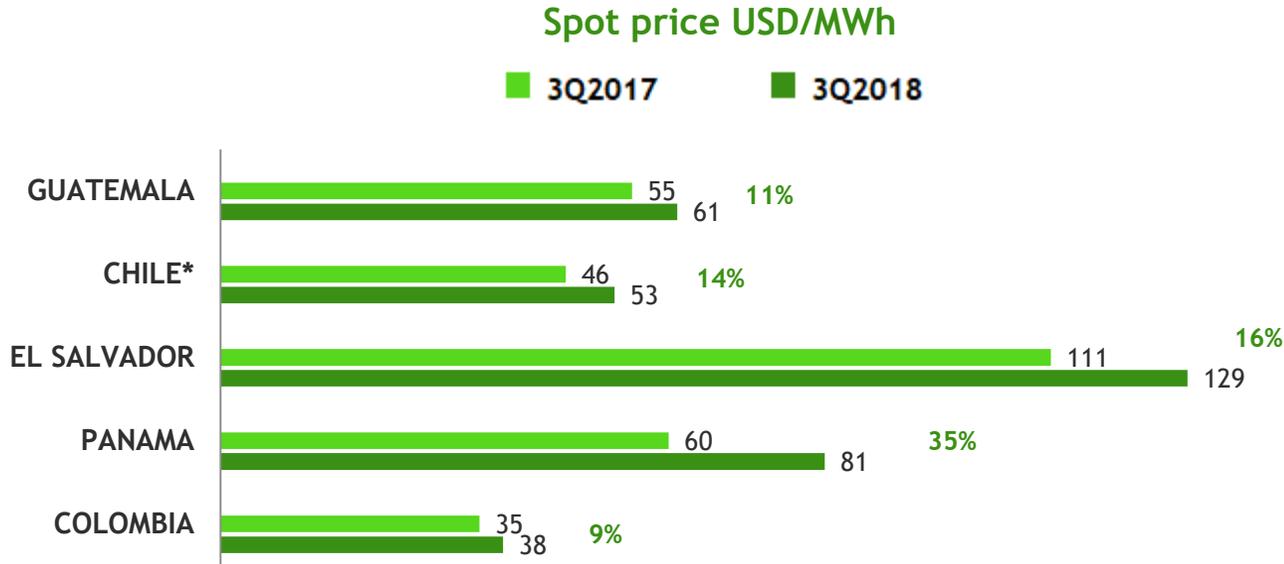
### International companies GWh



# 2. Energy Market



## Spot price USD/MWh and Power Generation EPM (GWh)

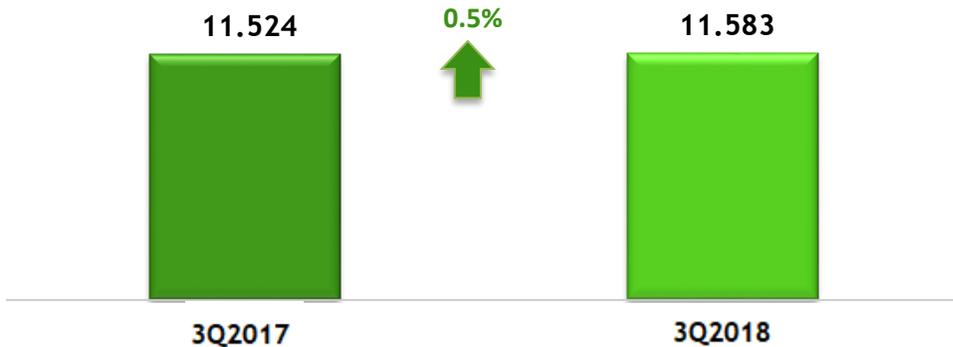


During 3Q2018 spot price increased in the countries where the EPM Group has presences países, mainly by the increase in fuel prices. In Colombia, the spot price increased 9%, due to lower water input to the system.

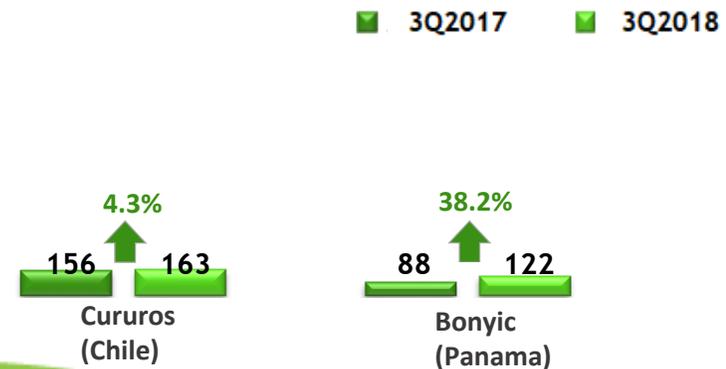
NOTAS:  
Third quarter average spot prices.

\*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]



# 3. Financial Results as of September 30, 2018

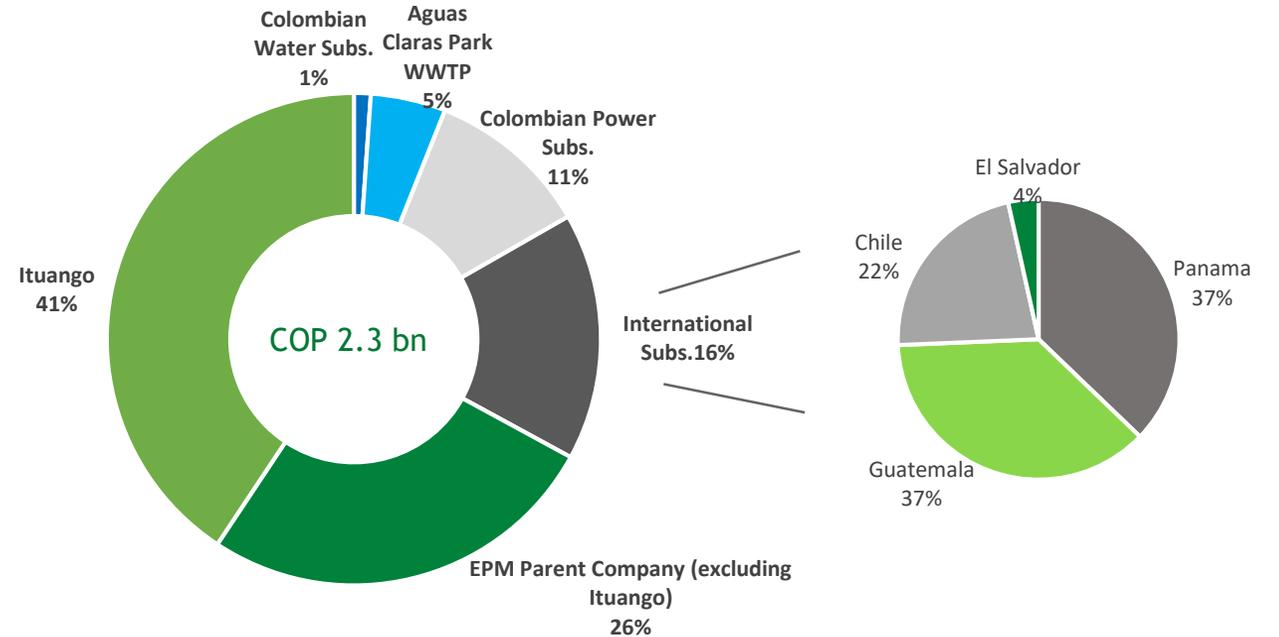
## Capex EPM Group

Figures in COP million



EPM Group	Jan-Sep 2018
Ituango	953.807
EPM Parent Company (excluding Ituango)	618.186
International Subsidiaries	381.175
Aguas Claras Park Waste-Water Treatment Plant	115.279
Colombian Power Subsidiaries	250.542
Colombian Water Subsidiaries	25.768
<b>Total</b>	<b>2.344.758</b>

Jan-Sep 2018 Investments



✓ EPM Group Investments as of Sep.: **COP 2.3 billion**



Power: 79%



Water: 21%

# 3. Financial Results as of September 30, 2018

## Macroeconomic Scenario



Concept	Colombia	Chile	Guatemala	Panama	Mexico	El Salvador
CPI	2,63%	2,30%	2,13%	0,95%	2,69%	0,85%
CPI (accumulated 12 months)	3,22%	3,14%	4,55%	0,75%	5,02%	1,38%
PPI (año corrido)	2,37%	0,65%	N.A.	N.A.	4,19%	1,40%
PPI/WPI (accumulated 12 months)	3,77%	4,66%	N.A.	N.A.	6,86%	1,76%
Exchange rate (month-end)	2.972,2	661,50	7,70	N.A.	18,72	N.A.
Devaluation/Revaluation	-0,40%	7,52%	4,86%	N.A.	-4,78%	N.A.



CPI: Consumer Price Index

PPI: Producer Price Index

WPI: Wholesale Price Index (Panama and El Salvador)

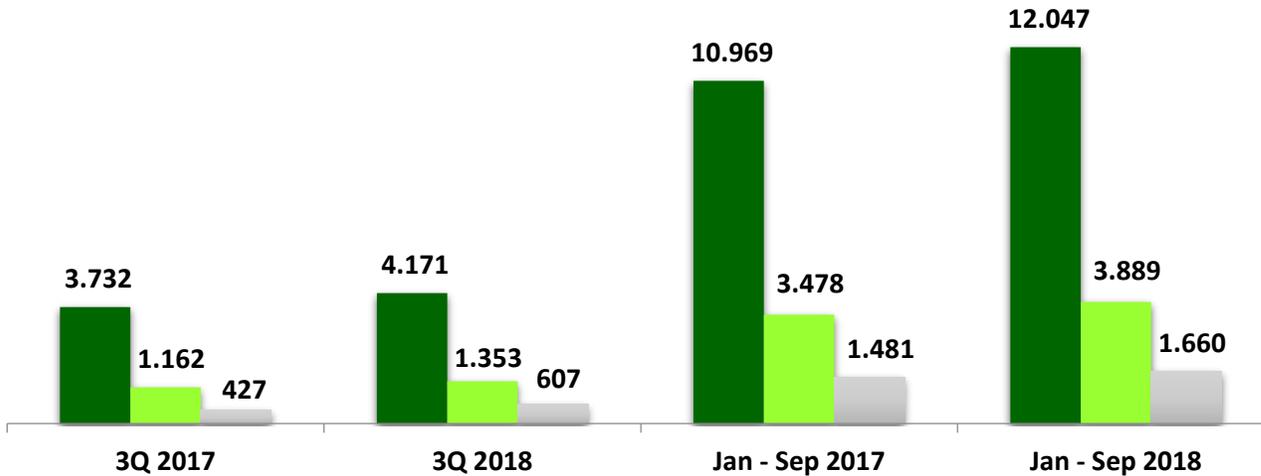
# 3. Financial Results as of September 30, 2018

## EPM Group Income Statement

Figures in COP thousand million

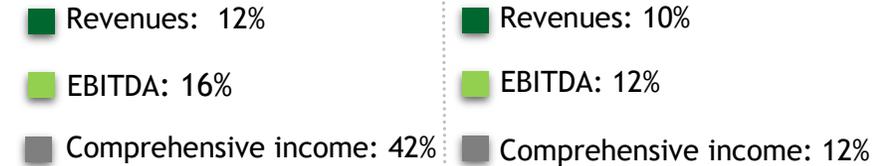


■ Revenues ■ EBITDA ■ Comprehensive income



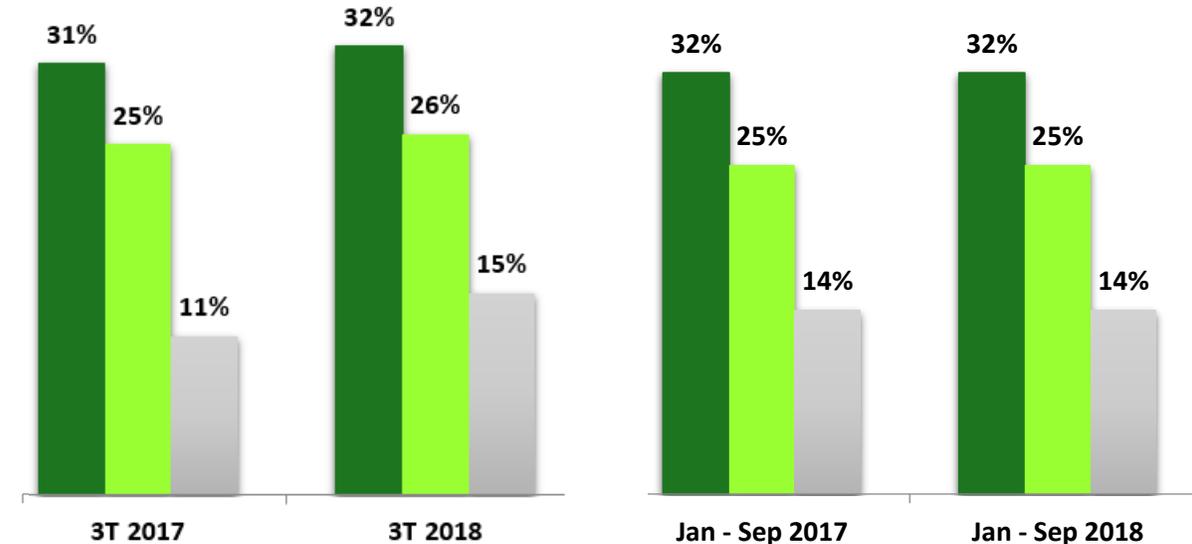
Var. 3Q2017 - 3Q2018

Jan - Sep 2017-2018



- Revenues increased COP 1,078, 10%, explained by greater demand on the non-regulated market and long-term sales on EPM Parent Company.
- EBITDA rose COP 410, 12% with respect to previous year.
- Comprehensive income increased 12% due to higher operating income by COP 243, higher revenues related to investments by COP 72, and a lower income tax provision by COP 56.
- Cash position as of September 30, 2018 was COP 2.3 billion

■ EBITDA margin ■ Operational margin ■ Net Margin



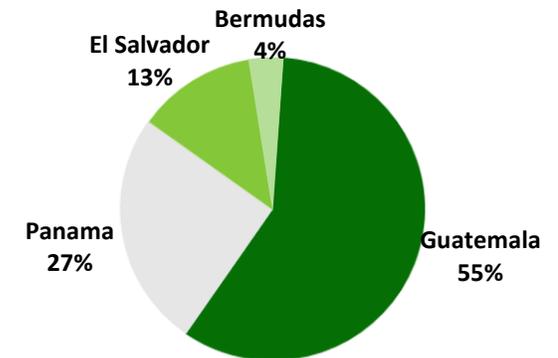
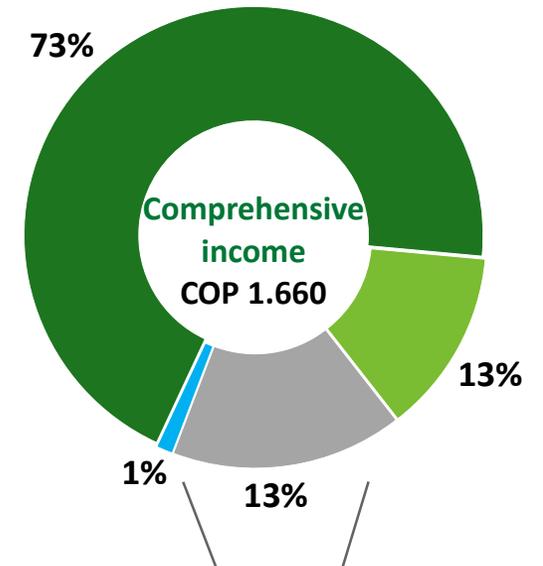
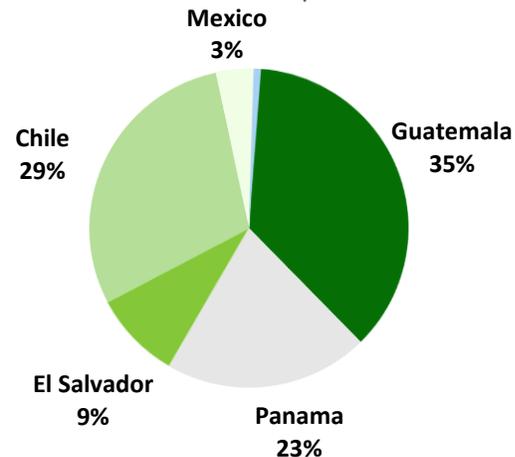
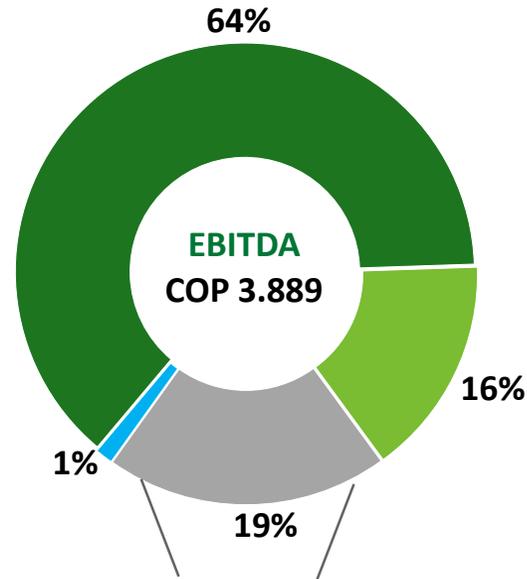
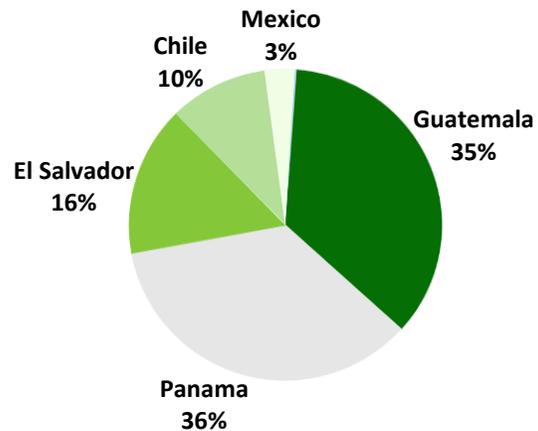
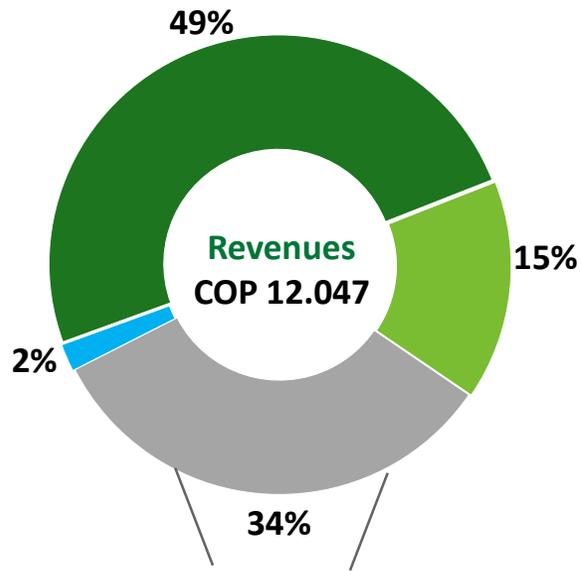
# 3. Financial Results as of September 30, 2018

## EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million



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

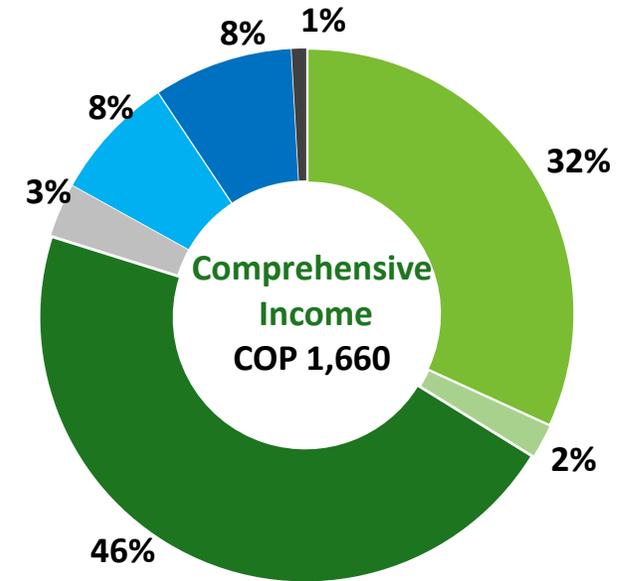
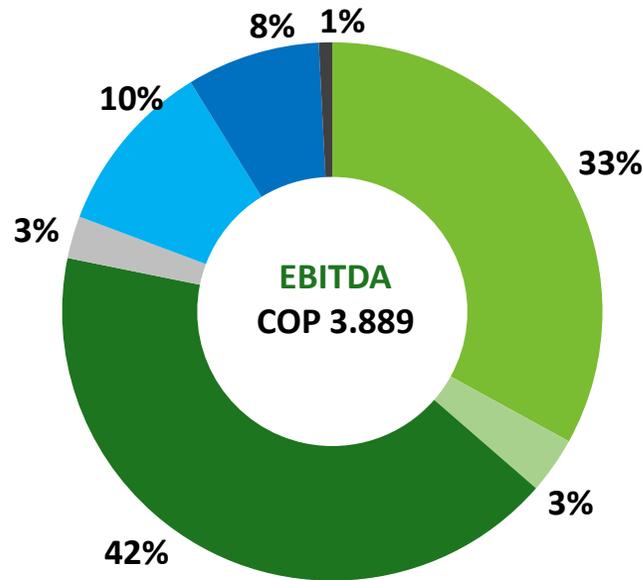
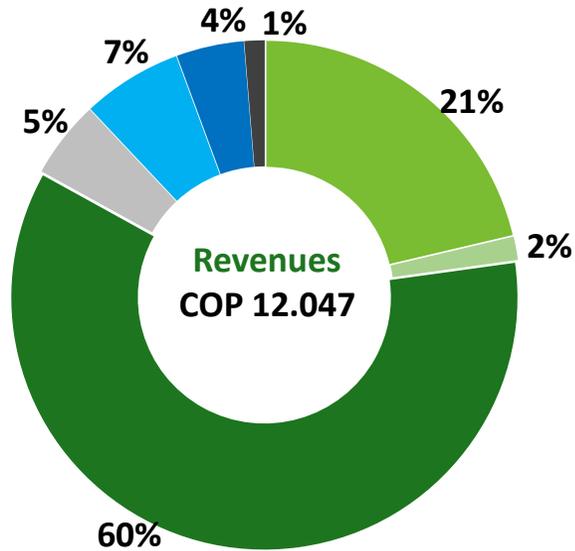


Mexico -\$23  
Chile -\$13

# 3. Financial Results as of September 30, 2018

## EPM Group by Segments\*

Figures in COP thousand million



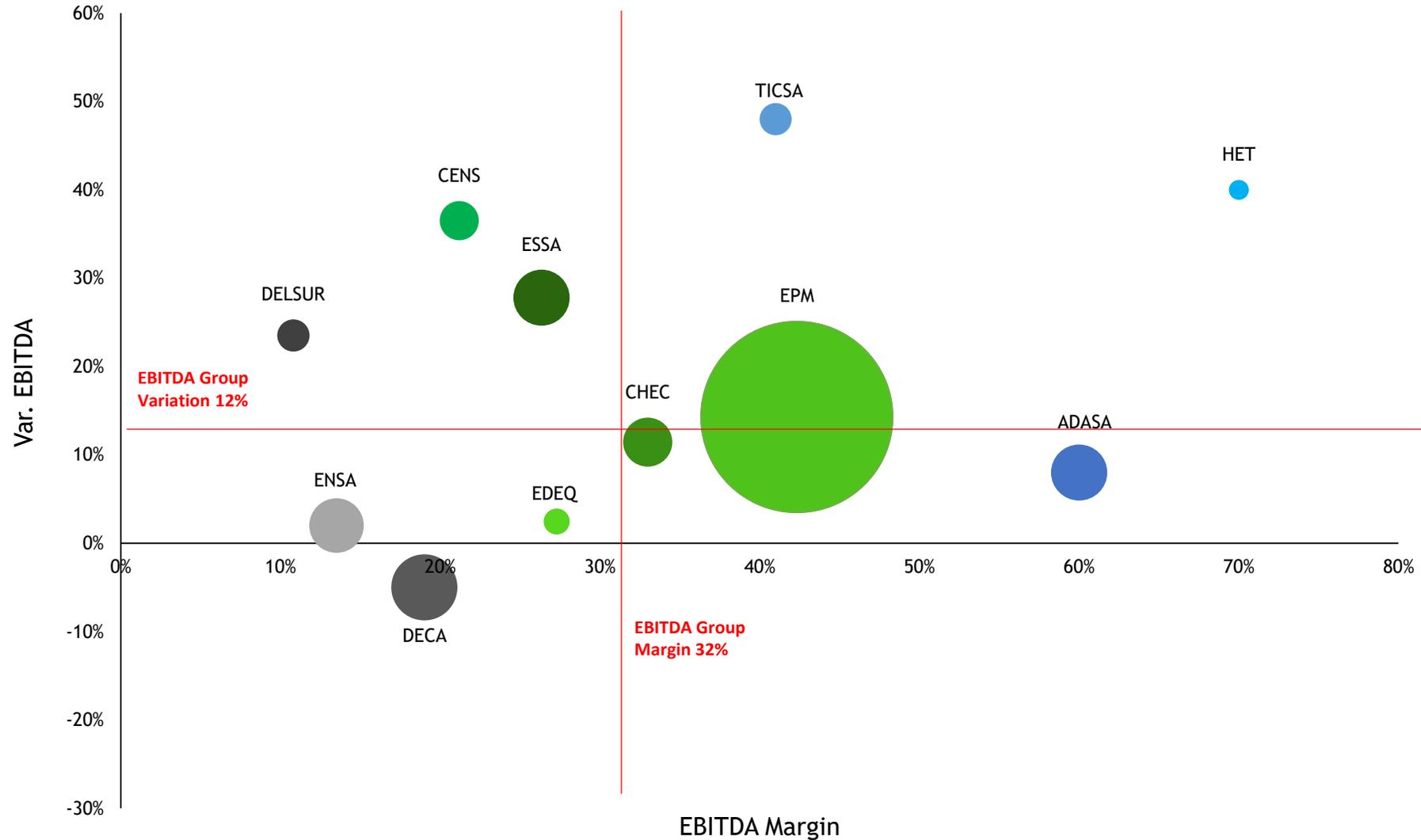
- Power Generation
- Power Distribution
- Water
- Solid Waste Management
- Power Transmission
- Gas
- Wastewater Management

\*It does not include "Other" business segment and "Intersegment transactions"

# 3. Financial Results as of September 30, 2018

## EPM Group EBITDA

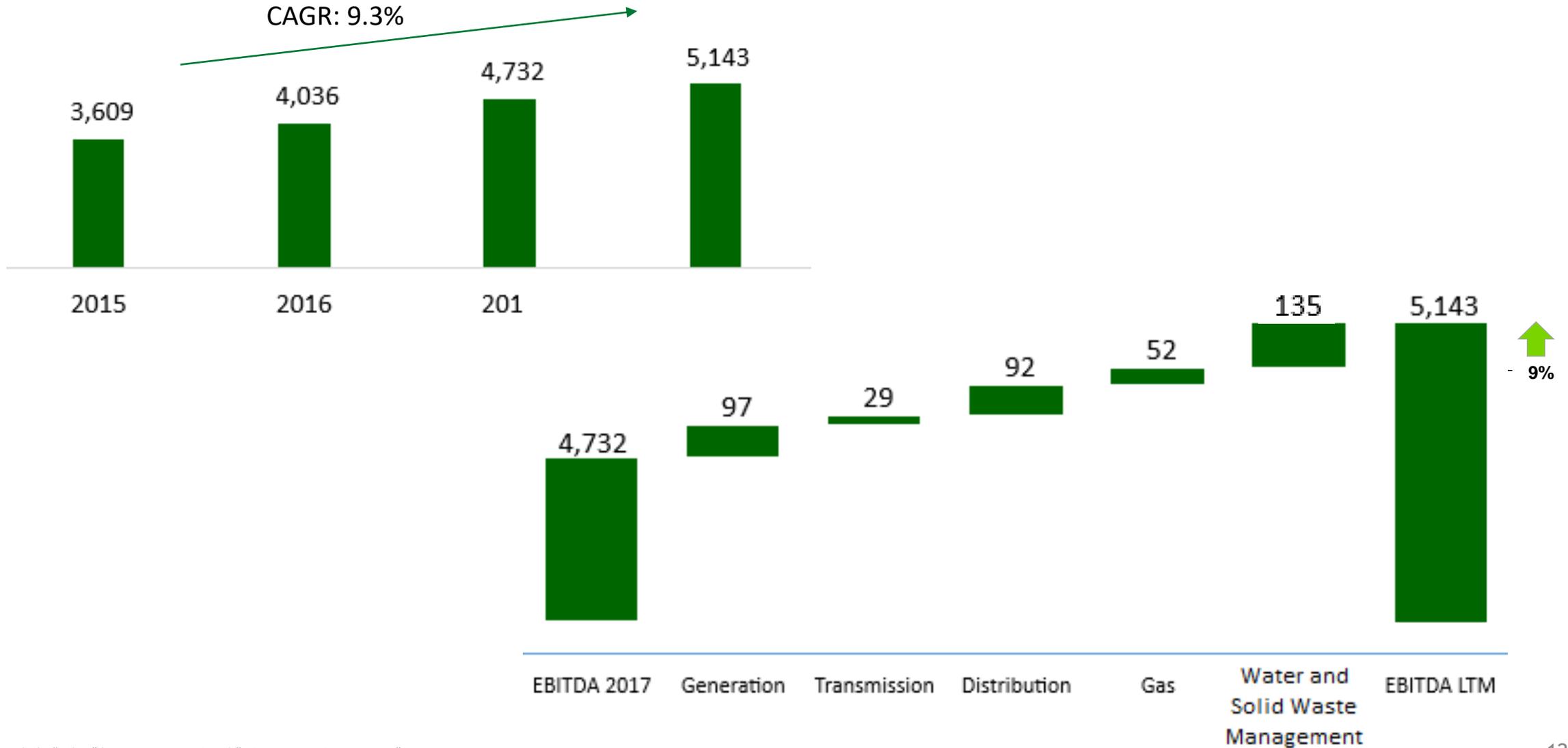
Figures in COP thousand million



# 3. Financial Results as of September 30, 2018

## EPM Group EBITDA\*

Figures in COP thousand million

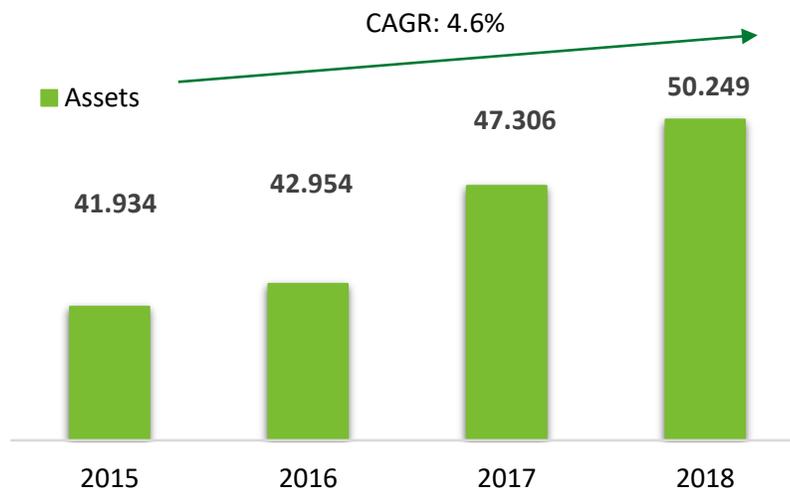


\*It does not include "Other" business segment and "Intersegment transactions"

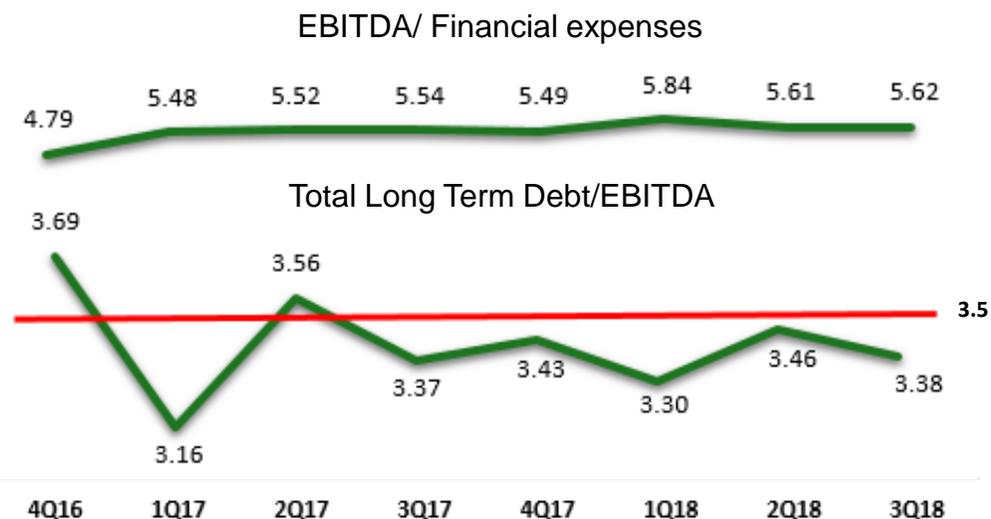
# 3. Financial Results as of September 30, 2018

## EPM Group - Statement of Financial Position

Figures in COP thousand million



Ratios	2017	2018
Total debt	56	58
Financial debt	38	40
EBITDA/financial expenses	5.54	5.62
Total Long Term Debt/EBITDA	3.37	3.38

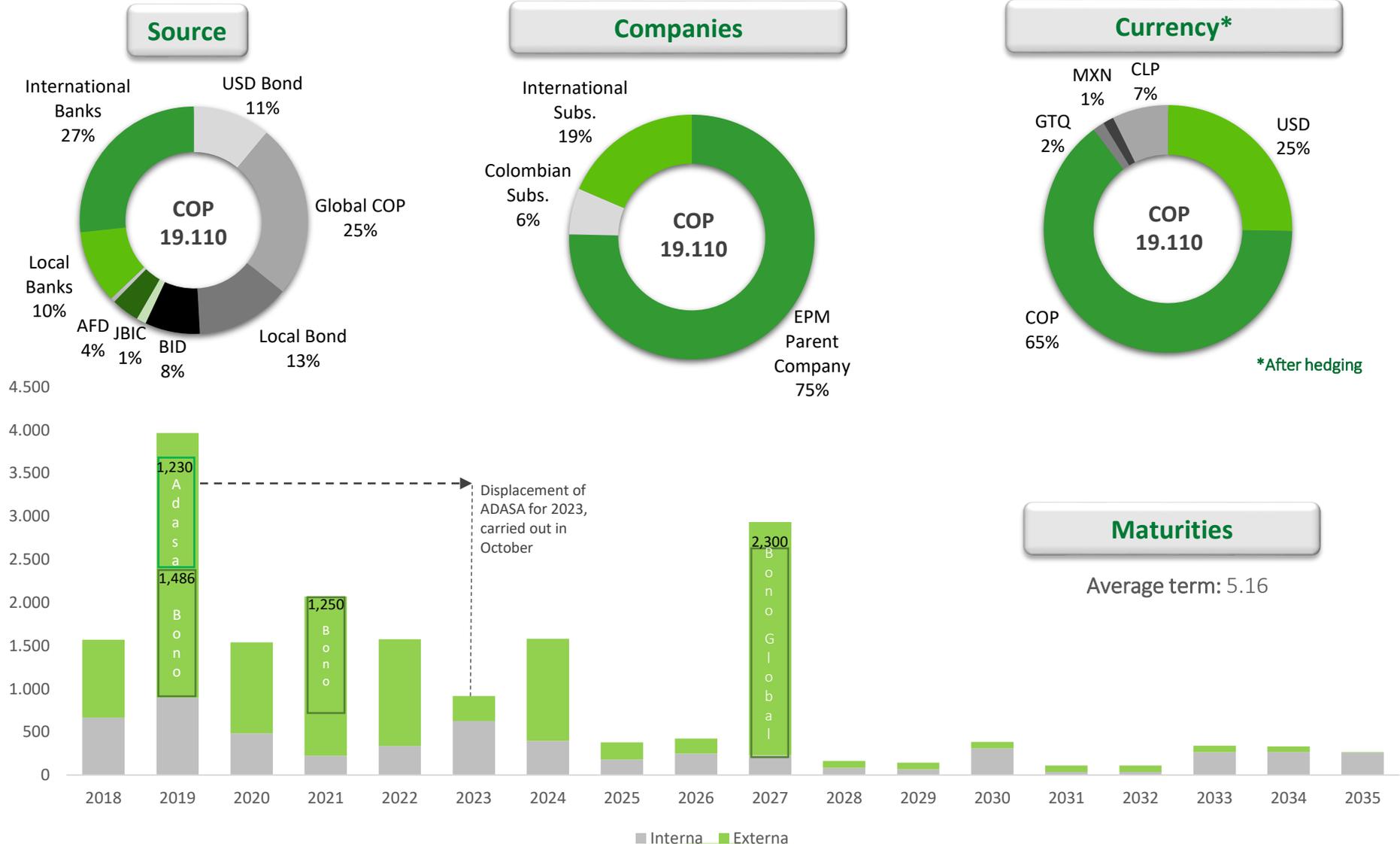


- Cash position as of September 30, 2018 was COP 2.3 billion

# 3. Financial Results as of September 30, 2018

## Debt Profile

Figures in COP thousand million



# 4. Update on the Ituango Contingency

## Main Works Overview



## 4. Update on the Ituango Contingency



The spillway started operating, after the reservoir reach 405 masl



- With the start-up of the spillway, a new milestone is reached in compliance with the Schedule set for 2021 for the recovery of the project.
- The structure of the dam remains stable and in optimal conditions to guarantee the passage of the water through the spillway, as well as the safety of the communities downstream.
- EPM will close the flow of water through the Powerhouse once the conditions of the Project allow it.

# 4 . Update on the Ituango Contingency



## Technical actions - What follows



### Dam works

- In the screen in plastic concrete, 12,450 m<sup>3</sup> of 18,278 m<sup>3</sup> of filled with plastic grout have been executed, for an advance of 68.1%.
- Dam filling reached 418 masl, both in the core and in the upstream and downstream filling of the dam.

#### Estimated compliance dates:

- Screen in plastic concrete : December 2018
- Dam filling 435 masl: 1Q2019



### Blocking the Right (RDT) and Left Diversion Tunnels (LDT) and the Auxiliary Diversion Gallery (ADG)

- In the RDT: work was started for the pre-plug 1. Perforations and injections are made from the tunnel of the intermediate discharge, which are estimated to be 120 perforations.
- The injections for the conformation of the pre-plug 2, will be made from the additional gallery that is currently constructed from the right margin of the dam .
- ADG: pre-plugging from the floodgates chamber.

#### Estimated compliance dates:

- LDT: 2Q2019
- RDT: 3Q2019
- ADG: Pre-plug: 1Q2019  
Final plug: 4Q2019
- Intermediate Discharge Recovery: 2Q2019.



### Closing of the floodgates of the Powerhouse

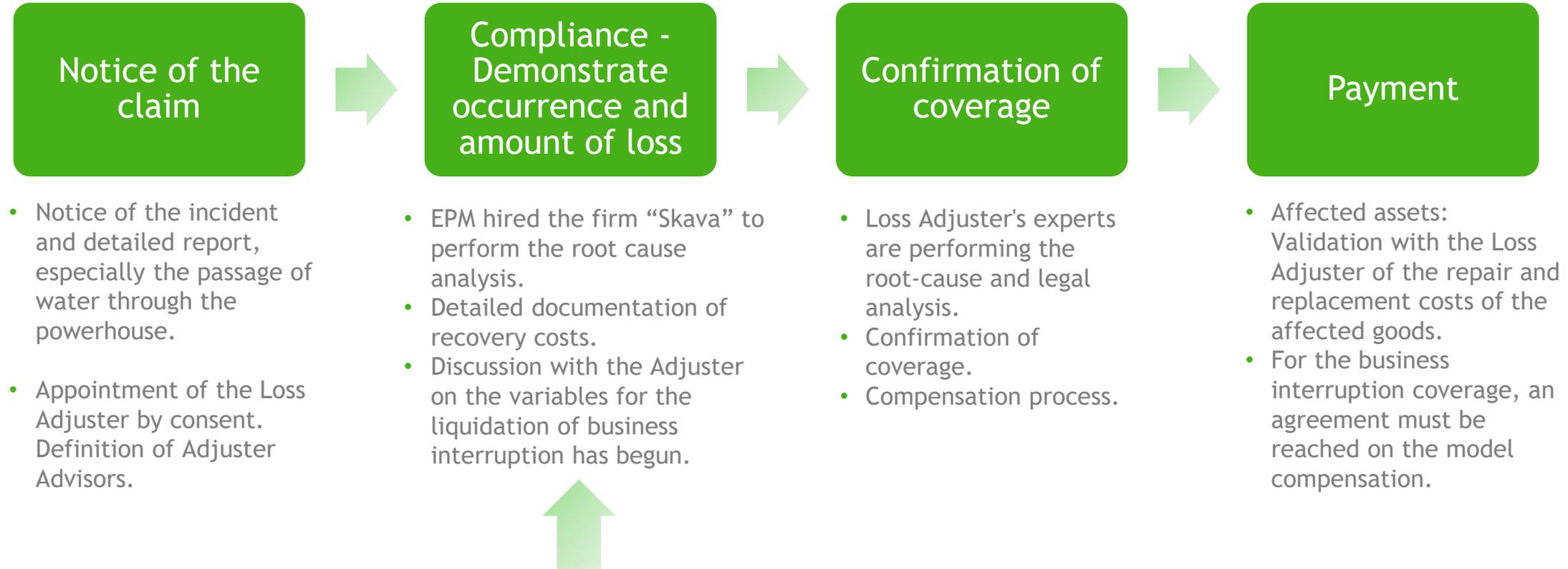
#### What has been done?

- Floodgates termination
- Evaluation of closing options
- Simulation of the operation of the reservoir
- Waiting to make the final decision

#### Estimated compliance dates:

- Under definition.

## 5 . Insurance policy all risk construction and assembly



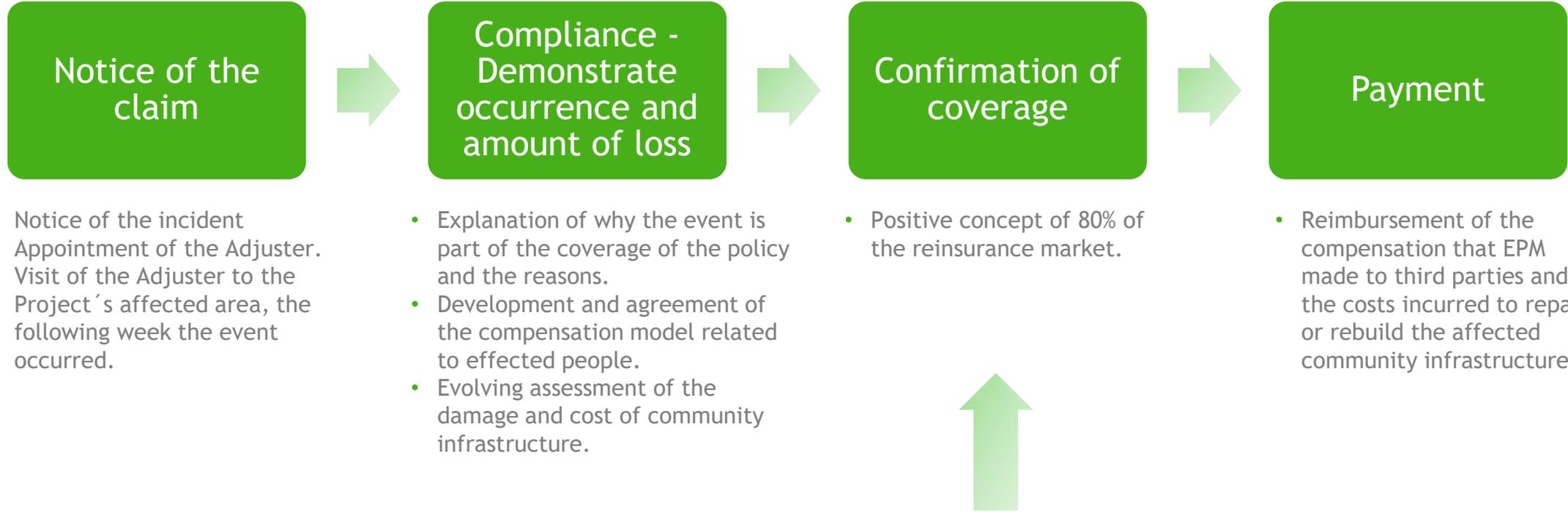
### Premises for loss management:

#### Construction of a relationship of trust and joint work with the Loss Adjuster and the insurer and reinsurers:

- Report of contingency progress, weekly.
- Visits of the leader Adjuster, monthly.
- Visits to the project with reinsurers leaders of claims and experts appointed by them.
- Continuous answers to requested information.
- Recruitment of experts in management of large claims to support the claim process.

# 5. Insurance policy for non-contractual civil liability

## Milestones of the claim process



**Premises for loss management:**

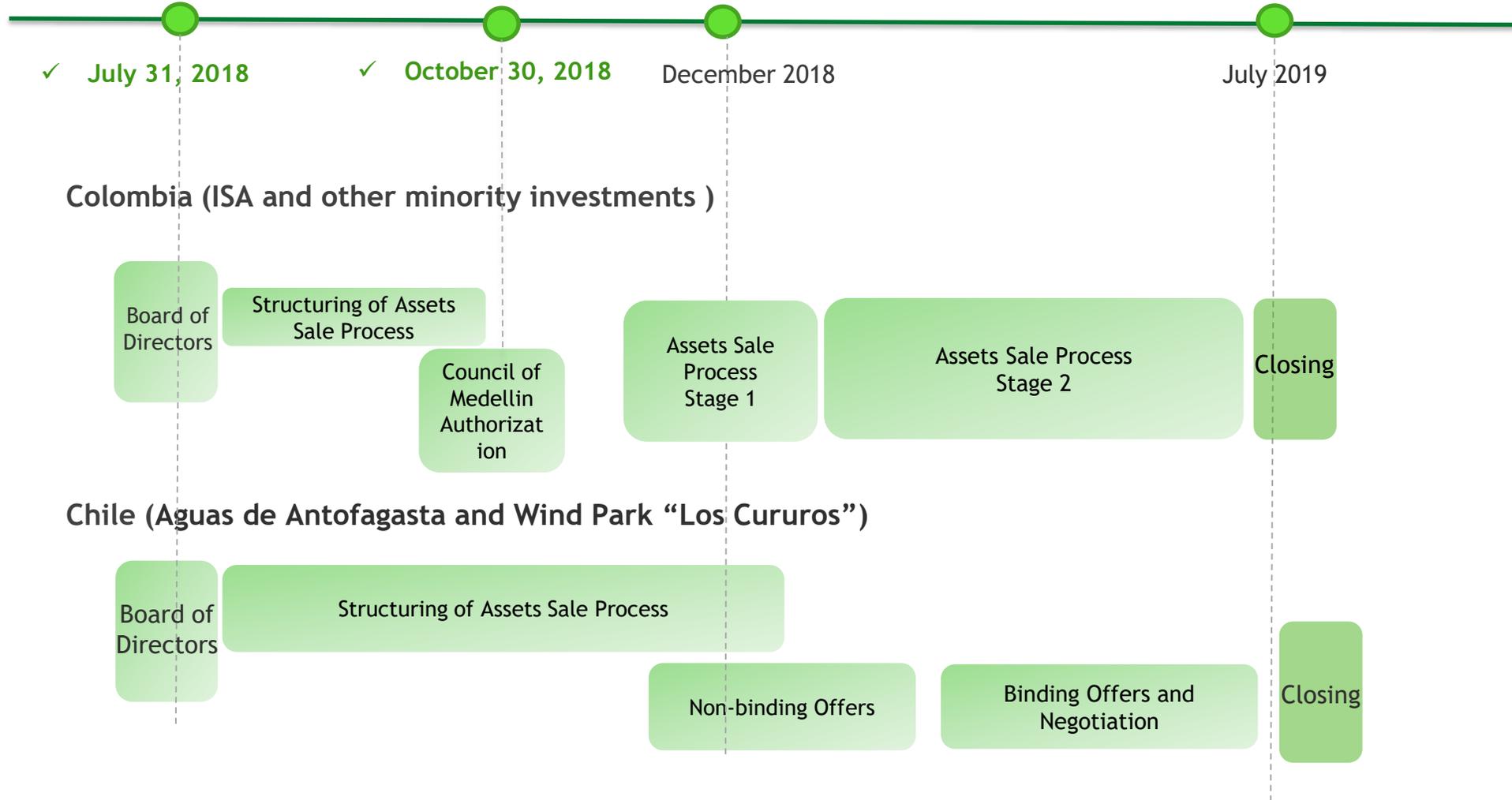
- Relationship of trust and joint work with the adjuster through constant exchange of information about the compensation strategy for people affected
- Accompaniment of the adjuster to the EPM team on the site to participate in the valuation of homes and negotiation.

# 6. Divestment Plan

## Indicative schedule



Estimated value of sales: COP 3.5 - COP 4 bn approx.



Note: For international divestments it is not considered that authorization by Medellin Council is needed.

# Disclaimer



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Thank you!