

Grupo·epm

4th

Quarter and
Full Year 2019
Report

May 7, 2020



Agenda



- 1** Relevant Events
 - CaribeMar Acquisition
 - COVID-19 Measures
- 2** Energy Market
- 3** Update on the Ituango Project

- 4** Financial Results as of December 2019
- 5** Investment Plan 2020-2023
- 6** Liquidity and indebtedness strategy



1. 4Q19 Relevant events and subsequent to closing



In 2019, EPM Group made infrastructure investments to improve its services for COP 3.5 billion, of which COP 2.8 billion were invested in Colombia.



Thanks to last year's good results, in 2020 the municipality of Medellín will be able to develop social investment programs amounting to COP 1.5 billion, as a result of the transfers.



Sale of assets: in 2019, assets were sold for COP 729 thousand million (1.34% of ISA, Cururos, EPM Transmisión Chile, Gasoriente, and Promiorente).



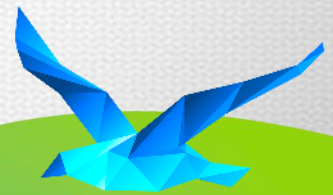
1. 4Q19 Relevant events and subsequent to closing



In March, Moody's ratified EPM's international credit rating at Baa3, maintaining the negative outlook and the "investment-grade" level. Following the award of CaribeMar, it reaffirmed the rating, as did Fitch Ratings, which on April 15, ratified EPM's national and international credit risk ratings, at AAA and BBB, respectively, and kept both on rating watch negative.

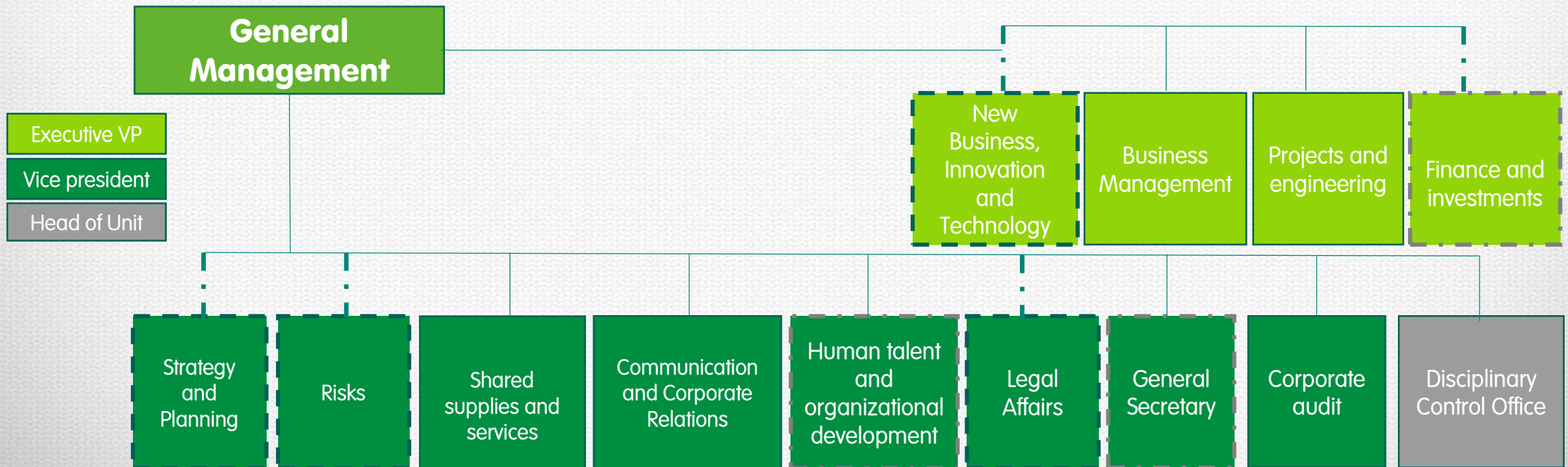


Appointments within the Board of Directors: In order to take on the Organization's new challenges to address the strategic focus points, the Mayor of Medellin, Daniel Quintero, appointed Jesús Arturo Aristizábal, Luis Fernando Álvarez and Oswaldo León Gómez as new members of the EPM Board of Directors, retaining five Board members and ensuring continuity.



1. 4Q19 Relevant events and subsequent to closing

 **Adjustment to the Administrative Structure:** The CEO adjusted the administrative structure, separated the General Secretary and Legal Counsel, Human Resources and Technology, and created the Executive Vice Presidency of New Business, Innovation and Technology and three new vice presidencies: Legal Affairs, Strategy and Planning, and Risks.



1. 4Q19 Relevant events and subsequent to closing



Ituango Hydroelectric Project: Considering the milestones achieved and the activities implemented in the last 22 months for the management and reduction of risks, the National Environmental Licensing Authority (ANLA, for the Spanish original) stated on March 02, 2020, as part of Resolution 820 of June 01, 2018, that Sociedad Hidroeléctrica Ituango (holder of the license) is authorized to carry out the works required, according to its technical criteria, in order to optimally dissipate the energy of the dammed water, and thus, ensure the integrity of the spillway and mitigate the risk associated with its continued operation.



1. 4Q19 Relevant events and subsequent to closing



Purchase of assets: EPM Group was the successful bidder of CaribeMar, the southeastern part of the split of Electricaribe which includes the departments of Bolívar, Cesar, Córdoba and Sucre. Through this transaction, EPM becomes the main distributor of the national electricity system.



CaribeMar Acquisition

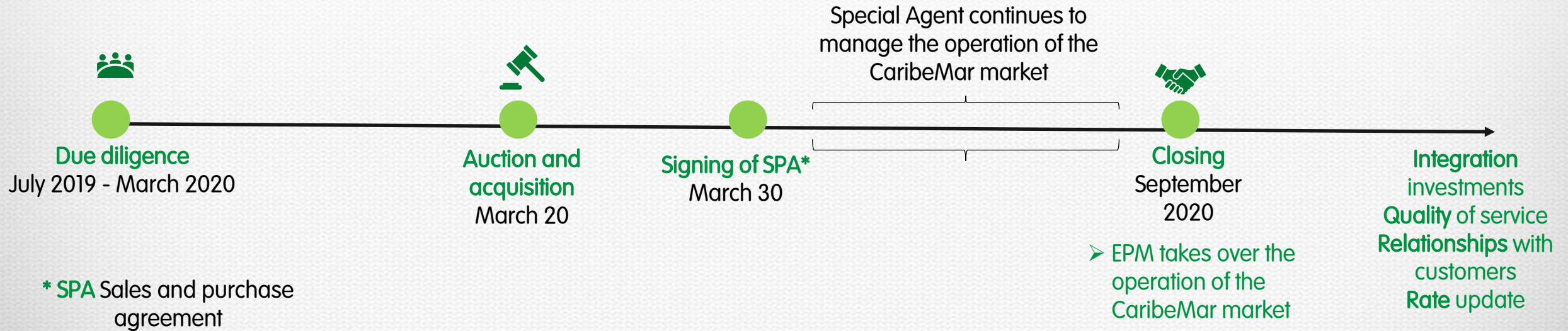
- ✓ CaribeMar accounts for approximately 12% of the national energy market share.
- ✓ EPM Group will increase its share to 35% of the energy distribution and commercialization market in Colombia, the cap set by law.
- ✓ EPM will add to the quality of life of the inhabitants of the Caribbean Coast by providing electricity with continuity, quality and coverage.
- ✓ It will provide 1.5 million customers with access to the service.
- ✓ The business group will extend its quality services to a population of 19 million people.



1. 4Q19 Relevant events and subsequent to closing



CaribeMar Acquisition



1. 4Q19 Relevant events and subsequent to closing



To prevent infection of employees and contractors.



Ensure the provision of service.

To preserve health and ensure continued operation

- The COVID19 Unified Command Post (PMU, for the Spanish original) and the Protocol for Addressing Events and Crises (PADEC, for the Spanish original) were created
- Work shifts: 12x24, rotating every 14 days, according to the need of each process.
- Customer service offices: virtual service.
- Information system for daily monitoring of the state of health/operation in each of the businesses.
- Coordinated work with national and international affiliates to manage the contingency.
- Specific risk analysis for the COVID-19 case
- Confinement of personnel at the power plants.

EPM COVID-19 measures



Protective measures in EPM
Group critical projects and facilities.

- ✓ Power plants
- ✓ Potable water and wastewater treatment plants
- ✓ Ituango
- ✓ Control centers

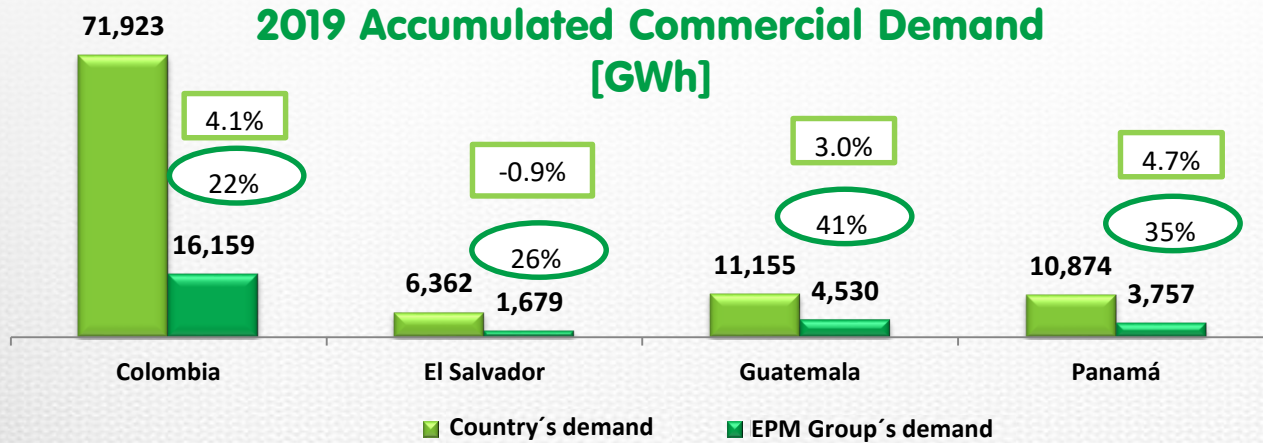
Teleworking for administrative personnel: approx. 4,200

Customer Cash Flow Relief

- No suspension of utility services.
- Reinstallation/ reconnection of **Water** at no charge.
- Rates are frozen for the water segment, without CPI-based increase.
- Reconnection of **Power and Gas** services to residential customers.
- Suspension of the collection of interest **on the non-payment or late payment of Power and Gas** services during the mandatory preventive isolation and for up to one more month.
- 100% financed advances on **Prepaid Water** for 30 m3 of potable water and sewage service, and **Prepaid Energy** for 130 kWh of electricity.
- Consumption will continue to be billed and **may be refinanced under special conditions**, once the contingency has passed.

2. Energy Market

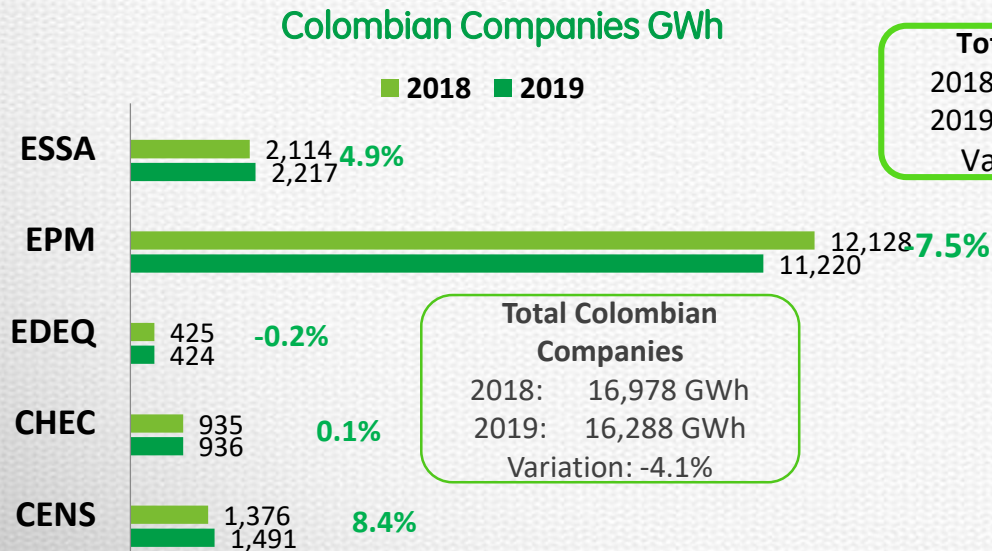
EPM Group Commercial Power Demand



□ % Country's demand variation 2019 vs 2018

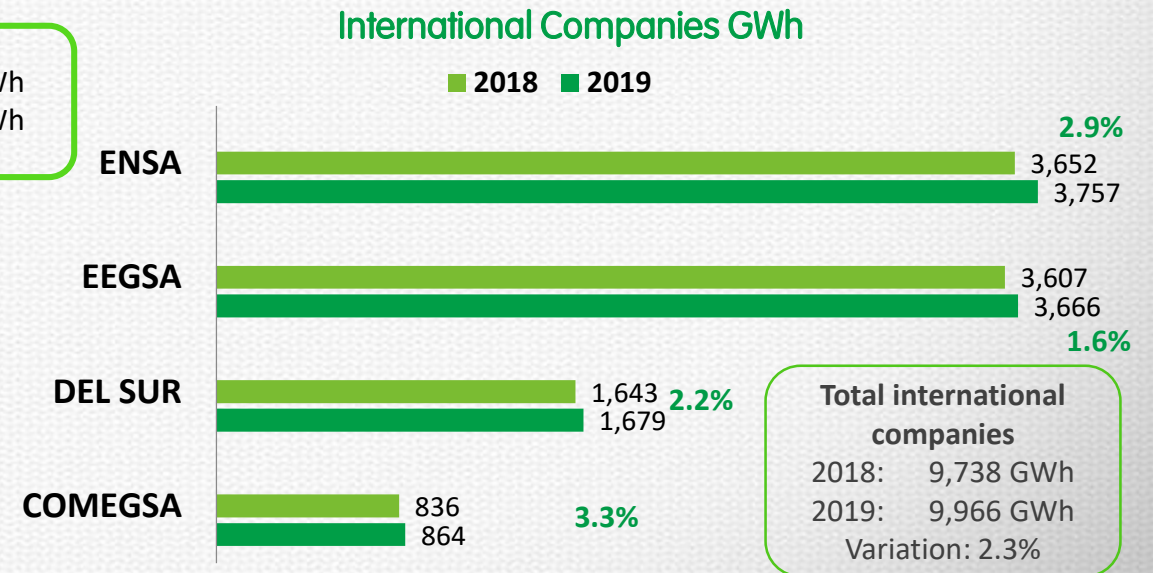
○ % EPM Group country demand's share.

Note: Comercial demand reported depends on the clients that each Company attends directly, regardless of the distribution network they are connected (regulated plus non regulated). The Country's demand reported does not consider energy exports.



Total EPM Group
 2018: 26,716 GWh
 2019: 26,254 GWh
 Variation: -1.7%

Total Colombian Companies
 2018: 16,978 GWh
 2019: 16,288 GWh
 Variation: -4.1%



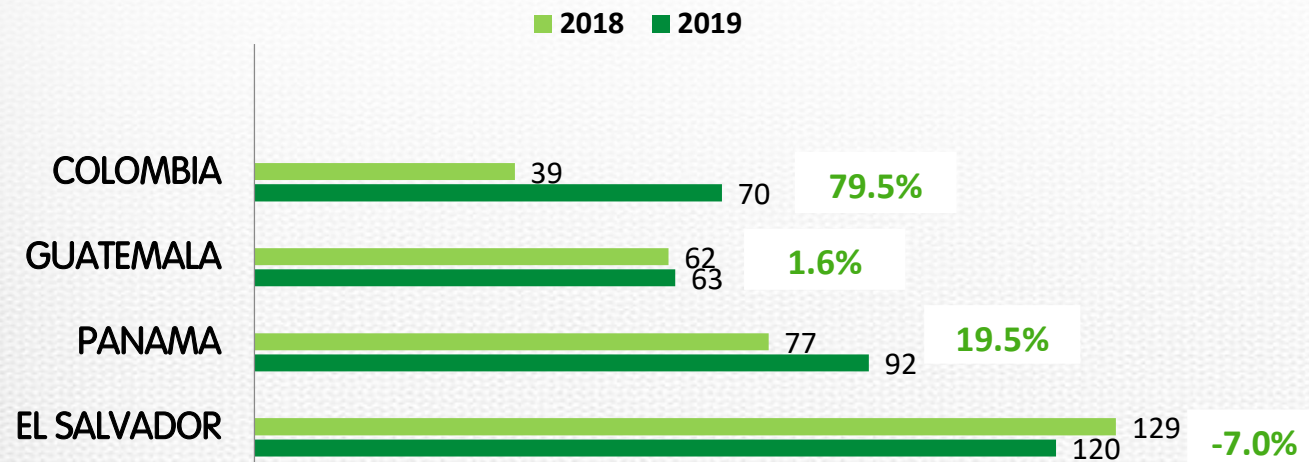
Total international companies
 2018: 9,738 GWh
 2019: 9,966 GWh
 Variation: 2.3%

2.

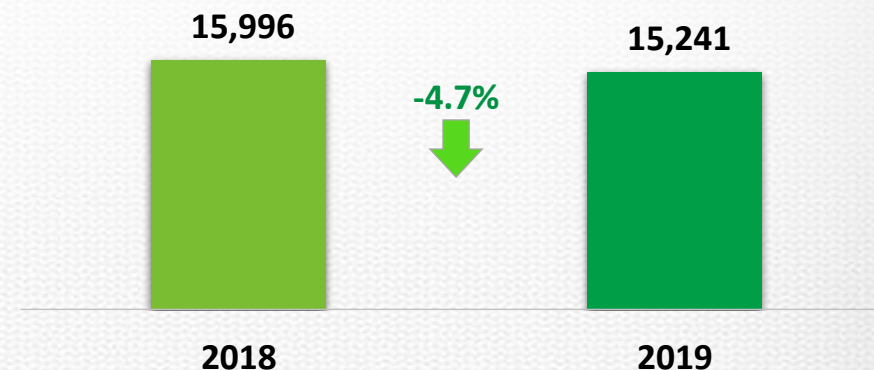
Energy Market Spot Price USD/MWh and EPM Power Generation (GWh)



Spot Price USD/MWh



EPM Group Power Generation [GWh]



2019:

- Spot price increased in the countries where the EPM Group has presence, except in El Salvador, mainly due to the climatic effect, since in 2019 there was a slightly higher hydrology, which means a lower contribution from thermal generation.
- In Colombia, the spot price increased 79.5%, due to temperature increase and lower water input to the system.

NOTE: Annual Average Spot Price.



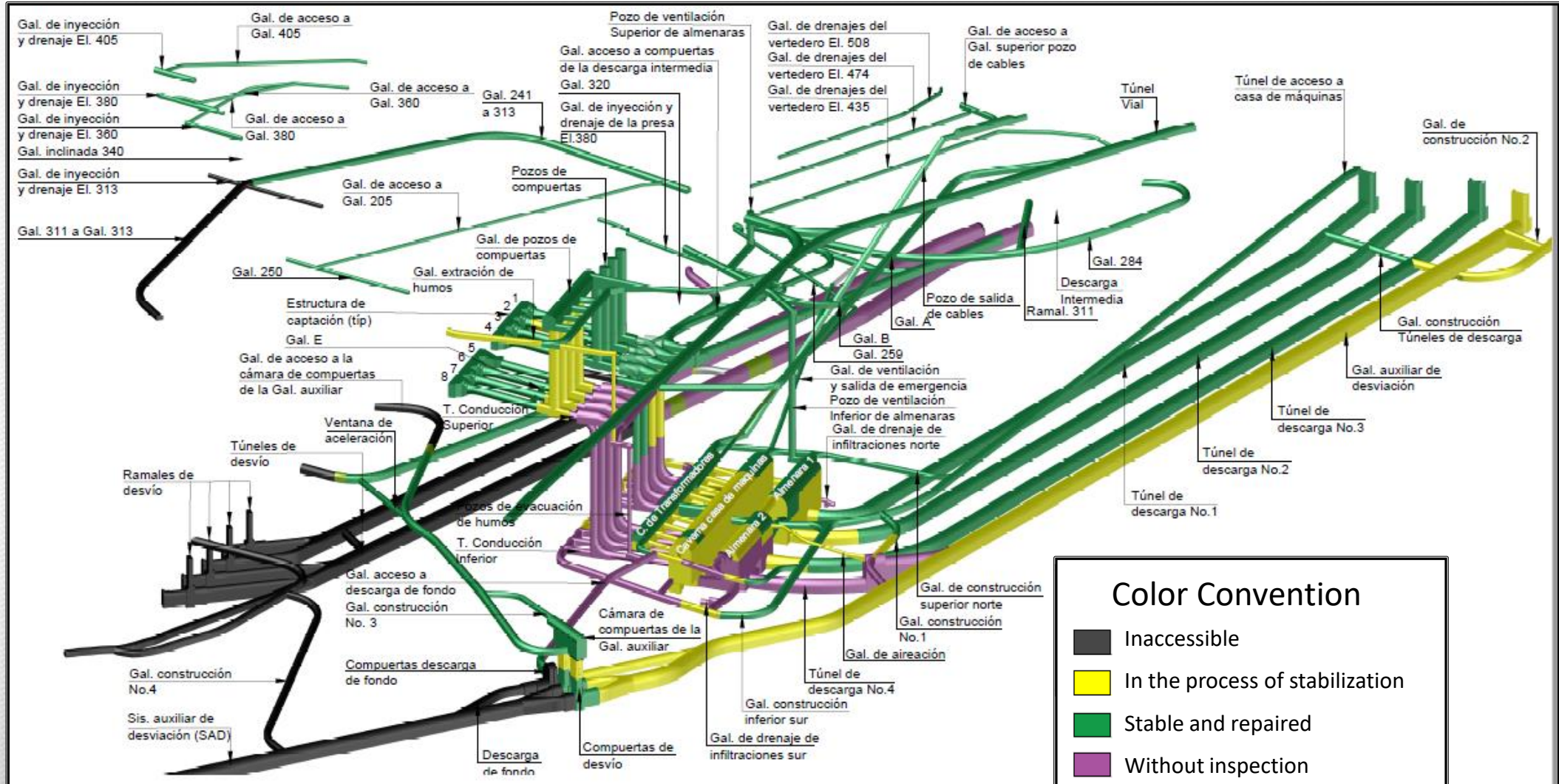
3.

Update on the Ituango Hydroelectric Project



Stabilization underground works

April 30, 2020





Update on the **Ituango** Hydroelectric Project

(*) All dates estimated subject to changes due to technical findings and design adjustments and due to COVID-19 measures



Dam and Spillway

Milestones accomplished:

- ✓ Dam finalized and in operation, including bentonitic screen and priority filling at 435 m.a.s.l.: July 19, 2019.
- ✓ Road at the top of the dam operational: Nov.8, 2019.
- ✓ Spillway fully operational with two channels.

Intake Tunnels

- ✓ Cavity between pressure tunnels 1 and 2: Concrete filling completed: April 11,2020.

Right Diversion Tunnel (RDT), Auxiliary Diversion Gallery (ADG) and Intermediate Discharge

Milestone accomplished:

- ✓ ADG: original gates closed

Estimated compliance dates:(*)

- ADG (final plug): 2Q2020
- RDT (final plug): 3Q2020
- Intermediate Discharge: 4Q2021

Slopes and rock mass

- Romerito Area: Stabilization work at 89%
- Substation area 50 kV: Perforations drainage at 93.5%
- The installation and injection of tensioners on the upper slope at 97.3%.
- ✓ Water Intake Square: treatments finished.

Estimated compliance date: (*)

- Romerito, Substation: 2Q2020

Powerhouse

Milestones accomplished:

- ✓ Powerhouse pumping
- ✓ Stabilization of the access tunnel to the Powerhouse
- ✓ Sediments Extraction from the Powerhouse

Estimated compliance dates: (*)

- Stabilization of the buttress between surge tank and the Powerhouse: 3Q2020
- Equipment removal: 3Q2020
- Tunnels and caverns recovery: 2Q2020

There will be an impact on the dynamics of project execution due to the COVID-19 effect. It is being analyzed the impact on the project schedule.

In the powerhouse, the work fronts that had been suspended were gradually reactivated during the period (April), with fewer staff because a safety protocol must be followed.

Comprehensive instrumentation system being put in place to monitor operating conditions and stability of all main structures, tunnels and slopes.

Update on the Ituango Hydroelectric Project

Financial information as of December 2019

Figures in COP thousand million

Project Cost

Concept	Contingency Cost		
	Before	Contingency	After
Direct cost	9,993	2,779	12,778
Financial expenses	1,500	980	2,480
Total Cost	11,493	3,759	15,268

Direct Cost: COP 2.8 billion increase, mainly in recovery of the main Works and Equipment.

Financial Expenses: COP 1 billion increase, due to a greater period of construction (accounting effect, does not correspond to additional debt).

Total invested as of Dec.2019: COP 10.7 billion (with removal of assets and insurance payments effect)

Contingency CapEx Execution As of Dec. 2019	
Investments	1,196
Expenses	354
Total executed	1,551

Financial resources Accrued Dec. 2019

Concept	Amounts accrued Dec. 2019	Payments Accrued Dec. 2019
Shelters Support	48	44
Affected Care and Compensation	46	10
Reliability Charge Guarantee	151	151
Contingency and environmental sanction	84	17
Payment to transmitter	109	0
Contingency attention	71	71
Total	509	293

Pending Financial Resources to be executed Estimated figures(*)

Contingency Investments: It is estimated that additional resources of up to COP 1.6 billion will be invested in works associated with the contingency. It should be noted that a recovery is expected for compensation of damage insurance for COP 1.9 billion.

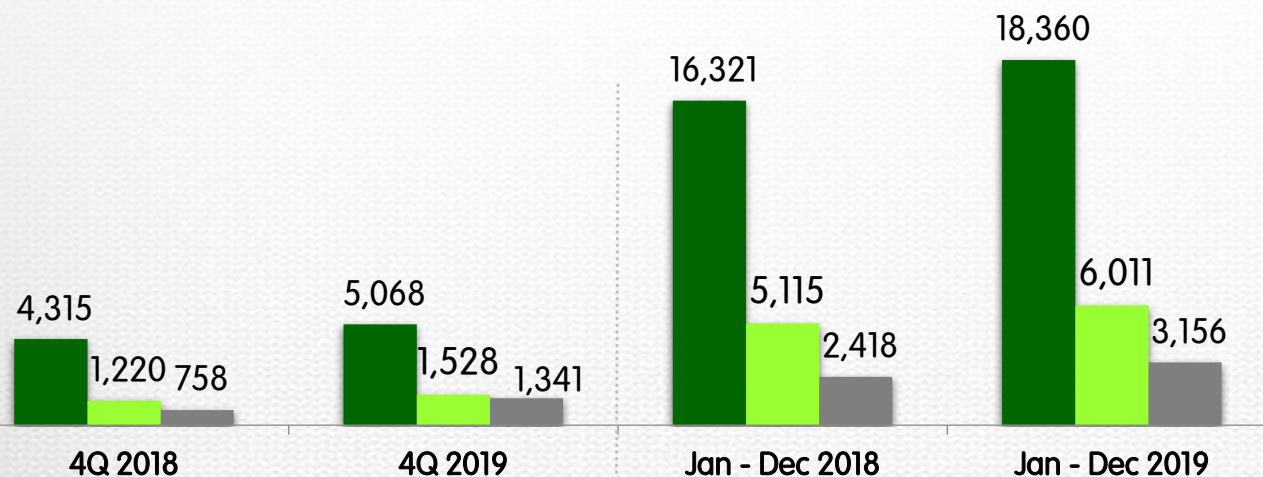
Contingency expenses: in the financial projections, a value of up to COP 0.3 billion, of which has been executed COP 0.14 billion (Without reliability Charge Guarantee).

(*) *Figures subject to variation based on technical findings and design adjustments*

4.

Financial Results As of December 31, 2019

■ Revenues ■ EBITDA ■ Comprehensive income



- Revenues increased COP 2,038, 12%, explained by higher clients and consumptions, higher spot prices and additional income for new infrastructure investments.
- EBITDA rose COP 895, 17% with respect to previous year. EBITDA margin increased 6%, becoming the highest in the last 5 years.
- Comprehensive income increased COP 738, 31%, due to higher revenues and lower costs and expenses.

1Q20

- Revenues totaled COP 4.7 billion, 11% with respect to previous year.
- EBITDA was COP 1.5 billion, 5% higher, EBITDA margin 32%.

EPM Group Income Statement

Figures in COP thousand million

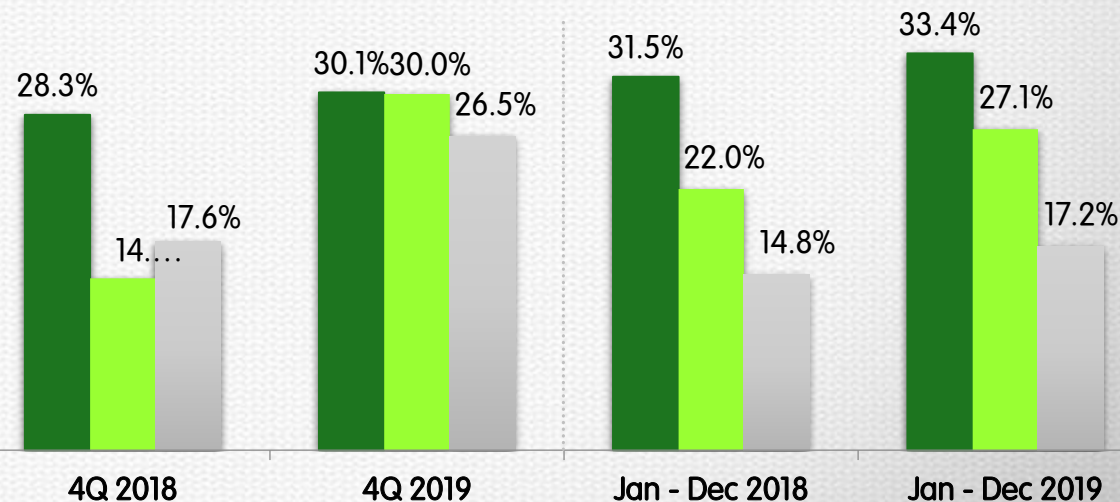


Var. 4Q2018 — 4Q2019

Var. 2018 — 2019

- Revenues: 17%
- EBITDA: 25%
- Comprehensive income: 77%
- Revenues: 12%
- EBITDA: 17%
- Comprehensive income: 31%

■ EBITDA margin ■ Operational margin ■ Net Margin



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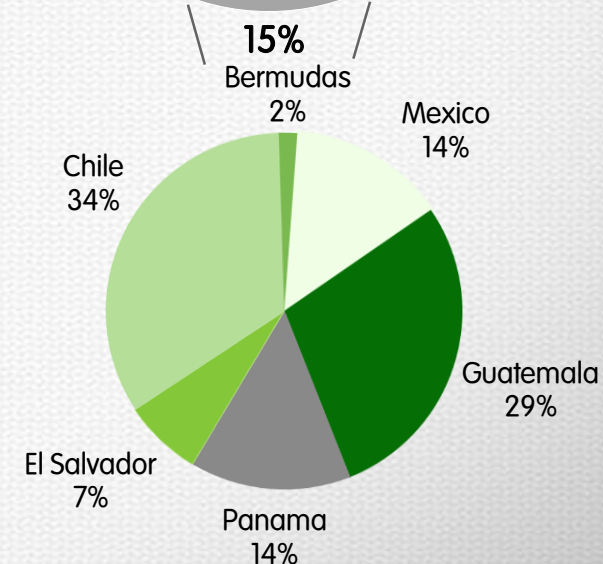
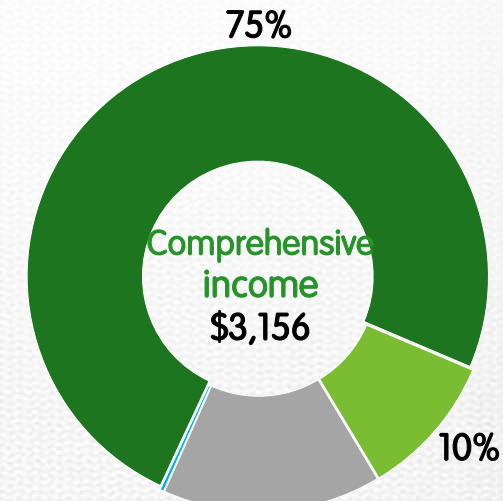
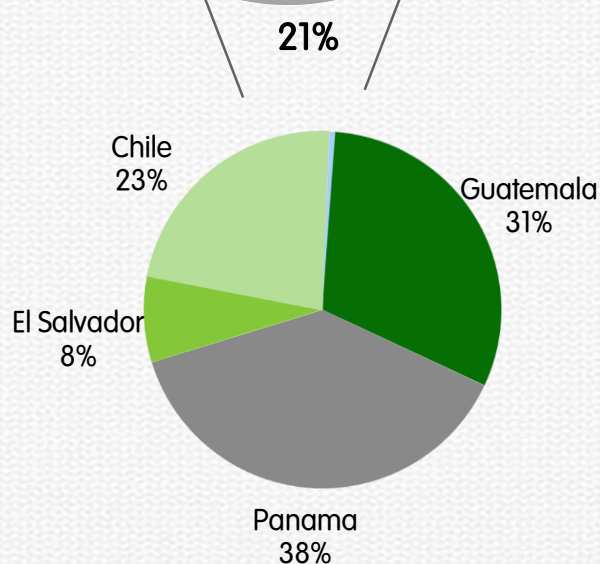
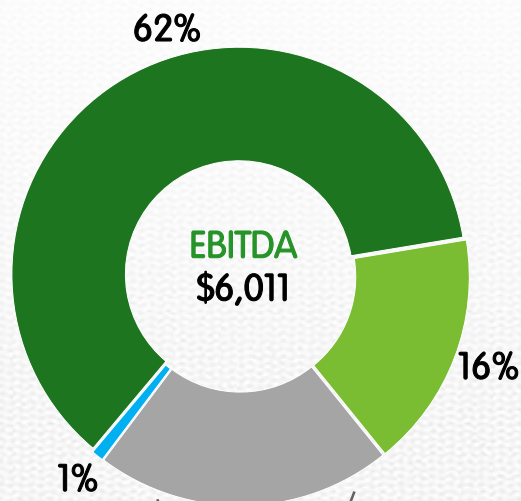
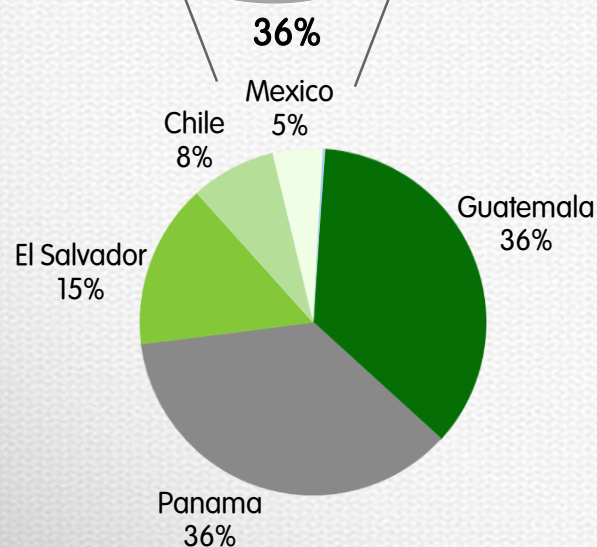
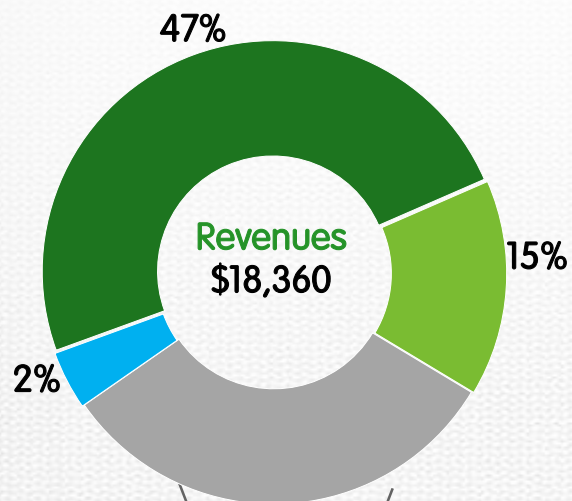
Financial Results As of December 31, 2019

Figures in COP thousand million

EPM Group by Colombian and International Subsidiaries



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



The percentages do not include the Other Segment and Eliminations.

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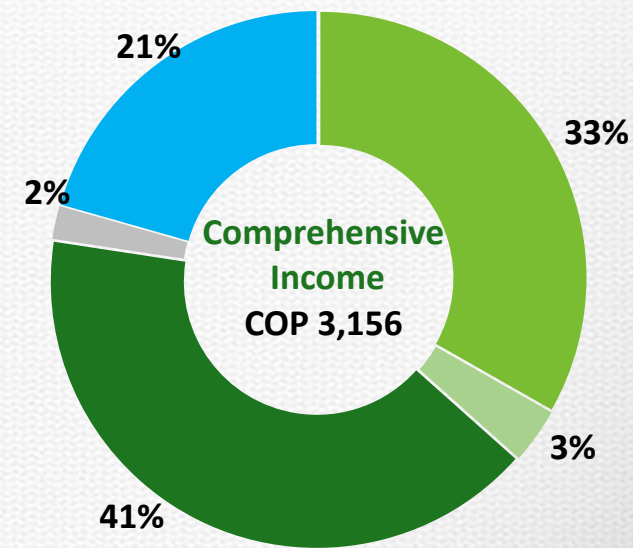
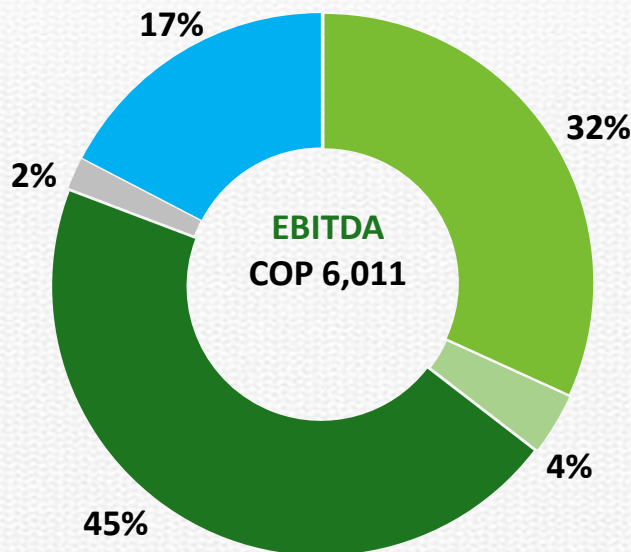
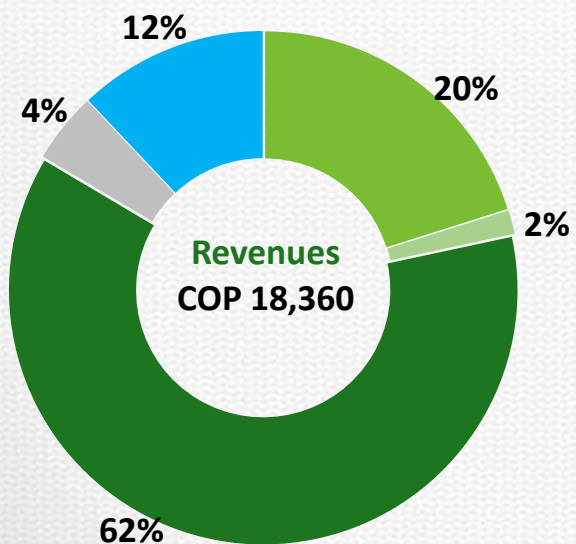
Financial Results As of December 31, 2019



EPM Group by Segments

Figures in COP thousand million

- Generation
- Distribution
- Water and Solid Waste Management
- Transmission
- Gas



The percentages do not include the Other Segment and Eliminations.

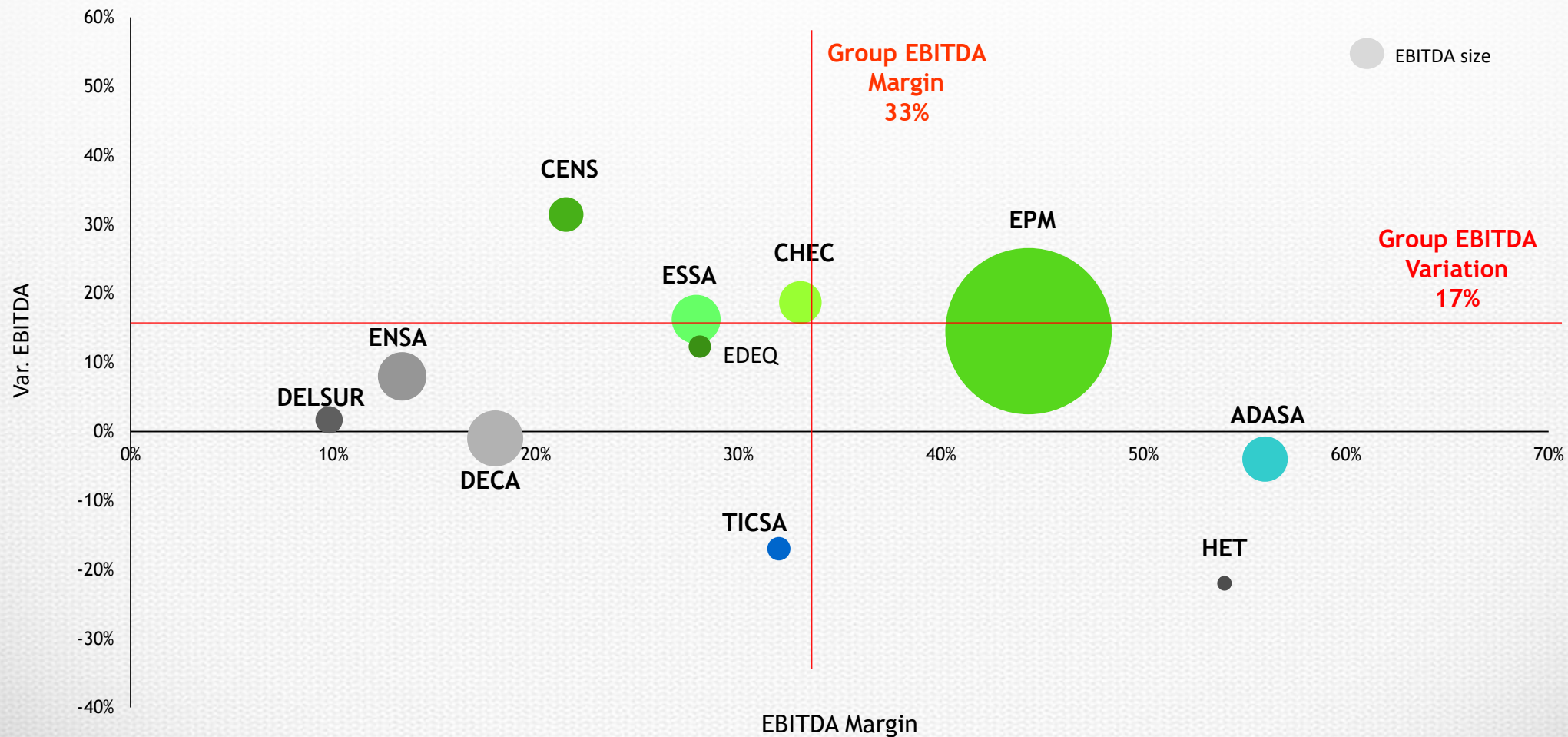
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Financial Results As of December 31, 2019



EPM Group EBITDA

Figures in COP thousand million



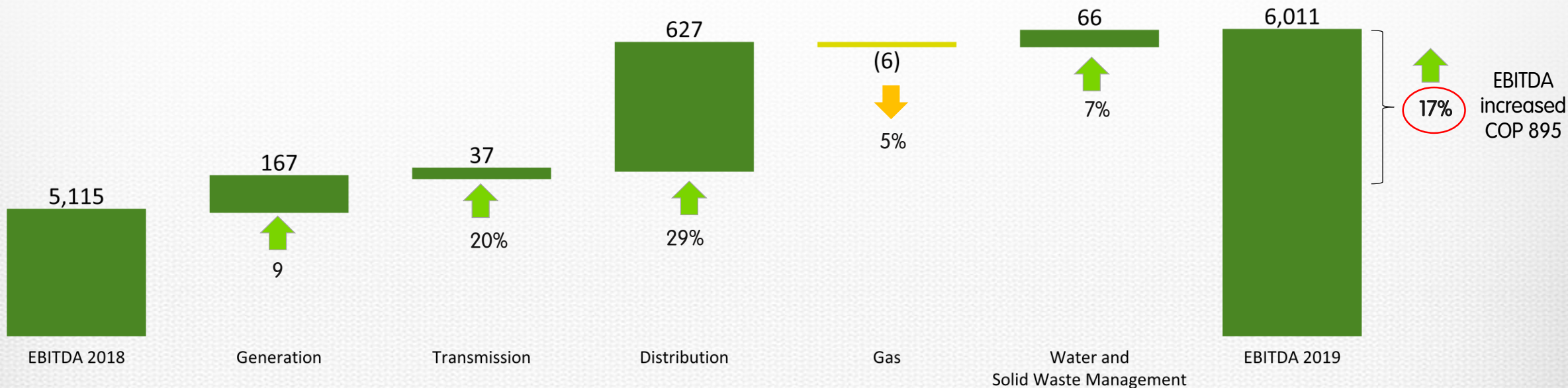
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Financial Results As of December 31, 2019

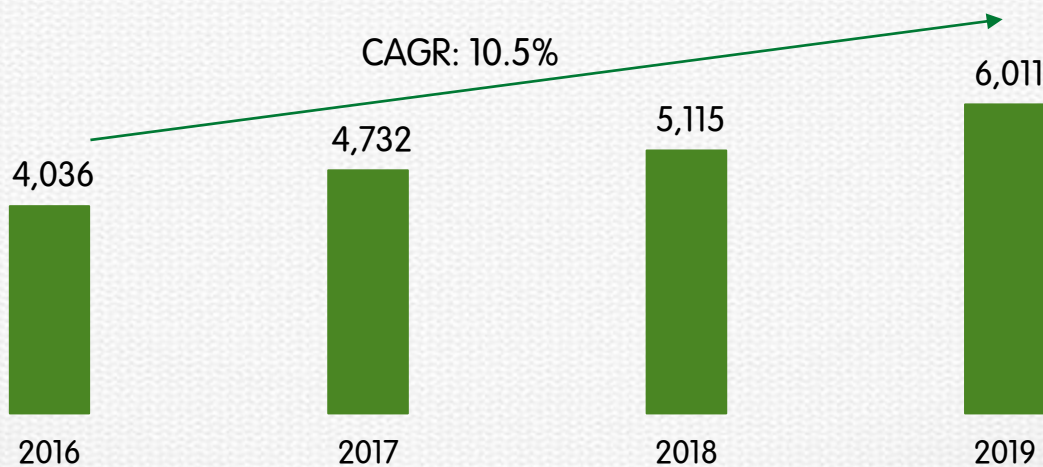


EPM Group EBITDA

Figures in COP thousand million

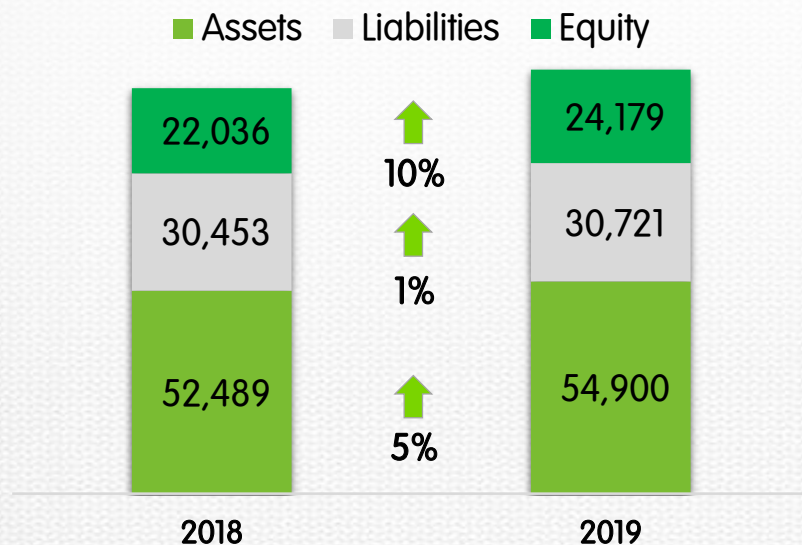


It does not include the Other Segment and eliminations.



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Financial Results As of December 31, 2019



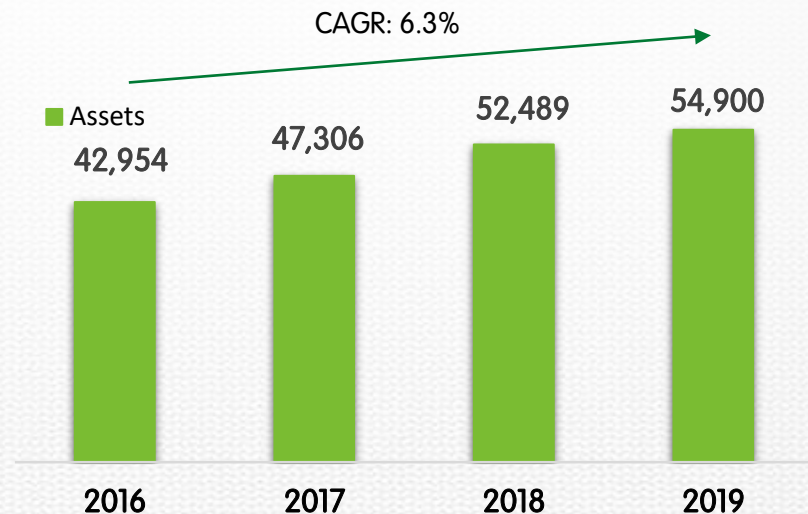
Ratios	2018	2019
Total debt	58 %	56 %
Financial debt	41 %	40 %
EBITDA/financial expenses	5.45 X	5.27 X
Total Long Term Debt/EBITDA	3.86 X	3.49 X
Net Debt/EBITDA	3.34 X	3.10 X

- Cash position as of December 31, 2019 was COP 2.32 billion
- In compliance with all debt covenants

EPM Group Statement of Financial Position



Figures in COP thousand million



EBITDA/ Financial expenses

5.48 5.52 5.54 5.49 5.84 5.62 5.62 5.45 4.69 5.07 5.00 5.27

Total Long Term Debt/EBITDA

3.16 3.56 3.37 3.43 3.30 3.44 3.38 3.86 4.00 3.92 3.80 3.49 3.10* 3.5

1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19

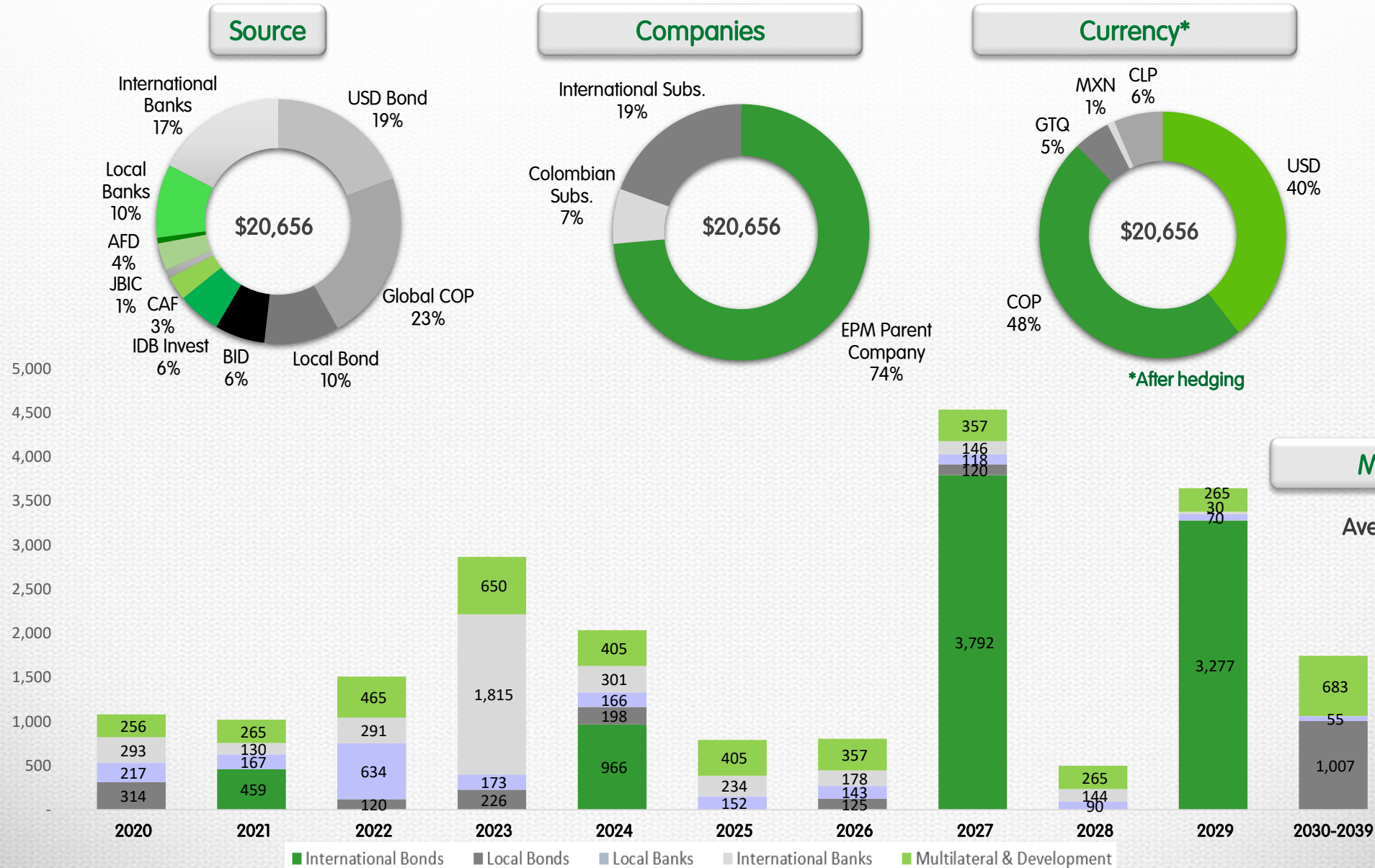
(*) Net Debt/EBITDA

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Financial Results As of December 31, 2019



Debt Profile Figures in COP thousand million



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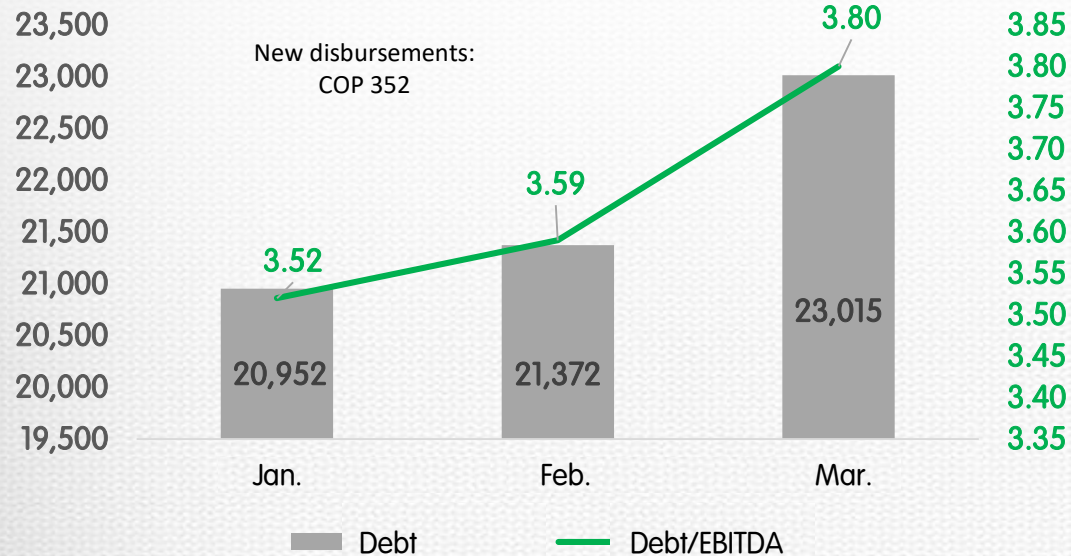
Financial Results As of December 31, 2019



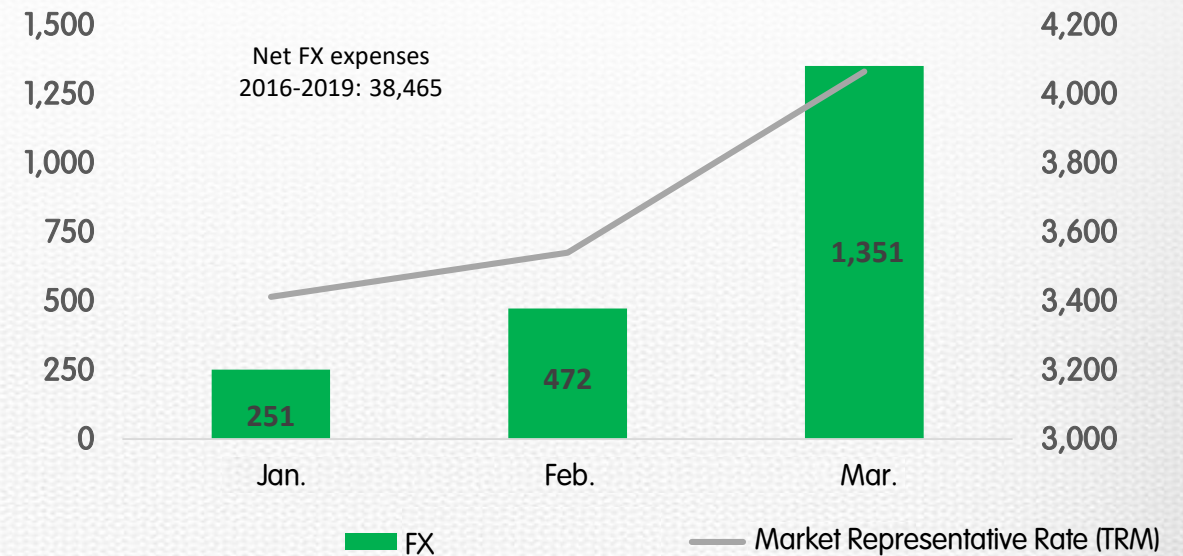
Estimated FX Impact on Debt

Figures in COP thousand million

Debt



FX Impact



Impacts generated by:

- High volatility in fixed-income securities and in most emerging market FX.
- Reduction in medium and long-term liquidity on the markets, generating reductions of the amounts and debt terms.
- The Government implemented laws to attend the economic and social emergency.
- IMF estimates an outlook for global recession.
- Fitch downgraded Colombia's sovereign risk rating to BBB- with a negative outlook. S&P changed Colombia's risk outlook to negative.

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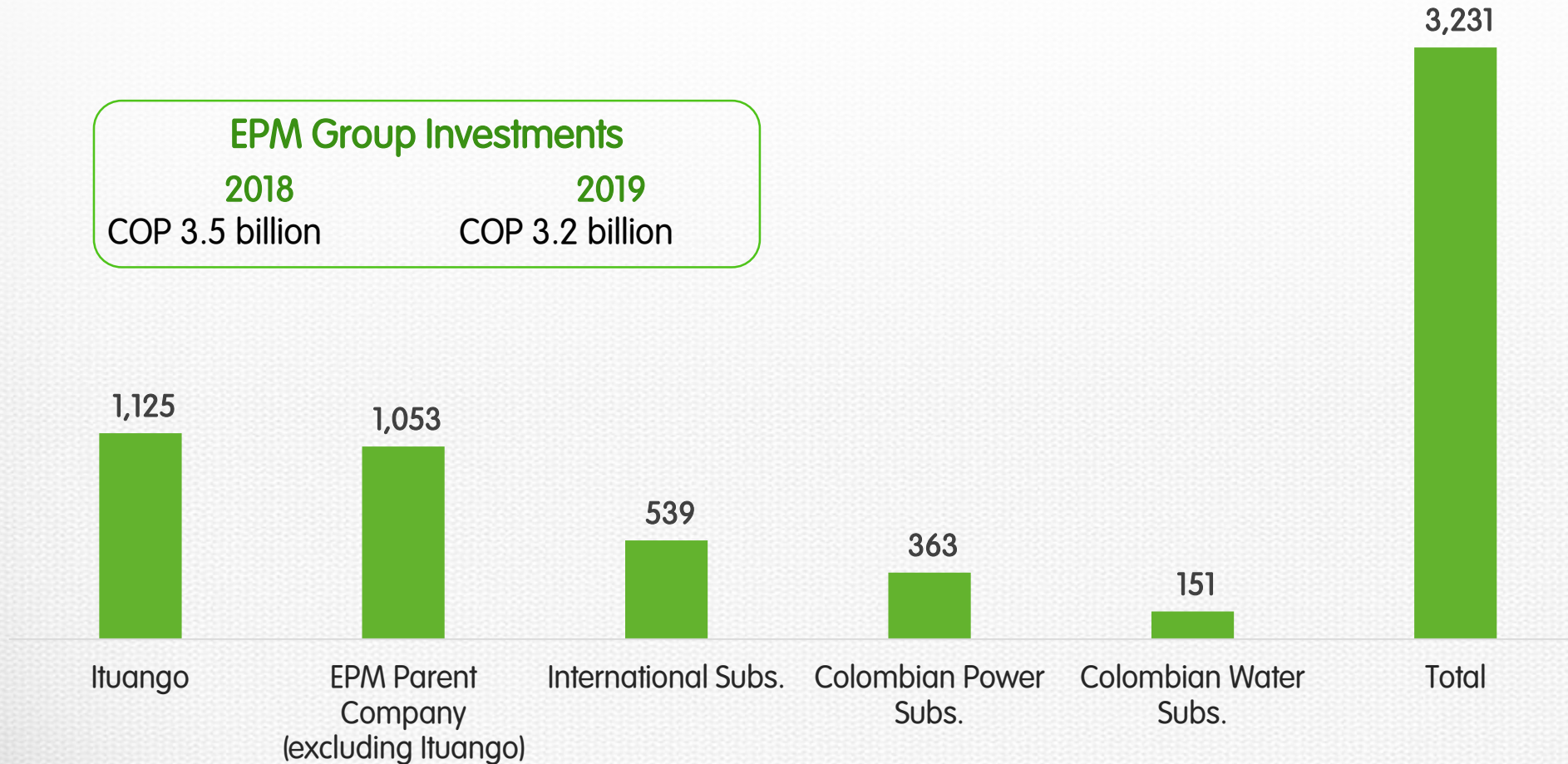
Financial Results As of December 31, 2019



EPM Group Investments

Figures in COP thousand million

EPM Group Investments
 2018: COP 3.5 billion
 2019: COP 3.2 billion



➤ Total EPM Group Investments 2016 — 2019: COP 13.9 Billion

➤ Total EPM Group Investments as of March 2020: 609 thousand million

Power: 72%
Water: 28%

5.

Investment Plan 2020-2023

Pre-contingency scenario COVID-19,
currently under analysis



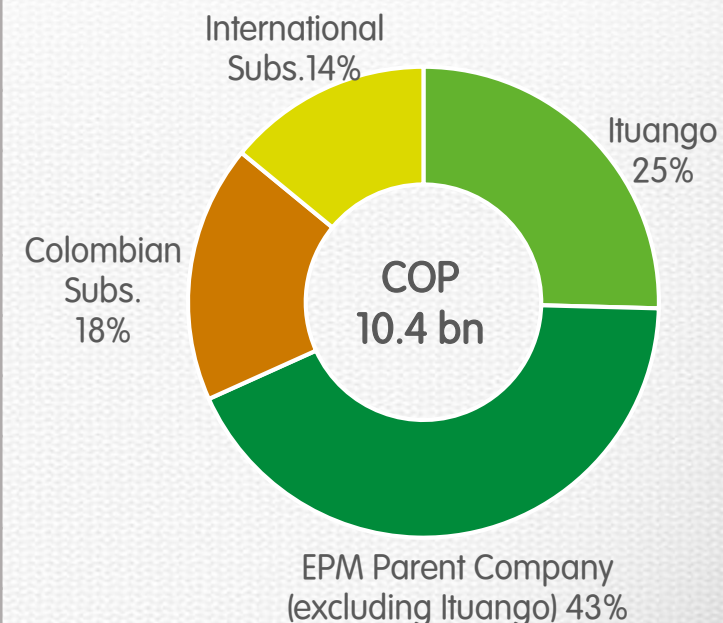
Total Investment Plan: **COP 10.4 billion**

72% Power, 28% Water

68% EPM Parent C., 18% Colombian Subs., 14% International Subs.

Segments	2020	2021	2022	2023	TOTAL 2020-2023
Power Generation	1,400	979	446	265	3,090
Transmission and Distribution	398	368	340	245	1,351
Gas	21	18	9	9	58
Water	1,014	766	484	315	2,579
Corporative	28	28	0	0	56
Total EPM Parent	2,861	2,159	1,280	834	7,134
Other companies	1000	872	705	715	3,292
Total EPM Group	3,861	3,031	1,985	1,549	10,426

CaribeMar Estimated figures	310	721	1,243	1,061	3,335
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6.

Liquidity and indebtedness Strategy



Loan commitment

- ▶ International bank syndicated loan disbursement
Amount: **USD 250 mm**
Date: April 2
- ▶ Activate credit disbursement
IDB Invest
Amount: **USD 450mm**
Estimated date: 3Q2020



Possible credit lines

- ▶ Short term lines. *subject to bank approval: International Banks.*
 - Amount: **USD 300mm**
 - Local Banks:
 - Amount: **COP 1 billion**
- ▶ Long-term lines*:
 - Local Banks and Findeter:
Aprox. **COP 300mm** (3 years max.)
- ▶ Subject to market availability:
 - Local capital market.
 - International capital market.

In the definition stage by banks:
Emergency lines: Multilateral



Authorizations

empowered in Decree 473 of 2020, MHCP***

- ▶ Rise the cap for short-term credits from 10% to 15% of annual income.
- ▶ Access to long-term credit lines to deal with the loss of income due to the emergency.

*Local banking quotas: short, long terms.

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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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Thank you!

