



# **EPM** **4Q and FY2022 Report**

*April 20, 2023*

*Martha Duran*

*Executive Vice President of Finance and*

*Investments*

# Agenda



- 1. Relevant events at the end of 2022 and subsequent**
- 2. ESG Performance in 2022**
- 3. Update on Hidroituango**
- 4. Energy Market**
- 5. Financial results as of December 2022**
- 6. Regulatory policy signals**

# 1. Relevant events at the end of 2022 and subsequent



- **2022 Financial Performance:**

- EPM had positive results in 2022, with higher-than-expected growth compared to 2021, in that manner it was possible to guarantee the provision of utilities services with quality, continuity, and coverage.

- **UNE:**

- On November 30, based on information of Tigo-UNE's business models, technological changes such as spectrum renewal, as well as the situation reflected in the discount rate, a deterioration of the investment of COP 1,044,022 million was evidenced.

- **Debt Strategy:**

- On December 14, EPM executed a USD 700 million sustainability-linked credit agreement with international commercial banks, which includes two KPIs: GHG emissions and the rate of water loss per user invoiced (IPUF).
- On March 16, 2023, EPM executed a credit agreement with the French Development Agency (AFD) for USD 189.8 million, intended to partially finance the Capex plan in Water, Sanitation and Energy segments.

# 1. Relevant events at the end of 2022 and subsequent



- **Afinia:**
  - On December 13, the Board of Directors of EPM approved the execution of a credit agreement with its subsidiary CaribeMar de la Costa SAS ESP (Afinia) for up to COP 450,000 million for a term of 5 years, its use of proceeds oriented to fund its 2023 Capex plan.
- **Hidroituango:**
  - On March 14, the procurement process for the construction of the civil works of the units 5 to 8 was declared void, given that the Colombian member of the Ituango PC-SC Consortium did not comply with the participation requirement established in the Experience clause, of the Particular Conditions.
  - On March 23, EPM extended the Extracontractual Civil Liability insurance coverage for the Power-Plant with Seguros Generales Suramericana, it included an increase in the levels covered, from USD 5 million to USD 10 million, for an annual term.
  - Additionally, on March 24, the All-Risk Material Damage and Business Interruption insurance coverage was executed with the Colombian insurer La Previsora Seguros, for an annual term, increasing insurance coverage from USD 200 million to USD 250 million.
- **Credit Rating:**
  - On April 3, Fitch Ratings ratified EPM's credit ratings: international at BB+ and local at AAA. (Negative watch on both)

# 2. ESG Performance in 2022

Our strategic direction is aligned with the SDG



## ESG Main Targets

- Carbon neutral operations by 2025.
- Protection of 137,000 hectares of water supply basins by 2025.
- Greater availability of utility services through conventional and unconventional solutions.
- Climate change mitigation: energy efficiency, renewable energy, sustainable mobility and emissions management.
- Contribution to Sustainable Development Goals
- Continuity and strengthening of the corporate governance good practices.

97.5% coverage in water provision  
1.5 M customers.  
UniversalAccessCol.

## Awards and recognitions 2022

- IDB: most innovative water and sanitation company in Latin America and the Caribbean.
- Pacto Global Red Colombia: Good Sustainable Development Practices.
- MINCIENCIAS: energy efficiency utility services sector.
- Andesco: energy efficiency to the project Optimal distribution planning.
- ASOCODIS: Ámbar prize for research in the electricity sector.
- CIER: Solar solution for non-interconnected areas.
- Colsubsidio: Xpossible award for pilot of individual photovoltaic solar solutions for non-interconnected areas.

## SUSTAINABLE DEVELOPMENT GOALS



**Energy**  
97.5% of coverage  
6.7 M customers  
UniversalAccessCol.

**Gas**  
86.3% coverage  
1.4 M customers  
UniversalAccessCol.

**Hidroituango:**  
2,400 MW  
Units 1 and 2 entered commercial operation

**Tepuy:**  
83 MW of solar energy  
progress: 68%

36 million m<sup>3</sup> of water reused in the hydroelectric power generation process

13,705 of new ha protected, totaling 120,478 ha protected since 2016.

**Environmental Investment in 2022**  
COP 271,015 M.

**EPM first Sustainability-linked loan (SLLP) for USD 700 MM.**  
**Key Performance Indicators:**  
#1: Scope 1 and 2 GHG Emissions measured in Tons of CO<sub>2</sub>e. Target 2022-2026: reduction of 73.4%.  
#2: Rate of water losses per billed user (IPUF) measured in m<sup>3</sup>/user/month. Target 2022-2026: 6 m<sup>3</sup>

### 3. Update on Hidroituango



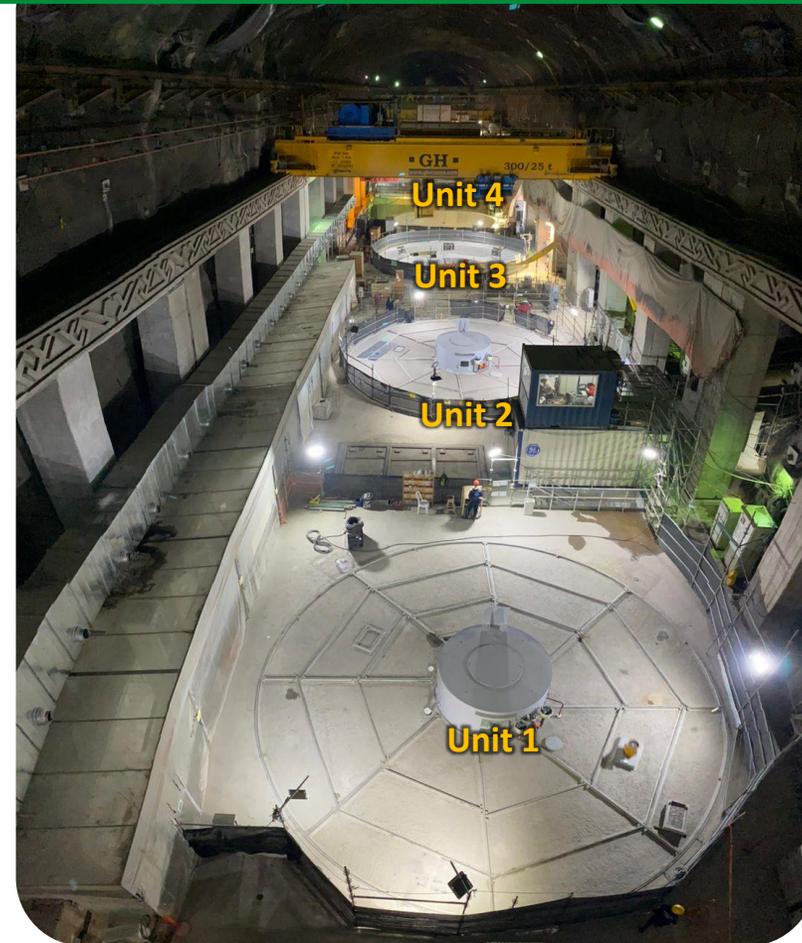
#### Total Work Progress

✓ 90.82% as of March 2023



#### Units 1 and 2 in commercial operation

- ✓ Since November 30, 2022
- ✓ 284 GWh average daily generation



# 3. Update on Hidroituango



## Highlights

- The Ituango Project is expected to generate an average of 13,930 GWh of energy per year.
- Total Work Progress as of March 2023 [**90.82%**]
- Gross investment as of March 31, 2023: \$18.9 billion\*.
- Net investment as of March 31, 2023: \$14.7 billion\*, deducting payments from insurance policies.

*\*Preliminary figures.*

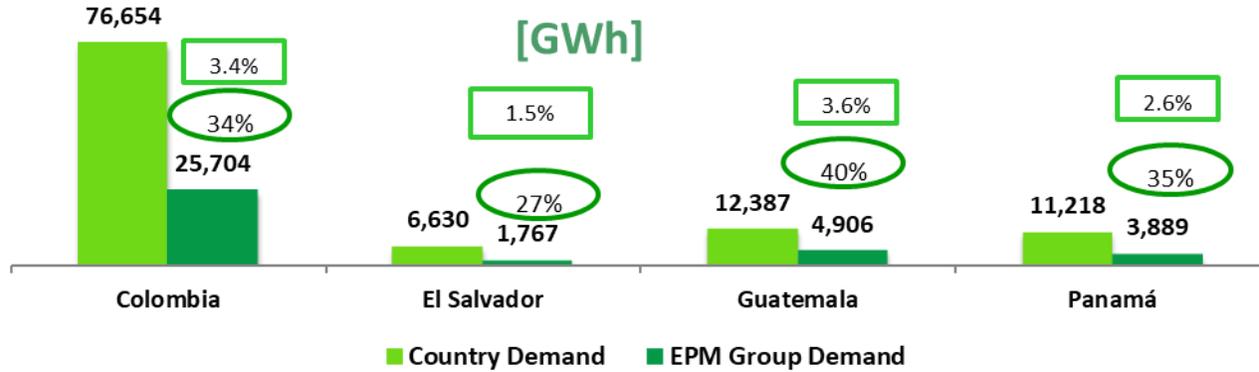
| Civil Work   | Milestones Achieved  | Pending Completion  | % of Completion |
|--|--|---|-----------------|
| <b>Dam and Spillway</b>  | <ul style="list-style-type: none"> <li>■ Fully operational Dam</li> <li>■ Fully operational Spillway with two channels</li> </ul>  | <ul style="list-style-type: none"> <li>■ Final stage of abutment injections</li> </ul>  | 99.3%           |
| <b>Powerhouse</b>  | <ul style="list-style-type: none"> <li>■ Stabilization of access tunnel</li> <li>■ Extraction of sediments</li> <li>■ Works on north zone vault</li> <li>■ Cleaning and removal of damaged equipment from units 1 to 4</li> <li>■ Assembly of 300-ton bridge cranes</li> </ul> | <ul style="list-style-type: none"> <li>■ Recovery and stabilization of tunnels and caverns</li> <li>■ Reconstruction of the control building</li> <li>■ Assembly of generation units</li> </ul> | 86.4%           |
| <b>Pressure Well</b>   | <ul style="list-style-type: none"> <li>■ Completed works in-between pressure wells 1 and 2</li> </ul>  | <ul style="list-style-type: none"> <li>■ Shielding of pressure wells</li> <li>■ Underwater work in intake structures</li> </ul>   | 86.4%           |
| <b>Intermediate Discharge Tunnel</b>                                     | <ul style="list-style-type: none"> <li>■ Partial reinforcement with concrete lining in selected areas</li> <li>■ Reinforcement of downstream walls</li> <li>■ Enlargement of Plug 12</li> </ul>  | <ul style="list-style-type: none"> <li>■ Gate completion and shielding</li> <li>■ Concrete coating</li> </ul>   | 66.3%           |
| <b>Right Diversion Tunnel (RDT) and Auxiliary Diversion Tunnel (ADT)</b> | <ul style="list-style-type: none"> <li>■ Closing of both gates to the ADT</li> <li>■ Concrete pouring in said gates was completed.</li> <li>■ Final plug ADT</li> </ul>  | <ul style="list-style-type: none"> <li>■ Pre-plug 2 and final plug RDT</li> </ul>   | 97.8%           |

# 4. Energy Market

## EPM Group Commercial Power Demand



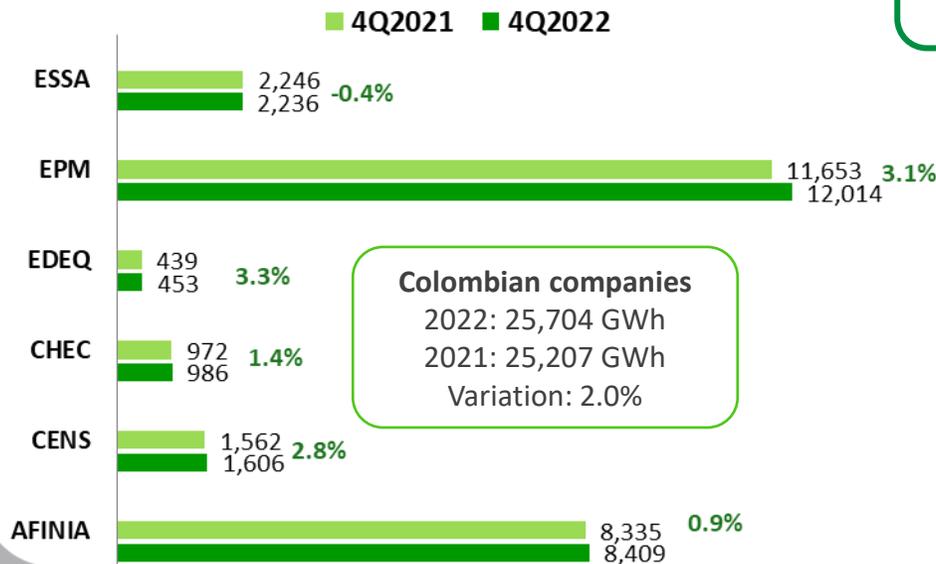
2022 Commercial Demand [GWh]



% Country's demand variation 2022 vs 2021  
 % EPM Group country demand's share.

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

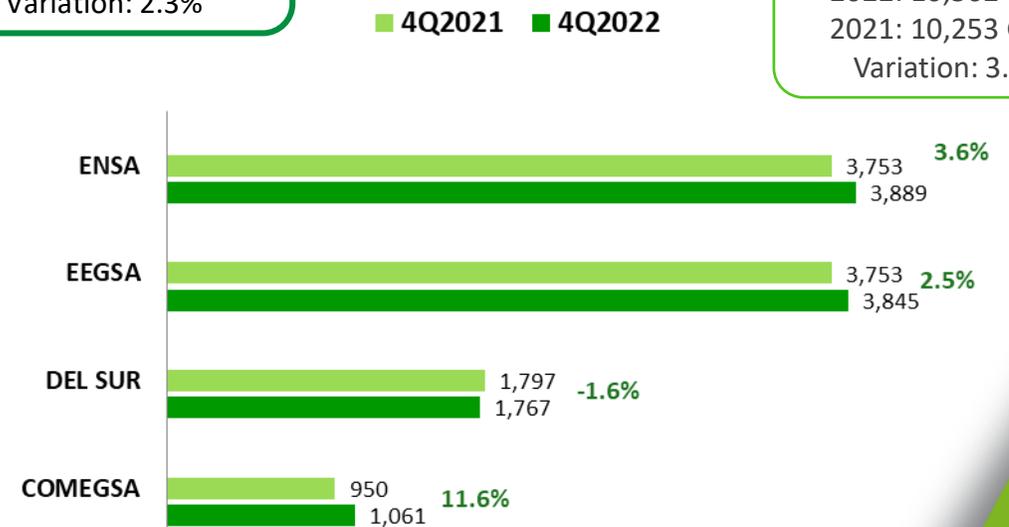
Colombian Companies GWh



**Colombian companies**  
 2022: 25,704 GWh  
 2021: 25,207 GWh  
 Variation: 2.0%

**Total EPM Group**  
 2022: 36,266 GWh  
 2021: 35,460 GWh  
 Variation: 2.3%

International Companies GWh



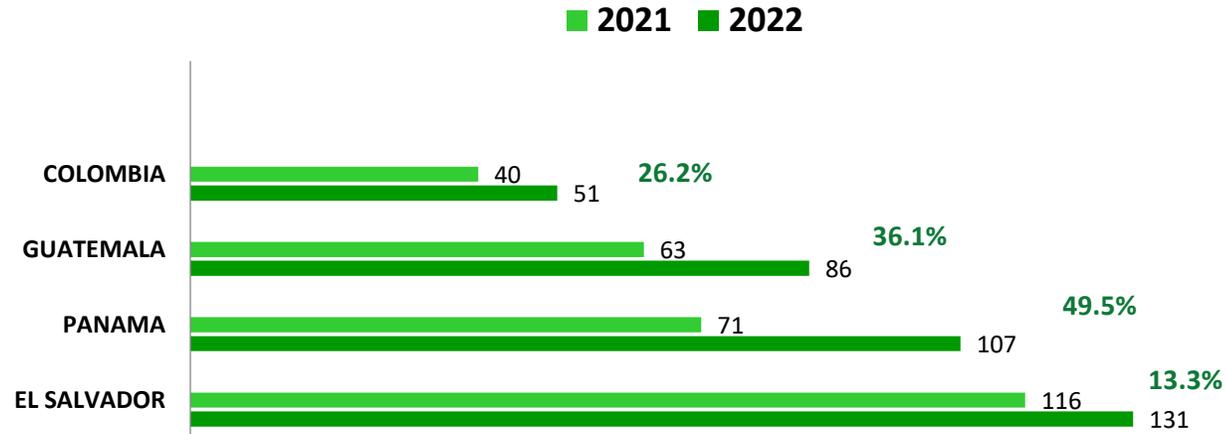
**International Companies**  
 2022: 10,562 GWh  
 2021: 10,253 GWh  
 Variation: 3.0%

# 4. Energy Market

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



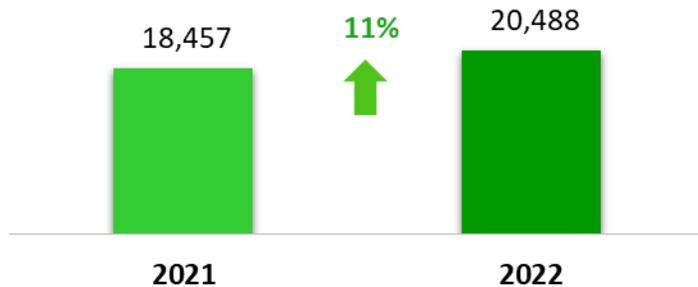
Spot Price USD/MWh



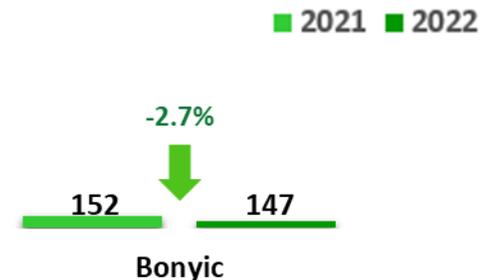
During 2022:

- In Colombia, the spot price decreased 26.2%, due to a greater water contribution from the added SIN reservoir and lower use of the thermal resource.
- In the other countries it increased, mainly due to lower use of water sources and greater use of thermal resources based on coal and oil derivatives.

EPM Group Power Generation in Colombia [GWh]



International Subs. Power Generation [GWh]



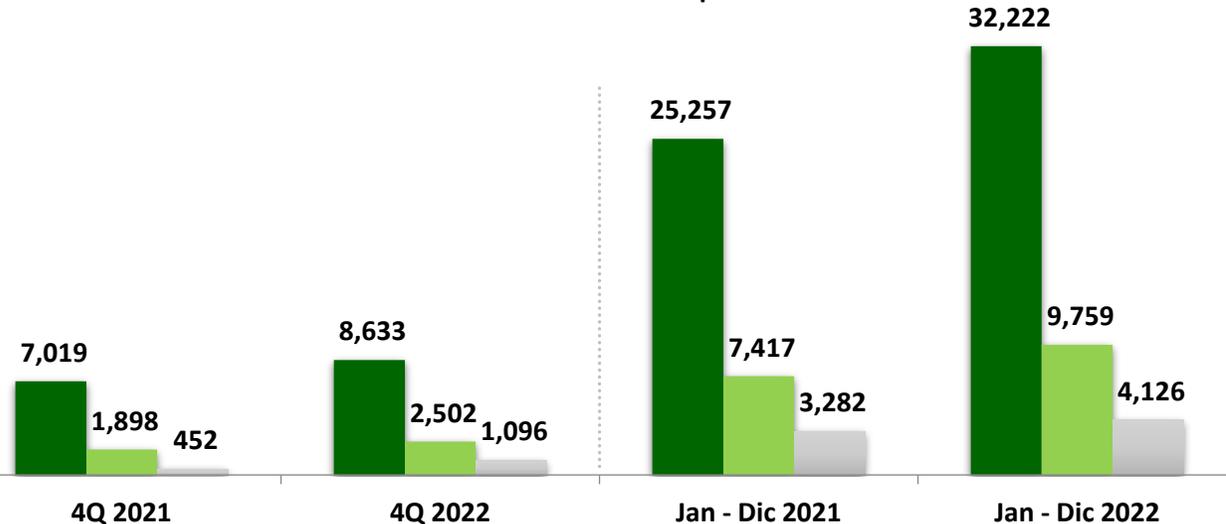
# 5. Financial Results as of December 31, 2022

## EPM Group Income Statement

Figures in COP thousand million

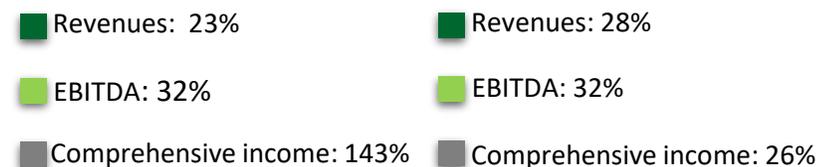


■ Revenues ■ EBITDA ■ Comprehensive income

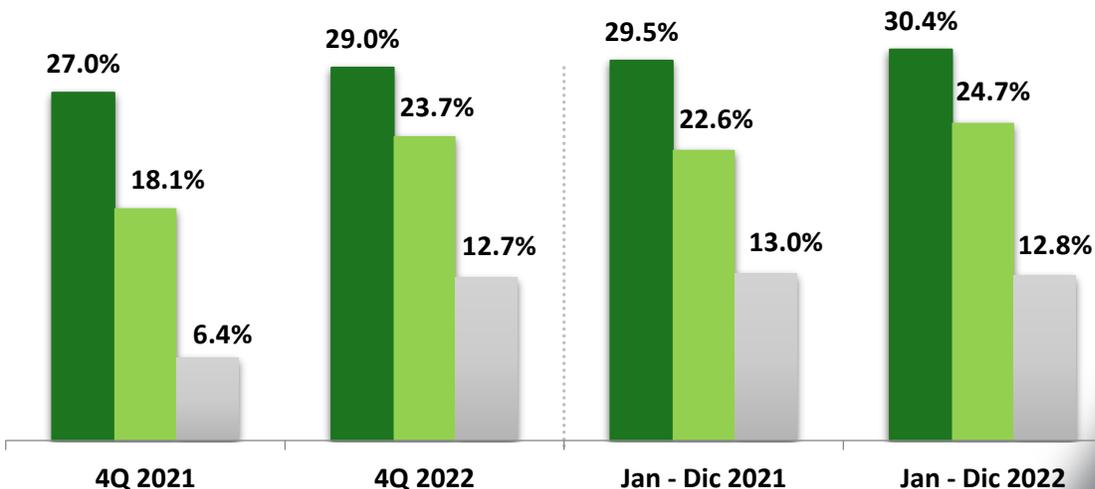


Var. 4Q2022 - 4Q2021

Jan. - Dec. 2022 - 2021



■ EBITDA margin ■ Operational margin ■ Net Margin



- **Revenues** increased COP 6,966, 28%, mainly explained by higher revenues in the distribution business of Colombian and international companies given the higher demand and rise in tariffs.
- **Costs and expenses** increased COP 4,718, 24%, explained by a higher cost of the commercial operation given the increase in energy purchases of the energy distribution companies at a higher price.
- **EBITDA** increased COP 2,342, 32% with respect to previous year, standing out the contribution of the EPM parent company, AFINIA, ENSA, CENS, CHEC, and ESSA.

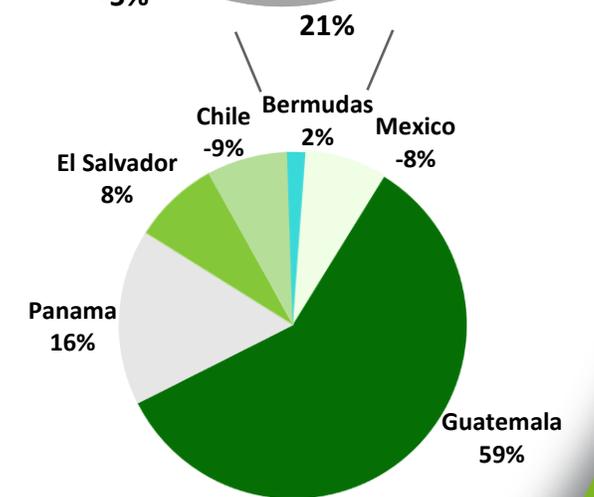
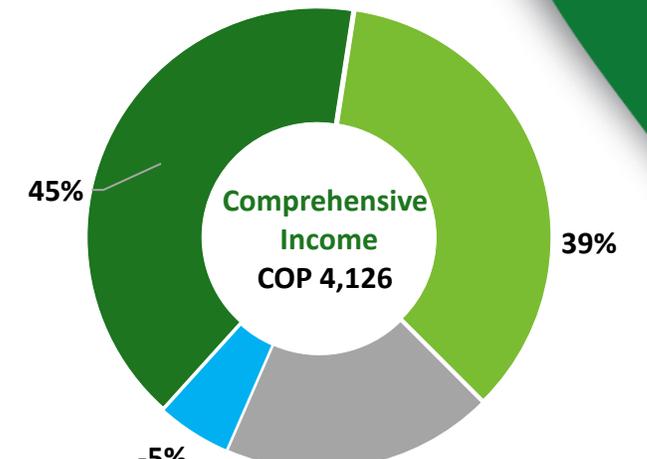
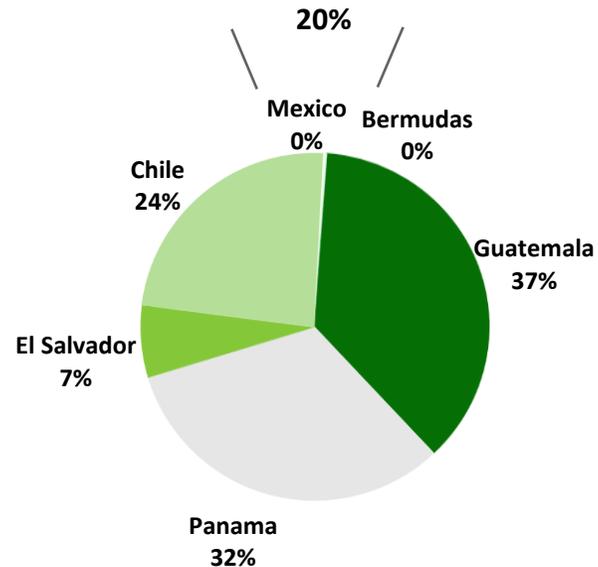
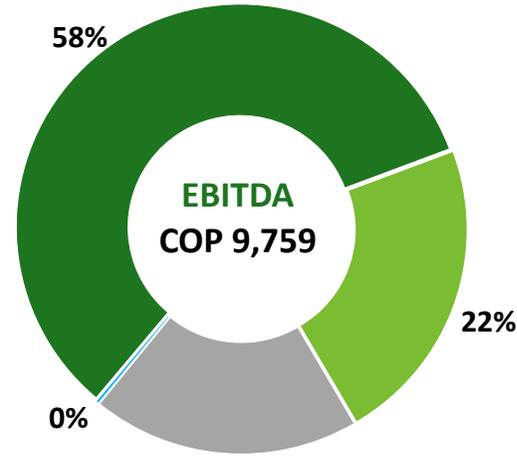
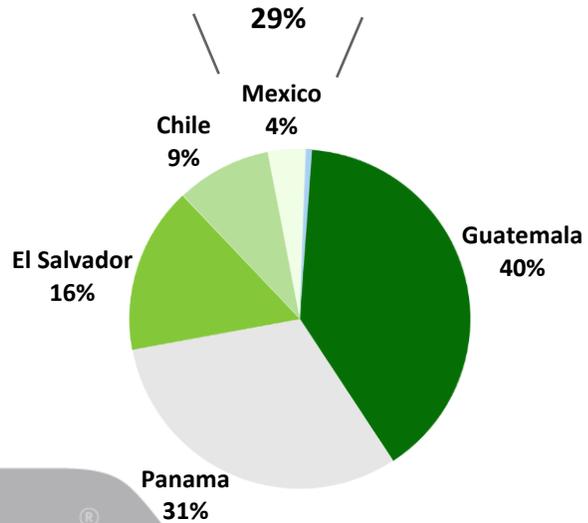
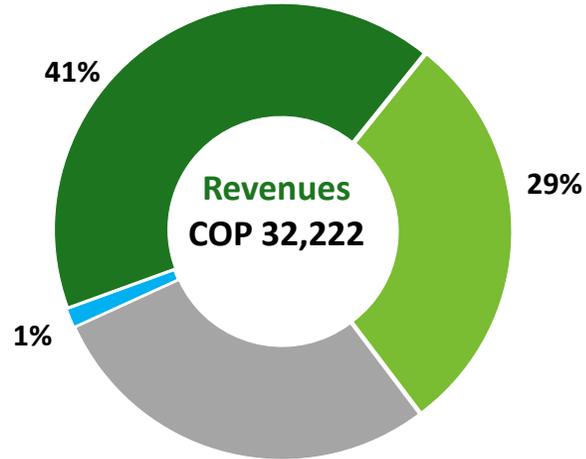
# 5. Financial Results as of December 31, 2022

## EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million



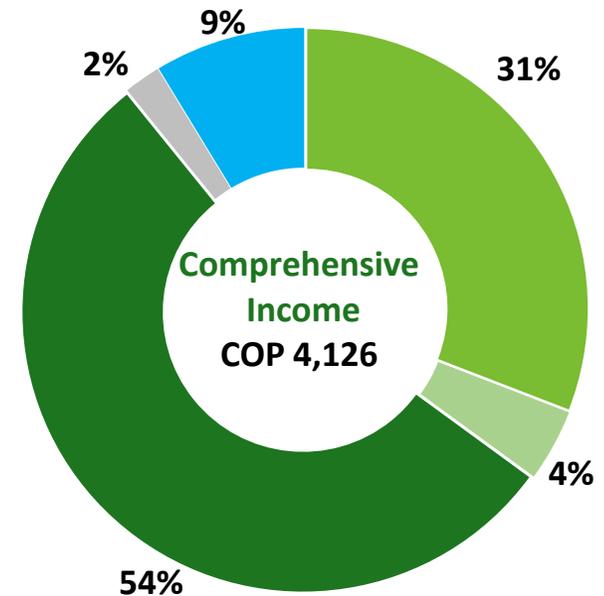
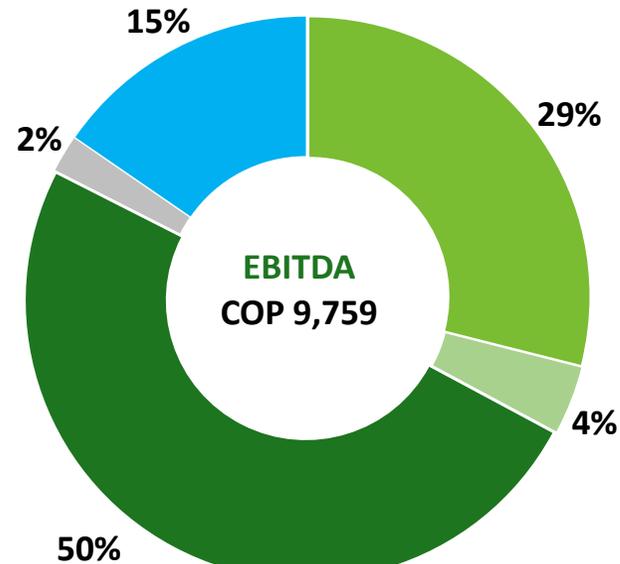
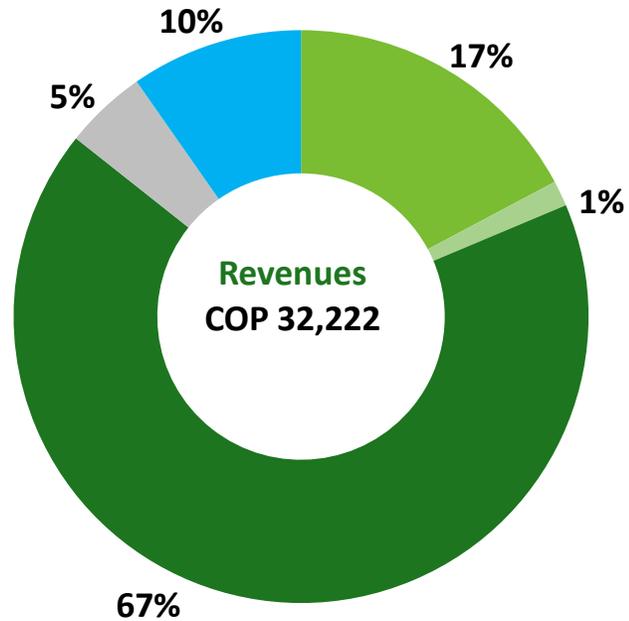
■ EPM  
■ International Subsidiaries  
■ Colombian Power Subsidiaries  
■ Colombian Water Subsidiaries



# 5. Financial Results as of December 31, 2022

## EPM Group by Segments

Figures in COP thousand million

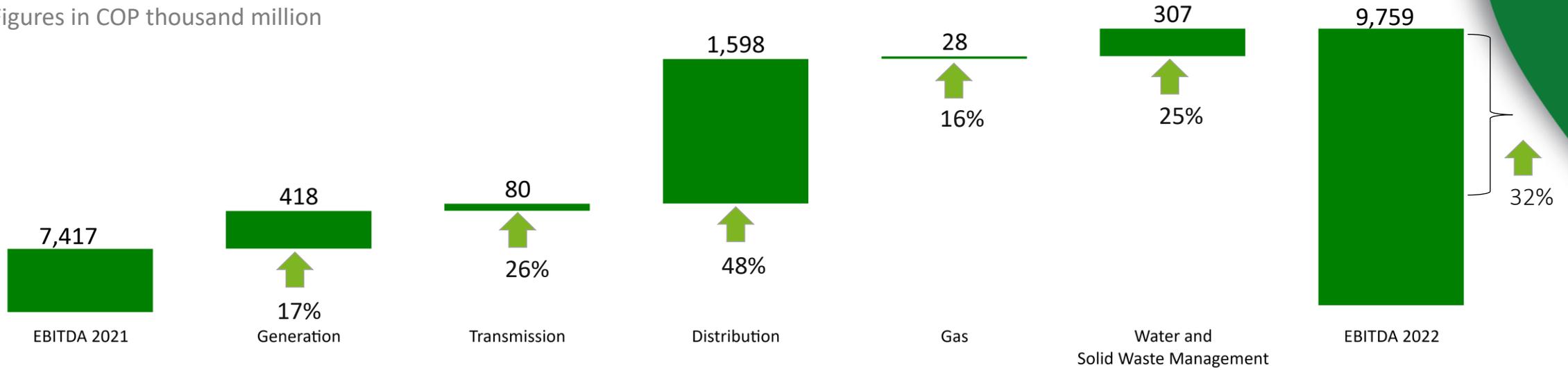


- Generation
- Distribution
- Water and Solid Waste Management
- Transmission
- Gas

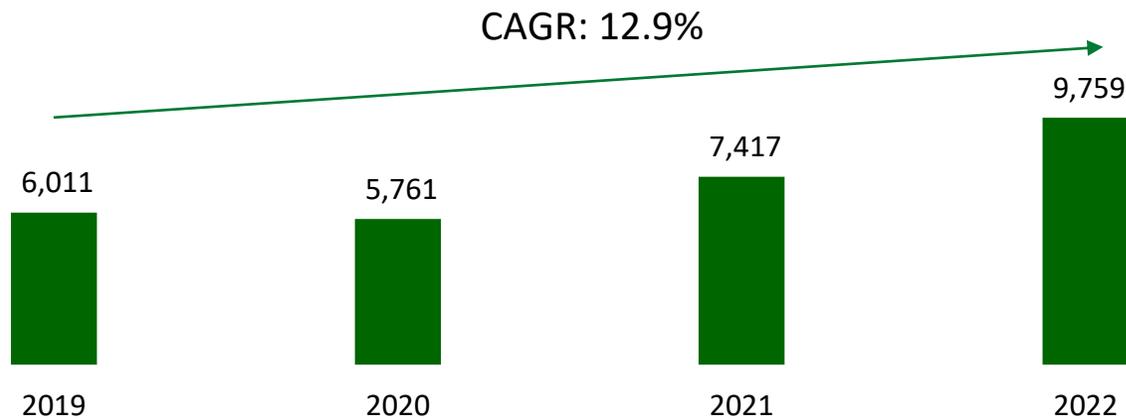
# 5. Financial Results as of December 31, 2022

## EPM Group EBITDA

Figures in COP thousand million



It does not include the other segments and eliminations.



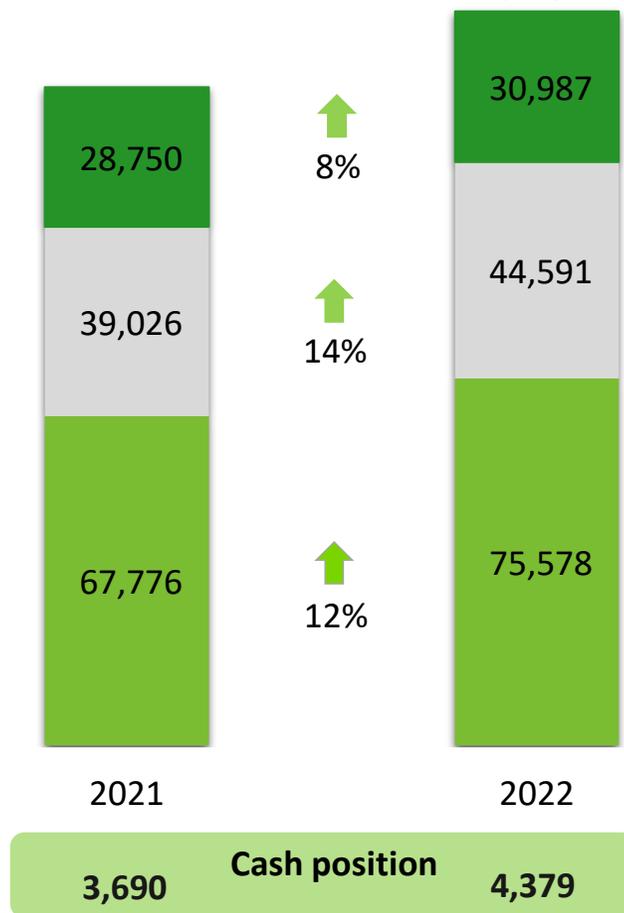
# 5. Financial Results as of December 31, 2022

## EPM Group Statement of Financial Position

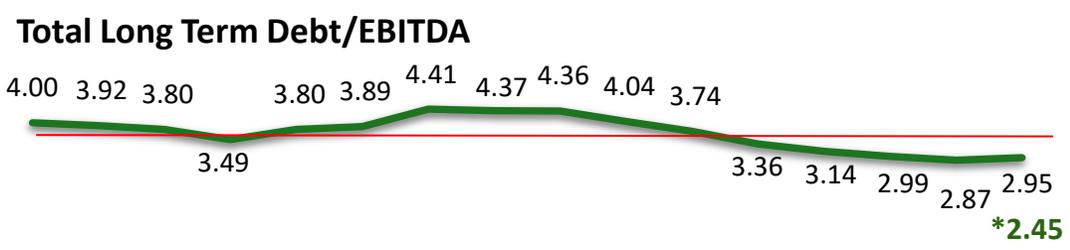
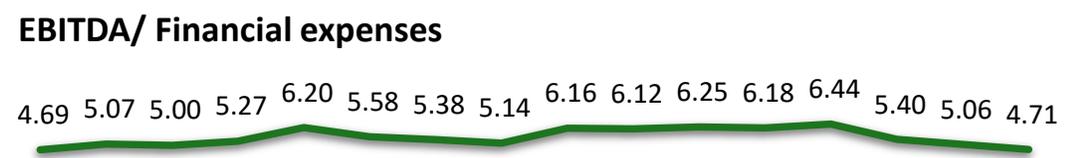


Figures in COP thousand million

■ Assets ■ Liabilities ■ Equity



| Ratios                     | 2021   | 2022   |
|----------------------------|--------|--------|
| Total Debt                 | 58 %   | 59 %   |
| Financial Debt             | 40 %   | 41 %   |
| EBITDA/ financial expenses | 6.18 X | 4.71 X |
| Long-Term Debt/EBITDA      | 3.35 X | 2.95 X |
| Net Debt/EBITDA            | 2.79 X | 2.45 X |



1Q19 2Q19 3Q19 4Q19 1Q20 2Q20 3Q20 4Q20 1Q21 2Q21 3Q21 4Q21 1Q22 2Q22 3Q22 4Q22

(\*) Net Debt/EBITDA

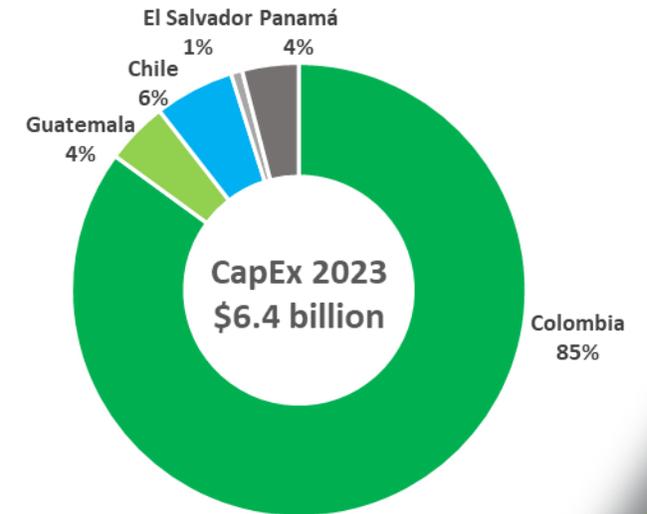
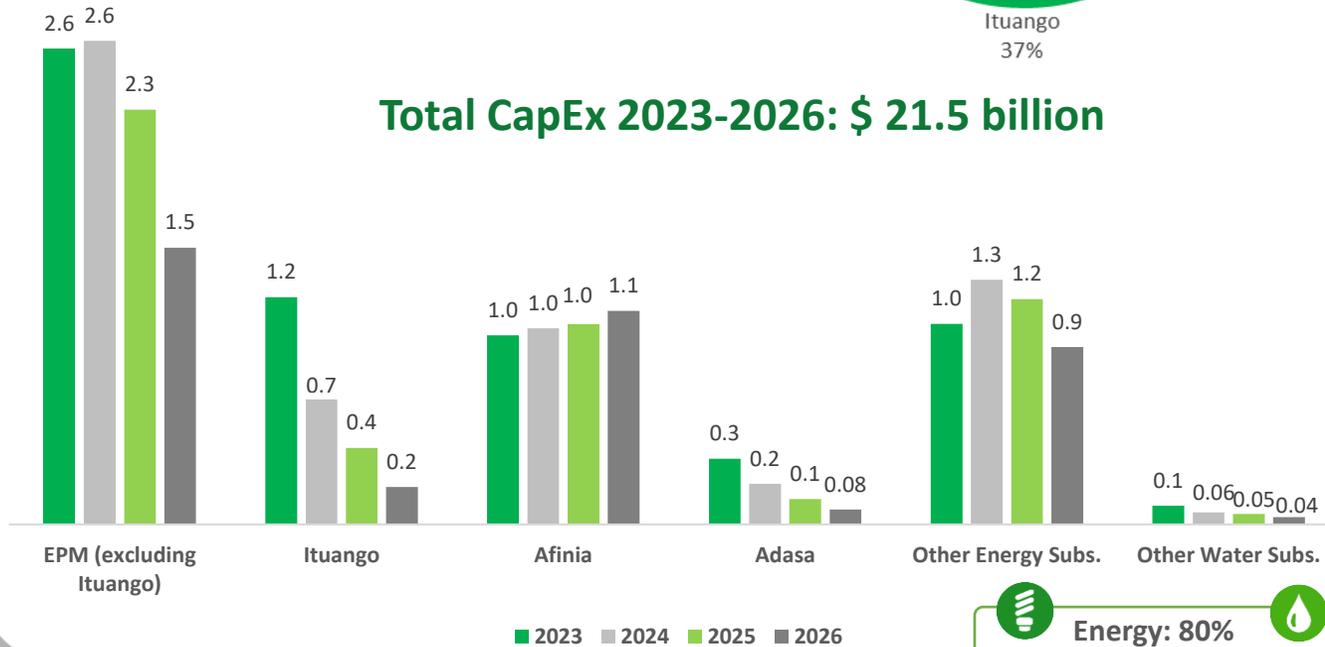
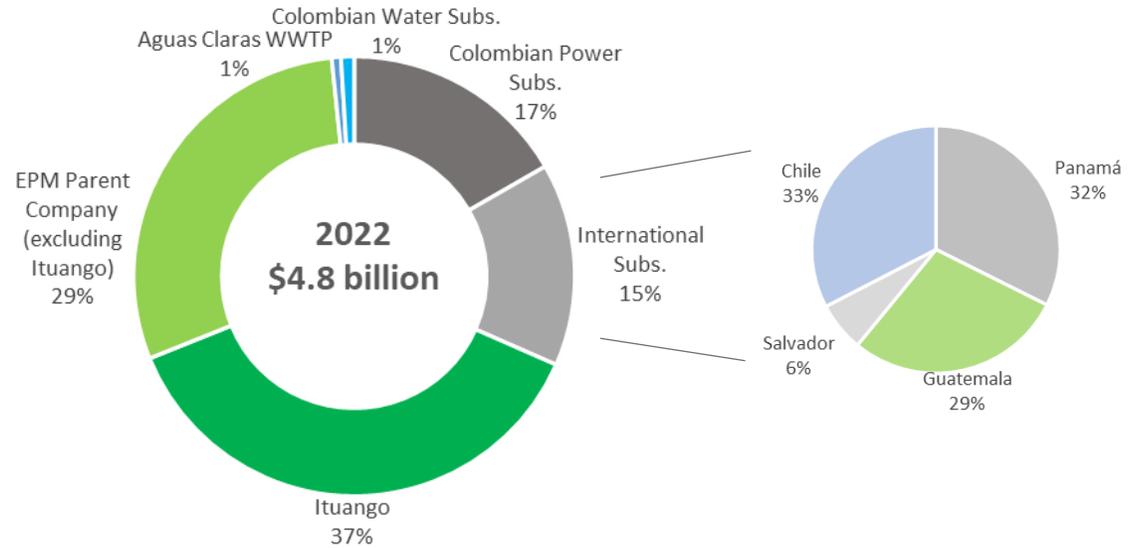
# 5. Financial Results as of December 31, 2022

## CapEx EPM Group

Figures in COP million



| EPM Group                              | 2022             |
|--|------------------|
| Ituango                                | 1,800,766        |
| EPM Parent Company (excluding Ituango) | 1,421,427        |
| International Subs.                    | 720,610          |
| Aguas Claras WWTP                      | 32,675           |
| Colombian Power Subs.                  | 804,305          |
| Colombian Water Subs.                  | 46,419           |
| <b>Total</b>                           | <b>4,826,202</b> |

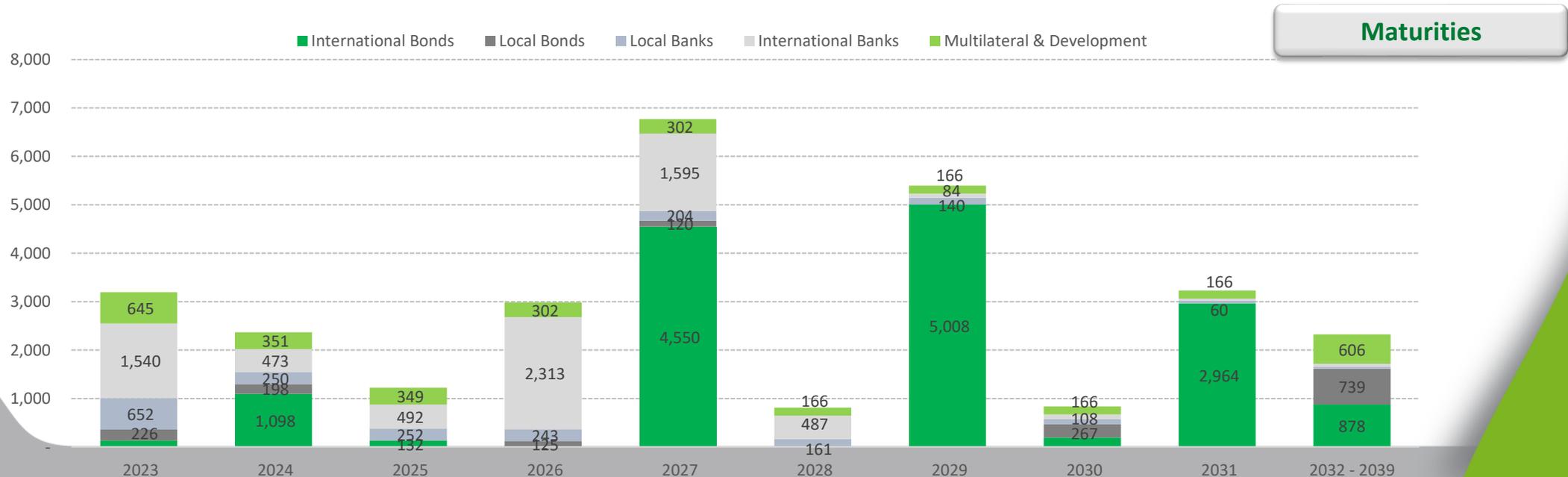


Energy: 80%
 Water: 20%

# 5. Financial Results as of December 31, 2022

## EPM Group Debt Profile

Figures in COP thousand million



# 6. Regulatory Policy Signals



## Ministry of Mines and Energy Draft Decree

Guidelines to promote the efficiency and competitiveness of the residential electric power service

- The proposal is part of the development of the "Pact for Tariff Justice". In general, it focuses on aspects of the regulatory scheme.
- The most significant adjustments are oriented to the *Wholesale Electricity Market*. It includes proposals for:
  - Valuation of generation and dispatch resources– Cap Prices
  - Long-term contracting scheme
  - Market Power Mitigation
- Some of the topics included in the draft have already been undergoing significant development by the CREG, such as demand participation, contracting schemes, and short-term market modernization.
- Convenient aspects for the system are discussed, such as the PUI (*Last resort service provider*) and distributed generation projects in special areas to reduce losses.

## Presidency of the Republic of Colombia Draft Decree

National Development Plan 2022-2026  
"Colombia, World Power of Life"

- The proposed National Development Plan does not so far generate warning signs regarding a significant intervention of electricity and gas services. It is understood that the adjustments expected by the Government go through the Ministry of Mines and Energy Decree proposal.
- Some specific articles on the following topics are highlighted:
  - Reallocation of electricity subsidies to cover the essential level of consumption.
  - Transfers from solar and wind generation up to 6%.
  - Definition of Green Hydrogen and Energy Communities.
  - Vertical integration of activities of the electric power service (generation, transmission, distribution, commercialization and new activities defined by the CREG). The generation-transmission integration will be allowed when the generation is carried out from Non-Conventional Sources of Renewable Energy.
  - Flexibility of investments for Network Operators that have met the quality goals (terms).



# Q&A Session



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# ¡Thank you!

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