

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.

# 1Q2019 Report

May 31, 2019

# Agenda



- 1. Relevant events**
- 2. Energy Market**
- 3. Financial results as of March 2019 (unaudited)**
- 4. Update on the Ituango Project**
- 5. Divestment plan**
- 6. Investment Plan 2019-2022**

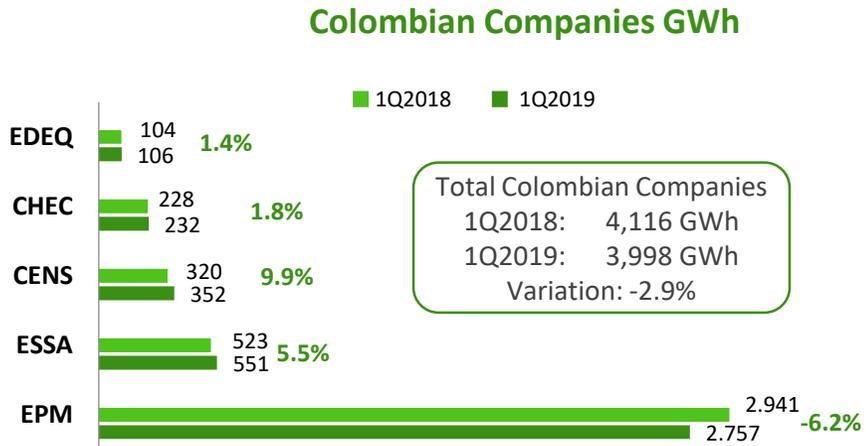
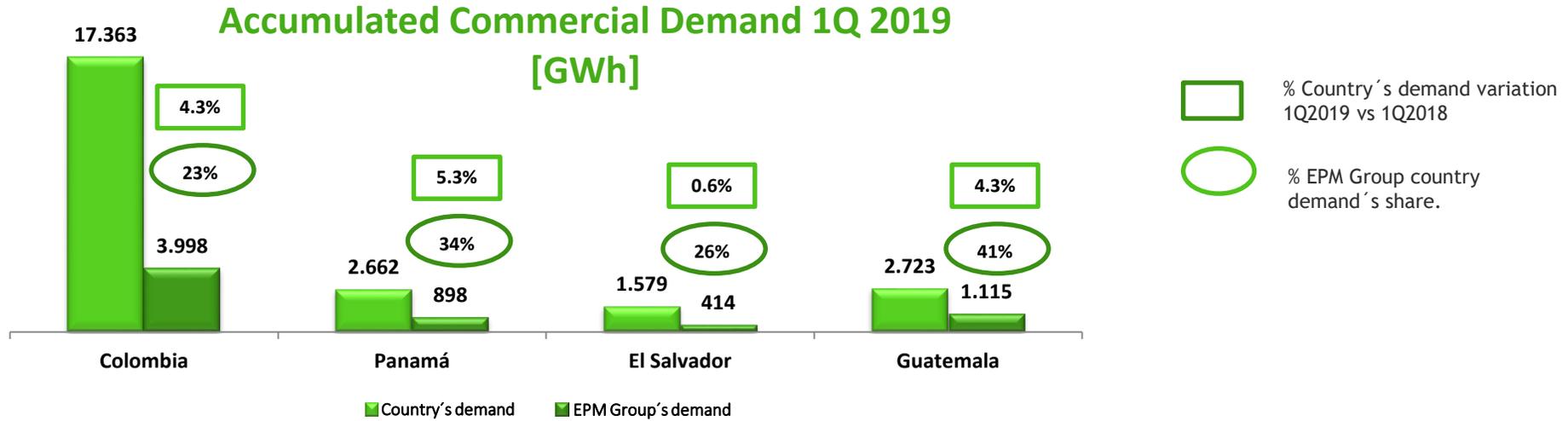
# 1. Relevant events of the quarter and subsequent to the closing



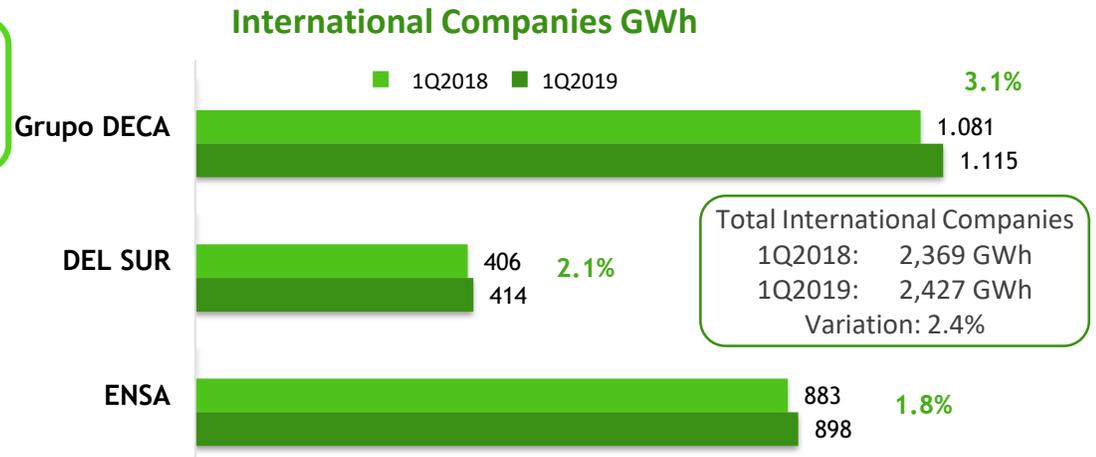
- Total EPM's 2019 bond was prepaid on March 27 through a Make-Whole Call (USD 500 million).
- EPM resumes the disposal process of its shares held in ISA S.A. E.S.P. with the publication of the First Stage Resumption Notice, which is valid until today.
- This Wednesday, May 29, the closing of the first gate of the Auxiliary Diversion Gallery (ADG) of the Ituango hydroelectric Project was achieved. It means a progress of 50% in the final closing of the Gallery.

# 2. Energy Market

## EPM Group Commercial Power Demand



**Total EPM Group**  
 1Q2018: 6,485  
 1Q2019: 6,425  
 Variation: -0.9%

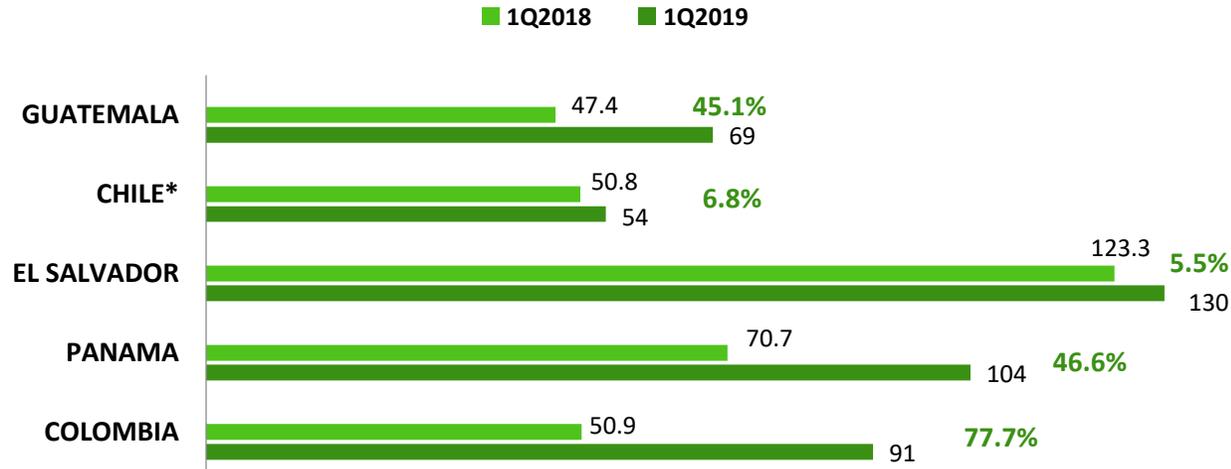


# 2. Energy Market



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

Spot Price USD/MWh



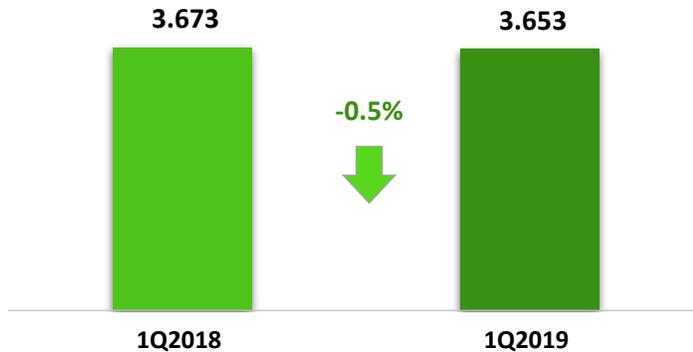
During 1Q2019:

- Spot price increased in the countries where the EPM Group has presence, mainly by the increase in fuel prices.
- In Colombia, the spot price increased 77.7%, due to temperature increase and lower water input to the system.

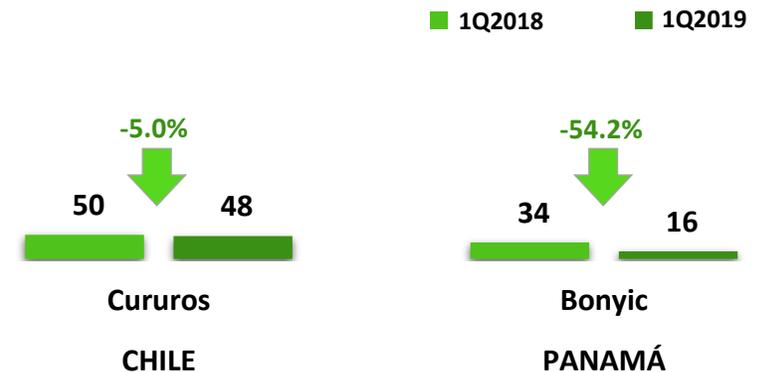
NOTE: First quarter average spot prices.

\*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 March 31, 2019 (unaudited)

## Macroeconomic Scenario

Concept	Colombia	Chile	Guatemala	Panama	Mexico	El Salvador
GDP (annual variation)	2.80%	1.60%	N.A.	N.A.	0.20%	N.A.
CPI	1.62%	0.63%	1.44%	0.23%	0.44%	0.35%
CPI (accumulated 12 months)	3.22%	2.00%	4.17%	-0.18%	4.00%	0.68%
PPI/WPI	0.78%	1.04%	DNA	DNA	-0.34%	0.39%
PPI/WPI (accumulated 12 months)	3.64%	4.07%	DNA	DNA	4.25%	1.50%
Exchange rate (month-end)	3,174.79 COP/USD	681.09 CLP/USD	7.68 GTQ/USD	DNA	19.38 MXN/USD	DNA
Devaluation/Revaluation	-2.31%	-2.10%	-0.72%	DNA	-1.39%	DNA



CPI: Consumer Price Index

PPI: Producer Price Index. In Colombia corresponds to the internal supply index.

WPI: Wholesale Price Index

DNA: Does Not Apply

N.A.: Non Available

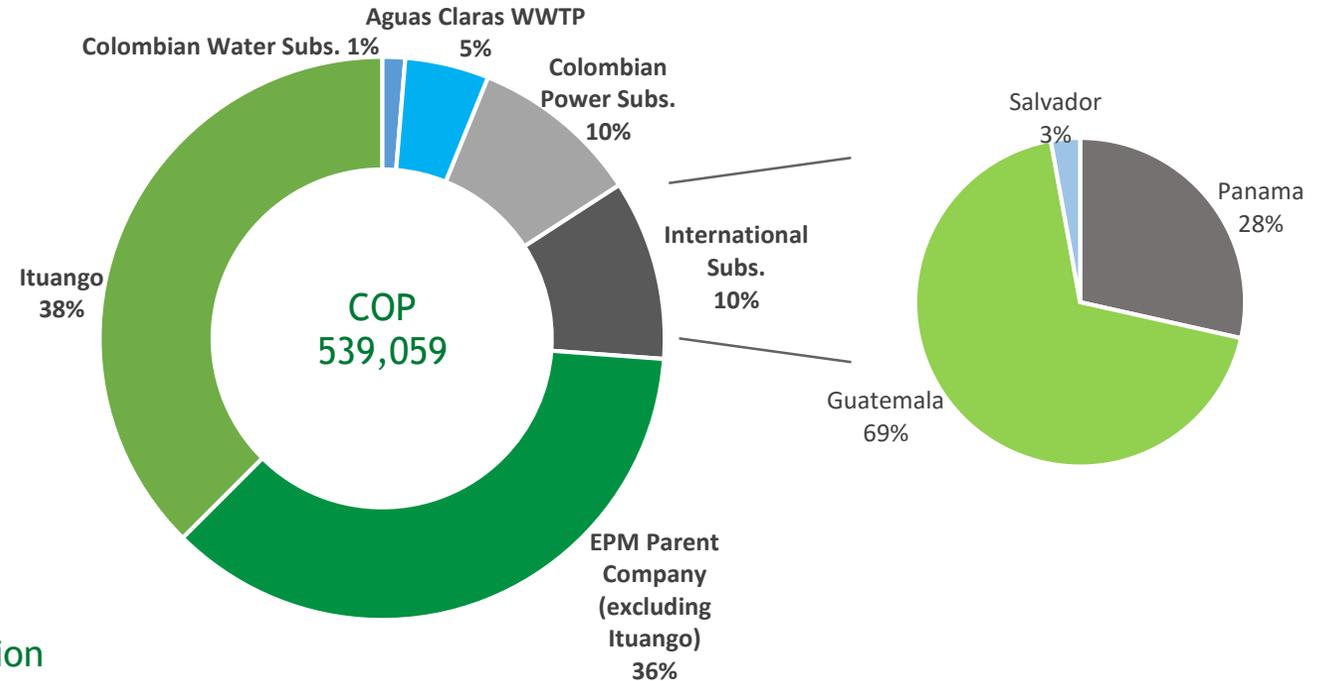
# 3. Financial Results as of March 31, 2019 (unaudited)

## CapEx EPM Group

Figures in COP thousand million



EPM Group	Jan.-Mar.2019
Ituango	202,275
EPM Parent Company (excluding Ituango)	195,752
International Subs.	55,674
Aguas Claras WWTP	25,917
Colombia Power Subs.	52,383
Colombian Water Subs.	7,058
<b>Total</b>	<b>539,059</b>



✓ EPM Group Investments as of March: **COP 539 thousand million**



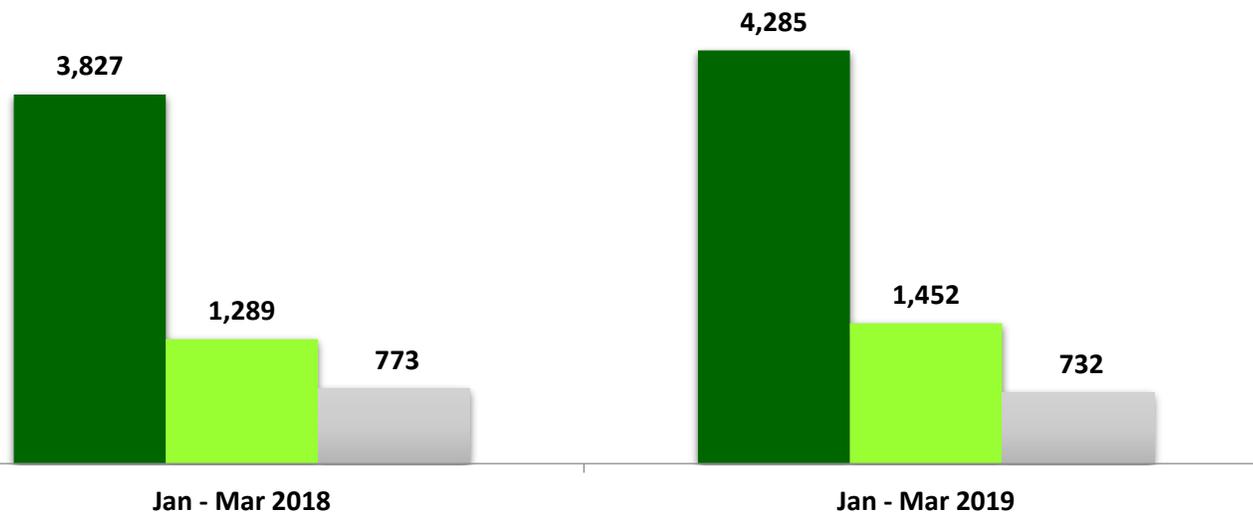
# 3. Financial Results as of March 31, 2019 (unaudited)

## EPM Group Income Statement

Figures in COP thousand million



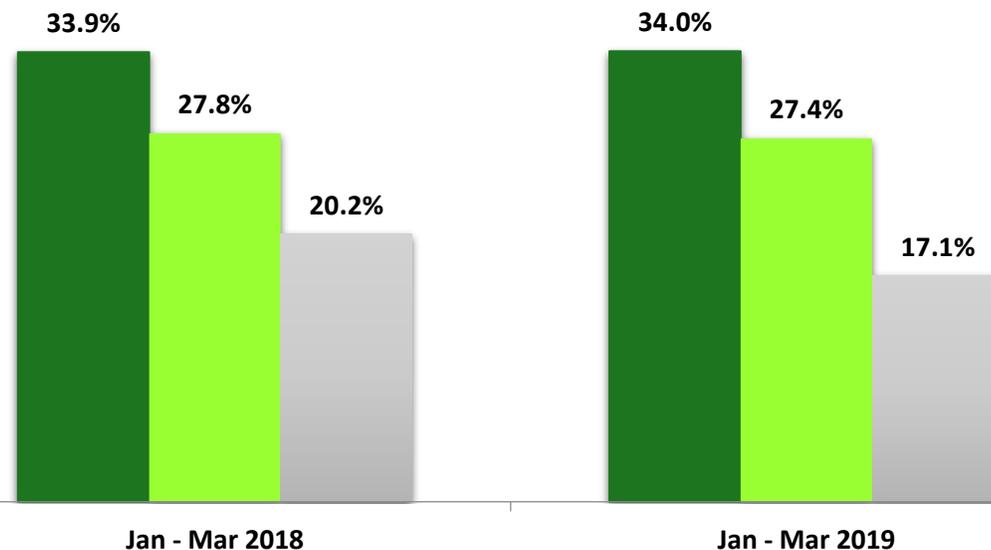
■ Revenues ■ EBITDA ■ Comprehensive income



Var. 1Q2018 - 1Q2019

- Revenues: 12%
- EBITDA: 13%
- Comprehensive income: -5%

■ EBITDA margin ■ Operational margin ■ Net Margin



- Revenues increased COP 458, 12%, explained by greater energy prices, AGC services, and long-term sales on EPM Parent Company.
- EBITDA rose COP 164, 13% with respect to previous year.
- Comprehensive income decreased COP 42, 5%, due to higher gross debt financial expenses and income tax provision.

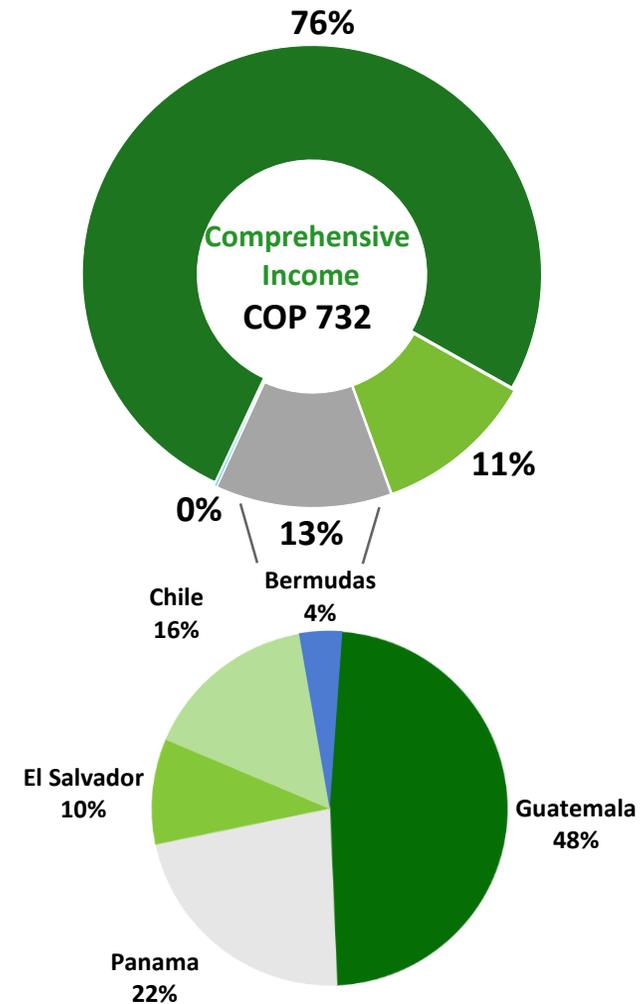
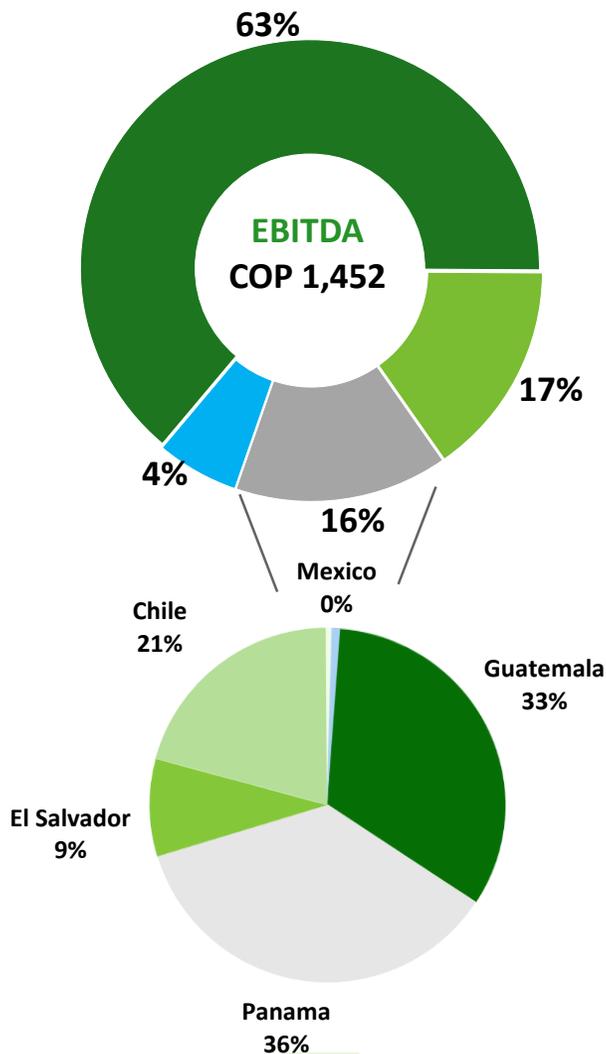
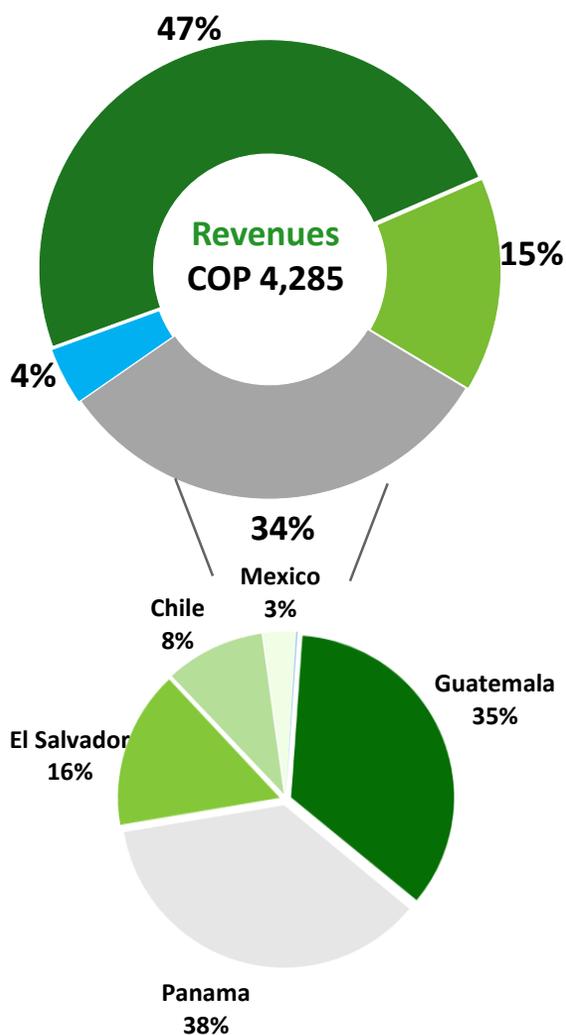
# 3. Financial Results as of March 31, 2019 (unaudited)

## EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million



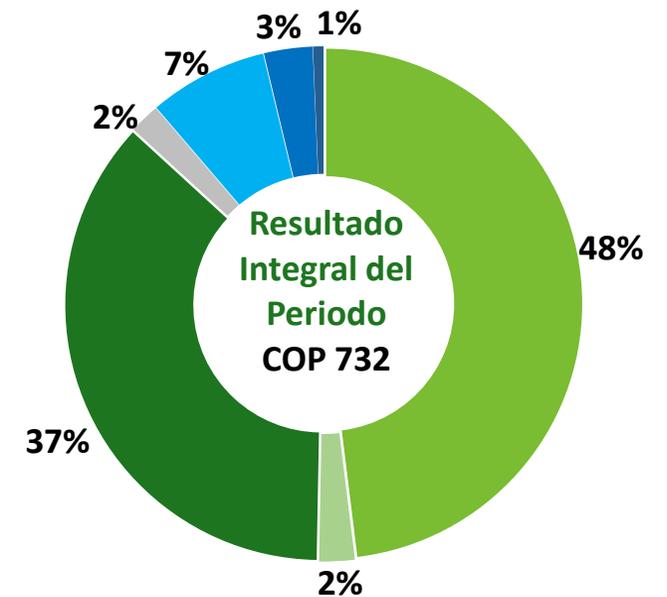
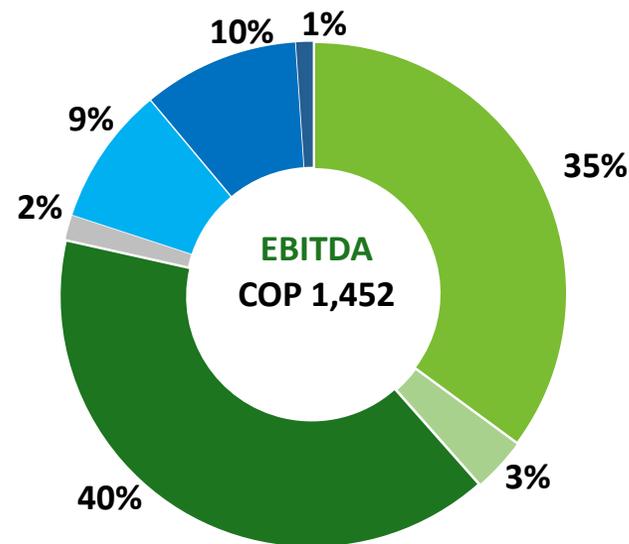
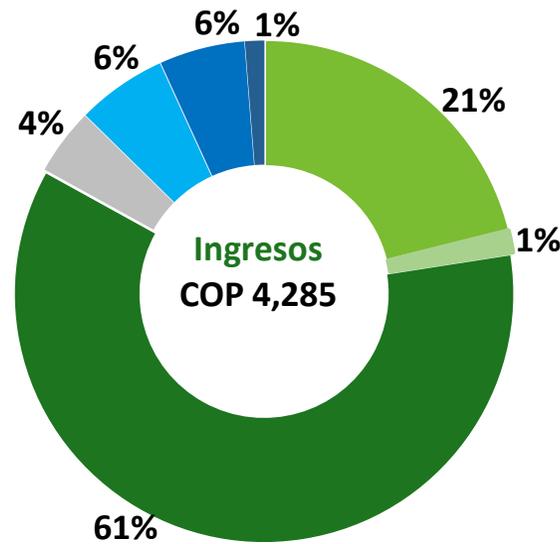
- EPM
- Colombian Power Subsidiaries
- International Subsidiaries
- Colombian Water Subsidiaries



# 3. Financial Results as of March 31, 2019 (unaudited)

## EPM Group by Segments

Figures in COP thousand million



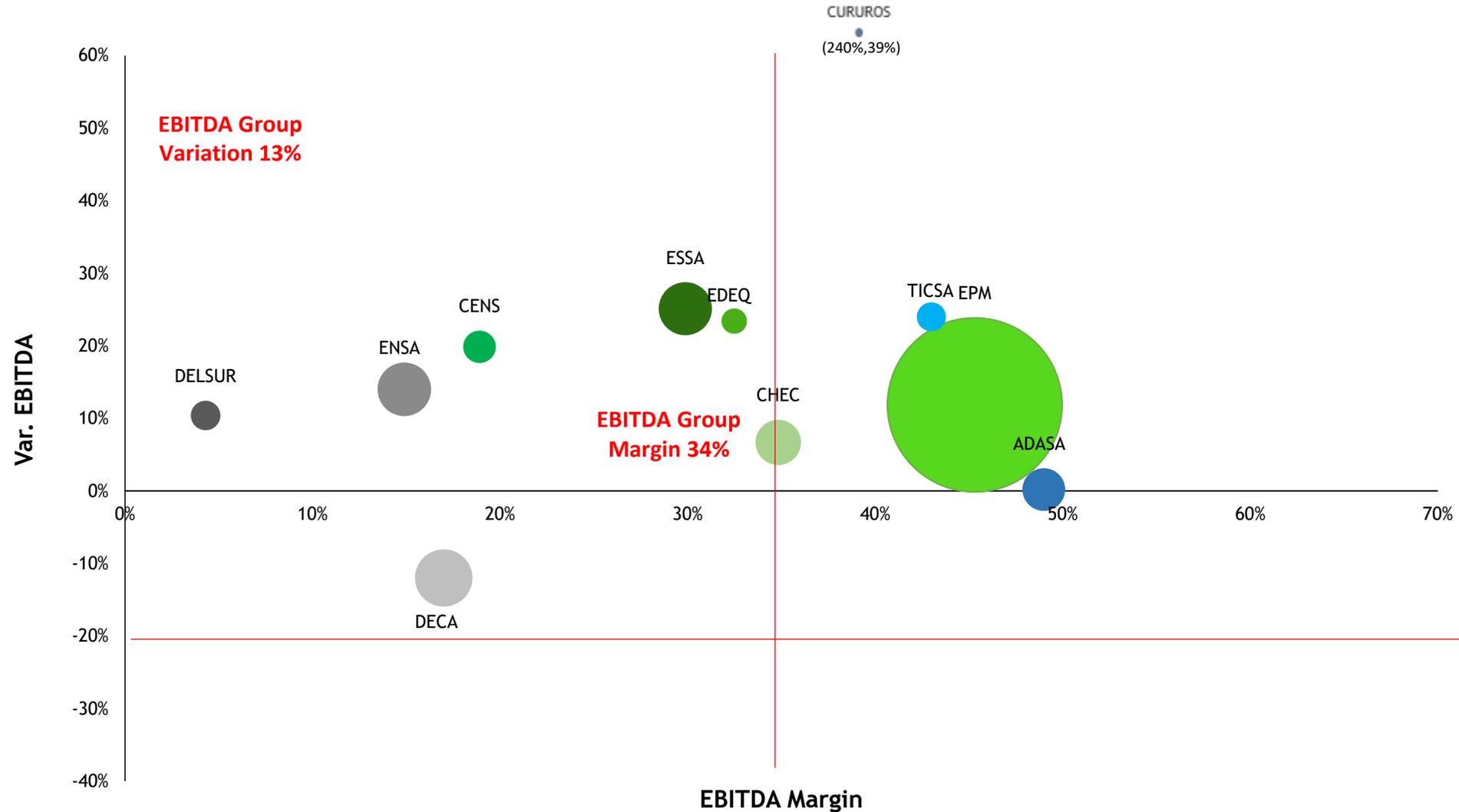
- Power Generation
- Power Distribution
- Water
- Solid Waste Management

- Power Transmission
- Gas
- Wastewater Management

# 4. Financial Results as of March 31, 2019 (unaudited)

## EPM Group EBITDA

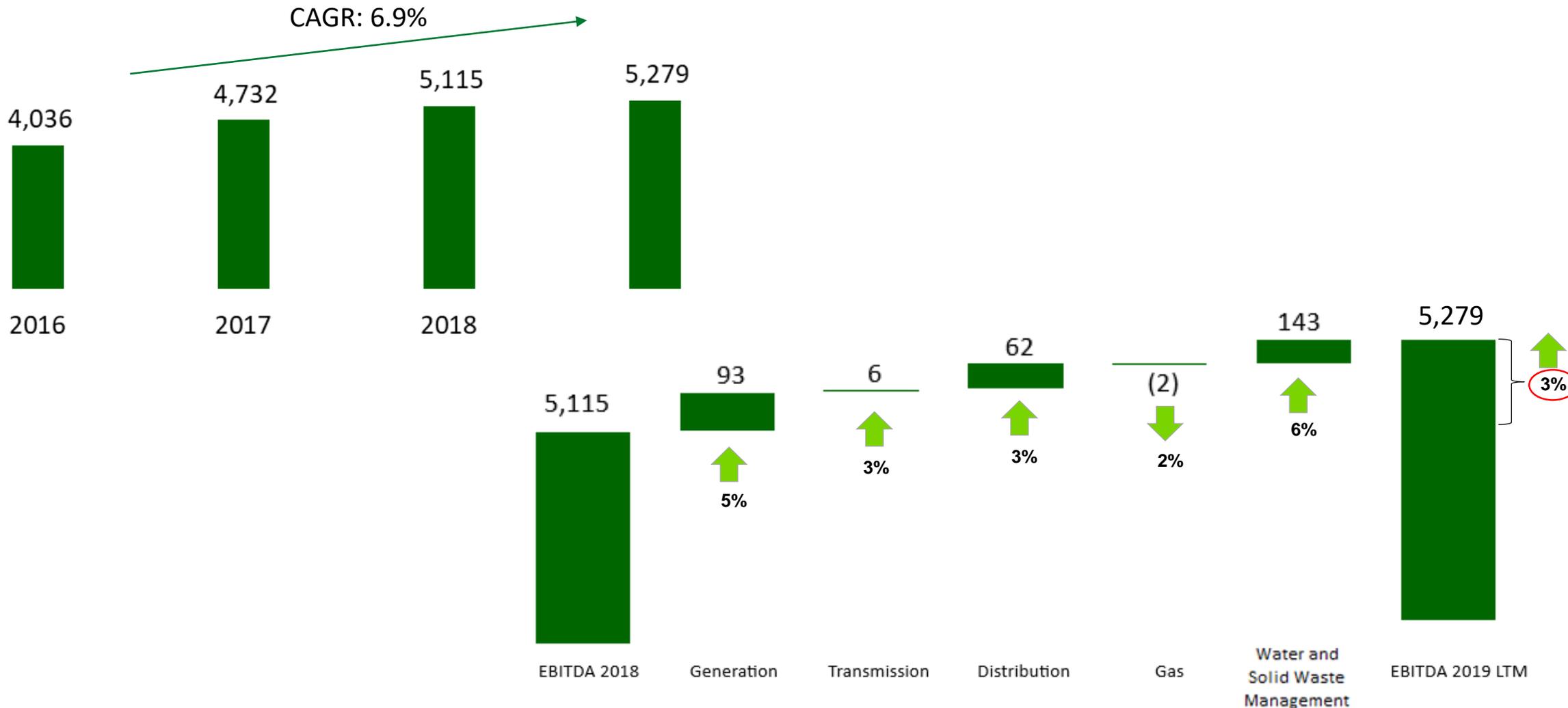
Figures in COP thousand million



# 3. Financial Results as of March 31, 2019 (unaudited)

## EPM Group EBITDA

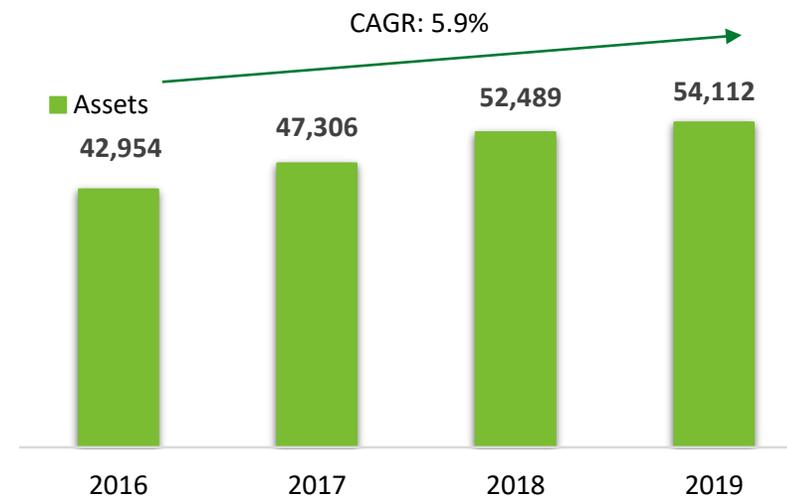
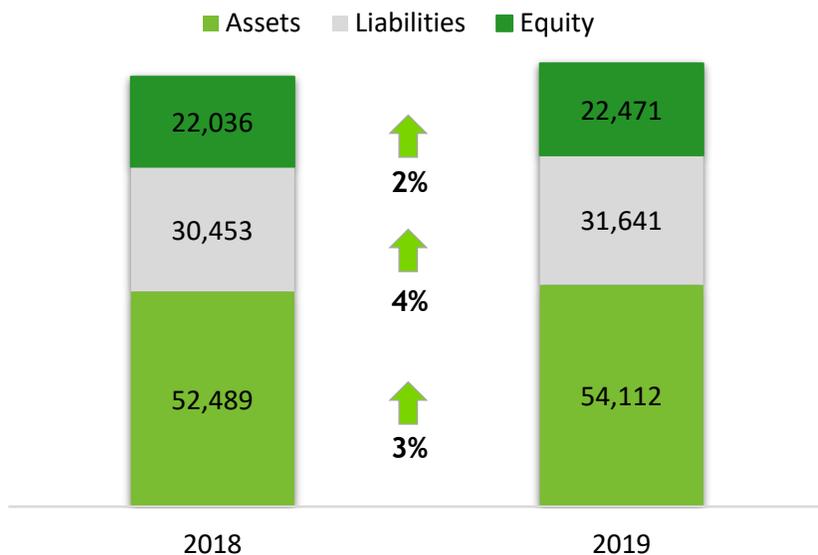
Figures in COP thousand million



# 3. Financial Results as of March 31, 2019 (unaudited)

## EPM Group Statement of Financial Position

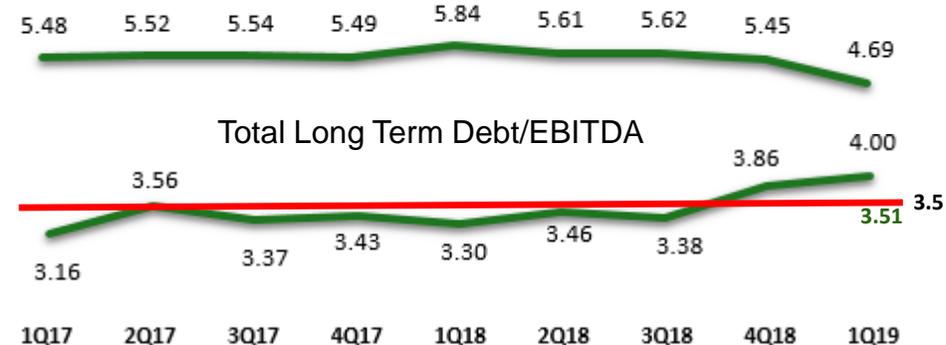
Figures in COP thousand million



EBITDA/ Financial expenses

Ratios	2018	2019
Total debt	58	58
Financial debt	38	42
EBITDA/ financial expenses	5.84	4.69
Total Long Term Debt/EBITDA	3.28	4.00 (*)

(\*) Net Debt/EBITDA: 3.51



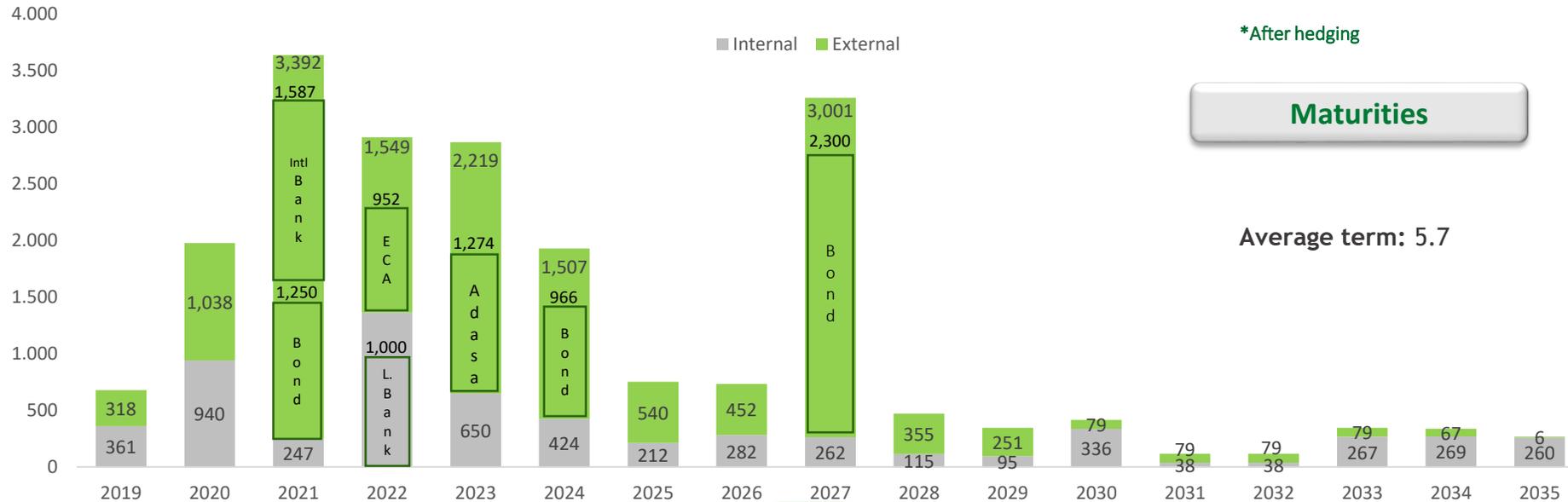
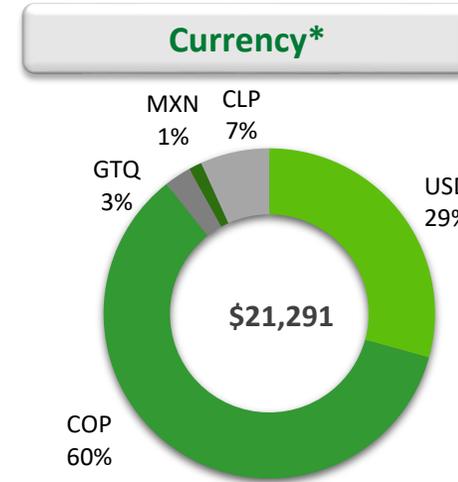
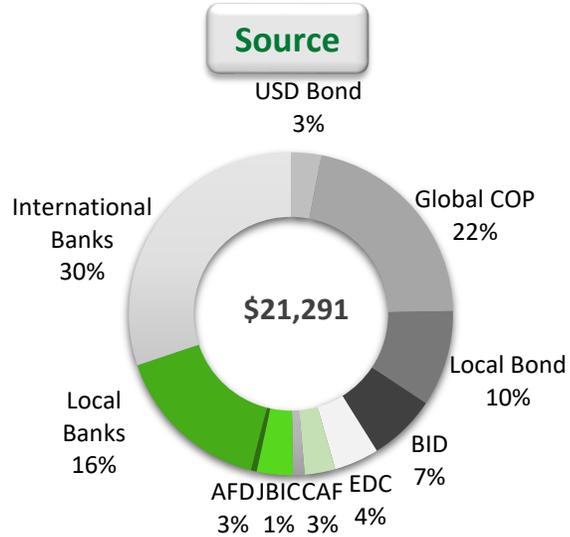
- Cash position as of March 31, 2019 was COP 2.98 billion

# 3. Financial Results as of march 31, 2019 (unaudited)



## Debt Profile

Figures in COP thousand million



# Ituango Hydroelectric Project

## Status as of March 2019



Reservoir

Auxiliary Diversion  
Gallery

Intake Gates

Substation 500 kV

Spillway

Dam

Intermediate  
Discharge

Discharges  
Deviation 1 and 2

PowerHouse  
Discharges

# 4 . Update on the Ituango Contingency

All dates estimated subject to changes due to technical findings and design adjustments (\*)



## Technical actions - What follows



### Dam works

- **Main screen in plastic:** Injections of consolidation continue on the left margin.
- **Dam filling:** Placement of the contact seal between the plastic screen and the upper core.

#### Estimated compliance dates:

- **Dam filling 435 masl: 3Q2019 (\*)**

### Conduction tunnels

#### Estimated compliance dates: (\*)

- **Filling of the hollow between wells 1 and 2: 3Q2019**



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

- **RDT pre-plug 1:** a confinement of the plug occurred in the upper part of the entrainment material, therefore, the activity was suspended, until the advisor determines the procedure to be followed.
- **RDT pre-plug 2:** the subcontractor that will carry out the activity was selected.
- **RDT Final plug:** pre-plug 2 must be completed to start this activity, to provide security and decrease the water flow.
- **ADG:** activities for rehabilitation of the floodgates and subsequent placement of the final plug.

#### Estimated compliance dates: (\*)

- **RDT: 2Q2020**
- **ADG: Pre-plug (closing of the right gate): 3Q2019**  
**Final plug: 1Q2020**

**Intermediate Discharge Recovery: 2Q2020**



### Powerhouse

#### Estimated compliance dates: (\*)

- **Pumping of the Powerhouse: 2Q2019**
- **Powerhouse sediments extraction: 3Q2019**
- **Tunnels and caverns recovery: 2Q2020**
- **Stabilization of the access tunnel to the Powerhouse: 3Q2019**
- **Stabilization of the buttress between No.1 downstream surge tank and the Powerhouse: 4Q2019**

➤ **Estimated date of entry into operation (\*)**  
**Phase 1 (2 power units): Dec. 2021**  
**(the other 2 power units): Oct.2022**

# 4. Update on the Ituango Contingency - Financial Impact

Figures in COP thousand million<sup>(\*)</sup>



## Project Cost

Concept	Before	Contingency	After
Direct Cost	9,993	2,779	12,773
Financial Expenses	1,500	1,038	2,537
<b>Total Cost</b>	<b>11,493</b>	<b>3,817</b>	<b>15,310</b>

**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 March 2019: COP 10.1 billion

## Contingency CapEx Execution As of March 2019

Investments	616
Expenses	83
<b>Total executed</b>	<b>699</b>

## Financial resources as of March 2019

Concept	Amounts accrued March 2019	Payments as of March 2019
Shelters Support	46	31
Affected Care and Compensation	39	1
Reliability Charge Guarantee	134	0
Contingency and environmental sanction	38	0
Payment to transmitter	104	0
Contingency attention	51	51
Removal of assets	78	DNA
<b>Total</b>	<b>491</b>	<b>83</b>

## Pending Financial Resources to be executed Estimated Figures<sup>(\*)</sup>

**Contingency Investments:** It is estimated that additional resources of up to COP 2.1 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 1.22 billion.

**Contingency expenses:** in the financial projections, a value of up to COP 0.6 billion, of which COP 0.08 billion has been executed.

<sup>(\*)</sup> Figures subject to variation based on technical findings and design adjustments

# 4. Update on the Ituango Contingency - Financial Impact

## Project Cost Breakdown

Figures in COP thousand million (\*)



CONCEPT	Before Contingency	After (*) Contingency	% Var.
Engineering administrative expenses	1,803	2,166	20%
Infrastructure and Main Works	5,335	7,344	38%
Equipment	1,506	2,129	41%
Environmental and Social Management	914	1,044	14%
Land and Easements	83	89	8%
Unforeseen delays and downward adjustments	353	0	-100%
<b>DIRECT COST</b>	<b>9,993</b>	<b>12,773</b>	<b>28%</b>
Capitalized interests	1,500	2,537	69%
<b>TOTAL COST</b>	<b>11,493</b>	<b>15,310</b>	<b>33%</b>

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

# 4. Update on the Ituango Contingency

## Cost Reduction Measures 2018-2021 - EPM Group



Figures in COP million

	Total 2018	Total 2019	Total 2020	Total 2021	Total 2018-2021
<b>EPM Parent Company</b>	\$240,192	\$247,398	\$254,820	\$262,464	\$1,004,874
	2018	2019	2020	2021	2018-2021
<b>Colombian Power Subs.*</b>	\$69,609	\$52,420	\$39,857	\$42,342	\$204,228
<b>International Power Subs.*</b>	\$23,904	\$16,595	\$15,462	\$15,105	\$71,066
<b>Water Subs.*</b>	\$87,088	\$22,123	\$26,067	\$33,373	\$168,651



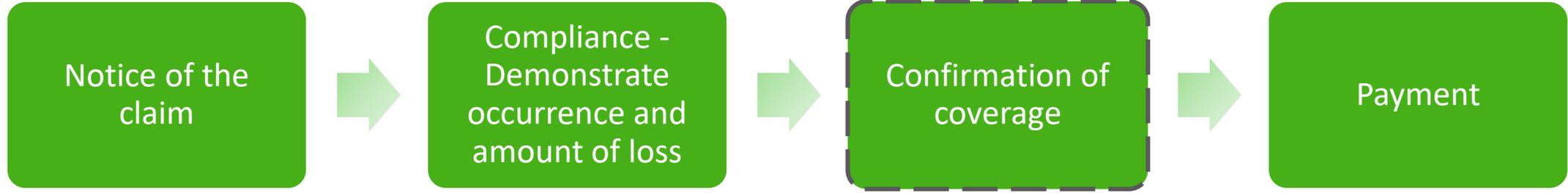
**Approx.  
\$1.4 billion**

These obtained resources will be used to cover the costs originated in the Ituango Contingency

\* Figures taken from current financial projections vs. May 2017.

# 4. Update on the Ituango Contingency

Insurance policy for non-contractual civil liability



- On December 18, the coverage of the policy was confirmed. With this, the reserve figures were adjusted.

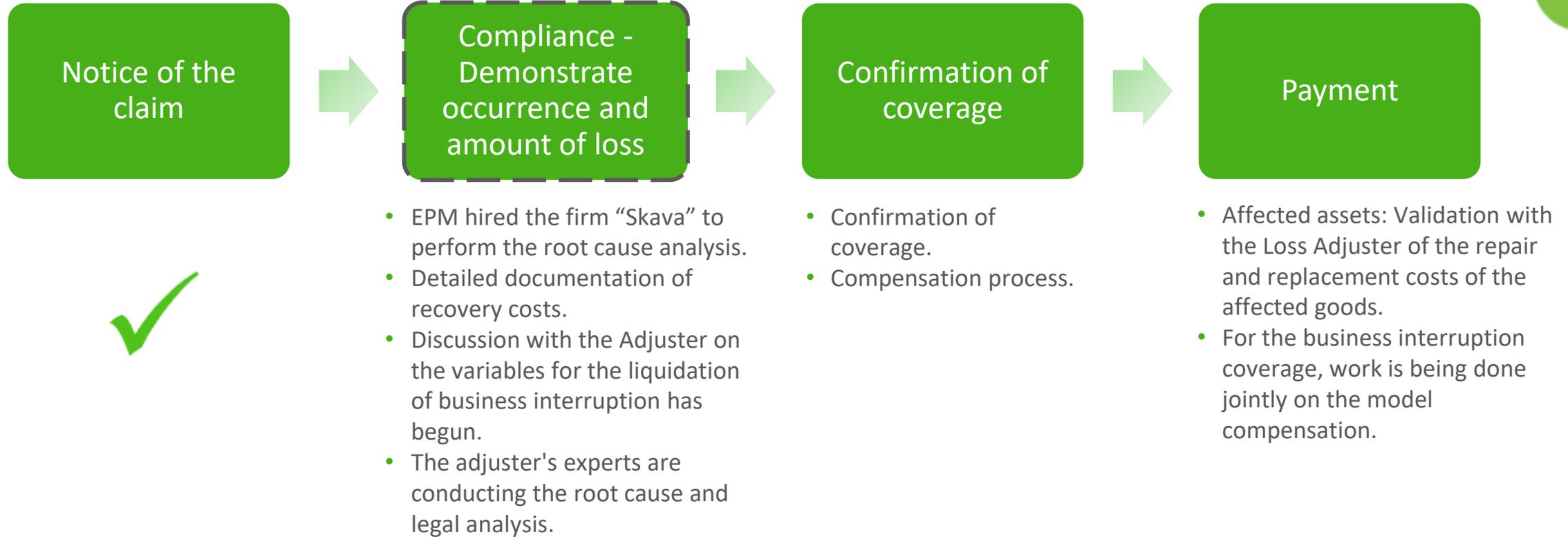
- Currently, we are in the process of reimbursement of compensation that EPM made to third parties and the costs incurred to repair or rebuild the affected community infrastructure.

➤ Total coverage: COP 50.000 million, with COP 150 million deductible.

**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.

# 4. Update on the Ituango Contingency

Insurance policy all risk construction and assembly



➤ **Total coverage: USD 2,556 million, with USD 1 million deductible.**

## Premises for loss management:

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

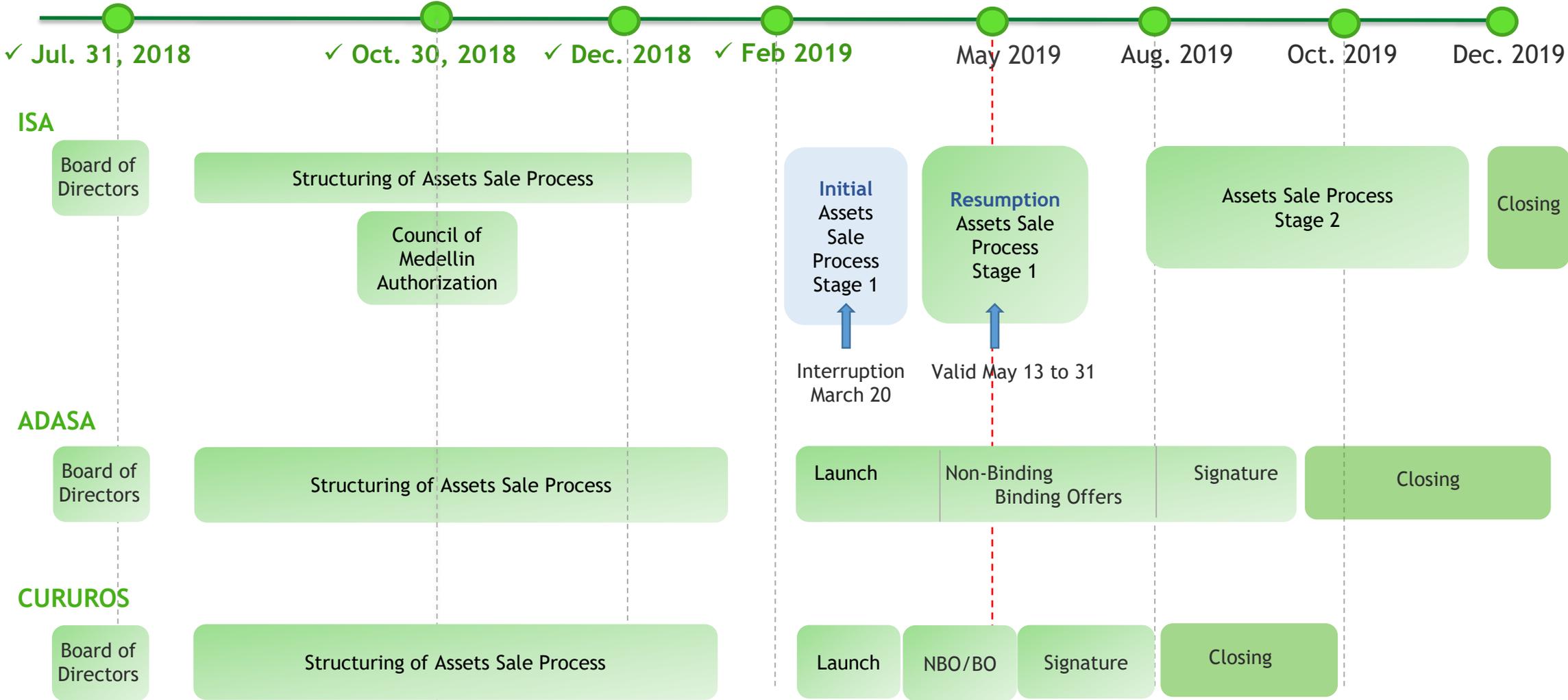
- Report of contingency progress, weekly.
- Visits of the leader Adjuster, monthly.
- Visits to the project with reinsurers leaders of claims and experts appointed by them.
- Continuous answers to requested information.
- Recruitment of experts in management of large claims to support the claim process.

# 5. Divesment Plan

## Indicative schedule



Estimated value of sales: COP 3.5 - COP 4.0 bn approx.



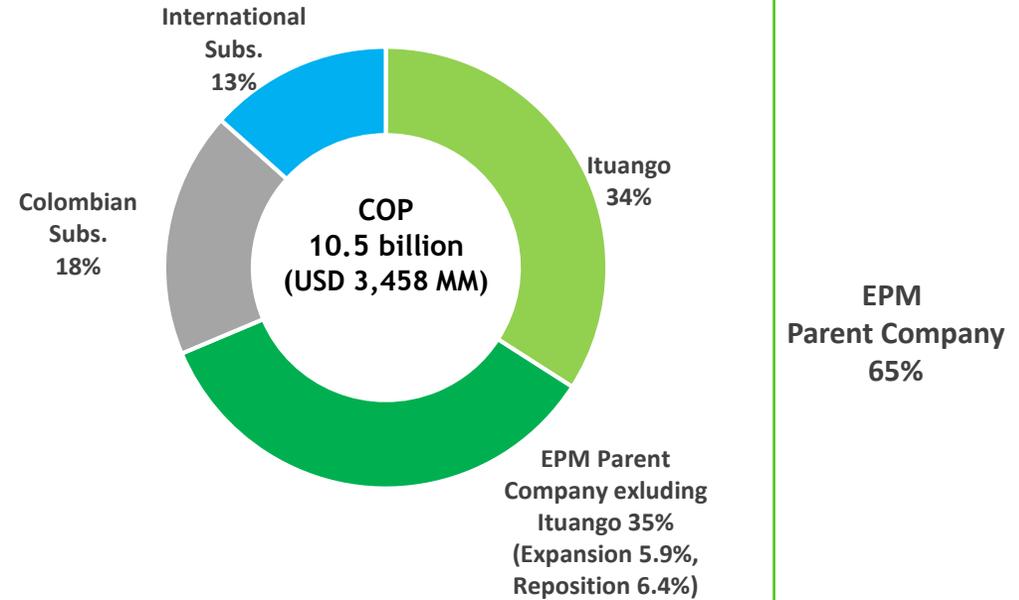
# 6. Infrastructure Investment Plan 2019-2022



**CapEx: COP 10.5 billion (USD 3,458 MM equiv.)**

- 76% Power, 24% Water
- 69% EPM Parent company, 18% Colombian subsidiaries, 13% International subsidiaries

Figures in USD million	2019	2020	2021	2022	TOTAL 2019-2022
<b>Ituango</b>	426	346	279	128	1,179
<b>Generation</b>	23	40	33	25	121
<b>Transmission and Distribution</b>	411	358	309	226	1.303
<b>Gas</b>	5	4	5	2	17
<b>Water</b>	324	260	165	76	826
<b>Corporative</b>	6	6	1	0	13
<b>Total EPM Group</b>	<b>1,196</b>	<b>1,014</b>	<b>792</b>	<b>456</b>	<b>3,458</b>



➤ **Funding sources:**

- **Funding operations to be disbursed (USD 771 MM):**
  - ✓ A/B loan IDB Invest: USD 450 MM
  - ✓ BNDES: USD 71 MM
  - ✓ HSBC: USD 250 MM
- **Potential new funding sources:**
  - Capital markets: international and local
  - Commercial banks: international and local
  - Development Banks

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- Below is a general information presentation about Empresas Públicas de Medellín ESP and its Subsidiaries, as on the date of presentation. The materials herein contained have been summarized and do not intend to be complete.
- 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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- Only for information matters and reader's convenience, figures in COP were translated in this presentation into their USD equivalent using the exchange rate of COP/USD \$3,174.79 as of March 31, 2019, issued by the Colombian Financial Superintendence. Such translations do not agree with US GAAP and have not been audited. Also, they shall not be interpreted as representation of the amounts in Colombian Pesos, which could be translated into US Dollars at this or at any other rate.

Thank you!