



# **EPM** **2Q2021 Report**

*August 19, 2021*

*Martha Durán*

*Executive Vice President of Finance and  
Investments*

- 1. Relevant events of the quarter and subsequent to the closing**
- 2. Ituango Hydroelectric Project**
- 3. Energy Market**
- 4. Financial results as of June 2021 (unaudited)**

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



- **Asset portfolio**

- On May 25<sup>th</sup>, the Board of Directors authorized to initiate the necessary procedures for the total disposal of EPM's shareholding in UNE EPM Telecomunicaciones S.A. and Inversiones Telco S.A.S.
- On July 26<sup>th</sup>, the Mayor of Medellín submitted the Draft Project before the Council of Medellín for its debate, in order to obtain its authorization.

- **Ituango**

- On June 22<sup>nd</sup>, EPM and MAPFRE have agreed to suspend for 8 months the arbitration process established in relation to the Ituango Project claim in the All-Risk Construction policy, in consideration of the agreement of both parties to continue with the adjustment process.
- EPM updated the budget to finish the project by an additional COP 2.1 billion. The Project's total investment stands at COP 18.3 billion. This increased investment will be financed mainly by the internal generation of funds and the divestment plan in subsidiaries where EPM does not have control.

- **Credit Analysis update**

- On July 12<sup>th</sup>, Fitch Ratings has downgraded EPM to "BB +" from "BBB-" and maintained the Negative Rating Watch.
- On July 14<sup>th</sup>, Moody's Investors Service affirmed EPM's international credit risk rating at Baa3 with Negative Outlook.

## 2. Update on the Ituango Hydroelectric Project

*Start of operations scheduled for July 2022 - fully operational in 2025*



**Total work progress to date::**

- ✓ **84.1%** as of June 2021
  - 83.7% as of April 2021
  - 80.6% as of December 2020



## 2. Update on the Ituango Hydroelectric Project



Highlights	Civil Work	Milestones Achieved	Pending Completion	% of Completion
<ul style="list-style-type: none"> <li>The Ituango Project is expected to generate an average of 13,930 GWh of energy per year.</li> <li>Total Work Progress as of June 30, 2021 [<b>84.14%</b>]</li> <li>Total progress of the project when it starts to generate with the first unit [91%]</li> <li>Progress corresponding to the schedule with entry into operation in 2022 of the two first power generation units.</li> <li>The impacts that the health emergency caused by COVID-19 may generate in the current schedule continues to be monitored.</li> </ul>	<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>	99.1%
	<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 and generation units</li> </ul>	81.3%
	<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> </ul>	76.8%
	<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> </ul>	<ul style="list-style-type: none"> <li>Enlargement of Plug 12</li> <li>Gate completion and shielding</li> <li>Concrete coating</li> </ul>	68.3%
	<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> </ul>	<ul style="list-style-type: none"> <li>Pre-plug 2 and final plug RDT</li> <li>Construction of additional bypass system from the ADT and RDT to the final closing of the RDT.</li> </ul>	92.5%

## 2. Ituango Hydroelectric Project Update

Figures in COP thousand million

### Project Cost

Figures subject to variation based on technical findings and design adjustments

Concept	Project Cost		
	Before	Current	Variation
Direct Cost	9,993	15,671	5,677
Financial Expenses	1,500	2,648	1,148
<b>Total Cost</b>	<b>11,493</b>	<b>18,319</b>	<b>6,826</b>

**Direct Cost:** \$5.7 billion increase, mainly in recovery of the main Works and Equipment.

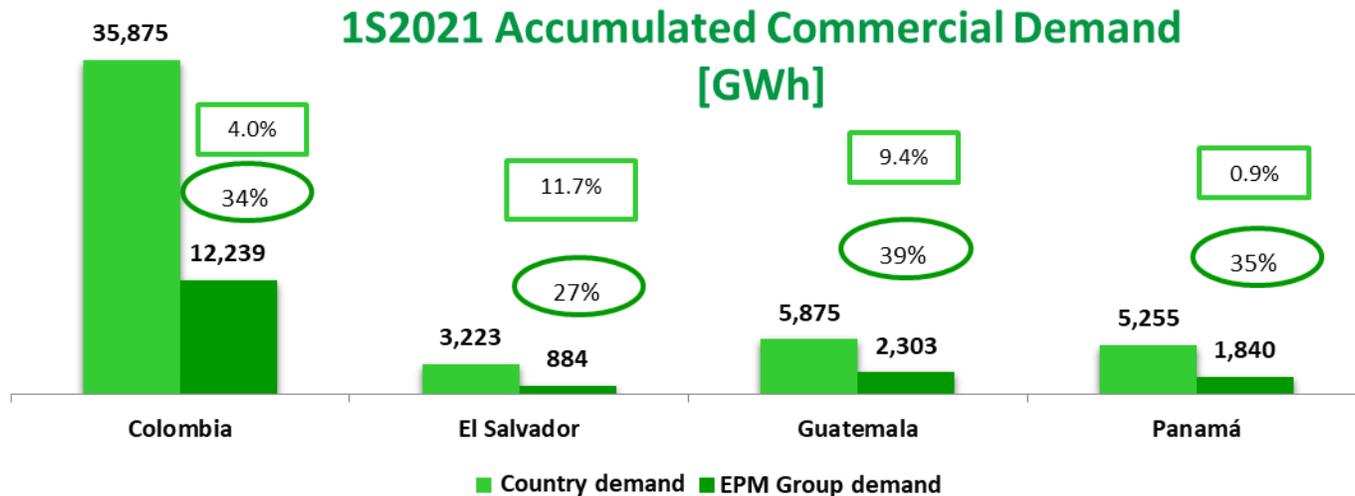
**Financial Expenses:** \$1.1 billion increase, due to a greater period of construction (accounting effect, does not correspond to additional debt).

**Total invested as of June 2021:** \$13.1 billion, of which \$3.1 billion correspond to investments derived from the contingency (considers the removal of assets and insurance payments effect).

The cost of \$ 18.3 billion corresponds to the latest version approved by the Board of Directors in June 2021.

# 3. Energy Market

## EPM Group Commercial Power Demand

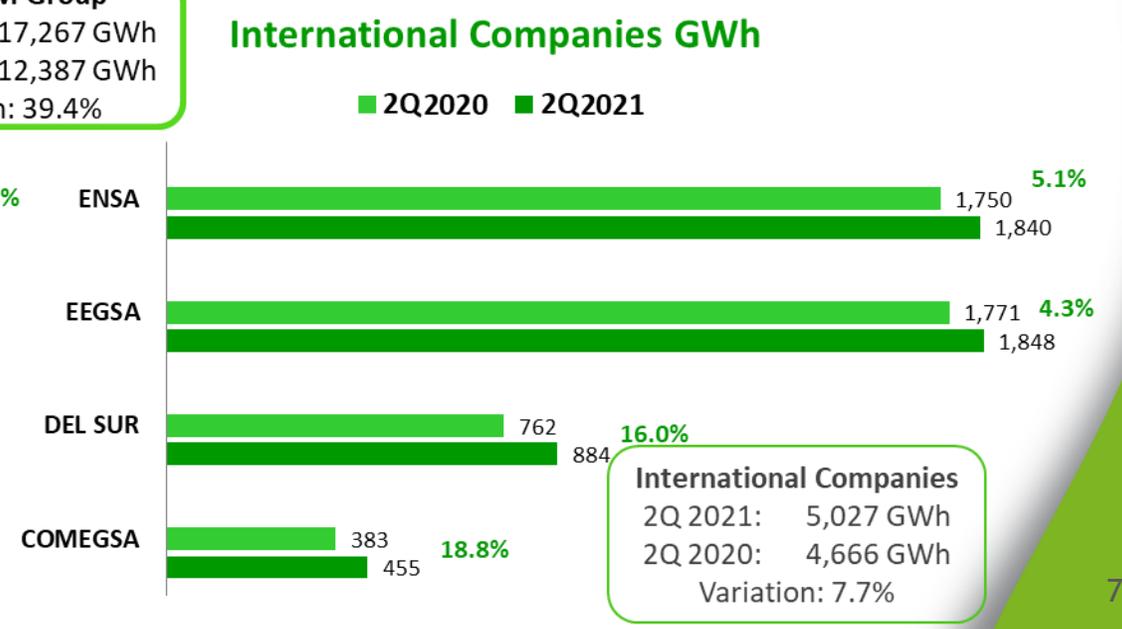
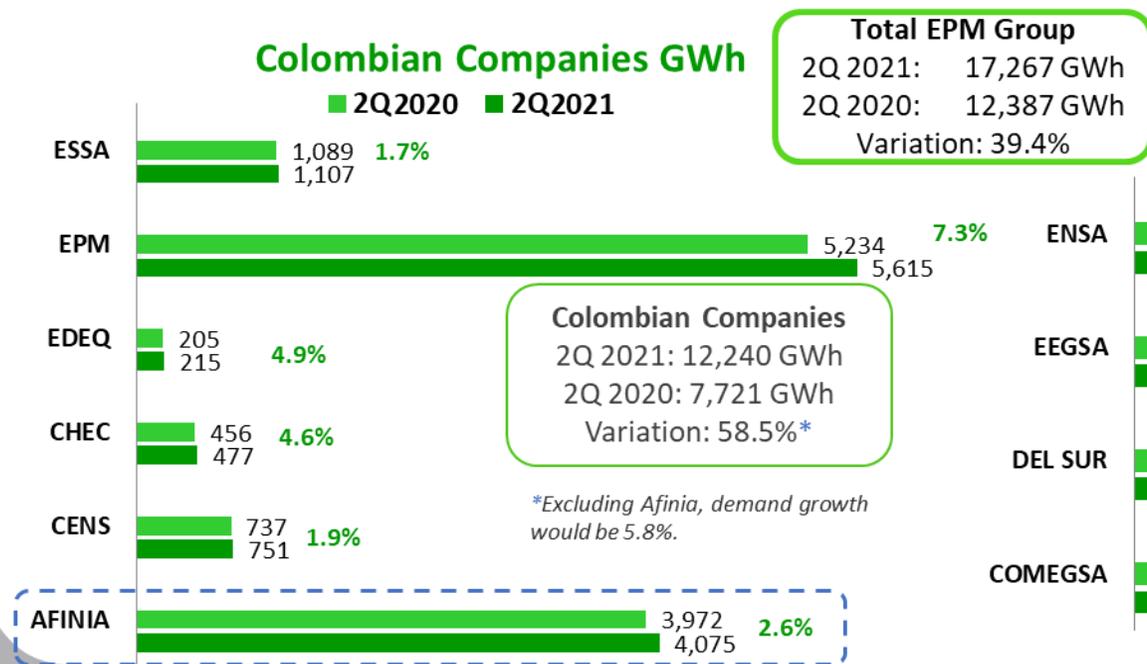


□ % Country's demand variation 2Q 2021 vs 2Q 2020

○ % 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*

1S = First semester

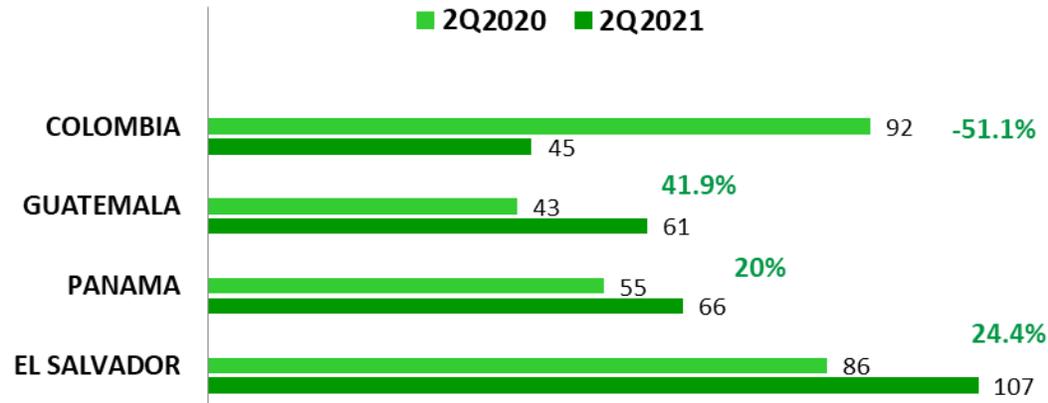


# 3. Energy Market

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



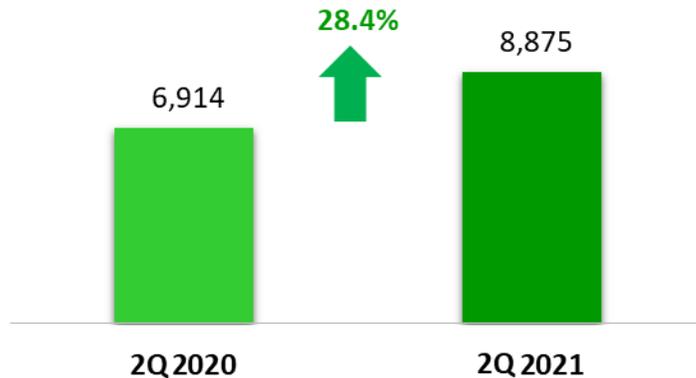
Spot Price USD/MWh



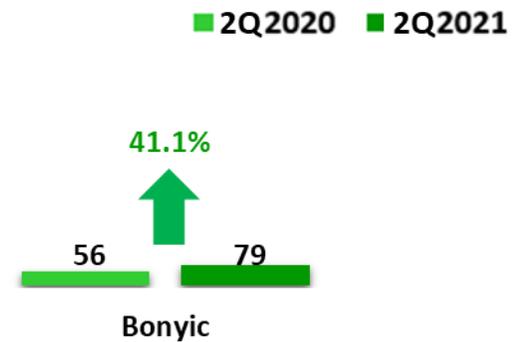
During 2Q2021:

- In Colombia, the spot price decreased by 55.1%, due to a greater water contribution from the added SIN reservoir and less use of the thermal resource.
- In the other countries it increased, mainly due to less use of water sources and greater use of thermal resources based on coal and petroleum derivatives.

EPM Group Power Generation in Colombia[GWh]



International Subs. Power Generation [GWh]



## 4. Financial Results as of June 30, 2021 (unaudited)

### Macroeconomic Scenario

Concept	Colombia	Chile	Guatemala	Panamá	México	El Salvador
GDP (Annual variation)	N/A	N/A	N/A	N/A	19.6%	N/A
IPC (Variación año corrido)	3.13%	2.00%	1.26%	1.88%	3.43%	2.95%
CPI (YTD)	3.63%	3.80%	3.91%	1.61%	5.88%	2.59%
CPI (Annual variation)	9.99%	16.01%	N/A	N/A	5.02%	2.46%
PPI/WPI (YTD)	11.60%	30.40%	N/A	N/A	5.83%	2.76%
Exchange rate (month-end)	3,756.67 COP/USD	735.28 CLP/USD	7.74 GTQ/USD	N/A	19.91 MXN/USD	N/A
Devaluation / Revaluation (YTD)	9.44%	3.38%	-0.64%	N/A	-0.01%	N/A



**GDP:** Gross domestic product

**CPI:** Consumer Price Index

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

**WPI:** Wholesale Price Index

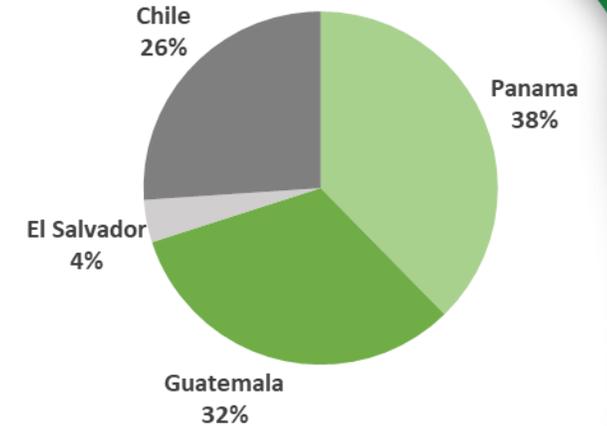
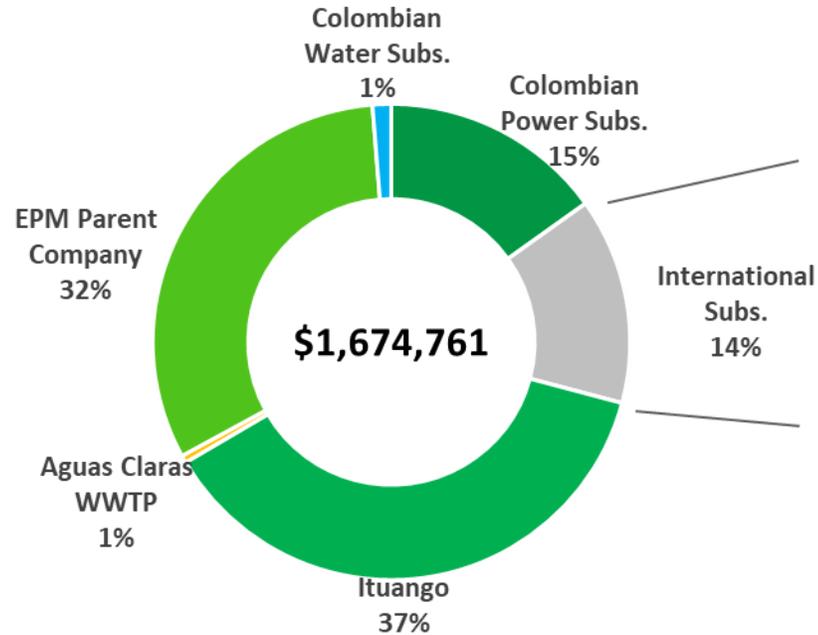
**N/A:** Not applicable, Not available

# 4. Financial Results as of June 30, 2021 (unaudited)

## EPM Group CapEx

Figures in COP million

EPM Group	Jan-Jun 2021
Ituango	626,736
EPM Parent Company (excluding Ituango)	530,475
International subsidiaries	234,764
Aguas Claras WWTP	8,302
Colombian Power Subs.	253,143
Colombian Water Subs.	21,341
<b>Total</b>	<b>1,674,761</b>



Energy: 79%



Water: 21%

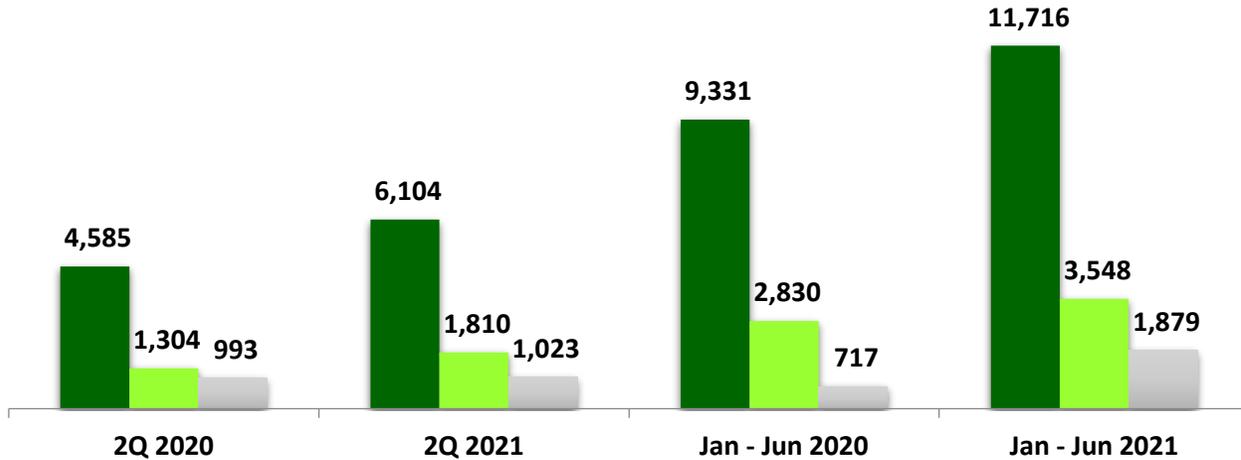
# 4. Financial Results as of June 30, 2021 (unaudited)

## EPM Group Income Statement

Figures in COP thousand million



■ Revenues ■ EBITDA ■ Comprehensive income



Var. 2Q2021 - 2Q2020

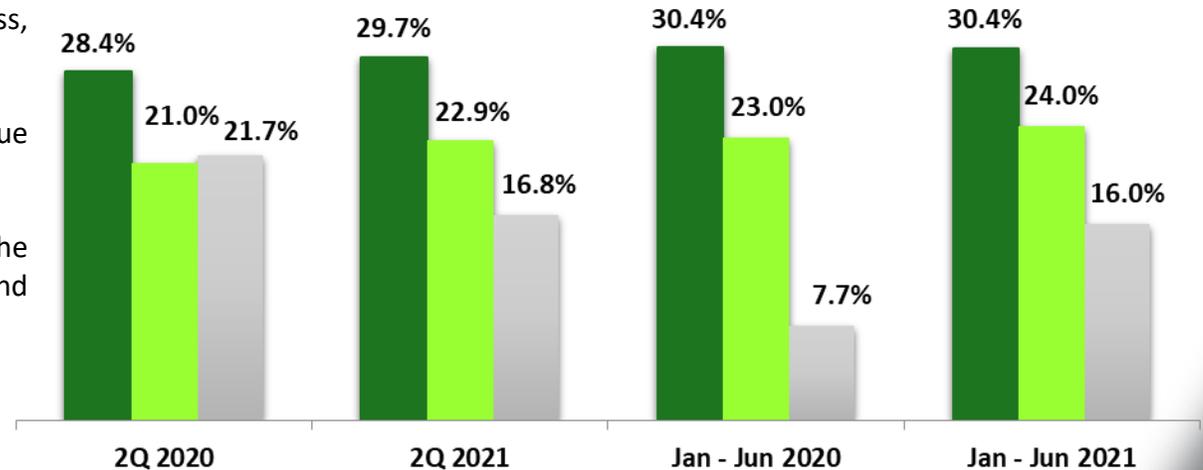
Revenues: 33%  
EBITDA: 39%  
Comprehensive income: 3%

Jan-Jun 2021 - Jan-Jun 2020

Revenues: 26%  
EBITDA: 25%  
Comprehensive income: 162%

- Revenues increased COP 2,384, 26% (6% without Afinia), explained mainly by higher revenues from the new subsidiary Afinia, energy sales in the Distribution business, and for sales to the thermals in the Gas business.
- Consolidated costs and expenses increased COP 1,721, 24%, explained in Afinia due to its incorporation in 2020.
- EBITDA increased COP 718, 25% with respect to previous year, standing out the contribution of the EPM parent company, Aguas Nacionales, ESSA, CHEC, ADASA and DECA.
- Comprehensive income decreased COP 1,162, due to :
  - ✓ Increase in revenues for COP 2,384.
  - ✓ Increase in costs and expenses for COP 1,722.
  - ✓ Increase in FX revenues for COP 620.
  - ✓ Increase in income tax provision for COP 82.

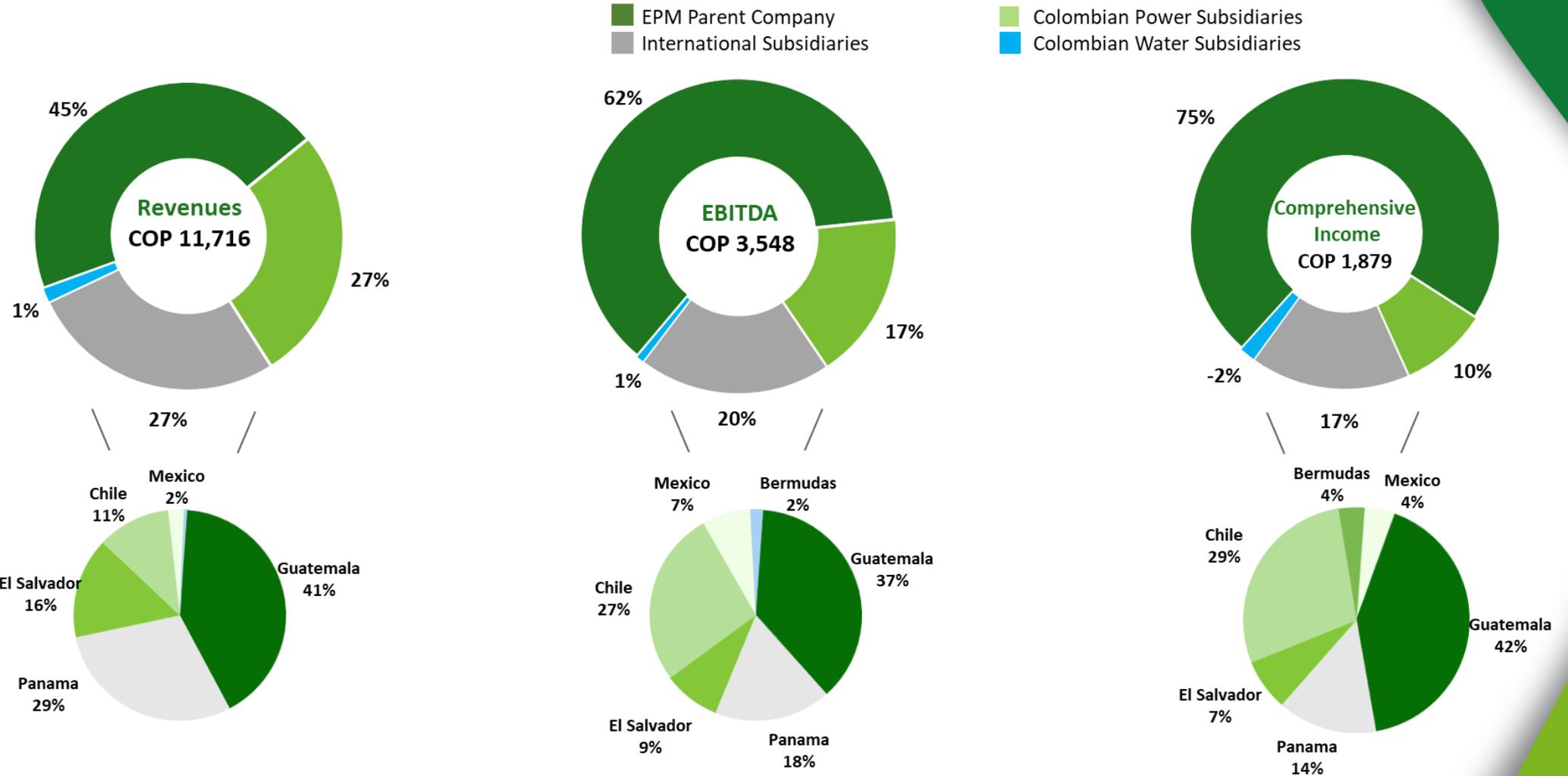
■ EBITDA margin ■ Operational margin ■ Net Margin



# 4. Financial Results as of June 30, 2021 (unaudited)

## EPM Group by Colombian and International Subsidiaries

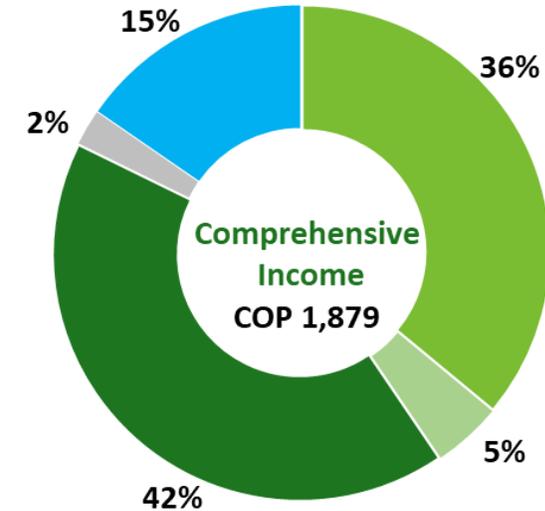
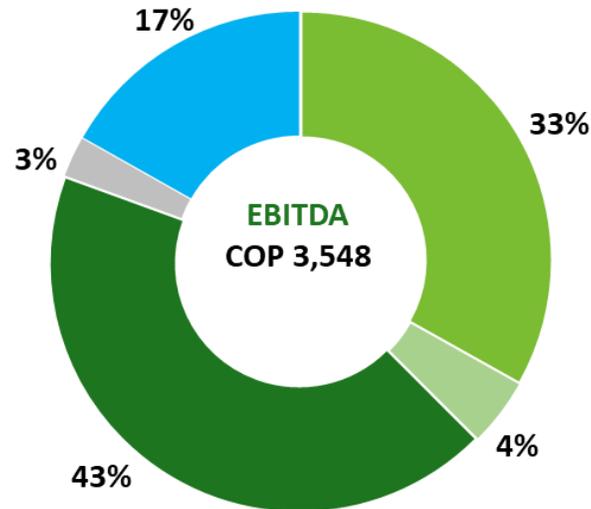
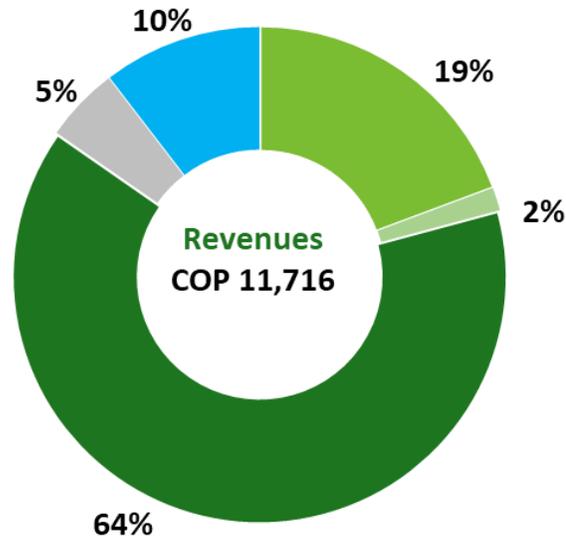
Figures in COP thousand million



# 4. Financial Results as of June 30, 2021 (unaudited)

## EPM Group by Segments

Figures in COP thousand million

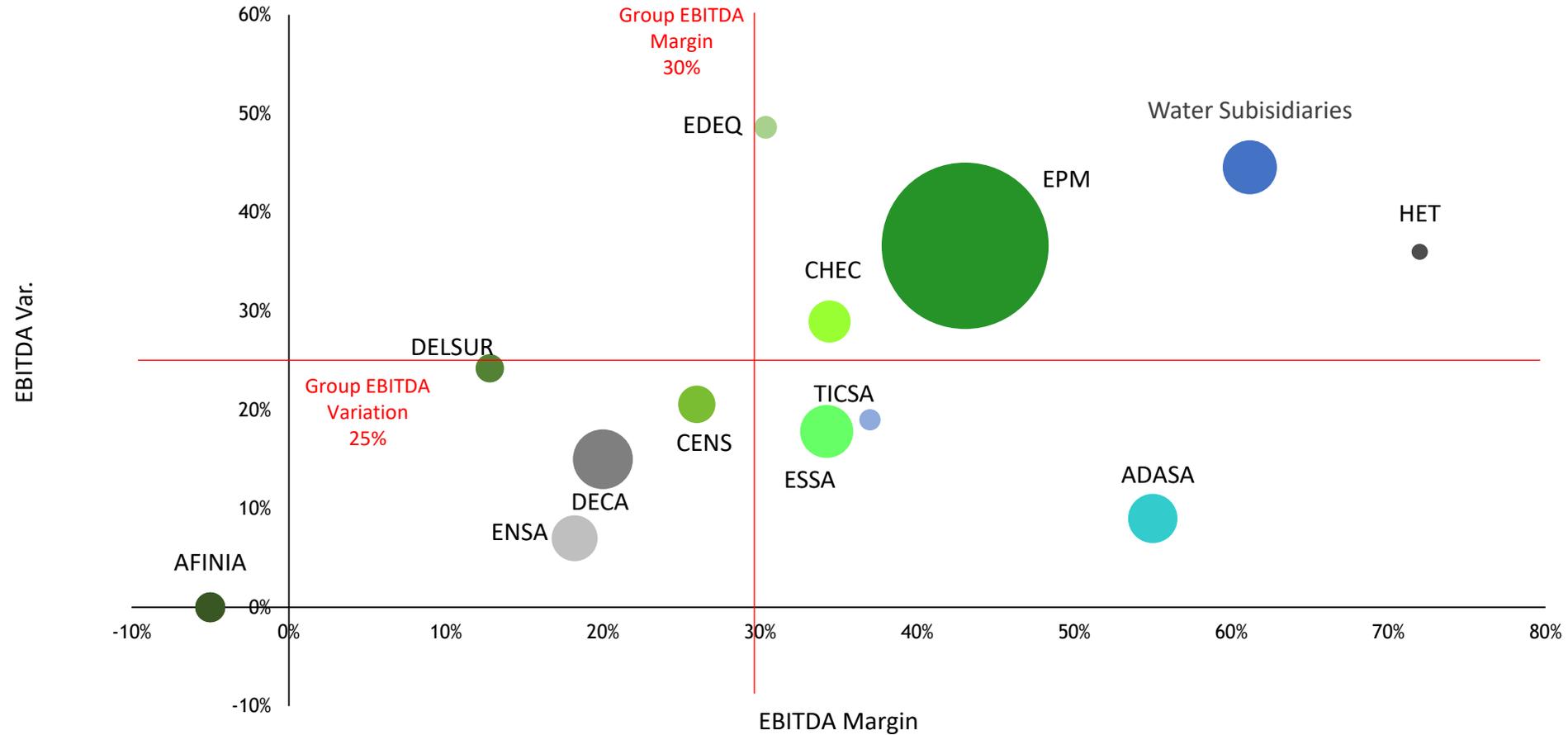


- Generation
- Distribution
- Water and Solid Waste Management
- Transmission
- Gas

# 4. Financial Results as of June 30, 2021 (unaudited)

## EPM Group EBITDA

Figures in COP thousand million

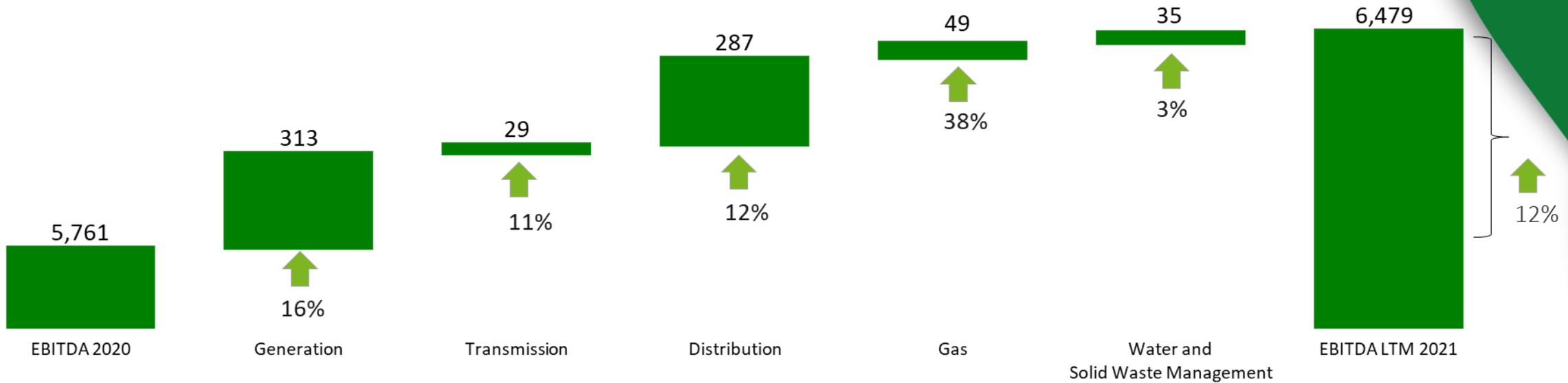


○ EBITDA Size

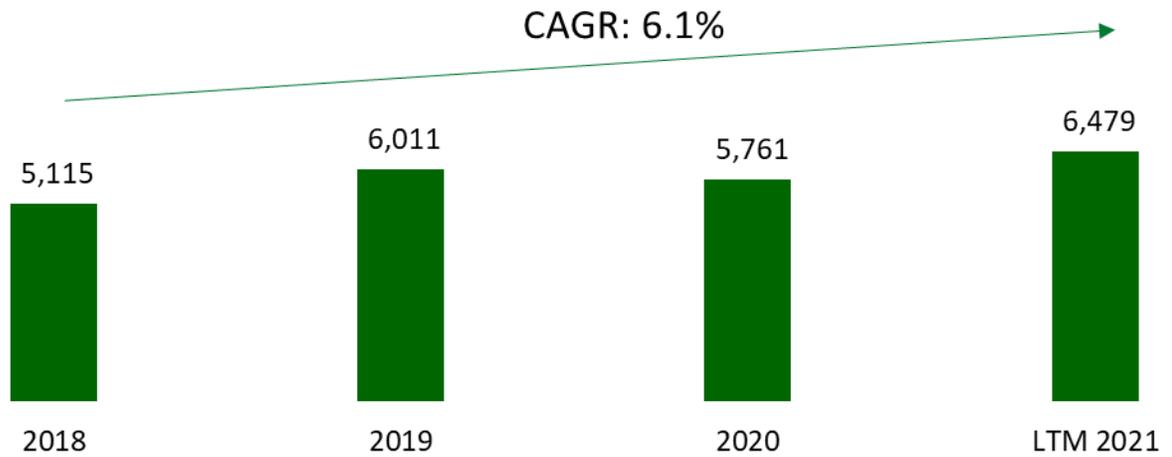
# 4. Financial Results as of June 30, 2021 (unaudited)

## EPM Group EBITDA

Figures in COP thousand million



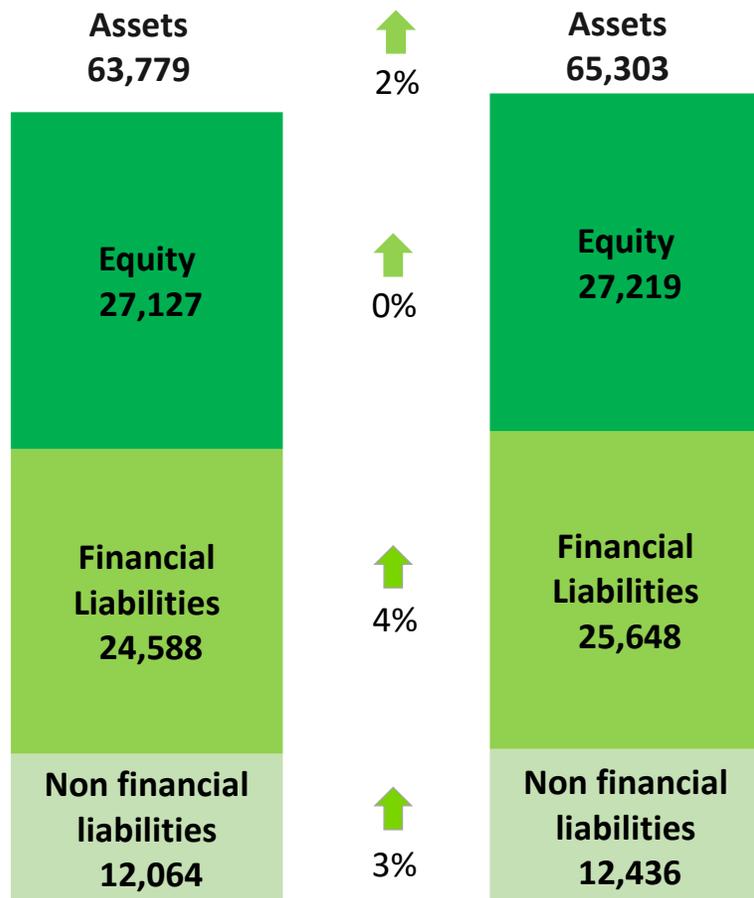
It does not include the other segments and eliminations.



# 4. Financial Results as of June 30, 2021 (unaudited)

## EPM Group Statement of Financial Position

Figures in COP thousand million



2020

2021

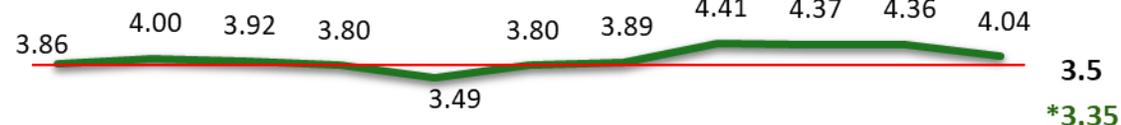
Cash position 2020 and June 2021:  
\$5,624 (2020) / \$4,122 (2021)

Ratios	2020	2021
Total debt	59 %	58 %
Financial debt	43 %	42 %
EBITDA/financial expenses	5.58 X	6.12 X
Total Long Term Debt/EBITDA	3.91 X	4.04 X
Net Debt/EBITDA	3.49 X	3.35 X

### EBITDA/ Financial expenses



### Total Long Term Debt/EBITDA



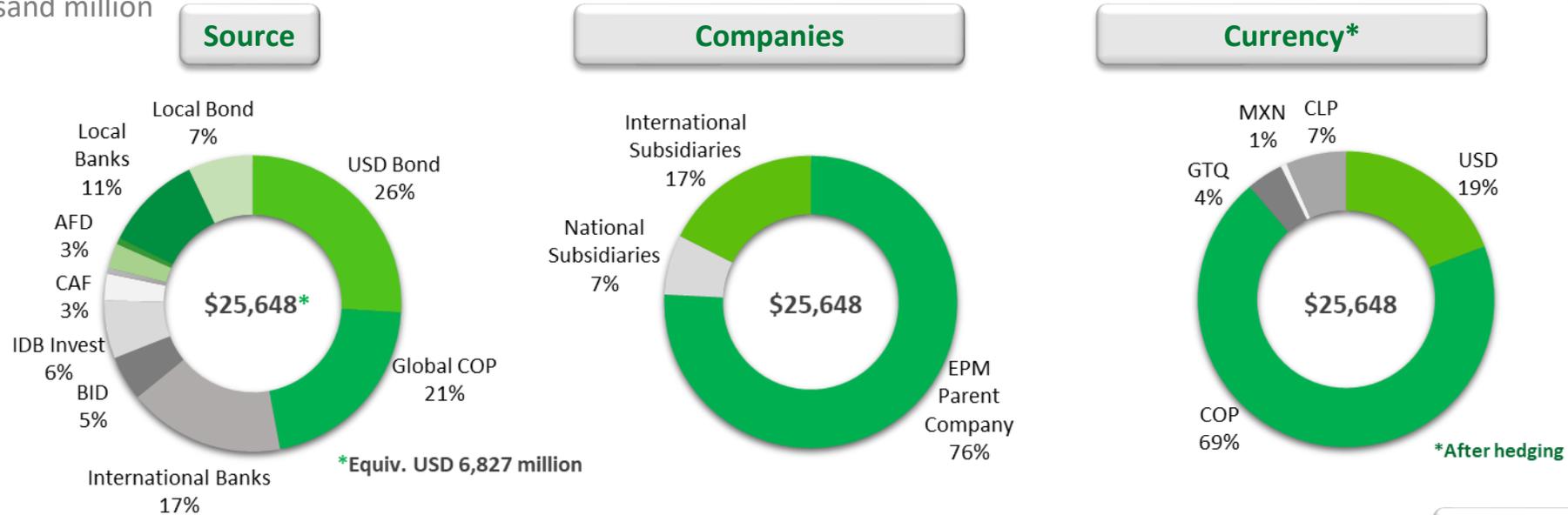
4Q18 1Q19 2Q19 3Q19 4Q19 1Q20 2Q20 3Q20 4Q20 1Q21 2Q21

(\*) Net Debt/EBITDA

# 4. Financial Results as of June 30, 2021 (unaudited)

## EPM Group Debt Profile

Figures in COP thousand million





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