



In a year full of challenges due to the Coronavirus (Covid-19) and the extended dry season, EPM Group achieved revenues of COP 14.1 billion at 3Q2020

- **EPM Group's revenues recorded a growth of 6%. Net income for the third quarter of the year was COP 1.3 billion**
- **In its commitment to development and the creation of jobs, the Group advanced project investments of COP 1.9 billion**
- **The Company contributes to the well-being of all the citizens in Medellín. At September 30, 2020, the Municipality of Medellín received more than COP 1.3 billion in transfers from EPM**

Medellín, October 29, 2020 | In a year marked by the coronavirus pandemic (COVID-19) and its effects on the global economy, at September 30, 2020, EPM Group achieved a revenue of COP 14.1 billion, growing 6% thanks to the responsible financial management and the diversification of the service portfolio in six countries, which includes water supply; wastewater management; power generation, distribution and transmission; natural gas; and solid waste management.

Between January and September 2020, EPM Group achieved an operating income of COP 3.2 billion, with a 7% decrease compared to the previous year and a margin of 23%. The EBITDA stood at COP 4.3 billion, with a 4% decrease and an EBITDA margin of 31%. During the same period, the business group's net income was COP 1.3 billion with a margin of 9%, while at the EPM Parent Company, it was COP 1.2 billion with a margin of 17%.

Of the COP 14.1 billion in revenue achieved by the business group for the January-September period, the EPM Parent Company contributed 51%, foreign subsidiaries 33% and Colombian energy and water subsidiaries 16%.

Effect of COVID-19

EPM Group is not unaware of the global impacts of the coronavirus (COVID-19). The companies made significant financial and cash flow efforts to implement the special measures decreed by authorities due to the pandemic and their own initiatives to allow the most vulnerable families to access utility services.

As of September 30, 2020, the Group's income dropped by almost COP 500 thousand million (mainly due to a decrease in revenues by COP 369 thousand million and an increase in costs and expenses by COP 124 thousand million), a higher balance in accounts receivable by COP 269 thousand million at EPM, decreased collection by COP 360 thousand million (EPM, COP 267 thousand million), mainly in deferred payments by COP 308 thousand million (EPM COP 241 thousand million); discount of timely payment of COP 19 thousand million (EPM, COP 10 thousand million) and frozen financing fees of COP 31 thousand million (EPM, COP 16 thousand million).

Although the operating income at 3Q2020 was very positive, the results continue to be impacted by lower cash income and higher costs in the provision of services, due to the effects of the dry season and the low rainfall in Colombia that lasted until the end of August. Another factor that burdened the period's results was the lower demand for water, energy and gas associated with the economic activity, as a result of COVID-19.

In addition, the effect of a higher net accounting expense, without affecting cash, due to the exchange difference of COP 748 thousand million, caused mainly by the restatement of the debt in US dollars associated with the 18.36% accumulated devaluation of the Colombian peso. As of September 30, 2020, there was a COP 603 thousand million reversal in the expense for exchange difference compared to March, given the revaluation of the Colombian peso starting in the second quarter of this year. Additionally, the company has taken actions in developing its currency risk hedging strategy that have allowed it to significantly improve its risk profile with regard to the currency's volatility.

Engine of Development

Despite the aforementioned effects, in its commitment to the community, the development of the regions and the creation of jobs, between January and September 2020, EPM Group advanced investments in infrastructure projects for COP 1.9 billion, which have been fundamental to driving the economy, in one of the most difficult times of humanity.

EPM is a driving force for development in the region. Of the COP 1,488 thousand million in transfers accounted for in favor of the Municipality of Medellin for the year 2020, the Company has made payments of COP 1.3 billion, which add to the well-being of all the citizens in Medellin, in its higher purpose of contributing to life in harmony for a better world.

Financial situation of the EPM Group

Total assets: COP 62.8 billion, up 14%.

Liabilities: COP 37.9 billion, up 23%.

Equity: COP 24.9 billion, up 3%.

Investments in infrastructure: COP 1.9 billion.

Financial Situation of the EPM Parent Company

Total assets: COP 53.8 billion, up 14%.

Liabilities: COP 28.9 billion, up 26%.

Equity: COP 24.9 billion, up 2%.

Investments in infrastructure: COP 1.3 billion.

Debt/EBITDA ratio: at EPM Group, this ratio ended the third quarter at 4.41 compared to 3.80 in 2019. At the EPM Parent Company, it stood at 6.03 compared to 4.83 in 2019. Discounting the available cash reserve, the Net Debt/EBITDA ratio stood at 3.40 for EPM Group and 4.77 for the EPM Parent Company.

Estimated Results for 2020

For the current year, EPM Group estimates a profit ranging from COP 2.0 billion to COP 2.4 billion. To this end, the following factors are considered, among others: the coronavirus (COVID-19) pandemic with its effect on the demand for utility services and bill payments, the evolution of energy prices in the medium and long term, macroeconomics and the behavior of the exchange rate, as well as the incorporation of the new subsidiary Afinia in the financial statements. This estimate may show variations related to unforeseen events or abrupt changes in or by the variables listed and other effects not considered herein.

Based on the foregoing, the forecast of surpluses to the Municipality of Medellín in 2021 is estimated between COP 1.1 billion and COP 1.3 billion.