



Proximity, coverage, consolidation, growth and environmental care, is the path the EPM Group takes keeping the community's well-being in mind

- **The business group invested \$3.87 billion in infrastructure construction projects, in a commitment to develop the territories**
- **The organization paid the Colombian government taxes amounting to close to \$1 billion**
- **With one of the most notable results in its history, EPM will attempt to transfer to the Medellin Municipality, one billion pesos, which contribute more resources for social investment**

The EPM Group is there, present in the everyday lives of the 22 million people in Colombia, Chile, El Salvador, Guatemala, Mexico, and Panama to contribute to their quality of life and well-being. With household services in energy, potable water, and basic health; natural gas, garbage collection and sewer services, the organization encompasses the development of the territories.

EPM's General Manager, Jorge Londoño De la Cuesta, states, "2016 was a year of great challenges for the business group, which we face with the **commitment to each one of our public servants** and the **support of our customers and users**; suppliers and contractors. Thanks to all we achieved excellent results, which are evidenced in the projects we moved forward and in the financial figures, one of the most notable in our history."

The path that the EPM Group is on is focused on **Proximity, coverage, consolidation, growth and environmental care**. "The common denominator is not only the "C" initial. All of them define central aspects of our **model of action of action**, that speaks of a **dynamic business group**, focused on powering its developing and always working with the people to achieve more quality of life where we are," said Londoño De la Cuesta.

That is how the EPM Group progresses

Closeness with customers and users

In the **awareness of efficient use and care of public services** in 2016 **campaigns were moved forward that impacted 354,000 individuals** with educational intervention in the territories, and conversation places and encounters where 190,000 people participated. The acknowledgment and loyalty program "**Somos [We are]**" linked 229,000 customers for a total of 701,000, and contributed **\$74,580 million credits** for the year **for households** and \$222 million for SMEs.

Last year self-management modules were implemented, installed in office and virtual places, where care is provided remotely from other branches and preferential support is undertaken to sector businesses in construction in the projects with the affiliates, **CHEC, EDEQ, ESSA, CENS, and Aguas Nacionales**. Also highlighted is the start of onsite invoicing at the national affiliates. At CHEC, the total rural area was implemented with 122,211 customer-users; at EDEQ, 17,296, and ESSA 144.449.

Additionally, **three EPM Group companies were awarded the 2016 Regional Energy Integration Commission (CIER) prize**, which is prepared each year by the Residential Customers Satisfaction Survey, by power energy customers and users in Latin America, among 63 power distribution companies from 13 countries. EPM won second place among the companies with more than 500,000 customers and won the Silver CIER Prize. For their part, EDEQ received the Gold among the companies with less than 500,000 customers, and Del Sur, an EPM affiliate in El Salvador won the Silver.

Coverage

In **Antioquia**, in 2016, **the aqueduct service for 35,922 new customer-users was connected and 35,463 in sewage network** for a total of 1,145,313 and 1,120,945 customer-users, respectively. **Some 67,472 connected to gas** for a total of 1,065,705, which made EPM Colombia's second gas distribution company, with a national share of 13%. **Some 60,127 new households received power**, for a total of 2,291,716 customer-users.

Londoño De la Cuesta highlighted that within new users, "EPM contributed **quality of life improvement to 15,355 low-income families** with different comparative offers that allows them to access water, energy and gas. Specifically, the program **United by Water**, which includes water storage initiatives, recognizing buildings and comprehensive improvement of barrios, incorporated 4800 new families to this service with the EPM quality standard"

The **EPM Group is a pioneer in Colombia with prepaid services**, that offer water and energy under a prepaid modality, to those for for reasons of delinquent payments do not have access to them. Last year, **EPM Prepaid Energy** linked **25,400 customers**, for a total of 220,872; to CENS 461, and to ESSA, 3,770.

To **EPM Prepaid Water**, **8,924 customers** were added for a total of 16,275. Pre-charge was launched for Prepaid Energy customers, which allows them to prepay the balance in times of emergency, with the cell phone. Throughout the year, 32,861 pre-charges were performed.

Additionally, 40,140 micro-recharges for users of Prepaid Energy were done from public UNE phones. The program **Pay As You Can** that allows up to five installment payment to EPM's public service account during the month, **41,954 people were linked**, for a **total of 65,954**.



Consolidation

In **energy generation**, the first quarter of 2016 was under the El Niño effect, and the unavailability of the Guatapé station, due to fire in the power cables. EPM managed the prompt recovery of the Station and moved forward in its system, the necessary activities to reduce the economic impact and add to the reliability of providing service to the demand.

In **rural electrification EPM's results** are highlighted in Antioquia with the connecting of **2,184 customers and users**, in **ESSA, 6,803**; and in **CENS, 825**.

In **Water and Sewage** the modernization in the wastewater treatment plant of San Fernando was advanced, in Sur del Valle de Aburrá (municipality of Itagüí), that allowed improvement of the reliability indices and contributed to lowering operation costs.

in **Aguas de Malambo the commercial management** was strengthened with the implementing of the plan "**Discount to your account**", which offers different payment options to delinquent customers. **ADASA** achieved the five-year tariff negotiation of the regulated market and the completion of the **expansion of the desalination plant**, with increase in unregulated market income. On the other hand, TICS Colombia was incorporated and started the commercial management of industrial waters.

In **solid wastes**, the implementation of the "**renting**" scheme in **Emvarias** we obtained **increases in vehicle availability**, going from 79% to 91%, and a reduction of 94% in delay of major routes, representing a decrease of 11% in complaints versus the previous year.

In **Gas** there was an **increase in consumption**, especially in the secondary market, with the sales in gas for energy generation, that helped overcome the emergency situation created by El Niño and the incident at the Guatapé Station. The year 2016 ended with expenditures exceeding 802 million in m3, of which some 170 million m3, was gas to thermals.

Through the **EPM Group's comprehensive operation**, the development of capacities and optimization of process was advanced in the execution of business transformation projects, among which is highlighted "Productivity in the Field," with profits close to **\$35,000 million** "Implementation of the supply chain," through the standardization and certification of processes of contracting, small purchases and restocking, inventories, and warehouses with **profits of \$182,548** millions, along with other strategies in transactional services, financial, administrative and human talent that generated profits of **\$19,833 million**.

Growth

The development of **infrastructure projects** had **\$3.87 billion in investments in 2016**. Among the strategic works are highlighted:



Ituango hydroelectric project: the mega work in which work is done in 24/7 cycles, progresses in accordance with the flow-chart and budget. Currently, civil works reach 66% of execution, which means that the operational input of the first 300 megawatts is predicted (generating a total of 2,400 megawatts) for end of 2018.

The project, that directly benefits the municipalities of Briceño, Buriticá, Ituango, Liborina, Peque, Olaya, Sabanalarga, San Andres de Cuerquia, Santa Fe de Antioquia, Toledo, Valdivia, and Yarumal **had investments in 2016 for \$1.3 billion** and \$79,959 were executed within the environmental, social, and sustainability management, that benefit close to 170,000 individuals.

Nueva Esperanza Project: for 2016 **executed investments for \$84,526 million** and development **initiative with communities**, with arrangements for more than **\$3,090** in 18 municipalities in the project's area of influence. The advance of works is some 86%, with an investment since the start of \$328,154 million.

Bello-Guayabal-Ancón transmission line: investments were executed **for \$65,434 million**. The **progress** of the project's development, that seeks to offer greater reliability of the National Transmission System (SIN) and improve the power supply in Valle de Aburra, is for **some 77%** and some \$79,573 million invested since its beginning.

EPM's Water Treatment plant, Aguas Claras Parque Planta : last year Plaza del Agua was inaugurated and that allowed the Aguas Claras wastewater treatment plant to be converted, into more than just a simple infrastructure work, into a space for the community's active participation. In 2016, **important works were advanced** that comprise the sanitation program of the Medellin River, with **investments executed** from the start of the project for approximately **1.2 billion**

Valle de San Nicolas Project: seeks to provide aqueduct service and partial sanitation services in the rural and suburban sectors of the eastern-central area of the Valle de San Nicolas and the municipality of Envigado. In 2016, **investments for \$57,512 million** were executed and the first stage of the project was put into operation: provision of water in Alto Palmas (Envigado). The progress of the development is at 77% and since its start some \$127,835 million has been invested.

Growth in Urabá and Oriente de Antioquia: the main investments that the EPM Group has had in the Uraba area include the **expansion and modernization** of the San Pedro de Uraba substation with a budget of \$2,740 million; expansion and reposition of general use networks, with a \$6,600 million investment; **rural electrification**, with investments of \$1,871 million and in gas, \$929 million was invested in the laying of 25 kilometers of distribution network to expand coverage. Resources were also managed and the execution of water and sewage services was done for \$48,552 million.



Thus, **EPM will carry out expansion and improvement** in providing domestic **public services** of aqueduct and sewage in the sector of **Valle de San Nicolas** and in the **Alto Palmas** area, of the Envigado, El Retiro and Rionegro municipalities, with a total investment of **\$145,072 million in aqueduct and wastewater collection and transport** between 2016 and 2019, as well as a drinking water plant and two wastewater plants. Some \$57,512 was invested in 2016.

In **Transmission and Distribution**, with the project ENEA 230 kV, **CHEC will venture into the Transmission market**, which will allow the affiliate to capture operational and administrative synergies, and annual revenues of some USD239,795.

The EPM was also awarded the UPME 08-2016 La Sierra Substation agreement, which due to its geographical location, allows EPM to leverage other distribution projects, capture operational synergies and annual revenues of some USD145,000. Also, the **Expansion Plan of the Trelec Transmission business (Guatemala) was executed**.

For **Aguas Regionales** projects some **\$38,420 million** were enabled. For Aguas de **Malambo \$4,973 million were enabled** with Corporación Regional del Atlántico resources, specifically for sewage services. In **Emvarias**, we highlight the **acquisition of 12 container systems** underground, **which guarantee the user waste disposal, 24/7**, and **Puntos Naranja**, which started the construction in the Station B branch, a space designed for the purposes of offering the citizen an alternative for **special wastes** which are not included in regular collection, without any cost, guaranteeing the suitable treatment, according to type.

In EPM's commitment to the city and the environment, with the sustainability movement strategy, the year closed with **17 service stations for vehicular natural gas**. In 2016, 1,254 vehicles converted to natural gas, for a total of 54,941 vehicles. In this business line, revenues of \$34,771 million and expenditures of 37 million of m3, and reductions in Particulate Matter (PM) of 26.81%, 66.87% of Volatile Organic Composites.

On the other hand, the **Distrito Térmico EPM [EPM Thermic District]** became operational in he La Alpujarra sector in Medellín. It deals with EPM's venture into providing the public sector with thermal energy, in this case as air conditioning; and this is the first of its kind in Latin America. The project **allows 100% reductions of Ozone Depleting Substances ODS and 99.9% reduction of Greenhouse Gases (GHG)** and particularly, 21.84% of CO2 reduction versus the conventional system; these percentages correspond to reductions per building.

Environmental care

Looking after the environment from the protection of watersheds and looking for carbon neutral operations is one of the company's objectives. In this regard, it has currently six emission reducing projects registered and validated in different international standards. Also, the organization leads and links with other organization initiatives for the conservation of forests, restoration of riverbank, forest restoration, erosion control, basic rural sanitation, new growth protection, forest promotion, water resource management and biodiversity, environmental awareness and monitoring and follow-up.

In 2016, initiatives implemented for the protection of watershed resources included Porce (Riogrande, Río Aburrá, Porce-Alto Nechí), Nare (La Fe, Río Negro-Nare), Cauca (Ituango hydroelectric area of Influence) suppliers of Waters of Uraba and Chinchina among others, with an impact of 13,461 hectares.

Financial Results

Thanks to portfolio diversification of investments and prompt payment of customers and responsible management and commitment of public resources, in 2016 the EPM Group obtained one of the **highest financial results of its history**.

The EPM Group **reached revenues of \$15.85 billion**, a growth of 14%; an Ebitda of \$4 billion, 12% above 2015, and a result for the period of \$1.86 billion, showing an increase of 85%. Total assets reached \$43 billion, with a 2% growth, and equity of \$20 billion, with a 6% growth. The **transfers to the Medellín Municipality in 2016** reached **\$817,000 million**, of which \$445,000 million corresponded to ordinary transfers and \$372,000 million to extraordinary ones.

EPM's General Manager, Jorge Londoño De la Cuesta, highlighted that **"for 2017 the transfers to the Medellín Municipality will be \$1 billion** which means that when EPM wins, the city and its residents win, because there are more resources for the development and social programs."

Londoño De la Cuesta also stated that **"EPM maintains its investment rating of "BBB"+** given its credit profile that is characterized by a robust generation of cash flow, moderate leveraging, and healthy coverage and liquidity relations. Inside of that, EPM's payment capacity at the national level as well as its bond issue program in pesos for 4.5 billion, for **Fitch Ratings** maintained the **highest rating in Colombia: 'AAA'**, which is proof of the **company's strength and reliability.**"

Thus, progresses the EPM Group, working with a commitment for the development of territories it has a presence in and for the well-being of the community; because it is there for them, day to day, with projects and services that draw it close to the heart of the people.

Information for journalists

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