



Medellin City Council Approves Sale of Some EPM Assets

- **CEO of EPM, Jorge Londoño De la Cuesta, reiterated that the company is and will continue to be 100% public. He thanked the councilors.**
- **In total, 36 information requests made by corporations and other interested parties regarding the sale of the entity's assets were answered.**
- **The sale of some assets was widely shared by EPM with the public in forums, conversations, meetings and interviews.**

With 16 votes in favor and five against, the Medellín City Council approved Draft Agreement 150 of 2018 in the early morning of this Tuesday, October 30 in plenary session, “whereby the disposal of some shareholdings is authorized”. After the decision of the corporations, the Agreement will now be passed to the Mayor of Medellín, Federico Gutiérrez Zuluaga, for its approval.

EPM's CEO, Jorge Londoño De la Cuesta, highlighted that “the proposal to sell some of the company's assets was widely disclosed in order to analyze it transparently, with the public in mind, and respond to all concerns. We had opportunities to meet with the councilors, congresspeople, community, oversight bodies, business leaders, academia, journalists and columnists, as well as with EPM officials and unions”, said the director.

Draft Agreement 150 of 2018 received the green light from the Medellín City Council after two debates and 10 sessions of disclosure, plus two study commissions where EPM participated, in addition to those made by the speaker committee. This committee, coordinated by Councilman



Simón Molina Gómez (Centro Democrático), was composed of: John Jaime Moncada Ospina (Partido Conservador), Luz María Múnera Medina (Polo Democrático), Daniel Carvalho Mejía (Movimiento Creemos), Manuel Alejandro Moreno Zapata (Partido de la U), Ricardo Yepes Pérez (Partido Cambio Radical) and Bernardo Alejandro Guerra Hoyos (Partido Liberal).

Disposal of assets

The approval of the Medellín City Council includes the sale of EPM's shares in Interconexión Eléctrica S.A. (ISA), corresponding to a non-controlling minority interest of 10.17% in the company. Also, other non-material minority shareholdings such as shares in Promioriente S.A. E.S.P., Gas Natural del Oriente S.A. E.S.P., Hidroeléctrica del Río Aures S.A. E.S.P., Gestión Energética S.A. E.S.P (GENSA), EMGENSA S.A. E.S.P, Organización Terpel S.A., Corporación Financiera Colombiana S.A., BBVA Colombia, Banco Davivienda S.A and Acerías Paz del Río S.A.

Moreover, at its meeting dated July 31, 2018, EPM's Board of Directors approved the disposal of indirect shareholdings in Chilean companies Aguas de Antofagasta S.A. (100%), and Parque Eólico Los Cururos Ltda (100%) This process is under development.

The decision

EPM seeks to maintain adequate debt ratios to cover its investment plan and the operation of its core businesses. However, due to the contingency in the Ituango hydroelectric project, the company needs resources to ensure its liquidity over the next three years. Due to the delay in the entry into operation of the future power plant, expected in three years, EPM will stop collecting, for the commercial operation of the power generation business, the estimated amount of COP 4 billion, for



the 2018-2021 period. According to preliminary analysis and pending issues to be confirmed once the status of the powerhouse and other impacts on the project come to light, the considered value to recover the project would be up to COP 2 billion. In addition, as a result of the contingency, there have been impairments that would cost approximately COP 1 billion.

To secure these resources, the organization implemented actions that include:

- **Cost saving:** savings plan in the EPM Group, with a goal of COP 1 billion over the next four years, including 2018.
- **Displacement of investments:** EPM will make billions of investments in its water, energy and gas infrastructure to ensure the delivery of its services with quality, continuity, and coverage. However, the execution of non-priority investments in some projects worth COP 2 billion was displaced over time.
- **Sale of assets:** they must generate resources of up to COP 4 billion.

What follows

With the authorization of the Medellin City Council for the sale of some national assets, EPM must make an offer to the social security sector (Pension Funds, Mutual Funds, Clearing Houses, etc.) for two months. After this time, the offer can be made to the general public.



For international assets, EPM will be accompanied by investment banks, with whom it will prepare the information of the companies to be sold to be made available to interested parties and will make the invitation to present the Non-Binding Offers (NBO) and, subsequently, the invitation to present the Binding Offers (BO).

It is estimated that this process of sale of assets, both national and international, would conclude in the third quarter of 2019.

Londoño De la Cuesta reiterated that this decision is made responsibly for the sustainability of EPM, to continue contributing to people's quality of life and the development of the regions in which the organization has a presence.