



HSBC Latin American Investment Summit 2016

Key Largo, FL.

April 12–14, 2016

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Agenda

1 EPM Highlights

2 Corporate Overview

3 Business Portfolio

4 Key Investment Projects & Acquisition

5 El Niño Phenomenon

6 Financial Highlights

7 Relevant facts subsequent to the 4Q15

1. EPM highlights

- Colombia's largest multi-services utility company, with presence in Central America, Mexico and Chile.
- Market leader in key segments, with an unmatched, vertically-integrated business model and an outstanding operational track record.
- Quasi-sovereign, 100% owned by the Municipality of Medellin with a strong corporate governance model.
- Stable regulatory environment, transparent and supportive of market participants.
- Well thought-out regional expansion strategy, looking to extend dominance in core segments.
- Sound financial profile, with significant cash flow generation and ample access to credit markets.



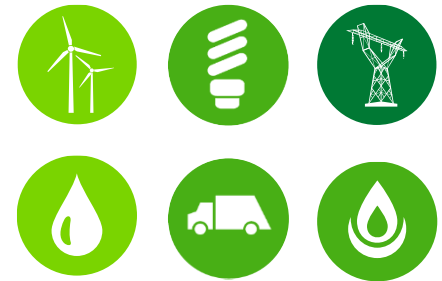
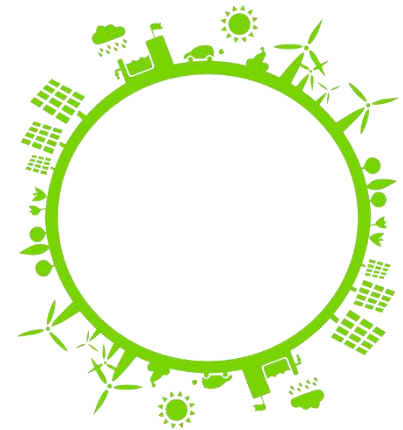
2. Corporate Overview

We are a Colombian state-owned Multi-Latin economic group



We create equitable **well-being** and **development**

We provide comprehensive solutions in the fields of electricity, gas, water, solid waste management, and information and communication technologies -ICT-



2. Corporate Overview



Colombia's largest multi-utility. Second largest corporate in the country

- **Assets:** COP 41.9 bn
- **Revenues:** COP 13.9bn
- **EBITDA:** COP 3.6 bn

Headquartered in Medellin, with a growing Latin American portfolio

- Founded in 1955
- Provides services to **over 20 million people**
- Total EPM Group companies: **50** (Colombian: 14, International:36)

EPM Ratings (Parent):

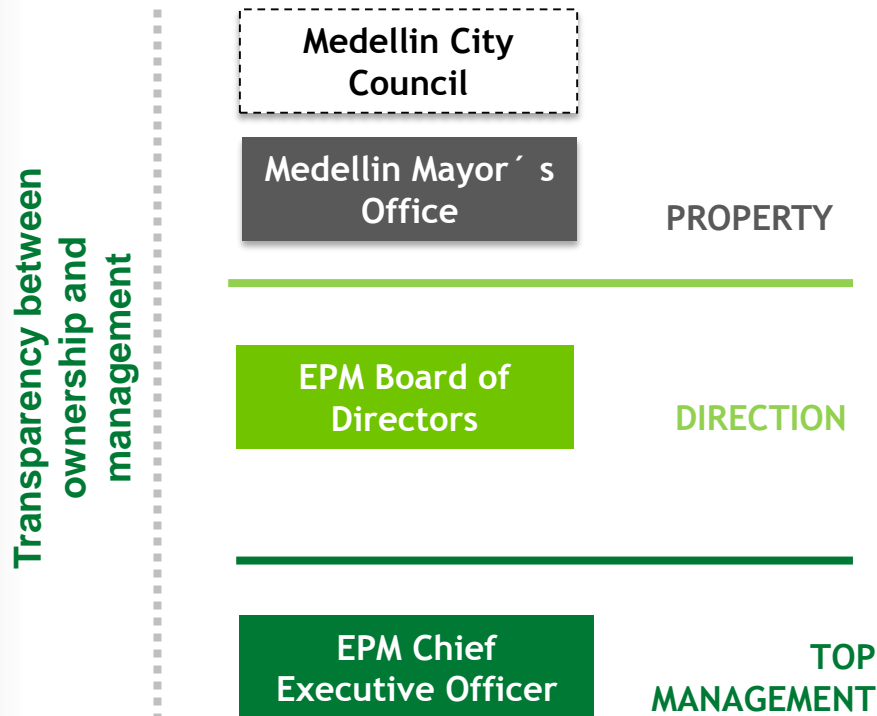
- **Fitch:** international **BBB+** and Local **AAA** (stable outlook) annual review October 2, 2015. Recent review March 16, 2016 after analyzing non-current events.
- **Moody's:** **Baa3** (positive outlook) annual review October 23, 2015.

Low-risk profile and stable credit metrics

- Stable regulatory environment
- Transparent corporate governance
- Diversified revenue sources

2. Corporate Governance

Continuity and stability on the board of Directors



Business Model: creating value with social balance, environmental and economic

- **Medellin's Mayor and Chairman of EPM Board of Directors:** on January 1st, upon taking office, the Mayor of Medellin, **Mr. Federico Gutiérrez Zuluaga**, is the current chairman of the Board of Directors of EPM.
- **Continuity and stability on the board of Directors:** on January 26th, the Mayor of Medellin appointed the members of the Board of Directors of EPM: **he ratified five members, changed two and appointed a vacancy.**
- On January 1st, engineer Jorge Londoño De la Cuesta took office as the **new Chief Executive Officer and leader of EPM Group.**
- Organic Growth and operational efficiency **strategy confirmed.** **Acquisitions paused** looking to reduce increased leverage due to El Niño and Cop depreciation" focus on client service and satisfaction and continue improving employee leadership, communication and climate.

2. Corporate Strategy

Expand dominance in core businesses and further LatAm expansion



In 2022
EPM Group's
great milestone



To continue growing in our core businesses going forward, generating value for stakeholders, enhancing social well-being and protecting the environment.



Investment Plan 2016-2019: COP 11,840 million

- 78% energy, 22% water
- Largest investments include the Ituango hydroelectric project and the Bello waste water treatment plant
- 62% Parent Company, 38% Subsidiaries



Bulk of investments to be funded via internally generated cash flow

Complementary financing sources include:

- Capital markets (local and international)
- Commercial banks (local and international)
- Development banks & Multilaterals

2. Corporate Overview

Solid market share with high barriers to entry in key segments

Market share by business

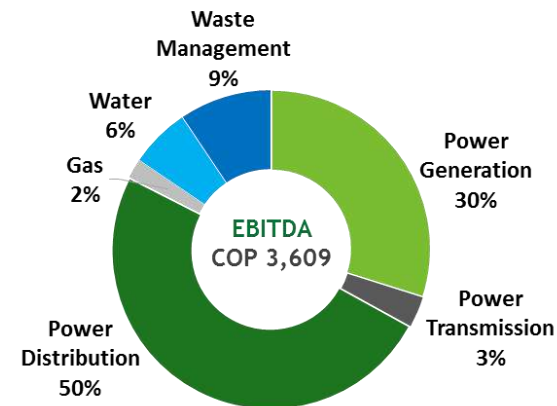


➤ A leading player in Colombia and Latin America with solid market share in key markets and segments.

- Focused on electricity generation, transmission and distribution, natural gas, water, cleaning and sanitation.

➤ Vertically-integrated and highly-complementary business model, with high barriers to entry.

- Regulated revenues and medium-term contracts lead to predictable cash flows.



3. Business Portfolio: Power (85% of EBITDA)

Strong market leadership

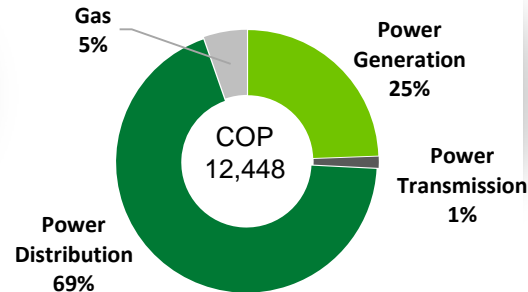
Generation



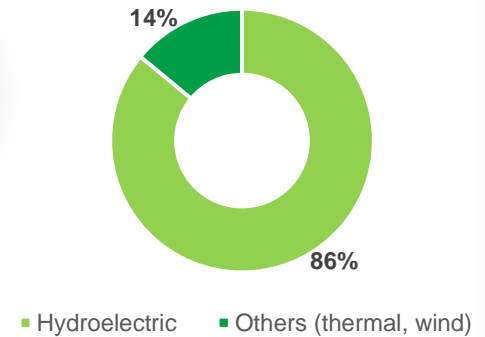
✓ 21.6% of Colombia's installed electricity generation capacity

- 26 hydroelectric plants (3,609 MW in Colombia and 31.8 MW in Panama)
- 2 thermal plants (La Sierra: 450 MW and Dorada: 50MW)
- 2 wind power plants (18.4 MW in Colombia and 109.6 MW in Chile)
- Customers: 3.7 mm
- 32% EBITDA Margin

Revenues Breakdown
December 2015



Installed Generation Capacity



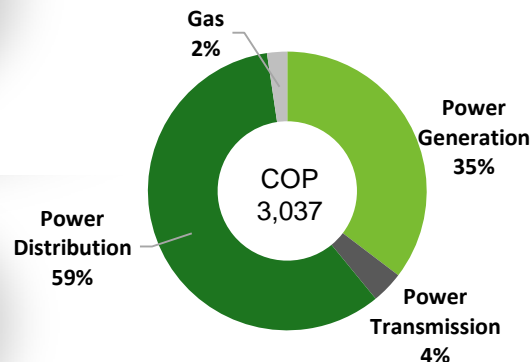
Transmission & Distribution



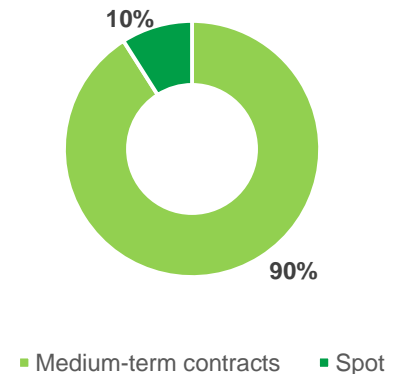
✓ 23% of Colombia's electricity distribution market (8% in transmission)

- Distributes electricity to ~5.6mm customers (3.7mm in Colombia, 1.9m throughout Central America)
- Transmission: 60% EBITDA Margin
- Distribution: 19% EBITDA Margin

EBITDA Breakdown
December 2015



Energy Sales



Gas



✓ Sole natural gas provider in the Medellin metropolitan area

- Main distributor in the region of Antioquia, 3rd largest in Colombia
- Customers: 1 mm
- 9% EBITDA Margin

3. Business Portfolio: Water (15% of EBITDA)

High growth trajectory with sizeable investments in place



Colombia's second largest water and sewage services provider

- Very stable and high-margin business (38% EBITDA margin)



Waste Water Treatment

- **Aguas Claras Park and Waste Water Treatment Plant (Colombia)** (capacity of 5.0 m³/sec) and an interceptor (7.7 km), is expected to begin operations in 2017.
- **TICSA-Tecnología Intercontinental S.A. de C.V. (Mexico)**
 - TICSA has 12 waste treatment plants in operation 1 under construction. 25 years of experience in design, construction and operation of wastewater treatment plants.



Waste Management: EMVARIAS (Colombia)

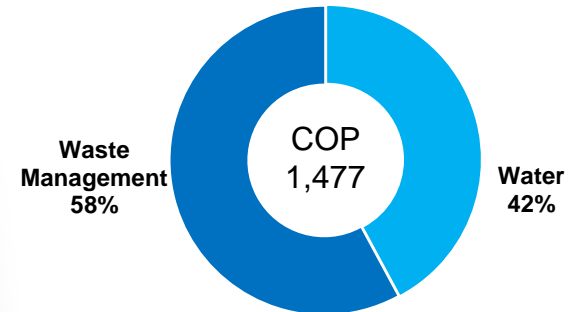
- Business line with strong potential growth.



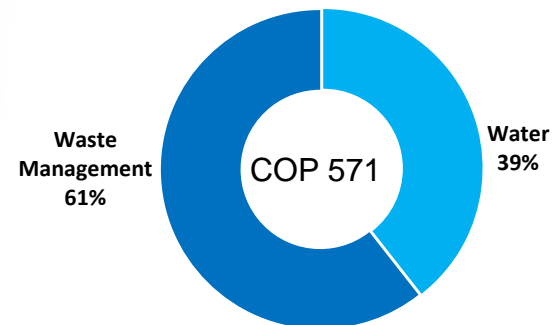
Water and Waste Water Treatment Plant - ADASA (Chile)

- Represents EPM's entry into the water desalination sector.
- Strengthens our presence in the sector of water and sanitation.

Revenues Breakdown
December 2015



EBITDA Breakdown
December 2015



4. Key Investment Projects

Ituango Hydroelectric Project

➤ Largest hydro-generation power plant in Colombia

Current progress: 43.8%



✓ Key contracts already executed with top construction firms

- Main civil works: Brazilian-Colombian consortium of Construções e Comercio Camargo Correa SA, Conconcreto SA and Coninsa Ramon H SA.
- Turbines, generators: Alstom Brasil
- Transformers: Siemens Transformer Co. Ltd.

Financing:

- Local bonds: \$867.280 mm
- Global COP bonds: \$965.745 mm
- Club Deal: USD 450 mm (undisbursed)
- BNDES: USD 111 mm (in development)
- EDC: USD 135 mm (in development)



- Installed capacity: **2.400 MW** /8.563 GWh/year
- Total cost: COP 11.4 bn (equivalent USD 5 bn)
- Investment (2011- 2015): COP 4.2 bn (USD 2.1 bn)
- Investment Jan-March 2016: COP 316.787 million
- Ituango will represent **17.9%** of total Colombian installed capacity
- 8 Francis type turbines: 300MW each
- Start of operation: 1st Stage in 2018 (**1.200 MW**)
2nd Stage in 2022 (**1.200 MW**)

4. Key Investment Projects

Aguas Claras Park and Waste Water Treatment Plant in Bello

Current progress: 66%



- Total cost: COP 1.4 bn (equivalent USD 525 m)
- Investment (2002-2015): COP 694 m (USD 298 m)
- Investment Jan-March 2016: COP 111 m (USD 35 m)
- Treatment capacity: **5.0 M³/sec.**

Key contracts

Civil works and equipment supply:

- Korean – Spanish consortium “Aguas de Aburra HHA: Hyundai Engineering and Acciona Agua.
- Construction North Interceptor: Colombian-Mexican consortium CICE

Main goals:

- The recovery of the Medellin river watershed.
- 75% of the wastewater collected from the metropolitan area will be treated and returned to the river. Global coverage will be 95%, including San Fernando’s plant.
- Operations expected to start in 2017
- Financing: IADB → USD 450 m To date, USD 235 m have been disbursed
- EPM will recover costs through a regulated tariff

4. Key Acquisition

Water distribution business acquired in June 2015



➤ Acquisition of the Chilean company ADASA for CLP 589.902 million* (USD 945 million equivalent)



- Represents EPM's entry into the **water desalination sector**.
- Strengthens our presence in the **sector of water and sanitation**.
- Significant growth opportunities in **Chile** in non residential business and desalination.
- Concession until **2033**



- 65% of revenues come from regulated market.
- 35% of revenues come from the block sale of water to mining companies.
- 4.8% growth in m³/client in the last four years.
- 390 Direct jobs
- 1115 Indirect jobs



Proforma before merger in Dec 2015

2014 Financial Results

- Revenues: CLP 73.973 m
- EBITDA: CLP 40,142 m

2015 Financial Results

- Revenues: CLP 85.503 m
- EBITDA: CLP 43.371 m

Variation 2014 - 2015

- Revenues: 15.6%
- EBITDA: 8%

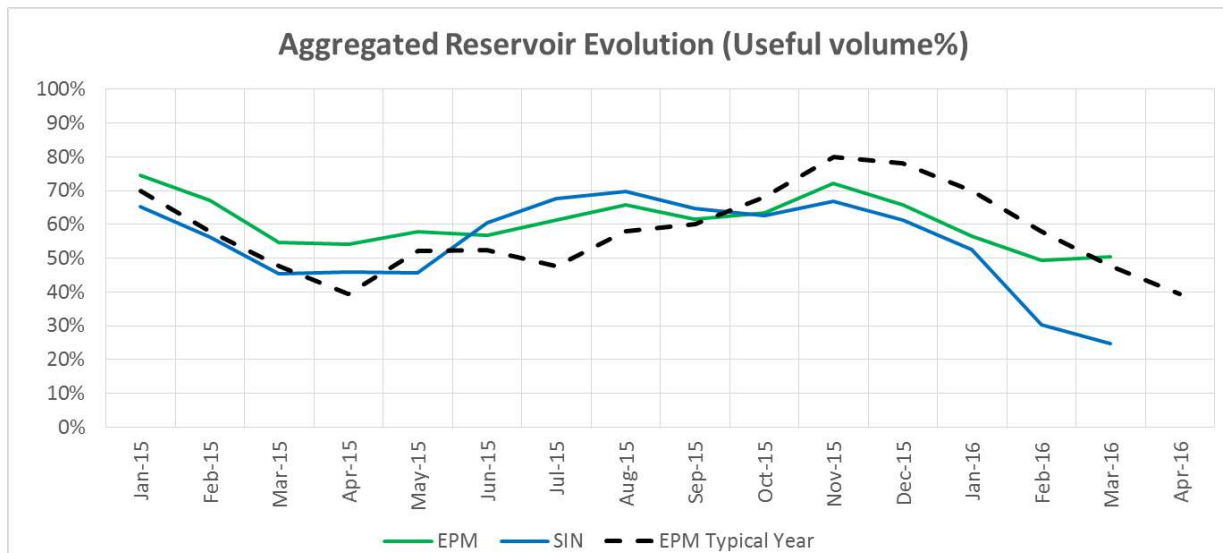
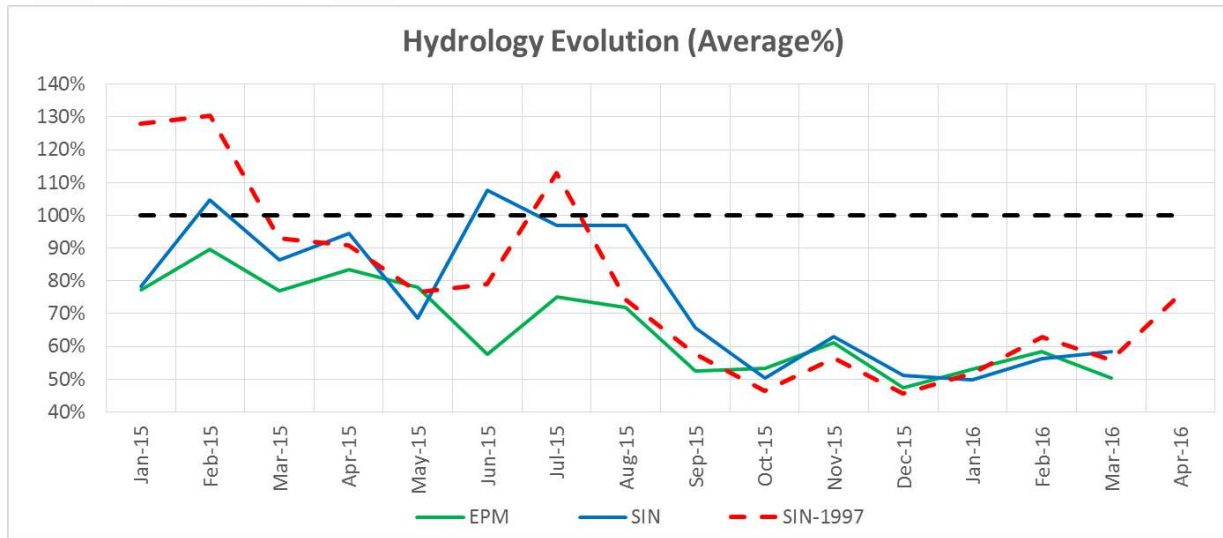
- In **2015, regulated market consumption** in terms of cubic meters was 39.027 m³ (with 75% participation) and 2% increase with respect to 2014 and **non-regulated market consumption** was 12.799 miles m³, 1.2% more than in 2014 (25% of total water sales).

➤ Main goal in the water sector: to rank EPM Group among the international top players

* Acquisition total cost adjusted due to previous owner expenses recognition

5. El Niño Phenomenon

Hydrology and Reservoirs

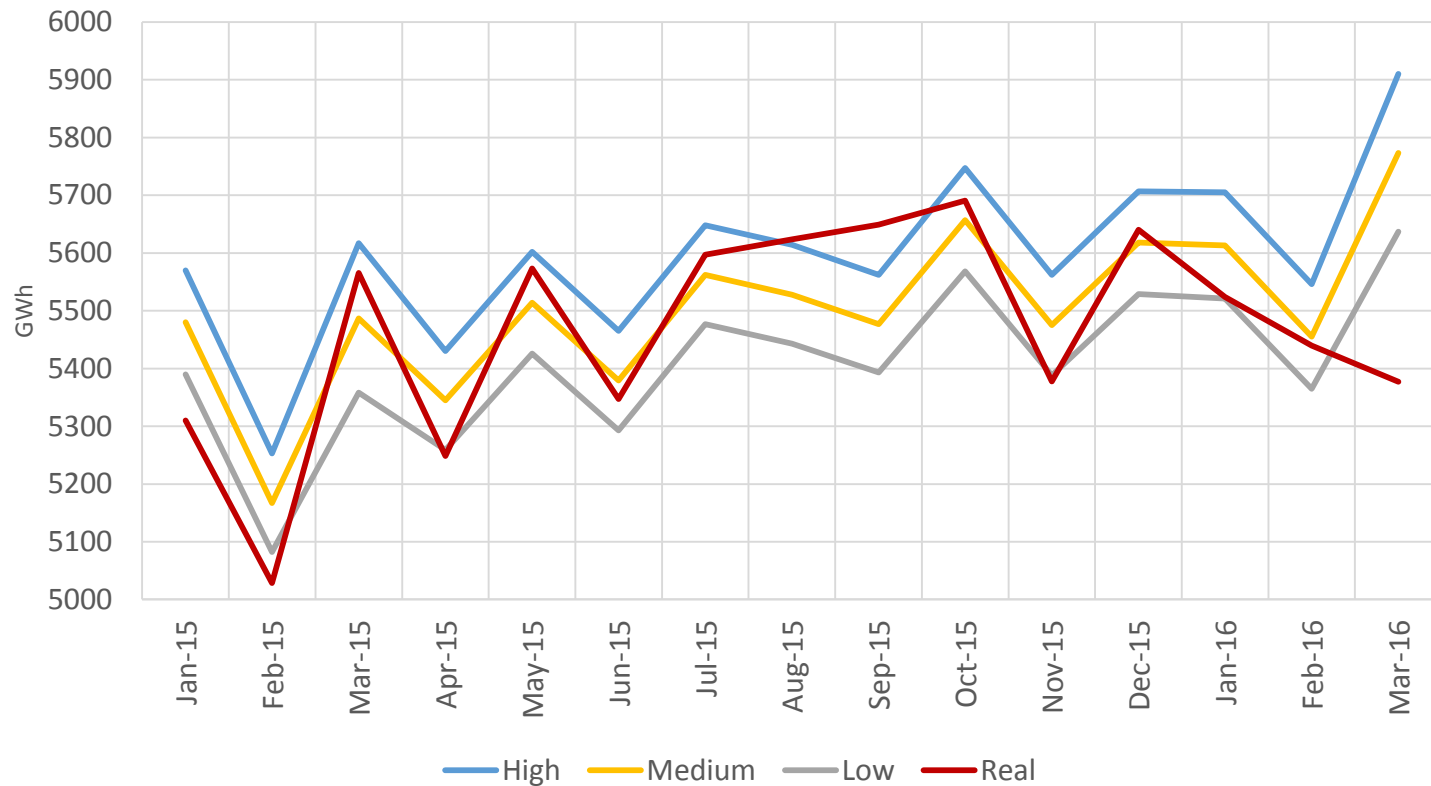


EPM Typical Year: period from January to December without El Niño and La Niña phenomena.

SIN: National Interconnection System (for its Spanish initials).

5. El Niño Phenomenon

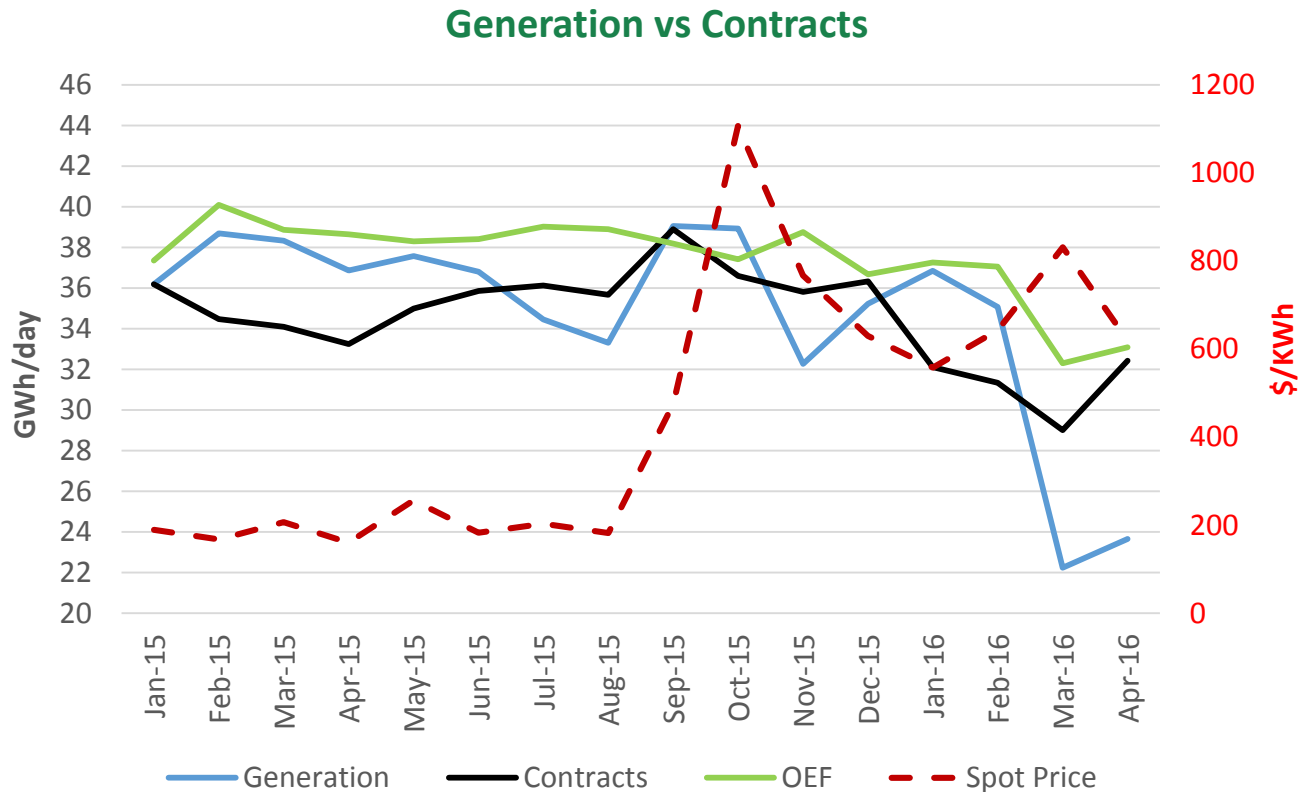
Demand has grown significantly



March demand was **4.8%** below the UPME's Medium scenario.

5. El Niño Phenomenon

Evolution of physical variables and Spot Price

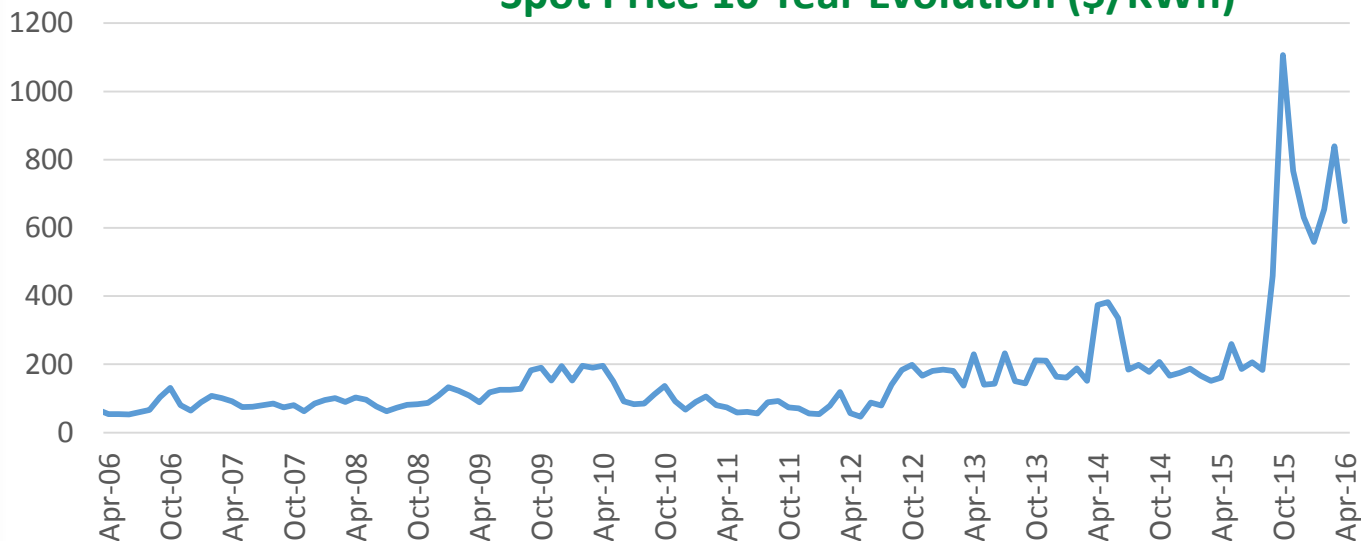


Generation has been higher than long-term energy sale contracts except in July, August, November and December of 2015

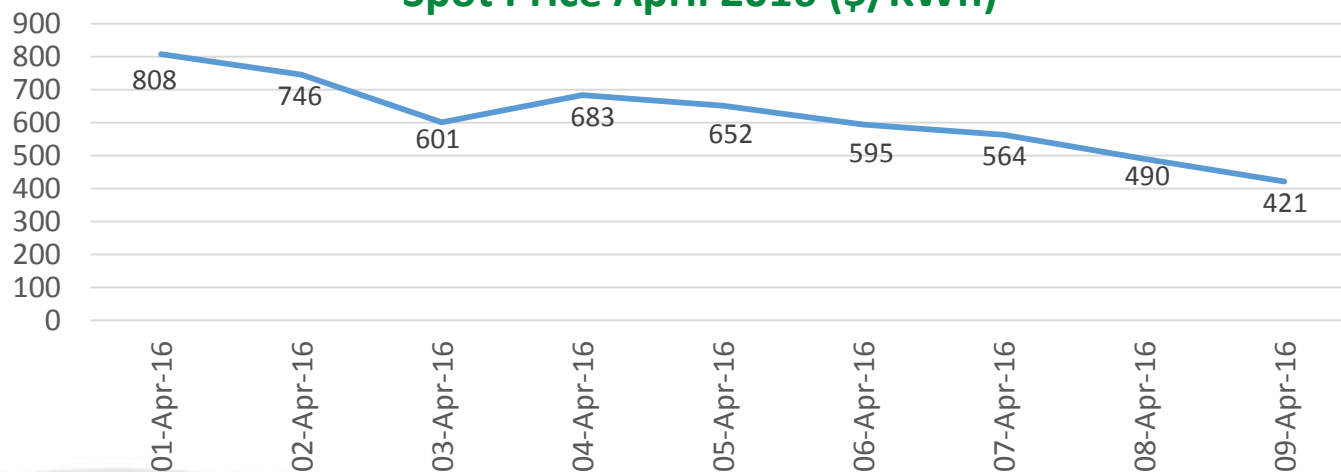
5. El Niño Phenomenon

Spot Price evolution

Spot Price 10 Year Evolution (\$/KWh)



Spot Price April 2016 (\$/KWh)



5. El Niño Phenomenon

Actions

- ❗ EPM bought gas in order to operate half of La Sierra plant starting May 10, 2015.
- ❗ Since May, the capacity of reservoirs has been used in a responsible way.
- ❗ Investments were carried out to ensure liquid fuel supply for thermal plants.
- ❗ EPM bought gas from Ecopetrol for the period Nov 15 until Nov 16 to permit partial operation of La Sierra and Dorada plants.
- ❗ Termobarranca plant (48 MW, owned by ESSA) was reincorporated to the market in late January 2016, in order to deliver 1.1 GWh/day to the system.
- ❗ Endeavors with MME and CREG so that the spot price is capped and the scarcity price is adjusted to historical levels.
- ❗ In order to mitigate impact on residential customers, the Tariff Option was also adopted in order to defer over time the regulatory increments in the energy tariff.

5. El Niño Phenomenon

Economic impact on EPM

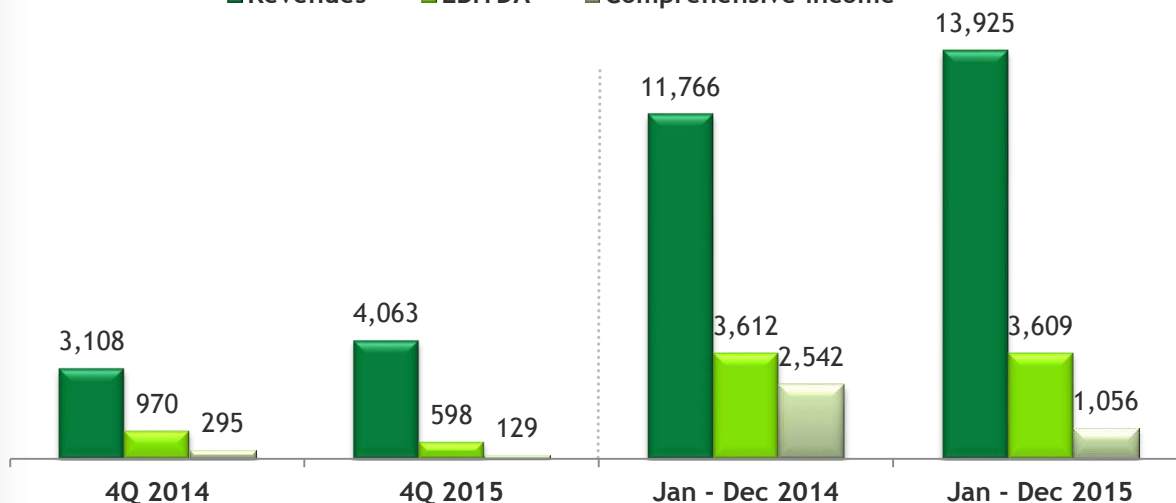
- In 2015, El Niño phenomenon had an impact on EPM in **COP 321,000 million** and on EPM Group in **COP 421,000 million**.
- In 2015, **1.212 GWh of thermal generation** represented higher operational costs vs **11.985 GWh of hydro generation**.

6. Financial Results 4Q2015

EPM Group Income Statement

Figures in COP thousand million

■ Revenues ■ EBITDA ■ Comprehensive income

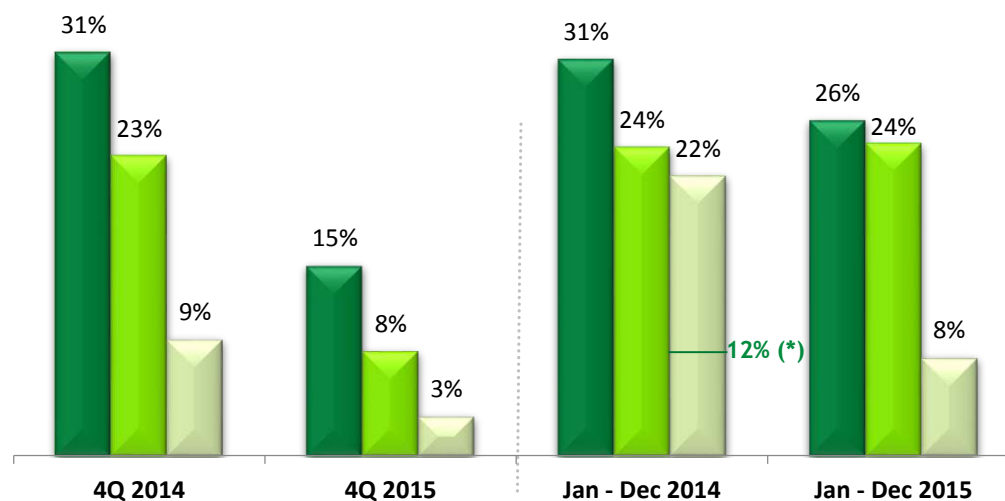


Variation in COP 2014 - 2015

- Revenues: 18%
- EBITDA: remained flat
- Comprehensive income(*): -58%

(*) Excluding the effect of the extraordinary dividends of UNE in 2014 (COP 1,074,798 million), comprehensive income presented a decline of 25%.

■ EBITDA margin ■ Operational margin ■ Net Margin

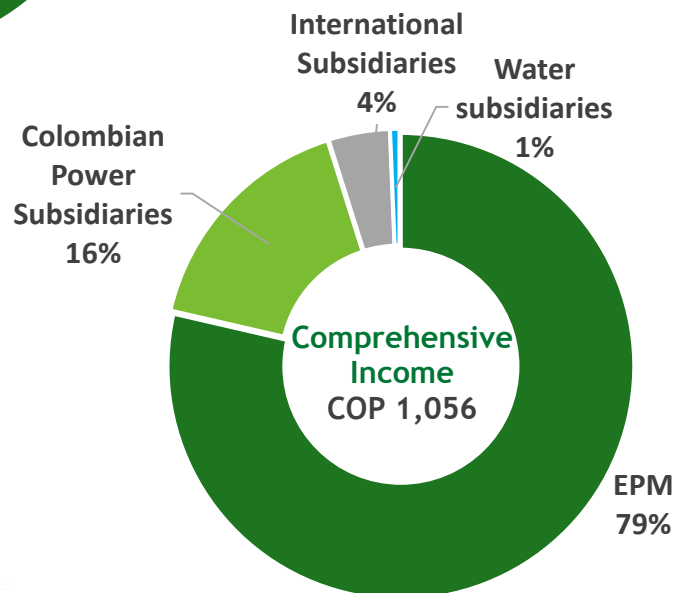
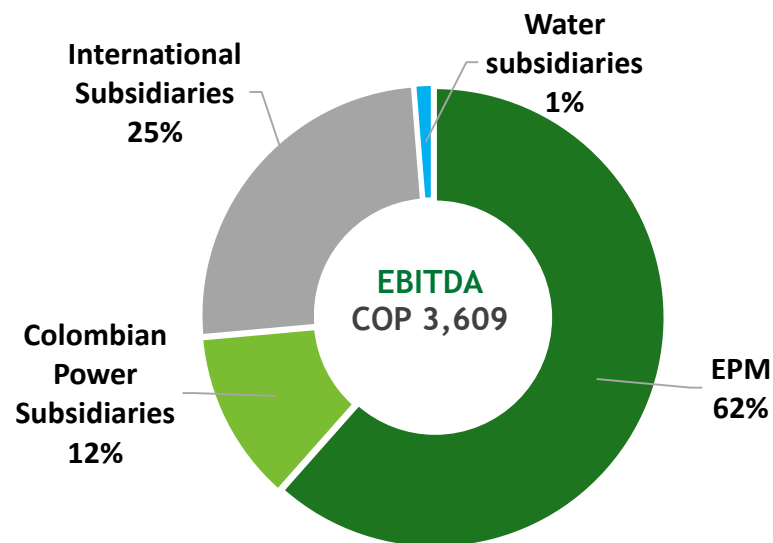
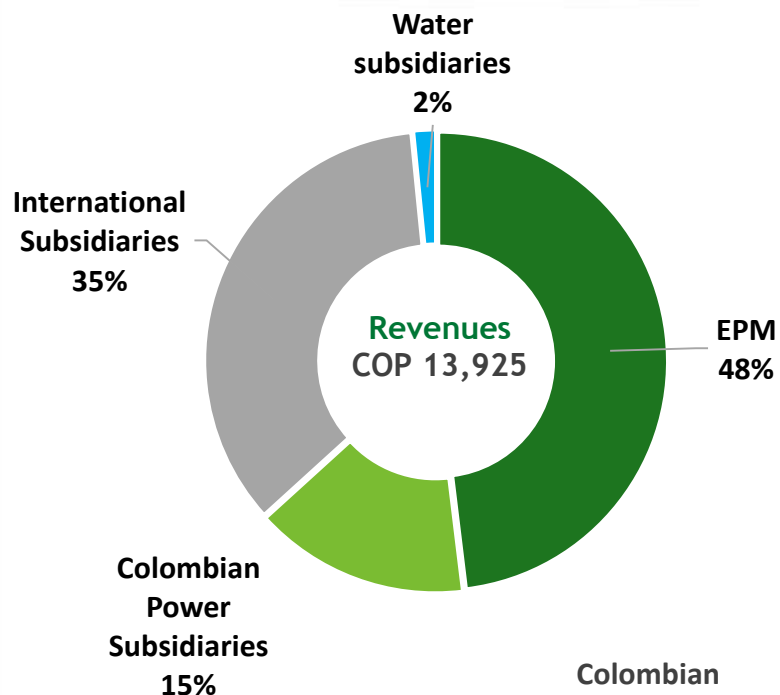


(*) Excluding the effect of the extraordinary dividends of UNE

6. Financial Results 4Q2015

By Countries

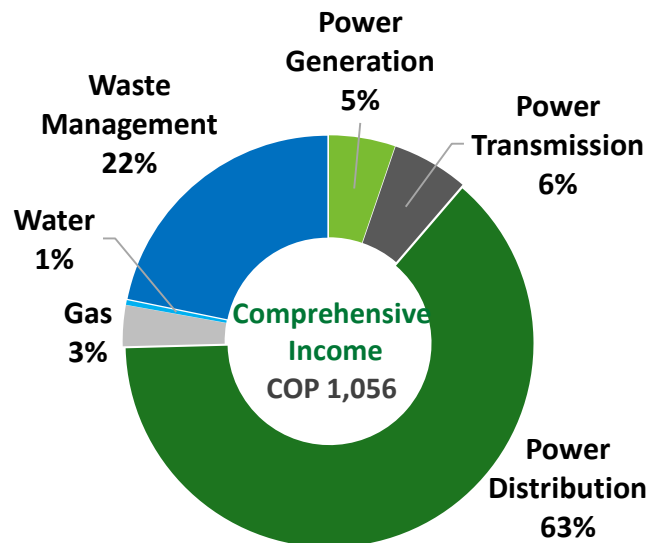
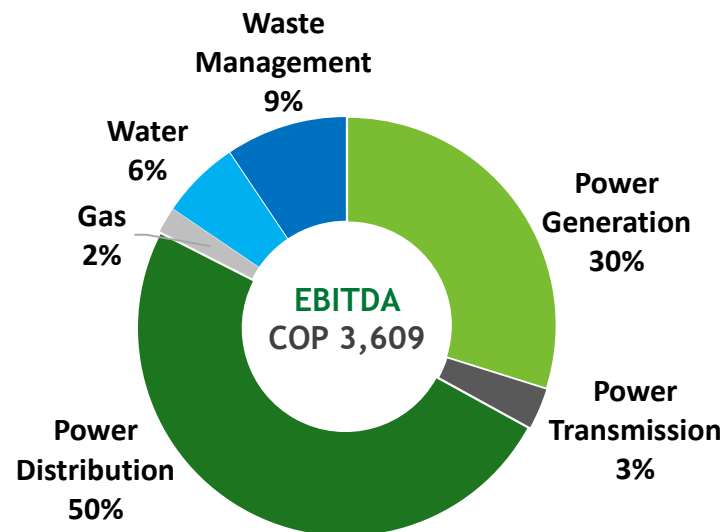
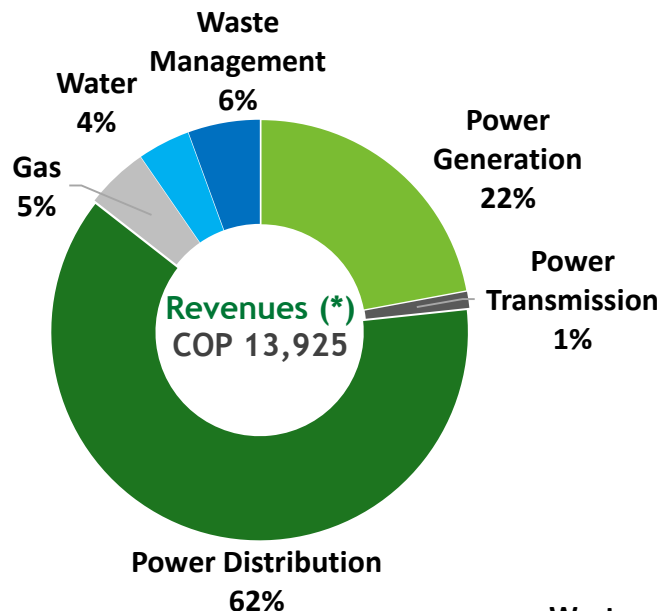
Figures in COP thousand million



6. Financial Results 4Q2015

By Segments

Figures in COP thousand million

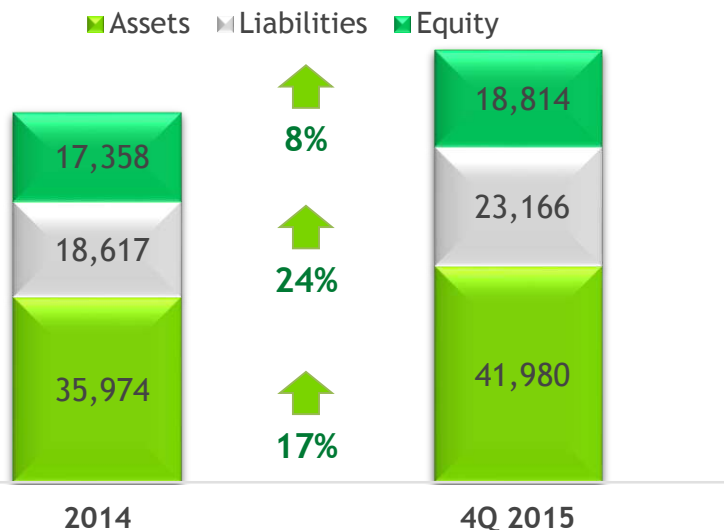


(*) Revenues between segments do not include internal eliminations.

6. Financial Results 4Q2015

Statement of Financial Position

Figures in COP thousand million



Ratios	2014	2015
Total debt	52%	55%
Financial debt	31%	37%
EBITDA/financial expenses	6.96	4.98
Debt/EBITDA	2.92	3.76

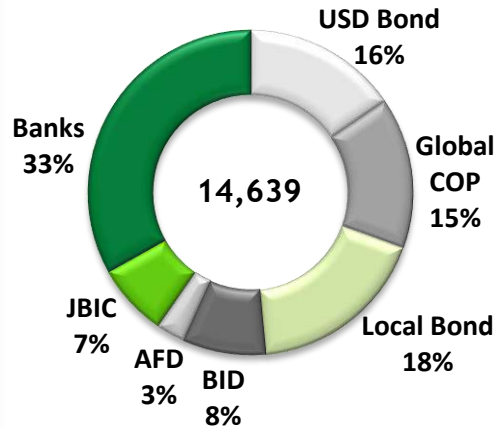
- Debt/EBITDA covenant exceeded 3.5 times due to: i) the impact on the EBITDA caused by El Niño Phenomenon, COP 421,000 million and ii) the effect of the peso depreciation which caused debt balance increasing by COP 1,405,635 million.
- As of March 31, 2016 AFD, BID and JBIC granted EPM with a waiver for the Debt/Ebitda covenant for December 2015.
- EPM expects to return to Debt/EBITDA ratio equal or under 3.5 times during 2017.

6. Financial Results 4Q2015

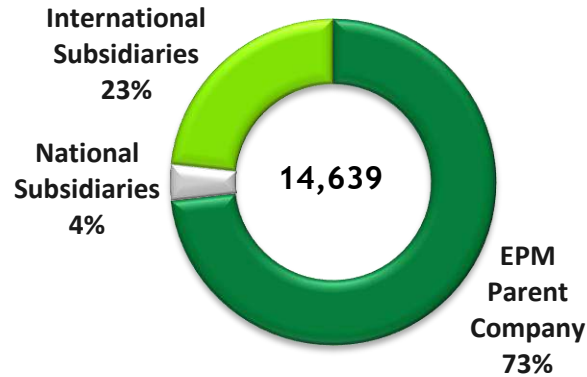
Debt Profile

Figures in COP thousand million

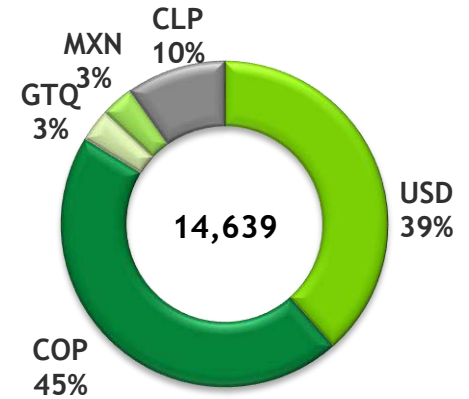
Source



Companies

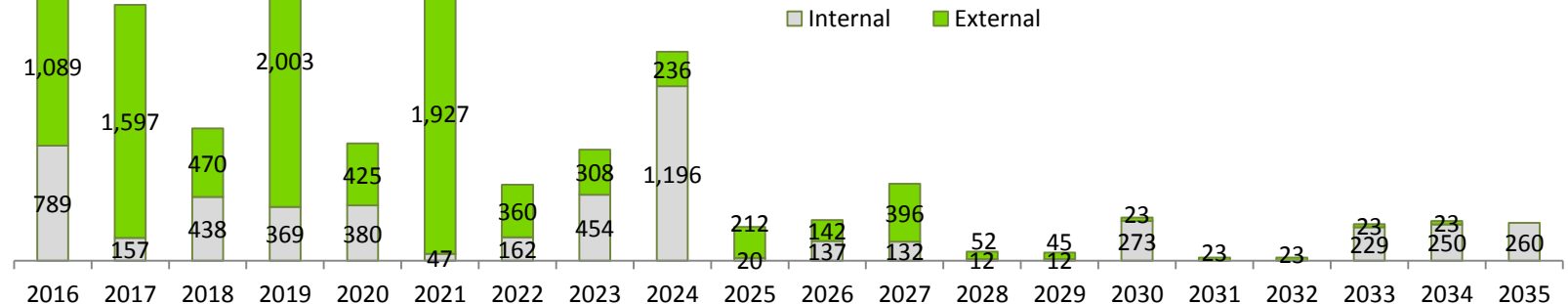


Currency



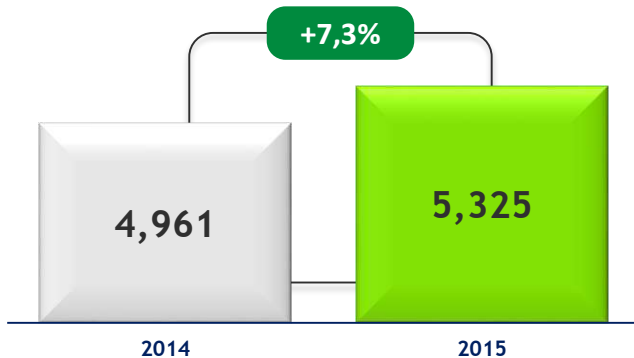
Maturities

Average term: 6.1 años

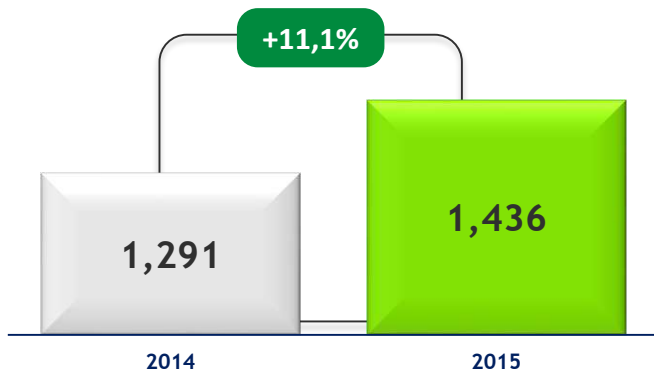


UNE 2015 Operational results

Revenues (*thousand million COP*)



EBITDA¹ (*thousand million COP*)



- UNE is the **second largest operator in terms of revenues** in the Colombian telecom industry
- Mobile business line had a **8,9%** growth. UNE was the only operator with positive growth in the Colombian market.
- Fixed business line had a **7,1%** growth.
- 70% of the projects identified during the merger process **have synergies**. In 2015 the goal set for such synergies was widely accomplished.
- Net Income: 2015 outcomes has a **\$309 thousand million COP loss**, due to COP depreciation and equity tax.

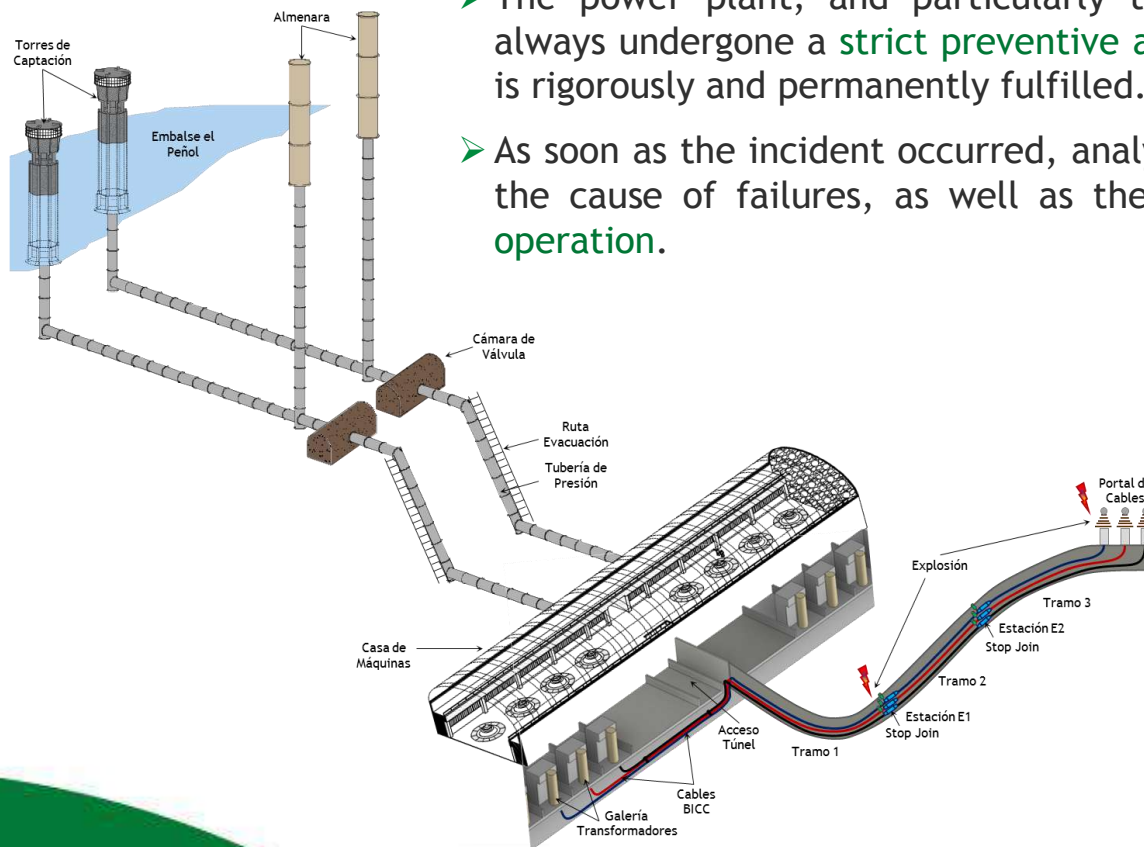
¹ EPM has a shareholding of 50%

7. Relevant facts subsequent to the 4Q15

Guatapé Hydroelectric Generation Plant

Incident Description

- On February 15th: the power plant temporarily suspended its operations due to a technical incident which caused a fire.
- In the incident, the fire partially destroyed the cables that evacuate the plant's energy from the power house to the substation.
- The power plant, and particularly the cables that were damaged, have always undergone a strict preventive and predictive maintenance plan which is rigorously and permanently fulfilled.
- As soon as the incident occurred, analysis were initiated immediately to find the cause of failures, as well as the plan for the reestablishment of the operation.



Guatapé Plant /Technical data:

- Installed Capacity: 560MW
Bringing into operation: 1st stage: 1971-1972 and 2nd stage: 1979-1980
- 8 vertical shaft Pelton turbines, of 70MW each.
- 12 transformers
- 12 single core cables insulated in oil.

7. Relevant facts subsequent to the 4Q15

Guatapé Hydroelectric Generation Plant

Plan for the repair and restart of operations



Repair works at Guatapé hydroelectric power plant begin in record time:

- Around 800 tons of cables, accessories and tools to repair the damaged cables arrive from Mexico.
- It is foreseen that 25% of Guatapé plant will be in operation this coming May.
- The cost of works is estimated at USD 25 million and will be mostly covered by the insurance policy.
- Simultaneously, water will be gradually evacuated from the El Peñol reservoir into the Jaguas, Playas and San Carlos power plants.

7. Relevant facts subsequent to the 4Q15

Guatapé Hydroelectric Generation Plant

Economic impact on EPM

- The incident happened at Guatapé has an estimated net impact on the EBITDA of 2016, preliminarily in an amount of **COP 200,00 million**, including the recovery by the insurance policy.
- On March 16th, after analyzing the company's situation given the impacts of El Niño phenomenon, the devaluation of the Colombian Peso, and the event at Guatapé hydroelectric power plant, all of which affect EPM's short-term indebtedness level, **Fitch Ratings** agency affirmed the current ratings:
 - **AAA** for Colombia
 - **BBB+** internationally
- Furthermore, in meeting held on March 31, 2016, the Board of Directors of EPM approved modification of budget for current year as a result of the incident. Reduction in **revenues** for the period and increase in **costs** are estimated at **COP 371,943 million** and **COP 598,074 million**, respectively in order to be able to cover the costs of the incident while we receive the insurance payments covering the events.

7. Relevant facts subsequent to the 4Q15

- ✓ On March 15th the **Council of Medellin** authorized to sell **EPM's shares in Isagen**, by which it is expected to receive close to **COP 1,480,000 million (USD 470 million)**.

Gracias

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