



HSBC Latin American Investment Summit
2017

Key Largo, FL.
April 4 – 6

Agenda

- 1 EPM Highlights
- 2 Corporate Overview
- 3 Corporate Strategy
- 4 Main Infrastructure Projects
- 5 Key Acquisition
- 6 Financial Highlights

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.
- Investment grade ratings from Moody's and Fitch (Baa2/BBB+)



2. Corporate Overview

We provide comprehensive solutions in the fields of:



EPM has administrative and budgetary autonomy from the municipality of Medellin.



Electricity



Water



Natural Gas



Solid waste management



Telecommunications (as UNE shareholder)

2. Corporate Overview

Relevant facts



Colombia's largest multi-utility

- **Assets:** COP 42.95 billion* (USD 14.3 billion equiv.)
- **Revenues:** COP 15.85 billion* (USD 5.3 billion equiv.)
- **EBITDA:** COP 4.03 billion* (USD 1.3 billion equiv.)

Headquartered in Medellin, with a growing Latin American portfolio

- Founded in 1955, 100% owned by the municipality of Medellin.
- Provides services to **over 20 million people**

Two Investment Credit Ratings - EPM (Parent Company):

- **Fitch:** international **BBB+** (stable outlook) and Local **AAA** (stable outlook).
- **Moody's:** **Baa2** (stable outlook).

2. Corporate Overview

Our presence in Colombia

Power



79%

Gas



3%

Water



18%

% of Consolidated
EBITDA

Market share

- Generation 21.2%
- Transmission 6.5%
- Distribution 23.6%

- Distribution and Commercialization 12.7%

- Water 13.5%

Customers

More than 4 million

More than 1 million

- Water and Sewage 1 million
- Waste Management 767 thousand

Key figure

3,540 MW of net effective capacity. **Largest** electricity generator and electricity distributor in the country

Main distributor in the region of Antioquia, **2nd** in Colombia

2nd largest player in Colombia

2. Corporate Overview

Our presence in Colombia



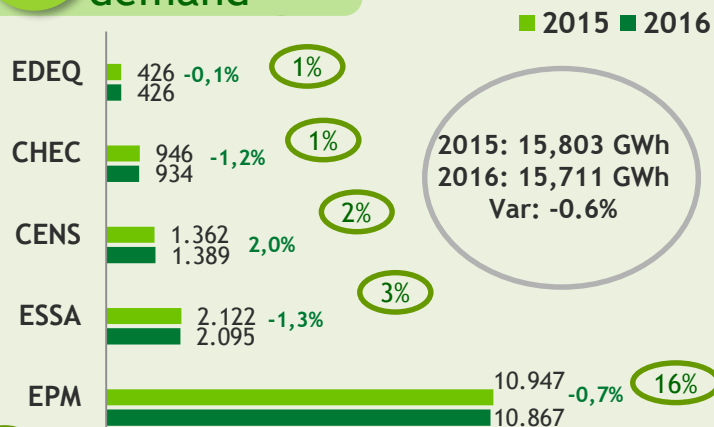
New Customers

	EDEQ	CHEC	CENS	ESSA	EPM
	6,737	4,231	20,628	21,855	63,307
Total	179,392	471,533	474,434	750,854	2,255,367

New energy customers **116,758**



Energy demand

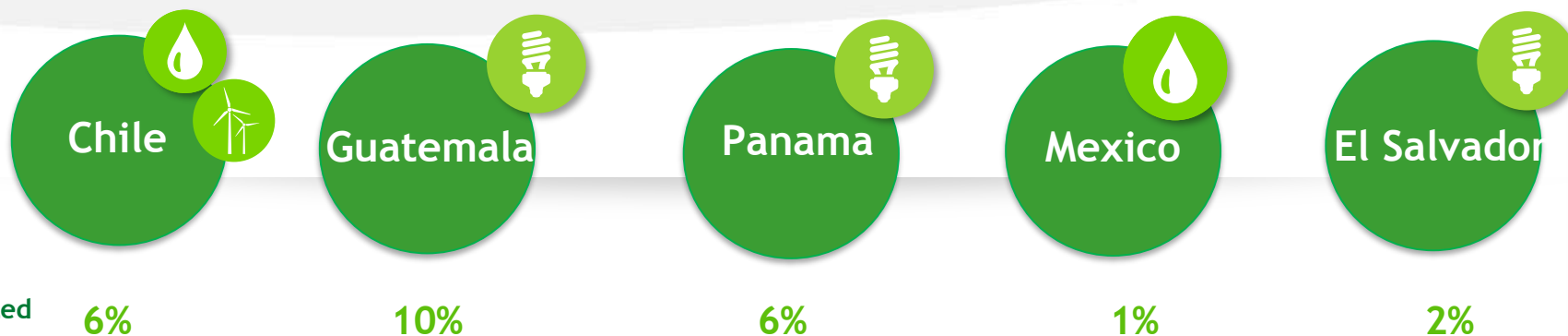


GDP per regions in Colombia



2. Corporate Overview

Our presence in Latin America



% of
Consolidated
EBITDA

- LOS CURUROS: Wind Generation **110MW**.
- ADASA: 2.55 m³/seg (34% sea water) Owns the largest desalination plant in Latin America for drinking water, **940 L/s**.
- DECA II (EEGSA, COMEGSA, TRELEC): power distribution, commercialization and transmission.
- 1st** power distribution company. Market share: **44%**
- ENSA, **2nd** power distribution company. Market share: **39.8%**.
- HET: hydro generation, 30MW.
- TICSA, wastewater treatment, 11 plants in operation.
- DELSUR, **2nd** power distribution company. Market share: **28%**.

Credit ratings:

ADASA local rating:
AA- (Fitch R. and Humphreys)

International rating:
ENSA: BBB (Fitch R.)


Local rating:
AA- (Fitch R.)

	Los Cururos	ADASA	DECAII	ENSA	HET	TICSA	DELSUR
Amount invested (USD million):	238	991	635	152	314	116	63

Total invested: **USD 2.509 million**


2. Corporate Overview

Business Infrastructure

 Power (Generation, Distribution, Transmission)

 Gas

 Water

 Waste Management

Mexico

TICSA -11 wastewater treatment plants (9,740 lps)

Guatemala

EEGSA- T&D Lines (16,271 km)
76 Power substations
66,789 Power distribution transformers

El Salvador


DELSUR- T&D Lines (10,607 km)
27 Power substations
21,270 Power distribution transformers

Panama

HET -Bonyic Power Plant (32 MW)
ENSA - Distribution Lines (11,336 km), 15 power substations,
28,777 power distribution transformers.

Colombia

EPM and national subsidiaries

 29 hydroelectric power plants (3,056 MW)


3 thermal power plants (544 MW)

1 wind power park (19 MW)

T&D Lines (193,694 km)

321 Power substations

250,604 Power distribution transformers


 Gas natural distribution network (7,152 km)
16 Gas service stations

 29 potable water plants

Potable water network (4,585 km)

Sewage networks (4,983 km)

1 wastewater treatment plant (1,800 lps)

 Collection, transport and final disposal of waste
(1,800 tons per day)

1 Landfill for solid waste final disposal

125 trucks

Chile

ADASA – 2 residential water desalination plants (945 lps)
2 potable water plants (1235 lps)
Potable water network (2004 km)

Los Cururos

Wind power park (110 MW)

Infraestructure	Group EPM
Hydro power plants (30)	3,088 MW
Thermal power plants (3)	544 MW
Wind power parks (2)	129 MW
T&D Lines	231,908 km
Power substations	439
Power distribution transformers	367,440
Natural Gas distribution network	7,152 km
Water network	11,572 km
Wastewater treatment plants (12)	11,540 lps
Water desalination plants (2)	945 lps

3. Corporate Strategy

2025 EPM's great milestone

By **2025**, EPM Group will be growing in an efficient, sustainable and innovative way, guaranteeing access to the services rendered by it in the territories where it is present to **100%** of the population, **protecting 137,000 new hectares of water basins**, with a **carbon neutral operation**, and generating **EBITDA of COP 12.6 billion**.



4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



Largest hydro-generation power plant in Colombia **2.400 MW** /8.563 GWh/year
17% of total Colombian installed capacity in 2022



- Start of operation: 1st power generation unit (**300 MW**) in **November 2018** and the remaining 7 turbines will start operation gradually until the Project totals **2400 MW in March 2022**.

✓ Key contracts with top construction firms

- Main civil works: Consortium CCC: Camargo Correa SA, Conconcreto SA and Coninsa Ramon H SA.
- Turbines, generators: Alstom.
- Transformers: Siemens Transformer Co. Ltd.

4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



Status as of Feb. 2017: **66.3%**

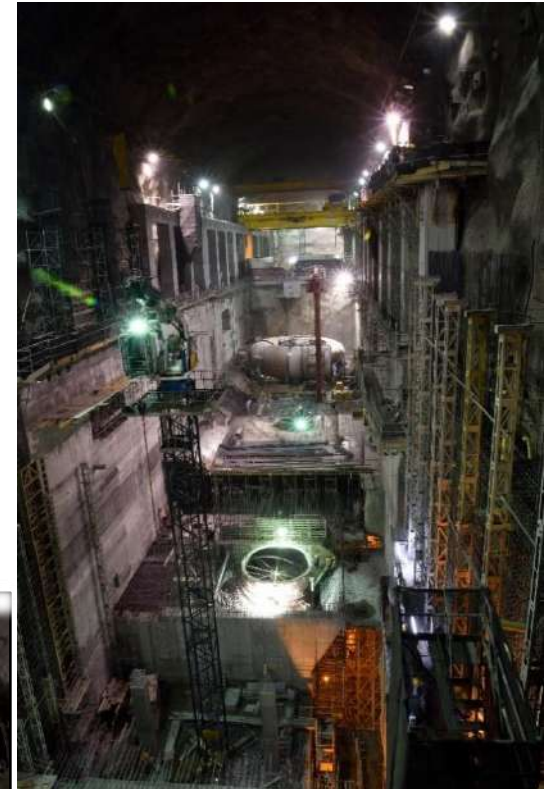
Progress in main civil works:

- ✓ The Dam, 225 m high with 20 million m³ of rock is at **53%** of construction.
- ✓ The Spillway, (a channel to control river floods of more than 22,600 m³/s of water and whose construction means excavating 14 million m³ of rock) is at **85%** of construction.
- ✓ The Power house, (a 250 m long and 49 m high cavern equivalent to a 16-story building) was **concluded**.

Progress in power generation equipments:

- ✓ **4 turbines** of 300 MW each, **4 generators** of 336 MVA each. The manufacture is at **100%**, the assembly at **38%**.
- ✓ **12 transformers** of 112 MVA each. The manufacture is at **100%**, the assembly at **84%**.
- ✓ **2 crane bridges** of 600 tons of total capacity. The manufacture of both is at **100%**, the assembly of the 1st bridge crane is at **100%**.

The Power-House:
Assembly of the equipments
(turbines and generators).



Spiral casing assembly

The first 12
transformers are
already located at
the Transformer
Cavern.



4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant

➤ Integral Plan: Environmental Management Plan + Social Additional Investment + Corporate Social Responsibility

➤ Environmental Management Plan:

- Management programs of physical and biotic environments.
- Restoration of wildlife.

➤ Social Additional Investment: USD 100 million

- **Utility services:** water, sewage, natural gas: 5.948 houses in total that benefit.
 - 11.000 homes with electricity.
 - **Health:** 8.276 families served.
 - **Education:** nine new schools and the improvement of other 77 existing schools.
 - **Housing:** 79 new homes and the improvement of other 628 existing homes.
 - 254 homes built and delivered, of a total of 800 homes, which benefit 40.000 people.
 - **Production projects:** 3.667 beneficiaries (establishing wood-cocoa-banana, sugarcane, and silvopastoral systems).
 - **Road construction:** 161 km of secondary roads, 231 km of local roads, 828 km of bridle paths.
- **Integration Region Project:**
- **Job creation:** 6.000 direct jobs and 19.000 indirect jobs.
 - **Revitalization of the regional economy** with the acquisition of goods and services.



4. Main Infrastructure Projects

Ituango Hydroelectric Generation Plant



Total cost: COP 11.4 billion (USD 3.8 billion equiv.)
Invested to date: COP 5.95 billion



External Civil Works: spillway and dam.

- **Financing strategy:** 60% debt, 40% equity.
- **Financing allocated to date (including IDB-IIC loan agreement under negotiation):** COP 5.5 billion
 - Represents 48% of the project's total cost.
 - Represents 79% of the estimated debt.
- **Disbursed:** COP 3.2 billion.
- **Details of Loans Agreements already subscribed or under negotiation** COP 5.5 billion
 - ✓ Local bonds: COP 867,280 million
 - ✓ Global COP bonds: COP 965,745 million
 - ✓ Club Deal: USD 450 million
 - ✓ BNDES: USD 111 million (subscribed on Apr.26, 2016)
 - ✓ EDC: USD 135 million (subscribed on Aug.4, 2016)
 - IDB-IIC: USD 750 million (under negotiation)

4. Main Infrastructure Projects

Aguas Claras Park - Waste Water Treatment Plant in Bello



The recovery of the Medellin river watershed

95% of the wastewater collected from the metropolitan area will be treated and returned to the river



Treatment capacity: **5.0 m³/sec**

Total cost: COP 1.46 billion (USD 488 million equiv.).

Invested to date: COP 1.1 billion.

Key contracts for civil works and equipment:

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

Start of operation (Plant): late 2017

✓ Status as of Feb.2017: **80.21%**

Progress in main components:

- Treatment Plant: civil Works are at **85.7%**, mechanical component is at **89.8%** and electrical component at **83.9%**
- North Interceptor: **100% completed.**

Financing strategy:

80% debt, 20% equity

✓ Loan agreement:

- IADB → USD 450 m.
Disbursements: USD 312.81 m.

EPM will recover costs through a regulated tariff.

4. Main Infrastructure Projects

Power transmission projects in Antioquia and Cundinamarca



Bello - Guayabal - Ancón

Status as of Feb.2017 : 83.1%

- Project of National interest that seeks to improve the reliability of the electricity system in the Aburrá Valley.



Capacity: 180 MVA

Transmission lines: 230 Kv (44 km)

Start of operation: first quarter 2017

Total cost: COP 226, 283 million

Invested to date: COP 98,563 million

Financing strategy: 60% debt, 40% equity

Loan agreement: Club Deal: USD 40 million



Nueva Esperanza

Status as of Feb.2017: 94%

- The Project will benefit more than 12 million inhabitants of Cundinamarca, Meta, Guaviare and northern Tolima.



Capacity: 450 MVA

Transmission lines: 500 Kv (48,5 Km.) - 230 Kv (159 Km)

Start of operation: first quarter 2017

Total cost: COP 425,853 million

Invested to date: COP 392,631 million

Financing strategy: 60% debt, 40% equity

Loan agreement:

- Banco Agrario: COP 116,000 million.
- Club Deal: USD 30 million.

5. Key Acquisition

ADASA - Water business in Chile



Largest sea water desalination plant in LATAM for drinking water, 940 L/s
Strengthens EPM's presence in the sector of water

- Concession until **2033**
- Service coverage for 8 populations of about **623.461** inhabitants



Chile



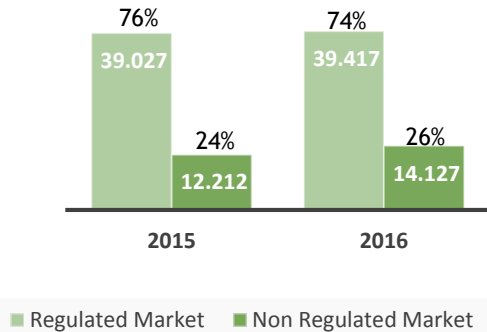
- June 2015: acquisition of the Chilean company **ADASA** for CLP 589.965 million*
- Represents EPM's entry into the **water desalination sector**.
- More than 10 years of experience in the design, construction and operation of desalination treatment plants.
- Production and distribution of drinking water, collection and disposal of wastewater (served).
- **100%** coverage in drinking water and **99.8%** in sewage.
- Local Credit Rating: **AA-** (Fitch Ratings and Humphreys)
- Growth opportunities in the markets of Peru and Chile through desalination.

* Final purchase price: Acquisition total cost adjusted due to previous owner expenses recognition

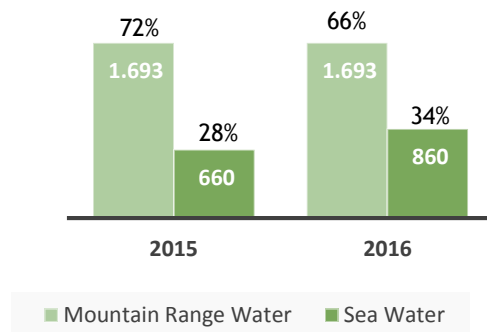
5. Key Acquisition

ADASA - Water business in Chile

CONSUMPTION (Thousands m³)



CAPACITY (L/s)



- 62% of revenues come from regulated market.
- 38% of revenues come from the block sale of water to mining companies.
- Consumption growth (m³): 4.5% in the last year.
- 439 Direct jobs
- 1051 Indirect jobs



2016 Financial Results

- Revenues: CLP 92.031 m
- EBITDA: CLP 53.713 m

Variation 2015 - 2016:

- Revenues: 7.6%
- EBITDA: 23.8%

Milestone reached in Oct.2016: Expansion of Antofagasta Desalination Plant



Antofagasta Desalination Plant: supplies 65% of the consumption in Antofagasta.

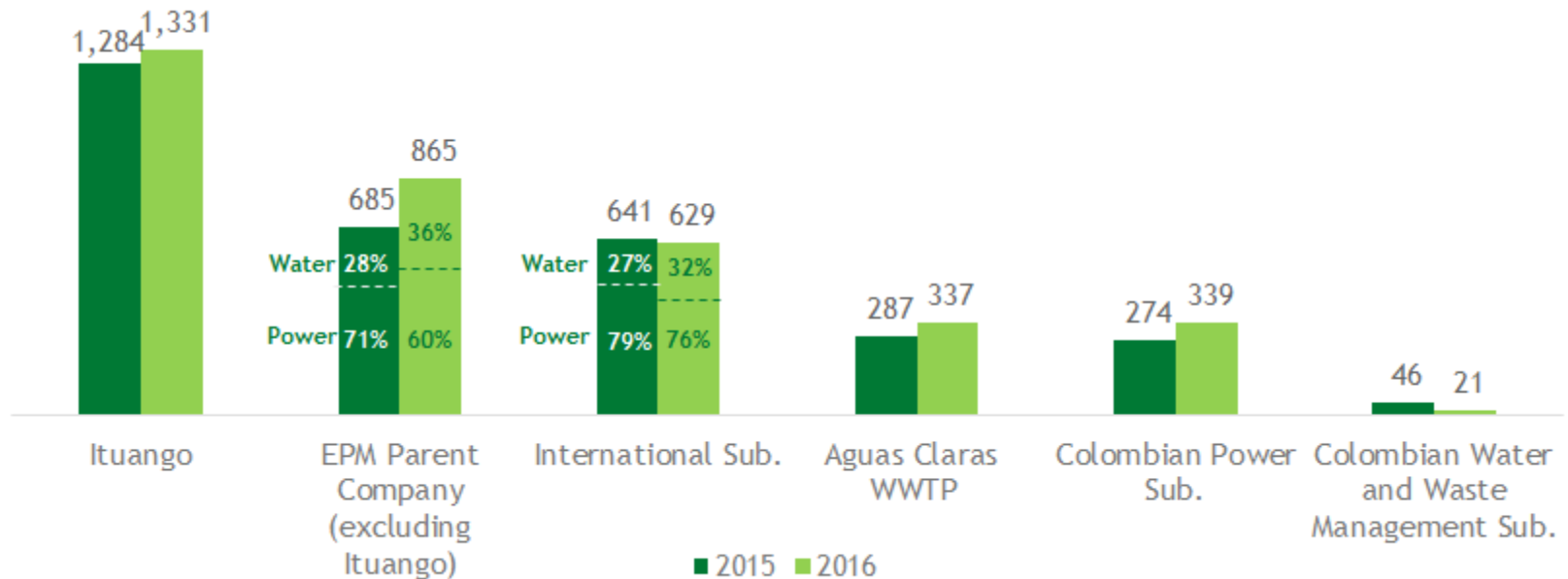


200 L/s output added in Nov.2016

Total installed capacity: 940 L/s

6. Financial highlights - Capex

EPM Group Investments in 2016 - Figures in COP thousand million



- ✓ EPM Group Investments 2015: COP 3.2 billion
- ✓ EPM Group Investments 2016: COP 3.5 billion

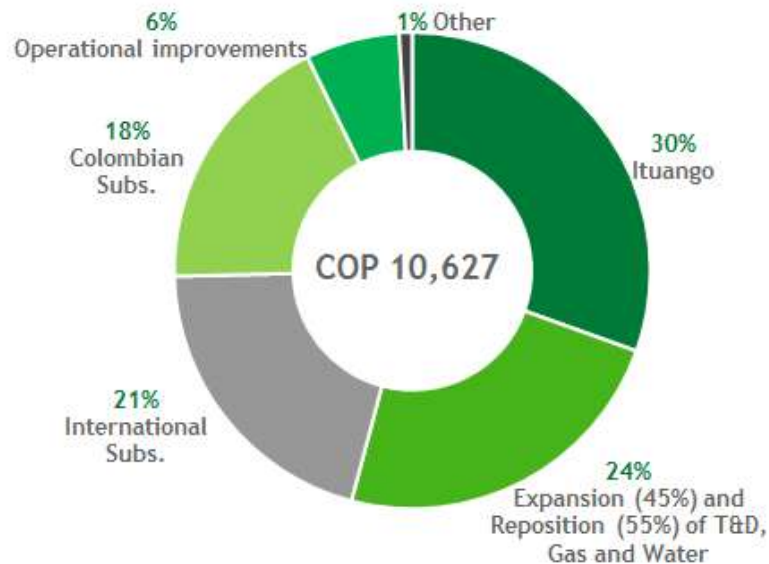
6. Financial highlights

Consolidated Infrastructure Investment Plan 2017-2020

EPM CapEx for the period 2017-2020

COP 10,627 million* (USD 3.54 billion equiv.)

- 73% Power, 27% Water
- 61% EPM Parent company, 18% Colombian subsidiaries, 21% International subsidiaries
- Financing: 60% debt, 40% equity

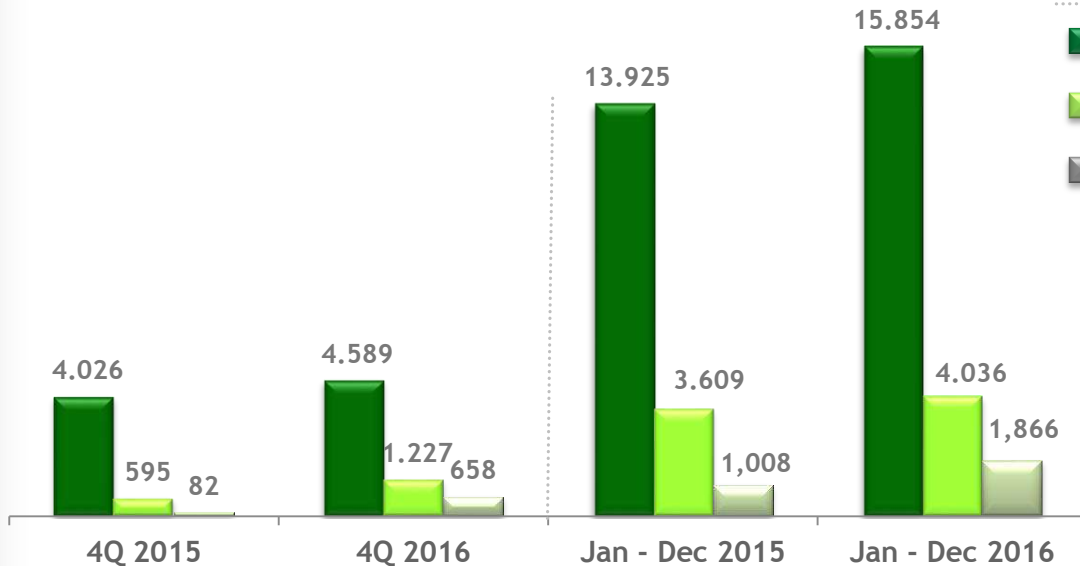


6. Financial Results as of Dec.31, 2016

EPM Group Income Statement

Figures in COP thousand million

■ Revenues ■ EBITDA ■ Comprehensive income



Var. 4Q2015 - 4Q2016

■ Revenues: 14%

■ EBITDA: 106%

■ Comprehensive Income: 704%

Var. FY 2015 - FY 2016

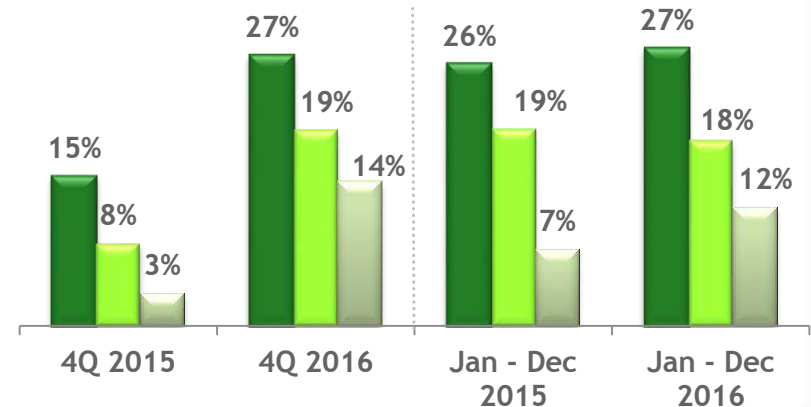
■ Revenues: 14 %

■ EBITDA: 12%

■ Comprehensive Income: 85%

- Total comprehensive income for the period was COP 1.8 billion, 85% up on last year, mainly due to higher operating income and a favorable result from the foreign exchange exposure.
- EBITDA margin increased to 27%.
- Recurrent expenses grew below inflation.

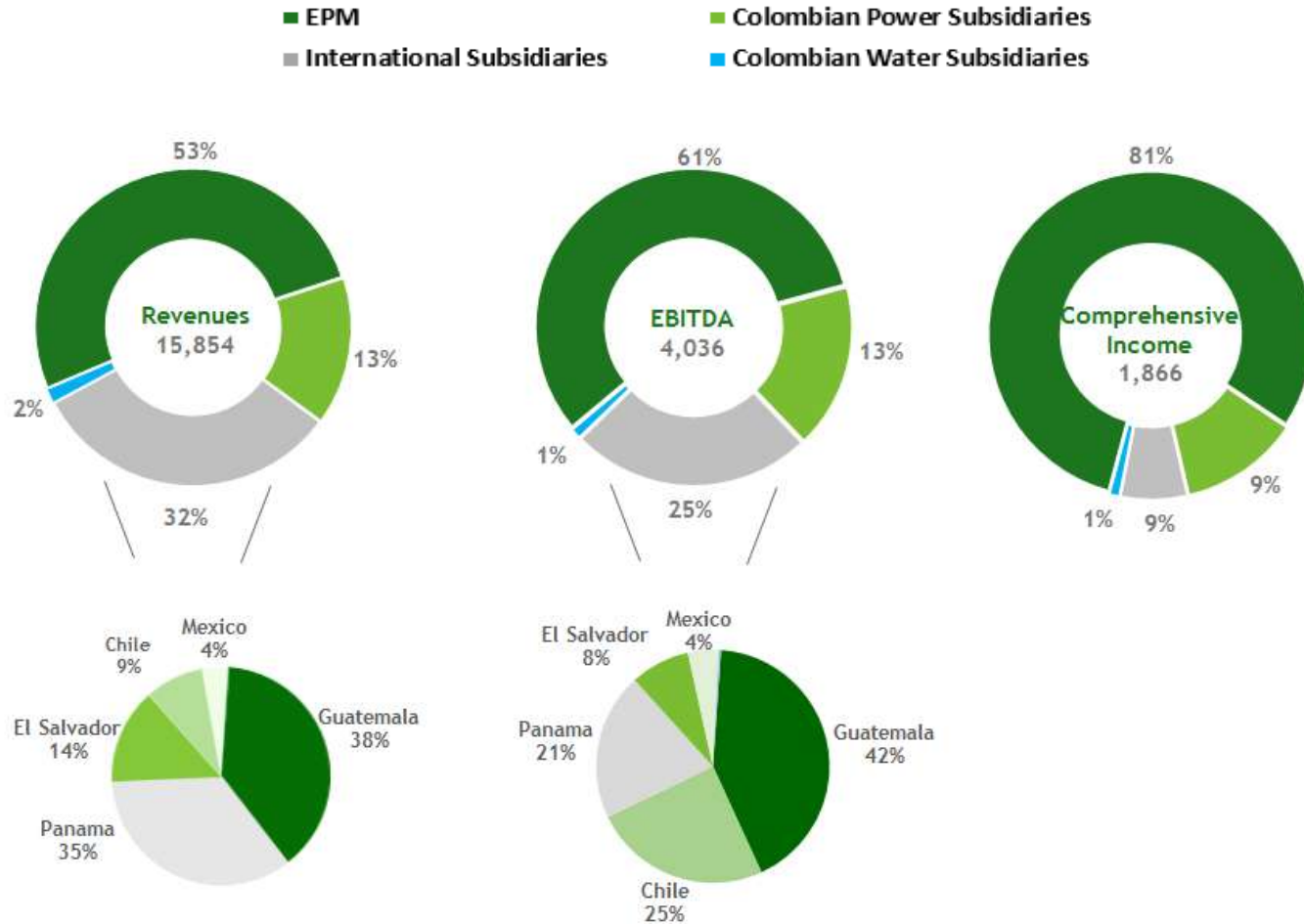
■ EBITDA margin ■ Operational margin ■ Net Margin



6. Financial Results as of Dec.31, 2016

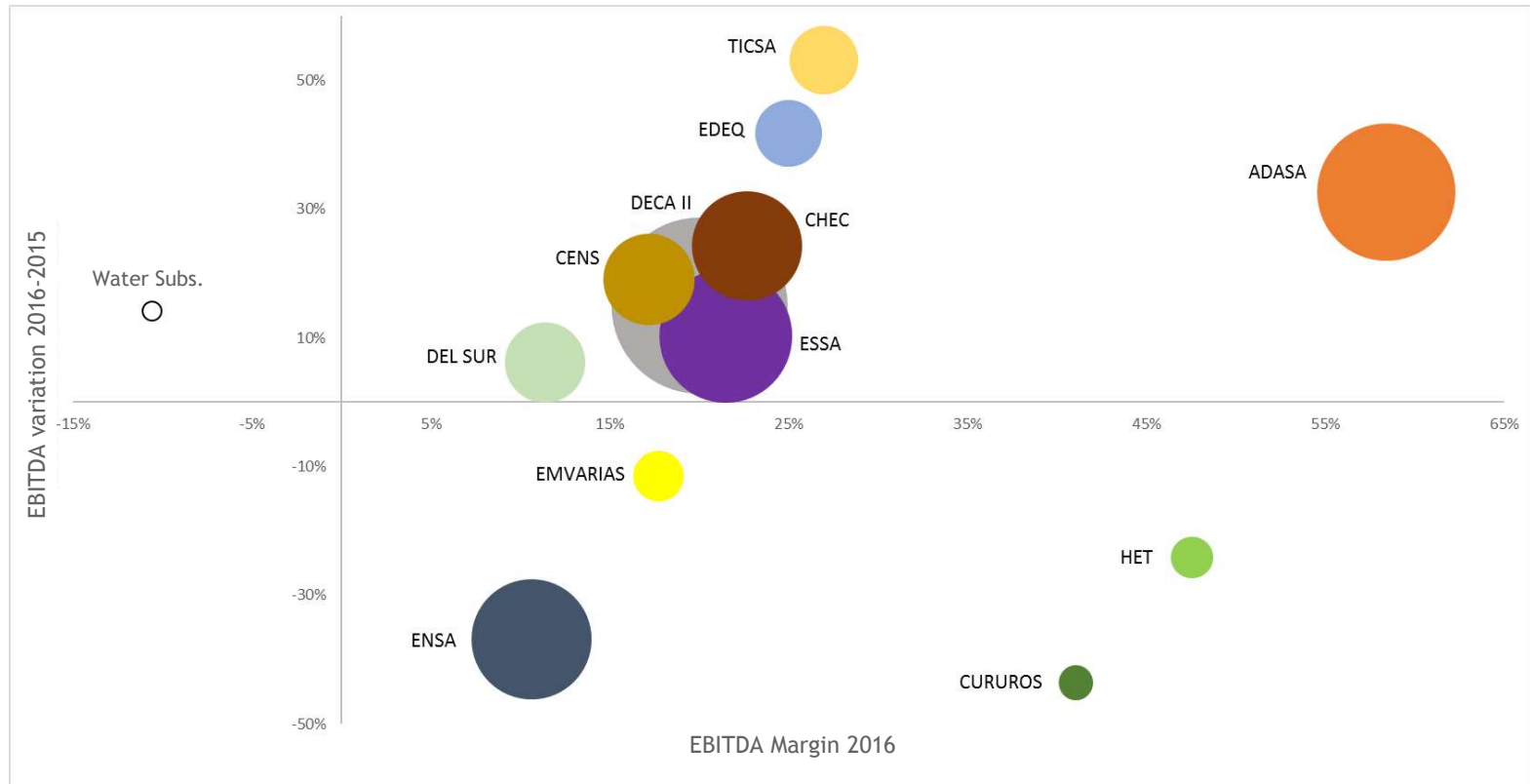
EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million



6. Financial Results as of Dec.31, 2016

EBITDA by Subsidiaries

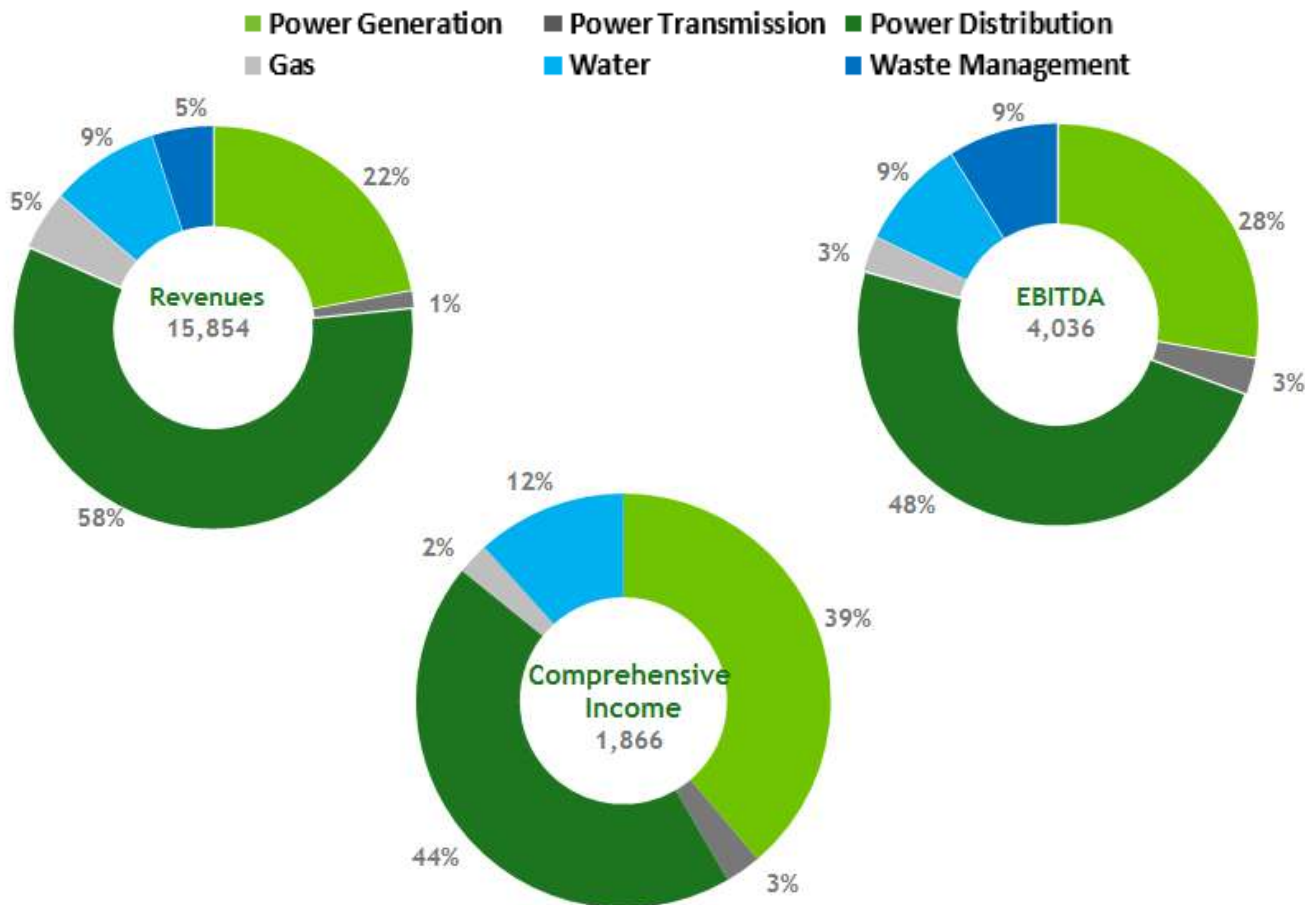


The size of the circle represents the amount of EBITDA 2016

6. Financial Results as of Dec.31, 2016

EPM Group by Segments

Figures in COP thousand million

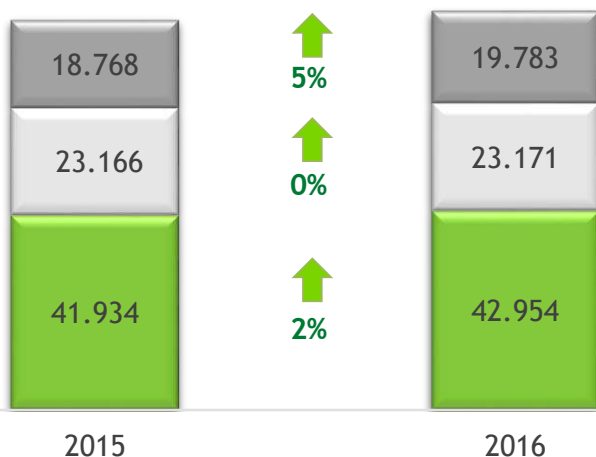


6. Financial Results as of Dec.31, 2016

EPM Group - Statement of Financial Position

Figures in COP thousand million

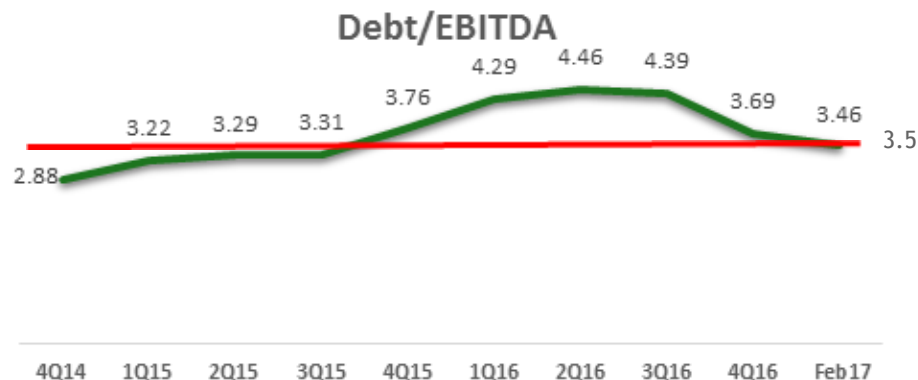
■ Assets ■ Liabilities ■ Equity



The 5% increase in equity is explained by net income of the period for COP 1.8 billion, less the surpluses paid to the Municipality of Medellin for COP 0.8 billion.

Total assets amounted COP 43 billion with an increase of COP 1 billion, 2% up on last year, explained by property, plant and equipment associated to infrastructure projects under construction: Ituango, Nueva Esperanza and others. During the period the sales of ISAGEN shares for COP 1.5 billion stood out.

Ratios	2015	2016
Total debt	55%	54%
Financial debt	37%	37%
EBITDA/financial expenses	4.98	4.79
Total Debt/EBITDA	3.76	3.69



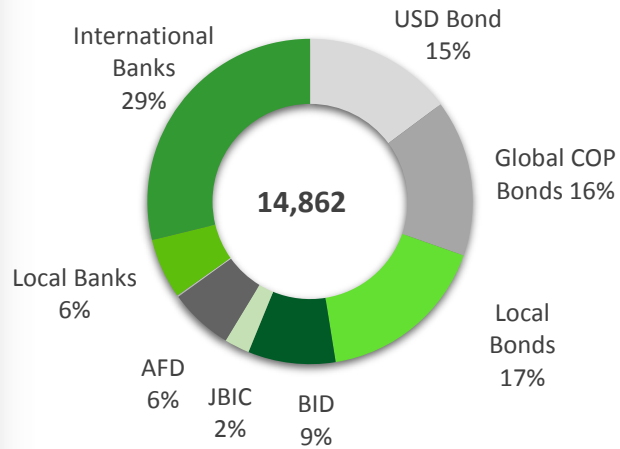
- EBITDA amounted COP 4.04 billion and Debt/EBITDA ratio was 3.69.
- The Group's year end cash position of COP 1.8 billion.
- Waiver related to Debt/EBITDA covenant with: JBIC, AFD, and IDB.

6. Financial Results as of Dec.31, 2016

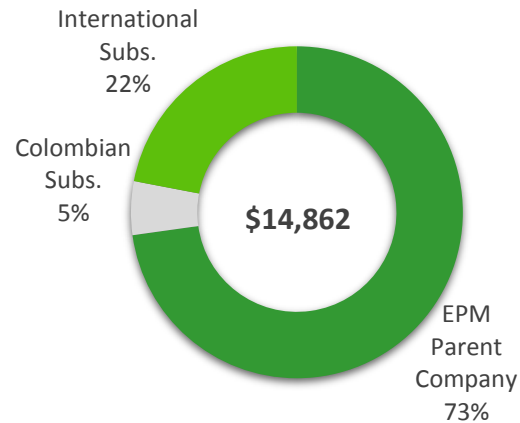
Debt Profile

Figures in COP thousand million

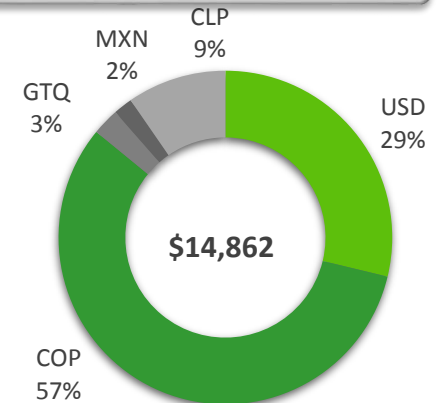
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Companies



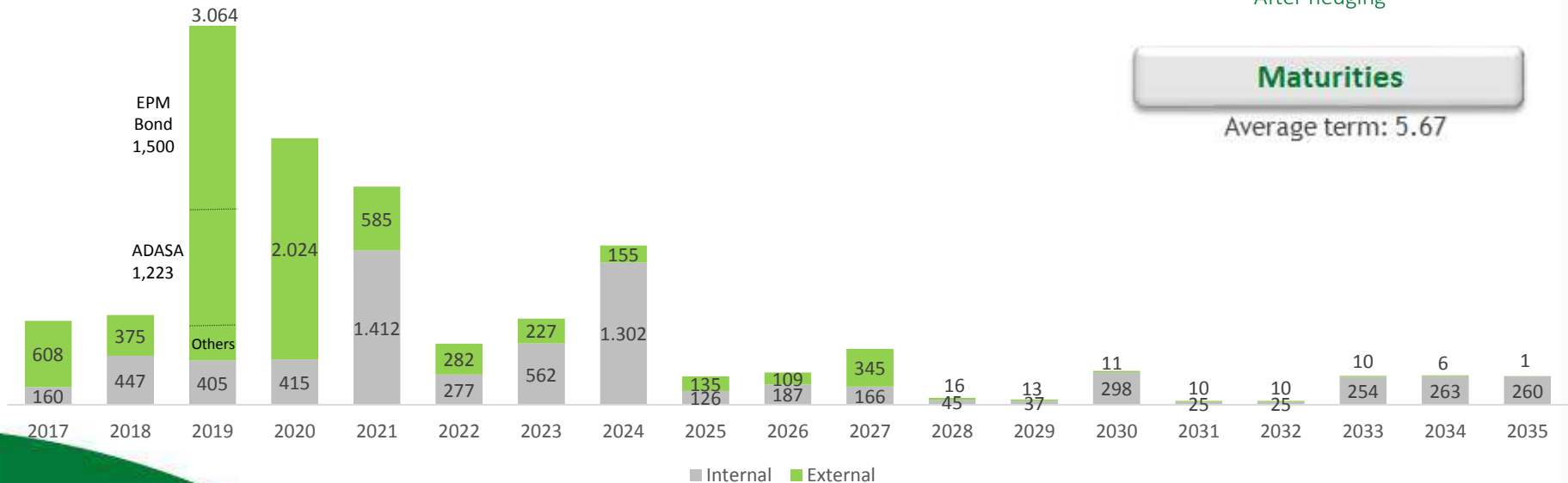
Currency*



*After hedging

Maturities

Average term: 5.67



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