



# **EPM**

## **Andean Investor trip**

### **Scotiabank**

*March 16, 2023*

# Agenda



1. EPM Group Highlights
2. ESG Highlights
3. Regulatory Perspective
4. Hidroituango
5. Afinia
6. Financial results as of Nov. 2022 (unaudited)
7. EPM Group CapEx 2023-2026
8. Liquidity and Debt Strategy

# 1. EPM Group Highlights

Colombia's largest multi-utility Company with presence and leadership across LatAm



## Ratings:

- **Moody's: Baa3**, stable outlook
- **Fitch:**
  - Local **AAA**
  - International **BB+**, negative watch



↑  
10%

## Assets

COP 74.2 billion  
(USD 15,436 million equiv.)



↑  
28%

## Revenues

COP 29.1 billion  
(USD 6,068 million equiv.)



↑  
30%

## EBITDA

COP 8.9 billion  
(USD 1,866 million equiv.)

Figures as of November 30, 2022

# 1. EPM Group Highlights

*EPM is a relevant player among LatAm utilities*



EPM Group Infrastructure	Colombia and LatAm		
Power Generation	37 hydro power plants 3 thermal power plants 1 Wind park		
Installed Gen. Capacity	4,078.05 MW		
Power Distribution	T&D lines: 300,886 Km Substations: 615 Transformers: 420,072		
Natural Gas	Distribution network: 8,746 Km		
Water	Drinking water network: 6,603 Km Sewage network: 6,539 Km		
EPM Group Customers (in millions)	2021	2022	Var. %
Total	14.4	14.8	3%

## 2. ESG Highlights

*Our strategic direction is aligned with the SDG*

### ESG Main Targets

- **Carbon neutral** operations by 2025.
- **Protection of 137,000 hectares** of water supply basins.
- **Greater availability of utility services** through conventional and unconventional solutions.
- **Climate change mitigation:** energy efficiency, renewable energy, sustainable mobility and emissions management.
- **Contribution** to Sustainable Development Goals
- **Continuity** of the corporate governance framework

**97.6% coverage in water provision**  
1.7 M customers equiv.

**94.4% coverage in Waste-water treatment**  
1.6 M customers equiv.

ADASA expanded its production capacity from 1,000 L/s to around **1,400 L/s**

#### Commitment to gender equity:

- **EPM:** Seal of Labor Equity Equipares Silver level
- **CHEC:** Labor Equity Recognition
- **ENSA:** Award of Happiness – Women Empowerment
- **DELSUR:** International Plan Recognition

#### EPM first Sustainability-linked loan (SLLP):

- **Amount:** USD 700 MM. **Term:** Dec.2023
- **Key Performance Indicators:**
  - #1:** Scope 1 and 2 GHG Emissions measured in Tons of CO<sub>2</sub>e. Target 2022-2026: reduction of 73.4%.
  - #2:** Rate of water losses per billed user (IPUF) measured in m<sup>3</sup>/user/month. Target 2022-2026: 6 m<sup>3</sup>

### SUSTAINABLE DEVELOPMENT GOALS



**97.2% coverage in Energy.**  
6.5 M customers equiv.

**Hidroituango: 2,400 MW**  
Hidropower plant

**Tepuy: 83 MW of solar energy**

**99.3% coverage in solid waste management**  
906 thousand customers

EPM achieved **100% self-supply of electricity at the Aguas Claras WWTP** using biogas generated in the plant.

**30% reduction in maintenance time** without the use of water or chemicals at the Bonyic power plant

**39 million m<sup>3</sup> of water reused** in the hydroelectric power generation and Potable water treatment processes

Protection of **9,246 new hectares** totalizing 106,773 protected hectares since 2016

EPM sold **2.13 M international renewable energy certificates (I-REC)**, equivalent to 269,232 tCO<sub>2</sub>e avoided

**EPM's emission factor in 2021** was **0.0650 tCO<sub>2</sub>e/MWh**, while the national electricity factor was 0.1264 tCO<sub>2</sub>e/MWh

### 3. Regulatory Perspective



- ❑ Increase transfers from NCRE.
- ❑ Full vertical integration in energy
- ❑ Extraordinary powers to the President to create a holding energy company
- ❑ Subsistence Minimum figure and re-targeting subsidies
- ❑ Creation of the figure of energy communities
- ❑ Focus on popular economy

**National  
Development Plan  
2022 - 2026**

**Reform Law  
142 and 143  
of 1994**

- ❑ Changes to the State-Owned Industrial and Commercial Companies regime
- ❑ Allows multi-object for utility companies
- ❑ Adjustment on Superintendence of Residential Public Services (SSPD) competences
- ❑ Subsistence Minimum for all utility services
- ❑ Special regime for organized communities
- ❑ Customer protection regulation
- ❑ Ownership of networks and assets
- ❑ Corporate Governance

- ❑ Energy Transition roadmap
- ❑ Decree 0227 of 2023, President assumes general administration policies and efficiency control of utilities.\*

**Public policy  
instruments**

**CREG and  
MME Agenda**

- ❑ Reliability Charge adjustment (existing plants)
- ❑ Short-term market modernization
- ❑ Spot prices (mitigation supply)
- ❑ Regulation of shortage risks
- ❑ Review of participation limits
- ❑ Remuneration methodology Transmission and Commercialization, Distribution Bases
- ❑ Modification of the Unit Cost tariff formula
- ❑ AMI Implementation and GIDI
- ❑ Demand aggregator definition and Distributed Energy Resources-DERs (Tr)
- ❑ Regasification services and commercialization of Imported Gas
- ❑ Approval of Gas Commercialization Charges

*\* On March 2, 2023, Council of the State suspended temporarily the application of Decree 0227*



## 4. Update on Hidroituango

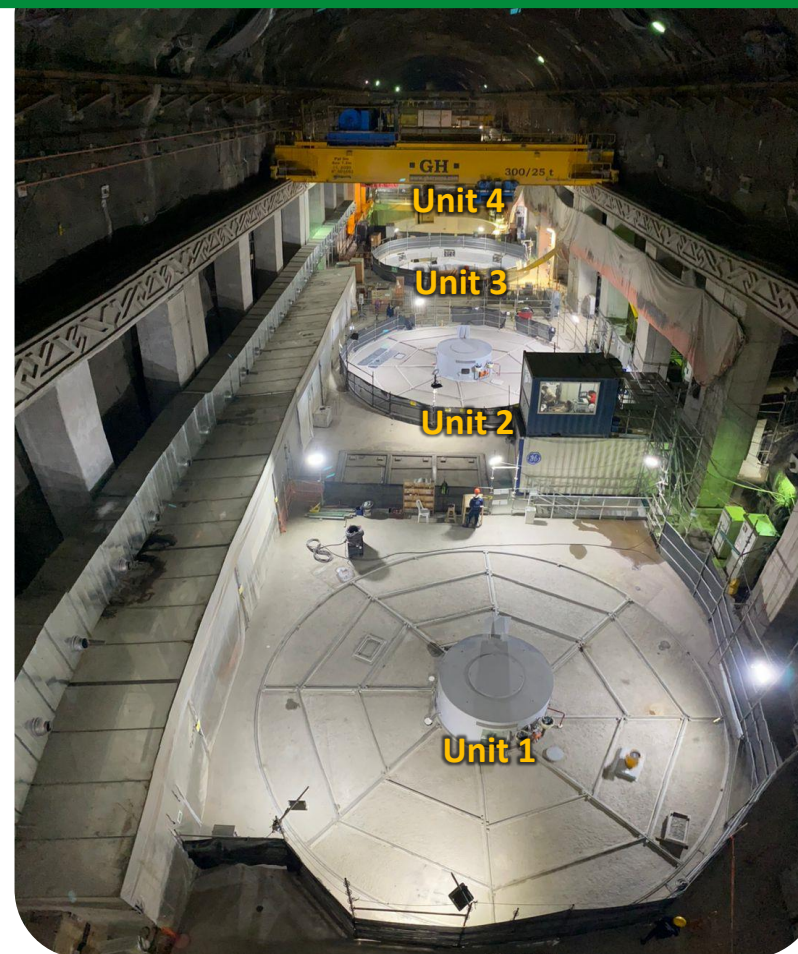
### Total work progress

✓ 90.49% as of January 2023



### Units 1 and 2 under operation

- ✓ Since November 30, 2022
- ✓ 284 GWh average daily generation



## 4. Update on Hidroituango



Highlights	Civil Work	Milestones Achieved	Pending Completion	% of Completion
<ul style="list-style-type: none"> <li>The Ituango Project is expected to generate an average of 13,930 GWh of energy per year.</li> <li>Total Work Progress as of January [<b>90.49%</b>]</li> <li>The schedule continue with entry into operation in 2022 of the two first power generation units.</li> <li>Gross investment as of Dec. 2022*: \$18.6 billion.</li> <li>Net investment as of Dec. 2022*: \$14.4 billion, deducting payments from insurance policies.</li> </ul>	<b>Dam and Spillway</b>	<ul style="list-style-type: none"> <li>Fully operational Dam</li> <li>Fully operational Spillway with two channels</li> </ul>	<ul style="list-style-type: none"> <li>Final stage of abutment injections</li> </ul>	99.3%
	<b>Powerhouse</b>	<ul style="list-style-type: none"> <li>Stabilization of access tunnel</li> <li>Extraction of sediments</li> <li>Works on north zone vault</li> <li>Cleaning and removal of damaged equipment from units 1 to 4</li> <li>Assembly of 300-ton bridge cranes</li> </ul>	<ul style="list-style-type: none"> <li>Recovery and stabilization of tunnels and caverns</li> <li>Reconstruction of the control building</li> <li>Assembly of generation units</li> </ul>	86.1%
	<b>Pressure Well</b>	<ul style="list-style-type: none"> <li>Completed works in-between pressure wells 1 and 2</li> </ul>	<ul style="list-style-type: none"> <li>Shielding of pressure wells</li> <li>Underwater work in intake structures</li> </ul>	85.9%
	<b>Intermediate Discharge Tunnel</b>	<ul style="list-style-type: none"> <li>Partial reinforcement with concrete lining in selected areas</li> <li>Reinforcement of downstream walls</li> <li>Enlargement of Plug 12</li> </ul>	<ul style="list-style-type: none"> <li>Gate completion and shielding</li> <li>Concrete coating</li> </ul>	66.3%
	<b>Right Diversion Tunnel (RDT) and Auxiliary Diversion Tunnel (ADT)</b>	<ul style="list-style-type: none"> <li>Closing of both gates to the ADT</li> <li>Concrete pouring in said gates was completed.</li> <li>Final plug ADT</li> </ul>	<ul style="list-style-type: none"> <li>Pre-plug 2 and final plug RDT</li> </ul>	97.5%

\*Preliminary figures as of Dec. 31, 2022



# 5. Afinia

Power service supply in the Southern Zone of the Caribbean Region



## Main indicators

### Collection percentage

83.96%	84.09%
2021	2022

### Energy loss indicator

28.29%	26.73%
2021	2022

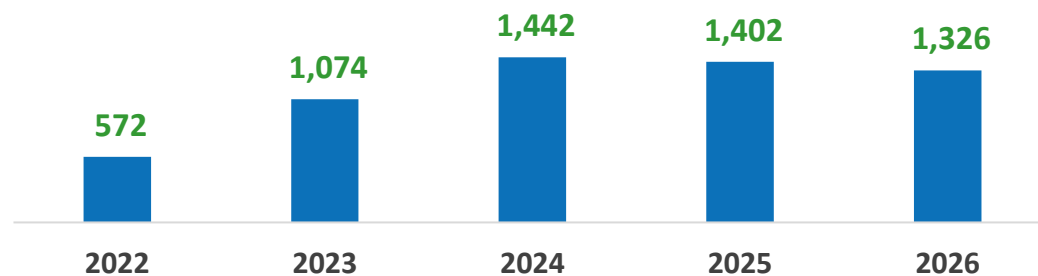
### SAIDI

89 hours	74 hours
2021	2022

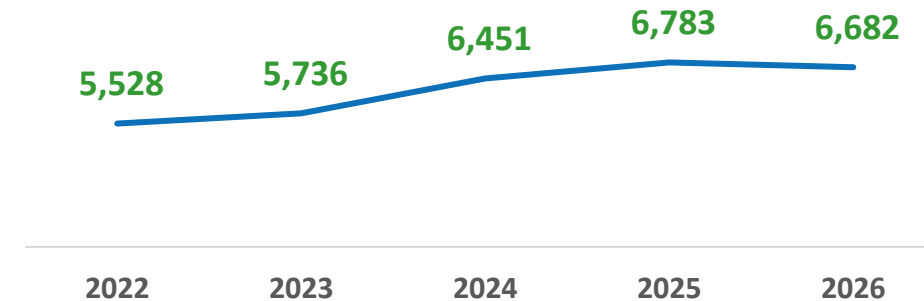
### SAIFI

72 Times	52 Times
2021	2022

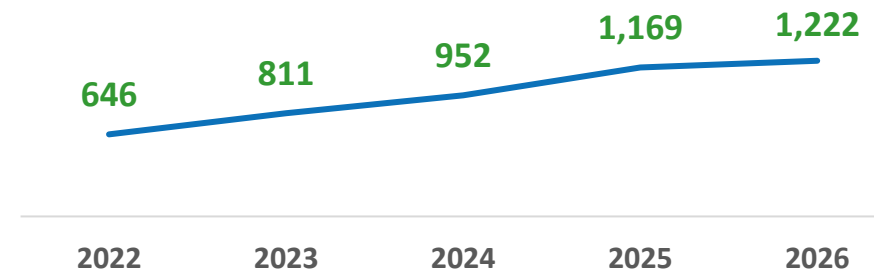
## CapEx



## Revenues



## EBITDA



Figures in COP thousand million

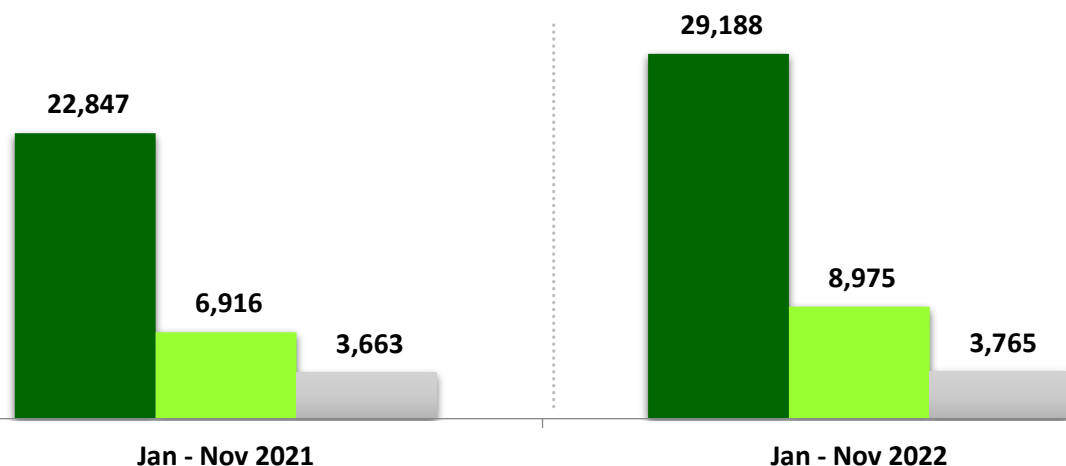
# 6. Financial Results as of November 30, 2022 (unaudited)

## EPM Group Income Statement

Figures in COP thousand million



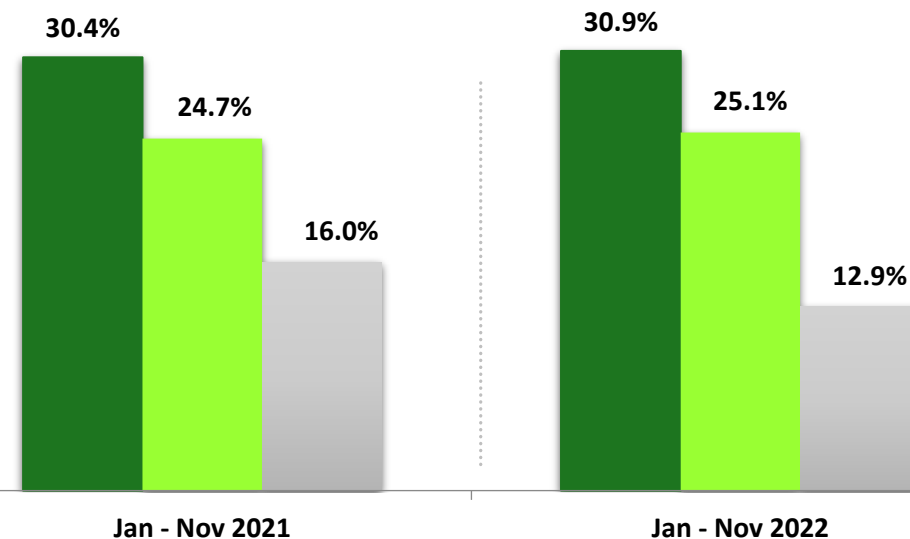
■ Revenues ■ EBITDA ■ Comprehensive income



### Jan-Nov 2022 vs Jan-Nov 2021

■ Revenues: 28%  
■ EBITDA: 30%  
■ Comprehensive income: 3%

■ EBITDA margin ■ Operational margin ■ Net Margin

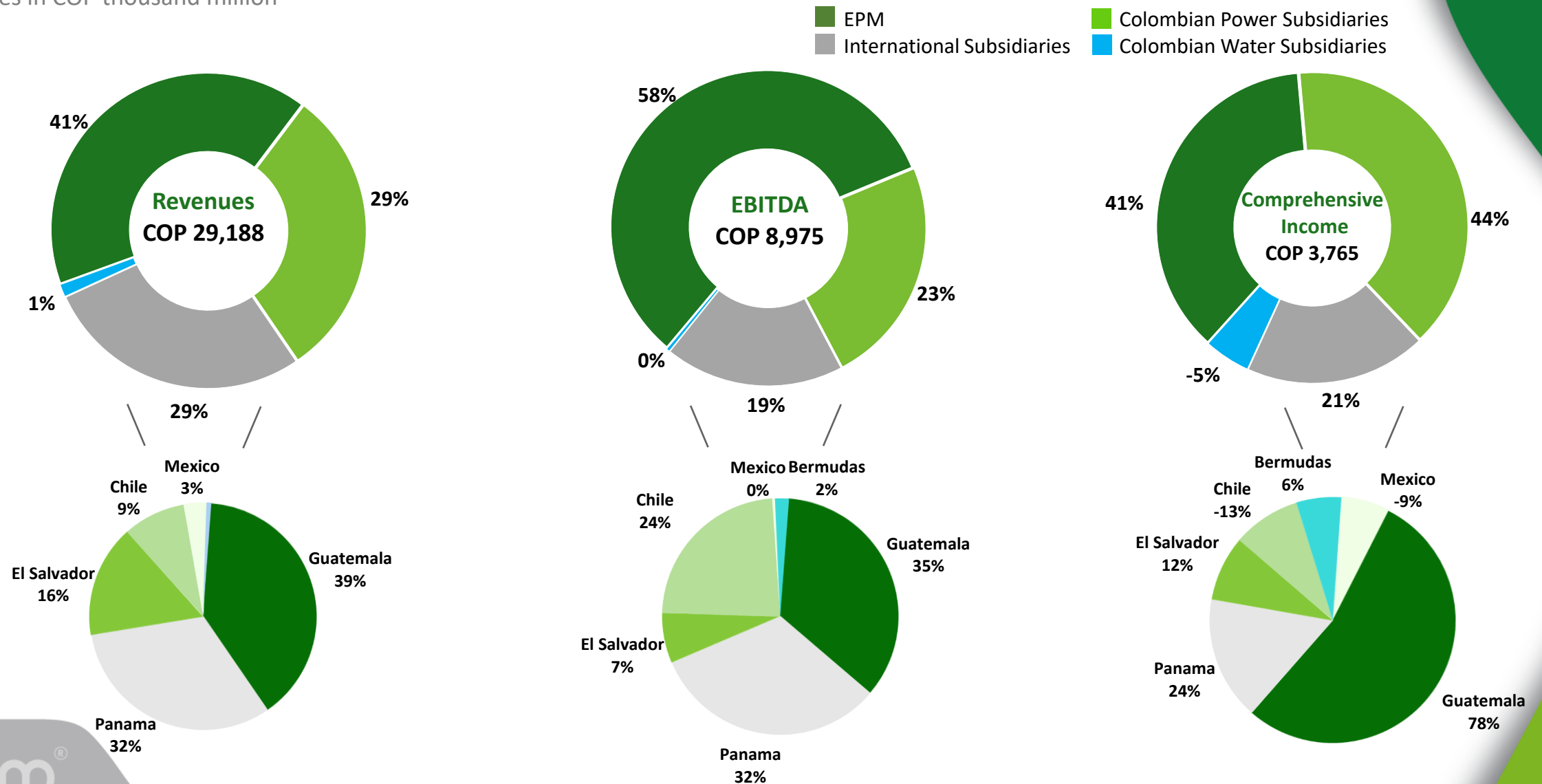


- **Revenues** increased COP 6,341, 28%, mainly explained by higher revenues in the distribution business of Colombian and international companies given the higher demand and rise in tariffs.
- **Costs and expenses** increased COP 4,645, 27%, explained by a higher cost of the commercial operation given the increase in energy purchases of the energy distribution companies at a higher price.
- **EBITDA** increased COP 2,059, 30% with respect to previous year, standing out the contribution of the EPM parent company, AFINIA, ENSA, CENS, CHEC, and ESSA.

# 6. Financial Results as of November 30, 2022 (unaudited)

## EPM Group by Colombian and International Subsidiaries

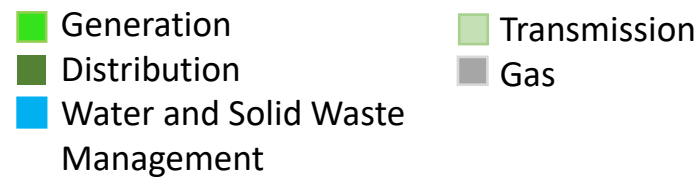
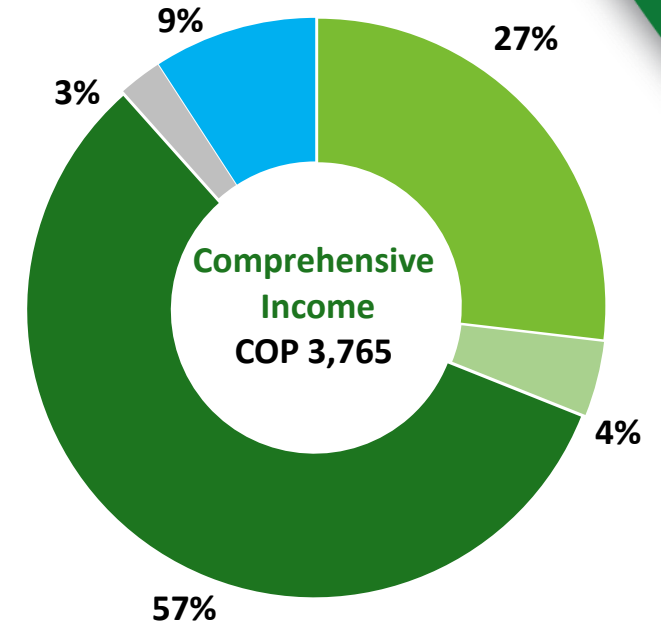
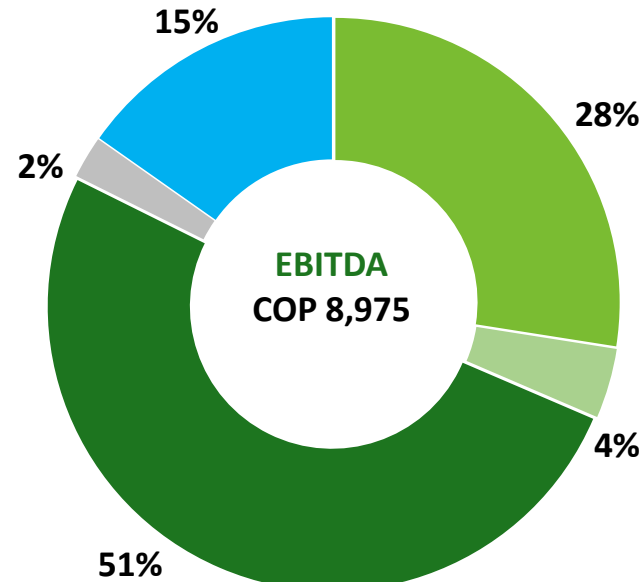
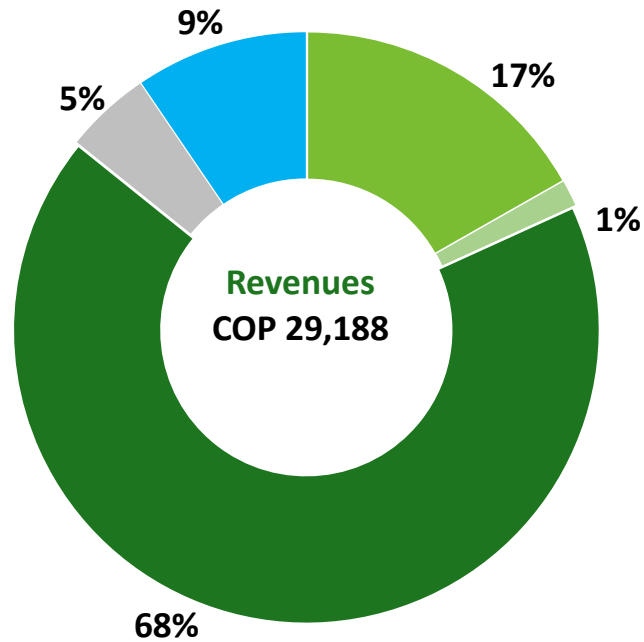
Figures in COP thousand million



## 6. Financial Results as of November 30, 2022 (unaudited)

### EPM Group by Segments

Figures in COP thousand million

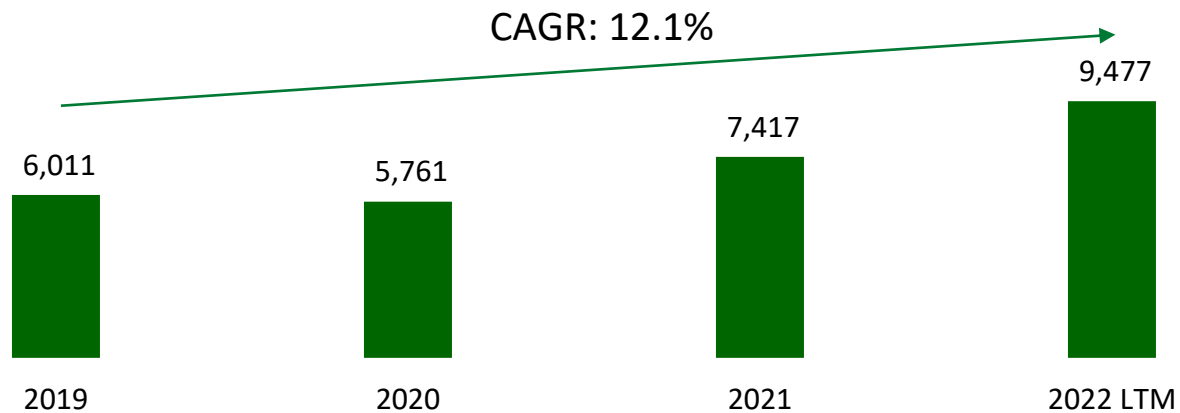
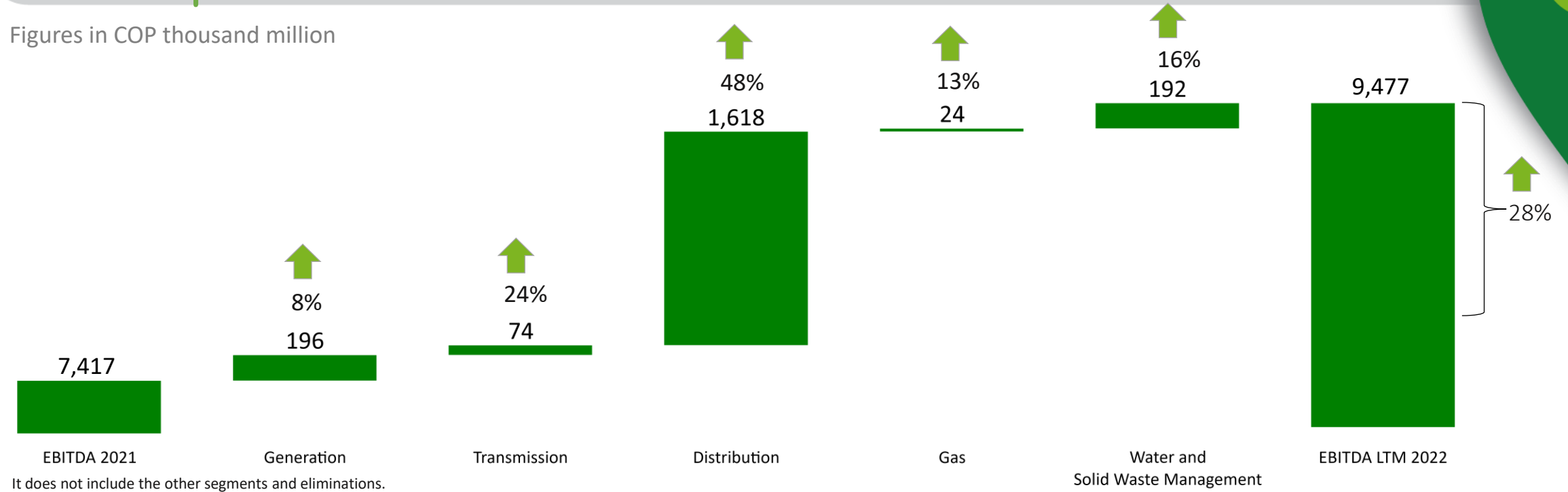




# 6. Financial Results as of November 30, 2022 (unaudited)

## EPM Group EBITDA

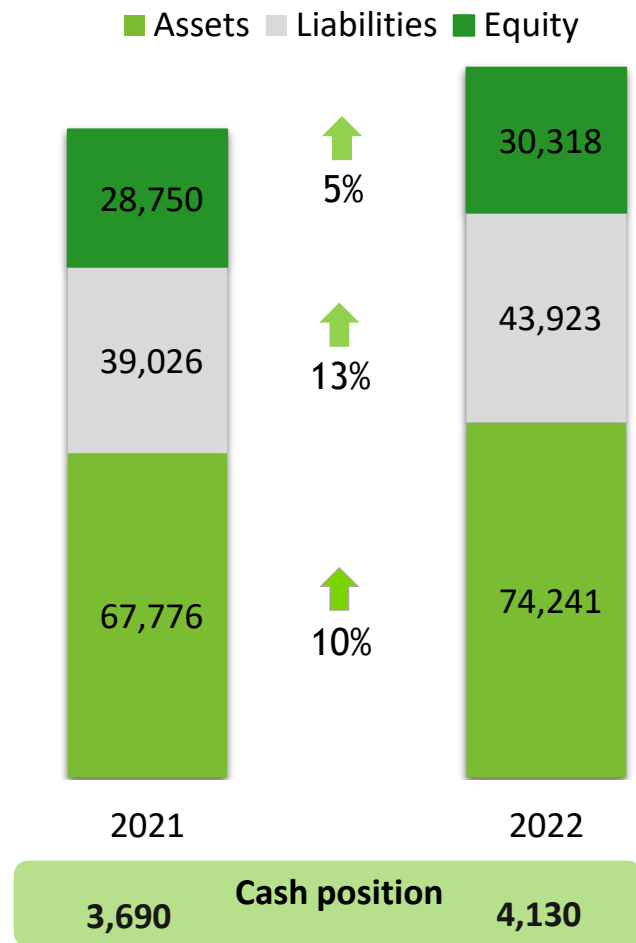
Figures in COP thousand million



# 6. Financial Results as of November 30, 2022 (unaudited)

## EPM Group Statement of Financial Position

Figures in COP thousand million

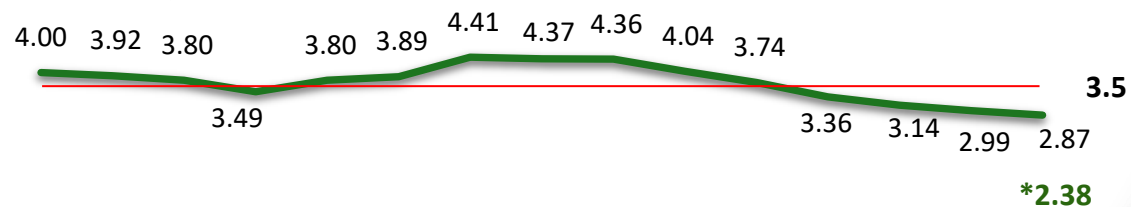


Ratios	2021		2022	
Total Debt	58	%	59	%
Financial Debt	41	%	41	%
EBITDA/financial expenses	6.32	X	4.88	X
Long-Term Debt/EBITDA	3.70	X	2.87	X
Net Debt/EBITDA	3.01	X	2.38	X

### EBITDA/ Financial expenses



### Total Long Term Debt/EBITDA



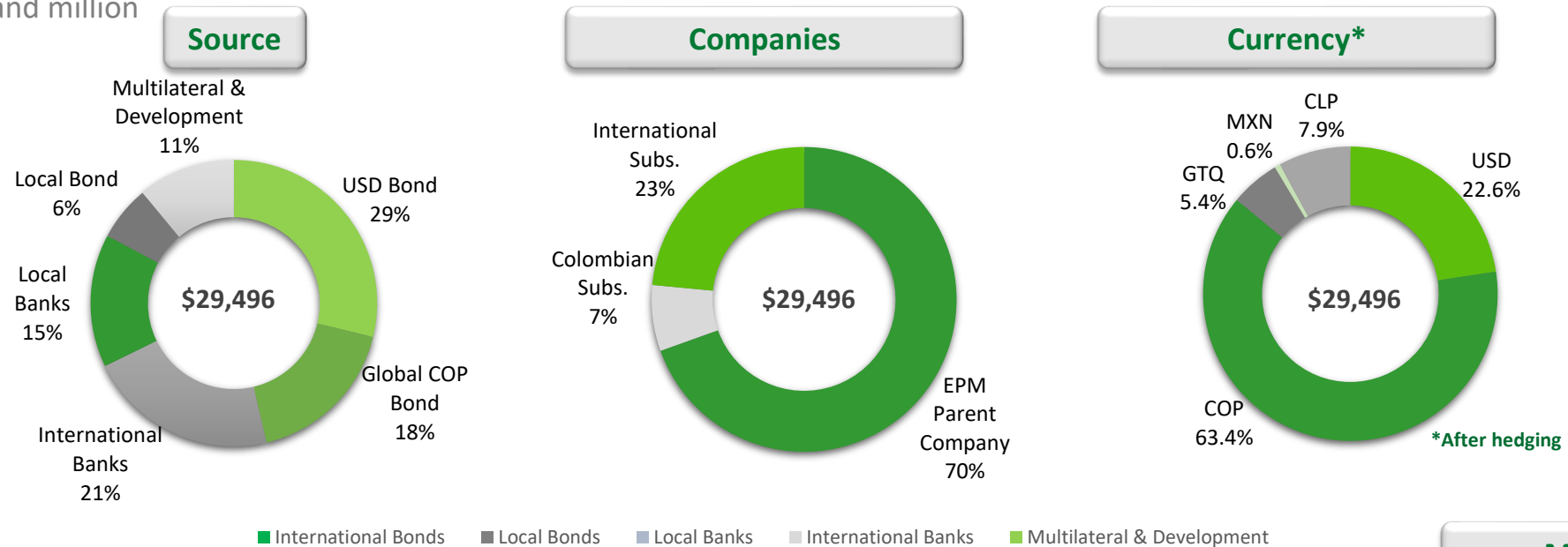
1Q19 2Q19 3Q19 4Q19 1Q20 2Q20 3Q20 4Q20 1Q21 2Q21 3Q21 4Q21 1Q22 2Q22 3Q22

(\*) Net Debt/EBITDA

# 6. Financial Results as of November 30, 2022 (unaudited)

## EPM Group Debt Profile

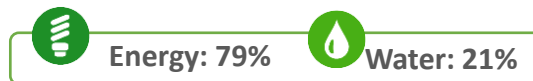
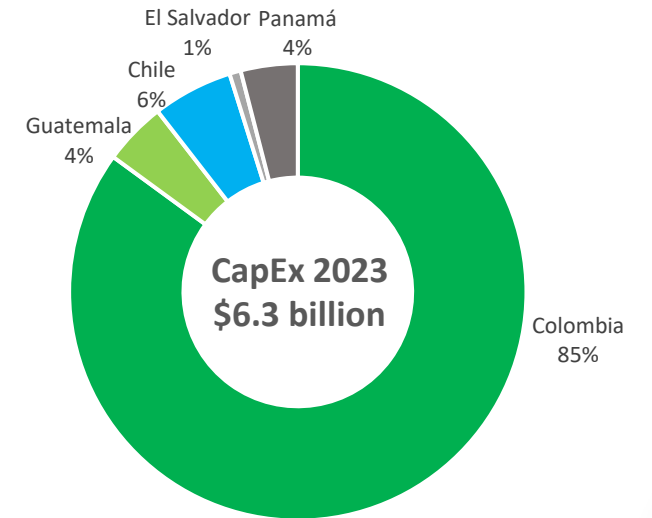
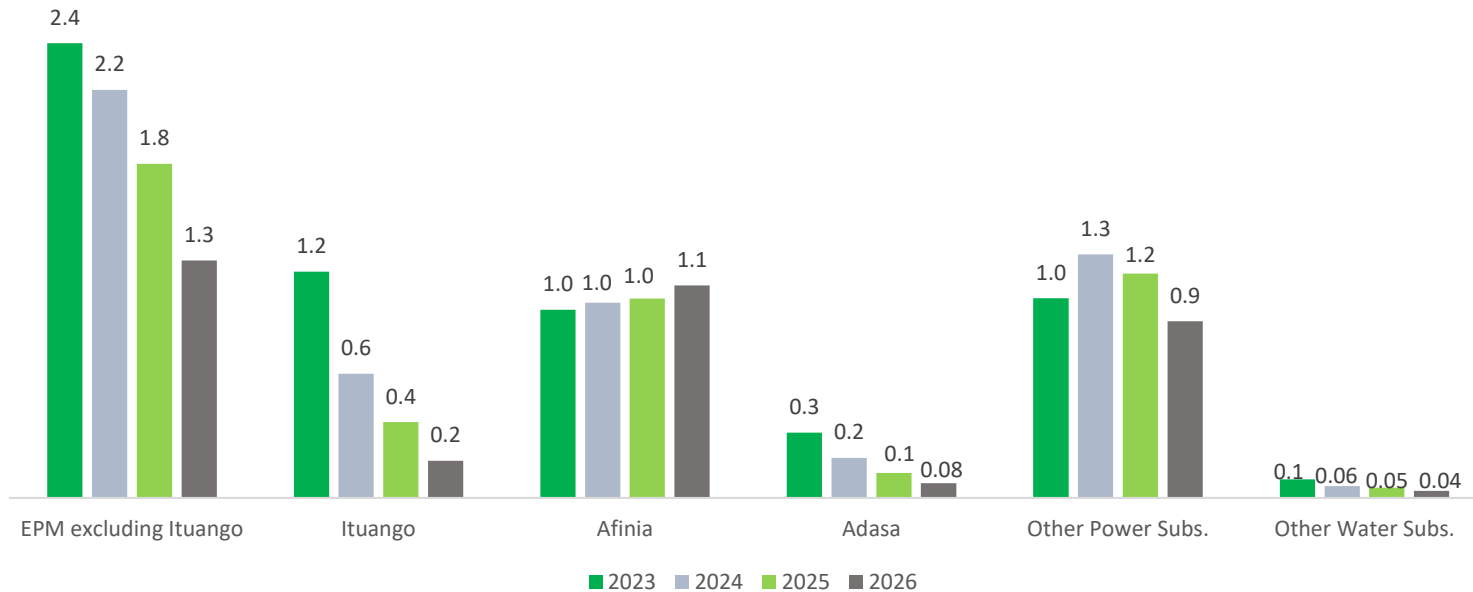
Figures in COP thousand million



# 7. EPM Group CapEx 2023-2026

Figures in COP billion

Total CapEx 2023-2026: \$ 20.4 billion





## 8. Liquidity and debt strategy



EPM Group cash position as of November 2022: COP 4.1 billion

### Committed Lines

#### **BNDES**

**Amount: USD 111 MM**

Balance to be disbursed: USD 18 MM

Term: Dec. 2023

#### **International Commercial Banks**

**Amount: USD 700 MM**

Balance to be disbursed: USD 400 MM

Term: Dec. 2023

### Banking facilities

#### **AFD**

**Amount: EUR 180 MM**

**Term: 10 years**

**Use of proceeds:** *General Capex plan*

Authorization of the Ministry of Finance  
and Public Credit: Feb.28, 2023

### Other financing sources\*

- Local and International Capital Markets
- Development banks
- Local Banks
- International banks

*\*Sources in permanent monitoring to identify market opportunities*



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