Operator: Good afternoon. My name is Anna and I will be your conference operator today. At this time, I would like to welcome everyone to the third quarter 2020 consolidated financial results conference call - EPM Group. All lines have been placed on mute to prevent any background noise. After the speaker remarks, there will be a question and answer session. Thank you for your attention. Mr. Juan Carlos Sampedro, Head of Debt and Capital Markets of EPM Group, will be the host and speaker today. Mr. Sampedro, you may begin your conference.

Juan Carlos Sampedro: Thank you, operator. Welcome, everybody, to our third quarter conference call of financial results. Thank you all by joining to this call.

Let's start in slide number three, relevant events of the quarter and subsequent events as of September 30. First of all, I want to start mentioning that EPM's CFO, Jorge Tabares, submitted his resignation to the company a few days ago and was in office until November 5, 2020. It was due to a new opportunity that arose in his professional life. EPM thanks Jorge for all his contribution and commitment to EPM Group during the years of his management.

Mapfre, the insurance company of the Ituango project, disbursed a second payment of 100 million USD on September 15, which added to the 150 million disbursed last year, meaning a total 250 million coming from the insurance policies as compensation on the contingency at Ituango hydroelectric plant.

The national Attorney General's Office installed a preliminary working session with the contractors of the Ituango project prior to our request for extrajudicial conciliation presented by EPM for a total 9.9 billion COP. The official appointment was rescheduled for November 23. On September 29, 2020, the company Desarrollos Hidraulicos de Tampico [no audio - 0:02:28.1] illegally disposes with the exercise of the public force of three treatment plants of Tampico by the operating agency. This implies the suspension of the operation of these plants and the beginning of legal processes.

Going to slide four, EPM took over as of October 1st, 2020, the operation of the energy distribution service in the regions of Bolivar, Cesar, Cordoba, Sucre and a portion of Magdalena through its new subsidiary, Afinia. Afinia has 12% of the energy distribution and commercialization market in Colombia. With Afinia, EPM Group reaches 35% market share. This new subsidiary has 1.5 million new customers. The Capex plan of 4 billion COP is scheduled to be developed in the first five years and a total Capex of 8 billion COP in a period of ten years.

Going to slide five. Regarding the Ituango project, we have a total progress as of September of 79.4%. The progress in the main work fronts is basically explained as follows: at the dam and spillway, we have a 97.7% progress. We are at the final stage of abutment injections. At the powerhouse, the progress is at 77.7%. We continue working on the recovery and the stabilization of tunnels and caverns, removal of damaged equipment and reconstruction of control buildings and generation units. The pressure wells are at 73% completion, the intermediate discharge tunnel at 70.6% and both the auxiliary diversion tunnel and right diversion tunnel at 62.7%.

Regarding the project costs, in the next slide, number six, we have made a total investment as of September of 11.8 billion COP, of which 2.1 billion correspond to investments derived from the contingency. From the initial total cost of 11.5 billion COP, [no audio - 0:05:32.1] the recovery of main works and equipment and an increase in financial expenses of 1.1 billion COP due to a longer capitalization period. The total estimated cost of the project to date amounts to 16.2 billion COP.

Going to slide seven, in the energy market in general, the main consequence of the drop in energy demand in all the countries where the EPM group is present is due to the downturn in the industry and commerce activities because of the mandatory preventive isolation for the control of the pandemic. In Colombia, the commercial electric power demand in the third quarter of 2020 was over 53,000 Gw/h, which represents a decrease of 2.5% compared to the same period of 2019. Despite this decrease, EPM Group in Colombia maintained its 22% market share in the electricity commercialization activity. The country with the greatest decrease in electricity demand was El Salvador, which presented a decrease rate of 8.9% [no audio - 0:07:13.0] and El Salvador's GDP is expected to contract by 8.7% in 2020. In the case of Panama, it had in the third quarter a 5.9% decrease rate of the electric power demand, although in previous years it had been one of the fastest growing economies in the world, which had a growth of 4.7% in 2019. In Guatemala, electricity consumption decreased by 2.3% and the Guatemalan economy, considerably affected by the pandemic, is expected to contract around 15.5% in 2020. [no audio - 0:08:13.4] compared to the same period of 2019.

At the international level, the companies of the EPM Group recorded a decrease in demand of 6.3% compared to the same period of 2019. EEGSA, which serves the regulated market in Guatemala, presented the lowest decrease, with 3.2% compared to other subsidiaries, followed by COMEGSA, in the unregulated market in Guatemala, which presents a negative rate in the period of 7.3%. Then, Del Sur, in El Salvador, which came with a recovery in demand at the beginning of this year, reflects a decrease of 7.6%. Finally, ENSA, in Panama, which presents the greatest decrease in demand of 8.5%.

Going to slide eight, in the generation market it is worth to highlight that, except for Colombia, the spot price decreased in the other countries where EPM Group has presence for the first nine months, mainly due to higher hydrology and lower prices of oil and its derivatives. The country with the greatest decrease in the spot price was Panama, with 48.4%. The country was influenced by a greater use of water sources, driving down the marginal cost in the energy market. In Colombia, the spot price increased due to lower water input from the aggregate reservoir of the national interconnected system during the first half of the year, which implies a higher use of the thermal resources.

Regarding the power generation of EPM, in Colombia, the power generation of EPM Group decreased by 6.9% compared to the same period of last year, mainly due to the low contribution of the power plants with water resources in the months of April, 966 Gw/h, and May, 952 Gw/h, of this year. Regarding Bonyic, in Panama, there was a higher generation, 11.5%, thanks to greater hydrological contributions compared to the same period of 2019, 90 Gw/h and 81 Gw/h, respectively.

Going to slide nine. In the macroeconomic scenario, in the third quarter, thanks to the reopening of most economic activities, a gradual recovery has been taking place in the countries where EPM has presence. Most of the macroeconomic indicators are beginning to show a more favorable performance than in the previous quarter. There is an increase in the assessment of consumers about the situation of their homes and an increase in the willingness of consumers to buy durable goods. Likewise, trade has been a significant improvement.

Regarding inflation, Colombia continued a downward trend during the third quarter. The lower inflationary pressures are mainly explained by the weakness in household demand, with marked contractions in consumption, a temporary price reduction granted by the government, and low pressure of labor costs. In Mexico, inflation has followed a growing trend explained by an increase in energy prices and in the food component due to disruptions in supply chains and changes in consumption baskets. In Chile, the increase in inflation was mainly explained by the increase in the prices of goods and food, given the temporary impulse to the consumption of goods linked to the withdrawal of pension savings and some short-term supply restrictions to supply that demand. In El Salvador, food prices have reversed the trend of recent months, showing significant reductions as well as fuel price. In Guatemala, inflation presented positive variations throughout the quarter, mainly in the food and transportation component. Interest rates on monetary policy continue to decline. Regarding the exchange rate, in the third quarter currencies maintained a trend towards depreciation against the dollar, although relatively stable, with some episodes of volatility.

Going to slide ten. Regarding the execution of the Capex plan of EPM group, for the first nine months of 2020 investments have been made for a total of 1.9 billion COP, of which 73% were destined to the energy business, 27% to the water business. Most of these investments are mainly in Colombia, 83%, the remaining 17% in the foreign affiliates. In Colombia, the main investments made were concentrated, 40% in the parent company, 31% in Ituango project, and 10% in the energy subsidiaries.

Going to slide 11. As of September 30, consolidated revenue totaled 14 billion COP, an increase of 6% with respect to same period of last year, which is mostly explained on: first, in the EPM parent company generation business, due to higher energy sales in long-term contracts, including new contracts and in the gas business line for greater commercialization sales to the thermal plants. Second, in the subsidiary CHEC due to higher sales in the generation business, giving a better tariff and greater units sold over around 13 Gw/h and higher energy sales in the regulated market and long-term contracts. Third, in subsidiary CENS in Colombia, for higher energy sales in the regulated market, around 30.6 Gw/h and four, in ESSA, in Colombia, in Santander, due to a better tariff, around 66 COP per kilowatt/hour and greater units sold, around 33 Gw/h.

EPM parent company showed higher revenues, for 781,000 million COP. The Colombian power subsidiaries, whose revenues rose 213,000 million COP and the international subsidiaries as a whole showed a decrease for 115,000 million COP. Consolidated total cost and expenses totaled 10.8 billion COP, with a 10% increase, mostly explained by higher commercial operation costs due to the lower hydraulic generation, given the low levels of Colombia reservoirs for the first months of the year, where stand out, first, EPM, with an increase of 26%, mainly in the generation business caused by high energy purchases and higher gas consumption; second, in CHEC, with an increase of 18% in terms of COP, 71,000 million COP associated with higher purchases of energy and gas from the generation business, and third, at the subsidiary ESSA, with an increase of 7% due to the amount of [no audio - 0:17:39.7] compared to 26% obtained the previous year. Ebitda totaled 4.3 billion, decreasing by 174,000 million COP, 4% in relation to the previous year. Ebitda margin was 31%, compared to 34% obtained the previous year. The comprehensive income for the period was 1.2 billion COP, showing a decrease of 555,000 million COP in relation to previous year, affected mainly by foreign exchange expenses for 748,000 million COP recorded in 2020. Net margin was 9% compared to 14% obtained the previous year.

Going to slide 12. We can see EPM Group by Colombian international subsidiaries. Of the group's total revenue, it is important to highlight the fact that Colombia accounts for 66% and foreign subsidiaries for 34%. EPM parent company accounted for 49%, with 781,000 million COP, a 12% increase explained by the segments of power generation, with a 738,000 million COP increase due to higher energy sales in long-term contracts, including those new contracts in the gas business by 209,000 million COP, mainly due to greater commercialization sales to the thermals. And third, the power distribution by 77,000 million COP due to higher energy commercialization.

On the other hand, the Colombian power subsidiaries accounted for 15%, with 10% increase with the following subsidiaries standing out: CHEC, with 82,000 million COP due to higher tariff and quantity of energy sold, around 13 Gw/h; CENS, with an increase of 71,000 million COP due to higher quantity of energy sold, 13.60 Gw/h, and ESSA, with a 52,000 million COP increase due to higher tariff, and 33 Gw/h over the previous period.

International subsidiaries, in turn, accounted for 34% of revenue, with net decrease of 115,000 million COP, minus 2.3% compared to 2019. The following subsidiaries growth stand out: EEGSA, in Guatemala, with 203,000 million COP mainly associated with the exchange rate effect in the conversion of quetzales to pesos. CENS locally presented a decrease of 3% and ADASA, in Chile, for 37,000 million, due to higher consumption in the unregulated market and greater customers in the regulated market, given than in 2019 there was less water available due to high plateau winter emergencies and tides. The remaining 2% comes from the water and solid waste management subsidiaries in Colombia, with 12% decrease, where Aguas Nacionales stands out with a 39,000 million COP drop linked to a lower valuation of the interconnection contract. As to Ebitda, the group's Colombian companies accounted for 79% and foreign companies for 21%. EPM parent company accounted for 57% of Ebitda, with a decrease of 274,000 million COP, with 10% decrease compared to the previous year. Colombian power subsidiaries accounted for 21%, with individual growth standing out from the following: CENS, 26,000 million; CHEC, with 14,000 million. International subsidiaries accounted for 21% of the group's Ebitda, decreasing 17,000 million COP compared to previous year.

With respect to net profit aspects, it is relevant to highlight an increase in revenues for 771,000 million COP, an increase in costs and expenses for around 1 billion COP, and increase in foreign exchange expenses for 440,000 million COP, a decrease in financial expenses of 32,000 million COP, and a decrease in income tax provision for 95,000 million COP.

Going to slide 13. Viewed by segments, energy services accounted for 84% of the group's revenue and 79% of Ebitda. In revenue, the power distribution and power generation segments stood out with 58% and 24% participation, respectively. Fuel gas services contributed 5% of the group's revenue and 2% of Ebitda. Water and solid waste management services represented 11% of the group's revenue and 19% of Ebitda.

In slide 14, in the Ebitda by subsidiaries, the positive contribution of the national energy subsidiaries CHEC, CENS and ESSA and international subsidiaries, ADASA in Chile, DECA in Guatemala and HET in Panama stood out. Regarding Colombian energy subsidiaries, they contributed 21%, highlighting the individual growth of CENS for 26,000 million COP, 22% growth; CHEC, for 15,000 million, and ESSA, for 7,000 million COP. The international subsidiaries contributed 21% to the group's Ebitda and decreased 17,000 million COP, 1.8% compared to the previous year, highlighting ADASA, with a growth of 23,000 million COP, mainly due to higher income in 2020, given than in 2019 there was less water available due to the emergency that arose at the time. In the DECA group, the EEGSA subsidiaries stood out with a growth of 53,000 million COP because of an increase in margin due to rate adjustments and a decrease in third party and maintenance expenses, HET growth of 3.700 million COP due to higher units generated, 9.1 Gw/h. And in ENSA, in Panama, it decreased 118,000 million COP, 34% due to lower generated units and tariffs reduction, 33 USD per megawatt/hour because of lower demand from commerce, industry and government segments.

Going to slide 15, the Ebitda decreased in the last 12 months compared to the figures as of December 2019 and it was for 174,000 million, 3%, where the decrease of the generation business stands out for 148,000 million COP, 8%, and distribution, for 175,000 million COP, 6%. Ebitda showed a CAGR growth of 5.4%.

Going to like 16, EPM Group statement of financial position, in the balance sheet equity totaled 24.1 billion, increasing 3% due to the combined effect of higher total comprehensive income and a record of surpluses to the Municipality of Medellin for 1.49 billion COP, 812,000 million ordinary and 667,000 million extraordinary dividends. Liabilities totaled 237.9 billion COP, increasing 7.2 billion COP, 23% with respect to the previous year, mainly explained by the increase in the financial debt as a result of the foreign exchange effect and new debt and the other payables for 696,000 million COP, mainly for the balance payable of dividends to the municipality of Medellin. The group's total assets rose to 62.78 billion COP, increasing 14% compared to the previous year. Cash position of September was 5.59 billion COP. Regarding the ratios, as of the end of this quarter, the group's total debt to total assets was 60%, compared to 58% obtained the previous year. With regard to debt ratios, Ebitda to financial expenses reached 5.38 times. The total debt to Ebitda was 4.41 times and the net debt to Ebitda 3.4 times.

Going to slide 17, the debt of EPM Group totaled 27.1 billion COP. As to financing source, 17% of the debt corresponds to domestic debt, 20% to peso-denominated foreign debt and 63% to foreign debt hired in other currencies. Of EPM Group's total debt, 77% belongs to EPM parent company. As to natural hedging for intercompany loans granted to international subsidiaries with revenue linked to dollar, EPM has a balance of 336 million dollars. At the quarter's closing, accumulated foreign exchange financial hedges totaled 900 million dollars. As to maturities, EPM parent company holds four international bonds issued maturing 2024, 2027, 2029 and 2031. '23 correspond to loans of ADASA with commercial banks, for a total 347 million USD.

That's the presentation that we wanted to share with you so we can start the Q&A session.

Operator: At this time, I would like to remind everyone in order to ask a question, simply press star (*) then the number one (1) on your touchtone phone. If you'd like to withdraw your question, please press the pound key (#). We'll pause for just a moment to compile the Q&A roster. At this time, we are going to reply to the questions first from the audio conference, then from the Web.

And we have a question from Joe Kogan, from Scotiabank. Please go ahead.

Joe Kogan: Hello and thank you very much for the call and for the update. I had a few questions about some of the events that transpired in August that left some of the investor community with a bit of uncertainty about the company. First, could you give us an update on the status of the lawsuit or mediation against contractors and insurers? And also give us a sense of how you think the lawsuit will affect the willingness of these parties to work with you so, you know, will the contractors still be willing to continue working on Ituango if you're in the middle of a contentious lawsuit.

My second question is about the new social mission of EPM that was mentioned back in August. You know, there is speculation in the media about EPM building bridges and providing tourist services, but we're wondering if there's any more clarity on what social mission you had in mind or when we might get more details on that.

Juan Carlos Sampedro: Ok, Joe, thank you for your questions. So regarding the first question, EPM is advancing in a process which in EPM Group's opinion is going well, having preliminary conversations with the contractors of Ituango project and it is expected to have positive results of this process. The first session will be held in November 23rd and by January 10th 2021 it will be like a preliminary decision of how is it going or if it is possible to conclude a conciliation or if we're required to go to a further legal process. However, in any case, EPM considers that it is viable to continue with the same contractors, as we have been analyzing in the positive development of the conversation with those firms.

In terms of your second question, the corporate purpose, change or adjustment, at this time, the project is not ongoing. It was retired of the approval decision in the local council. By July, it was retired. Basically, it was looking to adjust EPM's corporate purpose to allow the company to perform some additional activities with some kind of relation to the main corporate purpose. The idea was not to change the vision of the main contribution of utilities basically to the revenues of the company. It was more related to include some associated activities, for example, in the case that you mention, of tourism, it was not any kind of activity in that regard. It was basically to have some specific use of EPM's assets basically in the reservoirs that have had in the past some kind of not very organized use for some people. So basically it was looking to improve some of those activities. But at this time it is not ongoing the process. If it were reopened sometime, we would basically release this situation very timely to all the investors and banks. So maybe it is enough clarity for your question, Joe.

Joe Kogan: Yes, that is. Thank you very much.

Juan Carlos Sampedro: Ok.

Operator: We have no more audio questions, but we do have a question on the web from Gabriella. "Who will be the new CFO?"

Juan Carlos Sampedro: At this time, there is no designation, an official designation yet. Currently, Juan Carlos Castro, the Manager of Finance Planning, is in charge for some weeks while the new CFO is appointed. However, we do not have yet an official designation for appointment.

Operator: And we have no further questions at this time. If you would like to ask a question, please press star (*) then one (1) on your touchtone phone or you may also submit a question over the web.

And we have another web question from Gabriella. "What can we expect in terms of generation for the fourth quarter 2020?"

Juan Carlos Sampedro: Could you please repeat again the question, operator?

Operator: The question was, "What can we expect in terms of generation for the fourth quarter 2020?"

Juan Carlos Sampedro: Ok. Since the reservoir levels at this time are in a very high level, we have over 70% of reservoir levels because of the rainy season that has been quite high for the second half of this year, we expect to have additional Gw/h, even over the budget of EPM's 2020 budget. So it is a quite normal condition at this time. And it is, as I mentioned, in the total Colombian energy system, the reservoirs have around 80% level, in the case of EPM it is around 70% reservoir level, which is a very light level, considering that it is expected to have a rainy season quite high for the last quarter and even for the first quarter 2021. So at this time, we do not have any kind of concern regarding the conditions of the reservoirs and EPM's capacity to meet its commitments in terms of energy generation.

Operator: And we have another question from Thomas. "Can you discuss recent talks with rating agencies?"

Juan Carlos Sampedro: Ok. EPM maintained very close communication with both agencies, Fitch Ratings and Moody's. We have had very recent conversations with Fitch. They are in the review process of EPM's rating. We do not oversee any additional decisions different from those that they took by August this year, considering that the concerns they have expressed in their reports at this time are in a very stable condition. So we do not expect to have any short-term change with Fitch and same situation with Moody's. We have been maintaining them very updated with any of EPM's developments for the second half of this year. And we will not expect to have any rating changes in the short term, at least in EPM's opinion.

Operator: And we have another question on the web from Tommy. "A few months ago, there was a chance the second phase of Ituango would be delayed. Is there an update on its timing? And it's phase one still on track?"

Juan Carlos Sampedro: Ituango schedule had some adjustment by July this year due to the pandemic condition and the effect that the pandemic had in the development of the project. However, at this time, we do not have a new schedule, considering that the last change was quite recent, by July. So we still have the goal to start operation in the first quarter 2022 and the process is ongoing, is advancing in different civil work fronts. So we still have the goal to start operation in 2022.

Operator: And there are no further questions at this time. Mr. Sampedro, do you have any closing remarks?

Juan Carlos Sampedro: Thank you, everybody, for joining us. And any further questions should you have, just let us know through to our investor relations channels. Very happy to answer any further questions. Thank you.

Operator: This concludes today's conference call. You may now disconnect.