

Grupo·epm[®]

4Q2016 Report



ROBECOSAM
Sustainability Award
Silver Class 2016



Agenda



- Relevant events of the Quarter and subsequent to the closing
- Energy market
- Work progress in main project: Ituango
- Financial results as of December 2016

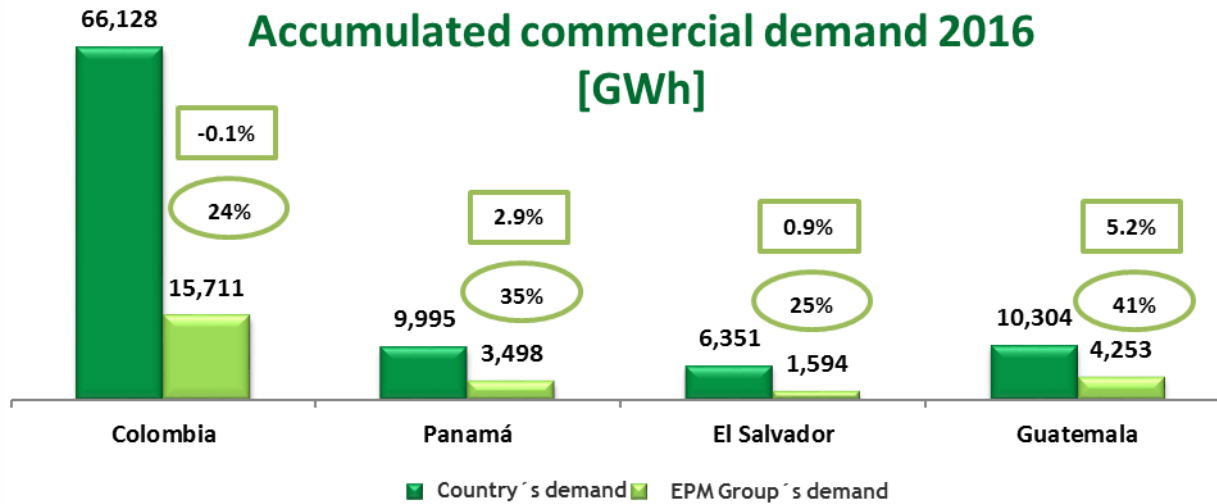
Relevant events of the quarter and subsequent to the closing

- ✓ **Payment of extraordinary surpluses to the Municipality of Medellin for COP 371,145 million was concluded.** Total transfers to the municipality along 2016 amounted to **COP 816,521 million.**
- ✓ **EPM's Board of Directors approved budget for COP 12.5 billion for 2017** and the investment plan for the 2017-2020 period for COP 6.5 billion. **Investment of EPM Group will total COP 10.6 billion** in the next four years; 80% in Colombia and 20% in the other countries where it is present. From such funds, 73% will be earmarked to energy, 27% to water. Likewise, 30% of EPM Group investments will be allocated to the Ituango hydroelectric project, the largest one currently being built in the country.
- ✓ On March 14th 2017, **Fitch Ratings has revised EPM's international rating outlook from negative to stable and affirmed rating at BBB+.** This is explained by the outlook change of Colombian sovereign rating.

On March 30 2017, **Moody's ratified EPM's financial soundness by raising its international investment rating to Baa2 with stable outlook.**

Energy Market

EPM Group Commercial Power Demand

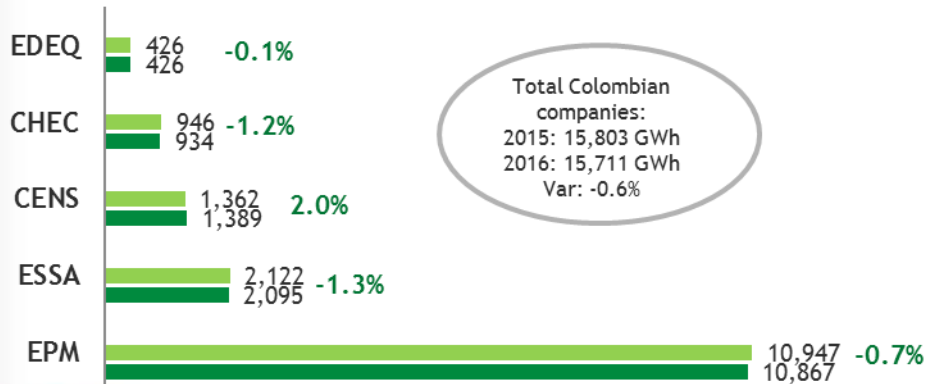


□ % Country's demand variation 2015 vs 2016
 ○ % EPM Group country demand's share.

Note: We report the commercial demand that depends on customers served directly by each company regardless of the distribution network to which regulated and unregulated users are connected. The country's demand reported does not include energy exports.

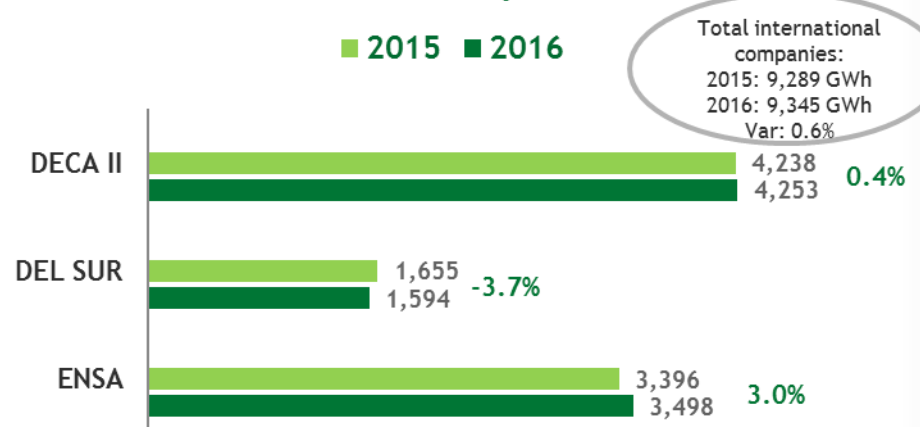
Colombian Companies GWh

■ 2015 ■ 2016



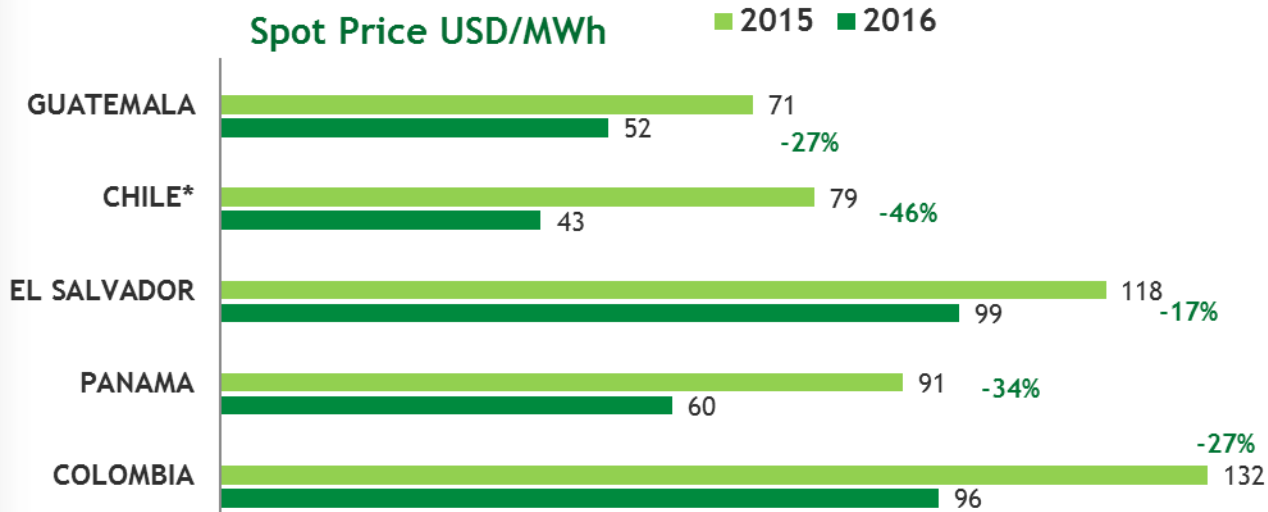
International Companies GWh

■ 2015 ■ 2016



Energy Market

Spot Price USD/MWh and EPM Generation (GWh)

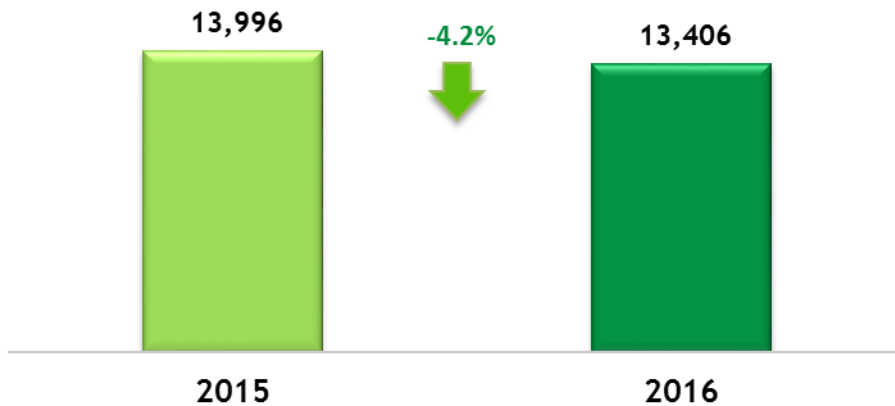


During 2016 spot price declined, mainly by the fall in fuel prices and the entry into operation of new generators. In Colombia, El Niño increased the prices at the beginning of the year and for the rest of the year prices decreased by wet conditions.

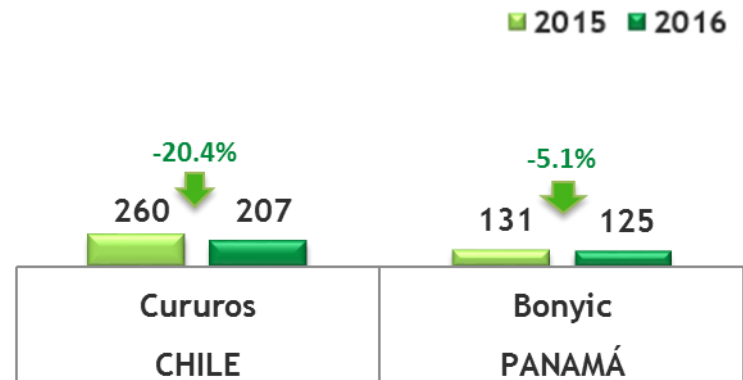
*Price of La Cebada node where EPM's Los Cururos plant is connected.

Average spot prices in the period.

EPM Group Colombia actual generation [GWh]



International subsidiaries' generation [GWh]



As of 2015, the power generation of Colombian subsidiaries was integrated to EPM Parent Company.

Main Infrastructure Project

Ituango Hydroelectric Generation Plant



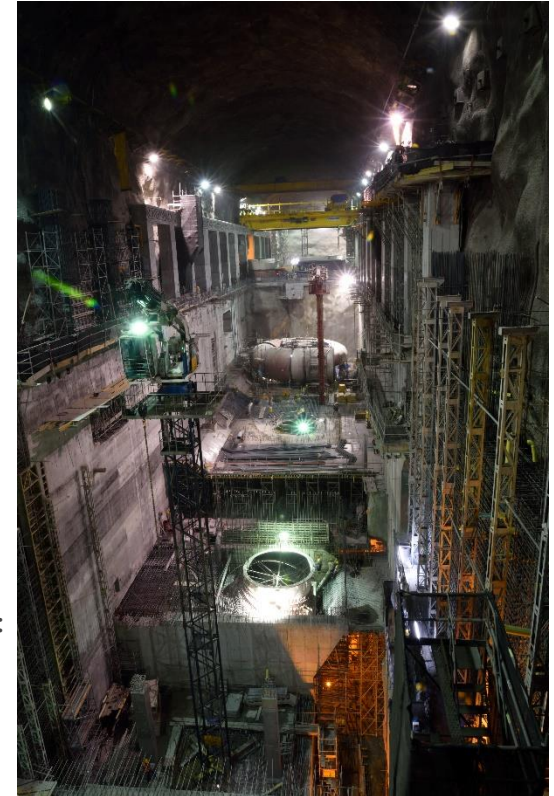
Total work progress as of Feb. 2017: **66.3%**
 Invested to date: **COP 5.95 billion**

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).



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

Main Infrastructure Project

Ituango Hydroelectric Generation Plant



Total cost: COP 11.4 billion



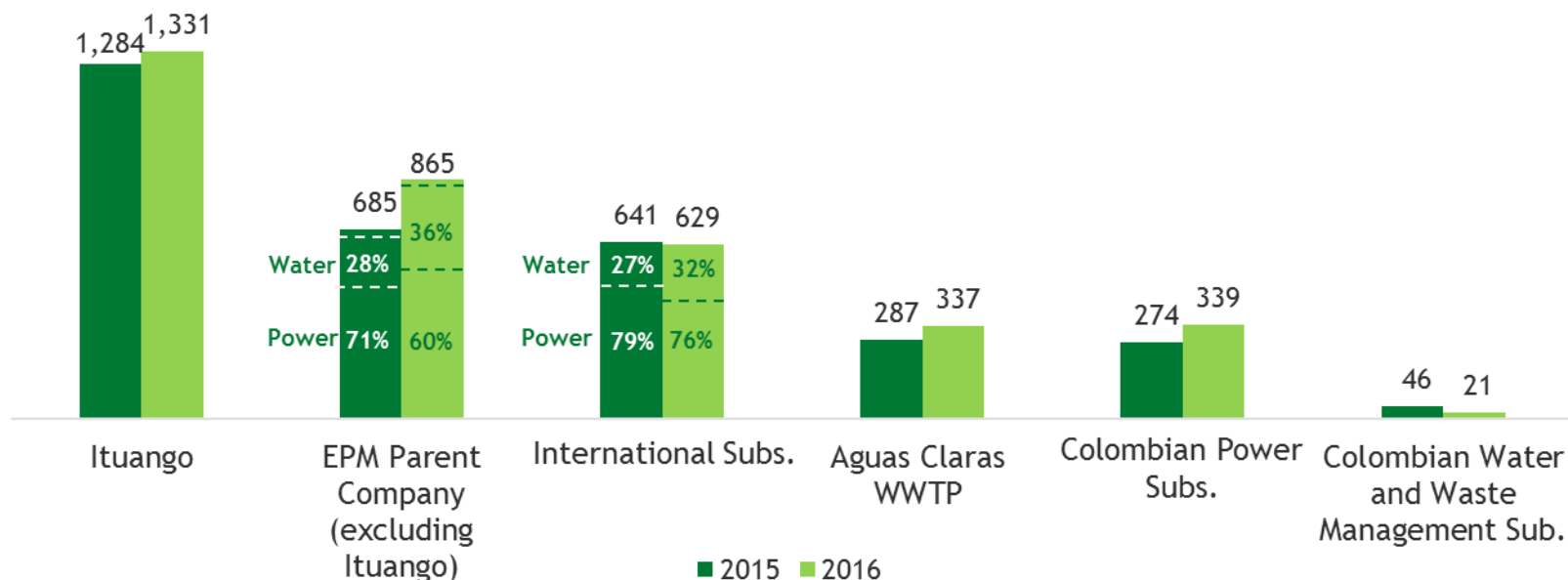
External Civil Works

- **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 to date:** COP 3.2 billion.
- **Details of Loans Agreements already subscribed or under negotiation**
 - ✓ 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 A/B loan: USD 550 million (under negotiation)

Financial Results as of Dec.31, 2016

Capex 2016

Figures in COP thousand million



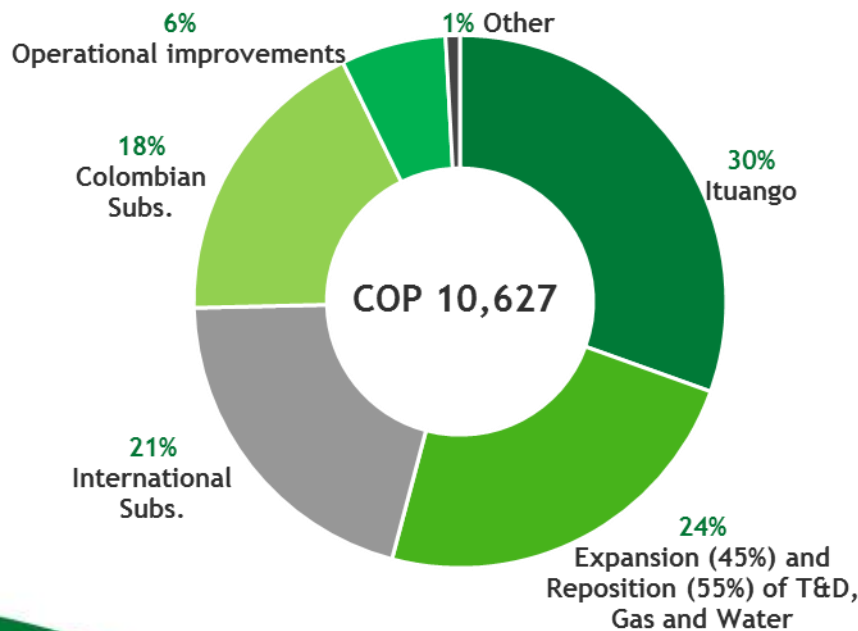
- ✓ EPM Group Investments 2015: COP 3.2 billion
- ✓ EPM Group Investments 2016: COP 3.5 billion

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



* Financial budget as of Dec. 2016

Financial Results as of Dec.31, 2016

Macroeconomic Scenario



CPI: Consumer Price Index

PPI: Producer Price Index

WPI: Wholesale Price Index (Panama and El Salvador)

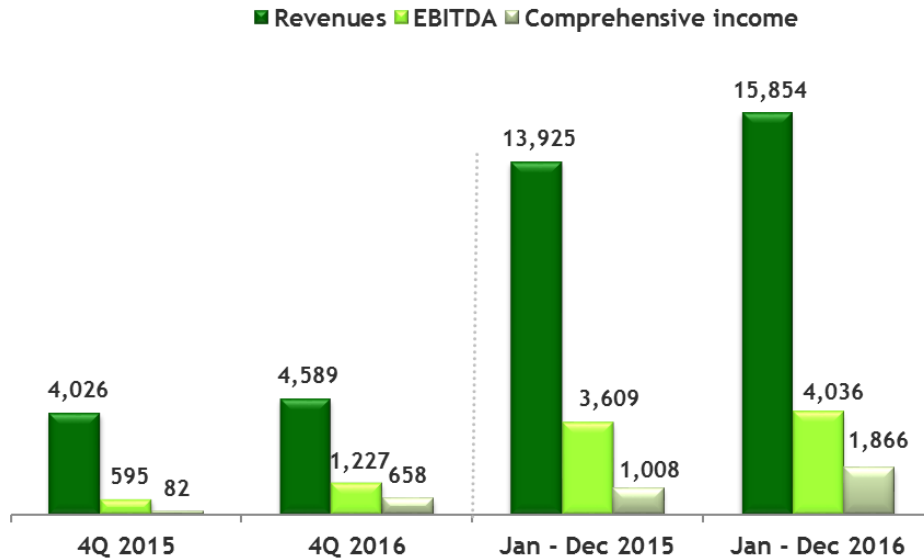
Concept	Colombia	Chile	Guatemala	Panamá	México	El Salvador
GDP	2,0%	1,50%	3,10%*	4,90%	2,30%	2,30%*
CPI	5,75%	2,71%	4,23%	1,49%	3,36%	-0,93%
PPI	1,62%	10,2%	N.A.	3,94%	8,51%	-3,30%
Exchange rate	3000,71	667,29	7,52	N.A.	20,62	N.A.
Devaluation (Revaluation)	-4,72%	-5,66%	-1,44%	N.A.	19,54%	N.A.

* Estimated figure

Financial Results as of Dec.31, 2016

EPM Group Income Statement

Figures in COP thousand million



Var. 4Q2015 - 4Q2016

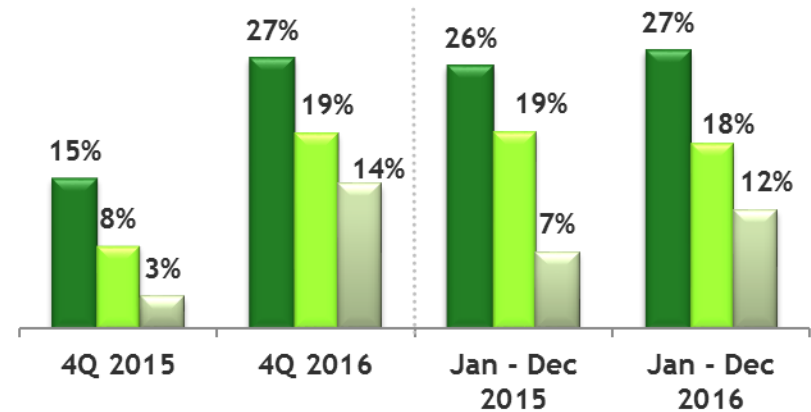
- Revenues: 14%
- EBITDA: 106%
- Comprehensive Income: 704%

Var. FY 2015 - FY 2016

- Revenues: 14%
- EBITDA: 12%
- Comprehensive Income: 85%

- Total KWh sold in 2016: 25.056 GWh (Colombia 15.711 GWh, International Subs. 9.345 GWh) (-0.1%)
- Total Water sold m³: 263 million m³ (-0.2%)
- Total Water treated: 343 million m³ (0.1%)
- Total Gas sold: 818.4 thousand m³ (+4%)
- Recurrent expenses grew below inflation.

■ EBITDA margin ■ Operational margin ■ Net Margin

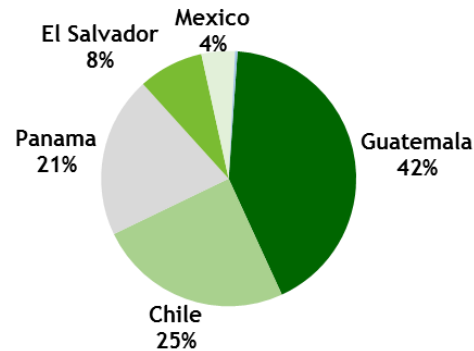
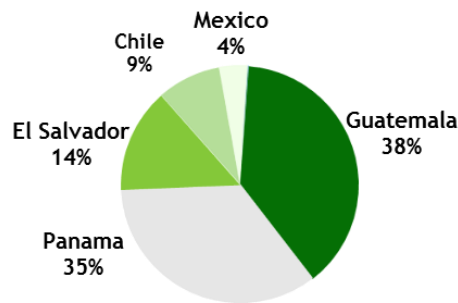
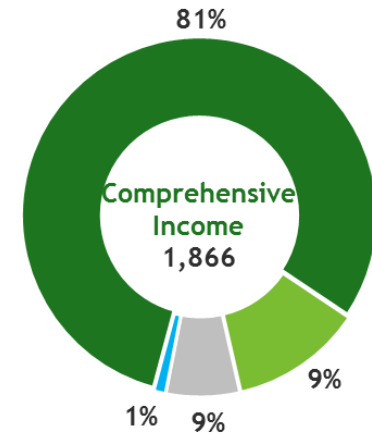
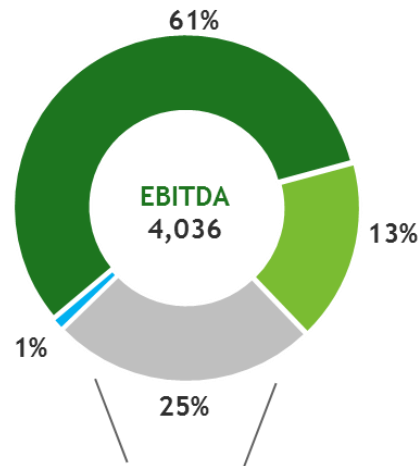
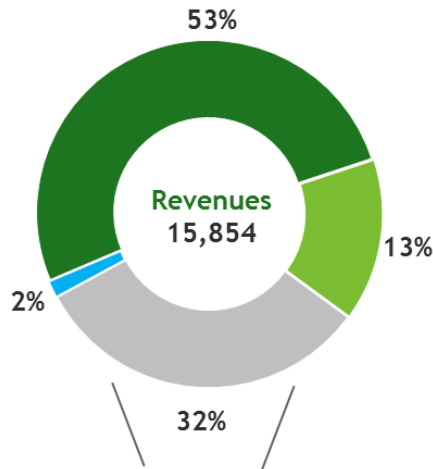


Financial Results as of Dec.31, 2016

EPM Group by Colombian and International Subsidiaries

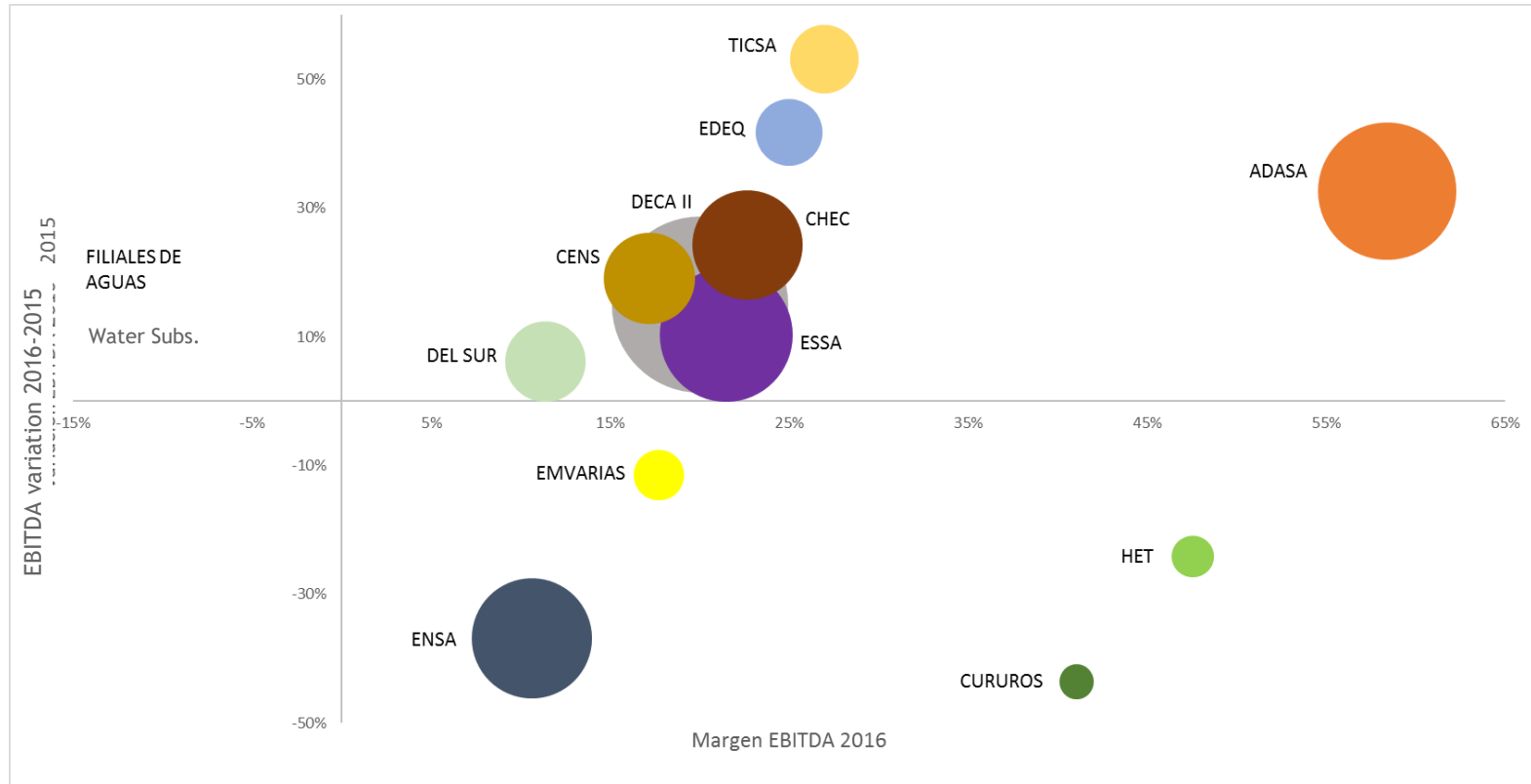
Figures in COP thousand million

- EPM
- Colombian Power Subsidiaries
- International Subsidiaries
- Colombian Water Subsidiaries



Financial Results as of Dec.31, 2016

EBITDA by Subsidiaries



EBITDA Margin 2016

The size of the circle represents the amount of EBITDA 2016

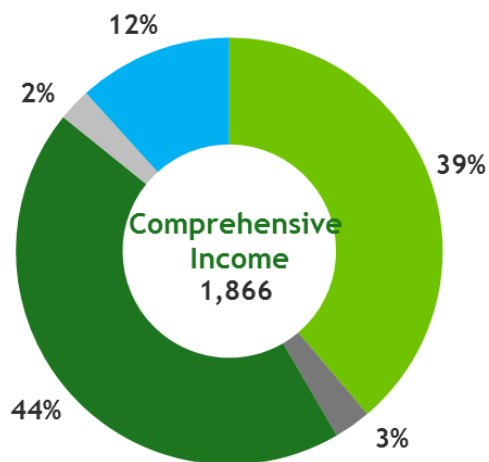
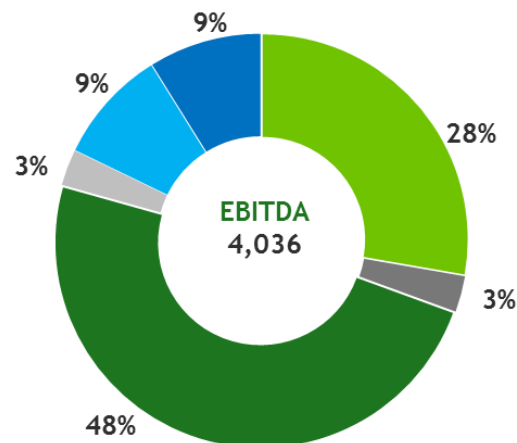
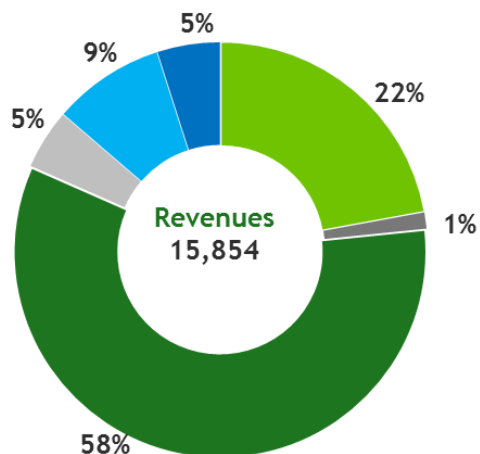
- ADASA growth strategy is delivering positive results.
- Power generation in Panama and Chile impacted by lower energy prices.

Financial Results as of Dec.31, 2016

EPM Group by Segments

Figures in COP thousand million

- Power Generation
- Power Transmission
- Power Distribution
- Gas
- Water
- Waste Management

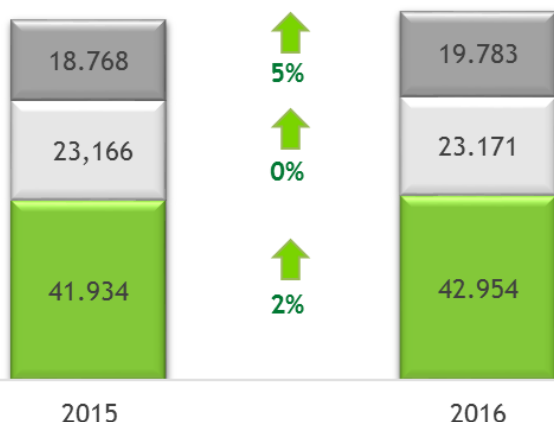


Financial Results as of Dec.31, 2016

EPM Group - Statement of Financial Position

Figures in COP thousand million

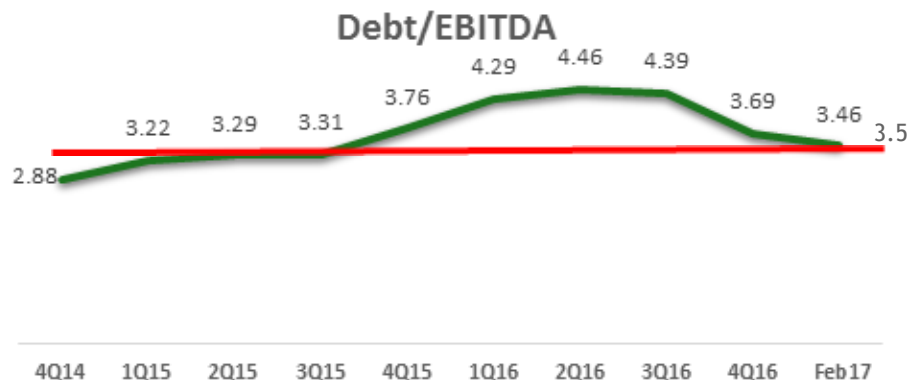
■ Assets ■ Liabilities ■ Equity



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. EPM sold ISAGEN shares for COP 1.5 billion.

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



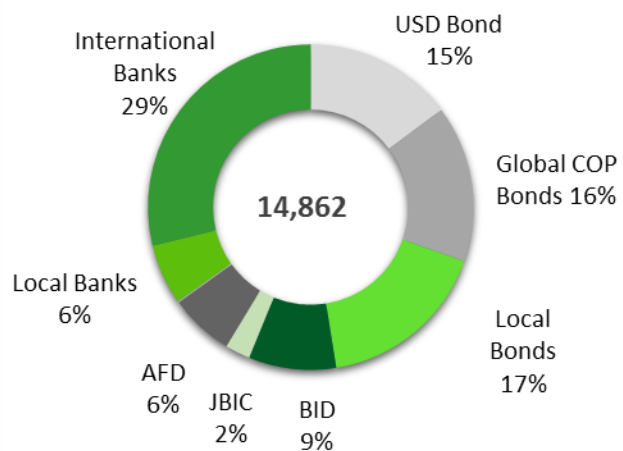
- EBITDA amounted COP 4.04 billion and Debt/EBITDA ratio was 3.69.
- The Group's year end cash position of COP 1.8 billion.
- Waiver related to Debt/EBITDA covenant with: JBIC, AFD, and IDB.

Financial Results as of Dec.31, 2016

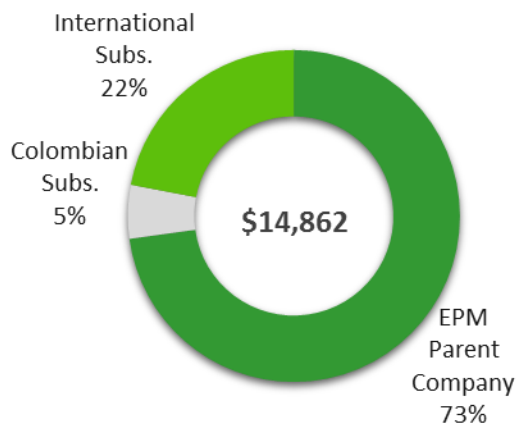
Debt Profile

Figures in COP thousand million

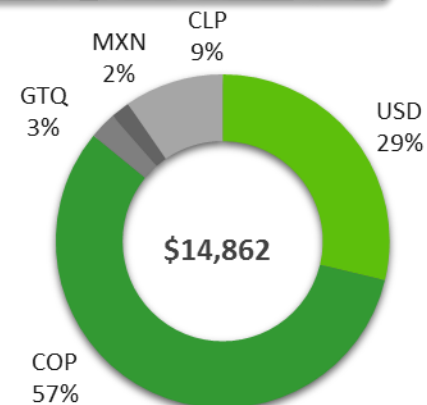
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Companies



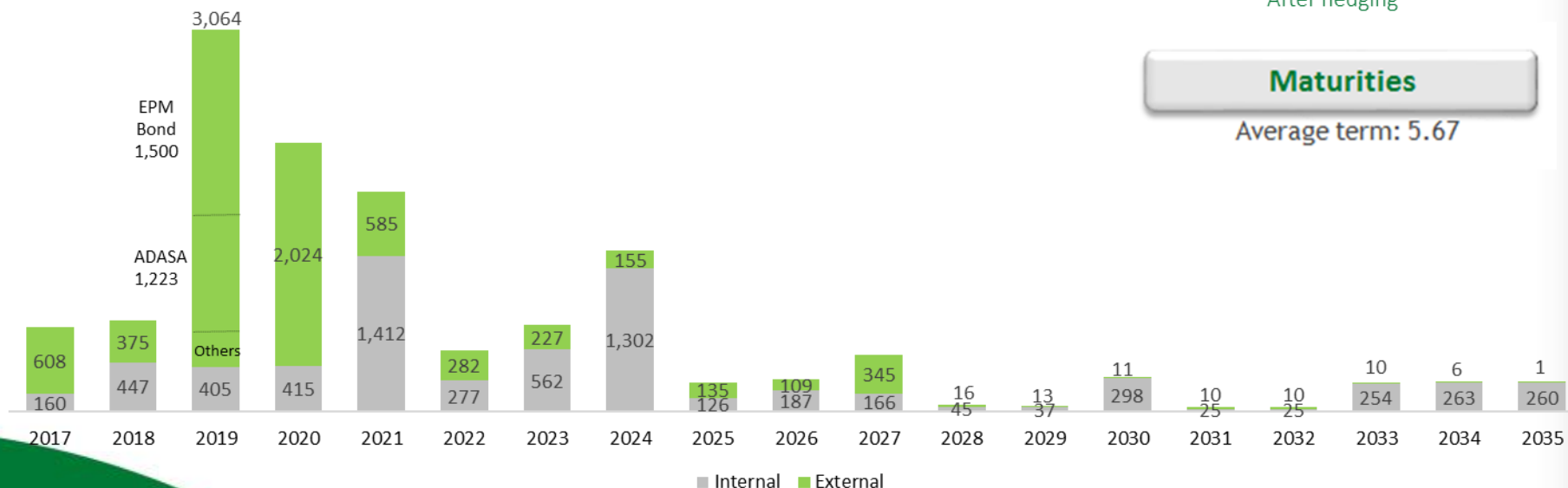
Currency*



*After hedging

Maturities

Average term: 5.67



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- This presentation contains forward-looking statements which are subject to several risks, uncertainties and circumstances relative to the operations and business environments of EPM. These factors could cause actual results to materially differ from any future result, expressed or implied, in such forward-looking statements. Accordingly, EPM cannot guarantee any results or future events. EPM expressly states that it will be under no obligation to update the forward-looking statements or any other information herein contained.
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