

Medellin, May 8, 2018

EPM Group announces consolidated financial results as of March 31, 2018

Empresas Públicas de Medellín E.S.P. and subsidiaries (hereinafter, "EPM Group") is the holding company of a multi-Latin enterprise group formed by 48 companies and one structured entity¹, that have presence in the provision of public utilities in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama. Its corporate purpose is the provision of public utilities, mainly in power generation, power transmission and power distribution, gas, water supply, cleaning and waste management business lines.

The figures presented for this quarter are expressed in Colombian Pesos, according to the International Financial Reporting Standards (IFRS). The consolidation process implies inclusion of 100% of the companies where EPM has control.

CONSOLIDATION SCOPE



¹ Autonomous Patrimony Social Financing. Under International Financing Reporting Standards (IFRS), it is considered a structured entity that forms part of the consolidation perimeter of the financial statements of the EPM Group.

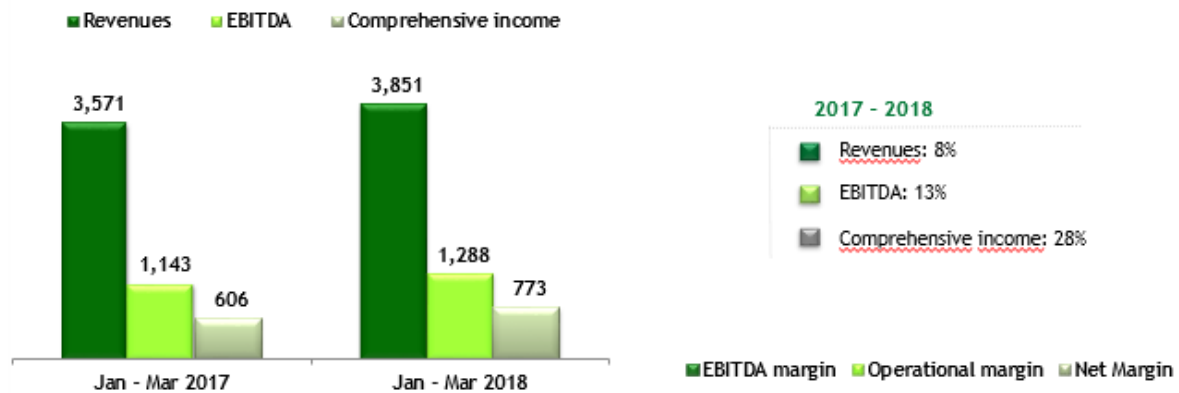
1. RELEVANT FACTS OF THE QUARTER AND SUBSEQUENT TO THE CLOSING

- In March, **EPM paid COP 150 thousand million surpluses to the Municipality of Medellín** (corresponding to the disposal of the Isagen shares). During the year, the accumulated surpluses paid amount to COP 436 thousand million.
- On March 22, **EPM selected the firm KPMG SAS, as its External Auditor** for the period between May 1st of 2018 and April 30th of 2019.
- On April 25th, **the Board of Directors approved the acquisition of a controlling stake in Gas Natural S.A. E.S.P.** through a takeover bid or a competitive takeover bid. The credit operations were authorized to finance the acquisition and the respective budget modification.

2. FINANCIAL RESULTS AS OF MARCH 31, 2018

EPM Group presented the following financial performance compared to the same period of the previous year:

2.1 INCOME STATEMENT



Figures in COP thousand million

As of March 31, 2018, consolidated revenue totaled COP 3.85 billion with an 8% increase (COP 280 thousand million) with respect to same period of last year, which is mostly explained on the EPM Parent Company by greater demand on the non-regulated market and long-term sales in the power generation business, greater commercialization in the power distribution business, more customers and higher tariffs in the Water business.

In this sense, **EPM Parent Company showed higher revenues for COP 188 thousand million**, followed by the Colombian power subsidiaries, whose revenues rose COP 40 thousand million.

International subsidiaries as a whole, in turn, showed growth for COP 20 thousand million, where the power subsidiaries contributions stand out.

Operating Margin as of March 2018 was **28%**, 2 percentage points up.

EBITDA totaled COP 1.29 billion, increasing by COP145 thousand million, 13% in relation to previous year.

EBITDA Margin rose to **34%**, 2 percentage points up in relation to 2017.

The comprehensive income for the period was COP 773 thousand million, showing an increase of COP 168 thousand million, 28% compared to the previous year, which is mostly explained by higher operating income in the amount of COP 147 thousand million and greater dividends of COP 21 thousand million, mainly coming from ISA.

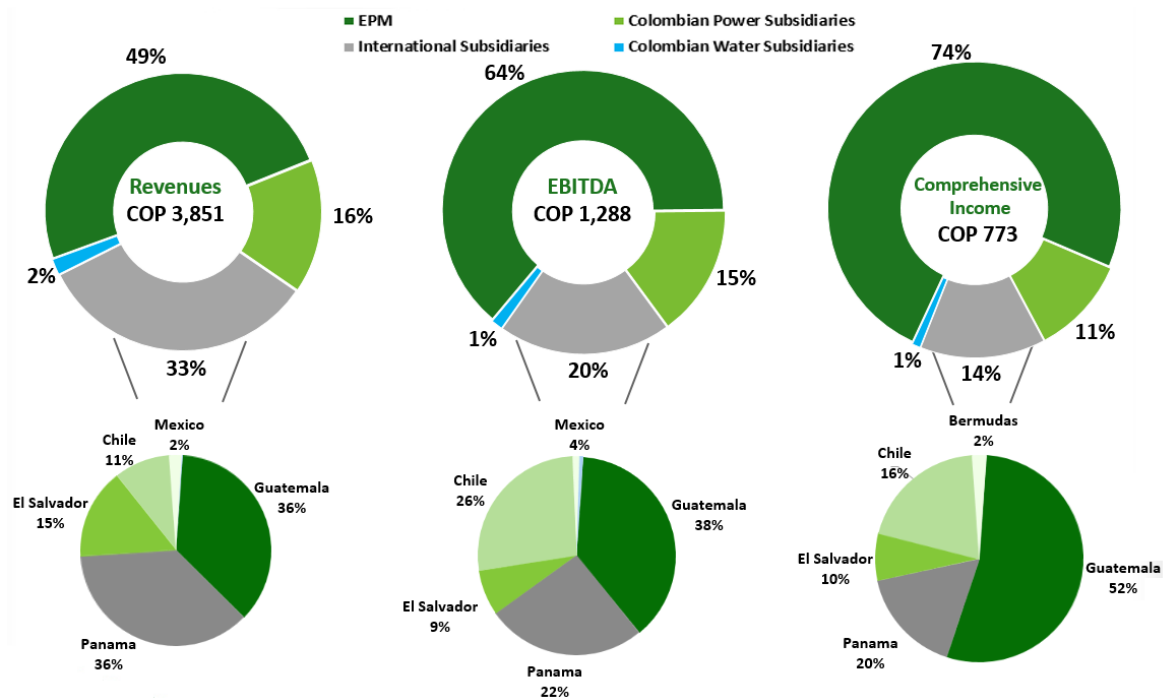
Net margin was 20%, 3 percentage points up compared to 2017.

Concept	2017	2018	% Var.	2018 USD*
Net Revenues	3,570,619	3,850,556	8	1,385
Costs and administrative expenses	2,652,944	2,786,351	5	1,002
Exchange differences	79,149	80,825	N.A.	29
Financial results, net	(183,934)	(174,780)	(5)	(63)
Investment results, net	59,181	81,337	37	29
Profit before taxes	872,071	1,051,587	21	378
Income tax provision	259,978	290,700	12	105
Regulatory accounts, net	(6,547)	12,589	N.A.	5
Comprehensive Income for the period	605,546	773,476	28	278
Other Comprehensive Income	119,209	(248,584)	(309)	(89)
Total Comprehensive Income for the year	724,754	524,892	(28)	189
Minority Interest	38,321	43,680	14	16
Total Comprehensive Income for the year attributable to owners of the company	686,434	481,211	(30)	173

Figures in COP million

*Figures in COP were converted to USD at an exchange rate of COP/USD 2,780.47 (March 31, 2018).

2.2 FINANCIAL RESULTS BY COLOMBIAN AND INTERNATIONAL SUBSIDIARIES



Figures in COP thousand million

Of the Group's total revenue, it is important to underscore the fact that Colombia accounts for 67% and foreign subsidiaries for 33%.

EPM Parent Company accounted for 49% with a COP 188 thousand million (11%) increase, explained by:

The Power Generation segment showed a COP 74 thousand million increase, due to higher amounts sold (3,732 GWh in 2018 vs. 3,603 GWh in 2017), where sales to Ecopetrol Rubiales stand out with GWh 63, and a higher tariff (COP146/KWh in 2018 vs. COP131/KWh in 2017).

The Power Distribution segment showed COP 50 thousand million in growth, mainly due to higher commercialization (GWh 63).

The Water Business Unit showed an increase of COP 33 thousand million, due to higher consumption (more customers) and tariffs (where the CPI - Consumer Price Index - increase in 2016 was applied in April 2017), and higher revenues from construction contracts and water supply connections.

International subsidiaries in turn, accounted for 33% of revenue with net increase of COP 20 thousand million, 2% up on same period of 2017, with the following subsidiaries' growth standing out: Adasa in Chile with COP 13 thousand million, linked to higher water consumption in the non-regulated market, Ticsa in México with COP 6 thousand million, due to the work execution increase at the San Fernando's Waste Water Treatment Plant and at the Valle San Nicolas project, and DelSur in El Salvador with COP 6 thousand million, due to greater residential and industrial consumption and the tariff increase caused by higher oil prices.

On the other hand, the **Colombian power subsidiaries** accounted for 16%, with 7% increase, with the following subsidiaries standing out: CENS with an increase of COP 26 thousand million (19%), due to higher sales (1 GWh), the tariff increase (COP26/KWh), and a recovery of COP15 thousand million attributed to a civil litigation with CHIVOR, and CHEC with a COP 8 thousand million increase (5%), mainly due to higher sales from the generator, a rise in energy prices, and a greater Reliability Charge assigned to the Termodorada thermal plant.

The remaining 2% comes from the **Water subsidiaries in Colombia**, with 13% increase and where Emvarias stands out with a COP 7 thousand million (13%) growth, linked to a greater number of kilometers swept and tons of garbage dumped in landfills, in addition to the tariff increase.

As to **EBITDA**, the Group's Colombian companies accounted for 80% and foreign companies for 20%.

EPM Parent Company accounted for 64% of EBITDA with an increase of COP 105 thousand million, with 14% growth compared to previous year, mainly due to the power distribution segment contribution for COP 37 thousand million, the power generation segment contribution for COP 26 thousand million and the water segment contribution for COP 22 thousand million.

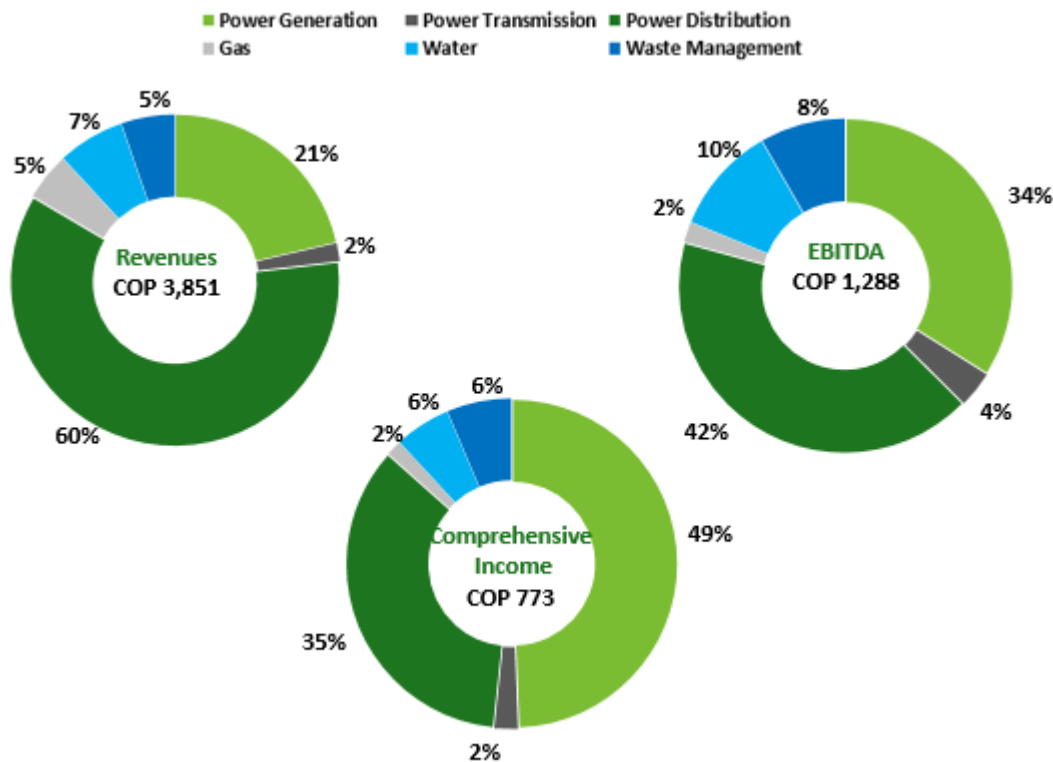
Colombian Power subsidiaries accounted for 15%, with individual growth standing out from the following: ESSA with COP 12 thousand million (21%), CHEC with COP 9 thousand million (18%) and CENS with COP 6 thousand million (32%).

International subsidiaries accounted for 20% of the Group's EBITDA, remaining flat compared to previous year. However, the following individual growth stands out: Adasa with COP 7 thousand million (11%) and Ticsa Group with COP 4 thousand million (32%).

With respect to **net profits**, noteworthy aspects to point out are:

- Increase in revenues for COP 280 thousand million.
- Increase in costs and expenses for COP 133 thousand million.
- Increase in revenues related to investments COP 22 thousand million.
- Increase in tax provision for COP 31 thousand million.

2.3 FINANCIAL RESULTS BY SEGMENTS



Figures in COP thousand million

With regard to the results by segments:

Energy services accounted for 83% of the Group's revenue, 80% of EBITDA and 86% of net income.

In revenue, the Power Distribution and Power Generation segments stood out with 60% and 21% participation, respectively.

Fuel **Gas services** contributed 5% of the Group's revenue, 2% of EBITDA and 2% of net income.

Water supply services represented 7% of the Group's revenue, 10% of EBITDA and 6% of the net income.

Sanitation and cleaning services accounted for 5% of the Group's revenue, 8% of EBITDA and 6% of net income.

2.4 STATEMENT OF FINANCIAL POSITION

Financial Position	2018	2017	% Var.	2018 USD*
Assets				
Current	5,359,082	5,386,535	(1)	1,927
No Current	42,064,575	41,919,143	0	15,129
Total assets	47,423,657	47,305,678	0	17,056
Liabilities				-
Current	9,779,720	7,296,721	34	3,517
No Current	17,565,518	19,140,747	(8)	6,317
Total Liabilities	27,345,239	26,437,467	3	9,835
Equity	20,078,419	20,868,211	(4)	7,221

Figures in COP million

*Figures in COP were converted to USD at an exchange rate of COP/USD 2,780.47 (March 31, 2018).

Regarding the Balance Sheet:

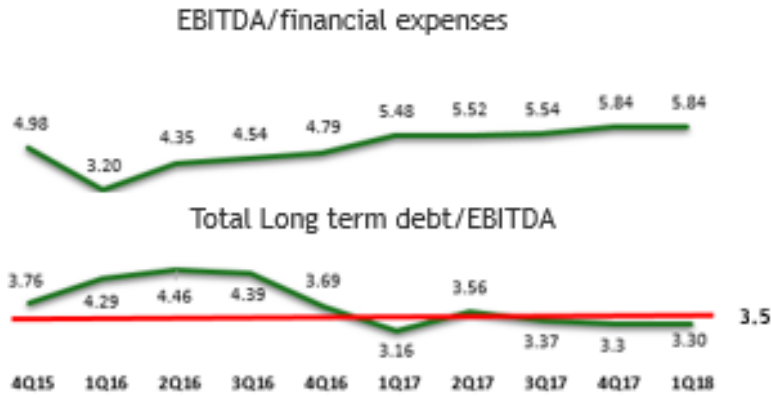
Equity totaled **COP 20 billion**, decreasing 4%, due to the combined effect of higher earnings in the period, minus accrued surpluses to the Municipality of Medellin for COP1.2 billion (of which COP 656 thousand million are ordinary surpluses and COP 547 thousand million are extraordinary surpluses). As of March 2018, COP 436 thousand million surpluses had been paid to the Municipality of Medellin.

Liabilities rose to **COP 27.3 billion**, increasing COP 908 thousand million, 3% with respect to the previous year, mainly due to the accrued surpluses.

The Group's **total assets** rose to **COP 47 billion**, remaining flat respect to the previous year.

Regarding ratios, we would like to highlight:

Ratios	2017	2018
Total debt	55	58
Financial debt	36	38
EBITDA/financial expenses	5.48	5.84
Total Long Term Debt/EBITDA	3.16	3.30

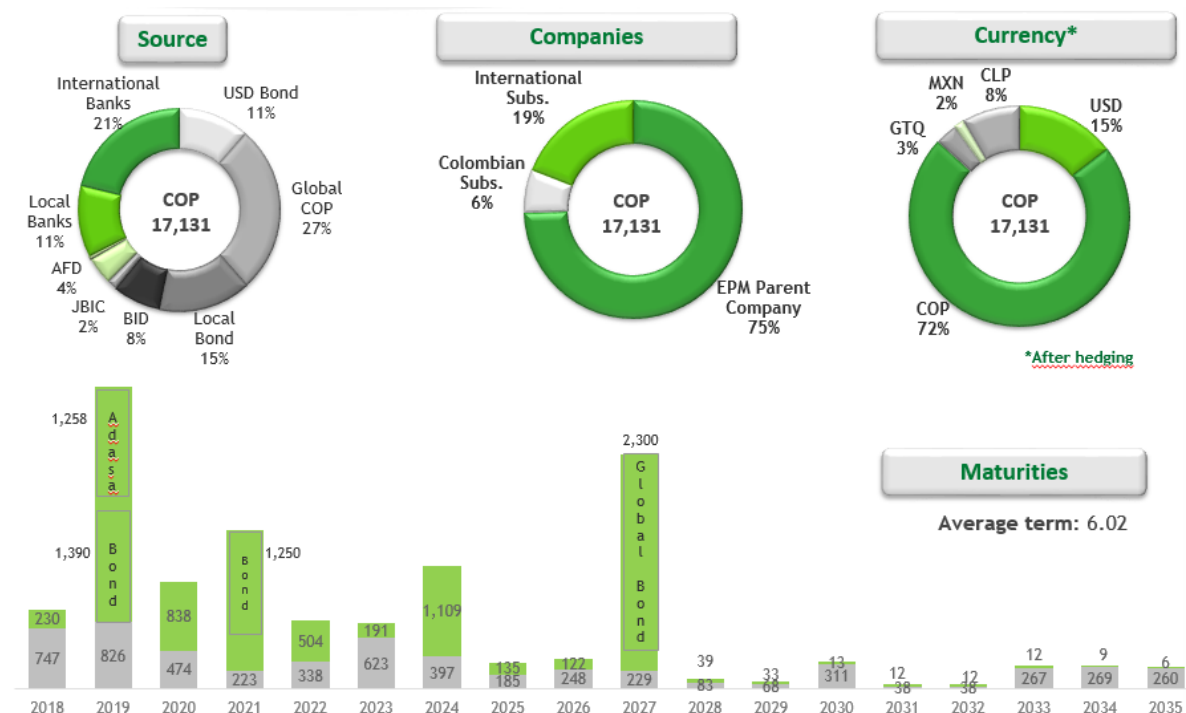


The Group's Total Debt/Total Assets was 58%, 3 percentage points up compared to 2017.

With regard to **debt ratios**:

- The EBITDA/Financial expenses reached 5.84x.
- The Total Debt/EBITDA was 3.30x, 0.20x under the goal of 3.50x.

2.5 DEBT PROFILE



Figures in COP thousand million

The debt of EPM Group totaled COP 17 billion. As to financing source, 26% of debt corresponds to domestic debt, 27% to Pesos-denominated foreign debt, and 47% to foreign debt hired in other currencies.

Of EPM Group's total debt 75% belongs to EPM parent company.

As to Natural hedging, from inter-company loans granted to international subsidiaries with revenue linked to the US Dollar, EPM has a balance of USD 213 million.

At the quarter's close, accumulated foreign-exchange financial hedges totaled USD 472 million.

As to maturities, EPM parent company holds four international bond issues maturing in 2019, 2021, 2024 and 2027. Years 2019 and 2020 correspond to loans with international banking (ADASA – loan with Scotia Bank and Banco del Estado for USD 452 million and EPM's Club Deal loan for USD 235 million). These values are continuously analyzed taking into account the roll-over alternative in order to adjust to needs and comply with the strategic objectives of EPM Group.

For more information, contact Investor Relations investorelations@epm.com.co
<http://www.epm.com.co/site/investors/Home.aspx>

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the periods from January 1 to March 31, 2018 and 2017

Amounts stated in millions of Colombian pesos

	Notes	2018	2017
Continued operations			
Sale of goods	12	7,653	4,030
Rendering of services	12	3,742,999	3,496,454
Leases	12	19,539	16,131
Other income	13	78,768	53,871
Income from ordinary activities		3,848,959	3,570,486
Profit in sale of assets	12	1,598	133
Total income		3,850,557	3,570,619
Costs for rendering services	14	(2,472,947)	(2,298,949)
Administration expenses	15	(285,860)	(317,970)
Impairment loss recognised on trade receivables		(15,304)	(19,916)
Other expenses	16	(12,240)	(16,109)
Financial income	17	74,534	69,785
Financial expenses	17	(249,314)	(253,718)
Net exchange difference	18	80,825	79,149
Equity method in associates and joint business		11,090	10,129
Dividends on equity instruments		70,247	49,053
Profit before tax		1,051,588	872,073
Income tax expense		(290,700)	(259,978)
Result of the period after taxes of continued operations		760,888	612,095
Net movement in balances of net regulatory accounts related to the result of the year		17,940	(9,396)
Net movement in deferred tax related to deferred regulatory accounts related to the results of the year		(5,351)	2,848
Profit for the year and net movement in balances of deferred regulatory accounts		773,477	605,547
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to the result of the year			
New measurements of defined benefit plans		(3,664)	6,146
Equity investments measured at fair value through equity		(99,099)	182,429
Income tax related to components that will not be reclassified		(1,150)	(18,242)
		(103,913)	170,333
Items that may be reclassified subsequently to the result of the year :			
Cash flow hedging			
Result recognized of the year		(7,609)	(12,620)
Reclassification adjustment		(103,147)	(102,558)
Exchange differences for conversion of business abroad		95,538	89,939
Income tax related to the components that can be reclassified		(173,459)	(61,668)
Equity method in associates and joint ventures business		36,387	23,163
		9	-
		(144,672)	(51,125)
Other comprehensive income, net of taxes		(248,585)	119,208
Total comprehensive income for the year		524,892	724,755
Profit for the year attributable to:			
Owners of the company		728,887	567,252
Non controlling interest		44,590	38,295
		773,477	605,547
Total comprehensive income attributable to:			
Controlling interests		481,212	686,434
Non controlling interests		43,680	38,321
		524,892	724,755

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2018 and December 31, 2017

Amounts stated in millions of Colombian pesos

	Notes	March 2018	December 2017
Assets			
Non current assets			
Properties, plant and equipment, net	7	31,905,184	31,480,096
Investment properties		126,097	126,740
Goodwill		2,915,727	3,060,672
Other intangible assets		1,967,090	2,076,453
Investments in associates		1,815,917	1,804,827
Investments in a joint ventures		82	82
Deferred tax assets		246,010	225,317
Trade and other accounts receivables		918,370	874,751
Other financial assets		1,995,776	2,105,782
Other assets		111,398	115,581
Total non current assets		42,001,651	41,870,301
Current assets			
Inventories		364,733	372,240
Trade and other accounts receivable		2,813,553	2,752,912
Current tax assets		389,472	415,669
Other financial assets		374,626	265,938
Other assets		357,318	388,561
Cash and cash equivalents		1,059,379	1,191,214
Total Current assets		5,359,081	5,386,534
Total assets		47,360,732	47,256,835
Debit balances of deferred regulatory accounts		62,924	48,842
Total assets and debit balances of deferred regulatory accounts		47,423,656	47,305,677
Equity			
Capital		67	67
Premium on placement of shares		(25,118)	(25,118)
Reserves		2,519,064	3,479,283
Other comprehensive income		2,616,576	2,864,172
Retained earnings		13,449,823	11,505,849
Profit for the year		728,887	2,186,302
Equity attributable to controlling interests		19,289,299	20,010,555
Non controlling interests		789,120	857,654
Total equity		20,078,419	20,868,209

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2018 and December 31, 2017

Amounts stated in millions of Colombian pesos

	Notes	March 2018	December 2017
Liabilities			
Non current liabilities			
Credits and loans	10	12,402,958	14,116,243
Trade and other payables		328,702	264,530
Other financial liabilities		583,233	538,470
Employee benefits		877,627	849,558
Deferred tax liabilities		2,882,247	2,854,341
Provisions	11	359,347	384,345
Other liabilities		112,526	118,607
Total non current liabilities		17,546,640	19,126,094
Current liabilities			
Credits and loans	10	4,692,315	2,842,480
Trade and other payables		3,553,705	2,948,403
Other financial liabilities		374,537	364,878
Employee benefits		220,536	237,959
Income tax payable		238,596	148,088
Taxes, contributions and rates payable		111,476	181,740
Provisions	11	368,389	400,026
Other liabilities		220,166	173,147
Total current liabilities		9,779,720	7,296,721
Total liabilities		27,326,360	26,422,815
Deferred tax liabilities related to balances of deferred regulatory accounts		18,877	14,653
Total liabilities and credit balances of deferred regulatory accounts		27,345,237	26,437,468
Total liabilities and equity		47,423,656	47,305,677

The accompanying notes are an integral part of the financial statements

EMPRESAS PUBLICAS DE MEDELLIN E.S.P. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods from January 1 to March 31, 2018 and 2017

Amounts stated in millions of Colombian pesos

	2018	2017
Cash flows for operating activities:		
Results of the period	773,477	605,547
Adjustments to reconcile the net results for the period to the net cash flows used in operating activities:		
Depreciation and amortization of properties, plant and equipment and intangible assets	244,480	230,711
Impairment of property, plant and equipment and intangibles	122	-
Impairment of accounts receivable	15,304	19,916
Reversal of loss for impairment of accounts receivable	(23,828)	(20,435)
Result for exchange difference, net	(80,825)	(79,149)
Result for valuation of financial instruments and hedge accounting	14,277	29,590
Provisions, post-employment and long term defined benefit plans	20,641	12,822
Government subsidies applied	(228)	(255)
Deferred income tax	50,557	35,328
Current income tax	240,143	224,650
Participation in the results of investments in associates and joint business	(11,090)	(10,128)
Expense (income) interest	156,597	161,336
Result for disposal of properties, plant and equipment, intangibles and investment properties	(1,098)	307
(Profit) loss for disposal of financial instruments	-	(21)
Dividends from investments	(70,247)	(49,032)
Other income and expenses not effective	(35,246)	(5,372)
	1,293,036	1,155,815
Movements in working capital:		
Variation in inventories	7,438	3,983
Variation in debtors and other accounts receivable	(219,770)	(109,738)
Variation in other assets	44,787	(30,421)
Variation in creditors and other accounts payable	291,992	(156,102)
Variation in labor obligations	(6,229)	(5,801)
Variation in provisions	(64,065)	(40,250)
Variation in other liabilities	(75,102)	42,780
Interest paid	(388,074)	(356,107)
Income tax paid and equity tax	(134,424)	(111,060)
Net cash flows originated by operating activities	749,589	393,099

Cash flows for investment activities:		
Acquisition of property, plant and equipment	(876,535)	(751,731)
Disposal of property, plant and equipment	5,011	9,135
Acquisition of intangible assets	(8,838)	(7,299)
Disposal of intangible assets	106	21
Acquisition of investments in financial instruments	(103,892)	-
Disposal of investments in financial instruments	-	288,208
Government Grants	2	-
Dividends received from subsidiaries, associates and joint business	3	-
Other dividends received	70,243	-
Other cash flows from investment activities	55,958	339,637
Net cash flows used by investment activities	(857,942)	(122,029)
Cash flows for financing activities:		
Obtaining of public credit and treasury	1,153,354	291,598
Payments of public credit and treasury	(483,303)	(270,322)
Transaction costs due to issuance of debt instruments	(1,449)	(3,883)
Gains or losses on settlement of financial liabilities	(44)	-
Payments of liabilities for financial leasing	(261)	(219)
Dividends or surpluses paid	(436,050)	(250,000)
Dividends or surplus paid to non-controlling interests	(76,716)	(63,902)
Other cash flows from financing activities	(153,761)	(40,122)
Net cash flows originated (used) by financial activities	1,770	(336,850)
Net cash and cash equivalents decrease	(106,583)	(65,780)
Effects of variations in exchange rates in the cash and cash equivalents	(25,252)	(7,394)
Cash and cash equivalents at the beginning of period	1,191,214	1,194,499
Cash and cash equivalents at the end of the period	1,059,379	1,121,325
Restricted resources	<u>157,445</u>	<u>190,729</u>