

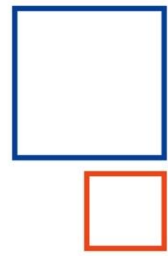
# Codensa and Emgesa's 1H 2014 Results

Bogota, July 31, 2014

**codensa**

**emgesa**





# Agenda

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**1**

**2Q 2014 Highlights**

**2**

**Emgesa and Codensa 1H 2014 Operating Results**

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**Emgesa and Codensa 1H 2014 Financial Results**

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**Q&A**

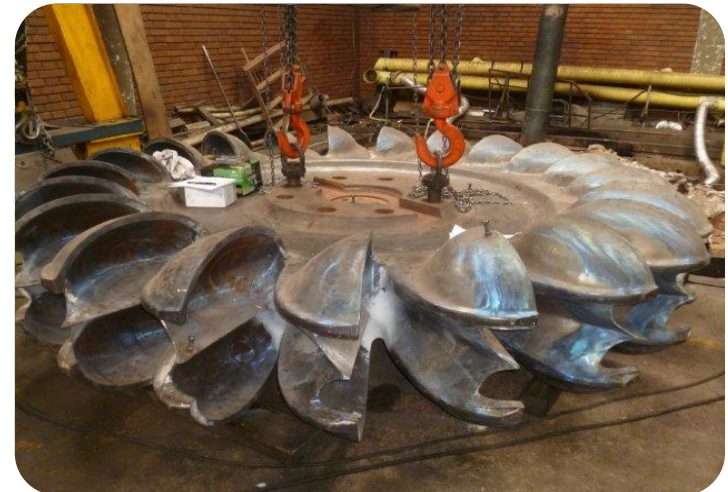
## 2Q 2014 Emgesa Highlights

Important advances in projects under development (El Quimbo and Salaco)

**Physical execution of 71.8% in El Quimbo project.** Accumulated investment for **USD\$702,2 million** (constant USD of 2010). Beginning of works to prepare the bottom of the reservoir and build the Tesalia Substation.



**86.5% of physical execution of the Repowering of Salaco on the Bogota River.** Entrance into operation of an additional repowered unit (4 out of 6), adding **85 MW of installed capacity** for a total of 185 MW repowered. San Antonio plant (19.5 MW) was shut down during the second quarter of 2014.



# 2Q 2014 Emgesa Highlights

Mixed hydro conditions and local bond issuance

**Mixed hydrological conditions with higher than average rain levels in the central and eastern regions of the country (132% and 126% of historical average, respectively) and dry conditions in the other of regions. Reservoir levels at 66.2% of total capacity on an aggregated basis**

**Local bond issuance for COP\$590 billion (USD\$314 million) in tenors of 6 (CPI + 3.42%), 10 (CPI + 3.83%) and 16 (CPI +4.15%) years. Oversubscription of 2,6x.** Resources will be used to fund 2014 investments, prefund a local bond maturity due in July 2014 and fund part of 2014 working capital needs.

**Payment of COP\$329 billion (USD\$175 million) of dividends** corresponding to 37.8% of the **2013 net income.**



## 2Q 2014 Codensa Highlights

Energy demand growth and challenging conditions to maintain quality of service

**3.14% growth in energy demand on a national basis and 1.46% in Codensa's area of influence,** mainly due to the growth in demand from the plastics and chemicals industries and the residential clients. Energy demand in general had a reduction compared to the 1Q 2014 result, as a result of the Easter Break which took place in April 2014



**Deterioration of quality of service indicators (SAIDI and SAIFI) as higher than average rain levels in Codensa's area of influence result in failures in circuits and electrical transformers and a major failure in the Usme Substation in Bogota in May 2014,** which affected 85,350 clients. Service was completely reestablished within 26 hours.



## 2Q 2014 Codensa Highlights

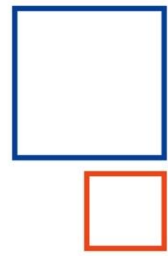
Energy demand growth and challenging conditions to maintain quality of service

**To avoid a sudden increase in energy prices for residential clients, as a result of high spot prices during the 1H2014, the regulator granted an option to distribution companies to gradually increase the energy tariff. In return, distribution companies will receive interests on the amount of the increase in energy prices that has been deferred in time.**



**Payment of COP\$203 billion (USD\$108 million) of dividends corresponding to 37.8% of the 2013 net income.**





# Agenda

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**2Q 2014 Highlights**

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# Emgesa's Generation

Lower generation to maintain water reserves for year end



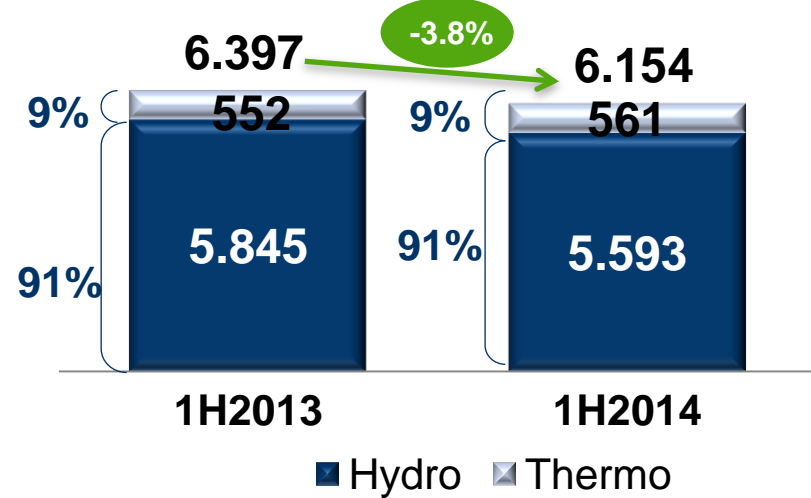
Availability index of plants: **91.2%**  
(+0.8% vs. 2Q2013)

Market share by installed capacity: **20.7%**  
(+1.0% vs. 2Q2013)

Market share by generation: **19.5%**  
(-1.3 vs. 2Q2013)

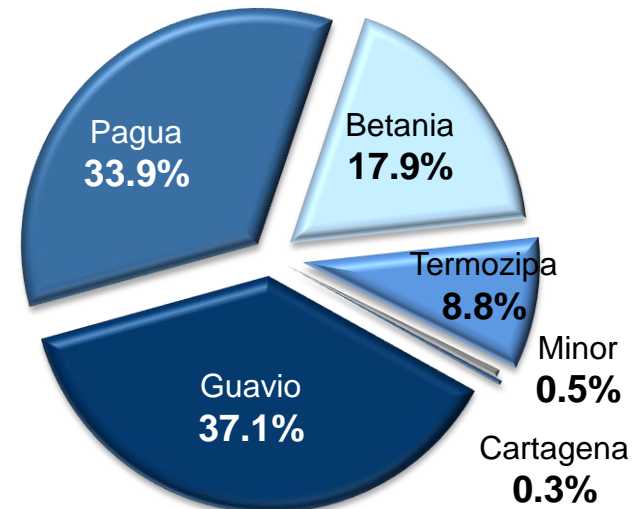
Source: Emgesa

## Emgesa's Generation (GWh)



## Emgesa's Generation Plants

(% of Emgesa's accumulated generation Jan-Jun 2014)

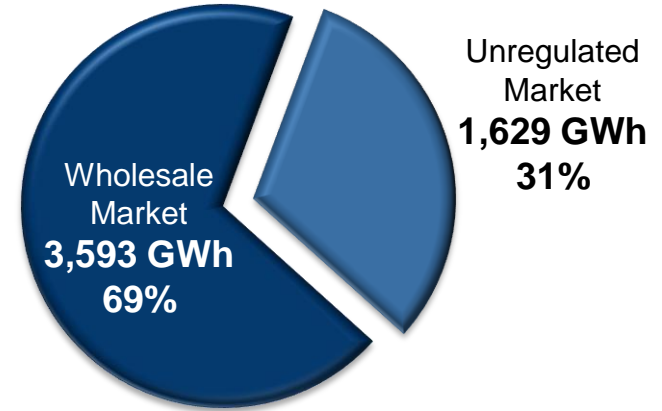
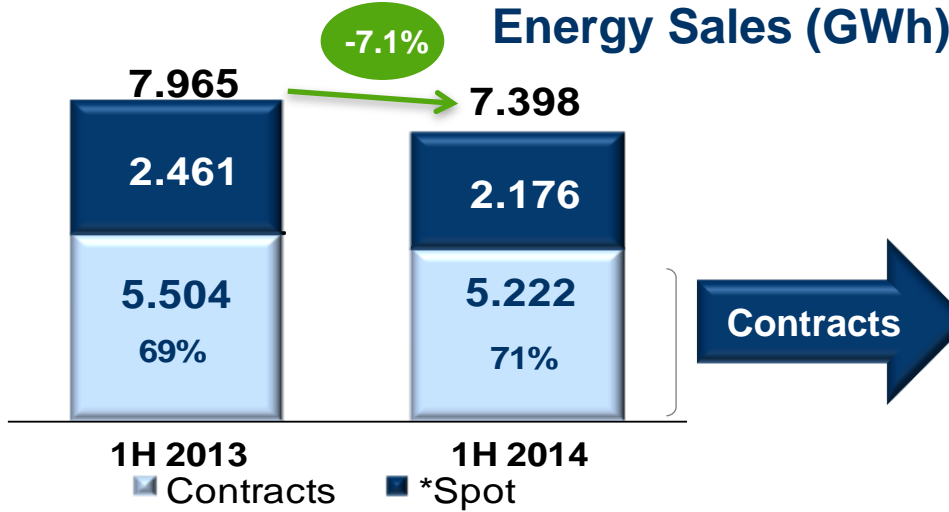


**Lower generation due to lower rain levels between April and May and the preservation of water reserves to face the expected strong dry season by year end (El Niño Phenomenon)**



# Emgesa's Sales

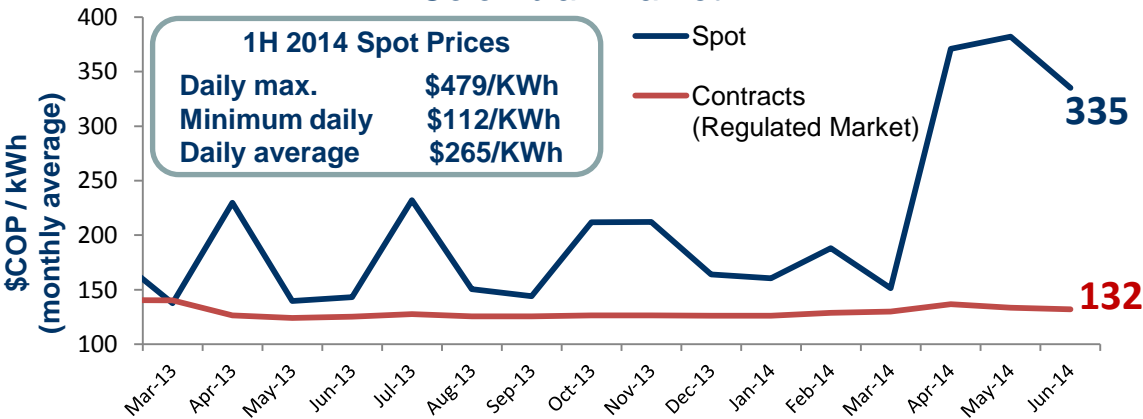
Decrease in energy sales as a result of lower generation



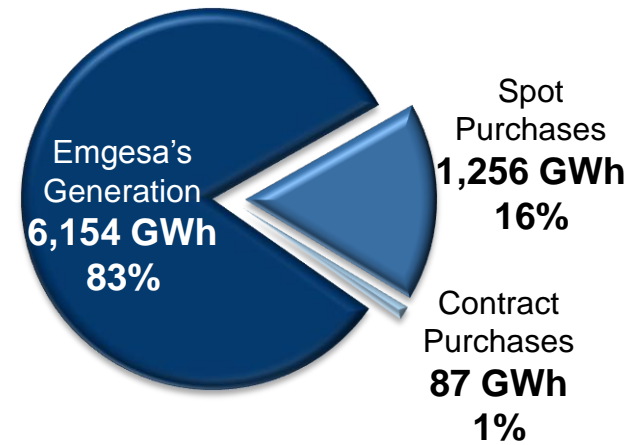
Source: Emgesa  
\* Sales in spot market include AGC

## Spot Price vs. Contract Prices 1H2014

Colombian Market



## 1H2014 Energy Sales Sources (GWh)



**Commercial policy focused on intermediation in the spot market compensating for lower generation**

# Codensa's Area Demand

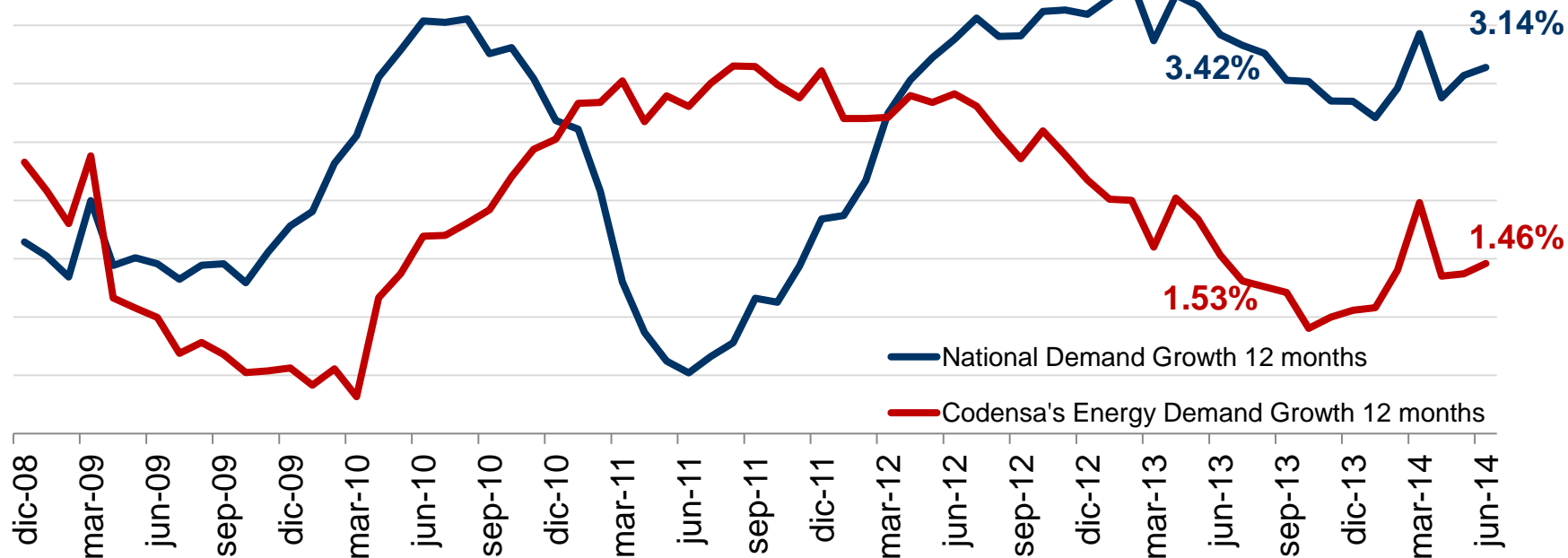
Positive trend in the energy demand growth rate in Codensa's area

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## National Demand vs. Codensa's Area Demand (12 months)

(GWh)



— National Demand Growth 12 months

— Codensa's Energy Demand Growth 12 months

Source: Codensa. Annual Average Rates

\* Energy demand in Codensa's area is calculated including the electricity received by the Guaca Substation which is destined to the regional distribution company of Tolima from 2013 on, increasing the use of Codensa's networks by other network operators. For comparison reasons the data from January 2011 was recalculated including this correction.

**National energy demand growth at 3.14%** as of Jun 2014. Energy demand growth from the mining and oil industry, the construction and the manufacturing industry in the central region and high temperatures in the northern and eastern part of the country.

**Growth rate of energy demand in Codensa's area at 1.46%**, as a result of the growth in the regulated market (residential and commercial clients), and the use of Codensa's networks by other commercialization companies to serve the plastics and chemical industries

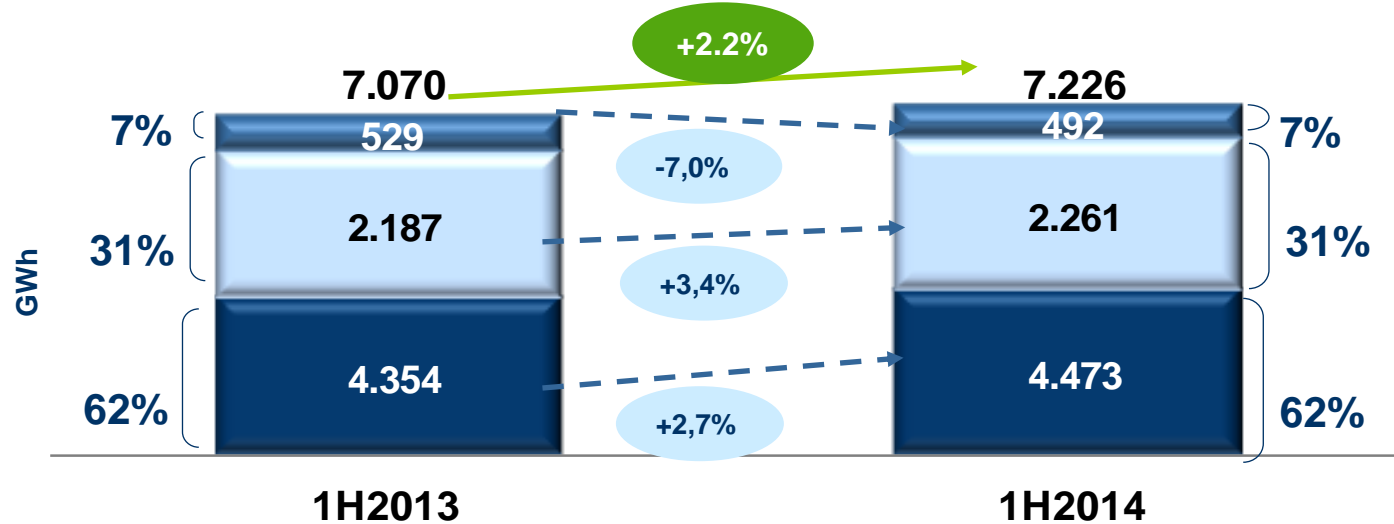
# Codensa's Energy & Sales

Increased growth in volume of sales and the use of Codensa's networks

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## Electricity Demand in Codensa's Area (GWh)



- Regulated Market Sales
- Use of Networks by other commercialization Co.
- Use of networks by network operators, generation aux. and other

Source: Codensa.

**+2.7%** in energy sales volume to the regulated market

**+3.4%** in use of Codensa's networks by other commercialization Co., as a result of slowdown of industrial activity and construction

**-7.0%** growth of energy transferred to network operators from other regions from Codensa's area

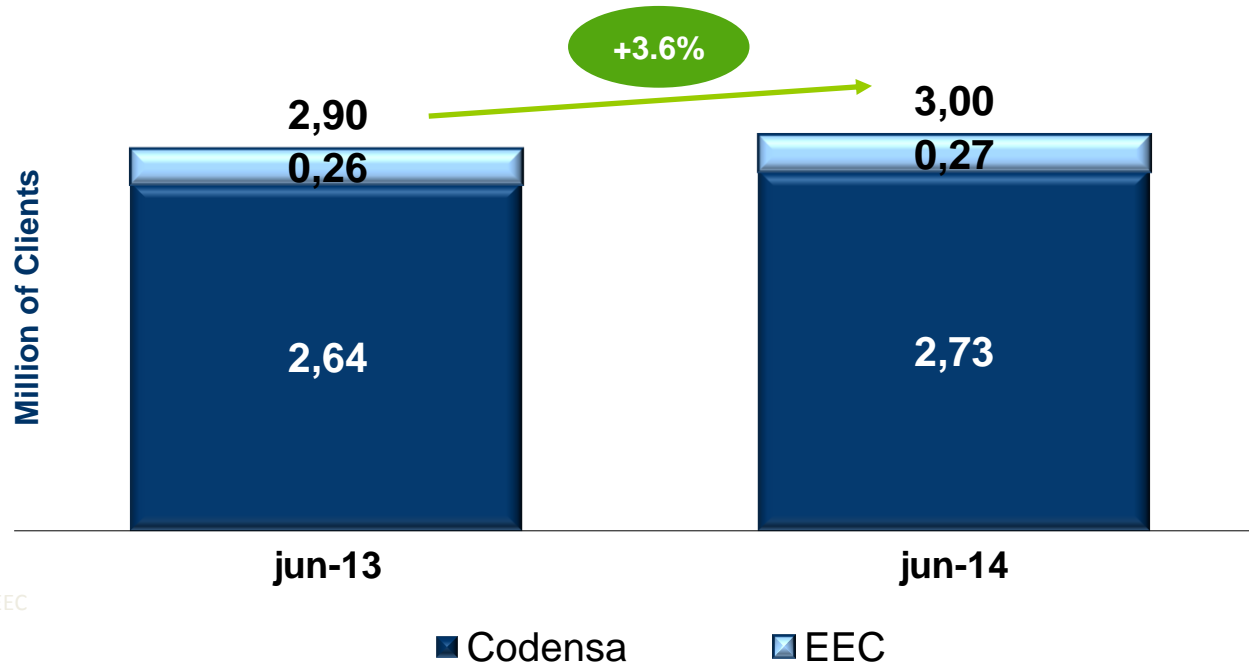
# Codensa's Growth of Client Base

Sustained organic growth in Codensa's area of influence

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## Number of Clients Growth in the Distribution Business



Source: Codensa y EEC

Important organic growth in Codensa's area:

**+46,290 new clients added in 1H2014**

More than **98000 calls from clients received and resolved** and more than **2,4 million transactions via web page** from Codensa's clients between Jan-June 2014

# Codensa's Quality Indicators

Challenging weather conditions to maintain positive results

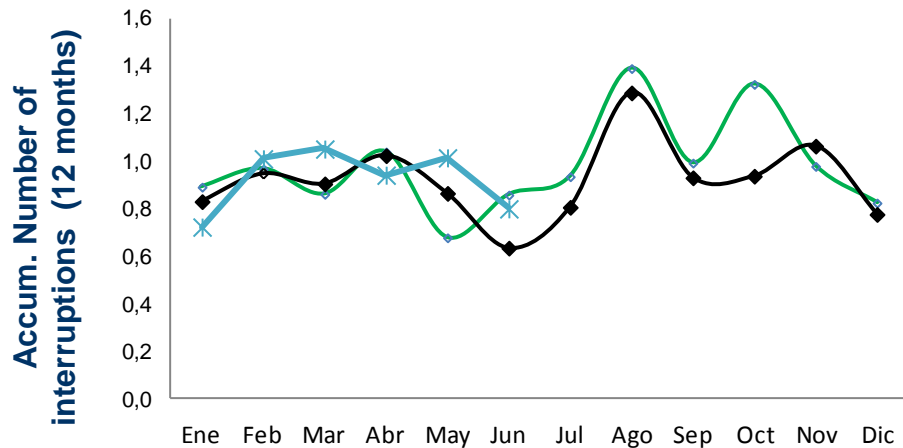
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## International Quality of Service Indicators

SAIFI\*

TAM Jun. 2013 vs. Jun. 2014 : +6.5%



Source : Codensa

—○— 2012    —●— 2013    —✕— 2014

\*SAIDI: Average Interruption Duration Index

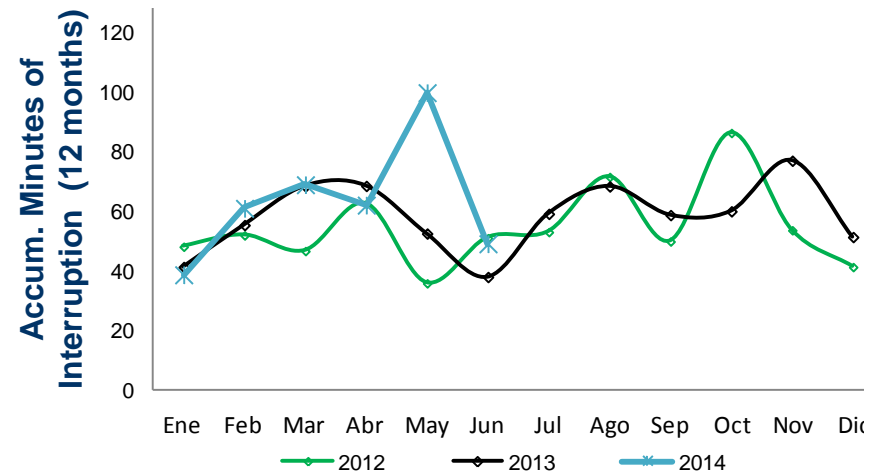
\*\*SAIFI: Average Interruption Frequency Index

Index results are considered manageable incidents by the company excluding the larger forces and external events.

Data just includes medium tension information.

SAIDI\*\*

TAM Jun 2013 vs. Jun 2014: +17%



**Deterioration of SAIDI and SAIFI indexes due to higher rain levels in Codensa's area of influence and to the failure of the Usme Substation in May. Codensa is already working in a plan to include remote control devices in the medium tension networks and to modernize metering equipments to reduce the time of failure detection**

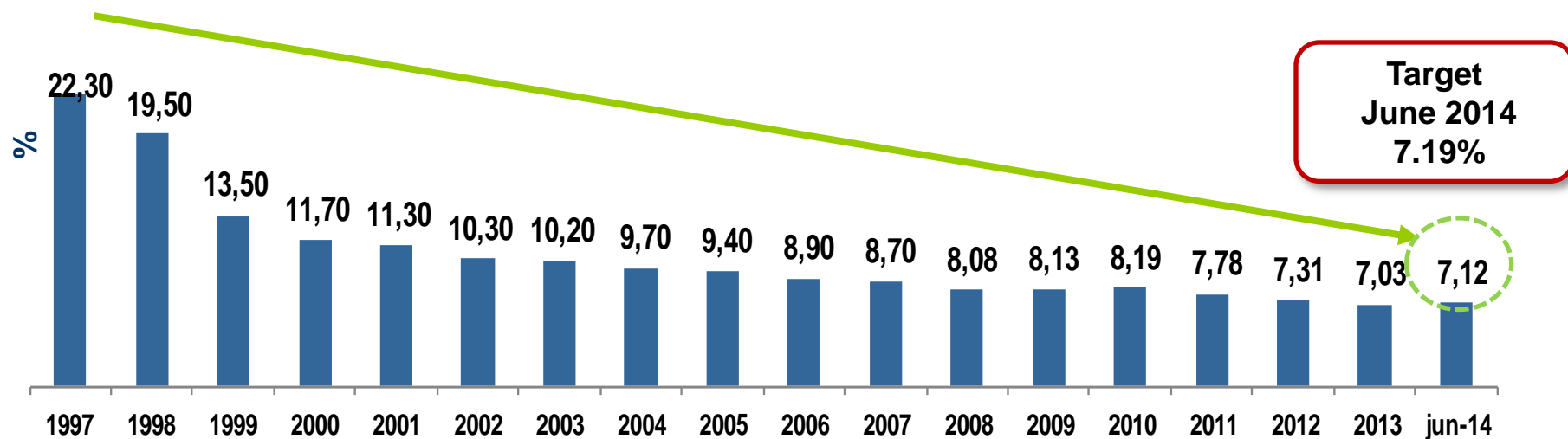
# Codensa's Losses Index

Continuing downward trend of losses index

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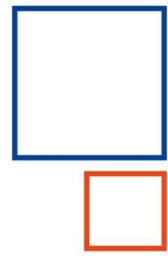
## Energy Losses Index



Source: Codensa

**Losses Index remains at historical lows: 7.12%** as of June 2014 due to **continuous efforts** by the technical areas and **new technologies implemented in the last years**, such as the monitoring center *Mantis*, the remote measurement in medium tension, theft control, client monitoring and programs to incentivize payment of the energy service.





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# Relevance of Colombia for the Group

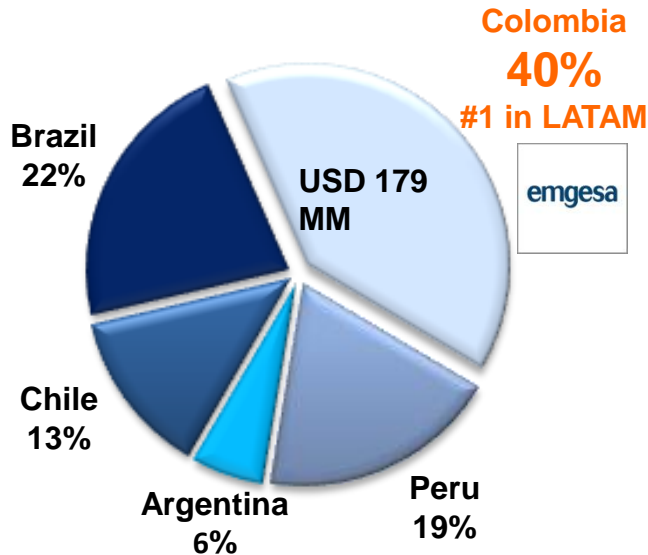
Leading contributor in LATAM with 43% of the region's EBITDA

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emgesa

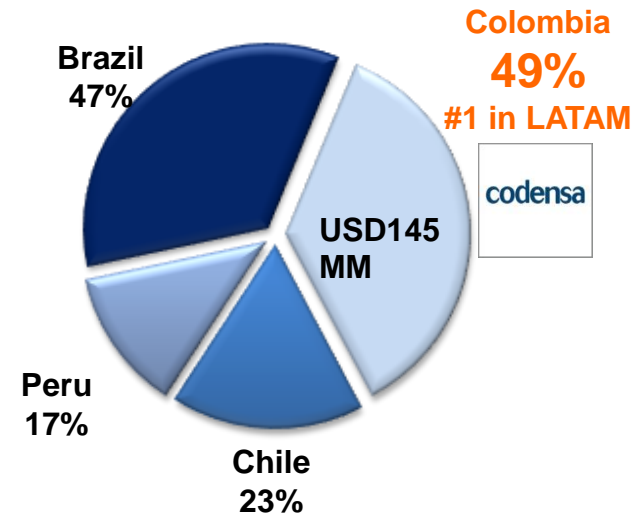
In 1H2014 **Colombia was the first EBITDA contributor in LATAM** with 43% of the region's EBITDA and **16% of the consolidated EBITDA of Endesa**

## LATAM Generation EBITDA USD 448 MM



**Colombia  
USD 324 MM**

## LATAM distribution EBITDA USD 295 MM



# Aggregated figures for Codensa and Emgesa

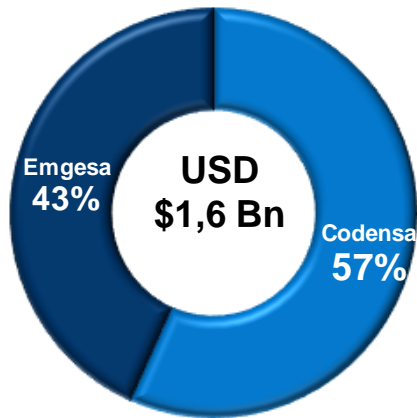
Aggregated figures for 1H 2014

codensa

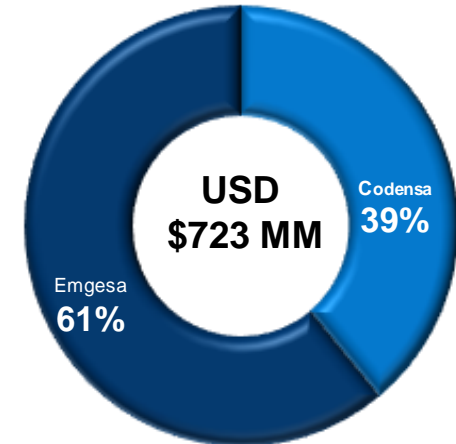
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## Enel Group in Colombia 1H2014<sup>(1)</sup>

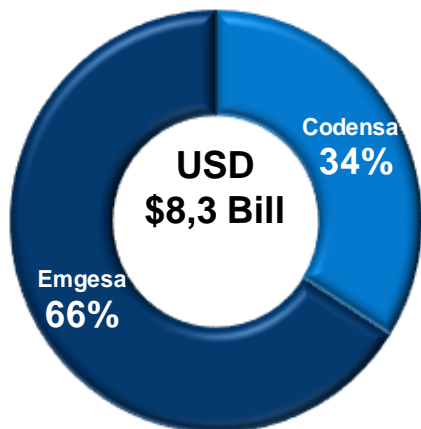
1H2014 Revenues



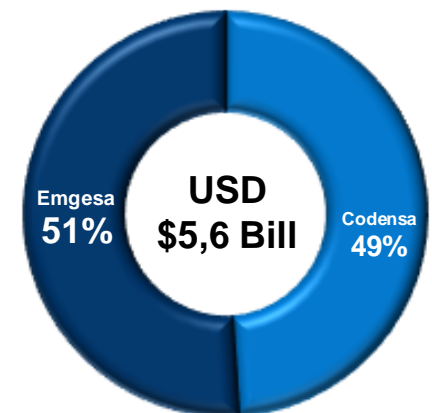
1H2014 EBITDA



Assets as of June 2014



Equity as of June 2014



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Generation:

FitchRatings  
STANDARD  
&POOR'S

International:  
BBB /BBB

FitchRatings

Local: AAA

codensa

Distribution:

FitchRatings

Local: AAA

(1) Corresponds to aggregated and unaudited figures for Codensa and Emgesa as of June 30, 2014

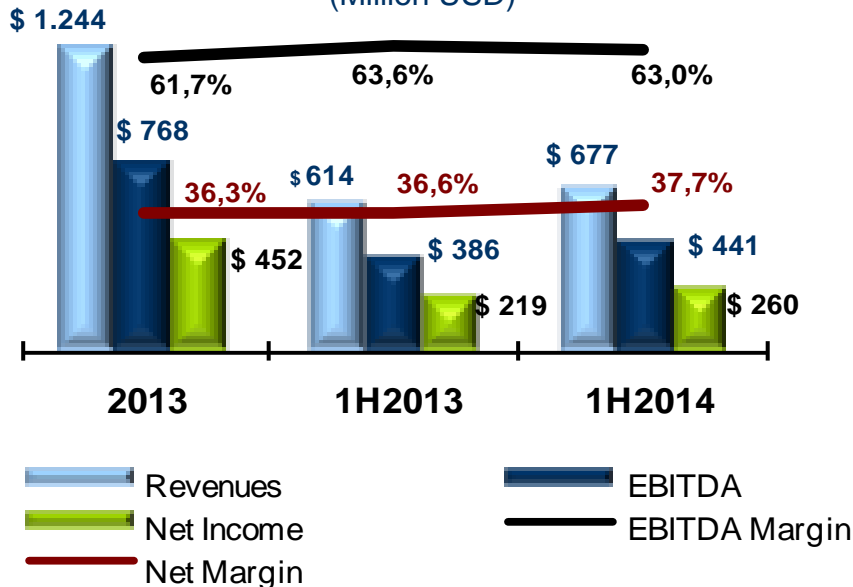
# Emgesa's Financial Results

Commercial policy's effectiveness proven in financial results

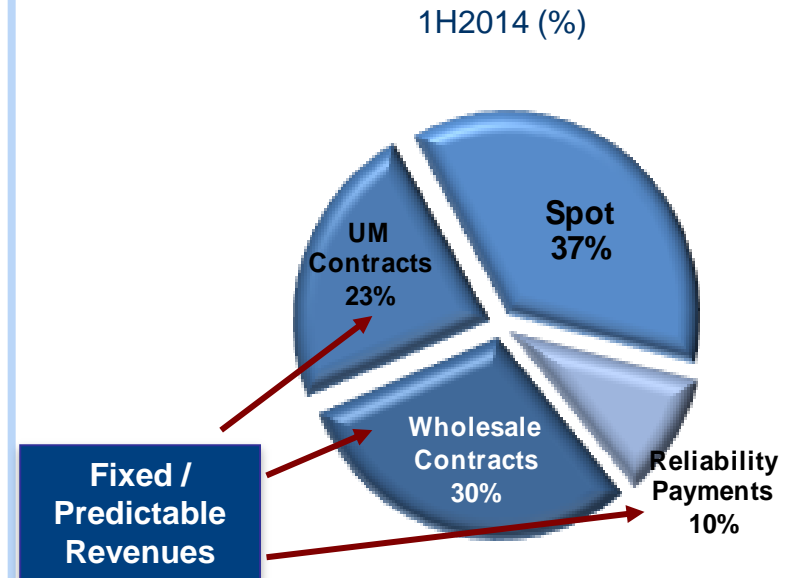
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## Financial Results and Margins (Million USD)



## Sales Composition 1H2014 (%)



\*EBITDA is calculated by adding back the depreciation and amortization (included in cost of sales and administrative expenses) to operating income.

**+7.6%** operating revenues, **+16.2%** net income, **+11.5%** EBITDA and (YoY)

Commercialization activity in the spot market at high prices **to compensate for lower generation.**

**Cost of sales decreased by 0.4%**, due to generation with coal instead of fuel oil.

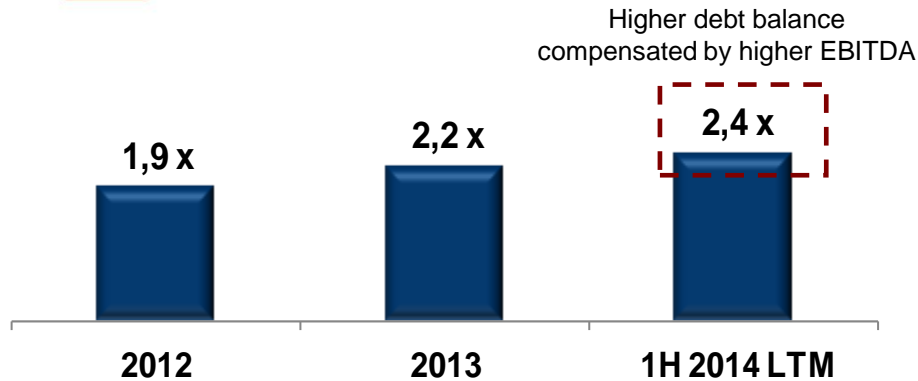
# Emgesa's Key Credit Metrics

Strong financial ratios after funding 87% of El Quimbo Project

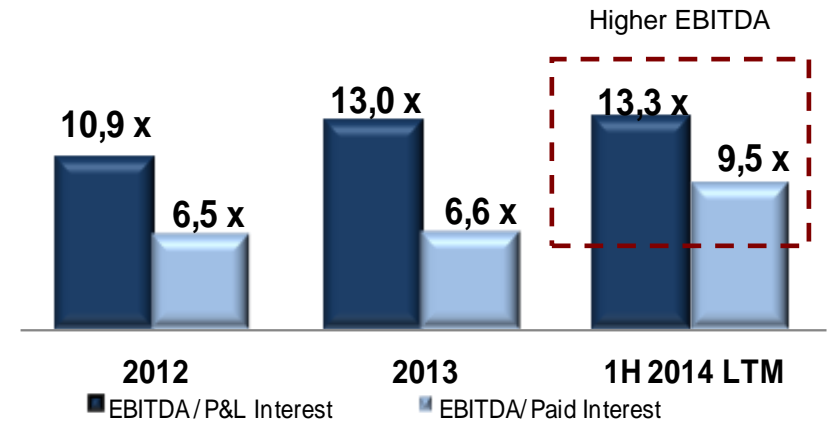
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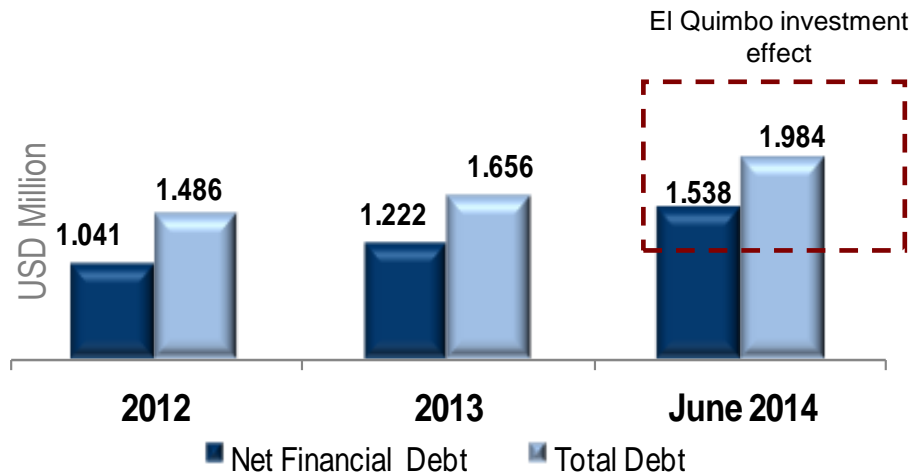
## Financial Debt/ EBITDA<sup>(1)</sup>



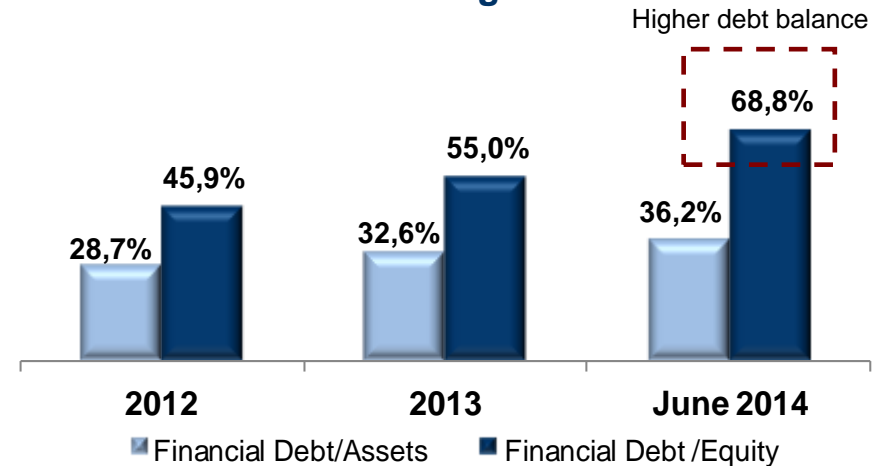
## EBITDA / Interest Expenditure<sup>(2)</sup>



## Financial Debt



## Leverage



(1) EBITDA is calculated by adding back the depreciation and amortization (included in cost of sales and administrative expenses) to operating income.

(2) Financial expenditure associated to El Quimbo financing is being activated during the construction period of the project and will be reflected in the Company's P&L once the project starts its commercial operations. This is the reason for presenting two different calculations for the EBITDA/ Interest Expenditure.

# Emgesa's Investments

95% of total investment in 1H 2014 dedicated to expansion projects

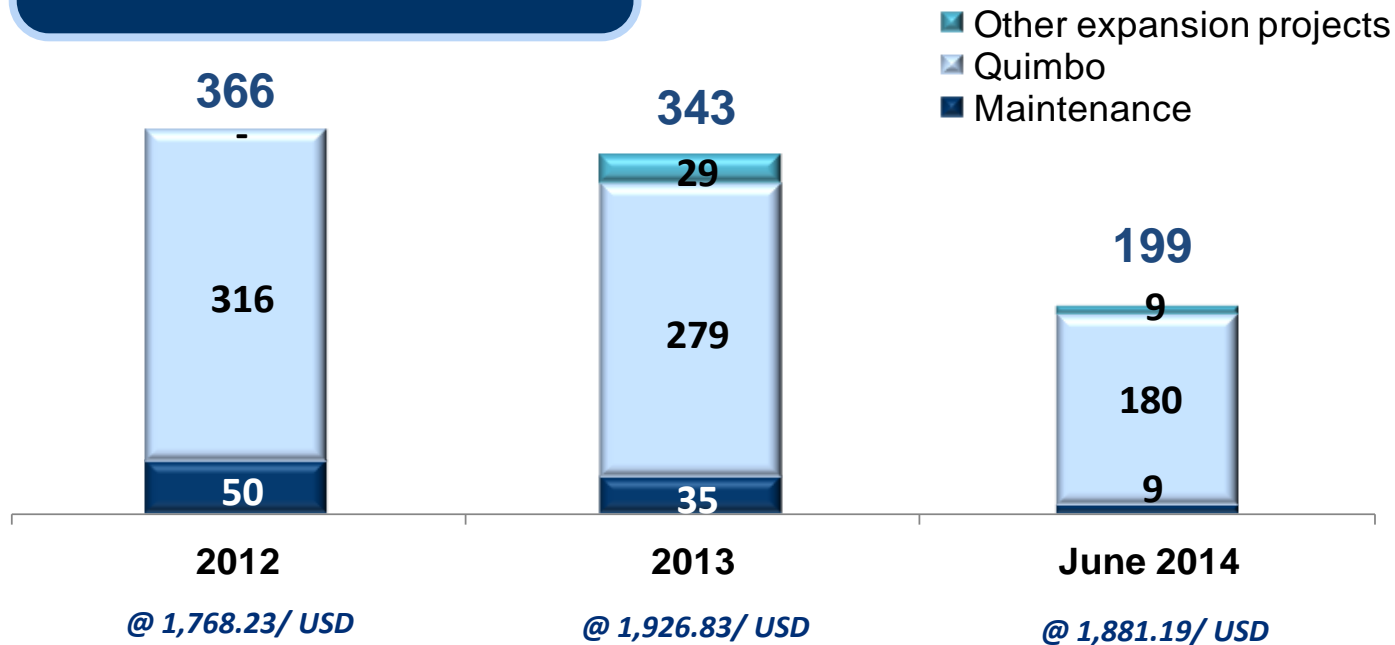
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Total Investment Quimbo:

**USD\$ 702,2 million**  
**(2010 – June 2014)**  
**USD constant of 2010**

**Investments**  
(USD million)



Investments focused in the execution of **El Quimbo Project**, the **Salaco repowering and maintenance** for hydro and thermo plants



# Codensa's Financial Results

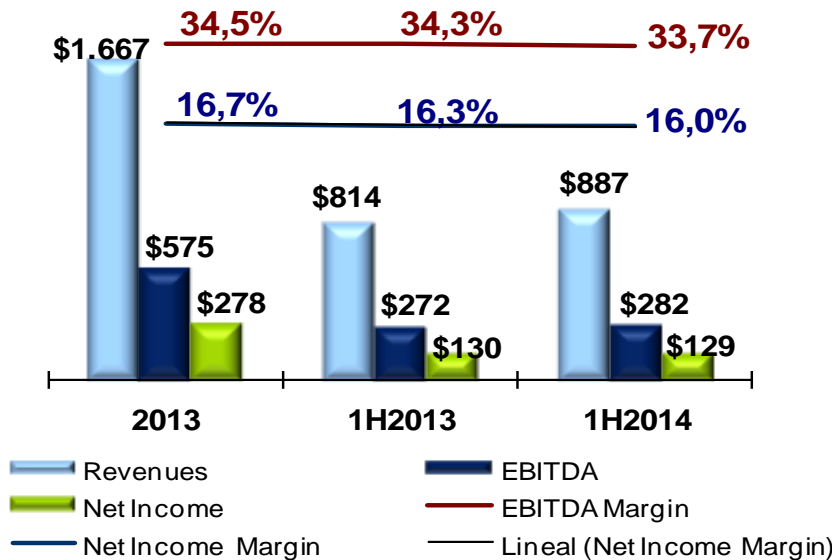
Growth in operational revenues and margin stability

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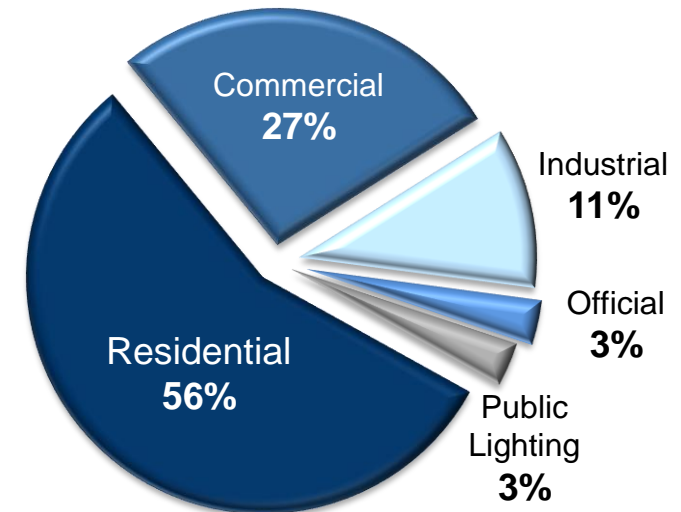
## Financial Results and Margins

(Million USD)



## Sales Composition

1H 2014 (% of physical sales)



**+6.3%** operational revenues, **+1.1%** EBITDA (YoY) and **-3.1%** net income

Increase in revenues due to higher demand of energy in Codensa's area of influence and an increase in the recognition of maintenance costs in the tariff

Sales to residential and commercial clients: **83%** of operational revenues

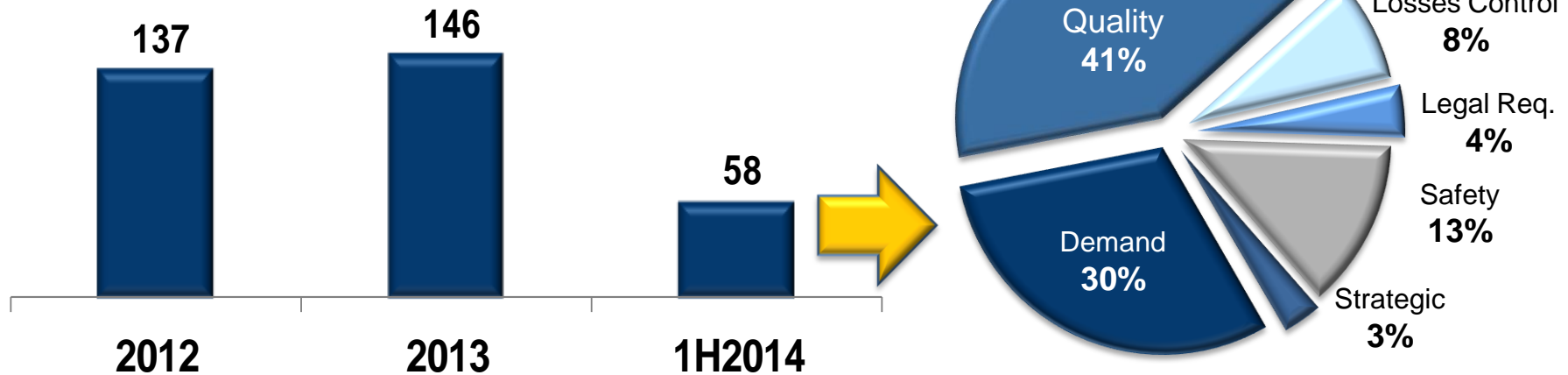
# Codensa's Investments

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Investments to serve demand growth, quality of service and lower losses

## Investments (USD million)



**Total investments reached USD\$58 million in the 1H2014, focused in:**

- **Serving growing demand**, through new substations that guarantee energy supply for the country: *USD\$17 million*
- **Improve quality service and continuity**: *USD\$24 million*
- **Control operational risks** for safety conditions: *USD\$8 million*
- **Control of non-technical losses**: *USD\$5 million*

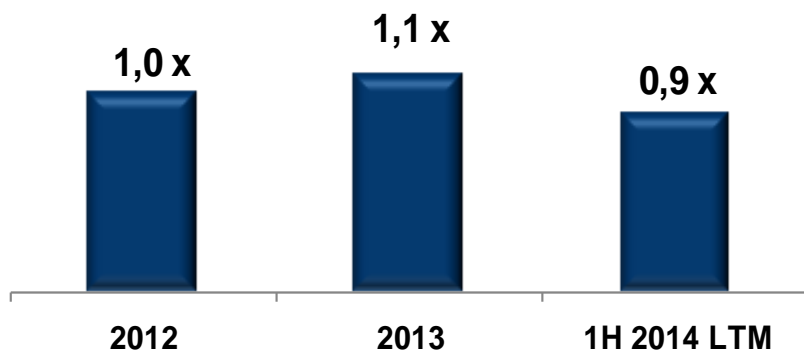
# Codensa's Key Credit Metrics

Conservative risk profile consistent with AAA local rating

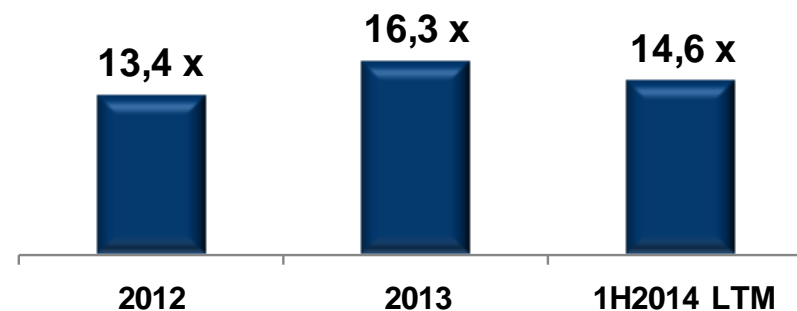
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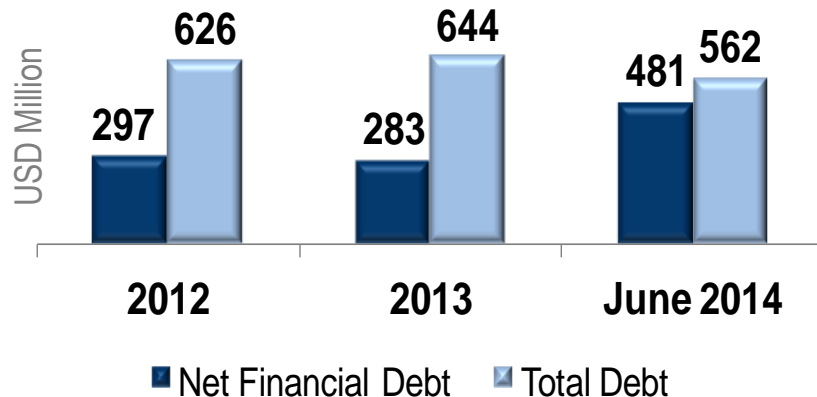
## Financial Debt/ EBITDA<sup>(1)</sup>



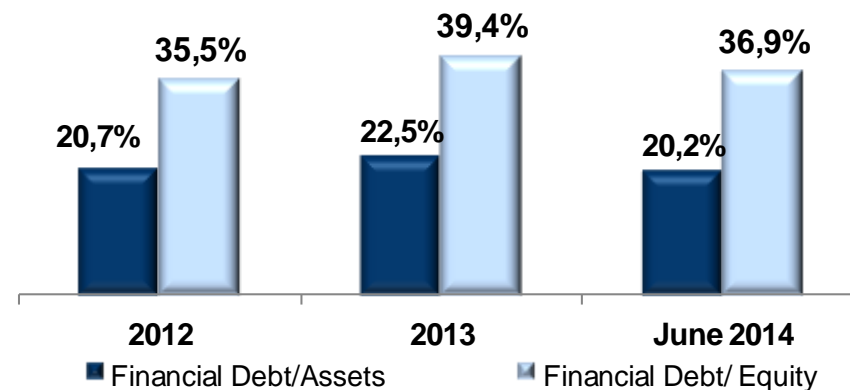
## EBITDA / Interest Expenditure



## Financial Debt



## Leverage



(1) EBITDA is calculated by adding back the depreciation and amortization (included in cost of sales and administrative expenses) to operating income.



# Emgesa and Codensa's Highlights

Strength of financial and operational results



**Flexible commercial policy that allowed Emgesa to profit from high energy prices while meeting all its obligations in contracts.**

**Consolidation of organic growth** at important rates **in Codensa's area of influence** and important demand growth from residential and industrial clients.

Progress in the execution of **El Quimbo plant and the Salaco repowering**, two major generation investments that will **increase Emgesa's installed capacity by more than 18%** by 2015.

**Solid and sustained financial credit metrics and low leverage indicators**, both in Emgesa and Codensa, that support our **local AAA and international BBB** credit risk ratings.



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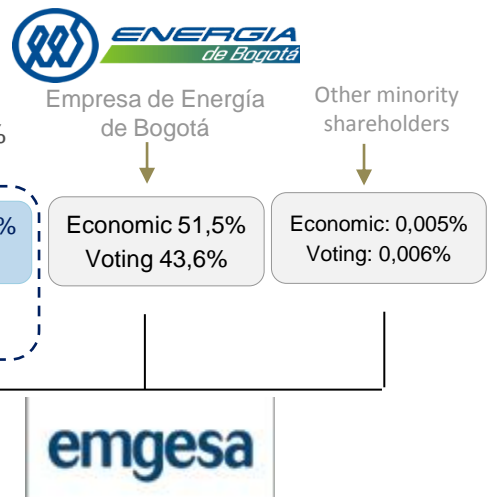
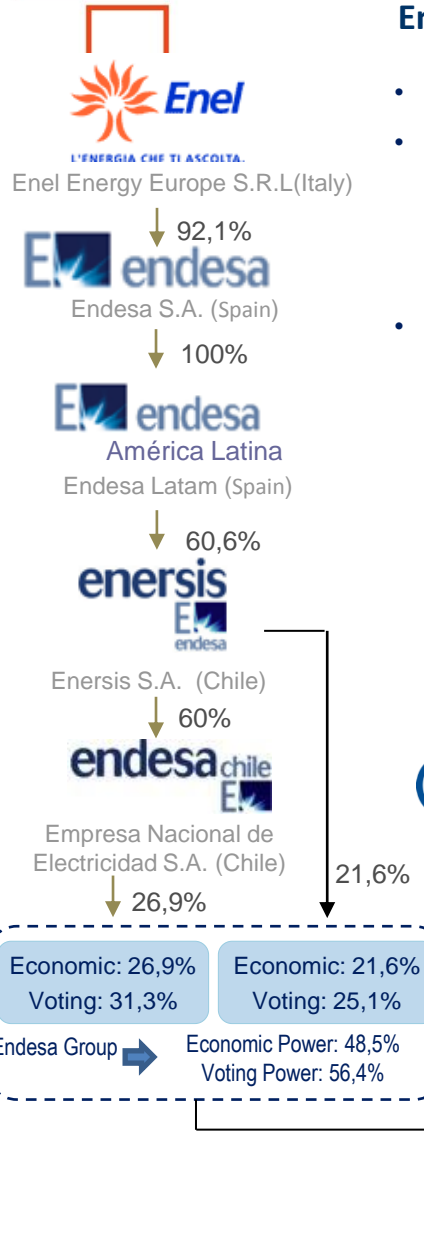
# Emgesa and Codensa

Solid and reliable controlling group



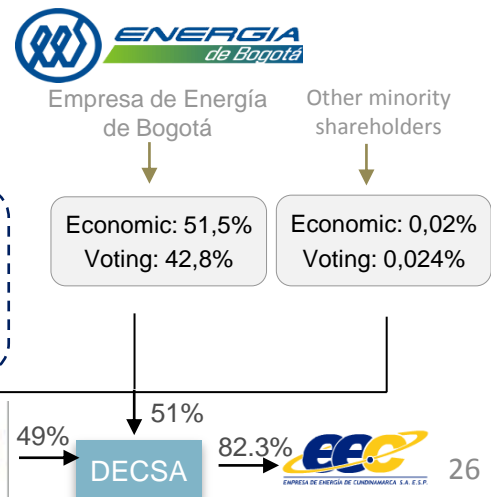
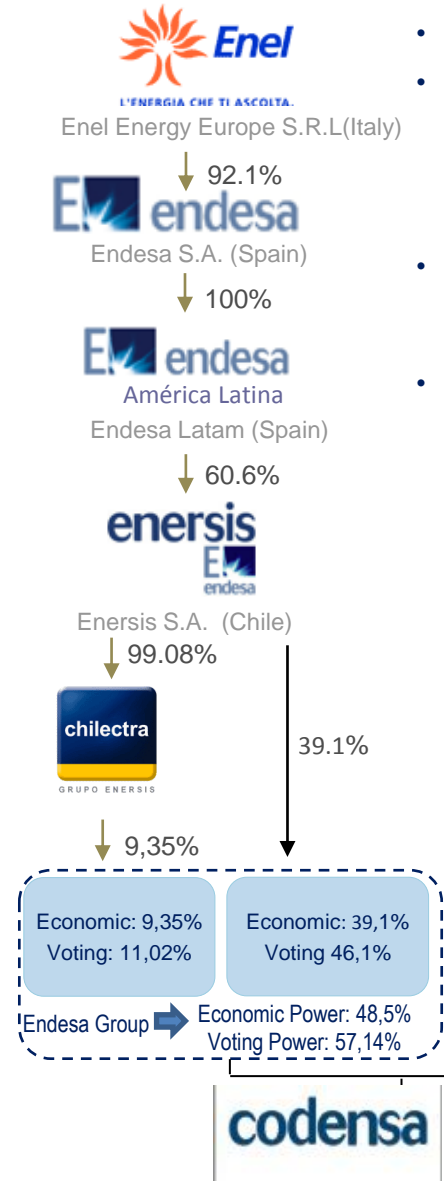
## Emgesa

- Enel owns **92.1%** of **Endesa S.A.**
- Endesa (through **Endesa Chile and Enersis**) owns 48.5% of the capital stock of Emgesa and controls the company as it owns 56.4% of the voting shares.
- The **EEB** owns 51.5% of the capital stock of Emgesa but only **43.6% are voting shares.**



## Codensa

- Enel owns **92.1%** of **Endesa S.A.**
- Endesa (through **Endesa Chile and Enersis**) owns 48.5% of the capital stock of Emgesa and controls the company as it owns 57.14% of the voting shares.
- The **EEB** owns 51.5% of the capital stock of Emgesa but only **42.8% are voting shares.**
- **Important participation in EEC since 2009, through DECSA along with the EEB.**





# Emgesa's Debt Profile

Moderate amortization profile despite new projects development

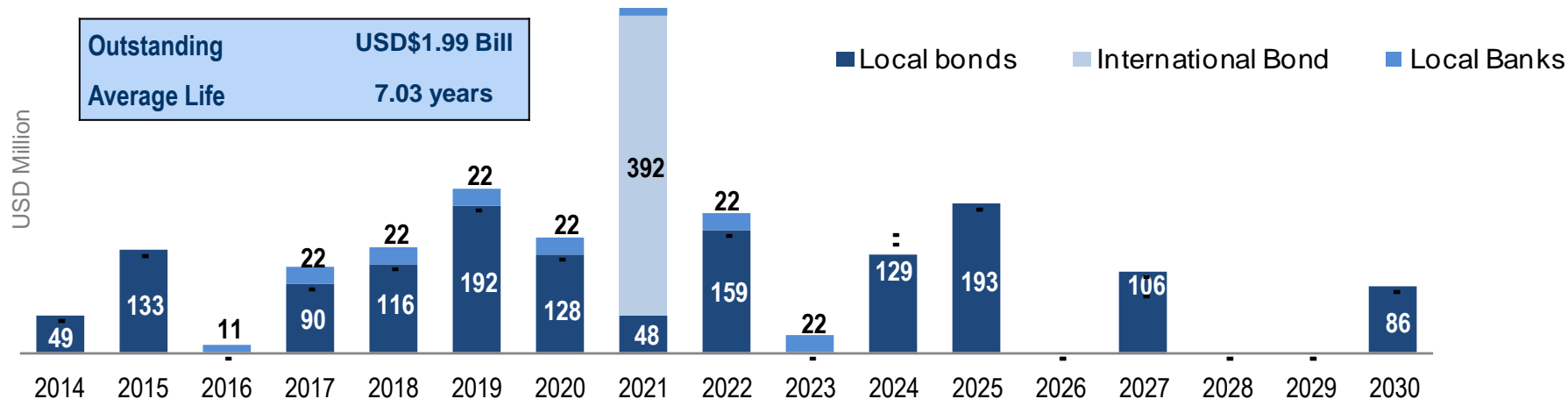
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## Amortization Schedule

(MM USD) as of June, 2014

EBITDA (2013) ~ USD\$768 Million



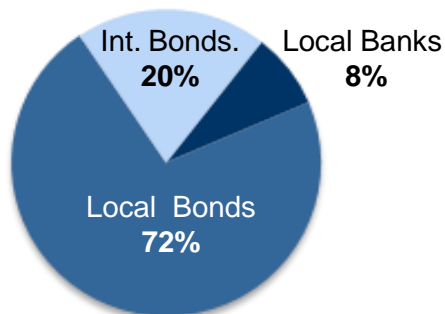
## Financial Debt Breakdown

as of June, 2014

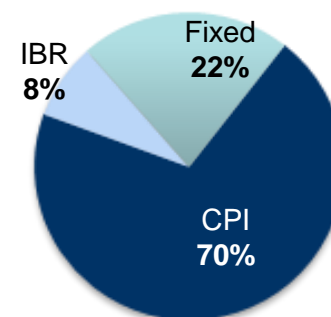
### Currency



### Instrument



### Interest Rate



# Codensa's Debt Profile

Conservative Debt Profile

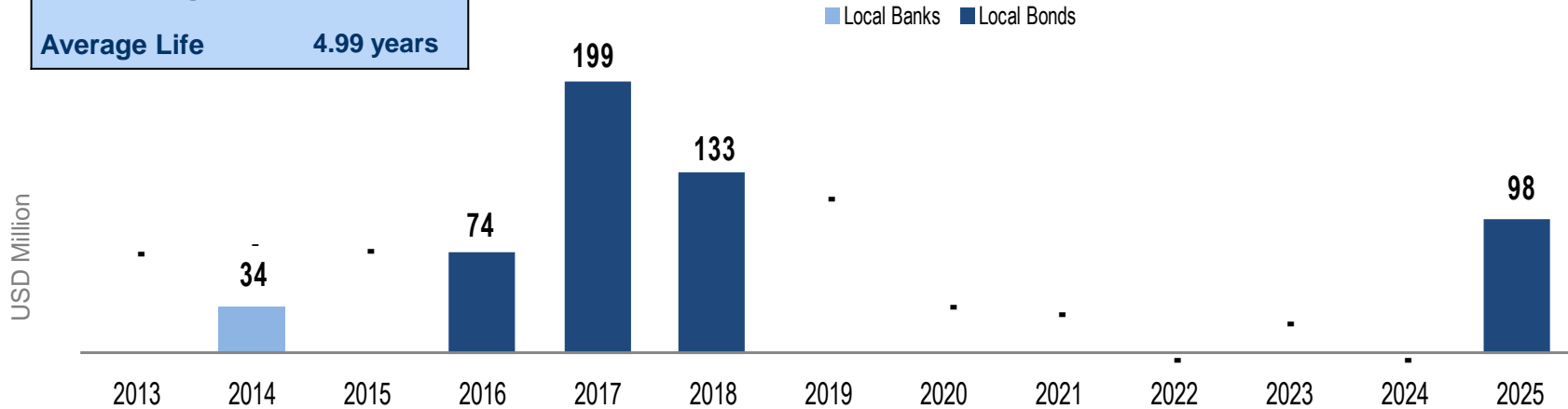
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**Amortization Schedule**  
(MM USD) as of June, 2014

EBITDA (2013) ~ USD\$575 Million

**Outstanding** USD\$562 MM  
**Average Life** 4.99 years

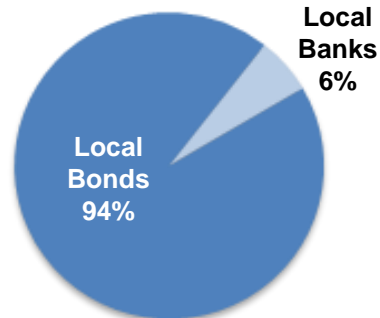


## Financial Debt Breakdown as of June, 2014

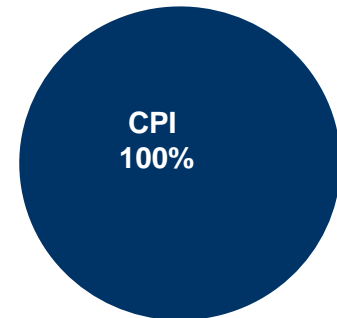
### Currency



### Instrument



### Interest Rate





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