

## CODENSA'S NET INCOME INCREASED BY 14.8% IN 9M 2017

Bogotá, October 30<sup>th</sup>, 2017

### Financial results 9M 2017

	9M 2017	9M 2016	VARIATION %
<i>Millions of Colombian Pesos (COP)</i>			
REVENUES	3,362,461	3,026,314	+11.1%
EBITDA	1,151,139	1,014,766	+13.4%
EBIT	913,700	818,955	+11.6%
NET INCOME	464,955	405,168	+14.8%
NET FINANCIAL DEBT <sup>(1)</sup>	1,414,152	997,756 <sup>(2)</sup>	+41.7%
INVESTMENTS	462,124	429,425	7.6%

(1) Short-term Financial Debt + Long-term Financial Debt - Cash and Cash Equivalents

(2) As of December 31<sup>st</sup>, 2016

**Lucio Rubio**, Enel's Country Manager for Colombia said: *"We are very pleased about CODENSA's 9M 2017 operating and financial performance. It underscores the company's sound management, emphasizing the high level of investments we carried out in order to constantly improve service quality, which allowed us to continue to grow our results."*

- **Revenues** increased during the first nine months of 2017 compared to the same period in 2016, mainly due to:
  - The incorporation of revenues posted by Empresa de Energía de Cundinamarca S.A. ESP (EEC), which was merged into CODENSA in October 2016.
  - An increase in the regulated tariff due to the incorporation of new remunerated high voltage assets such as the recently revamped Bacatá Substation, located in Tenjo municipality in Cundinamarca.
  - A 13.6 % increase in revenues from value added services (VAPS) business, such as insurance and customized energy solutions (for instance, supply adjustments depending on customer needs).
- **EBITDA** increased as a result of:
  - Higher revenues, as mentioned above.
  - Increased cost of sales (+8.9%), due to higher volumes of purchased energy as a result of the merger with EEC, partially offset by lower spot prices compared to the same period in 2016 when prices were impacted by the El Niño Southern Oscillation (ENSO).
  - Increase in personnel, operation and maintenance expenses (+19.3%), due to the employment of EEC personnel, the increased number of more expensive operations following the EEC merger, as customers in the Cundinamarca area are more scattered across the region due to their rural nature, and the rainy season faced in 1Q 2017.

- **EBIT** increased following EBITDA growth, partially offset by an increase in depreciation (+19.6%) due to the increase in depreciable fixed assets, mainly as a result of the merger with EEC and higher investments in the period.
- CODENSA's **Net Income** increased in 9M 2017 compared with the corresponding period of 2016, reflecting the rise in EBIT and a lower income tax rate compared to 9M 2016 pursuant to the country's December 2016 tax reform, partially offset by a 5.7% increase in net financial charges, due to a higher average balance of outstanding financial debt during the first nine months of 2017, which in turn was partially offset by a lower level of the Consumer Price Index (CPI) recorded in 2017 compared to last year, being a significant portion of CODENSA's debt interests indexed to CPI.
- CODENSA's **Net Financial Debt** increased in 9M 2017 compared to December 31<sup>st</sup>, 2016, mainly due to the implementation of the company's investment plan and the payment of dividends made during 1H 2017.
- Between January and September 2017, **investments** increased compared to the same period of last year, and are aimed at improving service quality, specifically the entry into service of the Nueva Esperanza Substation, as well as maintenance of the operating assets.

## Operating Results 9M 2017

	9M 2017	9M 2016	VARIATION %
NATIONAL ENERGY DEMAND (GW/h)	49,866	49,714	+0.31%
CODENSA ENERGY DEMAND (GW/h)	10,965	10,896	+0.63%
CODENSA MARKET SHARE	21.99%	21.92%	+0.32%
AVERAGE ENERGY LOSS INDEX	7.80%	7.22%	+8.0%
TOTAL CODENSA CUSTOMERS	3,314,587	3,248,570 <sup>(2)</sup>	+2.0%

(2) As of December 31, 2016

- The **National Energy Demand** grew slightly during 9M 2017, due to lower demand from industry, mainly manufacturing, coupled with a change in the consumption habits of large customers and regulated market, registered following the energy saving campaign launched by the National Government in the first half of 2016. On the other hand, **CODENSA's Energy Demand** increased in 9M 2017 compared to the same period in 2016, mainly due to the EEC merger.
- CODENSA's **Average Energy Loss Index** increased slightly compared to the same period in 2016, mainly attributable to the EEC merger, which had at the time of integration posted a higher level of energy loss than CODENSA.
- **CODENSA's total number of customers** increased as a result of new connections during the period.

## **Dividends:**

- Between January and September 2017, CODENSA paid dividends to its shareholders for a total of 409,277 million COP in three installments in January, April and May.

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