

EMGESA'S INVESTMENTS INCREASED BY 12.7% DURING 1H 2017

Bogota, July 25th, 2017

Financial Results 1H 2017

	1H 2017	1H 2016	VARIATION %
<i>Millions of Colombian Pesos (COP)</i>			
REVENUES	1,607,494	1,960,823	-18.0%
EBITDA	978,966	1,064,946	-8.1%
EBIT	873,588	967,361	-9.7%
NET INCOME	420,544	435,201	-3.4%
NET FINANCIAL DEBT ⁽¹⁾	4,051,350	3,812,173 ⁽²⁾	+6.3%
INVESTMENTS	72,600	64,413	+12.7%

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

(2) As of December 31st, 2016

Lucio Rubio, Enel's Country Manager for Colombia, said: *"Through our generation fleet we continue delivering energy to the country, covering 22.8% of Colombia's total electricity output. Likewise, during this first half of the year, we continued to invest in modernisation and upkeep of our assets, with the aim of further improving the reliability and quality of our already reputable service."*

- **Revenues** of EMGESA decreased in 1H 2017 due to lower energy prices in the spot market, compared with the exceptionally high levels recorded in the same period in 2016 because of the impact of the El Niño Southern Oscillation (ENSO).
- **EBITDA** decreased in line with revenues. This decline was partially offset by a reduction in cost of sales (-32.6% year-on-year) due to the lower energy purchases on the spot market resulting from an increase in hydropower generation driven by higher water availability. On top of that, the company reduced its fuel consumption compared to 1H 2016, when the production of thermal power plants (Cartagena and Termozipa) had to compensate for the declines in hydro generation that were due to ENSO.
- **EBIT** decreased in line with EBITDA reduction and an increase of 12.5% in depreciations during 1H 2017, mainly due to the maintenance investments carried out last year that were focused on thermal assets, which depreciate more rapidly than hydropower assets.
- EMGESA's **Net Income** decreased in 1H 2017, mainly driven by the EBIT decrease, which was largely offset by a significant reduction in net financial expenses (-23.1%), resulting from the lower Consumer Price Index (CPI) in the last twelve months to which the interests of most of the Company's debt is indexed and a lower average gross debt balance, as well as to a lower effective tax rate.

- EMGESA's **Net Financial Debt** increased in 1H 2017, mainly due to the payment of dividends carried out in January and May 2017. As the company's cash was used to pay back debt as well as paying out dividends, gross debt decreased (see above) while net debt increased as the reduction in gross debt was lower than the reduction of cash.
- EMGESA's **investments** increased in the 1H 2017 compared to the same period of 2016, which was attributable to the acquisition of equipment to be used in the second half of 2017, and because of higher investments in EMGESA's hydro assets, which represent about 85% of the Company's installed capacity.

Operating Results 1H 2017

	1H 2017	1H 2016	VARIATION %
GWh			
TOTAL COLOMBIAN GENERATION	32,671	32,418	+0.8%
EMGESA GENERATION	7,445	7,191	+3.5%
SALES THROUGH CONTRACT	7,004	6,469	+8.3%
SALES SPOT MARKET	1,685	2,232	-24.5%
PLANT AVAILABILITY	91.99%	93.31%	-1.4%

- **EMGESA's generation** increased compared to the first half of 2016, and reached 22.8% of total net generation in Colombia, which also registered a slight increase. The increase in the company's output was mainly due to greater water availability in the areas where EMGESA's hydropower plants are located.
- The Company's total production was as follows:
 - 98.4% hydro generation: 14.5% higher than the same period in 2016, due to a larger generation of plants as El Quimbo and Betania, covering for the lower thermal generation observed in the period.
 - 1.6% thermal generation: 85% lower than 1H 2016 due to the end of ENSO.

Dividends:

- In the first half of 2017, EMGESA paid dividends to its shareholders for a total of 402,130 million COP in two installments, one in January and the other in May.

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