

EMGESA'S NET INCOME INCREASED BY AROUND 18% IN 2017

Bogota, February 27th, 2018

Financial Results 2017

	2017	2016	VARIATION %
<i>Millions of Colombian Pesos (COP)</i>			
REVENUES	3,425,081	3,514,106	-2.5%
EBITDA	2,045,277	1,984,481	+3.1%
EBIT	1,835,449	1,690,309	+8.6%
NET INCOME	887,056	753,725	+17.7%
NET FINANCIAL DEBT ⁽¹⁾	3,561,512	3,812,173	-6.6%
INVESTMENTS	234,481	258,198	-9.2%

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

Lucio Rubio, Enel's Country Manager for Colombia, said: *"EMGESA had a solid performance in 2017, boosting its net income levels, due to the Company's highly efficient commercial and financial management as well as good water availability that resulted in higher hydropower output compared to the previous year."*

- EMGESA's 2017 **Revenues** decreased slightly on 2016, due to a significant reduction in spot energy prices compared to the higher levels recorded in 2016 during the El Niño Southern Oscillation (ENSO). The increase in sales volume, mainly through bilateral agreements with clients in the wholesale market, partly offset the above impact.
- **EBITDA** increased following a reduction in the cost of sales (-11.5%) which resulted from (i) lower fuel consumption compared to 2016, due to the lower level of thermal generation in 2017, and (ii) a decrease in the cost of spot energy purchases brought about by the energy price reduction reported in 2017.
- **EBIT** increased, in line with EBITDA and as a result of the decrease in impairment losses, as in 2016 a one-time debt provision, whose effect was limited for that year, was fully accounted in EMGESA's income statement.
- EMGESA's **Net Income** increased significantly, mainly due to a major reduction in net financial expenses (-20.6%) on a lower debt versus 2016, and a lower change in the country's Consumer Price Index (CPI), to which 66% of EMGESA's debt coupons are indexed.

- EMGESA's **Net Financial Debt** decreased in 2017 as cash generation was higher than the outflow due to the Company's capex and dividend payments. The positive net cash flow also allowed to pay a significant portion of EMGESA's debt at maturity without resorting to refinancing.
- EMGESA's **investments** were lower than in 2016, which was attributable to lower scheduled maintenance Capex needs.

Operating Results 2017

	2017	2016	VARIATION %
GWh			
TOTAL COLOMBIAN GENERATION	66,666	65,936	+1.1%
EMGESA GENERATION	14,765	14,975	-1.4%
SALES THROUGH CONTRACT	15,701	13,329	+17.8%
SALES SPOT MARKET	2,455	4,686	-47.6%
PLANT AVAILABILITY	92.6%	91.4%	1.3%

- **EMGESA's** power output in 2017 decreased slightly vis-a-vis 2016, mainly due to (i) a significant reduction in thermal generation, which was almost entirely offset by higher hydro output resulting from greater water availability in 2017, as well as (ii) increased spot market energy purchases, leveraging on low spot prices. EMGESA's output was equal to 22.1% of total net power generation in Colombia in 2017
- The Company's total generation mix in 2017 was:
 - 98.8% hydro generation: 5.5% higher than in 2016.
 - 1.2% thermal generation: 81.5% lower than in 2016, as a result of the end of ENSO.

Dividends:

- In January 2017, EMGESA carried out its last dividend payment on 2015 net income, equivalent to 200,038 million COP.
- In May and October of 2017, EMGESA paid the first two dividend instalments on 2016 net income. The overall payment amounted to 397,401 million COP, equal to 75% of EMGESA's total dividend amount.

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