

## NET INCOME OF ENEL-CODENSA INCREASED BY 27% IN THE FIRST NINE MONTHS OF 2019

Bogota, October 25<sup>th</sup> 2019

### Financial results 9M 2019

	9M 2019	9M 2018	VARIATION %
<i>Millions of Pesos (COP)</i>			
REVENUES	3,981,156	3,706,489	+7.4%
EBITDA	1,311,319	1,127,789	+16.3%
EBIT	992,941	851,156	+16.7%
NET INCOME	572,604	450,090	+27.2%
NET FINANCIAL DEBT <sup>(1)</sup>	1,908,500	1,453,496 <sup>(2)</sup>	+31.3%
INVESTMENTS	615,653	569,590	+8.1%

(1) Short-term financial debt + Long-term financial debt - Cash and other financial assets

(2) Figures as of 31 December 2019, including IFRS 16 impact for purposes of comparing figures

**Lucio Rubio**, Country Manager of Enel in Colombia, commented: *"We are very satisfied with the achieved results during these first nine months of the year, because they reflect not only the company's good financial and operational performance, but also allow us to visualize the results in terms of demand growth. Likewise, the company continues to execute a robust investment plan, aimed to continue improving the service quality, thanks to the use of cutting-edge technologies".*

- **Revenues** increased with respect to the same period in 2018, mainly explained by:
  - Higher energy demand by 2.4% year-to-date in the influence area of Enel-Codensa. The regulated market grew by 0.7%, particularly boosted by the organic growth of the residential segment due to new connections.
  - Increase in the regulated energy rate mainly due to:
    - A rise in the Producer Price Index (PPI), to which the distribution remuneration component is indexed
    - Better generation and restriction components included in the rate, representing an imperfect pass-through rate in the company's revenues that had a negative impact in 2018.
  - Better results in value-added products and services, especially in public lighting because of the assets modernization and higher sales of electrical and insurance works to third parties.
- **EBITDA** evidenced an increase compared to the same period last year, due to higher revenues and efficiencies in the management of fixed and variable costs that grow at lower rates than that of revenues, consolidating a significant growth in this line. The above supported by:
  - Increased cost of sales (+3.3%) attributable to a higher spot market stock price.
  - Higher personnel expenses (+12.4%) due to the salary adjustment and higher staffing than 2018, in line with the investment plan and new businesses.
  - Increase in operating and maintenance expenses (+3.3%) mainly reflecting the indexation to the Consumer Prices Index (CPI) of most fixed operating expenses and higher costs associated with

the digitization campaigns and explanation of cleaning service charge in the energy invoice, offset by the ongoing efforts in search of process efficiencies.

- **EBIT** also reflects an increase in depreciation (+11.1%), due to a higher fixed asset depreciation basis as a result of the robust investment plan executed during 2018 and so far in 2019, as well as an increase in provisions for Bogotá's public lighting VAT and an impairment of the portfolio of mainly municipal customers.
- **Net Income** increased, reflecting a higher operating income and the 4% reduction in the income tax rate for 2019, an effect that was offset by higher financial expenses, as a consequence of a higher average debt balance compared to 2018 and reduced financial revenues due to lower remuneration rates and lower cash levels.
- **Net Financial Debt** increased compared with 2018, as a result of the important investment plan executed by the company, which led to a new debt and the refinancing of maturities occurring during the year.
- **Investments** increased compared with the same period last year, for the development of projects aimed to improve service quality, new customer connections, energy grids undergrounding and the maintenance of the operating asset base.

## Operating results 9M 2019

	9M 2019	9M 2018	VARIATION %
DOMESTIC ENERGY DEMAND (GW/h)	53,636	51,502	+4.1%
ENEL-CODENSA ENERGY DEMAND <sup>(1)</sup> (GW/h)	11,350	11,086	+2.4%
ENEL-CODENSA MARKET SHARE	21.2%	21.5%	-0.3%
AVERAGE ENERGY LOSS INDEX	7.74%	7.88%	-0.14%
TOTAL ENEL-CODENSA CUSTOMERS	3,502,579	3,438,620 <sup>(2)</sup>	+1.9%

(1) Net demand not including losses

(2) As of 31 December 2018

- Both the **domestic energy demand** and Enel-Codensa's energy demand increased during the first nine months of 2019 compared to the same period in 2018. The nationwide increase was mainly based on the regulated market (residential sector and small businesses) with an emphasis on the consumption of the Caribbean area. On its side, the energy demand in Enel-Codensa's influence area is mainly due to an increase in tolls due to the customer growth of other sellers.
- The **average energy loss index** of Enel-Codensa decreased compared to the same period in 2018, reflecting the restructuring in the operation scheme, the strengthening of the data analytics models to improve the effectiveness of on-site inspections and the focus on energy recovery from unregistered consumption in customers with fraud and/or anomaly.
- The **total number of customers of Enel-Codensa** increased due to new connections, reflecting the company's organic growth, particularly in the residential segment.

## Dividends:

So far in 2019, Enel-Codensa has paid \$274,388 million COP in dividends to its shareholders.

	9M 2019	9M 2018
<i>Millions of Pesos (COP)</i>		
Current assets	1,288,924	1,234,357
Non-current assets	5,787,001	5,296,865
Current liabilities	1,888,395	2,129,216
Non-current liabilities	2,277,545	1,747,704
Equity	2,909,985	2654302
Revenues	3,981,156	3,706,489
Costs	2,322,282	2,247,630
Contribution margin	1,658,874	1,458,859
Earnings before interests and taxes (EBIT)	992,941	851,156
Earnings before taxes (EBT)	844,917	718,389
Net income	572,604	450,090

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