

## ENEL-EMGESA HOLDS ITS POSITION AS THE COUNTRY'S TOP GENERATOR, PROVIDING STABILITY TO THE SYSTEM

Bogota, November 3, 2020

### Financial Results 9M 2020

|                                   | 9M 2020   | 9M 2019                  | VARIATION % |
|-----------------------------------|-----------|--------------------------|-------------|
| <i>Millions of Pesos (COP)</i>    |           |                          |             |
| REVENUE                           | 3,228,018 | 3,065,180                | +5.3%       |
| EBITDA                            | 1,904,184 | 1,799,168                | +5.8%       |
| EBIT                              | 1,722,601 | 1,622,887                | +6.1%       |
| NET INCOME                        | 958,021   | 958,241                  | +0.0%       |
| NET FINANCIAL DEBT <sup>(1)</sup> | 1,925,776 | 2,527,952 <sup>(2)</sup> | -23.8%      |
| INVESTMENTS                       | 133,118   | 168,579                  | -21.0%      |

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

(2) Figures as of December 31, 2019

**Lucio Rubio**, General Manager of Enel in Colombia, commented: "So far this year, we have achieved solid and encouraging results amid the current COVID-19 situation. Despite the pandemic and the weather conditions that caused low hydrology, EBITDA increased 5.8% YoY, net income remained stable and we continue to lead generation, as well as installed capacity. We continue moving forward and committed, taking care of our people and ensuring the operation to deliver reliability to the National Interconnected System".

Enel-Emgesa's financial results for the first nine months of the year reflect the company's strength despite the worldwide contingency due to COVID-19. Throughout the year, the operation has been sustained and has continued under strict protocols and security measures, ensuring our workers, collaborators and the communities' well-being in the area of influence.

As of September 2020, the Company's operating results evidenced a positive performance explained by the following factors.

Increase in **Revenue** explained by:

- A YoY increase in the energy stock prices, as a result of the delayed first winter in May 2020. This situation involved the activation of thermal resources, such as the Termozipa and Cartagena plants that the company has, to meet the needs of the National Interconnected System, in addition to the anticipated use of the reservoirs at 2019 year end, to optimize the portfolio and in turn provide stability to the system in the face of the critical condition of drought that the country experienced.
- A higher income from the optimal management of the resource, which contributed to a YoY increase of 84% in the allocation of auxiliary services for the regulation of the frequency of the system (AGC).

The increase in operating income was offset by:

- An increase in the volume of energy purchases on the stock market to partially comply with the current contractual obligations due to the reduced generation, generated by the low hydrology.

- Decrease in energy demand among deregulated customers nationally, caused by the pandemic, leading to lower energy sales. This risk was mitigated with new sales in short-term contracts of up to 170 GWh, among others.
- Higher costs associated with the special contribution of the Superintendence of Residential Public Services for the strengthening of the Business Fund, approved as a temporary measure within the National Development Plan.

Furthermore, fixed costs, represented by personnel costs and other operating expenses, increased due to:

- Increase in personnel expenses, as a result of salary increases (indexed to the CPI and minimum wage).
- Higher costs for repair works of the Garzón Gigante road in the Bengala sector, due to landslides on one of the slopes of the El Quimbo reservoir in mid-July 2019.
- Negative ruling by the Council of State in second instance for the liquidation of the 2003 income tax of the Betania Hydroelectric Power Plant, due to the application of the exemptions provided for in the Paez Law.
- Increase in costs associated with the pandemic, including biosecurity protocols and donations made by the Company.

**EBITDA** registered a YoY increase of 5.8%, as a result of the above.

Additionally, **EBIT** reflected the increase in depreciation expense due to the entry into operation of certain fixed assets related to the projects to extend the useful life and improve the environmental performance of the Termozipa Poer Plant, throughout the year.

Despite the increase in EBIT, **Net Income** remained stable YoY, due to:

- An increase in financial expenses as a result of the registration of interests from the negative ruling by the Council of State in second instance for the liquidation of the 2003 income tax of the Betania Hydroelectric Power Plant, due to the application of the exemptions provided for in the Paez Law.
- A higher effective tax rate as a consequence of said ruling.

**Net Financial Debt** decreased YoY, mainly due to better cash generation, which allowed not only to meet operating costs and Capex, but also to amortize the expected debt maturities during the year.

During the first nine months of 2020, **investments** reached a total of COP 133.118 billion, evidencing a YoY decrease. This was due to the rescheduling of projects at the El Quimbo Hydroelectric Power Plant caused by the COVID-19 pandemic.

## Operating Results 9M 2020

|                           | 9M2020 | 9M2019 | VARIATION % |
|---------------------------|--------|--------|-------------|
| GWh(*)                    |        |        |             |
| TOTAL GENERATION COLOMBIA | 50,982 | 52,199 | -2.3%       |
| ENEL- EMGESA GENERATION   | 10,888 | 11,789 | -7.6%       |
| CONTRACT SALES            | 10,699 | 11,303 | -5.3%       |
| SPOT MARKET SALES         | 2,602  | 2,702  | -3.7%       |
| PLANT AVAILABILITY        | 92.4%  | 90.4%  | +2.0%       |

(\*) *Estimated figures*

As of September 2020, Enel-Emgesa is still the leading generating company in terms of net installed capacity, with a total of 3,506 MW, which represents a 19.9% share of the installed capacity of the National Interconnected System (SIN).

In addition, Enel-Emgesa held its position as the largest generator in the system, with a 21.4% share. Despite the low hydrology registered in the country, Enel-Emgesa's main basins registered a cumulative annual contribution of 85%, higher than the SIN, which was 77%.

Power **Generation** by Enel-Emgesa showed a YoY decrease in the first nine months of 2020, by approximately one (1) TWh, as a result of the low hydrology registered, mainly in the first half of 2020.

- Enel-Emgesa's **total energy production** was distributed as follows:
  - 94.1% hydroelectric: -1.9% YoY, mainly explained by a decrease in the level of reservoirs during the first months of the year, generally in the entire region.
  - 5.9% thermal: +1.9% YoY, given the need for thermal generation to give stability to the system due to the hydrological conditions.

## **Dividends:**

During the first nine months of 2020, Enel-Emgesa paid COP 511.002 billion in dividends to its shareholders.

|  | 9M2020       | 9M2019       |
|--|--------------|--------------|
| <i>Figures in COP Millions</i>             |              |              |
| Current assets                             | \$ 1,107,818 | \$ 877,413   |
| Non-current assets                         | \$ 8,248,745 | \$ 8,180,234 |
| Current liabilities                        | \$ 2,188,263 | \$ 1,463,267 |
| Non-current liabilities                    | \$ 2,331,972 | \$ 3,118,345 |
| Equity                                     | \$ 4,836,328 | \$ 4,476,035 |
|  |              |              |
| Revenue                                    | \$ 3,228,018 | \$ 3,065,180 |
| Costs                                      | \$ 1,133,395 | \$ 1,106,030 |
| Contribution margin                        | \$ 2,094,623 | \$ 1,959,150 |
| Earnings before interests and taxes (EBIT) | \$ 1,722,601 | \$ 1,622,887 |
| Earnings before taxes (EBT)                | \$ 1,497,199 | \$ 1,416,882 |
| Net income                                 | \$ 958,021   | \$ 958,241   |