



Operational and Financial Results Report- Codensa S.A. E.S.P. First Half of 2013¹

August 13, 2013

Executive Summary

- *Codensa's net income increased by 1.7% during the first half of 2013 as compared to the same period of 2012, due to improved operating results and lower net interest expense due to lower interest rates and lower debt stock.*
 - *Codensa's EBITDA in the first six months of 2013 a 0.6% decrease compared to the same period of 2012.*
 - *Between January and June 2013 the company executed investments for about COP\$94 billion (USD\$48 million), mainly focused in servicing new demand, improving safety and quality of service and control of nontechnical losses.*
 - *Financial obligations, including accrued interest, totaled COP\$1,03 trillion (USD\$534 million) reflecting a 7.3% decrease as compared to December 2012, mainly explained by the maturity of COP\$80 billion (USD\$44 million) of local bonds in February 2013 using cash on hand.*
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Codensa's net income reached COP\$251,2 billion (USD\$130 million) during the first six months of 2013

Codensa had a net income of COP\$251,2 billion (USD\$130 million) during the first half of 2013, representing a 1.7% increase as compared to the same same period of 2012, mainly due to higher energy sales as a result of the growth in demand and to higher revenues associated to the transfer of energy to the networks of other operators outside of Codensa's area. Net income benefited from lower interest expense due to the maturity of local bonds using cash on hand. This result represented a net margin of 16.0% of total operating revenues to June 2013.

¹Financial statements are prepared under Colombian GAAP in Colombian pesos. However, we present figures in USD for your convenience and analysis using the official COP/USD FX rate (TRM) applicable on the last day of the month (FX June 30, 2013 COP\$1,929).

Codensa's EBITDA reached COP\$524,6 billion (USD\$272 million) during the first half of 2013

Codensa's EBITDA in the first six months of 2013 reached COP\$524,6 (USD\$272 million), showing a 0.6% decrease as compared to the same period of 2012. This is a result of a lower growth in operating revenues than in the cost of sales due to a lower PPI at which Codensa's revenues in the distribution business are indexed.

Operating revenues increased by 1.4% as compared to the same period in 2012, mainly due to growth of energy demand in Codensa's area and to higher revenues associated with transfer of electricity to the networks of other operators outside of Codensa's area. Otherwise, the cost of sales amounted to COP\$1,1 trillion, which represents an increase of 1.8% with respect to the first six months of 2012 as a result from higher energy purchases through contracts but also from purchases in the spot market at higher prices than in the first half of 2012.

Administrative expenses grew by 0.6% as compared to the first half of 2012, reaching COP\$38,9 billion (USD\$20 million).

Net financial expenses totaled COP\$13,8 billion (USD\$7 million)

Net financial expenses during the first half of 2013 registered a decrease of COP\$12,5 billion (USD\$6 million) compared to the same period of 2012. Financial expenses decreased by 23.4%, reaching COP\$33,4 billion (USD\$17 million), as a consequence of a lower average balance of financial debt resulting from local bonds redemptions for an accrued amount of COP\$113,7 billion (USD\$62 million), which have been entirely paid with the company's cash on hand since March 2012 and to lower inflation, at which 92% of Codensa's outstanding debt is indexed.

Moreover, financial revenues increased by COP\$2,3 billion (USD\$1 million) due to a proactive cash management focused in improving the results from investing excess cash balances in alternatives with better financial returns, including early payment of energy purchases to Emgesa and ADD charges² to Empresa de Energía de Cundinamarca S.A. E.S.P. (EEC).

Energy demand in Codensa's area was 7,070 GWh during the first six months of 2013

² Electric Energy Distribution Areas (Áreas de Distribución de Energía Eléctrica –ADD) apply to companies that belong to the same area in order to unify their charges to clients so that they compensate the differences between them..

Accumulated energy demand in Codensa's area between January and June 2013 was 7,070 GWh; reflecting an annual average growth rate of 1.5% and a positive annual variation of 2,9% compared to June 2012.

During the same period, national demand had a 3,4% annual average growth rate and a 2.7% increase with respect to the same period of 2012, due to the rise of industrial activity in the northern part of the Country, out of Codensa's area of influence, and to the increase in demand from regulated clients. The lower pace of demand growth in Codensa's area compared to the national demand is due to the slowdown of energy demand from the industrial sector located in Codensa's area of influence.

During the first six months of 2013 Codensa represented 24% of the national energy demand and 22% of the national regulated demand. About 62% of the energy distributed by Codensa in this period was commercialized by Codensa to serve the regulated market while 38% was destined to other commercialization companies.

During the first half of the year, Codensa added 52,456 new clients reaching 2,64 million clients in Bogota and 103 more municipalities in the center of the country.

The average index of energy total losses in Codensa's area was 7.14% for the last 12 months ended in June 2013 and 7.10% during the first half of 2013, presenting an improvement as compared to the same period in 2012, when it reached 7.43%.

With regards to quality of service, when comparing the annual mobile trend to June 2013 to the one in June 2012, the SAIDI (average interruption time perceived by the client) and SAIFI (average amount of interruptions perceived by a client) improved 24.4% and 27.6%, respectively, when compared to the medium tension approved indexes in June 2013 vis a vis June 2012. When comparing the annual mobile trend to June 2013 with respect to June 2012, the SAIDI improved 7.6% and the SAIFI improved 5.7%. With respect to December 2012, the interruption time increased 3.9% and the number of clients affected decreased by 1.8%.

The following table presents Codensa's main operational results as of June 2013:

	June 2013	June 2012	Change (%)
National Demand (GWh)	14,299	13,804	+3.6%
Demand in Codensa's Area (GWh)	7,070	6,866	+2.9%
% Codensa's Market Share	23.8%	23.7%	+0.1%
No of clients	2,640,304	2,539,131	+4.00%
LT and MT Network (Km)	46,925	46,848	+6.5%
Losses Index (LTM)	7.14%	7.60%	-0.5%

Investment reached COP\$93,5billion (USD\$48 million)

During the first half of 2013 the company invested more than COP\$93 billion (USD\$48 million), from which about 34% was dedicated to improve and update our network and to serve demand growth and repowering of circuits in the northern part of the city, 14% to improve the quality of service, 15% to safety of operations and 8% to control nontechnical losses.

We highlight the modernization and opening of one of the most advanced control centers in Latin America, with an investment of approximately COP\$17 billion (USD\$8.8 million) with systems to optimize fault response times in order to improve quality of service through real time monitoring along Codensa's electricity networks in Bogota and Cundinamarca, monitoring 122 substations, 928 circuits, and in more than 19,000 km of mid-tension lines, both in urban and rural areas.

Balance Sheet Structure

As of June 30, 2013 the company's assets were COP\$5,3 trillion (USD\$ 2,7 billion), out of which property, plant and equipment represented 63.4% adding up to COP\$3,3 trillion (USD\$1,7 billion), while cash and temporary investments corresponded to 4,4% reaching COP\$232,3 billion (USD\$120 million). Codensa's total liabilities as of June 2013 were COP\$2,4 trillion (USD\$1,2 billion) while total shareholder's equity totaled COP\$2,9 trillion (USD\$1,5 billion).

Regarding the financial structure of the Company, total liabilities represented 45.7% of total assets and total shareholder's equity was 54.3% of total assets. Financial debt was equivalent to 19.6% of total assets.

During the first half of 2013, Codensa paid dividends corresponding to the last portion of the 2011 net income for a total of COP\$113.5 billion (USD\$60 million) and the first installment of the dividends of the 2012 net income for COP\$101 billion (USD\$ 53million).

Financial Debt

As of June 2013, Codensa's financial debt reached COP\$1 trillion (USD\$534 million) including accrued interest, presenting a decrease of 7.3% as compared to the balance in December 2012, mainly explained by the maturity of COP\$80 billion (USD\$44 million) of local bonds in February 2013 using cash on hand. Short-term financial debt totaled COP\$415 billion (USD\$226 million) in local bond maturities: COP\$161 billion (USD\$88 million) in December 2013 and COP\$250 billion (USD\$136 million) in March 2014. Long-term financial debt balance at the close of June 2013 reached COP\$615 billion (USD\$336 million).

As of June 2013, Codensa's total financial debt was denominated in pesos and was represented by local bonds. About 92% of financial debt had interest payments indexed to CPI and 8% indexed to DTF. The average life of Codensa's debt was 2.5 years.

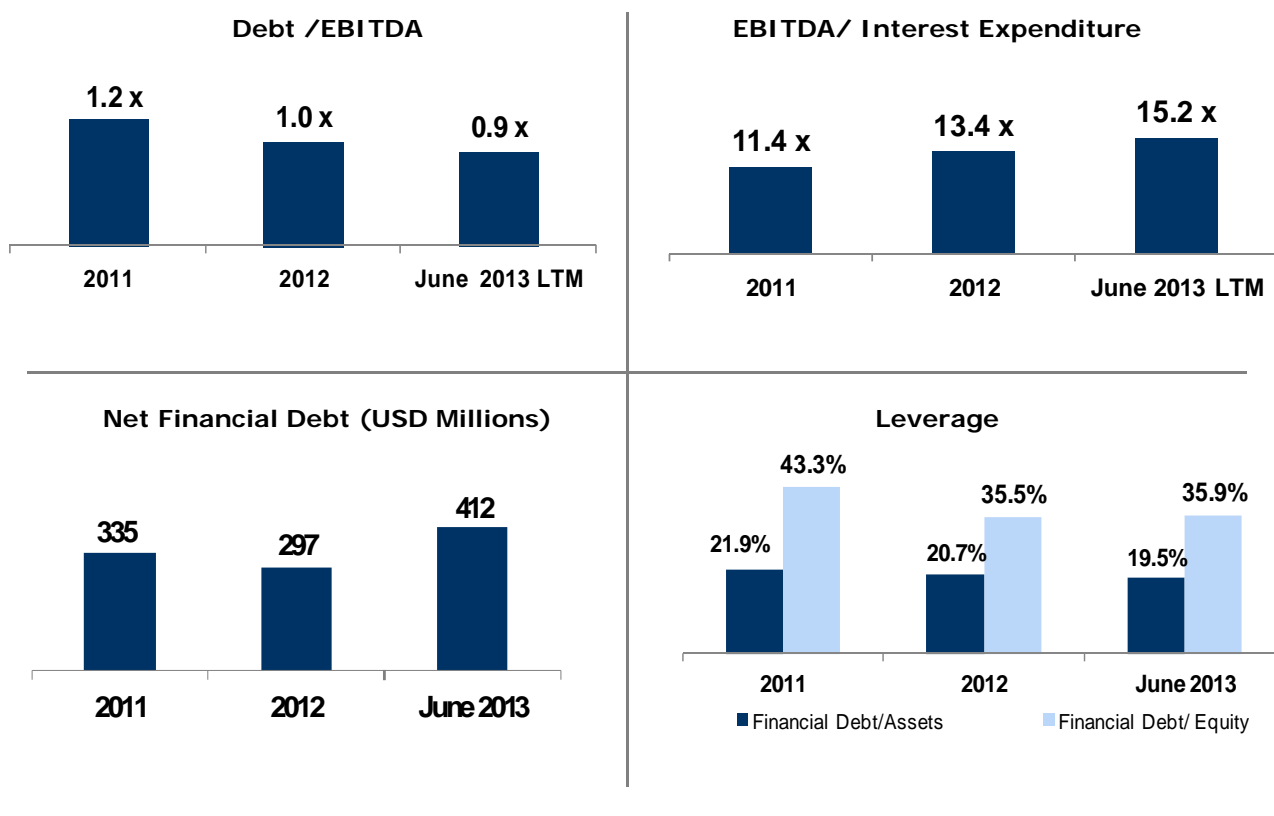
The following chart summarizes the conditions of Codensa's financial debt as of June 30, 2013:

Local Instrument	Coupon	Yield	Maturity	Amount (MM COP)	Average Life	Credit Rating
First Bond Issuance	A10 Series: CPI + 6.34%	CPI + 6.34%	March 11, 2014	\$ 250,000	0.95	AAA
Second Bond Issuance	A10 Series: CPI + 5.30%	CPI + 5.30%	March 14, 2017	\$ 147,000	3.95	AAA
	A10 Series: CPI + 5.30%	CPI + 5.60%	March 14, 2017	\$ 244,500	3.96	AAA
Third Bond Issuance	A5 Series: CPI + 5.99%	CPI + 5.99%	December 11, 2013	\$ 75,500	0.7	AAA
	B5 Series: DTF + 2.58%	DTF TA + 2.58%	December 11, 2013	\$ 85,500	0.7	AAA
	A10 Series: CPI + 5.55%	CPI + 5.55%	December 11, 2018	\$ 80,000	5.7	AAA
Fourth Bond Issuance (First Tranche under Program)	B6 Series: CPI + 3.92%	CPI + 3.92%	February 17, 2016	\$ 145,000	0.95	AAA
Total				\$ 1.027.500	2,5	

As of June 2013 Codensa's long-term local rating was AAA (stable outlook) by Fitch Ratings Colombia S.A.

Key Credit Metrics

The following graphs present Codensa's key credit metrics as of June 30, 2013:



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