



Operational and Financial Results Report- Codensa S.A. E.S.P. As of June 30, 2015¹

August 31st, 2015

Executive Summary

- ***In 2015 Codensa adopted the International Financial Reporting Standards (IFRS)², thus the financial results as of June 2015 include effects derived from changes in the accounting standards.***
- ***Codensa's EBITDA₃ increased by 6.7% in the first half of 2015 as compared to the same period of 2014, mainly due to the effect of higher operating revenues as a result of higher Producer Price Index (PPI) in Colombia over the year, the growth of energy demand in Codensa's area of influence and increasing revenues from other business lines, such as infrastructure renting. The increase in the operational results compensated the negative effect of the wealth tax on the EBITDA.***
- ***During the first half of 2015 Codensa concluded the first stage of the Public Lighting Modernization project with the installation of 10,426 LED bulbs in some of the main roads in Bogota.***
- ***The quality of service indicators, the SAIDI and SAIFI experienced favorable results as of June 2015, mainly due to new investments such as the Remote Control Project, the improvement and modernization of networks and a forestry control system in Codensa's area.***

Energy demand in Codensa's area totaled 7,324 GWh

Accumulated energy demand in Codensa's area between January and June 2015 was 7,324 GWh, equivalent to a 2.18% annual growth rate on the twelve month period ended in June 2015.

This growth is attributable to the positive dynamic in the demand from the regulated market, which continues to grow at rates above 3.0%, mainly due to higher demand from the industrial sector (10.47% growth

¹ Figures of the financial statements used in this presentation as of June 30th, 2015 were prepared in Colombian pesos under IFRS officially applied in the Colombia since January 2015. As a result of these transition during this year, the quarterly figures will be constantly subject to changes and adjustments, according to local regulation. The P&L statement as of June 30th, 2014 and the general balance sheet statement as of December 31st, 2014, used to calculate the variations with respect to the corresponding financial statements as of June 30th, 2015, were prepared under IFRS applicable to the Enel Group, which may vary in certain figures with respect to IFRS adopted in Colombia. The variations of the main figures of these two financial statements are presented only for informative purposes for the convenience of the readers of this presentation.

² In accordance with local regulation in Law 1314 of 2009 and the Decrees 2784 of 2012, 3023 of 2013 and 2615 of 2014 for the entities included in Group 1, Emgesa prepared the opening balance sheet under IFRS as of January 1st, 2014 and the comparative transition balance sheet under IFRS as of December 31st, 2014.

³ EBITDA is calculated by adding the depreciation and amortization charges to EBIT.



during the first half of 2014 as compared to the first half of 2014) from the food and beverages, plastics and glass industry located in Codensa's area.

National energy demand grew by an annual growth rate of 4.13% or a 3.78% growth between the first six months of 2015 and the same period of 2014, as a result of the recovery from the mining and oil sectors, which increased by 11.8% with respect to the same period of 2014. This result compensates the 1.6% fall in energy demand on the manufacturing sector during the first half of 2015.

National energy demand as of June 30th, 2015 was above the average scenario by 33 GWh with respect to the projections of the Local Mining and Energy Planning Unit (UPME for its Spanish acronym) presented in the first quarter of 2015.

During the first half of 2015 Codensa distributed 23.0% of the national energy demand and 21.6% of the national regulated demand. About 63.7% of the energy distributed by Codensa in this period was commercialized by Codensa to serve the regulated market while 30.7% was destined to other retailing companies and 7% was energy transferred to other network operators using Codensa's own networks.

In the first half of 2015 Codensa added 48,903 new clients reaching 2,82 million clients in Bogota and other 103 municipalities in the central region of the country. If we consider the clients from Cundinamarca's Electricity Company (EEC for its Spanish acronym) the client base reaches 3,1 million clients.

The average energy losses index in Codensa's area of distribution was 7.15% for the twelve months ending on June 30th, 2015, higher than the 7.05% index observed during the first half of 2014. This is mainly attributable to the changes in the regulated market billing cycles introduced by the company.

With regards to quality of service indicators, the SAIDI (average interruption time perceived by the client) and SAIFI (average amount of interruptions perceived by a client) experienced favorable results as of June 2015. SAIFI decreased by 6.3% as compared to the first six months of 2014 and SAIDI decreased by 11.0% during the same period of time. This improvement is the result of new investments to improve the quality of service, which include the Remote Control Project, the improvement



and modernization of Codensa's network and a forestry control system in Codensa's area.

The following table presents Codensa's main operational results as of June 2015:

	Jun-2015	Jun-2014	Variación (%)
National Demand (GWh) LTM	32.204	31.030	+3,78%
Demand in Codensa's Area (GWh)	7.324	7.226	+1,36%
% Codensa's Market Share	23,0%	23,4%	-0,44%
Number of clients	2.821.255	2.733.186	+3,22%
LT and MT Network (Km)	48.384	47.978	+0,85%
Losses Index	7,15%	7,05%	+0,10%

Codensa's EBITDA reached COP\$594,7 billion (USD\$239,3 million) during the first half of 2015

Operating revenues between January and June 2015 reached COP\$1.7 trillion (USD\$715 million), up by 6.3% over the same period of 2014. This result is mainly due to a higher Producer Price Index (PPI) in Colombia over the twelve months ending June 2015, at which the energy prices are referenced to; the growth of energy demand in Codensa's area and increasing revenues from other business lines, such as infrastructure renting.

The operating costs were COP\$988,1 billion (USD\$397,6 billion), up 3.6% over the same period of the previous year. This is mainly attributable to higher prices in contracts to purchase energy as a result of the increase in PPI.

Furthermore, payroll related expenses grew by 21.2% as compared to the first six months of 2014, reaching a total of COP\$193,4 billion (USD\$78 million), as a result of the recognition of the wealth tax of 2015, which is calculated at a rate of 1.15% on the equity hold as of January 1st, 2015.

As a result of the aforementioned factors, EBITDA for the first half of 2015 reached COP\$594,7 (USD\$239,3 million), showing a 6.7% increase as compared to the same period of 2014, and equivalent to a 33.5% margin over operating revenues.

Net financial charges totaled COP\$57,6 billion (USD\$23,2 million)



Net financial charges during the first half of 2015 were COP\$57,6 billion (USD\$23,2 million), up 24.3% as compared to the same period of 2014. Financial expenses increased by 19.3%, totaling COP\$68,8 billion (USD\$27,7 million) as a result of higher average inflation during the first half of 2015 compared to the same period of 2014, at which 100% of CODENSA's outstanding debt is indexed to and to a higher debt balance as compared to June 2014, following the COP\$185 billion (USD\$74,9 million) bond issuance carried out in September 2014.

Codensa's net income reached COP\$234,6 billion (USD\$94,4 million) during the first half of 2015

As a result of all the factors previously mentioned, Codensa reported a net income of COP\$234,6 billion (USD\$94,4 million) during the first six months of 2015, down 7.2% compared to the same period of the previous year. This result was mainly due to the effects of the 2015 wealth tax recognition on the EBITDA, the adverse effect of the CPI on the financial expenses, an increase in the income tax rates and the surcharge in income tax for equality (CREE, from its Spanish acronym). This result represented a net margin⁴ of 13.2% over the operating revenues as of June 2015.

Investments reached COP\$134,4 billion (USD\$52 million)

During the first half of 2015 Codensa invested COP\$134,4 billion (USD\$52 million), 46% of which were dedicated to improve the quality of service, 27% to improve and update Codensa's networks, to satisfy demand growth and the repowering of circuits, 9% to safety of operations, 6% to control nontechnical losses and 12% to IT, real state initiatives and legal requirements.

As of the end of June 2015, Codensa concluded the first stage of the Public Lighting Modernization project with the installation of 10,426 LED bulbs in 31 of the main roads in Bogota reaching a total investment of about COP\$70 billion (USD\$28 million). Codensa will expand this first stage increasing the amount of LED bulbs installed in other important roads in Bogota to complete the 33,000 target agreed with the City of Bogota.

During this year Codensa also concluded the expansion of the Bacata Substation, one of the mega projects under development to serve the

⁴ Net Margin = Net Income / Operating Revenues.



energy demand in the central region of the country. The project was developed during a 14 month period with an investment of COP\$82 billion (USD\$33 million). After the repowering, the substation will have a 500.000 volts conversion capacity with 6 main units and an additional unit for contingencies.

Balance Sheet Structure

As of June 30th, 2015 the company's assets totaled COP\$4,2 trillion (USD\$ 1,6 billion), of which property, plant and equipment represented 78.4% valued at COP\$3,3 trillion (USD\$1,3 billion), while cash and temporary investments corresponded to 4.8% reaching COP\$203,3 billion (USD\$79 million). Total assets decreased by 8.4% as compared to the balance of December 31st, 2014, mainly due to a lower cash balance after paying dividends of the 2013 net income and the 2014 income tax.

As of June 30th, 2015, Codensa's total liabilities were COP\$2,2 trillion (USD\$848 million), decreasing by 19.6% as compared to the end of 2014, as a result of the dividend and income tax payments, while the shareholders' equity reached COP\$2,0 trillion (USD\$786 million), increasing by 8.0% as compared to December 31st, 2014.

Regarding the financial structure of the Company, total liabilities represented 51,9% of total assets and the shareholders' equity was 48,1% of total assets. Total financial debt, including accrued interests, was equivalent to 28,1% of total assets.

During 2015 Codensa has paid its shareholders a total of COP\$378,0 billion (USD\$152 million) in dividends, corresponding to the last tranche (37.5%) of the payout on 2013 net income and the first tranche (50.4%) of the payout on the January-August 2014 net income.

Financial Debt

As of June 30th, 2015, Codensa's financial debt⁵ reached COP\$1,2 trillion (USD\$459 billion) including accrued interest, presenting an increase of 0.4% as compared to the balance of December 2014. This is as a result of the inclusion of leasing operations, mainly on vehicles, as financial debt, which at the end of June 2015 reached COP\$3,6 billion (USD\$1,4 billion). The leasing operations were not included in the comparative transition balance under IFRS as of December 2014.

⁵ Under IFRS, financial debt includes leasing operations.

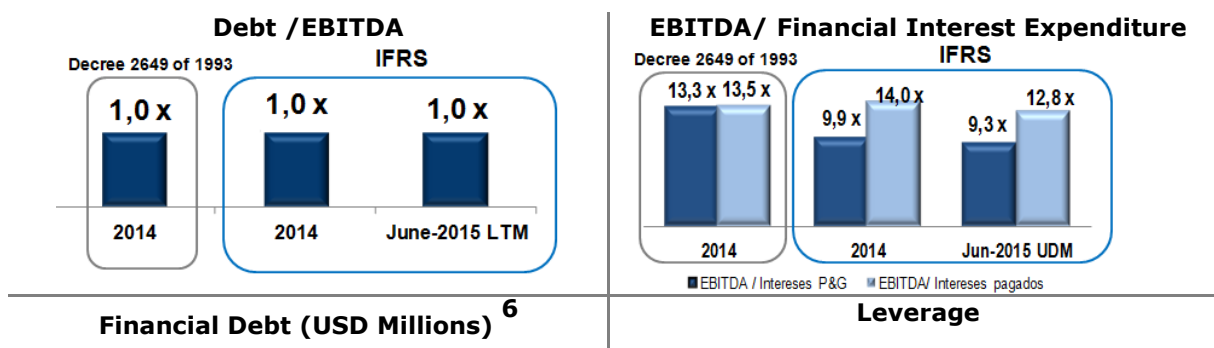
As if the end of the first half of 2015, Codensa's total financial debt was denominated in Colombian pesos and 100% was represented by local bonds indexed to CPI. The average life of Codensa's debt was 4.09 years at an average cost of 9.20%.

The following chart summarizes the conditions of Codensa's financial debt as of June 30th, 2015:

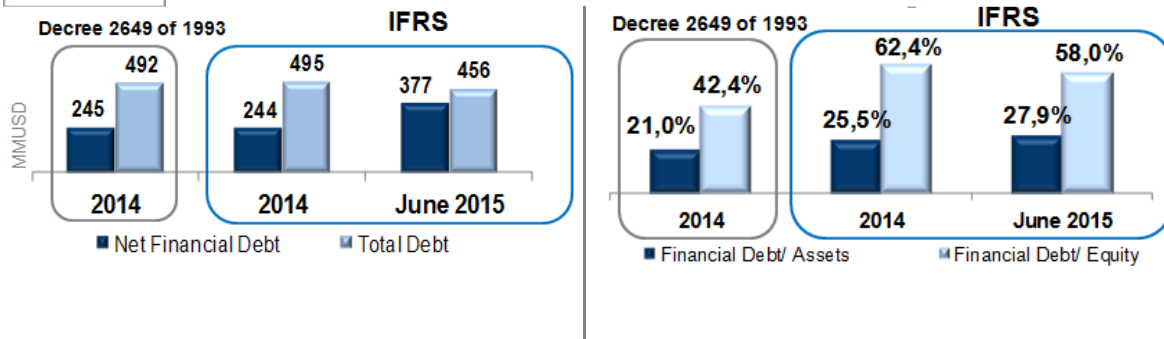
Local Instrument	Coupon	Yield	Maturity	Amount (MM COP)	Average Life	Credit Rating
Second Bond Issuance	A10 Series: CPI + 5.30%	CPI + 5.30%	March 14, 2017	\$ 147.000	1,71	AAA
	A10 Series: CPI + 5.30%	CPI + 5.60%	March 14, 2017	\$ 244.500	1,71	AAA
Third Bond Issuance	A10 Series: CPI + 5.55%	CPI + 5.55%	December 11, 2018	\$ 80.000	3,45	AAA
Fourth Bond Issuance (First Tranche under Program)	B6 Series: CPI + 3.92%	CPI + 3.92%	February 17, 2016	\$ 145.000	0,64	AAA
Fifth Bond Issuance (Second Tranche under Program)	B5 Series: CPI + 3.92%	CPI + 3.92%	November 15, 2018	\$ 181.660	3,38	AAA
	B12 Series: CPI + 4.80%	CPI + 4.80%	November 15, 2025	\$ 193.340	10,39	AAA
Sixth Bond Issuance (Third Tranche under Program)	B7 Series: CPI + 3.53%	CPI + 3.53%	September 25, 2021	\$ 185.000	6,24	AAA
Local Bonds Total				\$ 1.176.500	4,09	

Key Credit Metrics

The following graphs present Codensa's key credit metrics as of June 30th, 2015:



⁶ Net financial debt = Debt – Cash and Investments. Financial Debt = Total Debt (non including accrued interest)



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