

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

November 23, 2015

Executive Summary

- ***In 2015 Codensa adopted the International Financial Reporting Standards (IFRS)², thus the financial results as of September 2015 include effects derived from changes in the accounting standards.***
 - ***Codensa's EBITDA³ increased by 3.4% in the first nine months of 2015 as compared to the same period of 2014, mainly due to the effect of higher operating revenues as a result of a 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 operating results compensated the negative effect of the 2015 wealth tax on the EBITDA.***
 - ***During 2015 Fitch Ratings confirmed the AAA local credit rating for Codensa with a stable outlook. The rating takes into consideration the strong business model of Codensa, its solid cash flow generation and healthy credit metrics.***
 - ***The quality of service indicators, the SAIDI and SAIFI, experienced favorable results as of September 2015, mainly due to investments in projects such as the Remote Control, the improvement and modernization of networks and a forestry control system in Codensa's area.***
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Energy demand in Codensa's area totaled 11,243 GWh

Accumulated energy demand in Codensa's area between January and September 2015 was 11,243 GWh, equivalent to a 2.45% annual growth rate on the twelve month period ended in September 2015.

¹ Figures of the financial statements used in this presentation as of September 30, 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 September 30, 2014 and the general balance sheet statement as of December 31, 2014, used to calculate the variations with respect to the corresponding financial statements as of September 30, 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. 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 September 30, 2015 @ COP\$3,100.13) for the Balance Sheet accounts and an average COP/USD FX rate (COP\$2,643.14) for the P&L accounts.

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 1, 2014 and the comparative transition balance sheet under IFRS as of December 31, 2014.

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

This growth is attributable to the increase in demand from the regulated market, which continues to grow at rates above 3.0%. The demand from the industrial sector, specially from the plastics and glass industries and the food and beverages industries located in Codensa's area, stands out also as a main driver for these results with a 9.93% growth during the first nine months of 2015 as compared to the first nine months of 2014., Higher electricity demand in Codensa's area also results from an increase in electricity exchanges between adjacent regions such as Tolima and Huila as a result of the shutdown of self generation at CEMEX and the increase in demand in Tolima and Huila.

National energy demand grew by an annual growth rate of 3.81% or a 3.15% growth between the first nine months of 2015 and the same period of 2014. National energy demand as of September 30, 2015 was above the optimistic expected scenario published by the Local Mining and Energy Planning Unit (UPME for its Spanish acronym) in July 2015 by 76 GWh., This trend has remained constant during the third quarter of the year as a result of higher temperatures and draughts caused by El Niño phenomenon.

During the first nine months of 2015 Codensa distributed 22.9% of the national energy demand and 21.4% of the national regulated demand. About 62.2% of the energy distributed by Codensa in this period was commercialized by Codensa to serve the regulated market, while 30.1% was destined to other retailing companies and 7,7% was energy transferred to other network operators using Codensa's own networks.

Between December 2014 and September 2015 Codensa added 71,160 new clients reaching 2,84 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 7.25% for the twelve months ending on September 30, 2015, higher than the 7.06% index observed during the first nine months of 2014. This is mainly attributable to some adjustments made in the calculation methodology in October 2014, which increased the results temporarily.

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 September 2015. SAIFI decreased by 17% as compared to the first nine



months of 2014 and SAIDI decreased by 13.0% during the same period of time. These improvements are 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 14% reduction in failures of Codensa's networks.

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

	Sept-2015	Sept-2014	Change (%)
National Demand (GWh) LTM	49,265	47,761	+3.15%
Demand in Codensa's Area (GWh)	11,243	10,973	+2.46%
% Codensa's Market Share	22.9%	23.2%	-0.31%
Number of clients	2,843,512	2,751,360	+3.35%
LT and MT Network (Km)	48,440	48,030	+0.85%
Losses Index	7.25%	7.06%	+0.19%

Codensa's EBITDA reached COP\$913,9 billion (USD\$346 million) during the first nine months of 2015

Operating revenues between January and September 2015 reached COP\$2.7 trillion (USD\$1billion), up by 6.1% 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 September 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\$1.52 trillion (USD\$576,5 billion), up 6.6% 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 over the last twelve months.

Furthermore, payroll related expenses and other operating fixed costs grew by 13.0% as compared to the first nine months of 2014, reaching a total of COP\$278,0 billion (USD\$105 million), as a result of the recognition of the 2015 wealth tax, which is calculated at a rate of 1.15% on the equity hold as of January 1st, 2015, which is considered a fixed operating cost under IFRS and not as an equity account as it used to be registered under Colombian GAAP.



As a result of the aforementioned factors, EBITDA for the first nine months of 2015 reached COP\$913,9 (USD\$345,7 million), showing a 3.4% increase as compared to the same period of 2014, and equivalent to a 33.6% margin over operating revenues.

Net financial charges totaled COP\$86,8 billion (USD\$32,8 million)

Net financial charges during the first nine months of 2015 had an increase of COP\$16,4 billion (USD\$6 million), up by 23.4% as compared to the same period of 2014. Gross financial expenses increased by 20.4%, totaling COP\$103,8 billion (USD\$39,2 million) as a result of higher average inflation during the first nine months of 2015 compared to the same period of 2014, at which 100% of CODENSA's outstanding debt is indexed to.

Codensa's net income reached COP\$374,2 billion (USD\$141,6 million) during the first nine months of 2015

Codensa reported a net income of COP\$374,2 billion (USD\$141,6 million) between January and September of 2015, down 8.5% 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 13.8% over the operating revenues as of September 2015.

Investments reached COP\$260,2 billion (USD\$84 million)

During the first nine months of 2015 Codensa invested COP\$260,2 billion (USD\$84 million), 56% of which were dedicated to improve the quality of service, 21% to improve and update Codensa's networks, to satisfy demand growth and the repowering of circuits, 8% to safety of operations, 4% to control nontechnical losses and 11% to IT, real state initiatives and legal requirements.

During this year 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

⁴ Net Margin = Net Income / Operating Revenues.



the amount of LED bulbs installed in other important roads in Bogota to complete the 33,000 target agreed with the City of Bogota.

Balance Sheet Structure

As of September 30, 2015 the company's assets totaled COP\$4,4 trillion (USD\$ 1,4 billion), of which property, plant and equipment represented 76.2% valued at COP\$3,4 trillion (USD\$1,1 billion), while cash and temporary investments corresponded to 7.6% reaching COP\$339,7 billion (USD\$110 million). Total assets decreased by 3.8% as compared to the balance of December 31, 2014, mainly due to a lower cash balance after paying dividends in January and June and the 2014 income tax.

As of September 30, 2015, Codensa's total liabilities were COP\$2,2 trillion (USD\$729 million), decreasing by 17.3% as compared to the end of 2014, as a result of the dividend and income tax payments, while the shareholders' equity reached COP\$2,1 trillion (USD\$704 million), increasing by 15.8% as compared to December 31, 2014.

Regarding the financial structure of the Company, total liabilities represented 50,9% of total assets and the shareholders' equity was 49,1% of total assets. Total financial debt, including accrued interests, was equivalent to 26,7% of total assets.

During 2015 Codensa has paid its shareholders a total of COP\$378,0 billion (USD\$143 million) in dividends, corresponding to the last tranche (37.5%) of the payout on the 2013 net income and the first tranche (50.4%) of the payout on the January-August 2014 net income.

Financial Debt

As of September 30, 2015, Codensa's financial debt⁵ reached COP\$1,2 trillion (USD\$383 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 September 2015 reached COP\$3,2 billion (USD\$1,5 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 of the end of the first nine months 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 3.84 years at an average cost of 10.17%.

The following chart summarizes the conditions of Codensa's financial debt as of September 30, 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	1,45	AAA
	A10 Series: CPI + 5.30%	CPI + 5.60%	March 14, 2017	\$ 244.500	1,45	AAA
Third Bond Issuance	A10 Series: CPI + 5.55%	CPI + 5.55%	December 11, 2018	\$ 80.000	3,20	AAA
Fourth Bond Issuance (First Tranche under Program)	B6 Series: CPI + 3.92%	CPI + 3.92%	February 17, 2016	\$ 145.000	0,38	AAA
Fifth Bond Issuance (Second Tranche under Program)	B5 Series: CPI + 3.92%	CPI + 3.92%	November 15, 2018	\$ 181.660	3,13	AAA
	B12 Series: CPI + 4.80%	CPI + 4.80%	November 15, 2025	\$193.340	10,13	AAA
Sixth Bond Issuance (Third Tranche under Program)	B7 Series: CPI + 3.53%	CPI + 3.53%	September 25, 2021	\$185.000	5,99	AAA
Local Bonds Total				\$ 1.176.500	3,84	

During 2015 Fitch Ratings confirmed the AAA local credit rating for Codensa with a stable outlook. The rating reflects the solid competitive position of Codensa as the largest distribution and commercialization company in Colombia, serving 23% of national demand. Furthermore, the rating agency highlighted the low risk business profile, the strong credit metrics, the high cash position, the transfer of know-how from the parent companies and the strong corporate governance practices of the company.

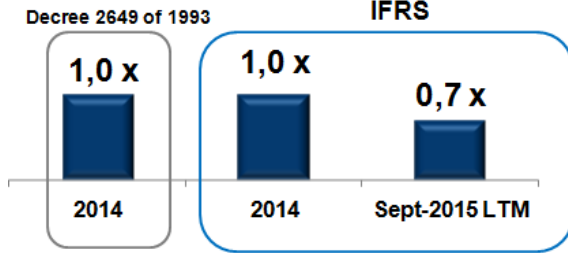
IR Reward by Colombian Stock Exchange

In August 2015 Codensa received the renovation of the IR Reward by the Colombian Stock Exchange, recognizing the highest standards of transparency, corporate governance and best practices of investor relations adopted by issuers of securities in Colombia.

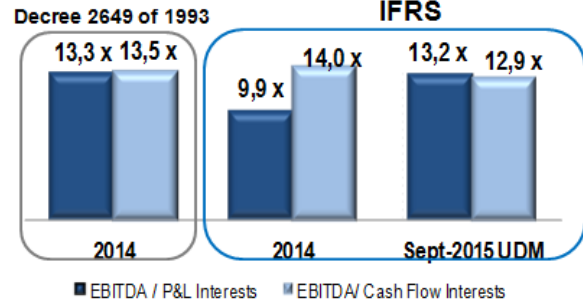
Key Credit Metrics

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

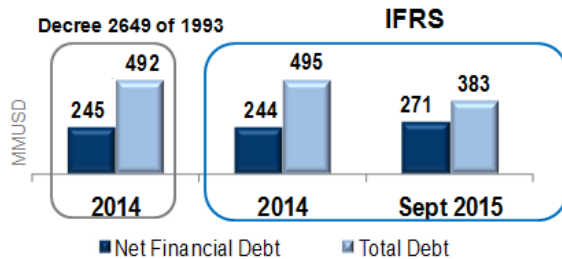
Debt / EBITDA



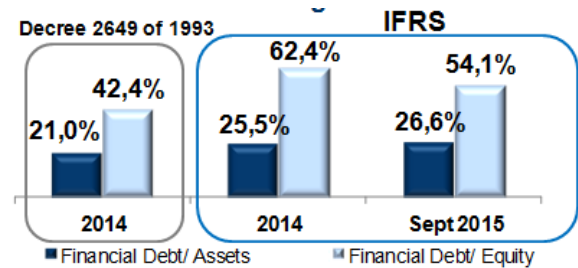
EBITDA/ Financial Interest Expenditure



Financial Debt (USD Millions) ⁶



Leverage



For additional information, please contact our Investor Relations Team (IR):

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