

## ENEL-CODENSA INCREASED INVESTMENTS BY 22% IN 1H 2020 AND IMPROVED OPERATING RESULTS

- *The modernisation of the network and the investments that have been made in recent months reflect the optimisation of quality indicators such as the frequency of interruptions per customer, which improved by more than 12% compared to the same period last year, and the duration of these interruptions, which was reduced by almost 4%.*

**Bogota, July 27<sup>th</sup> 2020**

### Financial Results 1H 2020

	1H 2020	1H 2019	VARIATION %
<i>Figures in Million COP</i>			
REVENUES	2,796,506	2,639,935	+5.9%
EBITDA	950,841	864,725	+10.0%
EBIT	682,970	654,557	+4.3%
NET INCOME	432,123	377,952	+14.3%
NET FINANCIAL DEBT <sup>(1)</sup>	2,244,261	1,829,140 <sup>(2)</sup>	+22.7%
INVESTMENTS	393,221	322,363	+22.0%

<sup>(1)</sup> Short-term financial debt + Long-term financial debt - Cash and other financial assets

<sup>(2)</sup> Figures as of 31 December 2019

**Lucio Rubio Díaz**, country manager of Enel in Colombia, claimed that *"as a Company, the COVID-19 pandemic and consequent lockdown have represented new challenges in our operation. In order to continue the energy supply, the company continues its investment plan aimed at improving the quality and continuity of supply, accelerate the digital transformation for our customers experience and providing financial aids in line with the current situation of customers while focusing on the sustainability of the business and its chain of value, the well-being and health of our employees and the communities in the areas where we operate. We will continue our investment and maintenance plan on the electrical infrastructure under rigorous biosecurity protocols, as well as projects and the development of new technologies that leverage Colombia's energy transition."*

Enel-Codensa has been executing its investment plan throughout 2020 to expand, improve, and modernize the electrical infrastructure in Bogotá and Cundinamarca. This intervention has represented improvements in the service quality indicators relating to the duration of interruptions (SAIDI) of 3.8% concerning the same period of the previous year and the frequency of outages (SAIFI) of 12.5%.

In addition, the Company made significant progress during the first half of the year in its work plan within the framework of the Improvement Agreement signed with the Superintendence of Public Home Services. The goal of 90% execution of investments and maintenance contained in that agreement shows compliance of 92% of the investment plan and 128% of the network maintenance program, achieving a reduction in the first half of 2020 of both the frequency of interruptions by 40% and the duration of power outages by 42% concerning the reference value for the first half of 2018, in the 20 municipalities included in the agreement.

This focus on investment has allowed essential projects to come into operation, such as the Compartir substation, located in the municipality of Soacha, benefiting more than 300,000 inhabitants, including

commercial and industrial clients. Also, the expansion of the Mosquera substation, through the commissioning of a new power transformer.

On the other hand, since the beginning of the COVID19 pandemic, Enel-Codensa implemented several measures in line with the provisions of the National Government and the Local Governments of Bogotá and Cundinamarca, to provide alternatives to contribute to the financial health of customers and maintain the sustainability of the operation. Plans were established for deferred payment of electricity consumption, discounts for timely payment, a 10% discount in Bogotá, and financing plans with a term of up to 48 months. Since the beginning of the isolation and until the end of July, the Company has generated relief for customers for more than 89 billion pesos.

Although these alternatives have affected the Company's cash flow generation, all the necessary actions have been taken to ensure the operation and the investments for the development of the network and the optimization of service quality which represents an improvement in Enel-Codensa's operating results.

The responsibility for personal and collective care led to the closure of the on-site service centers where more than 245,000 customers were served each month, accelerating the digital transformation process to attend to customer service procedures and processes through non-presential channels, giving way to new tools such as Elena, a chatbot trained through artificial intelligence and machine learning, to serve Enel-Codensa customers through WhatsApp Business seven days a week, 24 hours a day.

- **Revenues** increased in the first half of 2020 compared to the same period in 2019, leveraged by:
  - The approval of the new Enel-Codensa tariff through CREG Resolution 122 of 2020, which impacts the Distribution charge on the tariff, under which the regulatory asset base is adjusted, service quality will be remunerated and the Operations, Administration, and Maintenance of the service is recognized.
  - Higher tariff, due to higher energy spot prices during the year, as a result of the low hydrology. It is worthwhile to mention that the impact of these two factors were partially offset by the drop in demand, especially in the Industrial and Commercial sector.
  - The positive results of value-added products and services, especially in the Crédito Fácil Codensa card, with the start of the new operating scheme with Scotiabank Colpatría.
- **EBITDA** increased, reflecting the higher revenues described above, which were partially offset by a increase in costs and expenses attributable to:
  - Greater costs in energy purchases, explained by higher spot prices, given the Company's slight exposure in the spot market.
  - Increased payroll expenses compared to the first half of 2019, due to the rise in the CPI, the minimum wage and the signing of the collective agreement.
  - Greater operating and maintenance expenses due to the costs associated with the COVID-19 pandemic. This value includes the Company's donation to support health and food initiatives for the most vulnerable populations during the pandemic, as well as the protective equipment provided to employees to ensure their personal and collective integrity, in addition to promoting implementation of biosecurity protocols.
  - The special contribution of residential public services approved in article 314 of the National Development Plan, which represented 1% of the costs and expenses allocated to the Business Fund created by the National Government.
- **EBIT** increased in line with EBITDA results, offset by higher depreciations and amortizations as a result of the investment plan designed by the Company, and by greater losses due to portfolio impairment caused by the lack of payment capacity of some customers affected by COVID-19.

- **Net Income** had a YoY increase in the first half of 2020, highlighting aspects such as:
  - Slight decrease in financial spending, thanks to an assertive financing strategy with competitive rates, in addition to efficient management of financial costs.
  - Lower effective income tax rate, in line with the 1% income tax rate reduction approved by the National Government's Economic Growth Law, also positively affected by the results of the optimization strategy for the tax benefits submitted in the income tax return of May 2020, with the implementation of energy efficiency initiatives such as the modernization of public lighting and smart metering.
- **Net Financial Debt** increased as a result of the Company's investment plan, which required financing of COP \$597.5 billion, acquired in the first half of 2020.
- **Investments** increased by 22% YoY and focused on continuing to improve the service quality through telecontrol, corrective maintenance and technological improvements, as well as expanding the network to serve more customers in accordance with the service quality plan.

## Operating Results 1H 2020

	1H 2020	1H 2019	VARIATION %
DOMESTIC ENERGY DEMAND (GW/h)	34,512	35,186	-1.9%
ENEL-CODENSA ENERGY DEMAND <sup>(1)</sup> (GW/h)	7,054	7,485	-5.8%
ENEL-CODENSA MARKET SHARE	20.4%	21.3%	-0.8%
AVERAGE ENERGY LOSSES RATE	7.50%	7.70%	-0.2%
TOTAL ENEL-CODENSA CUSTOMERS	3,562,458	3,526,776 <sup>(2)</sup>	+1.0%
SAIDI <sup>(3)</sup>	753'	783'	-3.8 %
SAIFI <sup>(4)</sup>	10.97	12.53	-12.5 %

(1) Net demand excluding losses

(2) Figures as of 31 December 2019

(3) System Average Interruption Duration Index

(4) System Average Interruption Frequency Index

- The drop in **national energy demand** is explained by the mandatory lockdown measures implemented by the National Government due to the COVID-19 pandemic, which started in March and is still ongoing, affecting energy consumption mainly in the commercial and industrial sector. However, the slowdown and gradual opening of the economy has led to a gradual recovery of demand, which should be reflected during the second half of 2020.
- Energy demand in the Enel-Codensa area of influence (Bogota and Cundinamarca) decreased to a greater extent, as a consequence of the lockdown ordered by the National Government and reinforced by the Mayor, especially for the commercial, industrial and tolls segments.
- Enel-Codensa's **average energy losses rate** decreased significantly, as a result of operating efficiencies and compliance with the operating plan through increased inspections on energy recovery.

- The **total number of Enel-Codensa customers** increased by 1.0%, in line with the investments made, focusing on new connections.
- The increase in the investment plan is reflected in **better quality indicators in the first half of 2020**, with SAIDI improving around 3,8% YoY, totaling an average of 753 minutes of interruption per customer, and SAIFI decreasing the average number of interruptions per customer from 12.53 to 10.97 times.

## **Dividends:**

In 2020, Enel-Codensa has paid COP\$329,5 billion pesos in dividends to its shareholders, which correspond to the last installment of the dividends from the 2018 net income, and the first installment of the 2019 net income.

	1H 2020	1H 2019
<i>Figures in MillionCOP</i>		
Current assets	1,467,898	1,182,468
Non-current assets	6,253,517	5,574,379
Current liabilities	2,211,293	1,656,633
Non-current liabilities	2,516,312	2,384,881
Equity	2,993,810	2,715,333
Revenues	2,796,506	2,639,935
Costs	1,594,471	1,527,792
Contribution margin	1,202,035	1,112,143
Earnings before interests and taxes (EBIT)	682,972	654,557
Earnings before taxes (EBT)	589,859	556,640
Net income	432,123	377,952