

ENEL-CODENSA INCREASES INVESTMENTS BY 10% AND CONTINUES OPTIMIZING ITS KPIs

Bogota, November 3, 2020

Financial Results 9M 2020

	9M 2020	9M 2019	VARIATION %
<i>Millions of Pesos (COP)</i>			
REVENUE	4,202,183	3,981,156	+5.6%
EBITDA	1,407,509	1,311,319	+7.3%
EBIT	1,022,374	992,941	+3.0%
NET INCOME	626,243	572,604	+9.4%
NET FINANCIAL DEBT ⁽¹⁾	2,291,620	1,829,140 ⁽²⁾	+25.3%
INVESTMENTS	677,381	615,653	+10.0%

(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: *“This has been a year with major challenges for Enel-Codensa, that have nonetheless made us grow and improve. On the one hand, we have successfully implemented the investment and service quality improvement plans. We have reduced the average interruption duration by up to 27.6% and the average interruption frequency by up to 21.8%. On the other hand, the pandemic has forced us to reinvent the way we operate to take care of our people while ensuring the sustainability and safety of the operation and our customers. We have achieved solid results, which are evidenced in the 7.3% and 9% increase in EBITDA and net income respectively, which encourages us to remain committed to investing in modernization and technology, with a view to continue delivering a reliable and quality service”.*

The Company’s operating results evidenced a positive performance due to the following factors.

Increase in **Revenue** explained by:

- An increase in the regulated rate of the business caused by an increase in the Producer Price Index (PPI) to which the distribution remuneration component is indexed.
- The approval of the new remuneration charge for the distribution activity, which adjusts the regulatory asset base, recognizes incentives in service quality and incorporates the recognition of AOM (Administration, Operation and Maintenance) costs of energy loss management.
- Better margin results for E-Solutions, mainly in products such as Crédito Fácil Codensa, due to the application of the new operating model with Colpatría, and the implementation of the billing and collection of the cleaning service since August 2019.

The increase in operating income is offset by:

- Higher temporary variable costs, due to restrictions in the energy system, which will be recovered in later periods.

- 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.
- The 10% discount given to customers of socioeconomic strata 1 and 2 who paid their bills on time, derived from the financial relief policies promoted by the National Government amid the pandemic.
- Lower income due to lower rates applicable to the infrastructure lease business, according to the new regulation.

Furthermore, fixed costs, represented by personnel costs and operation and maintenance costs, increased due to:

- Salary adjustments due to the CPI and the minimum wage, as well as additional benefits based on the Collective Agreement.
 - Higher costs associated with the increase in the number of maintenance operations in Enel-Codensa's area of influence in Bogota and Cundinamarca, as a result of the implementation of the Service Quality Improvement Plan, At the same time, the appearance of additional costs on account of the pandemic, relative to donations, protective equipment, biosecurity protocols and customer service.
- As a result, **EBITDA** registered a YoY increase of 7.3%.
 - **EBIT** reflects the increase in depreciation expenses as a result of the growth in the depreciable fixed asset base on account of the implementation of the investment plan and a higher provision for the impairment of the business portfolio due to the effect of the pandemic. This trend has been reversed in recent months due to the relaxing of isolation schemes and the gradual reactivation of the economy.
 - **Net Income** increased by 9%, reflecting:
 - The revenue increase.
 - A lower effective tax rate, as a result of the 1% reduction in the income rate approved by the Economic Growth Law of the National Government and the fiscal optimization implemented by the Company that considers tax benefits through the implementation of energy efficiency.
 - The reduction in financial expenses as a result of an assertive financing strategy at competitive rates, through the closing of credit operations under promotion lines that support the development of the rural sector, added to the successful placement of bonds in the local market, which demonstrates the Company's resilience and financial strength, as well as the investors' confidence, even in the midst of an unprecedented situation due to the pandemic.
 - **Net Financial Debt** increased compared to the figure registered at 2019 year end, as a result of the ambitious investment plan that the Company executes, which involved new financing needs so far in 2020.
 - **Investments** increased YoY and were aimed mainly at projects to improve service quality, remote control, replacement of equipment and infrastructure, network undergrounding and increasing distribution capacity.

It is worthwhile to mention that, for the fourth consecutive year, Enel-Codensa reached historical levels in the execution of investments. This goal is in line with the strategic plan that seeks to improve service quality through asset modernization and automation, and, in turn, leads to favorable economic returns in accordance with the new methodology for the remuneration of the distribution activity.

Operating Results 9M 2020

	9M 2020	9M 2019	VARIATION %
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DOMESTIC ENERGY DEMAND (GW/h)	52,311	53,636	-2.5%
ENEL-CODENSA ENERGY DEMAND ⁽¹⁾ (GW/h)	10,730	11,350	-5.5%
ENEL-CODENSA MARKET SHARE	20.5%	21.2%	-0.6%
AVERAGE ENERGY LOSS INDEX	7.54%	7.74%	-0.2%
TOTAL ENEL-CODENSA CUSTOMERS	3,584,631	3,526,776 ⁽²⁾	+1.6%
SAIDI ⁽³⁾ (minutes)	414.6	572.5	-27.6%
SAIFI ⁽⁴⁾ (frequency)	6.61x	8.45x	-21.8%

(1) Net demand not including losses

(2) As of December 31, 2019

(3) System Average Interruption Duration Index

(4) System Average Interruption Frequency Index

- Both the **domestic energy demand** and Enel-Codensa's energy demand showed a YoY contraction during the first nine months of 2020. The negative variation was mainly due to the containment measures adopted by the National Government to mitigate the effects of COVID-19. Additionally, national demand was affected by the consumption contraction in the deregulated market, associated with the decrease in productive economic activity. In Enel-Codensa's area of influence, both regulated demand and energy fees for other retailers are reduced.
- Enel-Codensa's **average energy loss index** decreased YoY, thanks to the operational and recovery strategy that is part of the effectiveness and continuity of the inspection plan guided by "data analytics" methodologies.
- There have been improvements in the **Quality indicators** thanks to the implementation of the 2020 Service Quality Improvement Plan, which involves investment activities, maintenance and other measures such as forestry intervention, ongoing improvement of operational management, installation of remote-controlled equipment and change of structures. With these investments, SAIDI has been reduced by 27.6% and SAIFI by 21.8%, which in the end translates into better quality of service for customers in Bogota and Cundinamarca.
- The **total number of Enel-Codensa's customers** increased due to new connections, in line with the Company's organic growth, especially in the residential segment.

Dividends:

So far in 2020, Enel-Codensa paid COP \$329.849 billion in dividends to its shareholders.

	9M 2020	9M 2019
<i>Millions of Pesos (COP)</i>		
Current assets	1,915,048	1,288,924
Non-current assets	6,474,822	5,787,001
Current liabilities	2,360,670	1,888,395
Non-current liabilities	2,832,763	2,277,545
Equity	3,196,437	2,909,985
Revenue	4,202,183	3,981,156

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Costs	2,404,507	2,322,282
Contribution margin	1,797,676	1,658,874
Earnings before interests and taxes (EBIT)	1,022,374	992,941
Earnings before taxes (EBT)	878,234	844,917
Net income	626,243	572,604

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