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**Codensa S.A. E.S.P Results Report.**  
**March, 2021<sup>1</sup>**



<sup>1</sup> The figures of Codensa's Financial Statements as of March 2021 used in this report were prepared in Colombian pesos under the International Financial Reporting Standards (IFRS) officially applied in Colombia.

# Executive Summary

The beginning of the year for Enel-Codensa was particularly outstanding, thanks to the robust investment plan that has allowed a significant improvement in the service quality indicators, added to the solid economic results, generating value to its shareholders and customers.

Among the most noteworthy events is the fulfillment of the Integrated Quality Plan, which has involved electrical and forestry maintenance activities and investments in the construction of new substations and network automation, in addition to a positive impact on the improvement in travel times, reaching record levels in the decrease in the frequency of service interruptions per customer (SAIFI) of 31% and in the duration of such interruptions by 42% (SAIDI) with respect to the first quarter of the previous year.

## Regulatory Update

The year started off quite heated in terms of the resolutions issued by the Ministry of Mines and Energy and the CREG regarding the new auction expected to be held during 2021, and the new methodology for calculating the WACC that will begin to take effect once resolution 015 of 2019 expires. Below, we delve a little deeper into these main regulatory milestones:

**-Resolution 004 of 2021:** On 21 January 2021, the CREG issued a resolution that defines the procedure for the calculation of the discount rate applicable in the tariff methodologies issued by the Energy and Gas regulatory commission. For this purpose, since 2019, Estudios Energéticos Consultores was hired to review the aspects related to the discount rate that the CREG uses in the regulation of the activities under its charge. The consultants reviewed certain variables and calculation parameters, such as the risk-free rate, the market risk premium, SWAPS and CDS rates and the interest rate parity assumption, among other aspects, reaching the conclusion of the need to identify a methodological alternative or estimates of rates of return on assets, which better reflect the efficient remuneration of investments of regulated companies. The values of the discount rates for each activity will be defined by the CREG in separate resolutions and will become effective once the currently approved one, which corresponds to Resolution CREG 015 of 2020, expires.

**-Resolution 003 of 2021:** As of January 14, 2021, the providers of the domiciliary public service of electric power and gas will calculate the subsidies applicable to the consumption of residential users of strata 1 and 2, based on the formulas, variables and provisions established in this resolution. It is effective from January 14 to December 31, 2021.

The Mining and Energy Planning Unit (UPME) published the National Energy Plan 2020-2050: "The energy transformation that enables sustainable development", an indicative document of energy prospective whose purpose is to define a long-term vision for the Colombian energy sector and identify the possible ways to achieve it and the trade-offs between them. It presents long-term energy scenarios, through which technological and economic aspects associated with the energy transformation can be analyzed, serving as a support point for strategic decisions in the sector.

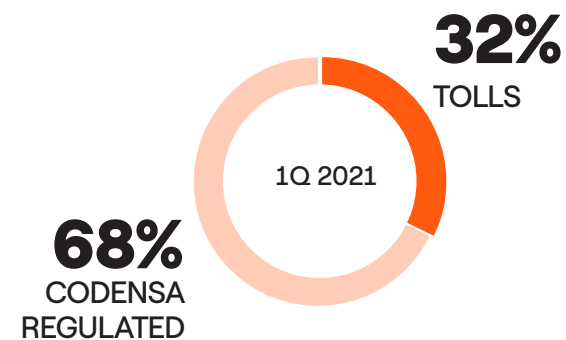
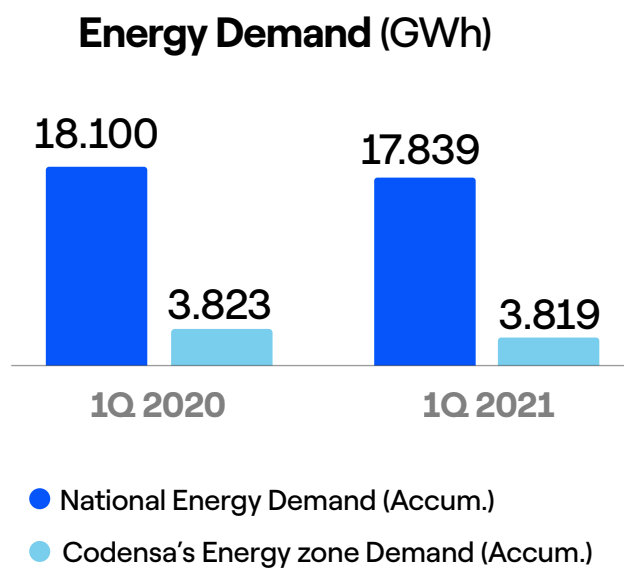
**-Ministry of Mines and Energy Resolution 40060:** In March 2021, the Ministry of Mines and Energy published Resolution 40060, which regulates Article 296 of Law 1955 of 2019 and refers to mandatory contracting with Non-Conventional Renewable Energy Sources (FNCER). The rule applies to all marketers that serve the regulated and non-regulated market, which are obliged to ensure that 10% of annual energy purchases intended to serve end users come from Non-Conventional Renewable Energy Sources (FNCER). The obligation will be enforceable as of 2023.



## Electricity Market in Colombia

During the first quarter of the year the Colombian energy market presented a slow economic recovery, generating a decrease in national demand of 1.4% with respect to the first quarter of the previous year due to the preventive measures launched by the National Government as initiatives to mitigate the "second and third wave" of COVID-19 that occurred in several regions of the country, which together with the restart of the year and the end of the holidays stopped the recovery of demand. However, the industrial and commercial activity, particularly since February, as well as the reduction in the confinement measures that took place as of this month, allowed reaching a certain level of normality in the energy demand of these sectors in particular.

Codensa's demand scenario is similar to that of the national demand, falling by 0.67%, with a rebound in March, thanks to the gradual openings presented and the rebound effect of the contraction observed in the same month of the previous year. In turn, the residential segment maintains growth rates of 5% thanks to teleworking and home study, and the demand for tolls is driven by the industrial segment, which shows a favorable behavior at similar levels prior to the beginning of the pandemic.



On the other hand, throughout 2021, Codensa distributed 20.9% of the national energy demand and 20.7% of the country's regulated demand, positioning itself as the leading distribution company in Colombia. During this period, 67% of the energy distributed by Codensa corresponded to the regulated market, 32% to other marketers with end customers within Codensa's network (presenting growth of 0.58%), and 2% to energy transferred to other network operators through Codensa's networks.

**Energy demand in the Codensa area was 3,723 GWh.**

## Operating Results for the first quarter of 2021

At the end of the first quarter of the year, there was a historical record decrease in the frequency of service interruptions per customer (SAIFI) of 31% and in the duration of such interruptions (SAIDI) of 42% with respect to the first quarter of the previous year, as a result of the robust investment plan that the Company has been implementing focused on the modernization, automation and commissioning of new electrical infrastructure that leverages the growth of the city.

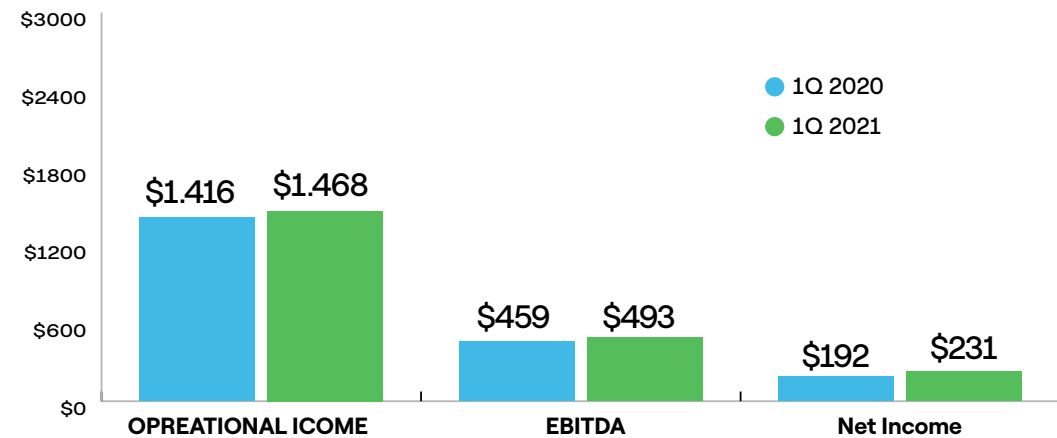
INDICATORS	1Q2020	1Q2021	Var
No of Customers	3.547.926	3.635.882	2,48%
Total Demand	3.823	3.819	-0,10%
Codensa Regulated	2.547	2.515	-1,26%
Tolls	1.201	1.208	0,58%
OR and aux Tolls	75	96	28,00%
Losses	7,49%	7,73%	0,24%
SAIDI	827	478	-42,20%
SAIFI	11,67	8,01	-31,36%

Additionally, Codensa added 87,956 new customers to the network, which represents an increase of 2.48% compared to March 2020, thanks to the company's organic growth through new connections.

Finally, the average total energy loss indicator for the distribution area served by Codensa stood at 7.73% for the last twelve months as of March 31, 2021, which is 0.24% higher compared to 7.49% for the same period in 2020. This increase is associated with a lower denominator compared to March 2020 as a result of the low energy demand resulting from the insulation measures by COVID-19. However, in terms of energy losses in GWh, there is a reduction of 13.8 GWh compared to the first quarter of 2020. Among the most important aspects of this first quarter are: i) Energy recovery plan shows an accumulated value of 25.2 GWh. ii) Analysis of areas with energy losses to validate cases with possible increase of energy fraud. iii) According to the cases of energy recovery with fraud findings, there is evidence of an increase in the aggressiveness of the market during the year to date.

# Financial Results 2021

## Financial Indicators



\*Figures in trillion COP.

**Codensa's EBITDA during the first quarter of the year was \$492,536 million pesos.**

Enel Codensa's operating revenues in the first quarter of 2021 totaled 1.4 trillion pesos, an increase of 3.7%. The above result is the result of the following effects:

- An increase in the Distribution charge, due to the recognition of the higher regulatory base of assets approved with the new CREG 122 resolution of 2020 and in turn due to the application of quality incentives that did not impact the 1Q of the previous year.

- The better margin recorded due to the effect of the Producer Price Index (PPI) to which the Distribution remuneration component is indexed.
- Higher revenues from the marketing charge, due to the increase in the CPI.
- Better performance of value-added products due to the entry into operation of the three electric bus depots between December 2020 and February 2021, additionally, higher revenues in the insurance segment and in the billing of the sanitation service due to the entry of two new operators in Facatativá and Soacha.

This increase in operating income was partially offset by:

- A lower regulatory premium due to the effect of a higher volume of losses and adjustments in the billing of unregistered consumption.

- The increase due to other variable supply and service expenses, in particular, related to higher costs of the Industry and Commerce Tax (ICA, for its acronym in Spanish).
- A lower margin in the Codensa Easy Credit Card business, due to the effects on the portfolio generated by the pandemic.

On the other hand, fixed costs, represented by personnel costs and operation and maintenance costs, showed a reduction of 7%, reaching a total of 115,855 million COP, mainly due to a decrease in maintenance operations in Bogota, which were intensively carried out last year to comply with the Service Quality Improvement Plan, signed with the Superintendence of Household Public Utilities.

**As a consequence of the aforementioned, EBITDA increased 7.4% compared to the same period of 2020, showing resilience and robustness in its cash generation together with its optimization in costs and expenses, positively impacting the operating margin.**

- It should be noted that depreciation and amortization had a decrease of 2.99% compared to March 2020 due to the change in the useful lives of computer systems in accordance with their actual expectation after a technical evaluation. Impairment losses presented a decrease in the provision for trade debtors as a result of portfolio management.

Thus, Codensa obtained an operating profit as of March 31, 2021 of 373,945 million COP, which represents an increase of 11.6% compared to the same period of 2020.

**Net financial expense was 48,407 million COP**

The Company's net financial expense decreased by \$9,931 million pesos compared to March 2020, a 17% decrease compared to the \$58,338 million pesos recorded a year earlier, as a result of a reduction in the variation in the exchange difference of \$11,936 million pesos, as a result of the devaluation of the peso, which was partially offset by an increase in the financial expense of the debt, due to a higher average balance than that recorded a year earlier.

As a result, Codensa reported a pre-tax profit (EBT) of Ps. 320,893 million in the first three months of 2021, 17.2% higher than a year earlier.

During the first three months of 2021, debt amortization payments of \$963 million were made and \$45,536 million in financing was taken, corresponding to four disbursements received through the Financiera de Desarrollo Nacional (Findeter) with Banco Itau as Intermediary Bank during the months of January and February, as part of the rediscount line with compensated rate enabled by the National Government for companies that provide public electric energy services that implemented the measures to defer payment of the billing cost to residential users.

## Financial Results 2021

**Codensa's net income amounted to 230,639 million COP.**

- Net Income increased 20.2% compared to the same period of the previous year, reflecting the increase in EBIT and a lower effective income tax rate, in line with the reduction of the nominal income rate of 1% approved by the National Government's Economic Growth Law and the recognition of the tax discount for the payment of the Industry and Commerce Tax.

### Investments continue to reflect market-leading Quality of Service indicators

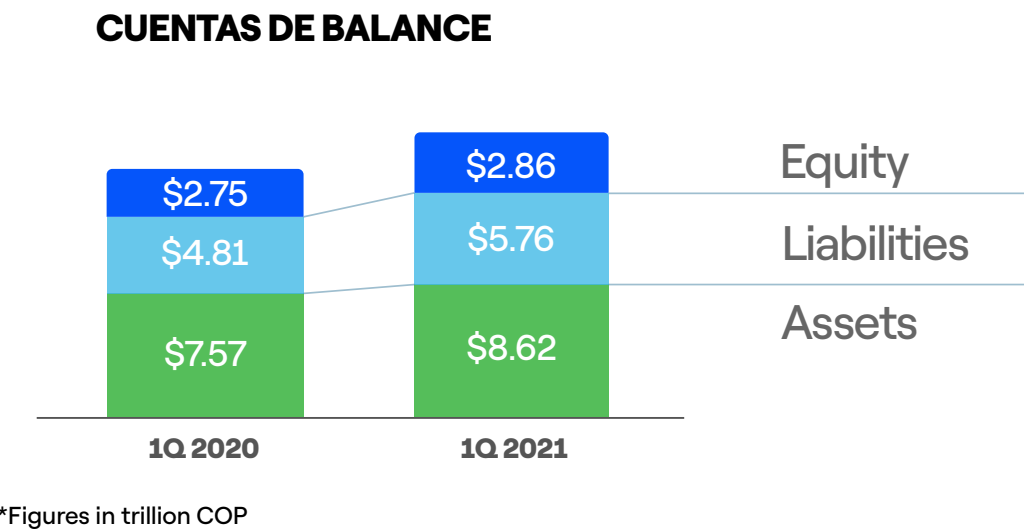
Investments have had a sustained growth during the last years, for the first quarter of the year, the figures reached an amount of 228,694 million, increasing 45% compared to the previous year, focused on the quality plan, the replacement of assets, especially in rural areas, public lighting in Bogota and greater investments in the Bogota Metro project that includes activities such as the undergrounding of networks in the areas where this project will be developed.

It should be noted that the Company continues its path with the fulfillment of the "Bogota-Region 2030" project, which is the expansion plan of high voltage projects through which the Company seeks to strengthen its electrical infrastructure in Bogota and Cundinamarca, through the construction of more than 30 substations in the next 10 years, which will be strategically located, according to the development plans, and as part of the population, economic and industrial growth.

During the first quarter of the year, the first 100% digital substation came into operation, the Portugal Substation, which will be responsible for providing energy for the operation of the Salitre Wastewater Treatment Plant, a key work in the decontamination of the Bogotá River, and will also meet the growing demand of western Bogotá, along the Calle 80 Avenue (Medellín Highway), which is a major axis in the development of the city and surrounding municipalities.

Also noteworthy is the construction of 4 electric bus recharging yards that were delivered in their entirety during the first quarter of 2021, these yards are located as follows: two in Fontibón, one in Suba and one in Usme, and will have the capacity to provide energy to 477 electric buses with 223 charging stations.

## Balance Sheet Structure



As of March 31, 2021, the Company's total assets amounted to \$8.6 trillion, of which net property, plant and equipment represented 73% amounting to \$6.3 trillion pesos, trade accounts receivable represented 11% totaling \$942,937 million pesos and cash and cash equivalents represented 5.2% with \$447,341 million pesos. Compared to December 31, 2020, total assets presented an increase of 2%, mainly explained by an increase in property, plant and equipment corresponding to the investments made in the adaptation, modernization and expansion of the network; an increase in commercial current accounts; general effect partially offset by the decrease in cash and cash equivalents after the payment of dividends, investments and taxes.

Total liabilities as of March 31, 2021 totaled \$5.8 trillion, with an increase of 14% compared to the 2020 balance, mainly represented by an increase in current accounts payable to related entities due to the recording of dividends declared for the 2020 fiscal year.

On the other hand, the Company's equity as of March 31, 2021 amounted to \$2.9 trillion, presenting a decrease of 15.8% compared to the balance of December 2021. This variation is explained mainly due to the declaration of dividends charged to 90% of the 2020 profits.

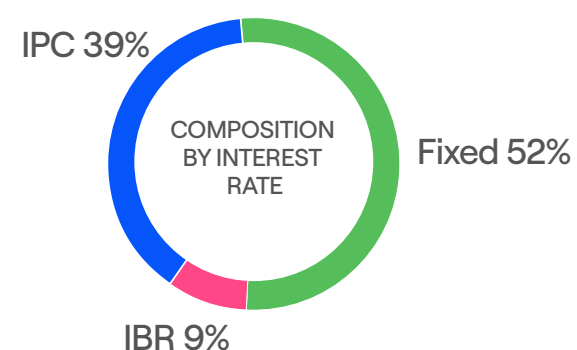
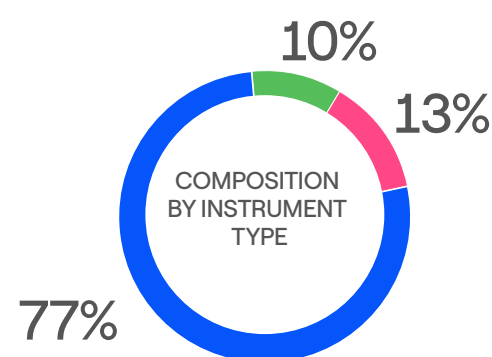
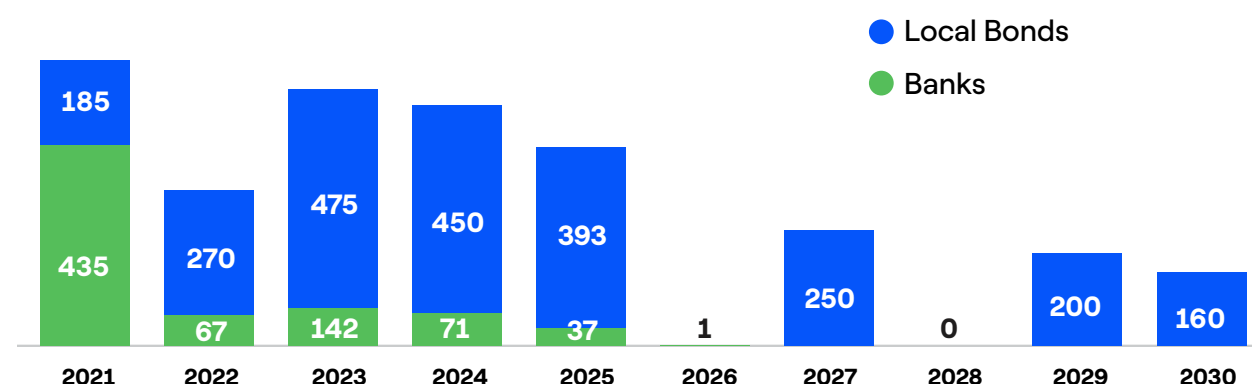
### Dividends

On March 24, 2021, the General Shareholders' Meeting in its ordinary session approved the distribution of profits for the period January to December 2020 for a total amount to be distributed of 765,932 million pesos, which will be paid in the months of May and December 2021 and depending on the company's cash availability.

In 2021 Codensa has paid a total of 135,652 million pesos in dividends to its shareholders, corresponding to the last installment of the dividends declared against 2019 net income.

# Financial Debt

## Maturity Profile



● Local Bonds ● International Bank ● Local Bank

100%  
COP CURRENCY

3,19 X  
AVERAGE LIFE

1,3 x  
Net Debt /EBITDA

5,40%  
Average Cost

At the end of March 2021, the net financial debt, including interest payable, increased to \$2.75 trillion pesos, which represents an increase of 3.7% compared to the end of December 2020, as a result of the contracting of four disbursements through the Financiera de Desarrollo Territorial (Findeter); an institution through which the National Government disbursed resources at competitive rates to provide relief to companies for the economic situation caused by the COVID-19 pandemic. The disbursements totaled \$45,536 million between January and February 2021, thus increasing the company's average debt balance; however, the rates were very competitive, varying between IBR+0% and IBR-0.15%.

At the end of March 2021, the Company maintained its policy of minimizing the exposure of the income statement to exchange rate variations, so 100% of its debt was concentrated in pesos, 77% in bonds in the local market and 23% with banks. Additionally, 38.5% of debt interest was indexed to the CPI, 9.15% to IBR and 52.35% was at a fixed rate. On the other hand, as of March 2021, 72% of the financial debt was long-term (maturity of more than one year) and 28% was short-term.

The following table presents a detail of Codensa's financial debt conditions as of March 31, 2021:

INSTRUMENT	COUPON/INTEREST	MATURITY	NOMINAL (MM COP)	AVERAGE LIFE (AÑOS)	RATING
<b>LOCAL BONDS</b>					
Fifth Bond Issue (Second Tranche Program)	Serie B12: IPC+ 4,8%	November 15, 2025	108.600	4,63	AAA (Local)
Fifth Bond Issue (Second Tranche Program)	Serie B12: IPC+ 4,8%	November 15, 2026	84.740	4,63	AAA (Local)
Sixth Bond Issue (Third Tranche Program)	Serie B7: IPC+3,53%	September 25, 2021	185.000	0,49	AAA (Local)
Eighth Bond Issue (Fifth Tranche Program)	Serie E-5: 7,39% E.A	March 09, 2022	270.000	0,94	AAA (Local)
Ninth Bond Issue (Sixth Tranche Program)	Serie E-7: 6,46% E.A	June 08, 2024	200.000	3,19	AAA (Local)
Tenth Bond Issue (Seventh Tranche Program)	Serie E-7: 6,74% E.A	April 11, 2025	200.000	4,03	AAA (Local)
Tenth Bond Issue (Seventh Tranche Program)	Serie B12: IPC+3,59%	April 11, 2030	160.000	9,04	AAA (Local)
Eleventh Bond Issue (Eighth Tranche Program)	Serie B5: IPC+2,82%	October 23, 2023	195.000	2,56	AAA (Local)
Twelfth Bond Issue (Ninth Tranche Program)	Serie E-4: 6,3% E.A	March 07, 2023	280.000	1,93	AAA (Local)
Twelfth Bond Issue (Ninth Tranche Program)	Serie B10: IPC+3,56%	March 07, 2029	200.000	7,94	AAA (Local)
Thirteenth Bond Issue (Tenth Tranche Program)	Serie E-4: 4,7% E.A	August 25, 2024	250.000	3,41	AAA (Local)
Thirteenth Bond Issue (Tenth Tranche Program)	Serie B7: IPC+2,45%	August 25, 2027	250.000	6,41	AAA (Local)
<b>TOTAL BONDS</b>			<b>2.383.340</b>		
Banco de Bogotá	IBR + 1,25% MV	April 05, 2026	17.043	2,56	AAA (Local)
Banco BBVA S.A	IBR 6M + 0,90 NASV	June 13, 2022	25.000	0,35	AAA (Local)
Banco BBVA S.A	IBR 6M + 1,05 NASV	January 14, 2025	193.750	2,50	AAA (Local)
Bank of Tokio	5,80%	April 07, 2021	397.500	0,019	AAA (Local)
Findeter	0,00%	August 28, 2023	4.491	1,09	AAA (Local)
Findeter	0,00%	October 16, 2023	6.325	1,22	AAA (Local)
Findeter	0,00%	November 30, 2023	2.885	1,33	AAA (Local)
Findeter (Itaú)	IBR + 0,0% MV	January 06, 2024	12.543	1,43	AAA (Local)
Findeter (Itaú)	IBR - 0,15% MV	January 06, 2024	23.984	0,93	AAA (Local)
Findeter (Itaú)	IBR + 0,0% MV	February 08, 2024	2.872	1,52	AAA (Local)
Findeter (Itaú)	IBR - 0,15% MV	February 08, 2024	6.137	1,02	AAA (Local)
<b>TOTAL LOANS</b>			<b>692.530</b>		
<b>Total</b>			<b>3.075.870</b>		

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If you require additional information,  
please contact our Investor Relations  
(IR) team:

**Codensa Investor Relations Office**

e-mail: [IR.Colombia@enel.com](mailto:IR.Colombia@enel.com)

Web Link: [www.enel.com.co/es/inversionista](http://www.enel.com.co/es/inversionista)

Accionistas e Inversionistas

**Leonardo Lopez Vergara**

e-mail: [leonardo.lopez@enel.com](mailto:leonardo.lopez@enel.com)

**Alejandra Méndez Cháves**

e-mail: [alejandra.mendez@enel.com](mailto:alejandra.mendez@enel.com)

**Cristina Garavito Parra**

e-mail: [ana.garavito@enel.com](mailto:ana.garavito@enel.com)

**Natalia Bautista**

e-mail: [natalia.bautista@enel.com](mailto:natalia.bautista@enel.com)

**Catalina Jimenez**

e-mail: [Sandra.jimenez@enel.com](mailto:Sandra.jimenez@enel.com)

**Ibeth Natalia Gonzalez**

e-mail: [lbeth.gonzalez@enel.com](mailto:lbeth.gonzalez@enel.com)