



Enel Colombia Financial and Operating Results – Conference Call 2023

Slide 2:

Informative Video:

We open the doors to new possibilities to mobilize change and contribute to the progress and well-being of people everywhere we go, because we transform the power of the elements. We weave networks, we connect worlds, we fuel movement, and our energy is and will be an engine of renewal. We will not stop because we know the value of small actions or ideas that break boundaries. In this way, we choose to believe, dream, build, and move forward to open the door to a more sustainable future for all. Enel.

Diego Rubio:

Good morning, everyone. Welcome to our Enel Colombia 2023 results presentation, I'm Diego Rubio, head of Corporate Finance for Enel Colombia and Central America. In the next slides our country manager, Luciano Tommasi, will present the main figures for this period. Let me remind you that this presentation will follow the slides that have already been uploaded to the company's website. After the presentation, we will have the usual question and answer session, which can be asked in English and will be answered by any of our team members present at this meeting. Let me now hand over to Luciano, who will start by outlining the main highlights of the period on slide number two. Luciano, please go ahead.

Luciano Tommasi:

Slide 4:

Thank you, Diego. Very good morning to the entire financial community. I would like to start this presentation by highlighting the main highlights of the 2023 results for Colombia and Central America. We positioned ourselves this year as the first energy distributor and the second in terms of installed capacity in the country. Enel Colombia and Central America generated EBITDA of 6.6 billion pesos and a net profit of 1.95 billion pesos. This confirms the group's financial strength. It also has a rating above Colombia's sovereign rating. We have distributed dividends of 2.8 billion pesos and have invested Capex of 2.8 billion pesos. Mainly 57% in renewable projects and 43% in distribution projects.

In 2023 we managed to sell the Cartagena thermal power plant, this is part of our decarbonization strategy that we have, not only in Colombia but also in all the countries where we operate as Enel. Let's go to the other slide, please.

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Now, in terms of installed capacity, 2023 was characterized by a decrease in capacity because, as we have already said, we have managed to sell the Cartagena thermal power plant. So, in 2023 Enel Colombia had an installed capacity of 3.4 gigas,



and Central America had an installed capacity of 705 gigas. This is mainly because, in 2023, solar projects came on stream in Panama, where generation was 16 teras. Increasing 17% versus 2022. This is because in the first four months, we had very favorable hydrology and then when the El Niño phenomenon started, we had to turn on the thermal plants, specifically Termozipa. We had a thermal generation of 709 gigawatts. In terms of sales in Colombia, we sold almost 22 teras, also confirming sales growth of 16.2% versus 2022. In Central America we had sales of 3.3 teras. We distributed energy in the country, Colombia for 16.5 teras, and we had customer growth in line with the economic growth of the country, 1.9%.

Slide 6:

Now, on the financial results, as I commented before, EBITDA was 6.6 million with a growth of 4.5% versus 2022, and net income was 1.9 billion. This, with a big decrease versus 2022, mainly because of two effects, the project that we did in Windpeshi, the project in Guajira, and a net off of a receivable that we had in Costa Rica, the latter because of a rejection of a claim that we had made to the isa. The net debt went up, and the debt is now 7.5 billion, this is mainly because of the cost of debt, which was quite high in 2023, and because of the investment plan that we have developed, 2.8 billion pesos that we have invested in the country.

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In 2023, let's look at the breakdown of EBITDA versus net income. We have 1.7 billion in depreciation and amortization. It is important to mention that behind this is the Windpeshi impairment. Also, we have a significant depreciation due to the investments we have made in 2023 and the previous years. This gives us an EBITDA of 4.9 billion. Then we have a financial expense of 1.2 billion because, as we have already said: there was high inflation and, a high interest rate. Here in the financial expense, there is also the account receivable from the Chucas power plant in Costa Rica. Taxes of 1.7 billion, mainly due to the non-deductibility of the Chucas receivable and the Windpeshi impairment. Thus, we arrived at a net income of 1.9 billion.

Slide 8:

On this slide I want to highlight that Enel Colombia and Central America has a very good financial strength, generating EBITDA of 6.5 billion pesos and FCO of 3.8 billion pesos.

As we have already said, we have invested 2.8 billion pesos in Capex, and we have paid dividends of 2.8 billion pesos. Leaving us with a net debt of 7.5 billion pesos.

Slide 9:

Now, 7.5 is net debt, and gross debt in 2023 was 9.5 billion. This has an average financial cost of 13% versus 10% in 2022. And in 2023 the EBITDA debt was 1.2 times, which confirms the financial strength of the group. I now give the floor to Gian Paolo, who will comment a little bit more on what we have said, about sustainability issues.



Gian Paolo Daguer:

Slide 11:

Good morning, everyone, it is a pleasure to share with you the sustainability strategy of Enel Colombia. The strategy as such, manifests and continues to be sustainability, one of those three strategic pillars for Enel. In this way, it allows us to create value, and when we talk about creating value, we are talking about generating value for all the different stakeholders and, additionally, considering all the challenges posed by climate change issues. Specifically, since 2015, Enel has been committed to the sustainable development objectives that are developed and meet its goals through the different business lines in aspects related to the construction of renewable energy, infrastructure development, cities, and innovation. All while maintaining and contributing directly to a goal that remains the ambition of zero emissions by 2040. Next, please.

Slide 12:

In that framework, our strategy addresses the different stakeholders and specifically when we start looking at and breaking down some of them, specifically with communities, we have a great commitment to be able to develop our projects, always decreasing the risks that may arise. In a way, this implies an approach of having or having what we would call a social license to be able to develop our projects, but additionally, to be able to contribute to improving the socio-economic capacities of the stakeholders where we develop our projects. For this we also have key aspects such as training, hiring local labor, and local goods and services in our projects, thus always building long-term relationships.

Another of our main focuses with the communities has been to be able to develop projects through the works for taxes mechanism. If we go into detail, we can see that, with other stakeholders, for example, with customers we address aspects such as the fight against energy poverty. We also work with industrial customers to contribute to their strategies for decarbonization, thus making sustainable energy offers with institutions, with a whole relationship in compliance with this 2030 agenda, with different working groups on issues focused on the energy transition, with suppliers throughout the development of the value chain, through sustainability and circular economy initiatives that are worked on together with them.

Sustainability also includes very strong work with all the employees, with all the issues of Human Rights training, volunteering, donations in critical situations that may occur in the country, among others, and of course, with the entire group of shareholders, with all the risk management and human rights of life, diligence, among other aspects. Next, please.

Slide 13:

And all this model already looks at it from how the territory is integrated, we always seek to contribute to a fairer and more inclusive society throughout the value chain, so



we develop opportunities for different stakeholders. When we start to look at some of our figures for 2023, we see around 120 projects that we developed in the company's areas of operation, with more than 20,000 beneficiaries. These projects are developed with more than 70 partners. If we go into detail, many of these initiatives are within the framework of the commitment to the Sustainable Development Goals, where we had more than 22,000 beneficiaries in education projects, projects aimed at improving infrastructure, coverage, and quality of education. We have also had more than 17,000 beneficiaries through the mechanism of works for taxes, projects that we have developed through this mechanism, focused on aspects of drinking water and education. Likewise, there are more than 160,000 beneficiaries in projects related to decent work and economic development. Additionally, through rural electrification initiatives, we have managed to provide access to electricity to more than 4,660 beneficiaries in rural electrification projects. To introduce and show a little bit of what all these projects mean, I would like to present a video of our management concerning these sustainability initiatives.

Slide 14: Video

We recently had the opportunity to inaugurate the largest solar park in the country, the La Loma solar park, in the department of Cesar, and there we also had the opportunity to develop and implement this whole strategy of sustainability and value with our communities; therefore, I would like to present a video of what has been all this development of projects with the communities of this department.

Slide 15: Video:

El Cesar is a land of light that today leads the development of renewable energies and contributes significantly to the country's energy transition. Here, where the sun shines brightly. Enel Green Power, a business line of Enel Colombia, built the La Loma solar park with an installed capacity of 187 megawatts. More than 1,700 people worked for three years to make a more sustainable future with clean energy possible.

I feel very happy because with this work I managed to finish my house and I achieved projects that I suddenly had in mind and that I had not achieved before.

During the construction of the La Loma solar park, about 200 people were trained in tool handling, panel assembly, and beekeeping practices, among other trades.

We are helping the people of the region to have jobs, and training opportunities, advance in the projects, and continue with future projects. They already have the experience on their CVs to be able to continue working in this type of construction.

In the municipality of El Paso, we not only generate energy, but we also support the development of the territory, benefiting more than 2,500 people, as happened in our alliance with Centella by Nezens, where we used wood recovered from the cable reels of



the solar park to build a community hall that improves integration spaces, avoiding the disposal of 67.7 m³ of wood and 12t of CO₂. Another initiative was the development of a solar apiary with two production units, 11 beehives built with materials recovered from the Loma, and a cooperation agreement with Consga environmental consultancy and management, thus benefiting 17 families in the region.

I feel grateful because you know that having a job, this here near the village, and so many things, brought a blessing to the house and we have already done everything to improve things, about the house.

In terms of education, we improved the Potrerillo educational institution and launched Innova play, a program that trained and inspired around 80 students who are now promoters of the energy transition and the circular economy and who share their new knowledge through their podcasts. As the winning project of Innova play, the bird-watching project was developed with the support of the Applus Ecoplanet consortium, where around 22 students belonging to the Potrerillo educational institution were trained to recognize native birds and promote ecological tourism around the Mata de Palma swamp.

Initially, the idea is for them to get to know, to take ownership of their territory, to see what they have, to see the richness, not only in birds but also in flora and the rest of the fauna in the place.

I learned a lot, like their scientific name, how to identify them by their plumage, and their type of flight as well. My message is to take care of the environment, and never lose our habits. We should always keep our ancestors in mind.

La Loma Solar Park today delivers new energy that illuminates the energy transition and the development of Colombia.

Diana Jimenez:

Slide 16:

Good morning, everyone. I am Diana Jimenez, manager of regulation and institutional relations at Enel. It's a pleasure to be here. The year 2023 was characterized by 1 year full of institutional regulatory challenges, we had an important change of government, and this marked certain regulatory lines, and certain general measures for the sector that were very important and have been very important for our company and the sector. In general terms, the company's management was focused precisely on identifying those challenges, those critical and even proactive conditions within the general framework that the national government has been proposing, always looking for those short, medium, and long-term measures that allow us to ensure this supply and reliability in the long term, even for more than 30 years.



We believe that one of the most relevant events, precisely, was associated with the National Development Plan, since it shows us precisely that 2026 roadmap, where we can precisely see those strategic bases. We believe that the National Development Plan focuses on all the issues of energy transition and is focusing on very important issues such as the use of clean energies, and the use of non-conventional energy sources. It also has elements associated with the reliability and security of the system, such as issues related to reliable infrastructure precisely to supply the country's needs.

From a public policy point of view, the truth is that 2023 was very dynamic, but we wanted to highlight in this presentation some of the main changes, the first has to do with Decree 929. This decree is a general policy decree that established certain guidelines, precisely associated with the competitiveness of the sector, associated with the provision of electricity services in general terms. What it establishes are certain rules that the national government has been developing from a regulatory point of view in terms of the market, electricity, and citizen participation, and it also includes the remuneration of non-conventional energy source schemes, as well as enabling new purchasing mechanisms in the regulated market. All of this is framed in decree 929 and has been the basis of public policy for all the regulatory issues that we have been developing.

In terms of distribution and commercialization, we specifically wanted to highlight two. The first is that last year we finalized the pact for tariff justice, a pact in which we participated and were active members precisely in the post-COVID effect. In addition, let's say, the entry of the new government, remember that this pact for tariff justice established certain transitory measures, precisely for the tariff, to achieve a more efficient tariff and that it was finalized in 2003. This year we had a new regulation that allows us to ensure this efficient tariff, and it is worth noting that Enel's tariff is one of the most competitive in the sector within the lowest ranges in the country.

This tariff justice pact also allowed for a decrease in the price of energy, particularly in the regulated market, and one of the most important components of the tariff justice pact has to do with the inflationary effect, particularly in the distribution and commercialization charge last year, as we had this growing trend. This finalization of the pact can be seen in this resolution that we highlight, in resolution 101-028 2023. Within the mechanism of the pact, plus the post-COVID effect, what happened is that we had some balances that the commercialization companies accumulated, basically called tariff option; Within the tariff option model, it was possible to establish a methodology with the national government and the regulator through a fixed charge called the cod, which is the cost of the tariff option, and what this cod does is ensure the income, the recovery of this balance for a period established by the regulator and additionally, from the end user's point of view, it allows us as users to see only a fixed charge without many variations in our tariff, which means that with this resolution, the tariff justice pact comes to an end and the tariff option cost period begins and we will be, let's say, recovering this balance in the coming months.



From the generation point of view, we would like to highlight resolution 101-025. This resolution is very important in terms of the reliability of the electricity system. As you know, we have a very important mechanism which is the reliability charge, which is the charge that allows us to guarantee reliability for the coming years. We particularly wanted to highlight this resolution, Resolution 025, because this resolution assigns the periods 2025-2026 and additionally the years 2026-2027, which means that it effectively ensures that the demand that we are going to have in the year 2027 is guaranteed with the generation that we can have in the country and that, for Enel's purposes, we have a diversified and broad portfolio that allows us to guarantee this reliability for these years. In this sense, we believe that these are the main milestones that summarize the year 2023, but the year 2023 was full of great regulatory and public policy challenges that we have also been working on. Thank you very much.

Luciano Tommasi:

So, thank you very much, everybody, thank you. I think we can continue with the Q&A, Diego, you can decide for us if we have questions.

Diego Rubio:

Sure. Luciano and team thank you very much for the interventions, very comprehensive for our colleagues in the market. We have received several questions, which we have tried to organize into 3 main chapters. The first one, Luciano, that you ask us is, what can we as a company comment on the renewable projects that we are developing now? Please.

Luciano Tommasi:

Thank you, Diego.

We as Enel Colombia and Central America, are now developing 800 megawatts of new projects, solar projects. Specifically, we are finishing the construction of the foundation in Magdalena, the foundation is 132 megawatts of solar and we expect commercial operation in the first half of 2024. Then we have Guayepo I and II, solar capacity projects representing 437 megawatts, which is the largest project in the country. Then we have El Paso, in Cesar, which is 67 megawatts. And as Gian Paolo was telling us, a few weeks ago we inaugurated the La Loma project, representing 137 megawatts. Even for La Loma, we expect to start commercial operation in the first half of 2024.

Diego Rubio:

Perfect Luciano, thank you very much. We have a second topic, and it is associated in institutional terms, what is Enel's position, Enel's opinion, regarding the situation of the energy sector in Colombia?

Luciano Tommasi:

Enel is committed to efficiently supplying energy, sustainably. This means to continue investing in generation projects because the country needs infrastructure and energy, and to continue investing in distribution projects because if we have generation



and we do not know how to distribute energy, we have not solved the equation. But this is not enough, it is necessary, but it is not enough. What we need is to continue with the institutional articulation with governments, communities, financial community, to allow the country to continue investing in generation and investing in infrastructure.

Diego Rubio:

Perfect Luciano, thank you. We have a third question, and it is derived precisely from the auction that was recently carried out by the government, what were the results of the participation in this auction?

Luciano Tommasi:

Enel was awarded with another 156 gigawatts per year which in terms of capacity were 1.2 gigawatts. We presented 6 new projects; we presented a foundation with an innovative capacity of 90 megawatts. We presented Guayepo III, 180 megawatts. We presented Atlántico, 180 megawatts. Sahagún, 360 megawatts. Valledupar, 90 megawatts. Chinú, 315 megawatts. This is to confirm Enel's commitment to continue investing in the country, and to continue building infrastructure to provide energy in the most efficient way possible.

Diego Rubio:

Perfect, Luciano, thank you very much. We are told here that the results are very satisfactory for the company and congratulations on that. We have one last question it is associated with the tariff option, and it says the following: How long do you expect to recover the income from the tariff option that is pending to be collected? So, I would ask our regulatory manager Diana Jimenez to take this question, Diana, please go ahead.

Diana Jimenez:

Thank you, Diego. Well, it is a very important question, the truth is that the regulation established the possibility of identifying each voltage level with its period. In general terms, voltage level 1, which is the residential voltage level and the large percentage of users that we have, has already been applied since January this component of the cost of the tariff option, is included within the commercialization component and the recovery period of this option is for 12 months. In other words, we would be terminating this option in December 2024. There are other voltage levels, such as voltage levels 2 and 3 that we are raising, let us say, in industry, and medium commerce, we are expecting a recovery of 24 months we are expecting that in 2025, December, we will have recovered all the voltage levels. The last voltage level, which has to do with the largest industry, is related to voltage level four, which we also expect to recover this option in these first 12 months of the year, in December 2024. It should be clarified that we started everything in January 2024; we would finish the higher voltage levels in 2024 and we would have a remainder of 2025. Thank you, Diego.



Diego Rubio:

Diana thank you very much for your intervention. We have no more questions, then with this, we will close both the event and the Q&A session please find projected at this time, the details of our investor relations team which is always ready to answer any questions, thank you very much and good day to all.

Luciano Tommasi:

Thank you all very much.