

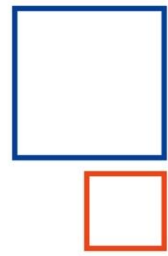
# Codensa and Emgesa's 9M 2014 Results

Bogota, November 6, 2014

**codensa**

**emgesa**





# Agenda

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emgesa

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**3Q 2014 Highlights**

**2**

**Emgesa and Codensa 9M 2014 Operating Results**

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**Emgesa and Codensa 9M 2014 Financial Results**

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**Q&A**

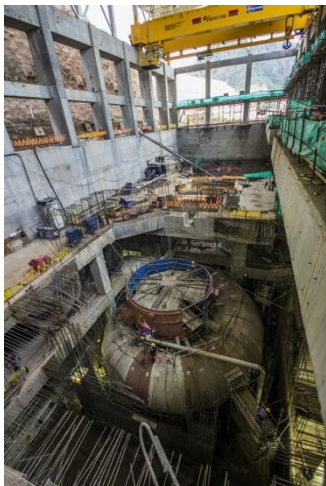
# 3Q 2014 Highlights

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Main highlights on growth, competitiveness and sustainability

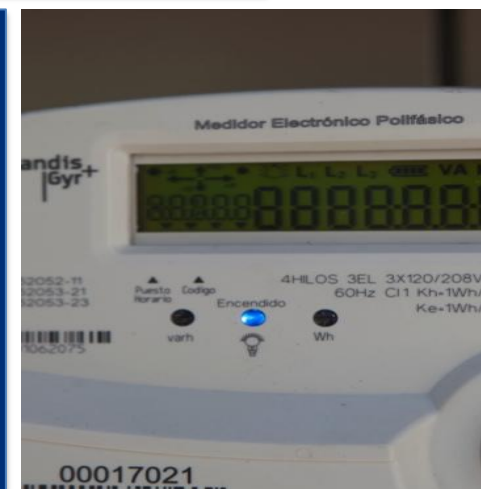
**Growth**



**Competitiveness**



**Sustainability**



# 3Q 2014 Highlights

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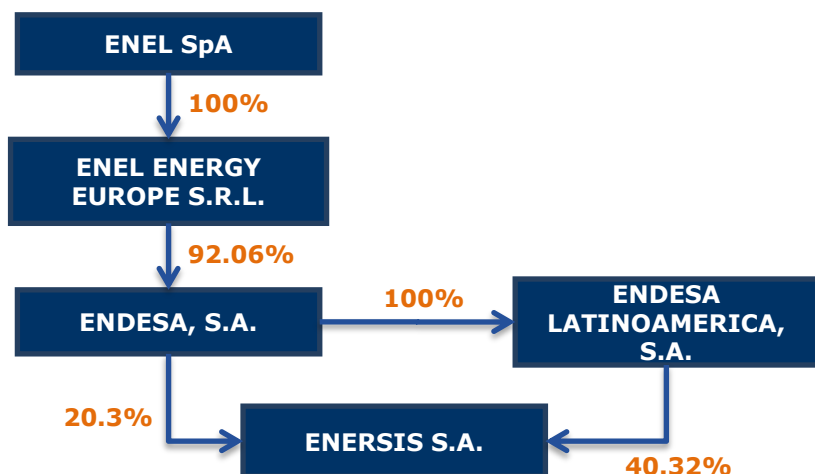
emgesa

Enel restructuring process

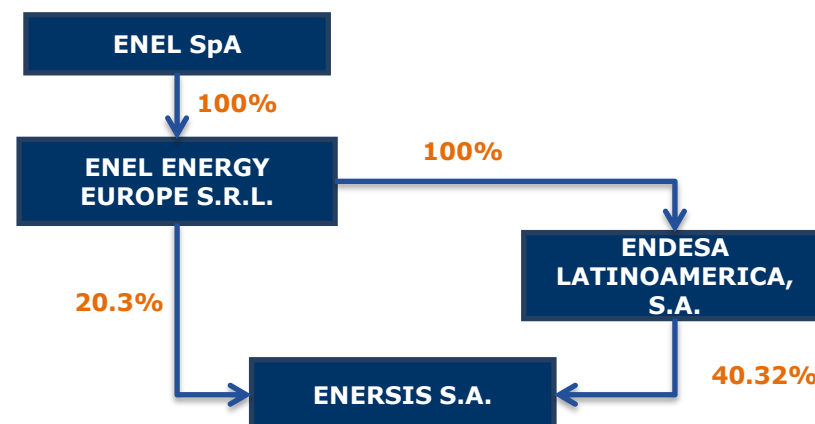
## ▪ Enersis sale to Enel:

- ✓ On October 23, Endesa, S.A. finalized the sale of the shares directly held of Enersis S.A. to Enel Energy Europe, S.R.L., equal to 20.3%. Additionally, Endesa, S.A. sold 100% of the shares of Endesa Latinoamérica, S.A. (which owned 40.32% of Enersis S.A.'s equity) to Enel Energy Europe, S.R.L.

### Former ownership structure



### Current ownership structure



# 3Q 2014 Highlights

Changes in shareholder's ownership

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## Emgesa



L'ENERGIA CHE TI ASCOLTA.

Enel Energy Europe SpA

100%

100%



Enel Energy Europe S.R.L.(Italia)



Endesa Latinoamérica S.A.

20,3%

40,3%



Enersis S.A. (Chile)

60%



Endesa Chile (Chile)

26,9%

21,6%



Empresa de Energía de Bogotá

Other minority shareholders

Economic: 26,9%  
Voting 31,3%

Economic : 21,6%  
Voting 25,1%

Economic : 51,5%  
Voting 43,6%

Economic : 0,005%  
Voting : 0,006%

Enel Group → Economic Power: 48,5%  
Voting Power: 56,4%

emgesa

## Codensa



L'ENERGIA CHE TI ASCOLTA.

Enel Energy Europe SpA

100%

100%



Enel Energy Europe S.R.L.(Italia)



Endesa Latinoamérica S.A.

20,3%

40,3%



Enersis S.A. (Chile)

99,08%



9,35%

39,1%



Empresa de Energía de Bogotá

Other minority shareholders

Economic : 9,35%  
Voting : 11,02%

Economic : 39,1%  
Voting 46,1%

Enel Group → Economic Power: 48,5%  
Voting Power: 57,14%

Economic : 51,5%  
Voting : 42,8%

Economic : 0,02%  
Voting : 0,024%

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49% → DECSA

82,3% → EEC

17,7% Others

# 3Q 2014 Highlights Emgesa: Growth

Important execution in projects under development and new business

**80% physical execution of Quimbo.** Accumulated investment for **USD\$788 million** (constant USD of 2010). 28.000 applications to be included in census after Constitutional Court ruling.



**Beginning of operations of Emgesa as a gas supplier,** after the allocation of gas contracts in the secondary market.

**93% of physical execution of the Repowering of Salaco** in the Bogota River. **Dario Valencia** (150 MW) and **Salto II** (35 MW) **in operation in 2014.** Laguneta (36 MW) expected to enter into operation by the end of 2014 completing the repowering. By the end of 2014, Emgesa's installed capacity will increase to 3,058 MW





# 3Q 2014 Emgesa: Competitiveness

## Competitiveness and financial results

**Positive hydrological conditions with higher than average rain levels in Emgesa's reservoirs, increasing its net generation within the system.** The Guavio power plant reached its maximum historical monthly generation with 806 GWh/month in August.

**Opening Balance Sheet under IFRS as of January 1, 2014** presented to the Superintendence of Public Services.

**Visit to El Quimbo and Betania** in October with a group of local investors and financial analysts.

Payment of **dividends to shareholders for COP\$524,5 billion (USD\$259 million)** year to date.





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## 3Q 2014 Codensa Highlights: Growth



Nueva Esperanza Substation execution and electric mobility news

### Advances in the execution of strategic projects for Colombia's energy supply:

- **Nueva Esperanza Substation:** In July 2014 the project received the environmental license by the Cundinamarca environmental authority.
- **Norte Substation:** Allocation of technical equipments contract.
- **Bacata:** 40% civil works execution and 97% civil and mechanical engineering execution



### Submission of Electric Transmilenio Phase I and II Project by Bogota ElektriKA (PPA).

- ✓ Replacement of 1,245 buses with electric vehicles.
- ✓ COP\$5.5 trillion (USD\$2,7 Bn) total investment in 30 years. Codensa's investment in electric infrastructure for COP\$300 billion (USD\$148 million)







## 3Q 2014 Codensa : Competitiveness

Developments in energy tariffs revision, public lighting and financial results.

### **Advance in energy tariffs revision:**

**CREG resolutions N° 079 and N°112 of 2014** with guidelines and preliminary criteria to determine the WACC applicable to calculate the return on the investment in electrical assets for distribution companies.

**Allocation of the LED bulbs supplier in the project to modernize public lighting in Bogota**

**Confirmation of Codensa's AAA (col) local long term credit rating** by Fitch Ratings .

**Issuance of the Third Tranche under local bond Program for COP\$185 billion (USD\$91 million) in September 2014** with a 7 year tenor. The issuance was 2.1 times oversubscribed and was allocated at a coupon of CPI + 3.53%



# 3Q 2014 Highlights: Sustainability



Commitment to our stakeholders

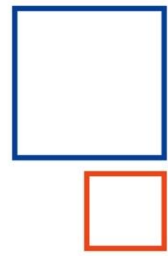
**Educational Programs with communities:** *“Educando con Energía”* and *“Luces para aprender”*

**“El Bosque Renace”** an environmental initiative to protect and restore the Bogota River ecosystem

Alliance between Codensa and Andes University to participate in the project **Solar Decathlon 2015**

**Renovation of IR Recognition from Colombian Stock Exchange)** to Codensa and Emgesa for the best practices in Investor Relations

Local newspaper “El Espectador” **recognized Codensa as one of the most sustainable companies in Colombia for its efforts to promote innovation through a our IDEO system**



# Agenda

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# Emgesa's Generation

Higher generation as a result of positive hydrological conditions

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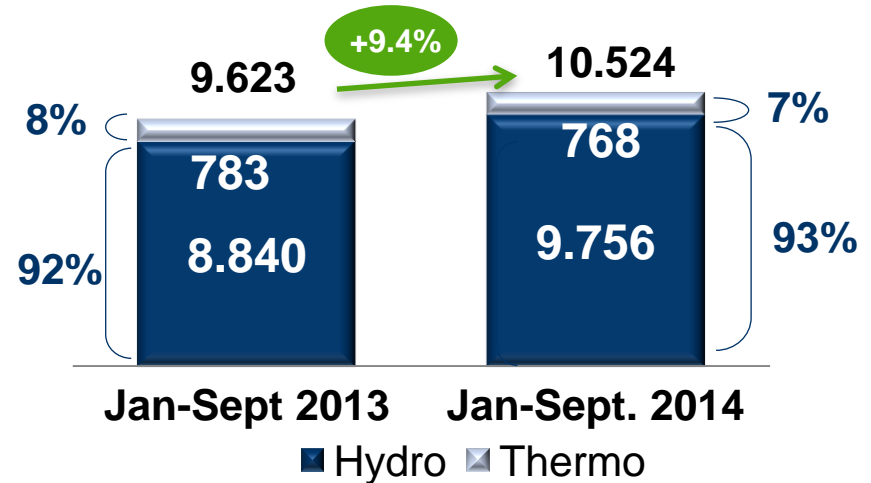
Availability index of plants: **91.3%**  
(-0.2% vs. 3Q2013)

Market share by installed capacity: **20.7%**  
(+1.0% vs. 3Q2013)

Market share by generation: **22.0%**  
(+1.3 vs. 3Q2013)

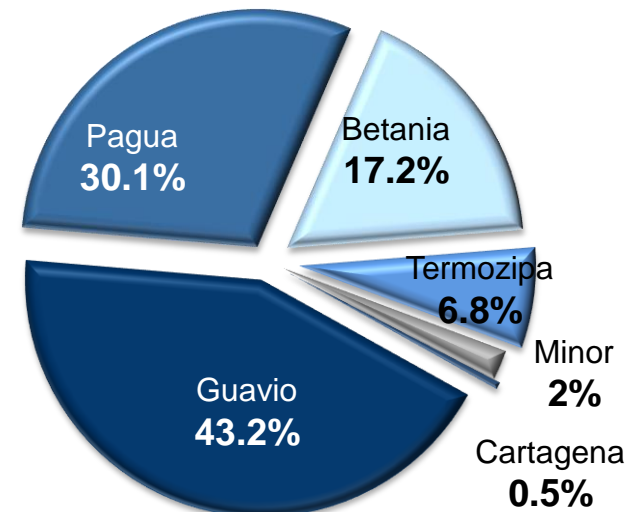
Source: Emgesa

## Emgesa's Generation (GWh)



## Emgesa's Generation Plants

(% of Emgesa's accumulated generation Jan-Sept 2014)



**Rain above historical levels in the areas where Emgesa's reservoirs are located in contrast with the rest of the country**

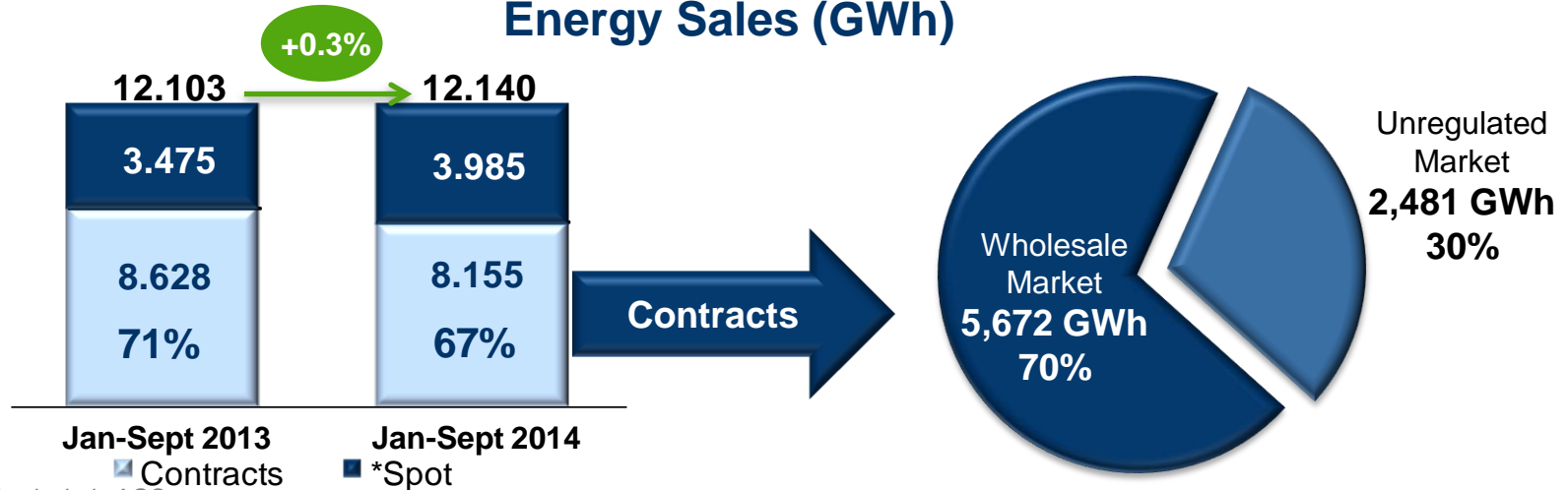
# Emgesa's Sales

Increase in energy sales as a result of higher generation

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## Energy Sales (GWh)

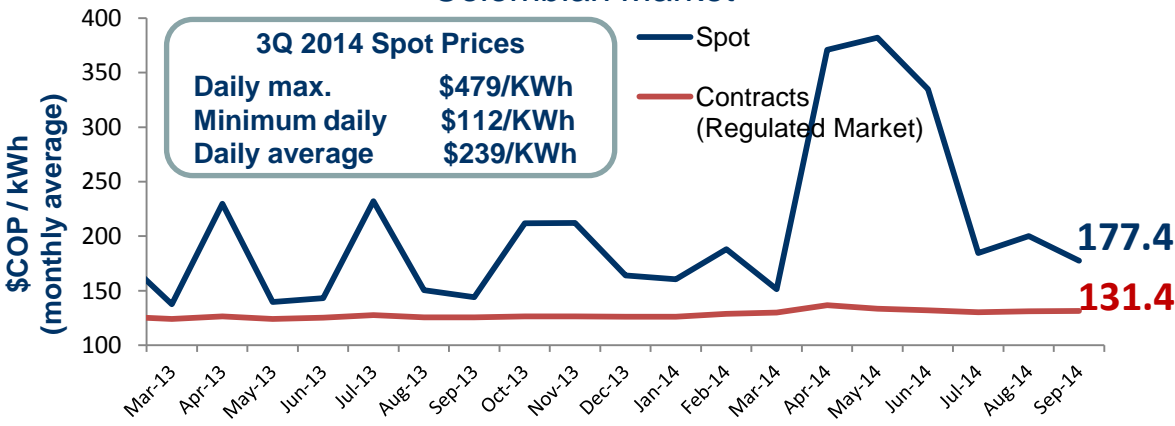


Source: Emgesa

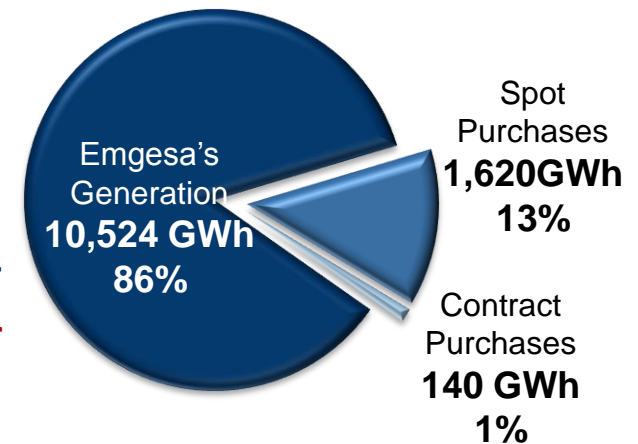
\* Sales in spot market include AGC

## Spot Price vs. Contract Prices 2014

Colombian Market



## Jan- Sept 2014 Sales Sources (GWh)



**Commercial policy focused on intermediation in the spot market**

# Codensa's Area Demand

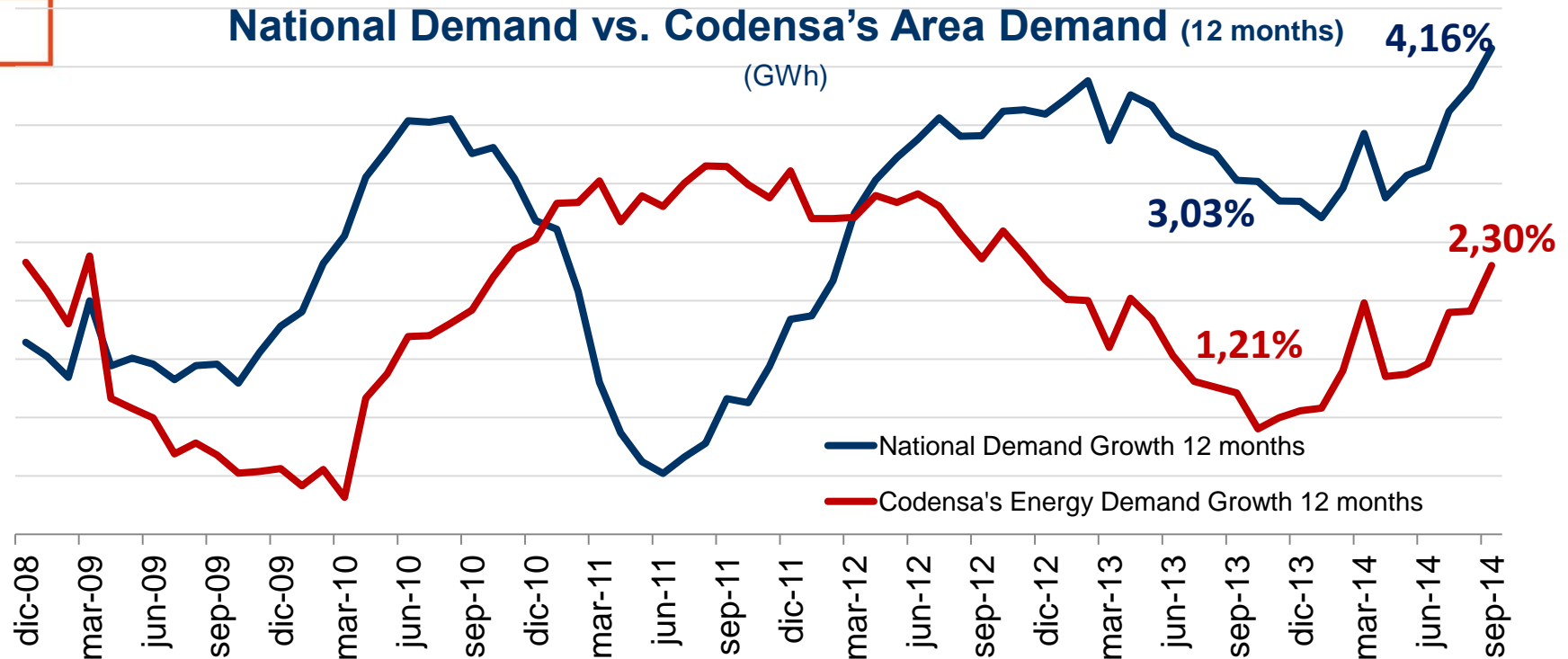
Positive trend in the energy demand growth rate for Codensa

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## National Demand vs. Codensa's Area Demand (12 months)

(GWh)



— National Demand Growth 12 months

— Codensa's Energy Demand Growth 12 months

Source: Codensa. Annual Average Rates

\* Energy demand in Codensa's area is calculated including the electricity received by the Guaca Substation which is destined to the regional distribution company of Tolima from 2013 on, increasing the use of Codensa's networks by other network operators. For comparison reasons the data from January 2011 was recalculated including this correction.

**National energy demand growth at 4.16%** as of Sept 2014. Energy demand growth primarily supported by the energy demand from the mining and oil industry, the construction and the manufacturing industry.

**Growth rate of energy demand in Codensa's area at 2.30%**, essentially resulted from a growth in the use of Codensa's networks by other commercialization companies and to the growth of the industry located in CODENSA's area of influence



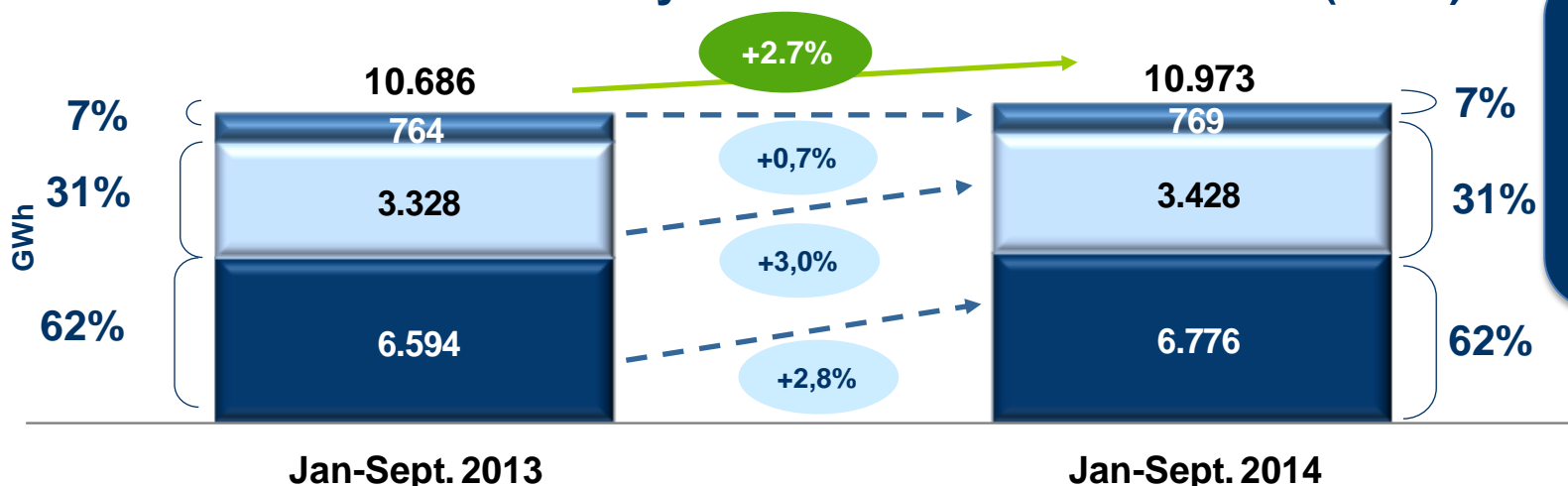
# Codensa's Energy & Sales

Increased growth in sales and in the use of Codensa's networks

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## Electricity Demand in Codensa's Area (GWh)



**Codensa: #1**  
distribution  
company in  
Colombia:  
**23.2% of**  
National  
Demand

■ Regulated Market Sales

■ Use of Networks by other commercialization Co.

■ Use of networks by network operators, generation aux. and other

Source: Codensa.

**+2.8%** in energy sales volume to the regulated market

**+3.0%** in use of Codensa's networks by other commercialization Co.

**+0.7%** growth of energy transferred to network operators from other regions from Codensa's area

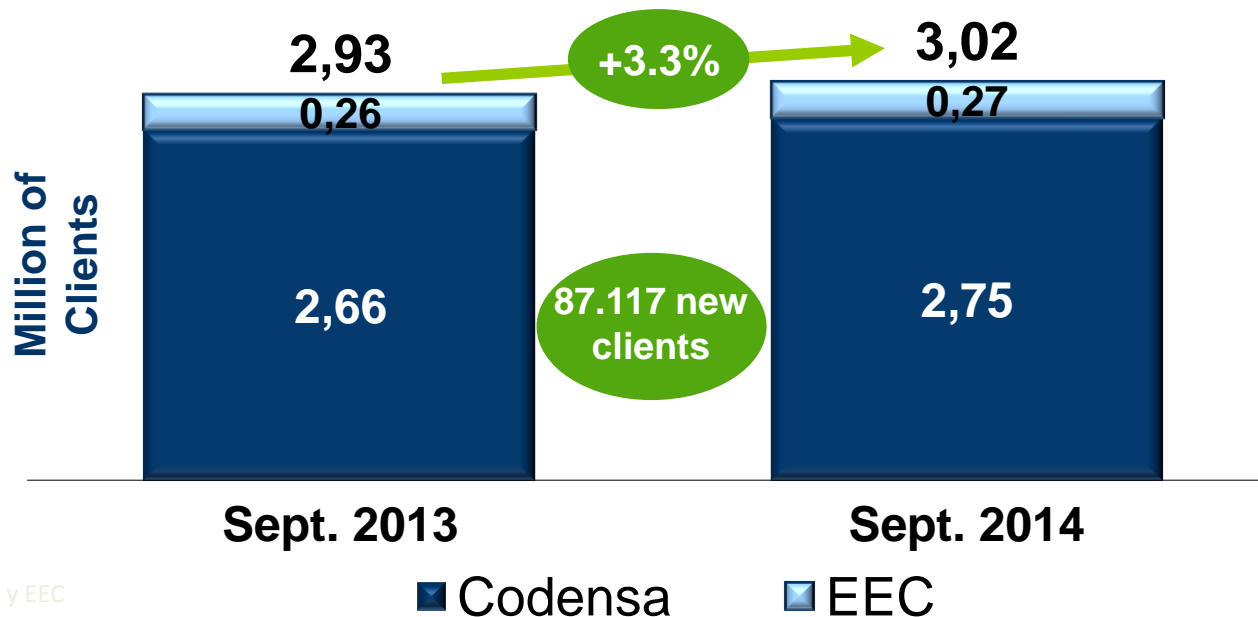
# Codensa's Growth of Client Base

Sustained organic growth in Codensa's area of influence

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## Number of Clients Growth in the Distribution Business



Source: Codensa y EEC

**Important organic growth:**  
**Codensa incorporated 64,542 customers into its area of influence in the first 9M 2014**

**More than 2,1 million of calls from clients received and resolved and more than 4,8 million transactions via web page from Codensa's clients between Jan-Sept 2014**

# Codensa's Quality Indicators

Challenging conditions to maintain quality of service

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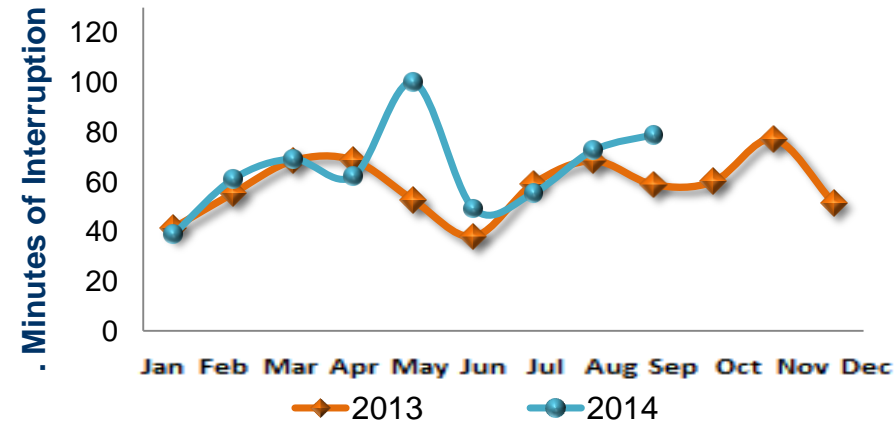
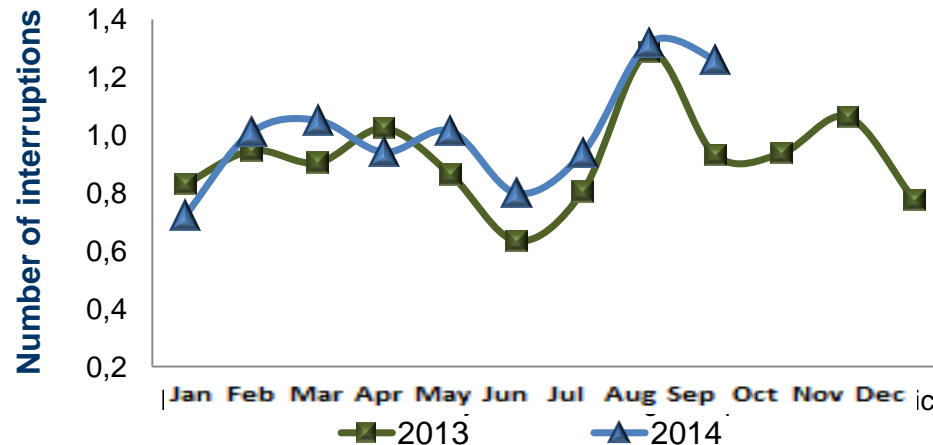
## International Quality of Service Indicators

SAIFI\*

SAIDI\*\*

Annual Var. 2014 vs. 2013: **+10.1%**

Annual Var. 2014 vs. 2013: **+14.9%**



Source : Codensa

\*SAIDI: Average Interruption Duration Index

\*\*SAIFI: Average Interruption Frequency Index

Index results are considered manageable incidents by the company excluding the larger forces and external events.

Data just includes medium tension information.

**Deterioration of SAIDI and SAIFI indexes due to higher rain levels** in Codensa's area of influence, increase number of interruptions for trees and execution of scheduled works and failure of the Usme Substation in May, affecting more than 85,000 clients for about 26 hours. Codensa is already working in a plan to include remote control devices in the medium tension networks and to modernize metering equipments to reduce the time of failure detection

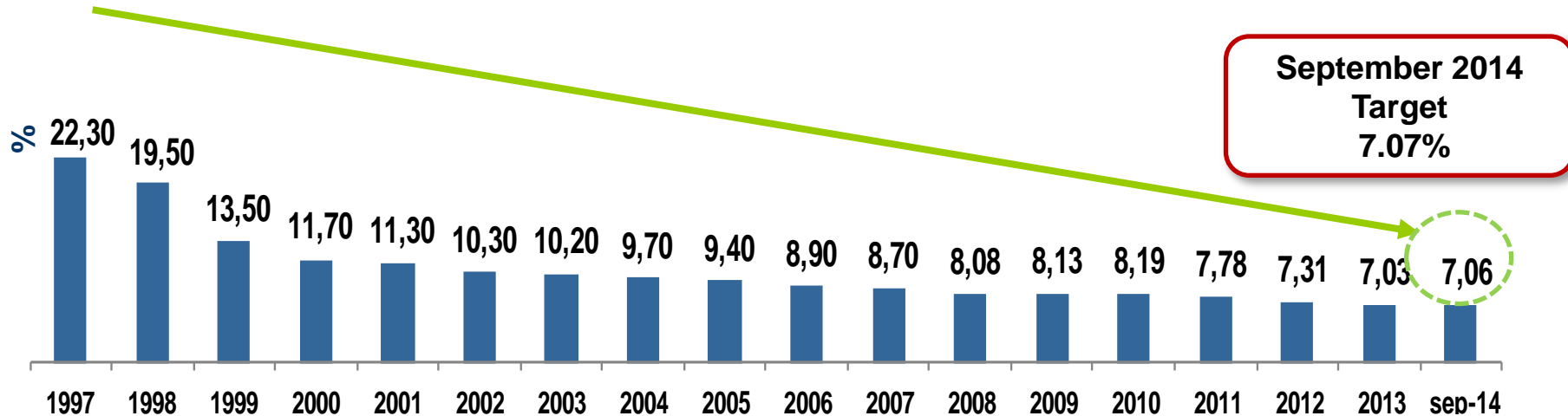
# Codensa's Losses Index

Continuing downward trend of losses index

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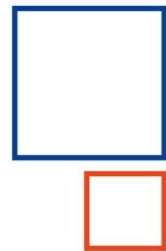
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## Energy Losses Index



Source: Codensa

**Losses Index remains at historical lows: 7.06%** as of September 2014 due to **continuous efforts** by the technical areas and **new technologies implemented in the last years**, such as the monitoring center *Mantis*, the remote measurement in medium tension, theft control, client monitoring and programs to incentivize payment of the energy service.



# Agenda

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# Relevance of Colombia for the Group

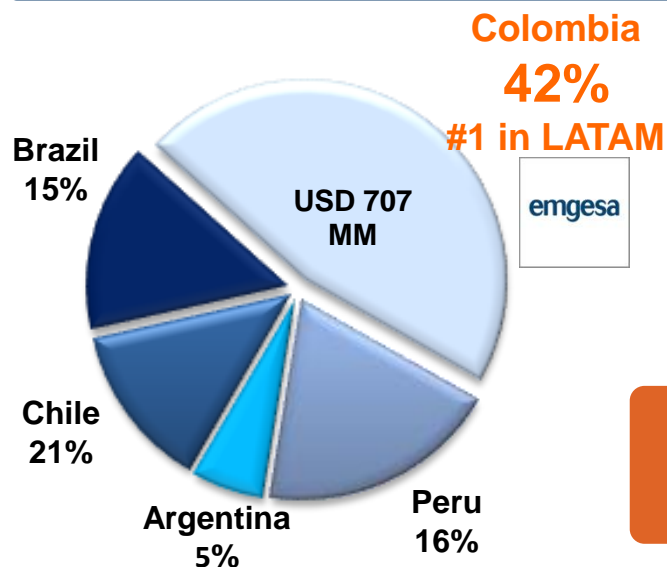
Leading contributor in LATAM with 43% of the region's EBITDA

codensa

emgesa

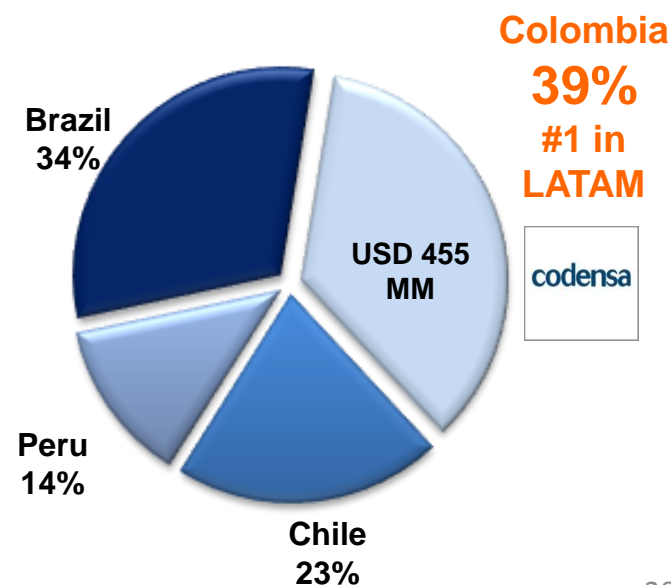
In 9M2014 **Colombia was the first EBITDA contributor in LATAM** with **43%** of the region's EBITDA

## LATAM Generation EBITDA USD 1.651 MM



**Colombia**  
**USD 1.162 MM**

## LATAM distribution EBITDA USD 1.060 MM





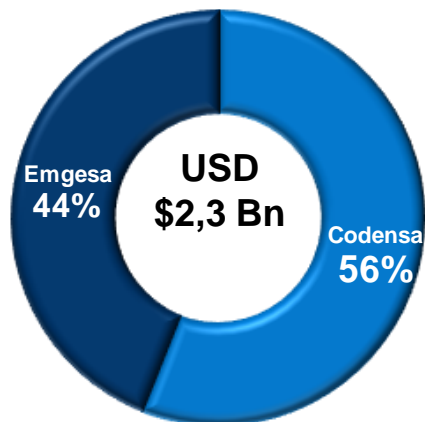
# Aggregated figures for Colombia

Aggregated figures as of September 2014 <sup>(1)</sup>

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Jan- Sept. 2014 Revenues



emgesa

Generation:

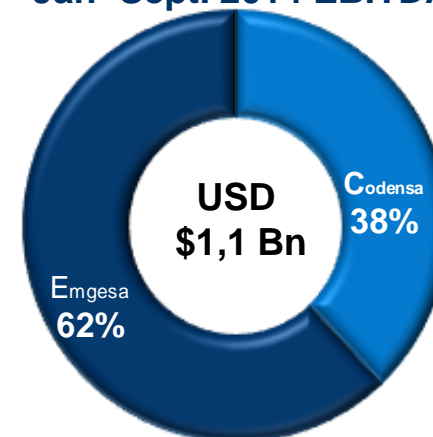
FitchRatings  
STANDARD  
&POOR'S

International:  
BBB /BBB

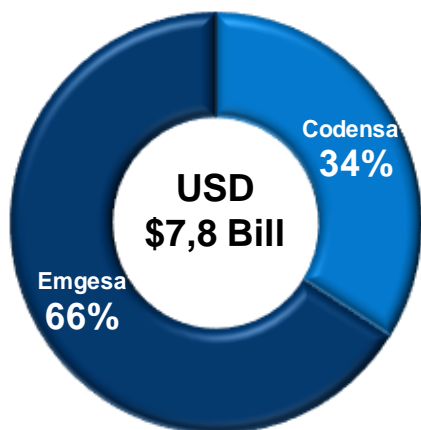
FitchRatings

Local: AAA

Jan- Sept. 2014 EBITDA



Assets as of September 2014



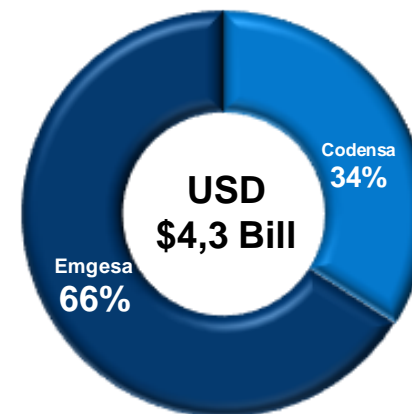
codensa

Distribution:

FitchRatings

Local: AAA

Equity as of September 2014



(1) Corresponds to aggregated and unaudited figures for Codensa and Emgesa as of September 30, 2014

# Emgesa's Financial Results

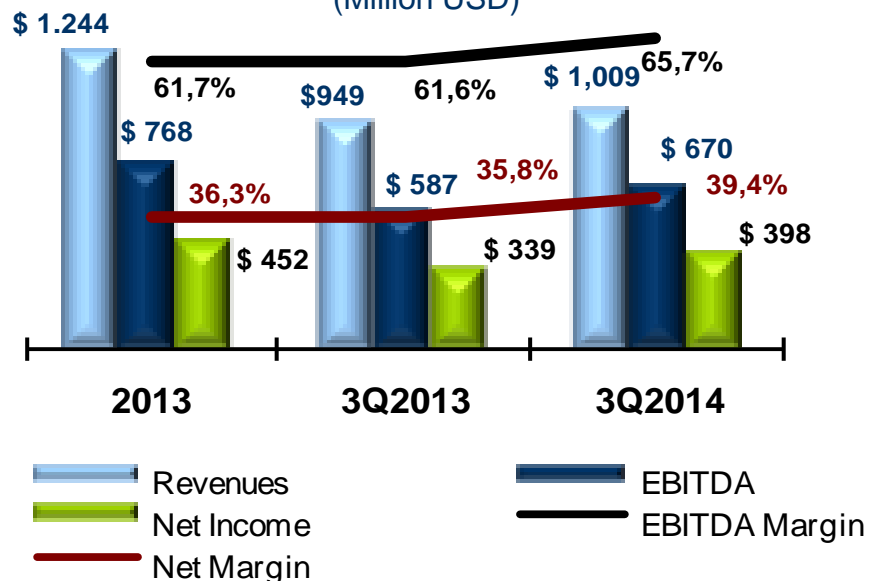
codensa

emgesa

Strong financial results given extraordinary hydrological conditions

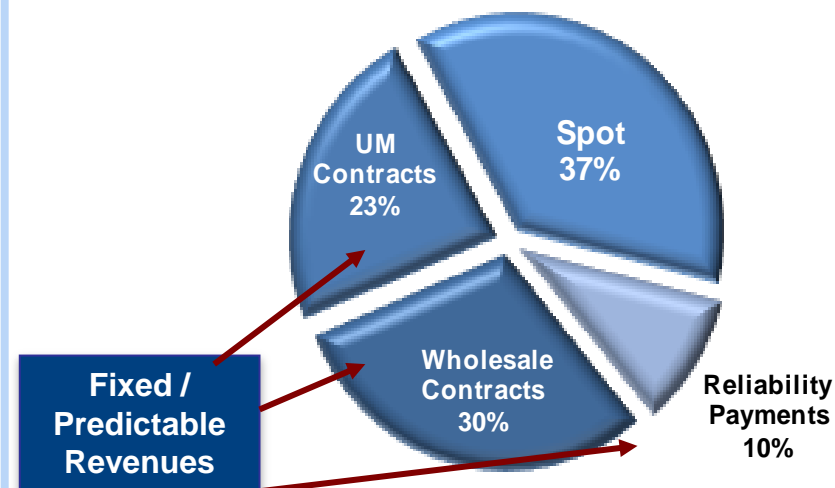
## Financial Results and Margins

(Million USD)



## Sales Composition

Jan- Sept. 2014 (%)



\*EBITDA is calculated by adding back the depreciation and amortization (included in cost of sales and administrative expenses) to operating income.

**+12.2% operating revenues, +24.9% net income, +21.4% EBITDA and (YoY)**

**Increase in operating revenues due to higher energy sales prices in the spot market and a 14.7% growth in sales volume in the spot market.**

**Cost of sales decreased by 3.1%, due to lower energy purchases in the spot market and lower thermal generation.**

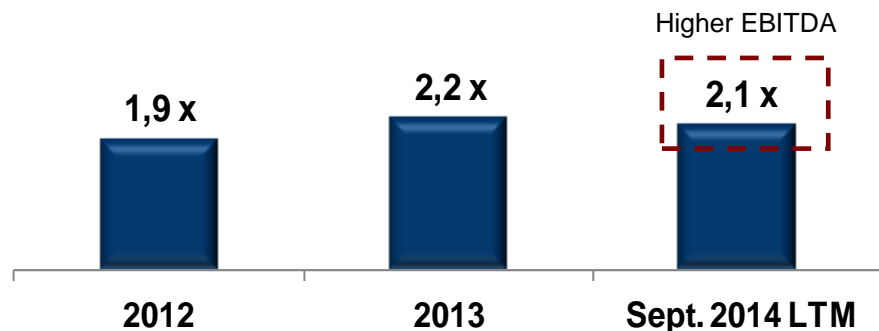
# Emgesa's Key Credit Metrics

Strong for local AAA an international BBB credit rating

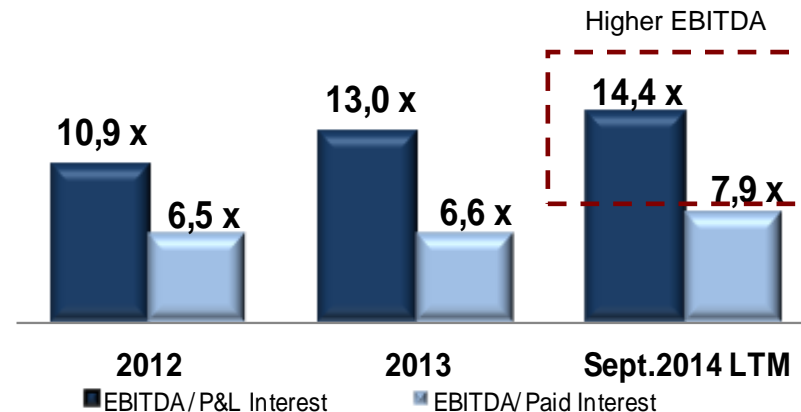
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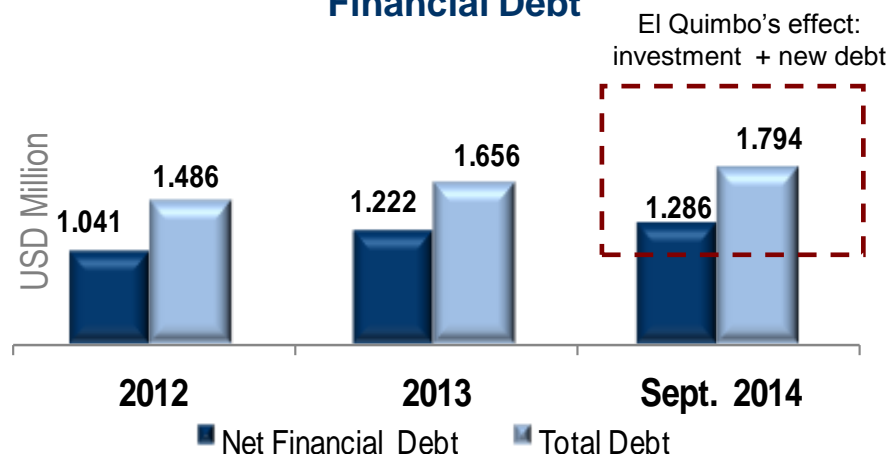
## Financial Debt/ EBITDA<sup>(1)</sup>



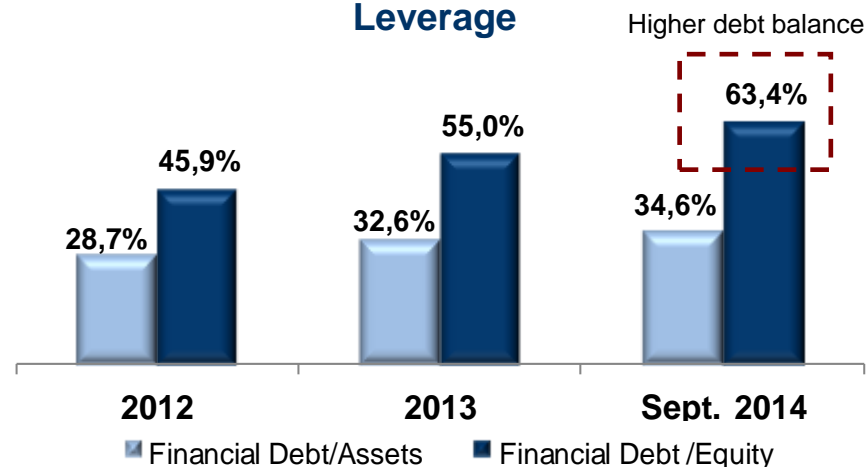
## EBITDA / Interest Expenditure<sup>(2)</sup>



## Financial Debt



## Leverage



(1) EBITDA is calculated by adding back the depreciation and amortization (included in cost of sales and administrative expenses) to operating income.

(2) Financial expenditure associated to EI Quimbo financing is being activated during the construction period of the project and will be reflected in the Company's P&L once the project starts its commercial operations. This is the reason for presenting two different calculations for the EBITDA/ Interest Expenditure.

# Emgesa's Investments

92% of total investment dedicated to expansion projects

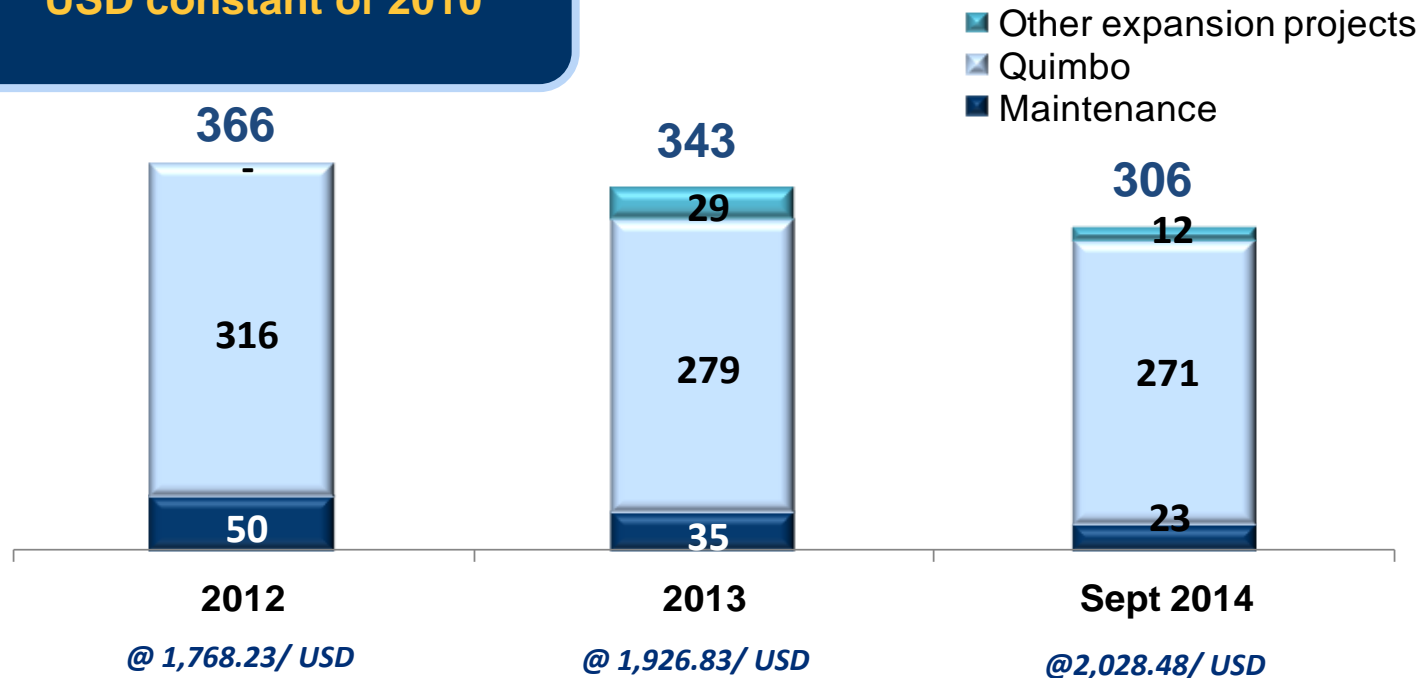
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Total Investment Quimbo:

**USD\$ 788,03 million**  
**(2010 – Sept. 2014)**  
**USD constant of 2010**

**Investments**  
(USD million)



Investments focused in the execution of **El Quimbo Project**, the **Salaco repowering and maintenance** for hydro and thermo plants

# Codensa's Financial Results

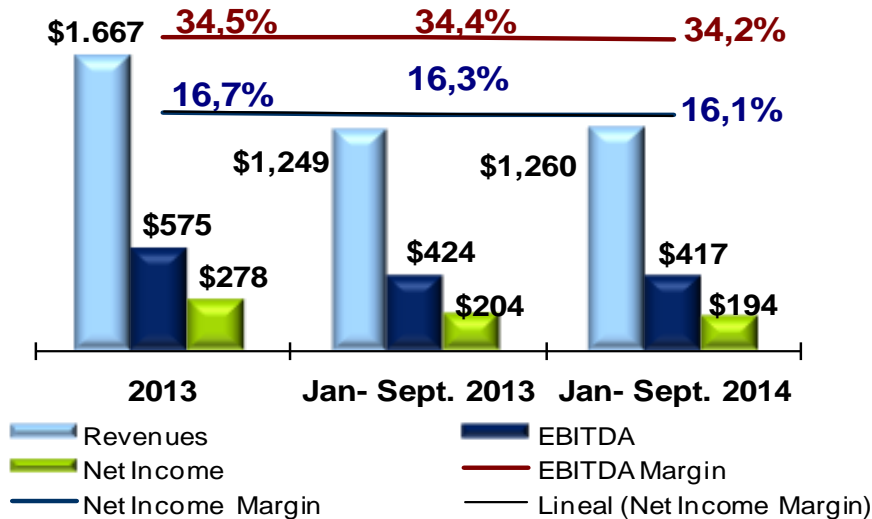
Growth in operational revenues and margin stability

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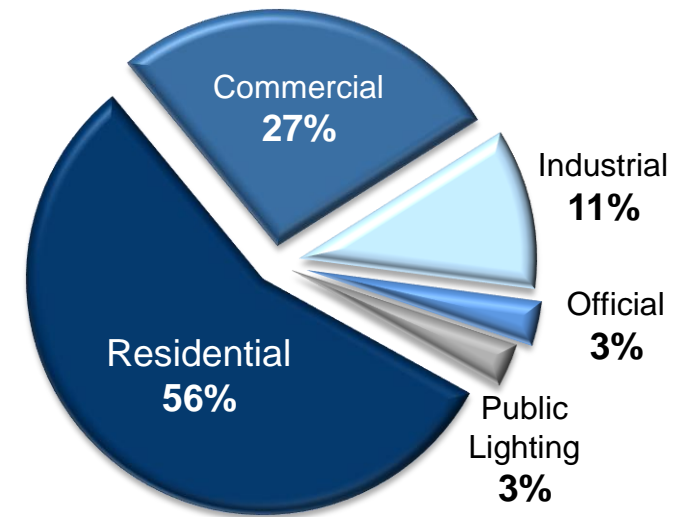
## Financial Results and Margins

(Million USD)



## Sales Composition

Jan- Sept. 2014 (% of physical sales)



**+7.2%** operational revenues, **+4.5%** EBITDA (YoY) and **+1.4%** net income

**Increase in revenues** due to **higher demand of energy in area of influence**, higher value of **the generation component in the tariff**, and higher revenues resulted from the **recognition of maintenance costs in the tariff**.

Sales to residential and commercial clients: **83%** of operational revenues

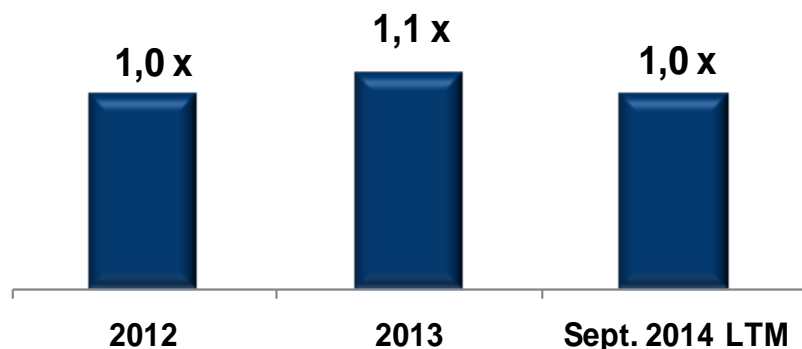
# Codensa's Key Credit Metrics

Conservative risk profile consistent with AAA local rating

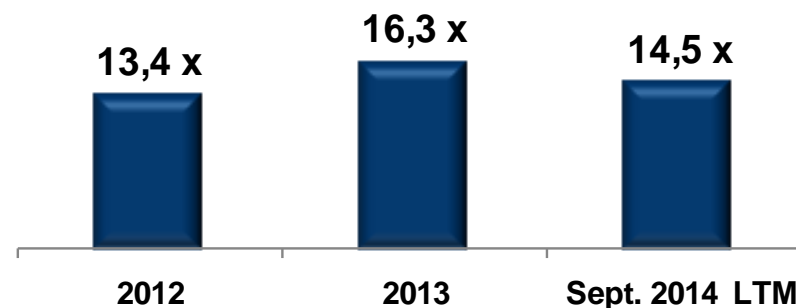
codensa

emgesa

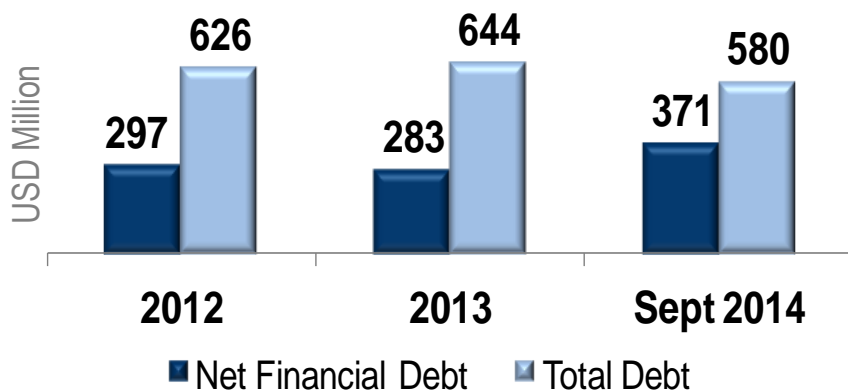
Financial Debt/ EBITDA<sup>(1)</sup>



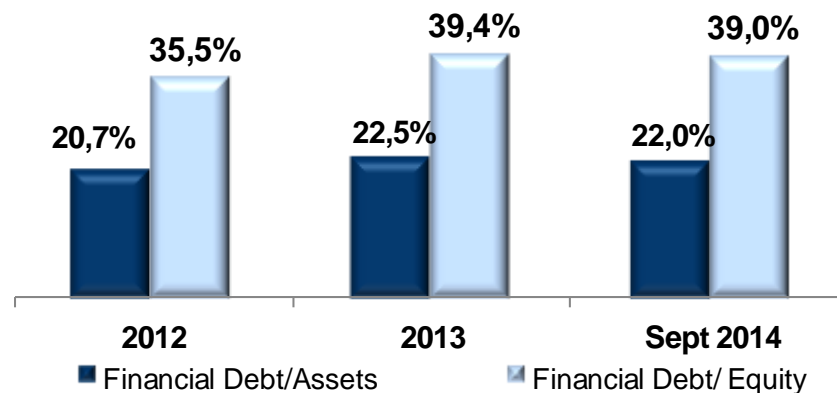
EBITDA / Interest Expenditure



Financial Debt



Leverage



(1) EBITDA is calculated by adding back the depreciation and amortization (included in cost of sales and administrative expenses) to operating income.



# Codensa's Investments

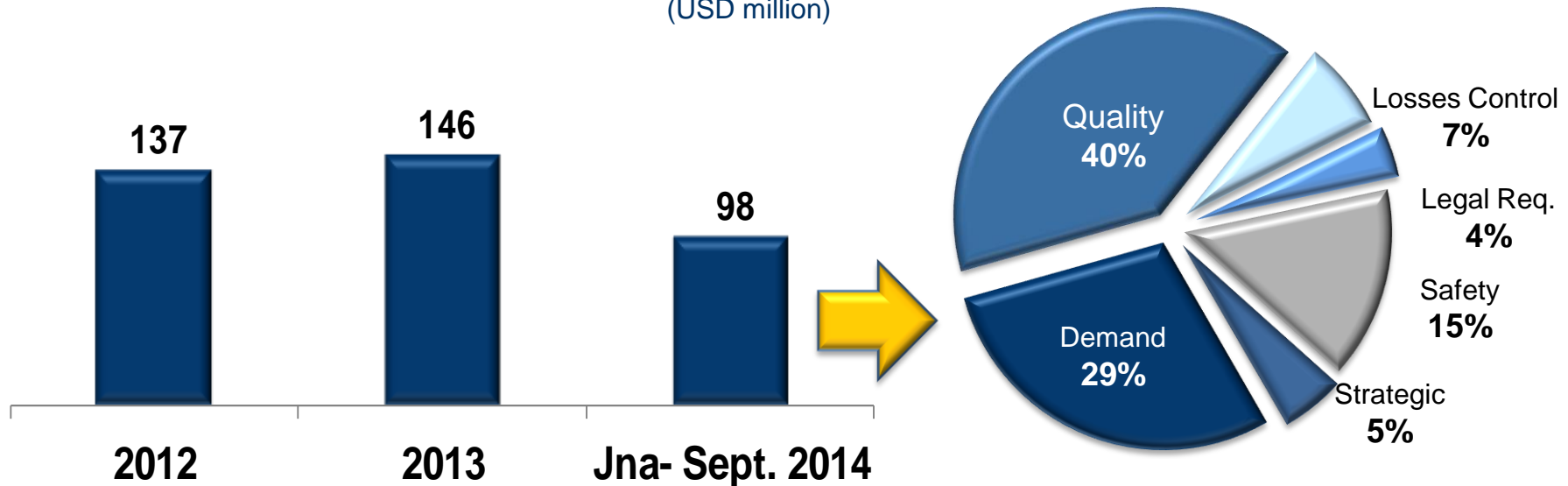
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Investments to serve demand growth, quality of service and

lower losses

## Investments (USD million)



**Total investments reached USD\$ 98 million in the 3Q2014, focused in:**

- **Serving growing demand**, through new substations that guarantee energy supply for the country: **USD\$28 million**
- **Improve quality service and continuity**: **USD\$39 million**
- **Control operational risks** for safety conditions: **USD\$15 million**
- **Control of non-technical losses**: **USD\$7million**



# Emgesa and Codensa's Highlights

Strength of financial and operational results

codensa

emgesa

**Important growth in operational results** with strong and positive financial results.

Progress in the execution of **El Quimbo plant and the Salaco repowering**, two major generation investments that will **increase Emgesa's installed capacity by more than 18%** by 2015.

**Solid and sustained financial credit metrics and low leverage indicators**, both in Emgesa and Codensa, that support our **local AAA and international BBB** credit risk ratings.



## Investor Relations Team

**[inversionistas@emgesa.com.co](mailto:inversionistas@emgesa.com.co)**  
**[rinversionistas@codensa.com.co](mailto:rinversionistas@codensa.com.co)**

**Juan Manuel Pardo G.**

Finance and Administration Officer

+57 1 219 0414

[jmpardog@endesacolombia.com.co](mailto:jmpardog@endesacolombia.com.co)

**Carolina Bermúdez R.**

Deputy CFO

+57 1 601 5751

[cbermudez@endesacolombia.com.co](mailto:cbermudez@endesacolombia.com.co)

**Patricia Moreno M.**

Head of Investor Relations and Financing

+57 1 601 6060 Ext: 3502

[mmorenom@endesacolombia.com.co](mailto:mmorenom@endesacolombia.com.co)

**Andrea María Triana M.**

Investor Relations and Financing

+57 1 6015564

[atriana@endesacolombia.com.co](mailto:atriana@endesacolombia.com.co)

**Juan Camilo Jaramillo C.**

Investor Relations and Financing

+57 1 6015559

[jjaramillo@endesacolombia.com.co](mailto:jjaramillo@endesacolombia.com.co)

Visit our web pages for additional information:  
**[www.emgesa.com.co](http://www.emgesa.com.co) / [www.codensa.com.co](http://www.codensa.com.co)**

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**emgesa**

# Emgesa's Debt Profile

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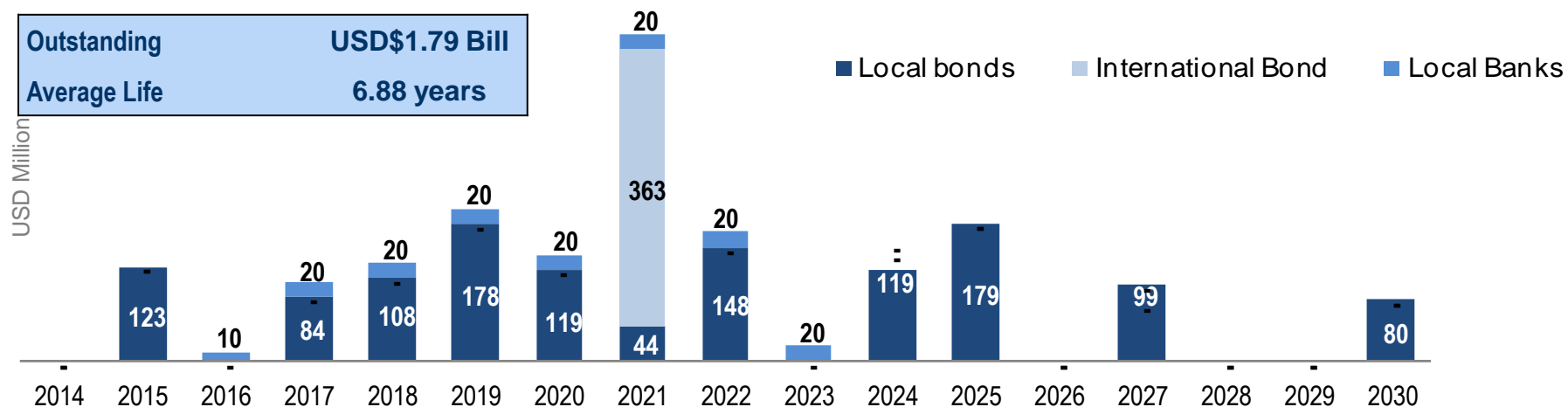
emgesa

Moderate amortization profile despite new projects development

## Amortization Schedule

(MM USD) as of September, 2014

EBITDA (2013) ~ USD\$768 Million



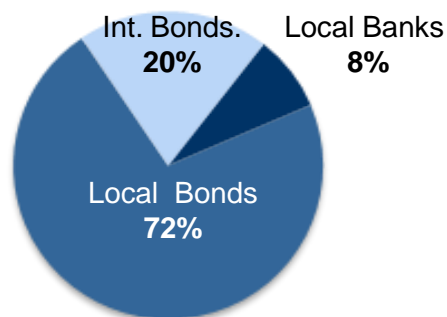
## Financial Debt Breakdown

as of September, 2014

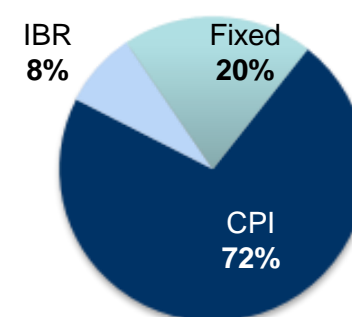
### Currency



### Instrument



### Interest Rate



# Codensa's Debt Profile

Conservative debt profile

codensa

emgesa

## Amortization Schedule

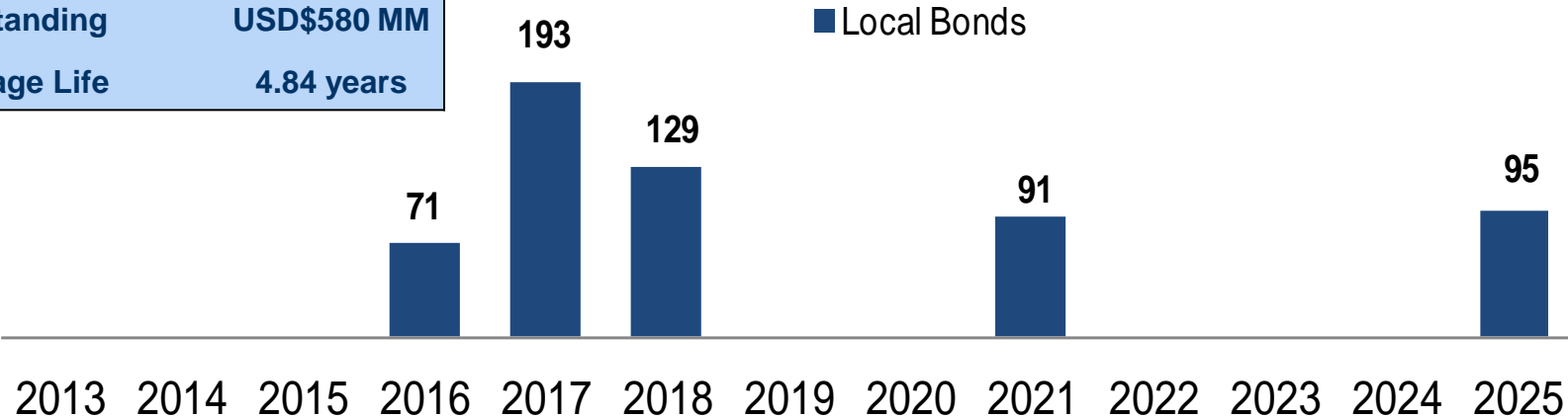
(MM USD) as of September, 2014

EBITDA (2013) ~ USD\$575 Million

Outstanding USD\$580 MM  
Average Life 4.84 years

Local Bonds

USD Million



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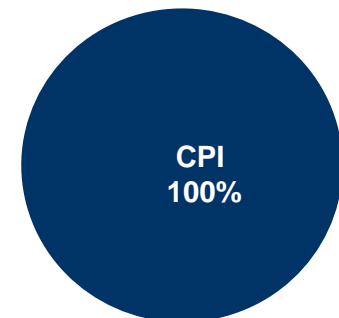
Currency



Instrument



Interest Rate





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