

# Investor Relations Presentation

## Emgesa's 1Q 2014 Results

May, 2014

**emgesa**



# Agenda



**1** **Company's Profile and Business Strategy**



**2** **Financial Results**

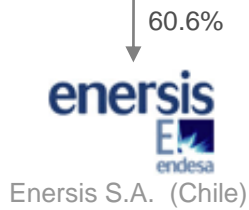


**3** **2014 Outlook and Strategic Projects**

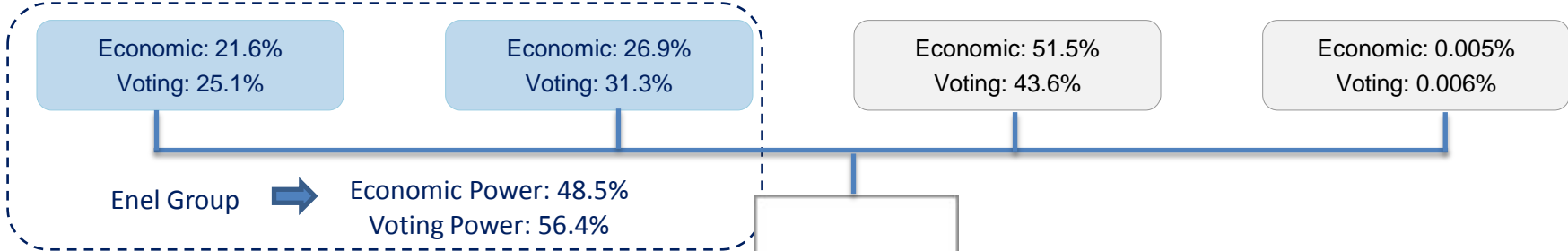
# Emgesa's Ownership Overview

Solid and Reliable Controlling Group

- **Enel** controls Emgesa through its affiliate Enel Energy Europe S.R.L. (100% Enel S.p.A ownership), which in turn owns 92.1% of **Endesa S.A.**
- **Endesa S.A. owns 60,6% of Enersis** which is the consolidating vehicle of all the investments of Enel in Latam. **Enersis together with its affiliate Endesa Chile own 48.5% of the capital stock of Emgesa and 56,4% of the voting shares of Emgesa.**
- **Empresa de Energía de Bogotá (EEB)** a state-owned Colombian integrated power & gas utility company with operations in Colombia, Peru and Guatemala, holds 51.5% of economic power and 43% of voting shares of Emgesa.



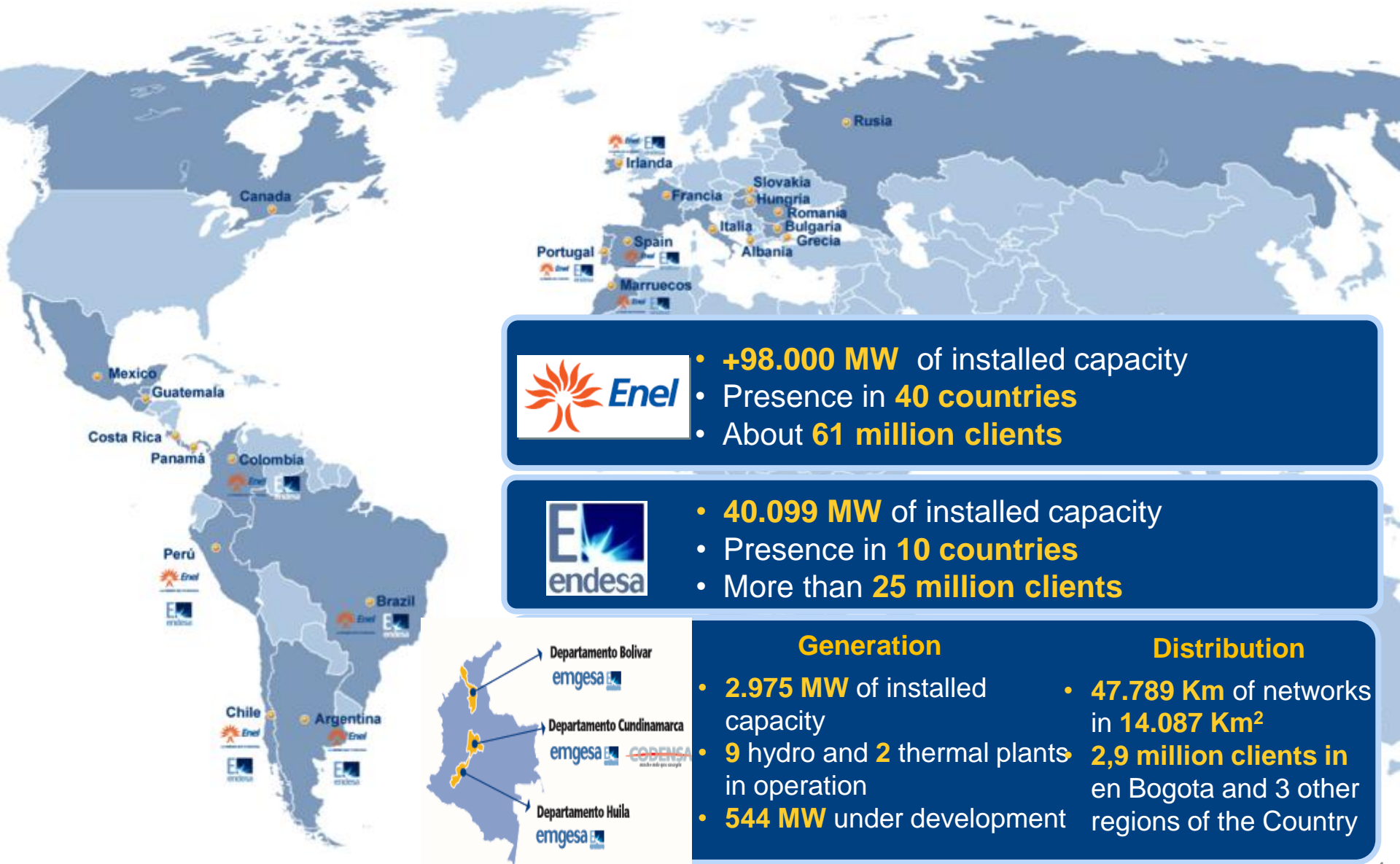
Other Minority Shareholders



# Enel Group in the World and in Colombia

Leading utility player in the energy and gas industries

emgesa



- **+98.000 MW** of installed capacity
- Presence in **40 countries**
- About **61 million clients**



- **40.099 MW** of installed capacity
- Presence in **10 countries**
- More than **25 million clients**

## Generation

- **2.975 MW** of installed capacity
- **9** hydro and **2** thermal plants in operation
- **544 MW** under development

## Distribution

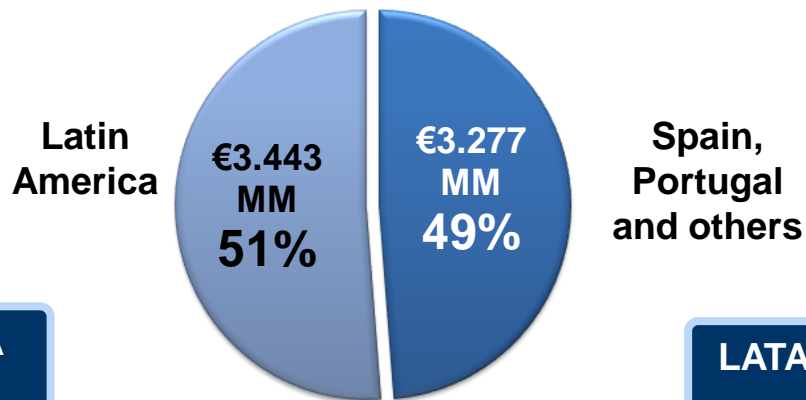
- **47.789 Km** of networks in **14.087 Km<sup>2</sup>**
- **2,9 million clients** in en Bogota and 3 other regions of the Country



# Colombia for the Endesa Group

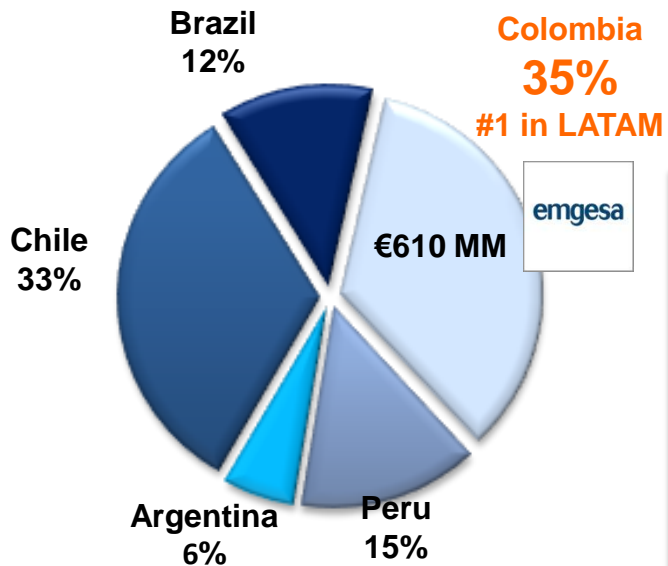
Leading EBITDA contributor in LATAM with 31% of the region's EBITDA

**Endesa's 2013 EBITDA**  
€6,7 Bn

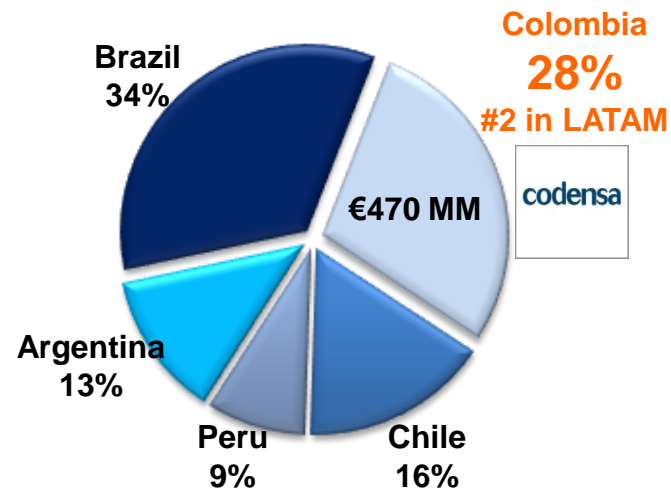


**LATAM Generation EBITDA**  
€1.789 MM

**LATAM distribution EBITDA**  
€1.654 MM



**Colombia**  
€1.080 MM



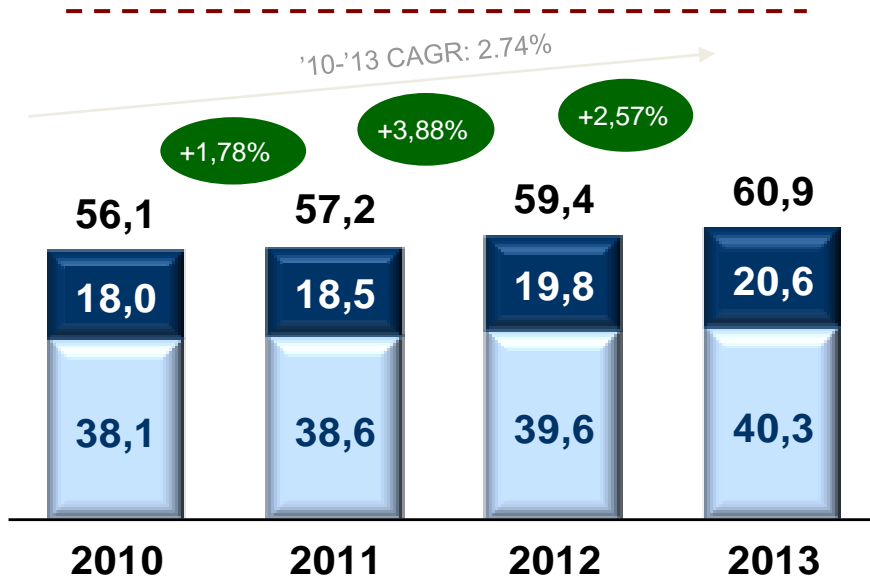
**In 2013 Colombia was the first EBITDA contributor in LATAM with 31% of total region's EBITDA and also represented 16% of the consolidated EBITDA of the Group**

# Energy Demand and Generation in Colombia

Leading EBITDA contributor in LATAM with 31% of the region's EBITDA

## Annual Energy Demand (TWh)

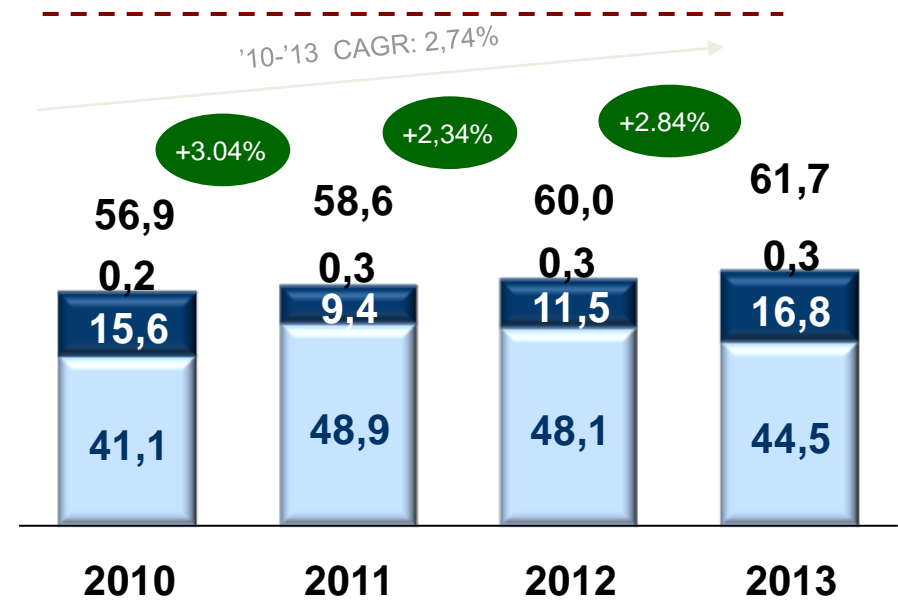
Annual average GDP growth (10-13): 4.63%



Fuente: XM ■ Regulated ■ Non Regulated

## Annual Generation (TWh)

Annual average GDP growth (10-13): 4.63%



■ Hydro ■ Thermal ■ Other

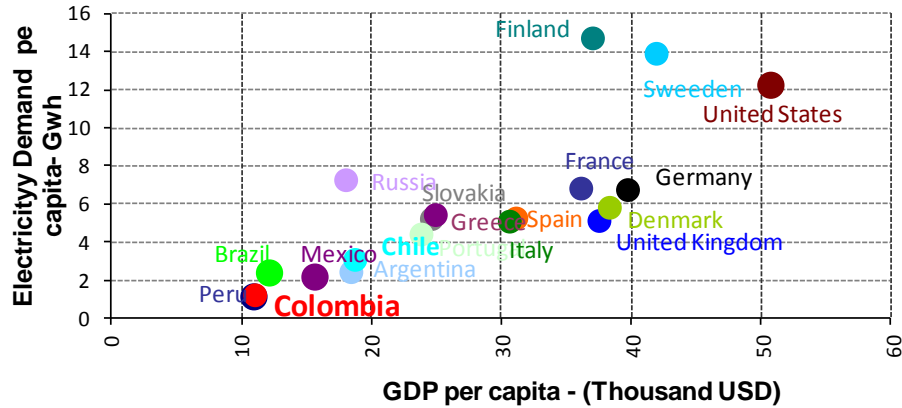
**2,74%** Average annual growth rate of demand in Colombia in the last 4 years

Important water resources in Colombia result in a **large contribution of hydro generation** to the total. Complementary **thermal generation includes coal and gas generation plants** usually dispatched in periods of low hydrology.

# Outlook of the Energy Sector in Colombia

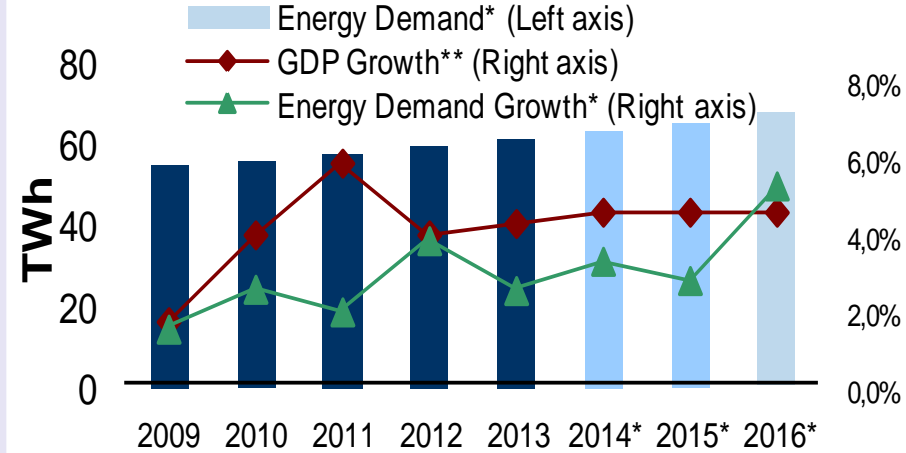
Positive expectations in the energy industry in the following years

## Energy Demand per Capita vs. GDP per Capita



Sources: World Factbook – CIA. GDP per capita figures as of 2011 and energy demand available as of 2009.

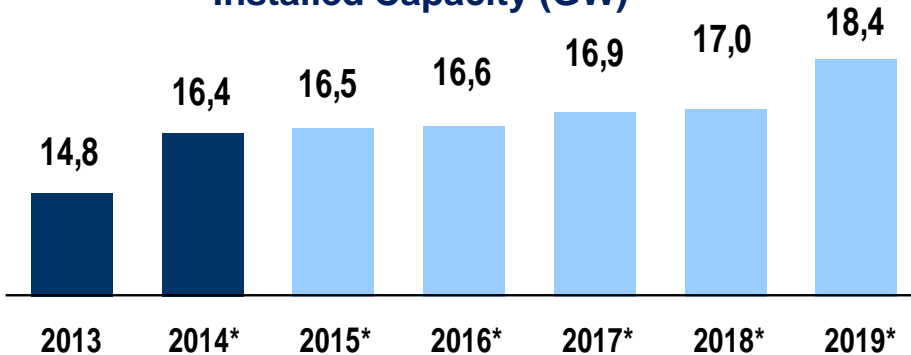
## Energy Demand (TWh)



(\*) Mining and Energy Planning Unit (UPME) forecasts (January 2014) – Base Scenario

(\*\*) Ministry of Finance and Public Credit- Medium Term Fiscal Framework (June 2013)

## Installed Capacity (GW)\*



Source: UPME forecast (January 2014)

<b>2013</b>	Amoyá (ISAGEN) +78MW, Termocol +202MW Gecelca 3 +164MW
<b>2014</b>	Sogamoso (ISAGEN) +800MW, Cucuana (Celsia) +60 MW, Quimbo (Emgesa) + 400 MW
<b>2015</b>	Gecelca 3.2 +250MW, Tasajero II +150 MW
<b>2018</b>	Ituango (EPM) +600MW, Porvenir II (Celsia) + 352 MW
<b>2019</b>	Ituango (EPM) +1200 MW

# Who is Emgesa?

Leading player and strategic asset in the energy sector In Colombia

emgesa

emgesa

**2nd largest generation and commercialization company of electricity in Colombia**

Market share in terms of installed capacity:

**20.3%**

Market share in terms of total generation:

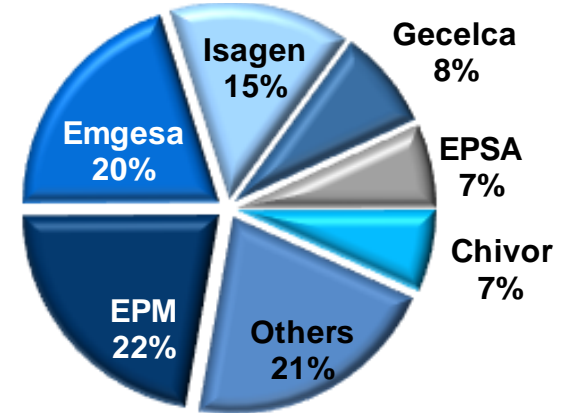
**19.1%**

of total generation with 2,991 GWh generated in 1Q2014 and 12,748 GWh generated in 2013

## Market Share by Installed Capacity (%)

AS of March 2014

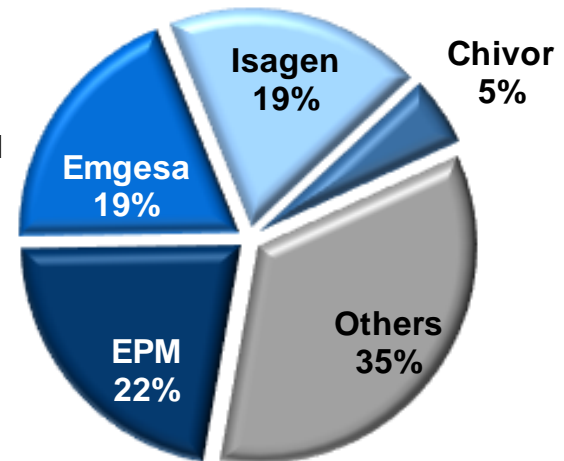
System's Total Installed Capacity  
**14.665 MW**



## Market Share by Generation (%)

First Quarter 2014

System's Total Generation  
**15.666 MW**



Source: XM.



# Generation Portfolio

Diversified generation portfolio in three different river basins

Hydro= 2,532 MW (85%) (includes run-off-the-river plants)

**Guavio**  
▪ 1,213 MW

**Betania**  
▪ 541 MW

**Dario Valencia**  
▪ 100 MW

Pagua

**Paraíso**  
▪ 277 MW

**La Guaca**  
▪ 325 MW

Run-off-the River Plants

**El Charquito**  
▪ 19,5 MW

**Tequendama**  
▪ 19,5 MW

**Limonar**  
▪ 18,1 MW

**San Antonio**  
▪ 19,5 MW

Under Development

**El Quimbo**  
▪ 400 MW

**Salaco Repowering (Dario Valencia and Laguneta)**  
▪ +144.8 MW (221 MW)

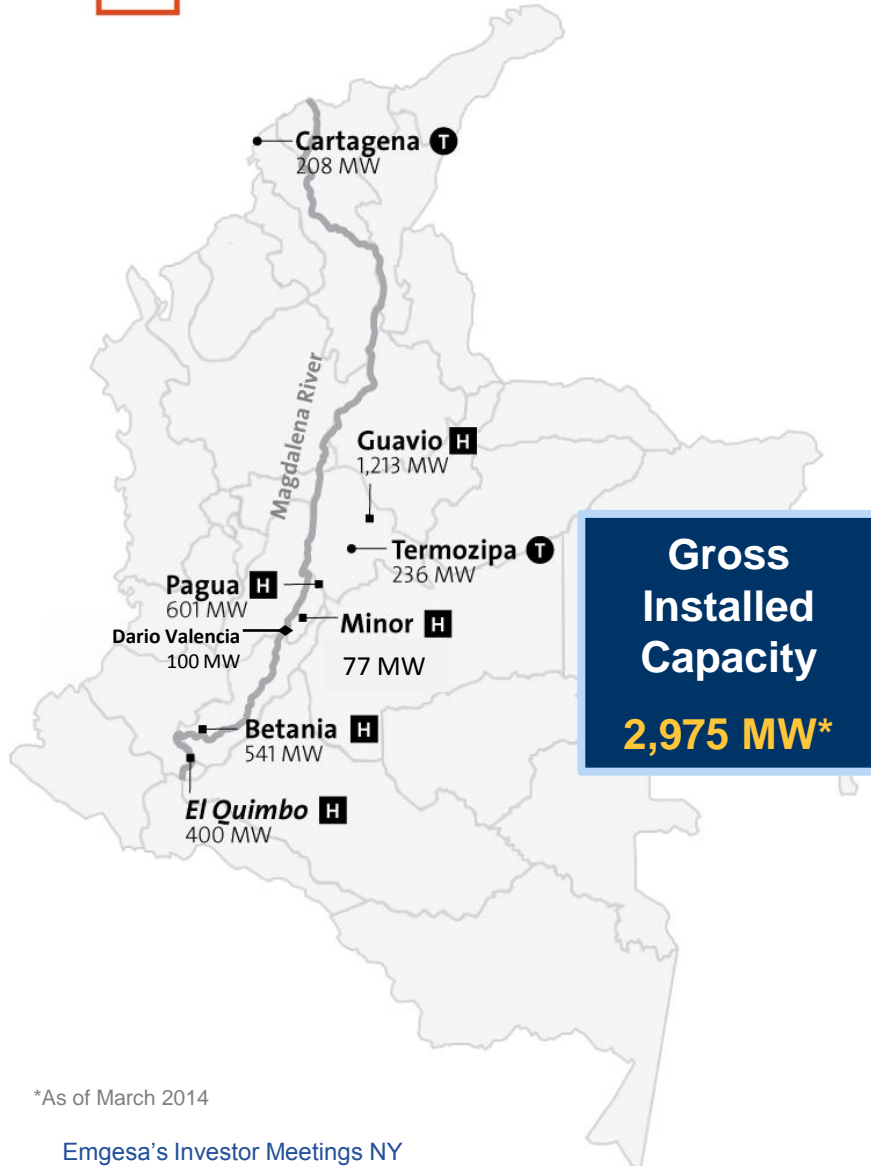
Thermo= 444 MW (15%)

**Termozipa**  
▪ 236 MW

**Cartagena**  
▪ 208 MW

**Gross Installed Capacity**

**2,975 MW\***



\*As of March 2014

# Emgesa's Generation

Lower generation and availability of plants due to maintenance maneuvers

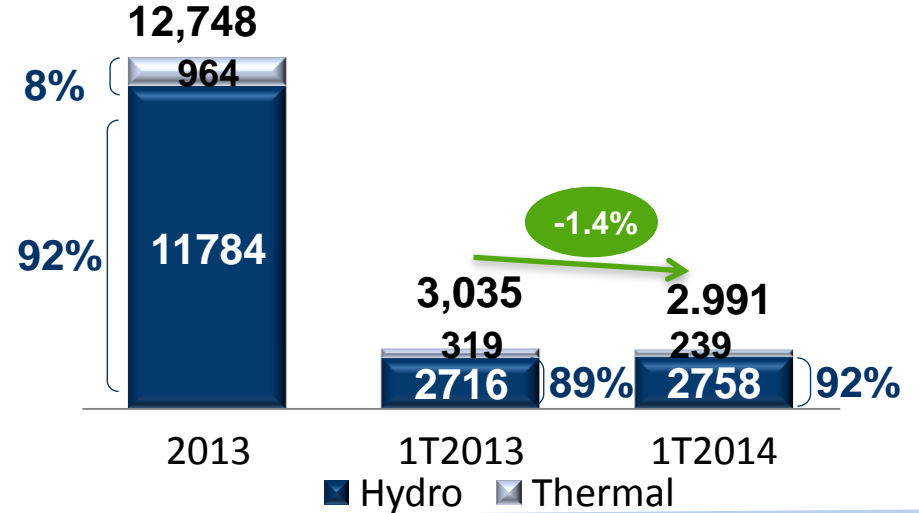
Availability index of plants: **89.4%**  
(-0.1% vs. 1Q2013)

Market share by installed capacity: **20.3%**  
(+0.6% vs. 1Q2013)

Market share by generation: **19.1%**  
(-1.1 vs. 1Q2013)

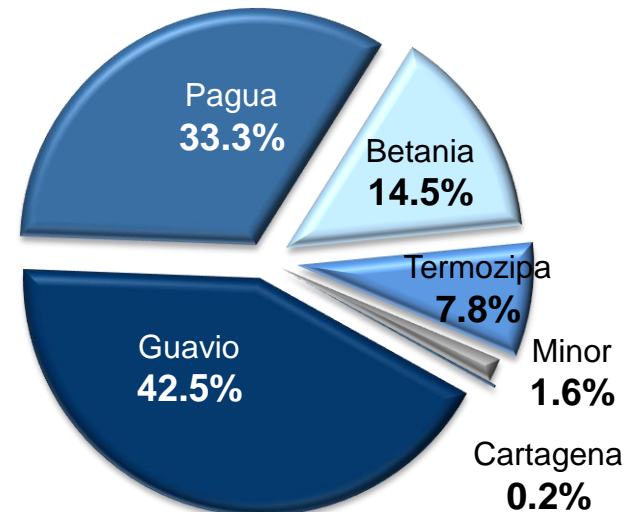
Source: Emgesa

## Emgesa's Generation (GWh)



## Emgesa's Generation Plants

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

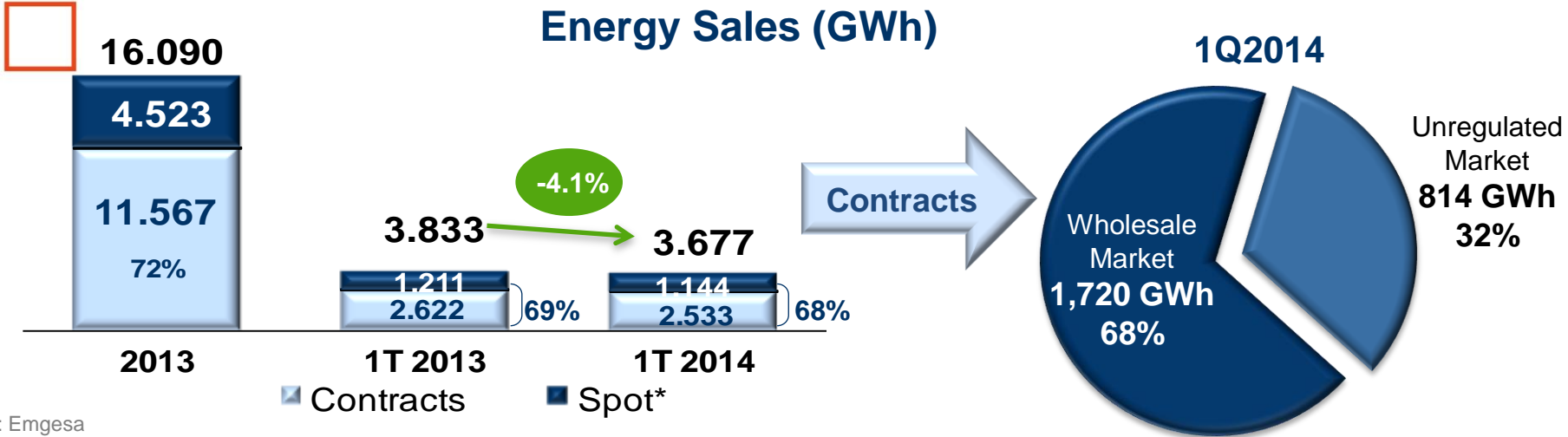


**Lower generation due to maintenance of our thermal plants and low rain levels in the central and northeastern part of the country where Guavio and Pagua are located**

# Emgesa's Sales

Decrease in energy sales as a result of lower generation

emgesa

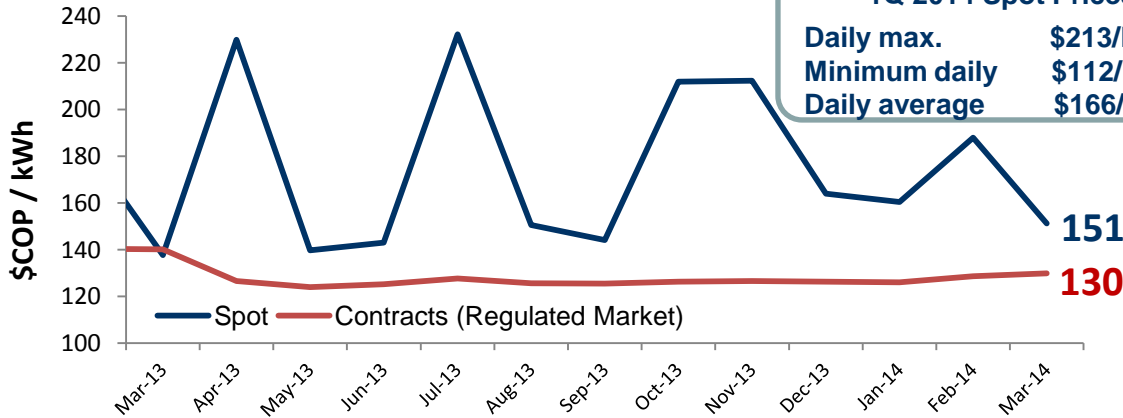


Source: Emgesa

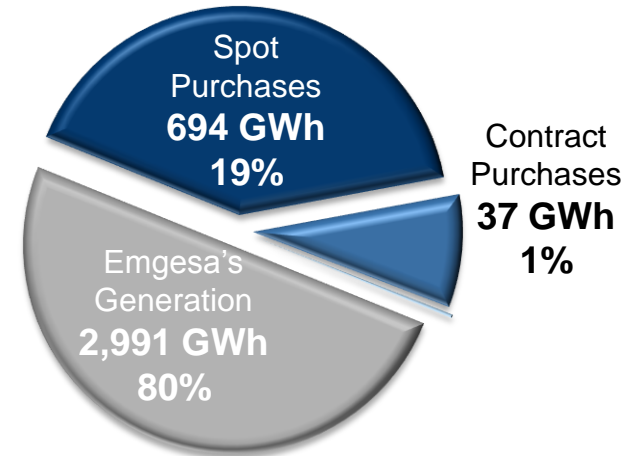
\* Sales in spot market include AGC

## Spot Price vs. Contract Prices 1Q2014

Colombian Market



## 1Q2014 Energy Sales Sources (GWh)



**Commercial policy focused on intermediation in the spot market compensating for lower generation**

# Who is Codensa?

Leader in the distribution and commercialization of electricity in Colombia

emgesa

codensa

**1st distribution and commercialization company in Colombia**

Market Share in terms of total energy demand:

**23.5%**

Market Share in terms of regulated energy demand:

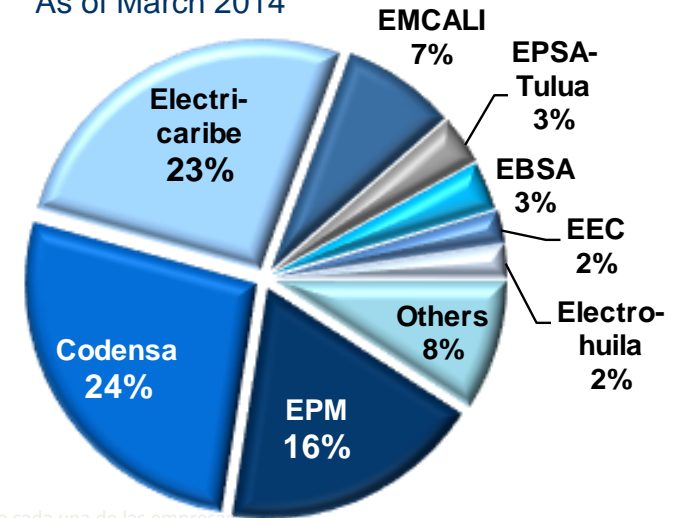
**22%**

Serving 3,612 Gwh as of March 2014 and 14,352 GWh in 2013

## Market Share of National Energy Demand (%) \*

As of March 2014

System's Total Demand  
15,382 GWh

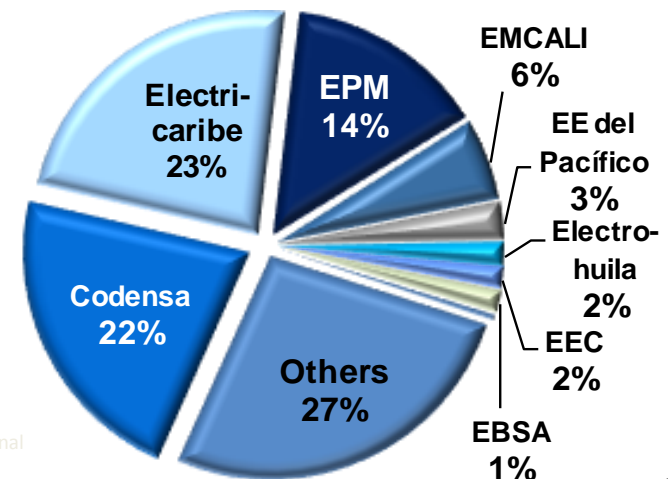


(\*) Resultados individuales de cada una de las empresas

## Market Share of National Regulated Energy Demand (%)

As of March 2014

System's Total Regulated Energy Demand  
10,150 GWh

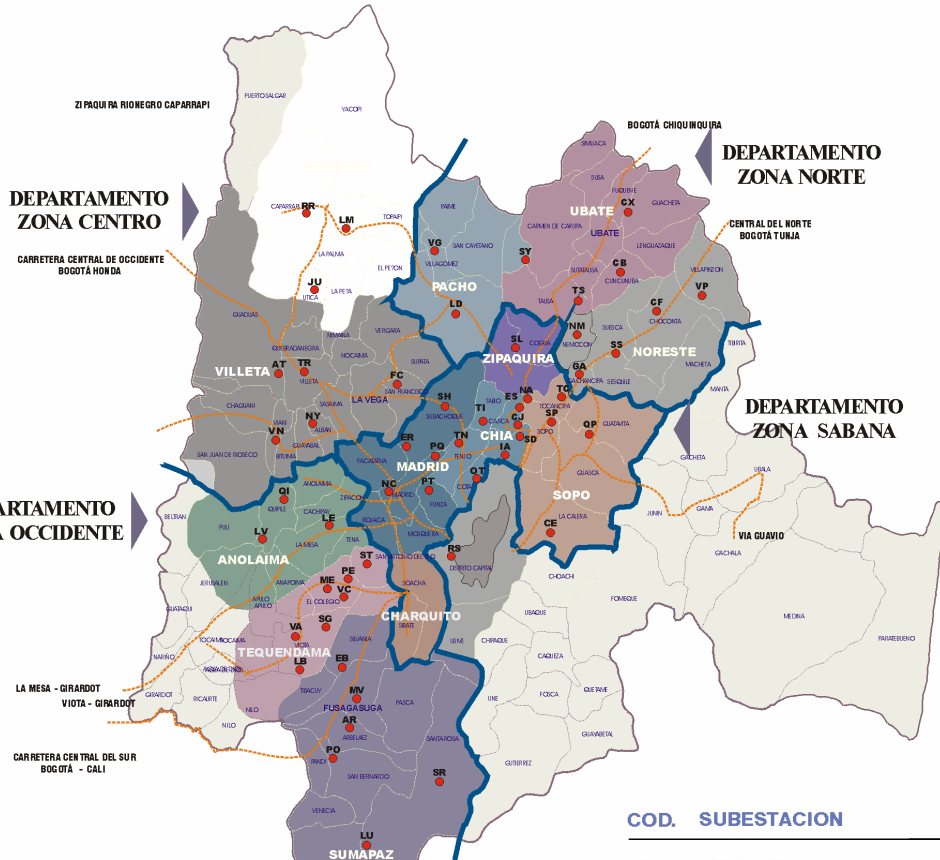


Source: XM:ma Interconectado Nacional  
Fuente: XM.

# Distribution Assets

Wide coverage of the infrastructure of the distribution business in Colombia

## DPTO DE CUNDINAMARCA



### Coverage

Bogota +103 municipalities

### Transmission Lines

115 Kv Tension : 1.131 Km  
57.5 Kv Tension : 116 Km

### Power Transformers

H.Tension: 231 units - 8.875 MVA  
M.Tension: 98 units - 382 MVA

### Distribution Transformers

67,957 units – 8,947 MVA

### Medium and Low Tension Networks

Air: 41,902 Km  
Underground: 5,887 Km

### Service Area

14,087 Km<sup>2</sup>

### Sub estations

122 power substations  
67,220 distribution centers

#### COD. SUBESTACION

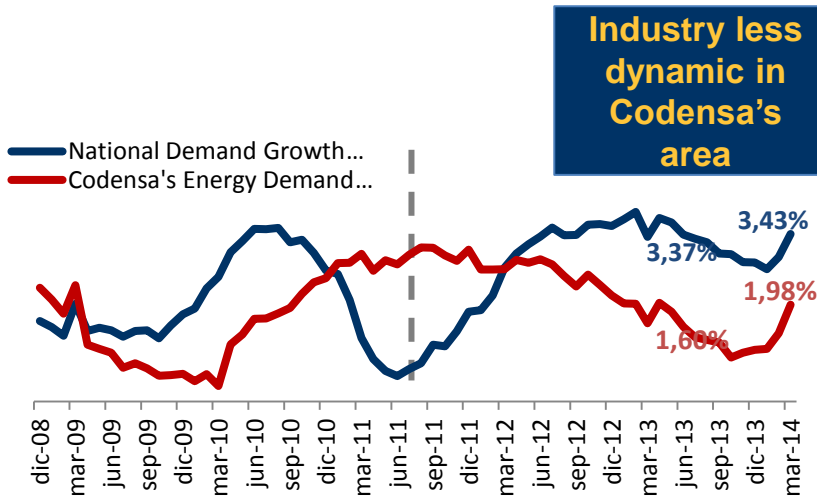
AR	ARBELAEZ	LV	LA VIRGEN	SL	SALINAS
AT	ALTO DEL TRIGO	ME	MESITAS	SP	SOPO
CB	CUCUNUBA	MV	MOVIL FUSA	SR	SANTA ROSA
CE	PATIOS	NA	NELSON ALONSO	SS	SUESCA
CF	CHOCONTA	NC	CORZO NUEVA	ST	SANTANDERCITO
CJ	CAJICA	NM	NEMOCON	SY	SAN CAYETANO
CX	CAPPELLANIA	NY	NAMAY	TC	TOCANCI PA
CY	CACIQUE	OT	COTA	TI	TABIO
EB	EL BOSQUE	PE	EL PEÑON	TN	SABANILLA
ER	EL ROSAL	PO	PORTONES	TR	TERRAZAS
FC	SAN FRANCISCO	PT	LA PUNTA	TS	TAUSA
GA	GACHANCIPA	QI	QUIPILE	VA	VIOTA
IA	CHIA	QP	QUINTA PEREZ	VC	LA PITALA
JU	JURATENA	RR	CAPARRAPI	VG	VILLAGOMEZ
LB	LIBERIA	RS	RADIO SANTA FE	VN	VIANI
LD	LA DO RADA	SD	SINDAMANOY	VP	VILLAPINZON
LE	LA ESPERANZA	SG	SAN GABRIEL	LU	LA UNION
LM	LA PALMA	SH	SUBACHOQUE		

\*Con corte a junio de 2013

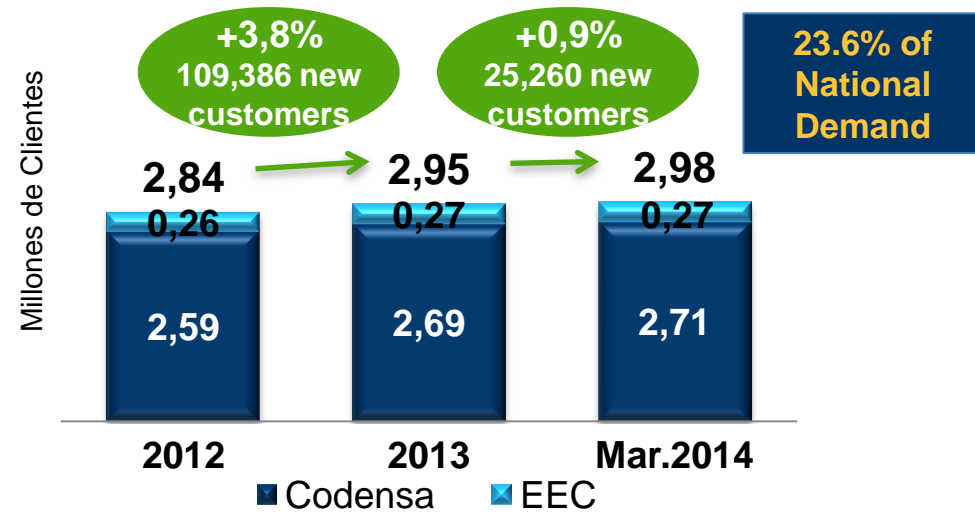
# Codensa's Operational Results

Demand Growth, electricity sales and distribution, and losses index

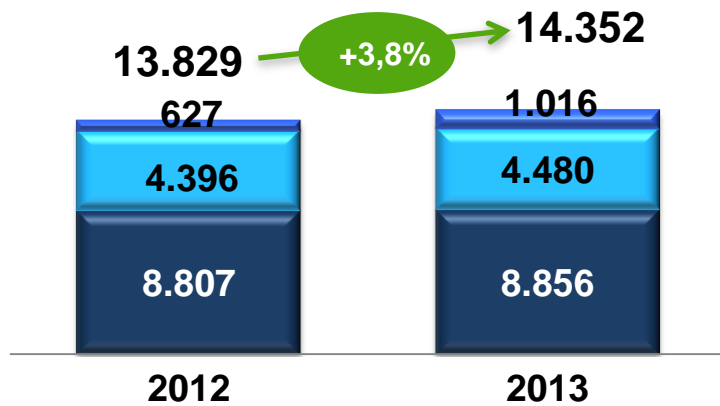
## Demand Growth: National vs. Codensa's Area



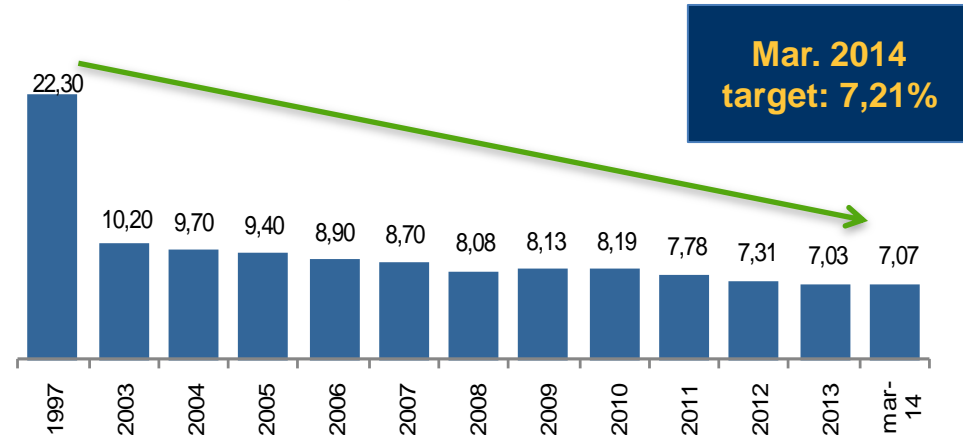
## Customer Base Growth



## Electricity Sales (GWh)



## Electricity Losses Index





# Agenda



**1** Company's Profile and Business Strategy



**2** **Financial Results**



**3** 2014 Outlook and Strategic Projects

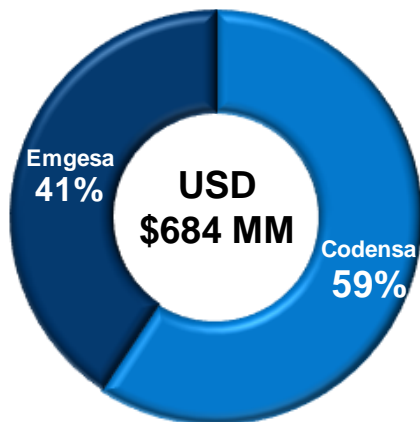
# Enel Group in Colombia

Aggregated figures for Codensa and Emgesa for 1Q 2014

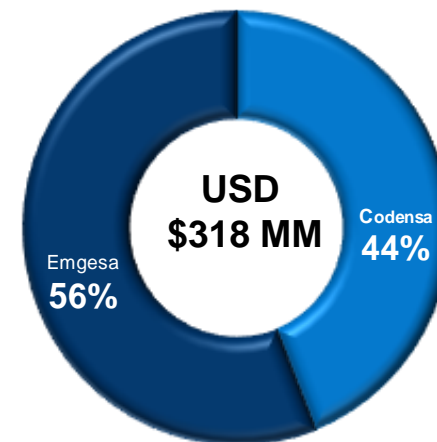
emgesa

## Enel Group in Colombia 1Q2014<sup>(1)</sup>

1Q2014 Revenues



1Q2014 EBITDA



emgesa

Generation:

FitchRatings  
STANDARD  
& POOR'S

International:  
BBB /BBB

FitchRatings

Local: AAA

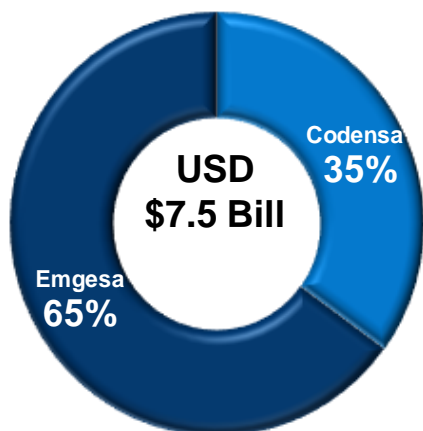
codensa

Distribution:

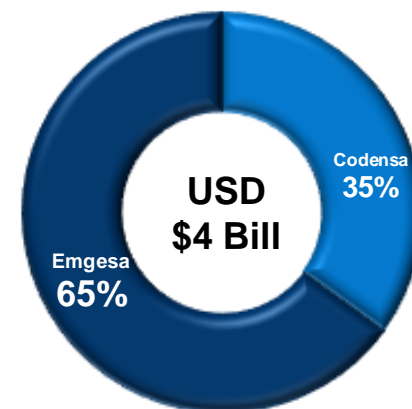
FitchRatings

Local: AAA

Assets as of March 2014



Equity as of March 2014



(1) Corresponds to aggregated and audited figures for Codensa and Emgesa as of March 31, 2014

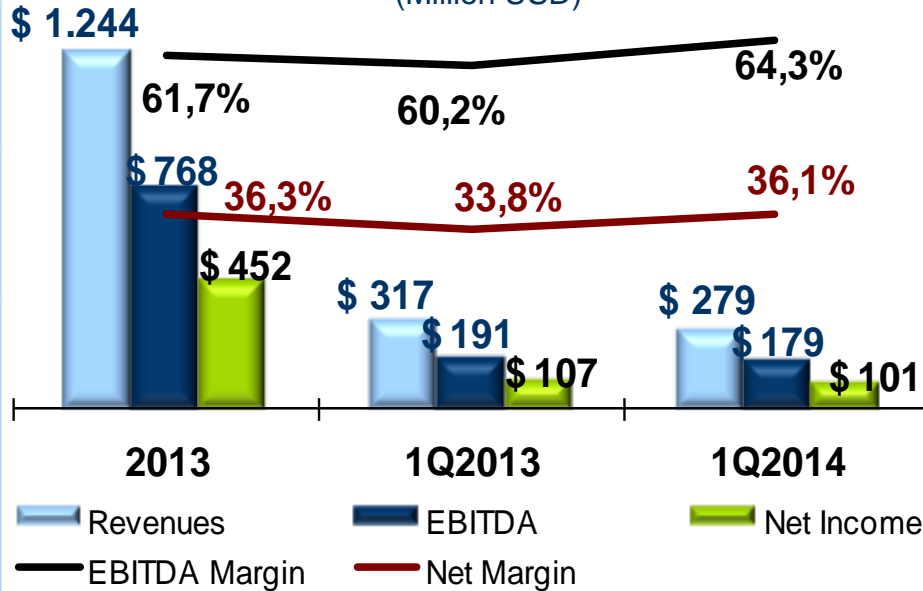


# Emgesa's Financial Results

Commercial policy's effectiveness proven in financial results

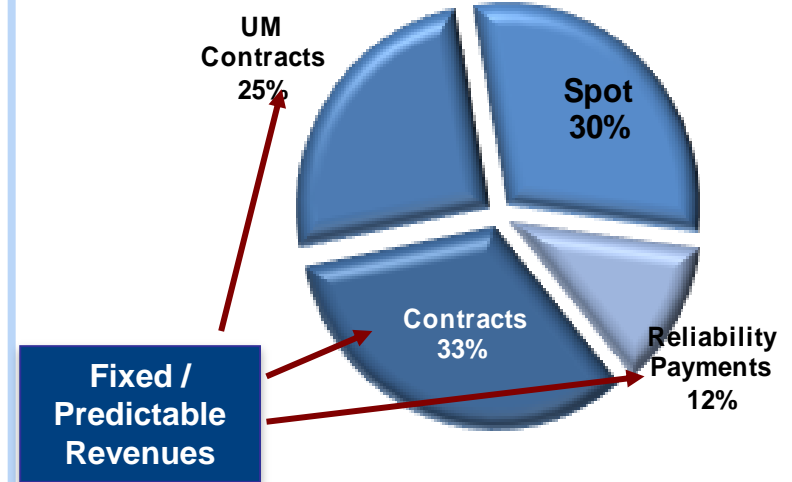
## Financial Results and Margins

(Million USD)



## Sales Composition

1Q 2014 (%)



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

**-5.6% operating revenues, +0.8% net income, +0.9% EBITDA and (YoY)**

**Commercialization activity in the spot market at high prices and lower sales to contracts to compensate for lower generation.**

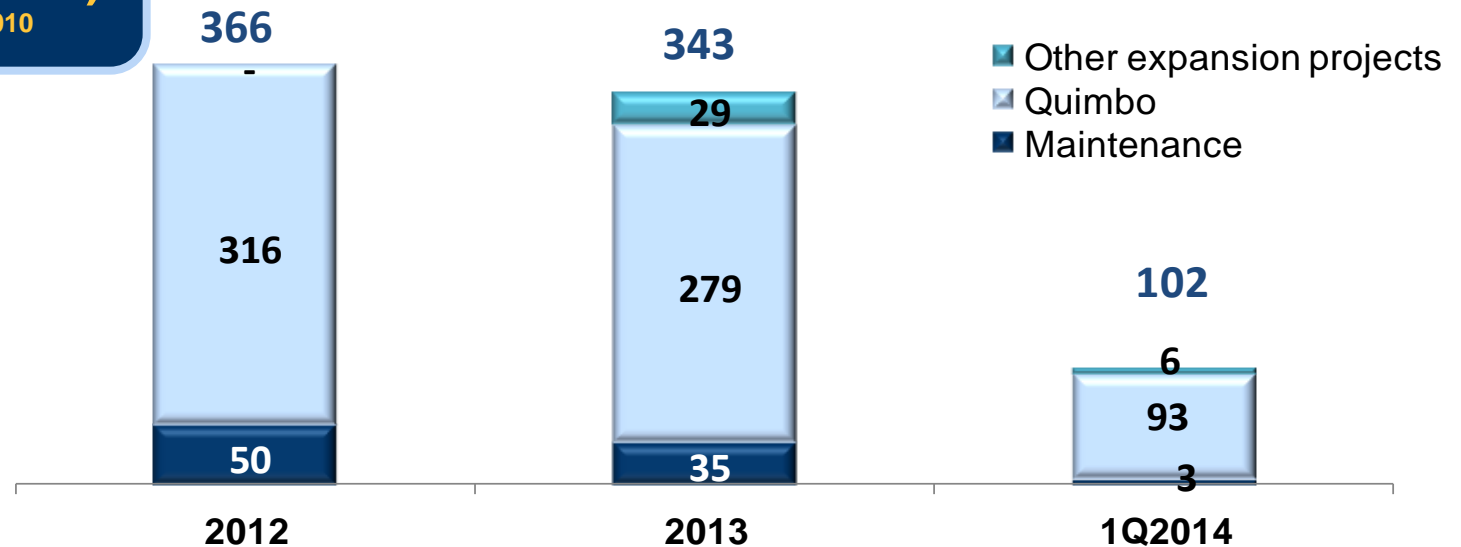
**Cost of sales decreased by 14.8%, due to lower volume and price of the energy bought in the spot market and a 25.1% decrease in thermal generation**

# Emgesa's Investments

Execution of investments according to schedule

## Investments (USD million)

Total Investment in  
El Quimbo:  
**US\$ 639.8 million**  
(2010 – 1Q 2014)  
Constant USD of 2010

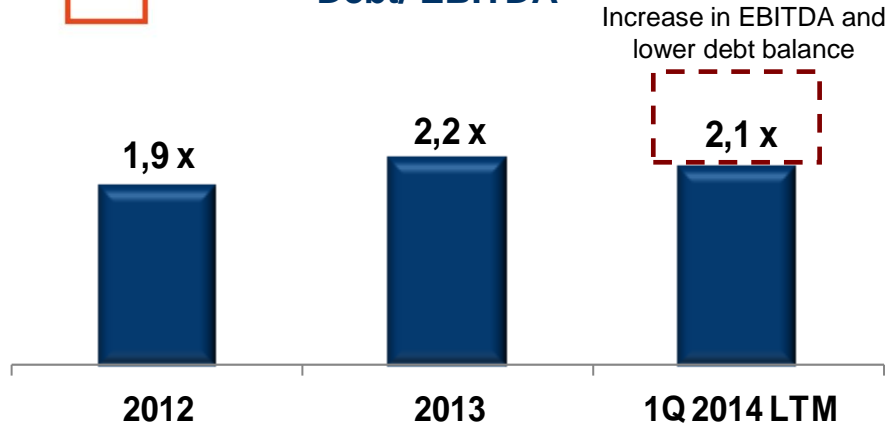


Investments focused in the execution of **El Quimbo Project**, the **Salaco repowering and maintenance** for hydro and thermo plants

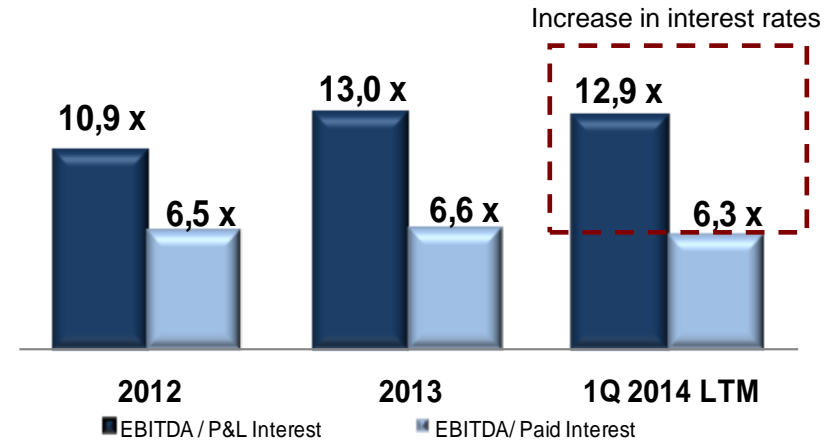
# Emgesa's Key Credit Metrics

Strong financial ratios after funding 68% of El Quimbo Project

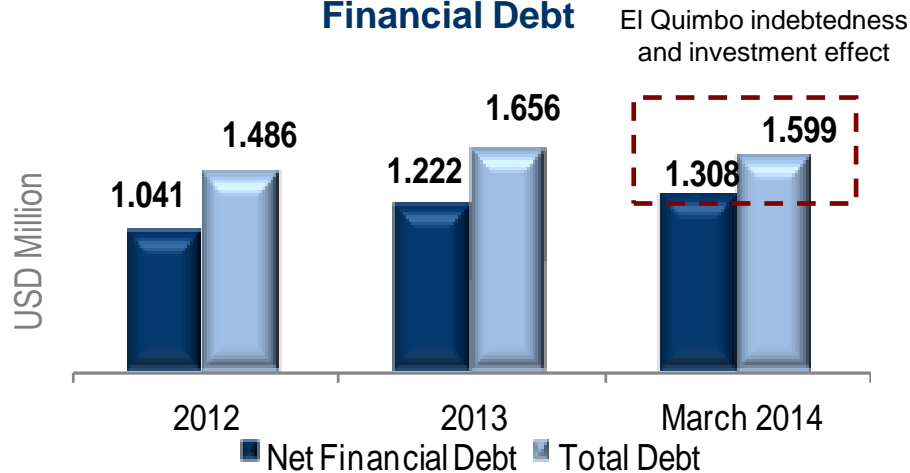
## Debt/ EBITDA<sup>(1)</sup>



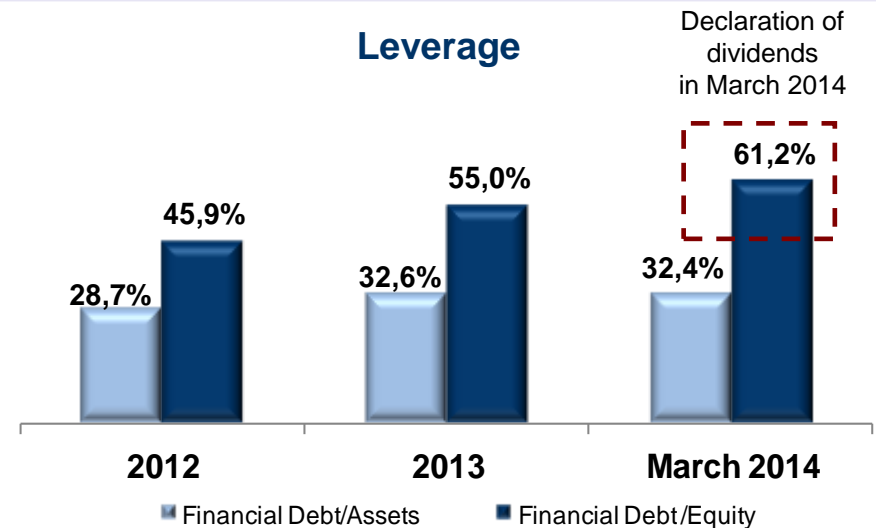
## EBITDA / Interest Expenditure<sup>(2)</sup>



## 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 El 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.

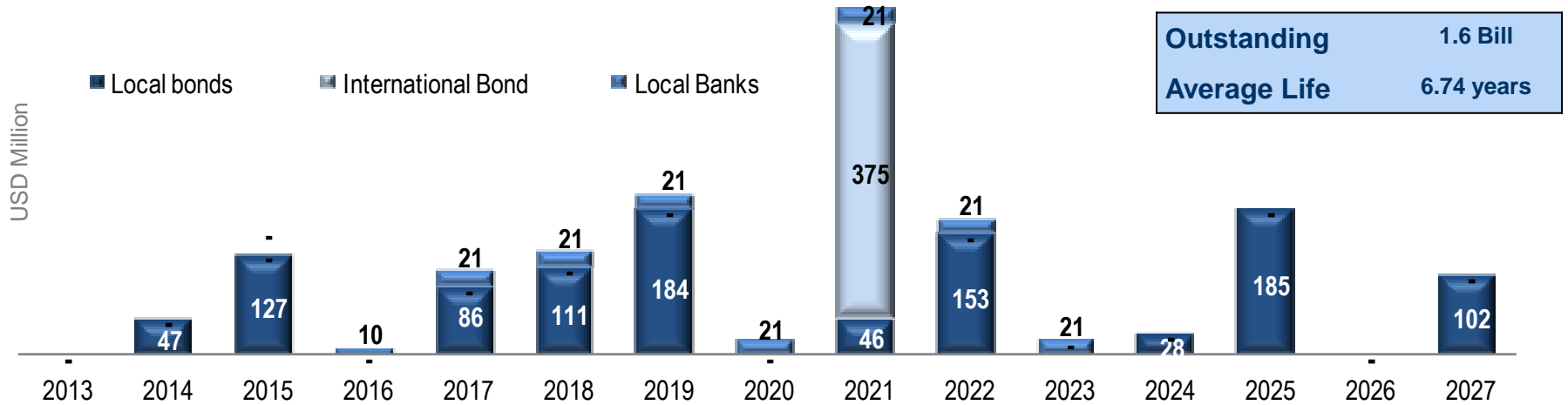
# Emgesa's Debt Profile

Moderate amortizations in the following 5 years according to debt profile

## Amortization Schedule

(MM USD) as of March, 2014

EBITDA (2013) ~ USD\$768 Million



**Outstanding** 1.6 Bill  
**Average Life** 6.74 years

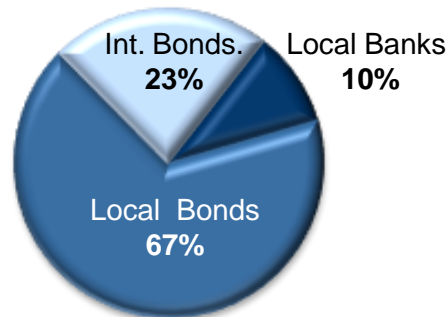
## Financial Debt Breakdown

as of March, 2014

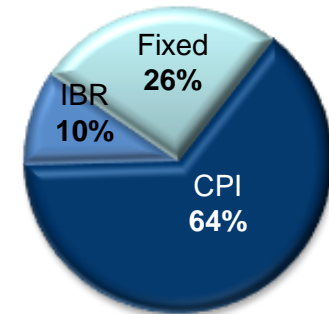
### Currency



### Instrument



### Interest Rate

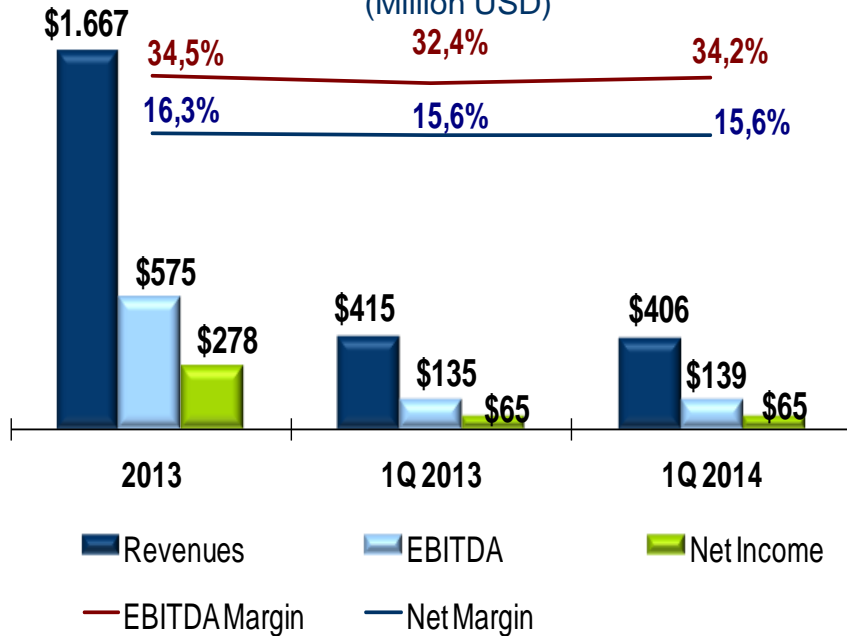


# Codensa's Financial Results

Operational revenues growth and margin stability

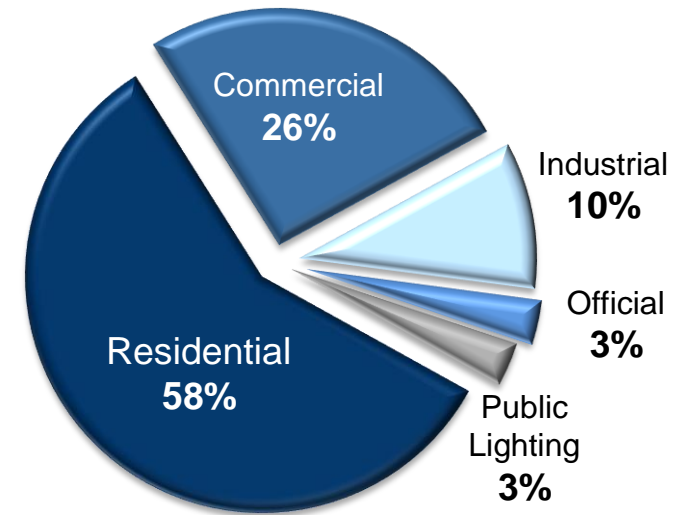
## Financial Results and Margins

(Million USD)



## Sales Composition

1Q 2014 (% of physical sales)



**+4.8%** operational revenues, **+10.6%** EBITDA (YoY) and **+8.3%** net income

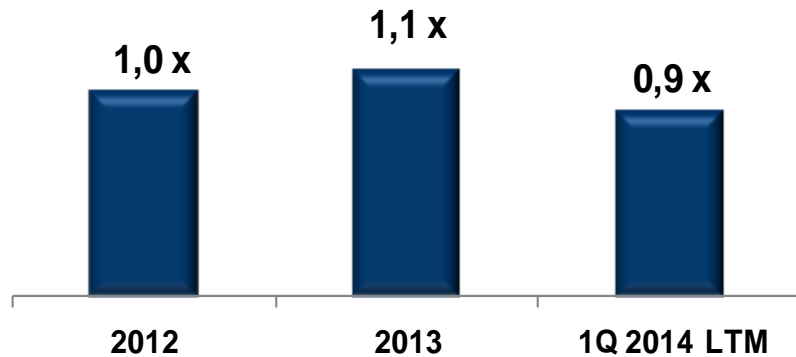
**Increase in energy sales due to higher demand of energy in Codensa's area of influence**

**Sales to industrial and commercial clients: 84% of operational revenues**

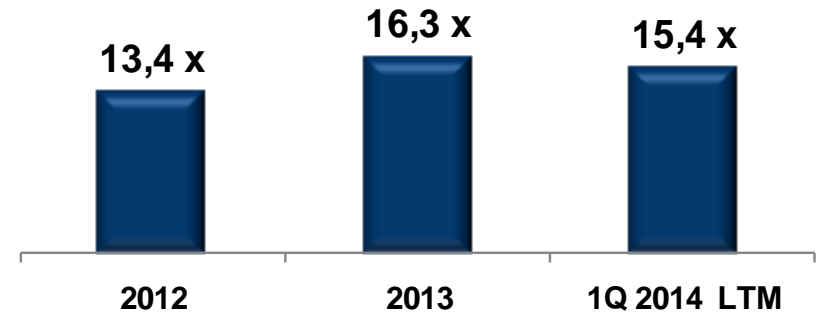
# Codensa's Key Credit Metrics

Conservative risk profile consistent with AAA local rating

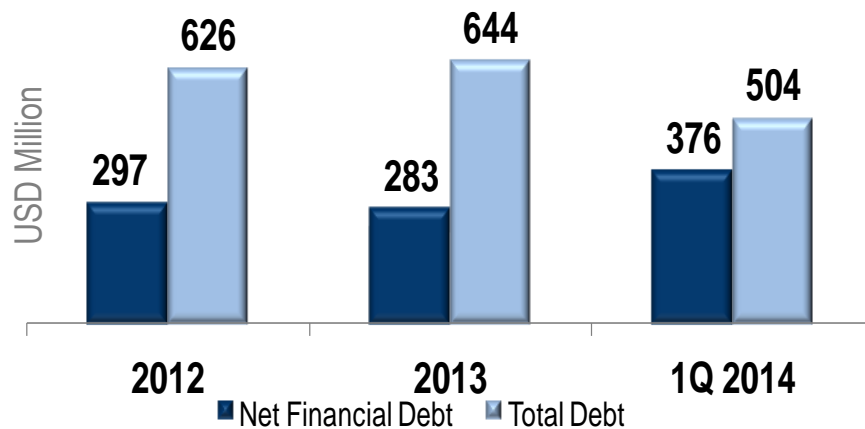
Debt/ EBITDA<sup>(1)</sup>



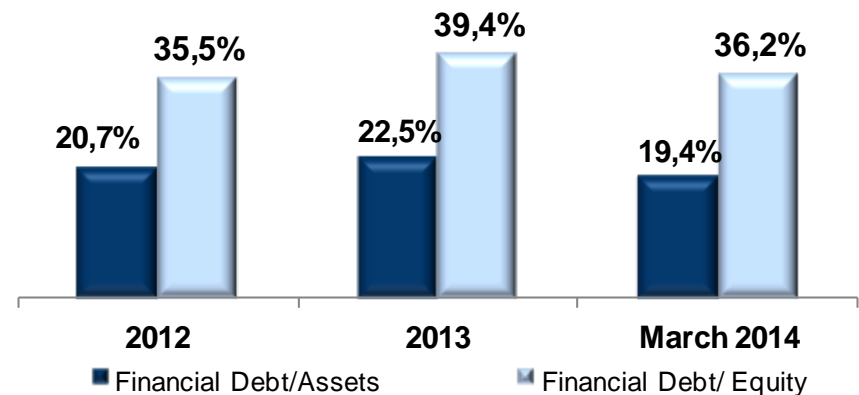
EBITDA / Interest Expenditure<sup>(2)</sup>



Financial Debt



Leverage



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# Agenda



**1** Company's Profile and Business Strategy



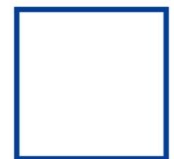
**2** Financial Results



**3** **2014 Outlook and Strategic Projects**

# Colombia Strategy Pillars

Strategy aimed towards Growth, Competitiveness and Sustainability





# Execution of Projects Under Development

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

emgesa

## Quimbo

**64.8% of physical execution (1Q14)**

**Budget: USD\$1,093 million**  
**Accumulated Investment of USD\$639,8 million**

Hydroelectric plant  
400 MW (2x200 MW Francis)  
Average generation of 2,216 Gwh/year

- ❖ Advances in:
  - Alternative routes – II Tranche and overpass bridge
  - Concrete face of dam
  - Dumping site
  - Auxiliary dam and engine room
- ❖ Advances in the production, supply and assembly of the engines, generator and gates

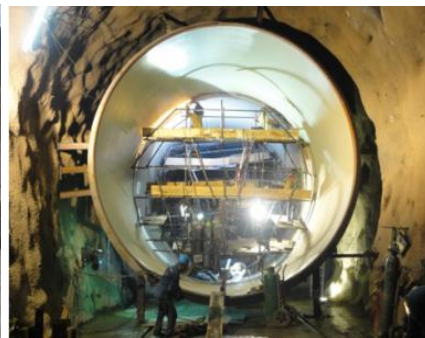
## Salaco Repowering

**77.2% of physical execution (1Q14)**

**Budget: USD\$43,7 million**  
**Accumulated Investment of USD\$28 million (constant USD of 2012)**

Repowering of 6 generation units in the Salto II, Laguneta and Colegio power plants.  
Increase of 144,8 MW in installed capacity for a total of 221 MW  
Beginning of commercial operations: December 2014

- ❖ Important advances in the update of equipments and major maintenances.
- ❖ **Beginning of commercial operations of Unit 2 (Nov 3, 2013) and Unit 5 (March 2014) adding 100 MW of installed capacity**



# El Quimbo Financing Strategy

82% of the project's total investment needs backed up

## Financing Strategy

✓ Already backed up: 2,1 trillion COP  
82% of total

✓ Already financed: 1,7 Trillion COP  
68% of total

**\$647 BnCOP**  
144A/ Reg S  
(Jan-2011)

**\$500 BnCOP**  
Local Bond  
(Dec-2012)

**\$516 BnCOP**  
Local Bond  
(Sept-2013)

**\$360 BnCOP**  
Committed lines  
(Jan-2011)

**Prefunding**  
(Oct.2010-  
Jan.2011)

**Long-term financing**  
2011 - 2014

- Interco. With Codensa
- Short-term loans with local banks

- On balance sheet
- Local and international bond issuances

**Assure availability of resources,  
monitor markets to profit from best  
market conditions**

### **Liquidity Back-up**

- Committed lines with local banks for 360 BnCOP

# Energy Efficiency

Growth opportunities and challenges for 2014

emgesa

**We have identified three areas of great potential to develop energy efficiency projects in Colombia in 2014:**

## Public Lighting

- Change of current light bulbs for LED bulbs and sodium with electronic ballast
- Potential for savings and efficiency for the city
- Investment approved: USD\$83 MM



## Cogeneration



- Potential market of 850 MW
- Greater efficiency than conventional sources
- Energy model with efficiency and sustainability criteria

## Electric Mobility

- Transform current massive transportation system into an electricity based system.
- Tram and Metro for Bogota



# Investment Considerations for Emgesa

Strength of financial and operational results throughout the years

emgesa

## Leading company in the energy industry and diversified portfolio of assets

- 2<sup>nd</sup> largest generation company in Colombia
- Competitive advantage for energy dispatch due to low marginal cost of hydro plants
- Competitive and diversified asset portfolio (85% hydro / 15% thermo and 11 generation plants in 3 different river basins)
- Positive operating and financial results in spite of the execution of major infrastructure projects, due to flexible commercial policy
- New opportunities for businesses and growth

## Diversified cash flows and strong financial profile

- 62,8% average EBITDA margin in the last 3 years, in spite of extreme hydrological conditions (Niño in 1H2010, Niña in 2H2010, 2011 and 1H2012 and dry conditions in 2H2012 and 2013)
- 8.3% average growth in operating revenues and 10% in EBITDA in the last 3 years
- 71.9% of sales through contracts in the last 3 years
- Predictable revenues from the reliability charge (USD\$150-200 MM per year)
- High integration with its sister company Codensa to optimize cash allocation and diversify financing sources.
- Low financial leverage after funding 68% of El Quimbo: debt / equity = 61%, Debt / EBITDA = 2,1x and EBITDA / interest expenditure (CF) = 6,3x

## Expert senior management and strategic shareholders

- 17 years of presence in Colombia
- Enel, Endesa Spain and Enersis are world leaders of the energy sector
- Senior management with extensive experience of over 20 years in the industry in Colombia and Latin America



# Investor Relations Team



emgesa

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