Operational and Financial Results Report – Emgesa S.A. E.S.P
As of September 2013

November 8th , 2013

Executive Summary

- ***Emgesa's EBITDA[1] grew by 7,6% in the first nine months of 2013 due to the continuity of a large intermediation activity in the spot market taking advantage of higher prices resulting from the dry season.***

- ***Emgesa's net income increased by 11,1% in the first nine months of 2013 as a result of better operational results and to a decrease in financial expenditure.***

- ***During the period between January and September 2013 Emgesa invested more than COP$430,8 billion (USD$225 million) mainly in the construction of El Quimbo Hydroelectrical Plant and the Salaco repowering, and generated about 20.7% of the energy in the country.***

- ***Financial obligations, including accrued interests, reached COP$3,8 trillion (USD$1,7 billion), a 20% increase with respect to existing obligations in December 2012, mainly due to the issuance of the fifth tranche under the local bond program in September 2013 for COP$ 565 billion (USD$ 296 million) to finance investments for the construction of the El Quimbo hydroelectric power plant.***

Emgesa's net income reached COP$646,1 billion (USD$339 million) in the third quarter of 2013

Emgesa recorded a net income of COP$646,1 billion (USD$339 million) during the first nine months of 2013, an 11.1% increase with respect to the same period of 2012. The main factors explaining this result include, the commercialization activity in the spot market at higher prices, the increase in sales through the secondary frequency regulation mechanism (AGC)[2] and a 22% decrease in the net financial expenditure due to a downward trend in interest rates in local market.

The result for the company was a net margin of 35.7% over total operational revenues in the first nine months of the year.

Emgesa's EBITDA reached COP$1.1 trillion (USD$587 million) during the first nine months of 2013

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

[2] AGC or Automatic Generation Control, refers to the secondary frequency regulation represented in fees paid to electricity generators by XM (Colombian Administrator of the Commercial Exchange System) acting on behalf of electricity generators in the Wholesale energy market, for implementing technology that moderates the frequency of electricity in order to guarantee the quality of electricity along the National Transmission System.

Operating revenues totaled COP$1,8 trillion (USD$949 million), showing a 14.4% increase compared to the same period of 2012, due to an increase in the price of energy sales, in the spot market, as a result of low hydrology during the year.

During the first nine months of 2013 Emgesa sold 12,103 GWh, out of which 71.3% corresponded to sales through contracts to clients in the wholesale and unregulated markets and the remaining 28.7% to sales in the spot market and through the AGC[3] mechanism.

On the other hand, the cost of sales during the first nine months of the year totaled COP$784,4 billion (USD$411 million) representing a 24.4% increase compared to the result of the same period of last year. This was mainly due to an increase in fuel oil consumption in the third quarter of 2013, as a result of higher thermal generation during the period and higher energy purchases in the spot market at higher prices to maintain the intermediation in the spot market.

Administrative expenses had a 13,6% reduction compared to the results of September 2012, reaching a total of COP$18,9 billion (USD$10 million).

Consequently, operational income increased by 8.3%, reaching a total of COP$1,0 trillion (USD$528 million) in September 2013. As a result of the increase in the operational income, Emgesa's EBITDA had a 7.6% increase between January and September 2013, totaling COP$1,1 trillion (USD$587 million).

Net financial expenditure reached COP$74,4 billion (USD$39 million)

Net financial expenditure in the first nine months of 2013 had a decrease of COP$21,0 billion (USD$11 million) compared to the same period of 2012, a 22% change in the period. Financial expenditure was reduced in 14.2% equivalent to COP$88,3 billion (USD$46 million),as a result of downward trend in interest rates in local market, especially in the DTF and CPI rates at which 74% of Emgesa's debt is indexed.

Moreover, financial revenues increased by COP$6,4 billion (USD$3 million) as a result of an increase of 45,3% in cash balances as of

3 AGC or Automatic Generation Control, refers to the secondary frequency regulation represented in fees paid to electricity generators by XM (Colombian Administrator of the Commercial Exchange System) acting on behalf of electricity generators in the Wholesale energy market, for implementing technology that moderates the frequency of electricity in order to guarantee the quality of electricity along the National Transmission System.

September 2013 compared to December of 2012, due to the issuance of the Fourth and Fifth Tranches of the Local Bond Program in December 2012 and September 2013 to prefund investments in El Quimbo hydroelectric power plant and to serve 2014 bond maturities.

Emgesa's generation reached 9,623 GWh in the first nine months of 2013

During the first nine months of 2013 Emgesa generated 9,623 GWh, through its 12 generation plants in the country, with 92% of the total generation coming from hydro plants and 8% from thermal plants, showing an increase in the share of thermal generation due to low hydrology during the first nine months of 2013. The power generation mix of the country for the same period was 67% hydro sources, 27.2% thermal sources, 5% from minor plants and 0.6% from cogeneration.

Emgesa's generation represented 20.7% of national generation during the first nine months of the year which totaled 46,452 GWh, a 4.4% increase as compared to the first nine months of 2012.

Gross installed capacity for Emgesa as of September 2013 was 2,914 MW and net installed capacity was 2,883 MW, which represented 19.5% of the country's installed capacity.

During the first nine months of 2013, the company served a monthly average of 769 frontiers in the unregulated market, which represented 13.7% of this market in the country. Energy demand of the unregulated market served by Emgesa in the same period reached 2,327 GWh, equivalent to 15.4% of the national demand in this market.

The availability of Emgesa's generation plants between January and September 2013 was 91.5%, up from an 89.9% availability level in the same period of 2012.

Average spot price for the market during the first nine months of 2013 was at COP$176/KWh, increasing by 31.5% compared to the same period of 2012. This is a result of below than average rain levels within the system (90.4% of historical average). Rain levels for the Betania and Guavio reservoirs were at 102% and 84% of the historical average, respectively. The regulated rain levels of the Bogota River Basin were at 82% of the historical average.

According to the international weather institutes, weather conditions were neutral in the region during the third quarter of 2013. The temperatures in the eastern Pacific basin were below the historical average, indicating negative temperature anomalies during the period analyzed. Given the above, the predictions made by international agencies reported probabilities of occurrence of El Niño phenomena (dry season) below 4% in September 2013.

In the following table we present a summary of the main operational results of the period:

	Sept. 2013	Sept. 2012	(%) change
Emgesa's Generation (GWh)	**9.623**	**10.248**	**-6,1%**
Hydro	8.840	9.863	-10,4%
Thermo	783	385	+103,4%
Emgesa's gross installed capacity (MW)	**2.914**	**2.914**	**0,0%**
Sales (GWh)	**12.103**	**12.305**	**-1,6%**
Contracts	8.628	8.784	-1,8%
Spot	3.475	3.521	-1,3%
Availability of Plants	**91,5%**	**89,9%**	**+1,61%**
Energy Purchases (GWh)	**2.616**	**2.157**	**+21,3%**

Investments for COP$430,9 billion (USD$226 million) in the first nine months of 2013

Emgesa invested COP$430,9 billion (USD$226 million) between January and September 2013 mainly in the construction of El Quimbo Hydroelectric Power Plant and the repowering of old minor plants in the Salaco chain. Likewise, Emgesa performed preventive maintenance to its hydro and thermal plants to guarantee their reliability and availability. Total investment as of September 2013 was 21.4% above the executed level between January and September 2012, as the advance in El Quimbo Project has driven investment up. As of September 2013 Emgesa had invested COP$371,9 billion (USD$195 million) billion in El Quimbo project, COP$24,9 billion (USD$13 million) in the repowering of the Salaco Chain and COP$33,0 billion (USD$17 million) in preventive maintenance.

Balance Sheet Structure

As of September 2013, the Company's assets reached COP$10,1 trillion (USD$5.3 billion), out of which property, plant and equipments represented 57.7% totaling COP$5,8 trillion (USD$3 billion) and cash and temporary investments reached COP$1,1 trillion (USD$598 million), about 11.3% of total assets.

Emgesa's total liabilities as of September 2013 totaled COP$4.5 trillion (USD$2,3 billion) and the shareholders' equity reached COP$5,5 trillion (USD$2,9 billion). Regarding the financial structure of the Company, total liabilities represented 44.8% of total assets and the shareholders' equity was 55.2% of total assets. Total financial debt was equivalent to 32.4% of total assets.

Year to date, Emgesa has paid dividends corresponding to the last portion of the 2011 net income for a total of COP$165 billion (USD$90 million) and the first portion of the 2012 net income for COP$154 billion (USD$ 80 million).

Financial Debt

As of September 2013, Emgesa's financial debt reached COP$3.2 trillion (USD$1,4 billion) (including accrued interests), showing a 20.0% increase compared to the debt balance of December 2012, mainly as a result of the issuance of the Fifth Tranche under the local bond program for a total amount of COP$565 billion (USD$296 million).

The deal was 2.2 times oversubscribed and the bonds were placed in two series of 6 and 12 years with a yield at par of CPI + 4.25% and CPI +5.00%, respectively. The proceeds of the bond issuance will be used to serve investments in El Quimbo in 2013 and 2014 and to prefund a bond maturity in February 2014. The bonds under the program as well as the rest of Emgesa's outstanding bond issuances are rated AAA by Fitch Ratings Colombia.

As of September 30, 2013, Emgesa's total financial debt was denominated in pesos including local bonds (67%), international bonds (23%) and long-term loans with local Banks (10%). About 63% of financial debt was indexed to CPI, 26% was in fixed rate and 11% was indexed to DTF. Average life of Emgesa's debt was 6.97 years by the end of September 2013.

The following table summarizes the conditions of Emgesa's financial debt as of September 30, 2013:

Instrument	Coupon / Interest Rate	Yield	Maturity	Amount (MM COP)	Av. Life (years)	Rating
Local Bonds						
Third Bond Issuance	A7 Series: IPC + 5.04%	IPC + 5.04%	February 23,	$ 210,000	1.4	AAA (local)

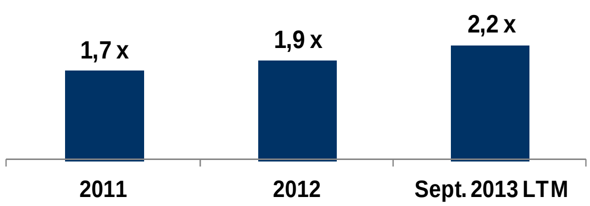
Instrument	Coupon / Interest Rate	Yield	Maturity	Amount (MM COP)	Av. Life (years)	Rating
(First tranche)		IPC + 2.40%	2015	$ 40,000		
Fourth Bond Issuance (First Tranche Under Program)	B10 Series: IPC + 5.15%	IPC + 5.15%	February 20, 2017	$ 170,000	3.4	AAA (local)
Fifth Bond Issuance (Second Tranche under Program)	A5 Series: DTF TA + 1.47%	DTF TA + 1.47%	February 11, 2014	$ 49,440	0.4	AAA (local)
	B10 Series: IPC + 5.78%	IPC + 5.78%	February 11, 2019	$ 160,060	5.4	AAA (local)
	B15 Series: IPC + 6.09%	IPC + 6.09%	February 11, 2024	$ 55,500	10.4	AAA (local)
Sixth Bond Issuance (Third Tranche under program)	E-5 Series: 9.27%	9.27%	July 2, 2014	$ 92,220	0.7	AAA (local)
	B-9 Series: IPC + 5.90%	IPC + 5.90%	July 2, 2018	$ 218,200	4.8	AAA (local)
	B-12 Series: IPC + 6.10%	IPC + 6.10%	July 2, 2021	$ 89,580	7.8	AAA (local)
Seventh Bond Issuance (Fourth Tranche under Program)	B-10 Series: IPC + 3.52%	IPC + 3.52%	Dec.13, 2022	$300,000	9.2	AAA (local)
	B-15 Series: IPC + 3.64%	IPC + 3.64%	Dec.13, 2027	$200,000	14.2	AAA (local)
Eighth Bond Issuance (Fifth Tranche under Program)	B-6 Series: IPC + 4.25%	IPC + 4.25%	Sept. 11, 2019	$201,907	5.95	AAA (local)
	B-12 Series: IPC + 5.00%	IPC + 5.00%	Sept.11, 2025	$363,030	11.9	AAA (local)
		Local Bonds Total		**$ 2,150,000**	**7.13**	
International Bond						
144 A /Reg S	8.75%	8.75%	January 25, 2021	$ 736,760	7.3	BBB (Intl.)
		International Bonds Total		**$ 736,760**		
Local Banks						
Bancolombia	DTF + 3.75%		April 10, 2022	$ 22,599	5.03	N/A
Bancolombia	DTF + 3.75%		April 10, 2022	$ 68,446	5,03	N/A
BBVA Colombia	DTF + 3.75%		April 10, 2022	$ 185,000	5,03	N/A
AV Villas	DTF + 3.75%		April 10, 2022	$ 28,955	5,03	N/A
		Local Banks Total		**$305,000**	**5.03**	
		Emgesa Total		**$ 3,191,760**	**6.97**	

During the third quarter of 2013, there were no changes in the local and international credit ratings of Emgesa. Local long-term issuer credit rating applicable to the Third Issuance and the Bond Program remained at AAA (col) by Fitch Ratings Colombia. Equally, the BBB international long-term corporate debt issuer credit rating in local and foreign currency remained unchanged by Fitch Ratings and S&P.

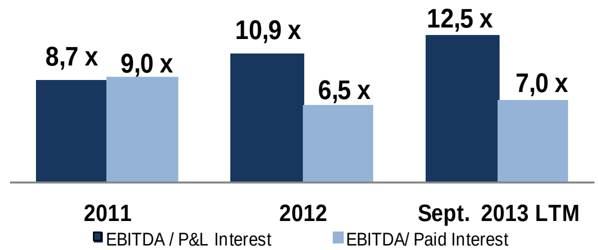
Financial Ratios

The following graphs present Emgesa's key credit metrics as of September 30, 2013:

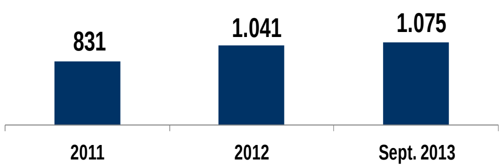
Debt[4] /EBITDA



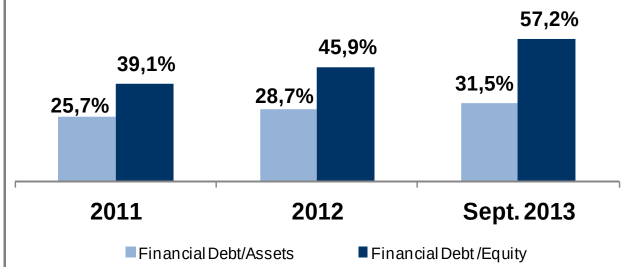
EBITDA/ Interest Expenditure[5]



Net Financial Debt (USD million)



Leverage



LTM: last twelve months

IR Committed Recognition by the Colombian Securities Exchange (BVC)

In August 2013 Emgesa was awarded by the Colombian Securities Exchange (BVC) with the IR acknowledgement in recognition to the company's commitment to voluntarily raise its information disclosure and investor relations management standards above those required by local regulation and making available to investors on its website the quarterly and annual information in both English and Spanish. Emgesa was one of the five fixed income issuers awarded with this distinction, among the total 29 issuers awarded.

For additional information, please contact our Investor Relations Team (IR):

Emgesa's Investor Relations Office
e-mail: inversionistas@emgesa.com.co; rinversionistas@codensa.com.co
Website: www.emgesa.com.co

[4] Includes only the principal balance of the financial debt of the company.
[5] 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.

Juan Manuel Pardo Gómez
e-mail: jmpardog@endesacolombia.com.co
Tel: +57 1 601 5411

Carolina Bermúdez Rueda
e-mail: cbermudez@endesacolombia.com.co
Tel: + 57 1 601 5751

María Patricia Moreno Moyano
e-mail: mmorenom@endesacolombia.com.co
Tel: +57 1 601 6060 ext: 3502

Andrea María Triana Melendez
e-mail: atriana@endesacolombia.com.co
Tel. 6015564