

EMGESA S.A. E.S.P. INCOME STATEMENT AS OF MARCH 2014

April 30, 2014

EXECUTIVE SUMMARY

- The EMGESA EBITDA¹ grew 0.9% during Q1 2014 compared to the same quarter 2013, mainly as a result of lower electrical power purchases in the spot market and lower fuel consumption resulting from lower steam power generation.
- The EMGESA net profits grew 0.8% during Q1 2014 compared to the same quarter 2013, due to better operational results generated by lower costs of sales.
- During Q1 2014, EMGESA made investments for COP \$200,708 million, mainly in the construction of the EL Quimbo hydro-electrical project and the repotentialization of the Salaco chain, generating 19.1% of the country's electrical power.
- Financial obligations were COP \$3,200 million pesos, a 4.0% reduction compared to December 2013, mainly due to payment of interests of various local bonds and of the international peso bond payable in American dollars, due Q1 2014, and the maturity of the local bond for COP \$49,440 million in February 2014.

EMGESA net profits

EMGESA reported net profits of COP \$197,748 million during Q1 2014, a 0.8% increase compared to 2013. The main facts explaining this are lower operational revenues from lower generation and lower costs of operations achieved by lower steam generation, consequently lower fuel consumption.

This result represents a 36.9% net margin over total operational revenues.

In Q1 2014 the EMGESA EBITDA was COP \$352,066 million.

During this period, operational revenues were COP \$547,670 million, a 5.6% reduction compared to 2013, due to lower sales volumes under contracts with the wholesale market and lower own generation as a result of low rain levels in the regions where the largest EMGESA plants operate, Pagua and Guavio, and as a result of the Cartagena and Termostiza steam plants maintenance.

During Q1 2014 EMGESA sold 3,677 GWh, of which 69% corresponded to sales under contracts with the wholesale market and with non-regulated clients, the remaining 31% being sales in the spot market and through the AGC mechanism.

The cost of sales during Q1 2014 was COP \$225,419 million, a 14.8% reduction compared to the previous year, mainly due to lower fuel consumption resulting from lower steam

¹ The EBITDA is calculated by adding depreciation and amortization (included in the cost of sales and in administrative expenses) to operational profits (estimated by subtracting the cost of sale and administrative expenses from operational revenues).

generation during the year and lower energy purchases in the spot market during high price periods.

Administrative expenses increased by 4.7% compared to Q1 2013, reaching COP \$6,348 million.

Operational profits increased by 2%, adding COP \$315,903 million during Q1 2014. As a result of greater operational profits, the EMGESA EBITDA grew 0.9% compared to Q1 2013, reaching COP \$352,066 million.

Financial expenses

The Q1 2014 net financial expenses increased by COP \$3,150 million compared to 2013, a 13.2% period increase. The financial expense increased by 9.7%, reaching COP \$30,938 million, as a result of higher average interest rates (IBR) and inflation rates (CPI) during Q1 2014, compared to 2013, metrics 74% of the EMGESA debt are indexed to.

Financial revenues dropped COP \$427 million as a result of the 6.1% reduction in available cash as of March 2014, compared to the March 2013 balance. The above is the result of investments made in the El Quimbo and Salaco projects and payment of the last dividend installment corresponding to the 2012 net profits on January 2014, for COP \$195,882 million.

EMGESA electrical power generation during Q1 2014

During Q1 2014, EMGESA generated 2,991 GWh through its 12 plants in the country. 92% of such electrical power was generated by hydroelectric plants and 8% by steam plants, showing a reduction in the steam generation component compared to the previous year due to a slight increase in rain levels during Q1 2014, especially in the region where Betania operates. The country's electrical power generation mix for Q1 2014 was 67% hydraulic, 27.5% steam, 4.8% smaller plants, and 0.6% cogeneration².

The EMGESA electrical power generation represented 19.1% of the national power generation during Q1 2014, at 15,666 GWh, 4.1% higher than the same period of 2013.

On March 2014, the EMGESA gross installed capacity was 2,975 MW, its net capacity 2,928 MW. In terms of gross installed capacity, EMGESA represents 20.3% of the country's.

During Q1 2014, the company covered an average of 786 areas in the non-regulated market, corresponding to 12.9% of the country's specific market. The non-regulated market electrical power demand covered during this period reached 817.4 GWh, equivalent to 15.9% of the market's total national demand.

The EMGESA generation plant availability during Q1 2014 was 89.4%, lower than the 89.5% in Q1 2013.

² Source: Monthly offer and generation reports (January-March 2014) XM Compañía de Expertos en Mercados S.A. E.S.P.- XM. www.xm.com.co. Own calculations for the cumulative period.

The average pool price for the market during Q1 2014 was \$166/KWh, in line with average pool prices for the same period of 2013. During 2014, the SIN water contribution experienced a surplus condition compared to the historical average (103.5% with respect to the mean historical value). The water contribution for the Betania and Guavio reservoirs was 91.6% of the mean historical value and 73.7% of the mean historical value, respectively, the regulated contribution of the Bogotá River basin being 113.9% of the historical mean value.

Following is a summary of the main operational results as of the end of March 2014:

	Mar-2014	Mar-2013	Variation (%)
Q1 2014 Emgesa generation (GWh)	2,991	3,035	-1.4%
Hydro	2,752	2,716	+1.3%
Steam	239	319	-25.1%
Emgesa gross installed capacity (MW)	2,975	2,914	2.1%
Sales (GWh)	3,677	3,833	-4.1%
Contracts	2,533	2,622	-3.4%
Spot	1,144	1,211	-5.5%
Plant availability	89.4%	89.5%	-0.1%
Purchases (GWh)	731	843	-13.3%

investments

Investments made by EMGESA during Q1 2014 reached COP \$200,708 million, especially focused on the construction of the el Quimbo hydroelectric plant and in repotentialization of the Salaco chain. Investments were also made in company's hydraulic and steam plant maintenance to guarantee reliability and availability. The total value of investments was 84.3% higher than Q1 2014, considering execution of work done at El Quimbo and Salaco during Q1 2014. COP \$186,266 million have been invested this year in the El Quimbo project, COP \$11,005 million in the Salaco repotentialization, and COP \$6,436 million in maintenance CAPEX.

Balance sheet structure

As of March 31 of 2014, company assets were COP \$9,703,689 million, of which the main item - properties, plant, and equipment - represented 63.7% for COP \$6,183,767 million, cash and temporary investments being COP \$570,715 million, equivalent to 5.9% of total assets.

As of the end of March 2014, the EMGESA total liabilities were COP \$4,568,387 million, equity COP \$5,135,302 million. Regarding the company's financial structure, liabilities represented 47.1% of total assets, equity 52.9%. The financial debt was 32.7% of total assets.

On March 26 of 2014, during its ordinary meeting the General Shareholders Assembly approved distributing profits for COP \$870,141 million for the January-December 2013

period, to be paid on 2014 and 2015. In January 2014, EMGESA paid COP \$195,882 million corresponding to the last dividend installment.

Financial debt

At the end of March 2014, the EMGESA financial debt was COP \$3,172,204 million (including interests payable), a 4.0% reduction compared to the December 2013 balance, mainly on account of payment of interests of various local bonds and the international bond in pesos and payable in dollars - concentrated on Q1 2014 - and the maturity of the local bond for COP \$49,440 million in February 2014.

As of March 2014, the entire EMGESA financial debt was in Colombian pesos, its principal being represented by local bonds (67%), by international bonds (23%), and by long-term credits with local banks (10%). 64% of the financial debt has interest rates tied to the CPI, 26% at a fixed rate and 10% to the IBR. At the end of March 2014, the EMGESA debt average term was 6.74 years.

The following chart summarizes the EMGESA financial debt conditions as of March 31 of 2014.

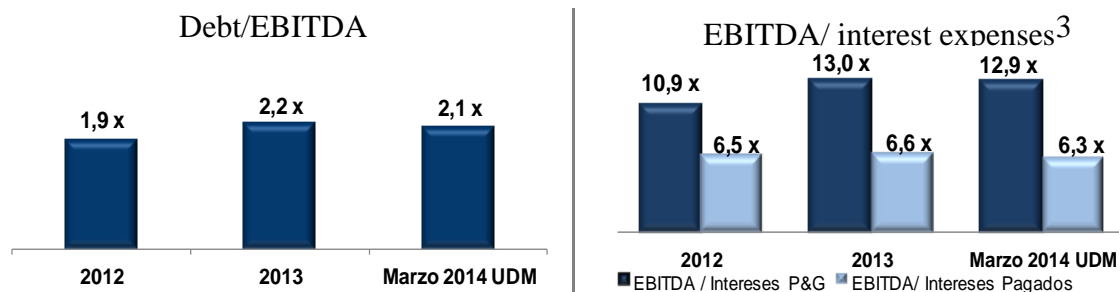
Instrument	Coupon/interest	Placement rate	Maturity	Value (MM COP)	Mean term (years)	Rating
Local bonds						
3rd issuance bonds (first lot)	Series A7: CPI + 5.04%	CPI + 5.04% CPI + 2.40%	February 23, 2015	\$ 210,000 \$ 40,000	0.90	AAA (local)
4th issuance bonds (first program issuance)	Series B10: CPI + 5.15%	CPI + 5.15%	February 20, 2017	\$ 170,000	2.90	AAA (local)
5th issuance bonds (2nd program issuance)	Series B10: CPI + 5.78%	CPI + 5.78%	February 11, 2019	\$ 160,060	4.87	AAA (local)
	Series B15: CPI + 6.09%	CPI + 6.09%	February 11, 2024	\$ 55,500	9.87	AAA (local)
6th issuance bonds (3rd program issuance)	Series E-5: 9.27%	9.27%	July 2, 2014	\$ 92,220	0.25	AAA (local)
	Series B-9: CPI + 5.90%	CPI + 5.90%	July 2, 2018	\$ 218,200	4.26	AAA (local)
	Series B-12: CPI + 6.10%	CPI + 6.10%	July 2, 2021	\$ 89,580	7.26	AAA (local)
7th issuance bonds (4th program issuance)	Series B-10: CPI + 3.52%	CPI + 3.52%	+Dec,13, 2022	\$300,000	8.71	AAA (local)
	Series B-15: CPI + 3.64%	CPI + 3.64%	+Dec,13, 2027	\$200,000	13.71	AAA (local)
8th issuance bonds	Series B-6: CPI + 4.25%	CPI + 4.25%	+Sept,11, 2019	\$201,970	5.45	AAA (local)

Instrument	Coupon/interest	Placement rate	Maturity	Value (MM COP)	Mean term (years)	Rating
(5th program issuance)	Series B-12: CPI + 5.00%	CPI 5.00%	+Sept, 11, 2025	\$363,030	11.46	AAA (local)
Total local bonds				\$ 2,100,560	6.79	
International bonds						
144 A /Reg S	8.75%	8.75%	January 25, 2021	\$ 736,760	6.83	BBB / BBB (Intl.)
Total international bonds				\$ 736,760		
Banca Local						
BBVA Colombia	IBR + 3.55%	M.V.	Dec. 19, 2023	\$ 225,000	6.22	N/A
Corpbanca	IBR + 3.7%	T. A.	Dec. 19, 2023	\$ 80,000	6.22	N/A
Total local banks				\$305,000	6.22	
Total Emgesa				\$ 3,142,320	6.74	

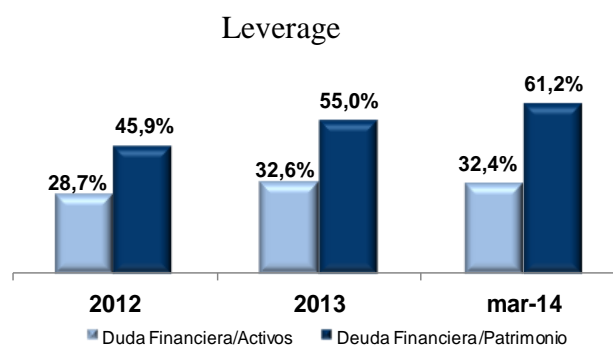
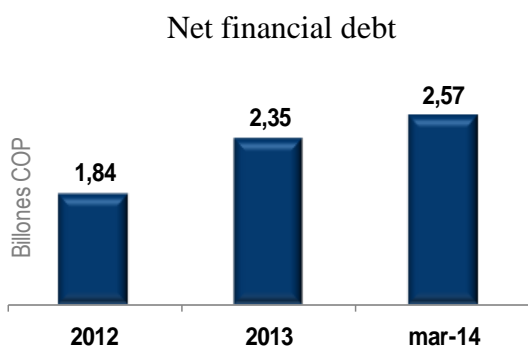
There were no changes in the EMGESA national or international ratings during Q1 2014. The long-term national rating for the 3rd Issuance and the EMGESA Bonds Issuance and Placement Program by Fitch Ratings Colombia remained at AAA (col). The international EMGESA rating as long-term corporate debt issuer in local and foreign currency - issued both by Fitch Ratings and by Standard & Poor's - remained at BBB, with a stable forecast.

Financial ratios

Following are the main indebtedness metrics as of March 2014.



³ Since interests associated to financing the El Quimbo project are being entered as a value of the asset during the project construction phase, the financial rate is calculated two ways: i) with the interests expense entered in the company P&L statement and ii) with interest payments entered in cash flow.



Please contact the Investors Relations Team should you require additional information.

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