



Operational and Financial Results Report – Emgesa S.A. E.S.P As of March 31st, 2015¹

May 29th, 2015

Executive Summary

- ***In 2015 Emgesa adopted the International Financial Reporting Standards (IFRS)², thus the financial results as of March 2015 include effects derived from changes in the accounting standards.***
- ***During the first quarter of 2015, Emgesa generated 19,8% of the energy in the country and invested COP\$239,5 billion (USD\$93 million) mainly in the construction of El Quimbo Hydroelectrical Plant.***
- ***Emgesa's EBITDA³ during the first quarter of 2015 grew by 8.5% as compared to the previous year, due to higher generation, especially from hydro sources, and to the positive effect of the producer price index (PPI) in the sales through contracts in the wholesale market.***
- ***Emgesa's net income decreased by 3.1% during the first three months of 2015 as compared to the same period of 2014 due to a combination of lower financial income resulting from lower cash balances, and a higher effective tax rate.***
- ***Financial obligations, including accrued interests, reached COP\$3,4 trillion (USD\$1,3 billion), 8.3% below the figure from December 2014, due to the maturity of COP\$250 billion (USD\$97 million) of local bonds in February 2015 with cash on hand.***

Emgesa's generation reached 3,196 GWh during the first quarter of 2015

During the first quarter of 2015 Emgesa generated 3,196 GWh, through its 11 generation plants in the country, representing a 6.9% increase compared to the same period of 2014, due to hydropower generation. About 91% of the total generation came from hydro plants and 9% from thermal plants, evidencing a 1,1% increase in the share of the thermal generation in comparison to the same period of 2014, due to higher output of the coal-fired Tarmozipa plant. The power generation mix of the country during the first quarter of 2015

¹¹ Figures of the financial statements used in this presentation as of March 31st, 2015 were prepared in Colombian pesos under IFRS officially applied in the Colombia since January 2015. As a result of these transition during this year, the quarterly figures will be constantly subject to changes and adjustments, according to local regulation. The P&L statement as of March 31st, 2014 and the general balance sheet statement as of December 31st, 2014, used to calculate the variations with respect to the corresponding financial statements as of March 31st, 2015, were prepared under IFRS applicable to the Enel Group, which may vary in certain figures with respect to IFRS adopted in Colombia. The variations of the main figures of these two financial statements are presented only for informative purposes for the convenience of the readers of this presentation.

² In accordance with local regulation in Law 1314 of 2009 and the Decrees 2784 of 2012, 3023 of 2013 and 2615 of 2014 for the entities included in Group 1, Emgesa prepared the opening balance sheet under IFRS as of January 1st, 2014 and the comparative transition balance sheet under IFRS as of December 31st, 2014.

³ EBITDA is calculated by adding the depreciation and amortization charges to EBIT.



was 67,8% hydro sources, 26.9% from thermal sources, 4.5% from minor plants and 0.8% from cogeneration⁴.

During the first quarter of 2015, the system's rain levels were below the historical average (95.8% of historical average) while rain levels for the Betania and Guavio reservoirs stood at 102.1% and 90.1% of the historical average, respectively. The regulated rain levels of the Bogota River Basin stood at 104.9% of the historical average.

Emgesa's generation represented 19.8% of national generation during the first three months of 2015. Total national power output reached 16,153 GWh, up 3.0% in the same period of 2014.

Gross installed capacity for Emgesa as of March 2015 was 3,059 MW, increasing by 2.8% as compared to the first quarter of 2014, due to the entrance into operation of the Salaco repowered plants during 2014, which added 144,6 GWh. Net installed capacity was 3,012 MW. In terms of gross installed capacity, Emgesa represented 19.7% of the National Electric Grid's installed capacity.

The availability index of Emgesa's hydropower plants during the first quarter of 2015 was 85.5%, below from the 91.4% availability index obtained in March 2014, due to the works in the Pagua power plant. Furthermore, the availability index of Emgesa's thermal plants was 70.2% in March 2015, down from the 78.2% reached in the same month of 2014, due to maintenances in the Cartagena plant.

The average spot price for the market during the first quarter of 2015 stood at COP\$186/KWh (USD\$75,5/ MWh), 12.2% above the average spot price during the same period of 2014. This result is explained by the lower rain levels during the first three months of 2015 in comparison to the same period of 2014.

During the first quarter of 2015, Emgesa sold 3,715 GWh, 69% of which were contract sales to clients in the wholesale and non regulated market and the other 31% were sales to the spot market and through the AGC⁵ mechanism. Sales through contracts increased by 0.8% compared to the same period of 2014, as a result of higher sales in the wholesale market partially offset by the lower sales in the unregulated market.

⁴ Source: Monthly Supply and Generation Reports (January- March 2015). XM Compañía de Expertos en Mercados S.A. E.S.P.- XM. www.xm.com.co. Emgesa's own calculations for accumulated figures.

⁵ 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.



During the first three months of 2015 the company served a monthly average of 851 frontiers in the unregulated market, which represented 14.6% of this market in the country. Energy demand of the unregulated market served by Emgesa in the same period reached 813,7 GWh, equivalent to 15.7% of the national demand in this market.

In the following table we present a summary of the main operational results during the first quarter of 2015:

	Mar-2015	Mar-2014	(%) change
Emgesa's Generation (GWh)	3,196	2,991	+6.9%
Hydro	2,904	2,752	+5.5%
Thermal	292	239	+22.0%
Emgesa's gross installed capacity (MW)	3,059	2,975	+2.8%
Sales (GWh)	3,715	3,677	+1.0%
Contracts	2,553	2,553	+0.8%
Spot	1,162	1,144	+1.6%
Availability of Plants	83,42%	89,4%	-6.0%
Energy Purchases (GWh)	566	731	-22.6%

Emgesa's EBITDA reached COP\$385,9 billion (USD\$156 million) during the first quarter of 2015

Operating revenues totaled COP\$621,1 billion (USD\$251,4 million), a 13,3% increase compared to the same period of 2014. The main factor explaining this result include a a 1.6% growth in energy volumes sold on the spot market – which were also sold at a higher average price compared to the same period of 2014 – an increase in EMGESA's output, and the positive effect of a higher average Producer Price Index (PPI), which most contracts on the wholesale market are indexed to.

Operating costs totaled COP\$168,8 billion (USD\$68 million), up 3.2% compared to the same period of 2014. This rise was mainly attributable to increased thermal power generation, resulting in additional generation costs.

As a result, the operating margin reached COP\$452,9 billion (USD\$183,4 million), up 17.6% compared to the first three months of the previous year.

Furthermore, personnel expenses increased by 24.4% as compared to the same period of 2014 reaching COP\$19,7 billion (USD\$7,9 million), mainly due to the valuation of benefits to employees, such as house loans, vehicle loans and education loans, at market rates under IFRS. Other expenses increased by 207.1% with respect to the



same period of 2014, totalling COP\$52,5 billion (USD\$21,3 million), as a result of the recognition of the wealth tax of 2015, which is calculated at a rate of 1.15% on the equity hold as of January 1st, 2015.

Consequently, EBITDA increased by 8.1%, totalling COP\$385,9 billion (USD\$156,2 million), a 65.6% margin over operating revenues. EBIT increased by 8.2% in 2014 compared to the same period of the previous year, reaching a total of COP\$348,4 billion (USD\$141,1 million).

Net financial charges reached COP\$30,9 billion (USD\$12,5 million)

Net financial charges during the first quarter of 2015 increased by 2.4% compared to the same period of 2014, mainly due to the COP\$250 billion (USD\$97 million) maturity of the third issue of local bonds in February 2015 paid with cash on hand, which partially offset the effect of higher average inflation (Consumer Price Index, CPI), at which most of Emgesa's debt is indexed.

In addition, Emgesa had lower cash balances during the first quarter of 2015 compared to the same period of 2014, which led to a 41.6% decrease in financial income, due to dividend payments that took place in January, the payment of the local bond maturity mentioned before with cash on hand and the investment in El Quimbo project.

Finally, thanks to the above operating and financial results, EMGESA posted a EBT of COP\$317,5 billion (USD\$ 128,5 million), up 8.8% with respect to the same period of 2014. However, net income had a 3.1% decrease over the same period of 2014, totalling COP\$ 192,9 (USD\$78 million) as a result of the application of the wealth tax for 2015, as well as higher net financial charges and the increase in the income tax rates and the surcharge in income tax for equality (CREE, from its Spanish acronym). This result was equivalent to a net margin⁶ of 37.5%.

Investments for COP\$239,5 billion (USD\$93 million) during the first quarter of 2015

Emgesa invested COP\$239,5 billion (USD\$93 million) during the first quarter of 2015, increasing by 19.3% as compared to the first three months of 2014, mainly in the construction of El Quimbo Hydroelectric Power Plant (COP\$226,2 billion or USD\$92 million).

⁶ Net margin = net income /operating revenues for the last 12 months.



Likewise, Emgesa completed preventive maintenance to its hydro and thermal plants, mainly to guarantee their reliability and availability with a total investment of COP\$12,9 billion (USD\$5 million).

As of March 2015, El Quimbo Hydroelectric Power Plant, reached a physical advance of 89.3% with a cumulative investment of USD\$950,7 million (2010 constant USD), presenting important achievements in civil works for the filling of the reservoir and the resettlement of families to the locations built by Emgesa.

In March 2015, Emgesa and Codensa, in alliance with BMW, Nissan, Renault, ByD and Unicentro Mall, launched the first public recharge station for electric vehicles in Bogota. The station has a capacity of 96 daily recharges, with a 24 hour service opened to public during the seven days of the week, which will allow it to serve 280 vehicle per month with a universal charge system.

Balance Sheet Structure

As of March 31st, 2015, the Company's assets reached COP\$7,8 trillion (USD\$3 billion), of which property, plant and equipments represented 88,4% totaling COP\$6,9 trillion (USD\$2,7 billion) while cash and temporary investments amounted to COP\$312 billion (USD\$122 million), equivalent to 4.0% of the total assets.

As of March 31st, 2015 Emgesa's total liabilities were COP\$4,9 trillion (USD\$1,9 billion), down 9.0% as compared to the closing of 2014, due to the dividend payment and maturity of local bonds mentioned before, while the shareholders' equity reached COP\$2,9 trillion (USD\$1,1 billion), increasing by 0.2% as compared to December 31st, 2014, as a result of the net income of the first quarter of 2015, the dividend declaration of the net income of the four month period between September and December 2014 and the constitution of an occasional reserve, associated to the fiscal effects of an accelerated depreciation starting in 201, in accordance with article 130 of the Tax regulation.

Regarding the financial structure of the Company, total liabilities represented 63,3% of total assets and the shareholders' equity was 36,7% of total assets. Total financial debt, including accrued interests, was equivalent to 43,4% of total assets.

Emgesa paid its shareholders a total of COP\$326,3 billion (USD\$127 million) in dividends in January 2015, corresponding to the last portion of the payout of the 2013 net income.



Financial Debt

As of December 31, 2014, Emgesa's financial debt reached COP\$3,4 trillion (USD\$1,3 billion), including accrued interests, showing an 8,3% decrease compared to the debt balance of December 2014, mainly as a result of the maturity of the Third Tranche of bonds under the Local Bond Program for COP\$250 billion (USD\$97 million) in February 2015 with cash on hand.

As of March 2015, Emgesa's total financial debt was denominated in pesos including local bonds (69.3%), international bonds (21.7%) in COP and long-term loans with local Banks (9%). About 69.3% of the financial debt was indexed to CPI, 21.7% was in fixed rate and 9% was indexed to IBR. Average cost of debt as of March 2015 was 9.09%. The average life of Emgesa's debt increased from 6.71 years at the end of 2014 to 6.94 years in March 2015.

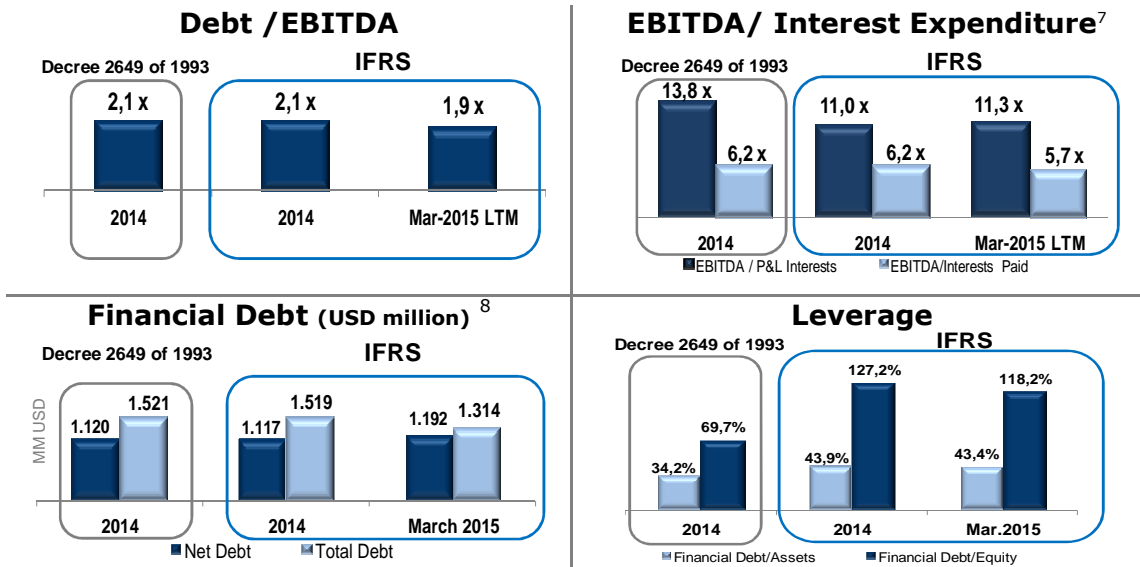
The following table summarizes the conditions of Emgesa's financial debt as of March 31st, 2015:

Instrument	Coupon / Interest Rate	Yield	Maturity	Amount (MM COP)	Av. Life (years)	Rating
Local Bonds						
Fourth Bond Issuance (First Tranche Under Program)	B10 Series: IPC + 5,15%	IPC + 5,15%	February 20, 2017	\$ 170,000	1,90	AAA (local)
Fifth Bond Issuance (Second Tranche under Program)	A5 Series: DTF TA + 1,47%	IPC + 5,78%	February 11, 2014	\$ 160,060	3,87	AAA (local)
	B10 Series: IPC + 5,78%	IPC + 6,09%	February 11, 2019	\$ 55,500	8,87	AAA (local)
Sixth Bond Issuance (Third Tranche under program)	B15 Series: IPC + 6,09%	IPC + 5,90%	July 2, 2014	\$ 218,200	3,26	AAA (local)
	B-9 Series: IPC + 5,90%	IPC + 6,10%	July 2, 2018	\$ 89,580	6,26	AAA (local)
Seventh Bond Issuance (Fourth Tranche under Program)	B-12 Series: IPC + 6,10%	IPC + 3,52%	July 2, 2021	\$300,000	7,71	AAA (local)
	B-10 Series: IPC + 3,52%	IPC + 3,64%	Dec,13, 2022	\$200,000	12,71	AAA (local)
Eighth Bond Issuance (Fifth Tranche under Program)	B-15 Series: IPC + 3,64%	IPC + 4,25%	Dec,13, 2027	\$201,970	4,45	AAA (local)
	B-6 Series: IPC + 4,25%	IPC + 5,00%	Sept, 11, 2019	\$363,030	10,46	AAA (local)
Ninth Bond Issuance (Sixth Tranche under Program)	B-6 Series: IPC +3,42%	IPC +3,42%	May 16, 2020	\$241,070	5,13	AAA (local)
	B-10 Series: IPC + 3,83%	IPC + 3,83%	May 16, 2024	\$ 186,430	9,13	AAA (local)
	B-16 Series: IPC + 4,15%	IPC + 4,15%	May 16, 2030	\$ 162,500	15,14	AAA (local)
Local Bond Total				\$ 2,348,340	7,52	
International Bond						
144 A /Reg S	8,75%	8,75%	January 25, 2021	\$ 736,760	6.07	BBB / BBB (Intl)
International Bonds Total				\$ 736,760		
Local Banks						
BBVA Colombia	IBR + 3,55% M,V,		Dec, 19, 2023	\$ 225,000	5.47	N/A
Corpbanca	IBR + 3,7% T, A,		Dec, 19, 2023	\$ 80,000	5.47	N/A

Instrument	Coupon / Interest Rate	Yield	Maturity	Amount (MM COP)	Av. Life (years)	Rating
Local Banks Total				\$305,000	5.47	
Emgesa Total				\$ 3,640,100	6.71	

Financial Ratios

The following graphs present Emgesa's key credit metrics as of March, 2015:



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

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⁷ 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.

⁸ Net financial debt = Debt – Cash and Investments. Financial Debt = Total Debt (non including accrued interest)