emgesa

Operational and Financial Results Report – Emgesa S.A. E.S.P
As of September 30th, 2015[1]

November 23rd, 2015

Executive Summary

- ***In 2015 Emgesa adopted the International Financial Reporting Standards (IFRS)[2], thus the financial results as of September 2015 include effects derived from changes in the accounting standards.***

- ***During the first nine months of 2015, Emgesa generated 21,7% of the energy in the country due to its diversified and competitive generation portfolio of 12 generation plants in three different river basins.***

- ***During 2015 rain levels at Emgesa's main reservoirs, Betania and Guavio, have been at higher than historical averages, even under dry weather conditions due to El Niño Phenomenon.***

- ***Emgesa invested COP$1.2 trillion (USD$385 million) during the first nine months of 2015, mainly in the construction of El Quimbo Hydroelectric Power Plant (COP$1.1 trillion or USD$368 million), which reached a physical advance of 96.6% as of September 30th, 2015.***

- ***Emgesa's net income decreased by 11.0% during the first nine months of 2015 as compared to the same period of 2014 due to the impact of the wealth tax on the EBITDA and higher financial net expenses.***

Emgesa's generation reached 10,761 GWh during the first nine months of 2015

During the first nine months of 2015 Emgesa generated 10,761 GWh, through its 12 generation plants in the country, representing a 2.3%

[1] Figures of the financial statements used in this presentation as of September 30, 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 September 30, 2014 and the general balance sheet statement as of December 31, 2014, used to calculate the variations with respect to the corresponding financial statements as of September 30, 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. However, we present figures in USD for your convenience and analysis using the official COP/USD FX rate (TRM) applicable on the last day of the month (FX September 30, 2015 @ COP$3,100.13) for the Balance Sheet accounts and an average COP/USD FX rate (COP$2,643.14) for the P&L accounts.

[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.

increase compared to the same period of 2014, mainly from hydropower generation. About 91.9% of total generation came from hydro plants and 8.1% from thermal plants, evidencing a 0,8% increase in the share of the thermal generation and a 0.8% decrease in the share of the hydro generation in comparison to the same period of 2014. This is the result of lower water precipitation in Colombia due to the weather phenomenon known as El Niño, which has evolved to become stronger.

The power generation mix of the country during the first three quarter of 2015 was 67.9% from hydro sources, 26.7% from thermal sources, 4.6% from minor plants and 0.8% from cogeneration[3].

During the first nine months of 2015, the system's rain levels were below the historical average (66% of historical average) while rain levels for Betania and Guavio reservoirs stood at 106% and 97% of the historical average, respectively. The regulated rain levels of the Bogota River Basin stood at 88% of the historical average.

The diversified portfolio of generation assets, including two thermal generation plants and 8 hydro plants located in three different river basins, allowed Emgesa to meet all of its Firm Energy Obligations in spite of the current weather situation. As of the end of September 2015, the rain levels of Emgesa's reservoirs reached 0.03 TWh equivalent to 26% of the National Interconnected System (SIN), while Emgesa's reservoirs stood at 4.4 TWh, equivalent to 42% of the SIN (10,4 TWh).

Emgesa's generation represented 21.7% of national generation during the first nine months of 2015. Total national power output reached 49,647 GWh, up 3.7% in the same period of 2014.

Gross installed capacity for Emgesa as of September 2015 was 3,059 MW, increasing by 0.6% as compared to September 2014, due to the gradual entrance into operation of the Salaco repowered plants during 2014, which added 144,6 GWh in aggregate as of December 2014. Net installed capacity was 3.012 MW. In terms of gross installed capacity, Emgesa represented 19.6% of the National Electric Grid's installed capacity.

The availability index of Emgesa's power plants stood at 91.2% as of September 2015. Emgesa's hydropower plants had a 91.4% availability index in this period, below the 93.8% availability index obtained in September 2014, due to the maintenance works in

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

Betania, which extended for 105 days due to the substitution of the electric rewind and some technical failures in the Pagua power plants during the first two months of 2015. Furthermore, the availability index of Emgesa's thermal plants was 80.3% in September 2015, up from the 77.5% reached in the same month of 2014, due to the postponement of the maintenances in the Cartagena and Termozipa power plants, in order to assure generation under the difficult climatic conditions experienced in Colombia since the beginning of the second half of the year.

The average spot price for the market during the first nine months of 2015 stood at COP$224/KWh (USD$84/ MWh), 6.83% below the average spot price during the same period of 2014. This decline is a result of the high expectations of occurrence of a strong Niño Phenomenon in Colombia during April and July 2014, which caused the spot price to increase considerably during this period. After this hike, the spot price returned to its historical levels remaining around those levels during most of 2015. However, this trend has been changing during the third quarter of 2015 as a result of the strong Niño Phenomenon, which has caused spot prices to reach COP$1,495/KWh (USD$558/MWh) as of the end of September 2015.

During the first nine months of 2015, Emgesa sold 12,845 GWh, 72% of which were sales through contracts to clients in the wholesale and non regulated market and the other 28% were sales in the spot market and through the AGC[4] mechanism. Sales through contracts increased by 13.1% compared to the same period of 2014, as a result of a 17.0% increase in sales in the wholesale market and a 3.0% growth in sales through contracts in the unregulated market.

During the first three quarters of 2015 the company served a monthly average of 858 frontiers in the unregulated market, which represented 14.7% of this market in the country. Energy demand of the unregulated market served by Emgesa in the same period reached 2,548 GWh, equivalent to 16.2% of the national demand in this market.

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

[4] 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.

	Sept-2015	Sept-2014	(%) change
Emgesa's Generation (GWh)	**10,761**	**10,524**	**+2.3%**
Hydro	9,887	9,756	+1.3%
Thermal	874	768	+13.8%
Emgesa's gross installed capacity (MW)	**3,059**	**3,041**	**+0.6%**
Sales (GWh)	**12,845**	**12,140**	**+5.8%**
Contracts	9,227	8,155	+13.1%
Spot	3,618	3,985	-9.2%
Availability of Plants	**91.2%**	**91.3%**	**-0.1%**
Energy Purchases (GWh)	**2,239**	**1,760**	**+27.2%**

Emgesa's EBITDA reached COP$1,34 trillion (USD$508 million) during the first nine months of 2015

Operating revenues totaled COP$2,17 trillion (USD$820 million), a 6,4% increase compared to the same period of 2014. The main factors explaining this result include a 2.3% increase in energy generation, allowing Emgesa to have excess production to sale in the spot market at higher prices and a higher average Producer Price Index (PPI) level during 2015, which increased the revenues from contracts to the wholesale market.

Operating costs totaled COP$681,9 billion (USD$258 million), up 18.4% compared to the same period of 2014. This rise was caused by higher costs of the thermal power generation with fuel oil in the Cartagena power plant and coal in the Termozipa power plant.
As a result, the operating margin reached COP$1,48 trillion (USD$562 million), up 1.7% compared to the first nine months of the previous year.

Furthermore, personnel expenses increased by 94.3% as compared to the same period of 2014 reaching COP$100,5 billion (USD$38 million), mainly due to the recognition of the wealth tax of 2015, calculated at a rate of 1.15% on the equity hold as of January 1st, 2015, which under IFRS is considered an operating cost and not as an equity account as the Colombian GAAP did.

Consequently, EBITDA decreased by 2.2%, totalling COP$1,34 trillion (USD$508 million), a 62% margin over operating revenues. EBIT decreased by 2.7% during the first nine months of 2015 compared to the same period of the previous year, reaching a total of COP$1,23 trillion (USD$466 million).

Net financial charges reached COP$95,6 billion (USD$36 million)

Net financial charges during the first nine months of 2015 increased by 6.6% compared to the same period of 2014. During this period financial expenses decreased by 10.2% reaching COP$104,6 billion (USD$40 million), as a result of the COP$250 billion (USD$81 million) maturity 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, financial income decreased by 66.4% as compared to the same period of 2014, due to lower cash balances resulting from dividend payments in January and June, the payment of the local bond maturity mentioned before with cash on hand and the investment in El Quimbo project.

Finally, due to the above operating and financial results, EMGESA posted an EBT of COP$1,14 trillion (USD$ 430 million), down 3.4% with respect to the same period of 2014. The net income had an 11.0% decrease over the same period of 2014, totalling COP$ 718,5 billion (USD$272 million) as a result of the increase in the income tax rate related to the surcharge in income tax for equality (CREE, from its Spanish acronym). This result was equivalent to a net margin[5] of 33.1%.

Investments for COP$1,19 trillion (USD$385 million) during the first nine months of 2015

Emgesa invested COP$1,19 trillion (USD$385 million) during the first nine months of 2015, increasing by 92.3% as compared to the same period of 2014, mainly due to the completion of El Quimbo Hydroelectric Power Plant (COP$1,14 trillion or USD$368 million).

Likewise, Emgesa completed preventive maintenance to its hydro and thermal plants, mainly to guarantee their reliability and availability with a total investment of COP$46 billion (USD$15 million).

As of September 2015, El Quimbo Hydroelectric Power Plant, reached a physical advance of 96.6% with a cumulative investment of USD$1 billion (2010 constant USD), presenting important achievements such as the removal of all biological material from the flooding area and the construction of the cap of the deviation tunnel.

Emgesa continued filling El Quimbo's reservoir as scheduled, during the third quarter of 2015, reaching the level of 701.4 meters over the sea level or 61% of the reservoir volume.

5 Net margin = net income /operating revenue s for the last 12 months.

Balance Sheet Structure

As of September 30th, 2015, the Company's assets reached COP$9,0 trillion (USD$2,9 billion), out of which property, plant and equipments represented 86.5% totaling COP$7,8 trillion (USD$2,5 billion) while cash and temporary investments amounted to COP$583,3 billion (USD$184 million), equivalent to 6.5% of the total assets. When compared to the results from December, 2014, total assets increased by 8.7%, as a result of a higher amount of property, plant and equipments due to the investment in El Quimbo Project.

As of September 30th, 2015 Emgesa's total liabilities were COP$5,6 trillion (USD$1,8 billion), up 3.3% as compared to the closing of 2014, due to short term loans with the local banks.

The shareholders' equity reached COP$3,4 trillion (USD$1,1 billion), increasing by 18.8% as compared to December 31st, 2014, as a result of the effects of the net income of the first nine months of 2015 and the accounting of an occasional reserve, associated to the fiscal effects of an accelerated depreciation starting in 2014, in accordance with article 130 of the Colombian Tax Regulation.

Regarding the financial structure of the Company, total liabilities represented 62,3% of total assets and the shareholders' equity was 37,7% of total assets. Total financial debt, including accrued interests, was equivalent to 45,7% of total assets as of September 30th 2015.

Emgesa paid its shareholders a total of COP$687,6 billion (USD$260 million) in dividends in January and June 2015, corresponding to the last portion of the payout of the 2013 net income and to the first part of the January-August 2014 net income.

Financial Debt

As of September, 2015, Emgesa's financial debt reached COP$4,1 trillion (USD$1,5 billion), including accrued interests, showing an 10,1% increase compared to the debt balance of December 2014, mainly as a result of the disbursement of short term loans with the local banks during the second half of 2015 to serve the working capital needs of the Company and the financing of El Quimbo Project. As of September 30,2015 Emgesa had accumulated COP$639 billion (USD$206 million) in short term loans with an average annual cost of 5.91%.

On February 23rd, 2015, Emgesa paid with cash on hand the maturity of the third local bond issuance for COP$250 billion (USD$ 81 million).

As of September 2015, Emgesa's total financial debt was denominated in pesos including local bonds (58%), international bonds indexed to COP (18%) and loans with local Banks (24%). About 58% of the financial debt was indexed to CPI, 20% was in fixed rate, 14% was indexed to IBR and 8% was indexed to DTF.

Average annual cost of debt as of September 2015 was 8.99%. The average life of Emgesa's debt decreased from 6.71 years at the end of 2014 to 5.47 years in September 2015 due to the increase in the balance of short term loans with local banks.

The following table summarizes the conditions of Emgesa's financial debt as of September 30th, 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	1,39	AAA (local)
Fifth Bond Issuance (Second Tranche under Program)	A5 Series: DTF TA + 1,47%	IPC + 5,78%	February 11, 2014	$ 160,060	3,37	AAA (local)
	B10 Series: IPC + 5,78%	IPC + 6,09%	February 11, 2019	$ 55,500	8,37	AAA (local)
Sixth Bond Issuance (Third Tranche under program)	B15 Series: IPC + 6,09%	IPC + 5,90%	July 2, 2014	$ 218,200	2,76	AAA (local)
	B-9 Series: IPC + 5,90%	IPC + 6,10%	July 2, 2018	$ 89,580	5,76	AAA (local)
Seventh Bond Issuance (Fourth Tranche under Program)	B-12 Series: IPC + 6,10%	IPC + 3,52%	July 2, 2021	$300,000	7,21	AAA (local)
	B-10 Series: IPC + 3,52%	IPC + 3,64%	Dec,13, 2022	$200,000	12,21	AAA (local)
Eighth Bond Issuance (Fifth Tranche under Program)	B-15 Series: IPC + 3,64%	IPC + 4,25%	Dec,13, 2027	$201,970	3,95	AAA (local)
	B-6 Series: IPC + 4,25%	IPC + 5,00%	Sept, 11, 2019	$363,030	9,96	AAA (local)
Ninth Bond Issuance (Sixth Tranche under Program)	B-6 Series: IPC +3,42%	IPC +3,42%	May 16, 2020	$241,070	4,63	AAA (local)
	B-10 Series: IPC + 3,83%	IPC + 3,83%	May 16, 2024	$ 186,430	8,63	AAA (local)
	B-16 Series: IPC + 4,15%	IPC + 4,15%	May 16, 2030	$ 162,500	14,64	AAA (local)
		Local Bond Total		**$ 2,348,340**	**7,02**	
International Bond						
144 A /Reg S	8,75%	8,75%	January 25, 2021	$ 736,760	5.33	BBB / BBB (Intl)
		International Bonds Total		**$ 736,760**		
Local Banks						
BBVA Colombia	IBR + 3,55% M,V,		Dec, 19, 2023	$ 225,000	4.72	N/A
Corpbanca	IBR + 3,7% T, A,		Dec, 19, 2023	$ 80,000	4.72	N/A
Local Banks (short-term)	Weighted average rate: 5,45%		Oct- Feb 2016	$639,508	0,30	N/A
		Local Banks Total		**$944,508**	**1.73**	

Instrument	Coupon / Interest Rate	Yield	Maturity	Amount (MM COP)	Av, Life (years)	Rating
			Emgesa Total	$ 4,029,608	5.47	

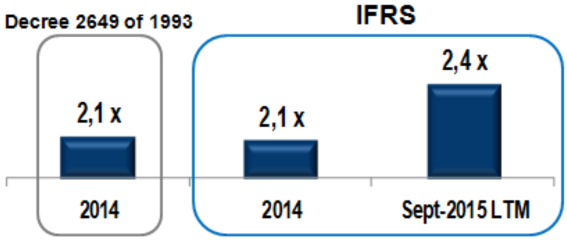
IR Reward by Colombian Stock Exchange

In August 2015 Emgesa received the renovation of the IR Reward by the Colombian Stock Exchange, recognizing the highest standards of transparency, corporate governance and best practices of Investor Relations adopted by issuers of securities in Colombia.

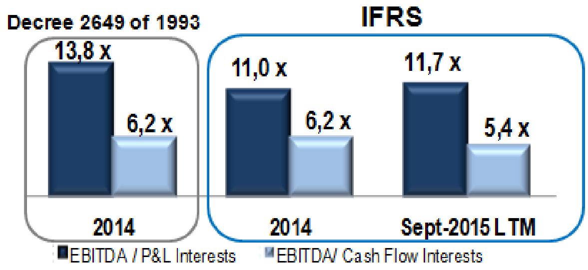
Financial Ratios

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

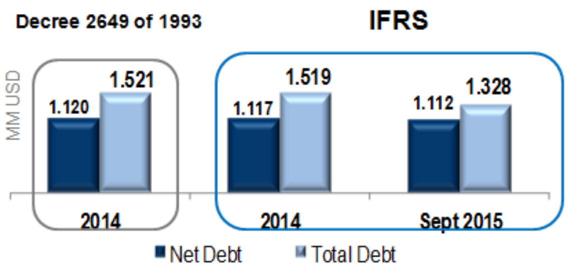
Debt /EBITDA



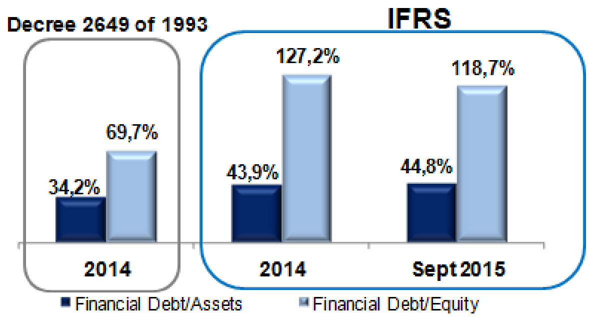
EBITDA/ Interest Expenditure[6]



Financial Debt (USD million)[7]



Leverage



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

[6] 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.
[7] Net financial debt = Debt – Cash and Investments. Financial Debt = Total Debt (non including accrued interest)

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