



EMGESA S.A. E.S.P. RESULTS REPORT

As of March 2020¹

¹ The figures of Emgesa's Financial Statements as of December 2018 and 2019 used in this report were prepared in Colombian pesos under International Financial Reporting Standards (IFRS) officially applied in Colombia since January 2015.

EXECUTIVE SUMMARY



- ➔ Enel-Emgesa increased its generation by 82 GWh during the first quarter of 2020, contributing 20% of the total generation of the National Inter-connected System (SIN), and positively impacting the company's contribution margin.



- ➔ In 2020, Emgesa has made investments of \$36,216 million pesos, focusing mainly on automation and control projects for the Bogota River, and also on the project to divert the Chivor and Batatas Rivers in the Guavio Power Plant.



- ➔ Emgesa reported a Net Income of \$362,298 million pesos in March 2020, increasing by 24% YoY, a result that reflects its solid business profile and an adequate commercial strategy despite of the year's hydrological conditions..

REGULATORY UPDATE



➔ The year begins with CREG Resolution 200/2019, which defines a scheme that allows generators to share assets connected with the SIN with several power plants, provided there are rules that define the different situations that may arise from sharing.

➔ Then, on March 17, 2020, through decree 417 of 2020, the National Government declared a nationwide State of Economic, Social and Ecological Emergency, in order to ward off the effects of the economic and social crisis caused by the novel Coronavirus COVID-19 pandemic.

➔ After this statement, and due to exchange rate variations, as well as the preventive isolation, which makes travelling to audits difficult, on March 28, 2020, the regulatory commission, through CREG Res. 033, defined the temporary flexibility of the terms for adjustment of guarantees and of the term perform audits on the reliability charge.

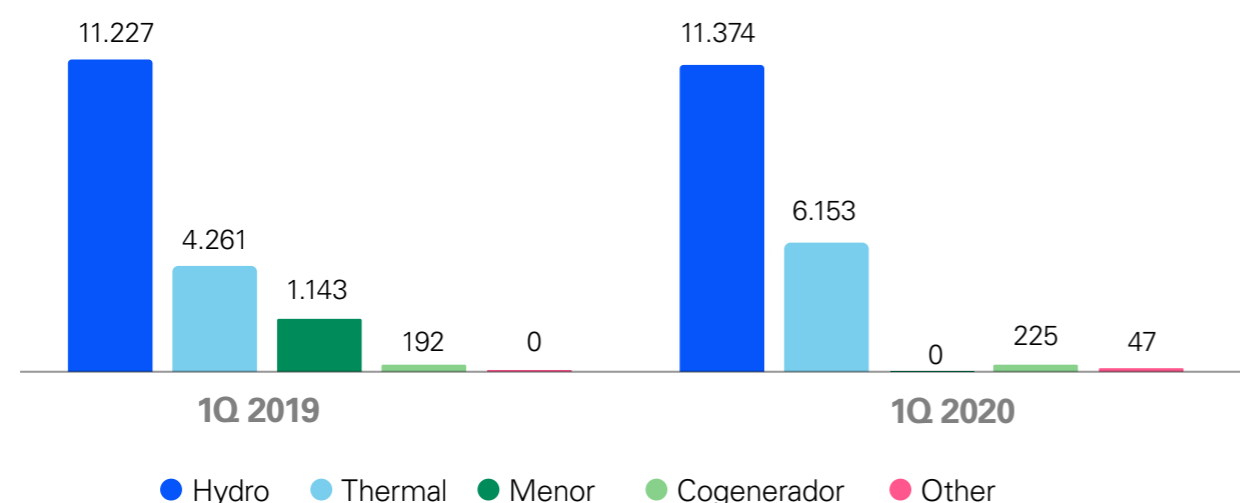
➔ Subsequently, with the development of the measures adopted by the government and the effects on the world economy of the global crisis caused by the pandemic, the following issues were identified: i) reduced demand; ii) economic slowdown; and iii) increased Exchange Rate, which has an important effect on the prices of natural gas and its transportation.

Therefore, CREG Res 042 of March 31, 2020, defined transitional measures regarding the modification by common agreement of prices and quantities of the current supply contracts and suspended the application of the supply limitation programs referred to in Res. 116 of 1998.

ELECTRICITY MARKET IN COLOMBIA



ENERGY GENERATION IN COLOMBIA



During 2020, the national generation records 17,799 GWh, equivalent to a growth of 5.8% YoY, with a generation mix of 64% hydroelectric, 35% thermal, and 1.5% other technologies².

So far in 2020, the Company's generation represented 19.8% of the total generation of the SIN, making Emgesa the system's second largest generator. Additionally, Quimbo increased its net generation capacity by 4MW/year compared to March 2019, while Betania and Guavio contributed to the growth of generation in the first quarter of the year thanks to their reserves.

In the first quarter of 2020, oceanic and atmospheric conditions were neutral (ENSO); however, the contributions of the main rivers at the national level (SIN) were deficient in the dry season, due to the incidence of weak hydrology in the country, with the Antioquia region being the most affected by the SIN deficit in accumulated contributions. Meanwhile Emgesa exhibited on average contributions close to the historical average.

The cumulative total for the January-March period shows that there was a national deficit in contributions, closing at 70% of the historical average. For Emgesa, the contributions in the basins that flow into the Bogota River (140%) and El Quimbo (81%) were above the historical average, while the Guavio and Betania accounts presented deficits of (72%) and (63%), respectively.

This led to an average spot price so far in 2020 of COP \$295/KWh, 30.0% higher than the average registered in same period of 2019 of COP \$116/KWh.

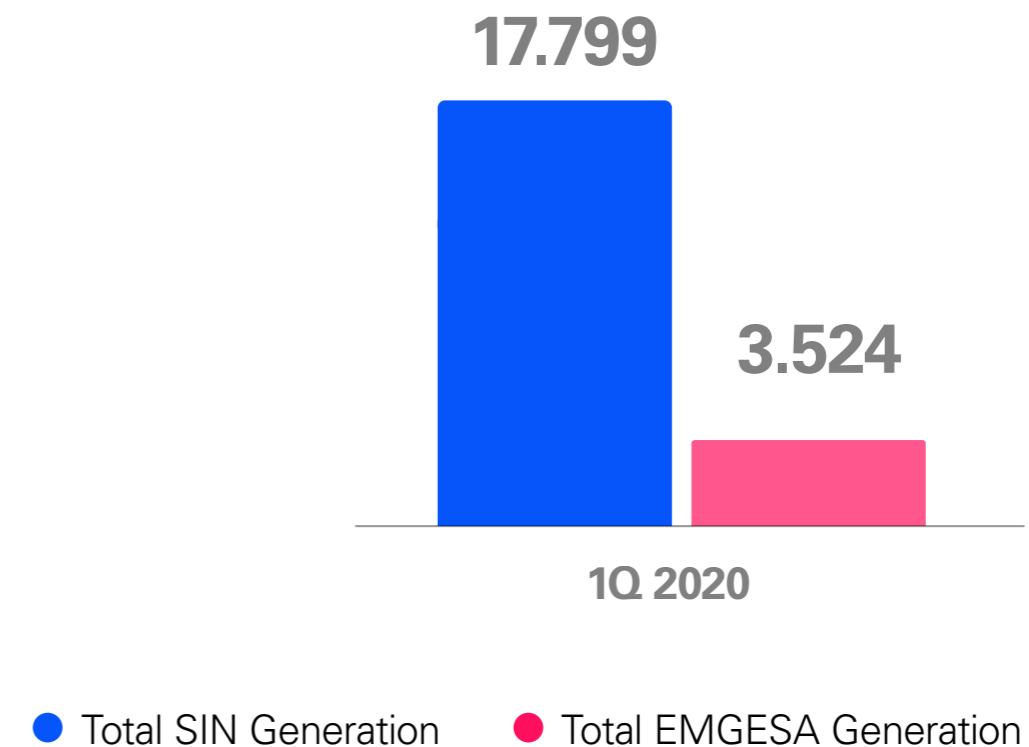
² AGC (Automatic Generation Control) refers to the secondary frequency regulation defined by the Colombian energy system to maintain the quality of the energy supply by avoiding large frequency variations in the National Transmission System.

Emgesa's generation in Q1 2020 reached **3,524 GWh**

➔ In turn, Emgesa produced a total generation of 3,524 GWh through its diversified portfolio of assets, 91% of which corresponds to generation with water sources, while the remaining 9% corresponds to thermal generation. This is the result of concentrating its generation on renewable energy and thanks to the diversification of reservoirs.

This increase, which as previously mentioned was mainly due to greater hydroelectric generation, is explained by higher water reserves, a strategy that was initially proposed given the country's weak hydrology in the first three months of the year, which, in turn, favors the location of our reservoirs. Particularly, there was greater generation in Quimbo and Betania, and the greater contributions of the basins in the Bogota River generated these positive results. This situation was opposite to the conditions in the rest of the country, which had a deficit in contributions as a result of a dry Antioquia. Moreover, there was a decrease in thermal generation, due to the strategic decision of not incurring in its high costs, and in turn thanks to the lesser restrictions in the system.

EMGESA'S PARTICIPATION



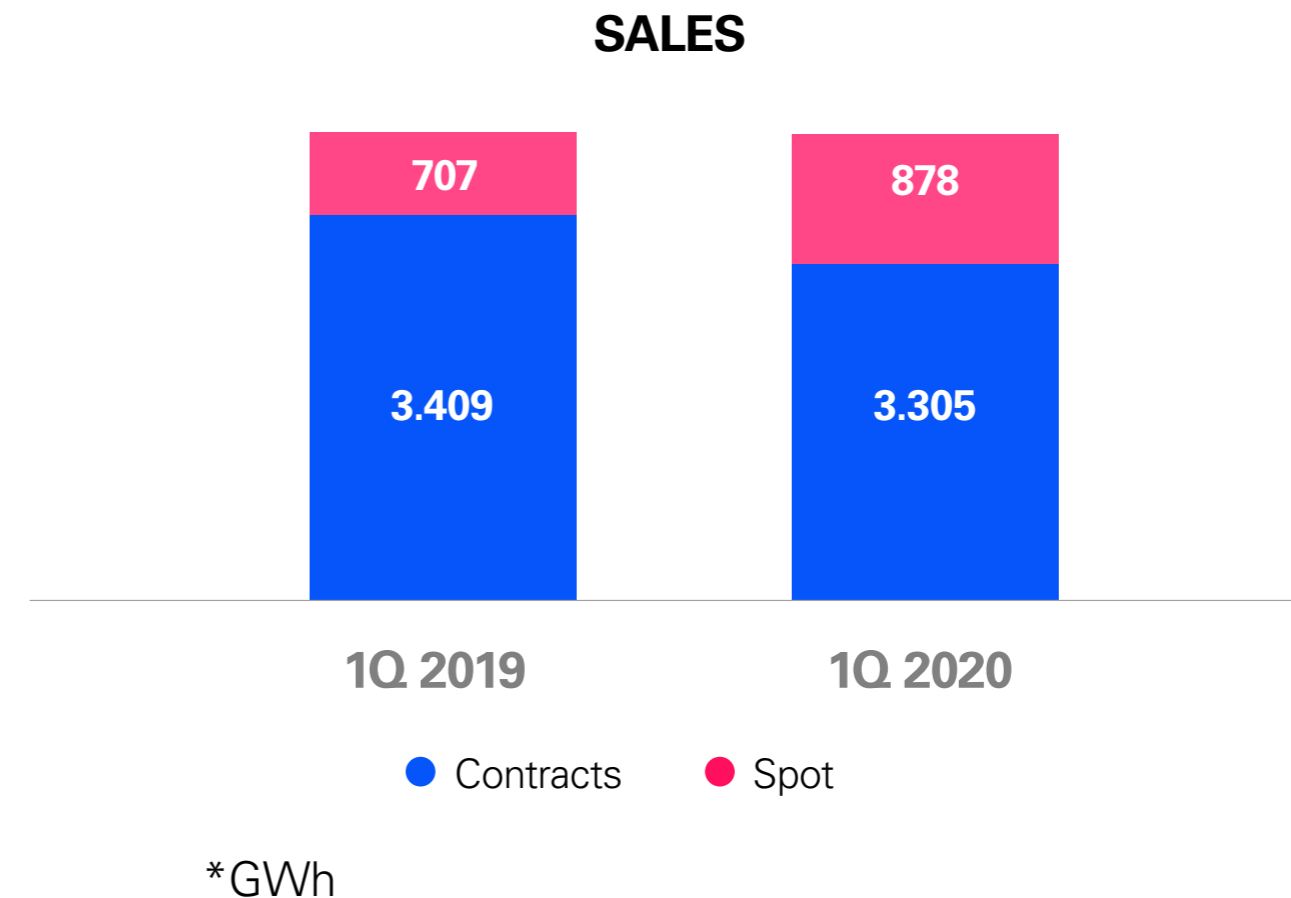
Emgesa's net installed capacity as of March 2020 was 3,506.1 MW, with a capacity increase of 4MW (Quimbo +4MW) and representing 19.8% of the installed capacity of the SIN. (Still No. 1 in the country's installed capacity).

The availability of Emgesa's generation plants was 91.5%, which represents an increase of 1.2% compared to 2019, due to corrective maintenance at the Guavio power plant and the implementation of the Life Extension project and the environmental improvement of the Termozipa power plant.

Emgesa's sales amount to **3,305 GWh** so far in 2020

During 2020, Emgesa sold 3,305 GWh, 3.1% less than in 2019. 79.0% of sales were made through contracts with customers in the wholesale and non-regulated markets (70.7% in WM and 29.3% in NRM) and 21.0% corresponded to sales in the spot market and through the AGC mechanism. Contract sales decreased by 3.1%, especially in the wholesale market, as a strategy to sell on the stock market given the high prices of energy, thus increasing the company's margin. Accordingly, sales in the spot market registered a growth of 24.2%, explained by an assertive commercial strategy, given the company's position to sell on the stock market.

In turn, energy purchases dropped 1.8%, explained by a drastic fall in contract purchases (31.4%), as most commercial obligations were met with the company's generation portfolio.



OPERATIONAL RESULTS



Below is a summary of the main operating results so far in 2020:

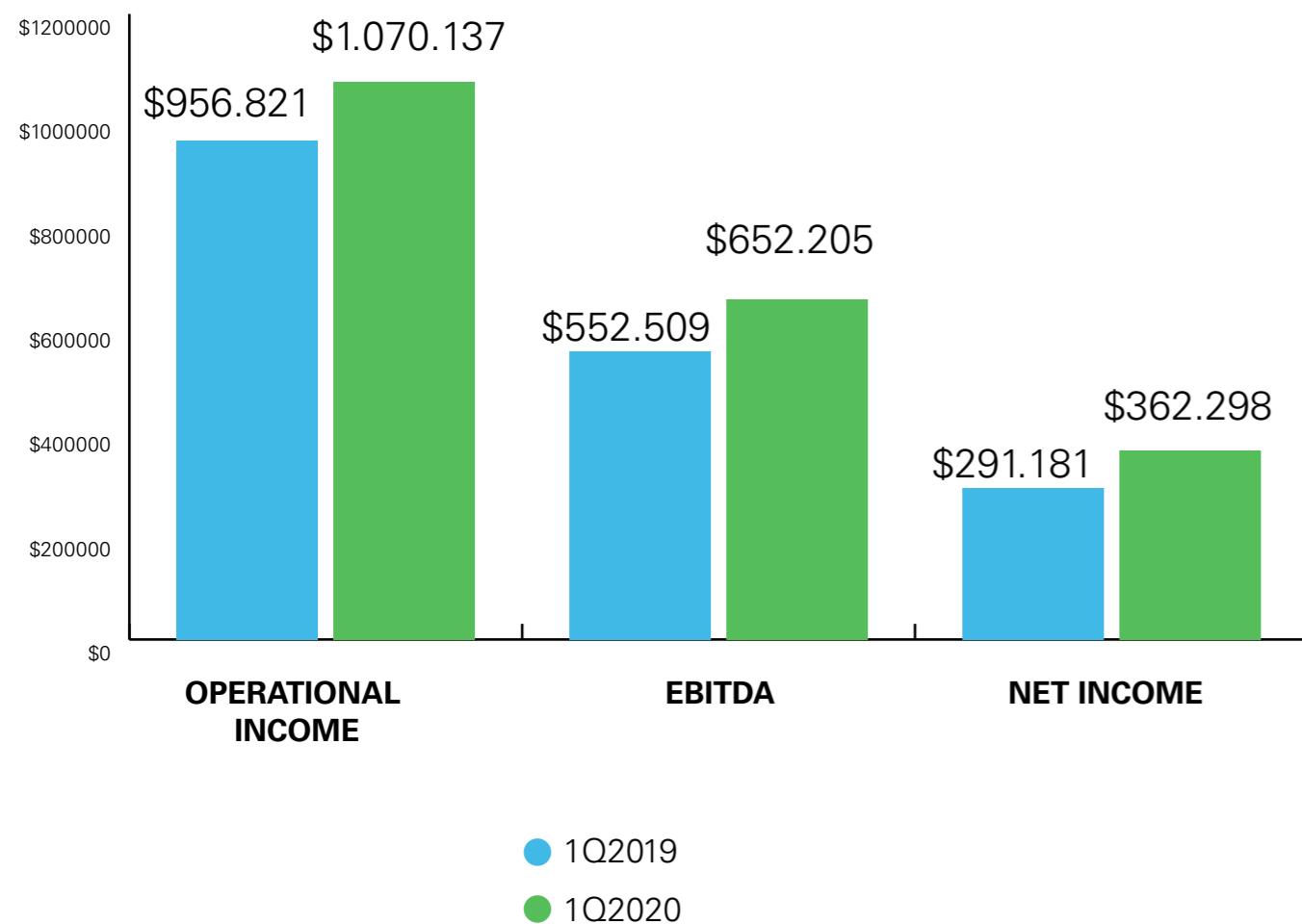
	January to March 2019	January to March 2020	Variation (%)
GeneracióEmgesa Generation (GWh)	3,442	3,524	+2.4%
Hydro	3,106	3,206	+3.2%
Thermal	336	318	-5.3%
Emgesa Net Installed Capacity (MW)	3,501 ⁽¹⁾	3,506 ⁽²⁾	+0.1%
Sales (GWh)	18,398	4,183	+1.6%
Contracts	3,409	3,305	-3.1%
Spot	707	878	+24.2%
Plant Availability	90.3%	91.5%	+1.2%
Purchases (GWh)	719	706	-1.8%

(1) Al 31 de marzo de 2019

(2) Al 31 de marzo de 2020

FINANCIAL RESULTS

Emgesa's EBITDA amounted to \$652,205 million pesos



Emgesa's revenue in 2019 was \$1 trillion pesos, increasing by 11.8% YoY. The positive trend in revenue is explained by i) high level of energy sales coupled with an increase in energy prices on the stock market due to a deficit in rainfall in the country during the first quarter of the year, which resulted in a benefit in sales transactions both in the spot market and in some non-regulated market contracts that are indexed to said price; and ii) better performance of the PPI, which impacts all contracts.

Moreover, Enel-Emgesa increased its generation by 82 GWh during the first quarter of 2020, to meet contractual obligations and decrease volumes of energy purchases, positively impacting the company's contribution margin. This was achieved thanks to the optimization and use of better hydrological conditions present in the Enel-Emgesa basins compared with the market average.

In addition, the costs of supplies and services amounted to \$0.4 trillion pesos, increasing by 1.86% YoY, mainly explained by i) an increase in the cost of energy purchases (+7.3%), derived from a higher spot price, ii) an increase in transportation expenses (+1.7%), due to the update of the PPI, and iii) higher costs (+11%), due to article 311 of the National Development Plan, which forces the contribution of \$4/Kwh for Electricaribe.

The increase in costs is offset by reduced fuel consumption expenses and other variable costs and services. Compared to the figures registered in 2019, in 2020 there was a 34.8% drop.

This way, the contribution margin totaled \$0.7 trillion pesos, increasing by 17.8% YoY, as a result of the operating margin explained above and an 18% increase of fixed costs, mainly due to higher personnel costs after salary adjustments and a rise in the consumer price index, as well as higher mandatory environmental service costs across all hydroelectric power stations.

EBITDA totaled \$0.6 trillion pesos as of March 2020, an 18.5% YoY growth, and reaching a margin of 60.9% over revenue.

Depreciations and amortizations increased by 3.13% YoY, due to the depreciation of specific projects to reduce carbon dioxide and nitrogen and also for battery energy storage.

Consequently, EBIT in 2019 amounted to \$0.5 trillion pesos, increasing by 18.9% YoY.

FINANCIAL RESULTS



Net financial expenses decreased by

8.74% 

Cumulative net financial expenses so far in 2020 decreased by 8.74% YoY, reaching a total of \$58,147 million pesos.

In turn, gross financial expenses dropped 16.37%, totaling \$59,209 million pesos. This reduction is mainly due to a lower average debt balance compared to 2019, given the amortization of bonds in February and September 2019, along with the prepayment of the entire Club Deal, held thanks to a higher cash levels compared to last year..

Moreover, financial revenue increased 15.4%, mainly explained by higher average placement interest rates compared to 2019.

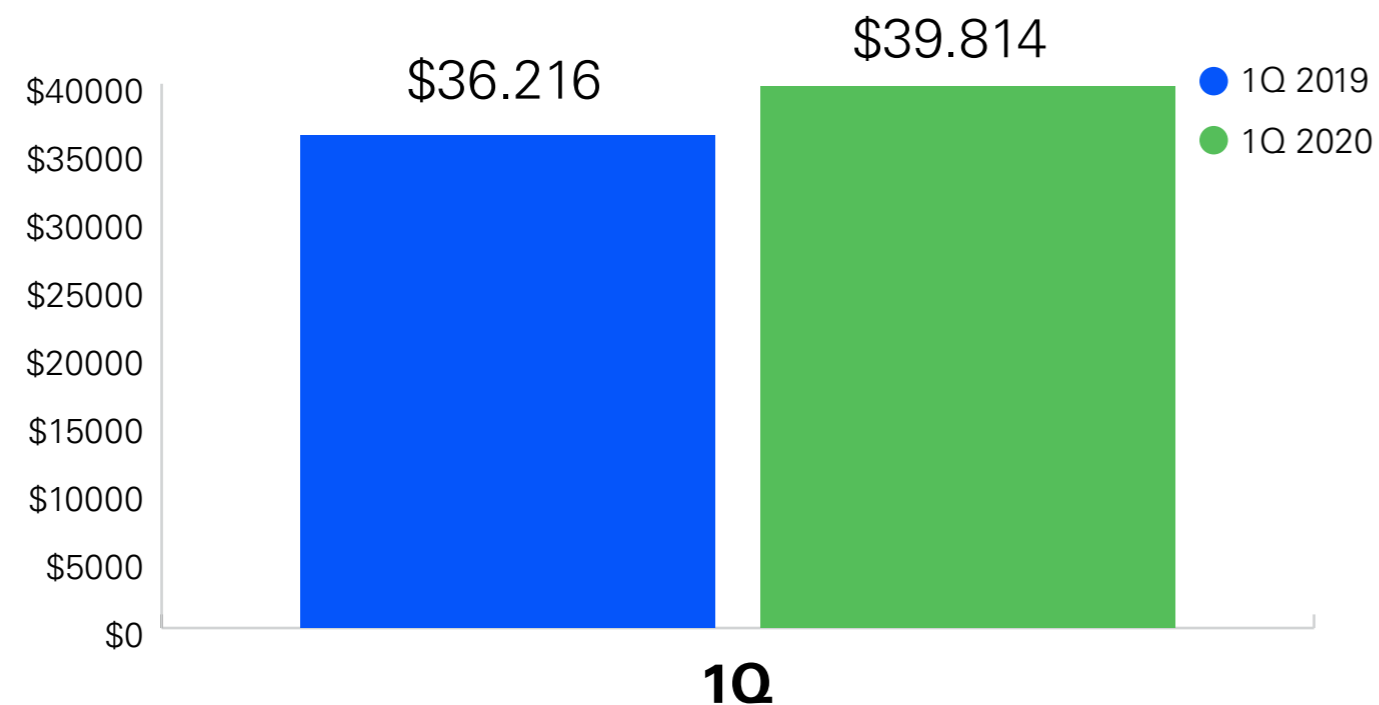
Accordingly, Emgesa reported earnings before taxes (EBT) of \$530,988 million pesos, increasing by 22.9% YoY.

Finally, cumulative net profit increased by 24.4% YoY, reaching \$362,298 million pesos, in line with what was previously explained and considering a reduction of the income tax rate by 1%, in accordance with the income rate reduction approved by the Law of Economic Growth of the National Government.

Emgesa has made **\$36,814 million** pesos investments so far in 2020



Inversión (CAPEX + Expansión)



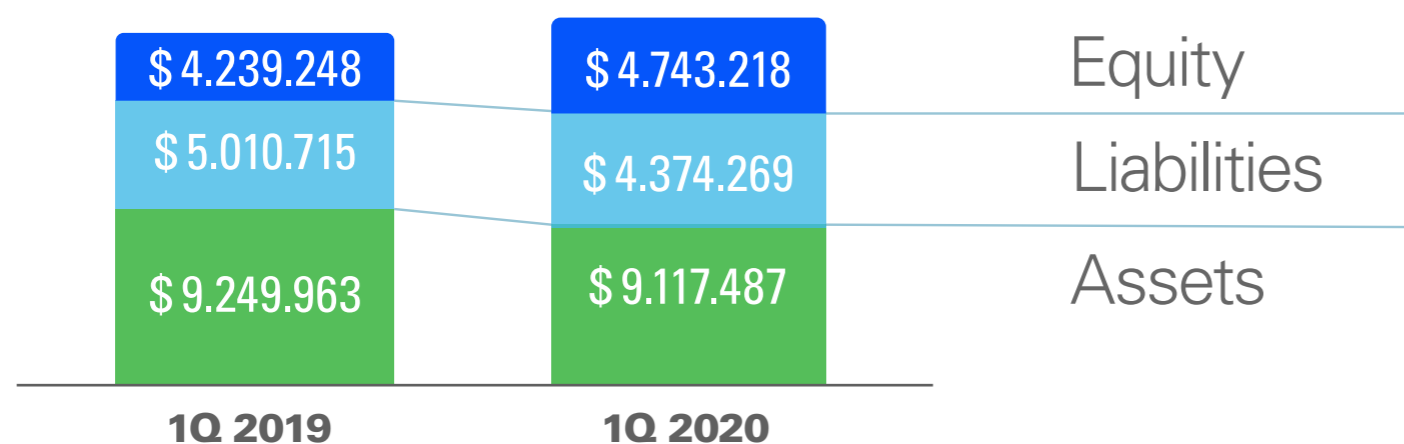
So far in 2020, Emgesa has increased its investments by 9.9% YoY. This higher level of investments is mainly explained by the Automation and Control in the Bogota River and by the project that diverts the Chivor and Batatas Rivers in the Guavio plant.

There were also investments associated with the maintenance plan in Guavio, particularly the annual maintenance and cooling assembly of the excitation system and coil change.

*Cifras en millones de pesos

BALANCE SHEET STRUCTURE

BALANCE SHEET



*Cifras en millones de pesos

As of March 31, 2020, the Company's assets totaled \$9.2 trillion pesos, with an increase of \$421,072 million pesos (+4.8%) compared to December 2019, mainly explained by the use of cash for payments of dividends and income tax.

Net property, plant and equipment represented 87.6% of total assets, with a value of \$8,120,861 million pesos, remaining practically unchanged compared to 2019 year-end.

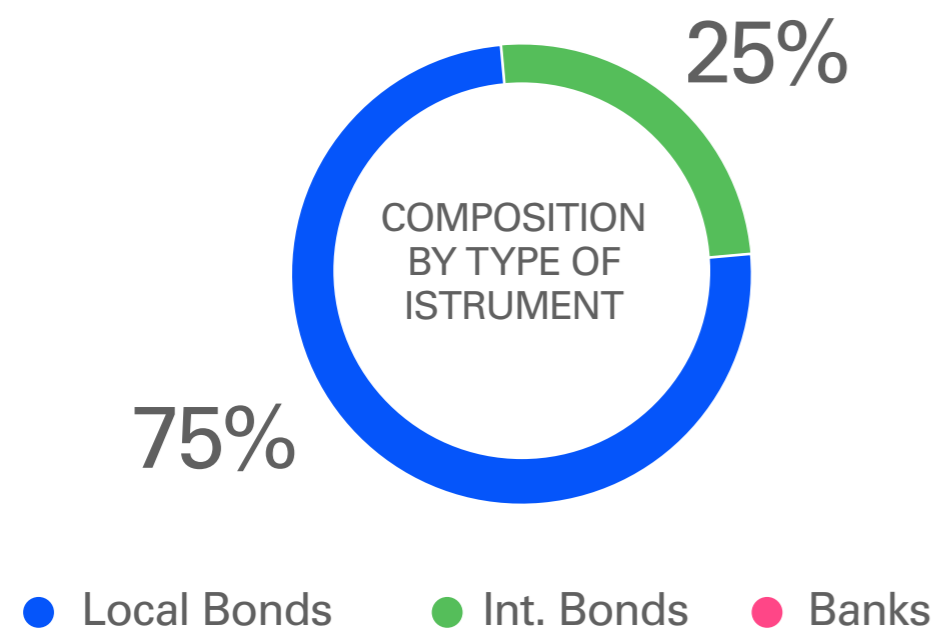
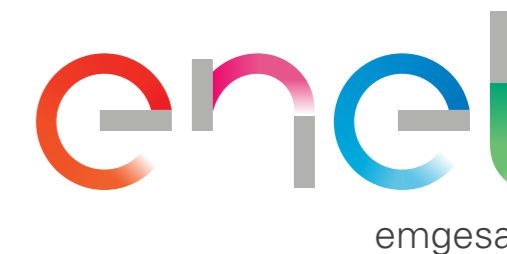
Emgesa's total liability as of March 2020 was \$5,033,834 million pesos, decreasing by 1% compared to December 2019, which is mainly explained by the amortization without debt financing.

The Company's equity was \$4,234,629 million pesos, an 11.2% growth compared to December 31, 2019, mainly explained by the higher value of profit for the period and the increase in retained earnings as a result of the dividends declared over 70% of 2019 net income.

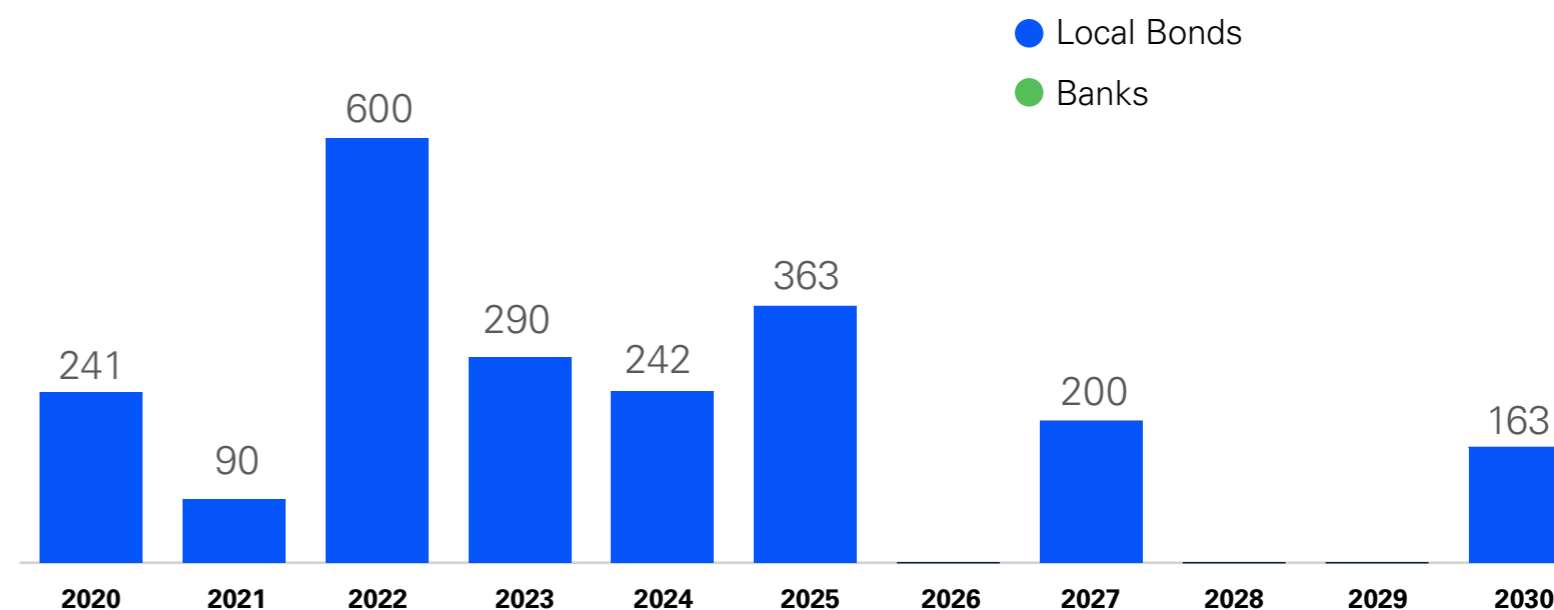
Regarding the company's financial structure, liabilities correspond to 54% of total assets and equity to 46%. Financial debt represented 17.4% of total assets as of March 2020.

In 2020, EMGESA has paid dividends to its shareholders for a total of \$178,337 million, corresponding to the last installment of the dividends declared over the 2018 net income.

FINANCIAL DEBT



MATURITY PROFILE



100% COP
CURRENCY



3.18X
AVERAGE LIFE



8,330%
AVERAGE RATE

As of March 2020, Emgesa's financial debt, including interest payable, amounted to \$2.3 trillion pesos, decreasing by 32.9% with respect to December 31, 2019.

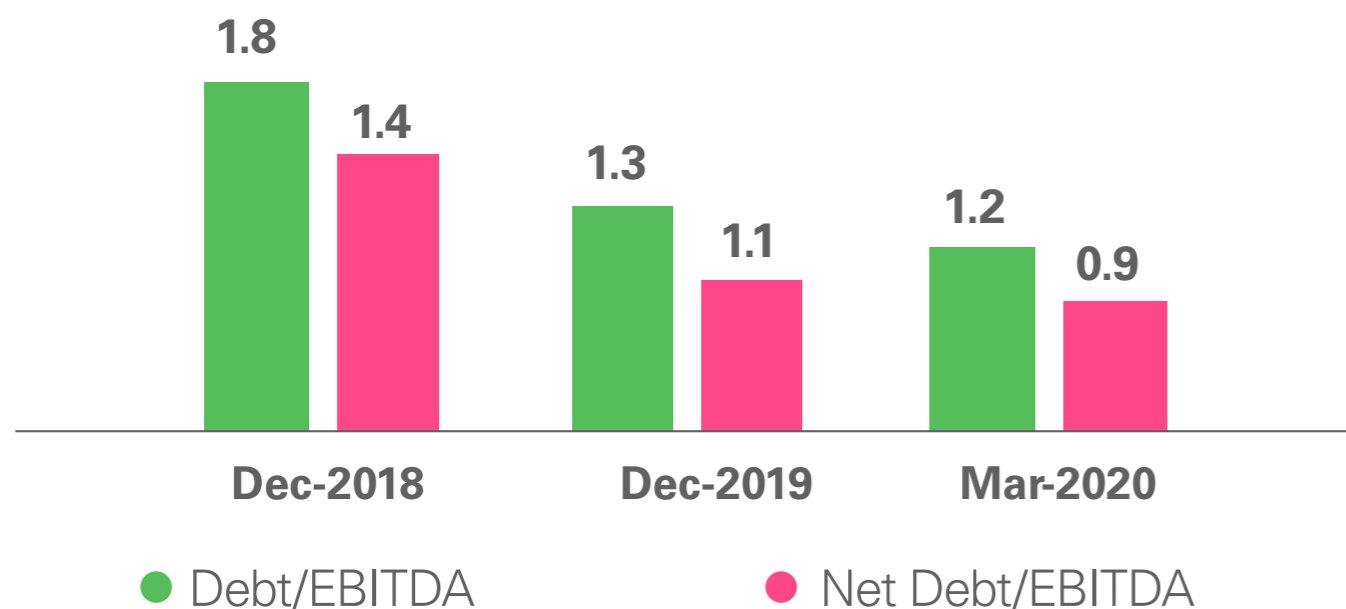
Emgesa's financial debt as of March 31, 2020, was represented by local bonds (75%) and international bonds denominated in pesos (25%). Interest on 65% of the financial debt was indexed to the CPI, and 35% at a fixed rate.

FINANCIAL DEBT

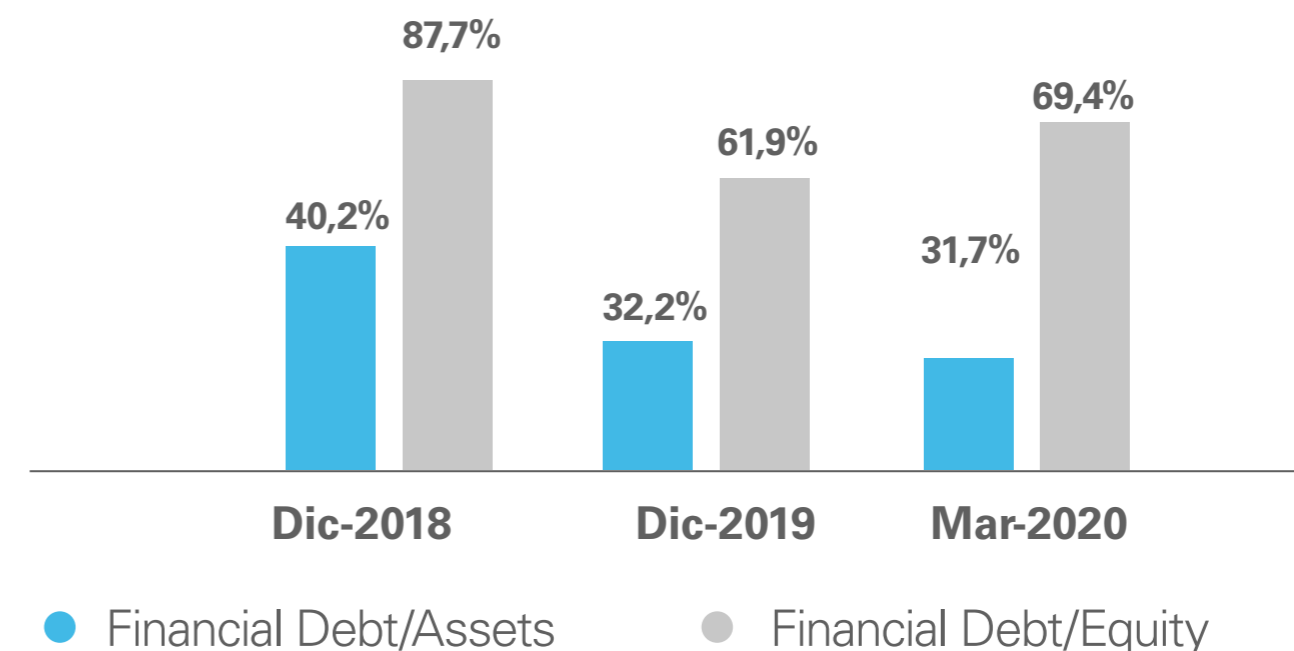
The company's total debt continues to be fully denominated in Colombian pesos. The average life of the debt as of March 2020 was 3.18 years.

All of Emgesa's local bond issues maintain the highest rating AAA (local scale rating) of Fitch Ratings and Emgesa's international bond issue is on the BBB (negative) scale of Fitch Ratings and Standard & Poor's.

DEBT COVERAGE



LEVERAGE



FINANCIAL DEBT

El siguiente cuadro presenta el detalle de las condiciones de la deuda financiera³ de Emgesa con corte al 31 de marzo de 2020:

Instrument	Coupon/Interest	Maturity	Amount (MM COP)	Average Life (years)	Rating
Local Bonds					
Fifth Issue (Second Issue Under the Program)	Series B15: IPC + 6,09%	February 11, 2024	\$ 55,500	3.87	AAA (local)
Sixth Issue (Third Issue Under the Program)	Series B-12: IPC + 6,10%	July 2, 2021	\$ 89,580	1.26	AAA (local)
Seventh Issue (Fourth Issue Under the Program)	Series B-10: IPC + 3,52%	Dec. 13, 2022	\$300,000	2.71	AAA (local)
	Series B-15: IPC + 3,64%	Dec. 13, 2027	\$200,000	7.71	AAA (local)
Eighth Issue (Fifth Issue Under the Program)	Series B-12: IPC + 5,00%	Sept. 11, 2025	\$363,030	5.45	AAA (local)
Ninth Issue (Sixth Issue Under the Program)	Series B-6: IPC +3.42%	May 16, 2020	\$241,070	0.13	AAA (local)
	Series B-10: IPC + 3.83%	May 16, 2024	\$ 186,430	4.13	AAA (local)
	Series B-16: IPC + 4.15%	May 16, 2030	\$ 162,500	10.13	AAA (local)
Tenth Issue (Seventh Issue Under the Program)	Series B-7: IPC + 4.69%	February 11, 2023	\$ 290,130	2.87	AAA (local)
Eleventh Issue (Eighth Issue Under the Program)	Series E-6: 7.59% per annum	September 27, 2022	\$300,000	2.50	AAA (local)
International Bonds			\$2,188,240	3.97	
144 A /Reg SI	8,75% per annum	January 25, 2021	\$ 736,760	0.828	BBB / BBB (Intl.)
			\$ 736,760	0.82	
			\$2,925,000	3.18	

³ Coupon rate before applicable withholding tax.

If you require additional information, please contact our **Investor Relations (IR) team:**

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