

ENEL-EMGESA HAS INCREASED ITS NET INCOME BY 30.5% IN 2021

Bogota, October 26, 2021

Financial Results 9M 2021

	9M 2021	9M 2020	YoY %
<i>Millions of Colombian Pesos (COP)</i>			
REVENUES	3,437,356	3,228,018	+6.5%
EBITDA	2,164,177	1,904,184	+13.7%
EBIT	1,975,908	1,722,601	+14.7%
NET INCOME	1,250,187	958,021	+30.5%
NET FINANCIAL DEBT ⁽¹⁾	2,143,318	1,838,147 ⁽²⁾	+16.6%
INVESTMENTS	113,447	133,118	+12.2%

(1) Short-term financial debt + Long-term financial debt - Cash and other financial assets

(2) Figures as of December 2020

Lucio Rubio, General Manager of Enel in Colombia, commented: *“Hydrological conditions have represented a great challenge for power generation in 2021. However, our corporate strategy, leveraged by sustainability and the energy transition, has allowed us to provide reliability and security to the National Interconnected System, retaining the first position in the country in terms of net installed capacity. Even the sale of carbon credits became a key resource to achieve an outstanding and favorable net income; while helping other companies to offset their Greenhouse Gas (GHG) emissions.”*

As of September, Enel-Emgesa achieved a YoY increase in the contribution margin of 11.5%, despite registering a lower level of power generation (-11.3%) as a result of the low price of this resource in the spot market and caused by the high hydrology contributions in the system throughout the year. However, the following aspects have made it possible to achieve the positive result during the first nine months of the year:

- Higher prices in contracts due to the significant increase in the Producer Price Index (PPI), added to a higher volume of sales in fixed-price contracts, both in the wholesale market and in the deregulated market, thanks to the implementation of an assertive sales strategy in anticipation of high hydrology.
- Lower fuel costs, given by the decrease in thermal generation as a result of the high hydrology inputs occurred since the beginning of 2021.
- Extraordinary income of more than 27 billion pesos from the sale of carbon credits thanks to the emission reduction certification of several Enel-Emgesa hydroelectric plants.

These positive aspects made it possible to offset:

- Lower income due to the reduction of auxiliary services for the regulation of the frequency of the system (AGC) as a result of market conditions.
- A lower margin in the spot market due to the increase in the purchase of energy to compensate the reduced generation, leveraging the low stock price levels.

In addition, **fixed costs** decreased by 9.93% YoY due to the interest derived from the negative ruling in the settlement of the income tax and complementaries from Betania hydroelectric power plant, registered in 2020, for the application of the exemptions provided in the Paez Law.

EBITDA showed a significant increase of 13.7% as a consequence of the above.

EBIT increased by 14.7% in line with the favorable performance of EBITDA and reflecting an increase in depreciation, given the entry into operation of some assets in El Quimbo and Bogotá River.

Thus, **Net Income** increased by 30.5% YoY, mainly due to the decrease in financial expenses caused by:

- A lower debt balance due to maturity of the international bond in January and the cancellation of a bond issue in July, reducing in turn the average cost of the debt.
- The registry in 2020 of the interest derived from the negative ruling in the settlement of the income tax from Betania hydroelectric power plant, for the application of the exemptions provided in the Paez Law.

These effects were offset by:

- An increase in deferred tax expenses due to the update of the income tax nominal rate to 35%, included in the Government's Social Investment Law.

The **Net Financial Debt** increased compared to the end of 2020, as a result of new debt for 650 billion pesos in order to pay part of the debt amortization, operating costs, and Capex.

During the first nine months of 2021, **investments** reached a total of 113,4 billion pesos, presenting a slight YoY reduction due to the change in dates of some activities for the last quarter of the year. The investments made have been mainly focused on the modernization and maintenance of the hydroelectric power plants, activities associated with the completion of the El Quimbo sustainability plan and the recovery of equipment and infrastructure at the Bogotá River power plants.

Operating Results 9M 2021

	9M 2021	9M 2020	YoY %
<i>GWh</i> (*)			
DOMESTIC ENERGY DEMAND	54.913	52.309	+5,0%
ENEL- EMGESA GENERATION	9.656	10.888	-11,3%
CONTRACT SALES	11.071	10.699	3,5%
SPOT MARKET SALES	1.936	2.602	-25,6%
POWER PLANT AVAILABILITY	90,0%	92,4%	-2,5%

(*) *Estimated figures*

Enel-Emgesa ranks first in the country in terms of net installed capacity, with a total of 3,503 MW, which represents a 19.9% share of the National Interconnected System (SIN).

And is the third generator in the system, with a 17.7% share, even though the Company's power generation decreased compared to the same period in 2020, as a result of the high hydrology registered in the country and the low prices registered in the spot market.

As well, Enel-Emgesa continues to be the second largest free customer supplier, with a 17.0% share in this market segment.

- Enel-Emgesa's **total energy production** had the following distribution by generation source:
 - 98.5% hydroelectric: 4.3% more than the previous year. In 2020 there was a lower participation in hydraulic generation due to a reduction in energy demand caused by the pandemic and low hydrology that negatively affected the level of the reservoirs.
 - 1.5% thermal: 4.3% less than the previous year, because the system did not require thermal generation due to the hydrological conditions throughout the year.

Finally, the availability of the power plants has been affected by annual maintenance, mainly in Guavio, and the corrective maintenance of a turbine rotor at the Cartagena thermal power plant.

Dividends:

During the first nine months of 2021, Enel-Emgesa paid 1.38 trillion pesos in dividends to its shareholders, more than 2.7 times the value paid the previous year. This, considering the change in the dividend distribution policy from 70% to 90%, and the advance payment of the second and last dividend installment of 2021 in August (initially planned for December), aligned with what was approved by the General Shareholders' Meeting held in July 2021.

	9M2021	9M2020
<i>Figures in Millions of pesos</i>		
Current assets	850,051	1,211,204
Non-current assets	8,234,061	8,282,979
Current liabilities	2,282,733	1,959,818
Non-current liabilities	2,167,446	2,378,928
Equity	4,633,933	5,155,437
Revenue	3,437,356	3,228,018
Costs	1,101,654	1,133,395
Contribution margin	2,335,702	2,094,624
Earnings before interests and taxes (EBIT)	2,164,177	1,904,184
Earnings before taxes (EBT)	1,849,774	1,497,199
Net income	1,250,187	958,021

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