



Colombia

Enel Américas' 2018 Analyst Update Meeting

Lucio Rubio

*Country Manager
Codensa & Emgesa*





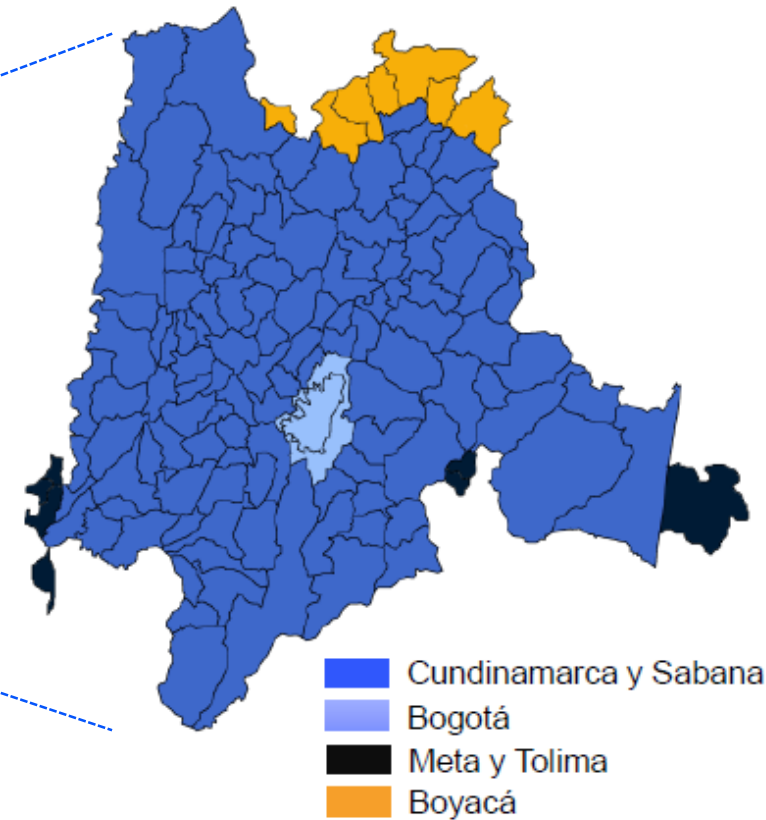
Emgesa and Codensa Positioning enel

Presence in Colombia



Gx: Emgesa

Dx: Codensa



11 hydro plants placed over 3 different river basins with complementing hydrology, and 2 thermal plants that act as back-up for stressed hydrological conditions

Codensa operates in the Colombian central region with an infrastructure of nearly 70 thousand km of network in an area of over 21,000 square km



Generation and Distribution

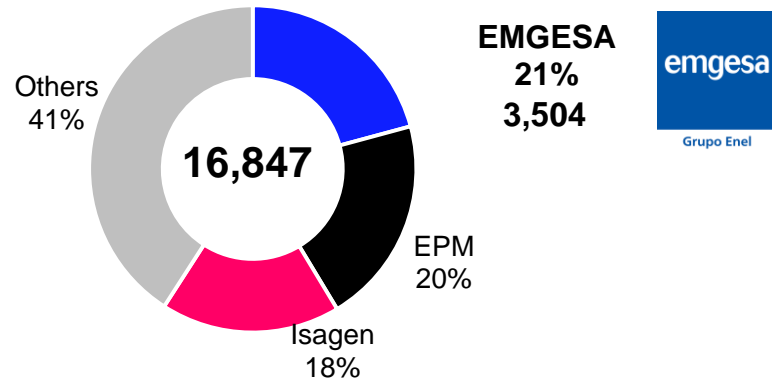
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Relevant Players in Power Generation, Distribution and Retailing

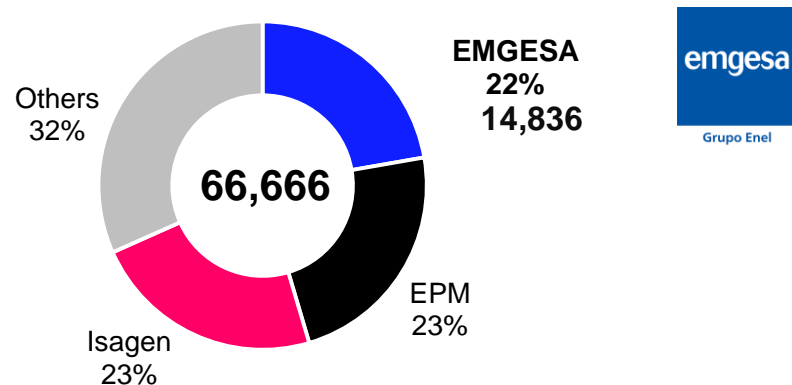


Gx: Emgesa

Net Installed Capacity (MW)

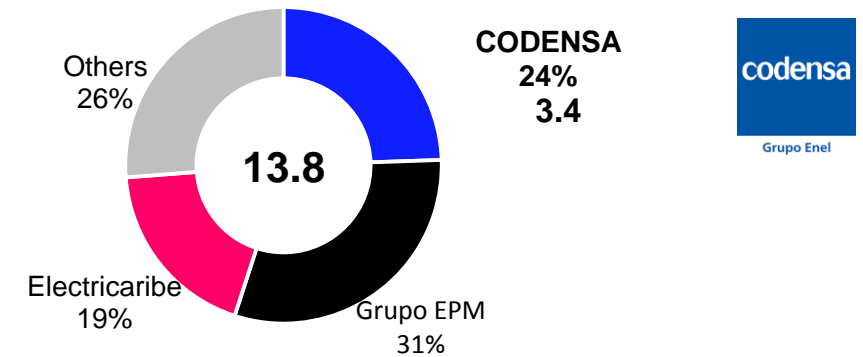


2017 Generation Breakdown (GWh)

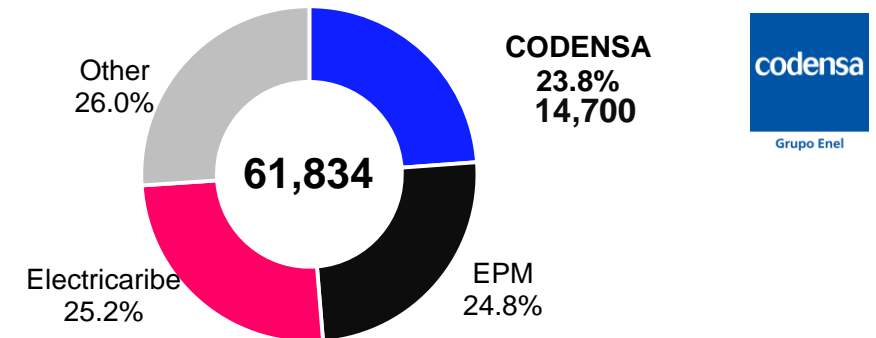


Dx: Codensa

Number of Customers (MM)

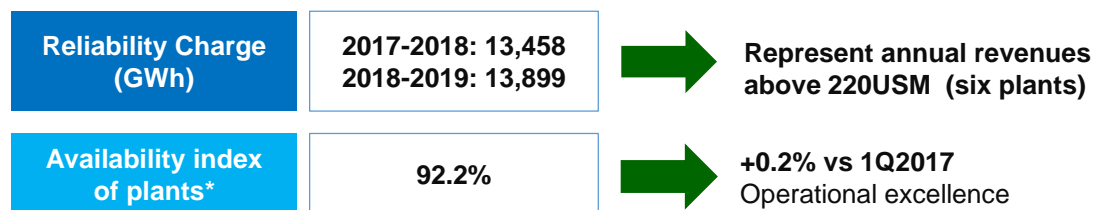


2017 National Power Demand Breakdown (GWh)



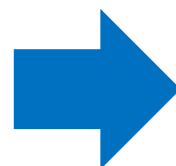
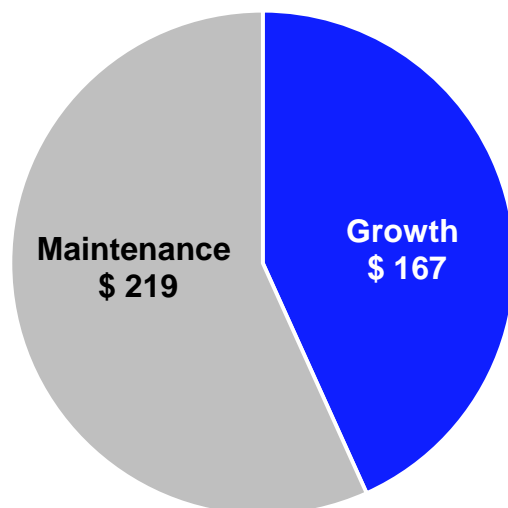
Emgesa: # 1 in net installed capacity in Colombia, Codensa: # 2 in customers with a broad client base in a market with a 3.5% annual expected growth (energy demand of 71,641 GWh in 2020)

KPIs Emgesa



*Figures as of March 2018

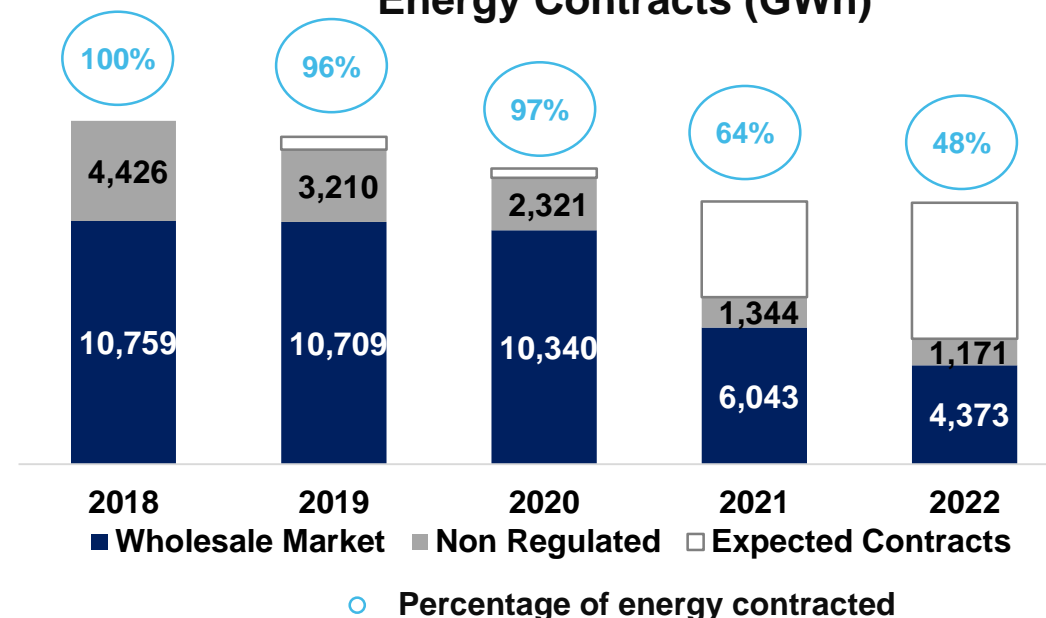
Capex 2018-2020 US\$M



Main growth projects

- Termozipa life extension
- Estación Canoas
- El Quimbo

Energy Contracts (GWh)

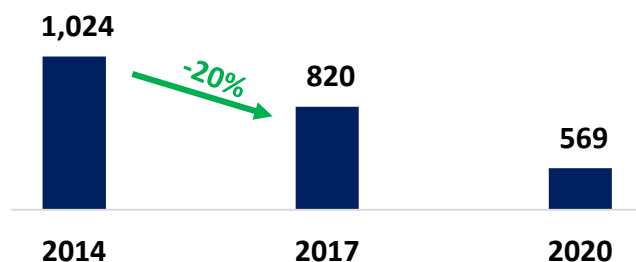


Lead player in the sector, supporting energy needs with a diversified portfolio following a natural hedge commercial strategy fully hedge up to 2020 and reliability charge assigned for the upcoming years

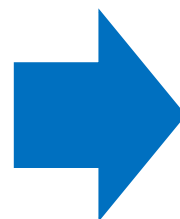
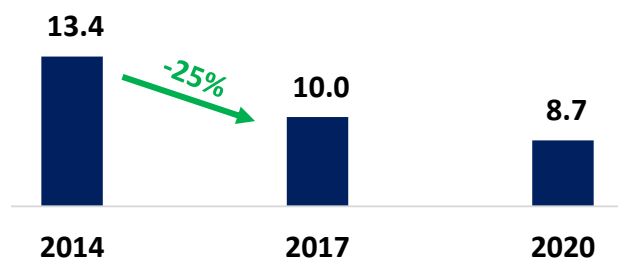
KPIs Codensa

Coverage area	21,278 Km ² Bogotá + 129 Municipalities	➔	Natural monopoly in Colombian central region
Clients	+3.4 mm	➔	89K added in 2017
Clients / Km of Network	47,8	➔	High concentration of users economies of scale

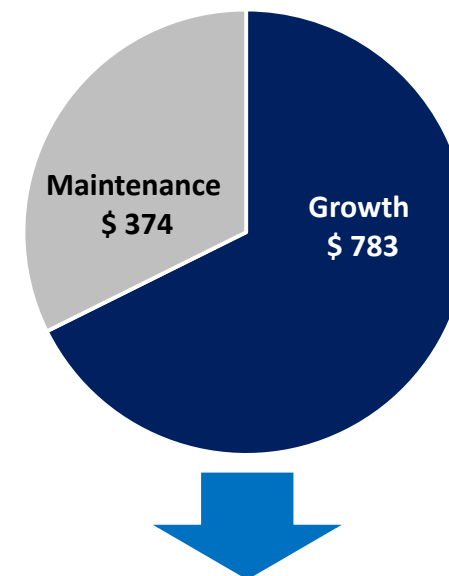
Saidi Index



Saifi Index



Capex 2018-2020 US\$MM



Ambitious investment plan focused on improvement quality of service, network modernization and new connections.

- Connections
- Quality of service
- Telecontrol

Sustained improvement in quality indicators with a robust investment plan



Enel X Overview



E Industries



- New solutions through photovoltaic Systems and storage
- Electrical solutions
- Demand Response
- Energetic Consulting

E Home



- **New strategy on credit card Business (850k)**
- **Launch of new assistances for home and health (754k customer base)**
- Increase on profitability of insurance

E Mobility



- **Massive electric transport-Transmilenio**
- Private electric cars
- Sharing of electrical vehicles

E City



- **Public Lighting Modernization (406k light points for 2017)**
- Acquisition of concession companies
- Solar Public lighting
- New geographical markets

Enel X project priorities



E City

Public Lighting

- ✓ Modernization of lighting pods in Bogotá
- ✓ Increase participation of Public Lighting at national level



E Home

Credit Card Business / Insurance

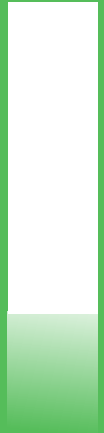
- ✓ Restructuring of “Crédito Fácil Codensa” with Colpatria seeking to maximize return leveraging a high quality client portfolio
- ✓ Launch of new Assistances



E Mobility

Massive public transport system –Transmilenio

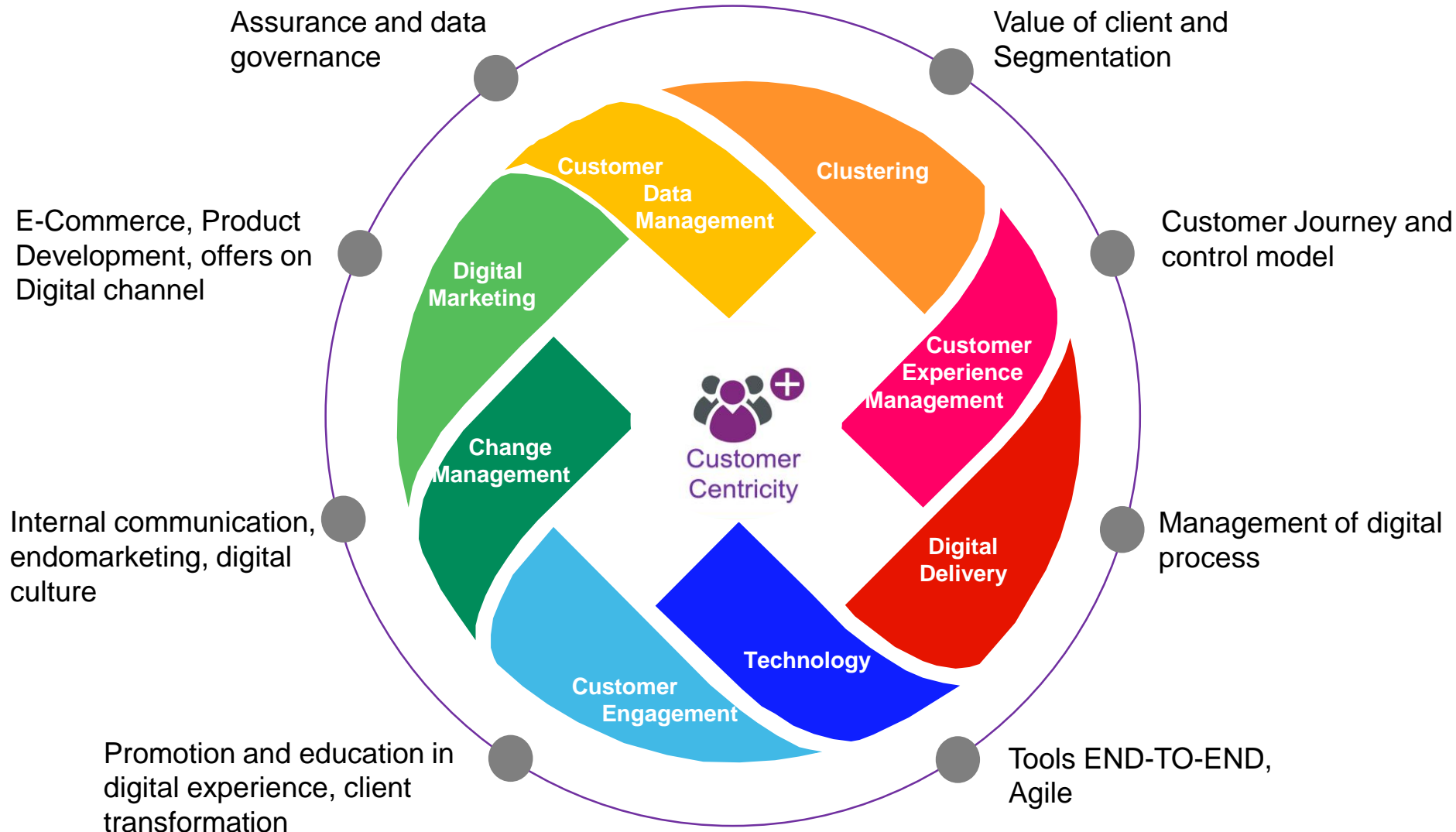
- ✓ Transmilenio is the public massive transport system of Bogotá. Potential renewal of about **458 articulated** electric buses



Digitalization

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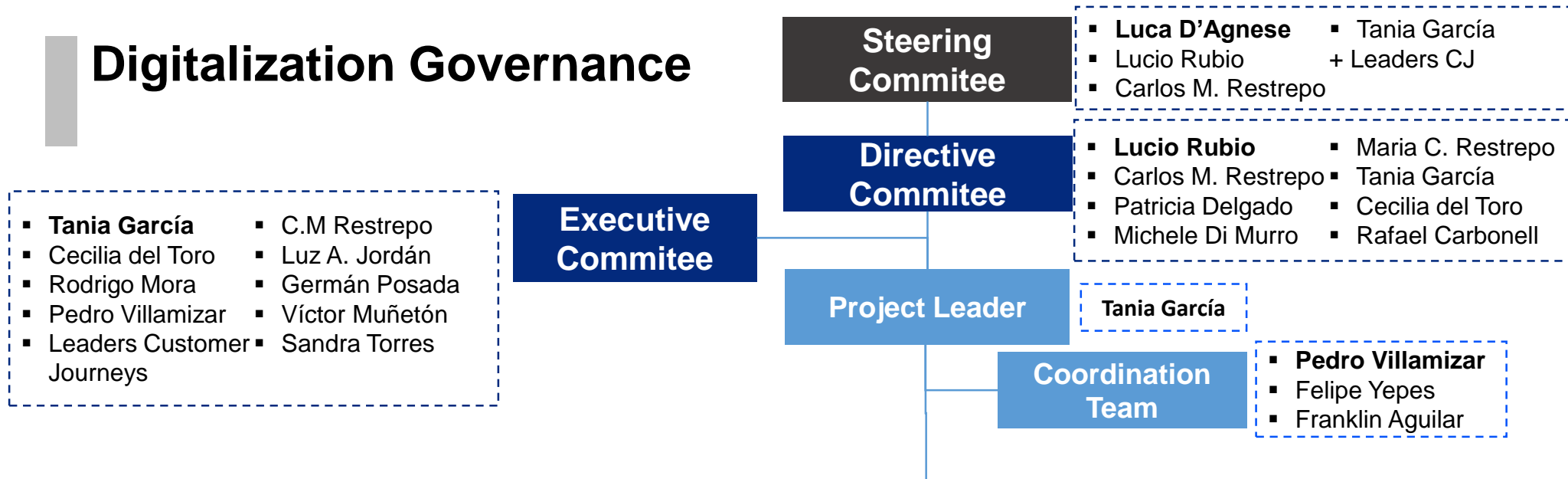
Digitalization Pillars



Increase active digital interaction with clients

- ✓ Improve operations
- ✓ Optimize Costs
- ✓ Increase client loyalty
- ✓ Business Development and cross selling

Digitalization Governance



Business Process

Customer Journeys

43
initiatives

- Info on my billing
- I have to pay my bill
- There is no power
- I'm interested in your offer
- I want to be known

Be Digital

9
initiatives

Digital transformation of internal processes

Go Digital

9
initiatives

Digital transformation of processes, products and services for final clients

Increase the active digital interaction with customers aiming at optimize cost, improve operation, promote clients loyalty and increase cross sales



Sustainability

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Sustainability

Sustainable development goals: 4 Quality Education

We contribute to achieve quality, equitable and **inclusive education**, and promote lifelong learning opportunities for our stakeholders, in the framework of the creation of **shared value**

72,673 beneficiaries for basic and secondary education and technical training programs



Projects
“Buena Energía para tu Escuela”, “Educando con Energía”,
“Conéctate con la educación”, “Banco de becas”, “Semilleros de Tecnología”

Aportamos a la educación
de estudiantes for

Sustainability



Sustainable development goals: 7 Affordable and Clean Energy

We guarantee Access to affordable, safe, sustainable and modern **energy** for all.

We put energy in the **service** of people to improve quality of life

96,735 beneficiaries of our energy Access programs



"Plan Semilla"
"Cundinamarca al 100%"
Community talks about use of energy

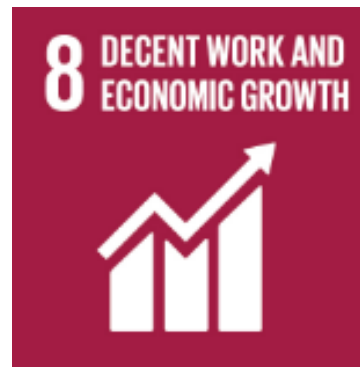
Sustainability



Sustainable development goals: 8 Decent work and Economic Growth

We promote sustained, inclusive and sustainable **economic growth**, full and productive employment and decent work of our stakeholders

5,397 beneficiaries of our programs to strengthen organizations, cocoa and coffee **production chains**; and strengthening of **community infrastructure**



Empresa - Sirolli, “Programa de Desarrollo para la Paz del Magdalena Centro”, “Juntos por las Juntas”, Business and social strengthening of cocoa and coffee production chains



Financial Focus

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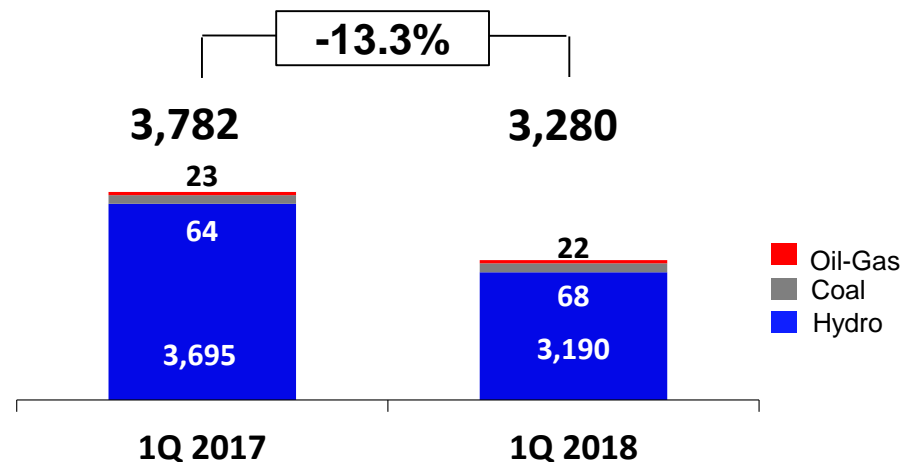
1Q2018 Results

Operating Highlights

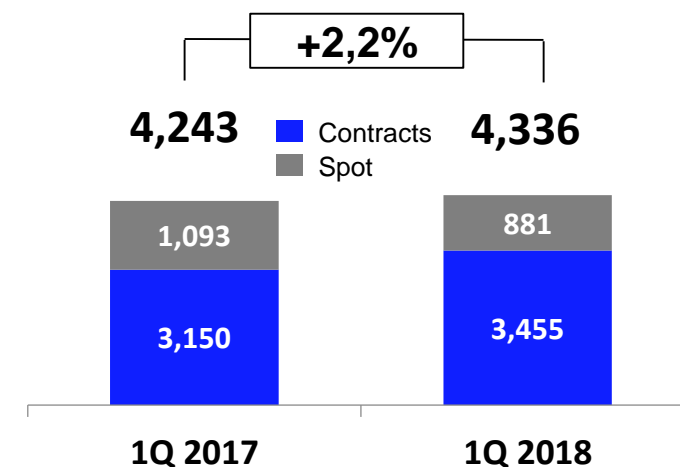


Generation

Net Production (GWh)

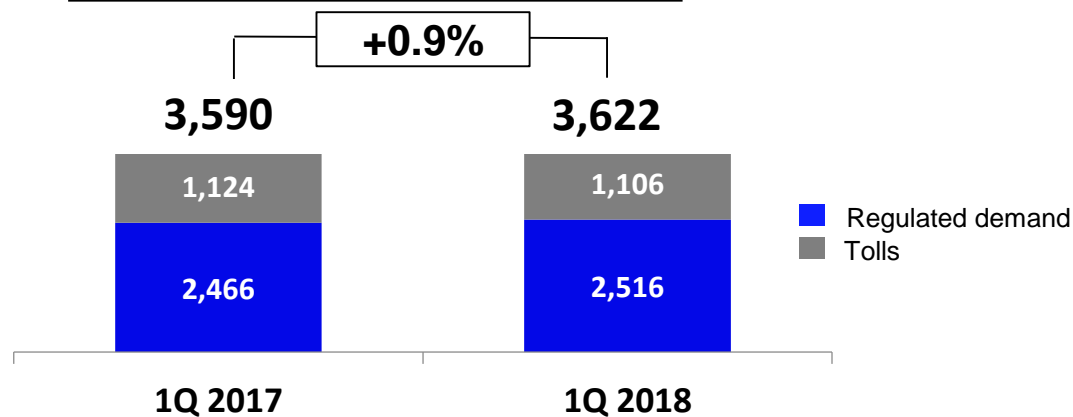


Electricity Sales (GWh)

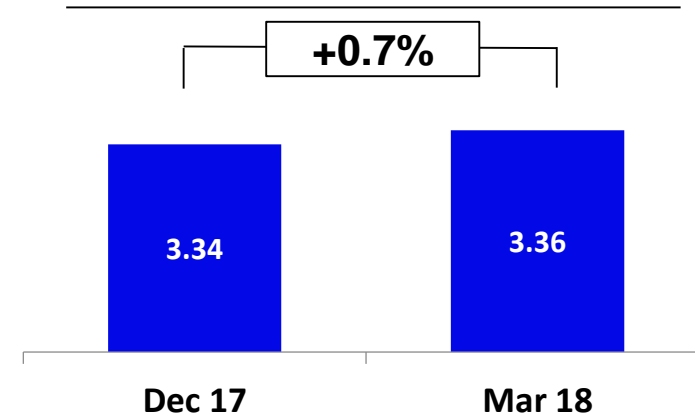


Distribution

Electricity Distributed (GWh)



Number of Customers (M)



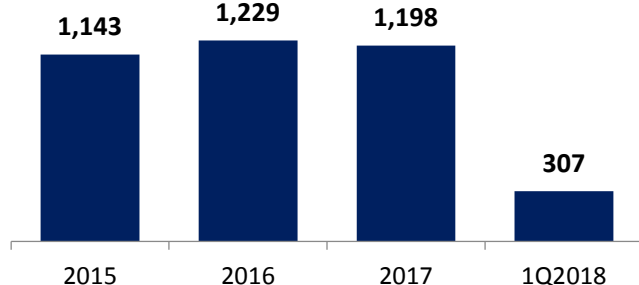
1Q2018 Results

Financial Highlights (US\$ mn¹)



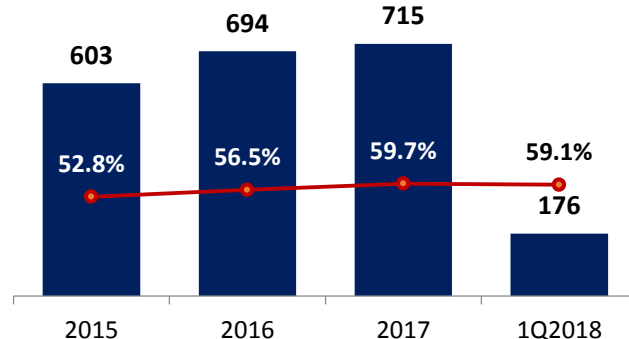
Revenues

CAGR 2015-2017: 2.4%



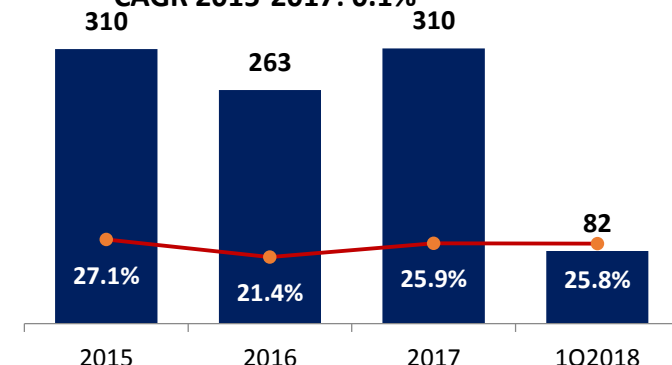
EBITDA

CAGR 2015-2017: 8.9%



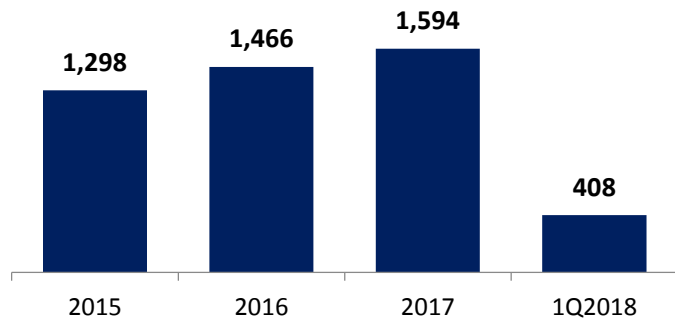
Net Income

CAGR 2015-2017: 0.1%



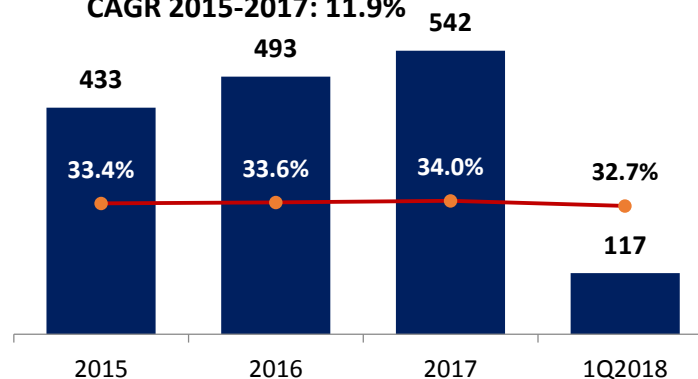
Revenues

CAGR 2015-2017: 10.8%



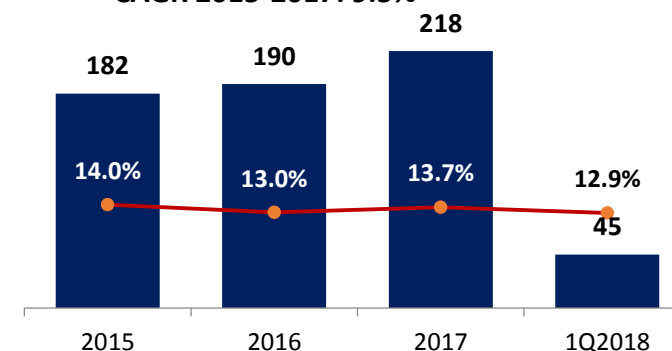
EBITDA

CAGR 2015-2017: 11.9%

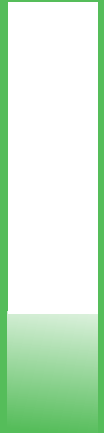


Net Income

CAGR 2015-2017: 9.5%



1. Figures converted using average COP/USD FX rate for the period January-March 2018 of \$2858,87 COP/USD
Comparisons between periods are made based on figures in Colombian pesos



Hot Topics

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COUNTRY CONTEXT

- Presidential elections
- Peace agreement implementation

REGULATORY AFFAIRS

- Reliability charge
- Environmental flow
- NCER generation auction

INDUSTRY

- Hidroituango emergency
- Electricaribe Government intervention

A decorative graphic on the left side of the slide, featuring a white rectangular block at the top, followed by a blue trapezoidal shape, and then a darker blue parallelogram shape below it.

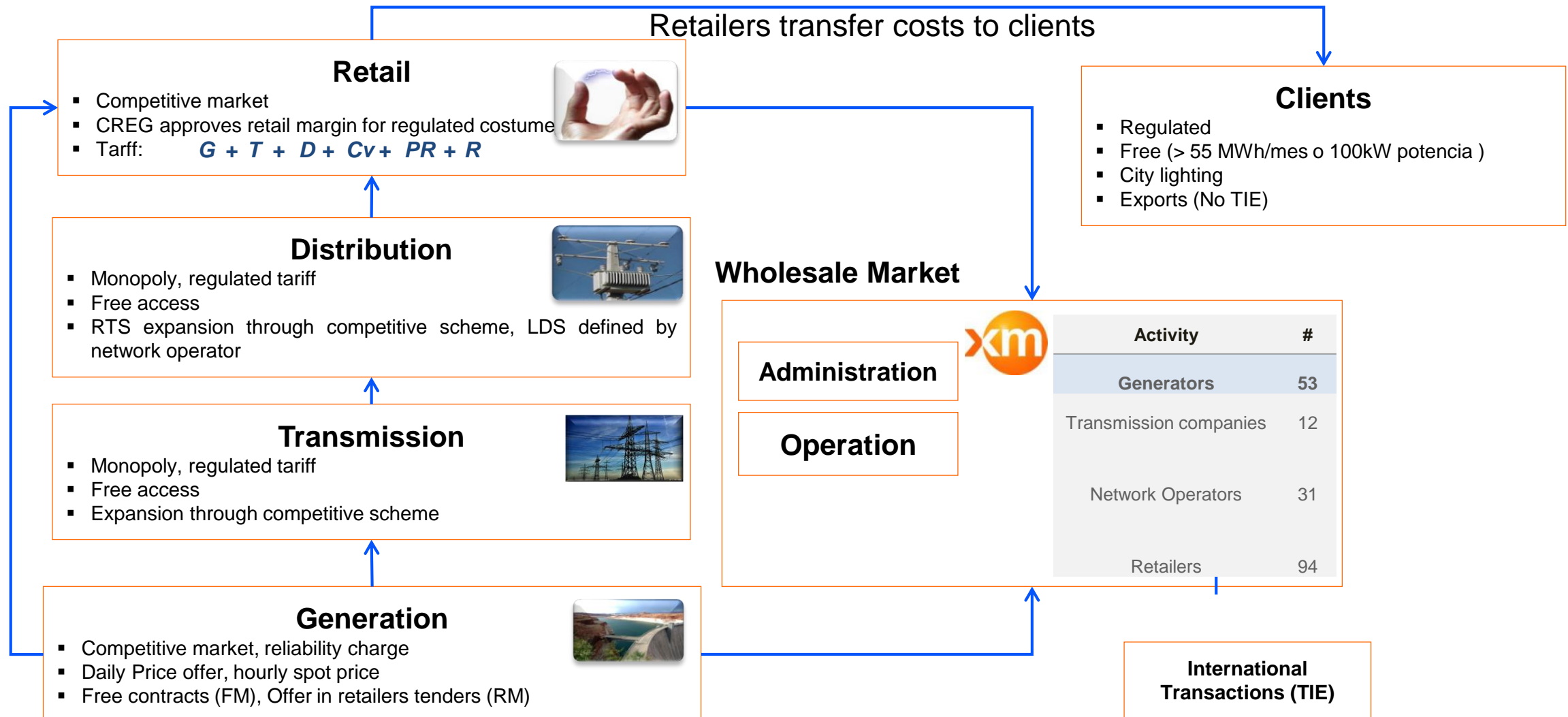
Colombian regulatory framework

Diana Jiménez

*Head of Regulation
Codensa & Emgesa*

1. Colombia's Electricity Market (1/2)

Main activities



1. Colombia's Electricity Market (2/2)

Wholesale Market



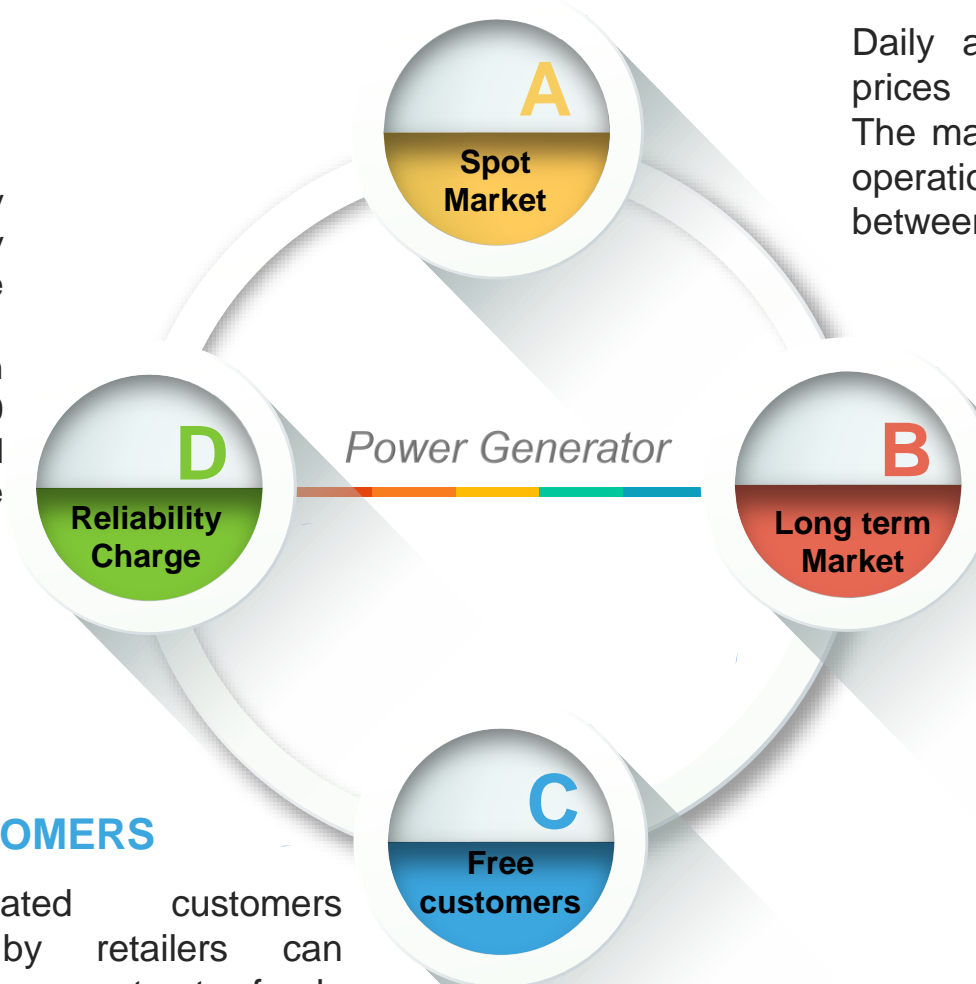
RELIABILITY CHARGE

Generators receive the reliability charge, according to the Firm Energy Obligations each plant has with the market.

Through auctions, new plants can access this charge for at least 20 years. Existing plants are assigned according to their participation in the system's total firm energy.

FREE CUSTOMERS

Non regulated customers represented by retailers can negotiate energy contracts freely with generators.



SPOT MARKET

Daily auctions in which generators offer prices and declare the plants availability. The market dispatch as well as the system operation depends on the competition between those offers.

LONG TERM MARKET

Generators and retailers sell and buy energy through long term financial contracts.

2. New Regulation

Distribution – Resolution CREG 015-016 - 2018



Distribution Remuneration Methodology. New regulatory framework Main Points

	VNR current	DORC New
ASSET BASE	Reposition Value (no depreciation is applied). Risk on market value of total assets	Net Asset Base with 7% depreciation. No Risk on operative asset value
WACC	13.7% avg RAI. International Reference Ke; National reference Kd	11.8% avg RAI. International Reference Ke; National reference Kd
ENERGY LOSSES	5-years losses target	10-years losses target
QUALITY	No explicit targets. IRAD, ITAD duration indicators.	-8% annual reduction targets on SAIDI, SAIFI
OPEX	CREG comparative efficiency model. Efficiencies are for DSO	CREG efficiency model, revised stochastic frontier. Efficiencies are for DSO
CAPEX	Implicit investment incentives under Price Cap. Constructive Units-UUCC	Investment plan remunerated in advance. Review every 2 years. New UUCCs

3. Regulatory Assumptions – Generation

Regulatory issues under discussion



Developing Regulatory Issues



Reliability Charge

....

- Res in comments:
 - Expansion Auction 22-23
 - Reconfiguration Auction 18-19
 - Managed allocation 19-20, 20-21 and 21-22
 - Complement Expansion Auction 22-23
- Res CREG 055/17 Stand by



Short Term

....

- Intraday markets
- Ancillary services market
- Demand response



Long Term

....

- Decree MME 0570
- Long term energy contracts (15 yrs)
- Standardized Energy Market.



Others

....

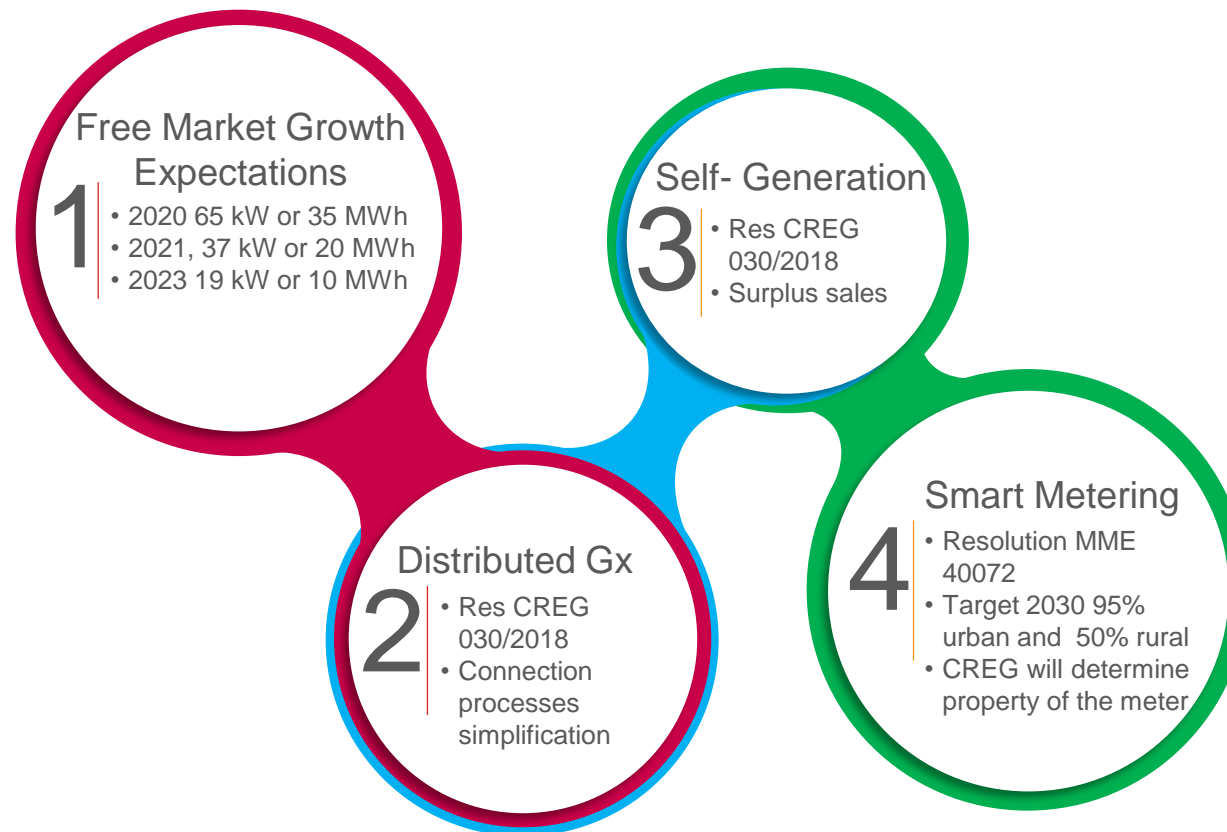
- BESS
- Environmental flow
- Emissions
- Network code.

3. Regulatory Assumptions – Distribution

Regulatory issues under discussion



Developing Regulatory Issues








5. Regulatory Assumptions – Distribution & Generation

Regulatory issues to be discussed in the next years



Beyond Business Plan

	<p>New tariff revision 2024</p> <ul style="list-style-type: none">• WACC reduction due to macroeconomic scenario.	
	<ul style="list-style-type: none">• Generation matrix analysis (reliability and competitiveness).• Introduction of BESS dedicated products/auctions• Introduction of carbon market or carbon tax increase	
	<ul style="list-style-type: none">• Review of auction criteria and volume of energy. Follow up of decree objectives.• Future energy projects affected by environmental flow regulation	
	<ul style="list-style-type: none">• Final regulation on demand response in spot market will be published by CREG during 2018.• By 2024 self generation and distributed generation will represent the 4% of national demand	
	<ul style="list-style-type: none">• Full opening of the Retail market by 2025	

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