GEB 1Q21 Results Conference
May 27, 2021

Valeria Marconi: Good morning everyone. We welcome you to the 1Q21 results conference of Grupo Energía Bogotá. In the chat you will find some instructions, which I will repeat briefly. Please, first of all register with your name and company so that we can easily identify you during the question and answer session. We also remind you that this call will be made in Spanish, but we will have simultaneous translation in English and it is being recorded. You can ask your questions at any time through the chat and at the end of the presentation we will address them.

We remind you that we will start this presentation with Jorge Tabares, Financial Vice President of GEB.Then our CEO, Juan Ricardo Ortega, will join us for some closing comments. Additionally, we will be joined by leaders from different areas and subsidiaries who will be happy to answer any questions you may have. We now turn to the presentation of results. Thank you very much.

Jorge Tabares: A special greeting to everyone, and thank you for joining us in our 1Q21 results presentation. The main message of the quarter is that it is still a positive quarter. We had favorable results, but we clearly have a challenge due to the reduction of revenue at TGI, which we were able to control to a great extent through a disciplined control of costs and expenses throughout the Group.

As relevant events, we achieved EBITDA of almost COP 1.9 trillion, 6.9% above the first quarter of the previous year, where we highlight the contribution of both energy generation and distribution to this result, as we will see later. Colombia accounts for 80% of this EBITDA, driven by dividend distributions from Emgesa and Codensa, which were higher than the previous year, and which represents a goodwill gesture from our partner Enel, with which, as you know, we have been holding discussions for several months to settle a dispute that has been running for several years. They have now adopted a higher dividend payout policy than in the period from 2016 to 2019.

Operating profit moved in line with revenues, dropping by 6% to COP 403 billion; controlled profit decreased by 21% to COP 502 billion, mainly due to a negative currency exchange difference, a small portion due to debt, and a very significant portion due to deferred tax, issues that are not cash-related. Finally, we maintained the pace of organic investment, we grew by 9% reaching USD 63 million; it displays a drop because the acquisition of Argo took place in this period last year.

Finally, we have a Net Debt / Ebitda ratio of 3.2x versus 3.3x in the previous quarter, which reflects the Group's high capacity for investment given its low level of leverage, in combination with a low maturities profile in the next two years, as we will see later.

In terms of involvement with the community and corporate governance, we highlight that we have implemented a reform of the bylaws that incorporates some of the changes that we want to make to strengthen corporate governance. We increased the number of independent members from 4 to 5 of the 9 board members, with very clear independence criteria. We defined for the first time a minimum number of women Board members, which was set at 3 women. This condition is currently fulfilled with the presence of 3 women Board members with very high profiles and strong trajectory. Additionally, we incorporated measures that allow us to make changes in Board members in a gradual manner, in order to achieve a balance between maintaining the corporate history and renewing the Board to attract members with new ideas. At Cálidda we also increased the proportion of female Board members to 21% with the inclusion of two women in the board of directors of this subsidiary.

In view of the destruction of value and the significant increase in poverty that is taking place in the communities, we decided to contribute COP 5,100 million to the District to support Covid-19 causes and help the communities; we also delivered COP 2,500 million in medical equipment. In 3 municipalities of Santander and Boyacá we started rural gasification projects through TGI, and through Cálidda we joined the municipality of Lima in the Ollas Solidarias program, also to serve communities in need due to Covid-19.

Finally, I highlight Cálidda's participation in the "Entrepreneurs for Integrity" program, where we were certified as a zero corruption company according to the criteria of this initiative. We always reiterate that transparency in resource management is a top priority for the Group's business management, and this recognition in Peru demonstrates our track record in this regard.

Moving on to financial performance, as I had mentioned and as we already knew was going to happen at TGI, as a result of the reduction in revenues due to the expiration of firm contracts, we have taken steps to offset it at the Group level through a reduction in costs and expenses. This decrease of revenues of COP 88 billion is mainly due to TGI. In costs, from a substantial base, we delivered a reduction of COP 38 billion, a 5% reduction, and in administrative expenses we achieved a reduction of 16% equivalent to COP 34 billion, for an end operating profit result of COP 403 billion.

In terms of revenues, I mainly highlight the TGI issue, which at COP 84 billion is a highly significant decrease. Based on a cost breakdown, the natural gas distribution business contributed significantly to the austerity and efficiency plan with COP 15 billion, and TGI directly managed to offset COP 22 billion in costs. There are other smaller figures involved, but they are nonetheless significant, in energy transmission. For example, at Trecsa in Guatemala we had a 5% reduction in costs, which shows that we are taking care of expenses and costs both at the Group's large and smaller operations.

In administrative expenses, GEB contributed the largest amount to the reduction with COP 36 billion. The increase at TGI is partly due to a reallocation of costs to expenses of some team members that were previously classified as cost, but TGI's net reduction is positive, and as some of you may have heard at TGI's presentation yesterday, there is a fairly detailed plan to achieve even greater savings to offset the loss of revenue.

EBITDA is the most noteworthy figure of all the results, with 6.9% growth. This reflects Enel's decision to make a 90% dividend payout: we received COP 235 billion more than we would have received under the 70% payout policy that was in place for at least the last four years. This helped increase dividends of uncontrolled companies from COP 1.1 trillion to COP 1.3 trillion, equivalent to an increase of 18%. The effect of the portfolio and our relationship with our partners then clearly offsets the drops in natural gas transportation of COP 60 billion and the COP 51 billion reduction reported in energy transmission, mainly due to the ISA operation in Peru, which reported non-recurring income in 2020 that was not repeated in 2021.

Turning to the EBITDA of the controlled companies, that decrease of 11%, a small decrease in natural gas distribution of COP 5 billion in addition to what has already been mentioned several times about TGI, and an increase in energy distribution of COP 1 billion, which reflects organic growth at Electrodunas of more than 5%, but which when translated from Soles into Pesos at the current exchange rate, is only reflected as COP 1 billion.

In terms of net income, the story is mixed. The main item is the COP 472 billion of the equity method, equivalent to an increase of 20% compared to the first quarter of the previous year, highlighting the very significant contribution of the Argo operation, which represents almost half of that increase, and which was not there last year and shows the significant impact of the inorganic growth strategy, and the two increases of existing operations at both Codensa and Emgesa, the two largest companies, which have displayed highly positive increases and contributions. Most of the other companies also show a slight increase in their participation, reflecting the health of the portfolio and how all our companies are contributing in a very important way.

Finally, there is the noise of the exchange rate difference, where we had an increase of 51% compared to the previous year, not only due to the devaluation, but also due to a greater net exposure in dollars of around USD 400 million, mainly due to bonds that mature in 2030, and in the significant change in deferred tax. Last year we reported a profit of COP 189 billion and this year it is only COP 51 billion, due to the difference between tax rates and exchange rates, but again, these items do not involve cash and are issues that will materialize over the very long term.

In terms of the composition of the debt, there are few changes, actually USD 3,800 million. I highlight at the top right that 73% of the debt is at fixed rates, which is very positive in a scenario in which many analysts expect interest rate hikes. This fixed rate, combined with a portfolio that has maturity in the medium term with an average life of 8 years, provides us significant stability at these low interest rates. Net Debt / EBITDA of 3.2x gives us significant investment capacity for acquisitions. We do not have relevant maturities in 2021 and 2022 and the next maturity is the Cálidda Bond of USD320 million, on which we are evaluating options and the timing for a debt management operation to extend that maturity.

In terms of Capex, we invested USD 63 million, which represents an increase of 9% when measured in organic terms equivalent to an additional USD 5 million, mainly in Cálidda and the transmission business. In any case, we are slightly below our investment budget, because some things are not flowing with the speed we would like, both in terms of interaction with the communities and in terms of obtaining permits and authorizations, which is important above all for the type of investments we are making. Building of the transmission lines that are fundamental for the country involves obtaining of permits and licenses, which require consultations with the communities and strong institutional support. These are essential for achieving these investments and for strengthening the country's transmission infrastructure, based GEB’s commitment to contributing to the country.

Cálidda will continue to implement its investment plan in the coming years in a relatively stable manner to increase the number of connections. There we are also evaluating the possibility of making a greater contribution to society and to have good coordination with the government. Finally, the investments required to complete our investment in Trecsa’s PET is almost 88% complete, with agreements reached with the Ministry of Energy and Mines that enable us to improve the profitability of these investments, and where we are absolutely committed to completing this investment plan.

Return on equity increased 17% over these 12 months, which reflects the solid results that we had already reported in 2020, despite the 20% decrease in net income in the first quarter of this year that I mentioned before.

Finally, I highlight the final cash position of COP 1.85 trillion, almost USD 500 million in cash, a fairly solid position that gives us confidence that we will have the resources to execute any inorganic investment plan and to continue to take advantage of that knowledge we have of our industry and that we believe that has a very promising future.

This is the summary of the main points, I do not know, Valeria, if Juan Ricardo managed to join us to make any comments, or if we should move on to questions and answers.

Valeria Marconi: We turn to questions and answers first**.** We already have several in the chat, there are two at this time that you can continue to address. The first is from Andrés Duarte of Corficolombiana, who says: How is the shareholders agreement with Enel going? Is the 90% payout, which used to be 70%, one of the results of the new understanding?

Jorge Tabares: There is no news here. We have openly stated that we have a very strong intention to enable new businesses, to improve the relationship with our partner, and that we believe it is not in the best interest of GEB in the medium and long term. We continue these negotiations. As you can imagine, there are many details to work out, and Enel's unilateral decision to increase the payout from 70% to 90% is an act of good will in the direction that we would like these dividends to move, and we continue working to find that middle ground that will benefit both shareholders and, above all, allow GEB to have a portfolio with a more promising growth potential by eventually incorporating nonconventional renewable energies and bringing all the *know how* that the Enel Group has in connection with sustainable mobility, public lighting, smart cities and being able to apply that in Bogotá, but we are still negotiating and we are trying to find that middle ground.

Valeria Marconi: Thank you, Jorge. There is another question from Nicolás Romo of MetLife, who says: What impact do you expect from the downgrade of Colombia's rating to BB+ by Fitch on GEB and TGI bonds?

Jorge Tabares: We believe that there are two elements that should favor us in this conversation, which is obviously speculative, and in the end the rating agencies make their autonomous decisions based on their technical criteria. Regarding the geographic diversification of income and the extremely high predictability of our cash flows, combined with an absolute demonstration of the resilience of the sectors in which we participate, where despite a pandemic, a significant economic decline and economic crises, the sector has behaved positively and we believe that this should contribute to a decoupling, and that we should not necessarily move in step with what happens to the nation. But I insist, this is a speculative issue. Our task regarding the rating agencies is to demonstrate the solidity of our business plan and to keep them very updated on our positive results, which fortunately we have, are unobjectionable and are quite conclusive.

Valeria Marconi: Another question from Diego Buitrago of Bancolombia says: Will the tax effect on the decrease in operating expenses continue to occur in the coming quarters, or was it only in 1Q? What do you refer to when you mention municipal taxes when accounting for dividends?

Jorge Tabares: Yes, part of the municipal tax would be a recurring item due to the way we are accounting for it. Julio Alarcón is on the line in case he wants to provide additional information on that particular matter, but the main element in that regard is that it would be a recurring item.

Julio Alarcón: As Jorge Tabares says, it is going to be a recurring item because now for the municipal tax, the expense will accrue on the basis of cash and the dividends that were actually received in cash, rather than simply accruing the expense by default. So it is a change in the way we record the municipal tax, and it will only accrue when we receive cash, which will be on a permanent and recurring basis.

Valeria Marconi: We have another from Juan Diego Paredes of Sumitomo Mitsui Banking Corporation: What were the main determinants for the current level of leverage in terms of Net Debt / EBITDA of 3.2x vs 3.3x? And how sustainable are these determinants over time, that is, from 2021 to 2022 and beyond? Additionally, what is the target for this indicator for the end of 2021 and 2022?

Jorge Tabares: Clearly here the effect of the last quarter is the growth of EBITDA. We disbursed a small loan of USD 10 million in Peru, from the IDB credit. However, the currency also devalued during the quarter, and in translating the debt into pesos, it offset part of that increase in EBITDA. We believe that 3.2x is a low level; we could have higher leverage, but our operation simply does not require so much cash. We saw an investment level of USD 63 million in organic terms, and it is basically what we achieved with our business footprint investing. We will be happy to find more organic investment opportunities and we are constantly looking for them. We are evaluating possible line expansions with the UPME; there is an matter coming up in Buenaventura soon that we will assess very carefully to determine whether we can participate in that call for bids. But the adjustments in cash utilization definitely involve inorganic issues. We have been successful in the last two years in making those acquisitions and we continue to look for others, and that is what ultimately determines the use of cash and therefore the level of leverage. I believe that for us leverage of 4x Net Debt / EBITDA on a sustained basis is viable with the rating we currently have, and it important for us to have investment grade rating levels and hopefully a *notch* above investment grade.

So rather than precise numbers, these are binary events, of whether one manages or not to make an acquisition, and that would be what would produce any change in Net Debt / EBITDA. So what I mention is the objective, or rather the limit that we believe is sustainable and that optimizes the potential of having financial leverage and very good access to the credit markets that we have, either through international or local bond markets, as well as banks that have indicated a very good intention of providing us support in any growth plans that may materialize.

Valeria Marconi: We are going to switch from the financial side a bit, to move on to a couple more questions about projects. Freddy Zuleta can help us with these answers. Andrés Duarte from Corficolombiana asks: Status of the Colectora line? Would it start up in 2024? Do you know the level of progress of the wind and solar projects that need to be connected? Freddy, also in connection with this, we have been asked: What have been, are and could be the effects of all these situations of public order that are taking place in Colombia?

Freddy Zuleta: Good morning to all. Indeed, all the projects that we co-exist with in the Caribbean region and more specifically in La Guajira, face similar issues, so the wind projects also have some common characteristics, such as the relationship with the communities, the time frames for consultations, which have been delayed due to the pandemic, somewhat due to the protests, but the main reason is really associated with Covid-19 and the impossibility of moving at the same speed in order to prevent contagion, because many people must remain in isolation, the meetings have to be postponed, every time a meeting is canceled it must be rescheduled and the whole communications process needs to start over. However, we have made substantial progress, we have formalized 66 of the 220 agreements, and we have initiated 210 prior consultation processes. So the process is obviously moving much slower than we all would like, but it is moving forward with the maximum speed that a situation like the one we have been experiencing for more than a year allows.

Indeed, the original date of the project defined in the bidding process was November 2022; in a recent interview, the Vice Minister himself mentioned the date of October 2023, which is the date we are working on to deliver the project. Obviously there are difficulties and inconveniences, but we are working hand in hand with the Ministry of the Interior, the Ministry of Mines and Energy, the UPME, the CREG, and the office for competitiveness of the Presidency of the Republic to resolve all issues to enable us to remain on track and meet that date. Regarding the generators, they continue to move forward, and in some connection lines we are even working together. So the project continues to move forward at the maximum pace possible under the circumstances, and our goal continues to be to meet that date towards the end of 2023.

Valeria Marconi: Let's switch to TGI now. We have Mónica Contreras, CEO, and Adriana Munévar, Financial Vice President. We have a question by Diego Buitrago of Bancolombia, who asks: Under current conditions, with TGI reaching an EBITDA margin of 80% in the midst of the pandemic, in the long term, what would the sustainable EBITDA margin for TGI be?

Adriana Munévar: Thank you, Valeria. Andrés, in our financial forecasts, which we have shared with the rating agencies, in the short term that EBITDA margin could drop a little, in the medium term it would remain between approximately at 75%, thanks to all the strategies that we have shared in this and in our previous reviews of results, all the search and development of the strategic pillars in expansion and all the efficiencies that, as you already know, we have implemented since this year.

Valeria Marconi: Thanks Adriana, in any case, we will still be here with you. Another question from Nicolás Romo of MetLife, says: Are further falls in revenue expected from additional contract expirations at TGI?

Adriana Munévar: I confirm that the only short-term expirations are those related to the Ballena Barranca section, that we are already experiencing this impact, as we had anticipated from the previous quarter. This drop is of approximately USD118 million per year, so in the next quarters we will see that same effect, and again this is linked to what I said in my previous answer, since this drop was expected since last year, management defined and revised its strategy, and for this reason the major focus on these strategic pillars is, on the one hand, to search for new business through the expansion pillar, which we are already capitalizing as we reported yesterday, but we hope to continue capturing that opportunity to develop new income, and on the other hand a strong focus in the short term on the efficiency pillar, where we have a goal for this year of savings of at least USD 18 million, as we stated and confirmed yesterday. But we are going after more, and that is the plan. I don't know, Monica, if you want to add something.

Mónica Contreras: No, I think I was perfectly explained in the first answer to the question about the margin. Our objective is to continue maintaining levels of, hopefully, 80%. In that response, we expect to go beyond that, as Adriana said; the idea is to achieve many more efficiencies that we will be capturing in the second half of the year in a more robust way, because the plans, although it is true, have already begun to be implemented, many of them will only deliver stronger results in the second half. And in the case of income, we should recall that the way this business is planned, recovering this income in the short term from an expired contract of the size of Ballena Barrancas, which actually represented a 20% drop in income for TGI and which took place last year in December, we are really proud that we have been able to recover in the first quarter of the year USD 7 million in revenue for the business, which is truly from new models of operating with new products that we have launched on the market and that we have been strengthening in order to be able to handle part of this drop in income while delivering efficiency and continuing to adequately protect the other half of the income statement, and protect profits and the shareholder margins.

Valeria Marconi: We continue with questions on TGI. We have one from Thomas Leimos from Barings, who says: Can you give a *update* as for regulation? WACC, rate in pesos or dollars, the estimated time and application?

Adriana Munévar: That question is related to Resolution 160. You may recall that the resolution was published for comments late last year. TGI made all relevant comments, including the concerns that this would generate on the financial structure. However, to date the resolution has not been issued. Based on the discussions that have been held with the Creg, the resolution is expected to be issued either in June or July. However, there is no certainty on what adjustments will be made to the resolution. On the other hand, regarding WACC, there has been some progress, and although there are some recent adjustments, and the final calculations still need to be made, we are anticipating that this rate could be in the double digits, slightly higher than what we had estimated the previous year when that resolution was received for comments.

Valeria Marconi: Thank you, Adriana. To close TGI questions, Mónica Contreras can help us with this, which is the general question we have for all operations, but ideally you will focus on TGI and Katherine Ortiz from Corredores Davivienda asks: Could you please disaggregate the detail of the current and expected impact of the blockades that are already one month old in Colombia? We also have another question from Juan Carlos Álvarez from Credit Agricole, on the same issue. So, could you please comment on this matter?

Mónica Contreras: It is important to mention that from TGI's point of view, we have been able to continue operating despite all these difficulties that are happening in the Colombian market, we have been offering our level of service, there has been no impact and that fills us with satisfaction. Of course, from the perspective of the distributors that have really been affected, we understand that there are areas where consumption dropped; but TGI's own operation has to say with great satisfaction that it has been providing its service levels according to our established plan and that to date we have not had any effects on service. There have been some thefts of vehicles used to transport employees in some areas of the country, but nothing that would affect the gas service, which is very relevant for industry and for households.

Valeria Marconi: We have Juan Ricardo with us and he can further address these questions that refer in general to all operations in Colombia; They have also asked us about Emgesa, Codensa, obviously GEB of which Freddy Zuleta spoke a little, and about TGI. Juan Ricardo, please go ahead.

Juan Ricardo Ortega: The truth is that we continue to see a positive growth outlook, the situation of dialogue with Enel is going very well, and both Emgesa and Codensa are clearly interested in growing in Colombia. Clearly, the issue of unconventional renewables presents opportunities, especially if the UPME issues new calls for new investments in the area of La Guajira in wind and solar. We are working together to be prepared, and there we see very valuable growth opportunities, as well as in the smart city area with Codensa. These investments will be very important, there is the entire optical network that will be fundamental to be able to reach the smart meters and and smart management of the entire electrification process of the city. An entire agreement is also being negotiated on the subject of the modernization of lighting, which solves many of the conflicts that the city had on this issue, and the entire issue of mobility and the ability to generate intelligence in all the mobility services of the city across all the equipment. So, in terms of strengthening all those digital technologies and all the data analysis capacity jointly between the Group and Enel, we see enormous possibilities for growth in the city and later in other regions of the country where we can bring these cutting-edge technologies.

Valeria Marconi: Thank you, Juan Ricardo. We have a question about Argo by Andres Duarte of Corficolombiana: Please update us on what to expect from Argo going forward.

Juan Ricardo Ortega: Argo is a vehicle for growth in Brazil and there are new opportunities coming and we are working to participate in them. Last year there were 7, and we participated aggressively in 4. The Brazilian market is very competitive, and we were unable to win. We hope that this year we will be able to, because we have all the teams preparing for the next possibility of winning and to continue building in Brazil. There we are going to grow with safety.

Valeria Marconi: Another question from Andrés Duarte of Corficolombiana: Best estimate of when the democratization process will restart, taking into account the COP 2 trillion crash plan that the Mayor has just announced.

Juan Ricardo Ortega: We are going to have a meeting with the Mayor, probably very soon, but that is a decision of the shareholders; it is not ours. We are ready to support the process and we believe it is a good decision for both the Group and the District.

Valeria Marconi: We have two more questions, related to Enel. Jorge Vargas from BTG Pactual on the one hand, says: What update can you give us on the dispute with Enel? Could we expect positive news in the coming quarters, and finally how much do you expect to collect in retained dividends?

Juan Ricardo Ortega: We expect to have good news on both fronts very soon. We are working on that; substantial progress has been made on the issues; there is a good working environment, we are finalizing what will be an agreement that we can present to the public in a few months.

Valeria Marconi: Nicolás Erazo from Davivienda Corredores, says: Could you please give us an update on the conversations with Enel, how could the integration with Enel Green Power in Emgesa end, that is, what implication would this integration of its partner Enel have for GEB?

Juan Ricardo Ortega: It has all the capacity to become a vehicle for growth. Clearly the generation sector has positive prospects in Colombia and obviously guarantees the growth of the Group through this vehicle with very clear and transparent rules of the game and with teamwork, understanding that the future of the two companies lies in working together because of the benefits of the synergies generated around the city and the ability to develop these generation projects in regions where the Group is the undisputed leader in generating this transport infrastructure.

Valeria Marconi: Thank you, Juan Ricardo. We don't have any more questions in the chat; do you have any closing remarks?

Juan Ricardo Ortega: Thank you all for joining us, we are firmly committed to our strategic plan, we have solid teams, we will continue to strengthen the company, as you could see at the General Meeting, and corporate governance is on the rise and this will be a continuous process. We are improving all matters related to compliance and internal processes in terms of guaranteeing the preservation of documents and the accountability that gives all shareholders certainty of the transparency, seriousness and support of the Group's actions. We have very good partners and that is why we are very optimistic and this is a sector that is surely a winner.

The world has already said it loudly, it is going to move towards electrification. The latest report from the international energy agency clearly indicates that the electricity sector is a winning sector and we are obviously going to bet aggressively on growing and strengthening the company in its capabilities and operational competencies in the country and in the region and we are optimistic dreamers with teams that at some point may be the leaders from Mexico to Chile including Brazil in the infrastructure of gas transportation and energy transmission, which is where our vision is focused.

Valeria Marconi: Thank you very much, ad additional question came in from Thomas Laimos from Barings, who says: I'm not sure if this has already been answered: Can you add a bit of color regarding the impact of the riots in Colombia on operations and the possible lower dividends to be received, especially from distributors?

Juan Ricardo Ortega: I don't think there will be an impact on Codensa's side. Energy consumption was clearly growing, it fell somewhat but we do not believe that it is anything substantive, and in our case, the execution of works in Valle del Cauca has been unfortunately slowed down, due to the complex situation there. These are unforeseen events and unfortunately they increase costs for the system, which we consider to be very unfortunate, but from our income point of view, if the unforeseen events are recognized, they will not impact the company’s results; they will only imply higher costs for society as a result of those higher infrastructure costs.

Valeria Marconi: We have no further questions in the chat. Thank you very much to all of you for your participation, to all the outsiders for your interest in the company and to all the insiders for always being here very attentive to answering all the questions of our stakeholders.

We remind everyone that all this information on the delivery of results is available on our website, investors section, financial information subsection. We are also very pleased and we hope you had the opportunity to see that for the first time we launched a *Data pack*, that is to say, a whole package of data that we hope will be of great help to you in all your analyzes and we hope that you will make all the comments that you consider appropriate to refine and improve it so that we can provide you with the best information that you may require.

As always in the Investor Relations area we are attentive to resolving all your concerns, either about this results conference or any other relevant topic that you consider pertinent. Thank you very much and good day.