

# SECOND QUARTER 2013 RESULTS

Medellín, Colombia  
August 1, 2013

**Luis Fernando Alarcón, CEO**  
**Judith Cure, CFO(E)**



# AGENDA

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**Operating Highlights**

**Strategic update ISA 2020**

**Second Quarter 2013 Results**

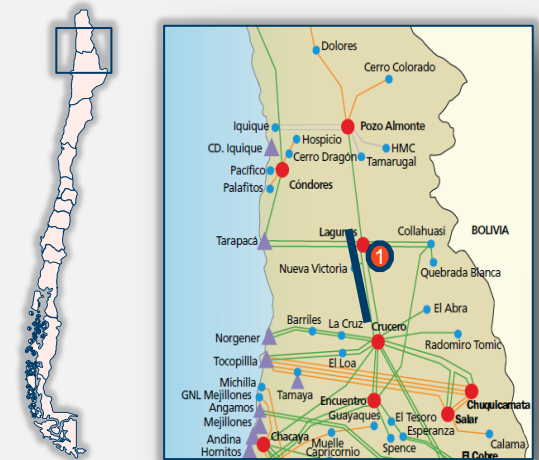
**Q&A**



## PROJECTS AWARDED TO ISA

### Energy transmission line in Chile:

- It belongs to the Interconnection of the Norte Grande System (*Sistema Interconectado del Norte Grande –SING-*).
- 174 km of transmission lines in total.
- Estimated entry into operation in 2017.
- Estimated investment of USD 80 million.
- Annual revenues of USD 5,849,000.



### Energy transmission line in Peru:

- 500- kV Mantaro–Marcona–Socabaya–Montalvo transmission line.
  - 900 km of transmission lines in total.
- Concession term: 30 years. 36 months for construction period.
  - Estimated investment of USD412 million.
  - Annual revenues of USD41.5 million.

- ISA acquired 11,304,604 shares, corresponding to 17.07% of ISA Peru S.A., formerly belonging to the Fund for Investment on Infrastructure.
- ISA placed bonds for COP 220 billion in the local market.
- ISA's shareholders received a dividend payment of COP 188 per share, representing 5.03% increase compared to last year.
- ISA approved the creation of the affiliate INTERCOLOMBIA, dedicated to energy transmission, to represent the electricity assets belonging to ISA in Colombia and to manage, operate and maintain them.
- Risk ratings:
  - Fitch Ratings affirmed ISA's AAA (col) rating for the Bond Program, and the F1+(col) rating for the papers, with a stable outlook. It upgraded the foreign and local currency Issuer Risk Rating of ISA to BBB, with a stable outlook.
  - Standard & Poor's ratified ISA's international BBB- rating with a stable outlook.

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*By 2020, ISA will have tripled its profits, by capturing the most profitable growth opportunities in its businesses existing in Latin America, the boost of operational efficiency and the optimization of its business portfolio.*

ISA will have a return higher than its equity cost, sustainable over time.

In the **Energy Transmission** business, ISA continues to be the **operator with the largest presence in Latin America**, will strengthen its position in the region and will achieve operational efficiency levels aligned with the world's best practices.

In the **Road Concessions** business, ISA will capture opportunities in the region, **focused on Colombia**.

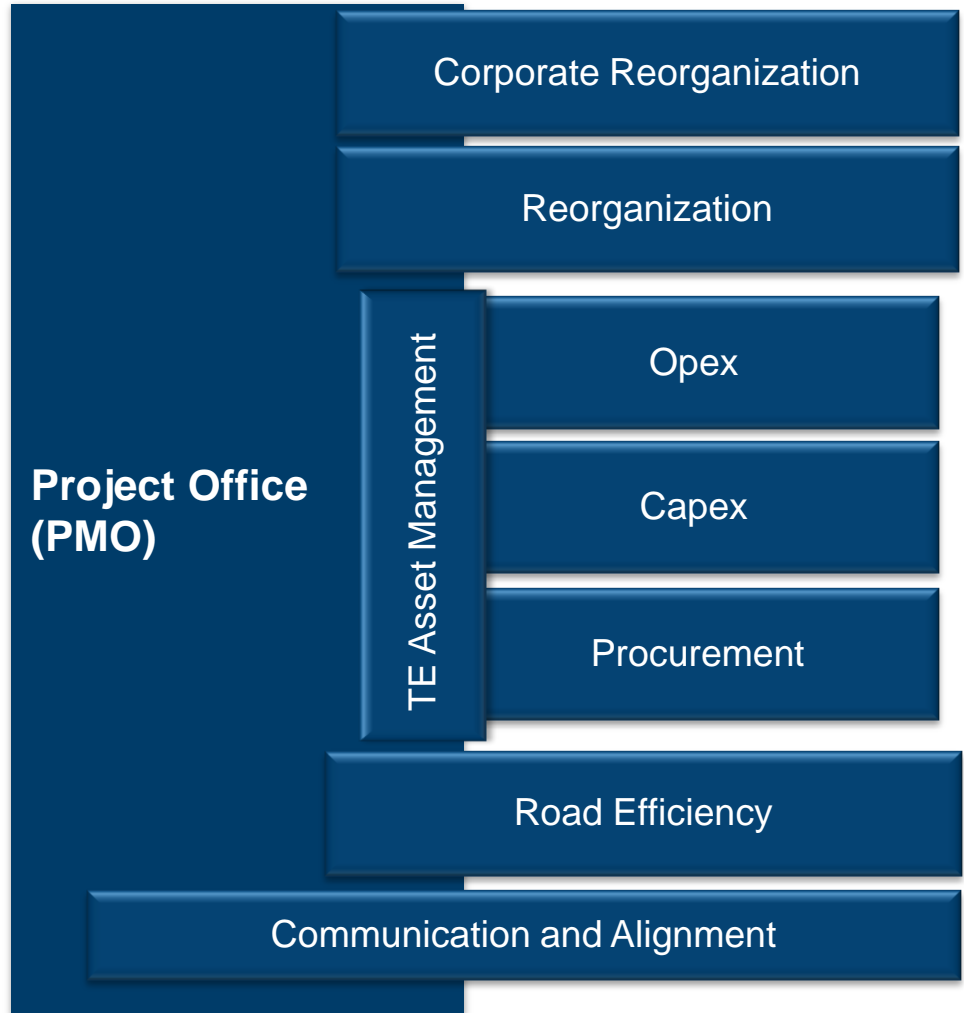
In the **Telecommunications Transport** business, ISA will consolidate its **leading position** as an **independent carrier in Latin America** and will have developed an IP ecosystem in the region.

ISA will extend its ability for the **Smart Management of Real-Time Systems** to new services, accessing highly profitable opportunities in other businesses.

### Implementation Plan

- 1** Align internally and externally the main stakeholders 2013
- 2** Implement the organizational change in order to propel strategic initiatives (structure, governance and incentives) 2013 -14
- 3** Define and develop efficiency initiatives, establish the bases for their capturing and estimate their potential 2013-17
- 4** Develop capabilities for the next strategic cycle (future) 2014-22

### Implementation Scheme









Business	Projects
Energy Transmission	<ul style="list-style-type: none"> <li>▪ UPME Projects: Suria 230-kV and Tuluní 230-kV Substations. Estimated date of bid: second semester 2013.</li> <li>▪ Projects for connection with private agents in Colombia.</li> </ul>
Road Concessions	<ul style="list-style-type: none"> <li>▪ Bidding processes for road infrastructure in Fourth Generation concessions, first quarter 2013.</li> </ul> <p><b><u>Group : G1 – Central South</u></b></p> <ul style="list-style-type: none"> <li>▪ Corridor: Honda – Puerto Salgar – Girardot</li> <li>▪ Length: 221 km</li> <li>▪ Estimated Capex : COP 1,226 billion</li> <li>▪ Intervention:                             <ul style="list-style-type: none"> <li>▪ Rehabilitation and improvement of existing roads</li> <li>▪ Construction of bridge over Magdalena river</li> </ul> </li> <li>▪ There are no tolls</li> <li>▪ New tolls: 4</li> </ul>

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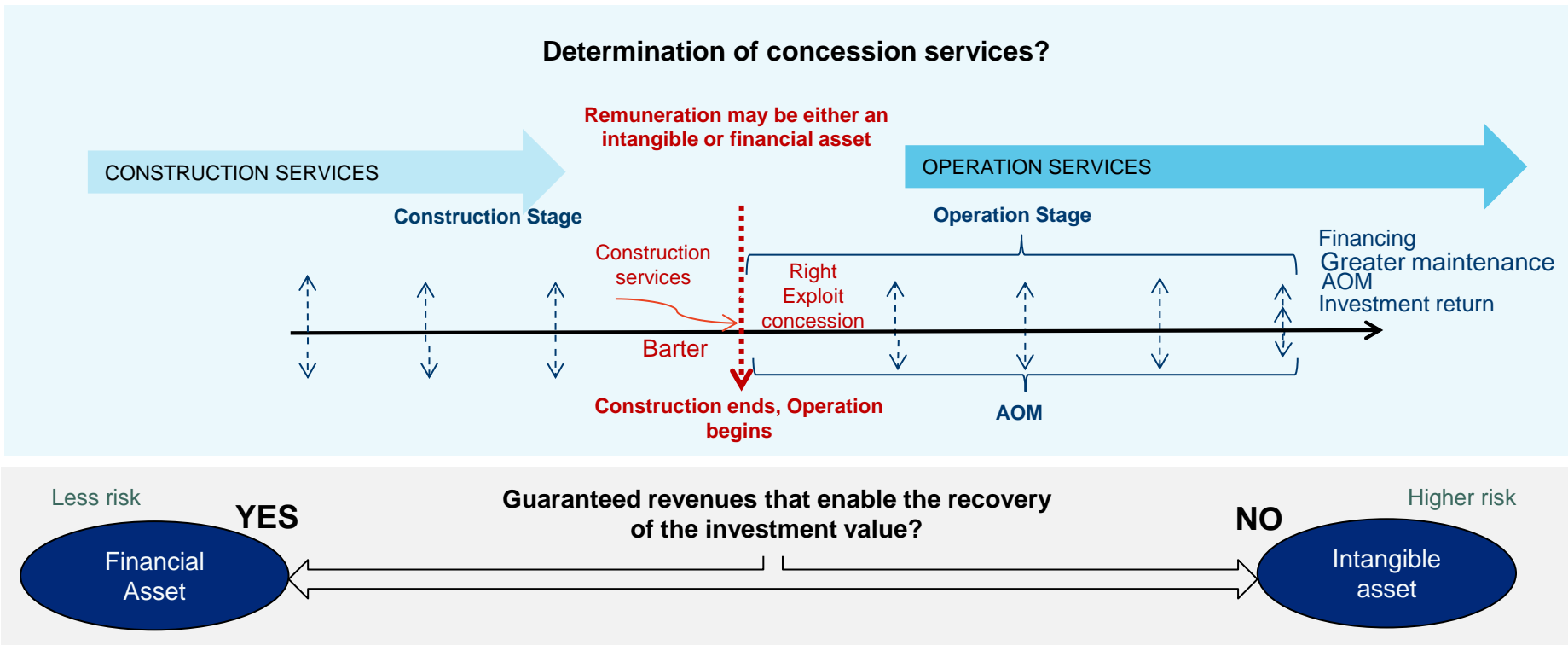
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- Recognition as a financial asset (formerly an intangible asset) of Chilean and Brazilian concessions. It became effective for the 2013 fiscal period, according to technical concept issued by the General Accounting Office N° 20132000017991 of 05-28-2013.



- Impact of early termination and further renewal of Concession Contract 059 of 2001 of affiliate CTEEP.

# MACROECONOMIC SCENARIO

Macroeconomic scenario	June 2012	June 2013	Variation
<b>COLOMBIA</b>			
IPP	-2.17%	0.60%	2.76%
IPC	2.00%	1.73%	-0.27%
<b>Colombia devaluation</b>	-8.14%	9.09%	17.23%
COP/USD last	1,784.60	1,929.00	144.40
COP/BRL last	882.90	870.64	-12.25
COP/CLP last	3.56	3.80	0.25
COP/USD average	1,793.83	1,826.83	32.99
COP/BRL average	962.36	898.16	-64.19
COP/CLP average	3.64	3.82	0.18
<b>BRAZIL</b>			
IGPM	3.19%	1.75%	-1.44%
Brazil devaluation	7.76%	9.11%	1.36%
<b>Peso vs Real devaluation</b>	-14.75%	-0.02%	14.73%
BRL/USD last	2.02	2.22	0.19
BRL/USD average	1.86	2.03	0.17
<b>CHILE</b>			
IPC	0.43%	0.47%	0.04%
Chile devaluation	-3.34%	5.67%	9.01%
<b>Peso vs CLP devaluation</b>	-4.96%	3.24%	8.20%
CLP/USD last	501.84	507.16	5.32
CLP/USD average	492.83	478.68	-14.14

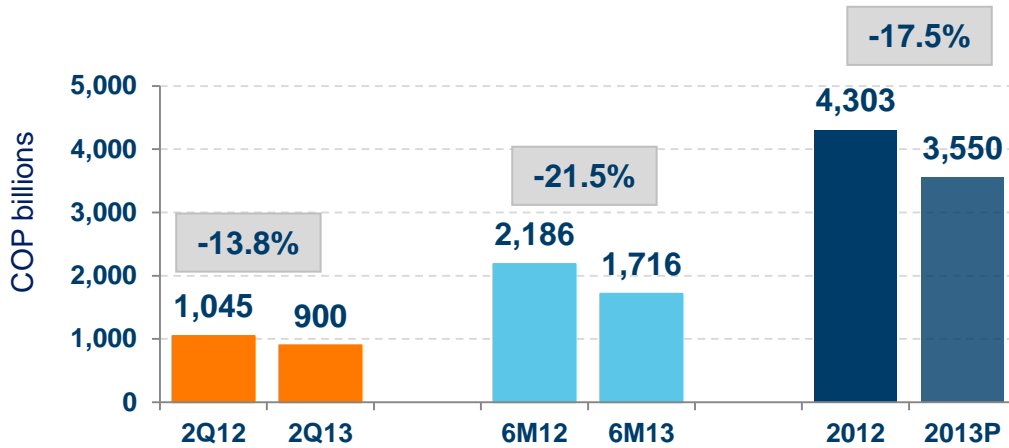
*Devaluation of the Colombian peso compared to the US Dollar, Brazilian Real and Chilean Peso*

**Controlled inflation**

*IPP below IPC*

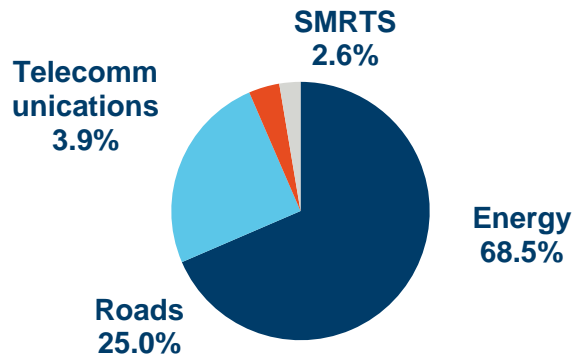
# CONSOLIDATED FINANCIAL RESULTS

## REVENUES



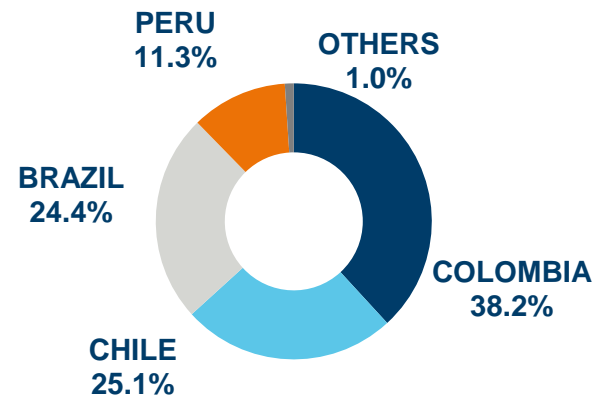
Total **operating revenues** reached USD467 million in 2Q13.

### Breakdown by Business – 2Q13



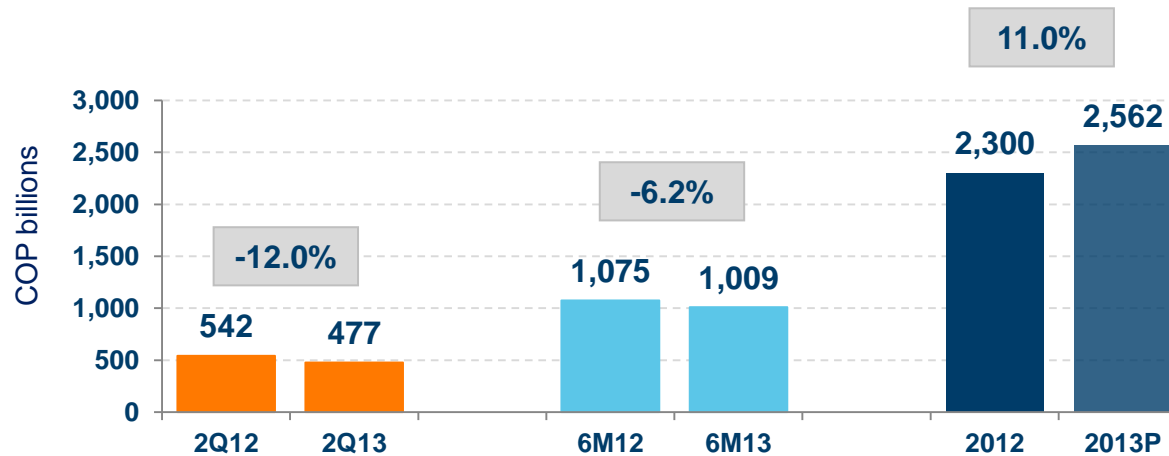
SMRTS: Smart Management of Real Time Systems

### Breakdown by Country – 2Q13



# CONSOLIDATED FINANCIAL RESULTS

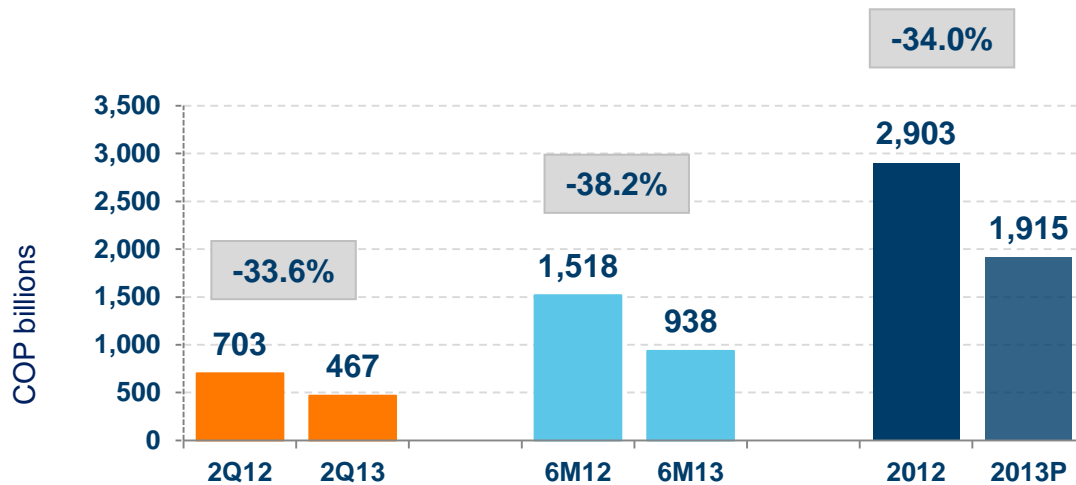
## COSTS AND OPERATING EXPENSES



	<i>COP billions</i>	1Q12	1Q13	Change \$	Change %
AOM Costs and Expenses (ex. Pensions)		342	433	91	26.8%
Provisions, Depreciation, Amortization and Pensions		200	43	(157)	-78.3%
<b>Total</b>		<b>542</b>	<b>477</b>	<b>(65)</b>	<b>-12.0%</b>

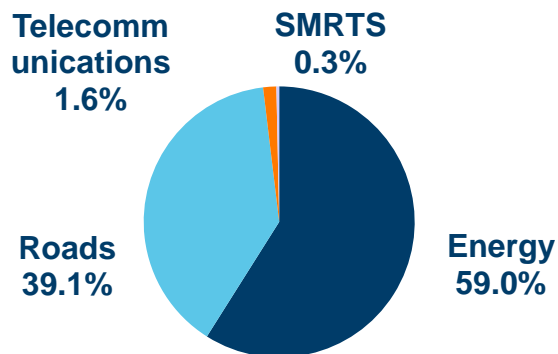
# CONSOLIDATED FINANCIAL RESULTS

## EBITDA

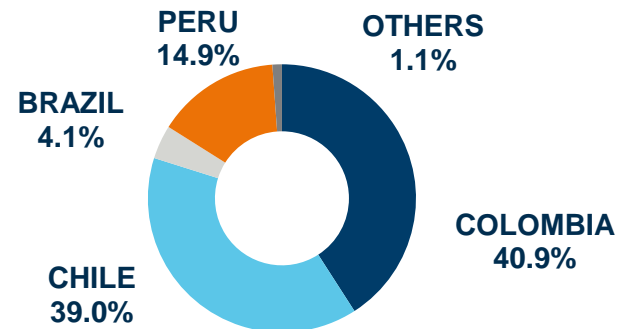


**EBITDA** reached USD242 million in 2Q13.  
**EBITDA margin** was 51.9% in 2Q13.

### Breakdown by Business – 2Q13



### Breakdown by Country – 2Q13

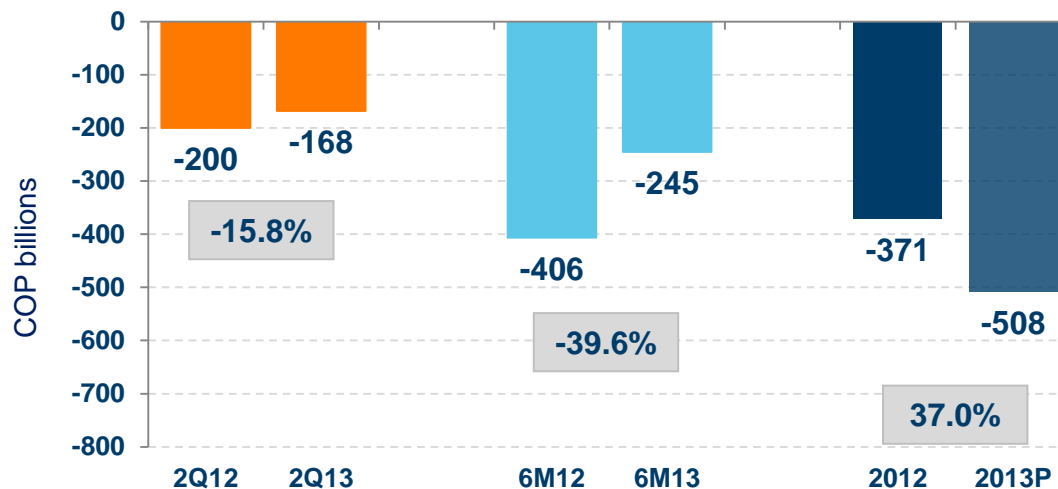




# CONSOLIDATED FINANCIAL RESULTS

## NON-OPERATING RESULTS

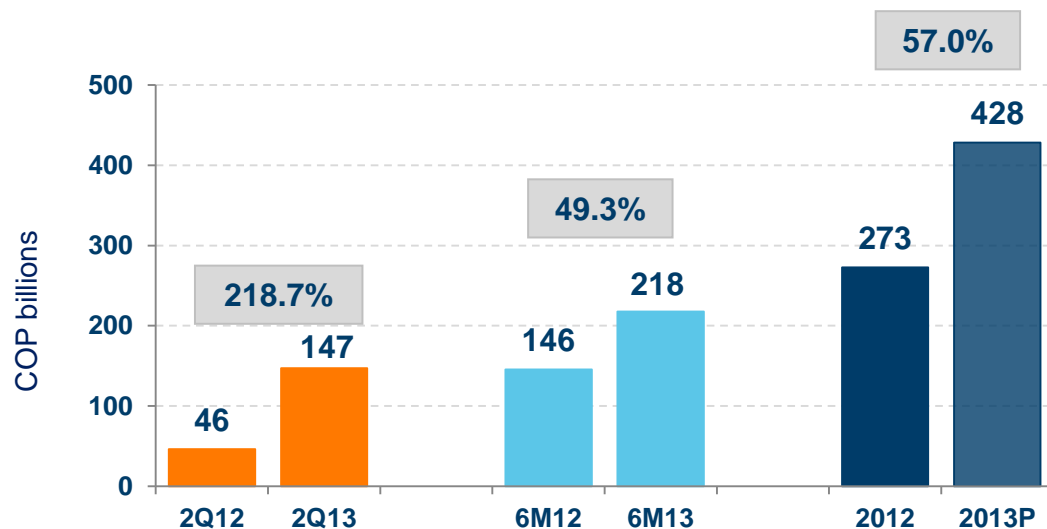
Non-operating results was –USD87 million in 2Q13



<i>COP billions</i>	2Q12	2Q13	Var. \$	Var. %
Financial	(199)	(167)	32	-16.2%
Others	(1)	(2)	(1)	62.6%
<b>TOTAL</b>	<b>(200)</b>	<b>(168)</b>	<b>32</b>	<b>-15.8%</b>

# CONSOLIDATED FINANCIAL RESULTS

## NET INCOME



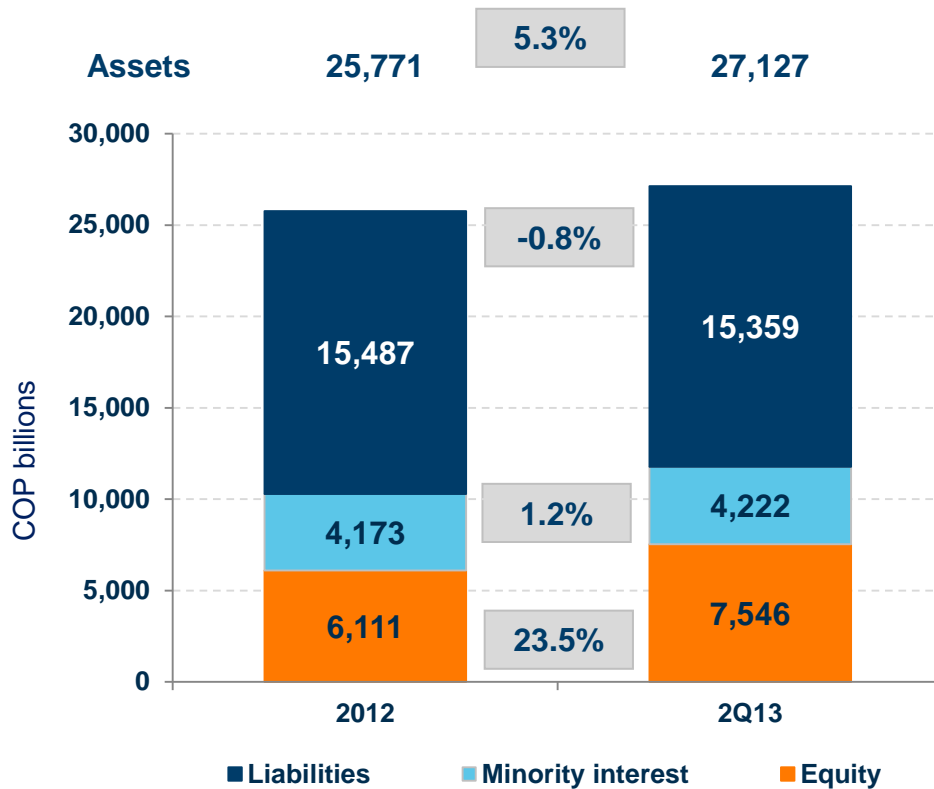
**Net Income** for 2Q13 amounted USD76 million

**Net margin** before minority interest was 22.6% for 2Q13

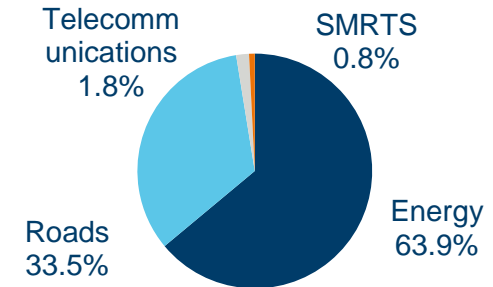
	<i>Billions</i>	2Q12	2Q13	Var. \$	Var. %
<b>Income before taxes</b>		<b>303</b>	<b>255</b>	(48)	-15.8%
Income tax provisions		115	52	(64)	-55.3%
<b>Income before minority interest</b>		<b>187</b>	<b>203</b>	16	8.6%
Minority interest		141	56	(85)	-60.2%
<b>NET INCOME</b>		<b>46</b>	<b>147</b>	<b>101</b>	<b>218.7%</b>

# CONSOLIDATED FINANCIAL RESULTS

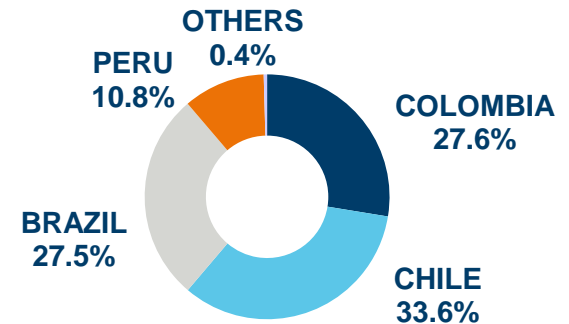
## BALANCE SHEET



### Assets by Business – 2Q13

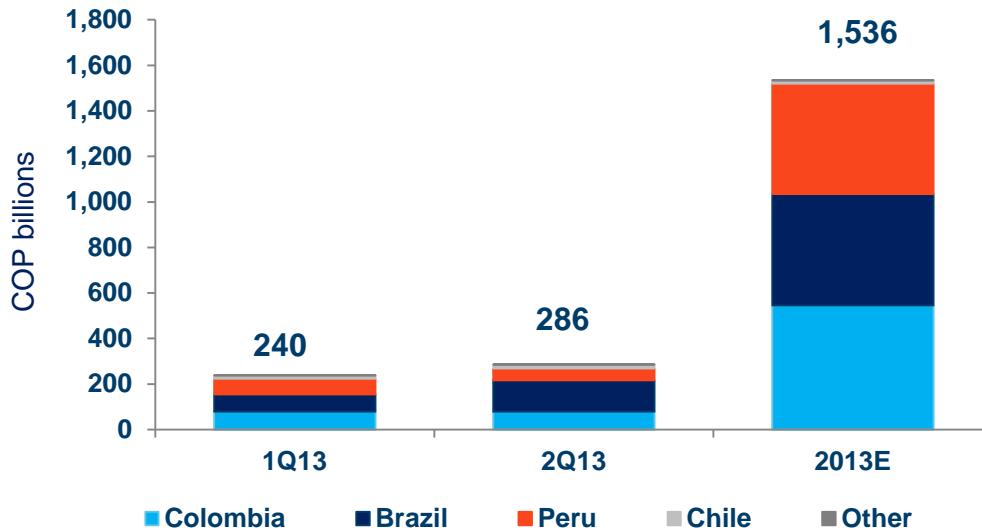


### Assets by Country – 2Q13



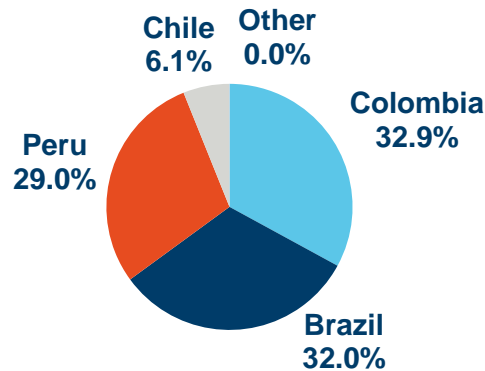
As of June 2013, **assets** totaled USD14,063 million.

Average exchange rate 2Q13 = 1,863.19



**CAPEX and permanent investments reached USD154 million 2Q13**

## Breakdown by Country – 6M13



## Breakdown by Business

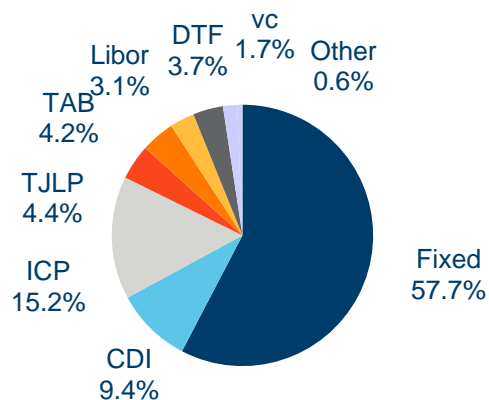
	Billions	6M13	%	2013E
Energy Transmission	454	87		1,401
Road Concessions	27	5		2
Telecommunications Transport	33	6		101
SMRTS	10	2		32

Exchange rate US\$ 1.00 = COP 1,929.00  
USD in millions

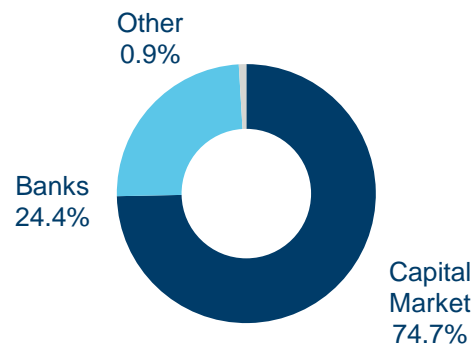
COP in billions	2012	2Q13	Var. %	2Q13 USD
CHILE	4,330	4,401	1.7%	2,282
COLOMBIA	1,777	1,902	7.1%	986
BRAZIL	2,165	1,660	-23.3%	861
PERU	1,057	1,465	38.5%	759
BOLIVIA	55	56	0.7%	29
ARGENTINA	8	7	-10.6%	4
<b>TOTAL</b>	<b>9,392</b>	<b>9,491</b>	<b>1.1%</b>	<b>4,920</b>

**Net Debt / EBITDA: 2.9x**  
**EBITDA / Interest: 3.9x**

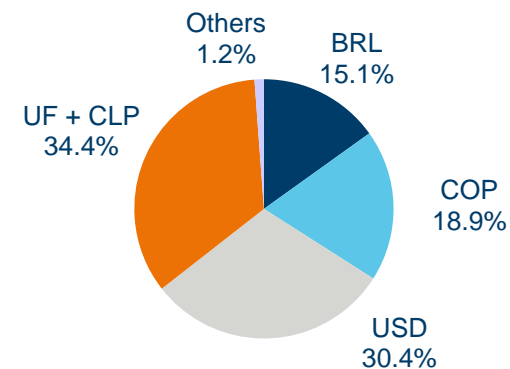
### Breakdown by Rate



### Breakdown by Source



### Breakdown by Currency



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Certain statements contained in this report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Also, these forward-looking statements present our estimates and assumptions only as of the date of this report. Except for our ongoing obligation to disclose material information as required by federal securities laws, we do not intend to update you concerning any future revisions to any forward-looking statements to reflect events or circumstances occurring after the date of this report.

**Amounts expressed in US dollars are for information purposes only, and do not reflect accounting conversion techniques usually applied. As of June 30, 2013, the exchange rate was of USD 1.00 = COP 1,929.00 (Source: Banco de la República de Colombia).**





*ahead*