

# THIRD QUARTER 2013 RESULTS

Medellín, Colombia  
November 6, 2013

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



# AGENDA

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**Operating Highlights**

**Strategic Update ISA 2020**

**Third Quarter 2013 Results**

**Q&A**





- National Financial Corporation IFC and GIF Investment Fund are new partners of Internexa Participações in Brazil, with a 33% participation.
- ANEEL authorized Internexa Participações for the installation of telecommunications transportation networks over the lines conceded to CTEEP in the state of Sao Paulo.
- Internexa Participações acquired NQT and IPNet, companies that operate the main information transportation network in the state of Rio de Janeiro, with a presence in 18 cities.

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

## Implementation Plan

- 1 Internally and externally align ISA's main stakeholders: **2013**
- 2 Implement the organizational change in order to propel strategic initiatives (structure, governance and incentives): **2013-2014**
- 3 Define and develop efficiency initiatives, establish the bases for their capturing and estimate their potential **2013-2017**
- 4 Develop capabilities for the next strategic cycle (future): 2014-2022

# STRATEGIC UPDATE ISA 2020 - IMPLEMENTATION PLAN

Initiatives	Progress	2013												2014											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
<b>1.1</b> Communication	<ul style="list-style-type: none"> <li>Announcement of definitions and progress to main audiences, internal and external of ISA and affiliates</li> <li>Definition and development of transition management plan at ISA and affiliates (sponsors and agents of the transition)</li> </ul>																								
<b>1.2</b> Strategic Alignment	<ul style="list-style-type: none"> <li>Alignment of the ISA 2020 strategy with a financial plan and budget goals</li> <li>Integral timetable for the alignment of affiliates at ISA 2020 (initiatives, budget, indicators and goals)</li> <li>Progress in the development of the alignment timetable with affiliates Intervial, REP, INTERNEXA, XM</li> </ul>																								
<b>2.1</b> Separation of Companies	<ul style="list-style-type: none"> <li>Creation of INTERCOLOMBIA and Board appointments</li> <li>Announcement of the separation of companies to external entities (CREG, UPME, Superfinanciera, SSPD, Rating Agencies, Ministry of Treasury, etc.)</li> <li>Progress in the contracts for project participation accounts and management</li> </ul>																								
<b>2.2</b> Reorganization	<ul style="list-style-type: none"> <li>Detailed structure for INTERCOLOMBIA headquarters</li> <li>Proposed profiles for critical positions for the headquarters</li> <li>Definition of the governance model and incentives</li> </ul>																								



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		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
<b>3.1</b> Efficiencies in OPEX	<ul style="list-style-type: none"> <li>▪ New maintenance strategies for lines and substations</li> <li>▪ Strategic update for supplies for maintenance execution</li> <li>▪ Plan for the segmentation of line sections as per international practices (ITOMS)</li> </ul>																								
<b>3.2</b> Efficiencies in CAPEX	<ul style="list-style-type: none"> <li>▪ Progress on analysis for the application of best international practices on design and implementation of projects according to the Project Management Institute's (PMI) methodologies</li> </ul>																								
<b>3.3</b> Supply	<ul style="list-style-type: none"> <li>▪ Identification and prioritization of key categories</li> <li>▪ First and second category negotiation closing</li> <li>▪ Advance in the implementation of the Supply Chain for Grupo ISA</li> <li>▪ Initiation of operation of provider register system</li> </ul>																								

Business	Projects
Energy Transmission	<ul style="list-style-type: none"> <li>▪ <b>Colombia</b>, UPME Projects. Estimated bid date: 1Q 2014. Estimated investment in millions. <ul style="list-style-type: none"> <li>▪ Substation Suria 230 kV - USD 15.1</li> <li>▪ Substation Tuluní 230 kV - USD 17.7</li> <li>▪ Flores-Caracolí-Sabana 220 Kv - USD 20.6</li> <li>▪ Chinú-Montería-Urabá 220 kV - USD 65.2</li> <li>▪ Bello-Guayabal-Ancón Sur 230 kV - USD 16.0</li> <li>▪ Bolívar-Cartagena 220 kV - USD 6.2</li> <li>▪ La Loma 500 kV - USD 29.2</li> <li>▪ Second section in Copey 500/230 kV - USD 18.1</li> </ul> </li> <li>▪ Projects for connection with private agents in <b>Colombia</b>.</li> <li>▪ In <b>Peru</b>, transmission line Moyobamba Iquitos for 613 km, 220 kV. Estimated date of offering for 1Q14. Estimated investment: USD434 million</li> <li>▪ In <b>Chile</b>, for 2Q14 expected projects for <b><u>Banco autotransformadores</u></b> in substations 500/220 IV. Estimated investment in millions. <ul style="list-style-type: none"> <li>▪ Nueva Cardones, 750 MVA. - USD 25 millions</li> <li>▪ S/E Nueva Maitencillo, 750 MVA. - USD 25 millions</li> <li>▪ S/E Nueva Pan de Azúcar, 750 MVA - USD 25 millions</li> <li>▪ S/E Alto jahuel - USD 40 millions</li> </ul> </li> </ul>



Business	Projects
Toll Road Concessions	<ul style="list-style-type: none"> <li>▪ Bid for road infrastructure in fourth generation concessions in <b>Colombia</b>, first quarter 2014. Design, construction, financing and operation of road corridors: Honda-Puerto Salgar-Girardot (<b>G1 – Centro Sur</b>). Consorcio ISA-CINTRA                             <ul style="list-style-type: none"> <li>▪ Longitude: 221 km</li> <li>▪ Estimated CAPEX: COP 1,226 billion.</li> <li>▪ No existing tolls</li> <li>▪ New tolls: 4</li> </ul> </li>   <li>▪ Prequalification of toll road infrastructure, fourth generation, in <b>Colombia</b>, October 2013. Design, construction, financing and operation of road corridors. Consorcio ISA-CINTRA. Estimated investment in millions.                             <ul style="list-style-type: none"> <li>▪ Girardot Neiva 400 km - USD 1,037</li> <li>▪ Villavicencio Yopal - USD 1,280</li> <li>▪ Rumichaca Pasto - USD 780</li> <li>▪ Cruz del Viso-Carreto-Palmar de Varela – USD 246</li> <li>▪ Santana-Mocoa-Neiva - USD 920</li> <li>▪ Bogota-Villavicencio (Sector 1) - USD 1,215</li> <li>▪ Popayán-Santander de Quilichao - USD 900</li> </ul> </li> </ul>

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### Third Quarter 2013 financial results included the following events:

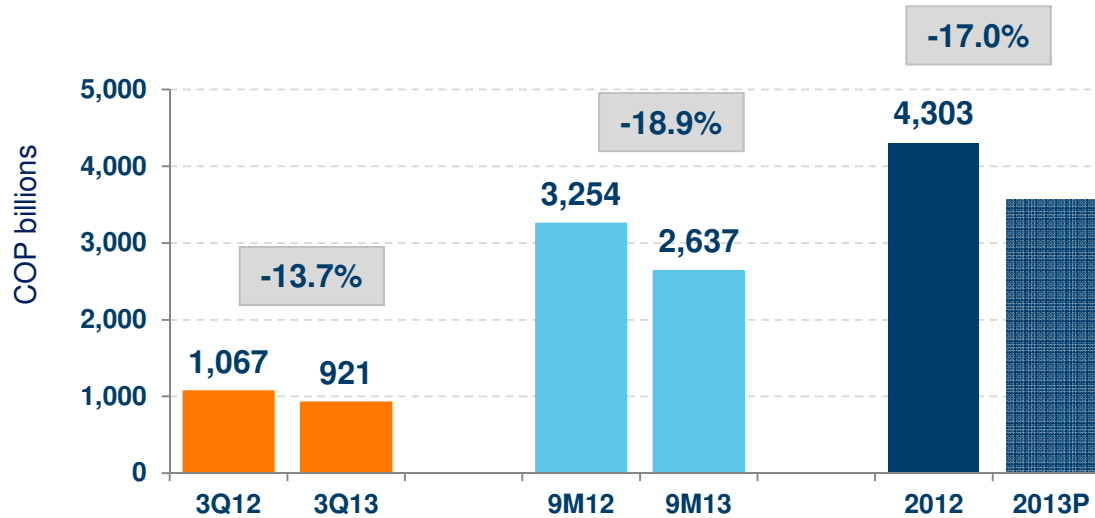
- Impact from the conversion of the revaluation effects of the Colombian Peso versus the Brazilian Real and the devaluation versus the Chilean Peso. This effect was largely offset.

	September	2012	2013	Var.
C O P	IPP	-1.21%	0.44%	1.65%
	IPC	2.31%	2.16%	-0.15%
	Devaluation Colombia	-7.32%	8.28%	15.60%
	COP/USD close	1,800.52	1,914.65	114.13
	COP/USD average	1,795.22	1,853.82	58.60
	<b>COP/BRL average</b>	<b>935.45</b>	<b>875.06</b>	<b>-60.39</b>
	<b>COP/CLP average</b>	<b>3.67</b>	<b>3.80</b>	<b>0.13</b>
B R L	IGPM	7.09%	3.70%	-3.39%
	Devaluation Brazil	8.25%	9.13%	0.87%
	BRL/USD close	2.03	2.23	0.20
C L P	IPC	1.50%	1.80%	0.30%
	Devaluation Chile	-8.75%	5.05%	13.80%
	CLP/USD close	473.77	504.20	30.43

- Recognition of Chile and Brazil concessions as financial assets.
- Impact of the termination and subsequent renewal of concession contract 059/2001 of affiliate CTEEP.
- Net effect of the provision of accounts receivable at CTEEP and ISA Capital do Brazil to the state of Sao Paulo, related to Law 4819.

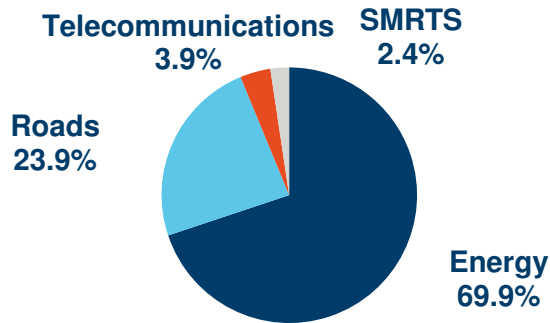
# CONSOLIDATED FINANCIAL RESULTS

## REVENUES



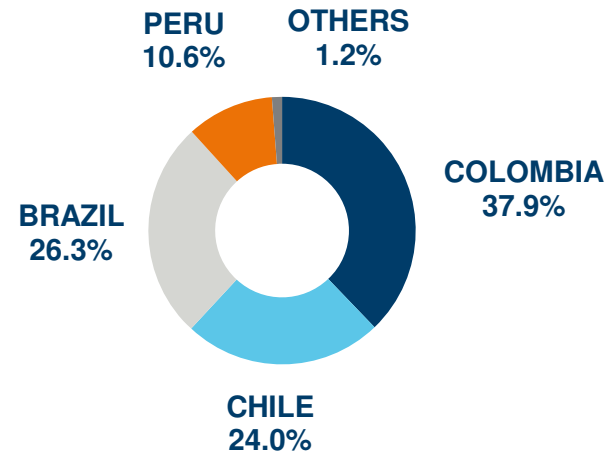
Total **operating revenues** reached USD481 millions in 3Q13.

### Breakdown by Business – 3Q13



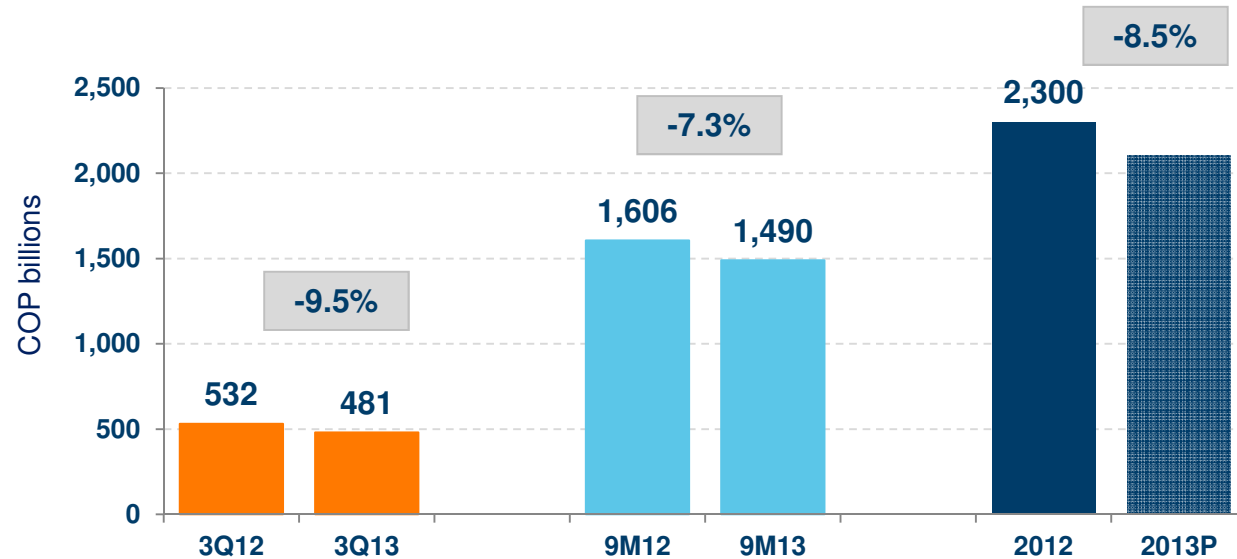
SMRTS: Smart Management of Real Time Systems

### Breakdown by Country – 3Q13



# CONSOLIDATED FINANCIAL RESULTS

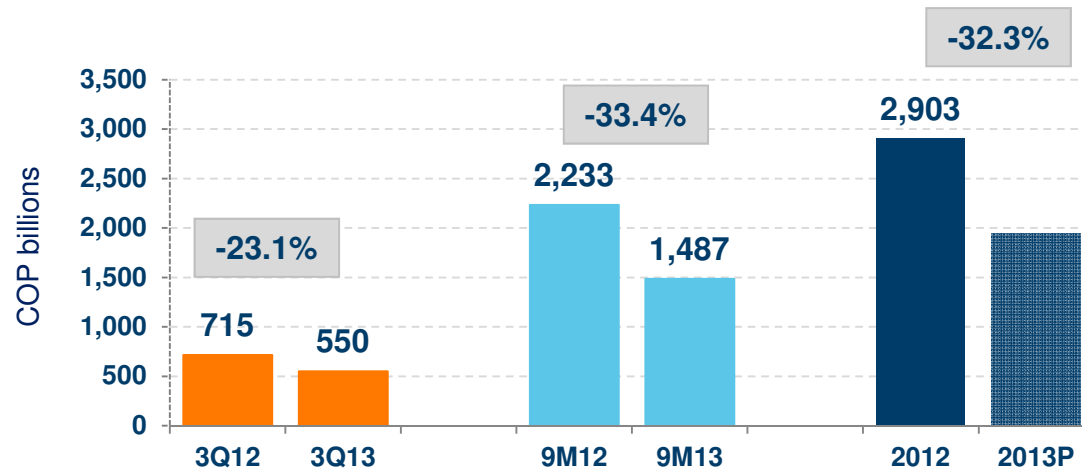
## COSTS AND OPERATING EXPENSES



	<i>COP billions</i> 3Q12	3Q13	Change \$	Change %
AOM Costs and Expenses (ex. Pensions)	353	371	18	5.2%
Provisions, Depreciation, Amortization and Pensions	179	110	(69)	-38.4%
<b>Total</b>	<b>532</b>	<b>481</b>	<b>(50)</b>	<b>-9.5%</b>

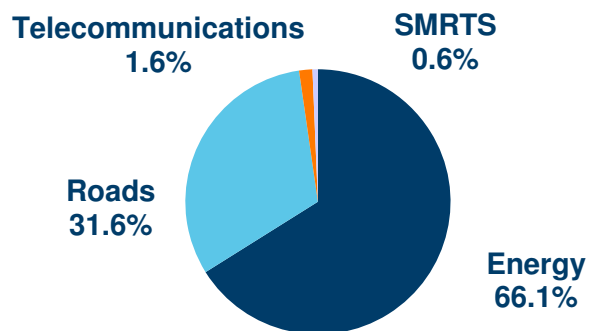
# CONSOLIDATED FINANCIAL RESULTS

## EBITDA

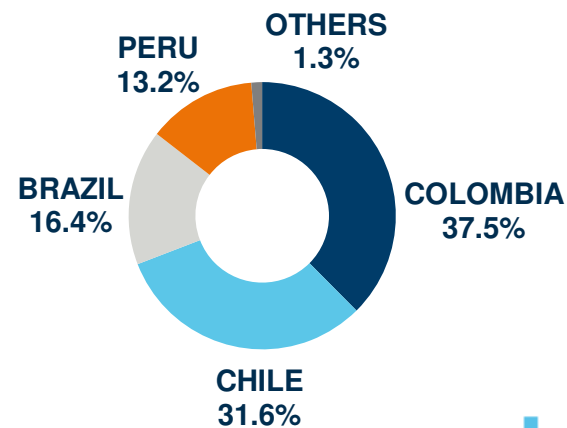


**EBITDA** reached USD287 millions in 3Q13.  
**EBITDA margin** was **59.7%** in 3Q13.

### Breakdown by Business – 3Q13



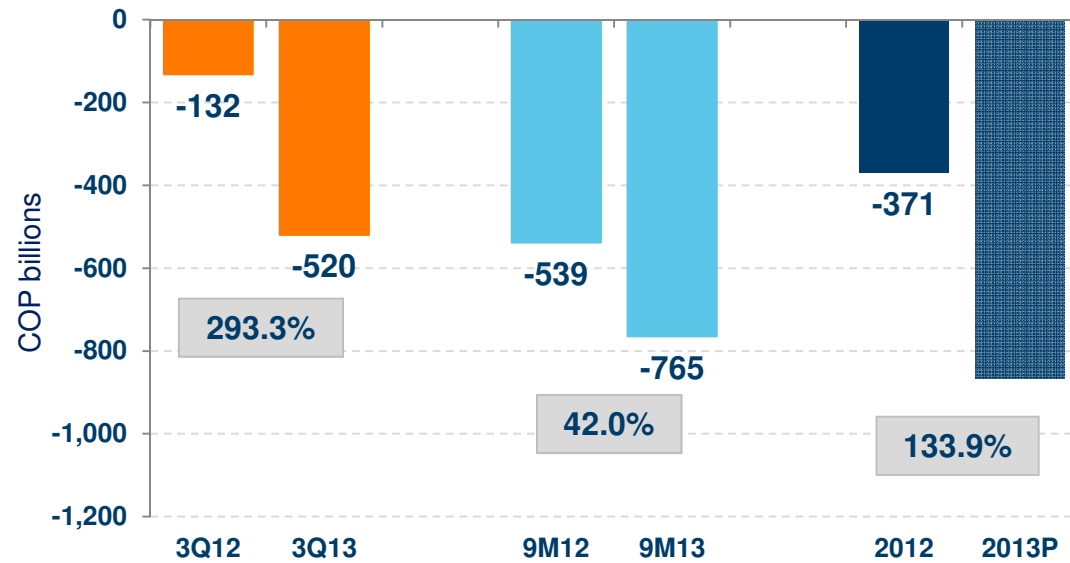
### Breakdown by Country – 3Q13



# CONSOLIDATED FINANCIAL RESULTS

## NON-OPERATING RESULTS

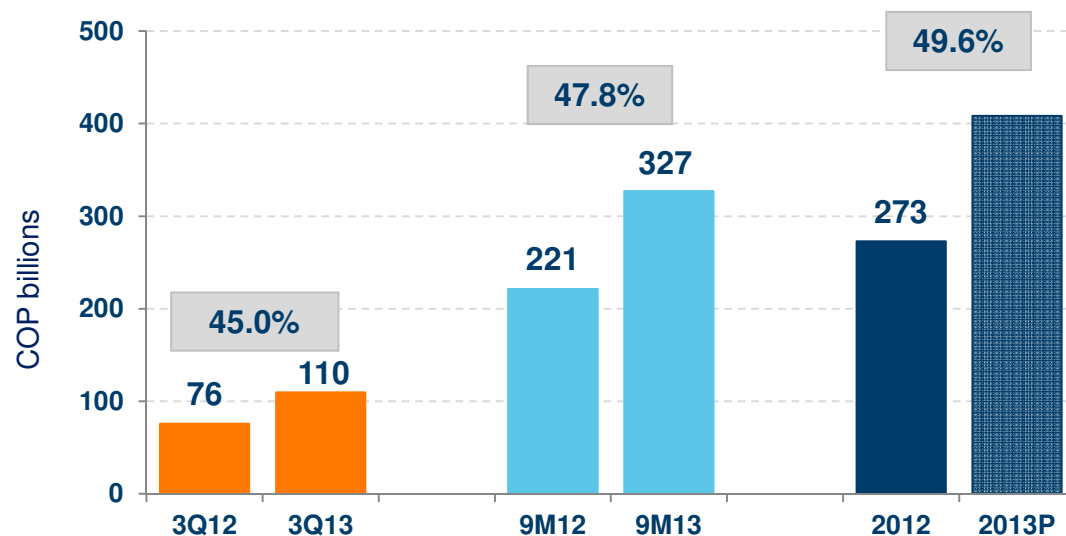
Non-operating results  
was –USD271 millions  
in 3Q13



<i>COP billions</i>	3Q12	3Q13	Var. \$	Var. %
Financial	(155)	(72)	83	-53.7%
Others	(23)	(448)	(471)	-2063.7%
<b>TOTAL</b>	<b>(132)</b>	<b>(520)</b>	<b>(387)</b>	<b>293.3%</b>

## CONSOLIDATED FINANCIAL RESULTS

### NET INCOME



**Net Income** for 3Q13 amounted USD57 millions

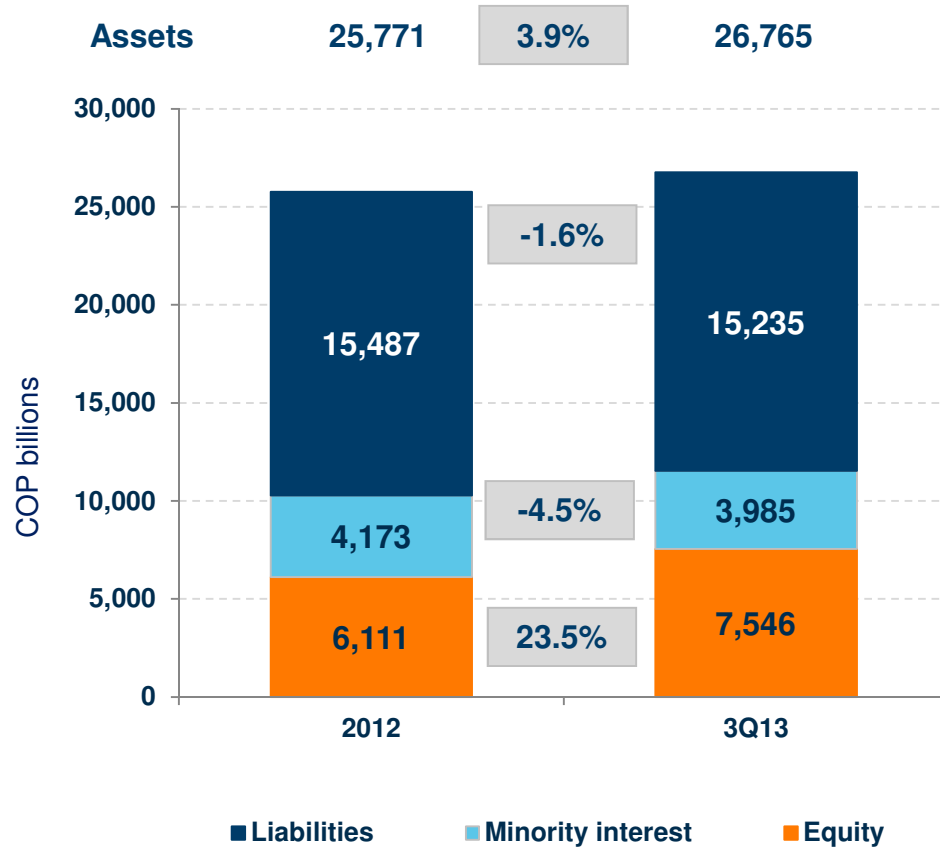
**Net margin** before minority interest was 0.6% for 3Q13

	<i>Billions</i>	3Q12	3Q13	Var. \$	Var. %
<b>Income before taxes</b>		404	(80)	(484)	-119,8%
Income tax provisions		197	(85)	(283)	-143.2%
<b>Income before minority interest</b>		207	5	(201)	-97.4%
Minority interest		131	(104)	(235)	-179.8%
<b>NET INCOME</b>		76	110	34	45.0%

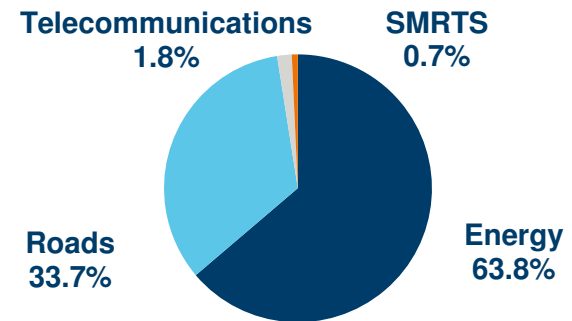


# CONSOLIDATED FINANCIAL RESULTS

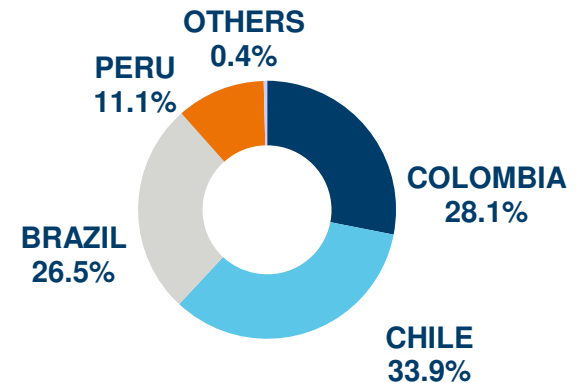
## BALANCE SHEET



### Assets by Business – Sep. 2013



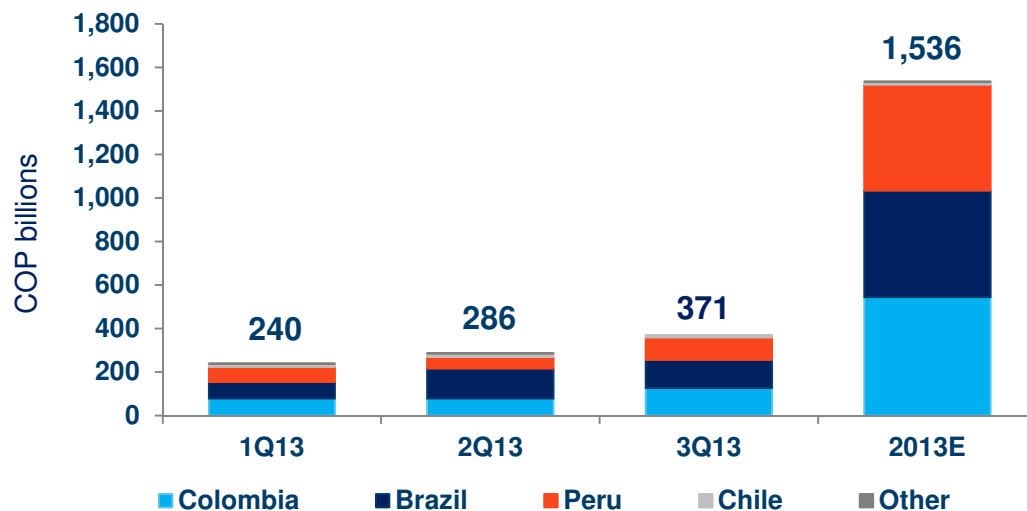
### Assets by Country – Sep 2013



As of September 2013, **assets** totaled USD13,979 millions.

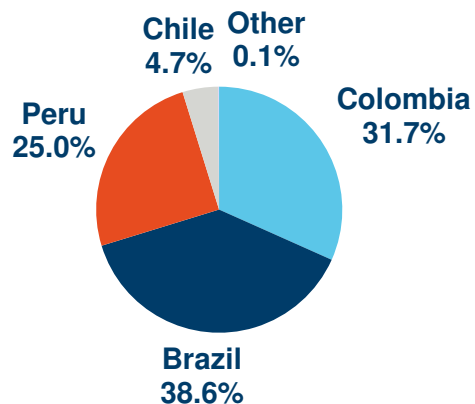
# CAPEX AND INVESTMENTS

Average exchange rate 3Q13 = 1,863.19



**CAPEX and permanent investments** reached USD154 millions in 3Q13

## Breakdown by Country – 9M13



## Breakdown by Business

	Billions	9M13	%	2013E
Energy Transmission	789	88		1,401
Road Concessions	35	4		2
Telecommunications Transport	59	7		101
SMRTS	13	1		32



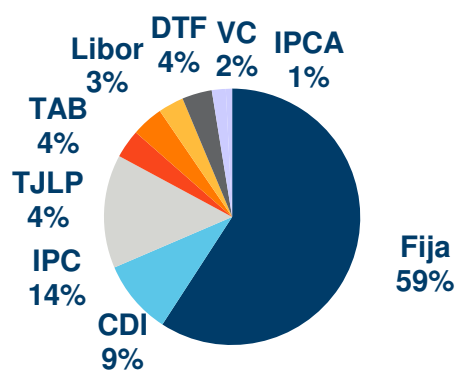
# CONSOLIDATED FINANCIAL - DEBT

Exchange rate US\$ 1.00 = COP 1,914.65  
USD in millions

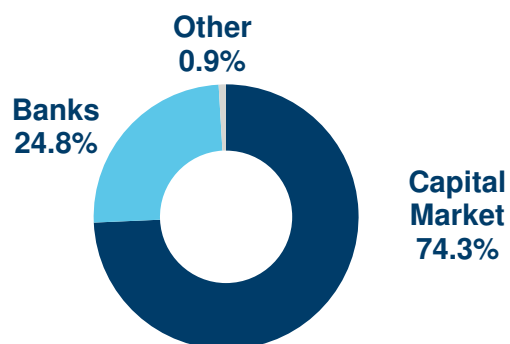
COP in billions	2012	Sep. 2013	Var. %	Sep. 2013 USD
CHILE	4,330	4,384	1.2%	2,290
COLOMBIA	1,777	1,792	0.8%	936
BRAZIL	2,165	1,620	-25.2%	846
PERU	1,057	1,462	38.3%	764
BOLIVIA	55	51	-8.4%	27
ARGENTINA	8	8	2.2%	4
<b>TOTAL</b>	<b>9,392</b>	<b>9,316</b>	<b>-0.8%</b>	<b>4,866</b>

**Net Debt / EBITDA: 3.1x**  
**EBITDA / Interest: 3.9x**

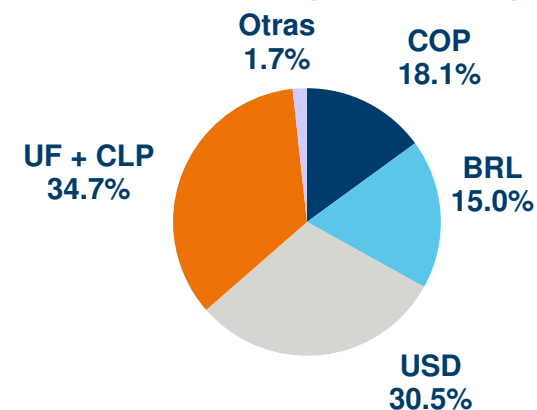
## Breakdown by Rate



## Breakdown by Source



## Breakdown by Currency



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**Email**                      [InvestorRelations@isa.com.co](mailto:InvestorRelations@isa.com.co)

**Website**                    [www.isa.com.co](http://www.isa.com.co)

**Twitter**                     @ISA\_Avanza

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 September 30, 2013, the exchange rate was of USD 1.00 = COP 1,914.65 (Source: Banco de la República de Colombia).**



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