

CONFERENCE CALL

Ecopetrol informs that it signed an Inter-administrative share purchase agreement with the Colombian Ministry of Finance and Public Credit through which it acquires a 51.4% stake in ISA

Tatiana Uribe: Tatiana Uribe, Head of Corporate Capital Markets for Ecopetrol. We welcome all participants to Ecopetrol's conference call, in which we will discuss matters related to the process that led to the signing of the SPA with the Ministry of Finance to acquire its controlling stake in ISA.

Before we begin, it is important to mention that this call or presentation might include projections of the company's future performance. These projections do not constitute any commitment as to future results, nor do they take into account risks or uncertainties that could materialize. As a result, Ecopetrol assumes no responsibility in the event that future results are different from the projections shared on this conference call.

The call will be led by Mr. Felipe Bayon, CEO of Ecopetrol. Other participants include: Juan Manuel Rojas, V.P. of Strategy and Business Development; Jaime Caballero, Chief Financial Officer; and Nicolas Azcuenaga, Head of Mergers and Acquisitions.

We will wrap it up with a round of questions and answers. If you have any questions, please send them via the link provided by the company in our press release. I will now hand over the presentation to Ecopetrol's Chief Executive Officer, Mr. Felipe Bayon. Mr. Bayon, you may begin.

Felipe Bayon: Welcome, everyone, to this conference call following the signature of the agreement to acquire 51.4% of ISA that was announced yesterday evening to the markets.

If we can go to the next slide, please, to the first slide, I just want to go back and provide some context in terms of why this is transformational for Ecopetrol, for ISA, and we believe overall for shareholders and for Colombians as well.

We have a unique opportunity to become a leader in terms of energy transition in the Americas. On the right, you have a map of the areas where, following the acquisition that was announced yesterday, we would have presence and operations, which is quite relevant in terms of becoming a leader through the hemisphere.

In terms of energy transition, and we've talked about this before since we presented a non-binding offer back in January, and that was a little bit over six months ago, the first thing is that ISA is a leading network infrastructure player in LATAM. The second thing, transmission of electricity and the use of networks will play, undoubtedly, without any doubt, a key role in the future as we think of energy transition. We've

seen some of the circumstances that have happened throughout the last few months in terms of the need to have reliable and efficient and well located, well placed, electricity transmission infrastructure.

There's a commitment to sustainability that is shared by both companies and that's fundamental in terms, for example, as we look at our businesses and as we look at our footprints, if you think about CO2, and through this transaction, we're doing something that compares very favorably and is much more accretive in terms of value than doing things, for example, locally, if we look at the renewable portfolio. I want to stress that we continue, as Ecopetrol, committed to our own, auto, or self-power generating capacity, in terms of renewable energy, and we've already mentioned or signaled to the market that we want to be at 400 megawatts of installed capacity by year 2023.

The second lens is growth. And there's a very successful track record and a very good outlook, very attractive outlook, as we look at the plans that the company ISA has and we've had the opportunity, and Juan Manuel will take us through the process of doing a very detailed due diligence analysis and assessment that has confirmed our views in terms of the growth opportunity.

In terms of scale, ISA represents around 25% of both companies. If you look at the combination of Ecopetrol and ISA, you see the first quarter 2021 results, ISA has not yet posted results so that should be updated, but it provides a growth opportunity in terms of Ebitda, for example, if you look at that, or even if you look at the growth in terms of Ebitda that ISA has had, 18% over the last five years. So it's a very, very attractive business proposition that hopefully will take to good port when we do the closing of the deal and we firmly believe that the transaction in terms of earnings per share is accretive from year one.

In terms of our risk profile, pandemic and the crisis last year showed us that, we depend, although we're an integrated company and we have a lot of possibility to better withstand the changes and volatility in prices, we depend on the prices of commodities. And from that point of view, the acquisition will provide us what we believe are stable and as important predictable cash flow generation due to this business is being regulated and being long term, in terms of the concessions and the duration of those businesses.

We will have increased and improved resilience to oil price volatility. We will have a diversified platform in the region, as I was describing in the map, in terms of the asset classes and the geographies. And this is good because we would have a lower concentration of risk. Very important, very important as we see some of the things happening in the hemisphere.

And in terms of the last point on the improved risk profile, it enhances some of the characteristics that we already have to our midstream transportation systems as we think about energy transition, in terms of how do we actually align these linear transportation systems both in Ecopetrol and ISA.

Let's go to the next slide, please. Transmission plays a key role and will continue to play a very important role. Two things, I think, have been accelerated through the crisis. The first one is decarbonization and the need of the world, and if you look, for example, at the IPCC report that came out a couple of days ago, decarbonization is fundamental in terms of the megatrend and electrification is the other trend that we need to address. And we need to be not only cognizant, but we need to act upon.

And the role that the companies that do transmission and the role that they play in energy transition, we can look at it through some different lenses. The first one is the integration between where the energy is produced. This renewable energy, and you know that Colombia has taken some very important steps to become or to basically grow at exponential rates its capacity from renewables. How do we actually connect? How do we actually connect those sites where power is generated to where power needs to be consumed? And there's additional regional integration plans. Not too long ago, the plans between Colombia and Panama were announced in terms of how that continues to progress.

The second lens, in terms of electrification, we do believe that the economy will continue to be electrified and this will bring additional opportunities in terms of the need to support with reliable infrastructure that expansion. The systems may be decentralized, and that's something that we will need to look into. And due to the aging of some infrastructure, higher investments will be required, not only maintenance, but also in upgrading some of the systems. Climate risks, weather events have significantly affected hydroelectric power plants, for example, and how do we actually ensure that we provide reliable systems that have not only good reliability but are dependable?

In terms of the global investment outlook, and this is some numbers that we've taken from McKinsey, there is, at least in their view, a factor of two times when you think about the investment that will be done in energy transmission around the world and energy transmission investments that will be backbone of energy transition that will require more investments. As I said, how do you replace infrastructure that's aging? How do you increase the levels of performance back to the point of reliability? We take for granted that we turn off the switch and there will be light as soon as we do that. And there's opportunity, as we digitize and we automate or make automatization, with some of these investments and some of the risks going forward.

Next one, please. In terms of the process, I will just say that it's been a very, very rigorous process for more than two years and I'll ask Juan Manuel to share some of the context around that. Juan Manuel.

Juan Manuel Rojas: Thank you, Felipe. In the past, we have mentioned that Ecopetrol has intended to show the markets how disciplined we are in our approach to our investments in the oil and gas arena. That approach, we also apply it to acquisitions in other areas. And we have always said that we are prepared to move wisely rather than quickly in order to respond to the challenges posed by the

marketplace. Having said that, that is why we believe that the two years that we have spent evaluating this transaction have resulted meaningful.

Specifically, we began this process two years ago when we started studying the trends of the energy transition. And once we began that process, we identified that transmission and other infrastructure alternatives could be one of the paths that Ecopetrol could undertake in the process of energy transition. It then implied comparing this alternative with other diversification options, and I want to double click on this aspect. Specifically, we evaluated how the purchase of a transmission company like ISA would allow Ecopetrol to take a unique step that no other oil company has taken previously, mainly because it allows Ecopetrol to position itself as a leader in an activity of the electricity business in just one single step. And in that process, that resulted to be very meaningful. Acquiring a leadership position in the transmission business, we thought of it as more valuable than becoming a subscale operator in other businesses in the electricity value chain.

Just to mention some examples that we evaluated in Latin America, if you take the enterprise value of ISA and compare in size to the combined enterprise value of the five major renewable energy generation companies in Latin America, you will find out that ISA's is greater. Having said that, ISA's acquisition strategy followed by Ecopetrol, we believe, had an advantage over taking an incremental trajectory, mainly because when you take incremental paths, you have more uncertainty and it will require undertaking significant execution risk and the risk of developing complex capabilities. The difference in this case, when we thought of ISA as an opportunity, was that from day one we would have the capabilities at home and diminishing rate execution risk.

The process took two years and then, having evaluated the strategic tweak of the transmission business and of ISA, we carried out the due diligence process with public information and presented a non-binding offer in the month of January. After that, the due diligence process entailed the facilitation of information from the seller and we were able to sharpen our pencils, bring down the value of the numbers, and conclude with a binding offer that was presented on the 30th of July and that was accepted yesterday, as you know.

If we move to the next slide, the next question would be specifically why ISA and no other companies or transmission companies. And as Felipe mentioned, from day one, we initially thought that ISA could provide a regional energy infrastructure platform without precedents in the whole Western hemisphere, not only in South America but also Central and North America.

And when you take a look to ISA's statistics numbers and operational capabilities, you find out that the company is the best positioned to materialize growth in the transmission networks of LatAm. It's the market leader in Colombia and Peru, concentrating more than 70% of market share. It's the second player in Brazil, with approximately 20% of market share. It's the third operator in Chile and it's the company with the greatest capacities and the best track record in transmission

development in the continent. How do we measure that? Well, we see that ISA is first positioned in tenders, one in Colombia and in Peru. Second position in tenders, one in Brazil, and it's third in Chile.

If we move to the right hand side of the slide, I would like to highlight the financial advantages of ISA, including the stability of its earnings and its strong returns on capital employed. Jaime will go into the detail in some slides ahead, but the company has consistently delivered above 60% Ebitda margins in the past years. This stability is a feature of the electricity transmission segment that we highly appreciate, specifically when we are in an oil and gas business in a very volatile market. And ISA has also delivered a return on capital employed in the range of 15% and over in the past five years. The first quarter of this year, it was 17%. And the stability and absolute levels of these returns are highly attractive from a financial viewpoint.

If we go to the next one, and as we have mentioned throughout the presentation, this acquisition provides an unprecedented platform to convert Ecopetrol and ISA in a one-of-a-kind infrastructure energy player in the continent. We widen our strategic canvas having both companies working together, widen wealth prospects. For ISA, for example, we do believe that Ecopetrol can facilitate its penetration to the North American business segment, while we do believe that we can leverage ISA's capacities in Brazil, for example. So we do see that, in terms of growth prospects, it provides a great possibility.

It provides a resilient operational model. We will end up with an integrated energy company with a strong midstream segment, greater diversification and stability of earnings and cash flows, as we have mentioned previously, and we do believe that we keep a strong balance sheet of the group as a whole, which will provide lower cost of capital supported by stable and predictable long-term cash flows.

We see that we can share best practices, particularly in the midstream segment with those of ISA, and share knowledge. ISA, we do believe has advanced substantially evaluating different lines of business in energy transition, like batteries and energy gathering aspects, and as Felipe mentioned previously, the scale and competitiveness of this platform is unique in the Western hemisphere.

I will hand now the microphone to Jaime Caballero.

Jaime Caballero: Thank you, Juan Manuel. So acquiring ISA really goes beyond these strategic merits and the numbers that you're going to see in this slide and in the next slide, actually, serve as proof point of that strategic rationale that Juan Manuel just described. The bottom line is that the primary conclusion of our review is that this makes strong financial sense as it provides scale, it provides profitable growth, and it clearly improves the risk profile of the Ecopetrol Group in a world where TESG is increasingly a priority.

So I'm going to cover four or five key points around the data that you see in this slide. If you look at the top left corner, what you can see there clearly is that with ISA, an

important part of the group's income will now come from non-hydrocarbon sources within actually a broader energy chain. You can see that clearly in the contribution to revenues and you can see it clearly in the contribution to Ebitda. And this, of course, will vary over time, as you see the different price cycles of the hydrocarbon business. But we believe that the percentages and numbers that you're seeing here, which are reflective of the last 12 months, actually provide a good illustration of what you can expect from ISA in the context of the broader Ecopetrol Group.

The second, I think, key data point to look at here is when you look at that piece of competitive profitability. The contribution from ISA is of a high quality. If you look at the margins and returns that ISA has been delivering over the last four, five years, they're actually, in fact, superior to the margins and returns that you actually see in oil and gas. I think that's an important point to make. Perhaps in the past, and if you look at the broader diversification agenda in the industry, it has been viewed that diversification into power is at the expense of margins and at the expense of returns. In the case of ISA, that's not the case. We're actually looking at incremental margins to what we have nowadays.

The third point that I think is a highlight of this slide is if you look at the top right hand corner of it, which gives you a view of the contribution of each line of business of Ecopetrol and ISA. And what you can see from this is that with ISA, the Ecopetrol Group will now have a stable backdrop of earnings. If you look at the pie chart on the right, essentially what you'll see is that between 50% and 60% of our future Ebitda is actually going to come from regulated, predictable businesses. And actually not only regulated, predictable, but actually high-margin businesses, because that's the nature of both the ISA transmission business and the midstream business that we currently own.

On the other hand, we are obtaining this without sacrificing the exposure that we have to Brent and to the price upside that we expect Brent to provide at least over the next decade. So here's a balance between that predictability of the regulated business and the price upside that we're going to get from the Brent.

Importantly, this material growth comes with a marginal carbon footprint, and it's what you're seeing there at the bottom. The bulk of ISA's business is carbon neutral, and we can go into this in more detail later on, but fundamentally, the total footprint associated to Ecopetrol Group's earnings will now be substantially lower. We think this is fully consistent with the group's T ESG agenda and its net zero ambition. And importantly, we think that this will actually have a benefit with regards to access to financing over the coming years and actually a lower cost of capital for the group in the bottom line.

If we move on to the next slide, please, I want to speak a little bit more about how we see this transaction being value accretive to our shareholders. As you know, we have agreed on a price of 25,000 pesos per share, which ultimately we believe fairly captures the prudent business performance of ISA as well as its growth prospects. This valuation is supported by three independent exercises commissioned by

Ecopetrol separately from the seller. These valuations were all anchored on DCF methodology with a view to best reflect the longer term value proposition of the business. Contrast methodologies such as multiples and precedent transactions were also considered. And we believe that the Ebitda multiple of about eight times enterprise value to Ebitda is competitive with transactions in the sector.

If you look to the right, where we speak about the solid investment case, the forward value creation is clearly solid and we believe it's accretive to shareholders. In line with Ecopetrol's capital discipline strategy, we have taken a prudent and risk view of ISA's growth prospects and believe that historical margins can be sustained over time and that double digit returns on allocated capital can be expected. As a result, EPS accretion to existing shareholders can be expected in all scenarios.

As we have previously announced, Ecopetrol intends to fund 100% of the acquisition costs via debt. To this effect, we have secured terms and conditions for a syndicate bank loan, which will be repaid within the next two years through a combination of available options, including, firstly, a longer term bond placement; alternatively or in a complementary fashion, an equity offering under the program set forth by Law 1118 of 2006, and thirdly, through excess cash from our organic activities.

It is important to highlight that in all scenarios that I mentioned, including those where we retain 100% of the debt, projected leverage ratios remain well within the 2.5 times debt to Ebitda ratio established in our group's business plan.

With that, I hand over to Felipe for his comments on the next steps.

Felipe Bayon: Thanks, Jaime. We go to the last slide before we open up for Q&A. A few things that I want to share with everybody in the call in terms of how will this continue to go forward. So, as we've mentioned, there's a plan to secure that the value proposition that's already in motion is secured. We've negotiated and executed the *Contrato Interadministrativo* or the Inter Administrative Contract, which is the SPA. The signature was done yesterday evening. Now, we will continue, as Jaime was explaining, and we can go into more detail in terms of the loan agreement that will be signed and we have a time frame to do the closing before December 6th. Having said that, we're targeting in the order of three to four weeks to do the closing and we'll continue to work in that sense.

And in terms of transition, because I know that's one of the points that many of you have in mind and want to ask us about, we will assume having this controlling equity or controlling percentage and we will exercise what's granted by the acquisition of the 51.4%.

I want to say that the first thing, and I've mentioned this before in some of the news conferences, ISA will continue to be ISA. That's very important. It doesn't mean that we will be a passive investment. We will have, as we've mentioned, we do believe this is a transformational transaction. And in line with that, we will do everything that

we can do, as I was saying, with the faculties that are granted to us by gaining this controlling equity or percentage.

Both companies have very, very strong corporate governance and we will continue to build on that. And in that sense, I think there's opportunity for both organizations to continue to learn from each other. We've been working with ISA on this front of corporate governance for many, many years and now obviously will continue to do so.

And I just want to highlight that in Ecopetrol, having different companies throughout the group, we have what we believe is a very robust and very flexible corporate governance framework that will allow us to move into this integration. Ecopetrol will be the controlling entity to ISA. We will need to consolidate all the financial statements. And obviously when we do that will depend on the closing and I have provided some views on the potential time frame for that.

We're very excited. Very, very excited with this transaction. We still have some yards to get to the finish line. We need to do the closing, as I've said, hopefully within the time frame, not take all the time until December 6th, but in three to four weeks. But we're very excited. We're very thrilled with the opportunities that this presents, not only for Ecopetrol, but for its shareholders, for ISA's shareholders, and for Colombians as well.

So with that, I'll open up for Q&A. Thank you.

Tatiana Uribe: Thank you, Felipe. I will now read the questions that analysts and other interested parties have provided via the link that we sent out with the press release. The first question is with regards to capital structure. "When do you expect to make the decision on the equity issue and its size and what is the rationale, considering ISA acquisition should likely be financed via bankers?"

Felipe Bayon: So let's start. I was going to do something here. I was going to do question number two as well, as it's related, and it says "Is Ecopetrol funding the acquisition through debt? If yes, how much in the local or international market? What yield are you expecting for the debt to be issued soon?"

So I'll provide some opening comments and I'll ask Jaime to go much deeper into some of the details. So the first thing that we've announced to the market is that we have a very, very robust financial situation in the company that was shared with most of you in the call at last week's results conference call. And we do believe that going through the mechanism of debt and using debt, short-term debt, to close this acquisition, provides us a lot of flexibility and a lot of speed, which is something that's important.

I just want to remind everybody that the consideration in terms of the price is very important and both Jaime and Juan Manuel explained what was done together. And

I think the timing of the process is very important. It's not only the amount, but also when we are able to close the deal. And that's a very important fact.

And in terms of the equity issue, that continues to be worked by the teams and we'll eventually use that in the future, should the windows in the market and the conditions in the market are such that an equity issue makes sense. Jaime, please go ahead and provide a bit more detail.

Jaime Caballero: Thank you, Felipe. Perhaps the additional color that I could provide, Felipe had been very clear, there's a short-term conversation and then there's a structural financing conversation. The short-term conversation is about this bank loan, which as Felipe has said, it's expedient, it's pragmatic, and it's something that it's well within our reach.

The color that I could provide on that, I'd say, revolves around three things. The first one is we have decided that we want to tap the international market for that because it's more competitive compared to the local market and by means of competition I mean the access to the amounts that we need for this transaction and the costs associated. To give you an idea, the other thing that we've seen is that the terms of this loan are very competitive at this stage. We are at a good time in terms of markets for this. And as an indication, you saw that last week or a couple of weeks ago we announced the terms of our committed line facility and we are expecting this loan to deliver an improvement on those conditions. We recognize that these are different loans and they have different sizes and the like. But directionally, we are actually expecting better conditions than the ones that we have received for the committed line. And that's actually a lot to say because that committed line is probably our historical best. So we're very confident that this short-term financing makes sense.

The second component then is the longer-term financing, which is how do we go about repaying that loan? And as you heard in my remarks before in the presentation, we expect to do that over the next couple of years. That's the horizon that we are anticipating, a two-year horizon. We believe that two years is a good frame because it provides a sufficiently long window to accommodate to different market circumstances, whilst at the same time keeping it to a manageable and predictable planning horizon. In that light, you also heard me say that we have three options and they all remain on the table at this stage, and I mean options to translate that short-term financing into some form of longer-term repayment. The first option is bonds. At this time, markets are very favorable for that. The appetite for Ecopetrol's bonds remains very robust. We've seen that. And I know that you guys are conscious of that.

The second alternative is around the equity offering. I know there's a lot of curiosity and interest in terms of the sizing and the timing and the conditions. You've heard Felipe speak about that. We cannot disclose much around that. The general box where we're operating is the box that's set by 1118, by the law, and it basically that gives us a ceiling. And that ceiling is that the Ministry of Finance cannot go below 80% of property in Ecopetrol. That's the ceiling. Anything below that is open for

discussion and will be dictated by market circumstances and the terms and conditions that we believe we can obtain for our shareholders in that equity offering.

And the third component is cash, because we were speaking last week with many of you around the results. And as you've seen, we are delivering unprecedented results and that's giving us a solid cash position. And depending on how things evolve, we may have some flexibility to use cash for some of this. That's how we're thinking about this. Thank you.

Tatiana Uribe: Thank you, Jaime and Felipe. The next question is with regards the business model that Ecopetrol wants to have after it gains control of ISA. Basically the question suggests that "Management of Ecopetrol has previously mentioned that we would not change the current business management of ISA. Is this still the plan? Can we view this more as a passive investment of Ecopetrol? And what are your plans for the new acquired business?"

Felipe Bayon: Thank you for the question and I'll just step back for a second. So the first thing is that we still need to get through the finish line. We still need to ensure that we get to the closing and as I've said, we have some time to do that. I've said, and I'll repeat it today, ISA will remain as ISA. That's very important. It's a very successful business that has a very robust strategy that has delivered consistently over the years and that has a world-class team that operates in their business. So that's very, very important. That's very important.

Having said that, and I was referring or alluding to this in my prior answer, we will not be a passive investment. We will not be a passive investor or this will not be a passive investment. That means that we will certainly, should we get to the closing, exercise our rights that are provided to us by acquiring the controlling interest or controlling equity, which will include things like being very active at the Board of Directors, and we will be doing some things in that space. But I think we need to be very conscious that there's things that we need to go through, those milestones that need to be achieved before we move into that space, so we like the strategy, we like the business plan, and I'll just link it to something that Jaime was mentioning earlier, both Jaime and Juan Manuel, in terms of the valuation and the offer that we made and that was accepted, that value or that price per share includes not only the value of the business today, but a very detailed understanding and assessment of the growth opportunities that we see going forward.

So, again, we're very enthused. We're very, very happy with this. We need to get across the finish line. And certainly, believe me, we will not be a passive investor in terms of ISA. Again, I've mentioned this before, we will need to do a consolidation of all the financial statements and there will need to be participation from our side, very actively, in terms of how capital is allocated. And that's, I think, also very important for shareholders. Thanks for the question.

Tatiana Uribe: Thank you, Felipe. The next question discusses the topic with regards to dividends. "How much in dividends is Ecopetrol expecting to receive from

ISA? Would this start to be this year or the next? What should be an optimal dividend payout level after ISA is consolidated?"

Juan Manuel Rojas: Thanks, Tatiana, I'll take this one. Within our models, we have assumed that during the next five years ISA will keep its policy in terms of dividend distribution and therefore we have assumed a between 40% and 50% dividend distribution in the next five years. That's how we have taken it into account.

Tatiana Uribe: Thank you. The next question is the following: "What regulatory approvals are necessary for the closing? Does Ecopetrol need to seek bondholders or other creditors' approval to conclude the transaction?"

Juan Manuel Rojas: Tatiana, we do not need to seek bondholders or the creditors' approval to complete the transaction and all the other regulatory approvals that we needed in Colombia have been achieved.

Tatiana Uribe: Thank you. Next question. "How Ecopetrol could add value to ISA? And if there are any synergies that could enhance the potential returns to the Ecopetrol shareholders, what synergies do you identify today and in the future by acquiring ISA?"

Felipe Bayon: Thanks, Tatiana. I think Juan Manuel was alluding to this earlier. In terms of the different geographies, we can leverage on each other. For example, in the US, Ecopetrol has already a very good presence, both in the Gulf of Mexico and in the Permian Basin, in Texas. So we can build on from that. And even though we have, as Ecopetrol, a good presence in Brazil, that's growing presence in Brazil, ISA has a lot to offer in that space. So I think the first lens would be that of the markets, of the geographies, how do we actually learn from each other? We've talked about, for example, potential financing that is sustainable about refinancing or those type of things where ISA has done some very interesting things, not only in Colombia and Peru and in other geographies as well. We can build on each other's, for example, network of relationships, supply chain.

We can build in terms of one thing that has us very excited, the research and innovation and development of technology or application of technology and use of technology. And I think that's an area where we can do a lot of things. And Juan Manuel, I think, was mentioning energy storage and some other things. For example, Ecopetrol is a leader in hydrogen right now, in production of hydrogen, gray hydrogen. We're looking at blue hydrogen, green hydrogen. And I think in terms of research and technology and the application of innovation, there's quite a few things that we can do. So it's around market, it's around relationships, it's around supply chain.

Things like the digital world as well. We've both done a very detailed digital transformation. I'll share something with you. I had the opportunity to visit ISA more than three years ago. And I was introduced to their security operation center in cybersecurity. And that experience from ISA is something that we brought back into

Ecopetrol and since then we've built on that. And I think we now have a very robust cybersecurity program and capability inside of Ecopetrol. So some things that have already happened in terms of corporate governance and we've learned from each other and some things going forward. I don't know, Juan Manuel, if there's anything else that you want to add.

Juan Manuel Rojas: I think you've mentioned those.

Felipe Bayon: Thanks.

Tatiana Uribe: Thank you, Felipe and Juan Manuel. The next question is with regards to XM. "Does the acquisition of ISA include XM?"

Felipe Bayon: Thanks for the question and I want to be very clear. The acquisition of ISA does include XM. XM is included in the acquisition and as part of the negotiation that we did with the Ministry of Finance and the Ministry of Energy, that has responsibility for XM, Ecopetrol has signaled a very strong commitment to continue to enhance the corporate governance at XM and some of the historical issues that had to be resolved are being resolved through the transaction so should we get to closure, and there's some language that we've included in the contract, that's a public document, around XM. And I think that's very clear and it also encompasses some of the recommendations from the latest group of experts or "wise men", for lack of a better word in English, that came and provided some recommendations to the government. So there is a very, very strong commitment from Ecopetrol to ensure that XM maintains its independence and its corporate governance is enhanced through this acquisition. Thanks for the question.

Tatiana Uribe: Thank you, Felipe. The next question is with regards to the use of proceeds of the potential equity issuance. "Does this include inorganic growth or only organic CapEx?"

Jaime Caballero: I'll take that one, Tatiana. The way that we're thinking about the equity issuance is that it's in service of Ecopetrol's energy transition strategy. That's the umbrella. And when you look at the energy transition strategy of Ecopetrol, there are three key elements around it. There is an element of organic growth which is adjusting and adapting our existing business to the needs and opportunities of the energy transition. There is an element of inorganic growth, such as the transaction that we're talking today, which is all about the energy transition. And there is a third element which is about strengthening the balance sheet, which includes managing debt and keeping debt to levels that we feel are best for our shareholders. So those are the three axes by which we're thinking about the equity issuance. So, in that context, the use of proceeds of equity issuance can fit into any of these three categories. If we did an equity issuance in the short term, in the foreseeable future, I'd say that a priority would clearly be about reducing the leverage associated to this particular transaction. Thank you.

Tatiana Uribe: Thank you, Jaime. The next question touches upon the strategy for ISA, and it is the following. "What will be the new strategy for ISA? Continuity, diversification, consolidation? And specifically with regards to Brazil, any changes to the strategy there?"

Juan Manuel Rojas: Tatiana, I'll take that one. The company has been very vocal and publicized this strategy towards 2030 and it has been very consistent achieving the goals set out in that strategy. As Felipe mentioned, we will respect that. And that strategy involves the different aspects, consolidation, diversification and continuity in those markets where it currently is so we believe it's consistent.

Tatiana Uribe: Thank you so much. The next question discusses tag-alongs. "Why not grant the tag-alongs to ISA minority shareholders?"

Felipe Bayon: Tatiana, thanks. I'd like to go back to the framework that supports a transaction like the one that was announced yesterday. The first thing is that the *Contrato Interadministrativo*, which is done within the framework of Law 226 from 1995 and explicitly with Article 20 that allows for exceptions when such deals are made between two government agencies or two government organizations, and that frame allows for *Contrato Interadministrativo* so that's point number one.

The other thing is that being Ecopetrol a society of mixed economy, *Sociedad de Economía Mixta*, we have been certified by the Financial Superintendent, that ourselves and the ministry have the same *beneficiario real*, which means that the owner, majority owner of both companies, is the same one, which is the government.

And in terms of the *OPA* or the *IPO*, if you look at Decree 2555 from year 2010, it allows and there's an exception where shares are being transacted or there's a transaction within or between individuals that have the same *beneficiario real* or that have the same owner. All that means, and you'll say, "Well, this is giving us a long detail of why we're doing what we're doing." It allows us to do the transaction without the need to do a tag-along and that's what we're doing.

And I just want to highlight something that I mentioned earlier. The first thing, and I alluded to this, is that it's very important in terms of the consideration, the amount of funds that would be available for the seller. But it's as important in terms of the timing as it has allowed us to do this very, very quickly. And even though we've spent two years in a very detailed assessment of all the aspects of such a deal, since we presented the binding offer July 30th, were able to very quickly come to an agreement and to sign the deal.

And I just want to stress a couple more things, if I may. The first thing is that with this transaction, the majority owner of Ecopetrol, and Jaime was talking about some of the equity issuance considerations, so the owner of Ecopetrol and through Ecopetrol, the owner of ISA remains one and only and remains the same. And that's very important. And that's Colombia Inc. So the nation will continue to be the majority owner of Ecopetrol and, through Ecopetrol, of ISA.

And from a strategic point of view, being this critical infrastructure, we do believe that's very important. I'll just highlight what we've discussed during the presentation. We're very enthused with the opportunity in terms of value creation that is opportunity presents. Thanks, Tatiana.

Tatiana Uribe: Thank you, Felipe. The next question is with regards to TAESA, where ISA has a 14.9% stake. The question says that Cemig, which has a 21.7% stake, is for sale. "Is ISA interested in acquiring full control of TAESA? Would that trigger tag-along in TAEE11? Alternatively, if someone else offers a good price for Cenig's stake, do you have drag-along rights? Would you exercise them?"

Juan Manuel Rojas: Tatiana, thank you. We are of the belief that we should not make comments until the closing of the transaction regarding ISA's M&A strategy so we will pass on that.

Tatiana Uribe: Thank you for that. The next question is with regards to tariff revisions. "When can we expect the tariff provisions for ISA throughout the next five years?"

Juan Manuel Rojas: I will also take that one. I think our valuation, and this is very important, has taken into account the potential tariff revisions that we could have in the next five years. We particularly evaluated the potential tariff provision that will take place in Colombia, through which the regulator has issued some drafts of that tariff revision, which includes a change in the methodology of remunerating the assets in the long term, and also a potential change in the WACC. We have taken that into account and we do believe that that could take place in or before 2022.

Tatiana Uribe: Thank you. The next question. "ISA has made public significant investments in LatAm. Would these investments be impacted? Where does Ecopetrol stand on hydrogen after the acquisition of ISA? Are you planning to invest in green or blue hydrogen in Colombia?"

Felipe Bayon: Tatiana, I'll take the first part, but I'll start with hydrogen. The first thing is that Ecopetrol currently produces, I think, 99.99% of the hydrogen in Colombia. And we do that through the reforming of methane gas. What we're doing right now is that we believe Ecopetrol has the opportunity to lead in this effort. We're working with the Ministry of Mines and Energy and recently the roadmap for hydrogen in the context of energy transition was issued and it provides, I think, a very sound, robust opportunity for the country, particularly as we think that we have this range with the presence in different parts of the continent.

In terms of what we're doing today, we're looking at blue hydrogen and we have some opportunities by extracting the CO2 from the methane gas, using the hydrogen to improve the quality of our fuels, both diesel and gasoline, and use that CO2 either for upstream, reinjecting the CO2 and recovery, or to actually provide it to customers

that can, for example, do bottling of beverages and things like that. So directionally, that's what we're looking.

In terms of the green hydrogen, we're bringing an electrolyzer into the country that's been purchased already. It's a small one that we will put into a pilot project in the Cartagena refinery and we will later take on to Bucaramanga. So there's a clear, I think, roadmap in terms of hydrogen.

Two more things, and I'll ask Juan to talk about investments in LatAm. I don't see any impact. There's already some commitments in terms of the investments that will be honored. Those will be honored.

And in terms of hydrogen, I was saying that as we've made public our intention to lead in this effort in country, one, we have more than 90 companies and organizations knocking on our door so we're in the process of selecting our partnerships. And by adding ISA, should we get to closure, we will definitely strengthen the opportunity, as I was mentioning earlier, with their research and creation of technology and everything else.

Juan, anything else on this?

Juan Manuel Rojas: Yes, regarding the first part of the question, as I mentioned earlier, ISA has a very thoughtful plan and strategy towards 2030 in which they have devised investments in different geographies and in different sectors. And we have included some of those plans within our valuation and we do believe that they have been successful executing that plan. That's why we believe it should be respected.

Jaime Caballero: And if I may add to these comments, when we look at the investment optionality that ISA has for the next decade and, through the due diligence process, we achieved a lot of visibility of that. I would share two significant conclusions. The first one is we believe that that optionality can compete very well for capital allocation. You already heard my comments around the sort of returns that they offer. So it's not a source of concern for us. And the second, I think, important conclusion is that we believe that cash generation that ISA has as a standalone business has ample wiggle room to increase capital allocation in service of that business. Where I'm going with this is that we don't see ISA's expansion plans as a threat to the organic plans that we have in the oil and gas business at all. On the contrary, it's an upside investment proposition.

Tatiana Uribe: Thank you. The next question discusses the M&A strategy of Ecopetrol with regards to the energy transition plan. "Would Ecopetrol consider divestments after this acquisition of non-core assets?"

Juan Manuel Rojas: Thank you, Tatiana. We have been very vocal on our energy transition strategy. Felipe has always mentioned to the markets that it entails four different levers. One is improving the competitiveness of our portfolio, mainly to avoid stranded assets. The second one makes emphasis on TESG. The third one is

decarbonization, and the fourth one is diversification. This transaction goes within that last, diversification, and within diversification, we have evaluated different issues associated to, for example, as Felipe mentioned earlier, hydrogen. We have evaluated opportunities in transmission like this one. We are evaluating renewable energy projects outside of Colombia and outside of those markets that do not have regulatory restrictions. So it's part of the strategy of Ecopetrol. And we currently do not see divestments and we reserve the right to evaluate those on a permanent basis.

Tatiana Uribe: Thank you, Juan Manuel. "Do you have any plans to enter into renewable energy generation business? And if so, can you provide some more details in terms of geographies or technologies?"

Juan Manuel Rojas: Thank you, Tatiana. As you know, Colombia has a regulatory restriction, as well as Chile in terms that those companies that are in transmission and that were not fully integrated before Law 142 could not operate in other lines of business in the value chain of energy unless you are self-generator. In Colombia, we do not have plans in terms of renewable energy, to be operators in the wholesale electricity market. We do have plans to be self-generators, not as members of the wholesale electricity market, as generators. However, Brazil, Peru and other geographies do not have that restriction and it's something that we're open to evaluate.

Tatiana Uribe: Thank you. And the next question. "Jaime, you discussed during the presentation, how do you expect your Ebitda mix to evolve in the next 10 years? And how important will be expected contribution of the non-oil and gas assets would be?"

Jaime Caballero: Thank you. Basically, when you look at the Ebitda mix, I speak about two or three key principles. The first principle is that we think in terms of scenarios. When we look at the strategy for the company for the next 20 years, we look at scenarios and scenarios can take you to slightly different places. However, one key conclusion of all the scenarios that we worked is that oil and gas will continue to be the primary engine of Ebitda for the company. So we expect that Ebitda mix, the participation of oil and gas in that Ebitda mix, to be at around 70% - 75% within the next 10 years, clearly. Perhaps, following that, a decade after that, you might see some gradual changes. But in any case, oil and gas is going to be highly protagonic.

The second thing that I'd say around this is that when you look at this transaction in particular, we see that that Ebitda contribution that we showed you remains largely constant over time, which is one of the things that make the transaction particularly attractive to us. You can actually rely on that 15% to 25% contribution regardless of the price cycle. So that, I'd say, is a second key component.

And the third component that I would tell you about these scenarios that we've been looking at is that emerging businesses such as hydrogen, such as some of the non-nature based solution businesses that possibly we could see in the future would start to be represented in the Ebitda mix by the end of this decade.

But, bottom line, oil and gas continues to be a key factor. We will continue to invest in a sustained fashion in oil and gas, with a view to reduce emissions, but with a view to sustain that contribution that it's making to the business.

Tatiana Uribe: Thank you, Jaime. The next question suggests the following. "Are you considering to eventually spin off the energy transportation businesses of Ecopetrol?"

Felipe Bayon: The answer is "No." And that's a very clear and very straightforward "No." Thanks for the question.

Tatiana Uribe: Thank you, Felipe. The next question. "Do the different DCF exercises incorporate already the potential corporate tax rate change?"

Jaime Caballero: Yes, we looked at the existing project and we ran a thorough sensitivity around that and how could it affect valuation. And in the valuation, that risk and sensitivity is already captured.

Tatiana Uribe: Thank you, Jaime. Can I ask the team to go to the next page, please? And I think we're done with the questions and answers, so I will return the call back to Mr. Felipe Bayon for any final remarks.

Felipe Bayon: Tatiana, thanks. And thanks, everyone, for participating today in this conference call. By the numbers of participation, it's clear that there is a lot of interest. I hope that we've been able to provide additional color and detail around your questions, your concerns, some of the reflections that you've shared with us and we value that.

As I was mentioning at the beginning, we're very, very happy with the opportunity that's provided by bringing ISA into the Ecopetrol Group. There's a lot that we can learn from ISA. It's a company that, as I've said before, we respect very much. We have a lot to learn. And I do believe that both companies will benefit and strengthen not only in corporate governance, in terms of technology, in terms of lots of different things. And at the end of the day, this will mean that there's additional value for Ecopetrol's shareholders and I think that's very, very important.

We value your participation. Eventually, as we come to closure before December 6th, we will be announcing that to the market, should that be the case, through the appropriate channels. So I appreciate it. Thanks. And please stay safe.

Tatiana Uribe: Thank you all for participating. You may now disconnect.