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OPERATING AND FINANCIAL RESULTS CONFERENCE CALL
ECOPETROL GROUP 4Q 2020

Operator: Good morning. My name is Hilda and I will be your operator for today. Welcome to the Ecopetrol's earnings conference call, in which we will discuss the main financial and operational results for the fourth quarter and full year 2020 and the 2021 through 2023 business plan.

All lines have been muted. There will be a Q&A session at the end of the presentation.

Before we begin, it is important to mention that the comments in this call by Ecopetrol's senior management 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 in this conference call.

The call will be led by Mr. Felipe Bayon, CEO of Ecopetrol; Alberto Consuegra, COO; and Jaime Caballero, CFO. Thank you for your attention. Mr. Bayon, you may begin your conference.

Felipe Bayon: I'd like to welcome everyone joining us today. We will present the operational and financial results for the fourth quarter and for the year 2020, as well as providing an update on the business plan for the next three years, 2021-2023.

2020 is set to go down in history as one of the most difficult years the world has faced in the last decades. We struggled with a supply and demand crisis in the midst of efforts to contain a pandemic.

In Ecopetrol,

- We set up crisis committees and maintained our operations with a minimum number of people, securing the supply of the fuels required by the country.
- We rapidly designed and implemented an action plan to gradually reactivate our operations under strict biosecurity protocols.
- We work with innovation and technology, thanks to the previous advances in our digital transformation agenda.
- We updated our 2020-2022 business plan, responding to the crisis in a timely manner.
- We committed more than COP 88 billion to social investment for the benefit of our fellow Colombians, in attention to the social and health emergencies brought by the pandemic.
- We prioritized the protection of reserves and production.
- We accelerated the implementation of TESG within the company and in our strategy.
- We progressed in the consolidation of gas as a key lever for the energy transition by increasing our operations in the Piedemonte Llanero and we reached an agreement with Shell to work together in the Colombian Caribbean offshore gas province.
- We signed the first Special Contract for Research Projects, CEPI, with the National Hydrocarbons Agency, enabling the start of the licensing and enlisting stage for the development of the comprehensive research pilot project, *Proyecto Piloto de*

Investigación Integral, for the unconventional resources. This project, named Kalé, will take place in Puerto Wilches, Santander.

Let's move on to the next slide, please.

Ecopetrol was able to face these challenges thanks to the commitment of all of our employees. We proved our resilience and flexibility to adapt to an adverse and volatile environment, displaying a responsible gradual recovery in operational and financial terms, while prioritizing the commitment to safety in our operations.

In 2020, Ecopetrol reached an EBITDA of COP 16.8 trillion and a net profit of COP 1.7 trillion, standing out for its positive financial results in a year distinguished by significant losses across the oil and gas industry.

Now, let's move on to the next slide please.

In terms of market conditions, 2020 was characterized by high volatility; the average price of Brent decreased USD \$21 per barrel as compared to 2019 and traded below USD \$20 per barrel during the worst part of the crisis.

The average basket for Ecopetrol was USD \$39.6 per barrel in 2020, a 35% decrease as compared to the prior year. However, our solid commercial strategy supported by the diversification of destinations and the better global balance of supply and demand for crude observed in the second half of the year allowed for a sustained recovery in prices.

In the first quarter of 2021, we expect a recovery in volumes of around 12.5%, in an environment of gradual economic recovery where uncertainty still persists.

I will now open the floor to Alberto Consuegra, who will tell us about the main operational achievements of the year.

Alberto Consuegra: Thank you, Felipe.

On exploration, we drilled 18 wells during 2020, of which three were successful, six were declared dry, and nine are in appraisal phase. At the end of December, four additional wells were being drilled and will be completed during 2021.

Given the success of the exploratory and appraisal wells, Gato do Mato is expected to achieve commercial viability by 2022 to enable the incorporation of the first reserves in the same year and start production by 2025.

The Arrecife-3 well will continue with the production tests and gas sales to Cerromatoso, and in the case of the Cayena Sidetrack-1 well, delimitation activities and the declaration of commercial viability will be carried out in case of success by the end of 2021.

The cumulative production of exploration assets increased as compared to the previous year, reaching 4,300 barrels of oil equivalent per day.

Ecopetrol Group's production in 2020 was 697,000 barrels of oil equivalent per day, according to the established production goal. Natural gas contributed 17% of the annual

production rate, exhibiting an increase of 3% in the volume produced as compared to the previous year.

In 4Q 2020, production was 694,000 barrels of oil equivalent per day, which is 13,000 barrels of oil equivalent per day higher than the production achieved in the previous quarter.

The gas business contributed over 30% of the EBITDA of the upstream segment accumulated to December. Similarly, its EBITDA margin remains at levels above 50% as a result of commercial strategies that allowed us to maximize sales volumes.

We highlight the reduction of flaring to a level of 21.7 million cubic feet per day as of December 2020, contributing to the commitment of a 20% reduction of emissions by 2030, with an estimated reduction of 600,000 tons of CO₂ equivalent per year, as well as the 771 users that were connected during 2020 through the *Gas Social* program in the country.

The transported volume of crude and refined products in 4Q 2020 increased versus 3Q 2020, demonstrating a recovery of the consumption levels, with volumes higher than even those transported prior to the pandemic. In line with the lower production in the country and the contraction in demand for refined products, the annual volume had a 12% reduction.

During 2020, no reversal cycles of the Bicentenario pipeline were needed because of the successful operational strategy implemented for the Caño Limón - Coveñas pipeline. This is the first year in which this contingent alternative has not been used since its commissioning in 2017.

In turn, the Refining segment had a competitive performance amidst the worst scenario of the sector in many years, due to the operational stability of all business units under strict focus on value.

Progress in the fuel quality path stands out, achieving a gasoline production with lower average sulfur content, anticipating to the regulations set to come into effect. During 2020, the Cartagena refinery produced gasoline with a quality of less than 30 parts per million of sulfur. Gasoline production below 50 parts per million in the Barrancabermeja refinery was set to an early start since November.

The segment continued to improve its results during the fourth quarter and the refineries reached a consolidated load of 355,000 barrels per day, the highest of the year.

This shows that we're maintaining the reliability of our operations in the face of the challenges brought about by 2020.

Let's continue to the next slide to talk about the reserves balance.

At the end of 2020, Ecopetrol's 1P reserves were 1,770 million barrels of oil equivalent, revealing a 6.5% debooking versus the reserves registered at the end of 2019. These reserves are classified in 71% liquids and 29% gas.

The direct impact of lower prices meant a reduction of close to 215 million barrels equivalent of proven reserves.

This phenomenon was partially offset by the results of new drilling projects in different fields, adding approximately 114 million barrels of oil equivalent and the good performance in

production and optimization of technical-economical variables with positive reviews of 30 million barrels of oil equivalent.

Similarly, thanks to the increase of proven reserves in the Rubiales field and the commercial viability of Esox in the Mexican Gulf and Andina in Colombia fields discoveries, 43 million barrels of oil equivalent were added.

The contribution from the incorporation of proven reserves by enhanced oil recovery initiatives in 2020 was 113 million barrels of oil equivalent as was the result of the continuation of water injection processes, mainly at Chichimene, Castilla, La Cira-Infanta, Apiay, Suria and Yarigui-Cantagallo fields. As for gas injection, the assets that contributed to the incorporation by EOR were Cupiagua and Cusiana.

We closed 2020 with a reserve replacement ratio of 48% and an average reserve life of 7.5 years. The investment plan aims to recover the growth path and revert to reserves replacement, achieving a reserve replacement ratio of 100% by 2022, thanks to the activities planned for the recovery of reserves, such as technical management, financial optimization of assets, and different investment projects of the company.

Let's move on to the next slide.

In Q4 2020, we were awarded a Special Research Project Contract (CEPI for its acronym in Spanish) for the Kalé pilot project.

This project comprises the construction of a 4.5-hectare platform circa, located 3.6 kilometers from the urban area of Puerto Wilches, where a well will be drilled. We will apply the multistage hydraulic fracturing technique with horizontal drilling under a rigorous monitoring program and the use of minimal impact technologies and methodologies to ensure the protection of the environment and the health of the communities in the area of influence. The community will also be involved in monitoring and follow-up processes.

The project is in its first phase, which consists of advancing in the necessary activities for obtaining environmental licensing before the responsible entities through the monitoring of local and regional baselines on environmental, health and seismic issues, as well as the development of a complete relationship plan in the country, with the institutions and with the communities.

Regarding our activities in the Permian Basin, after reactivating operations in July, we ended 2020 with 22 wells in production and 22 additional block wells, which are expected to be completed in 1Q 2021. Likewise, we wrapped up 2020 with an annual production of 5,200¹ barrels per day of oil equivalent net for Ecopetrol prior to royalties and an investment of USD \$185 million.

With the production levels and efficiencies obtained in 2020, Permian generated and accumulated EBITDA of USD \$20.7 million, and an EBITDA margin of 43%.

Similarly, I would like to highlight the following operational performance records: the fastest well in 9.7 days, an average drilling time of 14 days for wells with average depths of 19,800 feet, and the execution of 18 fracturing stages in one day.

¹ Preliminary information to date.

By 2021, we estimated drilling of approximately 90 wells, an average annual production of between 12,000 to 14,000 barrels per day of oil equivalent net for Ecopetrol role after royalties, and an investment of approximately USD \$600 million.

Let's move on to the next slide.

During 2020, the company maintained a permanent monitoring of its cost, ensuring flexibility to overcome the most critical moments of the year, while guaranteeing the availability of resources for a safe and profitable reactivation of the operation in the face of price recovery.

The Total Unit Cost was USD \$27.4 per barrel in 2020. This is a significant reduction of 23% as compared to 2019, achieving savings of around COP 1 trillion in the operating costs.

We estimate that by 2021, the costs associated with our operation will grow, given the reopening of wells and the increase in the price of Brent that we have been observing since the beginning of the year. However, we ratify our focus in cost control by extending our goal in savings and efficiencies between COP 1.5 trillion and COP 2.2 trillion for the next three years. These will allow us to maintain the Total Unit Cost around USD \$30 per barrel at a Brent level of USD \$45 per barrel.

I will now open the floor to Jaime Caballero, who will tell you about the main financial results of Ecopetrol Group.

Jaime Caballero: Thanks, Alberto.

Lower sales volumes related to the historic demand contraction combined with the negative effect of lower oil prices resulted in a 29% reduction in revenues when compared to 2019.

The Ecopetrol Group generated an EBITDA of COP 16.8 trillion and a net income of COP 1.7 trillion, positive returns that stand out amidst a challenging environment for oil and gas companies worldwide. These results also compare favorably against the last price crisis of the 2015-2016 period. In addition to obtaining a positive financial result, we highlight the lower reduction in production volumes and search, demonstrating the growing resilience of the group among different market conditions, underpinning its value generation capacity in the long-term.

Let's move on to the next slide to deepen into the net income results.

Ecopetrol Group's fourth quarter net income was COP 675 billion. Although it embeds an improvement in market and operational indicators, it is lower as compared to the third quarter of the year due to lower EBITDA generation of COP 218 billion related to lower margins in imported crude oil and gasoline sales and an increase in operational activity, previously restricted by the lockdown measures.

Likewise, the fourth quarter includes the effect of foreign non-recurring events.

- First, higher exploration expenses of COP 312 billion, mainly due to the recognition of the exploration activity in the Nafta-1 well and a higher provision for dismantling of non-commercial wells.

- Second, the write-off of certain assets that were considered as ongoing projects, given the completion of economic feasibility studies for COP 208 billion.
- Third, higher labor expenses COP 130 billion, reflecting the accounting impact of the admission of 182 employees into the voluntary retirement plan for a total of 421 persons during the year. This will represent a positive cash effect of approximately COP 0.4 trillion into the future.
- Fourth, other extraordinary items related to tax provisions and environmental contingencies for COP 52 billion.

The aforementioned impacts were partially offset by a financial result of COP 408 billion, mainly due to the positive effect of exchange rate differences and FX hedges.

Finally, during the fourth quarter, we updated the impairment calculation recognized by the company in the first quarter of 2020 for COP 1.2 trillion, resulting in a recovery of COP 415 billion net of taxes of the total amount recognized in that period, given better expectations and market variables.

On an annual basis, 2020 net income was positive and closed at COP 1.7 trillion. As compared to 2019, there is a lower EBITDA of COP 14.3 trillion, mainly affected by the drastic fall in prices, lower demand, and the recognition of the voluntary retirement plan provision. Likewise, higher financial expenses and other items of COP 1.6 trillion were generated, offset by a lower income tax of COP 5.2 trillion associated with the lower results.

It is important to highlight the effect of three non-recurring events that occurred between the end of 2019 and during 2020, with a net impact of COP 1.6 trillion as follows.

- First, an extraordinary revenue in the fourth quarter of 2019 of COP 1.5 trillion related to the expectation of future recovery of historical tax losses in the United States.
- Second, the recognition of an extraordinary revenue in the fourth quarter of 2019 for COP 1 trillion from Invercolsa's market valuation, given the increase of stake and change of control.
- The above was partially offset with the business combination gain recognized in 2Q 2020 associated to the acquisition of the offshore gas assets in La Guajira.

Finally, during 2020, a net impairment of long-term assets for COP 530 billion was recognized, lowered by COP 748 billion after taxes when compared to 2019. It's important to highlight that this amount includes the previously mentioned recovery compared to the first quarter estimate.

The breakdown across business segment is as follows:

- In the Upstream, an impairment of COP 163 billion was recognized, mainly due to the decrease in the price projections.
- In the Midstream, an impairment recovery of COP 240 billion was recognized related to higher volumes within Cash Generating Units in the Transandino pipeline and the Caño Limón pipeline.
- In the Downstream, an impairment of COP 607 billion was recognized as a result of lower refining margins in Cartagena and a lower book value of the assets associated to the Modernization Plan of the Barrancabermeja Refinery, considering the likelihood of future utilization.

Let's move on to the next slide.

With regards to the performance of our main financial indicators, EBITDA for the fourth quarter was COP 4.3 trillion, while the EBITDA margin stood at 30.5%. As previously mentioned, the fourth quarter was mainly affected by lower margins in imported crude oil and gasoline sales, an increase in operational activity, and the effect of some non-recurring events.

EBITDA per barrel stood at USD \$18.5 due to lower sales volume and lower crude and product basket price.

The net income breakeven was affected by the lower revenues, mainly due to lower throughput and crude spread.

The main leverage ratio gross debt to EBITDA reached 2.8 times, a significantly improved performance versus the 3.5 times stated as 2020 target.

Finally, the 2020 CapEx execution amounted to USD \$2.7 billion within the target range of USD \$2.5 billion to USD\$3 billion previously announced. 78% was invested in Colombia and 22% internationally, mainly in the United States and Brazil. In addition, of the total investment, 76% corresponds to the upstream segment and the remaining 24% to midstream and downstream segment. It's important to highlight that 66% of the investment was focused on reserves and production growth opportunities and the remaining 34% to operational continuity activities.

Let's move on to the next slide to discuss the cash position.

By the end of 2020, Ecopetrol maintained a robust cash position of COP 8.1 trillion. During 2020, the main sources of cash were operating activity and financing, which allowed disbursements towards: preserving the investment plan, honoring the dividend policy despite the crisis, and maintaining a disciplined debt service.

We highlight the change on the free cash flow trend during the second half of the year, which allowed the prepayment of short-term obligations for a total value of COP 1.6 trillion.

I now give the floor to the President, Felipe Bayon, who will present the 2021-2023 business plan.

Felipe Bayon: Thank you. Jaime. The 2021-2023 plan reflects an updated perspective on prices, reestablishes the growth path with a resilient portfolio and accelerates our commitment in terms of sustainability and energy transition. It also highlights that organic growth and focusing our business as an integrated company remains as our main priority.

Organic investments will be around USD \$12 billion to USD \$15 billion, mainly oriented to the exploration and production segment with a focus on strategic assets that will allow us to restore the growth path for production and reserves.

Operating cash flow will show an increasing trend.

In the midstream segment, investments will be between USD \$780 million and USD \$960 million and our ambition mainly is to prioritize integrity and reliability of the infrastructure, the

growth of the product pipeline business, and the efficiency in the evacuation of the heavy crudes in Colombia.

In refining, we'll allocate between USD \$1.2 billion and USD \$1.4 billion, mainly to ensure the integrity and competitiveness of our assets. The plan includes the entry into operation of the project to connect the crude plants in the Cartagena refinery, increasing the total throughput of the refineries to around 420,000 barrels per day by 2023.

Let's move on to the next slide, please.

The plan restores the growth path, reaching production levels of close to 750,000 barrels per day in 2023.

With regards to enhanced oil recovery, we will continue with the expansion of the water injection in Llanito, Chichimene and Castilla fields. Production at Caño Sur stands out in terms of primary development, with an expected contribution to total production between 20,000 and 25,000 barrels per day in 2023.

Our gas strategy includes investments to strengthen our operations in both Piedemonte and Guajira.

It is our priority to continue leveraging the future growth of reserves in Ecopetrol. Amongst the main projects we can highlight:

- The increase in the recovery factor of the current fields.
- the development of the discovery of Flamencos field in the Middle Magdalena Valley and the wells of the Near Field Exploration program,
- and the development of fields resulting from recent international acquisitions such as Gato do Mato in the Brazilian pre-salt and Rodeo in the Permian Basin in Texas, U.S.

Let's move on to the next slide, please.

The Ecopetrol Group are expected to achieve a robust operating cash generation of between USD \$14 billion and USD \$16 billion in the 2021-2023 period. Other non-operational income, ranging between USD \$500 million and USD \$1 billion could be added.

Thus, and discounting the debt service, would have sufficient cash available to finance the investment plan and generate return to our shareholders. At a price above USD \$50 per barrel, this plan does not require incremental debt to be financed.

It is noteworthy that the current price of Brent generates potential liquidity surplus, providing additional flexibility and optionality around organic and inorganic growth, prepayment of debt and dividends.

Let us go to the next slide to see the progress in our TESS front.

For the next three years, we will allocate over USD \$600 million to decarbonization, energy efficiency, fuels quality agenda, amongst others.

In the environmental front, Ecopetrol will develop six new solar projects this year in addition to the Castilla and San Fernando solar farms, achieving great advance in an energy

transition plan, which contemplates reaching an installed capacity of non-conventional renewable energy of 400 megawatts by 2023.

We maintain our target of social and environmental investments of around COP 1.7 trillion by 2024, mainly oriented to bridging social gaps and boosting development and wellbeing of the communities in which we operate.

In governance, we will remain committed to improving our TESG information disclosure standards by following international best practices.

In this sense, in 2021, Ecopetrol will begin to adopt the sustainability metrics recommended by the World Economic Forum, also referred to as Stakeholder Capitalism Metrics. In addition, Ecopetrol will incorporate into its main reports the reference frameworks of TCFD and SASB, as announced at the end of last year.

Please go to the next slide, as I want to share with you some of the strategic considerations behind our interest in the acquisition of 51.4% of the outstanding shares of Interconexión Eléctrica S.A. - ISA.

Hydrocarbons will continue to be the most abundant, secure and affordable source of energy to meet the world's energy and mobility needs.

Although robust demand of hydrocarbons is expected going forward, it is estimated that hydrocarbons will lose market share over time as the world transitions towards decarbonization and electrification in response to climate change.

This process has been accelerated in recent years. We have also seen an increased volatility in oil prices, coupled with less investment appetite for the hydrocarbon sector. Although speed of change is expected to be slower in Colombia, the country is not exempt from this trend.

In this context, the companies of this sector at a global level are evaluating options to reposition themselves along the energy chain in new business segments aligned with these trends, such as solar and wind renewable generation, decarbonization through the use of hydrogen, and carbon capture utilization and storage, electrification, commercialization, and services to end customers.

The need to connect and integrate multiple points and types of generation will reinforce the role of transmission as an indispensable actor in the energy value chain and a required enabler of the growth of electrification.

We are convinced there is not one unique path to energy transition.

Let's move on to the next slide to see how Ecopetrol plans to respond to this transition.

Ecopetrol has defined four axes to face the energy transition. The first one, we will continue strengthening the competitiveness of the oil and gas business to guarantee the capture of value of our current portfolio, as well as the resilience of new opportunities. Second, we'll venture into new energy businesses. Third is all around decarbonization and fourth, TESG for technology, environmental, social, and governance. The latter two will be focused on accelerating and prioritizing energy efficiency and reduction in our carbon footprint.

Based on these axes, Ecopetrol plans to gain resilience in the oil and gas portfolio, which will continue to be the central axis of the Company's activities, while increasing exposure to new energy transition resilient businesses.

By 2030, we envision an oil and gas business still growing, but we expect options such as green hydrogen, carbon capture utilization and storage, nature-based solutions, amongst other opportunities to be progressively incorporated to our portfolio, as they meet the group's growth, cash protection, and capital discipline criteria.

Let's talk about the benefits of this transaction on the next slide, please.

ISA is one of the most relevant electric power transmission operators in Latin America. This investment opportunity would allow the group to achieve a material position in a leading company in a sector that is strategic for the energy transition, with a diversified portfolio by geography and asset class, with great profitability and growth prospects in the markets and businesses where it already operates, all in a single transaction. The above in addition to its exceptional management team and its robust corporate governance.

The acquisition would significantly improve Ecopetrol's risk profile. ISA's portfolio shares characteristics with the mix of assets of the Ecopetrol Group, to the extent that both are regulated linear infrastructure businesses with similar remuneration structures from which synergies can be derived in the future.

Alongside ISA, the income associated with this type of business would represent around 40% of the Group's increasing resilience towards crude oil volatility and allowing us to take advantage of the different economic cycles.

The option to enter the energy transmission sector to ISA is more attractive than other low emissions generating businesses wherein the group could invest, as the prospects for margins and returns from transmissions are more stable. Additionally, with a single transaction, we would reach a scale of diversification that would otherwise take us years to build with other options.

Let us proceed to the next slide.

The potential transaction generates value for our shareholders and debt holders. On the one hand, assuming current market prices, the dilution that would be generated by the equity public offering would be more than offset by a higher profit available to shareholders, increasing earnings per share.

Additionally, the Group's float would increase and with it, the stock liquidity in the secondary market. On the other hand, several Rating Agencies have stated that this operation would improve the Ecopetrol's credit profile, since it would obtain more stable cash flows and reduce the risk of geographic concentration.

As reported to you, the company signed an Exclusivity Agreement with the Ministry of Finance on February 12th to move forward on a non-binding offer on the terms and conditions of the potential transaction.

This Exclusivity Agreement is initially expected to end on June 30th, 2021. During this time, Ecopetrol will complete the due diligence process and will work in parallel on structuring the potential equity offering and other financing options leading to the closing of the transaction.

If the inter-administrative contract is perfected by the end of the second quarter, the equity offering could be carried out in the third or fourth quarter of this year, subject to obtaining all the authorizations required.

In parallel and depending on the equity offering results and the surplus of liquidity available, a debt issuance would be executed to obtain the remaining funds for the closing of the transaction, which is planned before the end of the year 2021.

Let us now move to the next slide please. We will see a pro forma analysis of the figures of this potential business.

With this acquisition, Ecopetrol would expand its presence throughout the American continent, positioning itself as a reference in energy transition in the region.

The consolidation of figures of Ecopetrol Group and ISA shows the financial strength that would be obtained, where ISA would contribute with around 10% of the income and 15% of the group's EBITDA, while diversifying their sources of operating cash generation, decreasing the income, and EBITDA volatility of the Ecopetrol Group.

In addition, environmental metrics such as the CO2 emissions to EBITDA ratio would improve upon bringing to the group a company that has been recognized both locally and internationally for its commitment to the environment and its best sustainability practices.

Let's now move on to the conclusion slide.

Last year's results demonstrate Ecopetrol's resilience and competitiveness, allowing us to start the year 2021 with a solid financial position and with expectations of a profitable and sustainable growth on all fronts of our business.

The 2021-2023 Business Plan will allow us to meet the environmental challenges with a focus on sustainability and to ensure a strategy that adds value to the business group and to the country, with clear aspirations to seize a transformational opportunity for the group, as it would be the acquisition of a controlling stake in ISA.

We will announce Ecopetrol's Group T ESG strategy during the first half of the year. It will present a comprehensive view of our main metrics and ambitions. In addition, during the second half of the year, we will present the updated long-term strategy.

Again, many thanks to all of you that are participating today. I'll go ahead and open the Q&A session.

Operator: Thank you. We will now begin the question and answer session. If you have a question, please press star (*) and then one (1) using your touchtone phone. If you wish to be removed from the queue, please press the pound sign or the hash key (#). If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. So that we can take as many callers as possible, please yourself to two questions. Once again, to ask a question please press star (*) one (1) on your touchtone phone.

We have a question from Barbara Halberstadt, from JPMorgan.

Barbara Halberstadt: Hi, good morning everyone. My first question is regarding the goal of leverage reduction for this year and the next, if you could provide a little bit of color on what will be driving this reduction. Is it only on the cash generation and EBITDA expansion or if the company is also thinking about liability management for this year, taking into consideration also the potential debt funding for the ISA acquisition. That would be the first question.

Felipe Bayon: Barbara, hi and thanks for taking part in the call today. I'm going to ask Jaime to take this first one. And then depending on the nature of your following questions, we'll see who addresses them. So, Jaime, if you can give us our views and share some color around leverage levels and how we see these going forward.

Jaime Caballero: Sure. Thanks, Felipe and thanks for your question, Barbara. So, I think when we speak about leverage, there's two scenarios in mind. There's the standalone business, if you will, which is our current oil and gas business, and then there is how we see ourselves in a success case with the planned acquisition of ISA.

So, when we look at that organic business, which is where we are today, the starting position is we closed the year in a great place, we closed with a with a debt to EBITDA ratio of 2.8 times, significantly lower than what we expected originally. And it's a very healthy metric, if you say, compared to our peers and the rest of the industry.

As you stated, one of our goals in the plan is to reduce this leverage ratio to under 2.5 times. We feel more comfortable in a range of 2 to 2.5 times. And we believe that we have visibility towards that. What's going to be underpinning it? It's going to be a combination of two things. On one hand, we expect a growing contribution of EBITDA over the coming years, starting this year, and that will, in effect, immediately affect that ratio.

And the other component is that we see that we don't have any need for new debt to fund our organic plan. There's a caveat here, that we might choose to tap the markets opportunistically as a function of taking advantage of the low rates that we see right now, the low cost of debt that we're seeing right now. So, we might choose to tap the markets on that mind.

Or we might choose to do that within the context of our efforts to optimize the capital structure of the company, which is something that I've spoken to you about in the past. Things, for instance, to give you an example, like putting some debt into the midstream segment, for instance. So, those sorts of things, we will continue to do that. But we don't need to do them.

Now, then we go to the second scenario, which is with the transaction. As we've shared with the market, we plan to approach this transaction with a combination of equity and debt. That debt is going to be largely contingent on the size of the equity offering that we make. And for directional purposes, we see a range of between USD \$1 and USD \$2.5 billion of possible debt we could add to the balance sheet.

If we have success with the transaction, when you consolidate that, if you see the consolidated Ecopetrol, what we see is that by the end of 2021, we are going to be with this ratio of debt to EBITDA, probably around 2.7, 2.8 times. And it will be reducing itself over time; we see actually that around 2023, 2024, we are likely going to be 2 to 2.2 times debt to EBITDA.

What's behind this? It's a combination of two things. Again, in the case of ISA, what we are assuming for this view is the continuity of their as-is business. We are assuming the continuity of their debt. So, we are not assuming prepayments of any sort. And in that context, simply when you run the cash flows of the business, that's what we are expecting. I hope this addresses your question in full. Thank you.

Barbara Halberstadt: Yes, absolutely. This is very helpful. My second question would be in terms of the CapEx advances in areas where you had more tensions with local communities, if you could give more color on how that's going on, if there are any updates and how the company is dealing with this situation and what actions can really be implemented, taking into account all of these different interests from stakeholders. We know that ESG front is very important for the company, so just wanted to get a little bit more color on this front. Thank you.

Felipe Bayon: Thanks Barbara. And I'll take this one and then I'll ask Alberto to provide a bit more color. But one thing I would say, having gone through the last 12 months of COVID-19 and the crisis, is that we've seen the need to work in something that's fundamental, and it's rebuilding trust with communities.

And during the months of March and April last year, we had some 40 to 45 work fronts working in the country. Today, we have close to 350 work fronts, which is sort of the number that we had before pandemic hit.

So, we've had to actually rebuild trust with communities and it's something collectively we've been doing with communities, with authorities at the regional and local level, and at the national level as well. That's point number one.

Second thing, and I was 10 days ago in Puerto Wilches, in Santander, talking to communities around the pilot projects for fracking. And in that exercise, we spent, I don't know, most of the day listening to communities, their apprehensions, their worries and big, big themes are around water management. But some of these things are unresolved needs that have been there for many decades and were around water management and the use of water and employment opportunities. So, how can we actually get ahead of the game, in terms of being very proactive, establishing dialogue with communities, and in that sense, again, rebuilding trust.

The other important thing, Barbara, is fulfilling our promises and our commitments. And that's one of the things that we do day in and day out. We need to close what we've started. If we've promised something, if we're working with a project or on a project with communities, we need to ensure that we actually finalize those activities. So, eventually, there will be issues in some parts of the operations. But I feel that with the approach that we've taken, we've actually increased significantly our investment in both social and environmental aspects of those activities in the communities.

And the other thing, which is probably a very vital sort of activity we're conducting is something called *Obras por impuestos*. And this is something which is doing work in lieu of paying your taxes, more or less. And we have a program that it's north of USD \$100 million. So, instead of paying those to the DIAN, to the tax authorities, we construct either schooling or water products, or water aqueducts or infrastructure or roads.

And I'll give you one example. And I know I'm probably providing a lot of color, but I think it's relevant. In Tumaco, which is a very difficult part of the country where there's been violence, with just over \$3.5 million bucks, we provided desks in schools to 45,000 kids. And the mother of one of those kids was telling me, "Look, not having desks was one of the highest factors of violence in the region". And I said, "I don't understand". And she said, "Look, in a school where you have 600 kids and 50 desks, imagine what's going to be the source of conflict".

So, with those things I'm providing you a bit of color, we think we can reach faster, quicker to those communities that are in need. But overall, it is a matter of creating that trust, fulfilling your commitments, and having a direct dialogue with those.

And the one other thing that may be a bit more complex is a couple weeks ago, we announced that we're one of the 61 companies signatories of the WEF Stakeholder Capitalism Metrics reporting system. And that means in terms of transparency and enabling people to have data about how we conduct our businesses is fundamental and we're committed to that.

Hope that helps, Barbara. I know it was lengthy, but I think it was worth providing a bit of context. I don't know Alberto if there's anything you want to add.

Alberto Consuegra: Yes, Felipe. Good morning, Barbara. And, it's about, actually we've been successful in some areas like Rubiales, Ocelote, areas in which we had previous problems and those have been successfully resolved. And then we can go full steam ahead with CapEx deployment.

As we get closer to election year, we see the potential for additional social unrest, especially in the Middle Magdalena Basin and the Llanos, but as Felipe was mentioning, we are putting together a plan that includes a green and executing social investment plans with governors and mayors in production regions, creating opportunities for entrepreneurs in the regions, increasing local employment, increasing local participation in goods and services, and involving central government in the prompt resolution of blockades when these are present. And Felipe also mentioned that that's the reason why we are deploying such an aggressive plan in terms of social and environmental investment, the COP 1.7 trillion, which is to support the exploration and production, another segment CapEx plan.

Barbara Halberstadt: Thank you. That's a very helpful.

Operator: Thank you. Our next question comes from Bruno Montanari, from Morgan Stanley.

Bruno Montanari: Thank you very much for taking my questions. First one is about the production curves. It could give us an update on what's going on with production now, in the first months of the year, for both Colombia and the Permian. And then going forward, if we look at the 750,000 barrels a day target for 2023, how much of those do you plan to get in the Permian as well?

The second question is about the business plan oil price assumption. I know we're still in February, but isn't using USD \$45 per barrel perhaps a bit too conservative? So thinking here, what upside could we see to production, returns and other relevant metrics if oil prices stay at USD \$65, or even go towards USD \$70?

And a third quick one, just looking at the CapEx range you provided between 2021-2023 that there is a USD \$3 billion range. What explains the top of the range? Is it maybe accelerating shale drilling in Colombia or in the U.S. or is it more inflation driven? Higher oil price driven? So, those are my questions. Thank you very much.

Felipe Bayon: Bruno. Thanks. And I'm going to ask Alberto to take the first one on production and give us a bit more color around split between Colombia and in particular the Permian on how do we see that progressing. And then I'll Jaime to give us some thoughts on the margins questions, and what are the ranges in terms of CapEx going forward. So, Alberto, please go ahead.

Alberto Consuegra: Bruno, thanks for your question. Good morning. In terms of exit rates past year, in Colombia was about 685,000 barrels and what we believe is in this first quarter, we're going to be getting closer to 700,000. But depending on whether we can tackle one impact that we're seeing in the Castilla field, which is because of the suspension of the water disposal structure. So, once we resolve that we can get back on track and get over in that range of 700,000 barrels. But in the case of Permian, the exit rate was 4,500 barrels per day last year. And as we start completing the 22 wells that we drilled last year, we're going to get into the range of 9,000 barrels net Ecopetrol, and then at the end of the year, with a new phase of drilling and completion, we will end production at around 12,000 to 14,000 barrels per day net Ecopetrol. So, that's kind of the situation with Colombian Permian.

And then the expected growth in terms of 2021 to 2023 to get the production to 750,000, you will see growth in projects such as Llanito, Casabe, Yarigui, Cira-Infanta and the Middle Magdalena Basin, Acacias in Llanos Orientales, the gas production in the Caribbean onshore and Permian, of course, which will account for about 20,000 barrels during that period.

Jaime Caballero: Hi, Bruno. Thanks for your questions. I'm going to first address your question or comment on price and then we're going to link that to the CapEx ranges conversation.

What have we said in terms of price? Our planning price for 2021 is USD \$45 and 2022 is USD \$50, 2023 is USD \$54. It's a pathway where we see a gradual recovery of balance between supply and demand over the coming years. Admittedly, when you look at it today in the light of the current prices, it might sound conservative, but we continue to believe that risks remain and we prefer to create the financial framework of the company with a view that is conservative and that therefore drives efficiencies and drives capital discipline. That's the philosophy that we like to operate in.

What are the risks that we see remaining in the market? There's three fundamental risks. There is still a risk around the evolution of the COVID pandemic. There is still a risk around vaccines and the pace in which they are deployed and the effectiveness that that may have over the coming months. And we also believe that there is a risk around OPEC+, particularly when you look at it from the fiscal stability of several of the countries that make part of the group. So that's how we're looking at it.

Now, we do agree, when we look at it today, and if you look at our very short-term planning scenarios, we do agree that it is significantly more likely to have a Brent price between USD \$50 and USD \$60 nowadays, for 2021, we do agree with that. And I'll give you some broad

sensitivities around it, understanding that the low-end of the range is USD \$50 and the high end of the range is USD \$60.

So for instance, for EBITDA, we see that this price view could represent between USD \$1 billion and USD \$2.5 billion of incremental EBITDA. EBITDA margins could increase between 1% and 4%. ROACE could increase between 1% and 4%. So those ranges are directly connected to the price range that I gave you.

Going into CapEx, and understanding whether price is a factor on CapEx, the way that we've thought about this USD \$12 billion to USD \$15 billion range is its influenced by four key factors. The first factor is actually around execution capability. And it's something that Felipe and Alberto addressed in the previous question. And it has to do with our ability to deliver the projects at the pace that we want in a context where there is still a pandemic going on and there are some social challenges in certain areas. So I think that's a factor.

A second factor is around the pace of maturity of some of the projects. We feel that 2021 is very much underpinned, but 2022 and 2023, there's still some range of uncertainty around those projects being ready for show time. Three, there is a key component on this around capital efficiencies, where, as you saw in 4Q, we continue to deliver capital efficiencies, projects continue to come in at lower cost than we anticipate. And that is a factor in the way that we're thinking about the range. And the fourth factor is around optionality. And optionality is in the context of whether some projects become more attractive at these prices or not.

What has been our guideline? And I would give you kind of this boundary condition. All the activity set that we're pursuing within this range works at USD \$50 or below, the totality of the activity set. We are not bringing optional set activities that need breakevens above that. And the reason for that is because in our portfolio, we have sufficient opportunities that are more competitive.

Now, specifically thinking about the range, the way to think about it is that of that USD \$12 to USD \$15, USD \$12.5 billion to USD \$13 billion are firm, are fully firm, I'd say that they are directly connected to the 750,000 barrel target. They underpin that 750,000 barrel target by 2023. And there's USD \$2 billion above and beyond that that is optional that would give us a bit more upside to the USD \$750. Particularly because when you look at that USD \$2 billion, 75% of that is growth CapEx, 75% of that is growth CapEx, the other 25% would be operational continuity projects that are related to keeping our infrastructure. So I hope this addresses your question. Thank you, Bruno.

Bruno Montanari: Thank you, Jaime. Very clear. To make sure I got the right number, when you were discussing the range of the oil price, you mentioned ROACE between 1% and 4%. What was the EBITDA range?

Jaime Caballero: Yeah. So, this is all incremental. These would all be incremental to what we've shared as part of the baseline plan. So, EBITDA, USD \$1 billion to USD \$2.5 billion; EBITDA margins 1% to 4%; ROACE, incremental 1% to 4%. Again, this is all incremental on top of the baseline numbers that we've shared today.

Operator: Thank you. Our next question comes from Frank McCann, from Bank of America.

Frank McCann: Thank you very much. I just wanted to follow up a little bit more on that last question in terms of the range. The range is fairly wide. It seems, anyways, for 2023, in terms of where you're going to go. And it's clear where the Permian will be a major contributor to that in some of the areas that you mentioned. I was wondering which areas might you be concerned with in terms of potentially disappointing or where you're already expecting declines. And it's just a question of how difficult it is to sustain production, what would be the kind of variable production that would drive how high you can get, as you get close to 750?

And then secondly, just briefly, in terms of lifting costs, which went up both year-over-year, and versus the third quarter, what is your feeling on the overall on cost levels, as you look at 2021? Thank you.

Felipe Bayon: Thank you, Frank. And I'll give you some context on the first one, and then I'll ask Alberto to talk a bit in more detail and then to talk about cost and the transfer lifting costs, which is, I mean, it's a fundamental point that we need to ensure that we keep sort of in control and under our belts.

In terms of production, there's a couple areas that are very, very strategic. One, gas. We've said we want to become a gassier company and, in that sense, ensuring that we can continue to increase two things. One, production, in terms of gas and the levels of gas that we've seen, we were able to very quickly react during the COVID or have been able to react during COVID, but also in terms of appraising additional gas volumes that will be available after 2023. So, it's a matter of securing and increasing volumes to 2023 and then appraising options going forward. So, gas is one. Piedemonte, which is in Casanare, where we have lots of activity focused.

And the other one is the Permian that you mentioned. You know, last year, we were able to stop and restart very quickly. We stopped in March, we restarted in June. And we ended up the year with 22 producing wells and 22 additional wells that will be tied in in 1Q of this year. This year, 90 more wells, and roughly 300 wells in the next three years, so clearly the Permian will have a massive impact in terms of production growth and opportunity.

And I think Oxy, who is our partner and operator in Rodeo, has demonstrated, as Alberto was alluding to, operational excellence in terms of delivering through drilling the wells faster and doing more fracks per day, and delivering a lot of savings in terms of costs as well, ensuring that that operation is profitable. So, I just wanted to give you a bit of context and Alberto, if you want to add anything else in terms of production, and then go to the trend on lifting costs, please go ahead.

Alberto Consuegra: Yes, Frank. And I guess two things. The first one is that we will have to tackle declining, especially in fields such as Rubiales and Cusiana, where the declining rate is over 3% per month. So that's a challenge. But we have the plans to do so. And then the others are projects such as Teca and Nare, where we have steam injection, and as Jaime was saying, as they get their breakevens above USD \$50 per barrel, then they become quite uncertain in terms of how are we going to develop those fields. So that's kind of the areas where I see that we will have to focus on the next months and years.

With respect to lifting costs, what we are saying is that lifting costs over the plan will be USD \$8.5 dollars per barrel, that we see challenges in terms of energy efficiency, as our production from EOR increases, the need for more energy consumption does so and then

one opportunity that we have on this part of our plan is to increase auto generation with solar power in 400 megawatts.

Then we have more well interventions in the plan, more subsurface services needed to maintain the base curve and tackle decline. But we also have opportunities such as capturing additional efficiencies around the implementation of zero-base budget, which is a great initiative that we're putting together since the last part of last year.

Frank McCann: Okay. Thank you very much.

Operator: Thank you.

The next question comes from Nicolas Erazo, from Credicorp Capital.

Nicolas Erazo: Yeah. Good morning, everyone. Congratulations for the results, for the outstanding results, actually. I'm just having two doubts from my side. The first one is regarding the ISA transaction. We perceive that the timeline associated considers an inter-administrative contract. Could this be understood as the first sign of not turning back for this transaction? And the second one, also, regarding ISA transaction, on the regulation front, are there some regulatory hurdles to bring ISA to Ecopetrol, especially the laws 142 and 143 from utilities in Colombia?

Felipe Bayon: Thank you, Nicolas. And with respect to ISA, I think it's important to take into account that we've designed the process for the transaction with what we've called several exit ramps. So, as we move forward in the process, we have the ability to basically not continue with the process should that be the case.

So, we've said initially that we presented the non-binding offer, we're now into the due diligence process with the exclusivity that we've signed with the Ministry of Finance. And at the end of that process that may be happening probably at the end of June we'll turn a non-binding offer, if we agree on pricing and conditions, into a binding offer. So that's point number one.

And that also launches basically, the issuance of shares, the process of issuing the shares, the additional shares. We've also said, Nicolas, that we want to have a successful process of issuing the shares and in that sense, the equity float is a necessary condition to close the transaction. And I think that's important. So, when you mentioned does that basically mean that it's an alley for you guys that you're entering into, and there's no way back? I'd say no, we've designed the process in a way that we have these exit ramps.

And the second point, in terms of the regulatory front, in Colombia, as Alberto was just mentioning in the prior question, we are a company that self generates 66, two-thirds of the energy that we use for operations. We're a very large user of energy. And we want to continue to do that. Being able to be efficient in terms of energy production and then distribution in the fields is a fundamental strategic aspect of sustainability long-term.

So, we will continue to be an *autogenerador*, a self-regulating or self-power production company. And currently, there are indeed, in terms of regulation some limitations, if you can be in both generation for public consumption and sale, not as we are as *autogenerador*, and transmission. So, given where we are with the current legislation in Colombia, we will remain as an *autogenerador*, as a self-power generating company, and we will go into transmission.

But bear in mind, Nicolas, that this does not necessarily apply outside of Colombia. You know, there may be some other opportunities that we will continue to assess going forward. Thanks, Nicolas.

Nicolas Erazo: Very clear. That's very clear, Felipe. Thank you very much.

Felipe Bayon: Thank you.

Operator: Thank you. The next question comes from Lilyanna Yang, from HSBC.

Lilyanna Yang: Hi. Thank you for the opportunity. I have a simple question here. Well, upstream results this quarter, fourth quarter was weaker versus the third quarter, part of this is the cost pressure and the lifting costs that you addressed. But any other reason? And this leads me to a second question, because midstream results continue to be strong, they are stronger, actually than upstream. But I wonder if there are any changes that we should expect for the business going forward. I think that in September, you indicated you settled the dispute with Frontera. I think also you indicated that you're centralizing the assets under Cenit, and that you would have kind of a new business model. So, could you give us a little bit more color on it? And how it could be changing the level of revenues, in terms of capacity based, dollar versus COP linkage for the segment?

And if I may, one other small question on your dividends. You mentioned that you have this USD \$1.5 billion in occasional reserves. So, can you elaborate on it? You have that to give you more flexibility for the use of resources that you would otherwise distribute maybe in the future towards investments and working capital today? Thank you.

Felipe Bayon: Thanks, Lily, and thanks for being in the call today. So, I'm going to start with the midstream answer. And then I'm going to hand it to Milena Lopez, our CFO in the midstream, and she can give us a bit more color, because there's some context that I think it's relevant to share with you. And then I'm going to ask Jaime to address the other two questions, both in terms of the reserves, *la reserva*, that we're actually showing in our project for distributions of dividends. And then in terms of the weak fourth quarter in the upstream, and how the one-offs that we had impacted that quarter.

So, in terms of the midstream, as you rightly point out, the midstream has been very, very stable. It has provided us with a hedge against volatility in prices and has been fundamental that Ecopetrol continues to be an integrated company. And two aspects that are worth mentioning, Lily, one, during last year, we conducted a lot of work around something that we call *Modelo Operativo*, which is the operating model. And basically, that means how can we transform the midstream going forward to ensure that it even performs better than how it's performing today. And it has to do with, amongst other things, can we optimize the way in which we operate? Remember that we have several companies in the group that operate different assets and different infrastructure. So, there's a lot of effort in ensuring that we can access and realize the synergies of those companies.

And the second one is that even though Cenit was the owner of the infrastructure, the operation was conducted by Ecopetrol. So, what we did is basically, with a lot of work with the unions, we managed to bring north of 500 people from Ecopetrol to Cenit earlier in 2021 and this will provide some important savings going forward. And in terms of focus, in terms of reliability is actually a very good move. So, it's a structural change that we've been working

for some years, and that we've managed now to complete. So, it's, even though I say stable in the midstream segment, and how it will operate, we see that there may be some upside in terms of results going forward.

And the second point is the one that you mentioned around Frontera. And we settled the dispute with Frontera with two other producers. And even though that was done, we still are waiting for approval from *Procuraduría*, which is one of the control agencies in Colombia. And in this point, I'm going to ask Milena to provide a bit more color on both aspects, how do we see the segment going forward and then the settlement of the dispute. Milena, go ahead, please.

Milena Lopez: Thank you, Felipe. Hi, Lily. Thank you for your question. So, I'm going to give you a bit of background on the Frontera agreement, for everyone on the call. And as many of you saw in the second half of last year, we published a press release detailing certain aspects of the agreement we reached with Frontera. Basically, this is an agreement for a joint filing of a petition for a settlement. The agreement is subject to two approvals that we require, which are the approval of the *Procuraduría*, which is basically the Colombian Attorney General's office, as well as the approval by the Administrative Tribunal of Cundinamarca, which is basically the local appeals court that is competent and in charge of reviewing arrangements that involves state-owned enterprises in Colombia. Once we have these two approvals, then the agreement is binding.

What does this agreement provide for? It basically eliminates all uncertainties related to the outcome of the claims and disputes related to ship-or-pay contracts. It would terminate the existing contracts. It provides for no-cash settlement to take place between the parts, except for USD \$28 million that are currently held in escrow as part of the claims that are being disputed. As a result of its approval, Frontera would transfer the 43% stake it currently holds in Bicentenario to Cenit. This would result in Bicentenario be fully owned by Ecopetrol's subsidiaries. And it involves transfers of outstanding dividends, the pipeline line at Bicentenario and the set off of certain portions of the syndicated debt.

The other aspect that I think is relevant is that it provides for two new transportation agreements, one in the Oleoducto de Los Llanos pipeline, and another one in the Bicentenario - Caño Limón - Coveñas route. It's important to point out that this second contract is structured in such a way that it ensures Frontera does not pay if it has to ship volumes via an alternate route, which is one of the focal points in the dispute.

In terms of how this affects financial statements in terms of what you see for 2020 as well as what you can expect for next year, it's important to point out that when you look at the midstream segment, in accordance to IFRS mandates on revenue recognition, our 2020 financials don't include revenues from the ship-or-pay contracts that are currently in dispute. So, you should not expect to see a reduction in revenues on the back of this contract, that's already incorporated in the numbers you see today, one item.

A second item that's important is because the agreement is not binding until we obtain all related approvals that are required, there's no impact on our financials this year in terms of the agreement. You should expect to see an impact next year on the back of the closing of the agreement. We will probably have a one-time revenue that could be up to USD \$200 million and one-time only. And so that is actually an upside as opposed to a reduction in revenues for next year.

And I think the most important benefit from the transaction is that once we have full control of Bicentenario at the Ecopetrol level via its subsidiaries, which the company owns, we will be able to control from an operational standpoint how we operate the pipeline.

Currently, in order to have reversions of the pipeline, we need the approval of the Bicentenario shareholders. Once this pipeline is 100% Ecopetrol, we will have the flexibility to operate in both directions without additional approvals required. And the second aspect that is also very relevant is that if you look at financial statements for Bicentenario at the closing of this year, you have approximately USD \$300 million in cash. Once the agreement reaches a closing, we will be able to release this cost that is currently trapped at the Bicentenario level. So, I think this is also an important aspect of the transaction.

And another thing to bear in mind is that we require these approvals before the 30th of January. At this time these approvals are not received, either party may terminate the agreement; we are in the process of obtaining these approvals.

Another thing that I think is relevant to point out is that Canacol and Vetra, which are the other two remittants that had the same claims on these pipelines, have already settled an agreement. And for those two processes, they received the approval from the Attorney General's office. So, I think that is also relevant with regards to this transaction.

Moving on to the new operating model, when we begin operating, and this happened as of February 1st of this year, a different scheme for Cenit, where we fully employed the people that are actually operating our pipelines, as opposed to have service contracts for this operation, we will be seeing two things that I think are very important. First, when we directly operate, I think it will be much easier for us to obtain efficiencies in terms of the costs of operating our pipelines. And secondly, from a tax perspective, when we are directly operating and having the operators as employees of Cenit, as opposed to subcontractors, there are certain taxes that we are no longer required to pay, basically the VAT tax on service arrangements. So, we believe this is going to allow us to have a more efficient operation and reduce costs at the Cenit level.

On top of simply the fact that we have full control over the pipelines, as we have both the local operation with people that are inside in the Cenit environment, so to speak.

Lilyanna Yang: Very comprehensive. Thank you. In terms of the dollarized revenue stream capacity, it doesn't change much, does it?

Milena Lopez: No. So, just to give you an order of magnitude, when you look at the composition of revenues of the midstream segment, we basically have two lines of business. One, which is oil pipelines, which all have dollar revenues, which compromise approximately 80% of revenues and EBITDA, fairly similar in proportion when you look at revenues or EBITDA. And then 20% of those revenues are actually peso based, which are revenues from the refined product pipelines, which all have tariffs that are denominated in pesos. And the split should be pretty much the same next year, obviously, to the extent to have large movements in the FX that may be altered.

Lilyanna Yang: Sure. Thank you so much.

Milena Lopez: You're welcome. Thank you, Lily.

Jaime Caballero: Thanks, Milena. Lily, I'm going to cover your questions around upstream performance and the occasional reserve that we constituted. So, going to your question, upstream did close last year with an 18% EBITDA margin. It's a margin that reflects the challenging conditions that we had particularly over 2Q and 3Q. But I think that when you look at 4Q in particular, there are three key factors that had a material effect on what you would expect to see as underlying performance of the segment.

In total, these factors amount to USD \$300 million roughly and I would actually say that roughly speaking, each one of the factors that I'm going to speak about captures a third of that amount. So, the first one is straight up one-offs. We had project write-offs to the tune of about USD \$55 million associated to projects that were undertaken with unsuccessful results, particularly in the Putumayo area.

We also had one-off abandonment costs that go above and beyond our normal cadence of abandonment that we should have on an annual basis. That amounted to about USD \$14 million. We also decided to make a number of environmental provisions in the light of some rulings that we've had from the judiciary authorities to the amount of about USD \$15 million, USD \$18 million.

And we also had some special extraordinary costs associated to dealing with the COVID contingency and those are minor in that context. But when you add these up, this is about USD \$110 million, USD \$120 million of the USD \$300 million that I mentioned before. And these are all one-offs. These are non-repeatable events that you wouldn't expect to see recurring over time.

The second component is about, I wouldn't call them non-recurring, but I would call them extraordinary items. We did have an uptake, a material uptake in the accounting for the voluntary retirement plan. We made a choice and it was a conscious choice at the back end of 3Q to increase the scope of the program and accelerate the implementation of the program because it adds value to the business, it's consistent with our streamlining efforts into the future, but it obviously will have a cash benefit. It is already having a cash benefit. But it does have an accounting effect. And the accounting effect that we were not expecting in the upstream was probably to the tune of USD \$20 million.

We also saw an increase in the DD&A of the segment. Normally and of course, there's some judgment involved in what should be your normal expectation versus what you can call extraordinary. As you know, as part of the research process, which is back-end loaded in the year, it's a process that runs over 4Q and that is linked to the external auditor process that we have, as you know, in Ecopetrol, 100% of our reserves are actually certified by external companies, we did have some movements on that, and as a result of some specific fields having adjustments on the research level, we actually had an impact in increased depreciation of about USD \$60 million. Again, and this is something that we shouldn't see repeating over time. So, the combination of these two factors takes you to USD \$200 million.

And then the third factor is something that Alberto addressed, which was that we did have a ramp up of activity in 4Q, which was a combination of our increased capacity to execute, on one hand, as we learned to mitigate the effects of the pandemic in our operation, and at the same time, there was a bit of catch up to do of activities that we expected to perform in 3Q and ended up being performed in 4Q. So 4Q reflects and it doesn't reflect our average cost trend, it reflects some seasonality that is associated to these two things that occurred. And that accounts for roughly USD \$100 million. So, in all of that, that's USD \$300 million.

Going forward, what should you expect? We should expect to see in the upstream some EBITDA margins in a range between 25% to 30%, again, at planned prices. We should expect to see cash breakevens, operating cash breakeven in that segment to be below USD \$30 a barrel.

And, we should expect to see a significant price upside associated to better market conditions, roughly and this is something that we've shared in the past, for every incremental dollar that we have in Brent, that represents about USD \$500 million over the planned period. So, you know, if you annualize that, you're talking about USD \$150 million to USD \$170 million on an annual basis.

Lastly, I think it's important to always take into consideration that the way that we looked at the upstream segment in Ecopetrol, the results that you're seeing of the upstream segment are on a very pure standalone basis. We do not capture in the operating segment results, the incremental value associated to those barrels going into the midstream and into the downstream. That value is captured in the other segments. But clearly, there is incremental value beyond what you're seeing directly in the statement of financial results. I hope this addresses that question.

Lastly, with regards to the provision that we made; it's called occasional reserve. That's the literal translation from Spanish to English. It is an accounting reserve. It is a non-cash reserve. And effectively what it does, it allows the company's direction, the board, to pay dividends that can be less than the totality that the company could, in theory, from an accounting standpoint, afford. That's what it allows. It's something that we've been doing for a number of years. It's not a new a figure, we kept it over the last four or five years. And it basically protects cash. That's what it does. Thank you very much, Lily.

Lilyanna Yang: Thank you all very clear, very comprehensive. Thank you.

Operator: Thank you. We have a question from Bruno Montanari, from Morgan Stanley.

Bruno Montanari: Hi, everyone. Just a quick follow-up. I believe on the prior conference call this morning you mentioned that Gato do Mato had I think about 100 million barrels of contingent resources. Just wanted to double check if that was the correct figure and if this is net to Ecopetrol or for the entire area. Thank you.

Felipe Bayon: Alberto, do you want to do the numbers, please?

Alberto Consuegra: Bruno, just to confirm that that's net Ecopetrol.

Bruno Montanari: Thank you.

Felipe Bayon: Do we have any more questions from anyone?

Operator: Mr. Montanari, was your question answered?

Bruno Montanari: Yes, that's perfect. Thank you.

Operator: Thank you. And at this moment, I don't see other questions.

We have no further questions. I will turn the call back to Mr. Bayon for final remarks.

Felipe Bayon: Well, again, thanks everyone for being today with us and participating in this conference call, and we value and appreciate the way in which you follow the company, provide insights, and actually challenge us in some of the things that we need to do, and how do we need to explain those, and actually, how do we need to address some of the issues that we've seen over the last year or so.

Last year was challenging, was tough, was complicated, lots of uncertainty I think thrown at everybody around the world. And I think Ecopetrol was able to very quickly respond, be proactive and show that it's resilient, that it can be nimble, that it can vary, as I was saying, quickly react and demonstrated with the results.

We see in spades, I think, the benefits of being an integrated company and we've had some conversation during the Q&A in that sense. And I think we're very well positioned in terms of how we close the year. We've dealt with most or all of the one-offs that we saw at the end of the year. So, I think we're set to a very good start of this year 2021.

There's potential space with the Brent prices where they are. Some of you were asking about our view on the USD \$45 Brent, in terms of our budgeting, and obviously, we will continue to monitor things as things progress. But I think we've had a good start to the year, we've presented a solid program for 2021 - 2023 that would allow us to go back to growth, reserves production, also in terms of EBITDA and cash. And I think that's very good news. And that protects our core business. With the plan that we've laid out, we can finance everything that we need to do organically in our plan.

We've talked about ISA quite a bit in terms of how we see the transaction going forward, the program, the schedule, some of the potential risks, and how we're addressing those. And we've given you our views to date. We will continue to do some work around that transaction that we are fully convinced is transformational for the company.

And we'll provide not only a broader, bigger, a more efficient company in terms of its risk profile and having some additional hedge against volatility and also in terms of regional presence and the like. So, we will keep you posted on how things progress in terms of ISA.

And as always, we're open to your questions. If there's follow-up questions through our teams, please reach out, as I was saying, we value your participation, we value your insights. Very helpful, very helpful to us and please stay safe. And thanks again for participating in today's call. Bye-bye.

Operator: Thank you, ladies and gentlemen. This concludes today's conference. We thank you for participating. You may now disconnect.