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OPERATING AND FINANCIAL RESULTS CONFERENCE CALL
ECOPETROL GROUP 3Q 2020

Operator: Good morning. My name is Hilda and I'll be your operator for today. Welcome to Ecopetrol's earnings conference call, in which we will discuss the main financial and operational results for the third quarter 2020. 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: Good morning everyone and welcome to this conference call, where we will discuss our operating and financial results for the third quarter of the year.

We hope you and your families continue to be safe. Personal and social awareness continue to be key elements to overcome the health emergency that we have experienced during 2020. The third quarter of the year was characterized by a better operating and financial performance associated with the gradual increase in our operations and aligned with demand recovery. This ramp-up has been reflected in higher operational activity levels. For example, in Ecopetrol S.A., where we've had an increase of active drilling rigs, from two rigs in April to ten rigs by the end of September.

Likewise, in order to preserve our employees' health and safety, our field personnel have progressively returned to their on-site work since June under strict biosafety protocols. To date, thanks to our digital transformation program, about 75% of our employees continue to work remotely. Although we will remain working remotely during 2020 to preserve social distancing measures, a pilot plan was launched in October that will allow us to be prepared for a safe and steady return of our office employees to the company's facilities in 2021, as part of our adaptation process to the new normal. This pilot considers a flexible scheme of staff and infrastructure, which will allow operational optimizations and will generate efficiencies to the Ecopetrol Group. Within this process, we highlight the crucial role that an increased digitalized operation during the year has played through the use, amongst others, of artificial intelligence and the implementation of analytical and self-management tools.

Regarding the health emergency caused by COVID-19, through our social investment program Apoyo País we have executed 59% of the approved investment, in line with the Ecopetrol's group commitment to the wellbeing of Colombians, as well as the recovery and reactivation and strengthening of the local economies.

Let's move on to the next slide to discuss market conditions. After coping with one of the most difficult quarters in recent years, during the third quarter, we witnessed a gradual recovery of the market, reflecting in a 30% increase in Brent prices, which rose from USD \$33 per barrel at the end of the second quarter to USD \$43 per barrel by the end of the third quarter. Local demand for our main products improved when compared to the trend observed in the first half of the year, highlighting our recovery in sales volumes of around 110% by the end of September compared to the lowest levels observed in April. This demand recovery allowed us to return to the sales level observed in early March and is a consequence of the easing of lockdown restrictions that have resulted in reactivation of the economic activity. On the other hand, we also highlight a significant recovery to USD \$38 per barrel of our crude sales basket compared to the second quarter, when the basket stood around USD \$20 per barrel. However, we still continue with price levels similar to those observed in the crisis of 2016.

Let's move on to the next slide for a summary of our third quarter results. Our operating and financial results performed better when compared to the second quarter, in line with the recovery in prices and better demand conditions. Ecopetrol's group production reached 681,000 barrels of oil equivalent per day. That is 3,000 barrels more when compared to the second quarter, a higher production, along with price recovery resulted in a 46% increase in revenues as compared to the second quarter of 2020. Despite some difficult security events that have impacted our operations during the year, Ecopetrol reached an EBITDA of COP 5.3 trillion and a net income of COP 855 billion in the third quarter.

I'll now give the floor to Alberto Consuegra, who will provide further details of our operational results for the quarter.

Alberto Consuegra: Thank you, Felipe. During the third quarter, we saw a gradual recovery of our operating results, aligned with domestic demand recovery and higher price levels. On exploration, we drilled three wells, totaling ten wells over the year. We expect to exceed our 2020 targets with 17 wells drilled, four more than originally planned, due to the inclusion of three wells through joint operating agreements and the appraisal of the Chacha-3 well.

An extensive field test was carried out in the Arrecife-1 sidetrack well, a gas discovery drilled by Hocol in 2018. Sales began on October 1st, with a production of 3.5 million cubic feet of gas per day.

I would like to highlight the commercial agreement achieved by HOCOL and Lewis Energy for the exploration of natural gas in a frontier play in the Perdices block, located in the Department of Atlántico. Currently, the assignment of Hocol's interest to Lewis Energy is subject to the ANH approval.

Abroad, we continue our progress in completing the appraisal phase of the Gato do Mato project. Ecopetrol Group's production reached a cumulative average of 699,000 barrels of

oil equivalent per day. We expect the production near to 700,000 barrels of oil equivalent per day by year-end, lined up with our target for the year.

Additionally, the Ecopetrol Group launched Ronda Campos 2020, an initiative to offer its entire stake in nine development and production assets, six of them owned by Hocol and three by Ecopetrol. This asset divestment process is part of the company's portfolio turnover and supports Ecopetrol Group's strategic pillars.

During the quarter, we tested transporting heavy crude of 650 cSt in some of our main pipeline systems, which will allow us to have greater dilution efficiencies. Currently, we are analyzing the economic feasibility of the scheme.

The downstream segment presented operational stability along its business units. The refineries reached a combined gross margin of USD \$7.4 per barrel and a consolidated throughput of 324,000 barrels per day. Looking into these figures, it is worth noting that as of September, the refineries reported a 50% recovery of their throughput levels versus April, our most critical month in 2020. For year-end, we expect the consolidated throughput within the range set for 2020, between 300,000 and 320,000 barrels per day.

The Cartagena refinery achieved two monthly records during this quarter: a full capacity throughput exclusively with domestic crudes in September and an average distillate yield of over 65% in July.

In our petrochemical business, Esentia continues to exhibit a remarkable operational performance. During the quarter, it reported historical polypropylene production highs and sales volume records.

Please continue to the next slide to review our gas initiatives. Our gas operations posted an EBITDA margin of 55% and contributed close to 34% of the upstream segment's EBITDA. Gas and NGL production reached 141,000 barrels of oil equivalent, an increase when compared to the same period of the previous year, mainly due to the effect of the acquisition of Chevron's interest in the Guajira fields and the commercial management for gas surpluses due to the decrease in demand.

Ecopetrol maintains its social investment in natural gas, aiming to connect at least 18,000 new users by 2024. Through this initiative, 692 new users have connected as of September this year.

During the third quarter, we completed the 2020 natural gas commercialization process from major fields. Our commercial strategy allowed us to contract 100% of the clients' needs in contracts with a duration ranging from one to seven years.

Please, let's move on to the next slide. In Colombia, the regulatory framework to develop the comprehensive research pilot projects is in place. So we may move forward with the

ANH contractor selection process for the assignment of the Special Research Projects Contracts. If we are awarded with the contract, we will begin the process of obtaining environmental licensing before the authorities.

Regarding our business in the Permian Basin in Texas, as you may recall, we resumed activities in late July with two rigs currently in operation, together with our partner, Oxy. During the third quarter, we drilled five new wells. By the end of 2020, we expect to have 22 wells in production, 22 wells drilled to be completed during the first quarter of 2021 and an estimated average net production for Ecopetrol in a range of 5,000 to 5,500 barrels of equivalent per day before royalties.

Let's move on to the next slide in order to discuss our efforts in terms of costs. For 2020, we have incorporated COP 3.5 trillion in savings into our annual plan, which have been gradually reflected in the company's financial results.

During the third quarter, the total unit cost was USD \$24.5 per barrel, a significant decrease compared to the same period in 2019. This is explained by a 28% reduction in costs, mainly in purchases and imports, as well as a 10% reduction in fixed costs. The lifting cost was \$7.1 per barrel for the year, a decrease of 19% versus the same period of the previous year, explained mainly by the renegotiation of tariffs, decrease and shift of activities and the exchange rate effect.

For the fourth quarter, we foresee an increase in costs associated with the reopening of wells, which will enable profitable production. Notwithstanding the above, I wish to reiterate our commitment to achieving greater efficiencies in order to reach a more profitable and sustainable operation over time.

I now give the floor to Jaime Caballero, who will share information on the group's financial results.

Jaime Caballero: Thank you, Alberto. EBITDA for the quarter was COP 5.3 trillion, reverting to the level reached in the first quarter of this year despite lower Brent reference levels, lower production and sales thanks to improved realization prices, operating performance and OPEX optimizations, which contributed towards an EBITDA margin of 43%, comparable to 2019 levels.

I'd like to highlight the turnaround in EBITDA generation across the upstream and downstream segments, which are once again showing positive results, some even higher than those experienced in the first quarter and generating an EBITDA per barrel of USD \$22.5, the best year-to-date.

Cash indicators exhibited a major improvement during the quarter. The business reached a positive free cash flow, reversing the trend of the first semester. Cash breakeven, which is

the Brent price necessary to fulfill the commitments of the period considering all inflows and outflows, was USD \$26.6 per barrel.

Thanks to increasing cash flow from operational activities, we prepaid short-term obligations for the amount of COP 1.6 trillion equivalent. If current market conditions remain, we anticipate a strengthened gross debt-to-EBITDA year-end closing position versus our previous estimates.

Net income breakeven was USD \$38 per barrel, the lowest year-to-date, demonstrating the increasing impact of the interventions carried out to guarantee the group's resilience to the new market conditions.

Please, let's move on to the next slide to discuss the income for the quarter. Net income for the third quarter of 2020 increased compared to the second quarter, mainly due to a COP 1.9 trillion increase in revenues due to a higher sales basket price, which grew 23% more than the Brent reference, supported by a commercial strategy that captured the improvement in demand conditions for both crude oil and products. Second, the positive effect associated to the increase in sold gas and products. Third, improving operating costs and expenses, thanks to the austerity plan and higher valuation of inventories, which were partially offset by higher expenses associated to the reactivation of operations and wells reopening. Fourth, the net financial expense showed an increase of COP 420 billion, mainly due to a lower mark-to-market valuation of the securities portfolio linked to volatility, as well as the premium paid in the make-whole of the Ocesa bond, which allowed the extension of its maturity profile from 2021 to 2027. Fifth, during this quarter, we did not recognize material non-recurring events as those observed in the previous quarter, the most relevant being the business combination revenue of COP 1.2 trillion associated with the acquisition of offshore gas assets in La Guajira fields. Finally, the income tax provision for the third quarter was higher as a result of income increase during the period, with an effective tax rate for the quarter of 33.3%. Net income reached COP 855 billion, the highest year-to-date.

Let's please continue to the next slide. Operating cash flow, including variations in working capital, amounted to COP 3.5 trillion. Capex outflows during the quarter reached COP 2.1 trillion, underpinning a positive free cash flow for the quarter. During the period, the dividend outflow amounted to COP 2.9 trillion, of which COP 2.4 trillion were paid to the nation as majority shareholder and the balance to non-controlling shareholders of our transport subsidiaries and Invercolsa. During the fourth quarter, we expect to pay the remaining balance due of COP 3.2 trillion to the majority shareholder.

Net debt related disbursements for the quarter totaled COP 1.9 trillion, highlighting among these the prepayment and refinancing operation of Ocesa's 2021 bond, as well as the prepayment of Ecopetrol's short-term obligations. Our cash position closed at COP 12 trillion, reflecting the group's ability to deliver the business plan while maintaining cash management discipline.

Let's please continue to the next slide to view the execution of our investment plan. Capex execution as of September totaled USD \$1.8 billion, with 71% directed towards growth opportunities, mainly to the drilling campaigns carried out in the Permian, Castilla, Rubiales and Llanito fields, among others. The execution rate has been lower than expected due to, firstly, measures implemented to decrease the spread of COVID-19 cases, which required the postponement of activities mainly in Rubiales and Caño Sur fields and the Cartagena and Barrancabermeja refineries. Secondly, community blockades resulting from the current situation in certain territories. And thirdly, operational factors that affected execution schedules and extended project maturity timelines.

On the other hand, efficiencies have been achieved due to lower project costs in Castilla, Casabe and Tibú fields, among others. Although execution challenges remain, we expect a strong acceleration in terms of Capex execution during the fourth quarter as compared to the previous two quarters, maintaining the growth trend observed in September.

The Capex execution increase in the fourth quarter is underpinned by the reactivation of facilities investments, an increase in workovers, drilling and completion in the main fields and the operational continuity projects in all segments, leaving the total execution for 2020 within a range of USD \$2.5 and USD \$3 billion.

I now give the floor to our President, Mr. Felipe Bayon, for his closing remarks.

Felipe Bayon: Thank you, Jaime. During the third quarter, we continued to move forward in our commitment to technology, environment, social and governance, TSEG. In our social front, by the end of September, Ecopetrol has allocated some COP 192 billion to social and environmental investment, compared to an investment of COP 60 billion for the first nine months of the past year. As a milestone, for the quarter, we joined the Valuable 500, a global movement made up of companies committed with the inclusion of people with disabilities within their operations.

In terms of governance, the company will report again to the Dow Jones Sustainability Index and to the Carbon Disclosure Project, and it formalized its adhering to the International Petroleum Industry Environmental Conservation Association, IPIECA, to promote environmental and social improvements within the performance of oil and gas industry. Likewise, we continue to make progress in evaluating the adoption of the Sustainability Accounting Standards - SASB and the Task Force on Climate-Related Financial Disclosures - TCFD recommendations.

On the environmental front, we highlight achievements in four areas of our strategy. First, we increased our water reuse percentage from 62% in 3Q 2019 to 64% at the end of the third quarter 2020. Secondly, regarding our strategy in fugitive emissions, around 20% of the total facilities of the Production Vice-presidency have been monitored, identifying 752 leaks. As of September, we had already repaired and closed 66% of them. That equates to some 496 leaks, and we have a plan for the definitive closure of the remaining leaks. Thirdly,

leverage on technology progress is being made in the analysis of satellite images from the European Space Agency, TROPOMI, in order to identify the areas with the highest methane concentrations in our operations in Colombia. We expect this analysis to be concluded by December 2020.

Finally, in August, we signed a contract for the construction of the San Fernando Solar Park with a capacity of 59 megawatts, which will be the largest self-generation solar park in Colombia and whose construction is scheduled to begin in November 2020. To meet our target of 300 megawatts of generation capacity from renewable sources by 2022, we have launched the competitive processes of a new wave of projects for a total of 112 megawatts in different regions in Colombia.

Let's move on to the next slide. Ecopetrol has demonstrated its resilience, adaptability and the commitment of its employees to an efficient operation that is safe, ethical and responsible. For the year-end, we remain committed to our main operational, financial and technological, environmental, social and governance, TESG metrics, of our new 2020-2022 business plan presented to you in the last quarter, which protects the main pillars of our corporate strategy, guaranteeing the group's sustainability and ratifying our commitment to climate change action, energy transition and social development in the regions where we operate.

Before moving on to the Q&A session, I invite you to download the TESG dashboard from our website. This is a new report designed for you, includes historical data on the main environmental, social and governance indicators as well as Ecopetrol's targets to move toward a sustainable future.

Thank you all, again, for joining us in this conference call. Now I would like to open the call to 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, we ask that you limit yourself to two questions. Once again, to ask a question please press star (*) one (1) on your touchtone phone.

We have a question from Gabriel Barra, from UBS.

Gabriel Barra: Hi, Felipe. Hi, Alberto. Thanks for the presentation. I have two questions from my end here. The first regarding the development of the unconventional in Colombia. With this new regulatory framework, the country has now the guidelines. You're quite advanced towards the execution of those pilot tests, right? As you have already mentioned, Ecopetrol is interested in this new development opportunity. And my question is, after the

results of the set launched by the National Hydrocarbon Agency, selecting contractors next month, what would be the next steps here? And how should we think about the timeline of the unconventional development in Colombia? And when should we expect the first production coming from these developments and how the company sees the sides of this new market?

On lifting costs, looking to the figures that the company has reported year-to-date, they're much lower than what the company were running in 2019, around USD \$8.5 per barrel. And my question here is if this is the normalized level going forward. And if you should expect any effect from the maintenance delays in 2020 to 2021 in lifting costs or in the fourth quarter results.

If I may, I have just one more here on the domestic demand. And we saw during the presentation the company expectation regarding improvements in fuel sales for the last quarter. But this is still below the levels pre-COVID, right? And my question is regarding the company's estimates in relation to the return of this demand to the next year and how do you see the base case for 2021. So that's our questions here. Thank you.

Felipe Bayon: Thanks, Gabriel. I'm going to take the first part on unconventional, talk a little bit about demand and I will ask Alberto Consuegra to talk about lifting costs.

In terms of the unconventional, again, the regulation, the norms around how the development of the pilot projects will be conducted, is out, has been presented by government, and we hope that by the end of November, we will sign the contracts with the ANH. As you know, Ecopetrol has been prequalified already, and we've stated publicly that we want to be operators in this area. So what comes next? We want or we need to conduct all the work related to the environmental impact assessment studies that will inform the request for the licenses of the pilot projects. So that's some work that will start by year-end this year. Big, big piece of work around the licensing and the support for the license request.

In parallel, we will start all the preparation work to do the civil works, construction works for the well pads, all the preparative work for the contracting of bricks and logistics and everything else. And once we have the licenses in place, we will be able to start construction and then operations. So I wouldn't put a specific date on when that activity will start, specifically drilling and then completing of the wells and fracking of the wells, because it's largely dependent on the licenses themselves.

In terms of the timeline for the development, as you know, we've concentrated right now as a country on doing the *Proyectos Pilotos de Investigación Integral*, the pilot projects, and once the pilot projects give as a result that we can, as a country, decide based on the science and the technical data on the potential impacts of the activity and how to mitigate those impacts, we will have clarity on the timing.

But one thing I would stress though is that if you look at the, again, probably a proxy for this, if you look at the experience we've had in the Permian, in Midland, in Texas, from November, when we started production in that area of operations, we've ramped up quickly to close to 18,000 barrels by the end of June. So being short cycled, it is activity that you can very quickly deploy and very quickly bring into production and into the market. But again, the final answer will depend on how the pilot projects advance and the results of those.

In terms of domestic demand, if you look at gasoline and diesel mainly, and ballpark numbers, pre-COVID we were at 120,000 barrels per day for each one of those, so diesel and gasoline and jet was at 30,000 roughly. What we're seeing right now in ballpark numbers are 110,000 for diesel and gasoline. Jet is still below. And you can imagine that, as flights have resumed, but very limited in terms of the numbers of flights and planes, that would probably take a bit more time in terms of recovery of demand. But we do expect diesel and gasoline to come back to pre-COVID, pre-pandemic numbers and levels. Jet I think will still have some uncertainty. Alberto, please go ahead with the question around lifting cost.

Alberto Consuegra: Gabriel, good morning and thanks for your question. With regards to lifting cost, you have to remind that during the second quarter, we had to stop activities and basically operate with a minimum vital. That took the lifting under USD \$7 per barrel. As we have been reopening fields and reopening wells, the lifting cost has slightly increased. When you see the third Q, you look at a lifting cost of USD 7.2 and what we see by year-end is a slight increase and we will be ending the year probably in the range of USD \$7.4 to USD \$8 per barrel. And that will be because of our ensuring that we reopen all closed production because of price and also because we have been able to cope with some operating closedowns associated with social unrest.

Gabriel Barra: Clear. Thank you, guys.

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

Bruno Montanari: Hi. Good afternoon everyone. Thanks for taking my questions. I have two questions. Felipe, if I may, a follow-up from the Spanish call. I believe you mentioned that reserves could potentially decline of 15% to 20% through the information available to date. I just wanted to check if this is purely based on the oil price movement only or if it also accounts on any other technical aspects that the company might have revised in the process of start building up the reserve report.

And my second question is about gas. And first, thanks very much for providing more granularity on the gas results. It's very useful for us. And you show that your gas margins are actually quite attractive, especially while oil prices remain depressed. So with that in mind, would it make sense perhaps to increase investments in gas versus oil in the coming years? Thank you very much.

Felipe Bayon: Bruno, thanks for the question. In terms of reserves, I'll take the last question, and I'm going to ask Yeimy Baez, our Gas Vice President, to take the second one, but I'll provide some context. So in terms of the guidance that we see right now, the 50% to 20% decline in reserves is a number that we see factoring everything in so it does have a view on prices. It just has a view of our level of activity, our level of investment, some of the difficulties that we're mentioning in the call in terms of the ability to go back to higher levels of activity so even though we've gone back to over 350 work fronts around the country, that guidance does reflect our view on how the fields are performing, how the price will look on our level and our ability to do activity. And it also has a view on the next five years plus, as we see investment. Remember that we've revised our Capex down from close to 17 billion in the next three years. This is when we talked about the plan in early March to later, when we came back and said that we see ourselves investing somewhere in between USD \$11 million and USD \$13 billion in the next three years. So it's a combination of everything and it takes into account the things that we will need to de-book, but also takes into account the additions that we make to the books. And one of the comments I was making this morning was the fact that we de-book reserves doesn't mean that they don't exist anymore so we're just pushing them out into a different category. I think that the challenge for us is how do we get back quickly to a reserve replacement ratio of over 100% and that will depend largely on, again, our ability to deploy Capex, our understanding of the fields, the use of technology. So it's, again, I think, a very, very holistic view of things.

In terms of cash, we've signaled in the next three years USD \$780 million of investment to USS \$870 million. Clearly, a big focus in our strategy. And I do believe there's opportunity for us to accelerate some of this investment. So Yeimy, if you can go ahead and give us a bit more detail and color around our gas outlook, please go ahead.

Yeimy Baez: Sure. Bruno, thank you very much for your question. First, I would like to emphasize that gas has a strategic priority position within the Ecopetrol business plan, being an essential fuel in the energy and economy transition. As we have said, and Felipe just mentioned that, we will invest about USD \$800 million in the 2020-2022 period in projects related to exploit potential in the Colombian foothills, Caribbean, onshore and offshore and unconventional basins.

Of course, to be consistent with our strategic intent, we are actively looking for opportunities to create optionality and deliver growth. In particular, I would like to highlight three sources of opportunities to increase our investment outlook. First, in the foothills, we are in the process to mature debottlenecking projects to maximize the production and deliver the full potential of that basin. Second, if we are successful in exploring the foothills and Caribbean plains, the investment will significantly increase to develop those resources. Also, we continue pursuing new exploration opportunities by mapping new prospects within our current portfolio. And finally, I would say that we are committed also with a sustainable business and therefore, we are planning also to increase the investments in social projects to provide access to gas and LPG to the most vulnerable communities in Colombia. And from an environmental perspective, we are striving to increase users of gas in transportation

and to become the supporting being for electricity generation. I hope I answered your question, Bruno.

Bruno Montanari: That's very clear. Thank you both for the detailed explanation.

Operator: Thank you. Once again, for any questions please press star (*) one (1).

We have a question from Lily Yang, from HSBC.

Lili: Hi. This is Lily here. Just a quick question, please. I wonder why the midstream business was weak quarter-over-quarter. I don't know if you addressed that in the beginning but volumes came up in the third quarter versus fourth quarter. And I think that the tariff discounts that you are giving to the producers, they also were already lifted. So can you explain how I could see the business going forward? Thank you.

Felipe Bayon: Lily. Good morning and thanks for being on the call again. Appreciate your question. I'm going to ask Milena Lopez, from the midstream segment, to take your question around performance in the quarter. Milena, please go ahead.

Milena Lopez: Thank you, Felipe. Hi, Lily. Thank you for your question. When you look at second quarter numbers versus third quarter numbers, at the midstream level, you basically have three sources of revenue. We have refined product pipelines, where volume was up and consequently, revenues grew. Basically, we go from approximately COP 438 billion to COP 529 so you have a COP 90 billion increase in terms of the refined products pipeline. However, at the same time, when you look at production and volumes that are transported through our crude oil pipeline, there's an impact in the change in the way volumes are routed. The big difference between second quarter and third quarter, if you remember the results from the refining segment, is that when we look at the volume that was being used at the Barrancabermeja refinery, this was up by approximately 40,000 barrels when you compare second quarter to third quarter. So when you look at the impact of this in the transportation segment, as we are giving approximately 40,000 barrels per day more in volume to the Barrancabermeja refinery, these are volumes that no longer continue through the rest of the pass that takes them to Coveñas and port. So these 40,000 barrels are part of our total volume because they are delivered to the refinery, but they no longer go through Ocesa third segment, and they don't escape the export fees at port or they no longer go through the Ayacucho-Coveñas segment and don't pay export fees at port. So basically, what you see is, while evacuated volumes are the same, there are 40,000 barrels that are no longer making it to port because they go to the refinery. Hence, they pay a total overall tariff in the system that is lower when you compare second quarter to third quarter. Going forward, you should continue to expect to see this behavior as we continue providing transportation services to Barrancabermeja and these barrels no longer make it to port because they're used by the refinery. And that compensates for the increase in refined product pipeline.

Lily Yang: Okay, got it. Clear. Excellent. Thank you so much.

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

Bruno Montanari: Hi, thanks. I joined again for two more questions. First one on the oil price basket. It was very interesting to see that you return basically back to the same level of discounts before the crisis at around USD \$5 a barrel. Should we expect this to remain stable at those levels? Or do you see an opportunity to capture even better realizations going forward on the back of your oil slate?

And then, the second question is about the Capex range for the fourth quarter. I fully understand that you had the budget for the year with a variance of USD \$500 million. But it strikes me as a little bit odd that we're already in November, and there's still such a big variance of USD \$500 million. So are you more inclined to be on the bottom end of the range or the top end of the range for the Capex in the year? Thank you.

Felipe Bayon: Thanks, Bruno. And I'll give you some context, and I'll ask then Pedro on the oil price for our basket of crudes and Jaime and Alberto to add any comments on Capex. So in terms of the basket for our exports, please bear in mind that normally we sell our crude two months in advance so crudes for November, December have been placed already in the markets, and we are actually seeing good behavior in that sense. And again, we estimate the year should finish in good shape. And as you know, we saw a very dramatic drop in 2Q. Very, very difficult. But our crudes are considered part of the base run or the base load for some refineries in China, and you saw that we've expanded some of our destinations to India and Korea. So I think that's part of how we should view the question. Obviously, there's still uncertainty around the top line and which is the price for Brent. In terms of Capex, as I said, I'm going to ask Alberto and Jaime to comment. So Pedro, if you can give us some more color around the discounts of price basket that would be great and then Alberto and Jaime a little bit on the Capex. Pedro.

Pedro Manrique: Yeah. Thank you, Felipe, and thank you, Bruno, for your question. Yes, certainly, because of the market conditions in the third quarter, what we are seeing is the demand is recovering and as demand recovered, our discounts were much lower compared to the second quarter. But they're coming back to levels that we had in the first quarter and the average discounts that we saw last year. And this is basically due to the commercial strategy that we have been working on for quite some time because as Felipe mentioned, most of our crude has been able to be placed in customers that use it in the base runs of the refineries. And most of the crude is going into end users.

And the other thing is that we're very active in looking for the best markets to place our barrels. And then we have been able to sign long-term contracts with end users, refineries in strategic markets like Asia, the U.S. Gulf region, the eastern part of the United States as well and Europe. So what we're doing commercially is that we basically place our barrels whatever we can have the best realization for the barrels. And basically, our business

combined to the focus that we've been giving to our crudes for exports regarding quality because quality has been very stable, and we have a very competitive edge with our Castilla because of the low sulfur and the stability of the quality and also because we deliver barrels on time. So there's a lot of reliability from our side. And that's why we've been recognized by the market and our customers as one of the best heavy crudes from Latin America. So what we foresee and also is what we've already done for the year, our production program has already been placed in the market. And actually, next week, we're going to start showing barrels in key markets for the beginning of the year. So already we're seeing that because of all these conditions together, the discounts are very good and realization prices will be optimized and maximized over time going forward. Thank you.

Alberto Consuegra: Bruno, with regards to Capex, we feel very comfortable with the Capex deployment in terms of the midstream and the refining segments, as well as in exploration. But the uncertainty comes with the Capex associated with developments and specifically because although we are ramping up activity, and we feel that October has been kind of a good month, I have to remind you that we still are facing the pandemic and there is uncertainty in the degree of the pandemic during the months of November and December, how it is going to affect our operations, specifically in regions like the Llanos and the middle Magdalena so that's why we still maintain the range. Hopefully, in November, we can have a better view on how the Capex will go.

Bruno Montanari: Alright. Fair enough. Thank you very much.

Operator: Thank you. Once again, for any questions please press star (*) one (1).

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

Felipe Bayon: Thank you, and thanks again everyone for being here today, for participating in the 3Q conference call. For Ecopetrol, we value your insights, we value your questions, we value that you follow the company, and we will continue and strive to work to ensure that we can provide timely, transparent and relevant information that can help your analysis.

3Q shows signs of recovery after a very, very tough, very difficult second quarter. We're seeing different aspects of the operational side of the business that are improving, that are showing the resilience of the company, and that are then transferred into the financial side of the business and the results that we've shared with you today.

Thanks, again, for your participation. We hope that you stay safe. And hopefully, we'll be able to chat again very soon in the near future. Have a great day.

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