

# OPERATING AND FINANCIAL RESULTS

## SECOND QUARTER 2021



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# SPEAKERS



**ALBERTO CONSUEGRA**  
COO



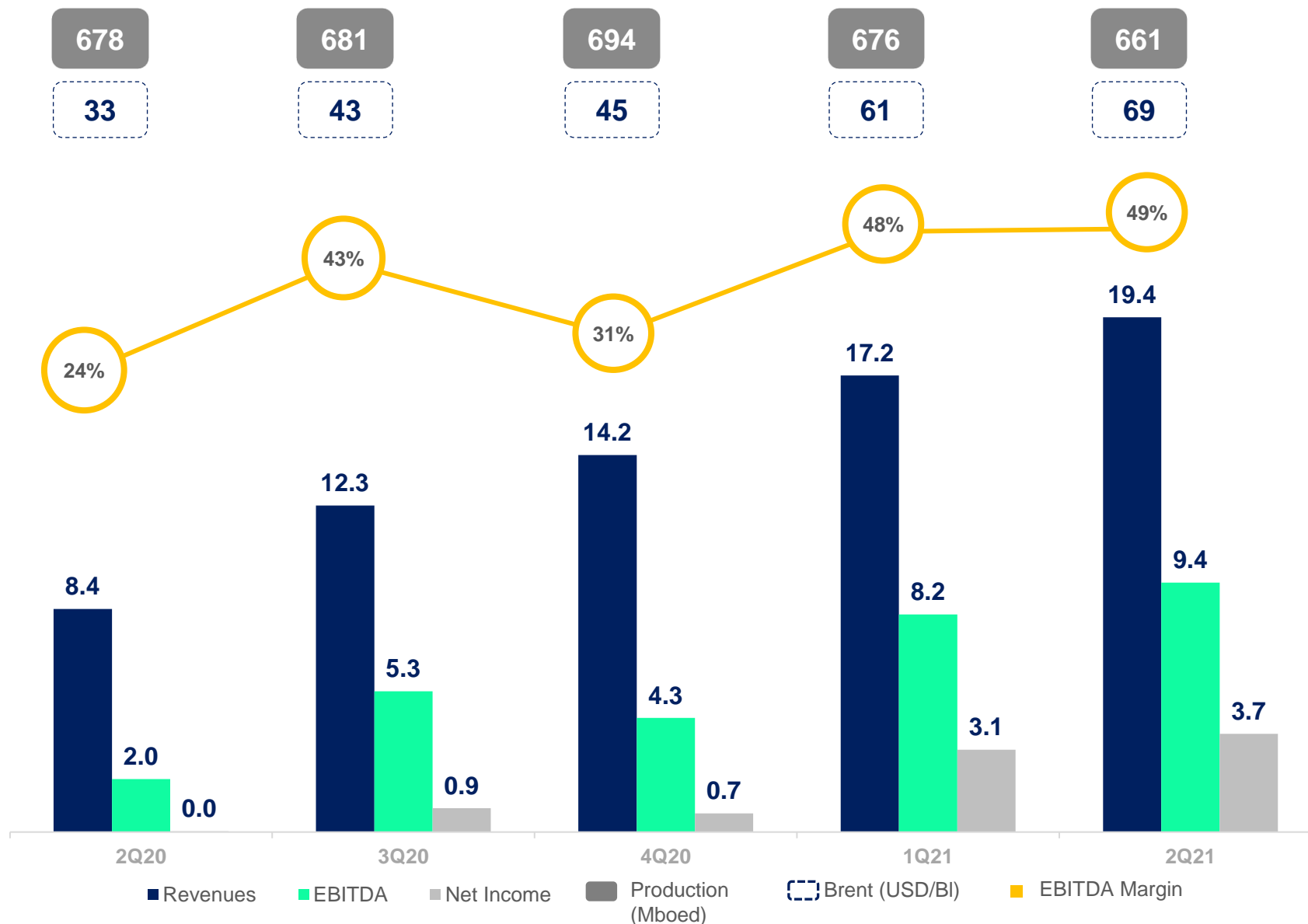
**FELIPE BAYÓN**  
CEO



**JAIME CABALLERO URIBE**  
CFO



# Quarterly financial results at record highs



\* Ministerio de Hacienda y Crédito Público

## MILESTONES



**Contingency management** during public order disruptions



26,200 purchased doses of Coronavac for nearly **12,000 workers**, relatives and allies



**Lifting of operating restrictions** in Castilla



**Extension of exclusivity agreement** with Ministry of Finance\*

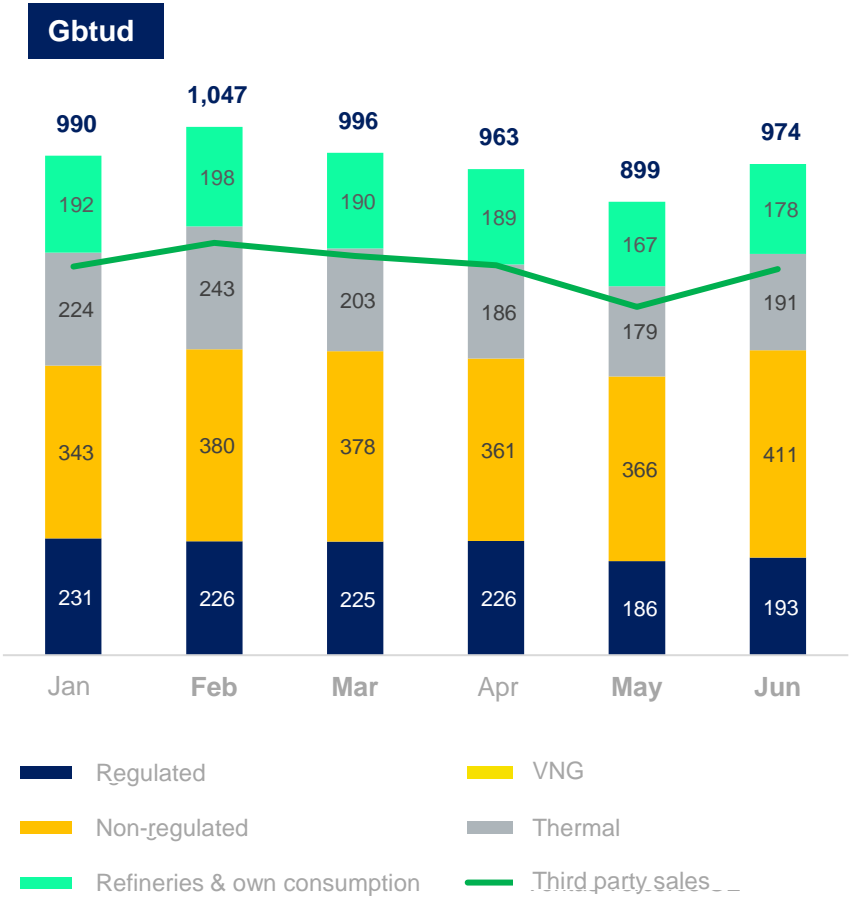


Incorporation of a trading subsidiary in **Singapore**

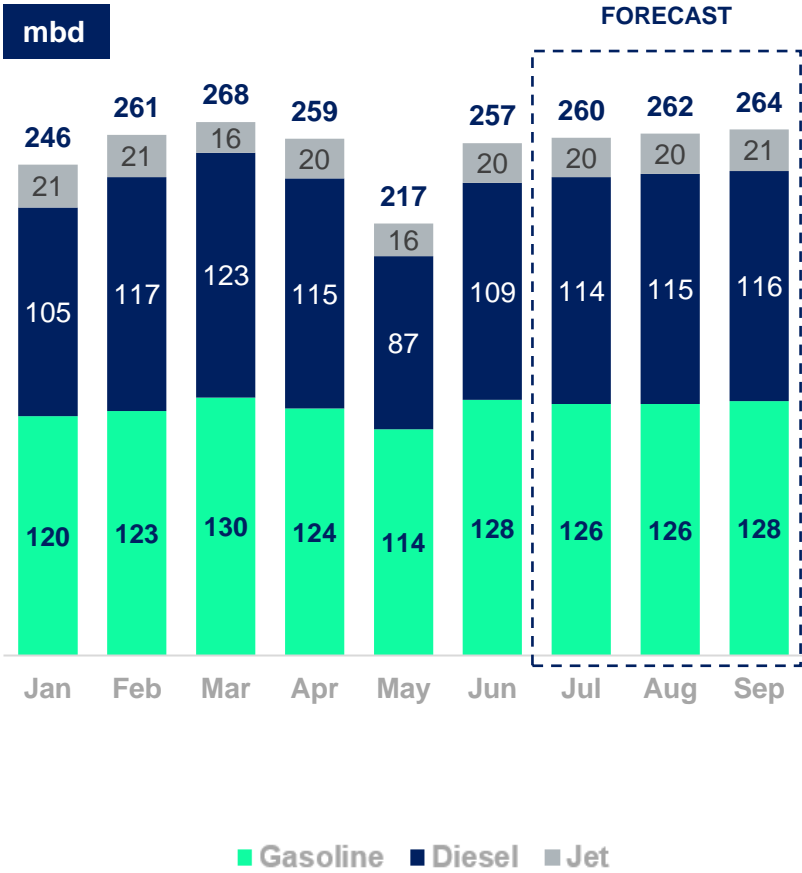


# Market environment enabling greater value capture

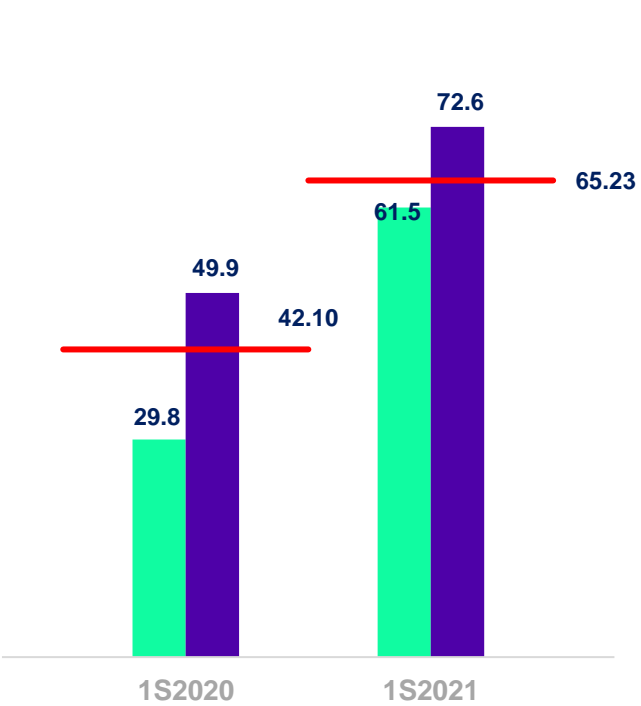
Nationwide gas demand



Nationwide fuel sales\*



Price basket US\$/BI\*\*



\* Nationwide fuel sales of the Ecopetrol Group as of June 30, 2021. \*\* Ecopetrol calculations.





# Structural drivers of our performance

## Commercial performance

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- Realization prices
- Market diversification
- Tactical hedges

## Focus on value, not volume

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- Integrated business
- Maximization of local oil throughput
- Competitive market share

## Diversification

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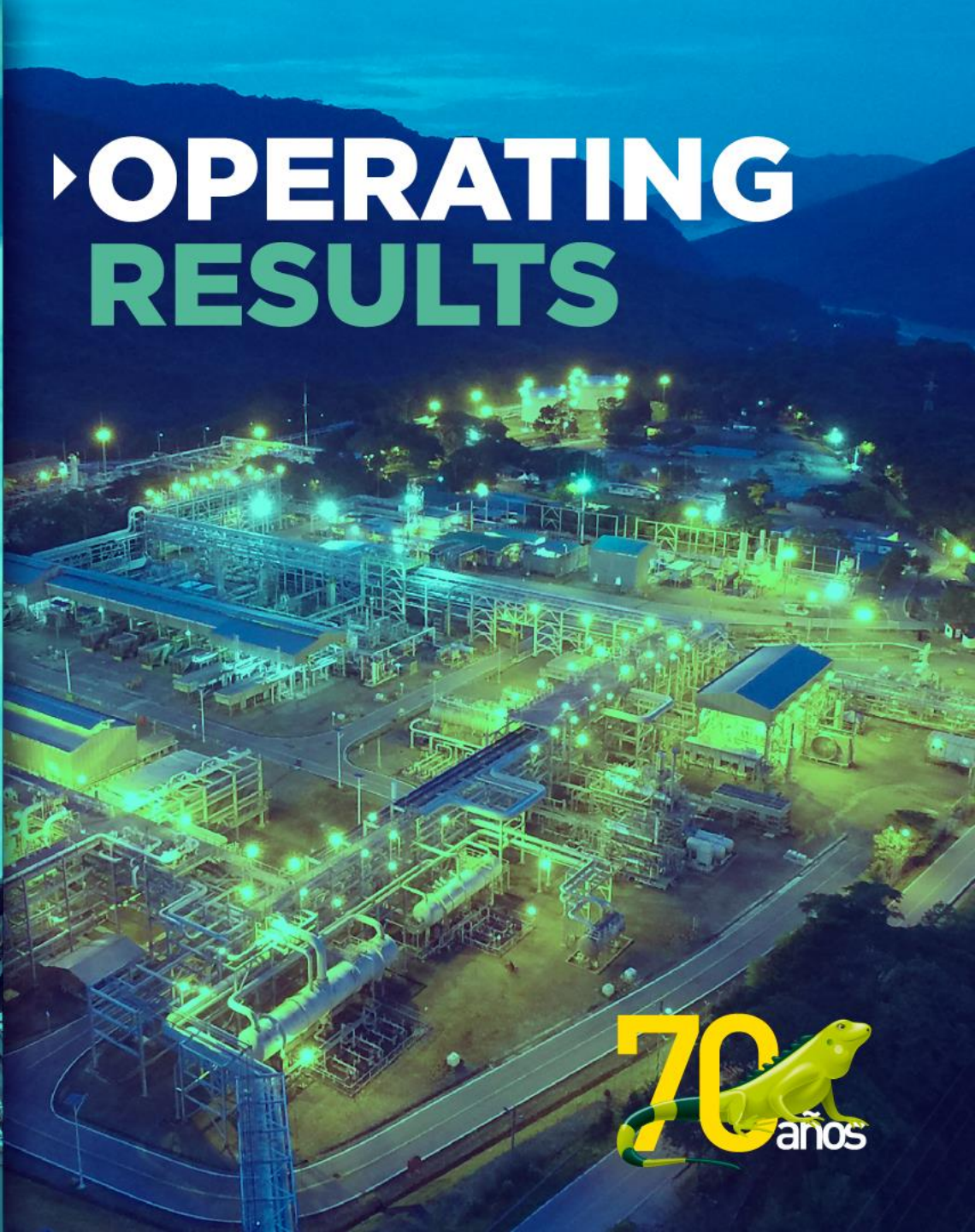
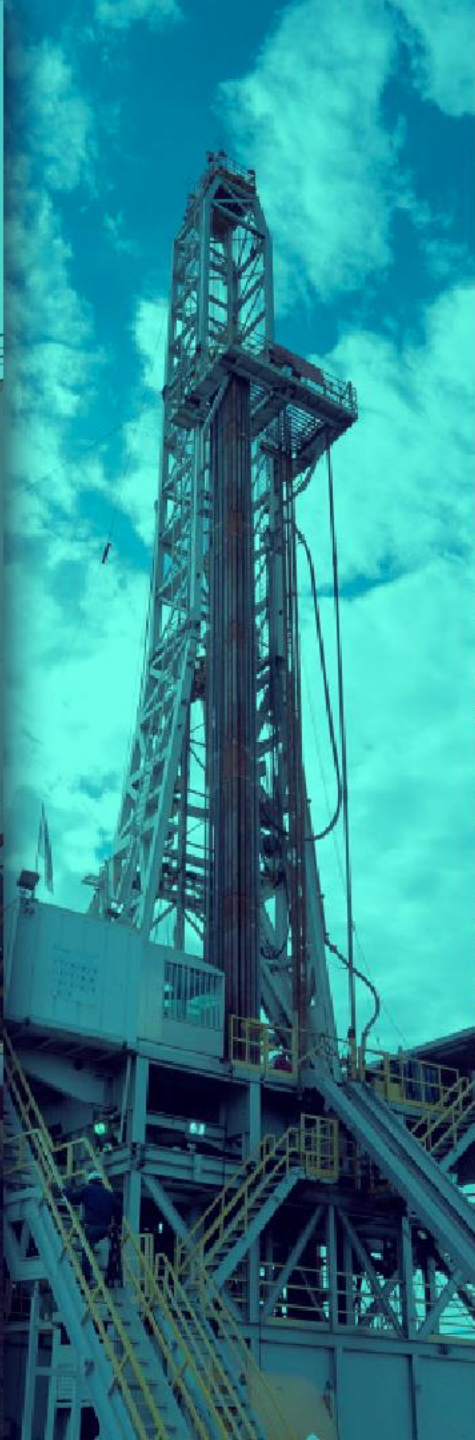
- Permian
- GAS + LPG business

## Cost efficiency

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- Lifting cost
- Refining cash cost
- Zero-Based Budgeting





# ► OPERATING RESULTS

70 años



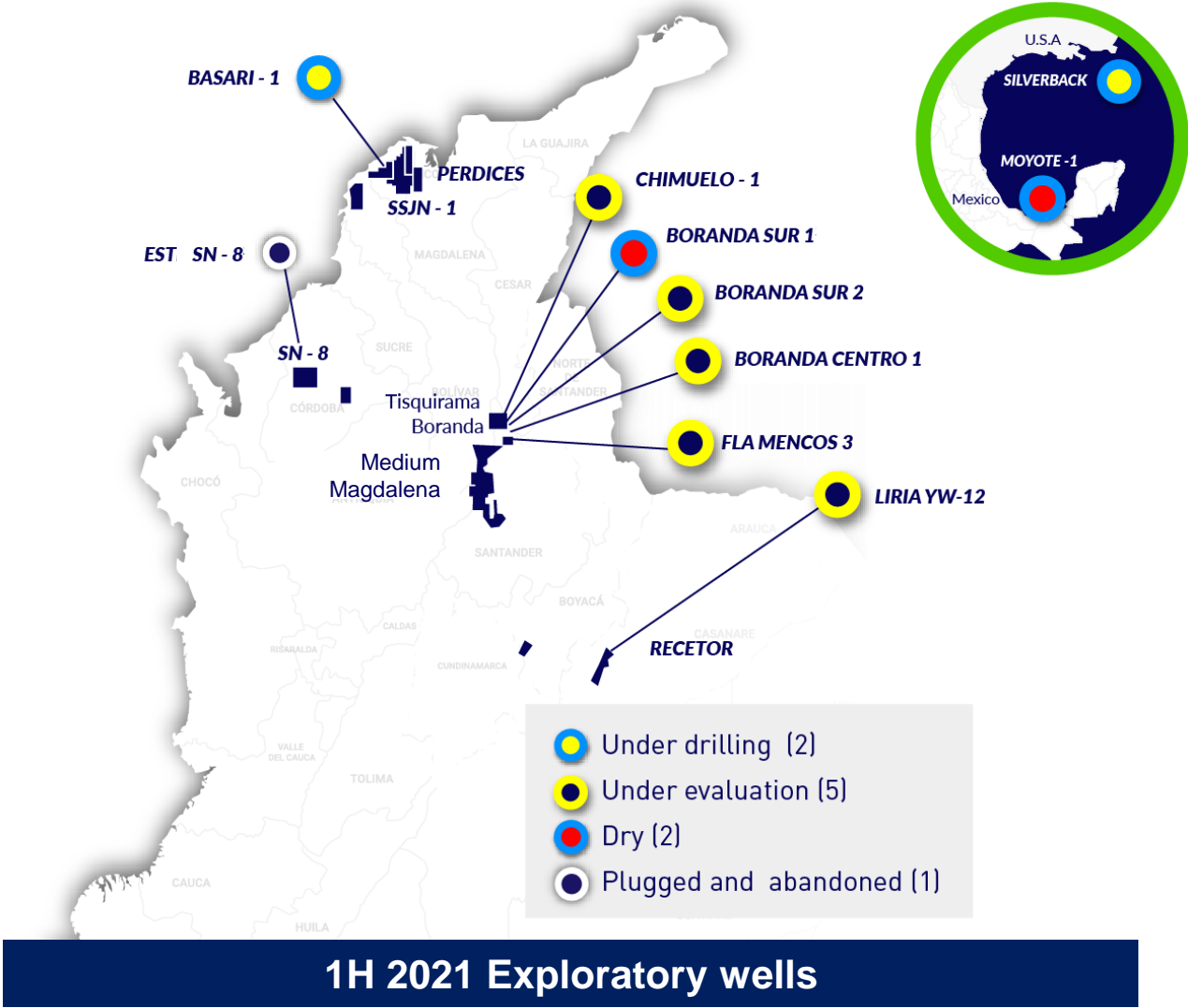
# Exploration

## Delivering milestones that contribute to the Group's gas strategy

**8 Exploratory wells**  
Drilled in 1H 2021  
2021 projection: 14 wells

**Exploration in Gas**  
Exploratory success in Hocol's Arrecife-3 appraisal well

**Ecopetrol and Parex Agreement**  
Arauca and Llanos 38 blocks

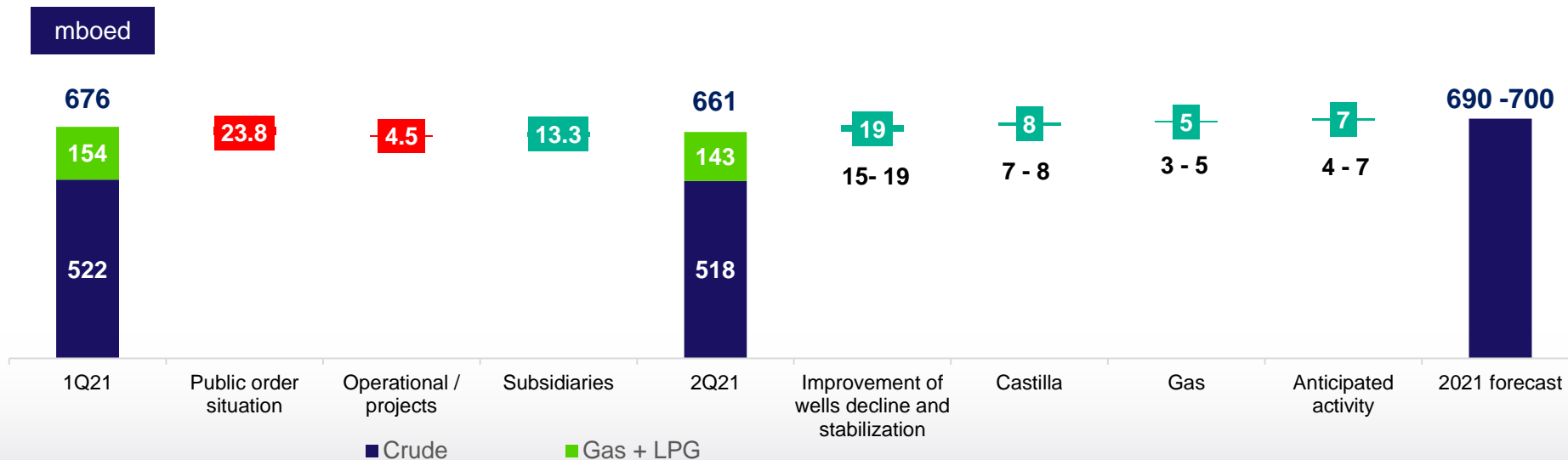


Est SN-8 well is a study well that does not prove the presence of hydrocarbons.



# Production

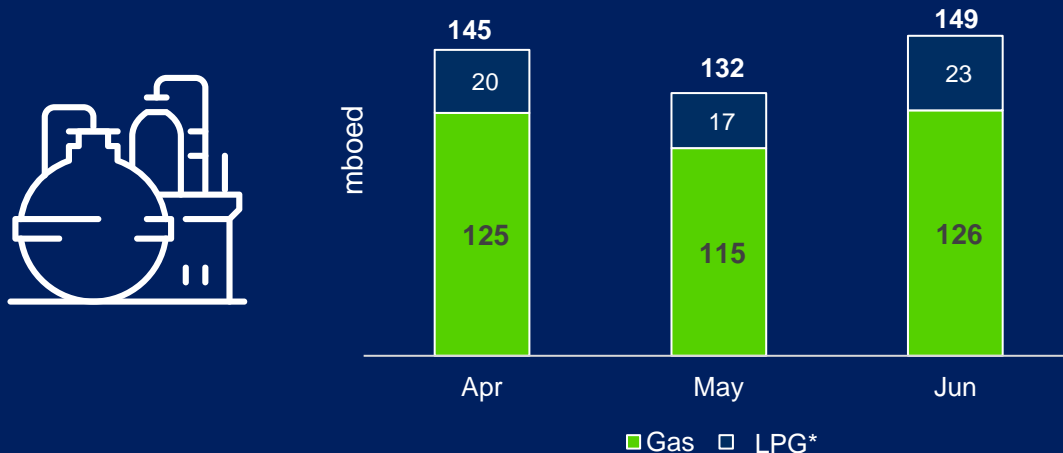
## Focus on operational reactivation and profitable production



### Greater operational activity

- Operational restrictions in Castilla field were solved (+9.7 mboed in June)
- 17 rigs in 2Q21
- 2021 Development wells: 390-420

### Gas and LPG production

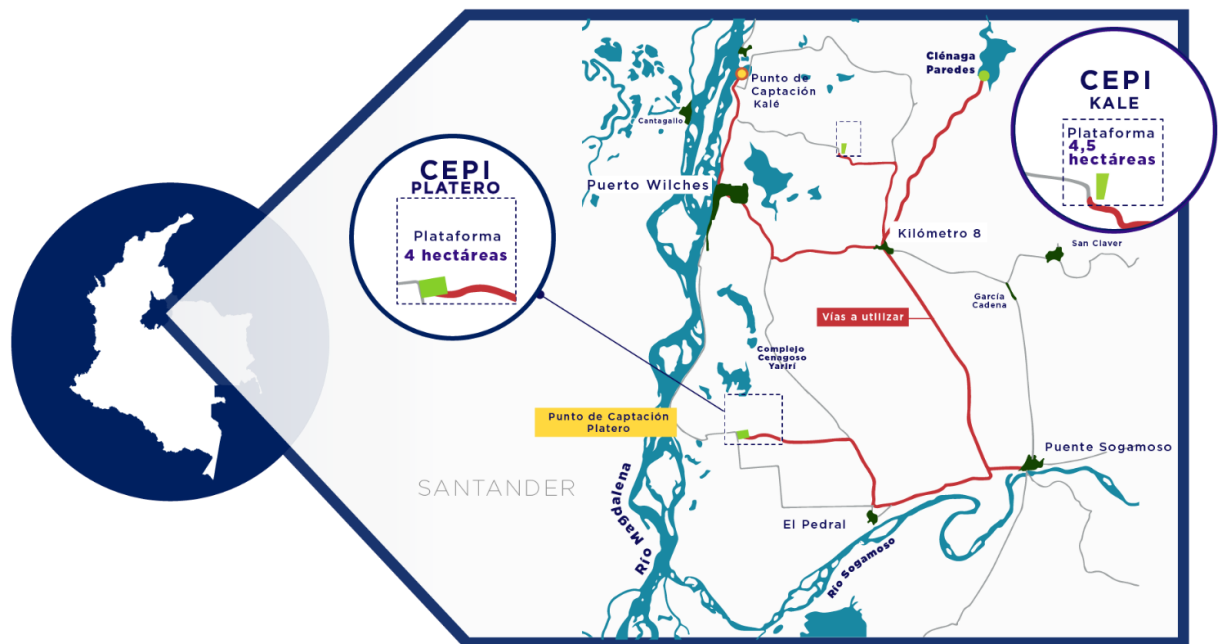


### Development of gas portfolio in line with strategy

- Gas demand reactivation
- E&E agreement signed in Piedemonte with the ANH
- Progress in renewable hydrogen strategy design
- Gas and LPG social program: Connection of 886 new users in 1H21

# Progress in unconventional reservoirs

## PPII



## Permian (EEUU)



**4** Rigs in operation 1H21



**75** Wells in production as of June



**21.2** kboed  
net ECP pre-royalties 2Q21



**16.1** kboed  
neto ECP post-royalties 2Q21

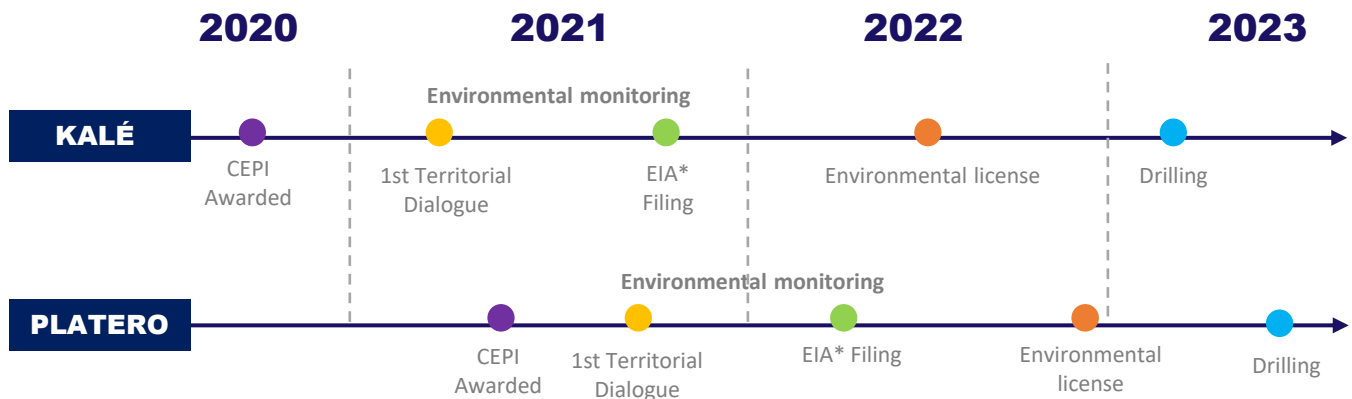


**79%**  
EBITDA Margin 1H21



"ZERO Routine Flaring" initiative

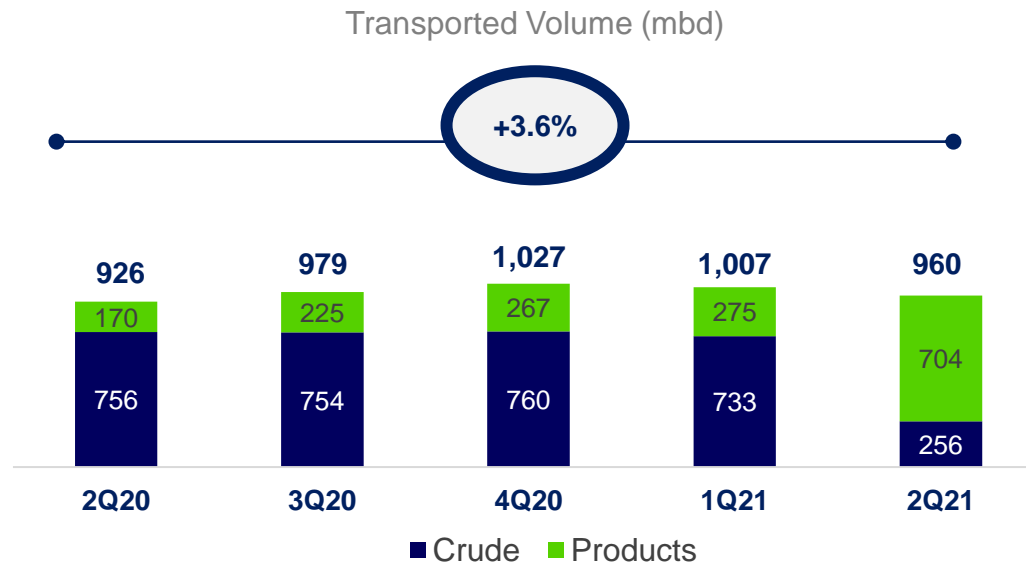
**FOCUS ON EFFICIENCIES**





# Midstream

## Intensified focus on integrity and efficiency

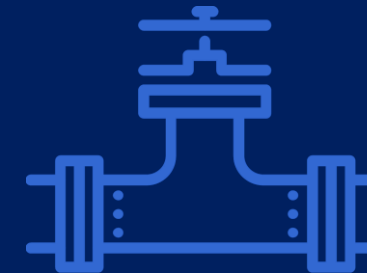


### 2Q21 Impacts

- Intermittent suspension of pumping due to social unrest
- Lower production levels

-7% Refined  
-4% Crudes

VS. 1Q21



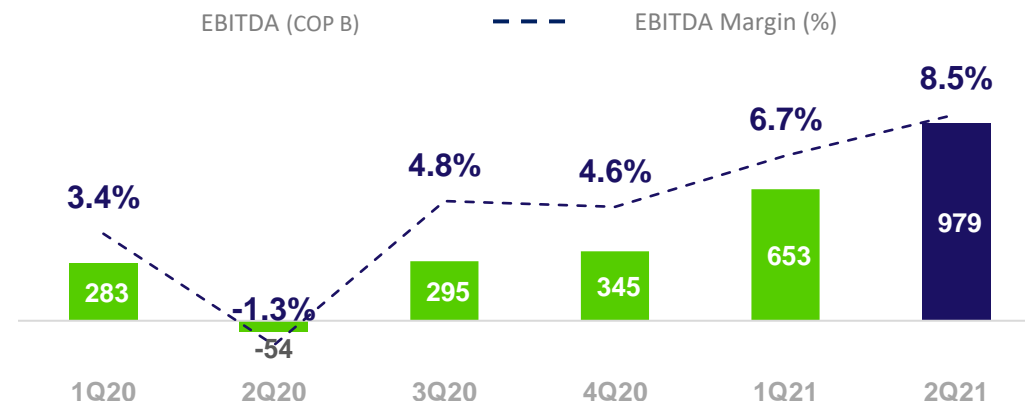
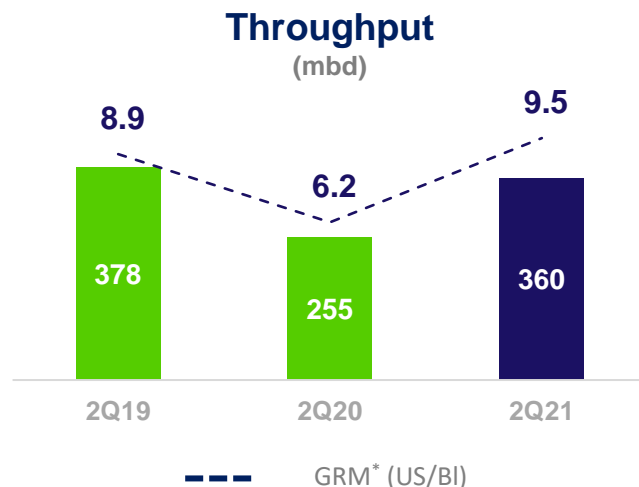
**CONTINUOUS EFFICIENCY** and 25.3% contribution to the Group's EBITDA

**19 CONSECUTIVE MONTHS** with no reversal cycles in the Bicentenario pipeline

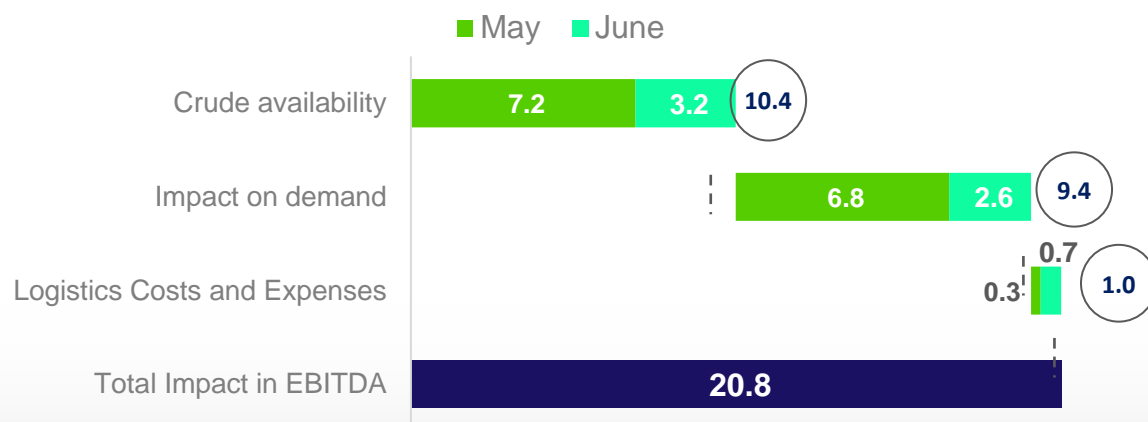
**New TLU-2 Platform** for loading crude oil at Coveñas export port

# Downstream

## Stable operation and recovery of EBITDA Margin



### 2Q21 Social unrest Impacts (MUSD)



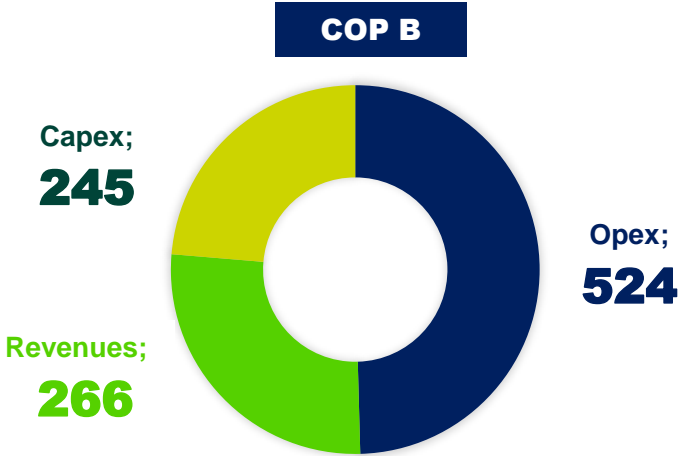
- **9.3%** contribution to the Group's EBITDA
- **Highest quarterly EBITDA** in the last 7 years
- Esentia achieved a **historical quarterly EBITDA** (COP 210 B) and monthly PP\*\* margin (April 539 USD/Ton)



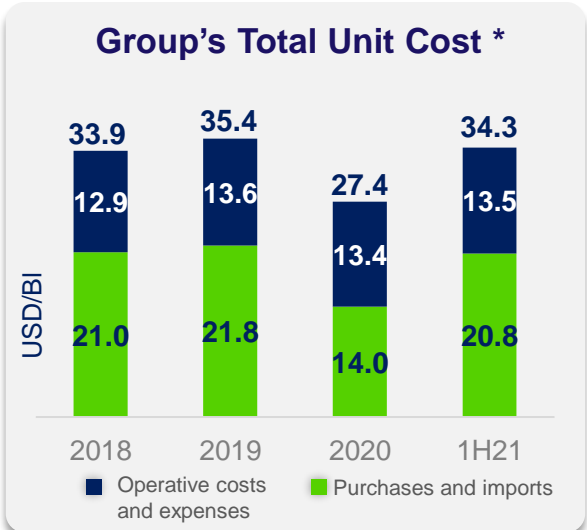
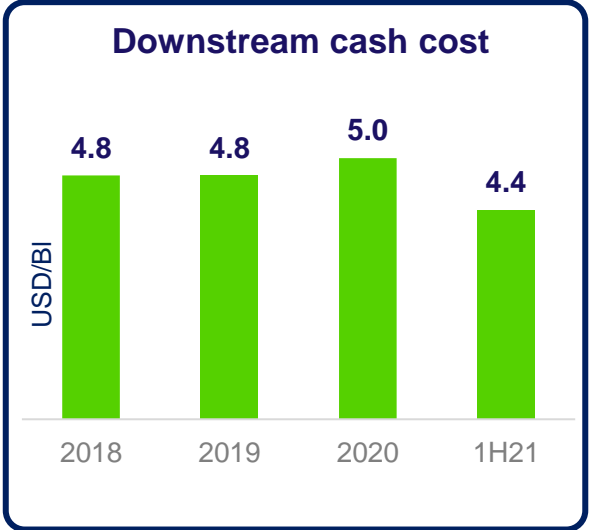
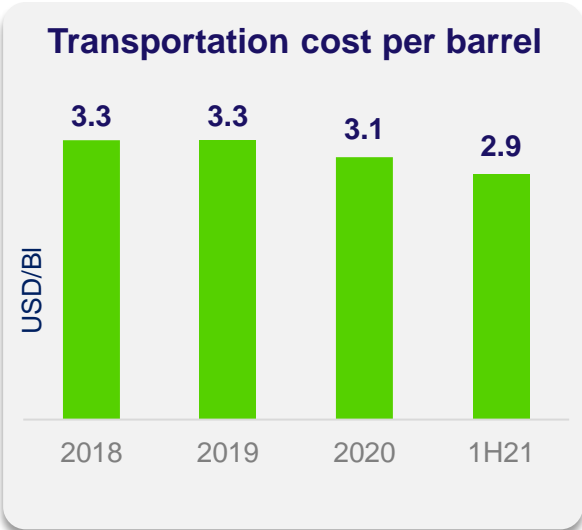
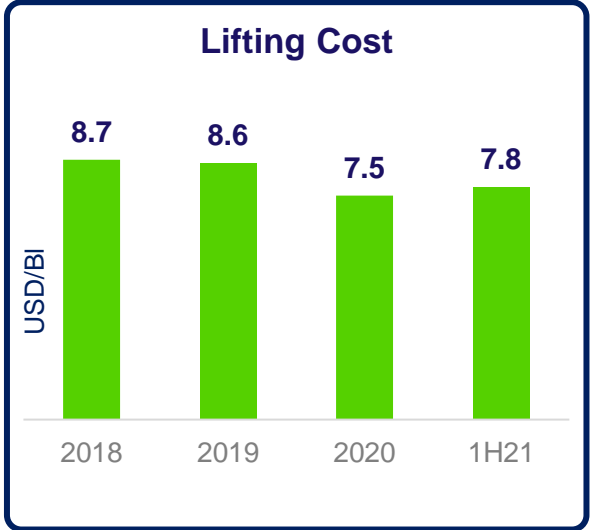


# Cost discipline and efficiency

## EFFICIENCIES COP 1.0 T in 1H21



- Lifting cost **optimization and improvement**
- **Deployment of the new operating model** at Cenit
- **Continuous improvement** in drilling and well completions
- **Optimization in facility construction projects**, major maintenance and workovers.



\*It includes transportation, operational costs and operating costs for this quarter. Calculated over barrels sold during the quarter





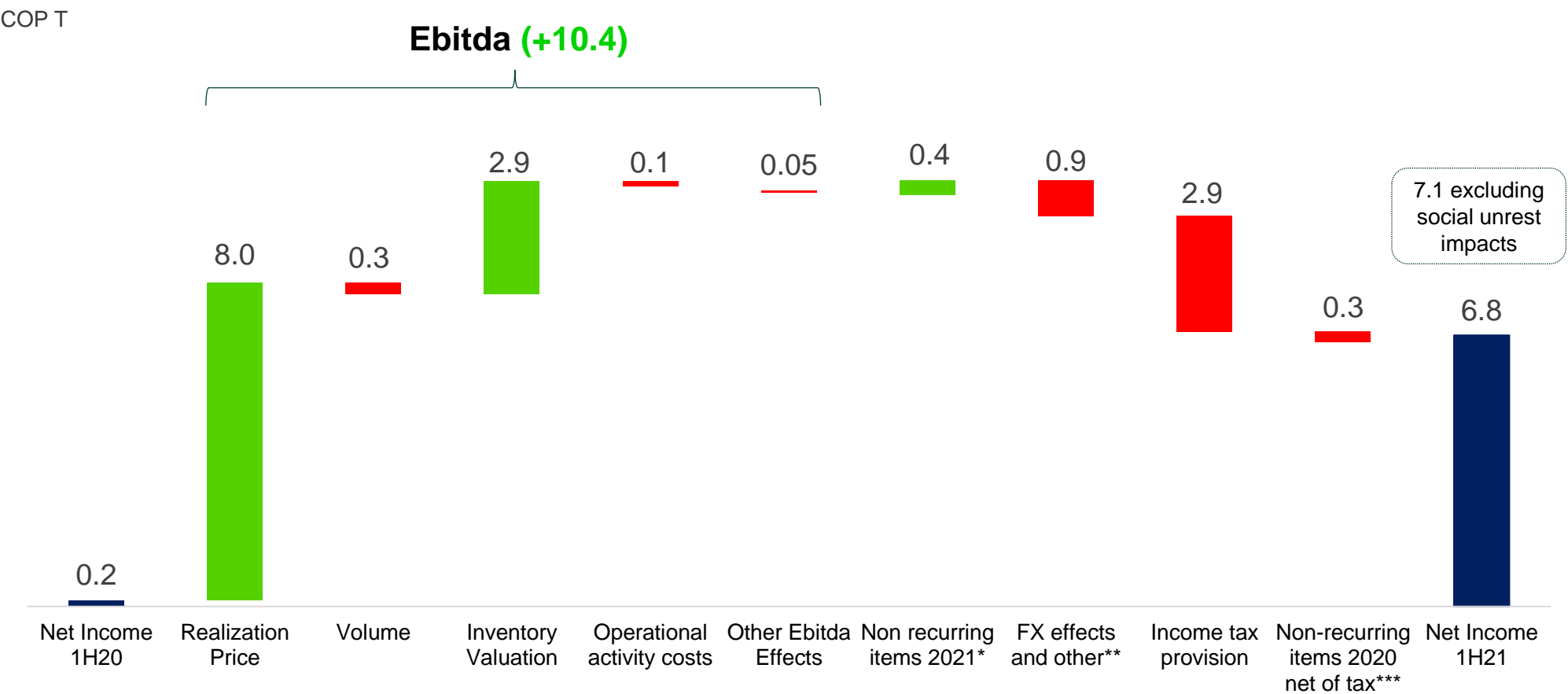
# ► FINANCIALS

**70** años 



# Extraordinary results after the crisis

## Net Income 1H20 vs 1H21



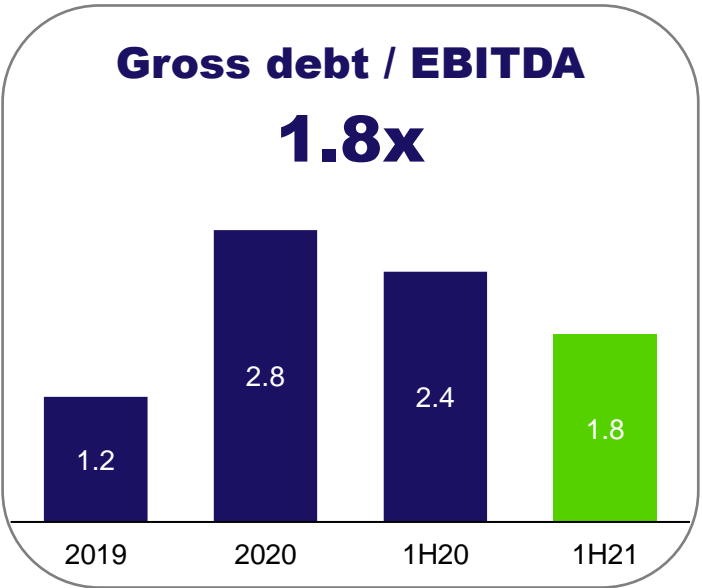
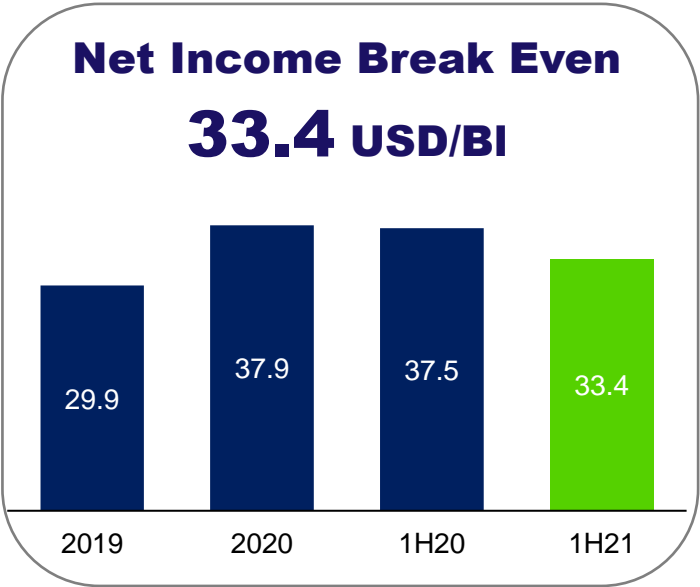
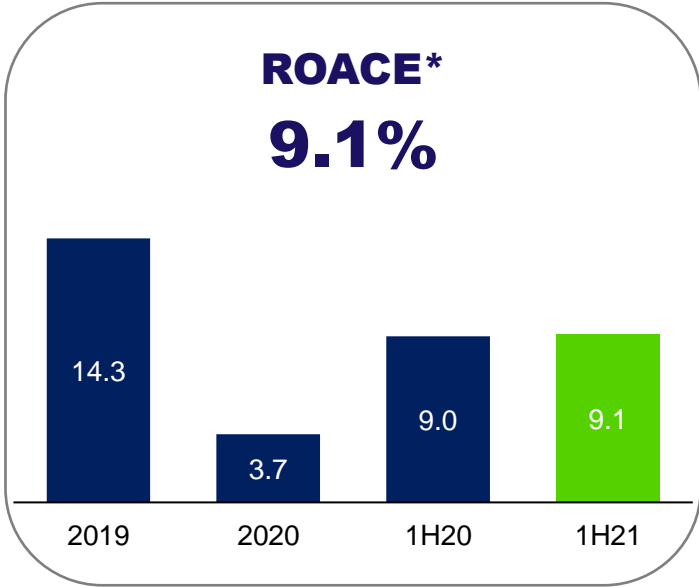
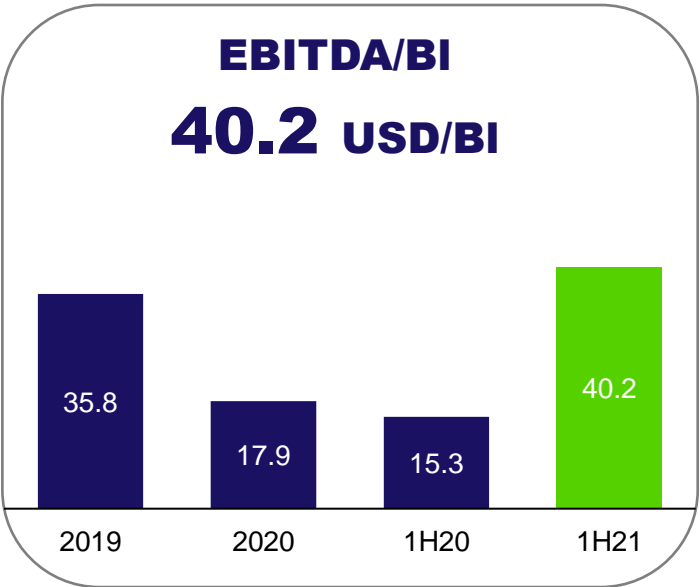
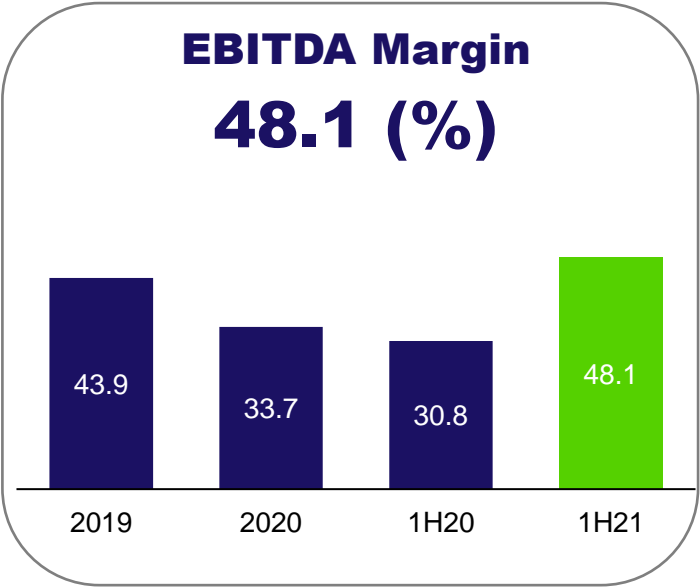
\*Non-recurring items 2021 include adjustment for FX conversion in the sale of Savia for COP 362 billion

\*\* Includes: i) FX expense for COP 291 billion; ii) financial expense of COP 290 billion; iii) DD&A for COP 179 billion; and iv) other taxes for COP 134 billion

\*\*\* Non-recurring items 2020 include impairment for COP 931 billion and business combination for COP -1.2 trillion



# Back to the growth path



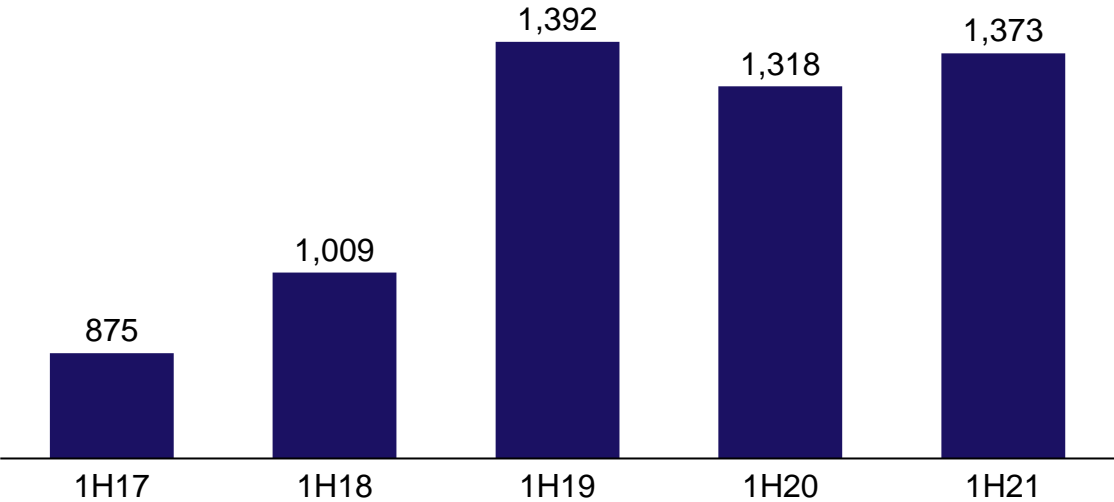
\* Return On Average Capital Employed



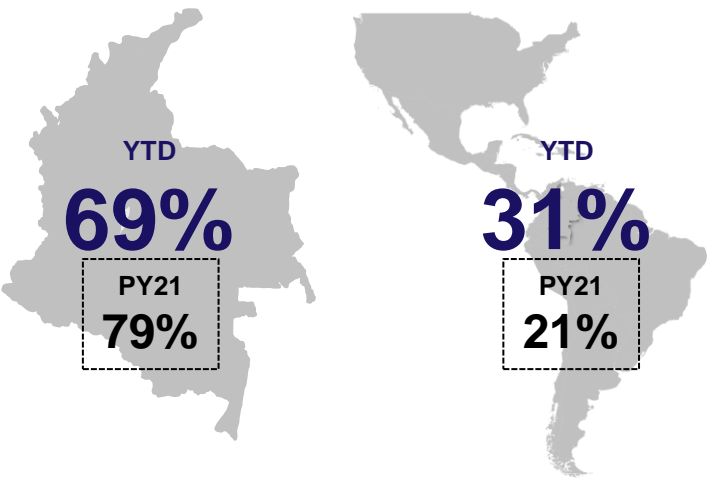
# Progress on the investment plan execution

Second highest investment during 1H recorded for the last 5 years

Millions USD



Main focus on the domestic value chain

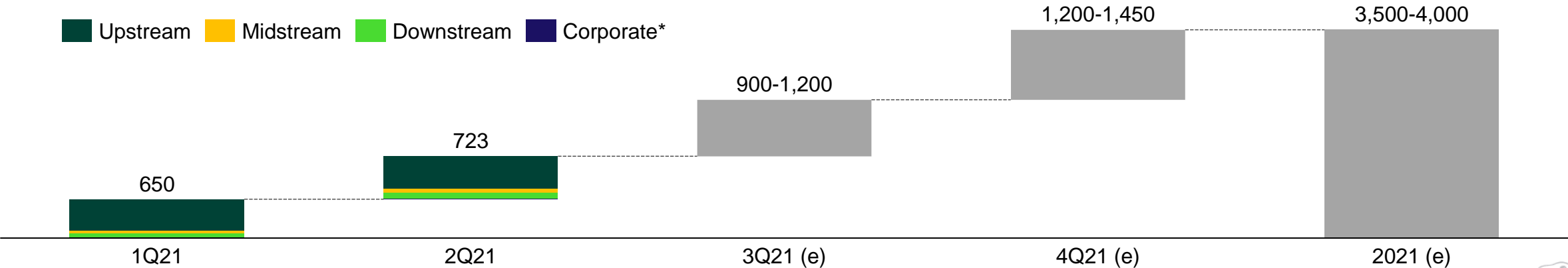


% capex distribution by geography  
YTD: Year-to-date PY: Projected



Significant increase in capex execution foreseen for the second half of the year

Millions USD

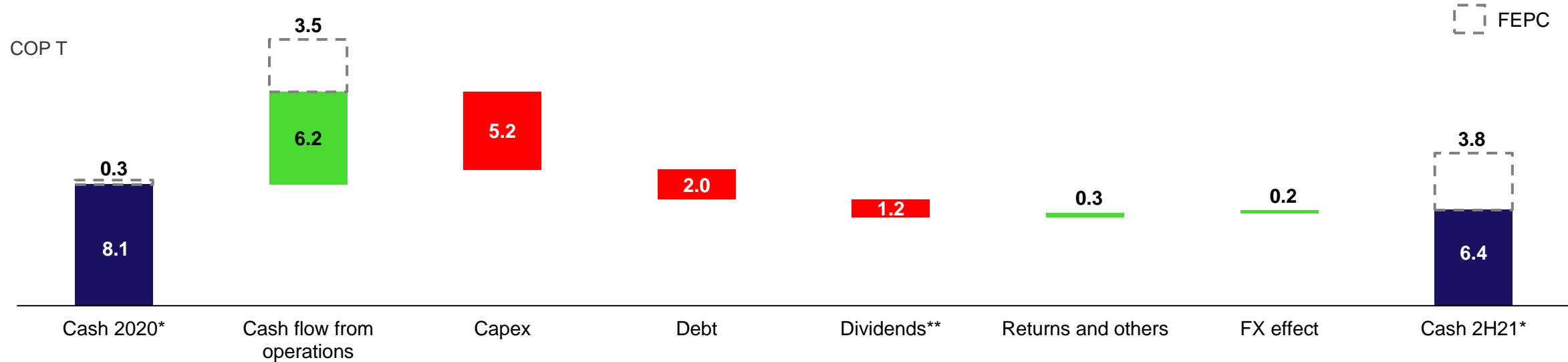


\* Includes investment in energy transition projects

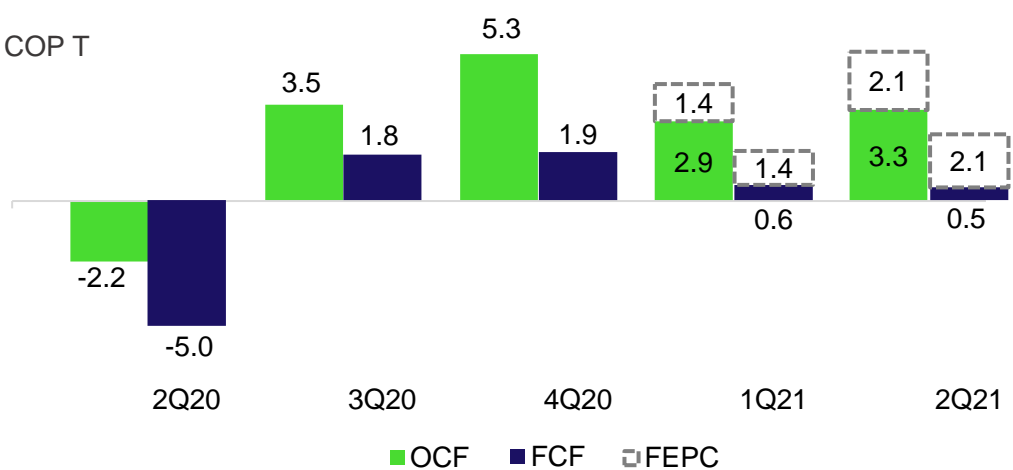




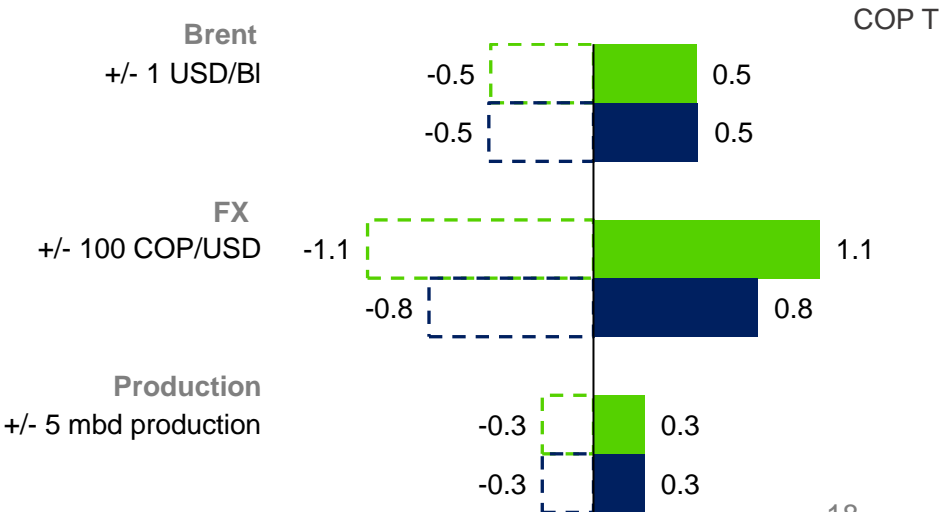
# Strong growth of the underlying cash flow



## OCF & FCF Evolution



## OCF & FCF Sensitivity



\* Cash and cash equivalents and other current and non current financial assets. \*\* Declared and estimated dividends to minority subsidiaries  
FEPC: Fuel Price Stabilization Fund; OCF: Operative Cash Flow; FCF: Free Cash Flow







▶ **TESG**

**70** años 





## TECHNOLOGY

- **USD 20,5 million** in certified benefits, as of 1H21
- **Cybersecurity** strengthening
- Technological tools applied to **gradual return to offices**



## ENVIRONMENT

- **Capacity expansion to 61MW** of San Fernando solar park
- **Castilla solar park**  
Over 16,000 tons in CO2 emissions reduction
- **50 Ecoreserves by 2030**
- Water reuse of 72% **>36% vs 2Q20**



## SOCIAL

- Somos Colombia rounds **+COP16,700 million** in business with MSMEs\*
- Social investment: **+COP245 billion** as of 2024  
**+2,800 jobs** as of 2023
- 180 **young trainees**
- Increasing **local purchases of goods and services**



## GOVERNANCE

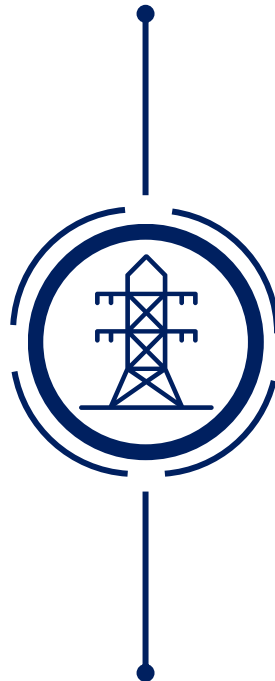
- **Stakeholders Capitalism Metrics (SCM)** first report
- **Corporate Sustainability Assessment** - S&P Global
- **Succession policies**  
Board and CEO
- **Recomposition** of 4 supporting Board committees



# Potential ISA stake acquisition

## DUE DILIGENCE

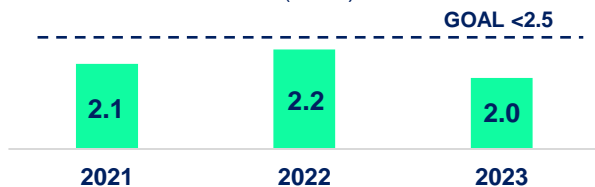
- **Expert advisors** in each area
- **+30 sessions** with ISA management
- **30 Board sessions** and **32** of its **committees**:
  - Business committee – **20 sessions**
  - Audit and risk committee – **5 sessions**
  - Special committee – **7 formal** and 15 non-formal sessions
- **3 independent valuations**



## FUNDING

**BANK LOAN**  
UP TO 100% OF  
THE PURCHASE  
PRICE

Expected post transaction  
Gross Debt/EBITDA EG + ISA  
(times)



- Potential improvement in a higher Brent price scenario
- Expected levels may change versus final conditions of the potential transaction and market environment in following years

Brent assumptions | 2021: 65 USD/BI - 2022 & 2023: 60 USD/BI  
COP/USD | 2021: 3.635; 2022 & 2023: 3.550  
Assumes last 12 month proforma EBITDA for ISA

## ESTIMATED TIMELINE \*

Exclusivity agreement

---● Extended until August 31, 2021

Due diligence\*\*

Binding offer

---● July 30, 2021

**3Q 2021**

SPA\*\*\* negotiation and  
execution

Potential closing

\* Indicative \*\*From March 2021 \*\*\* Share purchase agreement



In summary...

## **PASSIONATE FOR EXCELLENCE**

- Higher Financial Results Historically Reported in a Quarter

## **FOCUS ON INCREASING THE PACE OF EXECUTION**

- Recovery in operations towards goals set for the end of 2021
- Increase in investment level
- ISA

## **COMMITMENT TO THE COUNTRY'S SOCIO-ECONOMIC REACTIVATION**

- Reliable, safe and affordable energy
- TEGS







## ► Q&A

**70** años 



# Q&A PARTICIPANTS



**Felipe Bayón**  
CEO



**Alberto Consuegra**  
COO



**Jaime Caballero Uribe**  
CFO



**Jorge Osorio**  
VP of Development and  
Production



**Elsa Jeanneth Jaimes**  
VP of Exploration



**Walter Fabian Canova**  
VP of Refining and Industrial  
Processes



**Milena López**  
Cenit VP of Strategy and  
Finance



**Juan Manuel Rojas**  
VP for Strategy and Business  
Development



**Pedro Manrique**  
Commercial and Marketing VP



**Yeimy Báez**  
Gas VP



# GLOSSARY

| Acronym             | Definition   |
|---------------------|--|
| Bl                  | Barrel   |
| bped                | Barrels of oil equivalent per day  |
| COP B               | Billion Colombian Pesos (Nine zeros)   |
| COP M               | Million Colombian Pesos (Six zeros)  |
| COP T               | Trillion Colombian Pesos (Twelve zeros)  |
| FCF                 | Free Cash flow   |
| JV                  | Joint Venture  |
| Mbd                 | Thousands of barrels per day   |
| Mboed               | Thousands of barrels of oil equivalent per day   |
| MtCO <sub>2</sub> e | Million Metric tons of Carbon Dioxide equivalent   |
| OCF                 | Operating Cash Flow  |
| ROACE               | Return on Average Capital Employed: Operating income after tax / Capital Employed. Calculated in pesos |
| TESG                | Technology, Environmental, Social and Governance   |
| USD                 | US dollar  |
| USD B               | Billion dollars  |
| USD M               | Million dollars  |

