

# **BTG Pactual Latin American CEO Conference 2021**





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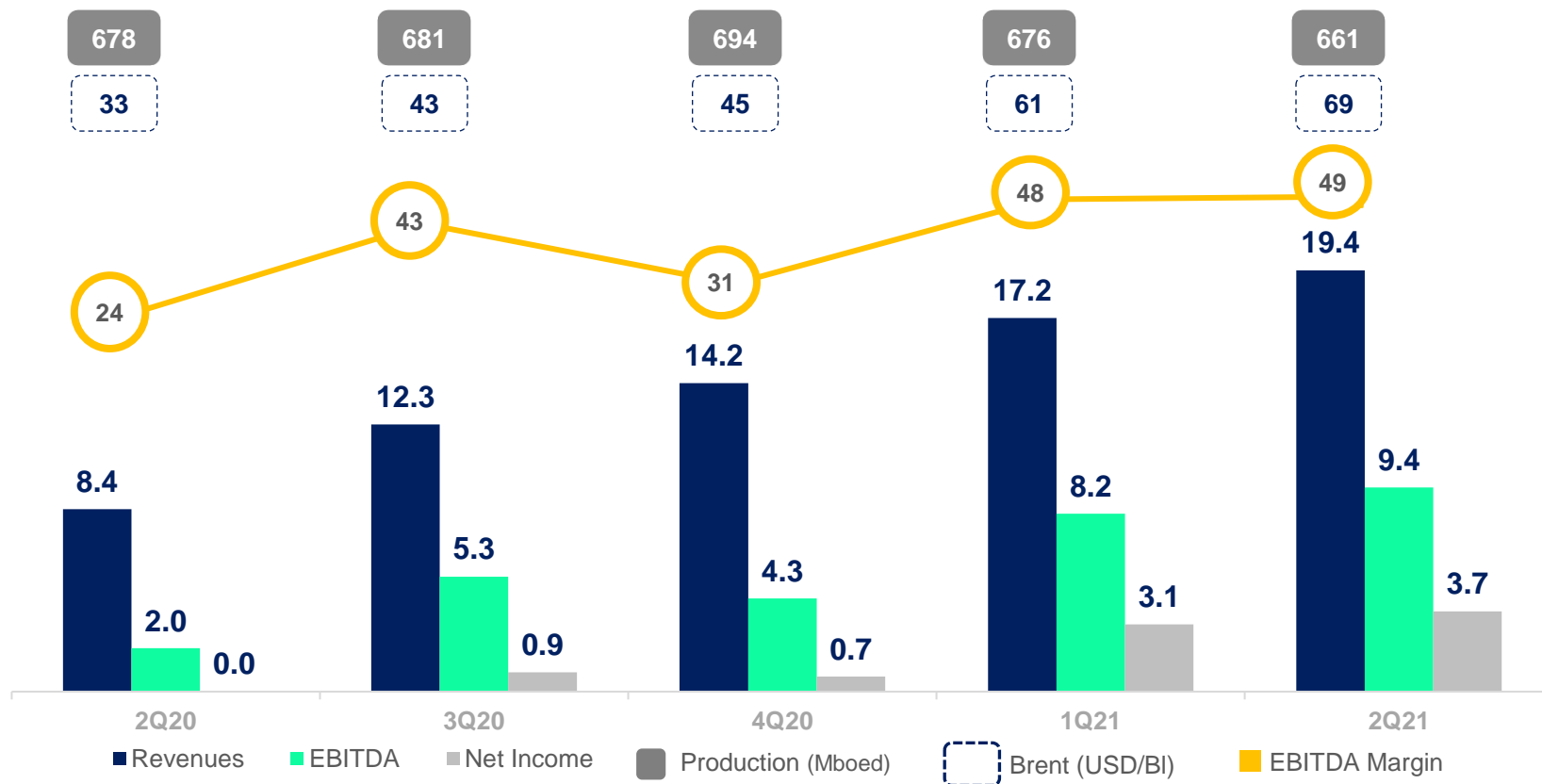
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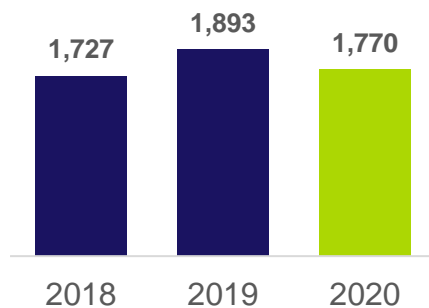


# Quarterly financial results at record highs



## RESERVES

Volume (Mboe)



### 2020 vs 2019

|                      |              |
|----------------------|--------------|
| Ecopetrol's Reserves | <b>-6.5%</b> |
| Industry's Reserves* | <b>-14%</b>  |
| Brent                | <b>-32%</b>  |

RRR

**115%**

Last 3 years average

AVERAGE RESERVES LIFE  
**7.5 YEARS**  
2020 | Last 3 years average

Mboe: Million of barrels of oil equivalent

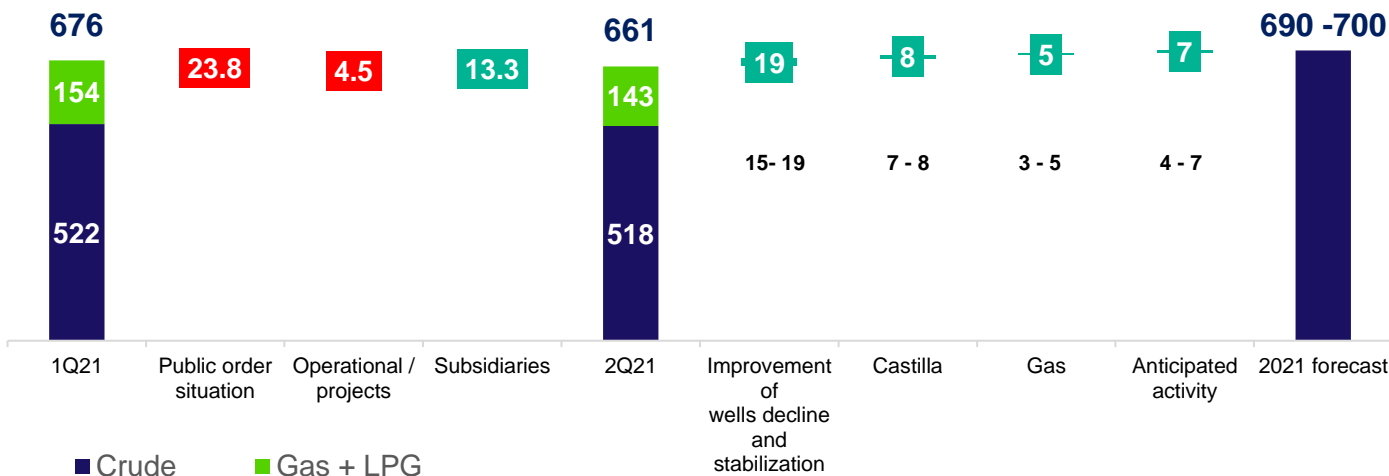
\* Available information as of 4Q20 Ecopetrol's Results: Shell. IOCs: Hess, Repsol, ConocoPhillips. NOCs: Equinor, PTTEP, ENI.



# Production

## Focus on operational reactivation and profitable production

(mboed)



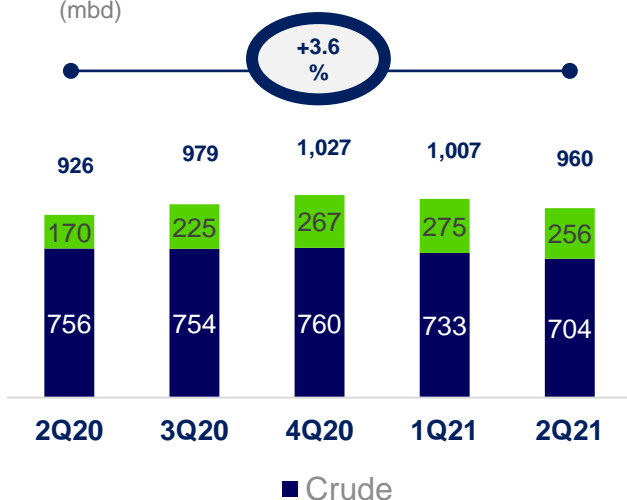
Operational **restrictions** in Castilla field **solved** (+9.7 mboed in June)

**17 rigs** in 2Q21 and FY21  
390-420 development wells

**8 exploratory wells** drilled in 2H21, 2021 projection: **14 wells**

## Midstream

Transported Volume (mbd)

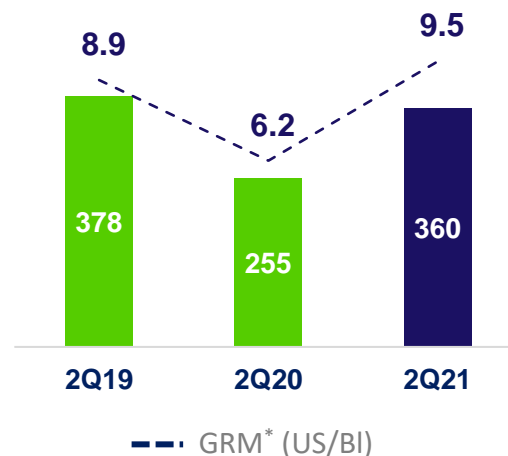


**Continuous efficiency** and 25.3% contribution to the Group's EBITDA

**19 consecutive months** with no reversal cycles in the Bicentenario pipeline

## Downstream

Throughput (mbd)



**9.3% contribution** to the Group's EBITDA

**Highest quarterly EBITDA** in the last 7 years



# The new Ecopetrol Group: leading integrated energy and infrastructure company in the region



**+120 years**  
of experience between  
the 2 companies

**+17,000**  
committed employees

**8 countries**  
geographical presence

Committed to energy  
future and sustainable  
development in Colombia  
and the Region

**Exploration, Production  
and Refining**

**Energy, Logistics,  
Midstream, Roads and  
Telecom Infrastructure**

**1,770** mmboe<sup>(1)</sup> 1P reserves  
**668** mboed production<sup>(2)</sup>

**+9,000** km of pipelines  
**5** storage terminals & ports

**2** refineries  
**400** mbd capacity

**1,300 MW**  
self-generation capacity  
**430,000 GWh**  
annual transmitted energy

**1** petrochemical plant  
~500K Ton/year

**+47,000 km** transmission  
**+1,000 km** toll roads  
**+54,000 km** optic fiber



**LTM Revenues<sup>(3)</sup>**

**~US\$17.3bn**

**~US\$2.9bn**

**LTM EBITDA<sup>(3)</sup>**

**~US\$7.5bn**

**~US\$1.9bn**

Source: Company filings, ISA filings, FactSet.

Note: FX Average of period: 3,648 COP/US\$ (1H'21 LTM).

(1) Defined as million barrels of oil equivalent.

(2) As of 1H'21.

(3) As of 1H'21 LTM. Financial figures converted to US\$ using 1H'21 LTM AoP FX rate of 3,656 COP/US\$ and 1H'21 LTM EoP FX rate of 3,734 COP/US\$.



# Strategy focused on maximizing value of hydrocarbons portfolio while progressing on Energy Transition (“ET”)

## Energy Transition: Four Main Pillars

1



### COMPETITIVENESS

Improve costs and production times  
Gas value chain opportunities

2



### DIVERSIFICATION

Reposition new businesses in O&G  
Increase non-fossil fuel energy business portfolio

3



### DECARBONIZATION

Accelerate and prioritize decarbonization and energy efficiency

4



### TESG

Harmonize economic, social and environmental development under a transparent and ethical governance framework

Knowledge and innovation

Human talent & development

1

# Competitiveness: multiple avenues to sustain growth and accelerate ET strategy

## Business plan highlights (prior to ISA acquisition)

|                    | Current <sup>(1)</sup>   | 2021               | 2021 – 2023     |
|--------------------|--------------------------|--------------------|-----------------|
| <b>Financial</b>   | Organic Investment       | US\$2.9bn          | US\$3.5 – 4.0bn |
|                    | Operating Cash Flow      | US\$4.1bn          | US\$3.5– 5.0bn  |
|                    | EBITDA Margin            | 43.1%              | 35% – 38%       |
|                    | Gross Debt / EBITDA      | ~1.8x              | <2.5x           |
| <b>Operational</b> | Production (mboed)       | 686 <sup>(2)</sup> | ~690 – 700      |
|                    | Exploratory wells        | 8                  | ~14             |
|                    | Transported volume (mbd) | 960                | >1,000          |
|                    | Throughput (mbd)         | 360                | ~340 – 365      |

82%  
Colombia

18%  
International

## TESG investments

### Decarbonization

**~US\$600m**

2021 – 2023

*Includes construction of Rubiales solar projects*

### Innovation and Technology

**US\$100 – 150m**

2021 – 2023

*Includes (i) integrated fields, (ii) gross refining margin, (iii) petrotechnical database*

### Social and Environmental

**~US\$490m<sup>(3)</sup>**

by 2024

*Includes Tax Project Initiative, Apoyo Pais (COVID-19 support) and air quality initiatives*

### Permian:



4 rigs in operation in 1H'21



75 wells in production



21.2 mboed net to ECP pre-royalties 2Q'21

Source: Company filings, FactSet.

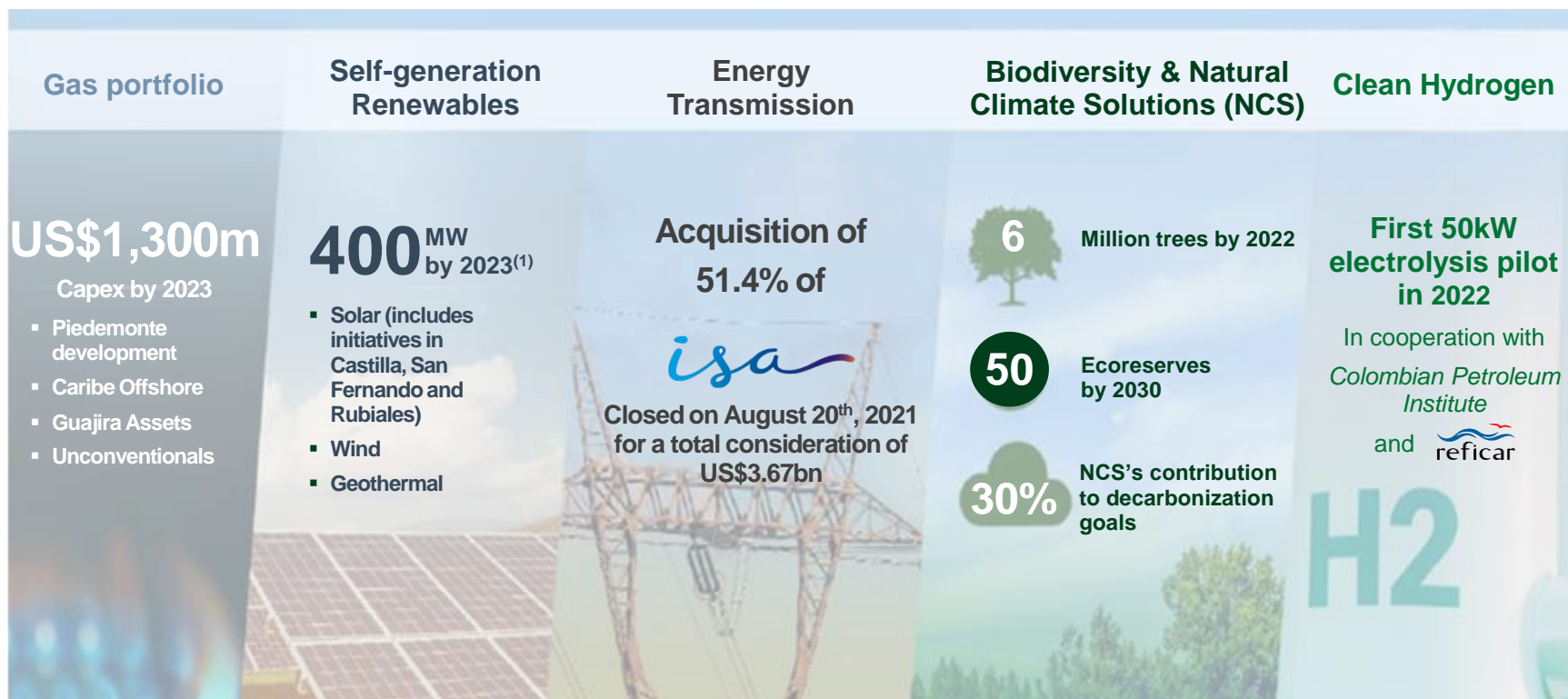
Note: Business plan reflects estimated Brent prices of US\$45, US\$50 and US\$54 for 2021, 2022 and 2023, respectively. As of 2Q'21, Brent price averaged US\$69 /bbl.

(1) Financial data as of 2Q'21 LTM and operating data as of 2Q'21.

(2) Exit rate as of June 30th, 2021.

(3) COP1.7tn, as disclosed by Ecopetrol, converted at a 3,439 COP/US\$ rate (EoP 2020).

# Diversification: new avenues for growth in the energy value chain



## 1<sup>st</sup> Horizon

Early 2020s

Increase resilience of core portfolio and diversity to existing business resilient to energy transition

- ISA / Transmission
- Gas Strategy
- Renewable self-supply
- Decarbonization agenda

## 2<sup>nd</sup> Horizon

Late 2020s

Capture business opportunities in emerging value pools

- Renewable
- Clean Hydrogen
- Carbon capture
- Nature-based solutions

## 3<sup>rd</sup> Horizon

Post 2030

Business in emerging technologies

- Energy services
- Advanced materials



# Diversification: sustainable growth via transformational acquisition of Interconexión Eléctrica S.A.

## Highlights of the transaction

**Transaction size of ~US\$3.67bn<sup>(1)</sup>**

Closed on August 20<sup>th</sup>, 2021

**Acquisition multiple of 7.9x**

EV/EBITDA 1Q'21 LTM

**100% debt financed**

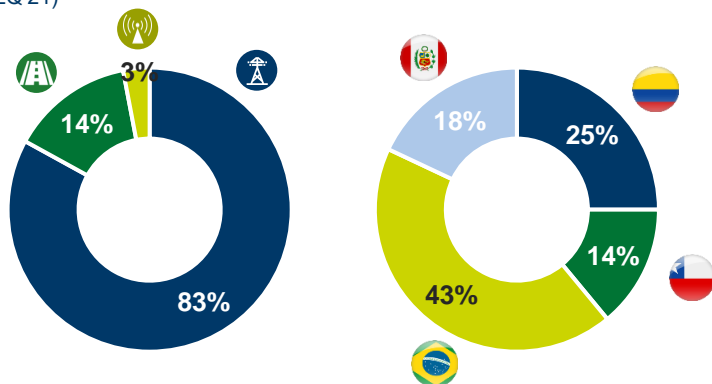
via a 2-year credit facility at 3-month LIBOR + 80 bps

**Resilient business model**

Consistent +10% revenue CAGR<sup>18-20</sup> in LCY

## EBITDA breakdown<sup>(2)</sup>

(As of 2Q'21)



## Acquisition rationale

- ✓ Transmission networks will play a key role in the energy transition in LatAm through the integration of renewables and by improving the systems' reliability
- ✓ Resilient business model with predictable and regulated cash flow generation (~18% YoY revenue growth in LCY; ~53% dividend payout ratio in the last 5 years)
- ✓ Consistent EBITDA and net margins of over 65% and 20%, respectively
- ✓ New avenues of organic and inorganic growth in LatAm

## Highly diversified regional platform

### Transmission

**47,358km** in operation  
**6,529km** under construction

### Road concessions

**1,053km** in operation  
**136km** under construction



## Market share (transmission)<sup>(3)</sup>



# Decarbonization: ambitious strategy announced in 2021

## Ecopetrol aims for Net Zero Carbon Emission by 2050

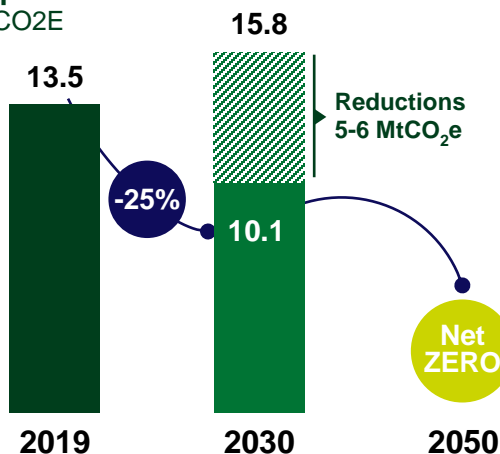
TARGET BY

**2030**

### REDUCTION

25% vs. 2019  
scope 1 & 2

Scope 1 & 2  
MT CO<sub>2</sub>E



### MAIN INITIATIVES TO 2030



**Reduction of fugitive**  
emissions, venting, and  
flaring



**Energy efficiency**



**Renewable energies**  
(solar, wind, geothermal  
and biomass)

TARGET BY

**2050**

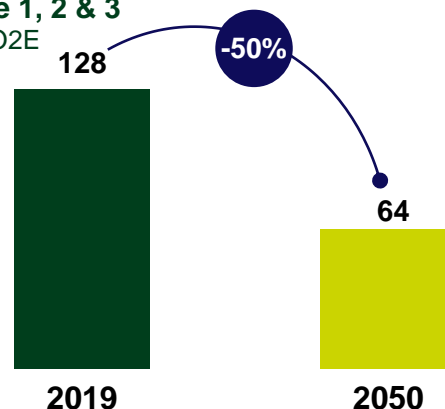
### NET - ZERO EMISSIONS

scope 1 & 2

### REDUCTION

50% vs. 2019  
scope 1, 2 & 3

Scope 1, 2 & 3  
MT CO<sub>2</sub>E



### MAIN INITIATIVES TO 2050



**Clean hydrogen**  
initiatives



**Natural Climate Solutions**



**Carbon Capture,**  
Utilization and Storage



**Energy storage** in batteries

# TESG: tangible initiatives towards a sustainable future

## Technology



**US\$60m**

in certified digital agenda benefits since 2019



**+90** digital products implemented



**11** innovation challenges launched



**US\$80m**

Technology and Innovation investment for 2021

## Environmental



**8,472 ktCO<sub>2</sub>e**

cumulative reduction of greenhouse emissions in 2010-2020



**72% water reuse**

+36% vs 2Q'20



**2.8m** trees planted in 1H'21 (68% of 2021 goal)



**4,824 GWh<sup>(1)</sup>**

self-generated energy in 2020 (66% of energy consumption is self-generated)

## Social



**+5,000** household natural gas connections<sup>(2)</sup>



**+21,000** household running water connections<sup>(2)</sup>



**84%** of total work force sourced locally



**US\$490m<sup>(3)</sup>**

Social & Environmental investment by 2024

## Governance



**8** of the 9 members of the Board of Directors are **Independent<sup>(4)</sup>**



**7** Board of Directors committees, including a **special committee** that evaluated the **acquisition** of a 51.4% stake in **ISA**



**55%** of employees' variable compensation for 2021 is tied to TESG targets

# TESG: leading LatAm player in adopting global T ESG standards and best practices

## Priorities



## Indexes & Rankings



## Recent Participation



## Metrics & Standards



## Evaluators & Radars



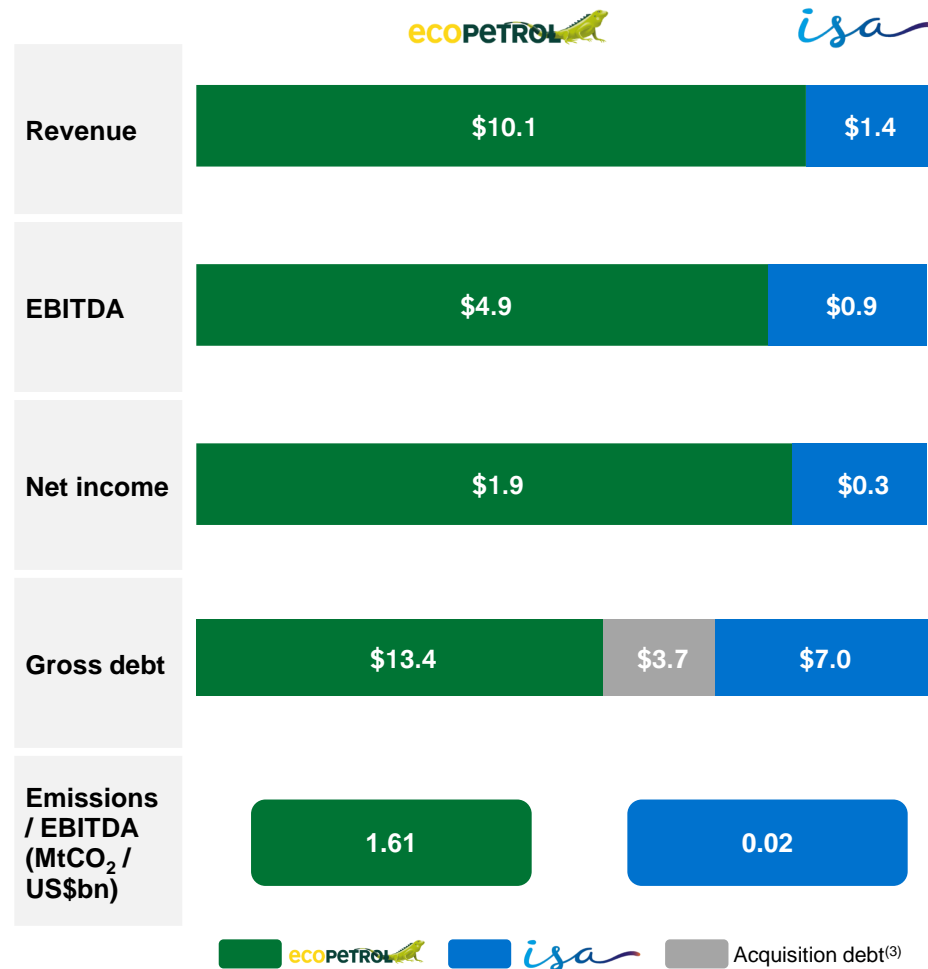
## Latest initiatives



# Ecopetrol is now a regional energy champion with a larger scale, more stable and diversified platform

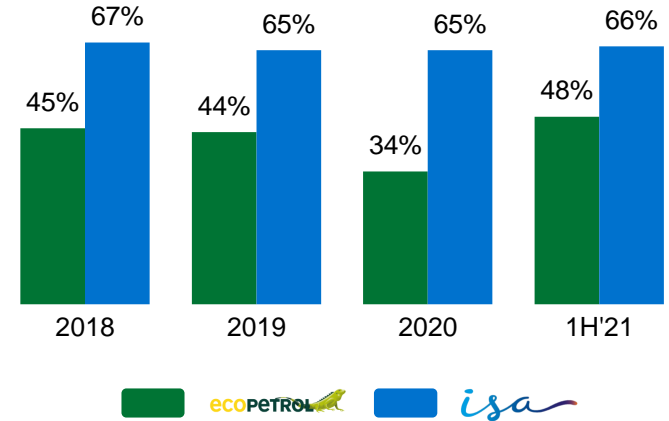
## Ecopetrol and ISA financial snapshot<sup>(1)(2)</sup>

(1H'21 in US\$ billion, unless otherwise stated)



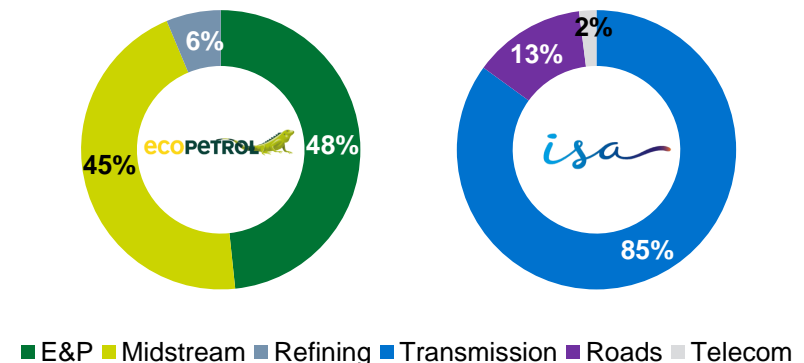
## EBITDA margins

(%)



## EBITDA breakdown by business<sup>(4)</sup>

(%, as of 1Q'21 LTM)





# In summary...

1

## Positioned to benefit from growth in countries with attractive economic and demographic indicators

- ✓ Undisputed leadership in Colombia
- ✓ Continue expansion in Latin America's main markets

2

## Positioned to capture an increase in demand for oil, gas and petrochemicals

- ✓ Positive outlook for fuel sales and strong growth fundamentals in LatAm (2021E-2023E GDP growth of ~3.7%)<sup>(1)</sup>
- ✓ Improvement of oil price basket and gas demand; gas will represent 25% of the global energy matrix by 2040, with 1.2% YoY growth during 2030-2040<sup>(2)</sup>

3

## Focused on future growth in the electrification space

- ✓ ISA acquisition provides scale, stability and diversification
- ✓ Continue consolidation in transmission and roads, and accelerate renewables expansion

4

## Financial and operating synergies

- ✓ Stronger capital structure and less volatile cost of capital associated with more stable and regulated cash flows
- ✓ Significant operational synergies in oil & gas, and potential synergies in energy value chain

5

## Regional TESG leader

- ✓ Undisputed leader in the region in decarbonization objectives, endorsed by SASB and TCFD
- ✓ Renewable energy pipeline of 400MW for self-generation

