

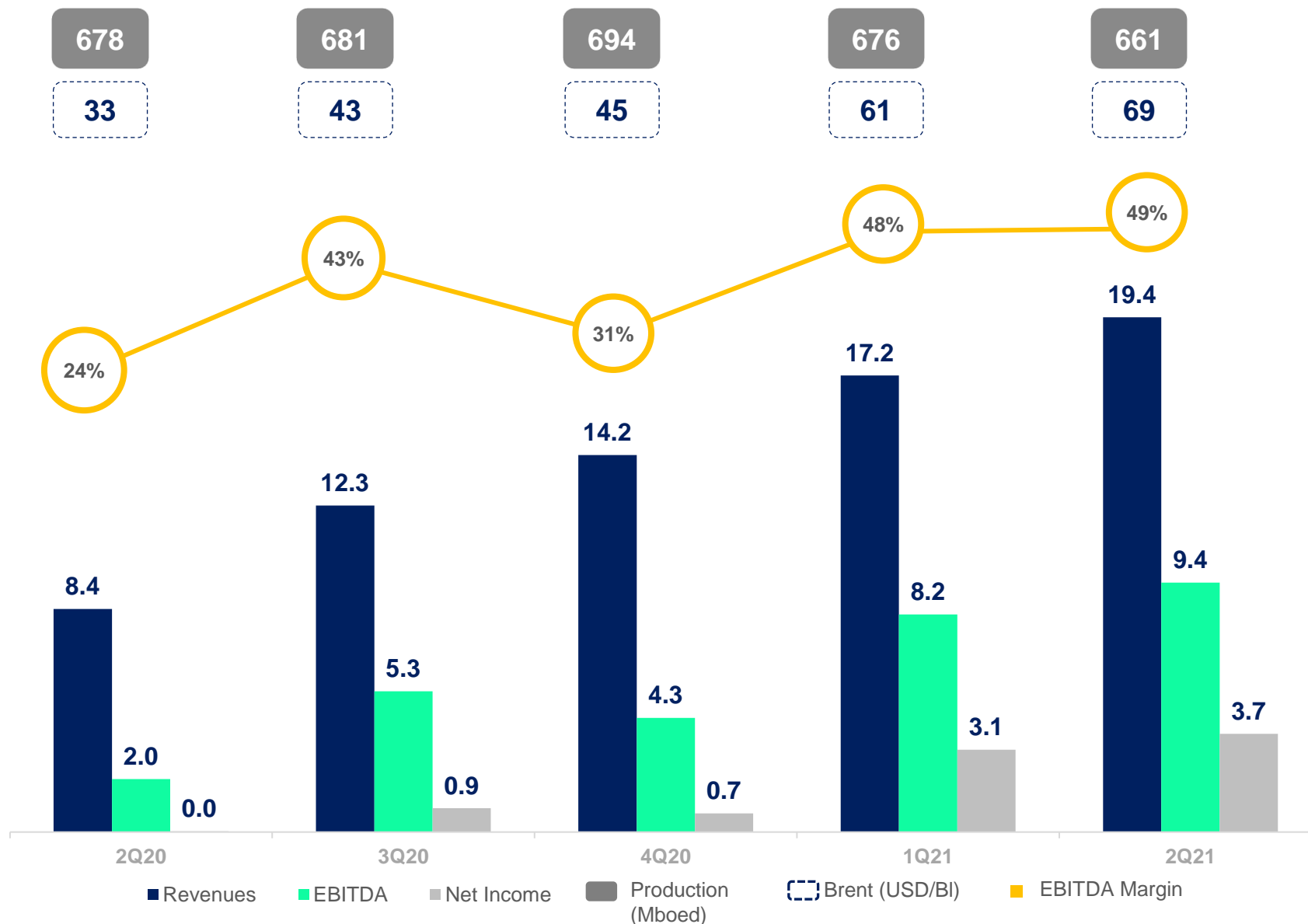
# Larrain Vial Andean Conference 2021



70 years



# Quarterly financial results at record highs

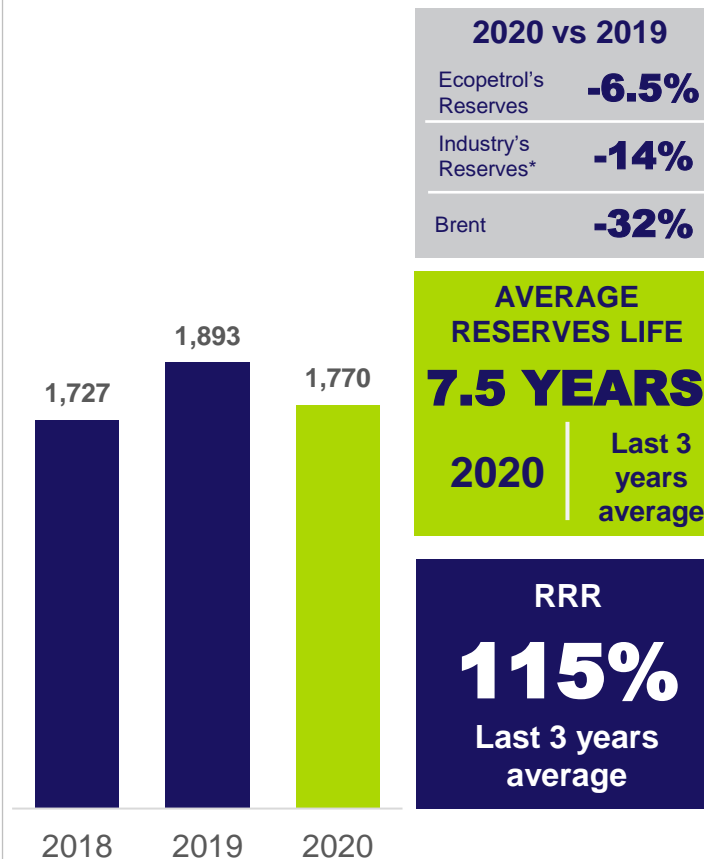


\* Ministerio de Hacienda y Crédito Público



## RESERVES

Volume (Mboe)



Mboe: Million of barrels of oil equivalent

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



**1**   
Restore growth path

**2**   
Increases competitiveness

**3**   
Cement energy transition

**4**   
Progress in TESG






## ORGANIC INVESTMENT

BETWEEN  
US\$ 12 AND US 15  
BILLIONS



Development of high-potential focus areas in Brazil and Permian

Production (mboed)	<b>700 - 750</b>
Exploratory Wells	<b>+40</b>
Transported volume (mbd)	<b>&gt;1,000</b>
Refineries throughput	<b>340 - 420</b>

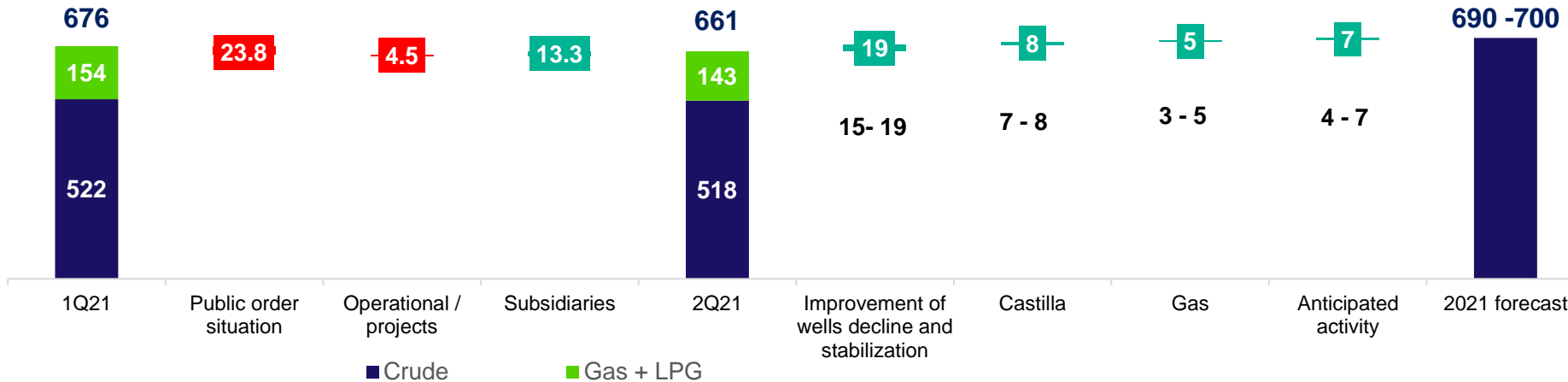
Decarbonization	Water	Fuels quality
		
<b>US\$ 600 M</b>	<b>US\$ 120-130 M</b>	<b>US\$ 70-80 M</b>
Innovation and technology investment	Socio-environmental investment	
		
<b>USD 100 - 150 M</b> 2021 -2023	<b>COP\$ 1.7 Bn</b> 2020-2024	



# Production

## Focus on operational reactivation and profitable production

(mboed)



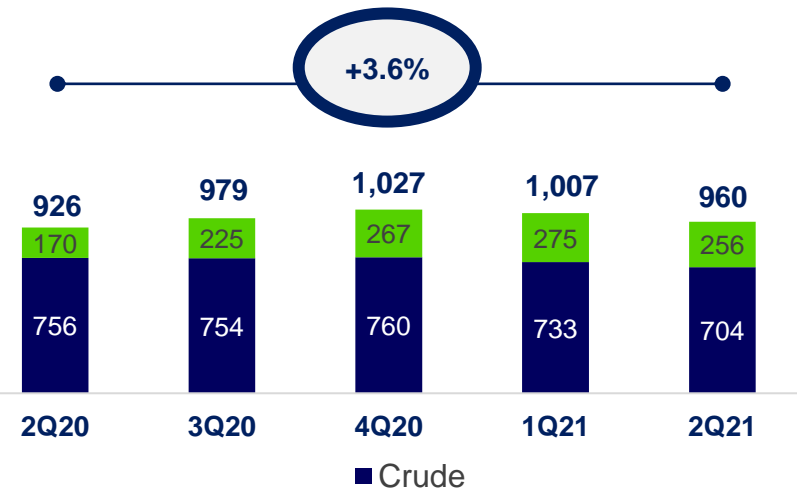
Operational **restrictions** in Castilla field **solved** (+9.7 mboed in June)

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

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

# Midstream

Transported Volume (mbd)

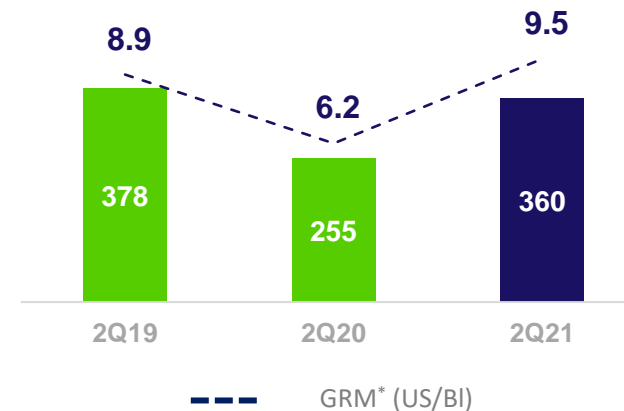


**Continuous efficiency** and 25.3% contribution to the Group's EBITDA

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

# Downstream

Throughput (mbd)



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

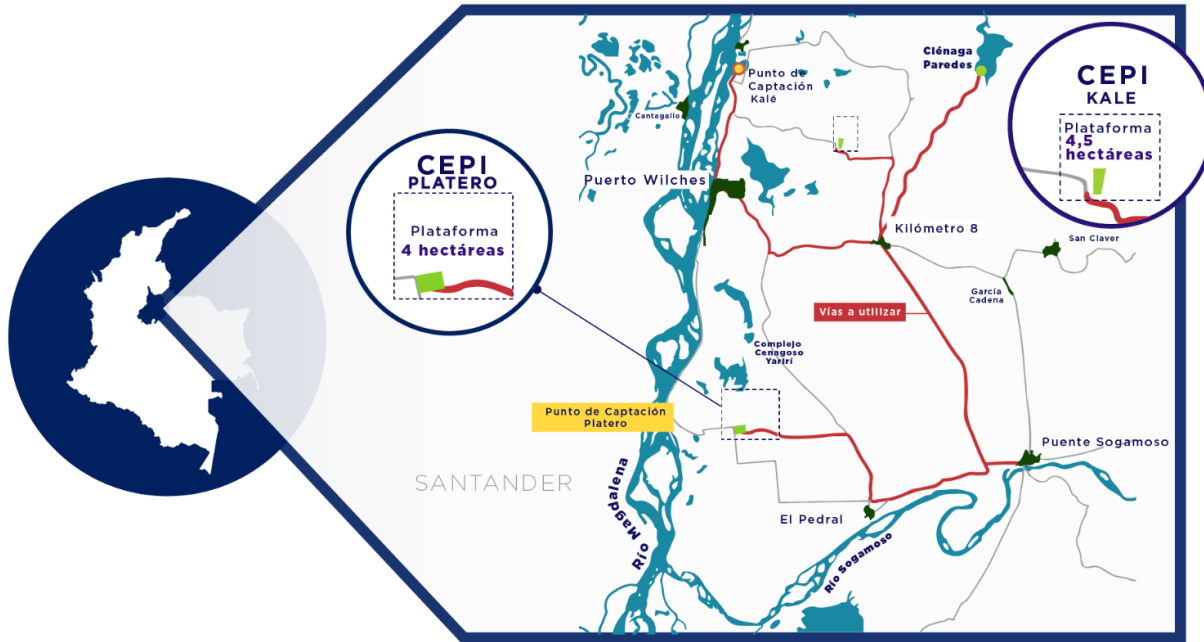
**Highest quarterly EBITDA** in the last 7 years



# 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

2020

2021

2022

2023

**KALÉ**

CEPI Awarded

Environmental monitoring  
1st Territorial Dialogue

EIA\* Filing

Environmental license

Drilling

**PLATERO**

CEPI Awarded

Environmental monitoring  
1st Territorial Dialogue

EIA\* Filing

Environmental license

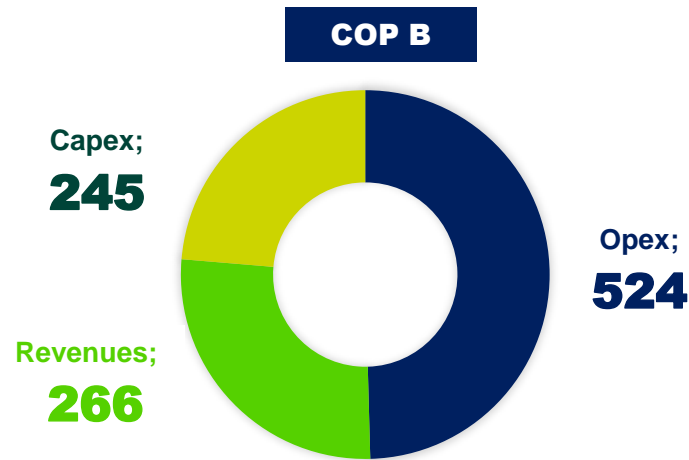
Drilling

**FOCUS ON EFFICIENCIES**

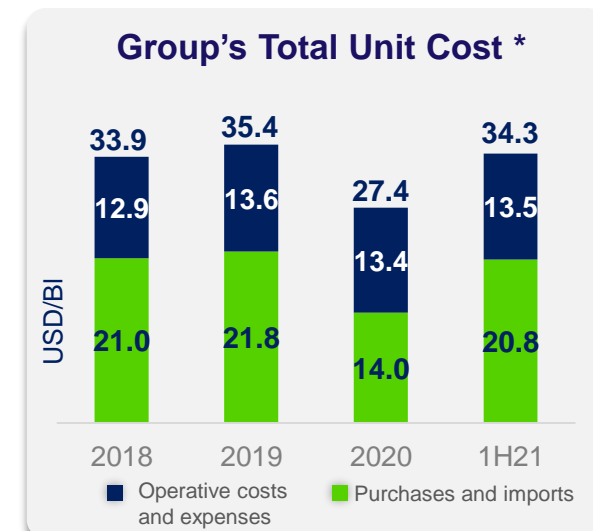
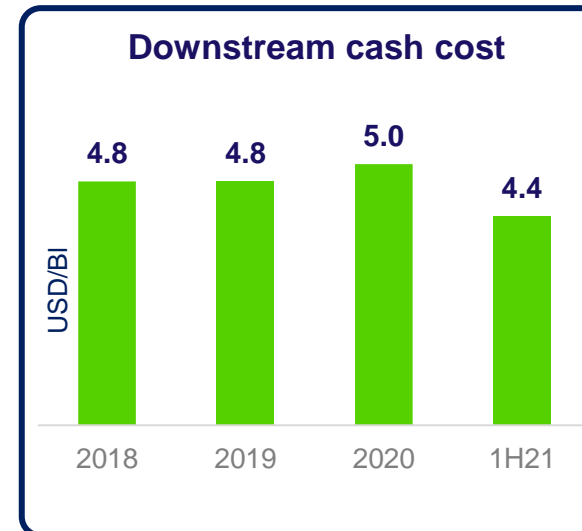
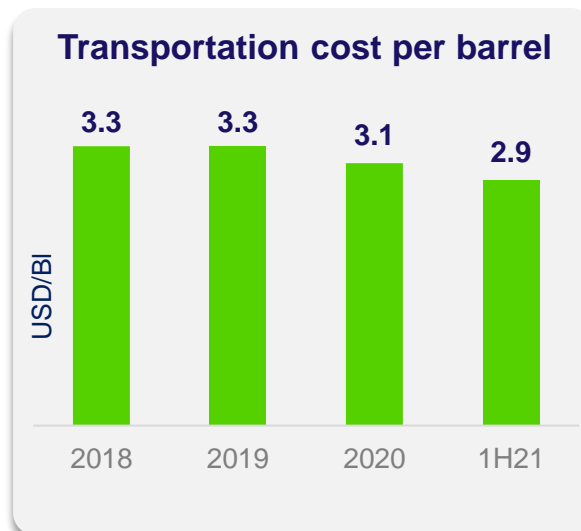
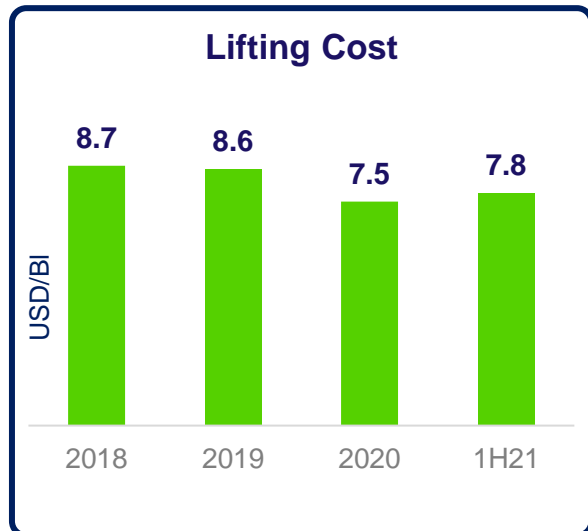


# Cost discipline and efficiency

**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

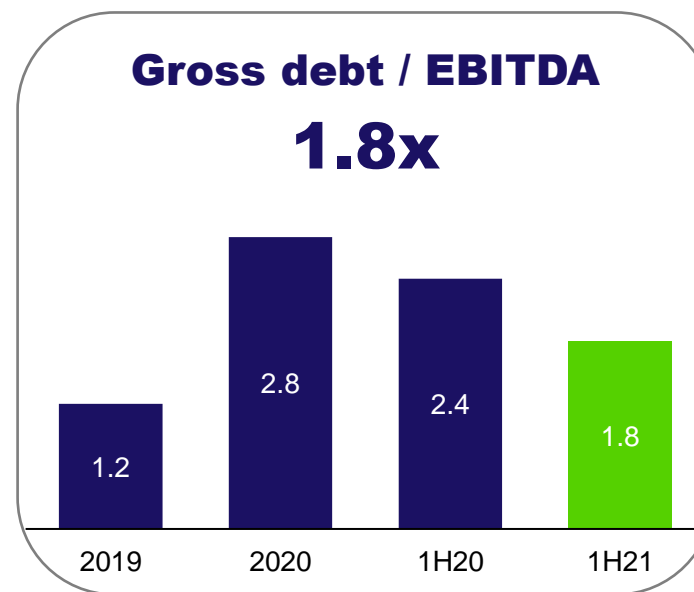
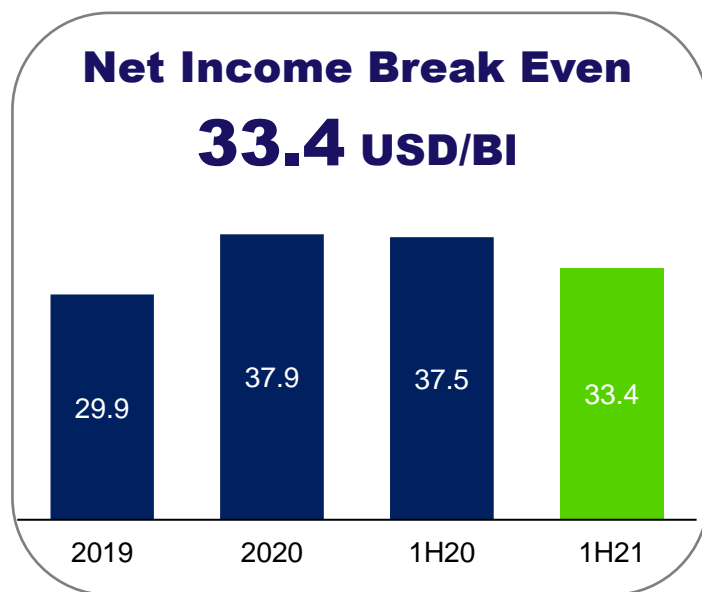
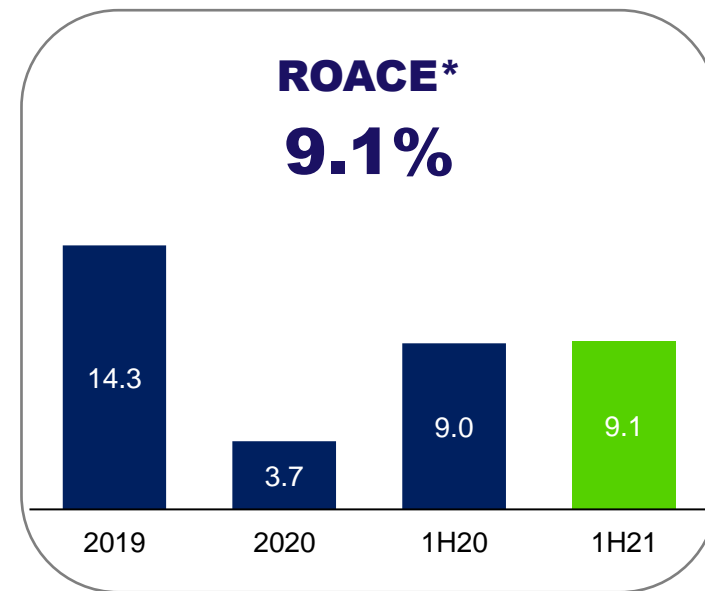
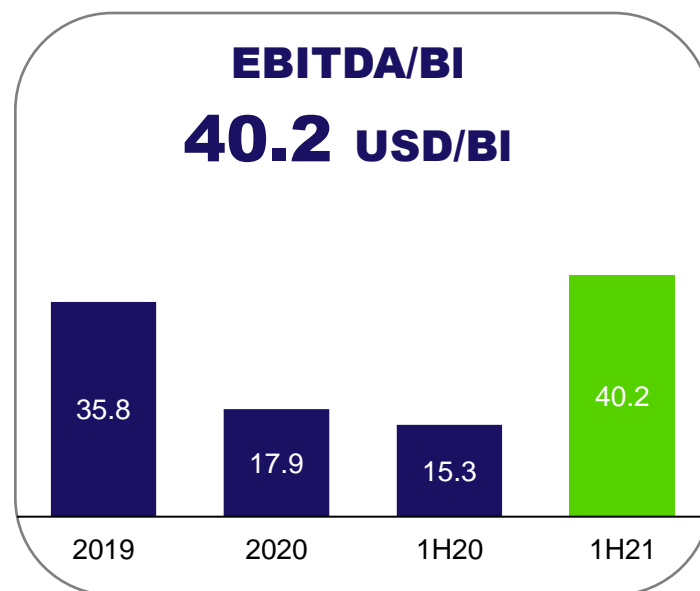
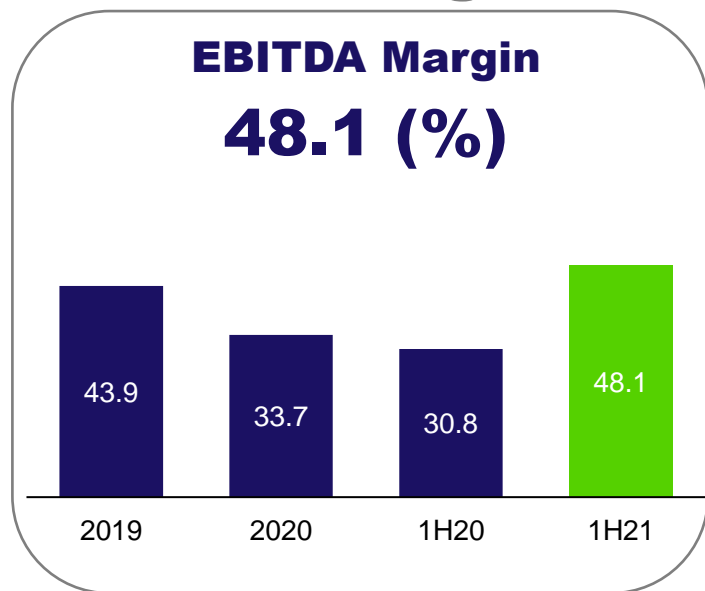




# ▶ FINANCIALS



# Back to the growth path

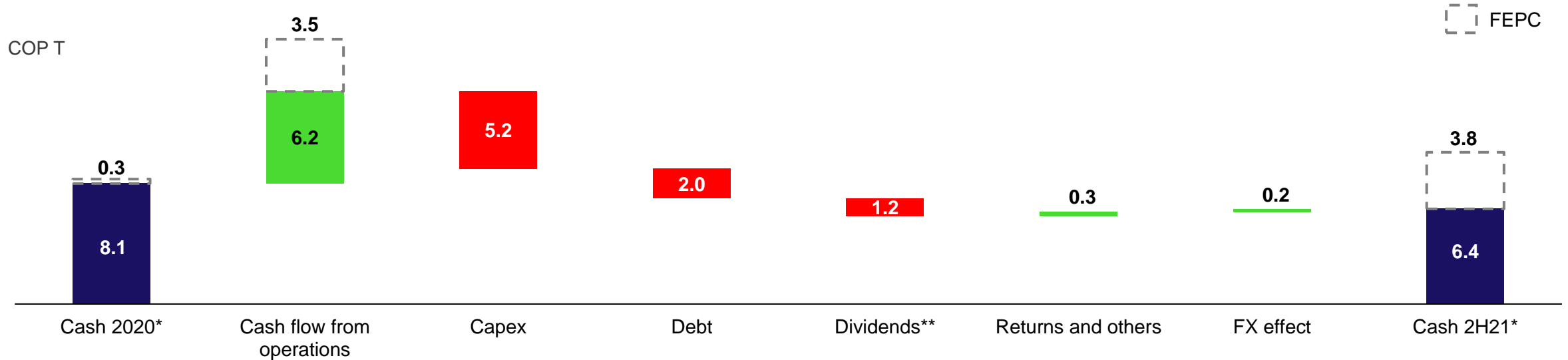


\* Return On Average Capital Employed

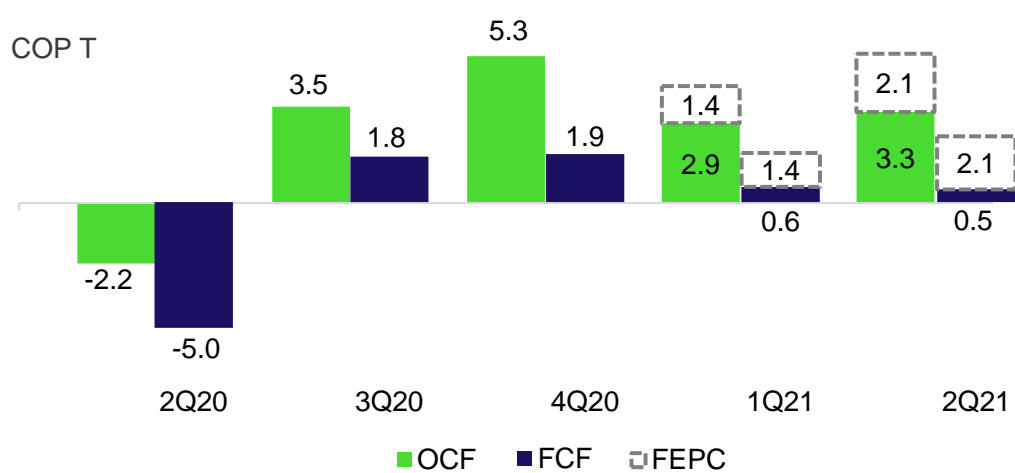




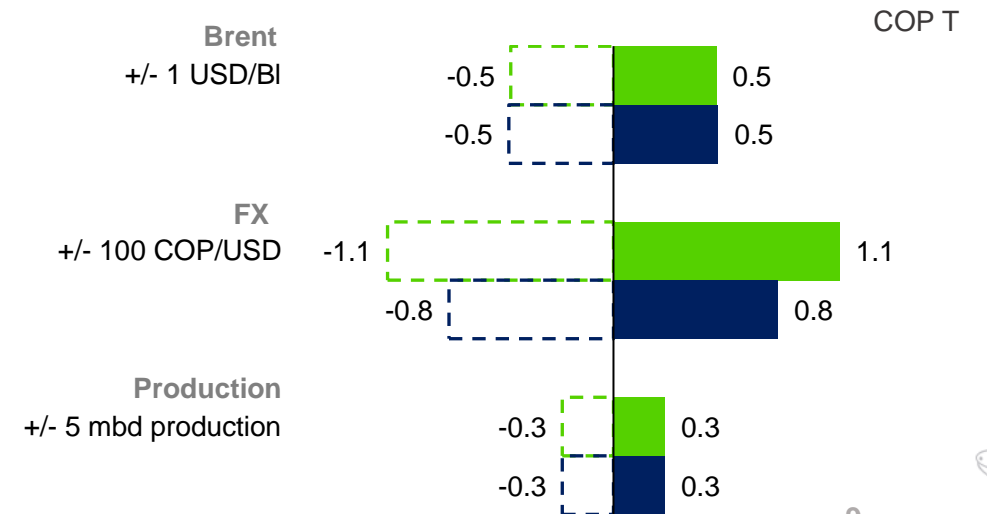
# Strong growth of the underlying cash flow



## OCF & FCF Evolution



## OCF & FCF Sensitivity

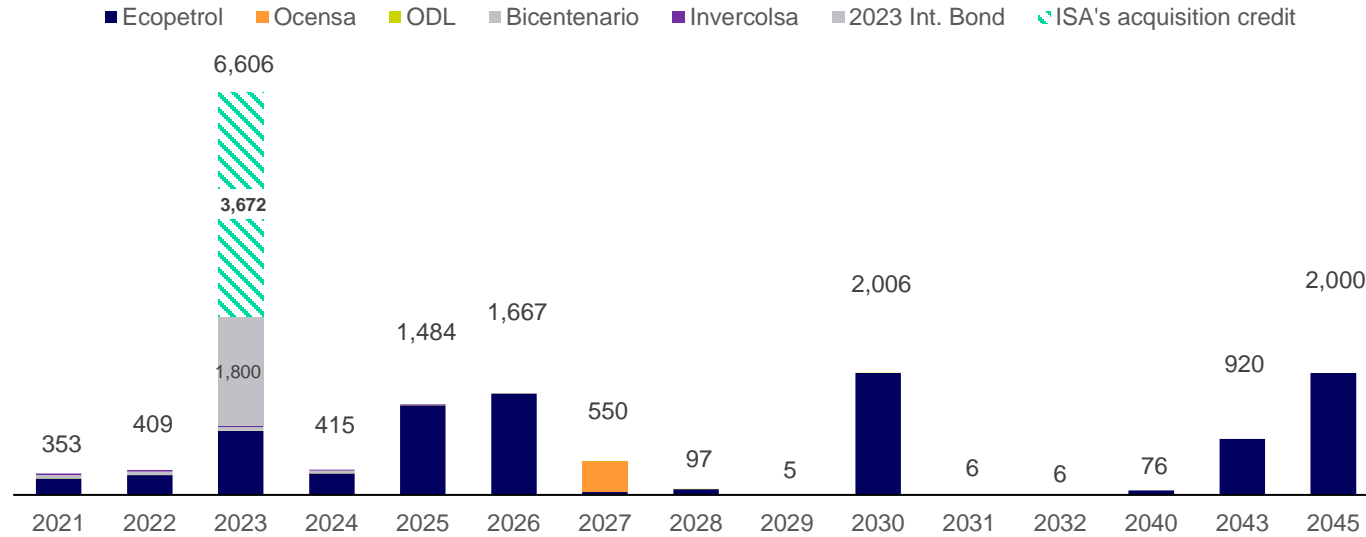


\* Cash and cash equivalents and other current and non current financial assets. \*\* Declared and estimated dividends to minority subsidiaries  
 FEPC: Fuel Price Stabilization Fund; OCF: Operative Cash Flow; FCF: Free Cash Flow



# Debt Profile - Ecopetrol Group

Nominal Figures in USD Million



Consolidated Debt by Company as of June 2021

Company	Dollars	Pesos*	Total*
Ecopetrol	11,615	283	11,898
Ocesa	500	-	500
Bicentenario	-	186	186
ODL	-	52	52
Invercolsa	-	93	93
<b>Ecopetrol Group</b>	<b>12,115</b>	<b>614</b>	<b>12,729</b>
%	95.18%	4.82%	100%
<b>Ecopetrol Group + Credit for ISA</b>	<b>15,787</b>	<b>614</b>	<b>16,401</b>

\*Figures expressed in USD million as of June 30, 2021. (FX: 3.756,67)

Average Life  
**8.88 years**

Average Cost COP  
**10.73%**

Average Cost US\$  
**5.06%**

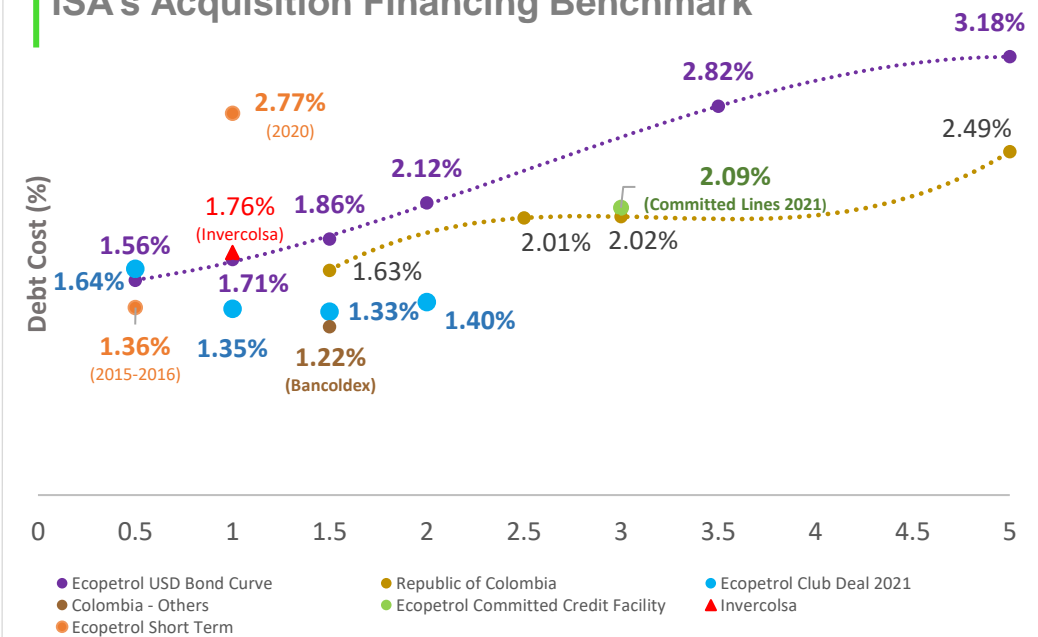


The financing structured for ISA's acquisition is the most competitive transaction Ecopetrol has obtained to date



Approval for a **contingent line of credit** for up to **US\$ 1,200 million**

## ISA's Acquisition Financing Benchmark



**Take outs under evaluation**

- Equity
- Bonds
- Cash



# ENERGY TRANSITION

## 4 PILLARS

**Increasing  
competitiveness**

**Diversification**  
*keeping focus on  
oil and gas*

*Accelerating*  
**Decarbonization**

*Sustainability through*  
**TESG**

KNOWLEDGE AND INNOVATION

HUMAN TALENT DEVELOPMENT

# Ecopetrol has captured a unique transformational opportunity to become the leader of the energy transition in the Americas

## ENERGY TRANSITION

## GROWTH

## IMPROVED RISK PROFILE



The leading network infrastructure player in LatAm



Successful growth track record and attractive outlook in current and new businesses (energy transition)



Stable and predictable cash flow generation due to regulatory nature and long-term concessions



Transmission network will play a key role in the future; system reliability, integration of renewables



Scale: ISA represents 20% of both companies' (GE + ISA) combined EBITDA as of 2Q21



Increased resilience to oil price volatility



Commitment to sustainability, low emissions business



Growth based on historical information: EBITDA\*\* CAGR\*\*\*: 18% between 2015 - 2020



Diversified platform across asset classes and geographies (lower concentration risk)



Scale vs renewable growth opportunities in Colombia



Transaction is EPS\*\*\*\* accretive from year one



Similar characteristics to Ecopetrol Group's transportation assets (energy transmission business)



\* Last twelve months numbers  
 \*\* Includes non recurrent events and construction revenues  
 \*\*\* Compounded Annual Growth Rate  
 \*\*\*\* Earnings per Share

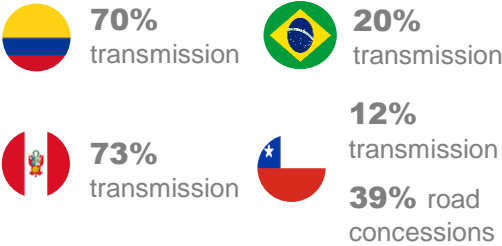
# ISA provides a regional energy infrastructure platform

unique in scale, profitability and growth prospects

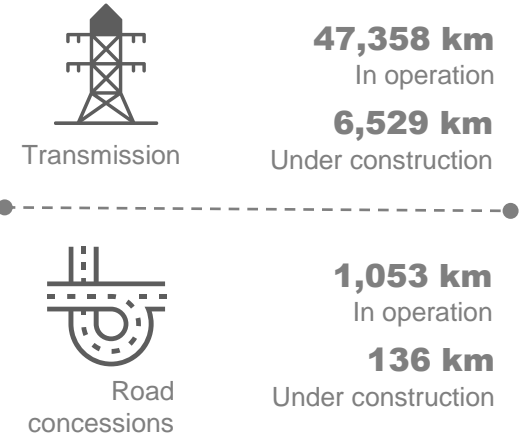


**Leading** company in the power **transmission** sector in Latin America

### Market Share



### HIGHLY DIVERSIFIED REGIONAL PLATFORM



**REGULATED BUSINESS**, with **stable** earnings and margins, as well as **attractive** returns on equity



**TRACK RECORD** nearly **USD 1 billion** invested annually to grow the business



**EXPANSION PLANS** to new geographies across the **continent**



**COMMITMENT WITH SUSTAINABILITY**, integration of renewable energies and **energy transition**

**65%**  
EBITDA  
MARGIN\*  
March 31/2021  
Last 12 months

**17%**  
ROE  
March 31/2021  
Last 12 months

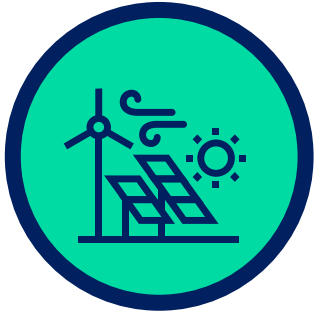
**53%**  
DIVIDEND  
PAYOUT  
5Y Average

Source: ISA's Corporate Presentation March 2021

\* EBITDA Margin excluding construction revenues is 76%

# Transmission plays a key role in reliable renewable energy integration at scale

## TRANSMISSION COMPANIES ROLE IN THE ENERGY TRANSITION



### REGIONAL AND RENEWABLE INTEGRATION

- Migration towards a "cleaner" generation matrix implies a greater participation of non-conventional renewable energy plants and modifications to the current system
- Regional integration plans



### ELECTRIFICATION

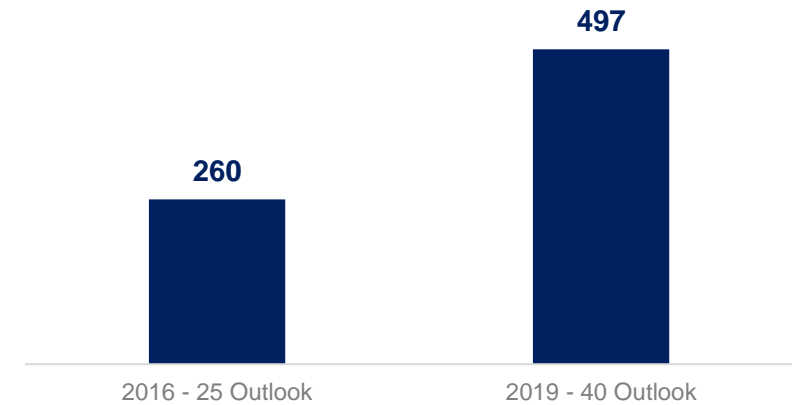
- Electrification of the economy will bring additional expansion opportunities to the transmission network
- System decentralization
- Due to aging infrastructure, higher investments in maintenance will be required



### CLIMATE RISK

- Weather events significantly affect hydroelectric power generation, highlighting the need to diversify to other sources

### Attractive Global Investment Outlook in T&D\* (USD Bn)



Source: McKinsey & Co

- Investments in energy transmission represent:
  - Stable and predictable revenues
  - Hedge against commodity price volatility
  - Resilience to economic downturns
- Future investments in energy transmission will focus on:
  - Backbone of energy transition requiring significant investments
  - Renewal of aging infrastructure
  - Increasing levels of performance
  - Digitization and automatization

Source: McKinsey & Co

\*Transmission and Distribution



# Value accretive transaction to all Ecopetrol's Shareholders

## PRICE DEFINITION

- The agreed price per share was **25,000 pesos**
- The total purchase price for 51.4% of ISA's shares was equivalent to **COP 14,236,814 MM**
- 3 independent valuations anchored on DCF<sup>1</sup> methodology

## Offer Value and Implied Multiple

	COP
Price per Share	\$ 25,000
Number of Shares	569,472,561
<b>Offer Value (MM)</b>	<b>\$14,236,814</b>
Equity Value (MM) - 100%	27,691,947
Enterprise Value (MM) - 100%	53,320,826
<b>Enterprise Value / EBITDA<sup>2</sup> Multiple</b>	<b>7.9x</b>

Notes:

1. Discounted cash flow
2. Last twelve months as of March 2021
3. Potential improvement in the event of higher Brent prices. Expected levels may vary depending on final potential transaction conditions and market environment in the following years. Brent assumptions: 2021: 65 USD/BI 2022 and 2023: 60 USD/BI
4. 12-month pro-forma impact

## SOLID INVESTMENT CASE



**Expected returns  $\geq$  10%**



**Pro forma EBITDA margin of 42%**

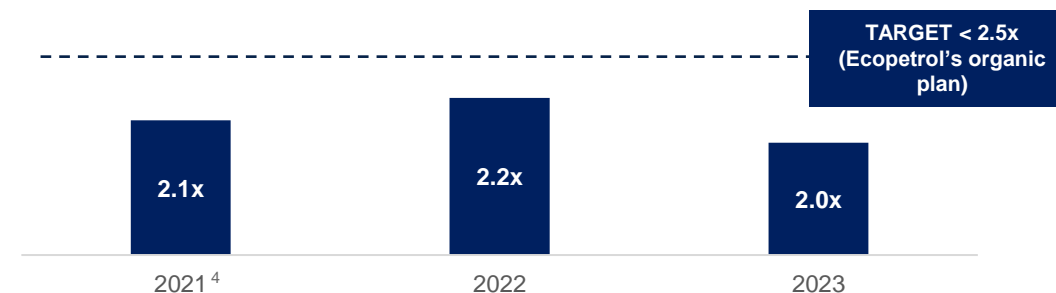
compared to 38% of Ecopetrol<sup>2</sup>



**Transaction is EPS accretive**

from year one

## Post Transaction Projected Gross Debt/EBITDA GE + ISA<sup>3</sup>



# AN UNPRECEDENTED PLATFORM

LEADER IN THE REGION'S ENERGY TRANSITION



## Growth Prospects

- Ecopetrol and ISA would continue investing in their core businesses
- Geographical diversification
- Decarbonization and electrification as future growth drivers
- Sustain value-added investment in the core Oil & Gas business
- ISA could leverage Ecopetrol's experience and market knowledge to access new growth opportunities

## Resilient Operating Model

- Integrated energy company with a strong midstream segment
- Greater diversification and stability of earnings and cash flows
- Lower cost of capital, supported by stable and predictable long-term cash flows

## Operational Efficiency

- Some synergies could be achieved through cooperation agreements between both companies
- Shared resources and knowledge
- Adoption of best practices
- Ecopetrol flexible and robust corporate governance framework facilitates and promotes proper corporate integration

## Scale and Competitiveness

- Unique opportunity unmatched in scale and access to a highly regulated and attractive business
- Combination of the two companies would create one of the largest energy infrastructure holdings in LatAm
- Joint development and financing of new investment opportunities



# We are the New ECOPETROL GROUP

## Upstream and Downstream

- +250** PRODUCTION FIELDS
- 2** REFINERIES  
400 KBD OF CAPACITY
- 1** PETROCHEMICAL PLANT  
~500 KTon-year of CAPACITY
- 1** BIODIESEL PLANT  
~120 KTon-year of CAPACITY

## Energy, Logistics, Roads and Telecomm Infrastructure

- ~9k** PIPELINES NETWORK  
KM
- 5** PORT TERMINALS FOR STORAGE
- 1.300** MW OF SELF-GENERATION CAPACITY
- +47k** TRANSMISSION LINES IN OPERATION  
KM
- +1k** ROAD CONCESSIONS IN OPERATION  
KM
- +54k** OPTICAL FIBER LINES  
KM

**\$19K**  
MUSD

Revenues  
Last 12 months

**\$8,8K**  
MUSD

EBITDA  
Last 12 months

**\$34K**  
MUSD

Market Cap  
As of July 31st 2021

**\$15-18K**  
MUSD

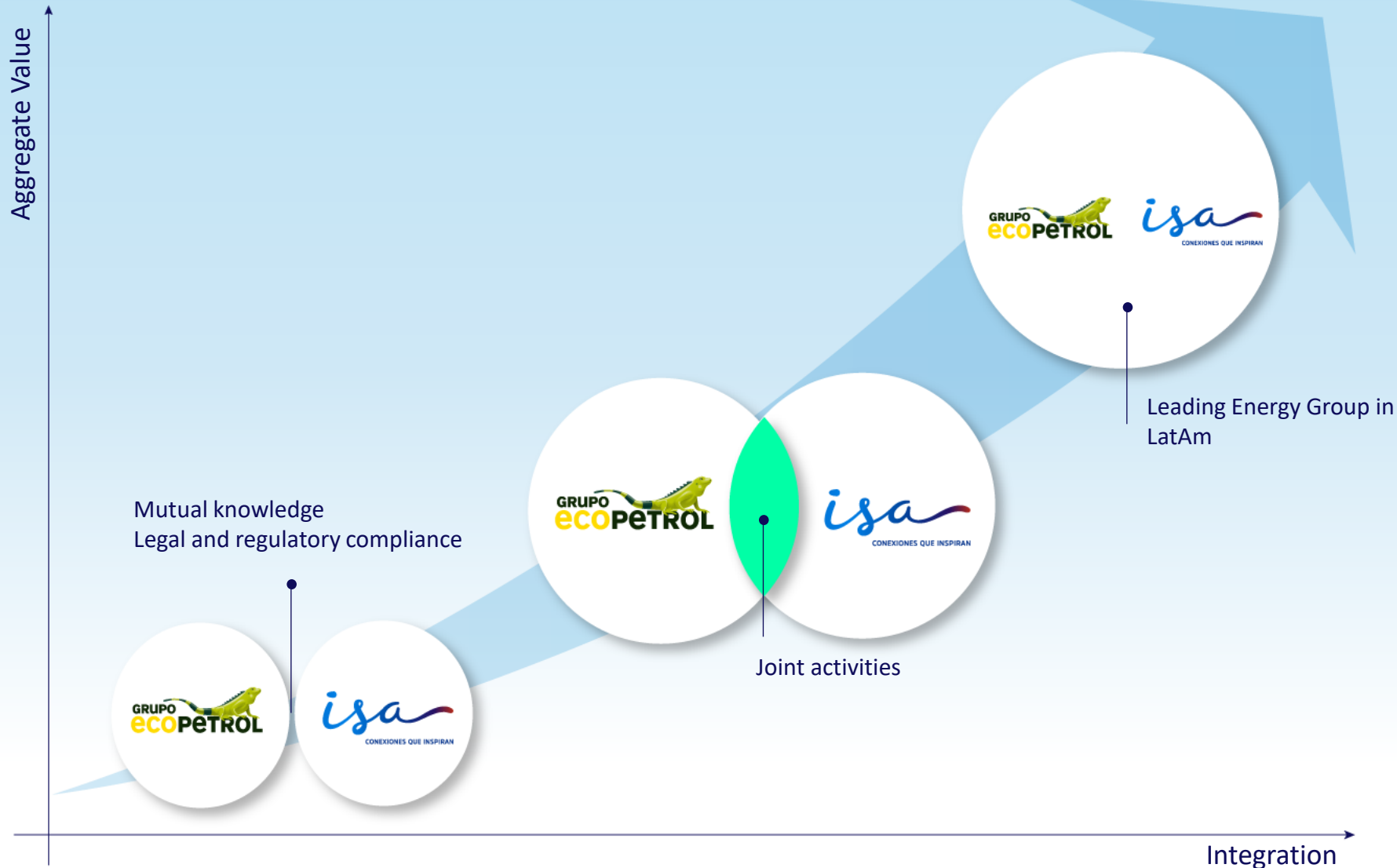
Investment plan  
2021-2023



\*Figures for revenues & EBITDA as of 2Q-2021. \*\*\*Kton: Thousand tons KBD: Thousand barrels per day MW: Megawatts  
\*\* Official Exchange Rate as of August 20th, 2021 (closing date of the transaction).

# GRADUAL TRANSITION

Moving towards becoming the leading Energy and Infrastructure Group in the region



## DRIVERS



**Exceptional Human Talent**  
People as a fundamental pillar



**Reciprocal recognition**  
From starting point



**Value creation**  
 $1 + 1 = 3$



**TESG**  
As common purpose



## 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 of CO2 emissions avoided
- **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** by 2024 **+2,800 jobs** by 2023
- 180 **young trainees**
- Increasing **local purchases of goods and services**



## GOVERNANCE

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

# DECARBONIZATION

# ECOPETROL AIMS FOR NET-ZERO CARBON EMISSIONS

BY 2050

TARGET BY

2030

**REDUCTION**  
25% vs. 2019  
scope 1 & 2

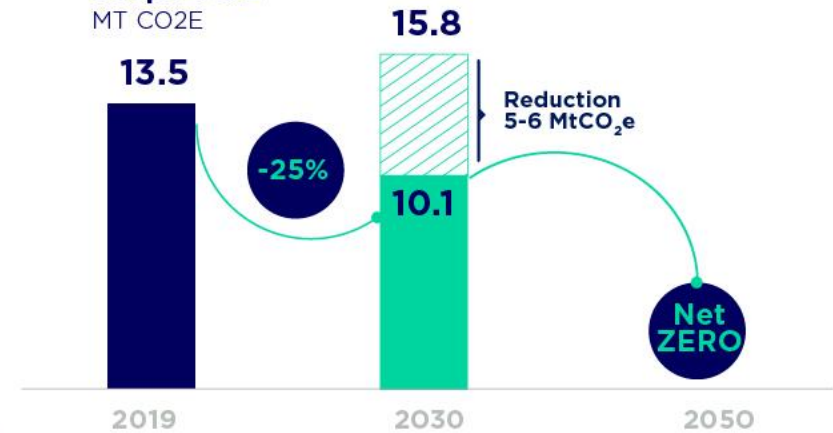
TARGET BY

2050

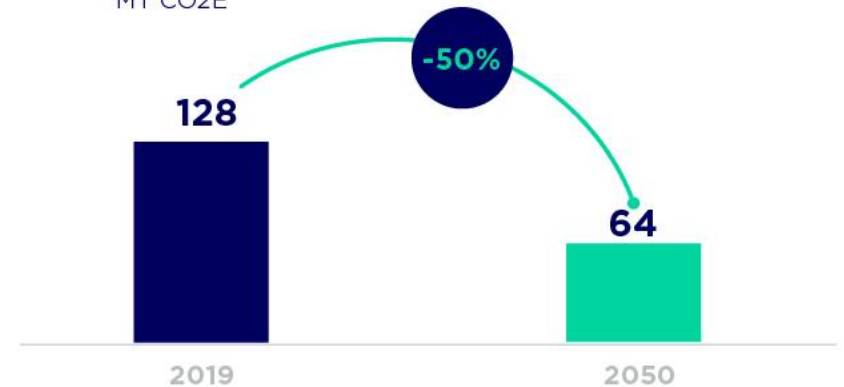
**NET - ZERO EMISSIONS**  
scope 1 & 2

**REDUCTION**  
50% vs. 2019  
scope 1, 2 & 3

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



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





▶ **Q&A**

**70** years 

# 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





DE TODOS, PARA TODOS

ecopETROL