



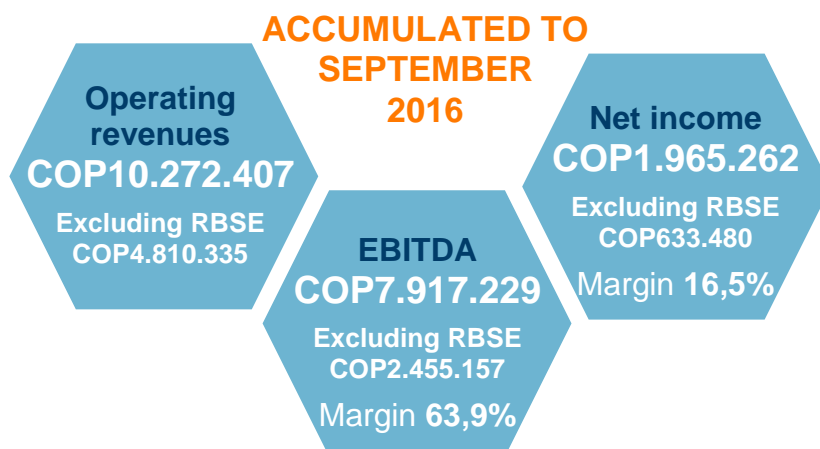
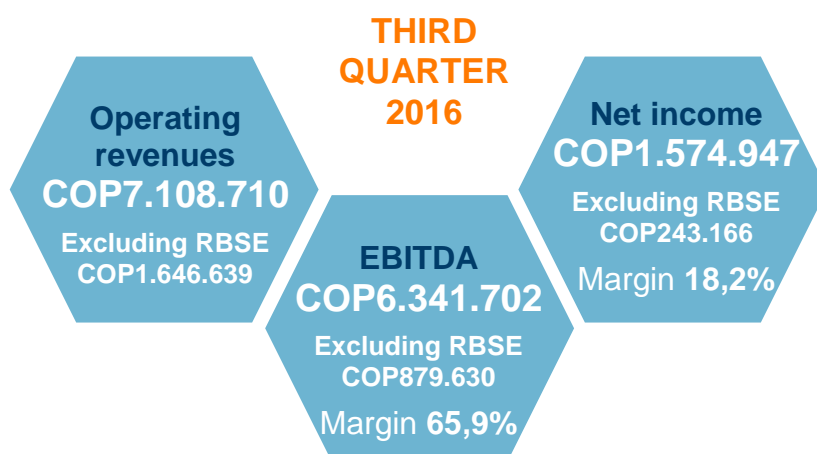
FINANCIAL RESULTS 2016

Medellín, Colombia. October 31, 2016

ISA S.A. E.S.P. (BVC: ISA; OTC: IESFY) ISA S.A. E.S.P. (BVC: ISA; OTC: IESFY) ("ISA" or "the Company"), a Colombian organization engaged in the businesses of Energy Transmission, Toll Road Concessions, Telecommunications Transport and Real-Time Systems Management, today announced financial results for the third quarter of 2016. The unaudited figures are expressed in millions of Colombian pesos (COP). The consolidation process includes 100% of the companies where ISA holds control, in accordance with the implementation of Standards of Accounting and Financial Reporting in Colombia -NCIF-, for its acronym in Spanish, adopted by law 1314 of 2009, regulatory decree 2784 of 2012, as amended, and resolution 743 of 2013, as amended, issued by the General Accounting Office.

ECONOMIC AND FINANCIAL RESULTS CONSOLIDATED

Figures in millions



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**Net and EBITDA margins excluding construction and recognition of Basic Network of the Existing System RBSE values*

■ ECONOMIC AND FINANCIAL RESULTS

Considerations

Following Technical Note announcement and upon the initiation of the explanatory public hearings in Brazil related to the recognition of RBSE (value of basic network in the existing system), the Company considered that sufficient conditions existed for the recognition of CTEEP (ISA's subsidiary) during this quarter.

Under IFRS, this includes updating the receivables and future cash flows of the financial asset. The accounts that affect the recognition of the RBSE values in the Income Statement are the following: operating revenues (COP5,5 trillion), costs for contributions and taxes (COP2,6 trillion), balance sheet accounts affected are accounts receivable (COP6,4 trillion) and accounts payable related to taxes and contributions (COP2,6 trillion).

This fact is of material importance as it means that operational revenues are multiplied by 4,5 and taxes are multiplied by 15, for the quarterly period, in the income statement.

Results

ISA's accumulated net income to September 2016 was COP1.965.262 million. Excluding the effect of recognition of the RBSE values, accumulated profit was COP633.480 million, representing a net income increase of COP73.353 million, equivalent to an increase of 13,1% compared with the same period last year. The increase was mainly due to higher revenues in Energy Transmission, Toll Roads and Telecommunications businesses; and higher results in companies where it has joint control, partially offset by the higher financial expenses previously mentioned, higher major maintenance costs in Chile and higher provisions.

Net income amounted to COP1.574.947 million in the third quarter of 2016, with an increase of 525,6% compared with the same period in 2015. Excluding the value recognition of the Brazilian RBSE, net income totaled COP243.165 million for the period, a decrease of 3,4% versus the same period in 2015. This variation was mainly explained by non-recurring provisions explained later, without which growth would be 4.1%. The net result also consolidates higher revenues from TRM in Colombia, the payment of new projects put into operation in Colombia and Peru and the higher profits in the Brazilian companies in which we have joint control.

| EXCHANGE RATES | 3Q16 average | 3Q15 average | Change % | Sep.2016 close | Sep.2015 close | Change % |
|-------------------|-----------------|-----------------|-------------|-------------------|-------------------|-------------|
| COP/ DOLLAR USD | 2.949,65 | 2.942,77 | 0,23% | 2879,95 | 3.121,94 | -7,75% |
| COP/ REAL | 908,37 | 829,42 | 9,52% | 887,18 | 785,81 | 12,90% |
| COP/ CLP | 4,46 | 4,35 | 2,55% | 4,38 | 4,47 | -2,05% |
| REAL / DOLLAR USD | 3,25 | 3,55 | -8,48% | 3,25 | 3,97 | -18,29% |
| CLP / DOLLAR USD | 661,37 | 676,66 | -2,26% | 658,02 | 698,72 | -5,82% |

The results also included the conversion effects for the financial information of foreign subsidiaries that generated variations in various line items of the financial statements, mainly due to the devaluation of the Colombian peso versus the dollar and the Chilean peso. This generated a net income increase of COP1.431.000 during the quarter and of COP32.619 million for the first nine months.

■ CONSOLIDATED INCOME STATEMENT

Operating revenues by business¹

(figures in COP millions)

| OPERATING REVENUES | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|--|------------------|------------------|------------------|---------------|--------------|-------------------|------------------|------------------|---------------|--------------|
| Energy Transmission | 6.699.545 | 1.076.709 | 5.622.836 | 522,2% | 2.326 | 9.013.911 | 2.660.237 | 6.353.674 | 238,8% | 3.130 |
| Energy Transmission (NR ²) | 1.237.474 | 1.076.709 | 160.765 | 14,9% | 430 | 3.551.839 | 2.660.237 | 891.602 | 33,5% | 1.233 |
| Road Concessions | 296.769 | 272.801 | 23.968 | 8,8% | 103 | 907.326 | 791.069 | 116.257 | 14,7% | 315 |
| Telecommunications | 80.852 | 76.260 | 4.592 | 6,0% | 28 | 250.040 | 211.168 | 38.872 | 18,4% | 87 |
| Management of Real-time Systems | 31.544 | 28.284 | 3.261 | 11,5% | 11 | 101.130 | 80.730 | 20.400 | 25,3% | 35 |
| TOTAL | 7.108.710 | 1.454.054 | 5.654.657 | 388,9% | 2.468 | 10.272.407 | 3.743.204 | 6.529.203 | 174,4% | 1.670 |
| TOTAL(NR) | 1.646.639 | 1.454.054 | 192.586 | 13,2% | 572 | 4.810.335 | 3.743.204 | 1.067.131 | 28,5% | 1.670 |

During the third quarter of 2016, operating revenues amounted to COP7.108.710 million and COP10.272.407 million for the first nine months. Both figures include the value recognition of RBSE in CTEEP, which explains the significant increase when compared with the corresponding periods of the previous year.

Excluding RBSE recognition, operating revenues reached COP1.646.639 million, a 13,2% increase over the same quarter of 2015. The conversion effect for the period represented a positive impact of COP45.899 million. For the nine month period, operating revenues totaled COP4.810.335 million, an increase of COP1.067.131 million, or 28,5% compared to the same period last year.

Operating revenues by country

(figures in COP millions)

| OPERATING REVENUES | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|--------------------|------------------|------------------|------------------|---------------|--------------|-------------------|------------------|------------------|---------------|--------------|
| Colombia | 485.546 | 422.596 | 62.950 | 14,9% | 169 | 1.458.508 | 1.230.949 | 227.559 | 18,5% | 506 |
| Chile | 302.012 | 275.890 | 26.122 | 9,5% | 105 | 922.806 | 798.805 | 124.001 | 15,5% | 320 |
| Brazil | 5.855.657 | 399.308 | 5.456.349 | 1366,5% | 2.033 | 6.367.510 | 880.484 | 5.487.026 | 623,2% | 2.211 |
| Brazil(NR) | 393.586 | 399.308 | -5.722 | -1,4% | 137 | 905.438 | 880.484 | 24.954 | 2,8% | 314 |
| Peru | 437.107 | 331.637 | 105.470 | 31,8% | 152 | 1.427.472 | 768.792 | 658.680 | 85,7% | 496 |
| Others | 28.387 | 24.621 | 3.766 | 15,3% | 10 | 96.110 | 64.173 | 31.937 | 49,8% | 33 |
| TOTAL | 7.108.710 | 1.454.054 | 5.654.657 | 388,9% | 2.468 | 10.272.407 | 3.743.204 | 6.529.203 | 174,4% | 3.567 |
| TOTAL(NR) | 1.646.639 | 1.454.054 | 192.586 | 13,2% | 572 | 4.810.335 | 3.743.204 | 1.067.131 | 28,5% | 1.670 |

During the third quarter of the year, the composition of the total revenues by country without RBSE recognition was; Colombia 29,5%, Peru 26,5%, Brazil 23,9%, and Chile 18,3%.

¹ Includes the operational revenues plus revenues from construction.

² NR: No recognition of the value of RBSE.

THIRD QUARTER 2016 FINANCIAL RESULTS



Revenues from construction³ was COP311.056 million, an increase of 32,4% or COP76.161 million compared with 3Q15. For the nine month period, these revenues reached COP968.900 million, a 90,35% increase. The aforementioned figures were due to the greater dynamics of the Energy Transmission projects under construction, particularly in Peru. It is worth mentioning that energy transmission projects in Chile are beginning to show similar dynamic tendencies.

(figures in COP millions)

| OPERATION INCOME (EXC. CONSTRUCTION) | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|--------------------------------------|------------------|------------------|------------------|---------------|--------------|------------------|------------------|------------------|---------------|--------------|
| Energy Transmission | 6.419.188 | 858.982 | 5.560.206 | 647,3% | 2.229 | 8.121.985 | 2.216.467 | 5.905.518 | 266,4% | 2.820 |
| Energy Transmission(NR) | 957.117 | 858.982 | 98.135 | 11,4% | 333 | 2.659.913 | 2.216.467 | 443.446 | 20,0% | 923 |
| Road Concessions | 266.069 | 255.633 | 10.437 | 4,1% | 92 | 830.352 | 726.217 | 104.135 | 14,3% | 288 |
| Telecommunications | 80.852 | 76.260 | 4.592 | 6,0% | 28 | 250.040 | 211.168 | 38.872 | 18,4% | 87 |
| Management of Real-time Systems | 31.544 | 28.284 | 3.261 | 11,5% | 11 | 101.131 | 80.730 | 20.400 | 25,3% | 35 |
| TOTAL | 6.797.654 | 1.219.158 | 5.578.496 | 457,6% | 2.360 | 9.303.508 | 3.234.582 | 6.068.925 | 187,6% | 3.231 |
| TOTAL(NR) | 1.335.583 | 1.219.158 | 116.425 | 9,5% | 464 | 3.841.436 | 3.234.582 | 606.853 | 18,8% | 1.334 |

Excluding the value recognition of RBSE in Brazil for COP5.462.071 million, operational revenues for the third quarter reached COP1.335.583 million, a 9,5% increase compared with the same period in 2015. Variation by business is explained as follows:

- **Energy Transmission** contributed 71,7% of total operational revenues, or COP957.117 million. Compared with the same period in 2015, revenues increased by 11,4% with the entry into operation of El Bosque substation expansion during September 2015, the La Reforma and Copey substations and the Statcom projects in Bacatá in December 2015. Also included were the higher revenues from the funds administered for FAER, PRONE and FOES⁴ as well as a greater devaluation in Colombia. In Brazil, there were greater revenues from the concession and in Peru, for the entry into operation of the Machupicchu-Abancay-Cotaruse project in August 2015.
- **Road Concessions** contributed COP266.069 million equivalent to 19,9% of the total. During the period, there were higher revenues from the concession and higher revenues from operating services and maintenance. These represented a 4,1% increase compared with revenues for 3Q15. It is important to consider that some of the concessions are approaching their maturity dates. Thus, their revenues are lower due to the reduction in accounts receivable. This does not imply a cash decrease, as this amount is related to toll collections.
- **Telecommunications** contributed 6,1% of total revenues, corresponding to COP80.852 million, an increase of 6% compared with the same quarter in 2015. This variation was mainly the result of growth in IP service sales, additional information storage and videoconferencing in Colombia, as well as new customers in Chile and Brazil.
- **Real-Time System Management** generated COP31.544 million, equivalent to 2,4% of total revenues for the third quarter of 2016. The abovementioned represents a 11,5% increase compared with 3Q15. The variation was due to higher regulated revenues during this period.

Nine-month operating revenues reached COP3.841.435 million, an increase of 18,8% versus the same period in 2015. Excluding FAER, FOES, and PRONE, this figure was 16,0%.

³ In NCIF, construction activities related to a concession must be posted in both revenues and costs. Energy Transmission Projects in Colombia and Chile are not considered as concessions under NCIF standards; therefore, they are accounted for as fixed assets.

⁴ Contributions to the Fund for the Electrification of Interconnected Rural Areas, Standardization Power Networks Programme and Social Energy Fund, the latter as of 2016.

THIRD QUARTER 2016 FINANCIAL RESULTS



(figures in COP millions)

| OPERATION INCOME (EXC. CONSTRUCTION) | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|--------------------------------------|------------------|------------------|------------------|---------------|--------------|------------------|------------------|------------------|---------------|--------------|
| Colombia | 485.546 | 422.596 | 62.950 | 14,9% | 169 | 1.458.508 | 1.230.949 | 227.559 | 18,5% | 506 |
| Chile | 271.312 | 258.722 | 12.590 | 4,9% | 94 | 845.832 | 733.953 | 111.879 | 15,2% | 294 |
| Brazil | 5.810.881 | 317.117 | 5.493.764 | 1732,4% | 2.018 | 6.272.385 | 699.844 | 5.572.540 | 796,3% | 2.178 |
| Brazil(NR) | 348.810 | 317.117 | 31.693 | 10,0% | 121 | 810.313 | 699.844 | 110.469 | 15,8% | 281 |
| Peru | 201.527 | 196.101 | 5.426 | 2,8% | 70 | 630.672 | 505.662 | 125.009 | 24,7% | 219 |
| Others | 28.387 | 24.621 | 3.766 | 15,3% | 10 | 96.110 | 64.173 | 31.937 | 49,8% | 33 |
| TOTAL | 6.797.654 | 1.219.158 | 5.578.496 | 457,6% | 2.360 | 9.303.508 | 3.234.582 | 6.068.925 | 187,6% | 3.231 |
| TOTAL(NR) | 1.335.583 | 1.219.158 | 116.425 | 9,5% | 464 | 3.841.436 | 3.234.582 | 606.853 | 18,80% | 1.334 |

Operational revenues by country, excluding the recognition of RBSE for 3Q15 was as follows: Colombia 36,4%, Brazil 26,1%, Chile 20,3% and Peru 15,1%.

Operating costs and expenses by business

Operational costs and expenses⁵ for the third quarter of 2016 increased by 23,3%, compared to the same period of 2015. The conversion effect for the period represented an expense of COP29.434 million and explains 3.9% of this increase. For the accumulated nine months, costs and expenses reached COP2.815.387 million, an increase of 38,3%, compared to the accumulated nine months of the previous year.

(figures in COP millions)

| OPERATING COSTS AND EXPENSES | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|---------------------------------|----------------|----------------|----------------|--------------|------------|------------------|------------------|----------------|--------------|------------|
| Energy Transmission | 722.610 | 591.073 | 131.537 | 22,3% | 251 | 2.202.500 | 1.558.301 | 644.199 | 41,3% | 764 |
| Road Concessions | 97.121 | 72.258 | 24.863 | 34,4% | 34 | 302.279 | 227.457 | 74.822 | 32,9% | 105 |
| Telecommunications | 80.210 | 65.942 | 14.268 | 21,6% | 28 | 224.705 | 181.494 | 43.212 | 23,8% | 78 |
| Management of Real-time Systems | 28.327 | 23.680 | 4.647 | 19,6% | 10 | 85.903 | 68.365 | 17.537 | 25,7% | 30 |
| TOTAL | 928.268 | 752.953 | 175.315 | 23,3% | 323 | 2.815.387 | 2.035.617 | 779.770 | 38,3% | 977 |

The composition of operational costs and expenses by country during 3Q16 was: 37,2% in Peru, 31,1% in Colombia, 19% in Brazil, and 11,1% in Chile.

(figures in COP millions)

| OPERATING COSTS AND EXPENSES | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|------------------------------|----------------|----------------|----------------|--------------|------------|------------------|------------------|----------------|--------------|------------|
| Colombia | 288.302 | 224.871 | 63.431 | 28,2% | 100 | 873.969 | 710.531 | 163.438 | 23,0% | 303 |
| Chile | 102.634 | 77.453 | 25.181 | 32,5% | 36 | 322.662 | 241.685 | 80.977 | 33,5% | 112 |
| Brazil | 176.294 | 207.789 | -31.495 | -15,2% | 61 | 456.468 | 546.058 | -89.590 | -16,4% | 158 |
| Peru | 345.408 | 229.163 | 116.245 | 50,7% | 120 | 1.101.966 | 501.241 | 600.725 | 119,8% | 383 |
| Other | 15.629 | 13.676 | 1.953 | 14,3% | 5 | 60.321 | 36.101 | 24.221 | 67,1% | 21 |
| TOTAL | 928.268 | 752.953 | 175.315 | 23,3% | 323 | 2.815.387 | 2.035.617 | 779.770 | 38,3% | 977 |

| OPERATING COSTS AND EXPENSES | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|--|----------------|----------------|----------------|--------------|------------|------------------|------------------|----------------|--------------|------------|
| Sales and operation costs and expenses | 770.163 | 606.220 | 163.943 | 27,0% | 267 | 2.365.045 | 1.617.369 | 747.676 | 46,2% | 821 |
| Depreciation | 64.684 | 68.561 | -3.876 | -5,7% | 22 | 201.802 | 202.577 | -775 | -0,4% | 70 |
| Amortization | 61.806 | 60.274 | 1.532 | 2,5% | 21 | 188.875 | 162.793 | 26.082 | 16,0% | 66 |
| Provisions | 31.613 | 17.897 | 13.716 | 76,6% | 11 | 59.664 | 52.876 | 6.789 | 12,8% | 21 |
| TOTAL | 928.268 | 752.953 | 175.315 | 23,3% | 322 | 2.815.387 | 2.035.617 | 779.770 | 38,3% | 977 |

Construction costs reached COP301.789 million during the third quarter, a 33,6% increase, compared with 3Q15.

⁵ Includes costs for sales and operations, administration expenses and construction costs.

THIRD QUARTER 2016 FINANCIAL RESULTS



(figures in COP millions)

| OPERATING COSTS AND EXPENSES (EXC. CONSTRUCTION) | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|---|----------------|----------------|---------------|--------------|-------------|------------------|------------------|----------------|--------------|-------------|
| Energy Transmission | 447.315 | 378.683 | 68.632 | 18,1% | 155 | 1.327.340 | 1.127.630 | 199.709 | 17,7% | 460 |
| Road Concessions | 70.627 | 58.697 | 11.930 | 20,3% | 25 | 235.727 | 172.375 | 63.353 | 36,8% | 82 |
| Telecommunications | 80.210 | 65.942 | 14.268 | 21,6% | 28 | 224.705 | 181.494 | 43.212 | 23,8% | 78 |
| Management of Real-time Systems | 28.327 | 23.680 | 4.647 | 19,6% | 10 | 85.903 | 68.365 | 17.537 | 25,7% | 30 |
| TOTAL | 626.479 | 527.002 | 99.477 | 18,9% | 218 | 1.873.675 | 1.549.864 | 323.811 | 20,9% | 650 |

Excluding construction, administrative and operating costs and expenses for the third quarter of 2016 was COP626.479 million, an increase of 18,9%.

The variation in costs and expenses, excluding construction, for the third quarter was due to:

- **Energy Transmission**, which contributed 71,4% of the total, experienced greater expenses principally due to the provisions of Electricaribe shares (COP10.107 million), higher operational expenses related with the new projects and greater contributions by FAER, PRONE and FOES of COP36.827 million in Colombia⁶. Excluding contributions, operating and administrative expenses grew by 12,6%.
- **Road Concessions**, contributed 11,3% of the total, with increased maintenance and operating expenses of COP11.930 million, or 20,3%, compared with the third quarter of 2015. This variation was mainly the result of the 96,0% increase in major maintenance associated with specific cycles that depend on traffic flow in Ruta del Maule, Araucanía, Bosque and Maipo concessions.
- **Telecommunications** contributed 12,8%, or COP80.210 million, of total operational costs and expenses. Telecommunications increased by 21,6% due to higher operational costs related to higher revenues and greater portfolio provisions in Brazil for COP3.958 million.
- **Real-Time Systems Management** was COP28.327 million, or 4,5% of total costs for the third quarter of 2016. This figure represented a 19,6% increase compared with the same period for 2015 and was due to higher expenses for project studies related with the *El Niño* weather phenomenon in XM.

Operating costs and expenses by country

The composition of operational costs and expenses by country was: 46% in Colombia, 21,6% in Brazil, 17,7% in Peru and 12,2% in Chile.

(figures in COP millions)

| OPERATING COSTS AND EXPENSES (EXC. CONSTRUCTION) | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|--|----------------|----------------|---------------|--------------|-------------|------------------|------------------|----------------|--------------|-------------|
| Colombia | 288.302 | 224.871 | 63.431 | 28,2% | 100 | 873.969 | 710.531 | 163.438 | 23,0% | 303 |
| Chile | 76.140 | 63.892 | 12.248 | 19,2% | 26 | 256.111 | 186.603 | 69.508 | 37,2% | 89 |
| Brazil | 135.431 | 130.935 | 4.496 | 3,4% | 47 | 369.913 | 378.516 | -8.603 | -2,3% | 128 |
| Peru | 110.975 | 93.627 | 17.348 | 18,5% | 39 | 313.360 | 238.111 | 75.249 | 31,6% | 109 |
| Other | 15.629 | 13.676 | 1.953 | 14,3% | 5 | 60.321 | 36.101 | 24.221 | 67,1% | 21 |
| TOTAL | 626.479 | 527.002 | 99.477 | 18,9% | 218 | 1.873.675 | 1.549.864 | 323.811 | 20,9% | 650 |

⁶ The resources from these administered portfolios are recognized both in revenues as well as expenses.

Finally, operating costs and expenses for the first nine months of 2016 were COP1.873.675 million, an increase of 20,9% above the previous year, mainly due to the same reasons that affected the quarterly figures. These costs included COP101.540 million more contributions from FAER, FOES and PRONE compared with September 2015, without which the increase in operating expenses would have been 15,1%, which favorably compares with the 16,0% increase in operational revenues.

Equity method and other revenues and expenses

The equity method, which includes earnings of the subsidiaries where ISA has joint control, increased by 95,3% during the third quarter of 2016 compared with 3Q15, from COP85.014 million to COP166.017 million. The variation was mainly explained by the higher profits from the financial assets of IEMadeira and IEGaranhus in Brazil (COP80.740 million). For the first nine months of the year, this figure increased by 77,2% compared the same period of 2015 for the same reasons.

Other net income and expenses for the period were - COP5.862 million with a reduction of COP11.247 million compared with the same quarter of 2015, due to higher revenues in Colombia from the recovery from litigations totaling COP3.000 million COP5.993 million in compensation for a transformer. This variation was positively offset by the sale of preferred CTEEP shares in August 2016 for COP4.419.000. For the first nine months of the year, this figure declined by 89,9% at the accrual level, due to the above reasons, in addition to recovery for damages related with assets during 2016.

EBITDA and EBITDA margin

EBITDA for the third quarter of 2016 increased by COP5.491.709 million compared with the same period of the previous year. This increase was mainly due to the recognition of RBSE amounts. Excluding this effect, the EBITDA increase was COP29.637 million and was explained by higher operating revenues. In percentage terms, EBITDA grew 3,5% compared with the same period of the previous year and the EBITDA margin was 53,4% vs. 58,5% of 3Q15.

Excluding the effect of construction, the margin for the quarter reached 65,2% compared with 68,9% the previous year. Excluding contributions from FAER, PRONE and FOES, which, while having corresponding costs, lowered the EBITDA margin. Without these contributions, the EBITDA margin reached 68,5% in 3Q16 vs. 70,6% of 3Q15.

At September 2016, EBITDA increased 271,1% compared to the same period of the previous year, including the recognition of the RBSE amounts and 15,1% excluding the recognition of the RBSE amounts. The nine-month EBITDA margin was 51,0%. Excluding the effect of construction, the EBITDA margin stood at 63,2% and also excluding contributions, reached 67,1%, compared with 67,7% in the same period of 2015.

Revenues from operating activities

As a result of the aforementioned, for the third quarter of 2016, ISA reached a profit in operating activities of COP6.340.597 million and excluding the effect of recognition of the RBSE, this amount was COP880.587 million. Operating revenues increased by 11,3% when compared with the same period of the previous year. The operating margin stood at 53,5% based on the abovementioned reasons. Excluding construction, the operating margin for the period reached 65,17%. Revenues from

operating activities for the first nine months of 2016 were COP2.200.350 million, up 19,1% compared with the same period of the previous year.

Financial revenues/expenses

During the third quarter of 2016, net financial expenses reached COP285.283 million, which represented a 23,1% increase compared with 3Q15. The variation was due to higher expenses from the debt used to finance new projects under construction as well as movement of the macroeconomic variables to which the group debt is indexed in the various countries where ISA operates.

Financial expenses at September 2016 totaled COP796.353.000, an increase of 17,0% with respect to the same period in 2015.

(figures in COP millions)

| FINANCIAL REVENUES / EXPENSES | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|----------------------------------|-----------------|-----------------|----------------|--------------|-------------|-----------------|-----------------|-----------------|--------------|-------------|
| Net financial | -223.523 | -156.306 | -67.218 | 43,0' | -78 | -671.018 | -500.861 | -170.157 | 34,0% | -233 |
| Net foreign exchange difference | -61.761 | -75.441 | 13.680 | -18,1' | -21 | -125.337 | -180.061 | 54.724 | -30,4% | -44 |
| TOTAL | -285.283 | -231.747 | -53.536 | 23,1' | -99 | -796.353 | -680.920 | -115.433 | 17,0% | -277 |

It is worth mentioning that debt management operations took place in Chile and Colombia, which generated expense reductions.

Taxes

Income tax expenses for the third quarter reached COP1.985.303 million, representing an increase of COP1.838.152 million, and was mainly attributable to deferred tax associated with the recognition of RBSE. The income tax expense for the first nine months was also affected for the same reason and represented an increase of 582,1% over the same period of 2015.

Excluding the recognition of the RBSE value, taxes for the quarter totaled COP128.199 million. For the accumulated, taxes totaled COP381,259 million, an increase of 16.2% compared to the figure reported in 9M15.

Comprehensive revenues (revenues before minority Interest) and non-controlling interest

As a result of the abovementioned, consolidated third-quarter profit before minority interest was COP4.070.011 million and represented an increase of 886,4% over the same period of 2015. The non-controlling interest, however increased by 1451,1%, given the registration of the recognition of the values of the RBSE and stronger results in Brazil. These events also explained the 855,4% increase in nine month revenues.

Excluding the recognition of RBSE, profits before minority interests were COP467.105 million for the third quarter of 2016, an increase of 13,2% compared with the third quarter of 2015. This represented COP1.022.738 million, 22,0% higher than the figure reported for the first nine months of 2015.

Comprehensive income of the controlling interest (Net income)

Net income for the third quarter of 2016 was COP1.574.947 million, representing an increase of 525,6% compared with the figure reported for the same period in 2015. As discussed above in the detailed results, the variation consolidates the recognition of the RBSE values in CTEEP, higher operating results and increased results from companies in Brazil in which ISA has joint control; this was partially offset by higher financial expenses and taxes. For the first nine months of 2016, this figure was COP1.965.262 million for the first nine months of the year. Excluding the effect of recognition in Brazil, net income for the quarter was COP633.480 million, a 13,1% increase versus the first nine months of 2015.

Net margin for the third quarter of 2016 was 17,5% and 15,8% for the nine month period, excluding construction and value recognition of RBSE in CTEEP.

■ CONSOLIDATED BALANCE SHEET

Assets

Assets for ISA and its companies reached COP36.998.678 million, an increase of 31,6% compared with December 2015. This was the result of the value recognition for RBSE in Brazil that raised account receivable financial assets by COP6.406.219 million and higher construction projects in Colombia, Chile and Peru. The cash balance was the result of the bond issuance in Colombia and contributions and debt disbursement in INTERCHILE.

The composition of assets by country was: 37,8% in Brazil, 26,5% in Chile, 19,8% in Colombia and 15,3% in Peru.

Liabilities

Consolidated liabilities were COP21.093.574 million, up 26,2% compared to December 2015. This variation was due to the deferred tax in Brazil for the recognition of RBSE (COP2.611.116 million), the higher level of debt contracted to support construction projects in Colombia, Chile and Peru and dividends declared at ISA's Ordinary Shareholders' Meeting, which was offset by the amortization of debt in Brazil.

The distribution of liabilities by country was 30,2% in Chile, 27,5% in Brazil, 24,1% in Colombia and 17,8% in Peru.

Non-controlling interest (Minority interest)

Minority interest was COP6.502.339 million, representing an increase of 83,0% compared to December of the previous year, as a result of the value recognition of RBSE and stronger results in Brazil.

Equity attributable to holders of controlling interest

Equity was COP9.402.765 million compared to COP7.840.224 million reported in December 2015, an increase of 19,9% as a result of the value recognition of RBSE in CTEEP, the lower conversion effect of the foreign subsidiaries and the dividends approved at ISA's Ordinary Shareholders' Meeting.

■ CONSOLIDATED CASH FLOW

As of September 2016, cash and cash equivalents reached COP1.441.880 million, an increase of COP412.630 million compared with December 2015. Accumulated to September 2016, cash provided for operations reached COP1.420.562 million. Financing activities generated COP571.615 million, as the net result of new debt for COP2.388.083 million and debt amortization for COP1.622.316 million. Investment activities totaled COP1.579.547 million, mainly for asset construction projects in Peru, Colombia and Chile.

Las actividades de financiación generaron \$571.615 millones, como resultado neto de nueva deuda por \$2.388.083 millones y la amortización de la deuda por \$1.622.316 millones.

■ DEBT

On September 30, 2016 consolidated financial debt amounted to COP12.469.491 million, reflecting an increase of 10,8% compared to December 2015.

The changes are explained by a conversion effect of - COP145.871 million, plus the following debt:

- In **Colombia**, ISA issued the Tenth Tranche of a Securities Program for COP400.000 million and the payment for maturity of the second tranche for COP150.000 million. In addition, local bank loans were used to finance the cash flow and the investment plan: ISA COP250.000 million, Internexa COP17.400 million and Transelca COP16,000 million. Internexa paid loans for COP5.333.000.
- In **Peru**, various subsidiaries took action to finance their respective investment plans: REP amortized bonds for USD COP24,8 million and received a COP40 million working capital disbursement; the Transmantaro Consortium received long-term disbursements for COP40 million and short-term disbursements of USD COP103,5 million. Meanwhile, ISA Peru received disbursements for USD COP25 million and made debt payments of US COP9 million.
- In **Brazil**, CTEEP received a disbursement from BNDES for BRL660.232 and issued debentures for BRL149 million for its operation. Additionally, it paid loans for BRL21 million. Meanwhile, ISA Capital do Brasil made payments to preferred shareholders for BRL79 million and Internexa in Brazil received a disbursement of BRL16 million to finance cash flow.
- ISA **Bolivia** paid IDB and CAF loans for USD COP4,8 million.
- In **Chile**, the following operations took place: Ruta del Maipo made payments to 144A bondholders for USD COP14,3 million; Ruta del Maule signed a debt refinancing for UF2,3 million

THIRD QUARTER 2016 FINANCIAL RESULTS



and paid a bridge loan for CLP30.953 million; Ruta del Bosque made payments to Series A holders for UF771.413 and Ruta de la Araucanía and Ruta de los Ríos made syndicated loan payments of UF1.262.994. Interchile made loans for USD277,9 million and CLP7.494 million.

(figures in COP millions)

| Consolidated Debt | Business | Sep. 2016 | 2015 | Change COP | Change % | Sep. 2016 USD |
|-----------------------|------------------------------|-------------------|-------------------|------------------|---------------|---------------|
| CHILE | | 4.961.781 | 4.620.914 | 340.867 | 7,4% | 1.723 |
| Ruta del Maipo | Road Concessions | 2.685.998 | 2.681.269 | 4.729 | 0,2% | 933 |
| Ruta del Maule | Road Concessions | 222.011 | 149.433 | 72.577 | 48,6% | 77 |
| Ruta de la Araucanía | Road Concessions | 682.516 | 761.760 | -79.244 | -10,4% | 237 |
| Ruta del Bosque | Road Concessions | 559.548 | 639.936 | -80.389 | -12,6% | 194 |
| Ruta de los Ríos | Road Concessions | 296.298 | 351.108 | -54.810 | -15,6% | 103 |
| Internexa in Chile | Telecommunications | 28.745 | 37.407 | -8.662 | -23,2% | 10 |
| Interchile | Energy Transmission | 486.666 | | 486.666 | | 169 |
| COLOMBIA | | 2.626.537 | 2.111.930 | 514.606 | 24,4% | 912 |
| ISA Colombia | Energy Transmission | 2.195.470 | 1.708.930 | 486.539 | 28,5% | 762 |
| Transelca | Energy Transmission | 379.000 | 363.000 | 16.000 | 4,4% | 132 |
| Internexa | Telecommunications Transport | 52.067 | 40.000 | 12.067 | 30,2% | 18 |
| BRAZIL | | 1.876.504 | 1.695.502 | 181.002 | 10,7% | 652 |
| ISA Capital | Energy Transmission | 731.536 | 738.234 | -6.698 | -0,9% | 254 |
| CTEEP | Energy Transmission | 897.649 | 710.055 | 187.595 | 26,4% | 312 |
| IEMG | Energy Transmission | 29.594 | 29.970 | -376 | -1,3% | 10 |
| IEPINHEIROS | Energy Transmission | 78.659 | 80.440 | -1.781 | -2,2% | 27 |
| Serra Do Japi | Energy Transmission | 57.198 | 56.035 | 1.163 | 2,1% | 20 |
| Internexa Brazil | Telecommunications Transport | 81.868 | 80.768 | 1.100 | 1,4% | 28 |
| PERU | | 2.966.781 | 2.767.712 | 199.069 | 7,2% | 1.030 |
| ISA Peru | Energy Transmission | 76.895 | 33.741 | 43.154 | 127,9% | 27 |
| REP | Energy Transmission | 730.164 | 772.954 | -42.790 | -5,5% | 254 |
| Transmanto | Energy Transmission | 2.141.243 | 1.952.671 | 188.571 | 9,7% | 744 |
| Internexa in Peru | Telecommunications Transport | 18.480 | 8.346 | 10.134 | 121,4% | 6 |
| BOLIVIA | | 34.740 | 53.188 | -18.448 | -34,7% | 12 |
| ISA Bolivia | Energy Transmission | 34.740 | 53.188 | -18.448 | -34,7% | 12 |
| ARGENTINA | | 3.149 | 3.895 | -746 | -19,2% | 1 |
| Transamerican Telecom | Telecommunications Transport | 3.149 | 3.895 | -746 | -19,2% | 1 |
| TOTAL | | 12.469.491 | 11.253.141 | 1.216.350 | 10,8% | 4.330 |
| TOTAL USD | | 4.330 | 3.573 | 588 | 21,2% | |

35,7% of the debt is denominated in UFs (Chile), 29,5% in US dollars, 20,4% in Colombian pesos, 14,0% in Brazilian reais and 0,4% in other currencies.

Approximately 62,2% of the debt is placed in the capital markets and 37,3% is in commercial loans. 85,9% of the debt is for a term greater than one year and the remaining 14,1% is short-term debt.

■ CAPEX and INVESTMENTS

Investments of ISA and its companies during the third quarter of 2016 totaled COP684.361.000, as per the following direct investments and capital contributions:

- In **Colombia**, ISA invested COP133.713 million in projects under construction, including the new Ituango substation, the Chinú-Montería-Urabá line, Cerromatoso, Caracolí and Compensation Valledupar substations, among others.

- In **Peru**, investments of COP202.734 million focused on various construction projects, such as expansion 3 in ISA Peru, which became operational during the quarter, the Mantaro-Montalvo, Planicie-Industrialesz, Friaspata-Mollepata transmission lines, the Carapongo substation and extensions 13, 17 and Cotaruse in the Transmanto Consortium.
- In **Chile**, progress was made with the use of ISA contributions in power transmission projects for the Cardones - Maitencillo, Maitencillo-Pan de Azucar lines, Encuentro-Lagunas new line, Pan de Azucar-Polpaico, Encuentro-Lagunas Third Circuit and the transformation of the Cardones, Maitencillo and Pan de Azucar substations. Road concession companies made investments in projects such as LED lighting and third lanes in Maipo section II; in addition to the CCTV project in the Araucanía Route.
- In **Brazil**, CTEEP made capital contributions to its subsidiary, IESUL, for BRL 2,8 million. Internexa Brazil made investments in submarine and optical fiber cables in the state of Sao Paulo for BRL 44,69 million.

(figures in COP millions)

| CAPEX | 1Q16 | 2Q16 | 3Q16 | 9M16 | % | 2016(E) | % |
|--------------|----------------|----------------|----------------|------------------|--------------|------------------|--------------|
| Colombia | 93.892 | 116.070 | 133.713 | 343.675 | 14,8 | 708.590 | 16,2 |
| Peru | 345.603 | 302.364 | 202.734 | 850.700 | 40,8 | 1.688.783 | 40,2 |
| Brasil | 52.281 | 38.561 | 52.884 | 143.726 | 6,2 | 364.896 | 6,8 |
| Chile | 456.508 | 23.815 | 291.223 | 771.545 | 37,9 | 1.402.662 | 36,5 |
| Otro | 2.349 | 731 | 3.807 | 6.888 | 0,3 | 1.442,52 | 0,3 |
| TOTAL | 950.633 | 481.541 | 684.361 | 2.116.535 | 100,0 | 4.166.373 | 100,0 |

■ SECOND QUARTER HIGHLIGHTS AND SUBSEQUENT EVENTS

- On July 26, 2016, ISA's shareholders received a first dividend payment of COP144 per share: COP114 corresponded to the ordinary dividend and COP30 to the extraordinary dividend. This payment was made in accordance with the provisions of the Annual Ordinary Shareholders' Meeting that took place in March 2016, according to which the Company must make a total dividend payout of COP319.011.000, payable in two installments.
- After adjusting the ratings outlook for Colombia from stable to negative, on July 26, Fitch Ratings adjusted the perspective for ISA from stable to negative. At the same time, it confirmed the Company's BBB + long-term credit rating.
- Diana Cristina Posada, who has served as ISA's Vice President of Organizational Talent since 2013, will assume a new role in business management for INTERVIAL, INTERCHILE and INTERNEXA, subsidiaries of ISA in Chile.
- S&P Global Ratings confirmed ISA's BBB debt rating. The outlook remained negative. The report states that the rating reflects ISA's leadership position in the design, construction, operation and management of linear infrastructure systems in energy transmission, telecommunications, and toll road concessions. The complete report can be viewed at the Company's web site: www.isa.co.
- For the second consecutive year, ISA was included in the Dow Jones Sustainability Index -DJSI- confirming it as one of the stock exchange-listed companies with the best sustainability practices in the world. ISA distinguished itself in the category of *Emerging Markets in the Public Service Sector*. This year only three companies in the world, whose main business is the energy

transmission, became part of the index. ISA was one of the two Latin American companies to be included in the Dow Jones index, in recognition for the quality of its sustainable management. ISA obtained the maximum score of 100 points in the biodiversity and transmission categories; it also achieved the best score in the industry in the categories of information security and cybersecurity. ISA also distinguished itself in the categories of stakeholder relations; Safety, Occupational Health; Corporate Citizenship and Philanthropy; Social Management, and Risk Management and Crisis Management.

- ISA distributed the individual and consolidated financial statements for the first, second and third quarters of 2015 under IFRS to the Colombian Financial Superintendence (in XBRL taxonomy). The difference with those first published, was due to the application of the equity method of accounting for subsidiaries, joint ventures and associates in its separate financial statements; in accordance with the provisions of Article 11 of Decree 2496 of 2015, paragraph 2. The quarterly financial statements published in 2016 are compared to those already adjusted for 2015.
- The Colombian Stock Exchange approved ISA Issuers Recognition - IR for another year. Since the creation of this recognition, ISA has complied with best practices for disclosure and investor relations (Investor Relations, IR). Among other requirements, it is essential to have a communications channel that allows the issuer to position the Company as well as to strengthen confidence and credibility amidst the investment community.
- CTEEP, an ISA subsidiary, made an announcement regarding the opening of the Public Hearing by the Brazilian Electricity Regulatory Agency, which will be held from October 14 until November 14, for assistance and additional information on the calculation of cost of capital to be used for the Permitted Annual Income of transmission concessionaires.

This report may contain forward-looking statements regarding the performance of ISA and should be taken in good faith by institutions; said forward-looking statements reflect management's views and are based on currently-available information, which assumes risks and uncertainties, including economic conditions and those from other markets, as well as the exchange rate variations and other financial variables with respect to which ISA S.A. E.S.P. may not be held responsible, directly or indirectly, for financial operations that the public may conduct in reliance of the information herein presented.

THIRD QUARTER 2016 FINANCIAL RESULTS



■ ISA'S DIRECT AND INDIRECT PARTICIPATION IN SUBSIDIARIES

| Sector | Company | Country | % ISA's direct | % ISA's indirect | % Total | Through the subsidiary: |
|-------------------|--|------------|----------------|------------------|----------|------------------------------|
| ENERGY | TRANSELCA S.A. E.S.P. | Colombia | 99,997% | 0,000% | 99,997% | |
| | RED DE ENERGIA DEL PERU -REP | Peru | 30,000% | 30,000% | 59,999% | TRANSELCA S.A. E.S.P. |
| | CONSORCIO TRANSMANTARO S.A. | Peru | 60,000% | 0,000% | 60,000% | |
| | ISA PERU S.A. | Peru | 45,146% | 54,854% | 99,999% | TRANSELCA S.A. E.S.P. |
| | ISA BOLIVIA S.A. | Bolivia | 51,000% | 48,990% | 99,999% | TRANSELCA S.A. E.S.P. |
| | | | | 0,010% | | INTERNEXA S.A. |
| | CTEEP | Brazil | 0,000% | 36,964% | 26,038% | ISA CAPITAL DO BRASIL S.A. |
| | INTERLIGACAO ELETRICA NORTE E NORDESTE S.A. – IENNE | Brazil | 0,000% | 25,000% | 6,509% | CTEEP |
| | INTERLIGACAO ELETRICA DE MINAS GERAIS S.A. – IEMG – | Brazil | 0,000% | 100,000% | 26,038% | CTEEP |
| | INTERLIGACAO ELETRICA PINHEIROS S.A. - IEPINHEIROS | Brazil | 0,000% | 99,999% | 26,037% | CTEEP |
| | INTERLIGACAO ELETRICA SUL S.A. - IESUL | Brazil | 0,000% | 50,000% | 13,019% | CTEEP |
| | INTERLIGACAO ELETRICA DO MADEIRA S.A. - IEMADEIRA - | Brazil | 0,000% | 51,000% | 13,279% | CTEEP |
| | INTERLIGACAO ELÉTRICA SERRA DO JAPI | Brazil | 0,000% | 99,999% | 26,037% | CTEEP |
| | INTERLIGACAO ELÉTRICA GARANHUNS S.A. | Brazil | 0,000% | 51,000% | 13,279% | CTEEP |
| | EVRECY | Brazil | 0,000% | 100,000% | 26,038% | CTEEP |
| | INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMA S.A. | Panama | 50,000% | 0,000% | 50,000% | Control compartido |
| | INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMA S.A.S ESP | Colombia | 1,172% | 97,656% | 50,000% | INTERC. ELÉCT. COL-PANAMA |
| | EMPRESA PROPIETARIA DE LA RED S.A. - EPR | América C. | 11,111% | 0,000% | 11,111% | |
| | INTERCHILE S.A. | Chile | 82,350% | 17,650% | 100,000% | ISA INVERSIONES CHILE LTDA |
| | | | 99,997% | 0,001% | | INTERNEXA S.A. |
| | INTERCOLOMBIA S.A. E.S.P. | Colombia | | 0,001% | 100,000% | ISA PERU S.A. |
| | | | | 0,001% | | PROY. INFRA. DEL PERÚ S.A.C. |
| | | | | 0,001% | | INTERVAL COLOMBIA S.A.S |
| FINANCIAL | ISA CAPITAL DO BRAZIL S.A. | Brazil | 70,440% | 0,000% | 70,440% | |
| | INTERNEXA PARTICIPAÇÕES S.A. | Brazil | 0,000% | 67,242% | 66,851% | INTERNEXA S.A. |
| | | | | 0,000% | | INTERNEXA S.A. (PERÚ) |
| | ISA INVERSIONES CHILE LTDA. | Chile | 100,000% | 0,000% | 100,000% | INTERNEXA S.A. |
| | ISA INVERSIONES MAULE | Chile | 100,000% | 0,000% | 100,000% | INTERNEXA S.A. |
| | ISA INVERSIONES TOLTEN | Chile | 0,000% | 0,010% | 100,000% | ISA INVERSIONES CHILE LTDA. |
| | | | | 99,990% | | Interval Chile |
| | Financiera de Desarrollo Nacional S.A. | Colombia | 0,001% | 0,000% | 0,001% | |
| | CAMARA DE RIESGO CENTRAL DE CONTRAPARTE -CRCC- | Colombia | 0,000% | 8,020% | 7,998% | XM S.A. E.S.P. |
| | Linear Systems RE LTD | Bermuda | 100,000% | | 100,000% | |
| TELECOMUNICATIONS | ITX CAPITAL PARTICIPACOES LTDA. | Brazil | 0,000% | 100,000% | 66,851% | INTERNEXA PARTICIPAÇÕES |
| | INTERNEXA S.A. | Colombia | 99,420% | 0,000% | 99,420% | TRANSELCA S.A. E.S.P. |
| | INTERNEXA S.A. (PERU) | Peru | 0,000% | 100,000% | 99,420% | INTERNEXA S.A. |
| | INTERNEXA CHILE S.A. | Chile | 0,000% | 99,000% | 98,425% | INTERNEXA S.A. |
| | INTERNEXA BRAZIL OPERADORA DE TELECOMUNICAÇÕES | Brazil | 0,000% | 100,000% | 66,851% | INTERNEXA PARTICIPAÇÕES |
| | Transamerican Telecommunication S.A. (INTERNEXA ARGENTINA) | Argentina | 0,000% | 99,100% | 99,420% | INTERNEXA S.A. |
| | | | 0,000% | 0,900% | | INTERNEXA PERU |
| | REDCA | América C. | 0,000% | 11,110% | 11,046% | INTERNEXA S.A. |
| | TRANSNEXA S.A. E.M.A. | Ecuador | 0,000% | 5,000% | 49,710% | INTERNEXA S.A. |
| | | | | 45,000% | | INTERNEXA PERU |
| INFRASTRUCTURE | PROYECTOS DE INFRAESTRUCTURA DEL PERU S.A.C. | Peru | 99,967% | 0,033% | 100,000% | TRANSELCA S.A. E.S.P. |
| MRTS | XM S.A. E.S.P. | Colombia | 99,730% | 0,000% | 99,730% | |
| | DERIVEX S.A. | Colombia | 0,000% | 49,950% | 49,840% | XM S.A. E.S.P. |
| | | | 0,000% | 0,025% | | INTERNEXA S.A. |
| Toll Roads | Sistemas Inteligentes en Red S.A.S. | Colombia | 15,000% | 85,000% | 99,771% | XM S.A. E.S.P. |
| | | | 0,000% | 54,990% | | ISA INVERSIONES CHILE LTDA. |
| | INTERVAL CHILE S.A. | Chile | | 45,000% | 100,000% | ISA INVERSIONES MAULE |
| | | | | 0,010% | | INTERNEXA S.A. |
| | Ruta del Maipo Sociedad Concesionaria S.A. | Chile | 0,000% | 100,000% | 100,000% | INTERVAL CHILE S.A. |
| | | | 0,000% | 0,000% | | ISA Tolten |
| | Ruta del Maipo Sociedad Concesionaria S.A. | Chile | 0,000% | 99,999% | 100,000% | INTERVAL CHILE S.A. |
| | | | 0,000% | 0,001% | | ISA Tolten |
| | Ruta del Bosque Sociedad Concesionaria S.A. | Chile | 0,000% | 99,991% | 100,000% | INTERVAL CHILE S.A. |
| | | | 0,000% | 0,009% | | ISA Tolten |
| | Ruta de los Rios Sociedad Concesionaria S.A. | Chile | 0,000% | 75,000% | 75,000% | INTERVAL CHILE S.A. |
| | Ruta de la Araucanía Sociedad Concesionaria S.A. | Chile | 0,000% | 100,000% | 100,000% | INTERVAL CHILE S.A. |
| | | | 0,000% | 0,000% | | ISA Tolten |
| | INTERVAL Colombia S.A | Colombia | 100,000% | 0,000% | 100,000% | |

THIRD QUARTER 2016 FINANCIAL RESULTS



ISA S.A. E.S.P. - CONSOLIDATED - COMPREHENSIVE INCOME STATEMENT (unaudited)

JANUARY – SEPTEMBER 2016

Values expressed in millions of Colombian pesos

| | 3Q16 | 3Q15 | Change COP | Change % | 3Q16 USD | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|---|------------------|------------------|------------------|----------------|--------------|-------------------|------------------|------------------|----------------|--------------|
| OPERATING REVENUES | | | | | | | | | | |
| Energy Transmission | 6.631.624 | 1.016.710 | 5.614.914 | 552,3% | 2.303 | 8.817.816 | 2.475.686 | 6.342.130 | 256,2% | 3.062 |
| Connection charges | 53.544 | 51.563 | 1.981 | 3,8% | 19 | 160.080 | 148.967 | 11.113 | 7,5% | 56 |
| Dispatch and CND (National Dispatch Center) | 20.056 | 16.321 | 3.735 | 22,9% | 7 | 56.121 | 48.408 | 7.713 | 15,9% | 19 |
| MEM Services | 6.782 | 7.400 | (618) | -8,4% | 2 | 30.627 | 21.703 | 8.924 | 41,1% | 11 |
| Road Concessions | 296.757 | 272.790 | 23.967 | 8,8% | 103 | 907.324 | 791.038 | 116.286 | 14,7% | 315 |
| Telecommunications Transport | 80.852 | 76.260 | 4.592 | 6,0% | 28 | 250.040 | 211.168 | 38.872 | 18,4% | 87 |
| Other operating revenues | 19.095 | 13.010 | 6.085 | 46,8% | 7 | 50.397 | 46.234 | 4.163 | 9,0% | 17 |
| TOTAL OPERATING REVENUES | 7.108.710 | 1.454.054 | 5.654.656 | 388,9% | 2.468 | 10.272.405 | 3.743.204 | 6.529.201 | 174,4% | 3.567 |
| Sales and operation costs | 688.593 | 552.558 | 136.035 | 24,6% | 239 | 2.119.814 | 1.436.139 | 683.675 | 47,6% | 736 |
| GROSS PROFIT ON SALES | 6.420.117 | 901.496 | 5.518.621 | 612,2% | 2.229 | 8.152.591 | 2.307.065 | 5.845.526 | 253,4% | 2.831 |
| Overhead expenses | 239.675 | 200.395 | 39.280 | 19,6% | 83 | 695.573 | 599.478 | 96.095 | 16,0% | 242 |
| Other income (expense) net | (5.862) | 5.385 | (11.247) | -208,9% | (2) | 2.711 | 26.886 | (24.175) | -89,9% | 1 |
| Net equity method | 166.017 | 85.014 | 81.003 | 95,3% | 58 | 200.633 | 113.195 | 87.438 | 77,2% | 70 |
| INCOME FROM OPERATING ACTIVITIES | 6.340.597 | 791.500 | 5.549.097 | 701,1% | 2.202 | 7.660.362 | 1.847.668 | 5.812.694 | 314,6% | 2.660 |
| Financial income | 107.954 | 253.832 | (145.878) | -57,5% | 37 | 569.454 | 837.351 | (267.897) | -32,0% | 198 |
| Financial expenses | 393.237 | 485.577 | (92.340) | -19,0% | 137 | 1.365.808 | 1.518.273 | (152.465) | -10,0% | 474 |
| Income before taxes | 6.055.314 | 559.755 | 5.495.559 | 981,8% | 2.103 | 6.864.008 | 1.166.746 | 5.697.262 | 488,3% | 2.383 |
| Income tax provision | 1.985.303 | 147.151 | 1.838.152 | 1249,2% | 689 | 2.238.364 | 328.172 | 1.910.192 | 582,1% | 777 |
| COMPREHENSIVE INCOME | 4.070.011 | 412.603 | 3.657.408 | 886,4% | 1.413 | 4.625.644 | 838.574 | 3.787.070 | 451,6% | 1.606 |
| Minority Interest | 2.495.064 | 160.861 | 2.334.203 | 1451,1% | 866 | 2.660.382 | 278.447 | 2.381.935 | 855,4% | 924 |
| Net Income | 1.574.947 | 251.743 | 1.323.204 | 525,6% | 547 | 1.965.262 | 560.127 | 1.405.135 | 250,9% | 682 |
| NET INCOME | | | | | | | | | | |
| Net income attributable: | | | | | | | | | | |
| Net Income From Controlling Interest | 1.574.947 | 251.743 | 1.323.204 | 525,6% | 547 | 1.965.262 | 560.127 | 1.405.135 | 250,9% | 682 |
| Net Income from Non-controlling interest | 2.495.064 | 160.861 | 2.334.203 | 1451,1% | 866 | 2.660.382 | 278.447 | 2.381.935 | 855,4% | 924 |
| TOTAL NET INCOME OF THE YEAR | 4.070.011 | 412.603 | 3.657.408 | | | 4.625.644 | 838.574 | 3.787.070 | | 1.606 |
| Actuarial revenues/losses by defined benefit plans, net of taxes. | | | | | | | | | | |
| Revenues (losses) by cash coverage, net of taxes. | (9.226) | 15.580 | (24.806) | -159,2% | (3) | (36.646) | 14.963 | (51.609) | -344,9% | |
| Revenues (losses) by exchange rates differences, net of taxes. | 69.564 | 384.406 | (314.842) | -81,9% | 24 | (47.064) | 505.943 | (553.007) | -109,3% | |
| Revenues (losses) by deferred tax. | | | | | | | | | | |
| ANOTHER COMPREHENSIVE RESULT | 60.338 | 399.986 | (339.648) | -84,9% | 21 | (83.710) | 520.906 | (604.616) | -116,1% | |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | | | | | | | | |
| Controlling interest | 1.635.285 | 651.729 | 983.556 | 150,9% | 568 | 1.881.552 | 1.081.033 | 800.519 | 74,1% | 653 |
| Non-controlling interest | 2.495.064 | 160.861 | 2.334.203 | 1451,1% | 866 | 2.660.382 | 278.447 | 2.381.935 | 855,4% | 924 |
| TOTAL COMPREHENSIVE INCOME OF YEAR | 4.130.349 | 812.589 | 3.317.760 | 408,3% | 1.434 | 4.541.934 | 1.359.480 | 3.182.454 | 234,1% | 1.577 |
| EBITDA | 6.341.702 | 849.993 | 5.491.709 | 646,1% | 2.202 | 7.917.229 | 2.133.280 | 5.783.948 | 271,1% | 2.749 |
| EBITDA Margin | 89,2% | 58,5% | 30,8% | | | 77,1% | 57,0% | 20,1% | | |
| Operating Margin | 89,2% | 54,4% | 34,8% | | | 74,6% | 49,4% | 25,2% | | |
| Net Margin before MI | 57,3% | 28,4% | 28,9% | | | 45,0% | 22,4% | 22,6% | | |
| Net Margin | 22,2% | 17,3% | 4,8% | | | 19,1% | 15,0% | 4,2% | | |
| REFINED CONSTRUCTION AND RECOGNITION RBSE | | | | | | | | | | |
| EBITDA Margin | 65,2% | 69,0% | -3,8% | | | 63,2% | 65,2% | -2,0% | | |
| Operating Margin | 65,2% | 64,2% | 1,1% | | | 56,6% | 56,4% | 0,2% | | |
| Net Margin before MI | 34,3% | 33,1% | 1,2% | | | 25,9% | 25,2% | 0,7% | | |
| Net Margin | 17,5% | 19,9% | -2,4% | | | 15,8% | 16,6% | -0,8% | | |

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THIRD QUARTER 2016 FINANCIAL RESULTS



ISA S.A. E.S.P. – CONSOLIDATED - BALANCE SHEET (unaudited) SEPTEMBER 2016

Values expressed in millions of Colombian Pesos

| | Sep. 2016 | % Part. | 2015 | Change COP | Change % | Sep. 2016 USD |
|--|-------------------|-------------|-------------------|------------------|--------------|------------------|
| Current Assets | | | | | | |
| Cash and cash equivalent | 1.441.880 | 4% | 1.029.250 | 412.630 | 40,1% | 501 |
| Current financial assets | 3.094.003 | 9% | 2.587.369 | 506.634 | 19,6% | 1.074 |
| Other current financial assets | 474.692 | 1% | 292.190 | 182.502 | 62,5% | 165 |
| Inventories – net | 104.420 | 1% | 148.013 | (43.593) | -29,5% | 36 |
| Other current non-financial assets | 336.209 | 1% | 193.782 | 142.427 | 73,5% | 117 |
| Total current assets | 5.451.204 | 15% | 4.250.604 | 1.200.600 | 28,2% | 1.893 |
| Non-Current Assets | | | | | | |
| Restricted cash | 26.174 | 0% | 46.553 | (20.379) | -43,8% | 9 |
| Investments in joint control | 1.545.619 | 4% | 1.204.681 | 340.938 | 28,3% | 537 |
| Financial instruments | 16.274 | 0% | 25.757 | (9.483) | -36,8% | 6 |
| Financial assets | 16.334.239 | 35% | 9.947.885 | 6.386.354 | 64,2% | 5.672 |
| Inventories - net | 89.755 | 0% | 81.726 | 8.029 | 9,8% | 31 |
| Property, plant and equipment - net | 7.275.243 | 24% | 6.707.058 | 568.185 | 8,5% | 2.526 |
| Intangibles | 5.745.858 | 19% | 5.451.014 | 294.844 | 5,4% | 1.995 |
| Other non-financial assets | 71.753 | 0% | 77.700 | (5.947) | -7,7% | 25 |
| Deferred tax | 442.559 | 1% | 319.892 | 122.667 | 38,3% | 154 |
| Total non-current assets | 31.547.474 | 85% | 23.862.266 | 7.685.208 | 32,2% | 10.954 |
| TOTAL ASSETS | 36.998.678 | 100% | 28.112.870 | 8.885.808 | 31,6% | 12.847 |
| Current Liabilities | | | | | | |
| Current financial liabilities | 1.713.026 | | 1.540.247 | 172.779 | 11,2% | 595 |
| Current accounts payable | 926.116 | | 685.079 | 241.037 | 35,2% | 322 |
| Current employee benefits | 78.894 | | 66.195 | 12.699 | 19,2% | 27 |
| Current tax liabilities | 344.675 | | 235.978 | 108.697 | 46,1% | 120 |
| Provisions | 486.639 | | 472.780 | 13.859 | 2,9% | 169 |
| Other current non-financial liabilities | 202.275 | | 226.282 | (24.007) | -10,6% | 70 |
| Total current liabilities | 3.751.625 | | 3.226.561 | 525.064 | 16,3% | 1.303 |
| Non-current liabilities | | | | | | |
| Financial liabilities | 10.460.727 | | 9.382.032 | 1.078.695 | 11,5% | 3.632 |
| Accounts payable | 1.064.064 | | 1.151.775 | (87.711) | -7,6% | 369 |
| Tax liabilities | 992.135 | | 230.852 | 761.283 | 329,8% | 344 |
| Employee benefits | 436.562 | | 422.835 | 13.727 | 3,2% | 152 |
| Provisions | 295.428 | | 264.043 | 31.385 | 11,9% | 103 |
| Other non-financial liabilities | 296.246 | | 304.528 | (8.282) | -2,7% | 103 |
| Deferred tax | 3.796.787 | | 1.737.191 | 2.059.596 | 118,6% | 1.318 |
| Total non-current liabilities | 17.341.949 | | 13.493.256 | 3.848.693 | 28,5% | 6.022 |
| TOTAL LIABILITIES | 21.093.574 | | 16.719.817 | 4.373.757 | 26,2% | 7.324 |
| Equity | | | | | | |
| Subscribed and paid in capital | 36.916 | | 36.916 | - | 0,0% | 13 |
| Premium for placement of shares | 1.428.128 | | 1.428.128 | - | 0,0% | 496 |
| Reserves | 1.878.709 | | 1.491.399 | 387.310 | 26,0% | 652 |
| Retained earnings | 3.232.906 | | 3.237.680 | (4.774) | -0,1% | 1.123 |
| Income of the year | 1.965.262 | | 701.548 | 1.263.714 | 180,1% | 682 |
| Other comprehensive income | 860.844 | | 944.553 | (83.709) | -8,9% | 299 |
| Equity attributable to controlling interest | 9.402.765 | | 7.840.224 | 1.562.541 | 19,9% | 3.265 |
| Non-controlling interest | 6.502.339 | | 3.552.829 | 2.949.510 | 83,0% | 2.258 |
| TOTAL SHAREHOLDERS' EQUITY | 15.905.104 | | 11.393.053 | 4.512.051 | 39,6% | 5.523 |
| TOTAL LIABILITIES AND EQUITY | 36.998.678 | | 28.112.870 | 8.885.808 | 31,6% | 12.847 |

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ISA S.A. E.S.P. - CONSOLIDATED - CASH FLOW STATEMENT (Unaudited)

JANUARY – SEPTEMBER 2016
Figures in millions of Colombian pesos

| | 9M16 | 9M15 | Change COP | Change % | 9M16 USD |
|--|--------------------|------------------|--------------------|--------------|--------------|
| Cash flows from operating activities: | | | | | |
| Net income | 1.965.262 | 308.385 | 1.656.877 | 537% | 682 |
| Plus (minus) – Adjustments to reconcile net income with the net cash provided by operating activities: | | | | | |
| Minority interest | 2.660.382 | 117.586 | 2.542.796 | 2162% | 924 |
| Depreciation of properties, plant and equipment | 201.802 | 134.017 | 67.785 | 51% | 70 |
| Amortization of deferred and other assets | 188.876 | 102.519 | 86.357 | 84% | 66 |
| Amortization of retirement pensions and extralegal benefits – net | 9.867 | 5.287 | 4.580 | 87% | 3 |
| Provision for accounts receivable | 10.290 | 543 | 9.747 | 1795% | 4 |
| Provision for inventory protection | (48) | - | (48) | 100% | (0) |
| Provisions Contingencies | 19.204 | - | 19.204 | 100% | 7 |
| Provisions for Major Maintenance | 7.596 | 22.209 | (14.613) | -66% | 3 |
| Income tax provision | 22.623 | 12.227 | 10.396 | 85% | 8 |
| Loss on the sale and retirement of property, plant and equipment | 2.238.364 | 181.021 | 2.057.343 | 1137% | 777 |
| Expense for foreign exchange rate conversion | 449 | - | 449 | 100% | 0 |
| Equity method with share control | 274.435 | 482.343 | (207.908) | -43% | 95 |
| Accrued interest and commissions | (200.632) | (28.181) | (172.451) | 612% | (70) |
| | 722.851 | 374.134 | 348.717 | 93% | 251 |
| Changes in operating assets and liabilities: | | | | | |
| Debtors | (6.653.301) | (201.580) | (6.451.721) | 3201% | (2.310) |
| Collection (causation) for compensation anticipated contract renewal 059/2001 | - | 191.888 | (191.888) | -100% | - |
| Inventories | 29.969 | (78.407) | 108.376 | -138% | 10 |
| Deferred and other assets | (383.144) | 27.212 | (410.356) | -1508% | (133) |
| Accounts payable and other liabilities | 408.056 | (204.242) | 612.298 | -300% | 142 |
| Labor liabilities | 12.699 | (13.269) | 25.968 | -196% | 4 |
| Estimated liabilities and provisions | (325.295) | (43.599) | (281.696) | 646% | (113) |
| Collections in favor of third parties | (5.355) | (12.448) | 7.093 | -57% | (2) |
| Minority interest | 69.766 | (110.444) | 180.210 | -163% | 24 |
| Cash flows in other operations: | | | | | |
| Retirement pension payments | 216.210 | (5.561) | 221.771 | -3988% | 75 |
| Tax payments | (70.364) | (292.931) | 222.567 | -76% | (24) |
| Net cash provided by operating activities | 1.420.562 | 968.709 | 451.853 | 47% | 493 |
| Cash flows from investment activities: | | | | | |
| Variation of permanent and long term investments | (84.898) | (32.228) | (52.670) | 163% | (29) |
| Intangible acquisitions | (706.062) | (273.368) | (432.694) | 158% | (245) |
| Purchase of property, plant and equipment | (788.587) | (178.475) | (610.112) | 342% | (274) |
| Net cash used by investment activities | (1.579.547) | (484.071) | (1.095.476) | 226% | (548) |
| Cash flows from financing activities: | | | | | |
| Interest received in cash | 984 | 18.489 | (17.505) | -95% | 0 |
| Interest and commissions paid in cash | (615.550) | (335.151) | (280.399) | 84% | (214) |
| Dividends paid in Cash | - | (74.214) | 74.214 | -100% | - |
| Increase in financial obligations | 1.429.171 | 212.114 | 1.217.057 | 574% | 496 |
| Bonds issued | 958.912 | 500.000 | 458.912 | 92% | 333 |
| Payment of financial obligations | (654.496) | (255.874) | (398.622) | 156% | (227) |
| Bond payment/decrease | (547.406) | (243.756) | (303.650) | 125% | (190) |
| Net cash provided by financing activities | 571.615 | (178.392) | 750.007 | -420% | 198 |
| Net increase in cash and cash equivalents | 412.630 | 306.246 | 106.384 | 35% | 143 |
| Cash and cash equivalents at the beginning of period | 1.029.250 | 1.313.630 | 106.384 | 8% | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 1.441.880 | 1.619.876 | 212.768 | 13% | 501 |

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