



# Quarterly Results Report 2Q - 2016

Aug 17<sup>th</sup>, 2016



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## Important Figures

### Consolidated financial results

	Units	2Q2016	2Q2015	2016	2015
Revenue	COP million	861.841	765.009	2.224.930	1.555.716
Gross profit	COP million	224.087	175.097	451.504	352.310
Earnings before financial costs	COP million	155.500	133.117	280.195	241.854
EBITDA	COP million	262.597	201.143	529.497	413.902
EDITDA margin	%	30,5%	26,3%	23,8%	26,6%
Net profit	COP million	31.970	13.596	23.781	22.402
Net earnings to controlling shareholders	COP million	-3.625	-14.814	-33.306	-19.449

### Generation

	Units	2Q2016	2Q2015	2016	2015
<b>Total energy produced</b>	<b>GWh</b>	<b>1.729</b>	<b>1.830</b>	<b>3.925</b>	<b>3.977</b>
<b>Total energy sold</b>	<b>GWh</b>	<b>2.170</b>	<b>2.491</b>	<b>5.145</b>	<b>5.289</b>
<b>Energy produced in Colombia</b>	<b>GWh</b>	<b>1.324</b>	<b>1.387</b>	<b>3.116</b>	<b>3.108</b>
Hydroelectric power in Colombia	GWh	829	730	1.338	1.607
Thermal energy in Colombia	GWh	495	656	1.778	1.501
<b>Energy sold in Colombia</b>	<b>GWh</b>	<b>1.656</b>	<b>1.932</b>	<b>4.081</b>	<b>4.169</b>
Contract sales in Colombia	GWh	922	1.166	2.190	2.328
Spot market transactions in Colombia	GWh	734	765	1.891	1.841
<b>Energy produced in Central America</b>	<b>GWh</b>	<b>406</b>	<b>444</b>	<b>809</b>	<b>869</b>
Hydroelectric power in Central America	GWh	95	74	163	169
Thermal energy in Central America	GWh	271	303	528	547
Wind power in Central America	GWh	39	67	118	153
<b>Energy sold in Central America</b>	<b>GWh</b>	<b>514</b>	<b>560</b>	<b>1.064</b>	<b>1.120</b>
Contract sales in Central America	GWh	460	502	961	999
Spot market sales in Central America	GWh	54	58	103	122

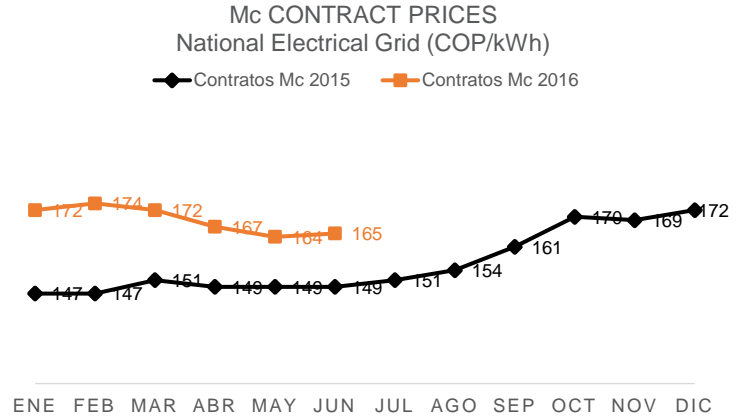
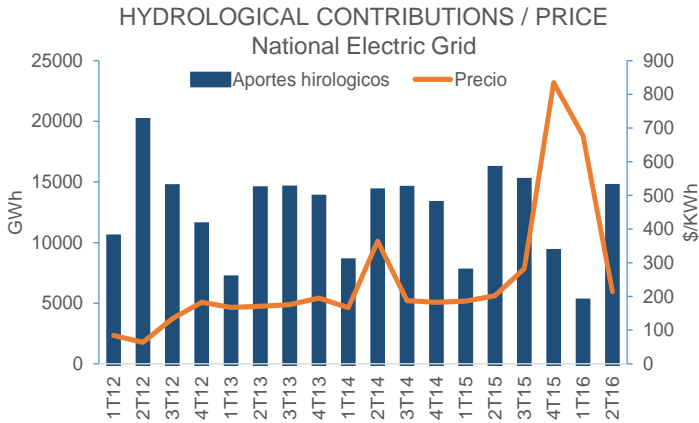
### Distribution

	Units	2Q2016	2Q2015	2016	2015
Energy losses	%	8,52%	8,74%	8,67%	8,74%
Collections	%	98,75%	98,54%	98,75%	98,54%
SAIDI - EPSA/CETSA	Hours	4,10	3,27	6,73	6,11
SAIDI - EPSA/CETSA	Times	4,39	3,73	7,41	7,83

### Retail sales

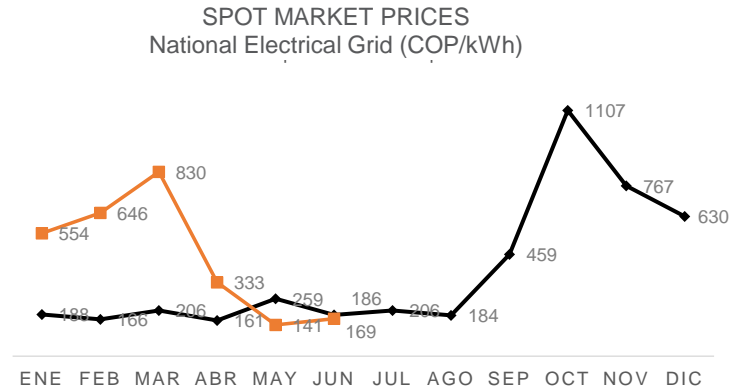
	Units	2Q2016	2Q2015	2016	2015
Regulated market sales	GWh	286,40	287,24	604,56	568,15
Non-regulated market sales	GWh	221,88	223,89	446,79	444,31
Users	Number	574.932	561.293	574.932	561.293

# Electricity Market - Colombia

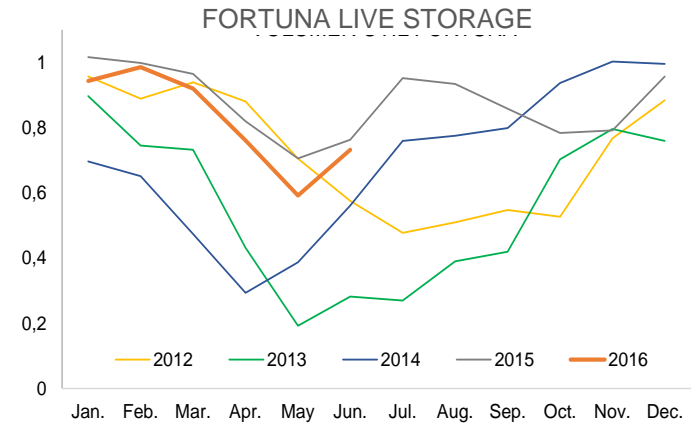
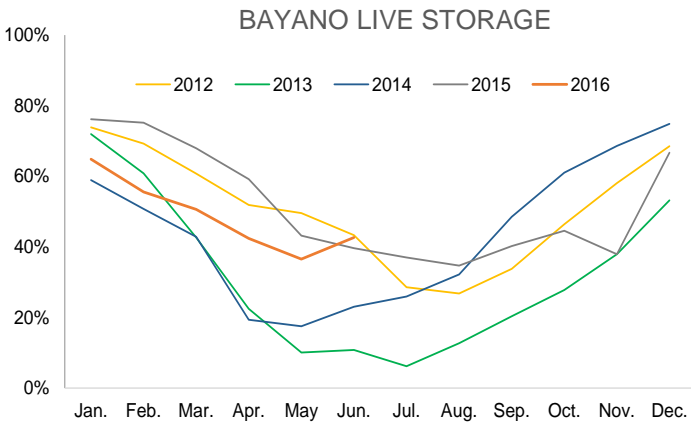


The spot price in the second quarter of 2016 dropped due to the normalization of weather conditions and the increase in reservoir levels. An average price of COP 214/kWh (+6% A/A) was recorded. Contract prices (Mc) recorded an average of COP 165/kWh (+11% A/A)

During the course of the quarter, El Niño conditions dissipated and water contributions amounted to 78% of the historical value, showing a recovery compared to the previous quarter. Weather conditions in Colombia have had a positive impact on the contributions to the reservoirs, which stood at 87% of the historical average at the end of the quarter. Although historical averages have not been reached, a tendency toward normal conditions was recorded.

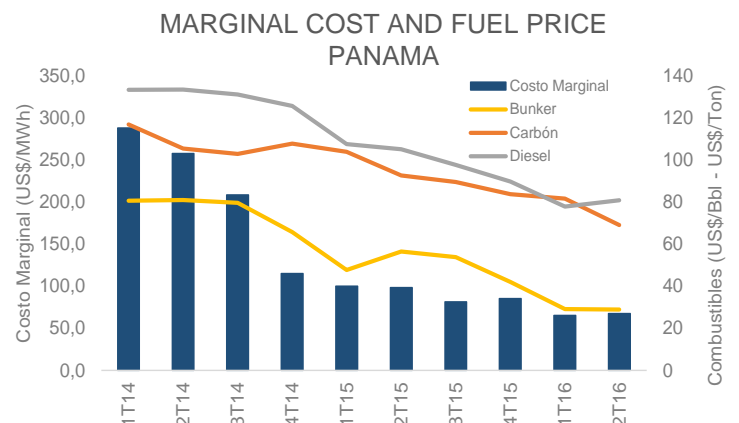


# Electricity Market - Panama



Weather conditions with better rainfall favored the Fortuna and Bayano Reservoirs, with an average useful level of 70% and 41% during the quarter, somewhat above the historical average of 57% and 36%, respectively.

The average marginal cost of energy was 67 USD/MWh in the quarter, 32% lower than in the same quarter of the previous year. This was due to the high correlation between average international fuel prices, whereby the cost of diesel decreased by 23%, bunker fuel by 49% and coal by 25%.



# Operating and Financial Results

## Revenues

### Electric power generation

The Company's consolidated generation was 1,729 GWh in the quarter, down 6% compared to the same quarter last year. 53% of the power was generated by hydroelectric power plants.

In Colombia, 1,324 GWh were generated, down 5% from 2Q15, mainly due to the 25% drop in thermal power generation, while hydroelectric increased 14%. During the first quarter of the year, the regulated demand increased due to high temperatures; however, by 2Q, the reduction was justified by the normal trending temperatures and the impact of the energy saving campaigns carried out during the most intense period of El Niño.

Generation revenues in Colombia rose 14%, primarily due to the increase in the energy sales price on the spot market, the upturn in revenues from the Reliability Charge on account of the higher representative exchange rate compared to the previous year and the positive deviations associated with the Firm Energy Obligation (OEF, for the Spanish original).

In Central America, 9% less energy was generated compared to 2Q15. The level of thermal and wind generation dropped 11% and 41%, respectively, as a result of technical shutdowns carried out in Bahía Las Minas (BLM), as well as the lower wind density, which reduced the useful energy, due to the normalization of weather conditions. In turn, hydroelectric power generation increased by 30% due to the greater rainfall figures.

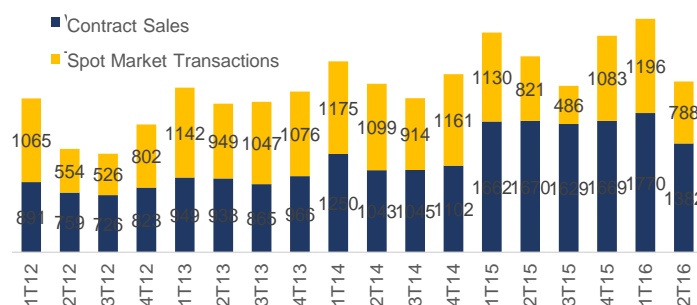
Revenue from the operation in Central America recorded a 10% increase compared to the same period of last year, primarily due to greater hydroelectric power generation and better conditions of BLM's PPA contract.

### Energy distribution and sales

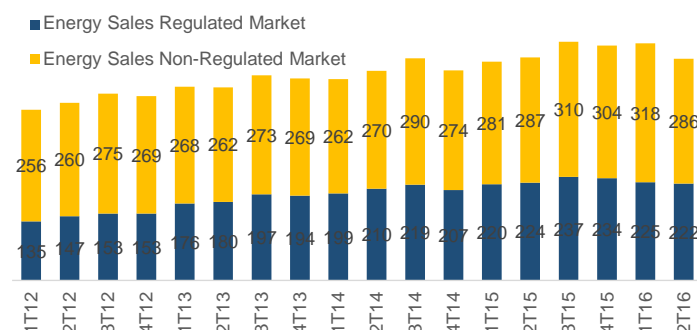
The volume of sales on both the regulated and the non-regulated markets remained stable compared to the same period of last year and showed a 6% decrease compared to the first quarter of the year. This behavior is explained by a lower average consumption in the industrial, residential and the agro-industrial sector due to the gradual normalization in the temperature.

Despite the above, revenue from the distribution and sales during the quarter increased by 13% compared to the previous year, mainly due to new clients, renegotiation of contracts and PPI performance.

ENERGY SALES OF THE GENERATOR BY TYPE (GWh)



ENERGY SALES OF THE RETAIL DISTRIBUTOR BY TYPE (GWh)



### Consolidated Revenue

The quarter's consolidated revenue shows a 13% increase compared to the previous period, primarily due to: (i) sale of energy on the spot market at a higher price than the previous year, (ii) higher revenue from the reliability charge (TRM), (iii) positive deviations associated with OEF and (iv) greater PPI and CPI.

Consolidated revenue	2T16	2T15	2016	2015
Electricity generation	569.167	503.725	1.629.749	1.043.311
Retail energy Sales	197.206	175.872	407.079	342.044
Grids use and connection	65.939	56.092	126.333	110.373
Gas and Transport Sales	16.830	17.319	38.297	36.256
Other Operating Services	12.697	11.999	23.471	23.732
<b>Revenue</b>	<b>861.841</b>	<b>765.009</b>	<b>2.224.930</b>	<b>1.555.716</b>

## Operating Costs

The cost of sales was 8% higher than the same period of the previous year, which is mainly explained by:

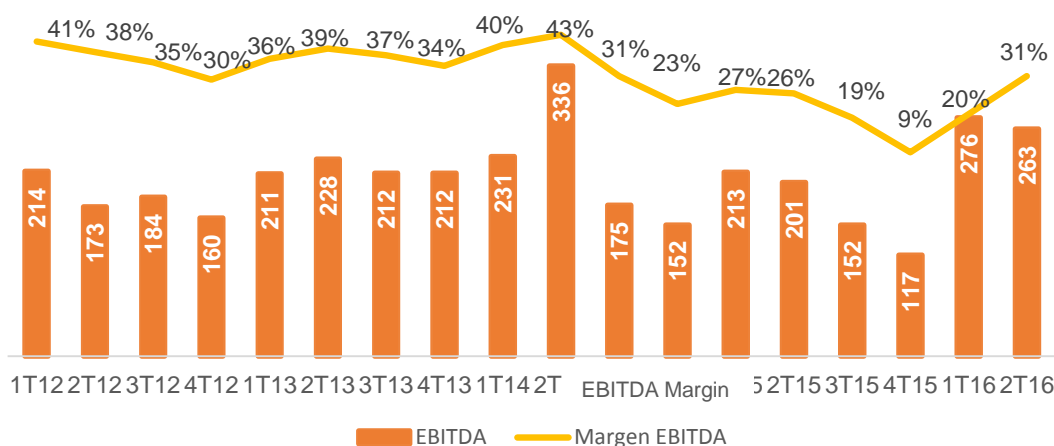
- Higher costs associated with fuel for generation by COP 50 billion.
- The increase in the PPI generated higher energy transport costs, COP 4.3 billion.

## Ebitda

The EBITDA of the second quarter was COP 262,597 million, an increase of 31% compared to 2015.

The generation of EBITDA at EPSA and Central America is another point worth stressing. At EPSA, an EBITDA of COP 179,876 million was recorded, up 22% from the second quarter of 2015 and higher than the historical average since 2012 (COP 151 billion). Also, there was a collection of accounts payable amounting to COP 13,430 million during the quarter.

In Central America, the EBITDA rose 35% compared to 2015 due to (i) better performance of the contribution margin explained by fewer purchases on the spot market (decrease in quantities and at a lower price), (ii) improved performance of the hydroelectric power plants and (iii) better conditions in BLM's PPA contract.



## Non-Operating Income and Net Earnings

The quarter's financial cost was 42% higher compared to the previous year due to (i) a higher interest rate of the bond program indexed to the CPI, ii) interest associated with the leasing of Cucuana, which was capitalized in 2015, and (iii) the higher TRM compared to the previous year associated with the debt in US dollars.

As a result of the above, by the end of the second quarter, net income recorded a profit of COP 31,970 million. Upon deducting minority interest, the net income attributable to controlling shareholders recorded a recovery of 76%, going from a loss of COP 14,814 million to a loss of COP 3,625 million.

## Investment and Expansion Plan

In Colombia, by the second quarter of 2016, consolidated investments were executed for COP 84,239 million, COP 40,271 million of which were in the power generation business, COP 41,076 in the distribution business and the remaining amount was allocated for investments in technology, supporting areas and innovation projects.

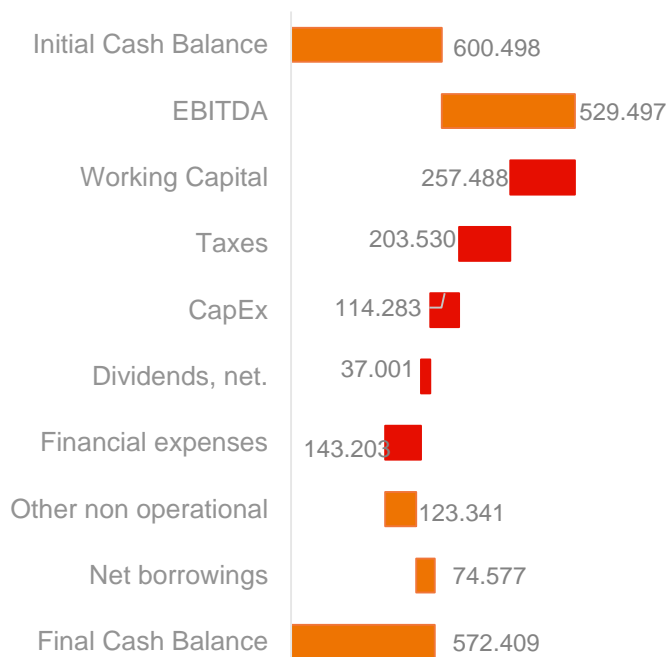
In the distribution business, in 1Q16, investments were focused mainly on (i) start of the construction of the Plan 5 Caribe projects; (ii) the modernization of the management systems; (iii) the replacement of equipment and components in substations and medium and low voltage networks; (iv) the purchase of centralized metering equipment for the loss plan; (v) the installation of new energy services.

## Statement of Cash Flow

Cash flow generated from operations this year is COP 529 billion. The resources were mainly applied as follows: i) net working capital needs of COP 250 billion, due to the funding of Resolution 178, ii) the payment of COP 204 billion in taxes including income tax and wealth tax; iii) CapEx totaling COP 114 billion; and iv) payment of dividends for COP 37 billion.

At the end of the quarter, the cash balance was COP 572 billion, which is the result of the steps taken in recent months to optimize this asset in view of the situation in Colombia.

Cash Flow (COP million)	Total
<b>EBITDA</b>	529.497
(+) KW netneeds	(257.488)
(-) Taxes	(203.530)
<b>Total operational cash flow</b>	<b>68.480</b>
<b>Investment cash flow</b>	
(-) CapEx +	(114.283)
<b>Total Investment cash flow</b>	<b>(114.283)</b>
<b>Company's free cash flow</b>	<b>(45.803)</b>
<b>Financial cash flow</b>	
(-) Net borrowings and financial expense	(68.626)
(+) Other revenue	142.540
(-) Otros Expenses	(34.957)
(+) Financial yields and other	15.758
(+/-) Net dividends	(37.001)
<b>Total financial cash flow</b>	<b>17.714</b>
<b>Total cash flow for the period</b>	<b>(28.090)</b>
(+) Inital cash Balance	600.498
<b>Final cash balance</b>	<b>572.409</b>





# Financial Statements

## Consolidated Statement of Comprehensive Income

Values expressed in millions of Colombian pesos

<b>CONSOLIDATED REVENUE</b>	<b>2Q16</b>	<b>2Q15</b>	<b>2016</b>	<b>2015</b>
Electricity generation	569.167	503.725	1.629.749	1.043.311
Retail energy Sales	197.206	175.872	407.079	342.044
Grids use and connection	65.939	56.092	126.333	110.373
Gas and Transport Sales	16.830	17.319	38.297	36.256
Other Operating Services	12.697	11.999	23.471	23.732
<b>Revenue</b>	<b>861.841</b>	<b>765.009</b>	<b>2.224.930</b>	<b>1.555.716</b>
<b>Cost of sales</b>	<b>(637.754)</b>	<b>(589.612)</b>	<b>(1.773.426)</b>	<b>(1.203.406)</b>
<b>GROSS PROFIT</b>	<b>224.087</b>	<b>175.397</b>	<b>451.504</b>	<b>352.310</b>
Gross Margin	26,00%	22,93%	20,29%	22,65%
Other revenue	1.279	11.227	4.504	32.860
Administrative expenses	(41.637)	(44.918)	(124.104)	(129.335)
Other expenses	(28.229)	(8.589)	(51.709)	(13.980)
<b>EARNINGS BEFORE FINANCIAL EXPENSES</b>	<b>155.500</b>	<b>133.117</b>	<b>280.195</b>	<b>241.854</b>
Financial result - financial income	6.179	3.368	10.437	8.946
Financial result - financial expenses	(90.746)	(63.993)	(172.101)	(120.961)
Foreign exchange gain / loss (net)	(4.280)	(549)	728	(15.126)
<b>EARNINGS BEFORE TAXES</b>	<b>66.652</b>	<b>71.943</b>	<b>119.258</b>	<b>114.713</b>
Income tax	(34.682)	(58.347)	(95.477)	(92.311)
Deferred income tax	-	-	-	-
<b>NET PROFIT</b>	<b>31.970</b>	<b>13.596</b>	<b>23.781</b>	<b>22.401</b>
Net Margin	3,71%	1,78%	1,07%	1,44%
<b>PROFITS (LOSSES) ATTRIBUTABLE</b>				
To controlling shareholder	(3.625)	(14.814)	(33.306)	(19.449)
To non-controlling shareholders	35.595	28.410	57.087	41.851
<b>PROFITS (LOSSES)</b>	<b>31.970</b>	<b>13.596</b>	<b>23.781</b>	<b>22.402</b>
<b>EBITDA</b>	<b>262.597</b>	<b>201.143</b>	<b>529.497</b>	<b>413.902</b>
EBITDA MARGIN	30,5%	26,3%	23,8%	26,6%

## Consolidated Statement of Financial Position

Values expressed in millions of Colombian pesos

<b>ASSETS</b>	<b>Jun-16</b>	<b>Dec-15</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6.984.829	7.213.798
Assets acquired under financial lease	21.694	3.625
Intangible assets, net (Concessions)	331.971	365.676
Non-current financial assets (long-term investments)	6.086	105.907
Trade and other non-current receivables	4.236	4.024
Capital gains	893.941	935.063
Deferred tax asset	139.660	136.702
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8.382.417</b>	<b>8.764.795</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	233.632	431.914
Current financial assets (portfolio)	338.777	168.584
Other non-financial assets (expenses paid in advance)	93.210	118.918
Trade and other receivables, net	760.805	609.100
Inventories (including goods in transit)	133.948	156.275
Current tax assets, net	194.562	58.915
<b>TOTAL CURRENT ASSETS</b>	<b>1.754.933</b>	<b>1.543.706</b>
<b>TOTAL ASSETS</b>	<b>10.137.350</b>	<b>10.308.501</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Capital issued	185	180
Share premium account	365.442	298.146
Reserves	2.451.746	2.468.087
Profits (losses) for the reporting period	(33.306)	(166.415)
Other Comprehensive Income (OCI)	195.389	328.886
Retained earnings	(26.305)	
Retained earnings - realized results	76.649	210.119
Retained earnings - in opening balance sheet	20.585	20.585
Total equity attributable to the controlling shareholder	3.050.384	3.159.588
Non-controlling shareholders	1.204.333	1.217.673
<b>TOTAL NET EQUITY</b>	<b>4.254.717</b>	<b>4.377.261</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	2.564.142	2.710.596
Other non-current provisions	-	-
Deferred tax liabilities, net	524.806	538.443
Employee benefit, non-current	115.091	115.572
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3.204.039</b>	<b>3.364.611</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	1.627.110	1.575.979
Current accounts payable	657.667	699.783
Other provisions, current	203.100	193.298
Tax liabilities, current, net	147.968	58.788
Employee benefit, current	18.838	23.593
Other current non-financial liabilities	23.909	15.189
<b>TOTAL CURRENT LIABILITIES</b>	<b>2.678.593</b>	<b>2.566.630</b>
<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>10.137.350</b>	<b>10.308.501</b>

# Financial Statements

## Pro-forma Consolidated Statement of Comprehensive Income - Colombia

Values expressed in millions of Colombian pesos

	2Q16	2Q15	2016	2015
Electricity generation	401.330	351.650	1.272.333	742.457
Retail energy Sales	197.206	175.872	407.079	342.044
Grids use and connection	65.939	56.092	126.333	110.373
Gas and Transport Sales	16.830	17.319	38.297	36.256
Other Operating Services	10.833	8.595	19.707	17.414
<b>Revenue</b>	<b>692.139</b>	<b>609.529</b>	<b>1.863.749</b>	<b>1.248.543</b>
<b>Cost of sales</b>	<b>-512.420</b>	<b>-466.053</b>	<b>-1.491.051</b>	<b>-945.635</b>
<b>GROSS PROFIT</b>	<b>179.719</b>	<b>143.476</b>	<b>372.698</b>	<b>302.908</b>
<b>Gross Margin</b>	26%	24%	20%	24%
Other revenue	1.079	10.841	3.983	32.153
Administrative expenses	-30.736	-36.370	-99.522	-114.198
Other expenses	-1.189	-8.382	-22.901	-11.256
<b>EARNINGS BEFORE FINANCIAL EXPENSES</b>	<b>148.873</b>	<b>109.565</b>	<b>254.258</b>	<b>209.607</b>
Financial result - financial income	5.885	3.301	9.944	8.838
Financial result - financial expenses	-68.084	-48.055	-132.607	-90.442
Foreign exchange gain / loss (net)	-4.406	-718	782	-15.528
<b>EARNINGS BEFORE TAXES</b>	<b>82.267</b>	<b>64.093</b>	<b>132.377</b>	<b>112.475</b>
Income tax	-35.037	-46.027	-91.446	-86.174
<b>NET PROFIT</b>	<b>47.230</b>	<b>18.066</b>	<b>40.931</b>	<b>26.302</b>
<b>Net Margin</b>	7%	3%	2%	2%
<b>PROFITS (LOSSES) ATTRIBUTABLE</b>				
To controlling shareholder	3.435	-9.053	-22.377	-19.830
To non-controlling shareholders	43.794	27.118	63.307	46.131
<b>PROFITS (LOSSES)</b>	<b>47.230</b>	<b>18.066</b>	<b>40.931</b>	<b>26.302</b>
<b>EBITDA</b>	<b>198.477</b>	<b>153.762</b>	<b>408.260</b>	<b>324.508</b>
<b>EBITDA MARGIN</b>	28,7%	25,2%	21,9%	26,0%
DEPRECIACION Y AMORTIZACIÓN	49.460	46.950	99.042	94.761
IMPTO A LA RIQUEZA	34	-294	36.042	41.037

# Financial Statements

## Pro-forma Consolidated Statement of Comprehensive Income – Central America

Values expressed in millions of Colombian pesos

	2Q16	2Q15	2016	2015
Electricity generation	167.837	152.075	357.417	300.855
Retail energy Sales	0	0	0	0
Grids use and connection	0	0	0	0
Gas and Transport Sales	0	0	0	0
Other Operating Services	1.865	3.405	3.765	6.318
<b>Revenue</b>	<b>169.702</b>	<b>155.480</b>	<b>361.181</b>	<b>307.172</b>
<b>Cost of sales</b>	<b>-125.334</b>	<b>-123.559</b>	<b>-282.375</b>	<b>-257.771</b>
<b>GROSS PROFIT</b>	<b>44.368</b>	<b>31.921</b>	<b>78.806</b>	<b>49.402</b>
<b>Gross Margin</b>	26,1%	20,5%	21,8%	16,1%
Other revenue	200	385	521	706
Administrative expenses	-10.901	-8.547	-21.583	-15.137
Other expenses	-27.041	-207	-28.808	-2.724
<b>EARNINGS BEFORE FINANCIAL EXPENSES</b>	<b>6.627</b>	<b>23.552</b>	<b>28.937</b>	<b>32.247</b>
Financial result - financial income	294	68	493	108
Financial result - financial expenses	-22.662	-15.938	-39.494	-30.519
Foreign exchange gain / loss (net)	126	170	-54	403
<b>EARNINGS BEFORE TAXES</b>	<b>-15.614</b>	<b>7.852</b>	<b>-10.119</b>	<b>2.238</b>
Income tax	354	-12.321	-4.031	-6.138
<b>NET PROFIT</b>	<b>-15.260</b>	<b>-4.469</b>	<b>-14.150</b>	<b>-3.899</b>
<b>Net Margin</b>	-9%	-3%	-4%	-1%
<b>PROFITS (LOSSES) ATTRIBUTABLE</b>				
To controlling shareholder	-7.060	-5.762	-7.930	381
To non-controlling shareholders	-8.200	1.292	-6.220	-4.280
<b>PROFITS (LOSSES)</b>	<b>-15.260</b>	<b>-4.469</b>	<b>-14.150</b>	<b>-3.899</b>
<b>EBITDA</b>	<b>64.120</b>	<b>47.381</b>	<b>121.237</b>	<b>89.394</b>
<b>EBITDA MARGIN</b>	38%	30%	34%	29%

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