

RELEVANT INFORMATION

CELSIA S.A. E.S.P.



In 2017, Celsia recorded the largest EBITDA in its history and profits totaling COP 251 billion

- *The EBITDA reached a record high of COP 1.12 trillion this year, at a growth of 9%.*
- *In 2017, Celsia took the lead in solar energy in Colombia: it introduced solar farms, roofs, and floors to Colombia. And in 2018, there is more to come.*
- *Celsia has reached 600,000 clients and through its companies Cetsa and EPSA, is top placed in terms of quality of energy service (dispersed market).*
- *Celsia timely completed three of the projects assigned through Plan 5 Caribe on time: La Guajira, Cesar and Córdoba. Another four are due to be handed over this year.*

Medellín, January 26, 2018. Celsia, a Grupo Argos energy company, began in 2017 to reap the rewards of its renewed strategy based on differentiation, innovation, and customer service through its operations in Colombia, Panama and Costa Rica.

And this can be seen not only in the great transformations that the Company is bringing to the energy sector in areas such as solar-energy leadership, electric transit, and a renewed portfolio of products and services for cities, businesses and homes, but also in its robust financial results.

Net profit for the year was COP 251 billion, up 47% from the previous year. **Income attributable to the controlling shareholders** is COP 149 billion, an increase of 352% from 2016. Over the quarter, net profit was COP 71 billion, and income attributable to the controlling shareholders was COP 39 billion. The **EBITDA** indicator was COP 1.12 trillion, 9% higher than that obtained in 2016, with an outstanding margin of 38%, the highest in the history of the Company. In the quarter, this indicator amounted to COP 309 billion, 21% up compared to the same period last year.

Consolidated revenues totaled COP 3.1 trillion, 18% down on the previous year, due to lower thermal power generation and lower spot-market prices as a result of higher water levels in 2017. In the fourth quarter, revenues were COP 823 billion, 4% higher than the same period in 2016.

In Colombia, wholesale market sales totaled COP 1.11 trillion over the year. For the quarter, the recorded value was COP 323 billion, similar to that recorded for the same period of 2016. In Colombia 5,226 GWh of electric power were produced over the year, and 1,542 GWh in the quarter, for an impressive 31% increase in hydroelectric power generation; this was due to greater water availability.

In the **transmission and distribution** business, the incorporation of revenues from the three Plan 5 Caribe projects already in operation stands out. In the **retail sales** business, there was a positive variation in billing for the year thanks to higher demand and the greater number of customers in both the regulated and non-regulated market.

Central America recorded noteworthy revenues of USD 245 million, 9% up from 2016. We recorded USD 59 million dollars for the quarter, an increase of 5% compared to 2016.

Finally, the **cost of sales** totaled COP 2.1 trillion year-to-date, down 28% on 2016. Over the quarter, COP 548 billion was recorded in this field.

Celsia made **investments** of COP 477 billion in Colombia in 2017, of which 23% were in the power generation business, 67% in the distribution business, and the remaining amount was allocated to investments in digital transformation, supporting areas and innovation projects.

Presentation of Results by Teleconference

On Monday, January 29, 2018 at 7:30 a.m., Bogotá time, the quarterly results will be presented online. To connect, please click the following link:

[Presentation of 2017 fourth quarter results](#)

Celsia S.A. E.S.P.

Consolidated statement of financial position

As at December 31, 2017 and 2016

(Values expressed in millions of Colombian pesos)

	2017	2016
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment, net	7.183.979	7.035.610
Assets acquired under financial lease	88.130	26.931
Intangible assets, net	353.651	381.580
Financial investments	105.408	38.438
Other non-financial assets	16.284	6.514
Trade debtors and other accounts receivable, net	41.888	58.360
Goodwill	905.899	908.844
Deferred tax assets	131.515	177.933
TOTAL NON-CURRENT ASSETS	8.826.755	8.634.210
CURRENT ASSETS		
Cash and cash equivalents	172.438	365.257
Other non-financial assets	73.090	57.837
Trade debtors and other accounts receivable, net	515.319	499.210
Inventories	174.717	137.908
Tax assets	67.965	49.340
TOTAL CURRENT ASSETS	1.003.529	1.109.552
TOTAL ASSETS	9.830.284	9.743.762
LIABILITIES AND SHAREHOLDERS' EQUITY		
EQUITY		
Subscribed and paid-in capital	185	185
Share issue premium	365.442	365.442
Reserves	2.465.196	2.451.746
Yearly earnings (losses), net	149.147	32.997
Other comprehensive income	196.838	199.135
Earnings from other comprehensive income	0	76.649

Accumulated earnings (losses)	(26.305)	(26.305)
Retained earnings in opening balance sheet	20.585	20.585
Equity attributable to the controlling shareholders	3.171.088	3.120.434
Non-controlling interest	1.265.806	1.274.090
TOTAL EQUITY, NET	4.436.894	4.394.524
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	3.340.786	3.532.199
Trade liabilities and other accounts payable	85.612	79.157
Deferred tax liabilities	494.132	520.978
Employee benefits	138.911	135.615
TOTAL NON-CURRENT LIABILITIES	4.059.441	4.267.949
CURRENT LIABILITIES		
Financial liabilities	578.396	513.957
Trade liabilities and other accounts payable	424.404	261.795
Provisions	209.731	200.574
Tax liabilities	48.208	44.981
Employee benefits	40.116	35.849
Other liabilities	33.094	24.133
TOTAL CURRENT LIABILITIES	1.333.948	1.081.289
TOTAL LIABILITIES	5.393.390	5.349.238
TOTAL LIABILITIES AND EQUITY	9.830.284	9.743.762

Celsia S.A. E.S.P.

Consolidated statement of income

(Values expressed in millions of Colombian pesos)

	4Q17	4Q16	2017	2016
Electric power generation	499.590	493.696	1.838.050	2.604.327
Retail sales	226.769	203.687	894.047	824.816
Grid use and connection	67.031	67.093	264.701	257.003
Gas and transportation sales	16.781	5.499	51.727	51.262
Other operating services	13.730	23.436	45.511	57.501
Revenue	823.902	793.411	3.094.036	3.794.910
Cost of sales	-548.254	-575.805	-2.099.640	-2.910.280
GROSS EARNINGS	275.647	217.606	994.396	884.629
Gross margin	33,5%	27,4%	32,1%	23,3%
Other income	2.652	23.701	13.630	28.256
Administrative expenses	-58.569	-54.025	-233.393	-228.534
Other expenses	-858	-15.116	-15.061	-41.912
Participation in results of associates and joint ventures	-1.489		-1.711	
EARNINGS BEFORE INTERESTS	217.384	172.166	757.860	642.440
Financial result - financial revenue	803	8.968	15.422	26.049
Financial result - financial costs	-87.208	-101.435	-326.819	-357.418
Exchange difference, net	1.745	6.848	82	6.323
EARNINGS BEFORE TAXES	132.724	86.547	446.545	317.393
Deferred income tax	-11.575	32.356	-21.482	48.113
Income tax	-49.692	-43.273	-174.096	-194.472
NET EARNINGS	71.457	75.630	250.966	171.035
Net margin	8,7%	9,5%	8,1%	4,5%
ATTRIBUTABLE EARNINGS (LOSSES)				
To controlling shareholders	39.328	32.651	149.147	32.997
To non-controlling interest	32.129	42.978	101.819	138.036
EARNINGS (LOSSES)	71.457	75.629	250.966	171.033
EBITDA	309.114	255.886	1.123.681	1.031.375
EBITDA MARGIN	37,5%	32,3%	36,3%	27,2%

Pro-forma - Statement of Comprehensive Income in Colombia

Values expressed in millions of Colombian pesos

	4Q17	4Q16	2017	2016
Electric power generation	323.425	323.557	1.113.676	1.915.419
Retail sales	226.769	203.687	894.047	824.816
Grid use and connection	67.031	67.093	264.701	257.003
Gas and transportation sales	16.781	5.499	51.727	51.262
Other operating services	12.670	20.066	41.360	48.859
Revenue	646.676	619.902	2.365.510	3.097.359
Cost of sales (1)	-422.588	-465.448	-1.547.099	-2.391.271
GROSS EARNINGS	224.088	154.453	818.411	706.087
Gross margin	34,7%	24,9%	34,6%	22,8%
Other income	2.037	23.476	12.798	27.368
Administrative expenses	-43.016	-41.661	-187.640	-183.403
Other expenses	-167	-3.300	-13.323	-26.865
Participation in results of associates and joint ventures	-1.489	0	-1.711	
EARNINGS BEFORE INTERESTS	181.454	132.968	628.535	523.187
Financial result - financial revenue	549	8.678	14.431	24.889
Financial result - financial costs	-56.433	-75.912	-226.174	-275.572
Exchange difference, net	676	7.858	-1.844	7.262
EARNINGS BEFORE TAXES	126.246	73.593	414.948	279.767
Deferred income tax	-16.039	43.398	-26.999	43.398
Income tax	-48.143	-55.365	-172.473	-188.674
NET EARNINGS	62.063	61.626	215.476	134.491
Net margin	9,6%	9,9%	9,1%	4,3%
ATTRIBUTABLE EARNINGS (LOSSES)				
To controlling shareholders	32.411	24.393	113.983	9.082
To non-controlling interest	29.652	37.233	101.493	125.407
EARNINGS (LOSSES)	62.063	61.626	215.476	134.489
EBITDA	239.750	172.748	862.907	771.194
EBITDA MARGIN	37,1%	27,9%	36,5%	24,9%

(1) Cost of sales: For the purposes of comparison a 2016 reclassification is presented

Pro-forma - Statement of Comprehensive Income in Central America

Expressed in millions of dollars

	<u>4T 17</u>	<u>4T 16</u>	<u>Dic 17</u>	<u>Dic 16</u>
Electric power generation	58,99	56,41	245,28	225,35
Other operating services	0,36	1,09	1,56	2,80
Revenue	59,34	57,50	246,84	228,16
Cost of sales	-42,45	-36,57	-187,47	-169,44
GROSS EARNINGS	16,89	20,93	59,37	58,72
Gross margin	28,5%	36,4%	24,1%	25,7%
Other income	0,20	0,07	0,28	0,29
Administrative expenses	-4,80	-4,09	-15,49	-14,81
Other expenses	-0,23	-3,92	-0,59	-4,75
EARNINGS BEFORE INTERESTS	12,07	13,00	43,57	39,45
Financial result - financial revenue	11,65	0,10	11,90	0,38
Financial result - financial costs	-9,93	-8,47	-33,42	-26,91
Exchange difference, net	0,00	-0,30	0,00	-0,27
EARNINGS BEFORE TAXES	13,79	4,33	22,05	12,65
Deferred income tax	0,00	1,58	0,00	1,58
Current income tax	0,97	-1,20	1,29	-1,78
NET EARNINGS	14,76	4,70	23,34	12,44
Net margin	24,9%	8,2%	9,5%	5,5%
ATTRIBUTABLE EARNINGS (LOSSES)				
To controlling shareholders	13,93	2,78	23,30	8,17
To non-controlling interest	0,84	1,92	0,04	4,27
EARNINGS (LOSSES)	14,76	4,70	23,34	12,44
EBITDA	23,26	27,56	88,15	85,41
EBITDA MARGIN	39,2%	47,9%	35,7%	37,4%

Celsia separate financial statements

Expressed in millions of dollars

	Dec-2017	Dec-2016
Total assets	4.560.462	4.445.397
Total liabilities	1.326.407	1.289.806
Equity	3.234.055	3.155.591

4Q2017	4Q2016		YTD 2017	YTD 2016
62.485	89.538	Ordinary revenues	190.042	559.645
31.685	27.281	Gross profit	88.689	96.409
20.065	8.855	Operational profit	27.339	19.850
73.931	32.650	Net income	183.750	32.997

In the fourth quarter of the year, COP 62.485 million in revenue was reported in Celsia's separate financial statement, 30% down from 2016.

Electric power generation this quarter was 7% less than the same period in 2016, reporting a total of 77 GWh. This was mainly due to lower generation at Hidromontañas Power Plant, while Río Piedras sustained a level of generation similar to 2016.

Net earnings for the quarter were COP 73,931 million (+ 126% Y/Y) and 183,750 million year-to-date (+ 457% Y/Y). The 2017 annual figure includes COP 34,603 million corresponding to recovery of the portfolio provision in CTC Curaçao, the effect of which is not transferred to net profit in the consolidated statement as it is part of the valuation made at the time of acquisition of the Central American operations.

In the operating results, it is notable that the EBITDA adjusted for dividends for the last 12 months was COP 145,709 million (+13% Y/Y).

Financial ratios

Celsia consolidated financial statements:

	Unit	4Q2017	Dec-2016
Solvency and debt indicators			
Liability/Asset (Level of debt)	%	55%	55%
Current liability/Total liability (short term)	%	24%	20%
Liquidity indicators			
Current ratio (Current assets / Current liabilities)	Times	0.78	1.03
Cash and cash equivalents	COP mill.	174,624	365,257
Profitability indicators			
Gross Margin	%	33%	27%
Operating margin	%	26%	21%

Main variations:

↑ operating margins due to good performance in Central America and more efficient operation in Colombia

↓ liquidity ratios mainly due to investments made using company resources and net financial transactions

Celsia separate financial statements:

	Unit	4Q2017	Dec-2016
Solvency and debt indicators			
Liability/Asset (Level of debt)	%	29%	29%
Current liability/Total liability (short term)	%	25%	35%
Liquidity indicators			
Current ratio (Current assets / Current liabilities)	Times	0.27	1.04
Cash and cash equivalents	COP mill.	5,976	9,495
Profitability indicators			
Gross Margin	%	51%	30%
Operating margin	%	32%	10%

Main variations:

Greater operating margins due to better results in gas sales.

Note: Comparisons of balance sheet with December of last year. Comparisons of results with the same period last year.