FINANCIAL RESULTS
FIRST QUARTER
2019

1. Electricity Market in Colombia

In the last quarter last year the El Niño phenomenon was declared, though its behavior has been irregular because oceanic and atmospheric phenomena have not been aligned. Even though the weak El Niño has reduced water flows, it has not had the same impact as in other years when this weather phenomenon took place.

In the second quarter of 2019, weather centers are expected to continue declaring a weak El Niño, and according to studies, some experts (primarily Australian) predict that in the last semester conditions will prevail that will favor continuation of the El Niño phenomenon.

During the quarter, water intake by the SIN[1] was at 80% of the historic average, down from 96% in the same period last year. The aggregate level of National Electrical Grid reservoirs was 43% of their live storage (40% in Q1 2018).

Lower water intake has led to an increase in energy prices: in the first quarter of 2019 spot prices averaged COP 284/kWh, 95% higher than the previous year (COP 146/kWh). Regulated market contract prices averaged COP 201/kWh (+7% Y/Y).

The accumulated energy demand of Colombia's National Electrical Grid (SIN) over the quarter was 17,351 GWh, a 4.3% increase from the same period in 2018. Out of this demand, the regulated market demand was 11,813 GWh, 4.3% higher than the same quarter in 2018, and non-regulated market demand grew 4.1% to 5,459 GWh.

2. Electricity Market in Panama

Live storage at the Fortuna Reservoir, upstream from our power plants in Chiriquí, decreased in the last three months from 85% to 71%. The recorded level is less than the 91% registered in Q1 2018. In turn, the level of the Bayano Reservoir decreased this quarter from 45% to 30%, down from the 65% recorded in Q1 2018.

Lower water levels led to greater thermal generation, which increased the average marginal cost of energy to USD 104/MWh during the quarter, 47% higher than the same quarter in 2018.

3. Operating Results

3.1 Consolidated Electric Power Generation

The Company's consolidated generation was 1,353 GWh in the quarter, down 23% compared to the same quarter last year. Out of this generation, 64.8% came from hydroelectric generation, 28.6% from thermal power plants, 5.8% from the wind farm in Costa Rica, and 0.70% (10 GWh) from the new solar farm in Colombia.

4.1.1 Generation in Colombia

[1] Sistema Interconectado Nacional (National Electrical Grid)

Generation in the quarter amounted to 1,117 GWh (-22% Y/Y). The start of the year in dry season conditions with positive anomalies in the Pacific produced a 19% reduction in hydroelectric power generation. Additionally, it should be noted that in Q1 2018 the conditions were of a weak La Niña, which led to significantly greater generation than usual in the first semester (dry season). Thermal power generation decreased by 30% compared to the same period in 2018, when system failures affected the Caribbean region, leading to a high level of security generation at Celsia Free Trade Zone last year.

4.1.2 Generation in Central America

In the first quarter output totaled 255 GWh (-20% Y/Y), with hydroelectric power plants producing only 51 GWh, down 45%, due to lower water levels. This reduction is significant because Q1 2019 was a period of low water levels due to El Niño, compared to Q1 2018, when water levels were high due to La Niña.

Thermal power plants, on the other hand, generated 120 GWh (-23% Y/Y). Even though the Bahía Las Minas contracts had expired, this power plant was powered up to deliver 94 GWh during the quarter to the spot market to meet higher thermal power demand by the system. In the case of Cativá, power generation totaled 26 GWh, following no relevant production in the previous two quarters due to expiration of some contracts in mid-2018.

The Guanacaste Wind Farm generated 80 GWh, thanks to favorable cold winds that enabled the plant to operate at an exceptionally high average output factor of 80%, with a maximum value of 83.6% in March. The amount of energy delivered was consistent with historical peaks recorded during the dry season, which highlights the importance of the strategy of complementing the current energy mix with solar and wind technologies, given favorable wind and sunlight conditions during periods of low water levels.

A total of 276 GWh was sold through contracts, down 43% compared to the first quarter of 2018, mainly due to the expiration of the contracts mentioned earlier.

3.2 Transmission, Distribution and Sales

In terms of the T&D business, the operation posted good performance thanks to the start-up of the Plan5Caribe projects, greater demand from the local distribution and regional transmission systems and the increase of the PPI. During the quarter, 3.0 hours of SAIDI were reported, with SAIFI of 2.5 times, equivalent to changes of +2% and -40% compared to the same quarter in 2018.

The retailer delivered 588 GWh of energy during the quarter, a 9% increase compared to the market average.

Demand in the non-regulated Epsa market increased by 5%, which is above the market average of 4.1%. On the other hand, demand in the regulated Epsa market increased by 11% compared to Q4 2017, which was above the 4.3% market average.

4. Financial Results

4.1 Revenue

Consolidated revenue for the quarter was COP 861,239 million, 2% up from the previous year. Revenues in Colombia accounted for 82% of the consolidated total, and Central America accounted for 18%.

The quarter's consolidated revenues are explained by:

i) Consolidated revenue from generation of COP 495,959 million (-3% Y/Y)

- In Colombia, revenue amounted to COP 341,983 million (+6% Y/Y)
  - Contract sales totaled COP 160,873 million[2] (+10% Y/Y) thanks to both larger quantities and higher prices.
  - Sport market transactions totaled COP 211,740 million (+8% Y/Y) thanks to higher prices.
  - Revenues from Reliability Charges during the quarter totaled COP 96,658 million (+11% Y/Y), mainly because of a higher exchange rate (TRM, for the Spanish original).
- In Central America, during the quarter generation revenues totaled COP 153,976 million (-17% Y/Y); the reduction is mainly due to expiration of the BLM contract in December 2018 and of the power and energy contracts of Cativá in mid-2018.

ii) Grid Use and Connection revenues totaled COP 77,367 million, up 15% compared to the same period last year; the increase arises mainly from start-up of the Plan5Caribe projects (COP 9 billion) and higher demand and PPI.

iii) Revenues from retail sales totaled COP 262,696 million (+14% Y/Y). The increase in this item was driven both by stronger demand and higher prices both in the regulated and non-regulated markets. In the first quarter of the year, we added 6,604 new customers in the regulated market thanks to delivery of close to 6,000 new housing units in Valle del Cauca, and 16 new customers in the non-regulated market thanks to the implementation of commercial strategies. The good performance in the non-regulated market is the result of the acquisition of new customers in other geographies, thanks to which we now have over 215 customers outside of Valle del Cauca. Currently, 58% of invoicing is in the home market and 42% is diversified in other regions, mainly Bogotá, Antioquia, Córdoba and Bolívar.

iv) Gas commercialization and transportation contributed COP 10,261 million (-60% Y/Y); this drop was because in 2018 extraordinary volumes were sold due to system failures that required additional thermal generation, and consequently greater demand for gas.

v) Other operating revenues totaled COP 14,957 million in the quarter (+16% Y/Y)

4.2 Operating and Administrative Expenses

Consolidated cost of sales was COP 622,850 million, 5% higher than reported in the same period last year. Fixed costs totaled COP 200,180 million (+8% Y/Y), while variable costs totaled COP 422,670 million (+4% Y/Y). In Colombia cost of sales totaled COP 488,134 million (+4% Y/Y). In Central America the cost of sales was COP 134,716 million (+9% Y/Y); they increased in both geographies due to higher spot market prices.

Consolidated administrative expenses were COP 58,722 million for the quarter, 4% higher than expenses reported in the first quarter last year. Colombia reported COP 47,122 million in administrative expenses in the first quarter (+3% Y/Y), and Central America reported COP 11,600 million in the quarter (+9% Y/Y).

4.3 EBITDA

Consolidated EBITDA in the first quarter reached COP 275,711 million, the second-highest EBITDA recorded for a first quarter (dry season). This amount was 5% lower than in 1Q 2018, when market opportunities arose from higher water levels (La Niña phenomenon) and a greater number of active contracts in Panama.

[2] After the eliminations of the accounting consolidation process, contract sales totaled COP 33,586 million.

By geography, Colombia contributed EBITDA of COP 237,868 million (+13% Y/Y), which is the highest quarterly amount ever reported. This is equivalent to 86% of consolidated EBITDA. Generation in Colombia contributed COP 156,453 million (+11% Y/Y), while T&D and retail sales in Colombia contributed COP 81,415 million (+17% Y/Y).

Generation in Central America contributed COP 37,843 million, 53% less than in the same period in 2018, mainly due to a lower number of active contracts at BLM and Cativá. It should be noted that even though the first quarter is the dry season, Q1 2018 received a boost by the La Niña phenomenon, providing higher generation levels and margins for hydroelectric power, which affects the comparative figures. During the quarter, EBITDA from Central America accounted for 14% of consolidated EBITDA.

During 2019, we expect new power and energy bidding processes to be opened in Panama, which would enable us to secure revenues for upcoming years. Meanwhile, the plant will continue serving the spot market, both in power and energy, which given current price conditions provides good commercial margins and enables balancing the hydroelectric power portfolio. Despite the lower results compared to 2018, the operations performed better than expected thanks to the contribution margin of USD 3.8 million reported by BLM.

4.4 Other Components of the Statement of Comprehensive Income

The following components of the Statement of Comprehensive Income are noteworthy:

- Financial expenses increased by COP 2,298 million (+3% Y/Y), mainly due to increased debt and financial expenses at Epsa to finance growth through Green Bonds for the development of solar farms and the disbursements of Plan5Caribe. Interests on leases totaled COP 1,855 million (IFRS 16)

- Other minor items decreased by COP 2,683 million Y/Y

- Gain on currency translation decreased by COP 1,957 million Y/Y

4.5 Taxes

The income tax provision totaled COP 49,531 million. Even though taxable income is lower than in Q1 2018, the provision was 11% higher due to the following:

i) In Colombia, Celsia Free Trade Zone did not pay taxes from 2016 to the end of 2018 because it was entitled to offset tax losses arising from the El Niño event in 2015, and in Q1 2019 the tax provision totaled COP 3,966 million.

ii) The pro forma consolidated financial statements of Central America record an income tax provision at PEG and CECA totaling COP 3,076 million (equivalent in pesos).

Deferred tax totaled COP 3,854 million, for a net income tax provision of COP 45,677 million (+1% Y/Y).

4.6 Net Income

During the quarter, the Company reported consolidated net income of COP 53,528 million (-32% Y/Y). When subtracting minority interests, net income attributable to controlling shareholders was COP 34,150 million (-33% Y/Y).

Cash Flow

Year-to-date, operations have generated COP 275,711 million in cash. The cash was primarily used for the following:

i) Net working capital requirements for COP 123,981 million
ii) Tax payments for COP 46,737 million
iii) CapEx for COP 83,044 million
iv) Payment of dividends for COP 62,789 million
v) Others for COP 150,080 million, including purchase of Epsa shares and donations.

Net financial movements generated resources of COP 446 million (including financial expenses)

The final cash balance was COP 254,146 million.

Cash Flow (COP million)	**Year to Date 2019**
EBITDA	275,711
(+) kW net needs	(123,981)
(-) Taxes	(46,737)
Total Operation Cash Flow	**104,993**
(-) CapEx + Investments	(83,044)
Total Investment Cash Flow	**(83,044)**
Company's Free Cash Flow	**21,948**
(-) Amortization	(4,832)
(-) Interest	(60,174)
(+) Credit disbursements	65,452
Total Borrowings	**446**
(+) Other revenues	5,426
(-) Other expenses	(152,584)
(+) Financial yields and other	2,053
(+/ -) Net dividends	(62,789)
Effect of currency translation in consolidation	(4,975)
Total Financial Cash Flow	**(212,424)**
Total Cash Flow of the Period	**(190,476)**
(+) Initial cash	444,622
Final Cash Balance	**254,146**

Financial Statements[3]

Celsia S.A. E.S.P.
Consolidated Statement of Financial Position
At March 31, 2019 and December 31, 2018
(Amounts in thousands of COP)

	March 2019	December 2018
Assets		
Non-current assets:		
Property, plant and equipment, net	7,749,004,238	7,792,838,745
Right-of-use assets	79,871,882	-
Intangible assets, net	342,338,703	357,499,397
Financial investments	97,772,962	99,745,856
Other non-financial assets	8,141,280	9,769,920
Trade and other accounts receivable, net	6,791,001	6,291,569
Goodwill	939,525,613	952,737,149
Deferred tax assets	88,405,771	91,545,982
Total non-current assets	**9,311,851,450**	**9,310,428,618**
Current Assets		
Cash and cash equivalents	254,145,965	444,621,688
Other non-financial assets	90,784,966	79,619,896
Trade and other accounts receivable, net	485,831,044	526,120,133
Inventories	273,111,509	255,699,907
Tax assets	95,913,455	75,360,637
Total current assets	**1,199,786,939**	**1,381,422,261**
Total assets	**10,511,638,389**	**10,691,850,879**
Liabilities and shareholders' equity		
Equity		
Subscribed and paid-in capital	267,493	267,493
Share issue premium	1,822,194,921	1,822,194,921
Reserves	2,498,009,878	2,467,050,747
Current period net income	34,149,501	227,834,080
Other comprehensive income	285,761,905	316,132,012
Realized gain from other comprehensive income	10,513,115	10,513,115
Retained losses	(60,907,948)	(60,907,948)
Retained earnings in opening balance sheet	20,585,359	20,585,359
Other equity interests	(470,007,069)	(405,668,197)
Equity attributable to controlling shareholders	**4,140,567,155**	**4,398,001,582**
Non-controlling interests	892,372,784	1,006,354,153
Total net equity	**5,032,939,939**	**5,404,355,735**
Liabilities		
Non-current liabilities		
Financial liabilities	2,932,916,053	2,956,750,157

[3] The Financial Statements and their notes and Statutory Auditor reports are published on the website of the Financial Superintendence | SIMEV | RNVE | Financial statements under IFRS
Financial Statements from previous quarters are available in the valuation kit published on the website for shareholders, https://www.celsia.com/es/accionistas-e-inversionistas/Informacion-financiera/kit-de-valoracion-para-analistas

Financial liabilities for right-of-use assets	71,281,569	-
Trade and other accounts payable	94,078,497	92,411,309
Deferred tax liabilities	418,670,938	423,893,715
Employee benefits	137,804,428	134,247,615
Total non-current liabilities	**3,654,751,485**	**3,607,302,796**
Current liabilities		
Financial liabilities	735,797,662	669,054,168
Financial liabilities for right-of-use assets	9,717,864	-
Trade and other accounts payable	676,636,667	627,645,568
Provisions	237,330,763	234,358,849
Tax liabilities	82,603,472	53,990,828
Employee benefits	40,070,393	46,128,262
Other liabilities	41,790,144	49,014,673
Total current liabilities	**1,823,946,965**	**1,680,192,348**
Total liabilities	**5,478,698,450**	**5,287,495,144**
Total liabilities and equity	**10,511,638,389**	**10,691,850,879**

Celsia S.A. E.S.P.
Statement of Income
At March 31, 2019 and 2018
(Values expressed in thousands of COP)

	March 2019	March 2018
Operating revenues		
Revenue from ordinary activities	861,239,316	846,798,634
Cost of sales	(622,849,890)	(592,042,637)
Gross profit	**238,389,426**	**254,755,997**
Other revenue	1,527,567	4,210,193
Administrative expenses	(58,722,076)	(56,203,340)
Other expenses	(10,439,528)	(10,632,329)
Equity method, net	(315,684)	433,174
Profit before financial costs	**170,439,705**	**192,563,695**
Financial revenue	4,851,165	3,852,203
Financial costs	(80,174,589)	(77,876,863)
Exchange difference, net	4,088,169	6,044,921
Pre-tax income	**99,204,450**	**124,583,956**
Income tax	(45,676,823)	(45,426,104)
Current period net profit	**53,527,627**	**79,157,852**
Earnings attributable to:		
Controlling shareholders	34,149,501	51,226,520
Non-controlling interests	19,378,126	27,931,332
	53,527,627	**79,157,852**

Information by segment
At March 31, 2019 and 2018
(Values expressed in thousands of COP)

Colombia	March 2019	March 2018
Operating revenues		
Operating revenues	704,620,315	659,884,133
Cost of sales	(488,133,745)	(468,944,601)
Gross profit	**216,486,570**	**190,939,532**
Other revenue	1,281,579	4,116,197
Administrative expenses	(47,122,350)	(45,592,294)
Other expenses	(9,101,306)	(9,979,547)
Equity method, net	(315,684)	433,173
Profit before financial costs	**161,228,809**	**139,917,061**
Financial revenue	3,845,290	3,669,810
Financial costs	(56,793,996)	(52,598,141)
Exchange difference, net	3,912,228	6,057,827
Pre-tax income	**112,192,331**	**97,046,557**
Income tax	(42,600,990)	(45,426,102)
Net income	**69,591,341**	**51,620,455**
Earnings attributable to:		
Controlling shareholders	42,408,131	28,783,694
Non-controlling interests	27,183,210	22,836,758
Current period net income	**69,591,341**	**51,620,455**

Central America:	March 2019	March 2018
Operating revenues	156,619,001	186,914,502
Cost of sales	(134,716,145)	(123,098,036)
Gross profit	**21,902,856**	**63,816,466**
Other revenue	245,988	93,996
Administrative expenses	(11,599,726)	(10,611,046)
Other expenses	(1,338,222)	(652,782)
Profit before financial costs	**9,210,896**	**52,646,634**
Financial revenue	1,005,875	182,393
Financial costs	(23,380,592)	(25,278,722)
Exchange difference, net	175,940	(12,904)
Pre-tax income	**(12,987,881)**	**27,537,401**
Income tax	(3,075,833)	-
Current period net income	**(16,063,714)**	**27,537,401**
Earnings attributable to:		
Controlling shareholders	(8,258,631)	22,442,827
Non-controlling interests	(7,805,083)	5,094,574
Current period net income (loss)	**(16,063,714)**	**27,537,401**

Celsia S.A. E.S.P.
Separate Statement of Financial Position
At March 31, 2019 and December 31, 2018
(Values expressed in thousands of COP)

	March 2019	December 2018
NON-CURRENT ASSETS		
Property, plant and equipment	164,709,263	167,383,671
Right-of-use assets	11,848,154	-
Intangible assets, net	984,040	989,074
Financial investments	5,095,953,891	5,062,669,779
Trade and other accounts receivable, net	491,188,935	475,280,343
Deferred tax assets	50,676,627	53,273,781
TOTAL NON-CURRENT ASSETS	**5,815,360,910**	**5,759,596,648**
CURRENT ASSESTS		
Cash and cash equivalents	23,388,386	92,290,392
Other non-financial assets	3,343,354	4,022,651
Trade and other accounts receivable, net	280,452,439	268,593,295
Inventories	2,296,166	2,120,725
Tax assets	28,921,811	27,573,502
TOTAL CURRENT ASSETS	**338,402,156**	**394,600,565**
TOTAL ASSETS	**6,153,763,066**	**6,154,197,213**
EQUITY		
Issued capital	267,493	267,493
Share issue premium	1,822,194,921	1,822,194,921
Reserves	2,812,927,191	2,467,050,747
Current period net income	34,149,501	542,751,394
Other comprehensive income	284,227,036	313,458,260
Retained earnings from other comprehensive income	10,513,115	10,513,115
Retained losses	3,102,541	3,102,541
Retained earnings in opening balance sheet	20,585,359	20,585,359
TOTAL NET EQUITY	**4,987,967,157**	**5,179,923,830**
NON-CURRENT LIABILITIES		
Financial liabilities	451,895,938	451,849,287
Liabilities for right-of-use assets	10,670,928	-
Trade and other accounts payable, net	94,078,497	92,381,309
Deferred tax liabilities	10,089,163	9,831,117
Employee benefits	3,541,408	3,541,408
TOTAL NON-CURRENT LIABILITIES	**570,275,934**	**557,603,121**
CURRENT LIABILITIES		
Financial liabilities	347,666,606	293,090,638
Liabilities for right-of-use assets	1,359,554	-
Trade and other accounts payable, net	220,619,427	91,376,880
Provisions	220,000	220,000
Tax liabilities	533,939	970,331
Employee benefits	4,434,639	5,219,797
Other liabilities	20,685,810	25,792,616
TOTAL CURRENT LIABILITIES	**595,519,975**	**416,670,262**
TOTAL LIABILITIES	**1,165,795,909**	**974,273,383**
TOTAL EQUITY AND LIABILITIES	**6,153,763,066**	**6,154,197,213**

Celsia S.A. E.S.P.
Statement of Income
At March 31, 2019 and 2018
(Values expressed in thousands of COP)

	March 2019	March 2018
Revenue from ordinary activities	13,535,311	60,444,051
Cost of sales	(6,147,123)	(41,255,056)
Gross profit	**7,388,188**	**19,188,995**
Other revenue	110,419	70,588
Administrative expenses	(9,449,220)	(11,547,578)
Other expenses	(4,451,149)	(4,483,054)
Equity method, net	46,172,270	61,555,677
Profit before financial costs	**39,770,508**	**64,784,628**
Financial income - financial revenue	13,900,126	5,738,436
Financial income - financial expenses	(17,404,479)	(20,467,489)
Difference in currency translation	1,231,509	2,292,111
Pre-tax income	**37,497,664**	**52,347,686**
Income tax	(3,348,163)	(1,121,166)
Current period net income	**34,149,501**	**51,226,520**

Celsia separately

During the first quarter of the year, Celsia separately reported revenues of COP 13,535 million, down 78% from 2018, mainly due to the sale of generation assets to Epsa, of which only cash flows from Meriléctrica will continue to be received from the representation contract with Epsa.

Revenues from subsidiaries totaled COP 46,172 million, mainly due to the net income reported by the subsidiaries.

The net income in the quarter amounted to COP 34,150 million (-33% Y/Y).

Finantial ratios[4]

Celsia separately:

		1Q2019	Dec-2018	
Solvency and debt indicators				
Liability/Asset (Level of debt)	%	19%	16%	
Current liability/Total liability (short term)	%	51%	43%	
Liquidity indicators				
Current ratio (Current assets / Current liabilities)	veces	0,57	0,95	
Cash and cash equivalents	$ mill.	23.388	92.290	
Profitability indicators		**1Q2019**	**1Q2018**	
Gross Margin	%	55%	32%	Changes in margins as a result of the sale of generation assets. Celsia is no longer a public utility company.
Operating margin	%	-15%	13%	

Celsia consolidated:

	Unidad	1Q2019	Dec-2018	
Solvency and debt indicators				
Liability/Asset (Level of debt)	%	52%	49%	
Current liability/Total liability (short term)	%	33%	32%	
Liquidity indicators				
Current ratio (Current assets / Current liabilities)	veces	0,66	0,82	
Cash and cash equivalents	$ mill.	254.146	444.622	
Profitability indicators	**Unidad**	**1Q2019**	**1Q2018**	
Gross Margin	%	28%	30%	Lower margins due to higher spot market prices.
Operating margin	%	21%	23%	

[4] Comparaciones de Balance respecto a diciembre del año anterior. Comparaciones de resultados, contra el mismo período del año anterior.