

Celsia Shows Strong Financial Results in the Second Quarter: Revenues Increased by 10% and Net Profit by 54%

- *In the second quarter of 2018, the Grupo Argos energy company reported net earnings of COP 99 billion, with 54% growth. In the year-to-date, profits total COP 178 billion, 107% higher than in 2017.*
- *EBITDA totaled COP 269 billion, 3% below the figure posted in the same quarter of 2017. In the year-to-date, consolidated EBITDA is COP 559 billion, up 7%.*
- *Celsia moves forward with a strong strategy of differentiation and innovation in the energy sector. In Colombia, it is a pioneer in solar energy projects and is now taking this type of power generation to Panama and Honduras.*

Medellín, August 8, 2018. Celsia, a Grupo Argos energy company, posted strong growth at the end of the second quarter, a trend that has been maintained for several periods.

“These results are product of the entire team's commitment to a different strategy in the energy sector. We understand that we need to put our clients at the center of our generation, distribution and sales businesses, and to offer them a range of innovative solutions for their electricity needs in the home, business and city segments. For our shareholders, the results mean that the profit per share in the year-to-date is COP 110, up 88% from the same period in 2017,” indicated **Ricardo Sierra Fernández, Celsia CEO.**

During this quarter, the Company issued the first tranche of green bonds amounting to COP 70 billion, from a global quota of COP 420 billion. The resources from the issuance will be used to fund investments in solar energy farms: Celsia Solar Yumbo, which is already in operation, and Celsia Solar Bolívar, which recently entered the construction phase. These projects amount to approximately 186 MWp of clean energy for the country, and will prevent emissions of over 3,440,000 tons of CO₂ over their 30-year useful life span.

Our Businesses Make Progress

A major milestone was reached at the Celsia Solar Bolívar solar farm, with the start of installation of over 6,000 galvanized steel structures, on which the solar farm's 32,000 photovoltaic panels will be mounted.

The Plan5Caribe projects continued to make progress, and all units are on track to coming on line by 2019. Similarly, in the municipality of San Andrés de Cuerquía, construction of the San Andrés SHPP continued, including earthwork, building of access roads and building of the pressure pipeline that will transport water from the exit of the headrace tunnel to the powerhouse.

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We keep consolidating the new businesses and transforming the client's experience with important achievements. During the quarter, we delivered the solar roof at the Cartagena de Indias Convention Center, and in other parts of the country an increasing number of clients are installing solar roofs on their own buildings. Celsia has installed 5 MW and has another 15 MW in the process of being installed. The portfolio not only offers conventional energy services, but also efficient lighting, backup energy, cooling districts and a complete range of products for homes.

Main Results:

Consolidated revenue: Revenues totaled COP 821 billion in the second quarter, a 10% increase from the previous year. The COP 643 billion of operations in Colombia stands out, which increased 14%. In turn, revenues in Central America totaled USD 63 million, with a 3% increase. In the year-to-date, revenue totaled COP 1.7 billion, with 12% growth. Revenue from Colombia accounts for 78% of the total consolidated figure, while the revenue from Central America comprises 22%.

EBITDA: EBITDA totaled COP 269 billion in the quarter, 3% below the figure recorded in the same quarter the previous year. Colombia contributed with an **EBITDA** of COP 209 billion, which accounts for 77% of consolidated EBITDA. Central America contributed USD 21 million, increasing 9% and comprising 23% of consolidated EBITDA. In the year-to-date, consolidated EBITDA totaled COP 559 billion, up 7%.

Debt: The Organization's net debt at the end of the second quarter amounted to COP 3 trillion, with a net debt / EBITDA ratio of 2.5 times, far below the 3.5 times posted in June the previous year. The repayment of loans, added to the debt's lower cost because of the reduction of the CPI in Colombia, led to a 15% reduction in financial expenses, which totaled COP 75 billion in the quarter.

Net Profit: The Company reported consolidated net earnings of COP 99 billion in the quarter, up 54%. When subtracting minority interest, the net income attributable to the controlling shareholder was COP 67 billion, up 56%. In the year-to-date, the net earnings reported are COP 178 billion, up 107%, and the income attributable to the controlling shareholder is COP 118 billion, up 172%.

Investments: At the end of the quarter, consolidated investments amounted to COP 218 billion, up 16%. Investments of COP 207 billion were made in Colombia, and of USD 2.5 million in Central America.

In social and environmental matters, we can announce that the ReverdeC Program we started in 2016 has planted one tree every two minutes, reaching 30 municipalities in the Valle del Cauca Department. Today, the region has over 2 million trees, which will have

captured 13,000 tons of CO₂ by the end of the year. We have reforested 2,211 hectares by planting trees and have improved 22 water basins.

The communities' participation in the development of ReverdeC is the most important factor to ensure the success of the tree planting effort. For this reason, 100% of the workforce and the suppliers are from local communities, generating 1,800 jobs and involving 33 community organizations in the project.

Relevant Events of the Quarter

- In this quarter, Celsia started the last two of seven projects awarded under **Plan5Caribe**. With an investment of COP 87,100 million in April, we started to build the gas-insulated Norte Substation (110 kV); to increase the capacity of the Nueva Barranquilla Substation (220/110 kV); and to build 5 km of double-circuit underground distribution network (110 kV). We estimate that this project will be completed by the end of 2018.
- Similarly, in June, we started the expansion work at the Valledupar Substation (220 kV). The project will have an investment of around COP 6 billion and will be delivered in the first quarter of 2019.
- Celsia is the **ninth largest private contributor to social and environmental causes**. The Private Social Investment Index (IISP, for the Spanish original) measures the voluntary social investment that companies make as a proportion of their revenues. Celsia obtained 93.0 points in the survey, which above the average score of 67.01 for the 66 companies included in the index.
- Celsia opened its first point in Palmira dedicated exclusively to providing energy advice and selling a wide range of products that help make clients' homes more energy-efficient.
- The modern building of the NOVA control center in Yumbo achieved international recognition for its construction features. The control building located in Yumbo obtained the **LEED Gold certification** for being a sustainable construction. This certification is awarded by the U.S. Green Building Council to promote sustainability in building design, construction and operation.

In Central America, Celsia started its first solar power project in Costa Rica with the installation of solar panels at the Galletas Pozuelo company, one of the most well-known food products companies in that country. The project is located in the district of La Uruca in San José, where 224 polycrystalline modules, each of 320 watts, were installed on 576 m² of this company's rooftops, with installed capacity of 72 kW. This solar roof will generate

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104,300 kWh per year, which is enough to supply an average of 34 households in Costa Rica for one year. Furthermore, the start-up of this system will prevent emissions of 5.8 tons of carbon dioxide (CO₂), which is equivalent to planting 968 adult trees.

Teleconferencia de presentación de resultados

On August 9, 2018, at 8:00 a.m. Bogotá time, the presentation of the quarterly results will be broadcast online. To connect, please click on the following link: [Presentation of 2018 Second Quarter Results](#)

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Celsia S.A. E.S.P.

Consolidated statement of financial position

At June 30, 2018 and December 31, 2017

(Values expressed in thousands of COP) (Information non-audited)

	Jun-2018	Dec-2017
Assets		
Non-current assets		
Property, plant and equipment	7.165.789.777	7.183.979.189
Assets acquired under financial lease	144.515.318	88.129.983
Intangible assets, net	333.853.232	353.651.297
Financial investments	109.027.694	105.407.953
Other non-financial assets	13.027.200	16.284.480
Trade and other non-current receivables, net	6.421.765	41.888.211
Goodwill	896.522.910	905.899.293
Deferred tax asset	134.293.996	131.514.602
Total Non-current assets	8.803.451.892	8.826.755.008
Current assets		
Cash and cash equivalents	193.772.730	172.438.223
Other non-financial assets	53.344.876	73.090.310
Trade debtors and other accounts receivable, net	524.849.928	515.319.009
Inventories	240.529.592	174.716.914
Tax assets	157.637.731	67.964.868
Total current assets	1.170.134.857	1.003.529.324
Total assets	9.973.586.749	9.830.284.332

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Liabilities and shareholders' equity

Equity

Subscribed and paid-in capital	267.493	184.993
Issue premiums	1.822.194.921	365.441.654
Reserves	2.467.050.747	2.465.195.827
Net annual profit (loss)	118.141.131	149.147.206
Other comprehensive income	173.275.791	196.838.243
Retained earnings	(60.907.948)	(26.304.899)
Retained earnings in opening balance sheet	20.585.359	20.585.359
Other equity participations	(405.668.197)	
Total equity attributable to the controlling shareholder	4.134.939.297	3.171.088.383
Non-controlling interests	929.958.030	1.265.806.055
Total net equity	5.064.897.327	4.436.894.438

Liabilities

Non-current liabilities

Financial liabilities	2.727.606.440	3.340.786.388
Trade liabilities and other accounts payable	88.945.399	85.611.847
Deferred tax liabilities	490.150.468	494.132.213
Employee benefits	138.230.967	138.911.049
Total non-current liabilities	3.444.933.274	4.059.441.497

Current liabilities

Financial liabilities	476.541.528	578.396.345
Trade liabilities and other accounts payable	609.505.508	424.403.881
Provisions	216.942.499	209.731.367
Tax liabilities	100.137.858	48.207.883
Employee benefits	32.370.926	40.115.510
Other liabilities	28.257.829	33.093.411
Total current liabilities	1.463.756.148	1.333.948.397
Total liabilities	4.908.689.422	5.393.389.894
Total liabilities and equity	9.973.586.749	9.830.284.332

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Celsia S.A. E.S.P.

Consolidated statement of income and other comprehensive income

June 30, 2018 and 2017 (Values expressed in thousands of COP)

(Information not audited)

	YTD		QUARTER	
	30/06/2018	30/06/2017	2Q2018	2Q2017
Revenue				
Revenue from ordinary activities	1.667.305.314	1.485.261.292	820.506.680	743.334.759
Cost of sales	(1.174.118.622)	(1.023.925.288)	(82.075.984)	(500.558.569)
Gross profit	493.186.692	461.336.004	238.430.696	242.777.190
Other revenue	6.497.820	8.679.177	2.287.626	1.681.501
Administration expenses	(110.539.245)	(122.674.411)	(54.335.905)	(49.367.922)
Other expenses	(13.162.890)	(12.511.644)	(2.530.561)	(732.051)
Participation in results of associates and joint ventures	91.149	(34.089)	(342.025)	(34.089)
Earnings before financial costs	376.073.526	334.795.037	183.509.831	194.324.630
Financial revenue	5.451.976	9.403.342	1.599.773	4.440.601
Financial costs	(152.795.959)	(165.997.151)	(74.919.095)	(88.536.865)
Exchange rate difference, net	24.328.195	(2.688.329)	18.283.273	(1.066.906)
Earnings before tax	253.057.738	175.512.899	128.473.782	109.161.460
Revenue (expenditure) for taxes	(74.834.638)	(89.326.661)	(29.408.534)	(44.843.944)
Net income for the period	178.223.100	86.186.238	99.065.248	64.317.516
Earnings attributable to:				
Controlling shareholders	118.141.131	43.398.798	66.914.611	42.790.866
Non-controlling interests	60.081.969	42.787.440	32.150.637	21.526.650
Net income for the period	178.223.100	86.186.238	99.065.248	64.317.516

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Pro-forma Consolidated Statement of Comprehensive Income - Colombia

Values expressed in millions of Colombian pesos

	YTD		QUARTER	
	30/06/2018	30/06/2017	2Q2018	2Q2017
Electric power generation	594.203	522.997	270.505	257.054
Retail sales	481.609	431.391	250.227	225.383
Grid use and connection	131.716	132.232	64.282	65.958
Gas and transportation sales	71.285	21.908	45.314	11.596
Other operating services	24.247	18.247	12.848	6.297
Revenue	1.303.060	1.126.774	643.176	566.289
Cost of sales	(918.677)	(726.944)	(449.733)	(359.248)
GROSS PROFIT	384.383	399.830	193.444	207.042
Gross Margin	29%	35%	30%	37%
Other revenue	6.194	8.905	2.078	1.755
Administrative expenses	(89.748)	(101.779)	(44.155)	(38.701)
Other expenses	(11.746)	(11.735)	(1.766)	(365)
Participation in results of associates and joint ventures	91	(34)	(342)	(34)
EARNINGS BEFORE FINANCIAL EXPENSES	289.175	295.186	149.257	169.697
Financial result - financial income	9.633	9.109	7.751	4.810
Financial result - financial costs	(101.694)	(121.307)	(50.893)	(65.272)
Exchange rate difference, net	24.551	(3.642)	18.503	(1.533)
EARNINGS BEFORE TAXES	221.665	179.346	124.618	107.703
Deferred income tax	6.803	(3.094)	7.465	(6.172)
Income tax	(81.338)	(85.939)	(36.573)	(40.118)
NET PROFIT	147.131	90.313	95.510	61.413
Net Margin	11,0%	8,0%	14%	11%
PROFIT (LOSS) ATTRIBUTABLE				
To controlling shareholders	93.396	40.518	64.612	37.138
To non-controlling shareholders	53.735	49.795	30.898	24.276
PROFIT (LOSS)	147.131	90.313	95.510	61.414
EBITDA	418.640	415.552	208.735	222.208
EBITDA MARGIN	32%	37%	32%	39%

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Pro-forma Consolidated Statement of Comprehensive Income - Central America

Values expressed in millions of dollars

	YTD		QUARTER	
	30/06/2018	30/06/2017	2Q2018	2Q2017
Electricity generation	127,28	117,60	62,46	56,19
Other Operating Services	0,71	5,33	0,17	4,71
Revenue	127,99	122,93	62,63	60,90
Cost of sales	(89,74)	(101,61)	(46,67)	(48,38)
GROSS PROFIT	38,25	21,32	15,96	12,52
Gross Margin	29,9%	17,3%	33,8%	20,6%
Other revenue	0,11	(0,08)	0,07	(0,02)
Administrative expenses	(7,31)	(7,22)	(3,59)	(3,77)
Other expenses	(0,51)	(0,27)	(0,28)	(0,13)
EARNINGS BEFORE FINANCIAL EXPENSES	30,54	13,77	12,16	8,60
Financial result - financial income	0,14	0,00	0,07	(0,13)
Financial result - financial expenses	(19,59)	(15,32)	(10,75)	(8,02)
Foreign exchange gain / loss (net)	0,00	0,11	0,00	(0,01)
EARNINGS BEFORE TAXES	11,08	(1,44)	1,48	0,44
Deferred income tax	0,00	0,20	0,00	0,08
Income tax	(0,10)	(0,29)	(0,10)	0,41
NET PROFIT	10,98	(1,53)	1,38	0,93
Net margin	8,6%	-1,2%	18,5%	1,6%
PROFITS (LOSSES) ATTRIBUTABLE				
To controlling shareholder	6,97	0,89	(0,86)	1,89
To non-controlling shareholders	4,01	(2,42)	2,23	(0,96)
PROFITS (LOSSES)	10,98	(1,53)	1,38	0,93
EBITDA	49,38	36,14	21,47	19,65
EBITDA MARGIN	39%	29%	33,2%	27,9%

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CELSIA S.A. E.S.P.



Celsia S.A. E.S.P.

Individual statement of financial position

At June 30, 2018 and December 31, 2017

(Values expressed in thousands of COP) (Information non-audited)

	Jun-2018	Dec-2017
Assets		
Non-current assets		
Property, plant and equipment	400.562.029	404.368.379
Intangible assets, net	4.061.524	2.778.935
Financial investments	4.390.817.394	3.673.235.531
Trade and other non-current receivables, net	382.329.353	1.496.804
Goodwill	15.842.373	15.842.373
Deferred tax asset	79.434.441	77.428.152
Total Non-current assets	5.273.047.114	4.175.150.174
Current assets		
Cash and cash equivalents	2.397.404	5.975.518
Other non-financial assets	1.689.931	4.497.463
Trade debtors and other accounts receivable, net	512.606.541	337.013.153
Inventories	2.706.591	2.506.560
Tax assets	38.600.504	35.319.702
Total current assets	558.000.971	385.312.396
Total assets	5.831.048.085	4.560.462.570

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Liabilities and shareholders' equity

Equity

Subscribed and paid-in capital	267.493	184.993
Issue premiums	1.822.194.921	365.441.654
Reserves	2.467.050.747	2.465.195.827
Net annual profit (loss)	118.141.131	183.750.255
Other comprehensive income	178.324.634	195.793.804
Retained earnings	3.102.541	3.102.541
Retained earnings in opening balance sheet	20.585.359	20.585.359
Total net equity	4.609.666.826	3.234.054.433

Liabilities

Non-current liabilities

Financial liabilities	715.402.992	883.488.252
Trade liabilities and other accounts payable	88.945.399	85.611.847
Deferred tax liabilities	33.860.418	30.021.941
Employee benefits	1.534.545	1.641.416
Total non-current liabilities	839.743.354	1.000.763.456

Current liabilities

Financial liabilities	4.292.306	228.076.786
Trade liabilities and other accounts payable	364.339.651	75.163.198
Provisions	220.000	220.000
Tax liabilities	506.493	365.203
Employee benefits	1.746.999	4.678.816
Other liabilities	10.532.456	17.140.678
Total current liabilities	381.637.905	325.644.681
Total liabilities	1.221.381.259	1.326.408.137
Total liabilities and equity	5.831.048.085	4.560.462.570

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CELSIA S.A. E.S.P.

Individual statement of income and other comprehensive income

June 30, 2018 and 2017 (Values expressed in thousands of COP)

(Information not audited)

	YTD		QUARTER	
	30/06/2018	30/06/2017	2Q2018	2Q2017
Revenue				
Revenue from ordinary activities	129.015.971	82.736.789	68.571.920	40.524.266
Cost of sales	(84.324.055)	(46.299.388)	(43.068.999)	(19.968.020)
Gross profit	44.691.916	36.437.401	25.502.921	20.556.246
Other revenue	683.361	317.259	612.773	219.072
Administration expenses	(23.964.245)	(33.799.413)	(12.416.666)	(15.578.642)
Other expenses	(4.778.132)	(4.685.632)	(295.078)	(425.801)
Participation in results of associates and joint ventures	105.742.155	87.287.157	44.186.478	61.445.388
Earnings before financial costs	122.375.055	85.556.772	57.590.428	66.216.263
Financial revenue	13.168.206	12.178.460	7.429.770	6.608.751
Financial costs	(38.695.502)	(53.823.937)	(18.228.012)	(29.347.288)
Exchange rate difference, net	23.125.560	35.297	20.833.449	(169.956)
Earnings before tax	119.973.319	43.946.592	67.625.635	43.307.770
Revenue (expenditure) for taxes	(1.832.188)	(547.794)	(711.022)	(516.904)
Net income for the period	118.141.131	43.398.798	66.914.613	42.790.866

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Celsia separate financial statements

In the second quarter of the year, COP 68,572 million were recorded in Celsia's separate financial statements, 69% higher than in 2017, mainly due to higher income from the sale of natural gas because of higher volumes traded by the restrictions occurred in the 500 kV lines and the local network of the Caribbean region.

Power generation in the quarter was 5% higher than in the same period of 2017, registering a total of 80 GWh, Rio Piedras increased its generation by 2%, while Hidromontañas increased it by 9% and Meriléctrica did not generate during the period, only operating with plant of support for the system and receiving the income from the Reliability Charge.

The net profit for the quarter was COP 66,915 million (+ 56% Y/Y).

Financial Ratios

Celsia Separate Financial Statements

	Unit	2Q2018	Dec-2017
Solvency and debt indicators			
Liability/Asset (Level of debt)	%	21%	29%
Current liability/Total liability (short term)	%	31%	25%
Liquidity indicators			
Current ratio (Current assets / Current liabilities)	Times	1,46	1,18
Cash and cash equivalents	COP mill.	2.397	5.976
Profitability indicators			
Gross Margin	%	37%	51%
Operating margin	%	19%	12%

Celsia consolidated financial statements:

	Unit	2Q2018	Dec-2017
Solvency and debt indicators			
Liability/Asset (Level of debt)	%	49%	55%
Current liability/Total liability (short term)	%	30%	25%
Liquidity indicators			
Current ratio (Current assets / Current liabilities)	Times	0,80	0,75
Cash and cash equivalents	COP mill.	193.773	172.438
Profitability indicators			
Gross Margin	%	29%	33%
Operating margin	%	22%	26%

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