

Celsia shows positive results in the third quarter, supporting customers and job creation in the midst of the COVID-19 juncture

- Consolidated revenues for the quarter were COP 819,008 million, consolidated EBITDA was COP 257,113 million, and consolidated net profit was COP 68,994 million.
- Bill payment relief programs totaled COP 39,066 million and COP 78,508 million was deferred for the energy service rate freeze.
- During the quarter, the company inaugurated the 19.9 MW San Andrés de Cuerquia SHPP; it continued strengthening the network in Tolima and Valle del Cauca, and began delivering school furnishings in Tolima under the modality of Obras por impuestos (Works for Taxes).

Medellín, November 4, 2020. Since the declaration of the quarantine due to the COVID-19 health emergency, Celsia -an energy company of the Argos Group- has been working with its different stakeholders to guarantee the provision of electricity, and has prioritized the lines of action defined from the beginning of the contingency, among them:

- 1. Job protection and maintenance:** So far this year the company has hired 172 new employees and 69 apprentices. To date, Celsia has 2,100 employees.
- 2. Client support and assistance:** The payment relief program established by the National Government for clients in strata 1 to 4 and, consequently, those designed by the company for other clients, ended in September. The benefits awarded total COP 39 billion, of which COP 34 billion will be processed through Findeter mechanisms.

In addition, the rate was frozen beginning in March for regulated customers, a benefit equivalent to a deferral of COP 78.5 billion. In addition, after the negotiations with the National Government, more than 75,000 clients from socioeconomic level 3 in Tolima are benefiting with the application of the 15% energy subsidy in their basic consumption up to the regulatory limit.

In the third quarter the company reached an average collection rate of 95% and the demand for energy in the regulated market in some weeks of September and October presented levels equal to the pre-COVID period.

- 3. Protection of financial flexibility:** The Company achieved net cost and expense savings of COP 36.5 billion at the end of September compared to a goal of COP 45 billion set at the beginning of April. Similarly, COP 366 billion in capital investments were postponed to meet the goal of reducing total investment needs while maintaining good customer service.

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Context on the results, compared to 2019

In 2019, the company seeking to have a balanced portfolio that would allow it to increase profitability and develop new avenues of growth, carried out the acquisition of distribution assets and the commercialization business in Tolima, the sale of the Zona Franca Celsia thermal plant and the transfer of some energy transmission assets to Caoba Inversiones. In the specific comparison of the figures for the third quarter, it is necessary to adjust the results provided by the following operations for a better understanding of them:

Zona Franca Celsia - 2019

Million pesos

	3Q2019	Cumm.. 2019
Revenues	\$115.908	\$441.595
Ebitda	\$23.079	\$70.139
Net income	\$8.042	\$6.321
Income on asset sale		\$249.618

Caoba Inversiones - 2019

Million pesos

	3Q2019	Cumm.. 2019
Revenues	\$39.670	\$75.446
Ebitda	\$33.204	\$63.148

In the third quarter of 2020, an additional non-recurring expense for \$22,980 million was presented to the Superintendency of Home Public Services, caused by an increase in contributions that was incorporated into the National Development Plan by modifying the taxable base for the calculation of the contribution plus an additional contribution to finance the Entrepreneurial Fund. Currently there are several lawsuits of unconstitutionality of this contribution pending resolution.

Q3 2020 Results

- The following are the financial results with respect to the previous year's figures and with the required adjustments, taking into account the aforementioned considerations.
- **Year-to-date revenues for the quarter were COP 819 billion** (-16.8% versus the same period in 2019 and -1.1% adjusted) In the year to date, net profits reached COP 2.64 trillion (-4.3% compared to the previous year and +17.7% adjusted). Income in Colombia accounted for 89% of the consolidated total, and in Central America, it accounted for 11%.
- In the third quarter, **consolidated EBITDA reached COP 257 billion**, (-19.7% lower than in the same period of the previous year and +6.1% adjusted). In the quarter, Colombia contributed 80.6% and Central America 19.4%.

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- Year to date consolidated EBITDA reached COP 900 billion (+1.9% over the previous year and 23.1% adjusted). The EBITDA margin stands at 34.1% (+210 bp over the previous year and +153 bp in the adjusted one).
- **Consolidated net income for the quarter was COP 69 billion** (-78.1% versus prior year and +11.4% adjusted). In the year to date, net income reached COP 252,397 million (-38.8% when compared to the previous year and +61.3% adjusted). This earning reflects the results of the transformation in the company's portfolio that allows for an improvement in the EBITDA margin and savings in non-operating expenses.
- Discounting the minority interest net income attributable to the owners of the controlling company, a gain of COP 55,672 million is recorded (-81.9% compared to the same quarter of the previous year and +11.4% in the adjusted period). The accumulated amount totals COP 193,792 million (-45.8% vs. the previous year and +90.6% in the adjusted amount).
- Regarding debt figures, the Company closed the third quarter with a consolidated debt of COP 4.42 trillion and a net debt leverage ratio of 3.26 times to EBITDA.

Environmental, Social and Corporate Governance (ESG) Results

- In September, the Celsia San Andrés de Cuerquia SHPP was inaugurated, which has 19.9 MW of installed capacity equivalent to the consumption of 25,000 households. During the construction phase of the project, the company gave Corantioquia land located in the Integrated Management District of the Santa Inés moorland to protect the watershed and source of the San Andrés River, which supplies the power plant, and thus contribute to the strengthening of this environmental reserve. Also, during the project, two educational institutions were intervened in order to improve their energy and water networks; bathrooms and kitchens were improved and embellished to make them more attractive to students and teachers. A diagnosis on the productive profile of the neighboring municipalities is being carried out in order to design different productive projects to mobilize the region's economy.

The San Andres SHPP is a sustainable asset that provides an EBITDA margin of over 80% and will provide municipalities in its area of influence and Corantioquia with annual transfers for gross energy sales amounting to COP 1.2 billion.

- The company advances in the execution of *Obras por impuestos* (Works for Taxes), particularly those associated with educational endowment in Tolima. To date, 4,850 items of furniture have been delivered to 9 educational institutions in 91 locations in the municipalities of Prado, Villarrica and Villahermosa. In December, 487 computers will be delivered to 8 educational institutions in 100 locations in the municipality of Planadas.
- Celsia obtained the Equipares Gender Equality Silver Seal, an initiative of the United Nations Development Program, UNDP, and the Colombian Ministry of Labor, which recognizes

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companies that effectively implement gender equality policies, with fair and equitable practices for men and women.

- It was also recognized as the world's best-established brand in the energy sector at the CHARGE Awards 2020. This event celebrates excellence in managing energy sector brands around the world.

Presentation of results by teleconference

On Thursday, November 5, 2020, at 8:00 a.m., Bogotá time, the quarterly results presentation will be broadcast online. To connect, please click on the following link: [Presentation of 2020 first quarter results](#)

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Financial Statements

CELSIA S.A.

Condensed Consolidated Statement of Financial Position

For the interim periods ending on September 30, 2020, and December 31, 2019

(Amounts in thousands of Colombian pesos)

	September 2020	December 2019
Assets		
Non-current assets		
Property, plant and equipment, net	8.319.604.939	7.854.189.945
Right-of-use assets	72.552.078	67.415.841
Intangible assets, net	419.840.942	370.788.061
Goodwill	1.037.608.192	931.542.257
Investments in associates and joint ventures	167.388.962	177.764.418
Other financial investments	109.112.401	88.743.978
Other non-financial assets	111.766.902	115.237.349
Trade debtors and other accounts receivable, net	348.905.834	9.239.707
Deferred tax assets	6.928.120	7.559.811
Total non-current assets	10.593.708.370	9.622.481.367
Current assets		
Cash and cash equivalents	372.786.178	384.672.034
Trade debtors and other accounts receivable, net	715.010.161	1.123.732.527
Inventories	265.853.190	180.210.716
Other non-financial assets	68.142.147	42.191.033
Current tax assets	123.651.836	25.054.136
Total current assets	1.545.443.512	1.755.860.446
Total assets	12.139.151.882	11.378.341.813
Shareholders' equity and liabilities		
Equity		
Issued capital	267.493	267.493
Share issue premium	1.822.194.921	1.822.194.921
Reserves	2.306.188.200	2.498.009.878
Annual income, net	193.792.100	473.446.699
Other comprehensive income	580.502.791	326.727.770
Year-to-date profits (losses)	302.434.751	(50.394.833)
Retained earnings in opening balance sheet	20.585.359	20.585.359
Other equity interests	(542.983.070)	(542.983.070)
Equity attributable to controlling shareholders	4.682.982.545	4.547.854.217
Non-controlling interest	1.115.935.266	1.126.742.207
Total net equity	5.798.917.811	5.674.596.424

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Liabilities

Non-current liabilities

Borrowings	3.854.232.743	3.370.810.218
Liabilities for right-of-use assets	61.058.515	61.867.047
Trade creditors and other accounts payable	104.937.132	99.359.526
Provisions	32.094	30.954
Deferred tax liabilities	350.982.093	324.264.225
Employee benefits	150.011.216	148.176.275
Total non-current liabilities	4.521.253.793	4.004.508.245

Current liabilities

Borrowings	713.308.385	586.270.772
Derivative financial instruments	10.793.717	-
Liabilities for right-of-use assets	3.754.511	10.942.767
Trade creditors and other accounts payable	602.846.569	616.080.803
Provisions	216.830.112	232.388.635
Current tax liabilities	177.200.962	147.010.635
Employee benefits	59.018.473	53.987.762
Other liabilities	35.227.549	52.555.770
Total current liabilities	1.818.980.278	1.699.237.144
Total liabilities	6.340.234.071	5.703.745.389
Total liabilities and equity	12.139.151.882	11.378.341.813

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CELSIA S.A.

Condensed Consolidated Statement of Income and Other Comprehensive Income
For the interim periods ending on September 30, 2020 and 2019
(Values expressed in thousands of COP)

	YEAR-TO-DATE		QUARTER	
	For the nine months ending on September 30		For the three months from July 1 to September 30	
	2020	2019	2020	2019
Revenue				
Revenue from ordinary activities	2.638.470.705	2.758.455.124	819.008.472	984.008.564
Cost of sales	(1.780.010.999)	(1.981.095.931)	(561.895.228)	(694.840.718)
Gross earnings	858.459.706	777.359.193	257.113.244	289.167.846
Other income	29.644.089	317.262.446	10.905.371	314.262.454
Administrative expenses	(238.837.386)	(212.364.603)	(97.017.234)	(82.638.783)
Other expenses	(23.609.362)	(21.201.673)	(4.126.349)	178.568
Equity method, net	(4.728.643)	(1.347.899)	(1.634.926)	(617.227)
Earnings before financial costs	620.928.404	859.707.464	165.240.106	520.352.857
Financial income	23.317.352	15.827.260	10.254.090	3.973.680
Financial expenses	(251.881.639)	(297.233.966)	(76.068.670)	(109.195.672)
Exchange difference, net	4.691.843	6.937.432	(3.177.579)	(21.695.272)
Earnings before tax	397.055.960	585.238.190	96.247.947	393.435.593
Income tax	(144.659.292)	(172.836.284)	(27.254.436)	(77.822.980)
Current period net earnings	252.396.668	412.401.906	68.993.511	315.612.613
Earnings attributable to:				
Controlling shareholders	193.792.100	357.606.278	55.671.525	307.634.738
Non-controlling interest	58.604.568	54.795.628	13.321.986	7.977.875
	252.396.668	412.401.906	68.993.511	315.612.613
Earnings per share from continuing operations (in COP)				
Basic earnings from continuing operations	236	385	64	295
Diluted earnings from continuing operations	236	385	64	295
Other comprehensive income				
Items that will not be re-classified in the report:				
Earnings (losses) of the net value over investments in equity instruments designated as measured at fair value through other comprehensive income	(2.736.723)	508.952	(1.258.381)	130.133
Actuarial losses	(273.019)	-	(273.019)	-
Items that will be re-classified after the report:				
Exchange difference in conversion of subsidiaries abroad	261.339.003	94.644.336	52.333.893	114.514.951
Hedge accounting	(4.554.240)	5.750.681	(4.554.240)	(1.687.553)
Total other comprehensive income	253.775.021	100.903.969	46.248.253	112.957.531
Total annual comprehensive income	506.171.689	513.305.875	115.241.764	428.570.144
Comprehensive income attributable to:				
Controlling shareholders	447.567.121	458.510.249	101.919.778	420.592.269
Non-controlling interest	58.604.568	54.795.626	13.321.986	7.977.875
Total comprehensive income	506.171.689	513.305.875	115.241.764	428.570.144

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CELSIA S.A.

Condensed Separate Statement of Financial Position

For the interim periods ending on September 30, 2020, and December 31, 2019

(Values expressed in thousands of COP)

	September 2020	December 2019
Assets		
Non-current assets		
Property, plant and equipment, net	125.498.018	133.470.503
Right-of-use assets	8.706.022	10.565.239
Intangible assets, net	634.635	1.057.473
Investments in subsidiaries	4.945.434.812	4.658.472.016
Investments in associates	434.530	142.655
Other financial investments	96.352.345	78.023.826
Prepayments and other non-financial assets	537.449	537.449
Trade debtors and other accounts receivable, net	880.612.038	927.341.617
Total non-current assets	6.058.209.849	5.809.610.778
Current assets		
Cash and cash equivalents	80.524.855	56.041.572
Trade debtors and other accounts receivable, net	14.959.634	15.771.798
Inventories	2.467.280	2.348.543
Prepayments and other non-financial assets	2.322.463	1.319.871
Current tax assets	3.464.087	112.252
Total current assets	103.738.319	75.594.036
Total assets	6.161.948.168	5.885.204.814
Shareholders' equity and liabilities		
Equity		
Issued capital	267.493	267.493
Share issue premium	1.822.194.921	1.822.194.921
Reserves	2.621.105.514	2.812.927.191
Current period net earnings	215.385.465	120.617.114
Other comprehensive income	541.074.859	323.176.718
Retained earnings	13.615.656	13.615.656
Retained earnings in opening balance sheet	20.585.359	20.585.359
Total net equity	5.234.229.267	5.113.384.452
Liabilities		
Non-current liabilities		
Borrowings	560.063.384	509.996.544
Liabilities for right-of-use assets	9.381.095	9.471.423
Trade creditors and other accounts payable, net	104.937.132	99.359.526
Deferred tax liabilities	22.280.573	4.068.526
Total non-current liabilities	696.662.184	622.896.019

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	September 2020	December 2019
Current liabilities		
Borrowings	3.364.741	2.294.265
Liabilities for right-of-use assets	709.904	1.634.521
Trade creditors and other accounts payable, net	170.552.157	67.397.602
Provisions	41.349.575	33.594.482
Current tax liabilities	8.135.693	32.363.676
Employee benefits	5.316.641	5.706.806
Other non-financial liabilities	1.628.006	5.932.991
Total current liabilities	231.056.717	148.924.343
Total liabilities	927.718.901	771.820.362
Total liabilities and equity	6.161.948.168	5.885.204.814

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CELSIA S.A.

Condensed Separate Statement of Income and Other Comprehensive Income

For the interim periods ending on September 30, 2020 and 2019

(Values expressed in thousands of COP)

	Year to date		Quarter	
	For the nine months ending on September 30 2020	2019	For the three months from of July 1 to September 30 2020	2019
Revenue				
Equity method	219.913.241	115.242.731	90.047.246	37.304.447
Revenue from ordinary activities	89.917.630	353.935.782	16.165.066	323.252.308
Total operating revenue	309.830.871	469.178.513	106.212.312	360.556.755
Cost of sales	(16.440.355)	(18.064.860)	(5.811.225)	(6.174.299)
Gross earnings	293.390.516	451.113.653	100.401.087	354.382.456
Other income	79.146	5.854.987	15.105	5.710.668
Administrative expenses	(24.495.961)	(33.956.004)	(8.039.758)	(12.370.714)
Other expenses	(44.523.220)	(4.964.799)	(38.774.569)	(255.247)
Earnings before financial costs	224.450.480	418.047.837	53.601.865	347.467.163
Financial income	36.906.910	36.425.405	11.160.553	10.834.130
Financial expenses	(38.057.895)	(55.255.153)	(11.295.568)	(19.141.201)
Exchange difference, net	16.270.009	31.380.383	3.615.995	30.007.543
Earnings before tax	239.569.505	430.598.472	57.082.845	369.167.635
Income tax	(24.184.040)	(72.992.194)	913.621	(61.532.896)
Current period net earnings	215.385.465	357.606.278	57.996.466	307.634.739
Earnings per share from continuing operations (in COP)				
Basic earnings from continuing operations	201,30	334,22	54,20	287,52
Diluted earnings from continuing operations	201,30	334,22	54,20	287,52
Other comprehensive income				
Items that will not be re-classified after the report:				
Earnings (losses) of the net value over investments in equity instruments designated as measured at fair value with changes in other comprehensive income	(2.736.723)	508.952	(1.258.382)	130.133
Actuarial gains (losses)	(273.019)	-	(273.019)	-
Items that will be re-classified after the report:				
Exchange difference in transactions with foreign currency	225.462.123	92.694.105	44.968.791	111.941.664
Hedge accounting	(4.554.240)	5.750.681	(4.554.240)	(1.687.553)
Total other comprehensive income	217.898.141	98.953.738	38.883.150	110.384.244
Total annual comprehensive income	433.283.606	456.560.016	96.879.616	418.018.983

Celsia's Separate Financial Statements

In the third quarter of the year, COP 106,212 million in income was reported in Celsia's Separate Financial Statements (+508,2% YoY).

Income from ordinary activities amounted to COP 16,165 million, 7.4% lower than in the third quarter of the previous year. The decrease is explained by lower COP 1,776 million in income from activities associated with the organization's insurance management, income that is netted against the cost of insurance at subordinate companies when the financial statements are consolidated. The income derived from the energy and capacity representation contract with Celsia Colombia for the Merilelectric asset amounted to COP 13,894 million in the quarter, 19% higher than that presented in Q3 2019.

The equity method amounted to COP 90,047 million, 90.047% higher than the same quarter last year, mainly due to the better net income of the companies in which we have a shareholding and to not recognizing the share in the losses of BLM from the impairment recognized in December 2019 on the investment in this company, in accordance with IAS 28.

Cost of sales amounted to COP 5,811 million, a decrease of 5.9% YoY. Variable cost increased by COP 137 million while fixed cost decreased by COP 501 million.

Administrative expenses reported COP 8,040 million, 35.0% YoY lower thanks to lower expenses in contributions to superintendencies, fees and notary services.

EBITDA in the quarter was COP 6,088 million (+148.1% YoY) with an EBITDA margin of 7.0% for the period.

On the non-operating side, other expenses of COP 38,775 were reported. On the other hand, an income of COP 26,392 million less than in Q3 2019 is recognized for the effect of the valuation of the bridge loan for USD 190 million for the acquisition of the operation in Tolima. Additionally, the item of other income presents a significant decrease of COP 311,485 million due to the recognition of the sale of Celsia Free Trade Zone, with which the net income presented a decrease of 81.1% YoY, registering COP 57,996 million in the period

It is important to mention that in Celsia's separate financial statements, after the sale of the generation assets to Celsia Colombia, income is always expected to cover operating costs and expenses, and financial expenses are covered by the payments made by Celsia Colombia as a result of the payment structure for the same sale of assets. Consequently, the Celsia Holding Company is not withholding resources from the controlling shareholders and the dividends it receives can be transferred to its shareholders.

Financial ratios

10.1. Celsia's Separate Financial Statements

Liquidity and debt indicators	Unit	Q3 2020	Dec 2019
Liability/Asset (level of debt)	%	15%	13%
Current liability/Total liability (short term)	%	25%	19%
Current ratio (current assets / current liabilities)	Times	0,46	0,51
Cash and cash equivalents	COP million	80.525	56.042
Profitability ratios	Unit	3T2020	3T2019
Gross margin	%	95%	65%
Operating margin	%	87%	-6%

Celsia S.A. went from being a public utilities company to a holding company.

10.2. Celsia Consolidated

Liquidity and debt ratios	Unit	Q3 2020	Dec 2019
Liability/Asset (level of debt)	%	52%	50%
Current liability/Total liability (short term)	%	29%	30%
Current ratio (current assets / current liabilities)	Times	0,85	1,03
Cash and cash equivalents	COP million	372.786	384.672
Profitability ratios	Unit	3Q2020	3Q2019
Gross margin	%	31%	29%
Operating margin	%	20%	21%

Lower margins due to an additional contribution to the Financial Superintendence of Public Services for the Colombia Business Fund