



Quarterly Results Report

1Q – 2017

May 3rd, 2017





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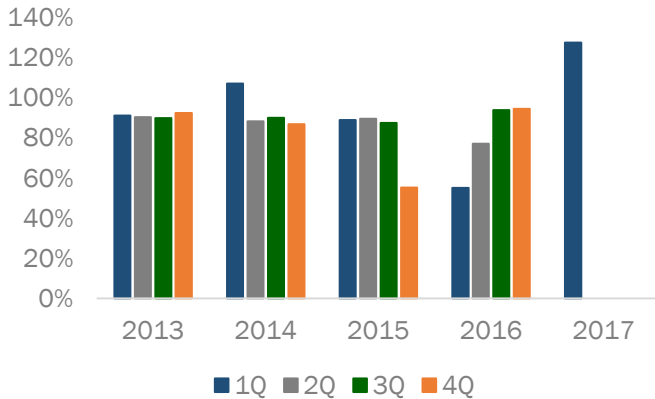


Important Figures

Consolidated financial statements			
	Units	1Q2017	1Q2016
Revenues	COP Million	741.927	1.363.090
Gross profit	COP Million	218.559	227.418
Earnings before financials	COP Million	140.470	124.695
Ebitda	COP Million	241.430	266.900
<i>Ebitda margin</i>	%	33%	20%
Net income	COP Million	21.869	-8.189
Generation			
Total energy produced	GWh	1.487	2.195
Total energy sold	GWh	1.929	2.975
Energy produced in Colombia	GWh	1.246	1.792
Hydric in Colombia	GWh	1.053	509
Thermal in Colombia	GWh	193	1.283
Energy sold in Colombia	GWh	1.427	2.425
Sales in contracts in Colombia	GWh	747	1.268
Sales in the spot market in Colombia	GWh	680	1.157
Energy produced in Central America	GWh	241	403
Hydric in Central America	GWh	79	67
Thermal in Central America	GWh	102	257
Wind farm in Central America	GWh	60	78
Wholesale commercialization in Central America	GWh	502	550
Sales in contracts in Central America	GWh	468	501
Sales in the spot market in Central America	GWh	34	48
Distribution			
Energy losses	%	8,4%	8,7%
Collections rate	%	99%	97%
SAIDI - EPSA/CETSA	Hours	3,3	2,6
SAIFI - EPSA/CETSA	Times	4,1	3,0
Retail commercialization			
Regulated market sales	GWh	288	318
Non regulated market sales	GWh	227	225
Users	Number	591.060	572.100

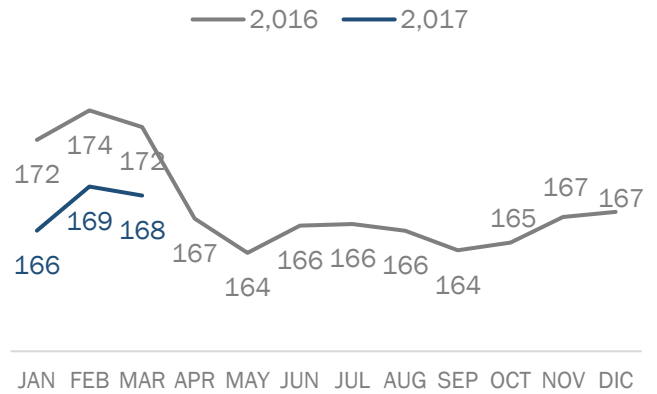
Electric Market - Colombia

SIN HYDROLOGICAL CONTRIBUTIONS
National Electric Grid



Source: XM

Mc CONTRACT PRICES
National Electrical Grid (COP/kWh)



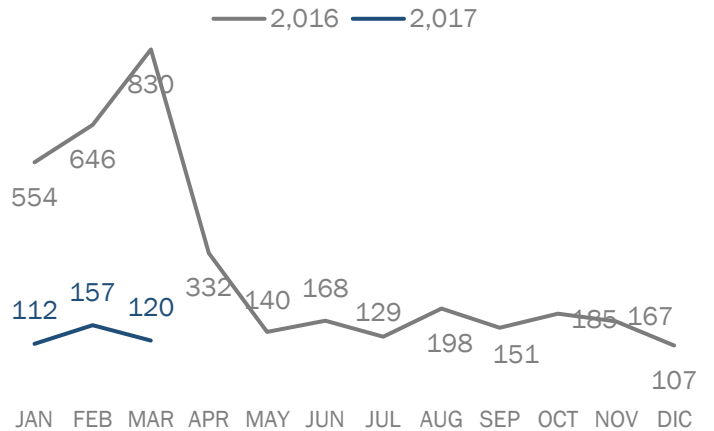
Source: XM

In the first quarter of 2017, spot prices were lower than the previous year due to normalization of weather conditions, recording an average of COP 129/kWh (-81% YOY).

MC contract prices reached an average of COP 167/kWh (-3% YOY).

The aggregate level of National Electrical Grid reservoirs stood at 59% of their live storage, which is a normal behavior for the dry season. Rainfall was greater than the historical average in February and March (127% and 163%, respectively).

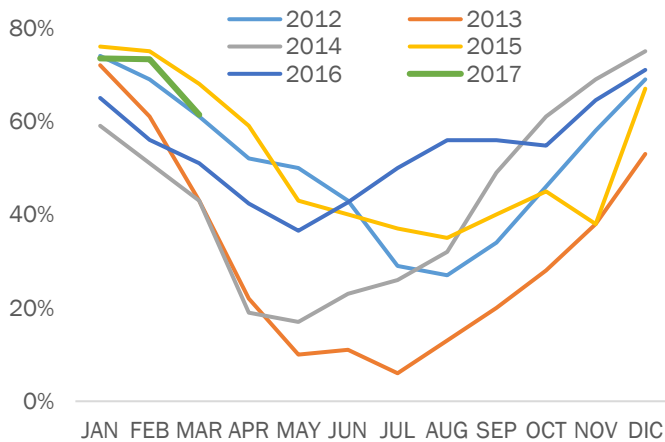
SPOT MARKET PRICES
National Electrical Grid (COP/kWh)



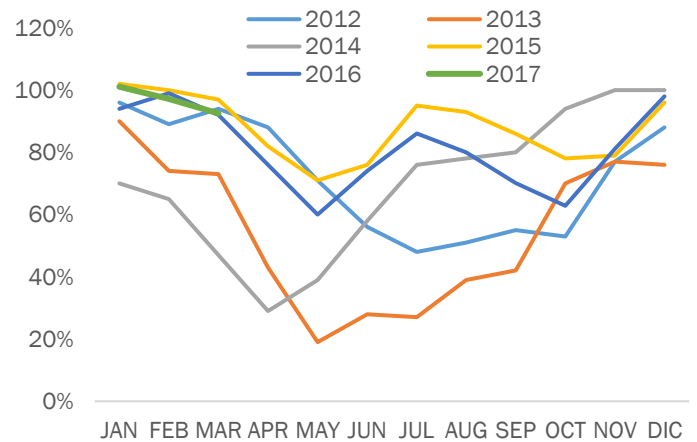
Source: XM

Electric Market - Panama

BAYANO - USEFUL RESERVOIR LEVELS



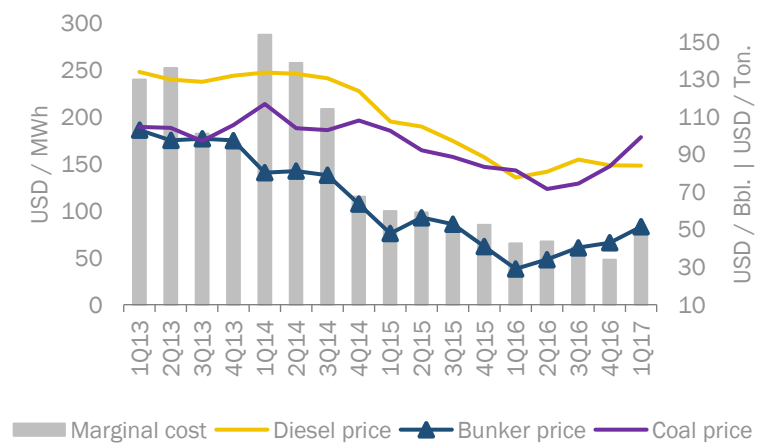
FORTUNA - USEFUL RESERVOIR LEVELS



The level of the Fortuna Reservoir, which is the upstream unit from our power plants in Chiriquí, decreased over the last quarter from a live storage of 98% to 93% in the last three months. The Bayano Reservoir showed the same behavior, ending the quarter at a reservoir level of 61%. Both reservoirs lowered its levels corresponding to the dry season and in accordance with the strategy of the National Dispatch Center.

During the quarter, the average marginal cost of energy was USD 78/MWh, up 19% from the same quarter in 2016 as a result of the variation in the WTI. The price of Diesel fuel used by the thermal power plants in Panama increased by 8%, while Bunker fuel and coal increased by 77% and 22%, respectively.

MARGINAL COST AND FUEL PRICE PANAMA



Operating and Financial Results

Revenues

Power generation

The organization's consolidated generation reached 1,487 GWh during the quarter, down 32% from the same quarter last year. This decrease is due to the lower generation of the thermal power plants because of the El Niño weather phenomenon (2015/2016) when the thermal operation was required at maximum capacity. A 76% of the consolidated generation came from hydroelectric power plants, equivalent to 1,132 GWh (+97% YOY), 20% from thermal power plants and 4% from the wind farm in Costa Rica, as opposed to Q1 2016 when 70% was generated by thermal power plants, 26% by hydroelectric power plants and 4% by the wind farm.

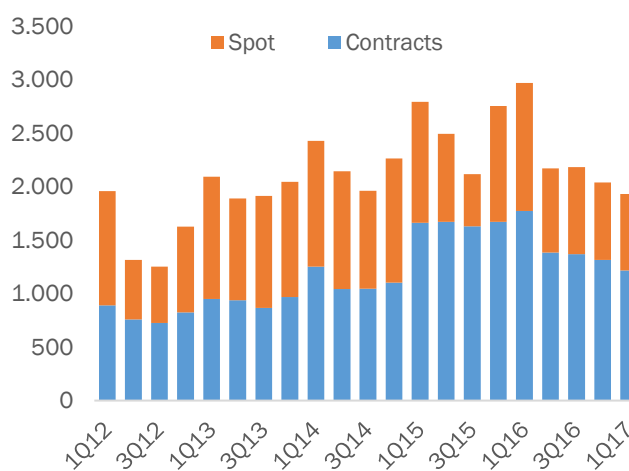
Revenue from power generation in Colombia reached COP 265,943 million (-69% YOY). Energy market sales showed a decrease, recording COP 125,773 million (-77% YOY) and 680 GWh (-41% YOY) during the quarter. This was the result of lower average energy prices on the spot market compared to those observed during the same period in 2016 due to the El Niño weather phenomenon. Contract sales (wholesale) showed a 49% decrease (YOY) recording COP 140,034 million during the quarter, mainly due to a base effect given the price spike of shorter-term contracts during the El Niño.

The amount of energy generated during the quarter in Colombia was 1,246 GWh (-30% YOY) with a positive performance in hydroelectric power generation, which increased 107% due to the normalization of the weather conditions. In turn, thermal power generation decreased 85%.

Revenue from the Reliability Charge for the quarter dropped 31%, primarily due to a base effect from the positive variances that took place in the same period in 2016 and the quarter's lower average exchange rate (-10% YOY).

Revenue from gas sales and transport has been decreasing over time, mainly due to fewer sales opportunities in a market that has increasingly lower volumes allocated to sales, due to the contracts negotiated by the agents each year. In the first quarter of 2017, COP 10,312 million were recorded in revenue, which is lower than the historical long-term average, but higher than the immediately previous quarters due to the increase in the volumes traded (under the swap agreement and the increase in prices for this year).

POWER SALES OF THE GENERATOR BY TYPE (GWh)



In Central America, the quantities sold in contracts reached 468 GWh (-7% YOY) during the quarter. This decrease is due to the distributor's lower demand and a lower revenue on the sales of the Guanacaste wind farm as a result of lower wind speed and the corrective maintenance performed. Although, the quantities of energy sold were lower than the previous year, the higher price of fuels increased revenues by 6%, reaching USD 62 million during the quarter. This higher price of fuel had an impact on the selling price in the thermal power plants' contracts, which is indexed to the variation thereof.

In this region, 241 GWh were generated (-40% YOY) in the first quarter. Hydroelectric power plants increased their generation by 17%, recording 79 GWh during the quarter, up from Q1 2016 due to the better hydrological conditions, but lower than the average of the last two years due to the corrective maintenance of Dos Mares. In turn, the thermal power plants generated 102 GWh (-60% YOY). This performance is explained by boiler maintenance at Bahía Las Minas (BLM). The wind farm generated 60 GWh (-23% YOY) due to a decrease in wind density, compared to the high winds of the previous year during the occurrence of the El Niño weather phenomenon.

T + D and retail sales

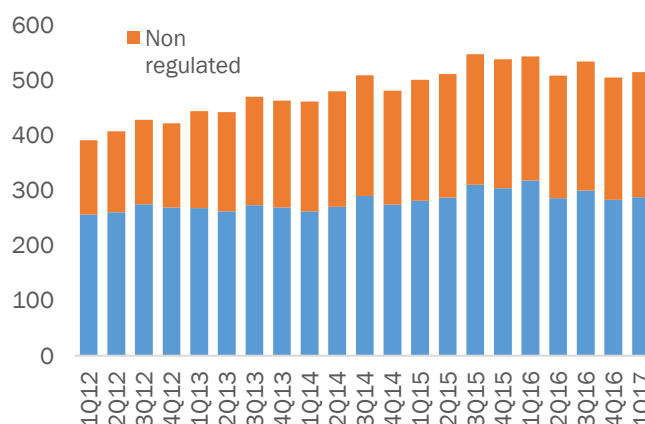
The startup of the *Cuestecitas* substation, the first project under Plan 5 Caribe, boosted the revenue of the distribution business, recording a 10% increase in revenue.

Revenue from retail sales during the quarter stood at levels similar to those of 2016 (+1% YOY).

While the quantity of energy sold to the retail market showed a 5% (YOY) decrease, the rates increased due to the higher CPI, the implementation of the new sales charge and the renewal of regulated market contracts at a higher price.

The smaller quantities were mainly due to the lower average energy consumption due to decreased irrigation and cooling requirements given the gradual normalization of the temperature. It is important to mention the addition of 18,962 new customers, mainly due to the development of housing plans in Palmira and Jamundí, compared customers recorded in the same period of the previous year.

POWER SALES OF THE RETAIL DISTRIBUTOR BY TYPE (GWh)



Consolidated Revenue

Consolidated revenue for the quarter amounted to COP 741,927 million, a 46% reduction from the previous year, primarily explained by a lower requirement for thermal power generation backup thanks to normalized weather conditions in Colombia, while the revenue from retail energy sales increased by 2% due to a higher rate, and distribution revenue rose 10% as a result of greater income on assets to the system.

Consolidated revenues	1Q2017	1Q2016
Electricity generation	447.381	1.060.582
Retail energy Sales	206.007	209.873
Grids use and connection	66.274	60.394
Gas and Transport Sales	10.312	21.467
Other Operating Services	11.952	10.774
Total revenues	741.927	1.363.090

Operating and Administrative Costs

The consolidated cost of sales recorded COP 523,368 million, down 54% from the same period of the previous year, which is mainly explained by:

- Lower costs of fuels for generation as a result of the decrease in generation of thermal power plants in Colombia, where 84% was generated by hydraulic power plants and only 16% was generated by thermal power plants.
- Lower cost of energy purchases on the spot market and in contracts, due to both smaller quantities and a lower price.
- In Central America, the cost of sales were higher (+11%) mainly due to the increase in purchases of thermal energy in order to support maintenance activities and the rise in the cost of bunker fuel because of the rising price of fuel delivered at the plant.

Consolidated operating expenses were down 11% from those of the first quarter of the previous year, as a result of the lower wealth tax. For the first quarter of 2017, a COP 15,028 million were allocated for the Electricaribe portfolio, so the value of this quarter is higher than those of immediately preceding quarters.

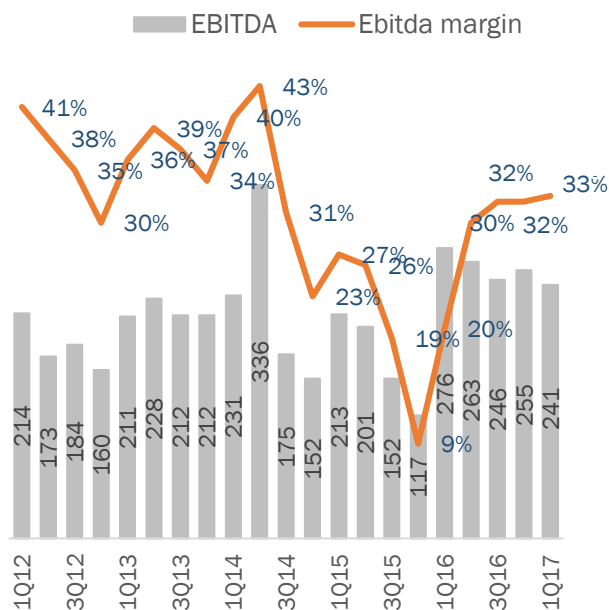
Ebitda

For the first quarter of the year, EBITDA totaled COP 241,430 million; although this figure is lower than that of the same period of 2016 (-9.5%), it highlights the significant improvement in the operating margin and the EBITDA margin, where the latter rose from 20% to 33% (YOY), showing the return to normal operation, with the positive contribution of all the businesses to the EBITDA.

The decrease in the EBITDA is explained by a comparative effect of the positive contribution of water assets in Colombia in 2016, thanks to positive deviations of the reliability charge in a scenario where sufficient efficiencies had been achieved for a sound thermal operation to deal with the El Niño weather phenomenon in Colombia, as well as the important contribution of the operation in Central America in Q1 2016, thanks to the efficiencies achieved by the modification to the Bahía Las Minas contract and opportunities for purchasing on the spot market at lower prices by the coal-fired power plant at the time.

By removing the non-recurring item of the provision related to the Electricaribe portfolio, the EBITDA of Q1 2017 would be COP 256,330 million.

Power generation in Colombia and in Central America contributed COP 117,306 million and USD 16.4 million, respectively, and T + D + C in Colombia contributed COP 76,043 million.



Non-Operating Income and Net Earnings

As far as non-operating income, it is important to highlight: i) other revenue: compensation by insurance companies totaling COP 5,354 million (Zona Franca); ii) other expenses: donations to *Fundación Epsa* and *Celsia*, and iii) a 5% lower financial cost compared to Q1 2016, due to the reduction of the debt in the last twelve months by the different companies, totaling nearly COP 280 billion, which was possible due to the improved cash generation of the operations and the lower CPI (12 months).

Due to all of the above, the organization recorded a net profit of COP 21,869 million, a COP 30 billion increase compared to the same period of 2016, going from a loss of COP 8 billion to a profit of nearly COP 22 billion, showing a recovery of 350 basis points in the margin compared to the same quarter of the previous year. When subtracting minority interests, the net income attributable to controlling shareholders recorded a profit of COP 608 million.

Investment and Expansion Plan

In Colombia, consolidated investments were executed for COP 61,438 million in the first quarter of 2017, 25% of which were in the generation business, 72% in the distribution business, and the remaining amount was allocated for investments in technology, supporting areas and innovation projects.

In the generation business, the main investments were aimed at the development of the *Nuestro Montería* Thermal District project for COP 6,700 million, activities in Merilétrica equipment for COP 2,700 million, the Porvenir II Hydroelectric Power Plant Project for COP 1,600 million and the San Andrés project for COP 530 million. The latter two are related mainly to the environmental licensing commitments.

In the distribution business, investments were focused mainly on the progress of the Plan 5 Caribe projects, with an execution of nearly COP 33,800 million, modernization and replacement of high voltage substations for COP 2,600 million, provision of new services for COP 1,600 million and the new business development plan for COP 1,100 million.

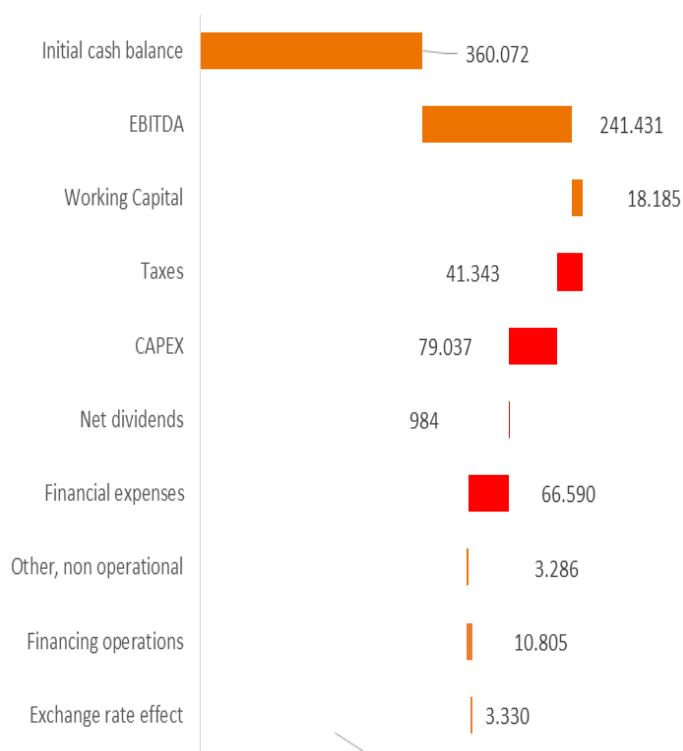
In Central America, investments totaled USD 3.2 million, 88% of which is for maintenance, replacements and improvements of the BLM, and the remaining amount is for maintenance in Cativá and improvements in Dos Mares and the Guanacaste Wind Farm.

Statement of Cash Flow

At the end of the quarter, the cash and equivalent balance was COP 437,891 million, which is a valuable asset for our business, reflecting the good operational and financial results. During the quarter, cash generation occurred in the form of: i) the contribution of the operations amounting to COP 241,431 million, ii) the release of net working capital for COP 18,185 million, and iii) dividend income totaling COP 984 million. Also, the resources generated were allocated mainly to the following: i) the payment of taxes amounting to COP 41,343 million, ii) CapEx totaling COP 79,037 million, and iii) net financial movement of COP 55,785 million, including financial cost.

The net debt/EBITDA leverage ratio continues to decline, standing at 3.34x compared to the 4.3x in the same period last year. In the last 12 months, nearly COP 280 billion in debt of the different companies have been paid, and in April this year, COP 85 billion were paid of the Epsa bond program.

	Total
EBITDA	241.431
(+) KW net needs	18.185
(-) Taxes	(41.343)
	218.272
Investment Cash Flow	
(-) CapEx	(79.037)
Total Investment Cash Flow	(79.037)
Company's Free Cash Flow	139.236
Financial Cash Flow	
(-) Debt service	(11.185)
(-) Financial Expenses	(66.590)
(+) Borrowings	21.990
(+) Net borrowings and financial expense	(55.785)
(+) Other revenue	2.127
(-) Other expenses	(14.957)
(+) Financial yields and other	9.545
(-) Net dividends	984
Payed dividends	
Received dividend payments	
Exchange rate effect	(3.330)
Total Financial Cash Flow	(61.417)
Total Cash Flow for the Period	77.819
(+) Initial cash balance	360.072
Final Cash Balance	437.891



Financial Statements

Consolidated Statement of Comprehensive Income

Values expressed in millions of Colombian pesos

	Quarter	
	1Q2017	1Q2016
Electricity generation	447.381	1.060.582
Retail energy Sales	206.007	209.873
Grids use and connection	66.274	60.394
Gas and Transport Sales	10.312	21.467
Other Operating Services	11.952	10.774
Revenue	741.927	1.363.090
Cost of sales	-523.368	-1.135.672
GROSS PROFIT	218.559	227.418
Gross Margin	30%	17%
Other revenue	6.998	3.225
Administrative expenses	-73.306	-82.468
Other expenses	-11.780	-23.479
EARNINGS BEFORE FINANCIAL EXPENSES	140.470	124.695
Financial result - financial income	4.963	4.258
Financial result - financial expenses	-77.460	-81.355
Foreign exchange gain / loss (net)	-1.621	5.008
EARNINGS BEFORE TAXES	66.352	52.606
Deferred income tax	3.426	-
Income tax	-47.909	-60.795
NET PROFIT	21.869	-8.190
Net Margin	3%	-1%
PROFITS (LOSSES) ATTRIBUTABLE		
To controlling shareholder	608	-29.681
To non-controlling shareholders	21.261	21.492
PROFITS (LOSSES)	21.869	-8.189
EBITDA	241.430	266.900
EBITDA MARGIN	33%	20%

Consolidated Statement of Financial Position

Values expressed in millions of Colombian pesos

NON-CURRENT ASSETS	Mar-2017	Dec-2016
Property, plant and equipment	6.966.077	7.035.610
Assets acquired under financial lease	40.369	26.931
Intangible assets, net	363.090	381.580
Long term investments	37.955	38.438
Other non financial assets	21.170	6.514
Trade and other non-current receivables	5.010	58.360
Goodwill	887.612	908.844
Deferred tax asset	177.970	177.933
TOTAL NON-CURRENT ASSETS	8.499.253	8.634.210
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Cash and cash equivalents	437.892	365.257
Other non-financial assets (expenses paid in advance)	30.849	57.837
Trade and other receivables, net	633.353	499.210
Inventories (including goods in transit)	152.080	137.908
Current tax assets, net	78.307	49.340
	0	0
TOTAL CURRENT ASSETS	1.332.481	1.109.552
TOTAL ASSETS	9.831.734	9.743.762

Consolidated Statement of Financial Position

Values expressed in millions of Colombian pesos

EQUITY	Mar-2017	Dec-2016
Capital issued	185	185
Share premium account	365.442	365.442
Reserves	2.465.196	2.451.746
Profits (losses) for the reporting period	608	32.997
Other Comprehensive Income (OCI)	183.068	199.135
Retained earnings	-26.305	-26.305
Retained earnings - realized results	-	76.649
Retained earnings - in opening balance sheet	20.585	20.585
Total equity attributable to the controlling shareholder	3.008.779	3.120.434
Non-controlling shareholders	1.194.651	1.274.090
TOTAL NET EQUITY	4.203.430	4.394.524
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Non-current financial liabilities	3.454.367	3.532.199
Other non-current liabilities	79.157	79.157
Deferred tax liabilities, net	517.167	520.978
Employee benefit provisions, non-current	135.331	135.615
TOTAL NON-CURRENT LIABILITIES	4.186.022	4.267.949
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Current financial liabilities	518.525	513.957
Current accounts payable	580.969	261.795
Other provisions, current	205.701	200.574
Tax liabilities, current, net	91.987	44.981
Employee benefit, current	27.199	35.849
Other current non-financial liabilities	17.900	24.133
TOTAL CURRENT LIABILITIES	1.442.282	1.081.289
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TOTAL LIABILITIES	5.628.304	5.349.238
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TOTAL NET EQUITY AND LIABILITIES	9.831.734	9.743.762

Pro-forma Consolidated Statement of Comprehensive Income - Colombia

Values expressed in millions of Colombian pesos

	Quarter	
	1Q2017	1Q2016
Electricity generation	265.943	871.002
Retail energy Sales	206.007	209.873
Grids use and connection	66.274	60.394
Gas and Transport Sales	10.312	21.467
Other Operating Services	11.949	8.874
Revenue	560.485	1.171.610
Cost of sales	-368.114	-978.631
GROSS PROFIT	192.371	192.979
Gross Margin	34%	17%
Other revenue	7.150	2.904
Administrative expenses	-63.079	-68.786
Other expenses	-11.370	-21.712
EARNINGS BEFORE FINANCIAL EXPENSES	125.072	105.385
Financial result - financial income	4.302	4.059
Financial result - financial expenses	-56.035	-64.523
Foreign exchange gain / loss (net)	-2.109	5.189
EARNINGS BEFORE TAXES	71.230	50.110
Deferred income tax	3.077	-
Income tax	-45.821	-56.410
NET PROFIT	28.487	-6.299
PROFITS (LOSSES) ATTRIBUTABLE		
To controlling shareholder	2.964	-25.812
To non-controlling shareholders	25.523	19.513
PROFITS (LOSSES)	28.487	-6.299
EBITDA	192.935	209.784
EBITDA MARGIN	34%	18%

Pro-forma Consolidated Statement of Comprehensive Income – Central America

Values expressed in millions of Dollars

	Quarter	
	1Q2017	1Q2016
Electricity generation	62,03	58,17
Other Operating Services	0,00	0,58
Revenue	62,04	58,75
Cost of sales	-53,27	-48,18
GROSS PROFIT	8,77	10,57
Gross Margin	14%	18%
Other revenue	-0,05	0,10
Administrative expenses	-3,50	-3,29
Other expenses	-0,14	-0,55
EARNINGS BEFORE FINANCIAL EXPENSES	5,08	6,84
Financial result - financial income	0,23	0,06
Financial result - financial expenses	-7,33	-5,17
Foreign exchange gain / loss (net)	0,14	-0,06
EARNINGS BEFORE TAXES	-1,89	1,67
Deferred income tax	0,12	0,00
Income tax	-0,71	-1,34
NET PROFIT	-2,48	0,32
PROFITS (LOSSES) ATTRIBUTABLE		
To controlling shareholder	-1,02	-0,29
To non-controlling shareholders	-1,46	0,61
PROFITS (LOSSES)	-2,48	0,32
EBITDA	16,40	17,51
EBITDA MARGIN	26%	30%

Celsia – Individual Statement of Comprehensive Income

Values expressed in millions of Colombian pesos

Key financial figures		
	Mar-2017	Dec-2016
Total assets	4.426.514	4.445.398
Total liabilities	1.389.690	1.289.805
Total equity	3.036.824	3.155.592
	1Q2017	1Q2016
Revenues	42.213	265.574
Adjusted EBITDA[1]	104.722	82.939
Net income	608	-26.681

[1] Adjusted EBITDA: EBITDA + Dividends

During the first quarter of the year, revenues in amount of COP 42.213 million were recorded, lower than in 2016, which is understood by the lower requirement of the thermal generation on normalized weather conditions. Energy generation in the quarter was 85% lower than the same period in 2016 registering a total of 57 GWh.

Adjusted Ebitda reached COP 104,722 million in the quarter (+26% Y/Y) by returning to a scenario in which hydro energy contributes positively to operating results, opposite to what occurred in 2016 (Individual Statement of Celsia) when Reliability Charge negative deviations had to be recognized given the shortage of natural gas in the country during the hydro scarcity season.

Net income in the quarter reached COP 608 million (+102% Y/Y)