CELSIA | La energía que quieres

Financial Results

Second quarter

2020

The Company presents its results of the second quarter of 2020 in the middle of Covid-19 pandemic. In this period, it has established the aim to serve its customers, protect its employees and their families, operate with high biosecurity standards and ensure the electricity supply. Consequently, actions have been implemented to support and help customers, suppliers and communities in the areas of influence to overcome this situation and to achieve economic recovery.

Priorities have been established and work has been carried out on five principles of action with respect to the stakeholders:

i) **Job protection and maintenance:** Celsia has 2,023 direct employees who have continued to work to support the customers' needs in the four countries where we work. Additionally, we hired 123 new employees in the last three months, as well as 47 apprentices. We keep applying all the measures to take care of employees: The administrative team continues to work remotely and the operating team implements social distancing protocols, use of biosecurity equipment and the adaptation of infrastructure. Similarly, the Company has provided additional physical and emotional well-being support for its employees. The adopted protocols have been shared with the service providers so that their staff adopt them.

ii) **Payment times reduced for suppliers:** As part of this principle of action, the Company reduced the times for payment of its suppliers and transferred COP 50 billion in advance to more than 350 suppliers in Colombia, improving the available cash for these companies, which are mostly SMEs. With this support, Celsia hopes that its suppliers will have sufficient cash flow to maintain their operations and protect their employees' jobs.

iii) **Client support and assistance:** As well as the benefits that clients can use to defer the payment of their electricity bill, especially those in socioeconomic levels 1 to 4, payment agreements were also facilitated for those who requested them in socioeconomic levels 5 and 6, as well as commercial and industrial clients. The virtual and in-person customer service channels were improved in order to facilitate communication. The tariff for distribution clients has been frozen since March.

By the end of June, 373,403 clients had adopted the different easy payment systems for their consumption, amounting to COP 32,244 million. Similarly, 623,156 bills for socioeconomic levels 1 and 2 received a 10% discount in April, May and June, which amounted to COP 2,443 million.

In Panama and Honduras, the Company is providing support to its industrial clients, by addressing their specific realities of reduced energy consumption. In Panama, we offered industrial clients more comfortable payment arrangements.

iv) **Solidarity:** As part of the efforts and contributions of Grupo Empresarial Argos to improve the health system and support the most vulnerable families in the Covid-19 contingency, Celsia has joined different initiatives, which amount to COP 10,440 million. These are comprised of donations to non-profit organizations, achieving that 73 hospitals and institutions will benefit from medical supplies and equipment, and more than 14,000 nutritional kits and 3 million liters of drinking water have given out to vulnerable population groups. Celsia has executed partnerships in public-private initiatives with Proantioquia, Propacífico, Universidad de Antioquia, Fundación Valle del Lili and the Panama Ministry of Health.

v) **Protection of financial flexibility:** This financial strategy has focused on four fronts: (i) the reduction of cash flow needs while maintaining commitments and service quality; (ii) the maintenance of liquidity; (iii) the availability of credit lines to meet the short-term needs that may arise under the circumstances, and (iv) the availability of economic resources to support customers and suppliers.

Regarding the reduction of needs, we went from COP 360 billion in April to COP 413,000 in June, including the major costs associated with the biosecurity systems that have been implemented. During the second trimester, the Organization made savings of COP 27 billion in fixed costs and expenses with respect to the annual target of COP 45 billion.

1. Consolidated figures

1.1 Financial results

	Units	2Q20	2Q19	Δ	Cumm. 20	Cumm. 19	Δ	1Q20	Δ
Revenues	COP mill.	891.069	913.207	-2,4%	1.819.462	1.774.447	2,5%	928.394	-4,0%
Gross profit	COP mill.	295.112	249.802	18,1%	601.346	488.191	23,2%	306.234	-3,6%
Ebitda	COP mill.	312.386	287.163	8,8%	643.029	562.874	14,2%	330.643	-5,5%
Ebitda margin	*%*	*35,1%*	*31,4%*	11,5%	*35,3%*	*31,7%*	11,4%	35,6%	-1,6%
Net income	COP mill.	96.649	43.262	123,4%	183.403	96.789	89,5%	86.754	11,4%
Net income attributable to controlling sh.	COP mill.	73.092	15.822	362,0%	138.121	49.972	176,4%	65.028	12,4%

1.2 Generation

	Units	2Q20	2Q19	Δ	Cumm. 20	Cumm. 19	Δ	1Q20	Δ
Total energy produced	GWh	971	1.524	-36,3%	2.156	2.896	-26%	1.186	-18,1%
Total energy sold	GWh	1.486	1.846	-19,5%	3.252	3.669	-11%	1.766	-15,9%
Energy produced in Colombia	**GWh**	**840**	**1.244**	**-32,5%**	**1.716**	**2.361**	**-27%**	**875**	**-4,0%**
Hydric	GWh	792	1.056	-25,0%	1.657	1.895	-13%	865	-8,4%
Thermal	GWh	40	183	-78,2%	44	457	-90%	4	810,2%
Solar	GWh	8,0	4,5	77,0%	13,9	9,9	40%	5,8	37,2%
Energy sold in Colombia	**GWh**	**1.290**	**1.445**	**-10,7%**	**2.605**	**2.858**	**-9%**	**1.315**	**-1,9%**
Contract sales	GWh	742	794	-6,6%	1.551	1.580	-2%	810	-8,4%
Spot market sales	GWh	548	651	-15,8%	1.053	1.278	-18%	505	8,4%
Energy produced in Central America	**GWh**	**130**	**280**	**-53,5%**	**441**	**535**	**-18%**	**310**	**-58,1%**
Hydric	GWh	91	90	1,7%	156	141	11%	65	41,3%
Thermal	GWh	1	146	-99,1%	164	266	-38%	163	-99,2%
Wind farm	GWh	35	41	-15,1%	113	121	-6%	79	-56,0%
Solar	GWh	3	3	-2,4%	8	7	2%	4	-31,3%
Energy sold in Central America	**GWh**	**196**	**402**	**-51,1%**	**647**	**812**	**-20%**	**451**	**-56,4%**
Spot market sales	GWh	169	278	-39,1%	474	554	-14%	305	-44,5%
Contract sales	GWh	27	123	-78,0%	173	258	-33%	146	-81,4%

1.3 T&D and Retail sales

Celsia Colombia

	Units	2Q20	2Q19	Δ	Cumm. 20	Cumm. 19	Δ	1Q20	Δ
Energy losses	%	8,6%	8,7%	-1,7%	8,6%	8,7%	-1,7%	8,6%	0,0%
Collections rate	%	94%	97%	-3,4%	94%	99%	-4,5%	94%	-0,6%
SAIDI	Horas	2,2	3,4	-34,6%	4,7	6,6	-28,2%	2,5	-11,7%
SAIFI	Veces	1,5	2,2	-31,2%	3,1	4,8	-36,0%	1,6	-3,7%
Regulated market sales	GWh	280	277	1,0%	569	561	1,4%	289	-3,1%
Non regulated market sales	GWh	201	261	-22,8%	444	512	-13,2%	243	-17,0%
PV energy sales	GWh	7,7	4,0	95,8%	14,2	8,6	66,2%	6,5	19,3%
Users	Número	592.660	573.216	3,4%	592.660	573.216	3,4%	589.800	0,5%

Cetsa

	Units	2Q20	2Q19	Δ	Cumm. 20	Cumm. 19	Δ	1Q20	Δ
Energy losses	%	6,3%	6,4%	0%	6,3%	6,4%	0%	6,2%	1%
Collections rate	%	95%	103%	-8%	93%	101%	-8%	92%	3%
SAIDI	Horas	0,3	0,7	-64%	0,4	1,8	-76%	0,2	47%
SAIFI	Veces	0,4	0,6	-35%	0,6	1,7	-68%	0,2	118%
Regulated market sales	GWh	36	35	3%	76	74	2%	39	-8%
Non regulated market sales	GWh	9	13	-34%	21	24	-12%	12	-27%
PV energy sales	GWh	0	0	-	0	0	-	0	-
Users	Número	63.619	62.541	2%	63.619	62.541	2%	63.445	0%

Tolima

	Units	2Q20	2Q19	Δ	Cumm. 20	Cumm. 19	Δ	1Q20	Δ
Energy losses	%	11,5%	-	-	11,5%	-	-	11,8%	-2,5%
Collections rate	%	85%	-	-	90%	-	-	95%	-11,0%
SAIDI	Horas	13,3	-	-	29,3	-	-	16,0	-16,8%
SAIFI	Veces	8,3	-	-	16,5	-	-	8,2	1,4%
Regulated market sales	GWh	196	-	-	423	-	-	227	-13,7%
Non regulated market sales	GWh	47	-	-	100	-	-	53	-11,2%
PV energy sales	GWh	0	-	-	0	-	-	0	-
Users	Número	520.043	-	-	520.043	-	-	516.909	0,6%

2. Electric markets

2.1 Colombia

The water levels for the National Electrical Grid were far below average in April and May (months that normally have high rainfall), mainly affecting the basins in Antioquia. In June, the water volumes recovered and the added level of the reservoirs ended the quarter at 47% of their live storage (71% in Q2 2019).

The basins where Celsia Colombia's power plants are located had a lower deficit in these months and ended the quarter at 60% of the reservoir's added live storage for the Company (86% in Q2 2019).

The lower water levels and the dry season led to an average spot market price of COP 306/kWh during the quarter (+93.4% YoY). Regulated market contract prices reached an average of COP 219/kWh (+7.6% YoY).

In the quarter, the National Electrical Grid's year-to-date electricity demand was 16,397 GWh (-8.0% YoY) due to the preventive and mandatory lockdown measures to contain Covid-19. The regulated market's demand was 11,772 GWh (-3.1% YoY) and the non-regulated market's demand was 4,550 GWh (-18.3% YoY). The gradual opening of some economic sectors led to a recovery of the electricity demand, where you can see the trend of monthly variation year on year: April -10.7%, May -6.6%, and June -5.3%.

Regarding weather conditions, the international centers consider those of the second quarter to be of a normal period, which will be maintained during the third quarter. For the final quarter, the agencies give a similar probability to a period of neutrality, as well as one of the La Niña phenomenon. Locally, rainy conditions are forecast and consequently, water volumes are expected to be close to the historical average.

2.2. Centroamérica

The Fortuna reservoir's level, which is upstream from our power plants in Chiriquí, slightly decreased over the last three months from a live storage level of 71% to 68%. The recorded level is the same as the one reached in the second quarter of 2019. The Bayano reservoir's level also decreased over the last three months, from 57% to 49%, which is higher than the 20% recorded in the second quarter of 2019.

The Panamanian grid's year-to-date electricity demand during the quarter also reflected the effects of the applied lockdown measures. This caused notable changes in the performance of the demand curve, reporting consumption of 2,424 GWh, down 12.6% from the same period in 2019. The lower demand added to the drop in international oil prices led to the average marginal cost of electricity in the quarter reporting its lowest level in the last three years USD 43/MWh (-58.0% YoY).

3. Operating Results

3.1. Consolidated generation

The Organization's consolidated generation in the quarter reached 971 GWh (-36.3% YoY), mainly due to lower water levels and the divestment of Zona Franca Celsia. Excluding the generation of the latter, the reduction is 27.6% YoY. By technology, consolidated generation was 91.0% hydroelectric, 4.3% thermal energy, 3.6% wind power and 1.1% solar power.

3.1.1. Colombia

Generation in the quarter amounted to 840 GWh (-32.5% YoY and -20.8% YoY, excluding Termoflores). The lower water levels resulted in a 25.0% decrease in hydroelectric power generation from the previous year, which was offset by the higher sales prices in the quarter.

The water levels in our basins were below the historical average (87%) and the reservoirs reached their minimum level in April, but subsequently they recovered, ending the semester at 60.0% due to the optimal use of resources, and meeting the expectations despite the lack of rainfall during the local rainy season. Water levels close to the historical average are expected in the upcoming months. An increase in rainfall is expected by the end of the year and its scale will depend on whether the La Niña phenomenon occurs.

Solar generation increased 77.0% thanks to the start-up of the Celsia Solar Espinal in Tolima. Generating 9.4 MW, this solar farm will prevent the emission of 163,471 tons of CO_2 over 25 years. Prior to its start-up, Celsia already had two solar farms operating in Colombia: Celsia Solar Yumbo, 9.8 MW, and Celsia Solar Bolívar, 8.1 MW.

The Meriléctrica power plant, commercially represented by Celsia Colombia, generated 40 GWh due to the increase in spot market prices in May and the beginning of June, and to the negotiation of fuel at a competitive price. The strategy with this asset is to maintain its uptime to respond to the grid's possible needs and the tests that the power plant is required to perform.

By technology, hydroelectric power generation in Colombia decreased 25.0%, thermal power generation decreased 78.2% and solar power generation increased 77.0% from the previous year.

Contract sales reported 742 GWh (-6.6% YoY). The lower volume was offset by the higher contract price of +7.6% YoY. In the same period, 548 GWh was sold on the spot market (+17.3% YoY). This positive performance is added to the increase in the average spot price. Additionally, the power purchase agreement with Prime comprised 72 GWh of the electricity sold on the spot market in the quarter.

In Colombia, 250 GWh more were purchased in the quarter than in Q2 2019, reporting 451 GWh in total, up 124% mainly due to the larger amounts purchased to cover the non-regulated market's demand in Tolima and the greater participation in the spot market.

3.1.2. Central America

In Central America, 130 GWh (-53.5% YoY) were generated in the second quarter, with the hydroelectric power plants increasing their power generation by 1.7% in the quarter to 91 GWh. The same period in 2019 presented a dry season and the levels of the Fortuna power plant's reservoir were low again in 2020, at minimum levels in May, and started to recover in July. The event that caused the greatest impact on production was the lower electricity demand due to the lockdown measures taken in the country. These led to a reduction in demand that directly affected production in April and May, and partly improved with the opening of some economic sectors in June.

In turn, the thermal power plants generated 1 GWh (-99.1% YoY), due to the reduced dispatch of thermal energy in the grid in light of a reduction in the load curve because of the Covid-19 pandemic. PEG generated 35 GWh (-15.1% YoY) due to the slower wind speed reported in the quarter. The PEG contract with the Costa Rican Electricity Institute (ICE in Spanish) is take or pay, so it will not be affected by the lower current demand.

The amounts sold in contracts reported 169 GWh (-39.1% YoY) in the period, mainly due to the lower amounts required in the situation. BLM won an assignment in the short-term call for tenders, which will generate income from April 2020. The execution of said contracts has taken more time than expected and to date, they have not been made effective. Their execution is expected to be started in the upcoming months with a retroactive nature from April, which would increase contract sales for the next quarter.

Spot market sales were 27 GWh in the quarter, down 78.0% year on year, mainly because BLM and Cativá had a dispatch in Q2 2019 that did not occur this year because of the grid's lower demand. In turn, Dos Mares increased its sales by 189.7% on the spot market, selling the energy generated that was not delivered in contracts due to the reduced demand.

In this region, 70 GWh were purchased in the quarter, 44.8% less than in Q1 2019, due to the lower amounts of electricity sold.

3.2. Distribution and sales

3.2.1. Valle del Cauca

The distribution business in Valle del Cauca had a similar performance to the previous year. Resolution 015 coming into force, the lower variable connection costs and the positive effect of the PPI on the National Transmission System's income offset the effect of the transfer of assets from Plan5Caribe to Caoba Inversiones.

In the quarter, Celsia Colombia reported a SAIDI (interruption duration) of 2.2 hours (-29.4% YoY) and a SAIFI (interruption frequency) of 1.5 times (-26.0% YoY). Cetsa presented a SAIDI of 0.26 hours (-63.7% YoY) and a SAIFI of 0.39 times (-35.2 Y/Y). The good performance of these indexes is related to the development of the maintenance plans and the level of execution of the projects that were carried out in 2019. The SAIDI and the SAIFI put Celsia Colombia and Cetsa among the companies in Colombia with outstanding service.

The effect of the lower demand because of the Covid-19 preventive lockdown mainly had an impact on the non-regulated market, where 23.3% less electricity was sold than in Q1 2019. In the regulated market, the amounts sold were 1.3% higher than those of Q1 2019, mainly due to the higher residential consumption mitigating the lower demand of the commercial, industrial and public sectors.

There were 653,245 clients at the close of the quarter in Valle del Cauca.

3.2.2. Tolima

Operations in Tolima keep showing a good performance in line with the business plan outlined at the time of the acquisition. The PPI performance and acknowledgment of the quality incentive have resulted in a better performance than budgeted for by the Company.

The electricity losses during the quarter were 11.5%. In terms of the service quality indicators, the SAIDI was 13.3 hours, while the SAIFI recorded 8.3 times. The latter represents an 18.1% improvement from the same period in 2019, as a result of the management carried out in this market.

As for retail sales in Tolima, the regulated market had a demand of 196 GWh, while the demand was 227 GWh in Q1 2020 (-13.7% YoY). The non-regulated market had a demand of 47 GWh compared to 53 GWh in Q1 2020 (-11.2%).

At the close of the quarter, the Company served 656,279 customers in the department of Tolima.

3.3. Caoba Inversiones

Caoba’s income is recognized using the equity method, which allowed it to contribute to the Company's results in the second quarter with a profit of COP 252 million. The vehicle's main figures in the quarter are: revenue amounting to COP 37,516 million, EBITDA amounting to COP 30,359 million and net income amounting to COP 495 million.

4. Financial Results

4.1. Income

Consolidated income for the quarter amounted to COP 891,069 million (-2.4% YoY). Year-to-date income amounted to COP 1,819,462 million, 2.5% higher year on year. Income in Colombia accounted for 90% of the consolidated total, and in Central America, it accounted for 10%.

Generation income in Colombia amounted to COP 282,580 million (+1.0% YoY). Contract sales to third parties reported COP 45,198 million (+13.9% YoY). When considering the total contract sales, including those to its own reseller, the record is similar to Q2 2019 (-0.5% YoY). The better prices offset the 6.6% reduction in amounts sold.

Spot market transactions in Colombia reported COP 192,528 million, a 33.3% increase YoY due to the larger amounts and higher prices reported. The power purchase agreement with Prime amounted to COP 35,424 million in the quarter.

Income from the Reliability Charge increased by 2.7% YoY. The effect of the higher exchange rate (+15.9% YoY) was mitigated by the lower income from Firm Energy for the Reliability Charge (ENFICC in Spanish) sales at lower prices on the secondary market.

In Central America, the generation income in the quarter amounted to COP 85,800 million, 44.3% lower year on year. The lower participation of BLM in the spot market during the quarter, the completion of Cativá energy and power agreements with the distributors in 2019, and the reduced sales of Dos Mares due to the reduction in the distributors' load curves as a result of Covid-19 explain the decrease. The year-to-date income reported is COP 233,737 million (-24.1% YoY).

Income from grid connection and use reported COP 64,646 million (-35.1% YoY). The total income of the T&D business, which includes grid use and connection as well as income collected by the retail reseller, reported COP 187,733 million in the quarter (+23.8% YoY). This increase is mainly explained by the Tolima operations, which we have consolidated since June 2019. Without the Tolima assets, this income amounted to COP 136,580 million (-6.9% YoY). The decrease is due to the transfer of assets to Caoba Inversiones. In turn, Tolima contributed COP 51,153 million.

Retail sales income increased 27.5% YoY to report COP 431,467 million, which benefited from the additional income from the Tolima business (+COP 164,667 million). The increase in income excluding Tolima's energy sales business was 2.8%.

The other operating services reported COP 25,793 million in the quarter (+19.7% YoY). Tolima contributed COP 3,538 million. This line item's increase excluding Tolima was 10.3%, due to the good performance of the products and services portfolio that is being developed by the Company for our clients.

4.2. Operating and administrative expenses

The consolidated cost of sales for the quarter was COP 595,957 million, 10.2% lower than that reported in the same period last year. Excluding the Tolima operations and the Termoflores figure in Q2 2019 to make the figures comparable, the cost of sales decreased 7.1% YoY.

In Colombia, the cost of sales increased 1.8% YoY. In Central America, the cost of sales in U.S. dollars decreased 61.1% YoY (-53.6% YoY in Colombian pesos) in the quarter due to a minimal requirement of fuel in BLM and Cativá that was not dispatched, which added to the lower price of energy purchases.

The variation in the fixed costs and consolidated variables is provided below:

	Q2 2020	Q2 2019	∆	∆ Excluding Tolima & TF
Variable costs	412,443	446,610	-7.6%	-6.1%
Fixed costs	183,356	216,795	-15.4%	-8.8%

The year-to-date consolidated cost of sales amounted to COP 1.21 trillion (-5.3% YoY). In the same period, fixed costs amounted to COP 384,494 million (-7.1% YoY), while variable costs amounted to COP 833,622 million (-4.4% YoY).

Administrative expenses of the quarter were COP 76,363 million, up 7.5% from the same period last year. In Colombia, growth was 6.4% YoY and excluding Tolima, it decreased 1.2% YoY. Celsia Colombia reported a portfolio allowance of COP 5,005 million in the quarter. In Central America, administrative expenses decreased 5.4% YoY in U.S. dollars due to lower office expenses in Panama, and they increased 14.0% YoY in Colombian pesos.

The consolidated year-to-date administrative expenses amounted to COP 141,820 million (+9.3% YoY), in response to the effects of greater spending on biosecurity and protection for business continuity.

4.3. EBITDA

The consolidated EBITDA of the second quarter was COP 312,386 million. The EBITDA margin for the period reported 35.1% compared to 31.4% in Q2 2019.

By business, generation in Colombia reported an EBITDA of COP 149,771 million in the quarter (+10.3% YoY), with the higher income from spot market transactions standing out due to the better sales prices and the contributions of Meriléctrica, as well as the energy purchase option with Termoflores, which together amount to an income of approximately COP 49 billion in the quarter.

Transmission and distribution in Valle del Cauca obtained COP 89,802 million in the quarter (-9.7% YoY). The transfer of assets from Plan5Caribe to Caoba Inversiones resulted in a lower income of COP 18,339 million, which was mitigated by Resolution 015 coming into force for Celsia Colombia’s Separate Financial Statements and for Cetsa, due to lower connection costs and the variation in the PPI.

Energy sales in this region reported a negative EBITDA of COP 7,422 million, which is mainly explained by the increase in portfolio allowances of COP 5,902 million. Income increased COP 4,268 million, mainly explained by the regulated market having greater sales and the sales tariff, which offset the drop in the non-regulated market associated with the Covid-19 pandemic.

In turn, Tolima contributed COP 43,981 million to the EBITDA compared to the COP 25,363 million reported in Q2 2019, having started the first consolidation of these assets in June.

In Central America, where only the generation business operates, the contribution was COP 37,071 million (+25.9% YoY). In U.S. dollars, the amount reported was USD 9.3 million (+1.5% YoY).

Colombia contributed COP 275,315 million. Generation contributed COP 156,187 million. Retail distribution and sales in Valle del Cauca contributed COP 92,997 million and Tolima contributed COP 43,981 million. In turn, Central America contributed COP 37,071 million. EBITDA from this region represented 12% of the consolidated EBITDA.

The year-to-date consolidated EBITDA reported COP 643,029 million.

4.3.1. Tolima

Below are the financial results of the Tolima operations during the quarter:

	Q2 2020
Revenue	216,011
Cost of sales	176,672
Gross earnings	**39,339**
Administrative expenses	6,933
EBITDA	**43,981**

Tolima's operations performed well during the quarter. Both distribution and sales performed within the budgeted parameters and generated an EBITDA of COP 43,981 million. The year-to-date reported EBITDA was COP 70,514 million.

4.4. Other components of the Statement of Comprehensive Income

Financial expenses were COP 85,286 million, 26.0% lower, that is COP 29,919 million lower year on year. This was due to lower debt stock than in June 2019, mainly because of the sale of Zona Franca Celsia and the assets of Plan5Caribe, less debt in Alternegy and the forward hedging in 2019 related to the purchase of the Tolima assets.

Other income reported COP 15,115 million, COP 13,642 million more than reported in the second quarter of 2019, mainly due to the adjustment of the sale price of Zona Franca Celsia in line with the sales agreement.

There was a loss due to the net exchange difference in the period of COP 9,371 million, which in Q2 2019 reported a profit of COP 31,886 million, mainly associated with the hedging transactions made with the short-term loan of USD 190 million for the acquisition of Tolima. The figure reported in 2020 is mainly explained by the account receivable remaining from the Zona Franca Celsia transaction and other investments in U.S. dollars related to insurance management.

4.5. Taxes

The current and deferred tax provision reported COP 43,616 million (-4.2% YoY).

4.6. Net income

The Organization reported a consolidated net income of COP 96,649 million in the quarter. When deducting minority interest, the net income attributable to controlling shareholders made a profit of COP 73,092 million.

Year-to-date net income reported COP 183,403 million and the profit attributable to the controlling shareholders was COP 138,121 million.

5. Debt and liquidity

The following is a summary of debt as of the end of June 2020:

	Amount in COP millions	Net debt	Leverage Q2 2020	Leverage Q4 2019	Leverage Q2 2019
Celsia[(1)]	452,730	279,846	1.29	2.76	3.69
Celsia Colombia	2,547,324	2,323,778	2.23	1.87	3.33
Celsia CA	1,106,850	907,310	5.19	5.28	5.85
BLM[(2)]	309,835	296,859	-8.95	N/A	7.09

Consolidated debt	4,416,739
Consolidated cash	608,946

(1) Celsia has an account receivable from Celsia Colombia for the sale/purchase of generation assets in 2018. The structure of payments of both principal and interest is in line with principal and interest payments of bonds issued by Celsia.
(2) The foreign investment made by Celsia in the debt purchase led by Celsia Colombia was COP 660,250 million, and at the end of the second quarter, the value of the debt was COP 295 billion.
(3) BLM has received waivers that indicate the creditors' backing, understanding of the situation, and relevance of the asset for Panama's grid.

6. Cash Flow

Year-to-date operations have generated COP 643,030 million in cash. The net changes in financing and other items generated resources of COP 292,054 million and COP 55,934 million, respectively. Resources were mainly applied as follows: i) net working capital requirements of COP 115,272 million, ii) payment of COP 210,826 million in taxes, iii) CapEx of COP 274,786 million, and iv) payment of COP 165,860 million in dividends.

In terms of the increase in working capital needs, the deferment of invoices amounted to COP 24 billion; the tariff option established at the beginning of the year added to the freezing of tariffs from April amounted to COP 40 billion; and the larger stock required in equipment for the biosecurity schemes amounted to COP 40 billion.

At the close of the quarter, the Organization had COP 576,094 million in cash, which was invested in short-term investment funds. In Central America, approximately USD 25 million remains restricted by the financing conditions in the region.

	Colombia	**CA**	**Consolidated**
EBITDA	565.883	77.147	643.030
(+) Working capital needs	(109.269)	16.547	(92.723)
(+) Debtors Resolución CREG 015	(22.549)	-	(22.549)
(-) Taxes	(201.528)	(9.298)	(210.826)
Cash flow from the operation	**232.537**	**84.396**	**316.932**
		-	
(-) CapEx	(245.830)	(28.956)	(274.786)
Total investment cash flow	**(245.830)**	**(28.956)**	**(274.786)**
Free cash flow	**(13.294)**	**55.440**	**42.146**
		-	
(-) Amortization	(17.973)	(32.477)	(50.450)
(-) Interests	(98.356)	(46.128)	(144.484)
(+) Disbursements	478.334	8.655	486.988
(+/-) Derivatives	-	-	-
Net financing	362.005	(69.950)	292.054
Permanent investments	38.578		38.578
Related party transactions	(34.565)		(34.295)
Financial profits	8.674	164	8.838
Other income	3.785	3.291	7.076
Other expenses	(63.911)	(2.465)	(66.646)
Net dividends	(165.860)		(165.860)
Capitalizations	42.855		42.855
(+/-)Cash exchange difference	-	59.528	59.528
Financial cash flow	**191.560**	**(9.432)**	**182.128**
Cash flow for the period	**178.266**	**46.008**	**224.274**
(+) Initial cash	218.164	166.508	384.672
Final cash balance	**396.430**	**212.516**	**608.946**

	June 2020	December 2019
Total cash	**576.094**	**384.672**
Celsia	170.525	58.320
Celsia Colombia consolidado	223.546	159.841
Colener	2.355	
Centroamérica	179.664	166.508

7. Investment and Expansion Plan

Consolidated investments at the end of the quarter amount to COP 274,786 million. In Colombia, COP 245,830 million were executed and in Central America, COP 28,956 million.

By type of business	Cumm. (mill.)
Continuity	**COP 102.113**
T&D Valle	37.849
T&D Tolima	47.734
Generation	12.508
Other Colombia	4.022
Expansion	**COP 124.379**
San Andrés	25.574
PV techos, Admon activos y LED	7.375
Solar PV – granjas	16.100
T&D	63.519
Other (Plan Calidad, aplicaciones, DT, entre otros)	11.811
Plattforms	**COP 19.827**
Caoba	11.389
Tesorito	7.259
Carreto	1.178
Centralamerica	
Comayagua (Solar, Honduras)	USD 6,62
Other	USD 2,13

8. Celsia PermaneC

As part of our communications strategy with the investor population, from this quarter, we incorporated notable figures of our progress in environmental, social and corporate governance matters to provide a better reading of our business and to reflect our strategies to deliver **The Energy You Want**.

8.1 Our sustainability vision

Celsia PermaneC represents our vision for the integration of environmental, social and corporate governance (ESG) components into our business strategy.

Thanks to this framework, we understand sustainability as the change needed to grow and to remain over time. We innovatively anticipate the risks, converting them into profitable, respectful and responsible opportunities for growth for our customers and other stakeholders.

For in-depth information on this vision, please visit:

https://www.celsia.com/es/sostenibilidad/politica-de-sostenibilidad

8.2 A strategy inspired by actions of impact for cities, businesses and homes

Renewable Sources	Energy Efficiency	ReverdeC
Now: 80 MW of solar power / 50 MW of wind power in operation / 1,248 MW of hydroelectricity. Total: 1854 MW installed. **Future**: +350 MW solar power and +330 MW of wind power. By 2025, 25% of the installed capacity will be comprised of non-conventional renewable energy.	• Home retail solar power • Business and city efficient lighting • LED light bulb replacement programs • Efficient household appliance retail	**Now:** 4.3 million trees planted. **Future:** Plant 10 million trees over ten years (2015-2025).

Sustainable Financing	Sustainable Mobility
Now: Green Bonds (IFC and FDN) for solar power projects. Use of offset funds to finance the San Andrés small hydroelectric power plant, 19.9 MW. **Future:** Global Green Bonds credit limit of COP 420 billion to finance solar farms. Financing of Guajira wind power projects.	• First fleet of electric buses operating in Colombia: Mio Cali, Transmilenio Bogotá • Muverang: New solutions for • mobility • EV charger

8.2 ESG Performance

The important indicators of our ESG performance are shown below, which can also be found in our evaluation kit / ESG tab. For detailed information about our performance and additional indicators, please visit the new ESG results panel.

Dimensión económica / gobernanza	Unit	2Q20	2Q19	2.019	2.018	2.017	2.016
Energy generated by type of source	GWh	978	1.528	5.625	6.516	6.317	7.1
Wind	%	4%	3%	4%	3%	3%	3
Photovoltaic – solar farms	%	1%	1%	1%	0%	0%	0
Photovoltaic – solar roofs	%	1%	0%	0%	0%	0%	0
Hydroelectric	%	90%	75%	75%	69%	75%	49
Thermal	%	4%	22%	20%	27%	22%	48
Sustainable financing	COP mill.	268.417	140.000	236.319	140.000	-	
% of independent members in the Board of Directors	%	57%	57%	57%	57%	57%	57
Women in the Board of Directors	#	2	2	2	2	2	
Percentage of local suppliers	%	93,7%	95,0%	91,1%	91,2%	91,4%	91,0
Supplier satisfaction	#	Med. Anual	Med. Anual	91	86	83	N
Customer Experience Index – IECe	%	Med. Anual	Med. Anual	81,9	77,2	NA	N
Requests, complaints and claims	#	239.407	300.524	1.234.913	1.308.802	NA	N
Service complaints	#	78.102	106.822	443.782	367.427	NA	N
Bill claims	#	21.931	6.787	26.339	32.461	NA	N
Cybersecurity incidents	#	0	0	0	0	0	

Dimensión social	Unit	2Q20	2Q19	2.019	2.018	2.017	2.0
Employees	#	2.021	1.956	1.941	1.647	1.586	1.5
% women – employees	%	30%	28%	29%	26%	26%	25
% women – executive positions	%	20%	21%	21%	23%	31%	33
% women – training hours	%	Med. Anual	Med. Anual	28%	23%	25%	34
OSH – Employee accident severity index	-	61,7	66,4	20,8	30,5	27,4	93
OSH – Employee injury frequency index	-	8,1	9,2	3,9	6,5	6,6	9
OSH – Employee fatalities	#	0	0	0	0	0	
OSH – Contractor fatalities	#	0	0	0	1	1	
Total amount of social investment	COP mill.	Med. Anual	Med. Anual	25.709	27.887	31.378	25.4

Dimensión ambiental	Unidad	2Q20	2Q19	2.019	2.018	2.017	2.0
Absolute GHG emissions	Ton CO2 Eq	Med. Anual	Med. Anual	988.436	1.158.508	967.008	2.491.5
GHG emissions intensity	Ton CO2eq/GWh	Med. Anual	Med. Anual	188	183	157	3
Trees planted by ReverdeC	#	Med. Anual	Med. Anual	1.709.100	1.038.611	1.023.777	562.7
Non-renewable energy consumption							
Coal	Ton	Med. Anual	Med. Anual	248.216	179.974	91.585	
Natural gas	m3	Med. Anual	Med. Anual	98.336.287	237.400.397	255.581.089	449
LNG	m3	Med. Anual	Med. Anual	71.352.483	102.213.921	5.646.664	
Bunker	Gal	Med. Anual	Med. Anual	4.595.348	4.427.342	17.281.496	16
Diesel	Gal	Med. Anual	Med. Anual	1.318.048	1.095.676	2.719.532	51
Emissions reduction bonds sold	Ton CO2eq	Med. Anual	Med. Anual	620.982	NA	NA	N
Emissions reduction bonds sold	COP mill.	Med. Anual	Med. Anual	7.954	NA	NA	N

Comments on the main variations:

Note 1: The sale of Zona Franca Celsia (thermal power to natural gas of 610 MW) in September 2019, added to the reduced dispatch of the thermal power plants in Panama, resulted in a significant decrease in the amounts generated by this technology in the second quarter of 2020.

Note 2: The current larger amount in sustainable financing than the one reported in June 2019 is due to the progressive disbursements of the debt of San Andrés de Cuerquia, 19.9 MW hydroelectric power plant in Antioquia, which is due to the use of offset funds provided by Findeter at a very competitive rate of the IBR plus 1.55% in a 12-year term.

Note 3: Since 2018, for the Colombian territory, Celsia has developed a new method to assess its customers' experience of all its products, which gives a greater scope to the satisfaction assessment. The name of this new indicator is the External Customer Experience Index (IECe in Spanish).

Note 4: Billing claims increased from the same quarter of the previous year due to the Covid-19 preventive lockdown, which increased home consumption and the number of customer contacts seeking a better understanding.

Note 5: Increase in the accident severity index because Tolima's incidents and indicators are included. The organizational model is being implemented in this region to align the results with those achieved to date in the other regions where we operate.

Note 6: The rate of tree planting by the ReverdeC program slowed down in the first part of 2020 because of the preventive, mandatory lockdown to prevent the propagation of Covid-19. The program expects to plant 1,000,000 trees in the second half of the year in Valle del Cauca, Antioquia and Tolima.

Calculation formulas of the OSH indicators:

ÍNDICE	UNIDAD DE MEDIDA	VARIABLES
$IF = \frac{\# A.T.mes * k}{HHT}$	Veces	AT: Accidentes de Trabajo HHT: Horas-Hombre-Trabajadas K: Constante K (1,000,000)
$IS = \frac{(\#D.I.+\#D.C) * k}{HHT}$	Tiempo	DI+DC: Días de incapacidad cargos por AT HHT: Horas-Hombre-Trabajadas K: Constante K (1,000,000)

8.3 Links of interest

- Sustainability policies and practices:
  - Corporate documents: https://www.celsia.com/es/nuestra-empresa/gobierno-corporativo/celsia/documentos-corporativos
  - Good practices: https://www.celsia.com/es/nuestra-empresa/gobierno-corporativo/celsia/buenas-practicas
- Integrated reports: https://www.celsia.com/es/sostenibilidad/reportes
- Acknowledgments: Reconocimientos Celsia 2019.pdf
- Socio-environmental goals – base year 2015: https://www.celsia.com/es/sostenibilidad/metas

9. Celsia's Separate Financial Statements

In the second quarter of the year, COP 115,531 million in income was reported in Celsia's Separate Financial Statements. Revenue amounted to COP 38,640 million, mainly explained by the higher income obtained under the representation contract for the power purchase option with Prime, which is a financial contract that was agreed with Prime (buyers of Termoflores) for dispatching electricity under conditions on price and generation of the Termoflores power plants. The equity method amounted to COP 76,890 million, 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.

The cost of sales reports COP 5,211 million, a 9.3% reduction year on year due to lower staff costs and payment of environmental fees, public utilities and depreciations.

Administrative expenses report COP 8,085 million, 33.4% lower year on year due to lower staff, travel and publicity expenses, and technical consultancy fees, among others.

The quarter's EBITDA amounted to COP 28,715 million. It is important to consider that since Q1 2020, we have had additional income from the purchase option with Prime. The EBITDA margin was 68%, while in Q2 2019, it was 17%, and in Q1 2020, it was 59%.

Net profit in the quarter reported a gain of COP 86,240 million.

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.

10. Financial ratios

10.1. Celsia – separate financial statements

Liquidity and debt indicators	Unit	2Q2020	Dec. 2019	
Liability/Asset (Level of debt)	%	16%	13%	
Current liability/Total liability (short term)	%	34%	19%	Greater liquidity to support the global situation caused by the state of health emergency decreed by Covid-19
Current ratio (Current assets / Current liabilities)	Times	0,62	0,51	
Cash and cash equivalents	COP million	170.526	56.042	
Profitability indicators				
Gross margin	%	95%	88%	
Operating margin	%	88%	63%	

10.2. Celsia – consolidated financial statements

Liquidity and debt indicators	Unit	2Q2020	Dec. 2019	
Liability/Asset (Level of debt)	%	53%	50%	
Current liability/Total liability (short term)	%	32%	30%	Greater liquidity to support the global situation caused by the state of health emergency decreed by Covid-19
Current ratio (Current assets / Current liabilities)	Times	0,99	1,03	
Cash and cash equivalents	COP million	576.094	384.672	
Profitability indicators				
Gross margin	%	33%	27%	
Operating margin	%	25%	20%	

Financial Statements

CELSIA S.A.

Condensed Consolidated Statement of Financial Position

For the interim periods ending on June 30, 2020, and December 31, 2019
(Values expressed in thousands of Colombian pesos)

	June 2020	December 2019
Assets		
Non-current assets		
Property, plant and equipment, net	8.154.924.472	7.854.189.945
Right-of-use assets	59.862.320	67.415.841
Intangible assets, net	419.434.856	370.788.061
Goodwill	1.016.453.166	931.542.257
Investments in associates and joint ventures	175.983.831	177.764.418
Other financial investments	101.585.175	88.743.978
Other non-financial assets	108.276.362	115.237.349
Trade debtors and other accounts receivable, net	51.574.688	9.239.707
Deferred tax assets	6.952.330	7.559.811
Total non-current assets	**10.095.047.200**	**9.622.481.367**
Current assets		
Cash and cash equivalents	576.094.321	384.672.034
Trade debtors and other accounts receivable, net	1.091.370.565	1.123.732.527
Inventories	229.634.211	180.210.716
Other non-financial assets	58.823.339	42.191.033
Current tax assets	96.345.353	25.054.136
Total current assets	**2.052.267.789**	**1.755.860.446**
Total assets	**12.147.314.989**	**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	138.120.576	473.446.699
Other comprehensive income	534.254.538	326.727.770
Accumulated 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	**4.581.062.768**	**4.547.854.217**
Non-controlling interest	1.076.247.164	1.126.742.207
Total net equity	**5.657.309.932**	**5.674.596.424**
Liabilities		
Non-current liabilities		
Borrowings	3.761.977.776	3.370.810.218
Liabilities for right-of-use assets	61.056.520	61.867.047
Trade creditors and other accounts payable	103.043.967	99.359.526
Provisions	32.094	30.954
Deferred tax liabilities	347.758.134	324.264.225
Employee benefits	148.503.050	148.176.275
Total non-current liabilities	**4.422.371.541**	**4.004.508.245**

Current liabilities		
Borrowings	819.121.849	586.270.772
Derivative financial instruments	14.512.103	-
Liabilities for right-of-use assets	6.306.589	10.942.767
Trade creditors and other accounts payable	802.413.986	616.080.803
Provisions	224.869.562	232.388.635
Current tax liabilities	120.546.508	147.010.635
Employee benefits	42.886.566	53.987.762
Other liabilities	36.976.353	52.555.770
Total current liabilities	**2.067.633.516**	**1.699.237.144**
Total liabilities	**6.490.005.057**	**5.703.745.389**
Total liabilities and equity	**12.147.314.989**	**11.378.341.813**

Consolidated Statement of Income and Other Comprehensive Income

For the interim periods ending on June 30, 2020 and 2019
(Values expressed in thousands of COP)

	CUMM. Six months ended on june 30		QUARTER Six months ended on june 30	
	2020	**2019**	**2020**	**2019**
Revenue	1.819.462.234	1.774.446.560	891.068.600	913.207.244
Cost of sales	(1.218.115.771)	(1.286.255.213)	(595.956.581)	(663.405.322)
Gross earnings	**601.346.463**	**488.191.347**	**295.112.019**	**249.801.922**
Other income	18.738.718	2.999.992	15.114.725	1.472.424
Administrative expenses	(141.820.153)	(129.725.820)	(76.362.538)	(71.010.450)
Other expenses	(19.483.013)	(21.380.241)	(1.610.365)	(10.934.008)
Equity method, net	(3.093.717)	(730.672)	(266.969)	(414.989)
Earnings before financial costs	**455.688.298**	**339.354.606**	**231.986.872**	**168.914.899**
Financial income	13.063.262	11.853.579	9.807.311	7.002.415
Financial costs	(175.812.970)	(188.038.295)	(85.285.245)	(107.863.705)
Exchange difference, net	7.869.423	28.632.705	(9.371.806)	24.544.536
Earnings before tax	**300.808.013**	**191.802.595**	**147.137.132**	**92.598.145**
Income tax	(117.404.855)	(95.013.304)	(50.487.947)	(49.336.481)
Income of the period, net	**183.403.158**	**96.789.291**	**96.649.185**	**43.261.664**
Earnings attributable to:				
Controlling shareholders	138.120.576	49.971.540	73.092.367	15.822.039
Non-controlling interest	45.282.582	46.817.751	23.556.818	27.439.625
	183.403.158	**96.789.291**	**96.649.185**	**43.261.664**

Separate Statement of Financial Position

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

(Values expressed in thousands of Colombian pesos)

	June 2020	December 2019
Assets		
Non-current assets		
Property, plant and equipment, net	128.147.312	133.470.503
Right-of-use assets	9.315.827	10.565.239
Intangible assets, net	1.071.473	1.057.473
Investments in associates and joint ventures	4.816.621.768	4.658.472.016
Other financial investments	230.050	142.655
Other non-financial assets	89.073.635	78.023.826
Trade debtors and other accounts receivable, net	537.449	537.449
Deferred tax assets	876.258.194	927.341.617
Total non-current assets	**5.921.255.708**	**5.809.610.778**
Current assets		
Cash and cash equivalents	170.525.659	56.041.572
Trade debtors and other accounts receivable, net	27.509.031	15.771.798
Inventories	2.351.711	2.348.543
Other non-financial assets	3.300.756	1.319.871
Current tax assets	2.521.450	112.252
Total current assets	**206.208.607**	**75.594.036**
Total assets	**6.127.464.315**	**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
Annual income, net	157.388.998	120.617.114
Other comprehensive income	502.191.708	323.176.718
Accumulated profits (losses)	13.615.656	13.615.656
Retained earnings in opening balance sheet	20.585.359	20.585.359
Total net equity	**5.137.349.649**	**5.113.384.452**
Liabilities		
Non-current liabilities		
Borrowings	519.031.350	509.996.544
Liabilities for right-of-use assets	9.471.423	9.471.423
Trade creditors and other accounts payable	103.043.967	99.359.526
Deferred tax liabilities	20.381.384	4.068.526
Total non-current liabilities	**651.928.124**	**622.896.019**
Current liabilities		
Borrowings	3.090.031	2.294.265
Derivative financial instruments	158.735	-
Liabilities for right-of-use assets	941.923	1.634.521
Trade creditors and other accounts payable	278.120.392	67.397.602
Provisions	40.098.158	33.594.482
Current tax liabilities	11.379.965	32.363.676
Employee benefits	4.099.064	5.706.806
Other liabilities	298.274	5.932.991
Total current liabilities	**338.186.542**	**148.924.343**

	June 2020	December 2019
Total liabilities	**990.114.666**	**771.820.362**
Total liabilities and equity	**6.127.464.315**	**5.885.204.814**

Separate Statement of Income and Other Comprehensive Income

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

(Values expressed in thousands of COP)

	CUMM.		QUARTER	
	Six months ended on june 30		Six months ended on june 30	
	2020	2019	2020	2019
Revenue				
Equity method	129.865.995	77.938.284	76.890.297	31.766.014
Ordinary revenue	73.752.563	30.683.473	38.640.352	17.148.162
Total revenue	**203.618.558**	**108.621.757**	**115.530.649**	**48.914.176**
Cost of sales	(10.629.130)	(11.890.561)	(5.211.235)	(5.743.438)
Gross earnings	**192.989.428**	**96.731.196**	**110.319.414**	**43.170.738**
Other income	64.042	144.320	55.621	33.903
Administrative expenses	(16.456.203)	(21.585.290)	(8.084.968)	(12.136.069)
Other expenses	(5.748.651)	(4.709.551)	(763.054)	(258.402)
Earnings before financial costs	**170.848.616**	**70.580.675**	**101.527.013**	**30.810.170**
Financial income	25.746.358	25.591.276	12.151.672	11.691.150
Financial costs	(26.762.327)	(36.113.953)	(12.992.151)	(18.709.475)
Exchange difference, net	12.654.013	1.372.840	(9.460.785)	141.331
Earnings before tax	**182.486.660**	**61.430.838**	**91.225.749**	**23.933.175**
Income tax	(25.097.662)	(11.459.299)	(4.985.566)	(8.111.136)
Income of the period, net	**157.388.998**	**49.971.539**	**86.240.183**	**15.822.039**