

Q2 2020 Results

Celsia has fully operated during the contingency and is focused on maintaining jobs and the liquidity of its suppliers and customers

- *Celsia presents the second quarter financial results: Consolidated income amounted to COP 891,069 million with a 4.0% decrease from the first quarter of 2020 and the consolidated EBITDA of the quarter was COP 312,386 million with a 5.5% decrease from the first quarter of the year.*
- *The relief programs launched by the Company amounted to COP 73 billion to support its customers and COP 50 billion to support its suppliers.*
- *Celsia has donated COP 10,440 million in social support programs with initiatives that have reached 73 hospitals and health institutions, and 14,000 nutritional kits for communities in its areas of influence.*
- *The Company increased its capacity by 30 MW with the construction of two renewable energy power plants, and launched the innovative sustainable mobility platform Muverang, in partnership with Sura and Bancolombia.*

Medellín, August 10, 2020. Celsia, a Grupo Argos energy company, presents its report on the second quarter of 2020 in the middle of Covid-19 pandemic. In this period, it has established the aim to protect its employees and their families, operate with high biosecurity standards and ensure the electricity supply for all its customers. Consequently, Celsia has established lines of support for customers, suppliers and communities in its areas of influence, as well as actions aimed at social support and the economic recovery of the regions where it operates.

The Company has redefined its priorities and has been working on some principles of action to contribute to its stakeholders' recovery:

- Job protection and maintenance:** Celsia's 2,023 direct employees have kept working to better respond to customers during the contingency. We hired 123 new employees during the period, as well as 47 apprentices. We keep applying all the measures to take care of employees: The entire administrative team continues to work remotely and the operating team implements social distancing protocols, shift working schemes, 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.
- Celsia's reduces payment times for its suppliers:** As part of this principle of action, the Company reduced the times for payment and paid COP 50 billion in advance to more than 350 suppliers in Colombia, increasing the cash available 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.
- Customer support and assistance:** As well as the benefits that customers can use to defer the payment of their electricity bill, especially those in socioeconomic levels 1 to 4. It also started schemes 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, which amounted to COP 41,056 million for the Company.

By the end of June, 373,403 clients had adopted the different easy payment schemes, 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 circumstances 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 with donations in kind and contributions of resources, which amounted to more than 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 been 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.

The initial target of COP 360 billion in savings has been raised to COP 370 billion: COP 45 billion in costs and expenses and COP 325 billion in capital investments. These values already include the greater costs due to the biosecurity protocols implemented in the Organization in response to the pandemic, as well as the reinforcement of our customer service channels. We achieved savings of COP 27 billion in costs and expenses during the quarter.

Financial results incorporating Tolima operations

	Units	Q2 2020	Q1 2020	Δ	Q2 2019	Δ	Year to date 2020
Revenue	COP million	891,069	928,394	-4.0%	913,207	-2.4%	1,819,462
EBITDA	COP million	312,386	330,643	-5.5%	287,163	8.8%	643,029
<i>EBITDA margin</i>	%	35.1%	35.6%	-	31.4%	-	35.3%

The consolidated income of the second quarter amounted to COP 891,069 million, with a 4.0% decrease from the first quarter of 2020 and a 2.4% decrease from the same quarter of 2019. Income in Colombia accounted for 90% of the consolidated total, and in Central America, it accounted for 10%. In the first half of the year, the consolidated income amounted to COP 1.8 trillion.

The decrease in income is the result of lower consolidated generation, which amounted to 971 GWh, down 18.1% from the first quarter, due to the lower water levels and greater demand on the reservoirs in Colombia and due to the dry season and reduced energy demand because of the preventive lockdown in Central America.

In Colombia, the retail reseller sold 769 GWh, down 12.2% from the first quarter as a result of the preventive, mandatory lockdown, which affected the electricity demand of both the regulated and non-regulated sectors. This reduction added to the different relief measures and improvement of customer service led to the reseller obtaining a negative EBITDA of COP 6,557 million in June this year, even with the incorporation of Tolima, while in June 2019, it recorded an EBITDA of COP 19,194 million.

The quarter's consolidated EBITDA was COP 312,386 million with a 5.5% reduction from the first quarter of the year and an 8.8% increase from the second quarter of 2019. These figures are not comparable due to the transactions made in 2019. Colombia contributed COP 275,315 million and Central America contributed COP 37,071 million. The year-to-date EBITDA amounts to COP 643,029 million.

The Company reported COP 13,262 million as an adjustment for the divestment of Zona Franca Celsia, which contributed to a consolidated net income in the quarter of COP 96,649 million. When deducting the minority interest, the net income attributable to controlling shareholders made a profit of COP 73,092 million. The year-to-date consolidated net income amounts to COP 183,403 million and the net income of the controlling shareholders to COP 138,121 million.

More than COP 113 billion of working capital have been allocated this year to support the principles of action, COP 73 billion have been used for the deferral of tariffs and charges to customers, and COP 40 billion have been used for advance purchases of materials for grid maintenance and prepayment of suppliers.

The Company closed the second quarter of the year with a consolidated debt of COP 4.42 trillion and a leverage ratio of 3.1 times net debt to EBITDA. During the quarter, the Company took out COP 415 billion in net loans to maintain financial flexibility during the COVID-19 pandemic and COP 40 billion for the development of the San Andrés de Cuerquia SHPP and the Comayagua solar farm in Honduras. Operations in Central America are denominated in U.S. dollars and assets increased COP 292 billion in value and debt increased COP 185 billion in the accounting consolidation due to the devaluation of the Colombian peso.

Innovation for sustainable mobility

During the quarter, Celsia, Sura and Bancolombia presented Muverang, a joint initiative to develop sustainable mobility solutions that contribute to people's well-being and to the companies' competitiveness. Muverang has three lines of business, two of which offer modes of transportation, one for the commute of the companies' employees and one aimed at the general public. These alternatives take the center stage at times when Colombian cities require solutions that facilitate social distancing and ease the load faced by public transportation. The platform makes a whole range of electric vehicles available to the companies and people, such as two-seater cars, motorbikes, scooters, and bicycles for rental.

Ongoing renewable energy projects

Progress was made in the second quarter with the completion of Celsia Solar Espinal in Tolima, which has a capacity of 9.4 MW, will prevent the emission of 163,471 tons of CO₂ over 25 years, and is located on an old Coltabaco property in the municipality of El Espinal. Additionally, the San Andrés de Cuerquia SHPP in Antioquia started operations with its two generation units, which add 20 MW to the capacity of the country's energy generation matrix.

Presentation of results by teleconference

On Tuesday, August 11, 2020, at 8:00 a.m. Bogotá time, the quarterly results will be broadcast online. To connect, please click on the following link: [Presentation of 2020 Second Quarter Results](#)

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.		QUARTER	
	Six months ended on june 30 2020	2019	Six months ended on june 30 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

1. 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.

INFORMACIÓN RELEVANTE CELSIA S.A.



2. 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%
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%

Greater liquidity to support the global situation caused by the state of health emergency decreed by Covid-19

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%
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%

Greater liquidity to support the global situation caused by the state of health emergency decreed by Covid-19