

RELEVANT INFORMATION

CELSIA S.A. E.S.P.



Celsia Consolidates its results with Increases in EBITDA Margins and Net Profit

- *Of special note is the net and EBITDA margin recoveries, at 583% and 65%, respectively.*
- *The Celsia Solar Farm in Yumbo, the first solar roof at a shopping center, and progress in Plan5Caribe place Celsia as one of the dynamic actors of the sector.*
- *Celsia promotes alternative energies in Colombia and encourages efficient management of its traditional business.*

Medellín, May 3, 2017. Celsia, an energy company of Grupo Argos, consistently contributes to the Colombian energy sector's dynamics, fostering non-conventional energies and expanding its distribution operations at the national level.

In the first quarter of this year, the **EBITDA margin's** performance was outstanding, reaching **32.5%**, a 65% increase compared to the margin obtained in the same period last year. This level is close to the average historical margins. The EBITDA for the quarter amounted to COP 241 billion with a positive contribution from all the businesses: power generation in Colombia contributed with COP 117 billion, transmission and distribution with COP 71 billion, and the Central American operations contributed USD 16.4 million.

The **net result** for the first quarter shows 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 583% in the margin compared to the same quarter of the previous year.

Consolidated revenue reached COP 742 billion. The power generation business in Colombia contributed with 36%, distribution and sales with 37%, where the revenue from the Cuestecitas substation of Plan5Caribe stands out. Central America, with revenue of USD 62 million and 6% growth, represented 24% of the consolidated revenue.

Finally, the quarter's **cost of sales** was **COP 523 billion**, 54% lower than the numbers observed in the same period of 2016, because weather conditions in Colombia favored the hydraulic operation, which has lower variable costs compared to the thermal operation, which was the most used power generation last year.

As far as **investments**, the organization has executed **COP 68 billion** in Colombia as of March: 79% for the strategic plan's investment and growth, focused on the Plan5Caribe project; 20% for continuity and maintenance of the power generation and distribution business infrastructure; and 1% was destined to investment in technology, support areas and innovation. In **Central America**, **investments** totaled USD 3.2 million.

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“Over the past year, we have been working hard to recover the Company's results: we managed the risk and adapted to the challenges imposed by the weather, operations and industry conditions. At the same time, and thinking in the long run, we set out to drive non-conventional and clean energies, advancing in a sector that is transforming quickly”, stated **Celsia CEO Ricardo Sierra**.

Celsia, a Dynamic Actor

The renewable energy thrust, digital transformation for our clients, and expansion of the distribution operations at the national level, have all made Celsia a leading and dynamic company in the sector. Some facts that describe this include:

- The **Celsia Solar Yumbo** project is under construction and will start operations in the third quarter of this year. This solar farm is the spearhead to reach an installed capacity of 250 MW in Colombia and Panama.
- The **first solar roof** installed by the organization in the La Reserva shopping center in Antioquia was delivered in March. The photovoltaic generation system has 96 modules and will cover 50% of the energy demands in the common areas.
- In transmission and distribution, the **Plan5Caribe** project execution stands out. In the first quarter of the year, works at the La Guajira and Valledupar substations were finalized and went into service. Other projects are progressing, mainly in processing licenses and awarding contracts. To that regard, Ricardo Sierra mentioned that *“the community of La Guajira already has increased stability and reliability in the regional transmission system’s voltage levels. We also reached the department of Cesar, improving reliability, and we will soon be in other departments of the North Coast region in the framework of Plan5Caribe”*.

Energy that Transforms Lives and Contributes to the Development of the Regions

- In the municipality of San Luis and San Carlos, areas of influence of the Porvenir II Hydroelectric Power Plant Project, Fundación Celsia provided the community with improvements in energy and water infrastructure at eight schools, with an investment of COP 743 million, to the benefit of 147 children and their families. In addition, over 16,500 school kits were delivered in different areas of influence in Antioquia, Cauca, Valle del Cauca and Tolima, and in the communities of the works near Plan5Caribe in the departments of Atlántico, Bolívar, Córdoba and La Guajira.
- Due to the operations of its power plants in Colombia, the organization transferred in the first quarter over **COP 5 billion to 51 municipalities and six regional autonomous corporations** in the country, as a result of the transfers that all companies in the electricity sector have to make, depending on their energy sales. These transfers are resources that must be invested in drinking water projects, basic sanitation, and environmental improvement.
- Finally, Celsia reported that 3,020 trees were planted in 14 Valle municipalities through its ReverdeC program. To date, we have planted 579 thousand trees since the beginning of the program.

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Presentation of Results by Teleconference

On May 4th, 2017 at 8:00 a.m., Bogotá time, the presentation of the quarterly results will be broadcast online. To connect, click on the following link:

[Presentation of 2017 first quarter results](#)

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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	66.321	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%

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CELSIA S.A. E.S.P.



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

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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
TOTAL LIABILITIES	5.628.304	5.349.238
TOTAL NET EQUITY AND LIABILITIES	9.831.734	9.743.762

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CELSIA S.A. E.S.P.



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%

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CELSIA S.A. E.S.P.



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%

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CELSIA S.A. E.S.P.



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)