

In the Third Quarter, Celsia's Increased its Revenue, Ebitda and Net Profit, Drove its Renewable Energy Projects and Started Operations in Tolima

- *Outstanding growth in the main indicators: +16% in revenue (COP 984,009 million), +24% in EBITDA (COP 320,540 million) and +390% in net profit (COP 315,613 million).*
- *During this period, there were transformational events, such as the aforementioned sale of the Zona Franca Celsia Thermal Power Plant for USD 420 million; the awarding of 766 GWh-year in the renewable energy auction by the Colombian government; and the partnership with Cubico, one of the world leaders in renewable energy.*
- *The use of the funds from the sale of Zona Franca enabled a reduction in the consolidated net debt / EBITDA leverage ratio to 3.0 times.*
- *"They are good results thanks to Celsia's people, who have set themselves ambitious targets and are focused on achieving them. The quarter reflects a solid performance of our businesses, with some defined growth projects, inspired by a long-term strategy to transform our client experience and create value for our shareholders," said Ricardo Sierra, Celsia CEO.*

Medellín, November 7, 2019. Celsia's third quarter results, a Grupo Argos energy company, present outstanding growth in the main indicators. The period has a 16% increase in revenue, a 24% increase in the EBITDA and a 390% increase in the net profit.

The results of this quarter reflect extraordinary situations, including the effect of the sale of Zona Franca and the incorporation of the operation of the electricity service in Tolima for a whole quarter. As they are not comparable with the same quarter last year, the differences are explained in each line.

The consolidated revenue of the quarter amounted to COP 984,009 million; a 16% increase from the same period last year. Year-to-date revenue amounts to COP 2.76 trillion, showing an increase of 10%. Revenue in Colombia accounted for 83% of the consolidated total, and in Central America, it accounted for 17%.

By business: income from electricity generation in Colombia during the quarter amounted to COP 243,858 million; a 24% reduction. In this figure, it must be noted that the income the Zona Franca Celsia Power Plant contributed is not included as of September. Therefore, to make the figures comparable, the third quarter of 2018 would have to be eliminated from the financial

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results of said plant. When doing this exercise, the income from generation in Colombia does not show changes.

In Central America, the revenue of the quarter was more than USD 48 million, with a 7.5% reduction from the previous year. This is mainly because 2019 has been a predominantly dry year in Panama, which has reduced the generation of the grid's hydroelectric power plants.

In the distribution business, the revenue from grid use and connection was more than COP 105,000 million, increasing 52%, mainly because of Tolima, which contributed COP 15,700 million, and the incorporation of the assets of Plan5Caribe, which amounted to COP 19,880 million. Excluding the Tolima assets, revenue grew 17%.

The retail sales revenue increased 64% in the quarter compared to the previous year, amounting to COP 436,334 million, benefiting from the additional income from the Tolima assets of COP 148,789 million. The increase in this revenue excluding Tolima was 8%.

The consolidated EBITDA in the third quarter was COP 320,540 million; up 24% from the same period in 2018. Operations in Colombia contributed COP 282,919 million, with a 43% increase. To date, the Organization's EBITDA amounts to COP 883,414 million; up 8%.

As regards the net profit, the Company recorded COP 315,613 million in the quarter, with a 390% increase from the previous year. When subtracting the minority interest, the net income attributable to the controlling shareholders was COP 307,635 million; up 571%.

Excluding the net earnings from the sale of Zona Franca, the consolidated net profit of the quarter was COP 65,995 million with a 3% increase and the net income attributable to the controlling shareholders was COP 58,017 million; up 27%.

Year-to-date, net earnings amounted to COP 412,402 million, with a 70% increase, and income attributable to the controlling shareholders was COP 357,606 million; up 118%. Excluding the profit of Zona Franca, so far this year, net earnings accounted for COP 163,000 million and the earnings attributable to the controlling shareholders are COP 108,000 million

The use of the funds from the sale of Zona Franca enabled a reduction in the Company's consolidated debt by COP 1.1 trillion and takes the net debt / EBITDA leverage ratio to 3.0 times. Additionally, with these resources, Celsia acquired 1.82% of the shareholding in Epsa at the end of October, obtaining ownership of 65% of this company, its main operation and growth asset in Colombia.

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“For Celsia’s teams, it is highly satisfactory to present these results, not only for the benefit of its thousands of shareholders, but also for what they represent in client satisfaction, innovation and contributions to the government and to society. We see the fruits of the strategy that we have established, in which the investments as well as the divestments made have enabled us to achieve operating and financial figures that fill us with good energy. The quarter reflects a solid performance of our businesses, with some defined growth projects, inspired by a long-term strategy to transform our client experience and create value for our shareholders,” said Ricardo Sierra Fernández, Celsia CEO.

Relevant Events of the Quarter

- **Sale of thermal power plant in Barranquilla:** Celsia sold 100% of the shares in its Zona Franca Thermal Power Plant for USD 420 million. With these funds, it is strengthening its capital structure to develop new projects and to consolidate a competitive, flexible and sustainable portfolio of energy assets. In the next five years, more than 25% of Celsia’s energy in Colombia will come from unconventional renewable energy with wind and solar sources.
- **Celsia wins contracts for wind farm projects in auction:** In the recent renewable energy auction promoted by the Colombian government, as an energy generation company, Celsia was awarded 766 GWh-year for the Acacia and Camelia wind farm projects, located in La Guajira, which will be contracted for 15 years from January 2022.
- **...and it also acquired renewable energy:** In the same auction, but in the role of reseller, 264 GWh-year were assigned to Celsia in 15-year contracts, which are equivalent to approximately 10% of the needs of its clients in Valle del Cauca and Tolima.
- **Partnership with global leader in renewable energy:** Celsia announced a collaboration agreement with Cubico, one of the global leaders in renewable energy. This partnership involves the creation of the largest solar project platform in Colombia to date with a target size of 400 MW in a two-year term.
- **Improvements in sustainability rankings:** Celsia came in second place in the sustainability ranking of electricity sector companies of the Latin American Integrated Market (MILA, for the Spanish original) and is part of the top ten in the global index.
- **...and also in the reputation indicators:** The Company keeps moving up in the Corporate Reputation Monitor (MERCOC) and this time, it climbed from place 50 to 45.

Presentation of results by teleconference

On November 8, 2019, at 8:00 a.m. Bogotá time, the quarterly results will be broadcast online. To connect, please click on the following link: [Presentation of 2019 Third Quarter Results](#)

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Financial Statements¹

Celsia S.A.

Condensed Consolidated Statement of Financial Position

Interim periods ending on September 30, 2019, and December 31, 2018

Values expressed in thousands of COP

	SEP-19	DEC 18
Assets		
Non-current assets		
Property, plant and equipment, net	8.797.438.374	7.792.838.745
Right-of-use assets	70.836.598	-
Intangible assets, net	395.470.397	357.499.397
Investments reported using the equity method	8.543.518	10.921.581
Other financial investments	96.824.468	88.824.275
Other non-financial assets	-	9.769.920
Trade debtors and other accounts receivable, net	126.153.180	6.291.569
Goodwill	1.004.467.916	952.737.149
Deferred tax assets	48.141.649	52.106.067
Total non-current assets	10.547.876.100	9.270.988.703
Current assets		
Cash and cash equivalents	506.365.223	444.621.688
Other non-financial assets	47.246.471	79.619.896
Trade debtors and other accounts receivable, net	658.934.196	526.120.133
Inventories	226.245.715	255.699.907
Tax assets	161.424.621	75.360.637
Total current assets	1.600.216.226	1.381.422.261
Total assets	12.148.092.326	10.652.410.964
Liabilities and shareholders' equity		
Equity		
Subscribed and paid-in capital	267.493	267.493
Share issue premium	1.822.194.921	1.822.194.921
Reserves	2.498.009.878	2.467.050.747
Annual net earnings	357.606.278	227.834.080
Other comprehensive income	417.035.981	316.132.012
Retained losses	-50.394.833	-50.394.833
Retained earnings in opening balance sheet	20.585.359	20.585.359
Other equity interest	-476.965.898	-405.668.197
Equity attributable to controlling shareholders	4.588.339.179	4.398.001.582
Non-controlling interest	1.078.109.200	1.006.354.153
Total net equity	5.666.448.379	5.404.355.735

¹ The Financial Statements with their notes and the Statutory Auditor reports are published on the website of the Financial Superintendence | SIMEV | RNVE | Financial Statements under IFRS
Financial Statements from previous quarters are available in the valuation kit published on the website for shareholders, <https://www.celsia.com/es/accionistas-e-inversionistas/Informacion-financiera/kit-de-valoracion-para-analistas>

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Liabilities		
Non-current liabilities		
Financial liabilities	3.680.931.338	2.956.750.157
Liabilities for right-of-use assets	70.804.905	-
Trade liabilities and other accounts payable	97.567.027	92.411.309
Deferred tax liabilities	326.304.648	384.453.800
Employee benefits	140.174.801	134.247.615
Other liabilities	6.761.192	-
Total non-current liabilities	4.322.543.911	3.567.862.880
Current liabilities		
Financial liabilities	988.933.979	669.054.168
Liabilities for right-of-use assets	4.307.632	-
Trade liabilities and other accounts payable	629.065.693	627.645.568
Provisions	241.021.955	234.358.849
Tax liabilities	196.159.749	53.990.828
Employee benefits	50.869.694	46.128.262
Other liabilities	48.741.334	49.014.673
Total current liabilities	2.159.100.036	1.680.192.348
Total liabilities	6.481.643.947	5.248.055.228
Total liabilities and equity	12.148.092.326	10.652.410.964

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CELSIA S.A.

Condensed Consolidated Statement of Comprehensive Income

For the interim periods ending on September 30, 2019 and 2018

(Values expressed in thousands of COP)

	YEAR TO DATE		QUARTER	
	Nine months ending on September 30		Three months from July 1 to September 30	
	2019	2018	2019	2018
Revenue				
Revenue	2.758.455.124	2.518.832.761	984.008.564	851.527.449
Cost of sales	-1.981.095.931	-1.797.603.855	-694.840.718	-623.485.232
Gross earnings	777.359.193	721.228.906	289.167.846	228.042.217
Other revenue	317.262.446	11.633.797	314.262.454	5.135.977
Administrative expenses	-212.394.516	-164.658.683	-82.648.837	-54.119.438
Other expenses	-21.171.760	-21.155.695	188.621	-7.992.806
Equity method, net	-1.347.899	-26.291	-617.227	-117.438
Profit before financial costs	859.707.464	547.022.034	520.352.857	170.948.512
Financial revenue	15.827.260	8.173.804	3.973.680	2.721.828
Financial costs	-304.575.687	-223.298.738	-109.195.672	-70.502.779
Exchange difference, net	14.279.153	16.781.963	-21.695.272	-7.546.233
Earnings before tax	585.238.190	348.679.063	393.435.593	95.621.328
Income tax	-172.836.284	-106.042.959	-77.822.980	-31.208.321
Net earnings of the period	412.401.906	242.636.104	315.612.613	64.413.004
Earnings attributable to:				
Controlling shareholders	357.606.278	164.005.274	307.634.738	45.864.143
Non-controlling interest	54.795.628	78.630.830	7.977.875	18.548.861

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CELSIA S.A. Condensed Separate Statement of Financial Position

Interim periods ending on September 30, 2019, and December 31, 2018
Values expressed in thousands of COP

	SEP-19	DEC 18
NON-CURRENT ASSETS		
Property, plant and equipment	134.705.950	167.383.671
Right-of-use assets	10.990.693	-
Intangible assets, net	1.226.032	989.074
Investments reported using the equity method	4.733.007.850	4.980.808.626
Other financial investments	85.986.925	81.861.153
Trade debtors and other receivables, net	1.249.995.831	475.280.343
Deferred tax assets	37.757.210	43.442.664
TOTAL NON-CURRENT ASSETS	6.253.670.491	5.749.765.531
CURRENT ASSETS		
Cash and cash equivalents	196.275.361	92.290.392
Other non-financial assets	1.891.858	4.022.651
Trade debtors and other accounts receivable, net	26.278.404	268.593.295
Inventories	2.537.294	2.120.725
Tax assets	35.297.042	27.573.502
TOTAL CURRENT ASSETS	262.279.959	394.600.565
TOTAL ASSETS	6.515.950.450	6.144.366.096
EQUITY		
Subscribed and paid-in capital	267.493	267.493
Share issue premium	1.822.194.921	1.822.194.921
Reserves	2.812.927.191	2.467.050.747
Net earnings of the period	357.606.278	542.751.394
Other comprehensive income	412.411.998	313.458.260
Retained earnings from the previous period	13.615.656	13.615.656
Retained earnings in opening balance sheet	20.585.359	20.585.359
Other equity interest	-798.241	-
TOTAL EQUITY, NET	5.438.810.655	5.179.923.830
NON-CURRENT LIABILITIES		
Financial liabilities	451.974.195	451.849.287
Liabilities for right-of-use assets	10.670.928	-
Trade liabilities and other accounts payable, net	97.567.027	92.381.309
Employee benefits	3.541.408	3.541.408
TOTAL NON-CURRENT LIABILITIES	563.753.558	547.772.004
CURRENT LIABILITIES		
Financial liabilities	295.430.599	293.090.638
Liabilities for right-of-use assets	752.027	-
Trade liabilities and other accounts payable, net	133.939.126	91.376.880
Provisions	15.000	220.000
Tax liabilities	66.909.882	970.331
Employee benefits	4.357.950	5.219.797
Other liabilities	11.981.653	25.792.616
TOTAL CURRENT LIABILITIES	513.386.237	416.670.262
TOTAL LIABILITIES	1.077.139.795	964.442.266
TOTAL EQUITY AND LIABILITIES	6.515.950.450	6.144.366.096

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CELSIA S.A.

Condensed Separate Statement of Comprehensive Income

For the interim periods ending on September 30, 2019 and 2018

(Values expressed in thousands of COP)

	YEAR TO DATE		QUARTER	
	Nine months ending on September 30		Three months from July 1 to September 30	
	2019	2018	2019	2018
Revenue	48.145.970	191.726.862	17.462.497	62.710.891
Cost of sales	-18.064.860	-119.675.585	-6.174.299	-35.351.530
Gross earnings	30.081.110	72.051.277	11.288.198	27.359.361
Other revenue	311.644.799	644.681	311.500.479	-38.680
Administrative expenses	-33.956.004	-34.214.079	-12.370.714	-10.249.833
Other expenses	-4.964.799	-4.894.663	-255.247	-116.531
Equity method, net	115.242.731	156.508.290	37.304.447	50.766.135
Profit before financial costs	418.047.837	190.095.506	347.467.163	67.720.452
Financial result - financial revenue	36.425.405	17.923.427	10.834.130	4.755.221
Financial result - financial costs	-55.255.153	-55.051.633	-19.141.201	-16.356.132
Exchange difference	31.380.383	17.814.837	30.007.543	-5.310.723
Earnings before tax	430.598.472	170.782.137	369.167.635	50.808.818
Income tax	-72.992.194	-6.776.863	-61.532.896	-4.944.675
Annual net income	357.606.278	164.005.274	307.634.739	45.864.143

Celsia Separate Financial Statements

In the third quarter, Celsia separately reported revenue of COP 17,462 million, derived from the energy and capacity representation contract with Epsa for the Meriléctrica asset. This revenue is 72.2% lower than in 2018, due to the sale of generation assets to Epsa in December 2018.

The cost of sales was COP 6,174 million, down 82.5% Y/Y due to the sale of the generation assets. The remaining cost of sales is primarily related to fixed depreciation costs, personnel costs and maintenance costs, among others. A small proportion represents variable generation costs, associated with fuel consumption and connection charges. Administrative expenses recorded COP 12,371 million; up 20.7% Y/Y.

The EBITDA in the quarter was COP 2,454 million and to date, it amounts to COP 6,712 million. In other income, COP 311,500 million were recorded for the sale of the ZF Thermal Power Plant. The financial expenses of the quarter amounted to COP 19,141 million, mainly due to the interest for the Company's bond program. The financial revenue of COP 10,834 million is from the interest related to the account receivable that Celsia has from Epsa for the purchase/sale of generation assets in 2018.

Net earnings in the quarter were COP 307,635 million (+570.8%) and are COP 357,606 million in the year to date (+118.0% Y/Y).

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Financial ratios²

1. Celsia Separate Financial Statements:

Liquidity and debt ratios	Unit	3Q19	Dec 2018
Liability/Asset (Level of debt)	%	17%	16%
Current liability/Total liability (short term)	%	48%	45%
Current ratio (Current assets / Current liabilities)	Times	0,51	0,95
Cash and cash equivalents	COP million	196.275	92.290

Profitability ratios	Unit	3Q19	3Q18	
Gross margin	%	65%	44%	Changes in margins as a result of the sale of generation assets. Celsia is no longer a public utility company.
Operating margin	%	-6%	27%	

2. Celsia Consolidated Financial Statements:

Liquidity and debt ratios	Unit	3Q19	Dec 2018	
Liability/Asset (Level of debt)	%	56%	49%	Greater debt to finance growth, including green bonds and Plan5Caribe.
Current liability/Total liability (short term)	%	33%	32%	
Current ratio (Current assets / Current liabilities)	Times	0,74	0,82	
Cash and cash equivalents	COP million	506.365	444.622	

Profitability ratios	Unit	3Q19	3Q18
Gross margin	%	29%	27%
Operating margin	%	21%	20%

² Comparisons of balance sheet with December last year. Comparisons of income with the same period last year.