

Valuation Date: 30/11/2021

Current Price: \$4.051

Ticker: CEL.CN

Recommendation: BUY

Target Price: \$7.212

Upside: 78%

Stock Exchange: Colombia

Sector: Renewable Energy Generation

Industry: Companies on the Energy Service

INVESTMENT SUMMARY

Figure 0: Recommendation

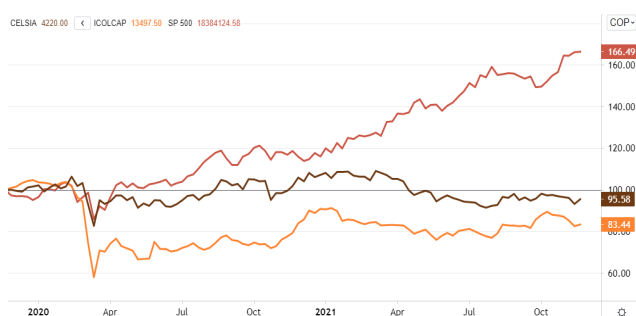
WACC	12,04%
Economic Growth Rate (2021)	3,50%
Value Flows Before Perpetuity	6.690.654.000,00
Present Value of Perpetuity	1.026.236.799,71
Company Value	7.716.890.799,71
Number of Shares Outstanding	1.069.972.554
Value per Action of the Company (Target Price)	7.212
Stock Market Value Today	4.051
Upside	78%

Source: Team Analysis

We issued a **BUY** recommendation for CELSIA SA with a target price of shares per year of COP 7212, presenting an Upside of 78% compared to the value of the share today. This recommendation being made on November 30, 2021. The Target price is calculated through the cash flows projected for the end of 2021 until 2026, including perpetuity in the latter. In addition, the estimated WACC, the economic growth rate for the current year, and the value of the company are taken into account

We evaluated the action of Celsia, against the COLCAP index and the S&P starting from 100. The results indicate that the S&P is better valued than the others. However, Celsia's action is better positioned against the COLCAP index with 12.14 points difference.

Figure 1 : Stock Market Performance



Source: Refinitiv

PROJECTED INCREASE IN REVENUES FOR 2021

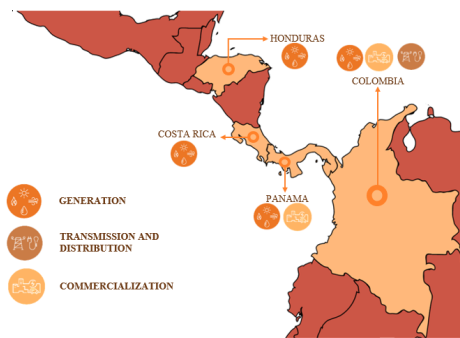
For the year 2020, revenues presented a decrease of 5.1%, taking into account the economic emergency situation presented in Colombia and the world, such decrease was also due to the sale in 2020 of the Celsia Free Trade Zone and assets to Caoba Inversiones. Of the 3.5 billion (COP) Colombian pesos of income presented in 2020, 2.2 billion pesos correspond to the contribution of distribution with retail commercialization and 1.3 billion (COP) correspond to energy generation.

A significant increase in revenues is expected for 2021, taking into account the economic reactivation that foresees a higher energy consumption and the progress in the execution of the projects.

By the end of the second quarter of 2021 compared to the same period of 2020, the company has increased its revenues by 5.3%, equivalent to 0.10 billion (COP) pesos. From the above it can be seen that the development of the projects has had a positive balance for the year 2021.

BUSINESS DESCRIPTION

Figure 2: Segment Description



Source: Company Data

OVERVIEW

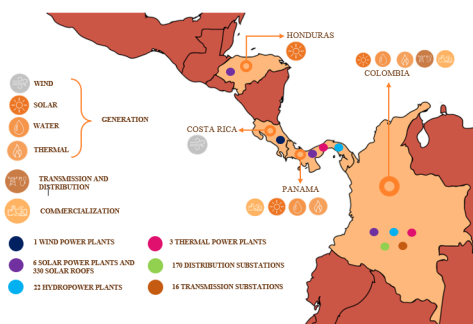
Coltabaco was born in 1919, a pioneer company in the recognition of social benefits and in the promotion of tobacco crops in Colombia with investments in different companies. In June 2001 they decided to split the company, separating the industrial and investment activities in order to give rise to the birth of Colinvertiones S.A E.S.P.

At the end of 2010, a subsidiary of this company signed a preliminary agreement with Inversiones Argos SA and by 2012, more than 97% of the company's assets were concentrated in the energy sector. Given this reality, they decided to name CELSIA SA ESP, adopting a leading and innovative name in the energy sector.

BUSINESS MODEL

Celsia SA ESP, formerly known as *Compañía Colombiana de Inversiones SA ESP*, is an entity dedicated to the generation, distribution, transmission and commercialization of electrical energy. Its generation portfolio has four clean energy sources (water, sun, wind and thermal), allowing a more sustainable world (Figure 2,3). It has a presence in Colombia, Panama, Costa Rica and Honduras, thus counting on a resilient, competitive, flexible and sustainable portfolio of assets, presenting innovative technological and energy solutions in homes, businesses and real estate developments.

Figure 3: Electric Energy



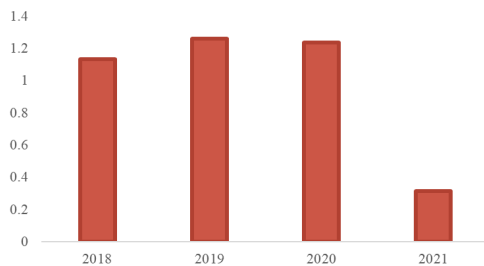
Source: Company Data

PRODUCTION AND SERVICE DESCRIPTION

During the last 3 years, the company has had a consolidated EBITDA of 34% on average. The figure 4 show the consolidated EBITDA, prove that third trimestre of 2021 has generated 316.412 million Colombian pesos.

Figure 4: EBITDA Per Year

(Billion Colombian pesos)



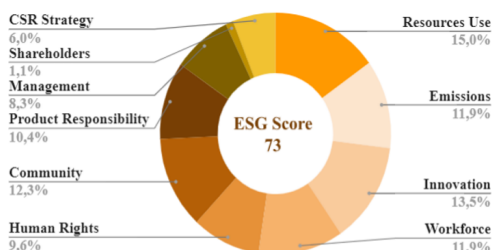
Source: Company Data

Power generation is the core activity of the company, representing 5.61% in Colombia, its main source is water, which represents 95% of its energy matrix¹. It has 19 hydroelectric plants in Colombia and 3 in Panama. The remaining 5% of generation is complemented by other sources such as solar, wind and thermal. By 2020 the company installed 1.854 MW and generated a total 4.548 GWh/year.

Regarding the power transmission and distribution businesses, Celsia has managed to consolidate in Colombia with 43.415 km of distribution network and 291 km of transmisión network. Appendix B.

Finally, the commercialization business is present in Colombia and Panama. Currently, it has approximately 1.194.875 customers of which 1.190.844 are homes and businesses, 86 are large companies and 3,162 others.

Figure 5: ESG - Category Score



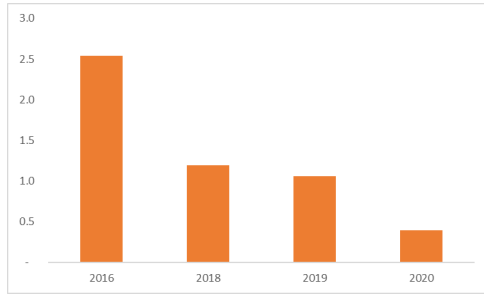
Source: Refinitiv and Team Analysis

ENVIRONMENTAL, SOCIAL, GOVERNANCE

According to the estimate made by Refinitiv, Celsia has an ESG score of 73 points, for the year 2018, which does not show a deterioration of 4 points (Figure 5). Although the three items had a drop, the truth is that the most affected was social with a drop of 5 points, where human rights and workforce were the most affected, see Appendix C for a greater detail of the items.

ENVIRONMENTAL

Figure 6: Celsia Gas Emission (Ton C02eq)

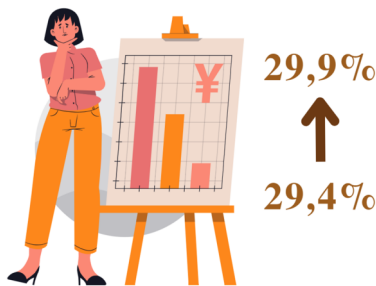


Source: Company Data

Operating in the electric power industry, Celsia is making a positive contribution to a more sustainable environment. These contributions can be evidenced in the decrease in both absolute GHG emissions and their intensity, since in 2016 there were 2,542,883 greenhouse gas emissions (Ton C02eq) reaching a quantity of 395,987 emissions by 2020, thus achieving a reduction of 84.43%, in the same way the intensity of emissions (Ton CO2eq / GWh) have decreased by 75.11% respectively (Figure 6). Show Appendix C-1.

SOCIAL

Figure 7: Recruitment of women



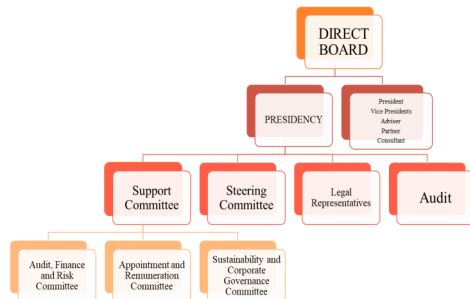
Source: Company Data

Celsia has been characterized by having sustained growth in job creation. The hiring of women had a great growth from 2018 with 26.5% to 2019 with 29.4%, and despite the fact that the global pandemic destroyed jobs, the company had a slight growth in the hiring of women of 0.05 % (Figure 7). However, it presents a weakness in positioning women in managerial positions, since from 2016 to 2020 their reduction has been 13.6%.

On the other hand, the company is committed to the health and safety of its employees. According to statistics, accident severity and frequency rates have decreased 76.3% and 8.1% respectively. Finally, social investment compared to the situation in 2020 had positive growth that year, reaching approximate levels of 2017, which has registered the highest value in the last 5 years, show the Appendix C-2.

GOVERNANCE

Figure 8: Organizational Chart



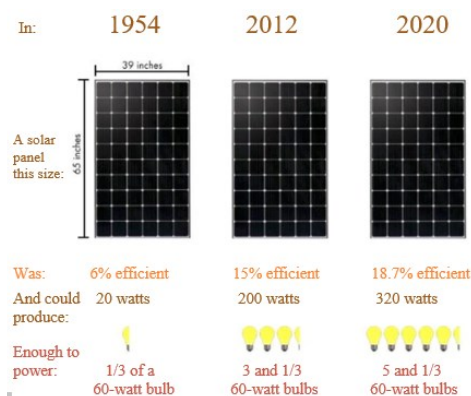
Source: Company Data and Team Analysis

Currently the *Board of Celsia S.A* is made by 7 members of which two are women and they are in the company since 2013 Appendix C-3.

According to the statutory reform approved by the General Assembly of Shareholders of Celsia S.A. E.S.P. The period of the Board of Directors of the company will be one year, this will allow the shareholders to verify the administration of the members of the Board of Directors and in such case re-elect or change them.

The *Board of Directors* has three support committees: Audit, Finance and Risk, Appointment and Remuneration, Sustainability and Corporate Governance, which propose the establishment of policies and actions to improve the management of the company (Figure 8).

Figure 9: Project



Source: American Physics Society
National Renewable Energy Laboratory

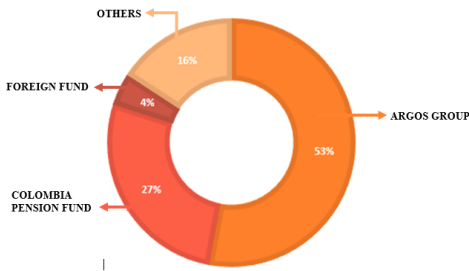
CORPORATE MANAGEMENT

Ricardo Sierra assumed the presidency of Celsia in 2015. Since his president, EPSA's shareholding has increased by a total of 61.3% and that of Begonia by 57%. In 2018, the third quarter, consolidated revenues reached \$ 852 billion, an increase of 8.5% compared to the previous year. The \$ 698 billion of the operation in Colombia stands out, which grew 18%, on the other hand Appendix D.

With the Paris Climate Change Agreement in 2015 it became clear that the economic development of the world must move from renewable energies, that is why Ricardo decides to implement this type of energy in Colombia to generate a new alternative that can be implemented in homes, businesses and cities and begins doing so as follows: He sought that said energy over time could be used to carry out his daily activities, develop sustainable projects, reduce the consumption of electrical energy and be at the forefront in technological innovation projects (Figure 9).

SHAREHOLDER STRUCTURE

Figure 10: Shareholders Structure



Source: Company Data

Grupo Argos S.A. has a 52.93% participation of the subscribed and paid capital of Celsia, which as the largest shareholder has \$566,360,307 of income, in the portfolio of shareholders are the Colombian pension and severance funds such as Porvenir, Protección and Colfondos which have 27.06% of the income, also foreign funds with 4.22% and finally there are other types of shareholders with a low participation of 15.78%. 06% of the income, also foreign funds with a low participation of 4.22% and finally there are other types of shareholders with 15.78%; the company has 130,027,446 shares in reserve and in this way the company benefits thousands of families (Figure 10).

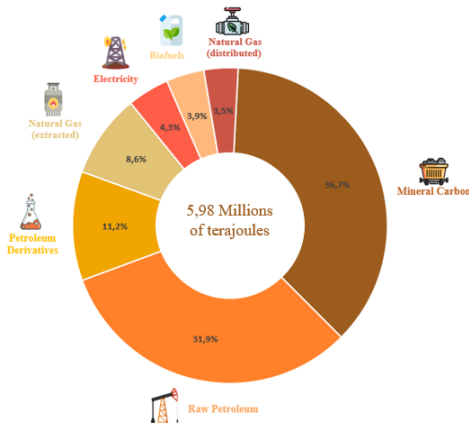
INDUSTRY OVERVIEW & COMPETITIVE POSITIONING

MACROECONOMIC ASPECTS

According to the DANE through the matrix of the Quarterly National Accounts on GDP from the point of view of Production at current prices, the generation of Electric Power that includes transmission, distribution and commercialization, had in 2019 a participation of 1.9% and by 2020 of 2.1% on the GDP. Appendix E.

The supply of natural inputs with emphasis on mineral and energy resources for 2019 was 4.574.057 and for 2020 4'516.542 (terajoules) varying from year to year by -1.3% and with a participation in 2019 of 91.4% respectively. The supply of energy products in 2019 grew 0.4% compared to 2018, going from 5.95 millions of terajoules to 5.98 millions of terajoules (Figure 11).

Figure 11: Energy Matrix

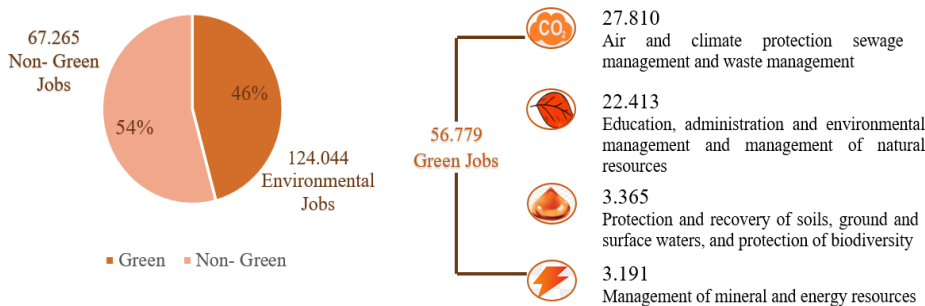


Source: DANE, National Accounts

In 2019, exports accounted for 58.2% of total energy use, followed by intermediate consumption with 33.5% and final household consumption with 8.1%. On the other hand, of the 5.98 millions terajoules of energy sector products used, the most representative were carbon (36.7%), crude oil (31.9%) and products directly derived from oil (11.2%).

EMPLOYMENT

Figure 12: Environmental Jobs



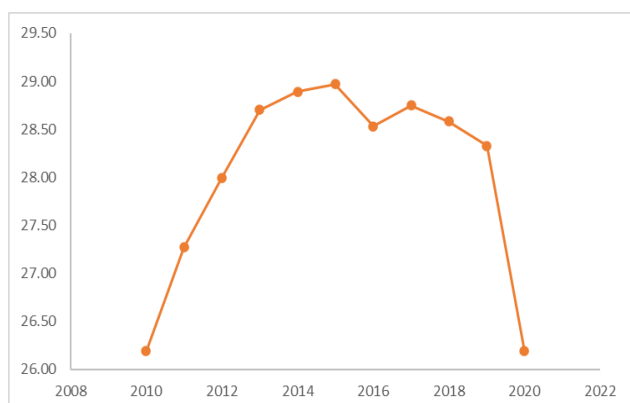
Source: DANE, National Accounts

The Environmental and Economic Account of environmental activities and associated transactions allows us to keep a record of the environmental jobs generated in the country. For the provisional year 2020, 124,044 environmental jobs were generated which were divided into two categories: Non-green environmental jobs with a total of 67,265 and green jobs with 56,779 (Figure 12).

With regard to Celsia, the vast majority of jobs are in 46% of jobs nationwide. In Colombia, the project that stands out the most is that of Celsia Tolima, for 2020 304 employees were hired and it is expected that by the end of 2021 350 will be hired. The company has generated more than 1,765 formal jobs and its growth has reached 12 %, Appendix E to see the behavior of the job. Appendix E-1.

LATINAMERICAN GROWTH

Figure 13: Primary Energy Consumption



Source: *bp Statistical Review of World Energy 2021 and Team Analysis*

According to the IDB, the primary consumption of energy in Latin America and the Caribbean has decreased as of 2018, but after the health crisis that the world experienced in 2020, both the productive and industrial supply and the demand for energy decreased, causing consumption in the region was -9% (Figure 13).

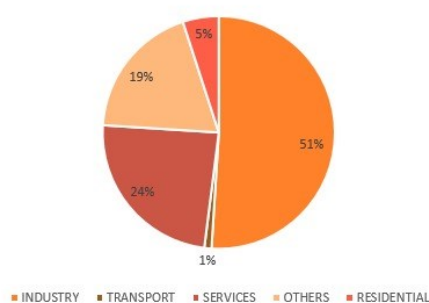
Zooming in on energy consumption, non-renewables had the largest decrease, while non-conventional renewable sources such as solar, wind and geothermal increased 4%. Finally, the consumption of hydroelectric energy decreased by 5.5%. Renewable energies have increased their participation in terms of total generation and installed capacity.

Additionally, the cost of producing solar and wind energy for both Latin America and the Caribbean can be analyzed. Appendix E-2.

DEMAND DRIVERS

Due to the pandemic and the drop in energy demand during 2020, especially in the non-regulated sectors, projections were made for investment through different factors to increase electricity consumption, taking advantage of the economic reactivation in which commercial channels can be reestablished and the recovery of raw material prices (Figure 14).

Figure 14: Electricity Consumption by Sector

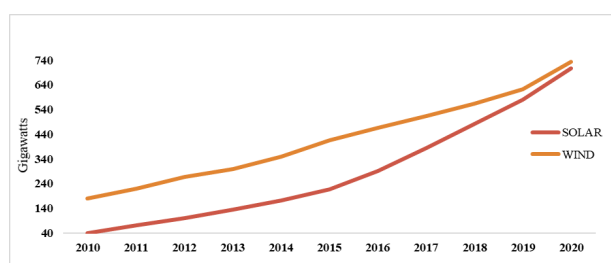


Source: *World Bank*

Energy efficiency: energy efficiency remains the least-cost option for meeting national climate change commitments, which is why energy efficiency is often referred to as a resource that should be used before any other energy alternative.

Sustainable energy: is fundamental to ensure the evolution of social and economic systems means a transformation of the current energy model, characterized both by the increasing use of renewable energies and by the emphasis on energy efficiency and the coexistence of large-scale facilities with distributed power generation solutions.

Figure 15: World Energy Capacity



Source: *bp – Energy Enterprise*

NEW TENDENCIES

WIND AND SOLAR ENERGY

The world energy capacity of renewable energies in the last 10 years has presented a significant increase, mainly the capacity represented in wind energy increased by 1,664% and in solar energy the capacity increased by 305%. Celsia is moving in this trend and has found business opportunities in Colombia that to date represent a high source of income for the company (Figure 15).

SUSTAINABLE MOBILITY

"The transport sector consumes 40% of the country's energy and 96% of that energy is concentrated in the consumption of fossil fuels" here is an important opportunity for the generation of renewable energies that replace the consumption of fossil fuels. Appendix E-3.

COMPETITIVE POSITIONING

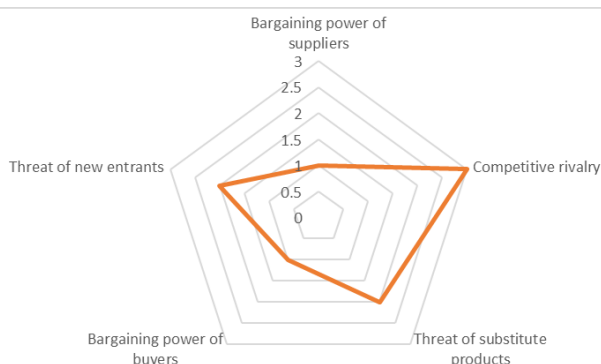
Figure 16: Peer Comparison

Company	Country	Generation	T&D	Commercialization	Others	Positioning	Total Production (Millions) USD
Pampa Energia SA	Argentina	52,19%	0%	0%	47,81%	Argentina, Bolivia, Ecuador, Uruguay, Venezuela and Grand Cayman	761.715.021
Tsentrenerho PAT	Ukraine	99,5%	0%	0%	0,50%	Territory of Donetsk, Kiev and Kharkov regions.	735.388.790
Jordanian Electric Power Company PSC	Jordan	100%			0%	Jordan	1.272.828.023
Quadra-Generiruyushchaya Kompaniya PAO	Russia	21,80%	0%	21,80%	78,2%	Regions of the Russian Federation: Belgorod, Voronezh, Kaluga, Kursk, Lipetsk, Oryol, Ryazan, Smolensk, Tambov and Tula.	736.393.731
Xinjiang Tianfu Energy Co Ltd	China	72,20%		0%	27,80%	Shihezi City	765.959.333
Celsia S.A ESP	Colombia	36,71%	0,76%	52,25%	3,30%	Colombia, Costa Rica, Panamá y Honduras	894.609.771

Source: Refinit and Team Analysis

Celsia has 52.25% in income with respect to commercialization, which is a high percentage compared to the other companies analyzed, in generation the company with the highest income is Tsentrenerho PAT (Ukraine) with 99.5%; Regarding other services, Quadra-Generiruyushchaya Kompaniya PAO is the one with the highest income, and finally the company that generates the most total production is Jordanian Electric Power Company PSC with 1,272,828,023 millions USD located in Jordan and the second company is Celsia 894,609,771 millions USD located in Colombia, Costa Rica, Panama and Honduras (Figure 16).

Figure 17: Poter's Five Forces Analysis



Source: Data Comany and Team Analysis

According to the analysis carried out, the company is relatively stable. Poter's five forces show us that the biggest threat is in the competitive rivalry, since this is positioned at the level of Colombia as the company in generating energy.

On the other hand, the company shows a low threat in the area of Bargaining power of suppliers, as they pay their suppliers on average 110 days Appendix F.

We will explain the internal and external factors of CELSIA through the identification of strengths, weaknesses, opportunities and threats to which the company is exposed Appendix F.1.

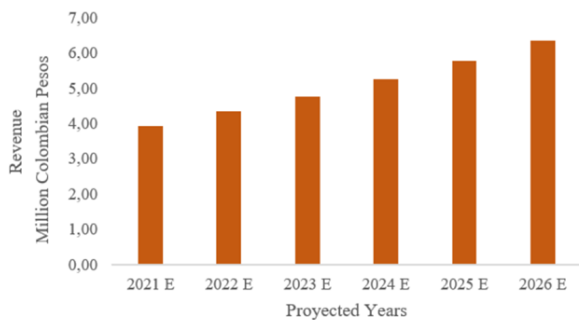
In the internal part we will see the human, financial and physical elements where the company can exercise greater control and in the external environment, we will find the factors that are outside the company but that influence it.

FINANCIAL ANALYSIS

Celsia- Key financials (mCOP)	2015	2016	2017	2018	2019	2020	2021 E	2022 E	2023 E	2024 E	2025 E	2026 E
Revenue	3.691.698	3.794.910	3.094.036	3.424.430	3.725.762	3.536.007	3.942.850	4.337.135	4.770.849	5.247.934	5.772.727	6.350.000
PROFITABILITY RATIOS												
Gross margin (%)	15%	23%	32%	30%	31%	33%	32%	29%	29%	29%	29%	29%
EBIDTA margin (%)	20%	28%	36%	33%	34%	35%	32%	33%	32%	31%	31%	30%
EBIT margin (%)	10%	17%	24%	23%	36%	25%	24%	23%	23%	23%	23%	23%
NI margin (%)	-3%	5%	8%	10%	16%	10%	10%	8%	8%	8%	8%	8%
ROE (%)	-2,5%	4,0%	5,7%	6,5%	10,6%	5,9%	6,4%	5,4%	5,8%	6,3%	6,8%	7,4%
ROIC (%)	-1,0%	1,8%	2,5%	3,3%	5,3%	2,9%	3%	2,6%	2,8%	2,9%	3,1%	3,3%
LEVERAGE AND LIQUIDITY RATIOS												
Total debt/EBIDTA (x)	867,7%	518,7%	482,2%	465,8%	451,8%	491,1%	562,8%	501,2%	489,7%	480,7%	473,5%	468%
Debt / Equity (x)	142,2%	123,9%	122,1%	97,8%	100,5%	105,7%	115,9%	107,4%	110,5%	114,7%	119,6%	125,5%
Current ratio (x)	0,60	1,03	0,78	0,82	1,03	0,69	0,52	0,62	0,65	0,67	0,69	0,71
Working Capital	(1.022.923)	28.265	(293.137)	(298.770)	56.593	(629.117)	(1.328.257)	(1.036.739)	(1.081.000)	(1.140.770)	(1.210.667)	(1.286.454)
CAPEX	286.402	371.544	932.047	937.525	1.439.572	1.080.480	1.033.702	1.138.432	1.218.147	1.305.191	1.400.287	1.504.226

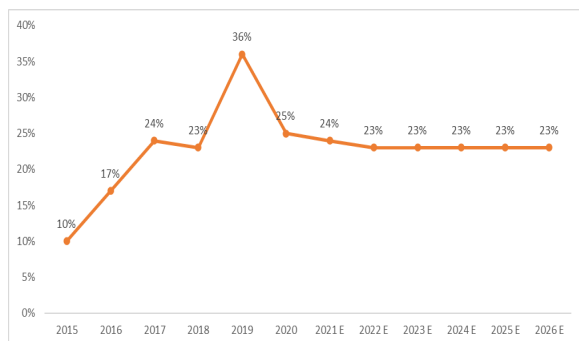
Source: Data Comany and Team Analysis

Figure 18: Revenue Projections



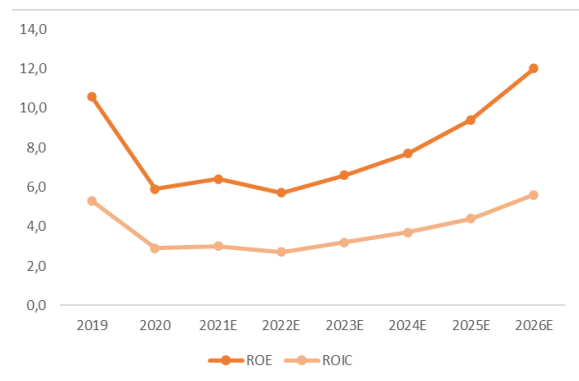
Source: Data Company and Team Analysis

Figure 19: EBIT Margin%



Source: Data Company and Team Analysis

Figure 20: ROE and ROIC Analysis



Source: Data Company and Team Analysis

VALUATION

Our evaluation of the company tells us to **BUY**. The price target gave us was COP \$7.212 and with respect to current Price that is \$4.051 tells us that Celsia is undervalued. In addition, an alternative assessment was made with the peer companies which were provided by the Refinitv software and the results obtained were diverse according to the indicator to be taken. However, the most important was the price according to EBITDA and this gave us \$ 9,087.03 and supports the same recommendation given at the beginning . Appendix H.

REVENUE

When estimating the income over a period of 6 years, which includes the year 2021 to 2026, a compound annual rate of 10% is obtained. It is important to clarify that the year 2021 is planned the last quarter with a percentage change Appendix G. Revenues of Celsia are driven by two specific segments: the power generation business and the power distribution and retail marketing business. Likewise, the average growth in this item since the last 6 years, that is, from 2015 to 2020, was 7% respectively. On the other hand, an approximation was made of the increase that was achieved in income from the entry into execution of different projects that are under construction, these contributing an additional 3%. Appendix G-1 and G-2.

EBIT MARGIN IS STABLE

Similarly, taking into account that EBIT is an indicator of the company's operating profit, being calculated as the result of operating activities without including income and expenses for taxes and interests, for CELSIA it can be seen that From 2015 to 2019, this profit indicator had growth despite contracting from 2017 to 2018, however, since 2019 it has been decreasing, seeing this fall with a greater proportion from 2020 as a consequence of the situation by the Covid-19 pandemic, and from there it begins to be maintained according to estimates made from 2021 to 2026.

When estimating EBIT, we realized that it is stable because the sales and revenue levels have a similar growth ratio for the projected years. The growth is not that great.

RETURN ON EQUITY

The return on equity for the projected periods from 2021 to 2026 presents an upward trend. A return of 6.4% is projected for the first period and 7.4% for the last period, which is expected to result in greater efficiency in the investment of the company's equity. With respect to the return on invested capital of the company for the projected periods, an upward trend is also expected, from the first year with 3% and for the year 2026 with 3.3%.

Figure 21: Relative Valuation Peer

RIC	Company Name	Trailing P/E LTM	Price/Sales LTM	EV/EBITDA LTM	Price/Book LTM
cel.cn	Celsia SA ESP	17.40	1.21	10.39	1.28
Peer Average		12.86	0.82	7.87	0.86
Peer Average		30.28	0.93	9.53	0.97
600116.SS	Chongqing Three Gorges Water Conservancy and Electric Power Co Ltd	18.41	2.02	20.64	1.77
PAMPBA	Pampa Energia SA	6.71	3.18	6.29	1.41
KUBE.MM	Rosseti Kuban' PAO	-	0.52	7.57	0.69
CEEN.UAX	Tsentrenerho PAT	42.99	0.2	4.85	0.89
TGKB.MM	Territorial'naya Generiruyushchaya Kompaniya No2 PAO	0	0.15	4.75	0.18
CSRN3.SA	Companhia Energetica do Rio Grande do Norte Cosern	5.92	0.81	5.59	1.93
JOEP.AM	Jordanian Electric Power Company PSC	0	0.12	13.17	0.95
ALUP11.SA	Alupar Investimento SA	-	0.36	3.87	1.08
CEED4.SA	Companhia Estadual de Distribuicao de Energia Eletrica CEEED	0	0.96	0	-0.2
TGKD.MM	Kvadra-Generiruyushchaya Kompaniya PAO	0	0.3	4.83	0.36
TGKJ.RTS	Fortum PAO	0	0	0	0
600509.SS	Xinjiang Tianfu Energy Co Ltd	54.54	1.27	22.83	1.28

Source: Refinitiv and Team Analysis

Figure 22: WACC

Total Non-Current Financial Obligations	3,382,519
Kd (Cost Of Debt)	5,73%
Total Current Financial Obligations	483,336
Kd (Cost Of Debt)	5,54%
Kd Total	3,77%

Patrimonial Equation	
Assets	11.810.660
Liabilities	6.070.004
%D	51,39%
Equity	5.740.657
%E	48,61%

CAPM (Ke) = Rf + B(Rn - Rf) + RCountry	
CAPM = Ke	
Rf	10,00%
B	0,91
Rn	17,98%
Rf	10,00%
RCountry	3,50%
Ke	20,78%

WACC	
kd (Cost of Debt)	3,77%
%D	51,39%
KE	20,78%
%E	48,61%
WACC	12,04%

Source: Data Company and Team Analysis

Figure 23: Free Cash Flow

Year	2015	2016	2017	2018	2019	2020	2021 E	2022 E	2023 E	2024 E	2025 E	2026 E
EBIT	363.914	642.440	757.860	771.737	1.353.779	872.715	934.161	1.046.655	1.255.986	1.507.183	1.883.978	2.512.315
Depreciation, depletion and amortization	319.630	388.934	365.821	363.315	(91.350)	363.374	332.290	420.245	428.141	436.185	444.379	452.728
EBITDA	683.544	1.031.374	1.123.681	1.135.052	1.262.429	1.236.089	1.266.451	1.466.900	1.684.126	1.943.367	2.328.358	2.965.044
Income tax paid	(210.533)	(194.472)	(174.096)	(181.416)	(327.888)	(173.109)	(232.748)	(294.735)	(353.682)	(424.419)	(530.523)	(707.461)
FCF Operativo	473.010	836.903	949.585	953.637	934.541	1.062.980	1.033.702	1.172.165	1.330.444	1.518.948	1.797.834	2.257.582
CAPEX (PP&E)	286.402	371.544	932.047	937.525	1.439.572	1.080.480	1.033.702	1.172.165	1.330.444	1.518.948	1.797.834	2.257.582
Working Capital	(1.022.923)	28.265	(293.137)	(298.770)	56.593	(629.117)	(1.328.257)	(1.036.739)	(1.081.000)	(1.140.770)	(1.210.667)	(1.286.454)
FCFF	(263.511)	1.236.711	1.588.495	1.592.392	2.430.707	1.514.343	739.147	1.307.590	1.579.888	1.897.127	2.385.002	3.228.710

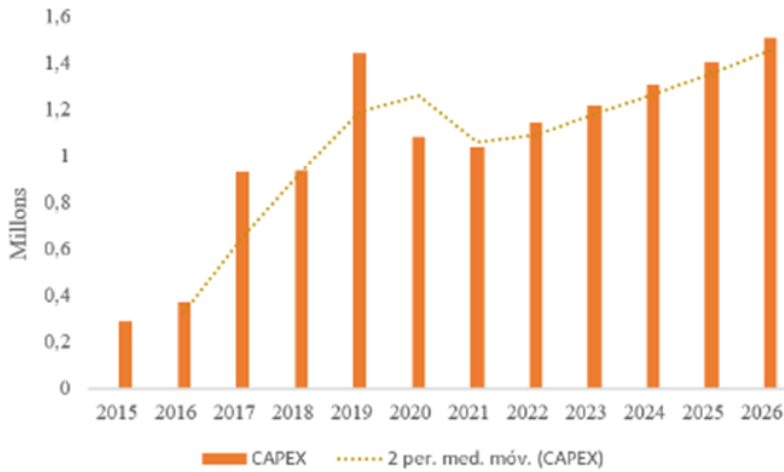
Source: Data Company and Team Analysis

Based on the financial statements and the projections made, the free cash flow is estimated, this being the money that the company has available to pay the outstanding debt or to pay dividends to the shareholders or partners of the company. For the calculation of this free cash flow, EBIT, depreciation and amortization, EBITDA, income taxes, Operating FCF, CAPEX and finally Working Capital are taken into account. The projections made showed free cash flow for 2026 of 3,2 billion respectively. Demonstrating in this way that the company will have enough money to cover the debts it has at its disposal.

WACC

Taking the projections for the years 2021 to 2026 respectively, the WACC was estimated. The information is extracted from the notes to the financial statements, highlighting from these the Current Obligations that are composed of financial obligations with foreign entities and with national entities, other obligations and short-term bonds. In the same way, the Non-Current Obligations are highlighted, discriminated by financial obligations with foreign entities and with national entities and the bonds, from which the interest rate, the value of the year 2020 and the weighted average of each are taken into account. Item with respect to the total respectively. From the above, the Kd (Cost of Debt) is calculated for both current and non-current obligations and the sum of these two values results in the Total Kd, this being approximately 3,77%. Subsequently, it begins with the calculation of the WACC, which is estimated from Assets, Liabilities and Equity, Kd, %D, KE and %E, with Ke (CAMP) being an estimate calculated from from the following equation $Ke (CAMP) = Rf + B (Rn - Rf) + RCountry$ as can also be observed in the tables previously shown, finally resulting in a WACC of 12.04%. Appendix I.

Figure 24: CAPEX

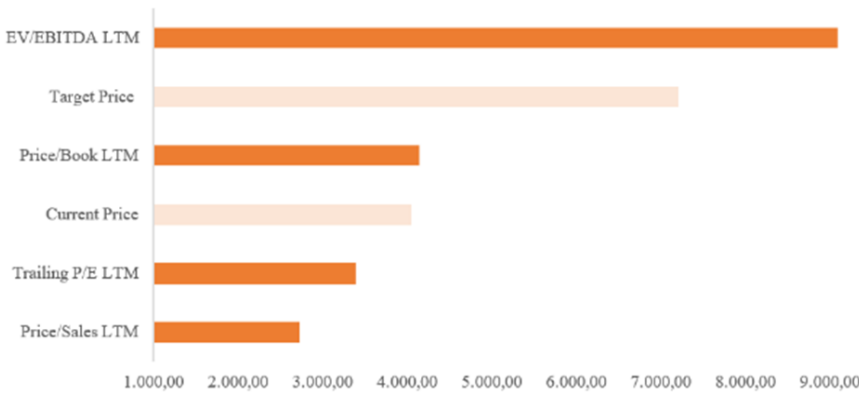


Source: Data Company and Team Analysis

CAPITAL EXPENDITURES

According to the financial statements presented by the company and also by the estimated free cash flows from 2021 to 2026, the Capex, that is, the investment necessary to maintain or expand the capital assets that comprise the factories, machinery and equipment, vehicles among others, from 2015 to 2020 has had a considerable growth in investment issues, for its part from the estimates made it can be evidenced by means of the graph that from 2021 to 2026 it will continue to rise, thus favoring The company has a high level of investment in this area, thus achieving an expansion strategy when the total level of Capex is greater than the amortization expense, respectively.

Figure 25: TARGET PRICE COMPARATIVE



Source: Team Analysis

SENSITIVITY ANALYSIS

Through the graph and based on the valuation by multiples, it can be seen that the highest value of the share is calculated through EV / EBITDA LTM (Company value between Ebitda), this being a financial ratio, which for this case takes a value of 9,087.03 of the share, followed by this is the Target Price, representing this 7,212 as the value of the share. And the same is observed with the Price / Book LTM, the Current Price, the Trailing P / E LTM and finally the Price / Sales LTM.

INVESTMENT RISK

MARKET RISK | INTEREST RATE RISK 

Celsia presents a representative risk with respect to the exchange rate, mainly against the United States dollar, at the end of 2019 it had a net exposure of US \$ 50,462,358 million and at the end of 2020 a net exposure of US \$ 30,283,186 million For Americans, exposure is represented primarily in cost of sales and financial obligations.

MARKET RISK | ENTRY OF COMPETITORS 

For the second semester of 2022, the Ituango hydroelectric project is expected to come into operation, which is projected to generate 2,400 megawatts, which would represent 17% of the country's energy demand. The foregoing represents a greater supply of energy and consequently an effect on the price and income for Celsia.

MARKET RISK | SUPPLY CHAIN RISK 

Celsia's hydroelectric projects are located in the departments of Antioquia, Tolima, Valle del Cauca and Cauca, the farms, solar roofs, transmission and distribution substations are located in the departments of La Guajira, Atlántico, Cesar, Córdoba, Bolívar, Antioquia, Santander, Cundinamarca and Huila. The risk in the supply chain due to failures in the supply and delivery process is unlikely considering that Celsia's confidence indicator is 99.93%.

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APPENDIX A — GLOSSARY

ABBREVIATION	FULL TERM
COP	Colombian Peso
MW	Megawatt
GW/h	Gigawatt hours
GHG	Greenhouse Gas Protocol
OLADE	Latinamerican Energy Organization
DANE	National Department of Statistics
SAIDI	System Average Interruption Frecuency Index
SAIFI	System Average Interruption Duration Index
BID	Inter-American Development Bank
GDP	Gross Domestic Produc
LNG	Liquefied Natural Gas
ADEMOS	National Association of Sustainable Mobility
SWOT	Strengths, Weaknesses, Opportunities and Threats

APPENDIX A.1 - TERMS

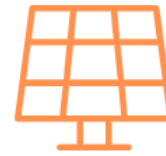
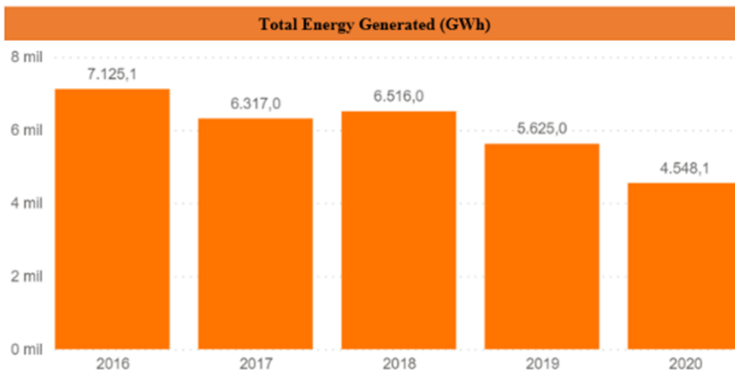
Intermediate Consumption: Value of non-durable goods and services that are used as inputs in the production process to produce other goods and services. It is the value of goods and services consumed as inputs in the production process, including fixed assets whose consumption is recorded as consumption of fixed capital; goods or services can be both processed and used by the production process.

Final consumption of households: Consumer goods or services purchased by individual households.

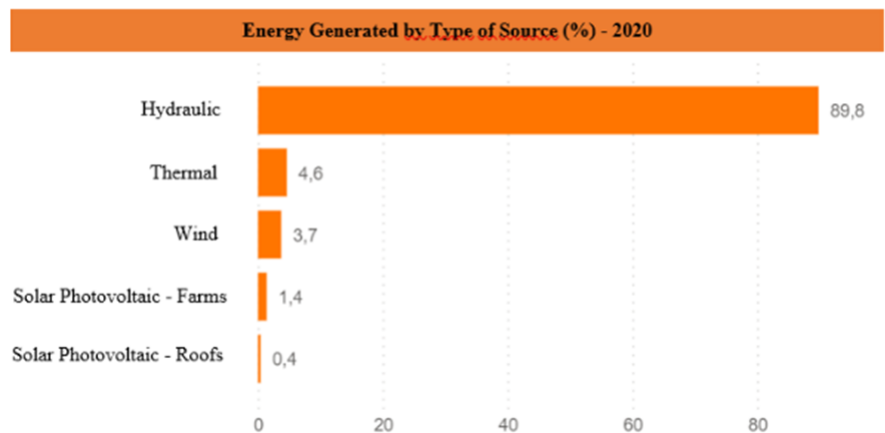
Renewable energies: Those energies that come from sources that regenerate. These include solar energy (photovoltaic and thermal), hydroelectric, geothermal, sea currents, waves, tides (temperature and salinity gradients), wind energy, biomass, draught animal energy, firewood, peat, shale, bituminous and tar sands.

Natural inputs: They are natural inputs from the environment that change location as a result of economic production processes, or that can be used in it directly.

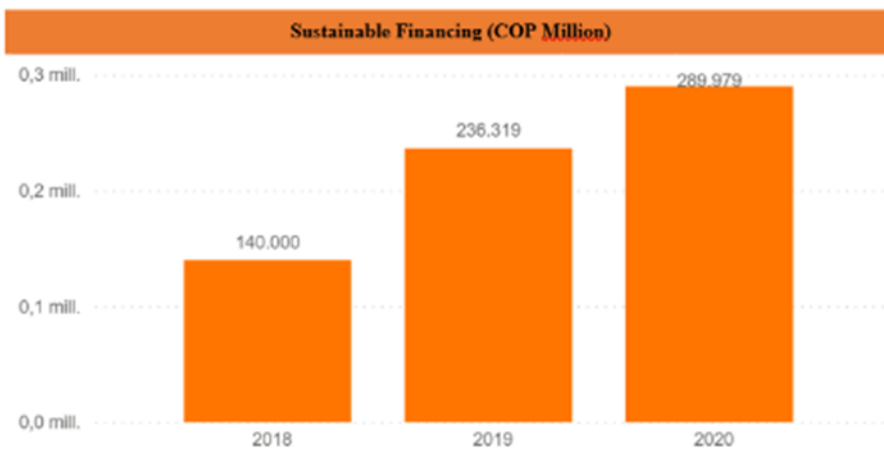
APPENDIX B - BUSINESS MODEL



Source: Company Data



Source: Company Data



Source: Company Data

In a history of the total energy generated (GWh) it can be seen that the years in which the most energy was generated were 2016 and 2018, on the other hand, for 2020 it had a decrease of 19.14% due to the situation of the Covid-19 pandemic. However, it is estimated that the total energy generated for 2021 is approximately 6,822.15 GWh. For its part, the highest energy generated by type of source for 2020 was Hydraulic (89.9%) followed by Thermal (4.6%), Wind (3.7%), Solar Photovoltaic from farms (1.4%) and Solar Photovoltaic roofs (0.4%), in this way it is projected that by 2021, the energy that continues to lead by type of source will be Hydraulic with approximately 91.59%.

However, sustainable financing (Million COP) has increased considerably, from 2018 to 2019 it grew 68.79% and from this last year to 2020 its growth was 22.70% in addition to what was achieved from 2018 to 2019.

APPENDIX C - ESG

Figure 27: ESG - CATEGORY SCORE

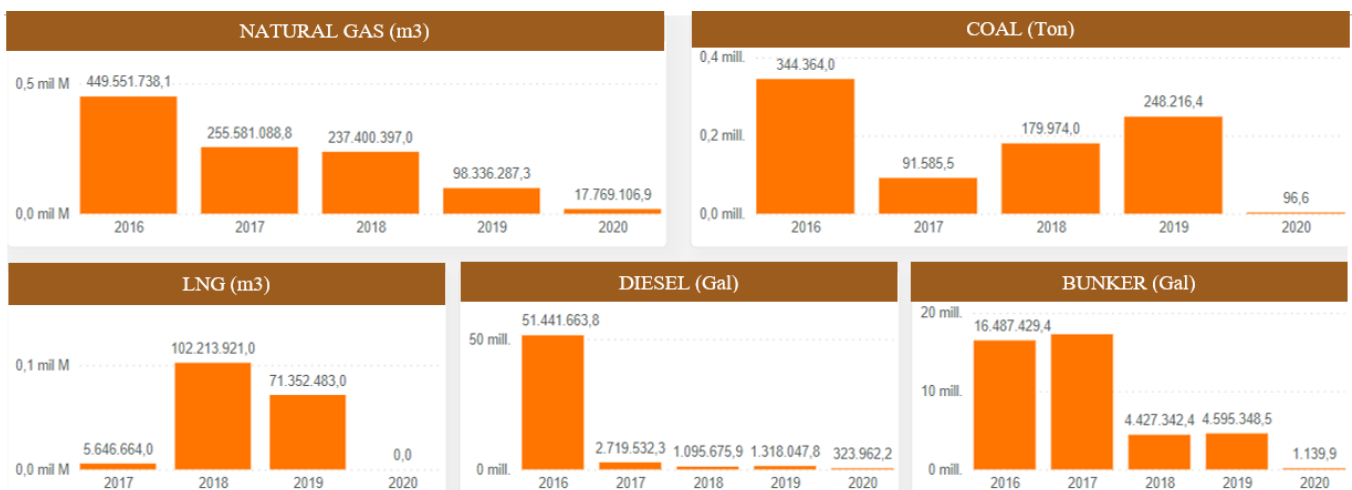
Pillar	Score	Category	Score
Environmental	89 ▼	Resources Use	100
		Emissions	79
		Innovation	90
Social	75 ▼	Workforce	79
		Human Rights	64
		Community	82
Governance	43 ▼	Product Responsibility	69
		Management	55
		Shareholders	7
		CSR Strategy	40

Source: Refinitiv and Team Analysis

The environmental category had a drop of 2 points compared to the previous year (2017). The components that affected its decline were emissions (1 point) and environmental innovations (5 points). Finally, the government item had an acaida of 4 points, the component that influenced its fall was shareholders, its fall was 33 points (Figure).

APPENDIX C-1 ENVIRONMENTAL

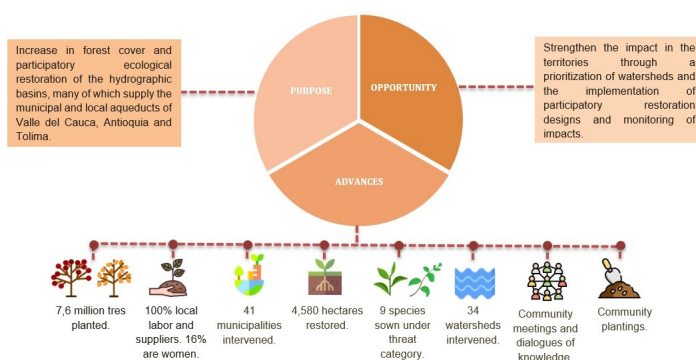
Figure 28: ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES



Source: Company Data

The consumption of energy from non-renewable sources has decreased considerably compared to previous years, of natural gas for 2020 there was a consumption of 17.769.106.9 (m3), of Coal 96.6 (Ton), of LNG was 0, 0 (m3), Diesel 323.962,2 (Gal) and finally there was a Bunker consumption of 1.139.9 (Gal) for said year (Figure).

Figure 29: REVERDEC PROJECT



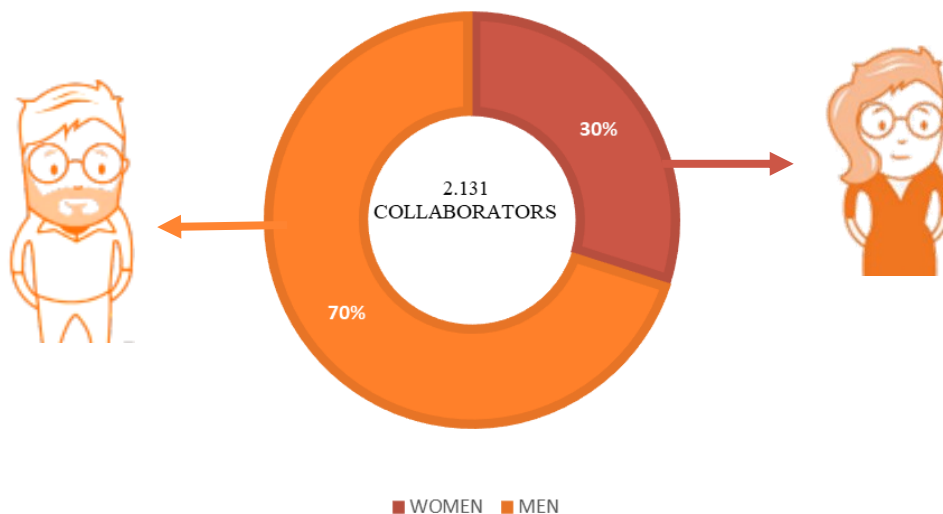
Source: Company Data

On the other hand, through ReverdeC, the purpose of which is to increase the forest cover and the participatory ecological restoration of the hydrographic basins, from which many municipal and true aqueducts are supplied both in Valle del Cauca, as well as in Antioquia and Tolima, By 2020, 1.444.560 trees have been planted, thus achieving a planting of trees to date of 6.56 million, with the goal of 10.000.000 trees planted by 2026 in the Colombian territory.

Figure 29 shows how the project is going to date, in addition to the progress it has made in terms of socio-environmental awareness.

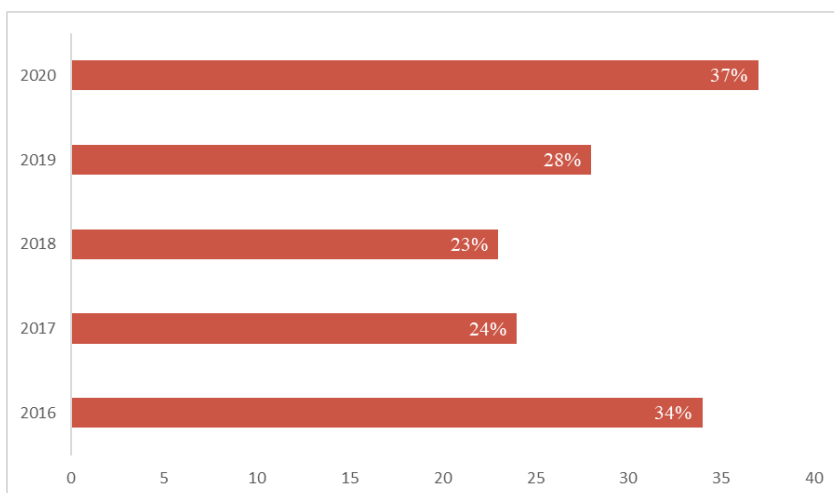
APPENDIX C –2 SOCIAL

Figure 30: TOTAL COLLABORATORS



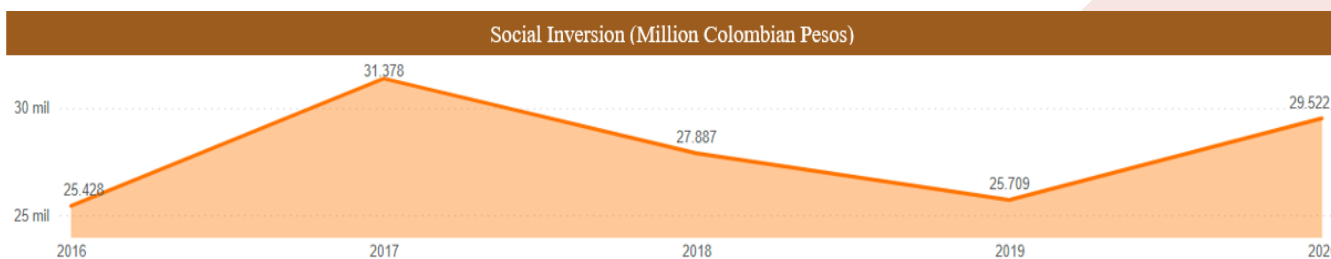
Source: Company Data and Team Analysis

Figure 31: WOMEN FORMATION



Despite the fact that the number of women hired does not reach half of the total number of employees, the truth is that they are becoming more and more relevant and this can be verified with the training provided by the company towards the female gender. Although figure # shows a drastic decrease from 2016 to 2018, the recovery has been gradual and good, showing the efforts of CELSIA for the inclusion of women in the company.

Source: Company Data



Source: Company Data

The pandemic was a phenomenon that hit the whole world, Celsia knew how to recover. The social for 2020 reached investment levels close to 2017 (Highest amount of investment of the company). This type of investment is divided into four categories: Quality of life (\$ 19,334,191,367 COP was invested), Community Development (\$ 5,494,368,745 COP was invested), Promotion of education (\$ 2,843,286,297 COP was invested) and Access to energy (\$ 649,505,314 COP was invested).

APPENDIX C - 3 GOVERNANCE

Figure 32: DIRECT BOARD



Source: Company Data

Profile Matrix														
Director	Skills, Experience and expertise											Diversity		
	Experience in other boards	Risk	Internal Control	Corporate Finance	Trade Topics	Industry	Crisis management	Legal	Experience in environmental, social and governance issues	Government/ Public Policies	Ethical qualities	International experience	Location	Gender
Jorge Mario Velásquez													MED	M
Alejandro Piedrahita													MED	M
Rafael Olivella													MED	M
María Fernanda Mejía													CALI	F
María Luisa Mesa													BOG	F
David Yanovich													BOG	M
Eduardo Pizano													BOG	M

Source: Company Data

APPENDIX D — CORPORATE MANAGEMENT

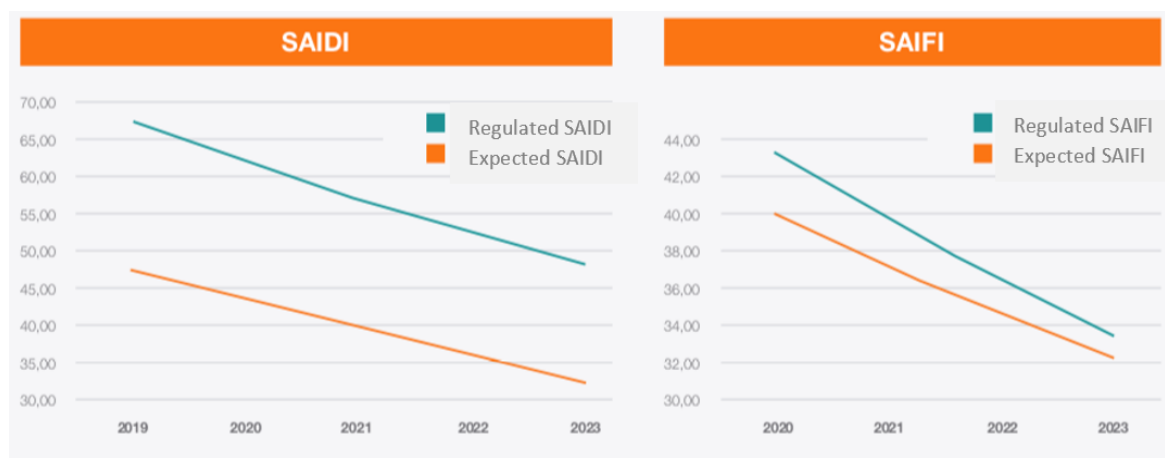
As a result of this transaction, CELSIA would consolidate its operation in Colombia through EPSA, which will be the company dedicated to the generation and distribution of energy and will be responsible for all operational decisions regarding the current business in the country.

APPENDIX D-1 - SOCIAL RESPONSIBILITY

One of the most important projects for the company in the country is that of "Celsia Tolima", in which it seeks the economic and social recovery of the region.

This Project has an investment plan of more than COP \$ 530,000 million in a period of 5 years, it has generated a stimulus for local consumption such as: Transportation, food, tolls, cleaning services and talent training. It managed to freeze the energy rate at COP \$ 608 since March for all strata and grant several economic reliefs, one of them are: For strata 1 and 2 they obtained a 10% discount for punctual payment of their bills, strata 3 and 4 had a period of Grace of 2 months in the payment of the first installment of their invoices and the levels 5, 6 and commercial and industrial clients were granted flexible rates for the payment of their invoices. During the contingency, Celsia did not suspend the service to customers who could not pay their bills.

Figure 33: REGULATED VS. EXPECTED QUALITY INDICATORS



Source: Company Data - Celsia in Tolima

To know the quality of the energy service that has been obtained as a result of this project, since 2019 the indicators SAIDI (Measures the duration of each interruption of the energy service) and SAIFI (Measures the amount of service suspensions) have been used. power. The following graphs show how effective this project has been, as well as a projection in the coming years with the aforementioned indicators.

The national average for the year 2019 SAIDI and SAIFI was: 39.49 hours and 53.15 times, respectively. For the Tolima project, the SAIDI was 56.83 hours, while the SAIFI registered 34.20 times, thus improving 0.07% and 20.65% respectively compared to 2019.

APPENDIX E - MACROECONOMIC ASPECTS

The calculation of the share of electricity generation in both 2019 and 2020 on GDP was carried out as follows:

- Sum of the Electricity Generation values; transmission of electrical energy and distribution and commercialization of electrical energy in the four quarters of the year for both 2019 and 2020.
- Taking the values previously calculated in Billions of pesos, I proceed to divide said value of 2019 and 2020 over the Total Gross Domestic Product (of each year), multiply by 100 and it gives me the value for 2019 and I do the same with 2020.

CONCEPT	2019				2020				2019	2020
	I	II	III	IV	I	II	III	IV		
Generation of Electric Energy, Transmission of Electric Energy, Distribution and Commercialization Electric Energy.	5.164	4.768	4.907	5.799	5.635	4.633	4.976	5.889	20.638	21.132
GROSS DOMESTIC PRODUCT (GDP)	247.405	255.049	270.901	287.764	258.739	213.438	249.218	281.527	1.061.119	1.002.922
								% of GDP	1.9	2.1

Source: Team Analysis

The supply of natural inputs with emphasis on mineral and energy resources for 2019 was 4.574.057 and for 2020 4.516.542 (terajoules) varying from year to year by -1,3% and with a participation in 2019 of 91,4% respectively. The energy inputs from renewable sources for the case of Solar in 2018 were 32 and for 2019 it was 414 (terajoules). In Hydraulics for 2018 it had 204.001 and 2019 with 196.028 (terajoules) thus having a variation with respect to these two years of -3.9% and a participation in 2019 of 4.0%. And for Eólica in 2018 there were 155 and for 2019 there were 227 (terajoules) that had as a consequence a variation for these two years of 46.5%.

By 2019 the supply of energy products grew 0.4% compared to 2018, going from 5.95 million terajoules to 5.98 million terajoules. The energy products that had the largest share in the supply were coal (36.7%) and a decrease of 4.6%, in the same way, crude oil (31.9%) and a growth of 4.2% compared to 2018. In particular, electricity in 2018 had an offer of 249,125 and for the year 2019 was 258,838 (terajoules), which shows that during these two years there was a variation of 3.9% and a participation in 2019 of 100%.

In 2019 intermediate consumption of energy products rose to 2.0 million terajoules and grew 3.8% over the previous year. The economic activities that contributed most to this behavior were: the supply of electricity, gas, steam and air conditioning that had a growth of 1.5% and educated manufacturers with a growth of 3.2%.

Table 1. Supply of natural inputs (terajoules)

National total
2018-2019p

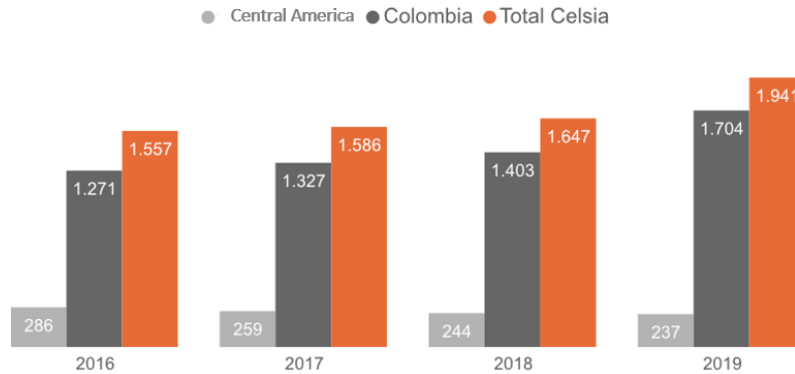
Input	Terajoules		Annual Variation 2019p /2018 (%)	Participation 2019p (%)
	2018	2019p		
Natural resource input	4.640.162	4.578.043	-1,3	92,6
Mineral and energy resources	4.574.057	4.516.542	-1,3	91,4
Natural gas	452.840	461.697	2,0	9,3
Coal	2.296.200	2.189.400	-4,7	44,3
Petroleum	1.825.017	1.865.445	2,2	37,7
Timber resources	66.105	61.501	-7,0	1,2
Firewood (natural)	66.105	61.501	-7,0	1,2
Energy inputs from renewable sources	204.188	196.669	-3,7	4,0
Solar	32	414	1117,8	0,0
Hydraulics	204.001	196.028	-3,9	4,0
Wind	155	227	46,5	0,0
Other natural inputs	177.356	168.554	-5,0	3,4
Energy inputs from cultivated biomass	177.356	168.554	-5,0	3,4
Alcohol fuel	9.874	9.386	-4,9	0,2
Bagasse	114.405	106.619	-6,8	2,2
Biodiesel	19.228	21.108	9,8	0,4
Firewood (cultivated)	33.849	31.441	-7,1	0,6
Total	5.021.706	4.943.266	-1,6	100,0

Source: DANE

APPENDIX E-1 - EMPLOYMENT

In the following chart we will show the evolution that Celsia has had in terms of employment from 2016 to 2019.

FIGURE 34: TOTAL EMPLOYEES 2016-2019



Source: Company Data

We find that Colombia has had a growth of 34% thanks to the projects that have been implemented in recent years such as the Celsia Solar Yumbo farm in 2017, Celsia Solar Bolívar in 2018 and that of Celsia Tolima in 2019.

YUMBO

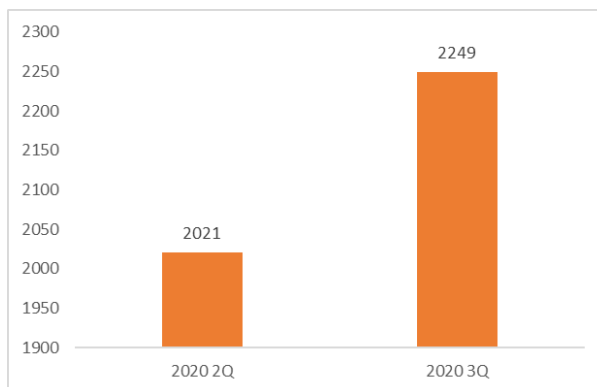
- Celsia, through its subsidiary EPSA, takes a step forward in power generation with alternative sources by starting the construction of the Celsia Solar Yumbo farm. It is a 9.9 MW project, made up of 35,000 solar panels on an 18-hectare site in the municipality of Yumbo, Valle del Cauca (Southwest Colombia) that will generate approximately 16 GWh per year, which is equivalent to basic consumption monthly energy of 8 thousand homes.

BOLIVAR

- Celsia will begin the construction of its second solar farm in Colombia, this time in the municipality of Santa Rosa de Lima, in the department of Bolívar, on a 12-hectare site. This will have an installed generation capacity of 8.8 MW and it is estimated that it will generate 15,542 MWh per year.

Despite the effects caused by the pandemic, Celsia met its social objectives with its employees, since in 2020 it established several work fronts to face the contingency, such as: Protection of collaborators and maintenance of employment, Support and accompaniment to clients and suppliers, Solidarity contribution to society and Protection of financial flexibility.

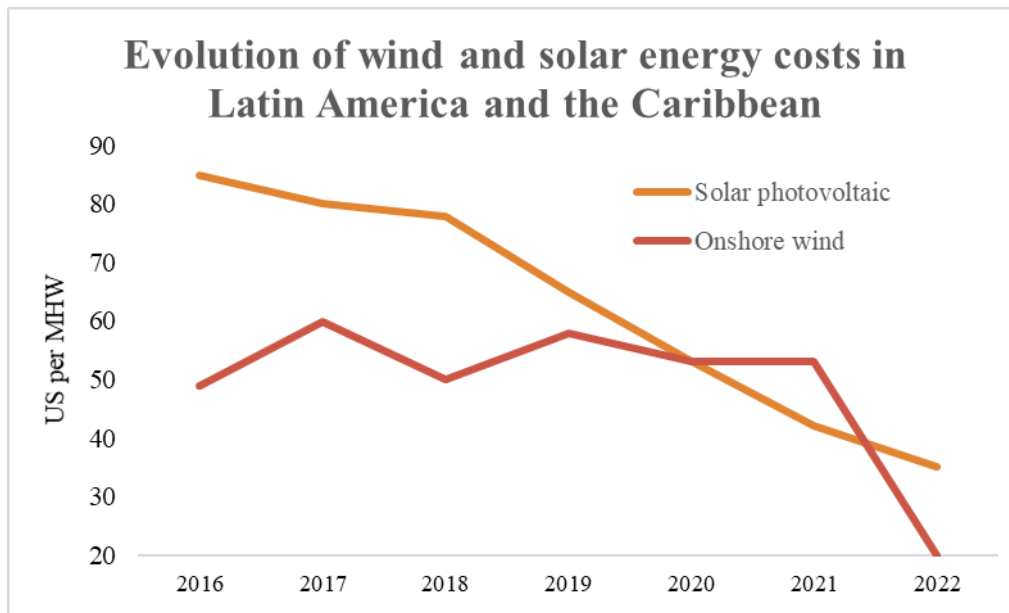
FIGURE 35: TOTAL EMPLOYEES 2020



Source: Team Analysis

The number of collaborators in 2020 in the 2Q and 3Q increased by approximately 11.3% thanks to the Celsia Tolima project that has been implemented.

APPENDIX E-2 - LATINOAMERICAN GROWTH



Source: Ministry of Mines and Energy of Colombia

APPENDIX E-3 ELECTRIC MOBILITY A KEY TO GROWTH

Electric mobility is a great challenge for Latin American countries, according to the sustainable mobility forum in Colombia conducted by the newspaper La República and ANDEMOS for the first half of 2021 Colombia is the country in the region with the highest growth in this technology, the use of this mobility has advantages such as lower prices, better performance and lower environmental pollution. For the growth of this form of mobility, it is important to strengthen the infrastructure for the network of electric and hybrid vehicles.

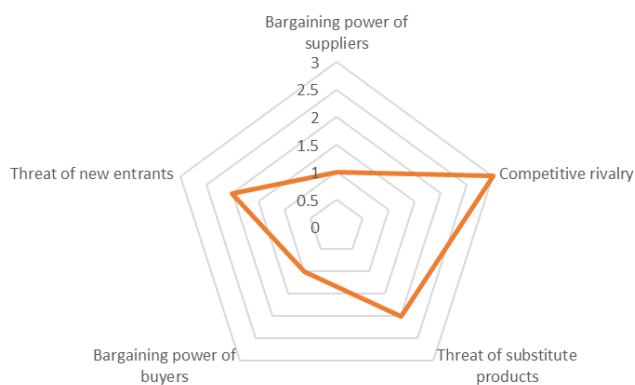
Considering that Colombia leads the region in the purchase of electric cars, as the number of cars sold should increase, the installation of charging stations should also increase. This is a great opportunity for Celsia, in Colombia there are 155 charging points, the cities with the most points are Bogota, Medellin, Cali and Pereira.

By 2020, the company launched the MUVERANG initiative that offers shared mobility systems for companies, integrating corporate mobility alternatives to generate economic and operational efficiencies and also offers electric mobility options by monthly subscription for the general public.

Hybrid and Electric Vehicle Registration Latin America									
Country	BEV			PHEV			HEV		
	2019	2020	VAR %	2019	2020	VAR %	2019	2020	VAR %
Argentina	45	39	-13,3%				1.505	2.344	55,7%
Brazil	167	182	9,0%	437	619	41,6%	11.924	18.921	58,7%
Chile**	521	967	85,6%	85	73	-14,1%	850	671	-21,1%
Colombia	923	1.314	42,4%	442	467	5,7%	1.769	1.230	-30,5%
Costa rica	346	593	71,4%	53	81	52,8%	728	761	4,5%
Ecuador	103	105	1,9%		42		1.367	1.088	-20,4%
Mexico*	305	406	33,1%	1.339	1.770	32,2%	23.964	19.087	-20,4%
Peru	20	25	25,0%	7	9	28,6%	339	541	59,6%
Dominican Rep.	370	407	10,0%	40	48	20,0%	334	246	-26,3%
TOTAL	2.800	4.038	44,2%	2.403	3.109	29%	42.780	44.889	4,9%

Source: ADEMOS

APPENDIX F - POTER'S FIVE ANALYSIS



Bargaining Power of Suppliers	1
Competitive Rivalry	3
Threat of Substitute Products	2
Bargaining Power of Buyers	1
Threat of New Entrants	2

Source: Data Company and Team Analysis

Score from 1-5, with 5 representing the biggest threat, and 1 being the lowest threat (though not non-existent)

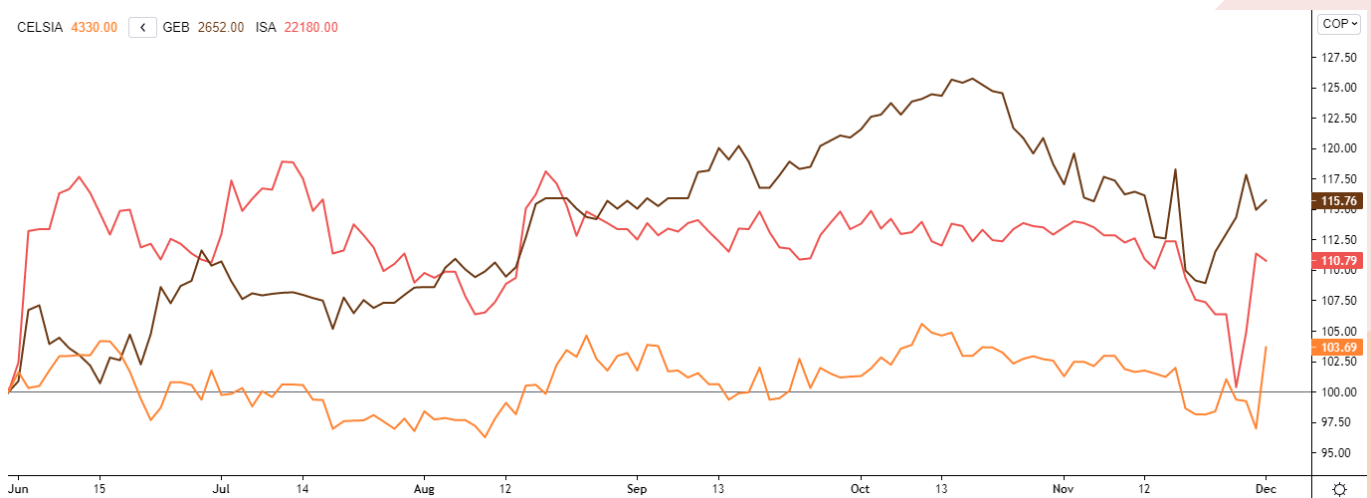
BARGAINING POWER OF SUPPLIERS (LOW):

- * The indicator is good for the company, because on the part of the accounts payable item these are paid approximately every 4 months, according to an estimate made by the team (taking the accounts payable and expenses).
- * The supply chain with suppliers has grown little (1.46% on average) but has remained high during the last 5 years (2016-2020), that is, more than 90%.
- * On the other hand, supplier satisfaction has been high during the last 4 years. It has remained on average 88.85%.

COMPETITIVE RIVALRY (MODERATE):

- * At the Colombian level it is the 5 electricity company in the market. However, it contributes 7.5% in the Colombian energy matrix in terms of installed capacity.
- * The behavior of the action against other companies (ISA and Grupo Energia Bogotá) has had a very slow growth. ISA surpasses it by 6.89 points and Grupo Energia Bogotá by 11.86 points.

FIGURE 36: STOCK MARKET PERFORMANCE 2



Source: Refinitiv

APPENDIX F - POTER'S FIVE ANALYSIS

THREAT OF SUBTITUTE PRODUCTS (LOW):

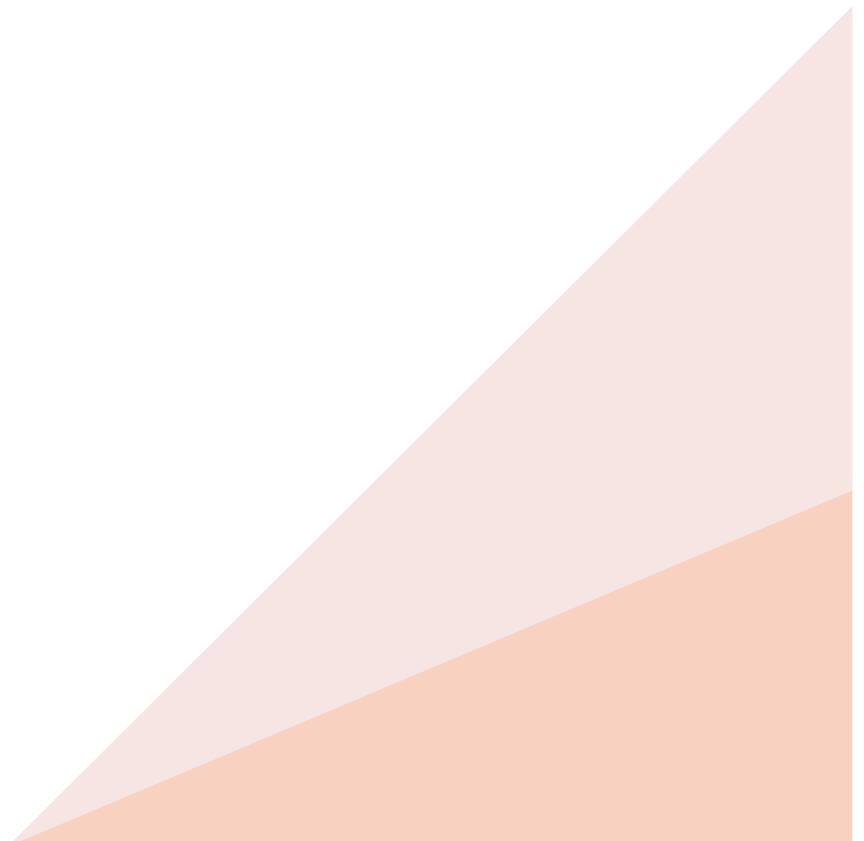
- * The prices maintained by Celsia are stable and on average.
- * The company has the advantage that it has migrated to clean energy, its matrix is composed mainly of hydroelectric power generation with 89.8%, then thermal energy with 4.6%, then wind power with 3.7% and finally farms and photovoltaic roofs with 1.8%.

BARGAINING POWER OF BUYERS (LOW):

- * This indicator is one of the lowest for the company, which generates a positive outlook.
- * Its main buyers are households and businesses, which represent 99.66%. The rest are made up of large companies and others.

THREAT OF NEW ENTRANTS (LOW):

- * The Threat is low, because Celsia has managed to innovate in its products and services. This makes it possible to go beyond competition and to limit the market for new companies.
- * This indicator did not reach 1 because the cost of innovation in the short term is high, especially in wind and solar energy. However, long-term returns will be higher.



APPENDIX F-1 - SWOT

S

- Access to cutting-edge technologies to meet emerging demand for alternative energy.
- Infrastructure conditions to manage climatic externalities that affect gas supply and demand.
- Young company with good projection
- Good participation in the stock market

W

- The costly entry barriers that must be assumed to enter the energy market.
- Low levels of advertising and marketing
- Old staff uncertainty

O

- Presence in 5 new departments thanks to the Caribbean plan.
- New major projects such as the one by celsia tolima
- Financing capacity with local banks, multilateral organizations and the local capital market.

T

- Regulatory uncertainty in legal and environmental terms.
- Market with strong competitors.
- Uncertainty due to weather conditions.

Source: Data Company and Team Analysis

APPENDIX G - PERCENT VARIANCE

Participation (%)					
Concept	Years				Average
	2016	2017	2018	2019	
Consolidated Revenue	62,22%	60,64%	57,60%	37,47%	54,48%
Power Generation	62,22%	60,64%	57,60%	37,47%	54,48%
Retail Marketing	25,67%	27,52%	29,50%	43,54%	31,56%
Use and Connection of Networks	8,46%	8,14%	8,43%	16,22%	10,31%
Gas and Transport Marketing	0,69%	2,04%	2,44%	0,05%	1,30%
Other Operational Services	2,95%	1,67%	2,03%	2,72%	2,34%
Other Revenue	2,99%	0,32%	0,10%	35,31%	9,68%
Administrative expenses	6,81%	7,11%	6,44%	8,68%	7,26%
Other Expenses	1,91%	0,10%	0,84%	11,72%	3,64%
Associated Income Equity Method	0,00%	0,18%	0,01%	1,86%	0,51%
Financial result - Financial Income	4,12%	0,29%	1,29%	1,46%	1,79%
Financial result - Financial Expenditure	-46,61%	-31,64%	-24,67%	-31,18%	-33,53%
Exchange Difference	3,15%	0,63%	-1,20%	-1,64%	0,23%
Deferred Income Tax	22,11%	-4,20%	8,99%	-11,98%	3,73%
Income Tax Current Income	-27,13%	-18,03%	-24,69%	-39,10%	-27,24%
To Owners of the Controller	43,17%	55,04%	59,07%	60,68%	54,49%
To non-controlling Interestees	56,83%	44,96%	40,93%	39,32%	45,51%
PROFIT (LOSS)	100,00%	100,00%	100,00%	100,00%	100,00%
EBITDA	255.886	309.114	316.357	379.015	315.093
EBITDA MARGIN	32%	38%	35%	39%	36%

Source: Data Company and Team Analysis

APPENDIX G – 1- BALANCE SHEET

CELSIA S.A. E.S.P.		FINANCIAL STATEMENTS									
		2019	2020	2021	Assets Participation	2022E	2023E	2024E	2025E	2026E	
BALANCE SHEET											
Expressed in millions of Colombian pesos											
NON-CURRENT ASSETS											
Property, Plant and Equipment		8.353.654	80,4%	9.492.307	80,2%	81%	9.592.574	9.772.797	9.956.407	10.143.466	10.334.039
Assets Acquired in Financial Leasing		NA	-	0,0%	1%	123.943	126.272	128.644	131.061	133.524	
Assets by Right of Use		77.313	0,7%	77.188	0,7%	1%	82.715	84.269	85.852	87.465	89.108
Intangible Assets (NET)		353.692	3,4%	348.753	2,9%	4%	445.156	453.519	462.040	470.720	479.564
Investments in associates and joint ventures		152.357	1,5%	154.478	1,3%	1%	164.023	167.105	170.244	173.443	176.701
Other Investments		98.140	0,9%	109.643	0,9%	2%	199.702	203.454	207.276	211.170	215.138
Commercial and other receivables		26.467	0,3%	179.338	1,5%	0%	51.652	52.622	53.611	54.618	55.644
Related accounts receivable		262.904	2,5%	274.069	2,3%	1%	71.697	73.044	74.416	75.814	77.239
Other non-financial assets		98.423	0,9%	100.326	0,8%	1%	66.214	67.458	68.726	70.017	71.332
Goodwill		958.924	9,2%	1.090.900	9,2%	10%	1.151.803	1.173.443	1.195.490	1.217.950	1.240.833
Deferred tax assets		2.189	0,0%	2.660	0,0%	1%	102.436	104.361	106.321	108.319	110.354
Other Assets		NA	-	0,0%	-	-	-	-	-	-	-
Depreciations		320.415	3,1%	301.138	2,5%	3%	377.097	384.182	391.400	398.763	406.245
Amortisations		60.459	0,6%	31.152	0,3%	0%	43.148	43.959	44.785	45.626	46.483
TOTAL NON-CURRENT ASSETS		10.384.065		11.829.661			12.051.915	12.278.344	12.509.027	12.744.044	12.983.477
CURRENT ASSETS											
Cash and cash equivalents		4	3,942.85%	963.347	18,1%	23%	335.494	391.432	456.697	532.843	621.686
Current financial assets (portfolio)		399.547	28,0%	262.412	18,1%	14%	198.656	231.779	270.424	315.513	368.119
Current derivative financial instruments		NA	-	0,0%	0%	1%	11.120	12.974	15.137	17.661	20.606
Other non-financial assets		59.137	4,1%	39.851	2,8%	6%	82.223	95.932	111.927	130.589	152.362
Commercial and other receivables (NET)		599.487	42,0%	784.009	54,1%	46%	660.690	770.849	899.375	1.049.330	1.224.288
Inventories		167.136	11,7%	148.477	10,2%	12%	174.878	204.036	238.055	277.747	324.057
Tax assets		24.079	1,7%	29.689	2,0%	4%	50.819	59.292	69.178	80.712	94.169
Current assets held for sale		177.207	12,4%	173.444	12,0%	12%	176.717	206.182	240.559	280.668	327.465
TOTAL CURRENT ASSETS		1.426.594	100,0%	1.449.002	100,0%	100%	1.690.598	1.972.476	2.301.362	2.688.064	3.132.782
TOTAL ASSETS		11.810.660		13.278.663			13.742.513	14.250.820	14.810.389	15.429.108	16.116.229
EQUITY											
Capital Issued		267	0,0%	267	0,0%	0%	273	294	300	306	312
Share premium		1.822.196	31,7%	1.822.195	29,6%	24%	1.822.195	1.589.043	1.589.043	1.589.043	1.589.043
Reserves		2.306.188	40,2%	2.308.379	37,5%	49%	3.021.259	3.254.367	3.324.433	3.388.796	3.450.138
Profit (loss) for the year		249.320	4,3%	367.476	6,0%		226.259	248.885	273.773	301.150	331.265
Other Comprehensive Result (ORI)		390.318	6,8%	548.990	8,9%	7%	406.421	437.779	447.204	455.862	464.114
Other assets and liabilities		(542.983)	-9,5%	(568.035)	-9,2%	-9%	(550.049)	(592.488)	(605.245)	(616.962)	(628.130)
Accumulated gains (losses)		302.435	5,3%	269.230	4,4%	1%	65.900	70.985	72.513	73.917	75.255
Accumulated earnings opening balance sheet		20.585	0,4%	19.934	0,3%	0%	25.578	27.552	28.145	28.690	29.209
Realized gains from other comprehensive income		NA	-	0,0%	2%	106.630	114.858	117.331	119.602	121.767	
Total equity attributable to the owners of the controller		4.548.327	79,2%	4.768.435	77,5%	76%	5.124.466	5.181.274	5.247.498	5.340.404	5.432.973
Non-controlling interests		1.192.330	20,8%	1.382.879	22,5%	24%	1.501.458	1.617.305	1.652.125	1.684.111	1.714.596
TOTAL EQUITY		5.740.657		6.151.314			6.625.925	6.768.579	6.899.623	7.024.515	7.147.569
LIABILITIES											
NON-CURRENT LIABILITIES		5,90%	6,43%	-			5,42%	5,84%	6,30%	6,81%	7,36%
Non-current financial liabilities		3.382.519	84%	3.666.097	84%	82%	3.571.074	3.603.222	3.635.660	3.668.389	3.701.413
Liabilities for use of assets		58.430	1%	57.449	1%	1%	62.658	63.222	63.791	64.365	64.945
Commercial liabilities and other non-current accounts payable		106.865	3%	94.904	2%	2%	99.662	100.559	101.464	102.378	103.299
Non-current deferred tax liabilities		325.585	8%	387.245	9%	12%	504.764	509.308	513.893	518.519	523.187
Benefits to non-current employees		140.893	4%	144.395	3%	3%	151.094	152.454	153.827	155.211	156.609
TOTAL NON-CURRENT LIABILITIES		4.014.293		4.380.090			4.389.282	4.428.765	4.468.635	4.508.863	4.549.453
CURRENT LIABILITIES											
Current financial liabilities		483.336	24%	1.013.758	37%	44%	1.217.111	1.195.233	1.338.161	1.508.482	1.707.272
Derivative financial instruments		43.474	2%	-	0%	1%	29.366	28.839	32.287	36.397	41.193
Liabilities for use of assets		2.795	0%	4.303	0%	0%	8.665	8.499	9.516	10.727	12.140
Trade liabilities and other current accounts payable		692.408	34%	1.017.815	37%	32%	877.798	862.019	965.101	1.087.939	1.231.309
Other current provisions		217.789	11%	274.749	10%	12%	319.842	314.092	351.652	396.410	448.650
Current tax liabilities		70.448	3%	84.935	3%	4%	120.429	118.265	132.407	149.260	168.929
Benefits to ordinary employees		59.718	3%	70.124	3%	2%	67.135	65.928	73.812	83.206	94.171
Other current non-financial liabilities		30.179	1%	35.535	1%	2%	52.919	51.967	58.182	65.587	74.230
Current liabilities held for sale		455.564	22%	276.041	10%	16%	34.082	408.634	481.005	567.722	641.311
TOTAL CURRENT LIABILITIES		2.055.711		2.777.259			2.727.337	3.053.476	3.442.122	3.895.730	4.419.206
TOTAL LIABILITIES		6.070.004		7.127.349			7.116.588	7.482.241	7.910.757	8.404.593	8.968.660
TOTAL EQUITY AND LIABILITIES		11.810.661		13.278.663			13.742.513	14.250.820	14.810.379	15.429.108	16.116.229

Source: Data Company and Team Analysis

APPENDIX G-2 - STATEMENT OF COMPREHENSIVE INCOME

CELSIA S.A. E.S.P.										
FINANCIAL STATEMENTS		2020	2021	Average Participation	2022E	2023E	2024E	2025E	2026E	
STATEMENT OF COMPREHENSIVE INCOME										
Expressed in millions of Colombian pesos										
Consolidated Revenue					10%	10%	10%	10%	10%	
Power Generation	1.298.353	37%	1.565.465	40%	55%	2.395.356	2.634.891	2.898.381	3.188.219	3.507.041
Retail Marketing	1.847.796	52%	1.889.751	48%	33%	1.428.832	1.571.715	1.728.886	1.901.775	2.091.952
Use and Connection of Networks	271.591	8%	327.072	8%	8%	354.793	390.273	429.300	472.230	519.453
Gas and Transport Marketing	2.013	0%	13.627	0%	1%	63.205	69.526	76.478	84.126	92.539
Other Operational Services	116.254	3%	146.934	4%	2%	94.949	104.444	114.889	126.377	139.015
Ordinary Revenue	3.536.007	-5,09%	3.942.850,33		7%	4.337.135	4.770.849	5.247.934	5.772.727	6.350.000
Cost of Sales	(2.377.976)	67%	(2.688.251)	68%	71%	(3.100.523)	(3.410.575)	(3.751.632)	(4.126.796)	(4.539.475)
GROSS PROFIT	1.158.030		1.254.599			1.236.613	1.360.274	1.496.301	1.645.932	1.810.525
Gross Margin	33%		32%			29%	29%	29%	29%	29%
Other Revenue	49.621	1,4%	19.872	0,5%	3%	129.923	142.915	157.207	172.927	190.220
Administrative expenses	(302.815)	-8,6%	(297.234)	-7,5%	-7%	(293.960)	(323.356)	(355.692)	(391.261)	(430.387)
Other Expenses	(27.472)	-0,8%	(44.969)	-1,1%	-2%	(69.332)	(76.265)	(83.892)	(92.281)	(101.509)
Associated Income Equity Method	(4.650)	-0,1%	1.891	0,0%	0%	(3.543)	(3.897)	(4.287)	(4.716)	(5.187)
PROFIT BEFORE TAX	872.715		934.160,52			999.700	1.099.670	1.209.637	1.330.601	1.463.661
Financial result - Financial Income	31.738	3%	29.378	2%	2%	30.217	33.239	36.563	40.219	44.241
Financial result - Financial Expenditure	(360.222)	-31%	(351.152)	-28%	-33%	(405.575)	(446.132)	(490.745)	(539.820)	(593.802)
Exchange Difference	(997)	0%	18.642	1%	-1%	(12.913)	(14.204)	(15.625)	(17.187)	(18.906)
PROFIT BEFORE TAX	543.234		631.028	631.028		611.430	672.573	739.830	813.813	895.194
Deferred Income Tax	(31.246)	-3%	(2.461)	0%	2%	29.339	32.273	35.501	39.051	42.956
Income Tax Current Income	(173.109)	-15%	(232.748)	-19%	-23%	(281.513)	(309.664)	(340.631)	(374.694)	(412.163)
Income Taxes	-	0%	0%	0%	0%	-	-	-	-	-
NET PROFIT	338.879		395.819			359.256	395.182	434.700	478.170	525.987
ATTRIBUTABLE GAIN (LOSS)	10%		10%			8%	8%	8%	8%	8%
To Owners of the Controller	249.320	74%	367.475	93%	63%	226.259	248.885	273.773	301.150	331.265
To non-controlling Interests	89.559	26%	28.344	7%	37%	132.997	146.297	160.927	177.019	194.721
PROFIT (LOSS)	338.879		395.819			359.256	395.182	434.700	478.170	525.987
EBITDA	1.236.089	363.374	1.266.451			1.419.946	1.527.811	1.645.822	1.774.981	1.916.390
EBITDA MARGIN	35%		32%			33%	32%	31%	31%	30%

Source: Data Company and Team Analysis

APPENDIX H - PEER COMPARISON

Trailing P/E LTM		Price/Book LTM	
Utility by Action	264,05	Price Book	4801,16
Multiple	12,86	Multiple	0,86
Share Value	3.394,89	Share Value	4.137,00

Price/Sales LTM		EV/EBITDA LTM	
Sales	3.305	EBITDA	1.155
Multiple	0,82	Multiple	7,87
Share Value	2.723,68	Share Value	9.087,03

Revenue 2020	3.536.007.000.000	EBITDA 2020	1.236.089.000.000
Number of Actions	1.069.972.554	Number of Actions	1.069.972.554

Source: Refinitiv and Team Analysis

To begin with the valuation by multiples, the information is extracted from 12 electric power companies that are listed on the stock exchange through Refinitiv. From said platform, information is obtained regarding Price Earning LTM, Price / Sales LTM, EV / EBITDA LTM and Price / Book LTM for each company including Celsia, however, the average of each one of these items for the 12 actions shown.

After that, it is decided to eliminate the highest and lowest value of each item so that the value of the previously estimated average does not inflate and from there the Trailing Earning LTM is calculated, made up of Earnings per Share (264.05) value obtained from the Stock Market and the Multipló (12.86); thus achieving the Share Value taking a value of 3,394.89, which is the multiplication of the previously named data that make up this item. On the other hand, the Price / Book LTM composed of the Price Book (4801.16) value obtained from the Stock Market and the Multipló (0.86) is calculated, obtaining from these two the Share Value of this item that takes the value of 4,137.00.

The Price / Sales LTM, made up of Sales (3,305) and the Multipló (0.82), give as a result a Share Value of 2,723.68 and finally the EV / EBITDA LTM made up of the EBITDA (1,155) and the Multipló (7.87) giving as a final value a Share Value of 9.087,03.

APPENDIX I– WACC COMPUTATION

Current Obligations				
Finance Entities		Interest Rate	2020	Weighted Average
Financial Obligations with Foreign Entities				
Banco Davivienda Honduras S.A		7,75%	4.291	0,07%
The bank of Nova Scotia		7,19%	223.113	3,32%
		Total	227.404	
Finance Entities		Interest Rate	2020	Weighted Average
Financial Obligations with National Entities				
Banco de Bogotá		4,20%	100.000	0,87%
Banco BBVA		3,75%	15.500	0,12%
Financiera de Desarrollo Territorial		0,00%	13.273	0,00%
Banco de Bogotá		4,29%	10.000	0,09%
Banco de Occidente		5,83%	9.096	0,11%
Banco BBVA		2,13%	7.000	0,03%
Bancolombia		2,50%	1	0,00%
Banco BBVA		2,14%	3.036	0,01%
Banco BBVA		2,03%	3.565	0,01%
Banco BBVA		2,14%	2.012	0,01%
Banco BBVA		2,03%	3.638	0,02%
Bancolombia		4,51%	1.500	0,01%
Banco BBVA		2,23%	190	0,00%
Banco BBVA		2,13%	618	0,00%
Financiera de Desarrollo Territorial		0,00%	563	0,00%
Banco de Bogotá		9,19%	50	0,00%
		Total	170.042	
Other Obligations		2020	Weighted Average	
Pay Interest Rate		2683	0,56%	
		Total	2683	
Short-Term Bonds		2020	Weighted Average	
10 Years Series		59.314	12,27%	
Emission Cost		-1.892	-0,39%	
Pay Interest Rate		25.785	5,33%	
		Total	83.207	

Source: Data Company and Team Analysis

APPENDIX I– WACC COMPUTATION

Non-Current Obligations				
Finance Entities		Interest Rate	2020	Weighted Average
Financial Obligations with Foreign Entities				
Banco Central Hondureña S.A		11,00%	8.392	0,03%
Banco de America Central Honduras S.A		10,00%	22.996	0,07%
Leasing Banistmo S.A		5,00%	18.550	0,03%
		Total	49.938	
Finance Entities		Interest Rate	2020	Weighted Average
Financial Obligations with National Entities				
Banco de Occidente		6,40%	151.053	0,29%
Bancolombia		5,81%	147.981	0,25%
		Total	299.034	
Bonds		Interest Rate	2020	Weighted Average
Serie D - Subseries D12		6,60%	240.650	0,47%
Serie D - Subseries D20		6,93%	212.080	0,43%
Bond Issuance Cost		0%	-614	0,00%
20 Years Series		7,68%	300.126	0,68%
10 Years Series		4,73%	857.850	1,20%
Series 3 - 3 Years		6,50%	29.000	0,06%
Series 3 - 7 Years		5,56%	171.000	0,28%
Bond Issuance Cost		0,00%	-9.529	0,00%
Green Bonds		4,45%	140.000	0,18%
		5,30%		0,00%
Subseries A3		5,99%	236.240	0,42%
Subseries C7		4,84%	256.270	0,37%
Subseries C12		5,28%	281.515	0,44%
Subseries C20		5,53%	325.975	0,53%
Bond Issuance Cost		0,00%	-7.016	0,00%
		Total	3.033.547	

Source: Data Company and Team Analysis

APPENDIX J– DATA SOURCES

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APPENDIX K– TEAM



Names:

- * Luisa Fernanda Castiblanco Aguilar
- * Lina María Quiroga Ochoa
- * Ricardo Montenegro Vargas
- * Carolina Villar Prieto
- * Nathalia García Bautista

Professions:

- * Student of economics
- * Student of economics
- * Student of public accounting
- * Student of economics
- * Student of economics