



TGI'S ACQUISITION INVESTOR - UPDATE



TGI

GRUPO ENERGÍA DE BOGOTÁ



ENERGIA
de Bogotá



GRUPO ENERGÍA
DE BOGOTÁ

April 2014

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1. Transaction Description
2. Credit Rating Analysis
3. Questions and Answers Session



1. Transaction Description

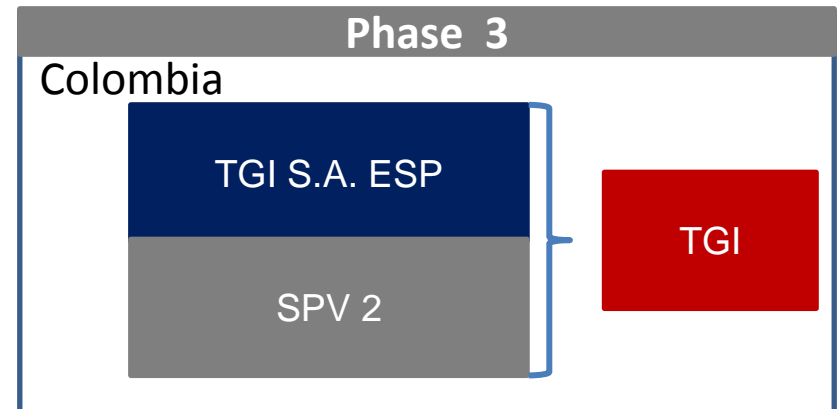
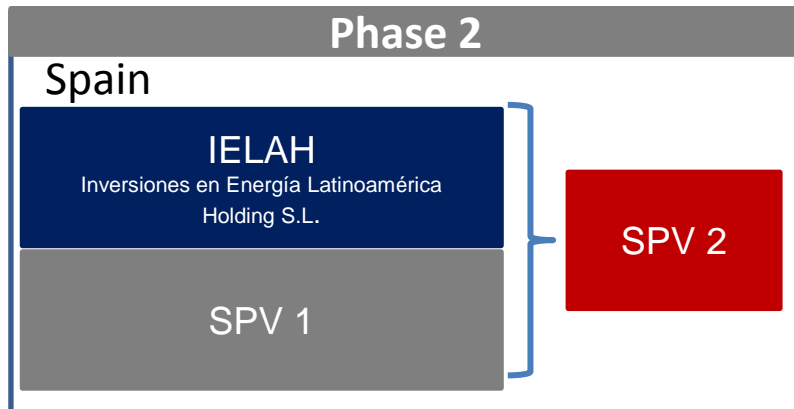
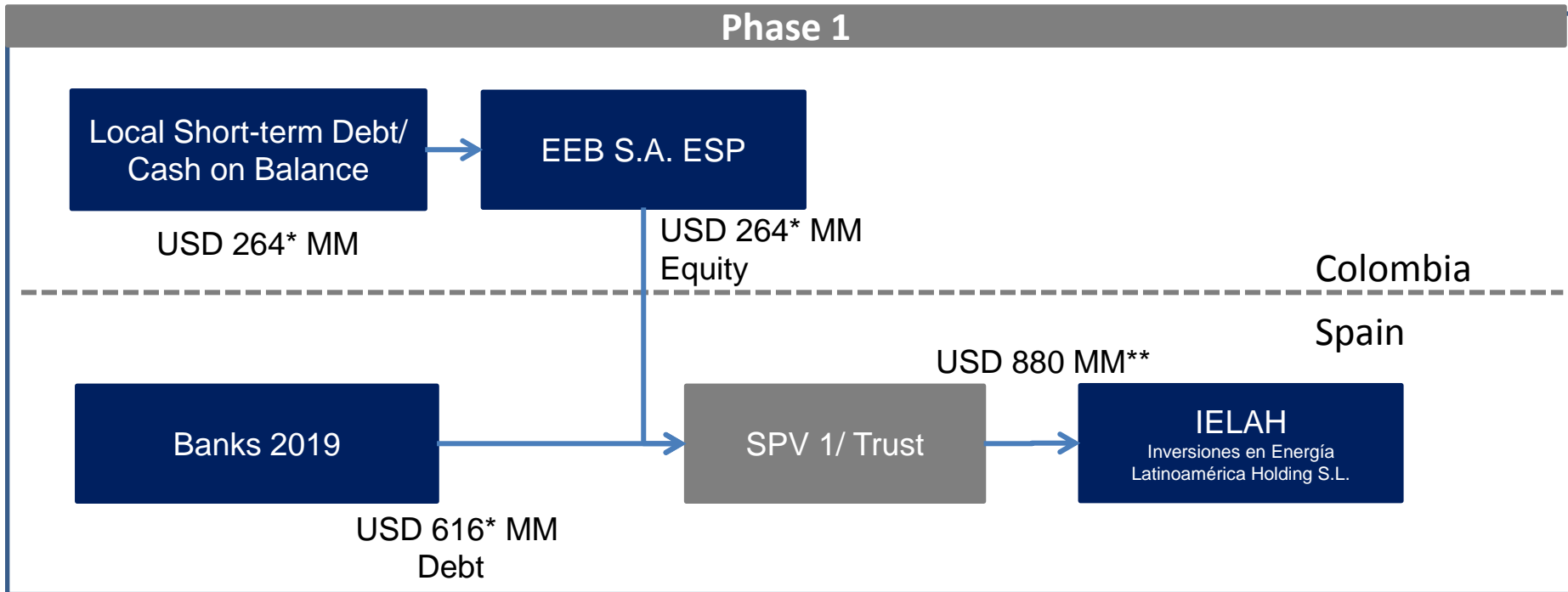
1. TGI is the largest natural gas transportation company in Colombia with **47.6%** market share and a gas pipeline infrastructure of **3,957 kilometers**
2. TGI has **outstanding operational and EBITDA margins** and is one of the most profitable companies of GEB and will pay dividends this year amounting **USD 65 million**
3. TGI serves the most populated areas in Colombia such as Bogotá, Medellín, Bucaramanga, Eje Cafetero and the Piedemonte Llanero where approx. 80% of the country's GDP is generated
4. On August/2012, TGI successfully completed the final phase of a major expansion program that increased natural transportation **capacity to 730 mmcfd**
5. TGI is currently undertaking other significant infrastructure expansion projects, such the Sabana Compression Station, and the feasibility studies for Cusiana Phase III (20 mmcfd capacity increase in the Cusiana- Vasconia pipeline)

Transaction

- On **December 11th 2013**, EEB's Board of Directors decided to exercise EEB's Right of First Offer (ROFO) under the Shareholder's Agreement for the acquisition of a 31.92% stake in TGI, after the end of the **lock-up period** (3 years).
- Offer was submitted on March 25th 2014
- The offer, for a value of **USD 880 million**, was accepted by The Rohatyn Group (formerly CVCI) on **April 3rd 2014**,
- This transaction, which is part of EEB's **USD 7.5 billion** 2013-2017 investment plan will generate positive value for EEB's shareholders

Strategic Benefits

- TGI has high **potential of growth** and for participating in new business both locally and internationally.
- EEB will have more **flexibility to distribute dividends** without any Shareholders Agreement –SHA- restrictions.
- **Elimination of veto** power by minority shareholder on some decisions, under the current SHA (i.e. investment, business plan and budget among others)..
- **Leveraged Buyout (LBO)** with important tax shield benefits for TGI and the group.
- EEB will have **greater control and flexibility** by controlling TGI's major investment and indebtedness decisions by pursuing EEB's strategic objectives.



* Bank charges and reserve funds are not included.

** Transaction payment will be done to IELAH Luxembourg

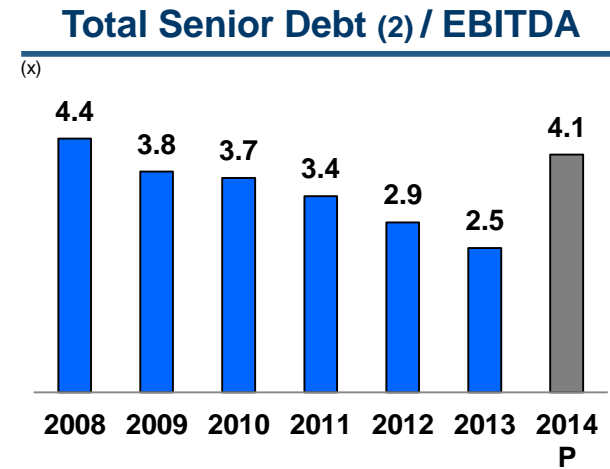
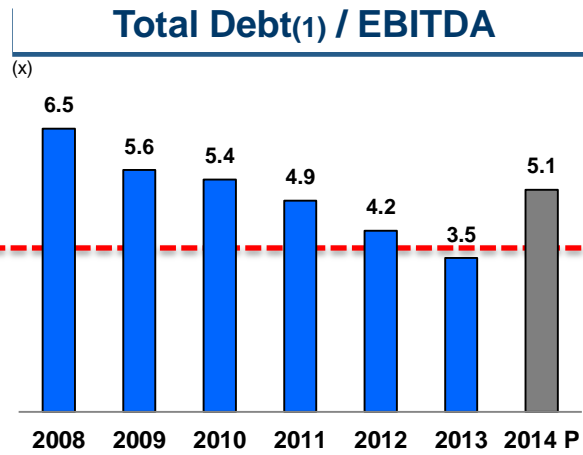
EEB's Board Approval to acquire 31,92% TGI's stake owned by CVCI	December 11th 2013
End of Lock-Up period	March 2nd 2014
EEB's Purchase Offer	March 25th 2014
Offer Acceptance	April 3rd 2014
Share Purchase Agreement	June 27th 2014 (estimated)
Deadline for closing transaction	July 2nd 2014
Estimated time for phases 2 and 3	12 months

N.B. According with the Shareholders Agreement, if the transferring shareholder accepts –CVCI- any First Offer Election, then, within **ninety (90) days** after the date the transferring shareholder accepts such First Offer Election, transaction should be materialized.

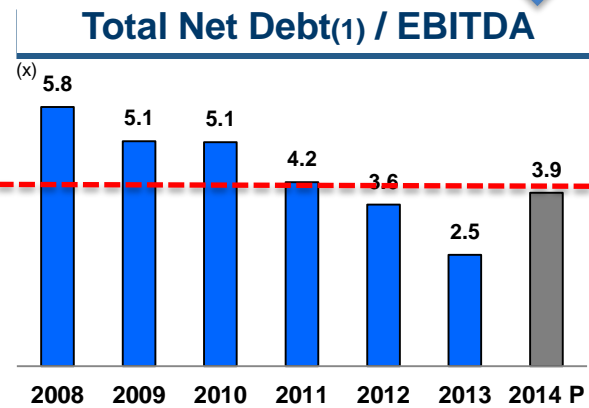


2. Credit Rating Analysis

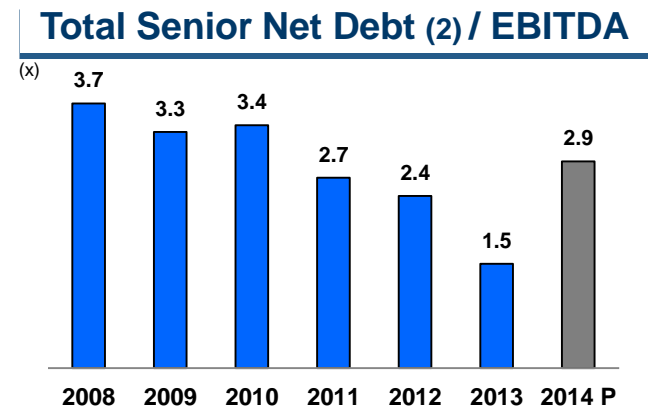
Ratings Threshold: 4.0: 1.0



Cash available will allow to reduce total debt



Ratings Threshold: 4.0: 1.0



Source: Company information.

Note: Ratios calculated in local currency

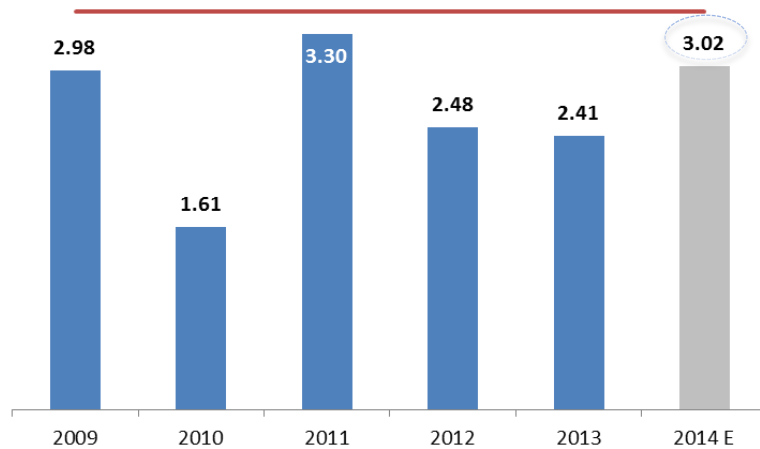
(1) Total Debt Includes MM USD 616 associated to EEB Financed Acquisition

(2) Total Senior Debt Includes MM USD 616 associated to EEB Financed Acquisition

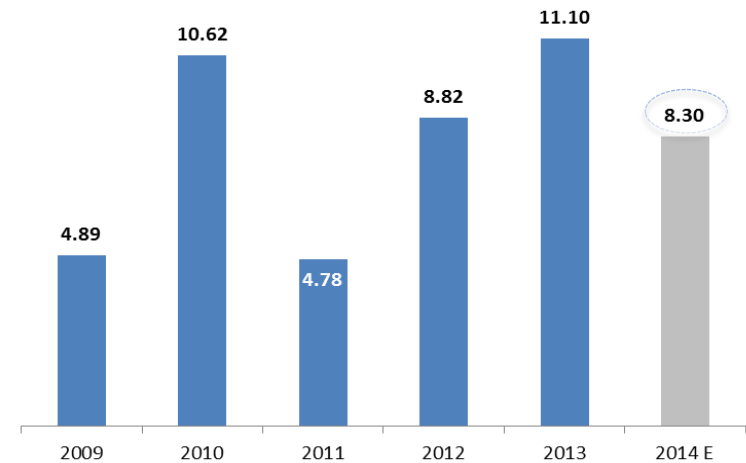


Total Debt / EBITDA*

Ratings Threshold: 3.5:1.0



Interest Coverage*



* Figures in 2014 includes USD 880 millions related with this transaction



FitchRatings

BBB- Rating
Outlook stable

BBB- Rating
Outlook stable

MOODY'S

Baa3- Rating
Outlook stable

Baa3- Rating
Outlook stable

STANDARD
& POOR'S

Corporate BBB-
Outlook stable
LT Debt :BB+ Rating

BBB- Rating
Outlook stable

For the time being S&P has not taken any action related to this transaction

TGI multiples

(USD Million)

	2014	2010
	<u>EEB acquires 31,92% of TGI</u>	<u>CVCI acquires 31,92 of TGI</u>
ENTERPRISE VALUE*	3,636.7	2,404.5
EBITDA	358.7	224.0
EV/EBITDA	10.1	10.7

Final remarks: TGI is a strong energy asset with stable and predictable future cash generation stream. TGI has been part of GEB and fits perfectly on long-term group strategy as source of future growth.



3. Q/A Session

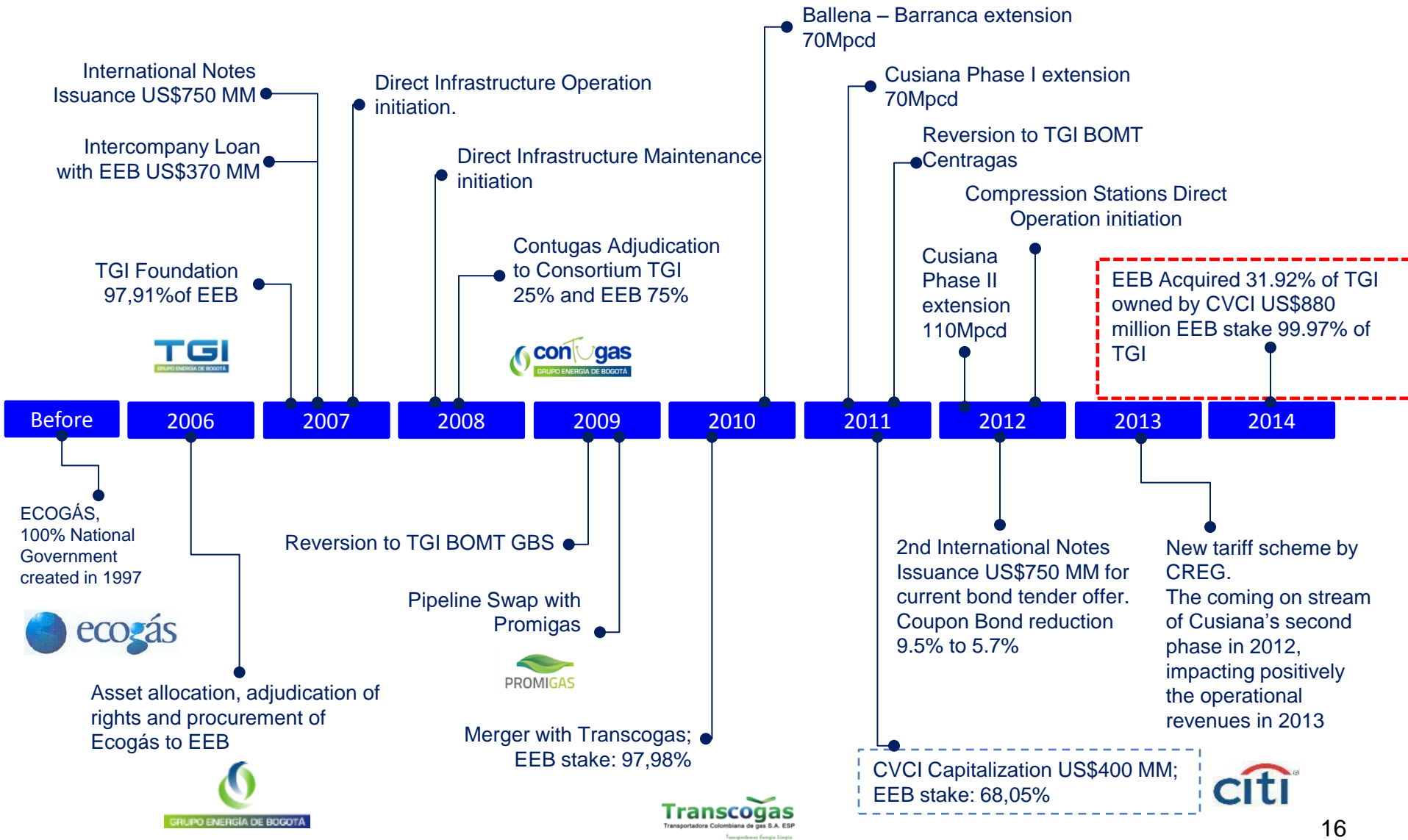


Annexes - TGI Performance

TGI – Updated Timeline

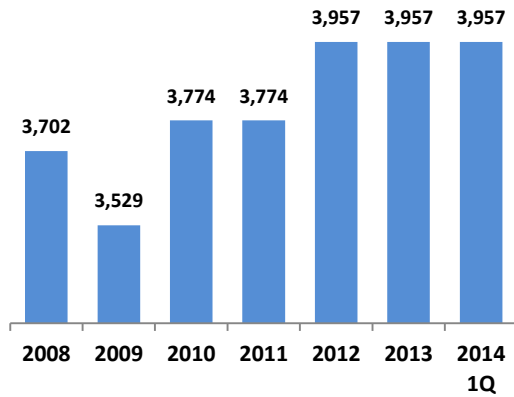


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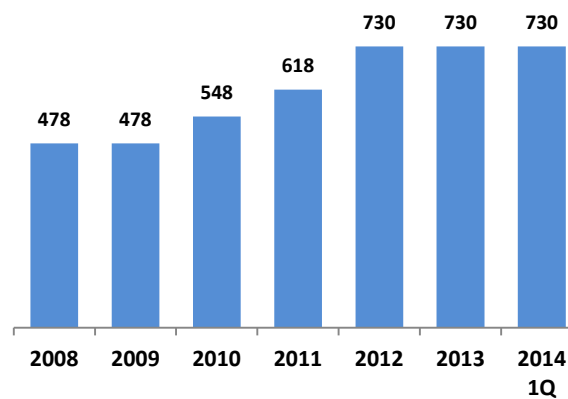
Network length

(km)



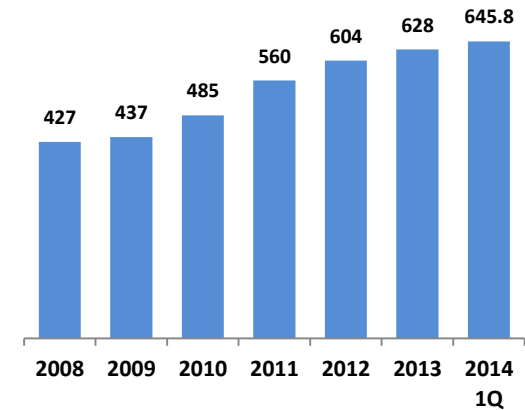
Capacity

(mmscfd)



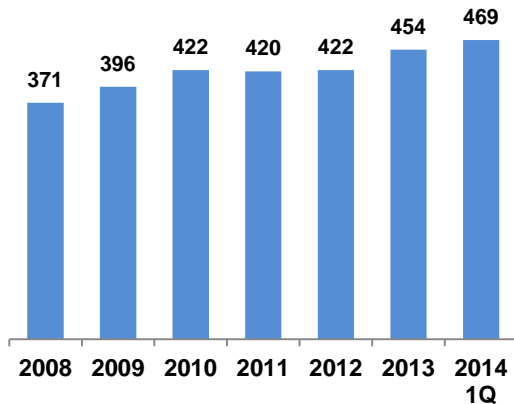
Firm Contracted Capacity

(mmscfd)



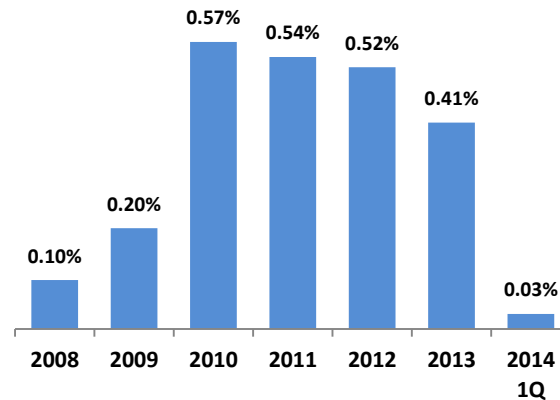
Transported Volume

(Average mmscfd)



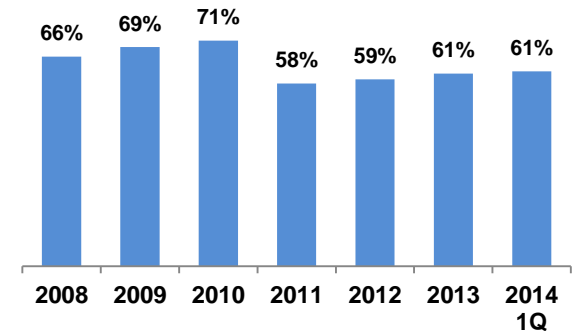
Gas Losses*

(%)



Load factor

(%)

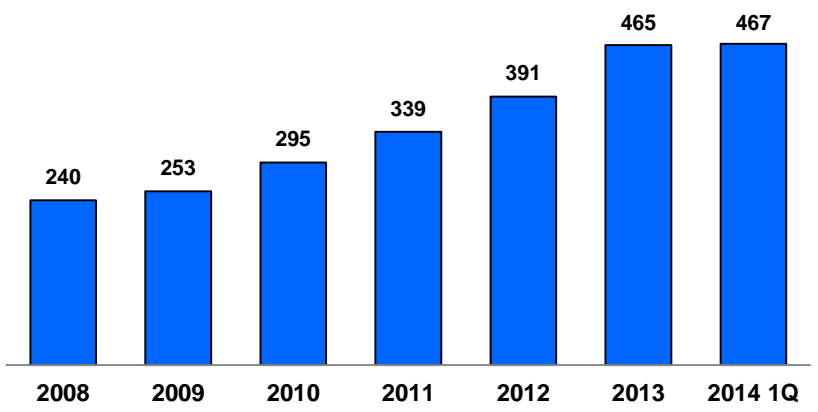


Source: Company information

* Since 2010 gas losses methodology was reviewed.

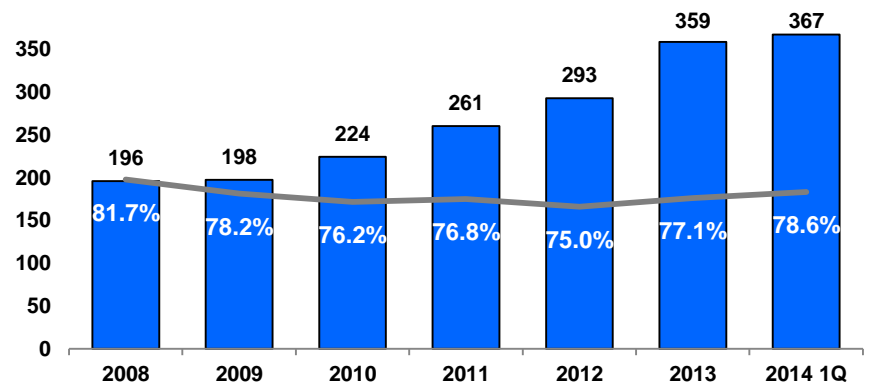
Revenues

(US\$ in millions – average exchange rate for each period - LTM)



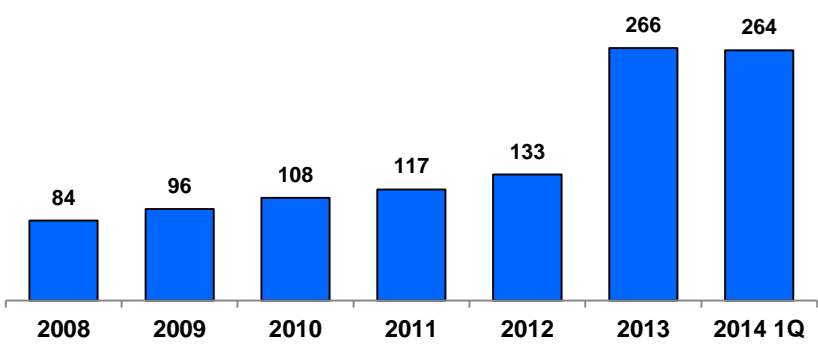
EBITDA and EBITDA margin

(US\$ in millions – average exchange rate for each period - LTM)



Funds from operations ⁽¹⁾

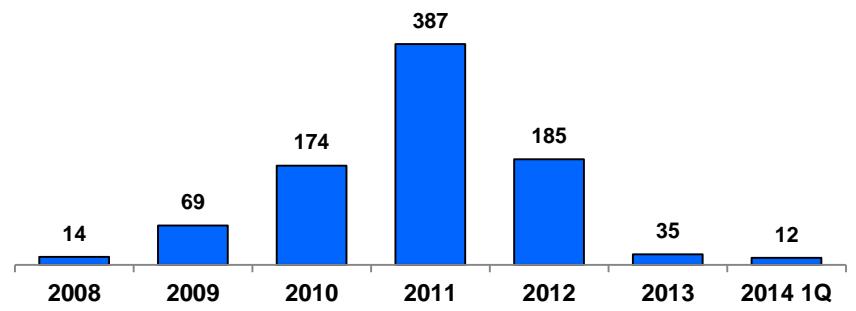
(US\$ in millions – average exchange rate for each period)



Source: Company information

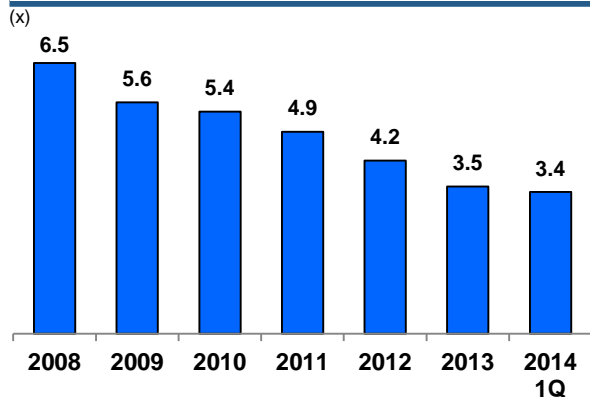
Historical Capex

(US\$ in millions)

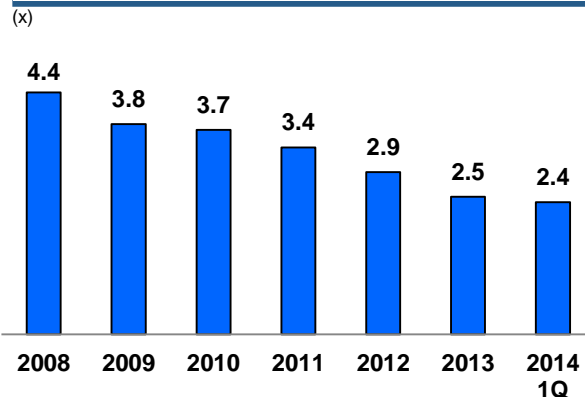


(1)FFO calculated as net income plus depreciation, amortization and provisions, adjusted for effect from exchange rate and hedges.
On 2012 FFO includes the LM transaction premium~ USD 69 million (one time event)

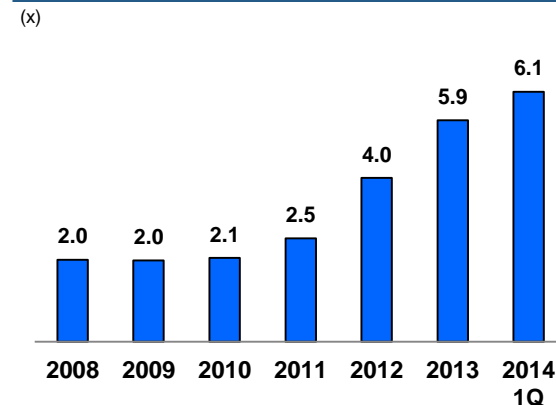
Total Debt / EBITDA



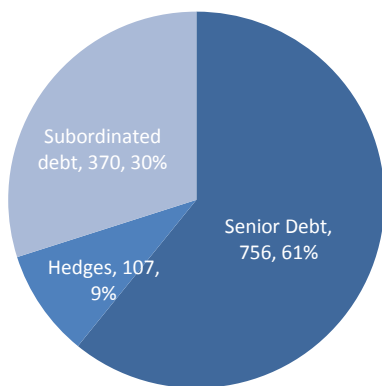
Total Senior Debt / EBITDA



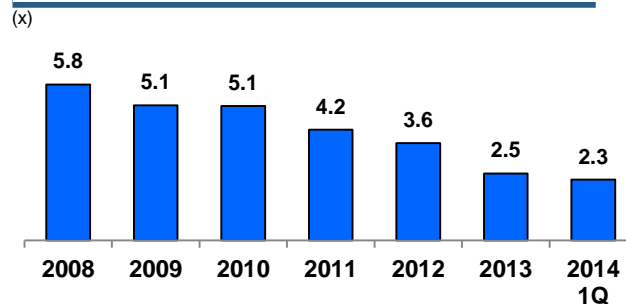
Interest coverage (1)



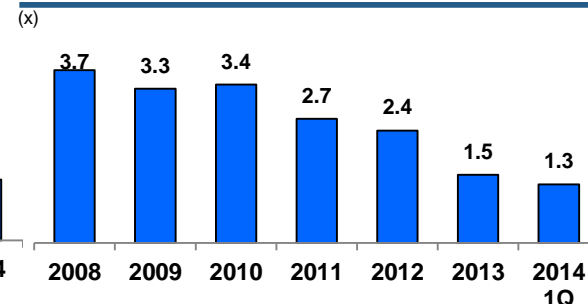
Financial debt breakdown – March 2014 (2)



Total Net Debt / EBITDA



Total Senior Net Debt / EBITDA



Subordination Agreement

- The lender is EEB (major shareholder)
- No repayment of principal allowed before payment of senior debt
- Interest can only be paid if there is no default or event of default and if the payment does not trigger any such scenario
- Subordinated debt acceleration is not allowed until senior debt is not repaid

Source: Company information.

Note: Ratios calculated in local currency

(1) Interest coverage ratio calculated as EBITDA / Net Interest

(2) Senior debt stands for the US\$750 million Senior Unsecured Notes due 2022, 5.7 million Leasing operations, 107 million in Hedges. Subordinated debt stands for intercompany loan with EEB.