

1. Important Facts

- During Q1 2014 Cálidda increased its firm transportation capacity with Transportadora de Gas del Perú (TGP) in 36MMCFD.
- In March, an agreement of transportation capacity redistribution was signed between power generator Edegel and Cálidda, whereas Cálidda has the option to get 3 MMPCD additional capacity.
- Client base has reached 186,000 customers. A new record high in monthly connections was achieved in March, with 8,876 new clients (vs. 3,663 connections in March 2013).
- Industry regulator OSINERGMIN published on March a draft resolution that sets Cálidda's distribution tariff for the period between May 8th, 2014 and May 7th, 2018. Cálidda has sent its feedback and comments back and expects a final tariff resolution by July.
- In late March Cálidda signed an agreement with power generator Kallpa (870MW), by which this company increases its firm volume distribution contract by 11 MMCFD and its interruptible volume distribution contract by 33.5 MMCFD.

2. Natural Gas Market

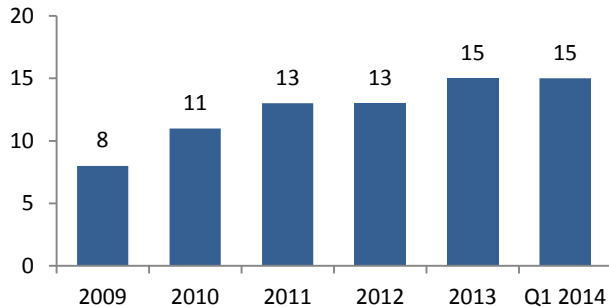
In Q1 2014, the quarterly average total volume of natural gas produced in Peru was 1,200 MMSCFD (million standard cubic feet per day), showing an increase of 6.38% when compared to the average total volume produced in Q1 2013 (1,128 MMSCFD).

Out of the quarterly average total production, the local natural gas consumption represented 51% (609 MMSCFD), whereas the remaining 49% (591 MMSCFD) was exported to foreign markets. In this scenario, Cálidda's local market share in Q1 2014 was 73%.

3. Commercial Performance

3.1. Client Segments

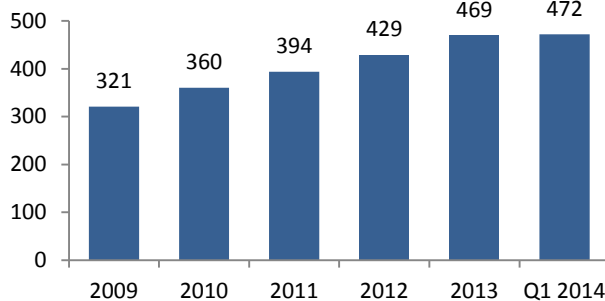
Power Generation



The Fénix Power (534MW) and Termochilca (200MW) thermoelectric plants were connected in the late 2013 and will be fully up and running in 2014.

Kallpa thermoelectric plant increased its firm volume contract by 11 MMCFD.

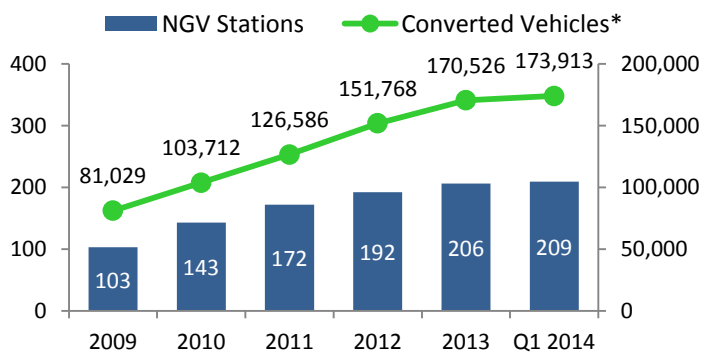
Industrial



A total of 3 new industrial plants were connected during Q1 2014. Cálidda is addressing the demand for this segment in more than 30 districts.

Among the 3 industries connected stands out Quimpac S.A. (average consumption of 1 MMCFD).

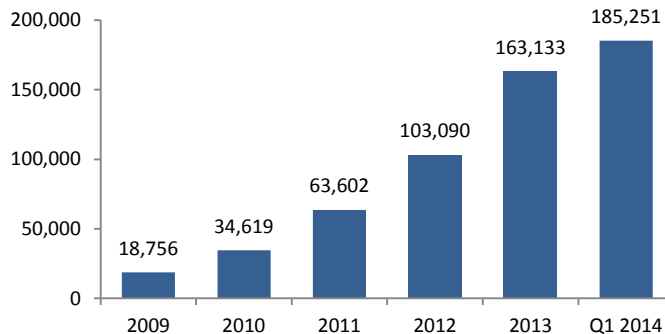
NGV Stations



(*) The information as of March 2014 has not yet been reported by Cofide.

A total of 3 new service stations joined Cálidda's distribution system in Q1 2014 and almost 174,000 vehicles have been converted to natural gas in the cities of Lima and Callao. Further increases in natural gas consumption are expected to come as the public transportation buses in Lima are being converted gradually from diesel to natural gas.

Residential & Commercial



Cálidda added 22,118 clients to the Residential & Commercial segment., of which 21,856 are residential coming from the existing districts where Cálidda has presence. Therefore Cálidda boasts a total of 182,550 households.

3.2. Revenues

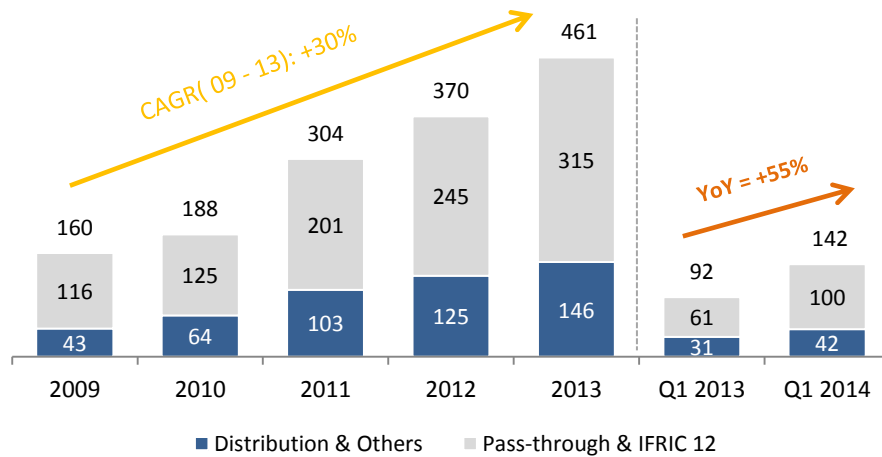
Cálidda's revenues are comprised of five items, namely:

- i) Distribution revenues, containing sales of distribution of natural gas;
- ii) Installation services, represented mainly by the construction of the network of natural gas within households (these revenues include connection fees and financial income derived from funding clients' installation);
- iii) Pass-through revenues, which are derived from gas supply and gas transportation services (which also represent cost of sales, without a margin);
- iv) IFRIC 12, which represents an accounting standard to book concession investments, and
- v) Other revenues, comprising maintenance and other non-recurrent services

In Q1 Cálidda has increased its volume sold by 29% compared to Q1 2013, explained basically by new power generators that have joined Cálidda's distribution system: Fénix Power (82 MMCFD) and Termochilca (45 MMCFD).

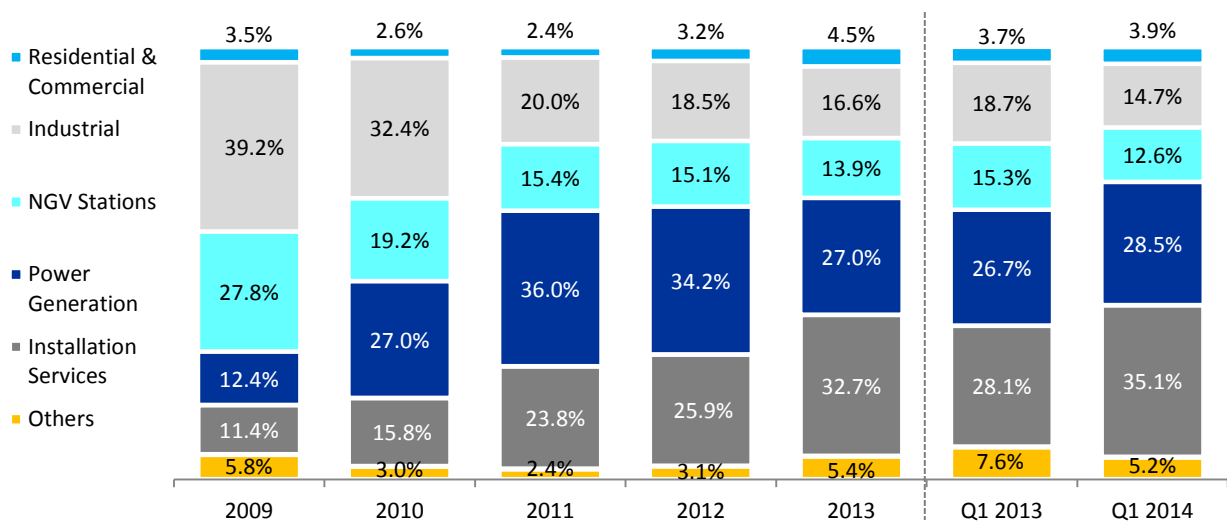
Total revenue in Q1 2014 was USD 142 MM (including IFRIC 12), corresponding to a 55% growth compared to the same period of previous year, explained mainly by a larger customer base and related installation services, and the addition of power generation customers in 2H 2013.

Total Revenues (USD MM)



On the other hand, the following chart shows Cálidda's Total Adjusted Revenues by client segment (excluding pass-through and IFRIC 12 revenues).

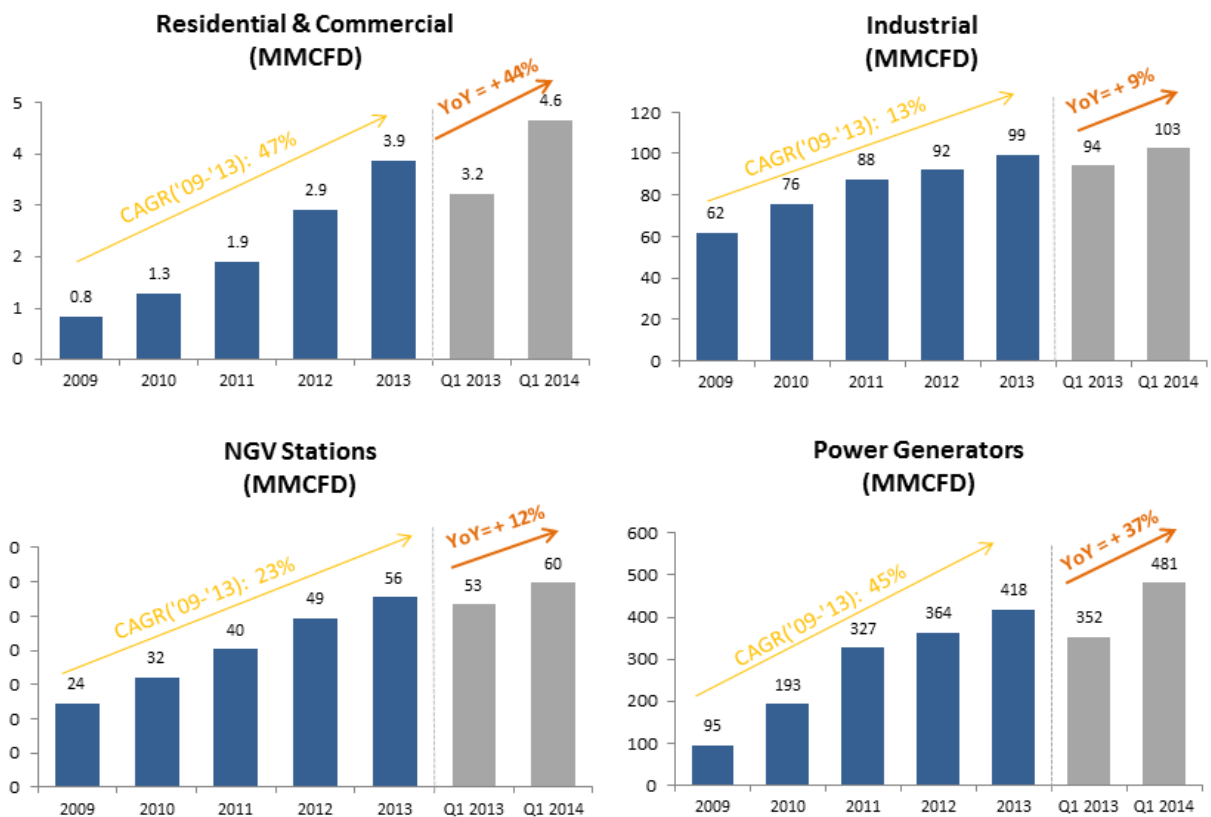
Revenues¹ Composition by Client Segment



(1) Excluding pass-through and IFRIC 12 revenues.

3.3. Volume

Cálidda has experienced a sustained increase in volume sold over the last few years, as shown in the next charts:



Positive trends were present in all four client segments for the current year. Total volume sold during Q1 2014 reached 648 MMCFD, 29% higher when compared to 1Q2013 (503 MMCFD). This is explained mainly by the operation of the two power generation plants mentioned above (Fénix and Termochilca), which were connected during 2H 2013.

4. Operational Performance

In Q1 2014 Cálidda made 22,124 natural gas connections, achieving in March a new monthly record high of 8,876 connections, the majority of them in the Residential & Commercial segment, and therefore setting us further into our goal of providing natural gas and its benefits to most of the population of Lima and Callao.

In the Residential segment, Cálidda distributes natural gas to 15 out of the 49 districts in the city of Lima and Callao: Villa El Salvador, Comas, San Juan de Lurigancho, El Agustino, San Miguel, Santiago de Surco, Jesús María, Magdalena, Pueblo Libre, Cercado de Lima, Los Olivos, San Martín de Porres, San Juan de Miraflores, San Borja, and Villa María del Triunfo. Likewise, in the Industrial and NGV Stations segments, Cálidda is present in more than 30 districts.

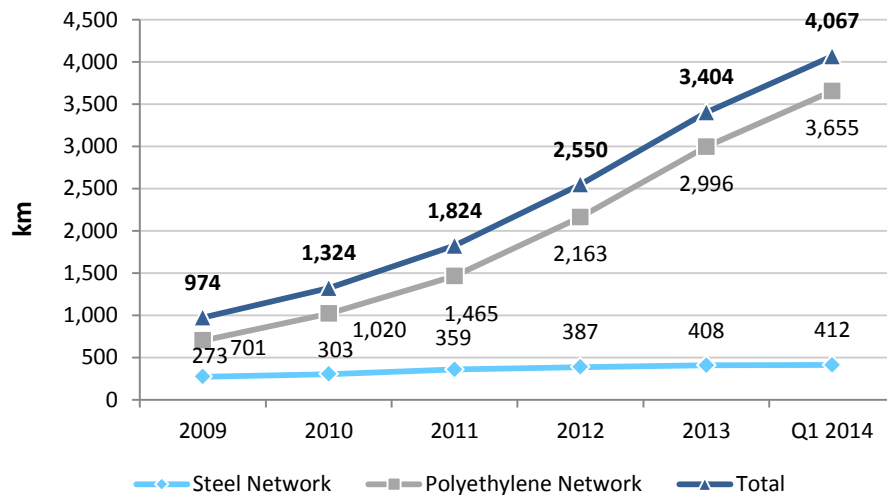
This year the plan is to enter into 6 new districts: Callao, Ate, Santa Anita, Puente Piedra, Imperial and Cañete.

4.1. Distribution Network

Over Q1 2014, Cálidda has built 4km of steel high pressure network and 659 km of polyethylene secondary network. Cálidda's distribution system reaches a total of 4,067 km of underground pipelines.

The pace of network expansion in polyethylene (rings) has increased considerably, reaching in Q1 2014 38,951 rings compared to 12,264 rings in Q1 2013 (33,295 in Q4 2013).

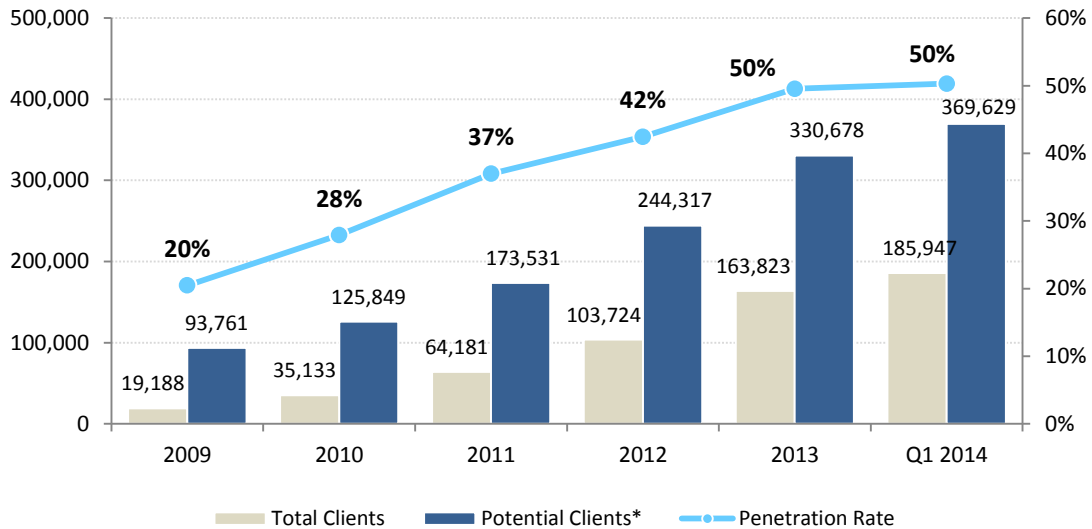
Distribution Network



4.2. Network Penetration Rate

The network penetration rate is measured as the number of connected clients over the number of potential clients that are located near Cálidda's distribution network. As of Q1 2014, Cálidda estimates that there are over 370,000 potential clients (among households and other types of clients) close enough to Cálidda's distribution network, out of which 185,947 are currently connected. Therefore, the network penetration rate is 50%.

Network Penetration Rate

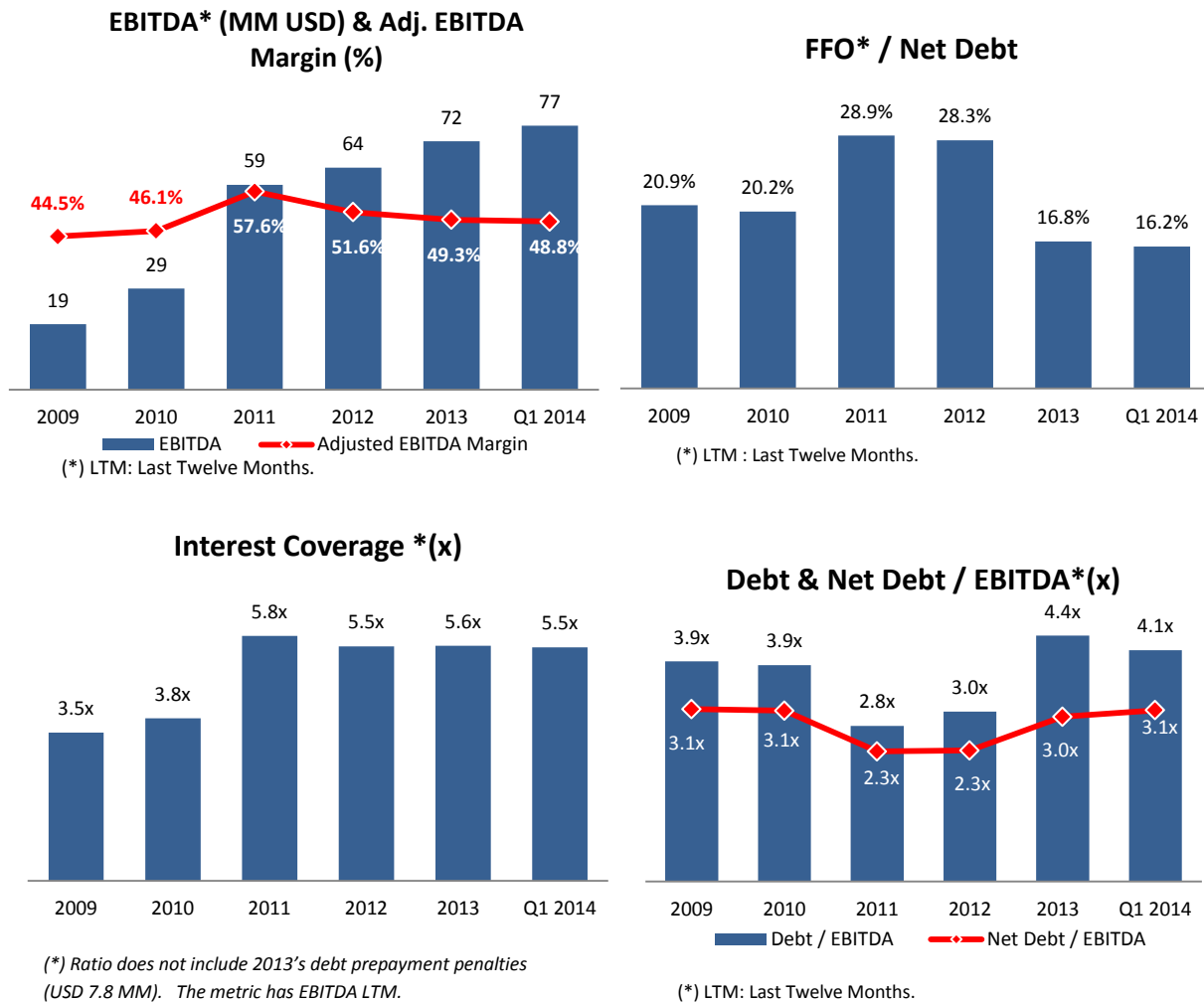


(*) Clients who are adjacent to Cálidda's distribution network.

As can be observed, the network penetration rate has increased over the years due to the fact that Cálidda's commercial strategy is mainly focused on districts characterized by medium and low income families, where the savings produced by the use of natural gas, against alternative fuels, are more appreciated, and, therefore, with a higher acceptance of the service provided.

This year would be entering 6 new districts: Callao, Ate, Santa Anita, Puente Piedra, Imperial and Cañete.

5. Financial Performance



Cálidda's Q1 2014 EBITDA LTM is higher than 2013's by 7% due to (i) higher volume invoiced to 2 new power generation plants (Fénix and Termochilca) and also volume sold in more profitable segments such as Residential & Commercial, Industrial and NGV Stations, and (ii) higher revenues from households internal installations services.

However, the Adjusted EBITDA Margin was slightly reduced due to (i) higher operational costs derived from an increase in Cálidda's contractors' tariffs for internal installations services, which were increased by 3% in August 2013, and (ii) lower average distribution tariff due to quarterly adjustments that reflect a decrease in the international prices of steel and polyethylene commodities (-1.5% compared to Q1 2013).

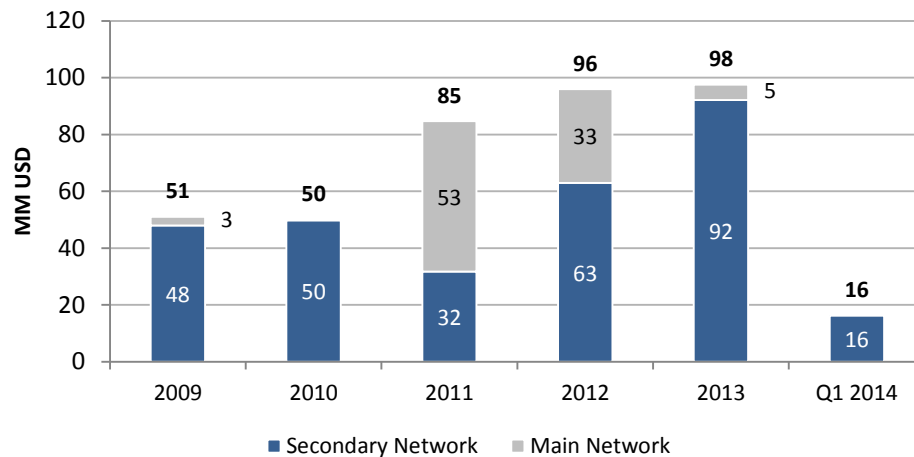
The Debt/EBITDA ratio reflects the USD 320 MM bonds issuance and the prepayment of total financial debt done in Q2 2013, including the shareholders subordinated and other senior debts.

The Interest Coverage ratio does not consider the penalties charged for the prepayment of the Multilateral Agencies debt (USD 7.8 MM paid in Q2 2013).

5.1. Capital Expenditures

In Q1 2014 Cálidda invested USD 16 MM in the expansion of its distribution network, mainly in the construction of polyethylene network for household clients.

Capital Expenditures



6. Annexes

6.1. Disclaimer

The information provided here is for informational and illustrative purposes only and is not, and does not seek to be, a source of legal or financial advice on any subject. This information does not constitute an offer of any sort and is subject to change without notice.

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6.2. Definitions *Adjusted EBITDA*

Our adjusted EBITDA, or Adjusted EBITDA, consists of our net profit for such period, plus (i) income tax expense, (ii) minus financial income, plus (iii) the sum of (a) financial expenses, and (b) amortization and depreciation included in each of general and administrative expenses, selling expenses and cost of sales, in each case, for such period. Our management considers that Adjusted EBITDA is a meaningful measure for understanding operating and financial performance. Adjusted EBITDA is not a presentation made in accordance with IFRS. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, as indicative of the cash available to us to make payments under or as substitute for analysis of our results as reported under IFRS. For example, Adjusted EBITDA does not reflect (a) cash expenditures, or future requirements of capital expenditures or contractual commitments; and (b) changes in, or cash requirements for, working capital needs. In addition, because other companies may calculate adjusted EBITDA differently than we do, Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Application of IFRIC 12

Given that IFRIC 12 refers to service concession arrangements, as holder of the BOOT Concession Agreements, Cálidda must analyze its application to the Financial Statements. Based on the fact that the services to be provided by Cálidda are set forth by the MEM, who also determines the tariff rates, and that the assets comprising the Cálidda's natural gas distribution system shall be returned to such entity upon termination of the concession, management considers that IFRIC 12 applies to the Financial Statements. Under IFRIC 12, management considers that Cálidda's assets comprising the natural gas distribution system and used for natural gas distribution should be recorded as an intangible asset.