

TGI & Cálidda Conference Call 1Q 2020

Richard: Welcome to the TGI and Calidda's 2020 Q1 Results Conference. My name is Richard and I will be your operator for today's call. At this time all participants are in silent mode. The call will be conducted in Spanish; however, questions will be answered during the Q&A session in both Spanish and English. Please note that this conference call is being recorded.

From this moment on, Mario Caballero, CFO of Cálidda will speak. Mr. Caballero, you may begin.

Mario Caballero: Good morning, everyone. Thank you for joining us today. On behalf of the company, I would like to welcome you to Cálidda's 2020 First Quarter Results call. I hope that you and your families are doing very well, given the exceptional situation we are facing with COVID-19. I would like to start this presentation by sharing some comments on how Cálidda has been facing the current health crisis.

As part of our commitments, I would like to stress that our distribution system has remained 100% operational during the emergency period thanks to the commitment and collaboration of our workers, who allow us to continue bringing progress and quality of life to Peruvian families.

Given the nature of our operations and to guarantee the integrity and continuity of the natural gas service, about 10% of our workforce continues working in on-site functions with personal protection equipment and in regulated environments under strict safety protocols. Since the beginning of the quarantine, the rest of our employees have been working remotely.

At Cálidda, our priority is the health of our team and their families, so we have had continuous communications on preventive matters and support. Likewise, COVID-19 tests have been acquired to provide the necessary support to all our employees. Well aware that we are a utility company that reaches families in vulnerable areas and in line with the Emergency Decree 035-2020, issued by the government, Cálidda is managing the fractioning of the billing incurred during the months of the emergency for residential customers whose consumption is less than 20 cubic meters.

Likewise, our company has been evaluating commercial alternatives to support other segments in our customer base that have been affected by the crisis. As we initially mentioned, our gas service operation has been maintained at 100%. Likewise, we have been carrying out network maintenance, customer service and emergency activities via telephone and digital channels.

Finally, aiming to increase this liquidity during this period of uncertainty, as well as preparing to resume our expansion activities during phase one of the economy's reactivation, Cálidda has taken short-term debt for USD\$80 million between March and April. To date, there has been no need to use these funds. However, as we have qualified for phase one of the reactivation program, we expect to start with disbursements associated with network expansion from mid-June.

I would like to close this introduction by ratifying Cálidda's commitment to the health and safety of its employees, the support for commercial solutions for its clients and the

assurance of the operation of the gas distribution system. We are preparing to restart our activities respecting the required safety standards and protocols and with a great expectation to continue with the gas massification project.

Following this introduction, please join me now to review the results obtained during the first quarter of 2020.

At the bottom of the slide, you can see two graphs containing our key operational and financial results for Q1 2020 and Q1 2019. Concerning our operating results as of March 2020, we reached more than 986.000 customers, adding almost 184.000 customers during the last 12 months. This represents a 22% increase in our customer base and a new milestone for Cálidda in its path towards the massification of natural gas in Lima and Callao.

As for the accumulated turnover for the year, this decreased by 6% compared to the results for the first quarter of 2019, resulting in a total of 722 million cubic feet per day.

The length of the network increased by 15% reaching a total of 11.525 kilometers of underground pipeline infrastructure and an increase of 1,490 kilometers in the last 12 months.

In terms of our financial results, our total revenue for the quarter was USD\$163 million. Also, our total adjusted revenue from all of those pass-through items totaled USD\$60 million. Both of these, compared to our first quarter 2019 results, increased 4%, while our EBITDA was USD\$41 million and remained stable during Q1 2019.

Finally, I would like to mention that at the end of April the international risk rating agencies Fitch and Standard and Poor's ratified Cálidda's corporate risk and debt ratings of BBB and BBB- respectively.

Please now let's continue to the next section to review our business performance.

As can be seen in the various graphs, Cálidda continues to build an incremental customer base in all segments it serves. In the industrial segment, Cálidda reached 678 industrial customers of which 44 were connected to the distribution system during the last 12 months. In the case of the CNG segment, three stations were connected to our distribution system during the last 12 months, reaching a total of 280 stations.

It is important to mention that at the close of Q1 2020, CNG stations are supplying natural gas to almost 194.000 vehicles in the city of Lima and Callao.

At the residential and commercial segment in Q1 2020, Cálidda has connected more than 986.000 customers in 41 districts of Lima and Callao of which more than 181.000 are residential customers and 2.400 businesses were connected during the last 12 months.

Finally, in the power generation segment, Cálidda maintains as customers all the natural gas thermal generation plants within its concession area.

As mentioned in previous calls, since 2016 most new residential customers have benefited from two subsidies established by the Peruvian government that facilitate

access to natural gas in Peru, covering up to 100% of connection costs. To date, nearly 97% of households have access to these programs.

Please let's continue to the next slide to review the historical volume invoiced.

As shown in this graph, the turnover for the first quarter of 2020 reached a total of 722 million cubic feet per day, 8% lower than the turnover for 2019. This drop is mainly due to the expiration of the distribution contract with Generadora Eléctrica Santa Rosa, which is currently being reviewed and negotiated, and to the lower demand in the CNG and industrial sector during the second half of March as a result of the mandatory quarantine due to COVID-19.

Additionally, it is important to mention that 69% of the total invoiced volume corresponds to "take or pay" contracts, which allow reducing the impact of the seasonal volatility associated mainly with the demand from large power generators.

Moving on to the next slide we show the breakdown of our volume by customer segment. In terms of growth over the past four years, the most dynamic segment has been residential and commercial, where the turnover increased by 21.7%, explained by the successful addition of more than 181.000 customers in the past 12 months.

CNG stations, the industrial segment and the power generation segment also show positive growth levels between 1% and 5%. Moving on to our operational performance, we see that Cálidda's distribution system has reached an extension of 11.525 kilometers in underground pipelines, of which 1.490 kilometers were built during the last 12 months. Of this total, 23 kilometers correspond to the high-pressure steel network and 1.467 kilometers to the low-pressure polyethylene network.

As a result of this expansion, the penetration rate, which is calculated by quantifying the number of connected customers over the number of potential customers located in the distribution network, has reached a level of 89%, resulting in an increase of 30 decimal points by 2016. At the end of March 2020, Cálidda had connected 987.000 customers. With a concession, incorporating a potential of 2.5 million connections, Cálidda still has an important captive market to cover.

Please let's continue to the final section of the presentation to review the organization's financial performance.

On the next slide, you will find three charts representing our turnover, our distribution revenue and our adjusted revenue for the first quarter of 2020.

In the first graph on the left, you can see that the residential and commercial sector accounted for 2.3% of the turnover. However, in terms of revenue from distribution, this segment accounts for 17.4%. Moreover, when we add the revenues from installation services, the residential-commercial segment accounts for 37.8% of our adjusted revenues.

On the other hand, although the power generation segment represents 62.5% of the invoiced volume, its interest decreases to 46% of the distribution revenues and 28.8% of the adjusted revenues. With this, at the end of the first quarter of 2020, Cálidda continues to develop diversified sources of income.

Continuing with the financial metrics, the following slide summarizes our main financial results for the last four years. Total revenue, including pass-through items, reached USD\$724 million, representing 1% growth compared to 2019. Adjusted revenue increased by 0.6% from USD\$300 million to USD\$310 million in total.

EBIDTA for the last 12 months closed at USD\$161 million in the first quarter of 2020, reflecting an average growth rate over the last three years of 11%. Net income for the last 12 months was USD\$82 million. Finally, Cálidda's operating funds closed the first quarter of 2020 at USD\$114 million, with an average growth rate of 10.5% over the last three years.

In the next slide, it can be seen that the total assets at the end of the first quarter of 2020 are at levels of USD\$1.061 billion, with the main source of growth being the investments in CAPEX associated with the expansion of the distribution network, and that in recent years these levels have remained between USD\$90 million and USD\$125 million per year.

Likewise, at the end of the first quarter, both liabilities and equity reached \$783 million and \$279 million, respectively.

Moving on to the final slide, it can be seen that total debt at the end of the first quarter 2020 is at levels of USD\$581 million, having increased by USD\$32 million during March, as a result of the activation of short-term loans to safeguard the company's liquidity.

Regarding debt maturities, these are within the concession period. Both the international and local bonds contemplate maturities in the years 2023, 2028 and 2029. On the other hand, the USD\$67 million bank debt that matures in 2021, could be subject to refinancing with a midterm profile.

Concerning the debt to EBITDA ratio, this closed Q1 at levels of 3.4%, reflecting an increase compared to the close of 2019 as a result of the increasing short-term debt. For the rest of the year, we expect this variable to be in the range of 3.7 to 4, before returning to pre-COVID levels of close to 3.5% in 2021.

Furthermore, our interest coverage has remained relatively stable, reflecting an 8x interest. To conclude, I would like to reaffirm the commitment that we at Cálidda have maintained during this period of crisis with our employees, clients and investors. We have taken and continue to evaluate a series of measures to ensure the health of our teams, the operational continuity of the gas service and the liquidity and financial sustainability of the company.

With that said, we thank you for your time and open the session for questions.

Richard: Thank you, from this moment on, the Q&A session will begin, which can be asked in Spanish or English. If you have a question, please press star one on your phone; if you wish to be removed from the waiting list, please press the number key. Remember, if you have a question, please press star one.

The first question is from Camilo Roldan from Corredores.

Camilo Roldan: Good morning, Mario. Thank you very much for the presentation. I have three short questions. The first is, was there any rethinking of CAPEX 2020 and was it reduced from what it was originally proposed?

The second is, what impacts are expected on the demand for natural gas for Q2 and the rest of the year?

The last question is whether a new plan for connecting natural gas users is being considered. Given that certain activities have been closed in Peru.

Mario Caballero: Thank you very much for the questions. Beginning with the first one, effectively due to the emergency and the impossibility of continuing with the construction process and network expansion during the quarantine period, our CAPEX plan for this year has been revised.

We originally had planned to invest between USD\$120 million and USD\$130 million in the year. That figure today remains at the level of approximately USD\$60 million. We have qualified for phase one of the economy's reactivation, which means that we can start activities related to the construction process of the networks.

However, we are currently in the process of closing the validation of our safety protocols, so we would expect to start our construction activity again by mid-June.

Regarding the question about demand, precisely because of the quarantine activity and the fact that, in the regulated sector, especially regarding natural gas vehicle stations and the industrial sector their economic activity has stopped, we have seen an impact on the demand for gas.

In this case, the impact that we would be expecting in greater magnitude would be in Q2 and would represent a drop of about 20% compared to what we had in Q2 of last year in terms of volume.

The important point here is also to consider that since the reactivation phase in the economy, which has been established, we are beginning to see that there is a positive trend in the consumption of demand. So what we are expecting is that even though Q2 is going to have a significant drop, that drop is going to be reduced over time.

Finally, regarding the question of connections, connections are also associated with the construction process, so it follows that since we have not been able to carry out works during the quarantine period this will have an impact on the total number of connections for the year. Finally, we had initially planned about 190.000 connections; now our estimate for this year is in the range of 90.000 connections.

Camilo Roldan: Ok Mario. Thank you.

Mario Caballero: Thank you.

Richard: Thank you. We have Enrique Grau **[inaudible]** on the line with a question.

Enrique Grau: Hi, Mario. Thank you very much for the call. I'd like to know, what's Calidda's cash position right now? On the other hand, I am a little worried about the comments that some managers had at the beginning of the quarantine who said that

tariffs should be increased so that Cálidda would not have a liquidity problem, and later the regulator came out to say that natural gas tariffs were not going to be increased.

I want to know if this program, this financing that you have maintained to take on more liquidity in the short term if it is in line with what has happened or if you have considered a less optimistic scenario? If there could be a rebound in this case because the demand will be affected in the medium term.

Mario Caballero: Thank you, Enrique. I got the first part of the question, to be honest, the second part I didn't. First, let me answer the first one. Our cash flow now stands at approximately USD\$90 million. We, as a matter of policy, have generally kept a recurring cash flow between USD\$10 million and USD\$15 million. However, we increased it to that level, as I said at the beginning of the presentation, more because as a prevention measure, first.

Second, because while waiting for the economy to reactivate, we had to be, let's say, operationally able to go out and carry out the construction process, which is an immediate CAPEX investment.

This is exactly what will happen from around mid-June. I have to apologize because the second part of the question I didn't quite get, I don't know if you can repeat it a little more this, please move away from the phone.

Enrique Grau: Yes, of course. What happens is that at the beginning of the quarantine, at the beginning of the whole issue of the coronavirus, I don't remember which manager from Cálidda came out to say that the tariffs should be increased to avoid liquidity problems. Then the regulator, Osinergmin, basically responded to Cálidda by saying that natural gas tariffs were not going to be increased.

I'd like to know if this concerns you in some way. How do you see the outlook after this? Because I see that some risk raters have put them in negative perspectives and if this is suddenly postponed it could help in the down break. Perhaps if you could comment briefly on what's been going on.

Mario Caballero: Yes, perfect. Let's see, the comment that was made was about the average cost of transportation that is not part of the gas distribution tariff. Basically, we don't expect a major increase, but there may be a gradual growth, but again, that's the average cost of transportation and not the distribution tariff.

Even if this gradual increase in the average cost of transportation were to occur, the cost competitiveness of natural gas, except for any substitutes, is enormously higher. So in that respect, there is not going to be any issue in terms of what would be the competitiveness and why the demand for natural gas is still extremely attractive.

Just one comment on the negative outlook that S&P's and FITCH's gave to the Cálidda issue: FITCH has fully maintained its rating. If you read the S&P report, that is exclusively linked to Colombia's sovereign risk. As you may know, Cálidda's shareholders are Grupo Energía de Bogotá and Promigas.

As there has been a review of Colombia's sovereign debt outlook, this has a cascade effect on companies operating in the country. And that has eventually had a cascade effect on Cálidda.

However, if you go into the detail of the report there is absolutely nothing about the basis of Cálidda; it remains quite solid, more like an indirect impact.

Enrique Grau: Yes, I read the S&P report and it said that there were no restrictions on Grupo de Energía de Bogotá to access Cálidda's cash flows. Would you say that Cálidda's cash flows to Grupo de Energía de Bogotá are going to remain constant or could they suddenly increase this year and Grupo Energía de Bogotá would be affected?

Mario Caballero: Our shareholders have a fairly clear understanding of the situation in which Cálidda finds itself today. We have a fairly articulate and constant stream of communication. They place the financial sustainability of Cálidda first. We are assessing the situation and if the right conditions were in place to be able to pay dividends to the shareholders, these decisions would be made.

However, today that is under analysis and always taking as a priority the Company's financial sustainability.

Enrique Grau: Thank you Mario.

Richard: Thank you. The next question is from Nicolás Erazo from Credicorp.

Nicolás Erazo: Good morning. Just one question, aren't you suddenly worried that imported gas will fall into low targets around USD\$2.13 per additive level and make it difficult for you to negotiate or contract the vehicle sector with the workers since the price you place of value is around USD\$4 per customer level? Suddenly, if there exist a threat and financial difficulty to these contracts or if they are already imported, let's say it's more competition for you? [partially audible due to interference]

Mario Caballero: I couldn't quite understand the question, but what I understand is that the question is about the price competitiveness of gas against substitutes for what would be the power generation segment, is that correct?

Nicolás Erazo: That's right. I would like to understand if the imported gas presents a threat to the local gas you give to the generators.

Mario Caballero: No, not initially. Obviously, there's been a temporary drop in the substitute's price. However, if one compares the price of natural gas in the power sector versus the substitutes that are available today, diesel, or industrial oil, it has always remained at levels almost 80, 90% below. This has always positioned us in a rather advantageous position.

Today there has been no conversation with the generators, that this is a variable that could encourage them to return to what would be the use of industrial oil or diesel. It has not been addressed in any forum, or any conversation. Today we don't see it as any kind of risk at all.

Nicolás Erazo: Ok. Thank you.

Mario Caballero: You're welcome.

Richard: Thank you. We have a question from Diego Buitrago from Bancolombia.

Diego Buitrago: Thank you, Mario. Good morning. Excellent presentation. I would like to be able to understand a little bit, what are your expectations...

[sound cut]

The issue of COVID-19 occurred after the isolation measures, etc., what behavior have you seen in these months already in Q2? If you could tell us a little bit, what measures have been adopted in Peru for relief on government aid to alleviate or to give aid to users? Thank you very much.

Mario Caballero: Thank you.

There was a period during the first question that was cut off, I'll answer the second question and then we can go back to the first one, please.

In terms of support measures, the government has focused on two programs for reactivation, one is called Reactiva Peru, this is a program for access to credit at quite preferential rates, of approximately 1%, 2% and which aims to provide liquidity to companies for the management of their working capital.

We've seen that with good eyes. Some of our customers, especially in the mid-size segment, have accessed these loans and have thus been able to keep up with the payment chain for us.

The first question I could not fully understand; I would appreciate it if you could repeat it, please.

Diego Buitrago: Sure, do you hear me better?

Mario Caballero: Yes.

Diego Buitrago: I would like to know a little bit, how has this collection behaved precisely and how have the portfolio indicators evolved in Cálidda? What impact could we expect, I do not know if in revenues, or perhaps in the deterioration of the portfolio for this year due to the COVID situation?

Mario Caballero: Perfect.

At the beginning of the state of emergency we did feel a delay in the speed of payments from customers and what has been happening in the meantime while we have been evolving in this process is two situations. The first is one of those programs such as the one I mentioned, Reactiva Peru, which is providing liquidity to several companies that are ultimately our customers too and are having a positive impact.

Second, it is business plans that Cálidda itself is implementing and have been functioning. For example, regarding the natural gas vehicle sector, they operate under unions, there are about 280 taps and we met with them to find a commercial solution

that would work for both parties, so we ended up organizing a system or a six-month installment plan for the bills corresponding to the emergency period.

That worked out very well. We are already entering the second installment of that installment plan; the first installment was paid 100% in full, the second is due this week and has a very good collection rate.

That is allowing us to ensure that the rate will still be in place in 2020, but with a somewhat different frequency from month to month. Therefore, at the moment these measures are giving us quite a bit of peace of mind and security about those delays that we originally saw being diluted.

For obvious precautionary measures, we increased our provision for the bad debt at the end of Q1 or about 15%, 20%, but as I said, we expect that it will be open in the future, due to both commercial solutions and measures that have been taken by the government, which will continue to improve and be manageable.

Regarding some traditions for how we see what comes next year, basically, our EBITDA that we expected to have at around USD\$185 million, is going to be revised downwards; it is difficult to give a precise range today, but what we have been handling is an estimate between USD\$140 million, USD\$150 million.

Diego Buitrago: Just an additional point is that in the residential segment, how has this issue behaved or how does it work in the face of the sudden inability of some users of the residential segment to pay their bills? We understand the issue of negotiations and deferred to natural gas vehicles and industrial within the residential.

Mario Caballero: Yes, that's right. In the residential sector, we are following the Emergency Decree 035-2020, which seeks that both the gas and power sectors give installment facilities to the population that has a consumption of less than 20 cubic meters per foot. We are implementing this; we are dealing with some more logistical aspects and the internal one that we are resolving to implement it.

What we hope is that by implementing this program towards the end of the month, the burden on households will be reduced and it can also facilitate the collection process.

To date, we are not seeing a catastrophic drop in the collection, but rather we have seen a collection in the residential world that remains at levels close to 70% compared to what we had before.

One of the variables that are not playing in our favor right now is that we still cannot open our customer service centers. We are doing all the collection process, I would say, by digital means or payments that are handled by banking agencies.

We hope to be able to open these customer service centers in approximately mid-June onwards. With that, we believe that the measure of fractionation this collection will increase.

Diego Buitrago: Thank you.

Mario Caballero: You're welcome.

Richard: Yes, the last question comes from Thomas Liens, a private investor.

Mr. Lyons, your line is open. Please go ahead.

Thomas Liens: Sorry, it was open.

Can you hear me now?

Mario Caballero: Yes.

Thomas Liens: Thank you.

Most of my questions have already been answered. I only have two questions.

Regarding Decree 035-2020 and all the other agreements you are making to reprogram invoices, do you have an estimate of [inaudible] for 2020? That's the first one.

The second is, do the lower connections that you expect to have in 2020 within the budget affect the target that the regulator sets for you in terms of the number of connections you have to make per year or within the tariff period?

Mario Caballero: The greatest impact we are seeing for what would be working capital would correspond to the residential segment, so the fractioning is expected to give up to 24 months according to the Emergency Decree. Therefore, part of that tariff would not fall in 2020 but would cross over the years.

The estimate we have there is that between approximately USD\$10 and USD\$15 million is what we would need as Cálidda to be able to handle that time difference.

For the other sectors, all the solutions we have been giving involve receiving the cash within the year, so there would be no greater need. Regarding your question on connections, we are under an obligation to make investments with the regulator, also under a four-year plan. Our obligation is for the entire four years.

Obviously due to the current situation whereby we cannot go out on the streets to do the construction and installation of networks, we are not going to be able to meet what we had planned as a goal for this year in particular. However, our goal and ambition are to make up for this lost time in the remaining four years, that is, the rest of 2021, part of 2022, and to be able to meet the accumulated goal.

There have not yet been detailed discussions with the regulators because they have been focusing on other things themselves, but we believe that this is possible and would allow us to meet the obligation for the entire four years.

Richard: Thank you. As of this moment... We have no further questions. I now give the floor to Adriana Munevar, TGI's CFO.

Adriana Munevar: Good morning, everyone. Welcome back to the 2020 Q1 earnings conference; now we turn our attention to TGI.

Q1 continued to show evidence of TGI's strong commercial, operational and financial performance. At today's meeting, in addition to reviewing the results obtained in this quarter, we would like to share with you the efforts that the company and the group itself are making in this new context of the COVID pandemic.

In that sense, today's agenda includes the quarter's key updates, this quarter's financial and operational performance indicators, and the status of investment projects. Later, we will tell you what COVID means for TGI and how it has been managed so far. Finally, we will open the question and answer section.

Starting with the key updates in Q1 2020 regarding financial performance, we have the following: TGI's quarterly revenues increased compared to the same quarter of 2019 mainly due to the activation of the transportation contracts signed for Cusiana Phase IV, representing approximately USD\$7.1 million in revenues.

I consider that it is important to mention here that the turnover for Q1 had no impact due to COVID and it is from April onwards that some impacts will be seen, and I will tell you about them in detail later on.

On the other hand, on March 27, 2020, the shareholders' meeting declared dividends for COP\$371.709 million, which were equivalent to 90% of 2019 income. At the end of March, already in the context of COVID, S&P maintained the -BBB rating for TGI and reviewed the perspective from stable to negative in line with the action it took on the sovereign and on the parent company, Grupo de Energía de Bogotá.

After the quarter, Fitch Ratings affirmed TGI's rating at BBB with a stable outlook, reflecting the strong bond again with the parent company, Grupo de Energía de Bogotá. On the other hand, already in May, TGI made an advance payment equivalent to 50% of the dividends to the parent company, Grupo de Energía de Bogotá.

At the strategic performance level, the joint TGI-Naturgas 2020 agenda was realigned. A detailed action plan was developed to increase the level of customer satisfaction within TGI's continuous improvement process and our contingency plans, customer, operations, employee and contractor management protocols were developed in the context of COVID and we are now in the comprehensive reactivation plan.

From an operational performance point of view, the Puerto Romero-Vasconia Loop, which is part of Cusiana Phase IV, entered into operation in January 2020, as did the Cantagallo Industrial Zone Branch and the Cantagallo-San Pablo Branch in March 2020.

I got ahead, sorry.

Let us now look at the financial and operational performance of Q1 in more detail. Let's start with the revenue; as I told you in the key updates, Q1 2020 had an increase in revenue compared to Q1 2019 of 2.4%. This was mainly due to the entry into operation of the Puerto Romero-Vasconia de Cusiana Phase IV Loop, which represented an additional USD\$7.1 million.

This quarter also saw an increase of USD\$900.000 for unregulated complementary services. This was offset by a decrease in variable charges of approximately \$3

million, as several senders made greater use of the fixed portion of their contracts than the variable portion.

On the other hand, the high level of the TRM negatively affected AO&M's charges by USD\$1.7 million, which, as everyone knows, originates in Colombian pesos and when expressed in dollars, they were fewer dollars.

If we look at the graph on the left, we see that the three most representative sectors contribute 81% of the company's revenues and that the industrial sector had a significant increase compared to the first quarter of 2019, which is reflected in the "Others" column with higher participation.

If we look at the lower right-hand chart, capacity charges, AO&M represent 93% of total revenues, variables 6% and others 1%. In terms of currency, 70% of TGI's revenues originate in USD and 30% in COP.

Turning to EBITDA and operating income we see that the values in Q1 2020 and 2019 are very similar reflecting the company's profitability. However, it is important to mention that in Q1 2020 there were higher costs and expenses mainly related to non-capitalizable expenses associated with civil works and right-of-way geotechnics.

There was also an increase in fuel gas consumption associated with the entry of Cusiana Phase IV. We had higher depreciation for the assets of Cusiana Phase IV and higher amortizations for some software that was implemented last year.

In that sense, EBITDA for Q1 2020 compared to Q1 2019 was higher by USD\$602.000 and operating income for Q1 2020 compared to Q1 2019 was lower by USD\$772.000.

In terms of net income, Q1 2020 compared to Q1 2019 was higher by USD\$28 million. This was mainly due to the very favorable effect in the exchange rate that occurred in March when dividends were declared on 2019 income in Colombian pesos and restated in USD at the end of March, which, as everyone knows, had a higher exchange rate given the high devaluation.

Turning to the balance sheet, we see that the cash level increased at the end of Q1 2020, which is a normal trend in the first quarter of the year because normally the execution of projects is somewhat lower than in the rest of the year and that some of the year's obligations start to be funded from the beginning, but their payment is only executed in the following quarters. From the PP&E, Liabilities and Equity point of view, we see that they remained very stable; and, on the other hand, as I mentioned in the relevant facts, Standard & Poor's maintained our rating -BBB, revised the perspective from stable to negative, this was in line with the action it took on the sovereign and the parent company. Fitch Ratings affirmed the rating at BBB with a stable outlook, again reflecting the strong bond with the parent company.

In this slide, we have the status of the debt and we see that its composition remains the same as we saw at the close of 2019. All the debt data is either maintained or shows some improvement versus what we had seen, and all are within the ranges suggested by the rating agencies.

In terms of operational performance, TGI continues to be the largest carrier in the country, with an average transported volume at the end of Q1 of 501 million cubic feet per day, given the entry of Cusiana Phase IV. Similarly, the length of the gas pipelines increased to 4.017 kilometers. The total capacity of the networks is 838 million cubic feet per day and the firm contract is 760 million cubic feet per day.

Talking now about investment projects that are in execution, most of you know two groups, the first is Cusiana phase IV. This project seeks to increase natural gas transportation capacity by 58 million cubic feet per day between Cusiana and Vasconia.

At the end of Q1, the physical progress of the work was at 84.8%. According to the operation schedule, the only Loop pending completion at the end of Q1 is the Puente Guillermo-La Belleza and El Porvenir-Miraflores Loop, which is planned to be completed in Q3 2020.

The other project is the replacement of branches that is done for compliance with useful regulatory guidance. The physical progress of these works at the end of Q1 was 86.3%. The only one pending within this project is the Galán-Casabe-Yondó Branch, which is planned to be completed in Q2 2020.

Concerning the projects we have in TGI's portfolio, they are practically the same as those we saw in the previous quarter. On the one hand, we have the IPAT projects where TGI is the first option for execution. These include the Loop Mariquita-Gualanday, the Yumbó-Mariquita bi-directionality. The compressor project Ramal Jamundí-Aguas Abajo and the Ballena-Barranca bi-directionality. The Ministry of Energy is currently in the process of updating this plan.

The other project is the Pacific regasification plant and the Buenaventura-Yumbo pipeline. In which, as you know, TGI is waiting for the publication of the final risks of this project. According to the resolution of the ministry that is under consultation, the operation of the plant is expected to begin in September 2023 and January 2024 for the pipeline.

This brings us to the management of COVID's situation. I would like to share with you that the administration, both of Grupo de Energía and TGI, and also as you heard from Cálida's financial vice-president, has been very active in managing this new situation and ensuring the best contribution to society, but also protecting the company's financial stability and sustainability.

From TGI's point of view, we would like to share with you the risks we have identified so far, the measures we have taken and some of the impacts we have identified.

From a risks point of view, the first one is undoubtedly the people. There is a possible threat to the health of employees, contractors and suppliers. On the other hand, the Government took mandatory isolation measures and generated a series of guidelines and biosafety measures.

In this sense, TGI has designed and ensured all biosecurity protocols. We have had 15 operators on-site to ensure the provision of the service and the rest of the

employees are working from home. To date, no cases of COVID have been reported in employees.

The second risk is demand. The drop in gas demand has been approximately 25%. In that sense, the Government has issued transitional measures to seek, of course, relief for the end-users and the industry mainly.

From TGI's point of view, the CREG issued a resolution 042 at the beginning of April, which has quite an important impact on our sector since that resolution prompted a review of the contracts, both in terms of price and quantity. I will tell you about it in detail later on. In this sense, TGI decided to implement a transitional commercial policy. In terms of impact, what we visualize is that it will be in a range of 8 to 12% versus what we had planned in terms of revenue reduction.

There was another resolution, resolution 060, also from the CREG, on financing the regulated segment, but what we have seen so far is that the impact on the company [inaudible].

The other risk we mention here is related to OPEX and CAPEX; obviously, the isolation measures have caused the suspension or delay in the development of some activities, both maintenance and infrastructure projects.

Fortunately, with all the recovery measures, maintenance activities were reactivated at all critical points starting on May 18. To date, 17 infrastructure projects have been suspended, but four work fronts have now been reactivated. In this sense, we can anticipate that we expect a decrease in OPEX and CAPEX versus the plan; on the next page, I will tell you more details.

We wanted to leave another risk here and it is related to the fact that the government has been analyzing the possibility of freezing the TRM for tariff calculation purposes. However, there has not been any statement to that effect.

With this, TGI has analyzed different scenarios of what the impact could be. To date, we do not contemplate this within our official scenarios, but what we do contemplate are all the new macroeconomic variables that include new projections of the TRM, inflation and interest rates given this new situation.

From a strategies to mitigate these risks point of view, on the one hand, Grupo de Energía has had fairly active management and regulatory strategy. There is a permanent agenda with government and regulatory bodies. We have been at the forefront of all regulatory changes, obviously analyzing, as I said, the balance between the best contribution to society. On the other hand, managing the best results for all the group's companies and prospective sectors.

On the other hand, following the measures of the World Health Organization and the National Government, TGI has established a protocol for reactivating construction, operation and maintenance projects. This entire plan also includes a protocol for relations with communities and territorial and regional entities.

From a strategies for the execution of projects point of view, as I already mentioned, our operations have continued to be provided at 100% from service availability

perspective, fulfilling our commitment to society in these difficult times we are experiencing.

The priority maintenance operations have been maintained and are being reactivated, and due to the temporary suspension of some projects in execution and the discernment of investments, the financial and operational measures have been carried out to have as little impact as possible. Finally, the implementation of different projects has been resumed, as I already mentioned, with all the safety protocols in place.

In this last slide, we wanted to share with you what the formal scenarios are; you can imagine that from the financial side our goal has been to build several scenarios, review them periodically and these two are the official ones that have been approved by our board of directors, the parent company. What they show is an assumption of what would happen if this crisis with its current assumptions and realities continues for three months or six months.

In a three-month scenario, regarding the fall in gas demand, the assumption is that there would be a recovery in demand in the second half of this year and that therefore the special guidelines that impact revenues, such as Resolution 042, etc., would cease as of July 2020. In this scenario, the impact on revenues for TGI would be 8% versus the plan, more or less 3.8% compared to revenues in 2019.

I would like to take this opportunity to share with you that at the beginning of April, when the CREG issued its resolution, TGI was faced with the reality of having received a declaration of force majeure from a large number of its senders.

After analyzing different scenarios, both from a legal, commercial and financial point of view, it was decided to opt for this commercial policy, which although it has a downward impact on our revenue, was or is still the best scenario in terms of, again, financial, legal and commercial terms for the company.

So we think that a good job has been done and a balance of what I have repeated through the discussion of how each actor in the chain contributes to this crisis but also protects sustainability in the long term. In the three months scenario, the impact would be 8% on revenues. In the six-month scenario, the impact would be 12% compared to about 8% in 2019.

At the level of portfolio provisioning issues, in both scenarios we really believe that there are no significant impacts from the recovery issue since given this commercial policy that was decided to implement, the company has managed to sign other agreements with all its senders and we have been having a very good portfolio recovery. So we do not see that there will be a significant impact in that sense during the year.

At the level of costs and expenses, seeing this impact on the revenue we have made analyses within the company and have decided to reduce up to 10% on costs and expenses that were in the plan in the two scenarios, in the three and six months, more or less 7.5% compared to the previous year.

Finally, we wanted to mention that we have approved access to the national financial markets, even though we do not see the need for financing at this time for the year

2020, we did want to ensure that we have approved lines of credit that we already have today in case any situation changes significantly from what we have envisioned to date.

That concludes my presentation and opens the floor for questions and answers.

Richard: Thank you. To ask a question, please press the star key, followed by the number one on your phone.

We have Mr. Diego Buitrago of Bancolombia on the line with a question.

Diego Buitrago: Good morning. Thank you very much for the presentation Adriana. I only have one question regarding a possibility that the CREG has given in these resolutions that have been passed so that the deferral of payments by the regulated marketers can be deferred throughout the chain.

I would like to know whether this impact, which has resulted in revenues of around 8 to 12% in both scenarios, is already being considered and whether, in these months during the second quarter, you have seen marketers opting to defer part of their payments, in this case of the transportation chain. Thank you very much.

Adriana Munevar: Diego, good morning. In those scenarios, we have not contemplated this mainly because to date we have received only two requests for really low amounts. On the other hand, the resolution allows that if we do financing we could charge an interest rate equivalent to the cost. In that sense, we do not see a significant impact and in reality, it has not happened either.

Diego Buitrago: Perhaps the number escapes me suddenly, I don't know if you heard me or not, but to clarify perhaps the possible impact of the situation on the CAPEX planned for this year would be how much versus what was initially budgeted.

Adriana Munevar: I didn't mention it, I just mentioned OPEX and CAPEX which is what was approved at the meeting today. However, clearly, as I anticipated we are reviewing potential reductions in CAPEX execution. We believe it is going to be in the range of 25-35%. We are currently reviewing this, and we committed the board to bring that new proposal forward next month.

Diego Buitrago: Thank you.

Richard: The next question is from Nicolás Erazo from Credicorp.

Nicolás Erazo: Good morning, Adriana. Thank you very much for the presentation. I have a question about the use of pipelines. We know that the usage has been quite low on the asset side; we have 13% usage on some sections, 20% usage in some sections.

I would like to know if we could suddenly have occupational problems later on or higher expenses on the maintenance side concerning these gas pipelines or if this situation is being analyzed and it is known that due to the current demand situation it is normal.

Adriana Munevar: Could you please repeat the first part of the question?

Nicolás Erazo: Sure, Adriana, no problem. It's about the use of pipelines. We know that the usage is quite low, there are some pipelines with 13% of their usage, 20% and 40% there are also other sections. We would like to know if there are any problems or risks on the maintenance side for the gas pipelines with such low usage.

Adriana Munevar: I'm not from operations, maybe now someone from operations can help me compliment the answer. To date, we haven't identified this as a risk. As I mentioned, we have activated from the beginning a contingency plan led precisely by our area of operations where we have been constantly monitoring this new situation. To date, given this reactivation plan, the preventive maintenance plan has already been restarted in critical locations. So I think the answer today would be that we do not see a situation for concern, but, given the time, if the contingency is extended, it is one of the variables that we continue to monitor periodically.

Nicolás Erazo: Perfect, Adriana. Another question, perhaps you can help me with this subject is about the life, about the contracts, we know that they have a considerable expiration of around 200 million cubic feet per day, 200.000 million cubic feet per day, sorry, for this year.

We would like to know if perhaps with this issue on the demand side, considering all the risks, you have analyzed how this process of renegotiation to extend the life of these contracts is in progress or if it is going to turn towards interruptible option contracts?

Juan Pablo Henao: Hello good morning, this is Juan Pablo Henao. Can you hear me well?

Nicolás Erazo: Yes.

Adriana Munevar: Yes, we hear you.

Juan Pablo Henao: Regarding the contracts you are mentioning, what we need for now is for the demand to recover after all that is happening with COVID; but our strategy is still firm renewals for the medium and long term.

The expirations that the Ballena-Barranca has at the end of this year are still within the magnitude that you mentioned. However, we have been very attentive to all the developments in the fields and to the results with that of the non-conventional ones that can generate an important incremental volume for this section.

The renewal strategy, for now, remains the same. In the short-term, we are trying to find some [inaudible] that will allow [inaudible] thermal generation. In the last two weeks, we have already begun to see some of this reaction from thermal demand [inaudible] behave in the same way.

Nicolás Erazo: Ok, perfect. Thank you both.

Richard: Thank you. At this time there are no more questions.

Adriana Munevar: I think that concludes our results call. Again, thanking you all for participating. As you know, as a group and as TGI we are here at the forefront to

continue maintaining the company's financial performance and sustainability over time despite these difficult times. Thank you very much.

Richard: Thank you, all of you. We remind you that the information corresponding to the delivery of TGI & Cálida results is available on Grupo Energía Bogotá's website.

We conclude today's conference. If you would like to hear this conference again, please contact the company. Thank you for participating, you can hang up now.