



# 3Q 2017 TGI Results and Key Developments

*November 16<sup>th</sup> 2017*



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# Table of contents

**01** ▶ Overview

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**02** ▶ Key Updates

---

**03** ▶ Operational and Financial Performance

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**04** ▶ Expansion Projects

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# 01 ▶ Overview

# TGI Overview

## Highlights



Largest natural gas pipeline system in Colombia

Owns ~55% of the national gas pipeline network (3,957 km) and transports 47% of the gas consumed in the country



Serves ~70% of Colombia's population, reaching the most populated areas (Bogota, Cali, Medellin, the coffee region and Llanos, among others)



Strategically located pipeline network



Natural monopoly in a regulated environment



Constructive and stable regulatory framework



Stable and predictable cash flow generation, strongly indexed to the US Dollar

## Pipeline Network<sup>(1)</sup>



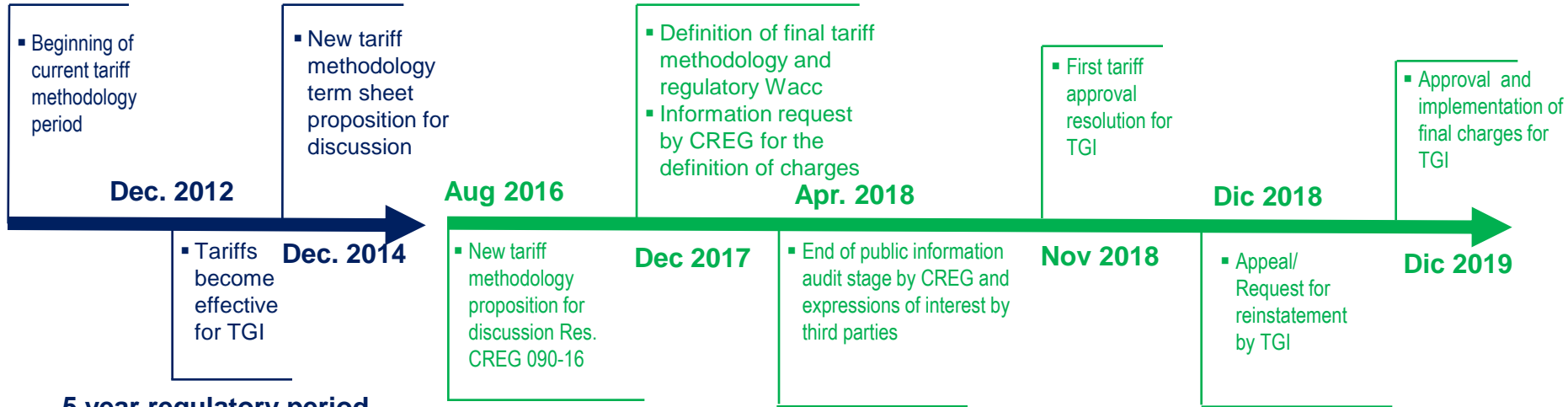
Source:  
Mining and Energy Planning Unit.  
National Hydrocarbons Agency.

(1) Has access to the three main gas production fields, Guajira and Cusiana-Cupiagua

# 02 | Key Updates

# Key Updates

## Regulation perspectives – Tariff Review Process



### 5 year regulatory period

- The latest tariff methodology was approved by CREG Resolution No. 126 in August 2010 and became effective for TGI in December 2012 (CREG Resolution No. 121).
- The tariff methodology review process takes place every 5 years, but the actual tariff application is usually delayed.
- The previous tariff period was effective from December 2003 to December 2012, a total of 9 years
- The new regulation is expected to be approved in 4Q 2017, with the updated tariffs coming into effect in 2019 (the starting point for the 5 year-period is set by the CREG approval of the new tariff methodology).
- Resolution CREG 090/2016 which sets regulated WACC is currently under discussion with regulator. Expected final resolution will be in 4Q - 2017.

# TGI Overview

## New opportunities in evaluation



Resolution 026 of 2017 published in April, which addresses issues related to compensation and competitive processes for projects included in the Natural Gas Supply Plan, prepared by the UPME and adopted by the Ministry of Mines and Energy through the Resolution 40006 of January 4, 2017, includes the following projects that are complementary to the TGI system:

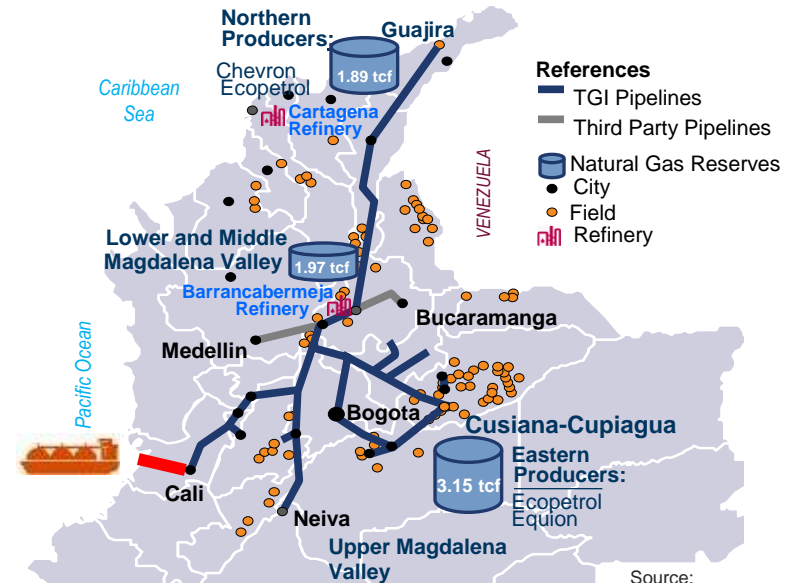
- Bidireccionalidad Yumbo – Mariquita
- Loop 10, Mariquita - Gualanday
- Bidireccionalidad Barrancabermeja – Ballena
- Compressors El Cerrito – Popayán



Additionally, it defines projects that, given their location, are complementary to the TGI system, and which will have a competitive selection process, which are mentioned below:

- Regasification Pacific – Plant
- Buenaventura – Yumbo - Pipeline

## Pipeline Network<sup>(1)</sup>



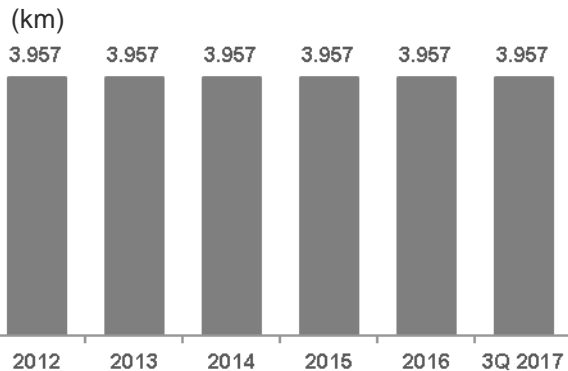
Source:  
Mining and Energy Planning Unit,  
National Hydrocarbons Agency.



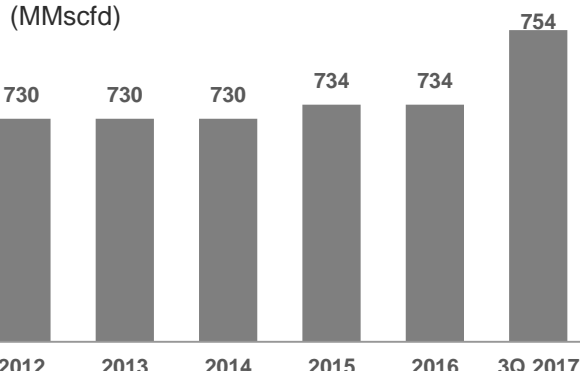
# 03 | Operational and Financial Performance

# Solid Operational Performance

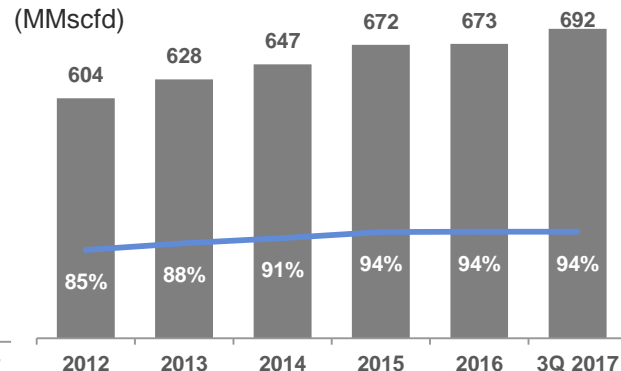
## Network length



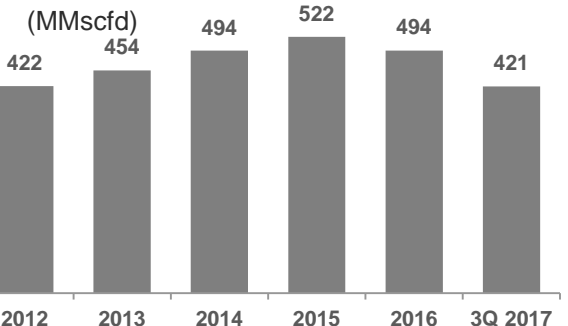
## Capacity



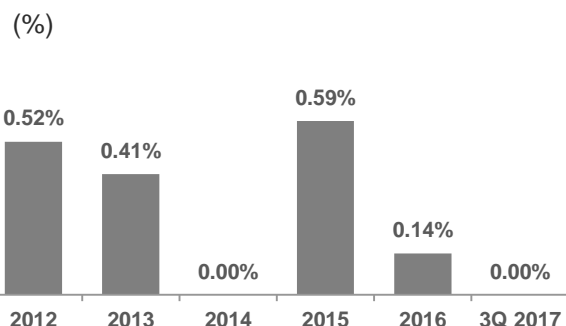
## Firm Contracted Capacity<sup>(1)</sup>



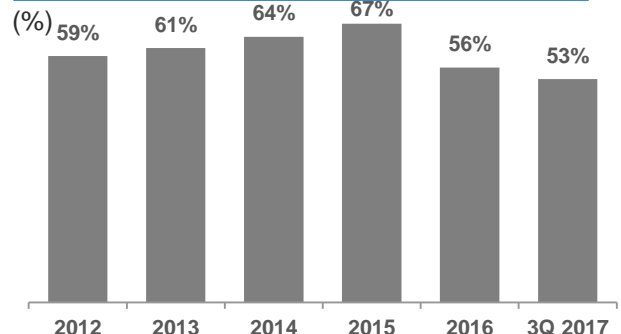
## Transported Volume



## Gas Losses



## Load factor



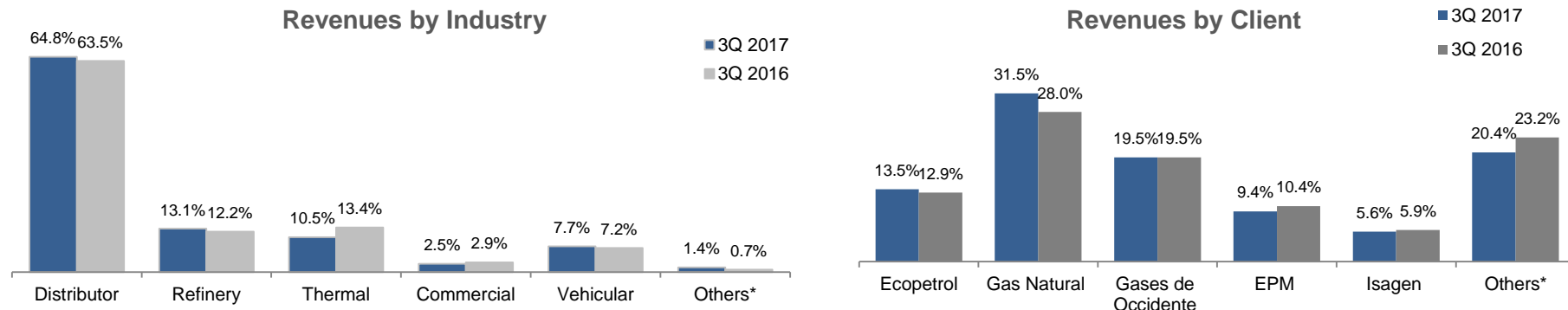
(1) The trend line refers to the ratio: Firm contracted capacity/available capacity. The Available capacity differs from the Total Capacity as TGI requires a percentage of it for its own use.

# Stable and predictable cash flow generation

## TGI's revenues are highly predictable as a result of regulated tariffs and stable consumption

- TGI's revenues are highly predictable, with approximately 96% coming from regulated tariffs that are reviewed at least every 5 years, ensuring cash flow stability and attractive rates of return
- Main sectors served by the Company (85%<sup>(1)</sup> of revenues) present stable revenues patterns
- The Company enjoys excellent contract quality:
  - 100% of TGI's contracts are firm contracts with an average remaining life of 8 years.
  - 90% of LTM regulated revenues are fixed tariffs, not dependent on transported volume.
  - 65% of LTM revenues are nominated in USD. Only 34% nominated in local currency.

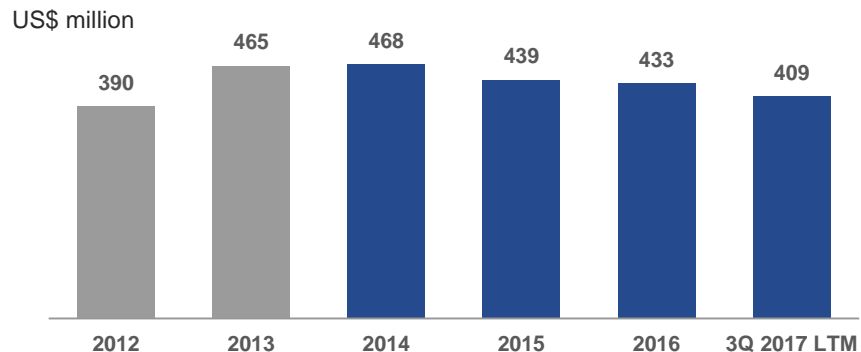
## Last Twelve Months - Revenues breakdown



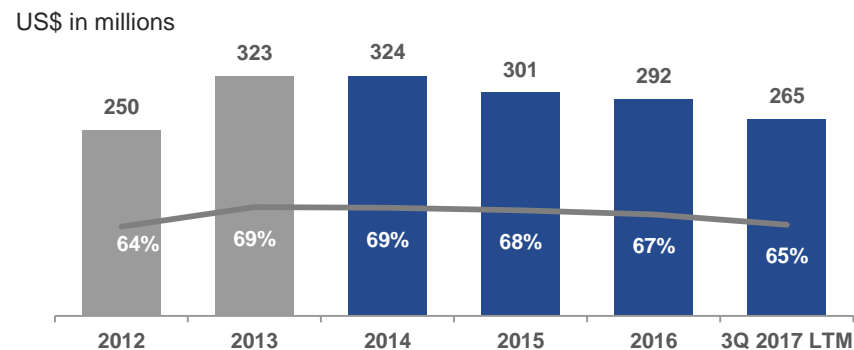
(1) Includes Distributors, Refinery and Natural gas for Vehicles

# TGI Financial Performance

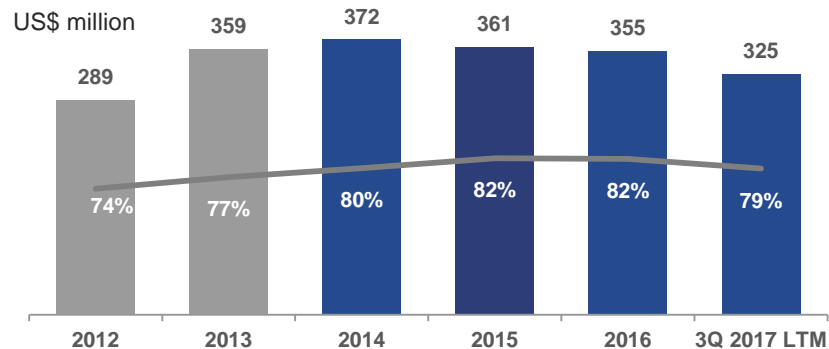
## LTM Revenues <sup>(3)</sup>



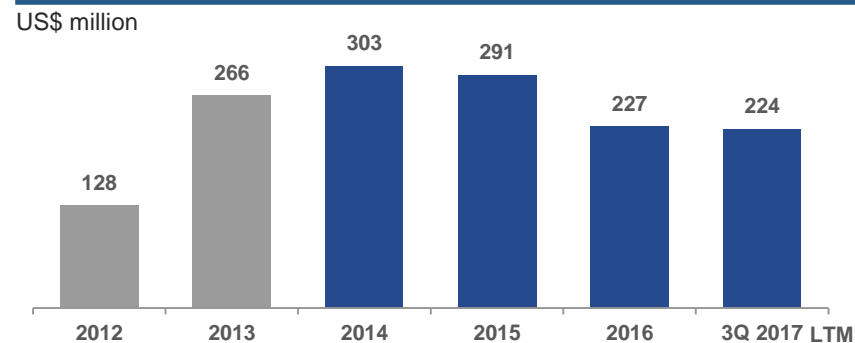
## LTM Gross profit and Gross margin <sup>(3)</sup>



## LTM EBITDA and EBITDA Margin <sup>(3)</sup>



## LTM Funds from operations <sup>(1) (2) (3)</sup>



(1) FFO for the years 2012 - 2013 is presented under ColGaap standards as net income plus depreciation, amortization and provisions, adjusted for effect from exchange rate and hedges. 2014, 2015, 2016 and 1S 17 is presented under IFRS as net income plus depreciation, amortization and provisions, adjusted for effect from exchange rate, hedges, and the impact of deferred taxes.

(2) On 2012 FFO includes the LM transaction premium- USD 69 million (one time event)

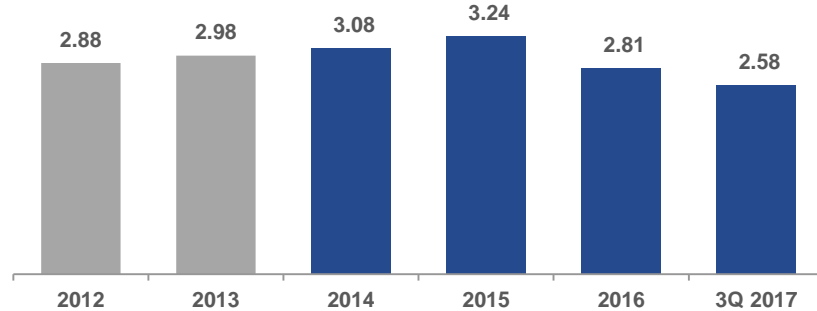
(3) Figures for the years 2012 - 2013 are presented under ColGaap standards. 2014, 2015 and 2016 are presented under IFRS. 1Q 17 IFRS figures are preliminary and subject to changes,

***N.B. For years 2012 and 2013 where ColGaap standards were accounted, end of the month exchange rates were used for each period.***

# TGI Financial Performance

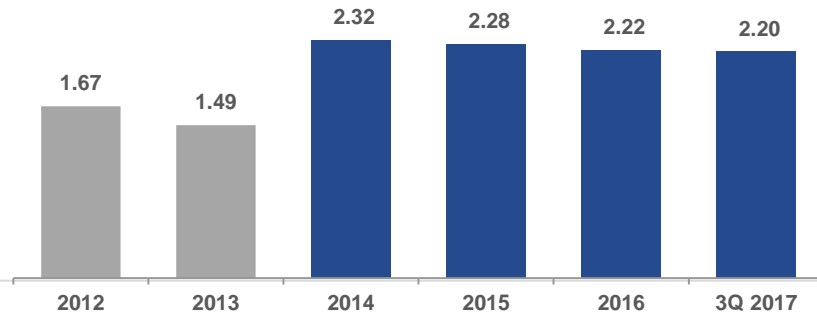
## Total Assets <sup>(1)</sup>

(US\$ billion – end-of-year exchange rate for each period)



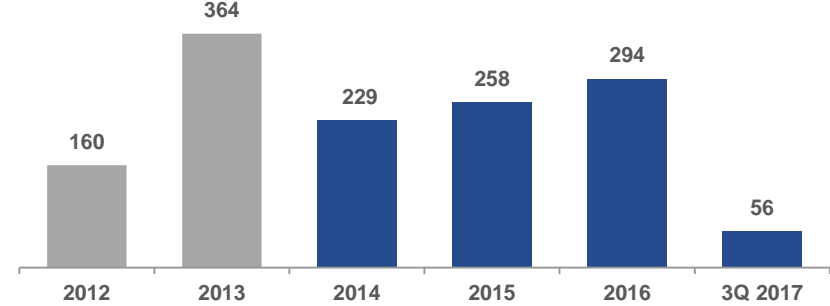
## PPE<sup>(1)</sup>

(US\$ billion – end-of-year exchange rate for each period)



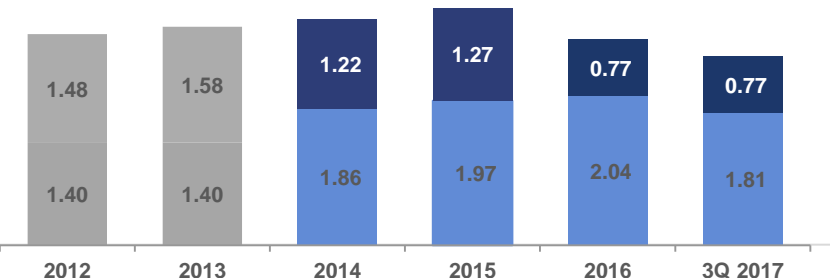
## Cash and Equivalents<sup>(1)(2)</sup>

(US\$ million – end-of-year exchange rate for each period)



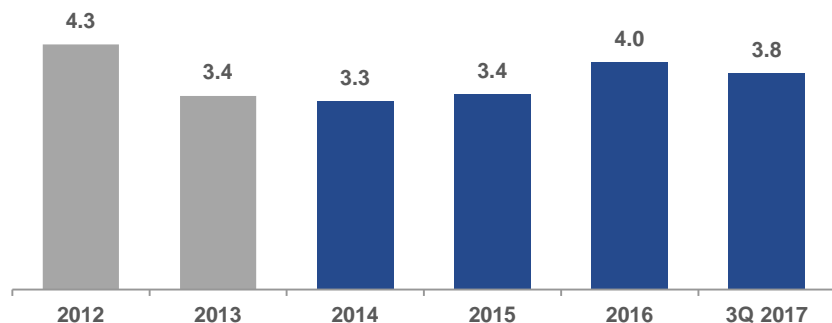
## Liabilities <sup>(1)</sup>

(US\$ billion – end-of-year exchange rate for each period)

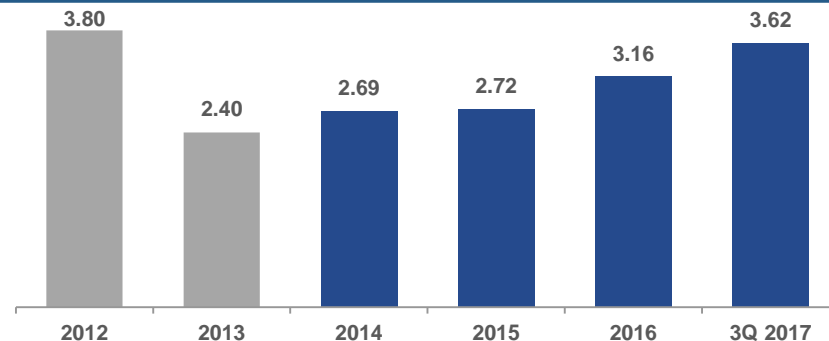


# TGI Financial Performance

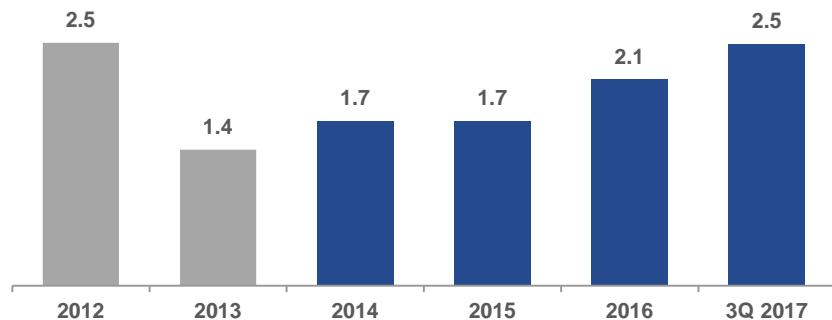
## Total Debt / EBITDA (1)



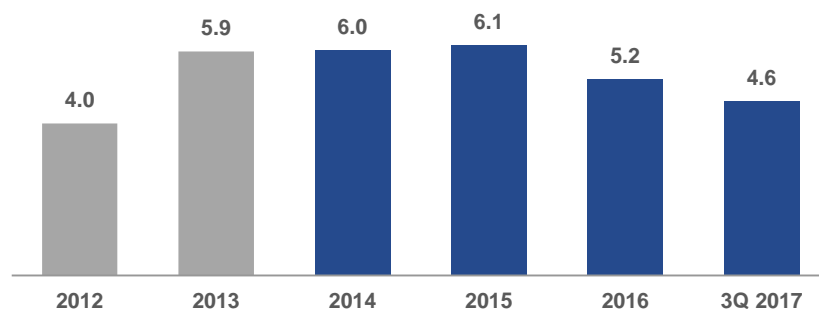
## Total Net debt / EBITDA (1) (3)



## Senior Net Debt / EBITDA (1)(3)



## Interest coverage (1)(2)



Note:

Total debt includes senior debt, subordinated debt and mark-to-market.

(1) Figures for the years 2009 - 2013 are presented under ColGaap standards. For 2014, 2015 and 2016 are presented under IFRS. IFRS figures are preliminary subject to changes, independent auditor's revision and *General Shareholders Assembly*

(2) Interest coverage ratio calculated as EBITDA / net interest

(3) Net debt calculated as cash and equivalents including short – term Intercompany loans.

# 04 | Growth Projects

# Growth Projects (ongoing)

Project	Description	Cost	Status
<b>Cusiana Phase III</b>	Increase capacity 20 mmcf/d by upgrading Vasconia, Miraflores, Puente Guillermo compression stations	~\$ 31.5 mm	<ul style="list-style-type: none"> <li>Project is under execution (89%) with TGI having already signed firm transportation contracts</li> <li>Expected Completion: 3Q 2017</li> </ul>
<b>Armenia Loop</b>	Increase capacity 2.2 Mcfd of Armenia –Zarzal line through the construction of a 37.5 km 8” loop parallel to exiting 6” pipeline	~\$ 24.3 mm	<ul style="list-style-type: none"> <li>Project is under execution (62%) with TGI having already signed firm transportation contracts</li> <li>Financial and engineering studies in progress</li> <li>Environmental licensing in progress</li> <li>Expected Completion: 4Q 2017</li> </ul>
<b>Cusiana - Apiay – Villavicencio - Ocoa</b>	Increase capacity 32 Mcfd of the Cusiana – Apiay line and a 7.7 Mcfd of the Apiay – Ocoa line through the construction of 2 new compression stations (Paratebueno and Apiay)	~\$ 48.2 mm	<ul style="list-style-type: none"> <li>Project is under execution (45%).</li> <li>TGI has already signed firm transportation contracts</li> <li>Environmental licensing and procurement in process.</li> <li>Expected Completion: 4Q 2017</li> </ul>



# Growth Projects Pipeline (Approved by BoD)

Project	Description	Cost	Status
<b>Cusiana Phase IV</b>	<p>Increase capacity in Cusiana system:</p> <ul style="list-style-type: none"> <li>Cusiana – Vasconia: 43 mmcf/d with 49.6 km of loops (24")</li> <li>Puente Guillermo – Vasconia: 17 mmcf/d by upgrading Puente Guillermo compression station</li> </ul>	<ul style="list-style-type: none"> <li>~\$ 78 mm</li> </ul>	<ul style="list-style-type: none"> <li>Project is under execution (11%)</li> <li>Clients already has signed firm transportation contracts:               <ul style="list-style-type: none"> <li>Puente Guillermo – Vasconia: 17 mmcf/d</li> <li>Cusiana – Vasconia : 30 mmcf/d</li> <li>For the remaining 13 mmcf/d Cusiana – Vasconia there are also clients interested in signing LT contracts</li> </ul> </li> <li>Expected Completion:               <ul style="list-style-type: none"> <li>Puente Guillermo – Vasconia 3Q 2017</li> <li>Cusiana - Vasconia 4Q 2018</li> </ul> </li> </ul>
<b>Pipelines replacement due to regulatory life</b>	<ul style="list-style-type: none"> <li>18 pipelines of TGI's system end their regulatory life</li> <li>With the regulatory framework and the analysis of the infrastructure, TGI has decided to replace five pipelines and to continue operating the other thirteen.</li> </ul>	<p>~\$ 57mm:</p> <ul style="list-style-type: none"> <li>~\$ 18mm CAPEX (replacement)</li> <li>~\$ 39 mm CAPEX maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Plan to replace <b>5</b> pipelines:</li> <li>Expected Completion : 1Q 2018</li> <li>Required maintenance CAPEX in the next 5 years.</li> </ul>

# 05 | Questions and Answers

# Investor Relations

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[www.grupoenergiabogota.com/en/investors](http://www.grupoenergiabogota.com/en/investors)

# TGI History

1997

- Creation of Ecogas
- Gas business transferred from Ecopetrol



2006

- Ecogas business sold to EEB
- Creation of TGI



2008

- TGI takes over the O&M of owned pipelines

• 2010

- Beginning of operations of the Ballena expansion
- Merger of TGI and Transcogas



• 2012

- Refinancing of bonds
- Cusiana II start up
- TGI takes over the O&M of compressor stations
- Investment grade by Moody's and Fitch



• 2014

- EEB acquire 31.92% stake IELAH
- Sabana station start up
- Fitch upgrades rating from BBB- to BBB
- First dividend distribution



2007

- First bond issuance



2009

- Transfer of first BOMT pipeline (GBS)
- Pipeline exchange with Promigas

2011

- CVCI capitalization 31.92%
- Transfer of second BOMT pipeline (Centragas)
- Cusiana Phase I start up
- Refinancing of EEB subordinated debt with

Citi Venture Capital International  
Citi Alternative Investments



2013

- Investment grade by S&P
- Headquarters relocation to Bogota



2015

- Conversion from COLGAAP to IFRS
- Initiated merger with IELAH



2016

- IELAH's SPV absorbed by TGI