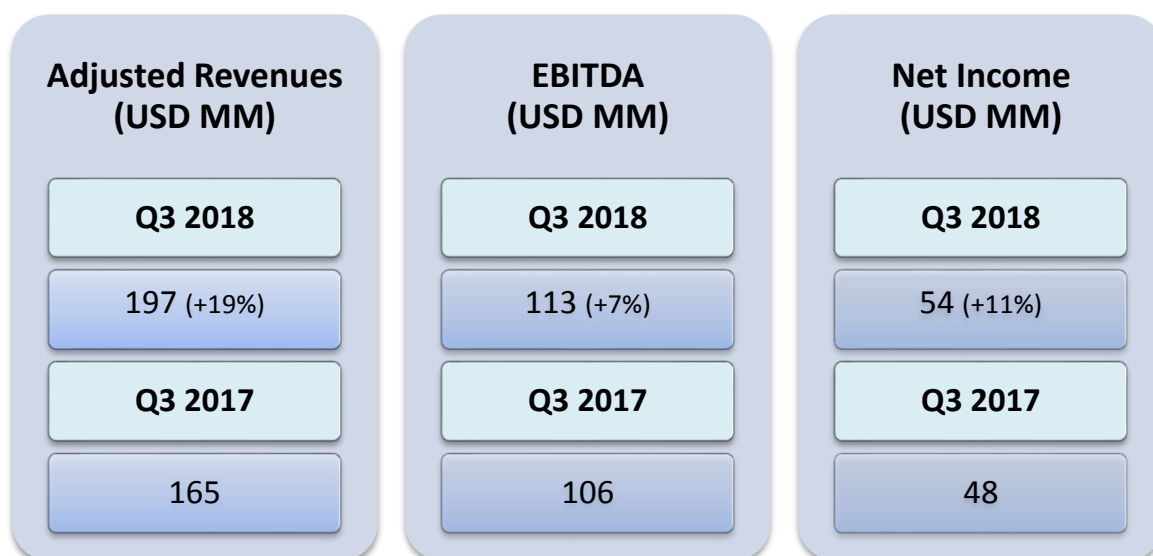


# Q3 2018

## Results Report



- ▶ Calidda has the exclusive operation right of the single natural gas distribution concession by underground pipelines in the department of Lima and Callao, in Peru.
  - ✓ Total executed Capex: USD 910 millions.
  - ✓ Network length: 9,289 km
  - ✓ Local market share: 74%.
  - ✓ Invoiced volume: 774 MMCFD
  - ✓ Total clients: 706,863
- ▶ On October 19<sup>th</sup>, Equilibrium (local risk rating agency) reaffirmed our current rating of AAA.pe, the highest corporate bonds risk assesment within the domestic framework.
- ▶ In July, Moody's upgraded Calidda's foreing currency credit clasification to Baa2, outlook stable, recognizing the successful implementation of the Calidda's investment plan, financial results and the stable regulatory framework in Peru.
- ▶ On July 23th, Calidda issued a PEN 200 MM (USD 61.2 millions) 10-year bullet bond, which was swapped to USD (company's functional currency). It was Calidda's inaugural bond issuance in Peru's debt capital market.
- ▶ Key results as of September 2018 (compared to 2017's results):



## Executive overview

### Operational and finance relevant information

<b>Chart N°1 – Operational and finance key indicators</b>			
<b>Operational Results</b>	<b>Q3 2018</b>	<b>Q3 2017</b>	<b>Var %</b>
Accumulated Clients	706,863	534,038	32%
Invoiced Volume (MMCFD) <sup>1</sup>	774	758	2%
Network Length (km)	9,289	8,113	14%
Potential Clients <sup>2</sup>	927,220	809,651	15%
Network Penetration	76%	66%	-
<b>Financial Results</b>	<b>Q3 2018</b>	<b>Q3 2017</b>	<b>Var %</b>
Total Revenues (USD MM)	475	425	12%
Total Adj. Revenues <sup>1</sup> (USD MM)	197	165	19%
EBITDA (USD MM)	113	106	7%
Adjusted EBITDA Margin	57.7%	63.7%	-
Net Income (USD MM)	54	48	11%
Interest Coverage (x)	8.5x	8.5x	-
<b>International credit ranking:</b>			
S&P - Feb. 23   2018: BBB-, stable			
Fitch - May. 01   2018: BBB, stable			
Moody's - Jul. 10   2018: Baa2, stable			
<b>Domestic credit ranking:</b>			
Equilibrium - Oct. 19   2018: AAA.pe			
Class & Asociados - Jun. 30   2018: AAA			

### Peruvian Natural Gas Market

<b>Chart N° 2 – Key market indicators</b>			
<b>Indicator</b>	<b>Q3 2018</b>	<b>Q3 2017</b>	<b>Var %</b>
Natural Gas Production (MMCFD)	1,197	1,220	-2%
Local Market Demand (MMCFD)	726	684	6%
Calidda's Local Market Share (MMCFD)	537	512	5%

- ▶ As of the third quarter of 2018, the Peruvian natural gas production decreased by 2% compared to 2017, which was due to the less exported volume (-12%).
- ▶ As for the local market demand, it rose by 6% up to 726 MMCFD, mainly due to Cálidda's higher distributed volume of 537 MMCFD, 25 MMCFD higher than last year's results.

<sup>1</sup> Total Adjusted Revenues = Total revenues without considering the income from pass-through concepts, such as the acquisition and transport of natural gas, and IFRIC 12 (investments in the distribution network).

## Commercial Performance

### Sales by segment

As of Q3 2018, Calidda connected 130,050, and a total of 172,825 clients as of the last twelve months. In the Residential segment, Calidda has operations in 22 districts from the Metropolitan area of Lima and Callao, which are the following: 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, Santa Anita, Villa María del Triunfo, Ate, Callao, Independencia, Carabayllo, Lurín, San Vicente de Cañete & Puente Piedra. Likewise, in the Industrial, Commercial and NGV Stations segments, Calidda has operations in 42 districts.

**Chart N°3 – Clients Base**

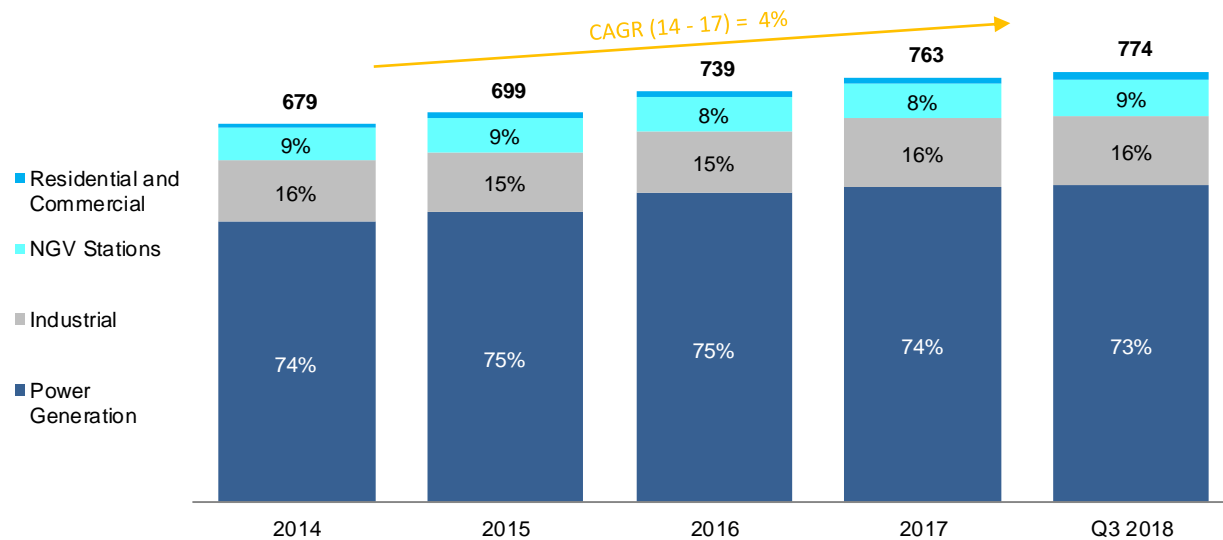
Clients Base	2014	2015	2016	2017	Q3 2018
Power Generation	16	17	18	22	22
Industrial	489	507	535	577	607
NGV Stations	220	232	240	257	270
Residential and Commercial	254,280	344,380	437,607	575,957	705,964
<b>Total</b>	<b>255,005</b>	<b>345,136</b>	<b>438,400</b>	<b>576,813</b>	<b>706,863</b>

- ✓ There haven't been new connections in the Power Generation segment.
- ✓ 30 new Industrial plants were connected over Q3 2018.
- ✓ 13 new NGV stations joined Calidda's distribution system.
- ✓ Calidda added 128,745 residential clients and 1,262 commercial clients over Q3 2018.

### Volume

- ✓ As of Q3 2018, the invoiced volume has increased when compared to 2017 mainly due the development of the NGV Stations (+5MMCFD: +8%), the industrial (+3MMCFD: +2%) and the residential segment (+2MMCFD: +17%).
- ✓ The Take-or-Pay contracts amounts 605 MMCFD (Power Generation: 563 MMCFD, Industry: 42 MMCFD), which represents the 78% of total invoiced volume as of Q3 2018.

The volume breakdown by client segments is shown in the following chart:

**Graph N° 1 – Invoiced Volume (MMCFD)**

**Chart N°4 – Invoiced volume per Client Segment (MMCFD)**

Invoiced Volume	2014	2015	2016	2017	Q3 2018
Power Generation	504	521	555	568	568
Industrial	109	108	112	121	124
NGV Stations	61	62	63	62	67
Residential and Commercial	6	8	10	12	14

- ✓ As shown in this chart, Q3 2018's invoiced volume reached a total of 774 MMCFD, which is 11 MMCFD when compared to last year's results (+1.4%).

### Contracted Gas Supply and Transportation

**Chart N°5 – Contracted Capacity (MMCFD)**

Period	Contracted Transportation capacity			Contracted Supply capacity		
	Firm	Interruptible	Total	Firm	Interruptible	Total
2016	178	31	209	40	138	178
2017	197	31	228	178	45	223
Q3 2018	197	31	228	183	46	229

- ✓ Clients are divided in two groups: (i) Independent Clients, which consume more than 1 MMCFD and sign separated contracts of natural gas (NG) supply, transportation and distribution services, and (ii) Regulated Clients, which consume less than 1 MMCFD and only sign a contract with Calidda, who then provides NG distribution service and acts as an intermediary to supply NG and transportation services.

- ✓ During the current year, both our Independent and Regulated clients have an average consumption of 292 MMCFD, equivalent to 70% of our total distribution capacity of natural gas (Lurín – Ventanilla).
- ✓ Over the same period, Regulated clients consume around 156 MMCFD, equivalent to 68% of the total contracted transportation and contracted supply volume of natural gas.

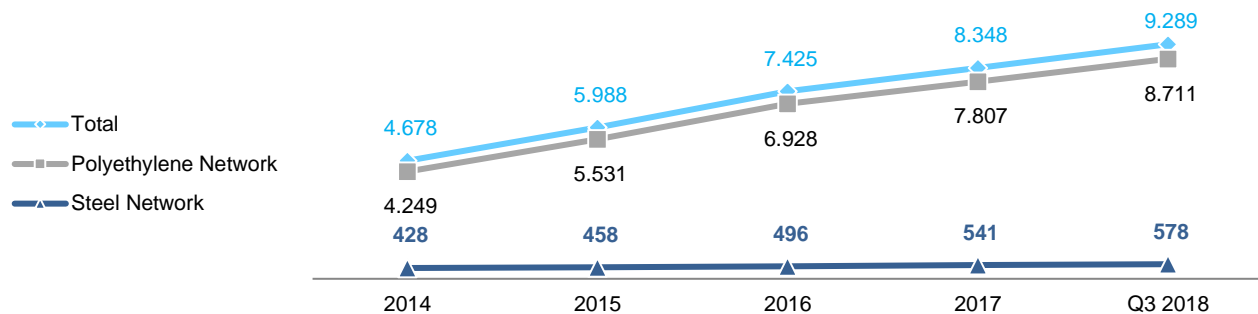
## Operacional Performance

### Distribution Network

- ✓ Calidda’s distribution system consists of 9,289 km of underground pipelines in Lima and Callao.
- ✓ As of Q3 2018, Calidda has built 941 km, out of which 37 km were steel high pressure network, while the remaining 904 km were low pressure polyethylene pipelines.

The next graph shows the evolution of Calidda’s distribution system:

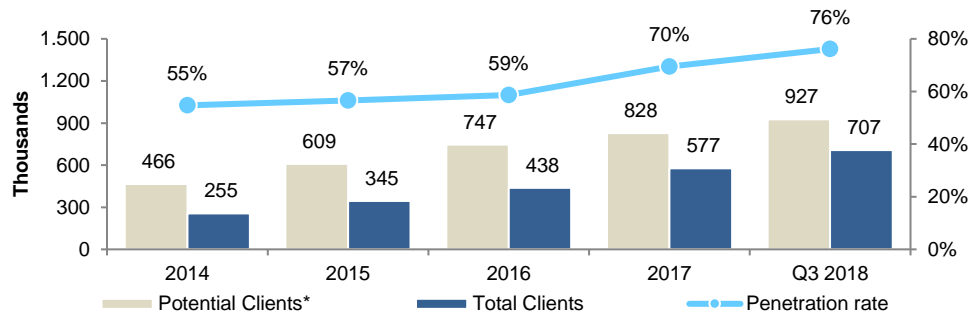
**Graph N° 2 – Network Distribution (km)**



### Network Penetration Rate

- ✓ The network penetration rate is measured as the number of connected clients over the number of potential clients that are located in an area close to Calidda’s network. This key ratio increased to 76% as of Q3 2018 due to the record number of new connected clients.
- ✓ Calidda’s focus is on low income districts benefited by the subsidies, where the savings produced by the use of natural gas against other alternative fuels is more appreciated.

**Graph N° 3 – Clients progress and Penetration Rate**



## Financial Performance

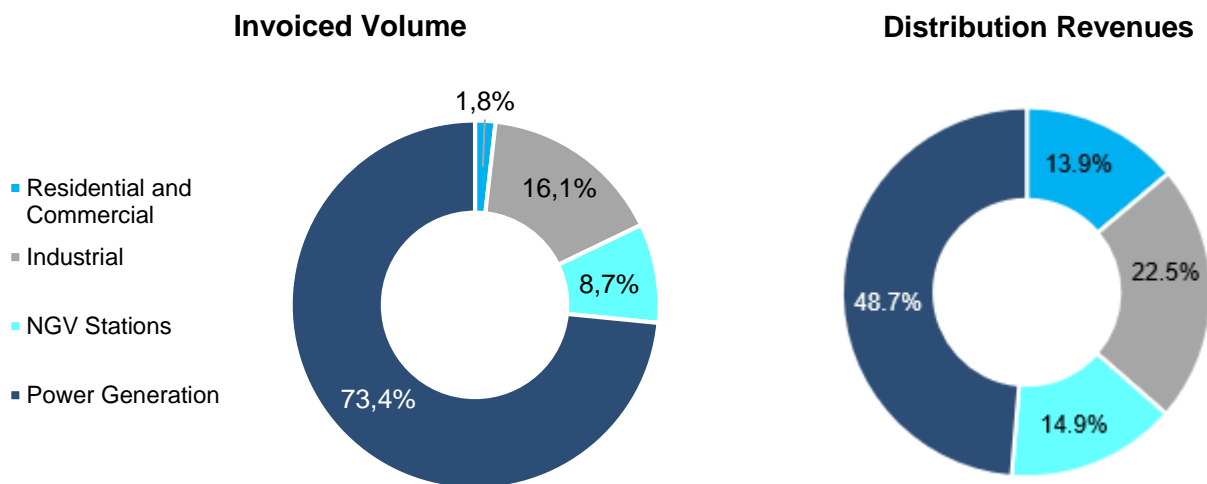
### Revenues

- ✓ Calidda’s Total Revenues, Adjusted Revenues and EBITDA increased by 12%, 19% and 7%, respectively, driven by:
  - higher Distribution Revenues due to the raise by Osinergmin of the distribution tariff (since May-18) and higher invoiced volume; and,
  - an increase in services provided to Residential clients due to the greater number of connections and a total of 31,486 delivered gas appliances sold (3.1x 2017’s results).

**Chart N° 6 – Revenues distribution by concepts**

Distribution of the Adjusted Revenues (%) – Q3 2018		Pass-Through Concepts	
<b>Distribution service</b>	Main operative income of Calidda which is generated by the distribution of natural gas through underground pipelines to different kinds of clients..	63%	<b>Sell and transport of natural gas</b> Pass-through income related to the acquisition and transportation of natural gas which are transferred to the final consumer.
<b>Connection services</b>	Operative income which is paid by the consumer for the internal installation of pipelines needed to achieve the connection to the natural gas network. Includes revenues from the facility's financing.	24%	<b>Revenues of network expansion</b> Pass-through income related to the investments executed by Calidda in order to expand the distribution network.
<b>Connection fees</b>	One time fee which is paid by the new clients when connected to Calidda's natural gas network.	4%	
<b>Other services</b>	Operative income which mainly comes from network relocation services and other services	8%	

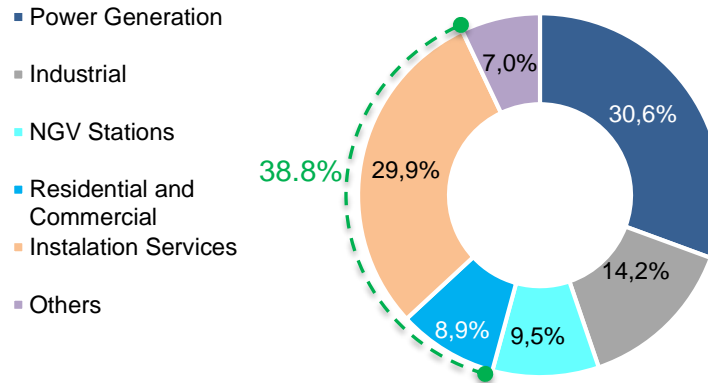
The next graph contains the breakdown of Calidda's Adjusted Revenues:

**Graph N° 4 – Invoiced Volume and Revenue Distribution (Q3 2018)**


- ✓ Even though the Residential and Commercial segment represents only 1.8% of the invoiced volume, it concentrates 13.9% of our distribution revenues. More over, if we take into consideration the revenues from installation services, this segment achieves 38.8% of our Total Adjusted Revenues.

- ✓ On the other hand, the Power Generation segment represents 73.4% of the involved volume, 48.7% of the distribution revenues, and 30.6% of the Total Adjusted Revenues, as can be seen in the next graph:

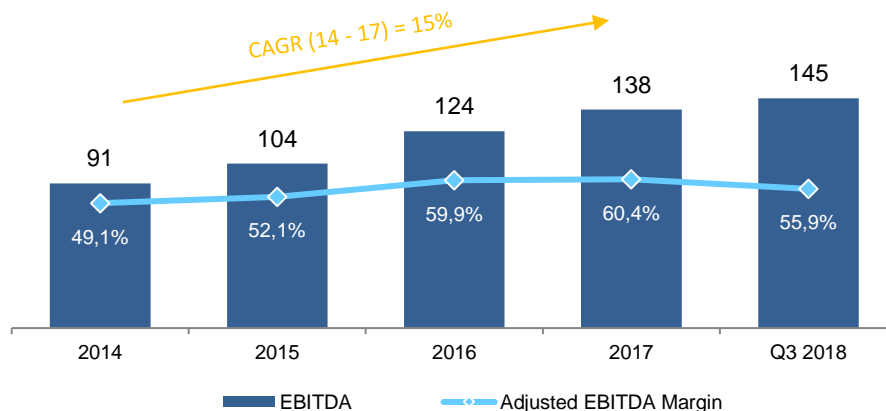
**Graph N° 5 – Adjusted Revenues by Client Segment (Q3 2018)**



### Key Financial Indicators

Last twelve months as of Q3 2018 EBITDA was US\$ 145 MM, which increased by 5% when compared to 2017's EBITDA. This is mainly explained by the revenues obtained as of Q3 2018 from NG distribution services and from connection fees and installation services.

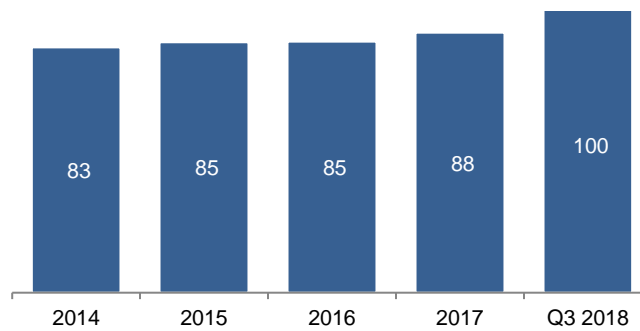
**Graph N° 6 – EBITDA (Million USD) & Adjust. EBITDA Margin (%)**



This performance has been achieved thanks to increasing investment amounts over the past years, as seen in the next graph:

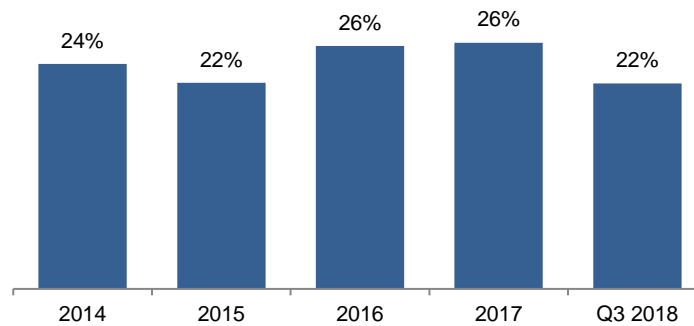


**Graph N° 7 – Capex (Million USD)**



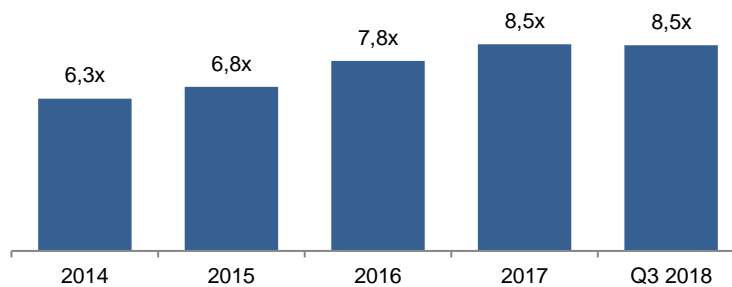
It's important to mention that these important investments have been made while maintaining solid financial ratios, as can be appreciated in the following graphs:

**Graph N° 8 – FFO / Net Debt**

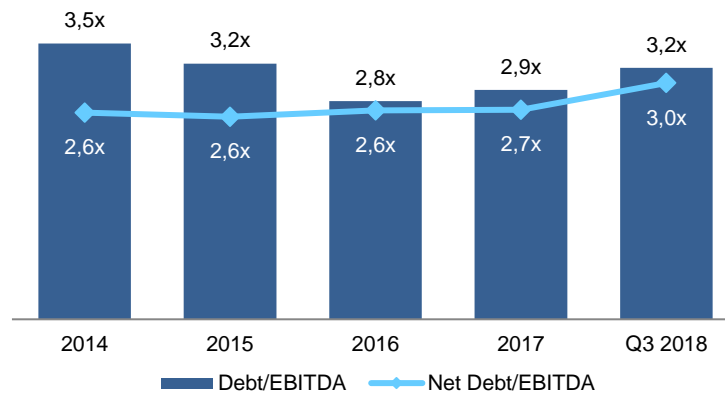


*FFO – Funds From Operations: Net Profit + Depreciation + Amortization*

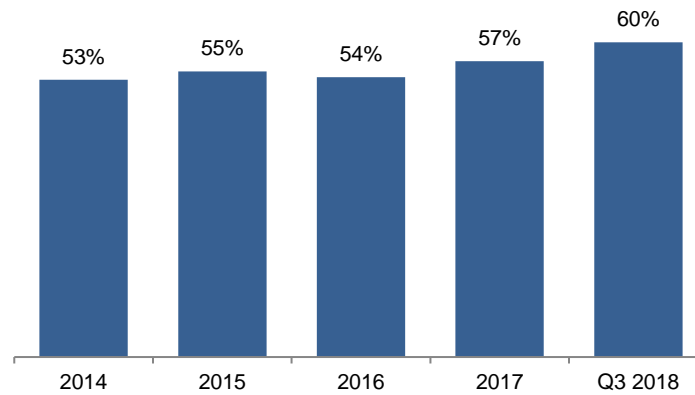
**Graph N° 9 – Interest Coverage (x)**



**Graph N° 10 – Debt & Net Debt / EBITDA (x)**



**Graph N° 11 – Debt / Capitalization**



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## Annexes

### Annex 1: Legal note and remarks

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