

Operator	<p>Welcome to the Earnings Call Results TGI and Cálidda 2017 Conference Call. My name is Richard and I'll be your operator for today's call. At this time, all participants are in only listening mode, later we will conduct the questions and answers session. During the questions and answers session if you have a question please press star (*) then 1 on your touch tone phone. Please note that this conference is being recorded and now I'll pass the call over to Jorge Escorcía of TGI. Please go ahead.</p>
Jorge Suescun	<p>So, guys good morning; it is a pleasure this is my first call with you guys; it is a pleasure and it is good this is my first call because we have a really very good year in TGI in 2017. A year in which we were able to make up money to continue to distribute part of our earnings to our controlling owner Grupo Energía Bogotá in the same manner it has been done in the past two years. So, let's move on, in our first slide; hello [...] ok, perfect. Our overview, as you well know TGI is the largest natural gas pipeline in Colombia, we own more than 55% of the network of the gas pipeline network, which is about 4,000 kilometers and growing and we transport 47% of the gas that the country consumes. We serve 70% of the Colombian population, well in the north not too much, but in the center, the east, the south and the west we are the provider of choice for gas, and hence we are strategically located in Colombia, we have a constructive stable regulatory framework that is being so for the past 20 plus years and it has always been with the ministry of mines and energy and with the teams related to energy such framework and such regulatory initiative are stable and do not depend upon political change and of course we have a strong, strong, strong cash flow generation, highly indexed to the US dollar and such indexing comes from the regulation itself, which is even better.</p> <p>Some updates, some key updates, precisely related to regulation perspective, there is a size review in process and is been so for the past two years, the review process or the actual review process takes place every 5 years, the last complete cycle went from December 2003 to December 2012, a total of 9 years and we are in the middle of a revision right now. We expect that the new regulation would be approved by the end of this third quarter and we have a target to come into effect in 2019. So there, the solid point for a new five-year period will be checked by the regulator when it is approved the new price methodology, and after that price is authorized or approved by the Commission, the same Commission will set a weighted average cost of capital methodology that is going to change. We don't know the exactly amount in which that weighted average cost of capital is going to diminish and we are in discussions, active discussions, proactive discussions with the regulator so up to set a number that isn't cataclysmical, so to say, to put it that way.</p> <p>Now, it is important that the strategy of TGI has changed, starting this year we're trying to be more proactive in the market, the reason why is because we see these changes in the tariff regulation and we need not only to transport but we need to be active also influencing demand and supply, so we are in close contact with suppliers of gas in Colombia, mainly Ecopetrol and some junior oil companies but as well we are very active devising incentives or devising ways in which demand could grow. There are several programs and plans in place up and running, mostly trying to improve the way that the public transportation system in large cities like Bogotá, Medellín or Cali, is operating; we are trying to displace diesel from their network and try to make natural gas the chosen method to move this huge number of barrels.</p> <p>And, well, we have different plans, some of them are normative, some of them are related to what the planning unit devices yearly, this includes some loops, we want to have the ability to transport gas not only from the north to the south of the country, but also from the east to the west, so we are constructing loops in our existing pipelines to be able to transport gas from the south to the north and from</p>

the west to the east, that is very important to us. There you see that we are constructing the loop Mariquita – Gualanday, by the bidirectionality of Barrancabermeja-Ballenas and Yumbo-Mariquita. And additionally, there's a start project in the Colombian gas transportation business for year 2018, in which there would be the regulatory commission and planning unit for mining and energy are devising the building of the regasification plant in Buenaventura and the pipeline from Buenaventura to Yumbo, that is probably the largest project now a days, first there is going to be a tender and participants are going to participate, the first draft of such document is going to be delivered by the end of March and the definitive draft is going to be delivered by the end of June. The commission expects to be approving and giving the project to whomever wins between October 2018 and January 2019.

If you see a Colombian map, if you are looking at slide eight, there you see the Colombian map and down to the southwest where Cali is, there is the regasification plant in Buenaventura, which is one of the largest ports in Colombia and Yumbo, that would need for whomever win to build a pipeline, gas pipeline of 115 kilometers; we don't know yet if the project is going to be on-shore or off-shore, we do know that the project will include the regasification plant and the pipeline jointly. So whomever wins has to construct these, both of these, jointly; if this plant is going to be on-shore, the cost will be between, only for the plant, between 500 and 600 million dollars; the pipeline would cost around 210 - 250 million dollars; if the plant is off-shore and is only a tanker, the project, the off-shore project, FSRU or FSU, would cost around 300, 350 million dollars; so well, that is a huge project, since the best positioned in Colombia to undertake such a project are us by far, that would allow us to really, really move any kind LNG gas coming from abroad through the center of the country, but if you think about it as well, in the end we are agnostic as to whom wins the project, because in the end whoever wins has to move that gas through our network to get to the central part of the country. So those are real opportunities we are evaluating.

If we move forward, we have a stable and predictable cash flow generation, it seems so for the past, I don't know, 15-20 years, we have a solid operational performance or gas losses have diminished; we transport 438 million square, cubic feet per day, our network continues to be around 4,000, our contracting capacity has increased up to 2017, and well, 92% of our revenues come from regulated tariff, which, as I already told you, is reviewed at least every five years and that is a stable cash flow production and of course a positive rate of return; we continue to enjoy excellent contract quality, 100% of our contracts are long term and have an average remaining life of 8 years and that is good and that allows us to really undertake projects and think not only in the short term but in the long term.

Year 2017 for the whole of the gas industry in Colombia was particular, there was no El Niño phenomenon, as it was the case in year 2015, and that of course affected the amount of gas consumed in the country, which went down probably around 3% for the whole year. For year 2018, the weather agency here in Colombia, IDEAM, doesn't expect as well a Niño, they expect a mild Niña, so we don't expect to have a spike in gas consumption for this year as it was the case in 2016. If you see our plant and capital total assets it continues to be stable, 2.2 billion dollars, our cash equivalents for year 2017 ended in 80 million dollars, a huge difference from year 2016, when we ended with 230 million, the reason why is that those amounts, that amount of money was kept aside in December 2016 to prepay the existing hedge structures that were in place, and that was paid in August 2017 and as well prepaid part of the syndicated loan that still exists related to the IELAH hedge transaction. We ended 2017 with 80 million dollars and we are going to prepay half of the outstanding amount of that syndicated loan, we are going to pay 44 million dollars now in March and the remaining 40

	<p>million dollars will be paid by August-September this year; that way our existing liabilities will be related to the 750 million bonds which you own, and 370 million dollars lending amount from the parent company and we have a small amount for leasing for the building in which we operate right now in Bogotá.</p> <p>So, and of course very relevant right now, is that we are going to call the bonds and we are going to get involve in a management transaction, in a debt management transaction, we are in the process of getting the complete approval from the Ministry of Finance, we had very constructive discussions with them, this is a plain vanilla transaction, it doesn't entail any different amount, is the same 750 million, but the tenor would go to year 2028, and of course this bond will reflect the quality of what the rating agencies have assigned us, because we are, of course you know, investment grade. We think that that should be involved, should be described, should be taken into account in the new bond that will end in year 2028, and we are working in it; we think that would be out during the road show in April, the dates are yet to be discussed, but it is going to be done; our advisors are HSBC and J.P. Morgan, top-notch investment banks, some of the best in the world, and well that is important to show that we are in the middle of doing this transaction.</p> <p>Our performance continues to be good enough as to send 100 million dollars dividends to our owner and this year I have been in discussions and was able to keep 33 million dollars in our reserve to improve and start to have, to improve our equity position, and my idea is that we'll continue to distribute, not with the 100% of the available profits, but 75% and the remaining 25% keep it as a reserve and hence getting a better equity position. And regarding the bond that TGI has with the parent company, the 370 million dollars debt, that debt mirrors the bond that the Grupo Energía Bogotá or Empresa de Energía de Bogotá had in the market, they called that bond, the cost of that bond for us, as we mirror the bond, is 6.125, and we are in discussion with the CFO of the Group as to how much we would be paying for that debt and the possibility of sending that debt to a 10+ year tenor. The parent company has always said they are not going to ask for that debt back, so we want that to be shown in our financial statements, and that should be decided now in March. So, these are the highlights for TGI, very, very important as well for the Group, we are in the middle of or the government of the Bogotá city is in the middle of selling 20% of the total company's equity, that's going to be done between the twenty-third March onwards and is 1.2 billion dollars transaction, there is been huge interest in the market for this kind of assets and that as well is good news for TGI, because in the end what you would have at the end of the transaction is a couple of institutions with a better corporate government, independence, and more independent directors in the Board of Directors. So, well I think that's it, it was really short, but if you have any question please feel free to go ahead and shoot.</p>
Operator	<p>Thank you, we will now begin the questions and answers session, if you have a question please press "star" and then 1 on your touch tone phone. If you wish to be removed from the queue please press the pound sign or the hash key; there would be delay before the first question is announced and if you are using a speaker phone you may need to pick up the handset first before pressing the numbers. Once again, if you have a question on the line please press "star" and 1 on your touch tone phone. The first question on line comes from Mark Heins from BTG Actual. Please go ahead.</p>
Mark Heins	<p>Hey guys, thank you for the conference call and welcome to this conference mania that we have here. I have three questions; the first one is related to the gas industry and your view for the year, you said that you are not expecting a spike in gas demand for this year, however, due to the end of La Niña and a more neutral climate conditions can we expect better volumes for this year as the thermo-plants need to have some sort of pick up in their generation, and stabilize,</p>

	<p>you know, the generation matrix in the country, that's the first question. The second question has to do with margins and specifically costs. During the quarter, we saw a little bit of a spike in costs that compressed margins to the level of 69%. I want to have more color on what happened and if you do expect this contraction to be structural and how much be the margin could you expect for the next couple of years perhaps, and the third question is considering the delays on the projects that you have been having, I have noticed that a couple of quarters ago the pipeline Cusiana phase III and IV, I believe were going to be operational during this quarter but some delay happened, I don't know why, maybe you can give us a little bit more information about that. Thank you.</p>
Jorge Suescun	<p>Thank you, those are really relevant questions, thank you so much for bringing them up. The thermo-plants in our projections and what we think we are not including any use of them or any gas use for them, but of course and that's the way we do it very conservatively, but I think there's going to be, as you say, use from them and the amount of money that represent that usage is probably 10 to 15 million dollars, but of course we are being conservative and we are not considering them.</p> <p>Second, our margins exactly in August started to contract because the BOMT that was, that is in place between Mariquita and Cali we got it inside TGI. Until August we only had the revenues, and as August and onwards we are getting the costs related to that asset, so that is the reason you see that.</p> <p>The delays that you see in the Cusiana project and the phase IV are related, strongly, strongly, strongly to Harry, most of the pipeline that we bought comes from New Orleans and from Houston, specially from Houston, and that was a huge, huge delay, for one month or more there was a complete blackout in the production facility in Houston, so that's huge; we do expect our EBITDA to continue to hover around 68%, and the reason why is that we are trying to improve the consumption, the demand of gas in the country and I think that is going to be the case. If you think not only in the next year but if you think in the following 5, 10, 15, 20 years the good thing about gas is the choice for any transporter, industry, household, is the choice, and why? because we are going from an oil based economy to renewables of whatever nature and gas is in the middle and gas is going to be the bridge between an oil based economy and the renewable energy economy. So, I hope that answers your questions.</p>
Mark Heins	<p>Just a quick follow on question, you are expecting EBITDA margin to be 68% for this year or you are expecting the 68% on a structural basis for the company.</p>
Jorge Suescun	<p>We expect a 68% minimum structural for the company; that's we are aiming to and really what we are trying to is to get again up to a 70% EBITDA margin.</p>
Mark Heins	<p>Ok. Perfect, thank you for your answers.</p>
Jorge Suescun	<p>Thank you.</p>
Operator	<p>Thank you. Once again, for any question on the line or follow up press "star" and 1 on your touch tone phone. Our next question on the line comes from Ramses Pesdanapalmett from Ultraserfinco. Please go ahead.</p>
Ramses Pesdanapalmett	<p>Hi guys, thanks for the call. I want to ask you something about the regasification plant. I want to know like what is your opinion on the construction of this plant, taking into account that some companies had said that Colombia has enough gas to cover the internal demand of the country. I mean, do you believe that this plant is necessary for the country. Thanks.</p>
Jorge Suescun	<p>Thank you, Ramses, that is a very good question, and of course there has been a lot of noise in the news, and of course whenever there are news and noise there is someone behind that noise that has particular interest. Yes, we do think that the plant is necessary, notice that as you may well know Cusiana and Apiay are the production places of gas in Colombia, Ballenas to the north and Chuchupa in</p>

	<p>the off-shore in the north are starting their depletion process, and some day between 2026 and 2028, Cusiana and Apiay are going to come to start to deplete as well. We are in the middle of a cycle related to how far down the oil prices went down in the past years. I think that starting half this year, 2018, we are going to see a spike in production of oil and hence the production of gas, and the reason why is because the oil prices already went up last year, so many companies started to produce and prospect and are starting to get oil reserves out of the wells. So, yes we think is important, is important for the country to have an alternative of importing LNG, the reason why the Ministry of Mines and the regulator and the planning unit, all share the same views is because we don't want the country to, at the phase of industrial growth of the country and household growth in the country, continues to grow, they don't want the country to go back to the dark ages as we were in years 90, 91, 92, where, I don't know if you were born by that year, but we went to a really deep, deep rationalizing of energy, we didn't have an alternative to electricity. So, yes, we think it makes a lot of sense and we think that the cost that is involved in building this plant isn't that high enough as to be extreme. So yeah, we do think.</p>
<p>Ramses Pesdanapalmett</p>	<p>Ok. Thanks.</p>
<p>Operator</p>	<p>Thank you. Our next questions on the line comes from Andrés Duarte from Corficolombiana. Please go ahead.</p>
<p>Andrés Duarte</p>	<p>Hello. Good morning. I have three questions. The first one is, umm, so the first question is if you are expecting an increase in the share of imported gas on the upper side of the Colombia's gas structure; if you are expecting an increase on the share of imports, especially because of Buenaventura's regasification plant in the mid or long term; would you expect a drop in the relative value of the part of your pipelines, the current pipelines? that's the first question. The second question, has to do with several projects, especially the one that is related to Cusiana, which include the Cusiana phase three, Cusiana phase four, Cusiana – Apiay and Ocoa, so the production of Cusiana has dropped since 2014 and according to the UPME the long term forecast of share of Los Llanos basin in terms of volume is expected to drop as well, so I just want to understand if this was the case, why would you be willing to enhance or increase the capacity of these gas pipelines? And finally, I have a question related to Ecopetrol, which accounts for 13% of the revenues that you guys have or had during 20...; if the strategy of the company, mid-term production strategy includes an increase in the participation of enhanced recovery projects, which require more and more gas for this to happen, for this type of production to actually occur, are you like including and increasing in the volume transported for Ecopetrol because of this strategy the company is applying and expects to apply in the mid-term future? Those are the three questions, thank you very much.</p>

<p>Jorge Suescun</p>	<p>Thank you. Well, they are like really six or seven questions that I hope I can answer all to you, and of course I know you not only own our bonds but probably Promigas as well. I think is good for the country to have a means of importing gas, it is good that we have that alternative, if any time in the near future we are going to have a shortage of gas produced internally in Colombia. I think that the Cusiana project phase three, four, etc, Apiay-Ocoa, if we are expanding those projects is because we already have contracts in place that require us to build that capacity, so yes, that's the answer for that one. And regarding Ecopetrol, Ecopetrol of course is one our largest customers and we, we really are agnostic as to where that gas comes from, is up to Ecopetrol to devise how they want to extract that gas or that oil, and it is up to the regulators and to the mining ministry and to environmental ministry as well, as if, if the share in enhanced projects, I think you talking about fracking,</p>
<p>Andrés Duarte</p>	<p>No, I am not talking about fracking, I am talking about secondary recovery, which requires the injection of gas, water, etc.</p>
<p>Jorge Suescun</p>	<p>Ah, okay, okay. Well, if they use that use it massively, then regasification plant makes more, more and more sense, if they are going to use those amounts of gas to be able to get out the oil that is in those wells, the whole system will be in need of more gas, and the regasification plant will make more sense. The drop in relative value of our existing pipeline I don't think so, what we've seen in the recent history of those pipelines that have gone to the twenty-year use is that the way they are valued increases not decreases, and those amounts over what we have in our books have covered eighteen and 58% in specific case, so I don't think there is going to be a drop in the value of our pipelines. And the first question I forgot, can you please remind me...</p> <p>The share of imports, well it's all, I don't know, I'll have to have a crystal ball regarding this, but...</p>
<p>Andrés Duarte</p>	<p>No, actually you answered the three questions; but I want to add a last and very short one, when you compared to volumes transported, not with the years where the El Niño was taking place, but let say with 2014, 2013, I want to understand what explains this like lower transported volume. Thank you that's the last question.</p>
<p>Jorge Suescun</p>	<p>Thank you. To be totally honest, I haven't look into that, but I can come back to you, if you want you can send me an email and I would come back to you</p>

	or to your guys with the answer.
Andrés Duarte	Okay. Thank you.
Operator	Thank you. Our next question on line comes from Javier Zorrilla from J.P. Morgan. Please go ahead.
Javier Zorrilla	Hi, good morning. This a question on I think is the second question on the margins, that you mentioned that structurally you wanted to have a 68% margin, how we should think about [...] the tariff revision as you mentioned is going to be passed at the end of this quarter, again how should we see that affecting your margin, if these already include that revision? The other question that I have is on the regasification plant, as you correctly mention again there are two projects the plant and the pipeline, I know that TGI has mentioned their interest on both, but how should we look, again from our perspective, the structure of the company should seek if it tries to go for both projects or only the pipeline or both I guess. And lastly, there is a decision by, just to confirm, by the Attorney General against Gustavo Petro on the acquisition of the EB of the 31.9% of shares of TGI, is there anything that from the TGI perspective that we should be looking for on that decision, is there any risk let's say for the company at this point?
Jorge Suescun	Ok, thank you. I'll go from the first question regarding margins. Yes, we know that there's going to be pressure, downward pressure on the margins related to the change of the regulation. We though think it is going to be as extreme as it used to be thought, and I think we are going to offset lower margins in the way of average cost of capital with the additional revenue from our efforts regarding demand. Second, the regasification plant, at least as we are thinking about it in TGI, and I've been actively involved in how we are designing this project is going to be, we have a partner in this project, an expert operating this sort and designing and building this kind of plants, we have a partner, we would have 49%, the partner would have 51%, it would be a stand- alone, non-recourse project, it is going to be a vehicle, in that sense it's not going to affect TGI or have an increased effect on TGI. We are going to have as well a finance advisor, and, well we are really well prepared, our partner is a world class expert in building plants and operating them, we are world class competitor in building pipelines and operating them and whoever advises us financially is going to be as well a world class financial or corporation. And third, regarding Petro, you mentioned about 31.9% and all that noise, that

	<p>noise really isn't part of what we TGI are involved on a day to day basis, that relates more to the owner of TGI, the Grupo Energía Bogotá, and hence any answer or any comment regarding that should come, if at all, from Grupo Energía Bogotá, doesn't affect TGI in any way, it doesn't affect our risk and has nothing to do with our onward operations and where we are standing right now.</p>
Andrés Duarte	<p>Thank you, one follow up on the regasification plant; if I understand correctly, the plant itself will be through a partnership? or you guys are the 49.9% owner? and on the pipeline, you will be the sole operator or that will also be through a partnership as well?</p>
Jorge Suescun	<p>That's a very good question; well, it is part of what we are deciding right now, it can be the case that we build the pipeline and only get involve in the partnership for the plant, but it depends mainly on how the commission, the regulatory commission of energy and gas designs the bid, it depends on them.</p>
Andrés Duarte	<p>Thanks.</p>
Operator	<p>Thank you, at this time I see we have no questions in the queue. I like to turn the call over to Jorge Suesin [sic] for final remarks.</p>
Jorge Suescun	<p>Ok guys, well thank you, it's been, I think it has been over half an hour of my assigned time, but it is good, is good to receive your questions, to know what are you thinking, and here in TGI please feel free to contact us, feel free to contact me if there is any other doubt or any question or you need more color on what we are doing, and our positioning ourselves for the future, so all the best, safe travel if you are in the north, in the US and well that's it, all the best.</p>
Operator	<p>Thank you, ladies and gentlemen, we will continue with the presentation for Cálidda, I would like to turn the call over to Álvaro Roca to begin the presentation.</p>
Álvaro Roca	<p>Good morning everyone and thank you for joining us today. On behalf of the company I would like to welcome you to Cálidda 2017 Results Call, my name is Álvaro Roca and I am the head of Financial Planning and Analysis of Cálidda. I would like to start this presentation by giving you an overview of our business achievements, we concluded this 2017 with record results, our EBITDA was 138 million, 11% higher than 2016 results of one 124 million, in addition our adjusted EBITDA margin slightly increased in sixty to almost 61%,</p>

mainly due to higher revenues from our distribution service and connections in the residential segment, always looking after our cost structure. I would like to mention that we connected more than 138,000 customers to our distribution service showing an increase of 38% when compared to 2016 achievements. Also, I want to share with you the important progress that Cálidda has made with the implementation of a new business strategy during this year the implementation of our new commercial approach, we have identified our different potential markets and are developing energy driven solutions according to these market needs. A fruit of this progress is that we have almost 15,000 domestic natural gas appliances in May 2017 through December 2017 and we are expecting to grow this 2018 with more than 33,000 sales. In addition to the sales of natural gas appliances we continue to provide energy solutions and value added proposals to our Residential, Commercial and Industrial clients. We will now go through the presentation. I would like to begin Cálidda's 2017 highlights. On the right side of the slide you will find two charts in which you will find our key operational and financial results for 2017 and 2016. Regarding the operational results, at the end of 2017 we reached almost 577,000 clients, adding more than 138,000 clients in 2016, this means a 32% increase in our client base in the past year. Taking into consideration this additional number of clients, invoiced volume increased 3% when compared to 2016, up to a total of 763 million cubic feet per day. In the case of our network length increased a total of 8,347 kilometers of new pipeline infrastructure, which means an increase of nine hundred and twenty-two kilometers in a year. Regarding our financial results, we are in the second chart to the bottom right we obtained a total of 579 million dollars in revenues, all for total adjusted revenues which are our revenues less pass-through concepts as explained in the note 3, with a total of 228 million dollars, those when compared to 2016 results had an increase of 8% and 10% respectively. And as for our EBITDA, as I have already mentioned, it totaled 138 million dollars which is 11% higher than last year. In the next slide, you will find our commercial performance, as of 2017 Cálidda had connected almost 576,000 clients in the residential segment in 22 districts within Lima and Callao, out of which more than 107,000 were connected during the last year. We have also connected twenty-two hundred commercial clients, out of which almost ten hundred were connected to similar periods. As it was mentioned in a previous conference call, since last year the majority of

the new residential clients have been benefited by two subsidies established by the Peruvian government in order to give universal access to natural gas in Peru, covering up to 100% of the connection cost, which are the promotional discount and the Bono Gas, up to 97% of households have their connection cost subsidized. Moving on to the next slide you will find the connection performance of three main client segments in terms of invoiced volume. In the power generation segment, there has been no new thermic plants connections this year, however, four cogeneration plants have been connected. In the case of Industrial and NGV segments, 42 industries and 17 stations joined distribution system during the year 2017. It is important to mention that NGV stations supply natural gas to more than 184,000 vehicles in the city of Lima and Callao. Please follow me to the next slide to see the Cálidda's historic invoiced volume as of December 2017. As you can observe in this graphic last year invoiced volume reached a total of 763 million cubic feet per day is 25 million cubic feet per day more than invoiced volume of 2016. The main explanation for this increment is the additional volume of the industrial and power generation segment, which increased by 9% and 2% respectively. It is important to mention that 79% of the total invoiced volume correspond to a Take-or-Pay contract which minimizes the impact of volume volatility derived from the seasonal effect on volume demand from the power generation segment. Moving on to the next slide. you will find our invoiced volume breakdown by client segment in four charts. As you may see the most important increment in terms of volume comes from the power generation and industrial segments, with 13 and 10 million cubic feet per day more respectively. However, in terms of invoice percentage the most dynamic segment continues to be the Residential and Commercial sector, in which the invoiced volume increased by 21%, explains the successful addition of customers as just mentioned.

The next slide presents our historic operational performance as of 2017. As you can see in the first graph to the left, Cálidda's distribution system with an extension of 8,647 kilometers of underground pipeline and has been in a continuous expansion rate of around 1,000 kilometers per year. We constructed more than 43 kilometers of steel high pressure network and 879 kilometers of polyethylene low pressure network during the year.

In the second chart, you will find Cálidda's network efficiency in terms of its penetration rate which is calculated by quantifying the connected clients over

the number of potential clients located in front of Cálidda's network. This efficiency ratio sharply increased to 69.6%, a 10.9% increment when compared to 2016 period. It has a total of 808.028 potential clients, out of which almost 570,000 clients are connected to our gas distribution system.

As a reminder, our concession area has more than 2.5 million households.

Please follow me to the next slide. As you may see in the first chart at the left, during this fourth quarter of 2016, the volume of natural gas transported to our distribution network was 258 million cubic feet per day, which represents 61% of the total capacity of our distribution network within Cálidda's city gates and Ventanillas located to the north. For this transported volume 149 million cubic feet per day correspond to our regulated clients, which are client who have connected Cálidda, who have contracted Cálidda for the supply of natural gas and the transportation and distribution services. This volume compared to the gas supply and gas transportation contracted by Cálidda with Group Petrol and TGI represents 66 and 67% respectively of the total contracted volume and capacity. We also have independent clients located in the north and south of the city gates of Lurín, who have contracted with Cálidda only gas distribution service and consume 108 million cubic feet per day and 269 million cubic feet per day during the year. These independent clients are mainly large power generators with Take-or Pay contracts. In total Cálidda's distributed volume amounted five hundred and twenty-six million cubic feet per day.

The next topic is our Financial Performance and Key Metrics which are presented in the next slide. In this slide, you'll find three graphs that represent our invoiced volume, our distribution revenues and our adjusted revenues for 2017. In the first pie to the left you will see that the Residential and Commercial segments is only 2% in terms of invoiced volume; however, if you see the second pie in the middle, in terms of distribution revenues this segment represents 12% and in the third pie to the right in which we add to these segment the installation services made by Cálidda, the Residential and Commercial segment represents 36% of our Adjusted Revenue.

On the other hand, while Power Generators represents 74% of the invoiced volume, segments relevant come down to 50% when analyzing our distribution revenues, and to 33% of our Adjusted Revenues. This shows that the Residential and Commercial segment, and power generation segment are equally important in terms of Adjusted Volume, Adjusted Revenues and make

[inaudible 54:21.6] portfolio, other Revenues represent 5% of our Adjusted Revenues, mainly explained by pipeline's relocation services and client's connection fees.

Please follow me to the next slide. At the end of 2017 Total Revenues, as I have said, were 579 thousand million dollars, including pass-through and IFRIC 12 revenues, which represent an 8% increase when compared to the last year's results. Adjusted Revenues also increased by 5%, by 10% from 207 million dollars to 228 million.

On the second chart to the right, we can see Cálidda's historic EBITDA which total 128 million dollars, showing a steady increase since 2011.

In the third chart bottom left, Funds from Operations calculated as Net Profit + Depreciation and Amortization, were 95 million dollars, and in the last chart to the bottom right, you can find the Debt and Net Debt to EBITDA ration, as you can see we have maintained our Debt to EBITDA ratio below the administration 3.5% times target and closed 2017 with a ratio of 2.8 times our EBITDA. When compare to 2016 results the increase was due to a new financing contract signed in May which allowed us to continue expanding our distribution system.

To sum up, in the next two slides you will find more Key Financial Metrics for Cálidda, they reveal that our Financial Performance over the past years is consistent with the company's vision and expected results of our shareholders.

In next slide, you will find debt indicators and ratios as Total Debt, which is 400 million the financial related cost, Debt to Capitalization ratio, Interest Coverage which is 8.5 times our EBITDA, and Funds from Operations to Net Debt.

On the next slide, you will find the Balance Sheet and Indicators such as Total Assets which are now 840 million dollars, our Equity, Net Income which sums 59 million dollars, and CapEx which totals 88 million dollars for the last year.

I will like to end this presentation by mentioning that 2017 was a year that marked our transition towards a more robust business model and close to the needs of our customers. We anticipate that this process will be followed by an evolution in the financial performance of our company that will be reflected in the sustained increase of our revenues and profitability.

In this sense, it is important to mention that these record results show that we've accomplished our connection and EBITDA goal for 2017, which were

	<p>120.000 new clients to our distribution system and one hundred and seven million dollars of EBITDA.</p> <p>I would like to thank you all for your time and we open now the session to attend any questions you may have.</p>
Operator	<p>We will now take questions. If you have a question please press "star" and 1 on your touch tone phone. If you wish to remove yourself from the queue, please press the "pound" sign or the hash key. We a question on the line from Rodrigo Sánchez from Ultraserfinco. Please go ahead.</p>
Rodrigo Sánchez	<p>Good morning, thank you for the presentation. I have two questions. The first one is what is your 2018 target for connected users, what penetration rate are you expecting to achieve in the long term. And my second question is related to subsidies the Peruvian government is giving to households, are they expected to continue for an undefined period? or are they expected to be removed at any time soon? Thank you.</p>
Alvaro Roca	<p>Well, as for our 2018 connected clients we expect to connect more than 120.000 clients to the distribution system and this will be also aligned with expectations of the government as we are in the process of reaching it. And in the long term, we expect to by year 2021 have connected more than one million clients.</p> <p>As for the subsidies provide by the government, these are approved on a year to year basis, and we this 2018 we expect to continue having those subsidies renewed over the next year.</p>
Rodrigo Sánchez	<p>Thank you.</p>
Operator	<p>Thank you. Our next question on line comes from Andrés Duarte from Corficolombiana. Please go ahead.</p>
Andrés Duarte	<p>Thank you. I have threes questions. The first is what explains the drop in active vehicles using VNG for 2017. The second question is related to the graph on Network Efficiency, I want to understand, how the potential clients figure this increase every year, not the connected ones or the actual clients but the potential ones. And finally given the figure that is shown on the Adjusted Revenues, where 28% comes from the installation services, I want to understand if this revenue was accounted for immediately, or if there was a sort of deferral mechanism to distribute the income or the revenue coming from these connections. Thank you very much.</p>

<p>Álvaro Roca</p>	<p>Well, what we saw in 2017 regarding the active vehicles consuming natural gas, we have active discussion regarding the competitiveness of our actual gas tariff, you see, we are not attending the final clients but the NGV stations are, so they actually finish establishing the prices that they charge to the NGV sector, although we see that the margins of the NGV stations have increased over the years and that is affecting the vehicle natural gas consumption. And also, there is a problem with the actual price tariffs that are shown to the public in the NGV stations, the competitor as for NGV is GLP, which is the gas from petroleum, and those are not shown right now in the stand units, so it is kind of confusing for the user end to read the actual savings they would have is they shift to the NGV.</p> <p>In terms of our potential clients, we have more potential clients as we expand the distribution network. You see, for every kilometer that we expand our distribution network we have 100 potential clients, so as we continue to expand and that is our plan, our distribution network will continue to having more potential clients, those are the clients in front of our distribution network.</p> <p>And for the Adjusted Revenues in terms of our installation services, as I just have mentioned, we continue to, we do expect to continue connecting clients at a rate of at least 1,000 clients per year, so we see for the foreseeable future that those revenues which at the end of 2017 are around 38%, to continue, keep growing as we develop more energy driven solutions to our clients.</p>
<p>Andrés Duarte</p>	<p>Can I do a follow up on this last question. I mean I wasn't implying that this revenue wasn't going to continue, I am pretty sure this is not the case, I just wanted to understand if the revenue for the installation is recognized 100% immediately in the year that installation or if the revenue has like a deferring mechanism for you to recognized it, I mean to distribute the recognition of this revenue during a longer time period, as part of the consumption fee or whatever.</p>
<p>Álvaro Roca</p>	<p>Yes, I think you are referring to the IFRIC 15, the application of the new norm, now our model recognizes 100% of the revenues on the year the connection is completed. And as we have stated in our IFRIC financial records, we are in the process of reviewing if the application of the new IFRIC will have an impact on Cálidda's business revenues.</p>
<p>Andrés Duarte</p>	<p>Thank you.</p>

Operator	Thank you. Once again, for any question press “star” and 1 on your touch tone phone. We have Mark Heins from BTG Actual on the line with a question, please go ahead.
Mark Heins	<p>Hi guys, thank you for the presentation. I have two questions.</p> <p>First the one is related to the gas tariff review that would be carried on this year I believe, I would like to know what are your expectations about the tariff and if the government or you are talking with the government in terms of the new investment that you plan to do for the next years, the government is planning to recognize this within this new tariff, or there is some kind of another expectation in these terms.</p> <p>The second question related some how to EBITDA margin and CapEx on the long term. What are your expectations on EBITDA margin once the entire project is completed and also the maintenance CapEx related to that completed network. Thank you.</p>
Álvaro Roca	<p>Well, the process we are now which is the revision of the distribution tariff, we’ve started the process last year as of July 2017, I assume after four more months of tariff review and negotiations with the regulator in order to fix the tariff for the next four years, and what we are expecting of the outcome, we expect a tariff increase of no less than 10%. [...]</p> <p>And in relation to the second question you mentioned to the new investments how are they recognizing the tariff, well we have, the tariff actually recognizes all the investments we are making or plan to make during the next four years. We don’t have a problem with this tariff, and for the long term CapEx, well, we actually expect to invest around 100 million dollars in CapEx for the next five years and that is to achieve the figures by 2021, to having more than 1 million customers attended, and for EBITDA margin we expect it to slight increase over time as we continues to focus on having an efficient, stable and efficient service cost, related to the actual distribution service that we provide, so we expect it to increase a little more over time. And for maintenance CapEx, well, we do expect to have a maintenance CapEx of around 5 million dollars in the long term, but right now all we have is a like operational expenses regarding the maintenance of the CapEx we have invested that as the CapEx and the pipelines actually have a very long life of usage that is more than 30 years, we do not expect in the short term to have a change or have a maintenance CapEx of more that 5 million dollars that I just mentioned.</p>

Andrés Duarte.	Perfect, thank you for your answers.
Operator	Thank you, at this time I see we have no further questions. I like to pass the call to Álvaro Roca for closing remarks.
Álvaro Roca	Well, thank you all for questions and interest in Cálidda, and we expect this year to be another milestone for Cálidda as we continue to achieve more connections and continue to expand the distribution system in Lima and Callao, that will be all and thank you again for your time and we expect to hear from you in the next call.
Operator	<p>Thank you, ladies and gentlemen.</p> <p>This concludes today's conference.</p> <p>Thank you for participating.</p> <p>You may now disconnect.</p>