

Q4 2019

Results Report



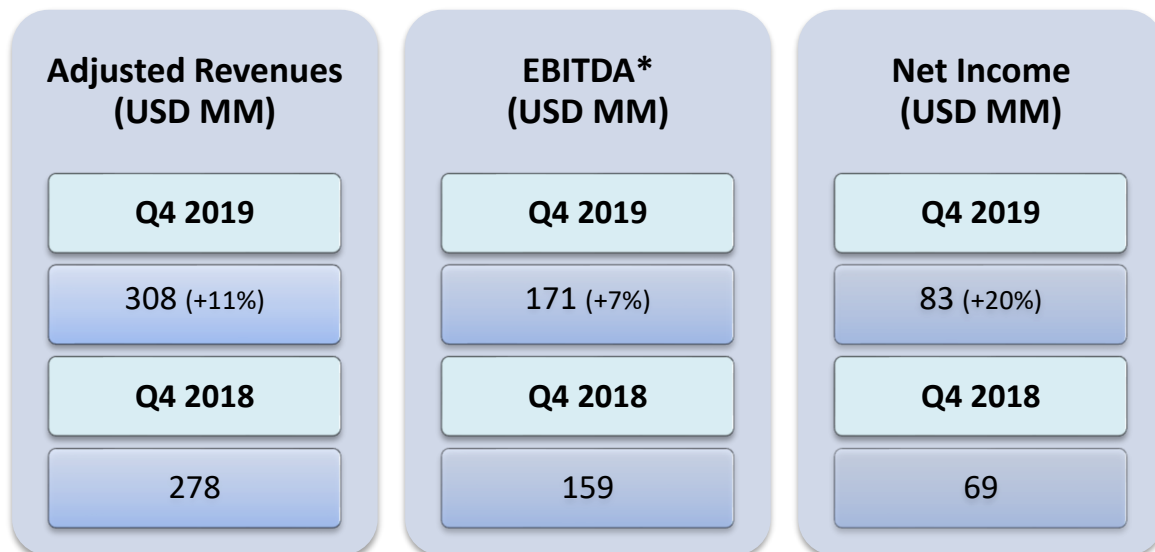
- ▶ Calidda has the exclusive operation right of the single natural gas distribution concession by underground pipelines in the department of Lima and Callao, in Peru.
 - ✓ Total executed Capex: USD 1,080 millions
 - ✓ Network length: 11,166 km
 - ✓ Network penetration: 86%
 - ✓ Invoiced volume: 784 MMCFD
 - ✓ Total clients: 952,682

- ▶ In 2019, Moody's, Fitch and S&P reaffirmed Calidda's credit classification of Baa2, BBB and BBB– (outlook stable), respectively. In addition, Equilibrium and Class & Asociados (local risk rating agencies) reaffirmed our current rating of AAA.pe and AAA, which are the highest rating on corporate bonds risk assesment within the domestic framework.

- ▶ At the end of July 2019, an increase of more than 7% rate distribution was approved, applicable since from August 7th 2019, for the 2018-2022 tariff period.

- ▶ Calidda surpassed the 950 thousand connected clients in Lima and Callao.

- ▶ Key results as of Q4 2019 (compared to Q4 2018's results):



(*)Does not include Extraordinary Expenses.



Executive overview

Operational and finance relevant information

Chart N°1 – Operational and finance key indicators			
Operational Results	Q4 2019	Q4 2018	Var %
Accumulated Clients	952,682	761,216	25%
Invoiced Volume (MMCFD)	784	779	1%
Network Length (km)	11,166	9,691	15%
Potential Clients	1,080,943	959,793	13%
Network Penetration	88%	79%	-
Financial Results	Q4 2019	Q4 2018	Var %
Total Revenues (USD MM)	718	675	6%
Total Adj. Revenues ¹ (USD MM)	308	278	11%
EBITDA ² (USD MM)	171	159	7%
Adjusted EBITDA Margin	55%	57%	-
Net Income (USD MM)	83	69	20%
Interest Coverage (x)	8.4x	8.8x	-
International credit ranking:			
S&P - Abr. 18 19: BBB-, stable			
Fitch - Abr. 24 19: BBB, stable			
Moody's - Jul. 10 18: Baa2, stable			
Domestic credit ranking:			
Equilibrium - Ago. 15 19: AAA.pe			
Class & Asociados - Ago. 15 19: AAA			

Peruvian Natural Gas Market

Chart N° 2 – Key market indicators			
Indicator	Q4 2019	Q4 2018	Var %
Natural Gas Production (MMCFD)	1,299	1,231	6%
Local Market Demand (MMCFD)	763	727	5%
Calidda's Local Market Share (MMCFD)	574	545	5%

- ▶ By the end of Q4 2019, the Peruvian natural gas production increased by 6% compared to same period of 2018.
- ▶ As for the local market demand, it increased by 5% up to 763 MMCFD.

¹ 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).

² Does not include Extraordinary Expenses.

Commercial Performance

Sales by segment

During the last twelve months as of Q4 2019, Calidda connected 191,466 new clients. In the Residential segment, Calidda has operations in 28 districts from the Metropolitan area of Lima and Callao, which are the following: San Juan de Lurigancho, El Agustino, San Juan de Miraflores, Villa María del Triunfo, Los Olivos, San Martín de Porres, Comas, Puente Piedra, Villa el Salvador, Santa Anita, Cercado de Lima, San Miguel, Surco, Jesús María, Magdalena, Pueblo Libre, El Callao, Independencia, Ate, Imperial-Cañete, Carabayllo. Calidda entered la Victoria, Mi Perú, Pachacamac, Ventanilla, Chorrillos, Carmen de la Legua and Ancón. Likewise, in the Industrial, Commercial and NGV Stations segments, Calidda has operations in 46 districts.

Chart N°3 – Clients Base

Clients Base	2015	2016	2017	2018	2019
Power Generation	17	18	22	23	25
Industrial	507	535	577	626	670
NGV Stations	232	240	257	275	279
Residential and Commercial	344,380	437,607	575,957	760,292	951,708
Total	345,136	438,400	576,813	761,216	952,682

- ✓ Two clients were added to the Power Generation segment.
- ✓ 44 Industrial plants were connected during 2019.
- ✓ 4 new NGV station joined Calidda's distribution system during 2019.
- ✓ Calidda added 188,928 residential clients and 2,488 commercial clients as of Q4 2019.

Volume

- ✓ During 2019, invoiced volume has increased 1% compared to 2018 mainly due to higher consumption in the Residential and Commercial segment (+3.1MMCFD), and Industrial segment (+1.2MMCFD).
- ✓ The Take-or-Pay contracts amount 607 MMCFD (Power Generation: 564 MMCFD, Industry: 43 MMCFD), which represents the 80% of total invoiced volume.

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

Graph N° 1 – Invoiced Volume (MMCFD)

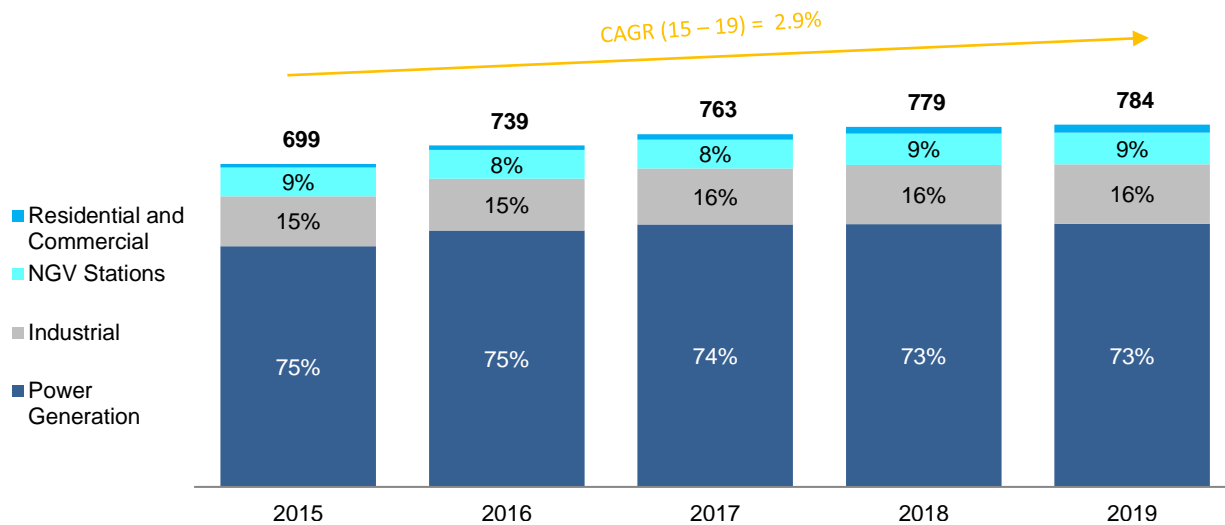


Chart N°4 – Invoiced volume per Client Segment

Invoiced Volume (MMCFD)	2015	2016	2017	2018	2019
Power Generation	521	555	568	569	569
Industrial	108	112	121	128	129
NGV Stations	62	63	62	68	68
Residential and Commercial	8	10	12	14	17
Total	699	739	763	779	784

- ✓ As shown in this chart, Q4 2019's invoiced volume reached a total of 784 MMCFD, 5 MMCFD more than last year's results.

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
2018	197	31	228	183	46	229
Q4 2019	197	31	228	188	47	235

- ✓ Clients are divided in two groups: (i) Independent Clients, who consume more than 1 MMCFD and sign separated contracts of natural gas (NG) supply, transportation and distribution services, and (ii) Regulated Clients, who consume less than 1 MMCFD and sign a single contract with Calidda, who then provides NG distribution service and acts as an intermediary to supply NG and transportation services.
- ✓ By the end of Q4 2019, both our Independent and Regulated clients had 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 consumed around 161 MMCFD, equivalent to 70% of the total contracted supply volume and 68% of the transportation volume of natural gas.

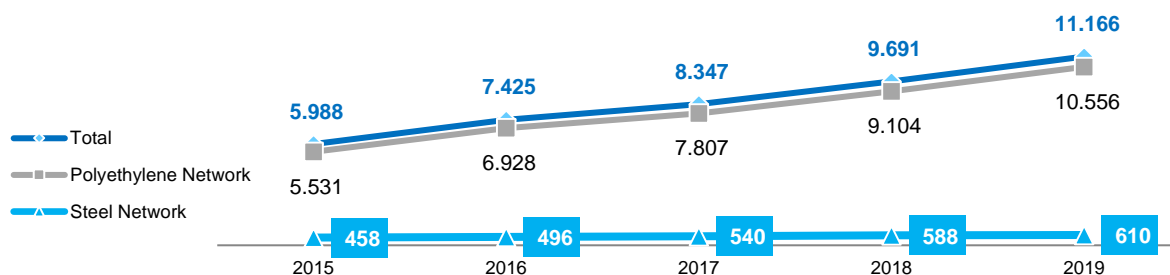
Operacional Performance

Distribution Network

- ✓ Calidda’s distribution system consists of 11,166 km of underground pipelines in Lima and Callao.
- ✓ During 2019, Calidda has built 1,474 km, out of which 1,452 km were low pressure polyethylene pipelines, while the remaining was high pressure steel pipelines.

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

Graph Nº 2 – Network Distribution (km)

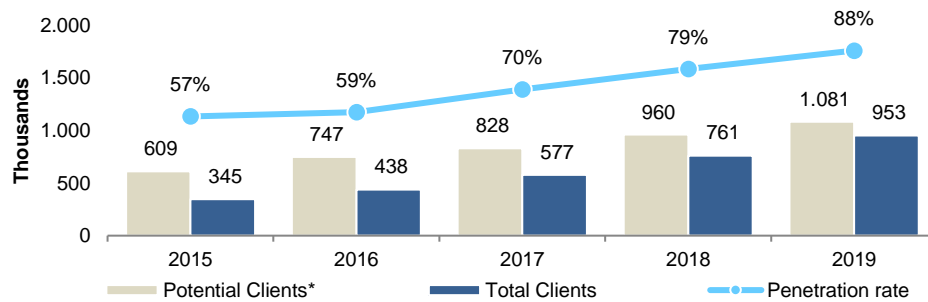


Network Penetration Rate

- ✓ The network penetration rate is calculated by dividing the number of connected clients by the number of potential clients that are located in an area close to Calidda’s network. This key ratio increased to 88% as of Q4 2019 due to the record number of 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

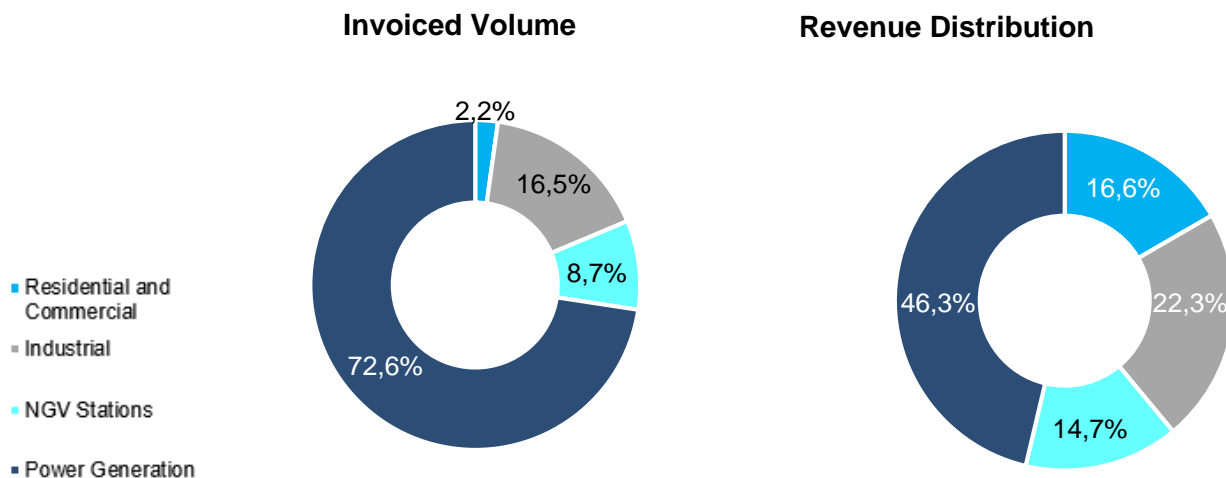
- ✓ Calidda's Revenues, Adjusted Revenues and EBITDA increased by 6%, 11% and 7%, respectively, compared to Q4 2018's results, driven by:
 - The increments of the distribution tariff: (i) an increase of more than 10%, applicable since May 7th 2018 and (ii) an increase of more than 7% in the distribution rate, applicable since August 7th 2019, both adjustments for the 2018-2022 tariff period.
 - Higher invoiced volume (+5.1 MMCFD)
 - Higher number of connections int the residential segment (+191K customers) ; and,
 - Higher revenues for customer service financing (+2.6MM USD)

Chart N° 6 – Revenues distribution by concepts

Distribution of the Adjusted Revenues (%) – Q4 2019		Pass-Through Concepts	
Distribution service	Main operative income of Calidda; it is generated by the distribution of natural gas through underground pipelines to different kinds of clients.	63%	Sell and transport of natural gas Pass-through income related to the acquisition and transportation of natural gas which are transferred to the final consumer.
Connection services	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.	23%	Revenues of network expansion Pass-through income related to the investments executed by Calidda in order to expand the distribution network.
Connection fees	One time fee which is paid by the new clients when connected to Calidda's natural gas network.	6%	
Other services	Operative income which mainly comes from network relocation services and other services	10%	

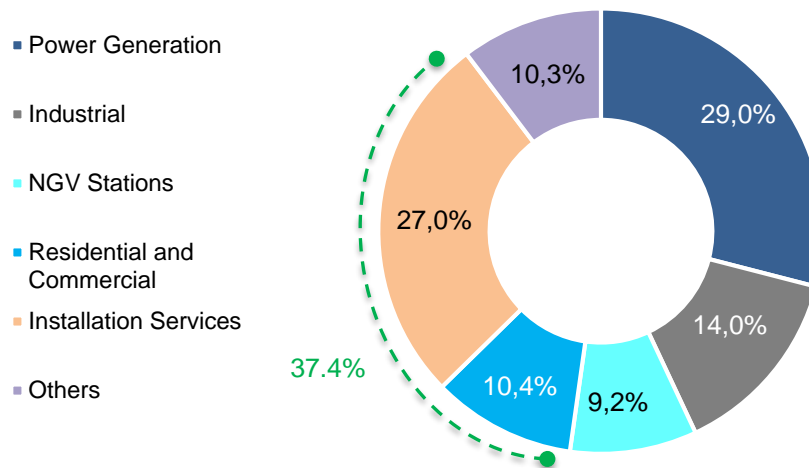
The next graph contains the breakdown of Calidda's Adjusted Revenues:

Graph N° 4 – Invoiced Volume and Revenue Distribution (Q4 2019)



- ✓ Even though the Residential and Commercial segment represents only 2.2% of the invoiced volume, it concentrates 16.6% of our distribution revenues. Moreover, if we take into consideration the revenues from installation services, this segment achieves 37.4% of our Total Adjusted Revenues.
- ✓ On the other hand, the Power Generation segment represents 72.6% of the invoiced volume, 46.3% of the distribution revenues, and 29% of the Total Adjusted Revenues, as shown in the next graph:

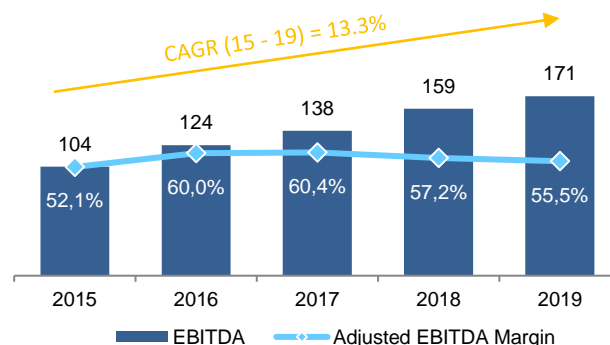
Graph N° 5 – Adjusted Revenues by Client Segment (Q4 2019)



Key Financial Indicators

During the last 12 months, EBITDA³ reached US\$ 171 MM, a 7.5% increase compared to 2018's EBITDA. This is mainly explained by the revenues obtained from NG distribution services and from connection fees and installation services up to Q4 2019.

Graph N° 6 – EBITDA (Million USD) & Adjust. EBITDA Margin (%)⁴

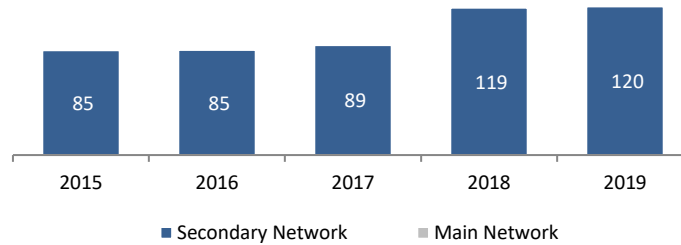


³ Does not include Extraordinary Expenses.

⁴ Annualized Information (October 2018 to September 2019)

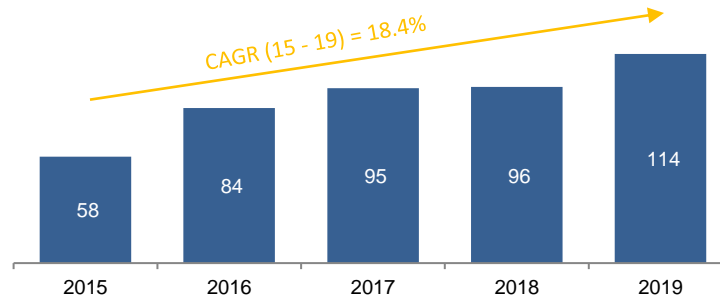
This performance has been achieved thanks to increasing investments over the past years, as seen in the next graph:

Graph N° 7 – Capex (Million USD)⁴



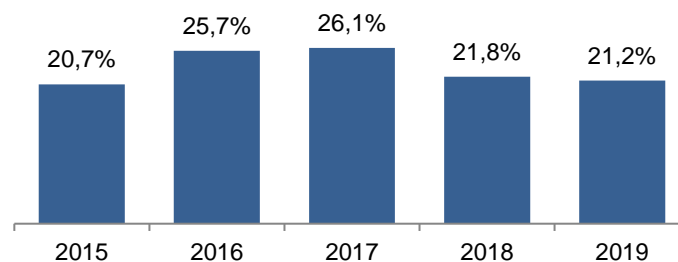
It is relevant to mention that these important investments have been made while maintaining solid financial ratios that can be appreciated in the following graphs:

Graph N° 8 – FFO⁴

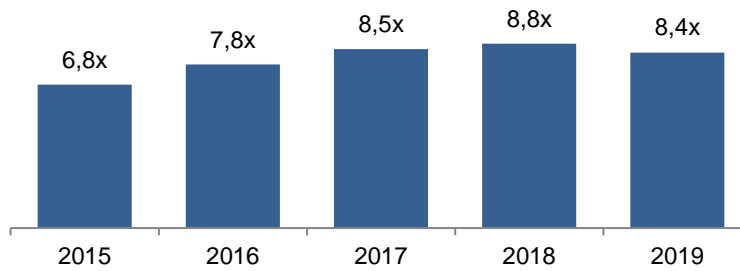


FFO – Funds From Operations: Net Profit + Depreciation + Amortization

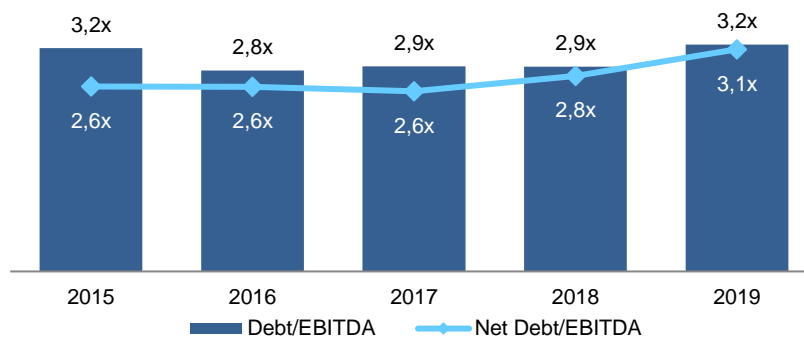
Graph N° 9 – FFO / Net Debt (USD Millions)⁴



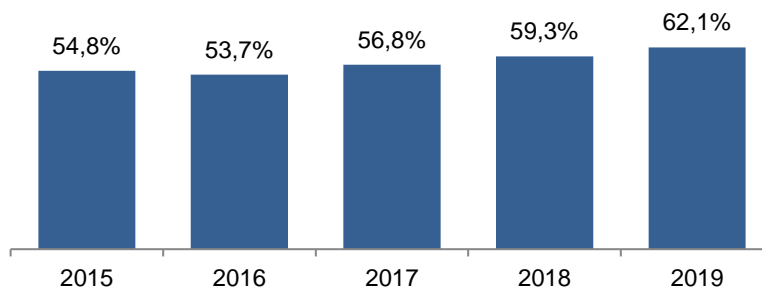
Graph N° 10 – Interest Coverage (x)



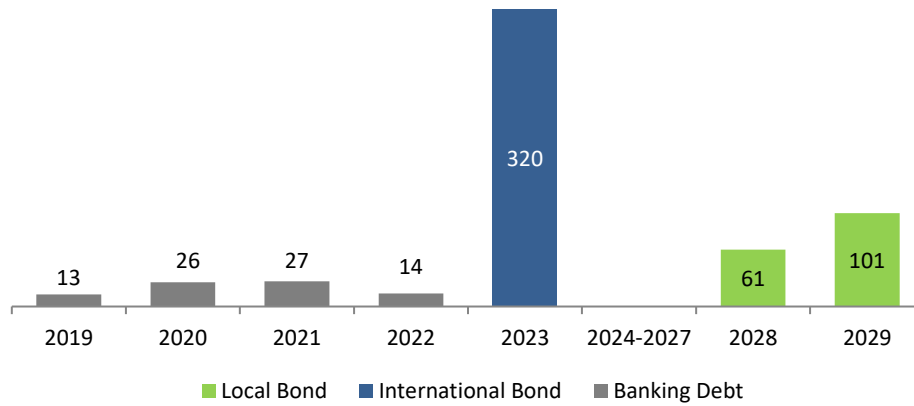
Graph N° 11 – Debt & Net Debt / EBITDA (x)⁴



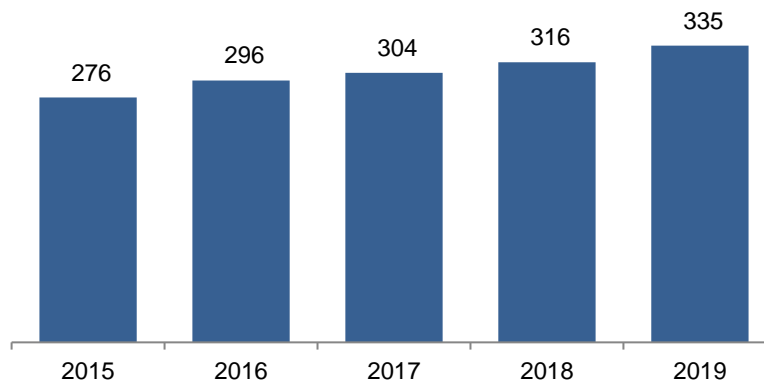
Graph N° 12 – Debt / Capitalization⁴



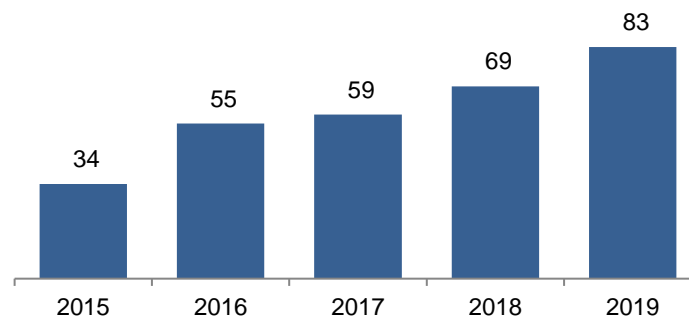
Graph N° 13 – Debt Maturity



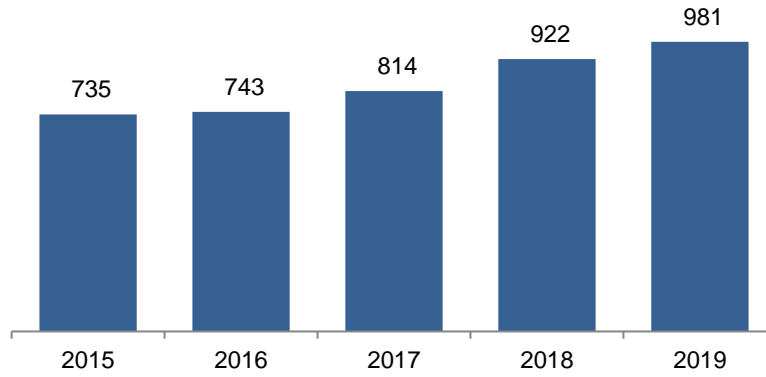
Graph N° 14 – Equity



Graph N° 15 – Net Income



Graph N° 16 – Total Assets



Annexes

Annex 1: Legal note and remarks

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