



## CONFERENCE CALL TEXT

### TGI & Cálidda Results and key developments 4Q 13

#### **OPERATOR:**

Welcome to the Earnings Conference Call Calidda and TGI Results and Key Developments 2013. My name is Hilda and I will be your operator for today's call. At this time all participants are in a listen only mode. Later we will conduct a question and answer session. Please note that this conference is being recorded. I will now like to turn the call over to Mr. Jaime Quintana, Calidda's CFO. Mr. Quintana you may begin.

#### **MR. QUINTANA:**

Okay. Good morning everyone. This presentation will be heard in Spanish, but the Q and A will be in English.

In today's agenda, we'll have a general review of Calidda, then we'll talk about key developments during 2013, our commercial performance, operational performance and financial key metrics. Finally, we will conduct a question and answer session.

As you know, Calidda's business is a regulated monopoly, framed under a stable and constructive regulation, the natural gas business continues to be of strategic importance to the Peruvian government. This sector has a strong and important growth perspective, obviously with a low volume risk, which allows it to have a predictable and stable cash flow during the concession time, with a consistent financial performance, a strong performance, an experienced managerial team to run the business and obviously experienced shareholders in the energy sector.

Moving to the next slide, Calidda has the support of the Peruvian government to expand the service and promote the natural gas consumption in the area of the concession. The BOOT contract, which is the concession contract that Calidda has with the Peruvian government, expires in 2033 and can be renewed for a 10 year period, ending on August 2060.

Calidda prices, the distribution prices are competitive, comparing them to the prices for alternative sources of energy, which allows the user changing the selected energy source to obtain savings between 58 and 88%, depending on their original energy source.

Calidda's area of concession concentrates more than 34% of the population of Peru, and around 44% of the country's GDP. We have a diversified client portfolio, which includes electric power plants, industries, NGV service stations and also the residential and commercial sectors.

Our installed capacity in 2013 is 420 MCFD. There was a substantial increase vs. the prior capacity which was 255 MCFD because of the network expansion built last year. Basically, the company's volume is supported by firm long term contracts that have an average lifespan of 17 years, which also allows the company to have stability for its revenues in the future.

Talking about adjusted income, let me start by clarifying that the adjusted income for this company derives from the gas and transportation pass-through, in which on the one hand, we recognize the producer's income, the producer's gas and the company's transportation, the company that transports gas in Peru, but, on the other hand, we also recognized the same



amount in the cost, hence the profit for this concept is zero. In income we also have the special accounting considerations in the IFRIC 12, which basically states that this company, due to its concession contract with the government, should recognized the investments made on the operational assets as income, but it also has to recognized the same amount as cost of sales, which also affects the profit getting to a zero margin. At last we have the company's net income, the adjusted income, which actually is the distribution income, the distribution within the area of concession, the income from installation services and other services provided by the company such as maintenance, relocations, etc.

So, in this way, 62% of the adjusted income, in this case, the company's net income is income related to volume or distribution income. From that income, 42% comes from volume supported by firm contracts. Now, 93% of these firm contracts basically come from power plants which are almost 70% of the total volume.

Calidda is present in the residential sector in 15 of the 49 districts in Lima and Callao and in the industrial sector, NGV stations and power plants; we are present in 34 districts.

In the next graph, we see the net results regarding volume; we have an increase of 14% going from 508 MCFD in 2012 to 577 MCFD in 2013. In income we had a 25% increase going from US\$370 Million to US\$471 Million. EBITDA was US\$72.1 Million in 2013 compared to US\$64.4 Million in 2012.

Adjusted EBITDA Margin for the year was 49.3% versus 51.6% with a slight decrease in the margin; basically this is because during July - August 2012 we re-stated the unit costs with the contractors that work with internal installations, which represented a 16% unit cost increase for them. This basically affected the company's margin that decreased by almost two points.

Our network extension grew 33%, currently we have 3404 network kilometers among the main and the secondary networks; and by the end of 2013 almost 164.000 customers compared to 104 in 2012. This is basically a 58% increase.

In the pie below, we see the composition of the adjusted income for the company. As I explained before, 33% of the adjusted income comes from installation service, 27% from power plants, 14% from natural gas service stations (NGV), and 17% from the industrial sector. Contributions from the residential and commercial sectors make up 4%, and 5% relates to other income.

In the following pie, regarding volume, we can see that 72% of Calidda's volume comes from power plants.

Moving on to the next slide, we see that last year, 2013, we had an increase in equity of US\$87.2 Million, of which US\$25 Million were funded by shareholders, and 62.2 came from withhold dividends from December 31<sup>st</sup> 2012, when the shareholders decided for this dividends to be reinvested.

The main network expansion project, which consisted on an additional loop of about 42Km, was finished in 2013, which allowed us to increase our capacity, going from 155 to 420 MCFD. This obviously will allow us to serve a larger demand in our area of concession.



On April last year, we issued bonds (10-year bonds), under the regulation 144, receiving investment grade from the three rating agencies. These funds were basically directed to redefine our debt structure, which allowed us to reduce our financing costs and additionally we pre-scheduled payments of CAPEX 2013 and 2014.

In August 2013, the Peruvian government published a decree in which basically increased the promotional discount for certain socio-economic segments, basically lower ones, up to 10.000 connections per month. Additionally, they simplified the construction standards and the requirements for internal installations, making it easier. It also stated that the new multifamily buildings should have built-in natural gas internal installations, so the company only needs to enable the service for the users who decide to take it.

Additionally, we presented the five year plan to the regulatory entity last October, as well as the tariff proposal, which should be approved and start applying from May 2014 to April 2018. According to schedule, we should have the new tariff scheme fully approved by the government; we expect it to be ready by the end of June 2014.

Another relevant fact of 2013, was the start of operation of two new thermoelectric plants, Fenix power with a capacity of 534 MW and Termochilca with 200 MW, which represent for our company a volume increase of 126 MCFD. With both thermoelectric plants, firm contracts for this volume are in place.

By the end of 2013 we had 164.000 customers; we reached a record high in installations, with 8417 installations during November. Also, we recertified under international standards ISO 9000 and ISO 14000.

Regarding commercial performance, we basically have it distributed in four segments. First, the power plants, as I mentioned before, two new plants started operations. Right now we have 15 power plants connected to our distribution system, which allows us to increase from 364 MCF to 418 MCF, thanks to these two new plants. This represents a 15% increase in volume.

In the industry sector, 40 new industries were connected to our distribution system, which also allowed us to increase the volume coming from this segment. It went from 92 MCF to 99 MCF, representing an 8% increase.

Regarding the NGV stations, it is worth mentioning that in our concession area, the number of vehicles converted to natural gas increased by 12%. In 2012 we closed with approximately 152.000 vehicles converted and in 2013 we finished with 170.526 vehicles converted to natural gas.

Additionally, 14 new service stations started operations, which allowed us to increase our volume from 49 MCF in 2012 to 55 MCF in 2013.

Regarding the residential segment, we finished 2013 with 163.000 customers compared to 103.000 by the end of 2012, which represents an increase of 58%.

On the next slide, we see a volume increased in 2013 to 567 MCF, which represented a 14% increase compared to 2012, as we mentioned before. However, you can see that we've been having a weighted increase during the last five years of 33%, and today in 2013 our volume is



three times the volume that we had in 2009, which obviously represents an important increase in sales volume.

In the graph below, regarding adjusted income by client segment, we can see that the installations segment, which is every income coming from installations, went from representing 26% during 2012 to 33% in 2013. The income coming from power plants went from 34% to 27%, because the income coming from the installation services has been growing and has been consuming more percentage of the income composition.

In the next slide, we see each sector and its volume performance. In the power plants segment, we see a sustained increase during the last years of 45%, closing 2013 with 418 MCF versus 364 in 2012.

In regards to the industrial sector, an already mature segment, with a much higher penetration rate; we have had a persistent increase of 13% during the last five years, closing 2013 with 99 MCFD.

In the NGV, we also had a weighted increase of 23% during the last years, closing 2013 with 56 MCF, and in the residential and commercial sectors we had a sustained increase of 47% closing 2013 with almost 4 MCFD.

Regarding operational performance, our infrastructure, which is mainly the distribution system, grew 33% in 2013. We went from 2550 Km. to 3400 Km. The main growth was on the polyethylene network, in which we went from 2163 Km to 2996 Km, representing a 39% increase. And on the steel network the growth was 5%, closing with 408 Km.

Regarding the efficiency in the use of our distribution network, we closed 2013 with a 50% penetration. This is basically explained by the network currently established in our concession area. We now have 330.000 clients – almost 331.000, that could connect to our network or close to it. And by the end of December 2013 we had 164.000 connected. This represents a penetration percentage of 50%, also showing an overall and substantial increase in recent years.

Moving on to the financial performance, we see that regarding revenues, we closed with US\$461 Million, US\$315 coming from the pass-through, which I explained at the beginning of the presentation and US\$146 Million coming from the company's adjusted income. A 30% sustained growth during the last five years.

Regarding EBITDA, we closed with US\$72 Million compared to US\$64 Million in 2012, an EBITDA adjusted margin of 49% compared to 51.6, I have already mentioned this slight decrease. Regarding the operation's funds, we closed with US\$36 Million compared to US \$43 Million in 2012. This is mainly explained by the penalty we had to pay to multilateral entities from the syndicated loan, which obviously affected the net results in 2013, but it was 100% taken into account on the bond issuance.

Also, we can see this effect in the net profit, US\$17 Million in 2013 compared to US\$27 Million in 2012. Here the effect basically comes from the penalty that we had to pay in its entirety in 2013, which was almost US\$100 Million.



Regarding total assets, these grew by 32%, going from US\$492 Million in 2012 to US\$648 Million in 2013. Basically the growth is explained by almost US\$100 Million in new assets in CAPEX, and as the result of the bonds issuance.

Equity went up, we closed 2013 with US\$244 Million, basically we can appreciate the US\$25 Million of capital injected in 2013, in February 2013 and US\$35 Million in November 2012.

About the debt, we only have debt related to the bonds issuance which sums US\$320 Million. We only see US\$318 because of the amortized cost – an accounting effect, but we only have debt related to the bonds issued last year.

Finally, regarding CAPEX, we closed with US\$98 Million in 2013 compared to US\$96 Million, very similar to 2012.

This concludes our presentation and we would move on to the question and answer session.

OPERATOR: Thank you. If you want to ask a question, please press the star key and then one, on your phone. If you are using a speakerphone, please pick up your handset. Again, if you have a question, please press star and then one. If you have a question please press star and then one on your touch-tone phone. If you're using a speaker phone, you may need to pick up the handset first before pressing the numbers. Again, if you have a question please press star and then one on your touch-tone phone.

We have a question from Isidro Arrieta from Banco Santander.

**Mr. Arrieta:**

ARRIETA: Hi. Thank you for the opportunity. Questions start in English, right?

**MAN:**

Yes

**MR. ARRIETA:**

I wanted to ask about the new tariffs and if you can comment a little bit more on what do you expect the government would accept. I know you made the offer already, but what would be your best-case scenario here as to what we can expect that's something achievable and what would that be, what the impact would be in your CAPEX for 2014. Thank you.

**MR. QUINTANA:**

Yes, we're expecting the results from OSINERGMIN by June/July of this year. Our best scenario is increasing our tariffs by 18%. So, we're applying in the next five years to grow some CAPEX of approximately US\$450 Million. And that CAPEX roughly in the best case scenario is going to return 12%, adjusted in the tariff an increase of 18%. And basically the answer is we're expecting in our best-case scenario, an increase in our distribution tariffs by 18% and invest around US\$450 Million in the next five years.

**MR. ARRIETA:**

Perfect. And sorry, just to be clear on the CAPEX you're expecting 2014 – 2018, how much?

**MR. QUINTANA:**



US\$450 Million. That's going to be defined on the final outcome of the definition from OSINERGMIN. But our plan, our investment plan states around US\$450 Million of CAPEX in the next five years.

**MR. ARRIETA:**

Perfect. Thank you very much.

**OPERATOR:**

We have a question from Alan Heal, from Blue Bay Asset Management.

**MR. HEAL:**

Hi Everyone, thank you for making the call. I just had a follow up question to the last caller's initial question. The package that's being discussed at a regulator as you described it is proposed as an 18% increase in the distribution tariffs in exchange for a proposed CAPEX package of 450 over the next five years. And that 18% is translated into a 12% return on that Capex. Would it be fair to assume that if they were to modify or let's say they suggest a different proposal on tariffs, if they would to reduce the allowed tariff or increase it for that matter, would that be very tightly linked to the CAPEX that you would propose? Or could we see a scenario where the three parts moved independently of each other?

**MR. QUINTANA:**

Both concepts are linked. The tariffs and the investment plan are linked. It all depends on what OSINERGMIN wants us to expand in the next five years and on their side what Calidda expects to invest in the next five years. But, yes the tariffs and the amount of the CAPEX are linked. It could be modified depending on negotiations between both parties but the tariff could be a little bit lower, a little bit higher and the investment plan could be slightly lower or slightly higher depending on both negotiations of the plan.

But I mentioned that our best case scenario, our conservative scenario of 18% and investment plan of US\$450 Million. But if one plan is modified the other one could be modified as well.

**MR. HEAL:**

Thank you.

**OPERATOR:**

Thank you. We have no further questions at this time. I will now turn the call over to TGI Chief Financial Officer Mr. Santiago Pardo.

**MR. PARDO:**

Good morning everybody. My name is Santiago Pardo, CFO of TGI. First of all, thank you for your participation.

We're going to try to go over, in the next few minutes, through our results for the 4<sup>th</sup> quarter 2013 and the whole year naturally 2013. So moving on to the agenda, what we would try to cover here today is first of all a very brief overview; most of you are very familiar with the company, so I won't spend a lot of time here. Then, we'll go over a couple of key updates that we have, then we'll review the financial and operating highlights for 2013 and talk about the expansion projects that are underway, and then we'll open it up for questions.



So, going on to the overview, in pages, let's move to page 5 actually, I mean, if you all know TGI is basically the largest network gas pipeline company in Colombia, we own approximately 50% of the network in the country, we actually own the assets, we're not a concession, so we own the assets upright, this is not reversed to the state at any point in time.

We serve the interior of the country mostly, where the 70% of the population and where 80% of the country's GDP is generated, and we also have access to the main two producing basins, Bayena in the north and Cusiana in the east, which gives a significant operational flexibility and advantages in our operation.

We also own, as you know, 25% of Contugas in Peru, the project that is for the distribution/transportation concession that is currently being developed in the Department of Ica in Peru.

Moving on to the updates, I personally spent some time on the acquisition of TGP, if you recall about a month and a half ago, we had a conference call in which we announced the filing of an FPA to acquire 100% of, 33.6% of TGP and 100% of COGA, from Techint.

That acquisition was subject to a preference that other existing shareholders have, a process of offering to those other shareholders began January 17th. We have as you know talked to all the rating agencies, prior to announcing and we presented a financing plan that entails approximately US\$270 Million in equity and which will cash in a balance of US\$280 Million coming from a syndicated loan. We had that on place ready to close the acquisition and on February 18<sup>th</sup> we were notified by Techint that one of the other existing shareholders in TGP which is CPPIB has decided to exercise its right to purchase the stake in TGP that we had agreed to acquire.

At this point in time we're kind of still evaluating our options with regards to this. But obviously this makes the likelihood of something closing very highly unlikely. So the likelihood of this transaction going forward is up in the air right now. As we said, we're still going through options, etcetera, etcetera that we might or might not be able to add but we want to let you know that as of February 18<sup>th</sup> the likelihood that we'll close this is not very high.

Moving on to the next page, an update on Cusiana-Apiay-San Fernando project. This is a project that we have been working on with Ecopetrol for about two years or so. We have filed a MoU to develop engineering with Ecopetrol, for TGI to develop Engineering, basic engineering studies to finalize projects, prior to making the final investment position numbers, after going through those basic engineering studies the budget was estimated at US\$268 Million. We communicated this to Ecopetrol late last year. In February of this year we had a meeting with Ecopetrol in which they informed us that they decided not to go forward with this project they have initially contemplated.

The project was supposed to bring gas to a series of power plants that Ecopetrol was either building new or repowering in San Fernando, Mocoa and Apiay, in the eastern plains of Colombia were Ecopetrol has significant oil extraction operations.

Ecopetrol has now apparently changed the plan and is now looking to probably construct a major electricity plant in Cusiana and have transmission lines go to the places where they need the power, so they are postponing part of the expansion and in the meantime considering.



However, they are still looking to continue expanding the capacity, the repowering of Termocoa and Termosulia and will still need 20 MCFD of additional capacity, along the pipeline, this is in comparison to the 70 MCFD that we were contemplating before. So, obviously this forces us to reevaluate the configuration of the project. One thing we are doing currently and I'll talk to this, about this in more detail later, we are in the process of looking for additional shippers in this pipeline and actually on March 4<sup>th</sup>, this Monday, we had a meeting with all our customers including Ecopetrol in which we presented to them a few of our projects that we are currently contemplating and that we have on the drawing board including the expansion of the Cusiana – Apiay pipeline to basically solicit interest from them in acquiring capacity in this projects and if they decide to acquire capacity in this project, this will make these projects viable and we can move forward.

So, I'll talk in more detail about some of the projects that we presented towards the end of the presentation, but this is kind of the process that we are following with our customers so we can basically put our new projects in pipeline and continue moving forward with the growth strategy of the company.

Moving on to the financial and operating highlights for the year, page 10 shows the operational performance. I think in essence we had a pretty good year in 2013.

We did not, even though we did not bring any new projects on stream during the year, as shown by our network owned to net capacity slide graph, we did manage to increase our contracted capacity which is what drives our revenues so we increased our contracted capacity from 604 MCFD to 624, this is actually what drives the revenue line. Now, I mean, as one of other things that we did last year is that we follow the process with which, what is contemplated under regulation and basically found that we have some additional capacity in the pipes that is not captured in the capacity that the regulator allows us to sell, so we follow the process of talking to the regulator and we basically had a third party expert verify our capacity number and we were able to increase our capacity by about 12 MCFD in certain points in the pipeline that were bottle necks that were preventing us of signing more contracts.

We did that, we got this certification towards the end of last year and it's now firm and in place and this has enabled us to, during the first couple of months of this year, to significantly increase our contracted capacity, so as of the end of February we are at 649 MCFD of contracted capacity vs. the 624 we had in 2013.

This is close to 90% contracted capacity as a percentage of our total capacity and is basically approaching kind of the limits at which we can contract the pipe currently.

In terms of transported volumes during the year, we increased our volumes by 7.6% from 422 MCFD to 454, this is due to strong dispatch in the power plants. As you know in Colombia power plants that are gas fired are at the margin and not dispatch throughout day flowed, so last year was undoubtedly a year in which there was a lot of need for more gas fire generation so that showed in our numbers. That gives us nice additional revenue but as you know most of our revenues are based on fixed capacity, so variations in volumes did not impact those, when significantly we have increased volumes it gives us a nice one or two percent additional revenue in our financials.





Moving on to the next page, we were able to maintain our market share close to 49%, vis-a-vis the other companies, Promigas is obviously the second largest with 36% and the other smaller companies represent about 15% of the gas transported in Colombia.

Moving on to page 12, I think we as you all know we have a very stable atmosphere as we mentioned before. We, all our revenues, most of our revenues are, maybe 80% of them come from regulated tariffs that are regulated by the regulator, our tariffs are at a very young stages of a new regulatory cycle, which started applying new tariffs starting on the first quarter of 2013, so that was one of the factors affecting our revenues growth. And 84% of our revenues come from fixed tariffs that are “pay-to-play” and not subject to variations based on volume and even though 16% or so of our revenues of our revenues are based in volume, it still could be very stable and not very volatile patterns, because you can see from the graph that 70% of our revenues come from industries or customers that have very stable consumption patterns. As you can see the distribution companies are 57% of our revenues, those are the customers with the most stable consumption patterns because there are no seasons in Colombia and the variation in demand for the distribution companies is minimum during the year.

And we have those finally of Ecopetrol with 8% which is also very stable, all the time and then we have vehicles, which also have stable consumption patterns with about 7%. So those put together make up about 70% of our revenues and they provide bedrock of stability to our revenue generation.

As you can see in this slide 17% of our revenues this year came from the power plants, and if you look to, and check the old presentations that you may have, that number last year was about 10% in terms of what the power plants contributed. So that is basically a consequence of what I mentioned earlier about the relative high dispatch of our power plants.

As you know, our contracts, are long-term contracts with more than eight years of average life remaining and we have about five customers that represent about 75% of our revenue base, the most important being Gas Natural, followed by Ecopetrol, Gases de Occidente, which is the distribution company in Cali, Empresas Públicas de Medellín, and Isagen being the five largest customers that are 74% of our revenue base, and all of them have long term contracts and all these are blue chip, that means that are either a AAA locally rated or investing grade internationally.

So, we're very happy with the mix of our customers, and although we have maturities in those contracts coming up in 2020, at the end of 2020, we do not foresee any problems renewing them, because as you know the capacity in the pipes is limited and as we approach the dates for renewal, probably two to three years before our customers will want to make sure that they maintain their capacity, because if they lose their contracts, if they lose the capacity that they have in the pipeline to another customers, they cannot run their businesses.

Moving on to the financials, as I mentioned before we had a pretty good year in 2013. We had 19% revenue growth measured in US Dollars, to US\$291 Million from US\$245 Million. This was driven partly by the new tariffs, but also by the fact that our contracted capacity increased significantly during the year. We had in 2013 the first full year of revenues derived from the contracts associated with the Cusiana Phase II project. That gave us a very nice addition to our revenues. Then we had the additional 1 or 2% that I mentioned that the increased volumes gave us. So that resulted in revenues that were 19% above.



If you look at them in the long term, we needed to post very strong and consistent growth rates; our CAGR of revenues for the last five years is approximately 14%.

In terms of EBITDA, our EBITDA grew by 23%, and this was despite taking a fixed month one time charge for the cost that we had incurred in the development of the Cusiana Apiay San Fernando project, and despite the fact that we had increased cost in the relocation of our offices from Bucaramanga to Bogota.

So despite those two hits, we still were able to post a 23% increase in EBITDA and increased our EBITDA margin from 75% to 77%. The budget we had for the year to give you an idea was about US\$225 Million. So we beat our budget by approximately US\$30, US\$34 Million.

And in terms of Cash Flow Generation, measured by FFO, well you saw, you see it does most probably at US\$256 Million, the CAGR of our FFO for the past five years is 26%. And in terms of CAPEX, as we finished the expansion projects in 2012, obviously the level of CAPEX decreased substantially during the year to levels of about US\$35 Million.

In terms of what we expect for this year, we expect revenues, since we don't have any new projects coming along in 2014, we expect revenues and EBITDA to be relatively flat and FFO will decrease a little bit because we will be losing some of the tax law carried forwards, that we have been able to in the past, we've been able to fully apply them and so this year we expect to pay more taxes than last year by about US\$40 Million, so that will impact our FFO.

And CAPEX will be slightly higher to around levels of around US\$80 Million. This should still result in very strong net free cash flow generation for the company, of about US\$135 Million over the course of the year 2014.

In terms of our figures, do see that our leverage continues to come down measured by, on a growth basis total debt to EBITDA is about three and a half times and Senior Debt to EBITDA is about two and a half times. If we measure it on a Net Basis, it would be about 1 turn less. We had about US\$255 Million of cash on our Balance Sheet as of December 31<sup>st</sup>, so basically you're looking at Total Debt to EBITDA of 2.5 times and Senior Debt to EBITDA of 1.5 times on a Net Basis.

And an interest coverage of about 5.9 times approaching 6 times. Our debt profile didn't change. The only change to our debt profile is we added about US\$10 Million in Debt, which were related to leases that we entered into when we purchased our office space here in Bogota, but other than that there is obviously no new debt pickup during the year 2013.

And finally in terms of the expansion projects, I would like to take a few moments to talk about, first the Sabana compression plant, that is one of the projects that we are currently building, which is US\$55 Million in CAPEX some of which was spent last year. This work is already ongoing, the EPC contractor is already on site and the expansion should begin operations during the month of August 2014.

Now, we're moving on, we're talking about three other projects that were some of the projects that we presented to our customers at the beginning of this week. First is Cusiana phase III, which is basically increasing capacity of about 20MCFD in the Cusiana Bosconia pipeline, which will enable us to increase the sales to shippers that need capacity along that pipe to move gas further down to places like Cali or to places like Barrancabermeja or Sebastopol; so this will be,



for a relatively modest investment of about 35 or US\$33.5 Million we will be able to increase our capacity on 20 MCFD, by basically adding some units to the Bosconia, Miraflores and Punta Guillermo compression stations.

This is something that is very simple, doesn't require any environmental licenses because is within the boundaries of the existing compression stations and we will be able to complete this by the year 2015.

Then, associated with this, there's the project to provide the Bayena Barrancabermeja pipeline with the ability to reverse its flow. Currently that pipeline flows north to south, by spending about US\$20 Million or less, we'll be able to reverse the flow, not permanently but that pipeline has the capacity to bring down gas that is currently flowing or when it's needed, push gas towards the north, the capacity that we expect to be able to push towards the north is about 45 MCFD.

Moving on to the next page, and this is also a part of what we presented to our customers. Moving on to the next page in the meeting last Monday we also presented the Mariquita Gualanday expansion which is in the bottom right hand corner which will be at a cost of about US\$9 Million to increase capacity by about 13 MCFD, from Mariquita south down to Gualanday by the new compression station and then some very small loops around the pipeline.

So you saw all the projects that we presented to our customers.

In addition to that we have the Eje Cafetero branches which are near Armenia and Chinchina, and that will enable us to increase capacity in those segments. This is a project that is going forward and will, for which we are already in the process of contract and engineering studies; is about US\$28 Million, and we expect to complete it in 2016. And then we have potential adjustments to be able to connect into the pipelines that were discussed in Venezuela. This is a very modest investment that will allow us to capture that gas if we need to.

As you know Colombia is currently exporting gas to Venezuela and in the near future, according to the agreements that have been signed by both countries, the flow of that pipeline should be reversed and we should start receiving that from Venezuela and then we have the Apiay - Usme expansion that we have basically is related in part to the Cusiana Apiay expansion that we mentioned earlier, that we mentioned as one of our projects that we showed our customers.

The Apiay Usme expansion is like an Add on to that, that will basically increase capacity into Bogota, and provide not only a chance for increased capacity but also reliability to the system and this, for this part we're also waiting for, a little bit further down the road, we are also waiting for regulatory signals after the regeneration and the investment in reliability that will allow us to make that a viable project.

So this is what I have for now, in the Appendix we have the typical information we have regarding our shareholders, the macroeconomics for the country, etcetera, and some more industry data that will be helpful to you in your analysis, but at this point I wanted to cut it off here and open it up for questions.

**OPERATOR:**

Thank you. We will now begin the question and answer session. If you have a question please press star and then one on your touch-tone phone. If you are using a speakerphone, you may



need to pick up the handset first before pressing the numbers. Once again for any questions, please press star and then one on your touch-tone phone.

Once again if you have a question, please press star and then one on your touch-tone phone. At this moment we show no questions. I will like to turn the call over to Mr. Pardo for any closing remarks.

**MR. PARDO:**

Thank you. Again thank you all for participating. Hopefully this was clear and if not, as always we're available, our contact information is at the back of the book of the presentation, and as always we will be more than happy to pick up your questions and engage in discussions with you as you see necessary. So once again thank you very much and I look forward to talking to you in the next few days.

**OPERATOR:**

Thank you. Ladies and gentlemen, this concludes today's conference. We thank you for participating. You may now disconnect.