



**GRUPO ENERGÍA  
DE BOGOTÁ**

# INVESTOR'S REPORT

SECOND QUARTER  
2016

Bogotá D.C., August 18<sup>th</sup>, 2016

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## 1. EXECUTIVE SUMMARY AND HIGHLIGHTS

### 1.1. Overview of the power and natural gas sectors served

#### Electricity Demand

Table No 1 – Overview of electric power sectors 2Q 2016

(GWh)	Colombia	Perú	Guatemala
Installed capacity – MW	16,537	10,150	3,041
Demand – GWh	32,961	3,957	1,632
Demand variation 2Q 2016/ 2Q 2015 - %	1.6	8.6	4.4

#### Natural Gas Demand

Table No. 2 Overview of natural gas sectors 2Q 2016

(Mmpcd)	Colombia	Perú
Proven and probable reserves– TPC (2012)	5.5	21.1
Internal Demand - mmscfd	1,040	1,220
Internal demand variation 2Q 2016/2Q 2015	-0.1	-1.5
Explanation of variation in demand	<p>The two main causes for decrease in national demand, nominally, were the thermoelectric and residential-commercial sectors. Thermoelectric consumption experienced a 7.7% decrease, due to the conditions of the El Niño phenomenon they decreased during Q2 16, in contrast to the consumption evidenced in the first quarters of 2015 and the first three months of 2016 where the El Niño phenomenon conditions were strong. The demand in gas for average thermal generation in Q2 16 was 75.9 Mmscfd, 83.3 Mmscfd below that seen for the first quarter of 2016, which reached average generation of 159.2 Mmscfd.</p>	<p>- The variation in demand for Q216 over Q215 is of -1.56% (-19.35 MMSCFD) and is mainly due to less gas utilized for exports (Pampa Melchorita -100.8 MMSCFD) and for the Chilca-Fenix Power generator (-45.5 MMSCFD).</p>

Sources: UPME, CON, MEM, Osinergim

## 1.2. EEB financial results summary for 2Q 2016

COP Millions	Table N° 3 - EEB's consolidated financial indicators			Acumulated		
	2Q 16	2Q 15	%	Jun-16	Jun-15	%
Revenue	871,102	872,300	-0.14	1,798,639	1,581,969	13.7
Cost of Sales	526,228	624,161	-15.7	1,136,540	1,119,207	1.5
Profit from operating activities	344,874	248,139	38.9	662,099	462,762	43.0
EBITDA YTD	500,618	508,093	-1.4	1,796,233	1.054.183	70.3
Profit	<b>415,814</b>	<b>286,539</b>	<b>45.1</b>	<b>924,534</b>	<b>492,511</b>	<b>87.7</b>
S&P	BBB-/Negative					
Fitch	BBB/AAA(col)/Stable					
Moody's	Baa2/Stable					

- ▶ The Grupo Energía de Bogotá reported financial results at the close of the first half of 2016; consolidated operating revenue of EEB, parent company of -GEB- Grupo Energía de Bogotá, reached (+COP 1,789,639 million) which meant a growth of 13.7% over the previous year led mainly by (i) (+COP 154,124 million) due to higher revenues in natural gas transport in Colombia, increased volumes transported by TGI. S.A. E.S.P. and a positive effect of a higher exchange rate in the component of the rate in US dollars (ii) (+COP 32,412 million) represented by higher revenues from power distribution in Colombia thanks to an increase in average energy billing for 2016 and increased trading, (iii) (+COP 42,277 million) for the start of operations of new transmission lines and substations (iv) (-COP 12,143 million) in the natural gas distribution business.
- ▶ The result of operating activities reached (+COP 662,099 million) at the end of the second quarter of 2016 compared to the same period of 2015, it showed a growth of 43% and its main contributors were the business of gas distribution and transport due to the growth in operating revenues and controlled costs and expenses during the period.
- ▶ Costs and expenses decreased by (COP 107,352 million) segregated by business as follows: (i) (-COP 155,776 million) in natural gas distribution derived from maintenance costs, expansion of the gas distribution system and cost of enabled internal installations ; (ii) (+COP 19,543 million) in natural gas transportation derived from maintenance costs, and property, plant and equipment depreciation; (iii) (+COP 10,958 million) in power distribution; (iv) (+COP 17,923 million) in power transmission; (v) (+COP 124,685 million) for administrative expenses and other income / expenses, primarily tax on wealth.
- ▶ Financial expenses increased 29.4% due to (i) Increase in interest on financial obligations, (ii) bank fees and expenses and (iii) valuation of hedging transactions.
- ▶ The difference in net exchange rate reached (+COP 226,021 million), an increase of 273% over the same period of 2015.
- ▶ The net result for the period January-June 2016 showed an increase compared to the same 2015 period of 87.7% due to an increase in the result of operational activities, a positive exchange difference and a 22.2% increase in equity participation method.
- ▶ Meanwhile, EBITDA reached COP 1.7 trillion at the end of the second quarter of 2016.

### 1.3. EEB and Grupo Energía de Bogotá Highlights

- ▶ **02.04.2016** In session, the Council of District Government approved the sale process program of ISAGEN's shares that the Empresa de Energía de Bogotá S.A. E.S.P. owns, pursuant to Article 8 of Law 226 of 1995 in a meeting held on April 2. This was formalized with the Agreement No 636 of March 31, 2016.
- ▶ **19.04.2016** EEB published a notice of Public Stock Offer of the sale process program of ISAGEN's shares that the Empresa de Energía de Bogotá S.A. E.S.P. owns. - The First Stage which formally began on April 20, 2016.
- ▶ **28.04.2016** The Board of Directors of EEB S.A. E.S.P. approved the creation of the Financial and Investment Committee and the Compensation Committee and appointed its members in a meeting held on April 28, 2016.
- ▶ **28.04.2016** The Board of Directors of EEB S.A. E.S.P. appointed the members of the Audit and Risks Committee and the Corporate Governance Committee in a meeting held on April 28, 2016.
- ▶ **30.06.2016** EEB S.A. E.S.P. EEB reported that by resolution No. 1902 of June 23, 2016, the Ministry of Finance and Public Credit authorized the company to guarantee the payment obligations of its subsidiary EEB Ingeniería y Servicios S.A. - EEBIS for up to the amount of FORTY-EIGHT MILLION DOLLARS (USD 48,000,000) or its equivalent in other currencies. According to the aforementioned authorization, EEB S.A. E.S.P. may enter into the contract called "Guarantee Agreement" with Citibank Europe PLC UK Branch, as Facility Agent.

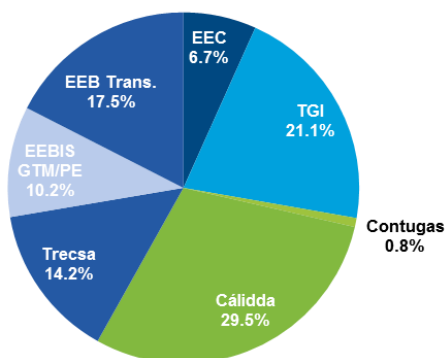
## 2. Performance of Subsidiary Companies.

Table No. 4 - Summary of expansion projects EEB Group - controlled companies 2Q 16<sup>1</sup>

Project / Cia.	Country	Sector *	Executed USD Mm	Status	in operation
Lima Callao – Cálidda	Perú	D GN	22.0	In construction	2016-2017
TGI – Colombia	Colombia	T G N	15.7	In construction	2016-2017
EEC – Colombia	Colombia	D E	5.0	In construction	2016
Guatemala – TRECSA + EEBIS	Guatemala	T E	18.2	On stream*	2016-2017
Projects UPME – EEB	Colombia	T E	13.0	In construction	2016-2018

<sup>1</sup> Figures excludes GEBBRAS Capex

Executed Capex by Company  
2Q 2016 - USD 74.6 mm



## 2.1. EEB Transmission

Table N° 5 - EEB's selected transmission business indicators


	2Q 16	2Q 15	Var %
Investments - USD Mm	20,824	17,421	19.5
Infrastructure availability - % (1)	99.86	99.95	-0.09
Compensation for unavailability - % (2)	0.4463	0.0010	-
Maintenance program compliance - % (3)	96.0	100.0	-
Participation in Colombia's transmission activity - % (4)	12.5	11.0	13.8



Table No 6 - Progress Investment projects EEB transmission business

UPME Project as of 2Q 16	Progress	EAI USD MM	On stream
Chivor II Norte, Bacata y Líneas	53,80%	5.5	20/12/2016
Cartagena Bolívar 220kV	44,20%	11.6	07/03/2017
Río Córdoba 220kV	43,20%	1.8	30/11/2016
Armenia y Líneas a 230kV	95,04%	1.3	30/08/2016
Tesalia y Líneas a 230kV	81,30%	10.9	28/10/2016
S/E Norte y Línea Sogamoso	35,80%	21.1	30/09/2017
Refuerzo Suroccidental 500 Kv	14,60%	24.4	30/09/2018
Ecopetrol San Fernando 230kV	38,40%	6.3	18/06/2017
Río Córdoba Transformadores 220/115 kV	46,10%	0.6	30/11/2016
La Loma 500kV	48,03%	1.3	30/11/2016
La Loma 110kV	4,30%	6.9	30/06/2018
Conexión Drummond Ltd	20,62%	50.87	30/11/2016

EAI: Expected Annual Income – USD Millions

## 2.2. DECSA – EEC

Table N° 7 - EEC's selected indicators - Controlled by DECSA\*

	2Q 16	2Q 15	Var %
 			
Number of clients	292,716	281,160	4.1
Operating revenue - USD Mm	93,685	84,879	10.4
Operating income - USD Mm	13,685	9,326	46.7
EBITDA Qtrly. - USD Mm,	47,418	35,734	32.6
EBITDA Margin LTM - %	24.0	21.4	8.2
Net Income - USD Mm	5,957	10,056	-40.7
Losses - %	3.08	3.12	-1.4
Net Debt / EBITDA LTM	1.1	1.5	-23.0
EBITDA LTM / interest LTM	11.4	11.45	-0.4


- ▶ Operating profit grew at a higher rate due to increased income from energy sales and lower associated costs. Income from energy sales increased by COP 90,210 million due to increased consumption in the Regulated Market, which allowed increased sales of 148.2 GWh compared to the previous quarter; likewise this translates to a positive rate effect, since to date, the new regulatory methodology has not been implemented. On the other hand, "Other Income" was generated for over COP 3,475 million, highlighting increased income for pole line leasing due to the retroactive effect of TV Azteca, as well as income associated with demand management and third party services.
- ▶ Fixed Costs: Higher costs of COP 23,857 million due mainly to activities carried out by the Administrative Division on issues associated with surveillance and operational transport; likewise costs increased in mission staff to fill direct staff vacancies

### EEC Projects Progress Report

- ▶ In the second quarter of 2016, a 49% implementation of the investment plan equivalent to US 5 million was achieved. This execution mainly corresponds to various projects related to business growth and new supplies.

## 2.3. TGI

Table N° 8 - TGI's selected indicators

	2Q 2016	2Q 2015	Var %
			
Operating revenue -USD Thousands	229,291	218,996	4.7
Operating income -USD Thousands	148,768	141,360	5.2
EBITDA YTD – USD Thousands	194,883	189,058	3.1
Net income - USD Thousands	76,919	92,375	-16.7
Transported volume - Mm cfd	500.0	499.5	0.1
Firm contracted capacity - Mm cfd	672.5	671.0	0.2
International debt ratings			
S&P			BBB-, Negative
Fitch			BBB, Stable
Moody's			Baa3, Stable

- ▶ Income from operations in the first half of 2016 increased by 4.7% compared to the same period last year, mainly due to the increased volume of gas transported and increased use of other operating services, such as short-term storage service - .
- ▶ At the close of the semester the operating profit grew 5.2% because operating costs had a slight growth of 4%, below the observed operating income (4.7%).
- ▶ Net profit decreased by USD 15.4 million, with USD 76.9 million as a result due to the impact of the devaluation of the Colombian peso in the provision for income tax.


#### Relevant facts of TGI

- ▶ Currently, the methodology for calculating the WACC rate for rate effects on the activities of power transmission and distribution and for transport and distribution activities of natural gas was issued by means of Resolution CREG 095 of 2015. To date, only the WACC rate for gas distribution activity has been issued. The final remuneration methodologies for Power Transmission / Distribution activities and for the activity of transporting natural gas, have not been issued.
- ▶ On January 29, 2016, the Superintendence of Corporations, authorized a statutory reform involving the merger between the company and IELAH S.L.U, special purpose instrument domiciled in Spain, acquired by EEB in July 2014 from The Rohatyn Group (formerly Citi Venture Capital - CVCI), through which it kept a share of 31.92% in TGI.
- ▶ The merger took effect between the parties from the notarization of the deed, since May 11, 2016 and has effects against third parties from the registration in the Chamber of Commerce, as of May 13, 2016. Thus, the company successfully completed the merger with IELAH.
- ▶ On April 27, 2016 the Board approved two new expansion projects: i) Cusiana Phase IV (43 Mmscfd) an estimated Capex of USD 78 million; ii) Pipelines that have served their regulatory useful life, replacement of 4 sections, an estimated replacement Capex of USD 17 Million and maintenance of 6 existing sections, an estimated Capex of USD 32 Million.
- ▶ So far this year, the average volume transported by TGI infrastructure is of 500 Mmscfd and maintains a market share of 50.9% at the end of the first half of 2016.

For more details on TGI financial, operational and commercial information, please click on the following [link](#).

## 2.4. CALIDDA

Table N° 9 - Cálidda's selected indicators – USD Thousands

 <b>Cálidda</b> <small>GAS NATURAL DEL PERÚ</small>	2Q 2016	2Q 2015	Var %
Number of clients	395,717	299,790	32.0
Operating revenue	261,578	265,485	-1.5
Operating income	49,672	42,522	16.8
EBITDA YTD	63,215	53,753	17.6
EBITDA Margin	24.2%	20.2%	19.4
Net Income	30,043	20,185	48.8
Net Debt / EBITDA LTM	2.8	2.6	5.7
EBITDA LTM / interest LTM	7.1	6.8	4.0



- ▶ Cálidda's client base has increased 32% compared to second quarter of 2015, and the invoiced volume has increased by 7%.
- ▶ During the first half of 2016, 804 km of network were built, whereby the distribution system has reached a total of 6,793 km of underground pipelines.
- ▶ Total Revenues from first half decreased 1%(explained by a reduction in natural gas prices). Total Adjusted Revenues increased 3% driven by higher distribution services and installations financing
- ▶ The EBITDA and Adjusted EBITDA margin grew mostly driven by a higher demand of natural gas.

#### Cálidda Investment Projects Progress Report:

- ▶ The investments made during the first half focused on polyethylene network extensions (USD 41 million) for connecting homes.

For more details on Cálidda financial, operational and commercial information, please click on the following [link](#).

## 2.5. CONTUGAS

- ▶ At the end of June 2016 the company had 37.810 enabled customers (with more than 39.412 residential sales and 39.097 internal installations built).
- ▶ In April the expansion of firm transportation capacity was activated under the TGP contract, passing from 10 MMSFCD to 44.8 MMSFCD.
- ▶ In the Directory of April 29, 2016, Dr. Jorge Ramos Felices was appointed as General Manager. He obtained his degree from the Faculty of Law and Political Science at the Universidad de Lima, holds an MBA in Business Administration and Business Management from the Universidad Peruana de Ciencias Aplicadas. He has completed specialized studies at Harvard University DCE (Cambridge - Massachusetts). He took part in the Kellogg Management Program for CEOs, and studied at the Yale School of Management.

#### Contugas Investment Projects Progress Report:

- ▶ The first half of 2016, Contugas generated income from operations worth USD 24.9 million and EBITDA generation of USD 3.7 million.

## 2.6. TRECSA

Design, construction, acquisition of land, easements, supervision, operation and maintenance of Transmission works of the following lots A, B, C, D, E and F that were part of the PET-01-2009 Open Tender for the provision of power transmission for the value of the annual fee. Comprises the construction of:

- ▶ 868 kilometers of transmission lines.
- ▶ 11 new substations.
- ▶ 12 expansions of existing substations.
- ▶ 2119 sites for towers.

#### Project Progress Report:

- ▶ 21 substations have construction license. (91% of 23 substations)
- ▶ 57 municipal endorsements were obtained with the new line layouts (70% of 82 endorsements)
- ▶ 611 km of easement have been established with the new line layouts (70% of 868km)
- ▶ Lots from A to F have environmental licenses.
- ▶ An update to some environmental instruments was necessary due to variants.
- ▶ To date, 2859 ECUT licenses have been obtained.
- ▶ Construction of transmission lines:
  - 344 Energized (40% of 868km).
  - 406 Power lines (47% of 868 km).
  - 1219 Installed (57% of 2119 tower sites).
  - 1267 Civil Works (60% of 2119 tower sites).
- ▶ Construction of Substations:
  - 52% Energized (12 of 23 substations)
  - 26% Under construction (6 of 23 substations)
  - 22% Pending situations (5 of 23 substations)

## 2.7. EEBIS Guatemala

**CEMENTOS PROGRESO (Phase 1):** Design, supply, construction and commissioning of connection assets for Planta San Gabriel de Cementos Progreso, S.A., to the National Interconnected System. Comprises the construction of:

- ▶ 230 kV line of around 17 kilometers to be energized by the customer at 69kV.
- ▶ Civil works for the 230 kV substation in breaker and a half configuration.
- ▶ Supply and installation of basic structure.
- ▶ Supply, Installation and Testing of a 40 MVA transformer, 69 / 13.8 KV.
- ▶ Supply, Installation and Testing of a 50 MVA transformer, 230 / 13.8 KV.

### Project Progress Report:

- ▶ Transmission Lines progress: 77%
- ▶ Substations progress: 80%

**SOUTH PACIFIC RING:** Design, Power studies, obtaining land, easements, environmental and municipal permits. Construction, testing, connection and commissioning of the facility to connect to power generation plants of the Sugar Refineries at 230 kV with the National Interconnected System.

**Comprises the construction of:**

- ▶ 4 new substations.
- ▶ 2 substation reconfigurations.
- ▶ 1 substation expansion.
- ▶ 92.58 km of transmission lines.
- ▶ 244 tower sites.

**Project Progress Report.**

- ▶ Carrier license approved.
- ▶ 100% Building permits and municipal endorsements obtained.
- ▶ 28.14 km of paid easements (30%).
- ▶ To date, 32 ECUT licenses have been obtained.
- ▶ 40 ECUT license applications filed, 8 pending.
- ▶ Environmental licenses obtained for the entire project.
- ▶ Construction of transmission lines:
  - 0 Energized (0% 92.58km).
  - 0 Power lines 0 (0% 92.58 km).
  - 170 Installed (70% of 244 tower sites).
  - 181 Civil Works (74.18% of 244 tower sites).
- ▶ Construction of Substations:
  - 0% Energized (7 substations)
  - 94% Civil works under construction (average value of progress at the 7 substations)
  - 49% Installed (average value of progress at the 7 substations)

**PRONICO:** Provision of Services Project for Performing Engineering, Environmental Impact Studies, Power Studies -NTAUCT- and Several Dealings to Achieve Access Resolution Capacity of Transport for the PRONICO Plant to the National Interconnected System and Regional Power System.

**Project Progress Report.**

- ▶ Substations Engineering: 74%
- ▶ Lines Engineering: 100%
- ▶ Environmental Management -EIA-: 100%
- ▶ Power Management Studies: 90%
- ▶ Overall Weighted: 83%

### 3. Performance of Related Companies

Table No 10 - Non-controlled investments main financial indicators 2Q 2016

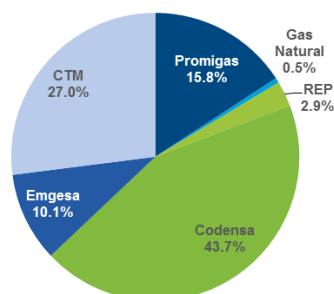
COP Mm	Emgesa	Codensa	Gas Natural	Promigas	REP USD Miles	CTM USD Miles
Operating revenue	1,960,823	2,011,361	604,350	262,470	67,953	67,311
Operating income	967,361	546,636	107,235	205,477	29,855	41,421
EBITDA Quarterly	1,064,946	674,134	114,285	224,324	46,785	58,688
Net income	435,201	273,132	64,287	144,678	18,156	20,263

Table No 11 - Expansion projects of associates companies – Capex executed as of 2Q 16

Project	Company	Sector	Country	Capex executed USD Millions	On stream
Quimbo / Maintenance	EMGESA	G	Colombia	22.1	2016
Attention new demand	CODENSA	D	Colombia	96	2016
Extensions system	GAS NATURAL	T + D	Colombia	1.2	2016
Extensions system	CTM	D	Peru - Guatemala	59.3	2016-2018
Award Applications	REP	T	Peru	6.3	2016-2018
extensions system	PROMIGAS	T + D	Colombia	34.7	2016-2018


T: Transport; D: Distribution; GN: Natural Gas; E: Electricity

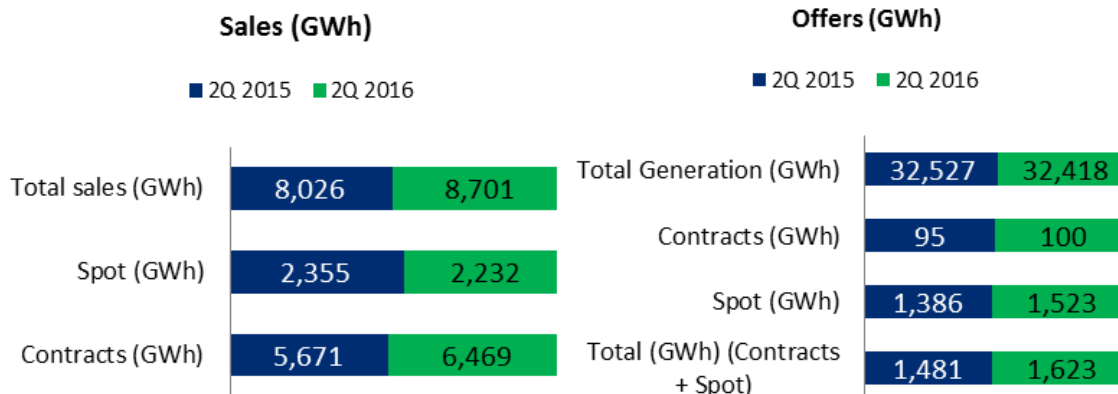
Executed Capex by Company  
2T 2016 - USD 219 mm



#### 3.1. EMGESA

Table N° 12 Overview of Emgesa 2Q 2016

	
Instalated capacity - MW	3,469
Capacity's Composition	11 Hydros y 2 Thermos
Generation - Gwh	7,190
Sales - Gwh	8,701
Controlled by	Enel Energy Group
Controlled by	51.5%: 37.4% Ordinary and 14.1% Preferred non-voting shares



\*Total Generation of Sistem

Table N° 13 - Selected financial indicators of Emgesa

emgesa E endesa	COP Million			USD Million		
	2Q 2016	2Q 2015	Var %	2Q 2016	2Q 2015	Var %
Operating revenue	1,960,823	1,315,629	49.0	628.1	529.4	18.6
Gross income	1,184,239	918,958	28.9	379	370	3
EBITDA YTD	1,064,946	813,576	30.9	341.1	327.4	4.2
EBITDA Margin %	50.5	65.5	-22.9	50.5	65.5	-22.9
Net income	435,201	428,930	1.5	202.4	464.7	-56.4
Dividends received by EEB	515,105	687,630	-25.1	165.0	276.7	-40.4
Debt / EBITDA	2.3x	2.1x	9.5	2.3x	2.1x	9.5
EBITDA / Interests	3.2x	4.5x	-28.8	3.2x	4.5x	-28.8

#### EMGESA S.A. E.S.P. HIGHLIGHTS

- ▶ **03/06/2016:** The Emgesa S.A. E.S.P. Board authorized the extension of the contract between the Impregilo-OHL Consortium and the company for COP 31.950 million. The new amount reached is of COP 942.601 million, which was planned and included within the budget and does not materially affect the situation of the company.
- ▶ **13.05.2016:** Emgesa S.A. E.S.P. takes the opportunity to inform the market that on Monday May 2 it filed an administrative appeal, pursuant to the right that it has against the sanction filed by the Autoridad Nacional de Licencias Ambientales (National Environmental Licensing Authority) -ANLA -, considering that it failed to comply with certain obligations related to peeling, stacking and removal activities for timber and biomass in the reservoir area of the El Quimbo Hydroelectric Project (Resolution No.0381 of April 7, 2016). The appeal

lodged by EMGESA against the Resolution suspends compliance with the obligation imposed until the appeal is resolved. The Company will inform the market once it has an answer to this action.

- ▶ **14.05.2016:** Fitch upholds the AAA (col) rating for Emgesa S.A. E.S.P. as issuer and to its bond program as well.

### EMGESA Investment Projects Progress Report:

Table N° 14 Capex– Emgesa

	2Q 2016	2Q 2015	Var %
Million COP	64,413	640,750	-89.9
Million USD	20.45	267.82	-92.4

## 3.2. CODENSA

Table N° 15 Overview of Codensa 2Q 2016



	
Instaled capacity - MW	2,909,046
Capacity's Composition	22.4%
Generation – Gwh	7,273
Sales – Gwh	-1.2
Operating revenue - COP mm	7.04
Controlled by	Enel Energy Group
EEB's stake	51.5% (36.4% ordinary; 15.1% preferred non-voting shares)

Table N° 16 - Selected financial indicators of Codensa

	COP Million			USD Million		
	2Q 2016	2Q 2015	Var %	2Q 2016	2Q 2015	Var %
Operating revenue	2,011,361	1,776,305	13.2	644.3	714.8	-9.9
Gross income	859,043	788,171	9.0	275.2	317.2	-13.2
EBITDA YTD	674,134	594,763	13.3	215.9	239.3	-9.8
EBITDA Margin %	34.3	33.3	3.0	34.3	33.3	3.0
Net income	273,132	234,577	16.4	87.5	94.2	-7.2
Dividends received by EEB	271,344	378,037	-28.2	86.9	152.1	-42.9
Debt / EBITDA	0.9x	0.8x	12.5	0.9x	0.8x	12.5
EBITDA / Interests	4.4x	-11.3x		4.4x	-11.3x	

### Codensa S.A. E.S.P. HIGHLIGHTS


- ▶ **29/04/2016:** Fitch Upholds AAA (col) Rating for Codensa Bond Program.
- ▶ **13.06.2016:** The Financial Superintendence of Colombia by means of resolution No 0623 approved the amendment of the Bond Issuance and Placement Program in two ways. First, the renewal of the term of the

public offering of the bonds until June 3, 2019 and second, an overall increase in quota of COP 560.000 million bringing the total program quota to COP 1.5 trillion.

- ▶ **13.06.2016** Codensa S.A. E.S.P. informs the market that on June 8 it signed a credit contract with Bank of Tokyo - Mitsubishi UFJ, worth COP 162.000 million for general corporate purposes, whose maturity date will be on June 10, 2020. The signing of this contract is within the debt budget approved by the Board of Directors of the Company (as recorded in the Minutes No. 148 of May 20, 2009).
- ▶ **27.06.2016:** EEC Merger Current Status: The actions taken to date in the merger are as follows:
  - a. Once the merger agreement was adopted on October 8 2015 by the shareholders' meetings of the companies involved, the publication and notification by law and the remaining stages of the process took place.
  - b. On October 27, 2015 the application for the incorporation pre-assessment before the Superintendence of Industry and Commerce was filed, that by Resolution 16027 of April 5, 2016, approved the operation without conditions.
  - c. On October 30, 2015 the merger authorization was requested before the Superintendence of Corporations, which is pending to date.
  - d. On December 15, 2015 the General Assemblies of the five (5) current Codensa bond issues were held and the minimum deliberative quorum required for every issue was attained, except for the third tranche of the Bond Issuance and Placement Program, for which the Assembly was convened for a second meeting, which took place on January 21, 2016, where the merger was unanimously approved.
  - e. In May 2016 the Boards of Directors of each of the companies involved, agreed to sign and submit an amendment to the merger agreement for consideration of the shareholders' meeting.
  - f. On 1 June 2015 the call notice for Extraordinary Shareholders' Meetings of the companies involved, was published. They will take place on June 24, 2016.


#### Progress of CODENSA's investment projects:

Table N° 17 Capex – Codensa

	2Q 2016	2Q 2015	Var %
Million COP	299,111	134,411	122.5
Million USD	39.39	18.22	116.14


### 3.3. PROMIGAS

Table N° 18 - Overview of Promigas 2Q 2016



Number of clients	10
Volume of sales - Mm cfd	334.6
Market share - %	40
Network – km	2,367
Profit from operating activities - COP MM	262,470
EEB's stake through EEB Gas - %	15.6

Table No 19- Selected financial indicators of Promigas

	COP Millones			USD Millones	
	2Q 2016	2Q 2015	Var %	2Q 2016	2Q 2015
Operating revenue	262,470	216,038	21.5	90.0	83.6
Cost of sales	21,541	19,110	12.7	7.4	7.4
Operating income	205,477	163,886	25.4	70.5	63.4
EBITDA YTD	224,324	182,058	23.2	76.9	70.4
EBITDA Margin (%)	85.5	84.3	1.4	85.5	84.3
Net income	144,678	122,035	18.6	49.6	47.2
Net debt (1) / EBITDA	1.92	2.0	-5.8	1.9	2.0
EBITDA / Interests(2)	3.7	6.4	-41.7	3.7	6.4

- ▶ Income from operations increased due to an authorized rate increase in gas transportation in the CREG resolution of May 2015. On the other hand, income from operations includes the Equity Method and Dividends as they are considered part of the business operation. They also include income from financial assets, which explains the large increase compared to Colgaap income.
- ▶ Cost of sales decreased by a 2015 pending record of 50% for an agreement with Corpamag for a dredging contract termination at Caño Clarín.
- ▶ Net profit showed a reduction explained by increased non - operating expenses resulting from increased financial costs.
- ▶ The EBITDA and indicators also take into account dividends and income from financial assets.

Table No 20 Capex – Promigas

	2Q 2016	2Q 2015	Var %
COP Millones	101,297	27,649	266.3
USD Millones	34.74	10.69	224.9

### 3.4. GAS NATURAL

Table N° 21 - Overview of Gas Natural 2Q 2016

	Natural Gas- Spain
Control	
EEB Participation	25%



Table N° 22 - Selected indicators of Gas Natural

gasNatural	COP Million			USD Million	
	2Q 2016	2Q 2015	Var %	2Q 2016	2Q 2015
Operating revenue	549,988	450,386	22.1	188.6	174.2
Cost of sales	411,184	290,618	141.4	141.0	112.4
Operating income	108,143	96,974	111.5	37.1	37.5
EBITDA Quarterly	114,471	106,475	107.5	39.3	41.2
EBITDA Margin (%)	20.8	23.6	-0.1	0.0	0.0
Net income	83,433	58,343	143.0	28.6	22.6
Net Debt / EBITDA LTM	2.6	1.9	40.1	2.6	1.9
EBITDA LTM / interest LTM	14.1	14.8	-4.6	14.1	14.8

### Gas Natural HIGHLIGHTS

- ▶ **19.04.2016** Gas Natural submits its year end reports - at cut-off date of December 31, 2015.

Table No 23 - Capex- Gas Natural

gasNatural	2T 2016	2T 2015	Var %
COP Million	8,119	3,215	152.5
USD Million	2.7	1.2	125

### 3.5. REP y CTM Perú

Table N° 24 - Selected financial indicators of REP

REP Perú	USD MI		
	2Q 2016	2Q 2015	Var %
Operating revenue	34,179	34,410	-0.7
Cost of sales	17,703	17,943	-1.3
Operating income	13,990	17,479	-20.0
EBITDA YTD	46,785	46,622	0
EBITDA Margin	68.8	69.7	-1.3
Net income	8,473	11,037	-23.2
Net debt (2) / EBITDA	1.9	2.1	-11.9
Operating revenue	7.9	8.8	-9.6

- ▶ REP had increased revenues and EBITDA as a result of a rate update rate and the commissioning of expansions 15 and 16 in January 2016

#### REP Investment Projects:

- ▶ **Expansion 13:** New SE Pariñas 220kV, Rep. TL at 180 MVA (40 km.). Investment Value of USD 17.2 million. Commissioning Date, 4Q 2016
- ▶ **Expansion 15:** Capacity Expansion TL 144.5 Km - About 700 MVA. Investment Value of USD 44.6 million Commissioning Date, Q1 2016

- ▶ **Expansion 16:** New SE Amarilis Repot.TL 75 MVA. Investment Value of USD 16.5 million Commissioning Date, 1Q 2016.
- ▶ **Expansion 17:** Expansion Capacity. SS EE. Investment Value of USD 30.3 million. Commissioning Date, 2Q 2017.

Table N° 25 - Selected financial indicators of CTM

CTM Perú	USD MI		
	2Q 2016	2Q 2015	Var %
Operating revenue	34,830	29,574	17.8
Cost of sales	-13,146	-12,766	3.0
Operating income	21,362	16,290	31.1
EBITDA YTD	58,688	47,990	22
EBITDA Margin (%)	87.2	81.8	6.7
Net income	10,404	7,583	37.2
Net debt (2) / EBITDA	6.5	6.1	6.6
EBITDA / Interests (2)	4.1	3.6	13.9

- ▶ For CTM, the increase in income from operations and EBITDA is due to commercial start-up of the Machupichu-Cotaruse transmission line project in August 2015.

#### CTM Investment Projects:

- ▶ **CONCES. TL MACC-ABAY-COT:** TL 421 Km Investment Value of USD 107 million Commissioning Date, 3Q 2015.
- ▶ **CONCESSION TL 500 kV MANTARO - MARCONA:** TL 916 Km Investment Value of USD 446.9 million Commissioning Date, Q2 2017.
- ▶ **CONCESSION- TL LA PLANICIE - INDUSTRIALES:** TL 17.3 Km Investment Value of USD 51.5 million Commissioning Date, 3Q 2017.
- ▶ **CONCESSION- TL FRIASPATA MOLLEPATA and SE ORCOTUNA:** TL 94.0 Km New SE Orcotuna. Investment Value of USD 52.2 million. Commissioning Date, 3Q 2017.
- ▶ **CONCESSION - Carapongo:** SE Carapongo 500/220 kV and Connection Links. Investment Value of USD 61.9 million. Commissioning Date, 1Q 2018.

## 4. Annexes

### Annex 1: Legal Notice & Clarifications

*This document contains projections and estimates, using words such as “anticipate,” “believe,” “expect,” “estimate”, and others having a similar meaning. Any information other than historical information included in this report, including but not limited to the Company’s financial condition, its business strategy, plans, and management objectives for future operations are projections.*

*Such projections are based on economic, competitive, regulatory and operational scenarios and involve known and unknown risks, uncertainties and other important factors that could cause the Company’s results, performance or actual achievements to be materially different from the results, performance or future achievements that are expressed or implicit in the projections. For these, reasons, the results may differ from the projections. Potential investors should not take them into consideration and should not base their decisions on them. Such projections are based on numerous assumptions concerning the Company’s present and future business strategies, and the environment in which the Company will operate in the future.*

*The Company expressly states that it will be under no obligation to update or revise any projections contained in this document.*

*The company’s previous results should not be taken as a pattern for the company’s future performance.*

#### Clarifications

- ▶ Only for information purposes, we have converted some of the figures in this report to their equivalent in USD, using the TRM rate for the end of the period as published by the Colombian Financial Superintendence. The exchange rates used are as follows:
- ▶ TRM as of March 31, 2016: 3,022.35
- ▶ TRM as of March 31, 2015: 2,576.05
- ▶ In the figures submitted, a comma (,) is used to separate thousands and a point (.) to separate decimals.

### Annex 2: Definitions of EBITDA included in this report.

- ▶ EBITDA is not an acknowledged indicator under Colombian or US accounting standards and may show some difficulties as an analytical tool. Therefore, it must not be taken on its own as an indicator of the company’s cash generation.
- ▶ EBITDA: EBITDA for a specific period of time (LTM; Q1) has been calculated by taking operating income (loss) and adding amortization of intangibles and depreciation of fixed assets for that period.
- ▶ EEB Consolidated EBITDA for a period, consists of operating revenues of EEB and its consolidated subsidiaries for such period, minus the sum of (i) cost of sales, (ii) administrative expenses allocated to cost, (iii) administrative expenses and (iv) interest income on investments of pension assets, plus dividends and interest earned (which includes dividends declared by EEB’s related companies, whether such dividends are actually paid or not), taxes (other than income taxes), amortization and depreciation, pension payments and provisions.
- ▶ EEB Consolidated Adjusted EBITDA for a specific period is calculated taking the Consolidated EBITDA for such period and adding the cash flows coming from investing activities during such period to the extent attributable to capital distributions by EEB’s related companies.

### Annex 3: Statement of Comprehensive Income, 2Q2016

Table N° 26 – EEB Consolidated Financial Statements

	June 15	June 16	Variation	% Var.
<b>REVENUE</b>	<b>1,581,969</b>	<b>1,798,639</b>	<b>216,670</b>	<b>13.70%</b>
Natural gas distribution	772,463	760,320	(12,143)	-1.57%
Natural gas transportation	550,505	704,629	154,124	28.00%
Electricity distribution	165,410	197,822	32,412	19.59%
Electricity transmission	93,591	135,868	42,277	45.17%
<b>Cost of Sales</b>	<b>(1,119,207)</b>	<b>(1,136,540)</b>	<b>(17,333)</b>	<b>1.55%</b>
Natural gas distribution	(669,717)	(513,941)	155,776	-23.26%
Natural gas transportation	(185,498)	(205,041)	(19,543)	10.54%
Electricity distribution	(144,593)	(155,551)	(10,958)	7.58%
Electricity transmission	(48,804)	(66,727)	(17,923)	36.72%
Administrative expenses	(69,904)	(229,672)	(159,768)	228.55%
Other income (expense), net	(691)	34,392	35,083	5077.13%
<b>Profit from operating activities</b>	<b>462,762</b>	<b>662,099</b>	<b>199,337</b>	<b>43.08%</b>
Finance income	66,722	62,627	(4,095)	-6.14%
Finance costs	(191,188)	(247,555)	(56,367)	29.48%
Exchange gain (loss)	(82,786)	143,235	226,021	-273.02%
<b>Equity Method</b>	<b>409,654</b>	<b>500,655</b>	<b>91,001</b>	<b>22.21%</b>
<b>Profit (loss) before taxes</b>	<b>665,164</b>	<b>1,121,061</b>	<b>455,897</b>	<b>68.54%</b>
Tax (Income/Expense)	(145,878)	(151,227)	(5,349)	3.67%
<b>Profit/loss</b>	<b>519,286</b>	<b>969,834</b>	<b>450,548</b>	<b>86.76%</b>
Other comprehensive income	(31,216)	(409,568)	(378,352)	1212.05%
<b>Comprehensive income</b>	<b>488,070</b>	<b>560,266</b>	<b>72,196</b>	<b>14.79%</b>
<b>Owners of parent</b>	<b>519,286</b>	<b>969,834</b>	<b>450,548</b>	<b>86.76%</b>
Minority Interest	492,511	924,534	432,023	87.72%
Profit (loss)	26,775	45,300	18,525	69.19%

Table N° 27 – Consolidated EBITDA – Breakdown

QUARTER CONSOLIDATED EBITDA	COP MI 2Q 2016
(-) Operating Costs & Expenses	1,846,625
(-) Administrative Expenses	(941,260)
(+) Dividends	(243,267)
(+) Depreciation (Costs   Exp.)	157,465
(+) Amortización (Cost  Exp.)	56,299
(+) Tax (Cost   Exp)	72,528
(+) Provisions	6,435
(+) Financial Income	871,729
(-) Interest in Autonomous Equity	(6,296)
(-) Hedging	(24,026)
<b>EBITDA Consolidated Adj.</b>	<b>1,796,233</b>

## Annex 4 : EEB Consolidated and Standalone Financials as of 2Q 2016

<http://www.grupoenergíadebogota.com/inversionistas/estados-financieros>

## Annex 5: Equity Method

**Table N° 28 Participation method June 2015 – 2016 COP MI**

<b>Empresa</b>	<b>2015</b>	<b>2016</b>
EMGESA	220.942	225.812
CODENSA	120.831	142.105
GAS NATURAL	29.462	36.915
REP	19.105	22.672
TRANSMATARO	11.175	25.303
PROMIGAS	3.976	41.221
EMSA	4.163	4.335
Transmisoras Brasil	-	2.292
<b>Total</b>	<b>409.654</b>	<b>500.655</b>

## Annex 6: Terms Technical and regulatory

- ▶ BLN: US billion (109)
- ▶ CAC: Compound Annual Growth
- ▶ COP: Colombian Peso
- ▶ CHB: Central Hidroeléctrica de Betania
- ▶ CTM: Consorcio Transmataro
- ▶ CREG: Comisión de Regulación de Energía y Gas de Colombia. (Colombia's Energy and Gas Regulating Commission). Colombia's state agency in charge of regulating electric power and natural gas residential public utility services.
- ▶ DANE: Departamento Administrativo Nacional de Estadística (National Administrative Statistics Department). Agency responsible for planning, collecting, processing, analyzing, and disseminating official statistics in Colombia.
- ▶ Gwh: Gigawatt hour; unit of energy equivalent to 1,000,000 kwh
- ▶ GNV: Natural Gas for vehicles
- ▶ IPC: Colombian Consumer Price Index
- ▶ KM: Kilometers
- ▶ KWH: Unit of energy equivalent to the energy produced by a power of one kilowatt (kW) for one hour
- ▶ MEM: Mercado de Energía Mayorista de Colombia; Wholesale Energy Market in Colombia
- ▶ Mm: million
- ▶ MI: thousands
- ▶ MW: Megawatt, power unit or work which equals one million watts
- ▶ N.A. Not applicable.
- ▶ Non-Regulated Electricity User: electricity consumers who have a peak demand greater than 0,10 MW or a minimum monthly consumption above 55.0 MWh
- ▶ Natural Gas Non-Regulated User: user with consumption above 100 kcf
- ▶ CFD: Cubic feet per day

- ▶ Proinversión: Peruvian agency that promotes private investment in Peru
- ▶ SIN: Sistema Interconectado Nacional, National Interconnected System
- ▶ STN: Sistema de Transmisión Nacional, National Transmission System
- ▶ SF: Superintendencia Financiera – Financial Superintendency. State entity in charge of regulating, overseeing and controlling the Colombian financial sector
- ▶ TRM: Market Representative Exchange Rate; it is an average of the transactions carried out in peso-dollar, and it is calculated daily by the SF
- ▶ UPME: State agency responsible for planning Colombia's mining and energy sectors
- ▶ USD: US dollars

## Annex 7: Overview of the parent company – EEB

EEB is an integrated energy company with interests in the natural gas and electricity sectors and operations in Colombia, Peru and Guatemala.

- ▶ EEB was founded in 1896 and is controlled by the District of Bogotá (76.2% ownership). The company, as a public company in Colombia, adhered to global standards of corporate governance.
- ▶ EEB has an expansion strategy focused on the transmission and distribution of energy in Colombia and other countries within the region.
- ▶ EEB participates in the entire electricity value chain and in almost all the natural gas value chain, except for exploration and production.
- ▶ Since 2009, EEB shares have been traded on the Colombian stock market. In November 2011, EEB finished a Re-IPO in the Colombian stock market for approximately USD 400 million.
- ▶ EEB is one of the largest Colombian corporate debt issuers. In October 2007, EEB and TGI issued corporate bonds in the international markets for USD 1.36 billion. In 2011 and the beginning of 2012 both companies refinanced their notes extending their maturities and lowering its costs. Cálidda, our Peruvian subsidiary also issued in April/2013 a USD 320 million bond.
- ▶ Since 2009, EEB is traded on the Colombian Securities Exchange and is part of the local indexes COLCAP, COLEQTY y COLIR

(1) EEB ownership through DECSA Special Purpose Vehicle. (2) EEB ownership directly and indirectly through IELAH Spain (additional 31.92%).  
(3) EEB effective ownership via direct and indirect stakes. (4) Through GEBBRAS Special Purpose Vehicle acquired on August 21, 2015 51% stake in four concessions for ~USD158 mm.