

GEB Conference Call 1Q 2020

Jenny: Welcome to GEB's 2020 Q1 Results Conference. My name is Jenny and I will be your operator for today's call. At this time, all participants are in silent mode. The call will be in Spanish; however, during the question and answer session, questions will be answered in both Spanish and English.

Please note that this conference call is being recorded. As of this moment, I give the floor to Valeria Marconi, GEB's Investor Relations Manager. Mrs. Marconi, you may begin.

Valeria Marconi: Thank you very much. Good morning, everyone, and welcome to Grupo Energía Bogotá's 2020 Q1 Results Conference. Today's presentation will be made by Astrid Álvarez, CEO of the Group, and also by Felipe Castilla, CFO. We are also joined by Andrés Baracaldo, Vice President of Distribution, Transport and Transmission. Alvaro Villasante, Vice President of Generation. Freddy Zuleta, CEO of our Transmission Branch. Nestor Fagua, Vice President of Legal and Compliance. Jaime Orjuela, Director of Regulation. Adriana Munevar, Vice President, Finance, TGI. Mario Caballero, CFO of Cálidda, as well as other leaders from the group's financial, legal, regulatory and transmission areas.

The presentation is divided into three parts; first Astrid Álvarez, our CEO, will present the most relevant messages regarding the performance of the first quarter of the year, but above all, about the management that the group has carried out to face the situation derived from COVID-19.

Subsequently, Felipe Castilla, CFO, will present in detail the operational and financial performance of the group during Q1 2020, as well as the risks, strategies, scenarios and possible financial impacts that have been identified so far, also as a result of COVID-19. To conclude this conference, we will be pleased to open the call for questions and answers.

I will now pass on the call to our CEO, Astrid Álvarez. Please go ahead.

Astrid Álvarez: Good morning to all of you and thank you for being at this meeting. Amid such a difficult situation, I am pleased to present the positive financial results of Grupo Energía Bogotá S.A. E.S.P. for Q1 2020. Consolidated revenues amounted to more than COP\$1.3 billion, with a 25.7% growth, responding to the positive dynamics of each of the group's business lines, and net income reached about COP\$638.138 million, with a 39% increase. This good performance of Grupo Energía Bogotá is the result of higher revenues from our companies, Cálidda in Peru, TGI, the main natural gas transporter in Colombia, and our power transmission business in Colombia. In particular, from the power distribution business of Grupo Dunas, which includes the power distributor Electro Dunas, Cantaloc, and Peru Power.

They are undoubtedly due to the outstanding management of a coherent and stable strategy over the last four years. Grupo Energía Bogotá has positioned itself as one of the most important and solid business groups in the energy sector in Latin America, with a diversified portfolio of controlled and non-controlled companies, and with a highly committed and professional human talent team.

Furthermore, we are supported by our two pillars of growth: strong and transparent corporate governance, and a sustainability policy that brings progress and well-being to communities in Colombia, Peru, Brazil, and Guatemala. In the group we have incorporated environmental, social, and governance (ESG) factors and the creation of shared value as part of our corporate strategy of social investment, allowing us to respond more effectively to the challenges of this global situation.

What actions have we undertaken during this COVID-19 health emergency in the countries where we operate? During this contingency, our operations have continued to be provided at 100% availability, fulfilling our commitment to guarantee the provision of critical services such as energy and natural gas in such difficult times as these, which leads this sector to respond to this great challenge with leadership, responsibility, commitment and solidarity, above all, with our communities in the territories where we have an impact. Here we are doing it; at Grupo Energía Bogotá where these three cultural attributes that we have implemented and rooted in these last years are: Life First, Social Awareness and Superior Performance. These attributes are now more relevant than ever.

With our first attribute, Life First, we preserve the health and life of our employees, contractors and, above all, the inhabitants of the communities where we develop our projects and preserve, above all, the work of our employees with more than 2.300 people today in Colombia, Peru, Brazil and Guatemala. We anticipated the effects of the pandemic before the National Government in Colombia decreed a health emergency.

That is why, in January of this year, we took the first measures; we designed a temporary scheme of care, recovery and stabilization, taking into account the treatment of the crisis, all the employees, suppliers, contractors, operations and business continuity, among other aspects. We implemented all contingency and continuity plans.

We implemented the new risks and risk matrices for each of the companies to ensure that all controls were in place. We activated a Crisis Committee for Grupo Energía Bogotá and each of its companies. We have a weekly meeting of this committee. Initially we met every three days, now we meet every week.

It's an entire team dedicated to attending to everything related to COVID-19. It works in coordination with all the health and safety teams of all the companies. We defined all biosafety protocols and all guidelines, new policies for virtual attention and work at home. All subsidiaries, as I said, are part of the Crisis Committee.

We made all the adjustments in the Audit and Risk Committees of all the companies and reviewed one of the main aspects of the attention; besides the health of our employees and contractor, we also reviewed with all the financial and investment committees, of all the companies in Grupo Energía Bogotá, the attention to the crisis in the financial aspects.

With the support of experts as well, we hired public health and epidemiology experts in each of the countries and, following all the measures of the World Health Organization and the National Government in each of the countries, we implemented protocols for reactivating construction projects, operation, maintenance and

administrative processes, including a special protocol for relationship with the communities.

The protocol includes measures such as the division of work teams, regulations for access to offices, work sites, shifts, periodic disinfections, transportation of employees and contractors, permanent monitoring of the health status of all employees and the use of apps for information management. This has also been adopted by all our contractors.

More than 90% of the administrative and management employees are working from home, both at the corporate level of GEB and its main subsidiaries. Administrative operations are normal and priority maintenance will continue in all regions, thus ensuring service delivery. Cálidda in Peru delivered 3.600 food baskets for 12.800 Peruvians and collaborators from Electro Dunas, Cantaloc and Contugas and provided the families of Ica with more than 500 hygiene kits.

In Guatemala, employees at TRECSEA and EEBIS donated more than 4.000 hygiene kits to 35 communities. We have a social volunteering program in all our subsidiaries and also, in Bogota, we are signing a contract totalling more than COP\$2.5 billion with the Ministry of Health to supply medical equipment.

Return to the regions in Colombia, especially, and in Peru; we are prepared to return to the territories. We started this two weeks ago, obviously, following biosafety protocols and we are coordinating and informing the local authorities, in the first instance, of all our safety measures. We have arrived, we have been welcomed, we have respected the local rules and we have also begun to organize all the logistics in the regions. As a priority in power transmission in Colombia we have 34 municipalities that we are going to reactivate.

GEB and its companies will continue to accompany and support national and local authorities, employees and suppliers within the communities, especially the most vulnerable ones, while the social emergency situation continues. We continue to strengthen our sustainability management and carefully operate in all territories, mainly with the health and the environment in the territory.

Our risks and challenges at this stage: a decline in demand for power and natural gas in the countries where we operate, which has led to major customers in industrial and commercial segments invoking force majeure as a liability surplus for non-payment of Type C supply contracts.

An increase in the power and natural gas distribution portfolio, as well as the impact on regulations that lead to the postponement of utility payments in the most vulnerable strata of the population. A third risk and challenge is a delay in the implementation of projects during quarantine periods. In Colombia, power transmission activities should not be directly affected by regulatory measures, fortunately, but they could be affected by cash flow, since [inaudible] allowed by the marketers reduced transmission charges by 20%.

In natural gas transportation, companies have made a great effort to face this crisis. In this regard, under Colombia's CREG Resolution 042-2020, a temporary

renegotiation of contracts was carried out that provides liquidity to marketers and unregulated users and the possibility of reducing tariffs to this extent.

Additionally, and under Resolution CREG 060-2020, this payment period was enabled for two months for the invoices of marketing companies, serving residential users from strata one to four.

Grupo Energía Bogotá and its subsidiaries have been activating short term credit lines and structured financing that allow us to comply with all financial and tax operational obligations, as well as those of the shareholders.

Key updates for this first half of the year: the General Shareholders' Meeting was held on March 30th of this year, where a record dividend distribution of COP\$1.29 billion was presented, that is, COP\$140 per share. We made official the acquisition of Argo Energía, Brazil, in late March of this year, jointly with our Spanish partner, Red Eléctrica Internacional.

Our stake is 50% of this acquisition which amounted to R\$1.678 billion, equivalent to USD\$330,000,000. At Argo Energia we will add more than 1.480 kilometers of lines in Brazil, where we also have our company Gebbras, with these four concessions we have here. Our subsidiary Cálidda, in Peru, connected a total of 33.822 clients, reaching a goal of 986.504 users.

In Colombia, in transmission, we began to account for the revenues from these new assets with the La Loma substation, which was put into operation this quarter in the Department of Cesar in Colombia. In Altamira, the Regional Transmission Association in Huila, with the acquisitions of the Betania and Tuluní Substations, in Huila and Tolima respectively.

I do not want to overlook recent events after the close of this very important quarter for Grupo Energía Bogotá and we have obviously secured payment of these dividends in advance, where we paid this first installment this past May 8, in response to the request of our shareholders and their need for cash as well.

Additionally, we carried out a successful bond issue for USD\$400.000.000 in the international capital markets, an over-demand of more than 11 times, demonstrating the confidence of investors in Grupo Energía Bogotá and all its subsidiaries. We received more than 290 purchase orders from investors in different countries. Here I note, this was from countries where we had not even had investors before as they showed great interest in this investment.

We returned to the international capital market with very favorable conditions amid a difficult environment, which gives us greater presence, recognition and financial strength in these times of crisis. These and many other achievements confirm the robustness of the management results in the last four years, which have been obtained thanks to the commitment and dedication of this great team of employees who are part of Grupo Energía Bogotá and each of its companies.

We will continue to work in the regions with our energy projects, which is the greatest guarantee for the progress and development of Colombia and the countries of Latin

America where we have a presence. Thank you very much, we will be ready to answer all your questions after Dr. Felipe Castilla's presentation. You can speak, Felipe.

Felipe Castilla: Astrid, thank you so much. Let's go to the presentation, Valeria. Next, please. Let's start with the group's key updates. As mentioned by Dr. Astrid, the acquisition of the Argo Group, for around R\$1.7 million, a 50% stake. We made a disbursement of a long-term credit with Davivienda for USD\$300.000.000 million, a 12-year bullet credit.

We restructured a new internal bond issue for up to COP\$1.3 billion, we have all the authorizations. We had to suspend the operation a little bit because of the current situation, to see how the market reacts a little bit. In the case of Moody's, a periodic review was made, and it maintained our Baa2 rating, with a stable outlook. We are one level above investment grade.

S&P maintained the BBB- rating and revised the outlook from stable to negative due to the management of sovereign risk. Concerning the share's performance, we entered the FTSE Russell index which generates more liquidity for our share and growth; the value of our share at the end of the Q1 was 1.35%.

It should be mentioned that, in the first four months of the year, this is the only stock in the market that had positive growth.

Next, please.

As Dr. Astrid also mentioned, the general shareholders' meeting was held, and the dividends were declared at COP\$140 per share. The separate and consolidated financial statements of the Group at the end of 2019 were presented; the possibility of granting a corporate guarantee in favor of TRECSA, our subsidiary in Guatemala, was authorized.

Also, we delegated to the board of directors the possibility of authorizing us to issue a green bond, up to the equivalent in pesos of USD\$200.000.000. Here, obviously, at the end of Q1, the quarantine begins, and a sanitary emergency is declared. After the end of Q1, Fitch Rating reaffirmed our BBB rating with a stable outlook, above what is now Colombia's sovereign risk.

To address the current situation, the Group made a cash disbursement of the equivalent of some COP\$403.000 million, which has now been disbursed. A great effort was made to anticipate the first dividend payment, which was scheduled for the end of June. We made an advance payment at the beginning of May and made payments for the equivalent of some COP\$643.000 million to all our shareholders.

Also, as mentioned by Dr. Astrid, an international bond issue was made for USD\$400.000.000, with a term of 10 years and a yield of 5%, where we obtained an over demand of 11 times and more than 290 orders from investors around the world.

[pause 00:18:20]

Felipe Castilla: Valeria, I don't know if it's ready yet. The key update is that we have TGI, the activation of the transport contracts signed for our Cusiana project phase IV. An advance dividend payment was also made so that we could make the payment of

our shareholders' dividends. This payment made to us by TGI at the end of 2019 was equivalent to some COP\$371.000 million.

S&P maintained the company's rating at BBB-, with a stable outlook for the same reason as mentioned above. After the end of the quarter, Fitch Ratings ratified TGI's rating at BBB with a stable perspective, somewhat relating to all the ties it has with the parent company. At the Cálidda level, the connection of nearly 34.000 customers in this quarter, this brings us to a cumulative of 986.000 users at the end of the year.

They built 365 kilometers of polyethylene networks and 2.76 kilometers of steel. 1.861 billion cubic meters of gas were invoiced, equivalent to USD\$46.000.000 in distribution revenues. To begin to address the whole situation resulting from what is currently happening, short-term credits of USD\$32 million were made, which ensured the company's liquidity for [inaudible].

S&P maintained the BBB- rating. Like the other companies, it reviewed the outlook. After the quarter, Fitch Rating also reaffirmed the BBB rating with a stable outlook.

At the Contugas level, payments were made for the remaining short-term loans that were held. There was a credit with the BCP for USD\$12.000.000. Interest payments were made on the new syndicated loan for USD\$6.800.000. At the end of March, nearly 62.000 authorizations were reported, which is above the commitment established in the contract signed.

[pause 00:20:54]

Felipe Castilla: Relevant to the Q1 performance, the graphs you see on page 18, the light blue line is a little bit the change stage budget line that we had planned in our 2020 budget. The dark blue line you can see the new outlook, let's say; the first few months of the year are the actual rates that have been presented and a little bit the outlook that we have at the end of the year.

This exchange rate situation has an impact on the group's performance, considering that a relevant portion of our business is indexed in that currency. Next, please.

[pause 00:22:04]

Felipe Castilla: Here, as you can see in the graph on page 19, you can see our growth compared to Q1 of the immediately preceding year; we grew about 26%. In the panel that you have you can see the distribution with the different businesses that the company manages, where we highlight, mainly, the distribution and transportation of natural gas.

If we already see it for each one of our businesses, in the natural gas distribution division we have growth close to 16%, mainly originated in Cálidda due to the network expansion and the higher invoiced volumes and revenue growth, which were presented during the first quarter of the year.

These situations are going to have some impact, given that the economic situation originates at the end of the period and we will surely see more details in the results of the second quarter.

In the natural gas transportation part, we recorded growth of over 15%, mainly due to the increase in fixed charges due to the capacity in dollars and also due to the administration, operation and maintenance charges, the decrease in variable charges and the income from the contracting of the expansion project, in the Cusiana-Vasconia phase IV project.

In the power transmission part, we had growth of over 19%. We have here an indexing by use assets, which are indexed to PPI. We also have the total revenues from the expansion of La Loma and Altamira, in the Regional Transmission System. Also in use assets in Betania Substation and in the UPME-Tuluní call, which were the assets obtained by the group.

We also have a situation, given the revenues that are indexed in dollars, for the increase in TRM for the period. So going into the cost portion we have an increase between Q1 2019 compared to Q1 2020 of about 30% mainly from the natural gas distribution portion.

At Cálidda's level, as the network is expanded, we have higher distribution costs in the natural gas transportation part, an increase of about 22% due to the increase in depreciation and amortization, also the increase in maintenance and repairs during the first quarter. In the power transmission part, an increase of 8.6% in pesos mainly due to the increase in maintenance and depreciation in certain projects.

In the power distribution part this is the new segment, which was the acquisition of the Dunas Group, which became part of the group's consolidation in August last year. In that sense, this was not represented in Q1 2019, so you see a 100% increase.

Looking at our companies by the participation method, the most relevant ones, which are Emgesa, Codensa and Promigas, here at Emgesa we have a 24% growth, at Codensa nearly 20% and at Promigas 54%. The other companies we consolidated are slightly in line with the revenues recorded in Q1 2020 compared to Q1 2019.

Looking at the effects of why these increases were generated, at the level of Emgesa, income grew by nearly 12%, from COP\$956.000 million to just over COP\$1 billion seventy thousand. EBITDA grew 18%, compared to the second quarter of the previous year. Net income, we are talking about a growth of about 24%.

Here the generation part increased by 2.4% in this first quarter, compared to the same period of the previous year, which particularly, due to the greater generation of the hydro plants, thanks to the management that is being done of the water resource and also to the economic situation of the prices in the stock exchange that were presented in Q1 of this year.

At Codensa, we have a 12% increase in revenues, a 17% increase in EBITDA with a reduction in costs, and a 20% increase in net income compared to Q1, compared to Q2 2019. Here again, we have a situation that originated with clients who have grown with the sector's natural demand and, additionally, with the entry into force, in full, of the new tariff regime for the companies.

At the Promigas level, we also have significant growth in revenues, close to 29%, with income growing by close to 52%. Here, we have a circumstantial situation, of a greater gas transport that was presented in the first quarter thanks to the greater thermal consumption that occurred due to hydrological conditions in the country.

As I mentioned earlier, at the REP level, ISA Transmantaro, which are our companies, which are in the [inaudible] in Peru and Vanti, had similar levels of consolidation as the previous year, due to the effects that appear in the graph you are seeing. Let's continue. Valeria, please.

Now, if we look at it on a consolidated basis, we have an increase in our operating profit of over 13.3%, growing from COP\$378.700 million in Q1 2019, to COP\$429.000 million in Q1 of the year, as a result of a gross profit of 20%, with a margin of 46%, associated to the dynamics of revenues and costs.

This is partially offset, for cost purposes, by including the accounting of the Dunas Group for the reason I mentioned above, in the increase in taxes and charges that are associated with the level of revenue, higher provisions and depreciation that have been presented and the effect of translation into foreign currency that is being generated according to the graph I showed you above.

On the net income side, we grew close to 39%. It is important to mention that at some point you will see the net income of the controlling and non-controlling part, here we are only including the controlling part of COP\$638.000 million. This growth is significant. We have an increase in financial expenses because of the indebtedness we have acquired for the acquisition of the assets in Dunas last year and this year for the acquisition of Argo.

Higher financial income also represented by exchange rate differences. Under the participation method, we recorded an increase of 22% and other expenses corresponding to current compound exchange rate differences in deferred income, which is a result of the devaluation situation that occurred in the first quarter.

In the already growing portion of EBITDA, we grew close to 25%, from COP\$1.4 billion in the first quarter, to about COP\$1.8 billion in Q1 2020. Here, at the bottom, you can see that for Q1, the biggest increase is at the non-controlled company level, from the dividend declaration that is filed in Q1 at the various shareholders' meetings, and [inaudible] non-controlled by 37.4.

This, at the end of the year, will be an inverted relationship, obviously with a higher portion of the controlled companies. By business lines, if you look at the slide on the right-hand side, our transmission business is generating -- First quarter EBITDA close to 42%, the distribution portion 32%, and the generation component, and a 25.6% participation in EBITDA.

Here we already have the EBITDA calculated over the last 12 months. In the bar graph that you can see in the right hand, you can see that we have an EBITDA of close to USD\$985.000.000; of which, 68% is contributed by our controlled companies and 32% by our non-controlled companies. If we already see it at the level of our strategic business groups, 57% of what is being generated by our transmission and

transportation segment, 30% by our distribution segment and 13% by our generation segment.

Here it is important to mention that the methodology applied for the consolidation of EBITDA, at the group level, includes the EBITDA generated at the level of each of our controlled companies, but at the level of our non-controlled companies we are only consolidating the portion of dividends that are decreed to us.

It is in that sense that, if we were to take it to a proportional EBITDA, these numbers might be different.

In the debt profile that you can see on page 27, you can see that the net debt-to-EBITDA ratio has been increasing since the end of last year. This is due to the debt we acquired for the acquisition of the Dunas Group at the end of 2019.

At the close of 2020, we acquired the debt corresponding to the acquisition of our company Argo, in Brazil. At the bottom of the bar graph you can see that at the end of Q1 2020 we had a consolidated group debt of USD\$3.5 billion, of which 76% is expressed in dollars and the remaining portion is mainly in local currency, in Colombian pesos.

In the graph on the right-hand side, at the top, you can see the relationship between EBITDA and financial expenses, we are at 7.1 times. Just for reference, the rating agencies ask us to have our indicator at 2.25 times, which means that we are well above the expectation that the rating agencies have of us.

Now moving on to the execution of the projects that GEB has directly, you know that within the group we have an operational area that is our transmission branch. Currently, the projects shown in the graph on page 29 are being developed. These projects, in the last column is the official start date of the projects according to UPME.

These dates do not include any movement that may occur as a result of factors that are not controlled by us, which cause the project to enter at a later date. These projects, which are in progress, will represent dollar-denominated revenues equivalent to USD\$96.3 million.

Concerning the executed CAPEX, here we only have the [inaudible] that we or our subsidiaries do directly.

Here we are not consolidating in these charts the CAPEX made by the non-controlled companies, nor are we consolidating in these specific charts the acquisitions that we made in the first quarter. In this first quarter, our CAPEX was around USD\$61 million executed, of which Cálidda executed 42% and our transmission segment close to 20%.

Finally, also relevant, TGI with 17%, our projects in Guatemala with 12.5% and the other subsidiaries close to 10%.

We can already see this within the consolidation of the investment program that we have considered for 2020 to 2024, our projections, in what we call the base scenario, that is to say, an investment scenario that we are either committed to execute, or

reasonably going to execute, we would be talking about an investment program of close to USD\$2.3 billion with this distribution.

In the graph on page 31 - if you help me, Valeria - here you can see a little of the distribution of these investments for this year and for the next five years in the different segments. As you can see, in 2020 we have included the acquisition of the Argo Group, which totaled USD\$330 million, and the different investment projects that we are considering.

For the year 2020, these numbers do not include the impacts that we will have as a result of deferring investments that have to be executed at a later date due to the situation that has forced us to slow down these investments a little.

Going into the financial impacts of the current situation, we, as Dr. Astrid mentioned at the beginning of her talk, have identified four main risks from a financial point of view:

The first is due to a contraction in demand from the energy sector. What this situation has done is that, in many cases, some of our clients have tried to invoke force majeure events due to this situation. Clearly, this has required us to make some adjustments to what was mentioned in terms of deferral, payments or finding formulas to reduce these obligations.

There are some businesses, such as the generation through Emgesa, or the distribution through Codensa, that have impacts on these falls in demand and that will be reflected in the company's P&L.

The second risk that has been affecting the group companies are default issues, which regardless of whether the rights to collect fees or our charges are established, there are customers, the less privileged classes or some customers who have payment difficulties and this is because a circumstance has occurred that we have to deal with to manage these liquidity issues at the level of the different group companies.

The third issue has to do with the implementation of CAPEX. Clearly, due to this confinement, our execution, the pace of our projects has been reduced, and as a result of this situation and many of the investments we will have to defer them and focus them on future periods. It is very likely that in 2020 we will have to speed up the execution of our projects to be able to comply with all the obligations we have.

Finally, there are situations in which the government regulators in the different jurisdictions where we operate, obviously in the sense of being able to give some relief to the crisis, are managing some possibilities of impacts that the revenues of our different companies could have.

We have not considered any substantial impact of these effects. We clearly have a very active participation agenda that on the one hand helps in the management of this situation and on the other hand will not affect the different revenues of our companies.

Now moving on to specific situations of managing what we've done. Given the circumstances that have caused the contraction of demand or delinquency issues, what we have done is at the group level and the level of the different companies is to

initiate short-term loans which in many of the measures that have been taken is to anticipate the needs that we had planned for the year, but we have brought them at the beginning obviously to address this situation.

As you can see in the graph on page 34, at the Cálidda level we made disbursements at the end of the quarter; we also divided the analysis of the different impacts on scenarios that could take this situation between three and six months and for those you can see differential cash requirements for the scenarios that are contemplated.

This brings us to the fact that we have disbursed a total of about USD\$52 million for the current situation and about USD\$90 million for a situation that could last for six months.

Additionally, we have also been handling the different credit lines that governments have offered, in the case of Colombia; in the case of Peru, offering some relief to the most vulnerable classes. We have sought certain financing offered by the government.

Also at the level of TGI we have already authorized the possibility, if necessary, to make a disbursement of USD\$74 million that could be used for cash needs that could arise during the current situation.

Also at the group level we made a disbursement in several treasury loans for COP\$403 billion and we are waiting to review if we can reactivate our debt operation, either partially or for the total amount we have structured.

Within the strategies we have been undertaking, the company, as I mentioned, has had a very active agenda with governments and regulators to review all issues that may impact both the sector and the company specifically.

We have maintained ongoing conversations with the authorities to manage this situation and also to defend the company's interests and we have established a complete protocol for reactivating the projects in the field, obviously to comply with the requirements of doing so in the safest way possible, not only for the communities in which we are working, but also for the people involved in the execution of these projects.

We have guaranteed 100% availability of our operation. That has been one of the great contributions we have made to the management of the situation.

We have performed priority maintenance operations to be able to provide stability in the different operations where we work.

We have suspended some projects, obviously, for example in the case of Cálidda because we have not been able to enter the homes to make the installations.

We have started to reactivate all the projects in compliance with all the biosecurity protocols that we have implemented.

In the different scenarios, I am not going to spend much time on this graph, but for the different scenarios we have considered the different variables of impact on demand, on provisions of the accounts receivable that we have, in all regulatory schemes. We have also obviously made use of all the mechanisms for access to the financial

markets to ensure operational continuity and properly manage liquidity during this situation.

Let's move on to the next, Valeria. Thanks.

We can already see this on the impacts that have been presented on our financial statements. We have carried out an optimization of costs and controllable expenses at the GEB level and in each of its companies. This will allow us to have a decrease between 1% and 12% depending on the scenarios analyzed.

We have reviewed the entire expenditure and maintenance program for non-mandatory projects according to each scenario.

We have also been checking that our indebtedness level is within reasonable parameters, as analyzed by the rating agencies. Obviously, we are offsetting these financial expenses with the higher EBITDA we are generating.

There is also another impact that has had a positive effect on the year-end, and we hope it will be on the year-end, and that is to take into account that we have had a devaluation above what we had budgeted for. This has also generated a process that has increased our profits.

In financial impacts we have, as I mentioned before, activated our short term credit line and the structured financing in the bond, this gives the group a very strong position to be able to address the situation we are facing.

There is also a circumstance that I have already mentioned to you and that is that we are going to have to make some deferral of investments, obviously given the situation of confinement and the reactivation that will surely have some protocols and ramps to reach situations of normality. We will have to focus on this deferral during the next two years.

The focus of government attention has been more on targeting the most vulnerable strata in the jurisdictions where we operate. But we have that relationship and we also seek to have our funding not only at the end user level but also at different actors in the chain.

That is the extent of my presentation. We will now move on to the questions that you may have. Thank you very much.

Jenny: Thank you. From this point on we will begin the question session. If you have a question, please press star one on your phone; if you wish to be removed from the waiting list, please press the number key. Remember, if you have a question, please press the star one.

We have a question from Juan Gallegos of Porvenir.

Juan Gallegos: Hello. First of all thank you very much for the presentation and the good results.

My question is related to the regulatory issue. I would like to know what view and what opinion you have about these proposals that have been given about the allocation of payment across the entire chain, both energy and gas.

Also the change in the TRM issue that remains stable for the collection by the distribution chain.

You mention that you have had conversations with the regulatory authority, perhaps if you give me a little more information, about when these regulatory changes would take place and for how long.

My other question has to do with the OPA for natural gas. I would like to know what you think about the price that was set for the OPA if you were to go to the OPA and if you were to participate, what would you do with the resources that you would receive? Thank you very much.

Astrid Álvarez: Well, from the first part, the first-- Your question, thank you. Regarding the regulatory issues, as Felipe Castilla said, we have a very large or important and systematic action with the regional and local governments with all the regulatory institutions, through the managers of the subsidiaries, but mainly from the regulatory department that joins us in all the meetings. Even with the meetings with the multilateral banks, we are making them understand what is happening in the countries. I would like Jaime Orjuela, our Regulatory Director, to clarify specifically these two risks that we see.

Jaime Orjuela: Good morning, everyone, this is Jaime Orjuela. Since the emergency began, practically all countries have taken measures to provide relief to users. The management that we have done is to ensure that all this aid and relief is indeed focused, or with priority, on the most vulnerable populations, those with the lowest income. In the case of Colombia where we have a system of strata, the populations of lower strata, one, two primarily.

We have maintained the same approach for the other countries. In Peru there is also a prioritization approach based on consumption of 100 kilowatt-hours per month of electricity of 20 cubic meters for the gas sector. Practically all the measures have been taken in all countries, the last country to take such measures was Guatemala through a decree issued last week.

All the action we have taken is focused on ensuring the necessary liquidity and working capital for all distribution and commercialization companies. In Colombia there is a scheme that is already closed, which is to a large extent integral and is leveraged on the liquidity lines that Findeter enabled with a 0% rate, especially for the lower strata. There are also relief measures for the traders.

Similar measures have also been taken in Brazil, with a similar approach. We are, as our president now mentioned, working very closely so that in Peru lines such as those of the program called Reactiva Peru are extended, which are accessible to distribution and commercialization companies. So, I repeat that the reliefs that have been given to users are compensated with liquidity by the financial entities for the distribution companies.

I think we're getting pretty good at closing pending matters. I believe that Colombia and Brazil have already taken the necessary measures; we hope that they will soon be taken in Peru and that we will have to make the same effort in the case of Guatemala. I hope I have answered the question satisfactorily.

Jenny: Our next question.

Felipe Castilla: One little thing, we're still waiting for an answer. Is Andrés on the line? We had some problems with Andrés on the issue of Vanti in the OPA, we have always considered that this is a strategic investment for us. We are not currently participating in the OPA that is going to take place and it will continue to be an asset of the group and, as I said, it is a strategic asset for us.

[background conversation]

Next question please.

Jenny: The next question is from Diego Buitrago from Bancolombia.

Diego Buitrago: Good morning, thank you very much for the presentation. I have two questions, one related to the risks that you very well identified and analyzed. I would like to know from your point of view which of those you consider to be the biggest risk, and what would be the extent of impact on both P&L and the cash flow of those you mentioned?

The second is related to the dynamics of postponing investments, which will clearly occur because of the COVID-19 situation, and if they have already raised it between 30 and 40% for the controlled companies. I would like to understand what happens with the non-compliance of the dates of operation of these projects due to these postponements that we see and, for example, the assets of the UPME that if the revenue is lost in these months, or simply from the time that they start to operate, or if there are some type of sanctions and how would this impact be?

Thank you very much.

Felipe Castilla: I'll answer the first part, about the risks and the deferrals. I believe that the risk of a contraction in demand and a moratorium on the payment of the various invoices are the greatest risks that are being consolidated at group level today. Obviously as I mentioned in the presentation there is also a positive impact, for performance and it has to do with a higher exchange rate, given that many of our businesses are indexed in dollars.

We have made the projections as I mentioned in scenarios that can range in de-confinements in three and six months. I think that today it is more of a three-month scenario with a reactivation that will take some time. In those scenarios, we could have an impact on the projected profit that we saw in the budget, which we had at the beginning of the year, of between 10% and 15% of the profit.

They're obviously scenarios. There we will need to look at how the expected reactivation is carried out, but it is what we visualize as having the greatest impact on the group. As for the next question, I don't know if Fredy is on the line and could answer it.

Astrid Álvarez: Fredy Zuleta are you on the line?

Fredy Zuleta: Yes, I am hear. Can you hear me?

Astrid Álvarez: Go ahead Fredy. Thank you.

Fredy Zuleta: Yes, concerning the projects it is very important to clarify first that the correct expression is not postponement but displacement, that is, we will make the projects and execute the investments as soon as possible. There are simply circumstances of force majeure that prevent us from doing so at the same time as they were planned, specifically things such as the impossibility of making preliminary consultations with the communities simply because of the social isolation measures or the impossibility at some moments of the time to enter the territories, or the entry processes that require protocols, etc.

The correct word is not postponement as far as the projects of the UPME calls or the transmission projects in Colombia are concerned, but the dates of entries may eventually be moved, and this movement is due to force majeure.

When this happens, the relationship with the UPME is supported by the Ministry of Mines on that date and the displacement associated with those force majeure events and the date of entry is moved with the authorization of the Ministry. In this case there is no impact on sanctions or fines for failure to comply with the dates, insofar as it is due to force majeure events.

Diego Buitrago: Thank you.

Jenny: Our next question is from Nicolás Erazo from Credicorp Capital.

Nicolás Erazo: A very good day to all, thanks to Felipe and Valeria for the presentation. I want to understand an aspect that could be complicated to transmit in an answer, but I want to understand with the change of the board of directors of GEB that started this year what changes could we expect or what is the focus now of this new board that includes a GEB with a growth in different fronts but also with a difficult situation to face? What will be the focus from now on with this new board? Thank you.

Astrid Álvarez: Thank you very much. Look, this question obviously has to be answered by the board, if there is going to be any adjustment to the strategic plan, and for now in these months -- we have a board meeting this Thursday; no strategic change has been proposed in these months, and surely the board, when it does, will announce it to the market, but for now, as far as what we are doing here, in my personal opinion, what we have developed with the board of directors, we have followed the work plan that had been implemented by the board of directors. We have also been doing the different activities corresponding to the strategic plan.

Nicolás Erazo: Perfect. If you allow me, and returning to Diego Buitrago of Bancolombia's question, knowing that there will be a displacement of projects, I would like to know which are the investments in which you would not prefer to make a displacement or the investments to which you would execute more quickly this year and could afford to displace?

Astrid Álvarez: Fredy.

Fredy Zuleta: I have here in front of me, you have it in the presentation or it was in the presentation on page 29, the projects that we are advancing, both those that are UPME call and those that are private corrections, all have a date and we have independent teams to work on each project. In none of them have we yet relaxed and said, "We are not going to arrive, or we are not going to execute", in fact, all the teams have continued working and we have made all efforts so that those dates do not change.

So no one has said, "Definitely not", obviously there are, as I said now, some reasons of force majeure that will surely have some impact on some dates that today we could not yet anticipate exactly but that can have the peace of mind that our effort is to execute the projects within these dates.

That is our objective and only when we do not succeed in doing so, will we resort to the mechanism of force majeure before the ministry, but today it is too early to say... Some projects have an entry date this year, others are for next year and then the Colectora project, which is the most distant, is for the end of 2022. It is too early to anticipate a specific date of delay for any of them.

Astrid Álvarez: Concerning gas, I can tell you that what we are promoting is that if the government goes ahead with the gas supply plan, we would have there an interesting investment of almost USD\$300 million in the IPAT projects for gas transportation, and we would also go ahead with the bidding process of the regasification plant in Buenaventura. We are also waiting for the gas supply plan to come out early and in that sense it is an expectation.

The gas projects that we have at the moment are already in the territory and people are restarting work and we hope that this only has the delay we had here and now during the quarantine.

Nicolás Erazo: Perfect, thank you.

Jenny: If you have a question please press star one.

Our next question is from Andrés Duarte of Corficolombiana.

Andrés Duarte: Good morning, thank you very much for the presentation and for taking my questions. Congratulations on the recent placement, on the results and many thanks also to the board [inaudible] and the current management, for the results you have achieved. I have three questions, two on Transmission and one on Generation.

Regarding Transmission, the first is that in the results release you are estimating a cash effect on the Transmission business. I would like to understand the accounting effect that is observed at the level of those revenues and the costs of the activity where revenues decrease more than 9% and costs increase more than 26% at a quarterly level. The second question on Transmission is related to Brazil, with Argo specifically. Is it true that Argo's operation started at the end of last year? I would like to confirm if

that is the case and I would also like to understand what the estimated times are for Argo II and Argo III, for the starts, the estimated times.

Finally, a question about Generation and it has to do with the fact that you are actively looking for opportunities in Mexico for M&A and as you know recently the current president of Mexico suspended the auctions and calls for non-conventional energy generation; in fact, they are encouraging more thermal generation. I want to know what plan B they have in that regard or if you were looking for projects that were already in operation to start. Thank you very much and congratulations again.

Astrid Álvarez: Felipe, that between Julio in the first one, if you want and Andrés answers us Argo and the third one Álvaro. Thank you.

Julio Alarcón: Good morning, Andres. Regarding the question on Transmission, it should be clarified that this quarter we had an increase of about 19% in revenues, as a result of the TRM as we have been explaining throughout the presentation, and costs had an increase of 9% mainly due to the contributions we have to make associated to the new revenues we have received from the projects that have started operating and also due to the depreciation of the projects that have also started operating and that started to depreciate this year. To clarify, in Transmission revenues are up 19% and costs are up 9% by the end of this quarter.

Andrés Duarte: [inaudible] to the quarterly variation figures.

Astrid Álvarez: [inaudible].

Julio Alarcón: Yes, the figures I am referring to are the quarterly variations on a year-to-year basis.

Andrés Duarte: Perfect. I looked, I made a mistake, I'm going to look. Thank you.

Andrés Baracaldo: Okay. Regarding Argo, what we can say is Argo I, which is the main asset of the three Argo concessions has been operational since last year; it has already received the final release term from the regulator. Argo II and Argo III, the construction schedules have not been materially affected by the COVID; it has delays of approximately two weeks and therefore we maintain the dates of entry into operation that are the bulk of these assets during the rest of 2020 and a relatively small part of Argo III in 2021.

Álvaro Villasante: On the last question concerning the Mexican market, just to comment that, as you mentioned, at group level we have been analyzing different opportunities abroad, mainly in Colombia, in those markets where we can have synergies; nowadays more evident both in Brazil and in Peru. As far as our analysis is concerned, Mexico would not be among the main priorities at this time. Also to say that whenever we have been looking at assets, we have been looking at low risk assets and opportunities associated with what you were asking about.

Andrés Duarte: Ok, thank you.

Jenny: We have no further questions at this time. I give the floor to Astrid Alvarez for final comments.

Astrid Álvarez: Thank you very much for your questions, everyone. This is the result and effort, especially in this stage of health emergency in all these countries, I think all the team that has been formed, all the regulatory team and the managers of the subsidiaries working on a proactive regulatory management. I would like you to reflect on this because it is going to be very important this quarter for what is to come and for what the countries intend to do, especially in Peru, where there are going to be presidential elections, and this regulatory proactivity and this team, which we are doing intensely at all levels of government and trade unions, is going to have to have a good result in the next quarter. That is how we see the mitigation of that risk as well. Thank you very much, you are very kind, and may you all be in good health and take care of yourselves.

Jenny: Thank you, all of you. We remind you that the information corresponding to the delivery of results is available on the website of Grupo Energía Bogotá. We are closing today's call. If you would like to hear this call again, please contact the company. Thank you.