



# 2Q 2018 TGI

## Results and Key Developments

August 23<sup>th</sup> 2018



**TGI**  
GrupoEnergíaBogotá

# Disclaimer

*This presentation contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are only predictions and are not guarantees of future performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements include, among other things, statements concerning the potential exposure of TGI, its consolidated subsidiaries and related companies to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “objectives”, “outlook”, “probably”, “project”, “will”, “seek”, “target”, “risks”, “goals”, “should” and similar terms and phrases. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Although TGI believes that the expectations and assumptions reflected in such forward-looking statements are reasonable based on information currently available to TGI’s management, such expectations and assumptions are necessarily speculative and subject to substantial uncertainty, and as a result, TGI cannot guarantee future results or events. TGI does not undertake any obligation to update any forward-looking statement or other information to reflect events or circumstances occurring after the date of this presentation or to reflect the occurrence of unanticipated events.*



# Table of contents

**01** ▶ Key Updates

---

**02** ▶ Operational and Financial Performance

---

**03** ▶ Expansion Projects

---

**04** ▶ Q&A

---





# 01 | Key Updates



# 1 Highlights



## **Operational Performance**

---



TGI continues to have control and operate the largest gas pipeline network in Colombia:

- Gas pipeline: 3,994 km, Capacity: 784.9 MMscfd
- Average of firm hired capacity: 716.3 MMscfd
- Covers 54% of the Colombian market

## **Financial Performance**

---



Capitalization in Contugas for USD\$12.9 million in May.



A payment of dividends to GEB was made in an amount of COP\$150,038 million; the remaining will be paid in October 2018, considering that the total declared was COP\$300,077 million.

## **Expansion Projects**

---



June 1 – The Cusiana Phase IV project came into operation with its compression unit No. 8, located at the gas station of Puente Guillermo (Puente Nacional - Santander) and with an additional transportation capacity of 17 Mmpcd. At the close of the period, firm transportation contracts with Natural Gas were signed (15 Mmpcd for the period from June 2018 until December 2024) as well as contracts with authorized future funding with: Gases de Occidente, Emgesa, Organizacion Terpel, Alcanos de Colombia and Cogasen.



June 9 – The Subfluvial Crossing of the Magdalena River (La Dorada – Caldas and Guaduas – Cundinamarca) came into operation, eliminating the shortage risk for 84 municipalities and 8 departments in the south-western part of the country.



June 14 – The Loop Armenia came into operation with 37 Km of length and a capacity of 8.3 Mmpcd, supplying 8 municipalities of Quindio, 2 municipalities of Valle del Cauca and distribution companies in the region.

# 1 TGI Overview

## New opportunities in evaluation



Resolution 182 of 2017 published in December, which addresses issues related to compensation and competitive processes for projects included in the Natural Gas Supply Plan, prepared by the UPME and adopted by the Ministry of Mines and Energy through the Resolution 40006 of January 4, 2017. On December 29, 2017, the UPME notifies the following IPAT projects susceptible to be executed by TGI:

- Loop Marquita – Gualanday
- Bidireccionalidad Barrancabermeja – Ballena
- Bidireccionalidad Yumbo - Mariquita



Additionally, it defines projects that, given their location, are complementary to the TGI system, and which will have a competitive selection process, which are mentioned below:

- Regasification Plant - Buenaventura
- Buenaventura – Yumbo - Pipeline

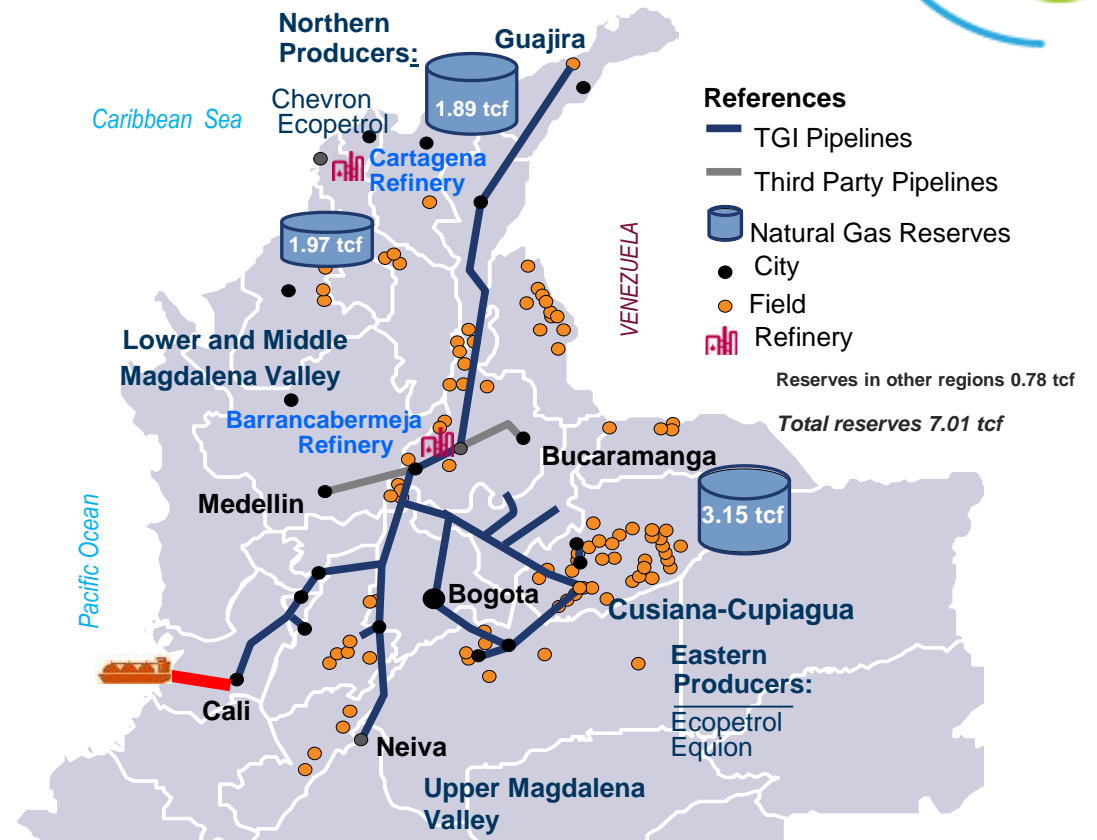


The UPME, through Resolution 280 of 2018 dated June 22, 2018, defines the Compressor Branch Jamundi – Downstream project of the Pradera node, as a priority IPAT project and susceptible of being executed in first instance by TGI SA ESP. Currently, the Company is preparing the necessary information to state interest to the CREG for its execution.



**TGI**  
Grupo Energía Bogotá

## Pipeline Network<sup>(1)</sup>



Source: Mining and Energy Planning Unit. National Hydrocarbons Agency.

(1) Has access to the three main gas production fields, Guajira and Cusiana-Cupiagua

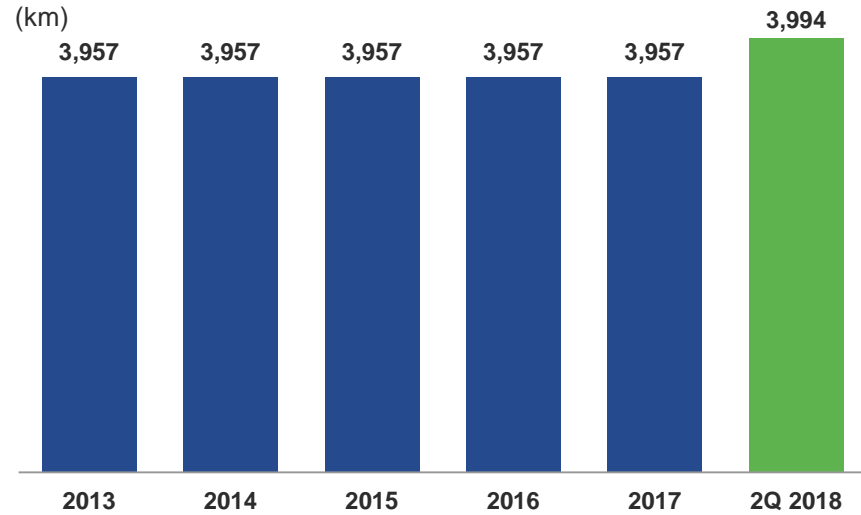


# 02 | Operational and Financial Performance

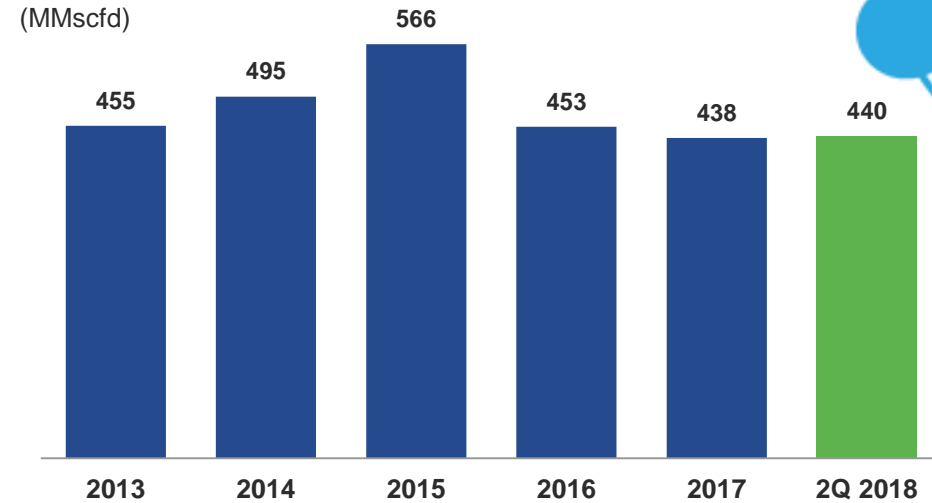


# 2 Solid Operational Performance

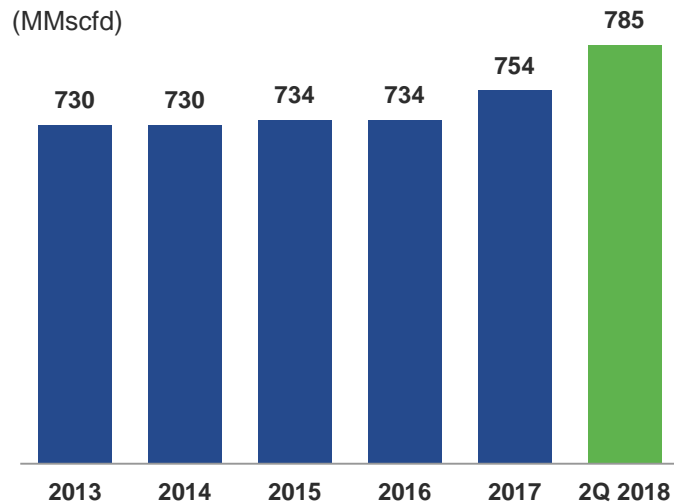
Network length



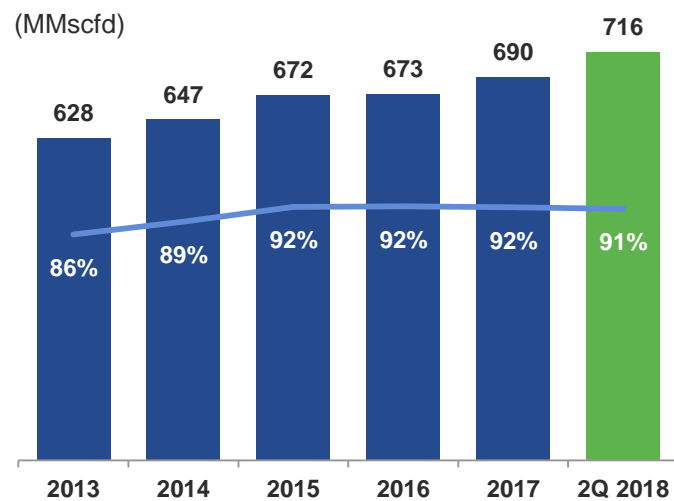
Transported Volume



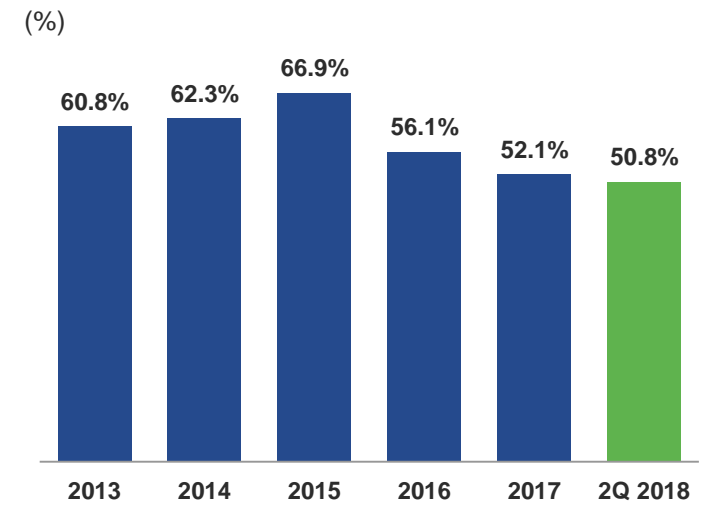
Capacity



Firm Contracted Capacity<sup>(1)</sup>



Load factor

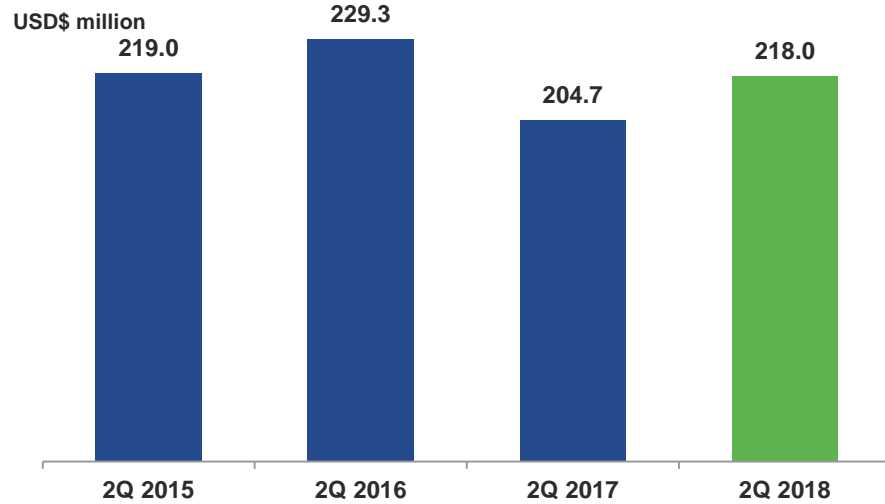


(1) The trend line refers to the ratio: Firm contracted capacity/available capacity. The Available capacity differs from the Total Capacity as TGI requires a percentage of it for its own use.



# 2 Stable and predictable cash flow generation

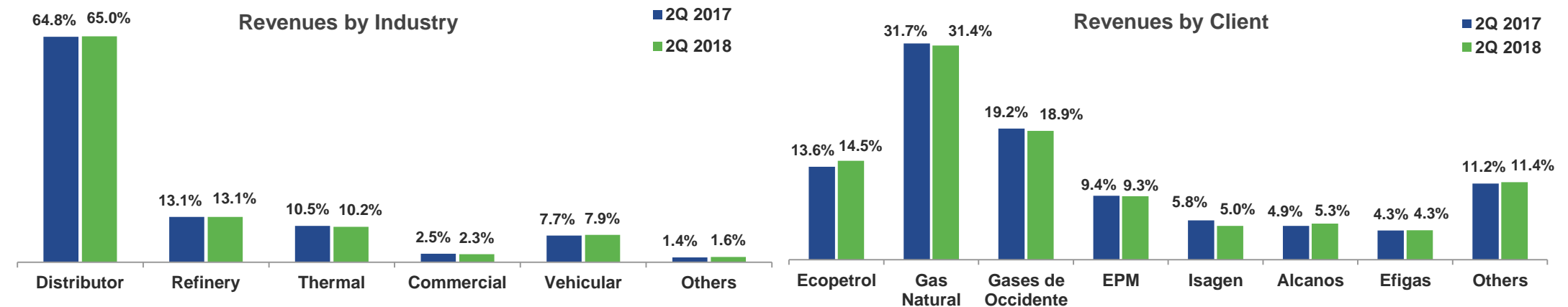
## Revenues YTD



TGI's revenues are highly predictable as a result of regulated tariffs.

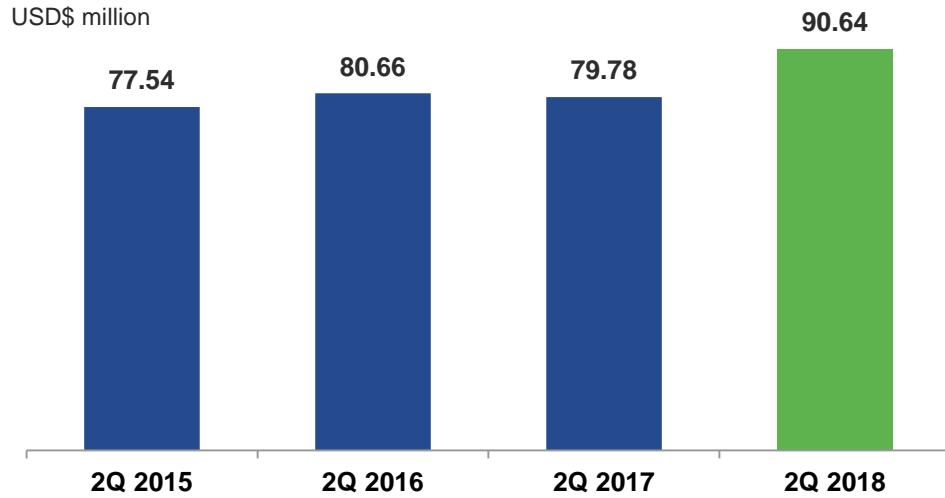
- TGI's revenues are highly regulated, with approximately 99% LTM coming from tariffs that are reviewed at least every 5 years, ensuring cash flow stability and attractive rates of return.
- The Company enjoys excellent contract quality:
  - ✓ 99% of TGI's contracts are firm contracts with an average remaining life of 8 years.
  - ✓ 93.1% of LTM regulated revenues are highly predictable as a result of fixed tariffs, not dependent on transported volume.
  - ✓ 65% of LTM revenues are nominated in USD\$. Only 35% nominated in local currency.

## Revenues breakdown

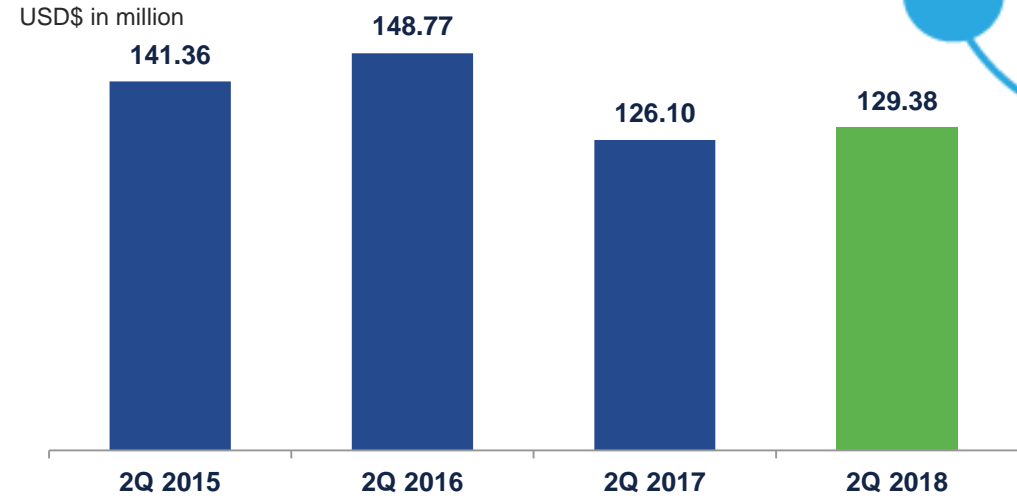


# 2 TGI Financial Performance

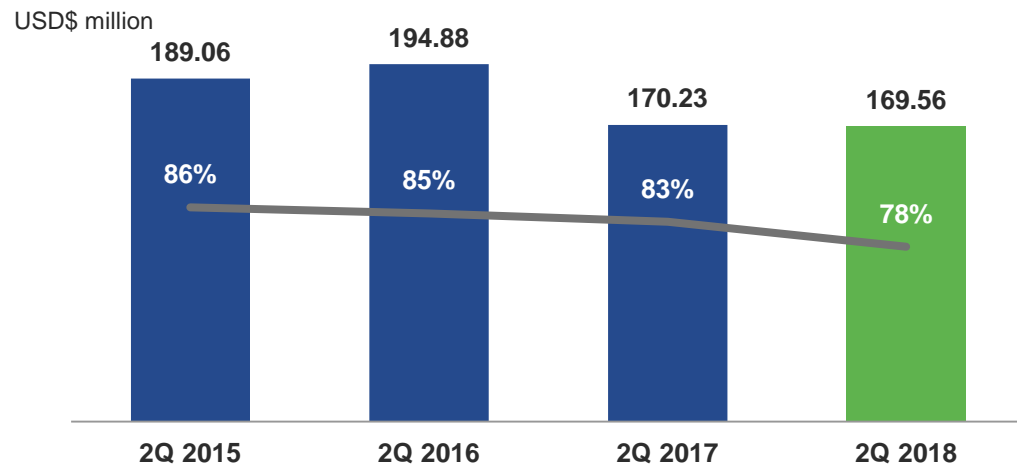
## Sales Cost | Operational & Management Expenses YTD



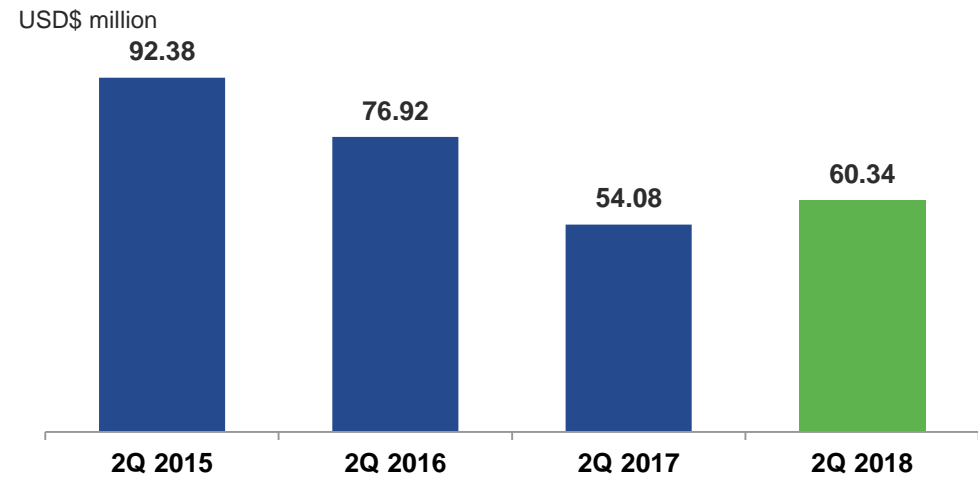
## Operational Profit YTD



## EBITDA YTD and EBITDA Margin



## Net Profit YTD

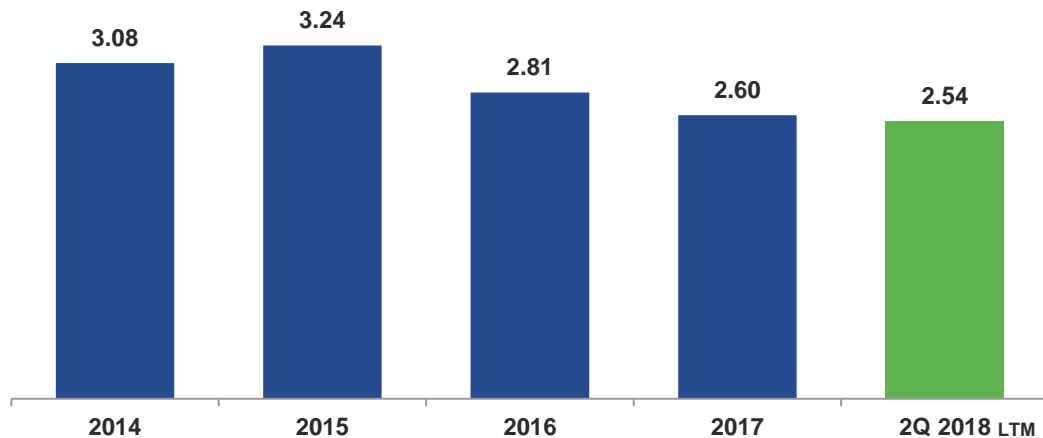


# 2 TGI Financial Performance



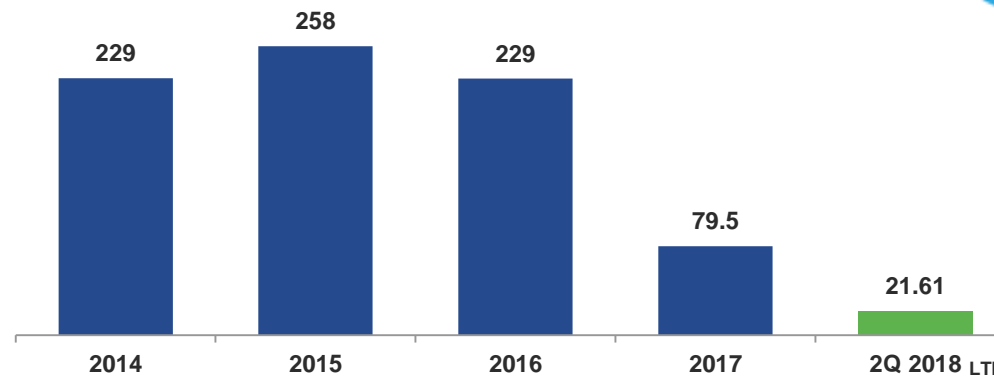
## Total Assets

(USD\$ billion – end-of-year exchange rate for each period)



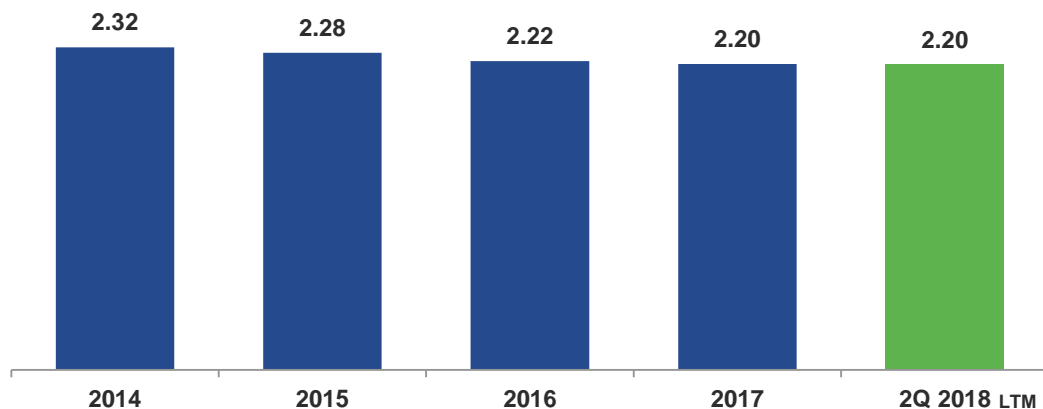
## Cash and Equivalents

(USD\$ million – end-of-year exchange rate for each period)



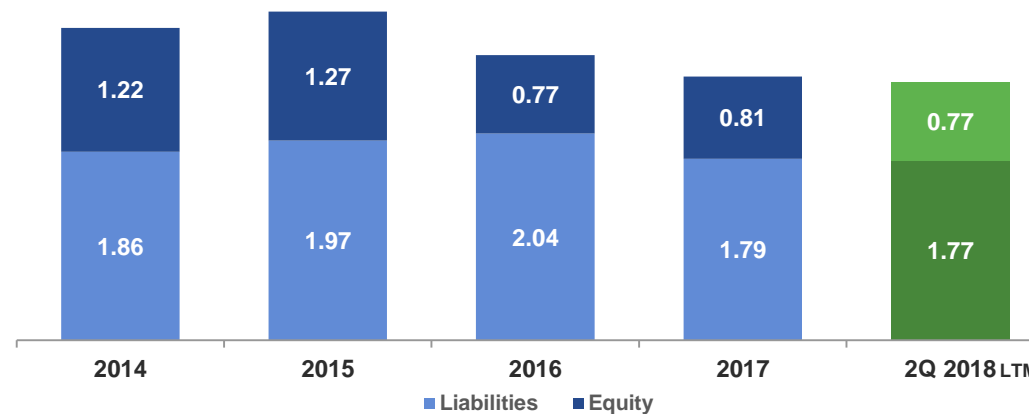
## PPE

(USD\$ billion – end-of-year exchange rate for each period)



## Liabilities | Equity

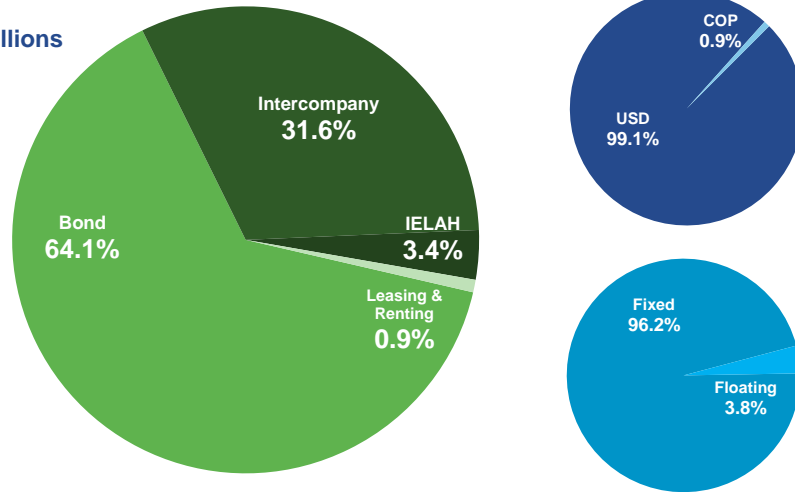
(USD\$ billion – end-of-year exchange rate for each period)



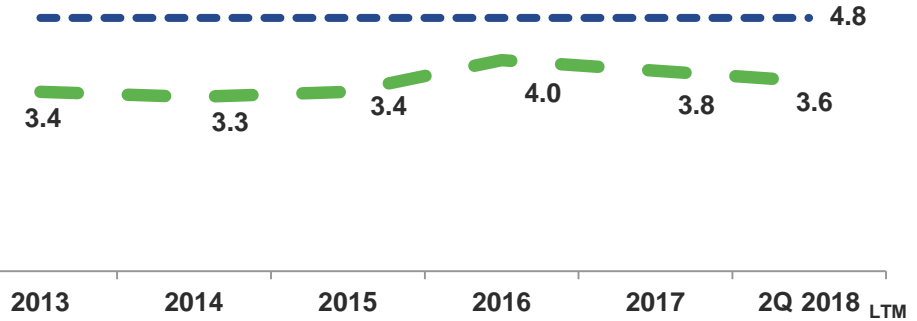
# 2 TGI Financial Performance

## Debt Profile

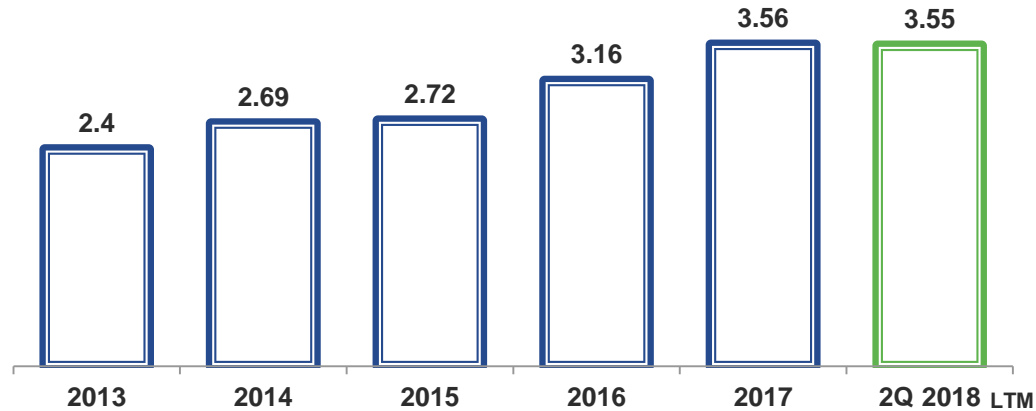
Total USD\$1,2billions



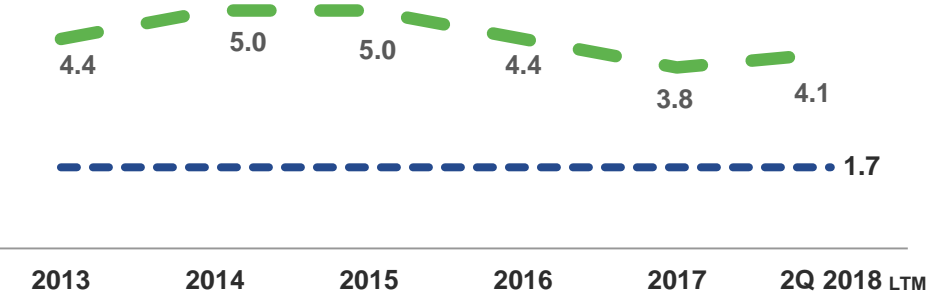
## Total Debt / EBITDA



## Total Net debt / EBITDA



## EBITDA / Interest expenses





# 03 ▶ Growth Projects



# 3 Growth Projects (ongoing)



Project	Description	Cost	Status
Expansion Cusiana - Apiay - Villavicencio - Ocoa	Increase capacity in 32 MMCFD at Cusiana – Apiay line through the construction of 2 new compression stations (Paratebueno and Apiay). 7,7 MMCFD of this capacity will be turn aside to the Apiay – Ocoa line	~\$ 48,2 mm	<ul style="list-style-type: none"> <li>• Progress project (99,70%).</li> <li>• Capex Executed 2Q 2018 – USD\$8.8 millions</li> <li>• Entry into operation – 1Q 2018</li> </ul>
Cusiana Phase IV	Increase capacity in Cusiana system: <ul style="list-style-type: none"> <li>• Cusiana – Vasconia: 58 MMCFD with 39,6 Km of loops (30”).</li> <li>• Puente Guillermo – Vasconia: 17 MMCFD by upgrading Puente Guillermo compression station.</li> </ul>	~\$ 70,7 mm	<ul style="list-style-type: none"> <li>• Progress project (33,49%).</li> <li>• Entry into operation 2Q 2018 (17 Mmscfd) 4Q 2019 (41 Mmscfd)</li> <li>• Capex Executed 2Q 2018 – USD\$5.85 millions</li> </ul>



# 3 Growth Projects (ongoing)



Project	Description	Cost	Status
Loop Armenia	Increase capacity 8,28 MMCFD of Armenia line through the construction of a 36 km 8" loop parallel to exiting 6" pipeline.	~\$ 19,2 mm	<ul style="list-style-type: none"> <li>Progress project (98,21%).</li> <li>Capex Executed 2Q 2018 – USD\$3.58 millions</li> <li>Entry into operation – 2Q 2018</li> </ul>
Replenishment of Ramales	<ul style="list-style-type: none"> <li>10 pipelines of TGI's system end their regulatory life</li> <li>With the regulatory framework and the analysis of the infrastructure, TGI has decided to replace four pipelines and to continue operating the other six.</li> <li>Plan to replace 4 pipelines:               <ul style="list-style-type: none"> <li>❖ Ramal Yarigüies - Puerto Wilches.</li> <li>❖ Ramal Z. Industrial Cantagallo – Cantagallo. Ramal Cantagallo – San Pablo.</li> <li>❖ Ramal Galán – Casabe – Yondó.</li> </ul> </li> </ul>	<p>~\$ 49mm</p> <ul style="list-style-type: none"> <li>~\$ 17 mm CAPEX replacement</li> <li>~\$ 32 mm CAPEX maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Progress project (14,55%).</li> <li>Expected Completion date: 2Q 2019.</li> <li>Maintain operating 6 pipelines: Cusiana – Apiay; Apiay – Usme; Apiay - Villavicencio – Ocoa; Morichal – Yopal; Ramal Yarigüies - Puente Sogamoso; Ramal Corregimiento Brisas de Bolívar.</li> <li>Required maintenance CAPEX in the next 5 years.</li> </ul>





# 04 ▶ Questions and Answers





# Investor Relations

For more information about TGI contact our Investor Relations team:



Julio Alarcón



+57 (1) 3138400

CFO TGI



jalarcon@geb.com.co



Felipe Castilla



+57 (1) 326800

CFO GEB



fcastilla@geb.com.co



Manuel Naranjo



+57 (1) 3138400  
Ext 2111

VP TGI



manuel.naranjo@tgi.com.co



Paola Vloria



+57 (1) 326 8000  
Ext 1611

Investor Relations  
Officer GEB



pvloria@geb.com.co



Sandra Jimenez



+57 (1) 326 8000  
Ext 1827

Investor Relations  
Advisor GEB



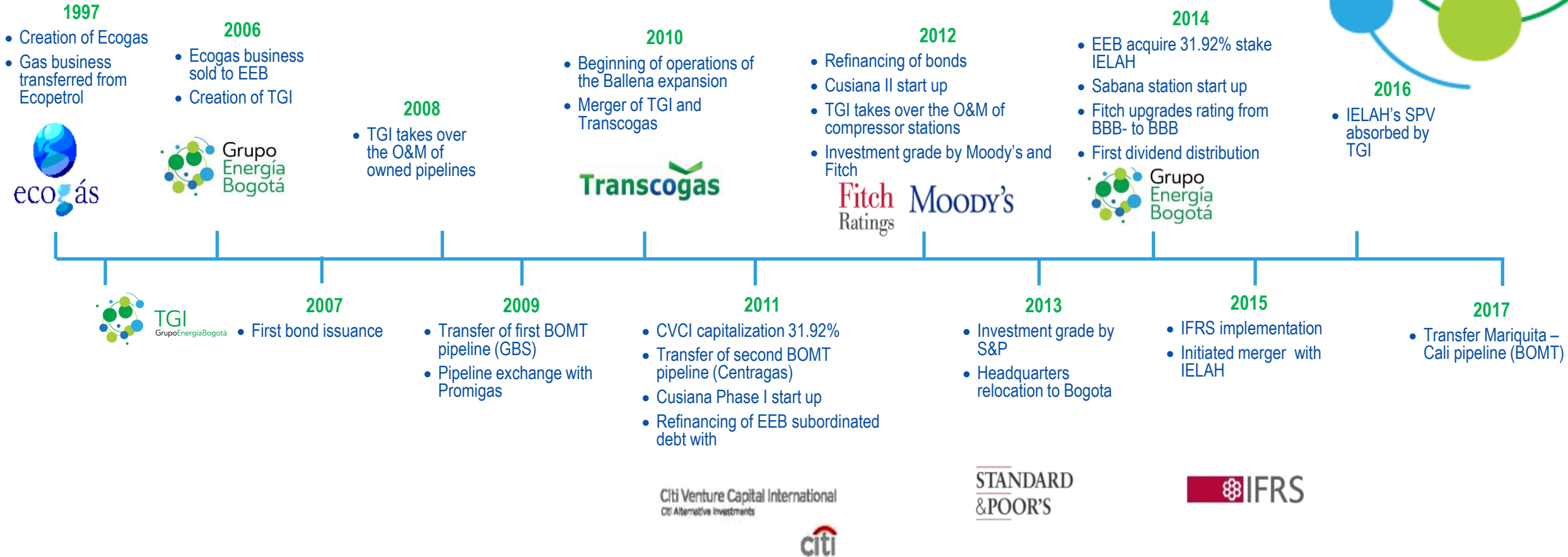
sjimenezv@geb.com.co



TGI  
Grupo Energía Bogotá

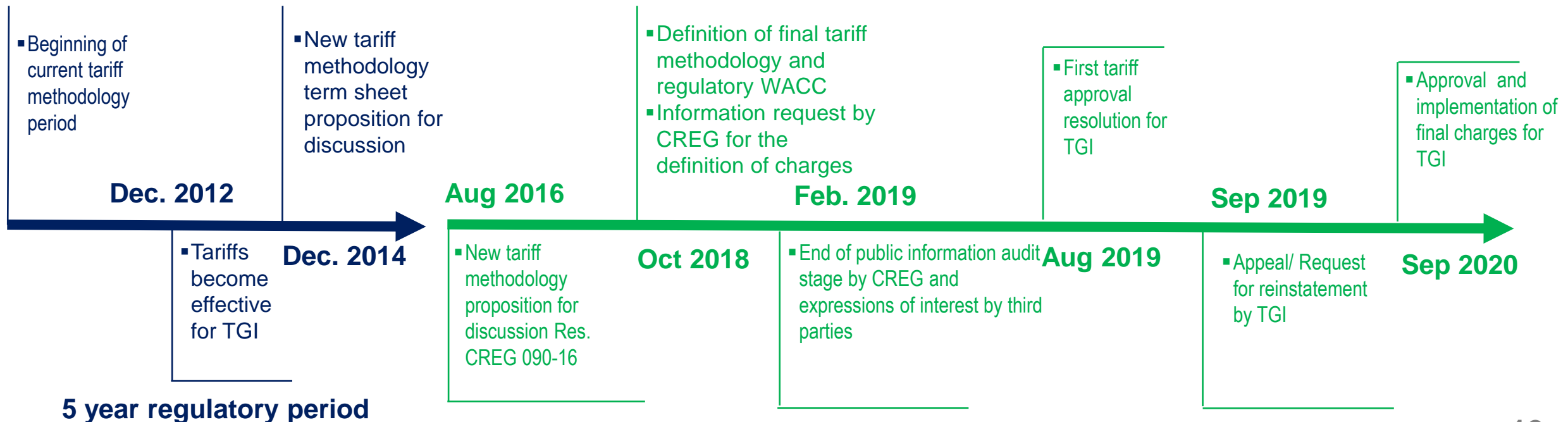
[www.tgi.com.co](http://www.tgi.com.co)  
[www.grupoenergiabogota.com/en/investors](http://www.grupoenergiabogota.com/en/investors)

# TGI History



# Regulation perspectives – Tariff Review Process

- The latest tariff methodology was approved by CREG Resolution No. 126 in August 2010 and became effective for TGI in December 2012 (CREG Resolution No. 121).
- The tariff methodology review process takes place every 5 years, but the actual tariff application is usually delayed.
- The previous tariff period was effective from December 2003 to December 2012, a total of 9 years
- The new regulation is expected to be approved in 4Q 2018, with the updated tariffs coming into effect in 2020 (the starting point for the 5 year-period is set by the CREG approval of the new tariff methodology).
- Resolution CREG 090/2016 which sets regulated WACC is currently under discussion with regulator. Expected final resolution will be in 4Q - 2018.





# TGI

Grupo Energía Bogotá

Para uso restringido GRUPO ENERGÍA BOGOTÁ S.A. ESP. Todos los derechos reservados. Ninguna parte de esta presentación puede ser reproducida o utilizada en ninguna forma o por ningún medio sin permiso explícito de GRUPO ENERGÍA BOGOTÁ S.A. ESP.