

CONFERENCE CALL TEXT

EEB Results and Key Developments 4Q 13

Corporate Speakers

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|-------------------------|-------------------------------------|-----|
| • Antonio Angarita | Empresa de Energía de Bogotá SA ESP | IRO |
| • Felipe Castilla | Empresa de Energía de Bogotá SA ESP | CFO |
| • Sandra Stella Fonseca | Empresa de Energía de Bogotá SA ESP | CEO |

Participants

- | | | |
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| • Davo Fiero | Bancolombia | Analyst |
| • Carlos Sequeira | UBS | Analyst |
| • Chelsea Konsko | TIAA-CREF | Analyst |

Presentation

Operator:

Good afternoon, ladies and gentlemen, and welcome to the EEB's Conference Call 2013 Results. At this time, all participants are in listen-only mode. Later, we'll conduct a question and session and instructions will follow at that time.

You may also submit your questions at any time, via the web by clicking at the At-a-question box, then click submit.

(Operator Instructions)

Also, this conference is being recorded. This conference will have two part -- two sections, the first part in English, and then the second part in Spanish.

Now I would like to turn the call over to your host, Mr. [Antonio Angarita], Investor Relations Officer, Grupo Energía de Bogotá.

Antonio Angarita:

Thank you very much, good morning, ladies and gentlemen, I'd like to thank you for attending the EEB earnings conference call for 2013, full year Results.

Here is a brief outline of how we will conduct the call. First, we will have the conference in English and then at 10:30 am local time, we will have the conference in Spanish. At the end of each conference we will have Q&A section. The conference today will be conducted by Mr. Felipe Castilla, CFO of the Company.

Now I will turn the call to him.

Felipe Castilla:

Thank you, Antonio. I would like to address you and welcome to our 2013 conference. I will start giving you some of our visibility.

2013 was a year of challenges for us. We consolidated us as an Energy transportation Group, with our core business strategy being focused on the transportation and distribution of energy with involvement in other areas in the energy sector and growth in controlled companies. We want to be among the top-five electricity transmission companies in Latin America, and expanding our strategic and coordinated market share in different activities of the energy chain and related services. In that sense, our two companies EEBIS Guatemala and EEBIS Perú, created in 2013, have started projects which ratify our long-term vision and our focus on natural monopolies environments.

We are committed to expand our operations to other countries and to be the most competitive supplier of natural gas and electricity.

On the operational side, at the level of our operating company, EEB Transmission, we underwent with the construction of several UPME's projects, as some of you might know, we were awarded with 5 new projects in recent years (2012/2013) to improve reliability on the National Transmission System. In some of the projects, we are on the last stages such as Alferez which was proudly put into service on February this year.

On the financial side, I proudly mention that we strengthened our position as a holding company, our consolidated affiliates had a very positive operational performance during 2013, allowing our dividend stream to keep growing steadily in time (COP 850 billion received on last year). We were also able to issue new debt on international capital markets (Rule 144/Regulation S):

We reopened our EEB 2021 bond, and we issued additional USD 139 MM which we will use to our expansion plans in Guatemala. (TRECSEA and EEBIS Guatemala).

We issued a new bond, USD 320 MM at the level of our Peruvian subsidiary Cálidda in order to refinance debt and finance our natural gas distribution expansion in Lima and Callao.

Finally, at the level of Contugas, we closed a 5-year bullet type financing amounting to USD 310 million. This is a syndicated-loan in which Banco de Bogotá, Davivienda and CAF have participated. This new financing was used to pay the bridge loan of 2012 amounting to USD 215 million and to finance all other investments costs and pending project expenses.

We kept our capital expenditures execution plan at the level of our Peruvian and Guatemala subsidiaries. Our projects are ambitious will (inaudible) 2013, almost \$400 million to the controlled subsidiaries. And I remind too all of you of our investment plans

for the next year, and year 2013 to year 2017, the value at \$7.5 billion dollars, in profitable business opportunities along the region.

Now, I will mention our accomplishments in 2013.

We delivered a good result last year to our shareholders, amounting COP 843 billion of net profit. In this sense, the Board recommended a higher dividend per share, COP 64,32, representing an increase of 46% vis-à-vis decreed dividends in 2013, and a dividend yield close to 4%. This is to highlight the fact that EEB has historically paid USD 1.8 billion in dividends to all its shareholders (including the City of Bogotá, our controlling shareholder) on the last ten years. Dividend distribution will be submitted to approval of the General Shareholders Assembly on March 27th, 2014.

The natural gas transportation business in Colombia is worth a special mention given its consolidation, showing greater growth and strength in the country, given that demand increased by 14.6%, when compared to the previous year; it is worth noting that during 2012 and 2011 growth of total demand reached only 4%. Also, the new tariff structure combined with the new pipeline infrastructure in place provided TGI with further long-term signed contracts and revenue growth.

We also run successful operations in Perú and Guatemala during 2013. In Perú, Cálidda increased its number of connections by 58% which includes residential and capital intensive clients mainly (power plants). Contugas, which will be under operation next 7/4/14 has already signed some contracts with power clients in ICA (southern Peru). These two companies will be a driver of growth in the coming years for EBITDA generation.

Future plans:

We have been consolidating and growing our local presence in Colombia through our investments in controlled companies. Therefore, we have been looking lately at potential growth targets overseas. On an ongoing basis, we have analyzed a pipeline of investment projects which contemplates M&A in the whole energy value chain, and some other portfolio investments. For example, the Board on December 11th last year approved EEB's participation in the acquisition process of 31.92% that Citi Venture Capital International (CVCI) currently has in Transportadora de Gas Internacional (TGI), the main natural gas transportation company in Colombia, of which EEB owns 68,05%, exercising its right established in the shareholders agreement. This decision is part of the investment plan of the company. We will bid for acquiring this stake and we expect to close this transaction on July this year. The reason behind this investment is the great operational performance that TGI has shown in the last years, with EBITDA and operational margins according to the industry. It is worth mentioning that the "block period" has ended early March, meaning that EEB would have 30 days to make an offer, exercising the Right of First Offer (ROFO) included in the shareholder agreement.

In terms of ISAGEN Acquisition, we have ratified our interest in participating on the bidding process. Last week (21/2/14), we have filed a process to the local antitrust authority. So that the current framework of the vertical and horizontal electrical integration are respected and understood. We hope the antitrust rules in the coming days.

In terms of the Transmission Projects in Colombia: The Ministry of Mines and Energy issued Resolution 9 0772 whereby it was adopted the Transmission Referenced Expansion Plan 2013-2027, which recommends the execution of 9 projects by means of public tender. In addition, it was announced that the 5 projects of the Enhancement Plan 2012-2025 will be signed up. The estimated investment in construction units for 14 of those projects amounts to USD 2.2 billion. Bidding processes are expected to begin at the end of the first half of this year and we expect to actively participate.

Now I will like to present some of the information related to last year's performance. The way that we have structured this presentation, is that we will start with the key highlights, then our EEB strategy and overview, we will mention some of the view in our main expansion projects, our financial review, and we will give some space for Q&A at the end of this presentation.

So first highlights, as you know, we have presence in three countries. Our main presence is based here in Colombia, in which we have a very good (inaudible) capacity in power generation and sustained growth, but also we have our activities related to Peru and Guatemala, two solid countries with which we are growing, not only in the gas sector, but also in the energy transmission.

And also, as you know, we have a very big important business in the gas sector here in Colombia through TGI and some minor participation in natural gas, in the natural gas company, TRE in Bogota, and Promigas, we have our activity, mainly in our activities with Contugas and Calidda.

On the main highlights, we have the acquisition of ISAGEN, 57% of the shares of the company, but process have started back in August last year. (inaudible) to participate, but in this project we have to submit some final report to the anti-trust authority and we see finally the answer by them on the beginning of February in which they established some conditions for our participation.

In the process, we have a period with which we can appeal that decision because they are requiring that we reduce our participation in Codensa and Emgesa in a material way and also, give some of the political right that we have in the company.

When we presented this topic to our board and we will seek our confirmation that we are still interested in participating in this acquisition and we are expecting the answer from the anti-trust authority in our appeal.

In any case, we want to participate as the controller in this acquisition and we will give any legal aspect that we have just to be able to participate in the acquisition.

The second process that we have been engaged is the acquisition of the TGP through TGI in the beginning of this year, we signed an SPA to acquire almost 24% of TGP and 100% of their operational company (inaudible). But inside the company, we have to inspect some shareholders agreement signed by the other shareholders in order to have the possibility to buy those shares.

We consented the transaction to all the [leasing] agency and we receive they were okay and (inaudible) maintain our operating and (inaudible). But unfortunately on February 18, the team of the acquiring company notified us that the other shareholders, mainly the Canadian, decided to exercise the right to purchase this stake and we were not lucky with this process.

Going to the strategy and overview, as you know, EEB has the main activity based here in Colombia to natural gas electricity and transmission company. But also we have our presence in Peru through our controlled companies Contugas and Calidda and we have controlled participation in the transmission sector with (inaudible).

We also have an important project in transmission of energy in Guatemala, with TRECSEA and now we are growing with our EEBIS with some private initiative in the same kind of project.

As you know, we are focused in four main pillars, one is we focus on natural monopolies. We want to grow in the controlled subsidiaries. We want to participate more in controlled companies. We have a sound regulatory framework and we want to have ample access to capital markets to leverage all our growth.

As a fourth quarter highlight, the main highlight in the last column of that graph, you see that Fitch kept the rating at BBB- stable look not only for EEB but also on TGI. On November we were able to reopen the bond in almost [\$112 million] and the total were transferred to our projects in Guatemala in TRECSEA.

In December we presented the possibility to our board in acquiring the 32% of TGI and at this moment we are in the process of analyzing value and timing for this operation.

In Calidda, our expansion project was concluded, and we see the capacity to for 255 million pcd per day to 420, and we were able to make on the last quarter almost 33,000 new connections, and now we amounted to 463 clients -- consumers in that company.

In Contugas by the end of the quarter we reached 8,200 clients, and in total we ended the year with 22,000, and we have almost 80,000 installations built and pending to be rehabilitated.

I gave the name the multiple, actually that the company, by the end of the year have revenues of USD \$1 billion, and EBITDA of \$921.7 million, and operating margin of 31%, and a net income of USD \$474 million. But we are going to be more detailed in those numbers, but I guess that is the natural year for us.

Going to the review of the main expansion projects for our controlled subsidiaries, I guess that is on the side of TGI. We have executed projects, the CapEx executed during the year was \$35 million, mainly on one of the stations close to the Bogotá, the Sabana station we have an advance of [34%].and some regional systems that are going to be finished last quarter of the year.

On Calidda, we have spent only \$100 million in CapEx. As I mentioned before, our plan is to have by the end of 2015, 455,000 customers connected, that will allow us to make almost 100,000 customers per year. I guess that is a change in the way that we have been working in the past.

In Trecca, this is a project that is being executed. During last year, we spent \$82 million, the total investment that we estimated is almost \$400 million, and we expect to have a partial operation by the end of this year and this whole project for next year. We have -- I'm sorry, we expect (inaudible) in 2015.

For our own project, for our own company, as you know, we have been working on the electricity, the transmission of electricity. We have spent in the last year, [\$35 million] of a plan of [208], and the main completion during the year is that we finished the project Alferéz and Armenia is almost finished. By this year we expect to have finished the project of Tesalia.

In Contugas, we have executed USD \$105 million from the total investment of \$250 million. We expect to have at the end of the year 89% of advance. According to total obligation that we entered in this project, we expect to be fully operational by the second quarter of 2014, mainly in the month of April.

And in Guatemala we have our EEBIS Company. That company is a complementary company that is making transmission projects in Guatemala for the private sector. We executed during the last year, USD \$2 million. We expect to have an investment of USD \$4 million in sugar mill, and I guess that during this quarter, we have been seeing other projects for some cement plant, and we expect to see additional but will give us some remarkable grow during 2014.

As you can see in the attached file, we have spent almost USD \$400 million in CapEx in our controlled subsidiaries, mainly in Trecca, Contugas and Calidda as I've mentioned before.

Talking about our project in our non-controlled subsidiaries, Emgesa is under the construction, of the mega-project, the main Quimbo, the estimated investment for this

project is \$340 million, but the budget is under review. But during 2013, we have spent \$280 million. This project is expected to be operational in the first quarter of 2015.

On codensa we have investment of \$146 million. This project has modulated through distribution of energy, mainly here in Bogota. They are focused mainly on the new and (inaudible) distribution and (inaudible) operational control. Those projects are currently under operation.

On Promigas, we have spent almost \$50 million. The main project is to connect (inaudible) plant in which we have invested \$34 million and that plant is mainly for local market, and it's capacity of 78,000 gallons and almost 6 million cubic feet a day. And there is also a pipeline that is under construction between Cartagena and Sincelejo of USD \$7 billion.

In our subsidiaries in Peru, in the transmission company, starting in which we are in acquisition with ISA in [CPM], we executed USD \$97 million, mainly on an extension of current projects, and also in new concessions that are going to be executed during 2013 and 2014. And also in REP in which we have spent almost \$21 million on the same kind of projects.

Now going to our financial business 2013. I guess that you do see the table on the top - on the right top side we have an important growth in the operating revenue of 13%, growth, and cost of sales in which there is an increase of \$76 million and almost 60%, and I want to explain you that it is mainly for some of the non-cash items in which are under the Colombian regulation we have to value our assets every two years.

And in the case of TGI, and also EEB, there was a valuation that reduces the value of the assets in almost \$40 million. And also, here in Colombia, we're talking in the previous year, some valuation between peso and dollars from in the last year we have a devaluation of 8% and that gave us a \$110 million of impact of that devaluation in our exchange account.

As you can see in the below graph, we have been a remarkable growth in (inaudible) revenue in the last [12] year. You can see, it happened -- it was up 28%. On the operating profit by segment, it has been also remarkable growth of 31%, and as you can see in the last bar, you can appreciate that the main contributor is the natural gas transportation and distribution, mainly TGI, Calidda, Contugas and our small participation in uncontrolled companies.

Going to the EBITDA evolution, you can see in the graph for the rate of the EBITDA has been (inaudible) 2013, you can appreciate in the right -- in the upper right graph, you also see that we are growing at the average of 13% per quarter, and this is a remarkable behavior of the company. We know we can see how to EBITDA has been growing during the past year and the way that we have been changing our very industry EBITDA has been big.

At the end of 2013, the operational profits from our controlled subsidiaries participated with 52% of the total adjusted EBITDA, compared to 50% of the same participation in 2006. Our dividend from non-controlled companies participated with the remaining 48%. As you can see in the pie that is in the right side, TGI, Codensa, and Emgesa are the main contributors to the consolidated adjusted EBITDA for 2013.

We also have consistent financial performance. If you look at the consolidated results from operational activities, I get that the main subject to present is how our dividend have been growing since last year to this year. We have a growth of USD \$296 million in 2012 and now for this year we have a growth of \$452 million, with a growth of 66%.

In these results, the main contributor is Emgesa, of more than \$200 million. Codensa with \$130 million and natural gas Promigas each of them is \$10 million on this contribution.

We also experienced some reduction in the financial expenses related to the way that EEB and TGI (inaudible) management operations performed in [this] year, and as I mentioned before, the foreign exchange account has been impacted in our results, in theory that we have devaluation of 8% in 2013 compared to 2012 in the way that the peso has been against previous dollar.

And the debt indicators, the consolidated results, as you can see, the way that debt has been evolving during the year, we have at the end of the year, a net debt to EBITDA in the level of [1.5], that is weigh below their investment requirement of 12.5 and that gave us results that we have a very healthy company, and we also have in space to leverage our future expansion, and in the end we want to keep our in the end rate.

Also, as you can see, the EBITDA consolidated adjusted ratio, we are [11.1] that is above the same [size].

On the consolidated debt composition, we have these low income \$1.8 billion to almost \$2 billion. This growth is mainly related to the growth in the reopening of our bonds that we're invested in our projects in Guatemala. The [221] issue of Calidda and the repayment of recurring debts during 2013, but it was a growth of almost \$200 million in our [debt].

As you can see in the profile, the main -- the principal we paid now more related to 2021 and 2000 -- from 2021 to 2023, mainly in the wake of the bond issuance from EEB TGI and Calidda are due.

In the way that we have been creating value to our shareholders, as you see, we have been lowering our interest payment from 2013 to 2014 in US dollar, in 34%, and in Colombian pesos in [26%] that remarkable result, and the dividend yield we have 3.5% in the last year, but higher than the previous year. And the way that the dividend payout

has been increased, as you can see, we -- our board decided to present to our shareholders a dividend payment of 70% of our revenue (inaudible) and but -- they have to be approved by the end of this month by our General Assembly.

In average, as you can see we have been having average ratio of 52%, but (inaudible) it's going to be 79%, this is a very good result of our shareholders. In the last graph, as you can see the EEB share performance in 2013, by March 11 the market cap of the company was \$6.5 billion, we have a stock as part of the COLCAP and other indicators, and all our analysts have been defined that the target price of the share is going to be COP 1,711 a share of which 70% of our current value of the share. It's a very good potential upside but it is expected for our company.

I guess that (inaudible) electric to market condition that, as you know, during the end of last year, the share from capital (inaudible) value and that affect all the markets and in that sense have been some effects on the EEB shares but it was a very good and potential value for our shares.

And now, if you wish, I will open the Q&A session, I guess by five minutes

Questions & Answers

Operator:

Thank you. (Operator Instructions)

Our first question comes from [Davo Fiero] of Bank of Colombia. Your line is now open.

Davo Fiero:

Good morning. Thanks for the presentation. I have a few questions. The first one is regarding ISAGEN sale process. If ever intending to participate in the qualification process without the SIC pronouncement regarding the appeal of EEB and the next one is, if we take into consideration that the government set the auction for the next 8 May, which will be the deadline to receive the sic answer? Thanks.

Felipe Castilla:

Thank you for the question. I guess that our CEO, Sandra Stella Fonseca via conference, and she will answer the question.

Sandra Stella Fonseca:

Good morning to all. We are expecting that the SIC answer us as soon as possible and they said that they will answer our review of the resolution in the next days. But the classification process will be coordinated with the answer we are expecting from SIC we don't know exactly if is going to meet our comments.

Operator:

Thank you. And the next question comes from Carlos Sequeira of UBS. Your line is now open.

Carlos Sequeira:

Hi, good morning. Let me see if I understood right the last question. You said that you are waiting, or expecting a positive answer from SIC in the next days. Right?

Sandra Stella Fonseca:

Yes, I mean you said that. We expect that the sic answer is going to be coordinated with the government. So, for the process to be successful the SIC have to answer us in the next days. Yes, we are expecting that answer.

Carlos Sequeira:

Okay. I would like to confirm something that I have not understand quite well. That May 8 is the date that is set in stone for the auction, or that could be delayed? For example, if you could not get a positive answer from the SIC, you could maybe go to the justice and to ask for a delay for the auction, or that date is set in stone, and it's going to be that date?

Sandra Stella Fonseca:

(inaudible) is the 27 of March, you have to be preclassified. But in the auction there are no (inaudible) actual day in the amount (inaudible). So, you really have to wait and see what the government decides about the time to conclude the possibility.

Carlos Sequeira:

Okay. Just another question. Is it likely option for you that you probably do something like BPM to joint venture with someone or joining a consortium, maybe an international player, and what would be your requirement for that you would seek to be the controller of the company on the construction, maybe, right?

Sandra Stella Fonseca:

Yes, I mean, the information that we know about state of solicitation of BPM is only regarding about what the news said. So we are always going to be a competitive process and we are prepared for that, and as today the board has approved us to participate in the process and having controlled participation of the company. So as today, that's our position.

Carlos Sequeira:

Sorry. I didn't understand quite well. You said that the board only apprised you to participate in the [deed] if you were to seek a controlling position, right?

Sandra Stella Fonseca:

Exactly. That's the position that the board has control.

Carlos Sequeira:

And it is a possible thing that you could bid in a consortium. It's not disregarded nowadays.

Sandra Stella Fonseca:
say again.

Carlos Sequeria:
I mean the auction to replicate something like BPM with cemig the consortium.

Sandra Stella Fonseca:
Oh, good.

Carlos Sequeria:
It is not disregarded as of now. It's a likely thing, maybe.

Sandra Stella Fonseca:
We are still evaluating for partnership. We have potential partner. So, nothing is closed as today.

Carlos Sequeria:
Okay. Thanks a lot.

Sandra Stella Fonseca:
Okay.

Operator:
Our next question comes from Chelsea Konsko of TIAA-CREF. Your line is now open.

Chelsea Konsko:
Hi, I have two questions. The first is, could you provide a little bit more color on the increase in cost of sales and expenses this year? I know that you mentioned a non-recurring provision for PP&E. Can you please repeat the total impact of that, and also what other cost pressures you saw this year?

And then my second question is -- in light of the fact that you no longer will be acquiring the stake in TGP, do you have any other M&A targets on the horizons, and what's your strategy there?

Sandra Stella Fonseca:
Yes, even the investment (inaudible) in TGP was unexpected for us we are still looking for different projects in companies in peru or other country so we are still looking for different opportunities (inaudible). So as you know in peru there are some projects launched by the government in the natural gas transportation. Increase of the operational expenses I think you can see in the presentation that we have no recurring provision in fixed assets, so we don't expect really to have anything different (inaudible).

Felipe Castilla:

Just to complement Sandra's explanation, we've explained that under the Colombian code you have to value your assets every 2 years, and in last year we made that valuation, and we (inaudible) you have to pay to (inaudible). And in that sense in the case of EEB and TGI, that (inaudible) was almost \$30 million, which is not there as a cash item, but we have to present it in our report in the income statement. The negative impact is related to the devaluation of the peso against the dollar.

In the previous year, we have computed the valuation, and that's some positive revenue but in this case we have a devaluation of 8%, and that depends on the exchange rate after we place in our statement and that year it increased. That does happen main to our (inaudible) increase in the operational expenses.

Chelsea Konsko:

I'm sorry, the provision was \$30 million?

Felipe Castilla:

\$39 million dollars. It was something like \$30 million in TGI, and in EEB it was \$89 million.

Chelsea Konsko:

And the revaluation of the U.S. dollar impacted which line item exactly?

Felipe Castilla:

Are you asking above the line, or the value?

Chelsea Konsko:

I mean, I can follow up after.

Felipe Castilla:

Okay. No problem.

Operator:

Thank you. I'm not showing any further questions at this time.

Felipe Castilla:

You have a question in the queue from the web. (inaudible) to participate in the (inaudible).

Sandra Stella Fonseca:

We are evaluating some opportunities to participate in the feasibility studies of the electric transportation (inaudible). So when the (inaudible) the [possibility] of value (inaudible) that we have it may be, so [I'm possibly interested in that] (inaudible) of the investments. So we are just keeping our eyes open to these new opportunities.



Felipe Castilla:

Now we are going to start the conference in Spanish for all you interested. Thank you very much to listen in. We now we will start in Spanish.