CONFERENCE CALL TEXT

TGI & Cálidda Results and key developments 3Q 14

Good morning ladies and gentleman and welcome to the Earnings conference call of TGI & Calidda results and key development 3Q 2014. As a reminder, this conference call is being recorded. Under the tab downloads you will find today's presentation. I would like to turn now the call to Mr. Nicolas Mancini, Investors Relations Officer of EEB head of Grupo Energia de Bogota. Please go ahead Mr. Mancini.

Mr. Mancini: Good Morning, and thank you and welcome to our third quarter 2014 conference call for TGI and Calidda. Today's presentation will be divided into two parts, first we will have with us Mr. David Riaño, TGI's CEO, presiding TGI development and results. Then we will have with us Mr. Isaac Finger, Calidda's CFO presenting Calidda's key developments and results.

Before we start, I would like to introduce Mr. David Riaño, who has been recently appointed TGI's CEO, previously he acted as a Regulations Manager and Interim President of this company. He has over 19 years of experience in Energy and Public Utilities sector. He is an electrical engineer from Universidad de la Salle and holds a Masters degree in economics and industrial engineer. Now I would like to turn the call over to Mr. Riaño.

Mr. Riaño: Thank you Nicolas. I would like to thank everyone for participating in today's conference call. As Nicolas has said, the Board of Directors appointed me as CEO last Friday. I have been working in TGI since March 2013, I began as a Regulatory Affairs Manager and I was the active CEO after Mr. Roa left the company to become CEO of EEB Group, and before passing the floor to Antonio, I would like to highlight that we continue to be committed to accomplish our vision of the strategic plan and we are committed to actively work to increase shareholder value. Now Antonio is going to present the documents we have for you today, and after we are going to have a Q & A session, so you may ask any question you may have, there. So Antonio, please go ahead.

Mr. Antonio Celia Martine, President of Promigas, TGI

Mr. Antonio: Thank you, now we will be going over TGI's history, give you some of the key updates and the main operating and financial results for 3Q 2014, finally we will be pleased to open the call to questions. Moving on to slide number 5, let me highlight some important drivers of the company. TGI's network is almost 4000 kilometers long, which is approximately 61% of the national pipeline network in Colombia. The company has access to the main basins of natural gas in the country; Ballena to the north in the Atlantic Coast and Cusiana-Cupiagua in the eastern region. TGI transports almost 52% of the natural gas consumed in the country, serving regions with 70% of the population of Colombia and producing 82% of its GDP.

Additionally, TGI has a 25% stake in Contugas in Peru with our parent company EEB. This is a thirty-year concession for natural gas transportation and distribution in the region of Pica located to the south of Lima. Moving to the key updates on slide number 7, as was announced earlier this week, on October 28, Fitch ratings upgraded TGI's credit rating to BBB from BBB- for the corporate and issuer, the outlook remains stable.

Previously this quarter, on August 28, Standard and Poor's affirmed TGI's corporate debt and issuer rating in BBB- with a stable outlook. Moody's rating for TGI is BAA3 with stable outlook as was announced on April. The next key update on slide 8 refers to the Hedging restructuring, during 1Q of this year the company contracted (inaudible) to cap losses related to 3 of the four cross currency swaps booked in 2009, continuing with that objective, on September TGI executed the fourth (inaudible) and one hedging the whole cross currency swap booked in 2009. Final total loss will be US$110 million.

Moving on to slide 9, regarding the acquisition of 81.92 % of TGI by EEB, after the closing of the transaction in July 2, EEB finalized the merger between the SPV constituted (incorporated) in Spain and the other company IELAH. With the new merge, the other entity received a syndicate loan on September, amounting to US$640 million. After that IELAH repaid TGI US$129 million corresponding to the short-term intercompany loan that partially bridged the transaction. Currently, TGI is working in the merge with IELAH, which is expected to take place on the second quarter of next year.

Another important key update is related to the dividends declared this week in October 29 on the General Shareholder Meeting approved the distribution of reserves and net profit of the period ended on August 31 of this year, after allocating the required resources in some statutory reserves. Total amount is US$250 million and will be paid on next month.

Finally, regarding the Sabana Compression Station, after having started operation in July 7, it will be working continuously, and at the end of September the project has a compression of 91%. Moving on to slide 11, the contracted capacity keeps growing and reached 652 MCFD, which represents 92% of the available capacity of the network. In terms of transported volume, for the nine months of this year, the average is 500 MCFD, gas losses are in a low level, very close to 0. (Inaudible) at the end of September is close to 63%. On slide 12 we have the breakdown of revenues. Due to the fact that 98% of the revenues of the company come from regulated tariffs, and also that the period for that tariff is five years, the revenues are highly predictable, ensuring cash flow, stability and attractive rates of return. 72% of the revenues of TGI come from sectors with favorable demand patterns, with no seasonality like distributors, NGV and refinery. All contracts are in firm and have an average remaining life of 8 years.

Also, it is important to remark (stress, emphasize) that 82% of total revenues comes from fixed tariffs, not dependant on transported volume and 63% of the revenue is denominated in US$. Moving on to slide 13, in terms of revenues, the increase in the transported volume in the second quarter of this year led to a higher operational revenue based on variable charges. Total revenue reached, for the last twelve months, US$480, which is an increase of 3.2% compared to the previous year. EBITDA for the last twelve months reached US$378 million with a margin of 79% and (inaudible) also from the expenses side. (Inaudible) increase compared to 2013 due to higher expenses, tax expenses as the EBITDA (?) increased and the tax yield was completely used by the company in the previous year.

CAPEX executed was US$27.9 million, mainly in the Sabana Compression Station. Moving on to slide 14, you can see the main debt metrics, total debt to EBITDA is 3.4 showing that, well it is a little higher to that presented in previous quarters, but lower than required in the OM of the Board. Regarding net debt to EBITDA, the indicator reached 1.6, if we take into account the resources from the short-term intercompany loans, pending to be paid by EEB, the indicator would be 1.2. In interest coverage the indicator is 6.4, as you can see all those two indicators remain far from the limit defined in the Operating Memorandum of Bonds and by the credit rating agencies. Total debt amounts to US$ 1.2 billion. With these metrics we conclude the presentation, I only would like to emphasize that dividends declared this month reached an important amount thanks to the outstanding results of the company during the last years. But in the future the amount to be distributed will be lower, depending only on results of every year. Thank you so much for your time, now I will move the call over to the operator for opening the Q&A session.

Q&A session - Operator: If you have a question please press star and 1, please hold for our first question. Thank you Mr. Celia Martine and Mr. Riaño, I will now turn the call to Mr. Finger, Calidda's CFO.

Here to present Calidda's 3Q results and key developments. Go ahead Mr. Finger

Mr Finger, Calidda's CFO

Mr. Finger: Thank you very much. Thank you very much for attending the conference call, today we are going to present Calidda's 3Q results, so the agenda of the presentation is in page 2, we are going to talk about the significant developments, and then we are going to review the commercial, operational and financial performance of the company, and we are going to finish with the Q&A session.

Please go to page 4. In July OSINERGIM approved the tariff regime for the next four years with an increase of 6.37% compared to the four year previous period. Also it validated the CAPEX of US$428 million for this period. As of September 2014, Calidda achieved 235,000 customers, 67% more than in the 3Q of 2013. The key metrics from the 3Q are in the right table (table on the right). We can see the total revenues of US$443 million, EBITDA of US$70.9 million, and the adjusted EBITDA margin, which excludes the (inaudible) and (inaudible) is around 50.8%. Please go to page 6. We will talk about the commercial performance, on page 6 we can see that we have 16 clients, which represent 37% of Peru's overall power generation capacity.

During the year 2014, we have connected 19 new industrial plants, in page 7 we can see that we have connected 9 new NGV service stations, and 71,424 commercial and residential clients, 779 commercial and 70,645 residential clients. In page 8 please, we can see the volume sold in 2014. In 3Q 2014, Calidda increased its volume sold by 20% compared to the previous year, mainly explained by 2 power generation clients. Fenix power with a demand of 82 MCFD and Termo Chilca with 45 MCFD, the increase on volume sold has been produced mainly in the power generation business. But also in the next page, in page 9, we can see what happened in the industrial NGV and commercial and residential business. Also the volume sold increased 10% in the industrial and NGV businesses and 50% in the commercial and residential businesses.

Please go to page 11 to review the operational performance of the company, during 2014, Calidda has built a 10(?) Km steel network and 1028 km. of polyethylene secondary network. In terms of the generation rate we have reached 53% in the last quarter, compared to 50% at the end of 2014. Please go to page 13 to review the financial performance of the company. In terms of the adjusted revenues, 60% -we are right now in page 13, sorry – 50% of our adjusted revenues are volume sold related and comes from the distribution revenues. 40% are explained by installation services, another revenue. Over 68% of our adjusted revenue does not depend on demand volatility, because we have in firm contracts of 31%, that explains by 31% of our revenues, and installations services, which account for 35% of our revenues. Next page please, page 14, we can review the main financial KPI's.

In terms of revenues and EBITDA, as of September 2014, we have almost achieved the same revenues and EBITDA of all 2013. So in nine months we have accomplished the same results as of 2013. We can see on the left table of the revenues, in 2013, the revenues were US$461 million, compared to US$444 million as of September 2014, in terms of the adjusted revenues, also they are almost the same, and in terms of EBITDA in 2013 our EBITDA was US$72 million, which is the same as the EBITDA we have accomplished as of September 2014. In terms of the debt-EBITDA ratio, it has decreased from 4.4 times to 3.4 times., from December 2013 to September 2014.

The total debt, in next page please, page 15, the total debt has been kept at the same level around US$380 million, the debt capitalization ratio, also is almost the same, the interest coverage ratio has increased from 5.6 times to 6.4 times, compared to December 2013. And in the next page, in page 16, our assets are around US$660 million, the equity around US$273 million, CAPEX as of September 2014 has been around US$62 million. This is the summary of the financial performance we can continue with the Q&A session.

Operator: If you have a question please press star and 1.
We have a question from Sebastian Moreno – your line is opened.

Operator: Sebastian Moreno please check your mute button, your line is opened.

Sebastian Moreno: Good morning, my question is about the new clients, you have an (inaudible) for 100,000 new clients per year, how realistic is that number. This is my first question, and my second question is about the natural gas in the prospect of natural gas demand in 2016 the demand of natural gas in Peru is very high, you talked about the public transportation converting to NGV, can you talk more about this change in Peru and the implications of your company.

Operator: Pardon Mr. Finger, did you hear Sebastian's question.

Mr. Finger: Yes one second please. In terms of the residential clients, during the last months we have achieved around 11,000 new clients in sales. So we think that it is not going to be difficult to achieve 10,000 clients per month in average. In terms of the of public transportation, we have been discussing with the transportation authorities and the potential clients are in the process to transform the diesel to natural gas for all fleets, it is going to be a process it is not going to be done in a short term, but this is the goal for the transportation authorities.

Sebastian Moreno: Thanks a lot

Operator: if you have a question, please press star then one. We show no other questions. I'll turn it back to management for closing remarks.

Management: Thank you very much and we are available if you have any question you can contact Mr. Matthew (?) you have his information contact in the presentation or myself, you have our contact information, we are open to discussing any issue or any question you have in the future.

Operator: Ladies and gentleman thank you for participating in today's program. This concludes today's program, you may all disconnect.