



# 3Q 2016 TGI Results and Key Developments

*November 10<sup>th</sup> 2016*



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# 01 ▶ Overview

# Overview

- ✓ Stable and growing Colombian economy with sound investment environment
- ✓ Largest natural gas pipeline system in Colombia
- ✓ Strategically located pipeline network
- ✓ Natural monopoly in a regulated environment
- ✓ Constructive and stable regulatory framework
- ✓ Stable and predictable cash flow generation, strongly indexed to the US Dollar
- ✓ Strong and consistent financial performance
- ✓ Experienced management team with solid track record in the sector
- ✓ Expertise, financial strength and support of shareholders

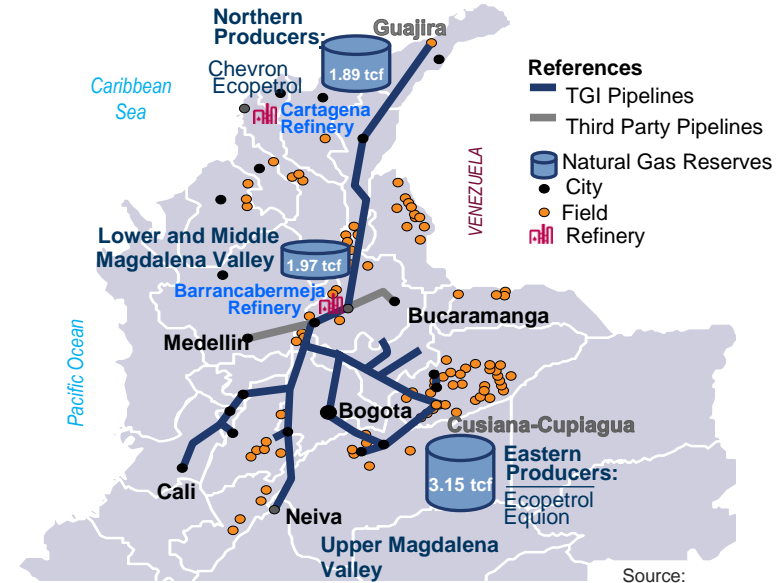
# TGI History

## Highlights

Owens ~60% of the national gas pipeline network (3,957 km) and transports 48.5% of the gas consumed in the country

- Serves ~70% of Colombia's population, reaching the most populated areas (Bogota, Cali, Medellin, the coffee region and Llanos, among others)
- Has access to the three main gas production fields, Guajira and Cusiana-Cupiagua

## Pipeline Network



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

# TGI History

1997

- Creation of Ecogas
- Gas business transferred from Ecopetrol



2006

- Ecogas business sold to EEB
- Creation of TGI



2008

- TGI takes over the O&M of owned pipelines

• 2010

- Beginning of operations of the Ballena expansion
- Merger of TGI and Transcogas



• 2012

- Refinancing of bonds
- Cusiana II start up
- TGI takes over the O&M of compressor stations
- Investment grade by Moody's and Fitch



• 2014

- EEB acquire 31.92% stake IELAH
- Sabana station start up
- Fitch upgrades rating from BBB- to BBB
- First dividend distribution



2007

- First bond issuance



2009

- Transfer of first BOMT pipeline (GBS)
- Pipeline exchange with Promigas

2011

- CVCI capitalization 31.92%
- Transfer of second BOMT pipeline (Centragas)
- Cusiana Phase I start up
- Refinancing of EEB subordinated debt with

Citi Venture Capital International  
Citi Alternative Investments



2013

- Investment grade by S&P
- Headquarters relocation to Bogota

STANDARD & POOR'S

2015

- Conversion from COLGAAP to IFRS
- Initiated merger with IELAH

IFRS

2016

- IELAH's SPV absorbed by TGI

# 02 | Key Updates



# Key Updates

## TGI's credit ratings: Investment Grade

- On September 30th, Standard & Poor's affirmed the TGI corporate debt and issuer rating in 'BBB-', improving the perspective from negative to stable, aligned with parent rating EEB.
- On October 19th, Fitch Ratings affirmed TGI's corporate debt and issuer rating in 'BBB', stable perspective.
- TGI's current ratings are as follows:

**Fitch**Ratings

**BBB Stable Outlook**

**MOODY'S**

**Baa3 Stable Outlook**

**STANDARD  
& POOR'S**

**BBB Stable Outlook**

# Key Updates

## Syndicated Loan Prepayment

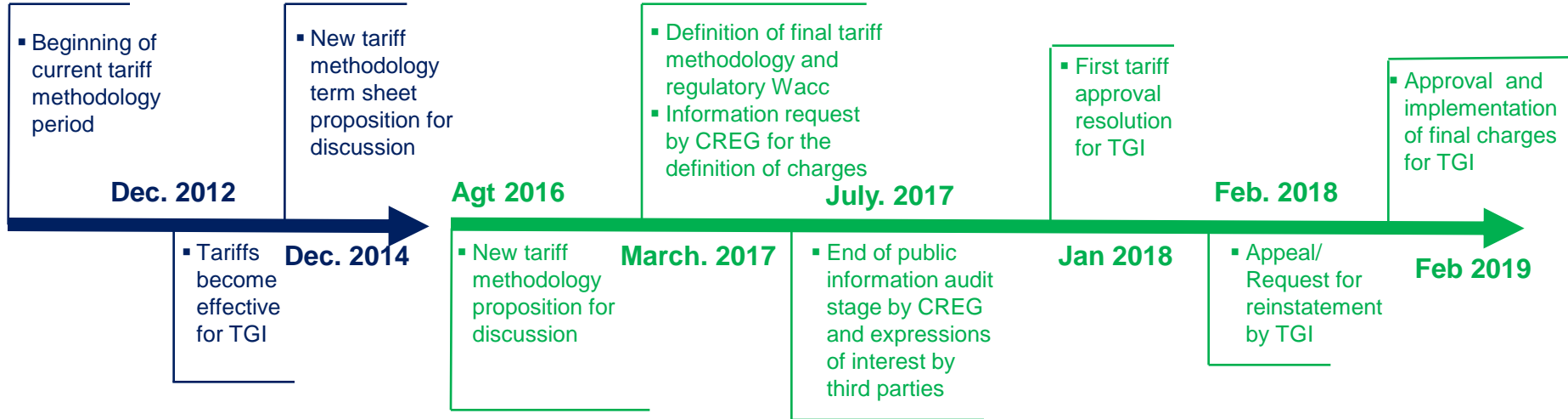
- On September 11<sup>th</sup> TGI made a partial prepayment (USD 35 MM) of the syndicated loan received as a part of the merge with IELAH. Current outstanding balance is USD 184 MM.

## Dividends distributed to shareholders

- On October 5<sup>th</sup> 2016, TGI's Shareholders Meeting approved a partial release of the reserve related to the Article 130 of the Tax Act, amounting to USD 19.5 MM, which was distributed to shareholders.
- Previously, on March 30<sup>th</sup> 2016, the shareholders meeting approved to distribute USD 19.1 MM in dividends to shareholders based on net profit 2015.
- With these two corporate actions TGI distributed on 2016 a total amount of USD 38.6 MM to the shareholders.

# Key Updates

## Regulation perspectives – Tariff Review Process



### 5 year regulatory period

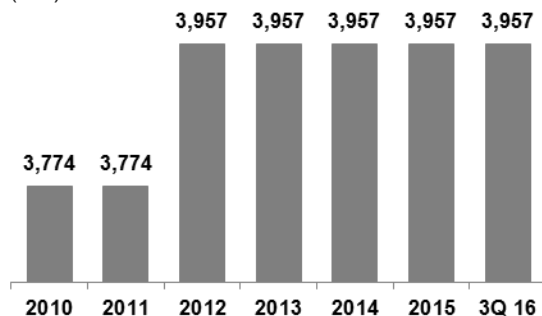
- The latest tariff methodology was approved by CREG Resolution No. 126 in August 2010 and became effective for TGI in December 2012 (CREG Resolution No. 121). The tariff methodology review process takes place every 5 years, but the actual tariff application is usually delayed
  - The previous tariff period was effective from December 2003 to December 2012, a total of 9 years
- The new regulation is expected to be approved in 2017, with the updated tariffs coming into effect in 2018 (the starting point for the 5 year-period is set by the CREG approval of the new tariff methodology)

# 03 | Operational and Financial Performance

# Solid Operational Performance

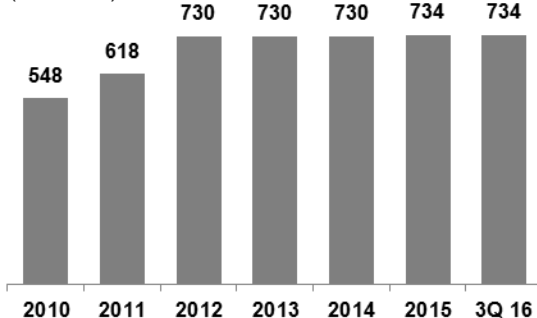
## Network length

(km)



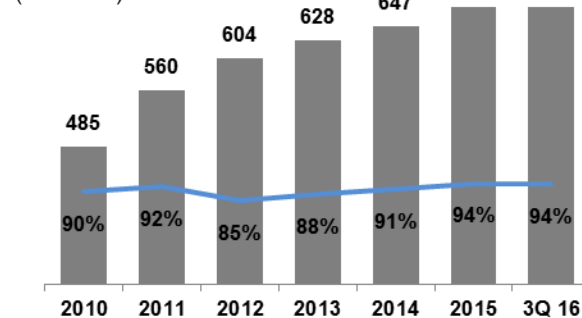
## Capacity

(MMscfd)



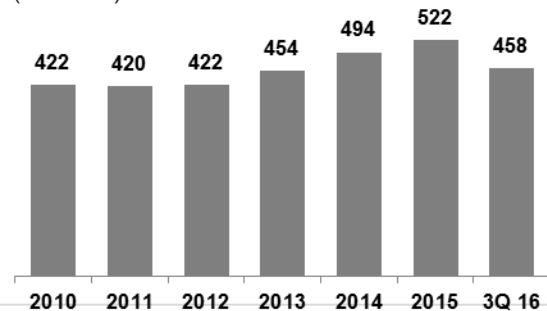
## Firm Contracted Capacity<sup>(1)</sup>

(MMscfd)



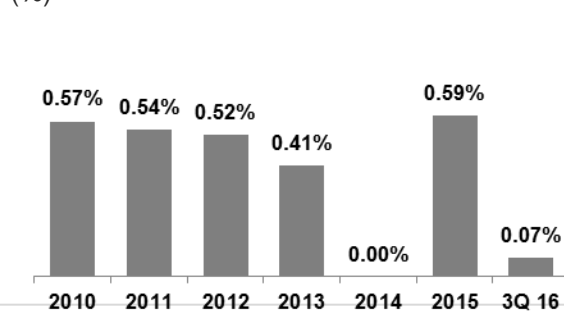
## Transported Volume

(MMscfd)



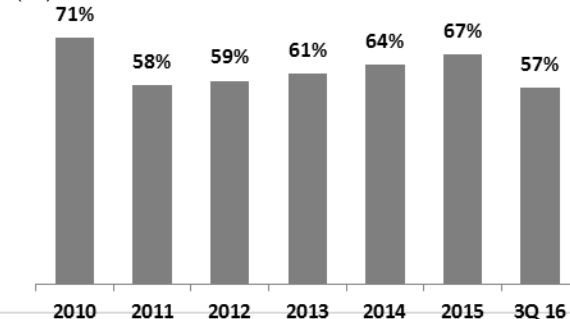
## Gas Losses

(%)



## Load factor

(%)



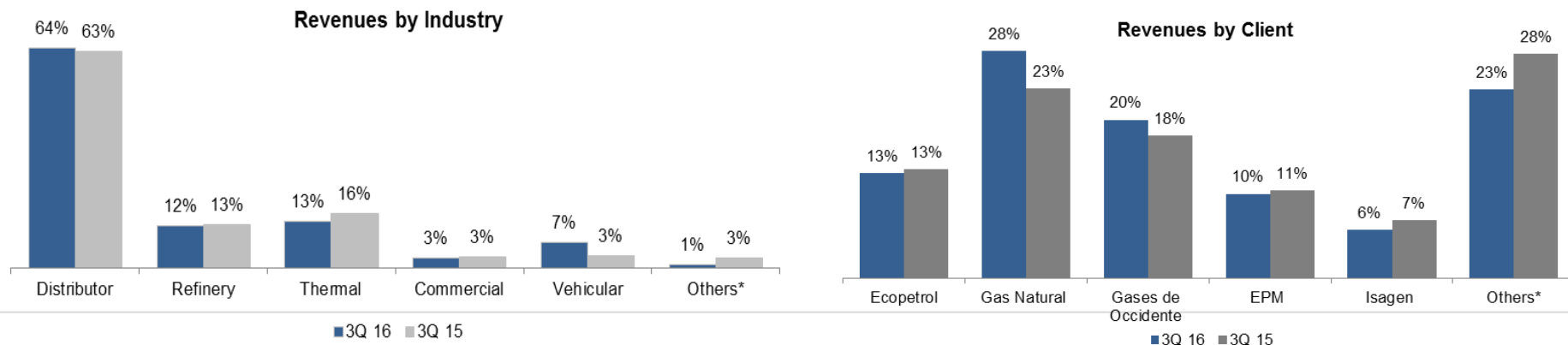
(1) The trend line refers to the ratio: Firm contracted capacity/available capacity. The Available capacity differs from the Total Capacity as TGI requires a percentage of it for its own use.

# Stable and predictable cash flow generation

## TGI's revenues are highly predictable as a result of regulated tariffs and stable consumption

- TGI's revenues are highly predictable, with approximately 96% coming from regulated tariffs that are reviewed at least every 5 years, ensuring cash flow stability and attractive rates of return
- Main sectors served by the Company (76%<sup>(1)</sup> of revenues) present stable revenues patterns (no seasonality)
- The Company enjoys excellent contract quality:
  - 100% of TGI's contracts are firm contracts with an average remaining life of 10 years
  - 90% of regulated revenues are fixed tariffs, not dependent on transported volume
  - 68% of revenues are nominated in USD. Only 32% nominated in local currency

## Revenues breakdown

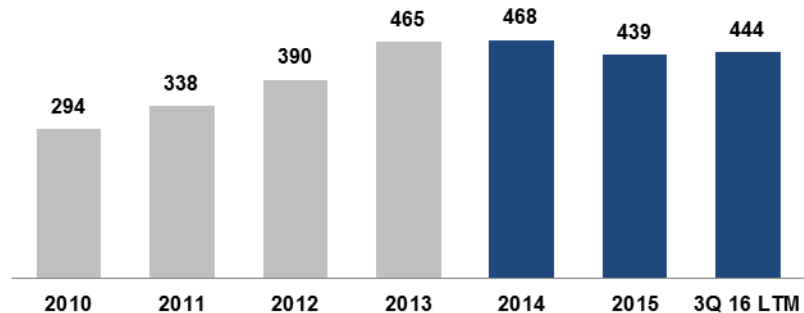


(1) Includes Distributors, Ecopetrol's refinery and Natural gas for Vehicles

# TGI Financial Performance

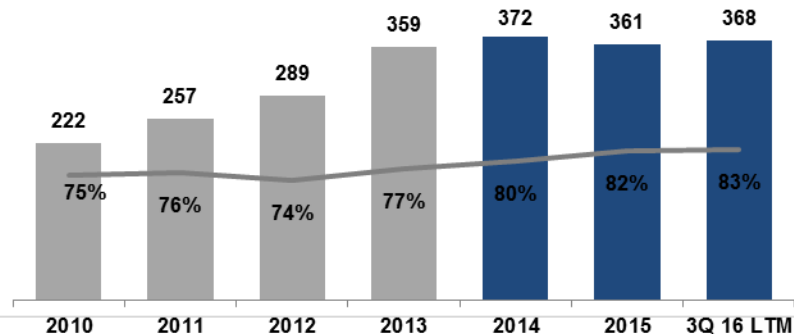
## Revenues <sup>(3)</sup>

(US\$ million – EOM exchange rate for each period)



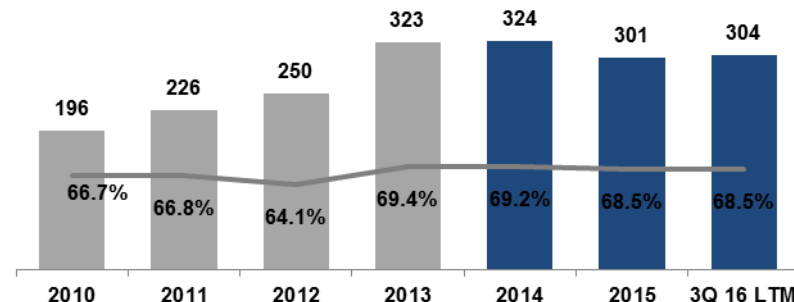
## EBITDA and EBITDA Margin <sup>(3)</sup>

(US\$ million – EOM exchange rate for each period)



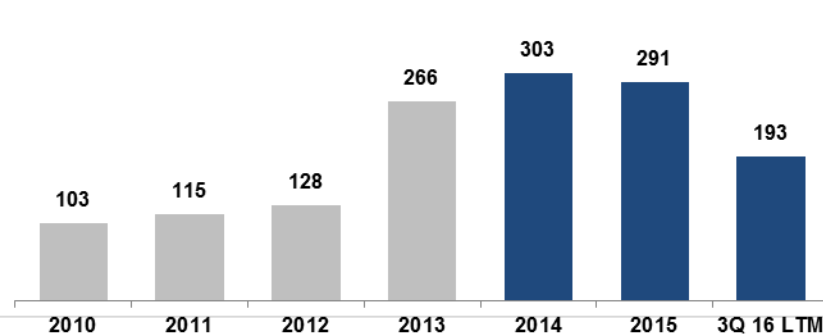
## Gross profit and Gross margin <sup>(3)</sup>

(US\$ in millions – EOM exchange rate for each period)



## Funds from operations <sup>(1) (2) (3)</sup>

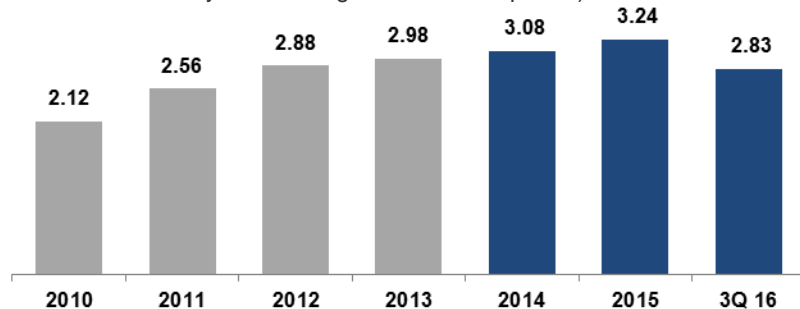
(US\$ million – average exchange rate for each period)



# TGI Financial Performance

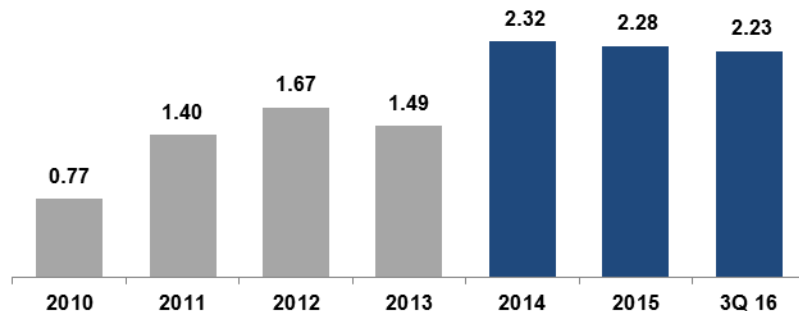
## Total Assets <sup>(1)</sup>

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



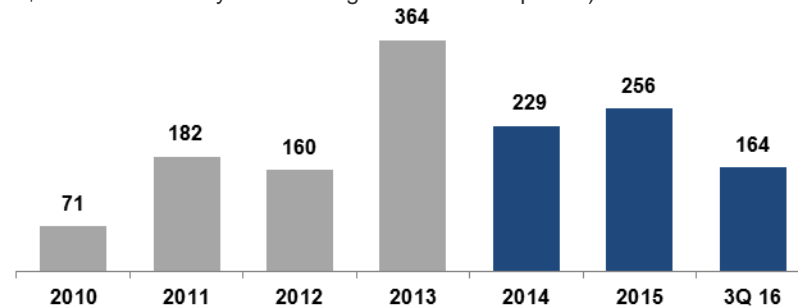
## PPE <sup>(1)</sup>

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



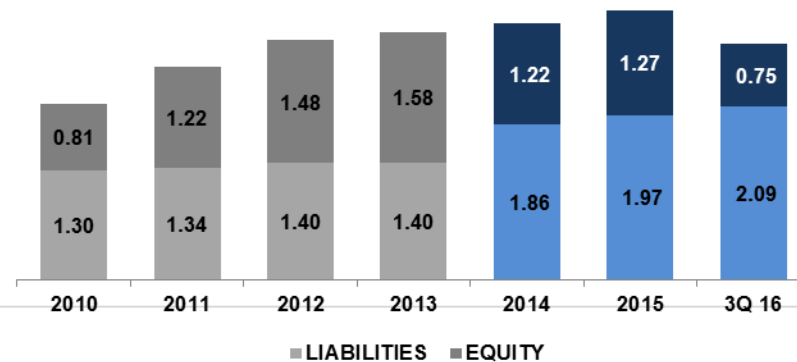
## Cash and Equivalents <sup>(1)(2)</sup>

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



## Liabilities <sup>(1)</sup>

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



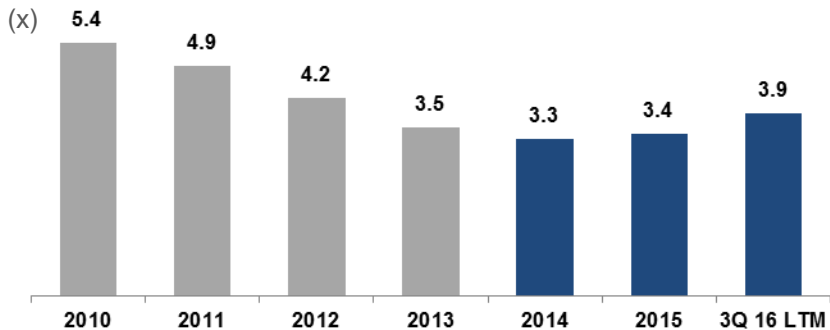
(1) Figures for the years 2009 - 2013 are presented under ColGaap standards. 2014, 2015 and 2016 are presented under IFRS.

(2) It includes short-term loans to related parties.

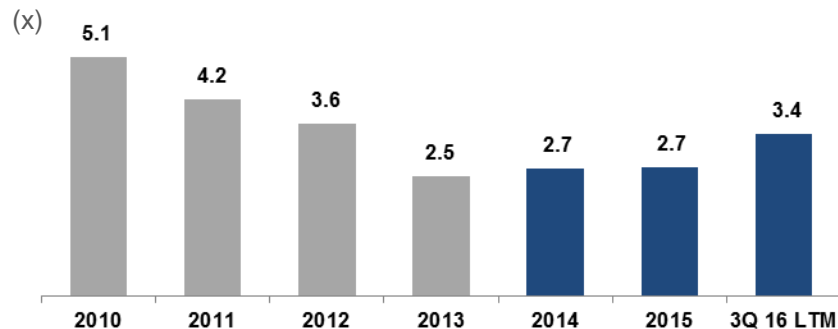


# TGI Financial Performance

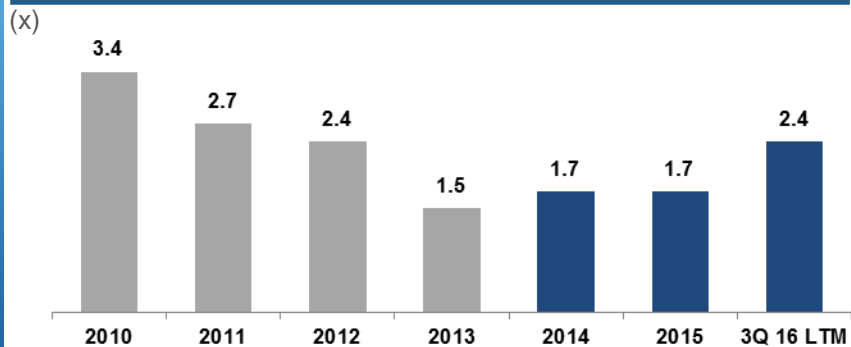
## Total Debt / EBITDA (1)



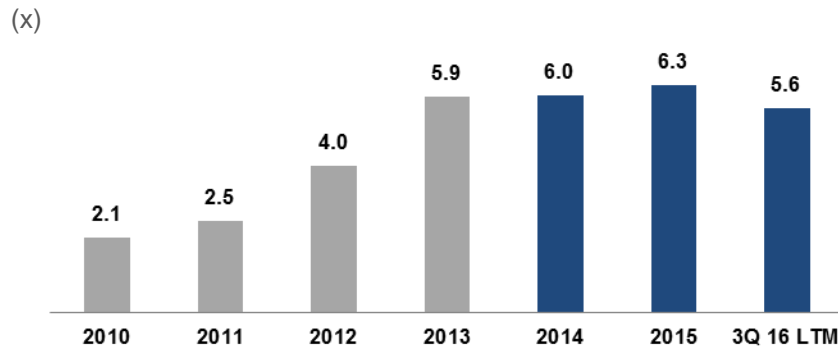
## Total Net debt / EBITDA (1)



## Senior Net Debt / EBITDA (1)(3)



## Interest coverage (1)(2)



Note: Total debt includes senior debt, subordinated debt and mark-to-market.

(1) Figures for the years 2009 - 2013 are presented under ColGaap standards. For 2014, 2015 and 2016 are presented under IFRS.

(2) Interest coverage ratio calculated as EBITDA / net interest

(3) Net debt calculated as cash and equivalents including short – term Intercompany loans.

# 04 | Growth Projects

# Growth Projects (ongoing)

Project	Description	Cost	Status
<b>Cusiana Phase III</b>	Increase capacity 20 mmcf/d by upgrading Vasconia, Miraflores, Puente Guillermo compression stations	~\$ 31 mm	<ul style="list-style-type: none"> <li>Project is under execution (72.3%) with TGI having already signed firm transportation contracts</li> <li>Expected Completion: 3Q 2016</li> </ul>
<b>Armenia Loop</b>	Increase capacity 2.2 Mcfd of Armenia –Zarzal line through the construction of a 37.5 km 8” loop parallel to exiting 6” pipeline	~\$ 18 mm	<ul style="list-style-type: none"> <li>Project is under execution (31%) with TGI having already signed firm transportation contracts</li> <li>Financial and engineering studies in progress</li> <li>Environmental licensing in progress</li> <li>Expected Completion: 4Q 2017</li> </ul>
<b>Cusiana - Apiay – Villavicencio - Ocoa</b>	Increase capacity 32 Mcfd of the Cusiana – Apiay line and a 7.7 Mcfd of the Apiay – Ocoa line through the construction of 2 new compression stations (Paratebueno and Apiay)	~\$ 48 mm	<ul style="list-style-type: none"> <li>Project is under execution (22%).</li> <li>TGI has already signed firm transportation contracts</li> <li>Environmental licensing and procurement in process.</li> <li>Expected Completion: 4Q 2017</li> </ul>

# Growth Projects Pipeline (Approved by BoD)

Project	Description	Cost	Status
<b>Cusiana Phase IV</b>	<p>Increase capacity in Cusiana system:</p> <ul style="list-style-type: none"> <li>Cusiana – Vasconia: 43 mmcf/d with 49.6 km of loops (24")</li> <li>Puente Guillermo – Vasconia: 17 mmcf/d by upgrading Puente Guillermo compression station</li> </ul>	<ul style="list-style-type: none"> <li>~\$ 78 mm</li> </ul>	<ul style="list-style-type: none"> <li>Clients already has signed firm transportation contracts:               <ul style="list-style-type: none"> <li>Puente Guillermo – Vasconia: 17 mmcf/d</li> <li>Cusiana – Vasconia : 30 mmcf/d</li> <li>For the remaining 13 mmcf/d Cusiana – Vasconia there are also clients interested in signing LT contracts</li> </ul> </li> <li>Expected Completion:               <ul style="list-style-type: none"> <li>Puente Guillermo – Vasconia 3Q 2017</li> <li>Cusiana - Vasconia 4Q 2018</li> </ul> </li> </ul>
<b>Pipelines replacement due to regulatory life</b>	<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> </ul>	<ul style="list-style-type: none"> <li>~\$ 49mm: CAPEX (replacement)</li> <li>~\$ 32 mm CAPEX maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Plan to replace <b>4</b> pipelines: Ramal Yarigüies - Puerto Wilches; Ramal Z. Industrial Cantagallo – Cantagallo; Ramal Cantagallo – San Pablo; Ramal Galán – Casabe – Yondó</li> <li>Expected Completion : 1Q 2018</li> <li>Maintain operating <b>6</b> 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>

# 05 | Questions and Answers

# Investor Relations

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