



**GRUPO ENERGÍA
DE BOGOTÁ**

Investor Report

2016

Bogotá D.C., March 23, 2017

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1. Executive Summary and Relevant Facts

1.1. Overview of Sectors

Electricity Demand

Table No 1 - Overview of Electric Sectors 2016

	Colombia	Perú	Guatemala
Installed Capacity – MW	66,145	10,295*	12,795
Demand – GWh	66,311	16,109	6,112
Variation demand 2016/ 2015 - %	0.21	8.8	-0.41

*Note: In the electricity demand of Perú the figure of installed capacity is the fourth quarter 2016 for availability of information.

Natural Gas Demand

Table No. 2 - Overview of Natural Gas Sectors 2016

(MMSCFD)	Colombia	Perú
Reserves TPC (2016 COL y 2015 PER)	4.3	17.9
Internal Demand - mmpcd	1,006	1,356
Variation Internal Demand 2016 / 2015 (%)	-4.1	10.3
Explanation Variation	In 2016, the decline in demand was due to the petrochemical sector and the thermoelectric sector. Thermoelectric consumption fell by 17.6% for the full year 2016, and a reduction of 43.1% for the fourth quarter, during the last quarter of 2015 and beginning of 2016, the El Niño conditions were maintained, Which thermal consumption was higher, compared to what happened in the last quarters of 2016.	Connection of new industrial customers and higher volume invoiced led the increase in natural gas demand. The variation in demand from 4Q16 to 4Q15 is 10.38% (+ 127.52 MMSCFD) and is due to the higher gas used for export to Melchorita Plant, the generator Chilca Fenix Power and Termochilca. The variation in demand in 4Q16 compared to 3Q16 is 4.5% and is due to the increase in gas exported to Melchorita, Chilca-Fenix Power and Enersur Chilca plant delivery points compared to the previous quarter. There was also lower consumption of Termo Chilca.

Sources: UPME, CONCENTRA, MEM, Osinergim

1.2. Summary of Financial Results of GEB 2016

COP Millions	Table N° 3 – Financial Indicators			Accumulated		
	4T 16	4T 15	%	2016	2015	%
Income	774,598	1,130,896	-31.5	3,132,827	3,419,610	-8.3
Operating costs and expenses	626,607	815,747	-23.2	2,053,308	2,348,750	-12.5
Result of operating activities	147,991	315,149	-53.0	1,079,519	1,070,860	0.8
Equity Method	162,313	443,464	-63.4	911,481	1,161,771	-21.5
Consolidated Adjusted EBITDA	430,226	401,829	7.1	2,611,932	1,807,667	44.4
Net income	250,041	447,371	-44.1	1,355,928	1,060,468	27.9

- ▶ Grupo Energía de Bogotá reported consolidated financial results upon closing of the fourth quarter of 2016. The consolidated operating income of EEB, parent company of Grupo Energía de Bogotá -GEB-, reached (+COP 3,132,827 million) which represents a growth of 8.3% with respect to the previous year mainly explained by a lower performance in natural gas distribution in Peru as a result of the rate and a lower performance of transport of electricity and natural gas in markets where GEB is present. This analysis does not include electricity distribution given the absorption of Empresa de Energía de Cundinamarca by Codensa, which means that this income are no longer part of the income line for electricity distribution and are in the Financial Statements of Codensa.¹
- ▶ In summary, (i) revenues for natural gas distribution reached (+COP 1,542,174 million) less than the previous year in 6.50%, and (ii) revenues for natural gas transport and electricity transmission grew 8.30% and 40.26% respectively, as a result of the activity in pesos of TGI and new annual revenues coming from UPME electricity transmission projects.
- ▶ The result of the operating activities, in accumulated figures, reached (+COP 1, 079,519 million) upon closing of 2016 compared with 2015, showing a growth in Colombian pesos of 0.81%. The main contributing factors of such growth were gas transport and, to a lesser extent, electricity transmission, the costs and expenses of which increased for projects in execution.
- ▶ Costs and expenses of the Group were reduced in (COP 295,442 million) categorized per business as follows: (i) (-COP 46,584 million) in natural gas distribution derived from maintenance costs, extension of the gas distribution system and cost of internal equipped facilities; (ii) (+COP 78,912 million) in natural gas transport derived from the maintenance cost and repair, costs of goods and services (especially fuel gas for compressors); (iii) (+COP 467,469 million) in electricity distribution; and (iv) (+COP 132,135 million) for administrative expenses and other income /expenses.

¹ Revenues, costs and expenses for electricity distribution are evidenced hereinafter in the equity method from Codensa given the recent merger by absorption of Empresa de Energía de Cundinamarca in the fourth quarter of 2016.

- ▶ Financial expenses increased in 10.5% in the variation with respect to 2015 reaching the value of (+COP 509,773 million) of which EEB represented 47.1% and TGI 48.9%.
- ▶ The net exchange difference reached (+COP 142,404 million) upon closing of the year, an increase of 145.6% with respect to the same period of year 2015, mainly given by revaluation of the Colombian peso in 4.72% and a positive exchange difference in the financial obligations for the value of (+ COP 175,159 million).
- ▶ The equity method reported a variation of (- COP 250,290 million) with respect to the year immediately prior where Emgesa and Transmisoras Brasil obtained the most significant variations².
- ▶ The net income corresponding to 2016 reached COP 1.35 trillion, with a growth of 27.8% versus year 2015 as a result of the operating activity and non-operating activity of the Group.
- ▶ As for the EBITDA, it reached COP 2.6 trillion upon closing of 2016, which is 44% higher with respect to the same period of the immediately previous period and an EBITDA margin of 61.6%.

1.3. Relevant Facts of Grupo Energía de Bogotá

- ▶ For third year in a row the Stock Exchange of Colombia (BVC) granted the Issuers Recognition-IR to Empresa de Energía de Bogotá as one of the references in stock exchange issuance for its commitment with the adoption of best practices in disclosure of information and relations with investors.
- ▶ The Capital District of Bogotá was authorized by the Plenary Meeting of the City Council to assign up to 20% of its share interest, equivalent to 1,836,235,403 shares of EEB, by a democratization program. The authorization was approved by Draft Agreement 472 of 2016 with which assignment of the share interest that it has in ISA, Grupo Nutresa S.A., Banco Popular S.A. was authorized. Likewise, EEB GAS SAS was authorized to assign the share interest it has in Promigas S.A. E.S.P
- ▶ The stock of Empresa de Energía de Bogotá ranked eleventh among the top gainer stocks in COLCAP of the stock exchange of Colombia.
- ▶ The Standard and Poor's (S&P) agency reaffirmed the credit rating (BBB-) of the corporate debt of company Empresa de Energía de Bogotá S.A. ESP and its affiliates Transportadora de Gas Internacional S.A. E.S.P. (TGI) and Gas Natural de Lima y Callao S.A. (Cálidda), rating which corresponds to the investment grade. Additionally, it improved its perspective from negative to steady.
- ▶ The Company consolidated its strategy in Latin America, restructuring it in three big Business Strategic Groups: Urban Energy Solutions, Interconnecting for Market Development and Low-Emission Generation.
- ▶ For the fifth year in a row, the Company was listed in the Dow Jones Sustainability Rate in the emerging market category, specifically for its activities in the Natural Gas sector.
- ▶ Credit rating agency Moody's ratified the investment grade rating of EEB S.A. E.S.P. and its debt was rated Baa2 after the announcement of democratization of 20% of the share that the capital district has in Energía de Bogotá evidencing solvency of its credit metrics and assuming, in turn, that the policy of dividends shall remain sustainable for its shareholders.

² For detailed information, see table N°28 of annex 5.

- ▶ At the beginning of the last quarter of the year, Empresa de Energía de Bogotá reached operating income of (COP 2,358,229 million), which represents a growth of 3% compared with the beginning of the last quarter of 2015, mainly led by the electricity transmission business thanks to the start of operation of the new transmission lines and substations both in Colombia and Guatemala.
- ▶ Agency Standard & Poor's raised the perspective from "negative" to "stable" and maintained the credit rating of Empresa de Energía de Bogotá in investment grade indicating that the financial performance of EEB has been solid in relation with the expectations corresponding to a normalized flow of dividends and debt reduction. Additionally, it raised the perspective from negative to stable of its main subsidiaries, TGI and Calidda and it ratified its credit rating.
- ▶ The proposed profit distribution of Energía de Bogotá as of December 2016 presents a value available for the meeting of (+COP 908,936 million) corresponding to the net profit of the year, from which 70.52% dividend pay-out ratio.

2. Urban Energy Solutions

Urban Energy Solutions (SEU) is focused on developing the energy infrastructure to satisfy the demand of big cities (currently, Bogota and Lima). This is achieved by understanding better markets and their consumers and contributing to an energy development agenda (uses, applications, services and technologies) with a positive impact on the energy chain and users.

Table No 5 – UES Financial Indicators – 2016

COP Mm	Codensa	Cálidda (USD Miles)	Gas Natural	Contugas (USD Miles)
Revenues	4,189,696	535,803	2,269,208	57,201
Operating income	1,787,742	95,137	525,556	3,660
EBITDA	1,409,479	124,264	429,907	10,390
Net Income	542,880	55,373	274,219	-10,644

*EEC, Company absorbed by Codensa since 30/9/2016. Latest report reporting EEC
Hereinafter, figures within EEFF of Codensa.

2.1. CODENSA

Table No 6 – Overview of Codensa 2016



 Grupo Enel	
Number of Clients	3,248,570
Market Share %	22.10%
Demand Codensa – Gwh	14,646
Var % demand 3Q 2016 vrs. 3Q 2015	-2.94%
Loss Index (%)	7.06%
Control	Enel Energy Group
EEB's Stake	51.3% (36.5% ordinary shares; 14.8% preferred shares with non-voting rights)

Table No. 7 – Selected Financial Indicators of Codensa – 2016

	COP Millions			USD Millions		
	2016	2015	Var %	2016	2015	Var %
						
Operating revenue	4,189,696	3,711,866	12.9	1,373.2	1,353.0	1.5
Gross income	1,787,742	1,611,108	11.0	586.0	587.3	-0.2
EBITDA	1,409,479	1,238,636	13.8	462.0	451.5	2.3
EBITDA Margin %	33.6	33.4	-	33.6	33.4	-
Net income	542,880	516,935	5.0	177.9	188.4	-5.6
Dividends received	435,049	552,744	-21.3	142.6	201.5	-29.2
Debt / EBITDA	0.7	0.6	-	0.7	0.6	-
EBITDA / Interests	7.56	8.51	-	7.6	8.5	-


- ▶ Operating income grew thanks to the distribution and commercialization. Higher levels of CPI and PPI during 2016 translated into the positive behavior of income.
- ▶ The EBITDA of Codensa was \$1,409,479 million pesos, showing an increase of 13.8% with respect to 2015 and a margin of 33.6% over operating income.
- ▶ Codensa registered a net profit of \$542,880 million pesos upon closing of 2016, which represents a 5% increase with respect to the same period of the previous year, mainly due to the favorable behavior of the EBITDA, improvements in the operation indicators, which were counteracted by the affected financial expense and the increase in the rate Income + CREE in 2016 with respect to the rate applied in 2015.

Relevant Facts of Codensa S.A. E.S.P.

- ▶ On September 15 the first lot of the fourth tranche of the ordinary bond issuance and placement program of Codensa S.A. ESP was placed. The award was a subseries E4 for (+COP 90,000 million) within a 4-year term and with a coupon rate of 7.70% E.A. The resources shall be used to finance the investment plan of the company.
- ▶ On August 26, 2016, resolution No. 300-002988 dated August 18 of the same year, whereby the Superintendence of Companies of Colombia authorized the merger by absorption among Codensa, Decsa S.A. ESP and EEC S.A. ESP, was notified.
- ▶ On July 25, Fitch Ratings reaffirms the Rating of Bond Program of Codensa in AAA (col) with stable perspective.
- ▶ On March 28, 2016 the Board of Directors of Codensa S.A. ESP approved the increase of total indebtedness ceiling of Codensa in \$41,500 million for up to a total of \$1,756,500 million.


Progress of Investment Projects of CODENSA:

Table No. 8 Investments – Codensa – 2016

 Grupo Enel	2016	2015	Var %
Millions COP	643,446	454,735	41.50
Millions USD	210.9	165.76	27.23

2.2. CÁLIDDA

Table N° 9 – Selected Indicators of Cálidda – 2016

 Cálidda GAS NATURAL DEL PERÚ	2016	2015	Var %
No of clients	438,400	345,136	27.0
Operating revenues - USD Thousands	535,803	540,777	-0.9
Operating income – USD Thousands	95,137	79,449	19.7
EBITDA – USD Thousands	124,264	103,729	19.8
EBITDA Margin	23.2%	19.2%	20.9
Net income – USD Thousands	55,373	33,583	64.9
Net Debt / EBITDA*	2.6	2.6	3.1
EBITDA LTM / Interests *	8.0	6.8	18.1

*Note: Quarterly data

- ▶ Upon closing of 2016, we have 93,263 new customers in 2016 (91,934 residential customers), which means a 96% compliance with the budget of the year (88,880 vs. 2015). Further, 1,293 commercial customers were connected (vs. 1,220 in 2015), 28 Industrial Customers (vs. 19 in 2015), 8 GNV (vs. 12 in 2015) and 1 Generating Company (vs. 0 in 2015).
- ▶ In 2016 131,679 connections were sold, exceeding the annual goal in 23% and 2015 in 12%.
- ▶ 1,397 km of polyethylene networks were built, 114 km more than the networks built in 2015 and 39 km of steel, 10 km more than in 2015.
- ▶ Penetration of networks (connections/users per network) for 2016 was 58.7%, increasing 2.1% compared with the previous year.
- ▶ Since September 1, sales started using the Bonogas (FISE) discount, which is a subsidy to internal installation. Since such date until closing of the year, 50,317 sales were executed, from which 38,171 had the FISE discount.
- ▶ The status of some of our big operation projects shall be indicated below:
 - ▶ *ERP San Martín de Porres*: It was enabled on the 27th day of the month.
 - ▶ *Cluster Puente Piedra II*: Cluster Project Puente Piedra has a 99% progress. There were social problems for installation of toll booths in the area. It is estimated to be enabled in the 3rd week of January.
 - ▶ *Airport Relocation*: Relocation of piping in the area of Extension of the Airport is still in execution with a 58% progress. 20" piping layout is in progress and interferences not declared with the MTC and social issues are reviewed for some sectors of the project.

2.3. GAS NATURAL

Table N° 10– Overview of Natural Gas 2016



	
Operating revenue COP Mm	2,269,208
EBITDA Quarterly- COP Million	87,788
Controlled by	Gas Natural de España
EEB's stake	25%

Table No 11 – Selected Financial Indicators of Natural Gas – 2016

	COP Millions			USD Millions	
	2016	2015	Var %	2016	2015
Operating revenues	2,269,208	1,953,652	16.2	756.2	620.3
Cost of Sales	1,743,652	1,462,607	19.2	581.1	464.4
Operating income	402,118	378,055	6.4	134.0	120.0
EBITDA	429,907	401,031	7.2	143.3	127.3
EBITDA Margin (%)	18.9	20.5	-7.7	18.9	20.5
Net income	274,219	260,491	5.3	91.4	82.7
Net Debt / EBITDA*	3.4	2.5	34.9	3.4	2.5
EBITDA UDM / Interests*	10.9	18.3	-40.2	10.9	18.3

*Note: Quarterly data

Relevant Facts of Gas Natural

- ▶ Fitch Ratings reaffirms the Rating on July 25 of Gas Natural in 'AAA(col)'; Steady Perspective for periodical revision.
- ▶ On July 27, the Special Meeting of Gas Natural S.A. ESP was called. It which was held on Friday August 19 2016 with the sole purpose of modifying partially the Board of Directors of the company.
- ▶ On April 19, 2016 Gas Natural submits its end-of-year reports as of December 31, 2015

Table No 12 - Investments – Accumulated Natural Gas

	2016	2015	Var %
COP Millions	23,452	24,663	-4.9
USD Millions	7.82	7.83	-0.2

2.4. CONTUGAS

- ▶ Upon closing of the year, 39,435 enabled residential customers were registered, with a 99% progress with respect to the goal of the concession agreement for April 2017.
- ▶ During 2016, Contugas enabled 9 new additional big customers to close the year with 61 big customers consuming.
- ▶ Within the new big customers, Contugas enabled in November 2016 the new Thermal Plant Luren-Electrodunas, the first natural gas generation plant in Peru under the concept of distributed generation, which shall allow providing service for half of the population of the city of Ica without going through the National Interconnected System. Estimated consumption of this new customer is about 3 additional MMSCFD.

- ▶ In November 2016, Contugas signed a comprehensive agreement to offer the service of supply, transport and distribution of natural gas to a new customer of electric generation. The start of operations is estimated for the end of 2018 or beginning of 2019. The agreement establishes the firm booking of a supply capacity of natural gas for 29.5 MMSCFD and the possibility of increasing other 29.5 MMSCFD under the modality of uninterruptable. Likewise, it contains the payment obligation in charge of the customer for the firm capacity booking since June 2019.
- ▶ In December, Contugas disbursed a short-term loan for S/.20, 000,000 (USD 5.9 MM) with Banco de Crédito del Perú to finance the working capital and temporary liquidity requirements.
- ▶ Considering the corporate governance regulations of GEB, the Board of Directors of Contugas approved creation of the following committees: Corporate Governance; Finance and Investments; and Audit and Risks (preexisting, the name was modified).

3. Interconnection for Market Development

Interconnecting for Market Development (IDM) is focused on interconnecting the energy sources with the consumption centers and big users. IDM has the mandate of consolidating a multilatin of electric energy transmission from the transmission assets and the current organization in Colombia and contribute to the process of consolidation of the most important gas carrier in Colombia with growing presence in Peru.

Table No 13 – Financial Indicators in IDM 2016

COP Mm	EEB	TGI	TRECSA ³	Contugas	REP	CTM
	Transmission	(USD Thousands)	(USD Thousands)	(USD Thousands)	(USD Thousands)	(USD Thousands)
Operating Revenues	231,995	439,133	14,998	57,201	138,245	138,086
Operating Income	144,595	262,622	956	3,660	54,518	89,679
EBITDA	159,574	355,063	6,385	10,390	93,984	122,166
Net Income	96,797	111,237	-5,588	-10,644	69,474	43,027

3.1. EEB TRANSMISSION

Table No 14 – EEB Transmission Indicators

	4T 16	4T 15	Var %
Investments – COP Millions	178,675	118,122	51.3
Infrastructure availability - % (1)	99.79	99.93	-0.1
Compensation - % (2)	0.149	0.023	545.9
Maintenance Compliance - % (3)	99.95	96.00	4.1
Market Share NTS/Colombia - % (4)	12.6	11.7	8.1

³ The net profit of TRECSA for 2016 before *impairment* was USD 2.6 million. TRECSA, in application of the International Financial Reporting Standard, reflected in the accounts the difference between the value in books of the asset against its recoverable value, estimated based on the free cash flow methodology. As a result, an impairment expense for USD 8.2 million, which affected the result of 2016 of the Company, was registered. Such expense does not include cash disbursements and is subject to reversal when valuation of the asset is higher than its book value.


Table N° 15 Progress of Projects of Annual Income Expected EEB Transmission Business

UPME Project	Status	EAR USD MM	On stream
Chivor II Norte, Bacata y Líneas	54.9%	5,5	20/05/2017
Cartagena Bolívar 220kV	58.9%	11.6	18/11/2017
Río Córdoba 220kV	53.3%	1,8	22/07/2017
Armenia y Líneas a 230kV	96.0%	1,28	17/04/2017
Tesalia y Líneas a 230kV	85.0%	10,98	18/05/2017
Línea Sogamoso – Norte – Nueva Esperanza 500kV	40.8%	21.1	30/09/2017
Refuerzo Suroccidental 500kV	18.3%	24,4	30/09/2018
Ecopetrol San Fernando 230kV*	50.4%	4.1	18/06/2017
Río Córdoba Transformadores 220/115 kV*	79.2%	0,51	08/08/2017
La Loma 500kV	62.1%	1,29	30/03/2017
La Loma 110kV*	9.5%	5.5	30/06/2018
Conexión Drummond Ltd*	24.2%	0,69	22/07/2017

EAR: Expected annual revenues

3.2. TGI

Table N° 16 – Selected Indicators of TGI – Figures 2016

	2016	2015	Var %
 Operating revenue -USD MM	433	439	-1.4
Operating income -USD MM	263	272	-3.4
EBITDA YTD - USD MM	355	361	-1.7
Net income - USD MM	111	45	147.7
Transported volume - Mm cfd	494.4	522.6	-5.4
Firm contracted capacity - Mm cfd	673.0	672.0	0.1
International debt ratings			
S&P	BBB-/Stable 22/12/16		
Fitch	BBB/Stable 19/10/16		
Moody's	Baa3/Stable 01/06/16		

- ▶ Operating Income in dollars upon closing of 2016 slightly decreased 1.4% compared with the immediately previous year, mainly due to the lower values of gas transported (-5.4%) against the same period of the previous year, as a result of the decreased dispatch in the thermo-electrical plants within the country, during the second semester of 2016, once El Niño phenomenon ended.
- ▶ The operating profit decreased 3.4% compared with 2015, due to reduction of operating income and the joint increase of operating costs and expenses of 1.7%.
- ▶ The net profit of the company reached USD 111.2 Million, which represents an increase of USD 66.3 Million compared with IFRS closing of 2015, due to higher income for the exchange difference and the decrease of expense in the deferred tax provision.

RELEVANT FACTS OF TGI

- ▶ The current methodology for calculation of the WACC rate, for rate purposes in the activities of electricity distribution and transmission and for the activities of natural gas transport and distribution, was issued through Resolution CREG 095 of 2015. By Resolution CREG 090 of 2016, a methodological proposal for remuneration of the natural gas transport activity was issued for discussion. To this date, the proposal is being discussed and in accordance with the preliminary agenda of the final methodology would be issued during the first quarter of 2017.
- ▶ Moody's Ratings and Fitch Ratings reaffirmed the corporate credit rating of TGI in local and foreign currency keeping the Investment Grade with stable perspective. On its part, Standard & Poor's ratified the corporate debt

and issuer rating in BBB-, the negative perspective going from negative to steady and the TGI perspective being in line with the perspective of its parent company EEB. In this manner, TGI in 2016 kept the investment grade granted by the three main international credit rating agencies.

- ▶ Second package of regulations of regulatory useful life: Considering compliance with the regulatory useful life period, as set forth by the provisions of the CREG, for 18 of the gas pipelines composing the TGI transport system; the Board of Directors approved the decision of investment in gas pipelines which have the following useful life: in the area of the Plains on (1) gas pipeline shall be replaced by a new one and in the south of Bolivar 4 gas pipelines and in the remaining 13 maintenance investments shall be made to continue operating them. Capex of these have an approximate value of USD 56.4 million (USD 16.8 Mm of replacement of 5 gas pipelines and USD 39.6 Mm in Capex of Maintenance of 13 remaining gas pipelines)
- ▶ Upon closing of the year, the average volume transported by the TGI infrastructure was 494 MMSCFD (14.0 Mm³d), which represents a market share of 50.5% in the volume transported during 2016.

Table Nº 12 - State of Expansion Projects in Colombia – 2016

	Description	Capex (USD mm)	Enhancing Capacity(Mmpcd)	Execution (%)	On stream
Cusiana Phase III	Expansion of compression capacity by supplying and commissioning three new units	31.0	20	72.3%	3T 17
Cusiana – Apiay - Ocoa	Extension of the transportation capacity of gas pipeline Cusiana - Apiay in 32 MMSCFD and the Apiay - Ocoa branch in 7 MMSCFD.	48.0	39	23.8%	4T 17
Loop Armenia	Construction Armenian Loop of 28 Km in 8 "	24.3	8.7	31.0%	2T 17
Cusiana Phase IV	Expansion of the transport capacity of the Cusiana-Vasconia gas pipeline: I. 43 MMSCFD for the Cusiana Vasconia section by constructing a loop of 49.6 Km in 24 " II. 17 MMSCFD for the Puente Guillermo - Vasconia section, by means of the expansion of the Puente Guillermo Compressor Station.	78.0	43	0%	I. Cusiana - Vasconia 4T 2018 II. Puente Guillermo – Vasconia 3T 2017
Replacement and Maintenance Regulatory	18 TGI system pipelines complete their regulatory life. TGI decided to replenish five (5) tranches and continue operating the other thirteen (13)	57.0	N.A.	0%	2018-19

For more details about the financial, operating and commercial information of TGI, please follow this [link](#).

3.3. TRECSA

Scope

Design, construction, land obtaining, establishment of easements, supervision, operation and maintenance of the works of Transmission of the following lots A, B, C, D, E and F, which were part of the Open Bidding PET-01-2009 for provision of the electric energy transport service for the value of the annual fee. It comprises building of:

- ▶ 868.41 kilometers of transmission lines.

- ▶ 11 new substations.
- ▶ 12 extensions of existing substations.
- ▶ 2093 sites for towers.

Progress of the Project

With the new transmission line layouts:



Figure Nº 1 - Status of the guarantees of TRECSA – 2016 ¡Error! Vínculo no válido.

Building of Transmission Lines:

- ▶ Energized 344 (40% of 868km).
- ▶ Civil Work 1306 (62 % of 2106 sites for tower).
- ▶ Mounting 1279 (61% de 2106 sites for tower).
- ▶ Layout 429 (50% of 866 km).

Note: the total values increased with respect to previous reports, for such reason, the progress percentage are affected.

Building of Substations:

- ▶ Energized 52% (12 out of 23 substations)
- ▶ In construction 30% (7 out of 23 substations)
- ▶ With situations to be solved 17% (4 out of 23 substations)

3.4. EBBIS GUATEMALA

Project Cempro

Stage 1:

Design, supply, construction and commissioning of connection assets of Plant San Gabriel.

It comprises construction of the following:

- ▶ Line 230 kV of about 17 kilometers to be energized in 69kV.
- ▶ Build the civil work of substation 230 kV in breaker-and-a-half configuration.
- ▶ Supply and mounting of basic structure.
- ▶ Supply and Mounting of 40 MVA Transformer of 69/13.8 KV.

Transmission Lines


- ▶ 80 available out of 112 supports for construction.
- ▶ With complete civil work, 73 poles.
- ▶ With full mounting, 55 poles.
- ▶ Definition by CEMPRO of the delivery dates of pending sites is pending.

Substations

General progress is 99% (Design, civil work, porticos, rails, transformer 69 / 13.8 kV).

Schedule Progress

Figure Nº 2 – Advance of the Cempro schedule of EEBIS GUATEMALA – 2016

 executed	
lines of transmission	84%
• Design	100%
• Supplies	100%
• Construction	46%
Substations	99%
• Design	94%
• Supplies	100%
• Construction	99%


Project Pronico

Scope

Project of Service Provision for Engineering, Environmental Impact Study, Electric Studies –NTAUCT– and Miscellaneous Procedures for Resolution of Access to the Transport Capacity of Plant PRONICO to the National Interconnected System and Regional Electric System.

Schedule Progress

Figure Nº 3 – Progress of the project schedule Pronico of EBBIS GUATEMALA – 2016

 Executed	
Engineering substations	90%
Engineering transmission lines	100%
Environmental management -EM-	100%
Electrical engineering manager	95%
Weighted global	93%

Anillo Pacifico Sur Project

Scope

Design, Electric Studies, land obtaining, establishment of easements, environmental and municipal authorizations. Building, tests, connection and commissioning of the facilities to connect in 230 kV the generating plants of sugar cane mills with the National Interconnected System.

It comprises building of:

- ▶ 4 new substations.
- ▶ 2 reconfigurations of substations
- ▶ 1 extension of substation
- ▶ 92 kilometers of transmission line
- ▶ 244 sites for towers

Right of Way:

- ▶ 32 Paid-in Kilometers (35%)

- ▶ 59 Agreed-Upon Kilometers (64%)
- ▶ 01 Kilometers in Negotiation (1%)

Transmission Lines:

- ▶ Energized 11 (12% out of 92 km).
- ▶ Civil Work 213 (87% out of 244 sites for tower).
- ▶ Mounting 213 (87% out of 244 sites for tower).
- ▶ Laying 57 (61% out of 92 km).

Substations:

- ▶ Energized 29%
- ▶ Civil Work 97%
- ▶ Mounting 77%
- ▶ Tests 47%

Note: Percentages (Average progress values in the 7 substations).

Schedule Progress

Figure N° 4 – Progress of the project schedule Anillo Pacífico sur of EEBIS GUATEMALA – 2016

Ejecutado	
	
lines of transmission	88%
• Design	100%
• Supplies	100%
• Construction	77%
Substations	85%
• Design	100%
• Supplies	92%
• Construction	80%

3.5. REP and CTM Perú

Table N° 18 - Financial Indicators chosen REP – 2016

REP Perú	USD Thousands		
	2016	2015	Var %
Operating revenues	138,245	139,808	-1.1
Cost of Sales	-72,238	-61,958	17
Operating income	54,518	65,545	-16.8
EBITDA YTD	93,984	95,552	-2
EBITDA Margin	68	68	0

Net Income	69,474	38,212	82
Net Debt / EBITDA	2.3	2.0	11.1
EBITDA / Interests	7.7	8.1	-4.2

- ▶ REP had lower income for reduction in the operation and maintenance contracts with Consorcio Transmantaro and ISAP.
- ▶ REP has lower EBITDA as a result of higher amortizations and provisions for investment in the projects.

REP Investment Projects:

- ▶ The CAPEX for building the Extensions are being covered with Company's Cash. Extension 12, 13, 14, 15, 16, and 17.

Table No 19 - Chosen Financial Indicators of CTM – 2016

CTM Perú	USD Thousands		
	2016	2015	Var %
Operating revenues Adjusted	138,086	120,837	14.3
Cost of Sales	-47,045	-51,555	-9
Operating income	89,679	68,423	31.1
EBITDA	122,166	98,997	23
EBITDA Margin (%)	88.5	81.9	8.0
Net Income	43,027	24,948	72
Net Debt / EBITDA	6.0	6.1	-2.0
EBITDA / Interests	4.10	3.6	12.6

- ▶ For CTM, the increase of operating income and EBITDA is due to the start of commercial operations of transmission line project Machupichu-Cotaruse in August 2015.
- ▶ Due to a higher capitalization of interests because of a higher investment in projects, the net profit was reduced.

CTM Investment Projects:


- ▶ *CONCESSION L.T. 500 kv MANTARO – MARCONA*: LT 916 Km Investment Value USD 446.9 million. Commissioning Date, 2Q 2017.
- ▶ *CONCESSION- LT LA PLANICIE –INDUSTRIALES*: LT 17.3 Km. Investment Value USD 51.5 million Commissioning Date, 3Q 2017.
- ▶ *CONCESSION- LT FRIASPATA MOLLEPATA and SE ORCOTUNA*: LT 94.0 Km Nueva SE Orcotuna. Investment Value USD 52.2 million. Commissioning Date, 4Q 2017.
- ▶ *CONCESSION- Carapongo*: SE Carapongo 500/220 kV and Connection Links. Investment Value USD 61.9 million. Commissioning Date, 1Q 2018.

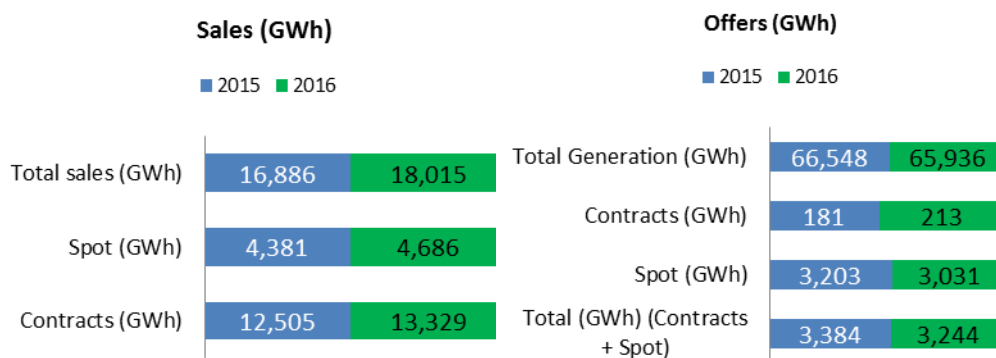
4. LOW-EMISSION GENERATION

Low-Emission Generation (GBE) is currently focused on Colombia and has the purpose of, in addition to supporting consolidation of the current position of EMGESA, searching new renewable energy opportunities in countries where a transition in the energy matrix to this sustainable and low-emission source is in place in prioritized geographical locations.

4.1 EMGESA


Table No 20 - Overview of Emgesa 4Q 2016

		
Installed Capacity – MW		3,469
Composition of Capacity		11 Hidros y 2 térmicas
Power Generation – Gwh		14,975
Sales – Gwh		13,329
Control		Enel Energy Group
EEB's Stake	51.5% corresponding to: 37.4% ordinary shares and 14.1% Non-voting preferential.	



*Total system generation

Table No 21 - Selected Financial Indicators of Emgesa

	COP Millions			USD Millions		
	2016	2015	Var %	2016	2015	Var %
	Operating revenues	3,514,106	3,268,277	7.5	1,151.8	1,191.3
Operating income	2,191,209	1,918,338	14.2	718	699	3

EBITDA	1,984,481	1,725,429	15.0	650.4	628.9	3.4
Margin EBITDA- %	56.5	52.8	0.1	56.5	52.8	0.1
Net Income	753,725	885,455	-14.9	247.0	322.8	-23.5
Dividends received	795,166	1,045,672	-24.0	260.6	381.2	-31.6
Net Debt / EBITDA	1.9	2.1	-11.0	1.9	2.1	2.1
EBITDA / Interests P&L	4.0	9.3	-56.8	4.0	9.3	-56.8

- ▶ Operating income of Emgesa in 2016 was \$3,514,106 million pesos, showing a growth of 7.5% with respect to the same period of 2015. The factors explaining this growth include higher energy sales through contracts with higher prices, as a result of the favorable effect of the Producer Price Index (IPP), to which most of the energy sales contracts are indexed in the wholesale market, as well as the higher income for spot sales due to a higher sales volume (+7% against the previous year) and higher prices which is reflected in regularization of the stock exchange price.
- ▶ Gross result of exploitation (EBITDA) grew 15% in the year 2016 reaching \$1,984,481 million pesos and representing a margin of 56.5% over operating income. By discounting depreciations and amortizations, an exploitation result (EBIT) of \$1,690,309 million was obtained with an annual increase of 8.3%.

Relevant Facts of EMGESA S.A. E.S.P.

- ▶ Fitch publishes the technical rating report of Emgesa. The rating given by Fitch corresponds to AAA(col), with steady perspective.
- ▶ The company (hereinafter “Emgesa”) publishes to the market on July 2016 registration in the Stock Ledger of Emgesa in Deceval S.A. of the companies derived from the spin-off in Chile (Enersis Américas S.A. and Endesa Américas S.A.), without the share interests being affected.
- ▶ On September, 27, the First Lot of the Eighth Tranche of the Ordinary Bond Issuance and Placement Program of Emgesa S.A. ESP was placed for an amount of up to three hundred fifty billion pesos (\$350,000,000,000) offered in one or several lots and the total of which shall be used to refinance financial obligations of the company.

Progress of Investment Projects of EMGESA:

Table N° 22 Investments – Emgesa

	4T 2016	4T 2015	Var %
			
Millions COP	258,198	1,355,027	-80.9
Millions USD	86.00	494.00	-82.6

- ▶ Throughout year 2016, Emgesa made investments for 258,198 million pesos, showing a decrease of 81% against the amount for the same period in 2015. The foregoing is explained by the start of operations of the Hydroelectric Plant El Quimbo in November 2015.

5. OTHER COMPANIES

5.1 PROMIGAS

Table No 23- Overview of Promigas 4Q 2016



 PROMIGAS	
Number of clients	10
Volume of sales - Mm cfd	386.2
Market share - %	40
Network – km	2,559
Profit from operating activities - COP MM	292,398
EEB's stake through EEB Gas - %	15.6

Table N° 24- Selected Financial Indicators of Promigas – 2016

 PROMIGAS	COP Millions			USD Millions	
	2016	2015	Var %	2016	2015
Operating revenues	1,096,961	810,891	35.3	366	257.5
Cost of Sales	104,793	95,129	10.2	35	30.2
Operating income	838,803	583,293	43.8	280	185.2
EBITDA	926,254	655,245	41.4	309	208.0
EBITDA Margin (%)	84.4	80.8	4.5	84.4	80.8
Net income	620,928	461,774	34.5	207	146.6
Net Debt / EBITDA	1.95	2.4	-19.9	2.0	2.4
EBITDA / Interests	5.2	6.0	-13.6	5.2	6.0

- ▶ The operating income increased due to an increase of the authorized gas transport rate from Resolution CREG dated May 2015. Likewise, the operating income includes income for the Equity Method and Dividends to be considered as part of business operation.
- ▶ Sales costs increase for a registration in 2015 of 50% pending of an agreement with Corpamag for termination of dredge of Caño Clarín.
- ▶ The net profit increased due to less non-operating expenses.
- ▶ The EBITDA and indicators also consider dividends and income for financial assets.

Relevant Facts of Promigas

- ▶ On September, 22, the Proposed Profit Distribution of Promigas S.A. E.S.P. approved in the Shareholders' Meeting held on that date was submitted.
- ▶ On November 3, Fitch reaffirms the rating of Promigas in 'AAA with stable perspective. Predictability of the cash flow of Promigas is included as strength in the ratings. Generation of EBITDA of the company is mainly explained by its participation in regulated transport business and natural gas distribution.
- ▶ On November 15, Promigas S.A. E.S.P and Canacol Energy Ltd. signed an agreement that shall enable extending the existing natural gas transport network to deliver 100 additional MPFD to the uses of the Colombian Caribbean Coast, which is planned to start operations since December 2018.
- ▶ On December 16, it was informed that the Board of Directors of Promigas S.A. E.S.P. authorized the legal representative to undertake the syndicated loan operations with the international banking for the

amount of USD\$200 million within a term of 5 years to answer the cash requirements both of Promigas and affiliate Gases del Pacífico S.A.C and also to act as a joint debtor of obligations of its aforementioned affiliate.

Progress of Investment Projects of Promigas:

Table No 25 Investments – Promigas

 PROMIGAS		4T 2016	4T 2015	Var %
COP Million		355,593	278,374	27.7
USD Million		118.5	88.4	34.1

6. ANNEXES

Annex 1: Legal Notice & Clarifications

This document contains projections and estimates, using words such as “anticipate,” “believe,” “expect,” “estimate”, and others having a similar meaning. Any information other than historical information included in this report, including but not limited to the Company’s financial condition, its business strategy, plans, and management objectives for future operations are projections.

Such projections are based on economic, competitive, regulatory and operational scenarios and involve known and unknown risks, uncertainties and other important factors that could cause the Company’s results, performance or actual achievements to be materially different from the results, performance or future achievements that are expressed or implicit in the projections. For these, reasons, the results may differ from the projections. Potential investors should not take them into consideration and should not base their decisions on them. Such projections are based on numerous assumptions concerning the Company’s present and future business strategies, and the environment in which the Company will operate in the future.

The Company expressly states that it will be under no obligation to update or revise any projections contained in this document.

The company’s previous results should not be taken as a pattern for the company’s future performance.

Clarifications

- Only for information purposes, we have converted some of the figures in this report to their equivalent in USD, using the TRM rate for the end of the period as published by the Colombian Financial Superintendence. The exchange rates used are as follows:
 - TRM al 31 de December de 2016: 3,000.71
 - TRM al 31 de December de 2015: 3,149.47
- In the figures submitted, a comma (,) is used to separate thousands and a point (.) to separate decimals.

Annex 2: Definitions of the EBITDAS included in this Report

- ▶ EBITDA is not an acknowledged indicator under Colombian or US accounting standards and may show some difficulties as an analytical tool. Therefore, it must not be taken on its own as an indicator of the company's cash generation.
- ▶ EBITDA: EBITDA for a specific period of time (LTM; Q1) has been calculated by taking operating income (loss) and adding amortization of intangibles and depreciation of fixed assets for that period.
- ▶ EEB Consolidated EBITDA for a period, consists of operating revenues of EEB and its consolidated subsidiaries for such period, minus the sum of (i) cost of sales, (ii) administrative expenses allocated to cost, (iii) administrative expenses and (iv) interest income on investments of pension assets, plus dividends and interest earned (which includes dividends declared by EEB's related companies, whether such dividends are actually paid or not), taxes (other than income taxes), amortization and depreciation, pension payments and provisions.
- ▶ EEB Consolidated Adjusted EBITDA for a specific period is calculated taking the Consolidated EBITDA for such period and adding the cash flows coming from investing activities during such period to the extent attributable to capital distributions by EEB's related companies.

Annex 3: Consolidated Income Statement as of December 2016

Table N° 26 – P&L EEB as of 2016

	2015	2016	Variation	% Var.
REVENUE	3,419,610	3,132,827	(286,783)	-8.4
Natural gas distribution	1,649,413	1,542,174	(107,239)	-6.5
Natural gas transportation	1,215,232	1,316,145	100,913	8.3
Electricity distribution	359,248	-	(359,248)	-100
Electricity transmission	195,717	274,508	78,791	40.3
Cost of Sales	(2,348,750)	(2,053,308)	(295,442)	12.6
Natural gas distribution	(1,430,914)	(1,384,330)	(46,584)	-3.3
Natural gas transportation	(451,835)	(423,058)	-28,777	-6.4
Electricity distribution	(319,685)	-	(319,685)	-100
Electricity transmission	(104,881)	(172,350)	67,468.64	64.3
Administrative expenses	(111,107)	(103,968)	(7,139)	-6.4
Other income (expense), net	69,672.0	30,398.3	39,273.7	-56.4
Profit from operating activities	1,070,860	1,079,519	(8,659)	0.8
Finance income	108,247	173,909	(65,662)	60.7
Finance costs	(460,938)	(509,773)	48,835.0	10.6
Exchange gain (loss)	(311,815)	142,402	(454,217)	145.7
Equity Method	1,161,771	911,481	250,290	-21.5
Profit (loss) before taxes	1,568,125	1,797,538	(229,413)	14.6
Tax (Income/Expense)	(507,657)	(441,611)	-66046.00	-13.0
Profit/loss	1,060,468	1,355,927	(295,459)	27.9
Integral result	2,087,946	1,271,158	816,788	-39.1
<i>Gain (loss) attributable to:</i>				
The parent company	1,013,867	1,288,984	(275,117)	27.1
Minority interest	46,601	66,944	(20,343)	43.7

Table N° 27 – EBITDA Breakdown – COP Millions

EBITDA CONSOLIDATED	COP Millions 2016
Operating revenues	3,132,827
Other incomes	21,908
Financial Income	173,909
Net exchange difference	142,404
Equity method	911,481
Total revenue	4,382,529
Operating Cost	-1,979,738
Operating Expenses	-103,968
Other expenses	-5,170
Financial expenses	-509,773
Financial expenses	509,773
Hedging	-66,944
Depreciation	272,841
Amortization	124,802
Tax	237,570
Provisions	50,610
Dividend received	784,790
TOTAL	2,611,932

Annex 4: EEB and Individual Consolidated Financial Statements:

<http://www.grupoenergiadebogota.com/inversionistas/estados-financieros>

Annex 5: Equity Method in Associated Companies

Table N° 28 Equity Method Breakdown 2015 – 2016 COP MM

Empresa	2015	2016
Emgesa	459,742	391,618
Codensa	269,411	276,618
Gas Natural	60,128	68,527
REP	41,312	34,775
CTM	27,562	51,777
EMSA	7,622	7,641
Promigas	69,723	98,107
Transmisoras Brasil	226,271	(17,582)
Total	1,161,771	911,481

Annex 6: Regulatory and technical terms

- ▶ BLN: US billion (109)
- ▶ CAC: Compound Annual Growth
- ▶ COP: Colombian Peso
- ▶ CHB: Central Hidroeléctrica de Betania
- ▶ CTM: Consorcio Transmantaro

- ▶ CREG: Commission de Regulation de Energía y Gas de Colombia. (Colombia's Energy and Gas Regulating Commission). Colombia's state agency in charge of regulating electric power and natural gas residential public utility services.
- ▶ DANE: Departamento Administrativo Nacional de Estadística (National Administrative Statistics Department). Agency responsible for planning, collecting, processing, analyzing, and disseminating official statistics in Colombia.
- ▶ Gwh: Gigawatt hour; unit of energy equivalent to 1,000,000 kwh
- ▶ GNV: Natural Gas for vehicles
- ▶ IPC: Colombian Consumer Price Index
- ▶ KM: Kilometers
- ▶ KWH: Unit of energy equivalent to the energy produced by a power of one kilowatt (kW) for one hour
- ▶ MEM: Mercado de Energía Mayorista de Colombia; Wholesale Energy Market in Colombia
- ▶ Mm: million
- ▶ MI: thousands
- ▶ MW: Megawatt, power unit or work which equals one million watts
- ▶ N.A. Not applicable.
- ▶ Non-Regulated Electricity User: electricity consumers who have a peak demand greater than 0,10 MW or a minimum monthly consumption above 55.0 MWh
- ▶ Natural Gas Non-Regulated User: user with consumption above 100 kcf
- ▶ CFD: Cubic feet per day
- ▶ Proinversión: Peruvian agency that promotes private investment in Peru
- ▶ SIN: Sistema Interconectado Nacional, National Interconnected System
- ▶ STN: Sistema de Transmisión Nacional, National Transmission System
- ▶ SF: Superintendencia Financiera – Financial Superintendency. State entity in charge of regulating, overseeing and controlling the Colombian financial sector
- ▶ TRM: Market Representative Exchange Rate; it is an average of the transactions carried out in peso-dollar, and it is calculated daily by the SF
- ▶ UPME: State agency responsible for planning Colombia's mining and energy sectors
- ▶ USD: US dollars

Annex 7: Overview of the parent company – EEB

EEB is an integrated energy company with interests in the natural gas and electricity sectors and operations in Colombia, Peru and Guatemala.

- ▶ EEB was founded in 1896 and is controlled by the District of Bogotá (76.2% ownership). The company, as a public company in Colombia, adhered to global standards of corporate governance.
- ▶ EEB has an expansion strategy focused on the transmission and distribution of energy in Colombia and other countries within the region.
- ▶ EEB participates in the entire electricity value chain and in almost all the natural gas value chain, except for exploration and production.

- ▶ Since 2009, EEB shares have been traded on the Colombian stock market. In November 2011, EEB finished a Re-IPO in the Colombian stock market for approximately USD 400 million.
- ▶ EEB is one of the largest Colombian corporate debt issuers. In October 2007, EEB and TGI issued corporate bonds in the international markets for USD 1.36 billion. In 2011 and the beginning of 2012 both companies refinanced their notes extending their maturities and lowering its costs. Cálidda, our Peruvian subsidiary also issued in April/2013 a USD 320 million bond.
- ▶ Since 2009, EEB is traded on the Colombian Securities Exchange and is part of the local indexes COLCAP, COLEQTY y COLIR