TGI
GrupoEnergíaBogotá

Results Report
2Q 2019

2Q

3 MONTHS
2018 - 2019

Operating revenue **(+9,0%)**

USD$108,1 million **USD$117,8 million**

EBITDA **(+18,5%)**

USD$77,9 million **USD$92,3 million**

Net Income **(+11,4%)**

USD$37,7 million **USD$42,0 million**

*2Q 2018: April 1 through June 30, 2018
*2Q 2019: April 1 through June 30, 2019

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Financial Performance

- Increase in revenue in 2Q 2019 vs. 2Q 2018 equivalent to 9,0%.
- EBITDA margin in 2Q 2019 grew 6,3pp to 78,4%.
- Credit rating of the bond was confirmed at Baa3 by Moody's (stable perspective).

Strategic Performance

- Subscription of contract for the first project of Works through Taxes by COP$8.500 mm, for the construction and optimization of the aqueduct's networks in the urban area of La Paz, Cesar.
- Internal approval by TGI of new agreements to promote NGV for the period between August 2019 through November 2021. Communication programs with the users about the benefits of NGV usage are included. These agreements were subscribed with Vanti, EPM, GDO, Efigas, Gases del Llano and Alcanos de Colombia.
- Subscription of 4 substitution agreements from coal to gas, equivalent to 6.200 Kscfd, of which 1.200 Kscfd correspond to interruptible contracts (valid during 2019) and 5.000 Kscfd to firm transportation (valid until 2024).
- Transmilenio: start of operations of 140 units that work with CGV, out of a programed total of 741 units.

Operational Performance

- Increase of transported volume due to higher consumption from Barrancabermeja's refinery, despite of maintenance works in the production plant of Cupiagua.
- Obtention of modification license and start of Loop Puente Guillermo – La Belleza's works contract.

Regulatory Developments

- Definition of 2019 CREG's regulatory agenda:
  - Remuneration methodology for natural gas transportation (4Q).
  - Supply chain plan (4Q).
  - Vertical integration rules review (4Q).
  - WACC information sources review (4Q).

Main operational and financial data

Table 1 – Relevant financial indicators

	2Q 2019	2Q 2018	Variation
Revenue (Thousand USD$)	117.790	108.099	9,0%
Operating income (Thousand USD$)	67.451	58.669	15,0%
EBITDA (Thousand USD$)	92.336	77.914	18,5%
EBITDA Margin	78,4%	72,1%	6,3 pp
Net income (Thousand USD$)	41.958	37.658	11,4%
Gross total debt / EBITDA*	3,4x	3,6x	-
EBITDA* / Financial Expenses*	4,0x	4,1x	-
International credit rating:			
S&P – Corporate Rating – Sept. 28 | 18:	**BBB-, stable**		
Fitch – Corporate Rating – Oct. 9 | 18:	**BBB, stable**		
Moody's – Bond Rating – Jul.16 | 19:	**Baa3, stable**		

*Corresponds to EBITDA and financial expenses in the last twelve months (LTM).

Table 2 – Relevant operational indicators

	2Q 2019	2Q 2018	Variation
Transported volume - Average Mscfd	470,4	439,9	6,9%
Firm contracted capacity - Mscfd	712,0	716,3	-0,6%

Natural gas market in Colombia

Table 3 – Natural gas demand

Sectors	Colombia			Inland		
Demand (GBTUD)	**2Q 2019**	**2Q 2018**	**Variation**	**2Q 2019**	**2Q 2018**	**Variation**
Thermal	177,2	202,8	-12,7%	4,8	1,2	301,8%
Residential - commercial	196,0	191,6	2,3%	156,9	156,4	0,4%
Industrial - refinery	427,4	447,1	-4,4%	284,3	286,7	-0,9%
Vehicular – VNG	55,3	58,9	-6,0%	42,9	46,2	-7,2%
Petrochemical	17,0	17,8	-4,8%	0,5	0,6	-15,8%
Other Consumptions	49,9	47,6	5,0%	43,3	50,8	-14,8%
Total	**922,8**	**965,8**	**-4,5%**	**532,8**	**542,0**	**-1,7%**

- At a national level, demand decreased 4.5% from 2Q 2018 to 2Q 2019, equivalent to 43,1 GBTUD (Giga British Thermal Unit per-Day), mainly explained by an increase in the levels of reservoirs (hydraulic generation) and thus less use of back-up thermal generation plants; this sector decreased 12,7% (25,7 GBTUD). In addition to this, the industrial-refinery sector decreased 4,4% (19,7 GBTUD) between 2Q 2018 and 2Q 2019, specifically due to a strong negative variation in the industrial subsector.
- The sector that grew the most in terms of domestic demand was the residential-commercial one with 4,3 GBTUD (2,3%).
- The most representative sector in Colombia is the industrial-refinery, with 46,3% of the total natural gas demand.
- Between 2Q 2018 and 2Q of 2019, there was a decrease of 1,7% in the demand for natural gas in the inland, equivalent to 9,2 GBTUD.

- In the inland, the performance of the thermal sector, that grew by 3,6 GBTUD, stands out; this is explained by considering that thermal generation plants in the inland of the country work as back-up for this zone.
- In the inland, the most representative sector is the industrial-refinery, with 53,4% of total demand.

Financial Results

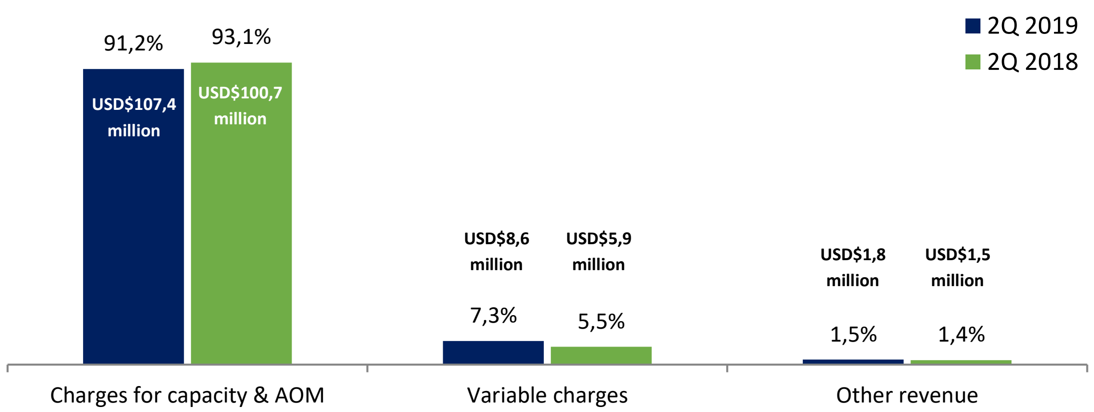
This report presents the variations under International Financial Reporting Standards (IFRS) of the comparative financial statements for 2Q 2018 and 2Q 2019 (3 months).

Revenue

Revenue in 2Q 2019 added up to USD$117,8 million, which represents a 9,0% increase compared to the same period in 2018. The behavior of revenue is mainly due to:

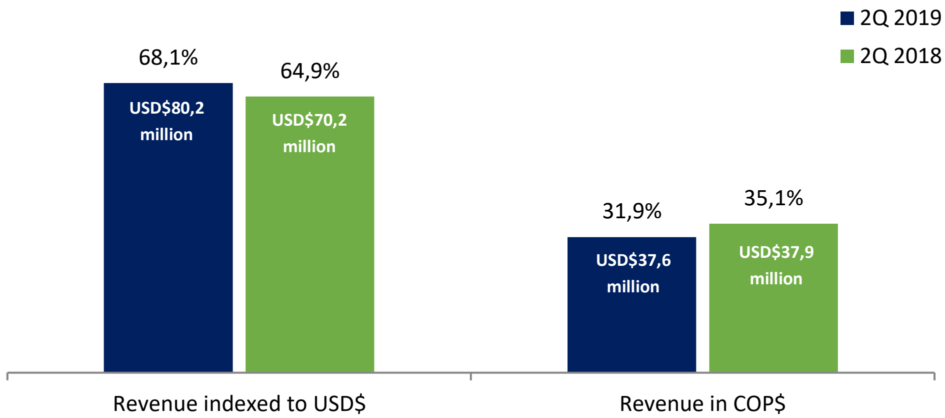
- From June 14, 2018 the stamp delta charge tariff, corresponding to Loop Armenia's works, is included in all contracts. Thus, this delta applied for all 2Q 2019, whilst during 2Q 2018 was only reflected for the last half of June. Consistently, revenue from capacity charges and AO&M grew 6,7%, from USD$100,7 mm in 2Q 2018 to USD$107.4 mm in 2Q 2019.
- Variable charges increased by 45% between 2Q 2018 (USD$5,9 mm) and 2Q 2019 (USD$8,6 mm) due to higher transported volume under the *take-and-pay* contracts modality.
- Regarding revenue by type of charge, between April and June, approximately 91,2% (USD$107,4 million) were derived from fixed charges established in firm transportation contracts, reporting an increase of 6,7% when compared to the same period of the previous year. Thus, only 7,3% (USD$8,6 million) of revenue come from contracts with variable charges, which are related to transported volume under the *take-and-pay* modality. The remaining 1,5% corresponds to non-regulated operating revenue, which is classified as complementary services.

Graph 1 – Operating revenue by type of charges



From total revenue, USD$80,2 million (68,1%) come from sales denominated in USD and the remaining USD$37,6 million (31,9%) come from sales denominated in COP. Revenue denominated in USD reported a 14,3% growth during 2Q 2019 compared to the same period of the previous year, as a result of the delta stamp charge (corresponding to Loop Armenia), fewer suspensions and greater volumes transported. The portion denominated in Colombian pesos decreased 0,9%, as a consequence of the variation in the exchange rate averages for the compared periods.

Graph 2 – Operational revenue by currency



Operating costs

Operating costs totaled USD$41,7 million, equivalent to a 3,2% decrease compared to 2Q 2018, mainly resulting from variations in the following concepts:

- Reduction in operating costs (-15,3%): mainly explained by the inclusion of environmental impact studies from Loop Armenia in 2Q 2018, which are not present in 2Q 2019. Such costs could not be capitalized under NIC 16. In addition to this, the execution of TGI's Integrity Management Plan for gas pipelines in 2019 took place during the first quarter, whilst during 2018, this happened during the second quarter.
- Depreciation and amortizations: increased 10,8% as a result of NIIF 16 adoption, which started on January 1, 2019 and mainly recognizes the La Sabana gas pipeline contract.

As a result of the behavior of revenue and operating costs, gross income for 2Q 2019 was USD$76,1 million, presenting a 17,0% increase compared to the same period of the previous year. Gross margin in 2Q 2019 was 64,6% vs. 60,2% in 2Q 2018.

Administrative and operating expenses

Administrative and operating expenses (net from other income) grew 35,5% in 2Q 2019 compared to 2Q 2018, from USD$6,4 million to USD$8,7 million, mainly due to:

- Depreciation, amortization and provisions: the variation is determined by an increase of USD$1,5 million in the provision related to the legal process which courses between TGI and Consorcio CLI.
- General expenses and other expenses (-23,5%): the variation is mainly determined by a decrease in professional fees expenses.
- On the other hand, the other income item decreased 90,4%, from USD$1,9 million in 2Q 2018 to USD$187 thousand in 2Q 2019, taking into account that during 2Q 2018 there were recoveries from insurance policies due to incidents in the operation, which did not occur during 2Q 2019.

Operating income

Operating income for 2Q 2019 increased 15,0% compared to the same period of 2018, as a result of higher revenue (9,0%) and less costs (-3,2%). The operating margin during 2Q 2019 was 57,3% vs. 54,3% in 2Q 2018.

Non-operating results

Non-operating results showed a decrease of 15,8%, going from USD$9,9 million to USD$8,3 million from 2Q 2018 to 2Q 2019, respectively, mainly due to the following variations:

- Higher revenue from foreign exchange difference during 2Q 2019, mainly related to dividends decreed and paid in COP.
- Regarding participation in related-parties, a higher loss is reported. Going from USD$710 thousand to USD$1,6 million from 2Q 2018 to 2Q 2019, as a result of the net variation from the valuation through the equity participation methodology.

Taxes

As for the income tax, it went from USD$12,8 million to USD$18,1 million, when comparing 2Q 2018 to 2Q 2019, representing an increase of 41,1%. This increase is explained by a smaller provisioned amount for year 2018, coming from presumptive income tax, and which was estimated based on the Sentence C-010/18.

On the other hand, deferred tax (in favor) reported for 2Q 2019 was USD$920 thousand, representing a 45,9% decrease compared to the same period of the previous year (USD$1,7 million), explained by:

- Changes introduced with Law 1943 of 2018, since the marginal rate used to calculate this tax went from 33,0% to 30,0%.

Net income

Net income during 2Q 2019 closed at USD$42,0 million, which is 11,4% more than during the same period of 2018, responding to the positive dynamics in revenue generation and the operating performance of the company in the period under analysis.

EBITDA

Table 4 – EBITDA

	2Q 2019	2Q 2018	Variation
EBITDA	92.336	77.914	18,5%
EBITDA Margin	78,4%	72,1%	6,3 pp

EBITDA´s behavior reflects the profitability and sustainability of the operation, and the development of TGI's business, closing 2Q 2019 in USD$92,3 million, an 18,5% growth compared to 2Q 2018, with an EBITDA margin of 78,4%.

Likewise, EBITDA historical levels provide flexibility to the Company and growth capacity in terms of projects, by maintaining the Gross Total Debt /EBITDA and EBITDA/ Financial Expenses indicators within the proper credit metrics.

Debt profile

Table 5 – Relevant debt items

	USD$ in thousand			
	Jun-19	Jun-18	Variation USD$	Variation
Total net debt	1.096.310	1.146.135	-49.825	-4,3%
Gross senior debt	804.702	797.743	6.959	0,9%
Total Gross Debt	1.177.943	1.170.153	7.791	0,7%
EBITDA LTM*	347.808	323.218	24.590	7,6%
LTM Financial Expenses*	86.673	78.883	7.790	9,9%

*Corresponds to EBITDA and financial expenses in the last twelve months (LTM).

Table 6 – Debt ratios

	Jun-19	Jun-18
Gross total debt / EBITDA*	3,4x	3,6x
EBITDA* / Financial expenses*	4,0x	4,1x

As for the debt items, during 2Q 2019 no prepayments were recorded: nonetheless, financial expenses LTM present a 9,9% increase, compared to the previous period, since TGI incurred in the payment of a prime resulting from the exercise of the *call* option on the outstanding bonds in December 2018.

Table 7 – Debt profile

Debt structure	Amount	Currency	Coupon (%)	Expiry
Senior - International bonds	750	USD$ mm	5,50%	1-Nov-28
Inter-company - Subordinated	370	USD$ mm	6,13%	21-Dec-22
Syndicated Loan	40	USD$ mm	Libor 6M + 2.25%	29-Aug-19
Leasing – Renting	10	USD$ mm	N/A	Long-term
Financial Liability NIIF 16	8	USD$ mm	8,64%	N/A

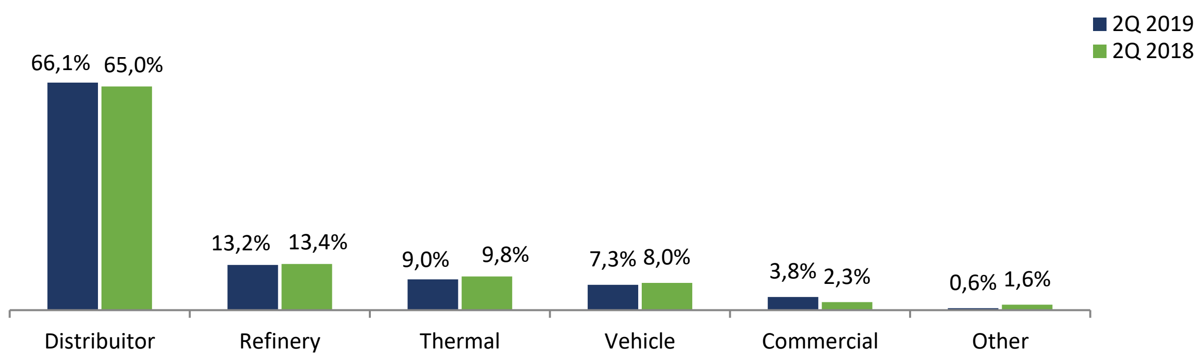
*Corresponds to EBITDA and financial expenses in the last twelve months (LTM).

On April 22, the annual rating review for 2028-bonds was carried out by Moody's Investor Services, issuing a *rating* of Baa3 with stable outlook, highlighting the positive behavior in revenue generation and the low volatility in transported volumes, as a result of stable demand. This rating was confirmed on July 26 (stable perspective).

Commercial Performance

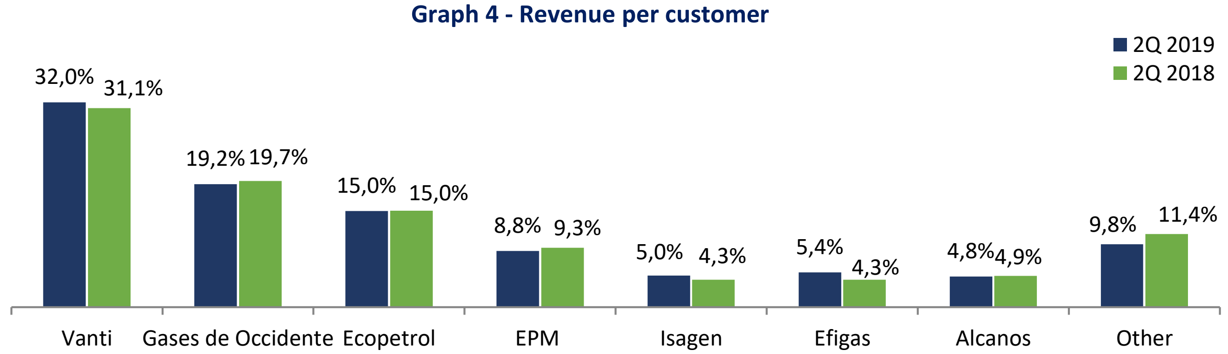
Sales by sector

Graph 3 - Revenue sectorial composition



Main sectors served by TGI have stable consumption rates without seasonality, represented in 2Q 2019 by 93,0% of firm contracts and 7,0% of interruptible contracts. Likewise, contracts, on average, are under a mixture of 90,0% fixed charges and 10,0% variable charges, approximately.

Graph 4 - Revenue per customer



During 2Q 2019, main sectors serviced by TGI represented approximately 99,4% of total revenue, whilst main customers represented approximately 90,2% of such item, highlighting that they maintain stable consumption patterns.

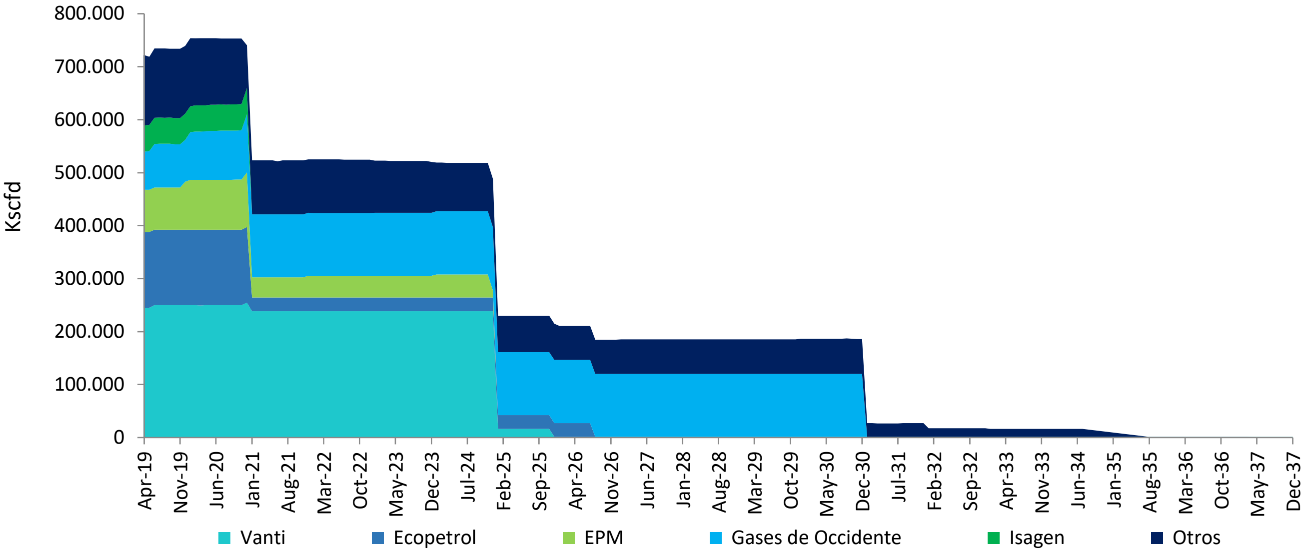
Contractual structure

Table 8 – Firm contracts structure

Period	Nr. of Current Contracts	Nr. of Firm Current Contracts	Nr. of Uninterrupted Current Contracts	Residual Lifespan of Firm Contracts (average years)
2Q 2019	1.011	942	69	7,0
2Q 2018	1.143	1.122	21	7,7

From 2Q 2018 to 2Q 2019, current contracts passed from 1.143 to 1.011, respectively. Also, at the end of the period under analysis, the Company has contracted 94,0% of its available capacity.

Graph 5 - Residual contractual lifespan



As of 2Q 2019, firm contracted capacity decreased 0,6% compared to the levels presented in the same period of 2018, reporting 712,0 Mscfd.

Operational Performance

Table 9 - Selected operational indicators

	2Q 2019	2Q 2018	Variation
Total capacity - Mscfd	791,8	784,9	0,9%
Transported Volume - Average Mscfd	470,4	439,9	6,9%
Use factor	51,6%	50,8%	0,7 pp
Availability	100,0%	98,9%	1,1 pp
Gas pipeline length - Km	3.994	3.994	0,0%

The total length of TGI pipeline system is approximately 3.994 Km, of which 3.844 Km are owned and operated by TGI; even though the remaining 150 Km are under control and supervision of TGI, they are operated by a contractor, in accordance with the subscribed operation and maintenance agreement. The system mainly receives natural gas from Ballena / Chuchupa and Cusiana / Cupiagua basins.

Table 10 - Volume by transporter (Mscfd)

	2Q 2019	Participation	2Q 2018	Participation	Variation	Mscfd
TGI	470,4	56,2%	439,9	45,0%	6,9%	30,5
Promigas	321,0	38,3%	369,3	37,8%	-13,1%	-48,3
Others	45,9	5,5%	168,3	17,2%	-72,7%	-122,5
Total	**837,2**	**100,0%**	**977,4**	**100,0%**	**-14,3%**	**-140,2**

From the total transported volume in the gas pipeline network at a national level, TGI continues to be the main participant with 470,4 Mscfd, whilst Promigas stands as the second one with 321,0 Mscfd; both Companies add up to 94,5% share, which corresponds to the transportation of 791,4 Mscfd.

Tabla 11 – Total transportation capacity of TGI's system - 2Q 2019

By section - Mscfd	Transportation capacity
Ballena – Barrancabermeja	260,0
Mariquita – Gualanday	15,0
Gualanday - Neiva	11,0
Cusiana – Porvenir	412,0
Cusiana – Apiay	64,2
Apiay – Usme	17,8
Morichal – Yopal	11,8
Total	**791,8**

Projects in execution

Cusiana Phase IV

The purpose of this project is to increase the natural gas transportation capacity by 58,0 Mscfd between Cusiana and Vasconia, with the construction of 39,5 Km of 30" diameter loops.

- Expansion of the Gas Compression Station of Puente Guillermo.
- Modifications to the Gas Compression Stations of Miraflores and Vasconia.

Details of the execution:

- Total project investment – USD$92,3 million
- Total Capex executed to date – USD$38,4 million
- Total Capex executed 2Q 2019 – USD$5,3 million
- Physical Work Progress – 62,5%
- Start of operations:
  - Puerto Guillermo Station: 17 Mscfd – 2Q 2018
  - Loop Puerto Romero – Vasconia: 48 Mscfd – 1Q 2020
  - Loop Puente Guillermo – La Belleza: 8 Mscfd – 2Q 2020
  - Loop El Porvenir – Miraflores: 2 Mscfd – 3Q 2020

Replacement of Branches

Replacement of 5 branches due to reach of their regulatory useful lifespan in accordance with resolution CREG 126 of 2016. Replacement of the following branches of Southern Bolivar, which represent 16 Km of pipelines (2" diameter) and 12 Km of pipeline (4" diameter):

- Yarigüíes – Puerto Wilches Branch
- Cantagallo Industrial Z. – Cantagallo Branch
- Cantagallo – San Pablo Branch
- Galán – Casabe – Yondó Branch
- Pompeya Branch

Details of the execution:

- Total project investment – USD$11,6 million
- Total Capex executed to date – USD$3,6 million
- Total Capex executed 1Q 2019 – USD$1,4 million
- Physical Work Progress – 45,5%

- Start of operations:
  - Yarigüíes – Puerto Wilches Branch: 4Q 2019
  - Cantagallo Industrial Z. – Cantagallo Branch: 4Q 2019
  - Cantagallo – San Pablo Branch: 1Q 2020
  - Galán – Casabe – Yondó Branch: 1Q 2020
  - Pompeya Branch: 4Q 2019

Appendix section

Appendix 1. Financial Statements

Table 12 - Income Statement

	USD$ in thousand		Variation		USD$ in thousand		Variation	
	YTD19	YTD18	USD$ Var	%	2Q 2019	2Q 2018	USD$ Var	%
Revenue	**235.750**	**218.016**	**17.734**	**8,1%**	**117.790**	**108.099**	**9.691**	**9,0%**
Operating costs	-79.994	-77.151	-2.843	3,7%	-41.681	-43.042	1.361	-3,2%
Gross income	**155.756**	**140.865**	**14.891**	**10,6%**	**76.109**	**65.057**	**11.052**	**17,0%**
Gross Margin	66,1%	64,6%			64,6%	60,2%		
Administrative and operating expenses	**-13.683**	**-11.487**	**-2.196**	**19,1%**	**-8.658**	**-6.388**	**-2.270**	**35,5%**
Personnel Expenses	-3.959	-3.851	-108	2,8%	-2.126	-2.135	9	-0,4%
Taxes	-1.251	-1.297	46	-3,5%	-749	-993	244	-24,6%
Depreciation, amortization and provisions	-4.834	-2.162	-2.672	123,6%	-2.832	-1.114	-1.718	154,2%
Other expenses	-5.860	-6.193	333	-5,4%	-3.138	-4.101	963	-23,5%
Other revenue	2.221	2.016	205	10,2%	187	1.955	-1.768	-90,4%
Operating income	**142.073**	**129.378**	**12.695**	**9,8%**	**67.451**	**58.669**	**8.782**	**15,0%**
Operating Margin	60,3%	59,3%			57,3%	54,3%		
Financial Costs	-36.050	-36.387	337	-0,9%	-18.008	-18.046	38	-0,2%
Financial Revenue	2.062	1.531	531	34,7%	1.187	782	405	51,8%
Net FX difference	5.247	-344	5.591	1625,3%	10.069	8.082	1.987	24,6%
Participation in results of related-companies	-3.341	-1.905	-1.436	75,4%	-1.574	-710	-864	121,7%
Income before income tax	**109.991**	**92.273**	**17.718**	**19,2%**	**59.125**	**48.777**	**10.348**	**21,2%**
Income Tax	-37.219	-36.307	-912	2,5%	-18.087	-12.820	-5.267	41,1%
Deferred tax	1.101	4.378	-3.277	-74,9%	920	1.701	-781	-45,9%
Net income	**73.873**	**60.344**	**13.529**	**22,4%**	**41.958**	**37.658**	**4.300**	**11,4%**
Net Margin	31,3%	27,7%			35,6%	34,8%		

Table 13 - Balance Sheet

	USD$ in thousand		Variation		USD$ in thousand
	Jun-19	Dec-18	USD$ Var	%	Jun-18
Assets					
Current Assets					
Cash and cash equivalents	81.633	46.816	**34.817**	**74,4%**	21.608
Accounts receivable from clients and other accounts receivable	61.271	55.850	**5.421**	**9,7%**	54.964
Inventories	9.915	9.854	**61**	**0,6%**	8.668
Other non-financial assets	3.433	2.144	**1.289**	**60,1%**	3.087
Total Current Asset	**156.252**	**114.664**	**41.588**	**36,3%**	**88.328**
Non-Current Asset					
Property, plant and equipment	2.176.299	2.181.098	**-4.799**	**-0,2%**	2.195.139
Investments in affiliates and subordinates	9.586	12.926	**-3.340**	**-25,8%**	28.735
Commercial accounts receivable and other accounts receivable	10.214	9.560	**654**	**6,8%**	10.436
Intangible assets	160.038	161.657	**-1.619**	**-1,0%**	162.321
Other financial assets	61	53	**8**	**15,1%**	54
Other non-financial assets	9.726	5.928	**3.798**	**64,1%**	6.573
Total Non-Current Asset	**2.365.924**	**2.371.222**	**-5.298**	**-0,22%**	**2.403.257**
Total Asset	**2.522.176**	**2.485.886**	**36.290**	**1,5%**	**2.491.584**
Liabilities					
Current Liabilities					
Accounts payable to suppliers and other accounts payable	12.357	22.251	**-9.894**	**-44,5%**	15.725
Taxes payable	21.062	11.052	**10.010**	**90,6%**	18.595
Benefits to employees	2.903	3.717	**-814**	**-21,9%**	2.796
Provisions	11.501	9.158	**2.343**	**25,6%**	10.812
Current financial obligations	39.824	39.464	**360**	**0,9%**	49.257
Other financial liabilities	13.499	11.468	**2.031**	**17,7%**	37.107
Other liabilities	16.814	16.586	**228**	**1,4%**	0
Accounts payable to related parties	45.563	3.660	**41.903**	**1144,9%**	49.435
Total Current Liability	**163.523**	**117.356**	**46.167**	**39,3%**	**183.727**
Non-Current Liability					
Accounts payable to related parties	370.000	370.000	**0**	**0,0%**	370.000
Provisions.	39.318	36.282	**3.036**	**8,4%**	38.302
Liabilities for deferred taxes	360.787	361.888	**-1.101**	**-0,3%**	379.686
Issued bonds	760.522	756.209	**4.313**	**0,57%**	748.486
Total Non-Current Liability	**1.530.627**	**1.524.379**	**6.248**	**0,4%**	**1.536.474**
Total Liability	**1.694.150**	**1.641.735**	**52.415**	**3,2%**	**1.720.201**
Equity					
Common stocks	703.868	703.868	**0**	**0,0%**	703.868
Contributed surplus	56.043	56.043	**0**	**0,0%**	56.043
Reserves	172.325	126.320	**46.005**	**36,4%**	126.320
Accumulated results	-35.439	-39.684	**4.245**	**-10,7%**	-35.439
Period's net income	73.873	136.005	**-62.132**	**-45,7%**	60.344
Other comprehensive income	-142.644	-138.401	**-4.243**	**3,1%**	-139.753
Total Equity	**828.026**	**844.151**	**-16.125**	**-1,9%**	**771.383**
Total Liability and Equity	**2.522.176**	**2.485.886**	**36.290**	**1,5%**	**2.491.584**

Table 14 - Cash Flow Statement

	USD$ in thousand		Variation	
	Jun-19	Jun-18	USD$ Var	%
Cash Flow from Operating Activities				
Net Income	**73.873**	**60.344**	**13.529**	**22,4%**
Adjustment for:				
Depreciations and amortizations	45.653	41.687	**3.966**	**9,5%**
Non-realized foreign exchange difference	-5.247	344	**-5.591**	**-1625,3%**
Benefits to employees	165	-118	**283**	**239,8%**
Amortized cost (financial obligations)	528	543	**-15**	**-2,8%**
ARO valuation	1.728	1.558	**170**	**10,9%**
Deferred tax	-1.101	-4.378	**3.277**	**-74,9%**
Income tax	37.219	36.307	**912**	**2,5%**
Financial Costs	33.793	34.286	**-493**	**-1,4%**
Financial Revenue	-2.062	-1.378	**-684**	**49,6%**
Participation method valuation	3.341	1.905	**1.436**	**75,4%**
Inventories (recovery) impairment	-51	233	**-284**	**-121,9%**
Accounts receivable impairment	1.378	266	**1.112**	**418,0%**
Recovery of provisions	-583	-1.998	**1.415**	**-70,8%**
	188.634	**169.601**	**19.033**	**11,2%**
Net changes in operating assets and liabilities				
(Increase) reduction in accounts receivable from clients and other AR	-33.104	-7.923	**-25.181**	**317,8%**
(Increase) Decrease in inventories	-10	760	**-770**	**-101,3%**
(Increase) Decrease in other non-financial assets	-5.087	-3.325	**-1.762**	**53,0%**
Increase (Decrease) in commercial accounts payable and other AP	12.548	24.933	**-12.385**	**-49,7%**
Increase (decrease) in other labor obligations	-975	299	**-1.274**	**-426,1%**
Other financial assets	-1.098	2.450	**-3.548**	**-144,8%**
Interest payments	-22.196	-22.362	**166**	**-0,7%**
Interest payments to related parties	-11.331	-11.331	**-**	**0,0%**
Interest collection	144	334	**-190**	**-56,9%**
Paid taxes	-7.669	-27.254	**19.585**	**-71,9%**
Net cash flow provided by operating activities	**119.856**	**126.182**	**-6.326**	**-5,0%**
Cash Flows of Investment Activities				
Investments in affiliates	-	-20.256	**20.256**	**-100,0%**
Property, plant and equipment	-27.464	-33.535	**6.071**	**-18,1%**
Intangibles	-	-892	**892**	**100,0%**
Net flow provided by investment activities	**-27.464**	**-54.683**	**27.219**	**-49,8%**
Cash flow from Financing Activities				
Payment of dividends	-42.741	-50.000	**7.259**	**-14,5%**
Payment of financial obligations	-1.185	-74.427	**73.242**	**-98,4%**
Net flow used in financing activities	**-43.926**	**-124.427**	**80.501**	**-64,7%**

Table 14 – Cash Flow Statement

Effect of exchange rate variation on cash and cash equivalent	-13.649	-4.965	**-8.684**	**174,9%**
Net Changes in Cash and Cash Equivalents	**48.466**	**-52.928**	**-101.394**	**191,6%**
Cash and Cash Equivalent at the beginning of the Year	**46.816**	**79.501**	**-32.685**	**-41,1%**
Cash and Cash Equivalent at the end of the Fiscal Year	**81.633**	**21.608**	**60.025**	**277,79%**

Appendix 2. Disclaimer and clarifications

This document contains words such as "anticipate", "believe", "expect", "estimate" and others with similar meaning. Any information that is different from the historical information, including, but without limiting to that which refers to the Company's financial situation, its business strategy, its plans and management objectives, corresponds to forecasts.

Forecasts in this report were made under assumptions related to the economic, competitive, regulatory and operational environment of the business and took into account risks beyond the Company's control. Forecasts are uncertain and they may not materialize. One may also expect that unexpected events or circumstances occur. As a result of the foregoing, actual results may differ significantly from forecasts herein contained. Therefore, forecasts in this report must not be considered as true facts. Potential investors must not take into account the forecasts or assumptions herein contained, neither should they base their investment decisions thereupon.

The Company expressly waives any obligation or commitment to distribute updates or revisions of any of the forecasts herein contained.

The Company's past performance may not be considered as a pattern of its future performance.

Appendix 3. Terms and definitions

- Contract with interruptions or interruptible: A written agreement in which the parties agree not to assume any commitment for the continuity of the supply or transport of natural gas during a specified period. The service may be interrupted by either party, at any time and under any circumstance, by giving advance notice to the other.
- Firm Contract or that which guarantees firmness: is a written contract in which the agent guarantees the supply service of a maximum amount of natural gas and/or the maximum transportation capacity, without interruptions, during a defined term, except during the days established for scheduled maintenance and works. This contract modality requires physical support.
- BEO (Boletín Electrónico de Operaciones) [Electronic Operations Bulletin]: It is a free website that provides commercial and operational information related to the services of a transporter, which includes regulated charges, charges agreed with the market agents, nomination cycle, transportation program, offers to release capacity and gas supply, energy balance accounts and any other information established in the RUT.
- Kscfd: Thousand standard cubic feet per day.
- Mscfd: Million standard cubic feet per day.
- Average – Mscfd: It is the average of the transported volume per day during the quarter being studied.
- GBTUD: Giga British Thermal Unit per-Day.
- MBTU: Million British Thermal Units.
- ANLA: National Environmental License Authority
- ASME: American Society of Mechanical Engineers.
- ICANH: Colombian Institute of Anthropology and History.

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