



Teleconferencia sobre las utilidades de EEB: Resultados y actividades importantes Año completo 2016

Operator: Good morning ladies and gentlemen and welcome to the E.E.B.'s Earnings Call 2016 Results and Key Developments, my name is Janet and I'll be your operator for today's call, at this time all participants are in listen-only mode. As a reminder this conference call is being recorded.

Under the tab download you will find today's presentation. I would now like to turn the call over to Mr. Julián Naranjo EEB's Financing and IR Manager, parent company of Grupo Energía Bogotá. Please go ahead Mr. Naranjo.

Mr. Naranjo: Thank you Janet, good morning and again welcome to our Earnings Conference Call for the 2016 full year Results of Empresa de Energía de Bogotá, EEB is the parent company of Grupo Energía de Bogotá.

My name is Julián Naranjo, I am Financing and IR Manager for EEB, today's presentation will be made by Mr. Felipe Castilla our Chief Financial Officer and our presentation is divided into four parts; first our CFO will make some introductory comments and key updates, second we will briefly review the main developments during this quarter, third we will refer to EEB's Financial Performance during 2016 and the most important Financial Performance Indicators, to conclude this Conference we will open the call to a Question and Answer session, now I turn the call over to our CFO, Mr. Castilla please go ahead.

Mr. Castilla: Thank you Julián, good morning and welcome everybody to our earnings conference results for the full year 2016.

I would like to start by walking you through what we have achieved during 2016; a very good year for EEB in terms of financial results and new strategy definition for the years to come, to become one of the Energy leading Multilatina in the region, we will deepen our regional presence and our connections reaching more households and industrial clients in more countries.

We held our good financial performance over 1.3 trillion Colombian Pesos of consolidated net profit, which represents an increase of almost 28% compared to 2015. The company paid dividends in 2016 for an amount of 224 billion Colombian Pesos to over more than 3000 shareholders, while in 2017 it plans to pay dividends for net nearly 909 billion Colombian Pesos with an increase of 303% compared to the previous year, which evidences the company's strength and profitability due to this natural monopoly's businesses.

Our shares shows a strong positive behavior on the local market throughout the year with an average value of 1825 Colombian Pesos each share, EEB's shares were also placed in the eleventh position in COLCAP ranking, the local index; with a share of 4.2% turning it into an attractive and stable long terms investment opportunity for local and international investors, not only by its price return of 5.2% achieved last year, but also by its outside valuation potential.

Furthermore, (Inaudible 03:35) consensus estimates an average target price of



1.971 Colombian Pesos per share, EEB share had the high of 1.915 Colombian Pesos on September 28th last year, twenty eighth last year.

We have continued our steady growth in terms of Consolidated Adjusted EBITDA, which by the end of the last year reached 2.6 trillion Colombian Pesos on a yearly basis, a 44% increase compared to 2015 figures.

EEB's good performance was recognized by the major Rating Agencies, Fitch Ratings confirmed its BBB rate with a Stable Perspective and last week increased CÁLIDDA's rating from BBB- to BBB with Stable Outlook. Standard & Poor's (S&P) confirmed its credit rating BBB- for the corporate debt of EEB and increased the outlook from Negative to Stable. Transportadora de Gas Internacional (TGI) and Gas Natural de Lima y Callao (CÁLIDDA) which ratings corresponded to an investment grade. And Moody's in its credit opinion report confirmed its Baa2 investment grade for EEB and the company's Stable Perspective because of its good debt management and reasonable sustainable dividend policy among other aspects.

EEB consolidated as the second Transmission entity in the country with 12.5% market share in the income of the National Transmission System, also our company is executing 8 out of 21 SPM projects that are being currently developing in the country. Is also in charge of the execution of 2 in 11 expansion projects for the regional transmission system awarded through a public procurement process, and also to 2 private initiatives are under execution for a total of 12 projects we will strengthen Transmission reliability in Colombia, executing 42% of the total Transmission Infrastructure of the country and doubling our own Infrastructure (naudible 05:55) for us.

As regards our natural gas activities, TGI consolidated as the major gas transportation company in Colombia with networks throughout 14 Departments and one 157 Municipalities, transporting 70% of natural gas consumed in the country with nearly more than 2.000 miles of network.

We keep our good results track, and we reached an EBITDA of 355 million dollars, maintaining an EBITDA margin of 83% which is a very high standard for the Industry.

In Guatemala we led the development of the energy sector in 2016 through TRECSA, we are significantly progressing over there in the development of the project for construction of the new 230 Kw Transmission lines through 528 miles and 24 expansion and constructions Works for new sub-stations which will help to double the National Transmission System capacity. The significant milestone was the commissioning of Santa Ana Sub-station which is part of the Pacific Ring of Fire, a key work for strengthening Guatemalan National System which significantly contributes to Central America Energy security.

For the fifth year in a row, EEB was awarded with the Dow Jones Sustainability Index for emerging market, and for the third year in a row EEB was awarded by Colombia's Security Exchange with the IR recognition for best practices in investor relations and information disclosure, we have also updated some corporate guidelines and implemented Corporate Governance practices in line with the all CED standard, country code and circular N° 28 from the Financial Superintendence of Colombia.

With regard to Urban Energy Solutions, we are proud to say that we have led the



develop in natural gas in Peru, in 2016 our Company CÁLIDDA surpassed 430.000 residential and industry gas connections in Lima and Callao, reaching a penetration of approximately 20% and around 2 million people to benefit. Grupo Energía de Bogotá is today a key ally of the Peruvian Government in massification of natural gas.

We also saw significant results with our company CONTUGAS, which entered into an agreement with Peru's Social Inclusion Fund (FISE) for the promotion of use of natural gas, 10.000 connection will be completed upon which CONTUGAS will satisfy in advance its commitment with the Peruvian Government to bring natural gas to 50.000 households by 2020. These figures will turn Ica into the first region in the country to massively enjoy this energy service because of GEB management.

In terms of our main associated companies EMGESA and CODENSA, an aggregated EBITDA of 1.1 billion dollars was generated during the 2016.

We are proud to announce that last September the 30th we concluded with CODENSA the merger of our subsidiary EEC, this will enhance the electricity distribution operations in Cundinamarca Department reaching a total of 3 million combined clients.

Lastly, we would like to highlight EEB successfully placed 650.000 million Colombian Pesos almost 2.020 million dollars in a AAA bond spread between 7 and 25 years in maturity, the total demand was 1.3 billion Colombian Pesos, almost 430 million dollars which represented 2.3 times total of (Inaudible 10:15) largest demand placed was in the year 2042 paper. We expect to issue a second (Inaudible 10:24) second semester this year.

Now we will have start the presentation 2016 key results and development available on the web, under the tab download. If we go to the presentation, we will start with our current structure we have been presented in previous presentations, the group now reviewing its strategic business in three different strategic groups, one is Urban Energy Solutions, that correspond to all the companies that distributes natural gas or electricity, in that group we have CODENSA, CÁLIDDA, GAS NATURAL FENOSA, CONTUGAS and EMSA.

Then we have the next strategic group, is Interconnecting for Market Development that all the interconnections not only in the electricity but also in the gas, in that group we have our current business in transmission that is entire EEB, the company TGI, TRECSA in Guatemala, GEBBRAS in Brazil and the association that we have with ISA in Peru for transmission line corresponding to REP and TRANSMANTARO.

And lastly we have the strategic group of Low Emission Generation, that currently we have EMGESA.

Following that, just as a quick view what we have in the different strategic businesses, in the Urban Energy Solutions we have more than 6 million customers that are distributed in electricity with 3.5 million, in natural gas in Colombia we have 2.1 million and in natural gas distribution in Peru we have 430.000 that corresponds to the current users in CONTUGAS and CÁLIDDA.

For the Interconnecting for Market Development, we have more than 12.5 thousand kilometers of Grid that corresponds to energy transmission lines and

also pipelines. In the electricity transmission in Colombia we have almost 1.500 kilometers, in Central America we are developing 400 kilometers, in Peru through REP and TRANSMANTARO we have 950 kilometers of transmission lines and in Brazil in the recent acquisition we have more than 1.000 kilometers. And in the natural gas transportation, corresponds to what is the infrastructure of TGI, we have more than 4.000 kilometers of pipeline.

And lastly in the Low Emission Generation generations we have a 22% market share generation in Colombia and almost 15.000 Gw of power generated in 2016.

Now we want to enter into the Key Updates for the 2016, starting with the local bond issuance that we made, we closed that transaction on February 28th of this year, and we issued 650.000 million Colombian Pesos that correspond to 2.030 million dollars with an over demand of 2.3 times over subscriptions.

The credit rating for this transaction was AAA and by Fitch and the main results are that we placed this issuance in three (Inaudible 14:25) one for 7 year maturity, the other for 15 years and the last for 25 years, and in that issuance we have almost 28% in the maturity of 7 and 25 years, and the 44% correspond to the 15 years maturity. In the next pie you can see how was by the type of investors was placed this local bond.

In the next page we have the key updates for corporate highlights and we have been presented to our general assembly that is going to be held next week on March 30th. We have been proposing to distribute almost 900.000 million Colombian Pesos in dividends that correspond to 99 Colombian Pesos per share with a dividend yield of 5.5%, we expect that can be approved by the general assembly. Our proposal is that we will pay in two installments, the first until July 5th 50% and the second installment the remaining 50% until October the 31st of this year.

In regards to the credit ratings, we keep all the investment grades for all the credit rating agencies, on September 30th Standard & Poor's affirmed the EEB corporate debt and issuer rating in (BBB-), and changed the outlook from negative to stable. On October 19th last year Fitch Ratings affirmed EEB's corporate debt and issuer rating in (BBB), stable outlook and on November 16th, Moody's ratings affirmed EEB's corporate debt and issuer rating in (Baa2) with stable outlook.

Going to the next page, I want to just mention some updates, the main updates on financial for last year, on accounting policies we have been decided to make an early adoption of the IAS 27, in which we are recognizing the Equity Method for all the associates in the *Standalone* financial statements. Starting 2016 is mandatory but we made it in advance for 2016.

We recognize a small impairment for TRECSA for 8.2 million dollars. And the other point to mention is that on July 6th 2015, EEB's shareholders meeting approved the release of occasional reserves amounting to 450.000 million Colombian Pesos.

We paid almost 50 Colombian Pesos per share to the minority shareholders, and by minority I mean all the shareholders except the City of Bogotá, and we paid in single installment last year but the remaining portion correspond to District of Bogotá, we will pay in the next 10 years in annual installments plus the recognition of interests.

Starting 2016 we switched the account payable that was current liabilities and we reclassified as a long term liability considering that this is now a debt for the company.

Going to the following page, on the case of TGI, Moody's Ratings and Fitch Ratings ratified the corporate credit rating for TGI in local and foreign currencies, all the investment grades rating is stable outlook and on the other hand, Standard & Poor's ratified the corporate debt and issuer ratings as BBB-, improving perspective from negative to stable, aligning the TGI outlook with EEB.

The second package of completion of the regulatory useful life: considering the completion of the regulatory useful life period according to the provisions of the CREG Resolution, for 18 gas pipelines composing the TGI's transportation system. Capex for these projects has an approximate value of 56.4 million dollars. At the end of the year the average transported volume through TGI's infrastructure was almost 500 million cubic feet per day, which represents a market share of 50.5% of the transported volume during 2016.

On the next page on the CÁLIDDA side, last week Fitch Ratings upgraded the corporate credit rating for CÁLIDDA in local and foreign currencies from (BBB-) to (BBB) with a stable outlook.

We have been increasing our client base, we closed in 2015 with more than 345.000 clients and we finalized last year with almost 440.000 with an increase of 27%. Our network was increased by almost 1.500 kilometers, wherewith the distribution system reached almost 7.500 kilometers of underground pipelines.

The total revenues of 2016 have decreased 1% due to the reduction in natural gas prices, this is an effect of a pass-through and in that sense, we reduced revenues but also we reduced expenses.

And the EBITDA and Adjusted EBITDA margin grew mainly due to the higher income mentioned above (higher demand of natural gas) and lower operational expenses.

Going to the expansion projects slide, it can be seen that we have an execution of 950 million dollars, in the first pie on the upper left corner you can see how we invested in different companies, our main focus of investment was TRANSMANTARO in Peru and CODENSA here in Colombia.

The executed CapEx by segment considering the new way in which we divided our strategic group, our main investment was in Interconnection for Market Development with 46%, followed by Urban Energy Solutions with 32% and at the end is the Low Emission Generation with a 7%.

And our main point of investment geographically speaking is Colombia with almost 53%, Peru with 41% and Guatemala with the remaining 6.4%. And our investments were mainly in our associates with 76% of the total investment and in our subsidiaries 24%.

Going to the following page, you can see in the table the transmission lines we are developing currently that have to be on line from now until year 2018. CODENSA in regard to on-going projects are the Nueva Esperanza Norte Sub-

station, the company also includes new and existing demand, quality service and continuity, control operational risk and smart metering.

For our company in Peru, TRANSMANTARO, the main projects currently ongoing are: Consesion – Mantaro – Marcona, La Planicie – Industriales and Friaspata – Mollepata, those are projects that we expect that will be on line this year.

In regard to what we have in our plan as you can see on page 16, our plan is to execute from year 2013-2020 more than 3 billion dollars, in which we have already executed almost half of that from year 2013 to 2016, and from the remaining portion from now until 2020 we expect to invest 1.58 billion dollars, in which we expect to finance with almost 500 million dollars and the remaining portion with the cash generation in our company.

In the bar graph that is on the right side you can see what are the investment and the amounts that we expect execute in the next following years, but is important to mention that those projects only correspond to projects that already has been sanctioned, we are not including any new prospects or projects that are in our pipelines, that they will be included once they had been approved and sanctioned inside and company.

Going to the following page on the Financial Performance, the operating revenue is almost 3.1 trillion Colombian Pesos, 42% correspond to natural gas transportation and the remaining 49% correspond to natural gas distribution. In those expenses we can mention mainly is that we have an increase of 40% on electricity transmission considering that we have been including some new projects on the stream.

We have an increase of 8.3% on natural gas transportation due to the increase in TGI's revenues due to FX conversion effects last year. And also we have a 6.5% decrease in natural gas distribution, the decrease in CÁLIDDA's revenues, mainly from tariffs and FX conversion effects.

On regards of operational profit, on YoY Basis, if we compare with the last year, operating profit showed an increase of 3.7% due to minor cost and expenses of 325.000 million Colombian Pesos, that's due on the Electricity Transmission higher revenues despite of impairment in Trecsa.

We also have reduction of 28.8% on natural gas distribution due to lower revenues, combined with maintenance costs and new users connected to the network. An increase of 17% on natural gas transportation due to larger operating balance agreement and maintenance costs.

Going to the next page we have an analysis between what we have in EBIT and the profit, we start with the EBIT of 1 trillion Colombian Pesos, we have financial income with an increase of 173.000 million Colombian Pesos.

On Financial Expenses we have an expense of 500.000 million Colombian Pesos and that increase is due mainly to debt interest payments, banking commissions and major losses in hedge valuations at the level of TGI & CÁLIDDA.

We have an exchange gain of 142.000 million Colombian Pesos due to the revaluation of the Colombian Peso during the year 2016.

We also have the share of profit using equity method for associates for almost 1 trillion Colombian Pesos. And also we have the Tax income for almost 440.000 million Colombian Pesos and that ends with a profit of 1.288 trillion Colombian Pesos in which we ended not only at the level of the consolidated financial statement but also at the level of the standalone basis for EEB in which we distribute our dividends for year 2016.

And going to the following page, we have how our EBITDA has been steadily growing from the last 10 years, what is important to mention is that in year 2016 19% of our EBITDA corresponded to controlled businesses while the remaining 81% was from not controlled businesses, but for year 2016 we have that from the EBITDA generated 70% correspond to controlled businesses while the remaining 30% was with not controlled businesses.

On the pie that you have on the right side you can see that TGI is still the main contributor to our EBITDA with 44%, but we also pointed out that businesses like CÁLIDDA and CONTUGAS are increasing its participation, in the case of EMGESA and CODENSA they contribute with almost 25% of the total group EBITDA.

And just to reinforce the way that we have divided now our strategic businesses, you can see that the Interconnecting for Market Development contributes with 55% of the EBITDA generated during 2016, Urban Energy Solutions 29% and lastly Low Emission Generation they contribute with 16%.

And lastly we just want to show you how we ended with our main financial indicators, in the case of the Net Debt on Consolidated Adjusted EBITDA at the end of 2016 we finalized with an index of almost 2.6 times that is below of we have included in our covenant in the current bond of 4.5. In the case of the Consolidated Adjusted EBITDA on Net Interest we are above of the 2.25 times, we are in the level of 7.4 times.

The Consolidated Debt Composition, we are not including the last local bond issuance considering that this is the numbers that at the end of the 2016, but as you can see we have been reducing our debt at the level of almost 2.5 or 2.6 billion dollars, that level was 3 billion dollars in 2014.

On the Debt Maturity Profile we have some concentrations between year 2019 to 2023, in the bond issuance we are trying to extend the maturity of our profile and in that sense our new debt will include now new maturity in 7, 15 and 25 years.

Now I will open this Conference to a Q&A session. Thank you very much.

Operator: Thank you, we will now begin the Question and Answer session, if you have a question please press “star” and then “1” on your touchstone phone, if you wish to be removed from the queue please press the “pond sign” or the “hash key”, there will be a delay before the first question is announced, if you are using a speaker phone, you may need to pick up the handset first before pressing the numbers, and once again if you have a question please press “star” then “1” on your touchstone phone. And our first question comes from Jamie Nicholson of (Inaudible 32:49), please go ahead.

Mrs. Nicholson: Hi Thanks so much for the call I have two questions about your financing strategy, the first one relates to your recent local bond issuance and that

incremental debt that you showed on your CapEx table of 450 million, and my question is how do you expect to finance that additional debt whether you have a preference for more issuance in the local market or coming to the U.S. dollar bond market, and then my second question relates to liability management and if you have any plans to undertake that to extend your maturities specifically since your 2021s' are currently callable, thanks.

Mr. Castilla: Thank you, in regards to the first question we have an approved transaction of local bond issuance of 150 million, at the first semester we just issued half of that and we have a remaining portion of 225 million that we would be able to issue during the second semester. But we are expecting at this moment what is going to happen in our cash requirements for the first semester and we evaluate during the second semester if we are going to be for the full amount or we would have the possibility to reduce that amount to what we only require.

In the future for our investment program, in first instance we are also trying to make a match between our cash generation that have an important amount of local currency and try to match our debt with that. What we are at this moment analyzing is whether in the future we try to use more local market, and issue on local currency or even try to issue in the international market, but try to have some kind of coverage through local currencies is something that we should evaluate, but what we have at this moment is what we have for 2015, that is using the remaining portion of the approval that we have for the local issuance.

In regard to the liability management, at the level of EEB we are analyzing the possibility of making some kind of exchange for a banking loan, maybe syndication, but is something that we are working currently and we expected that something can be achieved during the first semester of this year. At the level of TGI we are evaluating the possibility of making a liability management with something that can extends the current maturity of the bonds but this is something that is under analysis.

Operator: Thank you, and our next question comes from David Santos of (Inaudible 36:04) Group, please go ahead.

Mr. Santos: Thank you very much for taking my question, basically I would like to ask you an update on the processes you're currently working on, regarding the divestiture of PROMIGAS and other companies that you are divesting, and the process of the City of Bogota selling 20% of the company. Thank you very much.

Mr. Castilla: Thank you for your question, on regard of the current divestitures we are just following all the process, I don't know if everybody knows that we have to follow in a specific law, that's the Law 226 and in that sense we have to follow some specific steps, for the divest we already have the investment bank that is making all the analysis or trying to fix or determine the price for going out of the market, then we have to get the approval of our Board and then we have to follow all the processes required by the Law. We expected that during the second semester of this year we can close all this transaction.

In regard to the selling of 20% we call it democratization and I will let Julián to explain you briefly in what point we are right now.

Mr. Naranjo: Thank you, essentially we have a process to fulfill, the first stage of this process is to undergo all the contracting of the different assessment that we're going to need during the process, so we are right now open to the some offers so we can

hire the adequate assessment for the process and then to expect to fulfill this process throughout the year, we expect to be in the second semester probably in the market with the first stages of the 226 Law. Thank you.

Operator: And once again if you would like to ask a question please press “star” and then “1” on your touchstone phone, and our next question comes from Juan Camilo (Inaudible 39:08) from Porvenir, please go ahead.

Mr. J Camilo: Hello good morning, thank you for attending my question, I have basically two questions, the first one is that if you can explain us a little bit more what happened in gas natural? Because we can see an important drop in EBITDA and in Margin EBITDA, and the second one is if you have any kind of update in the communities issues with (Inaudible 39:38) thank you very much.

Mr. Castilla: Just one question, when you mention gas natural is the gas natural company TGI or is the segment of natural gas?

Mr. J Camilo: No, no; is the gas natural company.

Mr. Castilla: Give me just one second to bring the information that you’re mentioning, just one second.

Mr. Naranjo: Thank you for the question, just to refer to the results of the gas natural, that is what we have in our files, actually there’s a growth in income but if you want we can touch on these aspects after conference call.

We would be happy to have a response to that and analyze the numbers in detail, could you please remind us the second part of the question you asked. Thank you.

Mr. J Camilo: Is regarding if you have any and you know in the communities issue with (Inaudible 41:29).

Mr. Naranjo: No, we don't have any updates in that matter in particular.

Mr. J Camilo: OK Thank you.

Operator: And our next question comes from Andrés Duarte of Corficolombiana, please go ahead.

Mr. Duarte: Hello, thank you for the presentation. I have three questions, the first one is related to the bond that was recently issued, and the other two are related to dividends. So regarding the bond that was recently issued, if the 35% is going to be used to pay the CAF credit? And what else are you planning to payout with this money? That’s the first question.

The second one would be if the District is expecting to receive dividends on the shares that are going to be democratized? Or is the democratization process expected to end before the beginning of the exempt dividend date?

And finally the third question is related to PROMIGAS, so the dividends you’re paying this year, about a 17% payout, so once PROMIGAS is sold are you planning to cashout this money as an extraordinary dividend? Or is this cash expected to be used on future CapEx. Those are the questions, thank you.

Mr. Castilla: Thank you for your questions, on regard to the bond issue, what we have at the level of EEB is something like 40% of the resources including the possibility to issue on the second semester, will be used for financing our projects in the transmission line businesses.

Remember that inside EEB we have the transmission line business and we plan to finance it; we are also having a portion of something like 30% that corresponds to capitalization mainly in our subsidiaries, in that sense we have included TRECSA, CONTUGAS and Consorcio Transmataro, that in our budget we have planned to make some capitalization that in the case of the investment for transmission we have something like 500.000 million Colombian Pesos, in the case transmission on capitalization is something like 99 million dollars.

And lastly we have been financed some short term obligations, and we are just substituting and repaying those with this (Inaudible 44:38) in that sense mainly we are using or CapEx or Capitalization to repay short term obligations. Can you remember the second question? I'm sorry I just skipped; I was not able to write it down.

Operator: And our next question comes from Oswaldo Oliver of... I'm sorry?

Mr. Castilla: I was asking for repeating the second question.

Operator: Oh, of course, one moment. And Andrés your line is now open.

Mr. Duarte: Yes, I understood that 35% of the resources were going to be used to pay that. The other two questions are; I wanted to know if the District is expecting to receive dividends on the shares that are going to be democratized or is the democratization process expected to end before the exempt dividend date? That's one of the two remaining questions and the other one is once PROMIGAS is sold, are you planning to cashout this cash as an extraordinary dividend? Or are these resources going to be used as CapEx in the future, thank you.

Mr. Castilla: Thank you, what we have expected to pay dividends this year is one installment in July and the other installment is going to be paid in October. The process will take us the full year, we have to go first to what we call solidarity segment, it is held in a small portion of the shares. Then we would go mainly to the retail, and lastly to the institutional investors.

I guess that we haven't decided in what moment we are going to close all of those phases but is probably that those phases will use this year and a portion of next year. And we'll see if the District receive the full amount on October. In any case we have decided that in our proposal for dividend payments we have the date in which we can go until some expected moment, but we can anticipate it if is convenient. But at the moment we haven't decided that.

In regards to the PROMIGAS cash that we would receive, at this moment has not been defined by our Board where are we going to distribute that cash or if we are going to use it in CapEx for the company. We have been o and making some analysis in which we can invest in our main businesses.

As you know we are analyzing the possibility to enter in the renewable generation, also there is an ambitious plan that has been announced by the

Colombian Government in regards to making some kind of reliability to the gas system, in that sense they are proposing the possibility of importing natural gas and interconnecting the Pacific with our current network, and in that sense we have to analyze if that resources also can be used in our CapEx.

As I mentioned our board has not taken any decision on that regard.

Operator: Thank you and our next question comes from Oswaldo Oliver of Corredores, please go ahead.

Mr. Oliver: Good morning and thanks for the presentation, I have three questions; the first one is regarding the equity method and the share profits from associates and also regarding to dividends from those associates. We see that there is a decrease in the equity method for 2016 full year and also quarterly, especially in EMGESA, CODENSA and also for the transmission business in Brazil, could you please explain in detail what is there?

And also regarding the Administrative Expenses, we see that for the 2016 full year expenses are less than what was presented in the accumulated Third Quarter Result last November.

And lastly I would like to know if there's any change in the EBITDA calculation or if it's just a change in the chart presented, in the table presented in the in the results yesterday?.

Mr. Castilla: So give us a couple of seconds just to bring the corresponding information.

Mr. Oliver: Sure.

Mr. Castilla: Ok, I cannot show..., maybe the complete information can be sent directly to you, but the way that we changed our way of registering the dividends that we receive compared with what we have included as participation method. If we compare what we have in our budget for CODENSA and EMGESA, in the case of CODENSA we have an increase of almost 30.000 Colombian Pesos between participation method against what we receive by dividends.

But in the case of EMGESA is the opposite, we have for example in our budget 450.000 million Colombian Pesos in dividends, and under the participation method we have included only 391.000 million Colombian Pesos, the impact between those two companies is just an increase of almost 2.000 million Colombian Pesos, I don't see why you are mentioning that is a big change.

In the other case is what we have in Brazil, the main impact is that the regulatory agency switched projections for the following years in two our concessions, and considering that this is a concession we have to register at the financial asset, and that change in the future variables what made was a reduction in the financial assets was also incorporated in our financial statement. But that corresponds to what we have in the concession in which some variables changes in the future, they will review or increase the value of the asset and we have to make the corresponding adjustment.

On regards to the administrative expenses, I will just let him to explain you.

Unknown: Here just to explain the impact in the administrative expenses, especially there are two reasons; the pass-through between CÁLIDDA in the distribution natural

gas for the last quarter.

Moreover we just have to account that due to the merger between CODENSA and EEC, the administrative expenses and the cost related to the electricity distribution segment was a little bit longer appearing in the financial statement, so for that reason is the main reduction.

Mr. Castilla: Yeah, just remember that starting October the 1st, EEC that was a controlled subsidiary of EEB, was merged with CODENSA and this is an associate not a controlled subsidiary, in that sense all the revenues on expenses has to be out of the financial statement and now there are being collected through CODENSA.

Operator: Thank you, and our next question is from Ricardo Miranda of (Inaudible 56:40) please go ahead.

Mr. Miranda: Hi good morning, I have to thanks for taking my questions, I have three questions in this opportunity; the first related to the electricity transmission projects in Colombia, I was reading that you have problems with the agency related to the Chivor II Norte, and also the delay of some projects from your agenda, so I want to know what is going to happen there because you also mentioned before that you have been receiving revenues for the UPME projects, that's my first question.

The second one is what percentage represents the US dollars denominated debt on your total debt, because in the presentation says that is 99% of the long term debt.

And the last one is regarding the EBITDA calculation, I saw a table in the press that you published yesterday, and I can't understand how can you reach that 2.6 trillion figure, and I want to understand that, if it is occurring now? The equity method share of profits of your affiliates or you're considering including dividends? If you do so, you adjust that figure in the presentation? Thank you very much.

Mr. Castilla: Ok, in regards to the projects that you mention from the transmission business, we have been following all the obligations that are under the environmental licenses and in that sense we have to accomplish to finalize our projects.

At the beginning what we have is that the authority has been stopped the progress of the project, while we are able to show some additional information that they required. What we are doing in that case is that any additional time that is required by the project we go to the UPME and ask for an extension of the time to finalize the project. Considering that all delays are not related to things that are in our responsibility but are included by or the National authority or Local authority that stop the project, we just go and ask the corresponding extension.

What is happening in almost all the projects that we are able to show that the extension is not due to of responsibility of the company, what had been happening in the past is that the Government or the system would pay you in the scheduled day but you are able to deliver the project in a later date.

In that sense the expects are reviews of the financials of the projects, let's say; if I have to deliver the project on this month but I was able to extend the project for X month, I will start receiving the revenues starting this month, although I have to deliver the project in the extension date that has been accorded with the

governmental agency, that's in relation to your first question.

The other thing is that last year we finalized almost with 100% of our debt in US dollars, considering the new bond issue, what we have is something like 92% is going to be in US dollars and 8% is going to be in Colombian Pesos. We expected that we will balance in a better way US dollars and local currency, what we are trying to do is not only issue Colombian Pesos debt here in Colombia but in the case of CÁLIDDA we have the possibility of getting Peruvian Soles debt, in the way we also have exposure in our revenues in that company, in that sense we are analyzing company by company and see how we can handle in a better way the exposure that we have in different currencies.

On the EBITDA calculation...

Unknown: There essentially to point how we calculate it, essentially in the income, we close the income from non controlled subsidiaries but in the participation method that income is cancelled, at the end of this calculation what is accounted is the dividend. If you would like to expand on that after the Call we are more than happy to discuss in detail each one of them, thank you.

Operator: Thank you, and our final question comes from Juan Camilo (Inaudible 1:02:31) of Credicorp Capital.

Mr. Camilo: Yes, thank you for to questions, my question is in regard to the CapEx profile you disclosed in the slide number 16, we can see you gonna spend nearly one billion dollars this year and the coming year, maybe can you give us more color about the projects involving this amount and specially in the electricity segment in Colombia, thank you.

Mr. Castilla: Thank you for your question, in regard to the next year where we have to finalize our 12 transmission line projects here in Colombia, those projects starting from 2014 until to 2020 we'll invest something like close to one billion dollars. Those are obligations that we are currently undergoing through different kind of projects.

We are also in the case of CÁLIDDA, in CÁLIDDA we invested in the wrench of 80 to 100 million dollars per year, in order to reach 100.000 new users per year we have to invest that amount of money.

And lastly one of the investments we are going to focus is regarding TGI, in which we have some sanctioned projects but also the new expectation that we have in regards to the possibility of importing natural gas from the Pacific Ocean.

Operator: Thank you, we have no further questions, and now I will turn over the call to Felipe Castilla for closing remarks.

Mr. Castilla: Ok thank you to everybody that attended this call, as I mentioned at the beginning of this presentation, I guess that 2016 was a very good year for the company, that shows in our profit, in the dividends that we are paying, in the way in which the market has trusted in our company through the bond issue, in the way the rating agencies has been rating the company, and thank you very much to all of you that has been following our company, seeing how we are progressing now that we have a new strategic plan for the coming years, we expected to have more very good news to everybody, thank you to all and we expect you in the next conference call.



Operator: Thank you, and tank you ladies and gentlemen this concludes today's conference. Thank you for participating. You may now disconnect.