TGI
GrupoEnergíaBogotá

Results Report
3Q 2019

3Q

3 MONTHS
2018 - 2019

Operating revenue (+2,6%)
USD$112,7 million **USD$115,7 million**

EBITDA (+7,8%)
USD$82,1 million **USD$88,5 million**

Net Income (+186,1%)
USD$12,5 million **USD$35,8 million**

*3Q 2018: July 1 through September 30, 2018
*3Q 2019: July 1 through September 30, 2019

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Financial Performance

- Increase in revenue in 3Q 2019 vs. 3Q 2018 equivalent to 2,6%.
- EBITDA margin in 3Q 2019 grew 3,7pp to 76,5%.
- Corporate and bond credit rating confirmed at BBB by Fitch (stable outlook).

Strategic Performance

- Renewal of contracts in Cusiana – Sabana and Ballena – Barranca (2024 – 2025) by approximately USD$40 mm.
- Roadshow between TGI, ACP and distributors: 2nd workshop comprising commercial and infrastructure topics for connection and development of new fields.
- During 3Q 2019, industry cases (additional clients and coal substitution) and CGV (dedicated fleet and conversions) added 6,7 Mscfd (incremental).

Operational Performance

- Increase in transported volumes for Distributor and Commercial sectors.
- Works conclusion in adequation of Vasconia – Miraflores – Puente Guillermo stations.
- Through information provided by TGI, CREG opened the file to determine the efficient value on investment and AO&M for 4 IPAT projects.

Regulatory Developments

- CREG issued resolution 111 (September 27, 2019) approving terms for auction of primary available capacity for 7 tranches.
- Resolution CREG 082 from 2019.
- 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

	3Q 2018	3Q 2019	Variation
Revenue (Thousand USD$)	112.726	115.690	2,6%
Operating income (Thousand USD$)	63.825	64.263	0,7%
EBITDA (Thousand USD$)	82.125	88.534	7,8%
EBITDA Margin	72,9%	76,5%	3,7 pp
Net income (Thousand USD$)	12.501	35.767	186,1%
Gross total debt / EBITDA*	3,6x	3,2x	-
EBITDA* / Financial Expenses *	4,2x	4,1x	-
International credit rating:			
S&P – Corporate rating – Sep. 28 | 18:	BBB-, stable		
Fitch – Corporate rating – Oct. 7 | 19:	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

	3Q 2018	3Q 2019	Variation
Transported volume - Average Mscfd	459,9	490,7	6,7%
Firm contracted capacity - Mscfd	719,0	713,0	-0,8%

Natural gas market in Colombia

Table 3 - Natural gas demand

Sectors	Colombia			Inland		
Demand (GBTUD)	3Q 2018	3Q 2019	Variation	3Q 2018	3Q 2019	Variation
Thermal	221,2	194,9	-11,9%	2,0	3,5	78,0%
Residential - commercial	191,3	191,0	-0,2%	152,8	152,3	-0,3%
Industrial - refinery	420,3	458,2	9,0%	284,5	302,3	6,3%
Vehicular – CNG	57,7	55,5	-3,9%	45,7	42,7	-6,6%
Petrochemical	17,7	19,0	7,4%	0,7	0,4	-49,0%
Other consumptions	48,5	45,6	-5,8%	43,6	41,7	-4,4%
Total	**956,7**	**964,2**	**0,8%**	**529,3**	**542,9**	**2,6%**

- At a national level, demand increased 0,8% from 3Q 2018 to 3Q 2019, equivalent to 7,5 GBTUD (Giga British Thermal Unit per-Day), mainly explained by higher consumption in the industrial – refinery sector (9.0% equivalent to 37,9 GBTUD) and an 11,9% reduction (26,3 GBTUD) in the thermal sector.
- The industrial – refinery sector is still the most representative in Colombia, in terms of national demand, adding up to 47,5% of total natural gas demand.
- Between 3Q 2018 and 3Q 2019, there was an increase of 2,6% in the demand for natural gas in the inland, equivalent to 13,6 GBTUD, highlighting the behavior of the industrial – refinery sector, which grew 17,8 GBTUD (6,3%), as well as the thermal sector, which increased 1,5 GBTUD (78,0%).
- In the inland, the most representative sector is the industrial – refinery, with 55,7% of total demand.

Financial Results

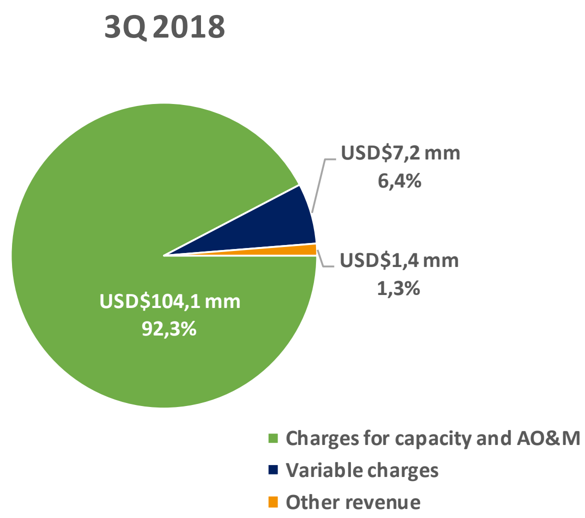
This report presents the variations under International Financial Reporting Standards (IFRS) of the comparative financial statements for 3Q 2018 and 3Q 2019 (3 months).

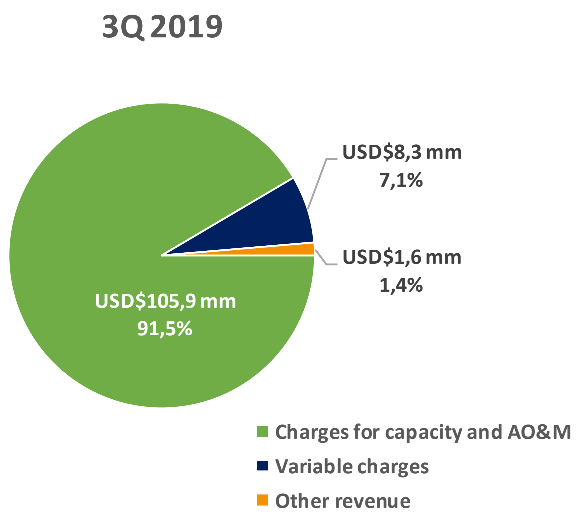
Revenue

Revenue in 3Q 2019 added up to USD$115,7 million, which represents a 2,6% increase compared to the same period in 2018. The behavior of revenue is mainly due to:

- Revenue corresponding to capacity-related net fixed and AO&M charges (91,5% of total revenue) increased 1,7% between 3Q 2018 (USD$104,1 mm) and 3Q 2019 (USD$105,9 mm), which is explained by the following factors:
  - Revenue coming from investment fixed charges (gross) presented a 6,9% increase, as a result of higher volume invoicing, particularly in the distribution and commercialization sectors, which is reflected in short-term contracts and detours in additional sections. Meanwhile, maintenance-related suspensions dropped during 3Q 2019, creating a net effect on revenue from investment fixed charges equivalent to 7,2%.
  - Even though AO&M fixed charges (net) denominated in COP had an increase, when converting them to USD, they present an 8,0% reduction, mainly generated by effect of the foreign exchange rate (COP/USD) during 3Q 2019, which was higher than during the same period in the previous year.
- Variable charges increased by 14,3% between 3Q 2018 (USD$7,2 mm) and 3Q 2019 (USD$8,3 mm) due to higher transported volume under the *take-and-pay* contracts modality, mainly from the distribution and commercialization sectors. These charges represent 7,1% of TGI's total revenue.
- Only the remaining 1,4% of revenue corresponds to non-regulated operating revenues, classified as complementary services, which grew 9,6% from USD$1,4 mm in 3Q 2018 to USD$1,6 mm in 3Q 2019.

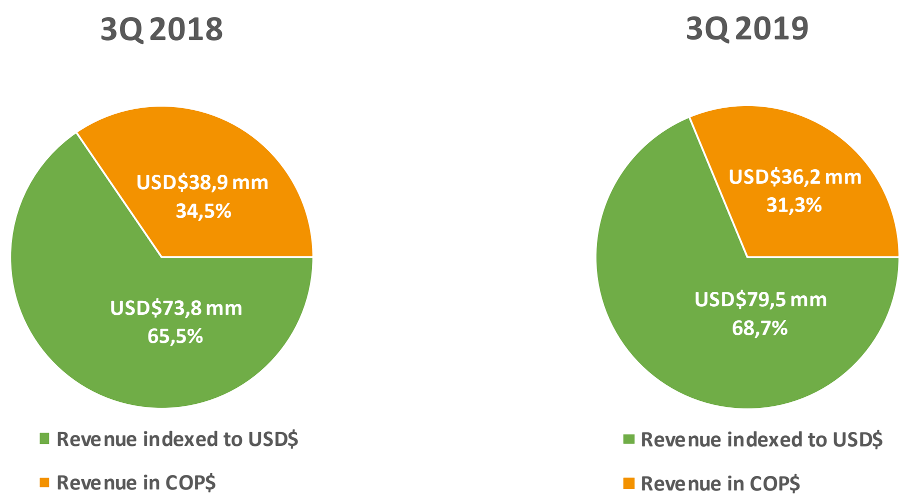
Graph 1 – Operating revenue by type of charge





Regarding revenue by currency, USD$79,5 million (68,7%) come from sales denominated in USD and the remaining USD$36,2 million (31,3%) come from sales denominated in COP. Revenue denominated in USD reported a 7,8% growth during 3Q 2019 compared to the same period of the previous year, as a result of fewer suspensions and greater volumes transported. The portion denominated in Colombian pesos decreased 7,1%, as a consequence of the variation in the average exchange rates for the compared periods.

Graph 2 – Operational revenue by currency



Operating costs

Operating costs totaled USD$42,5 million, equivalent to a 5,7% decrease compared to 3Q 2018, mainly resulting from variations in the following concepts:

- Reduction in operating costs (- 14,7%): reduction of approximately USD$2 mm in service orders and maintenance contracts, due to the inclusion, during 3Q 2018, of environmental impact studies of the Armenia Loop, which did not take place in 3Q 2019. Such costs could not be capitalized under NIC 16. Additionally, as a result of better negotiation conditions on the rate, there was a reduction in the value of the material damage insurance policy for the year 2019 by approximately US$ 1mm.
- Depreciation and amortizations (+ 4,9%): increased approximately USD$1 mm 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 3Q 2019 was USD$73,2 million, presenting an 8,2% increase compared to the same period of the previous year. Gross margin in 3Q 2019 was 63,3% vs. 60,1% in 3Q 2018.

Administrative and operating expenses

Administrative and operating expenses (net from other income) grew 131,6% in 3Q 2019 compared to 3Q 2018, from USD$3,9 million to USD$9,0 million, mainly due to:

- Provisions: an increase of USD$1,8 mm is included, as a result of the estimation of receivables impairment, based on the methodology of expected loss from IFRS 9.

- On the other hand, other revenue decreased 85,4%, from USD$3,7 million in 3Q 2018 to USD$541 thousand in 3Q 2019, taking into account that during 3Q 2018 there were recoveries from insurance policies due to incidents in the operation, which did not occur during 3Q 2019.
- Personnel expenses: there was a 16,8% growth (USD$333 thousand), which corresponds to higher head-count, as well as to the effect of 2019 salaries increase.

Operating income

Gross income presented a favorable behavior both in growth and margin. Nonetheless, as aforementioned, the adjustment in receivables impairment estimation, based on IFRS 9, as well as the reduction in other revenue during 3Q 2019, mainly, generated a moderate growth in operating profit equivalent to 0,7% during 3Q 2019 compared to the same period in 2018. TGI's operational performance, when isolating these particular accounting and/or non-recurrent effects, may be better understood in the EBITDA section.

Non-operating results

Non-operating results showed a decrease of 19,1%, going from USD$17,8 million to USD$14,4 million from 3Q 2018 to 3Q 2019, respectively, mainly due to the following variations:

- Financial costs decreased 3,6% (USD$653 thousand) due to the payment of the syndicated loan in August, 2019, as well as to the debt management operation performed on November 1, 2018, which allowed for a reduction in the interest rate from 5,7% to 5,55%.
- Higher revenue from foreign exchange difference during 3Q 2019 (USD$3,5 mm more than in 3Q 2018), mainly related to dividends decreed and paid in COP.
- Financial revenue coming from investments in Time Deposits and CDTs, which were acquired in order to settle obligations denominated in USD and COP; this account grew USD$486 thousand (84,2%) compared to 3Q 2018.
- Regarding participation in related-parties, a higher loss is reported, going from USD$532 thousand to USD$1,8 million from 3Q 2018 to 3Q 2019, as a result of the net variation for the equity participation method due to the investment in Contugas.

Taxes

As for the income tax, it went from USD$17,9 million to USD$17,0 million, when comparing 3Q 2018 to 3Q 2019, representing a reduction of 4,8%.

On the other hand, deferred tax (in favor) reported for 3Q 2019 was USD$2,9 million, representing a 118,9% increase compared to the same period of the previous year (USD$15,6 million as expense), explained by:

- Negotiation of bonds in November 2018, going from a foreign exchange rate of COP$3.000,71 per USD to COP$3.219,85 per USD for fiscal valuation purposes, and thus generating a higher income when recognizing the deferred tax (asset).

Net income

Operational performance of the company at costs and revenue levels had a positive contribution for gross results during 3Q 2019. Nonetheless, both the adjustment on estimation of provisions related to receivables impairment (IFRS 9), as well as the decrease in other revenue reduced operating profit to a moderate growth. On the other hand, income from foreign exchange difference and financial returns from investments, along with a lower income tax and a positive effect from deferred taxes, contributed to a higher net income during 3Q 2019, when compared to 3Q 2018, closing at USD$35,8 mm.

EBITDA

EBITDA performance reflects the profitability and sustainability of the operation and development of TGI's business, closing 3Q 2019 in USD$88,5 million, a 7,8% growth compared to 3Q 2018, with an EBITDA margin of 76,5%.

Table 4 - EBITDA

	3Q 2018	3Q 2019	Variation
EBITDA (Thousand USD$)	82.125	88.534	7,8%
EBITDA Margin	72,9%	76,5%	3,7 pp

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			
	Sep-18	Sep-19	Variation USD$	Variation
Total net debt	1.113.389	1.031.210	-82.179	-7,4%
Gross senior debt	800.079	762.738	-37.341	-4,7%
Total gross debt	1.172.216	1.136.951	-35.265	-3,0%
EBITDA LTM*	324.351	354.216	29.865	9,2%
LTM financial expenses*	77.943	86.020	8.077	10,4%

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

Table 6 - Debt ratios

	Sep-18	Sep-19
Gross total debt / EBITDA*	3,6x	3,2x
EBITDA* / Financial expenses*	4,2x	4,1x

As for the debt items, during 3Q 2019 the syndicated credit by USD$40 mm, which was due on August 2019, was paid during that month, as agreed upon on the credit contract.

On the other hand, financial expenses LTM increased 10,4%, when compared to the previous period, mainly due to the payment of the prime corresponding to the call option, during the debt management operation regarding the 2022-TGI bonds that took place in November 2018; and to the commission paid on the same operation. These higher expenses were partially offset by less interests, as a result of the prepayment of the syndicated credit in April 2018 (USD$48 mm), as well as the reduction of the rate (5,70% to 5,55%) that resulted from the debt management operation in November 2018.

Table 7 - Debt profile

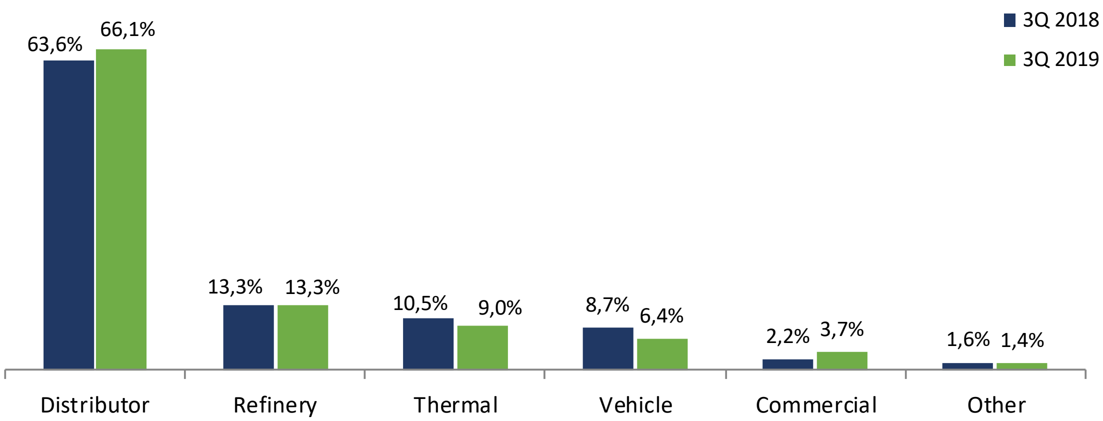
Debt structure	Amount	Currency	Coupon (%)	Expiry
Senior - International bonds	750	USD$ mm	5,50%	1-Nov-28
Inter-company - Subordinated	370	USD$ mm	6,13%	21-Dec-22
Leasing – Renting	9	USD$ mm	N/A	Long-term
Financial liability IFRS 16	8	USD$ mm	8,64%	N/A

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 outlook). Likewise, on October 7, Fitch Ratings made its annual review issuing a corporate and bond rating at BBB with stable outlook.

Commercial Performance

Sales by sector

Graph 3 - Revenue sectorial composition



Main sectors served by TGI have stable consumption rates without seasonality, represented in 3Q 2019 by 94,6% of firm contracts and 5,4% of interruptible contracts. Likewise, contracts, on average, are under a mixture of 90,0% fixed charges and 10,0% variable charges, approximately. During 3Q 2019, main sectors serviced by TGI represented approximately 98,6% of total revenue.

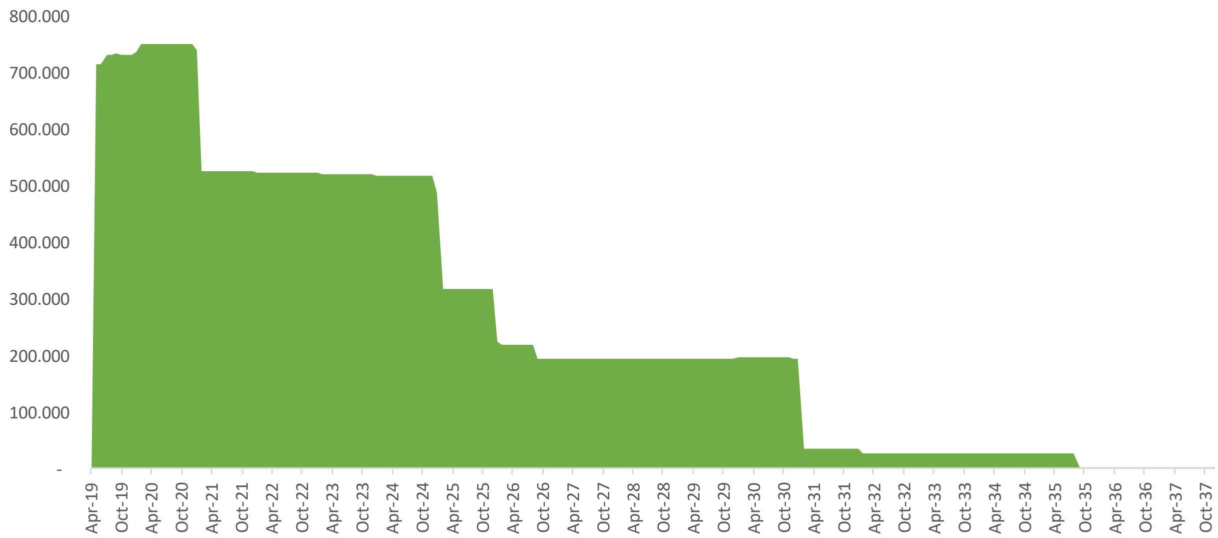
Contractual structure

Table 8 - Firm contracts structure

Period	Nr. of Current Contracts	Nr. of Firm Current Contracts	Nr. of Interruptible Current Contracts	Residual Lifespan of Firm Contracts (average years)
3Q 2018	1.104	1.079	25	7,6
3Q 2019	978	925	53	7,1

From 3Q 2018 to 3Q 2019, current contracts passed from 1.104 to 978, respectively. Also, at the end of the period under analysis, the Company has contracted 93,0% of its available capacity.

Graph 4 - Residual contractual lifespan



As of 3Q 2019, firm contracted capacity decreased 0,8% compared to the levels presented in the same period of 2018, reporting 713,0 Mscfd.

Operational Performance

Table 9 - Selected operational indicators

	3Q 2018	3Q 2019	Variation
Total capacity - Mscfd	784,9	791,8	0,9%
Transported volume - Average Mscfd	459,9	490,7	6,7%
Use factor	52,3%	52,9%	0,5 pp
Availability	99,8%	99,7%	-0,1 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

	3Q 2018	Participation	3Q 2019	Participation	Variation	Mscfd
TGI	459,9	46,6%	490,7	55,2%	6,7%	-30,8
Promigas	374,6	38,0%	353,7	39,8%	-5,6%	20,9
Others	152,3	15,4%	44,8	5,0%	-70,6%	107,5
Total	**986,8**	**100,0%**	**889,1**	**100,0%**	**-9,9%**	**97,7**

From the total transported volume in the gas pipeline network at a national level, TGI continues to be the main participant with 490,7 Mscfd, whilst Promigas stands as the second one with 353,7 Mscfd; both Companies add up to 94,5% share, which corresponds to the transportation of 844,4 Mscfd.

Table 11 - Total transportation capacity of TGI's system - 3Q 2019

By section - Mscfd	Tranportation 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 38,5 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$47,8 million
- Total Capex executed 3Q 2019 – USD$9,5 million
- Physical Work Progress – 70,6%
- Start of operations:
  - Puente Guillermo Station: 17 Mscfd – 2Q 2018
  - Loop Puerto Romero – Vasconia: 46 Mscfd – 1Q 2020
  - Loops Puente Guillermo – La Belleza and El Porvenir – Miraflores: 12 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$5,8 million
- Total Capex executed 3Q 2019 – USD$2,2 million
- Physical Work Progress – 60,3%

- 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	
	YTD18	YTD19	USD$ Var	%	3Q 2018	3Q 2019	USD$ Var	%
Revenue	**330.742**	**351.440**	**20.698**	**6,3%**	**112.726**	**115.690**	**2.964**	**2,6%**
Operating costs	-122.181	-122.456	275	0,2%	-45.030	-42.462	-2.568	-5,7%
Gross income	**208.561**	**228.984**	**20.423**	**9,8%**	**67.696**	**73.228**	**5.532**	**8,2%**
Gross Margin	63,1%	65,2%			60,1%	63,3%		
Administrative and operating expenses	**-15.357**	**-22.648**	**7.291**	**47,5%**	**-3.870**	**-8.965**	**5.095**	**131,6%**
Personnel Expenses	-5.838	-6.279	441	7,6%	-1.987	-2.320	333	16,8%
Taxes	-2.009	-2.031	22	1,1%	-712	-780	68	9,5%
Depreciation, amortization and provisions	-3.522	-7.986	4.464	126,7%	-1.360	-3.152	1.792	131,8%
Other expenses	-9.705	-9.114	-591	-6,1%	-3.512	-3.254	-258	-7,3%
Other revenue	5.716	2.762	-2.954	-51,7%	3.700	541	-3.159	-85,4%
Operating income	**193.203**	**206.336**	**13.133**	**6,8%**	**63.825**	**64.263**	**437**	**0,7%**
Operating Margin	58,4%	58,7%			56,6%	55,5%		
Financial Costs	-54.749	-53.758	-991	-1,8%	-18.362	-17.708	-654	-3,6%
Financial Revenue	2.121	3.148	1.027	48,4%	590	1.086	496	84,2%
Net FX difference	151	9.224	9.073	6005,2%	495	3.977	3.482	703,3%
Participation in results of related-companies	-2.437	-5.101	2.664	109,3%	-532	-1.760	1.228	230,9%
Income before income tax	**138.290**	**159.849**	**21.559**	**15,6%**	**46.016**	**49.858**	**3.841**	**8,3%**
Income Tax	-54.210	-54.256	46	0,1%	-17.903	-17.037	-866	-4,8%
Deferred tax	-11.235	4.047	15.282	136,0%	-15.613	2.946	18.559	118,9%
Net income	**72.845**	**109.640**	**36.795**	**50,5%**	**12.501**	**35.767**	**23.266**	**186,1%**
Net Margin	22,0%	31,2%			11,1%	30,9%		

Table 13 - Balance Sheet

	USD$ in thousand		Variation		USD$ in thousand
	Dec-18	Sep-19	USD$ Var	%	Sep-18
Assets					
Current Assets					
Cash and cash equivalents	46.816	105.741	**58.925**	**125,9%**	56.690
Accounts receivable from clients and other AR	55.850	58.991	**3.141**	**5,6%**	57.873
Inventories	9.854	10.538	**684**	**6,9%**	8.722
Other non-financial assets	2.144	5.064	**2.920**	**136,2%**	5.091
Total Current Asset	**114.664**	**180.334**	**65.670**	**57,3%**	**128.376**
Non-Current Assets					
Property, plant and equipment	2.181.098	2.172.033	**-9.065**	**-0,4%**	2.188.885
Investments in affiliates and subordinates	12.926	7.825	**-5.101**	**-39,5%**	28.203
Commercial accounts receivable and other AR	9.560	9.897	**337**	**3,5%**	10.285
Intangible assets	161.657	159.650	**-2.007**	**-1,2%**	161.513
Other financial assets	53	62	**9**	**17,0%**	52
Other non-financial assets	5.928	6.721	**793**	**13,4%**	6.481
Total Non-Current Asset	**2.371.222**	**2.356.188**	**-15.034**	**-0,63%**	**2.395.419**
Total Asset	**2.485.886**	**2.536.522**	**50.636**	**2,0%**	**2.523.795**
Liabilities					
Current Liabilities					
Accounts payable to suppliers and other accounts payable	22.251	11.222	**-11.029**	**-49,6%**	8.449
Taxes payable	11.052	32.526	**21.474**	**194,3%**	32.198
Benefits to employees	3.717	3.743	**26**	**0,7%**	3.556
Provisions	9.158	11.119	**1.961**	**21,4%**	11.098
Current financial obligations	39.464	0	**-39.464**	**-100,0%**	0
Other financial liabilities	11.468	27.605	**16.137**	**140,7%**	8.044
Other liabilities	16.586	15.569	**-1.017**	**-6,1%**	18.135
Accounts payable to related parties	3.660	47.681	**44.021**	**1202,8%**	54.760
Total Current Liability	**117.356**	**149.465**	**32.109**	**27,4%**	**136.240**
Non-Current Liability					
Accounts payable to related parties	370.000	370.000	**0**	**0,0%**	370.000
Provisions	36.282	36.779	**497**	**1,4%**	38.293
Liabilities for deferred taxes	361.888	357.841	**-4.047**	**-1,1%**	395.299
Financial obligations	0	0	**0**	**0,0%**	51.500
Issued bonds	756.209	758.644	**2.435**	**0,32%**	748.580
Total Non-Current Liability	**1.524.379**	**1.523.264**	**-1.115**	**-0,1%**	**1.603.671**
Total Liability	**1.641.735**	**1.672.729**	**30.994**	**1,9%**	**1.739.912**
Equity					
Common stocks	703.868	703.868	**0**	**0,0%**	703.868
Contributed surplus	56.043	56.043	**0**	**0,0%**	56.043
Reserves	126.320	172.325	**46.005**	**36,4%**	126.320
Accumulated results	-39.684	-35.439	**4.245**	**-10,7%**	-35.439
Period's net income	136.005	109.640	**-26.365**	**-19,4%**	72.845
Other comprehensive income	-138.401	-142.644	**-4.243**	**3,1%**	-139.753
Total Equity	**844.151**	**863.793**	**19.642**	**2,3%**	**783.884**
Total Liability and Equity	**2.485.886**	**2.536.522**	**50.636**	**2,0%**	**2.523.795**

Table 14 - Cash Flow Statement

	USD$ in thousand	
	Sep-18	**Sep-19**
Cash Flow from Operating Activities		
Net Income	**72.845**	**109.640**
Adjustment for:		
Depreciations and amortizations	43.096	68.428
Non-realized foreign exchange difference	-151	-9.224
Benefits to employees	65	252
Amortized cost (financial obligations)	276	789
ARO valuation	2.374	2.405
Deferred tax	11.234	-4.047
Income tax	54.210	54.256
Financial Costs	52.375	50.564
Financial Revenue	-2.271	-3.400
Participation method valuation	2.437	5.101
Inventories (recovery) impairment	2.947	-1.901
Accounts receivable impairment	366	3.399
Recovery of provisions	-1.723	-1.016
Net changes in operating assets and liabilities		
(Increase) reduction in accounts receivable from clients and other AR	7.519	-45.264
(Increase) Decrease in inventories	-412	2.849
(Increase) Decrease in other non-financial assets	-3.500	-4.868
Increase (Decrease) in commercial accounts payable and other AP	-11.779	27.898
Increase (decrease) in other labor obligations	-1.870	65
Other financial assets	670	24
Interest payments	-21.979	-21.009
Interest payments to related parties	-11.331	-11.331
Interest collection	0	110
Paid taxes	-12.235	-7.669
Net cash flow provided by operating activities	**183.163**	**216.051**
Cash Flows of Investment Activities		
Investments in affiliates	-12.659	0
Property, plant and equipment	-47.581	-43.907
Intangibles	-947	0
Net flow provided by investment activities	**-61.187**	**-43.907**
Cash flow from Financing Activities		
Payments of financial obligations	-88.983	-41.461
Payment of dividends	-50.000	-44.998
Net flow used in financing activities	**-138.983**	**-86.459**

Table 14 - Cash Flow Statement

Effect of exchange rate variation on cash and cash equivalent	**-17.007**	**85.685**
Net Changes in Cash and Cash Equivalents	-5.804	-26.760
Cash and Cash Equivalent at the beginning of the Year	**79.501**	**46.816**
Cash and Cash Equivalent at the end of the Fiscal Year	**56.690**	**105.741**

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.
- CREG; Colombian Energy and Gas Regulation Commission
- ICANH: Colombian Institute of Anthropology and History
- UPME: Colombian Mining and Energy Planning Unit

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