

Q3 2019

Results Report



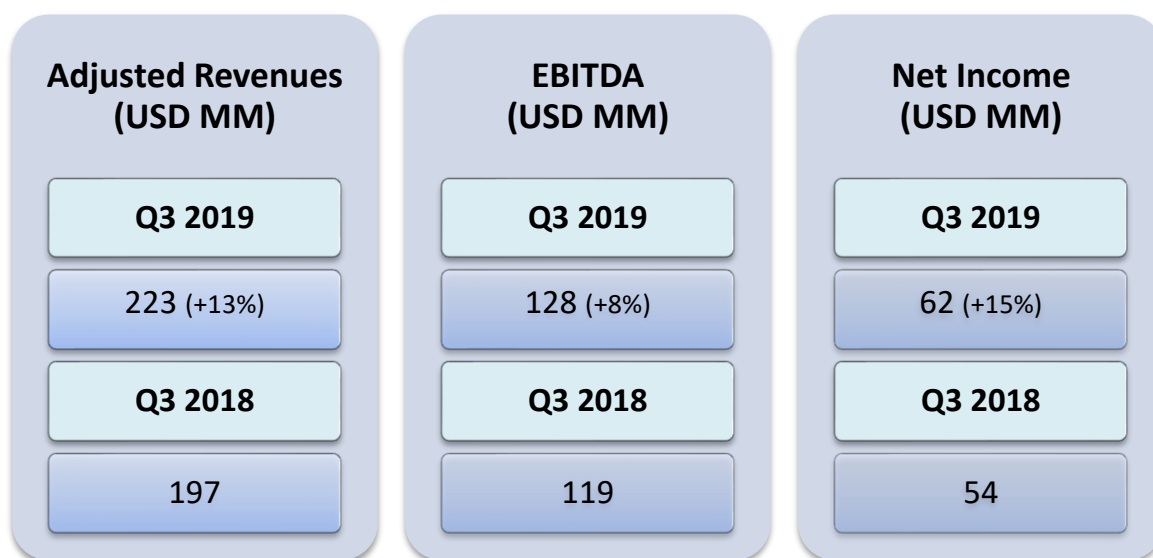
- ▶ Calidda has the exclusive operation right of the single natural gas distribution concession by underground pipelines in the department of Lima and Callao, in Peru.
 - ✓ Total executed Capex: USD 1,051 millions
 - ✓ Network length: 10,792 km
 - ✓ Network penetration: 86%
 - ✓ Invoiced volume: 784 MMCFD
 - ✓ Total clients: 904,424

- ▶ As of August 2019, Moody's, Fitch and S&P reaffirmed Calidda's credit classification of Baa2, BBB and BBB– (outlook stable), respectively. In addition, Equilibrium and Class & Asociados (local risk rating agencies) reaffirmed our current rating of AAA.pe and AAA, which are the highest rating on corporate bonds risk assesment within the domestic framework.

- ▶ In September 6th, Calidda issued for second time a PEN 342MM (approx. USD 100.6MM) 10 year bullet bond, , which was swapped to USD (company's functional currency) through XCCS – Cross Currency Swap.

- ▶ During Q3 2019, Calidda surpassed the 900 thousand connected clients in Lima and Callao.

- ▶ Key results as of Q3 2019 (compared to Q3 2018's results):



Executive overview

Operational and finance relevant information

Chart N°1 – Operational and finance key indicators			
Operational Results	Q3 2019	Q3 2018	Var %
Accumulated Clients	904,424	706,865	28%
Invoiced Volume (MMCFD)	784	774	1%
Network Length (km)	10,792	9,288	16%
Potential Clients	1,047,862	927,220	13%
Network Penetration	86%	76%	-
Financial Results	Q3 2019	Q3 2018	Var %
Total Revenues (USD MM)	529	475	11%
Total Adj. Revenues ¹ (USD MM)	223	197	13%
EBITDA ² (USD MM)	128	119	8%
Adjusted EBITDA Margin	57%	61%	-
Net Income (USD MM)	62	54	15%
Interest Coverage (x)	8.5x	8.7x	-
International credit ranking:			
S&P - Abr. 18 19: BBB-, stable			
Fitch - Abr. 24 19: BBB, stable			
Moody's - Jul. 10 18: Baa2, stable			
Domestic credit ranking:			
Equilibrium - Ago. 15 19: AAA.pe			
Class & Asociados - Ago. 15 19: AAA			

Peruvian Natural Gas Market

Chart N° 2 – Key market indicators			
Indicator	Q3 2019	Q3 2018	Var %
Natural Gas Production (MMCFD)	1,183	1,057	11%
Local Market Demand (MMCFD)	707	681	4%
Calidda's Local Market Share (MMCFD)	521	492	6%

- ▶ By the end of Q3 2019, the Peruvian natural gas production increased by 11% compared to Q3 2018.
- ▶ As for the local market demand, it increased by 4% up to 707 MMCFD.

¹ Total Adjusted Revenues = Total revenues without considering the income from pass-through concepts, such as the acquisition and transport of natural gas, and IFRIC 12 (investments in the distribution network).

² No taking into consideration Extraordinary Expenses.

Commercial Performance

Sales by segment

During the last twelve months as of Q3 2019, Calidda connected 197,559 new clients. In the Residential segment, Calidda has operations in 37 districts from the Metropolitan area of Lima and Callao, which are the following: Villa El Salvador, Comas, San Juan de Lurigancho, El Agustino, San Miguel, Santiago de Surco, Jesús María, Magdalena, Pueblo Libre, San Borja, Lince, Surquillo, San Isidro, Cercado de Lima, Breña, Los Olivos, San Martín de Porres, San Juan de Miraflores, Santa Anita, Villa María del Triunfo, Ate, Callao, Independencia, Carabayllo, Lurín, Imperial, San Vicente de Cañete, Puente Piedra, Ancón, Carmen de la Legua, Chorrillos, Bellavista, La Victoria, Mi Perú, Ventanilla and Pachacamac. Likewise, in the Industrial, Commercial and NGV Stations segments, Calidda has operations in 42 districts.

Chart N°3 – Clients Base

Clients Base	2015	2016	2017	2018	Q3 2019
Power Generation	17	18	22	23	27
Industrial	507	535	577	626	651
NGV Stations	232	240	257	275	278
Residential and Commercial	344,380	437,607	575,957	760,292	903,468
Total	345,136	438,400	576,813	761,216	904,424

- ✓ One client were added to the Power Generation segment.
- ✓ 25 new Industrial plants were connected during Q3 2019.
- ✓ 1 new NGV station joined Calidda's distribution system.
- ✓ Calidda added 141,452 residential clients and 1,724 commercial clients as of Q3 2019.

Volume

- ✓ As of Q3 2019, invoiced volume has increased 1% compared to 2018 mainly due to higher consumption in the Residential and Commercial segment (+3.4MMCFD).
- ✓ The Take-or-Pay contracts amount 619 MMCFD (Power Generation: 575 MMCFD, Industry: 44 MMCFD), which represents the 79% of total invoiced volume.

The invoiced volume breakdown by client segments is shown in the following chart:

Graph N° 1 – Invoiced Volume (MMCFD)

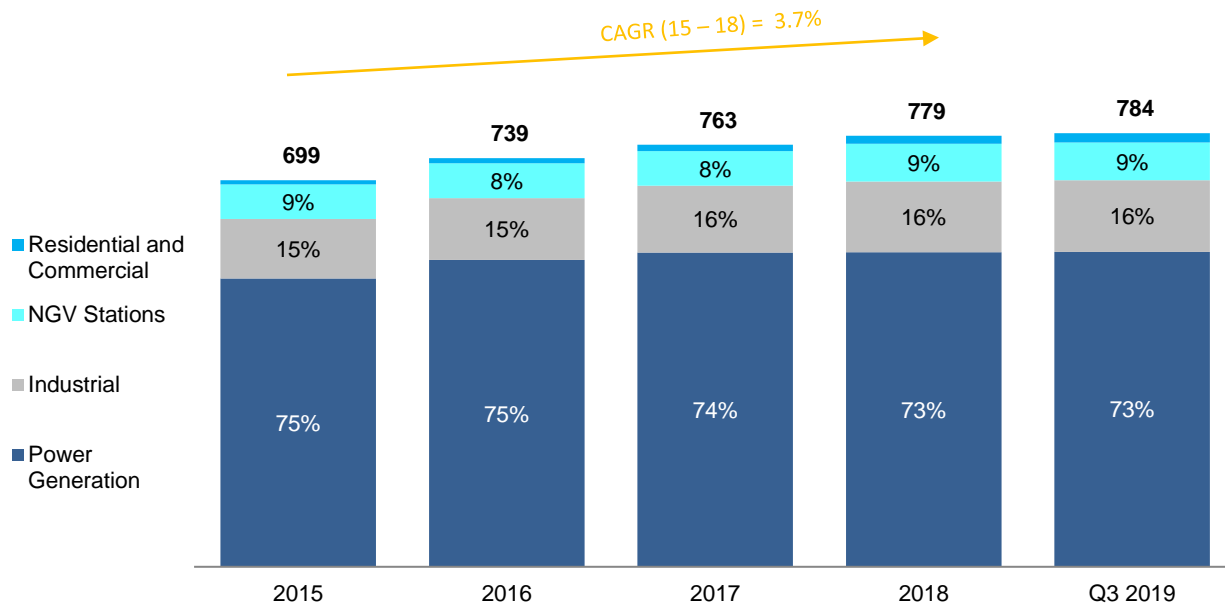


Chart N°4 – Invoiced volume per Client Segment

Invoiced Volume (MMCFD)	2015	2016	2017	2018	Q3 2019
Power Generation	521	555	568	569	569
Industrial	108	112	121	128	129
NGV Stations	62	63	62	68	68
Residential and Commercial	8	10	12	14	17

- ✓ As shown in this chart, Q3 2019's invoiced volume reached a total of 784 MMCFD, more than last year's results by 5 MMCFD.

Contracted Gas Supply and Transportation

Chart N°5 – Contracted Capacity (MMCFD)

Period	Contracted Transportation capacity			Contracted Supply capacity		
	Firm	Interruptible	Total	Firm	Interruptible	Total
2016	178	31	209	40	138	178
2017	197	31	228	178	45	223
2018	197	31	228	183	46	229
Q3 2019	197	31	228	188	47	235

- ✓ Clients are divided in two groups: (i) Independent Clients, who consume more than 1 MMCFD and sign separated contracts of natural gas (NG) supply, transportation and distribution services, and (ii) Regulated Clients, who consume less than 1 MMCFD and sign a single contract with Calidda, who then provides NG distribution service and acts as an intermediary to supply NG and transportation services.
- ✓ During Q3 2019, both our Independent and Regulated clients had an average consumption of 292 MMCFD, equivalent to 70% of our total distribution capacity of natural gas (Lurín – Ventanilla).
- ✓ Over the same period, Regulated clients consumed around 161 MMCFD, equivalent to 70% of the total contracted supply volume and 68% of the transportation volume of natural gas.

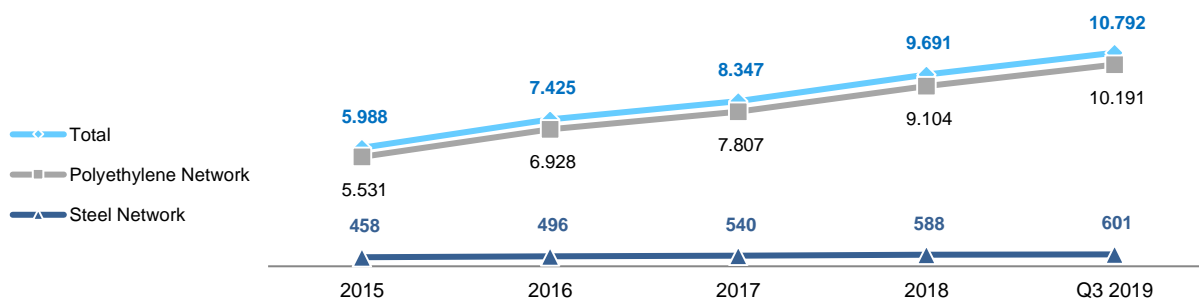
Operacional Performance

Distribution Network

- ✓ Calidda’s distribution system consists of 10,792 km of underground pipelines in Lima and Callao.
- ✓ As of Q3 2019, Calidda has built 1,101 km, out of which 1,087 km were low pressure polyethylene pipelines, while the remaining was high pressure steel pipelines.

The next graph shows the evolution of Calidda’s distribution system:

Graph Nº 2 – Network Distribution (km)

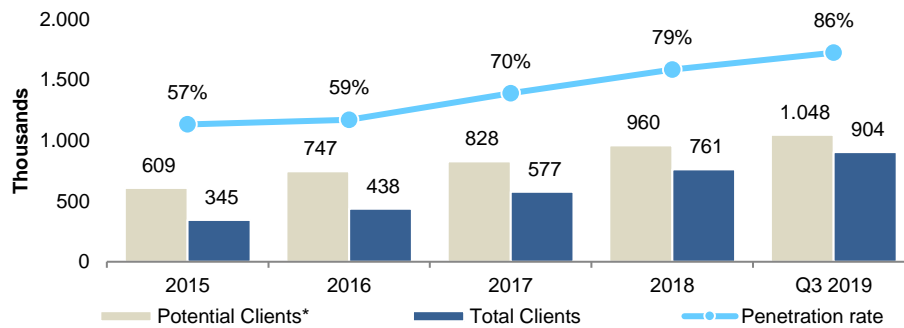


Network Penetration Rate

- ✓ The network penetration rate is calculated by dividing the number of connected clients by the number of potential clients that are located in an area close to Calidda’s network. This key ratio increased to 86% as of Q3 2019 due to the record number of connected clients.

- ✓ Calidda’s focus is on low income districts benefited by the subsidies, where the savings produced by the use of natural gas against other alternative fuels is more appreciated.

Graph N° 3 – Clients progress and Penetration Rate



Financial Performance

Revenues

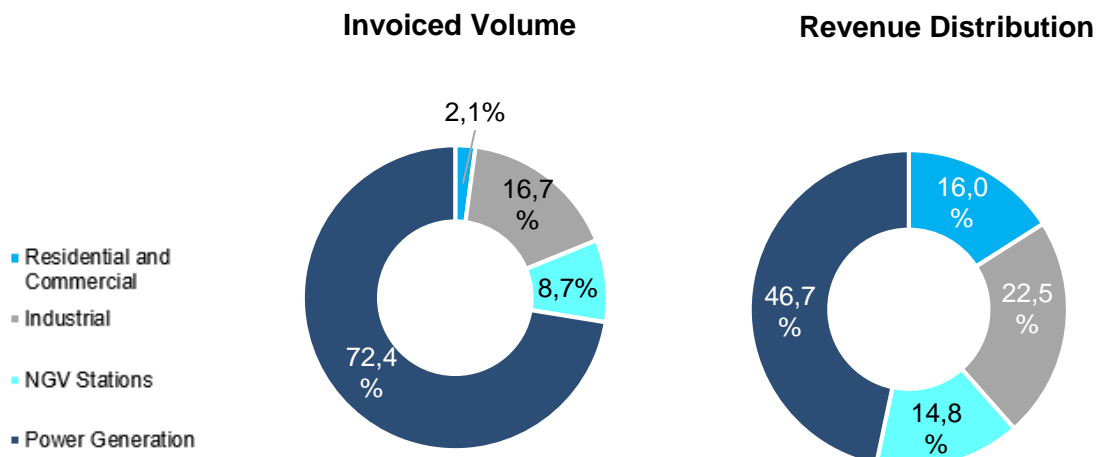
- ✓ Calidda’s Revenues, Adjusted Revenues and EBITDA increased by 11%, 13% and 8%, respectively, compared to Q3 2018’s results, driven by:
 - At the end of April 2018, an increase of more than 10% rate distribution was approved, applicable since May 7th 2018, for the 2018-2022 tariff period.
 - At the end of July 2019, an increase of more than 7% rate distribution was approved, applicable since from August 7th 2019, for the 2018-2022 tariff period.
 - Higher invoiced volume (+9.8 MMCFD)
 - Higher number of connections into the residential segment (+197K customers) ; and,
 - Higher revenues for customer service financing (+1.9MM USD)

Chart N° 6 – Revenues distribution by concepts

Distribution of the Adjusted Revenues (%) – Q3 2019		Pass-Through Concepts	
Distribution service	Main operative income of Calidda; it is generated by the distribution of natural gas through underground pipelines to different kinds of clients.	63%	Sell and transport of natural gas Pass-through income related to the acquisition and transportation of natural gas which are transferred to the final consumer.
Connection services	Operative income which is paid by the consumer for the internal installation of pipelines needed to achieve the connection to the natural gas network. Includes revenues from the facility's financing.	20%	Revenues of network expansion Pass-through income related to the investments executed by Calidda in order to expand the distribution network.
Connection fees	One time fee which is paid by the new clients when connected to Calidda's natural gas network.	4%	
Other services	Operative income which mainly comes from network relocation services and other services	13%	

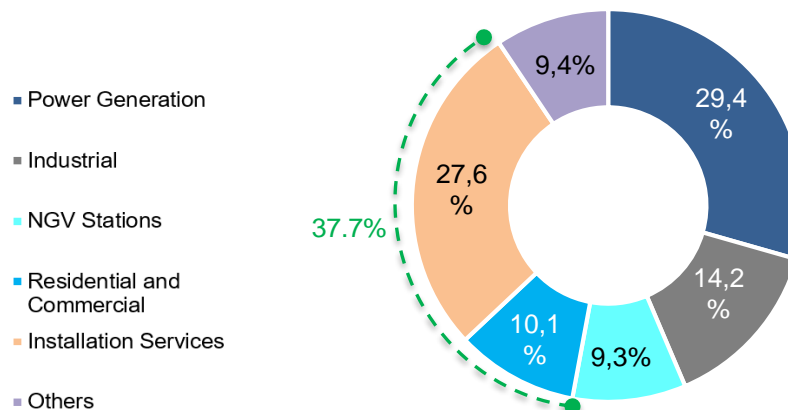
The next graph contains the breakdown of Calidda's Adjusted Revenues:

Graph N° 4 – Invoiced Volume and Revenue Distribution (Q3 2019)



- ✓ Even though the Residential and Commercial segment represents only 2.1% of the invoiced volume, it concentrates 16% of our distribution revenues. Moreover, if we take into consideration the revenues from installation services, this segment achieves 37.7% of our Total Adjusted Revenues.
- ✓ On the other hand, the Power Generation segment represents 72.4% of the invoiced volume, 46.7% of the distribution revenues, and 29.4% of the Total Adjusted Revenues, as shown in the next graph:

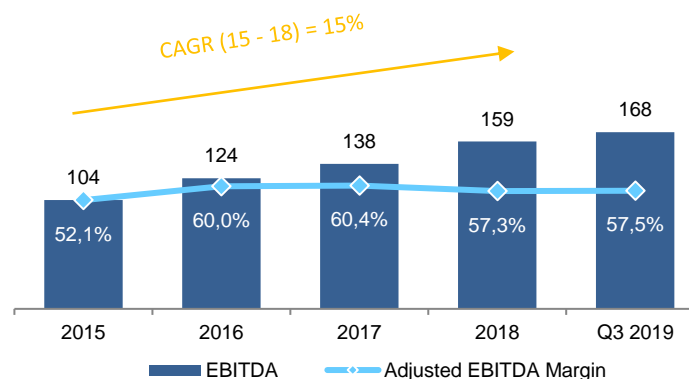
Graph N° 5 – Adjusted Revenues by Client Segment (Q3 2019)



Key Financial Indicators

During the last 12 months, EBITDA³ reached US\$ 168 MM, a 5.7% increase compared to 2018's EBITDA. This is mainly explained by the revenues obtained from NG distribution services and from connection fees and installation services up to Q3 2019.

Graph N° 6 – EBITDA (Million USD) & Adjust. EBITDA Margin (%)⁴

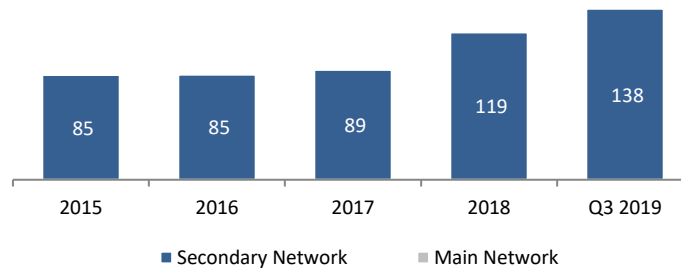


³ No including Extraordinary Expenses.

⁴ Annualized Information (October 2018 to September 2019)

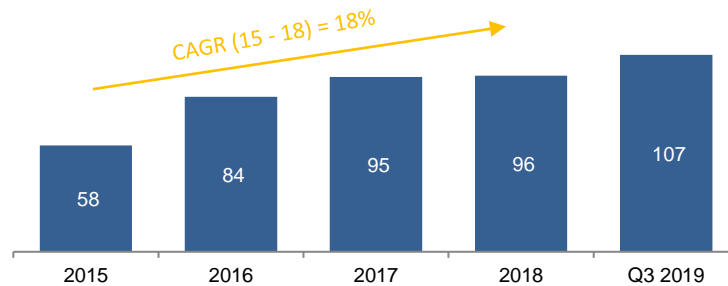
This performance has been achieved thanks to increasing investments over the past years, as seen in the next graph:

Graph N° 7 – Capex (Million USD)⁴



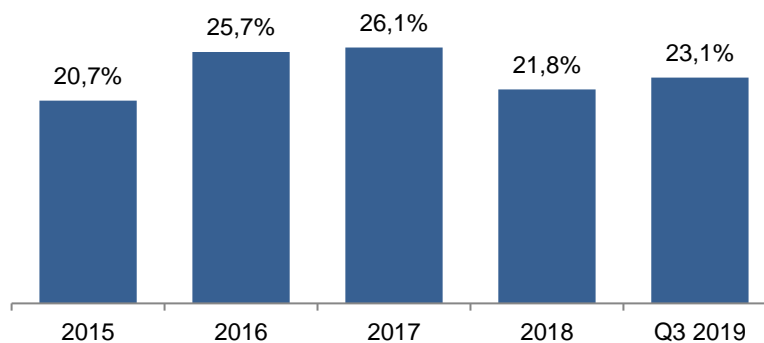
It is relevant to mention that these important investments have been made while maintaining solid financial ratios that can be appreciated in the following graphs:

Graph N° 8 – FFO⁴

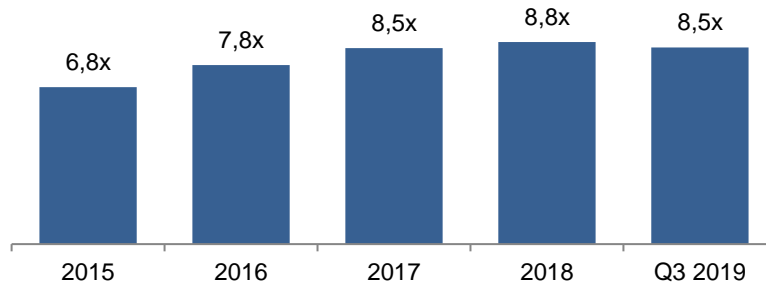


FFO – Funds From Operations: Net Profit + Depreciation + Amortization

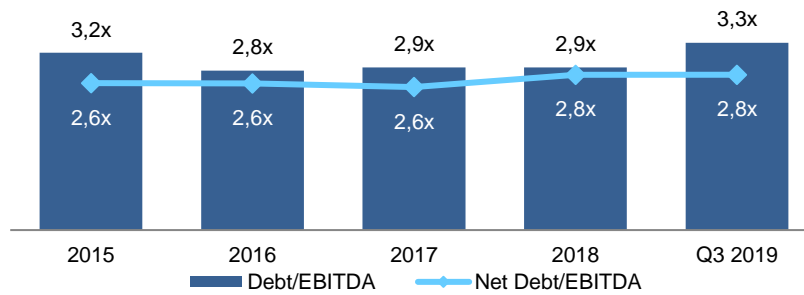
Graph N° 9 – FFO / Net Debt (USD Millions)⁴



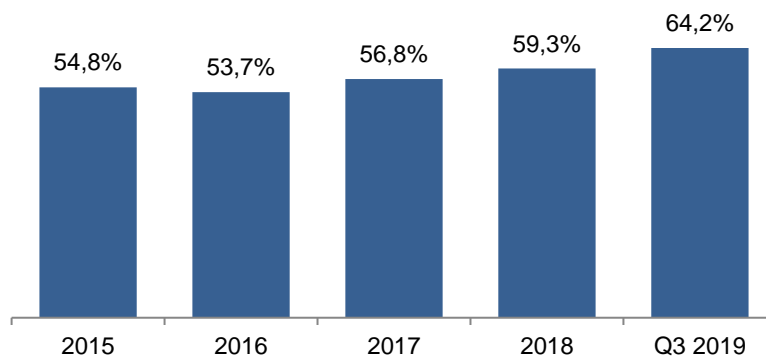
Graph N° 10 – Interest Coverage (x)



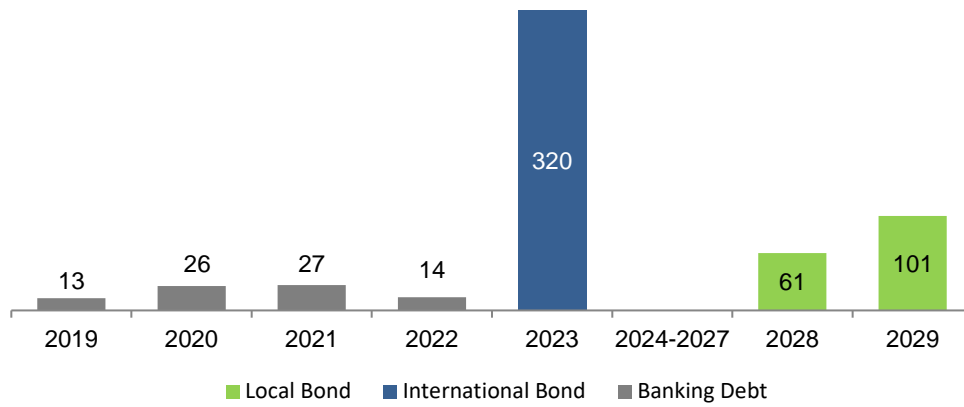
Graph N° 11 – Debt & Net Debt / EBITDA (x)⁴



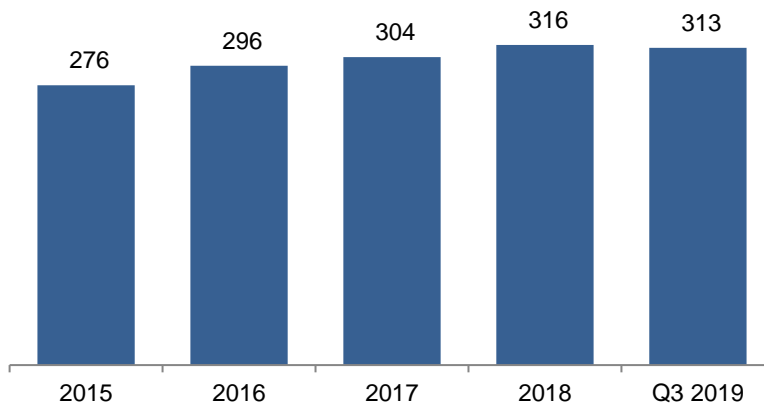
Graph N° 12 – Debt / Capitalization⁴



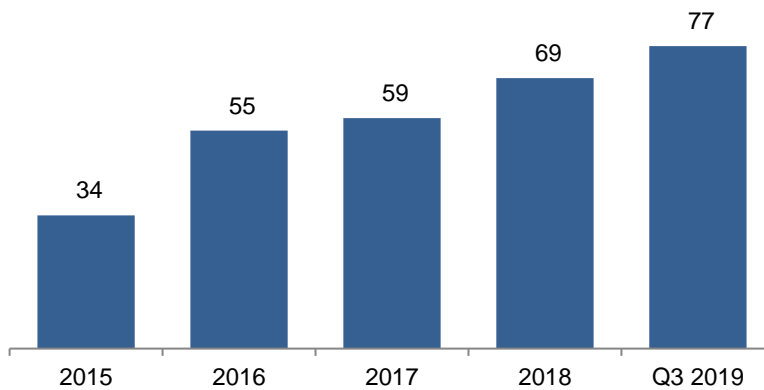
Graph N° 13 – Debt Maturity⁴



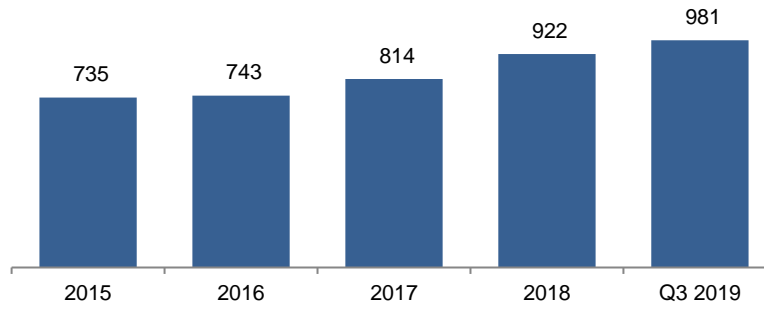
Graph N° 14 – Equity⁴



Graph N° 15 – Net Income (last 12 months)⁴



Graph N° 16 – Total Assets



Annexes

Annex 1: Legal note and remarks

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