

**Operator:** Welcome to the Q4 2019 results conference call from TGI and Cálidda, my name is Silvia, I will be your operator for today's call, at this moment all participants are in listen only mode, the call will be in Spanish, however, during the question and answer session, questions may be asked both in Spanish and English.

Please note that this teleconference is being recorded. Now, I turn the call over to Valeria Marconi, Investor Relations Manager of GEB. Ms. Marconi may begin.

**Valeria Marconi:** Good morning and welcome to the Q4 2019 results conference call for Transportadora de Gas Internacional y Cálidda.

Today's presentation will be divided into two parts. The first will be made by Adriana Munevar, Financial Vice President of TGI, to whom I take the opportunity to officially introduce. Adriana joined TGI team in December 2019, and has an extensive background in the Oil and Gas sector.

Also, on this occasion we are accompanied by Juan Pablo Henao, Commercial Vice President, Luis Alfredo Serrato, Regulatory Manager, Adolfo Ospina, Accounting Manager, Juan Camilo Guayana, who had been working in the Financial Planning department of TGI and recently took office as director, as well as other leaders from the regulatory and operational financial departments of TGI.

The presentation is divided into three parts, first our Financial Vice President will introduce the highlights of 2019, as well as the Q4 and relevant updates.

Followed by a presentation of the operational and financial performance of TGI during 2019 and the fourth quarter. To conclude the TGI conference call we will be pleased to open the call for questions and answers.

The second part will be presented by Mario Caballero, Finance Director of Cálidda, who joined our team in January of this year, and now I turn the call over to our Financial Vice President of TGI, Adriana Munevar.

**Adriana Munevar:** Good morning everyone, and welcome to the 2019 results conference call, as well as the Q4 of the same year. Looking at the agenda we have four topics, we will start by commenting on relevant facts. Then we will talk about the financial and operational performance of TGI, then about the investment projects and finally we will have the question and answer session as mentioned by Valeria.

Starting with the relevant facts, from the point of view of financial performance, during 2019 TGI continued to consolidate as the leading gas transportation company in Colombia, achieving an annual revenue growth equivalent to 6.1%, mainly due to the change in the charge pair of a specific contract, from 100% variable to 100% fixed, also due to higher volumes transported and to the updating of the transportation tariff via indexation.

We also had a decrease in suspensions due to scheduled maintenance or force majeure events versus the previous year, thus having greater availability for our dispatchers (clients) and fewer penalties.

In turn, costs increased by 2.5% during 2019, mainly as a result of higher fuel gas cost, maintenance dynamics of the company, increased depreciation and amortization of assets, and lower study costs associated with the Armenia loop.

Taking into account the higher revenue growth that I already mentioned, with respect to operating costs, the company's gross margin increased from 62.7% in 2018 to 64% in 2019, reflecting a positive operating dynamic. On the other hand, on January 1, 2019, IFRS 16 was adopted. This had a positive effect on EBITDA, due to the reduction of costs and expenses for leasing, which were reclassified to the depreciation and amortization account.

With respect to net administrative and operating expenses, these had an increase of US\$2.9 million equivalent to 10.4%, mainly due to a greater portfolio deterioration, calculated under the methodology of IFRS 9, and a decrease in other revenues in 2018, mainly from recoveries of **[unintelligible 00:04:58]**.

In addition, these effects are offset in a high proportion by the decrease in other expenses, mostly associated with professional fees for legal support services, and those derived from the debt management operation carried out in November 2018.

As an effect of the above, the operating margin had an increase of 1.1% from 56.4% in 2018 to 57.5% in 2019, which reflects an operational and administrative performance that is congruent with that mentioned above, regarding the increase in revenues, and an adequate management of operating costs and expenses. In terms of annual EBITDA, in 2019 TGI showed an increase of 9.6% reaching US\$360.4 million, and an EBITDA margin of 76.9%, which is 2.4% higher than in 2018.

With respect to net non-operating expenses, it is important to mention that during 2019 TGI recorded a loss from investment in associated companies, proportional to its participation in Contugas, amounting to US\$22.9 million; in addition, in December it carried out a capitalization of that company for US\$21.7 million.

It is also worth noting that during 2019 the three rating agencies Moody's, Fitch Ratings and Standard and Poor's reaffirmed TGI's ratings in investment grade as follows: bond rating at B, Aa3, with stable outlook by Moody's, corporate and bond rating by Fitch Ratings at BBB, with stable outlook, and corporate rating by Standard and Poor's at BBB-, with stable outlook.

Finally, during the last quarter of 2019, and compared to the same period in 2018, TGI had an increase of 5.8% in its revenues, and its EBITDA margin grew 1.5 percentage points, to 71.1%, in addition, TGI paid the second dividend installment of the year, for US\$39.8 million.

We turn to the next page, to the relevant facts of strategic performance, and as very positive news for the natural gas industry in Colombia, during Q1 2019 was announced the extension of the vehicle use restriction for vehicles that use this fuel, which is complemented by the internal approval by TGI of new agreements to promote CNG, between the periods of August 2019 and November 2021.

These agreements were reached and entered into with major players in the sector in Colombia, Vanti, EPM, Gases de Occidente, Eficaz, Gases del Llano, and

**[unintelligible 00:08:10]**, we also received with enthusiasm the entry into operation of CNG vehicles, operated by Transmilenio, the mass transportation in the city of Bogota.

Regarding our relationship with communities, we had the opportunity to make progress in the relations and diagnosis of indigenous communities in the area of influence of Ballena sector, in the department of La Guajira. We also signed the contract for the first project of works for taxes, amounting to COP\$8.5 billion for the construction and optimization of the aqueduct system's networks in the township of the municipality of La Paz, located in the department of Cesar.

On the other hand, TGI managed to renew the Cusiana - Sabana and Ballena - Barrancabermeja contracts, for an estimated value of US\$40 million. In addition, during the Q3 of the year, TGI, ACP and various marketers held their second workshop that sought to address commercial and infrastructure issues for the connection and development of new oil and gas fields.

Along the same lines, we would like to highlight the TGI forum held in November, which addressed issues related to the title of gas in South America, the outlook for the sector and its potential in Colombia, with the participation of the CEO of Grupo Energía Bogotá as a speaker, as well as important union leaders from the Colombian government and companies in the sector such as suppliers, distributors and clients. Moving now to relevant facts of operational performance and as explained above, the delivery of outlet points of Floresta in Boyaca and Paratebueno in Cundinamarca during the first quarter of the year was carried out.

The realignment of the Gualanday-Dina gas pipeline came into operation in the same quarter and the adaptation works at Vasconia - Miraflores - Puente Guillermo compression stations were completed during the third quarter of the year.

We also highlight that in the Q3 2019 and with information provided by TGI, CREG opened files for the determination of efficient investment value and AO&M for four IPAT projects.

For the fourth quarter of the year, Yarigüies - Puerto Wilches branch and Pompeya branch entered into operation due to replacement of branches, while progress of Cusiana phase IV project continues according to the established schedule and in this sense the mechanical completion of loop Puerto Romero-Vasconia of 46 million cubic feet per day was completed on December 21.

We would also like to emphasize that during 2019, TGI did not have any fatalities during the execution of works and in its operational performance, which demonstrates excellent safety practices at work, as well as our firm commitment to the corporate pillars that are shared by all the companies that are part of Grupo Energía de Bogotá.

We then move on to the second part of the agenda which is the financial and operational performance. On page nine starting with revenues we see that TGI shows very stable revenues during 2019, as we see in the graph on the left, 2019 revenues reached US\$468.8 million showing a 6.1% increase versus the previous year.

Mainly due to, as I had already mentioned, a change in the charge pair to 100% fixed in a specific contract, fewer suspensions due to maintenance and/or force majeure that generated a greater availability for our clients, due to the price indexation in transportation rates for 2019 and higher average volumes transported.

Likewise if we look quarter by quarter, comparing Q4 2019 versus 2018, revenue grew \$6.4 million, which is a 5.8% increase and the main reasons were the tariff indexing, higher detours and contracting and fewer suspensions that we had already mentioned as well.

If we look at the bottom left graph we see that distribution, refinery, thermal and vehicle sectors led the demand for TGI during 2019 representing 96.1% of revenues.

If we look at the bottom right graph we can see that in the fourth quarter of 2019, 91.5% of revenues were related to capacity charges and AO&M, 5.7% to variable charges and 2.8% to others and in the other graph we can see that 67.8% were revenues indexed in dollars and 32.2 in Colombian currency.

On page seven. In the upper graph we see the behavior of EBITDA and EBITDA margin. As I had already mentioned in the relevant facts, in 2019, annual EBITDA of TGI was US\$360.4 million, with an increase of 9.6% versus 2018 and EBITDA margin was 76.9%, 2.4 percentage points higher than in 2018, thanks to the increase in revenues and a lower increase in operating expenses.

The same behavior was observed, if we look at the quarter effect, Q4 2018 versus Q4 2019 where EBITDA had an increase of 8% and EBITDA margin reached 71.1% with an increase of 1.5 percentage points.

If we look at the bottom left graph that shows operating income in 2019 versus 2018, forgive me, in 2019 income reached US\$269.4 million showing an increase of 8% versus the previous year and quarter by quarter there was also an increase of 12.3%, actually here the story is very similar, is due to the increase in revenues, a very good cost and expense management by the company and a significant reduction in administrative and operating expenses as there were lower expenses in studies and environmental management and lower expenses associated with the whole debt operation that was carried out in 2018.

Moving on to net income, in 2019, net income amounted to US\$125.9 million, we had a 7.4% decrease versus the previous year, and if you look at the quarter by quarter effect we also see a significant decrease. What we want to highlight here is that in 2018 there was a significant positive effect on income tax of TGI from the reissue of bonds carried out in November 2018, an effect that obviously was not present in 2019.

We move on to page 11, where we have the representative or most significant items of the balance sheet, but before looking at that detail, I want to mention that due to the discipline of TGI in its financial management, its investment grade was ratified by the three rating agencies during 2019, as I mentioned in the relevant facts.

If we look at the upper left graph, we have here cash and equivalents, where TGI closed the year with a higher level of those available versus the previous year, again, due to higher revenues and lower payments related to all financial issues during 2018.

If we look at the bottom left graph, its property, plant and equipment remain very stable in recent years and moving to liabilities and equity we can also see stability and here I want to mention that in 2019 TGI completed 100% of debt payment of its syndicated loan, the remaining balance was US\$40 million paid during 2019, however in the graph is not able to see the effect by materiality compared to 100% of its debt structure.

This brings us to the next page, where we talk about the debt profile. In the first graph on the left, what we see is that the company's debt profile is at 66.1% in bonds equivalent to US\$750 million, 32.6% in intercompany loans amounting to US\$370 million, approximately US\$9 million equivalent to 0.8% is in leasing and renting and the new part, let's say, is US\$6 million corresponding to the implementation of IFRS 16, where the most significant effect is the lease of La Sabana gas pipeline.

In the other graphs, what we see is that TGI maintains very consistent and comfortable indicators with reasonable debt limits that have been reviewed with the rating agencies.

Now move on to page 13. Speaking of operational performance, and here basically the story is very similar to that of previous quarters, the total length of the pipeline network of TGI remains constant, with 3,994 kilometers at the end of 2019 and transported volume of 484 million cubic feet per day.

Now move on to page 14. Here the story is very similar, total capacity set at 792 million cubic feet per day, as well as firm contracted capacity that closed at 712 million cubic feet per day and usage factor in the last quarter was 53.9%.

Now take a look to investment projects. We have here two significant projects, the first that you will already know Cusiana phase IV, the purpose of which is to increase natural gas transportation capacity in 58 million cubic feet per day between Cusiana and Vasconia, a project that involves an investment of approximately US\$92 million, total Capex executed to date is US\$57.3 million and in terms of entry into operation, during the year 2018, the entry into operation of Puente Guillermo station was completed.

In 2019, in the fourth quarter, the mechanical completion of Puerto Romero - Vasconia loop was completed as planned, and for this year the entry into operation of Puente Guillermo-La Belleza and Porvenir-Miraflores loops is planned.

The other project is the replacement of four branches that completed their regulatory useful life, where investment is approximately US\$11.3 million, total Capex executed to date was US\$5.8 million and in terms of entry into operation, the branches of Yarigüies - Puerto Wilches and Pompeya entered into operation in the fourth quarter of 2019 and by 2020 the plan is to start the operation of the remaining branches.

Finally, the projects that are in the panorama of TGI; we have two groups of projects, the first is IPAT projects, which are first choice for TGI according to all the current resolutions. Here we have the Mariquita-Gualanday loop, Yumbo-Mariquita bidirectionality, Jamundí and Aguas Abajo branch compressor project and Ballena-Barranca bidirectionality. The estimated investment in these projects is approximately US\$130 million according to the draft supply plan.

The other project, where TGI is awaiting the publication of final bidding conditions, is the Pacific regasification plant and Buenaventura-Yumbo gas pipeline, where the estimated investment is US\$575 million, according to the draft supply plan. At this moment we are waiting for the publication of the bidding conditions by the government. With this we end our presentation and leave the floor open for questions.

**Operator:** From this moment on, the Q&A session will begin, in either Spanish or English. If you have a question, please press (\*1) on your phone. If you wish to be removed from the waiting list, please press the # key. Remember, if you have a question please press (\*1). At this moment we have Nicolas Erazo from Credicorp Capital.

**Nicolás Erazo:** Good morning everyone, thank you Adriana for the presentation. I have three questions; I would like to go one by one if I may. Regarding EBITDA margin. We see that EBITDA margin increased in 1.5 percentage points compared to the fourth quarter of 2018, however, this implies some reduction from the previous quarter, third quarter of 2019, by 5.4 percentage points and 16.3 percentage points compared to the first quarter of 2019.

The question is if we have any seasonality in these costs during the fourth quarter or towards the second half of the year and what could be the variation in this margin versus what we saw at the beginning of the year and in the third quarter? Thank you.

**Adriana Munevar:** Good morning. Actually, the answer is yes. Normally in the operation there is a seasonality in costs and expenses, it is a natural seasonality, I believe to the year's progress, when the year starts projects begin their normal process of development and towards the end of the year there is full execution and we see that reflected in costs, expenses and obviously in the margin.

Therefore, it is a very normal trend if you look at 2018 at a quarter-by-quarter level versus 2019 quarter-by-quarter level and you would expect to see a very similar trend this year.

**Nicolás Erazo:** The second question is, recently was inaugurated FlexaPort plant, plant of liquefied petroleum gas, which is a fuel that can be found at a lower price than imported LPG, do you consider that this could be a possible substitute for natural gas for the market you have in the Caribbean Coast?

**Juan Pablo Henao:** Hi Nicolas, this is Juan Pablo Henao from the Commercial area of TGI. We definitely have LPG as a substitute in our risk matrix, we have always coexisted with LPG, natural gas, coal and many energy sources. We are experiencing a very low seasonality of Mont Belvieu, it is a very low price, but we are also seeing a Henry Hub at levels of US\$1.7 per million BTUs. We are seeing a very similar behavior between LPG and natural gas; they serve with that plant probably very specific niches. We do not want to underestimate LPG, but we understand that it is to serve nothing structural for now.

As you mention, we have it on the radar absolutely, but we are also confident that LPG prices, regasification costs, liquefaction costs and international transportation will bring many more competitive features to the natural gas chain. If we were to make a total

gas chain today, with US\$1.7 from Henry Hub we would have very competitive prices for the market.

Nevertheless, we have it and the distributors here in Colombia have made it visible in the last quarter or the last half of the year and we are all very much aware of it as a chain united by producers, transporters and distributors to join efforts and somehow mitigate any substitution that might occur in our area. We, particularly on the Coast, as you mention, is more a niche of another transporter and another distributor, but that does not mean that we are not very attentive to what may happen at inland of the country where we focus our operation.

**Nicolás Erazo:** Perfect Juan Pablo, thank you. One last question, it is about Contugas and it is to know what we can expect from this operation, to know how they expect to make greater investments for these years, if what we continue to see can probably be accounting losses and let's say, if you can tell us in detail, how has been the cash flow from this operation during the last years? if it has presented a negative or positive or neutral cash flow? how can we see it?

**Valeria Marconi:** Hi Nicolas, with Valeria, how are you?

**Nicolás Erazo:** Good, thank you.

**Valeria Marconi:** This is what we have been trying to inform you about all along, because this has been a reality for some time now and will highly likely continue for a couple of years, is that Contugas is an asset that was over dimensioned at the time and consequently the use of that infrastructure today is supremely inferior to what was planned, because it was planned for some quite important industrial developments in the area that it operates that have not materialized.

Investments at the moment, we do not, at the level of both TGI and GEB, which are the two shareholders of Contugas, have projected any additional investment other than what may specifically require basic maintenance of the operation and, if any, a small project to be developed in order to maximize the use of infrastructure.

The issue of capital calls, impairments and subsequent decapitalizations, which is what we are seeing in this last quarter, comes from the assessment of asset impairment.

How is that done? Based on a projection, on financial projections stated in present value, we compare the value of the investment with these precisions and then we calculate the deterioration. What has happened? I think we have talked about it at some points, that in our projections there may be a project, which is this Humay Thermal Plant. However, this plant will still be in operation as long as the financial closure of that plant does not take place, let's say, eventual income projections that we have are moving continuously.

That determines this impairment to a great extent and that impairment is what makes the issue of capitalizations demanded by both TGI and GEB, but let's say that, apart from that, there are no more additional investments in assets at the moment.

**Nicolás Erazo:** Thank you everyone.

**Operator:** At this moment, we have a question from Diego Buitrago from Bancolombia.

**Diego Buitrago:** Good morning, thank you very much for the presentation. I want to know, regarding the contract that changed the charge pair, how significant is that contract within all TGI sales contracts? This in order to anticipate what we can expect for the next few years or at least for 2020; in that composition of revenue between fixed and variable for TGI, we saw in this quarter less sensitivity to the higher volume transported, is it explained by this change in that contract?

I would also like to know, what is the guideline of Capex and investments for 2020? Finally, the issue of the regasification plant in the Pacific, the debate in the country about the possibility of another regasification plant in La Guajira is now starting, I would like to know your opinion on that issue is, thank you much.

**Juan Pablo Henao:** Hi Diego, it is Juan Pablo again, the change in the contract is not an important contractual position, it is 14 million cubic feet per day of the contracted capacity that TGI has, and it was a replacement, a contract that had a thermal by a distributor in the southwest, we can see it in the results, but it will not be the trend, nor will be the market behavior forward.

Regarding the plants, please repeat me what you mentioned, the question.

**Diego Buitrago:** Let's say that we are not only talking about the Pacific regasification plant, but also about possibility of a regasification plant in La Guajira. I would like to know your opinion on whether both are necessary or we are going to have an excess of regasification plants, or a surplus, or is like a backup, in case the Pacific issue becomes complicated, no, I do not know, I need an opinion in this regard.

**Juan Pablo Henao:** Look what happens, Colombia is internationalizing in the natural gas market, we already have the first plant since 2016 in Cartagena, this is going to be a second plant probably in the Pacific, and if the exploratory success of Colombia in its blocks of conventional and unconventional fields onshore keeps going the way it's going, we definitely are going to need to meet the demand with imported gas.

So this is somehow a response to the exploratory results of all producers in the country. To the extent that we have better developments and domestic gas, the preference of all of us, obviously the Colombians and the country, is to continue developing those sources.

Depending on whether it happens between now and 2023, 2024, when in theory the first cut between supply and demand is made, one could have greater clarity as to what will happen to La Guajira by 2028 or the end of the decade, as suggested in the supply plan.

Yes, Colombia is definitely going to internationalize, it has been internationalizing for several years, since 2016, in terms of gas, there are opportunities for imported gas, I mean, there are many opportunities, we are seeing prices and a very important regional oversupply, which can also bring benefits to the entire demand chain.

The need for this, to finally answer you, is based on the exploratory success of producers, how the growth of national demand continues to behave and the results that we have both onshore and offshore, and non-conventional ones that can be developed in the coming years.

**Diego Buitrago:** Finally, regarding the topic of the regasification plant, in the schedule of CREG, is expected, and in what you mention, the bidding documents will be opened in this first quarter of 20. We already have 27 days left in this quarter, let's say, is there confidence that the process will start this quarter? Or, how do you see that inside CREG?

**Juan Pablo Henao:** To have them in this quarter, but you have also seen the behavior of the last few months; then be very cautious, obviously optimistic that this is going to be released very soon, but we could not tell you an exact date; there have also been some changes in the management of CREG and UPME, and that can also generate some internal setbacks.

We are very expectant, only those bidding conditions we believe are going in the right direction and that should be very soon, I could not tell you that March 31 for sure, but it should be in this first half of the year is what we understand, so all very attentive to that, because in the end it is like one of the opportunities mentioned by Adriana, where we would like to participate in this competitive process for the regasification plant and gas pipeline.

**Operator:** At this moment we have Andrés Duarte from Corficolombiana.

**Andrés Duarte:** Good morning, thank you for the presentation and taking my questions. I have three questions. The first is, if you have a recent reliability analysis of the total tariff revenue, with respect to a possible change in the regulatory WACC, if that is in place, how do you currently have it? Please remind me if the review is also including the valuation of assets or just the rate.

The second question is related to the gas pipeline that Canacol is proposing, which I understand is 100 million cubic feet, and in my opinion that is going to fall short, not only because of doubts in the company, but also because of the regions it connects. If a parallel pipe would be placed or if the current one would be extended? it is to more or less understand what the procedure would be.

The last question is if you could remind me please, how the financing of the Pacific Regasification Plant was?, I understand that both the final liquefaction receipt and how through it, it would be the generators that give unique support with gas. Thank you.

**Luis Alfredo Serrato:** Hi Andres with Luis Alfredo Serrato. Regarding the first question about expectation of WACC, as we know the last WACC calculation methodology of 2015 from Resolution 095, taking only that methodology, the fall of WACC could cause a reduction of revenues that could be up to 17%, without considering anything else, without considering revaluation of assets, or anything of the kind.

Last year, however, since the fourth quarter, CREG decided to review this WACC calculation methodology. All the industry made the respective comments, indicating

that there were errors in that calculation, that there were problems of the SUBRE that caused a sub-remodeling, CREG accepted the issue and began the stage of reviewing the WACC calculation.

CREG conducted and presented a study in December last year and in the regulatory agenda has a modification of WACC calculation, between the first quarter and second quarter of this year, where we expect the modification of the final methodology.

WACC increases considerably on the consultant's proposal, but we must wait the final decision of CREG on what aspects of the consultant's study it will adopt to change the calculation methodology, this regarding WACC, there are good expectations for WACC this year.

As to whether it includes the value of the assets or not, you know that when an asset ends its regulatory useful life, it is revalued to new by the Regulatory Commission. At this moment TGI is in that process, in the process of valuing assets that completed their regulatory useful life, the point, the current state of that valuation is that the expert already valued them and delivered the information to CREG, and it is in a review stage by CREG.

We have very good expectations on the subject, but we have to wait CREG ruling in this regard. On the third question, that is the financing of the Pacific regasification plant, the remodeling. As is the regulation, the regulatory proposal, the way in which this regasification plant is expected to be remunerated is through a payment made by the beneficiary users.

UPME determines who are the users who would benefit from this regasification plant and this remuneration would be paid through a weighted stamp, so to speak, however, given that it is expected that part of this regasification capacity is contracted, once this contracting of regasification capacity is completed these contracts would cause a decrease in the payment that the beneficiary users throughout the country have to make, does this answers your question?

**Andrés Duarte:** Where is the circular to complement what you explained to me.

**Luis Alfredo Serrato:** You can see a part of it in Resolution 107/2017, and there is a regulation proposal that is in Resolution 182 of the same year.

**Andrés Duarte:** Okay, thank you.

**Luis Alfredo Serrato:** Okay.

**Operator:** At this moment there are no more questions, now I give the floor to Mario Caballero, Finance Director of Cálidda, Mr. Caballero you can start.

**Mario Caballero:** Good morning everyone and thank you for joining us today. On behalf of the company I would like to welcome you to the Q4 2019 results conference call of Cálidda. I would like to begin this presentation by giving you an overview of our business achievements over the past 12 months.

During 2019 we have reached several milestones, being of great relevance the approval of the modification to the five-year investment plan 2018-2022. This will allow

us to accelerate the process of natural gas massification, so that a greater number of people can benefit from access to this economic, safe and clean energy.

We also achieved a record number of annual connections, providing access to natural gas to 191,466 new users, closing the year with a total of 952,682 qualified customers, which means that by December 2019, 3.8 million people already enjoy the benefits of natural gas in our concession area.

In line with the above, we have achieved US\$718 million in operating revenues, which meant an increase of 6.4% compared to 2018, and we also made a new issue of corporate bonds for S/342 million at competitive rates. This allowed us to obtain the financial resources to meet our 2019 investment plan.

Finally, we obtained recognition from various interested parties, being ranked in the 24th position of the market reputation ranking, moving 18 positions with respect to 2018, and at the same time we obtained the ratification of our international risk rating of investment grade by the main international agencies. These results indicate that we are on the right path to continue achieving growth with sustainability.

With this brief introduction, please follow me to page five to review the key results obtained during 2019. At the bottom of the slide, we have two graphs, which summarize our operating and financial results, with respect to operating results at the end of 2019, we reached 952,682 clients, achieving a growth of 25% versus 2018.

As a result of this increase in customers, the invoiced volume increased by 1%, reaching a total of 784 million cubic feet per day. Regarding the extension of the network, it grew by 15%. Reaching a total of 11,166 kilometers of underground pipeline infrastructure, an increase of 1,464 kilometers during the last 12 months.

Regarding our financial result we reached a total of US\$718 million in revenues, in addition our total adjusted revenues, which is our revenues minus pass through concept, achieved a total of US\$308 million, both compared to the results of 2018, corresponding to a growth of 6% and 11% respectively, our EBITDA reached US\$171 million, which represents a growth of 7%, explained mainly by the incremental volume associated with new residential connections, as well as a 7% increase in the distribution tariff.

Finally, our net income reached US\$83 million, a 20% growth versus 2018. Please follow me to page seven where we will review our commercial performance.

As you can see in the different graphs, Cálidda continues to build an incremental customer base in all segments it serves. In the industrial segment, Cálidda reached 670 industrial customers of which 44 were connected to the distribution system during the last 12 months. In the case of the CGV segment, four stations were connected to our distribution system during the last 12 months, reaching a total of 279 stations.

It is important to mention that Kennedy stations supply natural gas to more than 194,000 vehicles in the city of Lima and Callao at the end of 2019. In the residential and commercial segment at the end of 2019, Cálidda had connected more than 950,000 customers in 41 districts of Lima and Callao, of which more than 188,000

residential customers and 2,400 businesses were connected during the last 12 months.

Finally, in the power generation segment, Cálidda keeps as clients all natural gas thermal generation plants, within its concession area.

As mentioned in previous conference calls, since 2016, most new residential customers have benefited from two subsidies established by the Peruvian government, which facilitate access to natural gas in Peru, covering up to 100% of connection costs. At the end of 2019, close to 97% of households have accessed these programs.

Please follow me now to the next slide to review the historical invoiced volume, as shown in this graph invoiced volume in 2019 reached a total of 784 million cubic feet per day, which is 5 million cubic feet per day more than invoiced volume in 2018, this growth comes mainly from new connections in the residential and commercial sector; in addition, it is important to mention that 80% of total invoiced volume corresponds to take or pay contracts. These contracts reduce the impact of seasonal volatility associated mainly to the demand of large power generators.

The next slide shows the breakdown of our volume by customer segment. In terms of growth, during the last four years the most dynamic segment has been the residential and commercial sector, in which invoiced volume increased by 23.2% explained by the successful addition of more than 188,000 clients in the last 12 months; Kennedy stations, the industrial segment and power generation segment also show positive growth, at levels between 2% and 4.5%.

Moving on to our operational performance in slide 11. We see that Cálidda distribution system has reached an extension of 11,176 kilometers of underground ducts, of which 1,474 kilometers were built during the last year, and of this total 22 kilometers correspond to the high pressure steel network and 1,452 kilometers to the low pressure polyethylene network.

As a result of this expansion, the penetration rate, calculated by quantifying the number of connected customers, over the number of potential customers located in front of the distribution network, has reached a level of 88%. This results in an increase of 18 percentage points since the end of 2017. At the end of 2019, Cálidda has connected 956,000 clients with a concession and has a potential of 2.5 million connections. Cálidda still has an important market to cover.

Moving on to the next slide you can see in the first graph on the left that the volume of natural gas distributed through our network of regulated and independent customers was 292 million cubic feet per day, this represents 70% of the capacity of our system which runs from the city gate in Lurin to Ventanilla in northern Lima.

Of this volume, our regulated clients demanded 161 million cubic feet per day, equivalent to 68% of the gas supply contracted by Cálidda with Pluspetrol and 70% of the transport contracted with TGP. Regarding independent clients located south of the city gate of Lurin and which are mostly represented by large power generators, their consumption was 282 million cubic feet per day during 2019. These metrics confirm

that Cálidda continues to ensure adequate gas distribution capacity for both its regulated and independent customers.

Please join me now in the final section of the presentation, to review the organization's financial performance. On slide 14 you will find three charts representing our invoiced volume, our distribution revenues and our adjusted revenue at the end of 2019.

The first graph on the left shows that the residential and commercial sector accounted for 2.2% of the invoiced volume. However, in terms of distribution revenues, this segment accounts for 16.6%, and even more when we add the revenues from installation services, the residential and commercial segment represents 37.4% of our adjusted revenues.

On the other hand, although the power generation segment represents 72.6% of invoiced volume, its share decreases to 46.3% of distribution revenues and 29% of adjusted revenues.

With this, at the end of 2019, Cálidda continues to develop diversified sources of revenues. Continuing with the financial metrics, the following slides summarize our main financial results for the last 5 years. Total revenues including the pass through concept reached US\$718 million, which represented a 6% growth versus 2018.

Adjusted revenues grew by 11% from \$278 million to \$308 million. EBITDA closed in 2019 at US\$171 million, reflecting an average growth rate over the last five years of 13%. Likewise, investment in Capex has been accelerating to levels of US\$120 million per year.

As a consequence of these results, the operating fund of Cálidda closed 2019 at US\$114 million with an average growth of 18.4% over the last five years.

The following slide shows that debt to equity ratio and debt to EBITDA ratio increased slightly to 62% and 3.2 mainly explained by the issue in September 2019 of a local bond for S/342 million to finance Capex. It is worth mentioning that debt to EBITDA ratio is still below our internal target of 3.5. In addition, our interest coverage has remained above the multiple of eight and our operating funds to net debt ratio above 20%.

Moving on to the final slide, it can be seen that debt maturities are within the concession period. The bonds, both international and local, include maturities in the years 2023, 2028 and 2029. Likewise, bank debt reflects programmed amortizations until the end of 2022. Total equity and total assets closed at levels of 335 million and 981 million respectively.

Net income for 2019 was 83 million with 20% growth versus 2018. With this I would like to close, reiterating that during 2019 Cálidda exceeded its expectations, establishing a historical record of annual conditions and accelerating the gasification project of Lima and el Callao. We thank you for your time and we open the session for questions.

**Operator:** Thank you, from this moment on the Q&A session begins, in either Spanish or English. If you have a question, please press (\*1) on your phone. We have a question from Nicolás, director of Credicorp Capital.

**Nicolás Erazo:** Good morning, I have three topics of which I would like to ask some questions. The first topic is the volume per customer, as we saw that volumes increased by 1% compared to 2018. The customer base, on the other hand, increased by 25%. This would indicate to us that the volume per person or per customer showed a decrease and I would like to ask if this is something that could be of concern to you or what is the reason for this difference or this decrease in the invoiced volume per customer.

Next is the issue of contracts, how are those take or pay contracts with your customers and also with your suppliers? If you can please tell us the average term of these contracts.

The last issue is the price of gas and its substitutes. Since we know that natural gas tariffs are often subsidized for certain customers, we consider whether this can be changed, whether this can continue or whether the subsidy can be increased. Finally, without this subsidy, liquefied petroleum gas would be a substitute for natural gas. Thank you.

**Mario Caballero:** Thank you Nicolas for the questions, I'll start with the last one. Regarding gas prices and also the comparison with the substitute. Subsidies for natural gas in Lima corresponded initially to the first 100,000 residential or home connections completed in the concession. This subsidy covered approximately eight years of gas consumption for those who received it.

Today those people, those homes no longer enjoy that subsidy and even more, the nearly 800,000 new clients we have connected, did not have access to it. One of the reasons why natural gas is still quite attractive in Lima is because when you compare it to LPG, excluding the subsidy, it is about 30% below its value. I don't know if I'm answering your question to move on to the next one.

**Nicolás Erazo:** Yes.

**Mario Caballero:** I'll move on to contracts. We have take or pay contracts first of all with two critical suppliers, one is Club Petrol and the other is Transportadora Gas del Peru, TGP. These contracts are valid until 2033 when the concession expires. Regarding our customers, the bulk of our customers that were primarily concentrated in thermoelectric plants have contracts with us that also expire in 2033.

Some expire in 2031, 2026, but they are the minority. Overall these also has an expiration at the end of the concession.

Regarding your question about the volumes per customer. We have not actually observed that the volume per person or client has decreased. It remains at levels of 15 cubic feet per day.

Why you see such high growth in total customers and low growth in volume is basically associated with where that growth is coming from, which is basically a residential customer.

A customer who has a fairly small consumption compared to the other customer base we have already covered. As a reference, a person is consuming 15 cubic feet per day versus a power plant that may be consuming between 80 million to 140 million cubic feet per day. This actually corresponds to the source from which the growth is coming, which today is the residential customer.

**Nicolás Erazo:** If you allow me to follow up on the last question about the volume per client, we see that the invoiced volume only increased by 1%, but the client base increased by 25%. Most of those customers obviously come from residential customers and that would give us a decrease in the invoiced volume per customer.

That is what I am asking, that decrease we see in the volume per customer, if it is worrying, if we see where the trend could move, what substitute people are using if it is not gas.

**Mario Caballero:** That point is correct and your assessment is correct, this average is gradually decreasing and in view of the greater connections we are making, we hope to cover about two million customers by 2025, that should bring a progressively smaller drop, but it is something that is already considered in the projections and that does not mean that it will impact those results in a material way.

**Nicolás Erazo:** Okay, thank you.

**Operator:** We have a question from Camilo Roldán, from Davivienda Corredores. Camilo, if your line is silent, please open your line.

**Camilo Roldán:** Hi, good morning. How are you? Thank you for the presentation, I would like to know if now Cálidda is participating in tenders in other regions in Peru and the other question I have is about a guide of the Capex estimated for this year, thank you.

**Mario Caballero:** Hi Camilo, thanks for the questions. We have a Capex scheduled for this year of around 120 million and regarding the first question, Cálidda is participating in a bidding process, it is the bidding for seven regions, we still do not have indications about the results of the bidding process but we are part of the process.

**Camilo Roldán:** Thank you, and Capex?

**Mario Caballero:** US\$120 million.

**Camilo Roldán:** Thank you.

**Mario Caballero:** You are welcome.

**Operator:** At this moment we have no further questions.

**Valeria Marconi:** Good morning everyone again. We thank you for attending this conference and as always in the area of Investor Relations we remain at your disposal to address or channel any additional concerns or requirements that may arise both for TGI and Cálidda and for the other companies that are part of Grupo Energía. Have a nice day.

**Operator:** Thank you everyone. We remind you that the information regarding the delivery of results of TGI and Cálidda is available on the website of Grupo Energía Bogotá. This concludes today's conference. If you want to hear this conference again, please contact the company, thank you for participating, you may now disconnect.