Conference Call TGI & Cálidda 2Q 2020 Results
August 20, 2020

Valeria Marconi: Good morning to all. I am Valeria Marconi, Investor Relations Manager of Grupo Energía Bogotá. We welcome you to TGI & Cálidda Second Quarter 2020 Results Conference. I give you a very special greeting through the camera; however, I wanted to tell you that at this time I am going to disconnect it, to improve connectivity and proceed with the development of this meeting.

This is the first time that we are using Microsoft Teams Live for the call. Please register your name and company to be able to identify you in the questions and answers section.

The call will be held in Spanish; however, during the question and answer section, questions will be taken in Spanish and English, and can be formulated through the Chat. Please note that this conference call is being recorded.

Today's presentation will be carried out by Adriana Munévar, TGI's Financial Vice President, and Mario Caballero, Cálidda's Financial Director. Likewise, we count with the participation of leaders from different areas, who will be attentive to answer your questions.

The presentation is divided into two parts: First, Adriana Munévar will make TGI's presentation and we will open the corresponding questions section. Later, Mario Caballero will make Cálidda's presentation and we will also open the corresponding questions section.

Now I will hand the presentation over to Adriana Munévar.

Adriana Munévar: Thank you, Valeria. Good morning to all, welcome to the video conference on the results of the second quarter of 2020. In my case, I will share with you TGI's results. This quarter has of course been unusual for all of us; in this sense, firstly I hope you are all well, and secondly, throughout the presentation we will be discussing the impact and how we have been managing this new reality. So, I will now begin my presentation.

I will start out with the agenda: we will share with you the relevant events of this quarter; we will review TGI's financial and operating performance, then we will provide an update on the company's investment projects; we will also of course, as I mentioned, share with you our updated expectations in connection with the impact of COVID-19, a discussion we had already begun last quarter, and lastly and as usual, we will have a Q&A session.

Moving on to the relevant events, firstly we will start out precisely with all the topics related to how TGI has managed this new reality of COVID-19, because, as I said, it is the most relevant event that took place this quarter and that has affected all of us. In this regard, these are the main events. The first event was the establishment of a transitory commercial policy, which was adopted as a result of CREG Resolution 042, which seeks to mitigate the effects of the sharp drop in demand for natural gas. This resolution was issued in early April; at the time there had already been a significant drop in demand for gas, mainly due to the mandatory lockdown measures. Following very thorough analysis from the commercial, legal and financial perspectives, TGI decided to establish this transitory commercial policy, which basically allows to temporarily change the pair of charges in contracts, but only for transportation capacity that has been directly affected by COVID-19.

In later slides, we will discuss the impact from a financial perspective, but this policy definitely demonstrates the company's proactivity in searching for a solution that contributes to the country while mitigating impacts that could have been even greater for the company, because at this point most clients had already declared force majeure events.

The second topic we would like to share here is the approval and 100% implementation of the bio-safety protocols, mainly in performance of all works and contract supervision contracts we have in execution. You will recall that in the previous quarter we had suspended most of these contracts, and during this quarter what we have done is to quickly implement all protocols in order to resume our activities in a safe manner. Of course, we also continuously monitor the health conditions of our employees, contractors and clients. And even though this took place after the end of the quarter, it is relevant to mention that Bureau Veritas Colombia granted the SAFE GUARD seal to Grupo Energía Bogotá and TGI on July 6, which is related to all the measures for assurance of the bio-safety protocols related to COVID-19.

From a financial perspective, Fitch Ratings reaffirmed the “BBB” rating, with a stable outlook, which reflects TGI’s strong ties with Grupo Energía Bogotá, its parent company. Also, in this quarter we paid 50% of the dividends to our parent company, in the amount of COP 185 billion; this payment was originally scheduled to be paid in July, but it was brought forward to May. Another significant payment was on the 2019 income tax; several payments were made over the semester, but the majority were made during this quarter, for a running total of USD 70 million. After the end of the quarter we had a financial review by Moody´s, which reaffirmed the TGI bond rating at “Baa3”, with stable outlook.

From the perspective of operating and strategic performance, we resumed 100% of the contracts that had been suspended, as I mentioned earlier, and all our projects are in execution. Later on, we will provide more details on this aspect.

On the other hand, even though in the first days or months of the pandemic we focused on reviewing its impact on 2020, also during this quarter the company has reviewed its strategy up to 2027, with a substantial growth outlook, and this review has already been approved by TGI’s Board of Directors. Lastly, the Global Compact awarded recognition to Grupo Energía Bogotá for its good practices related to sustainable development and anti-corruption, and TGI was also recognized under this chapter for its work in this regard.

We will now move on to discussing our financial and operating performance. As we can see in this graph, TGI’s revenues in the second quarter of 2020 totaled USD 105 million, USD 12 million less than the revenues reported in the same quarter last year. This reduction is basically related to the impact of COVID-19, as I mentioned earlier: a significant reduction in demand due to the pandemic and the lockdown led CREG to issue Resolution 042, based on which TGI established a transitory commercial policy. As I mentioned earlier, this decision was carefully studied and enabled successfully reaching agreements with the clients. This policy became effective in April and was in place throughout the quarter, and it has allowed us to achieve positive recovery of accounts receivable. To date, we have not had any problems from the perspective of recovery of accounts receivable, because the agreements with the clients are quite solid.

From the perspective of revenues by sector, the graph on the lower left shows that distributors, refineries and thermal power plants continue to be the most relevant from the perspective of company revenues. In this quarter, we can see an increase in the segment labeled “others”, which is basically related to an increase in demand in the thermal power plant sector, which used other contracts to receive the transportation service. It should also be noted that although we had expected a larger drop in demand, this greater consumption for thermal power generation had a positive effect on our second quarter results. The graph on the lower right shows that revenues by charge and by currency in general maintain similar percentages to those historically reported by TGI, so today I will not go into greater details in this regard.

Moving on to the next slide, it shows that EBITDA totaled USD 80 million, which is USD 12 million less than in the second quarter of 2019, which clearly reflects the impact of COVID-19 on revenues. The same is true for operating revenue, which totaled USD 56 million, USD 12 million less than reported in the second quarter of 2019. The chart on the right displays net income, which closed at USD 14 million, USD 28 million less than the net income we reported in the second quarter of 2019. This involves three main factors: first, the USD 12 million reduction in operating revenue; also a negative impact from exchange rate differences compared to the same quarter last year in the amount of approximately USD 7 million; and we also had a negative impact in June this year in connection with an adjustment to 2019 income tax, because the provision made was USD 8 million below the actual amount.

This slide displays the balance sheet items and the capital structure. Here it is important to highlight once again that Fitch Ratings reaffirmed TGI's rating at "BBB", with a stable outlook, which reflects its strong links with the parent company, as I mentioned earlier. Moody´s also reaffirmed the "Baa3" rating for TGI bonds, with a stable outlook, despite the circumstances and the drop in revenues. As I mentioned, the company's liquidity levels remain very good; here you can see that cash closed at USD 67 million, even after having made the substantial payments I mentioned earlier, which include payment of 50% of the dividends and payment of income tax.

There have been no significant changes in capital structure and equity.

The debt component has also remained stable. Thanks to this good liquidity position, we have not had to increase our debt this year, and in this sense all the EBITDA ratios, Debt/EBITDA, EBITDA/financial expenses, have remained within the limits recommended by the rating agencies. There is a small decrease due to the impact we are experiencing on EBITDA, but as you can see such impact is not significant in terms of our metrics.

Now, moving on to operating performance, the only change we see here in the quarter is the change in transportation volumes: in the second quarter we transported 431 Mcfd, a decrease once again directly associated with the drop in demand due to the pandemic, and the other indicators remain stable compared to those reported in the previous quarter, as shown in the graphs.

Moving on to talk about investment projects, this graph shows the projects currently in execution, which are the same as the ones we saw last quarter. The first is Cusiana Phase IV, which aims to increase natural gas transport capacity by 58 Mfcd between Cusiana and Vasconia; total investment of this project is USD 92.3 million and CapEx to date has totaled USD 63.6 million. As we can see, physical progress of the works at the end of June was 84.8%, and the only sections pending completion are Puente Guillermo - La Belleza and El Porvenir - Miraflores, which would add 12 Mfcd and are scheduled for completion in the first quarter of 2021.

The second project is the Replacement of branches due to the end of their regulatory useful life. Total investment is estimated at USD 11.6 million, of which USD 9.9 million have been executed as of the end of June. Progress stands at 86.3% and the only branch pending completion is the Galán - Casabe - Yondó branch, which is scheduled for completion this month, in August. I will return to this later, but here I will mention that obviously the projects' progress was affected in the second quarter due to the COVID-19 issue and the lockdown measures, but at present, as I mentioned, all these works have resumed.

In general, TGI's outlook in terms of project opportunities are the same as reported in the previous quarter, and the projects are divided into two groups: The first are IPAT projects, which are of first option for TGI, and they include the Mariquita – Gualanday Loop, the two-way Yumbo – Mariquita pipeline, the Jamundí - Aguas Abajo Branch Compressor Project, and the two-way Ballena – Barranca pipeline. On these, we are waiting for the Ministry of Mines and Energy to issue the updated plan. The second group is the Pacific Regasification Plant and the Buenaventura Gas Pipeline; in this case, we do have an update where UPME published new terms and conditions for comments on July 17. TGI jointly with Enagas submitted comments, and some issues still need to be clarified, including everything related to the balance of risks, which are currently all taken on by the investor, and we are waiting for their response and for the UPME to publish the final terms and conditions.

To the right, you will see a map of all TGI's infrastructure, as well as natural gas reserves. Here we also have updated information, in the sense that proven reserves dropped again this quarter and the reserves/production ratio is now less than 9 years.

Now we will discuss our updated expectations, which we had already shared with you three months ago, regarding the impact of COVID-19. This first slide shows the risks we identified at the outset and the measures or impacts they have produced for the company. The first risk is obviously to the people and possible health effects of employees, contractors and suppliers. The mandatory lockdown measures have had a substantial impact on our business, and in this regard, as I mentioned, in this quarter we were awarded the Safe Guard seal, thanks to the implementation of all the biosafety guidelines and measures issued by the government. To date, we already have many more employees working in the field, resuming all critical maintenance activities and projects, and we continue to perform very close monitoring on the health of our employees and contractors, and of course a large number of company employees are still working from home.

In terms of demand, government and regulations, as I already mentioned, because demand for gas dropped by approximately 25%, a series of transitory regulations were issued aimed at providing relief to end users and the industry. In our case, it was specifically Resolution 042, which made it possible to temporarily revise the contracts; as I mentioned earlier, this has produced a decrease in revenues this quarter of approximately 10%, and we estimate a reduction of 10% for the rest of the year compared to the original plan.

There was also another Resolution, 060, on financing for the regulated segment, which also has an impact on TGI, but its impact is much smaller. In terms of OPEX and CapEx, as we already mentioned in last quarter's review, we had to suspend and/or delay several, if not all, maintenance activities and the timetables of the infrastructure projects. Presently, starting in May, we have resumed 100% of the suspended contracts and all projects are in execution. In terms of OPEX, we expect a 10% decrease, because the company obviously carried out a thorough review of savings opportunities to offset the impact on revenues we are experiencing.

And under other matters, the Colombian government has been studying the possibility of freezing the exchange rate for the effects of rate calculations, but actually this risk has not materialized, and with the change in the outlook towards depreciation, at present we do not foresee such possibility.

In summary, in terms of financial expectations, revenues, as I mentioned, have actually performed better than we had initially forecast, largely thanks to greater thermal power plant shipments in May and June, and in this sense the affected transport capacity has been less than expected and the impact on revenues has been smaller. However, due to the commercial policy that became effective in April and that has been extended until September 2020, we estimate, as I mentioned, a 10% decrease in revenues compared to the company's initial plan.

In terms of accounts receivable provisions, collections have performed as expected; we have had no negative impacts on the portfolio, whose average age remains at very acceptable levels. In costs and expenses, as I mentioned, we established a rigorous savings plan to offset the decrease in revenues, and we have managed to successfully implement it. Such savings are visible in the results to date, and if we view the full-year forecast, it is also 10% versus the plan.

As a result of these measures, our cash position has remained very solid, and at present we do not foresee any financing requirements for the rest of the year.

That said, we will now move on to the Q&A session. You can send in your questions via the chat, and here I will stop sharing the presentation in order to open up the Q&A session. Others will help me with the questions, because I was unable to see them while using the presentation.

Valeria Marconi: Don't worry, Adriana, I'm here checking. We have several questions, and it seems most of them are related to CREG Resolution 042. I will read them, and I will ask Heliodoro from the commercial area to respond to them.

The first question is from Diego Buitrago of Bancolombia, who says: Thank you for the presentation. Please tell us how significant the clients are who declared suspension due to force majeure and until when this decision would be effective. Regarding CREG 042, please explain what the change in the pair of charges consists of; is it about increasing or decreasing the fixed/variable ratio? Is there any progress in the renewal of contracts that expire this year? Also, very related to the above, and I think it might be included in the previous question, but I will read it anyway, from Camilo Roldan of Corredores Davivienda: How long does the relief provided to clients last? And can you please provide more details on what these two consist of? And lastly, Nicolas Erazo of Credicorp Capital has a question that is also related to the CREG resolution, and he asks how long it is in effect: only in 2020, or is there a fixed end date for all contracts?

In sum, Heliodoro, could you please provide some context on all the relevant considerations of CREG Resolution 042 and your general estimations?

Heliodoro Mayorga: Good morning to all. Well, regarding the first question, I should mention that when the lockdown was declared, 21 clients declared force majeure; these 21 clients account for over 90% of TGI's contracted capacity. The only clients that did not declare force majeure were small clients, primarily from residential markets. I should mention that this included the large distributors, the refinery and all the agents that operate natural gas vehicle service stations. Based on the force majeure declaration that was also made to the producer, the producer decided to accept their force majeure declarations. In March, this affected close to 32% of total demand. At TGI, what we did was to refuse the force majeure declarations and instead abide by Resolution 042, which enabled temporary renegotiations on the full contents of the contracts. This resolution provides a time limit for amending the contracts until November this year. The commercial policy was basically structured in two phases: a first three-month phase, with the possibility of extending it for three additional months, i.e., until September this year. Even though the resolution allows providing these benefits until November, at this time we have only structured it up to September this year. It all depends on how the pandemic issue evolves, and how the government will continue to extend this situation.

As to what the commercial policy consists of, basically, as mentioned by Adriana, it is a change in the pair of charges of the portion that was directly affected. To estimate this effect, we held meetings with our clients, and based on our information and the clients' information we determined the percentage in which demand was affected for each, in such a way that clients who have contracts with idle capacity were not included in application of the policy.

The change basically consists in that the affected party is subject to a pair of charges of 0-100, i.e., it only pays the administrative fee for operation and maintenance, but as demand recovers or fluctuates, the part that recovers returns to the pair of charges that was originally established in the contract.

Regarding next year's contracts, this is basically in stand-by, due to the current uncertainty surrounding the recovery of demand. What we have observed is that April was the most critical month; in May-June there was a slight recovery of demand, but due to other factors, basically associated with an alert produced by the El Niño phenomenon, which implied that thermal power generators began to operate, and part of the affected capacity was used to cover thermal demand, but this was only for May and June, because by July this effect had disappeared.

I hope this answers your questions.

Valeria Marconi: Heliodoro, thank you. There are a couple other questions on the chat, but I believe they have already been addressed in Heliodoro's response. I will now move on to questions that are more financial in nature. The first one is from Camilo Roldan of Davivienda Corredores: What is the financial impact, so to speak, of these measures, of the CREG resolution, as well as their impact in terms of working capital? I believe Adriana can address this topic.

Adriana Munévar: I'm sorry, Valeria, could you repeat the question?

Valeria Marconi: Yes, specifically: What impact has all this situation had on increased needs for working capital, and do you expect an increase in debt to finance these requirements?

Adriana Munévar: Thank you, Valeria. Well, as I mentioned in the presentation, the impact is of approximately a 10% decrease in revenues, but as a company we carried out a very thorough study to search for savings opportunities in the costs that were originally planned according to budget. We are also committed to achieving savings of 10% compared to the plan. Also, due to the pandemic, work on our projects was delayed, and this also produces some savings in the sense that we will not be able to carry out some of the projects at the speed we had planned, and for this reason in 2020 we do not foresee any increase in working capital needs, and consequently we see no need to take on any additional debt.

Valeria Marconi: Perfect Adriana, thank you. We have another financial question, and I think Adolfo will take it. The question I believe is from Andrés Duarte of Corficolombiana: Can you please provide more details on the impact of the exchange rate differences?

Adolfo Ospina: Good morning, thank you Valeria. The exchange rate difference arises from the revaluation we experienced in the second quarter of 2020 versus the second quarter of 2019. The liability position we have in currencies other than the functional currency is in dollars; consequently, the impact of exchange rate differences had a negative impact in 2020 and a positive effect in 2019. But it actually arises because of our liability position, mainly because of the debt in pesos we have at the end of June. Between March and June in both years, due to the accounts payable on dividends and some liabilities we have from provisions denominated in pesos.

Valeria Marconi: Perfect Adolfo, thank you. Now the last question we have, unless anyone would like to make a follow-up question, is also from Andrés Duarte of Corficolombiana, regarding regulations. He asks the following: What regulatory delays do you expect due to COVID-19, in terms of WACC, regasification and other important projects? I think Luis Alfredo Serrato can take this question.

Luis Alfredo Serrato: Good morning. In fact, two days ago the regulatory commission issued circular letter 076/2020, acknowledging its delays in regulatory matters, and issued an updated regulatory calendar for the second half of this year. This calendar includes important subjects such as changes in the WACC calculation methodology and in the remuneration and transportation methodology, and it plans to issue both a draft resolution for consultations and a final resolution in this second half. This is regarding the WACC and transportation methodology issues.

Regarding the regasification project, it is within the purview of UPME and the Ministry, although CREG also plans to issue regulations in this regard in the second half of the year. Regarding the regasification project, the information we have is that UPME, as many of you know, issued the DSI for comments, and is now making corresponding adjustments. It intends to open the bidding process for the regasification plant in September this year. This is the plan, but it obviously depends on the issue of an updated sourcing plan by the Ministry of Mines and Energy. These are the main changes regarding the two topics you asked about.

Valeria Marconi: Perfect Luis Alfredo, thank you. At this time, we have no more questions for TGI, so now Mario Caballero will begin his presentation on Cálidda, after which we will have a Q&A session. Go ahead, Mario.

Mario Caballero: Thank you, Valeria. Good morning to all and thank you for joining us today. On behalf of the Company, I would like to welcome all of you to the Cálidda video conference on the results of the second quarter of 2020.

I hope you and your families are well during this exceptional situation we are currently facing.

I would like to share with you the slides, if you can please tell me when they are set up.

Valeria Marconi: Not yet, Mario, but I will let you know. I think they are coming up now.

Mario Caballero: Thank you.

I would like to begin the presentation by providing you an update on how Cálidda has been handling the COVID-19 situation.

In terms of our commitments, our distribution system has remained 100% in operation since the start of the lockdown. This has enabled us to witness and participate in the market's recovery over the last three months, in line with the progressive reopening of economic activities. Consequently, demand in the regulated segment, consisting of households, industries and the vehicle sector, totaled 139 Mfcd in July, which is equivalent to 90% of regulated demand before the lockdown.

Also, after having implemented all the safety protocols required by local regulatory authorities, we resumed our activities in the field on June 15. At the end of July, we had made approximately 5,000 new connections, which puts us back on the path of a progressive and sustained recovery towards the level we had before March this year.

Regarding our client service, starting on July 8 we added face-to-face assistance to the telephone and digital channels, by reopening our client service centers, through which we serviced 30,000 clients at the end of July. Additionally, aware that we are a public service that reaches families in vulnerable areas, and in line with Emergency Decree 035-2020 issued by the government, Cálidda has deferred payments on residential invoices issued in the period from March to June, by fractioning them into installments for up to 24 months, thereby consolidating our commitment and long-term assistance for our clients.

Regarding liquidity levels, Cálidda took out a short-term bank indebtedness worth USD 80 million in March and April, which has practically been repaid thanks to the improvements in our operating cash flow. At the end of July, we have USD 61 million in short-term indebtedness and total liquidity of USD 70 million.

Lastly, I would like to end this introduction by ratifying Cálidda's commitment to move forward with the project for the massification of natural gas in Peru. We are currently well along a clear path of recovery and we are focused on returning to the operating levels we had before the lockdown.

Now please allow me to move on to a review of the results obtained during Q2 2020.

On the lower part of the slide there are two graphs that display our key operating and financial results in Q2 2020 and Q2 2019.

In terms of operating results, in June 2020 we reached over 987,000 clients, of which 135,000 new clients were added during the last twelve months.

To date, invoiced volumes decreased by 11% compared to results at Q2 2019, with a total result of 691 Mcfd.

The length of the network grew by 11% to a total of 11,537 km of underground pipelines, which is equivalent to an increase of 1,130 km in the last twelve months.

In terms of our financial results, which are displayed in the second graph on the lower left of the slide, our revenues totaled USD 267 million at the end of the second quarter. Also, our adjusted total revenues, which are revenues minus pass-through contracts, totaled USD 116 million. They each decreased by 21% and 19%, respectively, compared to the results of Q2 2019. Lastly, our EBITDA totaled USD 74 million, equivalent to a 10% decrease. The decrease in these metrics is mainly explained by the mandatory immobilization, which affected installation services and regulated demand, both of which are currently on a path towards progressive recovery.

Please allow me to move on to a review of our commercial performance.

As you can see in the different graphs, Cálidda's client base continues to grow in all the segments it services.

In the industrial segment, Cálidda reached 680 clients, of which 38 were connected to the distribution system in the last twelve months.

In the case of the NGV segment, three new service stations were connected to our distribution system in the last twelve months, reaching a total of 280 service stations. Currently, the NGV service stations supply natural gas to over 163,000 vehicles in the city of Lima and Callao.

In the residential and commercial segment, at the end of Q2 2020, Cálidda had connected over 987,000 clients in 42 districts of Lima and Callao; of these, over 133,000 residential clients and 1,800 commercial clients were connected in the last twelve months.

Lastly, in the power generation segment, all natural gas thermal power generation plants within the concession area are Cálidda's clients.

As mentioned in previous conference calls, since 2016 most new residential clients 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. To date, nearly 97% of households have had access to these programs.

Please allow me to move on to the next slide to review the invoiced volumes history.

As this graph shows, invoiced volume in Q2 2020 totaled 691 Mcfd, down 11% compared to 2019. This drop is mainly due to expiration of the distribution contract with the Santa Rosa power generator, as well as lower demand in the NGV and industrial segments due to the mandatory lockdown produced by COVID-19, which reached its low point in April, and since then has displayed a gradual recovery as the result of the reopening of economic sectors.

Additionally, it is important to mention that 77% of the total invoiced volume is through Take-or-Pay contracts, which help reduce seasonal volatility in demand by the large power generators.

Moving on to the next slide, we have a breakdown of our volume by client segment.

Over the last four years, the most dynamic segment has been the residential and commercial segment, in which invoiced volume increased by 21.7%, explained by the successful addition of over 133,000 clients in the last twelve months. NGV service stations, the industrial segment and power generation also display positive growth, in the range between 1.0% and 5.0%.

Moving on to our operating performance, Cálidda's distribution system has reached a size of 11,537 km of underground pipelines, of which 1,130 km were built in the last twelve months. Of this total, 20 km correspond to the high-pressure steel network, and 1,110 km to the low-pressure polyethylene network.

As a result of this expansion, the penetration rate, which is calculated by quantifying the potential clients located around the distribution network, has reached a level of 89%, which is equivalent to an increase of 30 percentage points compared to the end of 2016.

At the end of June 2020, Cálidda has connected 988,000 clients. Given that its concession covers a potential of 2.5 million connections, Cálidda still has a substantial captive market to cover.

Now please allow me to move on to the final section of the presentation, to review the organization's financial performance.

In the next slide, you will find three graphs that represent our invoiced volume, our distribution revenues and our adjusted revenues at June 2020.

The first graph on the left shows that the residential and commercial sector accounted for 2.6% of the invoiced volume. However, in terms of distribution revenues, this segment accounts for 20.0%. Moreover, when we add installation service revenues, the residential and commercial sector represent 31.0% of our adjusted revenues.

On the other hand, even though the power generation segment accounts for 77.1% of the invoiced volume, its share falls to 48.0% of distribution revenues and 36.7% of adjusted revenues.

This indicates that at the end of Q2 2020, Cálidda continues to develop diversified revenue sources.

Moving on to the financial metrics, the next slide summarizes the main financial results of the last four years.

Total revenue, including pass-through contracts, totaled USD 647 million, which represents a 10% reduction vs 2019. Adjusted revenues decreased by 9% from USD 308 million to USD 281 million.

Twelve-month EBITDA at the end of Q2 2020 closed at USD 163 million, reflecting an average growth rate of 11% over the last three years.

Net income for the last twelve months was USD 76 million. Lastly, Cálidda's operating funds at the end of Q2 2020 totaled USD 109 million, equivalent to average growth of 10.5% over the last three years.

In the next slide we see that assets at the end of Q2 2020 totaled USD 1,118 million, where the main source of growth was the investments in CapEx associated with the expansion of the distribution network, which in recent years has remained at levels of between USD 85 million and USD 115 million per year.

Also, at the end of the second quarter, liabilities and equity totaled USD 822 million and USD 296 million, respectively.

Moving on to the last slide, you will find that debt at the end of Q2 2020 totaled USD 610 million, with an increase of USD 61 million during the semester as a result of taking on short-term loans to safeguard the company's liquidity during the period of greatest uncertainty.

All debt maturities are within the term of the concession; both the international and local bonds mature in 2023, 2028 and 2029. On the other hand, USD 67 million in bank debt come due in 2021; we are currently reviewing options to refinance them with a medium-term profile. Lastly, at the end of the second quarter, we had approximately USD 61 million in short-term loans that come due between September 2020 and April 2021. These loans will also be re-profiled shortly.

At the end of the second quarter, the Debt/EBITDA ratio closed at 3.8x, an increase compared to year-end 2019, as a result of the growing short-term debt taken on and the impact of the COVID-19 crisis. Over the rest of the year, we expect this variable to worsen slightly to close at around 4x - 4.1x, to subsequently, in 2021, return to pre-COVID-19 levels and approaching a multiple of 3.5x. Additionally, our interest coverage has remained relatively stable, at a multiple of 7.2x.

To conclude, I would like to reaffirm the commitment Cálidda has had during this period of crisis with our employees, clients and investors. Starting in the second quarter, we have experienced a progressive recovery in demand for gas and in the construction and connection processes. In this regard, we will continue to work on strengthening the safety measures for our teams, the continuity of the gas distribution service and continuous assistance to our clients.

That said, we thank you for your time and we now open the Q&A session to any questions you may have.

Valeria Marconi: Mario, thank you for your presentation. We are now starting to receive questions. Andrés Duarte is writing up his questions, let's give him a minute to finish, and then I will read it for you.

The first question from Andrés Duarte of Corficolombiana is: What are your expectations on growth in demand by segment by the end of the year?

Mario Caballero: Thank you for your question. Before the COVID-19 crisis, our demand was around 160 Mcfd; at present, demand is at 140 Mcfd; in other words, since our lowest point, which was April 2020, when we reached 60 Mcfd and when basically all segments except the residential segment had decreased, we have experienced a substantial recovery. These 140 Mcfd we have today, and which are approximately what we expect for the rest of the year, are mainly related to the recovery of the industrial segment; the sustained level of demand in the residential segment, which did not drop; a recovery of the commercial segment, and to a certain extent the vehicle segment, and it is precisely in this segment, in vehicles, where we do not yet expect, at least until the end of 2020, a full recovery, and this is basically related to current trends in telecommuting and the different measures taken by companies to reduce the physical presence of workers. This has had an impact on vehicle traffic compared to pre-COVID-19 levels. We expect that by the end of the first quarter, between the first and second quarter of 2021, this difference will narrow, to once again reach the pre-COVID-19 level of demand, in the range of these 160 Mcfd.

Valeria Marconi: Perfect Mario, thank you. We have a second question from Camilo Roldan of Davivienda Corredores... Well, actually two. The first question is: How many clients do you expect to connect in 2020 and 2021? The second question is: CapEx for 2020 and 2021.

Mario Caballero: Thank you. Our 2020 plan originally called for making 195,000 new connections. Precisely because in the second quarter we were not able to go out to continue our construction activities, there has been an impact that we will not be able to fully recover from this year; we are currently aiming at 90,000 connections in 2020, and in 2021 our plan calls for returning to a range of between 195,000 and 200,000 connections. I think it is important to point out, regarding connections in particular, that we have already resumed construction activities, we are out on the streets abiding by all the safety protocols; we are already making connections as such, and this will basically start now with a period of progressive recovery. And regarding CapEx, which is closely associated to this, our original plan was to invest between USD 125 and USD 130 million this year. This level has dropped to average levels of between USD 80 million and USD 85 million, and next year we will return to our regular investment levels, which should be between USD 135 million and USD 140 million.

Valeria Marconi: Thank you, Mario. We now have the following question from Felipe Torres of Bicecorp: Could you please comment on your cash level at the end of the second quarter of 2020 and on your general liquidity situation?

Mario Caballero: Yes, when the crisis broke out and during the lockdown period, mainly as a precaution, we drew on some of our credit lines; we raised approximately USD 80 million in short-term loans. What we have clearly seen is that our operating cash flow has remained fairly good over this period. To the point that towards the end of the second quarter we decided to repay USD 20 million of the USD 80 million we had originally taken out. Our current liquidity level is around USD 70 million, and we have generated USD 10 million from our own operations, which is well in line with what he have historically held. I think the message here is that even though we decided to take out short-term financing to have a better position in the face of widespread uncertainty, what we have seen is a recovery of all demand variables, combined with the implementation of an austerity plan that we began very early on and which has been highly adequate. Since our operating cash has remained solid, we have quickly repaid a first part of this short-term debt, and it is highly likely that we will repay the rest within the next few months.

Valeria Marconi: Thank you, Mario. Here is another question related to financial aspects, from Diego Buitrago of Bancolombia, and after we will address some regulatory questions. To close the financial section, Diego Buitrago of Bancolombia asks: How do you explain the drop in revenues of close to 20%, when volumes only decreased by 11%, and as you mentioned there is a high component of Take-or-Pay contracts?

Mario Caballero: Yes, that also includes a large component related to installations. You must keep in mind that even though a large component of Cálidda's revenues is associated to demand for gas, we have another major component, which is revenues produced by the connections or facilities, and this is not necessarily a minor component in the mix of revenues. Our connections have decreased by approximately 45%, basically because, as I mentioned earlier, we were not able to go out to the streets to perform our construction activities, and that has also had an equally important impact. This is the reason you see a difference between the drop in volumes and the drop in revenues.

Valeria Marconi: Thank you, Mario. We will now move on to two questions, which I will read together, related to regulations. The first is from Andrés Duarte, who asks: Are any regulatory changes expected in Peru in connection with COVID-19 that would affect Cálidda? The second question is closely related to this from Felipe Torres of Bicecorp: Can you comment on regulatory changes in Peru related to different proposed bills aimed at delaying collections of basic services?

Mario Caballero: Regarding fractioning of payments into installments, what we have is an emergency decree issued by the Peruvian government, 035, which basically requests public utility services companies, including gas and electricity, to fraction the invoices issued during the lockdown period into installments of up to 24 months. The truth is that we have taken this on in a very positive manner because we believe it is necessary during this period. We have fully implemented emergency decree 035; an important point here is that a prerequisite to performing the fractioning was to have an actual reading of the different meters in the residential segment, an activity we were unable to perform during the lockdown, precisely because we could not go out to the streets. So, since late June and July, when we were able to resume work in the field, one of our main focus areas has been to take all actual meter readings, in order to trigger the entire fractioning process. This process is already well under way and by the end of this month we should have completed it for the entire residential segment.

I will also comment on other regulatory matters, but first, now that we are on this topic, I would like to mention that regardless of the regulatory requirements on fractioning, as a company, for segments such as industry and natural gas vehicles, we have also been working out commercial solutions for fractioning, but covering much shorter periods of up to 6 months, which has not only been well received, but also worked quite well. The fractioning we have implemented have been fully complied with, and this has enabled us to not only maintain good customer relations, but also assure a sustained cash flow. Regarding other regulatory pronouncements, emergency decree 073 was also issued by Osinergmin, which basically establishes the method for calculating the average cost of transportation. This decree was issued immediately, and we are complying with it. However, it did not follow the standard procedure used for other regulations, which has basically been to pre-publish the decree and open up a 15-30 day period for comments. Because this situation took place, even though we have complied with the decree, we are anyway currently discussing and reviewing it with the regulator and other government entities, mainly to provide them our perspective; but for the time being it is a temporary measure that we have adopted and are reviewing.

Valeria Marconi: Perfect Mario, thank you very much. At this moment we don't have any more questions here in the chat. Thank you very much to all the external participants for attending this results conference, also to all our presenters and the people who accompanied us for being attentive to any questions from the external attendees. I think this conference went very well, the first time we used this platform, I hope it has also been to the liking of all.

I remind you that all documentation regarding the release of this results for both TGI and Cálidda is on our website, there you can consult it, and I also remind you that tomorrow we will be holding the Results Conference for the second quarter of Grupo Energía Bogotá. As always, in the Investor Relations area we remain very attentive to address any additional concerns that may arise after the conference or on any other topic. We wish you all a very good day and we will keep in touch, see you tomorrow, thank you very much.