1. Significant Developments

- Cálidda´s client base has increased 33% compared to first quarter of 2015. Even though the client base has grown, the volumes have remained stable.

- During the first quarter, 371 km of network were built, whereby the distribution system has reached a total of 6,360 km of underground pipelines.

- Total Revenues from first quarter decreased 3%(explained by a reduction in natural gas prices).Total Adjusted Revenues decreased 5% driven by an income reduction from internal installations services.

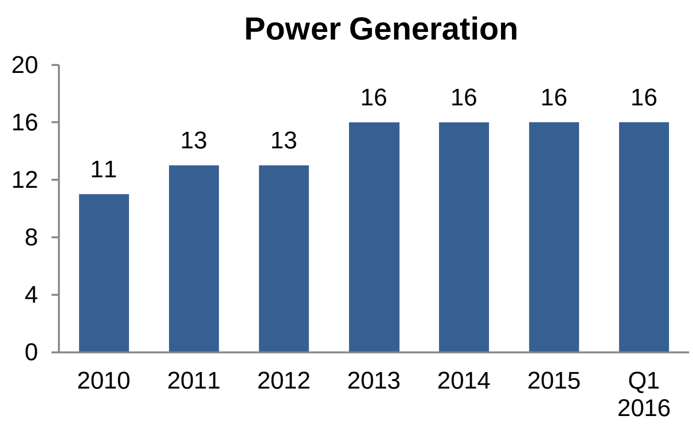
- The EBITDA and Adjusted EBITDA margin grew mostly driven by costs reductions explained by the renegotiation of our main contracts at lower prices.

2. Natural Gas Market

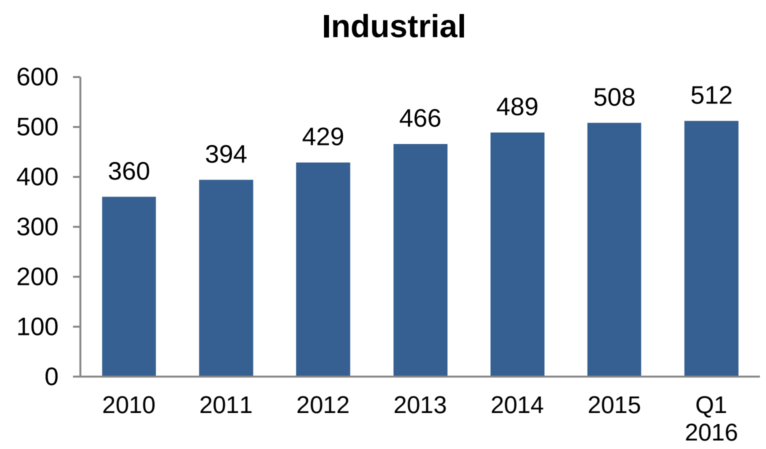
- In Q1 2016, the monthly average total volume of natural gas produced in Peru was 1,007 MMCFD (million cubic feet per day), showing a decrease of 18.81% when compared to the monthly average total volume produced in Q1 2015 of 1,240 MMCFD.

3. Commercial Performance

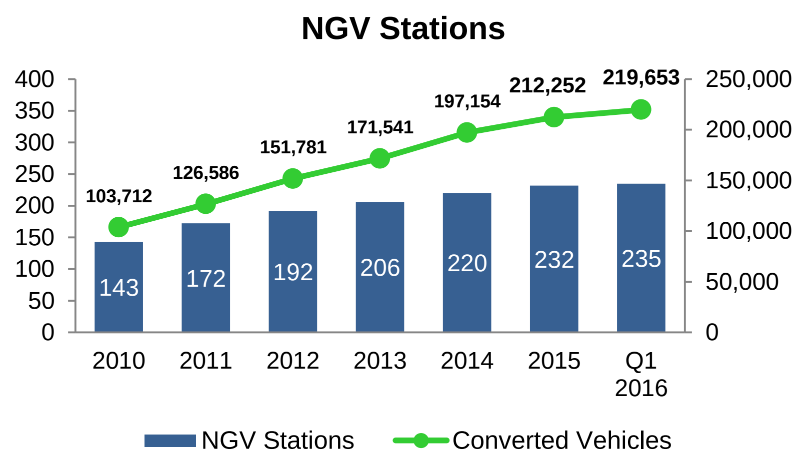
3.1. Client Base



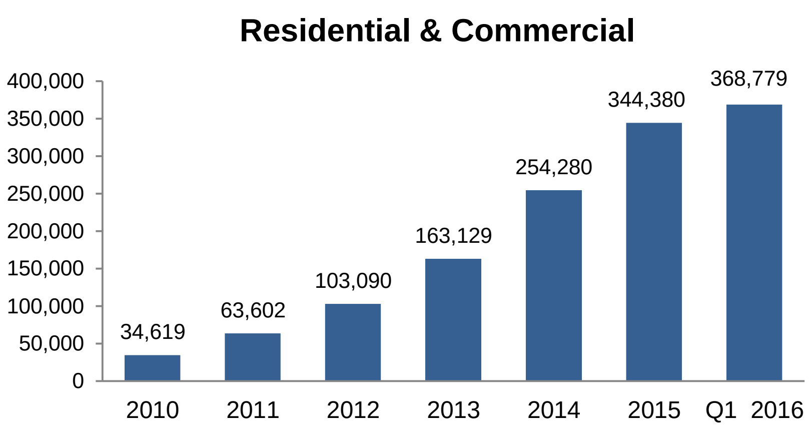
No new power generators where connected in Q1 2015.



4 new industrial plants were connected during Q1 2015.



3 new NGV stations were connected to Cálidda's distribution system and almost 220,000 converted vehicles are attended in the Cities of Lima and Callao.

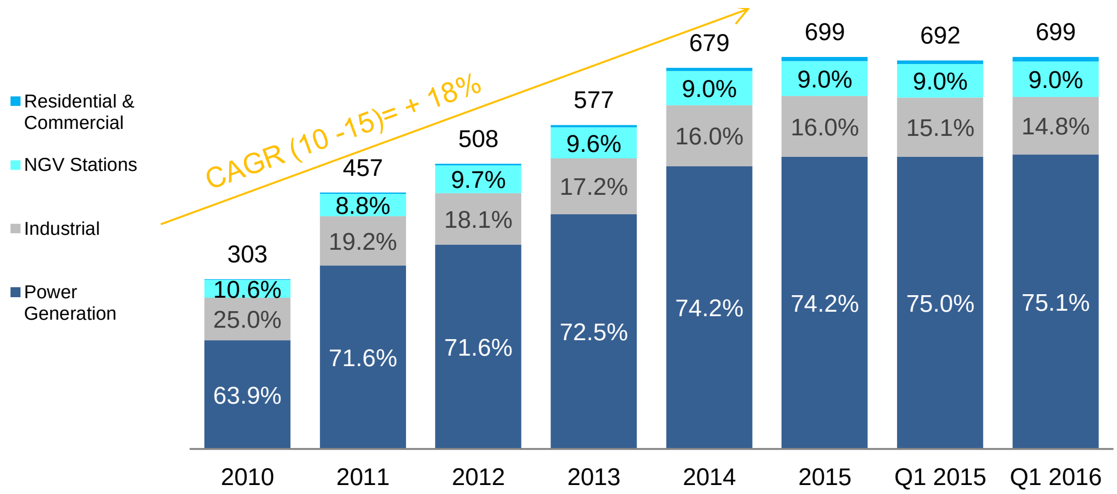


During Q1 2016, Cálidda added 24,114 clients in the Residential segment and 285 clients in the Commercial segment.

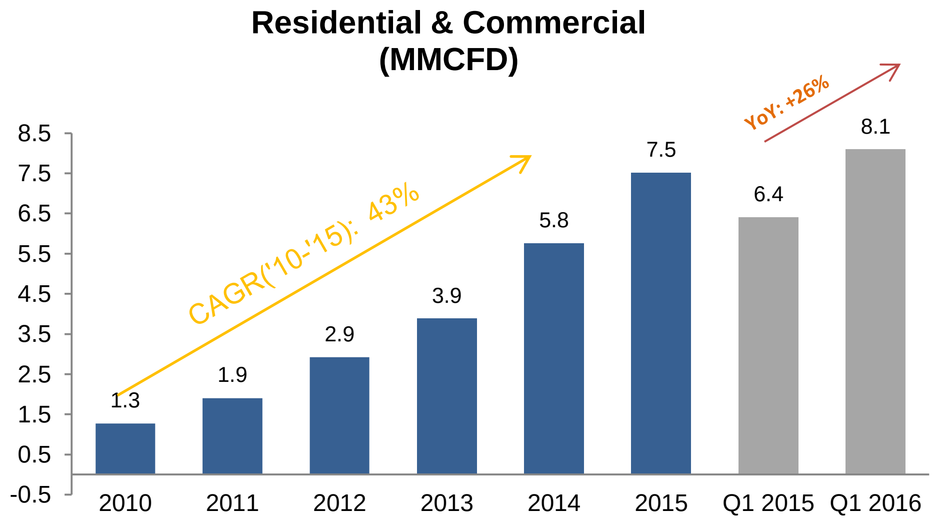
3.2. Volume

As you can see in the graph below, the volume sold in Q1 2016 remained stable compared to Q1 2015 (1% Increase explained by the Residential & Commercial segment).

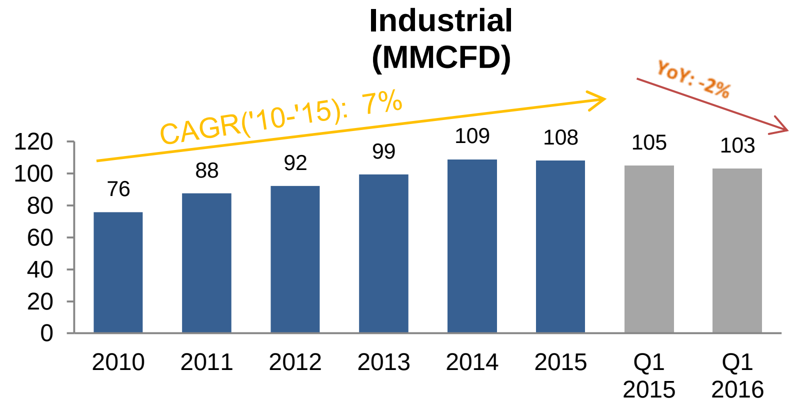
As of Q1 2016, Take or Pay contracts amounted 543 MMCFD (513 MMCFD Power Generation + 30 MMCFD Industrial), 78% of total invoiced volume.



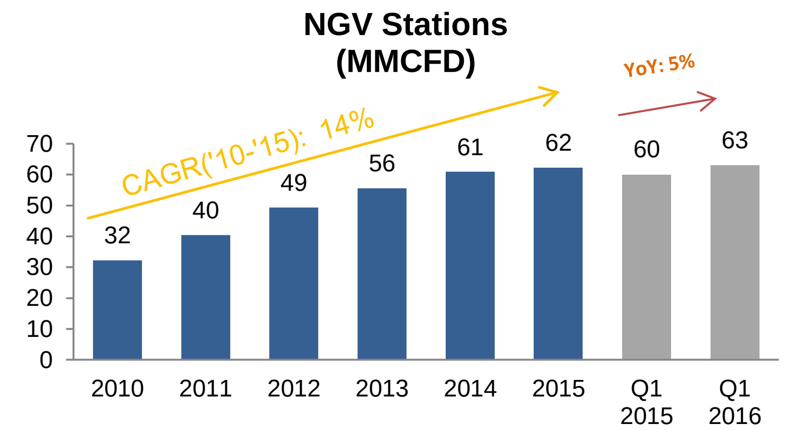
The volume breakdown by client segments is shown in the following charts:



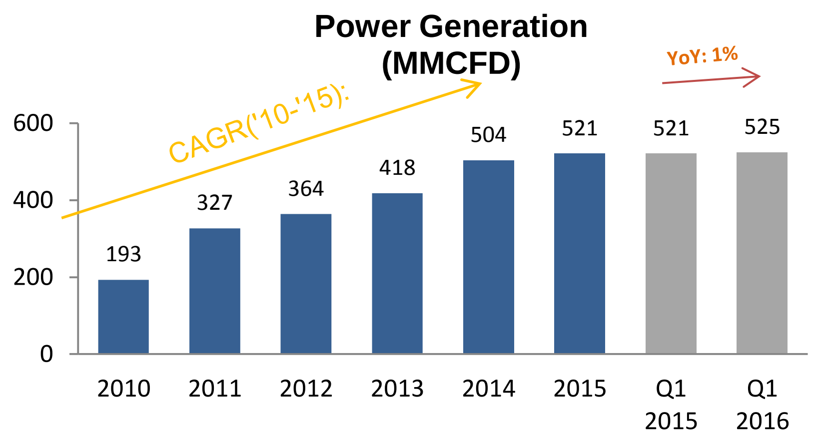
The segment that presents the most important growth is the Residential & Commercial, which shows an increase of 26% compared to the first quarter of 2015, explained by the successful addition of new customers. (278,028 in Q1 2015 vs 369,542 in Q1 2016).



The industrial sector showed a slight decrease compared to first quarter of 2015 (2%), which is mostly explained by a lower consumption of the fishing industry due to the El Niño – Phenomenon. This effect warmth the ocean water reducing the fish stock and consequently drop the fish catch which delivers a fall in gas consumptions.



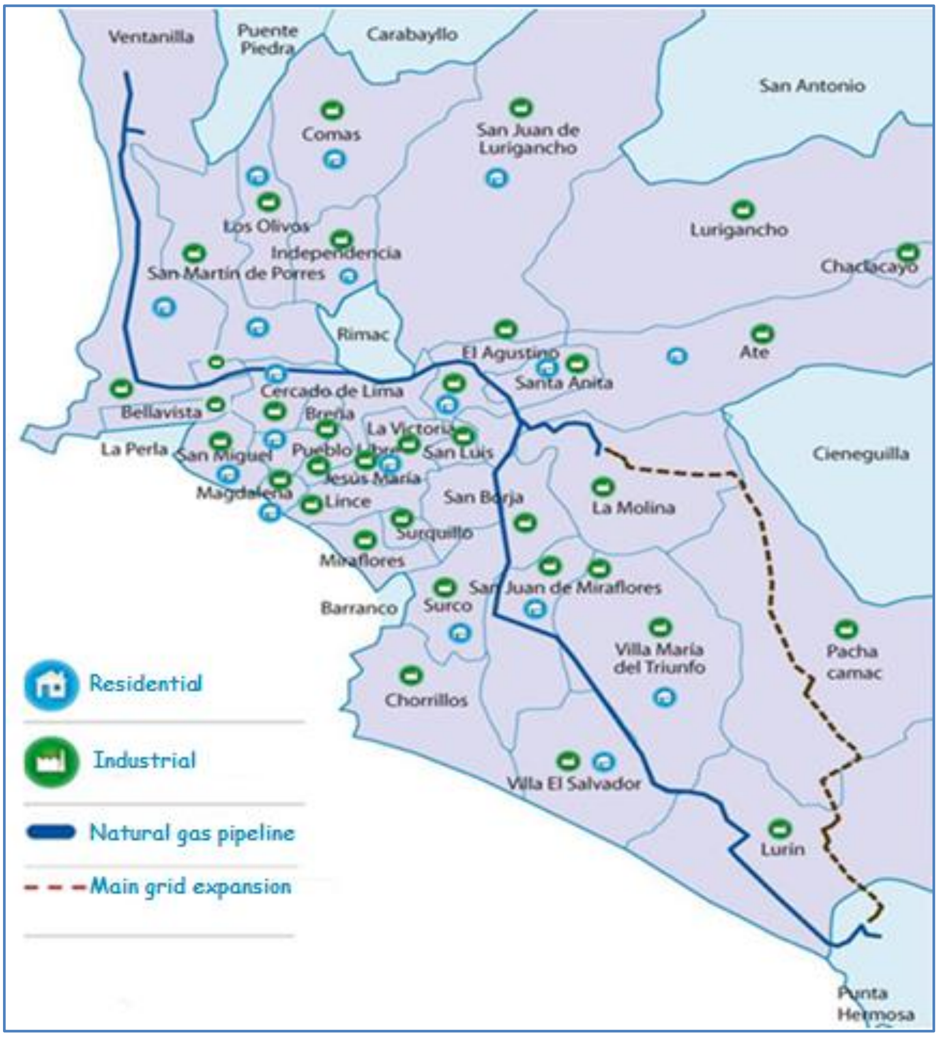
The NGV segment shows an increase mostly explained by the addition of new customers.



The Power Generation segment remains stable.

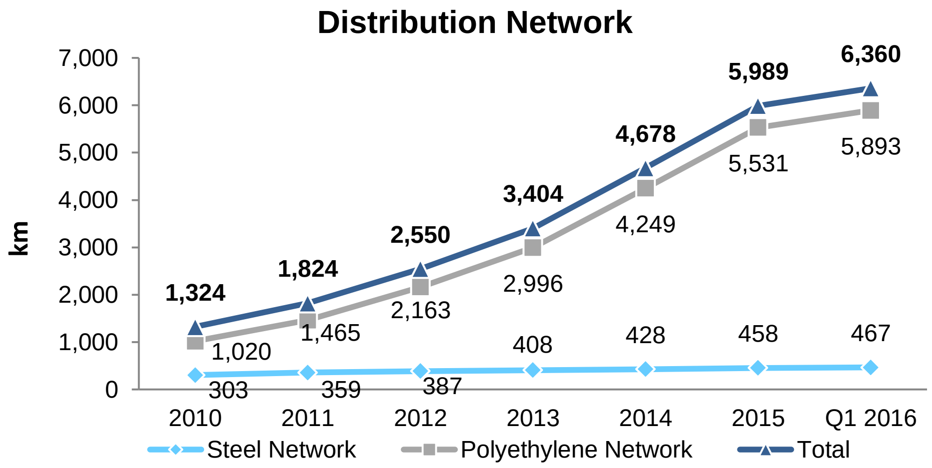
4. Operational Performance

Cálidda connected 21,299 customers in Q1 2016. In the Residential segment, Cálidda has operations in 18 out of the 49 districts from the Metropolitan area of Lima and Callao: Villa El Salvador, Comas, San Juan de Lurigancho, El Agustino, San Miguel, Santiago de Surco, Jesús María, Magdalena, Pueblo Libre, Cercado de Lima, Los Olivos, San Martín de Porres, San Juan de Miraflores, Santa Anita, Villa María del Triunfo, Ate Callao and Independencia. Likewise, in the Industrial and NGV Stations segments, Cálidda has operations in more than 35 districts.



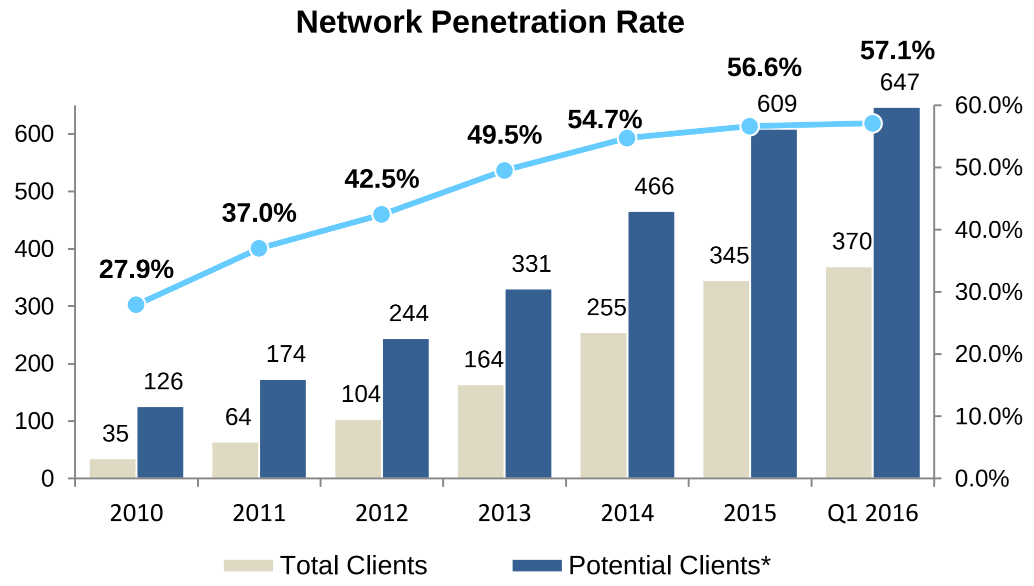
4.1. Distribution Network

In Q1 2015, Cálidda has built 371 km, out of which 9 km were steel high pressure network while the remaining 362 km were polyethylene pipelines. The total network now reaches 6,360 km of underground pipelines. The next chart shows the evolution of the length of the distribution system:



4.2. Network Penetration Rate

The network penetration rate is measured as the number of connected clients over the number of potential clients that are located in front of Cálidda's network. In Q1 2016, Cálidda estimated that there are over 647,000 potential clients (among households and other types of clients) close enough to Cálidda´s network, out of which 369,542 are currently connected. Therefore, the network penetration rate is 57,1% (It increase 0.5% this quarter, in line with the average penetration rate increase per quarter during 2015).



(*) Clients who are adjacent to Cálidda's distribution network.

As can be observed, the network penetration rate has increased over the years due to Cálidda's commercial strategy to focus in low income districts where the savings produced by the use of natural gas against other alternative fuels are more appreciated.

5. Financial Performance

5.1. Revenues

Cálidda's revenues are comprised of five items, namely:

i) Distribution revenues, containing sales of distribution of natural gas;

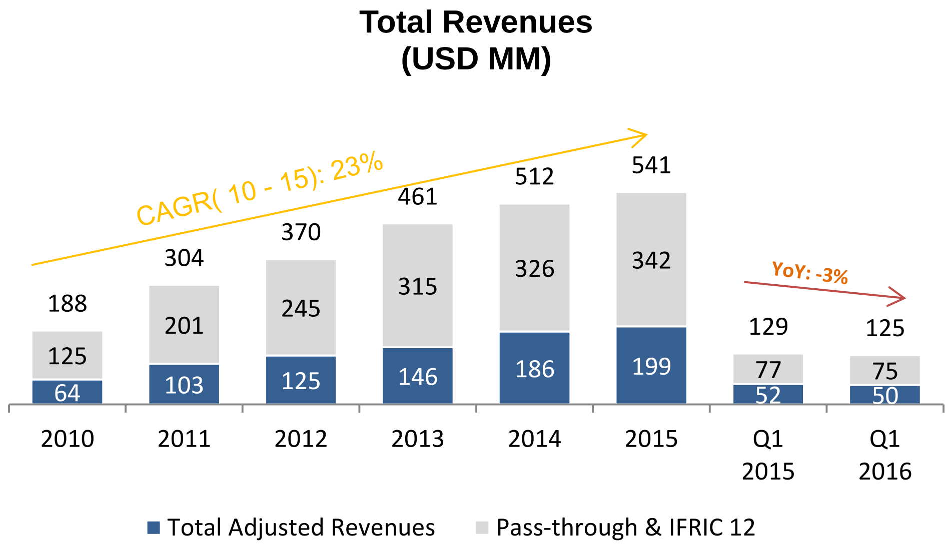
ii) Installation services, represented mainly by the construction of the network of natural gas within households (these revenues include connection fees and financial income derived from funding clients' installations);

iii) Pass-through revenues, which are derived from gas supply and gas transportation services (which also represent cost of sales, without a margin);

iv) IFRIC 12, which represents an accounting standard to book concession investments, and

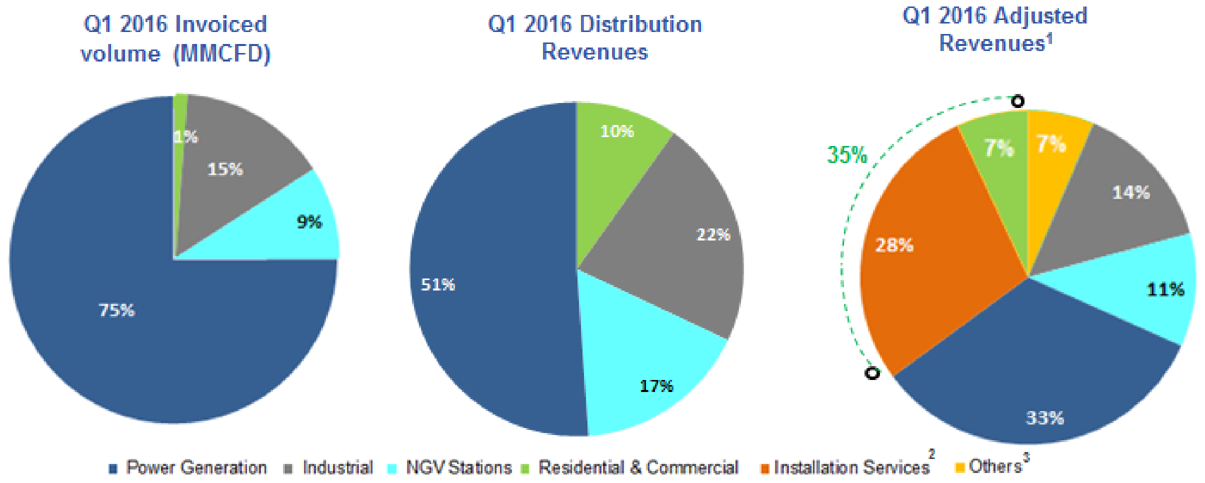
v) Other revenues, comprising maintenance and other non-recurrent services.

Total revenues for Q1 2016 were US$ 125mm (including pass-through and IFRIC 12 revenues), having decreased by 3% vs. Q1 2015.



Notwithstanding the foregoing, in Q1 2016, the Total Adjusted Revenues decreased 5% from US$ 52mm to US$ 50mm driven by a reduction in revenues from installation services.

In the next chart we can observe that even though residential & commercial segment only represents 1% of the invoiced volume, it explains 10% of the distribution revenues. If we add the revenues generated by the internal installations business, this segment represents 35% of the Adjusted Revenues.



1) *Total Adjusted Revenues exclude Pass-through and IFRIC 12 revenues.*
2) *Installation Services Revenues include revenues from connection fees and financing.*
3) *Others: mainly derived from network relocation and other non recurrent services.*

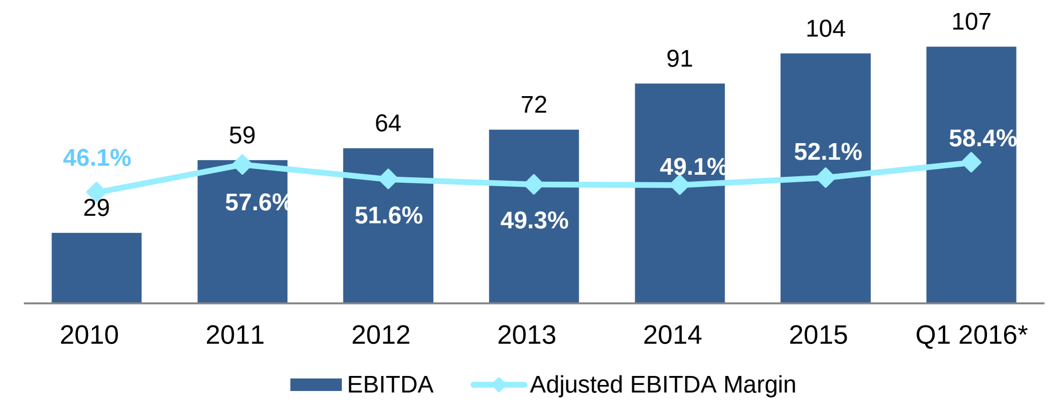
On the other hand Power Generators represents 75% of the volume, 51% of the distribution revenues, but only 33% of the adjusted revenues.

In Q1 2016 other Revenues represent 7% of the Adjusted Revenues, explained by extraordinary revenues that came from relocation services.

5.2. Financial Ratios

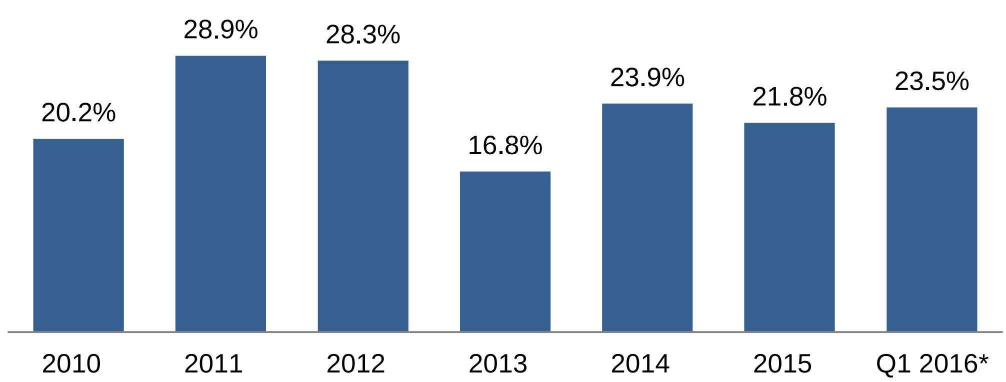
Last twelve months EBITDA as of Q1 2016 amounts US$ 107mm, which have a slight increase of 2% compared to 2015 EBITDA. But the most significant increment came from the Adjusted EBITDA margin, which grew more than 6 points explained by the renegotiation of our main contracts at lower prices.

EBITDA*(MM USD) & Adj. EBITDA Margin (%)

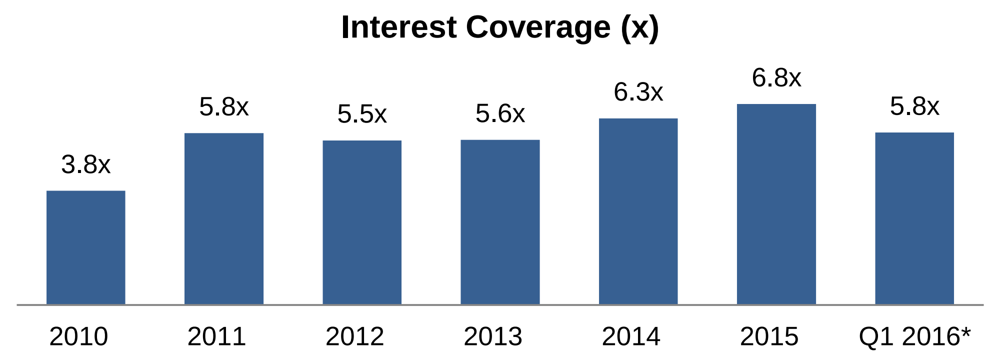


(*) Last Twelve Months.

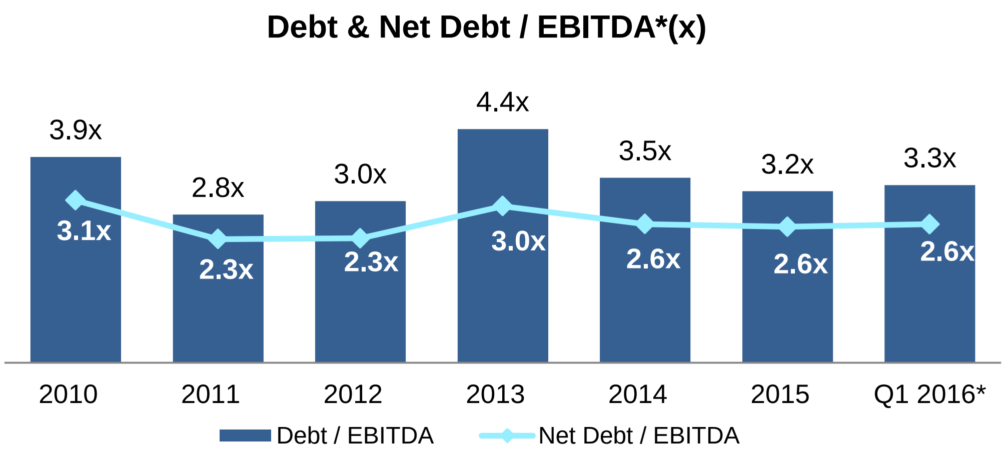
FFO / Net Debt



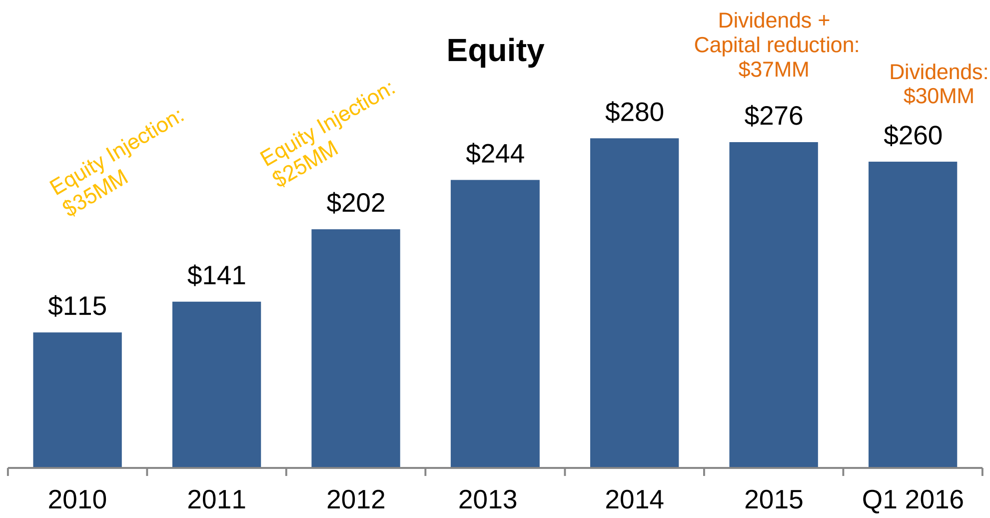
(*) Last twelve months



Ratio does not include 2013's debt prepayment penalties (US$ 7.8 MM).
(*) Last twelve months.

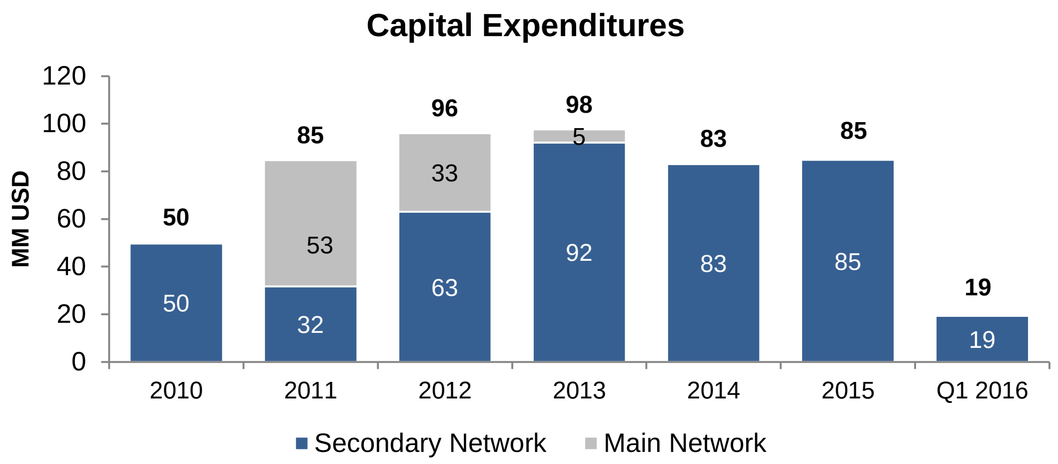


Net Debt = Debt net of Cash Balance
(*) Last twelve months.



Capital Expenditures

In Q1 2016 Cálidda invested US$ 19mm in the expansion of its distribution network, mainly in the construction of polyethylene network in order to connect household customers.



6. Annexes

6.1. Disclaimer

The information provided here is for informational and illustrative purposes only and is not, and does not seek to be, a source of legal or financial advice on any subject. This information does not constitute an offer of any sort and is subject to change without notice. Cálidda and its Shareholders expressly disclaim any responsibility for actions taken or not taken based on this information. Neither Cálidda nor its Shareholders accept any responsibility for losses that might result from the execution of the proposals or recommendations herein presented. Neither Cálidda nor its Shareholders are responsible for any content that may originate with third parties. Cálidda or its Shareholders may have provided, or might provide in the future, information that is inconsistent with the information herein presented.

6.2. Definitions

Adjusted EBITDA : Our adjusted EBITDA, or Adjusted EBITDA, consists of our net profit for such period, plus (i) income tax expense, (ii) minus financial income, plus (iii) the sum of (a) financial expenses, and (b) amortization and depreciation included in each of general and administrative expenses, selling expenses and cost of sales, in each case, for such period. Our management considers that Adjusted EBITDA is a meaningful measure for understanding operating and financial performance. Adjusted EBITDA is not a presentation made in accordance with IFRS. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, as indicative of the cash available to us to make payments under or as substitute for analysis of our results as reported under IFRS. For example, Adjusted EBITDA does not reflect (a) cash expenditures, or future requirements of capital expenditures or contractual commitments; and (b) changes in, or cash requirements for, working capital needs. In addition, because other companies may calculate adjusted EBITDA differently than we do, Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

***Application of IFRIC 12** :* Given that IFRIC 12 refers to service concession arrangements, as holder of the BOOT Concession Agreements, Cálidda must analyze its application to the Financial Statements. Based on the fact that the services to be provided by Cálidda are set forth by the MEM, who also determines the tariff rates, and that the assets comprising the Cálidda's natural gas distribution system shall be returned to such entity upon termination of the concession, management considers that IFRIC 12 applies to the Financial Statements. Under IFRIC 12, management considers that Cálidda's assets comprising the natural gas distribution system and used for natural gas distribution should be recorded as an intangible asset.

MMCFD : Million Cubic Feet Per Day.