

# SHAREHOLDERS' ASSEMBLY

September 2017



PROMIGAS



# Agenda

1. Assistance and Verification of Quorum
2. Reading of Meeting Notice
3. Reading of the Report of the Board of Directors and President
4. Presentación of the Individual and Consolidated Financial Statements as of June 30, 2017.
5. Reading of the Report of the Statutory Auditor
6. Approval of the Individual and Consolidated Financial Statements as of June 30, 2017.
7. Project for the Distribution of Profits First Half 2017
8. Proposals:
  - Approvals of donations
  - Approval of Board of Directors fees
  - Approval of Board Committees fees
9. Commission designation for the Approval of the Minutes





Economic  
Environment



## Economic Environment

- The world economy has performed well since the second half of 2016, despite the uncertainties in the political environment and the protectionist measures of several of the advanced economies.
- The Colombian economy continues to decelerate, growing 1.2% in the first half of this year. This reduced level of dynamism is mainly due to lower private consumption, and lower government consumption which continues to be affected by the fall in oil revenues.
- Inflation continues its downward trend closing at 3.99% in June this year and entering the target range of the Colombian Central Bank. In accordance with inflation, the Board of Directors of the Colombian Central Bank, starting in December 2016, has gradually decreased its interest rate from 7.75% to 5.75% as of June 2017.
- The Colombian peso continues to depend significantly on the international price of oil that has fluctuated around US\$ 50 a barrel this six-month period. During H2 2017 the average exchange rate was 2,921 pesos per dollar, 130 pesos below the average for the previous year, representing a revaluation of 4.3%.



Sectoral  
and Regulatory  
Aspects



## Sectoral and Regulatory Aspects

The regulatory news during the first half of 2017 is as follows:

- **Wholesale Natural Gas Market:** The CREG published the first milestones of the marketing schedule for the current year, in order for the market to see the amounts of natural gas available for the 2017 annual marketing process.
- **Transitional Plan for the Supply of Natural Gas:** The CREG, in compliance with the Decree which orders the issuance of the regulation applicable to the projects included in the Natural Gas Supply Plan, issued Resolution 026 of 2017, which intends to establish specific procedures to be applied in the execution of the Regasification Infrastructure. The final resolution is expected in Q3 2017.





## Sectoral and Regulatory Aspects

### Natural Gas Transmission

- Transmission tariff methodology: In August 2016 Resolution CREG 090 was issued as a proposal for a methodology for calculating the transmission tariff. The final resolution is expected in the last quarter of 2017.
- Compensation of assets that fulfil their normative useful life: In December 2016 the CREG issued its expert opinion corresponding to the process started in 2015 for the remuneration of the Corozal - San Juan Nepomuceno, Ramal Usiacurí and the La Mami - Bureche Loop gas pipelines of Promigas, and the Yumbo - Cali pipeline of Transoccidente, whose normative useful lives expired in 2016. The cost of replacement and value to recognize if the asset remains in operation is expected in the first half of 2018.

### Gas Natural distribution – Colombia

- CREG Circular 034 of 2017: Opportunity to request transitory distribution charges for existing markets.
- CREG Resolution 066 of 2017 (under consultation): Completion of CREG 202 of 2013 that had been partially revoked. Expected publication of distribution charges in February 2018.



## Sectoral and Regulatory Aspects

### Electricity Distribution – Colombia

Resolution CREG 019 of 2017 (under consultation): Third draft document, with net asset remuneration depreciated by changing the VNR. Recognizes loss reduction plans by encouraging investment to improve the indicator. It is expected that in the third quarter of the year the final new methodology will be published that will be in force in 2018.

### GEN Distribution - Peru

Process for the definition of tariffs for 2018-2022 starts. The presentation of the tariff proposal is scheduled for October 2017.





Corporate Events



## Corporate Events

Brilla now has two million users, COP 1.9 billion in loans in its 10 years of operation and recognition from the World Bank, the G-20, the Financial Times and IFC, making the program an example of a successful inclusive project.

WATTA KA>II, born from the alliance between the Promigas Foundation, the Alpina Foundation and the Caminos de Identidad (“Pathways of Identity”) Foundation (Fucai) was awarded the RedEAmérica Transformers 2017 Award in the category of Private Social Investment and Sustainable Communities. Six indigenous communities in the municipality of Manaure in La Guajira were part of Watta Ka>ii, and its purpose is to work on the recovery of livelihoods; healthcare, food production and education.

- CEO was awarded the Andesco RSE Award in the Best Corporate Governance Environment category..
- Launching Quavii Peru: On June 28, the internal launch in Peru of Quavii was performed. It is the new brand of the natural gas distribution and marketing business of PROMIGAS. Quavii will take the resource to the cities of Trujillo, Chimbote, Pacasmayo, Chiclayo, Lambayeque, Huaraz and Cajamarca, aiming with this project to become the leading brand in the mass use of natural gas in Peru..



## Our Operations

Volume transported by sectors in the Coast system - MCFD	H1 2016	H1 2017	Variation (%)
Thermoelectric	164.4	141.9	(13.7%)
Industrial	115.4	134.4	15.5%
Residential	41.4	47.8	17.2%
GNCV	12.9	9.7	(24.8%)
TOTAL	334.1	333.8	(0.1%)

- The demand for gas in the industrial and domestic sectors increased due to the normalization of consumption of the Cartagena Refinery, higher consumption of cement companies thanks to the availability of gas at competitive prices and because we continued with the mass use program in the residential sector in remote communities.
- In the thermoelectric sector, during the first half of 2017, there have been high hydrological contributions, resulting in lower dispatch of thermoelectric plants connected to our transport system. The significant difference between 2016 and 2017 is the result of an intense El Niño Phenomenon in 2016.



## Portfolio of Investments Results





# Portfolio of Investments Results

## GEN Transmission

- Regarding the infrastructure maintenance and development projects, Promisol completed the construction of the compressor stations owned by Promioriente and Transmetano.
- With respect to power generation, in May Zonagen reached the highest level of energy sold with a historical consumption of 3,746 MWh / month. At the end of June there are 16 connected customers, with 100% of the installed capacity sold and a growth in consumption of 35% compared to June last year.

### Natural Gas Regasification Plant - Sociedad Portuaria El Cayao (SPEC):

- The terminal has been in operation since December 4, 2016, with a regasification capacity of 400 million cubic feet per day. It has 100% availability and complies with all the technical standards.

- In May 2017, the first regasification operation was carried out, injecting 60 million cubic feet a day into the Atlantic Coast SNT, marking a milestone by starting the consumption of imported gas in the country. Between May 25 and 30, an average of 33 million cubic feet a day was injected and consumed. The FSRU and the terminal operated satisfactorily.



# Portfolio of Investments Results

## GEN Distribution

### Gas distribution Colombia

- Users connected in the first quarter of 2017 were to 8,742,104, 85% belong to housing levels 1, 2 and 3. Our affiliated distributors contribute 3,278,996 users to this figure (37.5%). As of June 2017, the users of the subsidiaries amounted to 3,334,683.

### Gas distribution Peru

- Cálidda closed the first half of 2017 with 501,589 users, connecting 63,189 during this period.
- Gases del Pacífico had programmed the Supply Start Date for July 26, however PERU LNG requested permission from OSINERGMIN to postpone it until the end of August.

### Non-Banking Financing

- The non-banking financing business, Brilla continued its growth rate in June 2017, with COP 2.1 billion in approved loans, a COP 579,001 million portfolio and more than 2 million beneficiary families through the six distributors linked to this inclusive business model.

### Distribution and commercialization of electricity

- CEO closes the first half of 2017 with 358,278 users and sales of energy for 277 GWh. The energy losses are maintained at 16%, complying with the contractual requirement.



## Financial Management



## Financial management

The main figures of the Balance Sheet and Statement of Income are presented as of June 30, 2017, compared with those presented in the six-month period ended December 31, 2016:

<b>Balance Sheet</b>			
(figures in millions of pesos)			
<b>ASSETS</b>	<b>dic-16</b>	<b>jun-17</b>	<b>%</b>
Current Assets	339,743	386,676	13.8
Net Fixed Assets	158,896	80,020	-49.6
Concession Assets	1,086,347	1,090,386	0.1
Financial asset	1,630,687	1,721,904	5.6
Other assets	2,243,592	2,451,374	9.3
<b>TOTAL ASSETS</b>	<b>5,462,264</b>	<b>5,730,360</b>	<b>4.9</b>
<b>LIABILITY</b>			
Current Liability	354,168	225,721	-36.3
Long term	2,356,861	2,618,189	11.1
<b>TOTAL LIABILITY</b>	<b>2,711,029</b>	<b>2,843,910</b>	<b>4.9</b>
<b>TOTAL EQUITY</b>	<b>2,751,236</b>	<b>2,886,450</b>	<b>4.9</b>
<b>LIABILITY + EQUITY</b>	<b>5,462,264</b>	<b>5,730,360</b>	<b>4.9</b>

The figures on the balance sheet show a stable behavior in accordance with the activities carried out.





# Financial management

Consolidated Statement of Income  
(figures in millions of pesos)

	dic-16	jun-17	%
Operating income	497,482	476,798	-4.2
Financial Income	72,682	87,048	19.8
Construction Income	126,199	40,966	-67.5
Costs and expenses	158,904	133,816	-15.8
Construction Costs	126,199	40,966	-67.5
Ebitda	388,519	387,757	-0.2
Operational utility	411,259	430,030	4.6
Other income	24,651	47,241	91.6
Other expenditures	103,419	113,541	9.8
Net profit	291,833	320,039	9.7

## Operating Income:

- Lower income from gas transmission due to lower exchange rate 2017, and lower volumes transported in the thermal sector due to greater hydrological inputs in 2017.
- Higher income equity method: Sociedad Portuaria el Cayao (SPEC); Promisol due to growth in revenues as a result of the commissioning of the Hocol and Canacol plants; and those of Calidda and Gases del Caribe.
- Ebitda and operating profit show a low level of growth due to lower transmission service revenues.
- Net income to June 2017 was COP 320,039 million, an increase of 9.7% compared to the previous six-month period, and our budget compliance exceeded 102%.

# Financial management (Consolidated)

The consolidated financial results are presented as of June 30, 2017 compared to 2016, taking into account the participation of Promigas as a shareholder in several related companies:

<b>Consolidated Balance Sheet</b> (figures in millions of pesos)			
<b>ASSETS</b>	<b>dic-16</b>	<b>jun-17</b>	<b>%</b>
Current Assets	1,424,745	1,417,861	-0.4
Net Fixed Assets	1,241,805	1,121,327	-9.7
Concession Assets	2,121,717	2,153,857	1.5
Financial asset	2,079,199	2,187,936	5.2
Other assets	2,398,681	2,557,626	6.6
<b>TOTAL ASSETS</b>	<b>9,265,148</b>	<b>9,438,608</b>	<b>1.9</b>
<b>LIABILITY</b>			
Current Liability	1,298,962	997,395	-23.2
Long term	5,011,339	5,351,298	6.8
<b>TOTAL LIABILITY</b>	<b>6,310,302</b>	<b>6,348,693</b>	<b>0.6</b>
<b>TOTAL EQUITY</b>	<b>2,954,846</b>	<b>3,089,915</b>	<b>4.6</b>
<b>LIABILITY + EQUITY</b>	<b>9,265,148</b>	<b>9,438,608</b>	<b>1.9</b>

The figures on the balance sheet show a stable behavior in accordance with the activities carried out.

# Financial management (Consolidated)

**Consolidated Statement of Income**  
(figures in millions of pesos)

	dic-16	jun-17	%
Operating income	1,974,317	1,734,737	-12.1
Financial Income	93,995	102,102	8.7
Costs and expenses	1,512,350	1,206,037	-20.3
Ebitda	545,911	609,556	11.7
Operational utility	555,961	630,891	13.5
Other income	58,775	52,571	-10.6
Other expenditures	196,282	222,914	13.6
Net profit	293,386	316,468	7.9

## Operating income - Decrease of 12.1%:

- Lower revenue from gas transportation in Promigas due to the lower exchange rate in 2017, and the lower volumes transported to the thermal sector.
- Lower revenues in Promisol for Constructions, taking into account that in 2016 witnessed the construction of the San Mateo - Mamonal gas pipeline of Promigas, while in 2017 they correspond to the construction of the Malena and Los Pinos gas pipelines of Transmetano and Promioriente, respectively. Dehydration revenues declined by 98% due to the termination of the Chevron contract in September 2016 and Generation revenues decreased 24% due to the termination of the contract with Biofilm in May 2017 and a lower level of commissions received.

# Financial management (Consolidated)

**Consolidated Statement of Income**  
**(figures in millions of pesos)**

	<b>dic-16</b>	<b>jun-17</b>	<b>%</b>
Operating income	1,974,317	1,734,737	-12.1
Financial Income	93,995	102,102	8.7
Costs and expenses	1,512,350	1,206,037	-20.3
Ebitda	545,911	609,556	11.7
Operational utility	555,961	630,891	13.5
Other income	58,775	52,571	-10.6
Other expenditures	196,282	222,914	13.6
Net profit	293,386	316,468	7.9

- Lower revenues in SPEC in 2017: The higher revenues in the second half of 2016 were due to the December operation (COP 17,619 million), to the revenue from gas billing delivered to customers during the commissioning phase (COP 13,790 million) and the income corresponding to the activation of the investment due to commissioning, which is offset by the same value in the cost (COP 149,838 million). During the first half of 2017 revenues were received for the 6-month operation (COP 108,795 million) and from the sale of the LNG commissioning inventory (COP 36,306 million).



# Financial management (Consolidated)

**Consolidated Statement of Income**  
(figures in millions of pesos)

	dic-16	jun-17	%
Operating income	1,974,317	1,734,737	-12.1
Financial Income	93,995	102,102	8.7
Costs and expenses	1,512,350	1,206,037	-20.3
Ebitda	545,911	609,556	11.7
Operational utility	555,961	630,891	13.5
Other income	58,775	52,571	-10.6
Other expenditures	196,282	222,914	13.6
Net profit	293,386	316,468	7.9

## Costs and expenses - Decrease of 20.3%:

- These are recorded in Promisol due to the lower income in constructions; in SPEC due to the registration in 2016 of the cost for the activation of the investment granted by the commissioning; also in Promigas due to an execution of 87% of the maintenance costs of the gas pipeline and consultancies.
- Net income to June 2017 was COP 316,468 million, representing an increase of 7.9% compared to H2 2016.



Communities with  
quality of life



## Communities with quality of life

Social Investment Fund Promigas (in pesos) as of June 30, 2017	
Development of Educational Communities	1,064,543,859
Territorial development	371,943,028
Knowledge Development	312,878,480
Donations and contributions	848,899,649
Strategic Social Investment Sustainability Management	113,593,063
Volunteering	13,259,640
Total	2,725,117,719



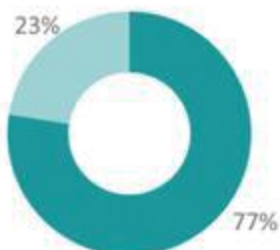
# Communities with quality of life

Presence in:

**40**



Municipalities and localities  
of the country

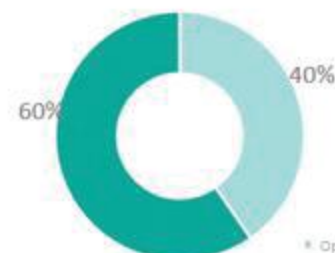


■ Operation Promioriente  
■ Operation Promigas

We directly support:

**339**

Educational  
establishments:

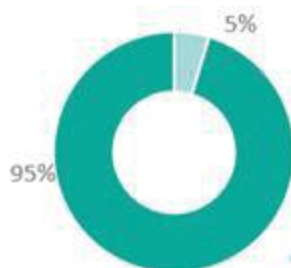


■ Operation Promioriente  
■ Operation Promigas

We support the  
management of:

**526**

Microcompanies

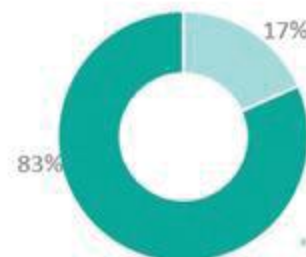


Influencing in:

■ Operation Promioriente  
■ Operation Promigas

**1,240**

Teachers



■ Operation Promioriente  
■ Operation Promigas

**5,635**

Students

**114,812**

Students



# Communities with quality of life

- Creation of the alliance to design and support Soledad's 10-year Education Plan and its social pact for education.
- Expansion of the Barranquilla Cómo Vamos Program to its Metropolitan Area: Soledad and Puerto Colombia.
- Connection to the Cartagena Cómo Vamos Program and the initial phase of the Riohacha Cómo Vamos Program
- Participation and promotion in the regional initiatives: Ciudad Caribe Colombia (“Caribbean City Colombia”) and Casa Grande Caribe (“Big Caribbean House”) to contribute to the reflection - action on the disparities and relative backwardness of the region.
- The Promigas Foundation Publishing House circulates the publications: 1) Transformation and learning in transition - A benchmark for institutional management from the Colombian Caribbean, 2) PRISMA - Support to transform mathematics in primary school 3) Teacher Ethics and practices, and 4) Strategies to support socio-occupational guidance in the Atlántico department.
- The following pilot projects were started: 1) Literacy with 4 Wayuu communities of the Municipality of Manaure (Guajira) and 2) Ethno-educational project with 4 educational establishments of the Municipality of María La Baja (Montes de María)
- Beginning of the collaborative study with the Universidad San Buenaventura. How are the teachers of the Colombian Caribbean region trained and developed?

# We thank

Our shareholders for their trust and continued support. We recognize all the people in Promigas for their human qualities, dedication and professionalism. They make our continued success possible



PROMIGAS



# Agenda

1. Assistance and Verification of Quorum
2. Reading of Meeting Notice
3. Reading of the Report of the Board of Directors and President
4. Presentación of the Individual and Consolidated Financial Statements as of June 30, 2017.
5. Reading of the Report of the Statutory Auditor
6. Approval of the Individual and Consolidated Financial Statements as of June 30, 2017.
7. Project for the Distribution of Profits First Half 2017
8. Proposals::
  - Approvals of donations
  - Approval of Board of Directors fees
  - Approval of Board Committees fees
9. Commission designation for the Approval of the Minutes



**Ordinary General Shareholders' Meeting  
Barranquilla, September 26, 2017**

**Project for the Release of the Reserve Profit of Previous Years**

PROMIGAS S.A. E.S.P hereby submits to the consideration of the Ordinary Shareholders' Meeting held on the date, the following project of Release of the Reserve Profit for Previous Years:

Balances of the reserves available to shareholders as of June 30, 2017:	\$	40,680,657,798
---	----	----------------

For the payment of cash dividends:	13,667,024,841
------------------------------------	----------------

Add to Shareholders' Disposition for future distributions	\$	27,013,632,957
---	----	----------------

EQUAL AMOUNTS	\$	40,680,657,798	\$	40,680,657,798
---------------	----	----------------	----	----------------

- (1) In accordance with Decree 4766 of December 14, 2011 and Article 2.23.1.1.4 of Decree 2555 of 2010, of the Ministry of Finance and Public Credit, in the disposals of shares that take place between the first payment day of dividends and the four trading days immediately preceding such date, the outstanding dividends will be for the seller. The foregoing without prejudice to the provisions of Article 3.1.1.12 of the Regulations of the Colombian Stock Exchange, in accordance with article 2.23.1.1.5 added to Title 1 of Book 23 of Decree 2555 of 2010.



**Ordinary General Shareholders' Meeting  
Barranquilla, September 26, 2017**

**Project for the Release of the Reserve Profit of Previous Years**

PROMIGAS S.A. E.S.P hereby submits to the consideration of the Ordinary Shareholders' Meeting held on the date, the following project of Release of the Reserve Profit for Previous Years:

Net Profit for the period January 1- June 30, 2017 to be distributed:	\$	320,039,214,736
---	----	-----------------

The reserves at the disposal of shareholders not taxed:	\$	13,667,024,841
---	----	----------------

Dividend payment at the rate of COP 217.00 per share as follows:

• Ordinary monthly dividends of COP 17,000 per share on the total number of shares in circulation, which is 1,134,848,043 shares, to be paid each month from October 2017 to March 2018 and paid on the 21st of the respective months (1):	\$	115,754,500,386
--	----	-----------------

• An extraordinary dividend of COP 115.00 per share on the total number of shares in circulation, which is 1,134,848,043 shares, that will be paid on October 21, 2017 (1).	\$	130,507,524,945
---	----	-----------------

Reserve for IFRS:	\$	87,444,214,246
-------------------	----	----------------

EQUAL AMOUNTS

<b>333,706,239,577</b>	\$	<b>333,706,239,577</b>
------------------------	----	------------------------

- (1) In accordance with Decree 4766 of December 14, 2011 and Article 2.23.1.1.4 of Decree 2555 of 2010, of the Ministry of Finance and Public Credit, in the disposals of shares that take place between the first payment day of dividends and the four trading days immediately preceding such date, the outstanding dividends will be for the seller. The foregoing without prejudice to the provisions of Article 3.1.1.12 of the Regulations of the Colombian Stock Exchange, in accordance with article 2.23.1.1.5 added to Title 1 of Book 23 of Decree 2555 of 2010.





# Agenda

1. Assistance and Verification of Quorum
2. Reading of Meeting Notice
3. Reading of the Report of the Board of Directors and President
4. Presentación of the Individual and Consolidated Financial Statements as of June 30, 2017.
5. Reading of the Report of the Statutory Auditor
6. Approval of the Individual and Consolidated Financial Statements as of June 30, 2017.
7. Project for the Distribution of Profits First Half 2017
8. Proposals::
  - Aprobación donaciones
  - Approval of Board of Directors fees
  - Approval of Board Committees fees
9. Commission designation for the Approval of the Minutes

# Budget Q1 2018

Investment in programs		Q1 2017	Q1 2018	Variation
Destination		Amount \$	Amount \$	
Promigas Foundation		986,631,617	1,029,747,419	
Productive Programs		-	0	
Institutional Support		145,374,878	151,727,760	
Education Programs		96,916,810	101,152,075	
Cultural Programs		130,886,870	136,606,626	
Employee fund		227,558,616	237,502,928	
Universidad del Norte		145,429,856	151,785,141	
Investment in Communities			0	
<b>Totales</b>		<b>1,732,798,647</b>	<b>1,808,521,948</b>	<b>4.37%</b>



# Agenda

1. Assistance and Verification of Quorum
2. Reading of Meeting Notice
3. Reading of the Report of the Board of Directors and President
4. Presentación of the Individual and Consolidated Financial Statements as of June 30, 2017.
5. Reading of the Report of the Statutory Auditor
6. Approval of the Individual and Consolidated Financial Statements as of June 30, 2017.
7. Project for the Distribution of Profits First Half 2017
8. Proposals::
  - Approvals of donations
  - Approval of Board of Directors fees
  - Approval of Board Committees fees
9. Commission designation for the Approval of the Minutes



PROMIGAS S.A. E.S.P.

ORDINARY GENERAL SHAREHOLDERS' MEETING

BARRANQUILLA, SEPTEMBER 26, 2017

BOARD OF DIRECTORS FEES

CONSIDERING THE RESULT OF THE REMUNERATION BENCHMARK OF BOARD OF DIRECTORS OF COLOMBIAN LISTED COMPANIES, AND IN ACCORDANCE WITH THEIR LEVEL OF LIABILITY, IT IS PROPOSED TO PAY, FOR ATTENDANCE TO EACH SESSION, THE AMOUNT OF FIVE (5) LEGAL COLOMBIAN MINIMUM SALARIES (SMLVs) FOR THE PERIOD OF SEPTEMBER 2017 TO MARCH 2019.



PROMIGAS S.A. E.S.P.

ORDINARY GENERAL SHAREHOLDERS' MEETING

BARRANQUILLA, SEPTEMBER 26, 2017

AUDIT COMMITTEE FEES

CONSIDERING THE NECESSITY TO COMPENSATE THE TIME DEDICATED BY THE MEMBERS OF THE DIFFERENT BOARD COMMITTEES, IT IS PROPOSED TO PAY, FOR ATTENDANCE TO EACH COMMITTEE MEETING, THE AMOUNT OF 2.5 LEGAL COLOMBIAN MINIMUM SALARIES (SMLVs)





# Agenda

1. Assistance and Verification of Quorum
2. Reading of Meeting Notice
3. Reading of the Report of the Board of Directors and President
4. Presentación of the Individual and Consolidated Financial Statements as of June 30, 2017.
5. Reading of the Report of the Statutory Auditor
6. Approval of the Individual and Consolidated Financial Statements as of June 30, 2017.
7. Project for the Distribution of Profits First Half 2017
8. Proposals::
  - Approvals of donations
  - Approval of Board of Directors fees
  - Approval of Board Committees fees
9. Commission designation for the Approval of the Minutes

Thank you!



PROMIGAS