**Promigas Earnings Call Transcript**  
**Q1 2025 Quarterly Results**

**Date:** Monday, May 26, 2025  
**Time:** 11:00 am  
**Location:** Virtual Platform

**Juliana Vergara:** Through the platform, we have enabled the questions button so you can submit them, which will be answered at the end of the presentation. Please note that this session is being recorded. Today we are joined by Juan Manuel Rojas, President of Promigas, and Aquiles Mercado, CFO, along with the entire executive team of Promigas. I now give the floor to Juan Manuel.

**Juan Manuel Rojas:** Good morning everyone, as always it's a pleasure to have you join us for this Q1 2025 earnings call and to have your participation as usual.

As usual (if I may be redundant), we bring good news regarding how we've evolved during the first quarter of the year and how we're progressing with our strategic projects.

I'd like to start with this diagram that you know very well, where what we've seen this first quarter - and we'll see later when we examine each business in particular - is precisely how the Group's complementarity and resilience functions in different circumstances.

Today we see that our Core businesses (and we'll look at them in detail later) are complementing each other very effectively and positively, and how we're growing increasingly in low-emission areas to complement the value proposition we bring to our customers in our Core natural gas transportation and distribution businesses.

We continue to actively pursue aspirational projects, identifying opportunities outside Colombia and Peru as we've mentioned before. Hopefully we can bring good news soon to these earnings calls.

With enablers that have allowed us to maintain strict cost controls while identifying synergies that help us leverage the businesses for better results.

Let me move to the first quarter results. Here are several key messages: while you'll see some figures that compared to the 2025 budget would show underperformance in transportation and revenues, I want us to focus both on individual and consolidated results regarding our profits, where we continue to outperform what was budgeted at the beginning of the year.

Thus, at the individual level we had a net profit of 280 billion pesos, and at the consolidated level a similar value, showing a 7% overperformance compared to budget, despite presenting a decrease in revenue and EBITDA levels.

We'll see that this decrease was largely not greater due to how the businesses complement each other. While we had transportation revenues below projections, the Q1 2025 transportation revenues compared to 2024 showed a very small decrease, even though when compared to budget it appears significant. This is largely due to how our transportation segment contracts are structured.

I would highlight from this first slide the strict cost control we're implementing, where both individually and consolidated we're under-executing compared to budget, meaning we're applying greater controls, mainly in O&M precisely to compensate for these lower revenues in the transportation area.

Let's move to the next slide. Here are the relevant figures for how our EBITDA is generated. We're seeing that in Core businesses, EBITDA is being generated at 81%, while in low-emission businesses we're now at 19%. This complementarity and growth of low-emission businesses is very important.

In the report we presented for 2024 in March, that 19% value was at 17%. We're seeing greater EBITDA participation from low-emission businesses, largely due to growth we'll see later not only in Brilla (mobility and electric energy) but also in energy solutions.

On the Core business side, the complementarity between natural gas distribution and transportation businesses is very important. Look at that 33% contribution to EBITDA from natural gas distribution (198 billion pesos generated) versus 32% from transportation (194 billion), with regasification playing an increasingly important role.

Colombia has become a natural gas importer, not just for thermal demand but for essential demand due to declining reserves. Our regasification plant (we don't import gas but regasify it for the networks) is playing an increasingly prominent role, hence its 15% contribution to EBITDA generation - a figure we'll continue seeing significantly in our results.

Next slide. The objective here is to show how our portfolio is becoming more resilient, with portfolio diversification bearing fruit in achieving important compensation across different business areas. Through the participation method (in billions of pesos), we see how different businesses contribute:

Natural gas distribution plays a leading role through our distributors Surtigas, GDO and Promigas Perú.

Brilla also has a leading role.  
Transportation companies that aren't Promigas (Transoccidente, Transmetano and Promioriente) participate with 19%.  
Regasification participates with 12%, electric power distribution with 2%, and value-added services with 1%.

What we want to show with this is that beyond Promigas' transportation business, the participation method and investment portfolio we've consolidated over the years in other areas is becoming increasingly relevant. That's why in consolidated statements we're seeing significant complementarity between our portfolio businesses and Promigas' businesses.

Key developments this first quarter: We'll see later when we examine the transportation business how early investments in bidirectionality have been strategic to compensate for volume losses from lower thermal consumption.

Let's remember: in April 2023 we proactively inaugurated that connection between the two systems (Caribbean coast and interior systems). That connection, implemented in April 2023, was initially designed to move 50 million cubic feet per day, and during 2024 we reached 66 million.

This strategic move by Promigas has made bidirectional flows fundamental to compensate for thermal volume decreases. When we examine transportation, we'll see what this has meant: we've averaged 33 million cubic feet/day in bidirectionality, representing significant transportation revenues that compensate for volume decreases.

An important milestone was achieved for SPEC this quarter with successful awarding of Phase 1 and Phase 2 of regasification capacity expansion. Remember last year the plant was at 400 million cubic feet/day during El Niño, and when the country needed more volumes we increased it to 450 million in April last year.

We have an expansion project this year where we'll go from 450 to 475 (hopefully by August/September). This successful Phase 1 awarding means that starting September this year we'll provide an additional 26 million cubic feet/day of regasification capacity when Colombia needs it as we import more gas as a country.

Phase 2 has also been awarded and should be ready by August 2027 (pending environmental license extension we're already working on). These two components (25 million additional going from 450-475 and remaining 475-533) were placed through a competitive process with very positive results, extending SPEC's contracted capacity until 2035 - very positive for us.

Another important element: Promisol established itself as a growth vector within the portfolio by entering Peru, demonstrating Promigas' commitment to portfolio expansion and diversification in other geographies, particularly with self-generation and cogeneration projects. We'll see this when we examine energy solutions figures - we have significant growth to report there, with Promisol (our subsidiary) entering Peru strongly.

And the fourth element we want to highlight from this left margin of this slide is that the corporate investment portfolio reached an 89% execution rate.  
Results that reflect the teams' commitment to capital discipline. Why am I highlighting this 89% CAPEX execution? If you compare it with what we had in 2024 or 2023, for example, during this same Q1 period, CAPEX execution was much lower - we were at 30%, 25-30% CAPEX execution versus what we project for annual investment budget execution, which exceeds one trillion pesos. In Q1 alone, we've executed 89% of what we had planned. In other words, we're not leaving everything to be executed in the last quarter of the year as happened previously, and we're being extremely careful with this CAPEX execution element.

Another relevant point: within the framework of the World Economic Forum (what's commonly known as the Davos Forum), we joined through Project Coroso the commitment to one trillion trees - a web platform supporting the global movement to conserve, restore and grow one trillion trees on our planet. Promigas is now part of this World Economic Forum effort. We were included in S&P Global's Sustainability Yearbook, which recognizes companies with the best sustainability performance.

And for the first time, we received the distinction as Industry Mover for having achieved the greatest improvement in sustainability evaluation within our industry - something that makes us very proud. And for the second consecutive year, I was appointed as Chairman of Naturgas' Board of Directors, and will remain in this position at least until next year.

So we continue as an organization - both Promigas and its subsidiaries - making all our capabilities in core and complementary businesses available to Colombia and Peru, to continue ensuring sustainability, energy security and affordability of energy services for our users. This leads me to the next slide where we want to show how we're materializing this if we consider the energy system.

Regarding energy security: that 89% investment CAPEX execution I previously reported allows the infrastructure that today provides transportation services through 3,293 km of pipelines and over 77,000 km of distribution networks to maintain safe and reliable supply conditions. That's why we continue executing this investment budget so this infrastructure keeps contributing to Colombia's energy security that we're committed to providing our customers.

That regasification plant - unique in the country - continues operating, regasifying, and we'll see later this year it has operated for 90 consecutive days without operational issues. This is largely because we're able to invest in all industrial and process safety aspects to keep SPEC operating at full capacity. From January 1 to March 31 - and I can tell you without problem until today May 26 - it has operated without any setbacks in that infrastructure. That's why the investments we're making there must be strictly complied with.

On environmental sustainability: we continue promoting green energy development. Our green hydrogen pilot continues operating; we're working on biomethane and biomass pilots that don't yet have commercial closure but we're evaluating them at Promigas' innovation center with the energy solutions group.

We offer comprehensive solutions - and here I'm previewing what's coming later regarding low-carbon solutions: we completed 144 MW in Q1 2025 (I'll go into detail when we address energy solutions later). In energy efficiency, we're including this as part of our service portfolio offering to customers.

We remain committed to our goal of being carbon neutral by 2040 and reducing our Scope 1 and 2 emissions by 50% by 2028. Very important - beyond security and sustainability elements - we continue providing our services affordably. Here I highlight that unlike other industry players, at least for 2025 and part of 2026, we were ready and prepared in advance (what we call "readiness" in English) to secure natural gas supply contracts for our distributors at very good prices - we're practically covered.

This has meant we haven't had to significantly increase natural gas service prices for our users, only making adjustments as required by regulation, practically in line with inflation. So we continue offering our services affordably, always under the principle of reducing energy poverty.

Remember we operate not only in areas of Colombia with lower energy poverty like Valle del Cauca, but also in areas with very high energy poverty like the Caribbean Coast, where we have direct presence through Surtigas serving five departments, and through Gases del Caribe (non-controlled) serving Atlántico, Magdalena and La Guajira. We remain very committed to this, and as we'll see later, we connected 72,000 new natural gas service users in Q1. What does this mean? We're providing 210,000 to 280,000 people with affordable natural gas service - something that makes us very happy - as they abandon more polluting or expensive energy sources to connect to our networks.

So I want to move to natural gas distribution, where we've truly demonstrated how this business complements what I mentioned about core businesses complementing transportation, and how through this business and good contracting, sales and commercialization management in distribution, we've managed to offset revenue decreases from thermal volumes in transportation.

The positive impact of natural gas distribution allowed us to connect 71,192 new users, bringing our accumulated natural gas service customers to 6,800,000. Remember in March we closed 2024 reporting 6,730,000 - with these 71,000 new customers we've now reached 6,800,000 in this segment, of which nearly 4.5 million are in Colombia and 2,350,000 in Peru. We have 38% of Colombia's distribution market and 96% of Peru's market.

So this business is performing very well - it's a resilient business where commercial management and good volumes handled in distribution have generated very important revenues that, as I mentioned, have helped compensate for technical revenue decreases. This positive performance in natural gas distribution was also seen in electric power distribution: Compañía Energética de Occidente currently serves 463,400 customers in Cauca.

Comparing with December 2024 data (462,500), we're increasing our footprint in Cauca department - a very complex operating area in Colombia. Energy sales were slightly below budget expectations, but we remain very much in line with the financial results we projected for the electric power distribution business.

Moving to the mobility business: this is another area showing significant growth. I won't detail all the buses and trucks we've been connecting to our service (either converted or dedicated) across different operating areas, but we see deployments across all subsidiaries - Gases del Caribe, Surtigas, GDO, and Peru - with dedicated trucks, compactors or last-mile vehicles. We're particularly proud of what was achieved in Barranquilla with the entire fleet of 40 Transcaribe buses that we inaugurated during Q1.

We're seeing volume overperformance: 256 million cubic meters of CNG volumes, and it's very interesting to see this happening in both Colombia and Peru. The EBITDA this business is generating is already very significant.

So this is an area where, as we say, each converted truck or bus is equivalent to more than 300 homes connected to our system. That's why we place such emphasis on growth in these vehicle consumptions - not just for the gas consumption impact but also the environmental impact of removing more polluting diesel vehicles from circulation. It's something we continue betting on with very good results in this front.

I'll move to the Brilla business, where we see that during Q1 we benefited 105,000 families by placing 317,800 million in credits. We're doing very well - we have 829,000 active clients in portfolio. 44% of these placements are in intermediate and small Colombian municipalities; 67% of credits are granted to women. It's a business with tremendous social inclusion as you know, and with very positive financial impact on our operations. That's why those 317,800 million in granted credits represent an important volume versus our targets. It's a business we continue driving and betting on significantly.

Let's move to the natural gas transportation sector. As I highlighted earlier, while the transported volumes in our budget were estimated at 719 million cubic feet per day and actually reached 446 million, I ask that we focus on contracted capacity. Why? Because we've had significant performance in revenue fulfillment through the fixed-variable charge pairing, and those 894 million cubic feet are what make the transportation business very resilient despite heavy rains in the country reducing thermal consumption. So while it has rained heavily (we expected less rain and higher thermal generation), the smart way we've contracted our infrastructure has allowed us to compensate that 62% volume execution with revenue fulfillment from fixed and variable charges, especially thanks to transportation system bidirectionality - a strategic move we pushed in 2023. Very good results here precisely due to our contracting approach, further compensated by strong performance in distribution and other low-emission businesses at Promigas.

Look, for example, at LNG's current participation for us. The key message here is that what SPEC regasifies today represents 17% of Colombia's natural gas supply. That regasification plant has effectively become one of the country's most important productive fields - this 17% now exceeds what Canacol's business contributes to our systems. Therefore, we believe the decision to build SPEC over a decade ago is now bearing fruit. Key January-March data: 90 continuous regasification days (I can confirm we've regasified daily through May 27). Minimum Q1 volumes were 40 million cubic feet/day (avoiding boil-off gas and additional payments), peaking at 327 million.

In Q1 we received 11 ships (134 total since 2016 through March 31, 2025). Again emphasizing our SPEC expansion bet: we expect to add 25 million more by August/September this year, and another 58 by September 2027 to reach 533.

Moving on. In energy solutions, our low-emission businesses (electric power distribution, Brilla, and energy solutions) have performed very well. Let me remind those joining these calls of our December 31, 2024 data reported in March 2025: 86.3 MW total (71 MW solar, 15.3 cogeneration).

Now see how we grew from 86.3 MW to 144 MW this quarter - very significant. How did solar grow from 71 MW to 105 MW? This rapidly growing business reflects the energy solutions team's skilled commercial management and our work in this line, including Promisol's strong entry into Peru. Cogeneration grew from 15 MW (Dec 2024) to 39.2 MW by Q1 2025. This makes us very proud - it's growing remarkably. We continue diversifying our portfolio.

We'd announced commercial closure of our first two storage projects: 1,720 kWh systems with 660 refrigeration tons capacity in the first thermal district, plus 13 bioenergy/hydrogen projects under study. We keep betting on these not just for economic/diversification results but also their emission reductions versus higher-carbon businesses. Excellent results here - remember that growth from 86.3 MW (March report) to 144.4 MW (today's report).

This accompanies our innovation/new energy efforts, leveraging technological developments and AI in operations. We completed feasibility for our first biomethane project and advanced commercial negotiations - hope to share news soon. Very positively, a team just returned from China as the only Latin American company with five accepted academic papers (two awarded) at last week's Beijing World Gas Congress.

As you've seen on our networks, we've deployed "Spot" (technically) - affectionately called "Cornflake" internally - Colombia's first robot dog for gas infrastructure inspections across our plants. Connecting it to Promigas' control systems is crucial for identifying fugitive methane emissions and, more importantly, protecting personnel and enhancing industrial safety.

We've reached 86% cloud migration of our infrastructure. While everyone talks AI, few companies effectively implement it. The first step is having most organizational data in the cloud - by Q1 end we had 86% of Promigas and subsidiaries' data there (now over 92% as of May). This enables effective machine learning/AI application once cloud details are built. Microsoft considers us a Latin American example for our rapid migration.

We published our 2024 KPIs: 246 billion pesos spent on R&D&I, with 673 billion in innovation-derived savings/income - very satisfying. One last element: our robot couldn't function well without cutting-edge digital communications technology. Beyond digitalization/AI/cloud efforts, we've innovated communications systems (now covering 94% of infrastructure with Steam Wars), enabling full facility deployment and control system integration.

As mentioned earlier: 89% CAPEX execution (164 billion pesos of our planned 1+ trillion). Core businesses received 76% of this CAPEX (125 billion), energy transition businesses 24% (39 billion). The materials show how this was distributed across natural gas distribution/transportation, electric power distribution, energy solutions, regasification, and value-added services.

I'll now turn it over to Aquiles to detail the financial results which, as I repeat, bring good news regarding profits where we continue meeting our budget. Thank you.

**Aquiles Mercado:** Thank you, Juan Manuel. Good morning everyone joining today's results report. Let's turn the page to start - here it is - but we'll begin with the line items explaining revenues.

In this case, we have 84% budget execution in total revenues, as Juan Manuel mentioned. Worth noting: despite transported volumes being just 63% of expectations (due to heavy rains late 2024/early 2025 increasing hydro over thermal dispatch), our contractual charge structure provides protection, allowing nearly 20 points higher revenue execution than volume performance would suggest.

Compared to the previous year, we observe a 10% decrease in revenues mainly due to lower transported volumes in the thermal sector (182 million cubic feet per day), reaching historical lows due to the El Niño phenomenon impact. Likewise, for revenues corresponding to financial lease recognition of energy solutions projects under execution, we recorded 1,890,000 in Q1 2025 versus 16,464,000 million recorded in the same period last year.

Regarding the equity method - as Juan Manuel has been mentioning - our consolidation as a holding company with a portfolio that also performs very well and compensates when our main transportation activity doesn't for some reason, is executing at 111% of budget. We expected income from our participation in subsidiaries of 219,555 million and obtained 243,046 million, mainly from transportation, regasification and services (74,779 million of that increase - 111% of budget) and the same figure in gas distribution, electric power and Brilla but with an overperformance of 168,267 million pesos.

Budget-wise, within this overperformance we highlight Gases de Occidente with 21,188 million above expectations due to higher gas transportation/distribution activity and distributed volumes in this subsidiary. PromiOriente also had higher income from adjustments to Ecopetrol's November 2024 invoice plus the difference between estimated and billed value in December (4,300 million pesos). Transmetano showed higher income driven by increased transported volumes including a new client's volume - always seeking intensive commercialization of our services.

Costs and expenses have remained controlled at 98% execution (167,000 million pesos vs 170,000 million expected), mainly by postponing specialized consulting services to Q2 2025 awaiting transportation volume normalization. There were changes in IT services payment schedules, lower insurance expenses (last year we reported better rates than budget after a successful corporate insurance program Roadshow). Additionally, strict cost controls from an operational excellence program have kept us below expectations despite challenging economic conditions.

Compared to 2024, variations correspond mainly to higher fuel expenses due to increased gas prices ($15 vs $11.4 per million BTU - remember we use gas as fuel in compressors, especially at Palomino station with new transportation contracts including bidirectional gas commitments as Juan Manuel mentioned). Also the financial lease for projects under execution (already mentioned), annual salary adjustment (CPI + 1.7% creating cost pressure), monthly SAP and Ariva system expenses (best tools for our operations), and higher network execution under MIP 15 contracts in Q1 2025 vs Q1 2024 (17,618 million pesos). The EBITDA results reflect what we've shown so far, compensated by equity method income and strict expense control. Regarding last year, we expect thermal sector consumption volumes to recover in coming periods.

Net income shows 107% execution, compensating transportation and EBITDA results through responsible cost management, better equity method results, and reduced financial expenses from lower average rates through constant liability renegotiation (9.39% in Q1 2025 vs 12.34% in Q1 2024). Individual results follow consolidated trends (no need for detailed explanation) but essentially we reached 107% net income execution as accounting standards indicate.

**Juliana Vergara:** Let's move to Q&A. First question from Florencia Mayorga (Medlife) about Peru's situation, asking for updates and any provisions.

**Juan Manuel Rojas:** Thank you Florencia. In Peru no provision is needed as both 2025 budget and projections apply the approved tariff (same as 2024). We're adjusting Gases del Pacífico's business plan and making private agreements with the fishing sector to complement future plans, but that's essentially our current activity in Peru.

**Juliana Vergara:** Second and last question for our CFO, also from Florencia (MedLife): How do you plan to refinance short-term debt? Is the dollar market an option?

**Aquiles Mercado:** Important data: our consolidated short-term debt was 9.2 trillion pesos in March. We started the year with only 12% short-term, now down to 10%. We've issued bonds in secondary markets to refinance long-term debt, improving terms and duration. Currently less than 1 trillion pesos (10%) is short-term, and we're constantly refinancing. Dollar debt remains an option (we have natural hedges from foreign investments, mainly in Peru), but currently not needed. We still have peso credit lines with Colombian banks. As projects emerge during the year, we'll assess financing tools.

**Juan Manuel Rojas:** No more questions then. To close, thank you all for joining our quarterly results call as usual. I reiterate we have a complementary business portfolio showing balanced diversification. While transportation revenues decreased, this was well compensated not just by strategic transportation contracts but also by low-emission businesses and natural gas distribution where commercial management, good contracting and sales volumes are performing very positively. We view Q2 and rest of year more optimistically as rains should decrease, recovering volumes through our infrastructure. Thank you for joining and as always, we bring good financial results especially in profits. Thank you