**Promigas Quarterly Results 4Q 2023**

**Call Transcript**

**Date:** Friday, March 15th, 2024

**Time:** 2:00 pm

**Location:** Virtual platform

**Juliana Vergara:** Good afternoon, everyone, welcome to the presentation of Promigas' quarterly results for December 2023. My name is Juliana Vergara, Director of Investor Relations. Through this platform, we have enabled the question button so you can send them, and they will be answered at the end of the presentation. Please note that this session is being recorded.

Today we have with us Juan Manuel Rojas, President of Promigas, Aquiles Mercado, Vice President of Finance and Administration, and the entire management team of the company. I will now pass the floor to Juan Manuel, who will begin the presentation.

**Juan Manuel Rojas:** Good afternoon, everyone, thank you very much, Juliana. Welcome to this results call, as always we appreciate your presence and the support you provide to listen to us.

I want to start by sharing the relevant figures of Promigas and its financial results at the end of 2023, and particularly highlight that we had a very good year across all our businesses, reflected in both the individual and consolidated results of Promigas. Although 2023 was affected by a political and regulatory environment of uncertainty in the country, this led us to rethink our plans and adapt to a new reality, and we did so correctly as show by our results. We combined the effort and dedication not only of our people but also met the strategic challenges we had set for the year, including not only the financial results achieved but also in the results attained in each of our business units, meeting challenges in terms of service quality, coverage, etc.

So, highlighting at the individual level, although we had budgeted an EBITDA of 1.40 billion, in the case of Promigas individually, we achieved an EBITDA 3% above the budget, reaching 1.44 billion. In terms of Net Income, we met the target of 1.01 billion, exceeding it by 1%, and in the consolidated results, we also show a similar performance. We exceeded the EBITDA budget by 4% in real terms, reaching 2.35 billion, and in terms of net income results, we achieved 1.009 billion, mitin the budget 100%.

What I also like to highlight is the balance in both EBITDA and net income. As you've heard before, 51% of the EBITDA comes from the CORE business of gas transportation, LNG, and services, while 49% comes from the CORE business of gas distribution, electricity, non-bank financing, and energy solutions. The same applies to net income; it's a balanced distribution across two areas or business groups. This gives us reassurance because it demonstrates that we have a diversified and complementary portfolio.

For this call, we wanted to present our results in a different way, associating them with our strategic objectives to show you how we've been fulfilling them. All of this is with the purpose of confirming that we are focused on maintaining our leadership position in our CORE businesses while also expanding our presence in businesses and markets that will allow us to transition, pun intended, to effective energy transition with favorable outcomes for our shareholders and relevant stakeholders of Promigas and its companies.

Within the first group, that strategic objective of strengthening our leadership position in transportation, distribution, and regasification infrastructure, we will later see how we are fulfilling that objective.

As for the second objective of leading the expansion of infrastructure and gas massification in Peru, we are also achieving it. We are connecting approximately 350,000 to 400,000 new households each year, being the company that connects the most households, not only driven by government efforts but also by the efforts of our distributors in Peru.

Regarding the objective of diversifying our portfolio into low-emission businesses, we will later look at how we are increasing our presence in the distributed solar generation business, non-bank financing, and gas mobility. All of these businesses have less regulatory interference, which is a great advantage.

In terms of the strategic objective of enhancing customer relationships by offering comprehensive solutions that maximize our value proposition, we have very good examples of how we are doing this not only with residential customers through a service offering that includes, for example, Brilla, but also with industrial customers. Last year, we completed Auto and Trigeneration projects that allowed several of our clients to decarbonize their operations and significantly reduce their energy costs.

From the perspective of developing innovative energy businesses and leveraging our clients in the transition, we are making some very interesting bets with businesses associated with new energy sources, and we will detail them shortly.

Finally, all these activities are carried out while generating a positive social and environmental footprint, contributing to the reduction of energy poverty in the communities where we operate and, in the countries, where we are present.

Let's start by looking at how we are strengthening our businesses and leadership in infrastructure. It's worth mentioning that our leadership position in gas transportation and distribution infrastructure in Colombia allows us to serve 14 million people in both businesses, either through our high-pressure gas transportation system or through our distributors. Last year, we closed with 3,289 kilometers of transportation networks in our businesses, including Promigas, Pormioriente, Transmetano, and Transoccidente. Of these kilometers, 78% of the maximum capacity that can be transported there, meaning the capacity we have of 1,153 million cubic feet per day (MPCD), guarantees 80% of the income. This is an execution of 2% above what we had budgeted.

In terms of volumes, we also exceeded expectations by 2%, particularly in the transportation business. Last year, we transported 56% of Colombia's volumes, a significant figure. For example, on December 15th, we reached a record figure of transported gas, reaching 757 million cubic feet per day (MPCD), something that makes us very proud. What allows us to maintain this transportation and distribution service with a continuity above 99%? It's the investments we make every year in the maintenance of our infrastructure.

Last year, we invested 768.355 billion pesos, and through these investments in safety and reliability, we have a much more resilient infrastructure, providing our customers with the energy security they need. Furthermore, these investments have allowed us to reduce accidents and increase the industrial safety of all our operations. In fact, last year, our corporate Lost Time Injury Frequency Rate (LTIFR) decreased by 22%, meaning fewer days of personnel incapacitated due to operational issues.

In terms of LNG, last year we regasified 29,939 million cubic feet per day (MPC), exceeding the budget due to the El Niño phenomenon. This overachievement of 4.339% compared to the budget signifies, as we will see later, that this business performed very well. The fact that we regasified gas for 210 days out of 365 demonstrates that last year, we were Colombia's energy security, contributing to the resilience of the electrical system and to the thermal plants, which rely on imported gas.

In terms of distribution, I would like to highlight that last year we closed with 4,280,000 natural gas customers, exceeding our budget by 10,000 customers. This means that every day, in the realm of natural gas, we touch the lives of more than 14 million people who benefit from natural gas for cooking or thermal comfort. We sold 3,660 million cubic meters (Mm3) of gas, which is 7% above what we had budgeted. We expanded our networks, increasing from 50,000 to 52,000 kilometers, and we are serving 254 municipalities in Colombia in the case of natural gas distribution.

Perhaps worth highlighting is that we obtained the tariffs for Surtigas in gas distribution last year, and prior to 2022, we had achieved those for GDO. These new tariffs represented an additional 17 million pesos in annual revenue. This underscores the strengthening of our CORE business of gas transportation and distribution. I believe we had a spectacular performance and year, as the results show. Not only in terms of safety, resilience, and infrastructure, but also financially, we achieved what we aimed for, and, in terms of our customers, we served them with a network that provides energy security.

When it comes to strengthening our infrastructure position in Colombia, a critical point lies in regasification infrastructure. Colombia has only one regasification plant, SPEC in Barú, in the Cartagena area. Despite the El Niño phenomenon, last year, we managed to bring in 29 LNG carriers with 1,512,640 cubic meters of LNG received by the end of 2023. During the fourth quarter alone, we regasified an average of 203 million cubic feet per day (MPCD). Considering that Colombia's demand ranges between 800 and 900 MPCD, SPEC regasified just over 30% of that demand.

As a crucial point in strengthening the country's infrastructure, we not only achieved this through SPEC but also launched a strategic project for Colombia, which is the bidirectionality of the two transportation systems, from the interior to the coast, known as Barranquilla – Ballena and Ballena - Barranca. From April to December last year, molecules could migrate in both directions, exchanging molecules between the two systems. This is seen positively, and on average last year, 22 MPCD were transported towards the interior.

In terms of how we are leading the expansion of infrastructure and gas massification in Peru, as you know, we have a presence with three assets under our control: Quavii, Gases del Norte del Perú, Promigas Perú, and Quavii Gases del Pacífico, as well as a 40% stake in Cálidda. Last year, as a very important figure, considering these four distribution systems, we managed 95% of gas distribution in Peru.

We had budgeted to close the year with 1,990,000 connected customers and we closed with 15,000 customers above that number, executing the budget at 103%. What does that mean? It means that we touch the lives of more than 8 million Peruvians every day, which is very important. We are serving 15 Peruvian provinces with our system, and the Peruvian business achieved a net profit of 114% at the level of Promigas' equity method. Specifically, we connected 273,020 new customers there.

Very importantly, the government provided us with $101 million under the "Con Punche Perú" program to connect households in disadvantaged or very poor areas that cannot afford the connection. This program also saw our companies receive the most public funds in Peru to connect these vulnerable populations.Pasemos al tema de diversificar nuestro portafolio en negocios de bajas emisiones y aquí los resultados fueron muy positivos.

In energy solutions, as you know, we established a Vice Presidency of Energy Solutions Business a year and eight months ago. Not only did we achieve 92% of the MW we had budgeted, but we also increased installed solar capacity by 94% compared to 2022, reaching 80 MW by the end of the year, of which 65 MW are solar capacity and the other 15 MW are for Auto and Trigeneration. We completed 266 individual projects, improved our commercial performance, and optimized our processes. What does this mean? We are executing around 4 to 5 projects per week, which is a very favorable indicator demonstrating our commercial capacity.

This energy solutions business is already contributing revenues of 26.064 billion and an EBITDA of 3.433 billion. This year, we expect to reach 10 billion, which makes us very happy with how we are growing in this area.

In terms of portfolio diversification, it's worth mentioning our electric power portfolio. As you know, we operate the concession in Cauca. Last year, we increased the number of customers in Cauca to 45,000, meaning we serve over a million people every day. We already have 93% coverage with very favorable results in terms of billing and reduction of non-technical losses. We have achieved results that make us very happy in an area that is very difficult to manage.

In terms of sustainable mobility, last year we dedicated 151 vehicles, trucks, to natural gas service. If you convert this by the number of households each vehicle serves, it's like serving 30,200 households with just those 151 vehicles dedicated. This business is already contributing an EBITDA of 21.613 billion pesos in Colombia and 1.17 million dollars in Peru. The number of dedicated vehicles circulating in our direct influence areas increased by 36% compared to 2022. We far exceeded the goal we had set in this budget by 123% in northern Peru. We also highlight the inauguration of the LNG station in Alto Moche, which will allow this business to grow faster in northern Peru.

When we talk about enhancing our relationship with our customers, it means delivering a value proposition that not only offers energy solutions for their needs but also enables them to grow as a family. In this regard, the non-bank financing we provide through Brilla is a very suitable solution that strengthens and enhances our relationship and Promigas brand with the customer through Brilla.

I'd like to highlight that last year we managed to place 1.21 billion pesos in loans ranging from $400,000 to $1,500,000 Colombian pesos for periods of 36 to 60 months, reaching a Brilla portfolio of 2.11 billion pesos. It's a highly profitable business; the Brilla business alone yields an EBITDA above 301.947 million pesos. Last year, we exceeded the budget, which brings us great joy.

Within this business, we are also offering other services that enhance our relationship with the customer, such as insurance services, providing peace of mind and support to our clients. The insurance business grew significantly; we exceeded the budget by 121%, adding 24,000 new policies where 12,000 million pesos were paid in claims. This business yields an-EBITDA of almost 39,000 million pesos.

When I mentioned delivering excellent service, which is highly valued by industrial and residential customers, I'm referring to a service that is safe, reliable, and resilient while also being affordable. In this regard, we expanded the Bonga and Mamey plants for Hocol, increasing their compression capacity by 79%. We also commissioned a tri-generation power plant in Soledad, Atlántico, for the company Unibol SAS, not only increasing energy efficiency and reducing carbon emissions by replacing coal but also making the business more affordable for them by reducing their energy costs.

A very important point to note is our successful contract renewal with the Thermal Group, not only increasing capacity but also ensuring service capacity until 2031, which is crucial for them as it secures transport capacity. Thus, we are providing all customers, industrial, residential, and thermal, with services that enhance our relationship with them.

How do we enhance our relationship with the customer? By offering them services that allow us to maintain their costs aligned and in tune with affordability. Within the corporation, we are advancing an efficiency program where through various tools of artificial intelligence, Machine Learning, digital transformation, and innovation, we manage to execute programs of operational excellence, administrative efficiencies, digital transformation, and strategic sourcing with results that allowed us to exceed what we had proposed, achieving efficiencies of 20,000 million, reaching 32,000 million in savings. We have 95% of efficiency initiatives underway, we have achieved benefits 60% above what we had budgeted, so we are doing very well on this front, and customers not only see that our efforts are in terms of service portfolio but also in the quality of what we offer and its affordability.

When we talk about developing innovative businesses, we are referring to what we invest in technology development, research, and digital transformation. Last year, we invested 155,994 million pesos in investment, development, and research. These projects already generate revenues and savings close to 500,000 million pesos. New products and services generated an additional 356,000 million pesos in revenue, thanks to having about 190 of Promigas' 2,347 employees dedicated full-time to innovation, development, and research activities. We highlight advances in our green hydrogen pilot, which have allowed us, after two years of operations, to identify efficiency gaps between nominal and actual production. We have also made progress in other areas such as Solar Thermal and Biogas, where we hope to sanction scalable projects within the group, hopefully in 2024.

To conclude, let me highlight how all these activities are made possible largely by enablers we have at Promigas related to environmental, social, and governance structures and human talent, with investments we make in digital transformation and innovation. We've been advancing socially across all operations, thus impacting the lives of approximately 24 million people every day, connecting customers and households to natural gas and electricity. We have inclusive businesses like Brilla, where 94% of the loans we provide are in strata 1, 2, and 3, and these loans are used for social purposes such as construction materials, appliances, transportation, and education.

In terms of strategic social investment, last year we had an incredible performance. While in 2022 we had invested 36,000 million pesos, last year we reached 45,000 million, where a significant portion of these resources comes from third parties who trust the Promigas Foundation's ability to execute projects. The impact of this effort reached 174,000 beneficiaries.

One of the most significant innovations we had last year was the development of the Multidimensional Energy Poverty Index (MEPI). We launched it in September in the city of Cali, sparking a national conversation about energy poverty. Instead of just discussing multidimensional poverty, we focused specifically on multidimensional energy poverty. Our findings revealed that 18.5% of the country's population is in a situation of energy poverty, while 27% are in a situation of monetary poverty.

When we look at Promigas' talent, we have 2,347 employees as of the end of last year, with 45% being women among those under 30 years old and a total of 38% women overall, accounting for 890 women in Promigas' entire workforce. We have also invested significantly in our supply chain and our employees. These factors enable all our enablers to support what we do in our business lines, from our core businesses to low-emission businesses, allowing us to achieve our goals more effectively.

In terms of environmental matters, I would like to highlight that our decarbonization program, which we set out in December 2022, has been implemented very effectively. For example, yesterday, CECODES, the global alliance of companies working on sustainable development issues, awarded Promigas the sustainability leadership award in Colombia. This recognition is due to the results of our decarbonization program in 2023. We had set a target of avoiding 10,000 tons of CO2, and by the end of the year, we achieved 26,000 tons of CO2 avoided. So, we exceeded our target by a large margin, which makes us very pleased.

The integration of renewable energies and low environmental footprint solutions into our operations is also progressing. We have implemented 93 designs that incorporate renewable energies, 71 technical solutions for decarbonization, and made significant efforts to reduce fugitive emissions in our systems. So, this environmental area is meeting and even exceeding the goals we set.

Let's pause there and move on to the detailed financial results that Aquiles will provide. Aquiles, over to you.

**Aquiles Mercado:** Thank you, Juan Manuel. Good afternoon, everyone attending this call. Before delving into the details of our financial results, I want to remind you that we use a zero-based budgeting discipline, which reflects the outcome of our activities throughout the year. In this regard, when we analyze the accumulated individual profit and loss statement up to 2023 compared to the same period in 2022, we see that revenues were executed at 96% in relation to the budget. This is mainly due to revenue execution at 96% as a result of the CREG's non-definition of the second stage of the tariff recalculation for transportation, which was partially offset by higher thermal volumes due to increased gas consumption by the thermal sector in the last quarter as a result of the impact of the El Niño phenomenon.

Compared to the previous year, we observed a growth rate of 0% due to a decrease in revenues from constructions. In 2022, there were higher investments in projects such as early bidirectionality variants to overcome high-consequence areas like Ciénaga, Bonda - Palermo Luruaco, the solution to the Sincelejo stretch, the construction of the Zona Bananera gas pipeline, and rehabilitations of certain sections. In contrast, in 2023, we progressed with the completion of investments from 2022 and executed others such as branches, directional horizontal drilling, and rehabilitations of other sections.

The above is following accounting standards NIF 15, which generate revenues from constructions in assets under development of concessions, particularly in Peru. This decrease is offset by the increase in operational revenues, mainly higher transportation revenues due to the increase in volumes transported to thermal plants at the end of 2023 due to the impact of the El Niño phenomenon that began towards the end of that year. This helped offset the decrease resulting from the change in tariff methodology starting in September 2022, which implied a decrease in the WAC from 15.02% real before taxes to 10.94% real before taxes.

Revenue from the recognition of financial leasing of projects under execution in the energy solutions business is also recorded, as well as growth in non-bank financing business because of the signing of the Brilla franchise contract, considering that this brand belongs to Promigas, with Gases del Caribe, Efigas, and Gases de la Guajira in the first quarter of 2023. The variation in construction contract revenues without these revenues corresponds to 6%.

Now, regarding costs and expenses, they were executed at 99% in relation to the budget. This underspending was recorded due to the significant efforts made by the company in achieving efficiencies and process optimization, always ensuring the highest quality and safety in service provision. Additionally, there was a lower expense for the consumption of fuel gas used by the compressor stations due to delays in line with what was expected in the budget, with the onset of the El Niño phenomenon. At the same time, extraordinary expenses were incurred for specialized advisory services associated with the evaluation of opportunities in countries such as Brazil and the United States, in line with our strategic aspirations.

If we analyze it compared to 2022, the variation is mainly due to the contribution of the inflation component, which was 13.12% at the end of 2022. The growth is a result of the annual renewal of the all-risk insurance policy, which experienced an increase both in rate (by 24% in June 2022, the month in which our corporate insurance program expires) and in the insured asset base, including valuations of assets and additions of new constructions, which increased by 3.2 trillion pesos in October 2022, affecting both throughout the year 2023. Additionally, there is the recognition of costs associated with the financial lease of projects in execution in the energy solutions business, amounting to 14.975 billion pesos.

Similarly, there were higher expenses for advisory services related to the expansion into new businesses in Brazil and the United States, as well as for the establishment of the corporate cybersecurity area in April 2023, necessary to strengthen our infrastructure and response capacity to these increasingly common events nowadays.

Regarding EBITDA, we executed it at 103% compared to what we expected in the budget, reaching 1.44 trillion pesos. This was primarily due to higher income from equity method investments in controlled companies and from non-bank financing.

Compared to the previous year, there was a slight growth due to higher income through the equity method, as mentioned earlier, primarily from companies like Promioriente, Sociedad Portuaria El Callao, Transmetano, and Surtigas, as well as from increased gas transportation revenues and non-bank financing. Additionally, other income was recorded in 2023, such as the profit from the sale of City Gates for 6.311 billion pesos to Surtigas, in compliance with regulatory provisions ordered by the relevant authority, indemnities received for adjustments related to the purchase of Promigas Perú and GasCop, and for the relocation of a gas pipeline variant in the Atlántico department due to the Cartagena - Barranquilla dual carriageway project. This growth was impacted by higher expenses resulting from changes in the organizational structure, in line with the company's strategy to strengthen its position in the energy solutions business, insurance renewals, primarily due to the adjustment of insured assets with our characteristic discipline, and increased expenses related to consulting for the development of new businesses and cybersecurity management, which are reflected in the corresponding income statement.

Reaching the bottom line of our individual financial statements, we achieved a net profit of 1.11 billion pesos, which represents 101% of what we expected in our zero-based budget. This execution is noteworthy due to the improved results of subsidiary companies and financial income from the higher cash balance and temporary investments resulting from the corporate financing strategy implemented at the end of 2022. Additionally, interest from loans provided to affiliated companies at market rates, in compliance with transfer pricing regulations, contributed to this outcome.

The behavior of net profit compared to the previous year was due to an increase in financial expenses associated with the higher average debt rate, 13.83% in 2023 compared to 9.88% in 2022, as well as the higher average balance of 192.234 million pesos. At the end of 2022, as part of the corporate financing strategy aimed at counteracting potential liquidity tightening in the banking market and escalating rates during 2023, as actually occurred, pre-arranged loans were contracted for 857.500 million pesos to ensure the necessary resources to meet scheduled maturities during 2023 and 2024 and thus responsibly address both financial obligations and investment programs outlined in the budget. This increase is partially offset by higher financial income resulting from a larger cash balance and temporary investments and by the interest from loans provided to affiliated companies and the corresponding adjustment for monetary correction. Additionally, in 2023, higher expenses from previous periods were recorded for specialized advisory services related to projects entering new business areas and for the cancellation of the Ciénaga variant project, as well as higher provisions for claims for public lighting tax, environmental expenses, and abandonment costs adjusted for inflation.

In summary, in the individual financial statement, we achieved 96% of budgeted revenues and executed costs and expenses at 99%, thanks to the strict control measures we deployed throughout the year under analysis. Consequently, EBITDA increased or was executed at 103%, and net income at 101%.

In the individual balance sheet, we highlight the growth in investment cash, representing a significant percentage of our current assets. As mentioned previously, at the end of 2022, we contracted advance loans to cover obligations with maturities in 2023 and 2024 as part of a financing strategy deployed in accordance with our strategy to counter possible liquidity and higher rate risks. With these resources, we paid obligations in 2023 amounting to 395,000 million pesos, dividends to our shareholders totaling 585,581 million, and disbursed loans to affiliated entities amounting to 167,000 million pesos. The increase in other current assets is due to prepaid expenses related to the increase in insured asset bases at the end of 2023 in the property damage policy. In other assets, the increase is due to loans granted to subsidiaries, as mentioned earlier, and the increase in investments in joint ventures due to improved annual results at Spec, Promioriente, and Transmetano.

Additionally, we updated the financial asset generated under the accounting standard IFRIC 12, which governs the gas transportation concession in terms of macroeconomic operating figures and the WAC discount rate. In current liabilities, the 28% increase corresponds to the reclassification from long-term to current portion of a series of bonds due in August 2024, amounting to 170,000 million pesos, and other credits totaling 377.135 million, partially offset by the payment of obligations during the year.

In long-term liabilities, which decreased by 8.6%, the reduction is attributed to the 20.5% revaluation presented during the year, impacting long-term debt by $240 million corresponding to two international bond issuances. One issuance, in 2019, amounted to $210 million, and the other, a reopening of the bond in 2020, amounted to $30 million, pertaining to Promigas. It's worth noting that a portion of this bond issuance was allocated to one of our subsidiaries in Peru.

In the consolidated financial statements, we also see an execution of revenues at 99%. Primarily, there was an underperformance due to the lack of definition by the CREG regarding the second stage of tariff recalculation and lower thermal volumes compared to expectations. Additionally, in Promigas Peru, there were lower volumes in agribusiness due to the Ministry not initiating the fishing season due to inadequate hydrobiological conditions.

Regarding the variation compared to 2022, ordinary activity revenues increased by 14%, mainly due to higher revenues obtained by the distribution companies Gases de Occidente and Surtigas, where there is observed growth in non-bank financing business. In our subsidiaries in Peru, there was growth in consumption as a result of businesses in full expansion, and additionally, higher revenues were recorded in Spec due to the extension of the contract with its main customers, thermal generators, until 2031. There were also higher regasification revenues, as explained earlier by Juan Manuel, reaffirming the importance of the regasification plant in ensuring the reliability of our country's energy matrix by providing services to meet the imports of liquefied gas by thermal generators.

Likewise, there was an increase in CEO's operating revenues due to an increase in energy prices in the market. However, construction revenues from concessions decreased by 17%. This decline is attributed to both Gases del Norte de Perú and the other concession in Gases del Pacífico in Peru having lower Capex or capital investments executed during 2023. This was a result of the normal progress of the natural gas expansion project in Peru, with the most significant investments already executed in previous periods.

At the corporate level, costs and expenses amounted to 4.54 billion pesos, executing 94% of what was expected in the budget. This was mainly due to the significant efforts made by Promigas and its subsidiaries in achieving efficiencies and process optimizations, ensuring the highest quality and safety in our services. Additionally, there was no budgeted personnel income from January, including replacements or new officials in Promigas and its subsidiaries. In Promigas, there was a lower consumption of fuel gas in compressor stations due to the delayed onset of the El Niño phenomenon.

Compared to the previous year, there was growth in line with inflation and the normal business expansions, such as higher labor expenses due to annual salary increases. Similarly, there were increases in insurance policies and costs related to the normal growth of companies in Peru. CEO, our Western Energy Company, experienced significant growth in energy costs due to the higher market price resulting from the onset of the El Niño phenomenon.

The EBITDA exceeded 2.35 billion pesos, executing 104% of what was expected, mainly due to the responsible execution of costs and expenses, thereby capturing efficiencies beyond expectations.

Compared to the previous year, there is an increase in EBITDA due to the faster growth rate in operating income compared to costs and expenses. Notably, there were higher revenues in the distribution companies Gases de Occidente and Surtigas, as well as in the companies in Peru, and in the transporters Promigas, Spec, and Promioriente. Additionally, in 2023, we had other income, including the indemnity received in Promoriente for 74.348 billion, corresponding to the closure of the claim from the emergency that occurred between August 3 and November 15, 2021, in the Gibraltar - Chitagá section.

Finally, the net profit reached 100% of the budgeted amount, totaling 1.9000 billion pesos in our work programs. It's worth highlighting the full execution, considering the responsible management of costs and expenses, and the performance of each business. As mentioned repeatedly, Spec, increased regasification days, insurance indemnity in the case of Promioriente, and higher financial income due to an increase in placement rates of surpluses within the strategy to minimize Negative Carry or negative arbitrage of the debt contracted in anticipation to meet financial obligations and our commitments in the budget regarding capital investments. Compared to 2022, this item accumulates the effect of higher EBITDA, which offsets the increase in financial expenses due to higher rates denominated in IPC and IBR, as well as the new debt taken on by Promigas and its affiliated companies at the end of 2022, representing 1.6 trillion pesos at the corporate level as part of the financing strategy mentioned earlier, and to responsibly address both financial obligations and planned investment programs.

With this, we conclude the explanation of the financial statements, and I now return the floor to our president, Juan Manuel Rojas.

**Juan Manuel Rojas:** Well, thank you very much, Aquiles. Let's now make room for questions. Juliana, please.

**Juliana Vergara:** Well, the first question is from Lucas Howard from Larrain Vial. What percentage of Ebitda from the transportation segment comes from Spec, and at what costs does it import gas? How do you see the future of gas reserves?

**Juan Manuel Rojas:** Thank you very much, Lucas, for the question. Spec currently represents 16% of the Ebitda from the transportation segment within Promigas and 7% of Promigas's consolidated Ebitda. Regarding the prices you're asking about for imported gas, we don't directly import gas ourselves. It's a company called Calamari, part of the thermal group, that handles the gas imports. Our role is in regasification, not in purchasing. Therefore, we're not able to provide information on the costs of gas imports.

Regarding our vision of the gas market, I would say that the gas balances shown by UPME and what is observed in the market indicate tightness in the coming years, especially in the interior of the country. Nevertheless, we are working with the authorities to implement projects that mitigate this situation. For example, we are starting the expansion of Spec this year, aiming to increase its import capacity from 400 to 450 million cubic feet per day initially, and then to 530 million cubic feet per day. We have already initiated bidirectional projects in the country's transportation systems, starting last year with the directionality from the coast to the interior. The idea is to expand this capacity, pending approval from CREG for the necessary resolutions to materialize these expansions. Additionally, there is the ingress of gas from other sources, both internal and external. Internally, we have the Arrecife project from Hocol and LNG projects like Mago, among others, which are in the pipeline. Furthermore, there are upcoming offshore projects in Colombia led by Ecopetrol and its partners. So, that's how I would respond to your question, Lucas.

**Juliana Vergara:** The second question is from Yuliana Mejia from ITAÚ Bancos. She would like to know if the implementation of the CREG methodology finally occurred by the end of 2023. And what impact did it have on the figures?

**Juan Manuel Rojas:** Yes, Juliana, it did not close in 2023. We are progressing through all the stages of reviewing the information for calculating transport tariffs, and the CREG's agenda sets out that the tariffs will be approved in the second or third quarter of this year.

**Juliana Vergara:** The next question, also from Juliana of Itaú Bancos, is: What is the average lifespan of the contracts that Promigas currently holds?

**Juan Manuel Rojas:** Thank you, Juliana. Well, largely thanks to the commercial strategies implemented by Promigas during the past year, we managed to increase the duration of our transportation contracts by almost two years. This led to an increase in the average lifespan of our contracts from 4.6 to 6.4 years. As I mentioned in my presentation, the renewal of contracts with the thermal sector until 2031 stands out, which we see as a very positive development. Additionally, these renewals and expansions will result in increased capacities, leading to an improvement in our fixed income. So, those are the key points to highlight.

**Juliana Vergara:** The next question is also from Juliana Mejía. Thank you for the questions, Juliana. What is the strategy you have regarding the debt maturities you have for the year 2024? And what is the debt projection for the same year? I'll pass the floor to Aquiles.

**Aquiles Mercado:** Thank you, Juliana, for the question. Our strategy for 2024 first involves refinancing debt maturities primarily with bank loans, but we are closely monitoring the capital markets both internationally, as Promigas has an investment-grade credit rating, which would allow us to access those markets under favorable conditions, and monitoring the local market where we have a bond program as recurring issuers with an approved quota of up to one trillion pesos that we can issue at any time, but we have to wait until conditions are suitable. Regarding the second part of the question, we expect to end the year with consolidated debt of 8.67 trillion pesos, representing an increase of 570 billion pesos, and we aim to increase the duration from 3.86 to 4.20 years by the end of the year, considering all the strategies we plan to deploy during 2024.

**Juliana Vergara:** The next question comes from Juliana at Itaú. What is your vision of the gas sector in Colombia? And how do you view the project of importing gas from other regions?

**Juan Manuel Rojas:** Thank you, Juliana. I think I mentioned the market tightness in the previous answer. Regarding importing gas from other regions, in the face of a tight market, one would say that all sources of supply are welcome to strengthen gas supply, with the priority being Colombia's energy self-sufficiency. However, it's important to avoid dependence on external sources to ensure reliability in gas demand in the country. So, we welcome the use of imports from abroad, as it assures consumers that they will have a supply. Hence, we can undertake projects like bidirectionality, Spec expansion, or even bring gas from Venezuela. All options are welcome.

**Juliana Vergara:** The next question is from Cristian Fera of Balanz. What is the Capex for the expansion of Spec? And what is the estimated completion date?

**Juan Manuel Rojas:** Thank you very much, Cristian. The estimated Capex for expanding Spec from 400 to 450 million this year is practically nil, less than one million dollars. After reaching 450 to 530 by 2026, we estimate the investment to be around 62 to 70 million dollars. We are fine-tuning the details, going through the engineering projects as they are already at a detailed level, but we would estimate it to be around 60 to 70 million dollars.

**Juliana Vergara:** The last question is from Daniela Guzmán from Ashmore, asking for guidance for 2024 regarding EBITDA, Capex, and debt ratios.

**Aquiles Mercado:** Thank you. Regarding the guidance requested, clarifying that this is part of a work program, not an expectation or the creation of expectations for the market, we have a net profit target for 2024 of 1.13 billion. We expect an EBITDA around 1.4 trillion pesos to achieve that expected net profit. Regarding debt indicators, we expect a deleveraging according to the current work programs. However, it should be noted that we continue to strongly pursue our strategic aspirations. If we explicitly follow what is in the budget, we would close 2024 with a net debt to EBITDA ratio of 3.6 and an operating cash flow to gross debt ratio of 12.2, thus meeting the indicators defined by Fitch and Mudis to maintain our investment grade both locally and internationally.

**Juliana Vergara:** We don't have any more time for questions. Anything that hasn't been answered will be addressed individually via email.

**Juan Manuel Rojas:** Juliana, thank you very much. And as closing remarks, I want to thank everyone for joining us on this results call. I believe that 2023 was a very positive year for Promigas and its group of companies. We managed to strengthen our core businesses of gas transportation, distribution, and regasification, as we have shown. We continue to lead the expansion of gas infrastructure in Peru. We are diversifying our portfolio with low-emission businesses that are becoming very profitable and are growing at a very good pace. We are enhancing customer relations with a value proposition that goes beyond energy products and includes non-bank financing. We are investing in innovation, technology, and digital transformation to not only reduce the costs of producing the energy we deliver to our customers but also to enhance the added value and relationship with our customers. All of these activities generate a positive social and environmental footprint that is positioning us as leaders in decarbonization in Colombia and positive social impact. Given that the Colombian and Peruvian markets are where we have grown significantly, where we have a significant presence—56% of the transportation market in Colombia, 38% of the distribution market, and 95% of the distribution market in Peru—that also invites us to aspire to grow in other geographies. We are exploring opportunities in Brazil, in the United States because we want to grow and continue to diversify.

We thank you very much, and we hope to have your presence in the next results call, the one for the first quarter of 2024, which we are all looking forward to. So, thank you very much, everyone, take care.

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