**Promigas Call Transcript**

**Quarterly results 1Q 2023**

**Date: Monday, June 5, 2023**

**Time: 2:30 pm**

**Place: Virtual platform**

**Juliana Vergara:** Good afternoon everyone, welcome to the presentation of Promigas' quarterly results as of March 2023, my name is Juliana Vergara, director of Investor Relations. Through this platform we have enabled the questions button so that 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 are joined by Juan Manuel Rojas, president of Promigas, Aquiles Mercado, financial and administrative vice-president and the entire management team of the company.

I will now turn the word to Juan Manuel, who will begin the presentation.

**Juan Manuel Rojas:** Thank you very much, Juliana, good afternoon everyone, welcome to the presentation of the results of the first quarter 2023, thank you very much for joining us as usual.

I would like to start the presentation by highlighting some relevant results that we had in the first quarter of this year and in particular because we are now seeing them on the screen confirming that Promigas and its group of companies are on the path to maximize the value of its assets while we deepen the social footprint, the positive impact we have in the territories where we operate.

In this sense, I would like to start by mentioning that in those businesses that imply the growth of our organization to face a future of energy transition, we have some very interesting projects that confirm that we are on a very positive growth path, In particular, I would like to highlight that in our core businesses we were able to increase our contracted capacity in the transportation business during the first quarter of the year compared to the same period in 2022 by 1.4%, from 866 million cubic feet per day to 878 million cubic feet per day, Likewise, in our regasification business we continue to confirm that our Spec plant is a strategic value for the country, in the first quarter of the year compared to the same quarter last year, we increased the use of the regasification plant by more than 1000%; We regasified 254 million cubic feet in the first quarter, confirming that this asset continues to be very relevant to be Colombia's energy insurance.

In gas distribution, a very important achievement is that we completed 6,450,000 users between gas and electricity in our core business, In these two CORE businesses, we increased the number of users by almost 8% compared to the same quarter of 2022, when we had closed with 5,990,000, in gas sales we increased them by 0.4%, reaching 2,933,000 cubic meters in the first quarter, and in energy sales we increased them by 3.5%, from 144 gigawatt hours in the first quarter of 2022 to 149 gigawatt hours in the first quarter of 2023, in relation to our two main core businesses.

Now, if we think about our portfolio of low emissions, we also have significant results, in terms of distributed solar generation, for example, we increased megawatts by 74% between the first quarter of 2022 and the first quarter of 2023, going from 25.5 megawatts to 44.5 megawatts, and in energy sales we increased them by 50%, going from 4.4 gigawatt hours to 6.7 gigawatt hours, on that front we continue to grow very positively.

In terms of discipline and operational excellence, we also had an excellent quarter and I would like to highlight the following: An operational continuity index of 100%, something that is rarely seen in our industry, a 41% reduction in the LTIFR, which is the time that a person remains incapacitated after an accident, we managed in the first quarter of this year to reduce by 41% the number of incapacitating accidents that take people out of work and also as an important milestone and you will begin to see it in these reports this first quarter we managed to reduce 1,451 tons of CO2, demonstrating that we are well on the way to operational excellence.

In social matters, I would like to highlight the following: first and foremost, the 113,734 new users connected to our electricity and gas businesses, 111,000 correspond to gas and 2,347 to the electricity business, these compared to the same period last year imply a very important milestone, especially if we take into account that 21,325 of the new users belonged to stratum 1, mainly people who stopped cooking with firewood, 42,000 approximately to stratum 2 and 34,065 to stratum 3, in the same order of ideas compared to the same period last year we increased the number of populations connected to the electricity and gas network by almost 8%, 7.2% to be precise, reaching 1,024 municipalities, municipal capitals and small municipalities connected to our networks, being the geographical footprint of the Promigas group in both Colombia and Peru in a very significant way; We also achieved a 20% increase in Brilla placements if we compare the two quarters between 2022 and 2023, reaching $290,520,000 in placements and of these placements 45% go to stratum 1 users, 35% to stratum 2 and 14% to stratum 3, in this sense the social footprint of Promigas and our group of companies has a very high impact.

I would like to close this first part of the highlights of the first quarter by mentioning the discipline in the assignation of capital, the organization has launched an important project of 54 initiatives to improve the efficiency and productivity of the business and in the coming quarters we will be reporting how we are achieving savings and productivity gains in the organization through these 54 initiatives that are already in execution and I would also like to mention that the investment budget for this year in low-emission businesses has a significant increase compared to the same period in 2022 and we have increased it by 571% with respect to the first quarter, the CAPEX budget execution of this investment is in 2023 compared to the same period in 2022. I would also like to emphasize that in the first quarter we passed and completed 80% of the execution of the investment budget we had planned, which also gives us great satisfaction.

If we go to the next one, and now getting into detail in the CORE business, I would like to start with the transportation business, where we confirm that the gas transportation infrastructure and services to the oil industry and large industrial users is a critical service for the energy matrix of Colombia and Peru, providing reliability and security, in terms of natural gas, we continue with 3,289 kilometers of high pressure gas lines, a capacity of 1,653,000 cubic feet per day of total capacity and we had a transported volume in this first quarter of 456,000,000 cubic feet per day, while the gas treatment capacity reached 35,000,000 cubic feet per day and the gas pipeline maintenance reached 2,753 kilometers.

Today we have 46% of the total gas transported in Colombia, which is a very important goal of which we are very proud. If we go into detail about Promigas on the Atlantic Coast, I would like to highlight the following in terms of volumes transported, although the volumes of the thermoelectric sector fell, particularly due to the inclusion of transmission projects that alleviate interconnection restrictions with the interior of the country and due to greater water contributions in the first quarter of the year, we did see a significant growth in industrial consumption, mainly due to higher consumption at the Cartagena refinery, where there was a failure in an internal unit that was backed up with natural gas, and also a significant increase in domestic consumption, particularly in the departments of Atlántico and Bolívar, in Atlántico, for example, domestic consumption in the first quarter of the first year increased 26%, while in the department of Bolívar it increased 17%. Also, if we look at the case of the group's subsidiaries, Promioriente's volumes fell 7%, mainly explained by a blowout of the Caño Limón Coveñas pipeline, which reduced consumption and forced us to stop the Gibraltar Plant, we had an increase in Transmetano volumes mainly due to a higher demand for Alcanos of 176,000 cubic feet per day and higher volumes transported in Transoccidente of 7% mainly due to higher consumption at the Argos plant. At the end of the first quarter of the year, Promigas reached 3,289 2,753 kilometers in length of gas pipelines and a transportation capacity of 952,000,000 cubic feet per day, being the main transportation asset of the group.

If we go to the actions we are taking in the group, mainly to compensate for the drop in thermoelectric volumes that we had in the first quarter, I would like to highlight several actions, very important among the actions we are taking is what we are doing to increase the term of our transportation contracts, in particular our objective is that through structured, flexible and mutually beneficial commercial strategies, to increase the term to 6.5 years from the 4.6 years it is today, I mainly highlight the efforts we are making in Promigas, where with the current contract renewals we aspire to increase the term of the contracts from 5.6 years to 7.3 years, you can see what we aspire to in terms of thermal, distribution, industrial and service to producers.

I would also like to highlight what we have been doing in terms of bidirectionality, as of April 1 we started up the first section of bidirectionality between Barranquilla Ballena with TGI's gas pipelines in the interior of the country with a capacity of 50 million cubic feet per day. This is a strategic asset not only for Promigas but also for the rest of the country because the volumes of 50 million cubic feet can go in all directions and we have seen, for example, how Reficar has used 7 million cubic feet per day from Cusiana using the interconnection in Ballena and this ratifies the need that we have raised with both UPME and CREG for the charges to be issued soon to remunerate the rest of the investments that need to be made in compression in order to be able to take this bidirectionality from 50 million cubic feet per day to 170 million cubic feet per day and we have been making positive progress on this front with which we awaken good news before the end of the year and before the arrival of the El Niño phenomenon.

In the same way, I would also like to highlight other efforts we have been making in the organization to boost our growth in 2023 in terms of transportation and here, in addition to bidirectionality, we are negotiating new contracts for 65 million cubic feet per day at the level of industries and marketers and we have launched the parking service policy that we are already offering to different customers. In the area of regulatory management, we have been making progress in the discussion with the regulatory commission for the approval of the second stage tariffs, and in the area of industrial solutions, we are seeking to increase participation in the contracting of Promigas' services, are all actions that we have been implementing in the group to improve the volumes we are transporting.

In terms of liquefied natural gas, I would like to highlight that although during the first quarter of 2023 regasification operations were higher than those of the same period in 2022, we still have less capacity available at the regasification plant, however, as I mentioned at the beginning, volumes of liquefied natural gas increased by 104% and delivered natural gas increased by 1,110% by having 5 days of regasification vs. one day in the same period last year. Having said that, we think it is very important to talk about the expectation of the El Niño phenomenon, which may occur, according to the latest estimates, most probably by the end of the year, in this sense, according to the recent projections of May 30, an El Niño phenomenon is expected from the third quarter of the year, but the intensity and duration of this phenomenon is still uncertain. It is also important to highlight that compared to previous El Niño events on this occasion the reservoirs would be a little higher, about 20% above the historical average of the last 20 years, while in the last El Niño 2015-2016 these were 17% below the average, this could imply, as it could delay a few months the thermal energy requirements to cover the decrease in hydro generation, but even so we do foresee that the projections are maintained and it is likely that SPEC's regasification requirements will have an increase in the fourth quarter of this year and mainly the first quarter of 2024. It is worth mentioning that both SPEC and its customers have been preparing to ensure the gas supply and electric power generation that the country may need in these specific circumstances.

In terms of gas distribution, I would like to mention that in the first quarter of 2023 we connected 113,734 new customers, of which 33% were in Colombia and 67% in Peru, bringing wellbeing and quality of life to approximately 410,000 people, many of whom used to cook with firewood. Our users were served by our companies with an execution of 125% versus the budget, directly impacting and benefiting a total of 6,450,000 users located in 1,024 towns. We also highlight the progress in the massification of natural gas in Peru, where in the first quarter of the year we connected 75,788 new users, accumulating 1,849,000 users in our networks in Peru, a milestone that we believe is relevant to highlight.

In terms of distribution and distribution infrastructure, we reached 71,196 kilometers of networks laid in both countries and achieved 2,933,000 cubic meters in sales, above our budget and above what we achieved last year in the same quarter. In terms of mobility, I would like to highlight that we closed the first quarter of 2023 with the entry of 33 new units of vehicles dedicated to natural gas vehicles in our direct area of influence in Colombia, and these users are worth mentioning that they have relevant consumption equivalent to more than 3,000 homes; it is not a minor fact that these 33 dedicated truck vehicles are equivalent to approximately 3,000 connected homes, so we must continue to grow this business in an important way, in addition, 15 new 100% LNG dedicated units entered Peru.

We are committed to the massification of natural gas vehicles, we also mention as an important goal that during the first quarter of 2023 we signed two new supply contracts with refueling stations in Peru, adding 2 to the 5 already obtained in 2022, for a total of 7 refueling stations already connected and providing gas in northern Peru and from January to March we have made 470 conversions of light vehicles in northern Peru and 550 in the area of Surtigas and Gas de Occidente. We continue working on this front to be able to increase consumption in our distributors, being the mobility issue a priority for us, let's continue, as I mentioned at the beginning, we are very proud of the 41% reduction we achieved in the rate of disabling accidents, it is a significant and very high impact figure.

We would also like to mention that the losses in our systems during the first quarter correspond to the lowest in the last eight years, we had losses of 0.03%, well below the 1% required by regulation, which makes us very happy and demonstrates our operational excellence, as well as re-emphasizing the 100% continuity rate we had in our transportation service during the first quarter.

In the low-emissions business, I would like to mention that contracted capacity, including commercial closures and contractual closures, reached 59.7 megawatts of capacity and in operation and maintenance 42 megawatts for a total energy sale of 13.3 gigawatt hours, 3,400 equivalent tons of emissions avoided by the solar photovoltaic systems and 2,300,000 cubic meters of gas used in cogeneration. These are the main indicators that we manage in terms of low-emission business, of this contracted capacity, 44.4% corresponds to solar photovoltaic energy sales, 50% of which 6.7 gigabyte hours correspond to solar photovoltaic, while the other 50% 6.6 gigawatt hours correspond to optical generation, once 100% is in operation the contracted capacity would avoid the mission of 33,800 tons of CO2 equivalent in the atmosphere, so we want to continue implementing these projects and it is a business that we see with a very important growth potential. If we continue and look at decarbonization we are well on track in what is our decarbonization roadmap, as you could see in December Promigas announced its goals, we committed to reduce by 50% by 2028 and 100% by 2040 the intensity of our scope 1 and 2 emissions and the part dedicated to scope 3 that we can control in relation to the baseline of 2021, having said this if the goal for 2023 corresponds to a reduction of 10. 584 tons of CO2 equivalent and we have completed in the first quarter of the year 1451 tons, it is worth noting that 54% of the decarbonization initiatives have already started in 2023, 12 of the 22 initiatives and in which front we have started them, in the energy deficiency, in the active integrity for detection of fugitive emissions and in the management of energy contracts, CEO being a very important element in the western energy company a very important element in achieving the objectives we have for this year, in the first quarter as I mentioned, we reported the abatement of 1,451 tons related to the detection and control of leaks and the management of energy supply, mainly from CEO.

In terms of innovation, the results indicate that Promigas and its subsidiaries allocated $99,632,000 pesos to research, development and innovation during the last year, of which 25,000 pesos correspond to investments and development of projects and new products and services, these figures represent 1.6% of the consolidated revenues of the corporate group, a figure not less than 1.6% of the revenues of 2022, and additionally, in 2022 the time allocated to the development of initiatives and innovation projects in our companies is equivalent to 180.7 full-time people dedicated to this. In terms of our social footprint, I would like to highlight what we have been doing with Brilla, as I mentioned at the beginning, we currently have 781,000 users with a Brilla portfolio as of the first quarter of 2023, completing 5.1 million loans granted since the beginning of the program. 790 billion pesos, a variation of 26% compared to the same period last year, the overdue portfolio index over 90 days reached 3.6% which is a very favorable indicator, the first quarter as I mentioned we placed 290 billion pesos in Brilla loans, a variation of 20% compared to the same period last year, it is very important to highlight that 45% of these credits go to people of stratum 1, this being their only alternative in terms of financing, and 36% to stratum 2 because they generally do not have access to the formal financial market, today the Brilla business corresponds to 17% of the EBITDA of the business and distribution and 10% of the consolidated profit of the group, being Brilla then a very important business and with enormous growth potential for the group.

In terms of new users, as I mentioned at the beginning, we improved the quality of life of 410,000 people, 113,000 new users connected between residential, industrial and commercial, of these 111,000 correspond to natural gas users in Colombia and Peru and 2,347 new users in the department of Cauca, 23 new towns were connected compared to the same period last year, 8 new towns in Peru, 23 in Colombia and most of these new users correspond to strata 1, 2 and 3 in Colombia and Peru, also in social matters, i would like to highlight the accumulated achievements of our Promigas foundation programs, where the programs for more youth employment, more entrepreneurship, more productive communities and more sustainable territories continue to significantly impact the lives of many colombians, particularly in PDET territories, the highlights of the quarter include the launching of the Pacifico joven project, hand in hand with gases de occidente, with 90 enterprises selected to benefit 180 young people, the women's forum, a window for reflection on gender equity in the country, with the participation of Surtigas leaders in gender issues and 60 teenage mothers, and having achieved a high performance in the organizational capacity index of the association of business foundations, the Promigas Foundation obtained a score of 0.81 against 0.72 obtained by the other corporate foundations, placing us with a very favorable index, and I will give the floor to Aquiles Mercado to tell you about the financial results.

**Aquiles Mercado:** Very good afternoon, thank you, Juan Manuel, greetings to all those who are with us, in this report we are going to explain first of all the individual P&L status as it corresponds to us, as our president already mentioned, in the first quarter there was a relevant decrease in the volume transported, mainly to the electricity sector, which dropped from 151 million cubic feet per day to 114 million cubic feet per day, as we can see, we fulfilled 93% of what we had estimated and this generated a 20% decrease in revenues for this quarter compared to the quarter of the previous year, which was mainly due to the lower volume of façade for the electricity sector in the thermal plants, reasons already explained by Juan Manuel as we mentioned, and also because we started to estimate an earlier appearance of the El Niño phenomenon, which has delayed our results a little bit, however, when we see the EBITDA in the graph we observe that we are executing 105% of the budget, a drop of 24% also expected in the budget mainly for reasons of IFRS 15 and other issues that we will now mention, and the net income we are accumulating 104% of the budget to reach $246,553,000 against what was obtained in the immediately previous year, more in detail in the income we observe that we reached $232,460,000 million pesos and the decrease is due to the fact that in March 2022 an extraordinary income was also recorded for an indemnity received from Reficar of close to 30 billion pesos, which corresponds to the termination by this important refinery of the gas transportation contract, which was replaced by another one with flexibilities that benefit both Promigas and Reficar and, most importantly, with a longer term so that the present value of the contract is the same, always seeking flexibility for our customers, Additionally, in September 2022 the application of the new tariff methodology began, which implied on the one hand the decrease of the regulated Wacc from 1502% real before taxes to 10.94% real before taxes. Likewise, in December 2022 the transportation contract of Tepsa for 35 million cubic feet per day from the Jobo fields was terminated, volume that migrated to the sections from the regasification terminal, also in November 2022 other contracts were terminated under other modalities that remunerated capacity expansions, all this as already mentioned was included in the budget in order to reflect in the best way the behavior of the income with the deviation that was presented to us due to the El Niño phenomenon.

As for EBITDA, its decrease is mainly due to the lower transportation revenues we have just mentioned, higher costs and expenses due to labor expenses, which are mainly due to the salary increase resulting from a higher CPI than we had seen in recent years, plus 1.6% and increases in the legal minimum wage in force, change in the organizational structure also in line with the company's strategy to strengthen the positioning of the energy solutions business by creating a special new unit to develop and deploy this strategy and the renewal of insurance mainly due to the adjustment of insured assets as a result of additions to the company's entire asset plant, we recorded lower income via the equity method, as we have already mentioned briefly above, mainly in gases from Northern Peru and gases from the Pacific, as a result of the application of the NIFF 15 standard, which is income from ordinary activities resulting from contracts with clients in a long-term concession contract and associated with lower investment levels in relation to the previous year, due to the progress of the investment plan in this country for the massification of natural gas services.

Net income decreased by 33% also insisting that we had it considered in the budget and we are 104 above this, that is to say we are doing better than we expected and the bottom line reflects the growth of financial expenses due to a higher average balance of debt 582,284 the higher average rate that has been presented in the market we can observe 14.11 in 2023 vs 7.52 in 2022 as well as the adjustment for inflation of bonds that we have indexed in UVR in the country that generated a higher financial expense, let us remember that the higher average debt balance is due to a financing strategy in which approximately in November and December of last year we contracted 2 trillion pesos to have sufficient reserves to meet the debt maturities from 2023 to 2024 and as the escape or capital investment program of 2023 we are compensating this in some way with the occasion of the placement of these surpluses in the best possible market conditions.

Additionally we made the adjustment of the valuation of the financial asset for December 2022 and therefore the adjustment of the monthly value for 2023 and finally for the end of 2022 as part of the corporate financing strategy we mentioned now that we wanted to counteract a possible liquidity in the market and a higher increase in the rates during the year 2023, This has resulted in an increase in cash balances and something very important in temporary investments since we do not keep these balances in the company's cash and interest on loans granted to related companies and their adjustment for price-level restatement.

Regarding the balance sheet in the financial statements we found an increase in assets for 11.3 billion and we reached an increase of 1% mainly in current assets due to the dividends declared by the related companies in accordance with the accounting principles that apply to this record in the March 2023 meetings for an amount exceeding 555,000 million pesos against the state, also due to the payment of dividends received in the month, payments to suppliers and bank loans, the financial asset corresponds to the 3% increase due to the effect of the update of the macroeconomic variables necessary for the calculation of the financial asset, which corresponds to the recognition of the potential account receivable from the Colombian government by virtue of the purchase option that these concessioned assets have, as is usual in our type of activities, other assets decrease long term investments for the dividends declared in March and due to the adjustment in the hedge conversion of foreign investments, as for liabilities, the increase in the account 112% is due to the ordinary dividends decreed by Promigas in the March 2023 meeting for $585,000,000 that will be paid during the course of the year and by the transfer from long-term of the current portion of the debt, long-term liabilities decrease due to the aforementioned transfer of debt with banks such as Scotiabank and Bancolombia, and due to the exchange difference affecting the debt in dollars, since the representative market rate at the end of March is lower than the one we presented in December 2022.

**Juliana Vergara:** Thank you, Aquiles and Juan Manuel, we are going to start the Q&A session. We have two questions related to the El Niño phenomenon from Roberto Paniagua from Casa de Bolsa. How do you expect your gas volumes to increase with a future El Niño phenomenon? What is your expectation regarding the level of SPEC usage with a possible El Niño phenomenon?

**Juan Manuel**: Thank you very much Roberto for your question, I am going to mention in the opening about aspects related to the El Niño phenomenon, here I would highlight that according to recent projections that there is overheating of the oceans has already increased by more than 87% the probability that we are going to have an El Niño phenomenon at the end of 2023 and during the next year, what is not known is its duration and intensity, having said this, I repeat what I said before in this case or in this El Niño phenomenon, in contrast to 2015, the reservoirs are 20% above the historical average, at that time in 2015 they were 17% below so their impact was very severe, now they are 20% above, what does that mean, that rather than seeing in the third quarter start to intensively use our gasification plant we are going to see that phenomenon is most likely from the fourth quarter onwards but especially at the beginning of next year the first quarter 2024 if we expect an intensive use of the regasification plant, to take into account data as well as that are not minor in 2020 which was a dry year but it was not phenomenon the child we had the import of more than 15 ships in a year of LNG I would like to make the thermal group and that was in a period where it was a dry year but it was not an El Niño phenomenon, so here we expect a great use of our regasification terminal, which we have also done, thinking not only in the current situation of El Niño phenomenon but also thinking about the use of our regasification plant or terminal until 2031 a very important aspect to highlight is that we have made significant progress with the thermal group to give life to our plant a permanent and standard use as we have today until 2031 this is a news that you will see in the second quarter results report, but there is very good news because we have reached a very good agreement with the thermal group regarding the use of the plant for five more years from 2026 to 2031, which is very positive news for the country and for the Promigas group.

**Juliana Vergara:** The next question is from Ricardo Ríos, an independent analyst, and it also has to do with El Niño. What financial impact do you think could occur due to the phenomenon?

**Aquiles Mercado:** Impact at a financial level, according to what we mentioned before, the impacts of the El Niño phenomenon were included in the budget, we have already discounted a great part of this, however we have had a displacement of this phenomenon in time, which we expect to compensate in June onwards and with the intensity of the same, that is, we already considered that it would occur according to the expectations and the model runs made by our commercial group, however there has been a displacement in time that we insist we can compensate in the rest of the year.

**Juliana Vergara:** Thank you, the next question is from Agustin Bonasora from PineBridge, could you comment on the liquidity position and what plans do you have for the short-term obligations that are greater than the cash position?

**Aquiles Mercado:** Thank you very much Agustín, it is important to mention that more than the cash position, the account to be looked at is the realizable investments account, if we look at that account it amounts to close to 400.000 billion pesos, therefore added to what is in cash and banks of 384. 000 we are talking about almost 784-800 million pesos because as we mentioned before the financing strategy implied investing a great part of the resources we took at the end of last year to minimize the negative carry of having that debt contracted last year but with the purpose of guaranteeing the liquidity of the company to meet its obligations, both financial and those estimated in the investment budget.

**Juliana Vergara:** We have a question for our operations BP, what is being done to increase plant safety in Colombia?

**Alejandro Villalba:** Yes Thank you Juliana Thank you for your question Javier Martínez This increase in safety or this plan that we have is the product of a corporate strategy not only in the plants but also in all our operations of Promigas and its subsidiaries that we are developing with DS Plus companies is what used to be called DuPont that has a great prestige at national and international level in this matter and this and these results are part of the work that we have been asking for more than 18 months with them in addition, we can reinforce programs such as executive walks in all the companies and also in the corporation's contractors, i.e. the executives are visiting the construction sites and plants to see how the work is being developed in the field in addition, we are taking industrial and process safety indicators to all decision-making levels in the corporation, from the tactical and strategic levels, which gives much visibility to this issue of industrial safety and process safety throughout the corporation, and finally, we are working and have created operating committees in all the companies of the corporation where we give guidelines and share lessons learned with all the work teams, thank you very much.

**Juliana Vergara:** The next question is from Ricardo Ríos, an independent analyst, what impact is contemplated for the company in the event that no more gas exploration contracts are authorized in Colombia and how likely is it?

**Juan Manuel:** Thank you Ricardo for your question, we consider natural gas as an asset that satisfies basic needs in Colombia. We recently saw what happened in the southwest of the country in an operational contingency where around 7 million people were left without natural gas for a period of between one and three days in this sense, not only these particular circumstances but also the recent report on reserves raised the concern of what it would mean not to have natural gas available, but we as an organization are prepared to face this, that is precisely our responsibility to the country to provide it with available access to our LNG import terminal and to make complementary waves in infrastructure in our gas pipelines that allow that bidirectionality in the Ballena pipeline in case there is no gas to bring gas through that terminal, that is something we have and through which we give the country the option to bring gas in case there is no access to the main exporting market in the world today or one of the main ones, which is the North American market on the other hand, we do believe that Colombia must continue to make positive progress in the development of its offshore discoveries and developments that we know are being worked on by the companies in charge of these projects and that we should be able to see them commercially from 2027 or 2028 the country in the reserve report, although the proven reserves went from 8 to 7.2 years, we saw the increase we had in the contingent resources, these contingent resources are those that come from the discoveries of both uchuva and kg in the Colombian Caribbean, and we have positive expectations that the country can develop them to be able to have that gas and not only the imported gas source, if they are developed or gas is imported, the Promigas infrastructure those 3,289 kilometers would continue to be used because we have it ready for it and above all because of the geographic footprint we have, it would be necessary and it would be necessary to move those volumes through our infrastructure.

**Juliana Vergara:** The next question is from Florencia Mayorga from Met Life, can you comment on whether the rate increases have been timely and correctly applied in the distribution business and whether the new charges have been applied in Surtigas?

**Juan Manuel:** Thank you Florencia, yes indeed not only in Surtigas but also in GDO, the definitive distribution charges for GDO were approved in September for Surtigas in February of this year, in September last year for GDO the company started to apply the new charges as of October 2022, which estimate higher annual revenues for GDO in the order of 35,000 million pesos compared to the approved transitional charges, if considered against the charges applied gradually, it would be more or less $11,300 pesos. As for Surtigas, in March 2023 the application of this new distribution tariff began, which means higher annual revenues of approximately $12,700 million compared to the tariff applied in 2022.

**Juliana Vergara:** we have a question for our CSO Florencia Mayorga from Met Life, what is the leverage expectation for 2023 and how does the financing plan for the year follow?

**Aquiles Mercado:** Thank you, Florencia for your question, according to our budget we have an estimated EBITDA debt ratio of 3.5 at the end of 2023, let's remember that the margin of action and the ceiling that gives us in this case is 4.5 times, so we are quite far from reaching that ceiling, we always keep the debt issue under control so we do not expect any surprises in this case, unless there are projects or something in which we are always looking at their contribution to EBITDA to avoid exceeding these limits and to take great care of this important asset that we have had for many years, which is our local and international rating.

With respect to the debt issue, in general terms, what we have considered for this year, we already contracted last year the necessary debt specifically to meet the obligations of the 23rd and 24th , considering the situation we were going through in the market, which has been clearing and has allowed us to refinance even some of these debts for more economical debts however, as we mentioned in a previous answer, we continue to have an important cash position of realizable investments to be able to meet both the maturities and the Capex plan of Promigas and its subsidiaries.

**Juliana Vergara:** Thank you, we have time for two more questions, what we cannot answer now we will answer in writing, the question of Juan González de Protección says what perspective does Promigas have at the end of 2023 in financial expenses and percentage of operating income?

**Aquiles Mercado:** Thank you very much for your question, we expect to have approximately 13% of financial expenses over consolidated revenues, actually the metrics we are most careful with are those stipulated by both Fitch and Moody's in the annual reviews to maintain the local triple A and triple B minus international and the equivalent in the case of Moody's, which is 4.5 EBITDA debt and 12 times maximum and minimum 12% cash flow from operations over debt and whenever we are making the budget or evaluating any investment project we are careful to be complying with both indicators in this case as we mentioned before we have it monitored and we do not expect any kind of mismatch in what we expect in the figures with respect to what the rating agencies stipulate.

**Juliana Vergara:** And the last question is also for our CFO of Florencia Mayorga from Met Life, regarding the dividends why was there only one payment in the first Q?

**Aquiles Mercado:** Florencia, what happens is that the first payment corresponds to the last installment of the dividends for the year 2022 that were decreed in the assembly of March of that year, that is to say, it was a payment that was already agreed upon since last year and in March 23 the installments for this year were decreed, which we will be starting to pay now in July in June, sorry, the first installment, so we repeat the answer is the last payment of the dividends for the year 2022, which is in our financial statement as of March 23.

**Juan Manuel:** Well thank you all for participating in this first quarter results call, I want to re-emphasize what I mentioned at the beginning, we are on a very positive path to maximize the value of our assets and deepen our social footprint that is reflected in the results of this first quarter 2023 if we compare them with the same period last year where we see growth in our CORE businesses of gas transportation and distribution as well as electricity distribution, we also see a significant growth in our low emissions portfolio business particularly on the distributed solar energy front, and while achieving this growth we continue to deepen our social footprint with a very high impact on the most needy people in Colombia and Peru through not only services and gas service connections In this particular case, we saw how we benefited nearly 410,000 individuals through this new service, but also through the Brilla service, providing them with access to non-bank financing under very interesting conditions and allowing them to develop their life objectives. We do all of this under the criteria of discipline and operational excellence as well as discipline in the allocation of capital, which makes us feel very calm, I thank you very much once again for having connected, for your interest in Promigas and its group of companies and we will see you then for the second quarter report, thank you very much.

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