# Q3 2023

## Results Report

## Executive Review

- Cálidda, together with the government, developed a subsidy for the conversion of Gasoline and LPG vehicles to NGV. This program allocates a budget of PEN 144MM and to date more than 30K vehicles have been converted during 2023.

- As part of the strategy to spread this subsidy, Cálidda implemented a campaign on the benefits and myths of NGV in the press, television, radio and social networks.

- The Camisea Consortium together with Cálidda developed the Camisea GNV Program, which consists of an economic incentive of between USD 10k to 15k for the acquisition of a new vehicle dedicated to NGV (trucks or buses). The beneficiary signs an agreement with a consumption commitment per m3/month for a period of 5 years.

- Cálidda together with the Ministry of Energy and Mining promoted the Bonogas Program for Heavy vehicles that seeks to finance the conversion of heavy vehicles from diesel to NGV. To date, 130 vehicles have been converted with an executed budget of approximately S/.22MM.

- The first network project “Con Punche Perú” was inaugurated in alliance with the Ministry of Energy and Mines. The Company has been promoting economic reactivation that is committed to bringing affordable, safe and sustainable energy to more Peruvians through FISE. Within this framework, on July 3, the first connection was inaugurated in Ventanilla district, benefiting 1,321 houses.

- In September, the contract for the connection to natural gas of the largest public hospital in Peru managed by ESSALUD was signed. The contract includes the construction of the internal natural gas plant that will connect the boilers, ovens, heaters and kitchen area of the hospital, which will mean savings for the State of more than USD 800K per year.

- Cálidda was recognized by Great Place To Work in the following areas: Sustainable Management (Position 2), Production and operations (Position 8) and Working from home (Position 11).

- Relevant financial outcomes at Q3 2023:

**Table Nº 1 – Operational and financial key indicators**

| Operational Results | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Cumulative Customers | 1,497,917 | 1,560,379 | 1,625,316 | 1,682,288 | 1,729,034 | 15.4% |
| Invoiced Volume (MMCFD) | 797 | 798 | 772 | 828 | 837 | 5.0% |
| Total Network Extension (km) | 15,606 | 15,961 | 16,240 | 16,597 | 16,862 | 8.0% |

| Financial Results | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Total Revenue (MMUSD) | 217 | 197 | 215 | 212 | 203 | -6.6% |
| Total Revenue Ajust[1]. (MMUSD) | 90 | 95 | 91 | 94 | 91 | 1.2% |
| EBITDA (MMUSD) | 55 | 61 | 56 | 59 | 57 | 4.0% |
| Adjusted EBITDA margin | 61% | 64% | 62% | 63% | 63% | - |
| Net Income (MMUSD) | 24 | 28 | 25 | 28 | 25 | 5.3% |
| Interest Coverage (x) | 7.9x | 7.2x | 7.2x | 7.2x | 7.4x | - |

| International Credit Rating: | |
|---|---|
| Fitch – Jul. 11 \| 2023: | BBB, stable |
| Moody's – Apr. 04 \| 2023: | Baa2, stable |

| National credit rating: | |
|---|---|
| Moody's Local Perú – May. 03 \| 2023: | AAA.pe, stable |
| Pacific Credit Rating – May. 10 \| 2023: | AAA, stable |

# Commercial Performance

## Peruvian Natural Gas Market

**Table N° 2 – Key market indicators**

| Indicator | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Production of Natural Gas[2] (MMPCD) | 1,109 | 1,488 | 1,435 | 1,453 | 1,391 | 25.4% |
| Local Market Demand (MMCFD) | 953 | 1,035 | 855 | 911 | 1,027 | 7.8% |
| Calidda's Local Market Share (MMCFD) | 751 | 775 | 620 | 657 | 709 | -5.6% |

- At the end of Q3 2023, natural gas production in Peru increased by 25.4% compared to Q3 2022.
- As for the local market, consumption increased by 7.8% compared to Q3 2022, closing at 1,027 MMCFD.
- Similarly, at the end of Q3 2023, Cálidda's share of the local market averaged 72%.

## Volume

- ✓ At the end of Q3 2023, the total invoiced volume increased by 5.0% vs. the previous year, explained by the greater demand of the generating sector due to adverse climatic events and irregular rainy periods, added to the higher consumption of the NGV sector due to the improvement in the competitiveness of natural gas as a result of the increase in the price of

[1] Total Adjusted Revenues = Total Revenues excluding pass-through revenues (acquisition and transportation of natural gas) and IFRIC 12 (investments made in the distribution system)
[2] Information at the end of September 2023 (Ministry of Energy and Mines)



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substitute hydrocarbons and the greater conversions of vehicles to NGV thanks to the financing granted by the State through of the FISE.

- ✓ Firm contracts reached 570 MMCFD (electric generators: 527 MMCFD + industrial segment: 43 MMCFD), representing 68% of the total invoiced volume.

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

**Table N° 3 – Invoiced Volume per Client Segment**

| Invoiced Volume (MMCFD) | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Power Generation | 556 | 561 | 539 | 599 | 609 | 9.6% |
| Industrial | 150 | 142 | 140 | 130 | 128 | -14.5% |
| NGV Stations | 65 | 68 | 68 | 70 | 69 | 6.7% |
| Residential y Commercial | 26 | 27 | 25 | 29 | 30 | 15.9% |
| **Total** | **797** | **798** | **772** | **828** | **837** | **5.0%** |

- ✓ As shown in this table, the volume invoiced at the end of Q3 2023 reached a total of 837 MMCFD.

## Contractual structure

**Table N° 4 – Contracted Capacity (MMCFD)**

| Period | Contracted Transportation Capacity (MMCFD) | | | Contracted Supply Capacity (MMPCD) | | |
|---|---|---|---|---|---|---|
| | Firm | Interrup. | Total | Firm | Interrup. | Total |
| 2018 | 197 | 31 | 228 | 183 | 46 | 229 |
| 2019 | 197 | 31 | 228 | 188 | 47 | 235 |
| 2020 | 197 | 31 | 228 | 193 | 48 | 241 |
| 2021 | 197 | 31 | 228 | 198 | 22 | 220 |
| 2022 | 197 | 31 | 228 | 198 | 22 | 220 |
| … | … | … | … | … | … | … |
| 2033 | 197 | 31 | 228 | 198 | 22 | 220 |

- ✓ Cálidda's customers are divided into two groups: (i) Non-Regulated Customers, who consume more than 1 MMCFD and independently contract the supply, transportation and distribution of natural gas (NG), and (ii) Regulated Clients, who consume less than 1 MMCFD and enter into a comprehensive contract with Cálidda, who provides them with the NG, transport and distribution service.

**Table N° 5 – Distribution Capacity**

| Distribution Capacity (MMCFD) | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Distribution System Capacity | 420 | 420 | 420 | 420 | 420 | - |
| **Consumed Volume** | **340** | **351** | **307** | **349** | **374** | **10.7%** |
| Regulated Clients | 172 | 172 | 168 | 173 | 173 | 1.8% |
| Independent Clients | 168 | 179 | 139 | 176 | 201 | 19.8% |



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- At the end of Q3 2023, our Independent and Regulated customers consumed on average about 374 MMCFD, equivalent to 89% of our natural gas distribution capacity (Lurín – Ventanilla).

- The volume consumed is greater than the contracted capacity since this is intended to cover the demand of regulated customers.

- In this sense, at the end of Q3 2023, our Regulated customers consumed 173 MMCFD, equivalent to 79% of the contracted volume of gas and 76% of the contracted transport capacity.

## Competitiveness of Natural Gas

**Table N° 6 – Competitiveness per Client Segment**

| Competitiveness (USD/MMBTU) | Final Client Tariff Evolution | | | | | Price of subtitutes[3] | |
|---|---|---|---|---|---|---|---|
| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | | |
| Residential and Commercial | 11.80 | 11.98 | 11.92 | 12.32 | 12.23 | Residential LPG | Electrical Energy |
| | | | | | | 20.88 (-41%) | 34.53 (-65%) |
| Vehicular | 9.12 | 9.26 | 9.30 | 9.57 | 10.03 | Vehicular LPG | Gasoline 90 |
| | | | | | | 15.82 (-37%) | 33.33 (-70%) |
| Industrial | 6.04 | 6.11 | 6.07 | 6.46 | 6.55 | Electrical Energy | Industrial Petroleum |
| | | | | | | 50.60 (-87%) | 19.66 (-67%) |
| Power Generation | 3.97 | 4.01 | 3.98 | 4.24 | 4.29 | Diesel | Industrial Petroleum |
| | | | | | | 26.81 (-84%) | 19.66 (-78%) |

- As shown in the table, for each of the segments the tariffs offered by Cálidda are highly competitive, in some cases around 87% less in contrast to its substitutes.

- A highly competitive tariff ensures a vegetative demand and therefore, stable income streams.

[3] Information available from Luz del Sur, Osinergmin and Petroperú as of September 2023.



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# Operational Performance

## Connections by Client Segment

At the end of Q3 2023, Calidda connected 46,746 clients. In the Residential segment, Calidda has operations in 41 districts from the Metropolitan area of Lima and Callao, which are the following: San Juan de Lurigancho, El Agustino, San Juan de Miraflores, Villa María del Triunfo, Los Olivos, San Martin de Porres, Comas, Puente Piedra, Villa el Salvador, Santa Anita, Cercado de Lima, San Miguel, Surco, Jesús María, Magdalena, Pueblo Libre, El Callao, Independencia, Ate, Carabayllo, La Victoria, Mi Perú, Pachacamac, Ventanilla, Chorrillos, Carmen de la Legua, Ancón, Bellavista, Breña, La Perla, Chaclayo, Rímac, Barranco, Lince, Lurín, Miraflores, San Borja, San Isidro, San Luis, Chilca y Surquillo. Likewise, in the Industrial, Commercial and NGV Stations segments, Calidda has operations in 49 districts.

**Table N° 7 – New Clients**

| New Client | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Power Generation | 0 | 0 | 0 | 0 | 0 | - |
| Industrial | 8 | 17 | 11 | 21 | 11 | 37.5% |
| NGV Stations | 1 | 1 | 1 | 0 | 0 | - |
| Residential y Commercial | 59,009 | 62,444 | 64,925 | 56,951 | 46,735 | -20.8% |
| **Total** | **59,018** | **62,462** | **64,937** | **56,972** | **46,746** | **-16.5%** |

- ✓ 60 clients in the industrial segment were connected in the last 12 months.
- ✓ 2 NGV stations were added to the distribution network in the last 12 months.
- ✓ 223,722 residential clients and 7,333 commercial clients were connected in the last 12 months.
- ✓ During Q3 2023, 46,746 new connections were achieved, and in the last 12 months a total of 231,117.

**Table N° 8 – Clients Base**

| Clients Base | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Power Generation | 29 | 29 | 29 | 29 | 29 | - |
| Industrial | 773 | 790 | 801 | 822 | 833 | 7.8% |
| NGV Stations | 290 | 291 | 292 | 292 | 292 | 0.7% |
| Residential y Commercial | 1,496,825 | 1,559,269 | 1,624,194 | 1,681,145 | 1,727,880 | 15.4% |
| **Total** | **1,497,917** | **1,560,379** | **1,625,316** | **1,682,288** | **1,729,034** | **15.4%** |

- ✓ At the end of Q3 2023 Calidda had total of 1,729,034 clients, 15.4% higher compared to the previous year.



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## Distribution Network

- ✓ The length of the Cálidda distribution system reached 16,862 km of underground pipeline in Lima and Callao.
- ✓ At the end of Q3 2023, Cálidda built a total of 283 km, a result although lower than the figure of the previous year, is aligned with our investment plan for the period 2022-2026 and the highest level of maturity of the company.

The next table shows the evolution of Calidda's distribution system:

**Table N° 9 – Distribution System**

| Distribution System (Km) | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Polyethylene Network | 14,967 | 15,320 | 15,597 | 15,930 | 16,207 | 8.3% |
| Steel Network | 639 | 641 | 643 | 649 | 655 | 2.5% |
| **Total** | **15,606** | **15,961** | **16,240** | **16,579** | **16,862** | **8.0%** |
| New Networks | 344 | 355 | 279 | 339 | 283 | -17.7% |

## Network Penetration Ratio

- ✓ The network penetration ratio is calculated by dividing the number of connected clients by the number of potential clients that are located in an area close to Calidda's network. This key ratio increased at the end of Q3 2023 to 75% due to the constant growth of number of connected clients.

- ✓ Cálidda, according to the plan approved by the regulator, is aimed at low-income districts benefiting from subsidies from the Peruvian State, where the savings generated by the use of natural gas instead of other substitute fuels is more appreciated by residents.

The next table shows the evolution of potential clients, total clients and the penetration ratio:

**Table N° 10 – Network Penetration Ratio**

| Network Penetration Ratio | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Potential Clients | 2,138,440 | 2,162,728 | 2,267,119 | 2,290,012 | 2,316,762 | 8.3% |
| Total Clients | 1,497,917 | 1,560,379 | 1,622,895 | 1,682,288 | 1,729,034 | 15.4% |
| Penetration Ratio | 70% | 72% | 72% | 73% | 75% | - |

# Financial Performance

## Revenues

- ✓ Adjusted revenues reached 275 MMUSD at Q3 2023, 0.74% higher than Q3 2022 levels of 274MMUSD. Additionally, EBITDA during 2023 was 5.3% higher than 3Q 2022 results, ending at 173 MMUSD.

**Table N° 11 – Revenues distribution by concepts**

| Adjusted Income Distribution (%) – Q3 2023 | | |
|---|---|---|
| **Distribution service** | Main operative income of Cálidda; it is generated by the distribution of natural gas through underground pipelines to different kinds of clients. | 75% |
| **Connection services** | Operative income which is paid by the consumer for the internal installation of pipelines needed to achieve the connection to the natural gas network. Includes revenues from the facility's financing and connection fees. | 9% |
| **Other services** | Operative income which mainly comes from network relocation services and other services. | 16% |

| *Pass-Through* Concepts | |
|---|---|
| **Sell and transport of natural gas** | Pass-through income related to the acquisition and transportation of natural gas which are transferred to the final consumer. |
| **Revenues of network expansion** | Pass-through income related to the investments executed by Cálidda in order to expand the distribution network. |

The next table contains the breakdown of Calidda's Adjusted Revenues:

**Table N° 12 – Distribution Revenue by Segment**

| Distribution Revenues (MMUSD) | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Residential y Commercial | 14 | 16 | 15 | 17 | 17 | 17.3% |
| Industrial | 14 | 14 | 14 | 13 | 13 | -9.6% |
| NGV Stations | 7 | 8 | 8 | 8 | 8 | 12.2% |
| Power Generation | 27 | 28 | 26 | 30 | 31 | 12.3% |
| **Total** | **63** | **66** | **63** | **68** | **68** | **8.5%** |

- ✓ Even though the Residential and Commercial segment represents only 4% of the invoiced volume (table N°3), it concentrates 25% of our distribution revenues. Moreover, if we take into consideration the revenues from installation services, this segment achieves 35% of our Total Adjusted Revenues.



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- On the other hand, the Power Generation segment represents 73% of the invoiced volume, 45% of the distribution revenues, and 34% of the Total Adjusted Revenues, as shown in the next table:

**Table N° 13 – Adjusted Revenues per Client Segment**

| Adjusted Revenues per Segment (MMUSD) | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Residential y Commercial | 14 | 16 | 15 | 17 | 17 | 17.3% |
| Industrial | 14 | 14 | 14 | 13 | 13 | -9.6% |
| NGV Stations | 7 | 8 | 8 | 8 | 8 | 12.2% |
| Power Generation | 27 | 28 | 26 | 30 | 31 | 12.3% |
| Connection Services | 20 | 17 | 19 | 17 | 15 | -26.3% |
| Others | 7 | 12 | 9 | 9 | 8 | 12.5% |
| **Total** | **90** | **95** | **91** | **94** | **91** | **1.2%** |

## Key Financial Indicators

- EBITDA as of Q3 2023 reached 173 MMUSD, presenting an increase of 5.3% compared to the EBITDA of Q3 2022. This is explained by higher distribution revenues.

- The next table shows the relevant financial information by quarter:

**Table Nº 14 – Key Financial Indicators**

| Financial Results | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | ∆YoY % |
|---|---|---|---|---|---|---|
| Total Revenue (MMUSD) | 217 | 197 | 215 | 212 | 203 | -6.6% |
| Total Adjusted Revenue (MMUSD) | 90 | 95 | 91 | 94 | 92 | 8.2% |
| Contribution Margin (MMUSD) | 75 | 78 | 75 | 81 | 80 | 6.9% |
| EBITDA (MMUSD) | 55 | 61 | 56 | 59 | 57 | 4.0% |
| EBITDA LTM (MMUSD) | 221 | 225 | 228 | 231 | 234 | 5.6% |
| Adjusted EBITDA margin (%) | 61% | 64% | 62% | 63% | 63% | - |
| Net Income (MMUSD) | 24 | 28 | 25 | 28 | 25 | 5.3% |
| FFO LTM[4] | 144 | 145 | 147 | 149 | 147 | 1.9% |
| Total Assets (MMUSD) | 1,388 | 1,406 | 1,458 | 1,459 | 1,494 | 8.2% |
| CapEx (MMUSD) | 39 | 50 | 39 | 20 | 26 | -32.8% |
| Total Liabilities (MMUSD) | 1,015 | 1,004 | 1,140 | 1,104 | 1,107 | 9.9% |
| Equity (MMUSD) | 373 | 402 | 317 | 354 | 387 | 3.6% |
| Total Debt (MMUSD) | 817 | 792 | 892 | 892 | 900 | 10.2% |
| Net Debt (MMUSD) | 792 | 752 | 817 | 864 | 872 | 10.1% |
| Debt/EBITDA | 3.7x | 3.5x | 3.9x | 3.8x | 3.9x | - |
| Net Debt/EBITDA | 3.6x | 3.3x | 3.6x | 3.6x | 3.7x | - |
| Interest Coverage (x) | 7.9x | 7.2x | 7.2x | 7.2x | 7.4x | - |

- This performance has been achieved due to the sustained growth of Assets resulting from investments in recent years.

[4] Operating Fund = Net Income + Depreciation + Amortization



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- At the end of Q2 2023, the total debt was 892 MMUSD and has the following maturity profile:

**Tabla N° 15 – Perfil de Vencimientos de Deuda**

| Total Debt (MMUSD) | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Total |
|---|---|---|---|---|---|---|---|---|
| Banking Debt | 28 | 0 | 0 | 550 | 0 | 0 | 0 | **578** |
| Multilateral Debt | 0 | 20 | 20 | 80 | 20 | 20 | 0 | **100** |
| Local Bonds | 0 | 0 | 0 | 0 | 0 | 61 | 101 | **162** |
| **Total** | **28** | **20** | **20** | **630** | **20** | **81** | **101** | **900** |

## Guidance

- The key indicators of the outlook for the end of 2023 are the following:

**Table N° 16 – Outlook 2023**

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 | 2023P | 2023P |
|---|---|---|---|---|---|---|---|
| Networks (Km) | 1,345 | 1,474 | 979 | 2,263 | 1,554 | 1,250 | 1,250 |
| Connections | 184,403 | 191,466 | 93,385 | 254,055 | 260,257 | 215,000 | 230,000 |
| EBITDA (MMUSD) | 159 | 171 | 156 | 199 | 225 | 220 | 225 |
| Net Debt/EBITDA | 2.9x | 3.1x | 3.7x | 3.4x | 3.2x | 3.8x | 3.7x |

- The solid results of 2022, despite the local context, allows us to forecast a stable growth for 2023.
- Regarding the construction of networks, this year we seek to build 1,250 kilometers of networks.
- In terms of new connections, we seek to make between 215,000 and 230,000 connections, according on the level of investment and target network kilometers.
- We expect demand to continue its gradual recovery, especially in the NGV sector, and consequently, maintain EBITDA between 220 and 225 MMUSD.
- We expect a slight increase in the Net Debt/EBITDA ratio towards levels of 3.7x and 3.8x due to the financing of our investment plans. Likewise, from 2024 a sustained deleveraging is expected.



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## Annexes

### Annex 1: Legal note and remarks

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