



Superior Performance and Profitability

A culture for our consolidation by 2025

To fulfill the Mega goal that we established in our Corporate Strategic Plan (CSP), in 2019 we are working to develop organizational capabilities that make us different from other companies and good practices that make us more efficient.

Why is it important?

(103-1)

As a Corporate Group, our strategy has set a path towards growth and strengthening asset management and financial performance, as well as expansion through the acquisition of new assets in Colombia and in the Latin American countries where we are present. This growth is based on a value proposition for our shareholders and stakeholders, and it incorporates Environmental, Social and Governance (ESG), factors.

To this effect, we established a Mega goal to 2025 of being among the five most profitable companies in the Colombian market, with year-on-year growth above 9%, with our companies generating EBITDA of more than COP 8 trillion derived from our operations in Latin America.

We will achieve this by creating value, which implies that our corporate decisions will be differentiated and guided by our three cultural attributes: Life Comes First, Social Awareness and Superior Performance, for which we already stand out in the market compared to other companies in the industry.

They must also be consistent with the financial objectives that form part of our Strategic Plan: a) maximizing dividends, b) optimizing the capital structure and debt costs, and c) maximizing financial efficiency.

All the above is materialized through the positioning of the businesses in the markets in which we participate, with processes that operate under the principles of efficiency and with capabilities and competencies of excellence, leadership and change management.

In this sense, Talent Management in a culture of Superior Performance, as that of GEB, is based on four lines of work:

- **Develop capabilities.** Implement best practices. This action line includes the development of abilities for Change Management and for Digital Transformation.
- **Excellence and high standards.** Technical, operating and financial excellence, which adapts with continuous improvement and the highest quality standards.
- **Fulfill the objectives.** We align around common objectives and leverage the Corporate Group's goals.



TGI employees at the Mariquita gas compression station (Tolima)

- **Talent and people.** Our employees and managers develop full capabilities focusing on achievement and teamwork (see chapter on "Talent Management," page 114).

How we manage it

(103-2) (103-3) The financial results are presented, reviewed and assessed in accordance with the Rules of the Financial and Investment Committee of the Board of Directors, whose objective is to oversee financial management at the company and Grupo Energía Bogotá, and assess new business opportunities and redefine existing investments in order to make specialized recommendations to the Board of Directors on such matters.

In 2019, with the aim of boosting the company's Superior Performance and meeting the goals of our 2025 Mega goal, we prioritize strategic actions in four perspectives of the strategic map:

The Transmission Branch developed 12 projects. Through these projects we were present in 177 municipalities in Colombia.

GEB 2019 strategic map



Our Superior Performance is demonstrated in our capacity to grow and expand, not only as a strategic connector, but also through our active participation in bidding processes to expand our market share in the electric energy transmission market in Colombia and the acquisition of assets abroad to strengthen our investment portfolio in Latin America.

Based on our corporate strategy, in 2019 we made major investments. In Peru we acquired 100% of the shares of Dunas Energía, PPC Perú Holdings and Cantaloc Perú Holdings, thus venturing into the Peruvian electricity distribution business through the company that today is known as Electro Dunas. The transaction involved an investment of US\$260 million: we obtained a 4% share of the Peruvian electricity distribution market and added 245,000 new customers.

In Brazil, jointly with the Spanish company Red Eléctrica Internacional, we initiated the process of acquiring 100%, in equal shares, of the Brazilian company Energia Empreendimentos e Participações S.A. (Argo). Through this transaction, which is currently under regulatory review and

which totals BRL 1,775 million for GEB, we will add 1,460 kilometers of transmission lines and 11 substations distributed in the states of Ceará, Maranhao, Minas Gerais, Piauí and Rondonia. Moreover, we increased our share in this market from 0.75% to 1.35%. Our objective is to build a major energy transmission platform in Brazil.

In Peru we acquired 100% of the shares of Dunas Energía, PPC Perú Holdings and Cantaloc Perú Holdings, thus venturing into the Peruvian electricity distribution business through the company that today is known as Electro Dunas.



In addition to laying networks and pipelines, our objective is to bring well-being to the communities in the countries where we are present. In the photograph, women who work in the popular soup kitchens in Peru, with support from our company Calidda

Also during 2019 we continued to make progress in implementing the best asset management practices for the delivery of electricity transmission services. Also in 2019 we adopted new recommendations by the Regional Energy Integration Commission (CIER, for the Spanish original), which is based on the UK standard PAS-55, translated into the ISO 55001 standard in 2014, which provides guidance on aligning the financial and non-financial functions in asset management.

Consequently, the following is our map for participation in the regional market:

GEB's market share (Own)

	GEB (Colombia)	TGI (Colombia)	Cálidda and Contugas (Peru)	ISA REP and ISA Trans- mantaro (Peru)	Trecsa and Eebis (Guatemala)	Gebbras (Brazil)	Electro Dunas (Peru)
2017	15.2% of the electric energy transmission market	55% of the natural gas transportation market	80% of the natural gas distribution market	63.3% of the electric energy transmission market	19.9% of the electric energy transmission market	0.9% of the electric energy transmission market	N/A
	23.2% of the electric energy distribution and transportation market through Emsa* and Codensa*						
	22.1% of the electric energy generation market through Emgesa*						
	32.7% of the gas distribution market through Vanti*						
2018	18.8% of the electric energy transmission market through the Transmission Branch	54% of the natural gas transportation market	80% of the natural gas distribution market	66.6% of the electric energy transmission market through a 40% equity interest	23.5% of the electric energy transmission market	0.75% of the electric energy transmission market	N/A
	20.4% of the electric energy generation market through Emgesa*						
	22.9% of the electric energy distribution and transportation market through Emsa* and Codensa*						
	32.3% of the natural gas distribution market through Vanti*						
2019	20% of the electric energy transmission market through the Transmission Branch	54% of the natural gas transportation market	78.1% of the natural gas distribution market	67.8% of the electric energy transmission market through a 40% equity interest	20.7% of the electric energy transmission market	0.6% of the electric energy transmission market	4% of the electric energy transmission market
	21.7% of the electric energy generation market through Emgesa*						
	22.9% of the electric energy distribution and transportation market through our shareholdings of 51.5% and 16.2% in Codensa* and EMSA*, respectively.						
	25% of the natural gas distribution market through Vanti*						

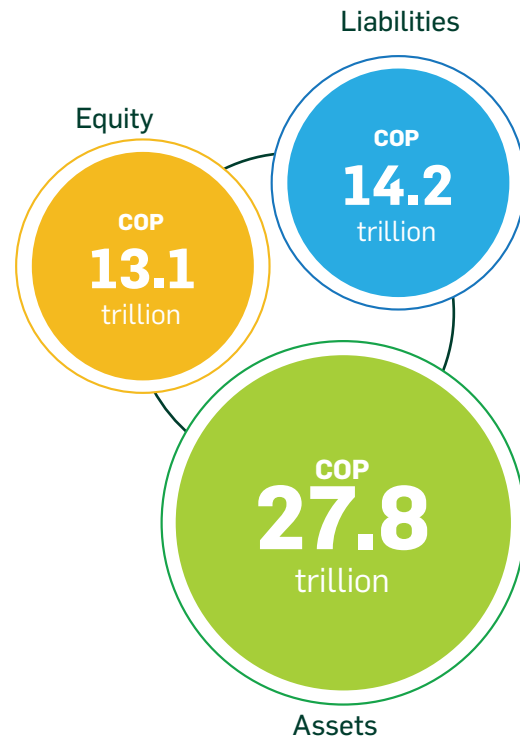
(*) Non-controlled companies.

Trecsa employee (Guatemala)



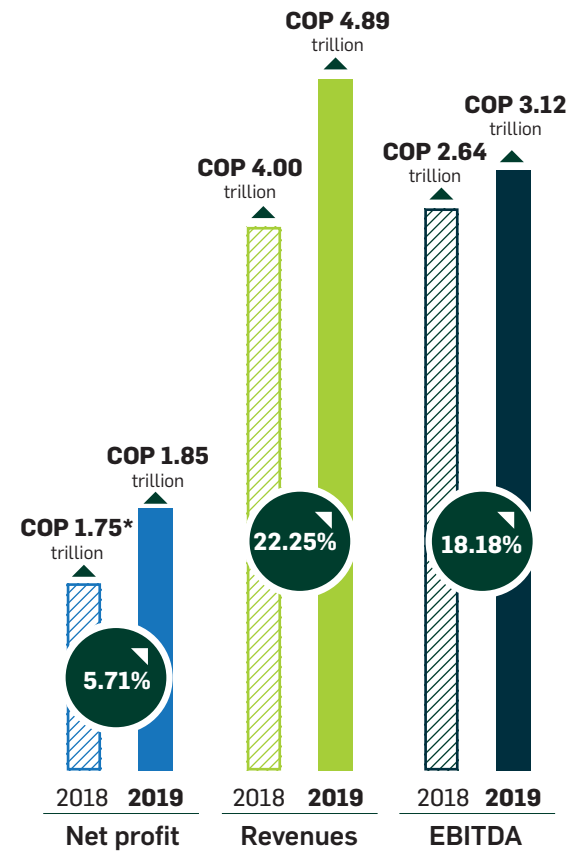
Financial position

(102-7) (Own - Capital structure)



Consolidated results

(102-7) (Own - Financial indicators)



*Restated (102-48).

The ratification of credit ratings by Moody's and Fitch was one of the greatest results of our Superior Performance in 2019.

(201-1) See the Annexes for additional information on economic value generated and distributed.

RESULTS

FINANCIAL

- We raised financing and restructured the Group's debt for over USD 3 billion 018-2019.
- We reduced GEB's financial costs by over USD 10 million.
- We improved the maturities profile and currency mix of our debt.
- We have an approved Overall Credit Line for a total of USD 1,420 million.
- The Transmission Branch in Colombia acquired new assets at the Betania substation and the 230-kilometer Tuluní project.
- We received the Bonds & Loans 2019 Award (*syndicated loan deal of the year*), as well as ratification of IR recognition by BVC, for the fifth and sixth consecutive years.
- We fulfilled our growth milestones through new acquisitions and investments in the market: Electro Dunas in Peru and the Brazilian company Argo (in progress). Through these acquisitions, our users increased from 6.8 million to 7.1 million by year-end 2019.
- We managed to start up operations in certain projects that were affected by roadblocks in the Colombian investment mechanisms: La Loma, the Armenia 230 kv substation and its associated lines and a transformer in Altamira.
- TGI in Colombia achieved solid cash flow performance, which enabled us to strengthen our finances and fulfill the agreed terms with our creditors. Also, with our own resources we repaid part of the financial debt for USD 40 million, which implies a 22.36% decrease in interest payments.

TGI

- Our Leverage ratio closed at 3.1, which provides adequate financial capacity to finance new projects.
- Our investment grade credit ratings were confirmed at BAA3 from Moody's, BBB stable from Fitch Ratings and BBB- from Standard and Poor's.

Trecsa

- We performed a capitalization for USD 31 million to engage in the Energy Transportation Expansion Plan (PET- 01-2009). It was created by the government of Guatemala in 2009 through the Mines and Energy Ministry and the National Electric Energy Commission, with the purpose of consolidating the electrical system, mainly in the areas with lowest economic development. This PTE is still in the construction stage of the transmission blocks, for which approved environmental licenses and rights of way are already in place.
- In Peru, through the acquisition of electric energy distribution businesses in the south of the country we aim to diversify the risk involved in the regulatory impacts on the gas transportation business and to renegotiate the contracts that begin to expire in 2021. Consequently, the operational contribution of the gas transportation business will tend to decrease.

Electro Dunas

- At Electro Dunas in Peru, total revenues were above USD 112 million, and distributed value totaled USD 108 million, including operating costs, payroll and benefit expenses, payments to suppliers, taxes and social investment. We achieved the objective of sustained growth in EBITDA of USD 29 million.



Coexistence with our infrastructure in Guavio

FOR THE OPERATION OF THE CORPORATE GROUP'S BUSINESSES

For more information on operating results, see the annexes.

- (EU4) The electric energy transmission lines in our Colombian operations increased from 1,550 to 1,640 kilometers. Our substations also increased from 24 to 27.

TGI

- We began to implement the Comprehensive Risk Model and the integrity management tools (PIDT), which enable the assessment of the level of exposure to various threats. They also enable the definition of mitigation methods, inspection plans and priorities for assistance, based on international standards and Colombian regulations. We also brought the PIDT tool on line in 2019.
- We performed two of the three scheduled smart runs in 2019: Sutamarchán-La Belleza and Casacará-Curumaní, equivalent to 6% of the inspected area. The smart run of the Sucre-Oriental-Cogua section is pending due to technical adjustments performed on the infrastructure in 2019.
- We fulfilled the provisions of the 2019 PDT by performing the diagnostics phase of the five plans set out in the ASME B31.8s standard. We also delivered the master documents containing the integrity and performance plans, and fully complied with the Standardization Plan set forth in the VOP supported by guideline 005, issued by the company's CEO.

Cálidda

- At Cálidda in Peru we managed to connect 191,466 customers, increasing our customer base to 952,547, which is equivalent to growth of 25.1% compared to 2018. The segment with strongest growth was households, with 188,989 new users, 22.7% of whom have more than one point of connection, followed by the business sector with 2,290 customers. The remaining 52 connections were made at industrial companies and VNG service stations.
- We expanded our distribution system by 15.2% by building 1,474 kilometers of networks; the system consists of 11,166 kilometers of underground pipelines of steel and polyethylene in almost 50 districts of Lima and Callao. We also sold a total of 8,101 million cubic meters of natural gas (784 million of cubic feet per day), nearly 1% more than in 2018.
- The regulator approved an expansion of our 2018-2021 investment plan and we obtained a change in the distribution rate that will enable us to make capital investments of over USD 500 million.

Contugas

- We calculated the distribution system's continuity and availability rates according to the Instruction CTG-OPE-I-CS-005. We also supervised and monitored normal operating conditions using the Scasa system, as specified in Procedure CTG-OPE-P-CN-001.
- We successfully managed a ruling in favor of the company by the Constitutional Tribunal.
- We enabled 120 business customers, which represents a 26% increase compared to 2018.

Electro Dunas

- We improved the quality of electricity service and consolidated our position as the number one distribution company in Peru in terms of quality of electricity service, with the best overall SAIFI and SAIDI indicators.
- Since 2015 we have maintained the availability and quality of public lighting indicators within the parameters required by law and consolidated the trust of Ica through profitable investments.
- We innovate and assess pilot studies on electric mobility through the

first electric charger in the region and the commercialization of an inter-city bus. We have also implemented pilot tests on smart metering and public lighting using LED lamps.

Trecsa

- Between 2016 and 2019 the company's revenues increased by USD 24.7 million. To this end, one of the strategies was to refinance long term debt in the amount of USD 150 million. The contract with Cempro also provided USD1.64 million in additional revenues, thanks to completion of the bypass at El Pilar.
- We started up the Regularization project, through which we organized the assets in each warehouse and performed the first inventory count of materials valued at USD 23 million, which were duly recorded in the SAP MM module.
- We obtained approval to connect the Chiantla 230/69 kv substation and its associated lines.

Employee of Cantalloc performing maintenance in Peru



99.96%

is the weighted availability rate we achieved in the Colombian electricity transmission market.

(Own - Availability)

CHALLENGES

- We will maintain the availability in the electricity transmission market in Colombia at the same rate as in 2019, at 99.96%, weighted by revenues.
- We will continue to work with the affiliates to standardize processes related to SAP technology, as part of the Group's Digital Transformation.
- With the purchase of the transmission business in Brazil (in process) we will diversify our business lines and improve operating margins, based on the contributions of these projects to cash flow, which will become even more relevant after having fully serviced the debt by 2022.
- We will follow up on the idea included in the 2016-2025 Corporate Strategic Plan to rethink GEB's structure and processes, thus fulfilling the mandate to create a branch to separate the Transmission Business from GEB's operations. In this way we will increase the visibility and provide greater autonomy to the Transmission Branch, to enable it to develop its competitive potential and define and implement its strategy.

Cálidda

- At Cálidda in Peru we will fulfill the Investment Plan approved by the regulator. We will build over 3,000 kilometers of networks and will make capital investments worth approximately USD 250 million.
- We will connect over 300,000 customers to the distribution center, thereby broadly exceeding one of our most important goals: to provide natural gas distribution services to over one million customers connected in our concession area.

Contugas

- We will enable the first shopping centers with natural gas in the city of Ica and the first VNG service station in the province of Nasca.
- At Contugas and Electro Dunas we will implement self-generation and co-generation projects.
- We will achieve operating synergies between Contugas, Electro Dunas and Cantalloc in order to create efficiencies in commercial operations.

Sourcing Management

Why is it important?

(103-1)

(102-9) Sourcing Management is an important factor for the materialization of the corporate strategy because it facilitates achieving three key objectives of our Corporate Strategic Plan (CSP): maximizing financial efficiency, improving GEB's reputation in the market, and performing our processes with operating excellence.

It is also important for our Corporate Group because:

- We create value for the Group by engaging suitable contractors in terms of quality, costs and timeliness.
- We optimize resources through innovative strategies in supplier selection processes.
- We minimize risks by using tools to assess the legal, financial and technical capacity of our suppliers and contractors.
- We generate innovation and trust by using top rate technological tools that enable tracking the entire process.

- We take care of improving our relations with our suppliers and contractors.
- We promote plurality and transparency in our contracting process by acting through various corporate governance and approval bodies.

How we manage it

(103-2)

(102-9) In 2019 we implemented our Strategic Sourcing Model, and in August the Board of Directors approved the first update to our Contracting Manual. Through this update we drive the most important negotiations of the Transmission Branch by enabling mechanisms to materialize long-term relationships based on trust with strategic suppliers to perform the different projects of the Branch. Our affiliates TGI, Cálidda and Contugas also updated their contracting manuals, in line with the manual of Grupo Energía Bogotá, in September, October and November, respectively.

Description of suppliers (102-9) (Own - % of local suppliers)

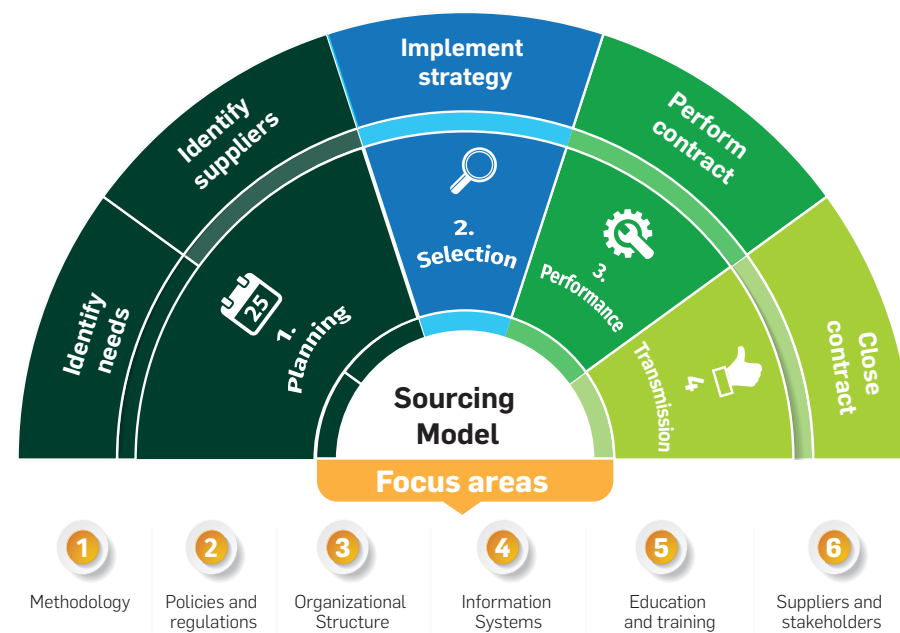
	GEB	TGI	Cálidda	Contugas	Trecsa	Electro Dunas	Total
Total number of suppliers	370	285	1,294	361	316	3,732	6,358
Total number of local suppliers	346	275	1,171	66	298	3,700	5,856
Total number of international suppliers	24	10	123	14	18	32	221
Percentage of local suppliers*	93.5%	96.5%	90.5%	18.3%	94.3%	99.1%	92.1%

Note: A local supplier is defined as one whose country origin is the same as that where each company's main operations are located. In this case, they are: Colombia, Peru and Guatemala

RESULTS (103-3)

- We implemented SAP Ariba at the corporate offices and TGI, in order to have a single source of information for the entire Sourcing Process.
- We updated and standardized the forms used in the process.
- We implemented management by categories.
- We developed the Supplier Management Program.
- (Own - Savings) Implementation of the model enabled us to achieve savings of 31% compared to average market prices
- We strengthened the capabilities of our sourcing process personnel by means of the Strategic Sourcing Program, in partnership with Universidad de los Andes.

Sourcing Model (102-9)



Source: GEB Sourcing and Services Department



At Grupo Energía Bogotá we grant recognition for our suppliers' performance

TARGETS (103-2)

- We will consolidate the master files of goods and services, inventory and storage plans and logistics.
- We will implement the SAP 4 Hana - MM Module.
- We will reinforce sourcing planning through a management arrangement of specialist leaders by category.
- We will establish guidelines and standards for contract planning based on lessons learned and opportunities for improvement in order to optimize the process.
- We will promote the Digital Transformation through the use of SAP Ariba, and we will implement it at Cálidda and Trecsa.
- We will implement the Supplier Management Program.
- We will renew the CIPS certification in best strategic procurement practices.
- We will continue to implement the Sourcing Model at the affiliates.