EMPRESAS LIPIGAS S.A. ANNOUNCES RESULTS FOR THE

SECOND QUARTER OF 2016

Santiago, Chile, September 1, 2016 – Empresas Lipigas S.A. ("Lipigas" or "the Company"), leader in commercializing and distributing gas in Chile with operations in Colombia and Peru, announced today its consolidated financial results for the second quarter ended June 30, 2016. All figures are set according to IFRS-International Financial Reporting Standards- in Chilean pesos (CLP). All variation comparisons refer to the same period of the previous year, unless otherwise indicated.

Lipigas increased its net income by 25.0% as of June 30

Highlights last 6 months:

- EBITDA increases 10.5%, compared to the same period of the previous year.
- Consolidated LPG sales volume grows by 7.1%
- Consolidated sales volume in LPG equivalent tons (including sales of natural gas, compressed natural gas and liquefied natural gas) grows by 17.3%.
- Income after taxes increases 25.0%.

Highlights 2Q 2016:

- EBITDA increases 6.2%, compared to 2Q15.
- The operation in Chile presents improvement in EBITDA generation due to increased sales volume and unit margin.
- Income after taxes for the last 3 months increases by 19.9% regarding 2Q15.

See definitions of: Sales in equivalent LPG tons, Gross Margin and EBITDA at the end of this document

EMPRESAS LIPIGAS

Comments of the General Manager – Ángel Mafucci

"The results of Lipigas show a 10.5% EBITDA improvement as of June 30. These results are mainly due to the 7% increase in sales volume of the LPG operation in Chile and improved unit margins, including the seaborne import operation of the Quintero terminal. On the other hand, in the first half, LNG sales in Chile increased by 67% over the previous year, and this is a growing business that allows us to continue diversifying in energy supply for our customers. In Colombia and in Peru we have achieved increased LPG sales volumes. However, lower unit margins had a negative impact over the results of these operations."

2Q16 Consolidated Results

Consolidated revenues reached CLP 110,252 million, representing a 16.0% increase, resulting from increased sales volume (+20.3% equivalent LPG tons[1)].

Gross margin reached CLP 48,540 million, increasing by 14.4%. Chile and Peru generated an improved gross margin. In Chile, gross margin is impacted by a 9.7% increase in LPG sales volume and better unit margins. In Peru, the increase in gross margin resulted from higher LPG sales volume and from the incorporation of volume generated by natural gas sales from the acquisition of the Neogas operation which was not present during 2Q15. In Colombia, margin is impacted by higher LPG purchase costs that were not able to be transferred to the public and by the devaluation of the Colombian peso against the Chilean peso.

EBITDA reached CLP 21,720 million with a 6.2% growth. Chile presents a higher EBITDA given an improved gross margin which was partially offset by the lower gross margin in Colombia and increased operating expenses in Chile and Peru.

Negative non-operating income decreased CLP 2,543 million mainly due to lower property, plant & equipment disposals regarding 2Q15.

Earnings after taxes increased 19.9% mainly explained by the generation of an improved EBITDA and better non-operating income.

Analysis by country

Chile: Revenues for the Chilean operation reached CLP 79,066 million, 9.0% higher than 2Q15 and basically explained by a 9.7% higher LPG sales volume. Sales volume in equivalent LPG tons increased 10.9%.

In Chile EBITDA amounted to CLP 19,141 million, representing a 13.6% growth compared to 2Q15 resulting from increased sales volume and better unit margins.

Gross margin reached CLP 37,308 million, which is 14.0% higher than 2Q15 and was generated by an increased unit margin and higher sales volume.

Operating expenses in Chile increases by CLP 2,335 million (+14.5%) resulting from increased expenses in freight, remuneration and salaries, maintenance and marketing expenses.

Colombia: Revenues for the Colombian operation reached CLP 9,223 million, 12.5% higher than 2Q15. LPG sales volume increased 2.6%.

Colombia's gross margin measured in Chilean pesos presents a 17.4% negative variation given higher unit costs of LPG purchases that could not be transferred to the public and given the 9.08% depreciation of the Colombian peso against the Chilean peso compared to 2Q15.

In Colombia EBITDA amounted to CLP 989 million, representing a 41.4% decrease compared to 2Q15 mainly due to higher unit costs of LPG purchases that could not be transferred to the public.

Operating expenses decreased by CLP 120 million (-4.0%) given lower expenses in remuneration and salaries and marketing expenses.

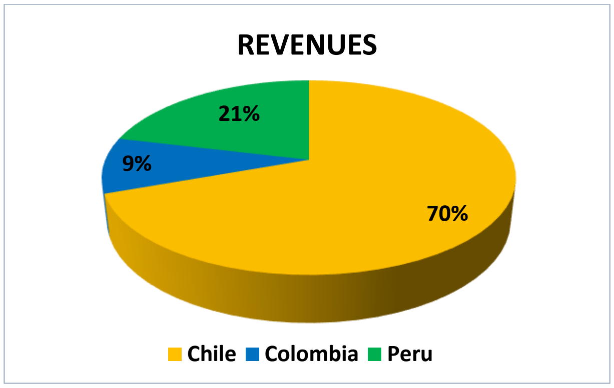
Peru: Revenues for the Peruvian operation reached CLP 21,962 million, 53.6% higher than 2Q15, basically explained by increased sales volume and the incorporation of the compressed natural gas operation. LPG sales volume increased 9.9%. Sales volume in equivalent LPG tons increased 62.5% given the volume incorporation of Neogas which was not present in 2Q15.

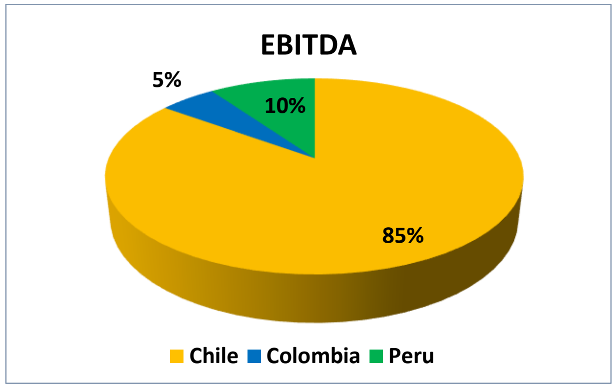
EBITDA reached CLP 1,590 million in Peru, representing a 16.6% decrease compared to 2Q15 due to lower results from the LPG operation.

Gross margin increased 46.2%. Unit margins in equivalent LPG tons decreased 10.0% compared to 2Q15 given lower margins from LPG sales and the 3.93% depreciation of the Peruvian currency against the Chilean peso during 2Q16.

Operating expenses increased by CLP 2,641 million due to increased freight, remuneration and salaries and maintenance mainly due to the incorporation of the Neogas operation which was not present in 2Q15, representing an increase of CLP 2,439 million.

Accumulated Consolidated Results as of 06-30-2016





Consolidated revenues reached CLP 195,689 million, representing a 12.1% increase due to higher sales volume (+17.3% in equivalent LPG tons[1]). Consolidated costs reached CLP 108,917 million representing a 10.2% increase. This effect results from increased sales volume offset by lower costs of sales in the Chilean operation.

Gross margin reached CLP 86,772 million, increasing 14.6%. Chile and Peru generated better gross margin. Gross margin in Chile is influenced by better unit margins and a 7.8% increase in sales volume in equivalent tons as of 2Q15. In Colombia, margin is impacted by higher LPG purchase costs that were not able to be transferred to the public and by the 12.9% devaluation of the Colombian peso against the Chilean peso as of 2Q16. In Peru the increase of gross margin was due to higher LPG sales volume and the incorporation of volume generated by natural gas sales from the acquisition of the Neogas operation, which was not present as of 2Q15.

EBITDA reached CLP 37,630 million with a 10.5% growth. Chile and Peru contribute positively to the EBITDA generation. Operating expenses increased by 15.2% as a result of greater remuneration and salaries, freight and maintenance. Part of these expenses correspond to the incorporation of the Neogas operation.

Negative non-operating income decreased by CLP 3,189 million mainly explained by lower financial expenses amounting to CLP 1,004 million, lower expenses amounting to CLP 2,543 million due to disposals of property, plant & equipment and offset by higher adjustment unit expenses amounting to CLP 793 million regarding 2Q15.

Earnings after taxes increased 25.0% mainly explained by the generation of an improved operating income.

Analysis by Country

<u>Chile:</u> Revenues for the Chilean operation reached CLP 136,031 million, a 4.5% higher than 2Q15 explained by a 6.6% higher LPG sales volume. Sales volume in equivalent LPG tons increased 7.8%.

In Chile EBITDA amounted to CLP 32,005 million, representing a 17.2% growth compared to 2Q15 due to increased sales volume and better unit margins.

Gross margin increased by CLP 8,465 million regarding 2Q15 explained by better unit margins, including the operation of the maritime terminal which began operating in March 2015.

Operating expenses increased by CLP 3,609 million regarding 2Q15 due to higher expenses in remuneration and salaries, freight, maintenance and marketing expenses.

<u>Colombia</u>: Revenues for the Colombian operation reached CLP 18,077 million, a 10.2% higher than 2Q15, explained by a 2.3% increase of LPG sales volume and an increase of sales price offset by the devaluation of the Colombian peso against the Chilean peso. Gross margin decreased by 17.8% and unit margin decreased by 19.7% resulting from not being able to transfer the increase in the cost of LPG purchases to the final consumer and given the devaluation of the Colombian currency against the Chilean peso equivalent to 12.9% as of 2Q15.

In Colombia EBITDA amounted to CLP 1,947 million, representing a 37.5% drop explained by the decrease in gross margin.

<u>Peru</u>: Revenues for the Peruvian operation reached CLP 41,580 million, 48.3% greater than 2Q15, and basically explained by a 55.8% increased sales volume in LPG equivalent tons due to the incorporation of the Neogas operation which was not present in 2Q15.

In Peru EBITDA reached CLP 3,678 million, with a 1.3% growth due to higher volumes sold. Unit margin dropped by 7.5% regarding 2Q15, explained by lower unit margins in LPG sales.

Expenses increased by CLP 4,219 million (69.9%) due to greater expenses in remuneration and salaries, freight, maintenance and other expenses. Of this total, CLP 3,917 million correspond to the incorporation of expenses from the Neogas operation which was not present in 2Q15.

News

Dividend payment

On April 27, 2016, the General Shareholders' Meeting approved the distribution of an additional dividend charged to earnings for the fiscal year 2015 amounting to CLP 2,979,441,693, equivalent to CLP 26.233 per share, which was paid on April 28, 2016.

On April 28, 2016, an interim dividend was paid in the amount of CLP 37.861 per share, charged to earnings for the fiscal year 2016, which was agreed during Board session held March 30, 2016.

On June 29, 2016 the Board agreed to pay an interim dividend of CLP 77.482 per share charged to earnings for the fiscal year 2016 which was paid on July 20, 2016.

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Lipigas is an energy company that seeks to contribute to sustainable development by improving the quality of life through the commercialization of gas in Latin America. In Chile it is a leader in the LPG field through the largest network of nationwide coverage. It services residential, industrial, real estate sectors and vehicular gas from Arica to Coyhaique. It is present in the LPG distribution market in Colombia since 2010 and in Peru since 2013. It is also present in the distribution of natural gas in Chile through the distribution of network natural gas and LNG and in Peru through the distribution of CNG.

For more information visit: www.lipigas.com

Forward looking statements

The statements contained in this press release, including those regarding forecasts for the Company's business, the projections of operation, financial results, the growth potential of the Company, the market and macroeconomic estimates are merely projections and are based on management expectations regarding the future of the Company. These expectations are highly dependent on changes in the market, the overall economic performance of Latin America, particularly of the countries where the Company has operations, the industry and international markets, and are therefore subject to change. Statements about future expectations relate only as of the date they are made, and the Company is not responsible for publicly updating any of them in light of new information, future events or others. The Company's annual report, its financial statements, and the analysis of them include more information about risks associated with the business and are available on the web site: www.lipigas.com.

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Consolidated Income Statement in million CLP

	2Q16	2Q15	Var. Y/Y (%)	Cum.2016	Cum.2015	Var. Y/Y (%)
LPG Sales Volume (tons)	**179,476**	**164,785**	**8.9 %**	**327,191**	**305,535**	**7.1 %**
NG Sales Volume (M3)	**23,196,478**	**303,706**	**7537.8 %**	**38,228,346**	**551,169**	**6835.9 %**
LNG Sales Volume (M3)	**5,619,714**	**3,462,885**	**62.3 %**	**9,505,189**	**5,700,745**	**66.7 %**
LPG Sales Volume (equivalent tons) [1]	**201,809**	**167,704**	**20.3 %**	**364,185**	**310,361**	**17.3 %**
Revenues	**110,252**	**95,038**	**16.0 %**	**195,689**	**174,560**	**12.1 %**
Cost of goods sold	(61,712)	(52,593)	17.3 %	**(108,917)**	**(98,866)**	10.2 %
Gross margin [2]	**48,540**	**42,445**	**14.4 %**	**86,772**	**75,694**	**14.6 %**
CLP/equivalent LPG tons	*240,522*	*253,094*	*(5.0)%*	*238,263*	*243,891*	*(2.3)%*
Other revenues by function	312	274	13.8 %	363	528	(31.3)%
-Freight	(7,407)	(5,918)	25.2 %	(13,356)	(10,685)	25.0 %
-Remuneration, salaries, benefits and mandatory expenses	(6,820)	(6,158)	10.7 %	(13,310)	(11,954)	11.3 %
-Maintenance	(5,199)	(3,653)	42.3 %	(9,376)	(7,625)	23.0 %
-Others	(7,706)	(6,547)	17.7 %	(13,462)	(11,901)	13.1 %
EBITDA [3]	**21,720**	**20,443**	**6.2 %**	**37,630**	**34,057**	**10.5 %**
CLP/equivalent LPG tons	*107,626*	*121,901*	*(11.7)%*	*103,328*	*109,733*	*(5.8)%*
Depreciation and amortization	*(4,550)*	*(4,062)*	12.0 %	*(8,879)*	*(7,710)*	15.2 %
Operating Income	**17,170**	**16,381**	**4.8 %**	**28,752**	**26,347**	**9.1 %**
Financial costs	(2,483)	(2,983)	(16.8)%	(4,219)	(5,222)	(19.2)%
Financial income	67	394	(83.1)%	389	454	(14.3)%
Exchange rate difference	25	205	(88.0)%	225	(78)	(387.0)%
Income by adjustment unit	(1,048)	(1,049)	(0.1)%	(1,844)	(1,051)	75.5 %
Other gains (losses)	653	(1,896)	(134.5)%	636	(2,104)	(130.2)%
Non-Operating Income	**(2,786)**	**(5,329)**	**(47.7)%**	**(4,813)**	**(8,002)**	**(39.9)%**
Earnings before taxes	**14,384**	**11,052**	**30.1 %**	**23,939**	**18,345**	**30.5 %**
-Income Tax	(3,640)	(2,092)	74.0 %	(5,831)	(3,859)	51.1 %
Earnings after taxes	**10,744**	**8,960**	**19.9 %**	**18,108**	**14,486**	**25.0 %**
Earnings per share (CLP/share)	*94.71*	*78.64*	*20.4%*	*159.26*	*127.16*	*25.2 %*

See definitions of: Sales in equivalent LPG tons, Gross Margin and EBITDA at the end of this document

Breakdown by country (in million CLP)

Chile	2Q16	2Q15	Var. Y/Y (%)	Cum.2016	Cum.2015	Var. Y/Y (%)
Average exchange rate (CLP/USD)	677.7	617.8	9.7 %	689.8	621.1	11.1 %
LPG Sales Volume (tons)	**122,719**	**111,851**	**9.7 %**	**214,877**	**201,650**	**6.6 %**
NG Sales Volume (M3)	**272,337**	**303,706**	**(10.3)%**	**498,122**	**551,169**	**(9.6)%**
LNG Sales Volume (M3)	**5,619,714**	**3,462,885**	**62.3 %**	**9,505,189**	**5,700,745**	**66.7 %**
LPG Sales Volume (equivalent tons) [1]	**127,286**	**114,770**	**10.9 %**	**222,629**	**206,495**	**7.8 %**
Revenues	**79,066**	**72,540**	**9.0 %**	**136,031**	**130,118**	**4.5 %**
Cost of goods sold	(41,759)	(39,820)	4.9 %	(70,812)	(73,364)	(3.5)%
Gross margin [2]	**37,308**	**32,720**	**14.0 %**	**65,219**	**56,753**	**14.9 %**
CLP/equivalent LPG tons	*293,101*	*285,092*	*2.8 %*	*292,947*	*274,841*	*6.6 %*
Other revenues by function	312	274	13.8 %	363	528	(31.3)%
Operating expenses	(18,478)	(16,143)	14.5 %	(33,576)	(29,967)	12.0 %
EBITDA [3]	**19,141**	**16,850**	**13.6 %**	**32,005**	**27,315**	**17.2 %**
CLP/equivalent LPG tons	*150,376*	*146,818*	*2.4%*	*143,761*	*132,278*	*8.7%*
Depreciation and amortization	(3,286)	(3,156)	4.1 %	(6,520)	(5,915)	10.2 %
Operating Income	**15,855**	**13,694**	**15.8 %**	**25,485**	**21,400**	**19.1 %**

Colombia	2Q16	2Q15	Var. Y/Y (%)	Cum.2016	Cum.2015	Var. Y/Y (%)
Average exchange rate (COP/USD)	2,995	2,501	19.7%	3,122	2,485	25.6%
LPG Sales Volume (tons)	**19,697**	**19,198**	**2.6%**	**38,753**	**37,883**	**2.3%**
Revenues	**9,223**	**8,197**	**12.5 %**	**18,077**	**16,400**	**10.2 %**
Cost of goods sold	(5,345)	(3,501)	52.7 %	(10,457)	(7,125)	46.8 %
Gross margin [2]	**3,878**	**4,696**	**(17.4)%**	**7,620**	**9,275**	**(17.8)%**
CLP/equivalent LPG tons	*196,863*	*244,609*	*(19.5)%*	*196,627*	*244,832*	*(19.7)%*
Other revenues by function	0	0	0.0 %	0	0	0.0 %
Operating expenses	(2,888)	(3,009)	(4.0)%	(5,673)	(6,162)	(7.9)%
EBITDA [3]	**989**	**1,687**	**(41.4)%**	**1,947**	**3,112**	**(37.5)%**
CLP/equivalent LPG tons	*50,223*	*87,889*	*(42.9)%*	*50,236*	*82,161*	*(38.9)%*
Depreciation and amortization	(468)	(493)	(5.1)%	(895)	(975)	(8.2)%
Operating Income	**521**	**1,194**	**(56.4)%**	**1,052**	**2,137**	**(50.8)%**

Peru	2Q16	2Q15	Var. Y/Y (%)	Cum.2016	Cum.2015	Var. Y/Y (%)
Average exchange rate (PEN/USD)	3.32	2.95	12.5 %	3.39	2.98	13.5 %
LPG Sales Volume (tons)	**37,060**	**33,736**	**9.9 %**	**73,561**	**66,002**	**11.5 %**
NG Sales Volume (M3)	**22,924,141**	**0**	**0.0 %**	**37,730,224**	**0**	**0.0 %**
LPG Sales Volume (equiv. ton)[1]	**54,826**	**33,736**	**62.5 %**	**102,803**	**65,983**	**55.8 %**
Revenues	**21,962**	**14,301**	**53.6 %**	**41,580**	**28,043**	**48.3 %**
Cost of goods sold	(14,608)	(9,272)	57.5 %	(27,647)	(18,377)	50.4 %
Gross margin [2]	**7,354**	**5,029**	**46.2 %**	**13,933**	**9,666**	**44.2 %**
CLP/equivalent LPG tons	*134,139*	*149,066*	*(10.0)%*	*135,535*	*146,488*	*(7.5)%*
Other revenues by function	0	0	0.0 %	0	0	0.0 %
Operating expenses	(5,764)	(3,123)	84.6 %	(10,255)	(6,036)	69.9 %
EBITDA [3]	**1,590**	**1,906**	**(16.6)%**	**3,678**	**3,629**	**1.3 %**
CLP/equivalent LPG tons	*29,000*	*56,488*	*(48.7)%*	*35,779*	*55,007*	*(35.0)%*
Depreciation and amortization	(797)	(413)	93.0 %	(1,464)	(820)	78.6 %
Operating Income	**793**	**1,493**	**(46.9)%**	**2,214**	**2,810**	**(21.2)%**

See definitions of: Sales in equivalent LPG tons, Gross Margin and EBITDA at the end of this document

Financial Indicators -Evolution

Million CLP	2Q16	1Q16	4Q15	3Q15	2Q15
Investment in property, plant & equip.[4]	7,666	7,863	5,135	5,938	6,430
Cash and cash equivalents	21,232	23,034	31,215	41,844	25,613
Dividends payable[5]	8,800	4,300	0	13,000	9,000
Net cash and cash equivalents[6]	12,432	18,734	31,215	28,844	16,613
Total financial debt	134,446	129,242	118,632	115,356	114,377
-Short term financial debt	13,018	7,763	3,264	2,498	7,438
-Long term financial debt	121,428	121,479	115,367	112,857	106,939
EBITDA LTM	82,619	81,514	79,046	70,400	57,404
Financial Ratios (times)					
-Financial debt/EBITDA[7]	1.4	1.3	1.1	1.0	1.5
-Indebtedness[8]	0.9	0.8	0.7	0.6	0.7

Definitions:

[1] LPG Sales volume (equiv. tons): Addition of LPG sales in tons plus NG and LNG sales measured in equivalent LPG tons based on calorific value

[2] Gross Margin: Revenues from ordinary activities less the costs of purchase of products and services sold (without deducting expenses, depreciation or amortization).

[3]EBITDA: Revenues from ordinary activities and other revenues by function less costs and expenses (excluding depreciation and amortization)

[4]Investment in property, plant and equipment corresponds to gross investments carried out during the quarter

[5]Dividends payable correspond to dividends payable as of the reported quarter.

[6]Net cash and cash equivalents correspond to available cash discounting liability for dividends pending of payment.

[7]Financial debt less cash and cash equivalents / EBITDA LTM

[8]Net financial debt divided total equity.