EMPRESAS LIPIGAS S.A. ANNOUNCES RESULTS FOR THE THIRD QUARTER OF 2016

Santiago, Chile, November 17, 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 third quarter ended September 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 5.4% as of September 30

Highlights last 9 months:

- EBITDA reached CLP 61,130 million, similar to that of the same period of the previous year (CLP 61,391 million).
- Consolidated LPG sales volume increases by 6.2%
- Consolidated sales volume in LPG equivalent tons (including sales of natural gas, compressed natural gas and liquefied natural gas) grows by 16.6%.
- Income after taxes increases 5.4%.

Highlights 3Q 2016:

- EBITDA decreases by 14.0% compared to 3Q15, a quarter during which positive results were generated from the import operation influenced by a favorable temporary situation in the market for maritime freight rates.
- The operation in Chile generated a 12.4% lower EBITDA, mainly from lower margins from maritime imports given the favorable situation presented in 2015 regarding freight rates.
- Income after taxes for the last 3 months decreases by 14.1% regarding 3Q15, mainly due to the mentioned factors.

Comments of the General Manager – Ángel Mafucci

" EBITDA generated in the first 9 months of the year was CLP 61,130 million and was at levels similar to those of the previous year. Consolidated sales volumes of LPG equivalent tons (including our sales of network natural gas, compressed natural gas and liquefied natural gas) increased by 16.6%. The results did not entirely reflect this increase because Colombia and Peru presented lower unit margins and in Chile margin comparisons are affected by the result of LPG imports of 2015 that had been influenced by a favorable situation in the market for maritime freight rates. Ultimately, the operation of our company continues consolidating and, on the other hand, we are still analyzing opportunities to leverage our strengths and expand our business base."

3Q16 Consolidated Results

Consolidated revenues reached CLP 114,222 million, representing a 6.8% increase, resulting from increased sales volume (+15.5% equivalent LPG tons).

Gross margin reached CLP 51,354 million, decreasing by 1.5%. Lower gross margin is generated in Chile and Colombia. In Chile, gross margin decreases by 4.8% compared to 3Q15, a period during which, improved margins were generated in gas imports influenced by a favorable situation in the market for maritime freight rates. In Colombia, gross margin decreases by 7.8% affected by greater costs in the purchase of LPG that could not be completely transferred to retail prices and given the devaluation of the Colombian peso against the Chilean peso (2.6%). In Peru, gross margin increases by 27.3% due to a 10.8% higher LPG sales volume compared with 3Q15 although presenting lower unit margins, and due to the incorporation of volume generated by natural gas sales from the acquisition of the Neogas operation (compressed natural gas) which was not present during 3Q15.

EBITDA reached CLP 23,499 million dropping 14.0%. Chile and Colombia present lower EBITDA given lower gross margin and a 4.2% increase of expenses in Chile, and Peru decreases it EBITDA since the incorporation of results from the compressed natural gas operation was offset by lower LPG sales margin.

Negative non-operating income decreased by CLP 2,386 million mainly due to lower financial costs and lower negative results by adjustment units regarding 3Q15.

Earnings after taxes decreased 14.1% mainly explained by the generation of lower EBITDA and partially offset by better non-operating income.

Analysis by country

Chile: Revenues for the Chilean operation reached CLP 82,204 million, 0.8% higher than 3Q15 and explained by a 3.5% higher LPG sales volume. Sales volume in equivalent LPG tons increased 4.5%.

In Chile EBITDA amounted to CLP 20,356 million, representing a 12.4% decrease compared to 3Q15 resulting from lower margins from the maritime import operation. Said results were influenced from a favorable situation in the market for freight rates.

Gross margin reached CLP 39,700 million, a 4.8% decrease compared to 3Q15 and was generated by the already discussed lower margins presented by the maritime import operation.

Operating expenses in Chile increases by CLP 782 million (+4.2%) resulting from increased expenses in freight, remuneration and salaries and marketing expenses.

Colombia: Revenues for the Colombian operation reached CLP 8,663 million, 6.8% lower than 3Q15. LPG sales volume increased 1.1%.

Colombia's gross margin measured in Chilean pesos presents a 7.8% negative variation given lower unit margins and the 2.6% depreciation of the Colombian peso against the Chilean peso compared to 3Q15.

In Colombia, EBITDA amounted to CLP 1,369 million, representing a 23.0% decrease compared to 3Q15 mainly due to lower unit margins.

Operating expenses decreased by CLP 80 million (-2.6%) given lower expenses in remuneration and salaries and other expenses, partially offset by increased freight and maintenance expenses. Expenses are also favorably influenced by the devaluation of the Colombian peso.

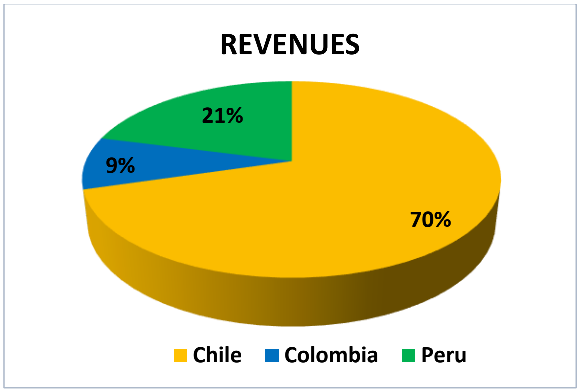
Peru: Revenues for the Peruvian operation reached CLP 23,355 million, 45.2% higher than 3Q15, basically explained by increased sales volume and the incorporation of the compressed natural gas operation. LPG sales volume increased 10.8%. Sales volume in equivalent LPG tons increased 61.9% given the incorporation of compressed natural gas sales volume which was not present in 3Q15.

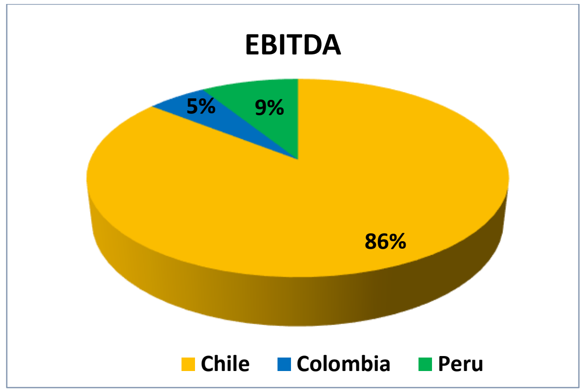
EBITDA reached CLP 1,775 million in Peru, representing a 23.4% decrease compared to 3Q15 given that the incorporation of the commercialization operation of compressed natural gas was offset by lower unit margins from the LPG operation.

Gross margin increases 27.3% due to increased sales volume. The Peruvian currency depreciated by 4.4% against the Chilean peso compared to 3Q15. Unit margins in equivalent LPG tons decreased 21.4% compared to 3Q15. This was influenced by the lower margin regarding natural compressed gas sales tons and the drop in unit margins from LPG sales.

Operating expenses increased by CLP 2,234 million due to increased freights, remuneration and salaries and maintenance, mainly due to the incorporation of expenses from the natural compressed gas operation sales (CLP 2,073 million) not present in 3Q15

Accumulated Consolidated Results as of 09-30-2016





Consolidated revenues reached CLP 309,911 million, representing a 10.1% increase due to higher sales volume (+16.6% in equivalent LPG tons) partially offset by lower unit margins. Consolidated costs of goods sold reached CLP 171,785 million representing an 11.8% increase.

Gross margin reached CLP 138,126 million, increasing 8.0%. Chile and Peru generated higher gross margin. Gross margin in Chile (6.6%) is influenced by greater sales volume (6.5%) and stable unit margins compared to 2015. In Colombia, margin is impacted by higher LPG purchase costs that were not able to be entirely transferred to the public and by the 8.5% devaluation of the Colombian peso against the Chilean peso regarding 2015. In Peru the increase of gross margin was due to higher LPG sales volume and the incorporation of volume generated by compressed natural gas sales from the acquisition of the Neogas operation, which was not present during 2015. These increases were partially offset by lower unit margins from LPG sales.

EBITDA reached CLP 61,130 million representing a 0.4% decrease. Chile contributes positively to the EBITDA generation. Consolidated operating expenses increased by 15.3% (CLP 10,275 million) as a result of greater remuneration and salaries, freight and maintenance. Part of these expenses (CLP 5,962 million) correspond to the incorporation of the operation of compressed natural gas sales in Peru. .

Negative non-operating income decreased by CLP 5,575 million mainly explained by lower financial expenses amounting to CLP 2,242 million, lower expenses amounting to CLP 2,363 million due to lower disposals of property, plant & equipment and CLP 397 million higher revenues due to collection from distributors for cylinders.

Earnings after taxes increased 5.4%.

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

Analysis by Country

Chile: Revenues for the Chilean operation reached CLP 218,235 million, a 3.1% higher than the accumulated for 2015 explained by a 5.4% higher LPG sales volume. Sales volume in equivalent LPG tons increased by 6.5%.

EBITDA amounted to CLP 52,361 million, representing a 3.6% growth compared to 2015 due to increased sales volume and stable unit margins.

Gross margin increased by CLP 6,461 million regarding 2015 explained by higher sales volume and stable unit margins, including the operation of the maritime terminal which began operating in March 2015. The greater volume operated through the terminal was offset by the positive results obtained in 2015 influenced by a favorable situation in the market for maritime freight rates that generated estimated earnings of CLP 3,500 million and which was not repeated this year.

Operating expenses increased by CLP 4,391 million regarding 2015 due to higher expenses in remuneration and salaries, freight, maintenance and marketing expenses.

Colombia: Revenues for the Colombian operation reached CLP 26,740 million, a 4.1% higher than 2015, explained by a 1.9% increase of LPG sales volume and a higher domestic price of LPG during the first part of the year. Gross margin decreased by 14.5% and unit margin decreased by 16.0% resulting from not being able to completely transfer the increase in the cost of LPG purchases to the final consumer and given the 8.5% devaluation of the Colombian currency against the Chilean peso compared to 2015.

EBITDA amounted to CLP 3,316 million, representing a 30.5% drop explained by the decrease in gross unit margins and the devaluation of the Colombian currency.

Peru: Revenues for the Peruvian operation reached CLP 64,935 million, 47.1% greater than 2015, and basically explained by a 58.0% increased sales volume in LPG equivalent tons due to the incorporation of the compressed natural gas sales operation which was not present in 3Q15.

EBITDA reached CLP 5,453 million, decreasing 8.3% due to increased operating expenses. Unit margin dropped by 12.7% regarding 2015, explained by lower unit margins in LPG sales and a lower margin regarding compressed natural gas sales. The Peruvian currency devaluated 3.0% against the Chilean peso.

Expenses increased by CLP 6,453 million (69.1%) due to greater expenses in remuneration and salaries, freight, maintenance and other management expenses. Of this total, CLP 5,962 million (63.0%) correspond to the incorporation of expenses from the Neogas operation which were not present in 2015.

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.

On September 28, 2016 the Board agreed to pay an interim dividend of CLP 78.36265 per share charged to earnings for the fiscal year 2016, which was paid on October 12, 2016.

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Investor Relations Contact

Tomas Escoda Cofré
Financial Planning and Management Control Deputy Manager
tescoda@lipigas.cl
T: (562) 2650-3839

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.

Empresas Lipigas S.A.

Consolidated Income Statement in million CLP

	3Q16	3Q15	Var. Y/Y (%)	Accum'16	Accum'15	Var. A/A (%)
LPG Sales Volume (tons)	**190,620**	**182,087**	**4.7 %**	**517,811**	**487,622**	**6.2 %**
NG Sales Volume (M3)	**24,507,443**	**382,698**	**6303.9 %**	**62,735,789**	**933,867**	**6617.9 %**
LNG Sales Volume (M3)	**4,807,254**	**3,024,834**	**58.9 %**	**14,312,443**	**8,725,579**	**64.0 %**
LPG Sales Volume (equivalent tons) [1]	**213,340**	**184,748**	**15.5 %**	**577,525**	**495,109**	**16.6 %**
Revenues	**114,222**	**106,955**	**6.8 %**	**309,911**	**281,515**	**10.1 %**
Cost of goods sold	(62,868)	(54,800)	14.7 %	**(171,785)**	**(153,666)**	11.8 %
Gross margin[2]	**51,354**	**52,155**	**(1.5)%**	**138,126**	**127,849**	**8.0 %**
CLP/equivalent LPG tons	*240,713*	*282,302*	*(14.7)%*	*239,168*	*258,224*	*(7.4)%*
Other revenues by function	181	279	(35.2)%	544	807	(32.6)%
-Freight	(7,900)	(6,457)	22.3 %	(21,249)	(17,152)	23.9 %
-Remuneration, salaries, benefits and mandatory expenses	(7,216)	(6,572)	9.8 %	(20,526)	(18,526)	10.8 %
-Maintenance	(4,380)	(3,471)	26.2 %	(12,403)	(10,211)	21.5 %
-Others	(8,539)	(8,600)	(0.7)%	(23,361)	(21,376)	9.3 %
EBITDA [3]	**23,499**	**27,334**	**(14.0)%**	**61,130**	**61,391**	**(0.4)%**
CLP/equivalent LPG tons	*110,150*	*147,952*	*(25.6)%*	*105,848*	*123,994*	*(14.6)%*
Depreciation and amortization	*(4,606)*	*(4,074)*	13.0 %	*(13,484)*	*(11,784)*	14.4 %
Operating Income	**18,894**	**23,260**	**(18.8)%**	**47,645**	**49,607**	**(4.0)%**
Financial costs	(2,220)	(3,458)	(35.8)%	(6,439)	(8,681)	(25.8)%
Financial income	304	246	23.8 %	693	700	(0.9)%
Exchange rate difference	120	(45)	(367.9)%	345	(123)	(380.1)%
Income by adjustment unit	(751)	(1,899)	(60.5)%	(2,595)	(2,950)	(12.0)%
Other gains (losses)	348	572	(39.1)%	984	(1,532)	(164.2)%
Non-Operating Income	**(2,199)**	**(4,585)**	**(52.0)%**	**(7,011)**	**(12,586)**	**(44.3)%**
Earnings before taxes	**16,695**	**18,675**	**(10.6)%**	**40,634**	**37,020**	**9.8 %**
-Income Tax	(4,188)	(4,108)	1.9 %	(10,019)	(7,968)	25.7 %
Earnings after taxes	**12,507**	**14,567**	**(14.1)%**	**30,615**	**29,053**	**5.4 %**
Earnings per share (CLP/share)	*110.09*	*127.85*	*-13.9%*	*269.35*	*255.01*	*5.6 %*

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

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Breakdown by country (in million CLP)

Chile	3Q16	3Q15	Var. Y/Y (%)	Accum'16	Accum'15	Var. A/A (%)
Average exchange rate (CLP/USD)	661.7	676.2	(2.2)%	680.4	639.9	6.3 %
LPG Sales Volume (tons)	**129,590**	**125,243**	**3.5 %**	**344,466**	**326,893**	**5.4 %**
NG Sales Volume (M3)	**368,154**	**382,698**	**(3.8)%**	**866,276**	**933,867**	**(7.2)%**
LNG Sales Volume (M3)	**4,807,254**	**3,024,834**	**58.9 %**	**14,312,443**	**8,725,579**	**64.0 %**
LPG Sales Volume (equivalent tons) [1]	**133,601**	**127,884**	**4.5 %**	**356,230**	**334,379**	**6.5 %**
Revenues	**82,204**	**81,567**	**0.8 %**	**218,235**	**211,684**	**3.1 %**
Cost of goods sold	(42,505)	(39,863)	6.6 %	(113,317)	(113,227)	0.1 %
Gross margin [2]	**39,700**	**41,704**	**(4.8)%**	**104,918**	**98,457**	**6.6 %**
CLP/equivalent LPG tons	*297,151*	*326,106*	*(8.9)%*	*294,524*	*294,448*	*0.0 %*
Other revenues by function	181	279	(35.2)%	544	807	(32.6)%
Operating expenses	(19,524)	(18,743)	4.2 %	(53,101)	(48,709)	9.0 %
EBITDA [3]	**20,356**	**23,240**	**(12.4)%**	**52,361**	**50,555**	**3.6 %**
CLP/equivalent LPG tons	*152,364*	*181,728*	*-16.2%*	*146,988*	*151,191*	*-2.8%*
Depreciation and amortization	(3,364)	(3,172)	6.1 %	(9,884)	(9,086)	8.8 %
Operating Income	**16,992**	**20,068**	**(15.3)%**	**42,478**	**41,469**	**2.4 %**

Colombia	3Q16	3Q15	Var. Y/Y (%)	Accum'16	Accum'15	Var. A/A (%)
Average exchange rate (COP/USD)	2,946	2,936	0.4%	3,063	2,637	16.1%
LPG Sales Volume (tons)	**20,533**	**20,305**	**1.1%**	**59,286**	**58,187**	**1.9%**
Revenues	**8,663**	**9,299**	**(6.8)%**	**26,740**	**25,699**	**4.1 %**
Cost of goods sold	(4,323)	(4,592)	(5.9)%	(14,781)	(11,717)	26.1 %
Gross margin [2]	**4,340**	**4,707**	**(7.8)%**	**11,960**	**13,982**	**(14.5)%**
CLP/equivalent LPG tons	*211,358*	*231,813*	*(8.8)%*	*201,729*	*240,289*	*(16.0)%*
Other revenues by function	0	0	0.0 %	0	0	0.0 %
Operating expenses	(2,971)	(2,929)	1.4 %	(8,644)	(9,091)	(4.9)%
EBITDA [3]	**1,369**	**1,778**	**(23.0)%**	**3,316**	**4,890**	**(32.2)%**
CLP/equivalent LPG tons	*66,664*	*87,562*	*(23.9)%*	*55,926*	*84,046*	*(33.5)%*
Depreciation and amortization	(462)	(456)	1.2 %	(1,357)	(1,432)	(5.2)%
Operating Income	**907**	**1,322**	**(31.4)%**	**1,959**	**3,459**	**(43.4)%**

Peru	3Q16	3Q15	Var. Y/Y (%)	Accum'16	Accum'15	Var. A/A (%)
Average exchange rate (PEN/USD)	3.29	3.22	2.3 %	3.35	3.06	9.6 %
LPG Sales Volume (tons)	**40,498**	**36,539**	**10.8 %**	**114,059**	**102,541**	**11.2 %**
NG Sales Volume (M3)	**24,139,289**	**0**	**0.0 %**	**61,869,513**	**0**	**0.0 %**
LPG Sales Volume (equiv. ton) [1]	**59,206**	**36,559**	**61.9 %**	**162,009**	**102,542**	**58.0 %**
Revenues	**23,355**	**16,089**	**45.2 %**	**64,935**	**44,132**	**47.1 %**
Cost of goods sold	(16,041)	(10,345)	55.1 %	(43,688)	(28,722)	52.1 %
Gross margin [2]	**7,314**	**5,744**	**27.3 %**	**21,248**	**15,410**	**37.9 %**
CLP/equivalent LPG tons	*123,541*	*157,118*	*(21.4)%*	*131,152*	*150,278*	*(12.7)%*
Other revenues by function	0	0	0.0 %	0	0	0.0 %
Operating expenses	(5,540)	(3,428)	61.6 %	(15,795)	(9,464)	66.9 %
EBITDA [3]	**1,775**	**2,316**	**(23.4)%**	**5,453**	**5,945**	**(8.3)%**
CLP/equivalent LPG tons	*29,972*	*63,345*	*(52.7)%*	*33,657*	*57,979*	*(42.0)%*
Depreciation and amortization	(780)	(446)	74.8 %	(2,244)	(1,266)	77.3 %
Operating Income	**994**	**1,869**	**(46.8)%**	**3,209**	**4,679**	**(31.4)%**

Empresas Lipigas S.A.

Financial Indicators - Evolution

Million CLP	3Q16	2Q16	1Q16	4Q15	3Q15
Investment in property, plant & equip.[4]	6,495	7,666	7,863	5,135	5,938
Cash and cash equivalents	25,826	21,232	23,034	31,215	41,844
Dividends payable[5]	8,900	8,800	4,300	0	13,000
Net cash and cash equivalents[6]	16,926	12,432	18,734	31,215	28,844
Total financial debt	132,008	134,446	129,242	118,176	115,356
-Short term financial debt	12,707	15,163	7,763	3,254	2,498
-Long term financial debt	119,301	119,283	121,479	114,922	112,857
EBITDA LTM	78,785	82,619	81,514	79,046	70,400
Financial Ratios (times)					
-Financial debt/EBITDA[7]	1.3	1.4	1.3	1.1	1.0
-Indebtedness[8]	0.8	0.9	0.8	0.7	0.6

Definitions:

[1] LPG Sales volume (equiv. tons): Addition of LPG sales in tons plus network natural gas, compressed natural gas 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.