2017 ANNUAL REPORT

EMPRESAS **LIPIGAS**

Aerial view of the Regasification Satellite Plant, Osorno, Los Lagos Region, Chile.

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LETTER FROM THE **CHAIRMAN**

Dear shareholders,

I am pleased to present the Annual Report and Financial Statements of Empresas Lipigas S. A., for the year ended December 31, 2017.

Positive results were achieved during this period, highlighting the 12% increase in EBITDA compared to the previous year and the 3.6% increase in LPG sales volume, in addition to the 3.1% increase in consolidated sales.

In Chile, LPG sales grew 4.7%, achievement especially linked to a winter season with low temperatures and to the consolidation of a strategy based on the closeness with our final customers, whose main purpose is to deliver Comprehensive and efficient energy solutions that meet their needs.

We do this by ratifying our commitment to a service of excellence in our different business lines, strengthening our presence in the LPG market in the three countries where we operate and expanding our work towards new energies that include natural gas and electricity.

Thus, since October 2017, Lipigas distributes network natural gas in the cities of Puerto Montt and Osorno, as part of a project that seeks to increase the offer so that customers can opt for the energy alternative that best suits their needs and in addition, it contributes to the decontamination of the south zone of Chile. Both liquefied gas and natural gas have attributes that make them an excellent substitute for lower-quality energies, such as paraffin and firewood.

Another milestone of the period is the start-up of our first small-scale DG power plant (PMDG for its acronym in Spanish), installed in Concón, with a capacity of 6MW and which marks our entrance to the electric generation market based on natural gas. At the close of this edition, also, the market was informed of the acquisition of 65% of Marquesa GLP SpA, in order to supply electricity to 2 mining operations located in the Coquimbo region. For this, 2 generating plants with an installed capacity of 1.6 MW and 5.6 MW, respectively, will be developed, which use liquefied gas as fuel, complementing photovoltaic electricity supply.

Also, in 2017, the Company decided to internationalize the business of liquefied natural gas for industrial customers, considering the opportunities presented in Chile, as well as in Peru and Colombia. In this field we have a value proposition that includes energy consultancy focused on the permanent search for equipment and new applications that provide the best solutions available in the world, for our current and future customers.

In December 2017, Lima Gas was notified of the resolution in the first instance of an administrative procedure of the National Institute of Defense of Competition in Peru, for an alleged pricing agreement among importing and/or bottling LPG companies in that country during a period prior to 2011, imposing fines on 3 companies, among them, this subsidiary. Given this resolution, which is not final, Lima Gas presented an appeal, which was admitted, insisting that the relevant arguments and means of evidence delivered in the procedure were not duly considered.

Since 2015, the Company has reinforced its compliance plan, focusing on permanent training of its employees on free competition matters, in addition to the regulatory compliance control and auditing of business lines and other areas in the headquarters and its subsidiaries.

In the field of labor relations, during 2017 we successfully completed the respective collective bargaining with two of the trade unions in Chile (north and central areas), achieving agreements between management and workers based on respect and mutual collaboration.

Together with this, we are again among the best companies to work in Chile, according to the measurement performed annually by Great Place to Work. Our commitment is to maintain and continue building motivating environments, with positive working climates that contribute to the development of people and our business. We also entered the Hall of Fame of the Best Brands in Chile, which encourages us to continue working. Each year is a new opportunity to grow and improve, focusing our actions on improving the quality of life and being a relevant actor in energy, always at the service of our customers.

Juan Manuel Santa Cruz Munizaga
Chairman of the Board of Directors
Empresas Lipigas S.A

OUR COMPANY

COMPANY IDENTIFICATION

Corporate name : Empresas Lipigas S.A.
Type of entity : Open Stock Corporation
Legal address : Apoquindo 5400, piso 15, Las Condes, Santiago de Chile.
RUT (Chilean Tax Identification No.) : 96.928.510–K

Incorporation: The Company was incorporated in Santiago, Chile by a public deed dated August 9, 2000, before the notary public Mr. José Musalem Saffie. An abstract of such deed is registered on the Santiago Registry of Commerce on page 21,484 N° 17,133 of the Santiago Real Estate Registrar and published in the Official Daily Newspaper on August 24 of that same year. Its corporate purpose is to invest, acquire, sell, manage, operate and commercialize, at any title, on its own account or on behalf of others, all kinds of own or third-party property, movable or immovable, corporeal and incorporeal, and participate in all sorts of companies related to the line of business of import, export, storage, fractionation, commercialization, distribution and transport of liquefied petroleum gas (LPG) and all kinds of liquid and gaseous fuels. Also, the use and exploitation of gas in any form for the generation and production of electric energy or other kinds of energy in any of its forms or nature, and the commercialization, operation, sale, supply and distribution of these types of energy.

CONTACT INFORMATION

Headquarters : Apoquindo 5400, piso 15, Las Condes, Santiago, Chile.
Telephone No. : (56–2) 26503620
Website : www.lipigas.com

INVESTOR RELATIONS:

Tomás Escoda Cofré
Financial Planning and Management Control Deputy Manager

E–mail : comunicacionesinversores@lipigas.cl
Telephone No. : (56–2) 26503620

MAIN FOREIGN SUBSIDIARIES:

COLOMBIA
Chilco Distribuidora de Gas y Energía S.A.S E.S.P
and RedNova S.A.S. E.S.P.
Transversal 23 # 95–53, piso 7
Barrio Chico Norte
Bogotá, Colombia
Telephone No.: (57–1) 7440580

PERU
Lima Gas S.A and Limagas Natural Perú S.A
Calle Bernini N° 149, Torre Trazo, Piso 4
San Borja, Lima, Perú
Telephone Nos.:
(51–1) 6173333 (Lima Gas)
(51–1) 6408888 (Limagas Natural Perú S.A)

VISION, MISSION, VALUES

Vision:

Be a relevant player in the energy market in Latin America, creating long-term value for our shareholders, collaborators, customers and the societies where we operate, delivering suitable solutions for each one of our customers.

Mission:

Be an energy company that contributes to sustainable development, improving the quality of life, through the commercialization of energy solutions in Latin America.

Values:

Caring for people

- We work so that our operations are developed under strict safety standards and care of the environment.
- We are concerned with contributing to the education of our collaborators, customers and community in the safe handling of the products we commercialize.

Respect

- **Towards our customers**, who give us the ability to exist as a company. We care about knowing and meeting their needs, delivering quality services and products, in a timely manner, and fulfilling our commitments.
- **Towards our network of collaborators**, the engine of our activity. We build a challenging and motivating work environment, seeking excellence and team spirit, safeguarding the work environment and quality of life.
- **Towards our shareholders**, ensuring sustainable results for the Company.

Transparency

- We develop our activity in an ethical manner, through open, reliable, and fair labor and trade relationships. We are responsible for our decisions and commitments, communicating them to the relevant stakeholders.

DESCRIPTION OF **BUSINESS ENVIRONMENT**

OUR HISTORY

The origin of Empresas Lipigas S. A (hereinafter Lipigas or the Company) dates back to the year 1950, when the first liquefied petroleum gas (LPG) distributor was born in Valparaíso, Chile. From this regional company, through the following years the group of companies that are known today begins forming.

In the last seven years the Company has undergone a solid growth process, expanding its presence in other Latin American countries, such as Colombia and Peru, and diversifying its offer of energy solutions for customers.

THE BEGINNINGS OF A GREAT COMPANY

1977
Agrogas emerges from Agrícola O'Higgins, in the Libertador Bernardo O'Higgins Region.

1975
Enagas is created, from the merger of distributors in Bío Bío and La Araucanía.

1959
Codigas is established in Santiago.

1950
Lipigas is born in the Valparaiso Region.

REGIONAL ORIGIN IN CHILE

Empresas Lipigas is a Chilean company of regional origin, with over 60 years' experience in the sale and distribution of gas from Arica to Coyhaique, with operations in Colombia since 2010 and in Peru since 2013.

1985
The Santa Cruz, Yaconi, Noguera, Vinagre and Ardizzoni families complete the acquisition process of the four regional Chilean companies.

2000
The group of owner families sell 45% of the shares to the Multinational Repsol, ownership that in 2012 is sold to the investor group LV Expansión.

2004
Conclusion of the process started in 2000, with the grouping of the four original brands under the name of Empresas Lipigas S.A.

INTERNATIONAL EXPANSION

2010
Lipigas acquires 70% of Chilco in Colombia (the remaining 30% is acquired in 2013).

2013
Lipigas acquires Lima Gas in Peru.

2014
Lipigas acquires Lidergas in Colombia.

2015
Lipigas acquires NEOgas Perú, currently Limagas Natural, entering the distribution market of Compressed Natural Gas (CNG).

2016
Lipigas creates the subsidiary Rednova SAS ESP in Colombia, for residential network distribution of gas.

INVESTMENT AND EXPANSION FOR THE FUTURE

2015
The facilities for direct seaborne imports of LPG begin operating at the Quintero Bay, central zone of Chile.

2016
The Company issues its first corporate bond in the amount of UF 3.5 million in Chile.

2016
The placement of 20% of the ownership of Lipigas is successfully completed, initiating the listing of its shares on the Santiago Stock Exchange in Chile.

2016
Lipigas introduces to the LPG market, the new Lipigas Plus format, a translucent 11 kg. cylinder, one of a kind in Chile.

2017
Lipigas begins distributing network natural gas in the cities of Osorno and Puerto Montt in southern Chile.

2017
Lipigas enters the electrical power generation business with the start-up of its first small-scale DG power plant in Concòn, Valapraíso Region, Chile.

"We have proposed to continue moving forward and consolidating our presence in Latin America as relevant players in the market, making diverse energy solutions, that meet multiple needs, available to our customers".

LPG client

INDUSTRIAL SECTOR

Lipigas S.A. is a company dedicated to delivering comprehensive energy solutions to its customers, in the three Latin American countries where it currently operates: Chile, Colombia and Peru, mainly based on liquefied petroleum gas (LPG) and also, natural gas (NG) in different formats.

Also, in the framework of its multi-energy strategy, in 2017 it entered the electrical power generation market in Chile, with the start-up of its first small-scale DG power plant (PMGD for its acronym in Spanish) in Concón, Valparaíso Region, in the central zone. At the close of this edition, in addition, it announced the purchase of 65% of the company Marquesa GLP SpA to supply electricity to two mining operations in the region of Coquimbo, in the central-northern zone of Chile.

In all three countries, its main business is the commercialization and distribution of LPG, which is distributed mostly in cylinders and also bulk, for clients in the residential, commercial, industrial and transport sectors.
Chile is its largest market in terms of sales volume, where it operates under the sole brand of Lipigas. In Colombia, the Company commercializes and distributes LPG through its subsidiaries Chilco and Rednova, with its brands Gas País (bottled) and Lidergas (bulk). In Peru it operates through its subsidiary Lima Gas GLP, under its brands Lima Gas and Caserito.

The sale and distribution of LPG is a highly competitive business in the three countries, due to the low differentiation of the products, the existence of various substitutes and the participation of large players. In Chile, Lipigas competes with Gasco, both of national capitals. In Colombia, its main competitors are subsidiaries of the same large companies that compete in Chile, such as Gases de Antioquía, Norgas, Gasan, Montagas, Vidagas and Unigas, among the main ones. In Peru, it competes mainly with Solgas, Llama Gas and Zeta Gas, among many other smaller brands.

In 2017, LPG consolidated sales volume in all three countries totaled 700,000 tons, with a variation of 3.6% over the previous year. It should be noted that more than 90% of Lipigas' consolidated revenues are generated by LPG sales.

Natural gas business

Regarding the distribution of natural gas (NG), Empresas Lipigas S. A participates in this business in Chile and Peru. In the Chilean market, the Company ventures in this market since the year 2004, in the city of Calama, in the north of the country, with distribution by networks to households, businesses and health establishments. In the second semester of 2017 it extended this activity to Puerto Montt and Osorno, in the south of the country, where it currently supplies clients from both cities.

In addition, since 2014, the Company distributes liquefied natural gas (LNG) by land, to industrial customers located in places far from networks and gas pipelines, by means of tanker trucks that transfer the product to the satellite regasification plants –known as SRP – located on the client's premises.

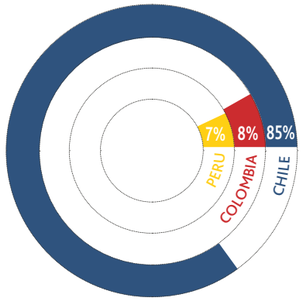
Gasvalpo, Energas, GasSur, Intergas, Innergy and Metrogas also participate in the distribution of natural gas by networks in Chile, in addition to Lipigas, with Metrogas being its most direct competition in the cities of the Los Lagos Region. In Calama it has no competitors in this segment, because only Lipigas has concession in this area.

Regarding the distribution of LNG in trucks for industries, Gasco, Metrogas, Enel and Engie (through its subsidiary, Gas Stream Solution Chile), are also involved

In Peru, Lipigas participates in the distribution of compressed natural gas (CNG) for vehicles and industrial clients, an operation developed through its subsidiary, Limagas Natural Perú. In this case, its main competitors are Energigas, Gascop and EGP.

In 2017, sales of natural gas (including network natural gas, compressed natural gas and liquefied natural gas) reached more than 106 million cubic meters, with a variation of -0.5% over the previous year (107.2 million cubic meters).

Although the Company's EBITDA remains strongly concentrated in Chile –85% at December 2017 – Colombia and Peru represent 8% and 7%, respectively, at the same date.



EBITDA distribution by country

"Innovation, quality of service and the development of new markets and products will continue to be key to our business in the coming years".

OUR PRODUCTS

Lipigas supplies clean, safe and efficient energy through the following products:

- Liquefied petroleum gas (LPG)
- Network natural gas (NG)
- Liquefied natural gas (LNG)
- Compressed natural gas (CNG)
- Electrical energy

Liquefied petroleum gas (LPG)

Liquefied petroleum gas (LPG) is a gaseous fuel that is obtained as a byproduct of crude oil refining. Under normal temperature conditions, it is a gas. When subjected to moderate pressure or cooled, it becomes liquid, reducing its volume by more than 270 times. This makes it easy to transport and store in different types of containers, such as cylinders and tanks.

LPG stands out for its clean and efficient combustion; it does not emit particulate matter, it leaves no residue or sulfur products, it is lead-free and free of other contaminant products, being an alternative energy source of very low environmental impact, a feature that gives it great advantages over substitutes like coal, firewood and diesel. In addition, its high thermal performance and versatility provide an economic advantage over other fuels.

Liquefied gas is commercialized and distributed in the following formats:

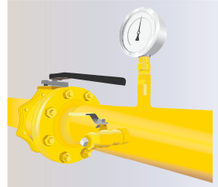
BOTTLED IN CYLINDERS:

The most popular form of distribution. Cylinders vary in format depending on customer needs and can be delivered directly to the user. Although most of the cylinders that are marketed in Latin America are made of steel, there are also cylinders made of polyethylene, like Lipigas Plus, which are sold in Chile since 2016. In addition to being lighter, this container is translucent and allows you to see its load inside.

BULK:

LPG is transported by trucks to tanks located at the homes of residential customers or at the facilities of stores and industries.

METERED GAS:



Designed to supply multiple independent consumption points from a common tank, which is replenished on a regular basis. The meter records the gas flow each customer uses, and a monthly reading is made for billing.

Natural gas (NG)

Natural gas (NG) is a gaseous hydrocarbon of fossil origin, with over 90% predominance of methane, and ethane, propane, butane and others, in smaller proportions. It can be obtained from conventional or non-conventional wells, depending on the geological structure of the deposits and the extraction technology. Like LPG, it has multiple applications, with uses ranging from food cooking, water heating and residential heating, through air conditioning (refrigeration), industrial steam generation and various drying systems, heat treatments, smelting, etc., up to electricity generation and vehicular transport. Likewise, combustion of natural gas has important advantages in relation to coal and oil in environmental terms, because of its lower CO_2 emissions as well as particulates and other pollutants that contribute to poor air quality and the consequent health problems of the population.

Liquefied natural gas (LNG)

LNG is natural gas which has undergone a cooling process (at –160°C) at atmospheric pressure, by which it changes its physical state from gas to liquid. This process – called liquefaction – reduces by approximately 600 times its volume, thus significantly expanding the possibilities of land and sea transport of the product.

LNG is transferred in methane tankers, from the liquefaction plants located in gas-producing countries, to the destination markets, where it is received in regasification terminals (in Chile there are two, in the central and northern part of the country). LNG is reconverted to gas in these installations through a vaporization process, allowing its subsequent distribution by pipelines and networks to the different customer segments.

Another type of project that has been developed in Chile are the so-called Satellite Regasification Plants (SRP), to supply consumption in places where there is no gas pipeline network. These units are regasification plants built in destination, which can be used to supply distribution networks built in certain places or dedicated to a single industrial customer.

Compressed natural gas (CNG)

Compressed natural gas, known as CNG, is essentially natural gas stored at high pressures, usually between 200 and 250 bar, according to the regulations of each country, allowing the storage of large volumes in small spaces. It is composed mainly of methane gas, being a sustainable option for the substitution of liquid fuels for industries and automotive sectors, with a clean and uniform burning. It presents economic advantages and energy efficiency compared to the rest of the traditional liquid fuels, contributing to greater productivity and competitiveness. Its transport is made by land by means of modular containers capable of withstanding high pressures, stowed on trucks or railway wagons, allowing to meet the demand of natural gas mainly of industrial and vehicular customers, located in areas where conventional pipelines do not exist. CNG has applications and uses in many sectors, but in certain countries, as in the case of Peru, CNG is used predominantly for vehicular and industrial use.

Electric energy

Lipigas joined the electricity generation business in Chile in 2017, with the start-up of the first small-scale DG power plant (PMDG for its acronym in Spanish), with a capacity of 6MW. The unit is located in its facilities at Concón, Valparaíso Region, in the central zone of the country, and is supplied with natural gas.

By definition a PMGD is a "small means of generation whose surplus power is less than or equal to 9 MW and is connected to a distribution concessionaire, or to facilities of a company that owns power distribution lines that uses national goods of public use."

This step is aimed at strengthening the strategy of being able to offer customers diverse solutions to meet their energy needs.

Facilities of the small-scale DG power plant in Concón, Chile.

USES OF **OUR PRODUCTS**

Gas is an efficient, clean and versatile product, attributes that make it an optimal alternative to be used in different sectors. These characteristics also allow to innovate in processes, adapting our comprehensive solutions to various types of uses, such as:

Residential: Is an adequate solution for food cooking, heating and water heating needs in homes of all sizes. Its use is also possible in artifacts that traditionally use other sources of energy, such as air conditioning equipment, clothes dryers and pool air conditioning, among others.

Commercial: is an efficient option for commercial establishments that require energy for operation, such as bakeries, restaurants, hotels and hospitals, among others. Customers can be of varying sizes, from small low-power installations to large chains, using as a distribution mechanism the connection to a network of liquefied gas or natural gas, bulk gas or bottled in cylinders.

Industrial: Liquefied gas and natural gas, in its different formats, are used as a source of energy in various industrial processes, such as cooking ceramics, manufacturing glass and plastics, foundries and heat treatment of metals, heating of animal farms, fish farms and greenhouses, dehydration processes and food drying, drying paints and steam generation, among others. These are very appropriate energies in industries that require rigorous temperature control and clean combustion.

Transport: In its use as a vehicle fuel, gas is a highly efficient, safe, competitive and environmentally friendly alternative. In addition to emitting less polluting particles into the atmosphere and generating reduced emissions of carbon dioxide (CO_2), it allows for interesting savings in transport costs against liquid fuels such as gasoline. It is used in vehicles, fork-lift cranes and other means of transport such as nautical vessels.

Customers

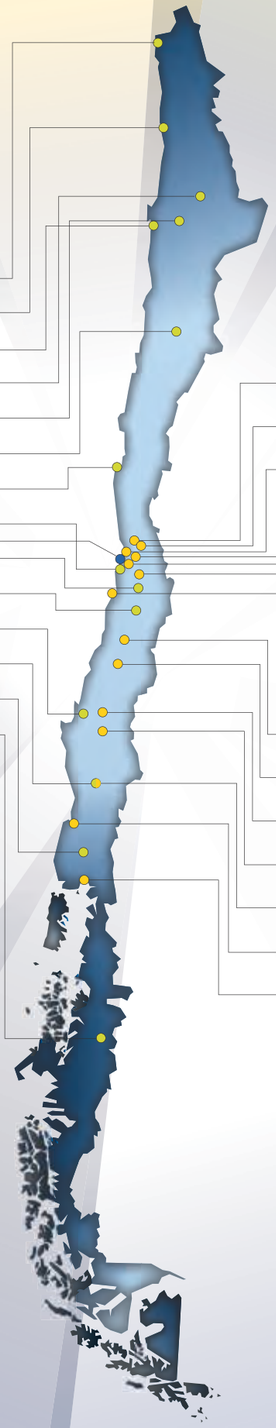
Adding the three countries in which it operates, in 2017 Lipigas serviced more than 2.6 million customers, among liquefied gas and natural gas consumers in its various formats. Given the nature of the business, diversified in different channels, no customer individually concentrates more than 10% of the Company's revenue.

Suppliers

Lipigas has a wide network of suppliers of diverse goods and services in the three countries in which it is present, the main ones being those related to the purchase of LPG. The suppliers who individually concentrate 10% of the total purchases of goods and services in this period, by country, are the following: Enap and Trafigura, in Chile; Ecopetrol S.A., in Colombia; Pluspetrol Perú Corporation, Petroperú and Calidda, in Peru.

OUR **PLANTS AND CENTERS**

CHILE



14
STORAGE AND BOTTLING PLANTS

- Arica
- Iquique
- Antofagasta
- Baquedano
- Calama
- Copiapó
- Coquimbo
- Concón
- Maipú
- Rancagua
- Lenga
- Temuco
- Osorno
- Coyhaique

1
IMPORT PORT

- Bahía de Quintero

18
CENTERS

- La Ligua
- Aconcagua
- Miraflores
- Placilla
- Belloto
- Santiago (Quilicura, Renca, Huechuraba, Maipú,El Bosque)
- San Antonio
- Curicó
- Talca
- Chillán
- Los Ángeles
- Temuco
- Valdivia
- Puerto Montt

COLOMBIA

1
IMPORT PORT

Cartagena

17
STORAGE AND BOTTLING PLANTS

Cartagena
Tolú
Apartadó
Cúcuta
Bucamaranga
Marinilla
Hispania
Puerto Salgar
Tunja
Pereira
Cazuca
Girardot
Yumbo
Neiva
Popayán
Florencia
Pasto

17
DEPOSITS

Santa Marta
Aguachica
Caucasia
Pamplona
Puerto Berrío
Barbosa
Diutama (Tunja)
Chocontá
Mariquita
Manizales
Puente Aranda
Mosquera
Ibagué
Fusagasugá
Garzón
Pitalito
Puerto Asís

PERU

8

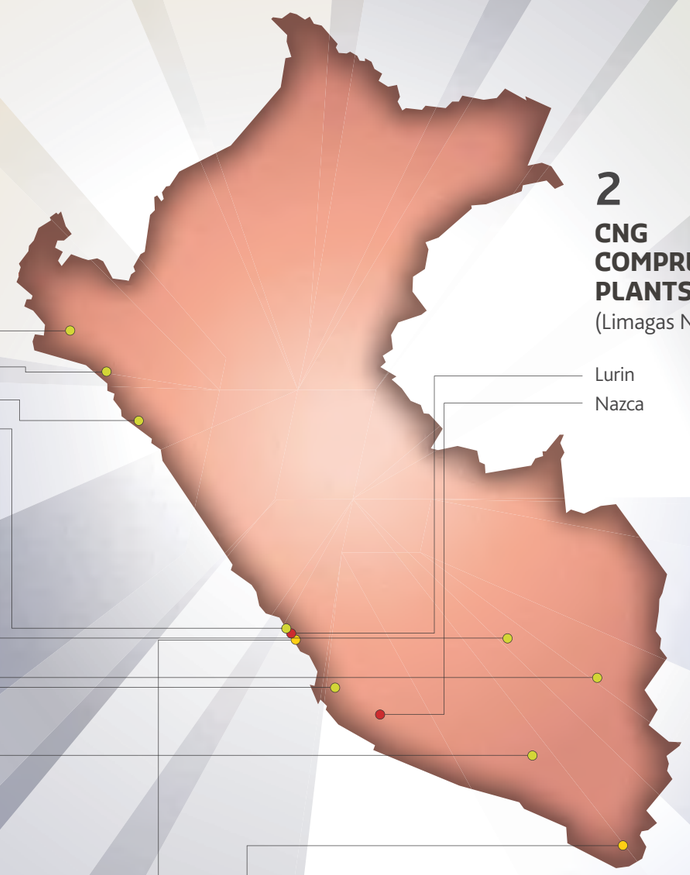
LPG STORAGE AND BOTTLING PLANTS
(Lima Gas)

Piura
Chiclayo
Trujillo
Callao
Cusco
Ica
Juliaca
Arequipa

2

CNG COMPRESSION PLANTS
(Limagas Natural)

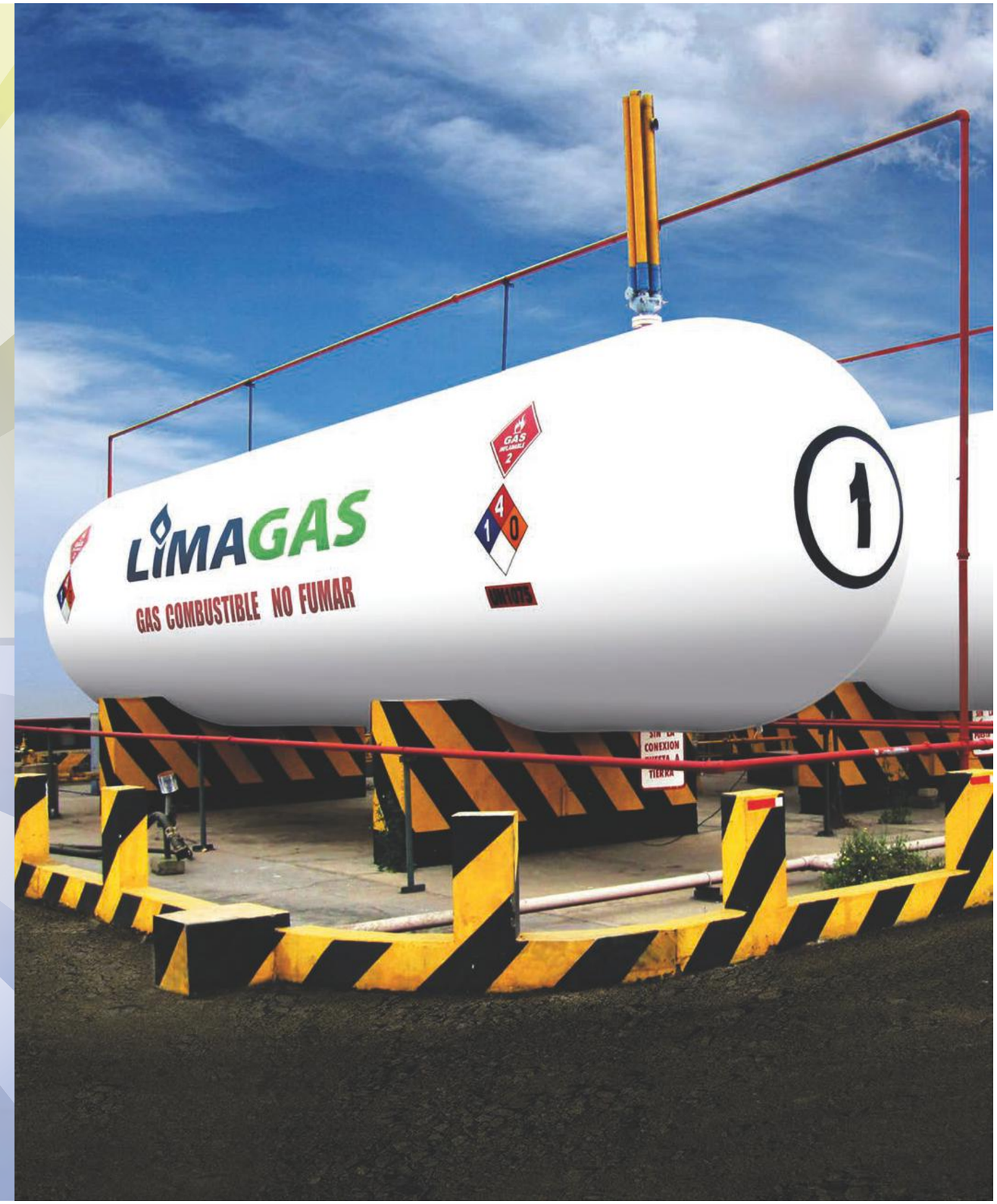
Lurin
Nazca



2

LPG SALES AND DISTRIBUTION CENTERS
(Lima Gas)

Villa EL Salvador
Tacna



ENERGY MARKET

The products Lipigas distributes and commercializes in Chile, Colombia and Peru are part of a broad "energy market".

Liquefied gas has increased its production worldwide, while natural gas is the third most-used fuel after coal and oil. According to statistics from the World LPG Association (WLPGA), liquefied gas production rose to 300 million tons in 2016, and the domestic sector represents the main use segment with 44%.

This market has a significant growth in its global supply – production is growing at rates of approximately 6% per year, according to WLPGA – to the point that international analysts project that there will be a surplus in the next decade, even though demand is also sustainably growing. This is mainly explained by the increase in the unconventional exploitation of both oil and natural gas in the United States. The export capacity of the United States has risen from about 3 million tons in 2010 to about 20 million tons today, being the world's largest producer, followed by China, Saudi Arabia, Russia and the UAE.

On the other hand, demand is driven by increased consumption of Asian markets, mainly India and China, led by the residential and petrochemical sectors, although LPG for vehicles is also gaining ground. According to WLPGA Statistics (2016), about 26 million vehicles in the world operate on LPG.

The Mont Belvieu index (Gulf Coast of the United States) indicates the international price of propane gas and it is the reference for LPG pricing in Latin America. Following you can see the evolution of this indicator for the last 5 years.

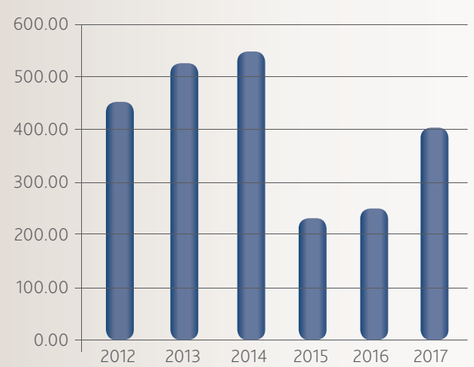
As for the natural gas market, the abundance of reserves worldwide and the rise of shale gas are generating a growing supply, where the United States has achieved a growing and accelerated share of exports.

According to statistics from the U.S. Energy Information Administration (EIA) for 2016, this country was the world's first producer of oil and natural gas. In the case of natural gas, the record of the United States began in 2009, when it surpassed Russia.

As far as product consumption is concerned, forecasts also predict that it will continue to increase, with Asia as a leading region, importing more than 70% of fuel until 2030, according to Global LNG Outlook 2017.

The EIA predicts that the participation of natural gas in the global energy matrix will reach 25% by 2035.

PRICE
EVOLUTION
PROPANE
MONT BELVIEU
USD/MT



OPERATIONS **IN CHILE**

Chile is the company's main market, a country where it sells diversified energy solutions based on liquefied petroleum gas (LPG) and natural gas (NG). This is compounded by its recent incursion into electricity generation, as part of its multi-energy strategy aimed at satisfying different customer needs.

The bottling, distribution and commercialization of LPG remains its core business, which is based on a trajectory of more than 60 years and a geographical coverage that extends throughout the entire national territory (with the exception of the austral Magallanes region, the only one in the country that supplies itself with natural gas and at subsidized prices).

From Arica in the north and Coyhaique in the south, the Company has 14 storage and bottling plants strategically distributed, and 18 distribution and sales centers (with direct distribution and sales to distributors). All of its larger plants are certified with OHSAS 18.001:2007 Health and Safety in the Workplace Management Systems, the most important international standard in this area.

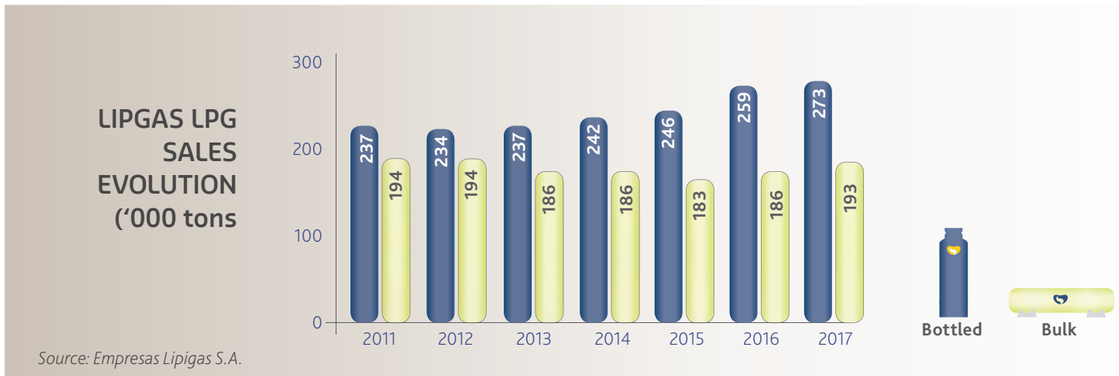
Liquefied gas is assimilated to a first necessity good. 85% of households in Chile use LPG to meet their needs cooking food, heating water and heating. This is a mature market, with sales that in the last ten years have experienced an average annual increase of between 1.0% and 2.0%.

Through a network composed of 779 distributors throughout the territory, Lipigas serviced more than 1.3 million customers in 2017 with product bottled in cylinders. Additionally, it supplied more than 200,000 residential customers (meter and bulk with an independent home tank).

In the industrial market, the Company closed the fiscal year with more than 8,150 large customers who consume LPG in bulk, which they use in various production processes. It is noteworthy that in Chile Lipigas is the largest supplier of LPG in bulk transported in trucks, with a market share at December 2017 of 45.1%.

In Chile, Lipigas also participates in the business of distributing vehicular liquefied gas. With 72 points of sale, it serviced more than 5,600 customers.

In total, in 2017 Lipigas commercialized 466 thousand tons of LPG in the Chilean market, with a variation of 4.7% compared to the previous year. Ff this volume, 273,000 tons corresponded to bottled LPG and 193 thousand to LPG distributed in bulk format.



Source: Empresas Lipigas S.A.

Network natural gas

Regarding the natural gas business (NG), in the second half of 2017, Lipigas initiated the distribution by network of this product in Puerto Montt and Osorno, in the south of Chile. For these purposes the Company tended, in a first stage, 25 kilometers of networks in each of these cities and built satellite regasification plants (SRP), which receive the gas transported by trucks, which is then re-gasified and injected to the pipelines for distribution.

Lipigas closed the year with a hundred clients connected in these communes and was awarded the bids to supply natural gas for the main health centers of the area, such as the Hospital of Puerto Montt and the Base Hospital of Osorno.

The Company's project in the region contemplates future expansions in both cities, involving a 5-year global investment of US $27.9 million. In a first stage, it is expected to benefit with this new source of clean and efficient energy more than 6,000 residential, commercial and industrial clients in Puerto Montt and more than 4,200 clients in Osorno, thus expanding its portfolio of services in the area.

The arrival of Lipigas to Puerto Montt and Osorno with network natural gas is a milestone that is part of its project of diversification and growth as a company supplying comprehensive energy solutions.

Lipigas has ventured in the network distribution of NG since 2004, in the northern city of Calama, in the Antofagasta region. In 2016 it began an extension plan of the network in the commune, which in 2017 completed 75 kilometers, with the construction of an additional 8.3 kilometers. The Company closed the fiscal year with 3,359 customers, including hotels, care centers and shops.

Liquefied natural gas for industries

In the industrial segment, since 2014 the Company distributes liquefied natural gas (LNG) to companies located in areas far from the areas covered by gas pipelines and networks, an operation carried out in tanker trucks that transfer the product by land with total security. At December 2017 Lipigas had 20 industrial customers (versus 11 of the previous year) and commercialized over 24 million m3 (equivalent to 18,000 tons of LPG), in the year.

It should be noted that the industrial LNG business of Lipigas has grown by more than 30% in volume annually in the last three-year period, which is largely explained by the growing concern of large customers for costs and sustainability. LNG is a particularly efficient energy for high consumption, because it implies economic savings of up to 25% and a reduction of up to 27% in the carbon footprint when compared with diesel. This is added to the Company's long trajectory and experience in distributing bulk LPG in trucks throughout the country, including difficult-to-access areas.

As in the case of bulk LPG, LNG is demanded by industries that require large amounts of energy for power generation and production processes, allowing them to replace fuels that generate high pollutant emissions, such as diesel and fuel oil.

To serve this operation, Lipigas builds in each industrial establishment a satellite regasification plant (SRP), which is Company-owned, where LNG is subjected to a vaporization process that returns it to its gaseous state to be used as such.

Market and industry

Total LPG sales in the Chilean market rose to 1.2 million tons in 2017, 65.6% of which corresponded to bottled product and the remainder to bulk, according to statistics of Chile's Superintendence of Electricity and Fuels (SEC for its acronym in Spanish).

Lipigas remained one of the leading players in the national market, with a share of 36.9%. In this market, it competes with two great actors, such as Abastible S.A. and Gasco GLP S.A., both with presence from the city of Arica in the north, to Coyhaique and Magallanes in the south, respectively.

In the case of network natural gas, the development of several expansion projects in different cities of Chile in recent years, has added new actors, increasing competition and alternatives of energy supply for consumers. In addition to Lipigas-currently present in Calama, Osorno and Puerto Montt- Gasvalpo, Energigas, Intergas, GasSur, Innergy and Metrogas also participate.

Regarding the distribution of liquefied natural gas for industries, several companies have entered this business. At present, together with Lipigas, Gasco, Metrogas, Enel and Engie (through its subsidiary, Gas Stream Solution Chile), also participate in this market.

Supply

The LPG supply matrix for Lipigas in Chile is approximately 86% from imports, while local purchases represent 14%.

Power generation

In November 2017, the first small-scale DG power plant (PMGD for its acronym in Spanish) of Lipigas began operating, with the first energy injections to the National Electrical System (SEN for its acronym in Spanish). It consists of a 6MW power plant, located in the Concón plant, Valparaíso Region, which uses liquefied natural gas (LNG) as fuel.

With a capacity to supply around 23,000 households, its purpose is to act as a backup to the local distribution network, operating when electricity supply problems occur, with the advantage of reducing emissions to the environment by five times compared with diesel-based backup devices.

Since March 2015, Lipigas has a diversified supply chain of raw materials, which includes direct LPG sea imports from relevant international markets (the Gulf Coast of the United States), purchases to local wholesale suppliers, as well as direct ground LPG supply from other production areas such as Argentina.

Direct sea imports are carried out through the maritime terminal of exclusive use built within the facilities of Oxiquim S. A, at the Quintero Bay, in the central zone of the country, under a long-term lease (25 years, which can be extended). The start of the sea import operation resulted in the creation of the subsidiary Trading de Gas SpA, whose main activity is the purchase, domestic and international sale, LPG storage, programming and storage management of the terminal. The facilities of Lipigas for LPG imports in Quintero have a storage capacity of 29,000 metric tons of refrigerated propane.

In 2017, the Company acquired more than 468,000 tons of raw material, of which more than 355,000 tons correspond to product imported by sea (340,000 in 2016), which is equivalent to 76% of its requirements, consolidating this supply source as the most relevant.

In order to develop its natural gas business by networks and industries, Lipigas has an LNG supply contract with ENAP Refinerías S.A., which includes the "take or pay" clause. Enap S.A. in turn has procurement contracts with Quintero Terminal in order to comply with an annual supply plan held with Lipigas.

LPG SUPPLY (CHILE) 2017

Source	LPG Tons
Sea imports	355
Ground imports	48
Domestic	63
Total	**468**

Outlook

Lipigas projects a growing consumption of bulk gas (both LPG and LNG) in the industrial sector in Chile, mainly because of its increasing competitiveness against diesel oil and its low environmental impact.

The commitment of Lipigas is to become one of the main players in the industrial LNG market in Chile, taking advantage of the knowledge, experience and long relationship with industrial customers in the distribution of bulk LPG.

At the residential level it also sees growth opportunities for its energy products, especially for the substitution of firewood in the central-south zone of the country, where its massive use for heating and cooking purposes is causing severe pollution problems. The combustion of firewood is one of the main sources of fine particulate matter (MP2.5), one of the most damaging pollutants to people's health. Thus, mainly liquefied gas is an immediate alternative to facilitate the replacement of lower energies, given its high availability and national coverage.

Prices

In Chile, LPG prices are free, as for all fuels, and are determined in relation to import values of the products.

Transport LPG prices are affected by the existing fuel price stabilization mechanism (MEPCO for its acronym in Spanish) in the country, which aims to protect consumers from fluctuations in the international price of fuels.

In the case of natural gas, although there is a tariff-free regime, prices are limited by the maximum profitability allowed by law for distribution companies.

Regulatory framework

The gas market in Chile is regulated by the Superintendence of Electricity and Fuels (SEC for its acronym in Spanish), a body dependent on the Ministry of Energy, which aims to monitor and oversee compliance with the laws, regulations and technical standards on generation, production, storage, transport and distribution of liquid fuels, gas and electricity, as well as concession decrees. In this context, the SEC safeguards that the quality of services provided to users is that required by those provisions, and that operations and use of energy resources are not a danger to people or the environment.

In February 2017, Chile's update of the Gas Services Act came into effect, which includes the modifications made by the Chilean National Congress during the discussion of the project between the years 2015 and 2016. The most relevant change is related to the establishment of a maximum profitability limit of 3% for concession networks over the capital cost rate, which cannot be less than 6%, with which the resulting profitability is 9%. For new networks, the cap is 5% over the capital cost rate (11% as total rate) over a 15-year period. In addition, in the event that the concessionaire exceeds the maximum profitability allowed, Chile's National Energy Commission (CNE for its acronym in Spanish) will start a tariff fixing process by decree.

The changes included in the Act did not affect the evaluation of the natural gas projects developed in southern Chile, as the Company included the above-mentioned profitability restrictions within the evaluation parameters. For the city of Calama, annual profitability is below the maximum range allowed by law. In the last profitability check published in October by Chile's National Energy Commission (CNE) corresponding to the year 2016, Lipigas had a profitability rate of 3.54% (4% in 2015).

In the case of non-concession networks, pricing to customers remains free. In addition, it reaffirms that consumers with residential gas service have the right to change their distribution company. Given the foregoing, a maximum period of five years is established for the validity of relationship contracts between residential gas clients and the distribution companies, in the case of new real estate projects or in the event that the transfer of company involves the replacement and adaptation of existing customer installations, due to modifications in the supply specifications for the purpose of connecting to the distribution network. In the rest of the cases, the maximum period of relationship contracts is two years.

OPERATIONS **IN COLOMBIA**

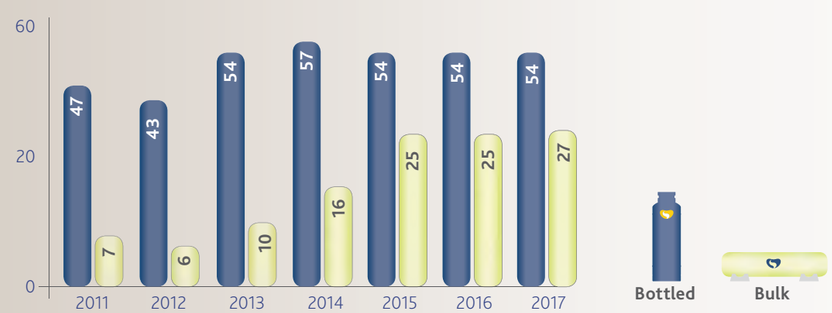
Lipigas is present in Colombia since the year 2010, a market where it distributes liquefied gas to residential, commercial, industrial and forklift customers, through its subsidiary Chilco with its brands Gas País for the bottled LPG and Lidergas for bulk LPG. The company provides the service in 27 of the 32 departments of the country, after that in 2017 the department of Nariño, in southwestern Colombia, was added to its coverage. Nariño has 64 municipalities and an estimated total of more than 508,000 households. In addition, in February 2017 Lipigas began operating in this market with its new subsidiary Rednova, created at the end of 2016, for the purpose of developing the distribution business of network liquefied gas in different municipalities of the country. Through Rednova, the Company added more than 10,000 residential customers to its portfolio during this fiscal year.

Its main business in Colombia is the sale of cylinder-bottled LPG, with more than 382,000 customers. It also supplies the needs of 111,000 shops with bottled LPG and another 667 with bulk LPG. In the case of the industrial sector, Lipigas closed the year with 1,343 customers.

In total, the Company commercialized more than 81,000 tons of LPG in Colombia, with a 3% increase compared to the previous year (79,000 tons in 2016). Of that volume, of 54,000 tons corresponded to bottled product and 27,000 tons to bulk. In this way, the Company reached a 13.9% market share in 2017.

To develop its service, the Company operated a network made up of 60 distributors within Colombia, almost double compared to the previous year. In 2017, in addition, it used a fleet of 40 bulk trucks and 354 pick-up trucks for the distribution of cylinder-bottled LPG. As for its infrastructure, the Company has 17 storage and bottling plants, which in this period maintained the ISO 9001 – 2008 Certification (Quality Management System). In addition, all its bottling plants are recertified in the Colombian Technical Regulation (Resolution 180581 of the Ministry of Mines). There are 17 warehouses located in different places in the country.

LPG SALES EVOLUTION COLOMBIA (expressed in 000 tons)



Source: Empresas Lipigas S.A.

Market and Industry

In 2017 most of LPG consumers in the country were the users of the residential sector, using cylinders. The rest of demand was in the industrial and commercial sectors. The departments with the highest consumption were Antioquia, Nariño, Santander, Valle, Cundinamarca and Norte de Santander, of a total of 27 departments that counted with supply of this fuel in the country.

Although LPG in Colombia is considered a basic commodity, its per capita demand is still low compared to other countries in the region. The Company expects to increase LPG consumption through new applications and the arrival of consumer segments that use low-quality energies (Colombia is a country where the use of firewood is still preponderant).

The sale and distribution of LPG in Colombia is a highly competitive business, and as in Chile is characterized by the presence of large companies. Through Chilco, Lipigas has positioned itself as the third major player in the market, with a market share of approximately 14%, after the subsidiaries of two other Chilean distributors (Abastible and Gasco). Together, these three companies concentrate about 70% of the market, in which other 45 smaller local companies participate.

Supply

At December 2017, 80% of the LPG marketed by Lipigas in Colombia was provided by the state oil company Ecopetrol. Additionally, the Company also has purchase agreements with other local market players.

It should be noted that in March 2017, the five most important companies in the LPG market in Colombia – Chilco, Almagas, Inversiones del Nordeste, Montagas and Vidagas – constituted the G5 consortium, through which they promoted the construction of LPG port importing facilities in Cartagena, a city located on the Caribbean coast of Colombia. The initiative emerged as an alternative source to meet the country's needs in the short term, given the national supply shortfall that the country has faced in recent years.

Imports from the new port plant, operated by Okianus Terminals, began in November. The consortium of companies expects to import between 4,000 and 6,000 tons per month of LPG from the Gulf of Mexico.

Outlook

The Company views interesting opportunities for growth in LPG consumption in all sectors, as the product is currently used by 11 million Colombians and has potential for at least 4 million more people, who still use firewood as their main fuel.

The industry as a whole is making significant efforts to promote greater participation of LPG within the national energy basket, in addition to supporting the authorities in their struggle to combat informality in the provision of LPG service.

In particular, the Company's commitment is to grow in the bulk gas market for large customers, taking advantage of its long experience in the distribution of this product in the industrial sector in Chile.

Prices

In Colombia, the sale price of LPG is free, although it has a maximum limit set by the Energy and Gas Regulatory Commission (CREG for its acronym in Spanish), a government entity responsible for regulating gas and electricity services in the country. The prices are adjusted monthly by a formula fixed by the CREG, which considers the value of the Mont Belvieu propane and butane, of natural gas, in addition to the U.S. dollar/Colombian peso exchange rate.

Regulatory framework

The distribution of LPG is classified as a residential public service and the activity is regulated by the Energy and Gas Regulatory Commission (CREG) and supervised by the Superintendence of Domiciliary Public Services (SSPD for its acronym in Spanish). The current scenario of the LPG market in Colombia is a result of the regulations established in 2009, destined to have a sufficient energy supply, free competition and safety.

OPERATIONS **IN PERU**

In Peru, the Company participates in the markets of liquefied petroleum gas (LPG) and compressed natural gas (CNG), through its subsidiaries Lima Gas and Lima Gas Natural, respectively.

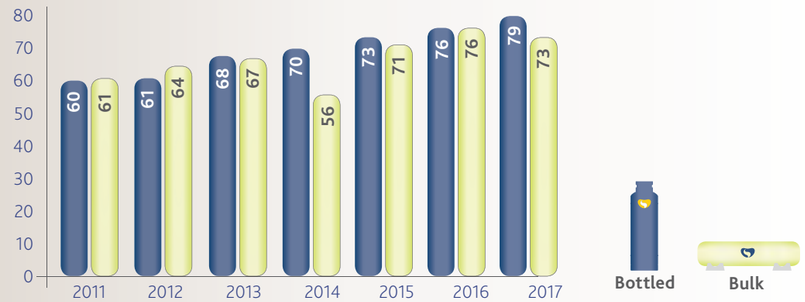
Regarding the sale and distribution of liquefied gas, Lipigas is present in Peru since 2013, when it acquired Lima Gas, a company dedicated to the commercialization of LPG for homes, shops, industries and vehicles, with its brands Lima Gas and Caserito. In 2017 it sold more than 152,000 tons in total, with a slight increase of 0.4% compared to the previous year. Of this volume, 79,000 tons corresponded to sales of the cylinder-bottled LPG and 73,000 tons to bulk LPG.

At the end of 2017, the Company had a market share of 8.4% being the fourth largest actor in the industry after Solgas, Llama Gas and Zeta gas. In addition to several other brands that operate locally and regionally.

Lima Gas has 8 storage and bottling plants and 2 distribution centers, which gives it an important logistic capacity to supply LPG to its customers. At December 2017, four of its plants – Piura, Trujillo, Arequipa and Juliaca – are certified under the OHSAS 18.001:2007 Occupational Health and Safety Standard.

For the sale and distribution of cylinder-bottled LPG, in 2017 the Company operated a network made up of 364 distributors that serviced more than 590,000 residential customers, 10,000 more compared to 2016. Additionally, it supplied 1,592 customers with bulk LPG.

LPG SALES EVOLUTION PERU
(expressed in 000 tons)



Source: Empresas Lipigas S.A.

Regarding the natural gas business, the Company operates through its subsidiary Limagas Natural Perú, distributing CNG to high-consumption industries (away from gas pipelines and NG networks) and service stations.

In this period, it commercialized more than 81 million m3 of natural gas (about 64,000 LPG equivalent tons), 72% of which were destined to the industrial sector and the remaining 28%, the vehicular market.

At December 2017 the Company owns two compression plants, in which natural gas is processed for subsequent transport in trailers that store the fuel for the consumption of customers.

Its main sources of supply were Calidda for the Lima region and Contugas for the south zone. Both are concessional companies for the distribution of natural gas by pipeline.

To develop its service, the Company used 85 wagons or semi-trailers. 63 for servicing industries and 22 destined to vehicular clients. As of December 2017, the Company reached an estimated market share of 39% in the CNG market nationwide, four percentage points below the previous year.

Market

In Peru, the LPG market increased in 2017 by 4.7% compared to the previous year. According to OSINERGMIN data, the national gas cylinder park is estimated at more than 8 million, distributed in 111 bottling plants. In turn, it is estimated that an average of 7.8 million users consume one gas bottle in 30 days.

Regarding CNG, it is also a highly competitive business, and that at the automotive level has substitutes such as vehicle LPG and liquid fuels.

Supply

For the Peruvian market, the supply of LPG has a high concentration in Lima where almost half of this capacity is found. This is because the capital of the country is the area of largest consumption. Contracts have been signed with Petroperú (who has two supply plants: Callao and Piura) and Pluspetrol, in addition to purchase agreements with other market players and product imports from Bolivia to supply the south zone of the country.

The subsidiary Limagas Natural Perú S.A. has signed supply contracts to meet the demand needs with natural gas distributors from different regions.

Outlook

The commitment of Lipigas in the Peruvian market is mainly aimed at increasing the use of bulk LPG, replacing fuels such as diesel and fuel oil, among others, especially in large industrial customers.

In addition, the Company sees interesting opportunities in the CNG market, which has greatly developed in recent years in Peru, since it is an efficient, competitive and environmentally sustainable alternative.

Prices

Pricing in Peru is governed by supply and demand (Hydrocarbons Act, Art. 77). However, Peru's Energy and Mining Investment Supervisory Agency (OSINERGMIN) calculates and publishes weekly reference prices for liquid fuels. In the case of bottled LPG, selling prices are covered by the government's Oil by-product Fuel Price Stabilization Fund to avoid sharp fluctuations in fuel prices that have social impact.

Regulatory Framework

Activities of transport, distribution and commercialization of hydrocarbon products are governed by the regulations of the Ministry of Energy and Mines of Peru (MEM), and of the OSINERGMIN. The latter is the public institution in charge of regulating and supervising that the companies of the electric, hydrocarbon and mining sector comply with the legal provisions of the activities they develop.

In December, Lima Gas was notified of the first instance resolution of an administrative procedure issued by Peru´s Free Competition Commission, for an alleged price agreement between LPG importers and/or bottlers in that country in a period prior to 2011. The resolution involved fines for 3 companies, including this subsidiary, and Lima Gas filed an appeal, which was accepted, insisting that the relevant arguments and means of evidence delivered in the procedure were not duly considered.

MAIN **ASSETS**

Throughout its history, Lipigas has been characterized by seeking innovation in energy solutions that allow to enhance its offer to customers. From its traditional cylinder-bottled LPG business, it has evolved into the bulk LPG market, as well as the distribution of natural gas, delivering efficient alternatives for residential, industrial, commercial, institutional and vehicular segments . Since 2017, it also participates in the power generation market through its small-scale DG power plant (PMDG for its acronym in Spanish), based in Concón, Valparaíso region.

In Chile, the Company has invested in properties, plants and equipment with the aim of supporting the supply of products and the wide-ranging coverage nationwide, which extends throughout the country (with the exception of the austral region of Magallanes). Resources have basically been allocated to cylinders, supply networks and production plants, with the main ones counting with modern palletizing systems and automated production circuits.

The essential assets of Lipigas for its operation in Chile are described below:

CYLINDERS:	Containers used generate the sale and distribution of bottled LPG. Lipigas owns them and therefore, the Company is responsible for managing them according to current conditions and regulations that allow for the safe use by customers.
SUPPLY NETWORKS:	Constructions made in installations of third parties for the purpose of supplying LPG to customers.
TANKS:	Containers used by the Company for the storage of LPG in the plants and for the distribution to customers that consume the product in bulk format. Lipigas owns these assets and is responsible for disposing of them in accordance with current conditions and regulations that allow the safe use by customers. Their delivery is documented through bail-out contracts signed by both parties.
LAND:	Lipigas has different types of land and properties throughout the country for the development of its activities. It is in these areas where plants, offices, distribution centers and warehouses have been located.
BUILDINGS AND CONSTRUCTIONS:	Buildings and Constructions: Constructions of civil works of buildings and facilities made in plants and own Centrals, which are located from Arica to Coyhaique. The main bottling and storage plants are located in: –Concón plant: Calle 2 Norte 200, Concón, Valparaíso. –Maipú plant: Calle Cerro Sombrero 401, Maipú, Santiago.
MACHINERY AND EQUIPMENT:	Goods owned by the Company used in the production process and in the storage of LPG. It includes bottling carousels, pallet systems and equipment, laying of networks at the plant and emergency equipment, among the main ones.
NATURAL GAS NETWORKS AND EQUIPMENT (NG):	Assets required by the Company for the distribution of NG. In this concept, mainly, the structuring networks, satellite regasification plants (SRP), pressure regulation station and meters are grouped.
PROPERTY IN THE FORM OF FINANCIAL LEASING:	The maritime terminal for LPG imports located in Quintero Bay, central zone of Chile, made up of facilities for the reception, storage and dispatch of the product.
EQUIPMENT FOR POWER GENERATION:	Goods used for the generation of electric energy, specifically in the installations of its small-scale DG power plant, located in Concón.

Through its subsidiaries in Colombia and Peru, meanwhile, Lipigas also has facilities and equipment, which consist essentially of cylinders, tanks and production plants.

Below are the main assets of Lipigas in both countries:

CYLINDERS:	Packaging used for the sale and distribution of bottled LPG. Each of the subsidiaries own these assets, so they are responsible for disposing of them according to the conditions and regulations applicable in each country for the safe use by customers.
TANKS:	Containers used for the storage of LPG in the plants and for the distribution to customers who consume the product in bulk format. Each of the subsidiaries own these assets, so they are responsible for disposing of them according to the conditions and regulations applicable in each country for the safe use by customers.
LAND:	In Colombia and Peru the subsidiaries have land and properties distributed throughout both countries, in which plants and offices have been located to develop their respective operations.
BUILDINGS AND CONSTRUCTIONS:	Constructions of civil works of buildings and installations made in own plants. The main packaging plants of Colombia are located in: - Calle 18A # 50–98 Bogotá, D.C. y Bermejal Corregimiento de Mulaló, Yumbo (Valle) The main packaging plants of Peru are located in: - Calle A 149 Zona 7 Fundo Bocanegra, Provincia Constitucional del Callao and at Urbanización Taparachi Mz. D Lote 15–D, Juliaca, Región de Puno. Peru's main natural gas compression plants are located at: - Carretera Panamericana Sur Km. 455.30 Sector Pampa del Inca, Nasca. - Lurín Calle 3 Manzana C, Lote 4, Urb. Las Praderas de Lurín, Lima.
MACHINERY AND EQUIPMENT:	Assets used by the subsidiaries in the production process and in the storage of LPG. The main ones correspond to equipment at the bottling plant and cisterns. Also included are the reduction, pressure control and hydraulic units to develop the natural gas business in Peru.
VEHICLES:	Tank trucks (bulk), gas transport mules, cylinders transport mules and cylinder delivery trucks, in addition to the transport units for the natural gas business in Peru.
PROPERTY IN THE FORM OF FINANCIAL LEASING:	It corresponds to transport equipment, computer equipment, communication, machinery and equipment.

MAIN **MILESTONES 2017**

Lipigas starts distribution of network natural gas in Puerto Montt and Osorno (southern Chile) and expands network in Calama (north of the country).

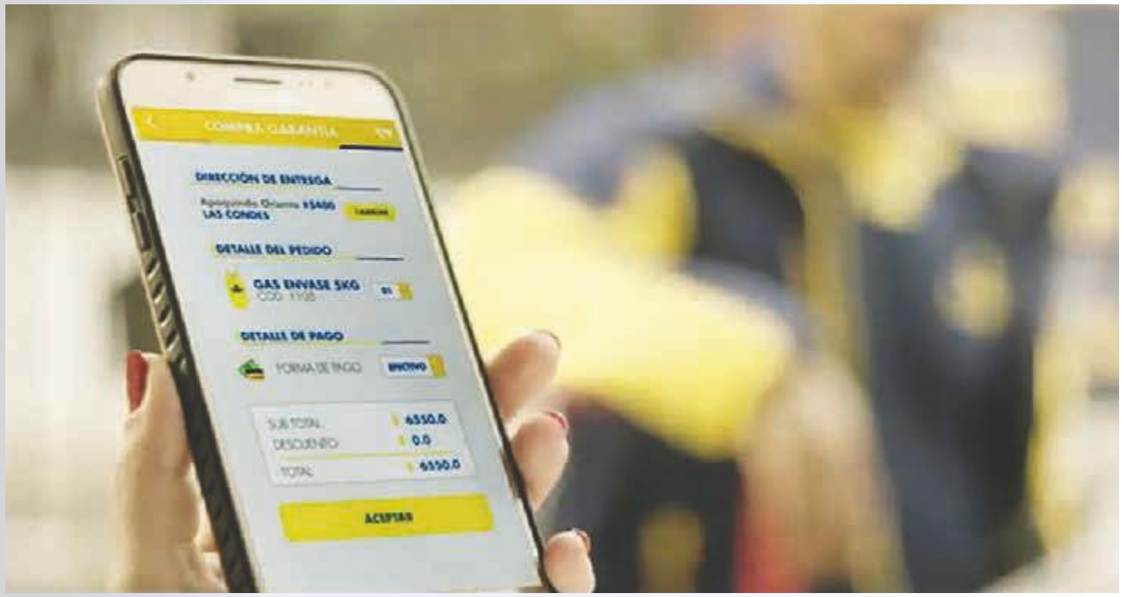
In October Lipigas began distributing natural gas by network in Puerto Montt and in November also in Osorno, both cities in southern Chile, in the Los Lagos region, marking a milestone in the diversification of its energy services in this area of the country. In addition, during this period the Company finalized the extension of its network in Calama, in the north of the country, completing 75 kilometers at the end of the year. In this city Lipigas supplies more than 3,300 customers with this energy since the year 2004.

Lipigas enters the power generation business

In November Lipigas launched its first small-scale DG power plant (PMGD), with the first energy injections to the National Electrical System (SEN). With 6MW of power, it uses natural gas for its operation. Its purpose is to act as a backup to the local distribution network, operating when power supply problems occur. Assed to this PGMD, located in Concón, is the acquisition in January of 2018 of 65% of Marquesa GLP SpA, with the purpose of generating electric energy to 2 mining operations in the Coquimbo region.

Lipigas internationalizes its industrial LNG business

In August, the Company announced the internationalizes of its industrial LNG business. The objective is to replicate in Peru and Colombia the successful model applied in Chile in this segment.



LIPIAPP, a new customer service innovation

In May, Lipigas launched LIPIAPP to request LPG cylinders in Chile through smartphones (IOS and Android). At the end of this edition, 100,000 downloads and 75,000 orders were counted in the period. This application adds to other innovations made by the Company to provide a better experience to customers, as the case was, in November 2016, with the introduction of Lipigas Plus, composite cylinder, 55% lighter than its similar steel and also translucent, a characteristic that allows to see its load inside.

Lipigas and other LPG companies in Colombia start importing propane gas in Cartagena

In November, the Cartagena Import Port began operating, through which the first LPG imports from the private sector begin. The initiative emerged as an alternative source to meet the country's needs in the short term, due to the national LPG supply deficit.

AWARDS AND **RECOGNITIONS**

Lipigas again among the Best Companies to Work in Chile

After a decade of taking part in the measurement performed by Great Place to Work, Lipigas again is among the best companies to work in Chile, ranking N º 22 of the ranking published in November 2017. More than 240,000 collaborators from 207 national and international companies, participated in the measurement of their working environment in this version.

Merco Talento: First place in the category of Energy, Distribution and Fuels

Lipigas obtained the first place in the category Energy, Distribution and Fuels, in the fourth version of MERCO Talento Chile 2017, a research that identifies the 100 companies that better attract and retain personal talent. The measurement included surveys to more than 11,000 people of the general population, employees of the companies measured, university students in their senior year, alumni of business schools and experts un human resources, among others.

Lipigas enters the Hall of Fame of Great Brands in Chile

Lipigas entered the Hall of Fame of Great Brands in Chile, a landmark that recognizes its extensive trajectory in marketing and advertising, which has led Lipigas to be positioned as a brand close to its customers and recognized for its professional quality. On this occasion, more than 2,500 field experts voted.

Lipigas remains among the 10 best companies for young professionals in Chile

Lipigas achieved 7th place, same position obtained in 2016, of Employers for Youth (EFY) ranking that measure the best employers for young professionals in Chile. The research included more than surveys to more than 7,000 employees born since 1980 and 35 companies. Previously called Best First Job Employers, since this release this recognition is now called Employers for Youth (EFY).

BCX: 1st. Place of the energy sector at national and Ibero-America level

Lipigas won the award as the Chilean company that generates the best experience for its customers, according to the Best Customer Experience (BCX) research . Additionally, for the second consecutive year, it achieved first place in the energy sector at national and Ibero-American level, recognitions delivered by IZO, an international consultant dedicated to customer experience management.

PXI: 1st Place, gas sector

Lipigas fue reconocida en el Primer Lugar del ranking de experiencia de clientes Praxis Xperience Index (PXI) para el sector gas. De acuerdo con los resultados obtenidos, la empresa se ubica en el Grupo A de las "Mejores Experiencias". El ranking incorpora a más de 120 marcas a nivel nacional, distribuidas en 29 sectores de servicio.

Consumer loyalty 2017, First place, gas sector

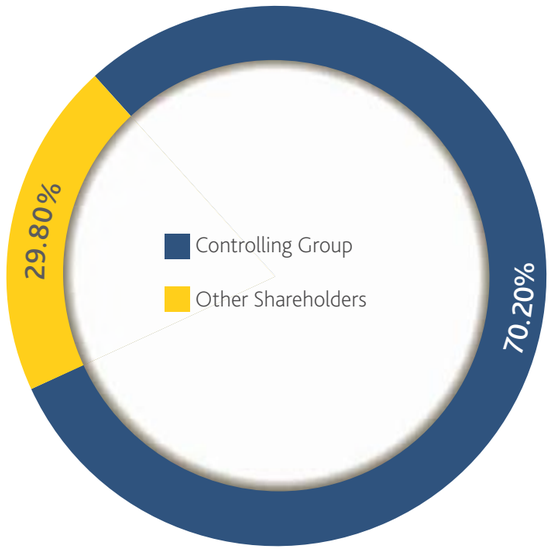
Lipigas was recognized among the 11 companies for the loyalty generated by its consumers. This award is based on a research conducted in Chile by Alco Consultores and the Business School of the Universidad de Los Andes (ESE), using the Net Promoter Score (NPS) methodology, which measures the availability of a customer to recommend a product or service. The research measured 13 sectors, through surveys to a total of 10,043 respondents, in which Lipigas obtained first place in the gas sector.

CORPORATE **GOVERNANCE** AND ORGANIZATION

PROPERTY AND **CONTROL**

Empresas Lipigas S.A. has a controlling shareholder group, made up of the founding families: Santa Cruz Munizaga, Santa Cruz Negri, Noguera Briceño, Viagre Tagle, Yaconi Aguayo, Binimelis Yaconi and Ardizzoni Martin. As of December 31, 2017, the group directly controls 70.20% of the Company's property. The remaining 29.80% is held by other shareholders.

The controlling group has a shareholders' agreement regarding their direct ownership in the Company. Additionally, on October 25, 2017 Chile's Superintendence of Securities and Insurance (currently the Financial Market Commission) was informed of the renewal of the shareholders' agreement for the controlling group.



The members of the controlling group, and their respective ownership interest are as follows:

Name or Corporate Name	RUT	Total number of shares	Direct ownership	Indirect ownership	Total ownership
El Condor Combustibles S.A.	77.490.500-6	15,593,278	13.7%	0.0%	13.7%
Inversiones y Rentas Bermeo Limitada	96.930.660-3	12,247,708	10.8%	0.0%	10.8%
Inversiones Nogaleda SpA	99.538.250-4	11,315,082	10.0%	0.0%	10.0%
Inversiones Hevita S.A.	96.769.930-6	8,917,707	7.9%	0.0%	7.9%
Nogaleda Energía Limitada	96.877.120-5	8,282,634	7.3%	0.0%	7.3%
San Javier Combustibles S.A.	96.930.650-6	7,521,338	6.6%	0.0%	6.6%
Inversiones Vinta Limitada.	77.794.780-K	5,297,568	4.7%	0.0%	4.7%
Nexogas S.A	96.932.720-1	4,522,868	4.0%	0.0%	4.0%
Inversiones El Escudo Limitada	76.126.312-9	3,716,728	3.3%	0.0%	3.3%
Inversionez Zaga S.A.	76.099.582-7	1,133,527	1.0%	0.0%	1.0%
Inversiones Roble Nuevo Ltda.	77.177.720-K	391,888	0.3%	0.0%	0.3%
Inversiones Tanilboro Ltda.	94.772.000-7	372,898	0.3%	0.0%	0.3%
Inversiones San Remo Ltda	77.253.000-5	277,014	0.2%	0.0%	0.2%
Capitales Mobiliarios LV Spa	76.532.575-7	135,129	0.1%	0.0%	0.1%

Natural persons who are behind the legal entities referred to above are as follows:

1.- El Cóndor Combustibles S.A

The owners of El Cóndor Combustibles S.A., with their respective ownership interest, are the following: Santa Cruz López, Manuel, RUT 1.883.108-2, holding 0.045891%; Santa Cruz Munizaga, Juan Manuel, RUT 7.019.058- 3, holding 11.144809%; Campaña Goycoolea, María Teresa, RUT 7.053.6633, holding 0.010693%; Santa Cruz Munizaga, Claudia Francisca, RUT 7.019.060-5, holding 11.119398%; Santa Cruz Munizaga, Carolina Patricia, RUT 7.019.059-1, holding 6.646724%; Fernando Andrés del Sol Santa Cruz, RUT 15.639.954-K holding 0.903095%; Carolina del Sol Santa Cruz, RUT 15.960.517-5 holding 0.903095%; Samuel del Sol Santa Cruz, RUT 17.083.8688 holding 0.903095%; Exequiel Del Campo Santa Cruz RUT 20.165.357-6 holding 0.903095%; Juan José Del Campo Santa Cruz RUT 20.082.564-K holding 0.903095%; Munizaga Barrales, Carolina, RUT 4.106.946-5, holding 33%; González Santa Cruz, Nicolás Bernardo, RUT 16.208.4577, holding 0.010700%; González Santa Cruz, Antonia, RUT 17.084.3258, holding 0.010700%; González Santa Cruz, Josefina Francisca, RUT 17.408.803-9, holding 0.010700%; González Santa Cruz, Diego José, RUT 18.021.658-8, holding 0.010700%; De Osma Berckmeyer Carmen, RUT 10.224.475- 9, holding 3.347421%; De Osma Berckmeyer Sebastián, Peruvian DNI 43.151.460-1, holding 10.042263%; Santa Cruz De Osma, María Gracia, Peruvian DNI 70.465.134-7, holding 10.042263; and Santa Cruz De Osma, Paloma, Peruvian DNI 70.465.133-9 holding 10.042263%.

2.- Inversiones y Rentas Bermeo Limitada

The owners of Inversiones y Rentas Bermeo Limitada, with their respective ownership interest, are the following: (A) Santa Cruz Negri, Pola Maria Pía, RUT 6.377.432-4, holding 0.627%; (B) Santa Cruz Negri, Jaime Fernando, RUT 6.861.742-1, holding 0.627%; (C) Santa Cruz Negri, Juan Pablo, RUT 6.861.743-K, holding 0.627%; (D) Santa Cruz Negri, Andrés Antonio, RUT 6.861.068-0, holding 0.627%; (E) Inversiones Santegri Limitada, RUT 96.593.690-4, holding 0.908%, owned by: (i) Santa Cruz Negri, Pola María Pía, previously identified, holding 5.0228%; (ii) Santa Cruz Negri, Jaime Fernando, previously identified, holding 5.0228%; (iii) Santa Cruz Negri, Juan Pablo, previously identified, holding 5.0228%; (iv) Santa Cruz Negri, Andrés, previously identified, holding 5.0228%; (v) Comercial e Inversiones Greens S.A., RUT 78.222.780-7, holding 19.7691%, owned by Santa Cruz Negri, Pola María Pía, previously identified, holding 52.4282%; Calderón Santa Cruz, Raimundo, RUT 15.637.950-6, holding 7.9286%; Calderón Santa Cruz, María Rosario, RUT 13.441.416-2, holding 7.9286%; Calderón Santa Cruz, María Luisa, RUT 16.097.265-3, holding 7.9286%; Calderón Santa Cruz, María Olivia, RUT 17.087.508-7, holding 7.9286%; Calderón Santa Cruz, María Trinidad, RUT 17.702.711-1, holding 7.9286%; and Calderón Santa Cruz, Felipe, RUT 18.023.155-2, holding 7.9286%; (vi) Inversiones Allipen S.A., RUT 96.820.150-6, holding 19,7691%, owned by Santa Cruz Negri Jaime, previously identified, holding 52.0681%; Santa Cruz Vergara, Jaime, RUT 13.234.139-7, holding 11.9830%; Santa Cruz Vergara, Pedro, RUT 13.442.265-3, holding 11.9830%; Santa Cruz Vergara, María Daniela, RUT 15.378.924-K, holding 11.9830%; Santa Cruz, Vergara María Milagros, RUT 16.096.260-7, holding 11.9830%; (vii) Inversiones Maichin S.A., RUT 96.820.450-5, holding 19.7691%, owned by: Santa Cruz Negri, Andrés, previously identified, holding 52,4658%; Santa Cruz Vergara, Macarena, RUT 15.782.3930, holding 15.8447%; Santa Cruz Nitsche, Bruno, RUT 21.149.220-1, holding 15.8447%; Santa Cruz Nitsche, Paloma, RUT 20.076.127-8, holding 15.8447%; (viii) Inversiones Caren S.A., RUT 96.819.980-3, holding 19.7691%, owned by: (a) Santa Cruz Negri, Juan Pablo, previously identified, holding 2.0118%; (b) Comercial e Inversiones Santa Catalina S.A., RUT 96.647.850-0, holding 49.99940%; (c) Santa Cruz Leighton, Pablo, RUT 16.097.638-1, holding 11.9986%; (d) Santa Cruz Leighton, Martín, RUT 17.405.771-0, holding 11.9986%; (e) Santa Cruz Leighton, Tomás, RUT 16.611.3040, holding 11.9986%; and (f) Santa Cruz Leighton, Catalina, RUT 15.638.8238, holding 11.9986%; (ix) Santa Cruz López, Jaime, RUT 2.311.498-4, holding 0.8323%; (F) Inversiones Baracaldo Limitada, RUT 88.606.800-K, holding 85.538%, owned by: Inversiones Santegri Limitada, previously identified, holding 89.978622%; Comercial e Inversiones Greens S.A., previously identified, holding 2.454945%; Inversiones Allipen S.A., previously identified, holding 2.454945%; Inversiones Caren S.A., previously identified, holding 2.454945%; and Inversiones Maichin S.A., previously identified, holding 2.454945%; Santa Cruz Negri, Pola, previously identified, holding 0.050359%; Santa Cruz Negri, Jaime, previously identified, holding 0.050359%; Santa Cruz Negri, Pablo, previously identified, holding 0,050359%; and Santa Cruz, Andrés, previously identified, holding 0.050359% (G) Inversiones Allipen S.A., RUT 96.820.150-6, holding 2.454945%%; (H) Inversiones Maichín S.A., RUT 96.820.450-5, holding 2.762%; (I) Inversiones Caren S.A., RUT 96.819.980-3, holding 2.762%; and (J) Comercial e Inversiones Greens S.A., RUT 78.222.780-7, holding 2.762%.

3.- Inversiones Nogaleda SpA

The owners of Inversiones Nogaleda SpA, with their respective ownership interest, are the following:: Noguera Gorget, Ernesto, RUT 3.678.316-8, holding 27.6%; Briceño Morales, Lucía, RUT 3.892.003-0, holding 0.4%; Noguera Briceño, Bernardita, RUT 7.031.947-0, holding 14.4%; Noguera Briceño, Loreto, RUT 7.031.948-9, 10.6%; Noguera Briceño, Juan Ignacio, RUT 7.022.714-2, holding 13.9%; Noguera Briceño, Pablo, RUT 7.021.716-3, 10.0%; Machiavello Fischer, Luis, RUT 8.815.447-9, 0.5%; Fernández Astudillo, Mario, RUT 7.082.857-K, 0.2%; Delaveau Swett, Nicole, RUT 8.415.112-2, 0.3%; Machiavello Noguera, Cristóbal, RUT 18.299.611-4, 1.4%; Machiavello Noguera, Sebastián, RUT 17.355.909-7, 1.4%; Machiavello Noguera, Martín, RUT 19.489.061-3, 1.4%; Machiavello Noguera, Sofía, RUT 20.361.439-K, 1.4%; Fernández Noguera, Macarena, RUT 13.851.747-0, 1.6%; Fernández Noguera, Daniela, RUT 15.719.495-K, 1.6%; Fernández Noguera, Consuelo, RUT 15.830.511-9, 1.6%; Fernández Noguera, Francisca, RUT 17.117.888-6, 1.6%; Fernández Noguera, Diego, RUT 18.297.604-0, 1.6%; Fernández Noguera, Matías, RUT 19.150.781-9, 1.6%; Noguera Delaveau, Trinidad, RUT 19.488.560-1, 1.6%; Noguera Delaveau, María Gracia, RUT 20.359.934-K, 1.6%; Noguera Delaveau, Benjamín, RUT 20.359.935-8, holding 1.6%; Noguera Delaveau, Jacinta, RUT 20.962.231-9, holding 1.6%.

4. Inversiones Hevita S.A.

The owners of Inversiones Hevita S.A., with their respective ownership interest, are the following: (A) Vinagre Muñoz, Mario, RUT 3.803.145-7, holding 0.72%; (B) Vinagre Tagle, Mario, RUT 7.171.058-0, holding 0.35%; (C) Vinagre Tagle, Juan Ignacio, RUT 7.180.550-6, holding 0.35%; (D) Vinagre Tagle, Pablo, RUT 7.180.551-4, holding 0.35%; (E) Vinagre Tagle, Esteban, RUT 10.366.648-1, holding 0.35%; (F) Inversiones Marvin S.A., RUT 96.547.530-3, holding 20.94%, owned by: (i) Inversiones Marte Limitada, RUT 87.144.000-K, holding 99.6%, owned by: (a) Vinagre Muñoz, Mario, RUT 3.803.145-7, holding 26.86%; (b) Tagle Aviles, Teresa, RUT 3.633.089-9, holding 3.27%; (c) Vinagre Tagle, Mario, RUT 7.171.158-0, holding 0.65%; (d) Vinagre Tagle, Juan Ignacio, RUT 7.180.550-6, holding 0.65%; (e) Vinagre Tagle, Pablo, RUT 7.180.551-4, holding 0.65%; (f) Vinagre Tagle, Esteban, RUT 10.366.648-1, holding 0.65%; and (g) Inversiones Vinta Limitada, RUT 77.794.780-K, holding 67.27%, owned by: Vinagre Tagle, Mario, RUT 7.171.058-0, holding 25%; Vinagre Tagle, Juan Ignacio, RUT 7.180.550-6, holding 25%; Vinagre Tagle, Pablo, RUT 7.180.5514, holding 25%; and Vinagre Tagle, Esteban, RUT 10.366.648-1, holding 25%; and (ii) Cañas Alemparte, Manuelita, RUT 7.011.707-K, holding 0.4%; (G) Inversiones Marte Limitada, RUT 87.144.000-K, holding 54.12%, owned by: (a) Vinagre Muñoz, Mario, RUT 3.803.145-7, holding 26.86%; (b) Tagle Avilés, Teresa, RUT 3.633.089-9, holding 3.27%; (c) Vinagre Tagle, Mario, RUT 7.171.1580, holding 0.65%; (d) Vinagre Tagle, Juan Ignacio, RUT 7.180.550-6, holding 0.65%; (e) Vinagre Tagle, Pablo, RUT 7.180.551-4, holding 0.65%; (f) Vinagre

Tagle, Esteban, RUT 10.366.648-1, holding 0.65%; and (g) Inversiones Vinta Limitada, RUT 77.794.780-K, holding 67.27%, owned by: Vinagre Tagle, Mario, RUT 7.171.058-0, holding 25%; Vinagre Tagle, Juan Ignacio, RUT 7.180.550-6, holding 25%; Vinagre Tagle, Pablo, RUT 7.180.551-4, holding 25%; and Vinagre Tagle, Esteban, RUT 10.366.648-1, holding 25%; and (H) Inversiones Vinta Limitada, RUT 77.794.780-K, holding 22.83%, owned by: Vinagre Tagle, Mario, RUT 7.171.058-0, holding 25%; Vinagre Tagle, Juan Ignacio, RUT 7.180.550-6, holding 25%; Vinagre Tagle, Pablo, RUT 7.180.551-4, holding 25%; and Vinagre Tagle, Esteban, RUT 10.366.648-1, holding 2%.

5.- Nogaleda Energía Limitada

The owners of Nogaleda Energía Limitada, with their respective ownership interest, are the following: Noguera Gorget, Ernesto, RUT 3.678.316-8, holding 27.6%; Briceño Morales, Lucía, RUT 3.892.003-0, holding 0.4%; Noguera Briceño, Bernardita, RUT 7.031.947-0, holding 14.4%; Noguera Briceño, Loreto, RUT 7.031.948-9, 10.6%; Noguera Briceño, Juan Ignacio, RUT 7.022.714-2, holding 13.9%; Noguera Briceño, Pablo, RUT 7.021.716-3, 10.0%; Machiavello Fischer, Luis, RUT 8.815.447-9, 0.5%; Fernández Astudillo, Mario, RUT 7.082.857-K, 0.2%; Delaveau Swett, Nicole, RUT 8.415.112-2, 0.3%; Machiavello Noguera, Cristóbal, RUT 18.299.611-4, 1.4%; Machiavello Noguera, Sebastián, RUT 17.355.909-7, 1.4%; Machiavello Noguera, Martín, RUT 19.489.061-3, 1.4%; Machiavello Noguera, Sofía, RUT 20.361.439-K, 1.4%;Fernández Noguera, Macarena, RUT 13.851.747-0, 1.6%; Fernández Noguera, Daniela, RUT 15.719.495-K, 1.6%; Fernández Noguera, Consuelo, RUT 15.830.511-9, 1.6%; Fernández Noguera, Francisca, RUT 17.117.888-6, 1.6%; Fernández Noguera, Diego, RUT 18.297.604-0, 1.6%; Fernández Noguera, Matías, RUT 19.150.781-9, 1.6%; Noguera Delaveau, Trinidad, RUT 19.488.560-1, 1.6%; Noguera Delaveau, María Gracia, RUT 20.359.934-K, 1.6%; Noguera Delaveau, Benjamín, RUT 20.359.935-8, holding 1.6%; and Noguera Delaveau, Jacinta, RUT 20.962.2319, holding 1.6%.

6.- San Javier Combustibles S.A.

The owners of San Javier Combustibles S.A, with their respective ownership interest, are the following: (A) Inversiones y Asesorías Lobo de Gubbio Spa, RUT 76.284.430-3, holding 99.99%, owned by (i) Yaconi Santa Cruz, Ana María, RUT 6.879.097-2, holding 61.05%; (ii) Binimelis Yaconi, Luis Ignacio, RUT 15.376.697-5, holding 7.79%; (iii) Binimelis Yaconi, Lucas Antonio, RUT 16.094.660-1, holding 7.79%; (iv) Binimelis Yaconi, Margarita Fernanda Consuelo, RUT 17.403.981-K, holding 7.79%; (v) Binimelis Yaconi, Juanita Fernanda, RUT 18.393.874-6, holding 7.79%; and (vi) Binimelis Yaconi, Juan Pablo, RUT 19.605.371-9, holding 7.79%; and (B) Yaconi Santa Cruz, Ana María, RUT 6.879.097-2, holding 0.01%.

7. Inversiones Vinta Limitada

The owners of Inversiones Vinta Limitada with their respective ownership interest, are the following: Vinagre Tagle, Mario, RUT 7.171.058-0, holding un 25%; Vinagre Tagle, Juan Ignacio, RUT 7.180.550-6, holding 25%; Vinagre Tagle, Pablo, RUT 7.180.551-4, holding 25%; and Vinagre Tagle, Esteban, RUT 10.366.648-1, holding 25%.

8. Nexogas S.A

The owners of Nexogas S.A. with their respective ownership interest, are the following: (A) Tanilboro S.A., RUT 94.772.000-7, holding 72.8208%, owned by: (i) Inversiones Roble Nuevo Limitada, RUT 78.177.720-K, holding 52.50%, owned by: (a) Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 3.34%; y (b) Inversiones San Antonio Limitada, RUT 79.540.560-7, holding 96.66%, owned by Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 90% and Simián Díaz, María Eliana, RUT 4.702.698-9, holding 10%; (ii) Inversiones y Rentas Santa Cecilia S.A., RUT 78.187.260-1, holding 23.75%, owned by: (a) Inversiones Paladio Limitada, RUT 77.587.360-4, holding 99.80%, owned by Ardizzoni Martin, María Cecilia, RUT 3.745.936-4, holding 60%; and Contreras Prieto, Ricardo Sergio, RUT 4.185.608-4, holding 40%; (b) Ardizzoni Martin, María Cecilia, RUT 3.745.936-4, holding 0.10%; and (c) Contreras Prieto, Ricardo Sergio, RUT 4.185.608-4, holding 0,10%; and (iii)Araucaria 58 SpA, RUT 76.505.675-6, holding 5.93%, owned by: Correa Ardizzoni, Alberto, RUT 8.143.663-0, with 100%; iv) El Maitén 64 SpA, RUT 76.505.678-0, holding 5.93%, owned by: Correa Ardizzoni, Felipe, RUT: 9.979.966-8, with 100%; v) El Roble 62 SpA, RUT 76.505.676-4, holding 5.93%, owned by Correa Ardizzoni, Francisco, RUT 9.105.274-1, with 100%; vi) Las Garzas II SpA, RUT 76.505.677-2, holding 5,93%, owned by Correa Ardizzoni, Juan Luis, RUT 8.731.578-9, holding 8% and Las Garzas Ltda., RUT 76.838.950-0 holding 92%, owned by: Correa Ardizzoni, Juan Luis, previously identified, holding 70% and Ojeda Ramírez, Isabel Margarita, holding 30% (B) Inversiones San Antonio Limitada; RUT 79.540.560-7, holding 17,3793%; owned by: Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 90% and Simián Díaz, María Eliana, RUT 4.702.698-9, holding 10%; (C) Inversiones y Rentas Tres A Limitada, RUT 78.212.200-2, holding 5.4653%, owned by: (i) Inversiones Roble Nuevo Limitada, RUT 78.177.720-K, holding 33.34%, owned by: (a) Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 3.34%; and (b) Inversiones San Antonio Limitada, RUT 79.540.560-7, holding 96.66%, owned by Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 90% and Simián Díaz, María Eliana, RUT 4.702.698-9, holding 10%; (ii) Inversiones y Rentas Santa Cecilia S.A., RUT 78.187.260-1, holding 33,33%, owned by: (a) Inversiones Paladio Limitada, RUT 77.587.360-4, holding 99.80%, owned by Ardizzoni Martin, María Cecilia, RUT 3.745.936-4, holding 60%; and Contreras Rojas Ricardo Alex, RUT 9.559.721-1, holding 60%; (b) Ardizzoni Martin, María Cecilia, RUT 3.745.936-4, holding 0.10%; and (c) Contreras Prieto, Ricardo Sergio, RUT 4.185.608-4, holding 0.10%; and (iii) Araucaria 58 SpA, previously identified, holding 8.3325%; iv) El Maitén 64 SpA, previously identified, holding 8.3325%; v) El Roble 62 SpA, also previously identified, holding 8.3325%; Las Garzas II, previously identified, holding 8.3325%; and (D) Inversiones y Rentas Santa Cecilia, previously identified, holding 4.3346%

9.- Inversiones El Escudo Limitada

The owners of Inversiones El Escudo Limitada, RUT 77.126.312-9 with their respective ownership interest, are the following: (A) Inversiones Río Teno Limitada, RUT 87.865.500-1, holding 90%; owned by: i) Inversiones San Remo Limitada, RUT 77.253.000-5, holding 36.4%, owned by: Aguayo Ovalle, Berta Teresa, RUT 2.888.453-2, holding 99.0% and Yaconi Aguayo, Luz María, RUT 7.779.891-9, holding 1.0%; ii) Inversiones Aiwiñ Limitada, RUT 77.253.010-2, holding 10.6%, owned by Yaconi Aguayo, Luz María, RUT 7.779.891-9, holding 99.0% and Aguayo Ovalle, Berta Teresa, RUT 2.888.4532, holding 1.0%; iii) Inversiones Elen Ltda., RUT 77.252.990-2, holding 10.6%, owned by Yaconi Aguayo, Berta Elsa, RUT 6.550.750-1 holding 97.0%; Emden Yaconi, Sebastián Pablo, RUT 13.442.389-7, holding 1%; Emden Yaconi, Daniel Michel, RUT 14.122.222-8, holding 1%; and Emden Yaconi, Max Andrés, RUT 9.384.539-0, holding 1%; iv) Inversiones Río Claro Ltda., RUT 77.263.2800, holding 10.6%, owned by Yaconi Aguayo, María Inés, RUT 6.550.751-K, holding 98.0%; Ponce Yaconi, Diego, RUT 17.677.128-3, holding 1.0%; Ponce Yaconi, Maria Inés, RUT 19.636.075-1, holding 1.0%; v) Inversiones FYG Ltda., RUT 78.971.550-5, holding 10,6%, owned by: (a) Yaconi Aguayo, Remo Pablo, RUT 6.055.937-6, holding 70.0%%; (b) Gonzalez Bruzzone, María Loreto de Lourdes, RUT 7.078.961-2, holding 10.0%; (c) Yaconi González, María Loreto, RUT 16.366.146-2, holding 5.0%; (d) Yaconi González, Remo Enrique, RUT 13.829.282-7, holding 5.0%; (e) Yaconi González, Felipe José, RUT 14.122.867-2, holding 5,0%; (f) Yaconi González, Nicolás Pedro, RUT 17.697.425-7, holding 5.0%; vi) Inversiones Yacvil Ltda., RUT 77.124.180-8, holding 10.6%, owned by Yaconi Aguayo, Luis Alberto, RUT 7.698.988-5, holding 80% and Vilches del Real, María Eugenia, RUT 9.188.463-1, holding 20%; Inversiones San José Ltda., RUT 77.103.110-2,

holding 10,6%, owned by Yaconi Aguayo, Jorge Antonio, RUT 7.698.986-9, holding 59.0%; Vilches del Real, María Paulina, RUT 7.007.013-8, holding 25.0%; Yaconi Vilches Carla, RUT 16.656.477-8, holding 4.0%; Yaconi Vilches, Sandra, RUT 16.940.464-K, holding 4.0%; Yaconi Vilches, Antonia, RUT 18.024.136-1, holding 4.0%; and Yaconi Vilches, Rómulo, RUT 18.024.137-K, holding 4,0%; (B) Inversiones San Remo Limitada, RUT 77.253.000-5, holding 3,64%, owned by: Aguayo Ovalle, Berta Teresa, RUT 2.888.453-2, holding 99.0% and Yaconi Aguayo, Luz María, RUT 7.779.891-9, holding 1.0%; (C) Inversiones Aiwiñ Limitada, RUT 77.253.010-2, holding 1,06%, owned by Yaconi Aguayo, Luz María, RUT 7.779.891-9, holding 99.0% and Aguayo Ovalle, Berta Teresa, RUT 2.888.4532, holding 1.0%; (D) Inversiones Elen Ltda., RUT 77.252.990-2, holding 1.06%, owned by Yaconi Aguayo, Berta Elsa, RUT 6.550.750-1 holding 97.0%; Emden Yaconi, Sebastián Pablo, RUT 13.442.389-7, holding 1%; Emden Yaconi, Daniel Michel, RUT 14.122.222-8, holding 1%; and Emden Yaconi, Max Andrés, RUT 9.384.539-0, holding 1%; (E) Inversiones Río Claro Ltda., RUT 77.263.2800, holding 1.06%, owned by Yaconi Aguayo, María Inés, RUT 6.550.751-K, holding 98,0%; Ponce Yaconi, Diego, RUT 17.677.128-3, holding 1.0%; Ponce Yaconi, Maria Inés, RUT 19.636.075-1, holding 1.0%; (F) Inversiones FYG Ltda., RUT 78.971.550-5, holding 1,06%, owned by:(a) Yaconi Aguayo, Remo Pablo, RUT 6.055.937-6, holding 69.0%; (b) Gonzalez Bruzzone, María Loreto de Lourdes, RUT 7.078.961-2, holding 9.0%; (c) Yaconi González, María Loreto, RUT 16.366.146-2, holding 4.0%; (d) Yaconi González, Remo Enrique, RUT 13.829.282-7, holding 4.0%; (e) Yaconi González, Felipe José, RUT 14.122.8672, holding 4,0%; (f) Yaconi González, Nicolás Pedro, RUT 17.697.425-7, holding 4.0%;(g) Inversiones Traf y G Ltda., RUT 76.082.157-8, holding 6.0%, owned by Yaconi Aguayo, Remo Pablo, RUT 6.055.937-6, holding 40%; Gonzalez Bruzzone, María Loreto de Lourdes, RUT 7.078.961-2, holding 20%; Yaconi González, María Loreto, RUT 16.366.146-2, holding 10%; Yaconi González, Remo Enrique, RUT 13.829.282-7, holding 10%; Yaconi González, Felipe José, RUT 14.122.867-2, holding 10%; and Yaconi González, Nicolás Pedro, RUT 17.697.425-7, holding 10%; (G) Inversiones Yacvil Ltda., RUT 77.124.1808, holding 1.06%, owned by Yaconi Aguayo, Luis Alberto, RUT 7.698.988-5, holding 80% and Vilches del Real, María Eugenia, RUT 9.188.463-1, holding 20%; (H) Inversiones San José Ltda., RUT 77.103.110-2, holding 1.06%, owned by Yaconi Aguayo, Jorge Antonio, RUT 7.698.986-9, holding 59.0%; Vilches del Real, María Paulina, RUT 7.007.013-8, holding 25.0%; Yaconi Vilches Carla, RUT 16.656.477-8, holding 4.0%; Yaconi Vilches, Sandra, RUT 16.940.464-K, holding 4.0%; Yaconi Vilches, Antonia, RUT 18.024.136-1, holding 4.0%; and Yaconi Vilches, Rómulo, RUT 18.024.137-K, holding 4.0%.

10.- Inversiones Zaga S.A.

The owners of Inversiones Zaga S.A., with their respective ownership interest, are the following: Munizaga Barrales, Carolina, RUT 4.106.946-5, holding 98%; Fundación CMB, RUT 65.015.436-3, holding 2%.

11. Inversiones Roble Nuevo Ltda

The owners of Inversiones Roble, with their respective ownership interest, are the following: (a) Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 3.34%; and (b) Inversiones San Antonio Limitada, RUT 79.540.560-7, holding 96.66%, owned by Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 90% and Simián Díaz, María Eliana, RUT 4.702.698-9, holding 10%.

12. Inversiones Tanilboro S.A.

The owners of Inversiones Tanilboro Limitada, with their respective ownership interest, are the following: (i) Inversiones Roble Nuevo Limitada, RUT 78.177.720-K, holding 52.50%, owned by: (a) Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 3.34%; and (b) Inversiones San Antonio Limitada, RUT 79.540.560-7, holding 96.66%, owned by Ardizzoni Martin, Alfonso Antonio Rafael, RUT 4.109.249-1, holding 90% and Simián Díaz, María Eliana, RUT 4.702.698-9, holding 10%.

13.- Inversiones San Remo Limitada

The owners of Inversiones San Remo Limitada, with their respective ownership interest, are the following: Aguayo Ovalle, Berta Teresa, RUT 2.888.453-2, holding 99.0% and Yaconi Aguayo, Luz María, RUT 7.779.891-9, holding 1.0%.

14.- Capitales Mobiliarios LV SpA

The owners of Capitales Mobiliarios SpA., with their respective ownership interest, are the following: Aguayo Ovalle, Berta Teresa, RUT 2.888.453-2, holding 36.4%; Yaconi Aguayo, Berta Elsa, RUT 6.550.750-1 holding 10.6%; Yaconi Aguayo, María Inés, RUT 6.550.751-K, holding 10.6%; Yaconi Aguayo, Luz María, RUT 7.779.891-9, holding 10.6%; Yaconi Aguayo, Remo Pablo, RUT 6.055.937-6, holding 10.6%; Yaconi Aguayo, Luis Alberto, RUT 7.698.988-5, holding 10.6% and Yaconi Aguayo, Jorge Antonio, RUT 7.698.986-9, holding 10.6%.

Identification of principal shareholders, different from the controllers

As of December 31, the Company does not register shareholders other than controller with 10% or more capital with voting rights.

Identification of 12 main shareholders

Name or corporate name	N° subscribed shares	Ownership interest
Larraín Vial S.A. Corredora de Bolsa	15,760,807	13.88%
El Condor Combustibles S.A.	15,593,278	13.73%
Inversiones y Rentas Bermeo S.A.	11,383,969	10.02%
Inversiones Nogaleda SpA	11,315,082	9.96%
Inversiones Hevita S.A.	8,917,707	7.85%
Nogaleda Energía Limitada	8,282,634	7.29%
San Javier Combustibles S.A.	7,521,338	6.62%
Inversiones Vinta Limitada	5,297,568	4.66%
Inversiones Seis Limitada	5,019,854	4.42%
Nexogas S.A.	4,522,868	3.98%
Inversiones El Escudo Limitada	3,716,728	3.27%
Moneda S.A. AFI para Pionero Fondo de Inversión	2,038,000	1.79%

Total number of shareholders

The total number of registered shareholders at the end of the fiscal year 2017 is 86.

Significant changes in ownership

As mentioned above, through a material disclosure dated October 25, 2017, it was reported that the current controllers of Empresas Lipigas S. A signed a new shareholders' agreement on September 26, 2017. With this, the current controllers hold a total ownership interest of 70.20%

Description of series of shares

There are no series of shares . All shares are nominative shares of the same series and without par value.

Dividend policy

Company by-laws establish that once accumulated losses have been absorbed, if any, the General Shareholders' Meeting shall distribute at least 50% of net earnings. In the event that more than the referred to 50% wished to be distributed, it shall require the approval by an absolute majority of issued voting shares; and in the event that less than said percentage wished to be distributed, it shall require a unanimous approval of issued voting shares at the respective Shareholders' Meeting.

Statistical information

Amounts paid as interim and final dividends attributable to results for the fiscal year are as follows:

Year	Income for the Fiscal Year	Dividends		Charged to accumulated results
		Interim	Final	
2015	35,612,964,915	33,000,000,000	2,071,006,144	-
2016	38,738,412,552	26,883,704,145	2,979,441,693	-
2017	42,658,785,525	28,166,479,709	4,088,682,540	-

Dividend distribution per share for the past three years are:

	Paid and subscribed subscribed	Interim	Final	Charged to accumulated results
2015	113,574,515	290.5581	18.2348	-
2016	113,574,515	236.7054	26.2334	-
2017	113,574,515	248	36	-

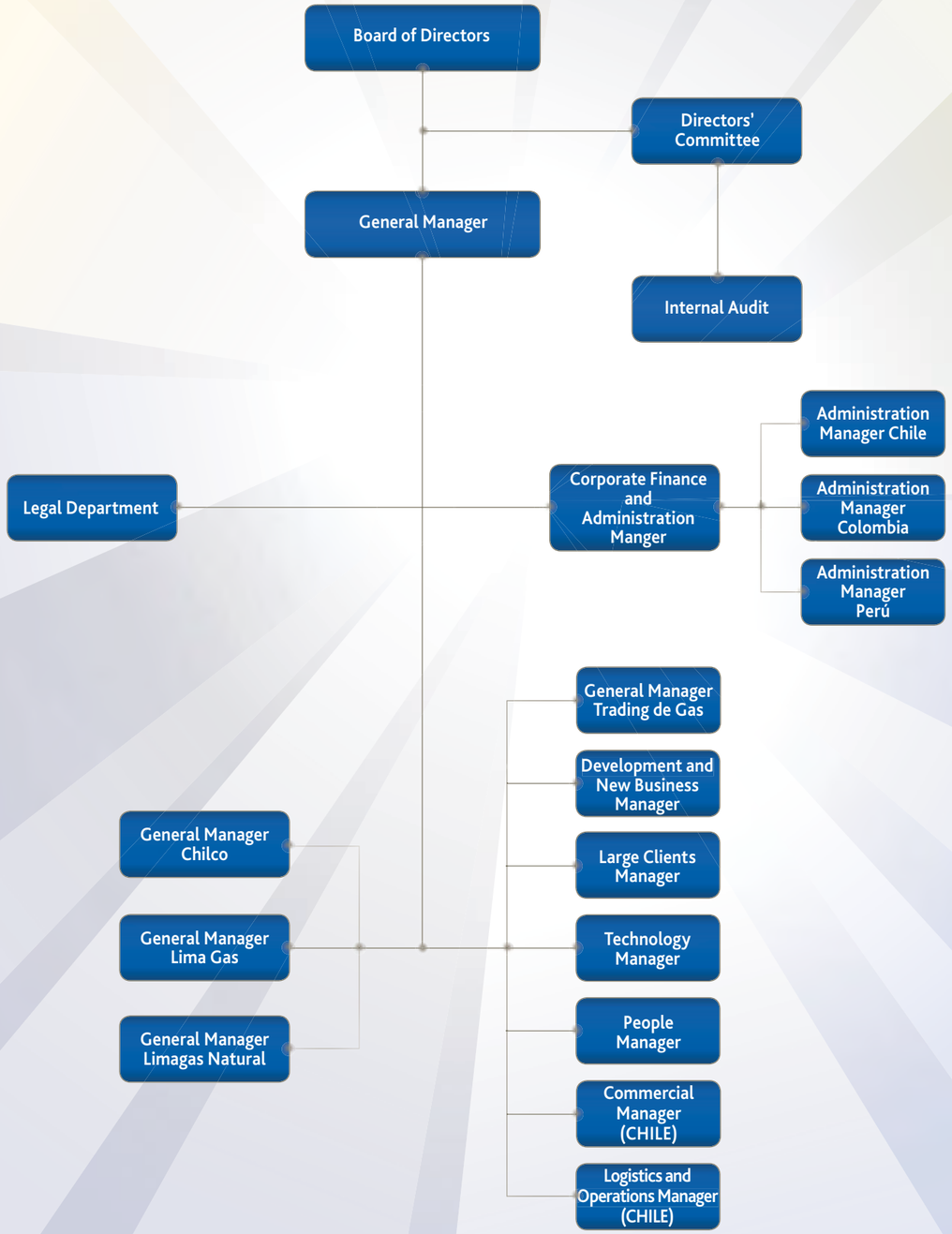
Stock Exchange transactions

Stock exchange	Number of shares	Amount traded CLP	Closing price	Highest Price	Lowest Price	Average price
Bolsa de Santiago	23,812,800	117,484,915,125	5,600	5,800	4,530	4,954

Figures as of December 31, 2017

MANAGEMENT AND **PERSONNEL**

Organizational chart



BOARD OF DIRECTORS

The Board of Directors of Empresas Lipigas S.A consists of professionals with recognized experience and knowledge to manage the business and implement the Company's strategy. Sessions are held at least once a month and is composed of seven directors and an equal number of alternate directors.

In accordance with Chile's Corporate Law No. 18,046 and the Company's Bylaws, the members of the Board are elected at the General Shareholders Meeting for a maximum period of three years and may be re-elected indefinitely in its functions.

The current Board was elected at the General Shareholders' Meeting held April 27, 2017.

The Chairman of the Board of Directors does not occupy an executive position within the Company.

During 2017, the Company's Board of Directors hired no consultants.

Identification of the members of the Board of Directors

Juan Manuel Santa Cruz Munizaga,
Chairman
RUT: 7.019.058-3

Civil Engineer, Pontificia Universidad Católica de Chile. Professional trajectory as General Manager and director of several companies in Chile, Peru and Argentina. He currently serves as director of AD Retail S.A. (ABCDIN), Museo de Artes Visuales (MAVI), Teatro Municipal de Santiago, Comunidad de Organizaciones Solidarias, and elective counselor of SOFOFA.

Jaime García Rioseco,
Vice-Chairman
RUT: 5.894.661-3

Economist, Pontificia Universidad Católica de Chile. Former General Manager and former Chief Executive Officer of Embotelladora Andina S.A. He currently serves as director of Sodimac S.A., Colmena Salud S.A., Wenco S.A., Construdecor S.A. in Brazil, and Banvida.

Juan Ignacio Noguera Briceño,
director
RUT: 7.022.714-2

Attorney at Law, Universidad Católica de Valparaíso, PADE and MBA Mentor Program, ESE Business School Universidad de Los Andes. Director and General Manager of Nogaleda Holding SpA and Nogaleda Energía Ltda. Chairman of the Board of LP Leasing, Director of Altos Bosques S.A e Inmobiliaria Teresa Vial SpA. He is also a partner at Zona Marketing Limitada and director of Fundación Camino.

Mario Alfredo Vinagre Muñoz,
director
RUT: 3.803.145-7

Business Administrator, Pontificia Universidad Católica de Chile. Former Chairman of Codigas S.A.C.I., Former Chairman of Enagas S.A, Former Vice Chairman of Banco de Chile and Former Director of Pesquera El Golfo S.A.

Jaime Fernando Santa Cruz Negri,
director
RUT: 6.861.742-1

Civil Industrial Engineer, Pontificia Universidad Católica de Chile. Currently director of AD Retail S.A (ABCDIN), Cofisa, Arboris LLC (U.S.A.), Acetogen S.A., SCS Furniture and Chairman of Netmentora.

José Miguel Barros van Hovell tot Westerflier,
director
RUT: 9.910.295-0

Business Administrator, Pontificia Universidad Católica de Chile, majoring in Economy, Partner-Corporate Finance Director of LarrainVial S.A., Director at CCU S.A., Viña San Pedro S.A., Stel Chile S.A and CDF.

Gabriel Ruiz-Tagle Correa,
director
RUT: 6.370.783-K

Entrepreneur. Former Secretary of Sport, Former Chairman of Blanco y Negro S.A. Participates in agricultural, real estate and industrial businesses.

Alternate directors appointed at the General Shareholders' Meeting held April 27, 2017 are:

Name	RUT	Profession
Jorge Yaconi Aguayo	7.698.986-9	Business Manager
Jorge Hurtado Garretón	5.200.545-0	Civil Industrial Engineer
Bernardita Noguera Briceño	7.031.947-0	Agricultural Engineer
Mario Vinagre Tagle	7.171.058-0	Business Administrator
Alfonso Ardizzoni Martin	4.109.249-1	Entrepreneur
Martín Engel Prieto	7.199.736-7	Business Administrator
Felipe Baraona Undurraga	10.269.224-1	Business Administrator

Secretary of the Board of Directors
José Miguel Bambach Salvatore
Attorney at Law, Universidad de Chile
RUT: 7.010.468-7

Compensation of the Board of Directors

Directors receive a monthly compensation. Compared to the previous year, the amounts received as of December 31, 2017,are as follows:

Director	Compensation 2017 (in CLP)	Compensation 2016 (in CLP)
Juan Manuel Santa Cruz Munizaga	57,200,000	51,000,000
Jaime García Rioseco	38,400,000	34,000,000
Ignacio Noguera Briceño (*)	26,400,000	-
Mario Vinagre Muñoz	38,400,000	34,000,000
Jaime Santa Cruz Negri	38,400,000	34,000,000
José Miguel Barros van Hovell tot Westerflier	38,400,000	34,000,000
Gabriel Ruiz-Tagle Correa (*)	26,400,000	-
Ernesto Noguera Gorget (**)	12,000,000	34,000,000
Rodrigo Swett Brown (**)	12,000,000	34,000,000

(*) Join the Board of Directors in April 2017.
(**) Resigned to the Board of Directors in April 2017.

Board of Directors Procedures

The Board of Directors is the legal representative of Empresas Lipigas and it has the authority to take any measures regarding operations not expressly reserved to the shareholders. In accordance with Chile's Corporate Law No. 18,046 and the Company's Bylaws, it may approve, among other things, the operations involving relevant amounts different from the regular course of business. The quorum is an absolute majority of the directors and resolutions are adopted by the vote of a majority of the directors present and eligible to vote. In the event of a tie, the Chairman of the session has the decisive vote.

Directors' Committee

The Company's Directors' Committee was voluntarily established on July 16, 2013. Its purpose is to examine matters of its competence pursuant to Chile's Corporate Law Nº 18,046 and others commissioned by the General Shareholders' Meeting or the Board of Directors when appropriate.

As of December 2017, Jaime García Rioseco (Chairman of the Committee), Jaime Santa Cruz Negri, and José Miguel Barros Van Hovell Tot Westerflier compose the Directors' Committee, the latter replacing Rodrigo Andrés Swett Brown who resigned to the Board of Directors in April 2017.

The Company's Directors' Committee hired no consultants during 2017.

Compensation of the members of the Directors' Committee

Director	Compensation 2017 (in CLP)	Compensation 2016 (in CLP)
Jaime García Rioseco	12,800,000	11,300,000
Jaime Santa Cruz Negri	12,800,000	11,300,000
José Miguel Barros Van Hovell Tot Westerflier (*)	8,800,000	-
Rodrigo Swett Brown (**)	4,000,000	11,300,000

(*) Joins the Committee in May 2017.
(**) Resigned to the Board of Directors in April 2017.

DIVERSITY IN THE BOARD OF DIRECTORS

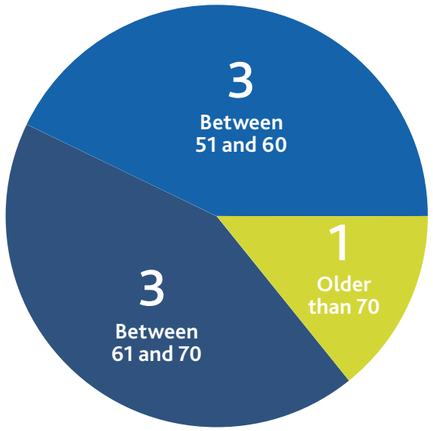
Number of members of the Board by gender.

All Board members are men.

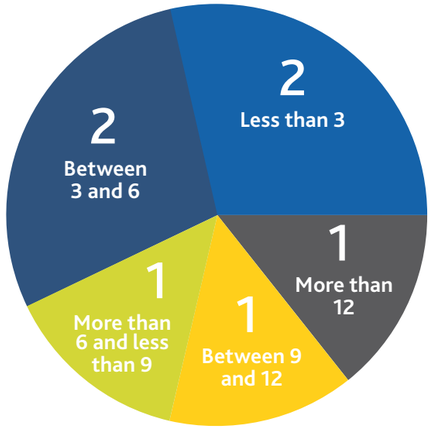
Number of members of the Board by nationality.

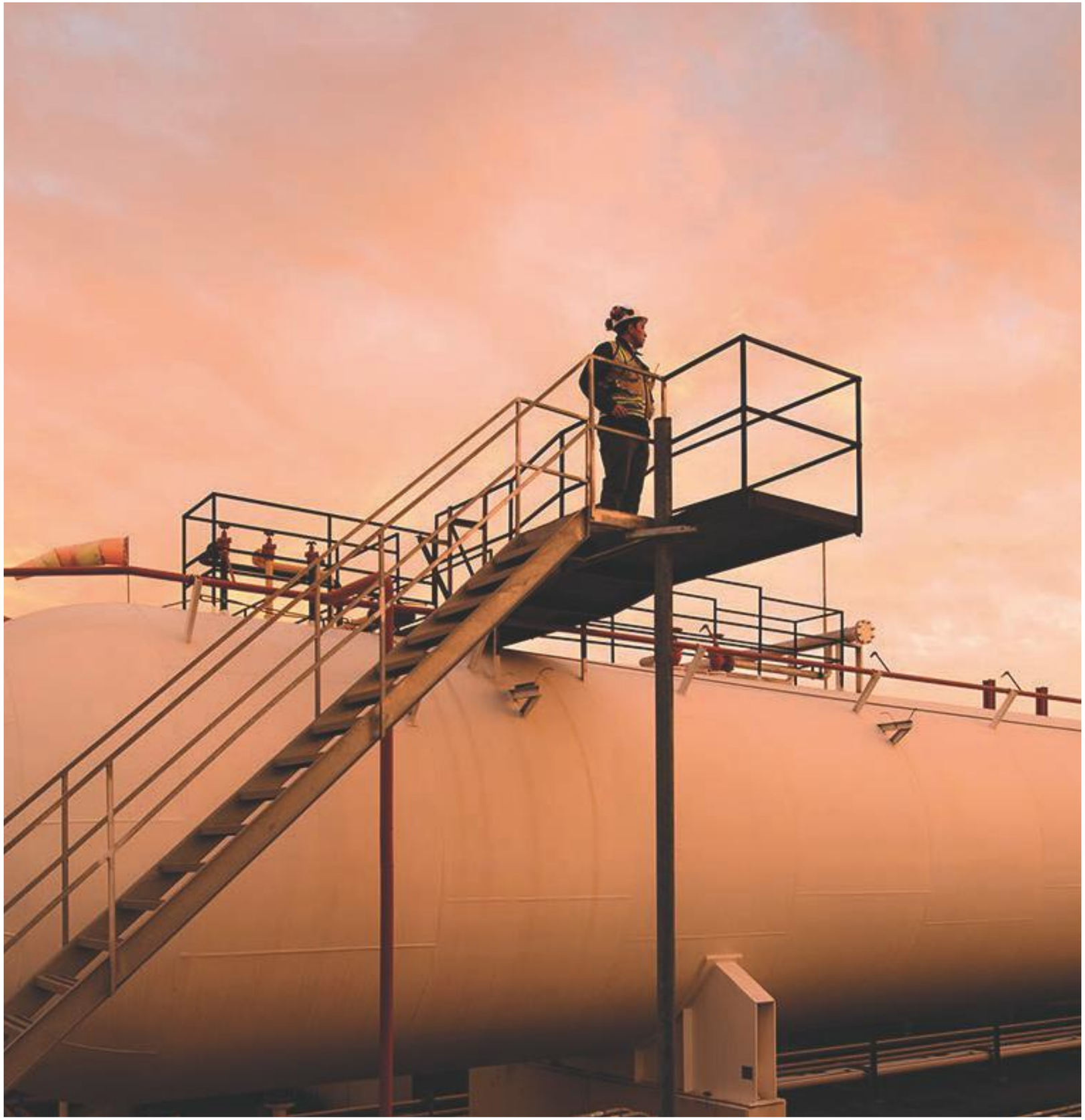
All Board members are Chilean citizens.

Number of Board members by age range.



Number of members of the Board by the amount of years they have served as Company director





EXECUTIVE TEAM

The executive team of Empresas Lipigas is headed by the Company's General Manager, of which 11 managers depend, all professionals and with vast experience and trajectory in each one of their areas. This team is also integrated by the Legal Manager, who also serves as secretary of the Board.

As of December 31, 2017, the Company's executive team was composed of:

Ángel Mafucci Solimano – General Manager
RUT: 5.559.689-1

Position held since: 05-01-2007

Business Administrator, Universidad Adolfo Ibáñez. For more than 30 years he has developed his career in the LPG business in several positions in the commercial and distribution areas in Chile as well as in Peru. Between 2001 and 2007 he served as Commercial Manager of Empresas Lipigas S.A. subsequently taking on the position of General Manager of the Company until today, a period during which the Company has expanded to other Latin American countries and ventured in new markets linked to gas and other energies.

Osvaldo Rosa Ageitos – Corporate Administration and Finance Manager
RUT: 14.734.144-K

Position held since: 11-05-2012

Bachelor's Degree in Business Administration and Public Accountant, Universidad de Buenos Aires, Argentina. He held several executive positions linked to the financial areas, specially at the Repsol Group between 1994 and 2012 . In 2012 he takes on the position of Administration and Finance Manager at Empresas Lipigas until today, and he is in charge of corporate finance of the 3 countries where the Company operates. He has been part of the team leading the international expansion of the company and the transformation process of Lipigas into a company open to the investment market.

José Miguel Bambach Salvatore – Legal Manager
RUT: 7.010.468-7

Position held since: 11-14-2011

Attorney at Law, Universidad de Chile and SPIM, University of Illinois at Urbana-Champaigne. He is and has been a director of regulated open and closed stock corporations, in Chile and abroad. Currently a partner at the law offices of Bambach & Campos. He was a partner at Pérez de Arce Abogados (2008-2013); Attorney and Secretary of the Board of Directors of Lan Airlines S.A. (2001-2008), Citibusiness Manager of Citibank (2000-2001); Legal Manager at Corporacion Financiera Atlas S.A. (1993-1998), Insurance Broker and Director of Prorenta Corredores de Seguros S.A. (2005-2008) and Lawyer at Citibank N.A. CGG (1989-2003).

Jorge Avilán Aristizábal – General Manager Chilco - Colombia
C.C: 16.662.018

Position held since: 06-25-2012

Industrial Engineer of the Pontificia Universidad Javeriana of Cali, Colombia. He has extensive experience in managerial positions in multinational corporations. He joins Chilco in July 2012, with the responsibility of structuring the company, outlining its expansion strategy, based on organic growth and acquisition of new operations. In 2000, he participated in the Leadership Development Program at Harvard Business School.

Luis Alberto Leey Casella – General Manager Lima Gas - Peru
DNI: 15.857.806

Position held since: 11-01-2014

Industrial Engineer, Universidad de Lima and MBA with experience as country manager in Peru and abroad. He has an extensive trajectory in sales and marketing of mass consumption and industrial products at multinational companies. Joins Lima Gas in 2014 in charge of the subsidiary's growth strategy.

Juan Carlos Zimmermann – General Manager Limagas Natural Perú S.A
DNI: 07806282

Position held since: 08-10-2016

Business Administrator of the Universidad de Lima, he also attended a Program for Senior Executives (PAD for its acronym in Spanish) at the Universidad de Piura in Peru. He has extensive experience in the field of the development of new businesses, and in the commercial and marketing areas, Lean Six Sigma and human resources. He served as director and manager of several division in Peru, Paraguay, Ecuador and Bolivia at 3M Region Andina. He takes on his current position after Empresas Lipigas acquired NEOgas Perú, currently Limagas Natural.

Luis Felipe Silva Labbé – General Manager Trading de Gas SpA.
RUT: 6.656.606-4

Position held since: 03-25-2015

Navy Electrical Engineer of the Academia Politécnica Naval, has over 20 years of experience in the field. He has held executive positions in the areas of logistics and operations. He served as Procurement Manager of Empresas Lipigas to subsequently take on his current position with the creation of Trading de Gas SpA, a subsidiary in charge of the purchase of raw material and the management of the Company's facilities at the Maritime Terminal at the Quintero Bay.

Alejandro Le Fort Cordero – New Business and Development Manager
RUT: 8.954.939-6

Position held since: 06-20-2016

Business Administrator of the Pontificia Universidad Católica de Chile, with an MBA of the Melbourne Business School, University of Melbourne, Australia. With extensive experience in commercial, finance and business development areas, and has performed in several industrial areas, standing out for his tenure at Río Tinto, where he led several projects in Chile and Peru. In 2016 he joins Empresas Lipigas being in charge of the evaluation process and execution of new projects and businesses as part of the Company's expansion strategy.

Esteban Rodríguez Bravo – Large Clients Manager
RUT: 10.390.470-6

Position held since: 01-01-2013

Civil Industrial Engineer, Universidad de Concepción, and a master's degree in Business Administration and Marketing from ESEM Business School in Madrid, Spain. He attended the Integral Management Program (PIM for its acronym in Spanish) at the IAE Business School, Universidad Austral de Buenos Aires, Argentina. He has vast experience in technical, commercial and innovation areas of the energy sector. In the last 15 years he has been linked to the market expansion of LPG and LNG for industrial, commercial and vehicular customers, and is currently in charge of the development and expansion of this business in the three countries where Empresas Lipigas operates.

María Josefa Ayarza León – IT Manager
RUT: 7.069.797-1

Position held since: 10-01-2004

Bachelor of Science in Computer Engineering, Universidad Técnica Federico Santa María. She has a Management Development diploma of the Universidad Adolfo Ibáñez and completed the Advanced Management Program, CIO Institute, University of Berkeley. She is also an active member of the Technology Center of the Universidad Católica (CETIUC for its acronym in Spanish). She has over 30 years of trajectory at Lipigas where she has LED several projects aimed at improving technological processes and internal management processes linked to customer service.

Mylene Iribarne Friedmann – People Manager
RUT: 8.540.774-0

Position held since: 09-03-2001

Psychologist, Pontificia Universidad Católica de Chile, she also has a diploma in People Management from the same University and graduated from the AMP program of the Universidad de Los Andes and training in Strategic Leadership from the Universidad Adolfo Ibáñez. With more than 15 years at Empresas Lipigas, she is currently Director of the Human Resources Executive Circle (CERH for its acronym in Spanish) and an active member of the Sustainability Committee of the Chamber of Commerce of Santiago. She was Director of the Corporación Desafío de Humanidad (2015).

Luis Alberto Orlandi Arrate – Commercial Manager
RUT: 12.232.355-K

Position held since: 04-01-2014

Business Administrator and MBA, Pontificia Universidad Católica de Chile. His trajectory has been linked to the development of new products and new models for commercialization and consumer communication. After 15 years at The Coca-Cola Company, he takes on his current position at Lipigas in 2014 with the mission of increasing national sales of bottled product and residential networks along with strengthening the company's commercial and marketing development.

Morris Pessó Olcese – Logistics and Operations Manager
RUT: 12.659.601-4

Position held since: 11-10-2013

Industrial Civil Engineer, Pontificia Universidad Católica de Chile. He has more than 20 years of experience in the areas of operations and logistics, holding executive positions at companies such as Polpaico and Sigdopack (Sigdo Koppers Group). He joins Lipigas in 2013, taking on his current position with the purpose of generating efficiency aimed at keeping excellent customer service, as well as ensuring operating safety nationwide.

Company ownership of principal officers

As of December 31, 2017, the following directors and principal officers hold the ownership interests in the Company as shown below:

Name	Shares 2017	Ownership interest	Shares 2016	Ownership interes	Vehicle
Jaime García Rioseco	500,000	0.44%	365,247	0.32%	Sociedad de Inversiones Río Claro
José Miguel Barros van Hovell tot Westerflier	190,133	0.17%	107,026	0.09%	Inversiones Carpe Futurum Ltda.
Gabriel Ruiz-Tagle Correa	4.980,785	4.39%	2,485,777	2.19%	Inversiones III Limitada; Inversiones RTB S.A.
Ángel Mafucci Solimano	54,422	0.05%	35,330	0.03%	N/A
Osvaldo Rosa Ageitos	10,193	0.01%	7,193	0.01%	N/A

Key personnel compensation

Compensation of key personnel that includes directors and managers is composed of a fixed monthly amount and a variable amount (for managers).

Compensation for the Board of Directors and Directors' Committee for the fiscal year 2017 was:

Concept	2017 ('000 CLP)	2016 ('000 CLP)
Compensation Board of Directors	287,600	255,000
Compensation Directors' Committee	38,400	33,900
Total Income	**326,000**	**288,900**

Compensation for managers during the fiscal year 2017 and 2016 was

Type of Income	2017 ('000 CLP)	2016 ('000 CLP)
Fixed income	1,792,382	1,423,837
Variable income	569,129	662,260
Total Income	**2,361,511**	**2,086,097**

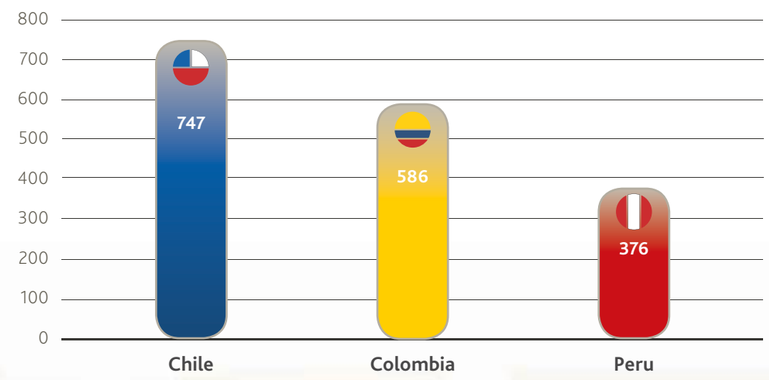
Compensation plans for principal officers

The Company has agreed with a group of its officers from the different countries where it operates, a long-term incentive plan related to the generation of results of the period 2017-2020. This plan implies a bonus payment to the selected officers who remain as employees of the Company as of December 31, 2020, which depends on the results obtained and the evolution of the value of the share during that period.

EMPLOYEES

As of December 2017, the Company had 1,709 employees considering its operations in Chile, Colombia and Peru. A detail of the distribution by managers, principal officers, professionals, technicians and workers can be found in the financial statements.

EMPLOYEES BY COUNTRY



DIVERSITY IN THE ORGANIZATION

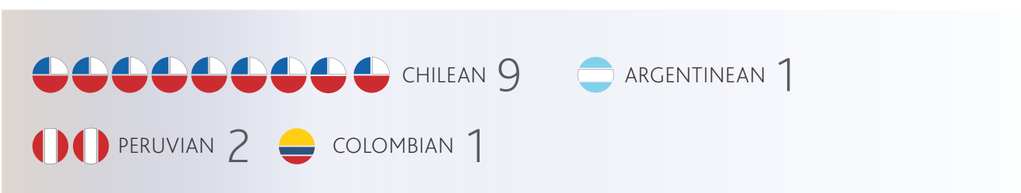
Following is the distribution according to gender, nationality, age range and seniority of managers and workers, in compliance with Chile's NCG N°386.

Diversity among Managers

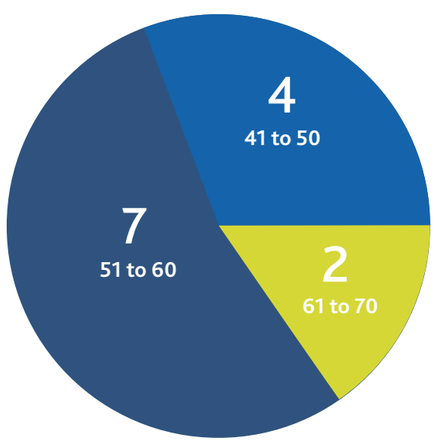
For purposes of this information, the General Manager of Empresas Lipigas, the Legal Manager and managers that report directly to the General Manager are considered. The information includes the 3 countries.

Number of managers by gender

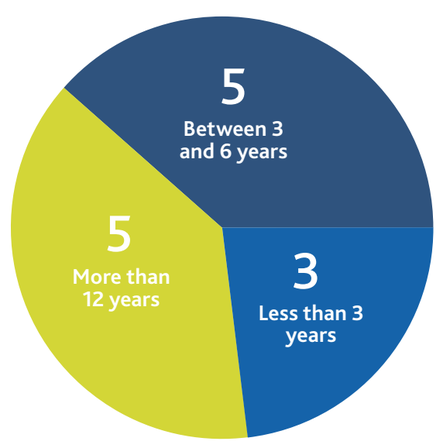
Number of mangers by nationality



Number of managers by age range



Number of managers by seniority



Diversity in the organization

Regarding workers by country the composition according to gender, nationality, age range and seniority in the Company, excluding managers reported in the previous section and totaling 1,697 people is as follows:

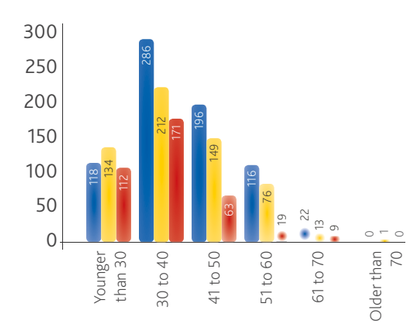
Number of workers by gender by country

	CHILE		COLOMBIA		PERU	
	Men	518	Men	460	Men	294
	Women	220	Women	125	Women	80

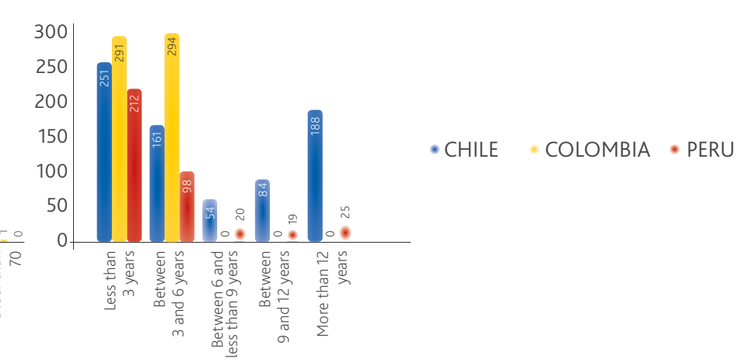
Number of workers by nationality by country

CHILE		COLOMBIA		PERU	
Chilean	716	Colombian	585	Peruvian	374
Other	22				

Number of workers by age range by country



Number of workers by seniority, by country



Salary gap by gender

The proportion representing the average gross base wage, by type of position, responsibility and function performed, of female officers and workers with regard to male officers and workers, is as follows:

Type of position	Chile	Colombia	Peru	
			Lima Gas	Limagas Natural
Executives	100%	57%	97%	N/A
Heads of areas	102%	81%	94%	97%
Administrative	110%	75%	85%	121%
Workers	N/A	112%	N/A	N/A

INFORMATION **ON SUBSIDIARIES AND RELATED COMPANIES**

Name	Norgas S.A	Trading de Gas SpA	Inversiones Lipigas Uno Limitada	Inversiones Lipigas Dos Limitada	Chilco Distribuidora de Gas y Energía S.A.S. E.S.P.	Chilco Metalmecánica S.A.S.	Rednova S.A.S. E.S.P.	Lima Gas S. A.	Limagas Natural Perú S.A.
Type of entity	Importer and wholesale distributor of liquefied petroleum gas (LPG)	Storage, commercialization and distribution of gas.	Investment company	Investment company	Importer and wholesale distributor of liquefied petroleum gas (LPG)	Manufacture of liquefied petroleum gas (LPG) cylinders and tanks	Transport, operation and pipeline distribution of natural gas and liquefied petroleum gas (LPG)	Distributor of liquefied petroleum gas (LPG)	Distributor of natural gas
RUT and/or tax identification foreign entities	78.889.940-8	76.466.551-1	76.121.456-K	76.121.442-K	900.396.759-5	900.396.770-7	901.042.814-7	20100007348	20516556561
Address	Dos Norte N° 200, comuna de Concón. Valparaíso, Chile	Antonia López de Bello 114, oficina 304, Recoleta, Santiago, Chile	Antonia López de Bello 114, oficina 304, Recoleta, Santiago, Chile	Antonia López de Bello 114, oficina 304, Recoleta, Santiago, Chile	Trans 23 N° 95-53 Piso 7 Bogotá, Colombia	Trans 23 N° 95-53 Piso 7 Bogotá, Colombia	Trans 23 N° 95-53 Piso 7 Bogotá, Colombia	Calle Bernini 149 Piso 4, San Borja Lima - Perú	Calle Bernini 149 Piso 4, San Borja Lima - Perú
Trade relations	Sale of services and LPG. This same type of trade relations, is projected to be maintained	Purchase and sale of services and LPG. This same type of trade relations is projected to be maintained	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	LPG sales from the subsidiary have been sporadically made to the parent company.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.
Corporate Purpose	Import, export, and purchase of liquefied petroleum gas (LPG) and bulk sales to distributors in the First, Second and Fifteenth Region of the country.	Purchase, sale, brokerage, storage, transport and distribution at local and international levels of gas in all its forms, imported by sea or land.	Investment, both in Chile and abroad in ventures linked to the energy sector, particularly in the field of liquefied petroleum gas.	Investment, both in Chile and abroad in ventures linked to the energy sector, particularly in the field of liquefied petroleum gas.	Purchase, sale, distribution, transportation and commercialization of household gas for domestic, commercial or industrial use, as well as all kinds of fuels and lubricants	Manufacturing, assembly and repair of tanks and containers of all sizes and capacity used for the storage or transport of gas.	Purchase, sale, transport, operation and pipeline distribution of liquefied petroleum gas (LPG) of hydrocarbons in general and all kinds of gas and oil activities and directly related businesses.	Provide service in the field of energy, oriented toward the business of packaging, distribution and commercialization of liquefied petroleum gas.	Provide service in the field of energy, oriented toward the bottling, distribution and commercialization business of natural gas.
% Subsidiary Investment Represents of Parent Company Asset	0.51%	3.72%	16.43%	0.28%	4.86%	0.26%	0.13%	10.18%	3.30%
Ownership Interest of Parent Company in Subsidiary's Capital and variations during last period	58%	100%	100%	100%	100%	100%	100%	100%	100%
Subscribed and paid-in capital Functional currency	$2,758,364,807	$12,000,000, 000	$59,553,579,115	$1,101,039,270	COP71,748,229,000	COP4,964,665,000	COP2,500,000,000	PEN53,565,412	PEN49,545,035
Board of Directors									
Chairman	Ángel Mafucci Solimano	Ángel Mafucci Solimano	N/A	N/A	Ángel Mafucci Solimano	Ángel Mafucci Solimano	Ángel Mafucci Solimano	Ángel Mafucci Solimano	Ángel Mafucci Solimano
Vice-Chairman	Jorge Lambeye Illanes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Directors	Osvaldo Rosa Ageitos, Francisca Correa Marchant, Esteban Rodríguez Bravo.	Osvaldo Rosa Ageitos, José Miguel Bambach Salvatore	N/A	N/A	Osvaldo Rosa Ageitos, Manuel Maiguashca.	Osvaldo Rosa Ageitos, Manuel Maiguashca.	Osvaldo Rosa Ageitos, Manuel Maiguashca.	Osvaldo Rosa Ageitos, Alonso José Rey Bustamante.	Osvaldo Rosa Ageitos, Luis Alberto Leey Casella
General Manager	Morris José Pessó Olcese.	Luis Felipe Silva Labbé	N/A	N/A	Jorge Avilán Aristizábal	Jorge Avilán Aristizábal	Jorge Avilán Aristizábal	Luis Alberto Leey Casella	Juan Carlos Zimmermann Mujica
Principal Officers of the Parent Company serving as Directors of the Subsidiary	Esteban Rodríguez Bravo, Osvaldo Rosa Ageitos, Ángel Mafucci Solimano.	Osvaldo Rosa Ageitos, Felipe Silva Labbé José Miguel Bambach Salvatore, Ángel Mafucci Solimano.	N/A	N/A	Ángel Mafucci Solimano, José Miguel Bambach Salvatore, Luis Felipe Silva, Osvaldo Rosa Ageitos, Morris José Pessó Olcese.	Ángel Mafucci Solimano, José Miguel Bambach Salvatore, Luis Felipe Silva, Osvaldo Rosa Ageitos, Morris José Pessó Olcese.	Ángel Mafucci Solimano, José Miguel Bambach Salvatore, Luis Felipe Silva, Osvaldo Rosa Ageitos, Morris José Pessó Olcese.	Ángel Mafucci Solimano, Osvaldo Rosa Ageitos	Ángel Mafucci Solimano, Osvaldo Rosa Ageitos

FINANCIAL INFORMATION

FINANCIAL PERFORMANCE

As of December 31, 2017, Empresas Lipigas S.A. (the "Company") recorded earnings after taxes amounting to M$ 42,659 with an increase of M$ 3,920 (10.1%) with respect to the M$ 38,738 recorded in the previous year.

Consolidated EBITDA reached M$ 87,499, a 12.0% higher figure than the one recorded for the previous year, which reached M$ 78,118.

Gross earnings for the period reached M$ 155,420 an increase of M$ 12,782 (9.0%) regarding the previous year, resulting from greater sales volume in Chile and Colombia, along with an increase in unit gross earnings in both countries. This result was offset by an increase in other expenses by function, distribution costs and management expenses amounting to M$ 6,977 (8.4%) mainly in Chile, an increase that relates to the development of integration strategies of the distribution chain to the end-customer.

Accumulated LPG sales volume as of December 2017 compared with the previous year increases 3.6% equivalent to 24,070 tons. In Chile, volume grows 4.7%, in Colombia it increases by 3.0% and in Peru, it increases 0.4%.

Natural gas sales (including sales of network NG, CNG and LNG) totaled 106.7 million m3, representing a slight decrease (-0.5%) compared to the 107.2 million m3 recorded during the year 2016, resulting from lower CNG sales that Limagas Natural in Perú has recorded in the second part of the year. NG sales volume in equivalent LPG tons grew by 3.1%.

Revenue from ordinary activities amounted to M$ 468,355, increasing 15.3% regarding the same period of the previous year. This increase essentially resulted from greater unit revenue because of higher sales prices associated to the increase in the purchase price of gas and to an increased sales proportion to end-customers in Chile, in addition to the 24,070 tons increase in LPG sales volume.

Negative non-operating income was M$ 7,213 a figure that is lower than the M$ 8,660 loss recorded during the previous year. This variation is mainly generated by a lower loss from the restatement of liabilities for guaranty in Chile, the lower negative results by indexation units due to lower inflation in Chile and the accounting of a provision for an administrative procedure in the Peruvian subsidiary.

- EBITDA, 12.0% higher to that of the previous year (CLP 87,499 million in 2017).
- Consolidated LPG sales volume increases by 3.6%.
- Consolidated sales volume in equivalent LPG tons grows 3.1%.
- Income after taxes increases by 10.1%.

Risk Factors

Risk factors inherent to the Company's business are the markets in which it participates, and the activity developed by the Company and its subsidiaries. The Board of Directors and Management periodically review the map of the Company's significant risks in order to design and monitor the implementation of suitable measures for mitigating risks that are sought to be fit. The main risk factors affecting the Company's business are presented below and a breakdown of them can be found in the Company's Analysis of Financial Position.

Credit risk

Credit risk arises in losses that might occur because of a breach of the contractual obligations on behalf of counterparties of the Company's different financial assets.

The Company has credit policies that mitigate risks of non-collection of trade accounts receivable. These policies consist of establishing limits to the credit of each client based on their financial background and behavior, which is permanently monitored.

The Company's financial assets consist of cash and cash equivalents balance, commercial debtors and other accounts receivable and other non-current financial assets.

Credit risk is mainly related to commercial debtors and other accounts receivable. The balance of cash and cash equivalent is also exposed to a lesser extent.

The exposure of cash and cash equivalents to credit risk is limited because cash is deposited in banks with a high credit rating. The Company's cash surplus investments are diversified among different financial institutions that also have high credit ratings..

Liquidity Risk

Liquidity risk refers to the possibility that an entity cannot cope with their short-term payment commitments.

Liquidity risk is handled through the proper management of assets and liabilities, optimizing daily cash surplus, investing in top quality financial instruments, thus, ensuring compliance with debt commitments upon maturity.

The Company maintains relationships with major financial institutions in the markets in which it operates. This allows counting on credit lines to deal with particular illiquidity situations.

Periodically, cash flow projections and analysis of the financial situation are performed, to acquire new financing or restructuring of existing debts on terms that are consistent with the Company's business cash flow generation, should the need arise.

Note 14 of the Consolidated Financial Statements presents an analysis of the Company's financial liabilities classified according to their expiration.

Market risk

It relates to the risk of fluctuation of fair values of financial assets and liabilities due to changes in market prices, and the risks associated with the demand and supply of commercialized products. The Company's exposure to market risks regarding financial

assets and liabilities are the exchange rate and indexation unit risk, and interest rate risk. In addition, the Company is exposed to risks related to commercialized products.

Exchange rate and indexation unit risk

This risk arises from the probability of loss due to the exchange rate fluctuations of the currencies in which financial assets and liabilities are denominated with respect to currencies other than the Company's functional currency.

Interest rate risk

This risk refers to the sensitivity to interest rate fluctuations of the value of financial assets and liabilities.

The purpose of interest rate risk management is to achieve a balance in the financing structure, minimizing the cost of the debt with reduced volatility in the income statement.

97% of the Group's financial debt is at fixed rates as of December 31, 2017. As a result, the risk of fluctuations in market interest rates is low regarding cash flows. Concerning the portion in variable rates, Management permanently monitors the outlook in terms of the expected evolution of interest rates.

Risks related to commercialized products

a) **LPG**

The demand for residential LPG is not significantly affected by economic cycles since it is a basic consumption good in all countries where the Company operates. However, factors such as temperature, precipitation levels and the price of LPG compared with other substitute fuels and energy, could affect it. In some regions, demand has a high seasonality resulting from temperature variations.

Since it participates in a highly competitive market, the sales volume of the Company may be impacted by the business strategy of its competitors.

One of the risk factors in the business of commercializing LPG is the supply of LPG.

In the case of Chile, the Company has the ability to minimize this risk through a network of multiple suppliers such as Enap Refinerías S.A., Gasmar S.A., and the management performed when importing this fuel from Argentina and Peru, and by sea.

In order to strengthen its strategic position in terms of LPG supply, in 2012, the Company entered into a series of agreements with Oxiquim S.A. to develop the construction of facilities for the reception, storage and dispatch of LPG at the terminal owned by that company located at the Quintero Bay, allowing the Company to have different seaborne supply sources beginning March 2015. To this end, the Company signed a lease agreement and an agreement for the provision of unloading, storage and dispatch services of LPG for a period of 25 years for the use of the facilities built by Oxiquim S.A. and which are available since March 2015.

For the Colombian market, the risk factor of commercializing LPG in terms of supply is minimized through the establishment of purchase quotas, which are agreed upon with Ecopetrol S.A., which ensures the demand of distribution companies through public offerings. In addition to the agreements with Ecopetrol S.A., the Company

also has purchase agreements with other local market actors and carries out sea imports of product through facilities located in Cartagena

For the Peruvian market, LPG supply presents a high concentration in Lima where half of this capacity is located. Since the nation's capital is the area of highest consumption, important supply facilities have been built to provide it with a greater level of reliability. In this sense, agreements have been entered into with Petroperú (which has two supply plants: Callao and Piura) and Pluspetrol. In addition to these agreements, the Company also has purchase agreements with other market players and imports product from Bolivia to supply the south of the country.

LPG purchase prices are affected by the variations of international value of fuel prices and exchange rate variation of local currency with respect to the U.S. dollar. The Company does not foresee significant risks of not being able to transfer the variations of LPG costs to the sales price.

The Company maintains LPG inventories. The realization value of these inventories is affected by the variation of international prices of fuels that are the basis for establishing selling prices to customers. Variation in LPG international prices would produce a variation in the same direction and of similar magnitude in the realization price of inventories. Generally, the Company does not cover this risk, since it considers that the variations of international prices are offsetting over time. The Company permanently monitors the evolution and forecasts of international commodity prices. Since the maritime terminal located on the Quintero Bay began operating, the Company has decided to cover the risk of variation of the price of inventory realization of stored product at the maritime terminal through swaps related to LPG prices and currency forwards to hedge the effect of exchange rate variations of the U.S. dollar (currency used to express the reference price of inventories).

b) Natural gas

The demand for residential natural gas is not significantly affected by economic cycles since it is a basic consumption good. Regarding the risk of product supply for the operations that the Company owns in the North and South of Chile, both are covered with long-term agreements with a local supplier in the North and with Enap in the South.

In Peru, the subsidiary Limagas Natural Perú S.A. has entered into supply agreements with natural gas distributors from several regions to cover the demands.

c) Liquefied natural gas

The Company has agreements for the supply of liquefied natural gas (LNG) to industrial clients, including a "take or pay" clause. Such agreements contain formulas to establish the selling price that, in turn, transfer the agreed variation to the price of the agreements with the supplier of the product. To respond to commitments with customers, the Company entered into an LNG supply agreement with Enap Refinerías S.A., which includes the "take or pay" clause (with the same characteristics as of those signed with customers) offsetting the risk. ENAP S.A. in turn maintains supply agreements with the LNG Quintero Terminal to comply with an Annual Supply Plan entered into by both parties.

Regulatory Risk

Amendments to D.F.L 323, the Gas Services Law came into effect in February 2017.

The most relevant changes impact the concession network business, the most significant being the establishment of a profitability cap of 3% above the capital cost rate for the supply of gas through concession networks. Capital cost rate may not be lower than 6% with which resulting profitability is 9% for new networks. In the case of networks built during the 15 years preceding the effective date of the amendments to the law and during the 10 years following the effective date of the amended law, a 5% profitability cap on the capital cost is established for a period of 15 years from its entry into operation, resulting in an 11% rate for the first 15 years of operation.

The Company currently has a natural gas operation in the city of Calama and it has begun the supply of natural gas in cities located in the South of Chile. The changes included in the law do not affect the evaluation of the natural gas projects currently being developed, since the Company has included the previously mentioned profitability restrictions within the evaluation parameters. For the city of Calama, annual profitabilities are below the maximum range allowed by the law. In the last annual profitability review published by the CNE for the year 2016, profitability rate was 3.5%.

The freedom of fixing prices to consumers remains for non-concession networks. In addition, it reaffirms that customers or consumers with residential gas services are entitled to change the distribution company. Given the above, a maximum period of five years is set for the validity of relationship contracts between residential gas customers and distributing companies for new real estate projects or should the transfer to another company involve the replacement and adaptation of existing client facilities due to the amendment of supply specifications, in order to enable the connection to the distribution network. In the other cases, the maximum term of contracts is two years.

Currently, the residential bulk business is very competitive between the participants of the gas market. Additionally, LPG distributing companies must compete with other types of energy (natural gas, firewood, diesel, paraffin, electricity, etc.). The possibility that customers change the company that provides LPG supplies already existed before the amendments introduced by law. The service delivered to clients and the security both of supply and facilities, in addition to a competitive price, are relevant to the degree of customer satisfaction. The Company pretends to continue being a competitive energy option for those customers connected to LPG networks.

In January 2018, the Free Competition Defense Court issued its resolution 51/2018 concerning, inter alia, the analysis of existing property relations between the different companies operating in the relevant gas market (LPG and LNG), in order to avoid the anti-competitive risks. The measures included in that resolution do not affect the Company.

Accident risk

All human activities are exposed to dangers that can lead to accidents and certainly, the fuel distribution industry is no exception. To minimize the likelihood that these hazards will become unwanted situations, prevention and mitigation actions must be developed to reduce its consequences if hazards such as accidents or emergencies should exist.

Bakery, LPG client

For this, actions are continuously developed to ensure that all operations are carried out with high safety levels. Among these actions, the following can be mentioned:

- Training of collaborators and contractors regarding safe operations.
- Emergency response procedures with on-site service vehicles.
- Awareness actions on the safe handling of gas among clients and the community in general (firefighters, associations, etc.)
- Maintain OHSAS 18001:2007 Occupational Health and Safety Assessment Series at 13 storage and bottling plants in Chile and at the main offices.
- Implementation of management systems based on the OHSAS standard and safety systems pursuant to the Peruvian law N° 29.783, there are four plants that have this certification.
- Certification of 15 plants in Colombia, under ISO 9001 quality standard for the operation and maintenance of LPG storage tanks and bottling service of LPG cylinders, pursuant to legal requirements.
- Strict compliance of health, safety and environmental standards at all our operations

Complementing the reinforcement actions of fuel safe handling, the Company has insurance coverage deemed consistent with the industry's standard practices.

Reputation and corporate image risk

The Company's business is associated with the management of fossil fuels, particularly LPG, and its commercialization to a wide-ranging customer base. This business is subject to specific regulations in each of the countries where the Company operates. In addition, the Company is subject to several provisions relating to compliance with tax, environmental, labor, antitrust, and corporate regulations, among others. Should damage result from the commercialized products or in the event of observations from inspection bodies in compliance with the provisions that are applicable to the Company, this could lead to a deterioration of the Company's reputation and corporate image.

This risk is mitigated through the appropriate operating processes and compliance with regulations implemented within the Company.

Risk of litigation, penalties and fines

The Company may be subject to litigation, penalties or fines resulting from its business. These potential impacts are mitigated from their inception, by complying with relevant regulations. Note 27 to the consolidated financial statements describe the principal litigation and sanctioning procedures currently underway involving the Company or its subsidiaries.

The Company's main businesses are regulated by the Superintendence of Electricity and Fuels (SEC) in Chile, the Regulatory Commission of Energy and Gas (CREG) in Colombia and the Ministry of Energy and Mines and the Energy and Mines Investment Regulator (Osinergmin) in Peru, which ensure compliance with the laws, decrees, rules, memorandum and resolutions that govern the activity. In addition, different agencies in different countries are responsible for the control of compliance with the provisions related to tax, environmental, labor, antitrust, and corporate regulations, among others.

The Company has procedures in place and the knowledge required to act under the protection of current laws and avoid penalties, and fines.

Risk of changes in regulatory, political, economic and social conditions in the countries of operation.

The Company's financial and operating performance may be negatively affected by regulatory, political, economic and social conditions of the countries where it has operations. In some of these jurisdictions, the Company is exposed to various risks such as potential renegotiation, nullification or forced modification of existing contracts, expropriation, foreign exchange controls, and changes in laws, regulations and political instability. The Company also faces the risk of having to submit to the jurisdiction of a foreign court or arbitration panel or having to enforce a judgment in another country.

Company management permanently monitors the evolution of the regulatory, political, economic and social conditions of the countries where it has operations.

Acquisition strategy risk.

The Company has grown, in part, through a number of significant acquisitions, including:

- The assets of Gas País in 2010 through which the Company started its growth in operations in Colombia.
- Lima Gas S.A. in 2013 through which the Company entered the Peruvian LPG market.
- Neogas Perú S.A. (currently Limagas Natural Perú S.A.), through which the Company has presence in the natural gas market in Peru, since February 2016.

In the future, the Company will continue to be committed in several evaluations and pursuing other potential acquisitions, which could lead to the acquisition of other LPG and fuel distribution companies seeking to integrate them into our own operations.

Acquisitions involve known and unknown risks that could adversely affect the Company's future net sales and operating results. Each acquisition carried out by the Company is analyzed in detail by multi-disciplinary teams with external consultants, if necessary, in order to analyze the consequences and mitigate the risks inherent in any new business acquisition.

Risk of production, storage and transportation of LPG

Operations carried out at the Company's plants involve safety risks and other operating risks, including the handling, storage and transportation of highly flammable, explosive and toxic materials.

These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. Although the Company is very careful about the safety of its operations, a sufficiently large accident at one of our bottling or storage plants or at facilities located at clients locations or at vehicular gas service stations or during transportation or delivery of products being sold, could force to temporarily suspend operations at the location and result in significant remediation costs, loss of income or generate contingent liabilities, and adversely affect the Company's corporate image and reputation and that of its subsidiaries. In addition, insurance proceeds may not be available on a timely basis and may be insufficient to cover all losses. Equipment breakdowns, natural disasters and delays in obtaining imports of required replacement parts or equipment can also affect our distribution operations and consequently our operating results.

Risk that our insurance coverage may be insufficient to cover losses that might be incurred.

The operation of any specialized distribution company dedicated to logistic LPG operations and fuel distribution involves substantial risks of property damage and personal injury and may result in material costs and liabilities.

The Company permanently analyzes the risks that may be covered by insurance policies, both in the amount of possible losses for the Company as in the characteristics of the risks which is why current insurance levels are adequate. Nevertheless, the occurrence of losses or other liabilities that are not covered by insurance or that exceed the limits of our insurance coverage could result in significant unexpected additional costs.

Risk of change in regulations resulting from the mitigation of climate change

Due to concern over the risks generated by climate change, several countries have adopted, or are considering among other measures, the adoption of regulatory frameworks to reduce greenhouse gas emissions. These could include adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates to develop the generation of renewable energy. These requirements could reduce demand for fossil fuels, replacing them with energy sources of relatively lower-carbon sources. In addition, many governments may provide tax advantages and other subsidies and mandates to make alternative energy sources more competitive against oil and gas. Governments may also promote research into new technologies to reduce the cost and increase the scalability of alternative energy sources, all of which could lead to a decrease in demand for our products. In addition, current and pending greenhouse gas regulations may substantially increase our compliance costs and, consequently, increase the price of the products that the Company distributes.

The Company permanently monitors the evolution of legislation on climate change.

Board of Directors of Lipigas at PGMD facilities, Concon

INDEPENDENT AUDITOR REPORT

On March 7, 2018, the independent auditor PricewaterhouseCoopers, issued its unqualified audit opinion on the consolidated financial results of Empresas Lipigas S.A. and subsidiaries as of December 31, 2017. The aforementioned report and complete version of the Consolidated Financial Statements of the fiscal year, together with the Analysis of the Financial Position reported to Chile's Financial Market Commission (formerly known as Chile's Superintendence of Securities and Insurance) in compliance with Chile's NCG No. 30, are available on the Company's website www.lipigas.com, or by downloading them below:

Independent Auditor Report and Consolidated Financial Statements

Analysis of Financial Position

SUMMARIZED FINANCIAL STATEMENTS

CONSOLIDATED SUMMARIZED FINANCIAL STATEMENTS EMPRESAS LIPIGAS S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ('000 CLP)	2017	2016
Current assets	67,804,995	69,078,750
Non-current assets	322,864,236	305,563,882
Total Assets	**390,669,231**	**374,642,632**
Current liabilities	53,852,837	52,329,057
Non-current liabilities	193,439,136	185,105,339
Equity	143,377,258	137,208,236
Total Liabilities and Equity	**390,669,231**	**374,642,632**
CONSOLIDATED INCOME STATEMENT BY FUNCTION ('000 CLP)		
Revenue	468,355,277	406,208,455
Cost of sales	(312,934,965)	(263,569,655)
Gross margin	**155,420,312**	**142,638,800**
Other income, by function	257,403	275,849
Other expenses, by function	(23,517,285)	(20,674,579)
Distribution costs	(38,711,952)	(35,239,719)
Management expenses	(27,574,725)	(26,913,051)
Financial costs	(5,585,434)	(7,896,870)
Financial income	993,991	1,384,780
Exchange rate differences	(2,703)	266,407
Income by adjustment units	(1,908,257)	(3,030,335)
Other gains (losses)	(710,921)	616,374
Gain (Loss) before taxes	**58,660,429**	**51.427.656**
Income tax expense	(16,001,643)	(12,689,243)
Gain (Loss)	**42,658,786**	**38,738,413**
Gain (loss), attributable to the owners of the controlling shareholder	42,555,555	38,695,294
Gain (loss), attributable to non-controlling interests	103,231	43,119
Gain (loss)	**42,658,786**	**38,738,413**

CLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2017, and 2016 (in 000's CLP)

ASSETS	12.31.2017 Th$	12.31.2016 Th$
Cash and cash equivalent	6,929,613	18,121,977
Trade receivables and other receivables, current	34,909,135	30,662,370
Inventories	21,974,501	16,538,407
Current tax assets	3,624,644	2,912,618
Other non-financial assets, current	311,034	799,084
Total Current Assets	**67,748,927**	**69,034,456**
Non-current assets or disposal groups held for sale	56,068	44,294
Total Current Assets	**67,804,995**	**69,078,750**
NON-CURRENT ASSETS		
Other financial assets, non-current	1,196,237	1,866,935
Other accounts receivable, non-current	745,438	917,978
Investments accounted for using the equity method	1,050	1,100
Intangible assets other than goodwill	9,413,714	8,544,594
Property, plant and equipment	295,593,165	278,294,088
Goodwill	13,832,769	14,054,987
Deferred tax assets	1,170,999	912,278
Other non-financial assets, non-current	910,864	971,922
Total Non-Current Assets	**322,864,236**	**305,563,882**
Total Assets	**390,669,231**	**374,642,632**

CLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2017, and 2016 (in 000's CLP)

EQUITY AND LIABILITIES	12.31.2017 Th$	12.31.2016 Th$
CURRENT LIABILITIES		
Other financial liabilities, current	7,401,061	12,219,045
Trade payable and other accounts payable, current	40,499,302	34,902,813
Other provisions, current	1,072,108	1,213,083
Tax liabilities, current	886,454	689,787
Other non-financial liabilities, current	1,888,385	1,680,194
Provisions for employee benefits, current	2,105,527	1,624,135
Total Current Liabilities	**53,852,837**	**52,329,057**
NON-CURRENT LIABILITIES		
Other non-current financial liabilities	123,132,060	118,399,094
Trade payable and other accounts payable, current	190,289	862,691
Deferred tax liabilities	31,988,783	29,416,081
Other non-current non-financial liabilities	34,664,790	34,294,591
Other provisions, non-current	1,023,324	-
Provisions for employee benefits, non-current	2,439,890	2,132,882
Total Non-Current Liabilities	**193,439,136**	**185,105,339**
TOTAL LIABILITIES	**247,291,973**	**237,434,396**
EQUITY		
Issued capital	129,242,454	129,242,454
Other reserves	(8,404,483)	(4,169,882)
Accumulated earnings (losses)	21,207,590	10,907,198
Equity attributable to the owners of the controller	**142,045,561**	**135,979,770**
Non-controlling interests	1,331,697	1,228,466
Total Equity	**143,377,258**	**137,208,236**
Total Equity and Liabilities	**390,669,231**	**374,642,632**

CONSOLIDATED INCOME STATEMENT BY FUNCTION

As of December 31, 2017, and 2016 (in 000's CLP)

STATEMENT OF INCOME BY FUNCTION	12.31.2017 Th$	12.31.2016 Th$
Revenue	468,355,277	406,208,455
Cost of sales	(312,934,965)	(263,569,655)
Gross Earnings	**155,420,312**	**142,638,800**
Other income by function	257,403	275,849
Other expenses by function	(23,517,285)	(20,674,579)
Distribution costs	(38,711,952)	(35,239,719)
Administrative expenses	(27,574,725)	(26,913,051)
Financial costs	(5,585,434)	(7,896,870)
Financial income	993,991	1,384,780
Exchange differentials	(2,703)	266,407
Profit (loss) on indexation units	(1,908,257)	(3,030,335)
Other gains (losses)	(710,921)	616,374
Earnings (loss) before taxes	**58,660,429**	**51,427,656**
Income tax expense	(16,001,643)	(12,689,243)
Profit (loss)	**42,658,786**	**38,738,413**
Earnings (loss) attributable to:		
Profit (loss) attributable to the owners of the controller	42,555,555	38,695,294
Profit (loss) attributable to non-controlling interests	103,231	43,119
Profit (loss)	**42,658,786**	**38,738,413**
Earnings per basic share		
Earnings (loss) per basic share in continued operations	374.69	340.70
Earnings (loss) per basic share in discontinued operations	-	-
Earnings (loss) per basic share	**374.69**	**340.70**
Earnings per diluted share		
Earnings (loss) per diluted share in continued operations	374.69	340.70
Earnings (loss) per diluted share in discontinued operations	-	-
Earnings (loss) per diluted share	**374.69**	**340.70**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As of December 31, 2017, and 2016 (in 000's CLP)

STATEMENT OF COMPREHENSIVE INCOME	01.01.2017 through 12.31.2017 Th$	01.01.2016 through 12.31.2016 Th$
Profit (loss)	**42,658,786**	**38,738,413**
Components of Other Comprehensive Income, before taxes		
Translation of exchange differences, actuarial gain (loss) and cash flow hedges		
Profit (loss) from translation exchange differentials, before taxes	(4,533,594)	(1,420,216)
Other comprehensive income, actuarial profit (loss) from defined benefit plans	(283,328)	83,068
Profit (loss) from cash flow hedges, before taxes	692,907	(1,117,645)
Other comprehensive income, before taxes	**(4,124,015)**	**(2,454,793)**
Income tax on components of other comprehensive income	**(110,586)**	**229,042**
Total comprehensive income	**38,424,185**	**36,512,662**
Comprehensive income attributable to owners of the controller	38,320,954	36,469,543
Comprehensive income attributable to non-controlling interests	103,231	43,119
Total comprehensive income	**38,424,185**	**36,512,662**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the fiscal years ended December 31, 2017 and 2016
(in 000's CLP)
Year 2017

Statement of Changes in Equity	Issued Capital Th$	Reserves for translation of exchange differences Th$	Reserves for cash flow hedges Th$	Reserves for gains and losses on defined benefit plans Th$	Total Other reserves M$	Accumulated Gains (Losses) Th$	Equity		
							Equity attributable to owners of the controllers Th$	Non-controlling interests Th$	Total equity Th$
Equity at January 1, 2017	**129,242,454**	**(3,544,232)**	**(654,062)**	**28,412**	**(4,169,882)**	**10,907,198**	**135,979,770**	**1,228,466**	**137,208,236**
Changes in equity									
Comprehensive income									
Gain (loss)	-	-	-	-	-	42,555,555	42,555,555	103,231	42,658,786
Other comprehensive income	-	(4,533,594)	505,822	(206,829)	(4,234,601)	-	(4,234,601)	-	(4,234,601)
Total comprehensive income	**-**	**(4,533,594)**	**505,822**	**(206,829)**	**(4,234,601)**	**42,555,555**	**38,320,954**	**103,231**	**38,424,185**
Dividends	-	-	-	-	-	(32,255,163)	(32,255,163)	-	(32,255,163)
Total increase (decrease) in equity	**-**	**(4,533,594)**	**505,822**	**(206,829)**	**(4,234,601)**	**10,300,392**	**6,065,791**	**103,231**	**6,169,022**
Equity at December 31, 2017	**129,242,454**	**(8,077,826)**	**(148,240)**	**(178,417)**	**(8,404,483)**	**21,207,590**	**142,045,561**	**1,331,697**	**143,377,258**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the fiscal years ended December 31, 2017 and 2016
(in 000's CLP)
Year 2016

Statement of changes in equity	Issued Capital Th$	Reserves for translation of exchange differences Th$	Reserves for cash flow hedges Th$	Reserves for gains and losses on defined benefit plans Th$	Total Other Reserves Th$	Accumulated Gains (Losses) Th$	Equity		
							Equity attributable to owners of the controllers Th$	Non-controlling interests Th$	Total equity Th$
Equity at September 1, 2016	**129,242,454**	**(2,124,016)**	**212,113**	**(32,228)**	**(1,944,131)**	**2,075,050**	**129,373,373**	**1,479,347**	**130,852,720**
Changes in Equity									
Comprehensive income									
Gain (loss)	-	-	-	-	-	38,695,294	38,695,294	43,119	38,738,413
Other comprehensive income	-	(1,420,216)	(866,175)	60,640	(2,225,751)	-	(2,225,751)	-	(2,225,751)
Total comprehensive income	**-**	**(1,420,216)**	**(866,175)**	**60,640**	**(2,225,751)**	**38,695,294**	**36,469,543**	**43,119**	**36,512,662**
Dividends	-	-	-	-	-	(29,863,146)	(29,863,146)	(294,000)	(30,157,146)
Total increase (decrease) in equity	**-**	**(1,420,216)**	**(866,175)**	**60,640**	**(2,225,751)**	**8,832,148**	**6,606,397**	**(250,881)**	**6,355,516**
Equity at December 31, 2016	**129,242,454**	**(3,544,232)**	**(654,062)**	**28,412**	**(4,169,882)**	**10,907,198**	**135,979,770**	**1,228,466**	**137,208,236**

CONSOLIDATED STATEMENT OF DIRECT CASH FLOWS
As of December 31, 2017, and 2016
(in 000's CLP)

STATEMENT OF DIRECT CASH FLOW	01.01.2017 through 12.31.2017 Th$	01.01.2016 through 12.31.2016 Th$
Cash flow from (used in) operating activities		
Type of collection by operating activity		
Collection from the sale of goods and services rendered	459,106,537	402,873,906
Other collections (payments) from operating activities	869,465	2,171,021
Type of payment		
Payments to suppliers for goods and services	(262,896,183)	(222,802,083)
Payments to and on behalf of employees	(34,364,235)	(32.100.700)
Other payments for operating activities	(74,321,931)	(67,408,462)
Income taxes refunded (paid)	(13,794,323)	(14,352,854)
Other cash receipts (payments)	568,308	483,091
Net cash flow from operating activities	**75,167,638**	**68,863,919**
Cash flow from (used in) investing activities		
Cash flows used in obtaining control of subsidiaries or other businesses	(1,061,514)	(17,601,013)
Revenue from sales of property, plant and equipment	45,621	75,060
Purchases of intangible assets	(2,517,218)	(1,917,060)
Purchases of property, plant and equipment	(42,730,062)	(26,261,598)
Proceeds (payments) from other long-term assets	69,275	(695,380)
Cash and cash equivalent received through business combinations	-	393,908
Net cash flow used in investing activities	**(46,193,898)**	**(46,006,083)**
Cash flows from (used in) financing activities		
Proceeds from issuance of shares	-	-
- Proceeds from long-term loans	3,908,045	1,171,728
- Proceeds from short-term loans	5,410,933	10,842,630
Total loan proceeds	**9,318,978**	**12,014,358**
Payment of loans	(9,250,629)	(6,267,963)
Payment of financial lease liabilities	(2,502,944)	(5,800,149)
Interest paid	(5,317,342)	(5,518,693)
Dividends paid	(32,255,163)	(30,157,146)
Net cash flows from (used in) financing activities	**(40,007,100)**	**(35,708,174)**
Net increase (decrease) in cash and cash equivalent before the effect of changes in the exchange rate	**(11,033,360)**	**(12,850,338)**
Effects of exchange rate variations on cash and cash equivalent	(159,004)	(242,603)
Net increase (decrease) in cash and cash equivalent	**(11,192,364)**	**(13,092,941)**
Cash and cash equivalent at the beginning of the period	18,121,977	31,214,918
Cash and cash equivalent at the end of the period	**6,929,613**	**18,121,977**

MATERIAL DISCLOSURES

During 2017, Empresas Lipigas S.A. has reported the following Material Disclosures to Chile's Superintendence of Securities and Insurance (currently Chile's Financial Market Commission):

1. On January 12, 2017 it is reported that Management received the resignation of Mr. Roberto Piriz Simonetti as alternate director of Empresas Lipigas S.A.

2. On January 25, 2017 it is reported that the Company's current controlling shareholders informed through a letter dated January 24, 2017 sent to the Superintendence of Securities and Insurance about the amendment to the Shareholders'' Agreement of Empresas Lipigas S.A. In said letter they informed that as a result of several transfers carried out on January 20 and 23, 2017 the Controlling Group composed of the Noguera Briceño, Santa Cruz Munizaga, Vinagre Tagle, Santa Cruz Negri, Binimelis Yaconi, Piriz Yaconi, Ardizzoni Martin and Yaconi Aguayo families now directly hold a 74.42% interest in the company's ownership through the following entities: El Cóndor Combustibles S.A. (RUT 77.490.500-6), Inversiones Vinta Limitada (RUT 77.794.780-k), Inversiones y Rentas Bermeo Limitada (RUT 96.930.660-3), Inversiones Roble Nuevo Limitada (RUT 77.177.720-K), Inversiones Tanilboro S.A. (RUT 94.772.000-7) Inversiones San Remo Limitada (RUT 77.253.000-5), Asesorías Legales e Inversiones Limitada (RUT 78.367.570-6), San Javier Combustibles S.A. (RUT 96.930.650-6), Nexogas S.A. (RUT 96.932.720-1), Inversiones Nimbus Limitada (RUT 77.647.160-7), Inversiones Big Ben Limitada (RUT 77.647.150-k), Inversiones Ñiltué Dos Limitada (RUT 77.647.120-8), Inmobiliaria de Servicios e Inversiones Cordillera Limitada (RUT 78.060.710-6), Capitales Mobiliarios LV SpA (RUT 76.532.575-7), Inversiones Elen Limitada (RUT 77.252.990-2), Inversiones Inmobiliarias Gens Limitada (RUT 76.112.160-k), Inversiones Aiwiñ Limitada (RUT 77.253.010-2), Inversiones Río Claro Limitada (RUT 77.263.280-0), Inversiones Yacvil Limitada (RUT 77.124.180-8), Inversiones Max Emben EIRL (RUT 76.273.864-3), Inversiones Seis Limitada (RUT 76.308.574-0), Nogaleda Holding Limitada (RUT 99.538.250-4), Nogaleda Energía Limitada (RUT 96.877.120-5), Inversiones Hevita S.A. (RUT 96.769.930-6), Inversiones El Escudo Limitada (RUT 76.126.312-9) and Inversiones Zaga S.A. (RUT 76.099.582-7).

3. On March 8, 2017 Empresas Lipigas S.A. informs that it will report to specialized press the consolidated results as of December 31, 2016.

4. On March 9, 2017 it is informed that on March 8 the Board of Directors of Empresas Lipigas S.A. agreed to pay an interim dividend charged to earnings for the 2017 fiscal year in the amount of CLP 62 per share, which will be paid beginning March 29, 2017 to shareholders of record at midnight of the 5th business day prior to payment date, in the offices of DCV Registros S.A. located at Huérfanos 770, 22nd floor, Santiago.

5. On March 30, 2017, it is informed that the Company's Board of Directors agreed to convene a General Shareholders' Meeting to be held on April 27, 2017 at 10 a.m. at Alonso de Córdova 5727, in the borough of Las Condes, Santiago and submit the following matters to its consideration and pronouncement:

   1. Review of the status of the company and the report of the external auditors and the approval or rejection of the financial statements and reports of the year ended 31 December 2016;
   2. The distribution of profits and the allocation of dividends of the fiscal year;
   3. Election of the Board of Directors;
   4. Appoint external auditors and risk-rating companies for the fiscal year 2017;
   5. To account for related operations referred to in article 146 of law 18,046;
   6. To establish compensation of the Board of Directors and Directors' Committee and its expense budget for the year 2017; and
   7. Other matters of corporate interest of competence of the General Shareholders' Meeting.

Regarding final dividends to be distributed, the Board of Directors agreed to propose to the General Shareholders' Meeting the approval of the interim dividends already paid charged to the fiscal year 2016 in the amount of CLP 26,883,704,145 and the distribution of an additional dividend charged to earnings of the 2016 fiscal year in the amount of CLP 4,088,682,540, equivalent to $36 per share.

6. On April 26, 2017 it is reported that management received the resignation of Mr. Ernesto Noguera Georget as director of Empresas Lipigas S.A.

7. On April 28 it is reported that the General Shareholders' Meeting of Empresas Lipigas S.A., held on April 27, 2017 agreed to the following:

   1.- Approve the Annual Report and Financial Statements of the fiscal year ended 31 December 2016 and the report of external auditors.

   2.- Approve distribution of profits and dividends of the fiscal year and approve the payment of the balance of dividends in the amount of CLP 4,088,682,540, equivalent to $36 per share and that will be paid beginning April 28, 2017.

   3.- Agree the renewal of the Board of Directors of the company, appointing the following directors and their respective alternate:

      a) Juan Manuel Santa Cruz Munizaga and his alternate Jorge Yaconi Aguayo
      b) Juan Ignacio Noguera Briceño and his alternate Bernardita Noguera Briceño
      c) Mario Alfredo Vinagre Muñoz and his alternate Mario Vinagre Tagle
      d) Jaime Fernando Santa Cruz Negri and his alternate Alfonso Ardizzoni Martin
      e) Jaime Andrés García Rioseco and his alternate Jorge Osvaldo Hurtado Garretón (independent)
      f) José Miguel Barros van Hovell tot Westerflier and his alternate Martín Engel Prieto (independent)
      g) Gabriel Ruiz Tagle Correa and his alternate Felipe Baraona Undurraga (independent)

   4.- Establish compensation for the Board of Directors and Directors' Committee, and their expense budget for the fiscal year 2017.

5.- Appoint PricewaterhouseCoopers as external auditors for 2017 and Feller-Rate and Humphreys as risk rating agencies for the same fiscal year.

It is also reported that on April 27, 2017, the Company's new Board of Directors held a session during which the following agreements were adopted by the unanimity of its members:

1) Elect Mr. Juan Manuel Santa Cruz Munizaga as Chairman.

2) Appoint the members of the Directors' Committee, which will be composed of Mr. Jaime García Rioseco (independent), José Miguel Barros van Hovell tot Westerflier (independent), and Jaime Fernando Santa Cruz Negri.

8. On May 18, 2017 it is reported that Empresas Lipigas S.A. reported consolidated results as of March 31, 2017 to the specialized press.

9. On June 13, 2017, it is reported that the Board of Directors of Empresas Lipigas S.A. in its session held June 13 agreed to the payment of an interim dividend charged to profits of the fiscal year 2017, in the amount of CLP 62 per share, which will be paid beginning July 4, 2017 to shareholders of record as of midnight of the fifth business day preceding the day of payment, in the offices of DCV Registros S.A., located at Huerfanos 770, 22nd, Santiago.

10.On August 30, 2017, it is reported that the Board of Directors of Empresas Lipigas S.A. in its session held August 30 agreed to the payment of an interim dividend charged to profits of the fiscal year 2017, in the amount of CLP 62 per share, which will be paid beginning September 26, 2017 to shareholders of record as of midnight of the fifth business day preceding the day of payment, in the offices of DCV Registros S.A., located at Huerfanos 770, 22nd, Santiago.

11.On August 30, 2017 it is reported that Empresas Lipigas S.A. reported consolidated results as of June 30, 2017 to the specialized press.

12.On October 25, 2017, it is reported that the controllers of Empresas Lipigas S.A. informed Management of the subscription of a new Shareholders' Agreement between them, dated September 26, 2017, in the following terms:

"The Controlling Group of Empresas Lipigas S.A. (the "Company"), composed by the Yaconi Aguayo, Binimelis Yaconi, Santa Cruz Negri, Santa Cruz Munizaga, Vinagre Tagle, Noguera Briceño and Ardizzoni Martin families, currently hold a 70.13% ownership interest in the Company, in accordance with the attached table Exhibit A. Hereby, and in accordance with Section IV of Chile's General Rule No. 104 of the Superintendence of Securities and Insurance, the Controlling Group reports that the Shareholders' Agreement of the Controlling Group dated September 26, 2017, has been renewed, reflecting the exit of Piriz Yaconi family, with all others maintaining ownership interests indicated in Exhibit A. In addition to the transfer of shares, the Shareholders' Agreement regulates certain mechanisms of election of directors.

Consequently, the Controlling Group exerts its control over Empresas Lipigas S.A. directly through the companies: Inversiones Nogaleda SpA (RUT 94.322.000-K), Nogaleda Energía Ltda. (RUT 96.877.120-5), El Cóndor Combustibles S.A. (RUT 77.490.500-6), Inversiones Zaga S.A. (RUT 76.099.582-7), Inversiones Hevita S.A. (RUT 96.769.930-6), Inversiones Vinta Limitada (RUT 77.794.780-K), Inversiones y Rentas Bermeo Limitada (RUT 96.930.060-3), San Javier Combustibles S.A. (RUT 96.930.650-6), Nexogas S.A. (RUT 96.932.720-1), Inversiones Tanilboro S.A. (RUT 94.772.000-7), Inversiones Roble Nuevo Ltda. (RUT 78.177.720-K), Inversiones El Escudo Limitada (RUT 76.126.312-9), Inversiones San Remo Ltda. (RUT 77.253.000-5) and Capitales Mobiliarios LV SpA (RUT 76.532.575-7)".

13. On November 16, 2017 it is reported that Empresas Lipigas S.A. reported consolidated results as of September 30, 2017 to the specialized press.

14. On November 29, 2017, it is reported that the Board of Directors of Empresas Lipigas S.A. in its session held November 29 agreed to the payment of an interim dividend charged to profits of the fiscal year 2017, in the amount of CLP 62 per share, which will be paid beginning December 20, 2017 to shareholders of record as of midnight of the fifth business day preceding the day of payment, in the offices of DCV Registros S.A., located at Huerfanos 770, 22nd, Santiago.

15. On December 21, 2017, it was reported that Sociedad Lima Gas S.A., a subsidiary of Empresas Lipigas S.A. in Peru, "received a notification from the Free Competition Commission of the National Institute of Defense of Competition and Protection of Intellectual Property of Peru (Indecopi) on the administrative resolution in first instance of a procedure initiated in 2015, which has been reported in the Company's financial statements, as well as a Material Disclosure sent to the Superintendence on November 10, 2015. This procedure investigated an alleged pricing agreement among LPG bottling companies and distributors in Peru, among which the subsidiary Lima Gas is included, which was acquired by Empresas Lipigas S. A in the year 2013. The administrative resolution of Indecopi, which focuses on a period prior to 2011, is not final and can be appealed at different administrative and judicial stages of Peru. The first instance resolution established fines for three LPG packaging companies in Peru, including the Lima Gas subsidiary, for an amount equivalent to approximately CLP 1.35 billion. Lima Gas will continue the administrative process before the Indecopi Court and will appeal to the first instance resolution, insisting that there have been duly valued arguments and/or relevant evidence provided by the company. Once the detailed analysis of the recitals presented by Indecopi in its resolution is completed, the accounting treatment applicable to the contingency shall be determined, if any figure is to be provisioned for the case reported. "

Investment policy

Empresas Lipigas S.A has internal procedures for the preparation and approval of the annual budget for expenses and investments and for individual investment projects.

Management submits the proposal of the yearly budget to the Board of Directors, which must approve it, considering profitability targets suitable for shareholders, the fulfillment of their financial obligations and the maintenance of a balanced financial structure.

Approvals for individual investment projects within the approved annual budget depend on the amount of the investment involved and are made based on profitability criteria applicable to the various markets where the Company has operations.

Management submits additional projects to those of the annual budget to the Board of Directors for approval.

Currently, the Company's investment plans are aimed at strengthening the leadership in the LPG business in Chile and at increasing participation in the LPG business in Colombia and Peru.

In addition, the Company is carrying out an expansion of its natural gas network in cities located in southern Chile and the business of supplying LNG via trucks to industries located away from gas pipelines.

In the case of Colombia and Peru, as well as regular investments in the LPG business, the Company permanently analyzes growth opportunities via acquisitions that meet the profitability parameters established by the Board of Directors, such as the acquisition of Lidergas in Colombia in June of 2014, and NEOgas in Peru (currently Limagas Natural Perú S.A.) in February 0f 2016, in addition to approving the creation of the subsidiary Rednova SAS ESP in Colombia towards the end of that same year.

Additionally, the Company has started to venture into the electricity generation market, with the start-up of its first small-scale DG power plant and the acquisition in January of 2018 of 65% of Marquesa GLP SpA.

Financing Policy

Empresas Lipigas obtains its financing sources from own resources, credit suppliers, indebtedness with financial institutions and the stock market.

Until 2010, the Company only resorted to borrowing in the financial market on few occasions and in relation to specific projects. With the entry into LPG operations in other countries and the consequent increase of funding needs, together with the commitments relating to the construction of the facilities at the maritime terminal of Quintero, the Company has resorted to bank indebtedness.

In April 2015, the Company completed its first issue of public debt in the market, through the placement of a 25-year term bond for 3.5 million UFs, restructuring its funding source, at a term commensurate with the investments made.

In December 2017 the Company registered two bond lines (at 10 and 30 years term) for an aggregate maximum of 4 million UFs. These lines do not record issues as of December 31, 2017.

The approval of borrowing operations is carried out based on the amount of each operation. The Board of Directors approves operations for amounts exceeding CLP 6,000,000,000.

The Company's indebtedness operations do not have additional commitments relating the maintenance of certain financial ratios with bondholders.

STATEMENT OF **RESPONSIBILITY**

The directors and General Manager of Empresas Lipigas S.A. who sign this statement are liable under oath with respect to the accuracy of the information provided in this Annual Report, which replaces the previous version of the same Annual Report and has been prepared according to General Rule N ° 30 of Chile's Superintendence of Securities and Insurance (currently Chile's Financial Market Commission).

Juan Manuel Santa Cruz Munizaga
Chairman
RUT: 7.019.058-3

Jaime García Rioseco
Director
RUT: 5.894.661-3

Juan Ignacio Noguera Briceño
Director
RUT: 7.022.714-2

Mario Vinagre Muñoz
Director
RUT: 3.803.145-7

Jaime Santa Cruz Negri
Director
RUT: 6.861.742-1

José Miguel Barros van Hovell
Director
RUT: 9.910.295-0

Gabriel Ruiz-Tagle Correa
Director
RUT: 6.370.783-K

Ángel Mafucci Solimano
General Manager
RUT: 5.559.689-1

SUSTAINABILITY
MANAGEMENT

SUSTAINABILITY PRINCIPLES

1. **Give access to cleaner energies in emerging countries.**

   Our main purpose is to deliver clean and efficient energy solutions that improve the quality of life especially for those communities that require to replace the use of firewood, paraffin and other oil by-products with higher emissions to the environment. In this way, the products we market are a real substitute alternative, at a comparatively more convenient cost.

2. **Safety comes first**

   The safety of our workers and clients is a priority throughout the productive and operational chain. We comply with applicable regulations in each country, maintaining safe facilities, managing risks and developing protocols to effectively address emergencies.

3. **Excellence in Customer Experience**

   The customer is the center of our business and each day we work to improve and simplify their lives. We strive to know their needs and have answers that are timely and appropriate for each one of them.

4. **Economic and business development results**

   We work to ensure a strategic plan for the long-term development of Lipigas, adjusting to changing environments and adapting to the challenges that guarantee the excellence and progress of the company in the long term.

5. **Ethics, transparency and compliance**

   We commit to manage our business in an honest and transparent way, through behaviors adjusted to ethics, complying with the legal framework in each country. We also maintain a Corporate Governance that safeguards the good performance of the company in its economic, social and environmental aspects.

6. **Quality of employment**

   We want to have committed and proactive people and teams, proud of the contribution they make to social welfare, generating work styles that facilitate motivating environments, that foster innovation and teamwork.

7. **Prevention and mitigation of impacts to the natural environment and people**

   We work to maintain a business that is responsibly integrated with the environment, assessing and managing our impacts, involving relevant stakeholders, with actions that promote energy efficiency. We also add environmental value to our industrial customers, and a cleaner alternative for residential and commercial uses.

8. **Relationship with stakeholders**

   We want Lipigas to remain recognized as a responsible citizen. For this we promote quality relationships with our stakeholders. We generate trust links and open communication channels for a fluent relationship.

2017 **ACTIONS**

Our commitment to sustainability is reflected in these 8 principles and focused on our main stakeholders, for the consolidation of financial, social and environmental performance facilitating the development of our business in the countries where we are present, and which is reflected in several achievements and commitments developed during the period.

1. Give access to cleaner energies in emerging countries.

2017 Sales Volume, total 3 countries.

- 699 thousand tons LPG sold in 2017.
- 106 million m^3 NG (different formats) in equivalent tons.

Relevant milestones 2017:

- Started distribution of natural gas in Puerto Montt and Osorno, Los Lagos Region, Chile.
- Internationalization of the business of NG supply to large industrial clients.
- Entered the business of power generation in Chile.

2. Safety comes first

- Lowered accident rate in all operations

		Accident rate	
		2017	2016
CHILE		1.1	2.4
COLOMBIA		2.0	2.6
PERU	Lima Gas	0.3	0.4
	Limagas Natural	0	2.1

3. Excellence in Customer Experience

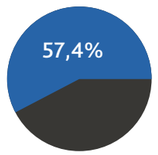
Number of customers by country*:

Chile :	More than 1,500,000
Colombia :	More than 505 thousand customers
Peru :	More than 592,000

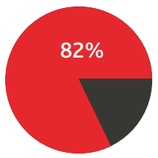
(*) All channels

Net Promoter Score (NPS), by country (cylinder customers):

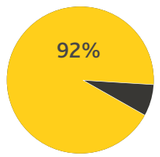
Chile:



Colombia:



Peru (Lima Gas):



4. Economic and business development results

- EBITDA 2017 increases 12%
- Consolidated LPG Sales Volume grows 3.6%
- Consolidated NG* Sales Volume increases 3.1%
- Results after taxes increase 10.1%

(*) All formats, in LPG equivalent tons.

5. Ethics, transparency and compliance

- Implementation of complaints line in the 3 countries (end of 2017), for internal personnel, customers, distributors, contractors and the general public.

  https://lipigas.ines.cl/empresaslipigas/formulario/

- Statistics Complaints Line, Chile 2017 (*)

Number of complaints 2017	25
Number of complaints through the Complaints Line	15

Investigated and solved complaints as of December 2017	22
Pending (in process) complaints as of December 2017	3

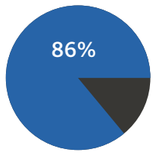
Type of cases	Number
Misuse of resources	13
Conflict of interest	3
Others	9

(*)Peru and Colombia do not record statistics for the period. Complaints Line began operating at the end of 2017.

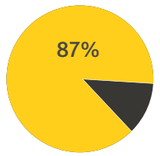
6. Quality of employment

- **Favorability level in labor climate measurement**

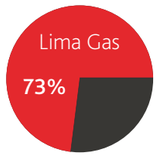
Chile:

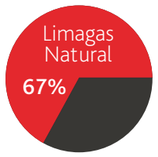


Colombia:



Peru:





- **Average training hours, by country, 2017**

		Average hours per person
CHILE		23
COLOMBIA		25
PERU	Lima Gas	19
	Limagas Natural	7

- **Unionization**

		Number of Unions	% unionization	
			2017	2016
CHILE		3	62%	56%
COLOMBIA		0	-	-
PERU	Lima Gas	1	6,3%	7,7%
	Limagas Natural	0	-	-

- Successful early completion of collective bargaining agreements with Unions in northern and central areas (Chile).

7. Relationship with stakeholders

- **Strengthening of the Ambassadors Network (Chile)**

  6,800 Ambassadors (grocers and fairs), which allow closeness with the customer, with discounts and promotions. 78% belong to the Metropolitan Region and 22% to other regions of the country.

  The project began in 2014 with 470 ambassadors in different communes of Santiago, Maipú, Conchalí, La Pintana, Recoleta and Huechuraba. Then it expanded to Cerro Navia, Lo Prado, Pudahuel, Quilicura and Renca, reaching 1,000, in 2015.

- **Entry of Cabildo Indígena San Francisco to LPG subsidy (Colombia)**

  Under the commitment to give access to cleaner energies to communities that require it, Chilco actively participated in the efforts so that the Cabildo Indígena San Francisco community would become a beneficiary of the LPG subsidy, granted by the Ministry of Mines and Energy of Colombia. This contemplated the training of leaders and residents and their subsequent entry into the program of this community formed by 8,501 inhabitants today distributed in 2,547 beneficiaries of the aforementioned subsidy.

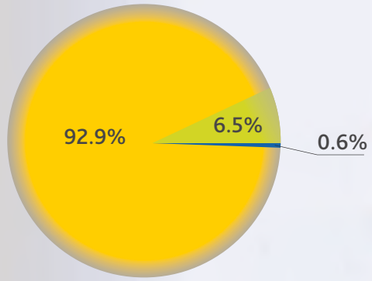
- **Recognition of outstanding contractors 2017 (Chile)**

  13 contractors providing services in various areas for Lipigas were distinguished for their work and safety performance during 2017. This was achieved through the contractor management system implemented by the company, which allows to control labor and safety compliance of more than 200 contractors, representing a total of 1,600 workers, who are part of our external network.

8. Prevention and mitigation of impacts to the natural environment and people

- **First carbon footprint measurement in the 3 countries where we operate**

Scope Distribution CO_2 Emissions Empresas Lipigas(*)



(*) Measurement perfromed in 2017, with 2016 information.

- **Scope 1:** Emissions originating from sources owned or controlled by the company, mainly related to transport of sales.
- **Scope 2:** Indirect emissions associated with the consumption of electricity and/or steam in the operation generated by third parties.
- **Scope 3:** Emissions that are not owned or controlled by the company, related to production and transport of raw material supply.

- **Recycling of electronic waste**

  1.1 tons of electronic residue collected for recycling, through Fundación Chile Enter.

- **Lipigas contributes to the replacement of coal at Fiesta de la Chilenidad (Chilean Pride Festivity)**

  80% of the grills of the Fiesta de la Chilenidad "Santiago under the Same Star" at the Parque O'Higgins in Santiago worked with LPG, replacing the use of coal.

  Through the contribution of reusable glasses, it contributed to decrease by more than one ton of rubbish, during 4 days of celebrations.

More information regarding Company sustainability indicators, available in the Sustainability Report of Empresas Lipigas.

EMPRESAS **LIPIGAS**

www.lipigas.com