

## CONSTRUCTORA CONCONCRETO'S TELECONFERENCE ON QIII 2020 RESULTS

**Presenter:** Welcome to Constructora Conconcreto's teleconference for the Third Quarter 2020 results.

I'd like to remind you that you can ask your questions through the platform or send them to Email [ir@conconcreto.com](mailto:ir@conconcreto.com). Later on, there will be a space where they will be answered.

Please keep in mind that this teleconference is being recorded.

From this moment, I give the floor to Doctor Juan Luis Aristizábal, Constructora Conconcreto CEO, Doctor Aristizábal, you may begin.

**Juan Luis Aristizábal:** Good morning to everyone and thank you very much for accompanying us in this meeting on the Third Quarter 2020 results.

### **The Relevant Events of the Third Quarter:**

The first of these is the definitive closure of the investigation for alleged collusion that the Superintendency of Industry and Commerce (*Superintendencia de Industria y Comercio*, SIC) initiated a couple of years ago regarding the awarding of the Bogotá – Girardot Third Lane Project. We are very pleased to inform all of you that this investigation has been completely closed and, with this, important events have been triggered for the Project, which we will mention later on. The ruling is a ruling in which the Superintendency recommended filing the investigation and leaves no future contingency for the Company or the Project.

The second important event of the Quarter is the adjudication of nearly COP 100,000 million in Backlog. We have had an important commercial strategy in recent months, and despite the difficulties the pandemic has generated, we are already seeing the beginning of the reactivation of the Construction Sector and we are aware that this sector will be significant in the economic reactivation of all the economies of the world.

So, we are very optimistic; we are very active commercially and we are looking at many opportunities in the market and large projects that are currently in the adjudication process or in the bidding process or even in the process of searching for contractors.

Another piece of good news is that we obtained the CASA Certification for a medium-high stratum housing project located in the city of Medellín. This is a sustainability certification in Colombia; it is a fairly strict certification, and it is for a six-level project in upper-middle income housing located in *El Poblado* in Medellín. It is the first high-stratum project to be certified in this standard and the third project in the country to obtain this certification.

This project was developed 100% with the Building Information Modeling (BIM)

methodology and it is a project that is fully developed by Concreto in all its disciplines: design, construction, all the designs, the construction and execution. And we believe that, with this market niche of certified sustainable construction projects, we will have market opportunities for the future.

This project has water recycling, solar energy and all the sustainability standards required by this standard. And additionally, this same project won third place in the *Construverde* 2020 Sustainable Design and construction Category, which is an award recently made in all projects that are certified in sustainability during this year.

In terms of the Ituango Hydroelectric Project, at this moment the contractors are making progress in everything that has to do with the preliminary work for the conciliation to which we were summoned by *Empresas Públicas de Medellín* (EPM).

At this moment, we are seeking, above all in the conciliation process, how mechanisms are found that allow us to continue advancing with the project and, obviously, to comply with the requirements and demands that EPM is raising in terms of the differences among the Parties. Today, for the country, to guarantee the country's energy security and for the project itself, the most important thing is to be able to complete the works and for the project to enter into operation.

This represents an important challenge from the point of view of the legal approach that is being made in the conciliation. We are addressing it, we have clarity and tranquility that, in this project, the causes that triggered the collapse of the GAD tunnel and all the subsequent damages are fully explained as being reasons external to the construction subcontractor. We have all the justifications and, obviously, we will have good arguments in the conciliation process and everything that happens in the future.

Today, it is vitally important for Concreto and its partners in the CCC Ituango Consortium to continue the work. Today, we have about 3,500 people who are permanently working there on the most-important fronts, especially in the operation of the machine room and the reconstruction of the conduction tunnels of the Project. Our contract is valid until December 31, 2020, and we hope to reach agreements in the coming weeks to be able to have visibility of what will happen in the future of the Project.

As I have mentioned, this is a strategic project for the country. It is a very important project for the region and it is also a highly relevant project for our client EPM, and we are willing to collaborate in moving the project forward.

This project, from January 1, 2021 until its completion, may represent an important figure in Concreto's Backlog of around COP 350,000 or 450,000 million.

The second important project is *Vía 40 Express*, and basically, the relevance for Concreto, from the construction point of view, is that we are 50% partners in the EPC contract, which amounts to a figure of nearly COP 2.1 billion.

At this moment, the EPC Contractor (*epsista*), called *Ruta 40*, is in process. The *Ruta 40* Constructor Consortium is in the process of mobilizing all the resources, which has to do with machinery and equipment, with all the human talent that is required to execute the project, with the location of the asphalt plants and the aggregate-crushing plants, and with all the logistics to begin the project.

We are also in the entire process of obtaining large contracts, such as the supply of steel, concrete, fuel and complementary elements, in terms of earthworks and other large works, in order to begin everything that is the execution of the works in the coming weeks.

Additionally, the project is also making progress in obtaining financial resources, financial closure and the financial resources; we are making progress with international banking and we are at a stage in which we are already working on all the contractual details.

To date, this project has an important execution of more than COP 150,000 million, with Functional Unit Eight (FU8), which has already been completed, at the exit from Bogotá to Girardot. We are beginning the other seven Functional Units, obviously with a schedule that will begin to overlap in time, but we hope that with this project, which is a substitute or replacement, of the Hidroituango Project, which was in the process of completion, we will have high levels of contract execution in Concreto.

We are also active in the *TransMilenio* Projects; we are doing the Avenida 68 line and a line in *Ciudad de Cali*. Altogether, these projects amount to approximately COP 600,000 million; all of these contracts are in the design phase, which is the pre-construction, taking between approximately nine months to one year. In the last Quarter of this year, the execution of the works will begin, in everything that has to do with the *Transmilenio* lines in Soacha, and we expect that next year, they will all be in operation.

With this, the Company would re-enter full operation in 2021, with these contracts and with the contracts that are currently being actively worked on, such as Line 3 of the Metro in Panama. There are some tenders or projects that are being studied in the Panama Canal for some significant figures and other important projects in everything that has to do with the National Government's 5G concession plan.

We are also advancing or we continue to advance, together with the Government of the Department of Antioquia, in the final stages for the completion of the preliminary draft of the private initiative called the *Oriente Two-Lane Highway (Doble Calzada Oriente, DCO)*, which is the two-lane highway between *Alto de las Palmas* in Medellín and the *San Nicolás Valley*, very close to the Rionegro Airport.

That project is progressing; we are – as I have told you – in the last weeks for the closing, finalizing all the details that have to do with obtaining financing and with all the licenses to enter the short-bidding process, that the Public – Private Partnership (PPP) model requires in Colombia, in the case of private initiatives. In other words, we would be waiting for the project to enter into the final designs by next years and very quickly enter construction.

With respect to the Company's Backlog, as of September 2020, we have a Backlog of nearly COP 2 billion, of which 20% corresponds to Construction and 80%, to Infrastructure. And for 2021, we already have contracts in execution for COP 523,000 million; this figure does not include the Hidroituango contract, which will not be included until its extension is signed, nor the *Oriente* Two-Lane Highway – which I just mentioned – nor any of the other prospects that we have been working on are included. In other words, we expect that by 2021, the figure will have significant growth in the event that these two contracts and some other contracts that are adjudicated during the year are finalized.

It is also important to note that, for 2022, we have nearly COP 500,000 million contracted, which will give us the peace of mind that the Company will be operating at a reasonable level with what has been adjudicated, and, additionally, with all the projects and contracts that are presented for the reactivation of the economy after the pandemic and for all the management that is being done in real-estate projects and in housing projects.

In the Infrastructure Backlog, we have contracts for COP 467,000 million, so far this year and additions to contracts for COP 70,000 million, most of which represent additional works that have been carried out that were not included within the scope in Hidroituango and which are works that have been required for the stabilization of all the main items of the Hidroituango Project.

In the Construction Area, we have obtained COP 265,000 million and there is a reduction in the change in the scope of contracts, especially for housing projects.

In terms of *Vía 40 Express* or Bogotá – Girardot as a concession, in August 2020, an Amendment (*Otrosí*, in Spanish) was signed with the National Infrastructure Agency (ANI, in Spanish) in which all the implications of the suspension of the contract due to the effects of the SIC investigation were made clear. We are under the ANI policy, in which those concessionaires that present delays in the functional units have the possibility of buying an additional period without entering into fines or penalties. We obtained an approval of an accelerated schedule that does not have a high impact, due to the effect of the purchase of the additional period and we are very committed to carrying out this project, recovering – as much as possible – the impact caused by the delay due to the SIC investigation.

Additionally, in October, as I have mentioned, all the remobilization began and we are also signing the agreement with the ANI that was made for all the concessions in which a conciliation is reached regarding the impact of COVID-19 and the collection. This was stopped during the period of time in which the Government raised the gates at the toll stations so that traffic could flow without paying a toll. All this was already agreed with important work that was done through the Colombian Chamber of Infrastructure and we will see the loss of income due to the toll compensated, and – additionally – the impact that COVID had or has had so far in everything that has to do with the concession.

Today, in terms of traffic, we are seeing drops of nearly 35% so far this year, and a very similar figure – sorry, 37.9% - in the most important toll, which is Chusacá – sorry, Chinauta and 38% in Chusacá, for a significant drop in the toll that was basically due to the closure of the Bogotá – Girardot highway and the closure of the city of Bogotá for about three or four months.

Today, the latest figures show that the toll is recovering; and in the last month and in the last long weekends (*puentes*), we have recovered tolls at the same figures as in 2019 and we hope that – by the end of the year – we will have more-definitive figures of what the recovery of the toll will be. There is a lot of expectation worldwide in the entire concession business; however, on these important highways – such as Bogotá-Girardot, which is the exit from the capital city of Colombia, we have seen that the traffic – or we hope that the traffic – will recover to 2019 levels earlier than expected.

And in the *DEVIMED* concession, the exit from Medellín to Bogotá, this project has a guaranteed minimum income. The figures for the decrease in traffic are close to 40% and the figures for the Quarter are close to 30%. In the last few days and in the last few weekends, we have already had a collection figure – traffic, sorry – of 106% of the guaranteed minimum income and 109% of the collection or income, in the guaranteed minimum income. In other words, already in the month of October, this Concession is above the guaranteed minimum income, with which the effect until the end of the Concession, which is 2026, we believe that it will no longer have any impact on what it is related to the claims to the ANI for deficits with respect to the guaranteed minimum income.

Furthermore, with the COVID effect, this Concession has had a considerable increase in traffic due to the number of people to traveled to the *San Nicolás* Valley and who are working in the modality of flexiwork or telework.

From the point of the investment that Conconcreto has in the PACTIA Private Capital Fund (PCF), we have also seen that – despite the COVID impact – this real-estate Fund has had an important capacity to react.

Today, as of the Third Quarter of 2020, the Accumulated Net Income was COP 142,000 million, compared to COP 140,000 in the Third Quarter of 2019. This income has to do a bit with the increase in the GLA, but also with a defense mechanism that the Fund has had regarding the preservation of tenants and all kinds of agreements and negotiations that have been made to maintain, especially shopping centers cooperating with the maximum number of tenants.

We have also had growth in certain niches, such as the Office niche, and in general, there has been a significant reaction from PACTIA as an operator or as a real-estate manager, where we have seen the great advantage of having an active operator in the management of real estate.

Today, for Conconcreto, the investment in the PACTIA Private Capital Fund as of June

2020 represented COP 892,000 million. It is important to note that, in the last 12 months, the PCF has not had a devaluation, and only in the last Quarter the PCF had a devaluation of 3%, which has had an impact on Conconcreto's Financial Statements in the Third Quarter of the year, but that is reasonable, compared to what is happening in the world.

This Fund is a fund that has a fairly conservative appraisal polity; the appraisals of all assets are made once a year and we are already seeing that – in the Third Quarter and in the next Quarter – some devaluation impact will appear, due to the appraisals that have to be made to complete the cycle of 100% of the assets at the end of 2020.

However, in terms of Occupancy, at the end of the Third Quarter of 2020, Shopping Centers are at 92.67%; Logistics Projects and Self-Storage, 90.6%; Offices, 90.26%; and international projects, 67.54%. And basically, the greatest impact is in the filling curve that we had in an office- and shopping-center project in Panama City. And Hotels, which is where COVID has hit the hardest, especially at the global level, hotel occupancy is at 12.31%. And basically, this is due to with the fact that the *Corferias* Hilton Hotel is currently closed; it is in the process of beginning operations and it is one of the largest hotel assets or assets that the PACTIC PCF has. This obviously, has to do with the fact that the Convention Center is currently closed, and it makes no sense to operate an asset – such as the Hilton Hotel in *Corferias* – at a very low occupancy.

We hope that with the good news we have had this week from one of the multi-national pharmaceutical companies regarding the (COVID-19) vaccine, a more-active dynamic in everything that has to do with tourism can be seen in the coming months – once the use of the vaccine has been massified – and with this, hopefully, we will return to the new normal in 2020 and we can recover the occupancy of the hotels.

In terms of Housing, this is also a business that had a lot of uncertainty at the beginning of the pandemic, but today Conconcreto's Accumulated Sales for 2020 are 25% higher than the Accumulated Sales as of September 2019, with a figure of COP 144,000 million in Accumulated Sales in the first three Quarters of the year. And sales for the Third Quarter were COP 54,000 million, 29% above the sales of the Third Quarter of 2020.

I'd like to remind you that Conconcreto's Housing Sale operation is very low in the total operation of the business; in general, we have not exceeded 10% of our operation, in terms of construction activity in housing projects. And we want to remain in this business as a niche market, adding value as sustainable projects or with innovation processes through the digitization of everything that has to do with the marketing strategy and client service with digital platforms, with an innovation called *Conconcreto Living*.

In other words, we will remain as a market niche because we believe that the most important thing for Conconcreto is to have projects with good margins, good profitability, while providing all the innovation with digital designs on the BIM platform and with sustainable certifications that are highly attractive at this time for many niche markets.

At this moment, we have a total of 12 projects under construction or in pre-sale, and the

units available for sale are close to COP 180,000 million. The contracts for the execution of work of the projects that are under construction have yet to be completed; those that are in pre-sale amount to about COP 180,000 million in a period that does not exceed 24 months.

This is simply to show you that exposure to the Housing Business is not very high; it is a business that is very dynamic this year, due to the attractiveness of investing in real-estate projects as a defense mechanism for what may happen to the situation of the economy in the world, but – for us – the premium in the long term is the profitability strategy and good margins in these projects.

As a financial summary, we have the Consolidated Statements as of September, accumulated as of September 2020. Total Income was COP 374,000 million; Sales Costs amounted to COP 320,000 million, and Gross Profit amounted to COP 53,755 million. This represents a decrease of more than 40% in the income, costs and profit compared to September 2019. And, in part, this has to do with the lower volume of activity in 2020 due to the displacement of many COVID-19 projects, as well as the decrease in the activity of subsidiaries, such as Industrial Concreto or the income received from the Private Capital Fund (PCF) and the Fund's strategy through PACTIA.

In terms of Operating Profit, we are at COP 14,000 million; the greatest impact there is represented by Other Income and, basically, it is a decrease in subsidiaries or businesses that we have in investments with third parties, and above all, the fall in Other Profits or Losses, which is represented by a 3% devaluation – amounting to COP 850,000 million, which is our investment – of the PACTIA Unit, which I have already mentioned, as it has a high impact, but does not affect the Company's cash.

The Operating Profit was COP 14,073 million; we have Financial Income for COP 33,800 million and a Financial Cost for COP 47,511 million, for a Before-Tax Profit of COP 833 million.

And a Profit of the Period or a Loss of the Period of COP 4,396 million, with an EBITDA of COP 43,610 million.

If you look, the Company is preserving the Gross Margin of the Business; we are at 14.4% and a low Operating Margin, largely due to the results of the subsidiaries or joint ventures, and the decrease in the PACTIA Unit, which had a significant impact on the Operating Margin.

This is a conjunctural situation for the Company, partly due to the slowdown in business due to the pandemic and, also, from I mentioned at the beginning of the presentation, we have two important projects: One is Bogotá – Girardot and the other is the *Transmilenio* Lines in Bogotá, which are in the process of beginning works, with which – although we are working on the mobilization or pre-construction – these works are not being carried out at this time.

As of the Fourth Quarter of this year, and especially as of 2021, these projects will be in full swing and will represent an increase in the Company's Total Income.

And in terms of the Financial Situation, we basically have to highlight that Financial Obligations have decreased a lot since 2017; as of September 2020, the total balance of the Consolidated Financial Obligations was COP 733,000 million.

And the balance of the obligations of the NIT Concreto was COP 546,000 million. Here, it should be noted that – in these nine months – the increase in the Debt Balance was related to housing projects that have had disbursements and this growth in debt will be paid with the execution of these projects.

The Company has had a liquidity situation throughout all of these nine months that has allowed it to operate normally, without disbursements from financial institutions and we have liquidity reserves to the end of this year and to also be calm for much of 2021, guaranteeing the Company's operation.

That has been one of the decisions the Company made since the beginning of the pandemic and, today, we have a mechanism that has allowed us to operate normally. If you look at the Financial Situation, it is basically worth noting that Commercial Accounts Receivable fell by 14%; there has been an important management of nearly COP 50,000 million in the recovery of the ordinary portfolio, which has been used in investments in joint ventures and associated businesses, which, basically, has to do with the contributions that have been made to the Bogotá – Girardot concession to be able to restart the works.

It should also be noted that some current obligations or the current obligations also had a decrease of 14%, which is basically represented in the increase in Non-Current Financial Obligations, with the negotiation that was made with the banks to displace the 2020 capital payments to the end of 2021 and 2022.

So, today, the Debt Profile is under control; we are working with the banks to adjust everything that is the Company's Debt Profile to the challenge of reactivating the Colombian economy. We are well advanced in conversations with the financial entities, from the point of view of the Debt Profile.

And, in terms of compliance with the obligations, we hope that next year – with the normal operation of the business – we can already, like all companies, have a medium-term visibility to be able to comply with all the banks that, in turn, require the income of all the companies to which they lend money.

And, from the Equity point of view, we had a small growth of about COP 20,000 million, 1.4%, and the Company has not been ostensibly affected by the crisis in terms of Equity.

In the next table are the Consolidated Income and the Consolidated EBITDA, and, basically, there you see the decrease in the operation of 2019 compared to 2020, to a



large extent – or the figure that falls the most – is the green Construction figure; it has a 42% decrease, and the Investment figure also falls in Income from COP 114,000 million to COP 52,000 million.

And this has to do with the fall in the Income of some of the subsidiaries in which we have a 100% stake or in which we have control or a majority stake, and also some divestments that were made in 2018, which have not reached the same figures. But we hope that by the end of the year, we will have a report in which there will also be significant divestments.

In this area, specifically, we expect to close the year with divestments in non-strategic assets close to COP 120,000 million in businesses that are well advanced and that will greatly support the Company's liquidity and the fulfillment of obligations with financial entities.

And in terms of the EBITDA, there is a significant drop, which is basically represented by the difference between 2018 and 2020, due to the sale of a concession business, which was made in 2019, due to the drop in the PACTIA Private Capital fund, which also had the drop that I already mentioned between 2019 and 2020.

But, in general, we are in a process of recovering EBITDA generation. Once the Company begins to operate normally with the projects that I have mentioned and with the divestments in non-strategic assets, by the end of the year we expect to have a higher figure in terms of the EBITDA.

With this I end the presentation. Basically, I believe that, today, the Company is in a situation with a very clear outlook regarding next year, and – above all – in the medium and long term. We had management in 2019 and the beginning of 2020 to recover the Backlog and we already have it in figures on the order of COP 2 billion.

We are replacing Hidroituango with the *Ruta 40* Project and with the *Transmilenio* and the *Oriente* Two-Lane Projects, which would begin operating at the end of 2021 – in the Fourth Quarter. For this Company, it is very important to have large projects in operation and we think that now, for the medium term, we will see these projects generating the income that we had in previous years.

And from the point of liquidity, which is very important in this crisis, today we have nearly COP 90,000 million – COP 95,000 million in reserves to guarantee the Company's operation while the effect of the pandemic ends and the reactivation of the economy occurs, which will surely be driven by these megaprojects that are being announced by the Central Government and some regional and local Governments.

We are also continuing with the expansion strategy in everything that has to do with the sale of knowledge, Concreto's hybrid area – the Area of Engineering and Digital Design – which is quite active both in Colombia, as well as in Central America and the United States.

We continue with the execution of construction projects in South Florida, which is a new niche, a new market opportunity. In this Fourth Quarter of 2020, we will be delivering the *LeJeune* 850 Project, which has a total investment of USD 100 million and a construction investment of nearly USD 51 million.

The entry into South Florida has been a very successful experience for Conconcreto and it is opening the doors to other opportunities in this market, which is quite competitive, but we have already shown the ability to have allies there and have clients who are seeing the value that Conconcreto add through its entire digital-transformation strategy and the use of digital tools in the Construction Business.

Additionally, we are working in an alliance with the national Colombian Chamber of Construction (*Cámara Colombiana de la Construcción*, CAMACOL) organization and many colleagues and many suppliers in everything that has to do with the formalization of the Bilbao Platform as a mechanism that enhances everything that is an ecosystem that streamlines the entire supply chain of the construction industry in Colombia and in other regions of the Latin-American area.

At this time, this platform is generating bidding transactions for nearly COP 280,000 million; it is showing important figures, but the greatest value for Conconcreto is that we are working on everything that has to do with the digitization of one of the more-important processes, which is the supply chain of the construction industry.

This has a lot to do with the pandemic; they are transformations that were made at this time, but they will remain in the Construction Business in the future and will allow us to increase productivity and – above all – collaborate in everything that has to do with the transformation of the construction sector.

Many thanks to all of you.

We are attentive to your questions; we will have a five-minute pause while you present your questions and then we will begin to answer them.

Good morning to everyone. We're back with the questions that some participants have asked.

The first is from Juliana Aguilar from *Bancolombia*: *"The 2020 Third Quarter results were more negative than those of the 2019 Third Quarter, I suppose, those of the Second Quarter – sorry – with even negative EBITDA, when we had the strictest period of confinement. What is this about? How is the behavior expected to be for the last Quarter?"*

**Juan Luis Aristizábal (JLA):** Basically, the effect had the greatest impact on the drop in the EBITDA and on the Company's results, which was due to the devaluation of the PACTIA units for an approximate figure of COP 22,000 million.

As I have explained to you, this is due to the fact that the appraisals are made once a year and, to the extent that there is a drop in income, such as in hotels or shopping centers and coincides with the date on which the appraisal is made, the effect of the drop in income will have an impact on the appraisal, which is a fairly conservative policy that PACTIA has.

This is a drop in the value of the unit, due to a drop in appraisals, and to the extent that the assets that depreciate are not sold, this will not have an effect in the medium and long term on PACTIA; that is, if the asset recovers income, it is revalued on the 21<sup>st</sup> or 22<sup>nd</sup>, when the opposite effect of income recovery occurs, since the asset will return to the value it had in 2019.

Germán Fajardo has four questions:

The first: *“Would the HidroItuango contract be delivered in December of this year?”*

**JLA:** We have a modality in which the extension of the contract has been made, favoring shortages between EPM and the subcontractors that are executing the construction. The CCC Ituango Construction Consortium contract runs until December 31, 2020, and we are negotiating or talking with EPM for the extension of the contract, which is EPM's decision.

We consider that the most convenient for all parties is for the same contractor to complete the project, due to all the risks that exist there by changing contractors and guaranteeing the stability and execution of the works and obtaining all the necessary resources for a new contract to enter into effect. But it is the client's decision; we would respect it. They have to make the decision they have to make.

And to date, we have reasonably executed all of our contractual obligations; the project is fully recovered and – at this moment – we are in the stages of rebuilding the powerhouse and some of the tunnels, such as the conduction tunnels, which are very important for the project.

This is a project of national interest. Both Conconcreto and its partner in the Consortium want to participate in the completion of the Ituango project, but there are many variables involved in the contract-renewal process that we will have to negotiate or discuss with our client – EPM – and we hope to reach agreements that are convenient for all parties, and above all, for this project that is of national interest.

Number two is: *“What progress is there with the Department of Antioquia in the Oriente Two-Lane Highway Project?”*

**JLA:** At this moment, we are in the stage that has to do with the presentation of all the necessary documentation to begin the stage where it is verified if there is interest from third parties to compete in this project, in everything that has to do with the PPP private

initiatives. If there is interest from a third party to participate in the project, a short tender will be entered into. And if there is no interest, it will go to the stage of adjudicating the contract. Hopefully, this will happen in the last Quarter of 2020.

The third question is: *“When do you expect to have the financial closure of the Bogotá – Girardot Third-Lane Project?”*

**JLA:** At this moment, we are actively working with our advisors in the financial closing to have it in the First Quarter of 2021. And in parallel, we are working with international entities in the financing of a bridge loan, which will allow us to operate until it (the financial closing) is definitely obtained. Negotiations have advances; we are very optimistic that before the end of the year we will have the bridge loan and the intention of the funders who will participate in the final financial closure of the project.

And the fourth question is: *“Do you intend to buy back shares?”*

**JLA:** That is a decision of the (Shareholders’) Assembly that constituted a reserve for the repurchase of shares, but the Board of Directors has the capacity to make those decisions and, obviously, they will be announced to the public when the Board of Directors does so. As an Administration, we do not have any visibility at this time on that issue.

Rodrigo Sánchez, from *Davivienda Stock Brokers*: *“How much is the financial effect of purchasing the Vía 40 period?”*

**JLA:** The purchase of periods is a mechanism that the ANI activated for all the concession projects in the different functional units. If a functional unit is replaced and there is not exemption event, the concessionaire has the vision to purchase the period to allow it to terminate the functional unit and not incur in penalties or fines.

The figure that will correspond to *Vía 40* as a period purchase will only be known at the time the functional units are being completed. And, as I have mentioned, they all have accelerated schedules, and they have additional periods that the ANI is granting, due to COVID-19 in this negotiation, which was made with the Colombian Chamber of Infrastructure. In other words, the final figures will only be known when the different functional units are completed. And, normally, the payment mechanisms for this period could be with the Bank of Public-Investment Projects (BPIP) or with other mechanisms that will require a cash effort from the concessionaire.

The second is: *“How is the financial closure of Vía 40 going and has it had any effects as a result of the process carried out by EPM?”*

**JLA:** I already mentioned the financial closure.

To date, I’d like to remind you that EPM simply cited a conciliation among the parties regarding the differences that exist there throughout this process of the Hidroituango crisis. The conciliation has many variants and, basically, it is to reach some type of

mechanism that allows negotiating or closing differences among the parties and clarifying differences among the parties.

To date, this has had more noise in the media than an effect on the operation of the business. Today, we have a totally fluid, transparent relationship with financial institutions, with suppliers and with our clients. The effect of EPM, of the crisis, has not yet been seen in Concreto or in the Consortium, and we hope that this will continue to be the case and we hope to reach an agreement in the conciliation with EPM.

*“What will the compensation payment scheme be like for the temporary non-collection of tolls that occurred during part of the year?”*

**JLA:** In all the concessions in the country where we had to raise the toll barriers and let the traffic pass freely, the counting of the vehicles continued. And in the case of *Vía 40*, the compensation will be made with the accounts of the ANI Fiduciary, where there is money or part of the collection of tolls, which is specifically destined for this type of contingency.

So, all the negotiations regarding the counting of vehicles and the compensation that the ANI must make and that it is authorized to withdraw from the ANI accounts to compensate for the collection deficit is already being closed.

Number four is: *“Would the possibility of issuing bonds be used to replace debt or as a source of additional debt?”*

**JLA:** At this moment, we are in a process and we have looked at it for several months – many months – which is the possibility of going to capital markets to change the profile of Concreto’s debt. Today, what we want is to replace debt with a longer-term debt. I believe that all companies in Colombia were attracted by the short-term rates and our debt profiles were greatly reduced because short-term rates were much more competitive, compared to medium-term rates.

Today, the Company’s policy is to have a medium-term profile that is aligned with the size of the projects and with the income of the projects. And with this bond issue, we initially want to change the debt profile; it is not for new investments, but for the payment of debt with financial institutions and to have a medium-term debt profile. Additionally, what we want is to generate a culture of obtaining resources in the capital market to leverage the Company in a medium-term strategy, which is basically the operation of our business:

Norberto Jaimes: *“Good morning. Could you tell us a little about what we can expect from the problems with Hidroituango, lawsuits, payments?”*

**JLA:** Hidroituango is a project in progress; we have a valid contract until December 31. If the contract were to be terminated, then, basically, we would enter into a termination process by mutual agreement among the parties because – to date – there is no announcement or intention to unilaterally terminate the contract.

If EPM decides to extend the contract, since obviously all the contract extensions have some negotiation meetings, we are waiting and, normally, these short-term extensions have been made in the last months or weeks before the expiration of the contract, as I have told you. And I'd like to ratify that in a project of this size and with these complexities, it is very difficult to replace a contractor the size of CCC Ituango.

So, I believe that our obligation as contracting parties and contractors in this project is to do it, sit down at the table and seek a conciliated solution for all these differences that exist, especially on the part of EPM.

*“Are there plans for a share repurchase operation with the idea of giving a greater value to the current shareholder?”*

**JLA:** That, as I have said, is a decision of the Board of Directors. In the reserve, it is already in the Company's Financial Statements available to the Board. They will be the ones who decide at what time and when they add value to the shareholder.

Number three is: *“How can the Company's Corporate Governance be improved? Although its book value is around COP 2,300, the Company trades at about COP 300 on the Stock Market.”*

**JLA:** I would simply clarify that this has more to do with market perception than with Corporate Governance. The Company has a very high reputational crisis with the SIC investigation; today, it is completely closed. That generates a lot of uncertainty in the markets and we believe that in the medium term when the reactivation of Bogotá – Girardot is seen and when we have the opportunity to announce to the market if we continue or not with Hidroituango and the result of the conciliations, the uncertainty regarding the share price would be closed.

It should also be clarified that the stock has a difficulty in the market and it is its liquidity. We are a small issue; however, we expect liquidity to improve as soon as the situation improves, when the market assimilates that the SIC risk is completely closed and that the project is running. This would give it a dynamic that allows the share value to recover and, obviously, we must also wait for the positive sentiment of investors regarding COVID-19, which is already occurring worldwide with the reaction of all the Stock Exchanges in all the markets of the world.

The Bogotá – Girardot Third Lane issue caused great damage to the Company's reputation, which impacted its price. How do we get that good name back? Are there plans to find out how to solve that economically?

We are working actively with our Stakeholders, especially with insurance companies, with financial entities and with our clients, in terms of clarifying that the situation of the SIC investigation is completely closed.

Those who have had the opportunity to see some campaigns in the mass media and networks, we are also very active recovering Concreto's image a little, and – above all – in what has to do with the Company's digital transformation through a process that it has been doing for about five years, but – in addition to having accelerated like many digital events in the world – it has accelerated a lot with the pandemic.

Today, we are a totally digital company, in what has to do with all Engineering and Value Engineering processes and adding value to our clients. And, obviously, we are also working a lot in the industrialization of construction. Those who have already seen it, we are looking for mechanisms to activate additive manufacturing or 3D printing in the application of practical solutions for the market. We are using the prefabrication of concrete structures; we are standardizing designs, actively working with suppliers, improving the supply chain. In other words, all these are activities to add a lot of value and a lot of knowledge in everything that has to do with the construction industry.

We think that this is the greatest value we can give our shareholders: to be leaders in the digital transformation and the transformation of the construction sector, and – above all – to recover everything that has to do with the execution of construction contracts, which is our core business and that we have already done through the Backlog that we have today and that we will have significant growth in the future:

Sergio Segura: *“Good morning. Thanks for the presentation. With regard to PACTIA, within the part of assets that have yet to be stabilized, what type of segments are there?”*

JLA: Basically, in the Real-Estate Business, the asset-stabilization curve has a period between 12 and 24 months, and which has a lot to do with shopping centers and office buildings that normally take that period of being occupied in indexes or in close percentages or greater than 90%.

I'd like to remind you that PACTIA recently completed the Hilton Hotel that was on the stabilization curve and has two shopping centers in the south of Bogotá, which are also in the process of stabilization. One is called *El Ensueño*, *Gran Plaza El Ensueño* and *Gran Plaza Soacha*. These two assets are also in the process of stabilization.

With regard to offices, there has been an accelerated curve of multinational companies, especially those looking for offices in the axis of *Avenida El Dorado*, where *Buró 25* is located. And innovative and digital companies have been looking headquarters in Medellín, in the *Buró 40* Project, which had a record occupancy curve in all the office assets that PACTIA has had throughout its history.

So, COVID-19 has really impacted the stabilization of assets in shopping centers; in office assets the curve has accelerated; in hotels, the stabilization of assets was put on hold and we will have to regain occupancy once tourism is reactivated for pleasure and business tourism. But, in general, basically the great difficulty is in stabilizing shopping centers.

As for Ituango, do you estimate that there will be a problem with the construction firm for 2021, due to this conciliation stage between EPM and the Consortium?

As I have already mentioned, we are proactive, pro-project; we know that this project is very important for the country's energy security. We know that it is very important for the region, for Medellín and for EPM, and we hope that all these problems will be resolved with a conciliation that is convenient for EPM, for the municipality of Medellín, for contractors and, above all, for all Colombians because without generation in Ituango, we have a very high risk of rationing in 2022 and 2023.

Our challenge is to work for the energy stability of the country and to carry out a project that I think is a flagship; above all, having recovered the project in the crisis, the great crisis it entered. I think it is very satisfactory to be able to carry it out and to be able to finish it, and the Consortium would be proud to be able to participate in the completion of the project.

Many thanks to all of you.

I'd like to remind you that Alejandro Villegas, our Investor Relations (IR) Manager is available for additional questions and, on our Website, there is all the Company's financial information, and we will attend to everything you require through communication with IR and there is a lot of information on our social networks as well.

Good morning, everyone, and thank you very much.