

EARNINGS RELEASE

4Q2016

March 2nd, 2017

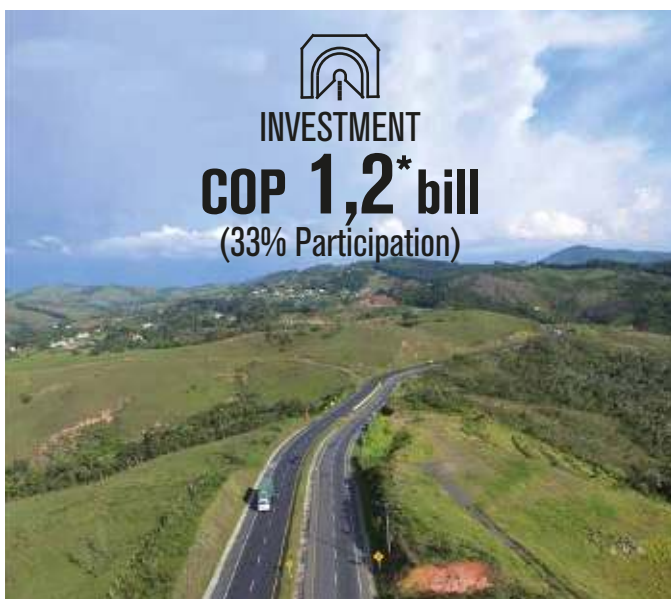


Relevant corporate events:

Operation start-up of the concessions - PPP:



- Start-up of the concessionaire Vía Pacífico S.A.S. in charge of the operation and maintenance of the road to the Buenaventura port.
- The intervention of 68 kms began with the functional units 1,2,4 and 5 of this Project that connects Buenaventura with Buga, Valle del Cauca.



Buga- Buenaventura
(Department of Valle del Cauca)

*Values as of Dec-1



- Start-up of the concessionaire Vía 40 Express S.A.S. Start of operations: December 1st, 2016.
- EPC contract is signed (November 11, 2016).



*Values as of Dec-14

Third lane Bogotá-Girardot
(Departments of Cundinamarca and Tolima)

Consolidation of Pactia Real-Estate portfolio – as: Pactia Real-Estate Private Equity Fund

Dec-2016

Constructora Concreto + GRUPO ARGOS

=

Trust

PACTIA

Equity Value:
COP \$1,54 Bn

Jan-2017

Constructora Concreto + GRUPO ARGOS + Protección Pensiones y Cesantías

Private Equity Fund

PACTIA
FCP INMOBILIARIO

Contribution up to COP
600.000 MM

Up to a period of **3** years

1st call of equity: COP
165.000 MM

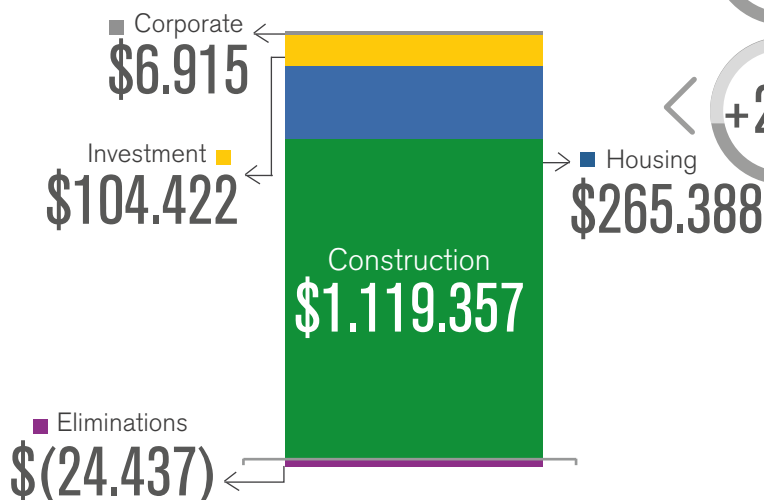
The negotiation with Protección for the investment of COP 600.000 million in the Pactia Real-Estate Private Equity Fund was succesfully closed.

Relevant corporate events

Consolidated Income from Ordinary Activities

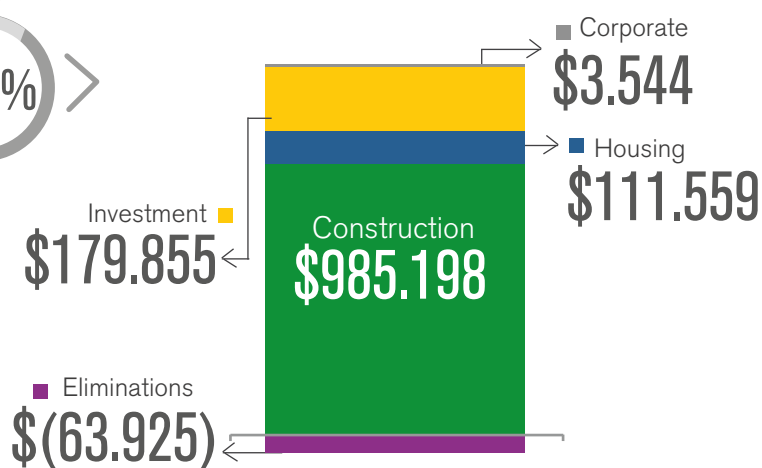
December-2016

COP 1.471.645 mill



December -2015

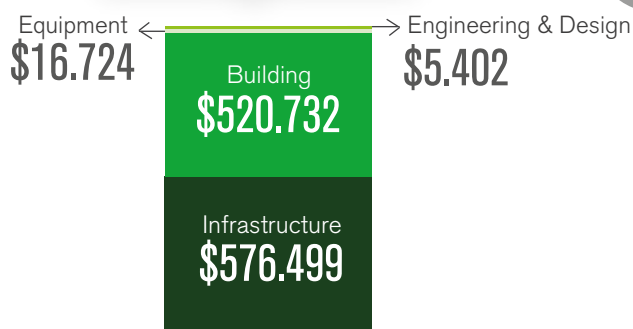
COP 1.216.232 mill



*For 2015 the consolidated income contemplates the ordinary income from the real-estate portfolio amounting COP 88.371 mill. Depuring this year's income, a figure of COP 1.127.861 mill is obtained.

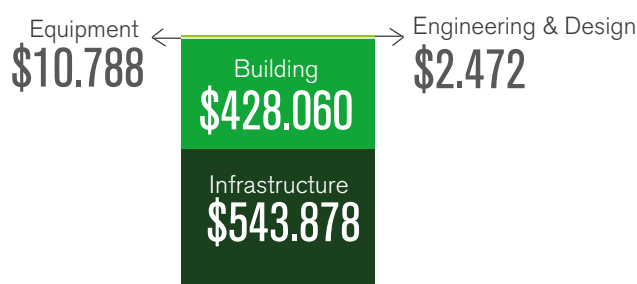
Construction Revenues

COP 1.119.357 mill



Construction Revenues

COP 985.198 mill



+14%

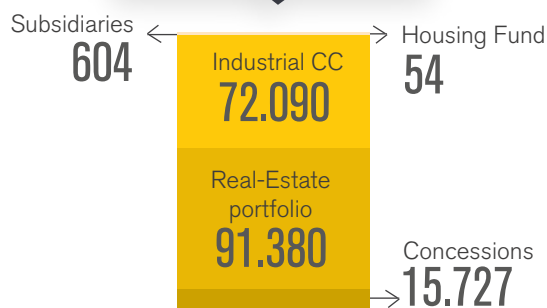
Investment Revenues

COP 104.422 mill



Investment Revenues

COP 179.855 mill



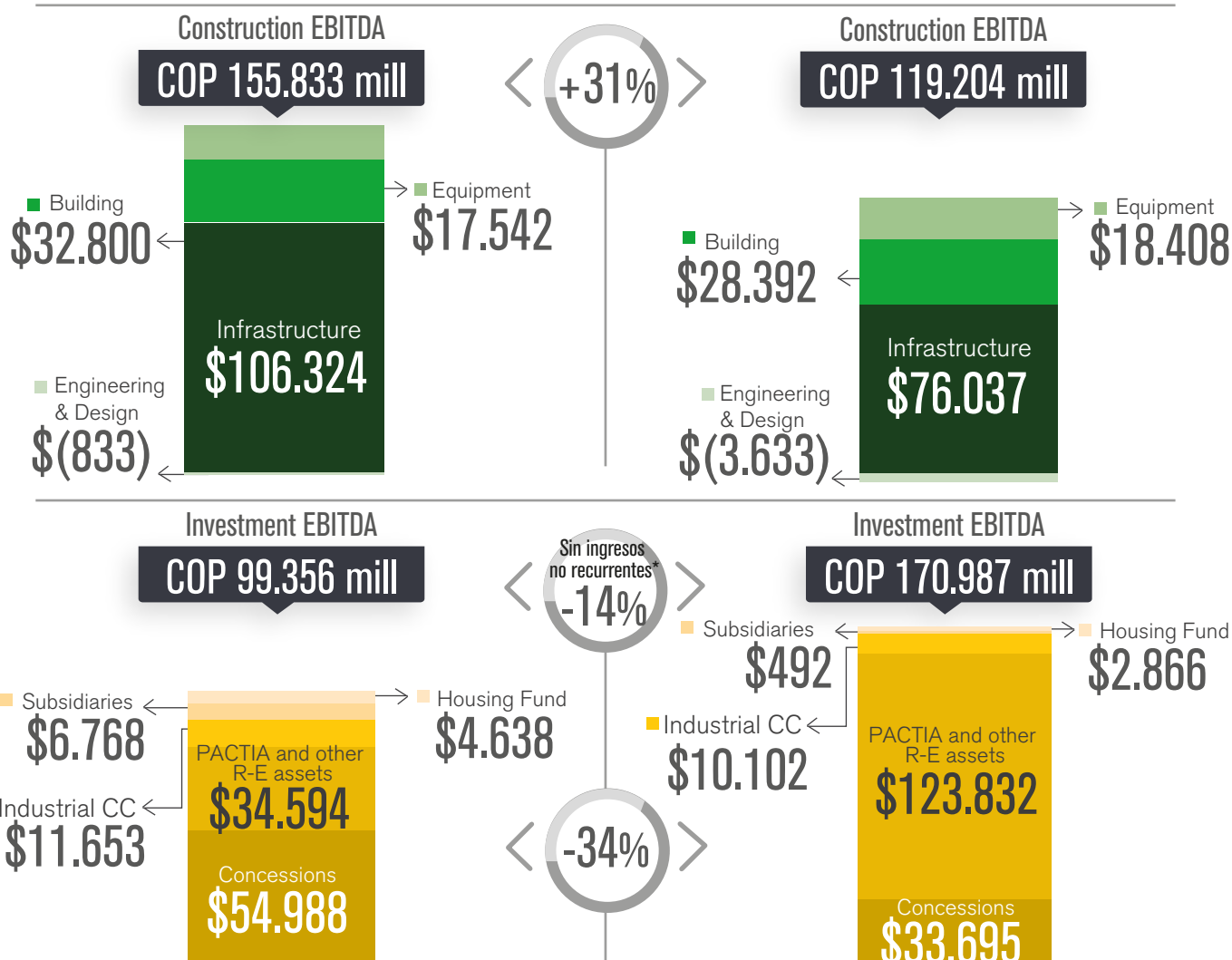
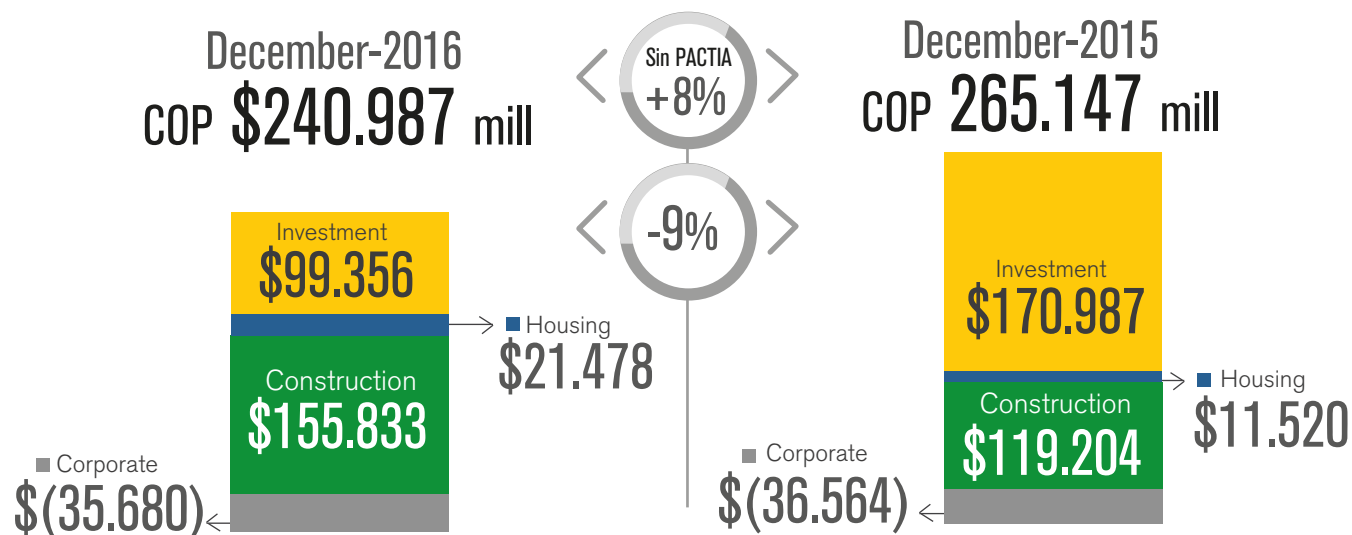
Without the real-estate portfolio* **+14%**

-42%

*Depuring the 2015 investment income from the ordinary revenues of the real-estate portfolio, we obtain a growth in this segment by 14%.

Relevant corporate events

Consolidated EBITDA

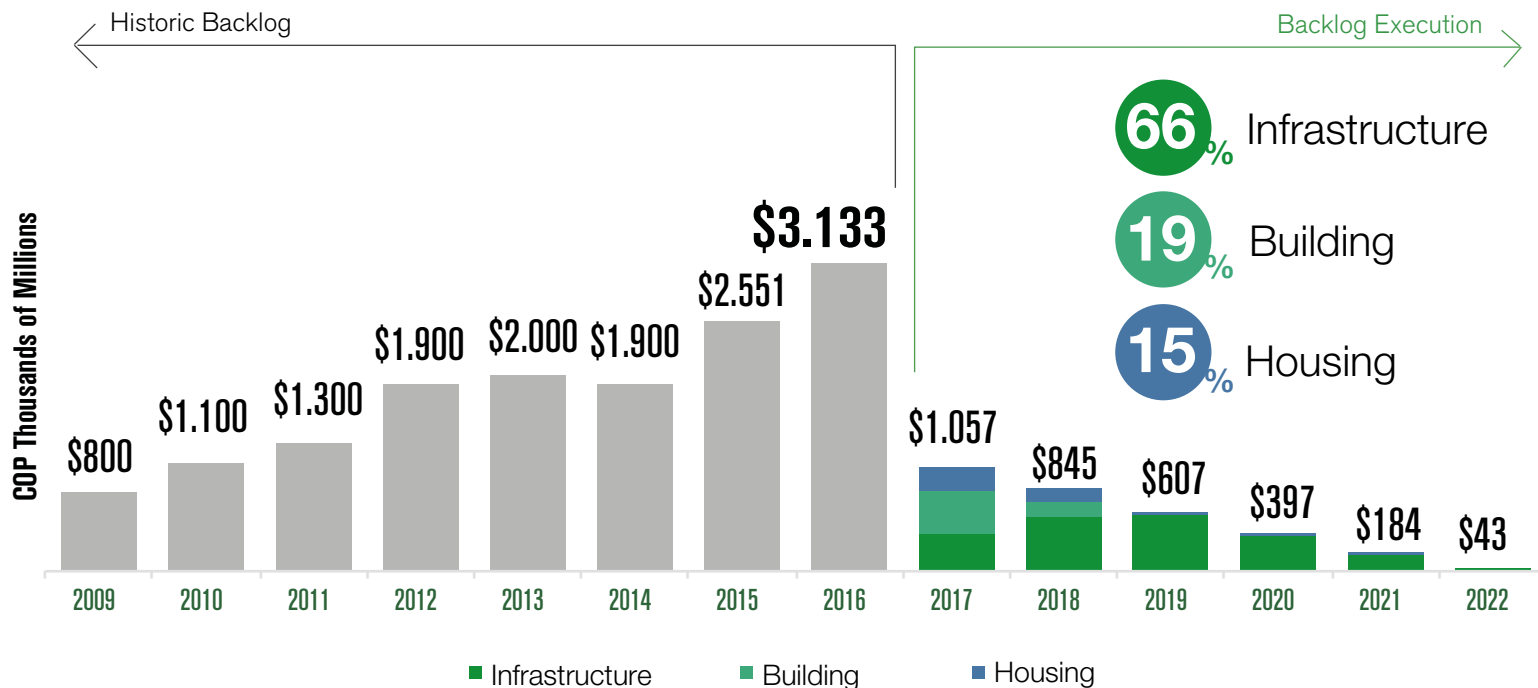


*For 2015, the investment EBITDA contemplates the non-recurring income by the contribution of the real-estate portfolio to Pactia and the 100% assets operation until July-31. For 2016, the EBITDA shows the participation of Conconcreto in this portfolio.

Relevant corporate events

Backlog – December 2016 Cutoff

The Company's backlog as of December 2016 is COP 3,13 trillion, corresponding for 2,5 years of operation. Of this Backlog 66% corresponds to infrastructure projects, 19% for building projects and the remaining 15% to the housing portfolio.



Construction Services

Relevant Events:

Infrastructure:

- The execution concentrated in projects such as: Ituango Hydroelectric Plant, land movement of SPIA Aguadulce Port, Arroyo Bruno watercourse, Boscoal dock, Túnel Piloto de La Línea termination, Binacional bridge, connection road Puerto de Barranquilla, among others.
- Among the works contracted stands out the extension of the contracts of Hidroituango by COP \$49.000 mill, land movement of Puerto SPIA Aguadulce by COP \$8.150 mill, Tunel Piloto de La Línea by COP \$3.220 mill and others by COP \$3.370 mill.



Construction Services

Relevant Events:

Building:

- The execution of works for third parties continue, such as: Multiplaza La Felicidad shopping center (Bogotá), Hotel Estelar (Cartagena), Guatapurí II shopping center (Valledupar), Atlántica Tower (Barranquilla), Fresenius Terranova plant (Cota), Medellín Chamber of Commerce, among others. Also, works for Pactia continue, such as: Hotel Corferias (Bogotá), Antares, Hilanderías and El Ensueño shopping centers (Bogotá), Buró 25 stage II (Bogotá) and Buró 51 (Barranquilla).
- As of work contracted, there is principally the contract of the Hotel Corferias by COP \$35.524 mill. Also the extension of the contracts: BSF Centro Madrid by COP \$11.428 mill, Hotel Estelar Cartagena by COP \$3.919 mill, Multiplaza la Felicidad shopping center by COP \$3.482 mill, Avianca Tower por COP \$3.475 mill and others by COP \$6.315 mill.

Housing:

- The execution of COP \$48.508 mill is still concentrated in own projects and for third-parties, mainly located in Medellín, Bogotá, Barranquilla and Panama.
- As of work contracted stands out the execution start-up of the Project Ph Athas in Panama.

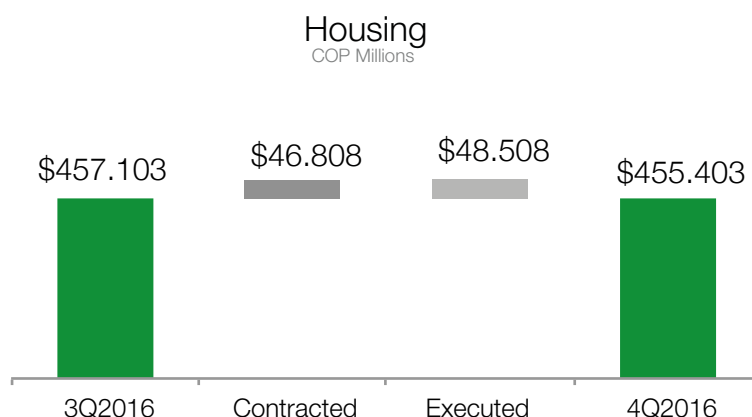
Engineering and Design:

- Initiation of BIM methodology implementation in all the Company processes.

*BIM: We use the platform BIM as a working tool for every level's architectural projects simulation process, It is a coordinated 3D model that allows volumetric studies.

Innovation and sustainability:

- In 2016, 16 innovation projects were conducted from which we stand out; a mobile APP for construction processes registration, virtual reality for commercial and technical use, and the inclusion of innovation processes in terms of scope, costs and logistics.
- On march 3rd, 2017, the extension of the Concreto Innovation Center will be inaugurated that includes a lab with the first prototype of a big scale concrete 3D printer (developed by the innovation engineers of the Company), and a co-creation space immersed in the University Escuela de Ingeniería de Antioquia facilities.



Concessions

Relevant Events:

Current status of concession projects:

Road

- **PPP Vía Pacífico (Buga - Buenaventura):** Preconstruction Phase:
 - Vía Pacífico SAS consortium operates today 100% of the road since August 2016.
 - Financial closing in process.
- **PPP Vía 40 Express (Bogotá - Girardot):** Preconstruction Phase:
 - Vía 40 Express SAS consortium operates today 100% of the road since December 2016.
 - Financial closing process.
- **PPP Doble Calzada de Oriente (Palmas - Tablazo):** Private initiative presented by Devimed S.A. to Gobernación de Antioquia. The presentation of the feasibility study to Gobernación de Antioquia will be at the end of the first semester, 2017.
- **PPP Vía El Santuario - Doradal:**
 - Currently under negotiations after receiving the observations by the ANI regarding the prefeasibility study settlement.
 - The first step is to proceed with the firm of amendment between Devimed and the ANI corresponding to the conciliatory agreement.

Rail

- **PPP Regiotram - Línea de occidente:** Closing stage of negotiations with the ANI for the sales of studies and designs.

Port

- **Darien International Port:** Project still in study stage. The consecution of environmental license and port concession formalities continue.

Energy Generation:

- **PCH Patíco:** PRIOR CONSULT process still continues. It is estimated to reach a protocolization of agreements in the 2nd semester of 2017 to continue with the construction.

Operating Concessions:

DEVIMED:

Medellín – Caño Alegre and Malla Vial de Oriente

Starting date:	Finishing date:	% Concreto Participation:
June, 1996	December, 2026	24,85%

Average Daily Traffic:		
Toll	2016	2015
Cocorna	4.161	3.934
Puerto Triunfo	3.734	3.510
Guarne	18.605	18.142
Palmas	9.085	8.429
TOTAL	35.585	34.015

Financials:		
Cop Millions	2016	2015
Operational Income	168.635	152.936
EBITDA*	93.854	89.107

*EBITDA dic 2016 = Net Profit (92.194) + Depreciations (422) + Expenses Amortization (12.461) – Income Amortization (9.276) – Non-Operating Income (1.948)

CCFC:

Bogotá – Los Alpes

Starting date:	Finishing date:	% Concreto Participation:
June, 1995	March, 2024	24%

Average Daily Traffic:		
Toll	2016	2015
Corzo	7.136	6.867
Río Bogotá	17.656	17.621
TOTAL	24.792	24.488

Financials:		
Cop Millions	2016	2015
Operational Income	143.990	76.904
EBITDA	47.679	47.514

Real – Estate Portfolio **PACTIA**

Relevant Events:

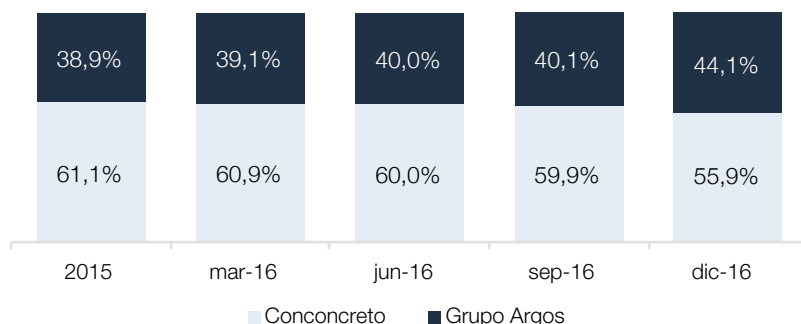
2016

Gross Income*	179.147
Operating Costs (Opex)	58.445
Net Operating Income	120.703
Consolidated EBITDA	100.133
Net Profit	93.353

* There is a non-recurring income from the sales of non-strategic assets worth COP \$5.618 mill.

** Cap rate of stabilized productive assets: 9,1%.

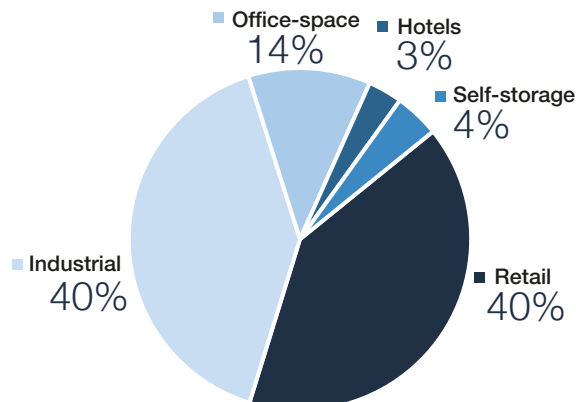
Accumulated Participation in Pactia (%)



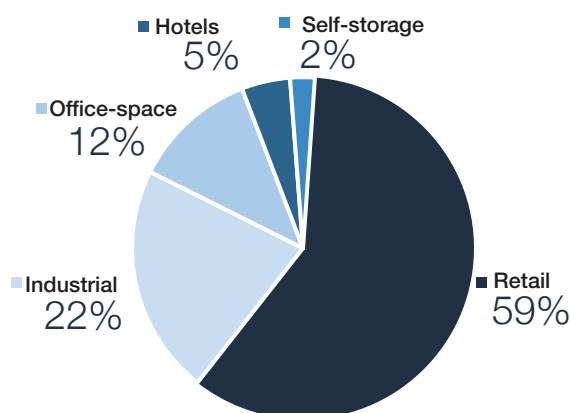
RELEVANT EVENTS

- The negotiation with Protección for the investment of COP 600.000 million in the **Pactia Real-Estate Private Equity Fund** was successfully closed.
- Inauguration of the Antares shopping center in October with a Gross Leasing Area of 31.500 m2.

GLA Dec-2016
504.384 m² in operation



NOI Dec-2016
COP 120.703 mill



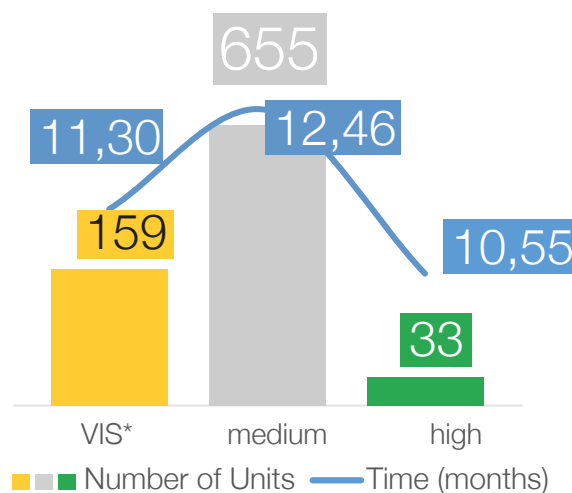
Housing

Relevant Events

At the closing of December 2016, there are 14 projects under construction and 5 on pre-sale, concentrated in Bogotá, Medellín, Barranquilla and Panamá city.

There are 847 units for sale, which are expected to be sold in a 12,1 month period as of to-date. In 2016, 733 units were notarized from which 187 units correspond only to the fourth quarter. Additionally, there are 6 projects under feasibility study which represent 4.764 units that will be developed in stages.

**Launched units for selling
and estimated time to market**



*Low-income housing

Financial Results as of Dec-2016:

Consolidated statement of results:

Non-comparable results because in 2015, until July 31 we possessed 100% of the operation of the real-estate portfolio. Depurating the **GROSS PROFIT** (not taken into account the PACTIA effect) to make the results comparable, a growth of 24% is obtained.

2015 includes non-recurring income by **\$42.000** mill approx.. associated to the fair-value recognition of the assets contributed to Pactia and the transfer of rights of Lógica II, registered in **OTHER INCOME** and **OTHER EARNINGS**.

Higher **FINANCIAL INCOME** from yields of the VINCI capitalization and billing of interests to consortia. Even though the **FINANCIAL EXPENSES** did not have a significant variation, the transfer of debt related to Pactia was balanced in 4Q2016 with higher financial costs due to increasing rates and higher indebtedness.

Higher income from **EQUITY METHOD** by \$59.506 mill due to returns of PACTIA (\$31.250 mil) and better performance of concessions (\$20.606 mil) and subsidiaries (\$7.650 mil).

In 2015 a higher **DEFERED TAX** by the non-fiscal income generated in the contribution of fair value assets to Pactia. In 2016, there is an increase in **CURRENT TAXES** due to the generation of taxed revenues. The effective tax rate in income tax changes from 35,7% % to 34,4%.

Depurating the **EBITDA** of 2015 due to the effect of non-recurring income, the growth from one year to another is of 8%.

Consolidated statement of financial position:

There is no significant variation compared to the financial situation of December 2015.

Of the total **FINANCIAL DEBT**, the operation should only cover the debt associated to the construction business, the corporative and the investment segment obligations. The debt associated to the other businesses (Consortia, Subsidiaries and Housing), amounting COP 328.003 mill, is covered by each of them.

[For more information. Click here to consult the notes to the consolidated Financial Statements](#)

CONSOLIDATED STATEMENT OF RESULTS COP millions	dec-16	dec-15	Var \$	Var %
Income from ordinary activities	1.471.645	1.216.231	255.414	21,0%
Cost of sales	(1.271.696)	(997.957)	273.740	27,4%
Gross Profit	199.949	218.274	(18.326)	-8,4%
Other Income	28.506	21.209	7.297	34,4%
Admin. And sales expenses	(53.863)	(54.351)	(488)	-0,9%
Employee benefit expenses	(58.692)	(56.563)	2.129	3,8%
Other expenses	(10.321)	(2.143)	8.177	381,5%
Other earnings (losses)	6.777	54.946	(48.169)	-87,7%
Operating Profit	112.355	181.372	(69.017)	-38,1%
Exchange difference	506	9.796	(9.291)	-94,8%
Financial Income	28.846	4.600	24.246	527,1%
Financial expenses	(90.868)	(91.340)	(472)	-0,5%
Equity method	99.543	40.039	59.504	148,6%
Before – Tax Profit	150.382	144.467	5.915	4,1%
Current tax expenses	(26.492)	(12.924)	13.567	105,0%
Adjustment for deferred taxes	(20.064)	(32.278)	(12.214)	-37,8%
Minority Interest	(751)	(4.007)	(3.256)	-81,3%
Net Profit	103.075	95.257	7.818	8,2%
EBITDA	240.987	265.147	(24.160)	-9,1%

Margins	dic-16	dic-15
Gross	13,6%	17,9%
Operating	7,6%	14,9%
Before-Tax	10,2%	11,9%
Net	7,0%	7,8%
EBITDA	16,4%	21,8%

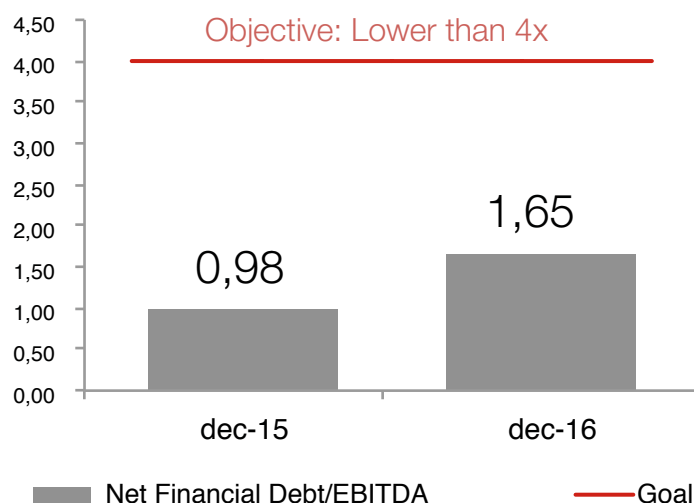
STATEMENT OF CONSOLIDATED FINANCIAL POSITION COP millions	dec-16	dec-15	Var \$	Var %
Current Assets	1.664.521	1.579.598	84.924	5,4%
Non-current Assets	1.588.971	1.494.550	94.420	6,3%
Total Assets	3.253.492	3.074.148	179.344	5,8%
Current Liabilities	1.263.420	998.855	264.565	26,5%
Non-current Liabilities	643.549	793.615	(150.065)	-18,9%
Total Liabilities	1.906.969	1.792.469	114.500	6,4%
Total Equity	1.346.523	1.281.679	64.844	5,1%
Total Equity and Liabilities	3.253.492	3.074.148	179.344	5,8%

FINANCIAL LIABILITIES COP millions	dec-16	dec-15	Var \$	Var %
Construction	107.583	132.457	(24.874)	-18,7%
Investment	471.570	364.222	107.348	29,4%
Housing	186.780	146.666	40.115	27,3%
Consortia	129.132	163.222	(34.091)	-20,8%
Subsidiaries	12.091	25.293	(13.201)	-52,1%
Corporate	15.979	24.693	(8.713)	-35,2%
TOTAL	923.136	856.553	66.583	7,7%

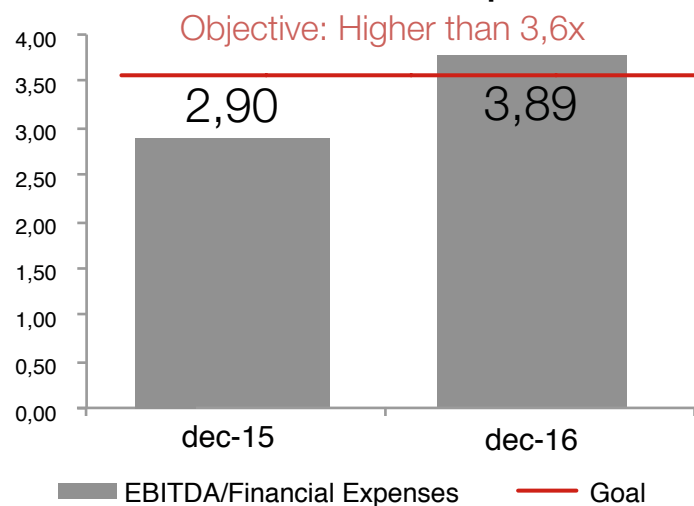
Indicators and Covenants

* Administrative covenants for being monitored and controlled.

Net Financial Debt/EBITDA



EBITDA/Financial Expenses*



* It includes the net financial expenses (financial expenses – financial income)

Cost of Debt

