

## TRANSCRIPTION OF THE EVENT

### QUARTERLY REPORT: SECOND QUARTER OF 2016

Good morning. Welcome to the conference on the Constructora Conconcreto Second Quarter 2016 results. Before beginning, we would like to give you some tips on how to use the platform. If you are watching this through streaming, in the left margin of your screen you will find a space where you may send us your questions. Also, in the upper right margin, you may enlarge the screen to see the presentation better. If you wish to download the presentation document, you will find an icon at the lower right. Also, you may download the report, a document that contains more detailed results of the quarter. If you are connected via telephone, remember that by pressing the nine (9) key at any time, you will be transferred to the Question Line, where you will be attended by an operator. If you wish to download the presentation document, the report of results or the financial statements with their notes, please enter our Webpage (<http://www.conconcreto.com/Información-trimestral>). When Doctor Juan Luis Aristizábal Vélez ends his presentation, we will answer the questions according to their order of arrival. With this brief introduction, I give the floor to Doctor Juan Luis Aristizábal, CEO of Constructora Conconcreto. Doctor Aristizábal, please begin your presentation.

Good morning to all of you and thank you for joining us in this presentation of the Constructora Conconcreto Second Quarter 2016 results. We will begin the presentation with the most relevant events of the quarter. The first is that a new tool for investors was coordinated with *Credicorp*: It is a Market Maker, in which we aim to give greater volume to the Conconcreto shares and have a more reasonable, fairer price, with fewer fluctuations, in everything related to the movement of the Conconcreto share. Jointly with the Colombian Stock Exchange and *Credicorp*, we are aiming for the Conconcreto share to have greater acceptability in the market and, obviously, preserve Conconcreto's permanence in *COLCAP*.

The second significant event of the quarter is the adjudication of the concession to construct, operate and maintain the third lane of the Bogotá–Giradot road in Cundinamarca, in the center of Colombia. This is a project of the highest importance for Conconcreto; it is the trade route that connects Bogotá with the port of Buenaventura. It is also a road that connects the south of Bogotá with important populations – such as Fusagasugá – which are now sleeper towns in the south of the savannah of

Bogotá with towns, such as Melgar and Giradot, which are the weekend cities for residents of Bogotá. This is a 142-km-long concession and it has two lanes in each direction. We are going to build a third lane, which is 65 km long; we will rehabilitate the roads and build an additional tunnel, for a total investment of COP 1.7 billion in construction. This is a concession for 26 years, with an additional five-year period for a total of 31 years, plus the construction period of five (5) years. Basically, the additional period is due to contingencies, which are the responsibility of the National Infrastructure Agency (*Agencia Nacional de Infraestructura*, ANI), which are offset with the five-year period in the concession. This is an extremely important project: it is one of the busiest corridors in Colombia; it has Average Daily Traffic of approximately 24,000 cars and income of more than COP 180 thousand million at the close of 2015. In this tender, Industrial Concreto S. A. and Constructora Concreto S. A. presented an offer; the structuring is obviously the Constructora Concreto experience and we will begin the whole process to sign the contract, receive the operation of the concession, constitute policies, with a year of pre-construction that consists of obtaining all the environmental licenses, the permits required by the State, and making the definitive construction designs to begin construction in the third quarter of 2017, approximately.

The third relevant event of the quarter has to do with the signing of the concession contract and the minutes to begin the private *Vía Pacífico* initiative, which is the connection between Buga and Buenaventura. We expect that we will have received 100% of the concession on January 1, 2017, and begin the operation. We also estimate that we will begin execution in the second half of 2017, in the third quarter of the year. Remember that we are in a consortium with the Solarte Organization, through *Carlos Alberto Solarte Solarte S.A.S.* and *CASS Constructores*; we have a 33% share in this concession and we are in the process of applying for the environmental licenses, obtaining everything related to the financial structuring, financial closing and detail designs.

The fourth relevant event, and also quite important for the future of concessions in Concreto, is the presentation of two private initiatives through the *Devimed* concessionaire, which operates the two-lane road leaving Medellín for Bogotá, and which has already been built from Medellín to the town of El Santuario in two lanes. Two PPP private initiatives were presented: the first is the continuation of the two-lane road from El Santuario to Doradal. This was presented in two phases: The first phase is programmed for five years of construction, which should begin in 2018; the second phase will be built once the current period with *Devimed* ends, which will last until approximately 2026. With this private initiative comprising two (2) phases, the project would be operating in two lanes from Medellín to

Doradal and would connect with the *Ruta del Sol* and then with the concession that goes from *Ruta del Sol*, Sector 1, to continue on the double lane between Medellín and Bogotá at 100%. This concession has an estimated investment of COP 2.34 billion, and, as I said, Concreto has 25% of *Devimed* and, through *Devimed*, it would have access to 25% of this concession, which I would say is another of the most important concessioned roads in the country. Additionally, *Devimed* also filed a PPP with the Office of the Governor of Antioquia, for a private initiative that consists of moving the *Las Palmas* toll booth, which is between the road from Medellín and the San Nicolás valley, in eastern Antioquia; the toll booth would be moved approximately two (2) kilometers toward the San Nicolás valley, where *Colegio Theodoro Hertzl* is located, and after the connection of the Envigado–Las Palmas concession. Once this toll booth is moved, there will also be a two–lane road between *Alto de las Palmas* and the crossroad in *El Tablazo*, on the road that connects the roundabout (*glorieta*, rotary) from the Airport and the crossroads of *Llanogrande*, to connect the two roads that now provide access to the Airport. This is a two–lane, 13.78–km.–long road. It is an investment of approximately COP 475 thousand million, and the concession period would be 25 years. Once again, I would like to clarify that this private initiative was presented to the Office of the Governor of Antioquia; it is a regional road that complements the *Devimed* concession, and what we aim to do is improve the connection between Medellín and the San Nicolás valley, where both roads – the road from the roundabout to the Airport as well as the road from *Alto de las Palmas* until the *La Fe* Reservoir, and then *Llanogrande* and *El Retiro* – have very high traffic. This private initiative was also presented by *Devimed* and will be structured with *Devimed's* current shareholders.

The next relevant event of the quarter is the Company results as of June 2016; Constructora Concreto's total income was COP 686,750 million, of which COP 12,700 million is income from construction and COP 50,753 million is from investments. Not included in the income of COP 50,753 million is the income that last year came from the real–estate portfolio before transferring the assets to the PACTIA Trust. That is, to be able to compare these results with those of 2015, we would have to make some movements that permit comparing EBITDAs and income from the investments related to the real–estate portfolio. The EBITDA as of June 2016 is COP 110,319 million; the construction EBITDA is COP 71,330 million; and the investment EBITDA is COP 469,699 million. There you can see, especially – in going down to the right of the charts – the percentages as to how the EBITDA from construction and investment is distributed; on the left side, we have a negative percentage; it is distorted; the percentages are well calculated, but the numbers are distorted a bit. In terms of the construction EBITDA, 62% of the EBITDA comes from infrastructure; 22%, from building; and 13%,

from formwork, scaffolding and yellow (heavy) machinery for construction. In the investment EBITDA 40% comes from the PACTIA Trust and other real-estate assets; 37% of the concessions in which Constructora Concreto has investments; 19% from the vertical integration of Industrial Concreto, where aggregate mining, metallic structures, and expanded polystyrene are found; and 4.4% from companies where we also have a vertical interest, such as *Soletanche Bachy Cimas*, *Geofundaciones* and *ConSalfa*, altogether. The following chart shows the Company's backlog: As of June 2016, we have a backlog of COP 2,076 million; this backlog as of June does not include the construction we will have for the two concessions that were recently adjudicated to us: the *Vía Pacífico* and the Buga–Buenaventura road. Concreto's discipline is to include the additional value in the backlog once the contracts have been signed. For practical purposes, with the adjudication that was made in the third quarter, it would almost be a breach if we do not sign the contract; that is, this backlog is almost guaranteed 100% because Concreto has no intention of not signing these contracts. In the case of *Vía Pacífico*, a 33% stake in construction equals COP 340 thousand million; in the case of the third lane, the backlog is COP 1.7 billion, but obviously Constructora Concreto will try to seek associates or partners in this project to reduce its exposure and to be able to ensure the availability of equity, which is required in this large project. This means that, at least, we have assured a COP 1 billion additional backlog for the third quarter, where you see that the figure exceeds COP 3 billion in backlog. Additionally, in the report is the adjudication of a contract to build a hotel in Bogotá; it is a hotel for COP 170 thousand million with which we would also increase the backlog of execution, especially for the rest of 2016, all of 2017 and part of 2018. Today, 50% of the backlog is infrastructure; 27% is building; and 22% housing. If we add to this COP 1 billion more in backlog, we would have nearly 66% of the backlog in infrastructure, which consolidates and ratifies Concreto's position as a company that builds infrastructure. At the bottom of the chart, you can see the movement of backlog in each one of the categories of the contracts: In Infrastructure, we had a reduction of about COP 100 thousand million, with the work executed in the quarter; in Building we had a reduction of COP 80 thousand million – excuse me, COP 120 thousand million – with the reduction or the execution of these building contracts; and in Housing, we did not begin any new project and had an execution of COP 48 thousand million.

In the next chart, we show the traffic and income of the two (2) concessions where Concreto has percentages: In *Devimed*, we have a 24.85% stake; the Average Daily Traffic (ADT) is shown for the last three (3) years and for the two quarters of 2016; the operating income and the EBITDA that have been generated in the concession in the first half of the year also appear. We have done the same

with the *Fontibón–Faca–Los Alpes* concession, which is CCFC, where the ADTs and the financial figures appear. These two concessions are within the five with the greatest ADT and income in the country; that is, we are in two very good concessions. The same occurs with Bogotá–Giradot, which – as we mentioned – had an income of COP 180 thousand million for the collection of tolls in 2015; that is, it was one of the concessions with the greatest amount of traffic in the country. And Buga–Buenaventura is a very special concession because it has a high component of freight traffic, which pays the highest tolls in the stations; that is, it also has some very representative income, although its ADT is not as high. As these two concessions enter operation, we will begin to include them in the ADT and income charts.

The next chart shows the two commuter trains (*Trenes de Cercanías*) in which we have been working: The first is the Bogotá–Facatativá line, which is 43.9 km long; the second is the Bogotá–Soacha line. The first tram of the Bogotá–Facatativá line is very important because it has a branch that would connect *El Dorado I* and *El Dorado II*. It is a project in which the National Planning Department is making an assessment of the traffic study and we are trying to obtain the consensus of everyone involved – the Office of the Governor of Cundinamarca, *Transmilenio*, the Bogotá District, ANI, the Ministry of the Treasury – to have clarity about the risks on the contributions of the Nation and see how we can give viability to this project in which there was a decrease in its stride, due to the change of Government in Bogotá. We hope the Government understands the importance of this project; if it were approved as a private initiative, the originators – which are Grupo Concreto with Grupo Vossloh – TORRESCÁMARA from Spain would have the right as originator. If the contributions of the Nation exceed 30%, the project would have to be done through a public initiative or public PPP; this would interest us anyway and in this case, we would have to bid, but all the studies and designs we have made would be recognized. In the next slide appears the port that Constructora Concreto has been structuring; it is the Darién International Port in the Urabá Gulf, in the municipality of Necoclí. This project has been studied and structured, looking at all the topics of market, income, projections. At this moment, we are in the process of obtaining the environmental license and we have advanced quite a bit in the process. The process to obtain the port concession would begin and then we would have the financial closing, the obtaining of the operating partners of the project and, in general, detonating all the processes that will have to be made there to begin construction. In our radar, this is a project for 2017. We have competition from another port, which is also advancing. The market will have to decide which is the optimal port from the point of view of generating income, the investment CapEx and the competitive advantages, which our port has. The back of the Necoclí port, which you

can see, has an industrial–logistics zone which will permit complementing the port activity by developing a logistics–industrial zone in the area of Necoclí, and this is going to generate a very important zone of expansion, which is not possible in the other port that is being studied in the Urabá Gulf.

We are also moving forward with the small hydroelectric plant in the south of the country, in the Department of Cauca. This is the 16–MW *Patíco* hydroelectric plant. Right now, we have had to update the agreements of previous consultations that had been advanced in the past with the communities and we are doing this with the collaboration of the Ministry of the Interior and we expect to begin construction in the fourth quarter of this year.

The following table shows the most relevant figures of the PACTIA Trust. As of the second quarter of 2016, the PACTIA Trust gross revenues were COP 91,333 million; operating costs were COP 27,413 million; the net income was COP 63,908 million and the consolidated EBITDA was COP 56,729 million. The first difference you can see in the figures of 2016 and 2015 is that last year (2015) the EBITDA and the net profit were on the same line of the Concreto financial statements. The income, the EBITDA and the net profit, and the costs. In the case of 2016, the revenue that the PACTIA portfolio has in the Concreto statements of results are made through the equity method, and for the year, the figures were close to or slightly more than COP 17 thousand million. At this time, the PACTIA portfolio has 453,000 m<sup>2</sup> of operation; 41% is business; 40%, industry; 12%, offices; 4% is self–storage; and 3%, hotels. And in the operating net income, 64% is business; 19% industry, 11%, offices and 3% is the same for self–storage and hotels. Today, the fund has an important generation of construction for Concreto. At this time, we are executing nearly COP 400 thousand million in shopping–center projects in the south of Bogotá, in a joint partnership that has generated some synergies and some very important benefits, both for PACTIA as well as for Constructora Concreto. In housing, we remain active. In 2016 and 2017, Concreto slightly decreased the investment in housing projects, basically due to the expectation we have in terms of inflation and interest rates. Inflation has a high impact on housing projects because with the mechanism of pre–sales that is found in this type of project, prices are frozen. When inflation grows or increases, there is a risk that the final results of the project will not be what were anticipated; also, housing projects are susceptible to interest rates and it is very feasible that buyers have to shift down a little in the housing investment, for which there are cancellations in all of Concreto's projects, in anticipation of these two events: high inflation and increases in interest rates. This decreases the investment in housing



projects a bit in the hope that the market makes the adjustments. We are not talking about a crisis; we are not talking about difficulties in the housing sector, but the fact is that it is not good that one would take this business with many pre-sales; construction costs increase and, also, there is a cancellation process due to the increase in interest rates.

The next chapter is the Consolidated Financial Statements for the second quarter. In the Consolidated Statement of Results, as of June 2016, we have total income for COP 686,750 million – as I mentioned previously – a gross profit of COP 98,750 million; operating profit is COP 51,411 million, and a before-tax profit of COP 57,896 million. I would highlight important events there, and it is the contribution of other income: The contribution that appears there is through the equity method: we have COP 17 thousand million from PACTIA; we have COP 14 – almost COP 15 – thousand million from the concessions in which Concreto has a participation: *Devimed* and CCFC. We also have a positive contribution in the subsidiaries *Soletanche Bachy Cimas* especially and *ConSalfa*, when, in June 2015, we had had some negative results in the contribution of the equity method. Also noteworthy is that the financial costs went from COP 51 thousand million, in the first half of 2015, to COP 39,865 million, basically due to the transfer of liabilities from Concreto to PACTIA. This year, the decrease in Concreto's financial liabilities, and the projection it had, also contributed to these costs. And in terms of financial revenues, we have earnings from the funds that VINCI contributed, the capitalization from 2015, both of which are available to invest in infrastructure projects. In terms of other earnings, which in June 2015 were COP 15,052 million, and in 2016, appear as zero, this is the profit for the contribution of the real-estate assets to the PACTIA Trust, since in 2016, there has been no contribution. So, there you can see the most important differences; for the rest, there has been no substantial change that is worth highlighting in this presentation.

We do have an important fact, which is the Company's gross margin. In the first half of 2015, it was 20.3% and the gross margin in June 2016 was 14.4%. Basically, this has to do with the mix of projects and it especially has to do with the Hidroituango project, which has a conservative impact in the projection of the results. Hidroituango is well underway; we have a high commitment to begin generation for our client EPM in November 2018. Two years are still left, there are still two years with a very high volume of billing and we have been wary and cautious in estimating the projection of earnings at the close, but we are tranquil with the realistic projection. Also important to mention is that the normalized EBITDA; that is, without the two years, in two semesters – June 2015 and June 2016 – subtracted the impact that PACTIA has on the Company's EBITDA. In 2015, we went from COP

53,288 million, which would be the normalized EBITDA, to COP 92.755 million, which would be the EBITDA for the first half of 2016, subtracting the impact of PACTIA. This is a growth of 74% in the EBITDA and basically has to do with the good execution of the projects and a good execution by the affiliates – Industrial Concreto and other affiliates in which we have interest.

In the next table appears a summary of the balance; the details are all on the Concreto Webpage. We are basically passing very flat figures from December 2015 to June 2016. The total of assets is COP 3 billion, 67 thousand million. For you, many of whom are investors and have indices, indicators and comparisons, the Company's patrimony is quite similar to the stock-market capitalization. There is a hidden value in Concreto, which is obviously the liquidity of the share and the volume of floating, which has not allowed us to capitalize it in the capital market.

In the lower part of the chart appear the Company's financial obligations; we went from COP 856 thousand million in December 2015 to COP 853 thousand million in June 2016. There is a decrease of COP 3 billion in financial liabilities. I'd like to remind you that we have to pay those credits that are for construction (in green), investments (in yellow) and corporate (in grey), which amount to COP 10,874 million, with the Company's EBITDA. Housing credits from the consortium and the affiliates are taken care of by each one of these groups of projects or assets. There would have to be a fatal eventuality for the credits acquired by each of these three groups of projects to be covered by the Company's cash generation. At the right of the chart, you can see the increase of Concreto's cost of debt, due to the effect of the increase in interest rates. We went from 8.13% of the cost of debt in 2014, to 10.93% in June 2016. This is a very complex topic in construction companies. We hope that we are at the peak of interest rates and that there will be no more increases, and that inflation will rapidly begin to return to the ranges expected in the Colombian economy and that interest rates will also begin to fall in the short to medium term.

And, finally, the last chart has the internal covenants we have in the Company. We have an index of net financial debt / EBITDA, which should be less than four (4) times; at this time we are at 1.43, and this is largely due to the fact that the net debt is COP 850 thousand million. The debt of COP 850 thousand million would subtract from the funds we have available from the capitalization of VINCI with which the net debt is quite reasonable and low at this time. And in terms of EBITDA over financial expenses, the goal is to have an index of more than 3.6; at this time, we are at 3.26, which has to do with the change in the structure of generating EBITDA through the movement of assets to PACTIA,



from Concreto to PACTIA, which left us part of the investment we had made in many of these assets, and this will have to be taken care of in the short term with the Company's cash generation. In addition to this, investments that are beginning to be made in concession and in housing projects will only generate EBITDA in the long term. The housing projects enter the Company's P&L only when the deeds are drawn up. The investments that are beginning to be made in *Vía Pacífico* and soon to be made in the Bogotá–Giradot third lane have a medium–term period of return.

This concludes the presentation. We will now move on to questions and answers. I would like to simply say that with the events in adjudicating the concessions through private initiatives, Concreto has been fulfilling a strategy, which is to have projects where we have more control over returns. Private initiatives can be studied for risks; the prices that are presented to the State can be measured; decisions can be made without having to compete in a market where there are many players with various interests that can distort margins or that can distort other variables in which Concreto would never enter a business where margins are not important and reasonable. In addition, we continue with the policy to structure projects and we are moving away from being a company that provides construction services to being one with a high interest in investment in concessions, through the concessions of roads, the Urabá port and we are studying other modalities through the *Patito* Hydroelectric Center, entering into projects where Concreto has extremely high skills in construction and where we are beginning to seek investment opportunities in these market niches. This concludes the report and we are open to questions.

Thank you very much, Doctor Juan Luis. We will now open the period of questions and answers. Remember that you can write us via Streaming in the question box in the left margin of your screens, or by pressing the nine (9) key by phone. At this time, we have received one question, which is from Sixto Fuentes, who asks: *"What is the reason why the sales costs increased so significantly?"*

"The figures are not entirely comparable as I mentioned because in the income from ordinary activities as of June 2015, we have included the revenues from PACTIA; that is, the real–estate revenue. In 2016, we have only included the revenues from construction services and the income that comes from the subsidiaries, line by line when we are controlling. So, the figures are not entirely comparable. The second is that the modality in the IFRS to estimate gross profit has to do with the projection at the closing of the contract. So, in IFRS, a construction company takes the costs of the period – in this case, the semester – projecting what the profit will be at the close and, simply, the gross profit is the

margin estimated by the engineers or by those responsible for the cost margins of the projects. To the extent that a project is being completed or reaching the final stage, those who project the final result can begin to capitalize the real profits or take them to the P&L which normally – in the history of Concreto in the last five years – has always been greater than the profits budgeted in the life of the project for effects of better purchases, better construction processes, better negotiations with clients, etc. So, it is not that the costs have increased, but that we have been conservative in estimating the profit projection at the close of the contract and this is what gives the gross profit in the IFRS.”

Douglas Balvin asks: *“Precisely, can we extend the last thing you mentioned? What happens to Concreto from the point of view of the portfolio?”*

“This question is very important. Concreto has been a company that, since 2010, changed its strategy to become an important player in projects where there was self-generation of construction services. We began to participate in concessions: third-generation concessions, then came those of the (3G) generation, and, obviously, Concreto has some very clear policies on expectations of margins and risks and mitigating risks in these mega-contracts. We were not successful in the last third-generation concessions and the fourth-generation (4G) package, and for this reason, the Company changed its strategy to self-generation of works in infrastructure. Jointly between PACTIA and the private initiative projects, they add up to more or less COP 2 billion in backlog, of the COP 3 billion backlog wage that I mentioned. This means that the Company is self-generating something like 60% of the work, and if we include the housing projects, we would be generating more than 60% of the volume of construction. This shows Concreto’s capability to be a generator of work and a company that structures projects, but also through PACTIA, we are ensuring long-term permanence with real-estate investors and through these 30-year concessions, we are also generating recurrent long-term revenues, which has been another of Concreto’s strategies. Today, our revenues are – and we have said this in the past – 50% of the EBITDA is generated through construction services and 50% of the EBITDA comes from investments, either in the real-estate portfolio or in investments in housing projects. We expect to continue consolidating as investors. Right now, the participation in infrastructure investments is going to increase quite a bit and this will characterize us more as an infrastructure company than as a real-estate company, which we were in the last two years, in terms of investments.”

“We will wait a few more minutes to receive more questions. Please stay connected. (silence) We

will continue with our question–and–answer session. Germán Zúñiga from Bancolombia asks: *“With the road concessions, what risks do you see against an increase in toll rates and an increase in the number of tolls?”*

“This is a variable that generates a bit of uncertainty in all this transition from third–generation concessions to fourth–generation concessions, where the level of service and the road specifications are superior in Colombia, so far. I believe that there will be a recomposition of traffic. The most important – and this has been one of Concreto’s premises – is to be in those corridors that have high traffic flows and that are strategic for the country, such as the Buga–Buenaventura corridor, in the *Consorcio Vial Helios*, which is a short–term concession. We are in *Ruta del Sol*, and in the Medellín–Bogotá highway. We are in the Bogotá–Urabá Port corridor, which also includes Bogotá–Puerto Triunfo and the connection northward along the *Ruta del Sol*. Concreto’s perception is that, obviously, some concessions will have some very high costs and a number of toll booths that will change; this will generate a little bit of opposition and restriction initially in users, but as the benefits of using these roads – where there is less use of fuel, less wear of the automotive fleet, less time spent to travel distances – are seen, users will see the cost–benefit and be more tranquil in paying the toll. However, it will require that all Colombians become accustomed to them or we will have to become accustomed to paying for better infrastructure because it will improve substantially and, obviously, the rates will have to be greater.”

Germán Zúñiga also asks: *“As for the Panama project, how do you intend to finance the project and with what equity?”*

The project that appeared in the report was a project for a contract–construction bid, presented in Panama, for USD 130 million. We have been informed that that contract had another bidder who had a better price than ours. It was a construction contract. For now, we are lowering it to the lowest priority because we are not first in the list of successful bidders and there would have to be something very eventual for them to award the contract to us.”

Douglas Balvin asks: *“What is the perspective of businesses and projects abroad?”*

*“Concreto Internacional* is a subsidiary that has been very active in the last two years, recovering its position or positioning itself in Panama and looking at alternatives in Central America, especially in

Costa Rica, and it continues to venture into Guatemala, where we have some experience. We expect to end 2016 with a figure of more than USD 90 million in contracts. Of these contracts, we have investments in two of them; they are housing projects where we are very interested in consolidating the Colombian experience in Panama. And we have a backlog of nearly USD 200 million for 2016, 2017 and part of 2018. We are consolidating the subsidiary in Panama; the goal is that it generates between 15% and 20% of revenue through our expanded market in Central America, the Caribbean and, eventually, when Venezuela has a clearer panorama, we would also think about venturing into Venezuela. It is an area of the *Concreto Internacional* Group, where we are consolidating a team of very professional employees. We are consolidating the strategy in Panama; we are partnering with very important players. We have a partnership with *Grupo Harari* in the investment of real-estate projects and in constructing their own real-estate projects for them. We are close to signing a contract for the construction of a parking lot in the old section of Panama City; it is a third-party concession, where we have been invited as constructors and we see good perspectives with this contract. We are consolidating in Panama and we expect to generate 20% of revenues in hard currency and in a country we know culturally.”

We will wait a few more minutes to receive more questions. Please stay connected. (silence) We have not received any more questions. This concludes our question-and-answer session. Once again, I give the floor to Doctor Juan Luis to conclude the conference to present the results of Constructora Concreto.

With these questions, we end the presentation of the quarterly report. These reports are slightly displaced in time because of the periods the Superintendency has given issuers to adapt to the new IFRS standards and all the changes and adjustments that we have had in these years. We are coming to the close of the month of August, when a construction company is quite clear in the panorama of the year-end projection. This will be a year in which the first quarter showed some very good results; we do not see any change that could affect the second semester. We have a good volume of work for the second half of 2016 and the backlog shows that 2017 will also have an important volume of businesses already contracted, especially businesses where we have structured our own projects, such as PACTIA, housing and now the infrastructure projects in concessions. I see a clear panorama for Concreto; we are really entering in what the entire market – both international as well as the Colombian market – expected: in the contracts of the 4G modality and private initiatives. The construction sector is going to be very dynamic and, in the coming years, this will help

to reactivate the economy. Our challenge is to have a good group of employees and have the ability to execute these works, which will require a very high level of commitment of the human resource and everything that includes suppliers who support us in this process and designers. All the value chain is going to be quite active in the remainder of the year and next year, and possibly in 2018. In Constructora Concreto, we have made a tremendous effort to retain staff that we have had for many years; we are also making a tremendous effort to structure all the EPC contracts and have machinery and equipment available. We have made important alliances, such as the alliance with *ULMA* for formwork scaffolding; we mounted the engineering and design workshop that will support us in everything that has to do with the integration of designs, the use of computer tools to simulate construction processes, and have budgets, projections and work plans. This means that, in general, the Company is ready to assume these challenges. Growth hurts a little; if you look at the figures from the first semester, we are exceeding COP 600 thousand million in income. Last year we billed nearly COP 1.1 billion in consolidated income, and if we expect that the second half of the year will be similar to the first half – it is normally the second half of the year that is a little better than the first – the Company will have two-digit growth and we see that next year could be somewhat similar. Our challenge is to grow: growth hurts for the human resource, growth hurts for working capital. We are anticipating all the challenges we will have in the future.

We have another question that is displayed on the screen and I will answer it. The question is: *“What is the magnitude of the housing restraint because of interest rates and inflation?”*

“Basically, the CAMACOL figures show that approved construction licenses have decreased; this means that in the future, we will have some decreases. The housing business is highly fragmented: Concreto has no more than COP 150 thousand million to execute housing contracts and it does not exceed COP 300 thousand million in annual sales in housing projects. For us, this represents less than 10% of the total volume of the Company and it doesn’t really worry us that there is a decrease or restraint. I don’t want to cause alarm and set off alarms: there is no housing crisis; sales simply fluctuate according to the quarter. In some quarters – months of this year – quarters, sales have been a little slower than last year; some months have been higher than in 2015. The market has to accommodate itself, basically because of the cost of the monthly quota of housing with some interest rates that have risen significantly. This means that the buyer will buy a smaller apartment with a lower price or located in a different neighborhood or *barrio*. It is in these adjustments that companies that have cash difficulties get into trouble. This is not the case for Concreto. For us, if sales or the

closing of real-estate businesses is delayed, this does not have an impact on the Company's operation. That is, we don't want to be alarmists; simply – as we have always done – we anticipate adjustments and changes, we mitigate our risks and the mitigation in this case could be reducing the investment in housing projects, waiting to see how big the impact on interest rates and the increase in inflation could be. To date, there has been none, with which we are being proactive and investing in new housing projects in cities that are our markets – Bogotá, Medellín and Barranquilla – and we expect to reinitiate and return to an expected number of projects in 2017 and 2018.

I appreciate the fact that you have been in this presentation very much. As always, Paula López, who handles all the relationship with investors, is available. We have open channels of communication with all of you to clarify any concern and question, and I am also available if you require any information about the Company. Thank you so much and have a good day.