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CORFICOLOMBIANA
RESULTS PRESENTATION 1Q - 2023
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Diego Alexander Buitrago

Good morning and welcome to our call to present the results of the First Quarter 2023 of Corficolombiana. This call is being broadcasted via Webex with simultaneous translation into English. In the Webex platform you can use a tool to change languages. The presentation and the result statement are available on our website on Shareholders and Investments, under Financial Investments. So, I will now give the floor to Maria Lorena Gutierrez, the President.

María Lorena Gutiérrez

Welcome everyone and thank you for being with us today. As Diego was saying we do have the presentation of our results for the first Q 2023. I believe these are good results, we have many things to share with you. As always, I have with me people from my team. At the beginning I would like to give you a macro economical overview, related to the sectors in which we invest, so I will give the floor to Jose Ignacio, our research director.

José Ignacio López

Maria Lorena, thank you very much. It is a pleasure to be with you today. We will provide a brief microeconomic context as a preamble to the results of the company. We know the growth figure for this quarter, and it is clear that the rebound phase of covid is already over. We had a good growth rate aligned with our expectations, but the annual growth rates, when reviewed the vis-a-vis GDP of last year, was below our forecast in terms of growth. We see some indicators of an economic slowdown, and this will be reflected on the dynamism of many sectors. Especially towards the end of the year we see a very significant slowdown in trading, also in construction, and the consumption of durable goods. It is worth noting that Colombia has had an extraordinary post covid recovery but is facing new challenges that we had warned about last year, as relatively high inflation and high interest rate, and a correction on demand, due to high spend on homes. When we talk about the recovery, it has been quite biased in terms of consumption sector, especially home spending. In the graph that you have in the middle, you see how consumption of homes is above 19%. it's well below pandemic levels, but we see that we still have persistent inflation and also fixed investment. What companies invest to produce in the future is below pre-pandemic levels. So with that growth context bias towards consumption and slow down indicators, we see the inflation is quite persistent. We are part of research teams around the country that we foresee our inflation

relatively higher to other groups. Our forecast for the end of the year is 9.8 and the market consensus, which began around 7%, is now really moving all the way up to 9%. There are significant challenges in terms of inflation. We know we might have a El Niño phenomenon, that could affect the prices of regulated goods and also foods at the end of the year. And we've been reviewing the likelihood of this phenomenon in terms of inflation. We also have the coming into force of the tax to ultra-processed and sugary foods; and according to our calculations they could exert an additional pressure of 35 basic points in foods and products outside home. And we also have increase in oil prices and the government has already announced that these price in oil will continue going up and that this affects inflation. So, as I said, our growth was quite good, but we are seeing the slowdown in different sectors and our forecast of growth for this year is 1.6.

Let us move to the next slide. In terms of the different sectors, we like showing this slide because it tells the story of the strategic commitment of Corficolombiana in those sectors that are the more Dynamic, that really drive the economy. In a long-term series in the sectors where we work, we have experienced greater growth. These are the other sectors. Well, we did have a slowdown in the agricultural sector, especially in 2022 and 2023, because it was impacted by high prices of supplies, especially fertilizers, and also La Niña phenomenon.

This year we expect that the slowdown will impact all sectors and it will be across all sectors. Where the economy we are materializing, those risks of persistent inflation and high interest rates. But we would like to highlight that our forecast in terms of the agricultural sector, as you can see in the graph, 2022 was quite challenging, but we would envision this will be the sector together with our civil works that will show a greater growth rate in 2023 vis a vis 2022.

So, it continues being a strategic sector for us and for the Colombian economy as a whole. To wrap up, again, in a nutshell, messages that I would like to convey, improved results in this first Q, but we do have a second quarter that is quite challenging. So, the economy would grow a lot less, and that would affect those sectors of the economy. And we do expect that to be the sector that grows the most for Corficolombiana, due to improved climate in the first semester, but we do need to be mindful of the El Niño phenomena, which will be a greater challenge for the second half of the year. If you have any questions at the end, I'll be here to answer them.

María Lorena Gutiérrez

Thank you, Jose Ignacio. Let us move to relevant facts in 2023 in the different sectors and what happened in Corficolombiana in terms of our strategy “Corficolombiana Sostenible”. On March 1st 2023, the ESG results were announced, and Corficolombiana ranked eighth

among 21 companies in the financial sector. We have put in place a strategy to position ourselves in Merco, and we will continue working on that.

And another important aspect is that the General Shareholders Assembly selected a new board for 2023 - 2024. We have three new people, and these are women. One is Marcela Vaca Toro, who is the president of GeoPack. Second one is Claudia Jimenez Jaramillo, who has significant experience in both in the private and public sector, and Maria Margarita Zuleta, also known as Paca Zuleta, who has also worked in the public sector and also in the private sector, and she now works at Los Andes University. Having said this, we increase the participation of women, also people with different profiles. And this is part of all our strategy to diversify and the board of directors, not only in Corficolombiana, but our controlled companies.

In terms of infrastructure, Chirajara Bridge's progress is at 72%, exceeding the forecast that we had. We hope that by October the bridge will be completed. As you well know, this was a commitment to our shareholders, to overcome this incident that we had a few years back. So, the bridge will be completed by October, as I said.

Covipacifico enabled the project of 1.5 kilometers, a two-way road, improving regional mobility. This was between Bocas del Suroeste and El Llanerito, and Gustavo will talk to you about all infrastructure and construction, because as you well know, we are completing the construction stage, and we are entering the operation stage.

In terms of energy and gas, Promigas received the acknowledgment as a sustainable company from Cecodes, in the category of human rights guiding principles and its commitment with them. Also, Surtigas implemented new networks and connections of natural gas in Morroa, Sucre, and this will benefit 348 families in this community.

In terms of tourism, we continue strengthening the different, and we inaugurated a new restaurant in Paipa. It's called Tonarello. And also in Villavicencio, we also opened another restaurant with Ambiente Kucina, in the hotel that we have there.

In terms of agroindustry, Unipalma was acknowledged among the 600 companies in Best Place to Work, occupying the 10th position, within companies that have between 301 and 1500 employees, in terms of employability satisfaction to woman, and in terms of the holding, we already talked about the General Shareholders Assembly and the Board of directors, and also the distribution of dividends was approved, each share by an amount of 1368, and they were repaid in three equal installments in June, September and December of 500 billion.

Well, according to our figures, as you can see, if we compare it to the first Q of 2022, our assets increased by 20.3%, and are now at 55 billion pesos. And in general terms, all sectors grew, as you can see in this graph. But the greatest growth was seen in infrastructure, as we are completing all the construction stages of those roads. Our EBITDA grew by 10.3% if compared to first Q last year, achieving 1.77, greatest participation in infrastructure with 1.04, energy and gas 0.62, and other sectors 0.11. And our net control, the income was reduced by 7.3%, Juan Carlos will explain this in detail, moving from 0.66 to 0.61. But when you analyze the results, you will see that in budget execution, what we do have are excellent results for our corporation.

Let us move now to provide some follow up with our strategy Corficolombiana Sostenible. As you well know, we like to do this presentation and not to lose sight of our five pillars. As we have stated over and over again, they're focused on the business, that our investments should be efficient and profitable, that drives the development of the country, corporate governance, human talent, environment, and the stakeholders. I will give the floor to Paula Duran, our Sustainability Director, who will talk to us about this strategy.

Paula Durán

Maria Lorena, thank you very much and good morning. I think the greatest achievement is the one that you see on the right-hand corner, that we were admitted for the first time in the annual sustainability publication, published by S&P Global. We received the award in January. So, we are on the 15% higher level. We were able to move up 16 positions in our rating. And I think that really shows our commitment with sustainability issues, of course, but also what we have done in terms of closing gaps around topics evaluated for the development of this index.

In terms of the business, we participated in the Hispanic American Congress of PRI, this is a benchmark organization for Responsible Investment. We talked to them about our experience and how we have defined our relationship to our investment. This model has four main components. One is monitoring and follow up. How do we do this monitoring and follow up through different indicators in our controlled and non-controlled investments. The other one is about impact. It's also how our investments adopt ESG strategies and improve the impacts they're generating in terms of collaboration. And we are also part of different networks that seek to improve those standards, ESG. And in terms of participation, we talked about our participation in different boards of directors, and we like to address sustainability issues there.

In terms of decision making, ethics and responsibility, we defined some standards, as we mentioned in the last board meeting. We assessed all the board meetings of Corficolombiana. This allowed us to generate and to provide some recommendations. We're

fine tuning them, but we've already defined some standards for our companies, and we hope that this year we can apply and enforce these standards in each of them. We also provided the results of this assessment. This was done with an outsourcing company, outsourced company. So, we told every board what we had been assessed and we reviewed and revised the composition of the board trying to find greater diversity as mentioned by Maria Lorena. And this is also applicable to our companies. When we're talking about diversity, we're not only talking about gender, but professional diversity and diversity in terms of experiences.

In the next pillars, when we talk about well-being of our collaborators, we are still working on the program of inclusion and diversity. We have a specific committee where the heads of the different areas participate, and we have a work plan that is quite ambitious for this year. And something else that we did, we broadened the reach of the corporate university to officials of our investments. So, we broaden this base and that we broaden the impact of our corporate.

In terms of the environment and our surroundings, we continue accompanying our investments to continue the definition of strategies facing climate change, and those strategies are defined under a specific framework. We conducted our second forum on Climate Change. It was a forum that was quite successful. We had Jeffrey Sachs amongst us, we had already Maria Lorena, and the panel from, you know, represented by different sectors of the economy and the public sector, where we shared the challenges that we had and the opportunities we had vis a vis the climate change. We also launched the programs of the foundation Corficolombiana, the foundation we've aligned with the structured sustainability strategy of Corficolombiana, and we launched the program "1+1". And the idea is to work with our investment generating synergies and improving our projects. And we launched the second version of an award for sustainability.

And in the last pillar where we talk about how to strengthen our relationship with stakeholders, we published a report and I urge you to read that report. In the next slide, you can scan the QR. We have a very complete report where we talk about all the financial information of Corficolombiana but also, we have specific chapters for ESG topics. And then we also completed the program we did in double materiality of Corficolombiana. In terms of the impact that Corficolombiana has on stakeholders and the impact that that has on the business. In this slide, we have the different chapters of the sustainability. You have the QR code to have access to the report and well, you can find it on the website too.

María Lorena Gutiérrez

Thank you, Paula. And then again, I think we sent the report to each of you, but if you would like a printed report, you can request a printed report to Diego, because it's a good report

and it's worth reading the report. And you can see the most relevant issues of 2022, but also our expectations for 2023.

Let us move now to the financial results. I would like to give the floor to Dr. Carlos Paez, executive vice president, who will give the floor to our treasury vice president to show the results.

Carlos Páez

Thank you, María Lorena. Welcome. The results, as mentioned by María Lorena in our introduction, are very good. They do reflect the business dynamic of Corficolombiana. The consolidated assets grew by 20% and liabilities by 25%, as a result of this strategy that we were able to show throughout the year, and that marks a differentiated aspect not only in terms of consolidated balance, but also in terms of cost, because that's the main explanation to show this decrease in terms of the net-controlled income. As you can see, the performance of our sectors is excellent, and the growth of infrastructure is \$295 billion pesos. In these four sectors that we have in this graph, year after year, they all grew by 18%. And the other elements that may explain the decrease in profits is what we call the gross margin in the financial business within contexts that are quite different. Let us remember that about a year ago, in the first Q the scenario was completely different. Low rates with many expectations, of course, and Treasury had very good yields. This semester the scenario is completely different. The costs are greater and therefore that's why the decrease in 17 billion, vis a vis the first quarter of 2022. In terms of the participation method and dividends, we had an improved performance of 9512 and those dividends reported by the networks or equity where we invest. And the next column that shows an increase financial expense is explained, as I mentioned, the total liabilities and to manage the monetary position, they grew by 25%.

In terms of tax, we have the effect of the tax reform. Basically, here we have not only on income but some also on the industry and commerce tax, which increase the tax, which vis a vis the reduced results, of course, we had less money to discount. And on the other hand, in other expenses, administration and general expenses, we have an increase too with 108, related basically to the inflation and interest rates which exceeded what occurred in the first quarter 2022.

So total profit reduced by 12%. And this reduction is in the non-controlling income and controlling income, it's less to what we had in the first quarter of 2022. In this graph you can see again what I've already mentioned, 25% growth in liabilities in the consolidated financial statement. We have the holding growing its liabilities by 12%.

Remember that we have maintained not only within the corporation, but also in other entities, a policy to maintain liquidity. So, in this first quarter and second quarter of 2022, we refinanced our debt, and we contracted some liabilities. At that time there were discounted and thanks to that we know that that was a good strategy. With those liabilities we minimized the high interest rates and that's why in this first quarter we have \$23 billion pesos of indebtedness, which is quite different to the last quarter of last year.

In terms of the composition of those liabilities, you can see the graph on the lower part of the slide. I would have to stress here that this is quite stable. Our participation was 23%, now it's 28%, and of course we had a support in loans. Last year it was about 42% and now we have loans at 48.6%, they were, again, benefit of those negotiations that we conducted last year.

With respect to different types of interest, I would say that this structure is quite stable, the consolidated liabilities and also in terms of the local debt and foreign currency. That would be really the description of the structure of liabilities and results of the company. Having said this, I will give the floor to our Treasury Vice President.

Julián Valenzuela

Thank you. The context that we work in, this context has been increasing, but it is important to stress here that the increase has been less. We've seen the inflation and also high interest rates from the central bank and loan institutions, and also the corporation. Our funds, we reached 11.3 trillion, which is the long-term funds that we have, and we have 5.2 years for the termination of this funding finance that is financing a portfolio of investments. The leverage indicator closes at 144%. I think that would be everything.

María Lorena Gutiérrez

Thank you, Juan Carlos and Julian. Let us move now to talk about the funds. I give the floor to Gustavo, our Investment Vice-president.

Gustavo Ramírez

In the next slides, we're going to analyze in detail our portfolio of companies in terms of the first quarter. Before starting, I would like to give you a general overview. I think this first quarter was characterized by two main factors. One, a slowdown in the growth of demand and the activity of business. We are feeling really the post-pandemic rebound. We find that some consumption indicators still grow, although at a lower rate vis a vis last year. On the other hand, during the first quarter, we had obviously inflation which has increased financial costs in our company. So, although EBITDA has been maintained or it has grown, well, it has

been reduced vis a vis the previous year. What do we foresee? We foresee changes in the rest of the year by some topics that I will mention, but we also believe that there will be a greater slowdown in the economic activity. We've already talked about interest rates, inflation, now, having this in mind, this is the detail of each of the sectors. In the infrastructure, in the next slide we will see the composition of the works that are in the final stage. So that relates to the profit to the civil works margin, which is greater than last year may be, but it may be the rest of the year it will be less, if we compare to the total of last year. This we can see in the next slide. When we see a long-term analysis, we can see the profit in infrastructure is related to CAPEX investments, and of course this investment has been reduced, so it will not be the same. Therefore, the civil works margin will be reduced.

On the other hand, however, we are beginning to receive the money from the concession. This is the graph we've been following up in the last few months, and as of March 2023, we have increased our income of the 4G roads. As we said over and over, we are just beginning to receive the cash. And at the beginning we had only spent and had made the investments in the construction of those projects. Here we see this reflected progress of their work and cash flow. Concesionaria Vial Andina completed 100%, Covipacifico, 94.1% and Vial de Oriente 84%. On the right-hand side, for each of those three we accumulated cash that we have received in those three elements, which are DRs, tolls and future validities. This will be the results of these concessions. In terms of operational activity, we see the evolution of traffic and what we see right now in this graph, when compared to the previous year, we do see a growth of 4.9 in total, which was less than the last quarter of last year due to seasonality, because the last months of every year are more intense in traffic. But if we compare them to the same period of last year, we see an increase in terms of traffic in most of our roads.

Now we move to energy and gas. What we are seeing is a reduction in EBITDA, basically due to two main circumstances. On the one side, the cycle of rains this first quarter was a bit more intense, than foreseen, and so there is less demand for thermal generation on gas carried. So, these affects the results of gas being carried and consumption. And also, the end of the work and the startup of the distribution concessions of Promigas in Perú. The last year they had some margin on the works, but that has been completed. For the rest of the year, we expect a slight reversal in the trend, especially in the first factor. On the second quarter we will have to face El Nino phenomenon, so we will have more activity in thermal generation, and transport of gas will increase. The detail of the operations, we see how in this first quarter there was less gas transported vis a vis the same period last year, related to the rain cycle, as I already mentioned. Another factor that I would like to point out is that in the distribution business, growth is being driven mainly by Promigas concessions in Peru. As I mentioned at the end of last year and at the beginning of this year, we've completed the construction of the main networks and they've come on stream. So, there is greater consumption and greater number of users in Peru. And as you can see in the graph on the

right-hand side, Promigas grew by 8%, but it's explained mainly in a significant manner, by the coming of stream of these users in Peru. We hope that it will be a great source of growth, not only in distribution, but in all the transport and distribution of gas business.

With respect to tourism, we have the results of Estelar Hotels. We have important statistics. If we compare the first quarter of this year with the first quarter of last year, our growth is quite significant: 45.4%. If we see it from the side of operation, the first quarter we had significant occupation, around 60% to 65%. But we also are beginning to see a slowdown trend. I think the peak was at the mid of last year, and we expect this to decrease for the rest of the year.

And lastly, in the agroindustry sector, in the financial sector, we see these graphs. The results of the agricultural sectors, we see two important aspects. The first one is the Palm business, which faced a peak, has been reduced this year. Prices for this year are more aligned with historical prices and therefore the extraordinary results of last year, we are not seeing them this year, but we have improved consumption related to the rice crop, which shows improved results from last year.

And in the lower part, the results of our financial, especially Casa de Bolsa and Fiduciaria. They show improved results. Last year we had, obviously, excellent results but I don't think this will happen this year, so this is in a nutshell the results of the companies as a whole.

María Lorena Gutiérrez

Thank you, Gustavo. I think Diego we should open the floor for questions or comments.

Diego Alexander Buitrago

We would like to ask our participants to use the Q&A tool in the platform, or if you would like to raise your hand, please do so, and we will enable you so you can ask the question. We have some hands raised, so let us start with Katherine Ortiz from Davivienda. Welcome, Katherine.

Katherine Ortiz

Good morning to everyone and thank you for providing this space. I have two concerns. The first one, I would like to talk to you about the decision of Mulaló – Loboguerrero and the implications that this has. Would you begin work when the costs, how they can grow vis a vis the initial conditions of the project. So, in that regard if you have had any negotiation with the government. Anything that you can talk to us about that concession. And secondly, I would like to know whether you have been able to talk to the Government and make

progress regarding the payment, since they froze the tolls. When will they pay that additional money?

María Lorena Gutiérrez

Thank you, Katherine. As you well know, we began to negotiate with the government during Duque's administration and Petro's administration, trying to reconcile the tribunal on the Mulaló – Loboguerrero, which was based on updating costs, finding the economic equilibrium of the contract. For seven years nothing has been built as of now, and it's been seven years. The government, Mr. Petro's administration, they did not want to reconcile, and they moved ahead with the Arbitration Tribunal. The Arbitration tribunal, they just wanted to have an anticipated termination of contract, and it was in our favor due to the environmental license. But in this, the license is in firm, which is after that we resorted to the tribunal. So, what the tribunal did, in a reconciling and diplomatic manner, they thought there are no reasons for an anticipated termination of contract. Yes, that the road was very important for the country, and all the justifications and rationales for it, and the concessionaire should sit down with the government and talk about how to move forward. In some media, there was some misinformation, saying that we had to pay a lot of money. What the ruling said is that we had to pay \$1 billion pesos because that's the cost of the tribunal and that's what we paid. And where are we at? We need to sit down with the government to determine the cost of the project, how can we work with this. And we need to sit down with the ANI and the transport ministry, and we will be talking to you. But we need to find the economic equilibrium of the contract. And hopefully we hope that the government or the current administration, we can come to an agreement with them.

Now, with respect to the tolls, there is some uncertainty because there is no clarity. The new transport ministry said they would pay, the finance minister said he would implement the tolls in June, apparently in terms of budget, the country's budget, they have some money to pay that, but no one has really said anything concrete on how they're going to be implemented, how will be paid the first quarter of this year. And we're working with CCI. I read some news from El Colombiano, they're going to sue ANI because they didn't increase the tolls. I do have this week some meetings with the Ministry of Transportation and ANI, and we will have more clarity about these contradictory messages that we have received. And if that doesn't happen, then we would need to begin, well, thinking about suing. This really doesn't affect the financial statements, but of course, it sends the wrong message to the sector that finances infrastructure works in the country. So, I will tell you how these meetings will go.

Diego Alexander Buitrago

Thank you. Now we have another question from Estefanía Mosquera from Credicorp Capital. Estefanía, please.

Estefanía Mosquera

I had the same two questions that Catherine just posed, but I would like to do some follow up with respect to Mulaló, on the legal pronouncement. Do we have any progress from the government side in moving forward with the communities?

María Lorena Gutiérrez

Well, we have the license in firm. We're waiting for some specific topics. The problem is not environmental or community related, but I think once we begin works, this is a region that is quite difficult, and we will face problems when we begin construction. But really what we would like to update is the costs of the project and to reestablish the economic equilibrium because we can't construct a road with the same costs that we had seven years ago.

Estefanía Mosquera

I do agree. Thank you very much.

Diego Alexander Buitrago

And we have another question from Juan Camilo Dauder from Bancolombia. Juan Camilo, we can hear you.

Juan Camilo Dauder

Thank you. My questions were pretty much related to the previous questions, but I do have a new question, and it's about airports. One of the expectations that we had for this year, next year is with respect to the 5G. Is there any bid with respect to the airports? Are you willing to participate?

María Lorena Gutiérrez

Well, Juan Camilo, we're working in the two private initiatives. One is the airport in Cartagena, which has made some progress within the government last year. The three months process of new interested parties began. So, we will see how it moves forward. But that's the stage. The one that is a bit delayed is the Cali project. We've talked with the finance ministry, they are analyzing and studying the financial model. They have to go through CONFIS, CONPES, and we believe that private initiatives will take place next year.



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With respect to new projects, we are open to everything that comes out in concessions in infrastructure and airports. We are obviously interested, and we will be assessing, except for railroads, which we don't have any experience in. And those are really the only messages that have come out from the government.

Juan Camilo Dauder

Would you be analyzing projects in other countries and not only in Colombia? Maybe in the region? How do you see that?

María Lorena Gutiérrez

Yes, clearly, we are analyzing. We are already in Perú in terms of energy and gas. But we are analyzing projects in infrastructure in other countries.

Diego Alexander Buitrago

Thank you. Well, we don't have any more questions. So, María Lorena, could you close this session?

María Lorena Gutiérrez

Well, thank you very much for your interest in Corficolombiana. Please rest assured that we are finding new projects in those sectors that drive the company. That will be our challenge throughout 2023. And as I said, we hope to see you in the Investor Day, in Unipalma, where you will have the opportunity to see progress of the roads of Coviandina and Covioriente. Thank you and we'll see you soon. Goodbye.