

## RESULTS PRESENTATION 2Q-2020

### **Operator:**

Welcome to Corficolombiana's second quarter 2020 results conference call. My name is Hilda and I will be your operator today. At this time, all participants are in a listen-only mode. Please note that this conference call is being recorded. Later, we will conduct a question and answer session. First, we will answer questions via phone and then, questions received via the Webcast Q&A box. You are welcome to ask your questions at any time during the conference.

I now give the floor to Corficolombiana's CEO, Mrs. Maria Lorena Gutierrez.

### **Maria Lorena Gutierrez:**

Thank you for joining Corficolombiana's second quarter 2020 results conference call. As usual, I am going to discuss some relevant facts during the second quarter. I am also going to talk about the consolidated data from the first semester. Two Corficolombiana's Vice Presidents have joined us today: Juan Carlos Paez, Executive Vice President, is going to discuss the financial results of the second quarter and the consolidated results of the first semester, and then Gustavo Ramírez, Vice President of Investment, is going to refer to the results of the five sectors where Corficolombiana invests, which, as you know, are infrastructure, gas and energy, agroindustry, hospitality, and the financial sector.

At the end, we will have some time to chat and address some of your concerns or comments.

As usual, I'm going to talk about our main figures. Assets reached COP 36.06 trillion in consolidated figures and COP 16.81 trillion in separate figures, reaching an equity of COP 10.58 trillion in consolidated figures and COP 8.20 trillion in separate figures. Our net income in the first half of 2020 was COP 619.3 billion in consolidated figures and COP 637.8 billion in separate figures. In the second quarter of 2020, consolidated income was COP 186.2 billion, and COP 163 billion in separate figures. All of this represents a ROE of 17.38 in consolidated figures and 18.07 in separate figures.

Something important is, as Gustavo will later discuss, that the contraction of the economy in the second quarter of 2020 was historical at -15.5, which reflects the situation across the country. The entire economy came to a standstill in April and then it started to recover by late April and May. However, I can proudly say that thanks to our first quarter results and the recovery of sectors, especially infrastructure and gas and energy in May, June and July, our consolidated EBITDA for the first half of 2020 reached COP 1.9 trillion, which is quite similar to the EBITDA we had in 2019 and it just fell by 1%.

It is satisfactory because, as I have mentioned in other results calls, Corficolombiana invests in the sectors that drive our country's GDP. Although we've had our worst quarter with the negative figure of -15.5, we are really satisfied because Corficolombiana's results show how

strong and resilient it is in times of crisis. Then, we are confident that in 2020 we will achieve the results we have anticipated, which will be very similar to those of 2019.

In relevant facts, something important is that both Fitch and BRC Standard & Poor's ratified Corficolombiana's AAA rating for long-term debt in local currency, which provides confidence in our figures and in our financial situation.

On July 10<sup>th</sup> we paid dividends for COP 783 billion, of which 82% were paid in shares. The dividend per share was COP 2,640, which was 59.23% higher than the one paid in 2019.

We participated in Vanti's takeover bid, which was launched by the majority shareholder, and we sold all of our stake. This also happened in the second quarter.

Corficolombiana's preferred share became part of the Colcap index. We had already mentioned before that Corficolombiana's share was one of the best performing in 2019, and our performance has been much better than that of the index and other comparable shares in the face of the pandemic.

As you know, last April, the national government decreed a general lockdown in the country and all our 4G concessions were suspended. By late April, those work fronts started to recover. That was the main reason for our decrease in net income in the semester. However, I am pleased to inform that civil work execution in July has fully normalized going back to previous revenue and profit levels. Works stalled in April, as you can see in this graph. We are comparing 2019 with 2020. We had COP 149 billion (net income) in April 2019, while in 2020, given the suspension and the lockdown decreed by the national government, we had only 19 billion. But as you can see from the graph, all sectors have reactivated, especially infrastructure, going from COP 49 billion in May to 97 billion in June. In July, the figures were also higher than in 2019, with a total of 158 billion.

We wanted to show you this because all the economy was stalled in April and May and many sectors are still inactive. However, we have been able to reactivate these sectors, especially infrastructure, gas and energy, thanks to the measures we have taken and our biosafety efforts.

In energy and gas, our EBITDA was COP 382 billion in the quarter, showing a decrease of just 1.5%, which confirms what I was saying about the resilience of the sector in this situation.

Another relevant fact was that Promigas consolidated its natural gas operation in northern Peru. This is really important. As you know, we have the Piura concession, and it bought a company called Gascop in the second quarter.

In terms of infrastructure, as I have already mentioned, construction activities restarted on April 13<sup>th</sup>. By June, 100% of them had resumed. Also, we have seen some reduction in the average daily traffic on the concessions in operation of approximately 46.4%. Gustavo will show you more about this, but traffic in these concessions has been recovering as exceptions to the lockdown decree are being issued.

From the sectors in which Corficolombiana invests, the hospitality business is the one that has been hit the hardest by the pandemic. Only three of our hotels were open for long stays, since they are apartments. However, last month the national government issued a decree to allow opening hotels in municipalities with low or no affectation of COVID. Due to that, we have opened eight more hotels in places like Paipa, Santa Marta and Manizales, as well as some in Bogotá. They are long stay hotels. However, until travel restrictions are lifted, occupancy will not improve or reach the levels we had before the pandemic. International studies show that this sector is going to recover in approximately one year, once all the issues related to the vaccine and mobility are solved.

However, we have worked hard to optimize fixed costs and expenses. We have saved COP 17 billion in the quarter in Hoteles Estelar. We have negotiated extensions in the payment of interest and capital amortization with the banks, and also, very important, we have obtained new loans to meet working capital needs because we want to continue supporting and keeping Estelar during low occupancy levels and then we expect to resume all of our activities. We were also beneficiaries of the national government's formal employment support program for COP 650 million. Thanks to that and to the results of the other sectors, we have managed to support Estelar while mobility and employment issues improve.

With respect to Ruta del Sol, which we always talk about in our results calls, as you know, a legal process started over a year ago in the Superintendence of Industry and Commerce. On July 23rd, the Competition Delegated Superintendent submitted a reasoned report (informe motivado) to the Superintendent of Industry and Commerce. It is similar to a recommendation. I want to explain what is next in the process. We are now submitting our arguments and they are to be analyzed at the Competition Council, which regulates these topics. Then, it will issue a recommendation to the superintendent, who finally makes a decision.

As you may remember, the investigation was for three charges: bribery, involving Vice Minister Garcia in 2009 and natural and legal persons from Odebrecht, and also Corficolombiana and Episol. The other two charges have to do with conflicts of interest involving individuals, some vice presidents of Corficolombiana, a vice president of Grupo Aval, and Mr. Luis Carlos Sarmiento Gutierrez. The recommendation by the Delegated Superintendent is to file these investigations, which we think is good news. For the time being, we will continue to submit our arguments to defend ourselves.

As we have mentioned before, we want to leave this Odebrecht issue behind.

Finally, Supersociedades issued the order of liquidation of the Ruta del Sol concession on January 15th, 2020. At this moment, the liquidator is selling off the assets. By early May, all of the creditors submitted their claims to the liquidator. We really hope we can leave this bad partnership with Odebrecht behind.

To conclude, I would like to mention two things. One has to do with COVID-19 and how we have faced it. In our first quarter results call, we mentioned that more than 98% of Corficolombiana employees are working remotely. In Promigas, only 68% of employees are working remotely and the other percentage is working on gas pipeline infrastructure and networks, etc. In our concessions, almost everyone is on the work front and only administrative staff is working remotely, which corresponds to 13.2%. In the other concessions, it's 48.5% in airports, 35% in hospitality, and 50% in agroindustry. This is one of the sectors that did not stop because it was excluded by national decree from the beginning. Only 2.4% is working remotely there. That means that on average 31% of employees are working remotely, considering that infrastructure and gas and energy have an important participation.

With respect to COVID-19 infections in Corficolombiana and its subsidiaries, from our total number of employees, which is 32,000, 150 people have been infected. 66 of them have recovered and three have died. The number of infections is small when compared to the total number of employees. I want to highlight that we follow all biosecurity measures. Also, we monitor infected people and are there for them. It is very important to mention that these people were working from home. That means that they did not get infected at their work sites, or in the Estelar hotels or in Promigas.

Corficolombiana and all of its affiliates have made a great effort to support our communities during this crisis. This is something that we will discuss in greater detail soon. We have donated a total of COP 22.4 billion to mitigate the effect of the pandemic. Our support has basically been provided in the form of food and ventilators donated to some hospitals in the Coast, Santander, Cauca, and Valle del Cauca departments. It has been an important effort. And I also want to mention our progress in our sustainability strategy, which we have talked about several times before. In terms of investment, after approval of the Board of Directors, Corficolombiana ratified its commitment to evaluate current and future investments following all the ESG criteria, that is, environment, social and governance. We made an investment declaration that was approved by the board and we also made it public through the media.

The Sustainability and Corporate Governance Committee was created as part of the Board of Directors, which will monitor it. We already had a Corporate Governance Committee in the Board, but now we have included sustainability issues in it.

In terms of wellbeing programs, especially due to the pandemic, we have increased and implemented several actions to support and monitor all of our employees working remotely.

We also have a plan for safe return to the office. We haven't made a decision yet on when we're going to do so but everything has been considered taking into account all the biosecurity measures.

In terms of the environment, we set out to measure our carbon footprint. We are working with Fundación Natura to establish the methodology to measure our carbon footprint and we continue working on raising environmental protection awareness among our employees.

And in terms of suppliers, especially given the situation caused by COVID, we have been concerned about some special groups. To support the suppliers of Estelar, which are usually small and medium enterprises, we launched a program called E-market Estelar. E stands for Estelar. Through this effort, we are buying different products like bread, fruit and even household linen from these small and medium sized suppliers in many cities so that they have an opportunity to sell their products. I invite you to support them too by buying from them because they are going through hard times.

Another program we are working on through Fundación Surtigas is aimed at suppliers in Cartagena because we are concerned about this city, where tourism is crucial. We have many investments there, such as hotels, the regasification plant and Surtigas, which is from Promigas. We believe that in Cartagena, a city that has always had very high poverty levels and social problems, we are called to support this city through our network. We are working with many suppliers. For example, last week 92 of them, coming from all sectors, were connected. We are working with the Chamber of Commerce and the ANDI to help these suppliers to survive this crisis.

As I said before, if you have any concerns or questions please send them to us and we will answer them at the end. I will give the floor to Mr. Juan Carlos Paez, the Executive Vice President of Corficolombiana. He will present the financial results of the second quarter of this year. Thank you.

**Juan Carlos Paez:**

Thank you very much, Maria Lorena. Good morning to all of you. The financial statements of Corficolombiana, both separate and consolidated, are relatively simple but large in terms of figures, and the results are not different this time.

As far as assets are concerned, they reached COP 36 trillion, with 3.5% in the last quarter and 26.5% when compared to the second quarter of 2019, showing a stable dynamics. I want to emphasize what Maria Lorena said before, and it is that our separate financial statements show an important growth. Despite the issues discussed, we have managed to reach important figures, which show our recovery throughout the last quarter after the sudden stop that took place by late March, which obviously brought very limited results in April.

Analyzing this column from top to bottom, concession agreements account for 45.3% of total assets, growing 3% and 32.4% during the year. It is worth mentioning that almost half of these concession assets are financial assets with COP 8.1 trillion, and the other half are intangible assets, with a similar figure.

As for investments, we have more or less 50% in equity investments, which corresponds to affiliates and joint businesses of our consolidated entities, and the other 50%, COP 3.68 trillion corresponds to fixed income investments made by Corficolombiana's treasury. This investment item grew 51.8% in the year and, given the dynamics of the treasury, 12.7% in the semester, which is very important, reaching a 20% participation in total assets.

As for interbank available funds, which clearly demonstrates the treasury's dynamics, these investments represent 12% and grew 9.4%, in accordance with the strategy of participating in the money market and obtaining resources there.

Portfolio and accounts receivable decreased 11.2% in the quarter and increased 11.5% in the year to June, mainly related to operations in our subsidiaries. These accounts receivable refer primarily to the commercial and operational dynamics in our subsidiaries. Other assets [unintelligible] in the quarter.

Also, [unintelligible] had a 3.7% growth, 30.5% higher than the previous year. The most important ones at the top of the column are called other liabilities, and they include deferred taxes, income received from third parties, and this item grew nearly 12% in the year, remaining relatively stable in the quarter, and decreased a little, 2.6%, basically due to our business evolution.

Financial obligations, which represent 28.2% of total liabilities in the consolidated financial statement, grew 3% and 45% in the year. As you may remember, in 2019 the debt structure of some of our subsidiaries was rearranged. The evolution of the financial operation around the growth of road operations is also reflected there, reaching 28.2% in the financial statements.

As far as securities issued, they have remained stable. In previous years, Corficolombiana issued COP 500 billion and our subsidiaries, particularly Promigas, made some issuances mainly to improve their debt profile structure, which remains stable.

In terms of deposits, which is mainly related to the corporation's activity, we have already completed 18.7% of total liabilities. These deposits amount to COP 4.7 trillion in the consolidated total. Money market operations are also a clear expression of the treasury's dynamics, amounting to 12.2% and COP 3.1 trillion by the end of Q2.

Our income statement, which we can see on screen, as mentioned by Maria Lorena in her presentation, had a net profit of COP 186 billion in controlling income and COP 284 billion

consolidated total income in the quarter. We reached COP 880 billion of net profit in the six-month period and COP 619 billion in the controlling income.

It is important to see this in the accumulated figures for the semester because they reflect our results in the first quarter, and, in spite of the decreased dynamics in April, there has been a recovery, a continuous positive progression, as shown by Maria Lorena.

As you can see, these financial statements grew 1% as of June, despite the fact that if we compare the second quarter of 2020 with the second quarter of 2019, there is a 25% reduction in income and we see something similar in terms of expenses and cost of sales and services, which decreased 14.8%, leading to a 35.5% decrease in the gross margin of the real sector when compared quarterly, but in the accumulated figures it only decreased 6%.

Regarding the equity method and dividends, the equity method refers to the income generated by the subsidiaries of our subsidiaries, shows an important seasonality, when analyzed on a quarterly basis. The COP 141 billion of the first quarter of 2020 included the results of the shareholders assembly meetings held by late March. Some dividends were also declared during the second quarter, and that is how it amounted to COP 40 billion in the quarter and COP 181 billion in the semester, growing close to 6% when compared to the first half of last year.

In financial expenses, we have different figures that reflect the results that we showed you in the first quarter of this year, when we had a gross financial expense of COP 350 billion, mainly impacted by exchange rate differences, both in interest expense and in the valuation of derivative instruments. This was reverted in the second quarter of this year, where we went from COP 350 billion in net financial expense to COP 32 billion, even lower than the COP 92 billion from the second quarter of last year. And, again, the explanation is the same. It has to do with the evolution of both the valuation of these derivative instruments and the debt.

Regarding personnel expenses, we can see something that Maria Lorena mentioned in her presentation. Compared to last year, when we had COP 450 billion in expenses, this semester they amounted to COP 411 billion. Something to highlight is that we had a reduction from COP 254,000 to COP 210,000 in depreciations and amortizations.

EBITDA in the quarter reached COP 619 billion, with a 32% reduction compared to last year. When comparing semesters, they are very much in line with the general evolution of revenue. We had COP 1.917 trillion in EBITDA in the first half of 2019, and it amounted to COP 1.899 trillion in the second of this year, reaching a net profit of COP 1.2 trillion, an income tax of COP 318 billion compared to COP 402 billion in the first half of last year, and a half year profit of COP 880 billion, which is 12.9% lower than the COP 1 trillion we had in the first half of last year.

This leads to a 17.3% ROE, which we consider satisfactory in view of the dynamics of our entities in the current economic situation.

We had a 32% reduction in EBITDA compared to the second quarter of last year. We had a reduction in energy and gas but I would say that this is a very stable EBITDA, only 2% lower than the one shown by this investment sector last year. The effect was actually felt, as mentioned above, by infrastructure, where EBITDA went from COP 512 billion to COP 208 billion, with a reduction of 59%.

The hospitality sector was also hit hard. We mentioned this in our presentation last quarter. It was negative COP 15 billion, compared to COP 10 billion one year ago.

On the other hand, the agroindustry sector has been stable, going from COP 3.3 billion to COP 4.7 billion in the second quarter.

The financial sector has also shown a significant recovery, both in terms of our fiduciary and our commission, with an EBITDA of COP 38 billion in the quarter, reaching the COP 619 billion mentioned earlier.

When analyzing the semester, the trends are slightly different. As you can see, energy and gas, which was decreasing 2% quarterly, grew 13% in the semester. The infrastructure sector went from COP 1 trillion to COP 953 billion, reducing only 10%. And I would say that the other values are similar to the ones I mentioned.

Regarding the corporation's funding in its separate financial statements, it is important to mention that our financing raised in the market continues to grow. The average funding terms of CDs used to finance our investments have increased to 8.2 years and our double leverage stood at 132.5%, which we consider satisfactory.

Our market presence continues to be excellent. As you can see, our CDs funding remains stable. We will soon see reductions, since a high percentage of those CDs is tied to CPI and IBR rates. The savings account, which traditionally moves very much in line with the evolution of the Central Bank's intervention rate and consequently with IBR, shows really good results.

Having said this, I give the floor to Gustavo to discuss the evolution of the investments in which we participate. Thank you very much.

**Gustavo Ramírez:**

Thank you very much, Juan Carlos. Good morning everyone. As usual, we are going to talk about the performance of our investment portfolio during the quarter and the year.

Before starting, I want to explain that we are going to show the usual figures in the format we normally use, but additionally we have added some operational and financial information for each sector on a monthly basis, also showing the individual results with the main objective of showing the effect of the pandemic on our results and recovery. This has changed each month so we are going to show the monthly data and even that of July to illustrate our recovery and the effects and magnitudes of those effects in each sector.

As we will see, the main conclusion is that the most relevant effect for Corficolombiana was the stagnation of road infrastructure works in April, which fortunately were gradually resumed and were back to normal by late June and July.

First, to give you some context, this slide shows some economic growth figures, the total GDP in the first quarter and the first semester, and we included the sectors in which Corficolombiana invests. Something to highlight is that our sectors followed the economic trend.

As we will see, the financial and agroindustry sectors' results were higher than those of last year. Not only did they not show any negative effects, but they have even had a very positive effect in these months.

The energy and gas sector had an initial drop, but then it showed [unintelligible] if we look both, the quarter and the six-month period, we see higher results than the previous year.

The road infrastructure sector had a pretty good first half of the year. There was a standstill in the second quarter that affected the entire first half of the year, which led to growth below that of last year and below the average of the economy. But the good news is that it has already recovered to previous levels.

And finally, the industry that has been affected the most is hotels, which we believe will continue like that in the coming months. This can also be seen in these aggregate GDP numbers both in the first and second quarters.

Now, let's look at Corficolombiana's figures. First, we have the energy and gas sector. We can see that, despite the pandemic, both asset and EBITDA levels had a sustained growth, although there was a deceleration and a small drop in the consolidated EBITDA in the second quarter when compared to the previous year. The first months of the year were so good, that, when analyzing the aggregate, there was a 13% growth when compared to the previous year.

There was a reduction in transported volume, especially during the critical months of April and May. Although the number of users grew in terms of distribution, consumption was lower than last year. In the following slide, we show some figures that, I think, are quite interesting. On the top part we show the volume transported by Promigas and its transport companies in the first seven months of the year. As we can see, the first three months of the year, until

March, were exceptional. There was great thermal generation on the Coast, and therefore higher gas transport. Then there was a drop, and we had a reduction in April with respect to the previous year. Then it recovered to last year levels and then in July we had higher levels of gas transportation when compared to the previous year, and in the semester there was an increase in gas transportation when compared to the previous year.

This situation is reflected in the results. We are showing the share of profit by the equity method, that is, the revenue that is received each month by the corporation from the gas sector, and especially from Promigas.. We can see that the first three months of the year were exceptional, showing important growth when compared to the previous year. Then we see a sharp decrease in April, when the contribution from Promigas to the corporation decreased by almost half. That happened in April and May, but then in June and especially in July we see recoveries to even last year's levels.

Let's now move on to the next slide to talk about the infrastructure sector, which is not only the largest in the corporation, but also the one that changed the most these months. In aggregate figures, we have, on the one hand, asset growth, which continues having important figures because investments have been very large with respect to the first quarter of last year. As far as EBITDA is concerned, we can see a sharp fall in the second quarter, almost 60%, but if you look at it in the semester, it is only 10%, again, because that sharp drop occurred in the months of April and May, but results had been very significant in the first months of the year.

As operational variables, I think it is important to show that traffic has decreased, which is obvious, with respect to last year because of the restrictions imposed by the authorities to face the pandemic. In the chart on the bottom right, we wanted to highlight that there was a 46% drop in traffic when comparing the second quarter of 2020 and the second quarter of 2019. When we break this down by categories, the largest decrease was, of course, in personal vehicles because of the quarantine. The fall in cargo transport was less, with only 14%. This is important for two reasons. First, because it shows that the restrictions were more for passengers than for cargo, and second, because revenues from concessions depend more on cargo than on passengers.

In the next slide, we show the progress of our 4G concessions. I think it is important to say that as of June the corporation's investment in the four projects reached COP 2.1 trillion, out of the 3.2 planned for all the projects. That means it is already reaching two-thirds of the total planned investment.

In the following slide, we show detailed figures by month. Let's first look at the information on the left, where we show monthly traffic behavior. As we can see, in the months of January and February traffic was almost the same as that of the previous year. In March, as you may remember, the [unintelligible] the first days of March, and then [unintelligible]. From then

on, we have seen a softening in the decrease; in May, 42; in April, 30; and in July, -21%. Obviously, that percentage will continue to improve as mobility restrictions are eased.

On the right, we see a very important figure: the monthly progress in the construction of our three 4G roads, where the common factor, as everyone knows, is that in April progress was close to zero. This has an impact, of course, on the results that we are going to see next. Progress resumed gradually in the months of May and June, and in July we saw the same levels of progress that we had before the crisis.

This is the main reason for the results of the infrastructure sector. I want to emphasize that income that has not been registered is not lost. It is simply deferred because it is to be received once the works are executed. Since works will finally be executed at 100%, we will receive 100% of the foreseen revenue for the construction.

Let's move to the next slide, where we see the results of the infrastructure sector and the share of profit by equity method received by the corporation. As we have said before, we saw important results in the first quarter of the year that were even higher than those of the previous year. There was a significant drop in April and then recovery in May and June. July results were very similar to those of April last year. We expect the rest of the year to remain at the same levels.

Let's continue with the hotel sector, which is the most critical. Results have been negative, both in the quarter and the year when compared to 2019. This is explained in the graph on the bottom left, where we show that occupancy in the second quarter was 4%. This means, of course, that hotels have been basically closed. Average occupancy in the first semester of 2019 was 55%.

The next slide shows this in further detail by month. We can see that January and February were months of very high occupancy, reaching even 65%, higher than the historical average and that of the previous year. In March, as you know, the hotel industry was one of the sectors that first felt the effect of the pandemic. That meant that occupancy fell during three of the four weeks of the month, reaching levels of 30%. From then on, occupancy levels have been at historical minimums, with 3% and 4%. Some operations resumed in July, as Maria Lorena mentioned at the beginning. However, there are still no significant occupancy levels, which are now reaching 6%.

In terms of share of profit by equity method from this sector, which you can see at the bottom left, it has been negative since March, with average levels between COP 4 and COP 5 billion. Due to our cost optimization efforts, that loss was reduced to COP 3.5 billion in July, but the negative behavior will obviously continue until the hotels are opened and occupancy levels are back to normal.

I will not talk much about agroindustry and financial sectors, but their results were quite good. These sectors have been resilient to the crisis and have behaved even better than last year. The agroindustry sector has grown 45% compared to the same period last year, and the financial sector went from negative last year to positive this year.

To conclude, the following slide shows a summary and total figures for all sectors, plus the contribution they make to Corficolombiana's results. Concerning the famous recovery curve, many people wonder if this crisis will have a V-shaped or L-shaped recovery. Well, for Corficolombiana it fell from March to April. That's the gray bar we see. It took us two months to return to similar levels to the previous ones and, as I mentioned at the beginning, we trust that from here onwards the rest of the year we will remain at same levels.

That was the summary of our investment performance this quarter. Thank you very much.

**Operator:**

Thank you. We will now begin the question and answer session. If you have a question, please press star (\*) one (1) on your touchtone phone. If you wish to be removed from the queue, please press the pound sign (#). Remember, if you have a question, please press star (\*) one (1).

We have Juliana on the line.

**Maria Lorena Gutierrez:**

Go ahead.

**Operator:**

Excuse me. We have a question on the line from Juliana Aguilar, from Bancolombia.

**Juliana Aguilar:**

Good morning. Thank you very much for the presentation. I have three questions. The first one is related to Ruta del Sol. Could you give us some more information on the second instance with the Consejo de Estado or the expected date when we can have more information about this?

The second question is about Pacifico 1 and the recent collapse on the road. Could it have any effect on the delivery time of the works?

And the last question is related to the Fair Term Law that was passed this year by the Congress and if you see any major impact on any of your businesses. Thank you very much.

**Maria Lorena Gutierrez:**

Well, I will answer the question about Ruta del Sol. As you know, there were two processes. One was with the Cundinamarca Administrative Court, which we appealed at the Consejo de

Estado. Due to the pandemic, the deadlines were changed. They are still collecting testimonies and evidence and, as we have said before in several calls, a decision by the Consejo de Estado can take one or two years. Therefore, we do not expect anything different in the short term and we are still in the defense stage.

With regards to Pacifico 1, something to highlight is that the media misreported the information. That type of slides are normal. During that same week, there was also another landslide, I believe it was on Pacific 3, but had less media coverage. The slide was not on the existing road so mobility has not been interrupted. It was on the roadway that we are constructing and it has been completely solved. We believe that this will not affect construction at all, but I will ask Gustavo in case he wants to add something else about Pacífico 1.

Concerning the Fair Term Law, our policy adjusts to it so we believe that it is not going to have any impact on our companies. Gustavo?

**Gustavo Ramirez:** About Pacifico 1, I just want to confirm that the event that occurred last week did not affect traffic and did not have any major repercussions on costs or execution times.

**Maria Lorena Gutierrez:**  
Perfect.

**Operator:**  
Thank you. We have a question from Mr. Rodrigo Sanchez, from Davivienda Corredores.

**Rodrigo Sanchez:** Good morning. Thank you very much for the presentation. I have two questions as well. The first one is: taking into account the Ruta del Sol situation, I would like to understand if any type of provision has been contemplated or at what stage of the process any type of provision can be contemplated.

And the second question I have is about the negotiations you have had with the ANI regarding monetary compensation for road and airport closures. I would like to know what has happened with that and your estimated cost overruns, obviously taking into account that there are some contractual schemes that mitigate the impact on traffic. Thank you very much.

**Maria Lorena Gutierrez:** Well, with respect to provisions, as you know, we have already provisioned all of our investment in Ruta del Sol.

As for the processes, the one on the Administrative Tribunal by popular action, it is a decision that affects both individuals and legal entities, and all of them are solidary. The amount is almost COP 800 billion. Our legal defense will continue and a second instance at the Consejo de Estado has not been confirmed. For the moment, we are not going to make any provision

and we have not considered it. The same goes for the SIC issue. The amount is not very large either, so we are not going to make any provision. As I answered before to Juliana, we do not expect any ruling from the Consejo de Estado this year.

Concerning the claims with the ANI, it created some working groups with the Comptroller's Office, the Attorney General's Office, the Colombian Chamber of Infrastructure and all the concessions. Some understanding agreements have already been reached to make the claims because the State itself declared the event force majeure, and we are working on it. We are mainly concerned with the private initiatives because of the traffic as it is a risk for the concessioner. But I would like Gustavo to complement this information, please.

**Gustavo Ramírez:**

Yes. In fact, we are basically working on two issues with the ANI. First, the recognition of the toll revenues that were not collected due to the Government's measure of not collecting tolls for approximately two months, and the second issue is the idle costs incurred due to the suspension of works and then their gradual resumption.

None of these issues has been considered so far in our financial statements, which means that once an agreement is made with the ANI, depending on the amount and the terms, they will be included in our financial statements, and that will have a positive effect. In other words, the effect on the financial statements so far is the worst case scenario, as if there was no recognition of those events. Depending on those recognitions and their terms, they will positively affect our financial statements. We expect this to happen, although we do not have any specific date yet, but the conversations have been going on for almost a month and a half now and we expect them to continue for a few more weeks. At that moment, we will be able to have more certainty about those amounts and how they will be registered in our financial statements.

**Operator:**

Thank you. The next question comes from Steffania Mosquera, from Credicorp Capital.

**Steffania Mosquera:**

Good morning. Thank you very much for the presentation. My first question is about your expected profits for 2020 compared to 2019. How much do you expect the decrease we saw this quarter to be counteracted at the end of the year?

My second question is similar, and it is with regards to the EBITDA at Promigas. We saw very significant growth in EBITDA in the first quarter, then it slowed down a little, and then it reached 13%. My question is, what growth in EBITDA can we expect for the second half of the year and for the full year? Also, what financial leverage can we expect to be achieved at Promigas by late 2020?

I have another question with regards to Coviandina. We saw in the presentation that work progress in July was 1.2%, compared to more or less 2% in February and March. My question is, is this difference due to the fact that we should already be seeing some slowdown in the rate of progress, given that it is already over 70%? And my last question is, what can we expect from airport concessions this year?

**Maria Lorena Gutierrez:**

I am going to give the floor to Gustavo, but in general terms, as we explained in our first results call, one of the sectors that was most affected by the pandemic was infrastructure, although this income is not lost but deferred. Both Juan Carlos and Gustavo also explained it. We already recovered the levels we had and we are recovering this income.

And with regards to the airports, these concessions end in September. Some additional contract agreements are being signed with the ANI to postpone the concession at the Cali and Cartagena airports for about six months. We are still interested in presenting private initiatives, which at the moment is suspended at the ANI because of the pandemic. We obviously have to do all the air traffic studies again under the new national and international air traffic conditions but we want to keep these two airports, and that is what we have been working on.

I would like Gustavo to answer the question about Promigas and Coviandina so that we do not have to repeat so much. If necessary, Juan Carlos can also complement.

**Gustavo Ramírez:**

Yes, as far as Promigas is concerned, I have just shown the effect on gas consumption in the most critical months of the pandemic. We think that in terms of gas consumption, the worst is over and consumption has already recovered. Perhaps the only challenge remaining in Promigas going forward has to do with the portfolio in the distributors. It depends on users losing their ability to pay. As you mentioned, Promigas has been growing at double digits in recent years and we are confident that it will continue to grow like that even this year. We are not providing any guidance on Promigas' results, but we are confident that the worst of the pandemic's effect is over.

As for Coviandina, like all the concessions, it stopped construction in April, it has already recovered, and it is operating at 100% of the normal work rate. Bear in mind that Coviandina has the most progress and is already reaching the last 20% phase of construction so the pace and performance are reduced. As you may remember, in this kind of works performance is not linear, as construction progress changes every month. In the first and last months, less is built, and the pace is higher halfway through. That is the situation in Coviorte and Covipacifico but Coviandina is going through the last year of construction so the rhythms are lower. Therefore, the lower effect mentioned and seen in the graphs and figures is due to that.

**Juan Carlos Paez:**

And about the first question that Steffania asked, more than providing a figure, we do believe that we are going to be able to exceed last year's results. You have seen in this presentation how we have recovered and that explains our expectation of ending the year with very solid figures.

**Operator:**

Thank you. We have no more questions on the phone. Are there any questions via webcast?

**Maria Lorena Gutierrez:**

Yes. I will read them and redirect them. Darwin Cardenas asks about the sale of our participation in Vanti and what would be the investment plan to replace Vanti in the corporation's portfolio. Gustavo, please.

**Gustavo Ramírez:**

Yes, due to the sale of Vanti, we received around COP 45 billion. Vanti yielded from 3.5 to COP 4 billion a year in dividends. We thought that the best option at that time was to sell in the IPO proposed by the majority shareholder, and those resources are part of the investment resources used by the Corporation, which, of course, are being invested at a higher rate than the one we had in Vanti. So I believe that it will have a positive long-term effect on the corporation's profitability, although, given the amounts I just mentioned, we are talking about something relatively marginal.

**Maria Lorena Gutierrez:**

Another question for Gustavo. "How much is the current backlog of 4G projects and what are the corporation's perspectives regarding 5G?" Ricardo Ríos asks that.

**Gustavo Ramírez:**

[unintelligible] we are more or less [unintelligible] Can you hear me? Hello? Can you hear me?

**Maria Lorena Gutierrez:**

We can now hear you.

**Gustavo Ramírez:**

Hello.

If I understand your question well, you ask about the timeline of projects ahead. As you know, our four 4G projects are, on average, halfway through, so we still have at least two and a half years more.

As we have mentioned in other meetings, we are working on finding new projects. We are very interested in the 5G projects that the government has proposed. As we have mentioned

several times, although there is general interest, and we have an strategic interest to participate, the decision is made on a case-by-case basis according to the evaluation and analysis made. So yes, we are actively looking for new infrastructure projects to replace the ones that are finishing.

**Maria Lorena Gutierrez:**

Javier asks if we have considered decreasing hotel rates in order to recover occupancy..

I would say that occupancy is very low now and we are charging our normal corporate rates, whether we are talking about people who go on vacation or to rest. But we are very close to the sector and I think the worst thing that can happen now is a rates war. We have been working with Cotelco and as I said, we are charging our usual preferential corporate rates to everyone in general.

This is a question for Juan Carlos Paez. "Is Corficolombiana going to continue the financial engineering strategy of paying dividends with money from the shareholders (Scrip dividends)?" .

**Juan Carlos Paez:**

Thank you very much for the question. In the corporation's business model, especially since we adopted IFRS and IAS 27, the profit component of the equity method is very large. That is why the strategy of paying dividends with shares was strengthened and has been maintained. Obviously, as long as in the next few years there is cash generation, we could consider other alternatives. The great advantage of the corporation in this regard is our share liquidity. You have seen that the preferred share has entered the Colcap, which has allowed us to maintain this asset very liquid and satisfactory for our shareholders.

**Maria Lorena Gutierrez:**

Andres Alvarez asks what our new investment plans are. Well, as Gustavo mentioned, we are interested in the sectors in which we are investing, such as infrastructure and gas and energy. We are also analyzing other investments, such as 5G projects; for the time being, the only one published is the Cauca road network. but we continue looking. With Promigas we also have some projects on the way both in Colombia and Peru. So, for now, we continue focused on the five sectors in which we invest, but we are always open to a possible new sector.

Eduardo Greca says he would like to know about the development of 5G projects. He also asks what we think about a potential agreement with the United States to increase investment in Colombia. If Juan Carlos and Gustavo agree, I will answer and later they can provide additional information.

The national government has issued a list of 5G projects where there is infrastructure and also railway projects. They have only released the pre-formats for the Cauca road network,

but that gives indications of what the new conditions of the 5G concession projects will be. We have worked with the ANI and with other concessions in the country, and we continue to evaluate the Cauca road network because it could be an option, which is the only one that the national government has issued so far.

And about a likely agreement with the United States, I would say it is very important. The United States is our main commercial partner and one of the countries with higher foreign investment in Colombia. Therefore, both commercial and foreign investment issues are very important for the Colombian economy. As we all know, they are in the presidential election period and those commercial relations and foreign investments in Colombia are fundamental for the Colombian economy.

Eduardo also asks what is going on with the renewal of the airport concessions.

Due to the pandemic, the ANI suspended all the private initiative projects for airports. The issue now is that in order to resubmit the technical studies for the private initiative, we have to update air traffic and that is what we are doing at this time, given the new world conditions. But, in general, we continue to be interested in presenting our private initiative for both the Cali and Cartagena airports very soon.

Carlos asks, "Can you please explain the 28% withholding tax applicable to dividends from infrastructure projects that was applied to the last dividend payment? Juan Carlos, can you please answer?"

**Juan Carlos Paez:**

Yes, thank you, Carlos. The Assembly approved the distribution of dividends in shares. Given the evolution of the norm for three years, there has been regulatory evolution around the taxability of dividends distributed in shares and it is quite a complex issue. It is difficult to say that we had a fixed withholding rate. The tax characterization of the different investors is complex due to the tax exceptions but, in general, what we did was mapping of all these tax characteristics. For the first time, we registered a transfer of withholdings associated with the progressiveness of the distribution of dividends and this means that, for any percentage of our investments where dividends had been distributed and had suffered any withholdings, those withholdings had a negative value and had to be transferred to the shareholders in the same proportion as the shares they held. This is perhaps the only new element that affected the distribution process that ended on July 10th.

**Maria Lorena Gutierrez:**

Thank you, Juan Carlos. This question is asked by Eduardo Greca and I will ask Gustavo to answer. "Is there an update on the regulatory review of the gas sector?" Gustavo? Is Gustavo there?

**Juan Carlos Paez:**

It seems we are having some communication issues.

**Maria Lorena Gutierrez:**

Gustavo is not on the line? Well, Eduardo, I'll answer then. Basically, there was a regulatory issue [unintelligible]. Where does that noise come from?

Basically, the national government set out to start a regulatory review and some institutional issues concerning gas and energy are going to be implemented. Basically, they have been focusing on subsidies, given the pandemic. There are no new drafts on important regulatory issues, but we're following up on that. They've been more focused on subsidies for utilities. I guess that they'll be catching up now on regulatory issues and, as usual, we'll monitor those drafts and we will inform you in case there are any major regulatory changes.

I think there are no further questions. I don't see any other questions.

**Juan Carlos Paez:**

No.

**Maria Lorena Gutierrez:**

Well, thank you for being with us. As usual, in case of concerns, comments or doubts, please contact us. I would say that, in summary, we feel satisfied and proud of Corficolombiana's results in spite of the country's economy. We expect them to continue like this. As a team, we are committed to Corficolombiana, its subsidiaries and its investments and we count on your continuous support. Thank you very much. Have a nice day.

**Juan Carlos Paez:**

Thank you very much to all of you.

**Operator:**

Thank you. This concludes today's conference. If you want to listen to this conference again, it will be available at [www.corficolombiana.com](http://www.corficolombiana.com) in the next few days. Thank you for participating. You can now disconnect.