

RESULTS PRESENTATION 3Q-2017
Operator: Good morning. Welcome to Corficolombiana's third quarter 2017 results presentation. My name is Julio and I will be your operator for today's call. At this moment all participants are in a listen-only mode. There will be a question and answer session at the end. Please note that this conference call is being recorded. From this moment on, Corficolombiana's President, Mr. Bernardo Noreña Ocampo, will be in charge of the conference. Go ahead please.

Bernardo Noreña: Thank you. Good morning everyone and welcome to this third quarter 2017 results conference call. The presentations were uploaded to Corficolombiana's website so you can follow us. Before talking about the relevant facts, in this call we will follow the same format used during past quarters. I'm going to talk about the relevant facts, then I will turn the call over to Mr. Juan Carlos Páez, Executive Vice President of the corporation, who will talk about the financial statements. Later, Mr. Gustavo Ramírez will talk about each our investments.

Some of our relevant events for the third quarter 2017 are the following. Corficolombiana's total consolidated assets reached 20.4 billion pesos, with a 5.1 billion pesos equity and a net profit of 50 trillion pesos, a 7.44% return on equity and a 41% solvency. In terms of separate figures, we are talking about assets worth 8.8 trillion pesos, an equity worth 3.1 trillion and a net profit of 39.5 trillion pesos. The difference between the profit of the consolidated and separated figures is basically the provision made for the exposure we had to Electricaribe. In December we will complete provisions to cover 80% of the exposure we had at the moment of the company's intervention.

Regarding relevant events during the quarter, on September 5 BRC Investor Services confirmed the local rating of Corficolombiana's long-term debt as AAA. I want to talk about the comments made by BRC at that moment, basically because they are aligned with what we tried to do in the past year. BRC basically highlights Corficolombiana's participation in important sectors of the economy, which is clearly something that has characterized our investment history. It also highlights the corporation's strong patrimonial strength. That is basically seen in our 41% solvency index in the consolidated figures and 45% in the separate figures.

Something that we have been looking at is that results both at the treasury and investment level have been lower than expected. We will discuss this situation later, but clearly it is a temporary situation that will improve in the next 12 to 18 months.

On the other hand, we have worked on changing the corporation's funding. We wanted to extend the term of the CDs (certificates of deposit) used to fund our investments. Average funding went from 2.6 years in the third quarter 2016 to 3.9 years in the third quarter 2017. We will see later that the CDs that fund our investment business currently have five-year terms because we understand that long-term investments should have a slightly longer

funding. As you can see from Corficolombiana's balance composition, about 40% of the assets are long-term.

In terms of EBITDA, in the third quarter it reached 506,000 million pesos, a 2.7% fall year-on-year. The EBITDA is supported mainly by the results of the energy and gas sectors, but we must bear in mind that last year it included the participation in Ruta del Sol while this year it does not include that result.

Another very important and recent fact is that on November 20 the Board of Directors authorized Corficolombiana's legal representative to acquire the shares that Iridium had in Covipacífico and Covimar as well as the participation that Dragados had in the construction consortiums of those two concessions. We are waiting for the ANI's authorization to be able to proceed with the acquisition because it is a requirement of the concession contract. The ANI must authorize that change of shareholders and we hope to receive that authorization in the coming weeks. This transaction is based on strategic reasons for both Iridium and Corficolombiana. It is a way to demonstrate what can be done in terms of concessions in Colombia and it's something that will be a profitable business for the Corporation in the future.

Also, we will talk about our subsidiaries in detail in the investment section, but it is important to highlight the sale process of the shares that EEB had in Promigas to the solidarity sector. Only 0.4% of Promigas' outstanding shares were sold in that process and their price was 5,200 pesos. After that transaction was made and perhaps even before, the price of the Promigas stock started to increase in the stock market. Promigas has already entered the COLCAP index due to the liquidity it has generated in recent months. It closed yesterday at 7,890 pesos. Promigas also distributed dividends this semester. It distributed 246,000 million pesos of dividends, which is 76.95% of the profits of the first half of the year.

A remarkable fact is that traffic is increasing on road concessions. They have had a 2.6% year-on-year growth when comparing the third quarter of 2017 to the third quarter of 2016. Also, we have continued making equity contributions for the constructions. This year we have made contributions equivalent to 225,000 million pesos, for a total of 649,000 million pesos. Furthermore, on October 13 Covioriente subscribed a loan with the Aval Group for 550 million dollars. The first disbursement of this loan has already been made. This is basically in response to cost conditions, but it is also a very important sign of the support given by Grupo Aval to Corficolombiana and its concessions. Coviandina also got a bridge loan for 80,000 million pesos for developing of its own concession.

On the next page, we have a brief update on the Ruta del Sol situation. We would like to highlight basically three things. First, as requested by the government, the road was handed over to the ANI so that it could launch the tender process for work improvement, maintenance and continuation. The road has not been returned to the government yet. That

depends on the final decision of the arbitration court. As you know, there is a class action suit and an administrative court. Through that class action suit the administrative court of Cundinamarca aligned with the termination agreement signed with the ANI and requested the concession and the ANI to submit all the information to finish paying all the pending suppliers, creditors and financial operators. We estimate that financial creditors should receive a first payment of 1.4 trillion pesos approximately on December 11. The money continues to be in the concession's fiduciary, so now we just have to follow an administrative process. Again, the important thing here is that the termination agreement and the administrative court of Cundinamarca move in the same direction, that the money is there and that it must be delivered to the creditors. Another important fact is that the arbitration tribunal was declared competent for the purpose of terminating the contract and it will study its nullity. Legally, the arbitration tribunal must rule on nullity but it must also pronounce itself on the value to be compensated, which basically has to do with the mutual considerations stated in Law 80 on public procurement. Therefore, the arbitration tribunal should pronounce itself on the nullity, but it will also decide how much the contract is worth.

Those are the third quarter's relevant events. I will now turn the call over to Mr. Juan Carlos Páez to take a look at the financial statements. Then Mr. Ramírez will speak and finally we'll proceed to the question and answer session.

Juan Carlos Páez: Thank you very much. Good morning. We will use the same methodology from last year to present the consolidated balance sheet. The corporation's consolidated financial status, as Bernardo mentioned, was 20.4 trillion pesos. This is equivalent to a 7% year-on-year growth and 1.8 quarterly growth. Equity, on the other hand, went from 4.9 trillion pesos in the third quarter of 2016 to 5.198 trillion pesos this quarter, which is equivalent to a 5.9% yearly growth and 0.3% in the quarter. As you can see, the corporation's general asset structure is very stable. We had a few decreases, as shown in the upper right box. There was a 760,000 million pesos decrease in the fixed income portfolio, associated with our treasury optimization strategy. Obviously this has immediate consequences on the evolution of inter-bank funds. Let us remember that the corporation's treasury is a major player in the Colombian market. This decrease in the treasury business is compensated in terms of assets by SPEC's beginning of operations last year, which incorporated more than 1.1 trillion pesos specifically in terms of assets and other operations that amount to 1.4 trillion pesos. Concession assets, which had a 25% participation in the third quarter of 2016, began to show a 27% participation in the financial statements of the third quarter of 2017, mainly due to the growth of the financial and intangible assets related to the roads and in part also to those of Promigas.

In the following slide we can see the contribution of consolidated assets by sector. We can see that the energy and gas sectors increased their participation. It goes from 8 trillion pesos

to 9.5 trillion pesos because of the reasons I just mentioned, which are basically related to SPEC starting operations and the incorporation of its assets, which contribute 1.5 trillion pesos to them.

The financial sector, which is the first you see in that box, goes from 6.9 trillion pesos to 6.3 trillion. There is a 545,000 million pesos decrease, mainly because of the treasury business reduction. There is a 570,000 million pesos decrease in the total consolidated assets of the financial sector, which is partially offset by the incorporation of the corporation's brokerage house and Banco Corficolombiana Panama. The other sectors, as you see, maintain a stable dynamic that leads to the 20 trillion pesos you can see on the far right.

On the other hand, the following slide shows the structure of liabilities and the consolidated equity. Once again, perhaps the most important aspect is the evolution of financial obligations, whose participation increased from 17% in 2016 to 26% this quarter, mainly associated with Episol's indebtedness and Promigas' marginal indebtedness.

Equity, in the lower left corner, grows 5.9% year-on-year. Specifically in the last quarter, controlled assets grew approximately 52,000 million pesos. That is basically the organization's organic growth through profits. Non-controlled assets and minority interest are reduced by 36,000 million pesos, basically given the dividend distribution process of the companies where there is an important minority participation, like Promigas and PISA.

Starting in the following slide we have the consolidated financial statement. As we can see, the gross margin of the real sector grows 0.9%, mainly driven by energy and gas, as we have mentioned in this presentation. Income is reduced fundamentally by the non-registration of the Ruta del Sol income in Episol. This is something you have seen in previous quarters and we will continue to see it. This is reflected in the equity method. Regarding financial activities, the reduction of the financial sector can also be seen in this graph as well as the interest expenses, again, associated to the financing operation of Promigas mentioned in the last section.

EBITDA, as Bernardo mentioned in its presentation, decreased by 2.7%, reaching 506,000 million pesos in the quarter, mainly due to the reasons explained before involving infrastructure and the financial sector. This can be seen in the next slide. In terms of the consolidated EBITDA, energy and gas increase their participation from 309,000 to 374,000 million pesos. In the third quarter of 2016 infrastructure provided revenues coming from Ruta del Sol but this is not the case anymore, as it decreased from 181,000 million pesos to 121,000 million pesos.

In this chart we have separated the corporation's holding operation. As you can see, that operation continues. The cost of the company's investments demands 9 trillion pesos from the EBITDA. A year ago it was almost 8 trillion pesos. Except for these changes in terms of energy, gas and infrastructure, there are no major aspects to highlight. We ended up with an

EBITDA of 506,000 million pesos, as I mentioned in the previous slide, compared to 520,000 in the same quarter a year ago.

As for the funding of Corficolombiana, when comparing it to the separate results, it is still mostly based on interbank funds (2.2 trillion pesos). Certificates of deposit, as mentioned in the previous presentation, went from 2.6 trillion to 2.8 trillion pesos. Their maturity has continued to increase. As you can see in the upper right corner, their average maturity increased from 4.5 years in the last quarter to 5 years. It should be noted that when contrasting this with the cost, as shown in the lower left corner, the average CDs cost was reduced from 8.2% to 7.5%. When comparing these figures to the average of the money market taking as a reference the Central Bank's intervention rate, despite having increased the average maturity term by six months, the corporation is still able to obtain resources at Central Bank's rate plus 200 basis points, which is excellent.

On the other hand, in the same lower left graph, we can see the average savings collection cost, which went from 7.1% to 5.7%. Taking as a reference the Central Bank's rate, it has improved from Central Bank's rate plus 54 basis points to Central Bank's rate plus 22 basis points, which highlights the corporation's strength and recognition in the Colombian money market.

Mr. Gustavo Ramírez will take the floor now.

Gustavo Ramírez: Juan Carlos, thank you. Good morning everyone. We will now present a brief summary of the performance of our investments in the real and financial sector by using the format seen in recent calls. Before we start, as a general message we want to say that although our investments have experienced an economic slowdown over the year, the third quarter seems to experience a breaking point. We will see that some indicators of economic activity such as traffic on the roads and hotel occupancy continue to have lower levels than last year, but they have improved in the third quarter with respect to the first two quarters of this year. This has been reflected in the results of our investments in this period, so it is important to take a look at the last three months of the year to see if that recovery is consolidated and to determine if we can say we have left the low economic cycle behind.

On page 14 we see a figure that is very important to us: the dividends obtained by our investments. You can see their evolution in recent years. For 2017, these dividends amount to 343,000 million pesos. Some features are worth emphasizing. First, dividends coming from the energy sector have gained importance. Of course, the main dividend contributor for the corporation is Promigas, followed by Empresa de Energía de Bogotá. We can also see the contribution of dividends from the infrastructure sector, where today the largest dividend contributor is our investment in PISA. As you know, this is our most mature concession and it still has several years of operation.

The other sectors generate smaller contributions, like 15,000 million coming from the financial sector. In this period, just as in recent years, the hotel sector has not paid any

dividends, basically because as you know Hoteles Estelar is experiencing an investment period and it has used its profits to finance its growth. The other sectors have decreed dividends worth 6,100 million pesos this year.

On page 15 we have sectorial behavior, starting with the energy and gas sector. As usual, we first show you the figures of the quarterly consolidated assets compared with those of the same quarter last year. In September 2017 this figure amounted to 9.5 trillion pesos, growing almost 20% with respect to a year earlier. The main increase is in Promigas, mainly due to the start of the SPEC regasification plant.

In terms of results, we want to show you our consolidated EBITDA. There are two figures here: one, the consolidated EBITDA for the quarter compared to the previous year. We also show the cumulative EBITDA for the whole year as of September 2017 compared to the previous figure. As we can see, in the third quarter the EBITDA rose 20% from 309,000 million to 374,000, while in the accumulated of the year this increase was 14% reaching 1,096 billion pesos in 2017. This shows what we already know: Promigas has a constant, continuous growth, which allows us to foresee a solid panorama.

As for actual business figures, in the transport area the transported volume is a little lower than last year. As we have explained several times, this happened because last year, especially until July, there was high thermal generation due to the dry periods caused by El Niño phenomenon, something that did not occur this year, so thermal demand this year was lower than in 2016 and therefore the transported volume was also lower. This can be seen in that graph in relation to the Promigas volumes. It is a seasonality of the business. In the distribution business, these tables show us the volumes, as Promigas' distribution centers have sold and increased, and the number of users. User growth remains solid, almost at 10%, increasing from 3,600,000 users in September 2016 to 3,900,000 total users in September 2017.

Turning to page 16, we can see the important figures of our investments in the infrastructure sector. Consolidated assets decreased 1.8%, closing at 3,5trillionpesos. Two important facts are worth mentioning. In Episol, which currently is our main infrastructure investment and consolidates mostly 4G investments, assets went from 1 ,942 billion to 2.2 trillion pesos, as a result of two effects. A negative effect was the deterioration made in December to our Ruta del Sol investment for over 100,000 million pesos, which was offset by the investments we made during this period in 4G concessions, so the amount of the consolidated assets increased in that amount in the net.

The investment whose asset level is falling is Epiandes, which decreased from 894,000 million to 509,000. As you know, Epiandes consolidates our investment in Coviandes, which is a concession that is ending. We estimate that this concession must end during the first semester of 2019. At that moment, our investment in that concession must be zero, so

as that moment approaches that asset value should diminish. That is the basic reason that explains the change in our consolidated assets in the infrastructure sector.

In the results section, the bars show our performance in the third quarter of 2017 in comparison with the same period of 2016 and the accumulated figures YTD as of September. We see a reduction in both of them and it can be explained by two factors. The main one is that in 2016 we had the Ruta del Sol concession results. As we have mentioned several times this year, it has not been accounted for since January. That explains Episol's lower performance. On the other hand, we are seeing lower results in Epiandes as it comes to an end.

In the chart below you can see the figures of the infrastructure business. It includes a figure that is very important for us: road traffic through our tolls. Today we have six concessions in operation, which are listed there. As we can see, in the third quarter average daily traffic rose from 111,000 cars a day to 114,000 cars a day. This implies a 2.6% increase from quarter to quarter. If we compare the accumulated nine months of 2017 to the accumulated nine months of 2016, this increase is 2.2%. As you may remember, the figures we showed you in the first quarter were even lower. What we are seeing, as I mentioned before, is a gradual recovery of traffic on our roads, which is usually a good indicator and predictor of economic activity. Obviously that requires an analysis by categories and areas, but in general we can see that traffic performance has improved in the third quarter.

On page 17 we have some information about our 4G concessions. I would like to mention some relevant aspects and will mention them according to progress level. We have mentioned before that our most advanced 4G concession is Concesionaria Vial Andina, Coviandina. It is already being executed, several tunnels have been excavated and no major difficulties have arisen there. All the designs have already been approved and they are being executed. We have no license problems and we have over 90% of property availability.

Next, I would like to talk about Concesionaria Vial de Oriente, Covioriente. It serves the section between Villavicencio and Yopal. Perhaps the most relevant aspect is that the concession took a credit for 550 million dollars. The financial closing to execute the works was obtained with Grupo Aval Limited for 550 million dollars. The first disbursement was made for a little over 100 million dollars.

Then we have Covipacífico, whose initial construction continues. We hope the construction initiation letter is signed in the following weeks. Before that, the ancillary claim must be signed with the ANI. We are already working on that. Finally, the most delayed concession is Covimar, which serves the Valle del Cauca section between Mulaló and Loboguerrero. As we mentioned in the last call, the process with the Mulaló community has already been closed, which was probably the most important milestone for obtaining environmental licenses. We are now in the process of getting those environmental licenses. Given the

length of the process with the communities, it was unclear what procedure had to be followed to get the environmental license, whether the former or the new one. The ANLA decided that it was the previous one. This implies that completing the environmental license process may take a little longer, but we should not have any difficulties.

The investment and equity figures of the 4G projects were included below. So far, the equity contribution that the corporation has to make for these four projects amounts to 2.46 trillion pesos. From that amount, to date we have invested 650,000 million pesos. As you may remember, these contributions are planned to be done until 2021 or 2022 in a gradual manner. This, plus the debt acquired by the concessions, is used for the Capex in the construction works, which is a figure that we update constantly. Our last estimate of the Capex value is 7.6 trillion pesos. If you compare that with what we have shown you in previous calls, it is a bit lower. As I mentioned in a previous call, this value starts at the estimated value that we use to make offers for each tender and as the projects progress, especially during design, it is adjusted. In our case, it has had a down trend to the extent that risks are overcome or more accurate designs are developed. Therefore, today our best estimate of the total Capex is 7.6 trillion pesos.

Turning to the hotel sector, the consolidated assets of our investments in this sector reached 855,000 million pesos, growing 10% compared to a year ago. As we have mentioned, this sector has been affected and we have felt the economic slowdown. However, as the EBITDA figures show, the third quarter was better than the rest of the year. If we compare the third quarter of 2017 against the third quarter of 2016, there was a 6.3% decrease. If we take a look at the accumulated of the year, there is a 17% reduction. This shows a rebound in the third quarter of the year, which is confirmed by the figures shown at the bottom of the slide. Occupancy at Estelar hotels reached 61% in the third quarter, rising two points with respect to that of the previous year. If we measure it by an indicator of real activity, which is the number of rooms sold during the quarter, it grew 16% with respect to the previous year, standing at 167,000 rooms sold. Estelar is still in an expansion period, as we have seen. Last year, an important milestone was the entry into operation of the Cartagena hotel. This year we are finishing a new hotel in Medellín. We show you some figures about that hotel, which we hope starts operations in the first quarter of next year.

On page 19 we show you the agribusiness and financial sectors. In the agribusiness sector, consolidated assets increased 7%, reaching 947,000 million pesos. This has been a complicated year for the agricultural sector, especially in the case of Pajonales, where the main product is rice. Rice prices have been down all this year, as shown by the numbers. Comparing this quarter to the same period last year, EBITDA was reduced by 57%. If we compare the accumulated to September it has decreased 68%. We can see a slight recovery in this sector.

Finally, in the financial sector the results, expressed here as operating income, fell in the quarter. That fall was experienced because last year we had an extraordinary income in the

fiduciary amounting to 7.9 trillion. In the accumulated figures, the trend we have shown you throughout the year continues. Our investments in the financial sector have performed better than last year. The accumulated figures as of September have grown 38% with respect to 2016. This was our summary about the performance of the investments. If you want to ask any questions, we are ready to answer them.

Operator: Thank you. Our question and answer session will begin now. If you have a question, please press * 1 on your phone. If you want to withdraw from the waiting list, please press the # key. Please limit yourselves to two questions. You can also submit your questions via webcast. We will first answer the questions asked on the phone and then those coming from the web.

Remember, if you have any questions, please press * 1.

Estefanía Mosquera, from Credicorp Capital, is on the line. Please go ahead.

Estefanía Mosquera: Good morning. Thank you for the presentation. I would like to know if the corporation is interested in purchasing an additional percentage at Promigas.

Bernardo Noreña: Thanks. We are constantly analyzing new market opportunities. It is a fact that our investment in Promigas has been very good for the Corporation when analyzing its performance historically. To be honest, we have considered that opportunity, but no decisions have been made.

Estefanía Mosquera: Ok, thanks.

Operator: Thank you. Again, if you have any questions, please press * 1.

We do not have any other questions. I give the floor to Mr. Bernardo Noreña Ocampo for final comments.

Bernardo Noreña: Thank you very much. As usual, we are open to solve any concerns that may arise. We have also published the full report on the corporation's performance. We have been doing it for some time now and it is aligned with our intention to provide clear, detailed information to the market. Just to wrap up, Corficolombiana has investments in the infrastructure sector. These investments will start to give positive results at a certain point. Regarding the rest of Corficolombiana's investments, as Gustavo said, we are experiencing a breaking point but we expect to see positive results. Thank you very much everyone for participating and we are available if you have any other question. Thank you very much.

Operator: Thank you. That concludes today's conference. If you want to listen to it again, it will be available at www.corficolombiana.com soon. Thanks for participating. You may disconnect.