

**Main speaker:** Sound equipment

Thank you very much for being here. Sorry for the delay, we would have liked to start earlier, but well.

Results for September 2016.

On the table I want to introduce Adriana Gonzalez; Adriana Gonzalez is the new person in charge of investor relations at the corporation. Adriana is going to report directly to me and we want to give special importance to the area of investor relations and the corporation's presentations. We understand that given that the corporation has an important float, it is something that is also important for us and we want that relationship to be much more fluid. So welcome Adriana, Adriana has just joined the corporation, she comes from Transmilenio and previously worked with the Inter-American Development Bank, in Colombia and abroad.

We already know Juan Carlos Paez. Juan Carlos is the executive vice president in charge of the administrative and financial areas of the corporation and Gustavo Ramirez who is our vice president of investments, and we bring him basically so that if there is a difficult question... well he is here to answer it... then thank you very much for being here.

Let us then get down to business. The agenda is relatively short, these are the interim financial statements as of September 2016, we will review briefly the investment portfolio and the new developments in the investment portfolio and at the end we will look at the stock performance which you probably already know better than we do.

Here we have the balance sheet as of September 2016 compared to the balance sheet as of September 2015. I have to clarify that this 2015 balance does not follow IAS 27, while the balance as of September 2016 follows that standard, and therefore there is an accounting difference. We have restated the balance sheet as of December 2015, which we showed at the last meeting, but we have not restated it as of September 2015 so we did not want to show numbers that are not restated and properly accounted for, and therefore the comparison becomes a bit difficult. As you can see the equity of the corporation went from COP 3.9 trillion to COP 2.9 trillion pesos and the impact, if you remember from the last meeting, is mainly explained by the way we register our investment in Promigas. When applying IAS 27, the revaluation account is eliminated and the value of the investment in Promigas is reduced from market to book value. Those are purely accounting changes with no impact on cash flow and that is why the investment account goes from COP 4.9 trillion to COP 4.5 trillion. Something that is also happening is that we have reduced the size of our fixed income portfolio from COP 4.3 trillion to COP 2.6 trillion. Here there are no accounting effects of any nature; this is a real reduction in the fixed income portfolio basically related to an adjustment made during this year due to the carry effect that we have in our balance. As a result of the rise in interest rates during 2015, and that is reflected in the financial statements, we ended up with a lower margin on the fixed income investments. There is a particularity: international funds entering the local bond (TES) market concentrated in the long part of the curve, which has a higher yield, pushing down the yield on the curve; as a result, as the interest rates went up our carry and our margin were reduced. In response, we unwind our portfolio to the extent it was possible and prepare ourselves for the interest rate scenario we are facing onwards. But that is the nature of that portfolio, right? Here we have a portfolio that is very short term that we take up and down according to market conditions, while the other is a portfolio basically a fixed income portfolio.

Here we show some important information, the funding of the fixed income portfolio has an average term of 2.6 years while the funding of the equity investments portfolio has an average term of 4.2 years and those are variables we are starting to monitor closely. The average cost of funding with CDTs, which is basically the only instrument we use to raise funds from the public,

although we clearly use other instruments to fund the portfolio of TES, but the average cost of funding with CDTs is 9.6%. I believe in the last meeting we showed that Fitch confirmed the AAA rating and the BBB international rating.

This is basically the distribution of our equity portfolio at book value. It is important to highlight here that it is a diversified portfolio; we are invested in 5 or 6 sectors and in the future is desirable to maintain that diversification. We are often asked whether we are going to focus on these two sectors, these are clearly two important sectors where we are investing and growing, but the idea is to maintain the diversification in Corficolombiana's portfolio.

Here we have the financial results of the corporation. Again we have an accounting effect, therefore 3Q15 results are not strictly comparable with 3Q16 results and of course the results for the nine months ended 30 September 2016 (3Q16 YTD) are not comparable either. The YoY differences are basically the following and I point them out because I think it is important: in the treasury margin we see the impact of the measures taken in the third quarter of 2016, the decrease in margin and negative carry seen in part of the investments of the corporation since 2015 were reversed in third quarter 2016. In the YTD results you see that as of September 2015 there was a greater treasury profit because the reduction in the margins did not occur until that quarter, before that there was a positive situation and that is reflected in the 3Q15 YTD results, as despite the significant loss in the third quarter of 2015, 3Q15 YTD results are better than 3Q16 YTD. There are no differences in net commissions, this basically reflects our investment banking business where we continue working on the financing of different roads. On the contrary, there is an important difference in the result of investments, but again it is merely an accounting effect. The income under the equity method increases from COP 190 billion to COP 451 billion while other revenue, where dividends are recorded, fell from COP 308 billion to COP 40 billion. Going forward we will be following the equity method, therefore the results would be seen in this income statement line. In addition, in 2015, when the conversion took place, we recorded an extraordinary income of COP 143 billion as the Financial Superintendence allowed financial institutions to make kind of a double registration. In that year the Financial Superintendence allowed to account for the dividend income, which today under IFRS is not recorded in the income statement but basically decreases the assets account, and simultaneously the equity method. To make this reasonably comparable, one would have to subtract COP 143 billion from the 3Q15 YTD net income and that would represent a growth in operating profit of 23% and a growth in total net income of around 17%, this cannot be seen in the financial statements as some reconciliations must be made to arrive to that number and for that reason we do not show it in this graph. What is important is that the solvency ratio is improving, basically due to the decrease of our fixed income portfolio, and that we are maintaining our ROE.

Here we show the return on our equity investment portfolio, this is not an accounting but a financial analysis. We multiply the net income of each one of the investments by our share in that company, and that is what adds to COP 511 billion. This is not completely reflected in our financial statements because, for example the investment in Empresa de Energía de Bogotá (EEB), where we own 3.5%, that profit is not registered in the Corporation using the equity method but we record the dividends received. This is a financial calculation more than an accounting calculation, but we show it here so you can start analyzing the investments of the corporation.

Let's now look at the investment portfolio. To remind you of the most significant investments of the corporation: in the energy sector, the most important investment is of course Promigas, the 3.6% we have in EEB and the investments in Gas Natural and Gascop. We have an investment in Peru through Promigas, which is the investment in Calidda that is an important investment for them, where we are partners with the EEB. Infrastructure basically comprises all the companies that own concessions. The two most important are Episol and Concecol, which are the companies through which we participate in the concessions and the construction companies of Ruta del Sol

and the 4G concessions. Agroindustry includes the companies Unipalma, Pajonales and Valora, which are basically the investments in agribusiness. Hotels includes Estelar and it is the most organized sector because it comprises a single company. Finally, what we have in the financial sector, Leasing Corficolombiana, Fiduciaria Corficolombiana and Banco Corficolombiana Panama.

Well, what we have done here in terms of profits is, again, not to look at the purely accounting aspect but at the participation of Corficolombiana in each company and our stake in their net income, not necessarily the accounting effect. To look at the value of the portfolio, in that case we have to look at the value of the portfolio in the balance sheet of Corficolombiana. So in the energy and gas sector we are seeing a growth in the net income of these companies from COP 178 billion to COP 269 billion. Again, this is the share of Corficolombiana in those companies, Promigas is a company that clearly has more than twice this net income in which we do not participate. We have again the book value in the value of the portfolio, but this begins to give an idea of the return on book value, this is not a return on the investment but a return on book value, where we have COP 2 trillion in book value of our investment with a return of COP 269 billion pesos as of September of this year. We clearly see an interesting growth in that investment.

Some developments related with Promigas, and later we will talk a little bit more about Sociedad Portuaria del Callao (SEPC) as that project was already completed and inaugurated on Friday in Cartagena with the presence of the Colombian president. The first ship with liquefied gas arrived, which is the ship we employed to commission the re-gasification plant. The plant has to be tested and that first ship was brought to evidence that the plant is working properly. A technical cooling process of the re-gasification ship and I'll show you a little bit more later.

Here I want to show the number of customers in the gas distribution business. We are reaching 3.6 million users, with this breakdown. One company worth looking at is Calidda, our distribution business in Peru, that is clearly growing at a faster rate compared to the other companies given that residential gas penetration in Peru is still low compared to Colombia, and therefore experiences a more accelerated growth.

Let's move to the next one. This is SPEC's business. What you see here is the re-gasification ship with a capacity of 400 million cubic feet per day and that ship will stay there for the next 10 years and maybe more if we decide to exercise the option to extend the contract. It is there basically waiting for this second ship, which is the one that brings the gas when the companies of the thermal group so require it; so Celsia and Candelaria send the gas, inform us that it was sent and instruct us to re-gasify and send it back; and that is what the SPEC project is about. We have a contract with this thermal group worth USD 82 million per year and we rent this ship to have the infrastructure required to re-gasify for a costs of USD 48 million a year. This picture shows when the first ship to re-gasify arrived; this ship carries about 150 thousand cubic meters of liquefied gas that is transferred in liquid form to the other ship that re-gasifies and injects it in the pipe and sends it to the Cartagena station to be distributed to each one of the thermal plants as they demand it. Somehow it provides backup gas supply to the thermal system, so if El Niño phenomenon were to happen again this gas can be brought to operate the generation plants.

**Audience:** One question, you're going to have revenues of USD 83 million a year and the leasing cost is going to be USD 49 million. Are there any other expenses associated, it's just to get an idea of how the flow would be.

**Main speaker:** There are other associated revenues, there is a small fee when the boat arrives, I do not remember the amount Gustavo, but it is a small fee for each million cubic foot of gas we are re-gasifying.

**Audience:** The first year of that contract is next year?

**Main speaker:** Yes, is going to be next year. This ship arrived around November 5th, the liquefied gas was loaded onto the other ship and is in the process of re-gasifying and distributing it through the pipe.

So let's talk about infrastructure. Here we are presenting the value of the infrastructure portfolio and it clearly shows a significant increase in the investment in infrastructure that corresponds to Ruta del Sol, where we continue investing, and the 4G concessions; and we can also see an important increase in profits. Here we list the different concessions we have, some of them very old, and the date of termination of that contract. Bogota-Villavicencio that ends in 2019, but will basically connect with the next concession that is the concession of Coviandina; if you remember, the Bogota-Villavicencio road has about 100 kilometers and is divided into three sections, we have the entire road which is this, which is Coviandes, then we have a project to construct the second lane on the second stretch, and Coviandina, which is a private 4G initiative, is the construction of the second lane on the third stretch and I will show you later how we are in that respect.

**Audience:** The second lane on the second stretch until what year goes? until 2023?

**Second speaker:** The term is variable as it depends on the traffic, if the traffic falls then term is extended, if the traffic grows it is reduced; we estimate that it will be completed in 2019 as is shown there.

**Main speaker:** By 2019 we would be paid for the entire second lane on the second stretch; and the toll revenue, as it is a private initiative, will then finance the second road on the third stretch. That second lane was inaugurated a couple of months ago, where you can see the tunnels and bridges we have built, it has the longest tunnel in Latin America with 4 kilometers and, not because Corficolombiana is the owner, but the truth is that it is an absolutely spectacular tunnel; you drive through it and you think you are in a tunnel in Switzerland, this tunnel was very well constructed.

The other concessions: Bogota-Facatativa-Los Alpes, which would be completed in 2024; Pisa-Buga-La Paila, which would be completed in 2033; Ruta del Sol, this is the concession that we have with Odebrecht, Puerto Salgar-San Roque and the detour Ocaña-Gamarra, it is around 59% complete, the detour has less progress because it started later; and then we have Los Alpes-Villeta-Gambao, which was 86% complete and the concession would end in the year 2035.

The table on the top shows the 4G projects, which are the ones in which we are investing a very important amount of money; the total investment amounts to COP 9.2 trillion and the equity that corresponds to Corficolombiana is basically COP 800 billion. What is the status of those 4G roads: this is our stake, we do not hold 100% in all of them, if you remember in Covipacifico we have a 49.9% stake and the remaining is held by Iridium ACS of Spain, which is our partner in both the concession and the constructor, and the private equity fund SK also holds a stake that if I remember correctly is like 10%.

**Second speaker:** 10.1%

**Main speaker:** 10.1%. In the other concession that is Covimar, which is the Mulalo-Guerrero road, we have a 60% stake.

Here we show the kilometers of each one of those roads and the status of environmental licensing and prior consultations: in Pacifico 1 we have already completed the consultations; it is the same case for Chirajara-Villavicencio, which is Coviandina, again the second lane on the third stretch; Concesion Vial del Oriente does not require prior consultations; and the one that has been a little more delayed is Covimar, basically prior consultations with the community of Mulalo, there have been some delays there and that has delayed the beginning of the construction.

Here is the data on land acquisition and final designs. On financial closing, and here we refer to the definitive closing for the entire project because, if you remember, the ANI closing corresponds to the first functional unit and requires demonstration of financing for that first functional unit; here financial closing refers to the definitive financial closing for the entire project, not only for the first functional unit. Concesionaria Vial del Pacifico or Covipacifico reached that financial closing; we are about to start banks roadshow of Covimar, this is the one that is a little bit more delayed, so we expect to complete the process in the second quarter of 2017 and the beginning of construction will probably take place in the third quarter of 2017, depending on the speed at which we can negotiate with the community of Mulalo. In Concesionaria Vial Andina we believe we will reach final close in the first quarter of 2017 and some preliminary construction works are already underway because it is important to start working, but we have the equity contributions or bridge loans to be able to start. Concesionaria Vial de Oriente has a USD 100 million bridge loan and we are about to close with banks; in this project the closing should also take place in the first quarter of 2017 and have actually found a great deal of interest from international banks, we have received offers from 19 international banks to finance that project and what we want to achieve is to use the largest amount of international financing that is somehow hedged with the dollars to be paid by the government to avoid any exchange rate risk. I had already shown this figure last time and I mention it at the beginning of this slide, this is the total investment that we will make in the 4G concessions.

**Audience:** In the previous slide, why the equity contributions are so different to those you showed us the last time, they were COP 2.3 trillion right?

**Second speaker:** The total equity contributions, which is what we showed last time, is COP 2.3 trillion and this is what we have invested up to September.

**Main speaker:** it was my mistake, sorry, you're absolutely right.

**Audience:** Could you give us an update about Mulalo-Guerrero, what is really going on there and what are the communities demanding, as it has delayed the execution.

**Main speaker:** Yes, when this road was awarded in concession the community of Mulalo basically said I do not want to discuss this project, I want to discuss a previous project that the government had shown me; therefore the discussion was delayed because we argued that we should be discussing this project and not the previous one that in reality does not exist because the ANI decided not to pursue it. That process was taken to the constitutional court, so there was a delay because they said I'm not going to discuss this project and went to the constitutional court to say let's discuss the other project; and that took a long time. The constitutional court decided in their favor, declaring that we should discuss the project that does not exist, so that process took us a long time. Finally, the community was convinced this is the project they should discuss; not only because it was the awarded project, but because it is a better project than the previous one. That has been basically the delay.

**Audience:** But that has already been solved?

**Main speaker:** It is being solved, the final agreement has not being reached, Gustavo...

**Second speaker:** But the consultation process on our project is already underway and should be completed by February, so it's already ongoing and the big argument that Bernardo mentioned is already over and now we're in the point we should have been a year earlier, discussing the correct project.

**Main speaker:** The only impact for us is the delay in the start of the project; it does not generate any additional costs, until this process is concluded we don't have to sign the act that begins the execution of the works, we do not have any commitment other than this. The issue of the negotiation with the community is so notorious that the ANI acknowledges that we cannot start the works until we end this consultation.

**Audience:** Good morning, I have two questions: the first with respect to Pacifico 1, I want to know if all the issues with Invias have been solved and if the construction has already begun? And the other question is, going back to the SPEC project I would like to know the holding structure of the other 49%. I understand that are private equity funds but I am interested in who is behind those funds? Please.

**Second speaker:** The other 49% of SPEC is held by a single private equity fund that has Chilean and Colombian investors. Initially there were two, but in the end they came together and today is a single fund.

**Audience:** Is it called Baru?

**Second speaker:** Yes, Baru Investment.

**Audience:** and the thermal plants are also investors?

**Second speaker:** As far as we understand, some of the thermal plant shareholders are also investors in this private equity fund; not the thermal plants directly but some of their shareholders.

**Main speaker:** What was the other question?

**Audience:** Pacifico 1.

**Main speaker:** Ok, there are some agreements, a memorandum of understanding with the ANI including several points, a toll of Ancon sur that was a relatively ineffective toll because people could bypass it by going into the town, in the end we agreed to remove it, that does not have a significant effect on the cash flow; there was a construction work that Invias was supposed to execute but did not have the money to accomplish; modified the way in which the functional units were going to be executed in order to allow connecting the roads, the problem was that Invias had the obligation to make a connection that left us a difference of 14 meters between one road and the other, that was already solved, the functional units were changed, that I believe has no material effect regarding the rights to collect tolls and when they are paid but clearly have an agreement with the ANI, but we have to show that agreement with the ANI to the banks because it has an effect on the cash flow of the project, not very large. In Pacifico 1 there are 4 international banks and 2 local banks, including a bank from Grupo Aval and Davivienda. We do not anticipate a problem with the addendum, but what we could not do was to sign the addendum without consulting the banks and we are in that process and that is why we have a memorandum of understanding with the ANI, but all the problems and the differences have already been solved.

**Audience:** I have a question about Mulalo. In particular about the design, is there any possibility that, given that there is no specific agreement with the communities, they could ask for a redesign, that it does not go through here but through there, that it should be more similar to the previous road, is there any possibility of that?

**Second speaker:** No, No. As these projects generally work when they are awarded, there is a layout, it is not yet a design, part of what needs to be done in all projects, in the pre-construction stage, is to carry out the environmental processes that include, when necessary, consultations with

communities, both with respect to environmental issues and the definition with communities, are used as input to define the final designs in all projects. So no, no project starts with the final design, all of them begin with a general layout that is specified in the final designs as a result of the environmental and community process, so in this process we are in that. Knowing already that the discussion with Mulalo is about the layout of this project, what happened before is that they wanted a project with another layout, that is a very different thing to our project and let's say that discussion is over and we are in a normal consultation about the layout of our project, so that will obviously define the specific designs but within the normal margin of any project.

**Main speaker:** Very well, in the hospitality business, Estelar hotel, remember that Estelar has 31 hotels and has 3,900, a little more than 3,900 rooms in 3 countries, including Peru, Panama and Colombia, these numbers that you see here show that the profit of Estelar is a little lower than that of September 2015, here what we have is the effect of the indebtedness incurred to build the hotel Estelar in Cartagena, so when having the debt but the hotel not being operating, the profit tends to go down. The hotel was opened, it started to operate in August this year, we inaugurated it on Friday and occupancy is quite, quite good, we are very optimistic of what can happen with that hotel that, as the occupation begins to rise the profits of Estelar will of course increase.

Let's continue with the next one, these are a little more details about the hotel, the hotel has 51 floors, it is the tallest building in Cartagena and is the highest in Colombia in operation, it will be only surpassed by the Bacata building when it is finished, but for now this is still the tallest building in Colombia. It is interesting because the lobby of this hotel is on the 15th floor, the pool is on the 12th floor, the view over Cartagena and over the sea the absolutely spectacular, all rooms have a view over the sea, which is also very beautiful, there are 318 standard rooms and 20 junior suites.

In agribusiness, basically here again there is the effect of IAS 27, profits are growing, there are basically 25 thousand, how much does this add up to? Twenty thousand, like thirty thousand hectares available between planted land and land available to be planted. This is the rubber plantation and this is the processing of rubber, what we do there is to collect the rubber, process it, build rubber bricks that are sold to tire companies in Colombia. These are the other sectors, where basically we have Mineros and Tesicol. In the financial sector and this is basically the reason why the profits in the financial sector has fallen, the Leasing has had a large portfolio provisions that have produced losses for the company in June of this year, but basically it is an issue that is being taken care of, for the company to produce profits again, but it does not have a significant impact for the whole corporation, if you look at here these are 20 billion pesos in a total profits of almost 500 billion pesos a year, in a normal year. Very well, that is the presentation, the important thing is that you get to know it, as in the last time we will gladly answer any additional questions, I see that there are several.

**Audience:** Well, good morning, I would like to ask, considering that EEB has already approved the sale of its non-strategic assets, we asked this last quarter but since it was approved we want to ask you again to know If you are interested in the share sold by EEB in Promigas, and secondly, I would like to understand a little better the business of the re-gasification plant, a little bit better, the structure of revenues, its cost structure, if you could explain us a little better how does this business work and the relationship with the companies, with Celsia which has the contract.

**Main speaker:** In the case of Promigas, clearly, Promigas has been a very good business for us, it is a company with an interesting investment, we have not started to make a decision but it is a company that clearly yields some results that have been very good, whether we will buy or not, I do think we will cross that bridge when we get to it, but we have not yet arrived, this is going to take some time while the district passes its law 226, that requires law 226 and we have to see what is left after law 226, so we think that in February next year we will begin to consider if it is something that interests us. In the case of Spec, Gustavo.

**Second speaker:** Yes, basically the origin and the rationale of the investment in Spec is the following: as you know the consumption of natural gas in Colombia, it is basically intended to 3 uses, residential, vehicular and industrial use, and there is a fourth use and these are say normal uses that are more or less stable with slight variations over time. However, there is a fourth use of natural gas that is quite volatile, its use to generate electricity, an important part of the Colombian thermal generation facilities is fueled with gas, the problem of gas consumption is that, as mentioned, it is sporadic because the thermal electricity generating plants are not always operating, power consumption is mainly supplied with hydroelectric plants and thermal plants are only secondary in said consumption, in the production of power. Upon El Niño phenomena when hydraulic plants do not have sufficient power generation capacity, as it happened at the beginning of this year, then it is necessary to turn on the thermal plants and this is when thermal plants demand gas, as it was the case this year, if the local production of gas is not enough, as it happened this year, thermal plants may not meet the demand for gas and eventually what almost happens this year may occur, which is rationing. The purpose of this infrastructure is to prevent that from happening, why, because it is an infrastructure that is available to supply gas when necessary and this gas does not come from local production but it is imported, and at international level gas is not traded through pipes in general but through liquefied gas, it is transported on those boats that we saw in the photograph. So what this plant does is to be available when it is needed, when thermal plants sporadically demand gas that should be in times of El Niño or when some other event happens, a boat is brought with liquid gas and our plant gasifies it and injects it into the system, that is the rationale of the business. What is the Spec business about, fundamentally for the construction of this infrastructure to have it available, that is the reason why receives a *Take-or-Pay* from thermal plants, that is a fixed monthly payment that in a year amounts to the 82 million dollars shown there, whether the gas is consumed or not, it is a *Take-or-Pay* to have the infrastructure available. In addition, when gas is consumed, i.e. when a ship arrives and gas is gasified, a variable rate per gasified cubic foot is charged to supply the variable expenses at that time, but the fixed charge is only received during normal times, let's say it's those 82 millions of dollars. That is the base business and so it is designed and so is the investment on Spec remunerated. Furthermore, that available infrastructure allows bringing gas for other uses other than for thermal generation, the infrastructure is available, if thermal plants are not using the plant because they do not need the gas, gas can be brought for other uses, that is an upside of the business, that would allow the use of that infrastructure, that is the Spec business in general terms.

**Main speaker:** Just to explain a point that is very important, our business is to have the infrastructure available, when thermal plants need gas they buy the gas and send it to us and our function is to re-gasify that gas, but Promigas does not import gas. In the additional business, that would be something in which Promigas can participate, it imports liquefied gas for uses other than the uses of the thermal plants, but that has to be discussed with the thermal plants because they are paying, they are paying Promigas for having that infrastructure available and it must be available when they need it.

**Audience:** A little explanation if you may. When the ship arrives at the port and the process is carried out, you say that the gas is injected into the system, is that done through a gas pipeline?

**Main speaker:** Yes, basically, the liquefied gas comes from the ship, this particular ship came from Trinidad and Tobago with liquefied gas, it approaches this, which is the re-gasification unit, here there are 3 units, in this unit large there are 5 re-gasification units, each with a capacity of 100 million cubic feet per day, 4 are used, then the capacity is 400 million cubic feet per day, so the liquefied gas is re-gasified and injected into a pipe that connects from here to the land, to this dock, and this dock has 700 meters, there is where the pipe goes, and then there is a unit that basically injects it into the pipe that connects with La Heroica station, I think it is called La Heroica in Cartagena.

**Second speaker:** Yes, La Heroica.

**Main speaker:** Then it is injected into the gas distribution pipe so if the thermal plants need it, we take it to each one of the thermal plants.

**Audience:** I have a question, maybe I am mistaken about it, the crisis that took place in the thermal sector was also because of the lack of infrastructure for the transportation of gas, here we are talking about 400 million cubic feet, is the infrastructure sufficient to transport that amount of gas?

**Second speaker:** Yes, in fact the crisis at the beginning of this year was mainly due to a lack of gas supply, not lack of transportation, there are areas of the country that have transport limitations but the bulk of the crisis was due to the supply of gas. What was created here is a new source of gas that previously did not exist, before it was impossible in Colombia to bring imported gas because the ship arrived and there was no way to gasify it and inject it, now this creates that possibility, obviously as you say it is not only needed to have the gas but to have the capacity to transport it, but that is why it is brought to the existing pipe of Promigas, which has sufficient capacity to transport it.

**Audience:** Could you tell us a little more about the business that was recently announced with Canacol on the expansion of 100 million cubic feet, is it very significant for you or not.

**Second speaker:** Can we put the previous map, that one. As you know in Colombia the main gas field is located in the Guajira, which is called Ballenas and Suchupa that is where gas began in Colombia and Promigas, because Promigas began basically doing what is called the coast trunk gas pipeline that goes along the whole coast to distribute that gas from the Guajira. Later the Cusiana field appeared in the 90s, it is an oil but also a gas field, it was when it was possible to bring gas into the country and additionally a gas pipeline was created to bring gas from the Guajira inland, which corresponds to TGI, so basically what TGI does is to bring gas from the Guajira inland and from Cusiana inland and what Promigas does is to transport the gas from the Guajira to the rest of the coast. Gas fields have recently appeared in the south of Cordoba that are basically those of Canacol, Hocol, Pacific, but as you see this gas pipeline was designed to transport gas from north to south and then this gas pipeline was the tail of the pipeline, it was a relatively small gas pipeline. When gas appears here, now the gas has to flow not from north to south but also from south to north, so the gas pipeline that was here, which was the tail of the gas pipeline, it did not have the capacity to transport gas, so much of the infrastructure built by Promigas, what is called south loop, has widened this part of the pipeline for it to now be able to carry gas from these new fields, and that is what Promigas has done in the last years. Canacol has continued to find more gas here, in addition to what has already done in recent years, an agreement was made to make an adequate additional expansion of the gas pipeline for it to be able to transport an additional 100 million cubic feet. So these are expansion investments in the Promigas gas pipeline as a result of the new findings in these fields, and it is where the gas production in Colombia is growing. As you know the Guajira fields are declining and new gas is appearing here at this moment. I do not know if it's clear.

**Audience:** Yes, another question regarding the re-gasification project, I would like to know what price would it reach if you take the Henry Hope international rate, would 2 or 3 dollars more be added or how much more?

**Second speaker:** As you know, today the price is historically at its lowest levels, Henry Hope is less than USD 3, 2.50, for example the gas that arrived for the commissioning of the plant came at about USD 4.50, which is even at levels very similar to local gas, it is where other business

opportunities are created because traditionally that gas came at more than 10 dollars to 15 dollars, which at that price was only profitable for thermal plants, but at levels of USD 5 it becomes very competitive for other uses.

**Audience:** Ok. I have another question regarding 4G concessions, I would like to understand how the equity commitments will be and what is the issue of bank guarantees, what are the banks demanding? I have heard some players for some projects, I do not know if for yours too, some banks are demanding some bank guarantees and to some extent very liquid guarantees for the business, so I would like to understand that a little bit more.

**Main speaker:** The equity that Corficolombiana will contribute is basically an equity that has been generated internally by the company, we see no need to do anything other than that allow the profits of the corporation to generate enough to be able to make those contributions. The case of Corficolombiana may be different from other sponsors in the market, basically because Corficolombiana is a financial institution, it has enough liquidity that others do not have, we can capture resources from the public when required, so we have that flexibility that is very important. It is an AAA issuer in the market, so what we are asked is probably different from what they ask other sponsors in the market, our discussion with banks is not whether the money that I am going to contribute needs a guarantee for that reason, the discussion with the bank is if you want me to give you a guarantee I will give the equity to you at the end, because I am giving you an absolutely liquid guarantee, in Pacifico 1 it happened that way, if you want me to give you a guarantee, I will give you the guarantee but I do not give the equity at the start but at the end of the project and that clearly increases the profitability of the process. So in that context Corficolombiana is a different sponsor, clearly we have a equity of 2.9 trillion pesos, we have the financial flexibility to go to the market to get the money, we have other businesses such as Promigas, hospitality and agribusiness that generate a cash flow that we can use to invest in roads, so the general context is very different.

**Audience:** Since we speak about that, I would like to ask again about the issue of dividends, taking into account the high Capex of Corficolombiana for the next years and now that you have just said that it will use its internally generated resources to finance it, I would like to know if we could expect a decrease in the distribution of dividends.

**Main speaker:** We have not taken that decision either, we have not made the decision not to distribute dividends, what is clear is that Corficolombiana is in a major investment process, if you have to invest 2.3 trillion pesos in the next 5 years, it is a major investment process, but it is not a decision that has been discussed or taken.

**Audience:** Does it change something that the VAT is now charged on asphalt, on the profitability of these projects?

**Main speaker:** It really does not have such a high impact, one would think so, but the asphalt layer in the total cost of the project is not such an important input. When one looks at the tax reform at present, the reduction of the income tax compensates for the increases in the VAT, which does have an impact, it is not only asphalt, there are other things that are being made, income withholding for overseas contracts, the income withholding is normally assumed by the sponsor who receives the tax-free payment, so there is an impact. We have a table that, Mr. Juan Carlos Paez, if you want we can look at it with the warning and the objective that we still do not know what the final tax reform will be like, the discussions just started yesterday or today, and just yesterday we look at the final paper and clearly anything discussed in the congress is usually modified in the discussions they have in the congress, even if they are short, so we have to wait.

**Speaker:** Keeping this table updated is a challenge and we try to synthesize the possible effects of the reform on the corporation and the affiliates that we have. You can see here, the corporation is not explicitly here but I would say that the important effect on the corporation is that associated with presumptive income, you know that our equity structure classifies us into the presumptive income category and what has been contemplated from the first projects and currently in the last document is that the tax rate will effectively go from 3 to 4, that is a 33% increase.

**Main speaker:** I heard Custodio Cabrera say no yesterday, that they would not increase it from 3 to 4, this is a target on the issue of reform, we do not know how will it be in the end.

**Speaker:** The way in which the gross equity is calculated. Liquid equity remains stable and then the only significant effect that we would have in the corporation is this that shown in this line; otherwise, the current situation was explicitly mentioned several times, which incorporates a mixed rate of the income rate and the CREE rate of 42, 43 and 34 progressively, which in our case is 39, 36, and 32, that has a positive impact not only on the affiliates but on the corporation. The income withholding, Bernardo mentioned this a moment ago, that withholding of 10% on consulting and technical services would go from 10 to 15%, that obviously, immediately, in the case of external consulting, increases the gross-up, but again these are relatively marginal impacts throughout the revenues structure of the corporation and its affiliates. We have some trade-free zones, Promigas has a small trade-free zones because much has been discussed if the tax benefits are to be reduced, that is in discussion, there are like 3 or 4 trade-free zones regimes.

**Speaker:** Yes, there is a trade-free zone that is called Zona G and Spec per se is a trade-free zone, and it would be affected in that marginal correction that will take place. Exempt income, when changing, eliminating the CREE and substitute it by income, it has a negative impact on deductions or exemptions in the hospitality sector. We are seeing some negative effects on the financial sector.

**First speaker:** That negative impact on the hospitality sector is only on new hotels.

**Speaker:** On new hotels correct.

**First speaker:** On all hotels that are finished on December 31.

**Speaker:** The historic record is respected.

**Speaker:** That's right. There was a discussion on whether the wealth tax, the third installment was to be definitively eliminated or not, definitely in the draft passed yesterday there is no explicit elimination of it and therefore we consider that will be maintained; otherwise, the VAT impacts us in the entire costs structure, going from 16 to 19, we will see the results of that, it seems that is going to be the final decision.

**First speaker:** The one on asphalt will be approved, that clearly will not be cancelled, that is related to match the competitiveness of asphalt and concrete and other things, that will be approved, but again it does not have such an impact as one would think, the expense incurred for example in the filling of the road is before the asphalt layer much higher, that does not have such a high impact.

**Speaker:** It obviously impacts the cost structure, in the proportion of this new tax on asphalt, and the other things is that it will not have the same impact on all the projects. In fact in our project where the greatest impact is on Covioriente, but in the other three the impact is quite small, and Covioriente basically because it is the longest stretch, it is 260 kilometers long, and there is where less work has to be done, while the other concessions are shorter and most of the works are comprised of tunnels and viaducts, where other inputs have a large weight, especially steel,

concrete. In Covioriente, I repeat it is 260 kilometers long and there are not so many tunnels and viaducts, so the relative weight of pavement is greater. So the effect is not as high and is not the same in all projects. Thank you.

**Audience:** As a result of that you may consider to replace asphalt by concrete?

**Speaker:** No, the asphalt component of the Villavicencio project mentioned by Gustavo is related to the geological structure of that area, so that is not being considered.

**Audience:** So according to that picture, is the tax reform positive for Corficolombiana in general?

**Speaker:** Positive

**Audience:** Continuing with the issue of the tax reform, I understand that in yesterday's paper the rate did not go to 32 but to 33%, the income rate.

**Speaker:** Nineteen?

**Speaker:** The tax rate?

**Audience:** No, the tax rate, yes for the income tax.

**Speaker:** From 32 to how much?

**Audience:** To 33, then it would go from 34 to 33, only representing a decrease of 1%, that one, to 33%, and also I understand that they are not going to make some deductions that could be done before for the amortization of goodwill, what is the impact of this, are you indifferent?

**Speaker:** For us it is indifferent. Yes, actually in that sense the effect would be even smaller; but I insist, for the corporation, as such, those are effects on the affiliates but on the corporation, its low-leverage situation classifies it under presumptive income, then the impact is on this rate, basically.

**Audience:** One last question regarding the free-trade zones, does the free-trade zone of Spec have a legal stability contract?

(...)

**Speaker:** OK, thank you.

**Speaker:** When the evaluation of the new Spec was made, it was carried out without assuming that it would be a trade-free zone, this means that the trade-free zone is an upside of the project.

**Speaker:** Well, thank you very much.