

RESULTS PRESENTATION 1Q-2020

Operator:

Welcome to Corficolombiana's first quarter 2020 earnings call. My name is Juan and I will be your operator today. At this time, all lines have been silenced. Please note that this conference is being recorded. We will have a question and answer session later. Questions will only be received through the webcast Q&A box. You can ask questions at any time during the conference.

I will now give the floor to the President of Corficolombiana, Mrs. María Lorena Gutiérrez.

María Lorena Gutiérrez:

Well, good morning to you all. Thank you, Juan.
Can you see the presentation?

Juan Carlos Páez:

Yes, we can.

María Lorena Gutiérrez:

I can't see it. I'm sorry. How can I display it?

Operator:

The slides are in the "live" box. Can you see it?

María Lorena Gutiérrez:

Yes, alright. Perfect. Good morning everyone. Thank you very much for joining Corficolombiana's 2020 first quarter earnings call. Mr. Juan Carlos Paez, Executive Vice President, and Mr. Gustavo Ramirez, Vice President of Investments, will also take part in the call.

So this is a general presentation about what happened in the first quarter of 2020 in Corficolombiana and, at the end of my presentation, on how we are dealing with the Covid-19 healthcare crisis and what we see in each of the sectors where we invest.

Then I'll give the floor to Juan Carlos Paez, who will talk about the financial results, and finally, the presentation about specific data of our investments.

So let's move on to the main figures. In consolidated terms, our assets as of the first quarter of 2020 reached COP 34.85 trillion, and in separate terms, COP 15.85 trillion. Our total equity was COP 10.28 trillion consolidated, and COP 7.96 trillion separate. Our consolidated net income was COP 433.1 billion, and in separate terms it was COP 474.8 billion. Our ROE is 20.55 in consolidated figures, and 21.96 in separate figures. And our solvency stands at 38.61% in consolidated figures, and 39.71% in separate figures.

Our consolidated EBITDA had a 46.5 margin, with an increase of 28.1% over last year. As you may see, these figures show Corficolombiana's financial stability and the good results we had during this first quarter of 2020.

Concerning the relevant facts of this quarter, as you know, our shareholders meeting was held. Dividends for COP 783 billion were approved. That is equivalent to a dividend of COP 2,640 per share for both, common and preferred shares. It is very important to mention that this dividend is 59% higher than the one paid in 2019.

Although Gustavo will refer specifically to gas and energy in Corficolombiana, concerning Promigas I would like to mention as a relevant fact that as of March 1, as we had mentioned in other earning calls, the infrastructure between Cartagena and Barranquilla finally started operation. This is very important for natural gas transport from the fields in Sucre and Córdoba. It increased transportation by 50 million cubic feet, improving the capacity all the way to Barranquilla, passing through Cartagena. As you may remember, in previous calls we talked about that this was a great milestone especially due to the crossing over the Canal del Dique.

Some relevant facts in terms of infrastructure. As we mentioned in last year's call, kilometer 58 has been working since last year when the road was opened, just like Pacífico. A very positive news was that on January 31, Coviandina delivered ahead of schedule 10.88 kilometers of new works. As you know, Coviandina works on the road between Bogota-Villavo, more specifically on the third part of the road between Chirajara and Fundadores. This reduces 15 to 20 minutes on the journey through a series of viaducts and tunnels that we announced back in January, which are very important for the results of this road.

As I mentioned in our fourth quarter 2019 earnings call, December, and surprisingly January and February 2020 were very successful for Estelar, with the highest sales in the history of the Estelar chain. The number of rooms sold grew by 10% and the occupancy rate amounted to 65%, which is 10 points higher than the average in the tourism sector in Colombia. However, as I will explain later, starting in March this sector has been severely affected by Covid-19.

How have we prepared ourselves for this Covid-19 situation? Well, first of all, our top priority was the health of our employees and their families, our customers and their suppliers in all the regions where we operate. As you know, Corficolombiana is present in more than 22 departments in the country and in several municipalities through our gas and energy sectors, hospitality, agriculture, and roads so our top priority was the protection of our community's health.

Our second was prioritize our companies' liquidity. We are not going to refer to that right now. Let me just say that the new loans taken by Promigas have been announced to the market. That was our second priority.

Our third priority is to manage service continuity by complying with all biosecurity standards. In our financial subsidiaries, Corficolombiana, Fiduciaria and Casa de Bolsa, 98% of us are working remotely, but none of the activities have been stopped. All of them are working remotely and it has worked very well. I will later talk about the other sectors.

Also, we have been working on searching for opportunities to redefine and improve our businesses. We know that we have to face this crisis, but we also see that opportunities may arise.

Before referring to each of the sectors that you see on the slide, I would like to highlight some aspects. Corficolombiana could be a good simile of a company involved in the most important sectors of the country's economy, we have discussed it several times with you who have accompanied us in results calls. Corficolombiana invests in the sectors that grow the most in the GDP, such as infrastructure, agroindustry, tourism and the financial system, so we want to give you an overview on how we see these sectors due to the economic and sanitary emergency, and also how we are facing the situation in each of the five sectors.

I am going to refer first to the general economy of the country. It is clear that we are facing a dual economic shock, not only because of the lockdown that has caused several of the country's economic activities to be suspended, but also because of the collapse of international oil prices.

Some economic projections estimated that the economy could decrease by 2.6% due to the quarantine and it was an optimistic scenario. Now, after the extensions of the lockdown, we think it could be around -5%.

We believe that the government's response has been positive, but also that more things can be done. In terms of the spending measures in general, it has been of 2.4% of the GDP. In other countries in the region such as Chile and Peru, there has been greater expenditure of the GDP to face this economic crisis. The Central Bank has provided liquidity and it has reduced its rates by 100 points. But we want to insist that public policies or the government's spending measures should increase with respect to the GDP so we could avoid unemployment.

The most affected sectors are those that will take longer to reactivate, such as restaurants, hotels, commerce, and transportation. They provide 42% of employment in the country so we estimate that the unemployment rate by June will most likely reach 18%. We are concerned because decreasing the unemployment rate is a very long-term process, and also because it may lower our social indicators and increase poverty in the country.

We are still uncertain about how social behavior will be in general terms and we believe that the economy may decrease by 5 to 6% this year 2020.

In general, and many analysts have said it, Corficolombiana's diversification is a strength in this situation because we have infrastructure, agroindustry, gas and energy, the financial sector and the hospitality sector, which means that we are not focused in one sector only.

Moving on to the five sectors in which Corficolombiana invests, in terms of infrastructure, as you know, on March 24 the national government suspended all infrastructure work, except maintenance. This situation was hard but one of the first sectors that the national government reactivated was the concessions sector, which restarted on April 13 under extreme biosecurity controls that we are now complying with on almost all roads. Pacífico is at around 90% reactivation, Coviandina at around 80%, and Covioriente at around 60%.

We are obviously complying with all of these protocols and working with the mayors because working with the community is very important.

As you know, there are no toll collections. Gustavo will refer to what is its effect during this emergency. However, the Minister of Transportation recently announced that tolls will be collected again on all national roads starting in June.

The airport sector has been, among Corficolombiana's investments, one of the most severely affected. All activities were suspended, except for cargo and some small maintenance work in Cali and Cartagena airports. However, these two concessions are very strong since they have no debts and are financially solid so we do not expect any short term effect there. The national government has said that domestic flights will resume in early July and that international flights will resume in September.

Agroindustry was one of the sectors that was excluded from the beginning because it was deemed essential, so all of our companies are still operating on a regular basis. Basically, what has happened in this sector is that freight and raw material costs have increased due to logistics.

And as far as international prices are concerned, palm and rubber have decreased a little, especially palm. But as Gustavo will later explain, we have made a commercial effort to sell, that because of the lower use of biodiesel worldwide.

The price of rice has gone up, and as you know, one of our largest companies is involved with rice cultivation.

In terms of energy and gas, Promigas and its subsidiaries both in Colombia and Peru continue to operate, especially in terms of service provision. Infrastructure was also suspended so the construction of gas pipelines stopped for three weeks, but all infrastructure work concerning the construction of gas pipelines restarted on April 13.

[off-mic] have worked on protocols [off-mic], till this moment, we have not had any person who has reported having had Covid-19, and Promigas [off-mic] has available credit for

almost COP 1 trillion. COP 800 billion were used in the first quarter to provide liquidity to all of its companies and subsidiaries.

As everyone knows, hospitality is one of the most affected by this economic emergency and the lockdown. However, the effect on Corficolombiana is not material because this business represents only 3% of our assets and revenue. Despite this, we think this is an important sector for the economy and for employment generation, as I mentioned before.

We have kept these jobs in March, April and May and we are working so that employment is not greatly impacted. We closed 25 of the 31 hotels and six hotels are open in Bogota, Barranquilla, Medellin and Peru for long stays.

Our perspective is that we will be able to gradually start reopening the hotels by July. And we have worked on having access to financing lines to provide short-term liquidity and stability to our Estelar hotel chain.

Our participation in the financial sector is basically through treasury management in Corficolombiana, Casa de Bolsa and Fiduciaria. Just as the other fiduciaries in the country, when the lockdown began in March, Fiduciaria had a decrease in mutual funds. However, it was much smaller than in the sector as a whole, with around 11% while the average was around 34%. Nevertheless, it has recovered. We already have the same level in mutual funds that we had before this crisis and good yields. Also, Casa de Bolsa has shown very good results, as well as Corficolombiana in terms of liquidity. Our CDs renewal rate is above last year's average, and we have attained in the last month resources with higher maturities, of 10, 12 and 20 years, amounting to around COP 480 billion.

That was a general overview of the first quarter, focusing on the Covid-19 crisis and our perspectives. I will now give the floor to Mr. Juan Carlos Páez to talk to about our financial results.

Juan Carlos Páez:

Thank you very much, María Lorena. Good morning everyone. Our quarterly financial statements reflect what María Lorena already described in the sense that we have financial statements progressing in line with our estimates. Our consolidated balance sheet grew 28.5% yearly and almost 10% quarterly, going from COP 31.3 trillion to COP 34.8 in the last quarter.

Something to highlight is the 40% growth of concession assets throughout the year, reaching COP 15.9 trillion. This mainly reflects the evolution of the 4G construction projects in which the Corporation is involved, as well as intangible and financial assets of our subsidiaries in the gas and energy sector.

This means that concession assets now have a 45.6% participation, very similar to year-end 2019, but much higher than one year ago, when they represented 41.9 of the total assets of the Corporation.

On the other hand, investments is another important item in our financial statements, reaching COP 6.3 trillion, growing almost 20% throughout the year and 9.3 in the quarter. We have there our subsidiaries's affiliates and the investments where we don't have a very significant participation, which we call equity instruments.

Cash and Interbank Funds reached COP 3.9 trillion. If we compare that to the previous quarter, the figure is relatively stable, growing only COP 200 billion. But is important the growth when compared to the beginning of last year when this figure was COP 3 trillion. It reflects the Corporation's position in the financial market, as well as its liquidity and that of its financial subsidiaries.

Other assets, other fixed assets and other operating assets of the subsidiaries represent 12.7% of total assets, reaching COP 4.5 trillion. There is no relevant growth or something to comment about that item.

Portfolio and accounts receivable are important figures that reflect the evolution of the gas and energy sectors. SPEC is very relevant there. But let me repeat that the structure of these financial statements is exactly the same we showed you at the end of last year. I would say that they show a very good evolution of the Corporation in the first quarter, as María Lorena showed that each business was evolving positively.

On the other hand, both Liabilities and Equity grew in line with Assets. In terms of equity, total equity grew 20% in the year and 3.2% in the quarter. Attributable equity grew 21.6 in the year and 4.8% in the quarter.

In line with the above, liabilities grew by 32% in the year, reaching COP 24.56 trillion. One year ago, it stood at COP 18.5 trillion. They grew 12% in the quarter. It is worth mentioning that our general leverage grows accordingly. In the quarter, assets grew to 9.5, liabilities grew 12%, and total equity grew 3.2%, and this is very much related to increased deposits in the past quarter and a better debt structure of financial subsidiaries during the year.

Let us remember that late last year Promigas had an issuance in the external market, improving its debt profile and thus replacing some of that debt. Last year Corficolombiana also issued a bond that also increases this liabilities account. It was a very successful issuance, part of a program of which at this time 50% is placed in the market.

I would like to emphasize the growth of other liabilities, where contract accounts are included. This reflects the evolution of 4G programs on roads. Let us remember that we must comply with what we call funding accounts. Also, debt has evolved in these concessions,

specifically Covioriente, with a dollar-denominated debt, and Covipacífico, Coviandina and Covioriente with local credits to support construction progress.

The next important item is financial obligations, which reached COP 11.1 trillion, growing 50% in the year and 15% in the quarter.

The next item we see is issued securities, which I also mentioned in my general description. We obviously have the issuance for COP 500 billion of the corporation and the successful issuance by Promigas.

On the other hand, deposits continue to be very significantly in terms of total liabilities. Last year they represented 19.5% and this quarter 19%. Corficolombiana continues to be an important player in terms of deposits in the Colombian market. Thus, this 19% participation reaches COP 4.67 trillion in the quarter, having grown 29% in the year and almost 15% in the quarter.

The other item is money market operations, which is basically related to our treasury operation and which has a 10% participation, while one year ago it represented almost 12%. This item is to be considered simultaneously with Corficolombiana's deposits, which occurs through CDs with different terms.

Concerning our income statement, net income in the quarter was COP 596 billion, almost 22% higher than one year ago and 14% higher than last quarter. Controlling net income amounted to COP 433 billion, almost 13% higher than last quarter and 2.6% higher than one year ago.

Something important in this consolidated results structure is the gross margin of the real sector, which reflects the performance of the companies in which we invest. It grows 18.5%, reaching COP 1.3 trillion compared to COP 1.1 trillion in the last quarter of 2019, as a result of the evolution of the operating revenue, but especially due to the decrease in the costs of sale in these companies.

Although operating revenue decreased by 10% in the last quarter, it increase 29% throughout the year, and the cost of sales decreased much more than operating revenues, allowing us to have that net positive result in this item.

In terms of equity method and dividends we see an important increase, COP 141 billion against COP 53 billion in the previous quarter. We obviously need to take into account the seasonality. Also, both in the first quarter of last year and in the first quarter of this year, the dividends from equity instruments and from the subsidiaries that we consolidated play an important role.

We usually receive these dividends in the first quarter and they amount to nearly COP 76 billion. The figure seen in the last quarter of 2019 corresponds mainly to the equity method of the subsidiaries of the Corporation and of the companies that we consolidate.

We see a significant evolution of the net financial expense, with a negative value of COP 350 billion compared to COP 72 billion in the previous quarter and COP 75 billion in the first quarter of last year, which is explained by: in terms of interest income the COP 72 billion is very similar to the COP 60 billion received in the last quarter of last year.

The COP 262 billion interest expense increased from COP 242 billion in the last quarter and COP 195 one year ago explained by financial obligations which are actually stable with expenses amounted to COP 120 billion one year ago, almost COP 170 billion in the previous quarter, and COP 166 billion in this quarter. Here we obviously have interest expenses from CDs and interest expenses from the financial debt of our subsidiaries and in this item, the COP 262 billion result also includes repos and amortized cost debt securities, that are available for sale. Here we had COP 96 billion versus COP 72 billion in the previous quarter, which reflects the evolution of the financial market in the first quarter of this year.

On the other hand, something significant is the other net financial income for minus COP 160 billion against COP 110 billion in the previous quarter and COP 81 billion in the first quarter of 2019. In those COP 160 billion, we have commission fees of around COP 16 billion, while last year they were around COP 13.7 billion. Other important figure is the valuation of amortized cost investments and derivatives, as well as the exchange rate. Due to exchange rate differences, we had a negative impact of COP 98 billion this quarter. Last quarter we had COP 28 billion, and in the first quarter of 2019 we had COP 12 billion. In terms of financial instruments, we have a negative result of COP 129 billion, basically related to derivative transactions. Last quarter this result was COP 53 billion and one year ago it was COP 24 billion. I think this is important in the sense that the valuation of financial instruments, is that, a valuation. Throughout the past month and this valuations have reverted. We have witnessed the evolution of the price of financial instruments, interest rates and the exchange rate in the first quarter, and that impact is reflected in those COP 350 billion.

On the other hand, in terms of personnel and general expenses, we had COP 218 billion compared to COP 277 billion in the previous quarter, due to some important reductions in costs and expenses. It has also seen some impact in hospitality.

In terms of depreciation, amortization and provisions, we went from COP 134 billion in the previous quarter and COP 127 billion in the first quarter of 2019 to COP 98 billion. Last quarter we had registered there the deterioration of some investments in some subsidiaries, something that we did not reflect this quarter because there were none. I would basically say that these depreciations are standard without any special effects on our consolidated figures.

Other revenue and expenses were COP 32 billion. Actually, in this figure there are no relevant aspects. We had operating revenues for COP 28 billion vs. COP 35 billion in the previous quarter.

Finally, net income before taxes reached COP 800 billion, almost COP 100 billion higher than in the previous quarter.

In terms of income from discontinued operation, this had to do with the liquidation of Leasing Corficolombiana that we have mentioned in previous calls.

Income tax has evolved consistently with the figures we just saw. It is COP 202 billion.

This leads us to a 20.55 return on equity this quarter vs. 35% in the last quarter. That is a very good result that obviously has effects on our equity strengthening.

Regarding the EBITDA, we saw in the previous slide that it was COP 1.3 trillion versus COP 964 billion in the previous quarter and COP 998 billion in the first quarter of 2019, growing 28%. You can also see that the infrastructure sector, just as one year ago and last quarter, has a very important participation and represents COP 744 billion.

Energy and gas had a very good performance. Last year we had COP 380 billion and last quarter we had COP 487 billion. There is no doubt that the dynamics of all sectors was very good this quarter. I would say that there are no important differences to highlight in this structure of EBITDA. Dividends and participation method and the others, I would say unchanged, and the other sectors are not as important as the first two I mentioned.

Obviously, in the financial sector it must be said that it is impacted by the evolution of Leasing and by the aspects that I mentioned in the presentation of the consolidated statements for exchange rate differences and valuation of financial instruments.

As far as funding is concerned, and specifically in our separate financial statement, the structure remains unchanged, except for the issuance of bonds last year, which we continue to show as a new element. The most important participation continues to be that of CDs, which represent 49% of total collections and which amount to COP 4.6 trillion at the end of this quarter, while they were COP 4.067 trillion in the previous quarter and COP 3.6 trillion one year ago.

Money market operations continue to be very important for the Corporation. As we have said before, our treasury is a very important actor in the institutional market, and it maintains its presence there.

On the bottom left we show the corporation's funding evolution in separate terms. We can also see the issuance of bonds with an average term of 14.6 years and a CDs average tenor of 6.9 years vs. 6.7 in the previous quarter. It continues to have an excellent performance.

The average weighted tenor of the bonds that finance real sector investments together and the bonds is 8.2 years altogether.

As far as financing costs are concerned, you can see the lower right-hand graph. We went from 7.31 in the last quarter to 7.21. Also, on average, CDs went from 6.32 to 6.24. I find this interesting vis-a-vis the growth of the average tenor and the evolution of the reference rate, which went from 4.25 to 4.22. By reference rate I refer to the IBR (*interbank rate*). On the other hand, savings accounts evolved from 4.57 to 4.61, which is a normal funding rate in the institutional market.

This balance structure, of leverage, leads to a double leverage ratio of 133%, which grows slightly from 131.9 in the last quarter, but, again, it is a solid financing structure.

That would be all about our financial statements. I will turn the call over to Gustavo Ramirez.

Maria Lorena Gutierrez:

Thank you very much, Juan Carlos. Before that, I think it is very important to talk about the evolution of each of our five sectors this first quarter 2020 and how we are doing in terms of execution. Obviously, it was a very good quarter, as we saw in the general figures shown by Juan Carlos, which I referred to at the beginning.

April was not a good month in general terms because of the lockdown, especially regarding infrastructure. Almost all economic sectors were suspended but they are now being reactivated. We expect them to pick up quickly but we know that the second quarter this year will not be very good. But in comparison to what is happening to the economy in general or to other companies, I think [off-mic] satisfactory given this crisis.

I would like to emphasize that Corficolombiana generates more than 30,000 jobs, and as I mentioned at the beginning, our greatest concern is keeping employment and the reactivation of these sectors, especially infrastructure, which is a very important driver of the country's economy and employment. Now, I will give the floor to Gustavo.

Gustavo Ramírez:

Thank you very much. Good morning everyone. Let's quickly review our investment performance during the first quarter. In general, and as we have said, the first quarter was very good. We were having good performance in general in all our companies. There was a rebound in economic activity that we measured through the results of road traffic, gas consumption, and hotel occupancy, which was even reaching historic highs. Obviously, when the coronavirus crisis started by late March, the economic activity stopped. In April it was strongly felt due to the lockdown. And in May we are seeing a gradual recovery, without reaching the levels we had before the pandemic.

With that context, I am going to make a general overview of each sector. I'm going to show you our first quarter results and I'm going to make a brief comment about how they have behaved then and how they are behaving in this second quarter.

Let's start with the energy sector, specifically Promigas. This sector has been growing. As we mentioned at the beginning, in March we reached a milestone, which is that Promigas finally put 100% of the Canacol gas pipeline into operation. At the same time, there was a period with high gas transportation figures, basically because of the dry season that we have been having. So the results from the first quarter show a significant increase in assets because of the investment that had been made. When comparing to one year ago, consolidated assets of the energy sector grew over 20% and the EBITDA over 28%.

As I mentioned, the first half of the year was very good for Promigas, since both the distribution and transport businesses increased significantly. All of our distributors in which Promigas has a stake have been growing versus last year, both in terms of number of users and volumes.

What is the situation so far in this second quarter? There are several simultaneous effects. First, gas consumption fell significantly in April, basically in the industrial and natural gas for vehicles sectors because of the restrictions set and the reduction in economic activity. Also, at the end of March and during April, there was a reduction in thermal generation caused by two reasons: first, because of a drop in the demand for electric power, also because of the deceleration of economic activity, and also because in April there was much more hydroelectric generation than thermal generation. That lowered thermal generation and gas consumption.

In May, both situations have been reversed. With the progressive resumption of activities, industrial activity is increasing. Therefore, gas consumption is increasing, as well as the consumption of gas for thermal generation is increasing, also because hydraulic generation has decreased since the drought has been prolonged. Thermal plants on the Coast are beginning to generate in a significant way and they are powered by the gas that Promigas transports and regasifies.

Unless there is a significant weather change, which is not expected so far, we expect this situation to continue for the next two or three months so we expect a significant increase in gas consumption in the coming months. That is the most important about the energy and gas sector.

Let's move on to the infrastructure sector, which also had a good performance in the first quarter. As you can see, consolidated assets grew significantly versus the first quarter of 2019, 48%, mainly explained by the investments that we have been making in our 4G (fourth generation) concessions. Up to last year, the concession that contributed the most to our growth was Coviandina, which reached its construction peak last year. This year, the one growing the most is Coviorte. Coviandina, as you know, is reaching the last construction

phase; therefore, its level is going to be reduced. That can also be seen in the EBITDA, which also grew 35% versus the first quarter of last year. That is where we see the biggest change in the composition of our three concessions under construction when compared to last year. Last year, the one that contributed the most was, by far, Coviandina. This year, Coviandina is reducing its contribution a little because, as I said, it is already finalizing construction, and the ones that take the lead and now have the greatest contribution in terms of EBITDA are Covioriente and Covipacífico.

As for traffic, until mid-March, it was having a good performance, continuing with the high levels it had last year. However, in the last two weeks of March two things happened. First, the quarantine, which significantly restricted traffic on all roads in the country. In the last week of March, there was on average only 20% of the traffic that we usually see on our highways. As you know, due to the quarantine, only cars and automobiles used for the activities excluded from the quarantine are allowed to transit even today and all others are prohibited. The second aspect that we still see is that since the beginning of the quarantine the government decreed that no tolls would be collected on any road in Colombia. Anyway, as I mentioned, traffic has been quite low. But as María Lorena mentioned at the beginning, the Minister of Transport announced that this restriction will probably be lifted in June, when tolls will be collected again.

How does this situation affect contracts? It depends on which generation and which contracts we are talking about. In the 4G contracts there is no direct effect from the non-collection of tolls, since they are projects under construction, and given the conditions included in the contracts, during construction the concession does not get the tolls directly. They are collected but they are kept in the project's trust. That money is received once construction is completed. In our case, the project is still under construction, so the tolls are not being received. Therefore, the fact that they are not collected does not affect us directly and immediately because they were not being received directly by us anyway. Although they are not being accumulated in the trust during the weeks or months that tolls are not collected. However, the contracts also establish that this suspension or non-collection of tolls is an event of force majeure and a no-liability event, which implies that the government should recognized those amounts as the situation is the direct effect of the government's decision.

In non 4G concessions, revenues are received directly by the concession, which in our case are basically Pisa, CCFC and Panamericana. During these months, tolls are not being received by us. There will later be a claim due to force majeure, but those collections do not significantly affect liquidity of these concessions since they had accumulated cash and have no debt at that time.

To talk a little bit more about the 4G projects, we show you the basic figures of our four 4G projects. As you know, of those four, three are under construction. Covimar has not yet started due to the delay in getting the environmental license, and as we have mentioned before, we do not expect this to happen this year or the next one [off-mic].

In the first quarter, construction progress in the other three projects progressed as planned. This is how Coviandina reached 70% of progress by late March. As I mentioned before, it is the last phase. Covipacífico, in Antioquia, reached almost 40% of construction progress, and Covioriente, a little over 27%. So far, construction has progressed as planned. As I mentioned, by late March a decree was issued to halt all infrastructure works in the country. This lasted three weeks, until April 12 or Easter Monday, when work was allowed to restart. However, applying the very strict safety and biosecurity protocols took us almost ten days and then we could restart work basically by late April, and we could fully restart in May. We believe that in this second half of May we are already reaching levels of progress which are comparable to those we had before.

What are the implications of this? April results are going to show practically no execution, therefore, no income, which will have an effect on the Corporation's P&L. However, as we have repeated several times, unlike other sectors, the income that we do not get due to construction progress is not lost, but it will be received later, basically because it depends on work execution. Since the work will continue to be executed, after being halted in April, all the construction work and the revenue will be delayed one month or the period that the construction worked stopped. So in April, we will have very low or no execution and very low revenue. In May, we will see some recovery, but May still is not going to have full execution, it will be somehow in the middle. It will not be a zero execution month as April, nor will it be a normal month as we previously had. We believe that in June we are going to return to normal activity.

In this context, by late March we had already invested almost COP 2 trillion out of the COP 3.2 we had envisioned for the four 4G projects.

Moving on to the other sectors, agroindustry also performed well in the first quarter, both in terms of consolidated assets and EBITDA. As you know, last year was difficult for our agroindustry sector, both in terms of prices and climate. We feel that this year is going to be much better. As we have mentioned before, this is the sector that has been less affected by the coronavirus crisis because it is an essential sector so it has been operating uninterruptedly and we have continued to produce.

However, some of the effects that we may continue to see throughout the year have to do with two factors. First, the evolution of prices, where we have had mixed effects: rice price has increased, and therefore, the performance of Pajonales has been good. On the other hand, prices of both palm and rubber, which are set internationally, have fallen due to a weak demand. This has been partially offset by greater devaluation. Since these prices are in dollars but are paid in pesos, that greater devaluation has partially offset the fall in international prices. So whatever happens in the rest of the year will depend on how those prices continue to behave.

Another factor has to do with the supply chain. So far, we have protected our supply chain in the agroindustry sector so we have not had much effect, but some cost overruns might be

produced. Transportation is difficult at the moment because, although it is allowed for agricultural activities, many transport companies are transporting less so the freight rates have increased. That can have an impact on costs. Also, it might be affected by devaluation because there are some imported supplies in dollars. But we could say that it is part of the normal evolution of the agroindustry business in any circumstance. And I insist, the agroindustry sector has suffered the least, and we expect it to remain like that given this coronavirus crisis.

In the financial sector, our Casa de Bolsa and Fiduciaria have also had a very positive behavior in the first quarter. We were able to overcome the market crisis in March, when the volatility and the fall of prices of financial assets was the predominant trend. Our treasury and our financial companies behaved quite well, and we even managed to increase the P&L while protecting liquidity and increasing deposits in our companies.

I would also like to highlight that, as we have mentioned, the liquidation of our leasing company was approved by the Financial Superintendence in December. What we are doing this year is to liquidate it as such and we will continue to do so for the rest of the year. Therefore, the leasing company this year does not have an impact on the Corporation's consolidated financial statements.

And, finally, concerning our hospitality sector, which was the most rapidly affected by the coronavirus crisis, it is surely the one that will take the longest to get through it. The first two months of the year were excellent, reaching historic high occupancy figures. We were at full speed, but obviously, from the second week of March all reservations and occupations fell and all planned events were cancelled. This can be seen in our figures. When comparing the first quarter of 2020 with the first quarter of 2019, there is a dramatic fall particularly explained by the last three weeks of March, when occupancy fell rapidly. This impact can also be seen in the results of both the EBITDA for the whole quarter and the occupancy level.

This situation worsened in April and will remain like that for as long as the quarantine remains in place. As mentioned by María Lorena, most of our operations were closed since March. Only six operations are open in the main cities, which serve long-stay customers. There are no guests coming in and out basically because there are no trips.

This is the sector whose future is most difficult to predict, especially because of the length of quarantine, and after the quarantine and once mobility is allowed for the curve of occupancy growth. We have been working very hard to prepare for that. There are many fronts to work on. We have to accommodate ourselves to a business that will be, first, of a smaller size, at least for several months and probably even in the next year. Second, it is also a business that is going to change its practices. Health care is going to be a priority until the vaccine is discovered and there is confidence about the fact that there is no possibility of further infection. In places where people meet, like restaurants, entertainment venues, and of course, hotels, the priority is going to be on how to use them without health risks, so we are preparing for that.

We also think that once the quarantine restrictions begin to be relaxed and once there is mobility, there is going to be an interest from people to travel, especially nationally. We do believe that international travel is going to resume later. That's good news because once mobility restarts, there's going to be a high demand on domestic tourism, and that's where we are. But this is definitely the sector where we have the most uncertainty, especially about the deadlines in the coming months.

Fortunately, Estelar is a company with a solid balance sheet. As you can see here, its assets are worth COP 1 trillion so it has enough solvency to get through this crisis. The problem, of course, is liquidity, but fortunately, Estelar was able to access some liquidity lines that allow it to face the next months while the operation is readjusted and the economy is reopened.

That was my presentation. Thank you very much. I think we can now start our question and answer session.

María Lorena Gutiérrez:

Thank you very much, Gustavo. I am going to read the questions and so we will answer together with you and Juan Carlos Páez. The first one is from Jairo Lastra from Lastra Capital Management. Gustavo, you can help me answer: "What is your estimated impact in hotels and toll collection for the second quarter?"

Gustavo Ramírez:

As I mentioned, basically hotels are closed, therefore the income is very small. We have fixed costs so we expect a deficit at Estelar in the coming months, which will be [off-mic] with the liquidity that I mentioned a while ago.

And in the case of tolls, I tried to explain the effects. In the case of 4G, there is no effect on liquidity or P&L, since toll revenues do not affect either one. P&L revenues will come from the non-execution of construction works, not from the non-collection of tolls in our 4G projects. In our non 4G projects, which as I mentioned are Pisa, CCFC and Panamericana, there is an effect on both liquidity and P&L as long as there is no toll collection. It does not have a significant effect on the concessions since they have cash reserves, so they do not have problems to cover their costs. It does have an effect on the P&L initially, but they are subject to force majeure in the contracts, and they will have to be recognized later.

María Lorena Gutiérrez:

Perfect. Jairo also asks another question. Juan Carlos can help me answer this one. "Is debt cost reduced due to indexation? What share of the debt is fixed and how much IBR?"

Juan Carlos Páez:

Yes. Jairo. It's basically related to indexation. I would say two things. One, with regard to our leverage, 40% of the debt is at fixed rate, 43% is indexed to CPI, and 16% to IBR. And with regard to our subsidiaries debt issuance, almost all of it is indexed to CPI, except the

Promigas issuance last year, which was dollar denominated, at a rate of 3.75. So the answer is that almost all the debt is indexed to inflation, yes.

María Lorena Gutiérrez:

Thank you very much. Juliana Aguilar, from Bancolombia, asks two questions: "Do you plan on presenting an offer for one or some of the projects of the first 5G project wave?" and the second is: "In Coviandina, how do you see the negotiation with the ANI to compensate the revenue from these months, given that you do not have guaranteed revenue?" I will answer the first one and then Gustavo will answer the second one.

In fact, we are looking for new projects and we do want to participate in the first wave of 5G projects. The Cauca road network project is the only one that has been published so far. A draft was released about a month ago for comments and the deadline was extended. We sent our comments within the initial deadline and we are studying the projects, but in general we are evaluating all the 5G projects. In particular, we have already sent our comments to the draft of the Cauca road network. Gustavo, will take the question about Coviandina.

Gustavo Ramírez:

Yes. Coviandina, as a private initiative, does not have guaranteed revenue, although it does establish a distribution of risks. One of the risks assumed by the government is the event in which, due to a government decision, tolls are not collected or are lowered, which is exactly what is happening.

So that contract in particular does have a mechanism to compensate that specific cause. Additionally, the same decree that established non-collection of tolls also establishes that those revenues that the concession should have received must be compensated. Right now, our priority is not to enter into that discussion, since we are focused on the civil works, but we are aware that both the rules and the contracts have considered those aspects.

María Lorena Gutiérrez:

Gustavo, we have a question from Steffanía Mosquera, from Credicorp, and it is: "I would like to have more details about the results of the airports. What is their profit level on an average quarter, and how does it compare with the one from this quarter?"

Gustavo Ramírez:

Yes. The airports, we didn't mention it in detail, but it's another activity that has stopped. By late March, the airports were closed, especially the terminals. Even today, only cargo flights, emergency flights and humanitarian flights are permitted, but normal passenger flights are not. Therefore, terminals, which is the bulk of the infrastructure managed by a concessionaire, are closed.

In our case, as you know, we participate in two airport concessions: that of Cali, where we have a 50% participation, and that of Cartagena, which is smaller, with an 11% participation.

Both airports were closed, therefore they have very little to no income. So far, we have kept fixed costs.

From the business point of view, these concessions have several advantages that somehow offset the negative effects. First, they are almost ending. As you know, both concessions, in principle, end in October this year. They have no debt and they had cash accumulated so they have no liquidity issues even though they are not receiving any revenue.

Obviously, they have an effect on the P&L, but it is lower. Just to mention a figure, quarterly, Aerocali's net income must be around COP 2.5 billion. We get half of that because we own 50%, which for the Corporation is not a significant amount.

And the third important point is that also because they are state concessions, similarly to the roads, they have some force majeure event provisions. Therefore as it was given a government decision that the airports were closed and revenues declined, they are subject to claim.

But I insist, perhaps to answer the question directly, that the size of this is not very significant for the Corporation.

María Lorena Gutiérrez:

Thank you, Gustavo. Fabricio Cardenas, from S2A Consulting, asks a question. Juan Carlos Paez: "We would like to understand more clearly what the attributable net income is and its difference with net income.

Juan Carlos Páez:

Yes, in some way, the consolidated financial statements incorporate the revenue of all the entities. And in that process, it is necessary to understand the participation of other investors that are not part of our business group. In the case of the Corporation, this has to do mainly with Promigas because, in fact, in the great majority of investments the corporation participates with almost 100%. So that is what attributable net income refers to.

In general terms, attributable net income in the consolidated must be very similar to the net income in separated figures. There are some differences that we have mentioned before in some of our meetings with you, which are related to regulatory arbitration and, occasionally, like in this case, some operations between companies require that once you generate eliminations in the consolidated figures, they are to be reflected as a lower value of the revenue in the consolidated figures.

The quarterly difference between attributable net income and separate net income normally ranges between COP 15 and 12 billion. It is higher this time given some operations between companies that, due to the volatility of the exchange rate and therefore the evolution of the valuation of those operations, led to such a difference.

What we have seen between the close of March and this part of the second quarter is that this difference has been decreasing in a very important way, but basically this is the difference between them.

Maria Lorena Gutierrez:

Perfect. Thank you very much. Greetings to Rodrigo Sanchez, from Davivienda. Question: "Do you maintain investment expectations for COP 1.9 trillion for 2020? Could that figure be reduced?"

As Gustavo explained, most of our investments are in infrastructure and in Promigas. But due to the Covid-19 situation they are postponed. However, I think that we are going to reach our investment budget. I don't know if Gustavo wants to add something.

Gustavo Ramírez:

No, that's exactly it. Obviously, during the quarantine there has been no investment, or very little. But all of that investment, both in roads and gas, will be made. It will just be postponed. That amount could probably be a little bit lower, but it is not that it will not be made, but that it will be postponed.

Something else is that as long as we're restarting work on roads, our concessions are at full speed, trying to make up for the time we lost during that month when we stopped. We probably won't be able to make up for it entirely this year, but we will have a good construction pace.

Maria Lorena Gutierrez:

Thank you. Hermides Ferney, an independent financial analyst, asks: "What is the projection of consolidated net income for the next quarters?" Gustavo.

Gustavo Ramirez:

We do not provide any guidance on net income, but what we can say, and maybe I mentioned this, is that the second quarter will be affected, especially April, because we did not have any construction work progress on roads. May will be an intermediate month, and we hope that June, and thereafter, are normal months. So, for the second quarter we may see lower figures by one third of what we would normally see.

María Lorena Gutiérrez:

Eduardo Greca asks: "For the next few years, can we expect a dividend level equal to the one from this year?"

Juan Carlos Páez:

Sorry for the delay, I had some logistics issues. The Corporation usually distributes dividends through shares. As Gustavo said, we are not used to talk about trends, but it is true that, as we have seen in the last few years, the Corporation continues to show those figures that are strictly related to our business model. We have a very important cycle of profits that reach

the corporation through a the equity method related as we have seen, to infrastructure. So when we make our dividend distribution proposal, we will very probably show you the trends you have seen so far. They are always going to be related to our result and to the liquid part of our net income and our investment needs.

María Lorena Gutiérrez:

Thank you. Greetings to Rodrigo Torres, from Valora Analtik. He asks: "What made you change the Mulaló schedule?"

Well, as you know, we do not have the environmental license. The process to get it has been hard. The latest resolution we received from the ANLA stated that some new studies have to be made, which could take more than a year. Also, there are several popular actions from the community of Las Pavas, which is asking for a new design for the highway.

We have started to work on this again, and we have been in contact with all the leaders in the Valle del Cauca, as well as with ANI, but this is an issue that we will have to analyze together with the national government because there are several legal uncertainties, especially with regards to the community of Las Pavas.

Eduardo Greca asks two additional questions. "What can you tell us about the discussion on airport renovation? And what is the net impact for Corficolombiana's consolidated result given the devaluation, either positive or negative?"

Gustavo and then Juan Carlos, please.

Gustavo Ramírez:

As you know, both for the Cartagena and Cali airports we have been developing private initiatives for some time now. The process has been delayed due to the pandemic, but it is ongoing and there is no further news on this subject.

Regarding devaluation, in principle, the net effect of a devaluation is positive for the Corporation. We have more assets and revenues in dollars than liabilities and expenses, but it obviously differs in each case. For example, in Promigas, transportation fees are denominated in dollars, so it has a positive impact. Also, some of the future government allocations for infrastructure are denominated in dollars in the 4G contracts, and that also has a positive effect. Part of that is covered, so the effect is not immediately seen, but the devaluation can have a positive effect for us, especially in the short term.

Juan Carlos Paez:

Yes. I would add that I completely agree with that statement. During my presentation I talked about exchange rate differences in regards to the valuation of financial instruments. Although they were negative COP 98 billion in the quarter, those valuation results have reverted, and the final result is the one mentioned by Gustavo, which is positive.

Maria Lorena Gutierrez:

Thank you. Gustavo, Rodrigo Torres, from Valora, would like you to remind him our investment amount for 2020.

Gustavo Ramírez:

Sorry, my microphone was off. I was saying that our expected investment amount for 2020 is almost COP 2 trillion, like COP 1.9.

María Lorena Gutiérrez:

Yes, about COP 1.92, something like that.

I think there are no further questions in the Q&A of the chat. As you know, we are available to have meetings with you, and we will be in touch, finally, we believe that we can have some stability in spite of everything that is happening in the economy, however, if there are any other developments, we will be in touch. Thank you for your interest in Corficolombiana and for having been with us in this call of the first quarter of 2020 results. Have a nice day and a nice weekend. I hope you all doing well.