

RELEVANT INFORMATION

SUBJECT: ISSUER RATING

DATE: JANURARY 19, 2022

In compliance with the legal provisions in force, and especially with the provisions of Decree 151 of 2021, Construcciones El Cóndor S.A. (the Company) informs that Fitch Ratings (the Agency) reduced its rating from BBB+ (col) to BBB- (col) and from F2 (col) a F3 (col) for the national long-term and short term rating respectively. Once the new rating has been announced, from the report containing the rating by the Agency, the following is highlighted:

- Due to the crisis generated by the coronavirus pandemic, the generation of EBITDA and operating cash flow (OCF) in 2020 was affected, which delayed the expected trajectory of deleveraging.
- The Agency considers that the refinancing risk, associated with the liquidity position, is mitigated by the quality of the assets of the 4G projects concessions portfolio. In addition, it is noteworthy that in 2021, the works on Vías del Nus project were completed, starting the Operation and Maintenance stage. Equally, Pacífico Tres and Ruta al Mar projects are expected to complete the construction stage in 2022; all the above will allow the distribution of dividends in the short and medium term.
- The Agency also highlights the adequate business profile as an important player in the engineering and construction industry in Colombia.
- Recognizes the asset divestment strategy as correct, which will help to improve liquidity and capital structure.
- Finally, the strategic alliance between the company and ISA is seen as positive, which could result in additional projects while reducing the financial burden of capital contributions to projects.

As a result of the awarding and execution of new public works contracts and EPC contracts during 2021, for a total backlog worth \$3.3 trillion, the projected cash flow for the years 2022, 2023 and 2024, will represent billing levels for the Company close to one trillion pesos. It is important to specify that these contracts compensate for the impact generated by events such as: the Covid-19 pandemic, the increase in the exchange rate and the adjustment formulas in the most representative items. It is also noted that, in the execution of the new projects awarded, the Company will not be exposed to liquidity pressures arising from the need for risk capital, or equity contributions, since the Company acts as a contractor and not as a sponsor.



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As Fitch affirms, the Company is managing different strategies that allow it to improve its liquidity position. The execution and closing of these strategies are being led by Banca de Inversión Bancolombia and Structure, with schedules that have been fully met.

Regarding leverage, the Company in 2021 classified its debt according to its source of payment; separating the debt associated with investments from debt directly related to operation. As a result, it was identified that \$340 billion are associated with its investment portfolio and that they are supported by the generation of income from the assets that comprise it.

The cash impact evidenced during third and fourth quarters of 2021, as a result of the payments and disbursements suspension led by local lenders in the Pacifico Tres project, due to an ongoing investigation held in Costa Rica over the company Constructora Meco SA (project partner), was resolved in December 2021, which released disbursements to the concession and generated liquidity for the Company.

Our concessions will enter the operation and maintenance stage in the third quarter of 2022, strengthening the Company's solvency. This allows us to visualize, in the short term, a generation of important dividends that will have a positive impact on free cash flow.

The full report issued by the rating agency can be consulted at the following link: <https://www.fitchratings.com/research/es/corporate-finance/fitch-downgrades-construcciones-el-condors-ratings-to-bbb-col-places-negative-watch-19-01-2022>

