

## Financial Statements Results Summary – Second Quarter 2018

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This report was prepared based on the individual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) issued by the International Accounting Standards Board (IASB).

### Executive Summary

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*As of June 2018, we would like to highlight a 47% increase in accumulated revenues compared to the same period of 2017. While there is a detriment to the EBITDA during the trimester, it is associated to the heavy rainy season which the country endured last quarter and to the beginning of several functional units which generates revenues which are not as profitable for the company.*

*However, it is important to note that the company demonstrates an inverse tendency to the rest of the construction sector in general; while the latter is deteriorating for different reasons, the company is building in stride with its contractual construction schedules.*

### Infrastructure Sector Performance

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The DANE implemented the CIIU4.0 classification standard, adapted for Colombia, following the latest recommendations from the UN statistical system and updated its national account base to 2015. Due to this reclassification, the economic activity groups within the construction sector are now F01 (Construction of residential and non-residential buildings), F02 (Road and railway construction) and F03 (Specialized building and civil engineering activities). For our analysis, we will from now on focus on category F02 and its performance.

Accordingly, we report that the GDP grew, in comparison with the first quarter of 2017, by 2.2%. The construction sector on the other hand decreased by 8.2%. The F02 category decreased by 6.4% compared to the same quarter of last year which aligns with the extremely good performance which this category had during 2017, presenting average annual growths of 7,3% in the different quarters. Expectation for the second half of the year are that the country achieves a GDP growth upwards of 2.5%. The seasonality demonstrated by the F02 category during the last five years has pointed towards an improvement in performance during the third and fourth quarter of the year, so it is important to await the results of these quarters before confirming the annual tendency for the road and railway construction sector.

In this sector, the 4G projects which have achieved their long-term credit disbursements are continuing to make their investments and meet expectations all the while generating employment and forwarding the economy in the areas where they are at work. As more 4G projects reach this all-important milestone, a better performance of the sector will be evidenced.

## Performance Report – Individual Financial Statements (as of June 2018)

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### □ Accumulated Income Statement

*Operating results are expressed under IFRS and comparative periods are performed for January-December 2017 and compared to January-December 2016 in accordance with NIC – 1 and NIC – 34.*

- Operating revenues as of June 2018 were COP\$405.372 million, with an increase of 47% over the same period of 2017 which confirms the increased volume of execution predicted for this year. The Company expects to maintain this positive trend during the second semester of 2018.
- Operating costs as of June 2018 were COP\$351.204 million, corresponding to 87% of operating revenues.
- As of June 2018, EBITDA (construction plus income from the sale of investments) was COP\$52,252 million versus COP\$214.195 million registered during the same period of the previous year. This figure is not comparable as it includes the profit from sale of investments during 2017. The comparison should, instead, be made with the construction EBITDA which during 2017, excluding this non-recurring divestment event, results in approximately COP\$59,832 million as of June 2017, a result which is only marginally superior to that accumulated as of the second quarter of 2018.
- It is important to note that in the initial stages of projects, in which the Company performs activities related to environmental, social and land acquisition requirements, the income from these activities is registered, but as no profit is charged for these, the profitability is impacted.
- Additionally, the rainy season during April and May impacted in an important manner our profitability by not permitting us to execute all the programmed work volume, even though our fixed costs are installed and ready to do, which makes diluting them in those planned-for revenues impossible.
- Net income as of the second quarter of 2018 was COP\$30.311 million versus COP\$158.895 million registered as of June 2017. This figure also includes profits from the non-recurring divestment event.

### □ Balance General

*Balance figures are stated under IFRS and comparison is made between December 2017 and December 2016 in accordance with NIC – 1 y NIC – 34.*

- As of June 30, 2018, total assets totaled COP\$2.1 billion and their composition was divided into 51% current assets and 49% non-current assets.
- It is important to highlight that, as of June 2018, the Company administers an investment portfolio with infrastructure projects which have a book value of approximately COP\$711,366 million.
- Total liabilities were COP\$1.21 billion and are made up of 80% current assets, and 20% non-current assets. Total liabilities increased 12.9% compared to December 2017, tied primarily to the need for working capital due to the larger construction execution presented in the projects as well as the delay in the liquidation of the Cesar-Guajira project which has substantial funds trapped.

- Short and long-term financial obligations rose to 18.3% compared to December 2017, closing the quarter at COP\$619.718 million. This increase in debt is balanced out by the higher levels of balance in savings accounts which house resources which are put aside to guarantee our equity contribution in our projects.
- Financial leasing obligations, for purchase of machinery, closed at COP\$171,234 million, with a higher concentration in the long term.
- Debt ratio calculated over total assets, closed at 29.3%
- Net equity of Construcciones El Condor S.A. as of June 30, 2018 was COP\$905.197 million presenting a marginal variation compared to December 2018.
- As of June 2018, the working capital, calculated as the difference between current assets and current liabilities was COP \$116,114 million. The Company's liquidity is 1.12.

## Performance Report – Quarterly individual results (2Q18)

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### □ 2Q2018 Income statement

*Operating results are expressed under IFRS and comparative periods are performed for October-December 2017 and compared to October-December 2016 in accordance with NIC – 1 y NIC – 34.*

- Second quarter operating revenues were COP\$205,122 million, with an increase of 73.9% over the same period in 2017. This positive variation is generated by an increase in construction revenues (services rendered) and, considering the main projects are in their construction stage, the Company expects to maintain this positive trend during 2018.
- The projects that supported the construction revenues in the second quarter of 2018 were: Transversal de las Americas, Pacifico 3, Pacifico 2 and Ruta al Mar
- Operating costs in the second quarter were COP\$181,434 million, representing 88.5% of operating income.
- Second quarter EBITDA (construction plus sale of investments) was COP\$20,710 million versus COP\$31,477 million registered during the same quarter of the previous year.
- Construction EBITDA during the quarter was COP\$20,710 million against \$28,845 million during the second quarter of 2017 presenting a decrease of 28.2%. Construction EBITDA margin was 10.3%.
- Among the reasons for the lower EBITDA margin, is the heavy rainy season the country endured during the quarter which did not allow for the projected execution in order to dilute the fixed costs in the adequate manner.
- The beginning of functional units is characterized by low profitability in construction and during this quarter several FUs coincided in their beginning stages.
- To make these initial stages even tougher, they involve environmental, land acquisition and social activities which, under the concession contracts, do not have a profit margin attached to them.
- Net income for the second quarter for 2018 was COP\$12,963 million against COP\$26,070 million registered during the same period of 2017. We expect that during the third quarter the Company will return to historical profitability levels and can absorb the inferior profits registered during this quarter.

## Performance Report – Consolidated reports as of June 2018

Beginning in 2015, Construcciones El Condor S.A. included in its consolidated financial statements the following societies' information: Vias de las Americas S.A.S., Cesar Guajira S.A.S. y Ruta al Mar S.A.S., and beginning in 2016 also included consolidated information for Condor Investments USA Inc. Beginning in 2018, as a product of the sale of 50% of participation in Ruta al Mar S.A.S Concession, Construcciones El Condor S.A. will no longer consolidate financial statements with Ruta al Mar S.A.S.

### □ Accumulated Income Statement

Operating results are expressed under IFRS and comparative periods are performed for January-December 2017 and compared to January-December 2016 in accordance with NIC – 1 and NIC –34.

- Construction revenues as of June 30, 2018 were COP\$496,654 million, which are distributed as follows:

Operating Revenues	as of June 2018
CONSTRUCCIONES EL CÓNDOR S.A.	405,372,317
CONCESIÓN VIAS DE LAS AMERICAS S.A.S	81,810,136
CONCESION CESAR GUAJIRA S.A.S.	7,346,927
CONDOR INVESTMENTS USA INC.	2,124,658
<b>Total Operating Revenues</b>	<b>496,654,038</b>

- As of June 2018, operating costs were COP\$434.990 million, which represent 88% of operating revenues and increased 13.6% with respect to the second quarter of 2017.
- EBITDA as of June 2018, was COP\$54,586 million and the EBITDA margin was 11%. This EBITDA is not comparable with the 2017 figure due to non-recurrent events
- Net income as of June 2018 was COP\$29,324 million, compared to COP\$158,889 million presented as of June 2017, this number is also not comparable as it includes the result of a non-recurring event tied to the sale of investments.
- We reiterate the comments regarding the fall in margin and how we expect to return to historical margins.

### □ Balance Sheet

Balance figures are stated under IFRS and comparison is made between December 2017 and December 2016 in accordance with NIC – 1 y NIC – 34.

- As of June 2018, total assets were COP\$2.45 billion, which decreased 9.35% with respect to December 2017. They were composed of 58% current assets and 42% non-current assets. This is due to the impact generated by the non-consolidation of the Ruta al Mar Concession as of 2018 due to the sale of participation in this asset.
- Total liabilities were COP\$1.50 billion and presented a decrease of 13.4%, composed of 84% current liabilities and 14% non-current liabilities.
- Short and long-term financial debts (banking obligations plus financial leasing) reached COP\$657,351 million and decreased 32.7% with respect to December 2017.

The financial debt composition is as follows:

Financial Debt	as of June 2018
CONSTRUCCIONES EL CÓNDROR S.A.	619,718,185
CONCESIÓN VIAS DE LAS AMERICAS S.A.S	37,632,967
CONCESION CESAR GUAJIRA S.A.S.	-
CONDOR INVESTMENTS USA INC.	-
<b>Total Financial Debt</b>	<b>657,351,152</b>

- Net equity as of June 2018 was COP\$950,465 million and presents a marginal variation with respect to December 2017.
- As of June 2018, Working Capital, calculated by subtracting current liabilities from current assets was COP\$172,619 million. The Company's liquidity ratio is 1.14

## Performance Report – Quarterly consolidated reports (2Q18)

*Beginning in 2015, Construcciones El Condor S.A. included in its consolidated financial statements the following societies' information: Vias de las Americas S.A.S., Cesar Guajira S.A.S. y Ruta al Mar S.A.S., and beginning in 2016 also included consolidated information for Condor Investments USA Inc. Beginning in 2018, as a product of the sale of 50% of participation in Ruta al Mar S.A.S Concession, Construcciones El Condor S.A. will no longer consolidate financial statements with Ruta al Mar S.A.S.*

### □ 2Q2018 Income Statement

*Operating results are expressed under IFRS and comparative periods are performed for January-December 2017 and compared to January-December 2016 in accordance with NIC – 1 and NIC –34*

- Second quarter operating revenues totaled COP\$226,892 million, which presented an increase of 2.5%.
- Operating costs during the quarter were COP\$199,157 million, representing 87.8% of the operating revenues.
- In the second quarter, EBITDA (construction plus income from the sale of investments) was COP\$22,893 million against COP\$58,862 million registered during the same period of the previous year.
- Construction EBITDA (excluding dividends and income from sale of investments) was COP\$22,893 million against COP\$58,973 million registered during the same period of last year.
- Net income during the quarter was COP\$11,974 million against COP\$34,532 million registered during the same period of 2017.
- We reiterate the aforementioned commentaries related to the reasons in the decrease in margin and how we should return to historical margins.

## Backlog – Balance of Works hired and Works to be executed – 2Q18

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As of June 2018, the Backlog – balance of Works hired and works to be implemented – COP\$2.08 billion. This calculation considers the operating revenues (net of dividends and revenues not associated to construction) as of June 2018, which were COP\$400,214 million. COP\$103 million corresponds to a small addition to an existing contract with Prodeco.

<b>Total Backlog (December 2017)</b>	<b>2,476,485</b>
Contracts termination (-)	-
Backlog adjustments (as of Jun 2018)	-
Services Provided (as of Jun 2018) (-)	400,214
New contracts (as of Jun 2018) (+)	103
<b>Total Backlog (as of Jun 2018)</b>	<b>2,076,374</b>

Construcciones El Condor S.A. will hold a conference call, in Spanish, to present the second quarter 2018 results on **Wednesday 15th of March at 3:00 PM Colombia Time**. Connection details will be posted on El Condor's website [www.elcondor.com](http://www.elcondor.com)