

Summary Note to the Financial Statements – Q2 2019

This report was prepared based on the financial statements of Construcciones El Cóndor S.A., in accordance with the International Financing Reporting Standard (IFRS), and the interpretations thereof (CINIIF) issued by the International Accounting Standards Board (IASB).

Executive Summary

Construcciones El Cóndor S.A. continues developing with ISA (Interconexión Eléctrica S.A. E.S.P) the setup of an investment vehicle and in turn, exploring joint investment alternatives under the Investment Framework Agreement signed in December 2018 by both companies.

We have handed Ruta al Mar concessionaire the functional units 1 and 3, and obtained a partial completion minute of functional unit 3 during the last quarter. In addition, we are waiting for the release of retribution while the concessionaire continues advancing with ANI to obtain the completion minute of functional unit 1.

The Company maintains its efforts to improve its liquidity of labor, to establish its asset sale strategy, to increase the terms of its financial debt, and to improve the rotation of its accounts receivable. During this quarter, evidence of a rise of non-current liabilities is observed while a decrease of current assets is exhibited during Q3 with the realization of the accounts receivable of the work executed and pending payment, pertaining to the northern sections of the Ruta al Mar project.

Performance of the Infrastructure Sector

As of the date of this report, the tax authority DANE has not published the GDP data for the second quarter of 2019.

During the second quarter of 2019, different analysts observed a downtrend of the country's growth macroeconomics, with an average GDP projected for 2019 dropping from 3.2% to 2.9%. Albeit a civil works growth is expected, there is a chance of seeing a 0.5% contraction in the construction sector due to the weak housing subsector.

An increasingly balanced growth is expected across the other sectors of the economy, with an acceleration of sectors such as mining driven by oil production and trade from the strength observed in home consumption. As indicated in previous reports, as the financial periods come to a close and other 4G projects are executed, the civil works of the construction sector will continue to lead most of the growth of that part of the economy.

Reports – Separate – Accumulated as of June 2019

□ Income Statement

Operating results are expressed under IFRS. Comparisons of January – June 2019 versus January-June 2018 are made as established in NIC – 1 and NIC – 34.

- Revenues from ordinary activities as of June reached \$413.186 million pesos, up 1.93%, compared to the same period in 2018. This revenue mainly consisted of the construction services rendered for different projects. The projects with the highest contribution were: Ruta al Mar (166.429 million), Pacífico 2 (80.825 million), and Pacífico 3 (75.894 million).
- Operating costs as of June 2019 were \$349.751 million, which represent 85.65% of the revenue from ordinary activities, while administrative expenses climbed to 4.03% of the revenue. The above leads to an operating margin (excluding other revenue, expenses, profits or losses) of 15.35%.
- EBITDA for the second quarter of 2019 was \$64.055 million pesos, which is equivalent to 15.5% of the revenue from ordinary activities. This, compared to the EBITDA for the second quarter of 2018, represents an increase of 38%. However, these quarters cannot be compared due to the non-recurring expenses that hindered Q2 of 2018.
- Before taxes, the Company displays positive earnings of \$3.236 million. This figure, compared to the operating earnings, is hurt significantly by the accounting effect of the drop in value of the investment made in Concesión Transversal de las Américas, which is in the completion stage.
- The effect of including the result of investments under the equity method creates a net loss of El \$13.079 million. The loss is entirely related to the result of Concesión Vías de las Américas, which will affect the Company temporarily and accounting-wise during this period.
- Concesión Vías de las Américas corresponds to the third generation of concessions and was awarded since August 2010. The initial timetable of this project estimated to end in the year 2016, but its execution was extended due to several events which the Company is not responsible for relative to properties and the environment, as well as different controversies rising over the application of the contract's specifications and scope. Nonetheless, its completion and definite reversion is estimated for December 2019, having to date 98.5% of its execution and 80.5% of the reversion of the sections intervened. By executing this project, the obligations of different stakeholders have been fully met (client, financiers, communities, suppliers, employees), although this was possible thanks to the shareholders which assumed the economic impact rising from expanding the time of the interventions, the delays of the reversion, and the multiple controversies which are solved today using the different mechanisms established in the contract. Positive results are expected in the future to mitigate the negative impact observed today on our financial statements.

□ Balance Sheet

Figures in the balance sheet are expressed under IFRS. Comparisons of June 2019 and December 2018 are made as established in NIC – 1 and NIC – 34.

- As of June 2019, total assets were \$2.39 trillion and consisted 43.21% of current assets and 56.79% of non-current assets.
- As of June 2019, the value of the portfolio of investments in infrastructure and related projects managed by the Company was \$880.458 million. It is important to shed light on the fact that the drop of the portfolio value relates to the accounting impairment made in Concesión de Transversal de las Américas.
- Total liabilities added up to \$1.39 trillion - 66% current and 34% non-current. The efforts made by the Company to improve its debt profit by increasing the average duration considerably are worth underlining. The foregoing reflects a larger share of non-current liabilities over total liabilities, from 20% in December 2018 to 34% at the end of this quarter. This takes place under the financial structure strategy determined by the Company which is aligned with the risk rating firm's recommendation.
- Short and long-term financial obligations with banks increased 14.44% compared to December 2018, closing the quarter at \$567.611 million. The above growth is related to the increased CxC derived from the construction activities and particularly from Ruta al Mar project, which has displayed a withholding of disbursements for the northern section under the precedent conditions set forth thereof under environmental issues. To offset this condition Concesión Ruta al Mar is currently working with the banks that finance the project to obtain the corresponding disbursements, separating the sections that have faced significant environmental challenges from those underway. Construcciones el Cóndor is expected to receive payment of said executions to gain the flow of these accounts receivable during the following quarter, based on the sound pace the work has for this concession. The financial leasing obligations to purchase machinery were \$188.796 million, keeping values very similar to those observed at the end of 2018.
- Total financial debt (banks plus financial leasing), estimated on the basis of total assets, closed at 31.62%, only increasing 2.28% since December 2018. The Company will continue to take actions to free the cash trapped in projects such as Ruta al Mar and Transversal de las Américas to decrease this level of debt. The Company reaffirms its purpose to decrease financial liabilities with the resources gained from freeing the cash and ceding participations (asset realization plan) in project which are part of the portfolio, aligned with the alliance made with ISA (*Interconexión Eléctrica S.A. E.S.P.*).
- The net equity of Construcciones El Cóndor S.A. as of June 2019 was \$ 994.992 million, displaying a decrease of \$48.591 million pertaining to the impaired investment of Transversal de las Américas.
- As of June 2019, the Company's current ratio was 1.12x.

Quarterly Reports – Separate (Q2 2019)

Income Statement

Operating results are expressed under IFRS. Comparisons of March – June 2019 versus March-June 2018 are made as established in NIC – 1 and NIC – 34.

- Revenue from ordinary activities during the second quarter of 2019 was \$180.761 million, showing an 11.87% drop compared to the same period of 2018.
- Operating costs of Q2 were \$166.753 million and represented 92.25% of revenue from ordinary activities.
- EBITDA for the second quarter was \$13.680 million, less than the Company's quarterly average. However, as stated in previous teleconferences, this relates to the type of activities executed during the quarter. The Company expects during Q3 and Q4 to increase this indicator as activities are made which generate more cash, such as the placement of asphalt mixes.
- The net loss of Q2 of 2019 was \$44.272 million due to the effect generated by the equity method of Concesión Vías de las Américas.

Reports – Consolidated accumulated as of June 2019

Operating results are expressed under IFRS. Comparisons of January– June 2019 versus January-June 2018 are made as established in NIC – 1 and NIC – 34.

Income Statement

- Operating revenue includes \$420.103 million for services rendered as of June 2019. These services were distributed as listed below:

Revenue from services rendered	As of June 2019
CONSTRUCCIONES EL CÓNDOR S.A.	409.523
CONCESIÓN VIAS DE LAS AMERICAS S.A.S.	(700)
CONCESIÓN CESAR GUAJIRA S.A.S.	4.703
CONDOR INVESTMENTS USA INC	6.577
Total revenue from services rendered	420.103

- Operating costs as of June 2019 were \$457.166 million, displaying a 5.10% increase compared to the same period of 2018, generating a net loss of \$47.640 million. The above results were affected by the consolidation of the financial statements of Concesión Vías de las Américas S.A.S.
- Due to the distortion created on the consolidated and accounting results of the quarter, the final phases of Concesión Vías de las Américas do not analyze other variables of the Income Statement since this investment represents 90% of the differences between the separate and consolidated income statement.

□ Balance Sheet

Figures in the balance sheet are expressed under IFRS. Comparisons of June 2019 and December 2018 are made as established in NIC – 1 and NIC – 34.

- As of June 2019, total assets were \$2.64 trillion, up 3% compared with December of 2018. The assets were 49% current and 51% non-current.
- Total liabilities were \$1.64 trillion, up 10.81% compared with December of 2018. The liabilities were 71% current and 29% non-current.
- Short and long-term financial obligations (bank loans plus financial leasing operations) reached \$769.475 million and increased 10.92% compared to December of 2018.

The composition of the short and long-term financial obligations is listed below:

Financial liability	As of June 2019
CONSTRUCCIONES EL CÓNDOR S.A.	756.407
CONCESIÓN VIAS DE LAS AMERICAS S.A.S.	13.067
CONCESIÓN CESAR GUAJIRA S.A.S.	0
CONDOR INVESTMENTS USA, Inc	0
Total financial liability	769.475

- Net equity as of June 2019 was \$994.992 million, down 5% compared to December 2018. This is related to the impairment of equity of Concesión Transversal de las Americas.
- As of June 2019, our work capital indicator - estimated by subtracting current liabilities from current assets – was \$143.256 million. The Company's current ratio es 1.12x.

Backlog – Balance of works under contract and pending execution – Q2 2019

As of June 2019, the Company's backlog (balance of works under contract and pending execution) was \$1.49 trillion. This calculation takes into account the amounts invoiced during the quarter (minus dividends and revenue not related to construction services) for \$177.652 million.

Total Backlog (March 2019)	1.668.102
Contract cancellation or termination	-
Backlog adjustments	-
Services rendered	177.652
New contracts	-
Total Backlog	1.490.450

Construcciones El Cóndor S.A. invites you to the teleconference of results that will be held on **Friday, August 16, 2019 at 2:30 PM COT**. Instructions to access the teleconference will be posted at www.elcondor.com