

## Financial Statements Results Summary – Third 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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*The figures as of September 2018 reflect the high level of execution which has been reached in the projects. It is worth noting that construction revenues increased 53,9% compared to the same period of last year. Aligned with this trend, the EBITDA margin for the quarter was very positive, even exceeding quarterly historical levels. These positive developments are a product mainly of efficient execution of the construction works, coupled with good climatological conditions.*

### 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 second quarter of 2017, by 2.8%. The construction sector on the other hand decreased by 7.6%. The F02 category decreased by 5.7% compared to the same quarter of last year which aligns with the extremely good performance that 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 September 2018)

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### □ Accumulated Income Statement

*Operating results are expressed under IFRS and comparative periods are performed for January-September 2018 and compared to January-September 2017 in accordance with NIC – 1 and NIC – 34.*

- Operating revenues as of September 2018 were COP\$675,989 million, with an increase of 49.3% 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 last quarter of 2018.
- Operating costs as of September 2018 were COP\$551.031 million, corresponding to 82% of operating revenues.
- As of September 2018, EBITDA was COP\$126.124 million versus COP\$252.571 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\$91,247 million as of September 2017, which would mean an increase of 38.2% compared to September 2018.
- Construction EBITDA was \$126,124 million versus COP\$90.758 million registered in September 2017. This is roughly a 40% increase.
- Net income as of the third quarter of 2018 was COP\$83,784 million versus COP\$174,259 million registered as of September 2017. This figure also includes profits from the non-recurring divestment event.

### □ Balance Sheet

*Balance figures are stated under IFRS and comparison is made between September 2018 and December 2017 in accordance with NIC – 1 y NIC – 34.*

- As of September 30, 2018, total assets totaled COP\$2.2 billion and their composition was divided into 45% current assets and 55% non-current assets.
- It is important to highlight that, as of September 2018, the Company administers an investment portfolio with infrastructure projects which have a book value of approximately COP\$808,418 million.
- Total liabilities were COP\$1.27 billion and are made up of 82% current assets, and 18% non-current assets. Total liabilities increased 19% 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 27.4% compared to December 2017, closing the quarter at COP\$667.245 million.
- Financial leasing obligations, for purchase of machinery, closed at COP\$179,088 million, with a higher concentration in the long term.
- Debt ratio calculated over total assets, closed at 29.9%
- Net equity of Construcciones El Condor S.A. as of September 30, 2018 was COP\$960,824 million presenting a marginal variation compared to December 2018.

- As of September 2018, The Company's liquidity RATIO is 0.98.

## **Performance Report – Quarterly individual results (3Q18)**

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### **□ 3Q2018 Income statement**

*Operating results are expressed under IFRS and comparative periods are performed for July-September 2018 and compared to July-September 2017 in accordance with NIC – 1 y NIC – 34.*

- Third quarter operating revenues were COP\$270,617 million, with an increase of 52,9% 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.
- All the Company's projects are substantially supporting the increase in construction revenues.
- Operating costs in the third quarter were COP\$199,827 million, representing 73.8% of operating income.
- Third quarter EBITDA was COP\$73.598million versus COP\$38,376 million registered during the same quarter of the previous year.
- Construction EBITDA during the quarter was COP\$73,598 million against \$30,926 million during the third quarter of 2017 presenting an increase of 138%. Construction EBITDA margin was 27.3% and is a result of efficient execution coupled with good climatological conditions.
- This construction EBITDA exceeds the company's historical quarterly levels due to efficient planning and execution.
- Net income for the third quarter for 2018 was COP\$53,472 million against COP\$15,365 million registered during the same period of 2017.

## **Performance Report – Consolidated reports as of September 2018**

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*Beginning in 2015, Construcciones El Cóndor S.A. included in its consolidated financial statements the following societies' information: Vías de las Américas 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 Cóndor 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-September 2018 and compared to January-September 2017 in accordance with NIC – 1 and NIC –34.*

- Construction revenues as of September 30, 2018 were COP\$777,764 million, which are distributed as follows:

Operating Revenues	as of September 2018
CONSTRUCCIONES EL CÓNDROR S.A.	649,353,547
CONCESIÓN VIAS DE LAS AMERICAS S.A.S	80,565,552
CONCESION CESAR GUAJIRA S.A.S.	44,374,678
CONDOR INVESTMENTS USA INC.	3,470,472
<b>Total Operating Revenues</b>	<b>777,764,249</b>

- As of September 2018, operating costs were COP\$649,987 million, which represent 86% of operating revenues and increased 6.14% with respect to the third quarter of 2017.
- EBITDA as of September 2018, was COP\$130,987 million and the EBITDA margin was 16.7%. This EBITDA is not comparable with the 2017 figure due to non-recurrent events
- Net income as of September 2018 was COP\$82,676 million, compared to COP\$174,270 million presented as of September 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 September 2018 and December 2017 in accordance with NIC – 1 y NIC – 34.*

- As of September 2018, total assets were COP\$2.52 billion, which decreased 7.05% with respect to December 2017. They were composed of 55% current assets and 45% 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\$1.51 billion and presented a decrease of 13.1%, composed of 84% current liabilities and 16% non-current liabilities.
- Short and long-term financial debts (banking obligations plus financial leasing) reached COP\$685,961 million and decreased 29.7% with respect to December 2017.

The financial debt composition is as follows:

Financial Debt	as of September 2018
CONSTRUCCIONES EL CÓNDROR S.A.	667,245,167
CONCESIÓN VIAS DE LAS AMERICAS S.A.S	18,716,088
CONCESION CESAR GUAJIRA S.A.S.	-
CONDOR INVESTMENTS USA INC.	-
<b>Total Financial Debt</b>	<b>685,961,255</b>

- Net equity as of September 2018 was COP\$960,824 million and presents a marginal variation with respect to December 2017.

- As of September 2018, Working Capital, calculated by subtracting current liabilities from current assets was COP\$119,227 million. The Company's liquidity ratio is 1.09

## **Performance Report – Quarterly consolidated reports (3Q18)**

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*Beginning in 2015, Construcciones El Cóndor S.A. included in its consolidated financial statements the following societies' information: Vías de las Américas 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 Cóndor S.A. will no longer consolidate financial statements with Ruta al Mar S.A.S.*

### **□ 3Q2018 Income Statement**

*Operating results are expressed under IFRS and comparative periods are performed for January-September 2018 and compared to January-September 2017 in accordance with NIC – 1 and NIC –34.*

- Third quarter operating revenues totaled COP\$287,075 million, which presented an increase of 9.3%.
- Operating costs during the quarter were COP\$214,997 million, representing 75% of the operating revenues.
- In the third quarter, EBITDA was COP\$70,060 million against COP\$37,145 million registered during the same period of the previous year.
- Construction EBITDA (excluding dividends and income from sale of investments) was COP\$70,690 million against COP\$30,451 million registered during the same period of last year.
- Net income during the quarter was COP\$53,353 million against COP\$15,381 million registered during the same period of 2017.

## **Backlog – Balance of Works hired and Works to be executed – 3Q18**

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As of September 2018, the Backlog – balance of works hired and works to be implemented – COP\$1.97 billion. This calculation considers the operating revenues (net of dividends and revenues not associated to construction) as of September 2018, which were COP\$670,024 million. Additionally, it considers COP\$159,326 million of new backlog which corresponds to an addition to an existing contract with Prodeco and the signing of a new contract with the Santa Marta – Paraguachón S.A.S. Concession.

<b>Total Backlog (December 2017)</b>	<b>2,476,485</b>
Contracts termination (-)	-
Backlog adjustments (as of Sep 2018)	-
Services Provided (as of Sep 2018) -	670,024
New contracts (as of Sep 2018)	159,326
<b>Total Backlog (as of Sep 2018)</b>	<b>1,965,786</b>

Construcciones El Cóndor S.A. will hold a conference call, in Spanish, to present the third quarter 2018 results on **Friday 16th of November at 2:30 PM Colombia time**. Connection details will be posted on El Cóndor's website [www.elcondor.com](http://www.elcondor.com)