Results of the audit made of the SAASCAEM

The bidding process and the amendments to the concession agreement on Mexico’s Bicentennial Elevated Viaduct conform to the law

- The audit, performed at offices of the State of Mexico, concluded that the actions of OHL México are within the law
- This audit is additional to the investigation by the CNBV, which determined that there was no dolus or fraud in the activities of the company and that there was no impact on the Mexican financial system
- The results of the audit show that the allegations by third parties made against the company are completely unfounded
- PWC recommends that the Concession Agreement should be rebalanced in order to recognize the investments made by OHL México

22 / 08 / 2016. The listed subsidiary of the OHL Group in Mexico, OHL México reports that it became aware of the audit outcome conducted by the Internal Comptroller of the State of Mexico made to the Highway, Airports, Related and Auxiliary Services System (SAASCAEM, by its Spanish acronym) concerning the Viaducto Elevado Bicentenario of México.

Being an internal audit of the Government, OHL México was not notified or required during the audit process.

The outcome announced by the Comptroller of the State of Mexico, shows the following:

- The bidding process was developed according to the contest rules. The award was in accordance with law and in compliance with State of Mexico’s regulation. Moreover, the amendment of the Concession Agreement was in accordance with current standards.
- It is recommended to make the rebalancing of the concession, recognizing the investments made by OHL México, including the second tranche of Viaducto Bicentenario corresponding to Lomas Verdes – Toreo.
- No actions outside of the Law have been detected. and the legality of the Guaranteed Return is not questioned.

With respect to the investment recognized, the audit identifies three aspects:

- Lack of substantiating documentation of the works amounting to 37 million pesos (1.8 million euros), which represent less than half a percentage point (0.5%) of the total investment amounting over 11 billion pesos (535 million euros). OHL México will provide the information needed to clarify any doubts about this figure.
- There is an administrative observation of 62 million pesos (3.0 million euros), regarding to the methodology for updating prices of building materials. The methodology used by the Company is established in both the Regulation of the Administrative Code of the State of Mexico and in the Concession Title. In addition, this methodology is currently used in all of the Company’s concessions and public works contracts at the federal level.
- It is also noted an observation with respect to the increase in the recognized investment in the toll system by 197 million pesos (9.6 million euros). This situation is related to an adjustment of prices that was pending to be discussed. However, it was solved and completed already this year but it was not considered by the audit.

OHL México has been audited exhaustively and in depth by a number of official bodies, as well as by the Board of Directors of the company itself through the consultancy firms, KPMG, Jones Day, FTI Consulting and Ritch Mueller who concluded that OHL México fully complied with the terms & conditions of the concession agreement.

The audit performed in the course of 14 months by the Court of Auditors of the State of Mexico, through the consultancy firm Pricewaterhouse Coopers (PWC), is added to the exhaustive investigation carried out by the National Banking and Securities Commission (CNBV). In both processes, the findings show that the allegations against OHL México are unfounded.

OHL México welcomes all exercises of transparency and reaffirms its commitment to operate in strict accordance with the law and market rules.