



Holding Company with  
**SUSTAINABLE**  
INVESTMENTS IN INFRASTRUCTURE

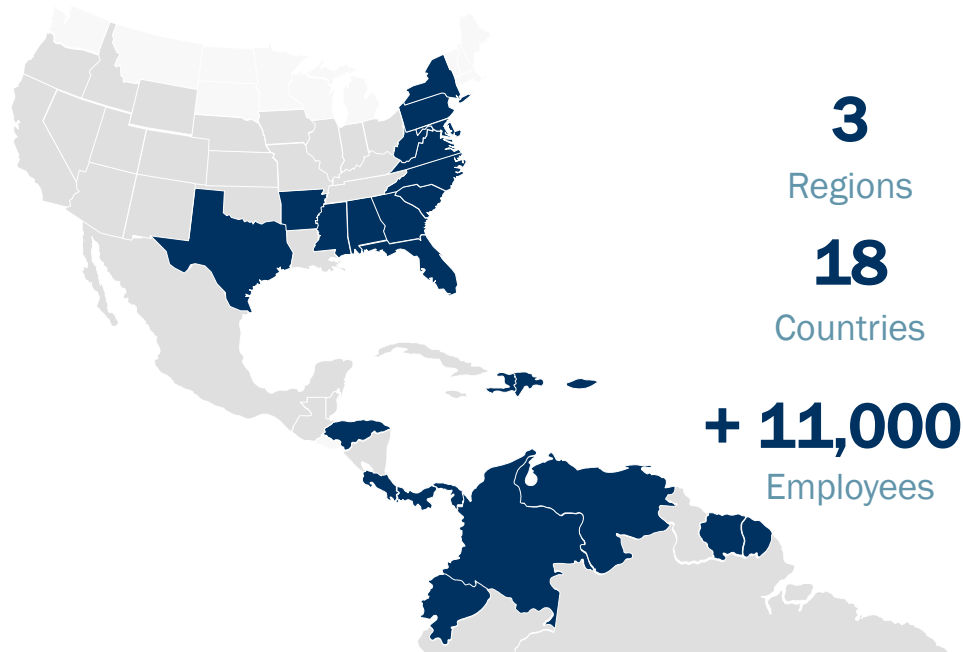


**GRUPO ARGOS**

June 2017



## Grupo Argos At A Glance



- Only liquid vehicle to invest in infrastructure in Colombia
- Strategic focus in Cement, Energy, Road and Airport Concessions
- Holding company with a solid and articulated portfolio with **USD 16 billion in AUM**
- With a **balanced portfolio** in regions, currency, and sectors
- One of the most **important players in infrastructure in the Americas**
- Operating in markets with significant **growth potential**





# Balanced Portfolio With A Focus In Infrastructure



Mkt Cap<sup>1</sup> Revenue<sup>2</sup> EBITDA<sup>2</sup>  
**USD 5.6 bn USD 4.9 bn USD 1.2 bn**

## STRATEGIC - In Infrastructure

### Cement



**55,3%<sup>3</sup>**

2016 Revenues: USD 2.9 bn  
 2016 EBITDA: USD 0.6 bn

### Energy



**52,5%**

2016 Revenues: USD 1.3 bn  
 2016 EBITDA: USD 0.3 bn

### Concessions



**98,6%**

2016 Revenues<sup>7</sup>: USD 0.4 bn (+0.3 bn of Opaín)  
 2016 EBITDA<sup>7</sup>: USD 0.1 bn (+0.1 bn of Opaín)

## PORTFOLIO

Manages a portfolio of US 3,1 billion<sup>6</sup> composed by:



<sup>1</sup> Mkt Cap in USD at 1/03/2017

<sup>2</sup> Revenues & EBITDA for 2016 in USD / (1 USD = 2,960 COP)

<sup>3</sup> Cementos Argos 55.3% ordinary shares and 46.83% of outstanding shares

<sup>4</sup> 50% participation in the managing vehicle, ~40% Economic right with the entrance of Protección Pension Fund

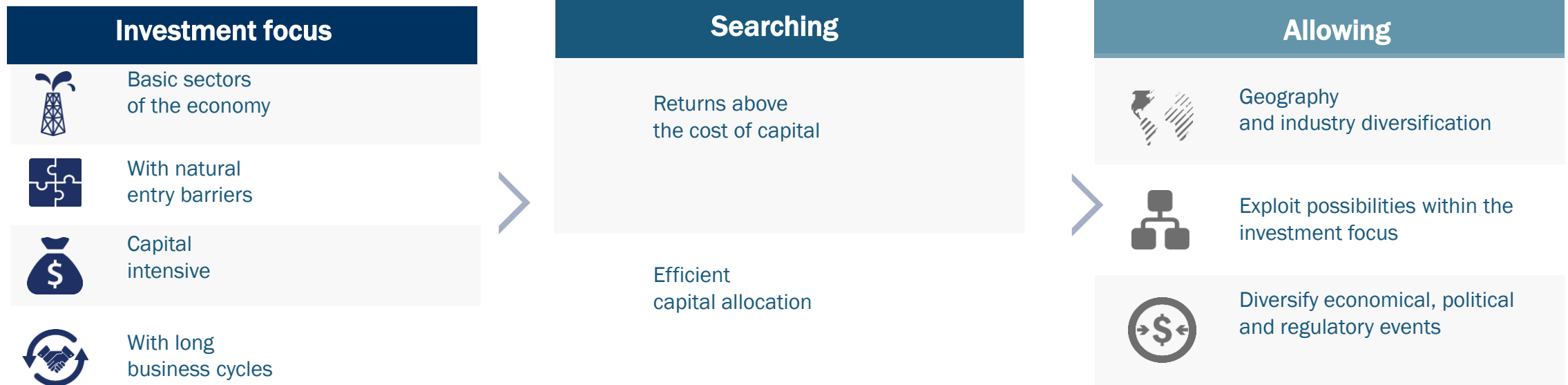
<sup>5</sup> Grupo Argos and its related companies adds to 35.9%

<sup>6</sup> Portfolio valued at Market prices for Grupo Sura and Nutresa and book value for other investments

<sup>7</sup> Corresponds to recurrent revenues and Ebitda for 2016, excluding PPA effect



# Principles of our strategy



Generating value Through	Capital arbitrage	Active participation in strategy of the core portfolio	DNA of business group	
Contributing to its subsidiaries	Access to capital markets in better conditions	Knowledge of target markets through other subsidiaries	Dialogue and relationship with public entities	Mobility of human capital
Acting according to sustainability principles	Good corporate governance and social responsibility practices	Respect for the environment		



# Grupo Argos as a Strategic Architect



Institutional

## Focused on the Group's relationship with the exterior

- Sustainability
- Stakeholders
- Government / Regulators
- Corporate Social Responsibility
- External communication



Management

## Focused on managing TODAY

- Government Model
- Control and Risk Management
- Ethics standards and corporate governance
- Synergies
- Talent management and corporate culture

\*SUMMA – creation of intercompany services subsidiary to capture synergies.



Strategic / Transformer

## Focused on defining the Group's FUTURE

- Corporate strategy
- Alignment with the competitive strategies of subsidiaries.
- Synergies opportunities

\*Acquisition of Odinsa and reshaping of portfolio.



Financial Strategy

## Controls and makes financial decisions to ensure correct capital allocation

- Efficient capital allocation
- M&A opportunity
- Fiscal and tax guidelines

30% acquisition of OPAIN guaranteeing the consolidation strategy of ODINSA.

Financial closing of Pacifico II with a more efficient capital structure.



# Long Term Strategy With Emphasis In Profitability

## Growth

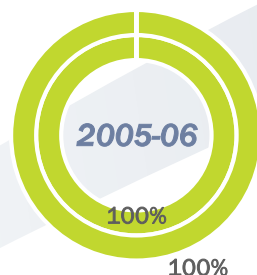
- 1 **Acquisitions in the cement business** to expand its geographic footprint
- 2 **Entry in the power and Concessions businesses** in Colombia, Central America and the Caribbean
- 3 Spinoff of Cementos Argos' non core assets for the creation of 3 new businesses (ports, urban development and coal)
- 4 **Consolidation of an infrastructure portfolio in the Americas**

## Profitability

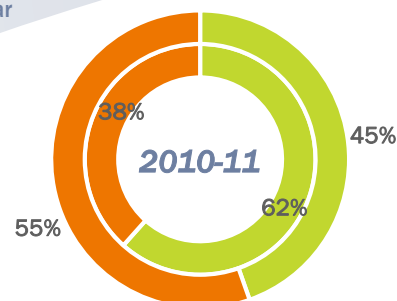
- 1 **Strategic capital allocation**
  - ✓ Divestment of non-core assets
  - ✓ Portfolio simplification
- 2 **Solid and articulated portfolio in cement, concessions and energy**
- 3 **Operational efficiencies**
  - ✓ SUMMA, BEST
- 4 **Consolidation of strategic assets**
  - ✓ Opaín, Pacífico II

EBITDA and Dividends from our Strategic Businesses\*

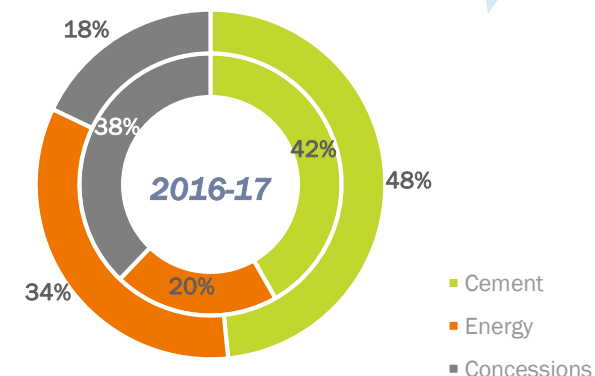
- Outer Circle: EBITDA generated the previous year
- Inner Circle: Dividends received by Grupo Argos the following year



EBITDA\* (2005): USD 83 MM  
Dividends received\* (2006): USD 33 MM



EBITDA\* (2010): USD 636 MM  
Dividends received\* (2011): USD 80 MM



EBITDA (2016)\*: USD 1.0 bn  
Dividends received\* (2017): USD 184 MM



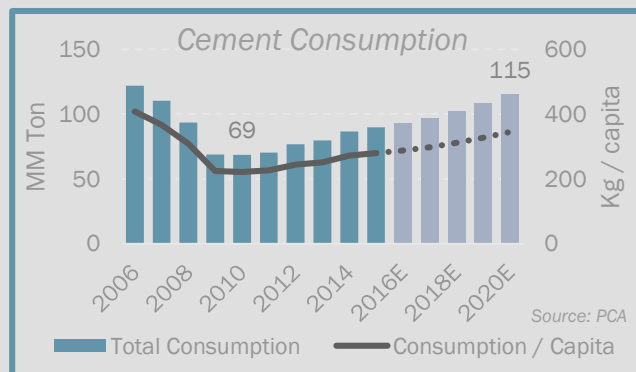
# Rational Behind the Cement Business

## Geographical Environment



USA

- ✓ Residential sector is the main driver for cement demand recovery.
- ✓ Infrastructure plan of USD 1 Tr for the next 10 years.



COL

- ✓ Government ambitious infrastructure investments (4G's, tertiary roads, free housing, "Mi Casa Ya", house rate subsidies). 4G approved USD 20.7 bn.
- ✓ Low cement consumption per capita (265 Kg).
- ✓ Housing structural deficit of 27,000 houses/year.

**~1.3%**  
contribution  
to total GDP  
in 2017



CCA

- ✓ High long term growth prospects and strategic interconnection of all regions.
- ✓ Positive market dynamics with significant infrastructure projects underway.

	Honduras	Panama
GDP 17e growth	~6%	~5.6%
Infra Inv. USD MM	130%	270%



## Cementos Argos' Strategy

- ✓ Acquisition of a cement plant in **Martinsburg** to become the **4<sup>th</sup> largest cement producer in the USA.**
  - ✓ Expected synergies of ~US\$ 8 MM/year.
- ✓ **Strategically located plants** close to high growth and demand centers.
- ✓ **BEST Program:** Improving operational efficiencies.
- ✓ **Backlog:** +72% of awarded functional unites to provide cement for the 4G's.
- ✓ Highly **efficient capital allocation** through scalable network.
- ✓ Control of 47% of the cement and clinker seaborne trade market.



# Rational Behind The Power Sector Business

## Sector Analysis (Colombia + Panamá + Costa Rica)



- ✓ Energy consumption **growth potential** (low per capita consumption).

Per Capita Energy Consumption kWh



1,149



1,957



1,973



2,070



3,064

- ✓ Developing economies with attractive growth that will require **additional capacity**.



- ✓ **Regulated sector** with efficient market mechanisms.



- ✓ Governments that encourage the execution of **renewable projects**.
  - ✓ Colombia Law 1715.



## Celsia's Strategy

- ✓ **Leader** in the countries where it operates.
- ✓ **Project Pipeline** to capture growth opportunities
  - ✓ Hydro (+350 MW)
  - ✓ Solar farms (+200 MW)
  - ✓ Wind farms
  - ✓ Plan 5 Caribe (Transmission) – with guaranteed revenue.
- ✓ Vertically integrated (T+C+D) in the energy business that translates into efficiencies.
- ✓ High **predictability of cash flows** in the T+C+D businesses.
- ✓ **Leaders in the development of non-conventional renewable energies and distributed energy.**
- ✓ **Innovation platform** seeking new business opportunities.



# Rational Behind the Road Concession Business

## Geographical Environment



- ✓ Presence in developing countries with a **high deficit in infrastructure.**

Global competitiveness index – Quality of roads

Country	Position / 138
Ecuador	24
Chile	30
Dom. Republic	54
Mexico	58
Peru	110
Colombia	120



- ✓ **Government bet to dinamize economy through infrastructure.** (4G's, tertiary roads, free housing, "Mi Casa Ya", house rate subsidies). **4G program approved = USD20.7 bn.**
- ✓ **Stable regulatory and institutional framework** with efficient market mechanisms.
  - ✓ ANI



- ✓ **Sector consolidation in Colombia** – a sign of the maturity that is being gained by the sector.



## Odinsa's Strategy

- ✓ **Consolidate strategic corridors** in Colombia and the region.
- ✓ **Experience and credentials** as a constructor and sponsor.
- ✓ **Balanced portfolio** in terms of mature and Green field projects.

- ✓ **Solid relationship with the government.**
- ✓ **Participation in:** 1 4G Project and 1 PPP.
- ✓ **Total capex committed for 4G program = USD 1.1 bn (5.2% of total 4G program).**
- ✓ **Strong corporate governance.**

- ✓ **Strong balance sheet.**
- ✓ **Credentials to participate in other projects.**

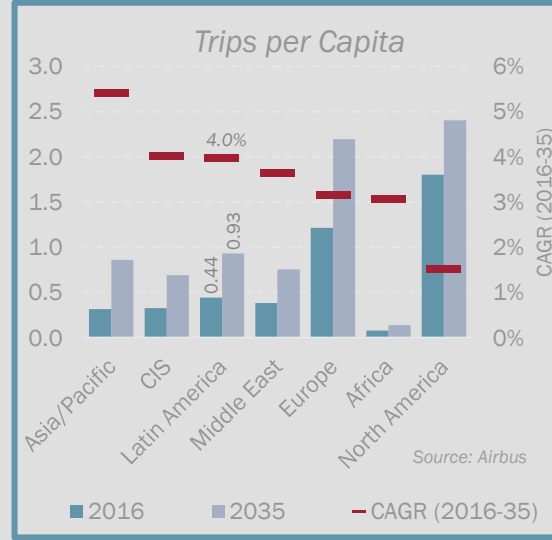


# Rational Behind the Airport Concession Business

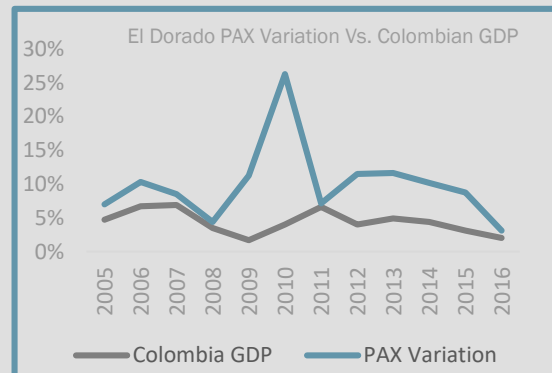
## Geographical Environment



- ✓ For the next 20 years the middle class will grow in about 2 bn, leveraging the growth of air traffic.
- ✓ Most of the growth in traffic will come from **emerging countries**.
- ✓ 70% of traffic growth will be in the current network, the remaining 30% will be on new routes.



- ✓ **Growing passenger traffic above GDP growth.**
  - ✓ Avg growth PAX above GDP (2005 - 2016) of 2.61x.



## Odinsa's Strategy

- ✓ **Busiest airports** in Colombia and Ecuador to take advantage of the regional traffic growth.
- ✓ **Strategic geographic location** of El Dorado that positions it as a hub to connect the region with the world.
- ✓ **Controlling stake in Opaín** to lead value creating strategies.
- ✓ **Construction of voluntary works** in Opaín for US\$135 mm.
- ✓ **Increase non commercial revenues** to reach regional standards (non regulated revenues el Dorado ~USD2.7 per PAX vs US\$5.8 in LAC).



# Recognition and Solid Commitment to Corporate Governance

## BOARD OF DIRECTORS

**ROSARIO CÓRDOBA**

(Chairman of the Board) - Independent

**MARIO SCARPETTA**

Independent

**ANA CRISTINA ARANGO**

Independent

**ARMANDO MONTENEGRO**

Independent

**JORGE URIBE**

Independent

**DAVID BOJANINI**

Non – Independent

**CARLOS GALLEGO**

Non – Independent

**JORGE MARIO VELÁSQUEZ**

CEO - Non member

## SHAREHOLDERS



Figures as of March 31, 2017



Preferred shares do not carry voting rights

## RECOGNITIONS



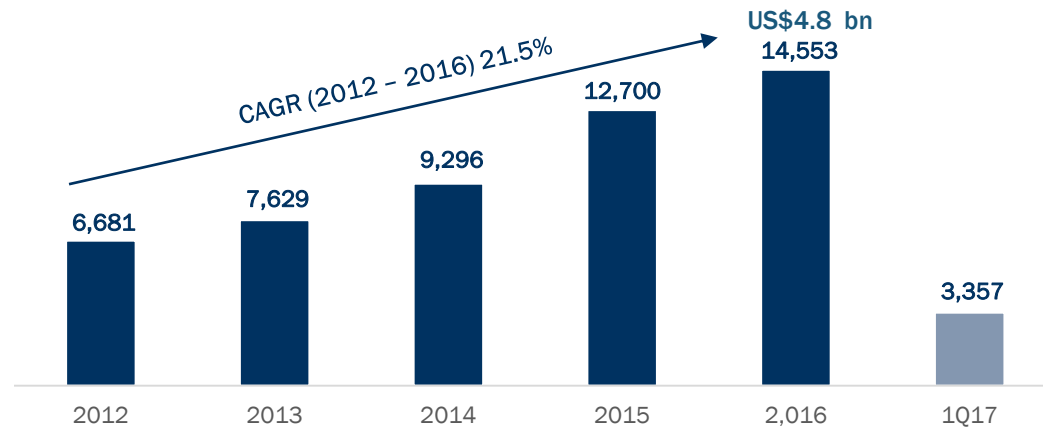
The CEO Water Mandate

## AFFILIATIONS

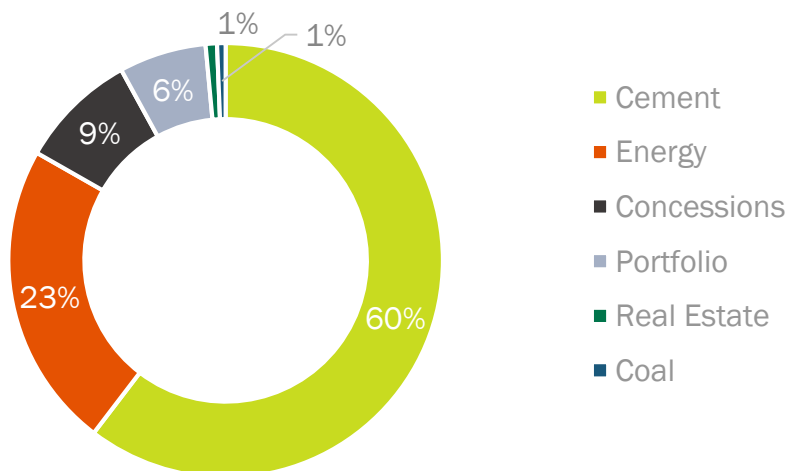


## Contribution by Business

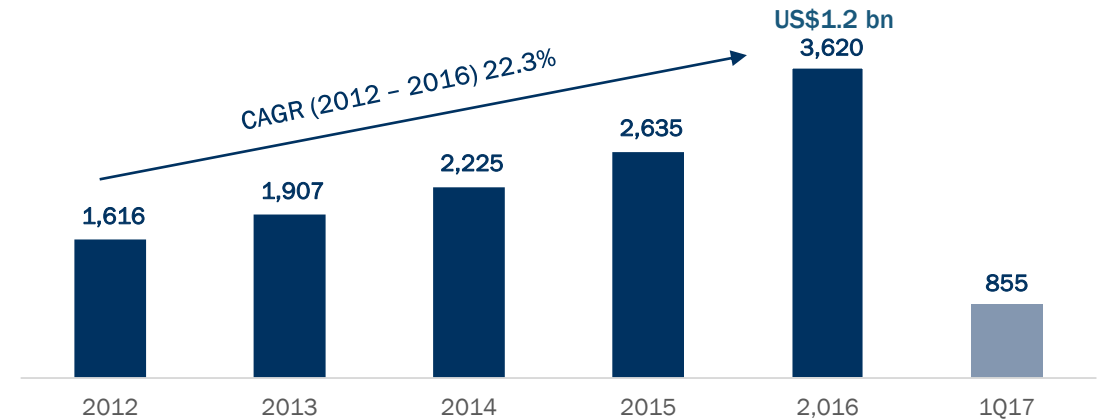
### Grupo Argos Consolidated Revenues (COP bn)



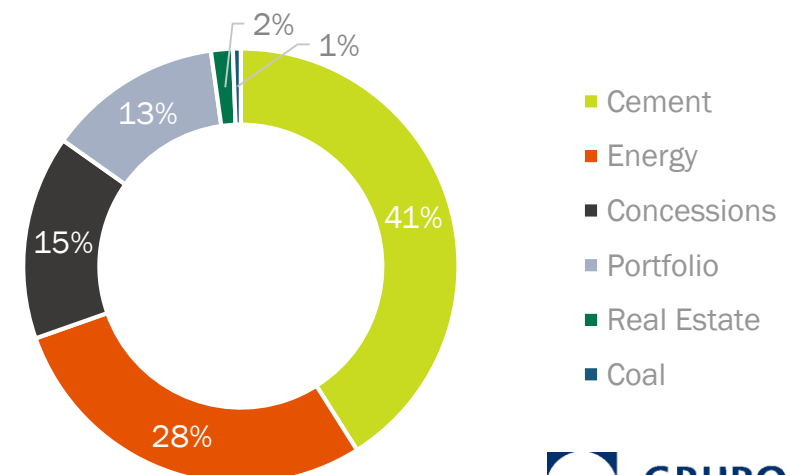
### Grupo Argos Revenue Contribution by Business (%) LTM



### Grupo Argos Consolidated EBITDA (COP bn)

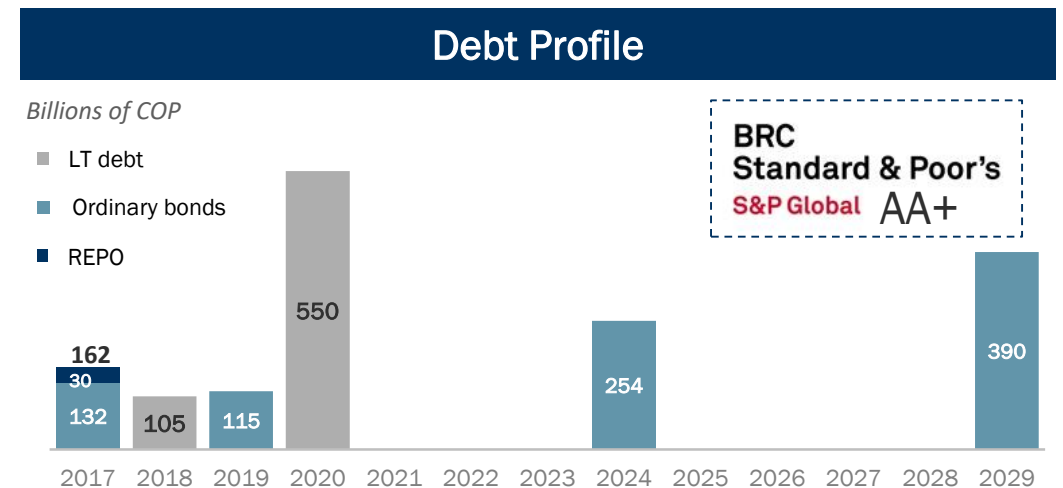
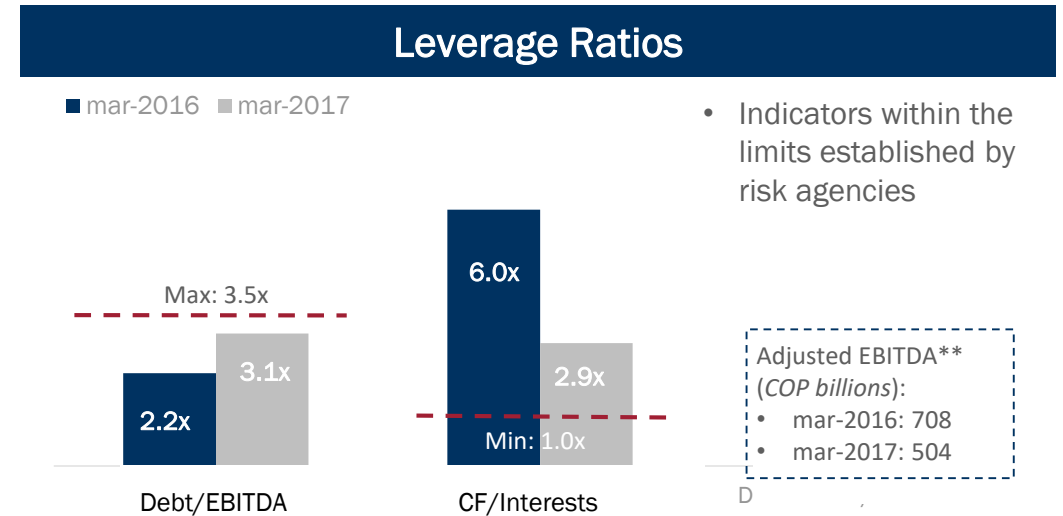
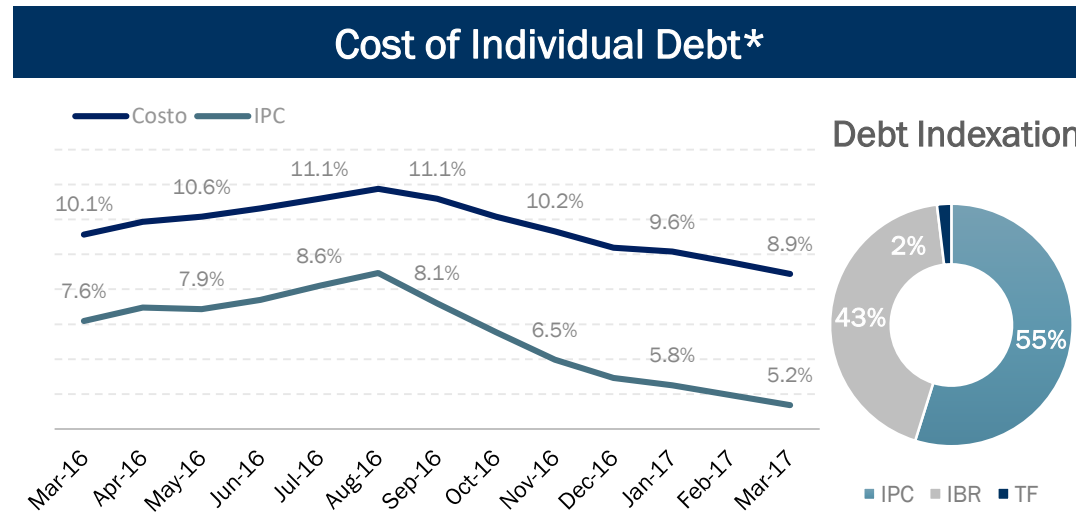
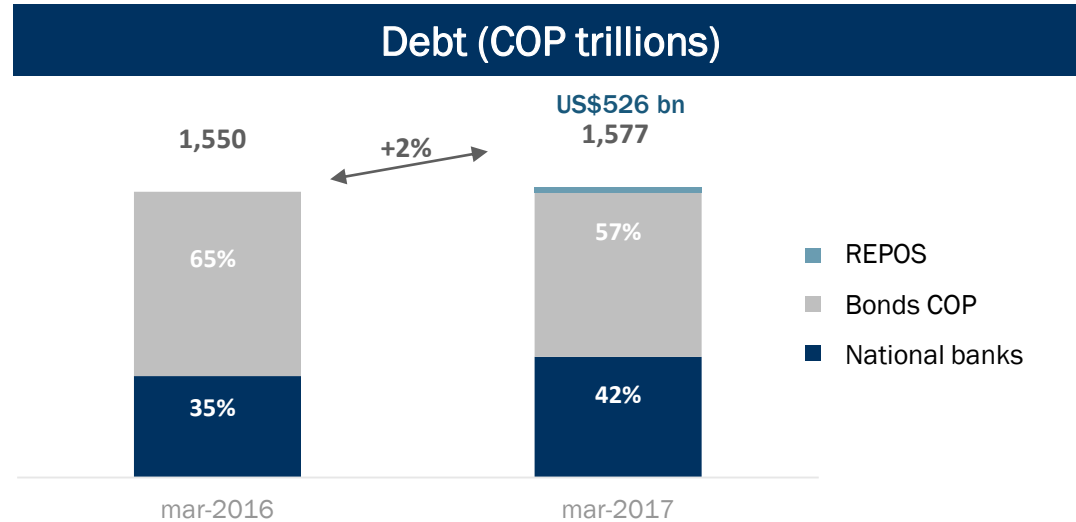


### Grupo Argos Ebitda Contribution by Business (%) LTM





# Leverage ratios (separate) healthy and within the limits established by the rating agencies. S&P ratifies AA+





# Stock Performance

**Ticker**

GRUPOARG CB  
PFGRUPOA CB

**Market Cap<sup>1</sup>**

COP 17.1 tn  
(USD 5.8 bn)

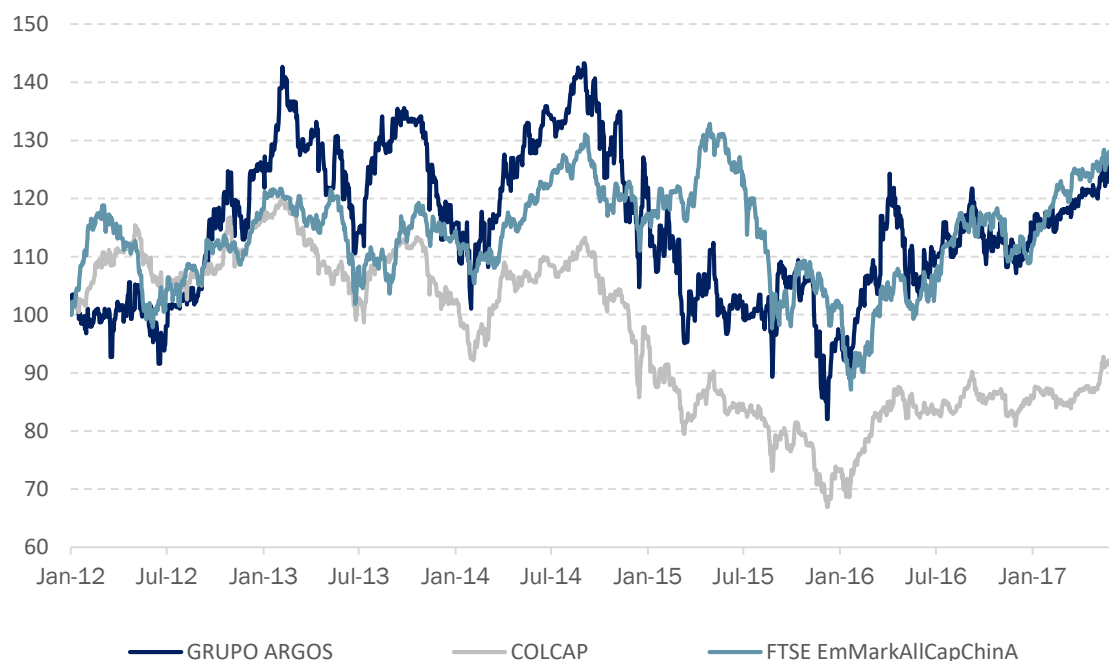
**ADTV (LTM)<sup>1</sup>**

Common: USD 1.8 bn  
Common non voting: USD .2 bn

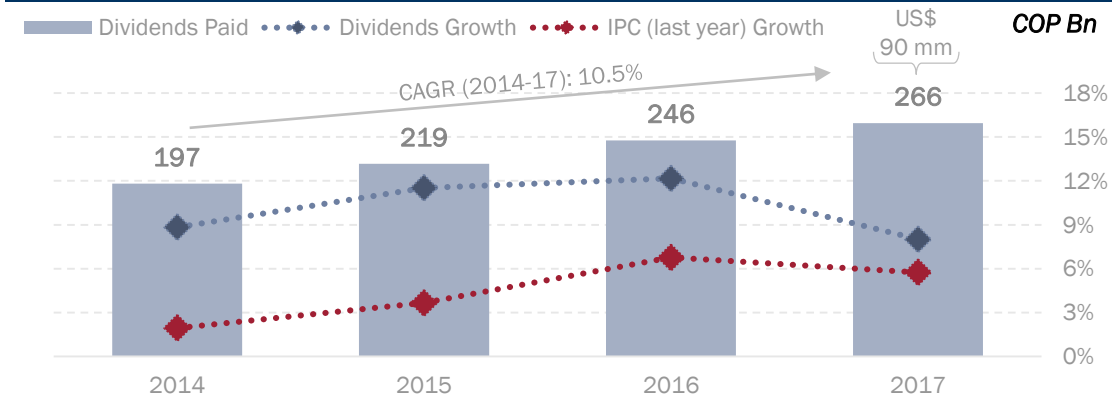
**Dividend Yield<sup>1</sup>**

1.5%

## Stock Evolution



## Dividends Paid



## Historical Performance

	1 year	3 years	5 years
Grupo Argos Common	0.9%	-2.1%	18.8%
TSR	2.3%	1.8%	26.1%
Grupo Argos Common non voting	1.3%	-6.8%	
COLCAP	2.2%	-19.1%	-21.7%
FTSE EmMarkAllCapChinaA	16.7%	7.7%	7.9%





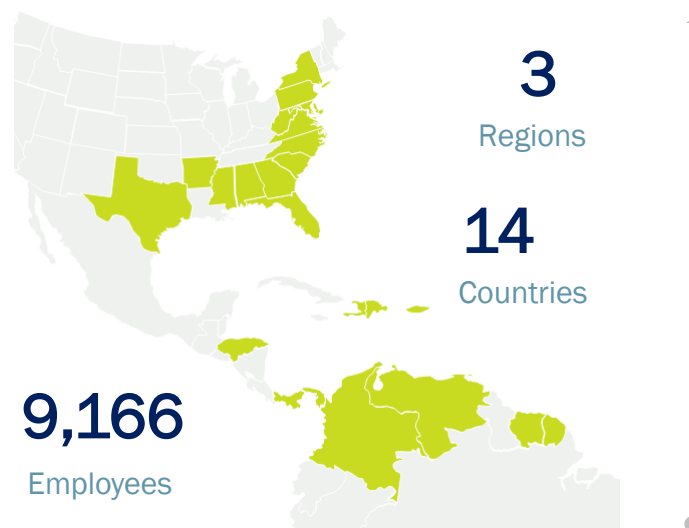
# Cement BUSINESS



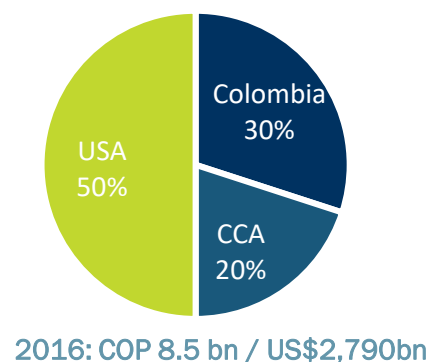
**GRUPO ARGOS**



# Cement and Concrete leader in the Americas

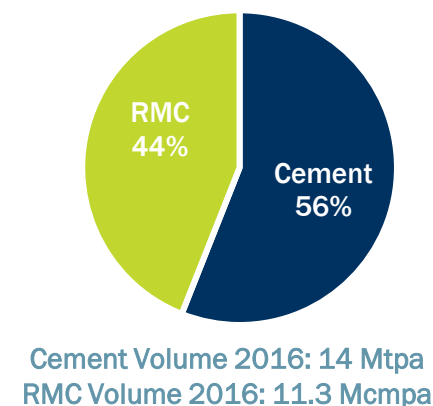


Revenue by Geography

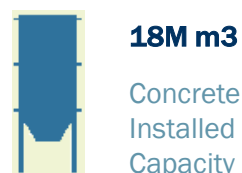
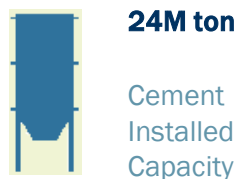
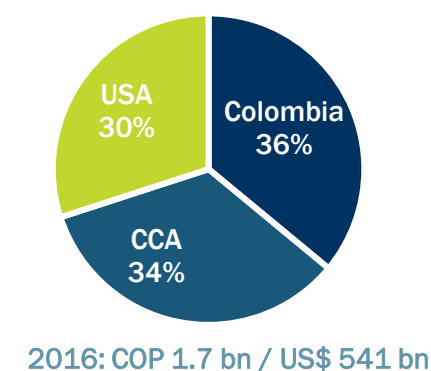


Key Figures (2016)

Revenue by product



EBITDA by Geography



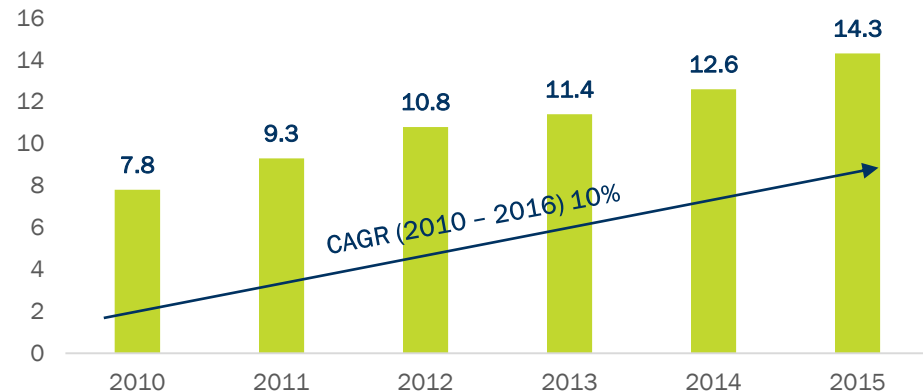
- ✓ Included in the Dow Jones Global and Emerging Markets sustainability index, for 4 consecutive years. Selected as the cement company most sustainable worldwide according to the Dow Jones Sustainability Index.
- ✓ #1 or #2 positions in key emerging and developed interconnected markets in the Americas.
- ✓ Flexible operations with vertical integration and extensive logistics network.
- ✓ Undertaking strategic investments to further enhance efficiency and competitiveness.
- ✓ Operating in countries with significant growth potential
- ✓ Healthy financial position and flexibility to pursue growth



# Results

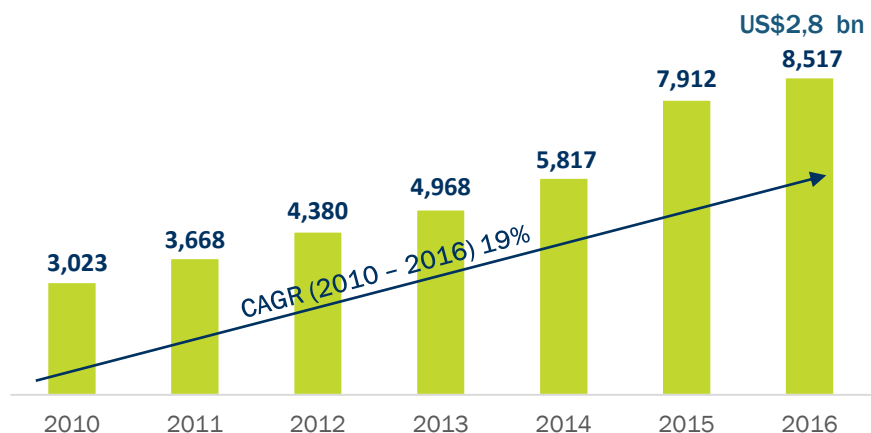
## CEMENT VOLUME

Mtpa



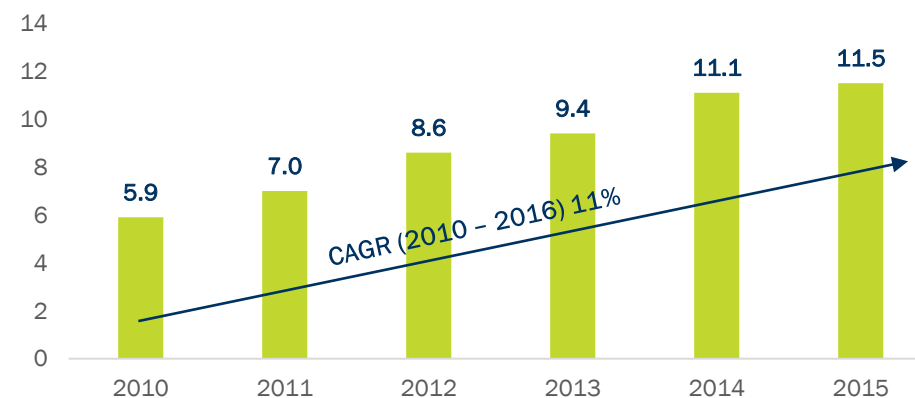
## REVENUES

COP \$ bn



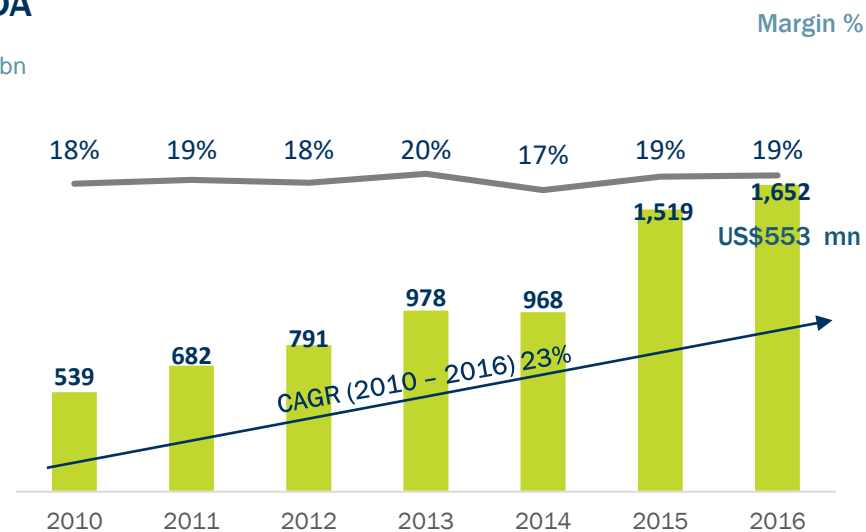
## RMC VOLUME

Mcmpa



## EBITDA

COP \$ bn







CELSIA

Energy  
BUSINESS



GRUPO ARGOS

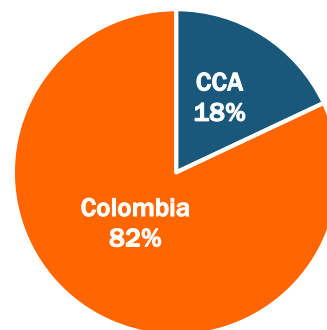


## Balanced Portfolio in the Power and Distribution Businesses



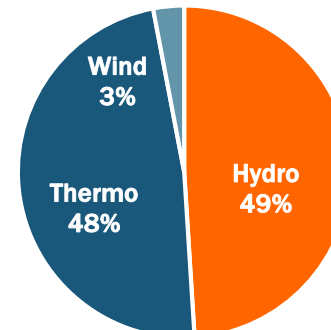
### Key Figures (2016)

Revenue by Geography

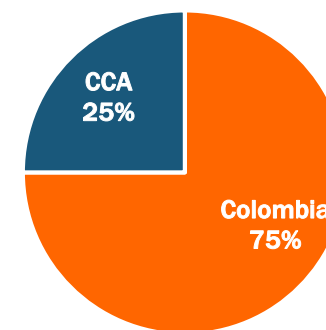


2016: COP 3,795 bn  
Gx: 54.9%  
Cx+Dx+Tx: 45.1%

Revenue by type of generation



EBITDA by Geography



2016: COP 1,031 bn  
Gx: 70.6%  
Cx+Dx+Tx: 29.4%

**2,390**  
Mega watts

**7,135**  
GWh of energy generated

**580,000**  
Clients

**274**  
km transmission networks

**27**  
Plants

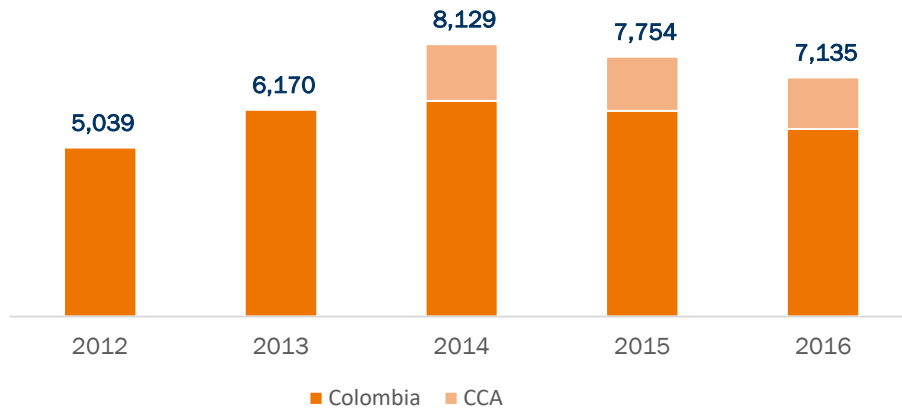
**20,230**  
km distribution network

- ✓ 5-year CAGR (2011-2015) of 16.1% in revenues and 5.4% (CAGR 2010-2014 ex Niño) in EBITDA.
- ✓ Vertically integrated: Generation, transmission, distribution and commercialization
- ✓ Leader in Gx: 2nd Panama and 4th Colombia.
- ✓ Innovation Focus:
  - Become a strong player in large-scale unconventional renewable energies connected to the grid.

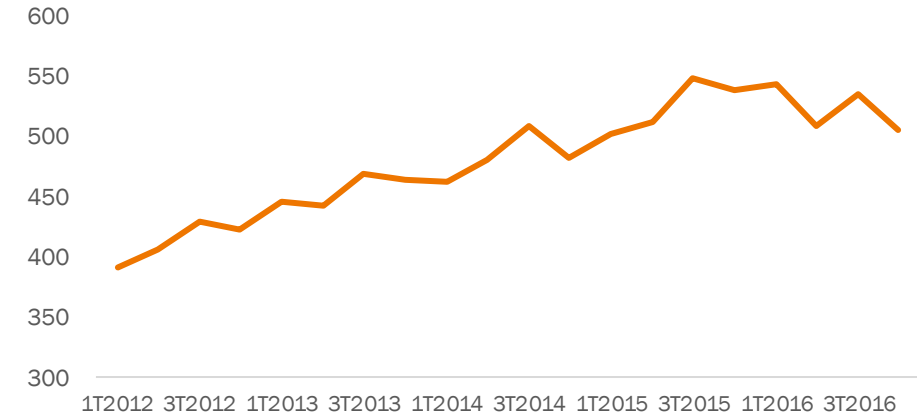


## Recent Performance

### GENERATION GWh

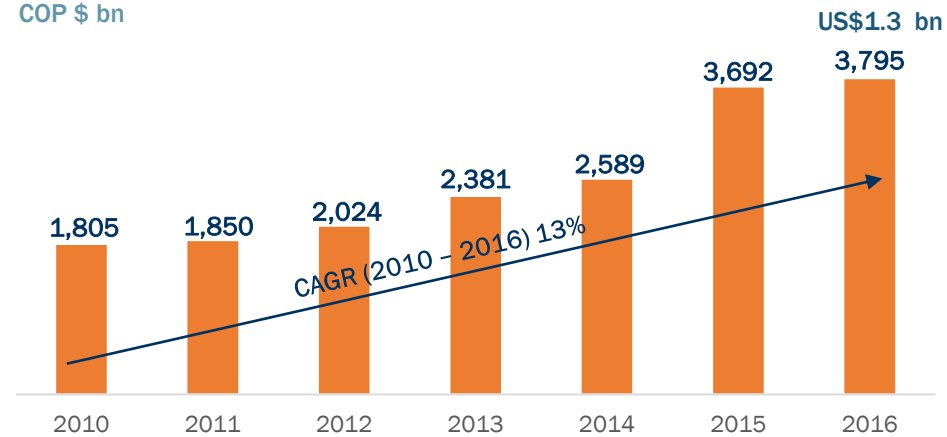


### REGULATED AND NON REGULATED MARKET SALES GWh



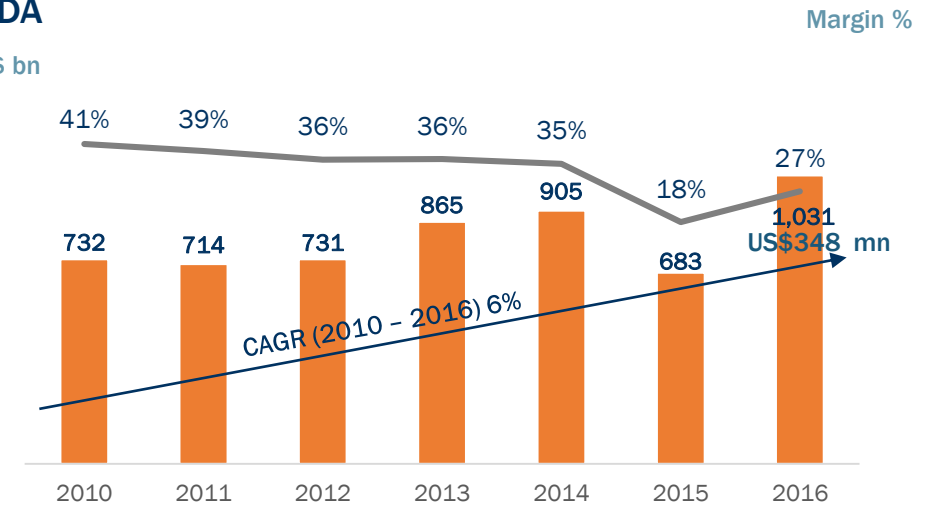
### REVENUES

COP \$ bn



### EBITDA

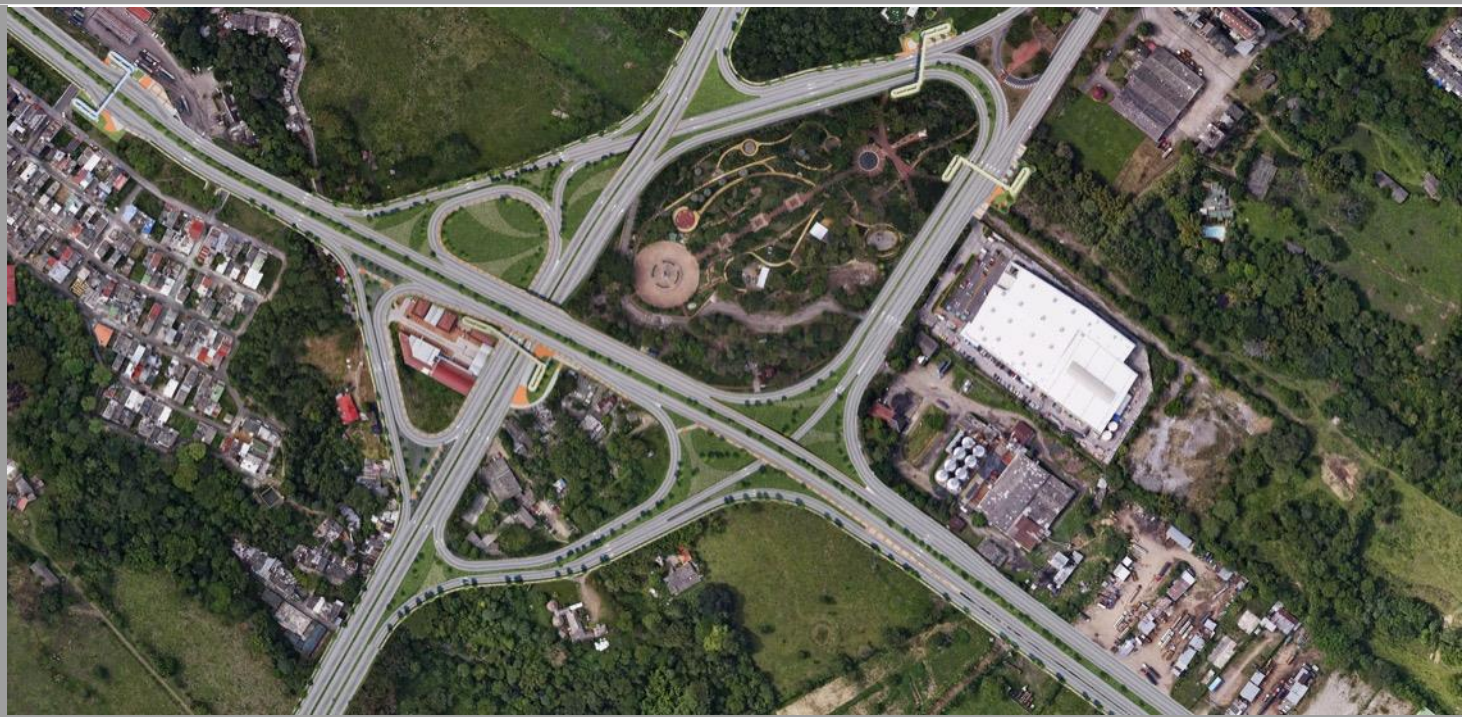
COP \$ bn







# Concessions Roads & airports



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## Active transformation in the concession business



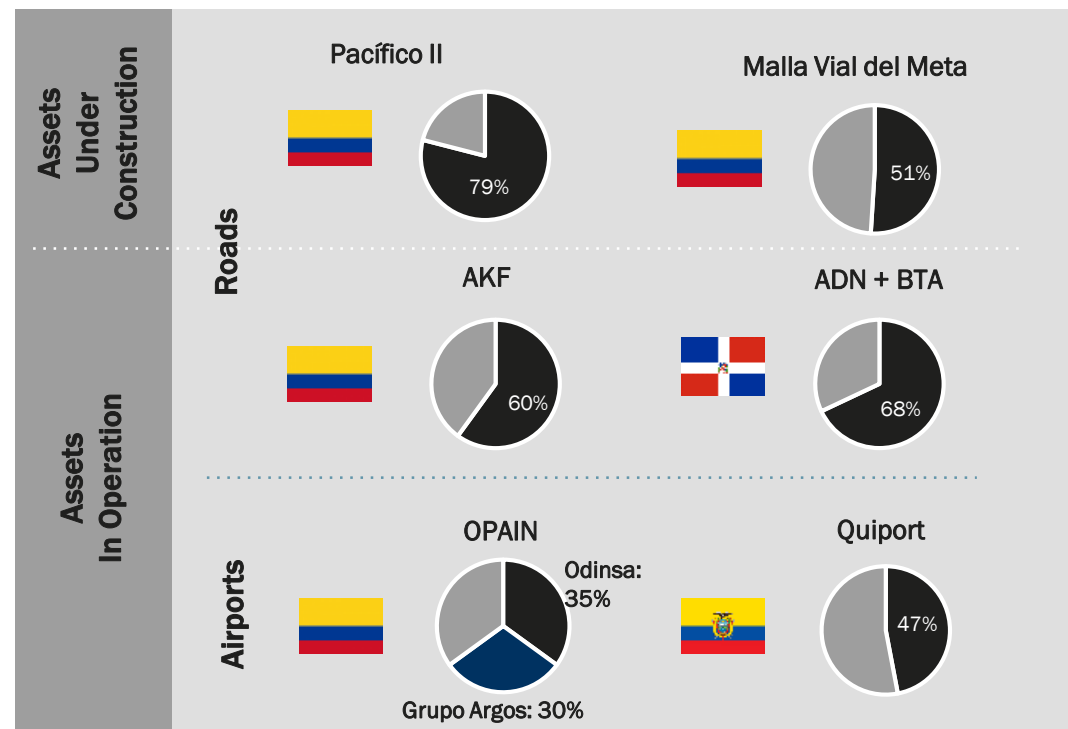
**3**  
highway concessions in operations



**2**  
concessions under construction



**2**  
Airport concessions

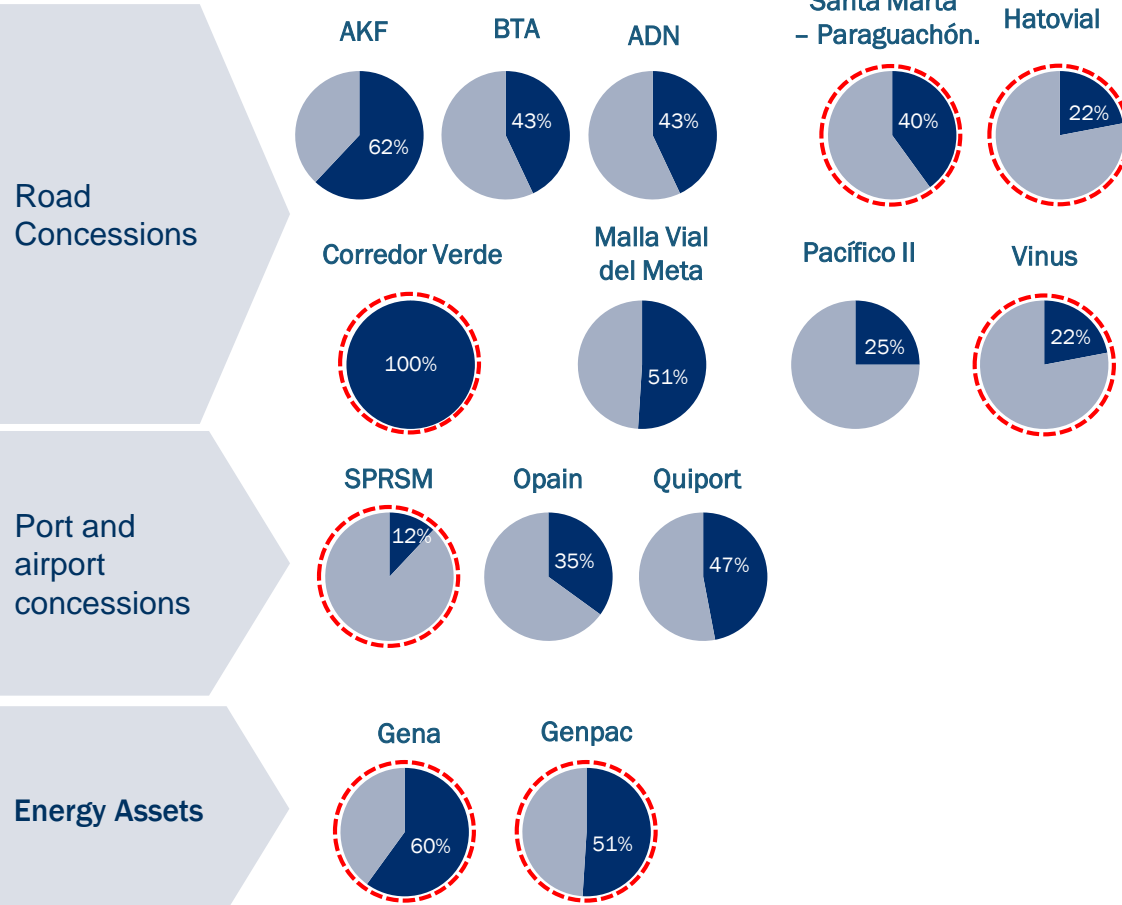


- ✓ Long-term infrastructure concessions in two specific business segments, at any stage of the value chain: Roads and Airports
- ✓ 5-year CAGR (2010-2015) of 8.5% in revenues and 12.2% in EBITDA.
- ✓ Construction Backlog (COP 1.9bn /USD630bn).
- ✓ Quito and El Dorado Airport:
  - EBITDA 2016 de Quiport: USD 107 bn
  - EBITDA 2016 de El Dorado: USD 90 bn



# Successful consolidation in the Airport and Road concession business

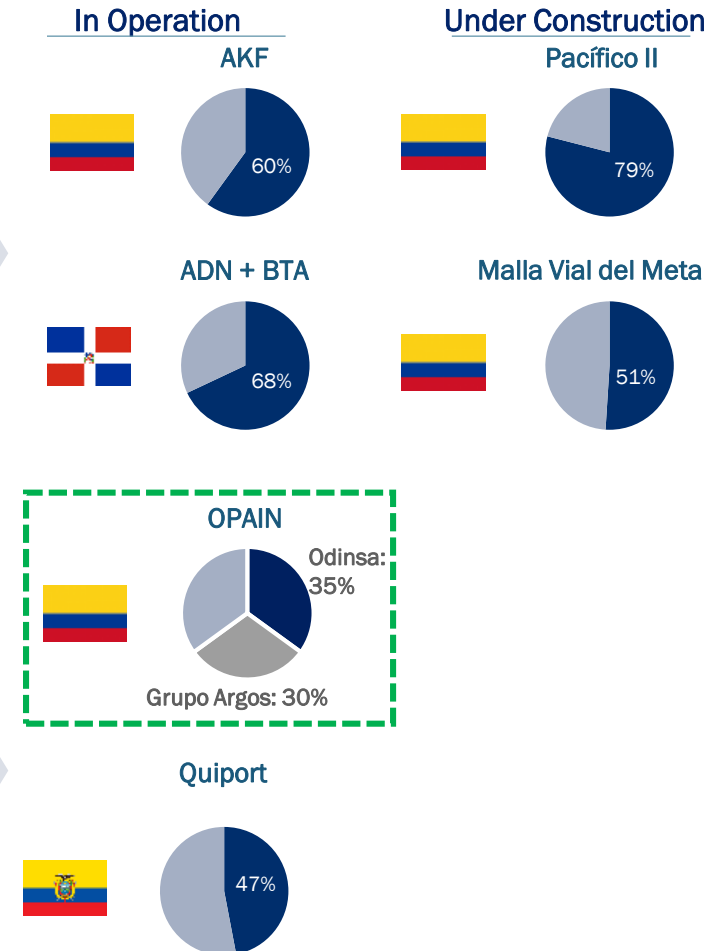
## 2015 End of Year



- ✓ Control in ADN and BTA in D.R.
- ✓ Acquisition of control in Pacifico 2, a 4G project (25% to 79%) swap for Hatovial (22%), Vías del Nus (22%), Autopistas del Café (2%) and Green Corridor (100%).
- ✓ Divestment process in Santa Marta - Paraguachón

- ✓ Close in Quiport acquisition
- ✓ Divestment in Sociedad Portuaria de Santa Marta (12% to 0%)

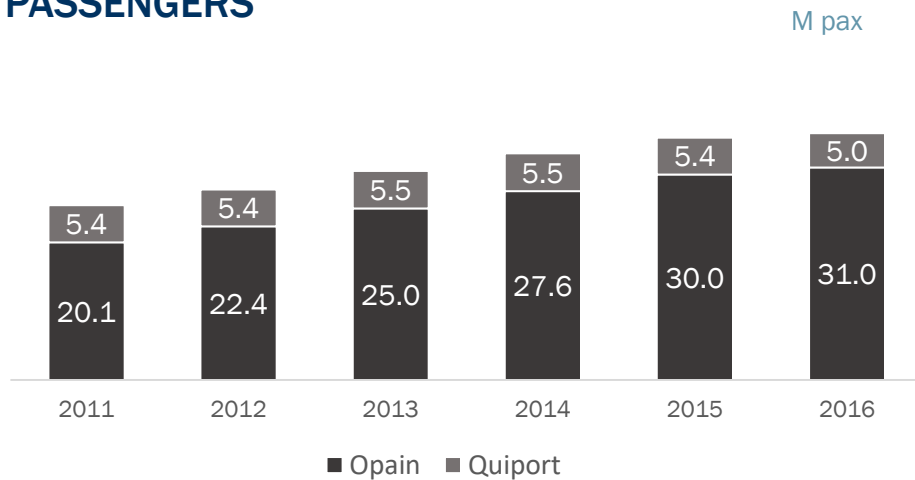
## Expected Situation YE2016



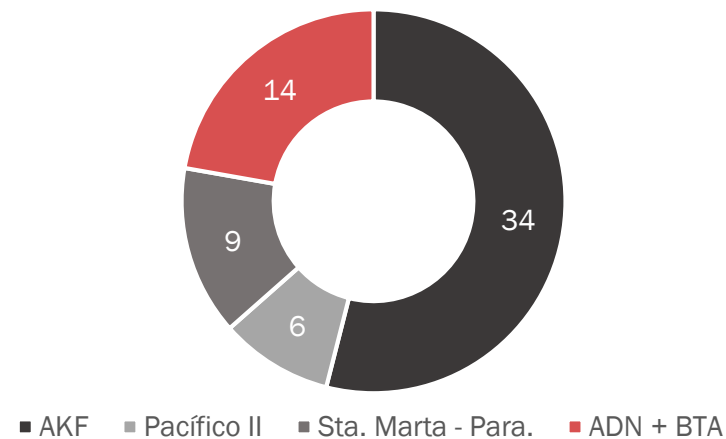


## Recent Performance

### PASSENGERS

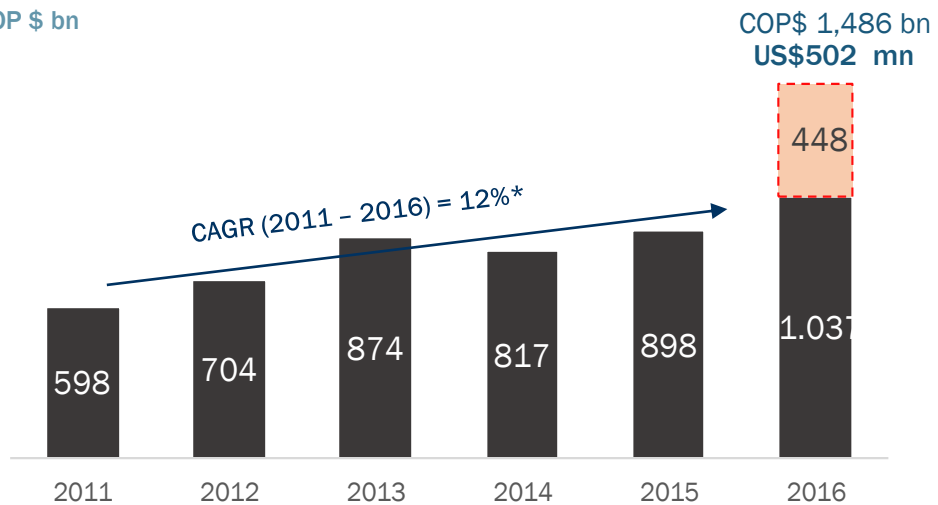


### TRAFFIC 2016 (TPD)



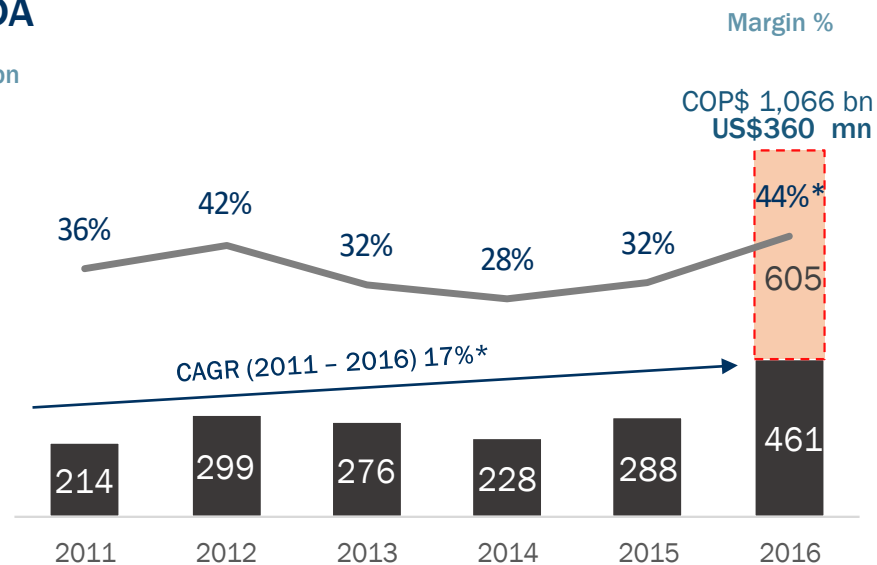
### REVENUES\*

COP \$ bn



### EBITDA

COP \$ bn







Real - Estate

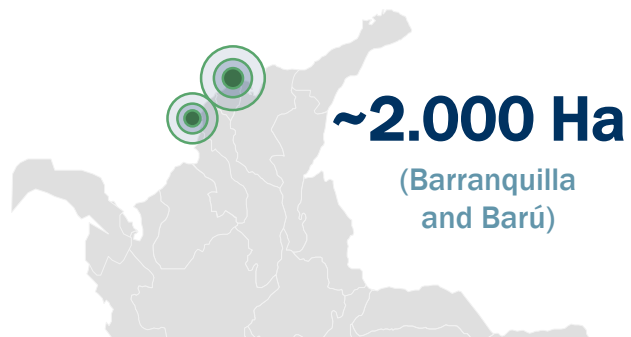


GRUPO ARGOS



# Land Bank with cash generation potential

Situm



**416 Ha developed up to 2015**



2002



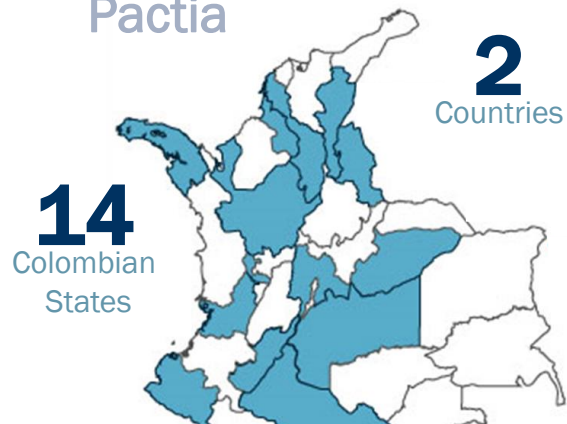
2009

- ✓ ~ 2.000 Ha to develop between Barranquilla and Barú.
  - Land development in Barranquilla: 833 Ha equivalent to 2,5x Central Park in NYC.
  - Land development in Barú: 1.180 Ha. Tourism potential.
- ✓ 35 years of expertise.
  - Orderly planning, optimizing investment, verifying costs that are appropriate for the operation and increase efficiency.
  - Synergy opportunities for development of all the groups lands assets.

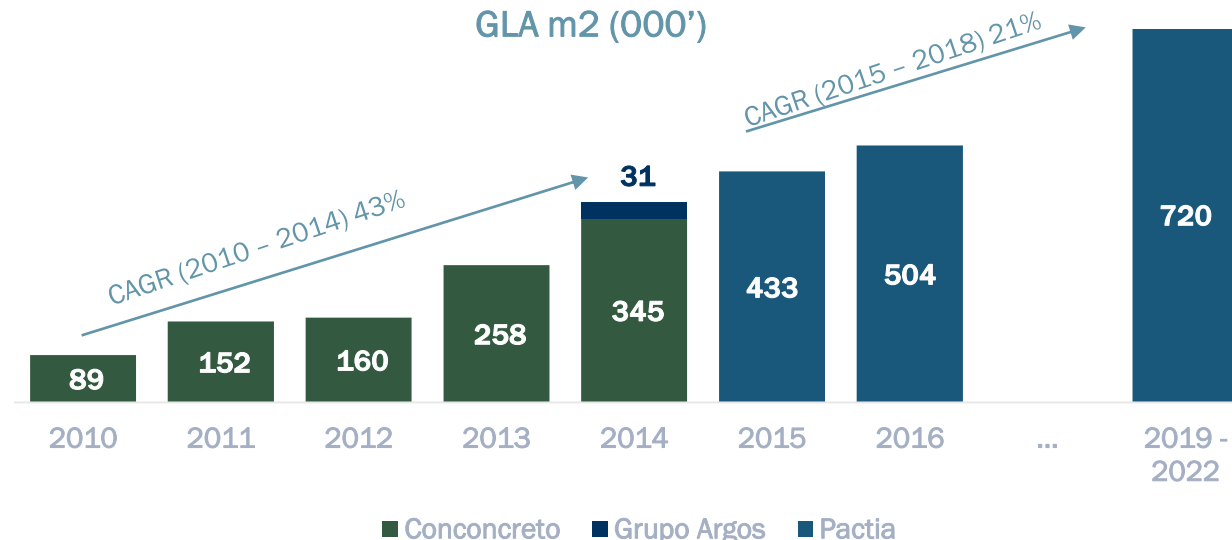


# Property Joint Venture with growth potential

Pactia



Evolution of Concreto and Grupo Argos GLA m2 (000')



**~ 500.000 m2**

Shopping centers, offices, warehouses, self-storage and hotels



**USD 680**

million in assets



**>1800**

commercial units

- ✓ EBITDA CAGR projected 2016 - 2026: 21%
- ✓ ~ 260.000 m2 in pipeline to reach 720.000 m2 in GLA in the next 4 years.
- ✓ Assets:
  - 16 shopping centers
  - 14 industrial projects
  - 10 corporate buildings
  - 1.117 rooms in 6 properties
  - + 3.000 self-storage units in 8 properties





# Concessions Ports



**GRUPO ARGOS**



# Integrated logistic with strong partnerships



**5**

mn tons Handled in 2015



**5**

Terminals under Operation



**2**

operations in association



**2**

Terminals under construction



## Port Terminals

- ✓ Cartagena
- ✓ Barranquilla
- ✓ Buenaventura
- ✓ Tolú
- ✓ Houston (Operation)
- ✓ Boscoal (Buenaventura)

- ✓ Invest in the modernization and specialization of our terminals
- ✓ Boscoal - Port under construction:
  - Will be the main port of entrance to Colombia.
  - Estimates entry 1Q17
  - Alliance with Singapore Port Terminal (SPT).
  - Capacity to move bulk, general cargo and containers
  - Estimated investment (US120mn Grupo Argos and US 800mn SPT in two phases)
- ✓ Tolu port with Privileged location for the industry, 150km closer to Antioquia than Cartagena port.
- ✓ Cartagena port recently signed Alliance with APM Terminals (APM terminals has its own ships guaranteeing container flow)



## Commercial Partnership

- ✓ Buenaventura
- ✓ Cartagena
- ✓ Comship
- ✓ Brokers



Ership

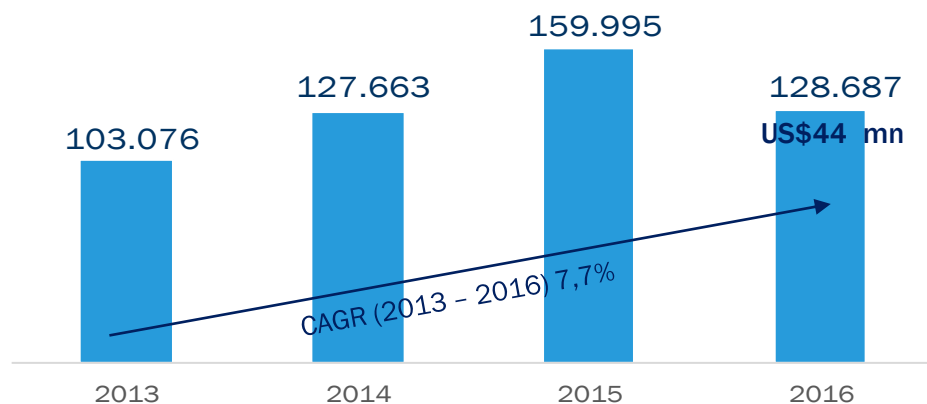




## Recent Performance

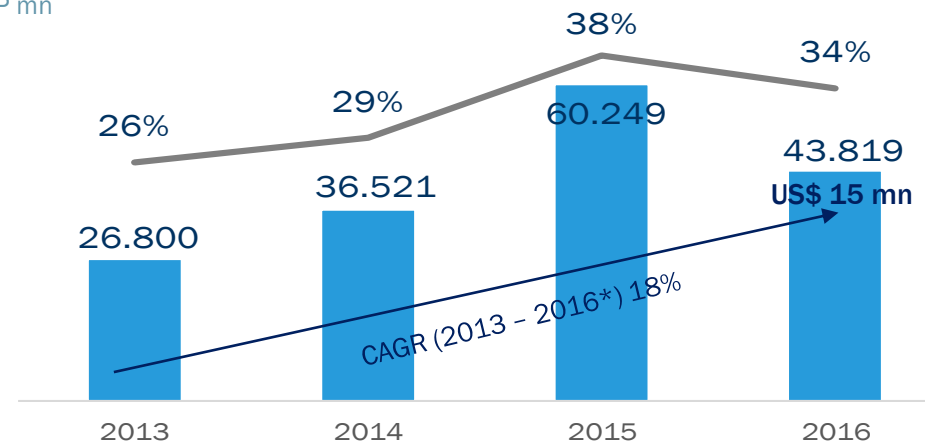
### REVENUES\*

COP mn

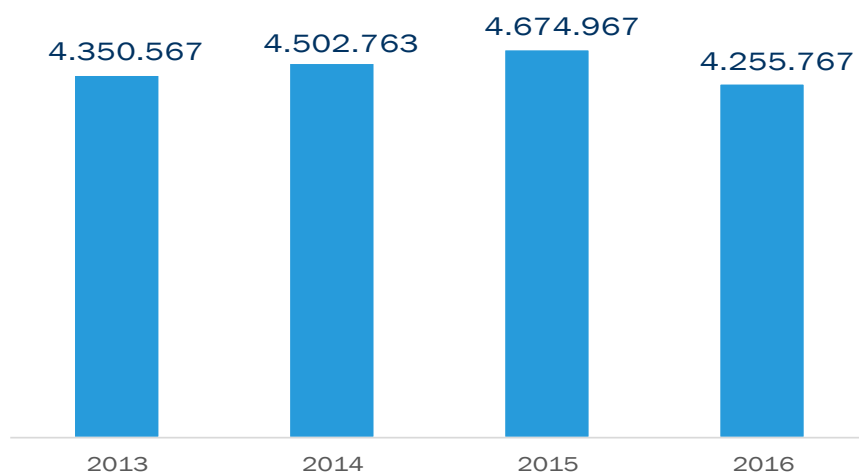


### EBITDA\*

COP mn



### TONS OF CARGO (Including Containers)





# Contact



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