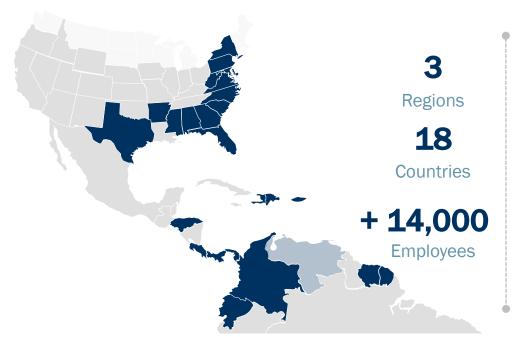






#### **Grupo Argos at a glance**



- 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











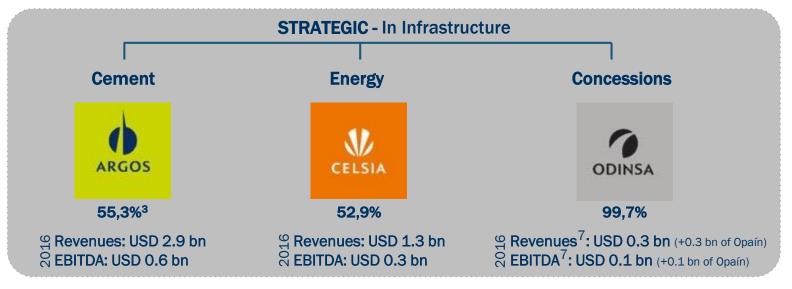




#### **Balanced portfolio with a focus in infrastructure**

# **GRUPO ARGOS**

Mkt Cap<sup>1</sup> Revenue<sup>2</sup> EBITDA<sup>2</sup> **USD 1.2 bn USD** 5.8 bn **USD 4.9 bn** 



#### **PORTFOLIO**

Manages a portfolio of USD 3.1 billion<sup>6</sup> composed by:

PACTIA

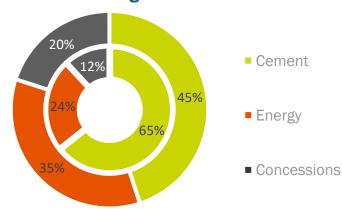
**GRUPO ARGOS** 

sura 🦠

27.7%5



#### **Revenue and Ebitda contribution from Strategic Portfolio**



- Outer Circle: EBITDA contribution LTM 1H17 (USD 1.02 bn / COP 3,052 bn)
- Inner Circle: Revenue contribution LTM 1H17 (USD 4.3 bn / COP 12,880 bn)





#### **Grupo Argos as a strategic architect**

Institutional

Corporate Governance

- Risks and Audit
- Reputation, branding and communications
- Sustainability and Corporate Citizenship (Philanthropy)

Management

Human strategic management

Capturing Synergies

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



Corporate Strategy

Innovation

\*Acquisition of Odinsa and reshaping of portfolio.

Financial Strategy

- Efficient capital allocation,
- leveraging growth through M&A,
- defining tax guidelines

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

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

	Generating value Through	Disciplined capital allocation	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
4	Acting according to sustainability principles	Good corporate governance and social responsibility practices	Respect for the environment		



#### Proven track record with emphasis in profitability

#### Growth

- 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
- 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**

- Strategic capital allocation
  - ✓ Divestment of non-core assets (Bancolombia, Compas)
  - ✓ Portfolio simplification (Concessions, Cement and Energy)
- Solid and articulated portfolio in cement, concessions and energy
- 3 Operational efficiencies
  - ✓ SUMMA, BEST
- 4 Consolidation of strategic assets
  - ✓ Opaín, Odinsa, Pacífico II







#### Rational behind the road concession business

#### **Geographical environment**



Presence in developing countries with a high deficit in infrastructure.

*	Country	Position / 138
ness ads³	Ecuador	24
itive of ro	Chile	30
npet	Dom. Republic	54
Global competitiveness ndex - Quality of roads*	Mexico	58
Global index -	Peru	110
Glind	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.



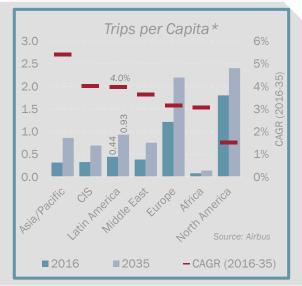


#### Rational behind the airport concession business

#### **Geographical environment**

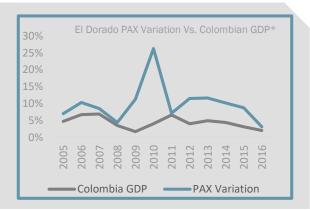


- For the next 20 years the middle class will grow in about 2 bn, leveraging the growth of air traffic.
- Most of the growth in traffic will come from emerging countries.
- ✓ 70% of traffic growth will be in the current network, the remaining 30% will be on new routes.





- 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 US135 mm.
- Increase non commercial revenues to reach regional standards (non regulated revenues el Dorado ~USD 2.7 per PAX vs USD 5.8 in LAC).





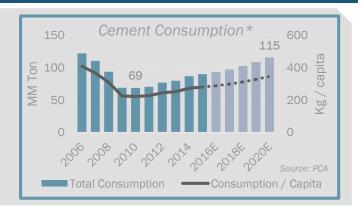
#### Rational behind the cement business

#### **Geographical environment**



Residential sector main driver for cement demand recovery.

✓ Infrastructure plan of USD 1 Tr for the next 10 years.





✓ 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



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%

# 55 501

#### **Cementos Argos' strategy**

- Acquisition of a cement plant in Martinsburg to become 4<sup>th</sup> largest cement producer in the USA.
  - Expected synergies of ~USD 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.



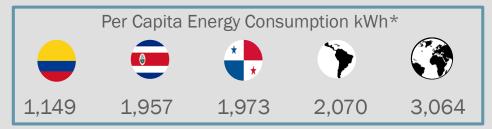


#### Rational behind the power sector business

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



 Energy consumption growth potential (low per capita consumption).



✓ 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.





#### 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 June 30, 2017

#### **RECOGNITIONS**





#### **AFFILIATIONS**









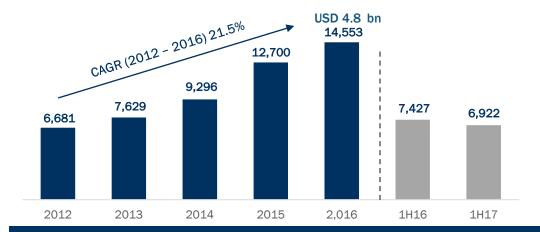
The CEO Water Mandate



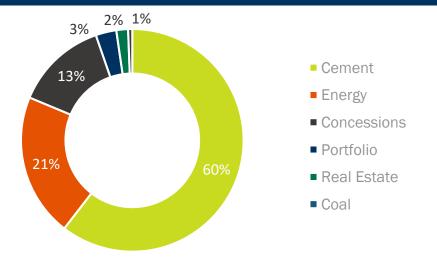


#### **Contribution by business**

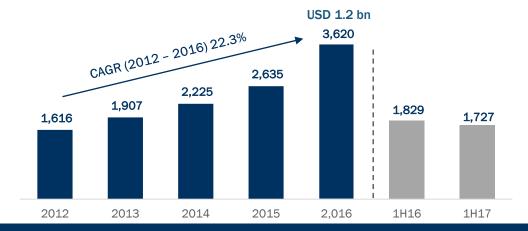
#### **Grupo Argos Consolidated Revenues (COP bn)**



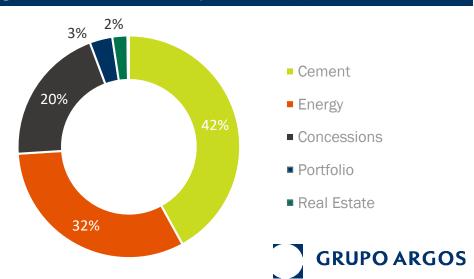
#### Grupo Argos Revenue Contribution by Business (%) LTM 1H17



#### Grupo Argos Consolidated EBITDA (COP bn)



Grupo Argos Ebitda Contribution by Business (%) LTM 1H17



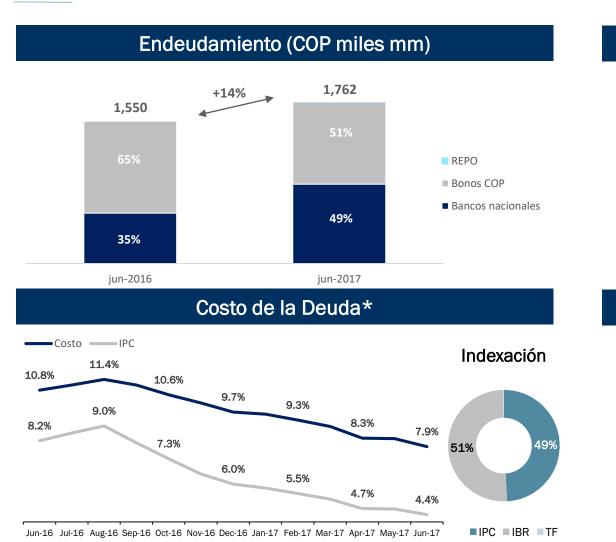


calificadoras de

**GRUPO ARGOS** 

riesgo.

#### Indicador de apalancamiento a nivel separado cierra el semestre en 2.7x y se evidencia mejora en costos financieros







FCO / Intereses

Deuda / EBITDA

<sup>\*</sup>Solo incluye saldo de capital

<sup>\*</sup>Inflación vigente para el mes

<sup>\*\*</sup> EBITDA Ajustado = EBITDA (-) método de participación (+) Dividendos recibidos (+) Utilidad en desinversiones - Metodología calificadora



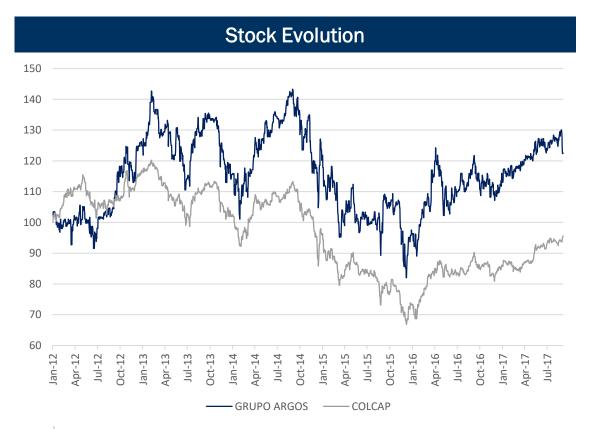
#### **Stock Performance**

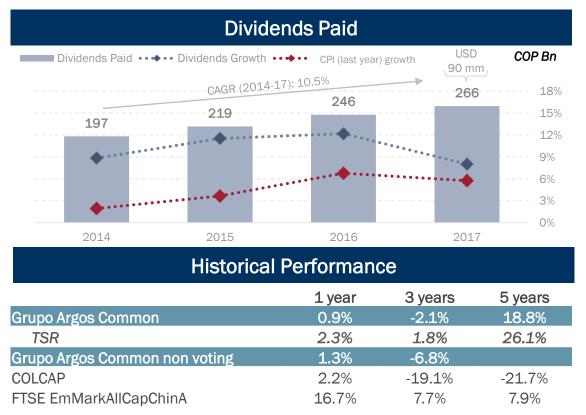
Ticker Market Cap¹ ADTV (YTD) Dividend Yield¹

GRUPOARG CB COP 17.6 tn Common: USD 1.5 mm

(USD 5.8 bn) Common non voting: USD 0.8 mm

1.5%











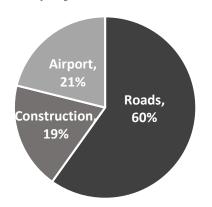




#### **Active transformation in the concession business**

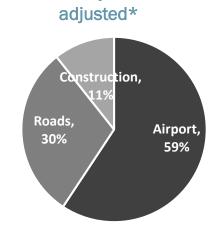


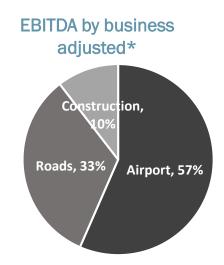
## Revenue by business with equity method 1H17



#### Key Figures (1H17)

Revenue by business







highway concessions in operations



concessions under construction



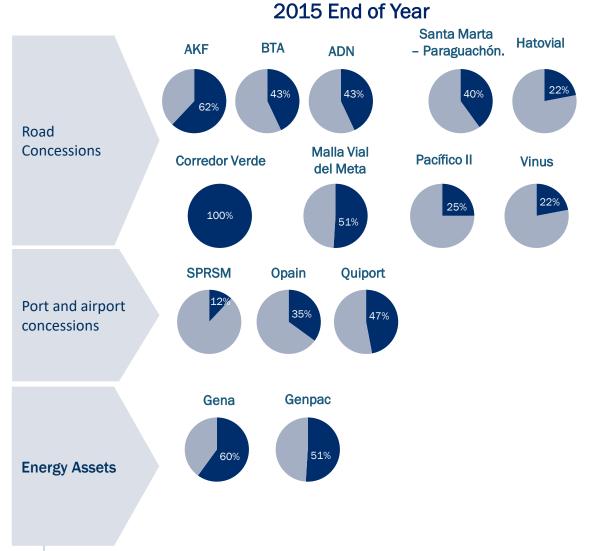
Airport concessions

- ✓ Leader in the road and airport concession industry in Colombia
- ✓ Long-term infrastructure concessions in two specific business segments, at any stage of the value chain: Roads and Airports
- ✓ Structural position in Colombia and active player in the industry in LATAM
- ✓ Adequate mix of mature assets and brownfield projects that give stability without sacrificing growth
- ✓ Major holdings in assets with decision-making power
- ✓ Privileged positioning to benefit from potential growth of the infrastructure sector
- ✓ Anti-cyclical industry promoter of economic growth, with institutional and state support
- ✓ High standards of corporate governance





# Successful consolidation in the airport and road concession business

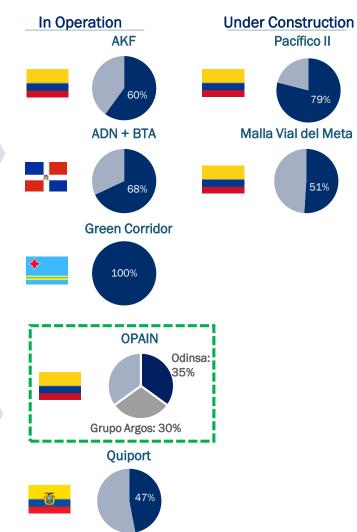


#### Control in ADN and BTA in D.R.

Acquisition of control in Pacifico 2, a 4G project (25% to 79%) swap for Hatovial (22%), Vías del Nus (22%), Autopistas del Café (2%)

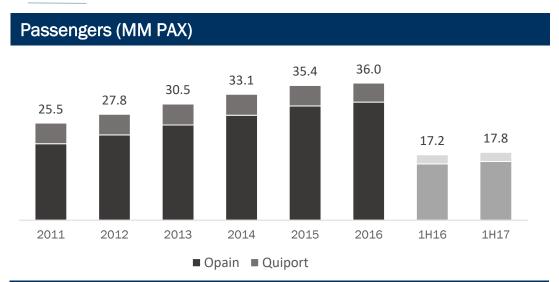
- ✓ Close in Quiport acquisition
- ✓ Divestment in Sociedad Portuaria de Santa Marta (12% to 0%)

#### **Actual Situation**



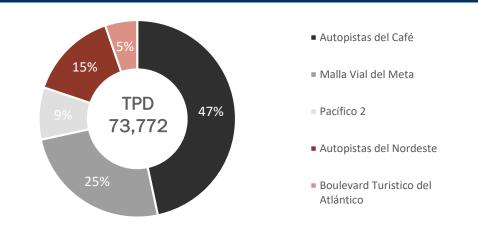


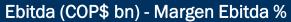
#### **Recent performance**

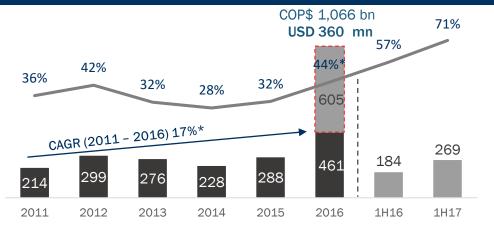


#### Revenues\* (COP\$ bn) COP\$ 1,486 bn **USD 502 mn** 448 CAGR (2011 - 2016) = 12%\* 1,037 898 377 874 817 321 704 598 2012 2013 2014 2015 2011 2016 1H16 1H17













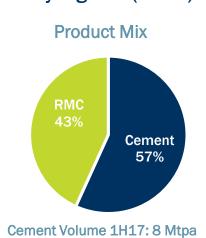




#### Cement and concrete leader in the Americas



#### Revenue by Geography Colombia 28% CCA 20% 1H17: COP 4,231 bn / USD 1.4 bn



RMX Volume 1H17: 5.3 Mcmpa

**Key Figures (1H17)** 





32 Ports/ terminals



375 Concrete plants



Dispatch facilities and warehouses



12 Cement plants



2.700 Mixers

plants



#### 24M ton

Cement Installed Capacity

#### 18M m3

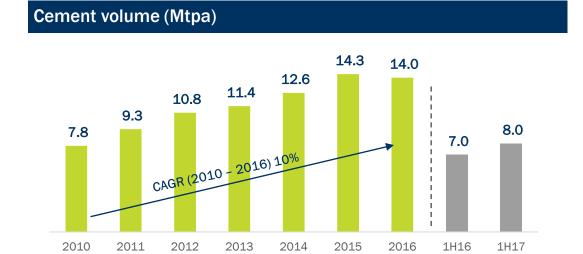
Concrete Installed Capacity

- #1 or #2 positions in key emerging and developed interconnected markets in the Americas.
- Undertaking strategic investments to further enhance efficiency and competitiveness. Materializing results via cash cost reduction with BEST initiative
- Flexible operations with vertical integration and extensive logistics network
- Operating in countries with significant growth potential
- Benefiting from the **recovery of the US** thanks to a **privileged footprint**
- Ability to scale operations to be highly efficient in the Caribbean and Central America
- Included in the Dow Jones Global and Emerging Markets sustainability index, for 5 consecutive years. Selected as the cement company most sustainable worldwide according to the Dow Jones Sustainability Index.

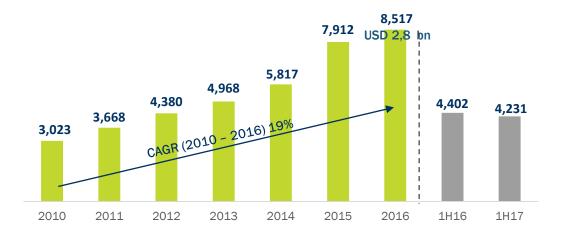




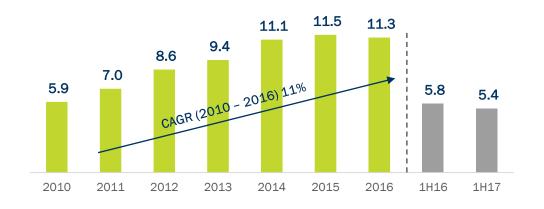
#### Results that evidence a growing operation benefited by geographical diversification



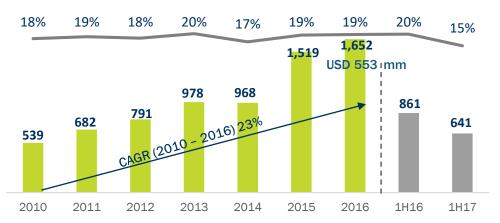
#### Revenues (COP\$ bn)



#### RMX Volume (Mcmpa)



#### Ebitda (COP\$ bn) – Ebitda margin %













#### A process of successful transformation and growth with focus

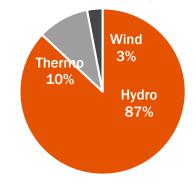
CCA

24%

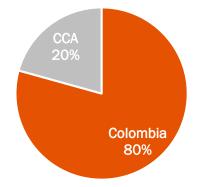
Colombia 76%



# Revenue by Geography Revenue by type of generation



**EBITDA** by Geography



1H17: COP 523 MM / USD 174 MM



**2,390**Mega watts



**7,135** GWh of energy generated



**580,000** Clients



274 km transmission networks



27 Plants



**20,230** km distribution network

- Relevant position in the power sector: Leader in Gx (2nd Panama and 4th Colombia)
- ✓ Diversification of assets by geography, types and generation technologies
- ✓ Leader in the development of renewable energies and Distributed Energy
- ✓ Stability in flows T + D + C contributing to the predictability of revenues
- Vertically integrated: Generation, transmission, distribution and commercialization
- ✓ 5-year CAGR (2011-2015) of 16.1% in revenues and 5.4% (CAGR 2010-2014 ex Niño) in EBITDA.
- ✓ Innovation Focus:

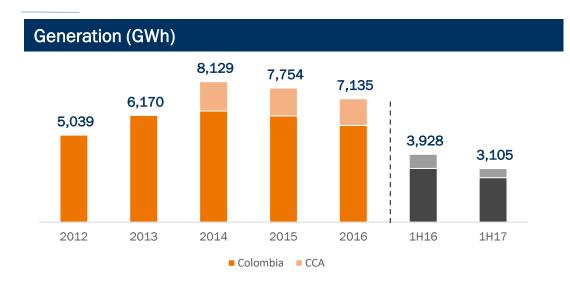
1H17: COP 1,495 bn / USD 498 MM

- Become a strong player in large-scale unconventional renewable energies connected to the grid.
- First solar facility in Colombia to start operations (Celsia Solar Yumbo with 10MW)

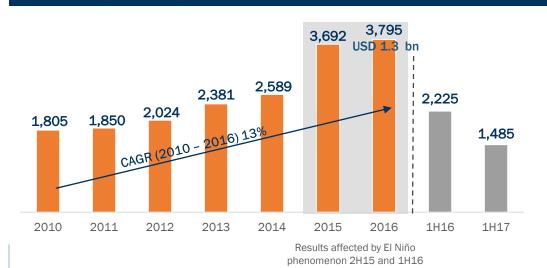




#### **Recent Performance**



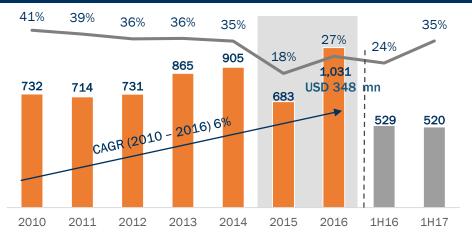
#### Revenues (COP\$ bn)



#### Regulated and non regulated market sales (GWh)



#### Ebitda (COP\$ bn) - Ebitda margin %





# **Real Estate**







#### Land Bank with cash generation potential

#### Situm



~2.000 Ha

(Barranquilla and Barú)

#### 416 Ha developed up to 2015



Land use:



**56%** 

residential

31%



commercial and services

11%

Institutional



Industrial





2002 2017

- √ ~ 2.000 Ha to develop between Barranquilla and Barú.
  - Land development in Barranguilla: 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 COP 2,800 bn of assets under management





#### ~ 516.000 m2

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



#### **USD 680**

million in assets



#### >1800

commercial units





- ✓ Real estate developers with growth potential in Colombia and the region
- ✓ Investment plan of COP 949 bn
- ✓ Investors that add to the table: Internationalization (Grupo Argos), Operational experience (Conconcreto), Access to institutional investors (Proteccion)
- ✓ EBITDA CAGR projected 2016 2026: 21%
- $\checkmark$  ~ 260.000 m2 in pipeline to reach 720.000 m2 in GLA in the next 4 years.
- ✓ Assets:
  - 14 shopping centers
  - 8 Independent commerce
  - 14 industrial projects
  - 9 corporate buildings
  - 697 rooms in 5 hotels
  - + 3.400 self-storage units in 8 properties



# Recent transactions







# 2016 and 2017 have been years of action towards reaching our long term plan

Interiorized strategy of efficient capital allocation with an active investment/divestment focus

**COP1.3 trillion** in investments over 2016

Successful <u>acquisition of 44% of Odinsa</u>, <u>reaching 99% shareholding</u>

**Acquisition of 30% of Opain** strengthening our airports concessions position

COP 400 bn in divestment of non strategic assets Compas + COP 570 bn portfolio (Bancolombia + Land)







# **Built powerful infrastructure portfolio**

Strategic focus on **Cement, Energy and Concessions** 

**COP48 trillion** in AUM

Complementary sectors

**Articulated and balanced portfolio** 

Diversified over **geographies**, **currencies and sectors** 





# Advances in the consolidation of Grupo Argos as an Infrastructure Holding with the acquisition of Odinsa and Opain, backed up by the financial market





99%

Of voting rights after successful takeover bid

Acquisition of CONTROL OF OPAIN

35% + 30%

Odinsa Grupo Argos Shareholding Shareholding



Successful Grupo Argos' Takeover Bid (TOB) with ~44% acceptances, reaching a total participation of 99% in Odinsa.

Takeover Bid successfully backed up by the financial market. 83% of the acceptances opted to receive preferred shares of Grupo Argos, issuing

~38.7 million preferred shares

Odinsa ~COP 816 bn

+ Opain COP 480 bn Total transactions ~COP\$1.3 tn



# Sale of Compas reaffirms our commitment to manage efficiently our investment portfolio



### Investment in Compas and transaction multiples

- Since 2012 Grupo Argos has contributed to Compas in assets and cash the sum of COP 166 billion
- In 2017 Argos Group sells 50% of its stake in Compas for

#### COP\$ 407 billions

**25.2**X EV/EBITDA 2016

25.8%

**Investment IRR** 

#### Rational

- Fulfillment of investment thesis
- Exercise role of active holding
- Focus on cement, energy and roads and airports concessions
- Financial flexibility to efficiently manage portfolio



#### **Accounting Impacts GA**

COP billions	P&L separate	P&L consolidated
Revenues from sale of shares	COP 402	COP 402
Cost of shares	COP 182	COP 257
Ebitda of the operation	COP 220	COP 145

- Compass divestment increases the adjusted Ebitda of GA by ~COP 220 bn
- Accounting effects at the consolidated
   level will imply a reduction in profit of -COP
   4 bn/ year on the equity method
- GA has not received dividends from
   Compas no impacts on separate P&L



#### **Contact**



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#### **ALEJANDRO PIEDRAHITA**

CFO Grupo Argos apiedrahita@grupoargos.com

#### **NATALIA AGUDELO**

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