



# THIRD QUARTER RESULTS PRESENTATION

3Q2019



**GRUPO ARGOS**

Investments that transform





Quarterly Earnings Presentation

## Disclosure

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This presentation contains certain forward-looking information and statements related to GRUPO ARGOS and its subsidiaries that are based on current knowledge of events, expectations and forecasts, circumstances, and assumptions about future events. Many factors could cause the future results, performance or achievements of GRUPO ARGOS and its subsidiaries to be different to those expressed or assumed herein.

If an unforeseen situation occurs, or the assumptions or estimations prove to be incorrect, the future results may differ considerably from those stated herein. The forward-looking statements are made as of this date, and GRUPO ARGOS and its subsidiaries do not claim nor assume any obligation to update these forward-looking statements as a result of new information, future events or any other factor.

## STRATEGY

CONSOLIDATED RESULT TO SEPTEMBER WITH DOUBLE DIGIT GROWTHS ON ALL LINES**GRUPO ARGOS**

COP **12,9** tn  
REVENUES

▲ **22%**

COP **3,5** tn  
EBITDA

▲ **21%**

COP **566** bn  
NET CONTROLLING INCOME

▲ **15%**

## STRATEGY

# CELSIA TRANSFORMATION RESPONDS TO A CLEAR STRATEGY SUPPORTED BY ARGOS GROUP

①

Corporate Simplification

②

Capital Structure Optimization

③

Balance in Revenue Source

④

Increase in Participation in  
Distribution Business

2017

Energy business  
in a single vehicle

  
GRUPO ARGOS

52,9%

  
CELSIA  
La energía que quieres

65%

  
EPSA  
Una empresa CELSIA

Celsia follow on

~COP1,5 tn

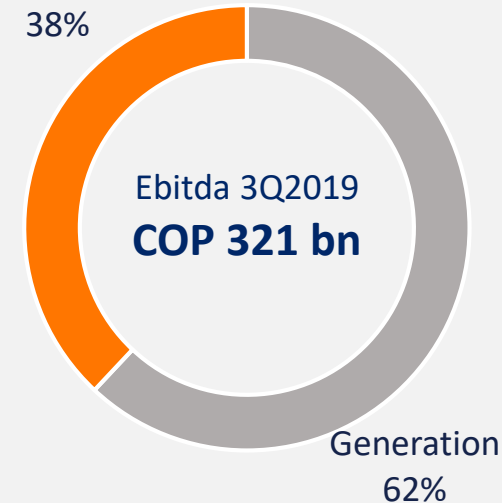
Consolidated multiple  
Net debt / Ebitda

3,5x → 3,0x

Jun 2017

Sept 2019

Distribution  
38%



Expected Ebitda / year

COP 210 bn

with resolution 015 of 2018

Multiplies by

2x

Customers Served

1,1 mn

Sept 2019

## STRATEGY

# WE STRENGTHEN THE CONCESSION PORTFOLIO WITH THE ACQUISITION OF TUNEL DE ORIENTE



USD **400** mn  
QUIPORT BONDS  
ISSUE

USD **415** mn  
OPAÍN PRIVATE DEBT  
ISSUE

COP **335** bn  
ADQUISITION OF  
TÚNEL DE ORIENTE



## STRATEGY

## GRUPO ARGOS: THE MOST SUSTAINABLE IN THE WORLD IN ITS SECTOR

1<sup>st</sup>

Place globally  
in its industry  
**Third consecutive year**

7<sup>o</sup>

**Consecutive year**  
In the  
World indice

88

100

86	91	86
Economic	Enviornment	Social

MEMBER OF

**Dow Jones**  
**Sustainability Indices**

In collaboration with



a RobecoSAM brand



## CONSOLIDATED RESULTS GRUPO ARGOS 3Q2019

# QUARTERLY RESULTS SHOW COHERENCE WITH THE DEFINED STRATEGY

## RELEVANT FIGURES

COP billion	3Q - 2019	3Q - 2018	Var (%)	Sep-2019	Sep-2018	Var.(%)
Revenues <sup>1</sup>	5,228	3,634	44%	12,858	10,555 <sup>6</sup>	22%
Costs, expenses & other revenues	4,248	2,961	43%	10,673	8,736	22%
<b>Operating profit</b>	<b>980</b>	<b>673</b>	<b>46%</b>	<b>2,185</b>	<b>1,819</b>	<b>20%</b>
<b>EBITDA</b>	<b>1,413</b>	<b>1,019</b>	<b>39%</b>	<b>3,449</b>	<b>2,844</b>	<b>21%</b>
<i>EBITDA margin</i>	27%	28%	-101 pb	27%	27%	-28 pb
<b>Pre-tax profit</b>	<b>639</b>	<b>391</b>	<b>63%</b>	<b>1,250</b>	<b>1,032</b>	<b>21%</b>
Taxes	123	-19	-752%	291	169	73%
Current	171	93	83%	372	289	29%
<i>Diferred items</i> <sup>2</sup>	-48	-112	-57%	-81	-120	-33%
<b>Net Profit</b>	<b>516</b>	<b>410</b>	<b>26%</b>	<b>960</b>	<b>864</b>	<b>11%</b>
<b>Net profit of the controlling company</b>	<b>301</b>	<b>266</b>	<b>13%</b>	<b>566</b>	<b>494</b>	<b>15%</b>
<i>Net margin of the controlling company</i>	6%	7%	-155 pb	4%	5%	-27 pb

## PROFORMA (Excluding impact IFRS 16 and Divestments)

Revenues	4,141 <sup>1</sup>	3,634	14%	11,771 <sup>1</sup>	10,555 <sup>6</sup>	12%
<b>EBITDA</b>	<b>1,039 <sup>2</sup></b>	<b>1,019</b>	<b>2%</b>	<b>2,921 <sup>2</sup></b>	<b>2,842 <sup>5</sup></b>	<b>3%</b>
Net profit	267 <sup>3</sup>	348 <sup>3</sup>	-23%	684 <sup>3</sup>	805 <sup>5</sup>	-15%
<b>Net profit of the controlling company</b>	<b>169 <sup>4</sup></b>	<b>205 <sup>4</sup></b>	<b>-17%</b>	<b>421 <sup>4</sup></b>	<b>432 <sup>5</sup></b>	<b>-2%</b>
<i>EBITDA margin</i>	25%	28%	-280 pb	25%	27%	-269 pb

\* EM = Equity Method

1: Excludes sale of Zona Franca (COP 1,087 bn)

2: Excludes IFRS 16 (1Q COP 45 bn, 2Q COP 82 bn and 3Q COP 63 bn), Cartón divestment (COP 7,6 bn), Omya (COP 19 bn) and Zona Franca (COP 311 bn)

3: Excludes divestment of Cartón (COP 7,6 bn), Omya (COP 19 bn) and Zona Franca (COP 249 bn) and SATOR base effect in 3Q2018 for - COP 62 bn

4: Excludes divestment of Cartón (COP 3,7 bn), Omya (COP 9 bn) and Zona Franca (COP 132 bn) and SATOR base effect in 3Q2018 for - COP 61 bn (EM)

5: Excludes divestment of self generating plants (COP 71 bn) and fine of the SIC (COP 74 bn) in controller net income multiplied by equity method and base effect of SATOR in 2018 for - COP 62 bn

6: OPAIN Reclassification in 2018 (-COP 11 bn)

# +13%

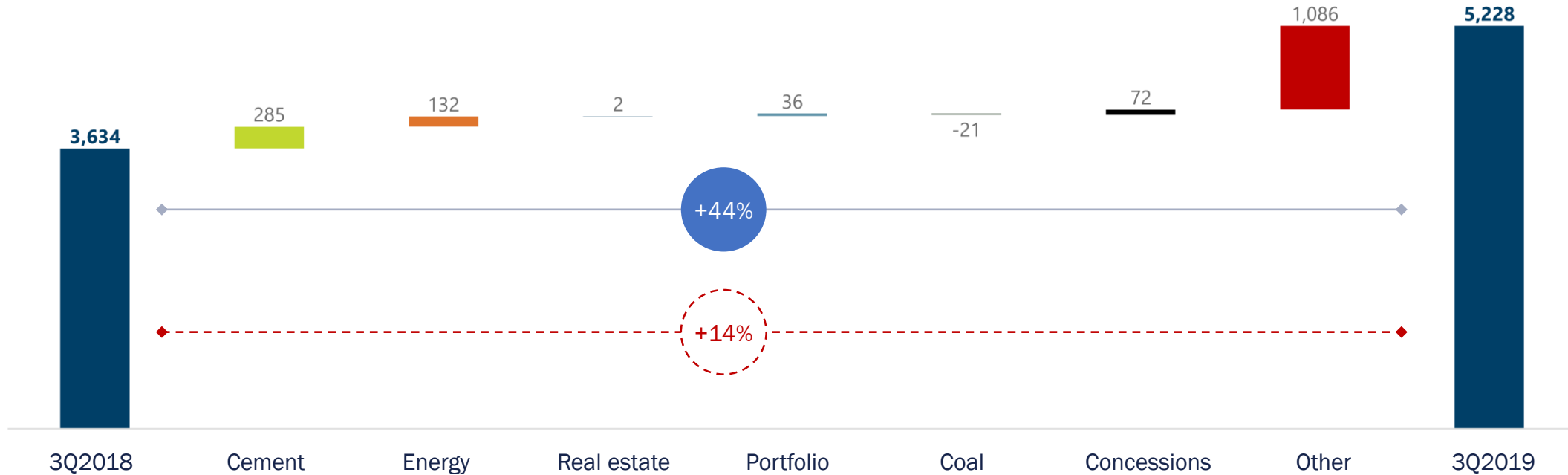
Increase in the **Cement** segment contribution to consolidated revenues

# +24%

Increase in the contribution of the **Energy** segment to consolidated Ebitda

CONSOLIDATED RESULTS GRUPO ARGOS 3Q2019

# GROWTH OF OPERATIONAL REVENUE WITH POSITIVE CONTRIBUTION OF ALL BUSINESSES

CONTRIBUTION BY BUSINESS TO CONSOLIDATED REVENUE *COP bn*

Excludes divestment of Zona Franca (-COP 1.087 mn) decreasing revenues in the third quarter to COP 4.141 mn

\* PROFORMA EXCLUDES THE EFFECT OF THE SALE OF ZONA FRANCA

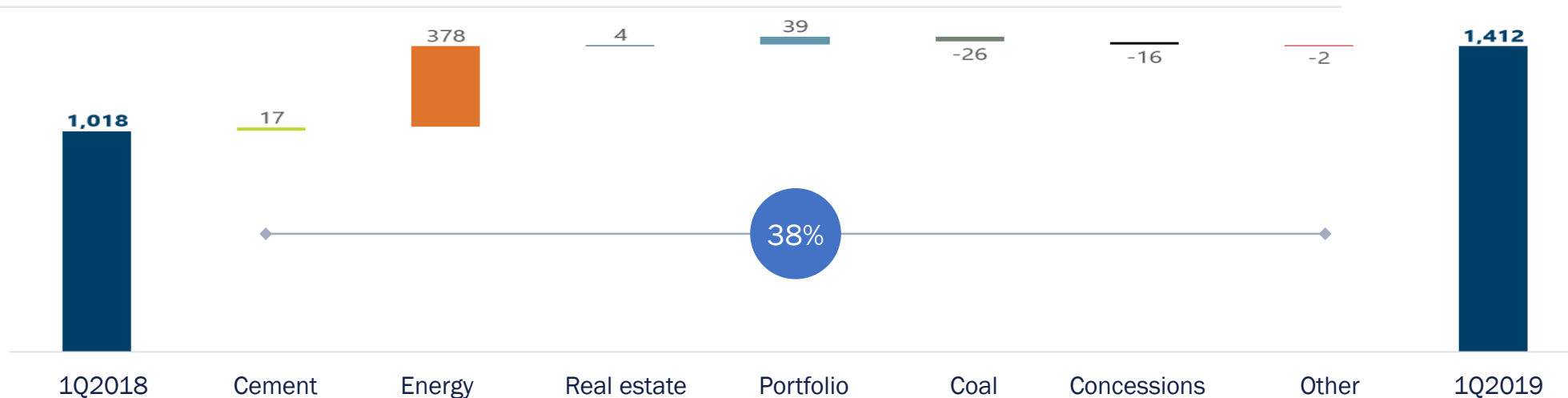


CONSOLIDATED RESULTS GRUPO ARGOS 3Q2019

## OPERATIONAL EBITDA GROWS 2% HIGHLIGHTING GREATER ENERGY BUSINESS CONTRIBUTION

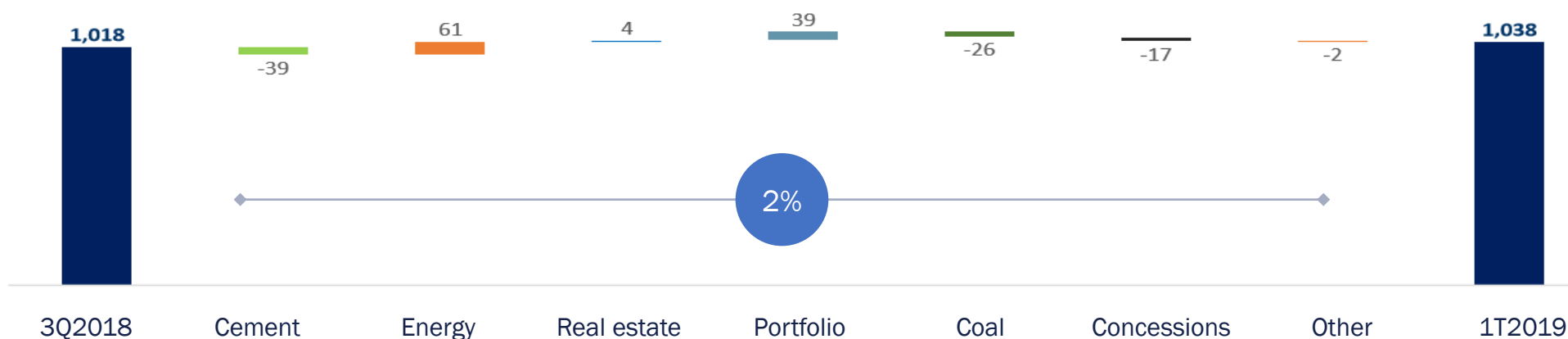
### CONTRIBUTION BY BUSINESS TO CONSOLIDATED EBITDA

COP bn



### CONTRIBUTION BY BUSINESS TO PROFORMA CONSOLIDATED EBITDA

COP bn



\*Se excluye el efecto de NIIF 16 de cada uno de los segmentos y la desinversión de Zona Franca en Celsia

## INDIVIDUAL RESULTS GRUPO ARGOS 3Q2019

# THIRD QUARTER EBITDA GROWS 7% YOY, 257 PB MORE IN MARGIN

## RELEVANT FIGURES

COP bn	3Q - 2019	3Q - 2018	Var (%)	Sep-2019	Sep-2018	Var.(%)
Revenue	256	246	4%	660	1,196	-45%
Costs and other expenses	-2	4	-162%	64	300	-79%
GA expenses	24	20	24%	103	92	11%
<b>Operating profit</b>	<b>234</b>	<b>222</b>	<b>6%</b>	<b>493</b>	<b>804</b>	<b>-39%</b>
<b>EBITDA</b>	<b>238</b>	<b>223</b>	<b>7%</b>	<b>505</b>	<b>807</b>	<b>-37%</b>
<i>EBITDA margin</i>	93%	90%	257 pb	76%	67%	894 pb
<b>Pre tax profit</b>	<b>210</b>	<b>194</b>	<b>8%</b>	<b>419</b>	<b>721</b>	<b>-42%</b>
Taxes	10	3	211%	14	10	37%
Current	1	4	-62%	-0.5249	6	-109%
Diferred items	9	-1	-1768%	15	4	250%
<b>Net profit</b>	<b>199</b>	<b>191</b>	<b>5%</b>	<b>405</b>	<b>711</b>	<b>-43%</b>
<i>Net margin</i>	78%	77%	30 pb	61%	59%	186 pb

## PROFORMA (Excluding impact IFRS16 and divestments in the accumulated results)

Revenue	124 <sup>1</sup>	184 <sup>4</sup>	-32%	392 <sup>2</sup>	478 <sup>3</sup>	-11%
<b>EBITDA</b>	<b>106 <sup>1</sup></b>	<b>161 <sup>4</sup></b>	<b>-34%</b>	<b>295 <sup>2</sup></b>	<b>384 <sup>3</sup></b>	<b>-16%</b>
Net profit	67 <sup>1</sup>	129 <sup>4</sup>	-48%	195 <sup>2</sup>	288 <sup>3</sup>	-22%
<i>EBITDA margin</i>	86%	87%	-166 pb	75%	80%	-526 pb

1: Excludes Zona Franca divestment (COP 132 bn)

2: Excludes sale of EPSA, Omya, Carton and Zona Franca

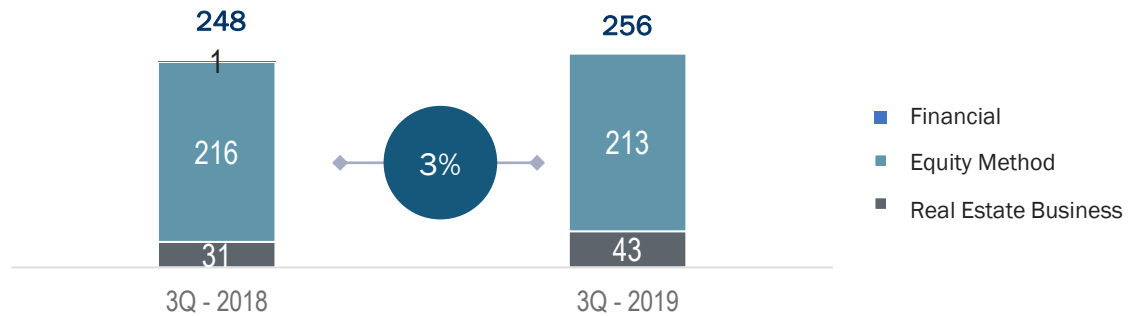
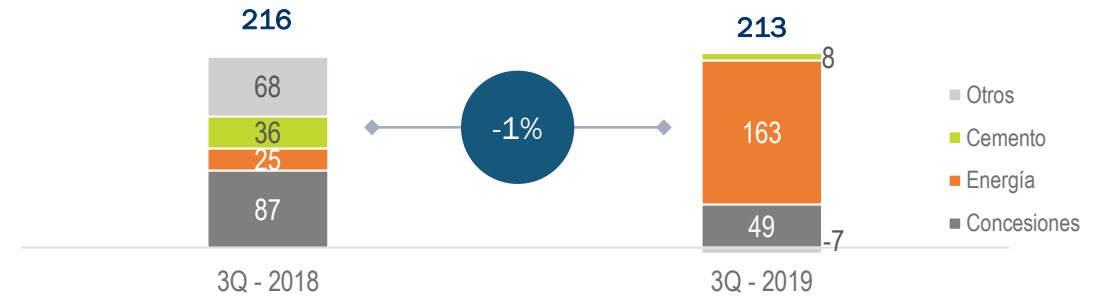
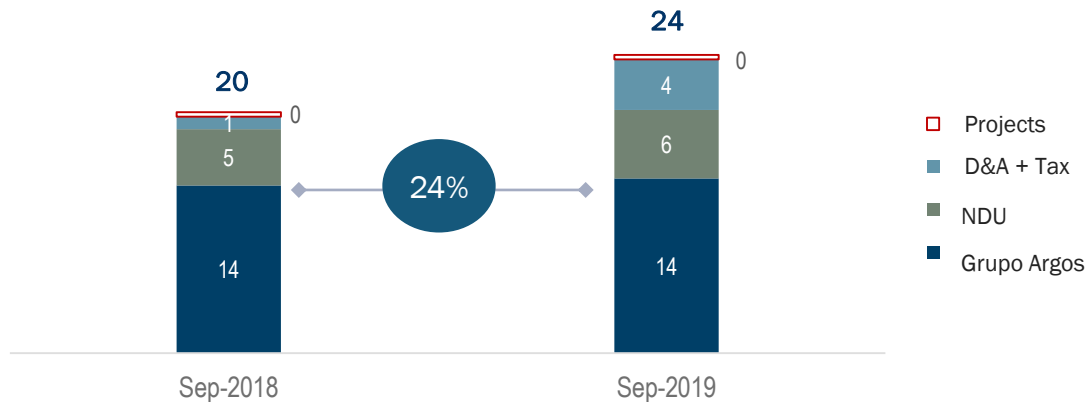
3: Excludes sale of EPSA, fine of the SIC, divestment of Self generating plants and reversals made in 3Q2018 by Sator of COP 62 bn

4: Excludes reversals made in 3Q2018 by Sator of COP 62 bn

- **4%**

Decrease in accumulated  
holding expenses as of  
September

## INDIVIDUAL RESULTS GRUPO ARGOS 3Q2019

**CONTROLLABLE EXPENSES OF HOLDING DECREASE 4% AS OF SEPTEMBER****1. REVENUE DISTRIBUTION** COP bn**2. EQUITY METHOD DISTRIBUTION 3Q2019** COP bn**3. SG&A 3Q2019** COP bn

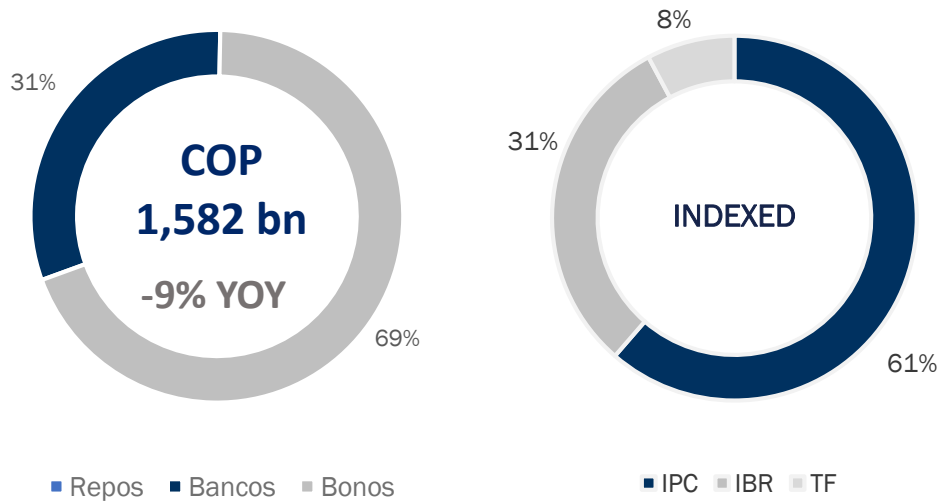
- Revenue from Equity Method in 3Q18 included COP 62 bn associated with Sator recoveries. By **eliminating Sator's 2018 non-recurring effect, the EM would have grown 38%**
- Increase in expenses attributable to higher depreciation and tax expenses for implementation IFRS16**
- Controllable expenses for Grupo Argos decrease 4% accumulated as of September**



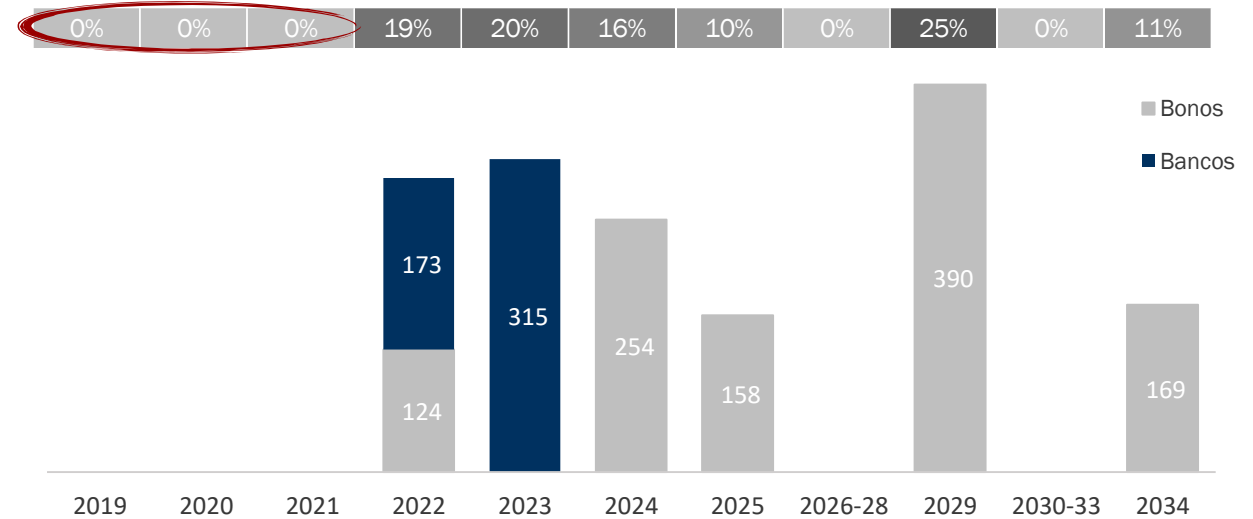
INDIVIDUAL RESULTS GRUPO ARGOS 3Q2019

# DEBT DECREASES 9% YOY AND REACHES A DURATION OF 6.6 YEARS WITH THE ISSUANCE OF BONDS

INDEBTEDNESS\* COP



PROFILE OF MATURITIES (PRINCIPAL) COP bn



Net debt / Dividends

## 2,2x

Vs 3,4x in Sept 2018

Net Debt/ Adjusted Ebitda<sup>2</sup>

## 1,9x

Vs 2,2x in Sept 2018

Cost of Debt

## 7,0%

Vs 6,7% in Sept 2018

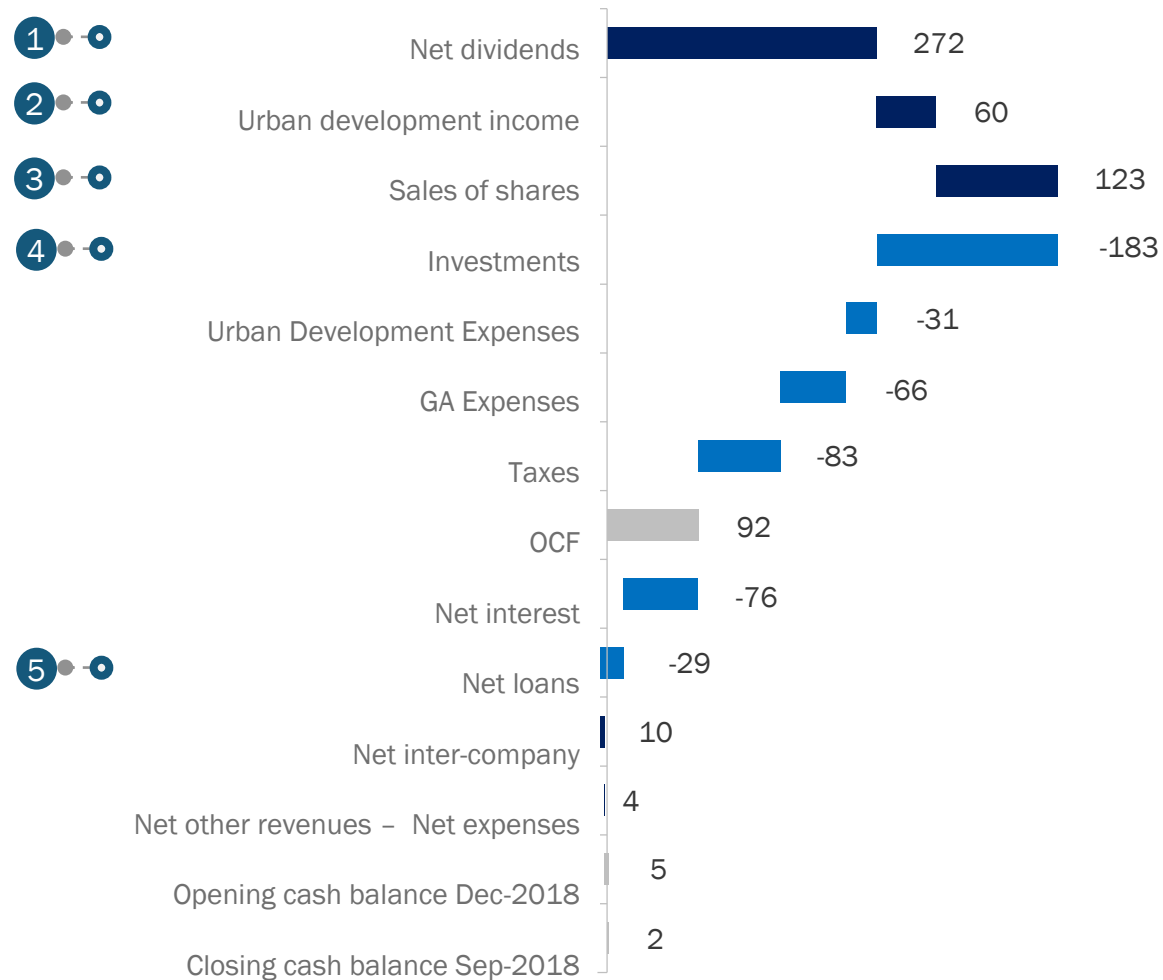
\*Only includes balance of principal. Inflation for current month

<sup>2</sup>Adjusted EBIDTA (credit rating methodology) = EBIDTA (-) Equity method (+) Dividends received (+) Gains from divestments (-) Urban development valuations

## INDIVIDUAL RESULTS GRUPO ARGOS 3Q2019

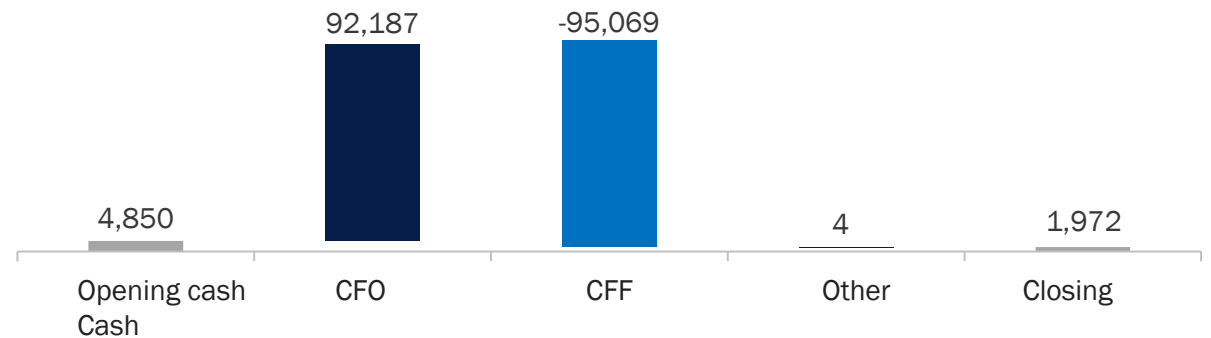
## DEBT SUBSTITUTION WITH BOND ISSUANCE. CASH AT MINIMUM LEVELS

## INDIVIDUAL FREE CASH FLOW COP BN



## NOTES

1. Dividends received: COP 492 bn, dividends paid: COP 220 bn
2. Sale of land: COP 32 bn, urbanized lots: COP 24 bn
3. Sale of 6,495,205 shares of Epsa: COP 123 bn
4. Pactia Capitalization: COP 176 bn
5. Issuance and maturity of bonds: COP 335 bn, amortization of bank debt: COP 364 bn



# CONCESSIONS BUSINESS

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ODINSA AND OPAIN  
QUARTERLY RESULTS  
3Q2019



## ODINSA STRENGTHENS ITS PORTFOLIO WITH TUNEL DE ORIENTE



### Agreement to purchase 53% of Tunel de Oriente

- COP 335 billion investment
- 60 km roads, tunnels and viaducts. TPD + 25 thousand vehicles
- Financed through debt restructuring at the asset level without impacting indebtedness of the holding



### Debt restructuring at Opain level for USD 415

- Expiration date: December 2026
- Rate: 4.09%
- BBB international rating by Fitch Ratings

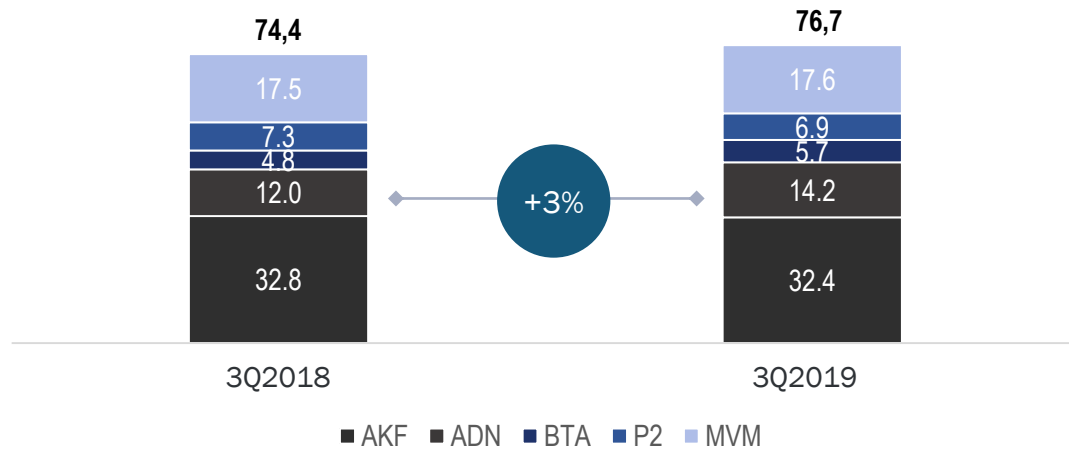


### 77% Advance in construction Works in Pacifico 2

- 9% above initial schedule

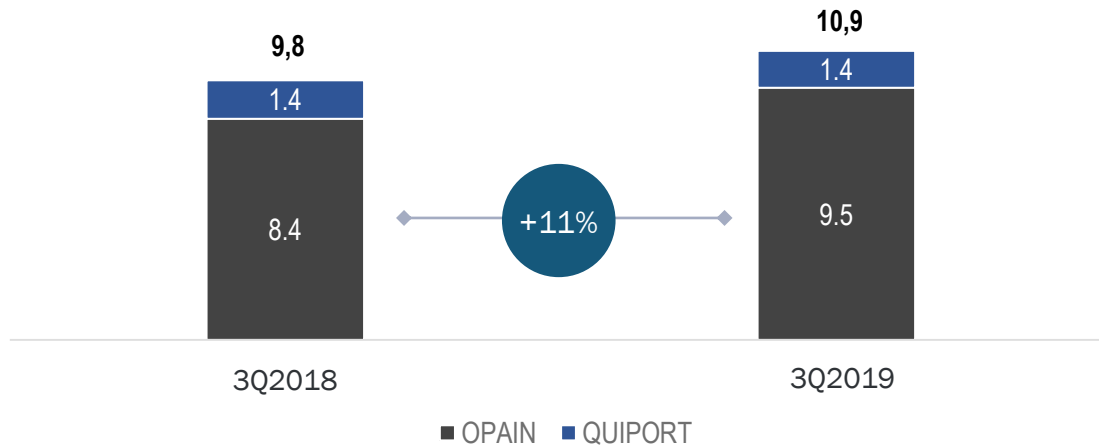
## CONCESSIONS BUSINESS 3Q2019

## ROAD AND AIRPORT TRAFFIC GROW 3% AND 11% DURING THE QUARTER

AVERAGE DAILY VEHICLE TRAFFIC 3Q2019 *Thousands of vehicles*

## NOTES

- **AKF:** Vehicle traffic in 3Q19 varies -1% YoY, affected by Pacifico 3 works. Accumulated as of September 2019 traffic varies + 1%
- **ADN + BTA:** Traffic recovery in ADN of 18% YoY and 19% in BTA due to higher flows associated with tourism
- **Pacific II:** Traffic shows negative variation of -6% YoY in 3Q19. Work progress of 77% exceeding the work schedule
- **MVM:** Stable traffic without variation

AIRPORT TRAFFIC *Millions of passengers (PAX)*

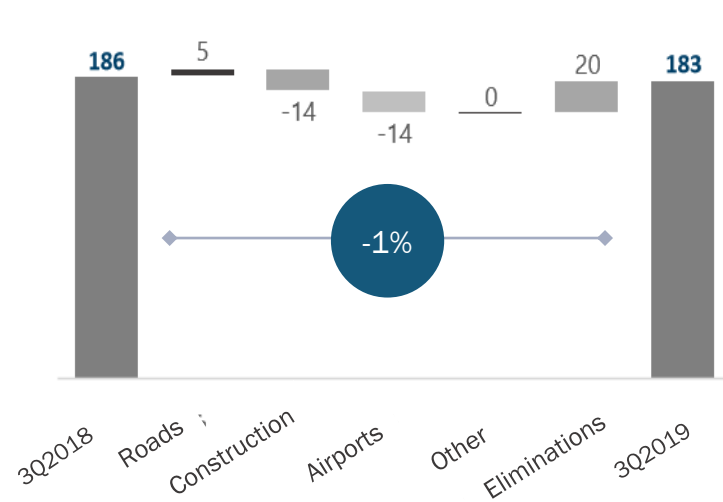
## NOTES

- **El Dorado Airport:** Total passenger movement in El Dorado in 3Q19 of 9.5 million, grows 14% YoY. Domestic passenger traffic grows 18% and international 6%
- **Quito Airport:** Total passengers decreased -3% YoY due to the decrease in participation in the operations of the TAME airline

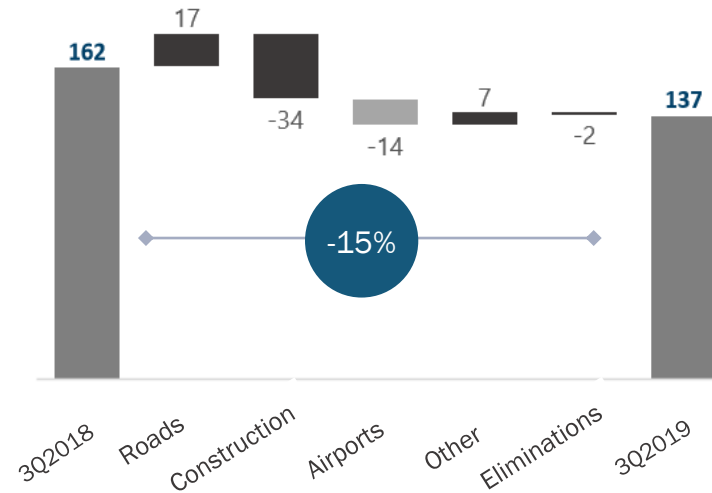
## CONCESSIONS BUSINESS 3Q2019

## RESULTS IN LINE WITH CAPITAL STRUCTURE IMPROVEMENT

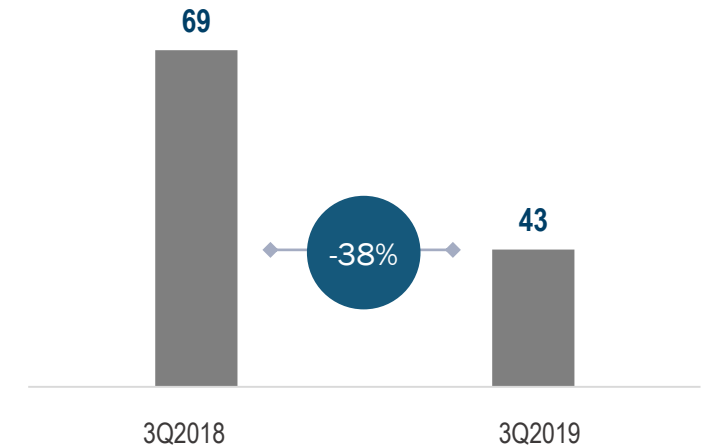
REVENUE COP bn



EBITDA COP bn



CONTROLLER NET PROFIT COP bn



- ▲ **Road concessions** reached COP 135 bn + 4% YoY for better results on Autopistas del Nordeste and higher revenues from collection on Autopistas del Café
- ▲ **Decrease due to Equity Method** from Quiport due to lower net income, as a result of debt restructuring
- ▲ **Lower contribution from the construction segment**, working capital optimization stands out from the Farallones consortium

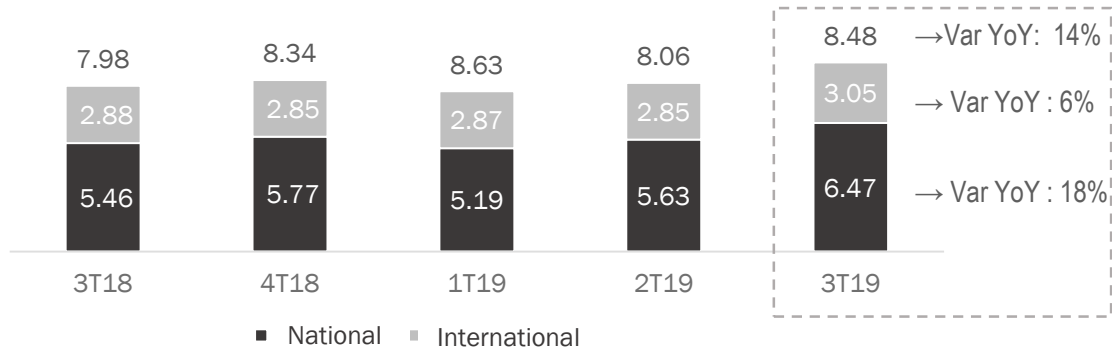
- ▲ **Higher contribution from AKF** that during 3Q18 was affected by fee payments concerning the arbitration tribunal
- ▲ **Greater ADN contribution** from better operational results
- ▲ Construction segment with negative variation due to lower activity
- ▲ **Airports with lower contribution to Ebitda (-31%) due to lower Equity Method**, result of debt restructuring

- ▲ Higher financial expenses due to difference in exchange rate

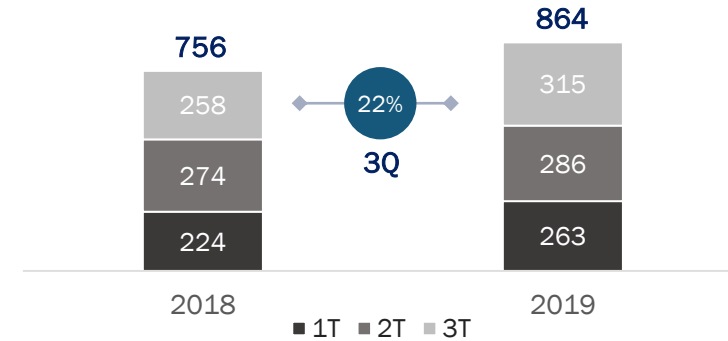


## CONCESSIONS BUSINESS 3Q2019

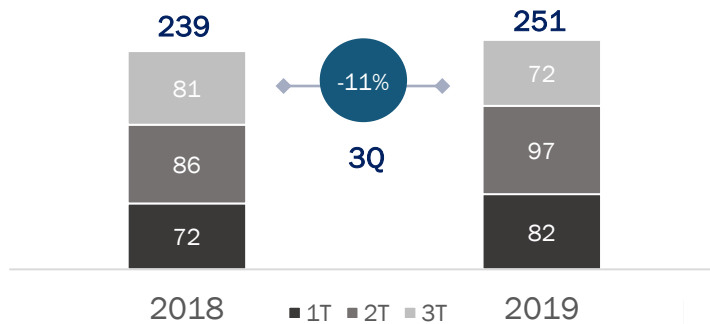
## PASSENGER TRAFFIC GROWS 14% YOY, 4x THE GROWTH OF COLOMBIA'S GDP

PASSENGERS *Millions of passengers (PAX)*

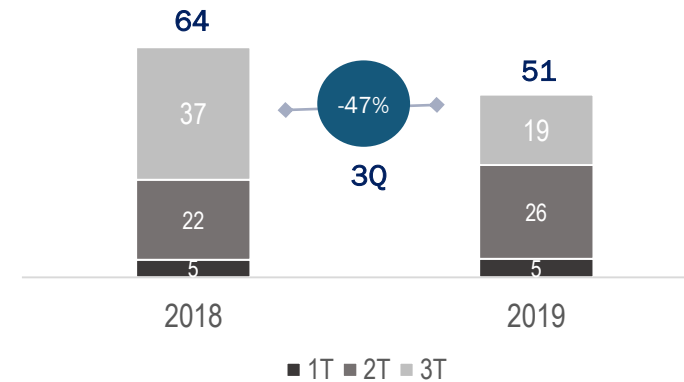
- Passenger traffic increased **+14% YoY**, 4x times Colombia's GDP growth reaching nearly **8.5 million passengers**

REVENUES *COP bn*

- Regulated revenues grow 19%
- Unregulated revenues grow 1%

EBITDA *COP bn*

- EBITDA decreases 11% due to an increase in maintenance expenses and an increase in contractual consideration

NET INCOME *COP bn*

# CEMENT BUSINESS

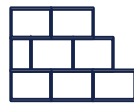


CEMENTOS ARGOS  
QUARTERLY RESULTS  
3Q2019

## EFFICIENCY, PROFITABILITY OF EXISTING ASSETS AND DIVESTMENT OF NON-STRATEGIC ASSETS



**Cement and concrete dispatches to 4G projects show growth of 36%**



**Cement and concrete volumes grow supported in better USA performance**

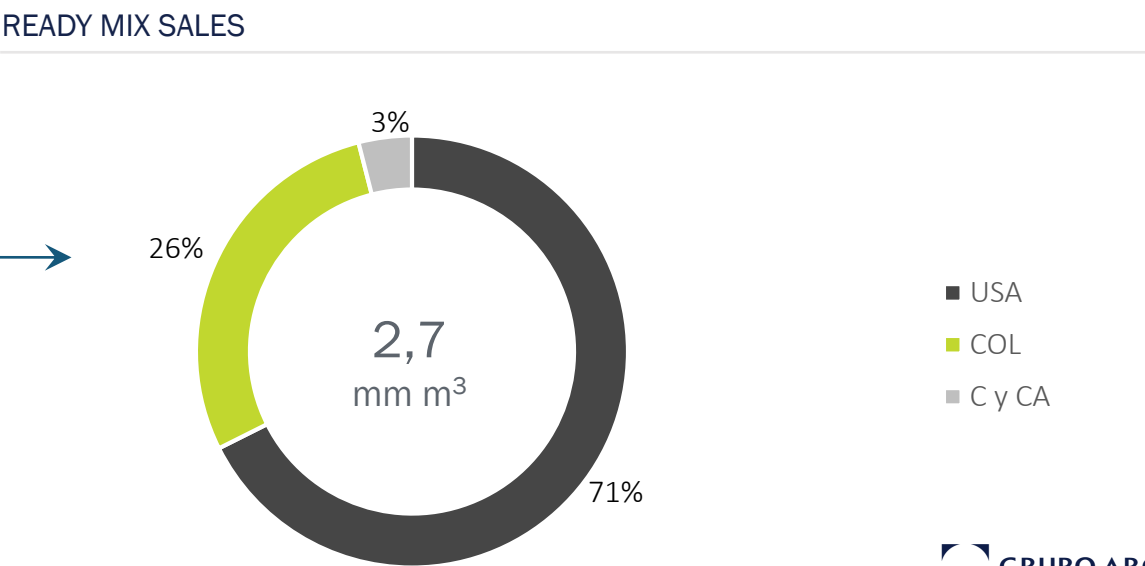
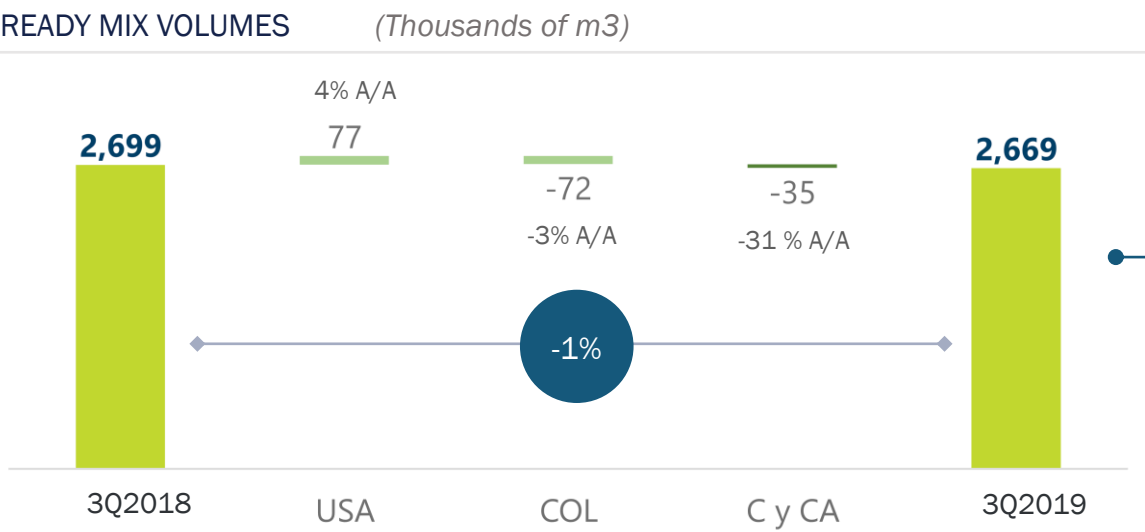
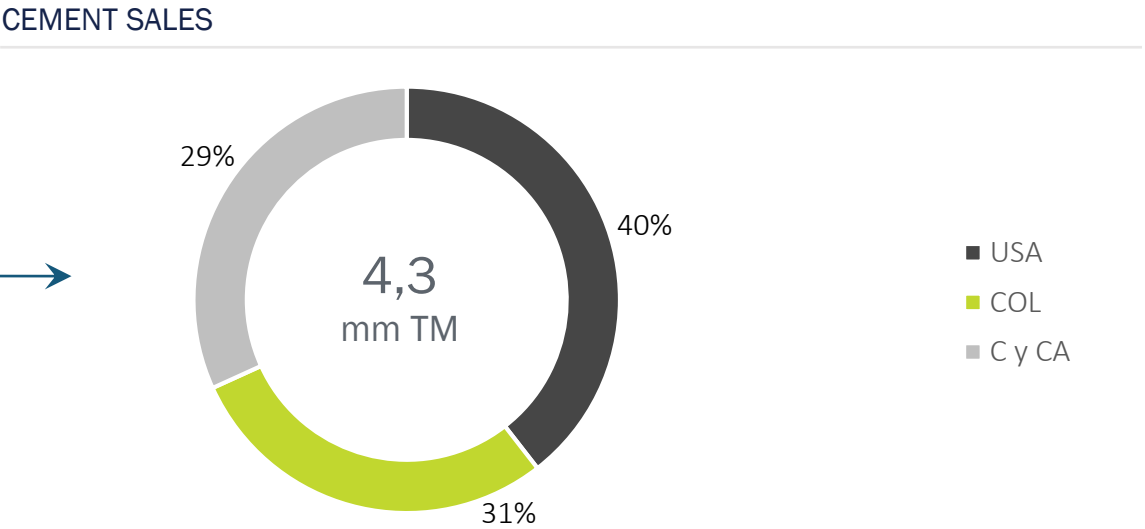
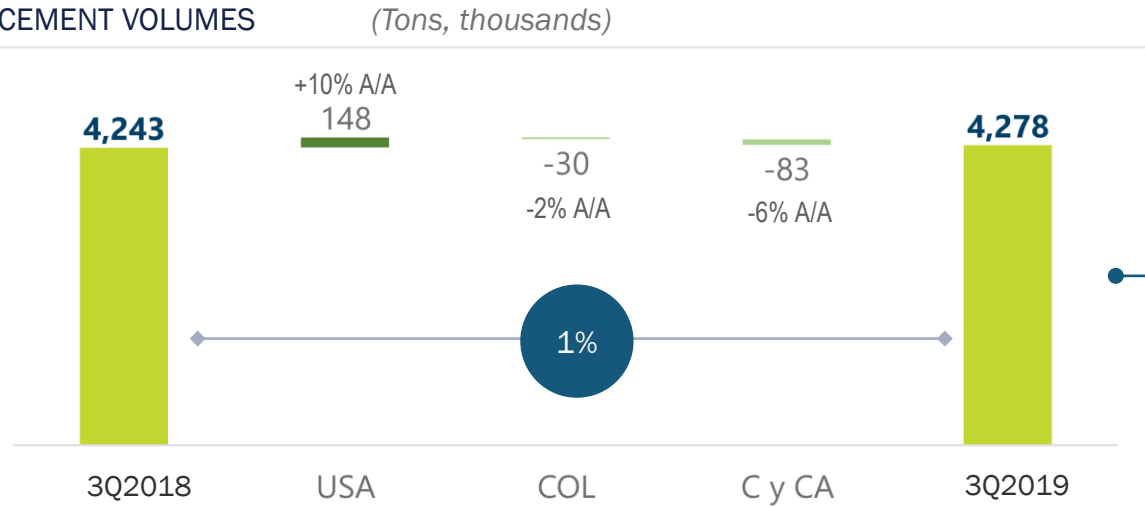


**Start of alternative fuels project in Martinsburg in 4th quarter of 2019**



CEMENT BUSINESS 3Q2019

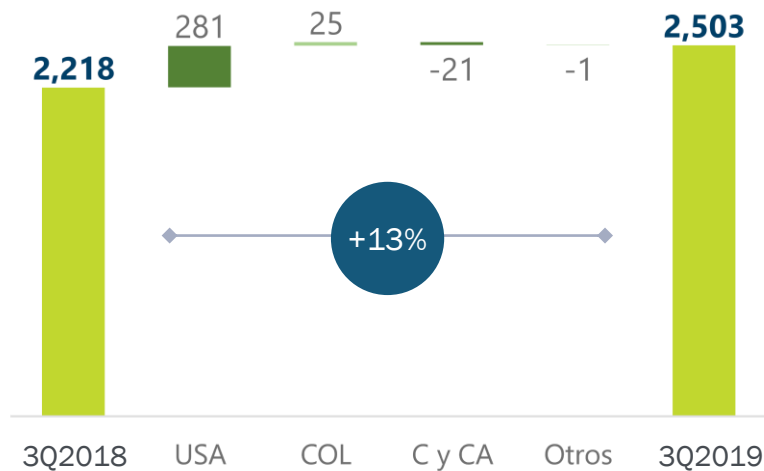
# GROWTH IN VOLUMES PROMOTED BY USA



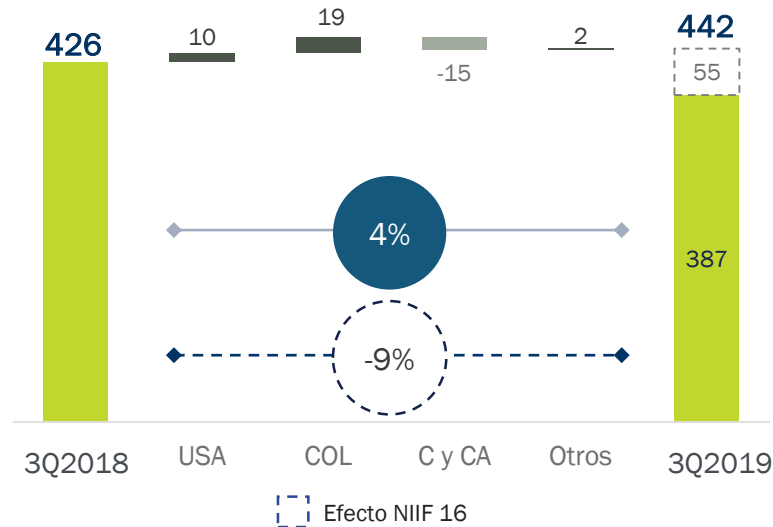
## CEMENT BUSINESS 3Q2019

## CAPTURED EFFICIENCIES IN THE USA AND PRICE RECOVERY IN COLOMBIA

REVENUES COP bn

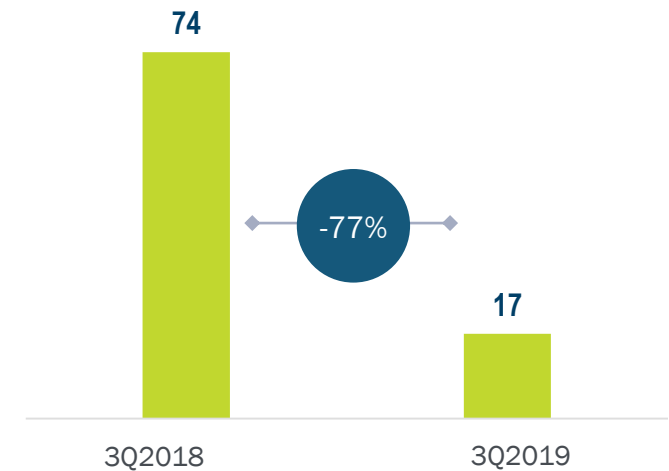


EBITDA COP bn



CONTROLLER NET PROFIT

COP mil mn



- ▲ Increase in cement and concrete prices in Colombia
- ▲ Stability in cement volumes increasing 1% YoY and concrete decreasing 2% YoY
- ▲ Income positively affected by COP devaluation

- ▲ Ebitda adjusted for IFRS effect of COP 387 bn
- ▲ Ebitda is affected by the devaluation of COP increasing costs
- ▲ Operational Ebitda affected by Hurricane Dorian in the USA, decreasing Ebitda (- USD 5.3 mn)
- ▲ Political instability in Central America

- ▲ Net income affected by non-recurring expenses

# ENERGY BUSINESS



CELSIA  
QUARTERLY RESULTS  
3Q2019

## BALANCED PORTFOLIO BETWEEN GENERATION AND DISTRIBUTION AFTER SALE OF ZONA FRANCA



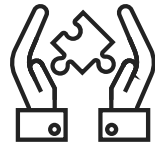
### USD 420 mn divestment of Zona Franca

- Funds that will be used in capitalization of EPSA and growth of Celsia



### 766 GWh/año granted in power auction to Celsia

- Acacia and Camelia wind projects
- Projects contracted for 15 years starting January 2022



### Alliance with Cubico to create solar energy platform

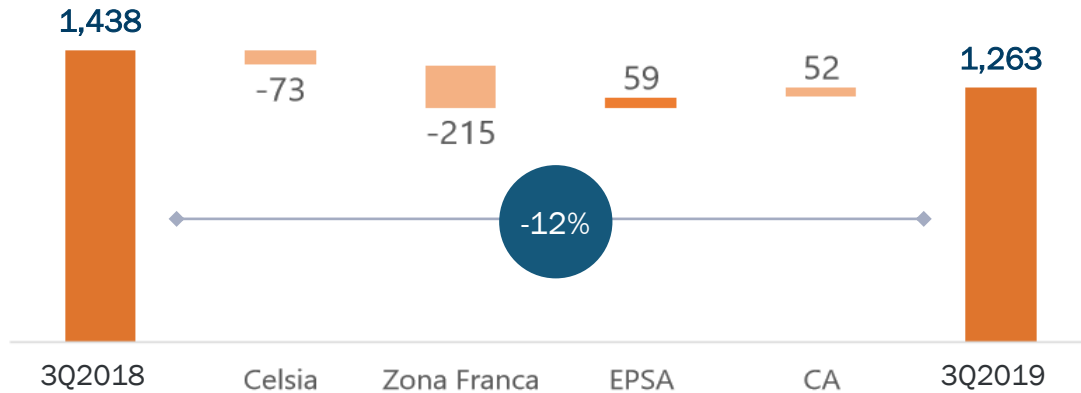
- Accelerate the growth of solar projects in Colombia
- Expect to double pipeline of projects from 200 MW to 400 MW in a period of two years



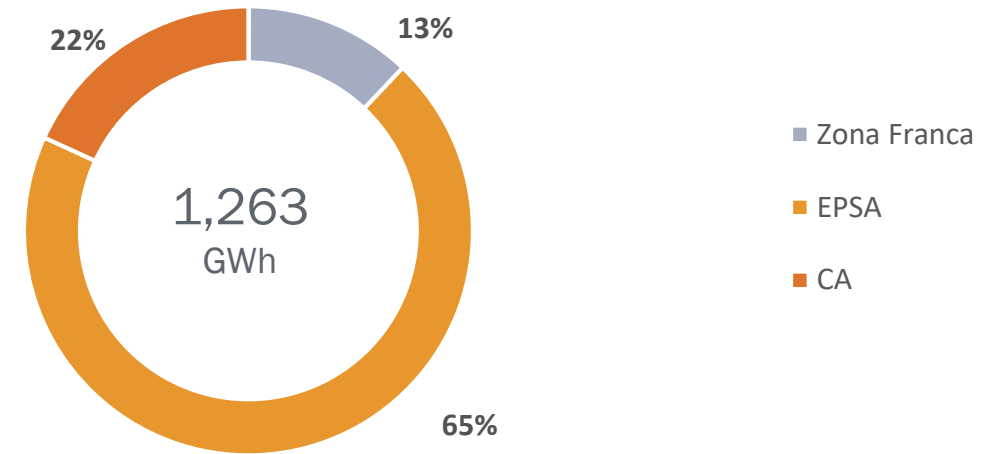
ENERGY BUSINESS 3Q2019

## DECREASE IN GENERATION BY DIVESTMENT OF ZONA FRANCA

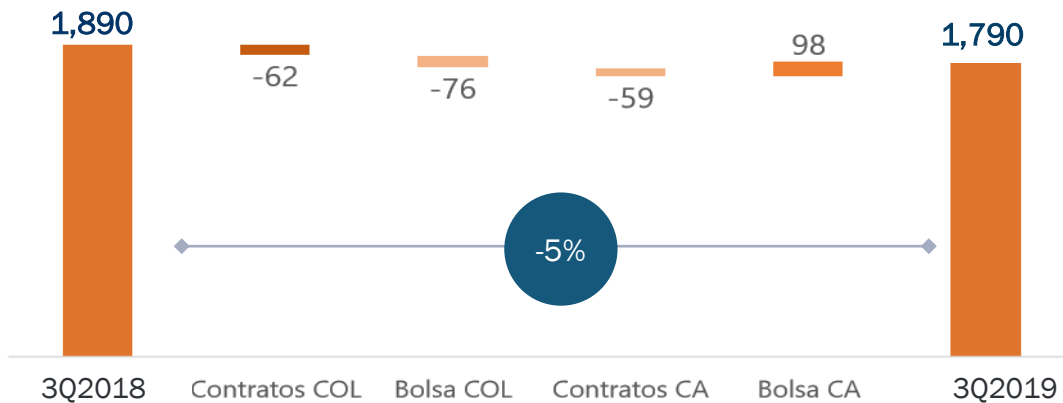
GENERATION GWh



BREAKDOWN OF GENERATION



CHANGE IN ELECTRICITY SALES GWh



NOTES

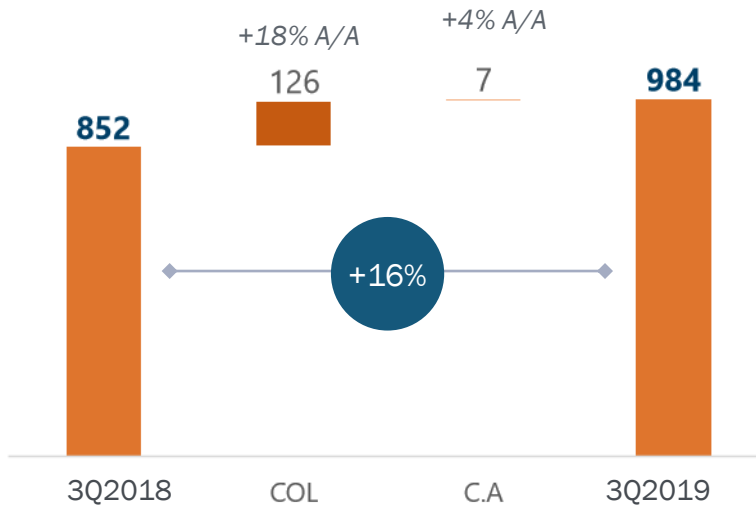
- ▲ Energy sales decrease 5% YoY, due to termination of contracts in CA
- ▲ Generation decreases 12% by:
  - ▲ Lower generation in Panama due to lower hydrology
  - ▲ Zona Franca only contributed to the generation during July and August
- ▲ Average price of energy in the spot market in 3Q19 = \$185 / kWh (+ 99% YoY)  
 Average price of contracts serving the regulated market = \$ 207 / kWh (+ 9.5% YoY)

\* Se unifica los datos de EPSA y Celsia, los activos de generación hídrica de Celsia fueron transferidos a EPSA

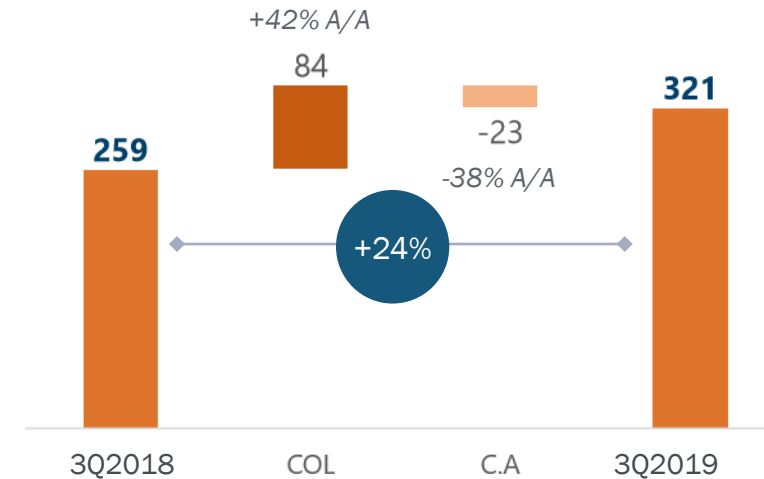
## ENERGY BUSINESS 3Q2019

## INCOME AND EBITDA GROW 15% YOY AND 24% YOY RESPECTIVELY

## REVENUES COP bn

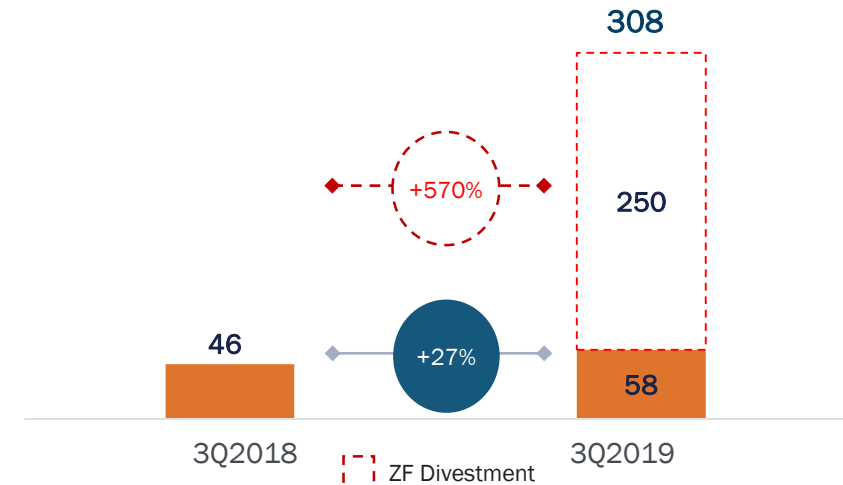


## EBITDA COP bn



## CONTROLLER NET INCOME

COP mil mn



▲ Colombia (83% Revenue):

- Start of operation of Tolima's assets (+ COP 170 bn)
- Best prices in spot market (COP185 / kWh +99%)
- Higher sales in contracts (+9%) and lower sales in the spot market due to lower dispatches of Zona Franca after divestment

▲ Central America (17% income):

- Lower income due to termination of BLM contract offset by higher spot prices

▲ Entry of Plan5Caribe project increasing the contribution margin of the distribution business and greater demand from the retailer

▲ Tolima operation contributed + COP 46 bn

- ▲ Decrease contribution in C.A for dry season and partial expiration of Cativá contracts

▲ Sale of Zona Franca for COP 249 bn

▲ Increase in the tax of occasional gain for sale of Zona Franca (+ COP 62 bn)

- ▲ Increase in financial expenses and exchange difference for Tolima acquisition

▲ Excluding the sale of Zona Franca consolidated net profit was COP 66 bn (+ 3% YoY) and the net result attributable to the controller of the parent company was COP 58 bn (+ 27%YoY)

# REAL ESTATE BUSINESS



URBAN DEVELOPMENT BUSINESS  
AND PACTIA  
QUARTERLY RESULTS  
3Q2019

## OPERATING CASH FLOW GROWS 2,8 TIMES YOY



**GRUPO ARGOS**

- ▲ Revenue for COP 54 bn (+59% YoY)
- ▲ Cash flow of COP 32 billion, growing 2,8 times on business signed in previous quarters
- ▲ Signing of promises of sale for ~50 bn

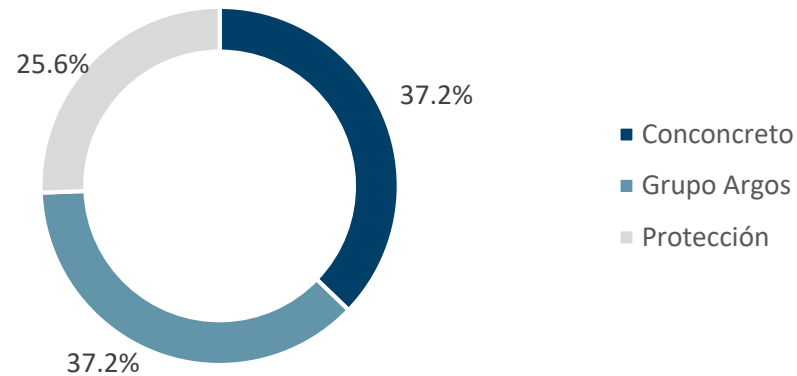
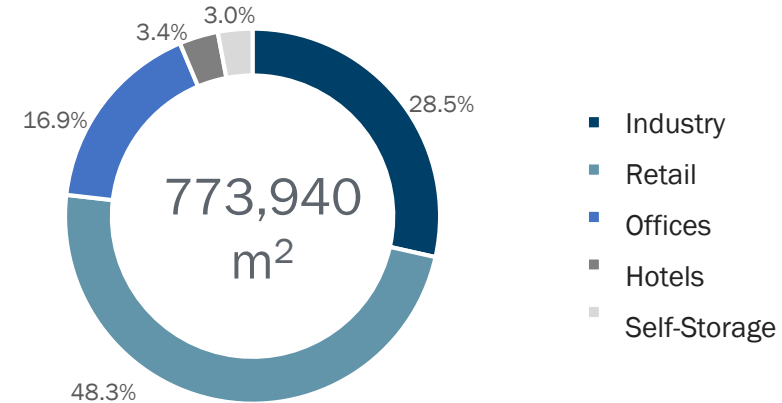


- ▲ Capitalization of Pactia by Grupo Argos of COP 176 bn, reaching 37,2% stake
- ▲ Income of COP 80 bn (-2% YoY), on lower GLA due on previous divestments

PACTIA

## ASSETS UNDER MANAGEMENT AMOUNT TO 3,9 TN

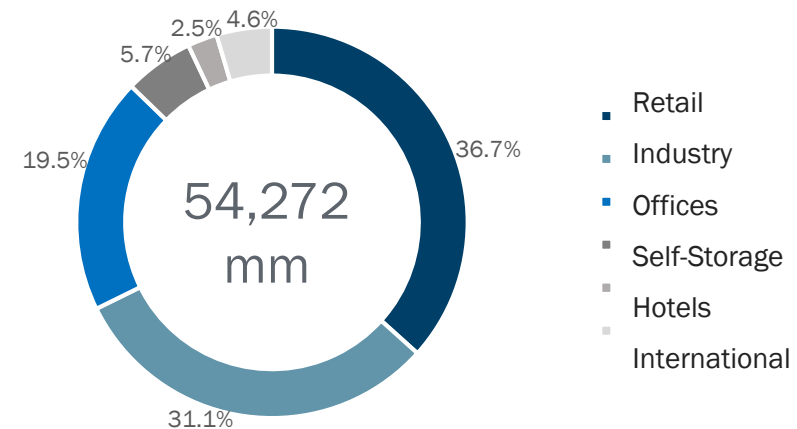
PARTICIPATION PACTIA %

GLA m<sup>2</sup>

REVENUES AND NOI COP bn

IMPORTANT FIGURES						
COP bn	3Q2019	3Q2018	Var.(%)	2019	2018	Var.(%)
Gross Cash Income	80,267	81,504	-2%	222,056	213,752	4%
Operative Costs	25,995	16,930	54%	81,262	61,569	32%
Net Operating Income	54,272	64,574	-16%	140,795	152,183	-7%
Consolidated EBITDA	38,063	50,037	-24%	94,610	107,836	-12%
Margin EBITDA	47%	52%	-1397 pb	43%	50%	-784 pb

NOI COP mm





## STRATEGY

GRUPO ARGOS EXPECTS TO END 2019 WITH AN PROYECTED EBITDA OF COP 4.4 TRILLION

## CONSOLIDATED

~COP **15.5** tn      ~COP **4.4** tn

REVENUES  
2019E

EBITDA  
2019E

## INDIVIDUAL

~COP **800** bn      ~COP **500** bn

REVENUES  
2019E

EBITDA  
2019E

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