

# Quarterly Earnings **Report**

**2Q2018**



**GRUPO ARGOS**

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## Grupo Argos Individual Financial Results 2Q2018

### Revenues 2Q18

Quarter revenue at a separate level reached COP 99 billion, by equity method (COP 69 billion) and revenue from the real estate business (COP 30 billion). In the quarter there was no revenue from financial activity. It is important to point out that the results for the same quarter of 2017 included COP 67 billion corresponding to financial revenue from the securities lending made after the payment of dividends by Sura Group, that distort comparability

During the semester revenue was reached of COP 950 billion, achieving a 143% growth, and that include the sale of the stake in EPSA en 1Q18.

Revenue from the Real Estate Business rose to COP 30 billion and includes the urbanization and appraisal of lots (COP 11 billion), Pactia dividends and the appraisal of FCP Pactia (COP 14 billion) and revenue from the Maintenance Consortium Opain (COP 5 billion). It is important to indicate that the sales activity from lots is difficult to measure in such short periods since the deeds do not define the management of the real estate business, as, there is a process before the deed that includes the negotiation and payment, whose times vary depending on the characteristics of the business; this is not recorded in the P&L, but does impact the cash flow. Today's deeds are only a legal transaction where the property changes ownership. This explains the difference between revenues from the sale of lots recorded in 2Q 2017 and those recorded in 2Q 2018.

Equity Method revenues decrease 32% YoY to COP 69 billion during the quarter; in the semester they decrease 24% arriving at COP 144 billion, by the base effect of the appraisal of the previous investment in Opain for COP 63 billion recorded in 2017.

Regarding the contribution of the cement business, this appeared impacted by non-recurring expenses of COP 74 billion corresponding to the fine imposed by the SIC. In any case, excluding this effect, it is worth emphasizing that the results of the company at the operational level continue showing a constant recovery resulting from the implementation of the efficiency program BEST, which allows it today to have a consolidated Ebitda pro forma of the business of COP 404 billion, 6% greater than that obtained in the same period of 2017.

If the corresponding adjustments are made for both the period of 2017 as for 2018, which include the COP 74 billion of the SIC, the Sura securities lending for COP 67 billion, and COP 12 billion of non-recurring expenses associated with the Best program in 2017, the revenue would have shown a decrease of 11%, being it entirely explained by real estate revenue, then the Equity Method would not have shown any variation.

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Million COP	2Q2018	2Q2Q17	Var YoY	jun-18	jun-17	Var YoY
<b>Revenue from ordinary activities</b>	<b>98,531</b>	<b>212,572</b>	<b>-53.6%</b>	<b>949,563</b>	<b>391,175</b>	<b>142.7%</b>
Revenue from financial activity	0	66,802	-100.0%	748,656	154,497	384.6%
Real estate revenue (sale of urbanized lots)	29,779	44,151	-32.6%	56,457	46,831	20.6%
Profit (loss) net via equity method	68,752	101,619	-32.3%	144,450	189,847	-23.9%

## Costs 2Q18

The costs of the quarter show a decline of 99%, due to the cost recorded in 2Q17 by the securities lending and because of lesser sales costs of the real estate business.

In relation to SG&A, it is observed for 2Q18 an increase of 20% YoY COP 27 billion and in the semester an increase of 1% to COP 73 billion. The accumulated increase is explained by: I) the expenses of Argos Group without taxes, the decline of DD&A projects by 3% YoY(-COP 1 million), ii) those of the Real Estate business without taxes and a decline of DD&A of 18% (-COP 2 billion), iii) the taxes and DD&A increase 1% (+COP 1 million) and iv) the special projects of Argos Group increase COP 3 billion.

Million COP	2Q2018	2Q2Q17	Var YoY	jun-18	jun-17	Var YoY
<b>Cost of ordinary activities</b>	<b>938</b>	<b>94,127</b>	<b>-99.0%</b>	<b>296,588</b>	<b>94,619</b>	<b>213.5%</b>
Cost of sales of financial activity	1	66,801	-100.0%	294,774	66,801	341.3%
Cost of sales of real estate business	937	27,326	-96.6%	1,814	27,818	-93.5%
<b>Operating expenses</b>	<b>27,219</b>	<b>22,674</b>	<b>20.0%</b>	<b>72,675</b>	<b>72,069</b>	<b>0.8%</b>
Management	26,150	21,574	21.2%	70,549	69,856	1.0%
Management depreciation and amortization	890	693	28.4%	1,778	1,388	28.1%
Sales	179	407	-56.0%	348	825	-57.8%

## Other operating revenues / expenses 2Q2018

Other gross expenditures reached COP 1 billion during 2Q18. In accumulated terms, other net revenue reached COP 2 billion, growing by COP 10 billion versus the same period of the previous year, mainly due to the elimination of the wealth tax after 2018.

Million COP	2Q2018	2Q2Q17	Var YoY	jun-18	jun-17	Var YoY
<b>Other revenue and expenditures</b>	<b>-545</b>	<b>-116</b>	<b>369.8%</b>	<b>2,211</b>	<b>-7,929</b>	<b>-127.9%</b>
Other revenue	1,826	7,250	-74.8%	9,240	7,425	24.4%
Other expenditures	-2,371	-7,291	-67.5%	-7,029	-11,944	-41.2%
Wealth tax	0	-75	-1	0	-3,410	-100.0%

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## Ebitda 2Q2018

In this way, the separate Ebitda in the quarter reached COP 71 billion (-27% YoY), generating an Ebitda margin of 72%. In accumulated terms, this reached COP 584 billion, mainly due to the EPSA disinvestment that contributed with COP 360 billion to the result. The adjusted annualized Ebitda reached COP 977 billion (+40% YoY).

## Other revenues / expenses 2Q2018

The non-operational gross expenditures decreased 5% YoY to COP 29 billion in the quarter and 13% to COP 56 billion in the semester. Mainly due to the lower cost of debt, which went from 7.9% in June 2017 to 6.6% in June 2018, this reduction allowed savings in financial interest of COP 12,5 billion, as the year elapsed.

Million COP	2Q2018	2Q2Q17	Var YoY	jun-18	jun-17	Var YoY
<b>Non-operating revenue and expenditures</b>	<b>-29,085</b>	<b>-30,664</b>	<b>-5.1%</b>	<b>-55,532</b>	<b>-63,488</b>	<b>-12.5%</b>
Financial, net	-29,011	-30,333	-4.4%	-55,344	-62,896	-12.0%
Exchange rate difference, net	-74	-331	-77.6%	-188	-592	-68.2%

## Net Income 2Q2018

The net revenue of the semester was COP 520 billion, generating a net margin of 55% (COP 40 billion in 2Q17 and a margin of 41%).

## Summary of Grupo Argos Individual Financial Results

Million COP	2Q2018	2Q2Q17	Var YoY	jun-18	jun-17	Var YoY
Revenue	98,531	212,572	-53.6%	949,563	391,175	142.7%
Ebitda	70,719	96,423	-26.7%	584,289	221,356	164.0%
Ebitda Margin	72%	45%	58.2%	62%	57%	8.7%
Net Income	39,947	61,418	-35.0%	520,336	148,389	250.7%
Net Margin	41%	29%	40.3%	55%	38%	44.5%

## Debt and cash flow 2Q2018

In June 2018, the debt closed in COP 1.8 billion, remaining stable compared to the same period of the previous year, with a cost of debt of 6,6% annually the lowest level in the last three years. Additionally, the substantial improvement in the adjusted Ebitda maintains the leverage indicator at healthy levels of 1.8x (adjusted Debt /Ebitda) vs 3.9x in June 2017, which demonstrates the flexibility that the holding company possesses.

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At the cash-flow level, it continued reflecting the simplification of the energy portfolio and the strategic acquisition of cement shares, together with a positive gap between paid dividends and revenue of COP 84 billion. In this way, the second quarter culminates with cash holdings of COP 14 billion.

## Grupo Argos Consolidated Financial Results 2Q2018

### Consolidated revenues 2Q2018

The consolidated revenues of Argos Group during the second quarter of 2018 reached COP 3.6 billion, growing 1% from YoY. These revenues are supported by positive contributions from all the strategic businesses: cement, concessions and energy. Regarding the contribution of Cementos Argos for the quarter, the good results observed in the United States stand out, which had a positive recovery in the Texas and Florida markets, with double-digit volume growth in concrete and cement respectively, that compensated the slight fall of 2% in the Colombian market.

Regarding the energy business, positive results came from the better price dynamic in the Colombian market, together with a greater production in Colombia and Central America, that together grew 2%. It is important to emphasize the increase of 10% in the energy contracts in Colombia, where a very favorable dynamic of higher prices and shorter terms is being observed.

The reduction in the portfolio segment is owed to a base effect of the recognition in 2017 of COP 67 million associated with Sura Group securities lending.

In accumulated terms, revenue reached COP 6.9 billion, stable versus the same period of 2017.

It is important to mention that the effect of the sale of 9.99% of EPSA is not reflected in the consolidated results.

Million COP	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
<b>Revenue</b>	<b>3,617,110</b>	<b>3,565,133</b>	<b>1.5%</b>	<b>6,927,656</b>	<b>6,922,327</b>	<b>0.1%</b>
Revenue from sales of goods and services	3,298,957	3,202,231	3.0%	6,372,422	6,262,128	1.8%
Revenue from financial activity	45,032	111,814	-59.7%	131,745	183,052	-28.0%
Revenue from real estate business	179,779	234,338	-23.3%	294,692	361,396	-18.5%
Net interest in profit (loss) of associated companies and businesses	143,208	76,568	87.0%	255,095	206,538	23.5%
-Refunds and sales discounts	-49,866	-59,818	-16.6%	-126,298	-90,787	39.1%

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## Consolidated costs 2Q2018

Costs remained stable at COP 2.5 billion in the quarter and showed a 4% decrease during the semester, product of the Best program implementation.

COP millions	2Q2018	2Q2Q17	Var YoY	jun-18	jun-17	Var YoY
<b>Cost of ordinary activities</b>	<b>2,546,340</b>	<b>2,579,363</b>	<b>-1.3%</b>	<b>4,863,481</b>	<b>5,058,507</b>	<b>-3.9%</b>
Cost of sales of goods and services	2,268,618	2,154,680	5.3%	4,354,920	4,317,550	0.9%
Depreciation and amortization	235,774	227,496	3.6%	457,304	473,139	-3.3%
Cost of financial activity	0	66,801	-100.0%	0	66,801	-100.0%
Cost of sales of real estate business	41,948	130,386	-67.8%	51,257	201,017	-74.5%

Structural expenses grew 6% YoY to COP 451 billion in the quarter, mainly due to the higher PPA amortization expenses after the purchase of Opain. In June, the growth in expenses was 5% YoY, of which COP 41 billion were associated with Opain PPA. Excluding this effect, the accumulated structural expenses has remained stable at COP 880 billion.

Million COP	2Q2018	2Q2Q17	Var YoY	jun-18	jun-17	Var YoY
<b>SG&amp;A</b>	<b>450,565</b>	<b>425,830</b>	<b>5.8%</b>	<b>919,936</b>	<b>879,775</b>	<b>4.6%</b>
Management	284,767	278,355	2.3%	587,751	594,891	-1.2%
Depreciation and amortization SG&A	109,988	91,192	20.6%	222,534	173,869	28.0%
Sales	55,810	56,283	-0.8%	109,651	111,015	-1.2%

## Other consolidated revenues/expenses 2Q2018

The decline in the entry of other gross revenue during the quarter is owed mainly to the recording of the fine from the SIC of COP 74 billion. This accumulated effect is counteracted by the disinvestment of the elf generation plants (+COP 75 billion), in line with its strategic together with the elimination of the wealth tax (-COP 40 billion). However, other revenue decreased, since in June 2017 the appraisal revenue of the previous investment in Opain was included at COP 96 billion.

Million COP	2Q2018	2Q2Q17	Var YoY	jun-18	jun-17	Var YoY
<b>Other Revenue and expenditures</b>	<b>-74,743</b>	<b>-2,989</b>	<b>2400.6%</b>	<b>8,360</b>	<b>68,219</b>	<b>-87.7%</b>
Other revenue	25,381	17,791	42.7%	150,149	179,679	-16.4%
Other expenditures	-100,124	-20,699	383.7%	-141,789	-71,689	97.8%
Wealth tax	0	-81	-100.0%	0	-39,771	-100.0%



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## Consolidated ebitda 2Q2018

The consolidated Ebitda reached 891 billion in the quarter, growing 2% YoY with a positive contribution from the concessions business with the largest contributions from airports thanks to the increase in international passengers and the strengthening of its commercial strategy. If the effects of the payment of the fine from the SIC and operation of securities lending made in the second quarter of the previous year were to be eliminated, the growth of Ebitda would be 9% for the quarter.

In the entire year, the EBITDA grew 5% YoY to COP 1.8 billion, with a positive contribution of all the core businesses. The reduction in costs and expenses of Cements stands out in line with its efficiency strategy. The EBITDA margin for the semester closed at 26%, stable versus the previous year.

## Consolidated Net Income 2Q18

Finally, the net profit was COP 233 billion in the quarter (+8% YoY), even after the SIC effect, because of the decrease in financial expenses and the capital structure optimization strategy held by Grupo Argos and its subsidiaries. At the consolidated level interest rate in pesos was at historical minimums (7,46% vs. 9.10% in 2Q17).

In aggregate terms, the net profit grew 26% YoY to COP 454 billion despite the increase of COP 60 billion in deferred taxes associated mainly with Odinsa (+COP 36 billion) and Cements (+COP 18 billion), in line with the decrease of fiscal losses and the ECE tax (Exterior Controlled Entities).

The controlling net profit closed the quarter at COP 119 billion (+13% YoY) for a controlling net margin of 3%. In the semester, the controlling net profit remained stable at COP 229 billion.

The pro forma net profit after the adjustments mentioned (SIC + securities lending + BEST) for the quarter was COP 307 billion for an increase of 35%, while the controlling net profit rose to COP 155 billion, growing 39%.

Million COP	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
Revenue from ordinary activities	3,617,110	3,565,133	1.5%	6,927,656	6,922,327	0.1%
EBITDA	891,224	875,720	1.8%	1,832,437	1,739,043	5.4%
EBITDA Margin	25%	25%	0.3%	26%	25%	5.3%
Net Income	232,751	215,446	8.0%	453,813	360,253	26.0%
Net income attributable to controlling	119,109	105,814	12.6%	228,574	226,494	0.9%



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## Net contribution by segment to the consolidated results of Grupo Argos

Shown in the following table is the net contribution of the different businesses to the consolidated financial results of Argos Group for the second quarter of 2018. We emphasize that the contributions do not necessarily coincide with the figures reported by each of the companies due to the homologation adjustments required by accounting standards.

### Net contribution by segment 2Q2018

Million COP	Cement	Energy	Real Estate	Portfolio	Coal	Concessions	Total
Revenue	2,183,840	815,813	25,474	97,558	18,428	481,998	3,623,111
Gross Income	437,955	233,822	25,666	92,155	5,370	281,804	1,076,772
Operating Income	148,512	179,288	19,980	63,245	3,887	136,364	551,276
EBITDA	330,715	264,581	20,004	68,700	4,081	208,958	897,039
Net Income	31,591	94,535	19,987	35,313	4,177	46,956	232,559
Controlling interest	1,438	32,439	19,987	28,981	4,116	31,952	118,913

*Does not include reclassifications*

## Investment Portfolio

	Interest	Value (COP millions)	Value (USD millions)	Price per share (COP)*
<b>CEMENT</b>				
Cementos Argos***	57.98%	6,543,918	2,233	9,800
<b>ENERGY</b>				
Celsia	52.93%	2,630,744	898	4,645
EPSA**	1.87%	122,839	42	18,900
<b>CONCESSIONS</b>				
<sup>1</sup> Odinsa**	99.84%	2,055,207	701	10,500
<b>OTHER</b>				
Grupo Suramericana	27.66%	4,877,534	1,664	37,600
Grupo Nutresa	9.83%	1,221,582	417	27,000
<b>TOTAL</b>		<b>17,451,823</b>	<b>5,955</b>	

\* Price at the close of June 30, 2018 for Cementos Argos, Celsia, Grupo Suramericana, and Grupo Nutresa. FX on June 30, 2018: COP 2,930 / 1 USD

\*\* The price per share of EPSA (COP 18,900) and Odinsa (COP 10,500) correspond to the price offered in the tender offer of Celsia and to the delisting tender offer launched by Grupo Argos.

\*\*\* Grupo Argos' interest in Cementos Argos equates to 46.83% of the outstanding shares and 58% of ordinary shares.

<sup>1</sup>Includes the consolidated participation of Grupo Argos and subsidiaries

## Dividend's operating revenue and Cash Flow – Individual Statement

### Dividends operating revenue (million COP) as of June 2018

Million COP	jun-18	jun-17	Var YoY
Grupo de Inversiones Suramericana S.A.- Ordinary	67,195	63,304	6%
Grupo Nutresa S.A.	25,626	24,160	6%
Others	155	232	-33%
<b>Subtotal dividends recognized as revenues and financial activity</b>	<b>92,976</b>	<b>87,696</b>	<b>6%</b>
Fondo de Capital Privado Pactia y Pactia SAS	7,712	0	NA
Consortio Mantenimiento Opain	4,890	0	NA
<b>Subtotal dividends recognized in real estate</b>	<b>12,602</b>	<b>0</b>	<b>0%</b>
<b>Total dividends</b>	<b>105,578</b>	<b>87,696</b>	<b>20%</b>

### Cash Flow received from the operation as of June 2018

	jun-18	jun-17	Var YoY
Cementos Argos S.A.	72,510	66,600	9%
Odinsa S.A.	0	23,416	-100%
Grupo de Inversiones Suramericana S.A.- Ordinary	16,799	78,092	-78%
Celsia S.A. E.S.P.	36,800	12,730	189%
Empresa de Energía del Pacífico EPSA S.A.			
Grupo Nutresa S.A.	12,447	11,673	7%
Otros	20	19	5%
<b>Total dividends received</b>	<b>138,576</b>	<b>192,530</b>	<b>-28%</b>
<b>Restitution of contributions</b>			
Opain + Consorcios	62,488	35,548	76%
Pactia	19,843	0	NA
<b>Total restitution of contributions</b>	<b>82,331</b>	<b>35,548</b>	<b>132%</b>
<b>Total cash flow from operations</b>	<b>220,907</b>	<b>228,078</b>	<b>-3%</b>

## Separate statement of financial position

### BALANCE SHEET – INDIVIDUAL

	Jun-18	Jun-17	Var. (%)
Cash and cash equivalents	13,861	71,637	-80.65%
Derivative Financial Instruments	0	0	NA
Current Investments	0	0	NA
Trade account receivables, net	467,637	384,576	21.60%
Inventories	165,035	128,656	28.28%
Prepayments	2,369	5,696	-58.41%
<b>Total current assets</b>	<b>648,902</b>	<b>590,565</b>	<b>9.88%</b>
Non-current investment	14,901,185	14,978,206	-0.51%
Other non-current account receivables	7,891	22,999	-65.69%
Inventories	49,145	46,887	4.82%
Intangibles, net	2,032	5,014	-59.47%
Property, plant and equipment, net	2,446	26,267	-90.69%
Investment properties	2,100,841	1,799,146	16.77%
<b>Total non-current assets</b>	<b>17,063,540</b>	<b>16,878,519</b>	<b>1.10%</b>
<b>Total assets</b>	<b>17,712,442</b>	<b>17,469,084</b>	<b>1.39%</b>
Current financial liabilities	186,376	13,044	1328.83%
Bonds and other financial liabilities	103,602	139,748	-25.87%
Current trade and other current payables	225,365	225,831	-0.21%
Provisions	730	1,921	-62.00%
Current tax payables	7,684	9,381	-18.09%
Labor liabilities	7,703	8,701	-11.47%
Other current liabilities	41,900	49,969	-16.15%
<b>Total current liabilities</b>	<b>573,360</b>	<b>448,595</b>	<b>27.81%</b>
Non-current financial liabilities	738,043	865,036	-14.68%
Bonds and other financial liabilities	769,075	766,243	0.37%
Deferred taxes	167,688	127,688	31.33%
Employee benefits liability	11,062	13,075	-15.40%
<b>Total non-current liabilities</b>	<b>1,685,868</b>	<b>1,772,042</b>	<b>-4.86%</b>
<b>Total liabilities</b>	<b>2,259,228</b>	<b>2,220,637</b>	<b>1.74%</b>
Issued capital	53,933	53,933	0.00%
Share premium	1,354,759	1,354,759	0.00%
Other Comprehensive Income	1,448,037	1,561,959	-7.29%
Reserves	3,001,515	2,829,844	6.07%
Other equity components	379,442	599,700	-36.73%
Retained earnings (loss)	8,695,192	8,699,863	-0.05%
Net income (loss)	520,336	148,389	250.66%
<b>Total Equity</b>	<b>15,453,214</b>	<b>15,248,447</b>	<b>1.34%</b>

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## INCOME STATEMENT - INDIVIDUAL

Millions COP	2Q2018	2Q2017	Var YoY	Jun-18	Jun-17	Var YoY
<b>Revenue from ordinary activities</b>	<b>98,531</b>	<b>212,572</b>	<b>-53.6%</b>	<b>949,563</b>	<b>391,175</b>	<b>142.75%</b>
Revenue from financial activity	0	66,802	-100.0%	748,656	154,497	384.58%
Real estate revenue (sale of urbanized lots)	29,779	44,151	-32.6%	56,457	46,831	20.55%
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<b>Cost of ordinary activities</b>	<b>938</b>	<b>94,127</b>	<b>-99.0%</b>	<b>296,588</b>	<b>94,619</b>	<b>213.5%</b>
Cost of sales of financial activity	1	66,801	-100.0%	294,774	66,801	341.3%
Cost of sales of real estate business	937	27,326	-96.6%	1,814	27,818	-93.5%
<b>Operating expenses</b>	<b>27,219</b>	<b>22,674</b>	<b>20.0%</b>	<b>72,675</b>	<b>72,069</b>	<b>0.8%</b>
Management	26,150	21,574	21.2%	70,549	69,856	1.0%
Management depreciation and amortization	890	693	28.4%	1,778	1,388	28.1%
Sales	179	407	-56.0%	348	825	-57.8%
<b>Other revenue and expenditures</b>	<b>-545</b>	<b>-116</b>	<b>369.83%</b>	<b>2,211</b>	<b>-7,929</b>	<b>-127.88%</b>
Other revenue	1,826	7,250	-74.81%	9,240	7,425	24.44%
Other expenditures	-2,371	-7,291	-67.48%	-7,029	-11,944	-41.15%
Wealth tax	0	-75	-1	0	-3,410	100.00%
<b>Non-operating revenue and expenditures</b>	<b>-29,085</b>	<b>-30,664</b>	<b>-5.1%</b>	<b>-55,532</b>	<b>-63,488</b>	<b>-12.5%</b>
Financial, net	-29,011	-30,333	-4.4%	-55,344	-62,896	-12.0%
Exchange rate difference, net	-74	-331	-77.6%	-188	-592	-68.2%
Revenue	98,531	212,572	-53.6%	949,563	391,175	142.7%
Ebitda	70,719	96,423	-26.7%	584,289	221,356	164.0%
<i>Ebitda Margin</i>	<i>72%</i>	<i>45%</i>	<i>58.2%</i>	<i>62%</i>	<i>57%</i>	<i>8.7%</i>
Net income	39,947	61,418	-35.0%	520,336	148,389	250.7%
<i>Net Margin</i>	<i>41%</i>	<i>29%</i>	<i>40.3%</i>	<i>55%</i>	<i>38%</i>	<i>44.5%</i>

## INDIVIDUAL CASH FLOW STATEMENT

	18-Jun	18-Jun
<b>CASH FLOWS BY OPERATING ACTIVITIES</b>		
<b>NET INCOME</b>	<b>520,336</b>	<b>148,389</b>
Adjustments for:		
Income from dividends and participations of uncontrolled companies	-105,578	-87,695
Income tax expense recognized during the period	6,643	4,358
Wealth tax expense recognized during the period	-	3,410
Equity method – subsidiaries	-144,450	-186,325
Gain/loss from measurement at fair value of investment properties	-19,695	-8,607
Financial expenses recognized during the period	58,535	69,480
Interest revenues recognized during the period	-4,075	-4,966
(Recovery) recognized with respect to employee benefits and provisions	-1,769	0
Loss due to disposal of property, plant and equipment	637	6
net income from sale investment	-359,828	-
net income of fair value arising on investments in associates or joint ventures	-17,172	-
Loss arising on the sale of non-current assets available for sale and other assets	3	-
Gain/loss from disposal of investment properties	-7,089	-
Gain/loss from measurement at fair value of financial instruments	-556	-3,574
D&A of non - current assets	1,778	1,345
Impairment, net of non-current assets recognized in results of the period	215	314
Exchange difference not realized, recognized in results of financial instruments	-36	280
Other adjustments to reconcile the gain (loss)	-288	3
	<b>-72,389</b>	<b>-63,582</b>
<b>CHANGE IN WORKING CAPITAL:</b>		
Trade account receivables and other accounts receivables	34,570	59,118
Inventories	-2,220	18,871
Other assets	14,941	1,008
Trade account payables and other accounts payables	-11,793	8,935
Other liabilities	-25,127	5,746
<b>CASH FROM OPERATIONS</b>	<b>-62,018</b>	<b>30,096</b>
Dividends received and revenue from other participations	151,362	192,552
Income and wealth tax paid	-30,987	-9,501
<b>CASH FROM OPERATIONS</b>	<b>58,357</b>	<b>213,147</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Financial interests received	4,108	7,725
Acquisition of PP&E	-66	-763
Sale of property, plant and equipment	9,473	6,564
Acquisition of intangibles	-	-401
Acquisition of subsidiaries	-1,081,434	-483,819
Sale of participation in subsidiaries	654,602	-
Share acquisition in associates and joint ventures	-	-12,320
Sale of share in associates and Join Ventures	-	2,117

# Quarterly Earnings Report

2<sup>nd</sup> quarter 2018

Acquisition of financial assets	-4,964	-64
Subordinates debt payment	57,000	35,534
Restitution of contributions	13,472	-
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-347,809</b>	<b>-445,427</b>
<b>CASH FLOW FROM FINANCING</b>		
Payment of bonds and commercial papers	-259,039	-
Increase in other financing instruments	1,121,335	315,000
(Decrease) in other financing instruments	-657,706	-
Interest paid	-63,770	-65,486
Dividends paid	-136,516	-124,956
<b>CASH FLOW FROM FINANCING</b>	<b>4,304</b>	<b>124,558</b>
<b>INCREASE (DECREASE) NET IN CASH AND CASH EQUIVALENTS</b>	<b>-285,148</b>	<b>-107,722</b>
Cash and cash equivalents at the beginning of the period	299,082	179,358
FX effects on cash	-73	1
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>13,861</b>	<b>0</b>



## Consolidated Statement of Financial Position

### BALANCE SHEET - CONSOLIDATED

	Jun-18	Jun-17	Var %
Cash and cash equivalents	2,591,478	2,422,442	7.0%
Derivative financial instruments	12735	98	12894.9%
Current Investments	3,799	47,722	-92.0%
Trade account receivables, net	2,628,419	2,915,690	-9.9%
Inventories	1,155,422	1,227,443	-5.9%
Biological assets	140	0	NA
Prepayments and other non-financial assets	250,434	191,360	30.9%
Non-current assets held for sale	49,797	8,346	496.7%
<b>Total current assets</b>	<b>6,692,224</b>	<b>6,813,101</b>	<b>-1.8%</b>
Non-current investment	9,539,703	9,415,214	1.3%
Other non-current account receivables	2,541,049	2,632,075	-3.5%
Inventories	49,144	46,887	4.8%
Intangibles, net	6,940,394	7,409,157	-6.3%
Property, plant and equipment, net	18,224,517	18,415,650	-1.0%
Investment properties	2,224,874	2,167,970	2.6%
Deferred taxes	472,307	760,516	-37.9%
Biological assets	55,427	20,870	165.6%
Derivative financial instruments	10384	548	1794.9%
Prepayments and other non-financial assets	19,885	32,531	-38.9%
<b>Total non-current assets</b>	<b>40,077,684</b>	<b>40,901,418</b>	<b>-2.0%</b>
<b>Total assets</b>	<b>46,769,908</b>	<b>47,714,519</b>	<b>-2.0%</b>
Current financial liabilities	3,385,004	3,908,209	-13.4%
Bonds and other financial liabilities	415,226	755,847	-45.1%
Current trade and other current payables	2,385,460	2,406,692	-0.9%
Current provisions	322,243	346,850	-7.1%
Current tax payables	219,011	223,377	-2.0%
Labor liabilities	193,306	168,478	14.7%
Other current liabilities	614,751	599,439	2.6%
Derivative financial instruments	0	109,876	-100.0%
Liabilities associated with assets held for sale	824	824	0.0%
<b>Total current liabilities</b>	<b>7,535,825</b>	<b>8,519,592</b>	<b>-11.5%</b>
Non-current financial liabilities	5,433,415	6,818,252	-20.3%
Bonds and other financial liabilities	6,995,045	5,533,341	26.4%
Deferred taxes	1,434,427	1,601,257	-10.4%
Provisions	298,871	315,731	-5.3%
Other non-current payables	262,274	328,638	-20.2%
Labor liabilities	484,771	453,585	6.9%
Derivative financial instruments	316	6,665	-95.3%
Other non-current liabilities	436,401	441,063	-1.1%
<b>Total non-current liabilities</b>	<b>15,345,520</b>	<b>15,498,532</b>	<b>-1.0%</b>
<b>Total Liabilities</b>	<b>22,881,345</b>	<b>24,018,124</b>	<b>-4.7%</b>

# Quarterly Earnings Report

2<sup>nd</sup> quarter 2018

Issued capital	53,933	53,933	0.0%
Share premium	1,354,759	1,354,759	0.0%
Other Comprehensive Income	1,818,377	2,152,249	-15.5%
Reserves	3,001,515	2,829,844	6.1%
Other components of shareholders' equity	-164,106	-52,568	212.2%
Retained earnings (loss)	9,215,320	9,052,810	1.8%
Net income (loss)	228,574	226,494	0.9%
Non-controlling interest	8,380,191	8,078,874	3.7%
<b>Equity</b>	<b>23,888,563</b>	<b>23,696,395</b>	<b>0.8%</b>

# Quarterly Earnings Report

2<sup>nd</sup> quarter 2018

## INCOME STATEMENT - CONSOLIDATED

	2Q2018	2Q2017	Var (%)	Jun-18	Jun-17	Var (%)
<b>Revenues from operating activities</b>	3,617,110	3,565,133	1.5%	6,927,656	6,922,327	0.1%
Goods sold	3,298,957	3,202,231	3.0%	6,372,422	6,262,128	1.8%
Financial income/expenses	45,032	111,814	-59.7%	131,745	183,052	-28.0%
Real estate income	179,779	234,338	-23.3%	294,692	361,396	-18.5%
Equity method, net	143,208	76,568	87.0%	255,095	206,538	23.5%
Sales returns and discounts	-49,866	-59,818	-16.6%	-126,298	-90,787	39.1%
<b>Variable cost</b>	2,546,340	2,579,363	-1.3%	4,863,481	5,058,507	-3.9%
Cost of goods sold	2,268,618	2,154,680	5.3%	4,354,920	4,317,550	0.9%
Depreciation and amortization	235,774	227,496	3.6%	457,304	473,139	-3.3%
Cost of sales - Financial act.	0	66,801	-100.0%	0	66,801	-100.0%
Cost of sales - Real estate	41,948	130,386	-67.8%	51,257	201,017	-74.5%
<b>Gross income</b>	1,070,770	985,770	8.6%	2,064,175	1,863,820	10.7%
<i>Gross margin</i>	29.60%	27.65%		29.80%	26.92%	
<b>Operating expenses</b>	450,565	425,830	5.8%	919,936	879,775	4.6%
Administrative expenses	284,767	278,355	2.3%	587,751	594,891	-1.2%
D&A- administrative	102,555	82,978	23.6%	206,870	157,683	31.2%
Selling expenses	55,810	56,283	-0.8%	109,651	111,015	-1.2%
D&A- administrative	7,433	8,214	-9.5%	15,664	16,186	-3.2%
<b>Other income/expenses</b>	-74,743	-2,989	2400.6%	8,360	68,219	-87.7%
Other income	25,381	17,791	42.7%	150,149	179,679	-16.4%
Other expenses	-100,124	-20,699	383.7%	-141,789	-71,689	97.8%
Wealth Tax	0	-81	-100.0%	0	-39,771	-100.0%
<b>Operating profit</b>	545,462	556,951	-2.1%	1,152,599	1,052,264	9.5%
<i>Operating margin</i>	15.08%	15.62%		16.64%	15.20%	
<b>EBITDA</b>	891,224	875,720	1.8%	1,832,437	1,739,043	5.4%
<i>EBITDA margin</i>	24.64%	24.56%		26.45%	25.12%	
<b>Non-operating revenues and expenses</b>	-242,510	-253,126	-4.2%	-511,442	-525,044	-2.6%
Financial revenues and expenses, net	-268,875	-277,709	-3.2%	-539,443	-540,276	-0.2%
Exchange difference, net	26,365	24,583	7.2%	28001	15232	83.8%
Gain/loss on investment retirement	0	0	NA	0	0	NA
<b>Pre-tax profit (loss)</b>	302,952	303,825	-0.3%	641,157	527,220	21.6%
Income tax	70,201	88,379	-20.6%	187,344	166,967	12.2%
<b>Profit (loss) from continuing operations</b>	232,751	215,446	8.0%	453,813	360,253	26.0%
Net loss from discontinued operations	0	0	NA	0	0	NA
<b>Net income</b>	232,751	215,446	8.0%	453,813	360,253	26.0%
<i>Net margin</i>	6.43%	6.04%		6.55%	5.20%	
<b>Controlling interest</b>	119,109	105,814	12.6%	228,574	226,494	0.9%
<i>Net margin - controlling</i>	3.29%	2.97%		3.30%	3.27%	

*We will hold a conference to discuss second quarter 2018 results on Wednesday, June 15 at 7:30 a.m. Colombia time.*

## **Conference ID: 1.127.788**

*United States /Canada:* (866) 837 - 3612

*Colombia:* 01800-913-0176

*Int'l/Local:* (706) 634 - 9385

*A detailed presentation of these results shall be made available on Grupo Argos' Investor Website ([www.grupoargos.com](http://www.grupoargos.com)) under home or in the Financial Information / Reports section.*

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## Odinsa

In 2Q12018, Odinsa's concessions operate in an appropriate manner, as evidenced by the levels of traffic on the roads and the number of passengers served at the concessioned airports. Likewise, the projects in the construction phase continue to advance at a very good pace. In the first six months of 2018, the vehicle traffic on the roads operated by Odinsa maintained very similar levels to those reported in 2017, registering a slight drop of 0.55% for a total of 13,344,368 vehicles.

This reflects the combination of several effects, including: the lower traffic reported at Autopistas del Café that was affected by the closure of the bridge around Irra - between Antioquia and the main coffee zone-, and a slight drop in traffic in Malla Vial del Meta at some tollbooths. These events were counteracted by increased traffic in the concessions in the Dominican Republic, partly since there has been more tourist activity, which shows an increase in category I: of 10.5%, and of 22% in ADN and BTA, respectively Autopistas del Nordeste [Northeast Highways] and Boulevard Turístico del Atlántico [Atlantic Touristic Boulevard].

In the road concessions business, the most outstanding fact was the arbitration award issued by the arbitration court to Autopistas de Café. The term of the concession is therefore maintained until January 31, 2027, as stipulated in the contract from the beginning and as understood by the concessioner. As for the Malla Vial del Meta concession, the Arbitration Tribunal assumed jurisdiction on March 7. The arbitration process is in the evidentiary phase in which several financial expert opinions have been presented, from which the parties have requested clarifications.

On July 23, 2018, the Availability Certificate for the Green Corridor project was finally obtained, after closing the audit findings by the Independent Certifier.

As for road concessions that are under construction, it is worth mentioning the progress of the La Pintada Concession works, where Odinsa participates in the Farallones consortium that oversees the construction of this asset. As of June the works have advanced by 46.60%. It is also worth highlighting the progress of works of great technical complexity, such as the construction of the Mulatos tunnel, which has already reported the first 2,483 meters of excavations. In 2018, the concession hopes to complete investments of around COP 400 billion.

So far in 2018, the number of passengers served at the airports operated by Odinsa reached 18,394,344, which represents a total growth of 3.62% compared to the same period of 2017. As for international passengers, who pay a higher airport fee, the growth represented 5.85%. It is important to highlight the growth in the number of international passengers of Quiport that increased by 6.79%, confirming the recovery in the traffic of this terminal after the economic slowdown that affected Ecuador in 2016 and 2017.

## Consolidated Results 2Q18

Accumulated revenues for 2018 reached COP 400.916 billion, decreasing by 3.21% compared to the same period of 2017. This is attributable to a drop-in construction revenue, mainly due to lower work volumes in some of the concessions, especially in the Green Corridor project, which accumulates a 100% work progress. On the other hand, in 2017 there was non-recurring income from the sale of the participation of the Farallones Consortium, and the divestment of Santa Marta - Paraguachón.

By segment, construction revenues, both from the consortia that consolidate under Odinsa and those that report under the equity method, totaled COP 70.018 billion in the first six months of 2018. When this figure is compared with the COP 95.128 billion from the first six months of 2017, a decrease of 26.40% is apparent. This is the result of lower construction volumes at Green Corridor and the culmination of the expansion of El Dorado, whose works were delivered in 2017.

It is worth highlighting that on July 23, the Government of Aruba issued the Availability Certificate certifying that all the contractual requirements were met. In this way, Odinsa will be able to collect the corresponding payment for availability during the next 18 years. Furthermore, the works of Pacifico 2, which are advancing at a very good pace, contribute to consolidated revenues via the equity method, obtaining substantial results supported by the percentage of progress of the project and a net profit of the consortium with growth 106% YoY,

The accumulated second quarter revenues from the road concessions business reached COP 283.747 billion (+0.48% YoY), mainly because of higher levels of operating revenue and financial income in the Autopistas del Café and Autopistas del Nordeste concessions. These higher income levels were partially counteracted by lower levels of income, by collection and financial, in Malla Vial del Meta and Boulevard Turístico del Atlántico and by the decrease in construction revenues in Green Corridor.

Pacifico 2 revenues, which are included under the equity method, increased to COP 23.422 billion in this period (vs. COP 1.021 million in 2Q2017) because of higher construction revenues, increased contribution margin and positive impact accumulated by financial income and exchange difference.

Finally, in the airport business, second quarter accumulated revenues reached COP 57.194 billion (+11.09% YoY). It is important to mention that the two airport concessions are recorded under the equity method in the consolidated financial statements of Odinsa. The increase is mainly due to Quiport's net income, which contributed COP 44.871 billion, due to the increase in its operating income, mainly explained by an increase close to USD 5 million of regulated revenues and USD 2 million of unregulated revenues.

Accumulated EBITDA for 2Q2018 is COP 251.84 billion, with a reduction of 7.35% compared to the same period of 2017. This is attributable mainly to the construction segment due to a lower level of work execution in Green Corridor, generating a negative impact on EBITDA close to COP 31 billion. This effect is offset by the contribution made by the AKF project consortium

for a value of COP 12.5 billion, and the Farallones Consortium of the Pacífico 2 project for an amount close to COP 9.1 billion.

Additionally, in 2017 there was a profit from divestment in the latter consortium, which is classified as Other Income that affects both operating profit and EBITDA. The amount recorded in this operation reached COP 9.5 billion. Additionally, last year there was an approximate profit of COP 28.5 billion because of the divestment of the Santa Marta - Paraguachón concession. These transactions have an effect over the 2017 revenues of COP 38.5 billion, that makes revenues and ebitda non comparable, and that if eliminated would have resulted in an increase in revenues for the quarter of 6%, and in ebitda of 17%.

As for road and airport concessions, they increased their contribution to the EBITDA of 2018, with respect to 2017, but not enough to offset the effects. Comparing the non-accumulated numbers of both quarters, the variation of the EBITDA is -7.17%.

The accumulated net profit as of 2Q2018 reached COP 50.751 billion, impacted by the events explained above, in addition to a higher financial expense and a higher tax burden. In the first half of 2018, the separate financial expense -which includes Marjoram, Odinsa Holding and Odinsa SA- went from COP 55.748 billion to COP 60.467 billion as a result of an increase in the stock of debt. This reached a level of COP 1.493711 trillion in the period, because of the issuance of bonds of October 2017 for COP 400 billion. Additionally, the increase in the libor rate impacted the cost of debt denominated in dollars, despite having achieved reductions in the spreads on this rate in recent loan renewals.

Additionally, in the first six months of 2018, the consolidated tax went from COP 30.043 billion to COP 46.437 billion. Whereas in the first six months of 2017, the amount was COP 6.447 billion and COP 23.596 billion in deferred tax and current tax, respectively. Also, in 2018 the value is divided into COP 32.491 billion and COP 13.946 billion in deferred tax and current tax, respectively. It is important to highlight that during 2017 the deferred tax accrual occurred more towards the end of the year, while in 2018 it occurred monthly. As a result, deferred taxes year after year are not comparable to June 30, 2018. If the non-accumulated information of both quarters is compared, the net profit of 2Q2018 varies by -52.51% with respect to 2Q2017. However, if the non-recurring effect of the investment sale profit of COP 28.5 billion in 2Q2017 is eliminated, the variation would be -14.87%.

Odinsa has shown great discipline in controlling its levels of indebtedness. This is mainly because the assets that are part of the investment portfolio are in different stages: construction, operation, and maintenance, allowing it to maintain an adequate level of operating cash flow that helps support the holding's financing activities. This was confirmed by Fitch Ratings with the annual review, where it maintained its credit rating of AA- with a stable outlook.

The consolidated financial debt of Odinsa as of June 2018 is COP 2.36 trillion against COP 2.33 trillion in the same period of 2017. Most of the debt that is consolidated in Odinsa



# Quarterly Earnings Report

## 2<sup>nd</sup> quarter 2018 – Concession Business



Empresa de concesiones del GRUPO ARGOS

corresponds to *Project Finance*, so a large percentage of the debt represented in the balance sheet of the company does not have recourse to the assets of the same.

### Contribution per business 2Q2018

COP millions	Road concessions	Construction	Airport concessions <sup>1</sup>	Other (*)	Eliminations	TOTAL
<b>Total Revenue</b>	<b>145,700</b>	<b>44,060</b>	<b>31,841</b>	<b>18,727</b>	<b>-23,300</b>	<b>217,028</b>
Gross Profit	107,170	17,046	31,841	18,442	-11,305	163,194
<b>Ebitda</b>	<b>81,738</b>	<b>17,863</b>	<b>31,938</b>	<b>5,437</b>	<b>-9,891</b>	<b>127,085</b>
Operating Income	80,962	17,612	31,938	4,831	-20,321	115,022
Net Income	45,374	17,226	31,938	-40,268	-12,031	42,239
<b>Gain/Loss for the parent company</b>	<b>43,452</b>	<b>10,804</b>	<b>31,938</b>	<b>-40,826</b>	<b>-14,761</b>	<b>30,607</b>
Gross Margin	73.56%	38.69%	100.00%	98.48%	48.52%	75.19%
Ebitda Margin	56.10%	40.54%	100.30%	29.03%	42.45%	58.56%
Net Margin	31.14%	39.10%	100.30%	-215.03%	51.64%	19.46%

### Contribution per business 1S2018

COP millions	Road concessions	Construction	Airport concessions <sup>2</sup>	Other (*)	Eliminations	TOTAL
<b>Total Revenue</b>	<b>283.747</b>	<b>70.018</b>	<b>57.194</b>	<b>39.776</b>	<b>-49.820</b>	<b>400.916</b>
Gross Profit	207.884	32.805	57.194	39.091	-15.577	321.398
<b>Ebitda</b>	<b>173.893</b>	<b>34.102</b>	<b>57.291</b>	<b>3.489</b>	<b>-16.936</b>	<b>251.840</b>
Operating Income	172.321	33.593	57.291	1.680	-36.775	228.111
Net Income	87.354	32.883	57.291	-83.502	-17.978	76.047
<b>Gain/Loss for the parent company</b>	<b>74.002</b>	<b>22.255</b>	<b>57.291</b>	<b>-84.060</b>	<b>-18.737</b>	<b>50.751</b>
Gross Margin	<b>73.26%</b>	<b>46.85%</b>	<b>100%</b>	<b>98.28%</b>	<b>31.27%</b>	80.17%
Ebitda Margin	61.28%	48.71%	100%	8.77%	33.99%	62.82%
Net Margin	30.79%	46.96%	100%	-209.93%	36.09%	18.97%

<sup>1</sup> Airport concessions do not consolidate under Odinsa and are recognized using the equity method

<sup>2</sup> Airport concessions do not consolidate under Odinsa and are recognized using the equity method

# Quarterly Earnings Report

2<sup>nd</sup> quarter 2018 – Concession Business



Empresa de concesiones del  GRUPO ARGOS

## Highway Concessions in Operation

### **Autopistas del Café - AKF**

*Colombia*

*Period: 30 years (1997 – 2027)*

*Minimum guaranteed income*

*Odinsa equity: 60%*

The most outstanding fact for the Autopistas de Café concession continues to be the arbitration award made by the arbitration tribunal of the Chamber of Commerce of Bogotá in its favor. It resolved the claim filed by the ANI (Agencia Nacional de Infraestructura [National Infrastructure Agency]), and the term of the concession was kept at January 31, 2027. Other relevant facts in this process are:

- The concessionaire was required to pay COP 13.924 billion pesos for the construction of the La María weigh station. Since September 2017, the concession transferred a sum of COP 33.351 billion to a sub-account in the autonomous equity to cover this contingency. For this reason, there is expected to be no effect on the company's income statement in 2018.
- The Comptroller General of the Republic closed the fiscal finding of surplus distribution.

Autopistas del Café reports a total traffic of 5,836,258 vehicles accumulated for 2Q2018, presenting a 7.2% YoY drop. The decrease in traffic is mainly explained by the closure of the Irra bridge, which affected the traffic between Antioquia and the coffee zone in a period of 60 days, resulting in the cessation of traffic at the Santágueda tollbooth, and significant decreases in Tarapacá 1, Tarapacá 2 and San Bernardo.

Additionally, projects such as Pacífico III, PISA, and Occidente, which are owned by other concessionaires, have generated vehicular delays and a drop-in traffic, mainly due to the execution of their respective works. Finally, categories VI and VII are the ones with the greatest decrease, 21.02% and 16.72% respectively, explained with the justifications and an economic slowdown in the region. Comparing non-accumulated traffic for 2Q2017 and 2Q2018, the variation is -8.93%.

Operating revenue for the first half amounts to COP 87.903 billion, for a growth of 2.38% YoY. This shows that, despite the drops in vehicle traffic in the project, there has been compensation due to the increase in toll rates in accordance with inflation, as stipulated in the concession contract. Non-accumulated revenue shows a variation of 1.13% in 2Q2018 vs. 2Q2017

In the first half of 2018, the concession reported an EBITDA of COP 30.997 billion, which represents a decrease of 31.79% with respect to the same period of 2017. Although a positive balance is generated due to the aforementioned revenue and lower maintenance costs in the period, there is an impact generated mainly by the payment of fees related to the Arbitration Court and the closing of findings requested by the Office of the Comptroller General of the Republic.

# Quarterly Earnings Report

## 2<sup>nd</sup> quarter 2018 – Concession Business



Empresa de concesiones del GRUPO ARGOS

Net income for the first half reached COP 18.399 billion, a fall of 37.41% against the first half of 2017 as a result of higher fiduciary commissions and tax accrual for the period last year. It should be noted that the effective tax maintains a decrease of COP 6.286 billion, explained by: a decrease in income tax of COP 11.695 billion and an increase in deferred tax of COP 5.408 million.

Million COP	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
Total traffic	2,835,508	3,113,597	-8.93%	5.836.258	6.289.114	-7.20%
Average Daily Traffic ADT	31,159	34,215	-8.93%	32.245	34.746	-7.20%
Collection	42,836	45,077	-4.97%	85.652	90.627	-5.49%
Ebitda	4,704	22,927	-79.48%	30.997	45.448	-31.79%
Net Income	6,998	13,379	-47.69%	18.399	29.399	-37.41%

The figures for 2017 have been approved in accordance with the accounting treatment of Grupo Argos.

### Autopistas del Nordeste

*Dominican Republic*

*Period: 30 years (2008 – 2038)*

*Minimum guaranteed income*

*Odinsa equity: 67.5%*

The concession shows an increase in traffic for the first half of 2018 of 9.72% YoY, as a result of the greater tourist activity registered in the half, maintaining a proportion of 90%, 3%, 5% and 2% for the categories I, II, III and IV respectively for 2017 and 2018. Comparing non-accumulated traffic for 2Q2017 and 2Q2018, the variation is 10.21%.

In terms of revenues, the concession registered an increase of 22.89%, going from COP 61.764 billion to COP 75.907 billion, as a result of recording higher financial revenues during the period. It is worth remembering that this concession depends on the guaranteed minimum income paid by the government. Non-accumulated revenues for the quarter show a variation of 18.27% in 2Q2018 vs. 2Q2017.

The EBITDA of the concession increased by 27.24% in line with the growth in income, until reaching COP 62.83 billion for the half. This is the result of the increase in the aforementioned revenues and of recording lower costs for construction (lower proportional growth) and administrative expenses. When comparing the non-accumulated EBITDA numbers of 2Q2018 vs. 2Q2017, the variation is 25.94%.

Net income reached COP 23.956 billion as a result of the above, in addition to a lower financial expense and the decrease of amortizations. When comparing the non-accumulated numbers of the net income of 2Q2018 vs. 2Q2017, the variation is 50.42%.

# Quarterly Earnings Report

## 2<sup>nd</sup> quarter 2018 – Concession Business



Empresa de concesiones del GRUPO ARGOS

Million COP	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
Total traffic	1,072,772	973,383	+10.21%	2,134.993	1,945.884	+9.72%
Average Daily Traffic ADT	11,789	10,697	+10.21%	11.796	10.751	+9.72%
Ebitda	33,913	26,927	+25.94%	62.830	49.378	+27.24%
Net Income	11,889	7,904	+50.42%	23.956	11.541	+107.57%

The figures for 2017 have been approved in accordance with the accounting treatment of Grupo Argos.

### Boulevard Turístico del Atlántico

*Dominican Republic*

*Period: 30 years (2008 – 2038)*

*Minimum guaranteed income*

*Odinsa equity: 67.5%*

BTA recorded a significant increase in vehicle traffic in the first half of 2018, with a variation of 24.15% YoY, especially in categories II and IV. Similarly, the proportion by category does not differ significantly from 2017, remaining at 92%, 1%, 5% and 2% for categories I, II, III and IV, respectively. Like ADN, this concession depends on the minimum guaranteed revenue established in the concession contract. Comparing non-accumulated traffic for 2Q2017 and 2Q2018, the variation is 26.67%.

During the first half of 2018, the revenue decreased by 3.98%, until reaching COP 58.637 billion, as a result of the lower level of financial income recorded, principally.

In line with the above, for the first half of 2018, EBITDA reached COP 45.531 billion from COP 50.398 billion reported in 2017, with a drop of 9.65%. The main reasons for this are the decrease in the income already mentioned, higher expenses for fees and services, and lower levels of other income. When comparing the non-accumulated EBITDA numbers of 2Q2018 vs. 2Q2017, the variation is -0.03%.

The net profit for the first quarter of 2018 reached COP 16.737 billion, for a decrease of 31.47% with respect to the previous year, as a result of the aforementioned decrease in EBITDA and higher tax levels. When comparing the non-accumulated numbers of the net income of 2Q2018 vs. 2Q2017, the variation is -9.85%.

COP millones	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
Total traffic	449,688	355,008	+26.67%	872.070	702.432	+24.15%
Average Daily Traffic ADT	4,942	3,901	+26.67%	4.818	3.881	+24.15%
Ebitda	20,805	20,812	-0.03%	45.531	50.398	-9.65%
Net Income	7,112	7,889	-9.85%	16.737	24.426	-31.47%

The figures for 2017 have been approved in accordance with the accounting treatment of Grupo Argos.

## Green Corridor

Aruba

DBFM Contract (Design, Build, Finance & Maintain)

Guaranteed traffic

Odinsa equity: 100%

Ceiling amount for the offer: USD 73 mm

Scope: 7 km of secondary roadway, rehabilitation and/or reconstruction of 24 km of existing roads, construction of 5 km of new roads and construction of 13 km of cycle routes.

Capex: USD 58.0 Million

Project duration: 30 months

Maintenance: 18 years

Method of Payment: Once the works are completed, the state will make quarterly payments over the course of 18 years. The payments will be the equivalent of 130 million florins in January 2011 (USD \$73 Million)

The Green Corridor project has been in operation since September 2017, since the works have been completed and on July 23 of this year the certificate of availability was received from the regulator in Aruba. In parallel, maintenance of the road and minor works have been required.

It should be remembered that the concessionaire of this project is the Caribbean Infrastructure Company (CIC) and the construction consortium Chambablou NV. Both companies consolidate in Odinsa. Given the role of Chambablou with the EPC contract and the credit requirements for CIC, the impacts of higher costs associated with the process of obtaining the Availability Certificate have been assumed by the consortium.

Despite the above, achieving the Certificate of Availability allows the payments to be made by the contractual authority quarterly, but access to resources for maintenance is only released with the *Completion Certificate*. So work is still being done on this process. According to the work execution plans, the *Completion Certificate* should be secured in November of this year at the latest.

In the first half of 2018, the concession registered operating income of COP 18.49 billion, 53.74% lower than the COP 39.978 billion registered in the first quarter of 2017; the result for the first half of 2018 reflects the product of the decrease in construction activity compared to the previous year, due to being in the final phase of the project, and the recording of higher financial income associated with a higher asset value. Non-accumulated revenues show a variation of -57.58% in 2Q2017 vs. 2Q2017.

The EBITDA for 2Q2018 reached COP 9.069 billion from the COP 2.31 billion reported in the first half of 2017. This is basically the result of the largest financial income recorded in the period. The greater expenses in the CIC concessionaire are due to the need to conduct additional audits with the independent engineer for the closing of deviations, attorneys' fees, the hiring of technical advisers for the closing of audit findings and extensions in the project's insurance policies.

# Quarterly Earnings Report

## 2<sup>nd</sup> quarter 2018 – Concession Business



Empresa de concesiones del GRUPO ARGOS

COP millones	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
Revenues	10,765	25,381	-57.58%	18,490	39,978	-53.75%
Ebitda	3,901	2,029	+92.27	9,069	2,310	+292.59%
Net Income	708	405	+74.63	2,655	1,079	+146.06%

The figures for 2017 have been approved in accordance with the accounting treatment of Grupo Argos.

### Highway Concessions under Construction

#### Concesión la Pintada

Colombia

Under construction

Construction termination date 2021

Period: 20 years (2043)

Present value of toll revenue (PVTR)

Odinsa equity: 78.9%

The works of Concesión La Pintada S.A.S. are progressing according to the established work schedule. As of June 2018, the overall progress of the project is 46.60%. Of the 5 functional units, one has already been delivered (UF-5). The other 4 functional units, 1 to 4, record an increase of 76.94%, 29.41%, 24.72% and 32.92% respectively. Among the most complex works is the excavation of the Mulatos Tunnel through its two portals. To date, we may report that this work is progressing at a very good pace and 2,483 meters of excavation have been completed.

97% of the properties required for the works have already been released and 57% have already been recorded in deeds. In addition, environmental licensing is at 100%. It is worth remembering, that, from the very beginning of the works, the Certificate for the Absence of Ethnic Communities was obtained.

Additionally, since April of this year the regulatory change was made to IFRS 15, related to the Income of Ordinary Activities from Contracts with Customers, obtaining a positive impact on the results of the concession.

In the first half of 2018, the total traffic remained stable at 1,266,510 for a slight increase of 2.23% compared to the same period of 2017. Comparing non-accumulated traffic for 2Q2017 and 2Q2018, the variation is 4.67%.

In terms of revenues, the concession reports an increase of 254.66% as a result of i) the strong construction activity, which consolidates the success in the progress of work due to an over execution of Capex of 10.9% against the S curve accumulated to date, and ii) the positive impact of IFRS 15. Non-accumulated revenues show a variation of 350.89% in 2Q2018 vs. 2Q2017.



With relation to EBITDA, this grew 191.64% as a result of the increase in the previously mentioned income. Additionally, the concession presented remunerations worth COP 612 million during the months of April and June, which were not initially budgeted. When comparing the non-accumulated EBITDA numbers of 2Q2018 vs. 2Q2017, the variation is 329.77%.

Net profit went positive from the first quarter of 2018, reaching a figure of COP 29.705 billion, mainly as a result of the increase in EBITDA, a positive difference in exchange, and higher financial income leveraged into a higher asset value. When comparing the non-accumulated numbers of the net income of 2Q2018 vs. 2Q2017, the variation is 504.10%.

Million COP	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
Total Traffic	635,651	607,292	+4.67%	1.266.510	1.238.771	+2.23%
Average Daily Traffic ADT	6,985	6,674	+4.67%	6.997	6.844	+2.23%
Collection	6,904	6,349	+8.74%	13.499	13.041	+3.51%
Ebitda	40,428	9,407	+329.77%	53.085	18.202	+191.64%
Net Income	20,340	3,367	+504.10%	29.705	1.295	+2193.82%

The figures for 2017 have been approved in accordance with the accounting treatment of Grupo Argos

## Malla Vial del Meta

Colombia  
Private PPP initiative  
Demand risk  
Odinsa equity: 51%

This concession executes the Malla Vial del Meta IP project, one of the first government-approved private initiative Public-Private Partnerships (Asociaciones Público-Privadas, APP). The project is currently in pre-operative stage, which consists of activities related to the operation and maintenance of 335 km of road network, the studies and designs of the 11 functional units, the attainment of 3 environmental licenses, and the corresponding social, environmental and property rights management. Parallel to the above, the project is arbitration court.

The revenues of the Concesión Vial de los Llanos [Llanos Road Concession] come from the five toll stations of the project: Ocoa, Iraca, La Libertad, Yucao and Casetabla. Two factors impacted them: i) the structural changes in macroeconomic variables that affected the conditions with which the project was structured, such as the fall in international oil prices, which generated a recomposition of the traffic and a decrease in the number of cargo vehicles that transit through the department of Meta; and ii) the impossibility of implementing the tariff structure of the concession contract in a continuous manner from the beginning of project execution in the toll stations of Casetabla and Yucao, as well as the subsequent issue of resolution 331 of February 15, 2017, through which the Ministry of Transport and the ANI modified resolution 1130 of 2015 regulating the project's tariff scheme.



Due to the change in the conditions of the concession contract, the concessionaire summoned, on December 1, 2016, a Court of Arbitration before the Chamber of Commerce of Bogotá, to settle the disputes among the parties.

The Court of Arbitration assumed competence on March 7, including topics presented by the ANI such as the Equity Contribution and the Financial Closure. Additionally, tests were ordered, Valora Consultoría S.A.S. was selected as an economic/financial expert, and it was decided that the number of witnesses by the parties would be minimized as much as possible in favor of accelerating the process, so a decision or agreement is expected by the end of 2018. In the period from April to June, the following processes were advanced:

- Presentation of witnesses by both parties between April and May of this year.
- On May 30, the financial expert delivered the financial expert's report, in which the ANI and the Attorney General's Office requested clarifications and additions. This report shall be submitted in the month of July 2018.

In operating terms, in 2T2018, the total traffic reached 3,234,537 vehicles, for a daily average of 17,870 vehicles, which represents a slight decrease of 0.24% compared to the same period in the previous year. The dynamics of traffic characterizes the continued impact of the fall in oil activity, which is now beginning to show signs of improvement in some toll stations. In line with this and with the recomposition of the categories towards light vehicles, the collection decreased by 3.38% with respect to the same period of the previous year. Comparing non-accumulated traffic for 2Q2017 and 2Q2018, the variation is 0.61%.

In 2T2018, EBITDA was negative by COP 1.184 billion due to the low levels of revenues reported by Functional Unit 0, which are lower than the operation and maintenance expenses due to the facts mentioned above. When comparing the non-accumulated EBITDA numbers of 2Q2018 vs. 2Q2017, the variation is -7.86%.

The net profit for the quarter is negative at COP 1.139 billion. With respect to 2017, the decrease is 171.18%, mainly due to the decrease in EBITDA and the decrease in financial income of COP 3.037 billion. The lower amount of income tax in 2018 for COP 1.4 billion was in favor of the concession. When comparing the non-accumulated numbers of the net income of 2Q2018 vs. 2Q2017, the variation is -217.17%.

Million COP	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
Total Traffic	1,577,712	1,568,216	+0.61%	3,234.537	3,242.500	-0.24%
Average Daily Traffic ADT	17,337	17,233	+0.61%	17.870	17.914	-0.24%
Collection	19,263	18,415	+4.60%	39.135	40.503	-3.38%
Ebitda	-851	-789	-7.86%	-1.184	-135	-777.03%
Net Income	-696	594	-217.17%	-1.139	1.600	-171.18%

The figures for 2017 have been approved in accordance with the accounting treatment of Grupo Argos

### Airport Concessions

#### Opain

##### Colombia

Period: 20 years (2007 – 2027)

Royalties (% of total revenue): 46.2%

Odinsa equity + AC [administrative costs]: 65%

The airport worked very hard to complete the transfer of 8 trunk routes of Avianca, equivalent to 65% of its national operations, from the Shuttle Service to the new terminal of the El Dorado International Airport. This is mainly due to a focus on meeting the needs of Avianca airlines and its passengers, which allowed for a 55-day transfer earlier than what was established in the Concession Contract.

The transfer required a great operational effort, both in the adaptation of spaces, the expansion of services, the opening of new business, the expansion of technological developments, and the linking and training of personnel of the airlines and the concessionaire. Today El Dorado Airport provides these new travelers in the terminal greater flexibility in customer service and shorter travel and connection times between flights on national trunk routes and international flights.

At the end of March, and for the third consecutive year, Skytrax, a British firm specialized in the quality of international air transport, gave El Dorado the recognition by which users ratify El Dorado as the Best Airport in South America. This important recognition took place as part of the *World Airport Awards*, held on March 21 in Stockholm, Sweden. Skytrax also ratified its 4-Star rating, labeling it as one of the best airports in the world in terms of quality.

The total movement of passengers in El Dorado in the first half of 2018 was 15,921,737, with a 3.47% growth compared with the same period of 2017. It is worth noting the growth of international passengers, at a rate of 5.66%, reaching 5,401,077 passengers. In the same line we must highlight the growth in the number of domestic passengers, at a rate of 2.38%, which marks a recovery in the national area activity, which had been affected by the slowdown in the economy in 2017, and the Avianca pilot strike that affected the second half. Comparing the non-accumulated number of passengers for 2Q2017 and 2Q2018, the variation is 2.63%. It is worth noting that Bogota Airport continues to be the third Latin American Airport in terms of passenger traffic, surpassed only by the airports of Mexico City and Guarulhos (Sao Paulo).

Ordinary revenues for the first half of 2018 reach COP 497.73 billion, for a decrease of 9.09%, resulting from lower construction revenues, going from COP 135.399 billion in 2017 to COP 29.829 in 2018 in the same period. However, operating income (without taking into account construction revenues) for the first half of 2018 had a growth of 13.53% YoY reaching COP 467.900 billion. The increase in passenger traffic contributed to increase revenues by national and international rates by 3.1% and 3.5%, respectively. Additionally, the entry of new commercial spaces significantly boosted non-aeronautical revenue.

# Quarterly Earnings Report

## 2<sup>nd</sup> quarter 2018 – Concession Business



Empresa de concesiones del GRUPO ARGOS

EBITDA for the first quarter of 2018 reached COP 158.495 billion, for a growth of 17.68%, as a result of the aforementioned increase in revenues that partially offset an increase in administrative expenses. When comparing the non-accumulated EBITDA numbers of 2Q2018 vs. 2Q2017, the variation is 19.06%.

Finally, the net profit for the half was COP 27.044 billion, 2.02% higher than what was reported in the same period of 2017, as a result of the recovery in EBITDA, which was offset by the increase in depreciation and amortization levels, in turn caused by the activation of works and a greater difference in exchange rates. When comparing the non-accumulated numbers of the net income of 2Q2018 vs. 2Q2017, the variation is 17.33%.

	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
<b>Passengers</b>	<b>7,980,719</b>	<b>7,775,920</b>	<b>+2.63%</b>	<b>15,921.737</b>	<b>15,388.309</b>	<b>+3.46%</b>
Domestic	5,237,708	5,155,847	+1.59%	10,520.661	10,276.423	+2.37%
International	2,743,012	2,620,073	+4.69%	5,401.077	5,111.886	+5.65%
<b>Revenue (COP Million)</b>	<b>274,076</b>	<b>280,593</b>	<b>-2.32%</b>	<b>497,730</b>	<b>547,550</b>	<b>-9.09%</b>
Regulated	158,369	165,302	-4.19%	320,534	305,443	+4.94%
Unregulated	105,603	67,577	+56.27%	167,092	123,989	+34.76%
<b>EBITDA (COP million)</b>	<b>86,362</b>	<b>72,538</b>	<b>+19.06%</b>	<b>158,495</b>	<b>134,681</b>	<b>+17.68%</b>
<b>Net Income (COP million)</b>	<b>22,169</b>	<b>18,894</b>	<b>+17.33%</b>	<b>27,044</b>	<b>26,508</b>	<b>+2.02%</b>

<sup>2</sup> This income includes, regulated, unregulated, construction, and other operating concepts associated with the concession. The figures for 2017 have been approved in accordance with the accounting treatment of Grupo Argos.

### Quiport

Ecuador

Period: 35 years (2006 – 2041)

Royalty (% regulated revenues): 11%

Odinsa equity: 46.5%

Mariscal Sucre was again recognized as the Best Regional Airport in South America, Four-Star airport, and the Best Airport Personnel in South America at the *Passenger Terminal Expo* in Stockholm, Sweden. Likewise, the Ministry of

The Environment awarded it the Environmental Recognition that certifies the Socio-Environmental Management Model implemented by the concession on June 21.

In commercial and operational terms, on June 29 the Mariscal Sucre airport concretized with the Brazilian airline GOL the new route that will open in December 2018 with three weekly flights between Sao Paulo and Quito. Likewise, the route Quito-Mexico City was consolidated with the company Aeromexico with a second flight of three frequencies.

In the first half of 2018, a positive variation of 4.66% was recorded in the number of passengers serviced at Mariscal Sucre Airport, recording 2,472,607. The national operations in 2Q2018, presented an increase of 2.95% YoY, reaching 1,349,605 passengers, positively

# Quarterly Earnings Report

## 2<sup>nd</sup> quarter 2018 – Concession Business



Empresa de concesiones del GRUPO ARGOS

balancing the impact generated in the first quarter by the flight frequencies operated by Tame whose operation has been much more stable regarding the number of frequencies compared with the previous year. Additionally, international traffic increased significantly to reach 1,123,002 passengers, for an increase of 6.8%, as a result of having a new frequency of Aeromexico and the larger size of the aircraft used on international routes in this period. Comparing the non-accumulated number of passengers for 2Q2017 and 2Q2018, the variation is 5.03%.

During 2Q2018, Quiport's operating income reached USD 83.1 Million, for an increase of 8.81% over the same period of 2017. This was achieved thanks to an increase in the regulated revenues of the concession of USD 4.9 Million, as a result of the increase in passenger traffic, the increase in cargo volumes and an increase, consequently, in unregulated revenues of 8.94%. Non-accumulated revenues show a variation of 10.68% in 2Q2018 vs. 2Q2017

The EBITDA of the concession reached USD 54.5 Million, which represents an increase of 4.98% with respect to 2T2017. This is the result of the increase in the revenue mentioned above, which was partially offset by an increase in the direct costs of the concession, including, among others, professional services, operating supplies, and the workers' participation expenses, which, according to Ecuadorian legislation has a direct relationship with the company's level of net profit. When comparing the non-accumulated EBITDA numbers of 2Q2018 vs. 2Q2017, the variation is 5.10%.

The net profit for the period was USD 27.8 Million, which represents an increase of 17.23% compared to the first half of the previous year. This increase is mainly attributable to the increase in EBITDA and a lower financial expense, resulting from amortization and debt payments over the last 12 months. When comparing the non-accumulated numbers of the net income of 2Q2018 vs. 2Q2017, the variation is 21.94%.

	2Q2018	2Q2017	Var YoY	jun-18	jun-17	Var YoY
<b>Passengers</b>	<b>1,254,550</b>	<b>1,194,423</b>	<b>+5.03%</b>	<b>2,472.607</b>	<b>2,362.491</b>	<b>+4.66%</b>
International:	708,979	652,882	+8.59%	1,349.605	1,310.946	+2.95%
Domestic	545,571	541,541	+0.74%	1,123.002	1,051.545	+6.80%
<b>Operations</b>	<b>14,376</b>	<b>12,744</b>	<b>+12.80</b>	<b>27,418</b>	<b>26,160</b>	<b>+4.80%</b>
<b>Revenue (thousands USD)</b>	<b>44,907</b>	<b>40,573</b>	<b>+10.68%</b>	<b>83.192</b>	<b>76.456</b>	<b>+8.81%</b>
Regulated	29,686	27,102	+9.53%	58.617	53.644	+9.27%
Unregulated	10,718	9,628	+11.32%	20.645	18.951	+8.94%
Other income	4,503	3,843	+17.17%	3.930	3.861	+1.79%
<b>Expenses (thousands USD)</b>	<b>15,191</b>	<b>12,184</b>	<b>+24.68%</b>	<b>28.760</b>	<b>24.608</b>	<b>+16.87%</b>
Direct	13,041	10,047	+29.80%	24.503	20.398	+20.12%
Indirect	2,151	2,136	+0.70%	4.257	4.210	+1.11%
<b>EBITDA (USD million)</b>	<b>27,273</b>	<b>25,949</b>	<b>+5.10%</b>	<b>54.432</b>	<b>51.848</b>	<b>+4.98%</b>
<b>Net Income (USD million)</b>	<b>14,040</b>	<b>11,514</b>	<b>+21.94%</b>	<b>27.866</b>	<b>23.770</b>	<b>+17.23%</b>

The figures for 2017 have been approved in accordance with the accounting treatment of Grupo Argos

# Quarterly Earnings Report

2<sup>nd</sup> quarter 2018 – Cement Business



Empresa de cemento del GRUPO ARGOS

## Cementos Argos

BVC: CEMARGOS, PFCEMARGOS

ADR LEVEL 1: CMT0Y / ADR 144A: CMTRY - Reg-S: CMTSY

Cementos Argos S.A. (Argos) is a geographically diverse rapidly growing cement and ready mix concrete (RMC) company with presence in 15 countries and leading market positions in the US, Colombia, Caribbean & Central America (CCA) and total annual capacity of approximately 24 million tons of cement and 18M million m3 of concrete.

### Key Highlights

- Successful ordinary bond placement in the Colombian market for COP 500 billion with a bid-to-cover of 1.8 times. These proceeds will substitute current financial debt and allow the company to increase debt's average life to 5.3 years.
- Ongoing implementation of Argos One in the US, Panama and Honduras
  - In Colombia 56% of the cement and 42% of the ready-mix orders were placed through the digital platform. In the US Region, 15% of total dispatches were ordered through the platform, only 6 months after the Argos One initial pilot.

### Consolidated Results

Consolidated cement and ready mix volumes increased 0.9% and 1% respectively, on a year over year basis. These results reflect the challenging conditions of the Colombian market that were partially offset by the performance of the US market, in which we observe positive signs, especially in the ready-mix business.

Adjusted EBITDA, excluding the payment of the fine imposed by the Superintendence of Industry and Commerce in Colombia, closed in COP 404 billion, 5.9% more compared with the same period of 2017. The EBITDA margin was 18.5%, with a 77.9 basis points yearly expansion. The results reflect the impressive efficiency efforts made through BEST in all the regional divisions, but especially in Colombia.

		2Q2018	2Q2017	Var YoY	Jun-18	17-Jun	Var YoY
Cement	mm TM	4,205	4,169	0.9%	7,889	8,010	-1.5%
RCM	mm m3	2,747	2,719	1.0%	5,188	5,358	-3.2%
Revenues	COP bn	2,184	2,154	1.4%	4,092	4,231	-3.3%
Ebitda	COP bn	328	370	-11.2%	699	653	7.2%
Adjusted Ebitda	COP bn	404	382	5.9%	704	676	4.2%
Ebitda margin	%	15.1%	17.2%	-213 pb	17.1%	15.4%	167 pb
Adjusted Ebitda margin	%	18.5%	17.7%	78 pb	17.2%	16.0%	123 pb
Net Income - Controlling	COP bn	-2	48	NA	53	2	NA
Net margin	%	-0.20%	2.20%	NA	1.30%	0.10%	NA

# Quarterly Earnings Report

2<sup>nd</sup> quarter 2018 – Power Business



Empresa de energía del  GRUPO ARGOS

## Celsia

BVC: CELSIA

*Celsia is the energy company of the Argos Group, with a presence in Colombia, Panama and Costa Rica and a generation capacity of 2,400 MW through 28 hydroelectric, thermal, photovoltaic and wind power plants, generating around 6,317 GWh per year.*

### Key Highlights

- The Company's consolidated generation was 1,655 GWh in the quarter, up 2% compared to the same quarter last year and down 6% compared with Q1 of 2018. Out of this generation, 69.5% came from hydroelectric generation, 28.0% from thermal power plants, 2.4% from the wind farm in Costa Rica, and 0.19% (3 GWh) from the new solar farm in Yumbo. Year-to-date electric power generation is 3,409 GWh, 10% up from the previous year.
- Consolidated revenue for the quarter amounted to COP 820,507 million (+10% Y/Y). Accumulated revenue for the year totaled COP 1,667,305 million (+12% Y/Y). Year-to-date, revenue for Colombia represented 78% of the consolidated total, and 22% for Central America.
- Consolidated EBITDA totaled COP 269,388 million (-3% Y/Y). The generation facilities continue their strong performance, especially at EPSA, with an outstanding EBITDA margin of 42%, the highest reported in two years, added to T&D business stability. In ZFC, it is important to note that business opportunities related to the cost of gas came up in a couple of quarters in 2017.
- Over the quarter, the Company reported consolidated net earnings of COP 99,065 million (+54% Y/Y). When subtracting minority interests, the net income attributable to controlling shareholders was COP 66,915 million (+56% Y/Y). Year-to-date net earnings totaled COP 178,223 million (+107% Y/Y), and the profit attributable to the controlling shareholders was COP 118,141 million (+172% Y/Y).



# Quarterly Earnings Report

2<sup>nd</sup> quarter 2018 – Power Business



Empresa de energía del **GRUPO ARGOS**

## Relevant Figures

Consolidated financial statements		2T2018	2T2017	Var A/A %
Revenues	COP Million	820.507	743.335	10,4%
Gross profit	COP Million	238.431	242.777	-1,8%
Earnings before financials	COP Million	183.510	194.325	-5,6%
Ebitda	COP Million	269.388	278.974	-3,4%
<i>Ebitda margin</i>	%	32,8%	37,5%	-12,5%
Net income	COP Million	99.065	64.318	54,0%
Net income attributable to controlling sh.	COP Million	66.915	42.791	56,4%
<b>Generation</b>				
Total energy produced	GWh	1.655	1.618	2,3%
Total energy sold	GWh	1.950	2.001	-2,5%
<b>Energy produced in Colombia</b>	<b>GWh</b>	<b>1.301</b>	<b>1.325</b>	<b>-1,8%</b>
Hydric	GWh	1.034	1.106	-6,5%
Thermal	GWh	264	219	20,5%
Solar	GWh	3,1	0,0	-
<b>Energy sold in Colombia</b>	<b>GWh</b>	<b>1.490</b>	<b>1.515</b>	<b>-1,7%</b>
Contract sales	GWh	777	708	9,7%
Spot market sales	GWh	712	807	-11,8%
<b>Energy produced in Central America</b>	<b>GWh</b>	<b>355</b>	<b>293</b>	<b>21,2%</b>
Hydric	GWh	116	124	-6,5%
Thermal	GWh	199	142	40,1%
Wind farm	GWh	39	28	39,3%
<b>Energy sold in Central America</b>	<b>GWh</b>	<b>461</b>	<b>486</b>	<b>-5,1%</b>
Contract sales	GWh	392	455	-13,8%
Spot market sales	GWh	69	31	122,6%
<b>Distribution</b>				
Energy losses	%	8,2%	8,6%	-4,7%
Collections rate	%	98%	98%	0,0%
SAIDI - EPSA/CETSA	Hours	3,0	4,3	-30,2%
SAIFI - EPSA/CETSA	Times	5,0	4,9	2,0%
<b>Retail sales</b>				
Regulated market sales	GWh	299	287	4,2%
Non-regulated market sales	GWh	267	232	15,1%
Users	Number	613.898	593.926	3,4%



# Quarterly Earnings Report

## 2<sup>nd</sup> quarter 2018 – Real Estate Business



### Real Estate Business Second Quarter 2018

For the second quarter, COP 30 billion of revenues were recorded, including deeds for COP36 million, corresponding to 387 m2, appraisals of Grupo Argos and the Private Equity Fund, and deferred revenues.

The cash flow of the quarter amounts to COP 16 billion, of which COP 14 billion corresponds to the sale of lots, and the rest to leases, easements, among others.

It is important to bear in mind that the deeds of the quarter do not reflect the management of the Urban Development Business of this period, since these are typically negotiations that were carried out in previous months, whose payment times vary depending on the characteristics of the business and are only recorded in the financial statements at the time of the signing of the deed.

#### Income details from developed and undeveloped lots Urban Development Business - Grupo Argos

Million COP	2Q2018	2Q2Q17	Var YoY	Jun-18	17-Jun	Var YoY
Revenue	30.020	50.181	(40,2%)	66.207	52.804	25,4%
Revenue from the sale of lots	36	42.103	(99,9%)	9.553	42.103	(77,3%)
Lots sale in m2	387	28.603	(98,6%)	90.503	28.603	216,4%
Cash Flow	16.012	58.982	(72,9%)	28.365	97.380	(70,9%)

In the real estate rental business, the property fund Pactia, has had effective annual returns of 6.96% since its date of incorporation on January 20, 2017. The unit value including the yields as of June 30 was \$ 11,019.85 (yields distributed per unit of \$ 123.82). With the number of units in circulation as of June 30, that amounted to 201,898,620, the implied equity value for Grupo Argos stake is of COP 737 billion.

In line with its GLA growth strategy, the company continues to make progress in increasing the gross leasable area, which by the end of the second quarter of 2018 amounted to 721,674 square meters, presenting an increase of 40% compared to the same period of the previous year. The assets are mostly concentrated in commerce and industry with 568 thousand m2 of GLA. We pointed out that the assets under management add COP 3.5 trillion at the end of the first quarter, and the liabilities amounted to COP 1.3 trillion at the end of the period.

# Quarterly Earnings Report

## 2<sup>nd</sup> quarter 2018 – Real Estate Business



The participation percentages as of June 30 were distributed as follows: 42.14% Conconcreto, 33.48% Grupo Argos and 24.38% Protección, after a capitalization made by Protección in the month of April of COP 90 thousand mm.

In relation to the results, gross cash income was COP 67 billion, growing 25% year-on-year, while net operating income was COP 50 billion, growing 35%.

EBITDA for the quarter was COP 35 billion, and presents an increase of 51%, which is explained in large part by the advance payment of all property taxes during the first quarter of 2018 and, due to the entry into operation of additional assets that generated higher revenues.

### Revenues and costs details - Pactia

Million COP	2Q2018	2Q2Q17	Var YoY	Jun-18	17-Jun	Var YoY
Gross Actual Revenue	67,327	53,718	25%	132,248	53,718	146%
Operating Costs	16,991	16,449	3%	46,122	16,449	180%
Net Operating Income	50,336	37,269	35%	86,127	37,269	131%
Consolidated EBITDA	35,265	23,289	51%	57,812	23,289	148%
Ebitda margin	52%	43%	902 pb	48%	56%	-803 pb