

QUARTERLY EARNINGS PRESENTATION

2Q2019



GRUPO ARGOS

Inversiones que transforman

August 2019



Quarterly Earnings Presentation

IMPORTANT NOTE

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.

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STRATEGY

STRENGTHENING OF OUR ROLE THROUGH FAST AND EFFICIENT ACCES TO THE FINANCIAL MARKET**CELSIA****COP 2.1** tn

EPSA bonds for COP 1.1 tn
 EPSA private equity raising of COP 206 bn
 Financial credits for COP 800 bn

CEMENTOS ARGOS**COP 350** bn

Cementos Argos debt prepayment LTM

COP 5.3 bn

~ Total Fixed Income
 Issuance in Colombia
 1H19*

ODINSA**COP 2.7** tn

Quiport bonds for COP 1.3 tn**
 Opain notes for COP 1.4 tn**

GRUPO ARGOS**COP 166** bn

Debt prepayment for COP 135 bn
 Repurchase of bonds for COP 27 bn
 Repos disbursement for COP 44 bn

* Total fixed income issues in Colombian market 1H19 excluding EPSA issuance = COP 6.4 bn

** 1USD = COP 3,300

CAPITAL STRUCTURE

FOR FIRST TIME IN OUR HISTORY, WE RECEIVED AAA RATING FROM FICTH



AAA

RATING

July 2019

< 15 %

Loan to Value - LTV

Allows aggressive growth strategy

~ 3.5x

Debt to Dividends Received

Stable dividends cash flow

> ^{COP} 420 _{BN}

Estimated Div. received in 2019

66% controlled companies

FitchRatings: “The decision to increase Grupo Argos rating is based on the **strengthening of the company's capital structure** based on the **profitability of its investments and the optimization of its portfolio**; as well as in the **strength and stability of the dividends received.**”



AA⁺
Fitch Ratings



AAA
Fitch Ratings (EPSA)

AA⁺
S&P Global



AA⁻
Fitch Ratings

STRATEGIC DISCIPLINE THAT IS TRANSLATED INTO A MORE PROFITABLE PORTFOLIO

 <p>COP 1.1 _{tn}</p> <p>CONSOLIDATED EBITDA 2Q</p> <p>▲ 18% YoY*</p> <p>Grupo Argos consolidated EBITDA almost doubled in 5 years, from COP 2.2 trillion in 2014 to COP 4.2 trillion LTM Jun 2019</p>	 <p>COP 287 _{bn}</p> <p>EBITDA 2Q19</p> <p>▲ 7% YoY</p> <p>Tolima's first month of operation contributes 25 bn to EBITDA, exceeding expectations</p> <p>EBITDA Colombia grows 23% YoY</p>	 <p>COP 133 _{bn}</p> <p>EBITDA 2Q19</p> <p>▲ 5% YoY</p> <p>EBITDA margin 66% +600 bp YoY</p>	 <p>COP 405 _{bn} **</p> <p>EBITDA 2Q19</p> <p>▲ 23% YoY</p> <p>18 consecutive months of positive contribution to Grupo Argos consolidated EBITDA</p> <p>EBITDA margin of 17% for 2Q2019</p>
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* Consolidated EBITDA eliminating IFRS 16 effect for Grupo Argos amounts to COP 970 bn with a growth of 9% A / A
 ** Ebitda for Cementos Argos excludes IFRS 16 effect

STRATEGY

RECENT TRANSACTIONS ALLOW TO EXPECT POSITIVE RESULTS IN 2019



Successful asset allocation strategy

- Acquisition of Tolima assets for COP 1.7 tn
- Sign agreement for divestment of Zona Franca´s asset (Termoflores) COP 1.4 tn*

COP **3.1** tn



Capital structure optimization at asset level

- Issuance of Quiport bonds for COP 1.3 tn*
- Issuance of notes by COP 1.4 bn*

COP **2.7** tn



Divestment of non-strategic assets and reduction of leverage

- Divestment of non-strategic assets for COP 26 bn in 1H2019
- Leverage decrease in the last 12 months by COP 350 bn

COP **350** bn



QUARTERLY RESULTS CONSISTENT WITH EXECUTED STRATEGY

	COP billion	2Q - 2019	2Q - 2018	Var (%)	Jun-2019	Jun-2018	Var.(%)
1	Revenues ¹	3,860	3,617	7%	7,582	6,928	9%
	Costs, expenses & other revenues	3,250	3,072	6%	6,362	5,775	10%
	Operating profit	610	545	12%	1,220	1,153	6%
2	EBITDA	1,053	891	18%	2,051	1,832	12%
	<i>EBITDA margin</i>	27%	25%	263 p	27%	26%	44 p
	Pre-tax profit	301	303	-1%	611	641	-5%
	Taxes	82	70	16%	168	187	-10%
	Current	93	80	16%	201	196	3%
	<i>Diferred items²</i>	-11	-10	12%	-33	-8	305%
	Net Profit	219	233	-6%	444	454	-2%
3	Net profit of the controlling company	121	119	1%	265	229	16%
	<i>Net margin of the controlling company</i>	3%	3%	-17 p	3%	3%	20 p

RELEVANT FIGURES (EX NIIF 16)

Revenues	3,860	3,617	7%	7,582	6,928	9%
EBITDA	920	965	-5%	1,923	1,832	5%
Net profit	219	233	-6%	443	454	-2%
Net profit of the controlling company	121	119	1%	265	229	16%
<i>EBITDA margin</i>	24%	27%	-246p	25%	26%	-108p

*Excludes the effect of the divestment of self-generating plants s in 2018 and impact by adoption of IFRS 16.

1. Second quarter revenues grow 7% YoY:

- Contribution from **Cementos (+COP 164 bn)** driven by higher prices in Colombia and USA
- Contribution from **Energy business (+COP 93 bn)** driven by the consolidation of Tolima starting june and completion of Plan 5 Caribe project
- Contribution from **Concessions (-COP 20 bn)** driven by lower construction revenues due to the completion of works and lower airport contributions to the equity method due to the Quiport debt profiling

2. EBITDA increases 18% in the quarter and 9% excluding the base effect of the SIC payment and IFRS 16

- Contribution of **Cementos (+COP 146 bn)** that in 2018 was impacted by the SIC payment during 2Q18 (-COP 74 bn)
- Contribution of **Energy (+COP 10 bn)** driven by increase in Colombia's contribution and Tolima operation of (+COP 25 bn)

3. Net income for the Controller decreases 6%

- Increase in the financial expense due to the acquisition of Tolima assets that affects the whole trimester vs. 1 month of operation in the consolidated EBITDA

Adjustments

June 2019:

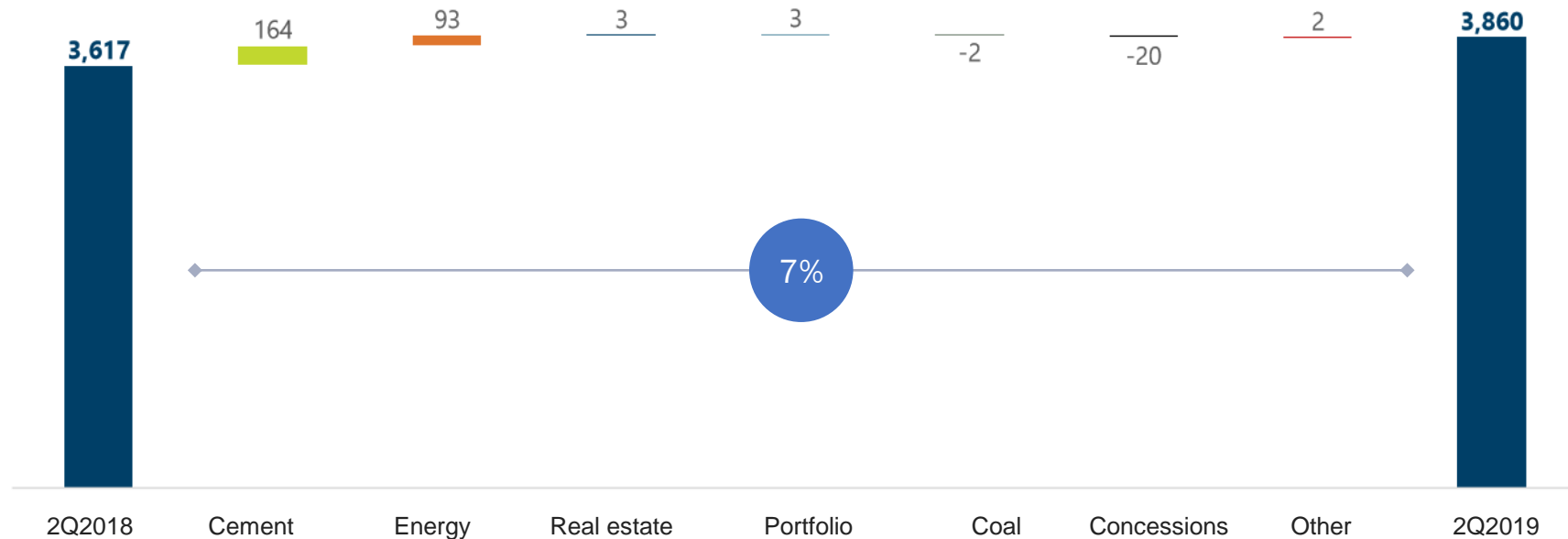
- NIIF 16 -COP 128 bn (1Q18: COP 46 bn 2Q19 COP 82 bn)

CONSOLIDATED RESULTS GRUPO ARGOS 2Q2019

REVENUES INCREASE + 7% YoY AT THE CONSOLIDATED LEVEL

CONTRIBUTION BY BUSINESS TO CONSOLIDATED REVENUE

COP bn



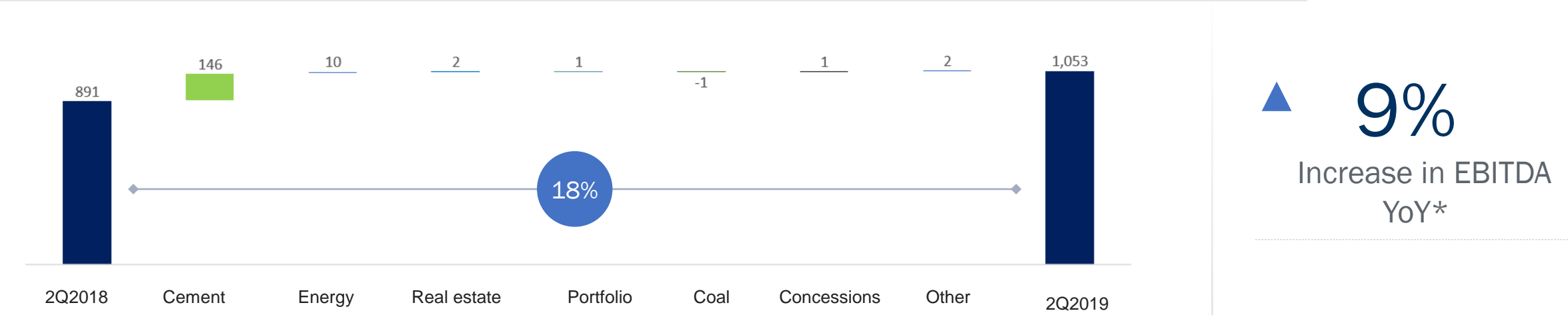
▲ **7%**
Increase
revenue YoY

▲ **8%**
Growth in Cement
segment

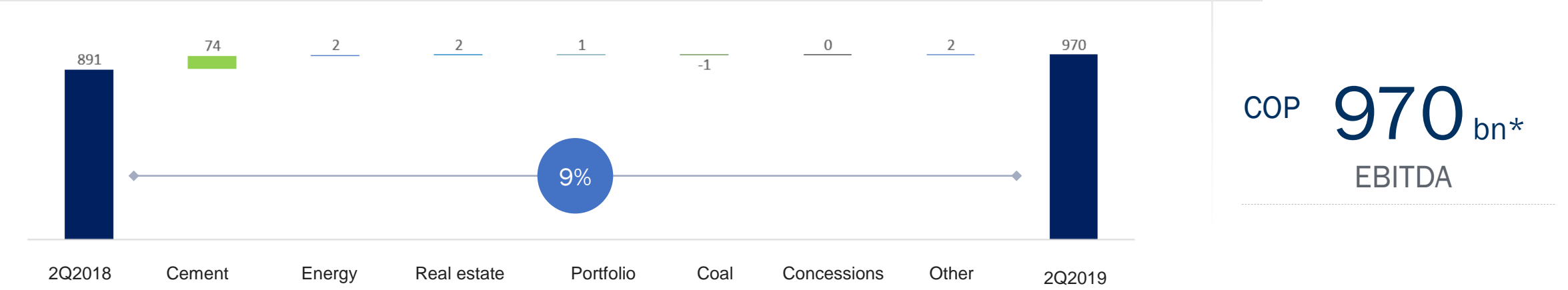
CONSOLIDATED RESULTS GRUPO ARGOS 2Q2019

EX IFRS 16 EBITDA GROWS 9% WITH POSITIVE CONTRIBUTIONS FROM ALL CORE SEGMENTS

CONTRIBUTION BY BUSINESS TO CONSOLIDATED EBITDA COP bn



PROFORMA CONTRIBUTION BY BUSINESS TO CONSOLIDATED EBITDA COP bn



* EX IFRS16 in all segments

RESULTS IN LINE WITH OUR RPROFITABILITY STRATEGY IN OUR CORE BUSINESSES

Individual Income Statement

COP bn	2Q - 2019	2Q - 2018	Var (%)	Jun-2019	Jun-2018	Var.(%)
Revenue	96	99	-2%	404	950	-57%
Costs and other expenes	7	1	361%	67	294	-77%
GA expenses	27	27	-1%	79	73	8%
Operating profit	62	70	-11%	258	583	-56%
EBITDA	66	71	-6%	266	584	-54%
<i>EBITDA margin</i>	69%	72%	-286 p	66%	62%	439 p
Pre tax profit	39	41	-4%	209	527	-60%
Taxes	5	1	579%	3	7	-52%
Current	0	-3	-117%	-3	2	-272%
Diferred items ²	5	4	35%	6	5	28%
Net profit	34	40	-16%	206	520	-60%
<i>Net margin</i>	35%	41%	-572 p	51%	55%	-387p

RELEVANT FIGURES EX IFRS16 AND EPSA SALE

Revenue	96	99	-2%	281	295	-5%
EBITDA	66	71	-6%	201	224	-10%
Net profit	34	40	-16%	83	160	-12%
<i>EBITDA margin</i>	69%	72%	-286 p	72%	76%	-470 p

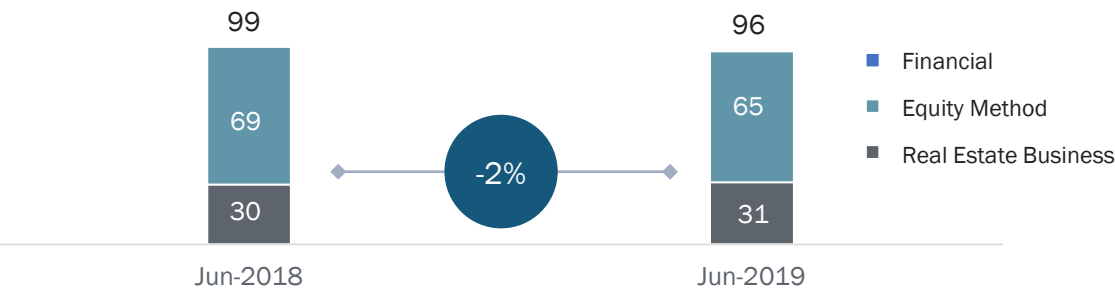
Proforma Adjustments
 June 2019: IFRS 16 –COP 109 bn (1Q18: COP 40 bn 2Q19 COP 79 bn)
 Divestment of EPSA shares in the accumulated results

-10%
 Decrease
 controllable
 expenses
 of Grupo Argos

INDIVIDUAL RESULTS GRUPO ARGOS 2Q2019

GRUPO ARGOS CONTROLLABLE EXPENSES DECREASE BY 8% IN FIRST HALF 2019

1. REVENUE DISTRIBUTION 2Q2019 COP bn

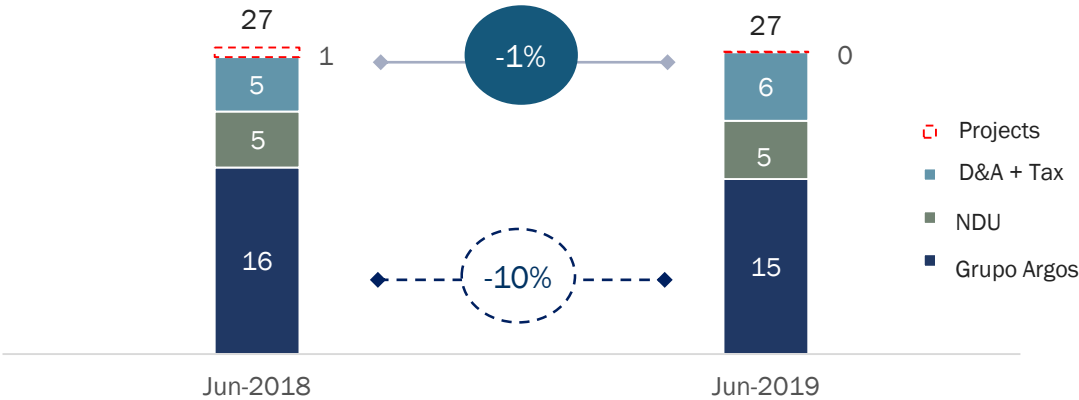


2. EQUITY METHOD DISTRIBUTION 2Q2019 COP bn



- Equity Method revenue (COP 65 bn) decreases 5% due to lower contribution in the energy business that had an impact on the net profit due to higher financial expenses by the acquisition of Tolima assets that only consider 1 month of operation with a negative carry on leverage

3. SG&A 2Q2019 COP bn

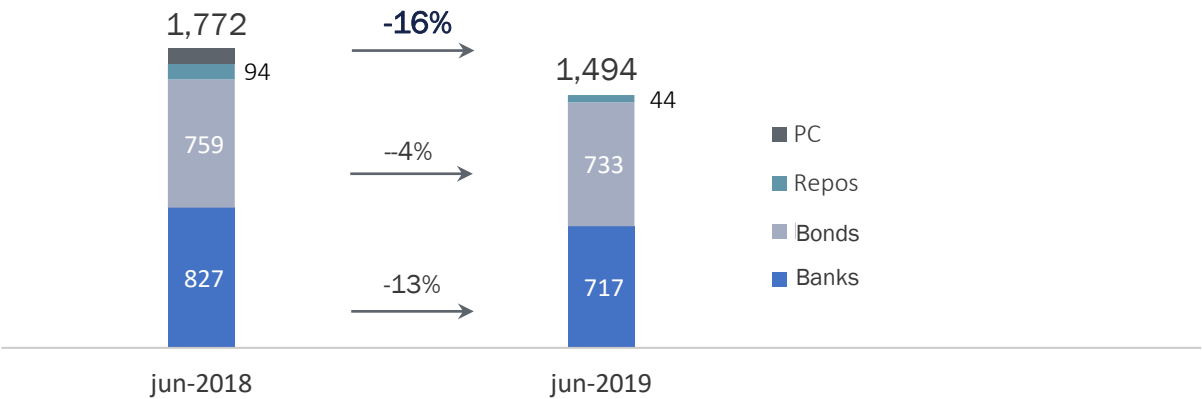


- Controllable SG&A of Grupo Argos decrease by **10% YoY for 2Q19 and 8% YTD**
- Increase in** depreciation and taxes due to the increase in land taxes and greater depreciation by **IFRS16**.

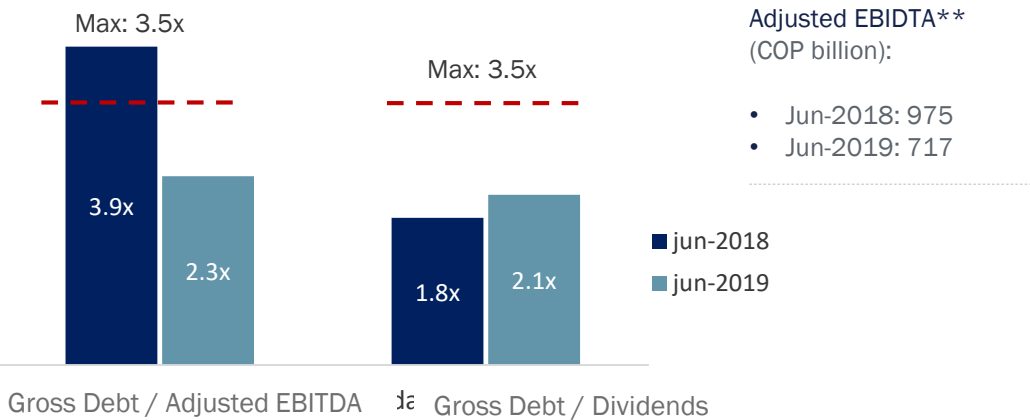
INDIVIDUAL RESULTS GRUPO ARGOS 2Q2019

GRUPO ARGOS LEVERAGE DECREASES BY 16% YoY GIVING FLEXIBILITY

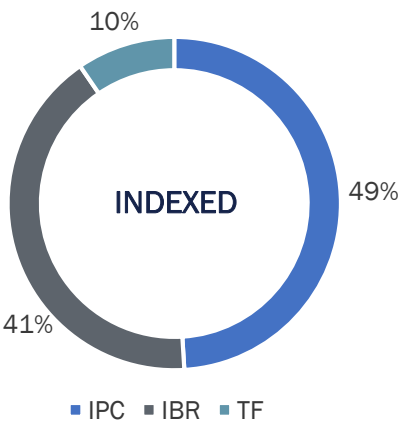
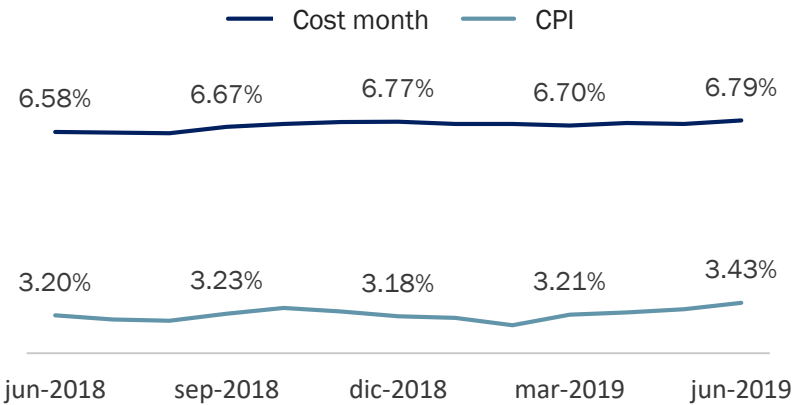
INDEBTEDNESS* COP bn



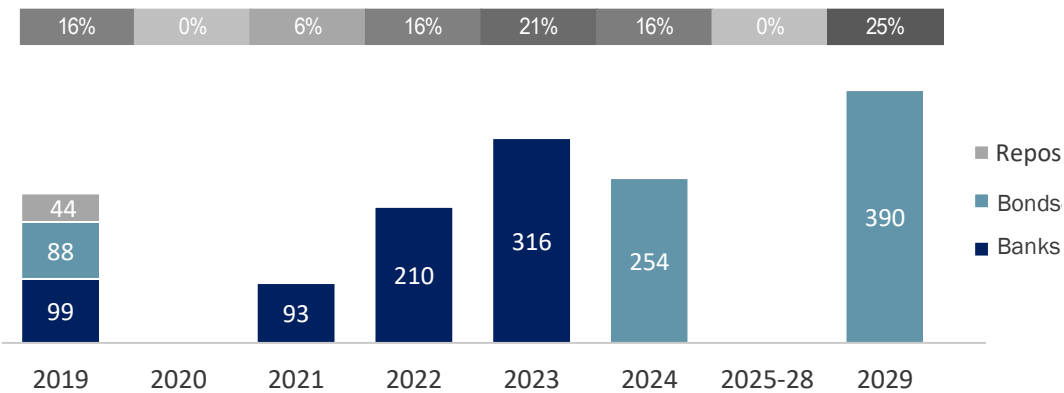
LEVERAGE INDICATORS



COST OF BORROWING*



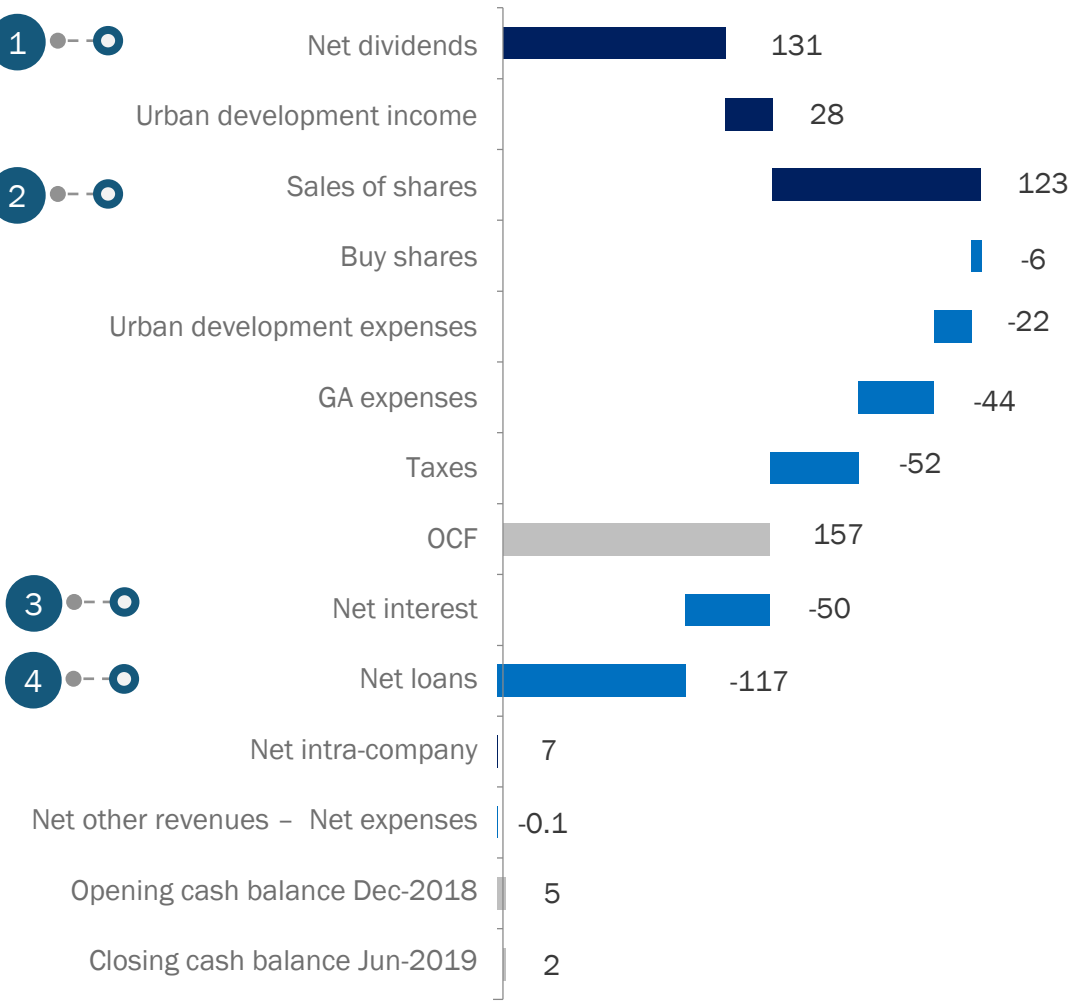
PROFILE OF MATURITIES (PRINCIPAL) COP bn



1 Only includes capital balance. 2 Inflation for the month. 3 Adjusted EBITDA = EBITDA (-) participation method (+) Dividends received (+) Income from divestments (-) NDU Valuations
4 Limit set by Fitch for AAA rating. 5 Portfolio of listed shares + Odinsa. Valued at the end of the month, Odinsa = \$ 10,500 / share.

CLOSING CASH, RESULT OF THE SEARCH FOR EFFICIENCY IN THE ADMINISTRATION OF RESOURCES

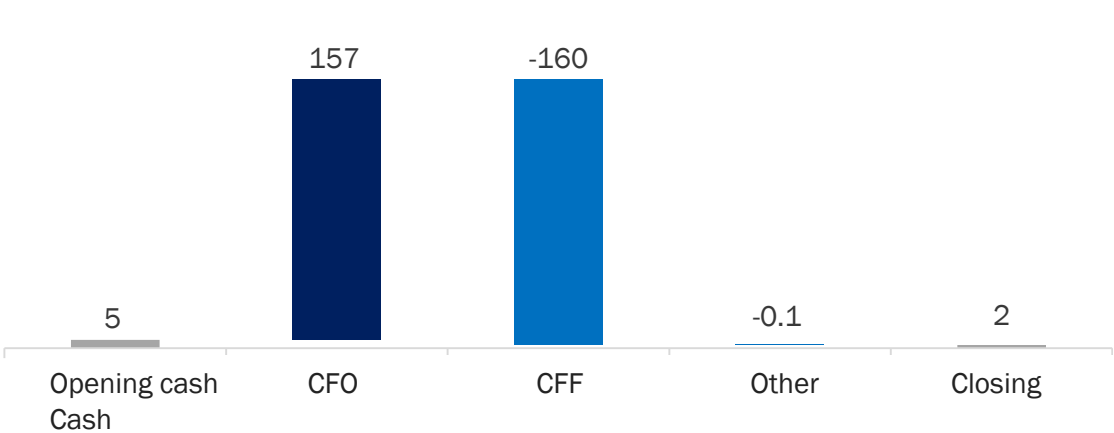
INDIVIDUAL FREE CASH FLOW COP bn




NOTES

- 1. Dividends received COP 276 bn, dividends paid COP 145 bn
- 2. 6,495,205 shares of Epsa for COP 123 bn
- 3. Financial expenses: COP 53 bn, financial performance COP 3 bn
- 4. Amortization of credits COP 135 bn, repurchase of Bonds COP 27 bn

CASH FLOW COP bn

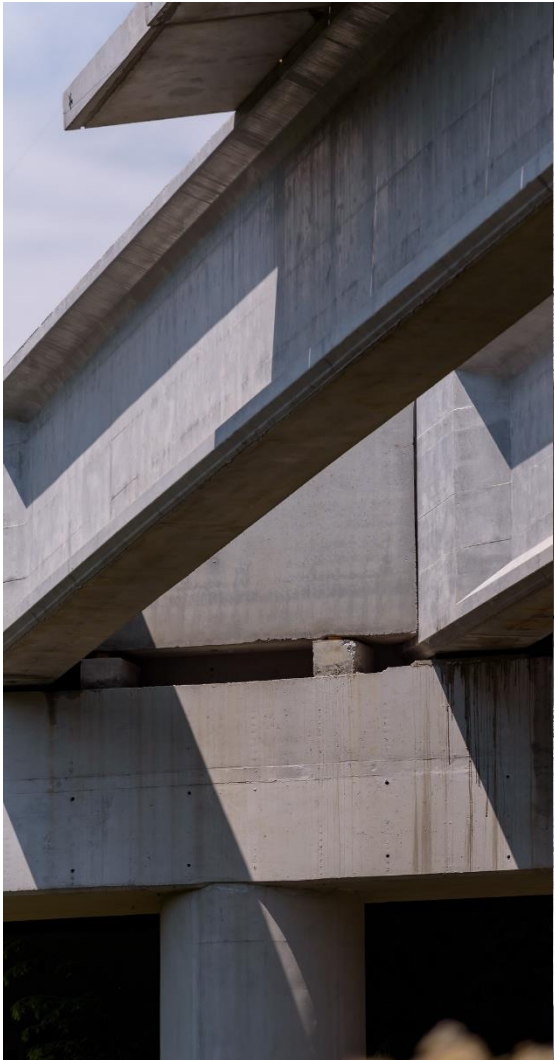


CONCESSIONS BUSINESS

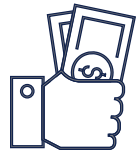


ODINSA Y OPAIN
QUARTERLY RESULTS
2Q2019

ADVANCED CONTINUOUSLY IN ITS GROWTH PLANS AND IMPROVEMENT OF PROFITABILITY



NOTES



Debt restructuring progresses
in Opain for USD 415 mn

In line with capital structure optimization strategy at the level of assets that provide flexibility to grow



ANI Approves Prefeasibility EI
Dorado Flight Field

Total investment COP 700 billion



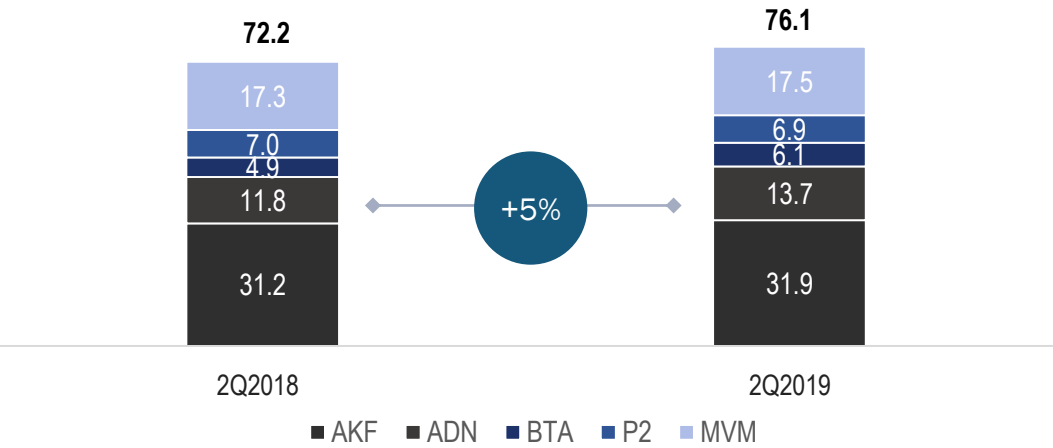
Work advance of 73%
Pacifico 2

10% above the expected progress

CONCESSIONS BUSINESS 2Q2019

ROAD AND AIR TRAFFIC GROWS 5% AND 6% DURING THE QUARTER RESPECTIVELY

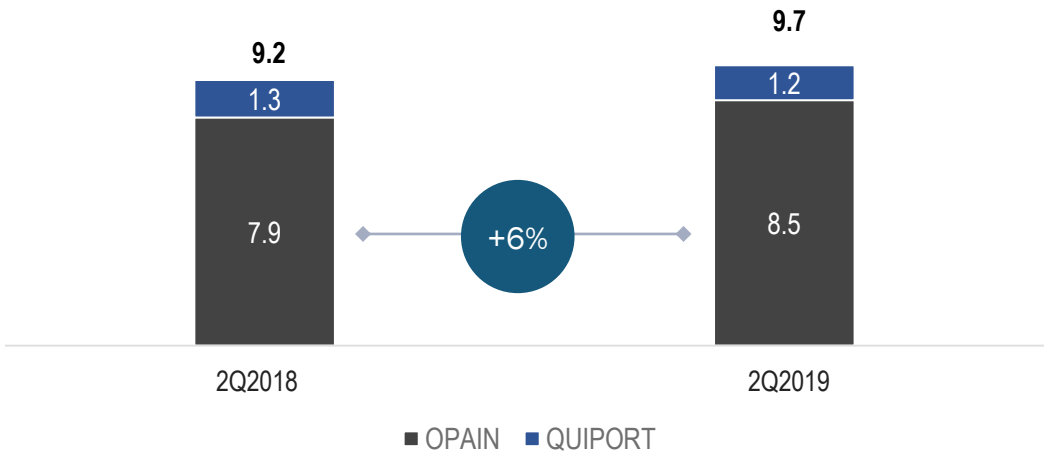
AVERAGE DAILY VEHICLE TRAFFIC 2Q2019 *Thousands of vehicles*



NOTES

- **AKF:** During 2Q19 traffic vehicles increase +2% YoY. The low growth was affected mainly by the works of Pacific 3
- **ADN + BTA:** ADN traffic recovery of 16% YoY and BTA registers increase in traffic of 23% YoY due to tourism
- **Pacifico II:** Stable traffic of -1% YoY in 2Q19. Pacifico 2 has advanced to 73% of its work, with a progress of work that is of 10% surpassing work schedule.
- **MVM:** Stable traffic with an increase of 1% YoY

AIRPORT TRAFFIC *Millions of passengers (PAX)*



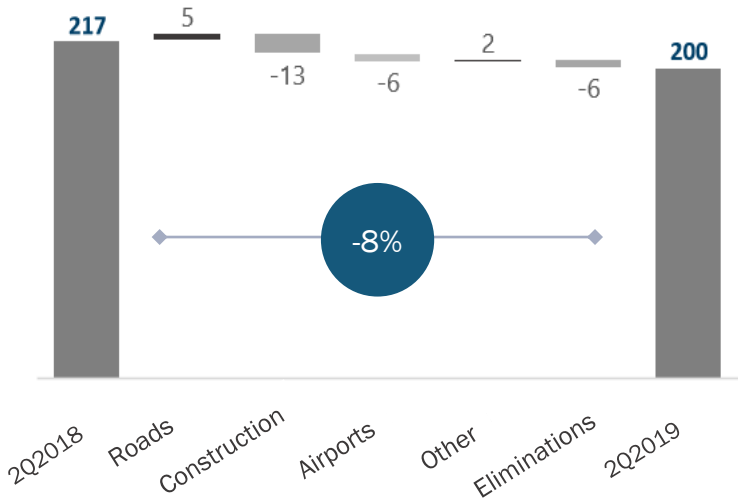
NOTES

- **Aeropuerto El Dorado:** Total passenger movement in El Dorado in 2Q19 of 8.5 million, grows 8% against 2Q18. International passenger traffic grows 5% and national 9%
- **Aeropuerto Quito:** passengers decrease 2% A/A

CONCESSIONS BUSINESS 2Q2019

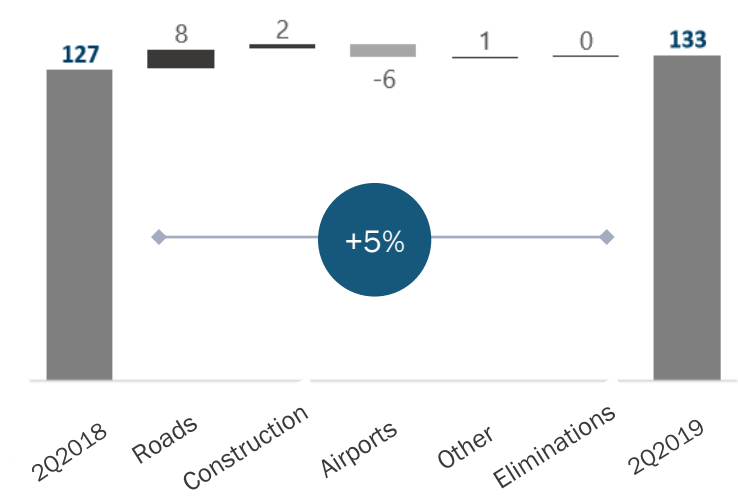
EBITDA GROWS 5% YOY. EBITDA MARGINS OF 66% (+600 PBS)

REVENUE COP bn



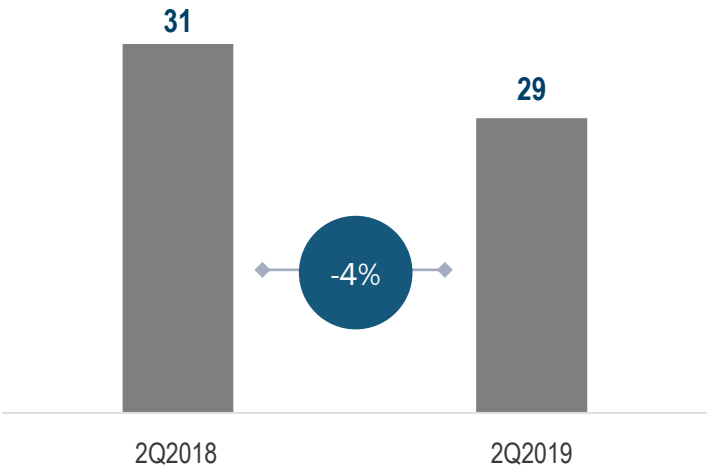
- Decrease in the Equity Method by lower net income, due to the bond issuance
- Lower contribution from construction segment, as they achieve working capital optimization in the Farallones consortium.

EBITDA COP bn



- Higher contribution from AKF that in 2Q2018 record payment of fees concerning the arbitration court process

CONTROLLER NET PROFIT COP bn

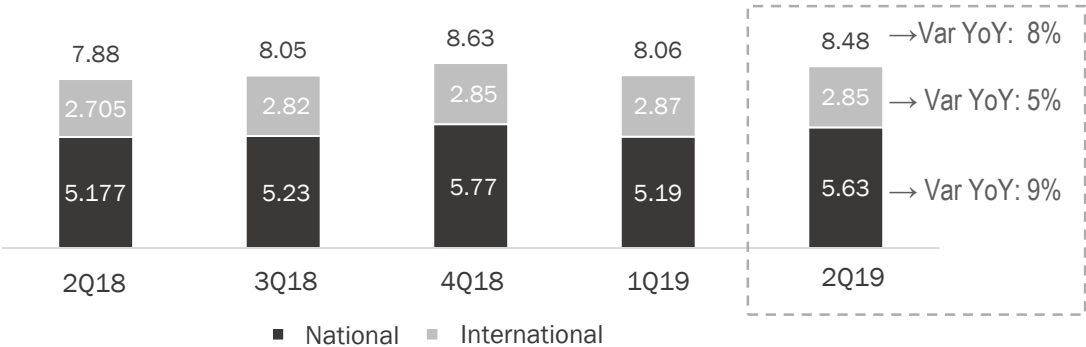


- Higher financial expenses due to difference in exchange

CONCESSIONS BUSINESS 2Q2019

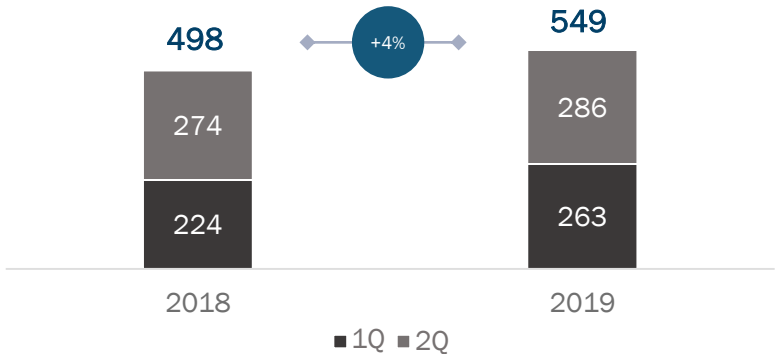
REVENUE PER PASSENGER IN OPAIN GROWS 8% YOY

PASSENGERS Millions of passengers (PAX)



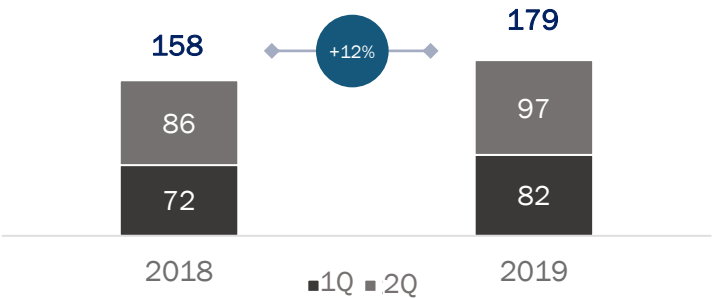
- The passenger traffic increases +8% YoY, 3x Colombia GDP growth reaching 8.5 million passengers

REVENUES COP bn



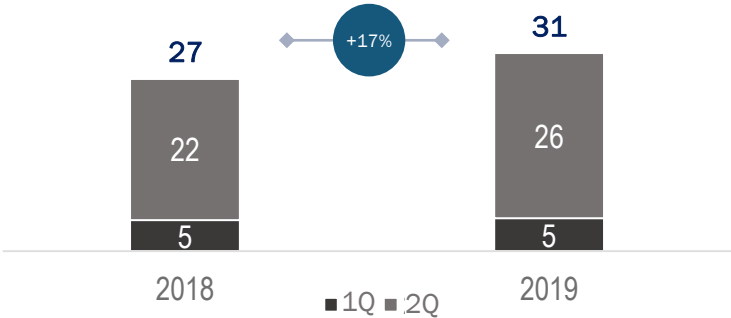
- Regulated revenues grow 21%
- unregulated revenues decrease -4%

EBITDA COP bn



- EBITDA grows 12% reflecting the efficiency plan implemented at the airport

NET INCOME COP bn



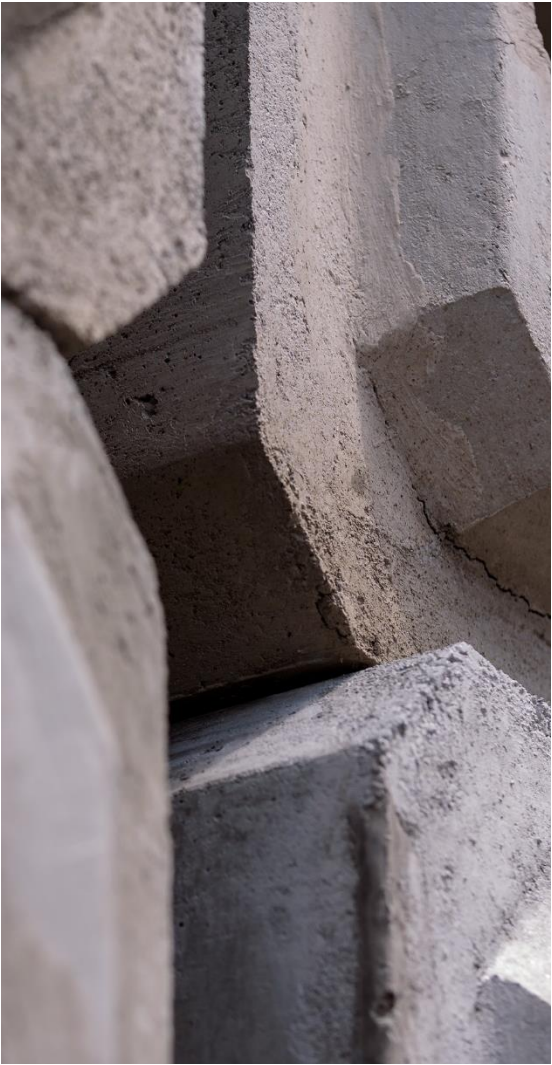
CEMENT BUSINESS



CEMENTOS ARGOS QUARTERLY RESULTS 2Q2019

CEMENT BUSINESS 2Q2019

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



NOTES



Divestment of non strategic assets to reduce leverage

Sale of Argos participation in Carton de Colombia and Omya Andina for USD 27 million



Best 2.0 USA with USD 11 million in savings in 2Q19

Alternative fuels: Start-up in Newberry



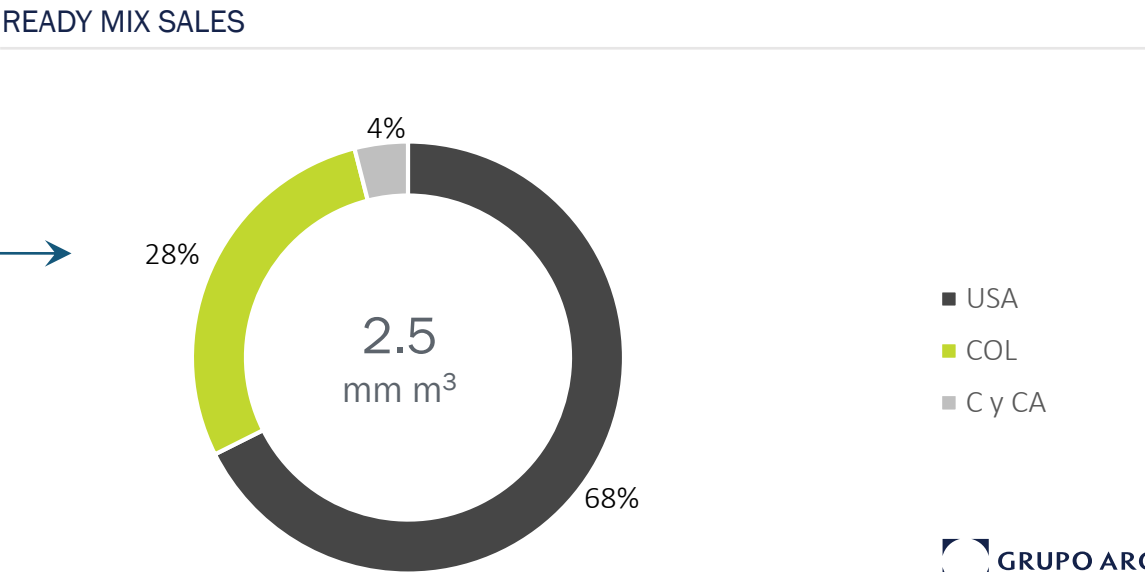
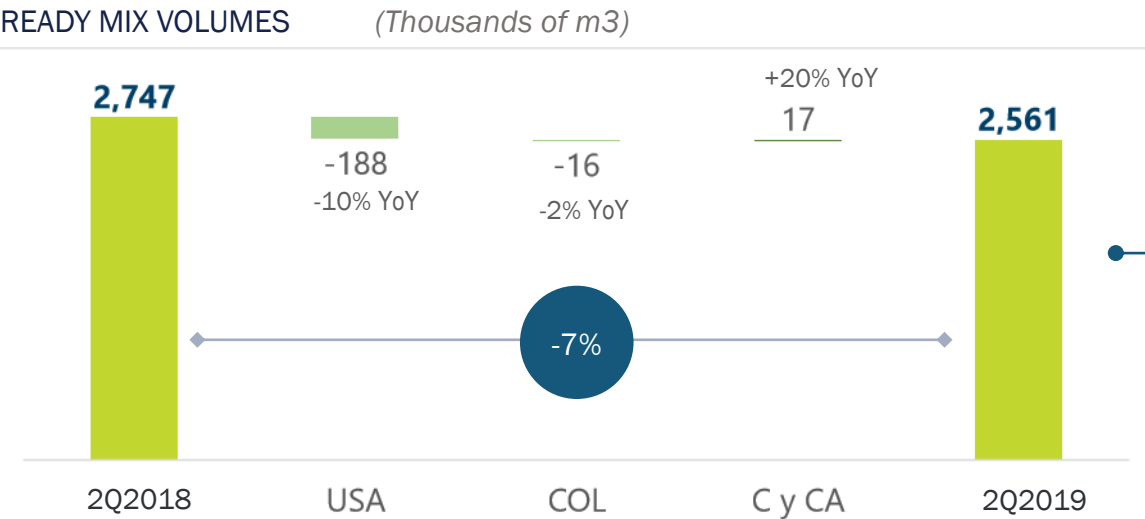
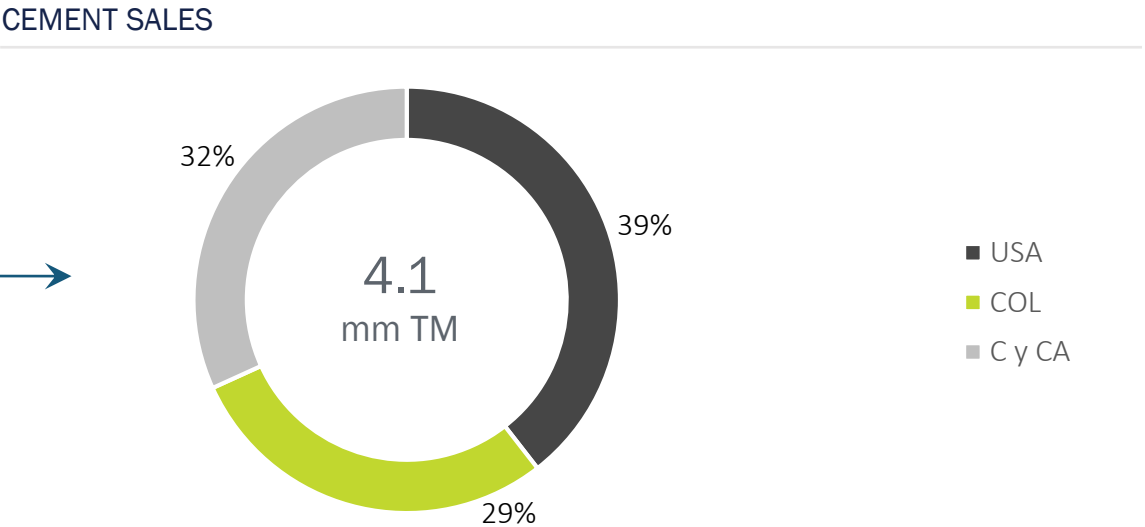
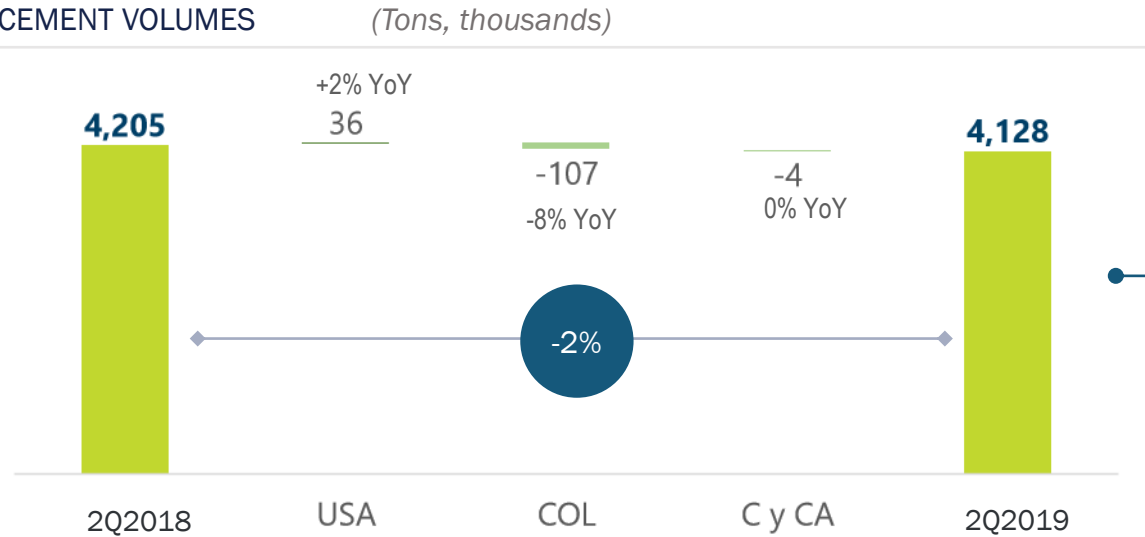
Ending of calcined clays project in Rio Claro

First large-scale project for the use of alternative materials with competitive advantage in terms of sustainability, Capex, and Opex per ton

- 2Q18 EBITDA: Includes payment of the fine imposed by the SIC in April 2018 of COP 74 bn
- 2Q19: Includes revenues from the sale of Argos's stake in Carton of Colombia (COP 8 bn) and Omya Andina (COP 19 bn)
- * Excludes the IFRS16 effect for COP 72 billion in 2Q19

CEMENT BUSINESS 2Q2019

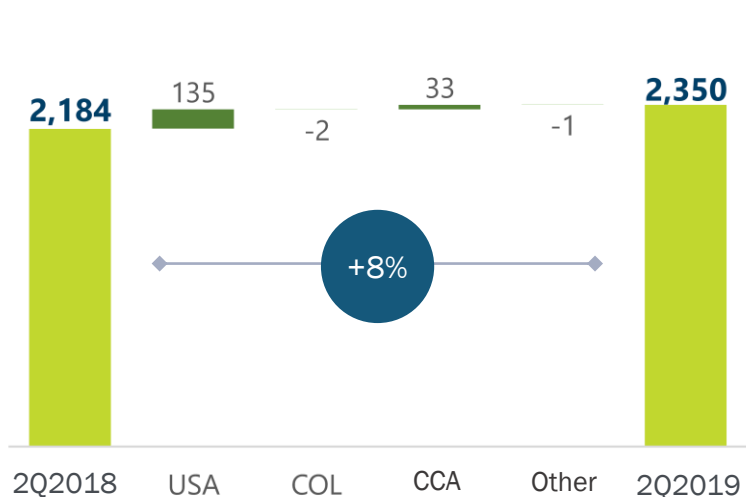
RAINFALL IN THE USA AND INCREASE IN PRICES IN COLOMBIA WITH EFFECT OVER VOLUMES



CEMENT BUSINESS 2Q2019

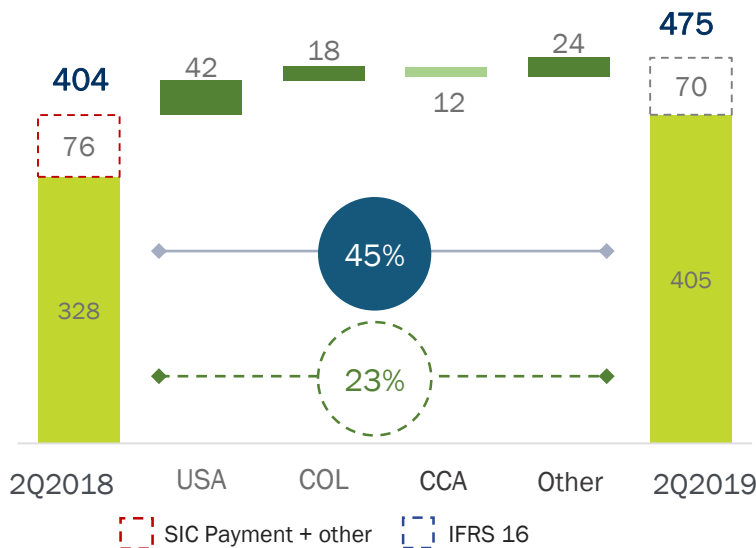
EFFICIENCIES IN THE USA AND PRICE RECOVERY IN COLOMBIA

REVENUES COP bn



- Higher cement prices, mainly in Colombia (+ 12% YTD) offset lower volumes
- Cement volume growth in the USA of + 2.2%

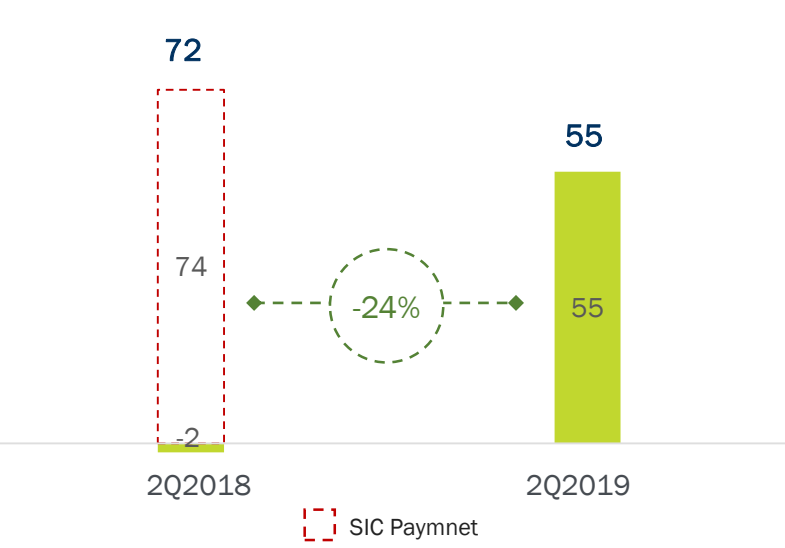
EBITDA COP bn



- Ebitda adjusted for payment to the SIC of COP 74 billion in 2Q2018
- Divestment of non-strategic assets with effect in Ebitda of COP 26 billion in 2Q2019
- Operational EBITDA affected by weather in the USA, price increases in Colombia and political instability in Central America
- Colombia affected by maintenance of the Cartagena plant and increased energy costs

CONTROLLER NET PROFIT

COP bn



- Net Income comes from - COP 2 bn to + COP 55 bn Y/Y
- Increase in financial expenditure (+ COP13 billion) due to devaluation of the peso and implementation of IFRS 16
- Decrease in income tax (-COP 10 bn) due to change in taxation of presumptive to liquid income

ENERGY BUSINESS



CELSIA QUARTERLY RESULTS 2Q2019

SALE OF ZONA FRANCA STRENGTHENS CAPITAL STRUCTURE AND PROVIDES FINANCIAL FLEXIBILITY

REVENUES

▲ 11% (YoY)

COP 913 Mil

Millones

EBITDA

COP 287 billion

+7% (YoY)

➔ 32% MARGIN

NET INCOME

COP 43 bn

FOR THE CONTROLLER

COP 16 bn



NOTES

USD 420 mn from divestment
of Zona Franca Celsia

Resources that will be used in equity raising of EPSA and growth of Celsia

COP 450 bn
EPSA private equity raising

To partially fund Tolimas asset purchase

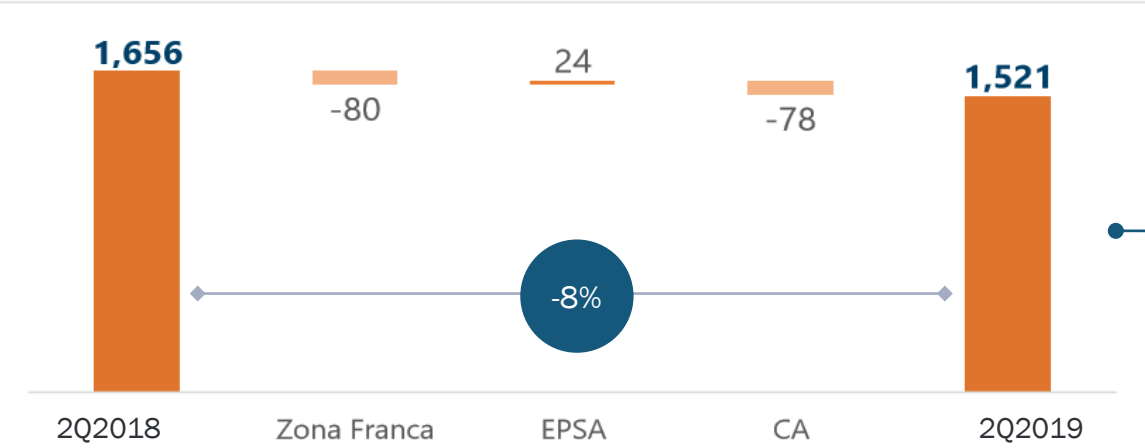
Tolima´s asset revenue contribution
for one of operation of COP 130 bn

Exceeding the expectations of the business plan

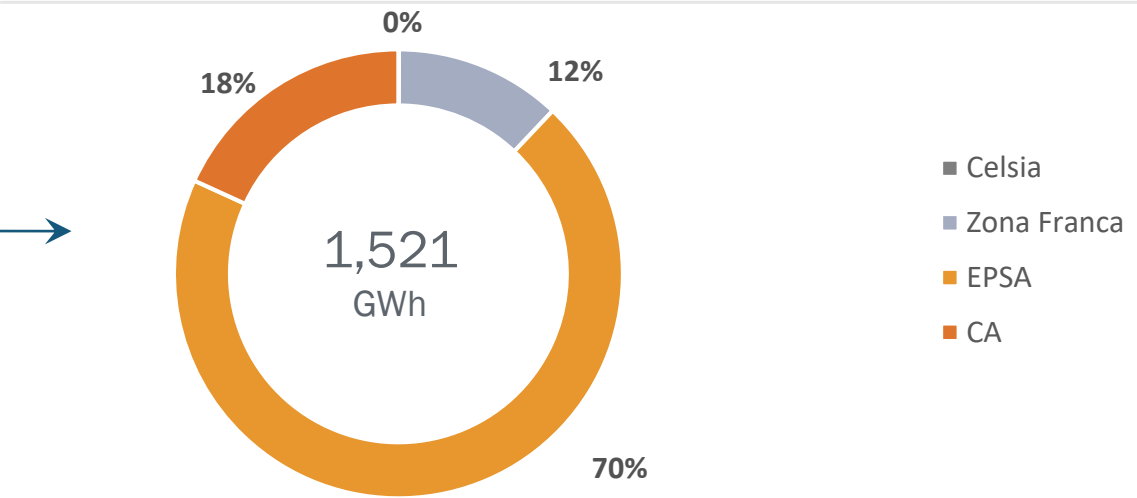
ENERGY BUSINESS 2Q2019

INCREASE IN 89% ENERGY PRICES COMPENSATE LOWER GENERATION LEVELS

GENERATION* GWh



BREAKDOWN OF GENERATION



CHANGE IN ELECTRICITY SALES GWh



NOTES

- ▲ Energy sales decreased 5% A / A, especially due to the termination of contracts in CA
- ▲ Generation decreases 8% by:
 - Termination of the contract in BLM and Cativá in Central America
 - Lower generation in Zona Franca
- ▲ Average price of energy in the stock market in 2Q19 = \$ 155 / kWh (+ 89% YoY). Average price of contracts that serve the regulated market = \$ 203 / kWh (+ 8% YoY)

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

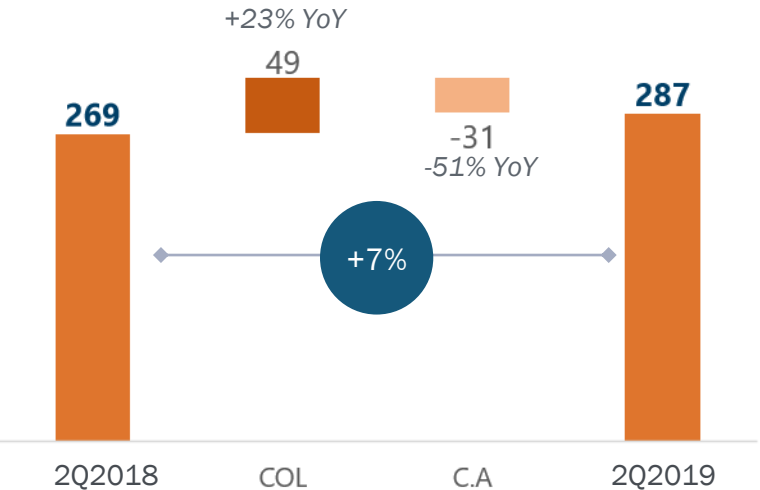
ENERGY BUSINESS 2Q2019

REVENUE AND EBITDA IN COLOMBIA GROW 18% YoY AND 23% YoY RESPECTIVELY

REVENUES COP bn

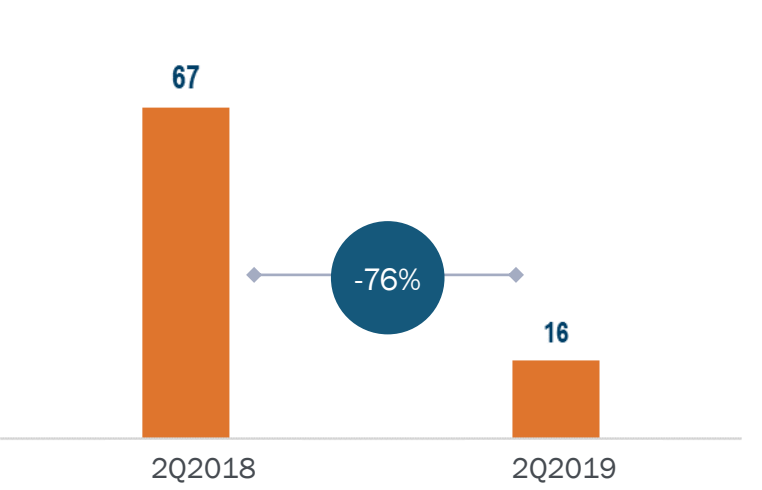


EBITDA COP bn



CONTROLLER NET INCOME

COP mil mn



Colombia:

- Start of operation of Tolima's assets (+ COP 130 bn)
- Best prices bag (155 COP / kWh + 89%)

Central America:

- Low water contributions due to dry season affected the generation of water plants and increased generation of thermal plants

- Entry of Plan5Caribe projects increasing the contribution margin of the distribution business
- Start of the Tolima operation contributed + COP 25 bn
- Decrease contribution in C.A for termination of contract in BLM and Cativá

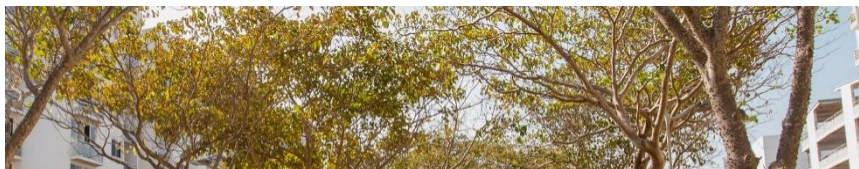
- Increase in net financial expense for bridge credit from the acquisition of Tolima´s assets

REAL ESTATE BUSINESS



URBAN DEVELOPMENT BUSINESS
AND PACTIA
QUARTERLY RESULTS
2Q2019

ADVANCE IN OUR MASTER PLAN IN BARÚ



- ▲ Revenue of COP 33 bn (+ 10% YoY)
- ▲ Cash flow amounted to COP 20 bn (+ 23% YoY)
- ▲ Barú advances in the master development plan:
 - Approx. 3,200 hotel rooms
 - 1,400 units of second home
- ▲ Advances in Sofitel Cala Blanca hotel which must be operational in 2021

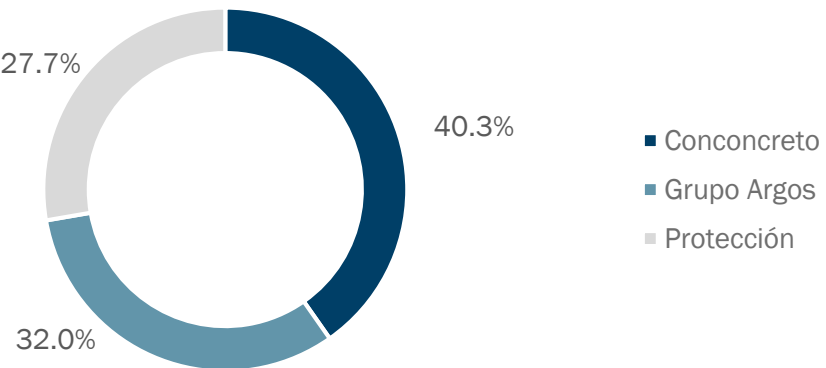


- ▲ Revenus of COP 74 bn (+ 10% YoY)
- ▲ GLA increased 7% in the last 12 months by:
 - El Ensueño shopping center opening in Bogotá
 - Opening Colgate distribution center in Yumbo
 - Sale of 3 VIVA shopping centers the previous year

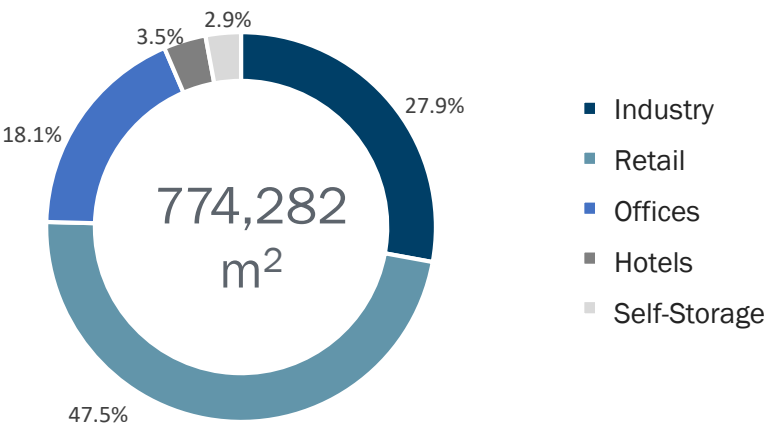
PACTIA

HITLON COLFERIAS HOTEL IN BOGOTA STARTS OPERATION

PARTICIPATION IN PACTIA %



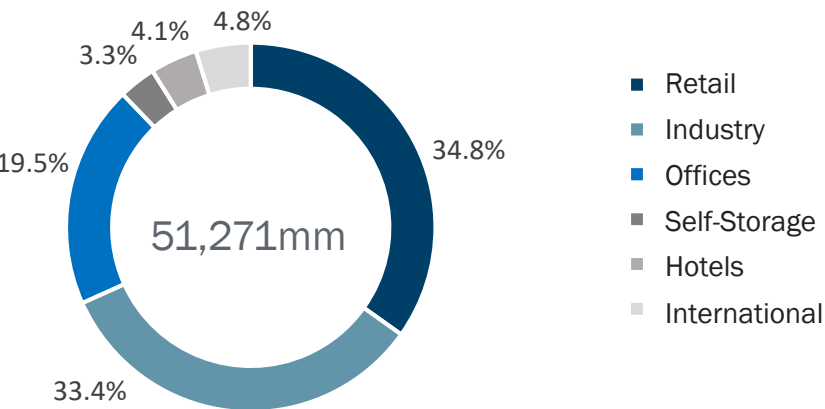
GLA m²



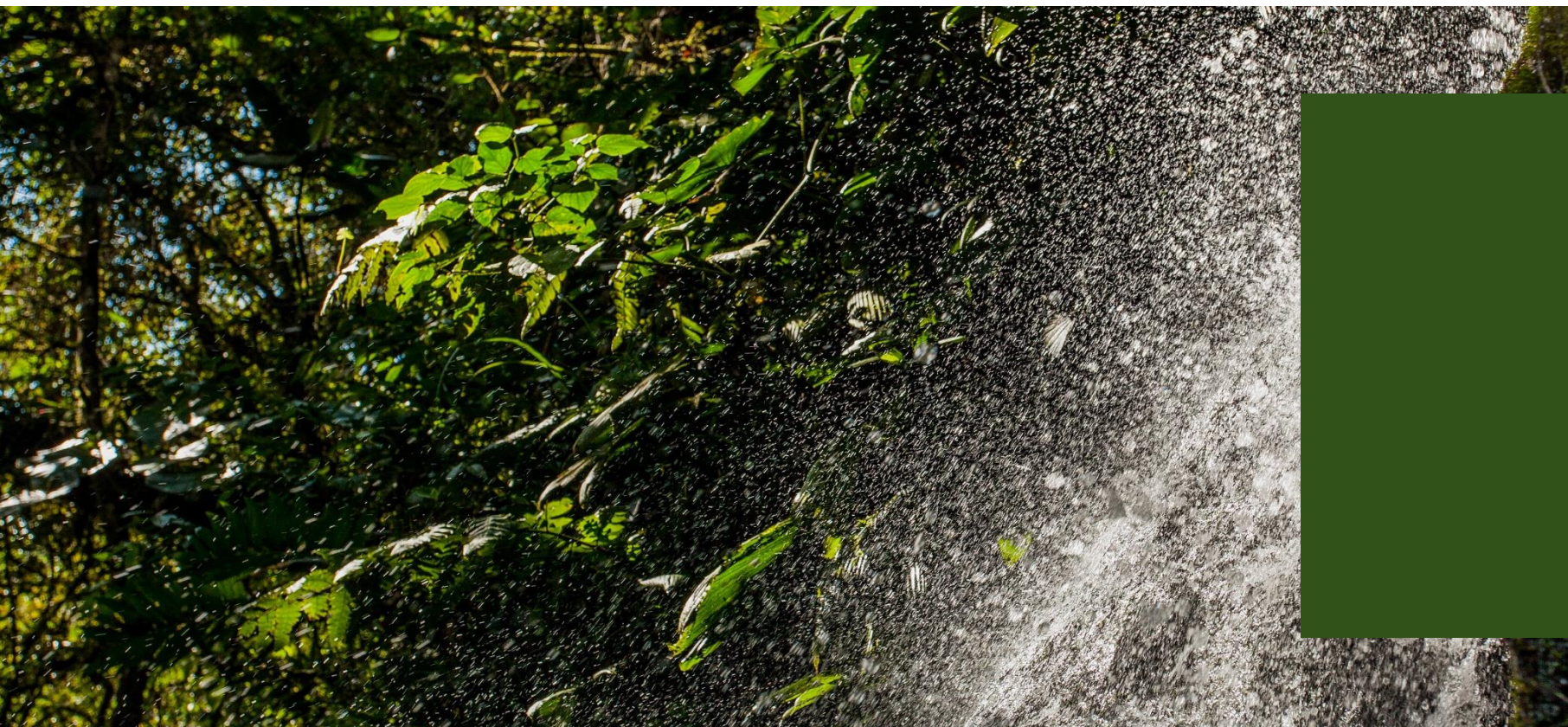
REVENUES AND NOI COP bn

IMPORTANT FIGURES						
COP bn	2Q2019	2Q2018	Var.(%)	2019	2018	Var.(%)
Gross Cash Income	73,852	67,327	10%	141,789	132,248	7%
Operative Costs	22,581	16,965	33%	55,401	46,122	20%
Net Operating Income	51,271	50,362	2%	86,388	86,127	0%
Consolidated EBITDA	35,657	35,265	1%	56,858	57,812	-2%
Margin EBITDA	48%	52%	-410p	40%	44%	-361p

NOI COP bn

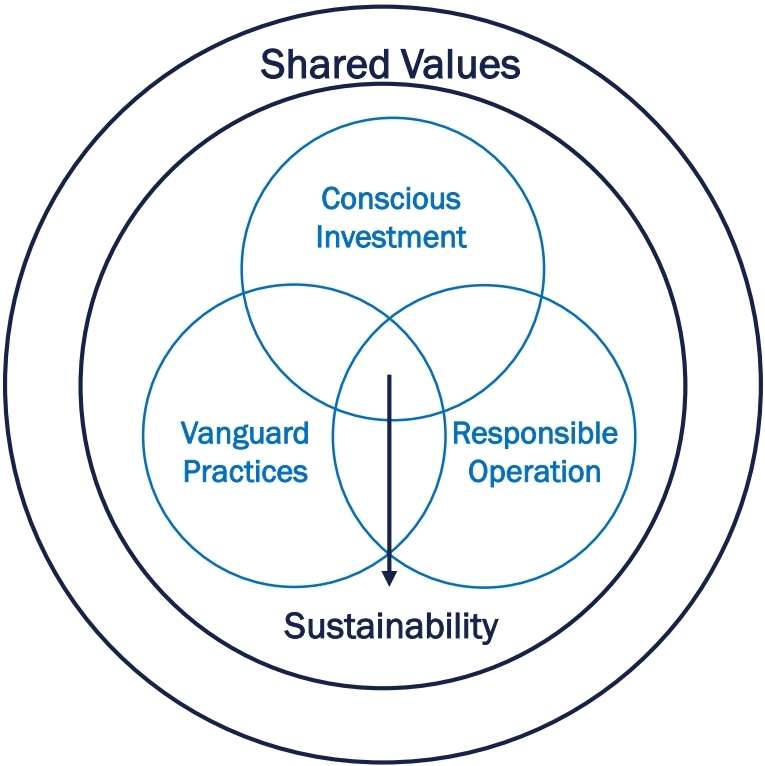


SUSTAINABILITY



ADVANCES SUSTAINABILITY 2Q2019

CONSCIOUS INVESTMENT, VANGUARD PRACTICES AND RESPONSIBLE OPERATION



GOALS 2025

ECONOMIC DIMENSION



- 100% of our employees annually conduct ethics, conduct and transparency controls
- 4/7 independent members and 3/7 women on the Board of Directors, 42%

SOCIAL DIMENSION



- Increase our gender diversity by 6% and our geographic diversity by 15% by 2025
- Have annually 0 fatalities of employees and contractors

ENVIRONMENTAL DIMENSION

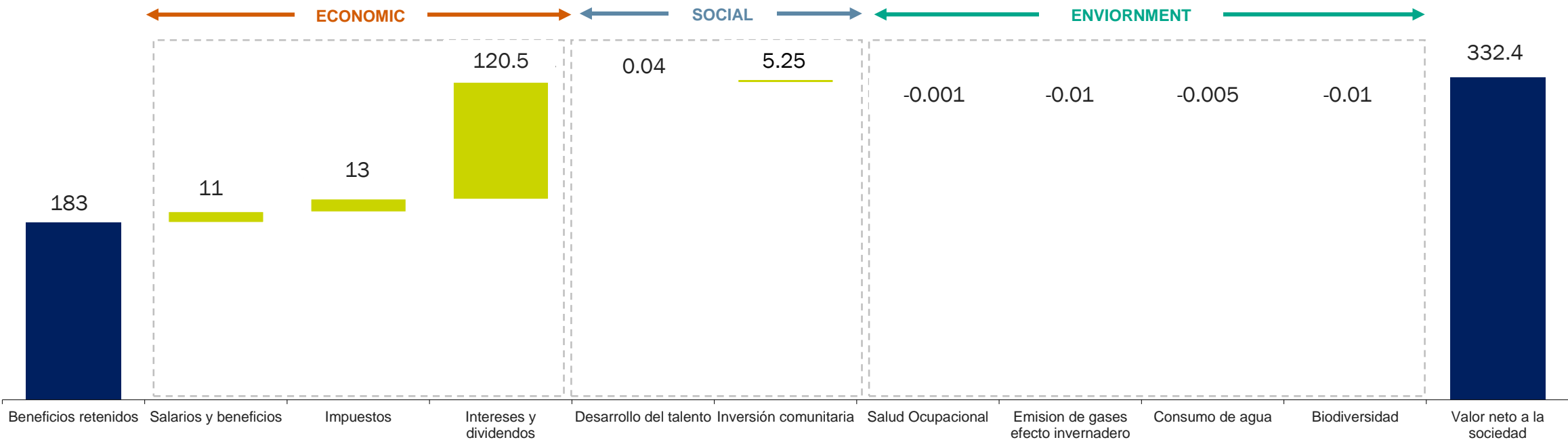


- Reduce CO2 emissions by 20%
- Reduce water consumption by 50% in M3
- Protect 100% of water sources
- Compensate 100% of our emissions annually as an investment company

We always seek to deliver to our environment more than we take from it, because we are aware of our role as agents of transformation of society

GRUPO ARGOS ADDED TO THE SOCIETY 1,8X THE BENEFIT TAKEN , EQUIVALENT TO USD 332 MM

VALUE ADDED STATEMENT OF GRUPO ARGOS 2018 (USD bn)



Economic dimension:

Payments of taxes, salaries, interests and dividends that are positive to the economy, boosting productivity and competitiveness of the country. It represents 43% of the net value that we deliver to society



Social dimension:

Greater contribution to the community infrastructure made by the urban development business, which is estimated to have benefited the community in USD 5.2 million



Environmental Dimension:

Marginal negative impacts, since activity is not intensive in the use of natural capital. We work actively to contribute to the conservation of the ecosystems through the Grupo Argos Foundation



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