Results Presentation

1Q2017

GRUPO ARGOS

IMPORTANT NOTE

- This presentation contains certain forward-looking information and statements related to GRUPO ARGOS and its subsidiaries that are based on knowledge of current events, expectations and forecasts, circumstances, and assumptions of 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 premises or estimations are shown to be incorrect, the future results may be considerably different to those stated herein. The forward-looking statements are made to 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.

GRUPO ARGOS

Strategy focused on efficient capital allocation shows higher profitability at the consolidated level and growth in the net income of the parent company

1 Operational results reflect the benefits of a diversified portfolio focused in infrastructure

Consolidated Results 1Q2017

	COP Billions
Revenues	**3,357**
EBITDA (consolidated)	**855**
Net Income	**145**
Controlling Net Income	**121**

Consolidated EBITDA Margin

23.5% (1Q2016) → 200pb → 25.5% (1Q2017)

Controlling Net Income (COP Billions)

COP 106 (1Q2016) → 14% → COP 121 (1Q2017)

2 Strategic focus in **Cement, Energy and Concessions**

ARGOS + CELSIA + ODINSA + OPAIN S.A.

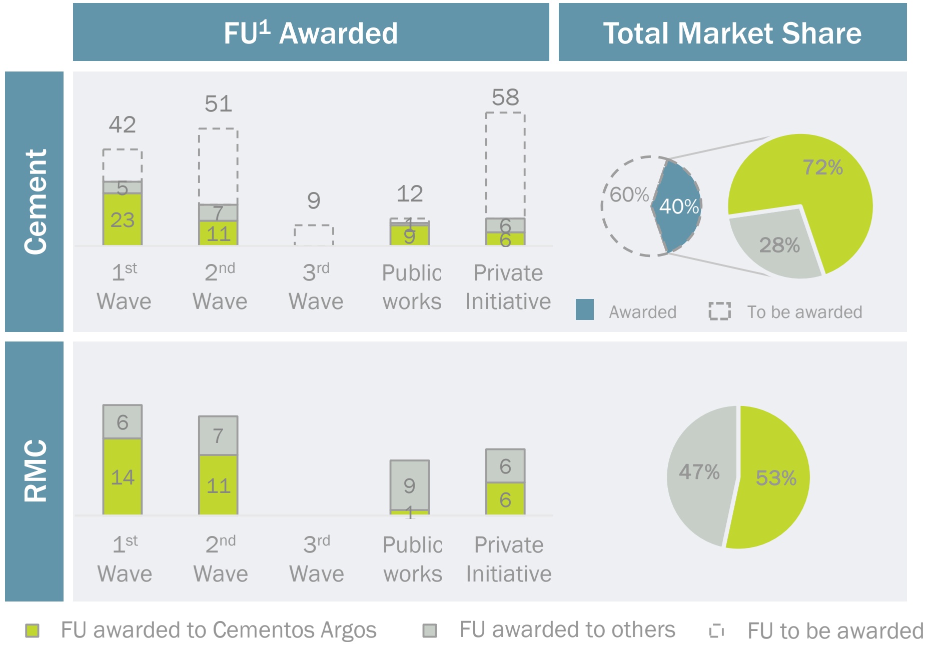
3 Solid and articulated portfolio with **COP 47 trillion** in AUM

GRUPO ARGOS

As an Economic Group we reaffirm our commitment with the country's competitiveness

1 Cementos Argos

- **Main provider for cement and RMC** for the construction of the 4G program in Colombia: **72% of Cement and 53% of RMC**
- 1st large scale pouring of RMC to the Flandes Bridge



2 Odinsa

- The first functional unit of the 4G program was finished by **Concesión Pacifico II ($1.3 trillion investment)**
- At **Opain** the construction of the voluntary works for **COP 311 billion** are expected to begin operations by the second semester of the year


La Pintada Concession

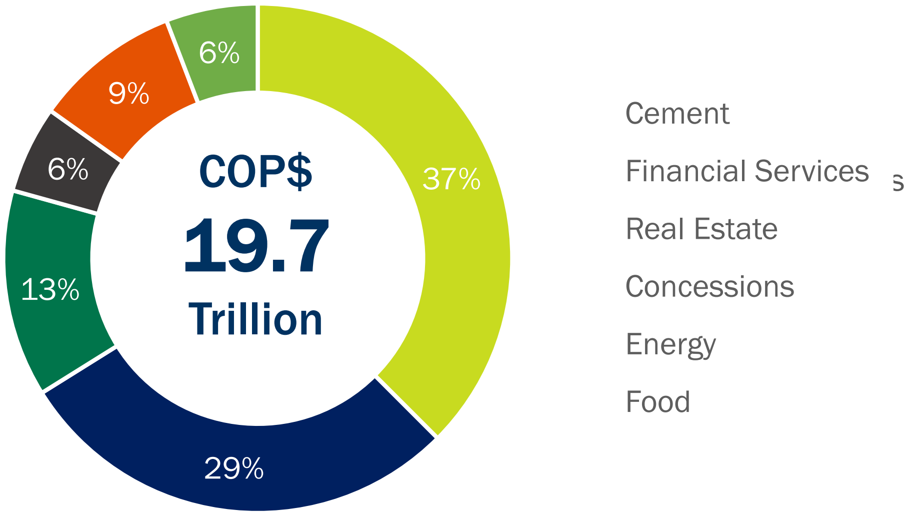
3 Celsia

- The construction of **Celsia Solar Yumbo** (9.9MW) begun and the goal is to operate 250 MW in solar farms
- Projected investments in Colombia for the present year for over **COP 500,000 million**
  - *COP 300,000 million for Plan 5 Caribe*
  - *COP 200,000 million in new technologies and project NOVA*

[1] FU= Functional Unit: Each project is divided into smaller separate segments, between 4-6, called functional units. Each functional unit, upon completion, can be used by traffic

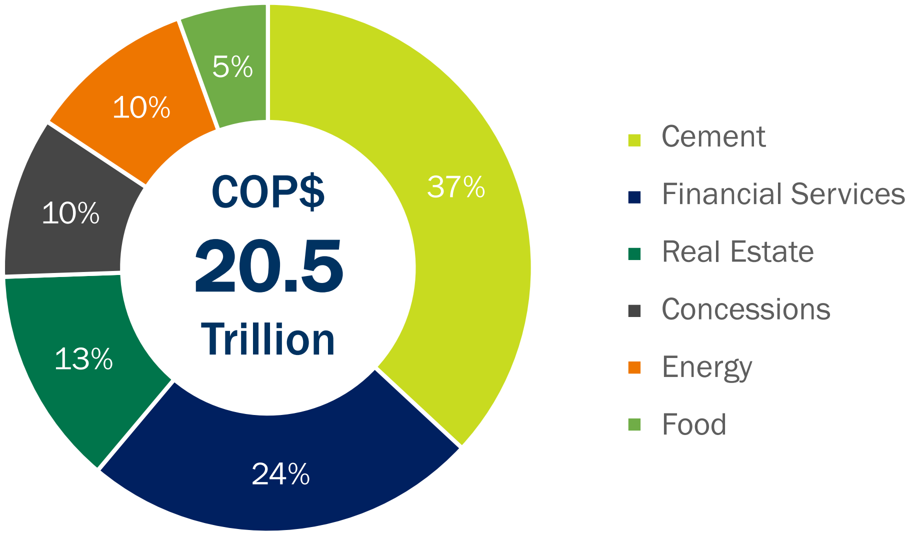
Our investments portfolio at market prices grows more than 15% as a result of the consolidation of Odinsa and Opaín in the concessions business

March 2016



+ 4%

March 2017



*The value of each investment is calculated based on the securities exchange price on March 2016 and 2017, respectively, for the companies publicly traded on the securities exchange, and on books fair value for non listed assets. In 2016, concessions correspond to the sum of the shareholding in ODINSA, Opaín and Compas; and real estate corresponds to the sum of the land bank and Pactia.

** The price per share of EPSA and Odinsa is the value of the acquisition.

The year begins with good results in the concessions and power businesses that contribute to a growth of 200 bps in EBITDA margin and 14% in the net income of the parent company

GRUPO ARGOS
ARGOS CELSIA ODINSA COMPAS PACTIA

Significant figures – Income Statement

Billions of COP	1Q 2017	1Q 2016*	Var Y/Y (%)
1 Revenue	3,357	4,043	(17%)
Costs and Expenses	2,870	3,456	(17%)
Operating Profit	487	587	(17%)
2 EBITDA	855	949	(10%)
EBITDA Margin (%)	25%	23%	200pbs
Net Income	145	216	(33%)
Net margin	4%	5%	(100bp)
Controlling Net Income	121	106	14%

Notes

1

- ✓ Positive variation in revenues of concessions that includes adjustment of Opaín to reflect it at fair value
- ✓ **Consolidation of Opaín** since February
- ✓ Lower contribution from Cementos Argos due to the decrease in prices in Colombia and the revaluation of the COP
- ✓ Lower revenues from Celsia due to lower thermic generation and a lower spot price. In 2016 Celsia had to generate more due to the El Niño phenomenon.
  - ✓ There was a positive variation in Epsa's hydro generation

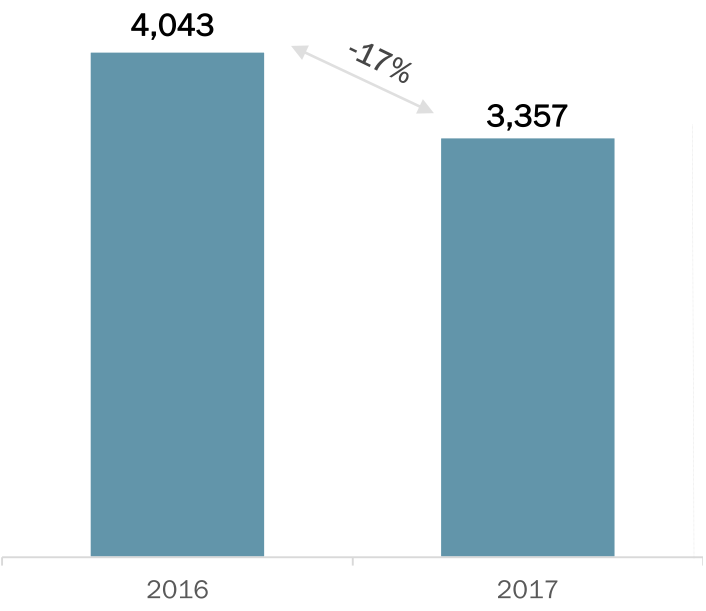
2

- ✓ **Greater EBITDA Margin (25.5%) in the consolidated report** due to a higher profitability in the power generation business (33% vs 20% Y/Y) and the concessions business (78% vs 55% Y/Y) that includes the adjustment in Opaín to reflect its fail value
- ✓ Lower contribution from **Cementos Argos** due to higher pressure on Colombian margins
- ✓ Higher contribution from **Odinsa due to higher contributions from AND, BTA and Opaín.**
- ✓ Lower contribution from **Celsia** primarily because of provisions for receivables

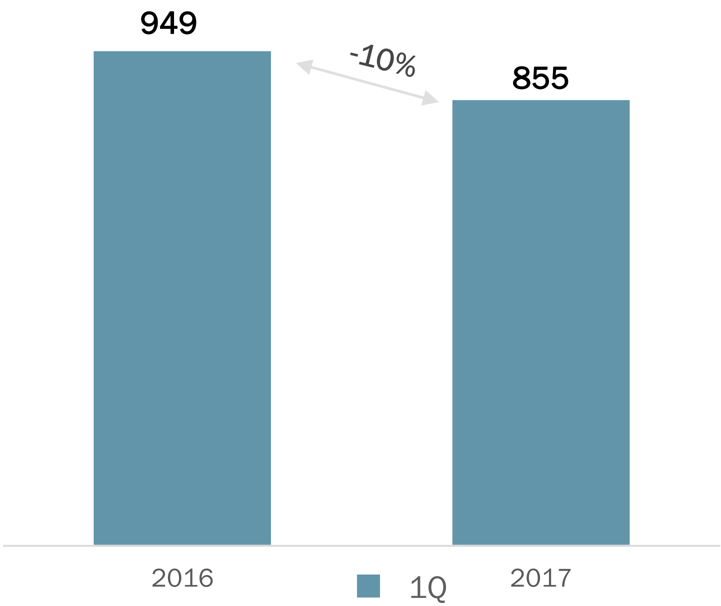
*1Q2016 restated

Portfolio diversification strategy allows improvement in consolidated margins

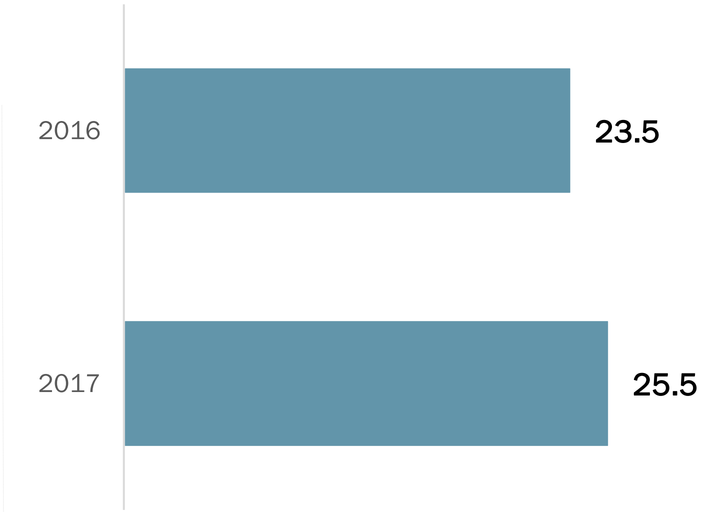
Revenue (Billions of COP$)



EBITDA (Billions of COP$)



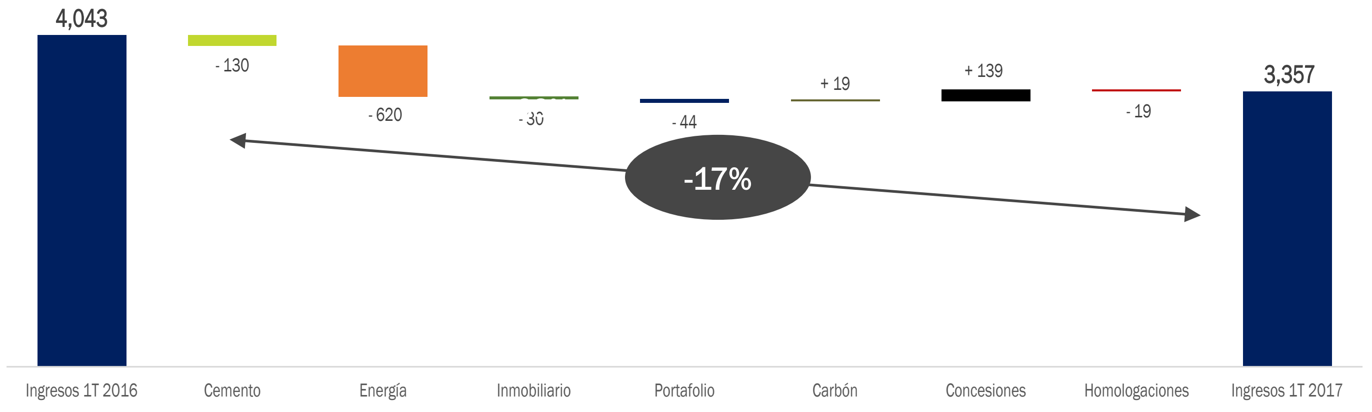
EBITDA Margin (%)



- ✓ Opaín's consolidation and the positive results from Odinsa and the Power business allow us to counter the pressures on margins of the cement business in Colombia and the revaluation of the COP.
- ✓ The reduction of costs in the power business (COP 628 billion) countered the decrease of revenues which resulted in a positive effect on the EBITDA margin.

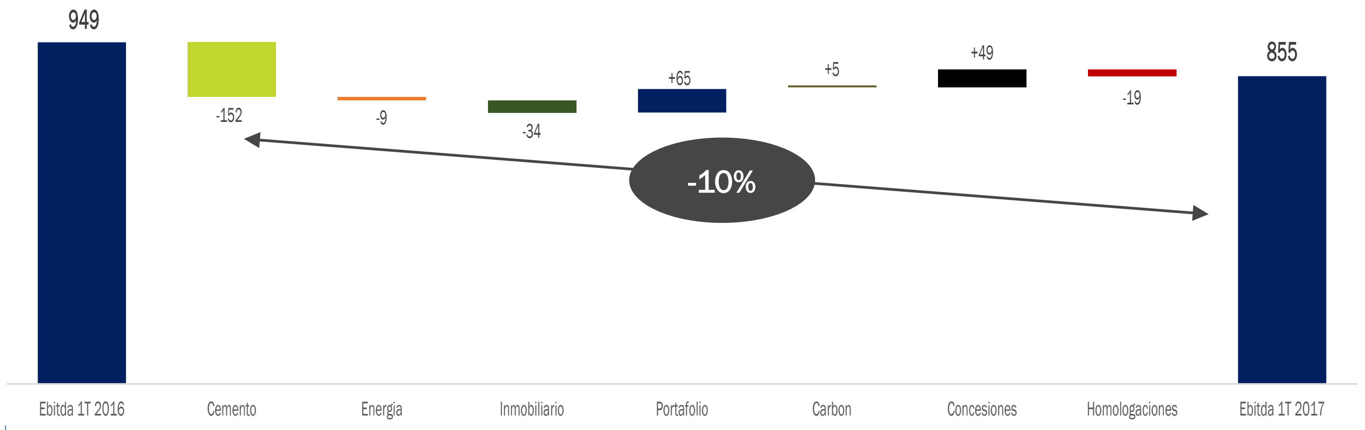
The contribution of the concessions business stands out in the revenues and the EBITDA of Grupo Argos

Business Contribution – Revenue (Billions of COP$)



- ✓ Lower contribution from the power business (-COP 620 billion) due to lower spot prices and a lower thermic generation differ from what happened in 1Q16 because of El Niño Phenomenon.
- ✓ Lower **contribution from Cementos Argos** due to a decrease in the Colombian prices and the revaluation of the COP. The increase in volumes stands out.
- ✓ Growth in the contribution of the concessions business which includes the fair value adjustments of Opaín.

Business Contribution – EBITDA (Billions of COP$)

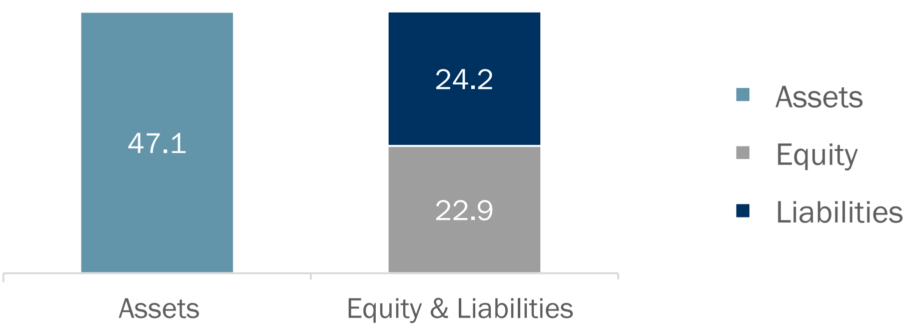


- ✓ Recovery in the energy business stands out given the normalization of the weather, which allows us to return to historical margins. We highlight the provisions of accounts receivables with an impact of 200 bps over the EBITDA margin.
- ✓ Greater contribution of Odinsa due to the consolidation of ADN and BTA.
- ✓ Opaín's Consolidation

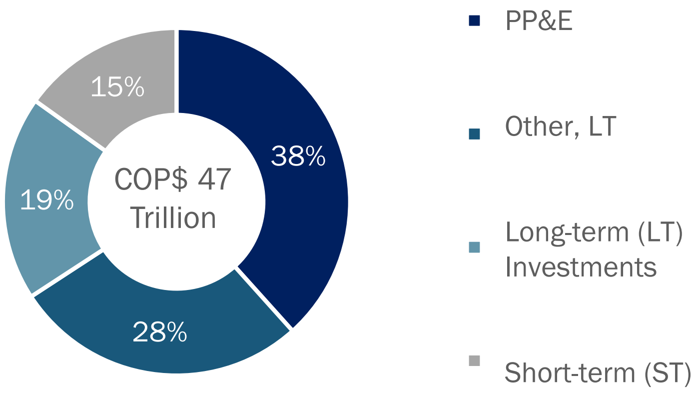
We consolidate an articulated portfolio with COP 47 trillion in AUM

March 2017

Trillions of COP$

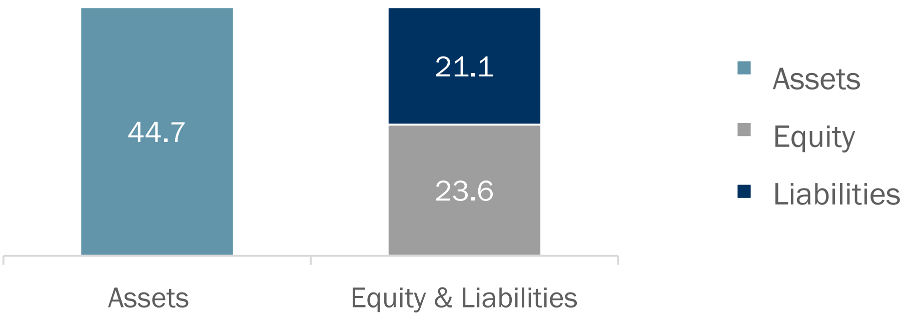


Assets – March 2017

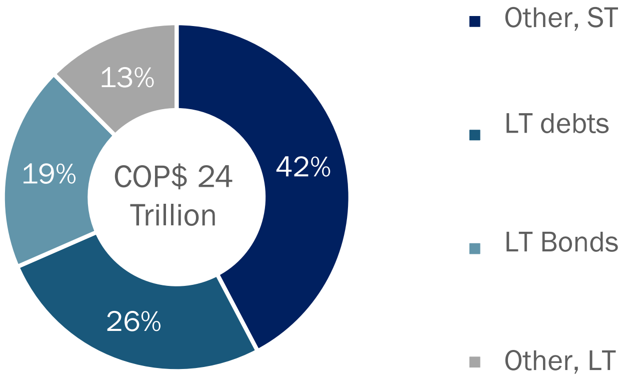


December 2016

Trillions of COP$



Liabilities – March 2017



Individual results with a positive contribution from concessions and energy improved the EBITDA margin to 71%

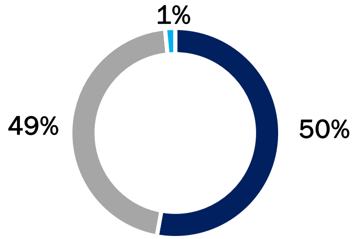
Significant figures – Income Statement

Billions of COP	1Q 2017	1Q 2016*	Var Y/Y (%)
1 **Revenue**	176	162	9%
Costs and Expenses	56	63	(11%)
2 **Operating Profit**	120	99	22%
EBITDA	124	110	13%
EBITDA Margin (%)	71%	68%	300bp
Net Income	87	85	3%
Net margin	49%	52%	(300bp)

Notes

1

Revenue Distribution 1Q 2017



Financial Activity	COP $88
Equity Method	COP $86
Real Estate Business	COP $3

- ✓ Higher contribution from Odinsa due to higher contributions from ADN, BTA and fair value adjustment of Opaín.
- ✓ Greater contribution in the power generation business due to the higher hydro generation
- ✓ Lower revenue from the real estate business due to delays in the titling of properties

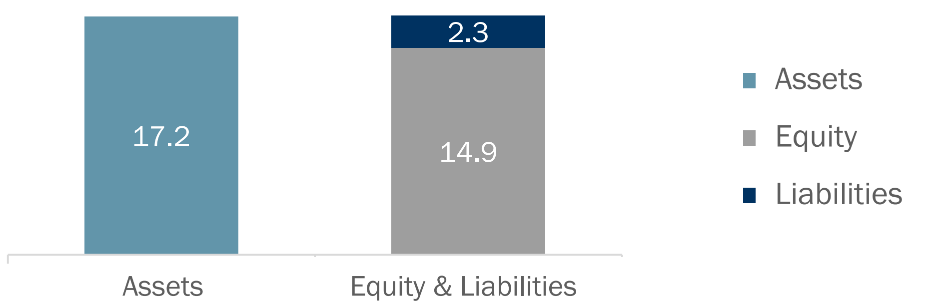
2

- ✓ Improvement in operational costs of the holding without including the real estate business of (-COP$6,000 mm). Real estate expenses increased for the quarter as Situm's expenses began to consolidate from March 2016

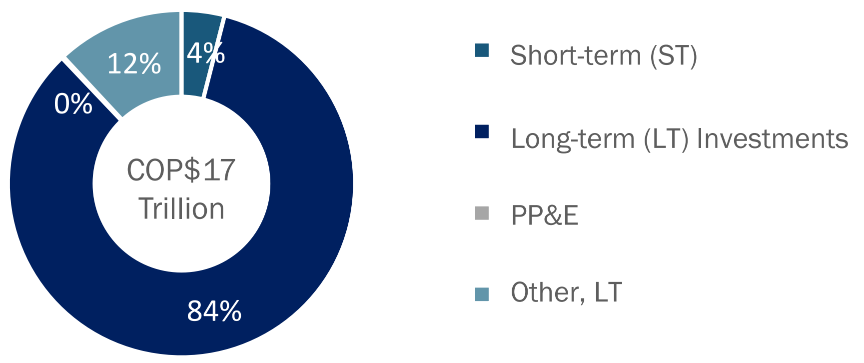
Individual Balance Sheet – March 2017

March 2017

Trillions of COP$

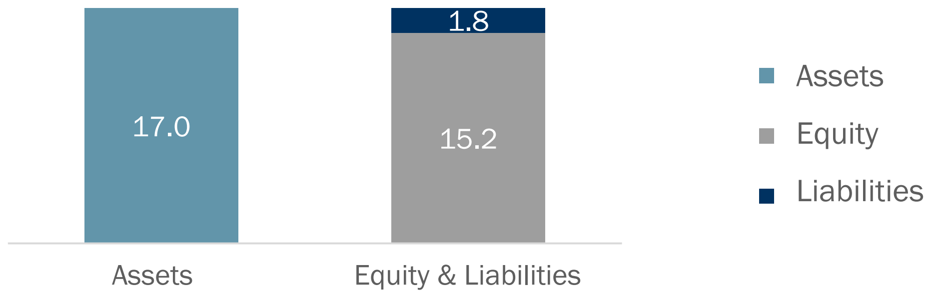


Assets – March 2017

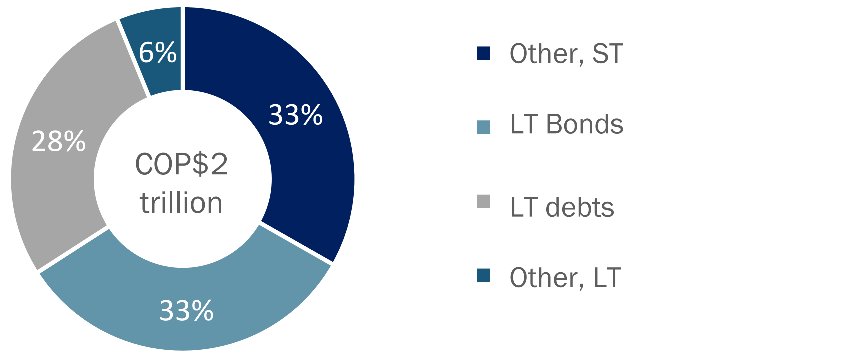


December 2016

Trillions of COP$



Liabilities – March 2017



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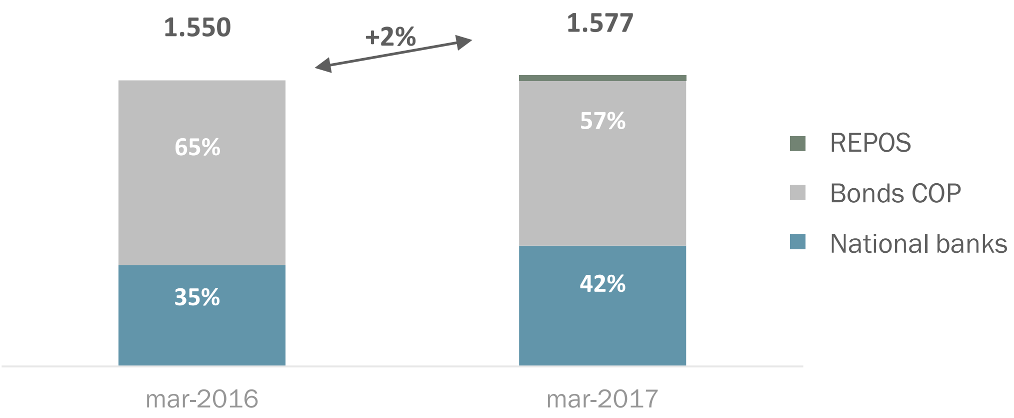
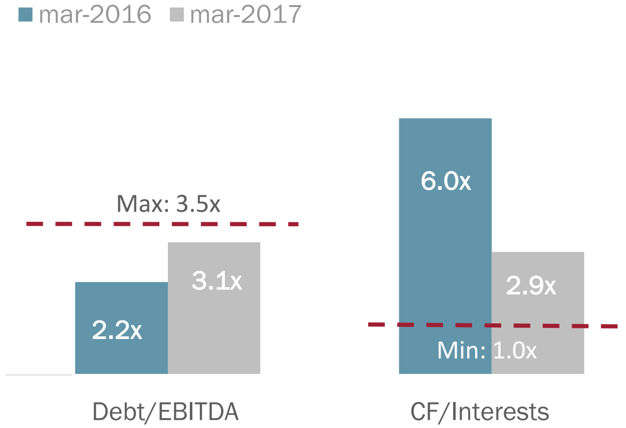
Leverage ratios (separate) healthy and within the limits established by the rating agencies. S&P ratifies AA+

Debt (COP trillions)



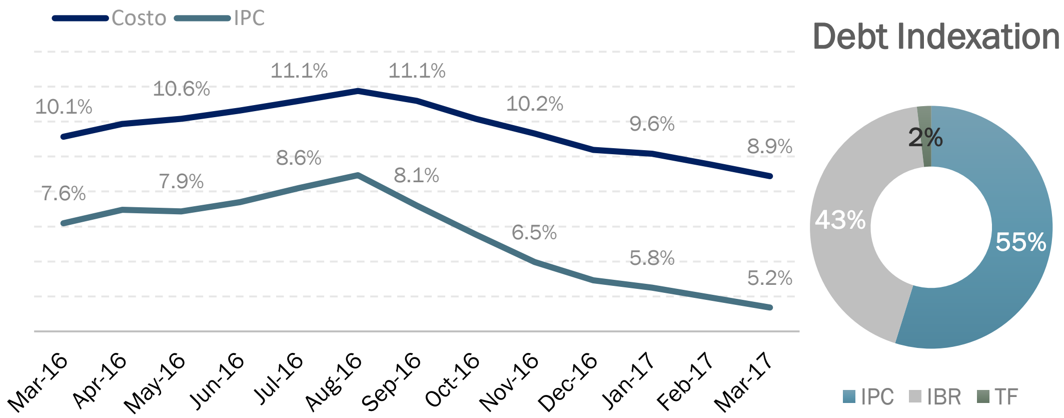
Leverage ratios



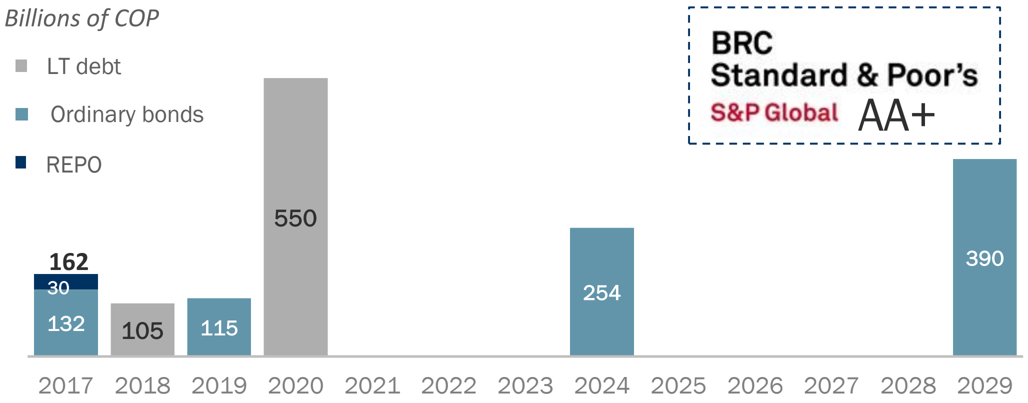
- Indicators within the limits established by risk agencies

Adjusted EBITDA** (*COP billions*):
- mar-2016: 708
- mar-2017: 504

Cost of Individual Debt*



Debt Profile



BRC
Standard & Poor's
S&P Global AA+

* Includes only capital balance
* Current inflation for the month
** Adjusted EBITDA = EBITDA (-) participation method (+) Dividends received (+) divestments revenues

ARGOS

Cement Business

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The demand for cement and RMC for the 4G infrastructure program begins

ARGOS

Infrastructure Projects

Leader in awarded functional units of the 4G program:

72% Cement

53% RMC

Important Milestone:

1st large scale pouring of RMC (~1.7 k m3 during 3 days) to the Flandes bridge of the Honda-Puerto Salgar project of the 1st wave. Total ready-mix consumption of 23 k m3


Flandes Bridge


"Túnel de Oriente"


Flandes Bridge

BEST

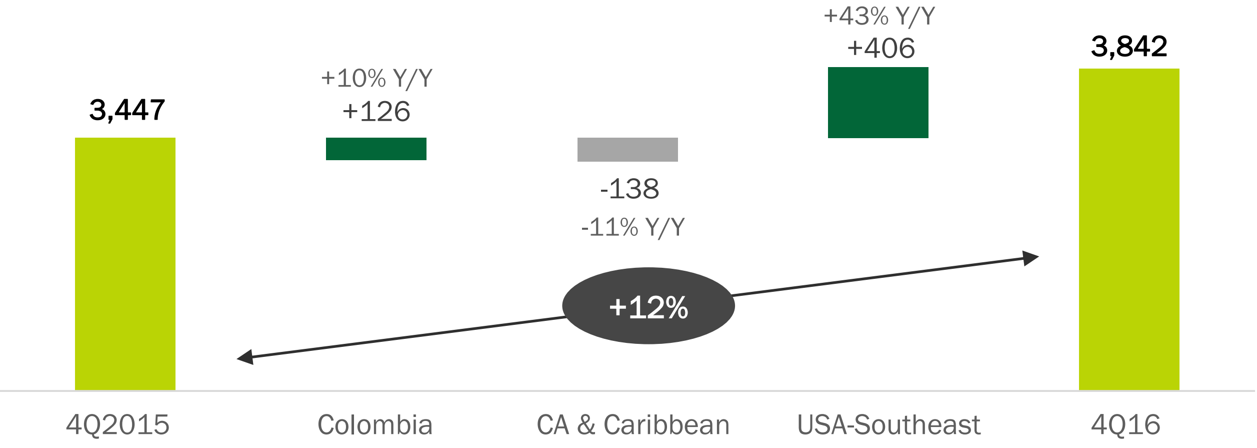
Commitment to **accelerate the implementation of BEST** in Colombia:

- Cost reduction in cash of USD 3/ MT
- Reduction of 7% in SG&A even with a larger volume or RMC sold
- Additional savings of **COP 120 billion** (6 USD/ton) projected for Colombia by FY17

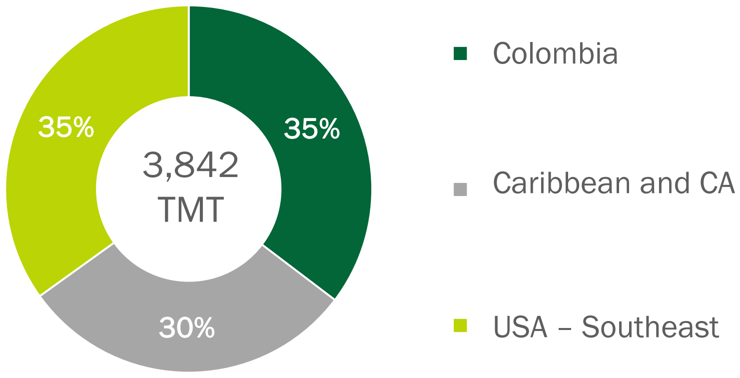

Colombian region plant

Recovery in the market share of cement in Colombia between June 2016 and March 2017 from 39% to 44%

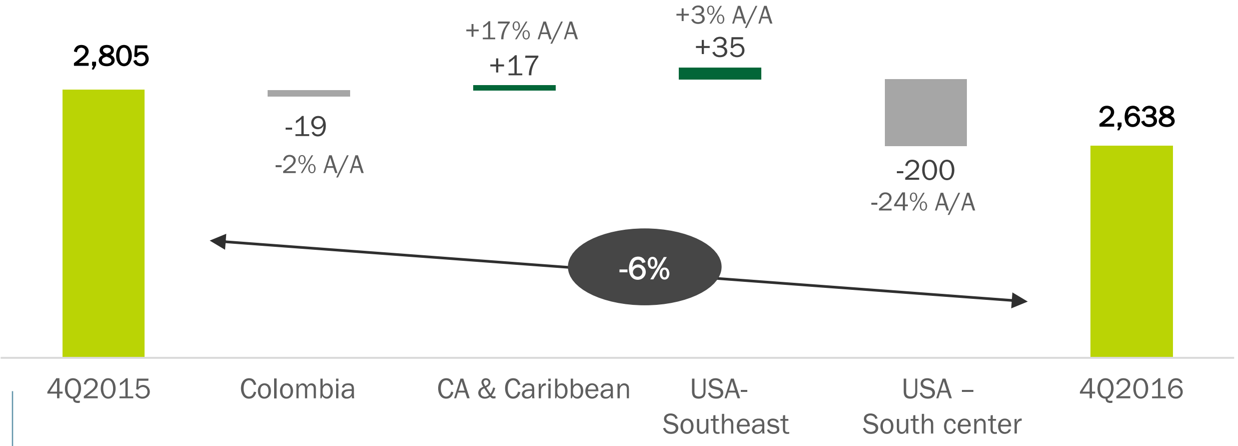
Cement (TMT)



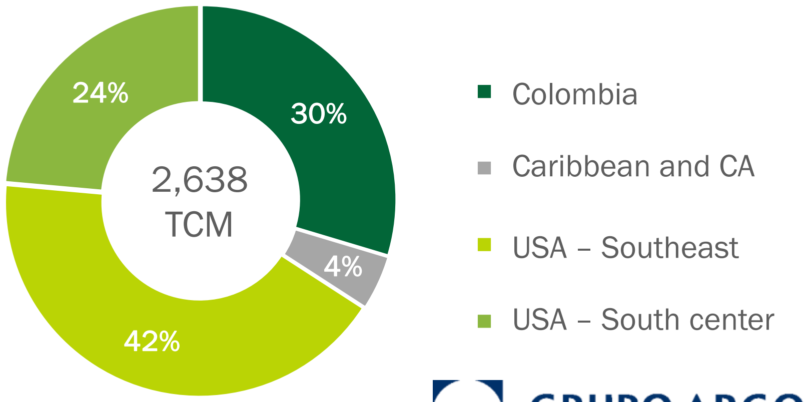
Cement Sales 1Q2017



RMC (TCM)

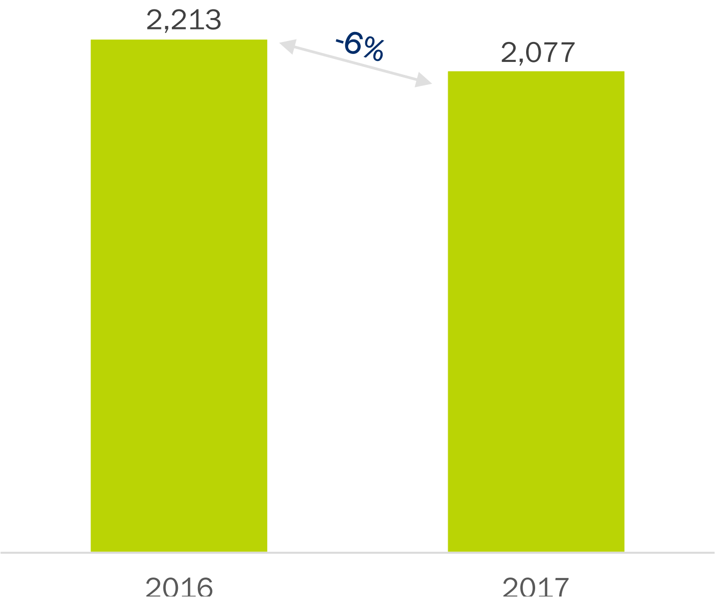


RMC Sales 1Q2017

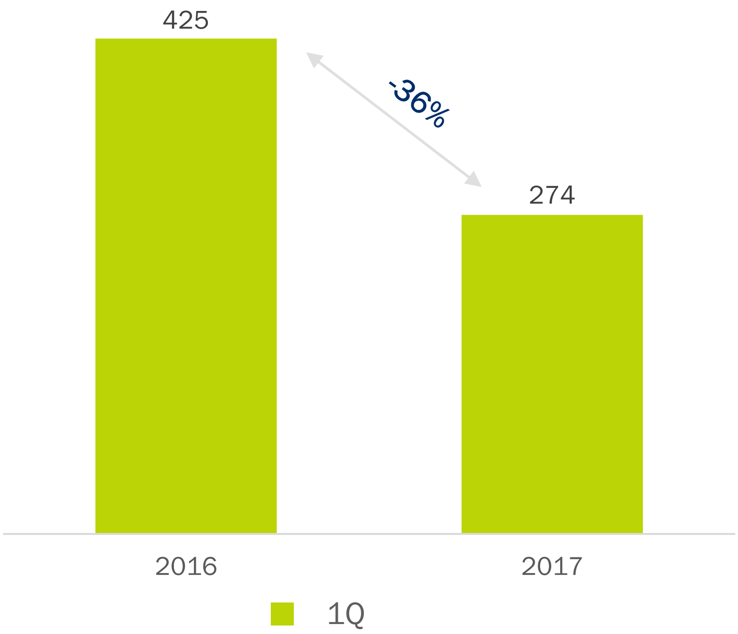


First quarter affected by competitive dynamics in Colombia and seasonality in the United States with an expected recovery in both markets as of 2Q

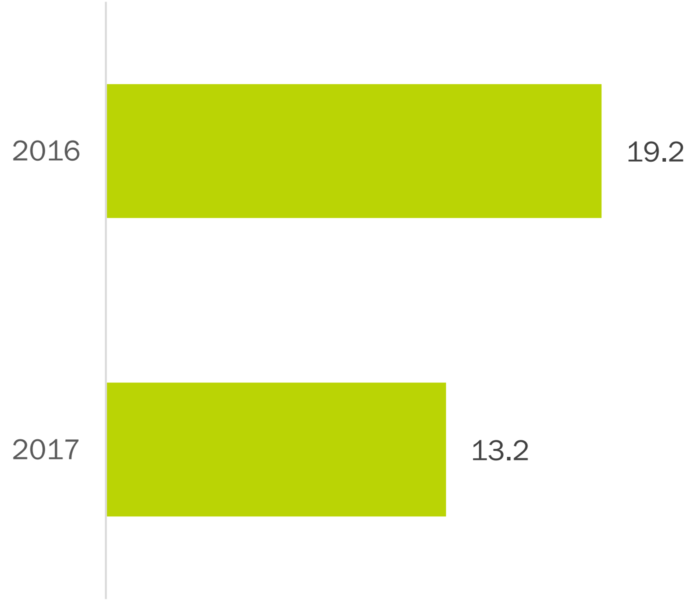
Revenue (Billions of COP$)



EBITDA (Billions of COP$)



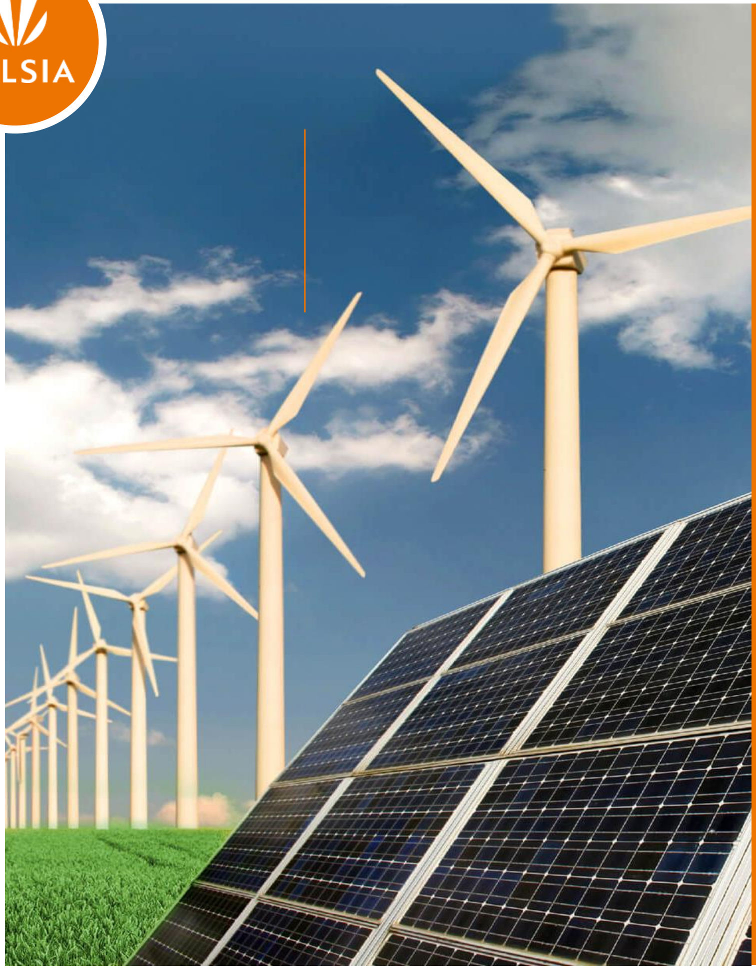
EBITDA Margin (%)



- ✓ Lower income due to COP revaluation and lower prices of cement in Colombia, nevertheless, an **improvement in volumes and a growth in market share is observed**
- ✓ Lower EBITDA explained by higher costs and SG&A mainly because of the higher production volume in Colombia
- ✓ EBITDA in the Colombian region was affected by a maintenance program and ~COP15 billion of non-recurring expenses
- ✓ Caribbean and CA region became the largest EBITDA contributor due to the seasonal effect in the USA
- ✓ In the USA region the first quarter presents a lower contribution as expected due to the climate conditions, nevertheless there is an upward trend in sales of cement. The acquisition of Martinsburg affects the seasonal impact because 90% of its projected EBITDA is generated between the 2Q and 4Q.

Power Business

Operational results focused on profitability



1Q2017

REVENUE COP$ 742

EBITDA COP$ 241

EBITDA Margin 33%

NET RESULTS COP$ 171

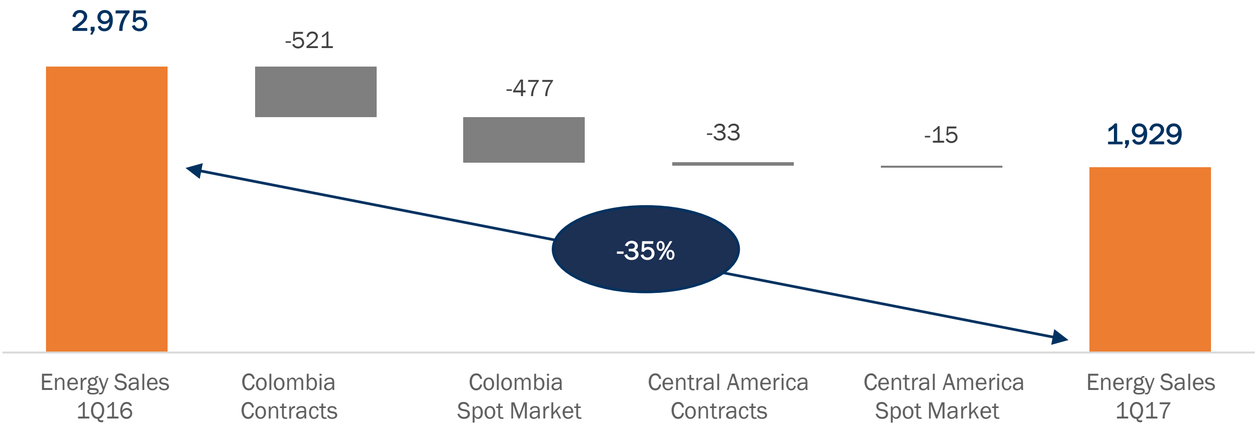
Net Margin 3%

COP Billions

- **Reduction of the debt of** ~COP400 billion since the last months of 2015
- **Net Debt / EBITDA of 3.34x** in 1Q17 vs 5.13x in 4Q15
- Improvement in EBITDA Margin and Net Margin. EBITDA margin is near its historical margins
- Progress in **Plan 5 Caribe**
- Leading the way in non-conventional and clean energies y Colombia.
  - Project **Celsia Solar Yumbo** (9.9 MW) started during the quarter

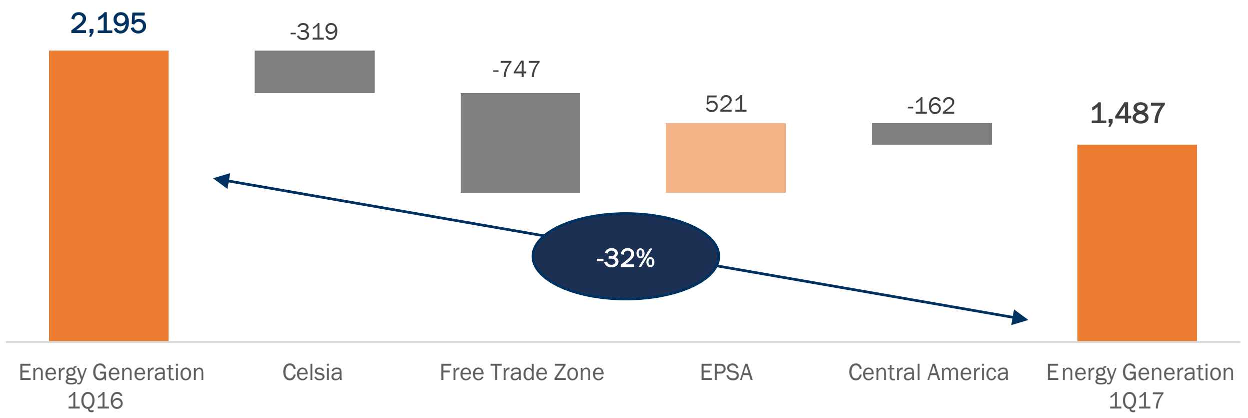
Back to the normal volumes of thermic generation after El Niño phenomenon

Variation in Energy Sales (GWh)

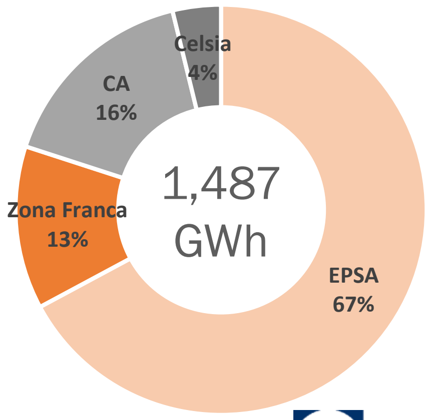


- ✓ Lower generation explained by high prices and volumes in Colombia during El Niño phenomenon (2015/2016) when thermic generation operated at its maximum capacity
- ✓ Lower energy sales in the spot market (-41%) and in contracts (-31%)
- ✓ 76% of the consolidated generation came from hydro generation, 20% from thermic, and 4% from the wind farm in Costa Rica

Generation (GWh)

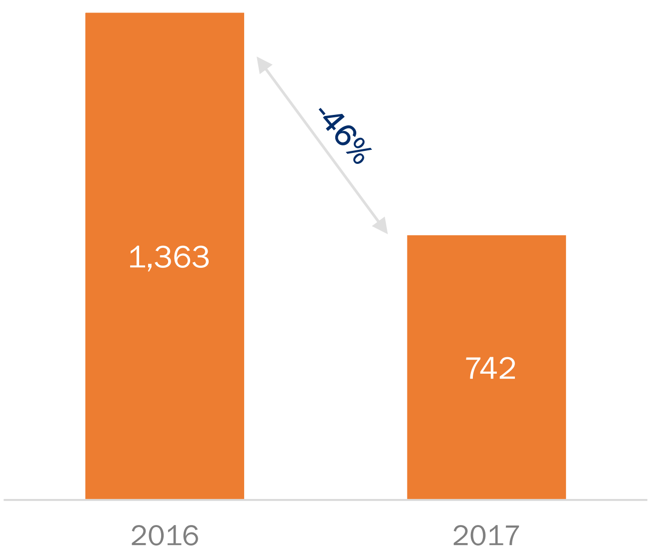


Composition of Power Generation

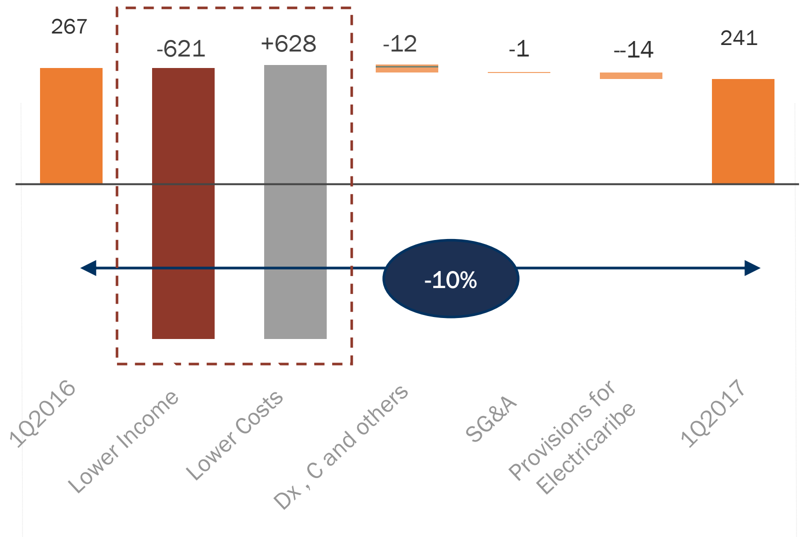


The return of a normalized operation confirmed by the substantial improvement of EBITDA margin and the positive contribution of all businesses

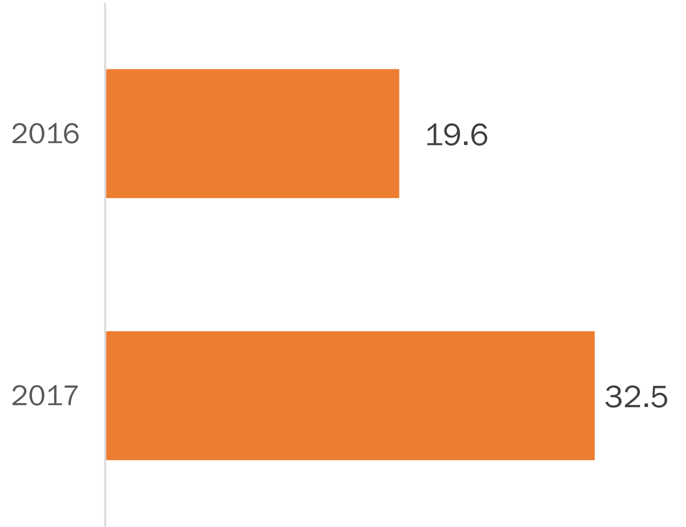
Revenue (Billions of COP$)



EBITDA (Billions of COP$)



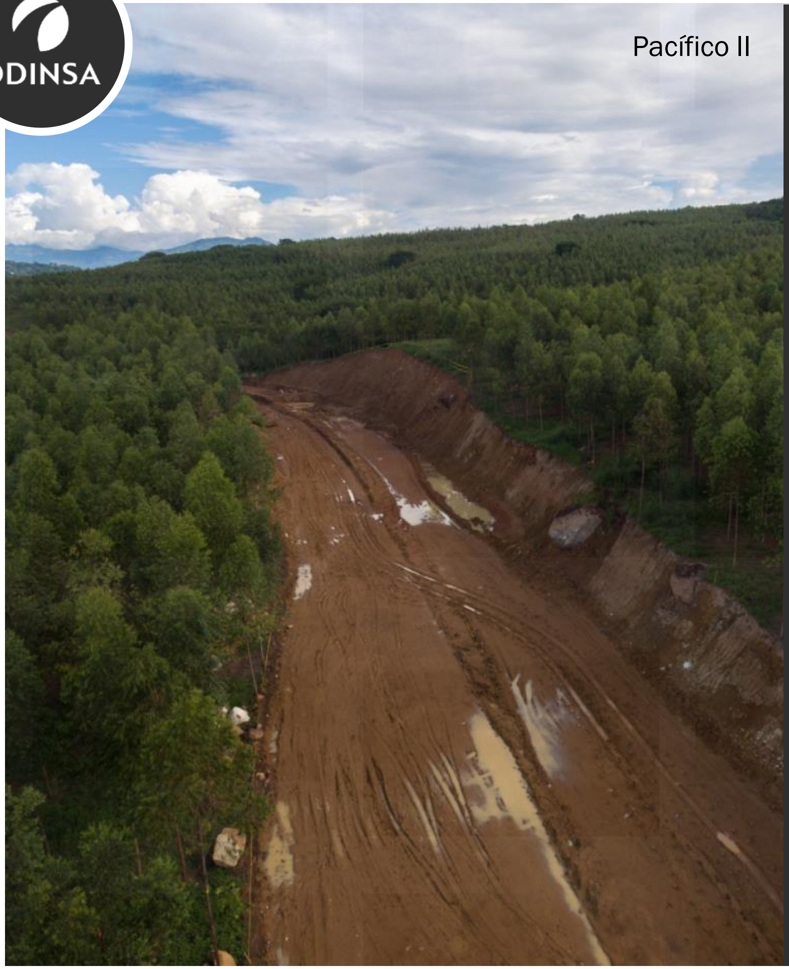
EBITDA Margin (%)



- ✓ Lower revenues due to a lower spot price in Colombia (average of 161.7 COP/kWh vs 499.9 COP/kWh) and fewer requirements of thermic generation after the climate conditions were normalized
- ✓ Provisions for 100% of the accounts receivables with Electricaribe for ~COP$ 15 billion.
- ✓ The reduction of costs (COP 628 billion) was higher than the variation of revenues (COP 621 billion).
- ✓ **Significant improvement of the EBITDA Margin** that rises from 20% to 33% (Y/Y), proving the return to a normalized operation with a positive contribution of all businesses to the EBITDA. Excluding the effect of the trade receivables of Electricaribe the EBITDA Margin would have been 34.5%, returning the historical margins.
- ✓ Net Income of COP 22 billion, COP 30 billion more than the same quarter of the previous year were there was a net loss of COP 8 billion. Lower financial expenses and lower taxes contributed to the result.

Concessions Business

Optimization of the portfolio positioning itself as one of the main companies in the infrastructure sector in Colombia



1Q2017

REVENUE COP$ 174

EBITDA COP$ 135

EBITDA Margin 78%

NET RESULTS COP$ 54

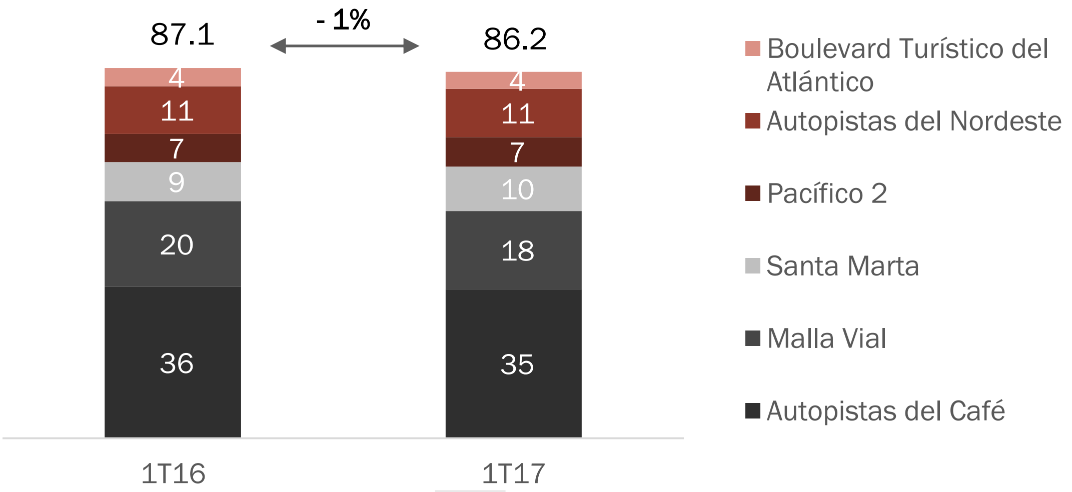
Net Margin 31%

COP Billions

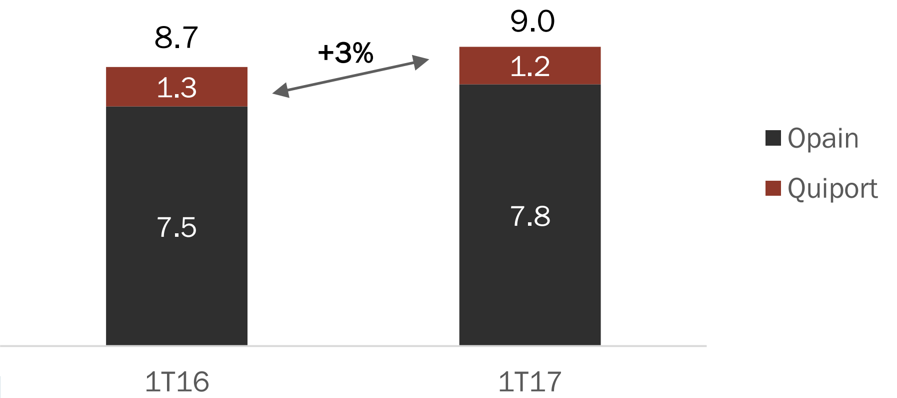
- Strategic restructuring of the portfolio enabled the consolidation of a profitable infrastructure business, that demonstrates the advantages of having focalized investments
- Divestment of GENPAC aligned with the portfolio and focalization strategy
- The 4G program is ready for the consolidation of the infrastructure sector

For 1Q2017 Opaín traffic grows 5% and a stable behavior is registered on road traffic

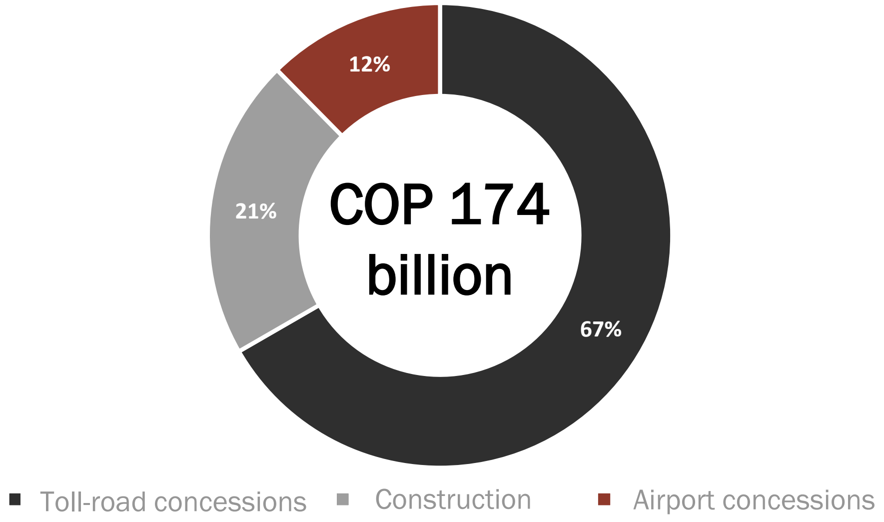
Traffic – Average Daily Traffic *Number of vehicles (thousands)*



Airports Traffic *mm of passengers*

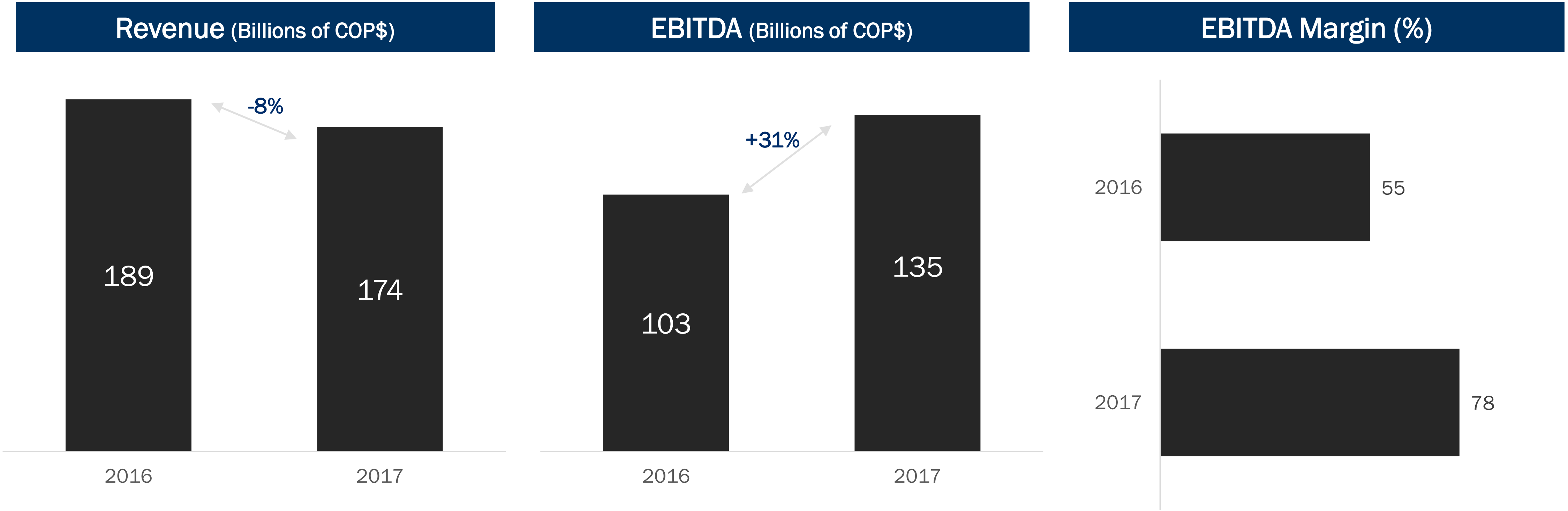


Revenues breakdown



- The fall in road traffic is attributable to Easter, as last year the vocational weekend was in march and this year it was in April. In addition, February 2016 had 29 days, generation one more day of collection in the first quarter of 2016.

Significant increase in EBITDA based on a successful portfolio debugging strategy, reaching historical margins of 78%



- ✓ **Lower revenues** mainly explained by the decrease in the construction segment given the termination of the toll collecting contract with Invias at the end of 2016 and the recording of an extraordinary revenue in AKF during 2016.
- ✓ **Significantly higher EBITDA** due to a good performance of its businesses and the consolidation of ADN and BTA
- ✓ **Historical EBITDA Margin of 78%**

* The financial information registered in Q12016 is pro-forma in order to reflect the deconsolidation of GENA and GENPAC

Real Estate Business


Urban development, Barranquilla

GRUPO ARGOS

The operation of **Fondo de Capital Privado Pactia** starts after the entry of Protección, giving the fund further flexibility to execute expansion projects

GRUPO ARGOS
Urban
Devel.

- Negotiations to sale land continue
- Delay on the transfer of the deeds that does not allow to register revenues yet
- Opening of the park Palmas del Rio in Barranquilla
- Cash flow for 1Q17 of COP$ 35 Billions

PACTIA

- **Fondo de Capital Privado Pactia** started operating. Protección made an initial investment of COP 165.000 Billions. The Fund reached COP 1.7 Billions of equity.
- Acquisition of the remaining 50% stake of Centro Comercial Antares, raising the GLA of the portfolio in 15,819m2.
- The acquisition of a terrain in Miami was materialized as part of the internationalization strategy

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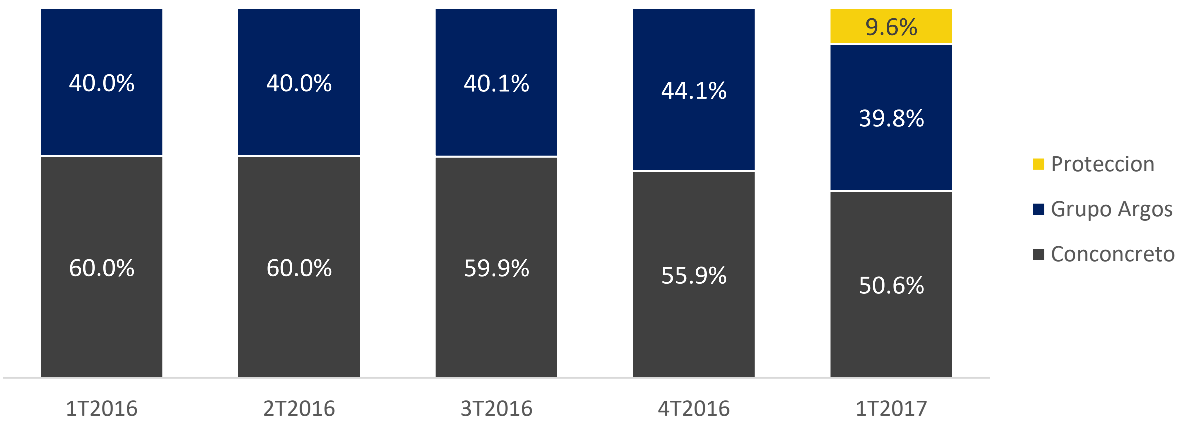
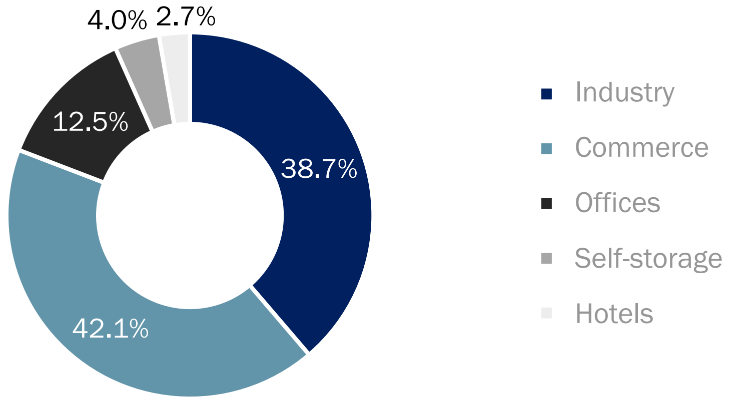
Operational figures – Real Estate Portfolio, Pactia

Stake in Pactia (%)



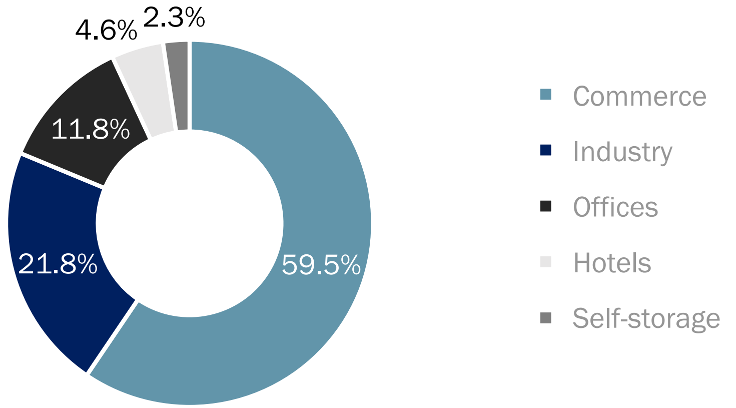
GLA 516,441 m^2



Revenues and NOI

Billions COP$	1Q 2017	1Q 2016	Var.(%)
Effective Gross Revenue	49,744	44,420	12%
Operating Costs	16,020	13,894	15.3%
Net Operating Income	33,724	30,526	10.5%
Consolidated EBITDA	27,594	27,477	0.4%
EBITDA Margin	62%	56%	640pb

NOI COP$ 33,724 Billions 1Q17



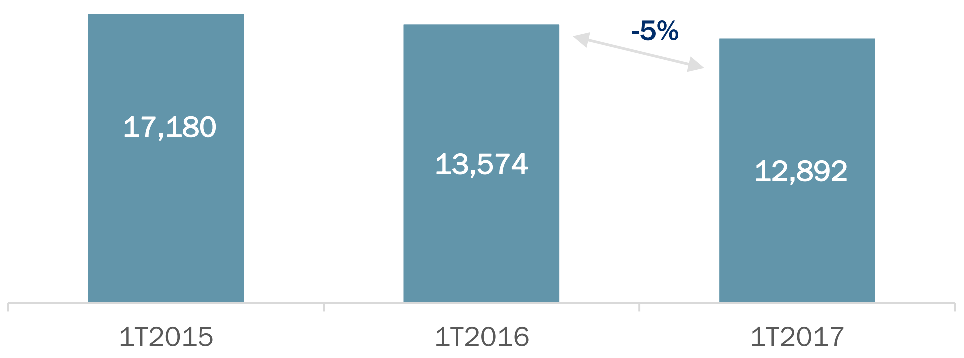
COMPAS

Port Business

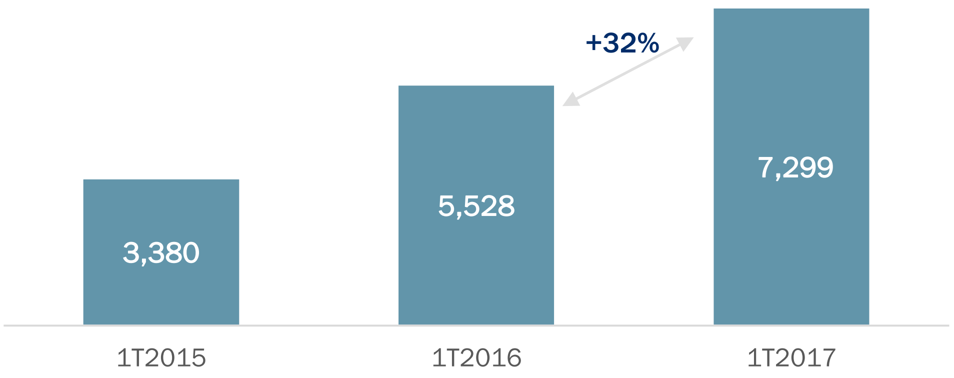
GRUPO ARGOS

Start of operations of the Aguadulce Port with a positive contribution in terms of cargo that grows 7%

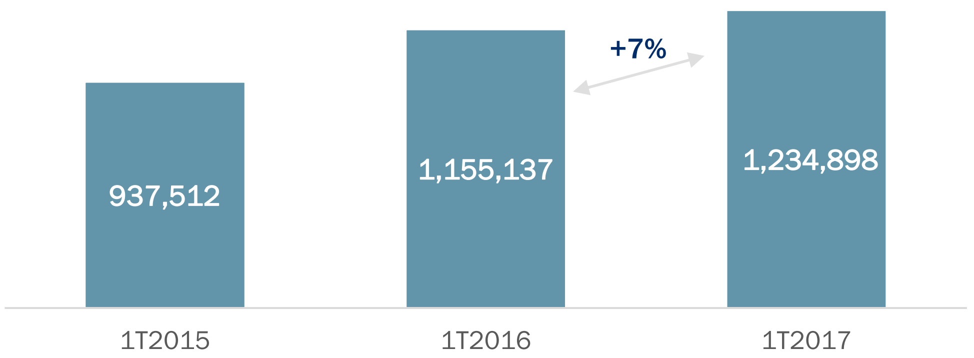
Mobilized Containers



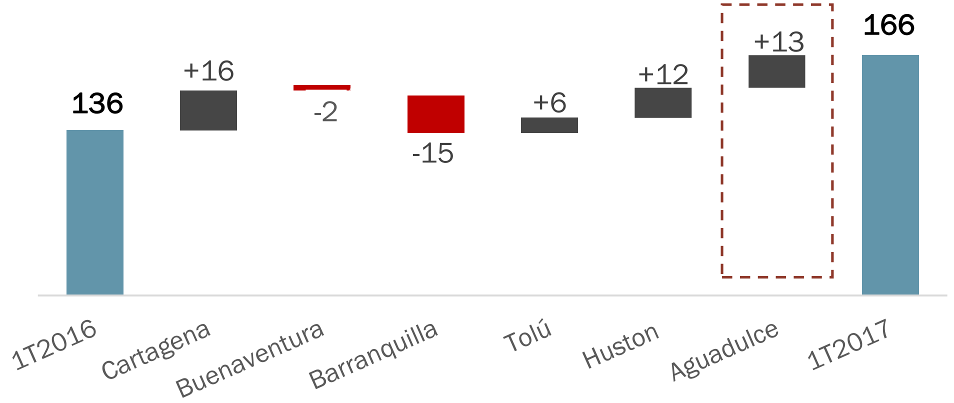
Import and Export Containers



Tons of Bulk and General Cargo

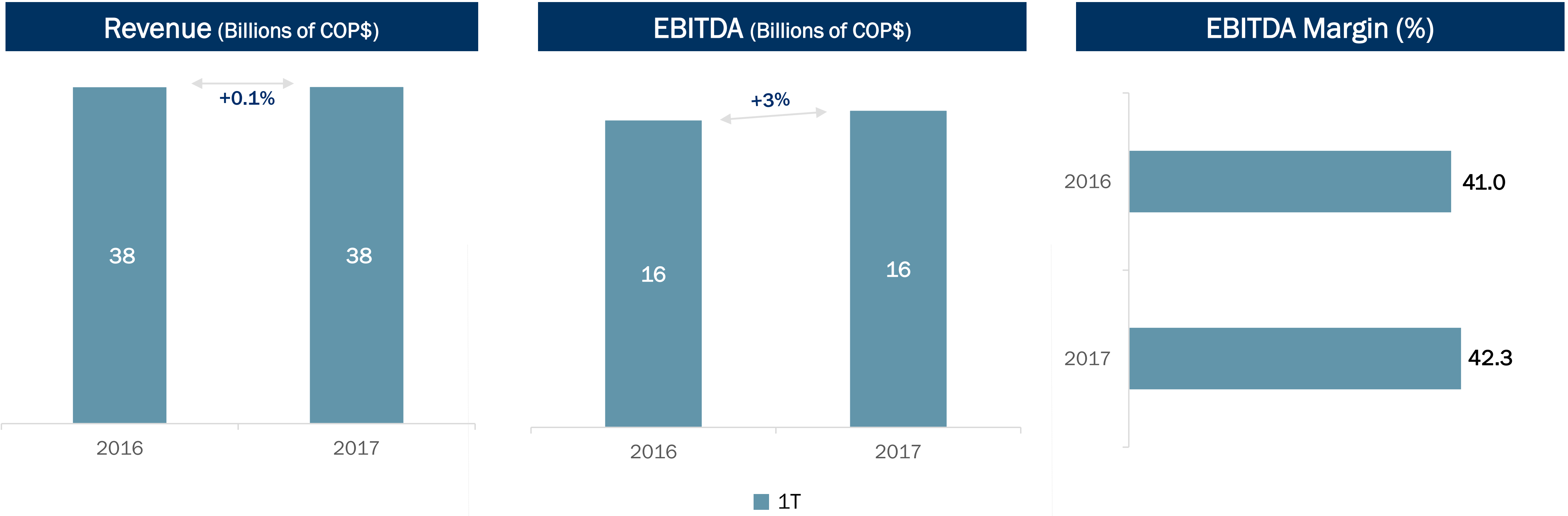


Mobilized Motor Vessels



GRUPO ARGOS

Financial results that reflect the start of operations in Aguadulce



- ✓ The consolidated results of the company totalized COP 38 billions, while the EBITDA reached COP 16 billion, a moderate growth compered to the same quarter the previous year
- ✓ A growth of the EBITDA Margin from **41% to 42.3% is observed**

*Consolidated results

Annexes

Grupo Argos – Contribution by business

	ARGOS	Var.	CELSIA	Var.	SITUM	Var.	COMPAS	Var.	GRUPO ARGOS	Var.	SATOR	Var.	ODINSA	Var.	Eliminaciones	Consolidado	Var.
Revenue from Ordinary Activities	**2,076,948**	**-6%**	**741,927**	**-46%**	**2,674**	**-93%**	**37,990**	**0%**	**286,422**	**0%**	**26,914**	**232%**	**383,767**	**57%**	**-199,447**	**3,357,194**	**-17%**
Gross Profit	303,126	-40%	218,559	-4%	2,182	-94%	13,201	-17%	286,422	0%	6,825	109%	283,127	93%	-172,887	940,556	-14%
Gross Margin	*14.6%*		*29.5%*		*81.6%*		*34.7%*		*100.0%*		*25.4%*		*73.8%*			*28.0%*	
Profit from Operations	61,101	-71%	139,137	14%	-29,686	-405%	7,339	-30%	261,077	5%	5,289	1052%	119,579	14%	-77,326	486,510	-17%
Operating margin	*2.9%*		*18.8%*		*-1110.0%*		*19.3%*		*91.2%*		*19.7%*		*31.2%*			*14.5%*	
EBITDA	**274,030**	**-36%**	**235,315**	**-4%**	**-29,662**	**-404%**	**12,761**	**-18%**	**265,081**	**2%**	**5,718**	**1323%**	**170,986**	**40%**	**-79,709**	**854,520**	**-10%**
EBITDA Margin	***13.2%***		***31.7%***		***-1109.1%***		***33.6%***		***92.5%***		***21.2%***		***44.6%***			***25.5%***	
Controlling Company	**-64,400**	**-225%**	**608**	**102%**	**-30,517**	**-815%**	**2,311**	**-52%**	**225,217**	**6%**	**7,032**	**575%**	**40,997**	**-14%**	**-60,569**	**120,680**	**14%**
Margin	***-3.1%***		***0.1%***		***-1141.1%***		***6.1%***		***78.6%***		***26.1%***		***10.7%***			***3.6%***	

(1) Elimination using the equity method of the Holding Company, intercompany revenue, exclusion of Compas
(2) Elimination using the equity method of the Holding Company, intercompany revenue, exclusion of Compas, Celsia retailers, recovery of shareholding in EPSA, other retailers
(3) Includes the equity method generated in the consolidated results and excludes the real estate business
(4) The results of ODINSA only refer to the months October, November and December.

Thank you

GRUPO ARGOS