



# Financial Results

4Q2016

## GRUPO ARGOS

### December 31, 2106 Report

BVC: GRUPOARGOS, PFGRUPOARG

#### EXECUTIVE SUMMARY

- In 2016, with growth in all of its strategic pillars, Grupo Argos achieved consolidated revenues exceeding COP 14.6 trillion, an increase of 14.6% over 2015.
- The consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) rose to COP 3.6 trillion, with an increase of 37.4% over 2015. The EBITDA margin increased by 400 basis points, amounting to 24.9% thanks to the consolidation of Odinsa for the full year and the recovery of the energy business.
- The consolidated net income generated by Grupo Argos was COP 1.1 trillion, an increase of 74.6% over the year 2015, and the net profit (controlling interest) was COP 589 billion, an 80.4% increase.
- Grupo Argos' consolidated assets amounted to COP 45 trillion and increased by 6.3% over 2015. Liabilities increased 10.5%, amounting to COP 21 trillion. Equity totaled COP 24 trillion, 2.9% higher than 2015.
- In the individual Financial Statements, Grupo Argos' assets amounted to COP 17 trillion, while liabilities totaled COP 2 trillion. Equity was 6.6% higher than that recorded in 2015, amounting to COP 15 trillion.
- Grupo Argos' individual debt closed 2016 at COP 1.4 trillion, 12.6% less than in 2015, achieving a COP 200 billion reduction of its financial leverage. It accomplished this by optimizing its capital structure and consolidating its infrastructure pillar following the purchase of Odinsa and Opain.
- Its adoption of the fair value accounting policy was announced for 2016, a decision made in consideration of the real estate business' significance to Grupo Argos' strategy and of that sector's generally accepted practices. This change implies an adjustment in the consolidated financial statements of COP 63 billion for 2016.

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## Summary of Grupo Argos' Performance in 2016

2016 was a year in which Grupo Argos actively worked to define its role as a strategic architect. This roll is based on four areas of action: financial, strategic, operational, and institutional; they allow the holding company to take on a more active role in the management of its portfolio, aiming to generate synergies between its investments.

On the institutional front, the Company took action resulting in the creation of a shared services center (SUMMA) for the Group's member companies, which will begin to take form in 2017. SUMMA seeks to generate synergies at the recruitment and operational services levels, providing operations with cross-sector support.

Furthermore, it consolidated a financial team within the holding company to handle cross-sector issues in its affiliates. The aim of this team is to coordinate strategies for mergers and acquisitions as well as cash management, through optimized financing structures with a clear vision for making each business profitable.

In accordance with this definition, Grupo Argos is taking a more active role in supporting the strategy of its affiliates and announces the acquisition of 30% of Opain. With this acquisition, Grupo Argos strengthens Odinsa's plan to establish itself as a major force in the region's airport concessions industry.

2016 was also the year in which Grupo Argos successfully consolidated its third pillar of infrastructure. Through concrete actions, including the acquisition of 43.8% of Odinsa (amounting to 98.55% interest in that company), as well as the purchase of 30% of Opain, the Company positions itself as one of the most important infrastructure holding companies in the country and region.

With these transactions, Grupo Argos consolidates a portfolio with more than COP\$ 45 trillion in assets under management and a strategic focus on Cement, Concessions, and Energy. This portfolio offers complementarity between sectors as well as geographic and currency diversification.

With regard to sustainability, it is wonderful to be recognized by the *Dow Jones Sustainability Index* (DJSI), which includes Grupo Argos and Cementos Argos for the fourth year in a row. We also note that Cementos Argos was recognized as the most sustainable cement company in the world, a great honor and challenge for the future.

Additionally, we were included in the sustainability yearbook of *RobecoSAM*, which recognizes the best sustainability practices at the global level. Moreover, Cementos Argos was recognized in the Gold category and Grupo Argos in the Silver category, and the Group's affiliate Celsia was included in the yearbook.

These recognitions reflect the consistent execution of our sustainability policy as well as our emphasis on responsible and transparent business management from different dimensions (economic, social, and environmental), in order to generate long term value for all of our stakeholders. This line of action will continue to be the basis of our operations.

## Economy and Markets

### Colombia

In the cement industry, after a year of difficulties on the demand side (dispatches down 5.5% in 2016), it seems that 2017 will have two distinct periods. For the first half of the year, difficulties may be observed owing to a decrease in construction permits, primarily for residential construction. Meanwhile, the second half of the year could be a turning point in demand, due primarily to demand from the infrastructure sector, which should more than compensate for the fall in cement demand for housing.

In the electrical sector, now that the “El Niño Phenomenon” is over the market has balanced out thanks to the increase of reservoir levels, with exchange prices close to contract prices. This, along with the predictions that the “La Niña Phenomenon” will extend throughout the winter of 2016/2017, indicates that in 2017 there could be a high level of hydric generation with few operational and financial risks for thermal plants, but with exchange prices that will depend on the monthly behavior of hydric contributions.

Additionally, in 2017 the new alternative for scarcity pricing should go into effect, which along with the start-up of the regasification plant would diminish the financial and operational risk of these thermal plants.

The infrastructure sector in Columbia should show advances in the different 4G (Fourth Generation) concessions projects. It is hoped that these will begin to show a greater dynamism in construction works beginning in 2017. To date, of the 29 projects awarded, 11 are already in the construction phase, including Pacifico 2, which demonstrates that one of the most relevant challenges for the program is financing. For this reason, various entities (public institutions, developers, banks, and investors) will be aiming to speed up decommissioning processes and to find innovative ways of securing resources through the capital market.

For the real estate sector, the most important factor for the next few years will be the implementation of the new pension fund regulation. This regulation, which applies to the moderate portfolio (representing 85% of assets under the management of pension fund administrations [administradora de fondos y pensiones, AFP]), would raise the investment limit for alternative assets to 20%, including real estate. This added availability of resources (an additional COP\$ 20 trillion could now be invested) should encourage the structuring of new real estate projects by means of collective investment funds or private equity funds.

### United States

The cement sector should continue to recover; this is most clearly evidenced in the states where Cementos Argos has a presence. Growth in cement consumption is expected to be between 4-5%, accounted for primarily by higher housing demand (which should grow 6%) and infrastructure demand (which should grow more than 3%).

In housing, the beginnings of new housing projects as well as construction permits showed equally positive behavior during the last year, and this is expected to continue for the next few years. Additionally, the change in preference for single family homes over multifamily homes would give another small boost to cement consumption due to the higher amount of consumption per housing unit.

From another angle, infrastructure development following Trump's election would be an important source of growth in demand for cement. This is due to the fact that his policies of infrastructure as a key pillar for job creation (\$1 trillion USD for the next ten years) could drive up cement consumption by ten million tons each year.

### Panama and Honduras

In Panama the GDP will continue to grow around 6%, close to its potential of 6.5%. Despite less dynamism in the construction sector, financial services and revenues from the canal will be the growth leaders for 2017.

In Honduras, the terms of trade, which improved in 2016, should stabilize in 2017, with the price of oil fluctuating around USD 55 per barrel. This would prevent the Honduran lempira from having to depreciate and allow inflation to remain around 4.5%. In this scenario, the monetary policy rate would not vary, even though there would be a bias toward an increase in government programs, particularly housing programs.

In Panama, climate conditions and rainfall have raised reservoirs above their historical levels, favoring operating margins by requiring fewer spot purchases to support contract sales.

This situation should remain constant given that these water conditions are expected to continue in 2017. Similarly, marginal energy costs should remain relatively low, at levels similar to those from 2016, as a substantial increase in international fuel prices is not forecasted.

### Adjustment of accounting policy

During 2016, the Company chose to modify its subsequent method of measuring investment properties to the fair value model, since this model more efficiently demonstrates the Company's financial position. Additionally, this methodology is more in line with its business strategy, associated with the real estate segment, and with the practices generally accepted by other members of this sector, where investment properties are maintained for rental or sale. Added to this, the market these assets belong to provides observable data from which reliable real value estimates can be made.

Investment properties primarily consist of land, and thus this policy shift does not create significant changes for depreciation reversal. Its impact is limited to the positive or negative variations that may occur in the value of goods in the Statement of Financial Position at Opening and in the reported periods.

Given that the effect of these variations is directly recorded in the results of each period, the restated results from 2015 will be presented below. Included in these are the effects of the fair value measurements on the income from ordinary activities.

With this policy change, the Company will include in the financial results of each period the derivative gains or losses from a change in the fair value of investment properties.

Below is the impact on results due to the policy change to the fair value approach for investment properties:

COP millions	2016	2015.	2014
Increase due to fair value update	100,735	84,639	76,854
Depreciation return	(25,533)	(41,848)	230
Change in profit/loss from investment properties	(2,393)	-	-
Deferred tax	(9,850)	(4,632)	(13,620)
<b>Total effect of policy change</b>	<b>62,959</b>	<b>38,159</b>	<b>63,464</b>



### Grupo Argos Individual Financial Results 2016

In Grupo Argos' individual financial statements, income from 2016 amounted to COP 1.1 trillion, 4.1% less than that reported in 2015. Income from financial activities fell to 31.8% due to lesser divestments of shares realized in 2016. We note that in 2015 the company divested COP 714 billion, including COP 602 billion from ordinary shares of Cementos Argos.

On the other hand, income from the real estate business grew 14.1% Y/Y and included, in addition to the sale of lots and leases, a fair value adjustment of the investment properties of COP 68 billion. The net result (equity method) increased 106.4% Y/Y, due to Odinsa's being incorporated for the whole of 2016 compared to only three months in 2015, and to Celsia's greater dynamism throughout the year. As of December 2016, Cementos Argos represented 47% of income (equity method), followed by Odinsa (35%) and Celsia (5%).

	2016	2015 Restated	2015.	Var. Y/Y Restated
<b>Income from ordinary activities</b>	<b>1,097,424</b>	<b>1,144,357</b>	<b>1,096,781</b>	<b>(4.1%)</b>
Income from financial activities	544,502	798,067	798,067	(31.8%)
Real estate income	200,082	175,347	130,600	14.1%
Net income (equity method)	352,840	170,943	168,114	106.4%

Expenses from ordinary activities decreased 2.8% Y/Y to COP 459 billion, and included expenses from share divestment as well as from the real estate business. Operational expenses increased 9.6% Y/Y to COP 129 billion, primarily due to the incorporation of Situm<sup>1</sup>'s operational expenses into Grupo Argos' individual financial statements.

	2016	2015 Restated	2015	Var. Y/Y Restated
<b>Cost of ordinary activities</b>	<b>458,681</b>	<b>471,838</b>	<b>470,163</b>	<b>(2.8%)</b>
Cost of sales - Financial activities	435,554	413,290	413,290	5.4%
Cost of sales - Real estate business	23,127	58,548	56,873	(60.5%)
<b>Operational expenses</b>	<b>129,227</b>	<b>117,920</b>	<b>118,223</b>	<b>9.6%</b>
Administration	123,772	111,439	111,439	11.1%
Depreciation and amortization	3,412	2,593	2,896	31.6%
Sales	2,043	3,888	3,888	(47.5%)

<sup>1</sup> The urban development business, which was previously carried out primarily through the affiliate SITUM S.A.S., was integrated into Grupo Argos as a business division, providing greater operational efficiency by no longer duplicating structures and by maintaining needed specialization and focus.



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Other income/expenses decreased 80.4% Y/Y to -COP 4.56 billion, given the restatement of expenses from 2015 in accordance with the adoption of the fair value policy for investment properties.

	2016	2015 Restated	2015	Var. Y/Y Restated
<b>Other income and expenses</b>	<b>(4,560)</b>	<b>(23,318)</b>	<b>3,089</b>	<b>(80.4%)</b>
Other income	23,839	31,438	31,399	(24.2%)
Other expenses	18,431	45,088	24,820	(59.1%)
Wealth Tax	9,968	9,668	9,668	3.1%

In this way the individual EBITDA amounted to COP 518 billion (-4.6% Y/Y), for an EBITDA margin of 47.2%, in line with that recorded a year earlier. The adjusted EBITDA<sup>2</sup> amounted to COP 558 billion, 16.9% less than that from 2015 due to less share divestment in 2016.

Non-operational expenses amounted to COP 132 billion (+22.8% Y/Y) after an increase in financial expenses on account of the increase in the company's borrowing costs, from 8.69% at the close of 2015 to 9.69% at the close of 2016.

	2016	2015 Restated	2015.	Var. Y/Y Restated
<b>Non-operational income and expenses</b>	<b>(131,696)</b>	<b>(107,219)</b>	<b>(107,219)</b>	<b>22.8%</b>
Financial, net	(137,876)	(107,274)	104,274	(28.5%)
Exchange rate difference, net	6,180	55	55	11136%

Net profits at the close of 2016 were at COP 352 billion with a decrease of 11.0% Y/Y, for a net margin of 32.1%.

	2016	2015 Restated	2015.	Var. Y/Y Restated
Income from ordinary activities	1,097,424	1,144,357	1,096,781	(4.1%)
EBITDA	518,335	543,542	517,870	(4.6%)
Adjusted EBITDA	558,413	671,903	671,903	(16.9%)
EBITDA Margin	47.2%	47.5%	47.2%	(30pbs)
Net Earnings	351,820	395,462	371,801	(11.0%)

<sup>2</sup> Adjusted EBITDA = EBITDA (-) equity method (+) Dividends received (+) Divestment profits

As of December 2016, Grupo Argos' individual debt amounted to COP 1.4 trillion (COP 1.7 trillion at the close of 2015), for an adjusted Debt/EBITDA indicator of 2.6x. The adjusted net Debt/EBITDA indicator increased from 2.0x to 2.3x.

## Grupo Argos Individual Financial Results 4Q2016

The results from 4Q2016 presented significant variations compared to what was recorded a year before, owing primarily to the income from divestments carried out during the quarter with the aim of completing the purchase of Odinsa and Opain. Among the actions taken to finance these acquisitions, Grupo Argos carried out portfolio sales amounting to COP 369,974 and real estate business sales for COP 123,584. Additionally, the higher contribution from its affiliates via the equity method, due to the better financial results, contributed to the increase in the company's individual income.

Thus, income increased 309% compared to the same period from the previous year, while the EBITDA and the net profit totaled COP 214,717 and COP 188,963, respectively.

	4Q2016	4Q2015 Restated	4Q2015	Var. Y/Y Restated
Income from ordinary activities	622,176	152,209	104,633	309%
EBITDA	214,717	10,227	(15,443)	2000%
Adjusted EBITDA	34.5%	6.7%	-14.8%	
EBITDA Margin	188,963	(54,617)	(78,279)	(446%)
Net Earnings	622,176	152,209	104,633	309%

## Grupo Argos Consolidated Financial Results 2016

At the close of 2016, consolidated operational income totaled COP 14.6 trillion, 14.6% more than the previous year. This is primarily accounted for by portfolio divestments throughout the year amounting to COP 459 billion, which were a significant source of financing for the Odinsa and Opain transactions. Additionally, there was a significant increase of 68.9% in equity method income; the results from Grupo Sura (preferential) were the highest contributor to this heading with COP 391 billion. The following is a breakdown of income:

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	2016	2015 Restated	2015	Var. Y/Y Restated
<b>Income from ordinary activities</b>	<b>14,552,884</b>	<b>12,700,304</b>	<b>12,579,678</b>	<b>14.6%</b>
Income from goods sold	13,135,043	11,909,814	11,916,029	10.3%
Income from financial activities	678,501	171,448	170,225	295.7%
Real estate income	369,381	402,367	298,815	(8.2)%
Net interest in affiliates and joint ventures	539,998	319,722	297,656	68.9%
-Sales returns and discounts	170,039	103,047	103,047	65.0%

Costs as of December 2016 amounted to COP 10.4 trillion, a 7.3% increase compared to the previous year. The largest increase is under the Cost of Financial Activities heading, in line with the portfolio divestments carried out. The following is a breakdown of costs:

	2016	2015 Restated	2015	Var. Y/Y Restated
<b>Cost of ordinary activities</b>	<b>10,431,473</b>	<b>9,724,072</b>	<b>9,631,045</b>	<b>7.3%</b>
Cost of goods sold	8,983,405	8,711,580	8,633,212	3.1%
Depreciation and amortization	854,885	754,303	755,043	13.3%
Cost of financial activities	462,263	99,465	99,465	364.7%
Cost of sales - Real estate business	130,920	158,724	143,325	(17.5)%

In addition, consolidated fixed costs for Grupo Argos during 2016 were COP 1.6 trillion, 26.4% more than the previous year. This increase is accounted for primarily by Odinsa's being consolidated throughout all of 2016, as that company had only been consolidated for three months (October - December) at the close of 2015. The increase of 65.5% in the D&A heading is essentially accounted for by the increased amortization expense arising from the PPA of Odinsa.

	2016	2015 Restated	2015	Var. Y/Y Restated
<b>Fixed costs</b>	<b>1,574,938</b>	<b>1,246,469</b>	<b>1,224,534</b>	<b>26.4%</b>
Administration	1,116,030	861,199	841,660	29.6%
Depreciation and amortization – Administrative and sales	228,64	148,83	147,95	53,6%
Sales	230,273	236,441	234,924	(2.6)%

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Other net income and expenses during 2016 increased 5.6%, from COP 105 billion in 2015 to COP 110 billion in 2016. The variation in other income is largely accounted for by the incorporation of profits from the purchasing of control in ADN and BTA, after the PPA adjustment of the previous investment of COP 233 billion. The variation in the “Other expenses” heading includes COP 139 billion from the fair value adjustment of investments in ADN and BTA, and COP 103 billion arising from the reclassification of GENA and GENPAC as assets held for sale.

	2016	2015 Restated	2015	Var. Y/Y Restated
<b>Other income and expenses</b>	<b>(110,435)</b>	<b>(104,530)</b>	<b>(93,088)</b>	<b>(5.6)%</b>
Other income	528,167	198,371	194,604	166.3%
Other expenses	537,733	196,633	181,422	173.5%
Wealth tax	100,869	106,268	106,270	(5.1%)

The consolidated EBITDA at the close of 2016 rose to COP 3.6 trillion, 37.4% higher than the previous year. This increase is accounted for primarily by the recovery in Celsia’s performance (which after the “El Niño Phenomenon” increased its EBITDA by 50.9 over the previous year), as well as by Odinsa’s being consolidated throughout the whole of 2016, as opposed to 2015 when it was only consolidated from October to December. We note that the EBITDA margin increased from 20.7% to 24.9% in line with the focus on cost-effectiveness.

Finally, net profit increased 74.6% compared to the previous year, closing at COP 1.1 trillion, with a net margin of 7.8% and a controlling interest of COP 589 billion. All of this is thanks to the strong performance of Grupo Argos’ affiliates and to the management of fixed costs savings.

	2016	2015 Restated	2015	Var. Y/Y Restated
Income from ordinary activities	14,552,884	12,700,304	12,579,678	14.6%
EBITDA	3,620,427	2,634,633	2,640,274	37.4%
EBITDA Margin	24.9%	20.7%	21.0%	420pb
Net Earnings	1,132,002	648,319	643,155	74.6%

### Net contribution by segment to Grupo Argos' consolidated income

Below is the net contribution from the different businesses to Grupo Argos' consolidated financial results. We note that these contributions do not necessarily coincide with the figures reported by each individual company, owing to the adjustments for standardization required by accounting practices. These differences are more marked in Odinsa, given the PPA and fair value adjustments following its acquisition by Grupo Argos.

We note that during the 4Q of 2016 various accounting adjustments were made in Odinsa and Grupo Argos, which had a significant impact on the consolidated income statements.

The following graphic shows the accounting adjustments that account for the differences between Odinsa's profits and their contribution in Grupo Argos.

	2016			2015	
	Odinsa Real	Odinsa for Grupo Argos	Odinsa Real - recurrent	Odinsa Real	Odinsa for Grupo Argos
Revenues	1,486	1,079	1.038	902	891
Costs and expenses	457	724	614	614	661
<b>Operating Income</b>	<b>1,029</b>	<b>354</b>	<b>424</b>	<b>288</b>	<b>230</b>
<b>EBITDA</b>	<b>1,066</b>	<b>485</b>	<b>461</b>	<b>308</b>	<b>310</b>
EBITDA Margin	72%	45%	44%	34%	35%
<b>Net income for the controlling</b>	<b>670</b>	<b>231</b>	<b>134</b>	<b>133</b>	<b>97</b>
Net Margin	45%	21%	13%	15%	11%

The adjustments carried out include:

- The recording of the combined business from ADN and BTA in accordance with IFRS (International Financial Reporting Standard) guidelines.
- The classification of GENA and GENPAC as assets held for sale.
- The recording of the exchange of assets at fair value to increase interest in Pacifico II to 78.85%, and the elimination of the consolidation method of Pacifico II from September - December 2016.

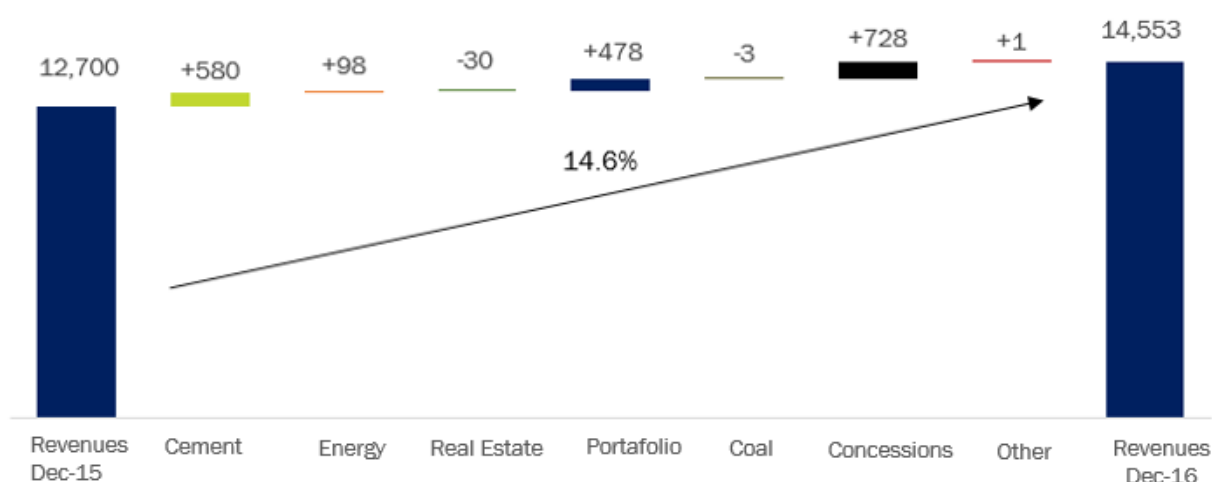
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In terms of income and the contribution per segment of each business, we note that the concessions business presents the greatest variation in 2016, resulting from the consolidation of Odinsa into Grupo Argos' portfolio starting in October 2015. The cement business also shows an important contribution thanks to positive dynamics from regional divisions in the United States and Central America. This portfolio heading also includes asset divestments as well as dividend and equity method income.

## Net contribution by segment - Income



Figures in COP billions

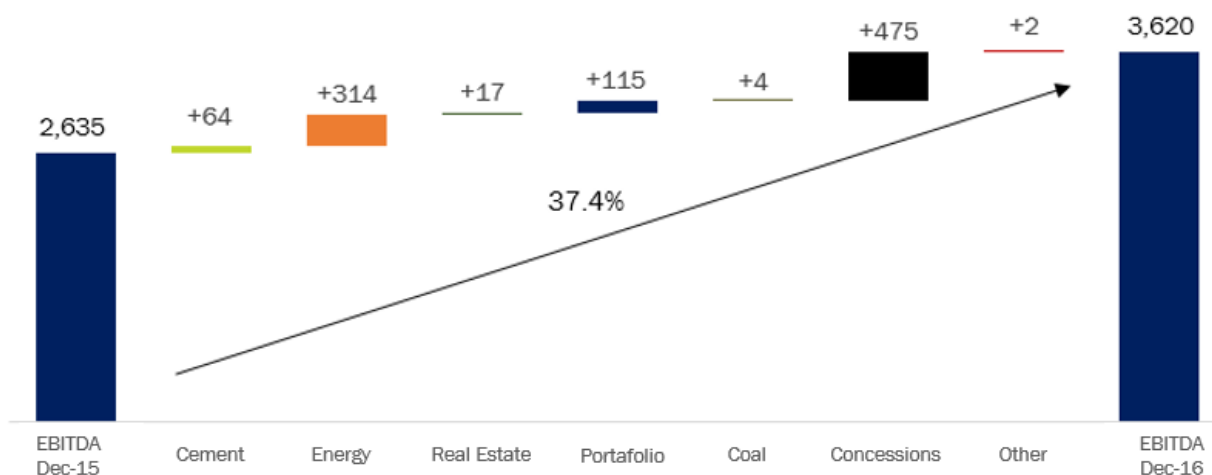
In terms of EBITDA, we note the contributions from both the road concessions business and the energy business, the latter thanks to the normalization of operations after the “El Niño Phenomenon.” We point out that accounting adjustments in Odinsa’s business have the same effect on the EBITDA as they do on income.

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## Net contribution by segment – EBITDA



Figures in COP billions

## Grupo Argos Consolidated Financial Results 4Q2016

The quarterly financial results were influenced primarily by the fair value adjustments made to various Odinsa assets, including GENA and GENPAC, ADN and BTA, and Pacífico 2, as well as by the effects of Odinsa's PPA following its acquisition. In addition, the improved performance of Celsia affected the consolidated results positively. It should be noted that the effect of Odinsa's consolidation was neutralized during the quarter, since that investment began to consolidate in October 2016.

	4Q2016	4Q2015 Restated	4Q2015	Var. Y/Y Restated
Income from ordinary activities	3,738,876	3,997,932	3,877,306	(6%)
EBITDA	883,478	516,407	522,048	71%
EBITDA Margin	23,6%	12,9%	13,5%	1100 pbs
Net Earnings	200,405	(49,447)	(75,277)	NA



## Summary of Performance by each business

### Cement business

In 2016, Cementos Argos made efficiency the key to its competitiveness through the Best program. The Best program's objective is to be the best optimizers of asset usage, and thus achieve greater profitability in operations; the ladder through more agile and innovative processes, which contribute by achieving their growth and competitiveness goals.

Additionally, in August the company announced, in line with its process of expansion, the acquisition of the Martinsburg Plant, located in the state of West Virginia, strengthening Cementos Argos' presence in one of its strategic regions.

Cementos Argos' consolidated income at the close of 2016, including only one month of the West Virginia assets' operation, amounted to COP 8.5 trillion, 7.5% higher than in 2015. The EBITDA increased 8.7% to COP 1.7 trillion, particularly leveraged by strong sales performance in the United States, the Caribbean, and Central America.

Dispatched cement volumes were around 14.3 million tons, 2.4% less than in 2015, and those of concrete around 11.3 million m<sup>3</sup>, 2.3% less than the previous year. This behavior is a consequence of the greater amount of competition in Columbia, which to a certain extent was compensated for by the positive results from regional divisions in the United States, the Caribbean, and Central America.

		4Q2016	4Q2015	Var. Q/Q	2016	2015	Var Y/Y
Cement	M Tm	3,441	3,642	-5.5%	13,981	14,327	-2.4%
RMC	M m <sup>3</sup>	2,671	2,857	-6.5%	11,273	11,542	-2.3%
Income	COP B	2,004	2,152	-6.9%	8,517	7,912	7.7%
EBITDA	COP B	396	415	-4.6%	1,652	1,519	8.7%
EBITDA Margin	%	19.7%	19.3		19.4%	19.2%	
Net Earnings	COP B	27	160	83.3%	420	491	-14.5%
Net Margin	%	1.3%	7.4%		4.9%	6.2%	

Cement dispatches for the United States Regional Division increased by 18.5% to 4 million metric tons, including the month in which the cement asset in West Virginia was acquired. These results were driven by positive market behavior in the states where the company operates, primarily in Georgia, Florida, and the Carolinas, where the residential sector ensured growth in the double digits.

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Concrete dispatches amounted to 2.9% and reached 7.6 million m<sup>3</sup>, which allowed the company to establish itself as one of the leaders in the United States concrete market.

This regional division closed the year with an income of USD 1.388 billion, 11.6% higher than in 2015, and a historic EBITDA of USD 181 million, with an EBITDA margin that, for the first time since the crisis, reached double digits at 13.0%.

		4Q2016	4Q2015	Var. Q/Q	2016	2015	Var Y/Y
Income	COP B	337	304	10.9%	1,388	1,244	11.6%
EBITDA	COP B	44	24	81.3%	181	110	63.8%
EBITDA Margin	%	12.9%	7.9%		13.0%	8.9%	

In the Colombia regional division the construction sector displayed a deceleration characteristic of a cyclical market that is highly correlated with the national economy's development, following a decade of continual growth in this country. Additionally, operation in Colombia was affected by various one-time occurrences, such as the “El Niño Phenomenon”, currency devaluation, and the transportation strike, which all brought on a rise in inflation and interest rates. The ladder caused a decrease in the consumption (and therefore dispatches) of bagged cement.

Furthermore, infrastructure displayed a transitional period that led to a decrease in demand for materials. This is because the most intensive phase of cement and concrete consumption for ongoing Fourth Generation mega-highway projects has still not begun. At the same time, a delay in private investment and urban development programs has clearly arisen. These occurrences had an impact on the market and, to a larger extent, on our results, taking into account Grupo Argos' leadership in the Colombian market and in the industrial sector in particular.

Thus, volumes of cement and concrete dispatches decreased 19.0% and 13.0% respectively compared to 2015, closing at 5.1 million tons and 3.2 million m<sup>3</sup>. Consequently, income was COP 2.6 trillion, 12.8% less than in 2015, while the EBITDA closed at COP 668 billion, with a margin of 25.7%.

As part of the initial results of the Best program in Colombia, it is important to note the productive transformation of cement plants in Sabanagrande and San Gil, and of concrete plants in Mamonal, Cartagena, with fixed costs savings estimated at COP 30 billion per year. In line with this transformation process, assessment of the operations network continues in order to optimize assets and concentrate production in the most efficient plants.

# Financial Results

4Q2016



		4Q2016	4Q2015	Var. Q/Q	2016	2015	Var Y/Y
Income	COP B	602	803	-25.0%	2,595	2,977	-12.8%
EBITDA	COP B	124	255	51.3%	668	878	-24.0%
EBITDA Margin	%	20.6%	31.7%		25.7%	29.5%	

The Caribbean and Central American Regional Division provided stability and opportunities for growth through certain highly profitable operations, in which the value proposition was adapted according to the needs of each market.

Volumes of cement and concrete reached 5 million tons and 4.3 million m<sup>3</sup> respectively, driven by positive behavior in Honduras and in international marketing and logistics. Income amounted to USD 551 million and the EBITDA closed at USD 207 million with a margin of 37.6%, this being the best out of all the Regional Divisions in which Cementos Argos operates.

		4Q2016	4Q2015	Var. Q/Q	2016	2015	Var Y/Y
Income	COP B	128	121	5.7%	551	540	2.1%
EBITDA	COP B	61	28	119.1%	207	167	24.0%
EBITDA Margin	%	47.7%	22.9%		37.6%	31.0%	

## The energy business

The energy business recorded very positive results in the second half of 2016, which compensated for the negative effects that the “El Niño Phenomenon” had at the beginning of the year. The company managed to overcome this crisis and closed 2016 with profitability indicators closer to its standard business conditions, with an EBITDA margin of 27.2% for the year and of 32.3% for the last quarter.

The generation business had significant operational improvements that allowed for an increase in reliability, reaching an EBITDA of COP 420 billion in 2016, with an annual increase of 130%.

The company's operations in Central America have recorded a transformation that is reflected in record financial and operational indicators. In 2016 an EBITDA of COP 260 billion was achieved, with an increase of 34%.

The strengthening of operation in the region has been accomplished thanks to the commitment and ability of all involved, and to asset improvement and recovery processes that have represented investments of USD 14.3 million (approximately COP 44 billion). These results are related to the coinciding of dynamic economic growth and electricity demand in Central American cities.

Among the challenges of the generation business is that of renewable energies. Progress has been made in solar farm research, and today there are nine identified projects in various regions of Colombia and Panama, in which 250 MW are expected to be developed. One of them, Celsia Solar Yumbo, which has 35,000 solar panels and the ability to produce 9.9 MW of power, is expected to begin operating in the first quarter of 2017.

The transmission and distribution business saw a significant advance, not only in its processes of management, technological upgrading, and growth, but an advance also from a regional to a national scale. Up until last year, it covered Valle de Cauca, with presence in 39 municipalities and serving more than 586,000 clients. However, thanks to the projects the company was awarded in the Plan 5 Caribe, it now has presence in five Atlantic coast departments. This initiative saw the completion of works in the Riohacha and Maicao substations. It is currently making progress in the execution of works in Valledupar and Montería.

The distribution business contributed profits of COP 439 billion with an EBITDA of COP 309 billion, displaying an increase of 8%. The beginning of certain Plan 5 Caribe projects is expected for 2017, which will have a positive impact on income of around COP 5 billion.

Consolidated income reached COP 3.7 trillion, increasing 3% over the same period of the previous year. Especially notable is the income from Central America, which represents 18% of the consolidated income. The accumulated EBITDA rose to COP 1 trillion, quite superior to the EBITDA of COP 684 billion in 2015, achieving an EBITDA margin of 27.2%.

# Financial Results

4Q2016



	Units	4Q 2016	4Q 2015	Var. Y/Y	2016	2015	Var Y/Y
Ordinary revenue	COP M	793,411	1,339,184	(40.8%)	3,794,910	3,691,698	2.8%
Gross income	COP M	217,606	111,977	94.3%	884,629	584,522	51.3%
Pre-tax profit	COP M	172,166	36,617	370.2%	642,440	363,914	76.5%
EBITDA	COP M	255,886	117,316	118.1%	1,031,375	683,544	50.9%
EBITDA Margin	%	32.25%	8.76%	235 pb	27.18%	18.52%	870pb
Net income	COP M	75,629	(32,342)	(333.8%)	171,034	(51,613)	(431.4%)
Net income (controlling)	COP M	32,651	(75,816)	(143.1%)	32,997	(166,415)	(119.8%)

## The concessions business

*(See annex for more information)*

In 2016 Grupo Argos successfully consolidated its third pillar of infrastructure by means of concrete actions, including its announcing to the market of the tender offer for the acquisition of 45.25% of Odinsa and the purchase of 30% of Opain. Through these transactions, it established itself as one of the most important holding companies of the country and region.

With respect to Odinsa, Grupo Argos closed 2016 with a shareholding interest of 98.6%. The value of this acquisition amounted to COP 816 billion, of which 83%, that is to say COP 677 billion, was paid with preferred shares of Grupo Argos. As a consequence of this, the number of preferred shares in circulation increased by 38,774,523, from 173,052,657 to 211,827,180, for a total of 857,227,180 shares (preferred and ordinary).

The acquisition of Opain allowed Grupo Argos to consolidate a control over 65% of Opain's total shares in circulation, as Odinsa already held 35% of them.

2016 was a very dynamic year for Odinsa, directed toward consolidating a portfolio dedicated to the road and airport concessions business, while also achieving a healthy balance between projects in structuring, construction, and operation phases, strengthening its strategic and financial position in the long term.

Noteworthy in the roads segment is, among other things, the increase to 78.85% interest in Concesión La Pintada S.A.S., the concessionary company of the Concesión Conexión Pacífico 2 (Bolombolo - La Pintada - Primavera) project. On the international level, Odinsa increased its interest in Autopistas del Nordeste S.A. - ADN and Boulevard Turístico del Atlántico S.A. - BTA, located in the Dominican Republic, from 42.5% to 67.5%.

We must emphasize the significance of the backing for our projects obtained from local and international banks during the year. This involved the successful arrangement of credit agreements to finance the Autopista Conexión Pacífico 2 project amounting to COP 1.2 trillion, all of it obtained by Grupo Argos.

Odinsa's consolidated income in 2016 amounted to COP 1.5 trillion, displaying an increase of 64.7% compared to the previous year. We note that income from the road concessions business was COP 548 billion (including equity method), increasing 36.6% Y/Y due to the consolidation of the ADN and BTA concessions beginning in May 2016, after increasing interest to 67.5%. It is also worth mentioning that these operations were reported under the "Equity method investee" heading.

Income corresponding to the construction business was COP 196 billion (including equity method), for an increase of 86.4% over the previous year. In the construction business, the highest contributing consortium was Autopistas del Café S.A. with COP 77 billion.

Income from airport concessions amounted to COP 107 billion (including equity method), for an increase of 200% over the previous year, accounted for primarily by the inclusion of Quiport during the year after its acquisition in December 2015. The contribution from that concession was COP 84 billion.

The EBITDA at the close of 2016 was COP 1.1 trillion, increasing 245.8% over the previous year. This increase is explained, primarily, by the fair value adjustments of ADN and BTA after acquiring control of them. The contribution from these assets was around COP 665 billion. Without this adjustment, the recurrent EBITDA would have been COP 317 billion in 2016, for an increase of 2.9% Y/Y.

The business that most contributed to the EBITDA is road concessions, with 47%, followed by construction and then airport concessions, with 28% and 25% respectively. Additionally, the concessions that most contributed to the EBITDA were those of Autopistas del Café with COP 62 billion.

# Financial Results

4Q2016



The consolidated net profit from controlling interest in 2016 was COP 670 billion, 403.2% higher than the previous year. Excluding the effect of ADN and BTA, the net recurrent profit would have been COP 134 billion in 2016, 0.8% higher than the previous year.

As for financial debt, this saw an increase of 51% due to the consolidation of ADN and BTA and the greater debt acquired through this transaction. Outstanding debt at the close of 2016 is COP 2.4 trillion.

COP Miles de Millones	2016 Recurrent	2016	2015	Var Y/Y (%) Recurrent
Revenues	1.038	1.486	902	15,1%
Costos and expenses	614	457	614	0,0%
<b>Operating Income</b>	<b>424</b>	<b>1.029</b>	<b>288</b>	<b>47,2%</b>
<b>EBITDA</b>	<b>461</b>	<b>1.066</b>	<b>308</b>	<b>49,7%</b>
EBITDA Margin	44%	72%	34%	
<b>Net Income for the controlling</b>	<b>134</b>	<b>670</b>	<b>133</b>	<b>0,8%</b>
Net margin	13%	45%	15%	-13,3%

## The real estate business

*(See annex for more information)*

During 2016 the urban development business displayed a more active dynamic in the sale of lots, both developed and undeveloped. This business' strategy focused on the optimization of resources from a more active perspective in understanding demand, with a result aimed at maximizing value.

Negotiations for the year closed at 1,814,865 m<sup>2</sup> for a total of COP 118 billion. Deeds were registered for 1,924,853 m<sup>2</sup> for COP 217 billion and a cash flow of COP 101 billion was generated. We note that the urban development business records income once deeds exist, while cash flow is given on the basis of conditions specific to each business.

With regard to the business of fixed asset income, we note that in 2016 Pactia set up a private equity fund, which allows for an income of up to COP 600 billion into the Pension Protection Fund. A first contribution of COP 160 billion was made in 2016, and nearly 3,500 investors were connected with this closed investment alternative. The opening of the Pension Protection Fund offers flexibility to the financing of Grupo Argos' expansion plan, while also offering cash flow stability for paying dividends.

At the close of 2016, Grupo Argos' and Conconcreto's interest in Pactia was 44.06% and 55.94% respectively, after the contribution of Centro Empresarial Santillana by Grupo Argos.



# Financial Results

4Q2016



With this asset the portfolio's GLA and value increase to 12,294 m<sup>2</sup> and COP 66 billion respectively,

## The port business

*(See annex for more information)*

During 2016, with the objective of increased rendering of integrated logistic services to the foreign market, Compas reached an agreement with APM Terminals, a global company recognized in the port industry, to create CCTO - Cartagena Container Terminal Operator S.A.S. - and operate Cartagena's cargo terminal.

For Compas, 2016 was a year of consolidating alliances and the construction of what will be its platform for future growth, with the expansion of Cartagena's port and the construction of the Agua Dulce port in Buenaventura, solidifying its presence in the two Colombian oceans.

In terms of cargo, 2016 presented challenges for Grupo Argos. The trucking strike's considerable effect on grain cargo in Compas' ports had a large impact, as edible grains represent 49% of the company's total cargo. This strike, which occurred during the month of July, had a delayed effect on the third quarter. Additionally, a fall in cargo imports and exports was observed, resulting from lower economic activity in the country.

Of the total cargo handled during the year, a decrease of 8.9% was observed, amounting to 4.3 million tons. This decrease is primarily accounted for by the operation of raw materials in the port of Cartagena, which from the beginning of 2016 passed to CCTO, making the information impossible to compare. If the total cargo handled in the Free Zone of Cartagena were consolidated, the volumes of cargo for Compas for the year would have only decreased by 3%.

In terms of financial results, the company's consolidated income amounted to COP 129 billion, while the EBITDA reached COP 44 billion for an EBITDA margin of 34.1%. The company's results through the year displayed important variations. These are accounted for primarily by the creation of CCTO, who as of 2016 is the operator of the port of Cartagena and in whom Compas now has 49% interest. This makes the results, especially for this operation, which before represented 25% of total income, impossible to compare. Eliminating the effect of CCTO, Compas' income would have grown 8% for the year 2016.

	2016	2015	Var Y/Y
Income	128,687	159,995	(19.6)%
EBITDA	43,819	60,249	(27.3)%
EBITDA Margin	34.1%	37.7%	(9.6)%

# Financial Results

4Q2016



## Investment portfolio

	Interest	Value (COP millions)	Value (USD millions)***	Price per share (COP)*
<b>CEMENT</b>				
Cementos Argos	55.3%	7,558,659	2,519	11,860
<b>ENERGY</b>				
Celsia	52.9%	1,576,525	525	4,025
EPSA**	11.9%	370,210	123	9,000
<b>CONCESSIONS</b>				
Odinsa	98.6%	1,800,677	600	9,320
<b>OTHER</b>				
Grupo Suramericana	27.7%	4,955,367	1,651	38,200
Grupo Nutresa	9.8%	1,126,570	375	24,900
<b>TOTAL</b>		<b>17,388,008</b>	<b>5,795</b>	

\* Price at the close of December 31, 2016

\*\* Price per share of EPSA is the purchase value

\*\*\* Based on the RMR on December 31, 2016: COP 3,000.71 / 1 USD

\*\*\*\* Grupo Argos' interest in Cementos Argos equates to 46.83% of the shares in circulation and 55.3% of ordinary shares.

# Financial Results

4Q2016



## Individual statement of financial situation

### NON-CONSOLIDATED BALANCE SHEET

	Dec. 2016	Dec. 2015	Var. (%)	Dec. 2015 (Restated)	Var. (%)
Cash and cash equivalents	179.358	311.454	(42,4)	311.454	(42,4)
Derivative Financial Instruments	-	15.940	-	15.940	(100,0)
Trade account receivables, net	266.766	231.844	15,1	231.844	15,1
Inventories	81.488	9.448	762,5	9.448	762,5
Prepayments	6.660	1.050	534,3	1.050	534,3
Non-current asset held for sale	-	94.740	-	-	-
<b>Total current assets</b>	<b>534.272</b>	<b>664.476</b>	<b>(19,6)</b>	<b>569.736</b>	<b>(6,2)</b>
Non-current investment	14.515.263	13.604.214	6,7	13.628.417	6,5
Other non-current account receivables	4.166	3.382	23,2	3.382	23,2
Inventories	42.583	24.146	-	24.146	76,4
Intangibles, net	5.917	8.489	(30,3)	8.489	(30,3)
Property, plant and equipment, net	25.551	82.850	(69,2)	82.850	(69,2)
Investment properties	1.867.447	1.781.868	4,8	2.010.817	(7,1)
<b>Total non-current assets</b>	<b>16.460.927</b>	<b>15.504.949</b>	<b>6,2</b>	<b>15.758.101</b>	<b>4,5</b>
<b>Total assets</b>	<b>16.995.199</b>	<b>16.169.425</b>	<b>5,1</b>	<b>16.327.837</b>	<b>4,1</b>
Current financial liabilities	5.920	123.415	-	123.415	(95,2)
Bonds and other financial liabilities	139.132	5.296	2.527,1	5.296	2.527,1
Current trade and other current payables	92.004	178.431	(48,4)	178.431	(48,4)
Provisions	1.921	1.265	51,9	1.265	51,9
Current tax payables	5.562	10.547	(47,3)	10.547	(47,3)
Labor liabilities	11.776	8.510	38,4	8.510	38,4
Other current liabilities	46.770	20.883	124,0	20.883	124,0
<b>Total current liabilities</b>	<b>303.085</b>	<b>348.347</b>	<b>(13,0)</b>	<b>348.347</b>	<b>(13,0)</b>
Non-current financial liabilities	550.033	550.028	0,0	550.028	0,0
Bonds and other financial liabilities	766.243	1.006.588	(23,9)	1.006.588	(23,9)
Deferred taxes	132.865	119.431	11,2	132.852	0,0
<b>Total non-current liabilities</b>	<b>1.462.216</b>	<b>1.682.866</b>	<b>(13,1)</b>	<b>1.696.287</b>	<b>(13,8)</b>
<b>Total Liabilities</b>	<b>1.765.301</b>	<b>2.031.213</b>	<b>(13,1)</b>	<b>2.044.634</b>	<b>(13,7)</b>
<b>Total Equity</b>	<b>15.229.898</b>	<b>14.138.212</b>	<b>7,7</b>	<b>14.283.203</b>	<b>6,6</b>
<b>Total equity and liabilities</b>	<b>16.995.199</b>	<b>16.169.425</b>	<b>5,1</b>	<b>16.327.837</b>	<b>4,1</b>
Issued capital	53.933	51.510	4,7	51.510	4,7
Share premium	1.354.760	680.218	99,2	680.218	99,2
Other Comprehensive Income	1.559.137	1.694.121	(8,0)	1.714.197	(9,0)
Reserves	2.743.764	2.606.859	5,3	2.606.859	5,3
Retained earnings (loss)	8.737.650	8.603.670	1,6	8.703.627	0,4
Net income (loss)	351.820	371.801	(5,4)	395.462	(11,0)
<b>Total Equity</b>	<b>15.229.898</b>	<b>14.138.212</b>	<b>7,7</b>	<b>14.283.203</b>	<b>6,6</b>

# Financial Results

4Q2016



## NON-CONSOLIDATED INCOME STATEMENT

	4Q16	4Q15	Var. (%)	Dec. 2016	Dec. 2015	Var. (%)
<b>Operating Revenues</b>	<b>622.176</b>	<b>152.209</b>	308,8	<b>1.097.423</b>	<b>1.144.357</b>	(4,1)
Financial income or expenses, net	369.974	536	68.925,0	544.501	798.067	(31,8)
Real estate income	123.584	98.620	25,3	200.082	175.347	14,1
Equity method, net	128.618	53.053	142,4	352.840	170.943	106,4
<b>Variable cost</b>	<b>378.153</b>	<b>94.234</b>	301,3	<b>458.681</b>	<b>471.838</b>	(2,8)
Cost of sales - Financial activities	357.713	57.365	523,6	435.554	413.290	5,4
Cost of sales - Real estate business	20.440	36.869	(44,6)	23.127	58.548	(60,5)
<b>Gross Profit</b>	<b>244.023</b>	<b>57.975</b>	320,9	<b>638.742</b>	<b>672.519</b>	(5,0)
<i>Gross margin</i>	39%	38%	3,0	58%	59%	(1,0)
<b>Overhead</b>	<b>38.991</b>	<b>43.755</b>	(10,9)	<b>129.227</b>	<b>117.920</b>	9,6
Aministrative expenses	37.606	40.674	(7,5)	123.772	111.439	11,1
Depreciation and amortization - administrative	806	436	84,9	3.412	2.593	31,6
Selling expenses	579	2.645	(78,1)	2.043	3.888	(47,5)
<b>Other income and other expenses</b>	<b>8.879</b>	<b>(4.429)</b>	300,5	<b>(4.560)</b>	<b>(23.318)</b>	80,4
Other income	19.179	19.491	(1,6)	23.838	31.438	(24,2)
Other expenses	(10.300)	(23.920)	56,9	(18.430)	(45.088)	59,1
Wealth tax	-	-	-	(9.968)	(9.668)	(3,1)
<b>Operating profit</b>	<b>213.911</b>	<b>9.791</b>	2.084,8	<b>504.955</b>	<b>531.281</b>	(5,0)
<i>Operating margin</i>	34%	6%	434,5	46%	46%	(0,9)
<b>EBITDA</b>	<b>214.717</b>	<b>10.227</b>	1.999,5	<b>518.335</b>	<b>543.542</b>	(4,6)
<i>EBITDA margin</i>	35%	7%	413,6	47%	47%	(0,6)
<b>Non-operating revenues and expenses</b>	<b>(33.135)</b>	<b>(29.254)</b>	(13,3)	<b>(131.696)</b>	<b>(107.219)</b>	(22,8)
Financial revenues and expenses, net	(33.178)	(29.446)	(12,7)	(137.876)	(107.274)	(28,5)
Exchange difference, net	43	192	(77,6)	6.180	55	11.136,4
<b>Pre-tax profit (loss)</b>	<b>180.776</b>	<b>-19.463</b>	1.028,8	<b>373.259</b>	<b>424.062</b>	(12,0)
Income tax	(8.187)	35.155	(123,3)	21.439	28.600	(25,0)
<b>Net income</b>	<b>188.963</b>	<b>(54.618)</b>	446,0	<b>351.820</b>	<b>395.462</b>	(11,0)

# Financial Results

4Q2016



## Consolidated statement of financial situation

### CONSOLIDATED BALANCE SHEET

	Dec. 2016	Dec. 2015	Var. (%)	Dec. 2015 (restated)	Var. (%)
Cash and cash equivalents	1.921.472	1.671.818	14,9	1.685.187	14,0
Derivative financial instruments	1.420	38.054	(96,3)	38.054	(96,3)
Investments	2.303	212.681	(98,9)	199.338	(98,8)
Trade account receivables, net	2.355.898	2.071.974	13,7	2.073.712	13,6
Inventories	1.069.615	902.218	18,6	902.218	18,6
Prepayments	198.478	267.912	(25,9)	266.056	(25,4)
Non-current assets held for sale	350.872	104.882	234,5	10.142	3.359,6
<b>Total current assets</b>	<b>6.251.592</b>	<b>5.667.971</b>	<b>10,3</b>	<b>5.573.139</b>	<b>12,2</b>
Non-current investment	9.925.907	10.149.084	(2,2)	11.057.388	(10,2)
Other non-current account receivables	2.560.227	217.495	1.077,1	281.064	810,9
Inventories	42.583	24.146	76,4	24.146	76,4
Intangibles, net	4.638.553	5.298.574	(12,5)	4.842.947	(4,2)
Property, plant and equipment, net	18.258.476	17.935.551	1,8	17.087.909	6,9
Investment properties	2.273.994	1.669.342	36,2	2.403.554	(5,4)
Deferred taxes	758.382	769.633	(1,5)	767.054	(1,1)
Biological assets	20.870	20.243	3,1	20.243	3,1
Derivative financial instruments	650	324	100,6	324	100,6
Other non-current assets	-	10.019	(100,0)	10.019	(100,0)
Restricted cash	18.340	12.631	45,2	12.614	45,4
<b>Total non-current assets</b>	<b>38.497.982</b>	<b>36.107.042</b>	<b>6,6</b>	<b>36.507.262</b>	<b>5,5</b>
<b>Total assets</b>	<b>44.749.574</b>	<b>41.775.013</b>	<b>7,1</b>	<b>42.080.401</b>	<b>6,3</b>
Current financial liabilities	3.407.874	3.305.497	3,1	3.264.839	4,4
Bonds and other financial liabilities	760.339	573.120	32,7	410.660	85,2
Current trade and other current payables	1.567.365	1.881.144	(16,7)	1.879.441	(16,6)
Current provisions	328.471	307.137	6,9	306.213	7,3
Current tax payables	169.270	445.593	(62,0)	264.623	(36,0)
Labor liabilities	-	151.948	(100,0)	-	-
Estimated liabilities for employee benefits	202.657	32.714	519,5	184.662	-
Other current liabilities	480.889	291.256	65,1	471.619	2,0
Liabilities associated with assets held for sale	191.699	856	22.294,7	856	22.294,7
<b>Total current liabilities</b>	<b>7.211.119</b>	<b>6.989.265</b>	<b>3,2</b>	<b>6.782.913</b>	<b>6,3</b>
Non-current financial liabilities	6.363.559	4.948.257	28,6	4.988.915	27,6
Bonds and other financial liabilities	4.644.438	4.419.113	5,1	4.590.566	1,2
Deferred taxes	1.580.512	1.616.905	(2,3)	1.831.534	(13,7)
Provisions	298.565	202.401	47,5	211.721	41,0
Other non-current payables	319.950	65.391	389,3	56.780	463,5
Labor liabilities	440.950	2.932	14.939,2	369.072	19,5
Estimated liabilities for employee benefits	-	366.140	(100,0)	-	-
Derivative financial instruments	8.901	172.155	(94,8)	172.155	(94,8)
Other non-current liabilities	246.984	102.655	140,6	102.655	140,6
<b>Total non-current liabilities</b>	<b>13.903.859</b>	<b>11.895.949</b>	<b>16,9</b>	<b>12.323.398</b>	<b>12,8</b>
<b>Total Liabilities</b>	<b>21.114.978</b>	<b>18.885.214</b>	<b>11,8</b>	<b>19.106.311</b>	<b>10,5</b>
Issued capital	53.933	51.510	4,7	51.510	4,7
Share premium	1.354.759	680.218	99,2	680.218	99,2
Other Comprehensive Income	1.987.756	1.975.078	0,6	2.028.667	(2,0)
Reserves	2.743.764	2.606.859	5,3	2.606.859	5,3
Other components of shareholders' equity	(59.093)	241.008	(124,5)	421.098	(114,0)
Retained earnings (loss)	8.936.243	8.936.938	(0,0)	8.814.764	1,4
Net income (loss)	589.466	301.000	95,8	326.829	80,4
<b>Total Equity</b>	<b>15.606.828</b>	<b>14.792.611</b>	<b>5,5</b>	<b>14.929.945</b>	<b>4,5</b>

# Financial Results

4Q2016



## CONSOLIDATED INCOME STATEMENT

	4Q16	4Q15	Var. (%)	Accumulated Dec. 2016	Accumulated Dec. 2015	Var. (%)
<b>Operating Revenues</b>	<b>3.738.876</b>	<b>3.997.932</b>	<b>-6,5</b>	<b>14.552.884</b>	<b>12.700.304</b>	<b>14,6</b>
Cost of goods sold	3.001.173	3.693.705	-18,7	13.135.043	11.909.814	10,3
Financial income or expenses, net	453.602	8.710	5107,8	678.501	171.448	295,7
Real estate income	183.614	328.551	-44,1	369.381	402.367	-8,2
Equity method, net	132.145	(9.435)	1500,6	539.998	319.722	68,9
Sales returns and discounts	(31.658)	(23.599)	-34,1	(170.039)	(103.047)	65,0
<b>Variable cost</b>	<b>2.741.928</b>	<b>3.322.002</b>	<b>-17,5</b>	<b>10.431.473</b>	<b>9.724.072</b>	<b>7,3</b>
Cost of goods sold	2.045.753	2.925.128	-30,1	8.983.405	8.711.580	3,1
Depreciation and amortization	243.653	200.459	21,5	854.885	754.303	13,3
Cost of sales - Financial activities	373.087	57.390	0,0	462.263	99.465	364,7
Cost of sales - Real estate business	79.435	139.025	-42,9	130.920	158.724	-17,5
<b>Gross Profit</b>	<b>996.948</b>	<b>675.930</b>	<b>47,5</b>	<b>4.121.411</b>	<b>2.976.232</b>	<b>38,5</b>
<i>Gross margin</i>	<i>27%</i>	<i>17%</i>	<i>57,7</i>	<i>28%</i>	<i>23%</i>	<i>20,8</i>
<b>Overhead</b>	<b>511.526</b>	<b>423.472</b>	<b>20,8</b>	<b>1.574.938</b>	<b>1.246.469</b>	<b>26,4</b>
Aministrative expenses	382.408	293.375	30,3	1.116.030	861.199	29,6
Depreciation and amortization - administrative	62.156	32.001	94,2	189.020	114.212	65,5
Selling expenses	56.747	78.653	-27,9	230.273	236.441	-2,6
Depreciation and amortization - sales	10.215	19.443	-47,5	39.615	34.617	14,4
<b>Other income and other expenses</b>	<b>82.398</b>	<b>12.046</b>	<b>584,0</b>	<b>(110.435)</b>	<b>(104.530)</b>	<b>5,6</b>
Other income	453.631	80.799	461,4	528.167	198.371	166,3
Other expenses	(371.599)	(68.753)	-440,5	(537.733)	(196.633)	173,5
Wealth Tax	366	-		(100.869)	(106.268)	-5,1
<b>Operating profit</b>	<b>567.820</b>	<b>264.504</b>	<b>114,7</b>	<b>2.436.038</b>	<b>1.625.233</b>	<b>49,9</b>
<i>Operating margin</i>	<i>15%</i>	<i>7%</i>	<i>129,5</i>	<i>17%</i>	<i>13%</i>	<i>30,8</i>
<b>EBITDA</b>	<b>883.478</b>	<b>516.407</b>	<b>71,1</b>	<b>3.620.427</b>	<b>2.634.633</b>	<b>37,4</b>
<i>EBITDA margin</i>	<i>23,63%</i>	<i>12,92%</i>	<i>82,9</i>	<i>24,88%</i>	<i>20,74%</i>	<i>19,9</i>
<b>Non-operating revenues and expenses</b>	<b>(256.228)</b>	<b>(213.297)</b>	<b>-20,1</b>	<b>(971.602)</b>	<b>(715.404)</b>	<b>35,8</b>
Financial revenues and expenses, net	(277.702)	(202.390)	-37,2	(1.011.876)	(681.030)	48,6
Exchange difference, net	21.474	(10.907)	297	40.274	(34.374)	-217,2
Gain/loss on investment retirement	-	-	0,0	0,0	0,0	0,0
<b>Pre-tax profit (loss)</b>	<b>311.592</b>	<b>51.207</b>	<b>508,5</b>	<b>1.464.436</b>	<b>909.829</b>	<b>61,0</b>
Income tax	59.176	24.587	140,7	332.434	248.195	33,9
<b>Profit (loss) from continuing operations</b>	<b>252.416</b>	<b>26.620</b>	<b>848,2</b>	<b>1.132.002</b>	<b>661.634</b>	<b>71,1</b>
Net loss from discontinued operations	-	(13.315)		-	(13.315)	
<b>Net income</b>	<b>252.416</b>	<b>13.305</b>	<b>1797,2</b>	<b>1.132.002</b>	<b>648.319</b>	<b>74,6</b>
<i>Net margin</i>	<i>7%</i>	<i>0%</i>	<i>1928,6</i>	<i>8%</i>	<i>5%</i>	<i>52,4</i>
<b>Total comprehensive income attributable to:</b>						
Non-controlling interest	52.011	62.752	-17,1	542.536	321.489	68,8
<b>Controlling interest</b>	<b>200.405</b>	<b>(49.447)</b>	<b>505,3</b>	<b>589.466</b>	<b>326.830</b>	<b>80,4</b>
<i>Margin</i>	<i>5%</i>	<i>-10%</i>	<i>151,3</i>	<i>4%</i>	<i>3%</i>	<i>57,4</i>

Assets and liabilities restated to reflect the effect of adjustments resulting from the Purchase Price Allocation from the acquisition of Compañía Odinsa S.A., in accordance with provisions laid down in IFRS 3 - Business Combinations,

# Financial Results

4Q2016



*We will hold a conference to discuss fourth quarter 2016 results on Tuesday, February 28th at 8:00 a.m. Colombia time.*

## **Conference ID: 17,078,972**

*US/Canada telephone number:* (866) 837 - 3612

*Colombia telephone number:* 01800-913-0176

*International/local telephone number* (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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# Financial Results

4Q2016 – Cement Business



## Cementos Argos

BVC: CEMARGOS, PFC: CEMARGOS

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

*Cementos Argos S.A. (Argos) is a geographically diversified company with rapid growth in cement and concrete (RMC), and with leadership roles in the United States, Columbia, and the Caribbean and Central America (CCA). Argos has an annual capacity of approximately 23M tons of cement and of 18M m<sup>3</sup> of concrete.*

### Significant Events

- In December 2016 we consolidated our most recent acquisition in the United States, a cement plant with an existing capacity of 2.2 million tons in West Virginia and eight cement terminals, expanding our presence and establishing Argos as a local producer in that country. We estimate that this will allow us to generate logistical, administrative, and operational synergies of approximately USD 8 million per year.
- To date, operation in the United States is our most representative regional division, contributing 50% of our consolidated income for the year 2016.
- In 2016, we were selected as the most sustainable cement company by the Dow Jones Sustainability Index, and we received a “Gold Class” rating from RobecoSAM in their 2016 Sustainability Yearbook. Additionally, we were included in the emerging FTSE4Good index as one of three leading companies in terms of sustainability.
- We accelerated our “Best” efficiency plan, the initial goal of which is to reduce cost per ton by USD 6 by the end of 2017. During 2016, we achieved the following goals:
  - The productive transformation in the Sabanagrande and San Gil plants in Colombia.
  - The deferment of our expansion project in the Sogamoso plant. We chose to expand our capacity to 1 M tons during 2017 and 2018, implementing lightweight and innovated technologies to reduce the cement clinker factor. CAPEX per ton for this expansion is around USD 120.
  - The Shared Services Center began operations in November with estimated savings of USD 3.5 million for 2017.
  - The divestment of 20% of our interest in Argos Panama and of our real estate assets in that country.
  - The divestment of the majority of our interest in Bancolombia from 20 million ordinary shares to less than 3 million shares (as of 2017, we had a 0.5% interest).

### Fourth Quarter Significant Results

# Financial Results

4Q2016 – Cement Business



- Our exposure to markets in different economic cycles allowed us to achieve resilient results in a challenging Colombian market. In the fourth quarter 70% of the EBITDA was generated outside of Colombia.
- Dispatched volumes of cement and concrete decreased 5.5% and 6.5% respectively.
- Consolidated income was at COP 2.0 trillion<sup>3</sup>, a decrease of 6.9% Y/Y. Regional divisions in the USA, the Caribbean, and Central America partially compensated for market conditions in Colombia.
- The consolidated EBITDA amounted to COP 396 billion, implying a margin of 19.7%
- Net profit was COP 27 billion.

Note: These figures are currently being audited.

## Consolidated Results

		4Q2016	4Q2015	Var. Y/Y	2016	2015	VAR Y/Y
Cement	B Tm	3,441	3,642	(5.5%)	13,981	14,327	(2.4)%
RMC	B m <sup>3</sup>	2,671	2,857	(6.5%)	11,273	11,542	(2.3)%
Income	COP B	2,004	2,152	(6.9%)	8,517	7,912	7.7%
EBITDA	COP B	396	415	(4.6%)	1,652	1,519	8.7%
EBITDA Margin	%	19.7%	19.3%		19.4%	19.2%	
Net Earnings	COP B	27	160	(83.3%)	420	491	(14.5)%
Net Margin	%	1.39%	7.4%		4.9%	6.2%	

For more detailed results, click on the following link:

<https://www.argos.co/ir/en/financial-information/reports>

<sup>3</sup> For the purposes of this report: 1 trillion = 1,000,000,000,000

### Celsia

BVC: CELSIA

*Celsia is Grupo Argos' energy company, with presence in Colombia, Panama, and Costa Rica and with a capacity of 2,388 MW via 27 power plants (hydroelectric, thermal, solar photovoltaic, and wind) that generate 7,750 GWh annually.*

### Significant Events

- The organization's consolidated generation amounted to 1,592 GWh in the quarter, a 32% decrease compared to the same quarter in the previous year. Energy generation for the entire year was 7,135 GWh, an 8% decrease compared to the previous year. This is due to the lower amount of thermal support required before climate conditions in Columbia returned to normal in the second quarter of 2016.
- Consolidated income for the quarter amounted to COP 793 billion, a decrease of 41% compared to the previous year. This variation is accounted for primarily by the lesser requirement of thermal support before climate conditions normalized. On the other hand, income from retail energy sales increased by 4% thanks to higher prices, and income from distribution by 14% due to higher income from the National Transmission System and the Regional Transmission System.
- Income for the year-to-date amounted to COP 3.8 trillion, a growth of 3% compared to the same period of the previous year.
- The EBITDA in the fourth quarter was COP 256 billion, significantly superior to the COP 117 billion presented in the same period of 2015 (+118%). This is a significant result considering that it represents normalized operations.

# Financial Results

4Q2016 – Energy Business



## Significant Figures

	Units	4Q 2016	4Q 2015	2016	2015
Ordinary revenue	COP mn	793,411	1,339,184	3,794,910	3,691,698
Gross earnings	COP mn	217,606	111,977	884,629	584,522
Pre-tax profit	COP mn	172,166	36,617	642,440	363,914
EBITDA	COP mn	255,886	117,316	1,031,375	683,544
EBITDA Margin	%	32.3%	8.8%	27.2%	18.5%
Net earnings	COP mn	75,629	(32,342)	171,034	(51,613)
Income attrib. to controlling company	COP mn	32,651	(75,816)	32,997	(166,415)
<b>Generation</b>					
Total energy produced	GWh	1,592	2,326	7,135	7,751
Total energy sold	GWh	2,060	2,971	9,399	10,538
<b>Energy produced - Colombia</b>	GWh	<b>1,250</b>	<b>1,972</b>	<b>5,598</b>	<b>6,145</b>
Hydraulic - Colombia	GWh	930	610	3,019	2,769
Thermal - Colombia	GWh	320	1,362	2,579	3,376
<b>Energy sold - Colombia</b>	GWh	<b>1,562</b>	<b>2,448</b>	<b>7,327</b>	<b>8,370</b>
Contract sales	GWh	941	1,375	4,041	4,996
Stock transactions	GWh	621	1,074	3,286	3,373
<b>Energy produced - CA</b>	GWh	<b>342</b>	<b>355</b>	<b>1,537</b>	<b>1,606</b>
Hydraulic - CA	GWh	165	129	467	400
Thermal - CA	GWh	135	181	871	950
Wind - CA	GWh	41	46	198	256
<b>Energy sold - CA</b>	GWh	<b>498</b>	<b>522</b>	<b>2,073</b>	<b>2,169</b>
Contract sales	GWh	430	475	1,849	1,959
Spot sales	GWh	68	48	224	210
<b>Distribution</b>					
Loss of energy	%	8.30%	8.70%	8.30%	8.70%
Tax	%	100%	99%	100%	99%
SAIDI – EPSA/CETSA	Horas	3.6	3	13.7	12.2
SAIFI – EPSA/CETSA	Veces	4.2	3.8	15.7	15.7
<b>Retail</b>					
Regulated market sales	GWh	283	304	1,188	1,182
Non-regulated market sales	GWh	222	234	903	915
Users	Número	586,270	569,070	586,270	569,070

For more detailed results, click on the following link:

<http://portal.celsia.com/accionistas-inversionistas/Documentos/PDF/1-it-celsia-4q16-vf.pdf>

Odinsa

### Summary of Odinsa's Performance in 2016

2016 was a very dynamic year for Odinsa, focused on consolidating a portfolio dedicated to the road and airport concessions business, while also achieving a healthy balance between projects in phases of structuring, construction, and operation, thus strengthening its strategic and financial position in the long term.

We note that Grupo Argos reaffirmed its position in Odinsa, increasing its interest to 98.55% at the end of 2016, demonstrating its confidence in the company, in the future of their projects, and in the industry. With Grupo Argos' support, Odinsa took major steps to promote processes of consolidation and divestment.

Noteworthy in the roads segment is, among other things, the increase to 78.85% interest in Concesión La Pintada S.A.S., the concessionary company of the Concesión Conexión Pacífico 2 (Bolombolo - La Pintada - Primavera) project. On the international level, Odinsa increased its interest in the companies Autopistas del Nordeste S.A. - ADN and Boulevard Turístico del Atlántico S.A. - BTA, located in the Dominican Republic, from 42.5% to 67.5%.

The consolidation process also resulted in a series of divestments. It disposed of 22.21% of its interest in Concesión del Nus S.A.S., 22.21% of its interest in Hatovial S.A.S., 2.25% of its interest in Autopistas del Café S.A. (from 61.92% to 59.67%), and 12.18% of its shareholding in Sociedad Portuaria Regional de Santa Marta S.A..

Regarding the first generation concession Santa Marta-Paraguachón, a share purchase agreement was signed, making progress toward compliance with the prerequisites for completing the transaction.

These transactions helped finance the established strategic objective: increasing interest in key businesses. In this way Odinsa successfully established itself as a major player in the infrastructure sector of Colombia and the region as whole, which causes us look toward the future with optimism.

We emphasize the backing for our projects obtained from local and international banks as significant events for the year. Financing was completed for the Autopista Conexión Pacífico 2 project, amounting to COP 1.2 trillion, through project finance loans.

### Consolidated Results 2016

Odinsa's consolidated income in 2016 amounted to COP 1.5 trillion, displaying an increase of 64.7% compared to the previous year. We emphasize that income from the road concessions business was COP 548 billion (including equity method), increasing 36.6% Y/Y due to the consolidation of the ADN and BTA concessions beginning in May 2016, after increasing interest to 67.5%. It is also worth mentioning that these operations were reported under the "Equity method investee" heading.

Income corresponding to the construction business was COP 196 billion (including equity method), for an increase of 86.4% over the previous year. In the construction business, the highest contributing consortium was Autopistas del Café S.A. with COP 77 billion.

Income from airport concessions amounted to COP 107 billion (including equity method), for an increase of 200% over the previous year, accounted for primarily by the inclusion of Quiport during the year after its acquisition in December 2015. The contribution from that concession was COP 84 billion.

The EBITDA at the close of 2016 was COP 1.1 trillion, increasing 245.8% over the previous year. This increase is explained, primarily, by the fair value adjustments of ADN and BTA after acquiring control of them. The contribution from these assets was around COP 665 billion. Without this adjustment, the recurrent EBITDA would have been COP 317 billion in 2016, for an increase of 2.9% Y/Y.

The business that most contributed to the EBITDA is road concessions, with 47%, followed by construction and then airport concessions, with 28% and 25%, respectively. Additionally, the concessions that most contributed to the EBITDA were those of Autopistas del Café with COP 62 billion.

The consolidated net profit from controlling interest in 2016 was COP 670 billion, 403.2% higher than the previous year. Excluding the effect of ADN and BTA, the net recurrent profit would have been COP 134 billion in 2016, 0.8% higher than the previous year.

With respect to financial debt, this saw an increase of 51% due to the consolidation of ADN and BTA and the greater debt acquired through this transaction. Outstanding debt at the close of 2016 is COP 2.4 trillion.

# Financial Results

4Q2016 – Concession Business



## 2016 contributions by business (COP millions)

	Road concessions	Construction	Airport concessions	Other ops., Int (*)	Other direct ODINSA (**)	TOTAL
Operational income	547,483	171,941	6,019	708,911	120,049	1,360,748
Equity method income	251	24,231	100,682	-	-	124,847
<b>Total income</b>	<b>547,734</b>	<b>196,173</b>	<b>106,702</b>	<b>708,911</b>	<b>120,049</b>	<b>1,485,594</b>
Gross earnings	246,337	111,097	106,702	708,911	115,825	1,241,747
<b>EBITDA</b>	<b>177,196</b>	<b>103,374</b>	<b>92,124</b>	<b>695,826</b>	<b>45,352</b>	<b>1,065,830</b>
Operational earnings	171,239	102,417	92,124	695,826	42,154	1,028,628
<b>Gain or loss in Parent</b>	<b>158,833</b>	<b>74,893</b>	<b>43,272</b>	<b>865,613</b>	<b>7,237</b>	<b>670,202</b>
Gross Margin	45.0%	56.6%	100.0%	100.0%	96.5%	83.6%
EBITDA Margin	32.4%	52.7%	86.3%	98.2%	37.8%	71.7%
Net Margin	29.0%	38.2%	40.6%	122.1%	6.0%	0.0%

\*Direct business of Odinsa Holding Company (financing to foreign affiliates, financial expense, and taxes).

\*\*Direct business of Odinsa (Operation of Highways, Real Estate, corporate expense, financial expense, and national taxes).

\*\*\*The column for business eliminations is not shown in this presentation.

## Road Concessions in Operation

### Autopistas del Café - AKF

Autopistas del Café maintained normal operations throughout all of 2016. The average number of vehicles that passed through its motorway tolls each day was 34,366, a 3.4% increase over the previous year. Total toll collection amounted to COP 173 billion.

Operating revenue rose to COP 201 billion, from the COP 173 billion recorded in 2015. This increase is primarily due to higher levels of construction projects, which recorded COP 52 billion this year, compared to COP 30 billion in 2015. The concession's EBITDA amounted to COP 62 billion, a 34% increase over the previous year.

Distribution of dividends amounted to COP 37 billion. We highlight the fact that Autopistas del Café remains free of financial debt and is a stable earnings source for its shareholders.



# Financial Results

## 4Q2016 – Concession Business



COP millions	2016	2015	Var Y/Y
Total Traffic (thousands)	12,544	12,147	3.3%
Average Daily Traffic (ADT)	34,366	33,245	3.4%
Toll Collection	173,005	157,533	9.8%
EBITDA	62,491	46,788	33.6%
Net Earnings	41,798	36,848	13.4%

### Autopistas del Nordeste (ADN) and Boulevard Turístico del Atlántico (BTA)

On May 10, 2016 the successful acquisition of an additional 25% interest in both of these Dominican Republic concessions was announced, amounting to a majority interest of 67.5% and allowing Odinsa to consolidate their results.

#### Autopistas del Nordeste

2016 was a record year in traffic for the concession, due to an increase in paying vehicles resulting from the national economy's improvement, the increase in domestic tourism, and higher tolls.

Collection in Dominican pesos for 2016 grew 7.0% in relation to 2015, for a 4.7% increase in collection in USD. Traffic behavior in 2016 followed the pattern of the previous year, with peaks during the periods of the Holy Week holiday, school vacations (June-July), and the Christmas holiday. However, tourism in the Samaná area was affected by unusual amounts of rain.

Regarding the management of Guaranteed Minimum Income Collection, 2016 was a definite success, as the Dominican government made a larger budgetary allocation for the payment of shadow tolls.

Total income during 2016 decreased by USD 1.5 million (-4%). This is due to the fact that the financial model set up at the start of the concession envisaged a reduction in income for this period. Additionally, both the EBITDA and the net profit recorded recessions for the year, as the company had to allocate for and cover nearly the entire cost of the first major maintenance, scheduled for the concession's tenth year.

In accordance with the concession contract, the company will carry out periodic pavings of the motorway, one of which must be done in 2017. The allocation for future pavement stems

# Financial Results

## 4Q2016 – Concession Business



from the motorway's use during the operating phase. In consequence, this expense was increased by USD 9 million, in order to match the amount estimated by research.

USD millions	2016	2015	Var Y/Y
Total Traffic (thousands)	3,754	3,515	6.8%
Average Daily Traffic (ADT)	10,284	9,629	6.8%
Toll Collection	12,401	11,845	4.7%
EBITDA	24,725	26,412	(6.4%)
Net Earnings	(5,594)	824	(778.5%)

The rest of the operating, maintenance, and administrative costs remained at the same levels laid out by the concession's financial model. Debt to financial institutions was paid punctually, in accordance with the amounts established in the loan contracts. Additionally, two accrued interest payments on subordinated debt were made to shareholders, due to the higher Guaranteed Minimum Income (GMI) received from the government in 2016 and the higher collection from tolls.

### Boulevard Turístico del Atlántico

In spite of the climate conditions that affected the country, 2016 saw a slight increase of 1.5% in total vehicle traffic, amounting to 1.4 million. This is a result of continuing economic recovery, the increase in traffic from paying vehicles, and the increase in tolls as laid out in the contract.

Collection in USD increased 7.4% in relation to 2015, while the EBITDA presented a decrease of 18.6%, owing to higher levels of maintenance that affected operating expenses. On the other hand, net profit closed at USD 44 million, a 365.1% increase Y/Y following non-operational valuing adjustments and lower exchange rate costs.

As with ADN, the management of Guaranteed Minimum Income Collection in 2016 benefited from the higher amount budgeted for the payment of shadow tolls during the year.

USD millions	2016	2015	Var Y/Y
Total Traffic (thousands)	1,376	1,355	1.5%
Average Daily Traffic (ADT)	3,759	3,713	1.2%
Toll Collection	2,649	2,467	7.4%
EBITDA	23,766	29,187	(18.6%)
Net Earnings	44,218	9,508	365.1%

### Road Concessions in Construction

#### Concesión la Pintada

2016 was a year of great advances, with one of the most noteworthy being the management of Concesión La Pintada S.A.S., through its execution of rehabilitation, construction, and maintenance works on the roads pertaining to the Conexión Pacífico 2 project.

Odinsa announced an increase in its equity interest, from 25% previously to now consolidating 78.85% of total equity capital. The remaining 21.15% continues to belong to Construcciones El Cóndor.

The formalization of this financial closure was a definitive step for the project, giving it the financial capacity to develop corresponding works and contractual obligations. What's more, it allowed for the consolidation of all efforts carried out in terms of research, design, and social, environmental, and land management.

Total traffic for the year amounted to 2.3 million automobiles for an increase of 2.4% Y/Y. Toll collection was COP 22 billion, surpassing the COP 20 billion recorded in 2015 by 8.9%. We note that the EBITDA displayed a significant increase, accounted for by the advance in construction works reported in 2016.

COP millions	2016	2015	Var Y/Y
Total Traffic (thousands)	2,276	2,222	2.4%
Average Daily Traffic (ADT)	6,218	6,089	2.1%
Toll Collection	22,118	20,305	8.9%
EBITDA	6,666	307	2073.2%
Net Earnings	1,255	238	427.5%

#### Malla Vial del Meta

The Malla Vial del Meta IP project is executed by Concesión Vial de los Llanos, in one of the first privately financed Private-Public Partnerships (PPP) approved by the national government. The project will involve 354 kilometers of roadway, with 46 kilometers of doubled lanes and an estimated investment of COP 1.3 trillion.

2016 was the concession's first complete year of operation, since in 2015 it only recorded operation during the second half of the year. Average daily traffic amounted to 18,089 vehicles, representing a 8.7% decrease compared to the previous year. This decrease is due

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## 4Q2016 – Concession Business



to a change in traffic flow following a drop in international fuel prices. It should be pointed out that the state of Meta is the largest oil producer in the country.

Net accumulated collection from the five toll stations operated by the concession were COP 49 billion.

Operating revenue from the concession amounted to COP 43 billion, compared to COP 56 billion the previous year, due to the lower levels of construction activity experienced in 2016.

The company's EBITDA amounted to COP 2 billion, which is normal in the construction phase of this type of projects. Net profit for this period amounted to COP 1.097 billion, representing a decrease of 36.2%.

At the end of November 2016 shareholders made a second equity investment amounting to COP 62 billion, which was recorded as a liability for the company as subordinated debt to shareholders. At the close of 2016, that account had a balance of COP 173 billion and also included the concession's collections, which must be used for investments in the same project. The company continues to record no financial debt.

<b>COP millions</b>	<b>2016</b>	<b>2015</b>	<b>Var Y/Y</b>
Total Traffic (thousands)	3,871	4,240	(8.7%)
Average Daily Traffic (ADT)	18,089	19,812	(8.7%)
Toll Collection	48,540	48,858	(0.7%)
EBITDA	1,665	4,154	(59.9%)
Net Earnings	1,907	2,988	(36.2%)

For the income imbalance this project is experiencing, the concession convened an arbitration court in order to resolve the controversy caused by the difficulty in sustaining the project's viability under such adverse, unforeseeable circumstances in the drop in traffic. The concession presented this complaint to the Bogotá Chamber of Commerce on December 1, 2016. This resulted in the addition of Amendment 6 to the contract, which extended the suspension of the concession's obligation to financially close the project, and also suspended the initiation of the construction phase.

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### Airport Concessions

#### Opain

In Colombia, in accordance with the figures published by the Civil Aeronautics Authority, air passenger traffic showed a 5.6% increase in the period between January and October of 2016, with a total of 55.1 million passengers. The El Dorado Airport of Bogotá handled 46.6% of the total traffic, with 25.9 million passengers in that period. Total passenger traffic for the El Dorado terminals in 2016 is estimated at 31.4 million.

This airport in Colombia's capital is still the third busiest in Latin America in terms of passenger traffic, with an increase of 4.7%, behind Guarulhos (Sao Paulo) and Mexico City.

With regard to air cargo, 666,000 metric tons were mobilized in the airport's cargo terminal in 2016, which represents a 0.6% decrease compared to 2015.

Income from the airport's operation and commercial exploitation was COP 851 billion in 2016, which represents an increase of 12.8% compared to the COP 755 billion from the previous year. This income is composed of 69.3% air travel income and 30.7% commercial income. Of the former, COP 401 billion is from international air travel income.

The EBITDA in 2016 closed at COP 265 billion, with a 21.8% increase Y/Y. Finally, the company's consolidated profits amounted to COP 64 billion, with an increase of 4%; this was affected primarily by an 86% increase in financial expenses in 2016.

In 2016 OPAIN S.A. made investments into the execution of works amounting to COP 282 billion.

	2016	2016	Var Y/Y
<b>Passengers:</b>	<b>31,372,986</b>	<b>29,956,551</b>	<b>4.73%</b>
International	9,855,389	9,148,501	7.73%
Domestic	21,517,597	20,808,050	3.41%
<b>Paying Passengers</b>	<b>12,555,457</b>	<b>12,029,556</b>	<b>4.37%</b>
National	9,009,655	8,744,868	3.03%
International	3,545,802	3,284,688	7.95%
<b>Cargo: (tons)</b>	<b>666,434</b>	<b>670,222</b>	<b>-0.57%</b>
<b>Income</b>	<b>851,090</b>	<b>754,676</b>	<b>12.78%</b>
Regulated	591,734	508,549	16.36%
Non-regulated	259,356	246,127	5.37%
<b>EBITDA</b>	<b>265,121</b>	<b>217,693</b>	<b>21.79%</b>
<b>Net Earnings</b>	<b>63,983</b>	<b>61,574</b>	<b>3.91%</b>

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## Quiport

2016 was marked by economic troubles for the country, including the earthquake in April that affected the coastal area of Ecuador. These external factors negatively influenced Mariscal Sucre Airport and demonstrated a decrease in domestic and international passengers.

The number of domestic and international travelers amounted to 4,873,760 passengers, of which 44% were international (-9.4% Y/Y) and the remaining 56% domestic (-9.3% Y/Y).

During 2016, Quiport's operating revenue amounted to USD 170 million, which represented a 5.4% decrease compared to 2015. This variation is associated with a decrease in the flow of passengers, due primarily to the economic recession that affected Ecuador in 2016, which also resulted in a reduction of flight frequency and route closures by some airlines.

The company's EBITDA amounted to USD 107 million, which represents a decrease of 7.8% Y/Y and is directly related to the decrease in traffic. Meanwhile net profit was USD 45 million, 14.4% inferior to that recorded the previous year. During 2016, Quiport paid out USD 13 million in the form of dividends to its shareholders.

Financial debt was reduced by USD 63.5 million, for a remaining debt of USD 163 million at the close of 2016.

	2016	2016	Var Y/Y
<b>Passengers:</b>	<b>4,873,760</b>	<b>5,376,544</b>	<b>(9.35%)</b>
International	2,135,346	2,357,407	(9.42%)
Domestic:	2,738,414	3,019,137	(9.30%)
Transit	66,913	112,957	(40.76%)
<b>Operations</b>	<b>57,298</b>	<b>61,159</b>	<b>(6.31%)</b>
<b>Cargo: (tons)</b>			
<b>Income: (thousands USD)</b>	<b>169,907</b>	<b>179,659</b>	<b>(5.43%)</b>
Regulated	121,333	129,384	(6.22%)
Non-regulated	38,186	39,243	(2.69%)
Other income	10,389	11,032	(5.83%)
<b>Expenses: (thousands USD)</b>	<b>50,007</b>	<b>49,815</b>	<b>0.39%</b>
Direct	41,332	40,928	0.99%
Indirect	8,675	8,887	(2.38%)
<b>EBITDA</b>	<b>106,554</b>	<b>115,612</b>	<b>(7.83%)</b>
<b>Net Earnings</b>	<b>45,336</b>	<b>52,970</b>	<b>(14.41%)</b>

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## Consolidated Results 4Q2016

During the 4Q of 2016 various accounting adjustments were made, which had a significant impact on the consolidated income statements, recording extraordinary earnings of COP 536 billion.

The adjustments carried out include:

- The recording of combined business from ADN and BTA in accordance with IFRS guidelines.
- The classification of GENA and GENPAC as assets held for sale.
- The elimination of the Pacifico 2 method of consolidation for the period between September and December of 2016, and the application of the corresponding equity method.

Due to the ladder, recurrent income fell from COP 361 billion in 4Q2015 to COP 303 billion in 4Q2016. On the other hand, the recurrent EBITDA closed the quarter at COP 89 billion, 107% more than the COP 43 billion recorded in the same period of the previous year.

## Results 4Q2016

	ROAD CONCESSIONS	CONSTRUCTION	AIRPORT CONCESSIONS	ENERGY	Other ops., Int. (*)	Other direct Odinsa (**)	Total
Operational Income	229,930	57,451	1,497	(230,861)	673,321	100,372	715,554
Income from MPP	(455)	21,198	11,394	-	-	-	35,190
<b>Operational Income + MPP</b>	<b>229,476</b>	<b>78,649</b>	<b>12,892</b>	<b>(230,861)</b>	<b>673,321</b>	<b>100,372</b>	<b>750,743</b>
Expenses	162,073	36,934	-	(116,459)	-	325	(17,020)
<b>Gross Earnings</b>	<b>67,402</b>	<b>41,715</b>	<b>12,892</b>	<b>(114,403)</b>	<b>673,321</b>	<b>100,047</b>	<b>767,763</b>
Operational Expenses	17,186	4,059	14,363	(13,484)	455	16,910	39,738
<b>EBITDA</b>	<b>35,231</b>	<b>40,057</b>	<b>(1,490)</b>	<b>(103,311)</b>	<b>682,878</b>	<b>56,341</b>	<b>694,112</b>
Dep. and Amortizations	2,274	279	-	(18,073)	-	517	12,087
Operational Earnings	32,957	39,778	(1,490)	(85,238)	682,878	55,824	682,024
Financial Income and Expenses	86,656	-116	(17,243)	19,598	(6,041)	(2,994)	(30,530)
Pre-tax Earnings	119,613	39,662	(18,733)	(65,640)	676,837	52,830	651,494
Income Tax	14,002	4,607	-	(7,716)	-	6,860	7,753
<b>Net Profit</b>	<b>105,611</b>	<b>35,056</b>	<b>(18,733)</b>	<b>(47,925)</b>	<b>676,837</b>	<b>45,970</b>	<b>643,741</b>
<b>Profit or Loss in the Parent</b>	<b>112,544</b>	<b>28,306</b>	<b>(18,733)</b>	<b>-</b>	<b>835,792</b>	<b>45,970</b>	<b>531,699</b>
Gross Margin	29.4%	53.0%	100.0%	49.6%	100.0%	99.7%	102.3%
EBITDA Margin	15.4%	50.9%	-11.6%	44.8%	101.4%	56.1%	92.5%
Operational Margin	14.4%	50.6%	-11.6%	36.9%	101.4%	55.6%	90.8%
Net Margin	49.0%	36.0%	-145.3%	0.0%	124.1%	45.8%	70.8%

\*Direct business of Odinsa Holding Company (financing to foreign affiliates, financial expense, and taxes).

\*\*Direct business of Odinsa (Operation of Highways, Real Estate, corporate expense, financial expense, and national taxes).

\*\*\*The column for business eliminations is not shown in this presentation.



# Financial Results

4Q2016 – Concession Business



## Compas

During 2016, with the objective of increased rendering of integrated logistic services to the foreign market, Compas reached an agreement with APM Terminals, a global company recognized in the port industry, to create CCTO - Cartagena Container Terminal Operator S.A.S. - and operate the cargo terminal of Cartagena.

It worked in conjunction with APM Terminals to consolidate this operation, introducing a top-tier administrative team ready to carry out the port's expansion. The project, which seeks to triple the port's current capacity and to specialize in general cargo and containers, proceeds smoothly.

We note the arrival of the Maersk shipping line to the port of Cartagena during the fourth quarter. Maersk is the foremost shipping line by size and market share at the global level and belongs to APM Moller. The arrival of this shipping line represents the first fruits of a successful alliance with a world-class operator, which will be significant in operation and results in 2017.

Additionally, construction was underway in 2016 on the port of Agua Dulce in Buenaventura. This port, which is already at a very advanced stage, in December received the Ultra Dynamic ship, the first to dock at this pier. That ship's arrival marks the beginning of early operations for this port facility, the first built by Compas, which will specialize in handling edible grains, coal, vehicles, and general cargo. The port is expected to be fully operational for the second quarter of 2017.

For Compas, 2016 was a year of consolidating alliances and the construction of what will be its platform for future growth, with the expansion of the port of Cartagena and the construction of the port of Agua Dulce in Buenaventura, solidifying its presence in the two Colombian oceans.

In terms of cargo, 2016 presented challenges for Grupo Argos. The trucking strike's considerable effect on grain cargo in Compas' ports had a large impact, as edible grains represent 49% of the company's total cargo. This strike, which occurred during the month of July, had a delayed effect on the third quarter. Additionally, a fall in cargo imports and exports was observed, resulting from lower economic activity in the country.

A decrease of 8.9% was observed in total cargo handled during the year, amounting to 4.3 million tons. This is primarily accounted for by CCTO's handling of raw material operations,

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handled in Argos' Free Zone in Cartagena, which makes comparing the information impossible. If the total cargo handled in the FZ of Cartagena were consolidated, the volumes of cargo for Compas for the year would have only decreased by 3%.

In terms of financial results, the company's consolidated income amounted to COP 129 billion, while the EBITDA totaled COP 44 billion for an EBITDA margin of 34.1%. The company's results during the year displayed important variations. These are accounted for primarily by the creation of CCTO, who as of 2016 is the operator of the port of Cartagena and in whom Compas now has 49% interest. This makes the results, especially for this operation, which before represented 25% of total income, impossible to compare. Eliminating the effect of CCTO, Compas' income would have grown 8% for the year 2016.

	2016	2015	Var Y/Y
<b>Income</b>	128.687	159.995	(19,6%)
<b>EBITDA</b>	43.819	60.249	(27,3%)
<b>EBITDA Margin</b>	34,1%	37,7%	(9,6%)

## Compas - Fourth Quarter Results 2016

During the fourth quarter of 2016, Compas mobilized a total of 1,024,667 tons, including containers and piece goods, 23% less than that mobilized in the same quarter of the previous year. The port with the most growth was Buenaventura with 26%, explained by the partial recovery from the trucking strike's impact on cargo.

On the other hand, the ports of Barranquilla and Cartagena displayed a decrease of 47% and 29% respectively. In Cartagena this decrease is attributed to the effect of Argos' FZ cargos (which are now operated by CCTO and amount to 92,000 tons), as well as to the decrease in transit to Venezuela. In regard to Barranquilla, this decrease is accounted for by a statistical effect from the concentration of coal exports in 4Q2015. We note the arrival of the Maersk shipping line in Cartagena in the fourth quarter, which we expect will continue to contribute to this terminal's operation during 2017.

	4Q2016	4Q2015	Var. Q/Q	2016	2015	Var Y/Y
<b>Ships served</b>	135	138	(2%)	508	499	2%
<b>Containers, consolidated (1)</b>	14,842	15,474	(4%)	52,272	69,625	(25%)
<b>Total tonnage of piece goods</b>	794,223	1,103,740	(28%)	3,496,495	3,792,764	(8%)
<b>Total tonnage (2)</b>	1,024,677	1,327,011	(23%)	4,255,766	4,674,967	(9%)

(1) Includes full containers (import-export), full containers in transit and empty containers (import-export-transit)

(2) Includes containers and piece goods

# Financial Results

4Q2016 – Concession Business



The type of cargo with the most growth was general cargo at 18%, attributable to greater volumes of steel in Barranquilla and plaster in Cartagena. The cargo that decreased most was liquid fuels (-73%), which is accounted for by the imports made by Celsia's Free Zone in 4Q2015 to supply its thermal plant in response to the adverse hydrological conditions from El Niño for this period. Non-edible grains also displayed a decrease, accounted for by CCTO's beginning of operations, cargo that was not accountable by Compas for this period.

In terms of financial results, Compas' consolidated operating income at the close of the fourth quarter were COP 28 billion, recording a 35.9% decrease compared to 4Q2015. This decrease is primarily accounted for by the cargo handled in Argos' Free Zone now being handled by CCTO.

The company's EBITDA for this period was COP 9 billion, for a margin 31.0%, 750 basis points below the margin registered in the same quarter in 2017.

	4Q2016	4Q2015	Var. Q/Q	2016	2015	Var Y/Y
<b>Income</b>	28,442	44,365	(35.9%)	128,687	159,995	(19.6%)
<b>EBITDA</b>	8,822	17,077	(48.3%)	43,819	60,249	(27.3%)
<b>EBITDA Margin</b>	31.0%	38.5%	(750pb)	34.1%	37.7%	(360pb)

# Financial Results

4Q2016 – Real Estate Business

## Real Estate Business

### Summary of The Real Estate Business' Performance in 2016

During 2016 the business of urban development displayed a more active dynamic in the sale of lots, both developed and undeveloped. This business' strategy focused on the optimization of resources from a more active perspective in understanding demand, with a result aimed at maximizing value.

We note that the urban development business, which was previously carried out primarily through Argos' affiliate SITUM S.A.S., was integrated into Grupo Argos as a business division. This provides greater operational efficiency by no longer duplicating structures and by maintaining needed specialization and focus. Thus, the financial figures from the real estate business were included within Grupo Argos' individual accounting.

The urban development business has gained significance within the company and become a significant management activity. At present, Grupo Argos consolidated (combining operating and non-operating properties) possesses 44 thousand hectares and 3 thousand properties, with presence in 145 municipalities.

Negotiations for the year closed at 1,814,865 m<sup>2</sup> for a total of COP 118 billion. Deeds were registered for 1,924,853 m<sup>2</sup> for COP 217 billion, and a cash flow of income amounting to COP 101 billion was generated for the year 2016. Of the total developed area, 24% is residential use, 33% industrial, 25% institutional, and 18% mixed use. We note that the urban development business records income once there are deeds, while cash flow is given on the basis of conditions specific to each business.

Among the most significant transactions, it is worth mentioning the sale, for COP 108 billion, of the fiduciary rights from the Volador Occidental lot for 183 hectares in Barranquilla, where the Alameda del Rio project will be developed. Additionally, in accordance with that city's land-use plan, first steps were taken for the development of the Riomar project. This project will include 249 hectares to be developed for mixed uses: residential use primarily, as well as commercial use, services, hotels, and institutional use, with a network of parks that will occupy 25% of project's net developable area.

In Barú the Cala Blanca project received parcelling approval and environmental authorization. Through these measures, the Cala Blanca Arquitectura y Concreto project, which will be developed on a portion of 66 hectares of land in Barú, obtained the necessary permits to build its development and began the process for the construction permit for a

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4Q2016 – Real Estate Business

hotel and residential complex. The prior consultation process with communities was likewise completed, following the authority's requirements.

## Details of income from developed and undeveloped lots Urban Development Business (Grupo Argos)

	2016	2015	Var Y/Y
Income from lot sales	216,604	112,116	93.2%
Lot sales in m <sup>2</sup>	1,924,853	119,864	1,505.9%
Cash Flow	101,331	77,734	30.3%

\*Cash flow includes divestments

\*\* The value of income does not coincide with that reported in the Grupo Argos' individual Financial Statements, since this table shows the combined income from developed and undeveloped lot sales. The latter are reflected in Grupo Argos' individual accounting under the heading "other income".

With regard to the fixed asset income business, we note that in 2016 Pactia set up a private equity fund, which allows for an income of up to COP 600 billion into the Pension Protection Fund. A first contribution of COP 160 billion was made in 2016, and nearly 3,500 investors were connected with this closed investment alternative. The opening of the Pension Protection Fund offers flexibility to the financing of Grupo Argos' expansion plan, while also offering cash flow stability for paying dividends.

At the close of 2016, Grupo Argos' and Concreto's interest in Pactia was 44.06% and 55.94% respectively. This is following the contribution of Centro Empresarial Santillana on the part of Grupo Argos. With this asset the GLA and the portfolio value amount to 12,294 m<sup>2</sup> and COP 66 billion respectively.

Adjusted Leasable Area in m <sup>2</sup>	2016	2015	Var Y/Y
Commercial	200,691	187,579	7.0%
Industrial	200,105	160,613	24.6%
Offices	69,077	41,078	68.2%
Hotels (1)	14,672	13,890	5.6%
Self-storage	19,839	20,485	(3.2%)
<b>TOTAL</b>	<b>504,384</b>	<b>423,645</b>	<b>19.1%</b>

In 2016 the administration of these assets reported an income of COP 179 billion, with operational earnings of COP 121 billion and an EBITDA of COP 100 billion, for a net result of COP 93 billion. These figures are not comparable year-to-year, as records of operation for Pactia as an independent entity only began in the second half of 2015.

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## Details of Income and Expenses - Pactia

	2016	2015	Var A/A
Gross effective revenue	179,147	44,565	302.0%
Operating costs	58,445	14,405	305.7%
Net operating revenue	120,703	30,160	300.2%
Consolidated EBITDA	100,133	26,365	279.8%
EBITDA Margin	55.9%	59.16%	(5.5%)
Net Income	93,353	12,667	637%

## Real Estate Business - Fourth Quarter 2016 Results

For the fourth quarter, the urban development business had deeds for COP 163 billion corresponding to 1,869,515 m<sup>2</sup>. However, it recorded COP 125 billion for the quarter, since COP 37 billion was recorded as deferred income.

This deferred income corresponds to accounting under IFRS, which for the urban development business only recognizes income from the lots in which development is moving forward. We emphasize that this business has a positive net working capital, and that lot sales occur in advance of development.

### Details of income from developed and undeveloped lots Urban Development Business (Grupo Argos)

	4Q2016	4Q2015	Var. Q/Q	2016	2015.	Var Y/Y
Income from lot sales	162,530	45,402	257.97%	216,604	112,116	93.20%
Lot sales in m <sup>2</sup>	1,869,515	40,506	4,515.4%	1,924,853	119,864	1,505.9%
Cash Flow	15,834	36,939	(57.1%)	101,331	77,734	30.3%

In the real estate business, we note that in the fourth quarter Pactia concluded negotiations with Grupo Argos, receiving the Centro Empresarial Santillana as a contribution. In October, the investment vehicle opened the Centro Comercial Antanares (GLA de 31,500 m<sup>2</sup>). The company approved the purchase of a lot in Miamo, continuing with its internationalization strategy, and approved the Gran Plaza Andes project in Barranquilla.

# Financial Results

4Q2016 – Real Estate Business

With reference to results, in the last three months of the year Pactia's income from property leases was COP 46 billion, 37% superior to that recorded in the same quarter the previous year. Profit for the quarter corresponding to Grupo Argos' interest in Pactia was COP 38 billion, which includes the dividends paid out by Pactia to its shareholders amounting to COP 30 billion.

## Detailed Income and Expenses - Pactia

	4Q2016	4Q2015	Var. Q/Q	2016	2015	Var Y/Y
Effective Gross Income	45,906	33,497	37.0%	179,147	44,565	302.0%
Operating Costs	19,317	11,783	63.9%	58,445	14,405	305.7%
Net Operating Income	26,589	21,714	22.5%	120,703	30,160	300.2%
Consolidated EBITDA.	18,093	18,723	(3.4%)	100,133	26,365	279.8%