

November 14<sup>th</sup>, 2017

## The net profit of Grupo Argos grows 38% in the third quarter

- *Revenues during the third quarter were COP4 trillion, 20% higher than the ones registered during the same period of 2016, and net profit stood at COP452 billion.*
- *Grupo Argos has achieved a consolidated Ebitda margin of 29%, the highest in the last two years.*
- *These results were achieved thanks to the positive dynamics of all the businesses and the selling of the Compas shares.*
- *Grupo Argos was included for the fifth consecutive year in the Dow Jones Sustainability Index, a global recognition of our commitment to transparency and to sustainable growth.*

### **Medellin.**

Grupo Argos, the parent company for Argos, Celsia and Odinsa, has achieved a consolidated EBITDA margin of 29% in the third quarter of 2017, the highest in the last two years. In addition, revenues were COP4 billion, with an increase of 20% compared to the same period of 2016 and a net profit of COP452 billion, 38% higher than the same quarter of last year.

This is the result of a long-term strategy, in which Grupo Argos actively manages its investments in Cement, Energy and Concessions in order to generate value in a sustainable way, where substantial progress was made during the third quarter of 2017 in all of its businesses and in the portfolio management.

The Cement business showed a positive growth dynamic with dispatches, especially in the United States, which along with significant advances in operational efficiency in all geographies, allowed us to show the best figures of the year, with an adjusted Ebitda of COP428 billion, equivalent to 19.5%, if non-recurring expenses are excluded.

Regarding portfolio management, the sale transaction of the Compas shares is a perfect example of value creation, where in a period of less than 5 years, an internal rate of return for shareholders was generated over 16% per year, turning over an operation worth COP403 billion, equivalent to 25 times the Ebitda generated by Compas in 2016.

In the energy business, it is to be highlighted that on October 26, Celsia announced an issuance of common shares and a Public Offer of Acquisition of up to 14% of the Epsa shares. Both operations are supported by Grupo Argos, as they will strengthen the energy business and offer greater transparency to the market regarding the capital structure of the Holding. The participation of Grupo Argos in these operations, which will be accompanied by independent external advisors, will be carried out respecting the rights of all shareholders through the implementation of the Argos Business Group's best standards of corporate governance and transparency of.

In terms of the concessions business, it is important to highlight that we are confident with the stock market Odinsa strategy, a Grupo Argos road and airport concession company. As shown by the results, we issued bonds for COP400 billion, with an oversupply of 2.3 times what was offered, making it the first issuer of the real sector which in the last 10 years issued securities in the market with an AA- rating. Odinsa also achieved the first disbursement and final closure of its US \$ 250 million loan for the construction of the Pacifico 2 highway, under the fourth generation concessions program. It is noteworthy, the participation we had with this international banking loan and pension funds in Canada.

The active portfolio management strategy is in line with environmental and social sustainability criteria, as ratified by the fifth consecutive year of being included in the Dow Jones Sustainability Index and in the recently inaugurated Dow Jones Sustainability Mila Pacific Alliance, made up by 42 issuers from Chile, Colombia, Mexico and Peru with the highest ratings.

"We are pleased to present to the market with these good results in this third quarter, not only the Holding's but of all our businesses, which are the result of a long-term strategy, which has been executed with discipline and consistency. The contribution received, both in revenues and Ebitda that we are consolidating today, allowed us to achieve 11 billion pesos in revenues and 2.9 billion pesos in Ebitda," says Jorge Mario Velasquez, Grupo Argos CEO.

"It is very satisfying to have also obtained these economic results, and to have been included with the highest industry rating in the Dow Jones Sustainability Index Globally, and also in the recently created Mila Pacific Alliance. These awards encourage us to continue working to strengthen a common DNA of transparent business performance, which transcends financial results to generate more sustainable societies," says Jorge Mario Velasquez.

## **Grupo Argos Results for the Third Quarter of 2017**

The consolidated Ebitda between July and September amounted to COP1.2 billion, 28% higher than in the same period of 2016; the consolidated net profit reached COP452 billion; and the net profit for the controlling company, COP 340 billion, with a growth of 116% compared to the same period of 2016.

The separate results (which reflect the profit according to the percentage of participation of Grupo Argos in each business) show an increase in revenues of 253% thanks to the sale of the Compas shares, to the lots appraisal in the real estate business and to the positive results of all businesses, for an EBITDA of COP420 billion and an Ebitda margin of 56%. Separate net income reached COP333 billion, growing 600% year-on-year.

Grupo Argos now has a solid cash position for the closing of the quarter of COP267 billion, and a reduction in the leverage indicators of 2.2 times the Ebitda, well below the 3.8 times obtained in the same period last year. Both indicators give flexibility to the holding company to develop its strategy of capital allocation and active management on investments.

## **Business results in the third quarter of 2017**

Concessions on a consolidated level, Odinsa's revenues were COP200 billion, with an increase of 9% year-on-year. On an operational level, it registered stability in the growth of vehicle and passenger traffic, with increases of 3% compared to the same period of 2016, with 73 thousand vehicles per day on road concessions, while consolidated from January to September registered 27 million passengers at airports.

**Cement.** The results for Argos confirm the recovery shown as of June of this year. The EBITDA margin of 19% reached in the third quarter is the same achieved during 2016. This has been achieved thanks to a 17% growth in cement volumes compared to the same period last year, the recovery in the Colombia and the greatest competitive efficiencies through the Best program.

**Energy.** Celsia obtained revenues of COP785 billion with an Ebitda of COP294 billion (an increase of 20% compared to the same period of 2016) and reached an EBITDA margin of 37%. During this period, the entry into operation of the Celsia Solar Yumbo project stands out, which represents the first of the projects announced by the company to develop a portfolio of non-conventional renewable energy generation in excess of 200 MW.

**Real estate** During the third quarter 19 thousand square meters were deeded and COP29 billion of revenue from sales of lots and COP44 billion of cash flow were recognized. We highlight the accumulated income from January to September for the sale of lots that, in the third quarter, amount to COP221 billion. We highlight the positive results of the Pactia real estate fund, which, since the start date, has had a growth in the value of the unit with effective annual yields of 7.7%.

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