

Grupo Argos Profit Increases 14% in first quarter 2017

- *With a consolidated Ebitda margin of 26%, Grupo Argos increases the profitability of its portfolio.*
- *Grupo Argos first quarter indicators reflect a positive trend in most of its businesses: Celsia, Grupo Argos' energy affiliate, grew net income by 376%; the consolidation and focus of the concessions business resulted in an increase of 78% in Odinsa's Ebitda margin; and the cement affiliate Argos increased shipments by 11.5% in the countries where it operates.*
- *The active role of Grupo Argos as holding company in the consolidation of a robust portfolio connected by infrastructure with COP 47 trillion in assets generates profits to its shareholders in the balance of operational results and increased profitability and net income for Grupo Argos.*

Group Argos, a matrix of sustainable infrastructure investments with an active role in the management of its portfolio, increased consolidated profits in 1Q 2017, reaching an Ebitda margin of 26%, 200 basis points above with respect to the same quarter of the prior year; this, along with the 14% growth in consolidated net income of the holding, reflects the power of its nature as corporate group, with diversified businesses and balanced geographies.

The consolidation strategy of a robust infrastructure portfolio with COP 47 trillion in assets evidences benefits in the balance of operational results and increased profitability and net income for the holding company, within the framework of natural cycles and business challenges, due to the mix of industries and simultaneous exposure to developed and emerging economies.

"The results recorded in the quarter show a positive progress and energize us to continue advancing in the consolidation of Grupo Argos as an active holding of infrastructure investments – Cement, Energy and Concessions – which seek operational efficiency and take advantage of selective growth opportunities. The portfolio grew by COP 2.7 trillion last year, up 15% from the prior year", noted Jorge Mario Velásquez, CEO of Grupo Argos.

Business Group Results for 1Q 2017:

Grupo Argos consolidated revenue for 1Q 2017 reached COP 3.4 trillion; consolidated Ebitda was COP 854 billion, with a margin of 26%, and consolidated net income was COP 121 billion, up 14% with respect to 1Q of 2016. The holding company's administrative expenses decreased 26%, showing the commitment to operating efficiency. Consolidated assets totaled COP 47 trillion and consolidated shareholder equity was COP 24 trillion. Non-recurring charges, less income due to the peso revaluation, less thermic generation at Celsia, among other variables, make income and Ebitda for the two periods hardly comparable.

Recently, the Technical Committee of BRC Investor Services confirmed the 'AA+' rating for debt profile, highlighting the business group's flexibility to finance expansion and the strength of its strategy execution. Jorge Mario Velásquez, CEO of Grupo Argos,

commented: *“The debt rating encourages us, and with long term vision, we perceive 2017 with serene optimism, already seeing recovery in our energy business, growth in vehicle and passenger traffic and increased volumes of cement shipments, which translate into better positioning in the markets in which we compete. We continue to be prepared and completely committed to contributing to the country’s competitiveness, in its infrastructure challenges, 4G projects and drive to renewable and non-conventional energies.”*

Results by Businesses:

Cement Business (Argos): Highlighting the cement business’ results were the 11.5% growth in consolidated cement shipments, the good performance of operations in the Central American and Caribbean Region and the results above expectations in the United States, where shipments grew 43% within the framework of climatic seasonality. Cementos Argos has become a leader in the functional unit biddings for the 4G program in Colombia, with a 72% participation in cement demand and 53% in concrete demand, and is going forward with an ambitious and powerful efficiency program – BEST – to strengthen its competitive position in all the regions. Despite the non-recurring charges in the period and the climatic difficulties in the United States, the company maintains its Ebitda growth guidelines for the full year.

Energy Business (Celsia): A clear recovery was seen in the energy business indicators, with cost and expense efficiency, net income growing 376% and net Ebitda margin at 32.5%, almost 1,300 basis point above 1Q of 2016. The improvement in leverage stands out, with net debt/ Ebitda at the end of the quarter at 3.3x, compared to 5.5x at the end of 2015. Celsia reaffirms its commitment to renewable and non-conventional energies and the expansion of its national distribution operations. The Granja Celsia Solar in Yumbo, the first solar roof in a shopping center, and the progress of Plan5Caribe shows the company as a dynamic actor in the sector and it continues to advance.

Infrastructure Business (Odinsa): Operationally, the road concessions registered more than 6.8 million vehicles in the first quarter, while the airport concessions registered close to 8.8 million passengers. Ebitda increased by 31% over the same period in 2016, reaching COP 135 billion, with an Ebitda margin of 78%. Finally, it is important to note that within the strategy of portfolio focus, Odinsa closed the sale of Generadora del Pacífico –GENPAC- in Chile.

Real Estate Business (Situm and Pactia): In the Urban Development business, the merger of Situm with Grupo Argos was approved, seeking operating efficiencies. In the Rental Property Business, the Private Capital Fund Pactia Inmobiliario began its operations, with an investment of COP 165 billion by Protección, for total equity of COP 1.7 trillion. At the close of the quarter, Pactia’s gross rental area had more than 516 thousand m², an increase of 19%, and administered assets rose to COP 2.5 trillion.