

# RELEVANT INFORMATION



With all of its strategic pillars growing, Grupo Argos, infrastructure investment holding, obtained consolidated revenue of COP\$14.6 trillion at the end of 2016, with an increase of 15% as compared to 2015. Consolidated Ebitda reached COP\$3.6 trillion, with an increase of 37%, and an Ebitda margin that increased 400 basis points and reached 25% due to the consolidation of Odinsa for the entire year and the recovery of the power business. Consolidated net income amounted to COP\$1.1 trillion in 2016, which represents a 75% growth compared to 2015, and the net income of the controlling entity (controlling interest) was COP\$589 billion, growing 80% due to the good performance of its affiliated companies. At the close of 2016, Grupo Argos obtained consolidated assets valued at COP\$45 trillion, which increased for more than 6%; consolidated liabilities in amount of COP\$21 trillion, growing 11%; and a consolidated shareholders' equity amounting to COP\$24 trillion, 3% higher compared to 2015.

During 2016, Grupo Argos worked vigorously in its role as strategic architect of the business under its control, on four performance approaches: financial, strategic, managerial and institutional, which allowed the *holding company* to adopt an active role in the management of its portfolio, seeking to implement synergies among its investments.

As a result of the above, in 2016 Grupo Argos achieved the consolidation of its third pillar of infrastructure by acquiring, via a takeover bid, 43.8% additional shares of Odinsa, thus reaching a 98.6% interest in the company; and acquired 30% of the shares of Opain, which added to the 35% Odinsa already owned, Grupo Argos now controls such asset and contributes to positioning itself as one of the most important infrastructure *holdings* in the country and in the region.

*"With the transactions concluded in 2016, we move forward, coherently and in a disciplined way, to the consolidation of a portfolio with over COP\$45 trillion in assets under management, and a strategic focus on cement, concessions and energy. This is a portfolio that offers sector complementarity and diversification in terms of geographic locations and currencies, to strengthen value generation for our shareholders, with a long-term view, without ignoring the sense of significance as a corporate citizen that contributes to the construction of a better society and a better country",* said Jorge Mario Velázquez, CEO of Grupo Argos.

In terms of sustainability, during the last quarter of 2016, Grupo Argos and its affiliate Cementos Argos were ratified for the fourth consecutive year in the Dow Jones Sustainability Index (DJSI), which recognized Argos as one of the world's most sustainable cement companies. In addition, both Grupo Argos and Cementos Argos as well as its power affiliated Company, Celsia, were included in the RobecoSAM Sustainability Yearbook 2017 that highlights the best economic, environmental, and social practices worldwide. In this Yearbook, Cementos Argos was recognized as a RobecoSAM Gold Class company and Grupo Argos was recognized as a RobecoSAM Silver Class company.

## Highlighted business events at the close of 2016:

### Cement – Argos

- In a consolidated way, and including only one month of operations of the West Virginia assets, revenue reached COP\$8.5 trillion, 7.5% higher than in 2015.
- Its Ebitda grew 9% reaching COP\$1.7 trillion, mainly leveraged by the good performance of sales in the US, the Caribbean, and Central America.
- Cement volumes shipped reached 14.3 million tons, 2.4% less than in 2015, and concrete volumes reached 11.3 million of m<sup>3</sup>, 2.3% less than in 2015, as a result of the downturn of the Colombian market,

which was balanced by the positive results of the US, Caribbean, and Central America regional operations.

#### **Energy - Celsia**

- Consolidated revenue reached COP\$3.8 trillion, growing 3% in comparison to 2015. Central America revenues outstanding representing 18% of the total.
- Accumulated Ebitda reached \$1 trillion, much higher than the \$684 billion in 2015, reaching an Ebitda margin of 27%.
- In the power generation business, there is progress in the inclusion of renewable energies, with 9 projects in different regions of Colombia and Panama, to develop 250 MW. The first plant is expected to be operating by the third quarter of 2017: Celsia Solar Yumbo, with 35,000 solar panels with a capacity to produce 9.9 MW.

#### **Concessions - Odinsa**

- With the acquisition by Grupo Argos of 30% of Opain, added to the 35% already owned by Odinsa, we have consolidated the control over the concession-holder of El Dorado airport, the third most important airport in terms of passenger transportation in Latin America and the most important in terms of cargo in the region.
- Consolidation of a road and airport concessions dedicated portfolio with a healthy balance of projects in structuring, construction, and operation phases, in order to strengthen its strategic and financial position in the long term.
- Financial closing and start of construction of the Pacifico II Project which is part of the 4G projects.
- Consolidated revenue of COP\$1.5 trillion, with an increase of 65% as compared to 2015.
- Ebitda of COP\$1.1 trillion, which increased 246% in comparison to 2015, not comparable to the previous year because of the mark-to-market valuation of several of the assets acquired in 2016.
- Consolidated net income of the controlling interest in amount of COP\$670 billion, neither comparable to 2015.

#### **Real Estate – Pactia and Urban Development**

- In terms of urban development, there was a more active dynamics in the selling of plots of land, both urbanized and rough, closing negotiations for over 1.8 million of m2 for a total of COP\$118 billion and the granting of public deeds covering 1.9 million of m2 amounting to COP\$217 billion, resulting in COP\$101 billion cash flow.
- In terms of property income, Pactia achieved the constitution of a private equity fund that allowed the participation of Protección Pension Fund, with up to COP\$600 billion, having made a first contribution of COP\$165 billion in 2016 and involving around 3,500 investors in this closed investment alternative.

#### **Ports - Compas**

- Consolidated revenue of COP\$129 billion, Ebitda of COP\$44 billion and an EBITDA margin of 34%.
- We highlight the relationship with APM Terminals, one of the world's most important port operators, to incorporate Cartagena Container Terminal Operator S.A.S. - CCTO, a company that operates the port of Cartagena since 2016.
- We started early operations in the bulk and break-bulk terminal of Aguadulce in the Pacific coast of Colombia, with an investment of over US\$120 million.
- In terms of cargo, a decrease of 9%, reaching 4.3 million tons, figure that received the negative impact of the truck drivers' strike that seriously affected the transportation of bulk cargo, which represents 49% of the total cargo of the company.