

GRUPO ARGOS

March 31, 2016 Report

BVC: GRUPOARGOS, PFGRUPOARG

EXECUTIVE SUMMARY

- At the close of March, the consolidated income of Grupo Argos was nearly COP 4.1 trillion (USD 1,243 million), representing a growth of 54% compared to 2015.
- The Consolidated EBITDA of Grupo Argos totaled COP 963 billion (USD 295 million), a 44% increase in Colombian pesos. The EBITDA margin was 24%.
- Net profit (controlling stake) totaled COP 112 billion (USD 34 million).
- At the end of March, consolidated assets were close to COP 41.6 trillion (USD 12,740 million), dropping 0.5% compared to the end of 2015. Liabilities increased 2% totaling COP 19.2 trillion (USD 5,899 million), while equity totaled COP 22.3 trillion (USD 6,841 million).
- In the separate Financial Statements, Grupo Argos' revenue amounted to COP 168 billion (USD 51 million), up 33%.
- The separate EBIDTA amounted to COP 116 billion (USD 355 million), a 32% increase compared to the end of the first quarter of 2015.
- Individual net income was COP 91 billion (USD 28 million), reporting a 162% increase compared to 2015.

1Q2016 RESULTS REPORT

In the first quarter of 2016, several changes materialized in the first line equipment of Grupo Argos and its affiliates. On the one hand, Jorge Mario Velásquez assumed the holding's presidency and was succeeded by Juan Esteban Calle in Cementos Argos' presidency. On the other, Mauricio Ossa started working as the new president of the Odinsa affiliate.

With regard to sustainability, Grupo Argos once again received the *Silver Class* distinction in the RobecoSAM Sustainability Yearbook, which recognizes the best practices in sustainability. Similarly, the Company was designated as a *RobecoSAM Industry Mover* for having reached the highest percentage of improvement over the previous year.

Cementos Argos also received the *Silver Class* medal for having attained the second highest rating in the industry. Celsia was included for the first time as a member in this Yearbook.

On the financial front, in March, the Company paid two loans acquired in 2015 with Banco de Crédito del Perú, totaling COP 100 billion. With this transaction, Grupo Argos' debt was COP 1.55 trillion.

RESULTS BY BUSINESS

The cement business:

In the first quarter of 2016, Cementos Argos reported an income of COP 2.2 trillion, up 334% compared to the same period in 2015. The EBITDA ascended to COP 425 billion, a 38% increase, while the EBITDA margin increased 60 basic points to close at 19.2%.

The US Regional Division had outstanding performance thanks to better weather conditions, which enabled to the Company to release backed up orders from previous quarters. Cement shipments reported a 47% increase for the period, while concrete volumes grew by 17%. In financial terms, the Regional Division reported revenue for USD 335 million, up 27%, while the EBITDA stood at USD 34 million, which represents a 143% increase compared to 2015.

The Colombian Regional Division reported a 17% drop in cement volume, due to the different competitive dynamics in the country. With regard to concrete, increased demand for residential construction was offset by a smaller volume of civil works, which was reflected in a 0.7% growth in shipments. The revenue of that Regional Division stood at USD 666 billion, growing 1.2%. The EBITDA grew 7%, closing at COP 205 billion.

In the Caribbean and Central American Regions, the performance of the operations stood out in the Eastern Caribbean (Suriname, French Guyana and the Islands). Cement shipments grew by 14% while concrete volumes dropped 9% due to delays in the start of infrastructure works in Panama. Revenue for this Regional Division as of March grew to USD 139 million, 4% growth, while the EBITDA grew 11%, closing at USD 49 million.

Consolidated sales by Cementos Argos were 3.45 million tons of cement and 2.8 million cubic meters of concrete, translating a growth of 6.4 and 10.5%, respectively.

As for financial matters, the Company reported a 34% growth in revenue, closing at COP 2.2 trillion. The EBITDA for the quarter was COP 425 billion, up 38%.

The energy business:

The positive result of accepting the payment of dividend in shares is noteworthy. A total of 1,671 shareholders, representing 78% of the total outstanding shares, supported Celsia's proposal.

With regard to generation, operations in Colombia reported a 4% increase. This growth is explained by the 52% growth in thermal generation, which compensated for the 42% drop in hydraulic generation. It is important to note that as of April there has been evidence of higher rainfall levels in Colombia, indicating an end to the drought period in the country. On the other hand, energy generation in Central America reported a 4% drop, affected by lower rainfall in Panama and reduced wind density in Costa Rica.

In a consolidated manner, Celsia achieved 2,195 GWh in the quarter, which is 3% over 2015.

Regarding distribution, higher sales volume in the regulated and non-regulated markets drove the operation's results. Increased average consumption and business strategies to expand the customer base resulted in a 7% increase in EPSA's business demand.

Therefore, the Company recorded revenue for COP 1.4 trillion, up 72% compared to 2015. This result is explained by high stock prices during the period and the positive effect of the exchange rate on dollar revenue associated to the Reliability Premium. As of March, the EBITDA reached COP 267 billion for a 20% EBITDA margin.

The concessions business:

Notable mention to the 33% sale of ODINSA's share in Vías de las Américas, a concession company in the Transversal de las Américas Sector 1 project.

On the other hand, the company announced the acquisition of an additional 25% share in the Autopistas del Nordeste and Boulevard Turístico del Atlántico concessions. Once the transaction has materialized, Odinsa will attain 67.5% of these highways.

Notable in the road concession business is the solid growth of the daily average traffic on Autopistas del Nordeste and Autopistas del Café, which are growing by 18 and 10%, respectively. In a consolidated manner, average daily traffic of Odinsa's road concessions reported a 4% increase at the end of March, compared to the same period in 2015.

With regard to airports, El Dorado Airport reported a total of 7.5 million passengers in the quarter, which represents a 9% growth compared to the same quarter last year. In turn, Mariscal Sucre Airport in Quito reported a 6% drop in passenger traffic. In a consolidated manner, ODINSA's airport reported a traffic of nearly 8.7 million passengers in the quarter, up 6% compared to 2015.

At the end of March, ODINSA reported revenue of COP 252 billion, a yearly increase of 44%. The Company's EBITDA reported a 79% increase, reaching COP 131 billion.

The real estate business:

With regard to the real estate business, Pactia reported a divestment of non-strategic assets in the third stage of the Mayorca Mall of almost COP 42 billion. Furthermore, the company completed the purchase of a 40% share in the Dream Plaza project in Panama.

The mall is comprised of a building with stores and offices located in the Costa del Este region, five minutes away from Panama City.

As part of the urban planning business, two lots totaling 55,338 square meters in the Clúster Institucional and Portal de Genovés II projects were registered. These registrations represented revenue of COP 31 billion.

In a consolidated manner, the real estate business reported revenue of COP 38 billion, of which 84% came from the urban planning business and 16% from rental property. In that way, the EBITDA grew to COP 10 billion.

The port business:

At the close of the first quarter of 2016, Compas moved a total of 1.2 million tons, or 4% more than in 2015. The cargo that contributed most to this increase was coal, which grew 188% thanks to higher volumes of coke moved by Trafigure and the detour through Barranquilla of the cargo that used to depart from Cúcuta to Venezuela. Liquid cargo also showed a significant 88% increase, explained by the highest consumption of diesel at the thermal generation plan at Zona Franca Celsia.

In line with the results of previous quarters, the container cargo dropped due to a reduced number of containers in transit to Venezuela.

On the financial front, Compas operating revenue at the end of the first quarter reported a 3% drop, placing it at COP 38 billion. Nevertheless, the Company's EBITDA reported a 6% increase, reaching COP 16 billion.

Company	Stake Held	Value (COP\$ million)	Value (US\$ million)***	Price per Share (In COP)*
<u>CEMENT</u>				
Cementos Argos	55,3%	7.405.701	2.451	11.620
<u>ENERGY</u>				
Celsia	52,5%	1.470.202	486	3.890
EPSA**	11,9%	370.210	123	9.000
<u>CONCESSIONS</u>				
Odinsa	54,8%	933.820	309	8.700
<u>OTHER</u>				
Grupo Suramericana	28,7%	5.378.346	1.780	39.900
Grupo Suramericana (P)	2,1%	86.993	29	39.200
Bancolombia	1,5%	190.238	63	24.700
Grupo Nutresa	9,8%	1.153.716	382	25.500
Total		16.989.227	5.622	

* Closing price at March 31, 2015

** Price per EPSA share is the purchase value

*** Based on the Official Exchange Rate at March 31, 2016: COP 3,022 / USD 1

GRUPO ARGOS S.A.
NON-CONSOLIDATED INCOME STATEMENT

Values expressed in million COP

	Mar. 16	Mar. 15	Var. (%)
Operating Revenues	167.794	125.842	33,3
Financial income or expenses, net	88.813	106.670	-16,7
Real estate income	38.513	12.338	212,1
Equity method, net	40.468	6.834	492,2
Variable cost	2.687	883	204,3
Cost of sales - Financial activities	-	-	#DIV/0!
Cost of sales - Real estate business	2.687	883	204
Gross Profit	165.107	124.959	32
<i>Gross margin</i>	<i>98%</i>	<i>99%</i>	
Overhead	47.851	34.292	40
Administrative expenses	46.839	33.611	39
Depreciation and amortization - administrative	874	681	28
Selling expenses	138	-	N.A.
Other income and other expenses	(12.460)	(13.615)	8
Other income	495	375	32
Other expenses	(2.987)	(3.874)	23
Wealth tax	(9.968)	(10.116)	N.A.
Operating profit	104.796	77.052	36
<i>Operating margin</i>	<i>62%</i>	<i>61%</i>	
EBITDA	115.638	87.849	32
<i>EBITDA margin</i>	<i>69%</i>	<i>70%</i>	
Non-operating revenues and expenses	(16.546)	(32.621)	49
Financial revenues and expenses, net	(22.738)	(32.641)	30
Exchange difference, net	6.192	20	30.860
Pre-tax profit (loss)	88.250	44.431	99
Income tax	(2.546)	9.792	(126)
Net income	90.796	34.639	162
<i>Margin</i>	<i>54%</i>	<i>28%</i>	

GRUPO ARGOS S.A.
NON-CONSOLIDATED BALANCE SHEET
 En millones de pesos colombianos

	Mar. 2016	Dic. 15	Var. (%)
Cash and cash equivalents	145.061	311.454	-53,4
Derivative Financial Instruments	-	15.940	N.A.
Trade account receivables, net	435.227	231.096	88,3
Inventories	5.844	9.448	-38,1
Prepayments	2.211	1.798	23,0
Non-current assest held for sale	94.740	94.740	N.A.
Total current assets	683.083	664.476	2,8
Non-current investment	13.638.225	13.604.214	0,3
Other non-current account receivables	3.660	3.382	8,2
Inventories	26.594	24.146	N.A.
Intangibles, net	7.842	8.489	-7,6
Property, plant and equipment, net	83.148	82.850	0,4
Investment properties	1.767.538	1.781.868	-0,8
Total non-current assets	15.527.781	15.505.723	0,1
Total assets	16.210.864	16.170.199	0,3
Current financial liabilities	5.105	123.415	N.A.
Bonds and other financial liabilities	6.939	4.958	40,0
Current trade and other current payables	334.268	185.324	80,4
Provisions	1.288	770	67,3
Current tax payables	30.459	14.177	114,8
Labor liabilities	2.087	1.933	8,0
Estimated liabilities for employee benefits	517	517	0,0
Other current liabilities	16.536	17.253	-4,2
Total current liabilities	397.199	348.347	14,0
Non-current financial liabilities	550.029	550.028	0,0
Bonds and other financial liabilities	997.932	997.932	0,0
Deferred taxes	115.271	120.205	-4,1
Other non-current payables	8.656	8.656	0,0
Estimated liabilities for employee benefits	6.819	6.819	0,0
Total non-current liabilities	1.678.707	1.683.640	-0,3
Total Liabilities	2.075.906	2.031.987	2,2
Total Equity	14.134.958	14.138.212	0,0
Total equity and liabilities	16.210.864	16.170.199	0,3
Issued capital	51.510	51.510	0,0
Share premium	680.218	680.218	0,0
Other Comprehensive Income	1.982.831	1.824.154	8,7
Reserves	2.743.765	2.606.859	5,3
Retained earnings (loss)	8.585.838	8.603.670	-0,2
Net income (loss)	90.796	371.801	-75,6
Total Equity	14.134.958	14.138.212	0,0

GRUPO ARGOS S.A.
CONSOLIDATED INCOME STATEMENT

Values expressed in million COP

	Mar. 16	Mar. 15	Var. (%)
Operating Revenues	4.056.133	2.640.110	53,6
Cost of goods sold	3.759.881	2.473.611	52,0
Financial income or expenses, net	61.822	71.380	-13,4
Real estate income	115.479	10.870	962,4
Equity method, net	167.011	101.940	63,8
Sales returns and discounts	(48.060)	(17.691)	-171,7
Variable cost	2.952.728	1.932.374	52,8
Cost of goods sold	2.695.173	1.735.141	55,3
Depreciation and amortization	214.247	197.626	8,4
Cost of sales - Financial activities	11.323	-	N.A.
Cost of sales - Real estate business	31.985	(393)	8238,7
Gross Profit	1.103.405	707.736	55,9
<i>Gross margin</i>	<i>27%</i>	<i>27%</i>	
Overhead	374.650	254.132	47,4
Aministrative expenses	273.896	176.549	55,1
Depreciation and amortization - administrative	35.387	17.128	106,6
Selling expenses	54.764	53.907	1,6
Depreciation and amortization - sales	10.603	6.548	61,9
Other income and other expenses	(125.617)	(109.849)	-14,4
Other income	23.708	22.026	7,6
Other expenses	(50.019)	(26.711)	-87,3
Wealth Tax	(99.306)	(105.164)	5,6
Operating profit	603.138	343.755	75,5
<i>Operating margin</i>	<i>15%</i>	<i>13%</i>	
EBITDA	962.681	670.221	43,6
<i>EBITDA margin</i>	<i>24%</i>	<i>25%</i>	
Non-operating revenues and expenses	(203.291)	(157.391)	-29,2
Financial revenues and expenses, net	(213.835)	(161.840)	-32,1
Exchange difference, net	10.544	4.449	137,0
Pre-tax profit (loss)	399.847	186.364	114,6
Income tax	171.898	94.599	81,7
Profit (loss) from continuing operations	227.949	91.765	148,4
Net loss from discontinued operations	-	-	N.A.
Net income	227.949	91.765	148,4
<i>Net margin</i>	<i>6%</i>	<i>3%</i>	
Total comprehensive income attributable to:			
Non-controlling interest	116.044	40.116	189,3
Controlling interest	111.905	51.649	116,7
<i>Margin</i>	<i>3%</i>	<i>2%</i>	

GRUPO ARGOS S.A.
CONSOLIDATED BALANCE SHEET
 Values expressed in million COP

	Mar. 16	Dec. 15	Var. (%)
Cash and cash equivalents	1.519.586	1.671.818	-9,1
Derivative financial instruments	17.830	38.054	0,5
Investments	246.961	212.681	1,2
Trade account receivables, net	2.948.749	2.509.017	17,5
Inventories	913.588	902.218	1,3
Biological assets	-	-	N.A.
Prepayments	262.726	229.301	14,6
Non-current assest held for sale	106.221	104.882	1,3
Total current assets	6.015.661	5.667.971	6,1
Non-current investment	10.186.863	10.149.084	0,4
Other non-current account receivables	212.255	217.495	-2,4
Inventories	26.594	24.146	N.A.
Intangibles, net	5.147.746	5.298.574	-2,8
Property, plant and equipment, net	17.484.599	17.935.551	-2,5
Investment properties	1.690.358	1.669.342	1,3
Deferred taxes	743.212	769.633	-3,4
Biological assets	20.242	20.243	0,0
Derivativa financial instruments	-	324	-100,0
Restricted cash	9.650	10.019	-
Other non-current assets	23.927	12.631	89,4
Total non-current assets	35.545.446	36.107.042	-1,6
Total assets	41.561.107	41.775.013	-0,5
Current financial liabilities	3.167.340	3.305.497	-4,2
Bonds and other financial liabilities	544.029	573.120	-5,1
Current trade and other current payables	2.319.547	1.881.144	23,3
Current provisions	303.660	307.137	-1,1
Current tax payables	578.747	445.593	29,9
Labor liabilities	152.228	151.948	0,2
Estimated liabilities for employee benefits	32.030	32.714	-2,1
Other current liabilities	254.615	291.256	-12,6
Liabilities associated with assets held for sale	856	856	N.A.
Total current liabilities	7.359.893	6.989.265	5,3
Non-current financial liabilities	4.936.358	4.948.257	-0,2
Bonds and other financial liabilities	4.440.335	4.419.113	0,5
Deferred taxes	1.608.607	1.616.905	-0,5
Provisions	211.505	202.401	4,5
Other non-current payables	63.860	65.391	-2,3
Labor liabilities	3.227	2.932	10,1
Estimated liabilities for employee benefits	360.684	366.140	-1,5
Derivative financial instruments	135.598	172.155	-21,2
Tax payables	-	-	N.A.
Other non-current liabilities	124.495	102.655	21,3
Total non-current liabilities	11.884.669	11.895.949	-0,1
Total Liabilities	19.244.562	18.885.214	1,9
Total Equity	22.316.545	22.889.799	-2,5
Total equity and liabilities	41.561.107	41.775.013	-0,5
Issued capital	51.510	51.510	0,0
Share premium	680.218	680.218	0,0
Other Comprehensive Income	1.684.719	1.975.078	-14,7
Reserves	2.743.765	2.606.859	5,3
Other components of shareholders' equity	241.008	241.008	0,0
Retained earnings (loss)	9.007.749	8.936.938	0,8
Net income (loss)	111.905	301.000	-62,8
Non-controlling interest	7.795.671	8.097.188	-3,7
Total Equity	22.316.545	22.889.799	-2,5