

GRUPO ARGOS

June 30, 2015 Report

BVC: GRUPOARGOS, PFGRUPOARG

EXECUTIVE SUMMARY

- At the end of the first half of 2015, Grupo Argos' consolidated year-to-date revenue was nearly COP 5.5 trillion (USD 2,197 million), up 14% in Colombian pesos over the same period in 2014 and down 11.5% in US dollars.
- The consolidated EBITDA of Grupo Argos totaled COP 1.4 trillion (USD 565 million), a decrease of 6.1% in Colombian pesos and 27.3% in US dollars. This line was affected by the decrease in equity method income of associated companies and the significant increase in generation costs in the energy business.
- Net profit (controlling stake) rose to COP 293 billion, affected by the impact of the wealth tax of nearly COP 105 billion, the decrease of the equity method applied to Grupo Sura and the increase in financial costs related to the financing of the Vulcan plant acquisitions (Cementos Argos) and the energy generation assets in Panama and Costa Rica (Celsia).
- At the end of June, consolidated assets were close to COP 35.2 trillion (USD 13,624 million), down 1.4% in Colombian pesos and 6.2% in US dollars compared to the end of 2014. Liabilities were up 8% at COP 15.2 trillion, while equity was reported at COP 20 trillion (USD 7,745 million).
- In the individual Financial Statements, Grupo Argos' revenues amounted to COP 297 billion (USD 116 million), down 33% in Colombian pesos and 49% in US dollars.
- Individual EBITDA amounted to COP 201 billion (USD 78), an 11% decrease compared to the same half of 2015.

- Net income was COP 139 billion (USD 53), reporting a 42% decrease compared to the same period in 2014.

2Q2015 RESULTS REPORT

In the second quarter of the year, 49.8% of ODINSA shares were acquired. Based on this transaction, Grupo Argos started out in the road, port and airport concession business, and consolidated itself as an investment company in the infrastructure sector.

In addition, Grupo Argos was authorized by the Superintendence of Industry and Commerce to acquire an additional block of shares in order to be in control of ODINSA.

The Company signed loans during the quarter for COP 560 billion. The first one, a 5-year loan with Banco de Bogotá for COP 200 billion at IBR+2%, was signed in April. Additionally, other credits for COP 360 billion were signed under the same conditions in June. These funds were allocated to support the acquisition of the block of shares in ODINSA.

In the month of May, BRC Standard & Poors confirmed Grupo Argos' issuer rating of AAA+ with a negative outlook. Furthermore, it confirmed the Long-term Debt rating of AAA and the Short-term Debt rating of BRC1+ of Grupo Argos' Straight Bonds and/or Commercial Papers Placement and Issuance Program for COP 1 trillion with a negative outlook. It is important to clarify that the projections used for this rating include the debt that had to be taken to acquire 49.8% of ODINSA, but they do not include the new EBITDA that would be generated thereby.

At Cementos Argos, it is important to mention the recovery of market share in Colombia, the increase in volumes in the United States and the outstanding results of the business in Honduras. The energy business went through adverse conditions on the Colombian market; however, the new operations in Central America offset this effect. In the real estate business, it is important to point out the creation of a timetable for the contribution of assets to the new Grupo Argos and Concreto Real Estate Fund, and the deed registration of three lots in Barranquilla. The port business showed very positive figures, driven by the increase in bulk and coal volumes.

RESULTS BY BUSINESS

The Cement Business:

At the end of June 2015, Cementos Argos reported revenue for COP 3.5 trillion, which is a 26% increase compared to the first half of 2014. The EBITDA was up 31%, amounting to COP 678 billion, while the EBITDA margin stood at 20%. The increase in market share in Colombia, increases in cement shipments in the United States and the positive performance in Honduras led to these results.

The Colombian Region reported a 10% increase in cement shipments (470 basis points above the national average of 5.6% reported by the DANE), while concrete shipments grew 5%. On the financial front, total revenue stood at COP 1.3 trillion, a 14% increase compared to 2Q2014; in turn, EBITDA grew 9% closing at COP 198 billion.

In the US Region, cement and concrete shipments grew 12% and 1% respectively. The bad weather that hit the southern states affected concrete volumes throughout the quarter. It is important to point out that these figures are comparable with those of 2014, since the operations of the plant in Florida were included in March of that year. During the quarter, the revenue of that Region stood at USD 321 million, growing 9%. EBITDA was USD 35 million, up 44%.

In the Caribbean and Central American Regions, there was an increase in market share and a decrease in costs in Honduras; positive results in the trading business and the recent acquisition in Puerto Rico were consolidated. During the quarter, the volumes of cement that were shipped rose 24%, while concrete shipments dropped 17% due to the slowdown in momentum on the Panamanian market. The revenue of this region amounted to USD 138 million for the quarter, down 2%. However, EBITDA grew 14% amounting to USD 48 million, driven by the significant operational efficiencies achieved in the region.

In total figures, at the close of June 2015, Argos sold 6.8 million tons of cement and 5.5 million cubic meters of concrete, which means a growth of 14% and 4% respectively, compared to the volumes achieved in the first half of 2014. Accordingly, the organization reported revenue of COP 3.5 trillion, up 26% from 2014, and an

EBITDA of COP 678 billion, representing a 31% increase. The EBITDA margin was 20%, while net profit grew by nearly 81%, closing at COP 221 billion.

The Energy Business:

During the second quarter of the year, Celsia had mixed results. On one hand, the operation in Central America had positive results and better efficiencies were perceived thanks to the Company's management. On the other hand, rainfall in the Pacific, high gas prices and the significant decrease in spot market prices compared to those of 2014 affected Celsia's results in Colombia.

The total energy generated up to June 2015 amounted to 3,961 GWh, which represents a growth of 15% compared to 2014. This increase is mainly due to the contribution of new operations in Central America. However, generation in Colombia dropped 18% due to the maintenance operations on the Flores I and Flores IV plants and the low rainfall in the Pacific.

As far as projects are concerned, in the second quarter of the year, testing began on the Cucuana 55 MW hydroelectric project, which represented an investment of COP 335 billion. At present, the first generation unit has already begun commercial operations and the second unit is expected to complete the testing stage in September.

Year-to-date operating revenue during the first half of the year amounted to nearly COP 1.6 trillion, up 13% thanks to the inclusion of the new operations in Central America. In turn, consolidated EBITDA at the end of March dropped 28% to COP 414 billion, affected by the increase in operating costs due to the gas prices contracted by the Company. It is also important to bear in mind that the second quarter of 2014 was a record period for the Company, thanks to the favorable market conditions at the time. The same factors affected the EBITDA margin, which stood at 26% compared to 42% during the second quarter of 2014. Finally, as a result of the above, the year-to-date net profit stood at less than COP 19 billion.

The Real Estate Business:

As for the Grupo Argos and Concreto alliance, in the second quarter of the year, the teams of both companies continued working on the development of a schedule for the contribution of assets to the new fund. The schedule is expected to be implemented during the second half of the year.

The constructions of the Aventura Shopping Center and TATA Office Building projects moved forward and are expected to be completed in the second half of the year.

The urban development business resumed its dynamics during the second quarter, and the deeds of several lots that had been postponed in 2014 were registered. In the Palmas del Río project, the deed of a 5,339 m² lot was registered for COP 8,542 million, while in the Portal Empresarial del Norte project, the deeds for two lots were registered with a total area of 6,506 m² for COP 4,561 million.

Year-to-date revenue at the end of June was nearly COP 30 billion, a decrease compared to 2014 figures, because fewer deeds were registered in the period. EBITDA was COP 500 million, mainly because of the effect of property taxes, which had a significant impact on the figures of the first quarter.

It is important to note that these figures are from the consolidated real estate business and include all Grupo Argos real estate operations. Therefore these numbers are recorded in various companies for accounting purposes.

The Port Business:

Compas' performance was stable during the second quarter, and there was a significant increase of 13% in bulk volumes mobilized by the different terminals.

The total cargo mobilized during the second quarter amounted to 1.2 million tons, which is a growth of 5.8% compared to the same period in 2014. The cargo that contributed most to this increase was coal, because since last year, the only terminal that can handle thermal coal in Barranquilla is Compas because it complies with the encapsulated band regulations to prevent the dispersion of coal particles in the environment.

On the financial front, Compas' operating revenue at the end of the first half of 2015 exceeded COP 78 billion, up 28% compared to the same period in 2014. In turn, year-to-date EBITDA amounted to COP 29 billion, up 55% with respect to the same period in 2014. The EBITDA margin experienced a significant growth of nearly 38%, up 650 basis points from 2014.

Company	Share	Value (COP million)	Value (USD million)***	Price per Share (COP)*
<u>CEMENT</u>				
Cementos Argos	60.7%	6,463,962	2,501	9,250
<u>ENERGY</u>				
Celsia	52.4%	1,595,448	617	4,235
EPSA**	11.9%	380,905	147	9,260
<u>CONCESSIONS</u>				
Odinsa	49.8%	927,498	359	9,500
<u>OTHERS</u>				
Grupo	28.7%	4,990,135	1,930	37,020
Suramericana				
Grupo	2.1%	80,779	31	36,400
suramericana (P)				
Bancolombia	1.5%	205,642	80	26,700
Grupo Nutresa	9.8%	1,036,083	401	22,900
Total		15,680,450	6,066	

* Closing price as of June 30, 2015

** Price per EPSA share is the purchase value

*** Based on the Official Exchange Rate as at June 30, 2015: COP 2,585 / USD 1

GRUPO ARGOS S.A.
NON-CONSOLIDATED INCOME STATEMENT
 Values expressed in million COP or million USD

	Jun. 15 NIIF	Jun. 14 NIIF	Var. (%)
Operating Revenues	296.735	444.691	-33,3
US\$ dollars	116	230	-49,3
Financial income or expenses, net	194.761	229.851	-15,3
Real estate income	29.797	43.882	-32,1
Equity method, net	72.177	170.958	-57,8
Variable cost	46.110	3.114.530	27,2
Cost of sales - Financial activities	42.075	149.041	(72)
Cost of sales - Real estate business	4.035	12.391	(67)
Gross Profit	250.625	283.259	-12
<i>Gross margin</i>	84%	64%	
Overhead	55.546	41.183	35
Aministrative expenses	53.765	39.575	36
Depreciation and amortization - administrative	1.362	56	2.332
Selling expenses	419	1.552	(73)
Other income and other expenses	4.281	(15.578)	127
Operating profit	199.360	226.498	-12
<i>Operating margin</i>	67%	51%	
EBITDA	200.722	226.554	-11
US\$ dollars	78	116	-32,9
<i>EBITDA margin</i>	68%	51%	
Non-operating revenues and expenses	(51.100)	(7.053)	(625)
Financial revenues and expenses, net	(51.186)	(19.840)	(158)
Exchange difference, net	86	12.787	(99)
Pre-tax profit (loss)	148.260	219.445	-32
Wealth tax	9.668	-	N.A.
Provision for income taxes	(814)	(21.233)	96
Net income	139.406	240.678	(42)
US\$ dollars	53	127	(59)
<i>Margin</i>	47%	54%	

GRUPO ARGOS S.A.
NON-CONSOLIDATED BALANCE SHEET
 Values expressed in million COP or million USD

	Jun. 15	Dec. 14	Var. (%)
Cash and cash equivalents	25.622	181.143	-85,9
Derivative Financial Instruments	1.184	-	
Trade account receivables, net	362.123	210.680	71,9
Inventories	43.090	42.575	1,2
Prepayments	1.750	59.031	-97,0
Non-current assest held for sale	21	21	0,0
Total current assets	433.790	493.450	-12,1
Non-current investment	13.063.539	12.404.351	5,3
Other non-current account receivables	5.856	6.134	-4,5
Deferred and intangibles	7.849	8.788	-10,7
Property, plant and equipment, net	212.733	58.706	262,4
Investment properties	2.247.758	2.249.257	-0,1
Total non-current assets	15.537.735	14.727.236	5,5
Total assets	15.971.525	15.220.686	1,4
US\$ dollars	6.178	6.362	-2,9
Current financial liabilities	116.234	-	
Bonds and other financial liabilities	20.123	42.460	-52,6
Current trade and other current payables	299.078	144.108	107,5
Current provisions	2.521	2.489	1,3
Current tax payables	13.510	470	2.774,5
Labor liabilities	2.617	5.062	-48,3
Other current liabilities	41.521	27.501	51,0
Total current liabilities	495.604	222.090	123,2
Non-current financial liabilities	550.025	23	2.391.313,0
Bonds and other financial liabilities	997.932	988.324	1,0
Other non-current payables	6.891	6.890	0,0
Labor liabilities	24.732	20.564	20,3
Other non-current liabilities	148.819	154.826	-3,9
Total non-current liabilities	1.728.399	1.170.627	47,6
Total Liabilities	2.224.003	1.392.717	59,7
US\$ dollars	860	582	47,8
Total Equity	13.747.522	13.827.969	-0,6
US\$ dólares	5.318	5.780	-8,0
Total equity and liabilities	15.971.525	15.220.686	4,9
Issued capital	50.744	51.481	-1,4
Share premium	681.444	679.324	0,3
Other Comprehensive Income	1.517.189	1.530.030	-0,8
Reserves	2.547.385	2.430.615	4,8
Retained earnings (loss)	8.811.355	8.811.355	0,0
Net income (loss)	139.406	325.164	-57,1
Total Equity	13.747.523	13.827.969	-0,6

GRUPO ARGOS S.A.
CONSOLIDATED INCOME STATEMENT
 Values expressed in million COP or million USD

	Jun. 15 NIIF	Jun. 14 NIIF	Var. (%)
Operating Revenues	5.468.212	4.800.224	13,9
US\$ dollars	2.198	2.483	-11,5
Cost of goods sold	5.094.110	4.366.813	16,7
Financial income or expenses, net	140.028	232.874	-39,9
Real estate income	27.405	40.865	-32,9
Equity method, net	249.247	371.613	N.A.
Sales returns and discounts	(42.578)	(211.941)	79,9
Variable cost	3.960.639	3.114.530	27,2
Cost of goods sold	3.551.621	2.676.137	32,7
Depreciation and amortization	364.358	280.521	29,9
Cost of sales - Financial activities	42.075	149.042	-71,8
Cost of sales - Real estate business	2.585	8.830	-70,7
Gross Profit	1.507.573	1.685.694	-10,6
<i>Gross margin</i>	28%	35%	-21,5
Overhead	524.876	456.738	14,9
Administrative expenses	364.977	321.493	13,5
Depreciation and amortization - administrative	42.620	31.121	36,9
Selling expenses	99.934	102.199	-2,2
Depreciation and amortization - sales	17.345	1.925	
Other income and other expenses	6.678	(36.713)	118,2
Operating profit	989.375	1.192.243	-17,0
<i>Operating margin</i>	18%	25%	-27,2
EBITDA	1.413.698	1.505.810	-6,1
US\$ dollars	565	777	-27,3
<i>EBITDA margin</i>	26%	31%	
Non-operating revenues and expenses	(286.203)	(127.071)	-125,2
Financial revenues and expenses, net	(305.773)	(179.681)	-70,2
Dividends and stakes	20.940	35.849	-41,6
Exchange difference, net	(2.199)	14.906	-114,8
Share of other comprehensive income of associate and joint ventures	829	1.855	-55,3
Pre-tax profit (loss)	703.172	1.065.172	-34,0
Wealth tax	104.876	-	N.A.
Provision for income taxes	148.481	203.343	-27,0
Profit (loss) from continuing operations	449.815	861.829	-47,8
Net loss from discontinued operations	(3.566)	(538)	N.A.
Net income	446.249	861.291	-48,2
<i>Net margin</i>	8%	18%	-54,5
Total comprehensive income attributable to:			
Non-controlling interest	152.759	288.041	-47,0
Controlling interest	293.490	573.250	-48,8
US\$ dollars	113	299	-62,2
<i>Margin</i>	5%	12%	

GRUPO ARGOS S.A.
CONSOLIDATED BALANCE SHEET

Values expressed in million COP or million USD

	Jun. 15	Dec. 14	Var. (%)
Cash and cash equivalents	585.852	1.002.013	-41,5
Derivative Financial Instruments	1.184	554.213	0,0
Trade account receivables, net	2.304.182	1.491.962	54,4
Inventories	828.060	675.134	22,7
Prepayments	170.172	256.008	-33,5
Non-current asset held for sale	116.777	152	76.727,0
Total current assets	4.006.227	3.979.482	0,7
Non-current investment	9.415.204	7.197.023	30,8
Other non-current account receivables	43.928	71.637	-38,7
Deferred and intangibles	3.410.689	3.568.796	-4,4
Property, plant and equipment, net	14.851.466	15.122.278	-1,8
Investment properties	1.893.825	1.877.668	0,9
Other non-current assets	1.622.969	2.924.503	-44,5
Total non-current assets	31.238.081	30.761.905	1,5
Total assets	35.244.308	34.741.387	1,4
<i>US\$ dollars</i>	<i>13.624</i>	<i>14.522</i>	<i>-6,2</i>
Current financial liabilities	2.021.761	1.578.599	1,3
Bonds and other financial liabilities	404.127	397.318	1,7
Current trade and other current payables	1.463.741	1.354.607	8,1
Current provisions	143.821	29.802	382,6
Current tax payables	417.923	300.914	38,9
Labor liabilities	99.740	102.555	-2,7
Other current liabilities	183.630	266.173	-31,0
Liabilities directly associated with assets classified as held for sale	29.704	-	N/A
Total current liabilities	4.764.447	4.029.968	18,2
Non-current financial liabilities	3.639.057	3.040.139	19,7
Bonds and other financial liabilities	4.630.961	4.745.709	-2,4
Current tax payables	1.160.746	1.380.236	-15,9
Other non-current payables	299.127	174.061	71,9
Labor liabilities	9.106	6.761	34,7
Other non-current liabilities	693.072	700.295	-1,0
Total non-current liabilities	10.432.069	10.047.201	3,8
Total Liabilities	15.196.516	14.077.169	8,0
<i>US\$ dollars</i>	<i>5.878</i>	<i>5.884</i>	<i>-0,1</i>
Total Equity	20.047.792	20.664.218	-3,0
<i>US\$ dólares</i>	<i>7.745</i>	<i>8.638</i>	<i>-10,3</i>
Total equity and liabilities	35.244.308	34.741.387	1,4
Issued capital	50.744	51.481	-1,4
Share premium	681.444	679.324	0,3
Other Comprehensive Income	1.283.551	1.682.319	-23,7
Reserves	2.573.413	2.430.615	5,9
Other components of shareholders' equity	(19.792)	(20.567)	-3,8
Retained earnings (loss)	9.242.878	8.845.095	4,5
Net income (loss)	293.490	780.140	-62,4
Total Equity	20.047.792	20.664.218	-3
Equity attributable to the controlling interest	14.105.728	14.448.407	-2
<i>US\$ dollars</i>	<i>5.456</i>	<i>6.039</i>	<i>(10)</i>
Non-controlling interest	5.942.064	6.215.812	-4
<i>US\$ dólares</i>	<i>2.289</i>	<i>2.599</i>	<i>(12)</i>

We will hold a conference to discuss second quarter 2015 results on Tuesday, September 1st at 10:00 a.m., Colombia time.

Conference ID 18.898.078

US/Canada telephone number: +1 (866) 837-3612

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A detailed presentation of these results shall be made available on Grupo Argos' Investor Website (www.grupoargos.com) under home or in the Financial Information / Reports section.

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