

GRUPO ARGOS

June 30, 2016 Report

BVC: GRUPOARGOS, PFGRUPOARG

EXECUTIVE SUMMARY

- At the close of the first semester, the consolidated revenue of Grupo Argos was nearly COP 7.5 trillion (USD 2,386 million), representing a growth of 36% compared to 2015.
- The Consolidated EBITDA of Grupo Argos totaled COP 1,85 trillion (USD 594 million), a 29% increase in Colombian pesos. The EBITDA margin was 25%.
- The net profit totaled COP 589 billion (USD 188 million) a 32% increase YoY, while the net profit (controlling stake) totaled COP 252 billion (USD 81 million).
- At the end of June, consolidated assets were close to COP 41.9 trillion (USD 14,383 million), growing 0.4% compared to the end of 2015. Liabilities increased 3.6% totaling COP 19.6 trillion (USD 6,709 million), while equity totaled COP 22.4 trillion (USD 7,674 million).
- In the separate Financial Statements, Grupo Argos' revenue amounted to COP 282 billion (USD 90 million), down 4.9%.
- The separate EBITDA amounted to COP 213 billion (USD 68 million), a 6% increase compared to the end of the first semester of 2015.
- Individual net income was COP 136 billion (USD 43 million), reporting a 2.4% decrease compared to 2015.

2Q2016 RESULTS REPORT

So far this year, Grupo Argos and its subsidiaries have taken action in actively managing their portfolio.

On the one hand, Cementos Argos continued to consolidate its internationalization strategy by acquiring the Martinsburg Plant located in West Virginia. This plant will contribute its installed capacity of 2.2 million tons of cement and 1.6 million tons of clinker per year, increasing the Company's total installed capacity by 10%, and the US installed capacity by 29%.

This acquisition strengthened the Company's competitive position in the US market, one of the fastest growing in the world, and is making a positive contribution to the cement subsidiary's results. This transaction will generate value for Company shareholders, including Grupo Argos as the parent company, because the acquired assets are profitable and placed in markets with high growth potential. In addition, funding will come mostly from the divestment of non-strategic assets.

In the concessions front, Odinsa has taken concrete actions in simplifying its structure, seeking to position the Company as a leader in the Colombian road infrastructure sector, with a view to direct Company investments into projects with a majority position. In that regard, the Company announced that it increased its share in the Autopistas del Nordeste and Boulevard Turístico del Atlántico road concession projects in the Dominican Republic, and the decision to begin negotiations seeking to increase Odinsa's share in the Autopista Conexión Pacífico 2 Concession project in Colombia.

In addition, the Board of Directors authorized the administration to engage in negotiations pertaining to the divestment of the Company's shares in Hatovial S.A.S., Concesión Desarrollo Vial del Aburrá Norte project; Concesión Vías del Nus S.A.S., Concesión Vías del Nus project; Caribbean Infrastructure Company; and Chamba Blou NV, Green Corridor project; and a reduction of shares in some road concessions in which Odinsa is a shareholder.

We should emphasize that Fitch Ratings reviewed Grupo Argos' long- and short-term debt rating at 'AA+(Col)' and 'F1+(Col)' with a stable outlook. This rating reflects the credit quality of Grupo Argos and its investment portfolio, as well as the Company's capacity to maintain adequate liquidity indicators.

RESULTS BY BUSINESS

The cement business:

The US Regional Division demonstrated outstanding performance that ratified the success of the international diversification strategy. Cement shipments reported a 16.3% increase, and concrete volumes grew 5.3%, explained by the market's recovery, improved weather conditions, and accumulated demand. In financial terms, the Regional Division reported revenue for USD 366 million, up 13.8%, while the EBITDA stood at USD 55 million, which represents a 57.4% increase compared to 2015. It should be noted that the EBITDA margin for the period was 14.9%, the highest reached by Argos since the acquisition of these assets.

The Colombian Regional Division reported a 13.8% drop in cement volumes, explained in part by the agricultural and transportation strikes in May and June (if this effect is removed, the volume would have dropped by 8.3%), accompanied by a more competitive and challenging market environment in the country. Concrete volume reported an 8.2% drop due to decreased construction dynamics in civil works. The revenue of that Regional Division stood at COP 664 billion, accounting for a 2% drop. The EBITDA dropped 13.9%, closing at COP 170 billion due to the effect reduced volumes had on the operating leverage, which explain the margin reduction in both segments, cement and concrete

The Caribbean and Central America Regional Division sold 1.2 million metric tons of cement in Q216, with 7% growth in Panama, 4% in Honduras and 24% in exports. However, the regional division's shipments reported a 1.6% reduction, explained by the sales activity. Meanwhile, concrete volumes grew 6.8%. Revenue for this Regional Division as of June grew to USD 144 million, 3.9% growth, while the EBITDA grew 4.7%, closing at USD 50 million.

Consolidated sales by Cementos Argos were 3.5 million tons of cement and 3.0 million cubic meters of concrete, translating a growth of 1.9 and 1.1%, respectively.

As for financial matters, the Company reported a 19.9% growth in revenue, closing at COP 2.2 trillion. The EBITDA for the quarter was COP 436 billion, up 17.8%, reaching an EBITDA margin of 19.9%

The energy business:

Celsia reported positive results during the second quarter, which confirm the recovery process the Company is undergoing. Increasing rain patterns during the quarter helped normalize operations in Colombia. Higher water volumes also favored generation in Panama.

With regard to generation, the Colombian operation reported a 5% drop due primarily to a 25% reduction in thermal production, while hydraulic production rose by 14%. 9% less energy was generated in Central America than the second quarter of 2015 due to a reduction in thermal and wind generation caused by technical stoppages performed in BLM, and by a drop in air density.

Celsia's consolidated generation reached 1,729 GWh in the quarter, 6% less than that reported in the same quarter of 2015. 53% of the generation came from hydroelectric power plants.

With regard to distribution, sales volumes in the regulated and non-regulated markets remained stable compared to the same period in 2015, and reported a 0.6% reduction compared to the first quarter of the year. This trend is explained by reduced average consumption in the industrial, residential and agricultural sectors. However, distribution and sales revenue for the quarter increased 13% over last year, due primarily to increased customers, contract renegotiations, and CPI performance.

Consolidated revenue in the quarter totaled COP 862 billion, which represents a 13% increase over 2015, explained primarily by energy sales on the stock market at a higher price than last year, higher revenue from the reliability premium due to the representative market exchange effect, positive deviation associated to the OEF, and higher PPI and CPI. Business diversification and geographical expansion continued to help significantly, with notable contributions from Central America reaching COP 170 billion, and distribution revenue reaching COP 263 billion. As of June, the EBITDA reached COP 262 billion for a 31% EBITDA margin.

The concessions business:

The aggregated results of the road concession business continue to show solid growth. During the quarter, the company announced the closing of the sale and purchase operation to increase its share in the Autopistas del Nordeste and Boulevard Turístico del Atlántico road concession projects in the Dominican Republic. At the same time, the Company announced its consolidation plans in the 4G de Pacifico 2 concession.

With regard to airport concessions, Opain demonstrated a solid performance as evidenced by a continued increase in the number of passengers. Meanwhile, the Quiport concession reported a reduction as a result of the economic downturn, fewer operations by the local airline, and the earthquake that affected Ecuador.

Notable in the road concession business is the solid growth of the daily average traffic on Autopistas del Nordeste and Autopistas del Café highways, which are growing by 10% and 3%, respectively. In a consolidated manner, average daily traffic of Odinsa's road concessions reported a 23% increase by the end of June, compared to the same period in 2015. This increase is largely explained by Malla Vial del Meta that did not consolidate in 2015.

With regard to airports, El Dorado Airport reported a total of 7.4 million passengers in the quarter, which represents a 1% growth compared to the same quarter last year. In turn, Mariscal Sucre Airport in Quito reported a 15% drop in passenger traffic. In a consolidated manner, ODINSA's airports reported traffic of nearly 8.3 million passengers in the quarter, down 0.5% compared to 2015.

At the end of March, ODINSA reported revenue of COP 474 billion, a yearly increase of 46%. The Company's EBITDA reported a 70% increase, reaching COP 254 billion.

The real estate business:

In the real estate business, Pactia reported a divestment of non-strategic assets in San Fernando Plaza totaling COP 3,600 million, which generated profits of COP 986.5 million. Moreover, the Company received COP 359 million from dividends derived from its investment in Zona Franca shares.

Operating revenue from the urban development business in the second quarter of 2016 was COP 1,317 million, since during that time there were no lot registrations.

In a consolidated manner, the real estate business reported revenue of COP 7 billion while the EBITDA grew to COP 2 billion.

The port business:

In the second quarter of 2016, Compas mobilized a total of 1.1 million tons, or a 12% drop from it mobilized in the same quarter of 2015. The cargoes that contributed the most to this reduction were non-edible bulk grains, gypsum, cinder, and sand. It occurred basically because the cargo handled at Zona Franca Argos is now operated by CCTO in virtue of the agreement with APM concerning the Cartagena Port (Compas owns 49% of CCTO but it does not consolidate its results). In turn, cargoes that grew the most in the quarter were bulk food and coal, in that order, with 16% and 4% growth, respectively.

A significant reduction in liquid fuel cargo was observed, derived from the end of fuel imports for Termo Flores in Barranquilla. In turn, containers continued to free fall in 2Q, with a reduction of 13,500 t.m, 6% down YoY, although already in less proportion than in previous months. It should be noted that volumes were significantly affected in June on account of the truckers strike that primarily affected container cargo and cargo in general.

On the financial front, Compas operating revenue at the end of the second quarter reported a 19% drop, placing at COP 29 billion. The Company's EBITDA was COP 11 billion, down 16%.

Investment Portfolio:

Company	Stake Held	Value (COP\$ million)	Value (US\$ million)***	Price per Share (In COP)*
<u>CEMENT</u>				
Cementos Argos****	55,3%	7.596.898	2.605	11.920
<u>ENERGY</u>				
Celsia	52,9%	1.507.981	517	3.850
EPSA**	11,9%	370.210	127	9.000
<u>CONCESSIONS</u>				
Odinsa	54,8%	966.021	331	9.000
<u>OTHER</u>				
Grupo Suramericana	28,7%	5.162.673	1.770	38.300
Grupo Suramericana (P)	2,1%	83.398	29	37.580
Bancolombia	1,5%	183.307	63	23.800
Grupo Nutresa	9,8%	1.135.619	389	25.100
Total		17.006.106	5.832	

* Closing price at June 30, 2015

** Price per EPSA share is the purchase value

*** Based on the Official Exchange Rate at June 30, 2016: COP 2,916 / USD 1

**** Grupo Argos hold 46.83% of Cementos Argos outstanding shares and 55.3% of the ordinary shares.

GRUPO ARGOS S.A.
NON-CONSOLIDATED INCOME STATEMENT

Values expressed in million COP

	2Q16	2Q15	Var. (%)	1S16	1S15	Var. (%)
Operating Revenues	114.531	170.893	-33,0	282.325	296.735	-4,9
Financial income or expenses, net	77	88.091	-99,9	88.890	194.761	-54,4
Real estate income	8.075	17.459	-53,7	46.588	29.797	56,4
Equity method, net	106.379	65.343	62,8	146.847	72.177	103,5
Variable cost	67	45.227	-99,9	2.754	46.110	-94,0
Cost of sales - Financial activities	67	42.075	-99,8	67	42.075	-99,8
Cost of sales - Real estate business	-	3.152	-100,0	2.687	4.035	-33,4
Gross Profit	114.464	125.666	-8,9	279.571	250.625	11,5
<i>Gross margin</i>	<i>100%</i>	<i>74%</i>	<i>35,9</i>	<i>198%</i>	<i>173%</i>	<i>14,8</i>
Overhead	18.821	21.254	-11,4	66.672	55.546	20,0
Administrative expenses	17.259	20.154	-14,4	64.098	53.765	19,2
Depreciation and amortization - administrative	866	681	27,2	1.740	1.362	27,8
Selling expenses	696	419	66,1	834	419	99,0
Other income and other expenses	1.158	8.228	-85,9	(11.302)	(5.387)	-109,8
Other income	3.909	11.000	-64,5	4.404	11.375	-61,3
Other expenses	(2.751)	(3.220)	14,6	(5.738)	(7.094)	19,1
Wealth tax	-	448	-100,0	(9.968)	(9.668)	-3,1
Operating profit	96.801	112.640	-14,1	201.597	189.692	6,3
<i>Operating margin</i>	<i>85%</i>	<i>66%</i>	<i>28,2</i>	<i>147%</i>	<i>127%</i>	<i>15,6</i>
EBITDA	97.667	112.873	-13,5	213.305	200.722	6,3
<i>EBITDA margin</i>	<i>85%</i>	<i>66%</i>	<i>29,1</i>	<i>76%</i>	<i>68%</i>	<i>11,7</i>
Non-operating revenues and expenses	(36.752)	(18.479)	-98,9	(53.298)	(51.100)	-4,3
Financial revenues and expenses, net	(36.720)	(18.545)	-98,0	(59.458)	(51.186)	-16,2
Exchange difference, net	(32)	66	-148,5	6.160	86	7062,8
Pre-tax profit (loss)	60.049	94.161	-36,2	148.299	138.592	7,0
Income tax	14.733	(10.606)	238,9	12.187	(814)	1597,2
Net income	45.316	104.767	-56,7	136.112	139.406	-2,4
<i>Margin</i>	<i>40%</i>	<i>61%</i>	<i>-35,5</i>	<i>48%</i>	<i>47%</i>	<i>2,6</i>

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

	Jun. 2016	Dec. 15	Var. (%)
Cash and cash equivalents	36.458	311.454	-88,3
Derivative Financial Instruments	-	15.940	N.A.
Trade account receivables, net	318.151	231.096	37,7
Inventories	92.560	9.448	879,7
Prepayments	8.367	1.798	365,4
Non-current asset held for sale	94.740	94.740	N.A.
Total current assets	552.405	664.476	-16,9
Non-current investment	13.649.185	13.604.214	0,3
Other non-current account receivables	3.998	3.382	18,2
Inventories	26.594	24.146	N.A.
Intangibles, net	7.196	8.489	-15,2
Property, plant and equipment, net	83.621	82.850	0,9
Investment properties	1.682.706	1.781.868	-5,6
Total non-current assets	15.453.300	15.505.723	-0,3
Total assets	16.005.705	16.170.199	-1,0
Current financial liabilities	5.500	123.415	N.A.
Bonds and other financial liabilities	112.523	4.958	2.169,5
Current trade and other current payables	238.607	185.324	28,8
Provisions	1.312	770	70,4
Current tax payables	12.074	14.177	-14,8
Labor liabilities	4.228	1.933	118,7
Estimated liabilities for employee benefits	517	517	0,0
Other current liabilities	19.515	17.253	13,1
Total current liabilities	394.276	348.347	13,2
Non-current financial liabilities	550.030	550.028	0,0
Bonds and other financial liabilities	889.749	997.932	-10,8
Deferred taxes	121.450	120.205	1,0
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	1.578.304	1.683.640	-6,3
Total Liabilities	1.972.580	2.031.987	-2,9
Total Equity	14.033.125	14.138.212	-0,7
Total equity and liabilities	16.005.705	16.170.199	-1,0
Issued capital	51.510	51.510	0,0
Share premium	680.218	680.218	0,0
Other Comprehensive Income	1.835.682	1.824.154	0,6
Reserves	2.743.765	2.606.859	5,3
Retained earnings (loss)	8.585.838	8.603.670	-0,2
Net income (loss)	136.112	371.801	-63,4
Total Equity	14.033.125	14.138.212	-0,7

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

	2Q16	2Q15	Var. (%)	1S16	1S15	Var. (%)
Operating Revenues	3.395.640	2.849.871	19,2	7.451.773	5.489.981	35,7
Cost of goods sold	3.268.366	2.620.499	24,7	7.028.247	5.094.110	38,0
Financial income or expenses, net	24.150	89.588	-73,0	85.972	160.968	-46,6
Real estate income	10.460	16.535	-36,7	125.939	27.405	359,5
Equity method, net	137.322	148.136	-7,3	304.333	250.076	21,7
Sales returns and discounts	(44.658)	(24.887)	-79,4	(92.718)	(42.578)	117,8
Variable cost	2.379.245	2.028.265	17,3	5.331.973	3.960.639	34,6
Cost of goods sold	2.175.634	1.816.480	19,8	4.870.807	3.551.621	37,1
Depreciation and amortization	196.554	166.732	17,9	410.801	364.358	12,7
Cost of sales - Financial activities	78	42.075	-99,8	11.401	42.075	-72,9
Cost of sales - Real estate business	6.979	2.978	134,4	38.964	2.585	1407,3
Gross Profit	1.016.395	821.606	23,7	2.119.800	1.529.342	38,6
<i>Gross margin</i>	<i>30%</i>	<i>29%</i>	<i>3,8</i>	<i>57%</i>	<i>56%</i>	<i>2,7</i>
Overhead	338.703	270.744	25,1	713.353	524.876	35,9
Administrative expenses	227.500	188.428	20,7	501.396	364.977	37,4
Depreciation and amortization - administrative	41.710	25.492	63,6	77.097	42.620	80,9
Selling expenses	60.111	46.027	30,6	114.875	99.934	15,0
Depreciation and amortization - sales	9.382	10.797	-13,1	19.985	17.345	15,2
Other income and other expenses	(34.930)	11.651	-399,8	(160.547)	(98.198)	63,5
Other income	27.776	63.828	-56,5	51.484	85.854	-40,0
Other expenses	(61.397)	(52.465)	-17,0	(111.416)	(79.176)	40,7
Wealth Tax	(1.309)	288	-554,5	(100.615)	(104.876)	-4,1
Operating profit	642.762	562.513	14,3	1.245.900	906.268	37,5
<i>Operating margin</i>	<i>19%</i>	<i>20%</i>	<i>-4,1</i>	<i>34%</i>	<i>33%</i>	<i>3,2</i>
EBITDA	891.717	765.246	16,5	1.854.398	1.435.467	29,2
<i>EBITDA margin</i>	<i>26,26%</i>	<i>26,85%</i>	<i>-2,2</i>	<i>24,89%</i>	<i>26,15%</i>	<i>-4,8</i>
Non-operating revenues and expenses	(268.581)	(154.147)	-74,2	(471.872)	(311.538)	51,5
Financial revenues and expenses, net	(264.230)	(143.933)	-83,6	(478.065)	(305.773)	56,3
Exchange difference, net	(4.351)	(6.648)	34,6	6.193	(2.199)	-381,6
Gain/loss on investment retirement	-	(3.566)	100,0	-	(3.566)	-100,0
Pre-tax profit (loss)	374.181	408.366	-8,4	774.028	594.730	30,1
Income tax	13.142	53.882	-75,6	185.040	148.481	24,6
Profit (loss) from continuing operations	361.039	354.484	1,8	588.988	446.249	32,0
Net loss from discontinued operations	-	-	-	-	-	-
Net income	361.039	354.484	1,8	588.988	446.249	32,0
<i>Net margin</i>	<i>11%</i>	<i>12%</i>	<i>-14,5</i>	<i>16%</i>	<i>16%</i>	<i>2,1</i>
Total comprehensive income attributable to:						
Non-controlling interest	220.642	112.643	95,9	336.686	152.759	120,4
Controlling interest	140.397	241.841	-41,9	252.302	293.490	-14,0
<i>Margin</i>	<i>4%</i>	<i>8%</i>	<i>-51,3</i>	<i>3%</i>	<i>5%</i>	<i>-36,7</i>

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

	Mar. 16	Dec. 15	Var. (%)
Cash and cash equivalents	1.266.602	1.671.818	-24,2
Derivative financial instruments	18.728	38.054	-50,8
Investments	376.377	212.681	77,0
Trade account receivables, net	2.901.854	2.509.017	15,7
Inventories	997.376	902.218	10,5
Biological assets	-	-	0,0
Prepayments	218.973	229.301	-4,5
Non-current asset held for sale	105.940	104.882	1,0
Total current assets	5.885.850	5.667.971	3,8
Non-current investment	10.021.757	10.149.084	-1,3
Other non-current account receivables	1.205.357	217.495	454,2
Inventories	26.594	24.146	10,1
Intangibles, net	5.169.608	5.298.574	-2,4
Property, plant and equipment, net	17.222.744	17.935.551	-4,0
Investment properties	1.625.165	1.669.342	-2,6
Deferred taxes	743.402	769.633	-3,4
Biological assets	20.242	20.243	0,0
Derivativa financial instruments	-	324	-100,0
Other non-current assets	22.962	12.631	81,8
Restricted cash	-	10.019	(100)
Total non-current assets	36.057.831	36.107.042	-0,1
Total assets	41.943.681	41.775.013	0,4
Current financial liabilities	2.646.179	3.305.497	-19,9
Bonds and other financial liabilities	695.158	573.120	21,3
Current trade and other current payables	1.979.360	1.881.144	5,2
Current provisions	310.172	307.137	1,0
Current tax payables	521.686	445.593	17,1
Labor liabilities	118.505	151.948	-22,0
Estimated liabilities for employee benefits	23.123	32.714	-29,3
Other current liabilities	247.564	291.256	-15,0
Liabilities associated with assets held for sale	856	856	0,0
Total current liabilities	6.542.714	6.989.265	-6,4
Non-current financial liabilities	5.400.254	4.948.257	9,1
Bonds and other financial liabilities	5.002.149	4.419.113	13,2
Deferred taxes	1.475.083	1.616.905	-8,8
Provisions	247.320	202.401	22,2
Other non-current payables	211.483	65.391	223,4
Labor liabilities	5.754	2.932	96,2
Estimated liabilities for employee benefits	364.701	366.140	-0,4
Derivative financial instruments	113.868	172.155	-33,9
Tax payables	-	-	0,0
Other non-current liabilities	201.607	102.655	96,4
Total non-current liabilities	13.022.219	11.895.949	9,5
Total Liabilities	19.564.933	18.885.214	3,6
Total Equity	22.378.748	22.889.799	-2,2
Total equity and liabilities	41.943.681	41.775.013	0,4
Issued capital	51.510	51.510	0,0
Share premium	680.218	680.218	0,0
Other Comprehensive Income	1.487.562	1.975.078	-24,7
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)	252.302	301.000	-16,2
Non-controlling interest	-	-	0,0
Total Equity	22.378.748	22.889.799	-2,2



We will hold a conference to discuss second quarter 2016 results on Friday, August 25th at 18:00 a.m. Colombia time.

Conference ID 58.755.156

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

Colombia telephone number: 01800-913-0176

International/local telephone number: +1 (706) 634-9385

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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