GRUPO ARGOS

June 30th, 2014 2Q Report

BVC: GRUPOARGOS, PFGRUPOARG

EXECUTIVE SUMMARY

- For the first semester of 2014, revenues for consolidated Grupo Argos up to COP$ 4.5 trillion (US$ 2.3 billion), an increase of 22% in pesos and 14% in dollars from the same period in 2013. Excluding the net effect of the divestitures in Grupo Sura's preferred shares made by the holding company, the consolidated revenue increased 19%.

- Consolidated EBITDA totalized COP$ 1.2 trillion (US$ 613 million), an increase of 22% in pesos and 14% in dollars. EBITDA margin stood at 27%.

- Company consolidated net income totalized 306 billion pesos, an increase of 126% comparing to the same period in 2013. This significant increase was reflected in the other income line, as during 2014 an exchange was made in the real estate assets, which generated an extraordinary profit of COP$ 91 billion. Excluding this non-recurring operation and the divestitures made by holding, the increase in net income was 54%.

- On a consolidated basis at the end of the first semester 2014, assets increased to 30.4 trillion pesos (US$ 16 billion), an increase of 11% in pesos and 14% in dollars comparing with December 2013. In this same period, liabilities totalized COP$ 10.2 trillion and Shareholders' equity totalized COP$ 13.5 trillion (US$ 7.1 billion), an increase of 9% in pesos and 11% in dollars.

- In the non-consolidated income statement Grupo Argos revenues up to COP$487 billion (US$247 Million) an increase of 99% in pesos and 84% in dollars, Excluding the revenue from sales of investments generated from the divestiture of 4.587.014 preferred shares of Grupo Sura for COP$ 165 billion the increase was 50%.

- The non-consolidated Ebitda up to COP$ 267 billion, an increase of 53% comparing the first semester of 2013. Doing the same proforma analysis, EBITDA increased by 44%.

- Net income totalized COP$ 306 billion, an increase of 126% and is not comparable with the results obtained during the same period in 2013, due to the aforementioned non-recurring effect. Excluding this, net income grew by 54%.

- In Grupo Argos non-consolidated balance sheet, the assets totalized COP$16.5 trillion, increasing 7% in pesos or 9% in dollars compared with December 2013. In this same period, liabilities increased 0.4% in pesos or 3% in dollars totaling COP$ 1.8 trillion (US$ 935 million). Shareholders' equity increased to COP$ 14.8 trillion (US$ 7.9 billion) an increase of 8% in pesos and 10% in dollars.

2Q2014 Results

In the year's first semester, Grupo Argos continues to establish itself in each of the businesses it is involved in, showing positive and growing results.

In the cement business, Argos continued with good momentum in the markets where it operates; in the energy sector, Celsia obtained higher than expected results due to a combination of technologies for energy production. In turn, developing businesses continue to demonstrate growth; the real estate business continues to expand its portfolio of properties for rent, and the port business has started to see results from its port investments.

On the financial side, Grupo Argos carried out various important activities in the second quarter.

Furthermore, the company received a AAA rating from the BCR. This rating, being the highest applied to long-term debt instruments, indicates that as an issuer, Grupo Argos has ample and strong capacity to meet its financial commitments. This represents a guarantee of confidence for investors, while also reflecting the strategic management of the company that seeks to continue generating profit and sustainable value for its various stakeholders.

Also, in seeking to improve the debt structure and ensure the availability of resources for expansion plans, the Board of Directors approved the Straight Bonds and/or Commercial Papers Placement and Issuance Program for a total value of up to one trillion pesos (COP 1,000,000,000,000).

It is worth highlighting that issuance programs allow for the respective issuer to structure various issuances from a global quota in order to be placed through public offer over a determined period, which in this case is 3 years.

In this specific case, the Placing and Issuance Program has the objective of granting the Company with the flexibility necessary to turn to the market in moments that are considered appropriate in order to be able to take advantage of its advantages, and therefore establish the company's financing scheme, allowing for proper financial planning that was structured some time ago.

Business Results

Cement business:

Argos reports a solid semester where the results of operations in Florida and Honduras are included in their entirety. In addition, 81 days of results were established that respond to the French Guyana assets.

The Colombian region continues with a positive momentum, with 3% and 7% growth in volumes of cement and concrete respectively compared with the first semester of the previous year. Based on the positive outlook for housing construction supported by multiple subsidy programs and large-scale private infrastructure projects, this positive trend is expected to continue.

In the US region, solid second quarter performance is highlighted, where an EBITDA of USD 24 million was recorded. This number is greater than that recorded for all of 2013, evidencing healthy organic growth in all markets of this region, marked by the recovery of the construction sector and the upturn in the economies of the southern states, especially Florida, Texas and Georgia, where non-residential construction activities, and cement consumption, show better performance than the rest of the country.

The Caribbean and Central American region present satisfactory results for the establishment of operations in Honduras and French Guyana, as well as for the increase in sales in Panama. To some extent, said sales counter-acted the decrease of offices at the Panama Canal.

In terms of total numbers, Argos sold 5.3 million square meters of concrete in the first three months of the year, showing a growth of 18%, and 6 million tons of cement, growing 9% compared to the same period of the previous year. In turn, Cementos Argos recorded consolidated operating revenue of COP 2.8 trillion, growing 18% against the same semester in 2013. The consolidated EBITDA reached COP 533 billion, showing an increase of 12% compared to the same period in 2013. The EBITDA margin was 19%. Lastly, the net income was close to COP 138 billion, therefore growing 87% with respect to 2013.

Energy business:

Celsia presented higher than expected results in their different areas of business in the first semester of the year, where growth in thermal power generation and an increase in stock prices due to water conditions are highlighted. Likewise, it is worth noting that although these contributions have been lower than the national historical average, in Celsia's case, they were higher than the previous year and the System average.

Celsia continues to move forward with its expansion plans. In the first semester of 2014, the company invested close to COP126 billion in energy production and distribution.

For Cucuana, the production business reached an increase of 88%, while Bajo Tuluá reached 86%. Two power plants are set to enter into commercial operation at the end of this year.

In the distribution business during the second quarter of 2014, work continued on the capacity increase project for the Cartago substation, which is 31% complete.

Regarding the liquid fuel project, civil works and electromechanical assembly of equipment and piping was carried out during the period at Zona Franca Celsia S.A. E.S.P. The final activities and operational tests are currently being carried out.

In terms of numbers, the energy produced by the organization during the first semester of 2014 reached 3,432 GWh. That is equivalent to 11% of the total production of the National Electrical Grid. Sixty percent of this generation was hydroelectric and forty percent was thermal.

Consolidated operating revenue was COP 1.4 trillion, growing 17% compared to income from the same period of the previous year. In turn, at the close of June, consolidated EBITDA increased 29% to reach COP 567 billion. This was the best quarterly level recorded by the organization with an EBITDA margin of 41%. Net income was COP 169 billion, growing 31% compared to the first semester of 2013.

Real Estate Business:

In the second quarter, progress continued in deed registration and land development. In turn, a complete asset portfolio continues to be created for rental properties.

During the second quarter, deed registration was carried out for lot C1 of the Genovés II Port project located in the Municipality of Puerto Colombia, sold for a general services project. The total value of this negotiation was COP 6.478 billion.

Likewise, a deed was registered for lot D6 of the same project in order to develop a residential project. The sale of this lot was carried out through a bid or call, with a value of COP 5.466 billion.

As to rental properties, in July Grupo Argos bought Cementos Argos assets in Ciudad Empresarial Sarmiento Angulo Torre 3 in Bogotá for their real-estate business. Assets are 4,900 m^2 of office space, representing an investment of approximately COP 39 billion. The acquired area is leased by AAA clients. This business complements a portfolio of rental properties, and is constitutes the first step towards business in Bogotá. It is worth mentioning these offices received the LEED gold certification.

In terms of financial figures, income during the first semester of 2014 was close to COP 44 billion, an increase of 216% with respect to that reported over the same period of the previous year. EBITDA was COP 13.751 billion, with an increase of COP 425 million over the first semester of 2013. 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 reasons.

Ports Business:

In the second quarter of the year, the arrival of the first shipment of 60,000 barrels of Diesel to the Compas port in Barranquilla destined for the Zona Franca de Celsia is highlighted. Thus, the most modern hydrocarbon operations facility opened at this port.

In terms of financial figures, Compas operating revenue over the first semester of 2014 surpassed COP 61 billion and grew 25% with respect to the same period in 2013. The cumulative EBITDA (without the leasing of infrastructure, which is a financial operation) reached COP 19 billion and grew 44% with respect to the same period of the previous year. These figures were attained due to the positive trend of revenue and efficient operational costs.

Coal Business:

In the second quarter, Sator maintained its line of grown, where the positive EBITDA is highlighted in the two last months of the quarter due to an increase in sales, and reduced costs and spending.

During the first semester of the year, 256 thousand tons were sold, in comparison with 188 thousand tons of the previous year, representing an increase of 36%. It is important to note that during the first four months of 2013, the Bijao mine had operational problems.

In terms of operations, it is noteworthy that the Bijao mine started operations with a new operator (MINCIVIL). The renegotiation of production costs implied a 40% reduction.

In terms of financial figures, revenue grew 40%, reaching COP 32 billion. EBITDA was COP -734 million, compared to the COP -10.436 billion in 2013. This trend was produced thanks to greater income, a decrease in costs, and a 51% decrease in operational expenditures as a result of budget control and reduction plans implemented at the beginning of the year.

GRUPO ARGOS

Portfolio Investment of Grupo Argos at June 30th 2014:

Company	Stake Held	Value (COP$ millon)	Value (US$ million)***	Price per Share (In COP)*
CEMENT				
Cementos Argos	**60,7%**	8.259.895	4.391	11.820
ENERGY				
Celsia	**52,4%**	2.297.895	1.222	6.100
EPSA**	**11,9%**	376.990	200	9.165
OTHER				
Grupo Suramericana	**29,4%**	5.506.158	2.927	39.900
Grupo Suramericana (P)	**4,0%**	169.300	90	39.800
Bancolombia	**2,5%**	337.110	179	26.540
Grupo Nutresa	**9,8%**	1.249.633	664	27.620
Total		**18.196.981**	**9.673**	

** Price at June 30th, 2014*
*** EPSA price is the initial acquisition price*
**** Exchange rate at June 30th, 2014: COP$1,881 / 1 US$*

We will have a conference call to discuss these results this Tuesday July 29th at 8:00a.m. Colombia time, at which we shall be discussing our 2Q2014 results.

Conference ID: 75.998.120

Tel – United States / Canada: (866) 837 - 3612

Tel - Colombia: 01800.518.01.65

Tel - International/Local: (706) 634 - 9385

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

CONTACT INFORMATION:

Nicolás Valencia

Investor Relations

Grupo Argos

Tel: (574) 319.87.12

E-mail: nvalenciap@grupoargos.com

GRUPO ARGOS S.A.
NON-CONSOLIDATED P&L STATEMENT
YTD at June
In millions of Colombian pesos or US dollars

	jun-14	jun-13	Var. (%)
Operating revenues	**487.101**	**245.058**	**98,8**
US$ dollars	***247***	***134,30***	***84,0***
Dividends and participations	88.765	82.659	7,4
Revenues via equity method	189.597	122.226	55,1
Revenue from sales of investments	164.858	30.302	444,0
Real Estate Business	43.881	9.871	344,5
Gross profit	**323.222**	**218.850**	**47,7**
Gross margin	*66,4%*	*89,3%*	
Operating expense	**57.799**	**44.846**	**28,9**
Expense via equity method	10.221	12.900	-20,8
Administrative expense	40.722	27.461	48,3
Provisions for investments	5.056	3.449	46,6
Depreciation and amortization	1.800	1.036	73,7
Operating profit	**265.423**	**174.004**	**52,5**
Operating margin	*54,5%*	*71,0%*	
EBITDA	**267.223**	**175.040**	**52,7**
US$ dollars	***135***	***96,30***	***40,4***
EBITDA margin	***54,9%***	***71,4%***	
Non-operating revenues	**92.603**	**9.171**	**909,7**
Other income	92.603	9.171	909,7
Non-operating expense	**44.989**	**41.413**	**8,6**
Financial	27.965	33.369	-16,2
Retirement pensions	306	441	-30,6
Other expense	16.718	7.603	119,9
(loss) profit exchange rate	-4.415	-2.986	47,9
Pre-tax earnings	**308.622**	**138.776**	**122,4**
Provision for income tax	2.942	3.471	-15,2
Net income	**305.680**	**135.305**	**125,9**
US$ dollars	***156***	***75***	***109,0***
Net margin	*62,8%*	*55,2%*	

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GRUPO ARGOS S.A.

NON-CONSOLIDATED BALANCE SHEET

In millions of Colombian pesos or US dollars

	jun-14	dec-13	Var. (%)
Cash and equivalents	35.017	92.302	-62,1
Accounts receivable	455.236	203.010	124,2
Inventories	39.387	57.744	-31,8
Diferidos	502	89	464,0
CURRENT ASSETS	**530.142**	**353.145**	**50,1**
Permanent investments	8.184.750	8.189.320	-0,1
Deudores	8.243	35.732	-76,9
Intangibles and deferred items	135.003	90.623	49,0
Property, plant and equipment, net	185.259	90.149	105,5
appraisals	7.491.917	6.708.915	11,7
Other assets	1.554	1.500	3,6
NON-CURRENT ASSETS	**16.006.726**	**15.116.239**	**5,9**
TOTAL ASSETS	**16.536.868**	**15.469.384**	**6,9**
US$ dollars	**8.791**	**8.028**	**9,5**
Financial obligations	385.842	373.158	3,4
Suppliers and accounts payable	95.140	71.408	33,2
Dividends payable	150.236	48.549	209,5
Taxes and rates	997	12.057	-91,7
Labor liabilities	786	1.712	-54,1
Other liabilities	60.995	48.618	25,5
CURRENT LIABILITIES	**693.996**	**555.502**	**24,9**
Financial obligations	427.609	445.109	-3,9
Convertible bonds	581.136	694.448	-16,3
Taxes and rates	0	0	0,0
Labor liabilities	2.253	2.191	2,8
Other liabilities	53.595	53.595	0,0
NON-CURRENT LIABILITIES	**1.064.593**	**1.195.343**	**-10,9**
TOTAL LIABILITIES	**1.758.589**	**1.750.845**	**0,4**
US$ dollars	**935**	**909**	**2,9**
SHAREHOLDERS´ EQUITY	**14.778.279**	**13.718.539**	**7,7**
US$ dollars	**7.856**	**7.120**	**10,3**
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	**16.536.868**	**15.469.384**	**6,9**

GRUPO ARGOS S.A.

CONSOLIDATED P&L STATEMENT

YTD at June

In millions of Colombian pesos or US dollars

	jun-14	jun-13	Var. (%)
Operating revenues	**4.483.222**	**3.664.782**	**22,3**
US$ dollars	**2.291**	**2.006**	**14,2**
Variable costs	**3.104.003**	**2.606.055**	**19,1**
Cost of goods sold	2.878.171	2.381.612	20,8
Depreciation and amortization	225.832	224.443	0,6
Gross Profit	**1.379.219**	**1.058.727**	**30,3**
Gross margin	*30,8%*	*28,9%*	
Overheads	**455.384**	**339.719**	**34,0**
Administrative expense	293.446	223.893	31,1
Selling expense	110.748	78.448	41,2
Depreciation and amortization	51.190	37.378	37,0
Operating Profit	**923.835**	**719.008**	**28,5**
Operating margin	*20,6%*	*19,6%*	
EBITDA	**1.200.857**	**980.829**	**22,4**
US$ dollars	**613**	**538**	**14,1**
EBITDA margin	***26,8%***	***26,8%***	
Non-operating revenues	**206.950**	**106.158**	**94,9**
Dividends and stakes	35.833	34.110	5,1
Other income	171.117	72.048	137,5
Non-operating expense	**314.909**	**310.145**	**1,5**
Net financial expense	160.936	172.312	-6,6
Other expense	153.973	137.833	11,7
Exchange difference	-4.783	-6.165	-22,4
Pre-tax earnings	**811.093**	**508.856**	**59,4**
Provision for taxes	253.603	216.200	17,3
Minority interest	251.810	157.351	60,0
Net income	**305.680**	**135.305**	**125,9**
US$ dollars	**156**	**75**	**109,0**
Net margin	*6,8%*	*3,7%*	

GRUPO ARGOS

GRUPO ARGOS S.A.
CONSOLIDATED BALANCE SHEET
In millions of Colombian pesos or US dollars

	jun-14	dec-13	Var. (%)
Cash and equivalents	1.180.468	1.526.948	-22,7
Trade receivables	1.093.900	811.657	34,8
Accounts receivable, net	918.659	471.676	94,8
Inventories	695.736	497.973	39,7
Prepaid expenses	103.633	35.940	188,4
CURRENT ASSETS	**3.992.396**	**3.344.194**	**19,4**
Permanent investments	1.435.622	1.001.182	43,4
Accounts receivable	15.346	10.518	45,9
Inventories	53.898	85.247	-36,8
Deferred items and intangibles	2.215.854	2.732.394	-18,9
Property, plant and equipment, net	8.958.648	7.566.366	18,4
Appraisals	13.725.223	12.656.081	8,4
Other assets	14.151	19.353	-26,9
NON-CURRENT ASSETS	**26.418.742**	**24.071.141**	**9,8**
TOTAL ASSETS	**30.411.138**	**27.415.335**	**10,9**
US$ dollars	**16.166**	**14.228**	**13,6**
Financial obligations	1.049.304	720.914	45,6
Bonds outstanding	123.586	204.182	-39,5
Commercial Paper	0	0	0,0
Suppliers and accounts payable	926.168	742.605	24,7
Dividends payable	320.552	103.212	210,6
Taxes and rates	130.476	304.355	-57,1
Labor liabilities	74.585	87.119	-14,4
Sundry creditors	26.901	27.554	-2,4
Other liabilities	1.016.541	668.750	52,0
CURRENT LIABILITIES	**3.668.113**	**2.858.691**	**28,3**
Financial obligations	2.496.608	1.063.692	134,7
Labor liabilities	322.633	326.510	-1,2
Deferred items	91.677	94.927	-3,4
Bonds outstanding	3.615.959	3.840.671	-5,9
Bond placement premium	-6.568	-6.568	0,0
Sundry creditors	26.901	55.107	-51,2
NON-CURRENT LIABILITIES	**6.547.210**	**5.374.339**	**21,8**
TOTAL LIABILITIES	**10.215.323**	**8.233.030**	**24,1**
US$ dollars	**5.430**	**4.273**	**27,1**
Minority interest	**6.693.724**	**6.741.142**	**-0,7**
US$ dollars	**3.558**	**3.499**	**1,7**
SHAREHOLDERS' EQUITY	**13.502.091**	**12.441.163**	**8,5**
US$ dollars	**7.177**	**6.457**	**11,2**
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	**30.411.138**	**27.415.335**	**10,9**