

GRUPO ARGOS

June 30, 2013 2Q Report

BVC: GRUPOARGOS, PFGRUPOARG

EXECUTIVE SUMMARY

- For the first semester of 2013, revenues for consolidated Grupo Argos up to COP\$ 3.7 trillion (US\$ 2 billions), an increase of 13% in pesos and 11% in dollars from the same period in 2012.
- Consolidated EBITDA totaled COP\$ 981 thousand million (US\$ 538 million), an increase of 15% in pesos and 13% in dollars. EBITDA margin stood at 27%, in comparison to 26% 2012.
- Company consolidated net income totaled 135 billion pesos; which is not comparable with that of 334 billion pesos in the same period in 2012. Due to the non-recurring extraordinary profits of 277 billion pesos and the increase in the income tax for 2013 of 60 billion dollars in Cementos Argos. The increase in the income tax was generated by the effect of exchange difference in Cementos Argos' investments abroad. Excluding this, the net income increase by 1%
- On a consolidated basis at the end of the first semester 2013, assets increased to 27.8 trillion pesos (US\$ 14 billion), increasing 4% in pesos and a decrease of 5% in dollars in comparison with December 2012. In this same period, liabilities totaled COP\$ 8,8 trillion a decrease of 4% and Shareholders' equity totaled COP\$ 12,9 trillion (US\$ 7 billion), an increase of 1% in pesos and a decrease of 7% in dollars.
- In the non-consolidated income statement Grupo Argos revenues up to COP\$245 thousand millions a decrease of 40% in pesos and 41% in dollars, the decrease in mainly due to the lower revenues via equity method of Cementos Argos, as a result Due to the non-recurring extraordinary profits of 277 billion pesos and the increase in the income tax for 2013 of 60 billion dollars in Cementos Argos. The increase in the income tax was generated by the effect of exchange difference in Cementos Argos' investments abroad. The net income up to COP\$135 thousand

million and it is not comparable with 2012. Excluding the mentioned effect, the net income increase by 1%

- In Grupo Argos non-consolidated balance sheet, the assets totalized 16 trillion pesos (US\$ 8.3 billions), decreasing 1% in pesos or 9% in dollars compared with December 2012. In this same period, liabilities decreased 13% in pesos or 20% in dollars totaling COP\$ 1,8 trillion (US\$ 0.9 millions). Shareholders 'equity increased to COP\$ 14,2 trillion an increase of 6% in pesos.

2Q2012 Results

During the first semester of the year Grupo Argos continues strengthening its position in the different markets where it participates.

In its Cement business, Cementos Argos shows outstanding operating results in the regions where it has operations; in the Energy business, Celsia had a very good first semester thanks to the power-generation mix of technologies. On their part, new businesses continue consolidating; as regards Ports, Compas continues implementing their investment plan towards the adaptation of their ports in Colombia, Panama and the US. In the Real Estate business, Situm continues growing and strengthening the urban topics in Barranquilla; and in the Coal business, Sator continues with the drilling plan.

Before to discuss the financial results we would like to inform that from the 26th of July Grupo Argos ticket has change. The ordinary share from INVERARGOS to GRUPOARGOS and the preferred share from PFINVARGOS to PFGRUPOARG thus leaving the ticket according to the company name.

Business Results

The Cement business:

The company had a solid second quarter that contributed positively to the accumulated results of 2013, with both the performance in the markets where it participates and the financial results of our three regional divisions standing out.

The better dynamism seen of our Colombian Regional Division in this second quarter supported the recovery of volumes for the first semester. We expect the same positive trend as the infrastructure and housing projects start materializing.

In USA Regional Division, it is expected continuous improvement in the results, based on the evident recovery that it has been monitoring in the United States, which has allowed us to obtain increasing volumes and consolidation in terms of price rises. It has been able to complement this situation with strategic initiatives that seek to reinforce vertical integration and obtain better operating efficiency. The EBITDA for the second quarter in this Region reached COP 10 thousand million (USD 5.6 million), with positive

results in each of the period's three months. This figure surpassed the COP 6 thousand million (USD 3.5 million) reported for the same quarter in 2012.

The Caribbean Regional Division has also shown a very attractive and dynamic market in all the countries where we have operations and it is expected that this positive trend in our results will continue. The regional division continues to show outstanding cost control and has been enhancing productivity in most of its operations.

During the first semester, the company sold 4.4 million m³ of concrete, which represented a 7% increase, and 5.5 million tons of cement, thus growing 1% compared to the same period last year. These volumes generated consolidated accumulated revenues of COP\$ 2,3 trillion, an increase of 9%. Consolidated EBITDA totalized COP\$ 476 thousand million, an increase of 25%. EBITDA margin up to 20.4%, a figure well above the 17.7% reported in the first semester of 2012.

The net income totalized \$COP 74 thousand millions, this number is not comparable to last year, during the first semester of 2012 the company generated a non-recurring extraordinary profits of COP\$ 277 billion due to the divestures of non- strategic assets.

During the second quarter the company successfully completed the primary offering of preferred shares for 15% of Argos's equity, which had a demand that rose to 1.5 times the offered amount. A total of approximately 209 million preferred shares were placed at COP 7,700 per share, thus allowing us to raise a total of COP 1.6 billion², or about USD 880 million.

The energy business:

Celsia, second unit Alto Tuluá facility begun its commercial operation in April, this unit generates 19,9 MW.

The Cucuana project, 55 MW, advanced 56% of its construction by June 2013, in which it has concluded the access and roads construction and continues with the tunnels excavations, among others.

In the distribution segment, EPSA finalized the modernization projects of Buga and El Dovia substations, the increase in the capacity of the Tuluá substation. The company continues with the construction of Alférez substation and makes the arrangements related to licensing the Bahía substation project, and works in a support energy line to Buenaventura.

Regarding the Porvenir II project, located in Antioquia, the Ministry of Mines and Energy of Colombia awarded the Public Utility Declaration and Social Interest. For its part, continues with the preparation of its components designs and specifications of construction. In addition, under the sustainability commitment of “good neighbor”, company advances with the socialization about the benefits that will bring this project to the region and country.

The mix in the generation portfolio allowed the organization to reach a total power generation of 3.121 GWh during the period, supplying 10,2% of the electricity produced in the Colombian electric system. Of this total production, 56% was hydric and 44% thermal generation, maintaining the balance of technologies that the company has experienced since mid-2012.

The consolidated operating revenues of Celsia, increased by 21% YoY to reach COP 1,2 trillion, EBITDA reached COP 439 thousand million an increase of 14% in comparison to the same period last year and EBITDA margin was 37%. Net income for the quarter was COP 129 thousand millions in line with first semester 2012.

Ports Business:

Before analyzing the second quarter and seeking to have a good understanding of Compas, we would like to share some information that may be of interest when analyzing the company.

- There are 2 types of port fees: regulated (Sociedad Portuaria) and non-regulated (port operator). The former are denominated in US dollars, approved by the Deputy Port Superintendence and of public knowledge. In order for these to be increased a financial study is required defending such increase. For approval, the Superintendence consults the region’s fees (Cartagena, Buenaventura, Barranquilla, etc) and verifies that the requested fees are not much above the highest or much below the lowest fees to avoid dumping situations. As regards the later, they are under a free market model and respond to the law of offer and demand. Generally they are increased by the Colombian average annual inflation rate.
- En este negocio es importante el número de motonaves es una información importante ya que ayuda a dimensionar la capacidad de atención de buques pero es aún más importante entender otros factores como tipo de carga o mezcla, tamaño de las embarcaciones, tiempo de permanencia en muelle. En la información que se presenta a continuación tratará de explicarles con

más detalle el comportamiento de la carga de containers y la carga general en Compas.

- In this business the number of ships moved is an important information due to the fact that it helps to understand the capacity of ship attention but it is even more important to understand other factors such as type of load or mixing vessel size, time spent in the port. The information presented below try to explain in more detail the behavior of the load (containers and bulk – general cargo) for Compas.
- Compas' Ebitda Margen should range between 26% and 30% approximately.

During the second quarter of 2013, Compas shows to the entrepreneurial community of the Sucre, Cordoba and Antioquia departments the COMPAS terminal in Tolu, which, having obtained all environmental and customs authorizations, is allowed to start operating immediately as an entry and exit port for raw materials and finished products serving such important markets.

In addition, during May 2013 Compas acquired 100% of Boscoal, an exclusive port operator for food, coal and general bulk cargo in the future Aguadulce terminal in Buenaventura, which, given its infrastructure and natural depth, will become the most important port of South America on the Pacific Coast, suitable for receiving and serving latest technology ships.

In line with its terminals' adaptation and specialization strategy, Compass secured the required environmental authorizations to develop an import, export and warehousing project for hydrocarbon-related liquids, devoting an important area of its Barraquilla terminal.

As regards financial figures, Compas' operating revenues at the closing of the first semester of 2013 amount to COP \$ 49 billion, representing 8% decrease as compared to the same period in 2012. Such drop is mainly due to the reduction in the containers handled, which consolidated number decreased by 9% and the export-import containers (which decreased by 17%- which having a greater weight on billing). However it is worth noting the increase the management of bulk and general cargo of 26%, which, although not enough to balance the decrease generated by the containers, is a very important figure and continues to generate good prospects for this type of cargo.

Cumulative EBITDA reaches COP 13.293 billion without including the infrastructure lease (a financial operation) showing a 25% decrease as compared to the same period last year. This figure results from the decrease in revenues and higher expenses associated to the enlarging of existing ports, which in future will be reflected in higher sales volumes.

Real Estate Business:

In furtherance of its growth program, Situm achieved two important goals. One of them regards to the urbanism and the other one regards to the property business.

As regards the urban business, Situm obtained approval for the General Urban Project named Lago Alto, which will be the basis to issue the townplanning permits for the 23 development stages in over 251 hectares; the first stage will be developed over 6.8 hectares.

On the other hand, as regards the property business, together with two real estate companies, Situm is developing a three-stage construction and rental with 10 years contract. It will be the seat of a multinational company that seeks to strengthen its presence in the country and want to be based in the Medellin metropolitan area. The project will have between 24,000 and 30,000 sq. mt of offices and its first stage is expected to be completed by the end of 2014. Meanwhile Viva Villavicencio continues is in process with 38% of its works done.

Regarding financial figures, Situm revenues during the first half of the year reached COP \$13.993 billion showing an increase of 215% as compared to the same period in the prior year. EBITDA was COP \$425 million as compared to COP\$ (249) million of the first semester in 2012. It can be highlighted that the urban planning and real estate dynamics continue under a very positive trend.

Finally, since the fulfillment of deeds in the first half of the year and the pace they have been advance until now, it is expected to meet the revenues budget for 2013.

Coal Business:

During the first semester and continuing with the drilling plan, Sator moved from an inferred resource category to a measured resource category in an area of approximately 1,600 hectares in the Bijao mine, where 8,097 meters have been drilled during the year. On its part, the detailed cartography of the Caparrapi project was carried out in 1:10000 scale defining coal areas of interest, which allows

designing the original drilling network with 28 wells for approximately 4,500 meters which will allow obtaining inferred resources in almost 2,000 hectares of the mining title.

Portfolio Investment of Grupo Argos at June 30 2013:

Company	Stake Held	Value (COP\$ million)	Value (US\$ million)***	Price per Share (In COP)*
<u>CEMENT</u>				
Cementos Argos	60,7%	5.576.477	2.891	7.980
<u>ENERGY</u>				
Celsia	50,2%	1.751.101	908	4.850
EPSA**	11,9%	376.990	195	9.165
<u>OTHER</u>				
Grupo Suramericana	29,2%	5.123.760	2.656	37.400
Grupo Suramericana (P)	9,0%	361.977	188	37.940
Bancolombia	2,5%	335.332	174	26.400
Grupo Nutresa	9,8%	1.084.946	562	23.980
Total		14.610.583	7.574	

* Price at June 30, 2013

** EPSA price is the initial acquisition price

*** Exchange rate at June 30, 2013: COP\$1,929 / 1 US\$

We will have a conference call to discuss these results this Monday June 29th at 9:00a.m. Colombia time, at which we shall be discussing our 2Q2013 results.

Conference ID: 17.991.010

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

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

	jun-13	jun-12	Var. (%)
Operating revenues	245.058	405.181	-39,5
<i>US\$ dollars</i>	134	227,63	-41,0
Dividends and participations	82.659	75.059	10,1
Revenues via equity method	122.226	303.427	-59,7
Revenue from sales of investments	30.302	26.661	13,7
Real Estate Business Revenues	9.871	34	28932,4
Cost of selling off investments	26.208	17.782	47,4
Cost of selling off investments	26.042	17.782	46,5
Real Estate Business Costs	166	0	na
Gross profit	218.850	387.399	-43,5
<i>Gross margin</i>	<i>89,3%</i>	<i>95,6%</i>	
Operating expense	44.846	18.655	140,4
Expense via equity method	12.900	5.484	100,0
Administrative expense	27.461	6.082	351,5
Provisions for investments	3.449	6.093	-43,4
Depreciation and amortization	1.036	996	4,0
Operating profit	174.004	368.744	-52,8
<i>Operating margin</i>	<i>71,0%</i>	<i>91,0%</i>	
EBITDA	175.040	369.740	-52,7
<i>US\$ dollars</i>	96	207,83	-53,7
<i>EBITDA margin</i>	<i>71,4%</i>	<i>91,3%</i>	
Non-operating revenues	13.232	5.659	133,8
Financial	4.102	259	1483,8
Other income	9.130	5.400	69,1
Non-operating expense	45.474	40.424	12,5
Financial	37.448	39.071	-4,2
Retirement pensions	441	507	-13,0
Other expense	7.585	846	796,6
(loss) profit exchange rate	(2.986)	644	na
Pre-tax earnings	138.776	334.623	-58,5
Provision for income tax	3.471	521	566,2
Net income	135.305	334.102	-59,5
<i>US\$ dollars</i>	75	188	-60,3
<i>Net margin</i>	<i>55,2%</i>	<i>82,5%</i>	

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

	jun-13	dec-12	Var. (%)
Cash and equivalents	160.310	554.261	-71,1
Accounts receivable	297.832	90.057	230,7
Inventories	66.897	75.111	-10,9
Diferidos	495	900	-45,0
CURRENT ASSETS	525.534	720.329	-27,0
Permanent investments	7.992.379	7.745.161	3,2
Deudores	43.215	47.143	-8,3
Inventories	515	332	55,1
Intangibles and deferred items	26.182	27.129	-3,5
Property, plant and equipment, net appraisals	74.048	60.983	21,4
Other assets	7.338.114	7.540.582	-2,7
Other assets	576	512	12,5
NON-CURRENT ASSETS	15.475.029	15.421.842	0,3
TOTAL ASSETS	16.000.563	16.142.171	-0,9
US\$ dollars	8.295	9.129	-9,1
Financial obligations	292.243	601.271	-51,4
Commercial Papers	200.000	200.000	0,0
Suppliers and accounts payable	65.313	84.590	-22,8
Dividends payable	138.583	44.266	213,1
Taxes and rates	463	5.587	-91,7
Labor liabilities	1.543	1.007	53,2
Other liabilities	39.929	23.338	71,1
CURRENT LIABILITIES	738.074	960.059	-23,1
Financial obligations	300.109	300.109	0,0
Convertible bonds	700.341	749.248	-6,5
Taxes and rates	953	953	0,0
Labor liabilities	3.361	3.595	-6,5
Other liabilities	67.816	67.816	0,0
NON-CURRENT LIABILITIES	1.072.580	1.121.721	-4,4
TOTAL LIABILITIES	1.810.654	2.081.780	-13,0
US\$ dollars	939	1.177	-20,3
SHAREHOLDERS' EQUITY	14.189.909	14.060.391	0,9
US\$ dollars	7.356	7.952	-7,5
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	16.000.563	16.142.171	-0,9

GRUPO ARGOS S.A.
CONSOLIDATED P&L STATEMENT

YTD at June

In millions of Colombian pesos or US dollars

	jun-13	jun-12	Var. (%)
Operating revenues	3.664.782	3.240.061	13,1
<i>US\$ dollars</i>	2.006	1.808	11,0
Variable costs	2.606.055	2.347.077	11,0
Cost of goods sold	2.381.612	2.124.591	12,1
Depreciation and amortization	224.443	222.486	0,9
Gross Profit	1.058.727	892.984	18,6
<i>Gross margin</i>	28,9%	27,6%	
Overheads	339.719	302.823	12,2
Administrative expense	223.893	200.260	11,8
Selling expense	78.448	65.627	19,5
Depreciation and amortization	37.378	36.936	1,2
Operating Profit	719.008	590.161	21,8
<i>Operating margin</i>	19,6%	18,2%	
EBITDA	980.829	849.583	15,4
<i>US\$ dollars</i>	538	474	13,4
<i>EBITDA margin</i>	26,8%	26,2%	
Non-operating revenues	106.158	394.800	-73,1
Dividends and stakes	34.110	42.568	-19,9
Profits from sales of investments	2.723	231.369	
Other income	69.325	120.863	-98,8
Non-operating expense	310.145	333.512	-7,0
Net financial expense	172.312	189.258	-9,0
Other expense	137.833	144.254	-4,5
Exchange difference	-6.165	31.151	-119,8
Pre-tax earnings	508.856	682.600	-25,5
Provision for taxes	216.200	93.276	131,8
Minority interest	157.351	255.222	-38,3
Net income	135.305	334.102	-59,5
<i>US\$ dollars</i>	75	188	-60,3
<i>Net margin</i>	3,7%	10,3%	

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

	jun-13	dec-12	Var. (%)
Cash and equivalents	2.251.565	1.468.055	53,4
Trade receivables	842.646	736.089	14,5
Accounts receivable, net	700.223	418.962	67,1
Inventories	493.393	467.056	5,6
Prepaid expenses	46.504	56.230	-17,3
CURRENT ASSETS	4.334.331	3.146.392	37,8
Permanent investments	1.021.980	1.043.257	-2,0
Accounts receivable	15.694	85.878	-81,7
Inventories	89.493	86.432	3,5
Deferred items and intangibles	2.111.116	1.918.447	10,0
Property, plant and equipment, net	7.262.505	7.172.640	1,3
Appraisals	13.021.906	13.325.550	-2,3
Other assets	14.328	21.238	-32,5
NON-CURRENT ASSETS	23.537.022	23.653.442	-0,5
TOTAL ASSETS	27.871.353	26.799.834	4,0
US\$ dollars	14.449	15.156	-4,7
Financial obligations	833.045	1.409.261	-40,9
Bonds outstanding	278.186	87.091	219,4
Commercial Paper	200.000	200.000	0,0
Suppliers and accounts payable	664.360	747.704	-11,1
Dividends payable	293.545	80.226	265,9
Taxes and rates	118.429	183.836	-35,6
Labor liabilities	58.738	66.223	-11,3
Sundry creditors	27.585	25.286	9,1
Other liabilities	946.370	824.405	14,8
CURRENT LIABILITIES	3.420.258	3.624.032	-5,6
Financial obligations	1.766.193	1.685.905	4,8
Taxes and rates	47.082	46.923	0,3
Labor liabilities	337.369	340.072	-0,8
Deferred items	102.382	95.751	6,9
Bonds outstanding	3.046.564	3.288.046	-7,3
Bond placement premium	-7.389	-8.210	-10,0
Sundry creditors	82.754	75.857	9,1
NON-CURRENT LIABILITIES	5.374.955	5.524.344	-2,7
TOTAL LIABILITIES	8.795.213	9.148.376	-3,9
US\$ dollars	4.559	5.174	-11,9
Minority interest	6.165.434	4.870.120	26,6
US\$ dollars	3.196	2.754	16,0
SHAREHOLDERS' EQUITY	12.910.706	12.781.338	1,0
US\$ dollars	6.693	7.228	-7,4
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	27.871.353	26.799.834	4,0