

GRUPO ARGOS

December 31, 2012 4Q Report

BVC: INVARGOS, PFINVRAGOS

EXECUTIVE SUMMARY

- During 2012, revenues for consolidated Grupo Argos up to COP\$ 6.7 billion pesos (US\$ 3.7 billion), an increase of 15% in pesos and 19% in dollars from the same period in 2011.
- Consolidated EBITDA totaled COP\$ 1.6 billion (US\$ 899 million) in line with 2011 number. EBITDA margin stood at 24% compared to 28% in 2011. It's important to highlight that the decrease in EBITDA is due to a lower Non-Consolidated Grupo Argos divestitures in 2012. In a holding these divestitures are consolidated as operational revenue.
In the 2012, the company has divested COP\$ 46 thousand million of Grupo Sura preferred shares and COP \$ 60 thousand million of Cementos Argos for a total of COP\$ 107 thousand million. In 2011 the divestitures totaled COP\$ 245 thousand million.
- Consolidated net income up to COP\$ 344 thousand million (US\$ 193 million), an increase of 124% in pesos and 132% in dollars in comparison to 2011. The increase in comparison to 2011 is generated due to the sales of Grupo Suramericana shares between Cementos Argos and Grupo Argos for COP\$ 573 thousand million, this income could not be consolidated in Grupo Argos.
- On a consolidated basis at the end of December 2012, assets increased to 26.8 billion pesos (US\$ 15 billion), increasing 6% in pesos compared with December 2011, in dollars the assets increase in 16%. In this same period, liabilities totaled COP\$ 9,1 billion an increase of 1%. Shareholders 'equity increased to 34% in pesos to COP\$ 12,8 billion (US\$ 7,2 billion), an increase of 47% in dollars.

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- In the non-consolidated income statement Grupo Argos highlight an increase in revenues of 62% to COP\$ 602 thousand million, the net income up to COP\$ 344 thousand million (US\$ 193 million) an increase of 124% in pesos and 132% in dollars.
- In Grupo Argos non-consolidated balance sheet, the assets increased to 16,1 billion pesos, increasing 34% in pesos or 48% in dollars compared with December 2011. In this same period, liabilities increased 54% in pesos, totaling COP\$ 2,1 billion. Shareholders 'equity increased to COP\$ 14,1 billion an increase of 32% in pesos and 45% in dollars. It is important to highlight that the main changes in the non-consolidated statement in 2012 were caused due to the asset spun-off from Cementos Argos to Grupo Argos, the issuance of convertibles bonds and the price increase in Cementos Argos and Celsia shares.

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4T2012 Results

2012 was a very interesting year for Group Argos. In addition to ending the year in a satisfactory manner, with growing operating results for the business in which it invests, in May the spin-off by absorption process approved by the Shareholder Assemblies of Cementos Argos and Argos Group was concluded, aimed at consolidating an important infrastructure holding company.

Having finalized this process, in which the real estate, ports and coal assets were absorbed, along with shareholdings of 14.7% in Grupo Suramericana, 2% in Bancolombia and 5.4% in Grupo Nutresa, which were previously included in Cementos Argos balance sheet, Grupo Argos has moved from being a relatively passive investment holding company to one that actively intervenes in the definition and development of the strategies of its companies with consolidated businesses, as is the case of cement and energy, as well as structuring of businesses with high development potential, as was done with ports and is currently under way with the real estate and coal businesses.

As part of the company's objective of continuing to optimize and strengthen the capital structure required for the consolidation of its businesses, Grupo Argos carried out two important capital-raising activities. Firstly, in September it issued one-year commercial paper in an amount of 200 thousand millions pesos; demand for the issue was 360 thousand millions pesos, equivalent to 1.8 times the offer, and the issue closed at an effective rate of 5.95% per year. This rate contributed to a reduction in the overall weighted average cost of debt of nearly 50 basis points, to a level of 7.47%.

Additionally, in November 750 thousand millions pesos of convertibles bonds (Bonds Mandatorily Convertible into Preferred Shares) were issued in the market. During the auction process, demand for the issue was worth 759 thousand millions pesos, equivalent to an over-subscription of 1.52 times the initially offered amount of 500 billion pesos, which led to over-awarding 250 thousand millions pesos.

It should also be pointed out that in one of the various efforts to strengthen the organization's corporate governance, in the fourth quarter the Board of Directors of Group Argos approved an integral reform of its Good Governance Code. The new code maintains the guiding principles of integrity, respect and transparency, and

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sets guidelines for the behaviors that regulate the actions of the company and its employees.

Business Results

The Cement business:

2012 was a year of important changes and various challenges for Cementos Argos. As was mentioned before, the most important event was the spin-off that took place in May, through which the company became dedicated exclusively to cement and concrete.

It has now also been a year since the acquisition of Lafarge's cement and concrete assets in the US, through which the company sought to integrate operations vertically with its concrete plants in the South Central and Southeast Zones and create important synergies. During 2012, Cementos Argos established itself as the fourth biggest producer in the US and the most important seller of concrete in some of the areas where we have a presence.

In the Caribbean Regional Division, we strengthened our concrete operations in Haiti and we started with the same operations in the Dominican Republic and Surinam, reaching an annual concrete production capacity of 760 thousand cubic meters.

The Board of Directors approved important investments to secure our leadership and strengthen our competitive strategy in markets where we are a major player. The most important projects include the expansion of the production capacity in the interior of Colombia by 900,000 tons per year, the design and construction of a distribution center in Cartagena, and the mill expansion in Harleyville, South Carolina, USA.

During 2012, Cementos Argos sale 10,8 million tons of cement and 8,5 million cubic meters of ready-mix concrete, which represent an increase of 6% and 9% respectively. With these sales the company obtained revenues of COP 4.4 billion an increase of 23% compared to 2011. The consolidated EBITDA for 2012 reached COP 791 thousand million, which represents an increase of 25% compared to last year. The EBITDA margin stood at 18.1%.

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The consolidated net earnings rose to COP 388 thousand million a 12% increase. It is important to explain, that this is a proforma change, and Cementos Argos figures for 2011 only include the results of the Cement and ready mixed business. In 2011 these figures had a big portion of the real estate business.

The energy business:

In 2012, capital expenditures amounted to approximately COP 222 thousand millions pesos in projects such as Alto Tuluá (19,9 MW) and Hidromontañas (19,9 MW) which reached COD during the first semester of 2012; investments were also made in the development of hydro generation projects Bajo Tuluá (19,9 MW), San Andrés (19,9 MW), Cucuana (55 MW), and projects to maintain and increase the reliability of our distribution grid. With the execution of the expansion plan in 2012, the total installed capacity reached 1.777 MW, out of the 2.223 MW that will be in 2018.

The company reached a total power production of 5.038 GWh by December, supplying 8,4% of the electricity produced in the Colombian electric system. These results were obtained as a consequence of the balance in the technologies of generation, a higher availability of our plants and the efficiencies obtained in Zona Franca Celsia with the expansion of Flores IV. The Organization was able to maintain its energy output volume and its participation in the SIN even though during the period our hydro facilities had a 23% decrease in water inflow.

Consolidated operating revenues of Celsia S.A. E.S.P. (Celsia), increased 9,4% (YoY) reaching COP 2 billion. EBITDA reached 731 thousand millions, 2,4% higher (YoY) than our previous fiscal year with an EBITDA margin of 36,13%, a margin in line with a generation mix of 44,5% thermal and 55,5% hydro.

Net income reached COP 230 thousand millions compared to COP 152 billion registered in 2011, which included COP 41,8 billion of net profit from the disbursement of an industrial safety manufacturing company. Adjusting for the sale of other non-operational assets, the increase in net income is 108%

Ports Business:

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Compas was set up in 2012 through the merger of Muelles el Bosque with the port assets of Group Argos, in order to adequately meet the needs of the growing Colombian economy in an immediate and timely manner.

In order to position itself in the market, the company defined its image and established an organizational structure with defined roles and responsibilities.

One of the first steps ensure the growth of Compas was to enter into a joint venture with Abonos Colombianos (Abocol) and the Chilean firm SAAM for the commercial operation of the Buenavista Port, as well as the development of an integrated large-scale logistics center, both located in the Mamonal area of Cartagena. An agreement was also signed with *Interamerican Coal* and Ictsi for the operation of the fresh water port in Buenaventura.

In terms of 2012 financial results, the Compas terminals in Cartagena, Buenaventura, Barranquilla and Tolú handled approximately 4.2 million tons, including approximately 113,000 containers at the port in Cartagena. The cargo arrived in nearly 670 ships, which represented nearly 9% of all cargo moved through public ports in Colombia.

Of this cargo, close to 63% is import cargo, primarily food commodities, equivalent to approximately 1.4 million tons. In-transit cargo involved handling 900,000 tons, equivalent to 21% of the total. In terms of exports, approximately 650,000 tons were handled, equivalent to 16%, of which the most important is coal, with close to 400,000 tons, handled primarily by the port in Barranquilla.

Consolidated revenues of the business totaled 103 thousand million pesos. Ebitda for the year was nearly 22 thousand million pesos. It should be pointed out that Ebitda in 2012 was substantially affected by expenses related to the merger between Muelles el Bosque and the port assets of Argos Group, which gave birth to Compas, as well as infrastructure leasing arrangements.

Net profit for the first year of the company was nearly 3.6 thousand million pesos.

Real Estate Business:

This business comprises the real estate assets derived from the spin-off by absorption finalized in May of 2012. During the year, as part of the business strategy development process, members of the Real Estate Committee made benchmarking trips to Brazil, United States and Mexico.

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Following these trips, the Board of Directors of Group Argos approved the business strategy and the company's structure, which involves both a traditional urban land development business and a new venture in the rental property business.

Regarding urban development, in 2012 licenses were requested for close to 30 hectares of land for current and future projects in Barranquilla and Puerto Colombia.

In the rental property line, a first step was taken by signing a Memorandum of Understanding (MoU) with Grupo Éxito to participate in the Viva shopping malls, and the private agreement of Viva Villavicencio, a project that will involve investments worth approximately 213 thousand million pesos and will include 159 commercial outlets and 1,569 parking spaces, expected to begin operations in mid-2014.

Regarding financial results, 2012 revenues totaled 40.5 thousand million pesos, a 45% drop compared to 2011 total revenues. In the same time period, Ebitda decreased by 79% to 9.2 thousand million pesos in 2012. Net profit was 7.7 thousand million pesos for the year.

These reductions are primarily explained by:

- A redefinition of operating expenses (which were previously not classified as such) for the effects of complying beforehand with IFRS rules, which affected Ebitda in nearly 8.5 thousand million pesos, but did not affect net profit.
- Problems that arose in the registration process of the Argos Group real estate properties following the spin-off, which delayed several negotiations and the formalization of property deeds in various urban projects of the real estate business.

Coal Business:

Following the spin-off process, and thanks to the allocation of the coal assets to the Group Argos coal business, the previous cost center became an autonomous company, in search for profitable business alternatives to leverage the organization's hidden assets, leaving in Argos only the mining licenses required exclusively for its cement plants.

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By endowing this company with a structure dedicated exclusively to the new business, it was possible to begin a new strategic exercise, identifying other assets that could be used for new business opportunities. The estimated coal resources assessed during the spin-off process total 873 million tons in resources and 156 million tons in reserves.

Based on the individual assessment of each of the mines received, from the financial, administrative, operational, legal and environmental standpoints, a study is being made to define profitability and the company's focus of activities. As part of this process, exploration activities were begun aimed at having appropriate information available using the JORC methodology – (*Australasian Joint Ore Reserves Committee*) for the recognition of resources and reserves.

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Portfolio Investment of Grupo Argos at December 31 2012:

Company	Stake Held	Value (COP\$ million)	Value (US\$ million)***	Price per Share (In COP)*
<u>CEMENT</u>				
Cementos Argos	60,7%	7.057.947	3.992	10.100
<u>ENERGY</u>				
Celsia	50,2%	1.928.016	1.090	5.340
EPSA**	11,9%	376.990	213	9.165
<u>OTHER</u>				
Grupo Suramericana	29,2%	5.205.960	2.944	38.000
Grupo Suramericana (P)	9,7%	402.120	227	39.000
Bancolombia	2,5%	381.059	216	30.000
Grupo Nutresa	9,8%	1.150.097	650	25.420
Total		16.502.189	9.333	

* Price at December 31, 2012

** EPSA price is the initial acquisition price

*** Exchange rate at December 30, 2012: COP\$1,768 / 1 US\$

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We will have a conference call to discuss these results this Thursday February 28th at 8:00a.m. Colombia time, at which we shall be discussing our 4Q2012 results.

Conference ID: 97.430.888

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 December

In millions of Colombian pesos or US dollars

	dic-12	dic-11	Var. (%)
Operating revenues	602.326	372.669	61,6
<i>US\$ dollars</i>	337	204,28	65,0
Dividends and participations	69.936	26.010	168,9
Revenues via equity method	391.344	101.902	284,0
Revenue from sales of investments	107.019	244.757	-56,3
Real Estate Business	34.027	0	na
Cost of selling off investments	69.673	31.823	118,9
Cost of selling off investments	51.789	31.823	62,7
	17.884	0	
Gross profit	532.653	340.846	56,3
<i>Gross margin</i>	<i>88,4%</i>	<i>91,5%</i>	
Operating expense	98.189	140.949	-30,3
Expense via equity method	41.725	126.145	-66,9
Administrative expense	40.704	11.076	267,5
Provisions for investments	13.748	1.726	696,5
Depreciation and amortization	2.012	2.002	0,5
Operating profit	434.464	199.897	117,3
<i>Operating margin</i>	<i>72,1%</i>	<i>53,6%</i>	
EBITDA	436.476	201.899	116,2
<i>US\$ dollars</i>	245	109,28	124,1
<i>EBITDA margin</i>	<i>72,5%</i>	<i>54,2%</i>	
Non-operating revenues	19.862	5.193	282,5
Financial	3.992	2.607	53,1
Other income	15.870	2.586	513,7
Non-operating expense	99.505	44.628	123,0
Financial	91.644	40.467	126,5
Retirement pensions	1.186	754	57,3
Other expense	6.675	3.407	95,9
(loss) profit exchange rate	(8.844)	(5.734)	na
Pre-tax earnings	345.977	154.728	123,6
Provision for income tax	2.039	1.071	90,4
Net income	343.938	153.657	123,8
<i>US\$ dollars</i>	193	83	131,8
<i>Net margin</i>	<i>57,1%</i>	<i>41,2%</i>	

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GRUPO ARGOS S.A. NON-CONSOLIDATED BALANCE SHEET

In millions of Colombian pesos or US dollars

	dic-12	dec-11	Var. (%)
Cash and equivalents	554.261	6.609	8.286,5
Accounts receivable	90.057	56.921	58,2
Inventories	75.111	0	N/A
Diferidos	900	0	N/A
CURRENT ASSETS	720.329	63.530	1.033,8
Permanent investments	7.745.161	10.849.137	-28,6
Deudores	47.143	238	19.708,0
Inventories	332	0	
Intangibles and deferred items	27.129	29.572	-8,3
Property, plant and equipment, net appraisals	7.540.582	1.060.110	611,3
Other assets	512	512	0,0
NON-CURRENT ASSETS	15.421.842	11.941.725	29,1
TOTAL ASSETS	16.142.171	12.005.255	34,5
US\$ dollars	9.129	6.180	47,7
Financial obligations	601.271	984.668	-38,9
Commercial Papers	200.000	0	N/A
Suppliers and accounts payable	84.590	22.609	274,1
Dividends payable	44.266	34.986	26,5
Taxes and rates	5.587	2.012	177,7
Labor liabilities	1.007	776	29,8
Other liabilities	23.338	6.276	271,9
CURRENT LIABILITIES	960.059	1.051.327	-8,7
Financial obligations	300.109	296.109	1,4
Convertible bonds	749.248	0	100,0
Taxes and rates	953	1.905	N/A
Labor liabilities	3.595	3.163	13,7
Other liabilities	67.816	0	100,0
NON-CURRENT LIABILITIES	1.121.721	301.177	272,4
TOTAL LIABILITIES	2.081.780	1.352.504	53,9
US\$ dollars	1.177	696	69,1
SHAREHOLDERS' EQUITY	14.060.391	10.652.751	32,0
US\$ dollars	7.952	5.483	45,0
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	16.142.171	12.005.255	34,5

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GRUPO ARGOS S.A. CONSOLIDATED P&L STATEMENT

YTD at December

In millions of Colombian pesos or US dollars

	dic-12	dic-11	Var. (%)
Operating revenues	6.681.155	5.786.283	15,5
<i>US\$ dollars</i>	<i>3.717</i>	<i>3.129</i>	<i>18,8</i>
Variable costs	4.900.511	4.092.232	19,8
Cost of goods sold	4.458.421	3.709.846	20,2
Depreciation and amortization	442.090	382.386	15,6
Gross Profit	1.780.644	1.694.051	5,1
<i>Gross margin</i>	<i>26,7%</i>	<i>29,3%</i>	
Overheads	692.197	531.360	30,3
Administrative expense	461.568	343.600	34,3
Selling expense	145.623	103.788	40,3
Depreciation and amortization	85.006	83.972	1,2
Operating Profit	1.088.447	1.162.691	-6,4
<i>Operating margin</i>	<i>16,3%</i>	<i>20,1%</i>	
EBITDA	1.615.543	1.629.049	-0,8
<i>US\$ dollars</i>	<i>899</i>	<i>883</i>	<i>1,9</i>
<i>EBITDA margin</i>	<i>24,2%</i>	<i>28,2%</i>	
Non-operating revenues	516.437	351.532	46,9
Dividends and stakes	42.673	79.706	-46,5
Profits from sales of investments	231.417	140.123	
Other income	242.347	131.703	65,2
Non-operating expense	730.077	1.007.639	-27,5
Net financial expense	388.880	308.600	26,0
Other expense	341.197	699.039	-51,2
Exchange difference	18.056	-33.875	-153,3
Pre-tax earnings	892.863	398.249	124,2
Provision for taxes	163.606	163.084	0,3
Minority interest	385.319	81.508	372,7
Net income	343.938	153.657	123,8
<i>US\$ dollars</i>	<i>193</i>	<i>83</i>	<i>131,8</i>
<i>Net margin</i>	<i>5,1%</i>	<i>2,7%</i>	

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

	dic-12	dic-11	Var. (%)
Cash and equivalents	1.468.055	982.571	49,4
Trade receivables	736.089	816.392	-9,8
Accounts receivable, net	418.962	381.072	9,9
Inventories	467.056	397.514	17,5
Prepaid expenses	56.230	42.048	33,7
CURRENT ASSETS	3.146.392	2.619.597	20,1
Permanent investments	1.043.257	1.081.237	-3,5
Accounts receivable	85.878	56.726	51,4
Inventories	86.432	76.725	12,7
Deferred items and intangibles	1.918.447	2.017.243	-4,9
Property, plant and equipment, net	7.172.640	7.370.482	-2,7
Appraisals	13.325.550	12.143.890	9,7
Other assets	21.238	28.214	-24,7
NON-CURRENT ASSETS	23.653.442	22.774.517	3,9
TOTAL ASSETS	26.799.834	25.394.114	5,5
US\$ dollars	15.156	13.072	15,9
Financial obligations	1.409.261	2.352.804	-40,1
Bonds outstanding	87.091	234.640	-62,9
Commercial Paper	200.000	199.030	0,5
Suppliers and accounts payable	747.704	837.258	-10,7
Dividends payable	80.226	67.613	18,7
Taxes and rates	183.836	198.439	-7,4
Labor liabilities	66.223	96.275	-31,2
Sundry creditors	25.286	61.684	-59,0
Other liabilities	824.405	585.723	40,7
CURRENT LIABILITIES	3.624.032	4.633.466	-21,8
Financial obligations	1.685.905	2.170.285	-22,3
Taxes and rates	46.923	93.080	-49,6
Labor liabilities	340.072	333.959	1,8
Deferred items	95.751	136.177	-29,7
Bonds outstanding	3.288.046	1.615.998	103,5
Bond placement premium	-8.210	-9.852	-16,7
Sundry creditors	75.857	111.122	-31,7
NON-CURRENT LIABILITIES	5.524.344	4.450.769	24,1
TOTAL LIABILITIES	9.148.376	9.084.235	0,7
US\$ dollars	5.174	4.676	10,6
Minority interest	4.870.120	6.744.120	-27,8
US\$ dollars	2.754	3.472	-20,7
SHAREHOLDERS' EQUITY	12.781.338	9.565.759	33,6
US\$ dollars	7.228	4.924	46,8
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	26.799.834	25.394.114	5,5