

GRUPO ARGOS

December 31, 2015 Report

BVC: GRUPOARGOS, PFGRUPOARG

EXECUTIVE SUMMARY

- At the close of 2015, the consolidated income of Grupo Argos was nearly COP 12.6 trillion (USD 4,558 million), representing a growth of 38% compared to 2014.
- The Consolidated EBITDA of Grupo Argos totaled COP 2.6 trillion (USD 971 million), a 19% increase in Colombian pesos. The EBITDA margin was 21%.
- Net profit (controlling interest) rose to COP 301 billion (USD 118 million), affected by the wealth tax of nearly COP 106 billion, 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) and the controlling interest in ODINSA (Grupo Argos).
- At the end of 2015, consolidated assets were close to COP 41.8 trillion (USD 13,264 million), growing 22% compared to the end of 2014. Liabilities increased 25.7% at COP 18.9 trillion (USD 5,996 million), while equity totaled COP 22.9 trillion (USD 7,268 million).
- In the individual Financial Statements, Grupo Argos' revenues amounted to COP 1.1 trillion (USD 382 million), up 73%.
- The individual EBITDA amounted to COP 518 billion (USD 185), a 131% increase compared to the end of December of the preceding year.
- Individual net income was COP 372 billion (USD 132), reporting an 85% increase compared to 2014.

4Q2015 RESULTS REPORT

In the fourth quarter of the year, the Company announced several changes in the organizational structure to the market. Jorge Mario Velásquez, Cementos Argos' current CEO, was elected to succeed José Alberto Vélez as the President of Grupo Argos. Consequently, Juan Esteban Calle, who was the CEO of Empresas Públicas de Medellín (EPM), was appointed to succeed Jorge Mario as the CEO of the cement business.

In turn, Juan David Uribe, who was the CEO of Situm, resigned. Accordingly, Grupo Argos announced the absorption of the urban development business and entrusted María Clara Aristizabal with the development of the land bank.

Victor Cruz resigned from his position as the CEO of Odinsa. As a result, the Board of Directors elected Mauricio Ossa as the new CEO. He was the Vice President of the Caribbean and Central America Region at Cementos Argos. Mauricio will be accompanied by Pablo Arroyave as the Financial Vice President, Eduardo Bettin as the Legal Vice President, Carlos Mario Alzate as the Administrative Vice President and Gustavo Ordoñez as the Vice President of Concessions.

On the financial front, the Mandatory Convertible Bonds issued in 2012 were converted on November 27 at a conversion rate of 47 preferred shares per BOCEA. On the maturity date, the balance of BOCEAS was 519 billion.

RESULTS BY BUSINESS

The cement business:

During the last quarter of 2015, Cementos Argos reported an income of COP 2.2 trillion, up 54% compared to the same period in 2014. EBITDA stood at COP 409 billion, which represents a 123% increase compared to 2014. Therefore, the EBITDA margin for the quarter was 18.9%, up 590 basis points from 2014.

Colombia reported a growth of 9% in cement shipments during the quarter, based on the performance of the southern and northern regions of the country thanks to the drop in cement imports. In addition, concrete volumes rose 13% during the period, driven by the dynamics in the residential and commercial segments. In financial terms, the Region

reported revenue for COP 803 billion, up 29%, while the EBITDA stood at COP 257 billion, which represents a 50% increase compared to 2014.

USA ended the year with resilience, reporting a 17% growth in cement shipments for the last quarter. In turn, concrete shipments were down 1% during the quarter, affected by the difficult weather conditions in the southern central region of the United States. The Regions revenues were close to USD 311 million, up 8%. The EBITDA was USD 24 million, up 53\$, while the EBITDA margin was 7.8%.

In the Caribbean and Central America Region, it is important to mention the growth of the markets in Honduras and the Eastern Caribbean (Suriname, French Guyana and the Islands). Cement volumes grew 27% during the quarter, while concrete shipments dropped 10% due to the reduction in the demand in Panama. Revenue for the last quarter stood at USD 131 million, up 3%, while the EBITDA dropped 20% closing at USD 34.

In cumulative figures, at the end of the year, Cementos Argos sold 14.3 million tons of cement and 11.5 million cubic meters of concrete, which means year over year growths of 14% and 4%, respectively. Therefore, the Company recorded revenues for COP 7.9 trillion, up 40% compared to 2014. The EBITDA was COP 1.5 trillion, up 57%.

The energy business:

It is important to mention that the government's emergency measures took effect in the last quarter of 2015 to relieve the situation of thermal power generators in the country. These measures grant a remuneration that is closer to the cost of generation with liquid fuels at the thermal power plants.

The total energy generated in 2015 was 7,748 GWh, which represents a 20% increase compared to 2014. This increase is due to the inclusion of generation assets in Central America and the increased activity of thermal power plants due to the effects of El Niño weather conditions.

In terms of projects, Celsia received the approval of the environmental license for the San Andrés hydroelectric power plant. This power plant will be located in the department of Antioquia with a capacity of 20MW.

The year-to-date operating revenue for 2015 amounted to COP 3.7 trillion, up 43% compared to 2014. The EBITDA was down 24% standing at COP 683 billion.

The concessions business:

In December, Odinsa closed the agreement to acquire 50% of the company that holds 93% of the economic rights of the Mariscal Sucre Airport in Quito, Ecuador. This airport served 5.5 million passengers and 216 thousand tons of cargo in 2015.

Consolidated airport concessions reported a traffic of nearly 37.5 million passengers in 2015, up 8% compared to 2014.

The consolidated average daily traffic of ODINSA's road concessions in 2015 was very similar to that of the previous year. This result is due to the decrease in traffic of the Autopistas del Llano concession, whose dynamic has been affected by the current situation of the oil sector.

In terms of results, Odinsa reported annual revenues for COP 898 billion, up 10% year over year. The EBITDA was COP 288 billion, up 27%. Therefore, the Company reported a record net profit of COP 133 billion.

The real estate business:

In the last quarter of the year, Grupo Argos and Conconcreto finalized the process of transferring assets to Pactia, thus consolidating a portfolio for a total of nearly COP 2 trillion.

As regards Pactia, it is important to mention the startup of the Movich Buró 51 Hotel in the department of Atlántico and the Mayorca Stage 3 and Aventura Shopping Centers in the department of Antioquia.

In the urban development business, it is important to highlight the announcement of the absorption by Grupo Argos. This transaction is intended to achieve greater efficiencies and to invigorate the operation. During the quarter, this business registered the deeds of 6 lots in Barranquilla, with a total area of 40,506 square meters, which meant revenues for COP 46 billion.

The consolidated real estate business recorded annual revenues for COP 131 billion, up 88% compared to 2014. The EBITDA was COP 46 billion, up 150%.

The port business:

During the fourth quarter, Compas shipped 1.3 million tons, up 17% from the same period in 2014. The cargo that contributed most to this growth was coal, which grew 215% thanks to the enrollment of new customers and the detour through Barranquilla of the coal that used to depart from Cúcuta to Venezuela.

On another note, due to the need of the thermal plants to run on diesel fuel, the port of Barranquilla shipped 127 thousand metric tons of liquid fuel during the fourth quarter, that is to say, 75 thousand metric tons more than the fourth quarter of 2014.

In terms of projects, the works to outfit two new docking positions in the Barranquilla terminal were completed in October. After that, the dredging work in the area began.

On the financial front, Compas' operating revenue at the end of 2015 was COP 160 billion, up 25% compared to 2014. The year-to-date EBITDA amounted to COP 60 billion, up 65%. There was a significant increase in the EBITDA margin, rising from 29% at the end of 2014 to 38% by the end of 2015.

Compañía	Participación	Valor (COP\$ millones)	Valor (US\$ millones)***	Precio por Acción (COP)*
<u>CEMENTO</u>				
Cementos Argos	55,3%	6.194.786	1.963	9.720
<u>ENERGÍA</u>				
Celsia	52,5%	1.058.243	335	2.800
EPSA**	11,9%	370.210	117	9.000
<u>CONCESIONES</u>				
Odinsa	54,8%	912.353	289	8.500
<u>OTROS</u>				
Grupo Suramericana	28,7%	4.812.205	1.525	35.700
Grupo Suramericana (P)	2,1%	77.228	24	34.800
Bancolombia	1,5%	161.587	51	20.980
Grupo Nutresa	9,8%	1.023.414	324	22.620
Total		14.610.026	4.631	

* Closing price at December 31, 2015

** Price per EPSA share is the purchase value

*** Based on the Official Exchange Rate at December 30, 2015: COP 3,155 / USD 1

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

	Dec. 15 NIIF	Dec. 14 NIIF	Var. (%)
Operating Revenues	1.096.781	635.912	72,5
Financial income or expenses, net	798.067	341.643	133,6
Real estate income	130.600	69.344	88,3
Equity method, net	168.114	224.925	-25,3
Variable cost	470.163	283.452	65,9
Cost of sales - Financial activities	413.290	256.275	61
Cost of sales - Real estate business	56.873	27.177	109
Gross Profit	626.618	352.460	78
<i>Gross margin</i>	<i>57%</i>	<i>55%</i>	
Overhead	118.223	138.480	(15)
Administrative expenses	111.845	135.055	(17)
Depreciation and amortization - administrative	2.896	2.459	18
Selling expenses	3.482	966	260
Other income and other expenses	(3.089)	8.119	(138)
Other income	31.399	27.950	12
Other expenses	(24.820)	(19.831)	(25)
Wealth tax	(9.668)	-	N.A.
Operating profit	505.306	222.099	128
<i>Operating margin</i>	<i>46%</i>	<i>35%</i>	
EBITDA	517.870	224.558	131
<i>EBITDA margin</i>	<i>47%</i>	<i>35%</i>	
Non-operating revenues and expenses	(107.219)	(21.870)	(390)
Financial revenues and expenses, net	(107.274)	(13.880)	(673)
Exchange difference, net	55	(7.990)	101
Pre-tax profit (loss)	398.087	200.229	99
Income tax	26.286	(813)	3.333
Net income	371.801	201.042	85
<i>Margin</i>	<i>34%</i>	<i>32%</i>	

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

	Dec. 15	Dec. 14	Var. (%)
Cash and cash equivalents	311.454	165.978	87,6
Derivative Financial Instruments	15.940	-	N.A.
Investments	-	15.165	-100,0
Trade account receivables, net	231.096	210.989	9,5
Inventories	9.448	17.729	-46,7
Biological assets	-	-	N.A.
Prepayments	1.798	2.644	-32,0
Non-current asset held for sale	94.740	-	N.A.
Total current assets	664.476	412.505	61,1
Non-current investment	13.604.214	12.613.801	7,9
Other non-current account receivables	3.382	6.134	-44,9
Inventories	24.146	29.508	N.A.
Intangibles, net	8.489	8.788	-3,4
Property, plant and equipment, net	82.850	19.238	330,7
Investment properties	1.781.868	2.122.462	-16,0
Total non-current assets	15.505.723	14.799.931	4,8
Total assets	16.170.199	15.212.436	6,3
Current financial liabilities	123.415	-	N.A.
Bonds and other financial liabilities	4.958	30.429	-83,7
Current trade and other current payables	185.324	143.921	28,8
Provisions	770	1.863	-58,7
Current tax payables	14.177	470	2.916,4
Labor liabilities	1.933	944	104,8
Estimated liabilities for employee benefits	517	1.000	-48,3
Other current liabilities	17.253	27.501	-37,3
Total current liabilities	348.347	206.128	69,0
Non-current financial liabilities	550.028	23	2.391.326,1
Bonds and other financial liabilities	997.932	997.825	0,0
Deferred taxes	120.205	109.859	9,4
Other non-current payables	8.656	8.406	3,0
Estimated liabilities for employee benefits	6.819	23.744	-71,3
Total non-current liabilities	1.683.640	1.139.857	47,7
Total Liabilities	2.031.987	1.345.985	51,0
Total Equity	14.138.212	13.866.451	2,0
Total equity and liabilities	16.170.199	15.212.436	6,3
Issued capital	51.510	51.510	0,0
Share premium	680.218	680.051	0,0
Other Comprehensive Income	1.811.326	1.854.084	-2,3
Reserves	2.452.117	2.430.615	0,9
Retained earnings (loss)	8.771.240	8.649.149	1,4
Net income (loss)	371.801	201.042	84,9
Total Equity	14.138.212	13.866.451	2,0

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

	Dec. 15 NIIF	Dec. 14 NIIF	Var. (%)
Operating Revenues	12.579.678	9.147.299	37,5
Cost of goods sold	11.916.029	8.385.136	42,1
Financial income or expenses, net	170.225	326.064	-47,8
Real estate income	298.815	72.146	314,2
Equity method, net	297.656	424.924	N.A.
Sales returns and discounts	(103.047)	(60.971)	-69,0
Variable cost	9.631.045	6.427.247	49,8
Cost of goods sold	8.633.212	5.679.003	52,0
Depreciation and amortization	755.043	470.889	60,3
Cost of sales - Financial activities	99.465	256.838	-61,3
Cost of sales - Real estate business	143.325	20.517	598,6
Gross Profit	2.948.633	2.720.052	8,4
<i>Gross margin</i>	<i>23%</i>	<i>30%</i>	
Overhead	1.224.535	998.599	22,6
Administrative expenses	841.661	712.726	18,1
Depreciation and amortization - administrative	111.158	45.687	143,3
Selling expenses	234.924	195.316	20,3
Depreciation and amortization - sales	36.792	44.870	-18,0
Other income and other expenses	(93.087)	(58.282)	-59,7
Other income	194.605	157.057	23,9
Other expenses	(181.422)	(215.339)	15,8
Wealth Tax	(106.270)	-	N.A.
Operating profit	1.631.011	1.663.171	-1,9
<i>Operating margin</i>	<i>13%</i>	<i>18%</i>	
EBITDA	2.640.274	2.224.617	18,7
<i>EBITDA margin</i>	<i>21%</i>	<i>24%</i>	
Non-operating revenues and expenses	(714.035)	(361.572)	-97,5
Financial revenues and expenses, net	(680.554)	(403.124)	-68,8
Exchange difference, net	(33.481)	41.552	-180,6
Pre-tax profit (loss)	916.976	1.301.599	-29,6
Income tax	260.506	371.546	-29,9
Profit (loss) from continuing operations	656.470	930.053	-29,4
Net loss from discontinued operations	(13.315)	384	N.A.
Net income	643.155	930.437	-30,9
<i>Net margin</i>	<i>5%</i>	<i>10%</i>	
Total comprehensive income attributable to:			
Non-controlling interest	342.155	409.304	-16,4
Controlling interest	301.000	521.133	-42,2
<i>Margin</i>	<i>2%</i>	<i>6%</i>	

GRUPO ARGOS S.A.
CONSOLIDATED BALANCE SHEET

Values expressed in million COP or million USD

	Dec. 15	Dec. 14	Var. (%)
Cash and cash equivalents	1.628.603	995.507	63,6
Derivative financial instruments	38.054	23.067	1,6
Investments	212.681	332.545	0,6
Trade account receivables, net	2.552.232	1.530.058	66,8
Inventories	902.218	650.462	38,7
Biological assets	-	304	N.A.
Prepayments	229.301	196.951	16,4
Non-current asset held for sale	104.882	7.725	1.257,7
Total current assets	5.667.971	3.736.619	51,7
Non-current investment	10.149.084	9.290.669	9,2
Other non-current account receivables	217.495	52.726	312,5
Inventories	24.146	29.508	N.A.
Intangibles, net	5.298.574	3.409.486	55,4
Property, plant and equipment, net	17.935.551	15.566.951	15,2
Investment properties	1.669.342	1.721.516	-3,0
Deferred taxes	769.633	417.462	84,4
Biological assets	20.243	66.970	-69,8
Derivative financial instruments	324	168	92,9
Restricted cash	10.019	-	-
Other non-current assets	12.631	7.409	70,5
Total non-current assets	36.107.042	30.562.865	18,1
Total assets	41.775.013	34.299.484	21,8
Current financial liabilities	3.305.497	1.594.526	107,3
Bonds and other financial liabilities	548.185	422.092	29,9
Current trade and other current payables	1.925.576	1.365.778	41,0
Current provisions	307.137	99.531	208,6
Current tax payables	445.593	300.784	48,1
Labor liabilities	151.948	102.639	48,0
Estimated liabilities for employee benefits	25.725	22.815	12,8
Other current liabilities	291.255	158.889	83,3
Liabilities associated with assets held for sale	856	856	N.A.
Total current liabilities	7.001.772	4.067.910	72,1
Non-current financial liabilities	4.948.257	3.077.275	60,8
Bonds and other financial liabilities	4.372.169	4.591.700	-4,8
Deferred taxes	1.616.905	1.233.745	31,1
Provisions	202.401	335.882	-39,7
Other non-current payables	99.828	71.721	39,2
Labor liabilities	2.932	7.080	-58,6
Estimated liabilities for employee benefits	366.140	374.123	-2,1
Derivative financial instruments	172.155	126.704	35,9
Tax payables	-	446	N.A.
Other non-current liabilities	102.655	25.537	302,0
Total non-current liabilities	11.883.442	9.844.213	20,7
Total Liabilities	18.885.214	13.912.123	35,7
Total Equity	22.889.799	20.387.361	12,3
Total equity and liabilities	41.775.013	34.299.484	21,8
Issued capital	51.510	51.510	0,0
Share premium	680.218	680.051	0,0
Other Comprehensive Income	1.962.250	1.959.674	0,1
Reserves	2.459.858	2.423.257	1,5
Other components of shareholders' equity	241.008	(20.227)	-1.291,5
Retained earnings (loss)	9.096.767	8.611.302	5,6
Net income (loss)	301.000	521.133	-42,2
Non-controlling interest	8.097.188	6.160.661	31,4
Total Equity	22.889.799	20.387.361	12,3

We will hold a conference to discuss fourth quarter 2015 results on Monday, February 29th at 10:00 a.m. Colombia time.

Conference ID 46,807,181

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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