

Shareholders' Newsletter

2017 - Second Quarter Results



Continued positive trade dynamics of Grupo Nutresa in Colombia, with a sales growth of **3,9%** during the first half of the year. The consolidated EBITDA margin represents **12,7%** of revenues

Grupo Nutresa S.A. (BVC: NUTRESA) discloses its Consolidated Financial Results as of June 30, 2017.

Sales in Colombia continue with a good performance and reach **COP 2,7 trillion**, **3,9% higher** than the same period of 2016.

Sales abroad amount to **USD 516,6 million** with a growth of **5,5%** in dollars, after excluding, for comparison purposes, the first semester sales of 2016 in Venezuela.

In terms of **profitability**, an accumulated EBITDA of **COP 527.210 million** is reported, representing **12,7%** of sales.

Grupo Nutresa continues to have a good trade dynamic in Colombia, with sales for the first half of the year amounting to COP 2,7 trillion, representing 64% of consolidated sales, and growth of 3,9% compared to the same period last year.

Sales abroad, excluding the sales reported in Venezuela during the same period of 2016 due to its treatment as a financial instrument starting October 1st of such year, are USD 516,6 million, representing 36% of total revenues and reflecting a 5,5% growth. When expressed in Colombian Pesos these sales represent COP 1,5 trillion pesos.

Consolidated revenues amount to COP 4,2 trillion, with a growth of 1,9% (considering the aforementioned exclusion of Venezuela). This growth is supported by an improvement in product mix, innovation, and a powerful commercial network, that continuously seeks to meet the needs of customers, consumers, and buyers. With regards to efforts in innovation, we highlight the recent market releases of baked snacks and cold infusions under the Tosh brand, and Bénet, a nutritional powder-beverage under this new nutritional-expert brand.

Gross profit, of COP 1,8 trillion, increased by 1,1% over the same period last year as a result of various efforts in productivity, the constant search for greater efficiencies, and the favorable prices of some raw materials.

The Group's operating profit amounts to COP 397.383 million, with an operating margin of 9,6%, which takes into account an increase in sales expenses associated with greater investments in our distribution channels. In terms of profitability, an EBITDA of COP 527.210 million was reported, representing 12,7% of sales.

Net post-operative expenses of COP 107.088 million reflect a decrease of 16,3% compared to the same period of 2016, primarily due to the treatment of the aforementioned investment in Venezuela.



Consolidated net profit totals COP 235.679 million, 5,7% of sales, and representing a 2,0% increase compared to the first half of 2016.

Finally, for the second consecutive year, Grupo Nutresa was selected by the Corporate Reputation Business Monitor (in Spanish known as Monitor Empresarial de Reputación Corporativa -MERCOC), as the second-best company in Colombia in attracting and retaining talent and the first within the food sector. With this recognition, we reaffirm that human talent is one of the most valuable assets within Grupo Nutresa's business model and one of the key pillars of the company's corporate strategy.

SEPARATE FINANCIAL STATEMENTS OF GRUPO NUTRESA S.A.

In the Separate Financial Statements of Grupo Nutresa S.A., operating revenues for the first half of 2017 amount to COP 237.814 million, derived from the application of the equity method on subsidiaries and associated for COP 183.610 million and from the recognition of dividends from the investment portfolio for COP 54.204 million. The Company's net profit is COP 236.453 million and its equity amounts to COP 8,7 trillion.

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Sustainability

Grupo Nutresa, once again the second best company to attract and retain talent in Colombia



According to Monitor Empresarial de Reputación Corporativa – MERCOCO – in its edition MERCOCO Talento 2017, for the second year in a row, Grupo Nutresa is the second best company to attract and retain talent in Colombia and the most attractive in the food sector.

MERCOCO Talento is a workforce monitor carried out according to Standard ISO 20252 and the ICC/ESOMAR Code of Conduct; it is verified by the firm KPMG, which measures a company's reputation as an employer according to 15 variables grouped in three categories: Labor quality, Employer Brand and Internal Reputation.

Fitch Ratings

Fitch Ratings affirmed the rating of Grupo Nutresa's ordinary bonds in 'AAA(col)'

Fitch Ratings affirmed the rating of Fideicomiso Grupo Nacional de Chocolates S.A. (Grupo Nutresa) for COP 500 billion in 'AAA(col)', with a stable outlook.

According to Fitch Ratings, "The decision to affirm the rating reflects the company's strong position in its relevant markets, its growing geographic diversification in countries with a favorable operating environment, and a strong credit profile characterized by a moderate level of leverage and a robust generation of operating cash flow across the business cycle. The competitive positioning of the company and its brand capital have allowed it to defend its margins of profitability amid a challenging economic environment".



Grupo Nutresa recognized the work of its value partners in a new version of the Exemplary Supplier Program



As part of the permanent work with the value chain to develop sustainable supply, on June 1st Grupo Nutresa presented the III Version of its "Grupo Nutresa Exemplary Supplier", a recognition to 20 of its suppliers in Colombia and abroad. This distinction recognizes the commitment to the development of society and the economic, social and environmental progress of the countries in which they operate.

The event, led by Grupo Nutresa's CEO and the Servicios Nutresa's Purchasing Division was attended by 72 companies nominated in eight different categories, among large companies, SMEs and firms that provide their services to Grupo Nutresa's companies in Colombia and abroad.

In addition, special awards were given to the most innovative and most sustainable companies, to the most outstanding suppliers in Costa Rica and Peru, and finally to Grupo Nutresa's Large Company and SME Exemplary Suppliers.

"What we ultimately look for with this Exemplary Supplier Program is to strengthen our sustainable supply process and continue to develop capabilities in the value chain, and we want to continue doing this with you, our partners," said Carlos Ignacio Gallego, Grupo Nutresa's CEO, addressing the 273 guests of the event. He added, "You motivate us to continue advancing on this path that we have set out to build A Future Together."



Colcafé obtained an outstanding qualification as a Family Responsible Company

During this quarter, Colcafé was notified by Fundación Más Familia in Spain that, as a result of the external audit carried out by the Colombian Institute of Technical Standards and Certification – ICONTEC – at the end of last year, it obtained the B+ level, which recognizes it as a company of excellence in reconciling family, personal, and work life.

According to the Fundación Más Familia standards, the logical process on the road to excellence is to start the cycle in C; after six year, pass to B, and, finally – after another six years – reach level A. Colcafé broke this pattern, achieving an initial rating of B in 2013 and, after only three years, obtaining the B+ ranking. Thus, Colcafé is part of the exclusive group of 25 companies in the world that have achieved this B+ rating, out of a total of 550 companies certified in EFR.

Doria and Zenú celebrated their 65 and 60 anniversary, respectively

This year, Doria celebrated its 65 anniversary elaborating the best pastas to be present in the homes of all Colombians. It has been more than six decades of experience that strengthens the Pasta Business in its strategy and projects it with vision to remain in the market for many years to come.

In turn, Zenú celebrated its 60 anniversary with excellent news for its consumers. The brand renewed its image to make it closer, more modern and dynamic, highlight its products and strengthen its information to generate a greater impact on the point of sale and facilitate the purchase decision.

TMLUC, one of the Most Reputable Companies in Chile

TMLUC was distinguished as one of the most reputable companies among Chileans according to the study RepTrak Pulse Chile 2017, published in June by the Reputation Institute, one of the world's leading measurement and reputation management consultancies.



For each of the dimensions that Chilean consumers value most when assessing a company's reputation – quality products and services; ethical, transparent behavior and commitment to the community – Tresmontes Lucchetti obtained an excellent score, reaching 75.4 total points on a scale from 0 to 100, just 8.6 points from the best-evaluated company.

New Cold Cut Business distribution center in Montería



Last May, the Cold Cut Business started operations in its new distribution center in Montería (Department of Córdoba), which will allow optimization of the logistics processes while fulfilling the promise of value to its customers even more efficiently.

The new CEDI, which shares its headquarters with the Ice Cream Business, has more spacious, modern, comfortable and safe facilities, more storage space and installed capacity projected until 2023. In addition, it is the first business that meets the LEED certification standards, meaning that it is designed under a set of standards aimed at sustainability.

New Ice Cream Parlors in Nicaragua



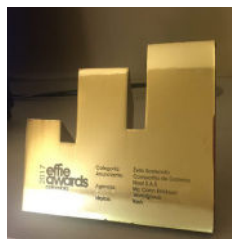
Helados POPS continues its expansion plan in Central America, thanks to the opening of seven new ice cream parlors in Nicaragua during the last eight months, which will allow it to significantly increase its sales volume not only in Managua, the capital, but also in other important regions of the country, such as Chinandega, León and Masaya, where the brand enjoys the acceptance of consumers.

ACKNOWLEDGMENTS



Logyca Recognition

The Cold Cut Business was recognized by large Colombian supermarket chains as their Best Supplier in the Mass Consumption Category, according to the most recent study carried out by Logyca.



Tosh, Winner in the Effie Awards

In the XI Version of the Effie Awards, Tosh was recognized in the Sustained Success Category for its brand promise "Take care of yourself; don't punish yourself," thanks to which consumers have come even closer to the brand. Thus, the brand leads the healthy lifestyle movement in Colombia.



TMLUC Mexico received recognition as a food bank

Bancos de Alimentos de México, an association dedicated to recovering food to combat hunger and improve the nutrition of the vulnerable population in that country, recognized TMLUC Mexico for its commitment and for the contribution of nearly 300 tons of its Zuko instant beverage during 2016.



Chocolates Peru received "Good Employer" certification

In recognition of its best labor practices, the Association of Good Employers (Asociación de Buenos Empleadores, ABE), sponsored by the American Chamber of Commerce of Peru (AmCham) awarded Compañía Nacional de Chocolates Peru the "Good Employer" certification in the Category of Entrepreneurial Partner.



Pozuelo, the favorite food brand of Costa Ricans

Pozuelo remains the preferred brand by Costa Ricans in the food category and fourth in the consumer basket, according to a report prepared by Brand Footprint 2016 of Kantar Worldpanel.Worldpanel.

Monticello, honored once again in Monde Selection

Thanks to its excellent quality, Pastas Monticello received nine different medals in the most recent version of Monde Selection in Belgium. As of today, the brand has one Gold, 13 Silver and one Bronze medals.



Manizales obtains environmental recognition

CORPOCALDAS, the environmental authority in the city of Manizales, recognized Meals de Colombia through its CREAS Program for its Sustainable Environmental Excellence in its plant in this city, specifically for the management of its carbon footprint, consumption of raw materials, water, energy, waste, noise and atmospheric emissions.

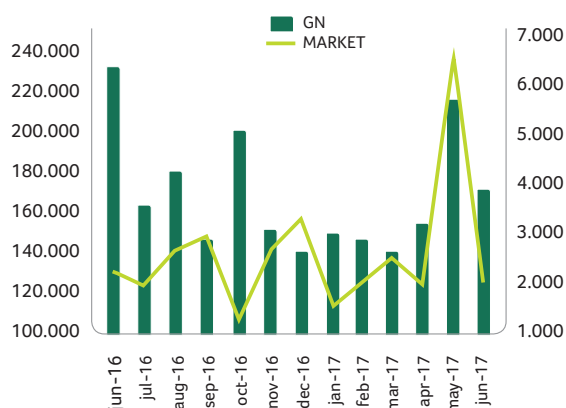
Comprehensive Income Statement*

From January 1st to June 30st, 2017. (Values expressed in millions of Colombian Pesos)

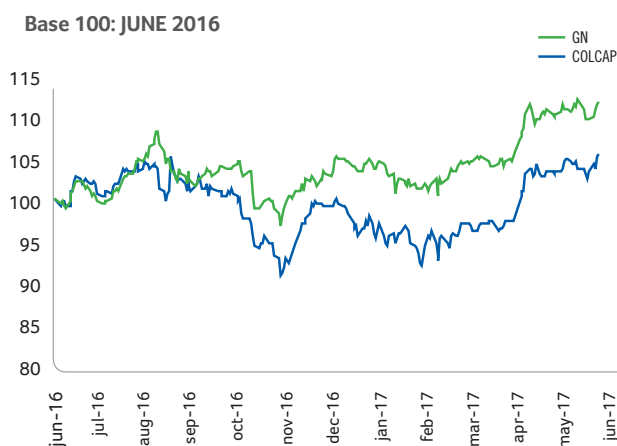
	JUN-17	%	JUN-16	%	% VAR
CONTINUING OPERATIONS					
Operating revenue	4.159.066		4.205.283		-1,1%
Cost of goods sold	(2.333.030)	-56,1%	(2.399.295)	-57,1%	-2,8%
Gross profit	1.826.036	43,9%	1.805.988	42,9%	1,1%
Administrative expenses	(195.591)	-4,7%	(193.987)	-4,6%	0,8%
Sales expenses	(1.188.495)	-28,6%	(1.128.655)	-26,8%	5,3%
Production expenses	(66.382)	-1,6%	(69.304)	-1,6%	-4,2%
Exchange differences on operating assets and liabilities	223	0,0%	15.786	0,4%	-98,6%
Other operating expenses, net	21.592	0,5%	8.556	0,2%	152,4%
Operating profit	397.383	9,6%	438.384	10,4%	-9,4%
Financial income	6.844	0,2%	4.647	0,1%	47,3%
Financial expenses	(167.973)	-4,0%	(152.953)	-3,6%	9,8%
Portfolio dividends	54.321	1,3%	50.494	1,2%	7,6%
Exchange differences on non-operating assets and liabilities	(4.809)	-0,1%	(12.353)	-0,3%	-61,1%
Loss on net monetary position	-	0,0%	(18.527)	-0,4%	-100,0%
Share of profit of associates and joint ventures	1.216	0,0%	804	0,0%	51,2%
Other income (expenses), net	3.313	0,1%	-	N/A	-
Income before tax and non-controlling interest	290.295	7,0%	310.496	7,4%	-6,5%
Current income tax	(70.437)	-1,7%	(98.207)	-2,3%	-28,3%
Deferred income tax	18.677	0,4%	20.959	0,5%	-10,9%
Profit after taxes from continuous operations	238.535	5,7%	233.248	5,5%	2,3%
Discontinued operations, after income tax	(1.034)	0,0%	(247)	0,0%	N/A
Net profit for the period	237.501	5,7%	233.001	5,5%	1,9%
Non-controlling interest	1.822	0,0%	1.917	0,0%	-5,0%
Profit for the period attributable to controlling interest	235.679	5,7%	231.084	5,5%	2,0%
EBITDA	527.210	12,7%	534.203	12,7%	-1,3%

*Unaudited information.

Volume of daily negotiations



Behavior of the share



Statement of Financial Position*

As of June 30st, 2017. (Values expressed in millions of Colombian Pesos)

	JUN-17	JUN-16	% VAR
ASSETS			
Current assets			
Cash and cash equivalents	277.418	219.322	26,5%
Trade and other receivables	934.808	889.197	5,1%
Inventories	1.050.504	1.028.417	2,1%
Biological assets	85.304	75.677	12,7%
Other current assets	258.291	246.832	4,6%
Non-current assets held for sale	35.803	100.330	-64,3%
Total current assets	2.642.128	2.559.775	3,2%
Non-current assets			
Trade and other receivables	23.944	23.495	1,9%
Biological assets	8.563	7.433	15,2%
Investments in associated and joint ventures	175.634	164.510	6,8%
Other financial non-current assets	4.081.768	3.885.206	5,1%
Property, plant and equipment, net	3.377.048	3.383.513	-0,2%
Investment properties	71.751	71.842	-0,1%
Goodwill	2.059.277	2.034.454	1,2%
Other intangible assets	1.162.725	1.163.671	-0,1%
Deferred tax assets	374.942	356.994	5,0%
Other non-current assets	95.978	48.661	97,2%
Total non-current assets	11.431.630	11.139.779	2,6%
TOTAL ASSETS	14.073.758	13.699.554	2,7%
LIABILITIES			
Current liabilities			
Financial obligations	656.202	847.689	-22,6%
Trade and other payables	930.722	888.840	4,7%
Tax charges	200.054	163.362	22,5%
Employee benefits liabilities	151.445	161.592	-6,3%
Current provisions	1.139	2.734	-58,3%
Other current liabilities	43.019	49.746	-13,5%
Total current liabilities	1.982.581	2.113.963	-6,2%
Non-current liabilities			
Financial obligations	2.514.525	2.277.429	10,4%
Trade and other payables	158	158	0,0%
Employee benefits liabilities	229.319	216.744	5,8%
Deferred tax liabilities	701.487	705.700	-0,6%
Other non-current liabilities	657	600	9,5%
Total non-current liabilities	3.446.146	3.200.631	7,7%
TOTAL LIABILITIES	5.428.727	5.314.594	2,1%
SHAREHOLDER EQUITY			
Equity attributable to the controlling interest	8.606.275	8.346.719	3,1%
Non-controlling interest	38.756	38.241	1,3%
TOTAL SHAREHOLDER EQUITY	8.645.031	8.384.960	3,1%
TOTAL LIABILITIES AND EQUITY	14.073.758	13.699.554	2,7%

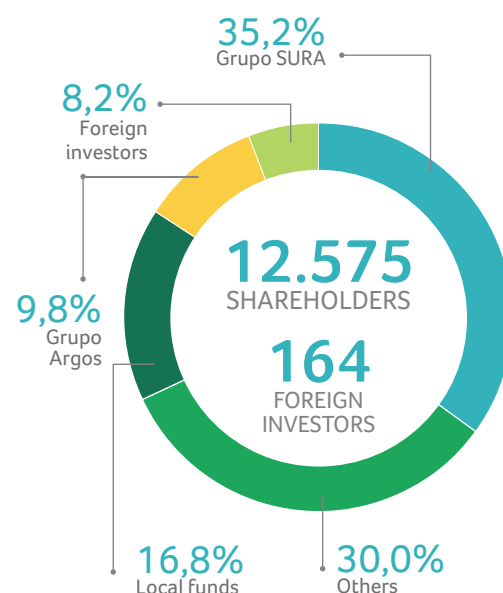
Indicators

Closing price	26.400
Closing price 12 months prior	25.100
Max. 52 weeks	26.400
Min. 52 weeks	22.820
Market Cap. (COPMM)	12.147.259
Intrinsic value (1)	18.789
P/E Ratio (2)	22,8
P/BV (2)	1,8
EV / EBITDA (2)	10,6
Earnings per Share (3)	870
Dividend per share-month	44,5
Dividend Yield (3)	2,0%
Share Price Return (3)	5,2%
Total Return (3)	7,3%
Change in COLCAP (3)	11,4%
Return on Assets (2)	8,0%
Return on Equity (2)	8,0%
Return on Invested Capital (2)	8,1%
Outstanding Shares	460.123.458
Number of Shareholders	12.575
Bursatility	High

FIGURES IN COP\$ MM

- (1) CALCULATED OVER TOTAL SHAREHOLDER EQUITY
 (2) FOOD COMPANIES / 12 MONTHS
 (3) LAST 12 MONTHS

Ownership structure



*Unaudited information.



Cold Cuts

Three new presentations to enjoy the Ranchera flavor

Ranchera renewed its value proposition in sausages with the launch of three new presentations: Ranchera Sausage 480 g. for convenience and large chain stores; Ranchera Sausage 230 g. – a presentation that now contains seven units – and Ranchera Sausage “Tripack”, a presentation for the traditional channel, replacing the “Parpack.”



Five new dishes prepared by Zenú

New lifestyles and the search for solutions of convenience demand new proposals for practical, fast, easy and reliable food. This is why Zenú has brought five new products to the market: Chicken Lasagna, Bolognese Lasagna, Mixed Lasagna, Bolognese Spaghetti and Meat Ravioli in Pomodoro Sauce.

Hermo launches a new campaign

In Venezuela, Hermo launched its new marketing campaign, aimed at positioning the brand as the best purchase alternative, gain recognition of its portfolio and communicate the main attributes of its products – quality and flavor – to clients and consumers.



Cookies

New Arequipe Festival

Faithful to the brand’s commitment to innovation, the Biscuit Business launched the new Festival Dulce de Leche (Arequipe) flavored cookies, as a limited edition for the “Return to School” promotional activity, to then become a product line, increasing the brand offer and reinforcing the variety of flavors.



New Chiky Choko Banano

In order to energize the Central American market and keep the brand in the top of mind of its consumers, Compañía de Galletas Pozuelo launched a delicious combination: a crunchy banana-flavored cookie together with the Chiky original, delicious, preferred chocolate flavor.



Transition to the NOEL Brand

In line with Grupo Nutresa’s brand-management model, during the second quarter of 2017, the Antojos, Sultana, Wafer and Tipo Leche advanced in the transition to the NOEL umbrella brand.



Chocolates



Launch of Granuts in the United States

The Granuts brand of nuts and seeds was launched in the US market as a platform to expand the international presence of the Chocolate Business and with the objective of offering new functional, nutritious and healthy alternatives to Hispanic consumers in the United States.

New La Especial Mix with Chocolate Coating

The new La Especial mix with Chocolate Coating is an irresistible experience because of its color and its combination of sweet and salty flavors: peanuts, almonds, raisins and chocolate. A new option for Colombians to enjoy and indulge at any time.



New Chocolyne Express Capsules

The new capsules are a delicious and practical way to enjoy the pleasure of sugar-free, low-calorie chocolate. A Chocolyne Express Capsule has skim milk; it is sweetened with Splenda and comes ready to be prepared in the Nutresa Express Capsules system.



New Jumbo Kremaní presentation

Jumbo Kremaní returns to Colombia in its new 40 g. presentation, the ideal size to enjoy all the flavor of chocolate filled with peanut butter, peanuts brittle and crispy rice at any time of the day.



New Jet Cookies and Cream presentation

The Jet Cookies and Cream family now has a new member: a 21 g. chocolate bar, a delicious mix of chocolate chip cookies and white chocolate.

New Corona White Chocolate and Strawberry Cake

Corona Confectionery launched the new white chocolate and strawberry flavored cake in the Colombian market: a delicious blend that, in addition to an irresistible flavor, is perfect for sharing with family and friends. It is very easy to prepare in just three steps: mix, bake and serve. Found exclusively in the Novaventa catalogue.





Pasta

Roasted Chicken Noodle

Pastas Doria's portfolio continues growing, this time with the innovation of one of the best-performing flavored products for the Pasta Business in Colombia: Roasted Chicken Flavored Noodles.



Ice Cream

Artisan Ice Cream, a tribute to Colombian desserts

A trip through the Colombian territory, together with recognized chef Nicolás de Zubiria, made it possible to transform desserts representative of the different regions of the country into ice cream. In the end, Colombians chose, among three options, their favorite dessert that has become a new flavor: Blackberry Dessert with Arequipe: creamy blackberry ice cream with pieces of arequipe-stuffed blackberries.



A Bontastic Summer

"A Bontastic Summer, Live the Summer Ice Cream" is the name of the campaign with which BON, the favorite ice cream of Dominicans, invites them to live the magic of summer. It highlights the return of the delicious summer flavor, Tropical Mix, an exquisite combination of Dominican mango ice cream, Chinola (passion fruit) a strip of kiwi and pieces of peach.



Coffee



New brands and categories available in Nutresa Express Capsules

Consistent with the promise of value of the Express Capsules multi-beverage systems, Nutresa incorporates new indulgent, low-calorie alternatives with new ways to use the machine: Chocolyne, Colcafé Cappuccino Light and Tosh Infusions, refreshing mixtures of ingredients, such as rooibos (redbush), hibiscus, licorice and rosehip tea, sweetened with Stevia and ready to enjoy with ice.

TMLUC

TMLUC



resmontes Lucchetti launches Gold Premier Cortado Coffee

This new Gold-brand product is an excellent, practical option that offers consumers a superior quality experience. It is a unique mix of 100% Arabica coffee, milk and a touch of sweetness, with an irresistible flavor and aroma. Available in Chile in a box format with eight 19 g. envelopes.



Retail Food



Milkshake Festival

In a joint creation with its consumers, Hamburguesas El Corral carried out its renowned Milkshake Festival, seeking to emphasize the most traditional Colombian flavors. In the end, six were chosen: Tamarind, Rice with Milk, Coconut, Coffee with Panela, Coconut Lemonade and Lulo.



Honolulu Chicken Sandwich

In order to offer new protein options, Hamburguesas El Corral launched its Honolulu Chicken Sandwich, made with 100% chicken breast, accompanied by two slices of pineapple, teriyaki sauce and delicious bacon bits.

Papa John's new cheese-filled crust pizza

In June Papa John's presented its latest product – pizza with a cheese-filled crust – available in all flavors and combinations of its familiar references in traditional dough.





With new policies, Grupo Nutresa strengthens its commitment to combat **climate change and food waste**

CLIMATE CHANGE POLICY

Climate change risks pose threats to the financial performance of organizations as a result of the increase in global temperature, constant changes in climate and meteorological phenomena that affect the availability of resources, which – in turn – motivates Governments to respond with laws regulating emissions.

Consequently, Grupo Nutresa established a policy that will allow it to identify and assess the effects that physical, financial, regulatory, market-access and consumer-preference risks can have on the organization and its value chain, as well as manage them.

To learn about the policy, scan the QR code:



POLICY TO DECREASE FOOD LOSS AND WASTE

Approximately one-third of the food produced in the world is never consumed and this carries significant risks for the sustainability of agricultural resources and organizations.

Grupo Nutresa established a policy aimed at reducing waste generation and increasing its use in order to reduce operating costs and mitigate the environmental impact, both in direct operations as well as in the value chain, and by extending the life cycle of materials. In order to do this, within the framework of the policy, Grupo Nutresa established the following general criteria that define its action:

Para ello estableció dentro del marco de la política, los siguientes criterios generales que definen su actuación:

- To develop capacities in suppliers for the appropriation of best practices.
- To maximize the use of raw materials in the operation and to minimize their losses, while seeking alternatives in human food.
- To ensure good logistics practices, reverse logistics and commercial and marketing strategies to reduce product loss and waste.

Inclusive projects with the Arhuaco Indians in the **Sierra Nevada**



In the framework of GERMINAR, a strategy that develops farmers' capacities in productive, environmental and social processes and in the generation of alliances, while minimizing access barriers to nutrient-rich products that complement the traditional diet of their communities, Grupo Nutresa visited the agrifood projects in the Sierra Nevada of Santa Marta.

Family gardens, farms with pigs and fish, and cocoa crops have been developed that favor the biological utilization of nutrients through nutritious, healthy and ecologically sustainable production during the last four years.

The organization hopes to continue strengthening this strategy by implementing the learning in the different communities in the areas of affluence of the Fundación River.

Compañía Nacional de Chocolates and Fundación Nutresa held the VI Encounter of Cacao Growers in Acandí, Chocó



Committed to sustainable development, the strengthening of Inclusive Businesses and social management in the communities where they are present, Compañía Nacional de Chocolates' Purchasing and Promotion Area and Fundación Nutresa held the VI Encounter of Cacao Growers in Acandí, the Department of Chocó on June 15 and 16. It was a learning space

that promotes the construction of a social fabric among the participating associations, the implementation of best agricultural practices and the continuous improvement in their productive systems. It is an initiative that strengthens relationships of trust with suppliers and encourages the cultivation of high-quality cacao.