



# Corporate Presentation 2020

June 2020

 **GRUPO ARGOS**  
Inversiones que transforman

  
ARGOS

  
CELSIA

  
ODINSA



## Important Note

This presentation contains certain forward-looking representations and information related to **Grupo Argos** and its subsidiaries based on currently known facts, expectations and forecasts, circumstances and assumptions regarding future events. Many factors could cause the future results, performance or achievements of **Grupo Argos** and its subsidiaries to be different from those expressed or assumed herein.

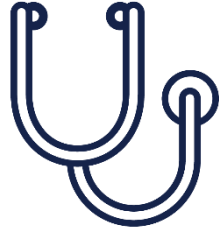
If any unforeseen situation should arise, or the premises or estimates should prove to be incorrect, forward-looking results could vary significantly compared to those mentioned herein. Forward-looking representations are made on this date, and **Grupo Argos** and its subsidiaries do not intend or assume any obligation whatsoever from updating these forward-looking declarations as the result of new information, future events or any other factor.



# COVID - 19

## COVID-19 MANAGEMENT

We articulated, designed and implemented a strategic plan to deal with Covid19



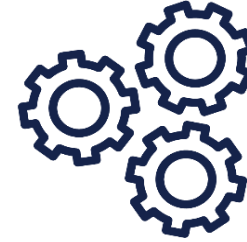
### 1. Care and health

Of our collaborators and their families  
as our number one priority



### 2. Employment

Preserve employment as far as  
possible and ensure our employees'  
wellbeing in every area



### 3. Business

Continuity and proactive management  
to identify all actions to mitigate  
impacts



### 4. Solidarity

Support initiatives that will benefit  
vulnerable populations



### 5. Government

Institutional support and participation  
in scenarios for social benefit and  
economic consolidation

## COVID-19 MANAGEMENT

# Solid corporate government, capable of managing rapidly changing market dynamics

## Health and Life

Chief Administrative and Human Talent Officers

- Health and wellbeing
- Personal and family support
- Productivity
- Employment care

## Finances and Risks

CFO´s

- Cash status
- Financial cycle
- Capex
- Debt

## Corporate Group Presidents

Monitor each and every front of the crisis and define action plans

## Solidarity and Corporate Citizenship

Board of Directors and Grupo Argos Foundation

- Develop and implement the social contribution strategy

## Business Continuity

- Implement best practices during this situation
- Design models and protocols for restart operations

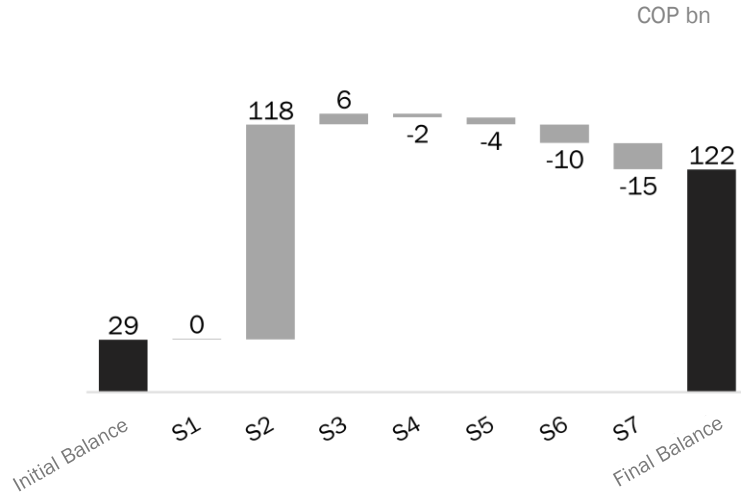
## BUSINESS CONTINUITY

**Emergency plan:** An on-going exercise that has allowed us to identify COP 2.8 trillion in savings to date

						
1	<b>CAPEX</b> (COP billions)	\$ 293	\$ 160	\$ 415		\$ 868
2	<b>OPEX</b> (COP billions)	\$ 57	\$ 324	\$ 119	\$ 20	\$ 520
3	<b>Liquidity Credits</b> (COP billions)	\$ 497	\$ 591	\$ 117	\$ 150	\$ 1,355
4	<b>Tax returns</b> (COP billions)		\$ 51		\$ 32	\$ 83
	<b>Cash Effect</b> (billions)	\$ 847	\$ 1,126	\$ 651	\$ 202	\$ 2,826

Aprox. Figures in COP billions  
Odinsa includes airport and road concessions

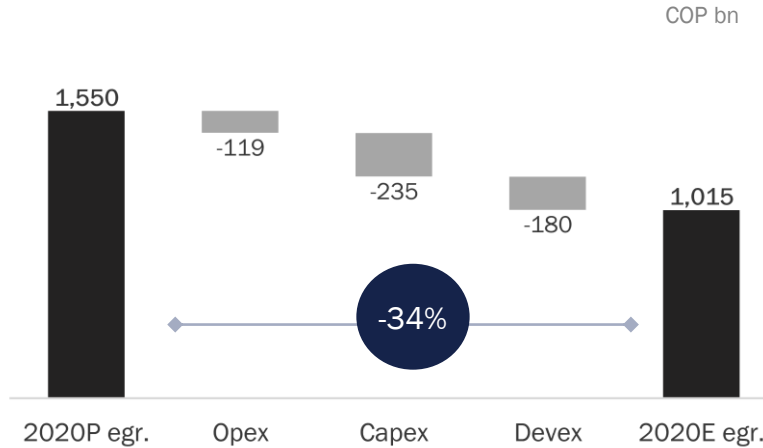
## CONCESSIONS BUSINESS

Capex, Opex and Devex reduction, maintain liquidity and reestablish economic equilibrium of concessions

## Available Cash

+ COP **120**  
billion

Progress since the second week of March to May 22

Opex - Capex - Devex  
reduction

COP **534**  
billion

Savings achieved as of April. Dynamic exercise

Restart of tolls collection from June 1

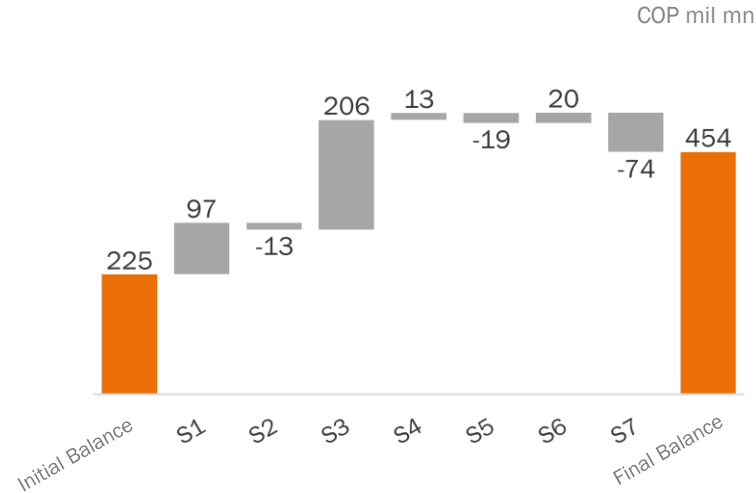
Measure in concession contract: The parties may agree to an extension in time that exceeds the limits of the current regulations that will be based on the non-collection of tolls and fees

## Economic equilibrium

Decree 768 of economic  
Emergency

## ENERGY BUSINESS

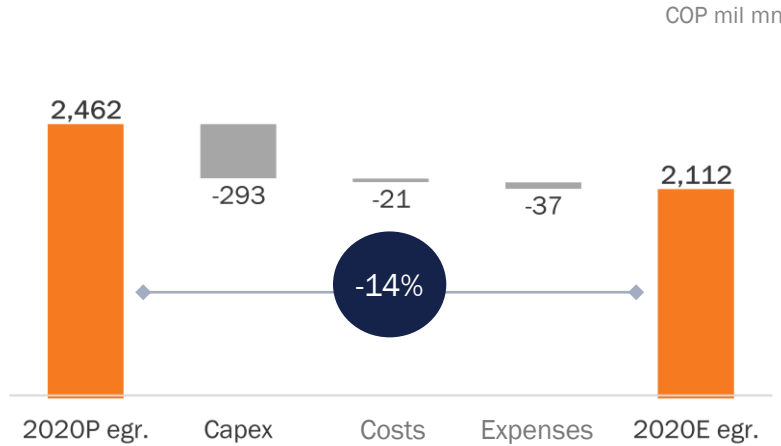
# Successful bonds issuance, guarantees liquidity in the actual context



## Available Cash

+ COP  
**450**  
billion

Progress since the second week of March to May 22



## Opex – Capex reduction

COP  
**350**  
billion

Savings achieved as of April. Dynamic exercise

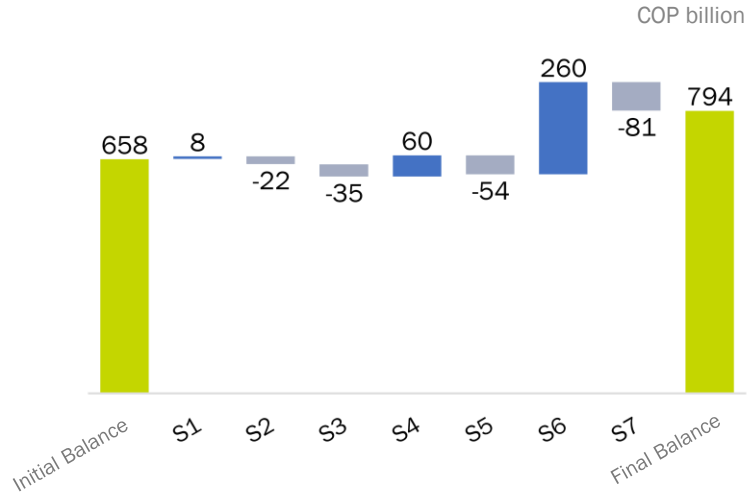
**88%**

## Collection

April consolidated  
distribution business

## CEMENT BUSINESS

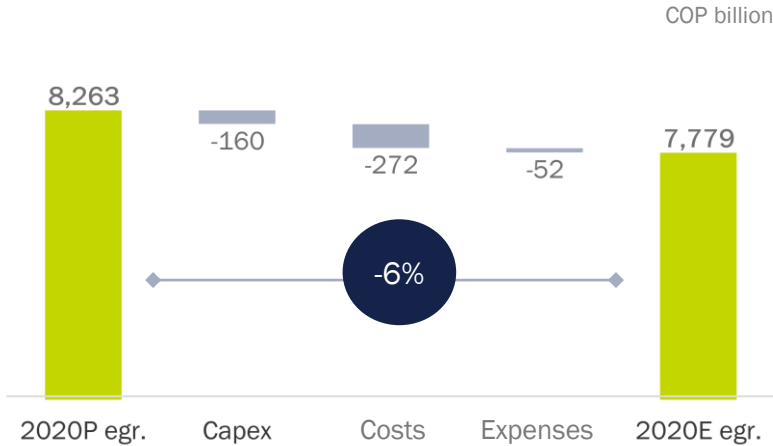
# Geographic diversification mitigates impact from stoppage of operation in other regions



## Available Cash

COP **794**  
billion

Progress since the second week of March to May 22

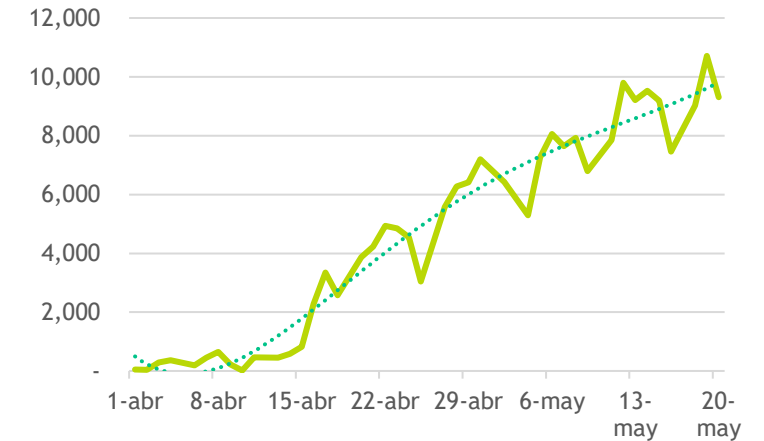


## Opex – Capex reduction

COP **484**  
billion

Savings achieved as of April. Dynamic exercise

## Cement shipments in Colombia (Ton)



## Operation Status

- Positive evolution in Colombia demand
- Panama started shipments to infrastructure constructions
- Business as usual in USA



# GRUPO ARGOS

## WHO WE ARE

## Grupo Argos at a glance

- ▲ **Liquid vehicle<sup>1</sup>** to invest in infrastructure in Colombia
- ▲ Strategic focus in **Cement, Energy, Road and Airport Concessions**
- ▲ Solid and articulated portfolio with ~ **USD 14 billion<sup>2</sup>** in consolidated assets
- ▲ **Balanced** in regions, currency, and sectors
- ▲ One of the most **important players** in infrastructure in the Americas
- ▲ Operating in markets with significant **growth potential**

1. Average daily volume last twelve months: COP 5,8 bn. Source: BVC

2. AUM its calculated last twelve months to March 2020

USD as of 31/03/2020 (1 USD = 4,062 COP)





# 2012

# 2019

- ▲ **FOCUS:** Investmentes related with the cement industry
- ▲ **ASSETS:** In different sectors and segments of the economy
- ▲ **MANAGEMENT:** Passive managed portfolio

- ▲ **FOCUS:** Infraestructure asset manager, focus on capital allocation
- ▲ **ASSETS:** Articulated portfolio focused on cement, energy, concessions and real estate
- ▲ **MANAGEMENT:** Active roll as investments manager, capable of managing companies to excel profitable growth and maximize value



# 2012

- ▲ **Assets:** COP 27 trillion
- ▲ **Revenues:** COP 6.7 trillion
- ▲ **Ebitda:** COP 1.6 trillion
- ▲ **Net profit:** COP 344 billion
- ▲ **Employees:** 9,700
- ▲ **5 business** strategic
- ▲ **Board of Directors:** 100% men
- ▲ Limestone reserve



# 2019

- ▲ **Assets:** COP 56 trillion
- ▲ **Revenue:** COP 16.7 trillion
- ▲ **Ebitda:** COP 4.6 trillion
- ▲ **Net profit:** COP 1.1 trillion
- ▲ **Employees:** 14,000
- ▲ **3 business** strategic
- ▲ **Board of Directors:** 43% women and 57% independent
- ▲ Preserve **biodiversity**

\*Data last twelve months (LTM) as of March 2020

## PORTFOLIO

## Strategic portfolio focused in infrastructure



USD **2.6** bn  
MARKET CAP<sup>\*1</sup>

USD **3.7** bn  
REVENUES <sup>\*2</sup>

USD **1.1** bn  
EBITDA <sup>\*2</sup>

STRATEGIC  
In Infrastructure

## CEMENT



<sup>\*3</sup> **58.1%**

<sup>\*7</sup> Revenues: USD 2.3 bn  
EBITDA: USD 0.4 bn

## ENERGY



**52.9%**

<sup>\*7</sup> Revenues: USD 0.9 bn  
EBITDA: USD 0.4 bn

## CONCESSIONS



<sup>\*8</sup> **99.9%**

<sup>\*7</sup> Revenues: USD 0.47 bn (+0.2 bn of Opaín7)  
EBITDA: USD 0.2 bn (+0.1 bn of Opaín7)

PORTFOLIO of USD 1.7  
billions<sup>6</sup> composed by:



<sup>\*4</sup> **37.2%**



Desarrollo  
Urbano

**100%**



<sup>\*5</sup> **27.7%**



**9.8%**

<sup>1</sup> Mkt Cap in USD as of 30/09/2019 (1 USD = 4,062COP) <sup>2</sup> Revenues & EBITDA LTM Mar 2020 in USD <sup>3</sup> Cementos Argos 58.1% ordinary shares and 49.1% of outstanding shares <sup>4</sup> 50% participation in the managing vehicle, <sup>5</sup> Grupo Argos and its related companies adds to 35.9% <sup>6</sup> Portfolio valued at Market prices for Grupo Sura and Nutresa, unit value for Pactia as of Mar 2020 and book value for urban development <sup>7</sup> Corresponds to recurrent revenues and Ebitda for 2020 Mar YoY <sup>8</sup> Grupo Argos and its related companies adds to 99.9%

## WHO WE ARE?

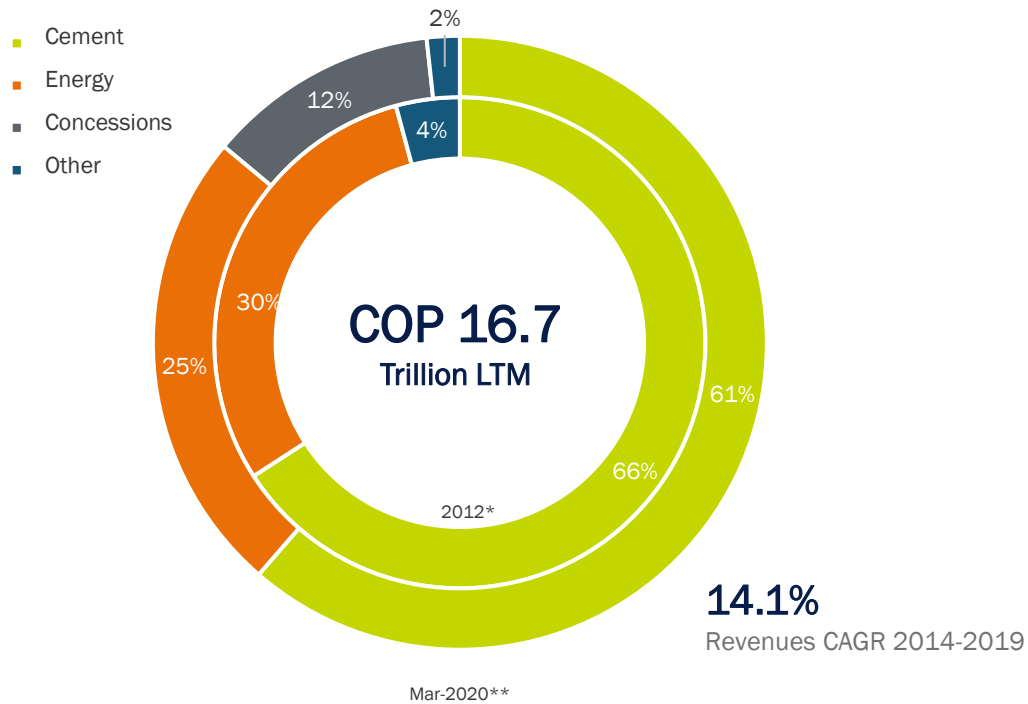
In the last 5 years we have been able to diversify the contribution in terms of Ebitda

COP **55.8** trillion  
Consolidated Assets (March 2020)

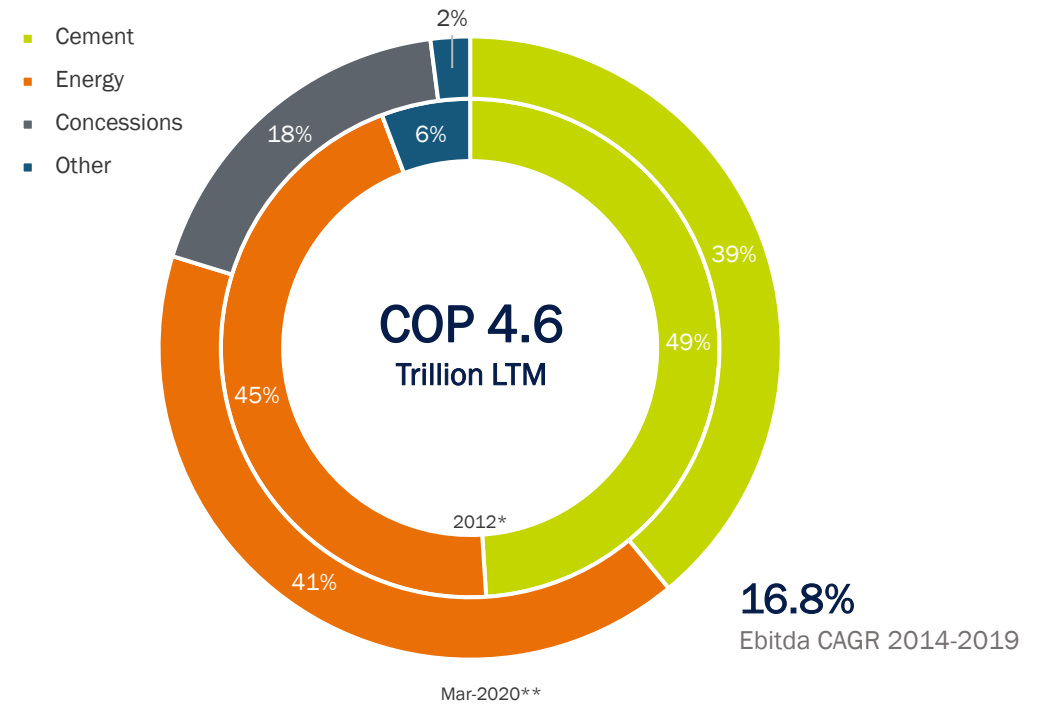
COP **1.1** trillion  
Consolidated Net Profit (LTM March 2020)

COP **513** billion  
Net Profit of the parent company (LTM March 2020)

## Consolidated Revenues



## Consolidated Ebitda



\* As of December 2012  
\*\* Last Twelve Months March 2020

## HOW WE GENERATE VALUE

## Key messages that support our value generation strategy



## STRATEGY

## Odinsa: Capital structure optimization to leverage growth



### Strategy

- ▲ **Consolidation and growth** of the business in toll roads and airport concessions to become a regional leader
- ▲ Plan and execute projects for the **development of the region**

### During 2019 we achieved



Cashouts for over  
COP 3 trillion



Acquisition  
Concesión Túnel de Oriente



Structuring of  
3 private initiatives

## STRATEGY

## Celsia: Energy platform of Grupo Argos



### Strategy

- ▲ Consolidate the portfolio in strategic assets
- ▲ Become one of the most powerful **platforms in the energy segment in the region**, leaders in innovation applied to customer service, and in the development of renewable energies

### During 2019 we achieved



Double the number of users,  
achieving 1,1 million



Capital turnovers for over COP  
4,4 trillion



Closed strategic partnerships  
for COP 1,4 trillion

## STRATEGY

## Cementos Argos: Efficiencies achieved reflected in companies results



### Strategy

- ▲ Decrease leverage ratio below **3.5 times net debt/ Ebitda**
- ▲ **Responsible and efficient** cash flow management
- ▲ Continue innovating in products to keep being leaders in the construction materials segment

### During 2019 we achieved



Lighter and flexible operation to be prepared for any changes in the market and keep being leaders



**Divestment of 28 concrete companies** in United States for USD 95 million



**Decrease in debt** during 2019 for over COP 430 billion and COP 950 billion the last two years

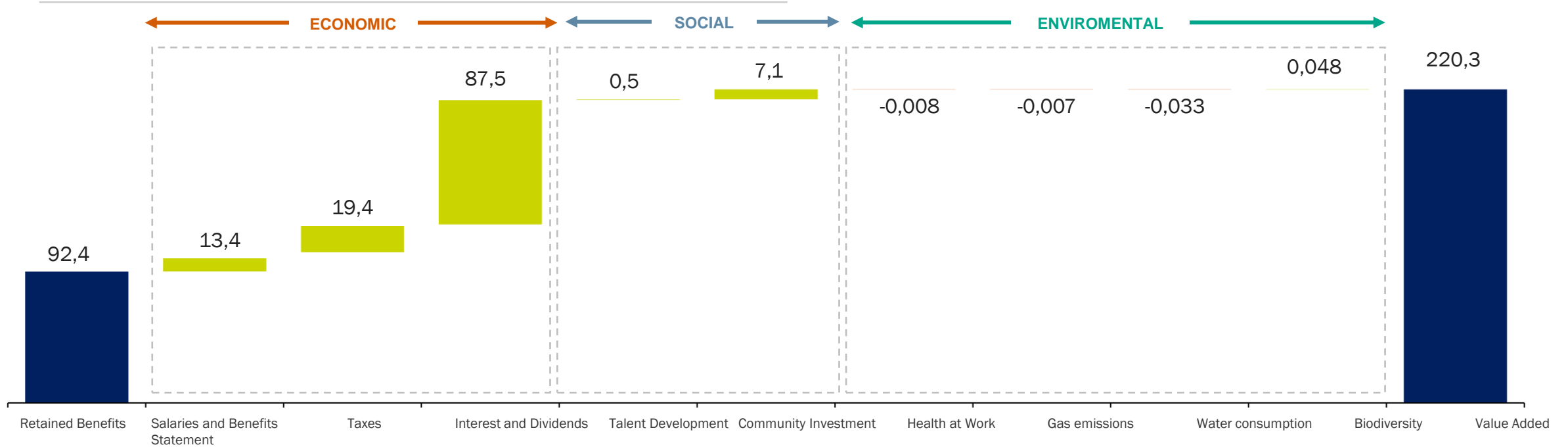


**Green Cement**

## HOW WE GENERATE VALUE

We added 2.4 times what we took from society equivalent to USD 220.3 million

Value added statement of Grupo Argos 2019 (USD million)

**Economic Dimension:**

Payments of taxes, salaries, interests and dividends that are positive to the economy, boosting productivity and competitiveness of the country. It represents 55% of the net value that we deliver to society

**Social Dimension:**

Greater contribution to the community infrastructure made by the urban development business, which is estimated to have benefited the community in USD 7.1 million

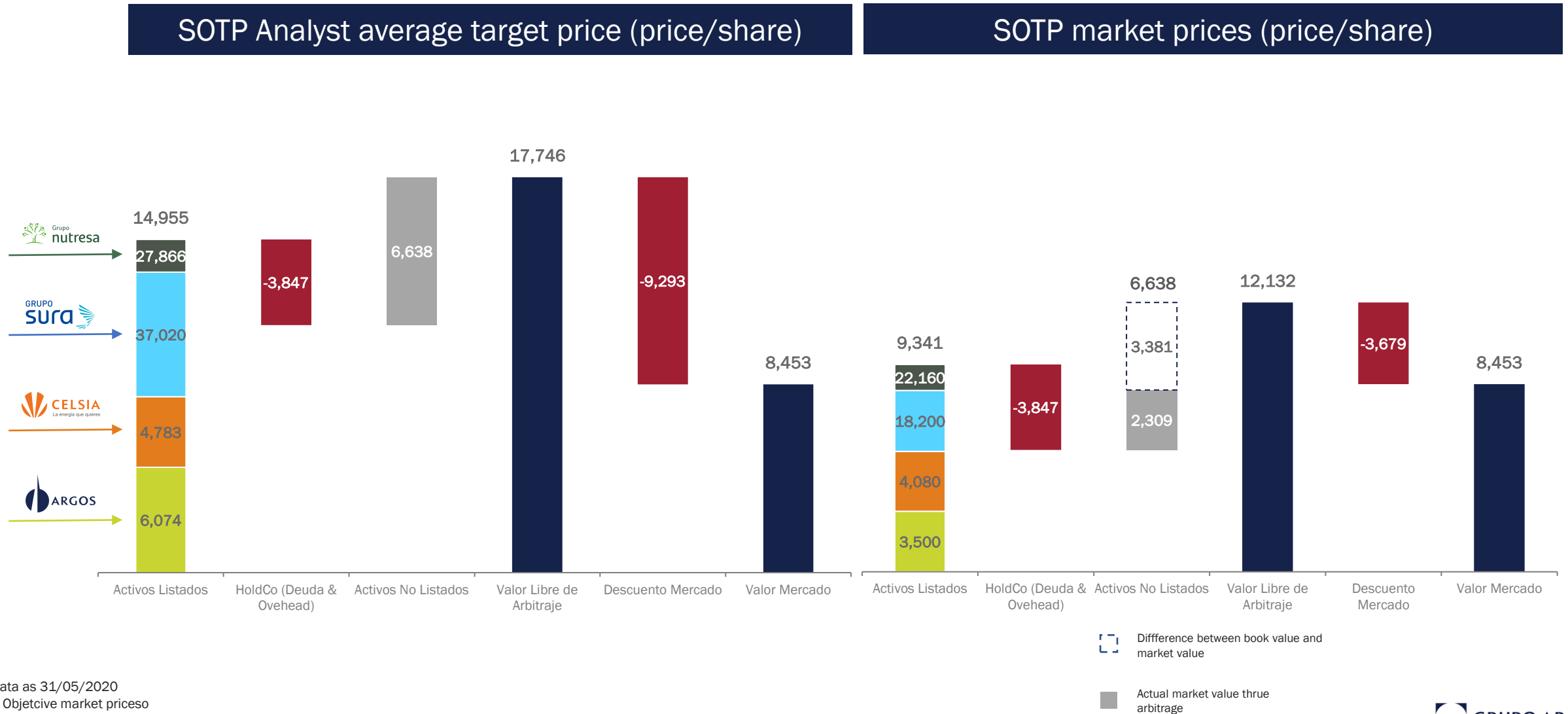
**Environmental Dimension:**

Marginal negative impacts, since activity is not intensive in the use of natural capital. We work actively to contribute to the conservation of the ecosystems through the Grupo Argos Foundation



SOTP

## Share price affected by Market liquidity, not reflecting companies fundamental value



\*Data as 31/05/2020








\*\* Objective market prices

\*\*\* prices per share

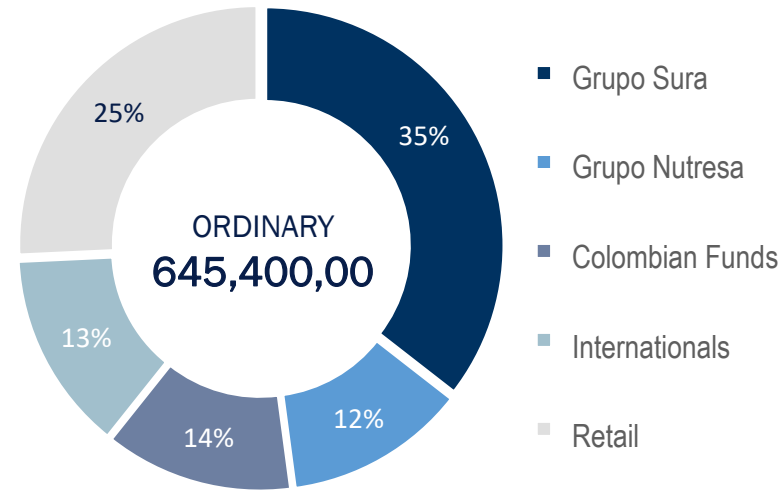
## HOW WE GENERATE VALUE

# Committed with our corporate governance – 57% independent board members

## Board of Directors

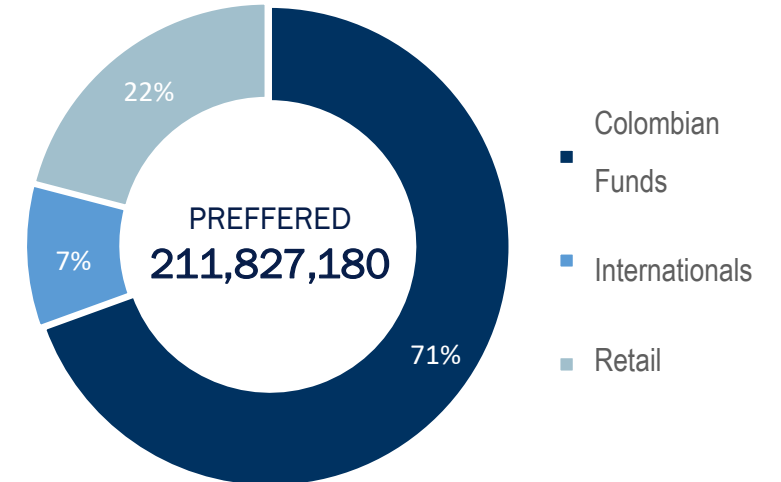
	<b>ROSARIO CÓRDOBA</b> (Chair of the Board) - Independent
	<b>CLAUDIA BETANCOURT</b> Non – Independent
	<b>ANA CRISTINA ARANGO</b> Independent
	<b>ARMANDO MONTENEGRO</b> Independent
	<b>JORGE URIBE</b> Independent
	<b>GONZALO PEREZ</b> Non - independent
	<b>CARLOS GALLEGO</b> Non - independent

## Shareholders



Figures as of Mar 31, 2020

## Recognitions



Preferred shares do not carry voting rights

## Affiliations

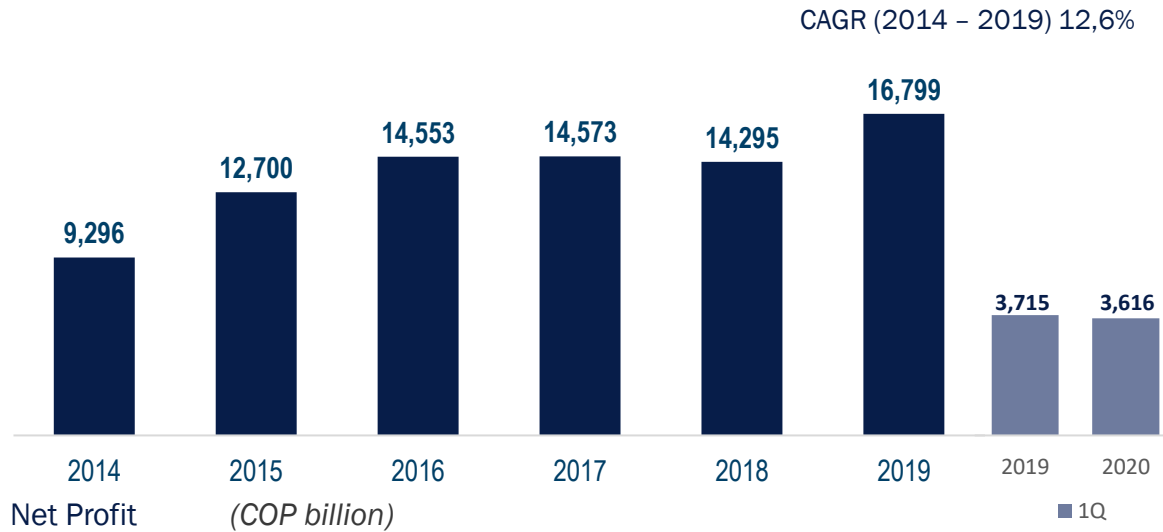


The CEO Water Mandate

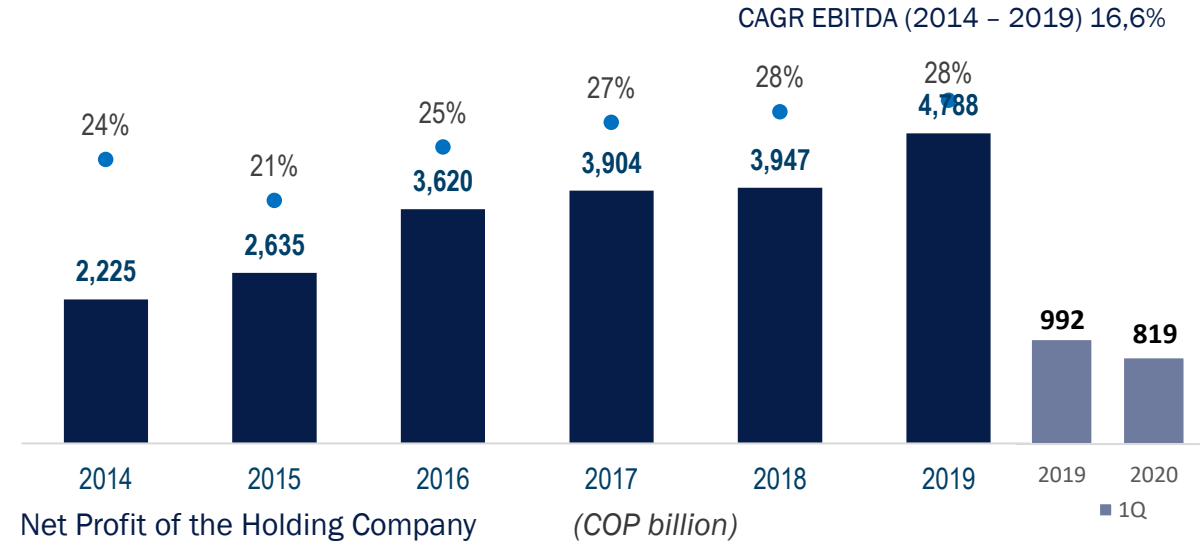
## RESULTADOS FINANCIEROS

# Discipline that has translated into positive results with Ebitda CAGR 16% in the last 5 years

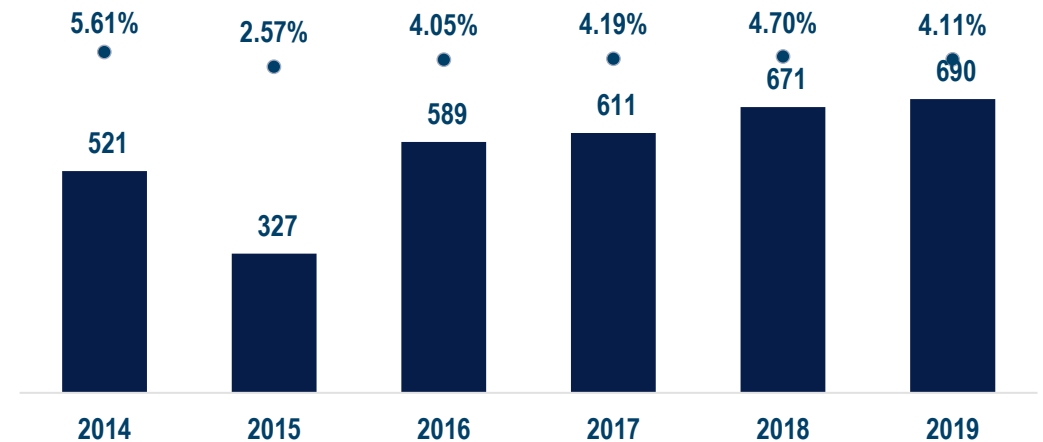
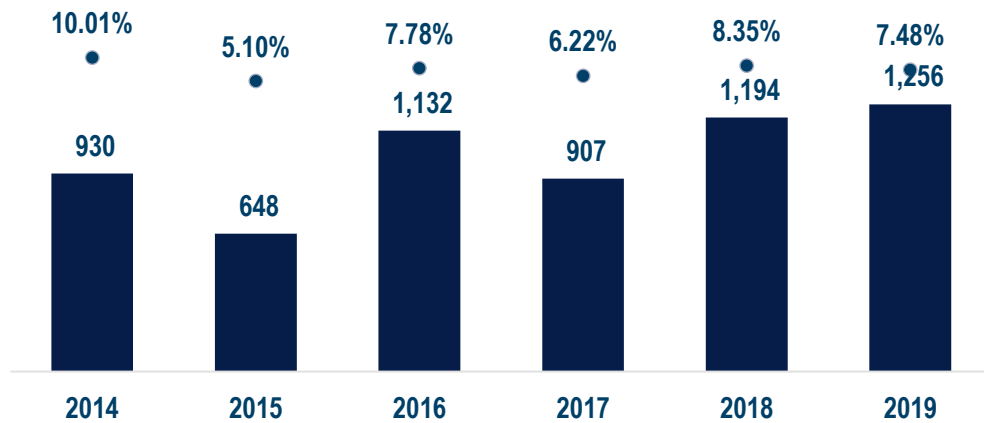
Consolidated revenues of Grupo Argos (COP billion)



Consolidated Ebitda of Grupo Argos (COP billion)



CAGR (2014 – 2019) 6,2%

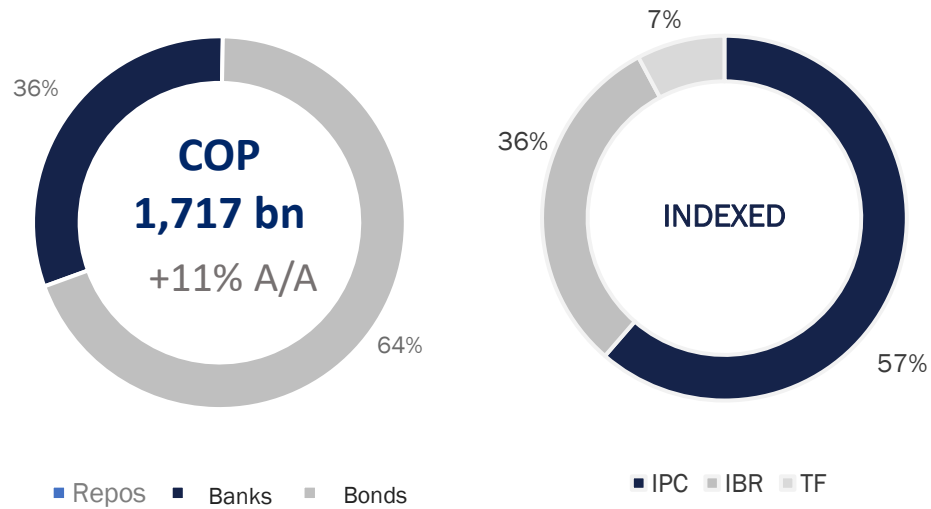


## GRUPO ARGOS SEPARATE RESULTS Q1-2020

# Financial flexibility as no maturities until 2022 – cost of debt remains at 7%

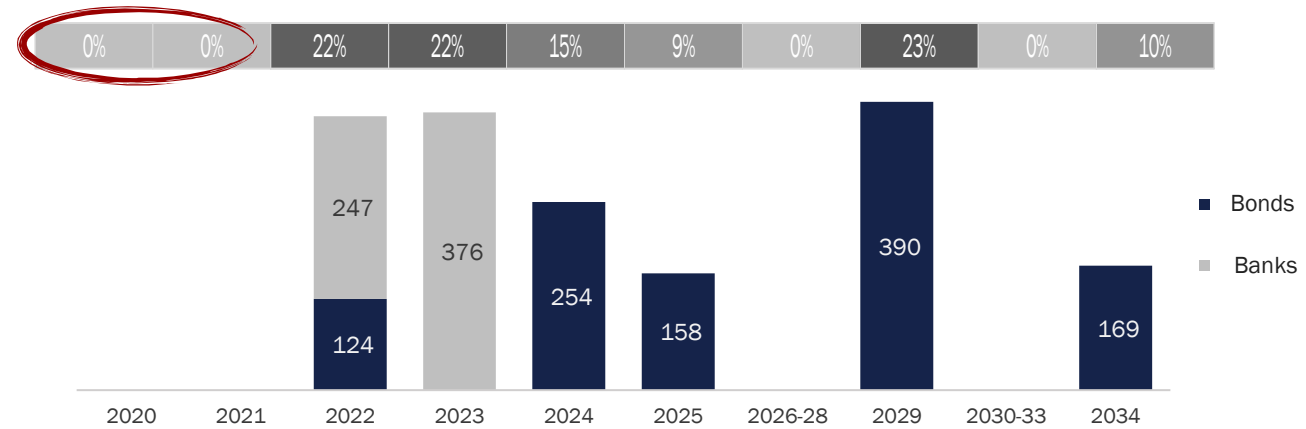
Indebtedness<sup>1</sup>

COP billions



Profile of maturities (principal)

COP billions



Gross Debt / Dividends

## 2,9x

vs. 2,5x in March 2019

Gross Debt / Adj. Ebitda<sup>2</sup>

## 3,3x

vs. 2,2x in March 2019

Cost of Debt

## 7,0%

As of March 2019

<sup>1</sup> Only includes balance of due capital <sup>2</sup> Portfolio of listed shares valued at their monthly closing price + Participation in Pactia <sup>3</sup> Adjusted EBITDA = EBITDA (-) equity method (+) Dividends received (+) Profit from divestments (-) Real Estate Business Valuations <sup>4</sup> Limit established by Fitch and S&P for AAA rating <sup>5</sup> Current inflation for the month

GRUPO ARGOS SEPARATE

# S&P maintains AA+ rating for Grupo Argos

## STANDARD & POOR'S

### AA+

Rating

S&amp;P May 2020

### ~28%

Ebitda Margin

Stable Profitability

### ~3 - 4x

Net debt / Ebitda

Controlled Leverage Ratio

### >1,5x

Sources / Uses

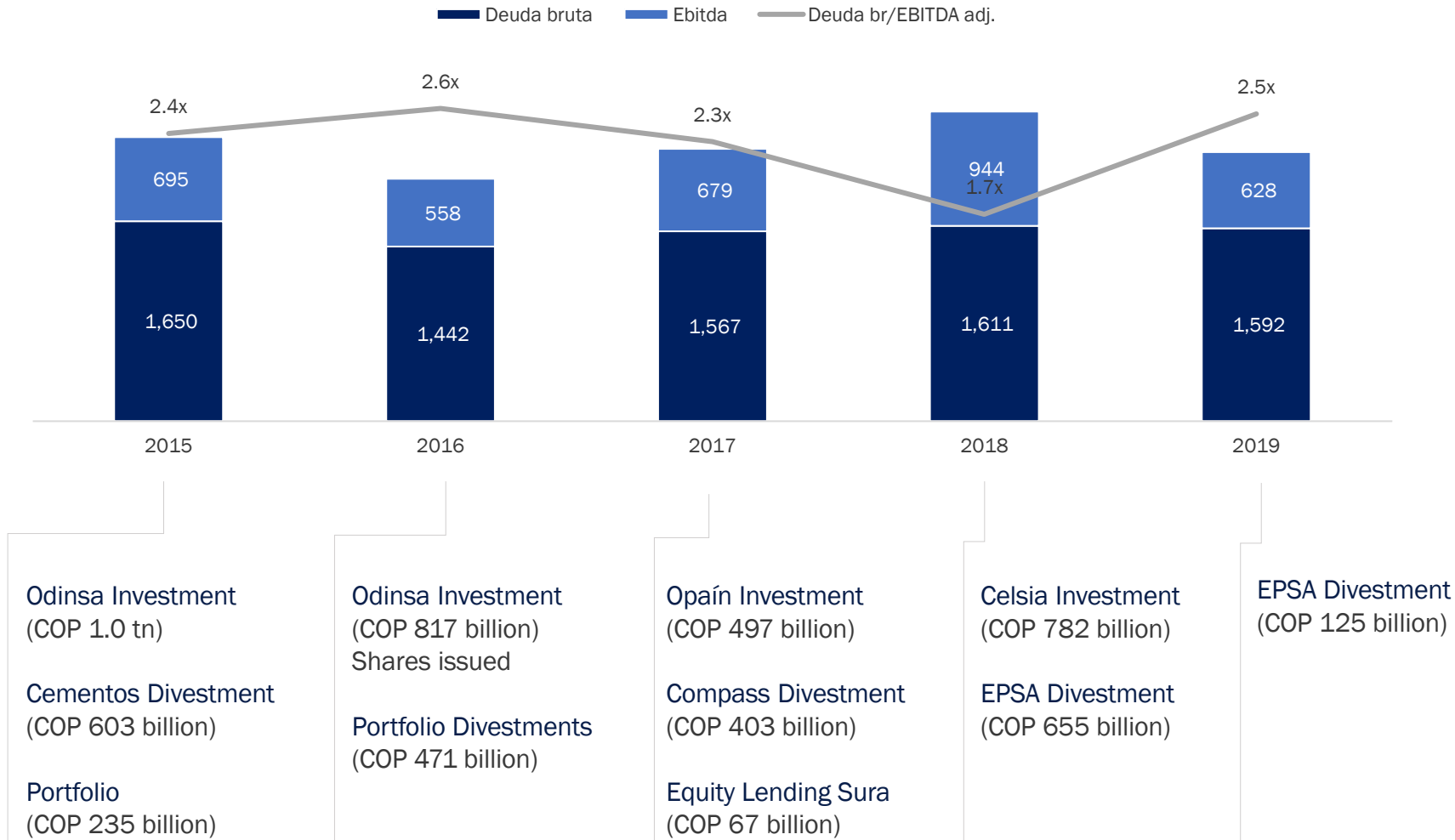
Enough Liquidity

## Highlights

- ▲ Has demonstrated access to capital markets and capability of accessing financing through financial system
- ▲ Grupo Argos has a clear strategy
- ▲ Clear emergency plan to respond to Covid19 with reduction in Opex and Capex

## CAPITAL STRUCTURE

# Leverage ratios evolution in line with efficient capital allocation strategy



From 2015 to 2018 Grupo Argos has:

Invested + COP 3.1 trillion

Divestments for COP 2.4 trillion

Efficient debt management supporting growth

2019 ends with healthy leverage ratios

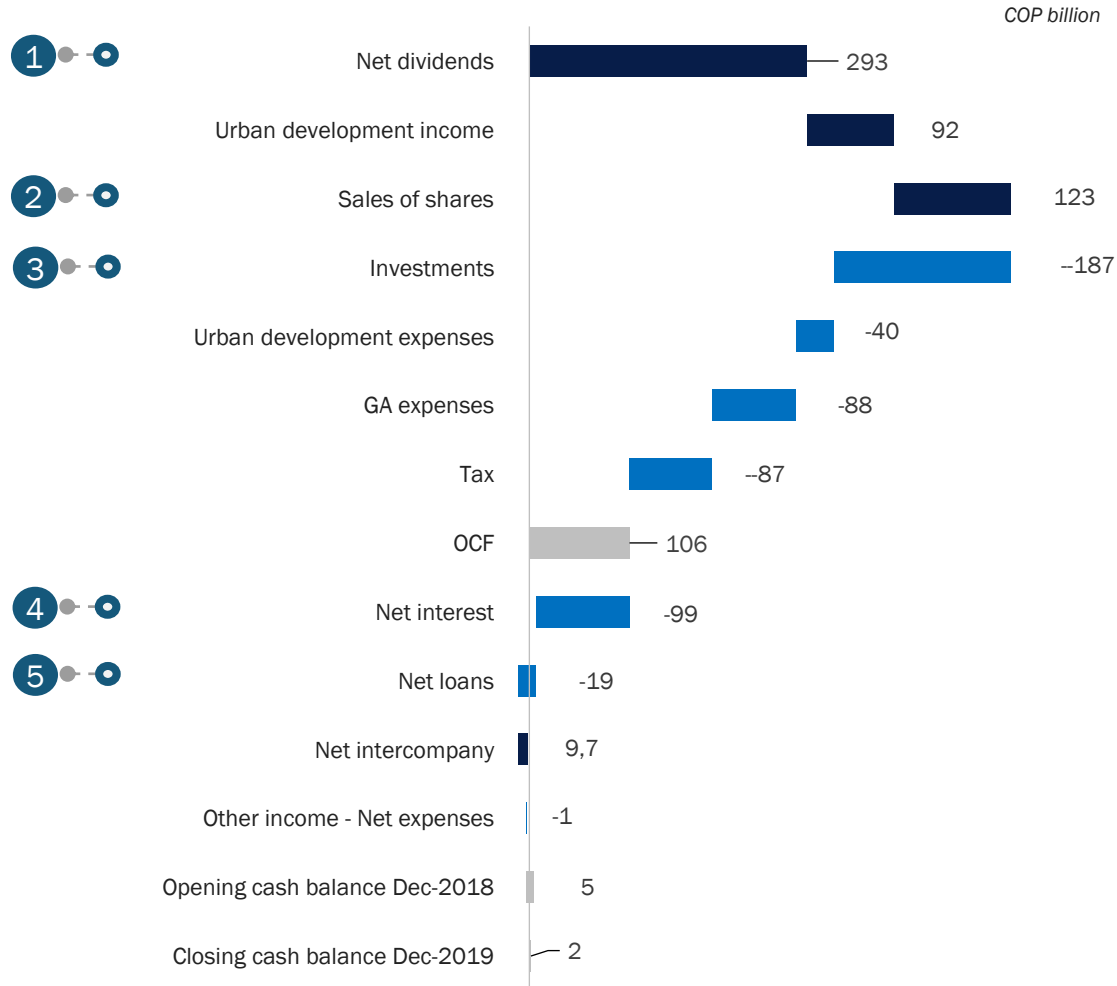
Adjusted EBITDA

+	EBITDA
-	Equity Method
+	Dividends received
+	Divestments profit
=	Adjusted EBITDA

## GRUPO ARGOS 2019 CASH FLOW

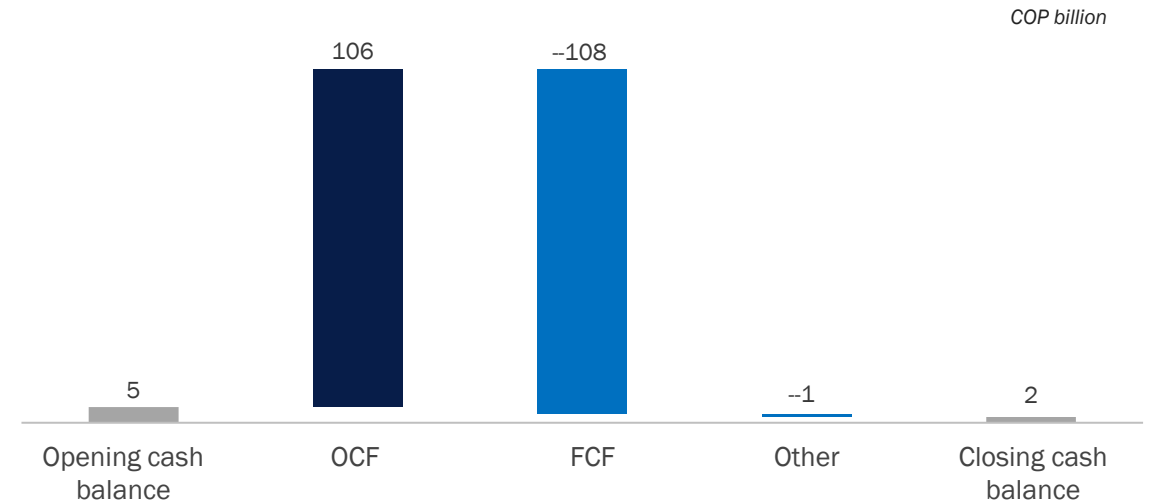
# We ended the year with cash flow equivalent to one day of the Company's revenue

## Cash flow



## Notes

- Dividends received: **COP 588**, dividends paid: **COP 295**
- Sale of 6,495,205 shares in Epsa: **COP 123**
- Pactia capitalization: **COP 176**, purchase of shares in Odinsa: **COP 2**
- Financial expenses: **COP 105**, financial returns: **COP 6**
- Issuance and maturity of bonds: **COP 335**, amortization of bank debt: **COP 354**

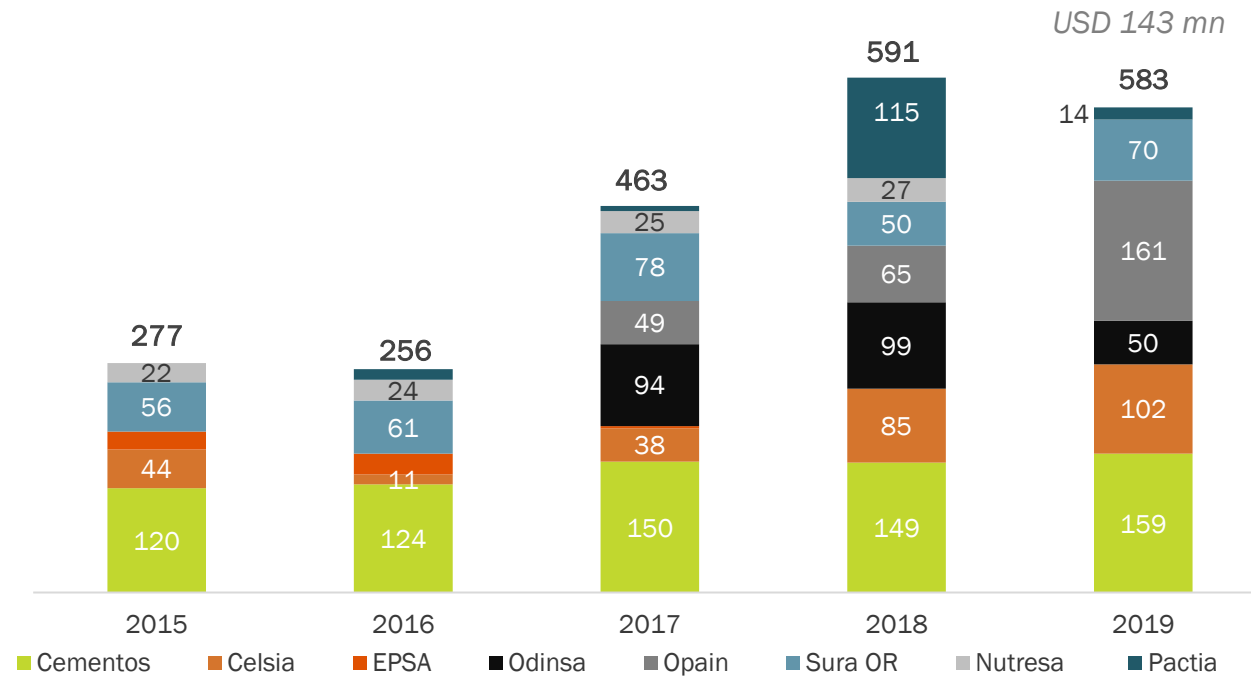


## HOW WE GENERATE VALUE

# We increased the dividends flow with a positive spread of COP 200 billion

## HISTORIC DIVIDENDS

COP billions



20%

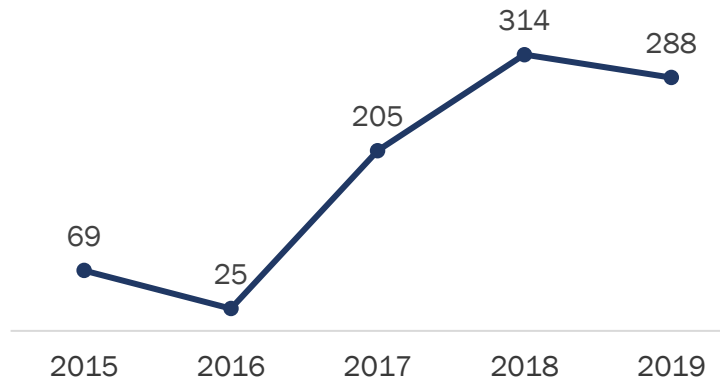
CAGR 2015 - 2019

■ Cementos ■ Celsia ■ EPSA ■ Odinsa ■ Opain ■ Sura OR ■ Nutresa ■ Pactia<sup>1</sup>

Positive dividend spread  
(received - paid)

**+ 4,2x**

between 2016 and 2019

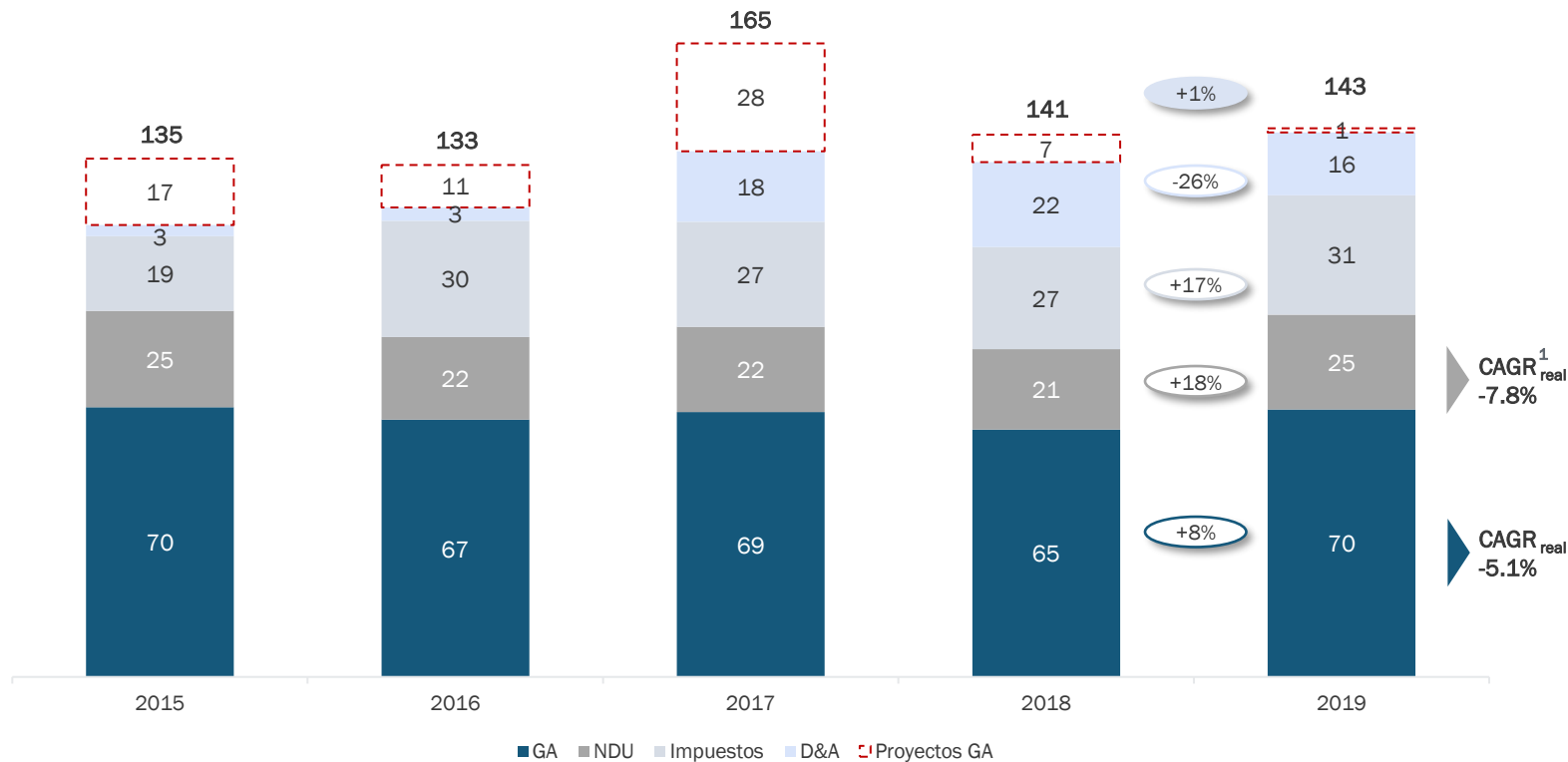


## HOW WE GENERATE VALUE

**In the last 5 years, controllable management expenses of Grupo Argos have decreased 5.1% in real terms**

SG&amp;A

COP billions



\*The costs associated with specific investment and divestment projects are not recurrent and depend on the dynamics and magnitude of the projects. According to the activity of the holding they should be registered as costs, but in the accounting, they are recorded as expense

\*\*Excludes depreciation and taxes

\*\* AUM 2019 average with market prices and book value = COP 19 trillion

\*\*\* International equity funds: Morningstar, Prudential, Parnassus, JP Morgan, Vanguard, Trowe

GA: Grupo Argos

NDU: Negocio Desarrollo Urbano

Grupo Argos Controllable  
Management Cost

**-5.1%**

CAGR (2015 - 2019)

Real Estate Business  
Expenses

**-7.8%**

CAGR (2015 - 2019)

Recurrent expenses GA\*/ AUM\*\*  
2019

**0.5%**

Vs. 0.82% average fee from international  
equity funds\*\*



*“Become an asset manager that enables the investment of institutional capital in the infrastructure sector in Latin America.*

*Grupo Argos has demonstrated its ability to transform and grow businesses in this region, such as Cementos Argos, Celsia and Odinsa. We have the capacity and the trajectory, which allows us to take advantage of this unique knowledge to continue strengthening our articulated assets platform in the region.”*

**CEO**

Jorge Mario Velasquez

**CFO**

Alejandro Piedrahita

**Investor Relations Director**

Natalia Agudelo

Tel: (574) 319-8712

E-mail: [nagudelop@grupoargos.com](mailto:nagudelop@grupoargos.com)

**Investor Relations Analyst**

Jaime Andres Palacio

Tel: (574) 3198400 ext 22388

E-mail: [jpalaciop@grupoargos.com](mailto:jpalaciop@grupoargos.com)

[www.grupoargos.com](http://www.grupoargos.com)



## Cementos Argos, Celsia, Odinsa and Urban Development Business confirm our diversification strategy

### RELEVANT FIGURES

COP bn	Mar-2020	Mar-2019	Var.(%)
Revenue	3,616	3,715	-3%
Cost, expenses & other revenues	3,219	3,112	3%
<b>Operating profit</b>	<b>397</b>	<b>603</b>	<b>-34%</b>
<b>Ebitda</b>	<b>819</b>	<b>992</b>	<b>-17%</b>
<i>Ebitda margin</i>	23%	27%	-406 bp
<b>Pre-tax profit</b>	<b>114</b>	<b>309</b>	<b>-63%</b>
Taxes	88	86	2%
<i>Current</i>	92	108	-15%
<i>Diferred</i>	-4	-22	n/a
<b>Net Profit</b>	<b>26</b>	<b>223</b>	<b>-88%</b>
<b>Net Profit Controlling Company</b>	<b>-32</b>	<b>144</b>	<i>n/a</i>
<i>Net margin Controlling Company</i>	-1%	4%	-477 bp

COP **58**billion

Increase in the contributions made by the strategic businesses to the consolidated revenue during Q1-2020

COP **439**billion

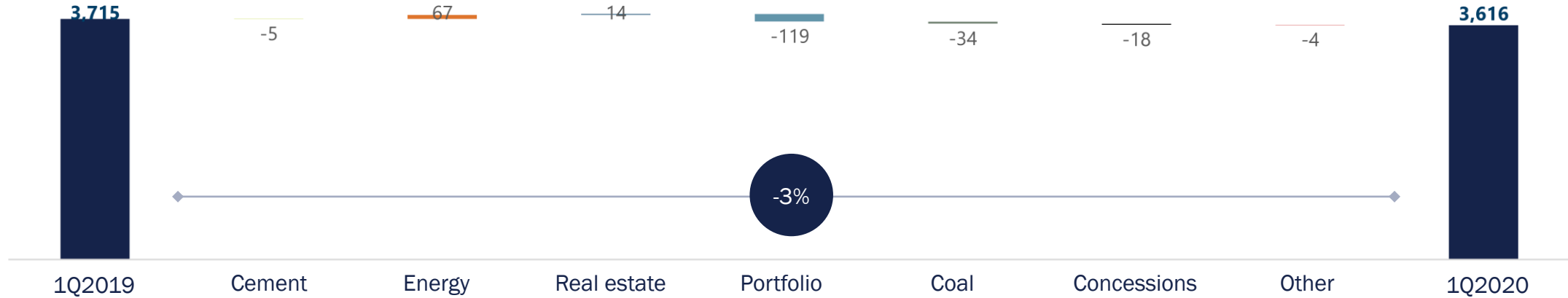
Stable structural expenses despite a 13% devaluation of the colombian peso

GRUPO ARGOS CONSOLIDATED RESULTS Q1-2020

## Consolidated contribution in revenues from strategic businesses of COP 58 billion

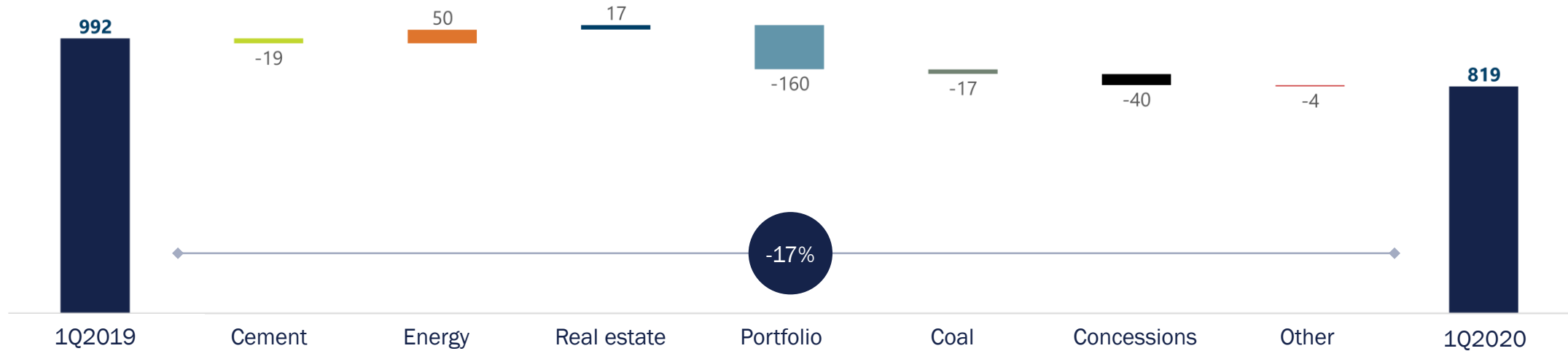
Contribution by business to consolidated revenue 1Q2020

COP bn



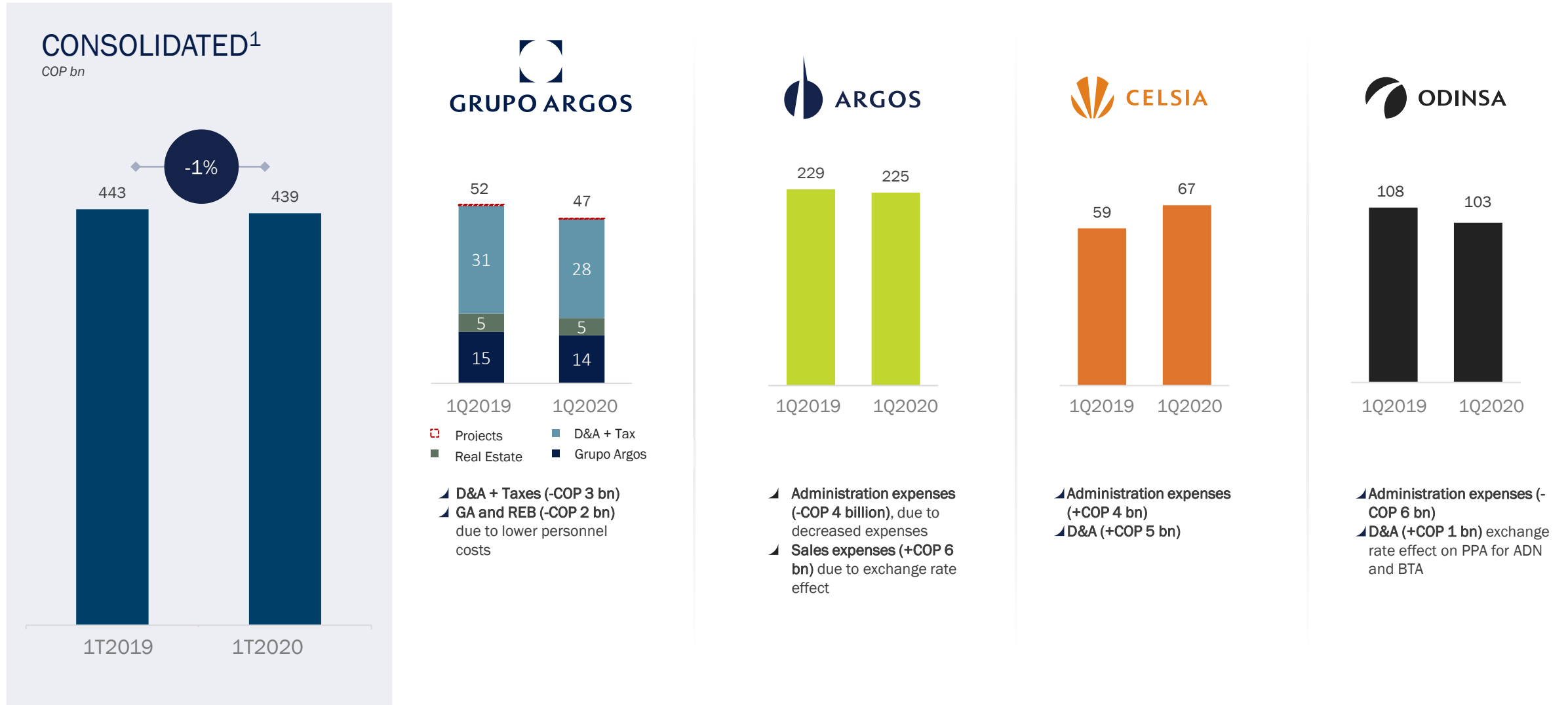
Contribution by business to consolidated Ebitda 1Q2020

COP bn



## GRUPO ARGOS CONSOLIDATED RESULTS Q1-2020

# Stable SG&A as proof of quick response capacities in light of the current situation



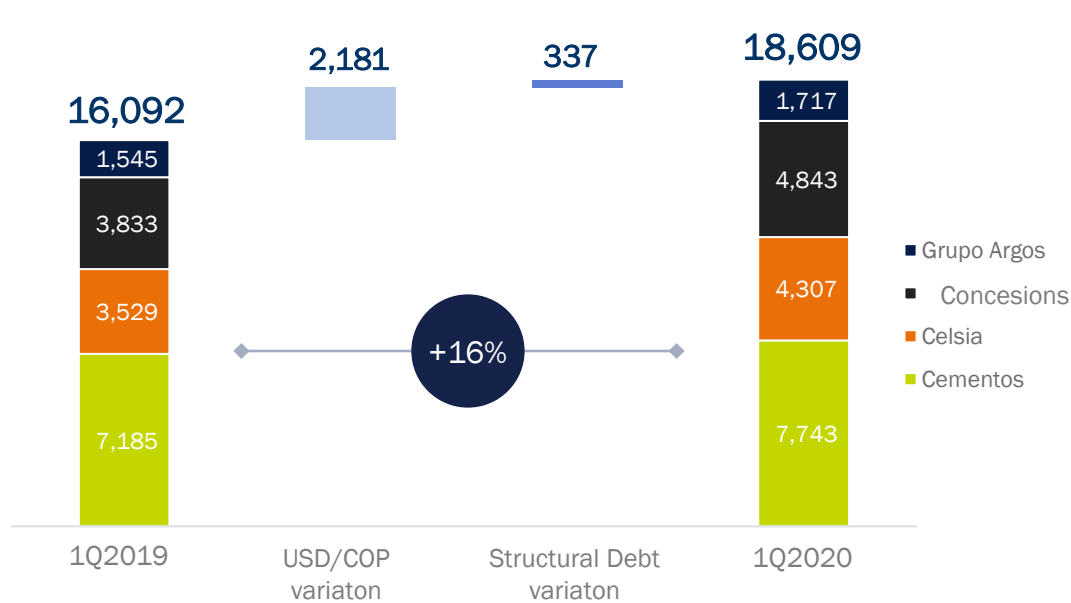
<sup>1</sup>The consolidated amount may differ from the sum of the subsidiaries due to adjustments during consolidation

## GRUPO ARGOS CONSOLIDATED RESULTS Q1-2020

# Stable financial expenses despite the effect of devaluation in the consolidated debt

## Consolidated Debt

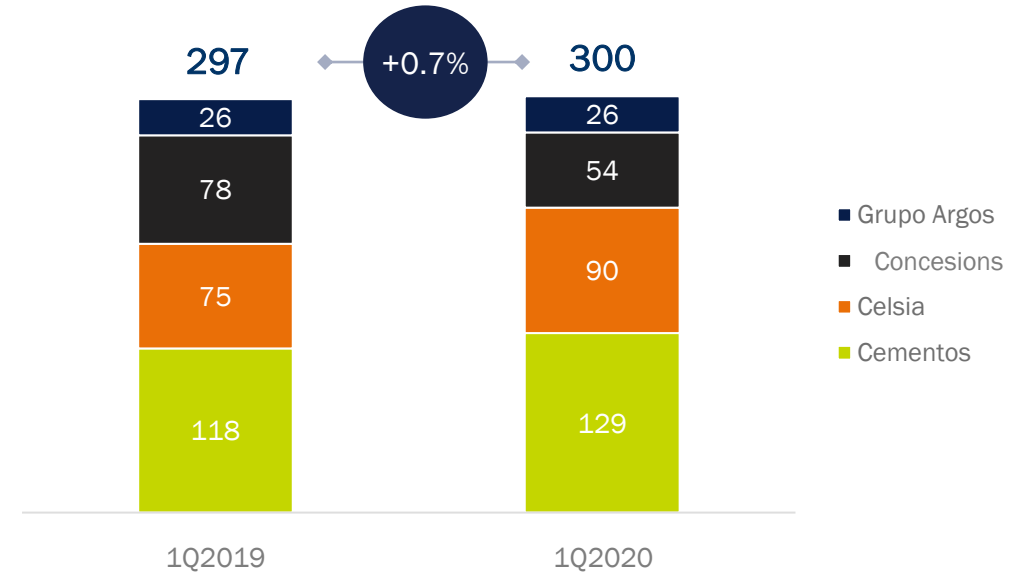
COP bn



- ▲ **COP 2.2 tn** increase due to **devaluation of the Colombian peso**
- ▲ Real increase in debt equal to **COP 300 bn**
- ▲ **Natural coverage of the debt in dollars** so this does not represent a real increase in debt

## Net Financial Expenses

COP bn



- ▲ **Grupo Argos (separate):** Higher indebtedness (+COP 130 bn) for financial flexibility for facing COVID-19
- ▲ **Cementos:** +COP 11 bn increase in outstanding debt due to exchange rate and financial flexibility (+COP 354 bn) due to COVID-19 related uncertainty
- ▲ **Celsia:** +COP 15 bn due to exchange rate and net effect of investments and divestments

## GRUPO ARGOS SEPARATE RESULTS Q1-2020

## 66% Ebitda margin improves by 100 basic points

### RELEVANT FIGURES

COP bn	Mar-2020	Mar-2019	Var.(%)
Revenue	200	308	-35%
Costs and other expenses	24	60	-60%
GA expenses	47	52	-8%
<b>Operating profit</b>	<b>128</b>	<b>196</b>	<b>-35%</b>
<b>Ebitda</b>	<b>132</b>	<b>200</b>	<b>-34%</b>
<i>Ebitda margin</i>	66%	65%	100 bp
<b>Pre tax profit</b>	<b>103</b>	<b>170</b>	<b>-39%</b>
Taxes	4	-2	-285%
Current	5	-4	n/a
Diferred ítems	-1	1	-162%
<b>Net profit</b>	<b>99</b>	<b>172</b>	<b>-42%</b>
<i>Net margin</i>	50%	56%	-639 bp

### PROFORMA (Cumulative divestments)\*

Revenue	164	185	-11%
<b>Ebitda</b>	<b>119</b>	<b>136</b>	<b>-12%</b>
Net profit	87	108	-19%
<i>Ebitda margin</i>	73%	74%	-90 pb

\* Excludes: sale of Odempa (Income COP 36 bn, Ebitda COP 13 bn and Net Profit COP 13 bn, and sale of EPSA shares in 2019 (Income COP 123 bn, Ebitda COP 64 bn and Net Profit COP 64 bn)

# +79%

Increase in the equity  
method contribution of the  
energy sector during Q1-  
2020

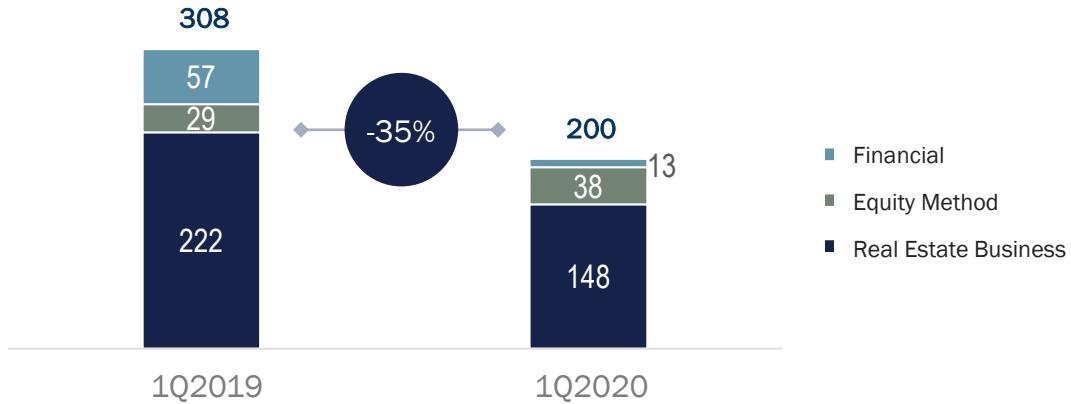
# -8%

Decrease in Grupo Argos  
SG&A

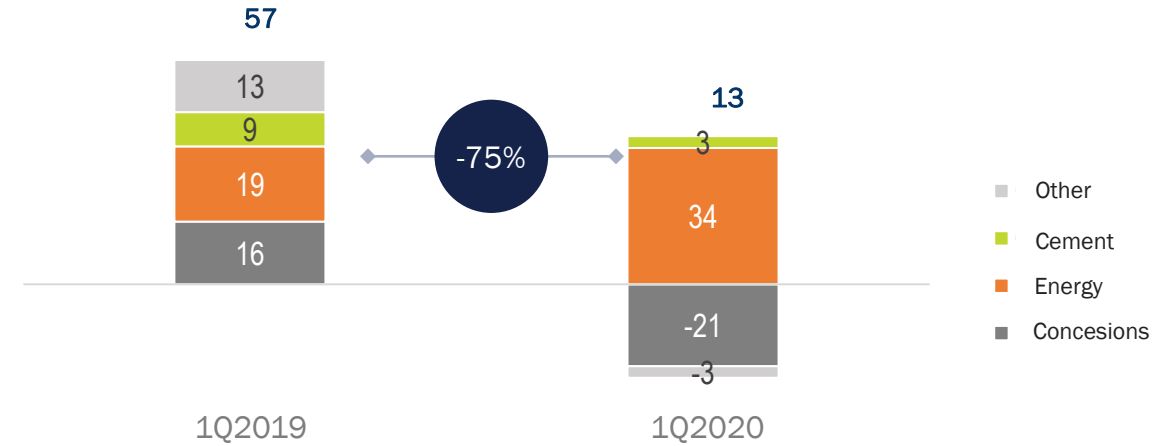
## GRUPO ARGOS SEPARATE RESULTS Q1-2020

# Controllable expenses go down 8% year-on-year

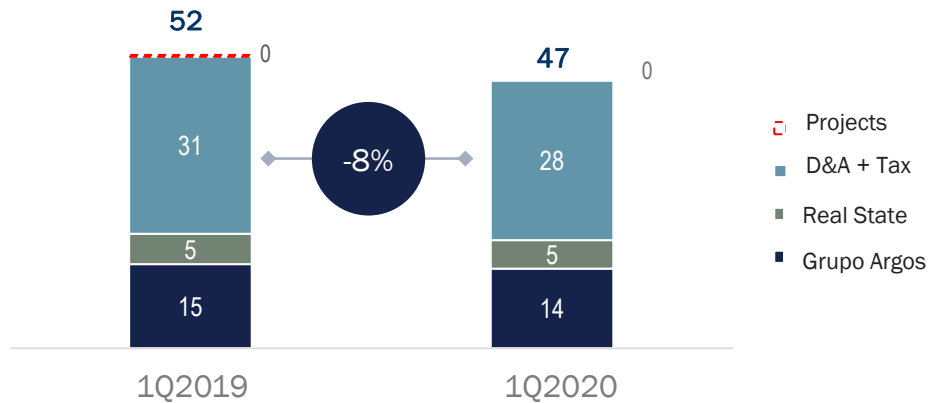
## 1. Revenue Distribution 1Q2020 COP billions



## 2. Equity Method Distribution\* 1Q2020 COP billions



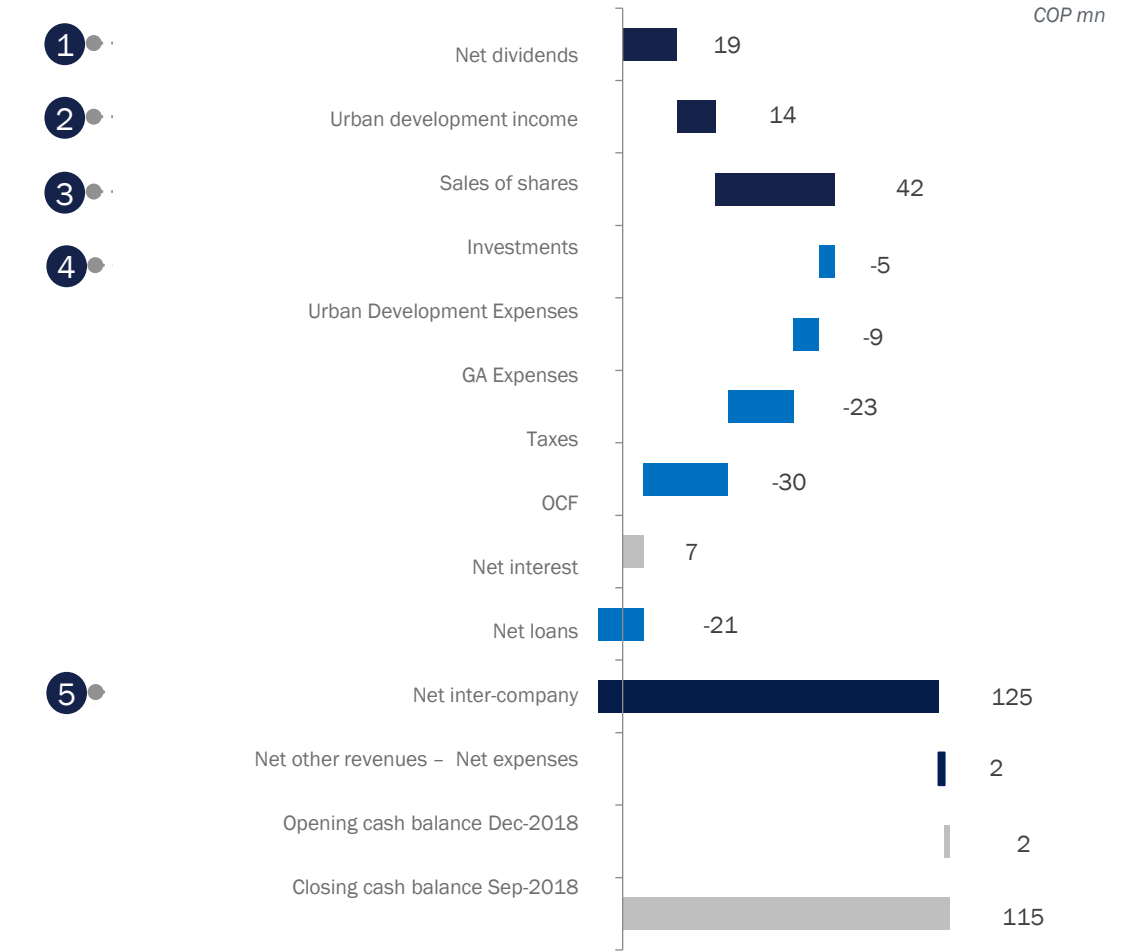
## 3. Gastos controlables 1T2020 COP mil mn



- **Equity method with greater contributions from the energy business** incorporating the operations of the assets in Tolima. Lower **contributions from the concessions business** due to refinancing in 2019 and the Covid-19 situation
- Lower administrative expenses (overhead) due to structure adjustments.

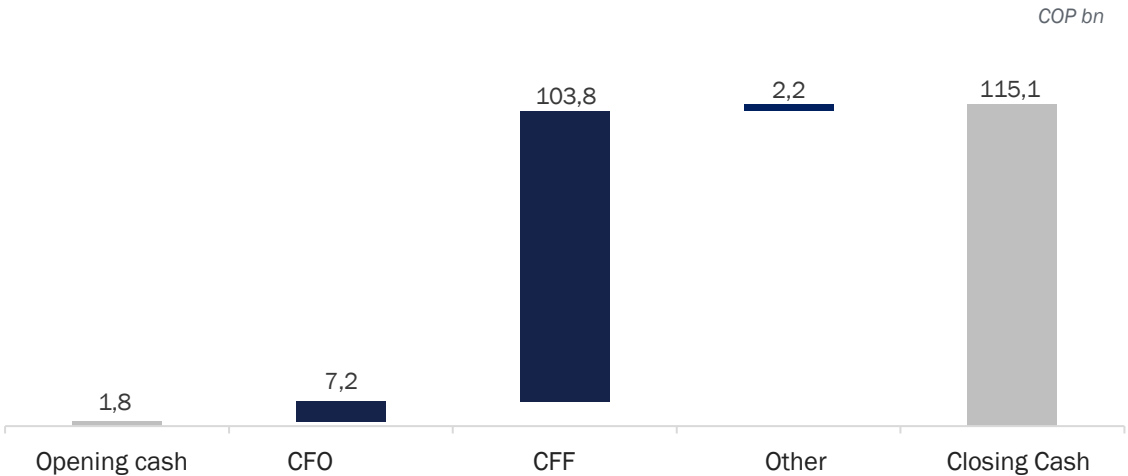
# COP 115 bn in cash provides us with financial flexibility for dealing with Covid-19

## Flujo de caja



## Notas

- 1. Net dividends: **COP 19 bn**,
- 2. Developed plots: **COP 11 bn**, income and others: **COP 3 bn**
- 3. Sale of investments in Colombates and Odempa: **COP 42 bn**
- 4. Purchase of Cementos Argos shares: **COP 4,6 bn**
- 5. Credits for working capital and financial flexibility **COP 130 bn**



**CEO**

Jorge Mario Velasquez

**CFO**

Alejandro Piedrahita

**IR Director**

Natalia Agudelo

Tel: (574) 319-8712

E-mail: [nagudelop@grupoargos.com](mailto:nagudelop@grupoargos.com)

**IR Analyst**

Jaime Andres Palacio

Tel: (574) 3198400 ext 22388

E-mail: [jpalaciop@grupoargos.com](mailto:jpalaciop@grupoargos.com)

[www.grupoargos.com](http://www.grupoargos.com)



**GRUPO ARGOS**

Inversiones que transforman