

Results Presentation First Quarter 2020

May 2020

 **GRUPO ARGOS**
Inversiones que transforman

 **ARGOS**

 **CELSIA**

 **ODINSA**

 **SUMMA**



QUARTERLY RESULTS PRESENTATION

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 Management



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

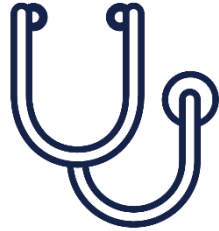
- Develop and implement the social contribution strategy

Business Continuity

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

COVID-19 MANAGEMENT

We articulate, design and implement a strategic plan to deal with this situation



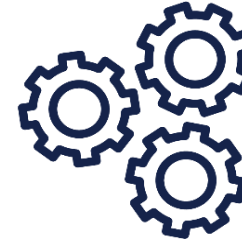
1. Care and health

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

LIFE AND HEALTH

1. We prioritize the health of our collaborators**Continuity**

**4,400
employees
working from
home**

- 100% of Grupo Argos' employees are working from home

On-site work

- 41% of Corporate Group employees

**Accompaniment****Ongoing
communication**

- Prevention and self-care
- Importance of care and solidarity

Surveys

- Potential risks
- Vulnerabilities
- Required prevention measures

**Normalization****Protocol for
reopening**

- Staged process
- According to health conditions
- Guidance from physicians and specialists

Our talent

- Employee care and health as a priority

EMPLOYMENT

2. Our commitment: To keep as many jobs as possible



Our priority is to
maintain the health
and employment of
our close to

14.000
Collaborators

BUSINESS CONTINUITY

3. Emergency plan: An on-going exercise that has allowed us to identify COP 2.5 trillion to date

						
1	CAPEX (COP billions)	\$ 290	\$ 160	\$ 415		\$ 865
2	OPEX (COP billions)	\$ 60	\$ 325	\$ 120	\$ 20	\$ 525
3	Liquidity Credits (COP billions)	\$ 500	\$ 400	\$ 120	\$ 75	\$ 1,095
	Cash (COP billion)	\$ 850	\$ 885	\$ 655	\$ 95	\$ 2,485

PHILANTHROPY

4. In our role as corporate citizens we have contributed over COP 16 billion to society

COP **+ 16** billion



+ COP 13 billion

To strengthen the hospital network and diagnostic capacities



COP 1.6 billion

Donation drives in Bogota, Barranquilla, Medellin and Valle del Cauca



COP 600 million

“An Invitation to Empathy” Campaign



COP 648 million

Nutritional kits in 6 departments

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%
Operating profit	397	603	-34%
Ebitda	819	992	-17%
<i>Ebitda margin</i>	23%	27%	-406 bp
Pre-tax profit	114	309	-63%
Taxes	88	86	2%
<i>Current</i>	92	108	-15%
<i>Diferred</i>	-4	-22	n/a
Net Profit	26	223	-88%
Net Profit Controlling Company	-32	144	<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

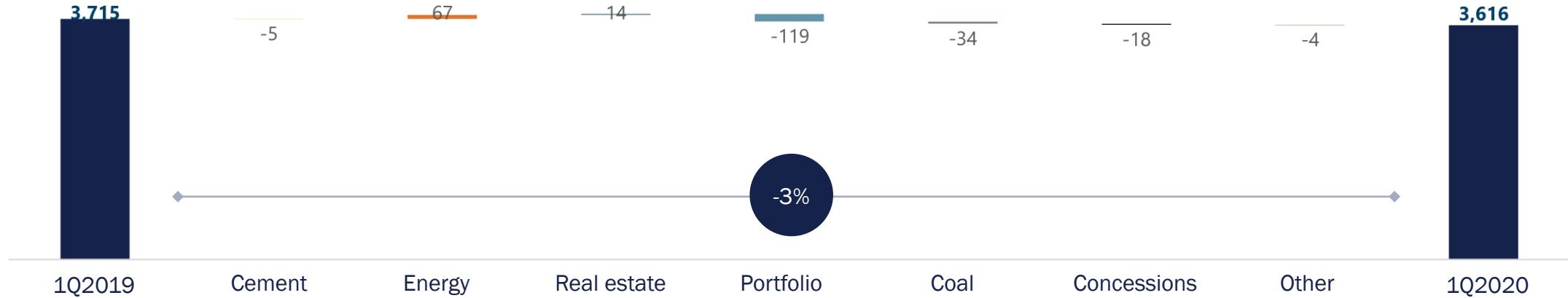
Stable structural expenses despite a 13% devaluation of the colombian peso

GRUPO ARGOS CONSOLIDATED RESULTS Q1-2020

Consolidated contribution in revenues from strategic businesses of COP 58 billion

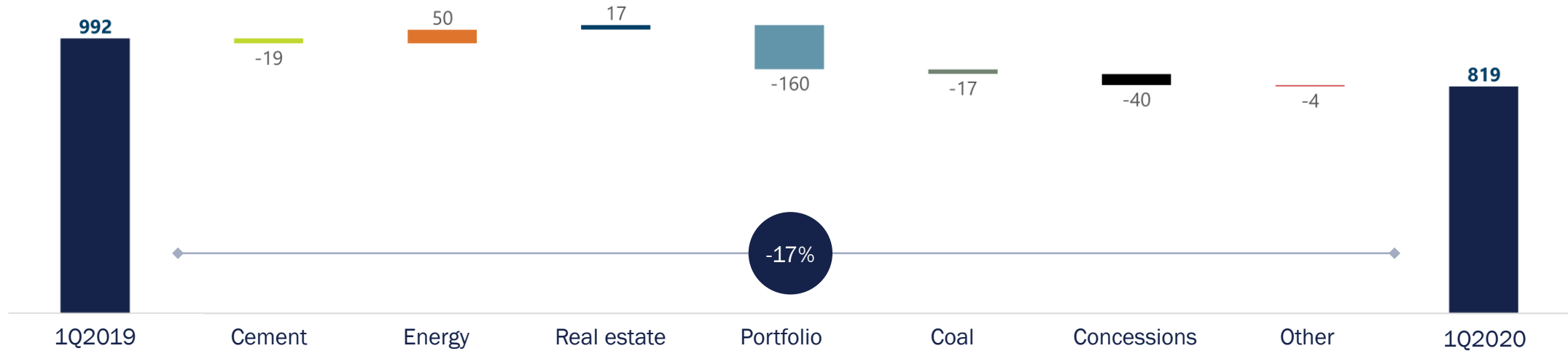
Contribution by business to consolidated revenue 1Q2020

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



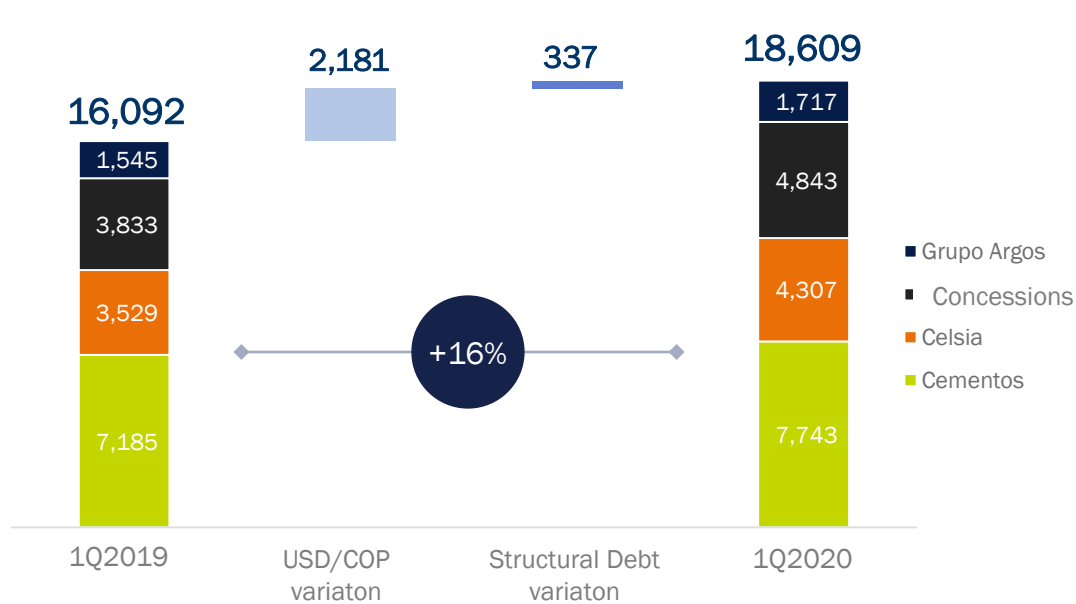
¹The consolidated amount may differ from the sum of the subsidiaries due to adjustments during consolidation

GRUPO ARGOS CONSOLIDATED RESULTS Q1-2020

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

Consolidated Debt

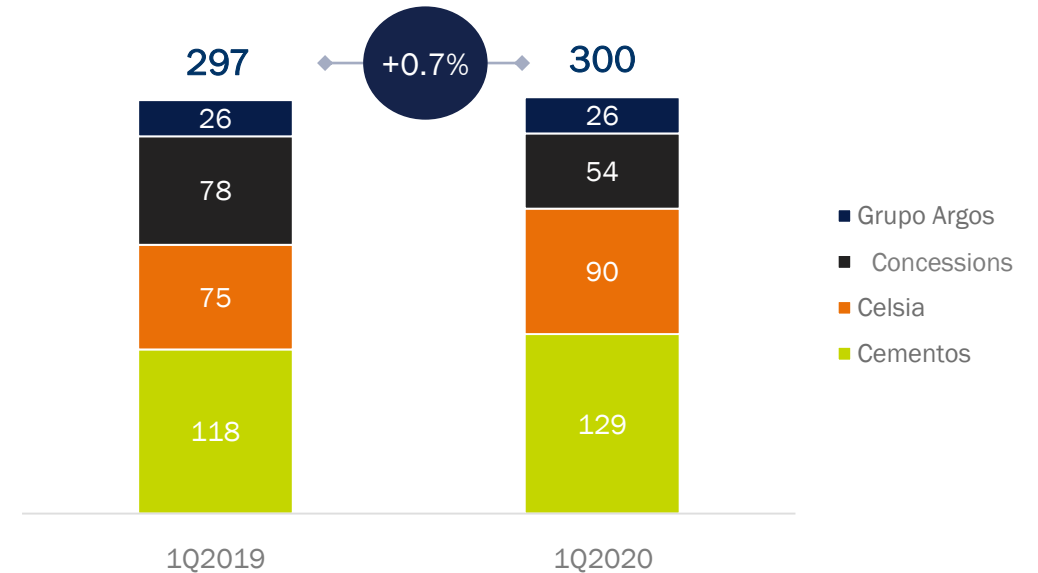
COP bn



- ▲ **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%
Operating profit	128	196	-35%
Ebitda	132	200	-34%
<i>Ebitda margin</i>	66%	65%	100 bp
Pre tax profit	103	170	-39%
Taxes	4	-2	-285%
Current	5	-4	n/a
Diferred ítems	-1	1	-162%
Net profit	99	172	-42%
<i>Net margin</i>	50%	56%	-639 bp

PROFORMA (Cumulative divestments)*

Revenue	164	185	-11%
Ebitda	119	136	-12%
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

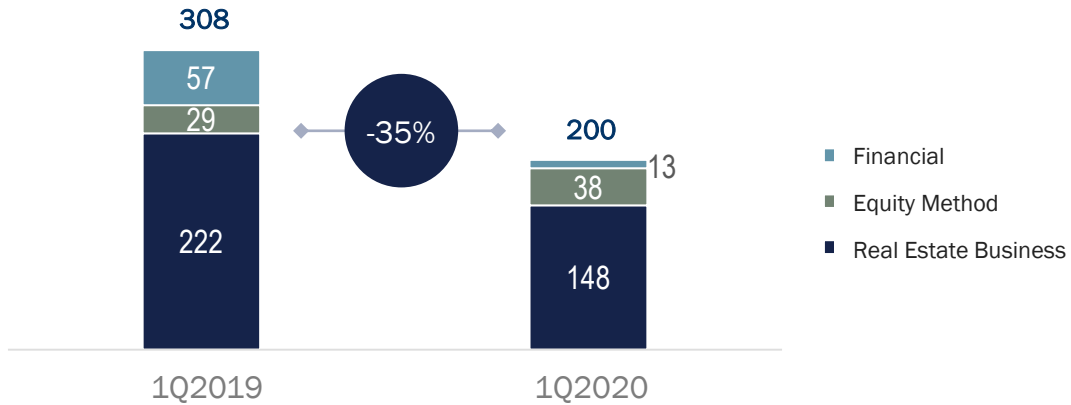
-8%

Decrease in Grupo Argos
SG&A

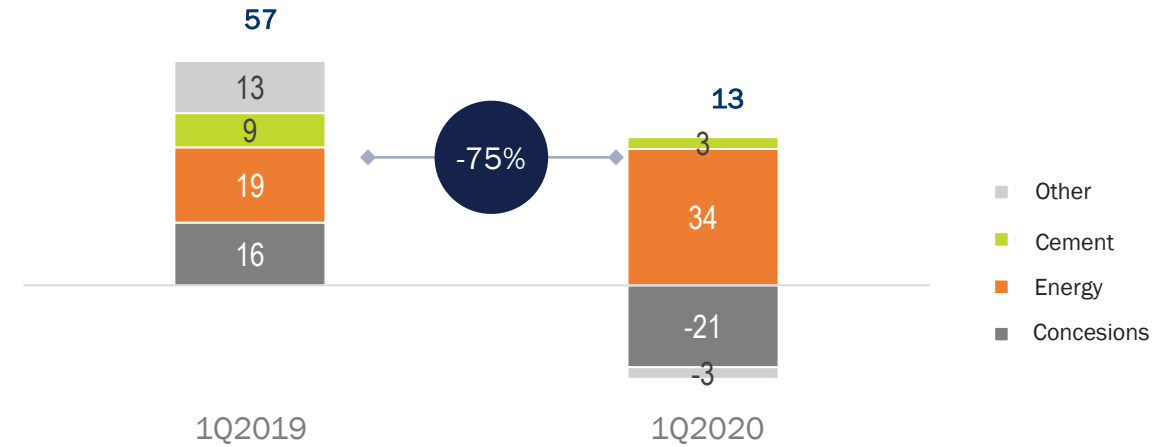
GRUPO ARGOS SEPARATE RESULTS Q1-2020

Controllable expenses go down 8% year-on-year

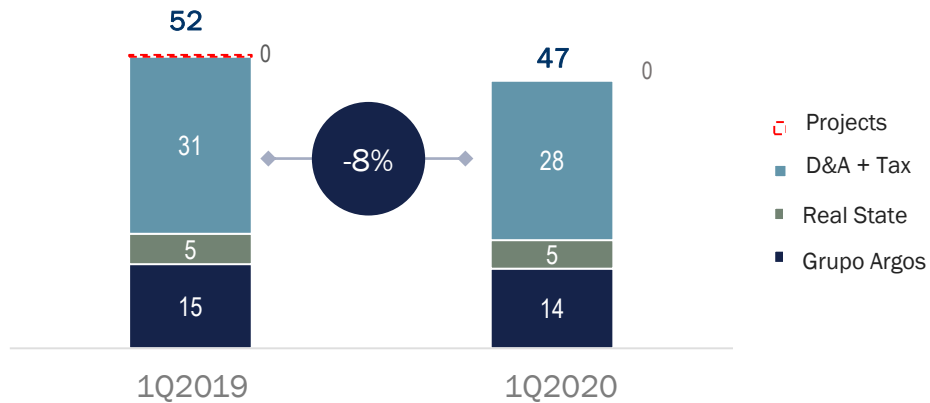
1. Revenue Distribution 1Q2020 COP billions



2. Equity Method Distribution* 1Q2020 COP billions



3. Gastos controlables 1T2020 COP mil mn



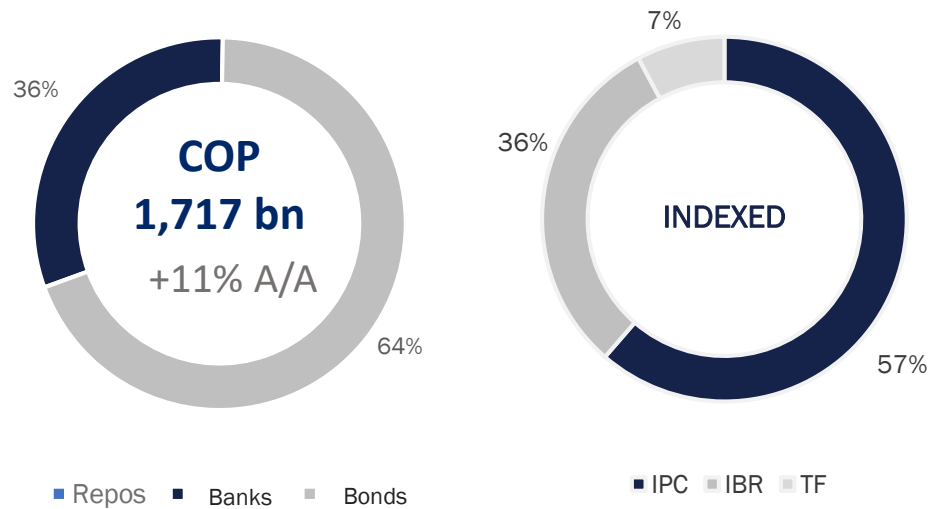
- **Equity method with greater contributions from the energy business** incorporating the operations of the assets in Tolima. Lower **contributions from the concessions business** due to refinancing in 2019 and the Covid-19 situation
- Lower administrative expenses (overhead) due to structure adjustments.

GRUPO ARGOS SEPARATE RESULTS Q1-2020

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

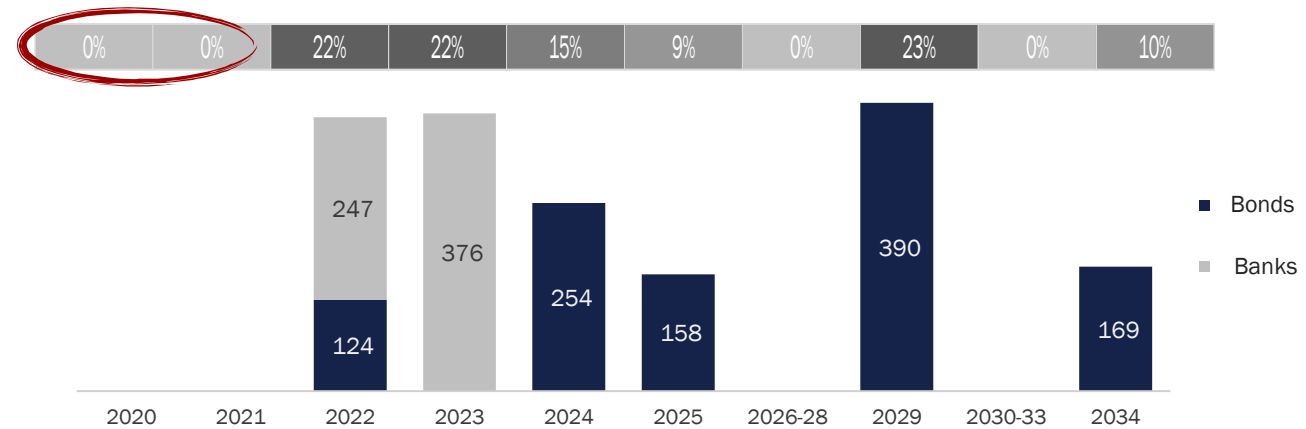
Indebtedness¹

COP billions



Profile of maturities (principal)

COP billions



Gross Debt / Dividends

2,9x

vs. 2,5x in March 2019

Gross Debt / Adj. Ebitda²

3,3x

vs. 2,2x in March 2019

Cost of Debt

7,0%

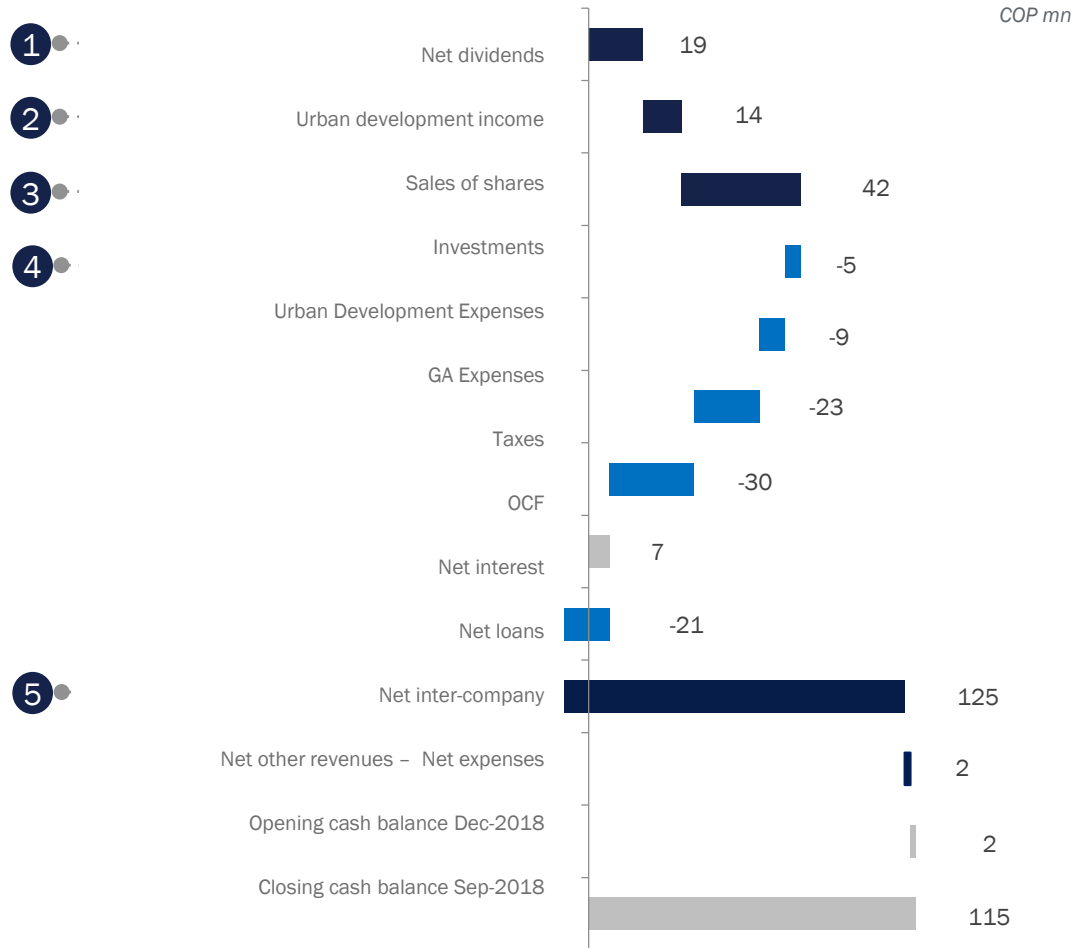
As of March 2019

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

GRUPO ARGOS SEPARATE RESULTS Q1-2020

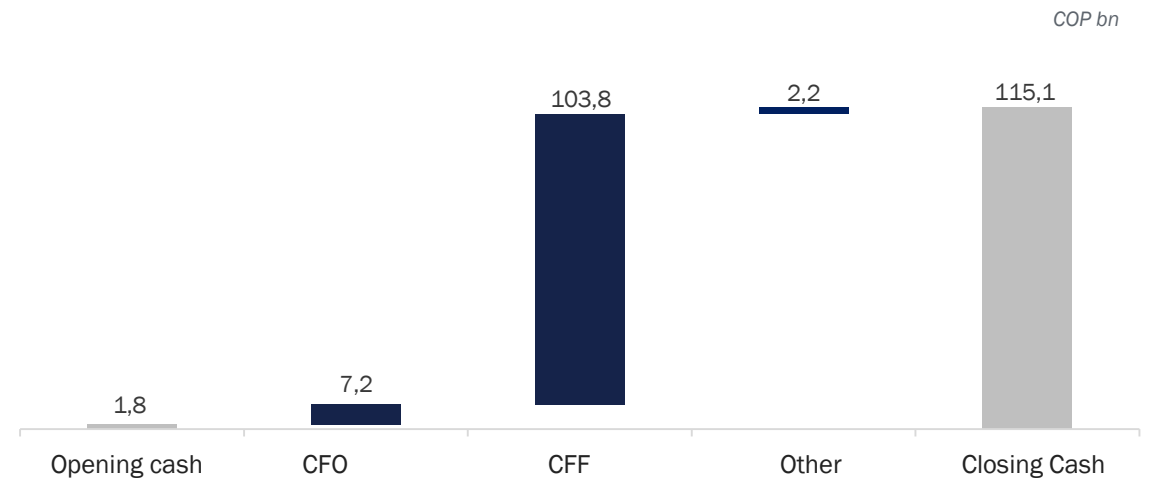
COP 115 bn in cash provides us with financial flexibility for dealing with Covid-19

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**



CONCESSIONS BUSINESS



Odinsa has made efforts to ensure over COP 650 bn for financial flexibility



80% of the country's air cargo moves through El Dorado

- Quiport is operating at 40% of its cargo capacity



100% reactivation of activities in Pacifico 2

- In upcoming weeks



The company is operating remotely

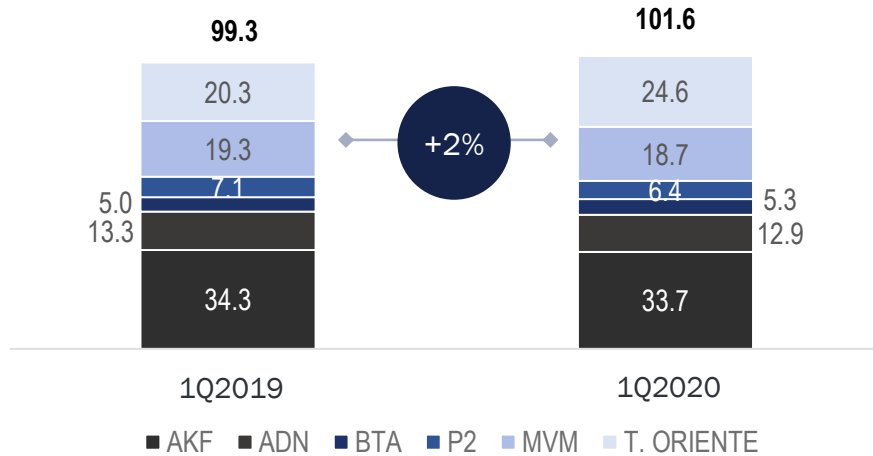
- We have safeguarded jobs during this situation

CONCESSIONS BUSINESS Q1-2020

Airport traffic goes down by 8% year-on-year due to closures

Average daily vehicle traffic 1Q2020

Thousands of vehicle

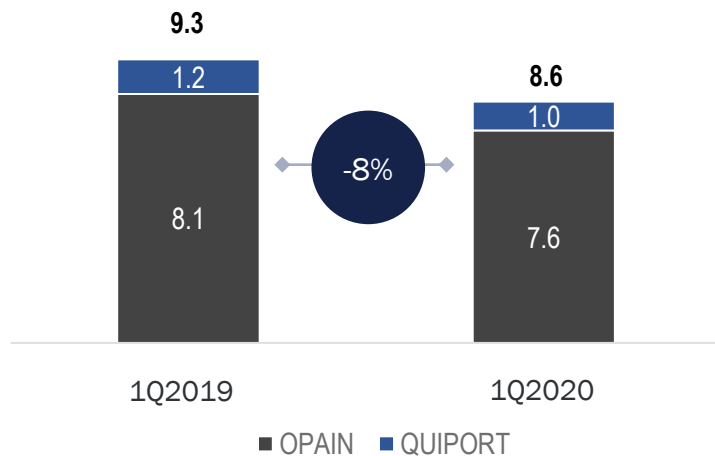


NOTES ON HIGHWAYS

- **AKF:** traffic shows a variation of -2% YOY during Q120
- **Túnel Oriente:** 24,600 vehicles per day during Q120 (+21% YOY)
- **ADN + BTA:** -3% YOY decrease in traffic on ADN and +6% growth on BTA
- **Pacifico II:** traffic shows a variation of -11% YOY during Q120.
- **MVM:** traffic shows a variation of -36% during Q120

Airport Traffic

Million passengers (PAX)



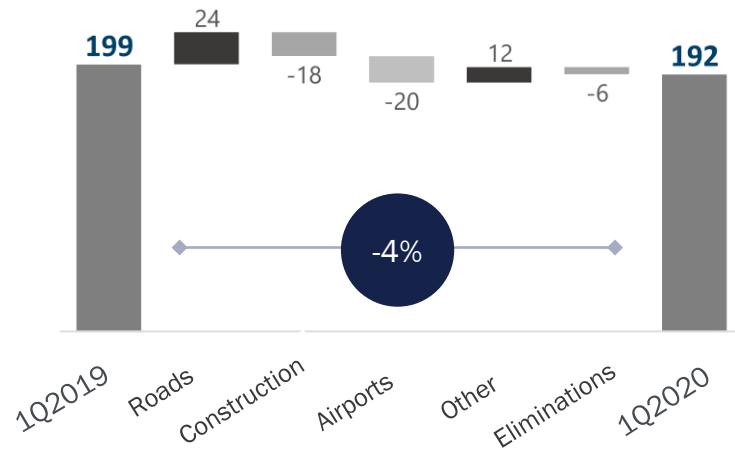
NOTES ON AIRPORTS

- **El Dorado Airport:** 7.6 million total passengers moved through El Dorado during Q120, a drop of -6% YOY explained mainly by the situation with COVID-19.
- **Quito Airport:** Total passenger numbers drop -17% YOY due to the situation with COVID-19

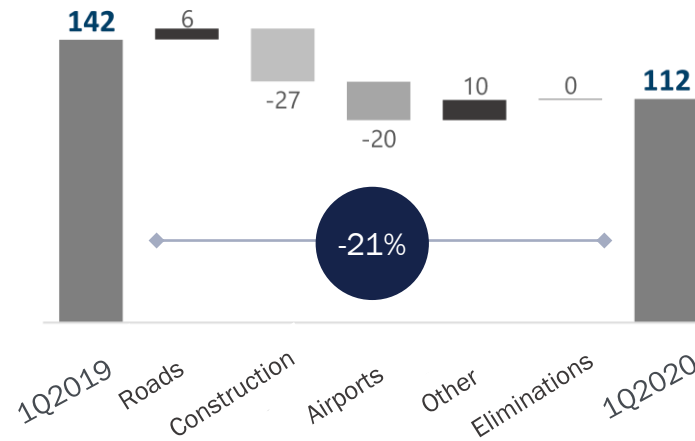
CONCESSIONS BUSINESS Q1-2020

Revenue drops 4% due to FX differences at Pacífico 2

Revenue COP billion

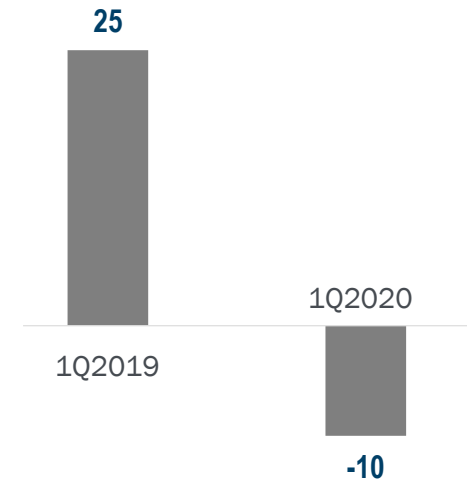


EBITDA COP billion



Controller Net Profit

COP billion



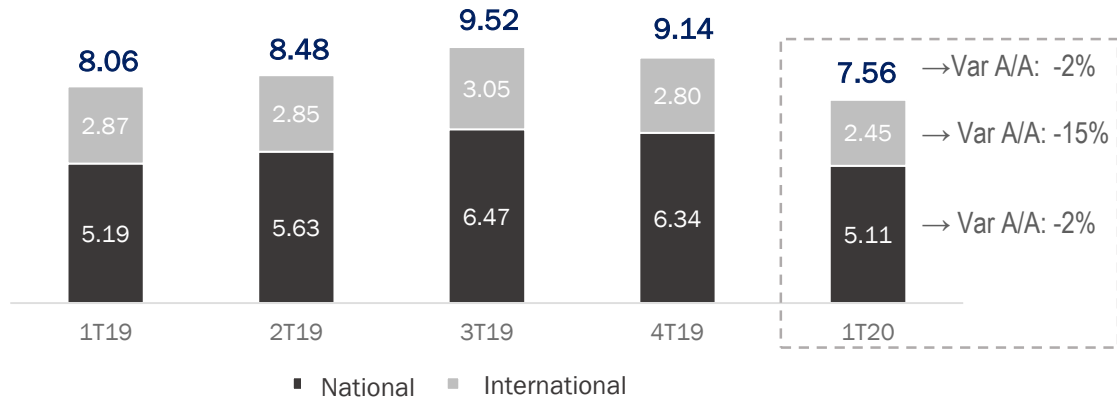
- ▲ **Highway concessions** positive contributions from all assets except Pacífico 2. + COP 32 bn contributed by the Tunel de Oriente
- ▲ **Airports:** Drop in contributions from Opain and Quiport due to the situation caused by **Covid - 19**
- ▲ **Lower contribution** from the construction segment due to a drop in construction activities at **Pacífico 2**

- ▲ **Greater contribution of road concessions** with a contribution of **+COP 16 bn from the Tunel de Oriente**
- ▲ **Construction** decreases due to less activity in Pacífico 2
- ▲ Airports affected by the situation caused by **COVID - 19**

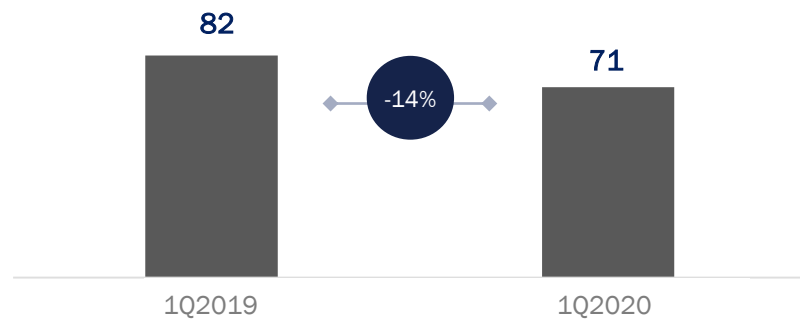
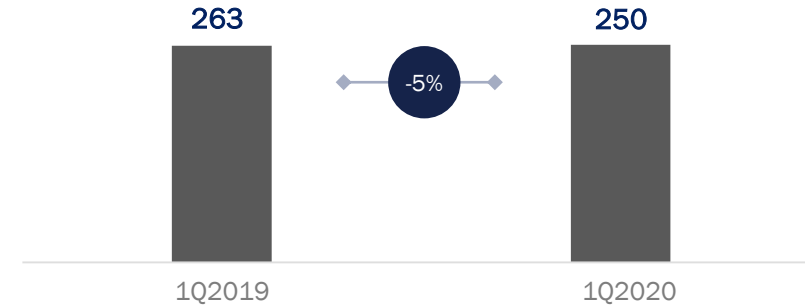
- ▲ Lower Operating Profit (-COP 43 bn YoY)
- ▲ Higher expenses (+ COP 12 bn) due to exchange rate differences and devaluation
- ▲ After refinancing the debt in the airport assets in 2019, equity method contributions drop

CONCESSIONS BUSINESS - OPAIN Q1-2020

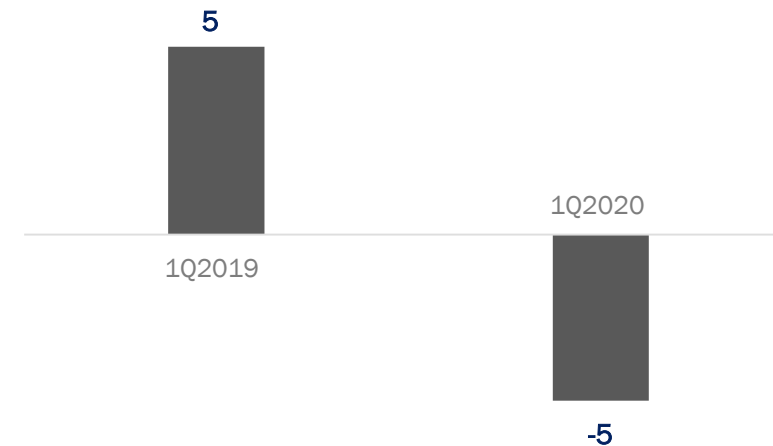
Opain results affected by the Covid- 19 related passenger dynamic

Passengers *Millions of passengers (PAX)*

- Passenger traffic increased **+7% YOY**, 2x Colombia's GDP growth, reaching **9 million** passengers

EBITDA *COP billion*Revenues *COP billion*

- Regulated income decreases by 5%
- Non-regulated income grows 3%

Net Profit *COP billion*

CEMENT BUSINESS

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Faced with adversity, we trust in a positive outlook for the cement sector



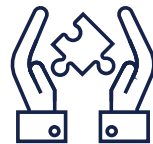
USD 3 billion in Infrastructure investments

- Government aid package proposal
- USD 1 billion has already been approved



22 4G concessions currently under construction

- 95% reactivation is expected by the end of 2020



RESET action plan

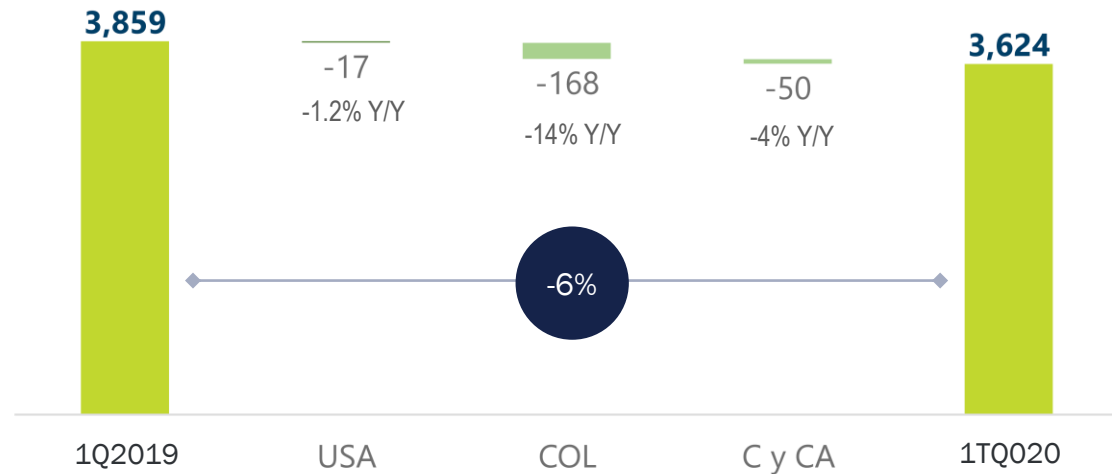
- Seeks to end the second quarter with a minimum cash position of COP 540 tn
- A net maximum debt of COP 7.7 tn
- A minimum of positive Covid-19 cases

CEMENT BUSINESS Q1-2020

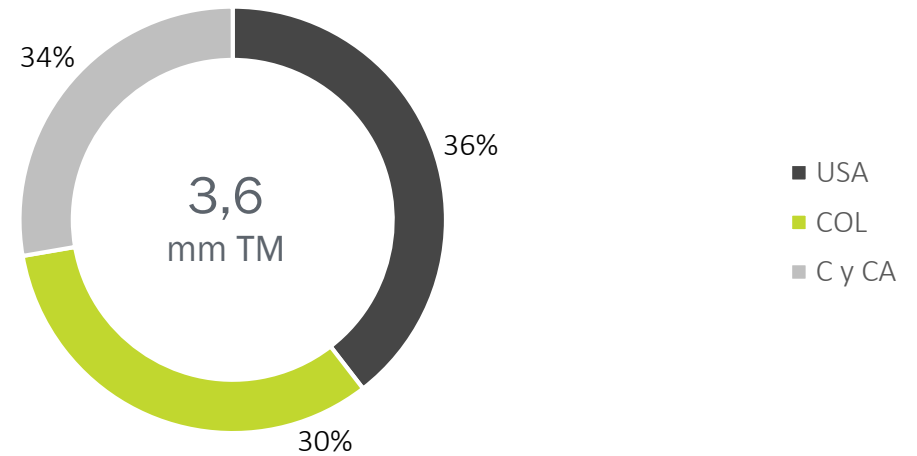
United States and Haiti continue normal operations as they are considered essential activities

Cement volumes*

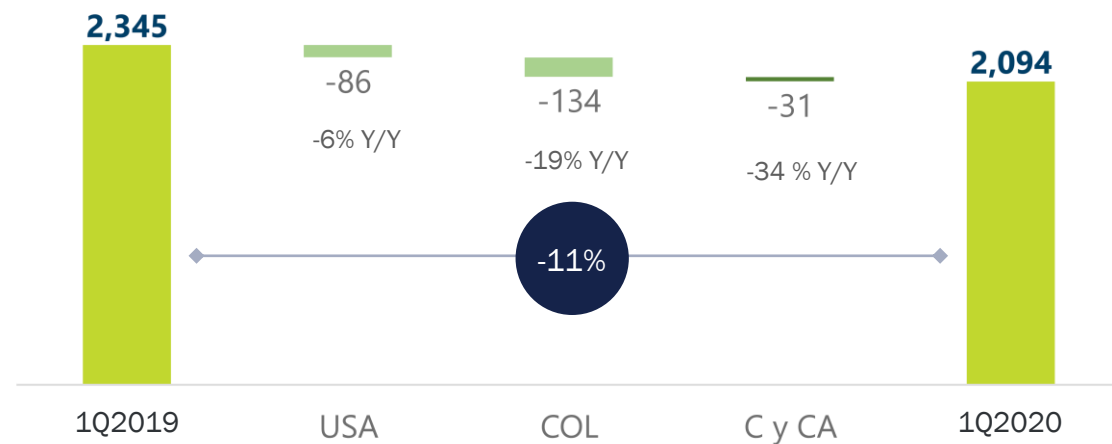
Tons, thousand



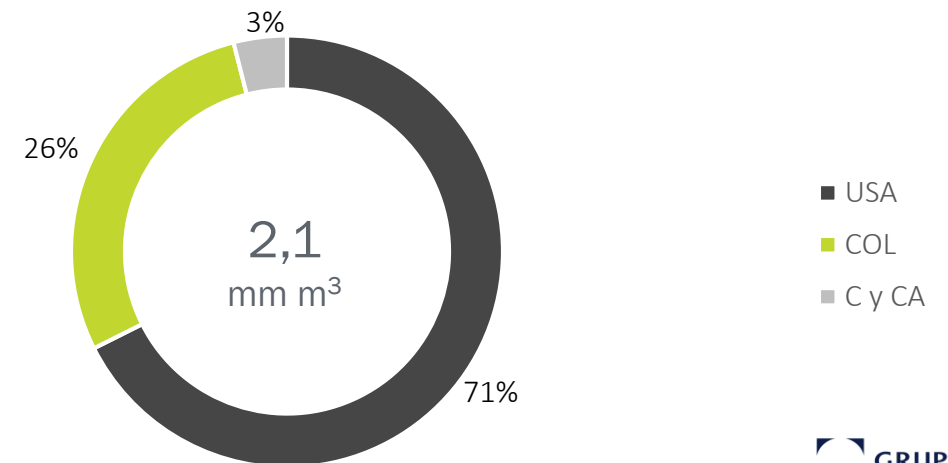
Cement sales



Ready mix volumes*

Miles de m³

Ready mix sales

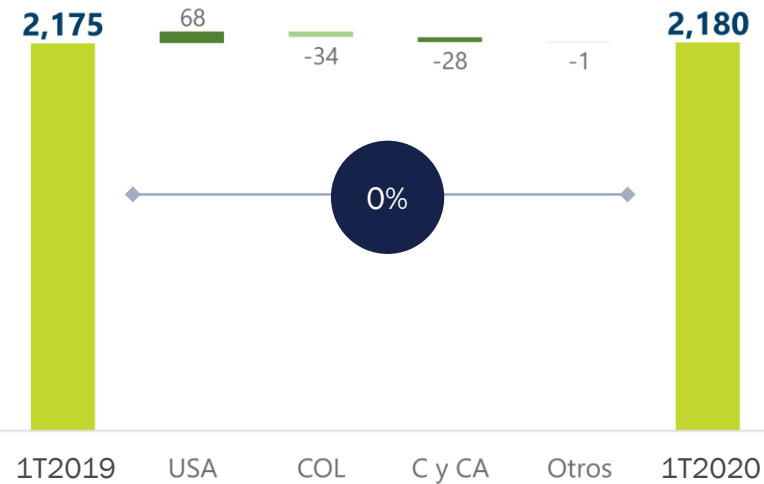


*Excludes Forest in 2019 to ensure comparable results

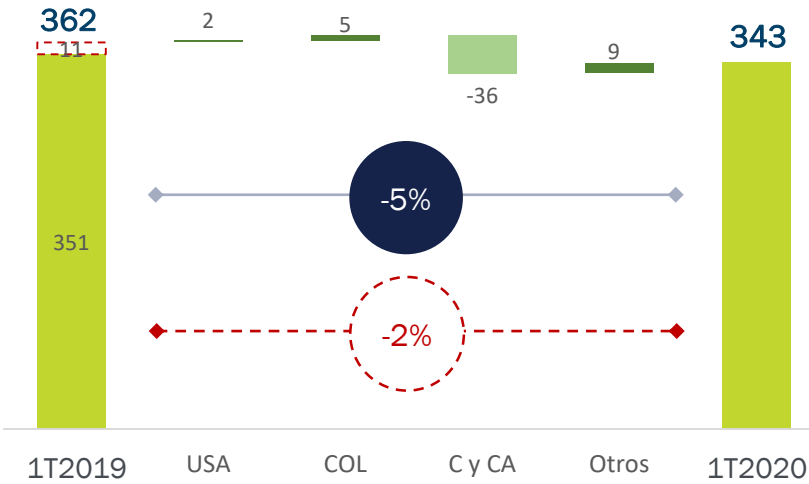
CEMENT BUSINESS Q1-2020

Colombia's Ebitda margin grows 15%

Revenues COP billion



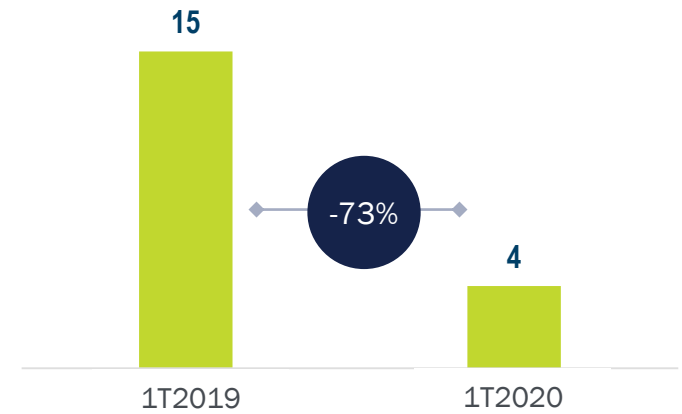
EBITDA COP billion



11 Excludes increased land values by COP 11 bn in Q1-19

- Decreased Ebitda due to higher sales costs and higher administration and sales expenses
- Lower contribution by the USA (- COP 5 bn) due to concrete plant sales
- Increase in other income** (+COP 4 bn)

Controller net profit COP billion



- Lower income tax (-COP 20 bn)

- Increased cement and concrete prices in Colombia **(+13.5% YOY and +3% YOY)** respectively
- Increased concrete prices in the US **(+ 1.8% YOY)**
- Drop in cement (-10% YOY) and concrete (-16% YOY)** volumes explained by social distancing measures and a drop in demand
- Income negatively affected by devaluation

ENERGY BUSINESS

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Energy operations show resilient results under current conditions



No debt maturity for the next 2 years

- Only working capital lines mature



San Andrés de Cuerquia begins operations

- 157 GWh generation capacity

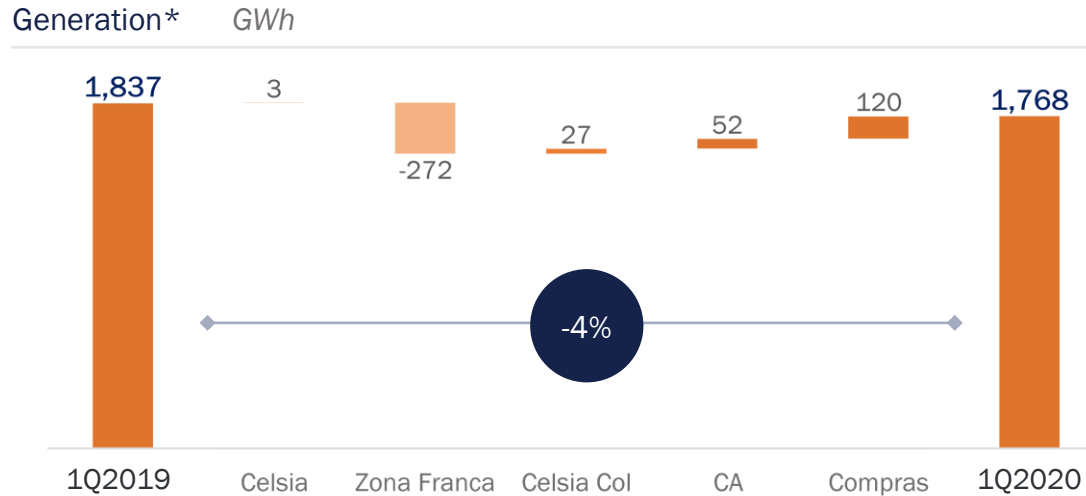


COP 44 billion in payments to suppliers

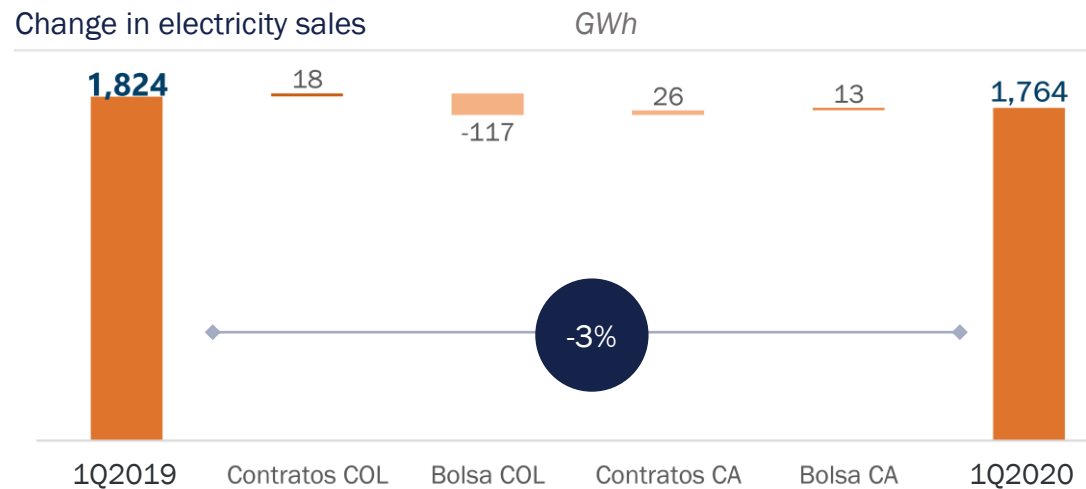
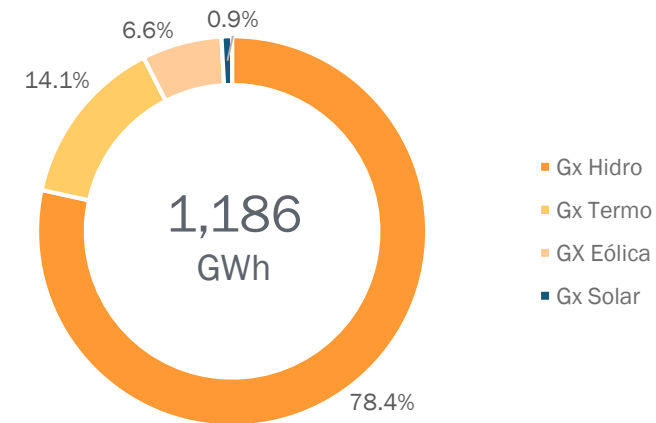
- Payments made to over 350 suppliers to provide them with sufficient liquidity to maintain operations during this situation

ENERGY BUSINESS Q1-2020

More balanced portfolio between Generation and Transmission & Distribution



Breakdown of generation



NOTES

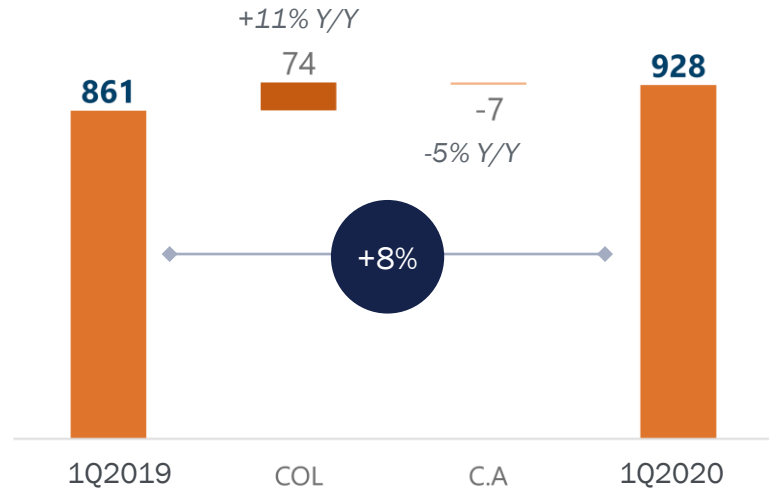
- ▲ Energy sales dropped by 3% YOY
- ▲ Generation **decreases by 4%** excluding the sale of Zona Franca it would grow 2.6% YOY
- ▲ **Average** energy market price **during Q120 = 356 \$/kWh (+26% YOY)** Average price of contracts covering the **regulated market = 220 \$/kWh (+9% YOY)**

* EPSA and Celsia data unified, Celsia's hydro generation assets were transferred to EPSA

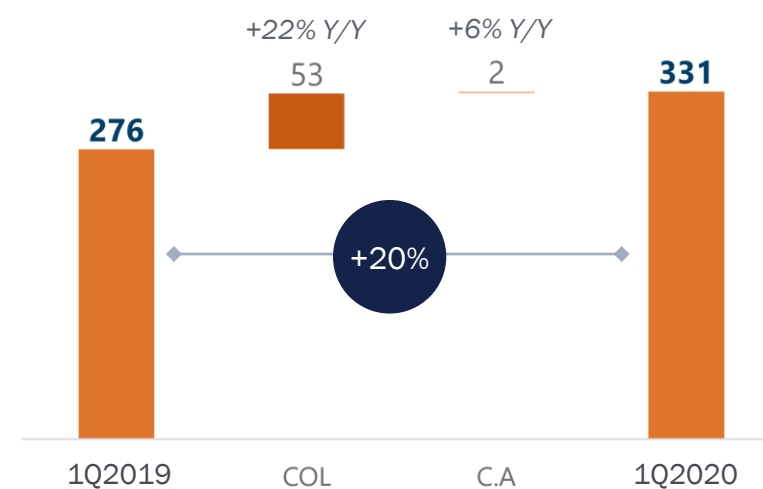
ENERGY BUSINESS Q1-2020

Colombia contributes 22% more Ebitda year-on-year including the operations in Tolima

Revenue COP bn

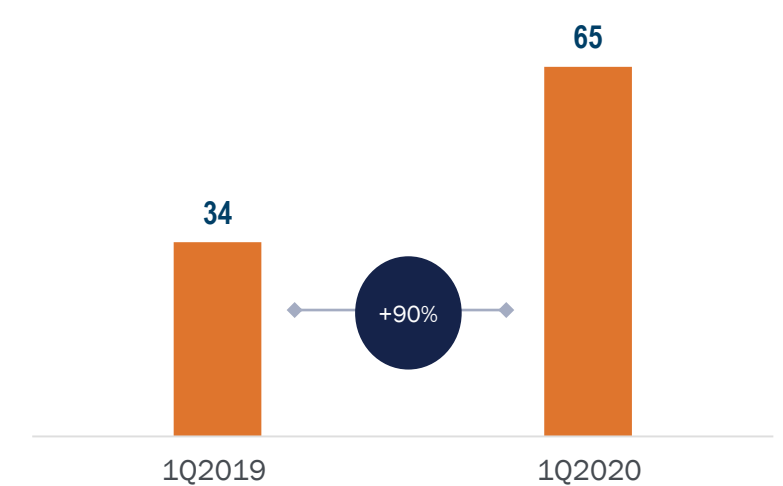


EBITDA COP bn



Controller net profit

COP bn



Colombia (84% Income):

- Higher retail energy sales mainly due to the incorporation of the operations of the **Tolima Assets (+COP 163 bn)**
- Drop in electrical energy generation due to the sale of **Zona Franca (-COP 94 bn)**

Central America (16% income):

- Lower sales due to lower prices and termination of Cativa contracts

- Colombia contributed **COP 291 bn** where there is a higher contribution margin from Generación (+ COP 15 bn) and a higher contribution from T&D (+ COP 9 bn) due to CREG Resolution 015

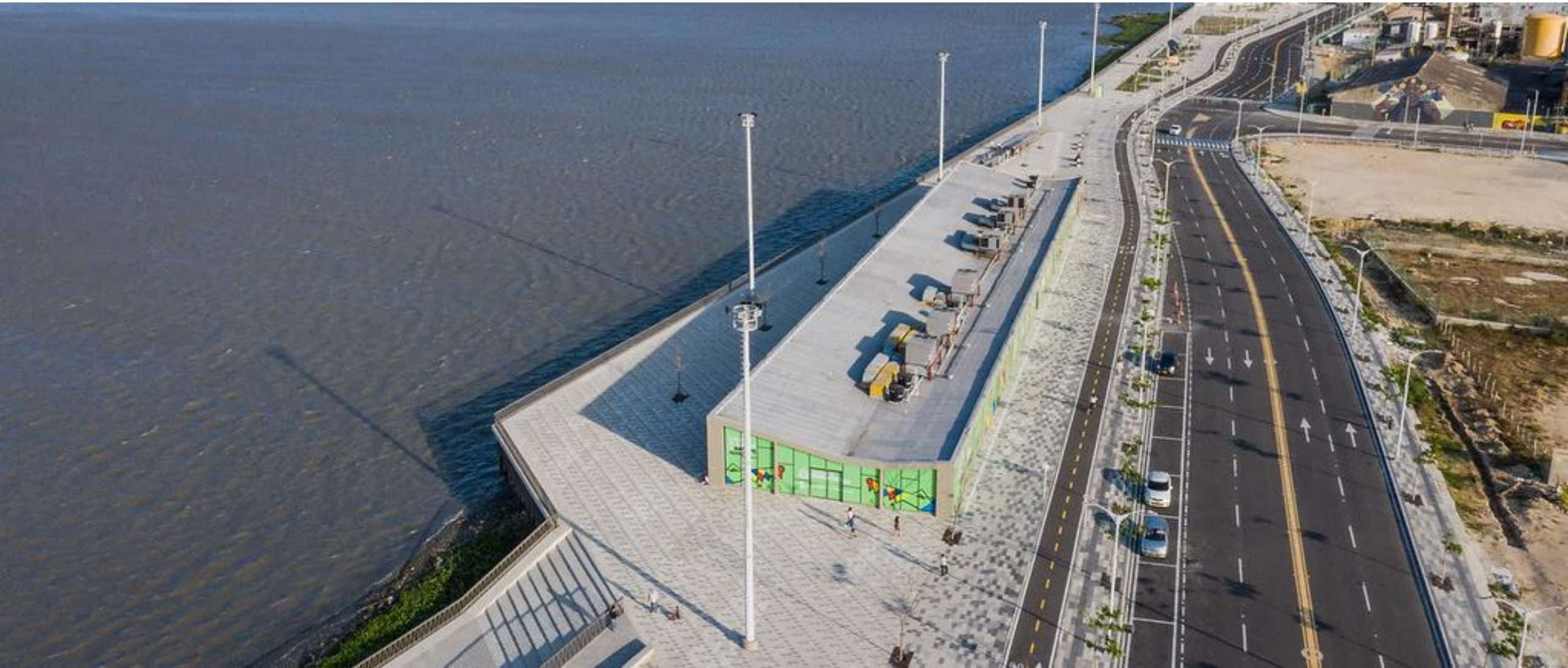
- Tolima operations contributed **(+COP 27 bn)**

- C.A. contribution drops due to completion of Cativa contracts

- Increased** net profit margin for the controlling interest due to higher Operating Profits (+ COP 53 bn)
- Higher income tax (+COP 21 bn) due to deferred taxes on the sale of Zona Franca

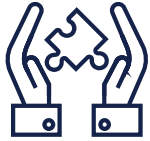
REAL ESTATE BUSINESS

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REAL ESTATE BUSINESS Q1-2020

The Real Estate Business achieved COP 12 billion in cash flow, growing close to 50% year-on-year



- ▲ We continue working with our clients and currently have several ongoing negotiations
- ▲ COP 38 billion in revenue during the quarter
- ▲ Cash flow was COP 12 bn during Q120, increasing 48.2% year on year

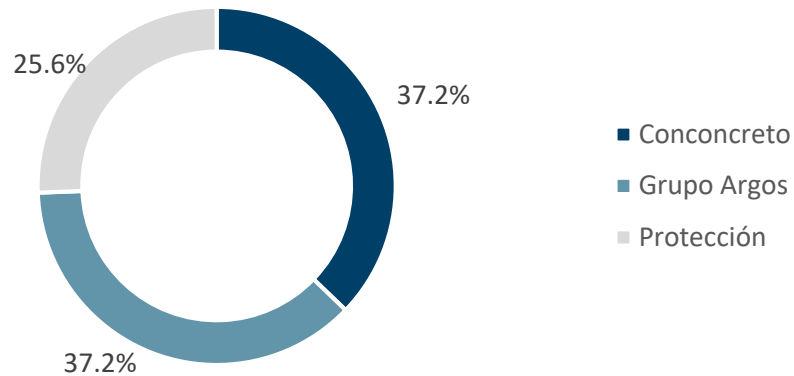
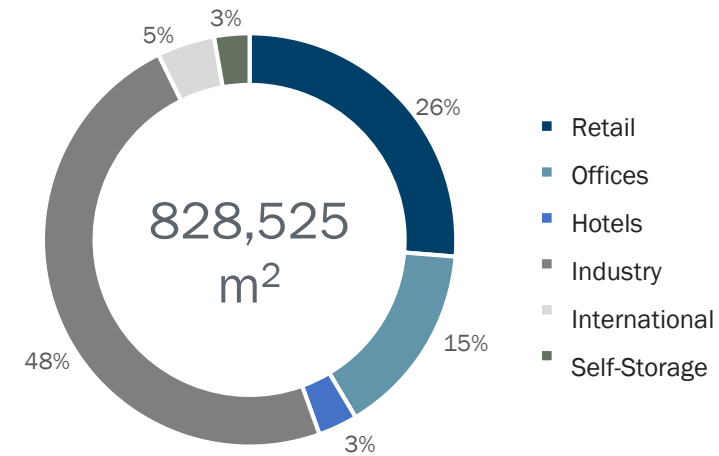


- ▲ Revenue of COP 86 bn during Q120 (+26% YOY), due to increases in GLA and AUM over the past 12 months
- ▲ GLA went up 7.2% over the last 12 months due to:
 - Expansion of the Homecenter Distribution Center in Logika Madrid
 - Opening of Tower 3 of the Buró offices in Bogota and the Buró 4.0 office building in Medellin

REAL ESTATE BUSINESS 1T2020

Net Operating Income grew 26% YOY normalizing land tax payments

Participation %

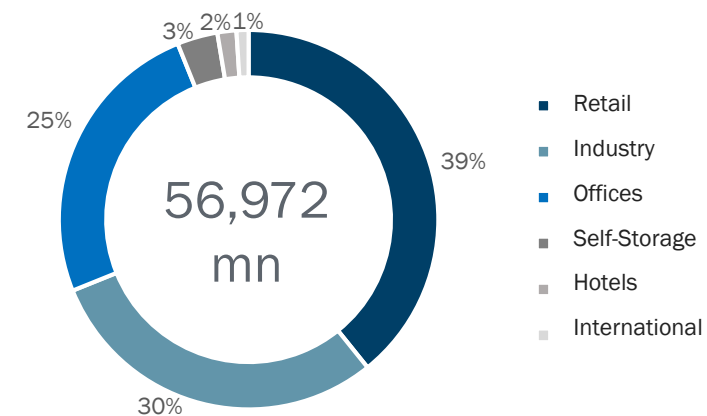
GLA m²

Revenue and NOI COP billion

CIFRAS RELEVANTES

COP miles mn	1Q2020	1Q2019	Var.(%)
Gross Cash Income	85,537	67,937	26%
Operative Costos	28,565	32,820	-13%
Net Operative Income	56,972	35,117	62%
Consolidated EBITDA	41,430	20,856	99%
EBITDA margin	48%	31%	1774 bp

NOI COP million



**CEO**

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