

# Quarterly Earnings Presentation

## **SECOND QUARTER 2020**

## Disclaimer

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

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## SITUATION MANAGEMENT

## Our collaborators: a key part of our success in implementing our COVID-19 strategy

Transcendence

Inspiration



Integrity

Commitment

### PURPOSE

“At Grupo Empresarial Argos we positively transform people’s lives through our investments and operations in those territories where we are present. Beyond cement, energy, highways and airports, we are moved by the development, progress and wellbeing of the millions of people that benefit from our projects.”

## SITUATION MANAGEMENT

The five priorities identified have proven to be in the right path



### 1. Life, Health and Wellbeing

Our number one priority is and will continue to be the life and health of our collaborators and their families



### 2. Care for Employment

Preserve employment as far as possible and ensure the wellbeing of our employees in every dimension



### 3. Operational Continuity

Continuity and purposeful management to identify all actions to mitigate impacts



### 4. Philanthropy and corporate citizenship

Strengthen the healthcare system and support vulnerable families







### 5. Institutional Support

Support for institutions and participation in social assistance and economic consolidation scenarios



## BUSINESS CONTINUITY

From a COP 2.3 tn identified savings in March to COP 2.8 tn in June

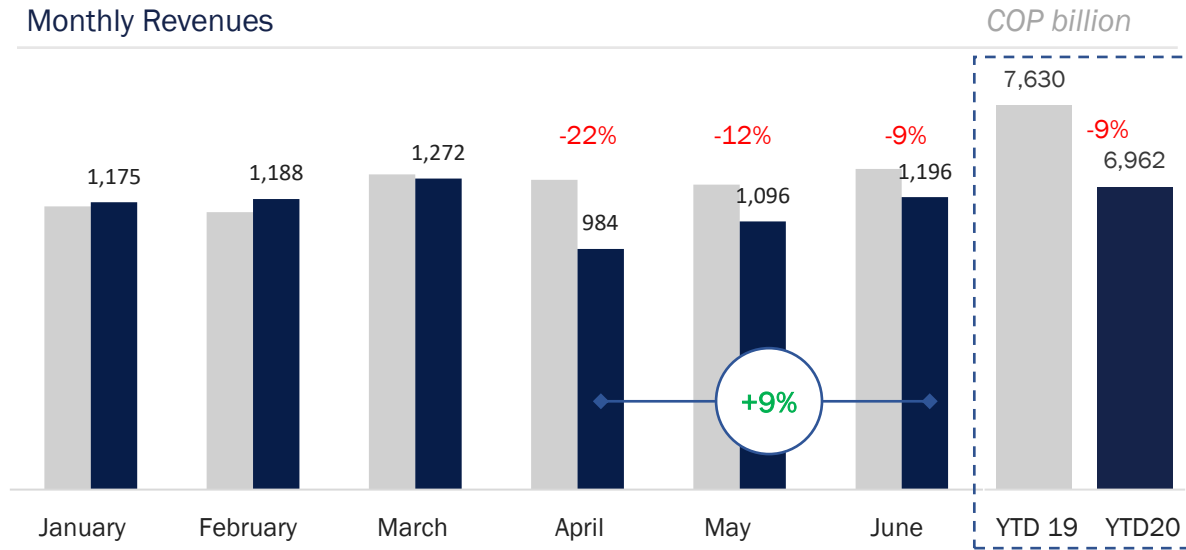
		 CELSIA	 ARGOS	 ODINSA	 GRUPO ARGOS	
1	<b>CAPEX</b> (COP billion)	\$ 293	\$ 160	\$ 415		\$ 868
2	<b>OPEX</b> (COP billion)	\$ 45	\$ 324	\$ 119	\$ 20	\$ 508
3	<b>Liquidity Credits</b> (COP billion)	\$ 443	\$ 400	\$ 117	\$ 150	\$ 1,394
4	<b>Taxes devolutions</b> (COP billion)		\$ 50	\$ 10	\$ 32	\$ 92
	<b>Cash Effect</b> (COP billion)	\$ 781	\$ 1,218	\$ 661	\$ 202	\$ 2,862

Approximate figures in billions  
Odinsa includes airport and highway concessions

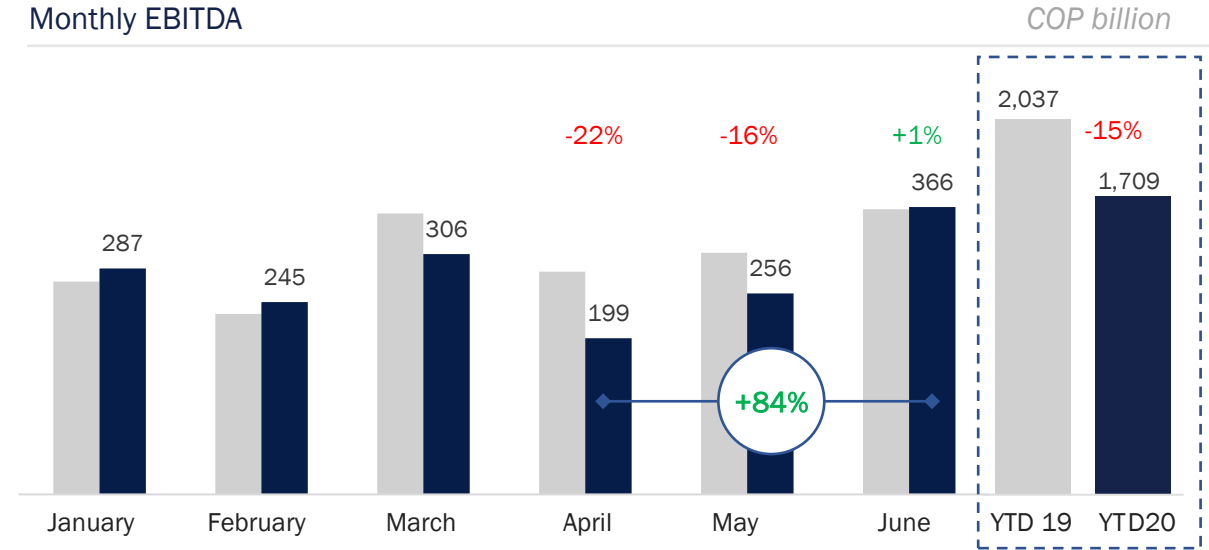
BUSINESS CONTINUITY

# Confirms a positive trend towards business recovery

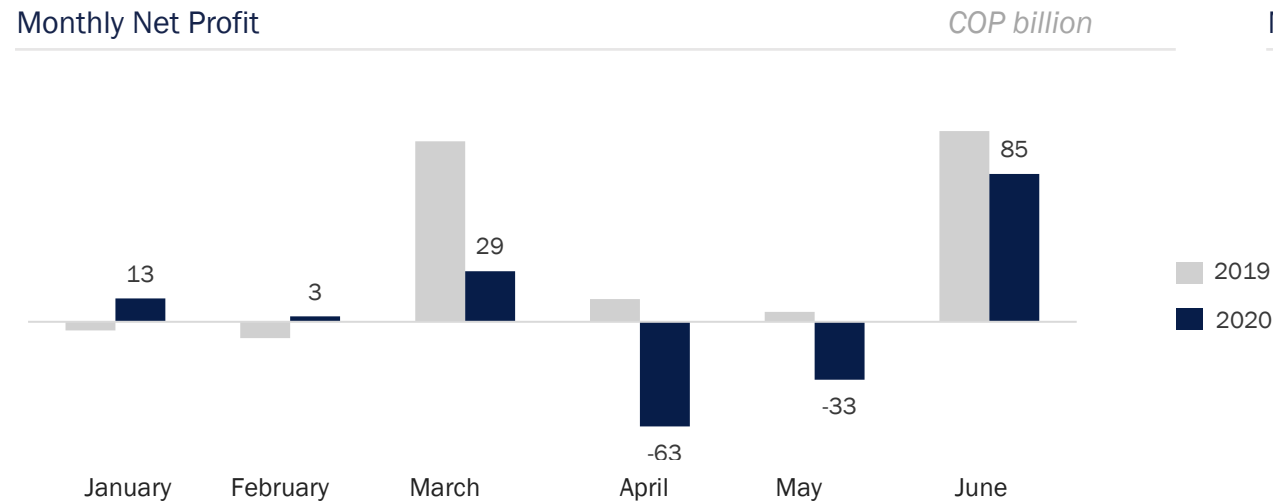
Monthly Revenues



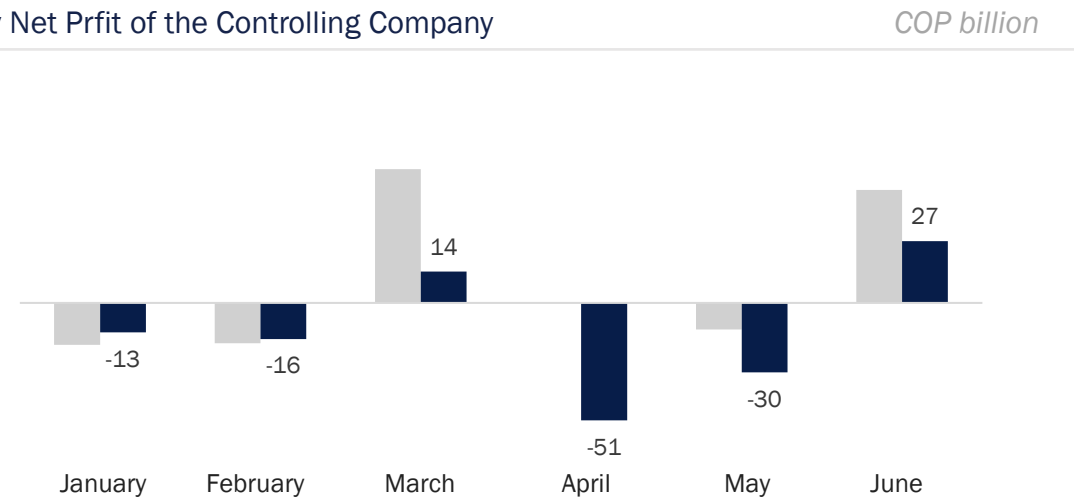
Monthly EBITDA



Monthly Net Profit



Monthly Net Profit of the Controlling Company



Excludes the Equity Method, in YTD includes Equity Method

## GRUPO ARGOS CONSOLIDATED RESULTS Q2'2020

## Proportional variation in revenue and Ebitda confirmed our commitment to reduce costs and expenses

### RELEVANT FIGURES

COP billion	2Q - 2020	2Q - 2019	Var.(%)	Jun-2020	Jun-2019	Var.(%)
Revenue	3,346	3,915	-15%	6,962	7,630	-9%
Cost, expenses & other revenues	2,897	3,313	-13%	6,116	6,425	-5%
<b>Operating profit</b>	<b>449</b>	<b>602</b>	<b>-25%</b>	<b>846</b>	<b>1,205</b>	<b>-30%</b>
<b>Ebitda</b>	<b>890</b>	<b>1,045</b>	<b>-15%</b>	<b>1,709</b>	<b>2,037</b>	<b>-16%</b>
<i>Ebitda margin</i>	<i>27%</i>	<i>27%</i>	<i>-8 pb</i>	<i>25%</i>	<i>27%</i>	<i>-215 pb</i>
<b>Pre-tax profit</b>	<b>97</b>	<b>301</b>	<b>-68%</b>	<b>211</b>	<b>611</b>	<b>-65%</b>
Taxes	35	82	-57%	123	168	-27%
<i>Current</i>	67	93	-28%	159	201	-21%
<i>Diferred</i>	-32	-11	190%	-36	-33	8%
<b>Net Profit</b>	<b>62</b>	<b>219</b>	<b>-72%</b>	<b>88</b>	<b>443</b>	<b>-80%</b>
<b>Net Profit Controlling Company</b>	<b>10</b>	<b>121</b>	<b>-92%</b>	<b>-23</b>	<b>265</b>	<i>n/a</i>
<i>Net margin Controlling Company</i>	<i>0%</i>	<i>3%</i>	<i>-278 pb</i>	<i>0%</i>	<i>3%</i>	<i>n/a</i>

COP **50** bn

Increase in the energy  
business's contributions to  
Ebitda in Q2'2020

**-14%**

Costs and Expenses for  
Q2'2020

### PROFORMA (YTD Divestments)\*

COP billion	Jun-2020	Jun-2019	Var.(%)
Revenue	6,925	7,545	-8%
<b>Ebitda</b>	<b>1,716</b>	<b>2,011</b>	<b>-15%</b>
Net Profit	-17	252	n/a
<i>Ebitda Margin</i>	<i>25%</i>	<i>27%</i>	<i>-188 pb</i>

\* Excluded from the 2020 EBITDA: Divestment in Odempa (COP 37 bn in revenue, -COP 7 bn in EBITDA and -COP 6 bn in controlling entity) and in 2019: Divestment in Omya (COP 63 bn in revenue, COP 19 bn in EBITDA and COP 9 bn in controlling entity) and Cartón (COP 23 bn in revenue, COP 8 bn in EBITDA and COP 4 bn in controlling entity)

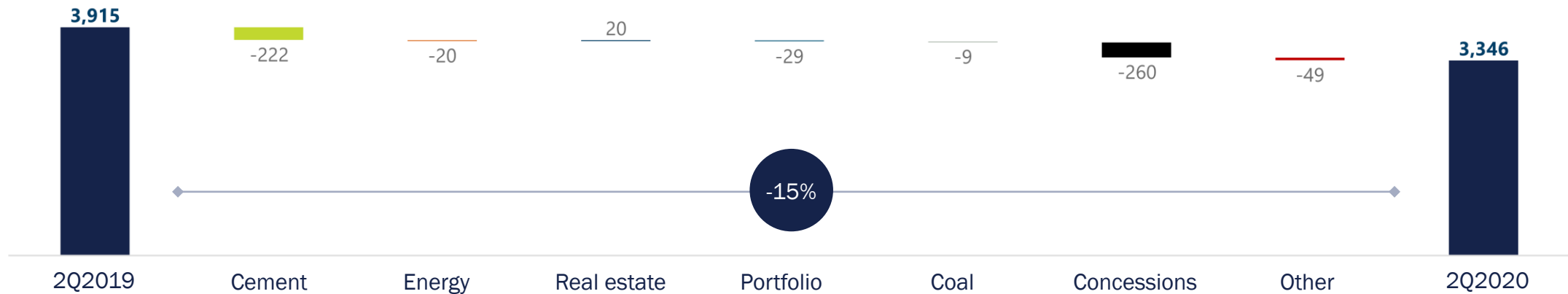


GRUPO ARGOS CONSOLIDATED RESULTS Q2'2020

# Contributions by businesses exceed the expectation made at the beginning of the pandemic

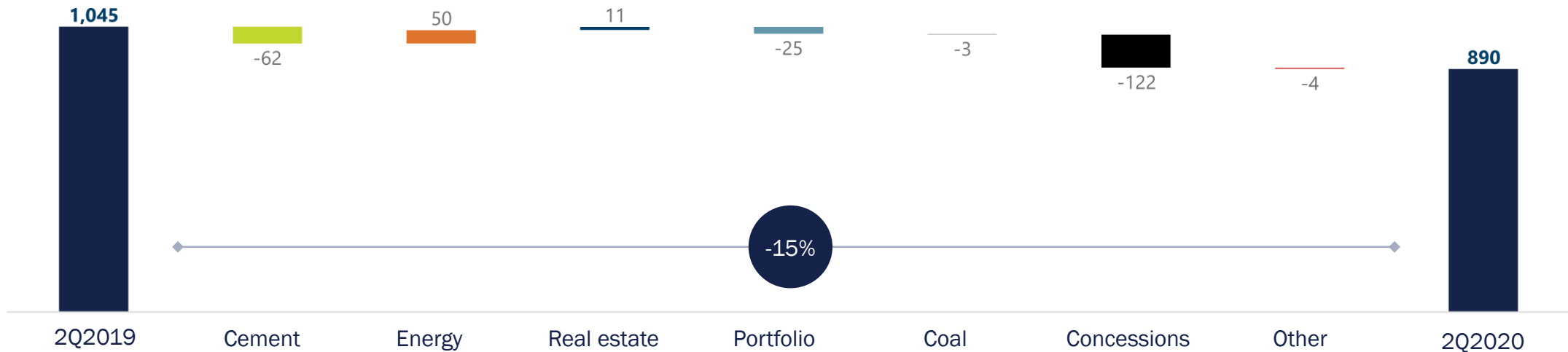
Contribution by business to consolidated revenue 2Q2020

COP billion



Contribution by business to consolidated Ebitda 2T2020

COP billion



GRUPO ARGOS CONSOLIDATED RESULTS Q2'2020

# Decreased in SG&A proof our rapid capacity for responding to the current situation



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

## GRUPO ARGOS CONSOLIDATED RESULTS Q2'2020

# Financial expenses remain constant despite the effect of devaluation on consolidated debt

Consolidated Debt

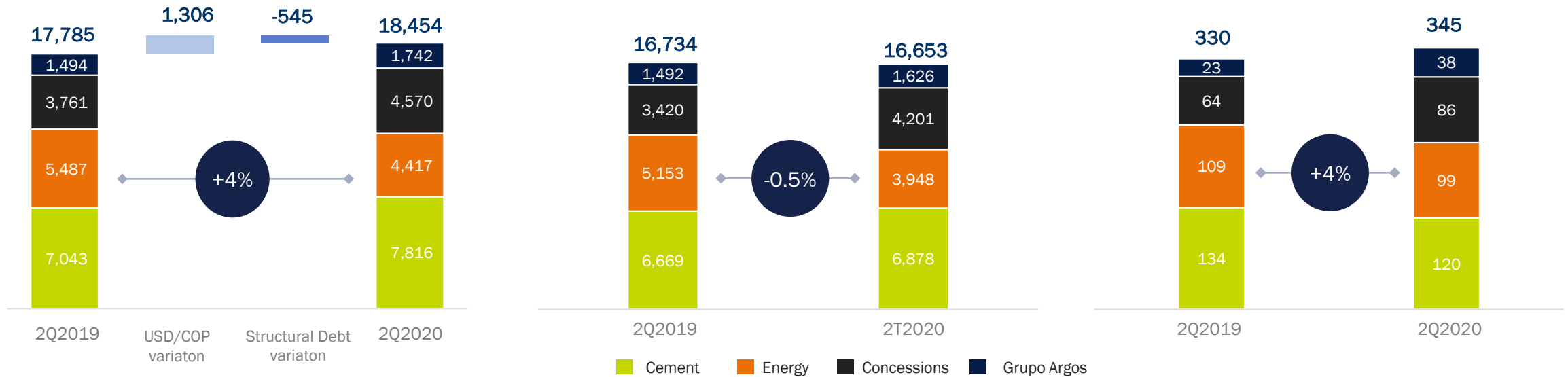
COP billion

Net Debt

COP billion

Net Financial Expenses

COP billion



- ▲ **COP 1.3 tn increase** due to the **devaluation of the Colombian peso**
- ▲ Real debt reduction of **COP 545 bn**
- ▲ **Adjusting debt to the excess cash position** the companies have today, deriving from COVID-19, **net debt would be COP 16.6 trillion**
- ▲ **Financial expenses match revenues contribution in dollars** and it does not represent a real increase of debt

<sup>1</sup> Available on books excluding restricted cash



## GRUPO ARGOS INDIVIDUAL RESULTS Q2'2020

## Real Estate Business contribute with COP 40 bn in revenues from future divestments deals

### RELEVANT FIGURES

COP billion	2Q - 2020	2Q - 2019	Var.(%)	Jun-2020	Jun-2019	Var.(%)
Revenue	28	96	-71%	229	404	-43%
Costs and other expenses	16	6	181%	41	67	-39%
GA expenses	24	27	-13%	71	79	-48%
<b>Operating profit</b>	<b>-12</b>	<b>62</b>	<b>n/a</b>	<b>117</b>	<b>258</b>	<b>-55%</b>
<b>Ebitda</b>	<b>-7</b>	<b>66</b>	<b>n/a</b>	<b>125</b>	<b>266</b>	<b>-53%</b>
<i>Ebitda margin</i>	-25%	69%	n/a	55%	66%	-1124 pb
<b>Pre tax profit</b>	<b>-50</b>	<b>39</b>	<b>n/a</b>	<b>53</b>	<b>209</b>	<b>-75%</b>
Taxes	5	5	0%	9	3	194%
Current	1	0	n/a	6	-3	n/a
Diferred ítems	5	5	-6%	4	6	-42%
<b>Net profit</b>	<b>-56</b>	<b>34</b>	<b>n/a</b>	<b>44</b>	<b>206</b>	<b>-79%</b>
<i>Net margin</i>	-197%	35%	n/a	19%	51%	-3187 pb

COP **6 bn**

Positive contribution from  
the cement segment under  
the equity method

**-13%**

Decrease in Grupo Argos'  
structural expenses during  
the quarter

### PROFORMA (YTD divestments)\*

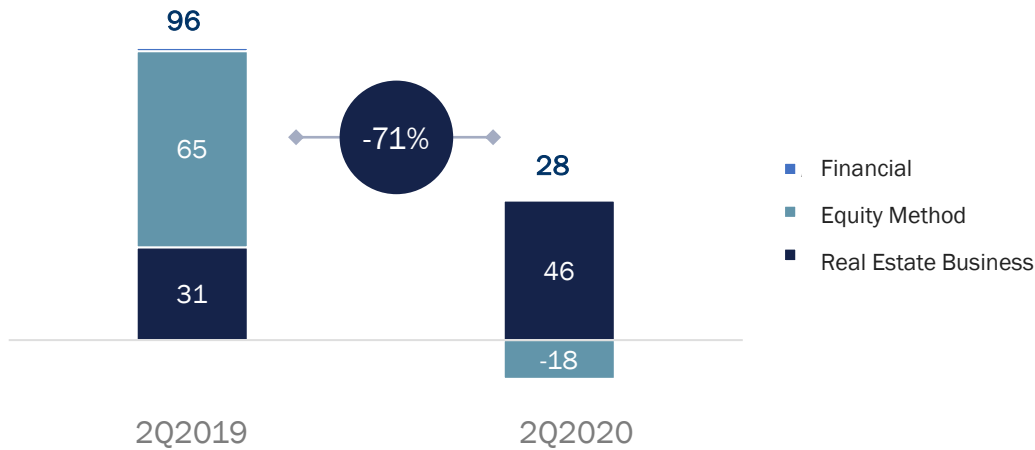
	Jun-2020	Jun-2019	Var.(%)
Revenues	192	281	-32%
<b>Ebitda</b>	<b>112</b>	<b>202</b>	<b>-45%</b>
Net Profit	32	141	-77%
<i>Ebitda Margin</i>	58%	72%	n/a

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

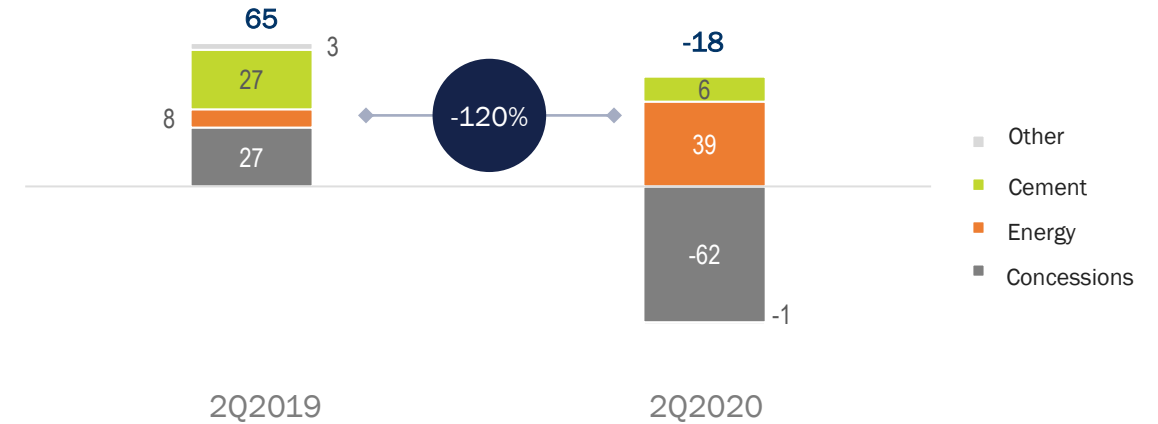
GRUPO ARGOS INDIVIDUAL RESULTS Q2'2020

# Controllable expenses decrease 13% YoY, adding to the efforts of the last 4 years

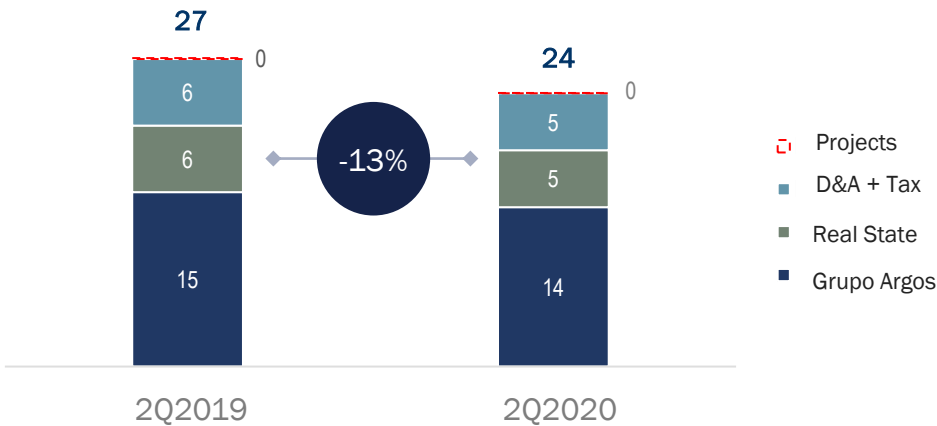
## 1. Revenue Distribution 2Q2020 COP billions



## 2. Equity Method Distribution 2Q2020 COP billions



## 3. Controllable expenses 2Q2020 COP billion



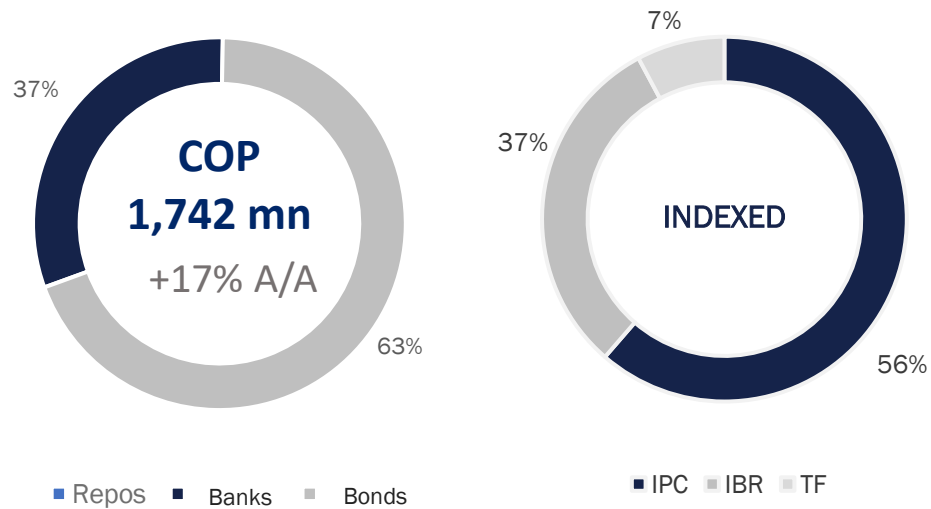
- ▲ **Reduced overhead** through structural adjustments as part of a commitment to provide business continuity during period
- ▲ **Equity method with greater contributions from the energy business.** Lower contribution from the concessions business due to debt refinancing in 2019 and the Covid-19 situation, mainly affected by airports

GRUPO ARGOS INDIVIDUAL RESULTS Q2'2020

# Financial flexibility as no maturity until 2022 – Kd drops over 100 bp

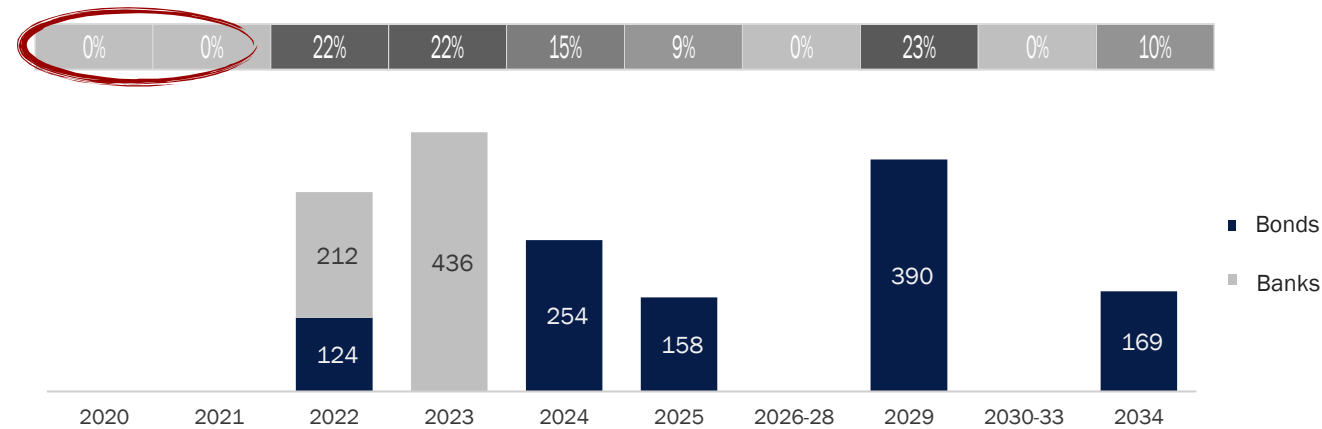
Indebtedness<sup>1</sup>

COP billions



Profile of maturities (principal)

COP billions



Gross Debt / Dividends

**3.8x**

vs 2.3x in June 2019

Net Debt / Adjusted Ebitda<sup>2</sup>

**4.2x**

vs 2.1x in June 2019

Cost of Debt

**5.6%**

vs 6.8% in June 2019

<sup>1</sup> Only includes capital balance <sup>2</sup> Adjusted EBITDA (credit rating methodology) = EBITDA (-) Equity method (+) Dividends received (+) Gains from divestments (-) Urban development valuations



GRUPO ARGOS INDIVIDUAL RESULTS Q2'2020

# Fitch and S&P maintain Grupo Argos rating and remain confident with the company's strategy

<div>AAA</div> <div>Stable</div> <div>ISSUER RATING</div> <div>FITCH<sup>1</sup> May 2020</div>	Separado	<div>&lt;15%</div> <div>Debt / Portfolio value</div>	<div>4 - 4.5<sub>x</sub></div> <div>2020-2021</div> <div>Debt / Dividends received</div>	<div>&lt;3.5<sub>x</sub></div> <div>2022</div>	<div>~400</div> <div>2020-2021</div> <div>Dividend flow (COP bn)</div>	<div>&gt;450</div> <div>2022</div>
<div>AA+</div> <div>Stable</div> <div>ISSUER RATING AND BONDS</div> <div>S&amp;P<sup>1</sup> May 2020</div>		Consolidado	<div>~27% - 28%</div> <div>EBITDA margin</div>	<div>&lt;4<sub>x</sub></div> <div>Net Debt / EBITDA</div>	<div>&gt;1</div> <div>Sources / Uses</div>	

**FitchRatings**

"Grupo Argos's ratings are based on a solid capital structure, as well as a history of stability and strengthening of the flow of dividends received in recent years. The Stable Outlook reflects its robust capital structure with medium-term debt maturities, which mitigates, to some extent, the higher leverage expected in 2020 and 2021 (...)"

**STANDARD  
& POOR'S**

"The organization has demonstrated access to the capital market or to financing through banks." The ratification of the rating will depend on the organization's ability to "(...) recover the financial situation it had in previous years in the following 12 to 24 months even under the scenario in which some of the restrictions are maintained"



**AA**  
Fitch



**AAA**  
Fitch (Celsia Col.)

**AA+**  
S&P



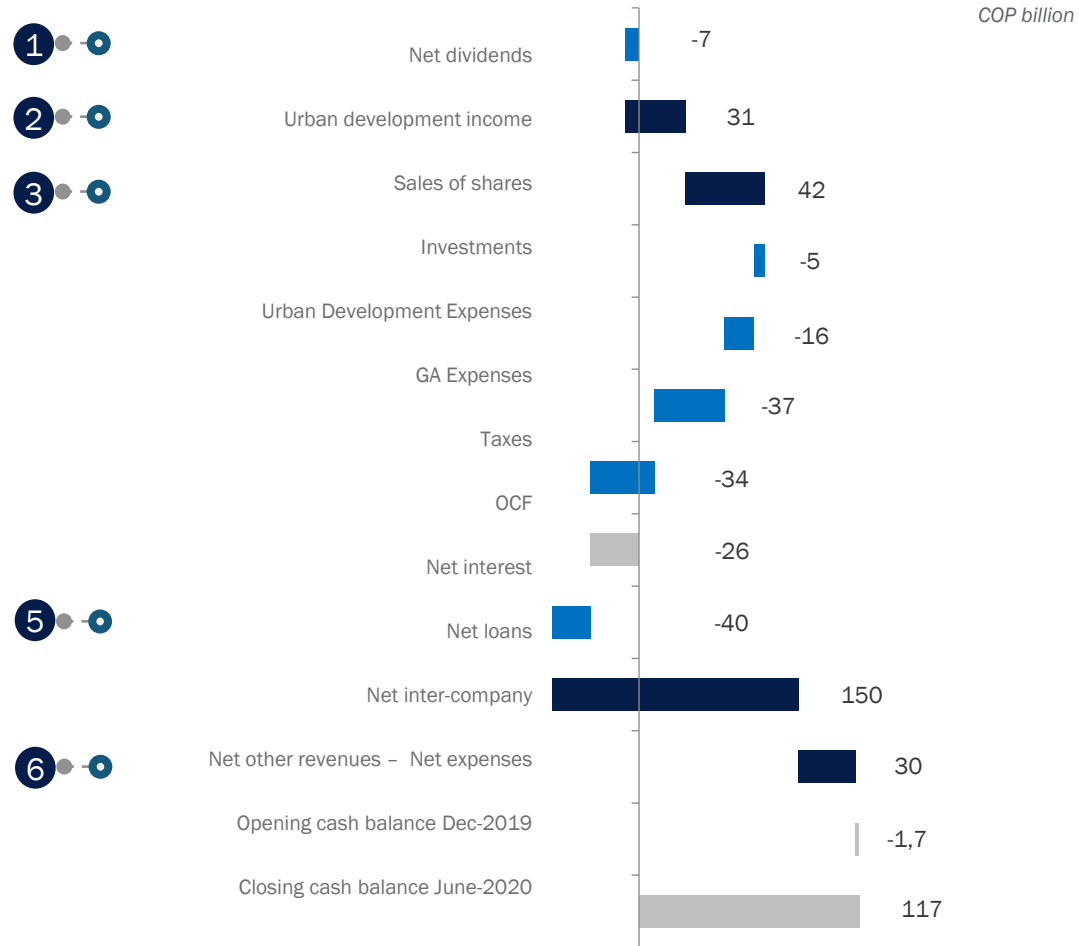
**AA-**  
Fitch

<sup>1</sup> Fitch's rating refers to Grupo Argos separately. S&P refers to Grupo Argos consolidated <sup>2</sup> Issuance and Placement Program

SEPARATED RESULTS GRUPO ARGOS Q2'2020

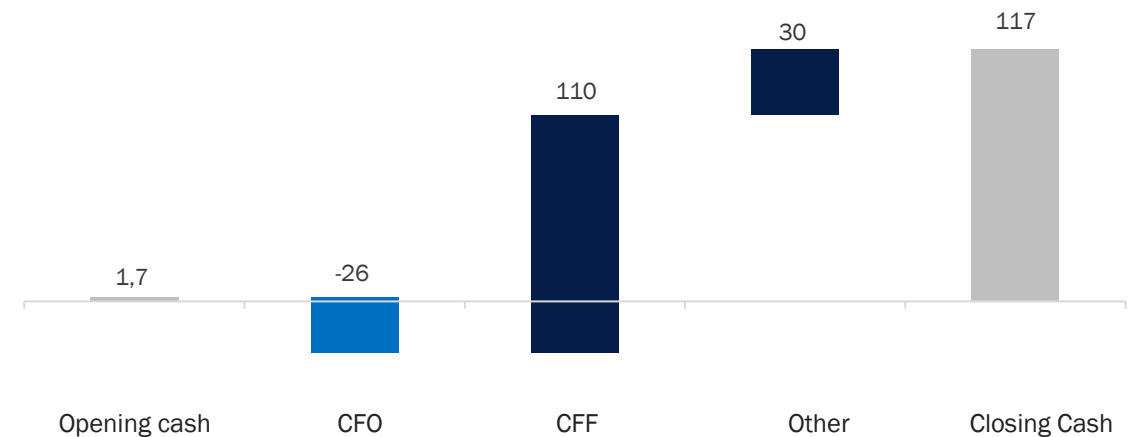
# COP 117 bn in cash as a response to the current situation

## Cashflow



## Notes

- Dividends paid: **COP 155 bn** Dividends received: **COP 148 bn**
- Developed plots: **COP 26 bn**, Disinvestments: **COP 3.5 bn**, Income and others: **COP 2 bn**
- Sale of shares in Odempa and Colombates: **COP 42 bn**
- Purchase of shares in Cementos Argos: **COP 4.6 bn**
- Working capital and financial flexibility loans **COP 130 bn**
- TIDIS and other income: **COP 33 bn**



# CEMENT BUSINESS

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Investments that transform





## Positive outlook for the cement sector, that starts to show signs of recovery



### RESET Action Plan

- COP 940 bn in liquidity, increasing by COP 240 bn
- Over USD 71 mn in savings



### June results start to evidence change in tendency

- June Ebitda was of COP 180 bn, an historic result for the month
- As of June 2020, Colombia Ebitda grows 14% and Central America 20%



### Covenant renegotiation

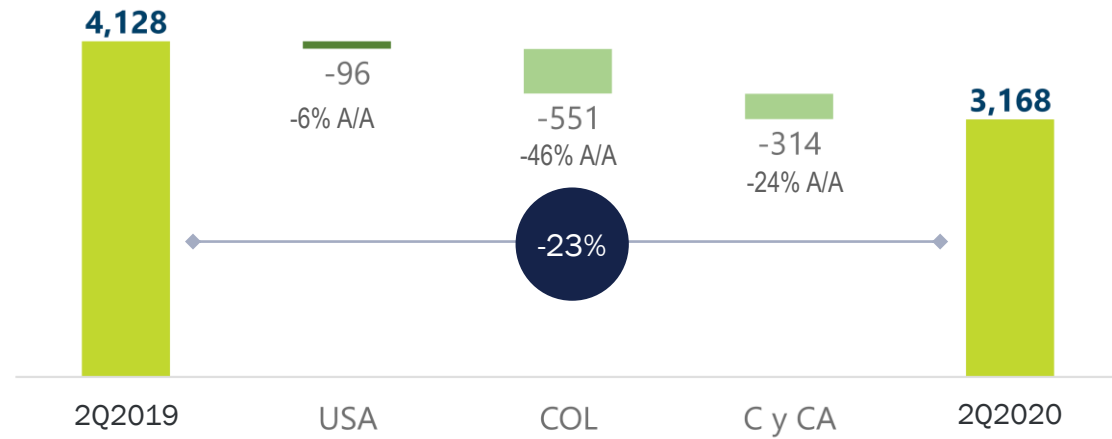
- 6,5x Net Debt / Ebitda until December 2020 and gradual adjustment to 4x by December 2021

CEMENT BUSINESS Q2'2020

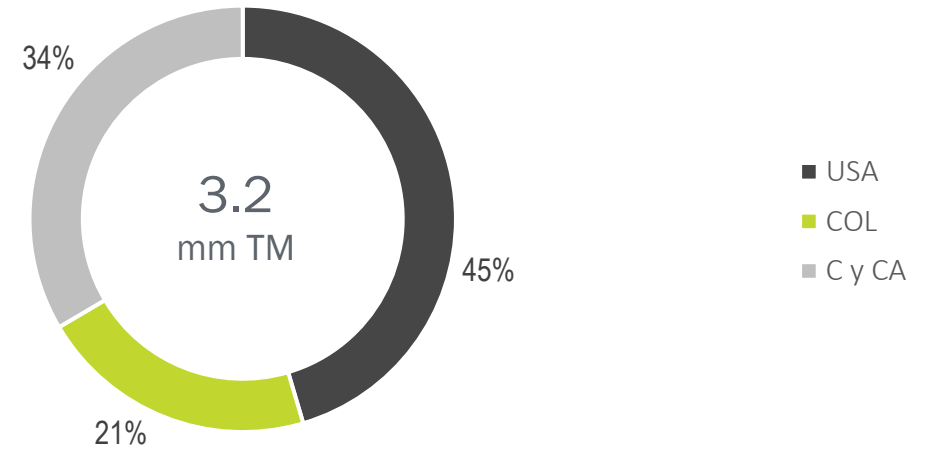
# United States market continues showing resilience

Cement volumes\*

Tons, thousand

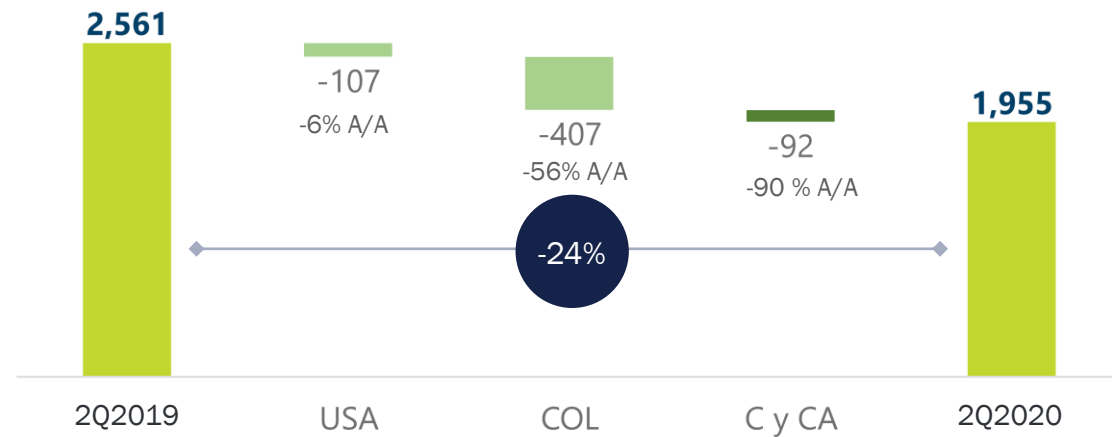


Cement sales

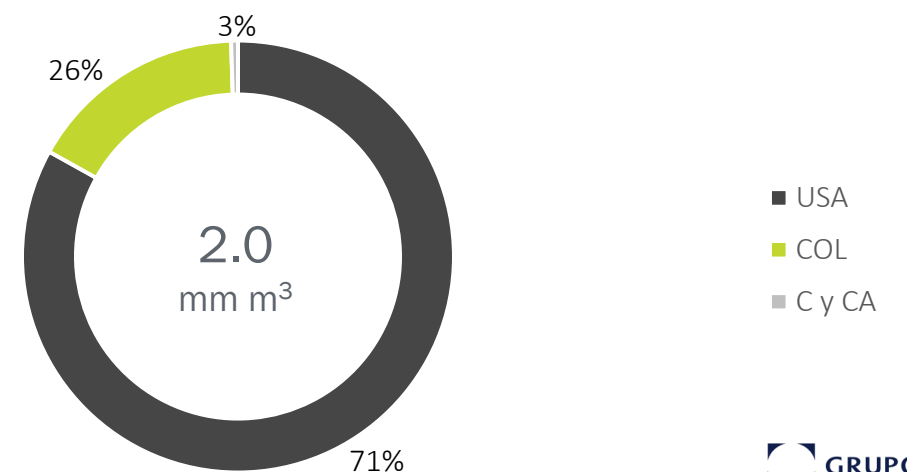


Ready mix volumes\*

thousand m<sup>3</sup>



Ready mix sales

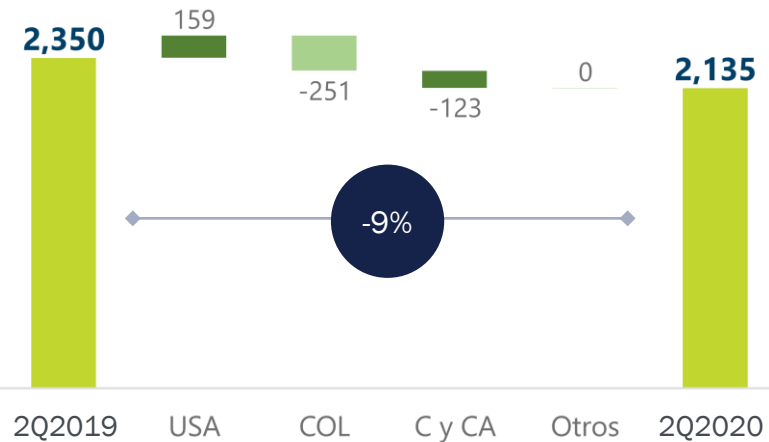


\*Excludes Forest in 2019 for comparable results

## CEMENT BUSINESS Q2'2020

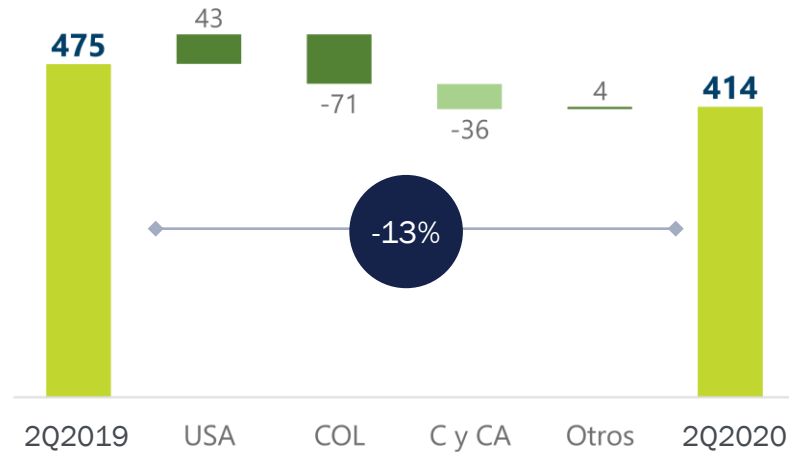
# Best June results with Ebitda of COP 180 bn (+3% YOY)

Revenue COP billion



- Income in COP affected by devaluation
- Increased cement and concrete prices in Colombia of **(+12% YOY and +3% YOY)** respectively
- Decreased** volumes in **cement (-23% YOY and concrete -24% YOY)** explained by social distancing measures and reduced demand
- Honduras and Dominican Republic have recovered 100% of their local cement consumption as of June

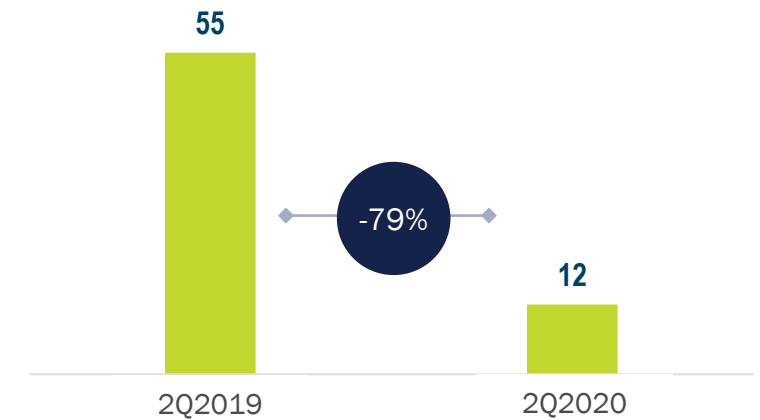
Ebitda COP billion



- USD 94 mn in estimated savings for 2020, of which USD 71 mn have been captured by Q2'20, leaving USD 23 mn for capturing in the 2nd semester
- Lower contribution from USA due to the sale of concrete companies (-COP 6 bn)

Controller net profit

COP billion



- Lower income tax (-COP 14 bn)



# ENERGY BUSINESS

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 **GRUPO ARGOS**  
Investments that transform





## Energy business operations are resilient in the face of the situation



### COP 130 bn investment in Tolima

- COP 600 bn will be invested over the first 5 years to improve service quality



### Strengthened service and support processes

- Strengthened virtual channels, reinforced call center and return to in-person assistance at our offices



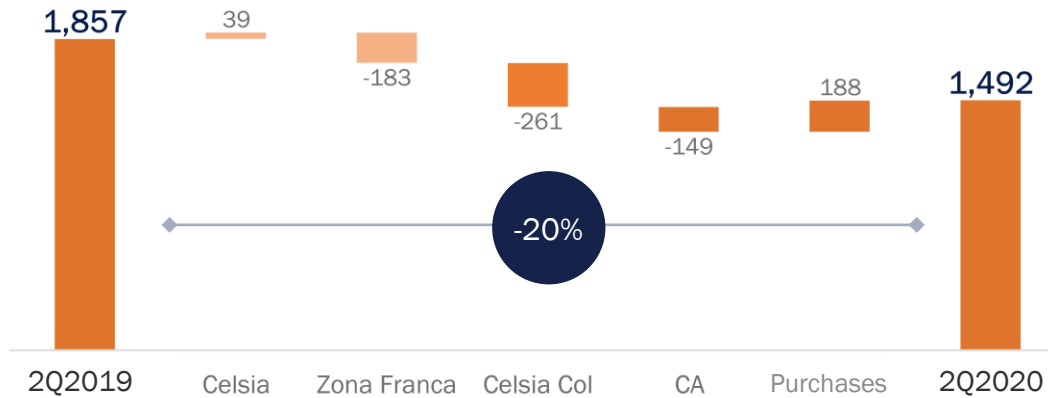
### COP 50 bn paid to vendors

- To over 350 vendors to provide them with sufficient liquidity to maintain their operations during this situation

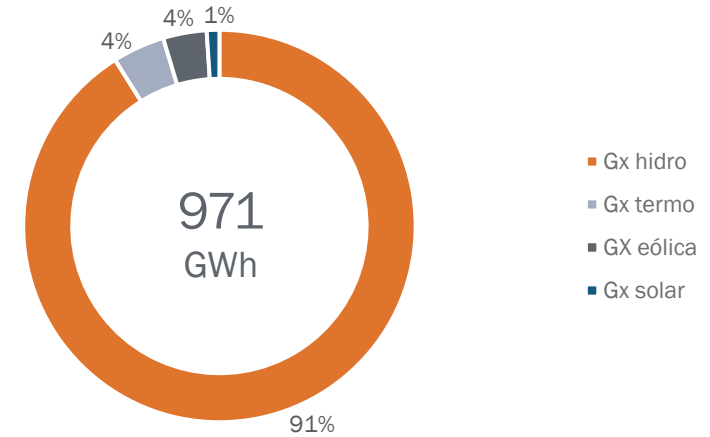
## ENERGY BUSINESS Q2'2020

# Positive balance between Generation and Transmission & Distribution

Generation\* GWh

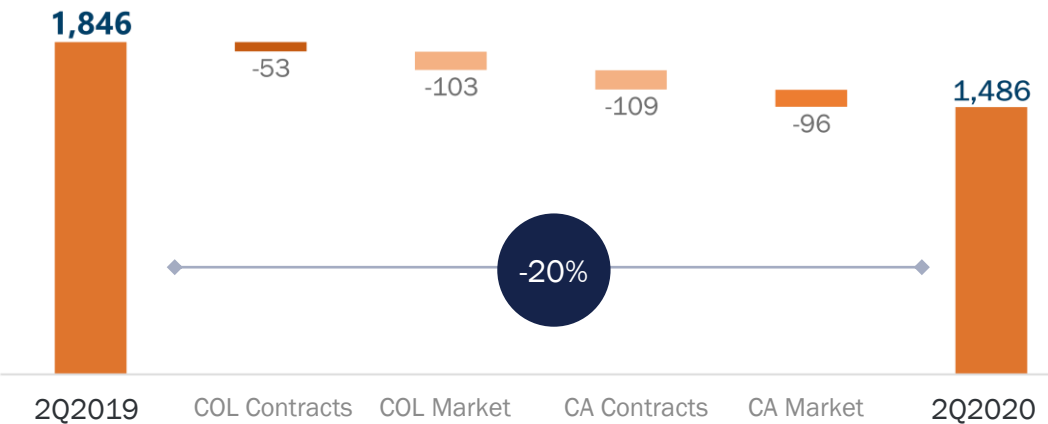


Breakdown of generation



\* Excludes Purchases

Change in electricity sales GWh



## NOTES

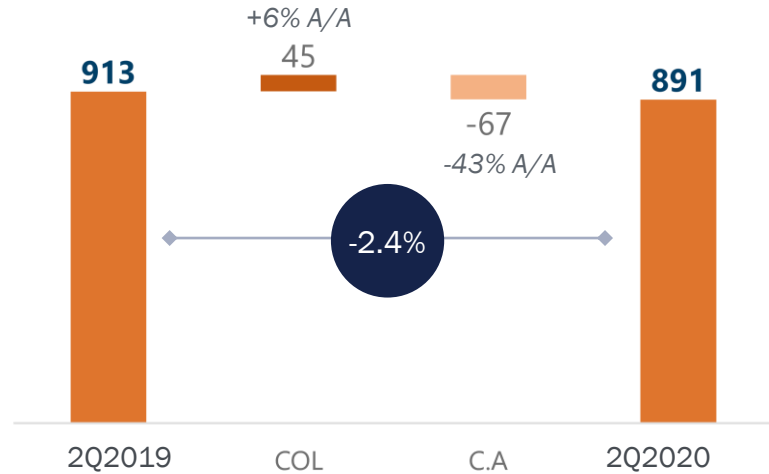
- ▲ Energy sales dropped 20% YOY
- ▲ Generation **dropped 36%** excluding the sale of the Free Trade Zone it would drop 28% YOY
- ▲ **Average** energy price on the market in Q2'20 = 220 \$/kWh (+43% YOY)  
Average contract price for the **regulated market** = 219 \$/kWh (+7,6% YOY)

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

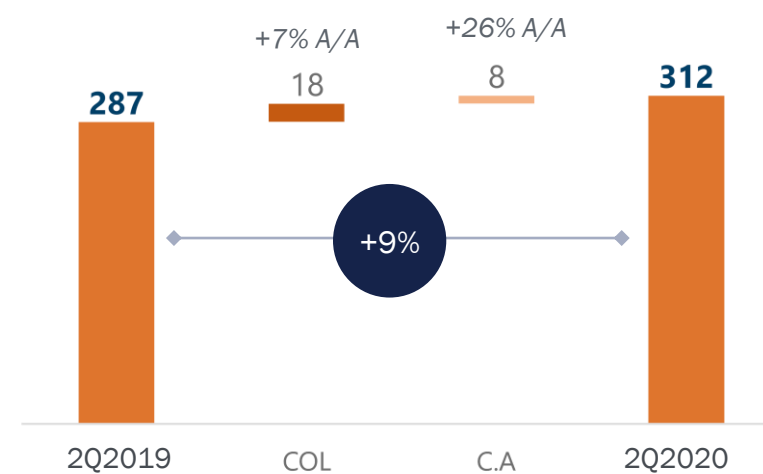
## ENERGY BUSINESS Q2'2020

# Net profit of the controller grew over 3 times YoY

Revenue COP bn

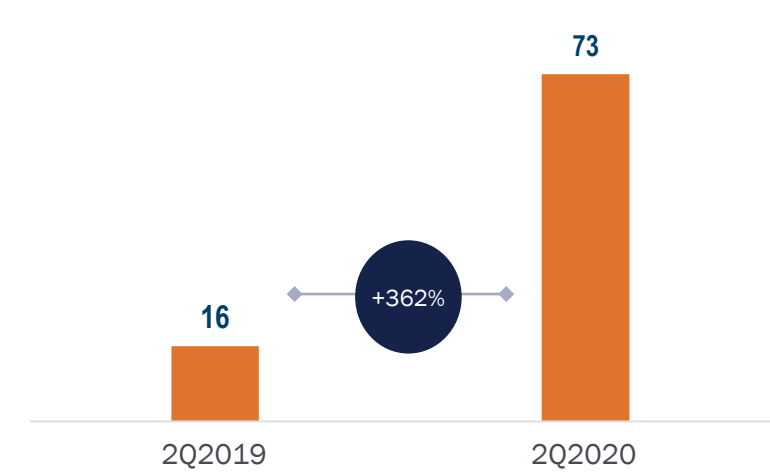


EBITDA COP bn



Controller net profit

COP bn



### Colombia (90% Revenue):

- Higher retail marketing of energy mainly due to the incorporation of the operations of the **Tolima Assets (+COP 164 bn)**

### Central America (16% revenue):

- Lower sales due to lower prices and contract termination in Cativa

- Colombia** contributed **COP 275 bn** where there is a larger margin of contribution from Generation and from T&D through a resolution from CREG 015

### Tolima operation contributed (+COP 44 bn)

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

- Increase** in the net profit of the controlling entity due to higher Operating Profits (+ COP 63 bn)



# CONCESSIONS BUSINESS

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 **GRUPO ARGOS**  
Investments that transform





## Odinsa has made efforts to ensure over COP 660 bn, consolidating its financial flexibility



### Quiport restarts operations as of June 1st

- Opain is prepared to restart flights with all the biosecurity protocols. Government studies new pilot routes.



### ~ 60% reactivation in traffic along highway concessions

- Given the situation, land transportation is expected to increase



### Fitch ratified an AA- rating

- Highlighting the strategic importance of the business for Grupo Argos and experience in the concessions business

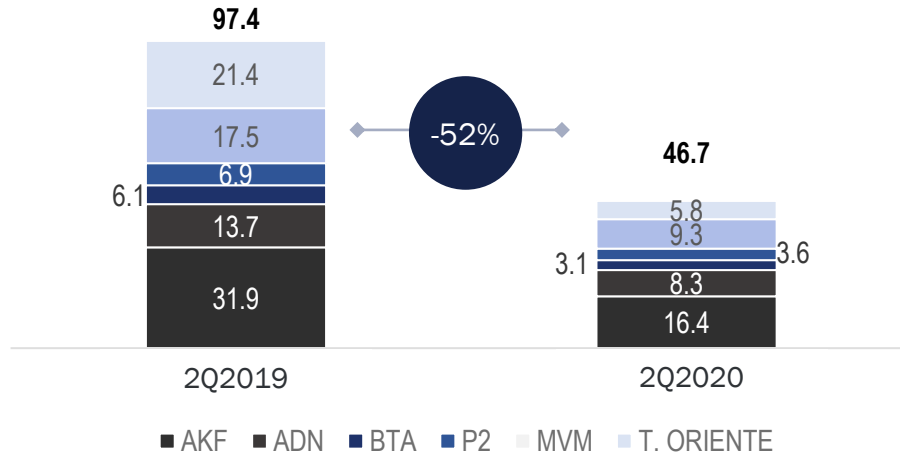


## CONCESSIONS BUSINESS Q2'2020

# 61% recovery in road traffic in June compared to the same month in 2019

Average daily vehicle traffic 1Q2020

Thousands of vehicle

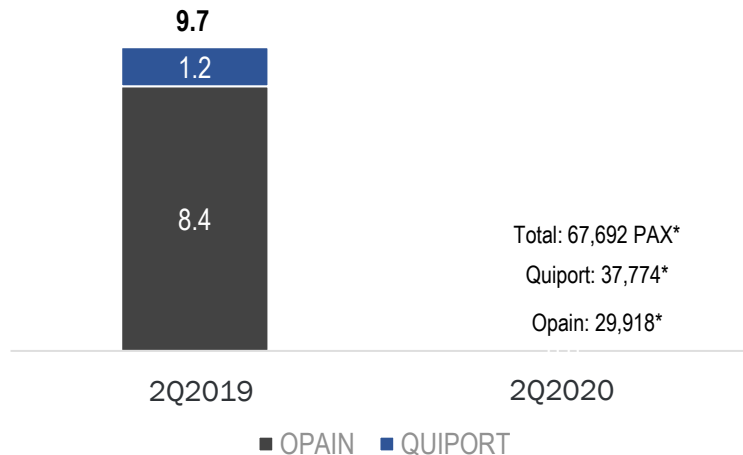


Notes on highways

- **AKF:** vehicular traffic at 60% compared to June 2019
- **Túnel Oriente:** vehicular traffic is at 36% compared to June 2019, affected by the airport closing
- **ADN + BTA:** Traffic is at 91% on ADN and 77% on BTA compared to June 2019 traffic
- **Pacifico II:** 60% traffic recovered compared to June 2019
- **MVM:** traffic operating at 77% compared to June 2019

Airport Traffic

Million passengers (PAX)



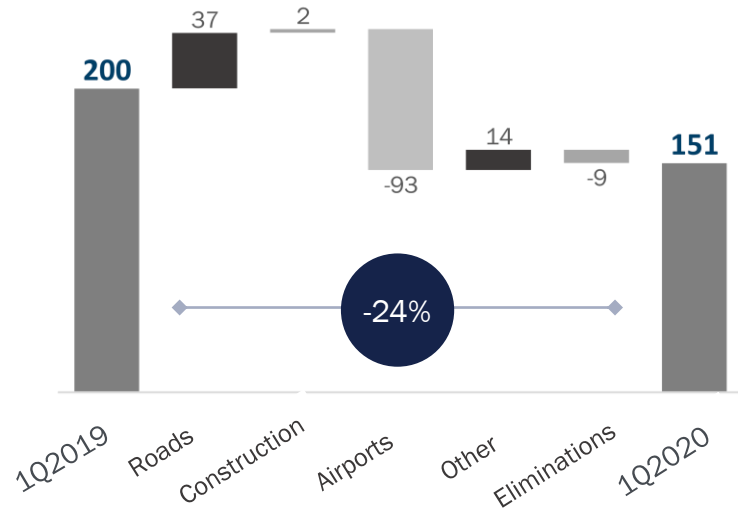
Notes on airports

- **El Dorado Airport:** 29 thousand total passengers moved through El Dorado during Q2'20, explained by the COVID-19 situation.
- **Quito Airport:** 38,000 total passengers during Q2'20 due to the COVID-19 situation. Operations restarted as of June.

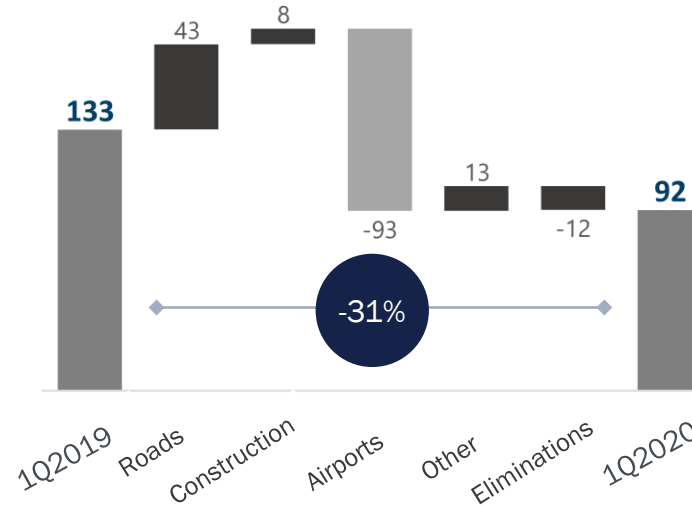
## CONCESSIONS BUSINESS Q2'2020

# Lower income and ebitda from lower contributions from the equity method in the airport segment

Revenue COP billion

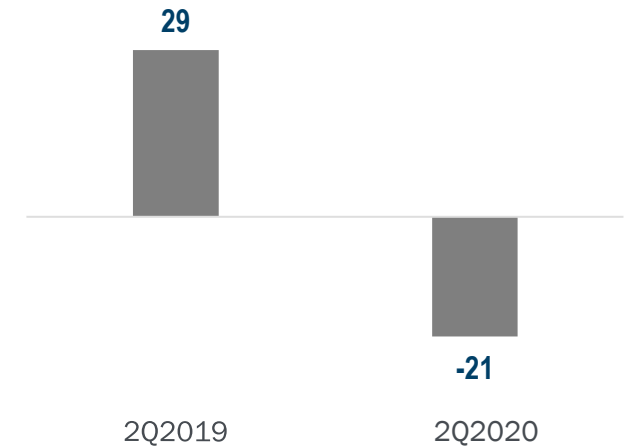


EBITDA COP billion



Controller Net Profit

COP billion



- Highway concessions had a positive contribution, + COP 10 bn contributed by Túnel de Oriente
- Airports:** Reduced contributions from Opain and Quiport due to the **Covid - 19** situation
- Reduced contributions** from the construction sector due to less construction activity on **Pacífico 2**

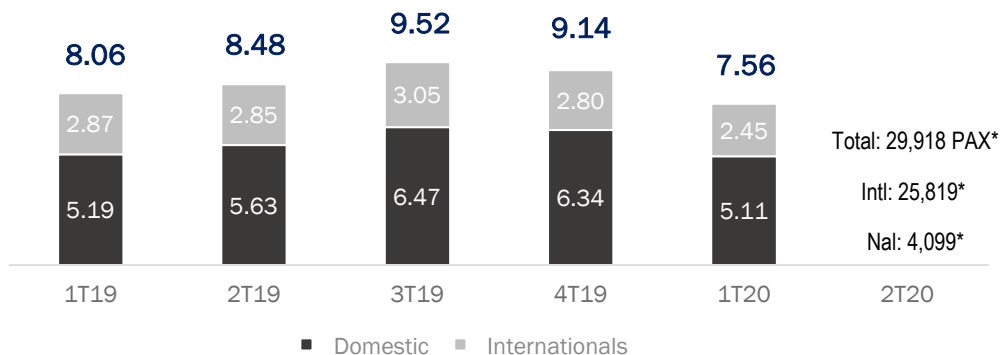
- Greater contributions from highway concessions of AKF, ADN and BTA. Contribution of **+COP 6 bn** from Túnel de Oriente
- Construction** drops due to less activity on **Pacífico 2**
- Airports affected by the **COVID - 19** situation

- Lower Operating Profit (-COP 44 bn YOY)
- Lower net financial expenses (- COP 6 bn) due to debt cost optimizations, higher financial revenue and valuation of derivatives

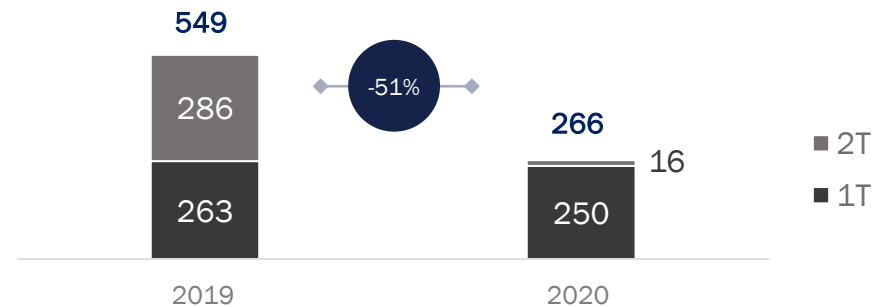
## CONCESSIONS BUSINESS - OPAIN Q2'2020

# By order of the National Government, El Dorado airport remains closed for commercial flights

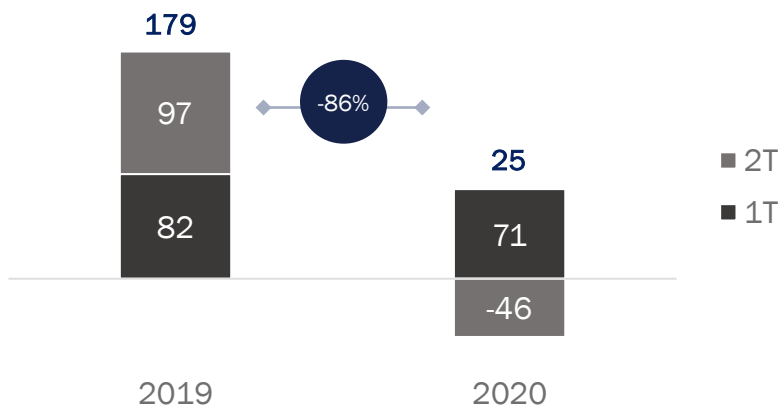
Passengers Millions of passengers (PAX)



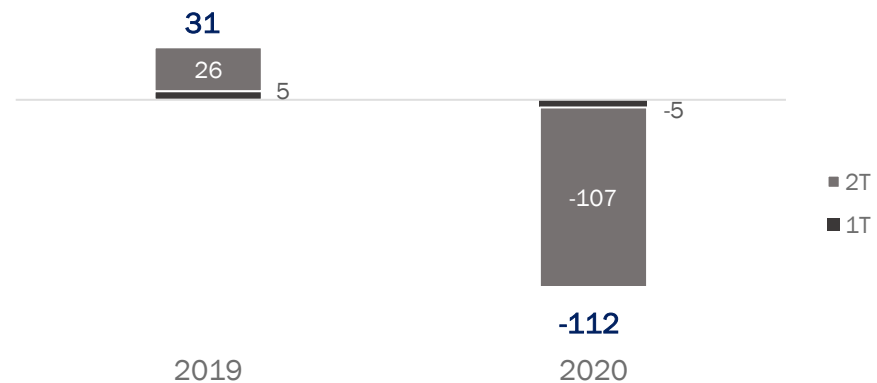
Revenues COP billion



EBITDA COP billion



Net Profit COP billion





# REAL ESTATE BUSINESS

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 **GRUPO ARGOS**  
Investments that transform



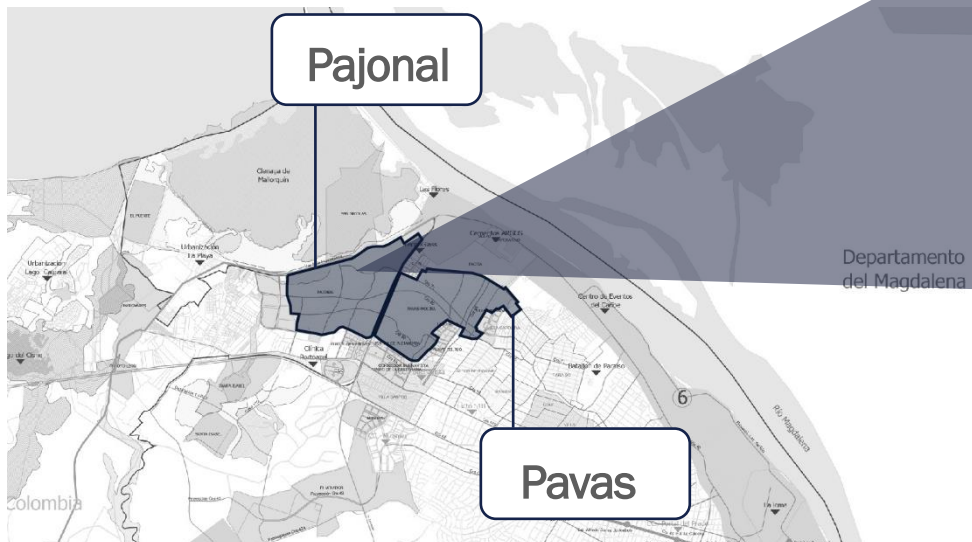


## REAL ESTATE BUSINESS Q2'2020

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

### Pajonal – Puerto Colombia

- ▲ Project in Pajonal that optimizes land use with social housing and increases returns
- ▲ Does not compete with Pavas segment
- ▲ 2 closed transactions that generate appraisals in revenues of COP 25 billion

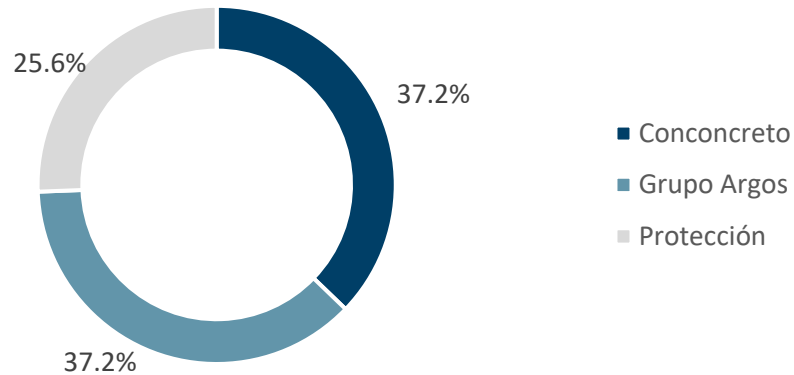




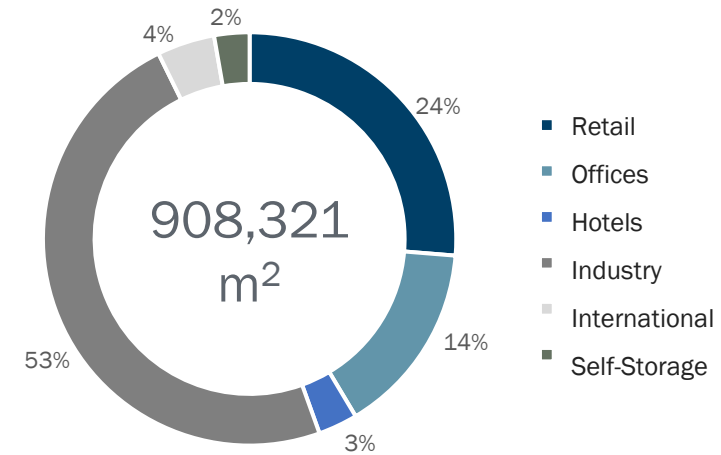
REAL ESTATE BUSINESS Q2'2020

## Through a rigorous action plan, Pactia faces Covid-19 situation

Participation %



GLA m<sup>2</sup>

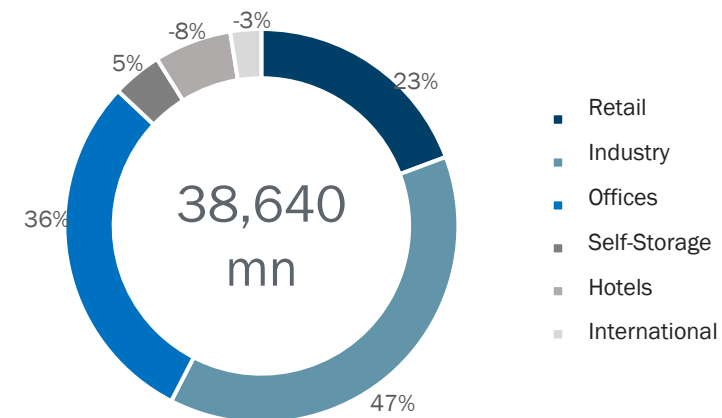


Revenue and NOI COP billion

### RELEVANT FIGURES

COP billion	2T2020	2T2019	Var A/A	Acum. 2020	Acum. 2019	Var A/A
Gross Cash Income	57	74	-23%	143	142	1%
Operative Costos	18	23	-18%	47	55	-15%
Net Operative Income	39	51	-25%	96	87	10%
<b>Consolidated EBITDA</b>	<b>21</b>	36	-40%	<b>63</b>	57	10%
<b>EBITDA margin</b>	<b>37%</b>	48%	-1.082 pb	<b>44%</b>	40%	395 pb

NOI COP million



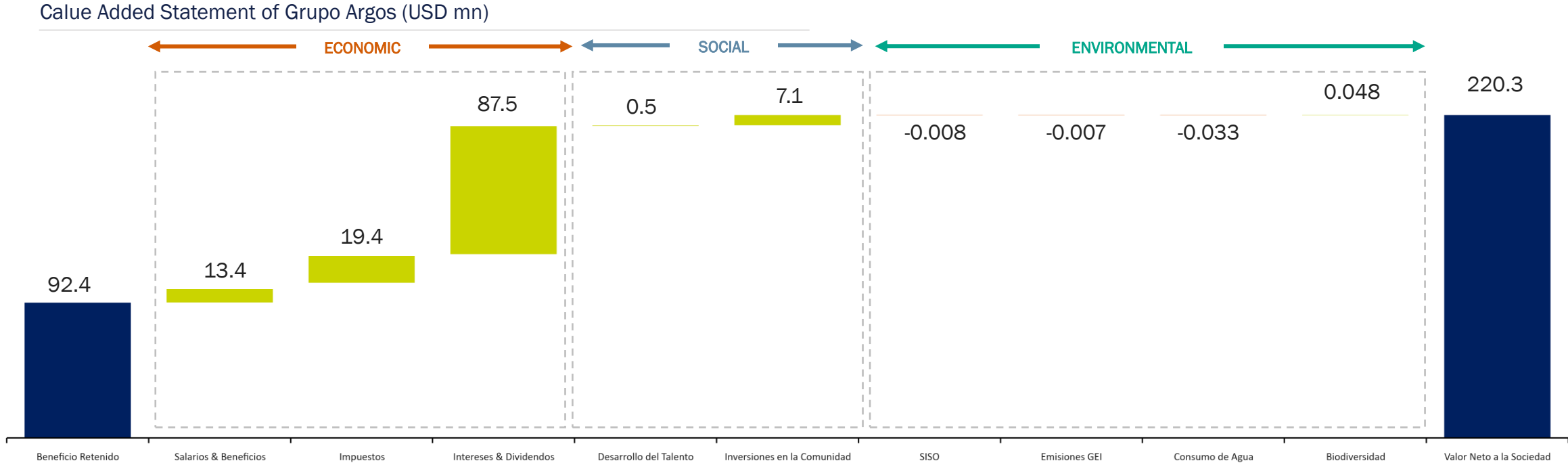
# SUSTAINABILITY

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SUSTAINABILITY

We added 2.4 times the benefit to the corporation than we retained, equivalent to USD 220 million



Economic Dimension:

- Payment of taxes, salaries, interest and dividends that boost the economy, driving the country’s productivity and competitiveness
- Represent 55% of the net value we deliver to society

Social Dimension:

- Greatest contribution to community infrastructure made by the real estate business, estimated to have provided USD 7.1 million in benefits to the community.

Environmental Dimension:

- Marginal negative impacts, as activities do not make intensive use of natural capital.
- We work actively to contribute to ecosystem conservation through the Grupo Argos Foundation

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