

Rating report

PROGRAM FOR THE ISSUANCE AND PLACEMENT OF ORDINARY BONDS AND/OR COMMERCIAL PAPERS OF GRUPO ARGOS S.A.

This English version is provided upon request and reflects the translation from the original one provided only in Spanish by BRC Ratings – S&P Global S.A. Sociedad Calificadora de Valores on January 23, 2025, under the title “PROGRAMA DE EMISIÓN Y COLOCACIÓN DE BONOS ORDINARIOS Y/O PAPELES COMERCIALES DE GRUPO ARGOS S.A.”. In case of any discrepancy between this English version and the original in Spanish, the Spanish version shall apply

Contacts:

Edgar Mauricio Robles Cifuentes

edgar.robles@spglobal.com

María Carolina Barón Buitrago

maria.baron@spglobal.com

PROGRAM FOR THE ISSUANCE AND PLACEMENT OF ORDINARY BONDS AND/OR COMMERCIAL PAPERS OF GRUPO ARGOS S.A.

SECURITIES FEATURES

Securities:	Ordinary Bonds
Issuer:	Grupo Argos S.A.
Rated amount:	COP2.35 trillion
Amount placed:	COP1.8 trillion
Outstanding amount	COP853,104 million

Issue and placement date: September 10, 2014, August 28, 2019, and October 28, 2020

Securities features:	Título	Monto en millones COP	Saldo de la deuda en millones COP	Fecha emisión	Fecha vencimiento	Plazo (años)	Tipo Indicador (interés de referencia)	Spread	Pago de intereses
	Bonos	108,365	0	9/10/2014	9/10/2016	2	DTF	0.87%	Trimestre vencido
	Bonos	132,250	0	9/10/2014	9/10/2017	3	IBR01	1.81%	Mes vencido
	Bonos	114,963	0	9/10/2014	9/10/2019	5	IPC12	3.10%	Trimestre vencido
	Bonos	254,318	0	9/10/2014	9/10/2024	10	IPC12	3.95%	Trimestre vencido
	Bonos	390,104	390,104	9/10/2014	9/10/2029	15	IPC12	4.24%	Trimestre vencido
	Papeles comerciales	350,000	0	7/6/2017	7/5/2018	1	T.F.	6.14%	Periodo vencido
	Bonos	123,500	0	8/28/2019	8/28/2022	3	T.F.	5.78%	Trimestre vencido
	Bonos	157,965	157,965	8/28/2019	8/28/2025	6	IPC12	2.44%	Trimestre vencido
	Bonos	168,535	168,535	8/28/2019	8/28/2034	15	IPC12	3.20%	Trimestre vencido
	Bonos	136,500	136,500	10/28/2020	10/28/2027	7	IPC12	2.65%	Trimestre vencido

Guarantees and priority: The bonds are not backed by any real guarantee, and therefore constitute unsecured obligations of the issuer.

Custodian:	Depósito Centralizado de Valores S.A.
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Legal representative of the holders: Alianza Fiduciaria S.A.

Structuring agent:	Banca de Inversión Bancolombia S.A.
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Placement agent: Valores Bancolombia S.A.

I. OVERVIEW

- We affirmed the AAA long-term debt rating of Grupo Argos S.A.'s Ordinary Bonds (hereinafter GA) and the BRC 1+ rating of its commercial papers.
- We believe that the decision by Grupo Argos and Grupo Sura (GS) to dispose of their crossholdings does not have any direct impact on GA's credit profile. This is due to the strategic clarity that has characterized its management over the years, the strong business position of each of its subsidiaries, and the financial strength that we expect it will maintain over the long term.

II. RATING ACTION

BRC Ratings – S&P Global S.A. Credit Rating Agency has confirmed the AAA long-term debt rating on Grupo Argos SA's ordinary bonds and the BRC 1+ short-term debt rating on its commercial papers in an extraordinary review.

III. RATING RATIONALE

The agreement between the two organizations proposes disposing of cross-shareholdings through takeover spin-offs that would materialize simultaneously. Upon completion of the transaction, each GA shareholder will retain their shares and will additionally receive 0.23 GS shares for each GA share they initially held. Likewise, each GS shareholder will retain their shares in the company and will receive 0.72 GA shares for each GS share they held before the transaction.

The consolidation of this transaction underpins GA's goal of specializing as a relevant player in the region's infrastructure sector. According to the rating agency's estimates, we expect no changes to the organization's credit profile compared to our last rating review in the next two to three years, supported by the financial strength of the company and its subsidiaries, favorable liability management, and prudent risk management in recent years.

IV. FACTORS TO MODIFY THE RATING

What can lead us to affirm the rating

- The use of alternative and stable financing sources to leverage the expansion plan without pressuring its debt metrics.
- Sustainability of the net debt-to-EBITDA ratio below 3x over the next three years.

What could lead us to downgrade the rating

- The deterioration of EBITDA compared to our projections, which may put pressure on leverage or liquidity metrics.
- Changes in its business position that could imply a loss of market share, significant exposure to geographies with lower credit quality levels than Colombia, or changes in business lines that, in our view, pose greater risks to the holding.

V. THE ISSUER AND ITS ACTIVITY

Grupo Argos is an infrastructure investment manager. The group has consolidated platforms in three strategic businesses: cement (Cementos Argos – CA), energy (Celsia), and road and airport concessions (Odinsa). He is also a partner in a real estate fund (Pactia), owns a land bank for urban development (Grupo Argos Desarrollo Urbano), and has a solid investment portfolio in the financial sector.

VI. INDUSTRY RISKS

The general characteristics of the sectors in which Grupo Argos operates remained relatively stable compared to the previous year:

- High capital requirements and energy use.
- Entry barriers due to infrastructure (plants, access to raw materials, equipment), knowledge, experience, financial strength, and ease of access to financing sources.
- Strong correlation with economic cycles and population dynamics.
- Long business cycles, with long recovery periods for its investments.
- Exposure to regulatory and policy changes.
- Public policy dependency.

VII. ADDITIONAL INFORMATION

Type of rating	Long-term and short-term debt
Minute number	2699
Date of the Committee	January 23, 2025
Type of review	Extraordinary review
Issuer	Grupo Argos S.A.
Members of the Committee	María Carolina Barón
	María Soledad Mosquera
	Andrés Marthá

Rating history

Periodic review May/24: AAA, BRC 1+
Periodic Review May/23: AAA, BRC 1+
Initial rating May/14: AAA, BRC 1+

BRC Ratings – S&P Global S.A. SCV does not perform auditing; therefore, the entity's management takes full responsibility for the integrity and veracity of all the information provided and that has served as the basis for the preparation of this report. On the other hand, BBRC Ratings – S&P Global S.A. SCV reviewed the available public information and compared it with the information provided by the entity.

The financial information included in this report is based on audited financial statements for the past three years (2021-2023) and as of September 2024.

If you have any question regarding the indicators included in this document, you can consult the glossary at www.brc.com.co.

To see the definitions of our ratings visit www.brc.com.co or click [here](#).

VIII. MEMBERS OF THE TECHNICAL COMMITTEE

The resumes of the members of the Technical Rating Committee are available on our website www.brc.com.co

A CREDIT risk rating issued by BRC Ratings – S&P Global SA Sociedad Calificadora de Valores is a technical opinion and it is not intended to be a recommendation to buy, sell or hold a specific investment and/or security, nor does it imply a guarantee of payment of the title, but rather an evaluation of the probability that its capital and its yields will be paid in a timely manner. The information contained in this publication has been obtained from sources believed to be reliable and accurate; therefore, we do not take responsibility for errors or omissions or of results that arise from the use of this information.
