QUARTERLY EARNINGS CALL

1Q2023 GRUPO ARGOS

May 2023

JUAN ESTEBAN MEJÍA (Opening Remarks)

Good morning, everyone, and thank you for joining us today. This conference call will be devoted to presenting Grupo Argos' financial results as of the close of the first quarter of 2023.

Joining us today are Jorge Mario Velásquez, President of Grupo Argos; Alejandro Piedrahita, Vice President of Strategy and Corporate Finance at Grupo Argos; Rafael Olivella, Vice President of Corporate Affairs at Grupo Argos; Mauricio Ossa, President of Odinsa; María Clara Aristizábal, Manager of the Urban Development Business; Pablo Arroyave, Vice President of Corporate Finance at Odinsa; and Andrés Bejarano, President of Pactia.

I would like to remind you that all quarterly information, together with the presentation we will be following during this conference call, is available on our website. To download it, please go to the "Financial Information" menu and then to the "Reports" section.

In addition, we are broadcasting this earnings call via a Twitter Space.

Please move to slide 3 of the presentation to begin the meeting. I now hand the floor over to Jorge Mario Velásquez, President of Grupo Argos.

Introduction

Introduction Slide

Thank you, Juan Esteban, and good morning to everyone. My special thanks to all of you for joining us today.

Consolidated Financial Results Summary Slide

The last time we spoke on this call, we shared record operating results for Grupo Argos and all its subsidiaries during 2022, despite economic and political uncertainty, higher interest rates, and inflationary pressure.

Today, I am pleased to report that during the first quarter of 2023, Grupo Argos sustained a positive trend, achieving growth rates above 25% in its main consolidated figures: revenues reached COP 5.7 trillion, up 25%; EBITDA closed at COP 1.6 trillion, up 28%; net income reached COP 570 billion, up 81%; and controlling interest net income closed at COP 406 billion, up 152%.

All of this was achieved despite an increase in financial expenses compared to the same quarter of the previous year.

Initiatives Slide

This quarter's results reflect operational excellence across all our business lines, the first pillar of our comprehensive plan to close the gap between our share price in the market and Grupo Argos' intrinsic value. This, together with consolidated deleveraging of more than COP 3 trillion over the last three years, the reaffirmation of our AAA credit rating, and a 15% increase in the dividend per share in 2023, demonstrates the strength of our company.

Likewise, as previously announced to the market, this year we launched our share repurchase program through the Colombian Stock Exchange's transactional mechanism, a process we will resume on May 15 after our Shareholders' Meeting approved a new repurchase plan for up to COP 500 billion. Celsia's shareholders' meeting also approved its proposed repurchase plan. Similarly, during the year, Cementos Argos is expected to seek approval for a similar plan at an extraordinary shareholders' meeting, subject to transactions currently underway. Therefore, we expect the companies within Grupo Empresarial Argos to have authorization to repurchase shares for an aggregate amount that could exceed COP 1 trillion.

In the same vein, during the past quarter, Grupo Argos acquired 13.5 million ordinary shares of Cementos Argos, equivalent to an additional 1.2% stake in total shares outstanding. As with the share repurchase program, these measures are intended to reaffirm confidence in the business plan and strategy being executed by Grupo Argos and its companies. Given our excellent results and current market prices—well below our valuation view for Celsia, Cementos Argos, and Grupo Argos—we see significant potential in investing in our companies.

This organization was founded in 1934, during the Great Depression. Five years later, it was already listed on the stock exchange when World War II broke out, a challenging period during which it not only endured, but also strengthened its position as an important player in the country's industrial development. A few decades later, while the world was concerned about geopolitical tensions and the threat of nuclear conflict, and as security conditions deteriorated in Colombia, Argos expanded its operations across the country, multiplying shareholders' equity more than 100-fold between 1950 and 1990.

The company continued investing in the country, consolidating its presence while generating quality employment and creating value in every region where it operated. Today, after years of successful international expansion and diversification across our business lines, we once again face a context of economic volatility and political instability, amid widespread pessimism. However, as we have demonstrated throughout our 90-year history, Grupo Argos continues working every day to deliver strong results, reaffirming the importance for Colombia of having companies that generate jobs, invest, and positively transform the sectors that drive the economy.

I now invite you to move to slide 5, where we will review the results of each of our businesses in detail.

Cementos Argos

Cementos Argos – Qualitative Slide

During the first quarter of 2023, our cement business posted meaningful growth across all geographies. The Colombia region recorded a 13% increase in revenues and a 39% increase in EBITDA; the United States posted 22% revenue growth and 77% EBITDA growth; and Central America and the Caribbean reported 5% revenue growth and 2% EBITDA growth. We are beginning to see a recovery in EBITDA margins as a result of our focus on operational excellence, the policies adopted to stabilize costs in an inflationary environment, and our strategy to optimize customers and business segments.

Cementos Argos – Results Slide

As a result, the year has started with double-digit growth across all income statement lines: revenues reached COP 3.4 trillion, up 31% year over year; EBITDA closed at COP 594 billion, up 65% versus the previous year, with an EBITDA margin expansion of more than 350 basis points; and controlling interest net income closed at COP 78 billion, 259% higher than in the same period of 2022.

In operational terms for the quarter, cement volumes reached 3.9 million tons, while the concrete business posted volumes of 1.8 million cubic meters, slightly below the previous year, partly due to heavier-than-normal rainy seasons in Georgia and road closures on the Popayán–Pasto highway.

The performance of the U.S. region stands out, where cement volumes increased 7% year over year, and where we expect continued strong dynamics driven by growth in the non-residential and infrastructure segments, both of which have gained momentum in recent months.

We also highlight growth in cement exports from the Colombia region, where volumes rose 16%, driven by an 81% increase in exports to the United States. Likewise, we are seeing a recovery in positive trends in the Central America and Caribbean region, reflecting strong performance in Panama—where volumes grew 21%—and the Dominican Republic, where volumes rose 14% and prices increased 13%.

I now invite you to move on to the energy business results.

Celsia

Celsia – Qualitative Slide

On May 5, Celsia announced the sale of part of its assets in Central America. The hydroelectric generating plants of the Dos Mares Complex and the Celsolar y Divisa solar farms in Panama, as well as the Guanacaste wind farm in Costa Rica, will be sold to EnfraGen, part of Glenfarne Group. The enterprise value of the transaction amounts to USD 380 million and the equity value to USD 194 million. The closing process is expected to take approximately three months.

With the sale of these assets, Celsia will have the resources and financial flexibility to continue deploying its strategy focused on renewable energy—especially solar and wind—across its various geographies, while also seeking opportunities to strengthen its asset management portfolio in transmission and distribution, as well as energy efficiency, in other countries in the region.

In addition, the company will have liquid resources to undertake a COP 300 billion share repurchase program over the next three years, which will be implemented through the Colombian Stock Exchange's transactional mechanism, with the objective of reaffirming confidence in its business plan and transferring value to all shareholders.

This transaction will also allow the company to strengthen its liquidity position, improve return on capital employed (ROCE)—which is expected to increase by approximately 400 basis points—reduce consolidated debt by close to 17%, lower financial expenses by 11%, and improve its net debt-to-EBITDA ratio from 3.0x to 2.4x.

During the first months of the year, Grupo Argos' energy company continued consolidating its leadership in solar generation in Colombia with the commissioning of seven solar farms with total installed capacity of 89.3 MW in Tolima and Valle del Cauca. Celsia remains a leader in Colombia's energy transition.

Celsia – Results Slide

Turning to operating results on slide 9, the energy business continues to show excellent performance. Consolidated revenues reached COP 1.5 trillion during the first quarter, up 15% year over year, while EBITDA closed at nearly COP 514 billion, up 13%. Including EBITDA generated by our platforms—which will become increasingly relevant with the expansion of Caoba, C2 Energía, Laurel, and the commissioning of Tesorito—EBITDA closed at COP 620 billion, up 25%. Energy generated during the period totaled 1,764 MWh and energy commercialized reached 863 MWh. Finally, we highlight that during the quarter the company made investments of slightly more than COP 360 billion, of which COP 250 billion were deployed through investment platforms and COP 110 billion were invested in Celsia's own operations.

Odinsa

Let us now move to the road and airport concessions business on slide 10.

During the first quarter of this year, Odinsa's concessions continued to deliver outstanding operating results in both its airport and road verticals: the airport vertical handled 10.4 million passengers, 18% more than in the same quarter of the previous year, while our toll roads recorded average daily traffic of 108 thousand vehicles, 3% more than in the same period of 2022.

On another front, we estimate that the closing of the airport vertical alongside MIRA will take place in the coming months. We also note that Fitch Ratings affirmed Bogotá airport's BB+ rating and revised the outlook from negative to stable, reflecting the recovery in traffic and the asset's financial strength.

Odinsa – Results Slide

Moving to the company's operating results on slide 12, stronger traffic in our road vertical translates into higher internal rates of return for each concession, particularly at Túnel de Oriente, where average traffic continues to grow—up 8% year over year—raising its expected IRR to 20%.

Airport traffic also continues to improve, translating into higher profitability. We especially highlight the significant increase in the expected internal rate of return for El Dorado, which rose from 13% to 17% annually, continuing its positive trend and growing 16% year over year in a quarter when domestic air traffic dynamics were affected by conditions in the Colombian aviation market.

We also highlight that during this quarter OPAIN is once again consolidated in Grupo Argos' financial statements, as its equity has turned positive.

Platforms Slide

To close the Odinsa and Celsia chapters, we would like to underscore the positive performance of all the infrastructure platforms the company has built in partnership with strategic investors over recent years.

On slide 14, we can see the overall operating performance of our platforms. Caoba and C2 Energía posted EBITDA increases of 33% and 236%, respectively, while Tesorito and Laurel began operations. Collectively, the energy platforms generated close to COP 110 billion in EBITDA.

Meanwhile, the road and airport assets generated aggregate EBITDA of COP 476 billion during the quarter, with growth of 13% in roads and 58% in airports.

These figures correspond to EBITDA generated by the assets, but differ from what is recorded in the consolidated financial statements of Celsia, Odinsa, and Grupo Argos due to accounting standards and the governance arrangements of each platform.

As these platforms continue to strengthen, they will become increasingly relevant within our company, in line with Grupo Argos' strategic direction: positioning ourselves as an infrastructure asset manager, leveraging our knowledge and capabilities in asset management through a structure in which the company acts as a professional private equity fund manager and therefore earns management and success fees from fund investors.

Pactia – Results Slide

In the real estate rental business, effective gross income reached COP 110 billion, up 13% year over year, and EBITDA for the quarter came in at COP 61 billion, representing a 16% increase year over year. On a same-asset basis for the quarter, net operating income and EBITDA grew 17% and 20%, respectively, versus 2022.

A total of 60,000 square meters of leases were renewed and 8,000 square meters of new leases were signed during the first quarter of 2023. At the end of the period, the fund reached a 96% occupancy rate in its non-hotel portfolio, an increase of 125 basis points versus the same period in 2022 and a decline of 99 basis points compared to the previous quarter.

The sectors showing the strongest recovery were Ustorage and Hotels, with same-asset revenue growth of 19% and 59%, respectively, versus the first quarter of 2022. These results were driven by the leasing of mini-storage products to SME clients and higher RevPAR in the hotel business thanks to the return of trade fairs and events, which boosted occupancy as well as food and beverage services.

In retail, specifically the Gran Plaza shopping centers, we highlight strong sales performance, which exceeded expectations and drove a 27% increase in variable rent versus the same period of the previous year.

Finally, the fund continues actively managing its capital structure to mitigate the impact of interest rates. During the first quarter, the fund reduced its debt balance by 4%, closing the period with a loan-to-value ratio of 34.3%.

Urban Development Business (UDB)

In the first quarter of 2023, the Urban Development Business delivered extraordinary results: net cash flow exceeded the previous year by more than 500% and EBITDA rose by 300%.

Two sale agreements were signed in Barranquilla for approximately COP 50 billion, with nearly COP 12 billion paid during the first quarter. We also recorded nearly COP 7 billion in revenues due to the activation of clauses in previously signed contracts as sellable square meters thresholds were exceeded, and we received COP 2 billion in dividends from the Sofitel Calablanca hotel. As a result, we closed the quarter with COP 26 billion in net cash flow, an unusual and very positive outcome for a first quarter, which is typically when we pay most property taxes. Over the following quarters, we expect to continue adding cash flow revenues.

The new transactions closed, together with those executed in previous years, guarantee revenues of COP 400 billion over the next five years. Since 2019, the Urban Development Business has contributed close to COP 1 trillion in revenues to Grupo Argos' separate financial statements.

In the income statement, we recorded the sale of a land lot in Barranquilla, revenues from clauses tied to previous transactions, and dividends from the 2022 results of Hotel Calablanca. This quarter produced a very strong income statement result, although it is worth recalling that in this business revenues are recognized upon execution of the deed, and we do not expect any deed closings in the next two quarters. Most deed closings this year will take place in the fourth quarter, which means the rebound in the income statement will only become evident by year-end.

Consolidated Results

Grupo Argos Consolidated Slide

Let us now move to slide 18.

Revenues reached COP 5.7 trillion during the quarter, representing a 25% increase versus the same period in 2022. The higher level of sales translated into EBITDA growth, with EBITDA closing the period at COP 1.6 trillion, up 28% year over year.

Controlling interest net income for the period closed at COP 406 billion, 2.5 times higher than in the same period of the previous year. Net income generated in just the first three months of the year is equivalent to approximately COP 470 per share and anticipates the earnings generation capacity for the year, enabling us to continue delivering higher dividends and value to our shareholders in the future.

Grupo Argos Revenue and EBITDA by Business Slide

On slide 19, we can see the change in the contribution of each of our businesses to consolidated revenues and EBITDA. These charts clearly show the strong performance of all our companies, which continued to deliver operating and financial growth during the year, with our investment portfolio standing out.

Although the concessions business recorded a decline in its accounting contribution to EBITDA due to the deconsolidation of road vertical assets, that transaction also prepares Odinsa for powerful long-term growth. It is worth remembering that, with the creation of verticals alongside Macquarie, Odinsa no longer consolidates most of its assets, which significantly reduces its income statement contribution.

To facilitate understanding and valuation of Odinsa and its platforms, beginning this quarter and through our website, we will be sharing a new investor kit for this business.

Debt Slide

Let us now move to slide 21 to review the evolution of consolidated leverage.

Compared to the same quarter of the previous year, Grupo Argos' consolidated net debt remained around COP 14 trillion. The company's solid capital structure is supported by AAA credit ratings from Fitch Ratings and S&P.

Separate Results

Grupo Argos Separate Financial Statements Slide

In the separate financial statements, as in the consolidated figures, positive results were recorded. Quarterly revenues closed at COP 429 billion, up 51% versus the previous year. EBITDA closed at COP 354 billion, up 78%, and net income reached COP 346 billion, doubling the figure reported in the previous year.

Controlling interest net income for the period closed at COP 406 billion, 2.5 times higher than in the same period of the prior year. Net income generated in only three months of the year is equivalent to approximately COP 470 per share and anticipates the year's earnings generation, allowing us to continue distributing higher dividends and creating value for our shareholders going forward.

Grupo Argos Separate Debt Slide

Thanks to the cash position with which we closed the quarter, Grupo Argos' separate net debt, detailed on slide 25, closed the quarter at COP 1.2 trillion, down 18% versus the same quarter of the previous year.

During this quarter, we highlight that Grupo Argos' cost of debt has begun to decline, standing at 10.5% at the end of March, 150 basis points lower than at year-end 2022. Given the inflation trend, we expect this to continue, which would provide significant relief to the organization's financial expenses, which have increased substantially over the past year due to the global cycle of interest rate hikes by central banks.

Among our treasury strategies, we highlight that the company holds COP 455 billion in fixed-income investments that generate a positive carry, as their returns are above the cost of debt.

Sustainability

The outstanding financial performance we are reporting is underpinned by a business philosophy in which Grupo Argos and its companies firmly believe, and which has enabled us to successfully navigate economic, political, and social challenges over nearly 90 years of history: business success is exponentially greater when it benefits all stakeholders, in alignment with the needs we share as a society and with environmental stewardship as a necessary condition for operating. These are companies that are working and investing in Colombia to create opportunities for young people and women, and whose institutional presence contributes to the comprehensive transformation of the territories in which they operate.

In this regard, we would like to share several initiatives connected to Colombia's social and environmental agenda: energy transition, climate change mitigation, and equity and inclusion.

On the energy transition front, Celsia is leading the shift toward non-conventional renewable energy in the country. Nearly 80% of the company's generation matrix is renewable, and it continues to strengthen this position through the creation of platforms to expand installed capacity, especially in solar and wind generation. Along this path, during the first quarter of the year we supported the creation of the first energy community in Valle del Cauca. The pilot project to be implemented in this region consists of a solar farm that will supply electricity to the residents of this community.

With regard to climate change, and consistent with Grupo Argos' announced efforts to address this challenge through CO2 capture initiatives, co-processing, energy efficiency, carbon credits, reforestation, and sustainable financing, among others, we are advancing four agreements in partnership with the National University of Colombia aimed at finding solutions that will allow us to reduce emissions intensity by at least 46% by 2030. To date, Grupo Empresarial Argos has reduced CO2 equivalent emissions intensity by 36% relative to the 2018 baseline.

Finally, in the area of equity and inclusion, the organization initiated a process to strengthen the procurement of goods and services through a gender-lens sourcing approach under the Sourcing2Equal initiative, a program led by IFC whose objective is to connect women entrepreneurs with new markets through corporate procurement opportunities. This project allows Grupo Empresarial Argos to extend its diversity and inclusion policy and broaden its impact, in line with internal efforts that have already positioned the organization as a global benchmark in gender equity.

Closing and Guidance

Turning now to our guidance, for the remainder of the year we are maintaining the figures communicated at the beginning of the year: we expect to close the year with consolidated revenues above COP 22 trillion and EBITDA above COP 5.2 trillion.

I now hand the floor back to Juan Esteban to continue with the Q&A session.

JUAN ESTEBAN MEJÍA (Q&A)

I would like to remind everyone that you may submit your questions through the Q&A section enabled on the Zoom platform.