QUARTERLY EARNINGS CALL

2Q2023 GRUPO ARGOS

August 2023

JUAN ESTEBAN MEJIA (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 second quarter of 2023.

Joining us today are Jorge Mario Velasquez, 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; Maria Clara Aristizabal, Manager of the Urban Development Business; Pablo Arroyave, Vice President of Corporate Finance at Odinsa; and Andres 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 on Twitter.

Please move to slide 3 of the presentation to begin the meeting. I now hand the floor over to Jorge Mario Velasquez, 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

Today, we are pleased to report to the market excellent results, very much in line with the trend we had been seeing since last year and during the first quarter of 2023.

Before elaborating on these results, however, we would like to mention the progress being made in the transaction to transfer our investment in Grupo Nutresa's food business in exchange for shares in Grupo Sura and Grupo Argos, which was announced to the market on June 16.

Grupo Argos has been making progress in bringing this transaction to completion. So far, the company has obtained the corresponding corporate authorizations, including conflict-of-interest approvals from its Shareholders' Meeting and approval from its Board of Directors.

The transaction involves several steps, and a number of them require government authorizations in Colombia and other countries in the region. At Grupo Argos, we are committed to advancing this transaction as swiftly as possible.

Also in connection with this transaction, S&P Global indicated that its execution has no impact on Grupo Argos' financial metrics and maintained the highest credit ratings. As of the close of the second quarter, Grupo Argos had a cash position of approximately COP 684 billion, which will allow it to meet all obligations associated with the transaction while still retaining a significant liquidity position. Accordingly, Grupo Argos' AAA rating - the highest assigned by the agency - was reaffirmed, underscoring the organization's structural strength in the context of the transaction currently underway.

Turning to the company's consolidated financial results for the second quarter, Grupo Argos sustained a positive trend, posting double-digit growth in its main consolidated figures: revenues closed at COP 12.1 trillion, up 15%; EBITDA closed at COP 3.1 trillion, up 19%; net income closed at more than COP 1.0 trillion, up 42%; and controlling interest net income closed at COP 718 billion, up 84%. All of this was achieved despite a considerable increase in financial expenses compared to the first half of 2022.

Grupo Argos Separate Financial Statements Slide

In the separate financial statements, as in the consolidated figures, highly positive results were recorded. Driven by the strong performance of all our investments - as well as the income received from the sale of Grupo Argos' stake in OPAIN following the closing of the airport vertical transaction with Macquarie - year-to-date revenues closed at COP 984 billion, EBITDA closed at COP 763 billion, and net income reached COP 704 billion, with all figures more than doubling those reported in the same period of the previous year.

Net income generated in the separate statements in just the first half of the year is equivalent to more than COP 800 per share and demonstrates Grupo Argos' value creation capacity for our shareholders.

I now invite you to move to slide 6, where we will review the results of each of our businesses in detail.

Cementos Argos

Cementos Argos - Qualitative Slide

As announced to the market at the beginning of this year, during the first half Cementos Argos successfully advanced a series of initiatives to transfer value to its shareholders. Among these, we highlight the approval at a shareholders' meeting held on June 22 of an extraordinary dividend that will allow total dividends paid by Cementos Argos to shareholders this year to reach COP 445 billion, 15% more than in 2022.

On the other hand, with the aim of diversifying the company's sources of income in a region with significant growth potential such as Central America and the Caribbean, during the quarter Cementos Argos reached an agreement to evaluate possible structures that would allow it to supply aggregates throughout the Caribbean basin, including the United States, from a source in Costa Rica.

Additionally, the company launched a project to expand its cement capacity in the Dominican Republic by 25 percent, which is expected to be completed within one year.

It is also important to highlight that, in a context of high interest rates, the company's net debt-to-EBITDA ratio has remained below 3.0x, which demonstrates its financial strength. In addition, approximately 31% of the company's current debt is linked to ESG indicators, reaffirming its commitment to profitable growth while keeping the well-being of all stakeholders in mind.

Cementos Argos - Results Slide

Turning to quarterly results, thanks to strong operating dynamics the company continued to post double-digit growth across all lines: revenues reached COP 3.3 trillion, up 17% year over year, while EBITDA closed at COP 662 billion, up 30% versus the previous year.

In operational terms, cement volumes for the quarter reached 4.0 million tons, while the concrete business posted volumes of 1.8 million cubic meters. These figures were lower than those reported last year, but came amid a commercial strategy focused on the segments that offer the highest profitability for the company, keeping margin expansion as an organizational priority.

Results were particularly favorable in the United States region, which currently accounts for more than half of the company's revenues and EBITDA. Year to date, revenues in this geography grew 14% and EBITDA grew 42%, supported by continued positive dynamics in the commercial and infrastructure segments in that country, together with favorable pricing conditions in the sector.

Likewise, the performance of exports in the Colombia region stands out, as exported cement volumes continued to grow, up 14% versus the first half of 2022. It is worth recalling that, with its plants in Colombia's Caribbean region - such as Planta Cartagena and Planta Tolu Viejo, both with bulk ports - our cement business has strong capacity to export and connect with the fastest-growing geographies in the Americas.

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

Celsia

Celsia - Qualitative Slide

In the face of an imminent El Nino weather event, Celsia is prepared across all its businesses to manage the situation. It has a balanced portfolio that will allow it to mitigate the impacts of this weather phenomenon, as well as generation plants that are in optimal technical condition to respond to these climatic conditions. Celsia has guaranteed fuel supply contracts for the operation of its thermal plants. In addition to the above, the company's current contracting policy will allow it to absorb the potential consequences that may arise in the market.

On the other hand, during the third quarter of the year the closing of the transaction for the sale of some of Celsia's assets in Central America is expected to take place, which will allow the company to strengthen its liquidity position and reduce its net debt by close to COP 1.6 trillion. With the sale of these assets, Celsia will have resources and financial flexibility to continue deploying its strategy focused on renewable energy - especially solar and wind - across its various geographies, and it will seek opportunities to strengthen its asset management portfolio in transmission and distribution, as well as energy efficiency, in other countries in the region.

Celsia - Results Slide

Turning to operating results on slide 9, consolidated revenues reached COP 1.6 trillion during the second quarter, up 31% year over year, and EBITDA closed at close to COP 481 billion, up 7%. Including EBITDA generated by our platforms - which, with the expansion of Caoba, C2Energia and Laurel, and the entry into operation of Tesorito, will become increasingly relevant - platform EBITDA year to date closed at COP 1.2 trillion, up 17% versus the first half of 2022. Tesorito stands out in particular, as its thermal generation will be key to providing reliability to the system during this period, and year to date it has reported revenues of COP 210 billion and EBITDA of COP 58 billion.

Energy generated during the period closed at 1,318 MWh, a decrease versus previous quarters that is mainly explained by lower hydro generation as part of preparations for a possible El Nino event.

Odinsa

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

During the past quarter, Odinsa and Macquarie Asset Management announced the start of operations of their new platform, which will manage airport assets worth COP 1.3 trillion. This new alliance between Odinsa and Macquarie Asset Management confirms this global investor's confidence in the organization's management capabilities and in Colombia as an investment destination. Odinsa will manage the platform, which includes the concessions of El Dorado Airport in Colombia and Mariscal Sucre Airport in Ecuador, considered two of the best airports in South America according to Skytrax. The platform will be able to develop new projects and opportunities throughout the Americas and will continue to promote private initiatives such as the new Cartagena Airport, El Dorado Max and Campo de Vuelo El Dorado.

Although this transaction prepares Odinsa for strong long-term growth, it is worth recalling that, with the creation of verticals alongside Macquarie, the company ceases to consolidate most of its assets, which significantly reduces its income statement contribution. To facilitate understanding and valuation of Odinsa and its platforms, we invite you to review the new investor kit for this business on our website.

It is also worth highlighting that our Conexión Centro private initiative, which improves connectivity in the Coffee Region by completing the dual-carriageway road system, submitted technical studies, the financial model and other documents to ANI, allowing the project to continue advancing through its feasibility phase.

Odinsa - Results Slide

Turning now to the company's operating results, average daily traffic on the road platform declined slightly this quarter due to lower traffic on Autopistas del Cafe as a result of the Puente El Alambrado situation.

Airport traffic, meanwhile, continues to improve: passengers mobilized by the airport platform reached 10.8 million in the past quarter, up 6% year over year. We highlight the strong traffic performance at Quiport, which allowed the airport to recover pre-pandemic traffic levels and translated into year-over-year growth of more than 25%.

Pactia - Results Slide

In the real estate rental business, effective gross income amounted to COP 111 billion, up 31% year over year, and EBITDA for the quarter reached COP 59 billion, up 94% year over year. After adjusting for divestments, effective gross income and EBITDA grew 12% and 31%, respectively. On a same-asset basis for the first half, net operating income and EBITDA grew 20% and 24%, respectively, versus 2022.

A total of 43,000 square meters of leases were renewed and 22,000 square meters of new leases were signed during the second quarter of 2023. At the end of the period, the fund closed with a 96% occupancy rate in its non-hotel portfolio, a decrease of 49 basis points versus the same period in 2022 and 85 basis points versus the previous quarter.

The sector with the highest revenue growth versus the second quarter of 2022 was hotels, ending the period with an average occupancy of 58% and an average daily rate of COP 283 thousand. Resulting RevPAR reached COP 165 thousand, a 6% year-over-year increase.

In retail, specifically the Gran Plaza shopping centers, we highlight strong sales performance that exceeded expectations and generated a 34% increase in variable rent versus the same period of the previous year.

Urban Development Business Slide

Year to June, the Urban Development Business posted cash flow revenues of COP 111 billion and EBITDA of COP 49 billion, 14% higher than in the same period of the previous year.

Most deed registrations will take place in the last months of the year, and therefore EBITDA in the income statement remains stable versus the previous quarter. Quarterly cash flow revenues were COP 50 billion, 12% lower than the previous year, but 20% higher on a year-to-date basis.

During this quarter, we saw a decline in housing sales in the country due to changes in the subsidy allocation process, delays in the delivery of those subsidies, and higher labor and construction material costs. We continue to seek opportunities and optimize our urban development plans while protecting and honoring all commitments made to our clients.

Despite market conditions, we continue to see strong appetite for the products we offer. A recent bidding process generated proposals from our clients that will allow us to exceed our plans for this year.

Consolidated Results

Grupo Argos Consolidated Slide

Let us now move to slide 17.

Revenues reached COP 6.4 trillion during the quarter, representing an 8% increase versus the same period of 2022. Higher sales translated into EBITDA growth, with EBITDA closing the period at COP 1.5 trillion, up 12% year over year. Controlling interest net income for the period closed at COP 313 billion, 36% higher than in the same period of the previous year.

Grupo Argos Revenue and EBITDA by Business Slide

On slide 18, we can see the change in the contribution of each of our businesses to consolidated revenues and EBITDA. These charts show the greater contribution from the Cement and Energy businesses thanks to their strong operating performance, as well as a significantly greater contribution from the Concessions business due to non-recurring income related to the closing of the Airport Vertical transaction.

Debt Slide

Let us now move to slide 20 to review the evolution of consolidated leverage.

Grupo Argos' consolidated net debt closed at COP 12.1 trillion, 3% higher than in the same period of the previous year. Even though debt did not increase materially, net financial expenses rose 58% versus the second quarter of 2022 due to the increase in interest rates.

Separate Results

Grupo Argos Separate Financial Statements Slide

Let us continue on slide 21.

In the separate financial statements, as in the consolidated figures, positive results were recorded. Quarterly revenues closed at COP 555 billion, EBITDA closed at COP 409 billion, and net income reached COP 357 billion, all more than tripling the results reported in the same quarter of the previous year.

Grupo Argos Separate Debt Slide

Thanks to the cash position with which we closed the quarter, Grupo Argos' separate net debt, detailed on slide 24, closed the quarter at COP 950 billion, down 8% versus the same quarter of the previous year.

Grupo Argos' cost of debt continues to decline, standing at 10.5% at the close of the period, 150 basis points below year-end 2022. Given the inflation trend, we expect this to continue, which would provide significant relief for the organization's financial expenses, which have increased substantially over the past year.

Additionally, during the quarter the company continued executing its share repurchase program, a measure through which we seek to reaffirm confidence in the business plan and strategy being implemented by Grupo Argos and its companies. Since the repurchase program began, the company has reacquired more than 1.2 million ordinary shares and more than 245 thousand preferred shares.

Sustainability

In addition to the excellent financial results, Grupo Argos has continued to reach major milestones this year in its mission to always think in terms of sustainable development together with all of its stakeholders.

Between 2018 and 2022, Grupo Empresarial Argos invested more than COP 200 billion in Works for Taxes projects that have benefited more than 240,000 people.

On the other hand, the Cauca River Forest Research and Conservation Center - CIRCA - opened its doors on July 21 with the purpose of offering and developing alternatives for the propagation of plant material, education and research on tropical forests and other ecosystems associated with the middle Cauca River basin. This research center involved an investment of more than COP 2.1 billion and has the capacity to produce 500,000 seedlings per year of native tropical forest species in southwestern Antioquia, a region where only 22% of the original vegetation cover remains. The construction of CIRCA was made possible through the coordinated efforts of Fundacion Grupo Argos, Odinsa (through its La Pintada concession), Comfama, and Fundacion Julio C. Hernandez, and is intended to positively impact watersheds in an area influenced by the organization.

Closing and Guidance

To conclude this presentation, I would like to highlight five key points from the quarter:

1. Operating dynamics across all our businesses remain very positive and their contributions to consolidated results continue to grow at double-digit rates.

2. At quarter-end, Grupo Argos had a very healthy cash position, providing the organization with flexibility to execute its strategic plan.

3. The closing of the airport vertical transaction is a concrete execution of that strategic plan and will also support future growth.

4. During the period, the framework agreement was signed for the exchange of shares in Grupo Nutresa's food business, and S&P Global indicated that it has no impact on Grupo Argos' financial metrics while maintaining the highest credit ratings.

5. The company remains focused on reducing its level of indebtedness. Over the coming months, net debt will decline by close to COP 1.6 trillion upon the closing of Celsia's divestment in Central America.

Finally, regarding 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 MEJIA (Q&A;)

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