

QUARTERLY EARNINGS CALL

3Q2023 GRUPO ARGOS

November 2023

JUAN ESTEBAN MEJÍA (Opening Remarks)

Good morning, everyone. Thank you for joining us today. This conference call will be devoted to presenting Grupo Argos' financial results as of the close of the third 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 Legal 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; Felipe Aristizábal, Chief Financial Officer of Cementos Argos; and Andrés Bejarano, President of Pactia.

I would like to remind you that all of the quarter's 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 through X, formerly known as Twitter.

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

Introduction

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

Pegasus Slides

During the third quarter of the year, in addition to reporting solid results, Grupo Argos announced a transformational milestone in its history of growth and value creation: Cementos Argos agreed to combine its operations in the United States with Summit Materials.

In 2005, Grupo Argos' cement business entered the U.S. market with a long-term strategic vision: to establish itself as a relevant player in the construction materials industry in the world's largest economy. As a result of the agreement made public last September, the combination of Argos USA and Summit Materials will create a company that will become one of the largest U.S.-based construction materials companies listed on the New York Stock Exchange, in which Cementos Argos will hold a 31.0% stake. This is a strategic move that opens the door to new opportunities in the United States and values our operations there at around USD 3.2 billion.

Cementos Argos will contribute its operations at an EV/EBITDA multiple (expected 2023) of 10x, or 12x EV/EBITDA when considering EBITDA generated over the last twelve months, monetizing its investment through a liquid entity listed on the New York Stock Exchange and creating value for all its shareholders, including Grupo Argos. In addition, the transaction represents the inflow of USD 1.2 billion in cash, of which USD 700 million will be used to pay down debt at the U.S. operation and USD 500 million will go in cash to Cementos Argos, reducing net debt in Colombia and providing greater flexibility to move forward with strategic projects.

The combined entity will have 5.5 billion short tons of aggregates, equivalent to more than 90 years of reserves, giving the company immediate exposure to the aggregates segment, for which the market usually recognizes higher valuation multiples than for predominantly cement-focused companies. Additionally, this new company will have 11.8 million tons of installed cement capacity, 224 ready-mix plants, and 32 asphalt plants, and it will become one of the most important companies in the sector, with an estimated valuation of approximately USD 8.9 billion, based on Summit Materials' share price at closing and the value at which the Argos USA assets are being contributed.

Introduction (continued)

On a combined basis, these two companies would generate pro forma EBITDA of close to USD 1.0 billion, including estimated synergies of more than USD 100 million in incremental EBITDA. In addition, Cementos Argos' operations in Colombia, Central America, and the Caribbean will be strengthened by a series of ancillary agreements between the two entities and by greater flexibility in its capital structure as a result of the cash received.

From the market's perspective, at the time the transaction was announced, Cementos Argos had a market capitalization of close to USD 1.0 billion, which implies that this investment alone is worth more than twice that amount, without taking into account the valuation of the assets in Colombia, Central America, and the Caribbean, whose EBITDA contribution represents nearly half of Cementos Argos' consolidated results. Since the announcement was made, Cementos Argos ordinary shares have appreciated by more than 60%. However, we believe that the company's current share price on the Colombian Stock Exchange still does not fully reflect its intrinsic potential.

The combination of Argos USA and Summit Materials adds to recent milestones in our strategy, including the creation of the roads and airports platforms with Macquarie Asset Management, the world's largest infrastructure asset manager, as well as the progress of our generation, transmission, and electricity distribution vehicles. These represent the tangible execution of our vision as infrastructure asset managers and the recognition and trust of global players in our managerial and operational capabilities.

Grupo Argos Consolidated Slide

Before moving on to the company's consolidated results, I would like to mention the progress being made in the transaction to exchange our investment in Grupo Nutresa's food business for shares in Grupo Sura and Grupo Argos, which was announced to the market on June 16 of this year.

Grupo Argos continues to advance the execution of this agreement, including through the processing of the governmental approvals required in Colombia and other countries in the region. We remain committed to moving this transaction forward as quickly as possible.

In this regard, we continue to make progress in signing the amendment that will formalize the changes to the Framework Agreement for the share exchange involving Grupo Nutresa, which we communicated to the market on September 15 through the material information mechanism and which are aimed at expediting and facilitating the completion of the transaction.

These amendments refer to:

- carrying out direct exchanges of Grupo Nutresa (food) shares for shares of Grupo Sura and Sociedad Portafolio, the entity that will benefit from the spin-off and will continue to hold the portfolio of Grupo Sura and Grupo Argos shares currently owned by Grupo Nutresa, instead of using an autonomous trust for the exchange and distribution of the shares;
- allowing Grupo Argos and Grupo Sura, if they do not acquire in the tender offer for Grupo Nutresa (food) all the shares required to complete 87% ownership, to make a payment of USD 12 per missing share, which is the same value at which the tender offer will be made to the other shareholders of that company;
- carrying out the share exchange in two stages: once the spin-off is completed, a first exchange of Grupo Nutresa (food) shares owned by Grupo Argos will take place in exchange for shares of Grupo Sura and Sociedad Portafolio; and once the tender offer is completed, the Grupo Nutresa (food) shares acquired through the tender offer will be exchanged and, if applicable, the corresponding cash payment will be made in order to receive the remaining shares of Grupo Sura and Sociedad Portafolio held by the new shareholders, who would thereby cease to be shareholders of those two companies, under the terms of the Framework Agreement;
- agreeing that the tender offer for Grupo Nutresa (food) shares will be carried out jointly and not jointly and severally by Grupo Argos, Grupo Sura, and an entity designated by IHC, in such a way that Grupo Argos and Grupo Sura would offer to acquire, pro rata to their stakes in Grupo Nutresa, 10.1% of the shares with

consideration in cash or in a combination of Grupo Sura and Sociedad Portafolio shares, and the entity designated by IHC would offer to acquire in cash the shares exceeding that percentage, equivalent to 13%.

Business Results

On September 18, an extraordinary shareholders' meeting of Grupo Nutresa was held in which the proposed symmetrical spin-off of that company was approved. The spin-off of Grupo Nutresa into two companies, Grupo Nutresa (food) and Sociedad Portafolio, will be completed once all the corresponding governmental and regulatory approvals have been obtained.

Likewise, we expect the first exchange contemplated in this amendment to the Framework Agreement to take place before the end of 2023.

With respect to the shares that Grupo Argos will hold in Grupo Sura as a result of this transaction and its historical investment in that company, Grupo Argos is working alongside Bain & Company, a top-tier strategic consultant, to define the roadmap that will allow it to generate the greatest possible value for all shareholders while preserving the positive externalities these companies create for their stakeholders.

Turning to consolidated financial results through the third quarter, Grupo Argos maintained a positive trend, particularly in its cement, real estate, and energy businesses, resulting in solid growth in its main consolidated figures: revenues closed at COP 17.0 trillion, up 9%; EBITDA closed at COP 4.4 trillion, up 13%; net income closed at more than COP 1.4 trillion, up 33%; and controlling interest net income closed at COP 908 billion, up 56%. All of this took place despite a significant increase in financial expenses versus the previous year.

Grupo Argos Separate Financial Statements Slide

In the separate financial statements, as in the consolidated figures, favorable results were recorded. As a result of the strong performance of all our investments, together with the income received from the sale of Grupo Argos' stake in OPAIN following the closing of the airports vertical with Macquarie, year-to-date revenues reached COP 1.3 trillion, EBITDA closed at COP 930 billion, and net income at COP 822 billion, figures that more than double those recorded in the same period of the previous year.

This net income generated at the separate level in the first nine months of the year is equivalent to more than COP 900 per share and demonstrates Grupo Argos' ability to create value for our shareholders.

I now invite you to move to slide 11, where we will review the results of all our businesses in detail.

Cementos Argos

Cementos Argos - Qualitative Slide

With respect to the current status of Cementos Argos' agreement with Summit Materials, the waiting period under the Hart-Scott-Rodino Act expired on October 23, which means there were no competition-related requirements. On the other hand, authorization from the Securities and Exchange Commission, SEC, is expected in the coming weeks, with the intention of submitting the transaction to a vote at Summit's General Shareholders' Meeting and closing it as soon as possible.

Beyond this transaction, which represents a historic milestone for the company, Cementos Argos' results year-to-date remain highly positive. During the third quarter, Grupo Argos' cement business continued to deliver results with a focus on profitability and margin recovery. Results were driven by strong pricing dynamics across all regions, combined with cost efficiencies, making possible an expansion of nearly 500 basis points in EBITDA margin versus the previous year, closing at 24%.

Given the results achieved in the first nine months of 2023, totaling COP 2.0 trillion in EBITDA, by the third quarter Cementos Argos had already reached 85% of its guidance and therefore decided to raise its EBITDA guidance to a range between COP 2.45 trillion and COP 2.55 trillion.

Cementos Argos - Results Slide

Turning to quarterly results, revenues in the cement business reached COP 3.1 trillion, remaining stable compared to the same quarter of the previous year, while EBITDA closed at COP 722 billion, up 23% year over year, evidencing the value-focused approach that has guided Cementos Argos.

In operational terms for the quarter, cement volumes reached 4.0 million tons, while the concrete business posted volumes of 1.7 million cubic meters, lower than those reported the previous year, but within a commercial strategy focused on the highest-margin segments, keeping margin expansion as a priority.

Results are 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 grew 11% and EBITDA 42%, supported by sustained positive dynamics in the commercial and infrastructure segments in that country, as well as favorable pricing trends in the sector.

Likewise, the performance of exports from the Colombia region stands out, as exported cement tons continued to grow, up 10% versus the third quarter of 2022. It is worth recalling that, with its plants in the Colombian Caribbean, such as the Cartagena Plant and Tolú Viejo Plant, both with access to bulk terminals, our cement business has significant export capacity and strong connectivity to the fastest-growing geographies in the Americas.

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

Celsia

Celsia - Qualitative Slide

We begin the section on our energy business by discussing Celsia's August announcement regarding its entry into a new geography on the continent. The company will expand into Peru through the acquisition from Grupo Ibereólica Renovables of the Caravelí Wind Project, with a capacity of 218 MW. The project is in the pre-construction stage and is located in the District of Lomas, province of Caravelí in Arequipa, where other wind generation plants already operate.

The diversification of our international footprint is news that excites us. Peru is a country with very attractive opportunities in the sector, with many advantages for the development of renewable projects and additional growth opportunities to further deploy Celsia's business portfolio.

The total value of the project is estimated at USD 240 million and it will feature state-of-the-art wind generation technology. The execution of this new expansion into Peru will take place within our strategy of consolidating ourselves as an alternative asset manager, using both our own resources and third-party capital to fund the investments required by this project.

Commercial operation is expected in the second half of 2025. To accelerate the schedule in the neighboring country, equipment and supplier agreements that had previously been contracted for projects delayed in La Guajira will be used while licensing and consultation processes continue in that region.

With respect to progress in closing the transaction announced at the end of the second quarter for the sale of certain assets in Central America, last week Celsia received EnfraGen's financing note, which accelerates the closing process of the transaction, expected to take place during November. The company will receive USD 194 million for the equity interest in the assets sold and will see a reduction in debt of USD 198 million.

It is also necessary to refer to the effects of the El Niño phenomenon, which are being felt more strongly in the regions where we operate. During the quarter, water inflows to the National Interconnected System were below the historical average, closing the quarter at 57%. Our hydro generation has declined in response to climate conditions. At the same time, our thermal plants have played a particularly important role by providing reliability, efficiency, and meeting their obligations as required. This demonstrates the importance of having a balanced portfolio like ours and a responsible contracting and maintenance policy that has prepared us for this situation.

Celsia - Results Slide

Turning to operating results on slide 14, consolidated revenues reached COP 1.5 trillion during the third quarter, up 14% year over year, and EBITDA closed at COP 414 billion, stable versus the same period of the previous year. If we add the EBITDA generated by our platforms, which will become increasingly relevant with the expansion of Caoba, C2 Energía, Laurel, and the commissioning of Tesorito, year-to-date EBITDA including platforms closed at COP 1.8 trillion, up 15% versus the first nine months of 2022.

Caoba, the platform that invests in transmission assets in Colombia, posted growth of 28% in revenues and 27% in EBITDA through September. C2 Energía, for its part, recorded revenues year-to-date totaling COP 88 billion, with EBITDA of COP 76 billion. Laurel, the solar platform with smaller-scale projects, currently has 84 photovoltaic systems and has accumulated COP 9.8 billion in revenues.

The Tesorito thermal plant played a particularly important role this quarter, supporting the renewable generation portfolio with natural gas-based power generation. Due to the El Niño phenomenon, cumulative generation reached 427 GWh, delivering EBITDA of COP 112 billion in the first nine months of the year.

Energy generated during the period closed at 1,254 MWh, a decrease compared to previous quarters, explained mainly by lower hydro generation as part of management efforts to prepare for the El Niño phenomenon.

Odinsa

Let us now move to the road and airport concessions business on slide 15.

We would like to highlight that, in addition to our strong operating results, this quarter was marked by a special achievement: on October 12, we reopened El Alabrado Bridge. The construction of this infrastructure, which is part of our Autopistas del Café concession, was completed in four months, which will normalize operations along this road corridor.

The concession has been carrying out various initiatives and strategies with the clear conviction of supporting neighboring communities, through actions such as donating construction materials for school infrastructure, food assistance, and delivery of potable water filters, among others. In this way, our concession continues to fulfill its commitment to creating value in the region through forward-looking projects that support well-being, mobility, the economy, and the environment.

We also highlight that on October 2, Odinsa repaid the bonds issued in 2020 for COP 280 billion, resulting in a significant reduction in debt and strengthening the company's capital structure.

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 Café resulting from the El Alambrado Bridge situation, which will normalize with the reopening of the new infrastructure.

Airport traffic, meanwhile, continues to improve: passengers mobilized by the airports platform reached 12 million during the quarter, up 10% year over year. We highlight the strong traffic dynamics at Quiport, which resulted in growth of more than 22% year over year.

Pactia - Results Slide

In the real estate rental business, effective gross income reached COP 113 billion, up 10% year over year, and EBITDA for the quarter reached COP 60 billion, up 14% year over year. After adjusting for divestments, effective gross income and EBITDA grew 11% and 16%, respectively. On a same-asset basis year-to-date, net operating income and EBITDA grew 19% and 22% compared to 2022.

A total of 31 thousand square meters of leases were renewed and 21 thousand square meters of new leases were signed during the third quarter of 2023. At the end of the period, the fund closed with occupancy of 97% in its non-hotel portfolio, down 65 basis points versus the same period in 2022 and up 90 basis points compared to the previous quarter.

The hotel segment showed the highest revenue growth compared to the third quarter of 2022, closing with average occupancy of 60.3% and an average rate of COP 282 thousand. Resulting RevPAR, or Revenue per Available Room, was COP 170 thousand, an increase of 16% year over year. However, 2023 has reflected a complex occupancy environment for the sector due to factors including the VAT impact, higher airfare costs, and market conditions following the shutdown of low-cost airlines.

In retail, specifically the Gran Plaza shopping centers, we highlight strong sales performance that exceeded expectations and generated an 18% increase in variable rent versus the same period of the previous year.

Urban Development Business Slide

Please move now to slide 20.

During the quarter, our Urban Development Business posted favorable growth, with cumulative cash flow increasing 29% versus the same period of the previous year. We highlight the signing of two sale commitments, one in Barú and one in Barranquilla.

During the period, revenues of COP 80 billion were recorded, 170% more than the previous year, as well as EBITDA of COP 21 billion. On a year-to-date basis, revenues totaled COP 211 billion, up 45% year over year, and EBITDA totaled COP 70 billion, up 81% versus the previous year.

Despite market conditions, in which a decline in housing sales continues to be observed in the country, we continue to see strong demand for the products we offer, while we keep working to identify new business opportunities so that the Urban Development Business continues generating more resources every day for Grupo Argos shareholders.

Consolidated Results

Grupo Argos Consolidated Slide

Let us now move to slide 22.

Revenues reached COP 4.8 trillion during the quarter, representing a 5% decrease versus the same period of 2022. EBITDA closed the period at COP 1.3 trillion, stable year over year. Likewise, controlling interest net income for the period closed at COP 190 billion, relatively stable versus the previous year.

Grupo Argos Revenues and EBITDA by Business Slide

On slide 23, we can see the change in each of our businesses' contribution to consolidated revenues and EBITDA. These charts show the greater contribution of the real estate and energy businesses to revenues thanks to their strong operating performance, as well as a significantly greater contribution from our cement business to EBITDA due to its excellent year-to-date results. On the other hand, we can see the lower contribution of the concessions business to revenues, where this quarter reflects the deconsolidation of airport assets in the financial statements following the closing of the airports vertical.

Debt Slide

Let us now move to slide 25 to analyze the evolution of consolidated leverage.

Grupo Argos' consolidated net debt closed at COP 12.0 trillion, 4% lower than in the same period of the previous year. Despite declining net debt, net financial expenses increased 23% year over year due to higher interest rates.

Separate Results

Grupo Argos Separate Slide

Let us continue on slide 26.

In the separate financial statements, as in the consolidated figures, positive results were recorded. Quarterly revenues closed at COP 270 billion, EBITDA closed at COP 167 billion, and net income at COP 118 billion, all of them growing more than 40% compared to 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 29, closed at COP 710 billion, a decrease of 36% versus the same quarter of the previous year. The company's cash position at the end of September was more than COP 900 billion, which gives the company significant flexibility for the operations it may need to carry out as part of the transaction in which it will exchange Grupo Nutresa shares for Grupo Sura and Sociedad Portafolio.

Grupo Argos' cost of debt continues to decline, standing at 9.9% at the end of the period, 210 basis points lower than at year-end 2022. Given the inflation trend, we expect this to continue, which would represent significant relief for the organization's financial expenses, which have increased substantially over the last year.

In addition, during the quarter the company continued executing its share repurchase program, a measure intended to reaffirm confidence in the business plan and strategy being implemented by Grupo Argos and its companies. To date, the company has repurchased close to 4 million ordinary shares and more than 750 thousand preferred shares.

Comprehensive Value Creation - Sustainability

Please move now to slide 30.

The expansion and growth of Grupo Argos would not have been possible without the development history of Barranquilla, a city with which we are deeply connected through many of our business lines. For this reason, we are proud to be part of the city's transformation, and today we want to highlight two recognitions received by our company within the activities carried out there by our Urban Development Business.

On the one hand, the Magical Realism Park received recognition in the Urban Works category of the Excellence in Sustainable Architecture Award - Vidrio Andino. Magical Realism Park was designed and built in October 2022 by Grupo Argos' Urban Development Business, the District Mayor's Office of Barranquilla, the District Infrastructure Agency, Siembra Más, and Public Lighting. It offers 10 thousand square meters of public space with a cultural purpose. Since its inauguration, more than 7,000 people have benefited from a program of 145 entrepreneurship, culture, and physical and mental health activities, representing a true milestone in public space appropriation.

On the other hand, I am proud to share that last month the Urban Development Business received the 2023 National Social Responsibility Award from Camacol Nacional for its Reciclemos Juntos Barú project, an initiative through which we have benefited more than 18,000 residents and visitors and in which more than 150 recyclers participate, having recovered more than 100 tons of waste over the last 16 months.

This program has contributed to the formalization of recyclers, most of whom come from communities living in extreme poverty, enabling them to become entrepreneurs or public-services business owners, partners in a sorting and recovery station, to earn income, enjoy better working conditions, and gain access to training and capacity building.

This recognition reaffirms that building sustainable cities is only possible when the interests and commitment of communities, the public sector, and companies are aligned throughout the process.

Closing and Guidance

Finally, I would like to share our guidance for the remainder of 2023, in which we maintain the figures communicated at the beginning of the year: we expect to close 2023 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.