

QUARTERLY EARNINGS CALL

4Q2023 GRUPO ARGOS

March 2024

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 fourth 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; 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 follow 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 an X 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.

Separate Financial Results Summary Slide

2023 was a year of outstanding financial results for Grupo Argos.

Driven by the performance of all our investments, in the separate financial statements full-year revenues closed at COP 1.4 trillion, up 83%; EBITDA closed at COP 945 billion, 99% above the previous year; and net income reached COP 789 billion, more than doubling the 2022 closing figure.

Management will propose a dividend of COP 636 per share to the Company's Shareholders' Meeting, consolidating a 13% annual growth rate over the last five years.

Consolidated Financial Results Summary Slide

Grupo Argos closed 2023 with consolidated revenues of COP 22.6 trillion and EBITDA of COP 5.5 trillion, up 6% and 5%, respectively, compared to the previous year, even considering that, as a result of the creation of the road and airport verticals, Odinsa's main assets no longer consolidate line by line in the financial statements, especially Opain. Net income closed at COP 1.5 trillion, up 1%, and controlling interest net income at COP 916 billion, up 4%.

Timeline

2023 was a year of several strategic milestones for Grupo Argos and its subsidiaries. Below is a brief recap.

In February, Grupo Argos announced the launch of its share repurchase program, which it executed throughout the year. Taken together, the programs approved by the shareholders' meetings of Cementos Argos, Celsia, and Grupo Argos represent an aggregate amount of up to COP 1 trillion, of which close to COP 200 billion has been executed to date.

In May, Celsia announced the reorganization of its presence in Central America through the divestment of certain assets in that region. This transaction improved financial flexibility, strengthened its liquidity position, and reduced net debt, reaching a net leverage ratio of 2.3x EBITDA.

Then, on June 16, the signing of the Framework Agreement was announced, setting out the terms for exchanging Grupo Argos' stake in Grupo Nutresa's food business for Grupo Sura shares and for an indirect interest in Grupo Argos and Grupo Sura shares.

This transaction, through which Grupo Argos exchanges its 9.9% stake in Grupo Nutresa for shares in Sociedad Portafolio and Grupo Sura, involves the divestment of a mature company under exchange terms that are reasonable for all parties and fully aligned with the Company's strategic vision. The transaction allows Grupo Argos to receive fair value for its stake in Grupo Nutresa without being subject to proration, while all Nutresa shareholders have the flexibility to choose the option that best fits their preferences.

On June 29, Odinsa and Macquarie Asset Management launched a new airport infrastructure investment platform that includes assets worth more than COP 1.3 trillion, a milestone that tangibly materializes their strategy as an infrastructure asset manager and the recognition generated among global players by its management capabilities.

On August 18, Celsia announced its entry into Peru through the acquisition of the Caravelí wind generation project, located in Arequipa, with 218 MW of installed capacity. Our energy business will continue seeking to capitalize on the attractive natural resources Peru offers for renewable energy initiatives.

On September 7, Cementos Argos announced the agreement to combine the assets of Argos USA and Summit Materials, a transformational milestone that strengthens Cementos Argos' position as a relevant player in the industry in the world's largest economy. In January of this year, the transaction was successfully completed, creating a leading nationwide construction materials platform in the United States with a total enterprise value of approximately USD 9 billion.

In addition, by year-end 2023 Grupo Argos had repurchased more than seven million shares. These efforts, together with the transactions announced during the year and the financial results, were reflected in stronger investor appetite and in a 50% and 69% appreciation in the ordinary and preferred shares, respectively, since the beginning of the repurchase program.

On February 6, Grupo Argos and the other parties to the Framework Agreement successfully completed the first share exchange. The Company swapped all of the Grupo Nutresa shares it held for 36,070,836 ordinary shares of Grupo Sura owned by JGDB, Nugil, and IHC, and for 14,932,413 ordinary shares of Sociedad Portafolio owned by Nugil.

On February 16, continuing the execution of the Framework Agreement and in compliance with Decree 079 of 2024, the request for authorization of a tender offer for up to 23.1% of Grupo Nutresa's outstanding shares was filed with the Colombian Financial Superintendence. The offer will be carried out jointly and non-severally for all Grupo Nutresa shareholders. Once the tender offer is completed, the second exchange will take place, through which the parties will conclude the transactions contemplated in the Framework Agreement.

Throughout 2023, Grupo Argos' ordinary shares appreciated 31%, while its preferred shares rose 33%. Similarly, Cementos Argos' ordinary and preferred shares increased 70% and 77%, respectively, and Celsia's shares rose 6%.

This growth trend continued during the first months of 2024. From the beginning of the year through the end of February, all our share classes posted double-digit price increases: Grupo Argos ordinary shares appreciated 11% and preferred shares 15%. Over the same period, Cementos Argos ordinary shares rose 11%, preferred shares 28%, and Celsia shares increased 27%.

While we celebrate the share price performance over the last year, we reiterate that the current market price of our companies on the Colombian Stock Exchange still does not reflect their intrinsic potential. We will therefore continue working on initiatives to narrow the gap between real value and market price. Evidence of this is that Grupo Argos is currently trading at roughly half of its book value, while on average over its listed history the Company's share price has closed each year above that benchmark.

For this reason, in addition to the transactions we have just reviewed, whose objective is to unlock value for our shareholders, we remain focused on operational excellence and on prioritizing a deleveraging policy. In 2023, consolidated net debt closed at COP 10.8 trillion, equivalent to a net debt-to-EBITDA ratio of 2.0x.

Please move to slide 7 to review the operating results of our businesses.

Cementos Argos

Cementos Argos - Qualitative Slide

In 2023, revenues from our cement business reached COP 12.7 trillion, representing growth of 9%, while EBITDA totaled COP 2.6 trillion, up 22% versus 2022. As a result, controlling interest net income amounted to COP 320 billion, a 125% year-over-year expansion, while leverage measured as net debt to EBITDA closed at 2.6x, the lowest level in the last 10 years. This ratio will continue to decline during 2024 to below 2.5x as a result of the cash received from the Summit transaction.

With the closing of the combination transaction between Argos USA and Summit Materials, Cementos Argos will be strengthened to consolidate its position and enhance growth in Colombia, Central America, and the Caribbean, while also reinforcing its export capabilities to the United States and other geographies. It is worth noting that the economic effects of this transaction will be reflected in the 2024 income statements.

Cementos Argos - Results Slide

During the quarter, Cementos Argos shipped 3.8 million tons, 2% less than in the same period of the previous year. Revenues declined 7% year over year, while EBITDA grew 5%, resulting in a quarterly EBITDA margin improvement to 22%.

During 2023, the Company managed to maintain its shipment level in the United States despite lower industry demand, generated higher dispatches in most countries in Central America and the Caribbean, and increased cement exports from Cartagena, offsetting the decline caused by lower activity in Colombia's residential segment.

Operations in the United States posted margin improvement. EBITDA reached USD 365 million, up 46%. EBITDA margin expanded 540 basis points to 21.4%, marking Argos' highest figures in that country. Revenues in the Colombia region reached COP 3.0 trillion, 9% above 2022, while export volumes grew 12% year over year to 1.4 million tons.

In Central America and the Caribbean, we closed 2023 with revenues of USD 544 million and EBITDA of USD 124 million, stable versus the previous year.

As you can see, the cement business delivered remarkable results across all regions, and the combination with Summit offers a wide range of opportunities for Cementos Argos and its shareholders.

Please now move on to the results of the energy business.

Celsia

Celsia - Qualitative Slide

During the last quarter, Celsia finalized the sale of part of its generation assets in Panama and Costa Rica to EnfraGen. This transaction enabled Celsia to receive USD 194 million from the sale of the shares, strengthen its liquidity position, improve return on invested capital by 284 basis points, and reduce consolidated debt by USD 198 million as a result of the divestment.

The Company closed 2023 as Colombia's fourth-largest electricity generator, with a primarily hydro portfolio, efficient thermal backup, and a consolidated leadership position in the country's and the region's energy transition. Total installed capacity reached 1,959 MW, with more than 70% coming from renewable sources.

Through C2Energía, the utility-scale solar generation platform in partnership with Cubico, Celsia reached 300 MW of solar capacity in Colombia. At the same time, the Company is developing additional solar farms that will add 400 MW of capacity. We remain convinced of the need to keep expanding our generation operations in the country and expect to advance the development of the additional capacity Colombia requires, supported by clean energy.

Celsia - Results Slide

Celsia's revenues in 2023 reached COP 6.2 trillion, up 11% versus 2022, and consolidated EBITDA totaled COP 1.8 trillion, up 4%. Consolidated net income closed the year at COP 349 billion, affected by higher financial costs and volatile exchange rates. If we added the contribution of its investment platforms, which do not consolidate in the financial statements, Celsia's total EBITDA for the year would have been COP 2.3 trillion.

Celsia's commercial representation in the Meriléctrica and Tesorito thermal plants played a leading role during 2023, supporting the Colombian power matrix amid the El Niño phenomenon. Tesorito posted 98% availability, above international standards, providing reliability to the power system at its most critical moments.

Odinsa

Odinsa - Qualitative Slide

In 2023, Odinsa continued contributing to the development of road and airport infrastructure alongside Macquarie Asset Management, the world's largest infrastructure asset manager.

As a result of the cash Odinsa received from the consolidation of the airport platform, during 2023 it repaid the COP 280 billion bonds issued in 2020, advancing debt reduction and improving its capital structure to support projects currently under structuring in Colombia.

Regarding the current status of our road concessions, it is relevant to note that, following the toll increases decreed by the National Government in January 2024, our concessions

Autopistas del Café and Túnel de Oriente Aburrá adjusted tariffs in line with 2023 CPI and have no pending increases. Meanwhile, Malla Vial del Meta and Pacífico 2 updated tariffs based on 2022 CPI. It is important to highlight that ANI has been duly honoring its contractual commitments regarding the latter project.

Odinsa - Results Slide

Turning to the Company's operating results on slide 12, the road platform closed the quarter with average daily traffic of 110 thousand vehicles, slightly below the figure recorded in the same period of the previous year. Looking at the full year, we closed 2023 with traffic of more than 38 million vehicles, stable versus the prior year, even with the declines seen at Autopistas del Café due to the temporary closure of the El Alambrado bridge.

In airports, detailed on slide 13, traffic during the quarter reached 12.8 million passengers, up 16%, bringing the platform to 46 million passengers handled in 2023, of which 40 million correspond to El Dorado International Airport, a record figure for the asset, which is operating at full capacity.

Odinsa remains committed to a development model in which, through the partnership of public and private capital, it has been possible to help close Colombia's infrastructure gap, essential to promoting competitiveness, development, and especially social inclusion.

We must insist, however, that in order to materialize the investments currently under structuring, it is essential that the rules of the game remain in place, that the institutional framework provide adequate conditions to continue attracting capital, and that the legal stability of the concession model be reinforced.

Pactia - Results Slide

In the real estate income business, effective gross income was COP 116 billion, up 6% year over year, and EBITDA for the quarter was COP 60 billion, an increase of 16% year over year. After adjusting for divestments, effective gross income and EBITDA increased 5% and 12%, respectively. On a same-asset basis for the full year, net operating income and EBITDA grew 16% and 19% versus 2022.

A total of 15 thousand square meters were renewed and 4 thousand square meters of new leases were signed during the fourth quarter of 2023. At period-end, the fund closed with a 97.2% occupancy rate in the non-hotel portfolio, down 9 basis points from the same period of 2022 and up 48 basis points versus the previous quarter.

The sectors with the highest revenue growth versus the fourth quarter of 2022 were offices and retail, with increases of 13% and 16%, respectively. These results were mainly driven by contractual rent adjustments and higher occupancy. In the case of offices, the fund closed the period with a record occupancy rate of 99.4%, an outstanding figure considering the effects of the pandemic on working arrangements.

UDB Slide

The Urban Development Business closed the year with net cash flow of COP 105 billion, 76% above the average since 2016 and 5% above the previous year. In addition, new transactions totaling COP 244 billion were signed, for contractually committed cash flow of COP 314 billion to be received over the next four years.

This result is particularly noteworthy when compared with the challenges in the real estate market in Barranquilla and Colombia. In 2023 our real estate business achieved sales for industry, commerce, education and, above all, housing, across all segments.

This year, the UDB also reached 19 international awards at Sofitel Barú Calablanca, an asset that continues to perform above the base case. In addition to positive financial results, the hotel has contributed to the region's social transformation by generating more than 300 direct jobs with competitive wages.

Consolidated Results

Grupo Argos Consolidated Slide

Let us now move to slide 17.

In the consolidated figures, we can see that, despite not consolidating concessions results line by line as of this year, total revenues for the year amounted to more than COP 22.6 trillion, representing a 6% increase versus the prior year. EBITDA reached COP 5.5 trillion, reflecting 5% growth, while net income closed at COP 1.5 trillion, exceeding the 2022 figure by 1%.

Pro forma EBITDA Slide

Please now move to slide 18.

In the last quarter of 2022, the Company consolidated Opain and Celsia's operations in Central America, contributions that represented slightly more than COP 150 billion to the Company's consolidated EBITDA. The launch of the airport vertical will allow Odinsa to develop new projects, and the sale of Celsia's assets in Central America will provide the Company with financial flexibility to advance its renewable energy strategy. However, this also means those assets will no longer consolidate in Grupo Argos' financial statements going forward.

On the other hand, in the fourth quarter of 2023 there were non-recurring impacts related to the closing of the sale of Celsia's assets in Central America and the deferred tax recorded by Grupo Sura as a result of the Nutresa share exchange transaction. For this last period, this represented slightly more than COP 200 billion, but these are key transactions for the future deployment of the Company's business plan. While a negative impact was recorded in the fourth quarter of 2023 due to the Nutresa transaction, the profit generated by this operation will be recorded in the first quarter of 2024.

In short, when reviewing the Financial Statements we see a year-over-year decline in quarterly EBITDA. However, after considering these adjustments for non-recurring transactions, which also strengthen the future of the organization, EBITDA grows 12% versus the same period of 2022.

Accounting Changes Slide

The following slide shows the detail of the accounting changes the Company will have in 2024. The organization will deconsolidate several business verticals as a consequence of the materialization of its strategy, notably the change in the way the results of Cementos Argos' U.S. assets will be recorded, which, due to the Summit Materials transaction, will no longer consolidate line by line in Grupo Argos' financial statements.

Debt Slide

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

On this front, net debt closed the year at COP 10.8 trillion, a 16% decrease versus year-end 2022. Likewise, quarterly net financial expenses declined 13% year over year.

Separate Results

Grupo Argos Separate Slide

In the separate financial statements, revenues for the year closed at COP 1.4 trillion, an 83% increase versus the previous year. EBITDA closed at COP 945 billion, up 99%, and net income at COP 789 billion, a 128% increase.

Grupo Argos Separate - Separate Debt Slide

Thanks to the cash position with which we closed the year, Grupo Argos' separate net debt, detailed on slide 25, closed the year at COP 670 billion, while gross debt closed at COP 1.6 trillion, giving the Company full financial flexibility and allowing it to close the year with healthy leverage indicators aligned with its current credit rating.

Among treasury strategies, we highlight that the Company holds around COP 900 billion in fixed-income securities that generate a positive carry, since their returns are above the cost of debt.

Sustainability

The achievements Grupo Argos has reached in its 90-year history are a testament to a business vision that emphasizes wealth creation supported by the generation of positive externalities for society and the environment.

This hallmark of our business activity was once again recognized in 2023 by the Dow Jones Sustainability Index, which ranked Grupo Argos and Cementos Argos among the most sustainable companies in the world in their sector, a standard we have maintained uninterrupted for the last 11 years. Along the same lines, the latest Sustainability Yearbook prepared by S&P; Global recognized the four companies of Grupo Empresarial Argos as leading companies for their outstanding management of environmental, social, and corporate governance matters.

Let this call also be an opportunity to acknowledge the purposeful work and sense of legacy of our more than 11,000 employees, who, with commitment and resilience, and guided by the capabilities and vision developed over these 90 years of history, have contributed greatly to the results we are presenting today.

2023 Guidance

Turning now to slide 27, we can see that during 2023 the Company met the upper end of the revenue and EBITDA guidance shared with the market at the beginning of the year.

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

JUAN ESTEBAN MEJÍA (Q&A)

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