

3Q23 Results

November 8th , 2023

IMAGINE WHAT WE
CAN BUILD TOGETHER



Disclaimer



This document contains forward-looking statements and information related to Cementos Argos S.A. and its subsidiaries (together referred to as “Argos”) that are based on the knowledge of current facts, expectations and projections, circumstances and assumptions of future events.

Various factors may cause Argos’ actual future results, performance or accomplishments to differ from those expressed or assumed herein.

If an unexpected situation presents itself or if any of the premises or of the company’s estimations turn out to be incorrect, future results may differ significantly from the ones that are mentioned herein.

The forward-looking statements are made to date and Argos does not assume any obligation to update said statements in the future as a result of new information, future events or any other factors.

All the discussions on the financial and operational results held during the call, will be based on the adjusted figures, excluding non-recurring and non-core operations. For a detail on the reconciliation and the adjustments please refer to the annexes of our quarterly report.

01

Consolidated results



3Q23 - Strong financial and operational results with a special emphasis on profitability



COP **3.1** Tn

REVENUE

-1.0% YoY

1.7 mn m3

RMX VOLUME

-10.8% YoY

COP **742** Bn

EBITDA

+25.4% YoY

3.9 mn T

CEMENT VOLUME

-4.5% YoY

Volumes - Adjusted		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Cement	000 TM	4,172	3,983	-4.5%	12,342	11,928	-3.4%
RMC	000 M ³	1,907	1,702	-10.8%	5,663	5,214	-7.9%

Key Figures - Adjusted		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Revenue	COP Bn	3,118	3,087	-1.0%	8,470	9,800	15.7%
EBITDA	COP Bn	592	742	25.4%	1,465	2,008	37.1%
EBITDA Margin	%	19.0%	24.0%	506 pbs	17.3%	20.5%	320 pbs
Owners of the parent co.	COP Bn	58	208	259.4%	85	388	354.5%
Owners of the parent co. Adjusted	COP Bn	71	229	225%	166	443	167%
Net Margin Accounting	%	2.3%	7.4%	515 pbs	1.9%	4.5%	257 pbs
Net Income	COP Bn	92	250	173%	223	503	126%
Net Margin	%	2.9%	8.1%	516 pbs	2.6%	5.1%	251 pbs

SPRINT ③ ~ COP 250 billion share-buy-back program ✓



Transactional mechanism progress

TOTAL

COP **4.9** bn

In buybacks

% of program execution **4%**



Common

COP **4.1** bn

Preferred

COP **0.7** bn



Independent mechanism strategy

To execute 100% of the first phase by 1Q24, we will initiate share buybacks through the **independent mechanism**, by launching a series of **periodical offers** on which pricing will be **determined by market factors**

SPRINT

4

List our US business in the New York Stock Exchange 



This transaction unlocks c. US\$3.2bn of value through the strategic combination of our U.S. operations with Summit Materials

STOCK CONSIDERATION

US\$36.0



54.7mm

Closing price as of September 6, 2023

of shares received by Argos

c. US\$2.0bn



BASE CASH CONSIDERATION¹

c. US\$700mm



c. US\$500mm

Argos U.S. debt settlement

Net cash inflow¹

c. US\$1.2bn



Implied Firm Value

c. US\$3.2bn



EV / EBITDA 23E

~10x

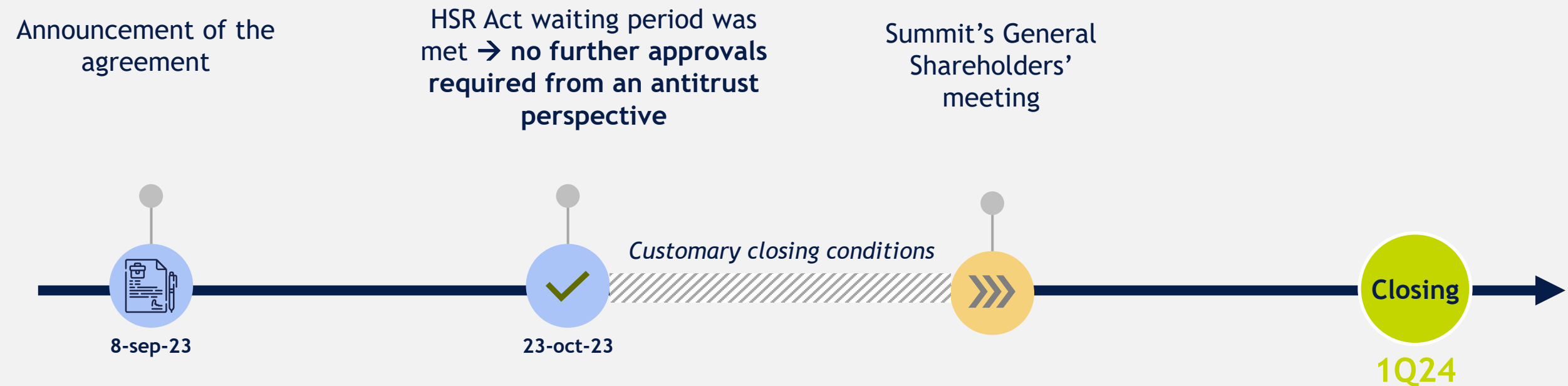
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4

List our US business in the New York Stock Exchange



Closing Process



SPRINT ④ List our US business in the New York Stock Exchange

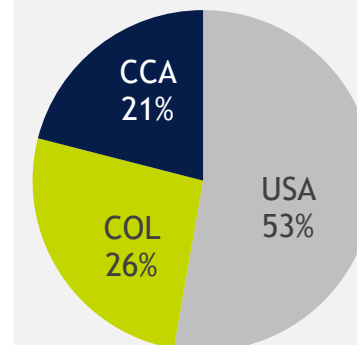


<i>figures in US\$ mm²</i>	2023E	PF Post combination
Revenue	2,800	1,200
EBITDA	600	300
Financial expenses	200	80
Equity method	0	55
Net Profit	60	220
	3Q23	Post combination
Gross debt	1,641	500
Net debt ²	1,375	300
ND/EBITDA	2.7x	1.0x

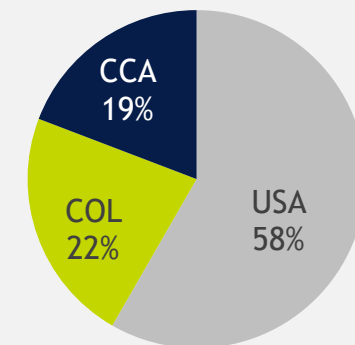
Assumptions

- ① Deconsolidating 58% corresponding to the USA
- ② High end of the EBITDA guidance for 2023 and deconsolidating 53% corresponding to the USA
- ③ Assuming the debt is repaid immediately, but this will be carried out progressively through 2024
- ④ Analyst consensus net income 2023 for summit x 31%, does not consider the contribution of Argos USA
- ⑤ Net profit will be around 4.0x higher than the estimated results for 2023

LTM EBITDA

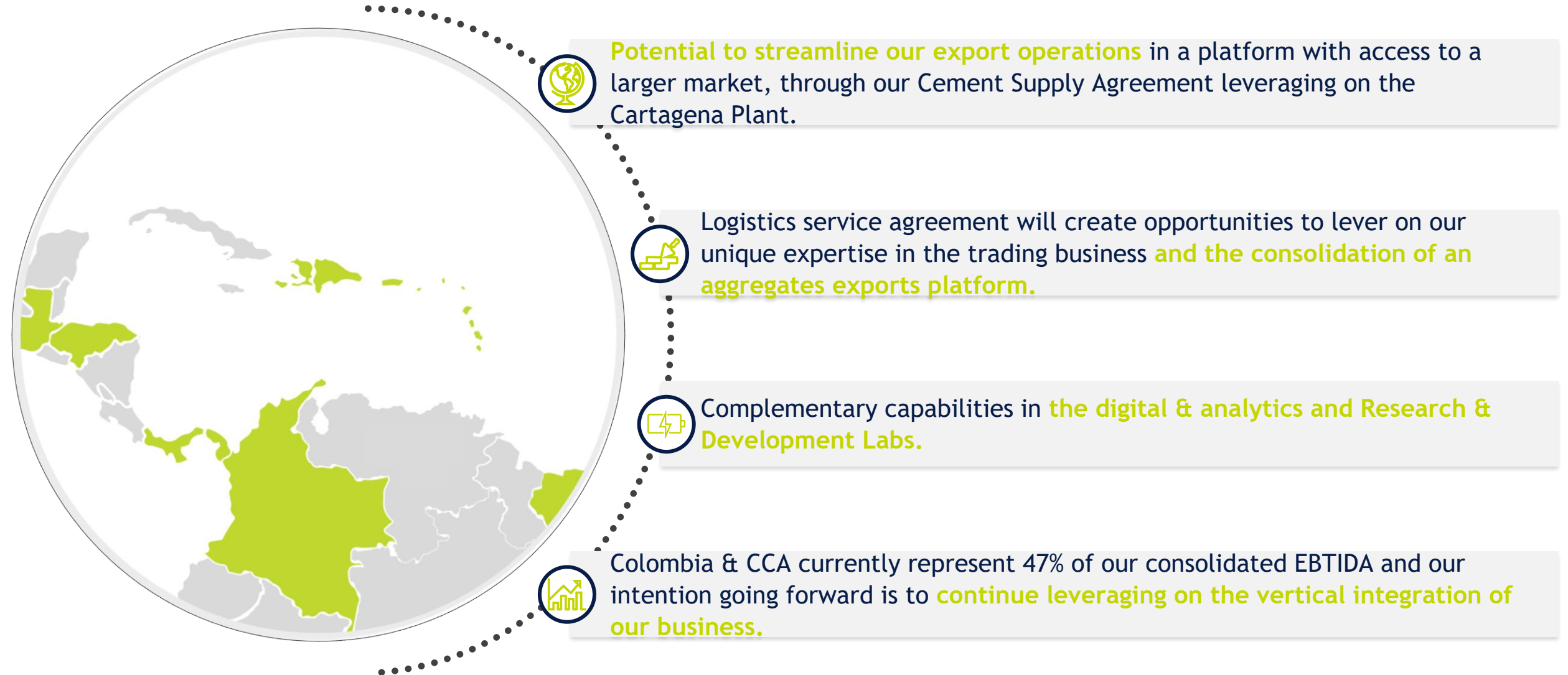


LTM REVENUES



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4 List our US business in the New York Stock Exchange





02

US Region

3Q23 - United States

+13.2 %

FOB PRICE CEMENT YoY

+14.3 %

FOB PRICE RMX YoY

-4.0 %

CEMENT VOLUMES YoY

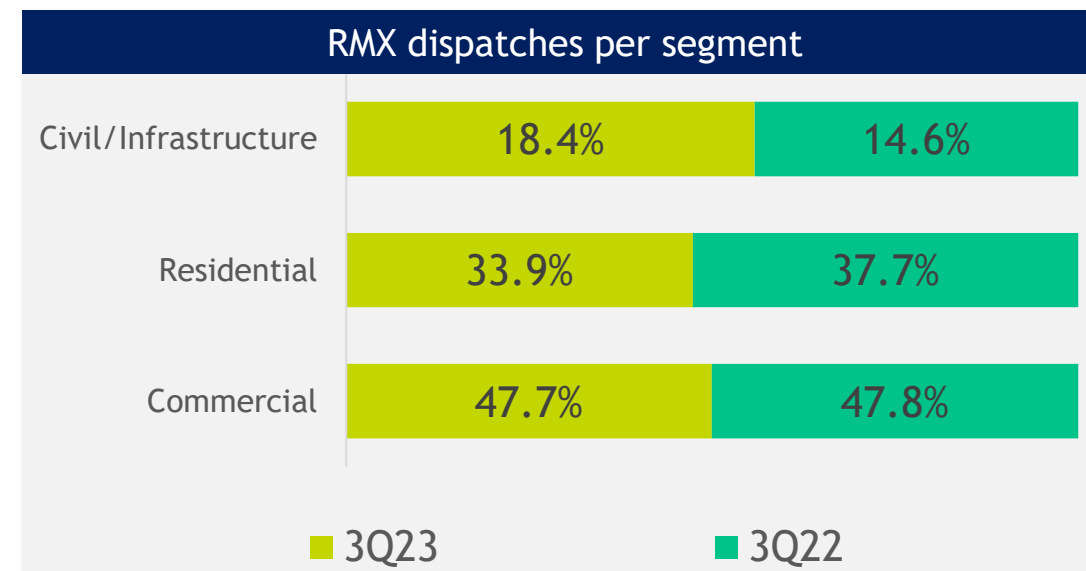
-11.5 %

RMX VOLUMES YoY

Volumes - Adjusted		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Cement	000 MT	1,591	1,527	-4.0%	4,651	4,609	-0.9%
RMC	000 M3	1,119	991	-11.5%	3,440	3,131	-9.0%

Key Figures - Adjusted		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Revenue	USD M	414	437	5.5%	1,171	1,296	10.7%
EBITDA	USD M	76	108	41.9%	188	266	41.6%
EBITDA Margin	%	18.4%	24.7%	633 pbs	16.1%	20.5%	447 pbs

- Focus has remained on margin expansion through pricing, cost control and productivity improvements.
- EBITDA margin expansion of close to 450 basis points year-to-date and 633 for Q3.
- Volume decreased mainly due to operational issues in Newberry plant, which had a 36% reduction in shipments during the quarter.
- Costs for cement business decreased 8% in freight and energy 6.4 %.
- Ready-mix raw material prices increased by 15 %, primarily due to the costs of cement and aggregates.





03

Colombian
Region

3Q23 - Colombia

+15.0 %

FOB PRICE CEMENT YoY

+21.6 %

FOB PRICE RMX YoY

+0.2 %

TOTAL CEMENT VOLS YoY

+19.2 %

EXPORTS VOLS YoY

Volumes		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Cement	000 MT	1,537	1,540	0.2%	4,517	4,354	-3.6%
Local Market	000 TM	1,218	1,160	-4.8%	3,623	3,321	-8.3%
Exports	000 TM	319	380	19.2%	894	1,032	15.5%
RMC	000 M3	712	635	-10.8%	2,016	1,868	-7.4%
Aggregates	000 MT	332	209	-37.1%	1,063	827	-22.2%

Key Figures		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Revenue	COP Bn	705	769	9.1%	2,015	2,216	10.0%
EBITDA	COP Bn	157	209	32.6%	423	537	26.8%
EBITDA Margin	%	22.3%	27.1%	481 pbs	21.0%	24.2%	322 pbs

Profitability strategy

- Pricing dynamics, operational efficiency, cost discipline and efforts to reduce distribution costs were key factors to reach an EBITDA margin of 27%, +480 bps YoY and the highest for any quarter since 2016.
- A comprehensive strategy throughout the value chain resulted in savings of ~52 billion pesos so far this year.
- Argos volumes declined 1.4% less than the benchmark indicator for grey cement.



Clinker factor reduction by ~4% in general use cement and 2% in structural cement



Better equipment's performance, resulting in **higher operational efficiency and lower operational costs**



Optimization of product portfolio by **increasing the proportion of general use cement.**



The optimization of logistics, led to a decrease in distribution costs of -9.3% YoY.



Efficiency in energetics



Optimization of the concrete business through better use of mixers, with better scheduling of dispatches and better asset allocation

The background of the slide is a photograph of several interlocking concrete blocks, likely for drainage or construction purposes. The blocks are arranged in a grid-like pattern, with some showing a rough, aggregate-filled surface and others a smoother finish. The lighting is natural, creating soft shadows and highlights on the concrete surfaces.

04

Caribbean and Central America Region

3Q23 - Caribbean and Central America

+2.5 %

FOB PRICE CEMENT YoY

+2.6 %

FOB PRICE RMX YoY

+0.6 %

LOCAL CEMENT VOLS YoY

-0.3 %

RMX VOLS YoY

- Total volumes in the Central American and the Caribbean region remained stable during the quarter.
 - **Panama** continued its recovery trend in cement volumes. A solid 10 % growth, coupled with higher prices were the main drivers of results.
 - **Dominican Republic** pricing posted a YoY growth of 1.9%. Demand remains strong as volumes increased by 11.5 % during the quarter.
 - Continuation of challenging conditions in Haiti resulted in lower volumes for the Caribbean.
- Trading volumes - 44 % YoY, mainly due to a higher utilization of our export capacity from Colombia.

Volumes		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Cement	000 TM	1,045	916	-12.3%	3,174	2,965	-6.6%
Central America	000 TM	383	397	3.7%	1,189	1,258	5.8%
Caribbean	000 TM	361	351	-2.8%	1,197	1,116	-6.8%
Trading	000 TM	301	168	-44.2%	788	590	-25.1%
RMC	000 M3	77	77	-0.3%	206	216	4.6%
Central America	000 M3	49	57	15.9%	127	154	21.1%

Key Figures		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Revenue	USD M	136	135	-1.0%	411	420	2.2%
Central America	USD M	61	64	4.2%	181	200	10.5%
Caribbean	USD M	62	63	1.3%	197	198	0.7%
Trading*	USD M	12	7	-38.7%	34	22	-33.9%
EBITDA	USD M	31	33	5.3%	93	96	3.7%
Central America	USD M	19	18	-3.1%	54	55	0.6%
Caribbean	USD M	8	10	16.7%	27	28	7.0%
Trading	USD M	5	5	18.6%	12	13	10.1%
EBITDA Margin	%	23.2%	24.6%	147 pbs	22.6%	22.9%	33 pbs
EBITDA Margin Central America	%	30.2%	28.1%	-210 pbs	30.1%	27.4%	-268 pbs
EBITDA Margin Caribbean	%	13.4%	15.5%	205 pbs	13.5%	14.3%	85 pbs

*Does not include sales to related companies

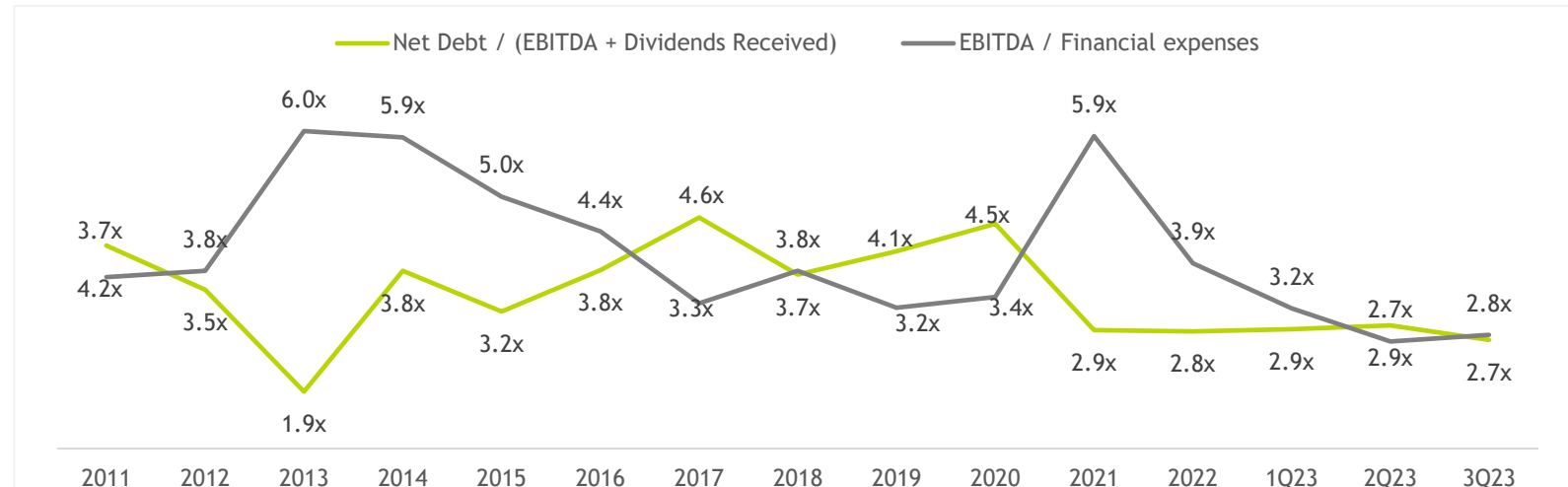
05

Balance Sheet



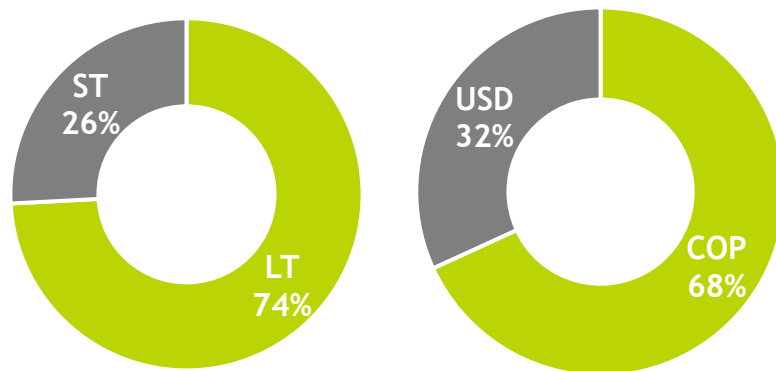
Debt Profile

- For the full year we expect the various initiatives aimed at controlling interest expenses to provide savings of ~200 billion pesos.
- Net debt to EBITDA ratio decreased sequentially to 2.7x, in a context of slightly lower net debt and a 5.6% increase in EBITDA last twelve months.

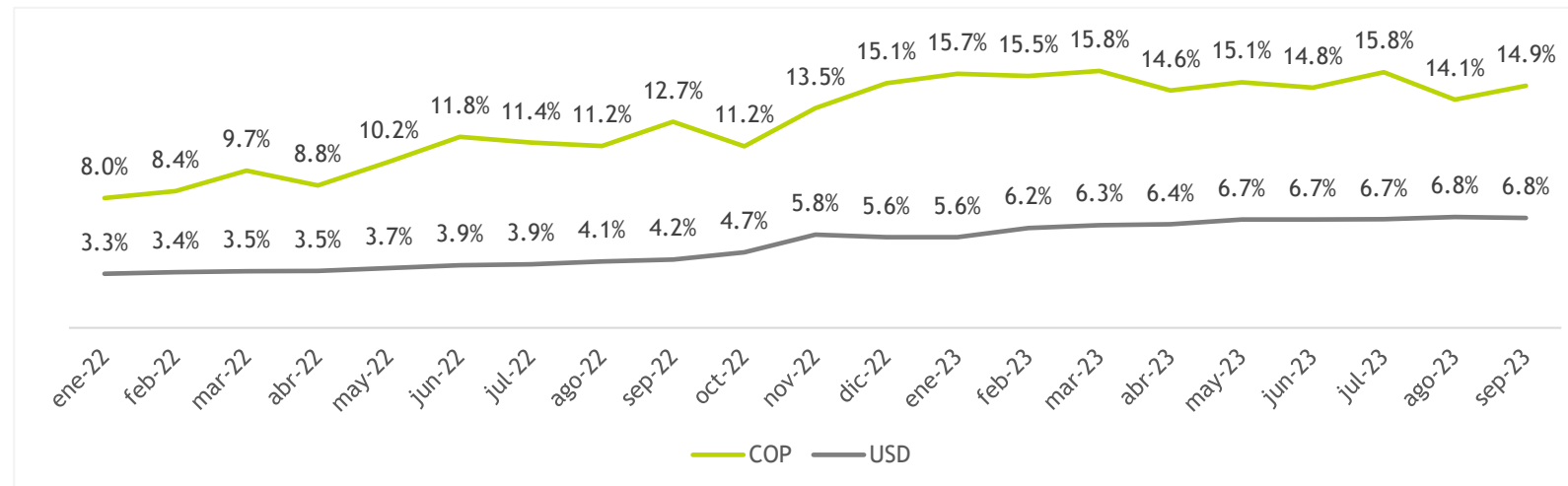


Profile and Currency mix

Total debt: USD 1,641 mn



Consolidated cost of debt



06 Outlook



Outlook Argos



Guidance 2023e

COP
2.45 - 2.55 Tn

From 2.3 - 2.4

EBITDA

Current Mid point of our Guidance represents a **~20% growth** vs 2022 EBITDA

<3.0x

LEVERAGE

2022 leverage ratio closed **below 3.0x** and we intend to continue with this tendency

USD
200 - 220 mm

CAPEX

Maintenance ~55%
Growth ~ 45%

10% - 11%

ROCE

Complying with our 2022 Guidance, we intend to continue to deliver **positive return**



Medium Term guidance

20%-21%

EBITDA MARGIN

Reinforcing our commitment to add value, we estimate a medium-term guidance in terms of operating profitability that represents an **increase of ~270 bps** compared to what was obtained in 2022

Calculation accounts for certain adjustments on EBIT and capital employed

Numerator

Operating EBITDA
(-) Maintenance capex
(=) Adjusted EBIT

Denominator

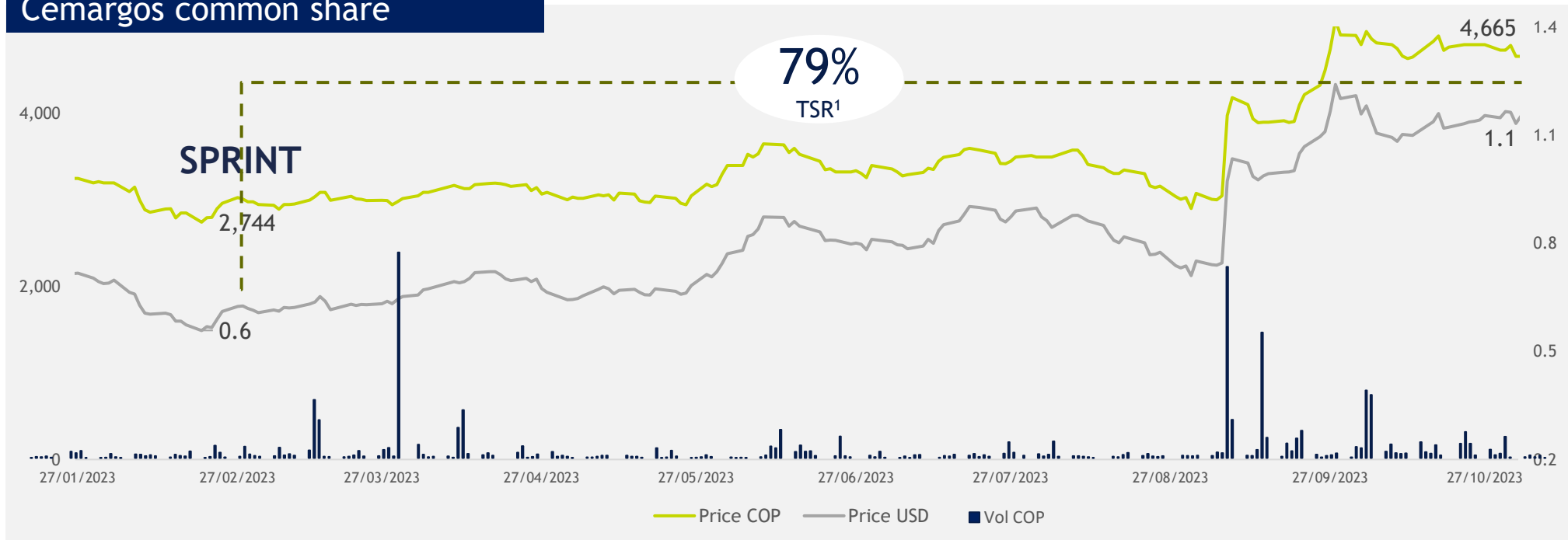
Total assets -(Current Liabilities -
Current Financial liabilities)
(-) In-Construction, deferred tax
assets and other non-operating
assets
(=) Adjusted Capital employed

SPRINT



- 1 Focus on **strong financial and operational results** with a special emphasis in profitability
- 2 **Increase dividend payments** to shareholders for a total of COP 445 billion in 2023, +15% vs 2022
- 3 ~ COP 250 billion **share-buy-back program** ✓
- 4 List our US business in the New York Stock Exchange ✓
- 5 **Improve the liquidity** of our common stock by designating a **local market maker**

Cemargos common share



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¹TSR assumes buybacks as distributions to all shareholders

08

Appendix



IFRS results per regional / other businesses

COP Bn	Revenue		
	2022.Q3	2023.Q3	Var
Colombia	705	769	9.1%
USA	1,811	1,770	-2.2%
CCA	598	542	-9.4%
Central America	269	257	-4.5%
Caribbean	276	254	-7.8%
Trading	53	30	-43.1%
Subtotal	3,114	3,081	-1.1%
Corporate	4	6	0.0%
Other Businesses			0.0%
Consolidated Results	3,118	3,087	-1.0%

USD M

Colombia	160	187	17.2%
USA	414	437	5.5%
CCA	136	135	-1.0%
Central America	61	64	4.2%
Caribbean	62	63	1.3%
Trading	12	7	-38.7%
Subtotal	710	759	6.9%
Corporate			0.0%
Other Businesses			0.0%
Consolidated Results	710	760	7.0%

EBITDA				
2022.Q3	Mgn (%)	2023.Q3	Mgn (%)	Var Marg
157	22.3%	209	27.1%	481
323	17.8%	427	24.1%	633
138	23.1%	135	24.9%	177
81	30.2%	73	28.2%	-199
37	13.4%	40	15.6%	220
20	37.4%	22	74.4%	3,705
618	19.9%	771	25.0%	517 bps
-35	N/A	-48	N/A	N/A
	N/A	-0.8	N/A	N/A
583	18.7%	722	23.4%	471 bps

36	22.5%	50	26.8%	433
74	17.9%	103	23.7%	579
31	23.2%	33	24.6%	147
19	30.2%	18	28.1%	-210
8	13.4%	10	15.5%	205
5	37.5%	5	72.6%	3,510
141	19.9%	187	24.6%	469 bps
-8	N/A	-12	N/A	N/A
	N/A	-0.18	N/A	N/A
133	18.8%	175	23.0%	425 bps

Reconciliation of adjusted figures

Consolidated		QUARTER		YTD	
		2022.Q3	2023.Q3	2022.Q3	2023.Q3
RMC Volume	m3	1,907	1,702	5,772	5,214
Divested Operations	RMC Volume Divested Operations P&P m3			-109	
RMC Volume - Adjusted	m3	1,907	1,702	5,663	5,214

Consolidated		QUARTER		YTD	
		2022.Q3	2023.Q3	2022.Q3	2023.Q3
Revenue - IFRS	COP Bn	3,118	3,087	8,546	9,800
Divested Operations	RMX Assets Divested in the US 2022 COP Bn			-76	
Revenue - Adjusted	COP Bn	3,118	3,087	8,470	9,800

Consolidated		QUARTER		YTD	
		2022.Q3	2023.Q3	2022.Q3	2023.Q3
EBITDA - IFRS	COP Bn	583	722	1,537	1,978
Divested Operations	RMX Assets Divested in the US 2022 COP Bn			-96	
Listing Expenses	Non - Operational Expenses COP Bn	9.18	20	23	30
EBITDA - Adjusted	COP Bn	592	742	1,465	2,008

EBITDA Margin - IFRS	%	18.7%	23.4%	18.0%	20.2%
EBITDA Margin - Adjusted	%	19.0%	24.0%	17.3%	20.5%

Consolidated		QUARTER		YTD	
		2022.Q3	2023.Q3	2022.Q3	2023.Q3
Net Profit - IFRS	COP Bn	58	208	85	388
Divested Operations	RMX Assets Divested in the US 2022 COP Bn			-39	
Listing Expenses	Non - Operational Expenses COP Bn	9	20	23	30
Intercompany Operations	Non-Recurring Income Tax COP Bn	3	1	96	25
Net Profit - Comparable	COP Bn	71	229	166	443

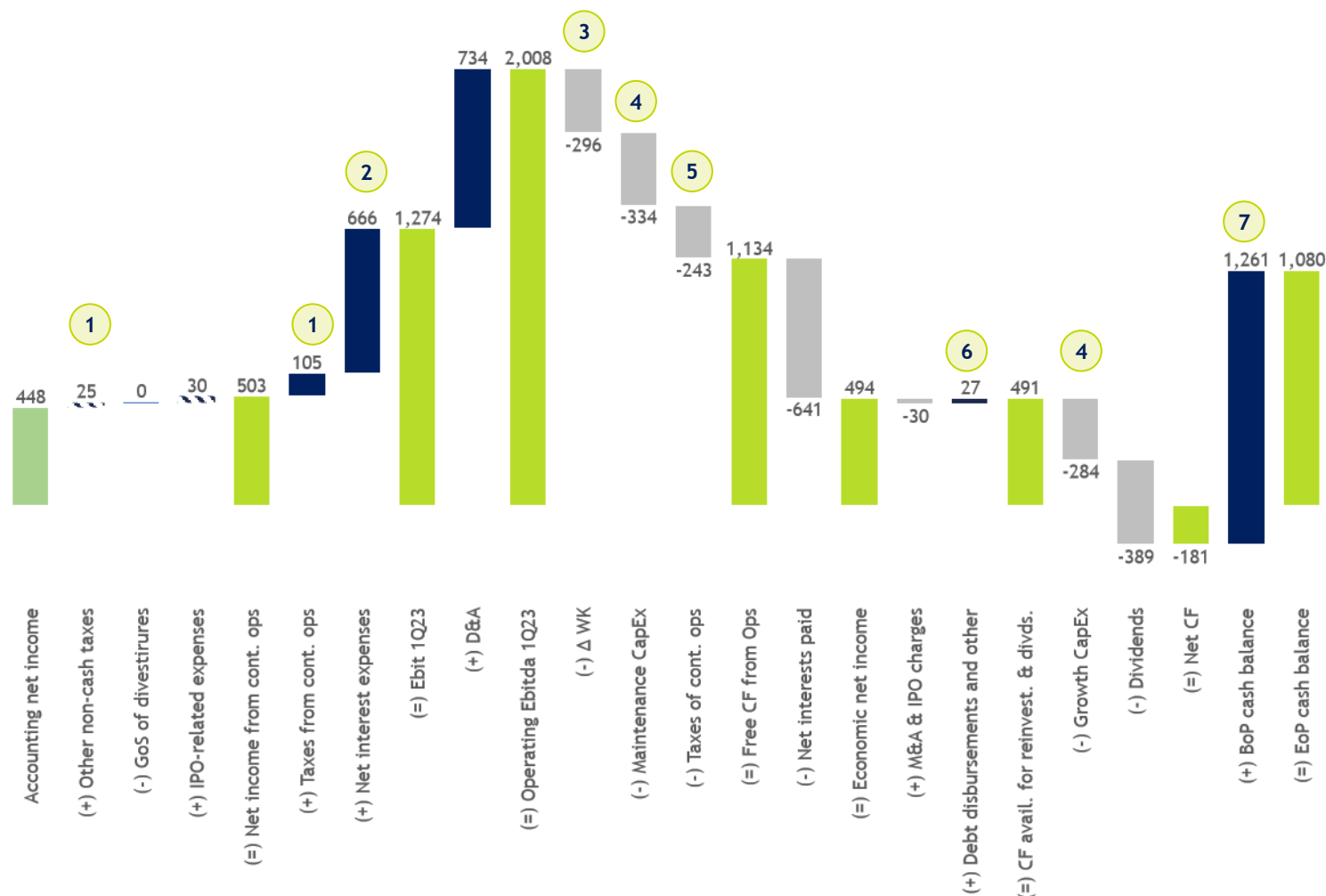
Net Margin - IFRS	%	1.9%	6.8%	1.0%	4.0%
Net Margin - Comparable	%	2.3%	7.4%	2.0%	4.5%

USA		QUARTER		YTD	
		2022.Q3	2023.Q3	2022.Q3	2023.Q3
Revenue - IFRS	USD M	414	437	1,190	1,296
Divested Operations	RMX Assets Divested in the US 2022 USD M			-19	
Revenue - Adjusted	USD M	414	437	1,171	1,296

USA		QUARTER		YTD	
		2022.Q3	2023.Q3	2022.Q3	2023.Q3
EBITDA - IFRS	USD M	74	103	207	259
Divested Operations	RMX Assets Divested in the US 2022 USD M			-24	
Listing Expenses	Non - Operational Expenses IPO USD M	2	5	5,680	7
EBITDA - Adjusted	USD M	76	108	188	266

EBITDA Margin - IFRS	%	17.9%	23.7%	17.4%	20.0%
EBITDA Margin - Adjusted	%	18.4%	24.7%	16.1%	20.5%

Consolidated Cash flow



Net Cash Flow generated during the Q3 was COP 216 bn.

Usually during the second semester of a year our financial results and cash generation are stronger, while during the first six months, our net cashflow is negative or neutral.

Reconciliations vs Accounting method

- 1 COP 25 Bn Non-Recurring Income Tax. COP 105 bn income tax
- 2 Includes Net Financial expenses, Net Foreign currency exchange gains (loss), Share of profit of associates and joint ventures
- 3 Investment in working capital excluding FX distortions
- 4 Total Capex executed YTD is COP 618 bn. The growth Capex is discretionary and did not report any benefits to the company in 2023
- 5 This amount corresponds to taxes paid in cash
- 6 Includes debt disbursements, non-operating income tax and others
- 7 Includes investments in short-term CDs

Investment portfolio improves Argos financial flexibility

* FX Rate as of September 30st, 2023: COP 4,053.76 / USD

Company	% Stake	Price per Share (COP)	Value (COP mn)	Value (USD mn)
Grupo Sura	6.08%	31,990	908,354	224

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