

RELEVANT INFORMATION



September 7, 2023

Cementos Argos has agreed to combine its operations in the United States with Summit Materials aiming to create a leading building materials platform with national scale

- Argos North America Corp was valued at approximately \$3.2 billion, or 10x EV/EBITDA 2023e.
- Cementos Argos will receive approximately \$1.2 billion in cash and 54.7 million common stock of Summit Materials which, at the closing market price of \$36¹, had an approximate value of \$2 billion.
- Cementos Argos will become the largest shareholder of Summit Materials with 31% ownership in the combined entity.
- At the closing of the transaction, Cementos Argos will have three representatives on the Board of Directors of the combined company, which can have up to eleven members.
- The combination's synergies are estimated to be at least, \$100 million per year.
- The combination of Summit Materials and Argos North America will have a significant presence in the aggregates, cement, and concrete businesses, as well as presence in 30 states across the United States.
- The agreement fulfills the strategic pillar of value realization in the U.S. business, as established in SPRINT (Stock Price Recovery Initiative).

Cementos Argos, the cement company controlled by Grupo Argos, has entered into a definitive agreement with Summit Materials, under which they will combine their operations in the United States to create a leading platform in the building materials industry. The platform will have a diversified portfolio and a nationwide geographic presence in complementary markets and high-growth urban areas.

The agreement will have a component of stock consideration worth approximately \$2 billion and cash payment of approximately \$1.2 billion (subject to customary closing adjustments), resulting in a valuation of Argos North America of \$3.2 billion or 10x EV/EBITDA 2023e or 12x EV/EBITDA LTM as of 2Q23.

Summit Materials (SUM: NYSE) is a building materials company listed on the NYSE since 2015. The company operates in more than 20 states in the United States and Canada. It operates across aggregates, cement, concrete, and other complementary businesses in the building materials industry, with assets that include 217 aggregate mines, 2 cement plants along the Mississippi River, and approximately 84 concrete plants.

¹ Closing Price as of September 6th, 2023

Argos North America Corp brings to the combination its 4 integrated cement plants, 2 grinding stations, 140 ready-mix concrete plants, and a complementary distribution network of 8 maritime ports and 10 inland terminals.

The combination would create:

- A company with combined proforma revenues over \$4 billion and approximately \$1 billion in EBITDA, including synergies.
- The 4th largest cement platform in the United States, with an approximate capacity of 11.6 million tons per annum.
- The 6th largest aggregates platform in the United States, with reserves of over 5.5 billion short tons and annual sales of around 70 million short tons.
- One of the largest concrete producers, with more than 220 plants and more than 1800 mixers.

As a result, the combined company will have presence in 30 states, with a strong positioning in high growth markets, with complete vertical integration from quarries to end customer in many of them. Having access to an extensive ports and terminal network will enable competitive imports of building materials to better serve customers by complementing domestic production.

This combination unlocks estimated annual synergies of, at least, \$100 million, with significant realization within 2 years, derived from optimized sourcing, enhanced operational efficiencies, increased utilization of the import terminals' network, and an augmented asset base to increase the use of alternative fuels. Likewise, it leverages on a cement supply agreement from the Cartagena plant and enhances the ability to pursue attractive growth opportunities, both organic and inorganic, in current business lines and in others such as supplementary cementitious materials and new sources of aggregates.

Juan Esteban Calle, CEO of Cementos Argos, stated: *"This combination reaffirms our commitment to growth in the U.S. market while realizing and optimizing our intention to list the U.S. business on the NYSE as the most efficient way to unlock the fundamental value of Cementos Argos' assets and businesses in that country. Being an active player in a publicly traded leading building materials platform, with a significant component of aggregates and cement on the world's most attractive market, is a pivotal step in the value generation strategy we launched months ago with the SPRINT program for the benefit of all our shareholders. Cementos Argos' participation in Summit Materials will continue to provide our shareholders with significant exposure to the U.S. market."*

Having been prepared to carry out a public offering on the New York Stock Exchange and awaiting favorable market conditions for listing, Argos finds in this combination an alternative for value generation to shareholders and an efficient path to execute the strategic plan of the U.S. business, through a platform with a proven track record of growth, real-time asset valuation, and high liquidity.

The transaction is expected to close in the first semester of 2024, subject to required regulatory approvals and customary closing conditions.

With this transaction, Cementos Argos strengthens its presence in the United States, contributing to the combined entity its knowledge and leadership in sustainability and innovation initiatives.

Furthermore, upon the closing of the agreement, Argos is expected to achieve an estimated net debt / EBITDA ratio of 1.8 times, resulting in greater financial flexibility to continue advancing its value generation strategy in all the geographies where it operates.

To the new U.S. platform, as well as in Colombia, Central America, and the Caribbean, Cementos Argos will provide its proven export capacity from Cartagena, the strength of its trading unit, advancements in digital, analytics, and innovation in products and processes, the acceleration of calcined clay technology, and leverage Summa, the shared services company of Grupo Argos.

Jorge Mario Velásquez, CEO of Grupo Argos, stated: *"We are delivering to the market a transaction worth over \$3 billion, which allows us to combine the assets of Argos USA with a vehicle that has liquid listed securities on the New York Stock Exchange. This provides access to new opportunities and realizes a value equivalent to 10x EV/EBITDA, a significant milestone for Grupo Argos as the main shareholder of Cementos Argos."*

Anne Noonan, Summit Materials President, and CEO said: *"Our combination with Argos USA marks a significant milestone as we execute against and accelerate our materials-led portfolio strategy. The transaction will extend our geographic reach into high growth markets, creating a leading cement position nationwide, and bring together two talent-rich organizations to innovate and deliver value-added solutions for our customers. Financially, we have clear line of sight to achieving targeted synergies greater than \$100 million and fully expect to unlock the full potential of this powerful combination. The Argos USA team has done an excellent job growing and operating its business, and we look forward to welcoming them, and their expertise, to the Summit family."*

Advisors:

J.P. Morgan Securities LLC is acting as lead financial advisor and Sullivan & Cromwell LLP is acting as legal counsel to Cementos Argos.

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Additional Information and Where to Find It

This communication does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities. This communication relates to the Transaction. In connection with the Transaction, Summit Materials plans to file with the SEC a proxy statement on Schedule 14A (the "Proxy Statement"). This communication is not a substitute for the Proxy Statement or any other document that Summit Materials may file with the SEC and send to its shareholders in connection with the Transaction. The issuance of the stock consideration for the Transaction will be submitted to Summit Materials shareholders for their consideration. Before making any voting decision, Summit Materials shareholders are urged to read all relevant documents filed or to be filed with the SEC, including the Proxy Statement, as well as any amendments or supplements to those documents, when they become available, because they will contain important information about Summit Materials and the Transaction.

Summit Materials shareholders will be able to obtain a free copy of the Proxy Statement, as well as other filings containing information about Summit Materials, free of charge, at the SEC's website (www.sec.gov). Copies of the Proxy Statement and other documents filed by Summit Materials with the SEC may be obtained, without charge, by contacting Summit Materials through its website at <https://ir.SummitMaterials.com/>.

Participants in the Solicitation

Summit Materials, its directors, executive officers and other persons related to Summit Materials may be deemed to be participants in the solicitation of proxies from Summit Materials shareholders in connection with the Transaction. Information about the directors and executive officers of Summit Materials and their ownership of common stock of Summit Materials is set forth in Summit Materials annual report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on February 16, 2023 and in its proxy statement for its 2023 annual meeting of stockholders, which was filed with the SEC on April 10, 2023. Additional information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be included in the Proxy Statement and other relevant materials to be filed with the SEC in connection with the Transaction when they become available. Free copies of these documents may be obtained as described in the preceding paragraph.