

EBTIDA margin expanded 500 basis points to 24%, representing the best quarterly result in Cementos Argos' history.

Report 3Q23

November 8th, 2023



Cementos Argos S.A. (Argos) is a geographically diverse rapidly growing cement and ready-mix concrete (RMC) company with presence in 16 countries and leading market positions in the US, Colombia, Caribbean & *Central America* (CCA) and total annual capacity of approximately 23.1 million tons of cement.

BVC: CEMARGOS, PFCCEMARGOS

SANTIAGOX: CEMARGOSCL

ADR LEVEL 1: CMT0Y / ADR 144A: CMTRY - Reg-S: CMTSY

During the third quarter of the year, we advanced significantly in the deployment of our strategic objectives framed within the SPRINT program:

1. **Focus on providing strong operational and financial results, with a special emphasis on profitability:** EBITDA margin expanded by 506 basis points during Q3 and 320 basis points year to date.
2. **Increase dividend payments to shareholders:** of the 322.4 pesos per share, approved to be paid in 2023, 245.95 pesos per share have been paid to the date, and the final payment will be made in December.
3. **Implement a 250 billion pesos share-buy-back program:** On September 27th, the execution of the first phase of the share buyback program began. So far, we have been able to buy 862 thousand ordinary shares and 204 thousand preferred shares, equivalent to 4.9 billion pesos, achieving so far 4% of the 125 billion pesos approved for this first phase.
4. **Listing our US business in the New York Stock Exchange:** as announced on September 8th, Cementos Argos agreed to combine its operations in the United States with Summit Materials aiming to create a leading building materials platform with national scale listed in the NYSE.
5. **Improve the liquidity of our common stock by designating a local market maker:** Our ordinary share is eligible for repo operations in the Colombian market for the third quarter straight as a result of better liquidity conditions of our stock. Compared to the fourth quarter of 2022, average daily trading volume improved by 235%.

Consolidated Results

For the third quarter of 2023, the adjusted EBITDA stood at COP 742 billion, increasing 25.4% on a comparable basis versus 2022. The results were driven by strong pricing dynamics across all regions, combined with cost efficiencies. Adjusted EBITDA margin stood at 24% for the quarter, increasing 506 basis points versus 2022 on a comparable basis.

In terms of volumes, total cement dispatches reached 3.98 million tons, with a contraction of 4.5%, caused by operational issues in our Newberry plant in US, slightly weaker local market demand in Colombia and the social and political context in Haiti. Ready-mix volumes, stood at 1.7 million m³, decreasing 10.8% on a like for like basis versus 2022, mainly due some continued softening in demand in Florida and Texas regarding the US region, additional to prioritizing profitability over volume across our footprint.

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%
Margin EBITDA	%	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

For a detailed reconciliation of the adjustments please refer to the annex.

Results Per Region

USA

The increase in FOB prices of 13.2% in cement and 14.3% in ready mix on the third quarter of 2023, coupled with cost control and productivity improvements across both segments led to an accumulated EBITDA 42% higher and a margin expansion of close to 450 basis points year-to-date. On the same line, for the third quarter, EBITDA increased by 42% and EBITDA margin was 633 bps higher than the same period of last year.

Cement volumes decreased 4.0% mainly explained by operational issues in our Newberry plant in Florida, which had a 36% reduction in shipments during the quarter. Ready mix dispatches decreased 11.5% on a like-for-like basis, when compared to the third quarter of 2022, mostly due to a careful selection of the business to prioritize profitability and some continued softening in demand in Florida and Texas.

Regarding segment trends and our expectations for the remainder of the year and 2024, we recognize that, despite the US Housing market being affected by affordability and supply, there is significant constrained demand for housing, and these are near-term challenges. Infrastructure and public construction spending is growing at double digits, driven by the federal and state funded projects of which we expect growing demand for the coming months and years.

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%
Margin EBITDA	%	18.4%	24.7%	633 pbs	16.1%	20.5%	447 pbs

For a detailed reconciliation of the adjustments please refer to the annex.

Colombia

The main drivers for the solid results in the third quarter of 2023 were the continuation of our pricing and cost control strategies and the constant quest for profitability. Local cement prices posted a 15.0% year over year increase, while ready-mix prices rose 21.6% year over year.

In terms of cement volumes, exports from Cartagena increased 19.2%, reaching 380 thousand tons during the quarter and 1.0 million tons year to date. The local market cement volumes, on the other side, decreased 4.8% during the third quarter when compared to the same period of last year, nevertheless Argos exceeded industry performance as volumes declined 1.4% less than the benchmark indicator for grey cement. Our ready-mix volumes decreased 10.8% on a year-to-year basis as a result of our determination to prioritize profitability above volume.

Total EBITDA reached COP 209 billion for the third quarter of 2023 and increased 32.6% when compared to the same quarter of last year, result of a comprehensive strategy carried out throughout the value chain. Pricing dynamics continue leading to a strong top line, additionally operational efficiency, cost discipline and efforts to reduce distribution costs, were all fundamental to achieve an EBITDA margin of 27%, 481 basis points above last year and the highest for any quarter since 2016.

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%
Margin EBITDA	%	22.3%	27.1%	481 pbs	21.0%	24.2%	322 pbs

CCA

Local market cement dispatches during Q3 increased 3.7% in Central America as the positive dynamics in Panama, while in the Caribbean volumes were 2.8% lower due to the strong performance in the Dominican Republic market, which was offset by the deterioration of the political and social situation in Haiti. Trading volumes saw a 44% year-over-year decline, mainly due to a higher utilization of our export capacity from Colombia. Regarding cement pricing dynamics, in local markets average prices increased 2.5% year over year.

The financial performance of the region maintained a positive evolution during the third quarter of the year, with an EBITDA of USD 33 million, expanding of 5.3% and a growing EBITDA margin that reached 24.6%.

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%
Caribbean	000 M3	28	20	-29.0%	79	61	-22.1%

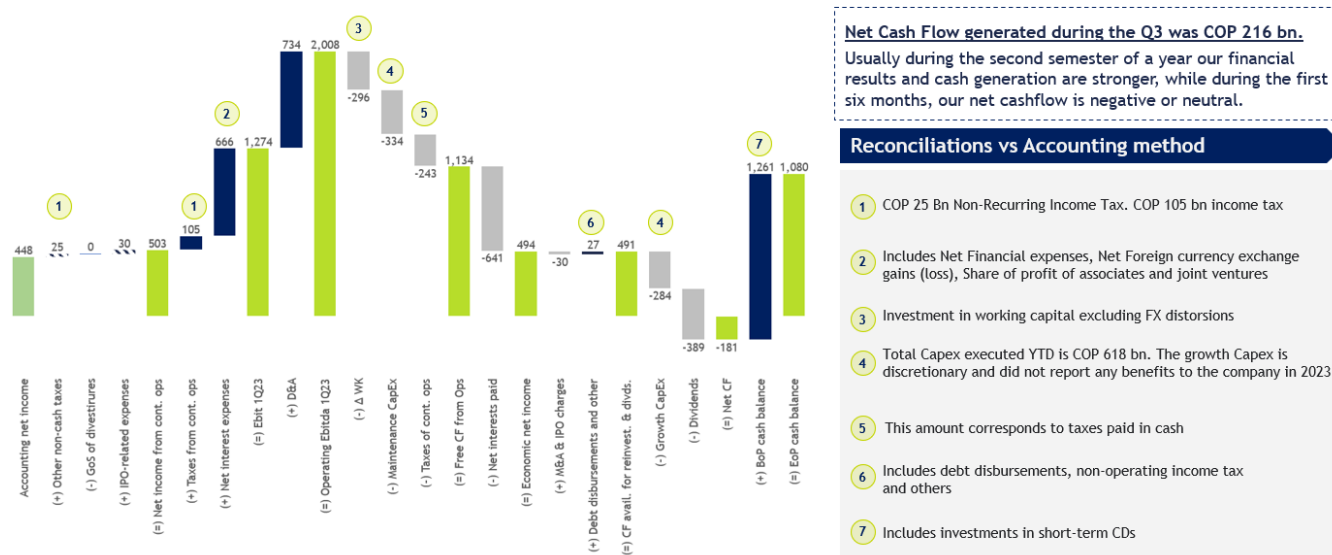
Key Figures		QUARTER			YTD		
		2022.Q3	2023.Q3	Var	2022.Q3	2023.Q3	Var
Revenue	USD M	136	135	-1.0%	411	420	2.2%
Central America	USD M	61	64	4.2%	181	200	10.5%
Caribbean	USD M	62	63	1.3%	197	198	0.7%
Trading*	USD M	12	7	-38.7%	34	22	-33.9%
EBITDA	USD M	31	33	5.3%	93	96	3.7%
Central America	USD M	19	18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

*Does not include sales to related companies

Indebtedness and coverage indicators:

Net debt to EBITDA plus dividends ratio decreased sequentially to 2.7x, in a context of slightly lower net debt and a 5.6% increase in EBITDA last twelve months.

Cash Flow as of September 30th, 2023 (COP Billion¹):



Investment Portfolio as of September 30th, 2023:

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

¹* FX Rate as of September 30th, 2023: COP 4,053.76 / USD

IFRS Figures and Reconciliation to comparable results

Consolidated

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
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
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

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
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%

IFRS Results:

Below is a summary of the main consolidated figures and by region for the third quarter of 2023:

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

CONSOLIDATED STATEMENT OF INCOMEFor the nine months ended as of September 30th

	Accumulated (YTD)			Period (3Q)		
	2023	2022	Variation	2023	2022	Variation
Continuing operations						
Income from operations	\$ 9,799,853	\$ 8,546,286	14.7	3,086,634	3,117,690	1.0
US\$ dollar (millions)	2,220	2,097	5.9	760	710	7.0
Cost of sales	(7,623,250)	(7,047,379)	8.2	(2,307,349)	(2,517,009)	8.3
Cost of sales	(6,964,900)	(6,417,238)	8.5	(2,108,354)	(2,295,830)	8.2
Depreciation and amortization	(658,350)	(630,141)	4.5	(198,995)	(221,179)	(10.0)
Gross profit	\$ 2,176,603	\$ 1,498,907	45.2	779,285	600,681	29.7
Administrative expenses	(647,001)	(501,975)	28.9	(227,242)	(174,302)	30.4
Selling expenses	(219,956)	(210,437)	4.5	(67,325)	(70,643)	(4.7)
Depreciation and amortization	(75,732)	(73,723)	2.7	(22,636)	(26,003)	(12.9)
Impairment of goodwill and assets	(193)	-	-	10	-	-
Other revenues, net	10,268	120,241	(91.5)	38,578	5,917	552.0
Operating profit	\$ 1,243,989	\$ 833,013	49.3	500,670	335,650	49.2
EBITDA	1,978,264	1,536,877	28.7	722,291	582,832	23.9
US\$ dollar (millions)	448	377	18.9	175	133	31.2
Adjusted EBITDA	2,008,249	1,464,505	37.1	742,154	592,013	25.4
US\$ dollar (millions)	455	359	26.6	180	137	31.6
Financial expenses, net	(605,608)	(420,480)	44.0	(214,494)	(160,396)	33.7
Foreign currency exchange (loss) gains	(57,458)	(11,496)	(599.8)	183	22,543	(99.2)
Share of profit of associates and joint ventures	(2,447)	5,697	(143.0)	593	4,761	(87.5)
Profit before income tax	\$ 578,476	\$ 429,726	34.6	286,952	202,558	41.7
Income tax	(130,603)	(288,034)	(54.7)	(57,500)	(123,543)	(53.5)
Net income	\$ 447,873	\$ 141,692	216.1	229,452	79,015	190.4
Income for the period attributable to:						
Owners of the parent company	387,587	85,278	354.5	208,426	57,986	259.4
Non-controlling interest	60,286	56,414	6.9	21,026	21,029	0.0
Net income for the year	\$ 447,873	\$ 141,692	216.1	229,452	79,015	190.4
US\$ dollar - Owners of the parent company	88	21	319.7	49	14	250.0
Adjusted net income	442,807	166,134	166.5	228,865	70,527	224.5
Additional Information:						
Gross margin	22.2%	17.5%		25.2%	19.3%	
Operating margin	12.7%	9.7%		16.2%	10.8%	
Net margin	4.0%	1.0%		6.8%	1.9%	
EBITDA	1,978,264	1,536,877		722,291	582,832	
EBITDA margin	20.2%	18.0%		23.4%	18.7%	
Adjusted EBITDA	2,008,249	1,464,505		742,357	592,013	
Adjusted EBITDA margin	20.5%	17.1%		24.1%	19.0%	

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONFor the nine months ended as of September 30th and December 31st

	2023	2022	Variation
ASSETS			
Cash and cash equivalents	\$ 909,690	\$ 790,086	15.1
Other financial assets ⁽¹⁾	169,916	470,805	(63.9)
Derivative financial instruments	6,313	66,715	(90.5)
Trade receivables and other accounts receivable, net	1,409,647	1,353,453	4.2
Tax asset	262,827	173,580	51.4
Inventories	1,320,750	1,502,691	(12.1)
Other non-financial assets	274,347	244,559	12.2
Assets held for sale	863	40,944	(97.9)
Total current assets	\$ 4,354,353	\$ 4,642,833	(6.2)
Trade receivables and other accounts receivable, net	43,974	47,705	(7.8)
Investments in associates and joint ventures	40,394	49,084	(17.7)
Derivative financial instruments	42,716	87,544	(51.2)
Other financial assets	935,097	1,219,082	(23.3)
Other intangible assets, net	525,711	669,344	(21.5)
Assets by right of use of leases, net	485,435	580,846	(16.4)
Biological assets	17,710	19,470	(9.0)
Property, plant and equipment, net	11,970,585	13,401,459	(10.7)
Investment property	242,044	266,953	(9.3)
Goodwill	1,694,783	2,011,850	(15.8)
Deferred tax assets	364,162	259,645	40.3
Other non-current assets	10,997	10,117	8.7
Total non-current assets	\$ 16,373,608	\$ 18,623,099	(12.1)
TOTAL ASSETS	\$ 20,727,961	\$ 23,265,932	(10.9)
US\$ dollar (millions)	5,113	4,837	5.7
LIABILITIES			
Financial liabilities	1,558,784	1,197,958	30.1
Leasing liability	104,276	126,980	(17.9)
Trade liabilities and accounts payable	1,316,945	1,383,501	(4.8)
Tax liability	76,322	94,530	(19.3)
Employee benefits	247,955	173,361	43.0
Provisions	63,572	109,179	(41.8)
Other financial liabilities	97,407	85,018	14.6
Derivative financial instruments	110,692	21,908	405.3
Outstanding bonds and preferred shares	366,272	458,288	(20.1)
Other non-financial liabilities	258,429	272,419	(5.1)
Total current liabilities	\$ 4,200,654	\$ 3,923,142	7.1
Financial liabilities	2,645,532	3,119,319	(15.2)
Leasing liability	474,623	563,899	(15.8)
Trade liabilities and accounts payable	7	-	-
Employee benefits	180,120	191,913	(6.1)
Derivative financial instruments	44,557	649	6765.5
Provisions	203,785	189,720	7.4
Outstanding bonds and preferred shares	2,506,371	2,740,742	(8.6)
Deferred tax liabilities	506,058	467,394	8.3
Total non-current liabilities	\$ 6,561,053	\$ 7,273,636	(9.8)
TOTAL LIABILITIES	\$ 10,761,707	\$ 11,196,778	(3.9)
US\$ dollar (millions)	2,655	2,328	14.0
Equity attributable to the owners of the parent company	9,131,011	11,018,470	(17.1)
Non-controlling interest	835,243	1,050,684	(20.5)
EQUITY	\$ 9,966,254	\$ 12,069,154	(17.4)
US\$ dollar (millions)	2,459	2,509	(2.0)
TOTAL EQUITY AND LIABILITIES	\$ 20,727,961	\$ 23,265,932	(10.9)

⁽¹⁾ CDTs "with various financial entities with terms of less than 1 year"

Appendix

Separated Financial Statements

In compliance with the letter 24 of 2017 and the article 5.2.4.1.5 of decree 2555 of 2010, is important to highlight that to have a better understanding of the financial information published by the company, both the consolidated and separated financial statements must be analyzed in conjunction including its respective appendixes and the solvency, profitability, liquidity and indebtedness are detailed in the respective document transmitted to the Superintendencia Financiera de Colombia.

The separated financial statements of Cementos Argos S.A. reflect a similar trend to the one reported in the analysis of our Colombian operation in the consolidated financial statements and complementary analysis published to the stock market and reported to the Superintendencia Financiera de Colombia. In the same way, the separated financial statements include the corporate expenses of the operation that supports all the geographies. In this sense, and in order to have an appropriate understanding of the solvency, profitability, liquidity and indebtedness of the company, it is suggested to analyze the consolidated financial statements.

Conference Call Information

The conference call to discuss 3Q23 results will be held on Wednesday, November 8th, 2023, at 9:00 a.m. Colombia & ET

Join web seminar Zoom.

Register before the call:

https://summa-sci.zoom.us/webinar/register/WN_ykOwqeufTIKvBV9W-q1Rtg

Once you fill out the form, and depending on the configuration of your browser, you will either be automatically connected to the conference call or redirected to a tab with another link. On the second case, please click on the new link to access the event. In order to avoid connectivity issues, we suggest connecting at least 15 minutes before the call.

3Q23 results presentation and report are available from today Wednesday, November 8th, 2023, at Cementos Argos' Investor Relations website: ir.argos.co/en/financial-information/quarterly-results/

IR Cementos Argos - Contact Information

Daniel Zapata
Investor Relations
dzapatat@argos.com.co

Susana Gaviria
Investor Relations
susana.gaviria@argos.com.co