

Cementos Argos moves forward in the execution of SPRINT 2.0 and converts 99.8% of its Common Non-Voting Shares into Common Shares

Report 1Q24

May 15th, 2024



Cementos Argos S.A. (Argos) is a geographically diverse rapidly growing cement and ready-mix concrete (RMC) company with presence in the United States building materials industry through its 31% stake in Summit Materials, plus direct operations in Colombia and other 14 countries and territories in the Caribbean & *Central America* (CCA), with total annual capacity of approximately 14.4 MTPA of cement.

BVC: CEMARGOS
SANTIAGOX: CEMARGOSCL
ADR LEVEL 1: CMTOY

SPRINT 2.0

Since the launch of the second phase of the program, which includes a new set of pillars aimed at further closing the gap between the market value and the fundamental value of the company, the following milestones have been achieved to date:

1. **First Pillar**, focused on achieving solid financial and operational results and a target of a consolidated EBITDA margin greater than 22% for 2024, Cementos Argos achieves a profitability of 22.2% for the 1Q24, 238 basis points higher than 1Q23 and 21 basis points above the guidance for the year.
2. **Second Pillar**, regarding distributions to shareholders, where the company intends to distribute dividends of COP 585 billion, representing a 31% increase over 2023, the first installment was paid on April 17th at COP 117.54 per share, representing COP 160 billion of the proposed amount. In a second Shareholder's Meeting, summoned for June 13th, it is sought to approve the second phase of the payment for COP 429 billion.
3. **Third Pillar**, regarding the second phase of COP 500 billion for share repurchases to be executed over a period of 2 years, we approved in our last Shareholder's Meeting a first tranche for COP 125 billion of which we have executed 38 % to date. A second tranche for COP 375 billion will be submitted for approval on the Shareholder's Meeting summoned for June 13th.
4. **Fifth Pillar**, related to the market maker program, we have started to execute a new enhanced version of the program, by which the daily traded volumes of the market maker have increased by 42% during the current year.
5. **Sixth Pillar**, by which the company proposed a conversion of its common non-voting shares into common shares at an exchange ratio of 0.85 common shares per 1 common non-voting share, was successfully carried out on May 3rd, achieving a conversion of 99.8% of the common non-voting shares. For more information on the company's new capital structure, please refer to the following link: [Share conversion results](#).

Consolidated Results

For the first quarter of 2024, which is the first to reflect the new business model where the United States is not consolidated, adjusted EBITDA stood at COP 291 billion, increasing by 1.6% on a comparable basis compared to 1Q23. These results are the product of the continued implementation of efficiency and cost discipline strategies in the regions, which allowed for a margin expansion of 238 basis points, reaching 22.2%, which is within our guidance for the year.

Cement and concrete volumes experienced a decrease of 12.9% and 6.4% respectively, in line with market dynamics in Colombia, as well as in the local markets of Central America and the Caribbean.

Key Figures - Adjusted		QUARTER			YTD		
		2023.Q1	2024.Q1	Var	2023.Q1	2024.Q1	Var
Revenue	COP Bn	1,446	1,311	-9.3%	1,446	1,311	-9.3%
EBITDA	COP Bn	287	291	1.6%	287	291	1.6%
<i>EBITDA Margin</i>	%	19.8%	22.2%	238 pbs	19.8%	22.2%	238 pbs
Net Income	COP Bn	118	55	-53%	118	55	-53%
<i>Net Margin</i>	%	8.2%	4.2%	-397 pbs	8.2%	4.2%	-397 pbs
Volumes - Adjusted		QUARTER			YTD		
		2023.Q1	2024.Q1	Var	2023.Q1	2024.Q1	Var
Cement	000 TM	2,424	2,111	-12.9%	2,424	2,111	-12.9%
RMC	000 M ³	692	648	-6.4%	692	648	-6.4%

For a detailed reconciliation of the adjustments please refer to the reconciliation on page 6

Results Per Region

Colombia

The region continues to focus on implementing the operational efficiency strategy, which aims to strengthen the operational reliability and achieve profitability goals in a challenging market context. There is a 5.8% reduction in cement volume and a 6.3% reduction in concrete, while prices increase quarter after quarter in line with local inflation.

Thanks to cost efficiency and operational excellence, total EBITDA for 1Q24 was COP 197 billion, an 8.8% increase compared to the same quarter last year. Cost discipline and efforts to reduce production and logistical costs were fundamental in achieving an EBITDA margin of 26.5%, 263 basis points above last year.

Key Figures - Adjusted		QUARTER			YTD		
		2023.Q1	2024.Q1	Var	2023.Q1	2024.Q1	Var
Revenue	COP Bn	757	742	-2.0%	757	742	-2.0%
EBITDA	COP Bn	181	197	8.8%	181	197	8.8%
<i>EBITDA Margin</i>	%	23.9%	26.5%	263 pbs	23.9%	26.5%	263 pbs
Volumes		QUARTER			YTD		
		2023.Q1	2024.Q1	Var	2023.Q1	2024.Q1	Var
Cement	000 MT	1,400	1,319	-5.8%	1,400	1,319	-5.8%
Local Market	000 TM	1,056	964	-8.7%	1,056	964	-8.7%
Exports	000 TM	345	354	2.8%	345	354	2.8%
RMC	000 M ³	621	581	-6.3%	621	581	-6.3%
Aggregates	000 MT	313	150	-52.1%	313	150	-52.1%

For a detailed reconciliation of the adjustments please refer to the reconciliation on page 6

CCA

In line with lower volumes and stable cement prices in local markets, revenues from the local markets decreased by 6.6%. Regarding the volume impacts, two main factors stand out. On one hand, the quarter had fewer business days compared to the first quarter of 2023, and on the other hand, social and political issues in Haiti intensified in the second quarter of 2023, resulting in an unfavorable comparison base with the previous year for this quarter. Cement volumes decreased by 6.3% in local markets and 7.0% in ready mix. Regarding the price dynamics of cement and ready mix, variations of 0.29% and 5.7% were observed, respectively.

In relation to Trading dynamics, during this quarter, the execution of supply agreements with Summit Materials began, where Argos managed all imports of cementitious materials and other raw materials for the company in the United States. During the quarter, 123 thousand tons of cementitious materials and 83 thousand tons of other raw materials were managed.

The Central America and the Caribbean region exhibited favorable performance in the first quarter, achieving an EBITDA of USD 34 million and an EBITDA margin of 23.6%. These figures represent a 14% increase in EBITDA and an expansion of 301 basis points in the EBITDA margin compared to the previous year.

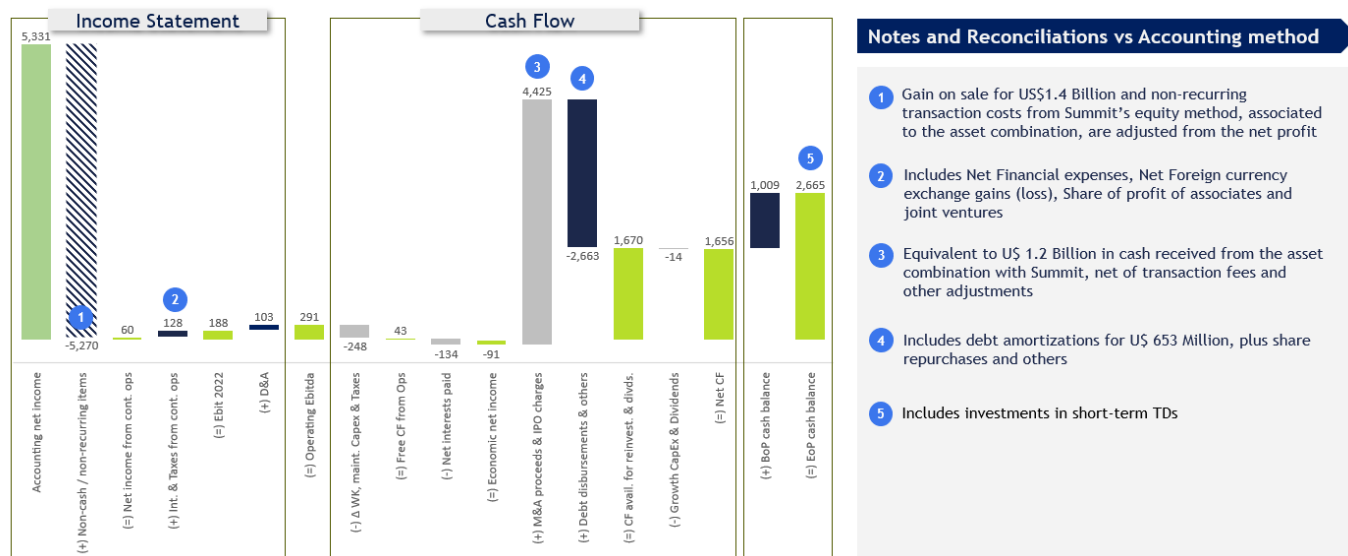
Key Figures		QUARTER			YTD		
		2023.Q1	2024.Q1	Var	2023.Q1	2024.Q1	Var
Revenue	USD M	145	144	-0.4%	145	144	-0.4%
Central America	USD M	67	66	-1.9%	67	66	-1.9%
Caribbean	USD M	71	63	-11.1%	71	63	-11.1%
Trading*	USD M	7	16	115.3%	7	16	115.3%
EBITDA	USD M	30	34	14.1%	30	34	14.1%
Central America	USD M	18	18	2.5%	18	18	2.5%
Caribbean	USD M	9	12	36.5%	9	12	36.5%
Trading	USD M	3	4	16.5%	3	4	16.5%
EBITDA Margin	%	20.6%	23.6%	301 pbs	20.6%	23.6%	301 pbs
<i>EBITDA Margin Central America</i>	%	26.3%	27.5%	116 pbs	26.3%	27.5%	116 pbs
<i>EBITDA Margin Caribbean</i>	%	12.5%	19.1%	668 pbs	12.5%	19.1%	668 pbs
Volumes - Adjusted		QUARTER			YTD		
		2023.Q1	2024.Q1	Var	2023.Q1	2024.Q1	Var
Cement	000 TM	1,024	915	-10.6%	1,024	915	-10.6%
Central America	000 TM	414	417	0.7%	414	417	0.7%
Caribbean	000 TM	408	353	-13.4%	408	353	-13.4%
Trading	000 TM	201	145	-28.2%	201	145	-28.2%
RMC	000 M3	71	66	-7.0%	71	66	-7.0%
Central America	000 M3	49	41	-15.9%	49	41	-15.9%
Caribbean	000 M3	22	25	12.4%	22	25	12.4%

*Does not include sales to related companies

Indebtedness and coverage indicators:

The ratio of net debt to EBITDA decreased by 24% and stood at 2.0x as a result of the deleveraging process related to the cash received from the transaction with Summit Materials.

Cash Flow as of March 31st, 2024 (COP Billion¹):



Investment Portfolio as of March 31st, 2024:

Company	% Stake	Price per Share (COP)	Value (COP million)	Value (USD million)
Grupo Sura	8.91%	30,480	865,478	225
Total			865,478	225

¹* FX Rate as of March 31st, 2024: COP 3.842.30 / USD

IFRS Figures and Reconciliation to comparable results

Consolidated

Consolidated		QUARTER		YTD	
		2023.Q1	2024.Q1	2023.Q1	2024.Q1
RMC Volume	m3	1,756	648	1,756	648
US Assets combination with Summit	m3	-1,064		-1,064	
RMC Volume - Adjusted	m3	692	648	692	648

Consolidated		QUARTER		YTD	
		2023.Q1	2024.Q1	2023.Q1	2024.Q1
Cement Volume	TON	3,925	2,111	3,925	2,111
US Assets combination with Summit	TON	-1,501		-1,501	
Cement Volume - Adjusted	TON	2,424	2,111	2,424	2,111

Consolidated		QUARTER		YTD	
		2023.Q1	2024.Q1	2023.Q1	2024.Q1
Revenue - IFRS	COP Bn	3,382	1,311	3,382	1,311
US Assets combination with Summit	COP Bn	-1,936		-1,936	
Revenue - Adjusted	COP Bn	1,446	1,311	1,446	1,311

Consolidated		QUARTER		YTD	
		2023.Q1	2024.Q1	2023.Q1	2024.Q1
EBITDA - IFRS	COP Bn	594	291	594	291
US Assets combination with Summit	COP Bn	-307		-307	
EBITDA - Adjusted	COP Bn	287	291	287	291
EBITDA Margin - IFRS	%	17.6%	22.2%	17.6%	22.2%
EBITDA Margin - Adjusted	%	19.8%	22.2%	19.8%	22.2%

Consolidated		QUARTER		YTD	
		2023.Q1	2024.Q1	2023.Q1	2024.Q1
Net Income - IFRS	COP Bn	95	5,331	95	5,331
US Assets combination with Summit	Gain on sale		-5,336		-5,336
	Transaction and integration costs		67		67
	Non-Recurring Income Tax	23	-6	23	-6
Net Income - Adjusted	COP Bn	118	55	118	55
Net Margin - IFRS	%	2.8%	406.5%	2.8%	406.5%
Net Margin - Comparable	%	8.2%	4.2%	8.2%	4.2%

Colombia

COLOMBIA		QUARTER		YTD	
		2023.Q1	2024.Q1	2023.Q1	2024.Q1
Revenue - IFRS	COP Bn	712	742	712	742
US Assets combination with Summit	COP Bn	45		45	
Revenue - Adjusted	COP Bn	757	742	757	742

IFRS Results:

Below is a summary of the main consolidated figures and by region for the first quarter of 2024:

COP Bn	Revenue			EBITDA				
	2023.Q1	2024.Q1	Var	2023.Q1	Mgn (%)	2024.Q1	Mgn (%)	Var Marg
Colombia	712	742	4.2%	181	25.4%	197	26.5%	114
CCA	689	566	-17.9%	142	20.6%	134	23.6%	301
Central America	318	257	-19.1%	84	26.3%	71	27.5%	116
Caribbean	337	247	-26.8%	42	12.5%	47	19.1%	668
Trading	35	62	77.4%	17	47.0%	16	25.5%	-2,158
Subtotal	3,382	1,307	-61.3%	630	18.6%	331	25.3%	666 bps
Corporate		3	0.0%	-36	N/A	-38	N/A	N/A
Other Businesses			0.0%	-1	N/A	-0.8	N/A	N/A
Consolidated Results	3,382	1,311	-61.2%	594	17.6%	291	22.2%	466 bps
								-39
USD M								
Colombia	150	189	26.4%	38	25.4%	50	26.5%	114
CCA	145	144	-0.4%	30	20.6%	34	23.6%	301
Central America	67	66	-1.9%	18	26.3%	18	27.5%	116
Caribbean	71	63	-11.1%	9	12.5%	12	19.1%	668
Trading	7	16	115.3%	3	47.0%	4	25.5%	-2,158
Subtotal	711	333	-53.1%	132	18.6%	84	25.3%	666 bps
Corporate			0.0%	-7	N/A	-10	N/A	N/A
Other Businesses			0.0%		N/A	-0.20	N/A	N/A
Consolidated Results	711	334	-52.9%	125	17.6%	74	22.2%	466 bps

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the three months ended as of March 31st | Million of Colombian pesos or million dollars

	Accumulated (1 st Q)		
	2024	2023	Variation
Continuing operations			
Income from operations	\$ 1,311,333	\$ 1,401,515	(6.4)
<i>US\$ dollar (millions)</i>	334	295	13.5
Cost of sales	(977,073)	(1,063,678)	(8.1)
Cost of sales	(890,990)	(966,485)	(7.8)
Depreciation and amortization	(86,083)	(97,193)	(11.4)
Gross profit	\$ 334,260	\$ 337,837	(1.1)
Administrative expenses	(111,015)	(102,593)	8.2
Selling expenses	(40,588)	(41,811)	(2.9)
Depreciation and amortization	(17,168)	(23,189)	(26.0)
Other revenues, net	22,512	(4,320)	(621.1)
Operating profit	\$ 188,001	\$ 165,924	13.3
EBITDA	291,252	286,306	1.7
<i>US\$ dollar (millions)</i>	74	60	23.4
Adjusted EBITDA	291,252	286,306	1.7
<i>US\$ dollar (millions)</i>	74	60	23.4
Financial expenses, net	(94,125)	286,306	28.9
Foreign currency exchange (loss) gains	(11,025)	60	(26.2)
Share of profit of associates and joint ventures	(71,957)	286,306	2954.2
Profit before income tax	\$ 10,894	\$ 16,233	(32.9)
Income tax	(16,211)	(17,543)	(7.6)
Discontinued operations net, after taxes	5,335,934	96,135	5450.5
Net income	\$ 5,330,617	\$ 94,825	5521.5
<i>Net Income – Adjusted</i>	55,127	118,274	(53)
Income for the period attributable to:			
Owners of the parent company	5,319,886	78,426	6683.3
Non-controlling interest	10,731	16,399	(34.6)
Net income for the year	\$ 5,330,617	\$ 94,825	5521.5
<i>US\$ dollar - Owners of the parent company</i>	1,357	16	8131.7
Additional Information:			
Gross margin	25.5%	24.1%	
Operating margin	14.3%	11.8%	
Net margin	405.7%	5.6%	
EBITDA	291,252	286,306	
EBITDA margin	22.2%	20.4%	
Adjusted EBITDA	291,252	286,306	
Adjusted EBITDA margin	22.2%	20.4%	

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONFor the three months ended as of March 31st and December 31st | Millions of Colombian pesos or million dollars

	2024	2023	Variation
ASSETS			
Cash and cash equivalents	\$ 1,991,158	\$ 1,008,527	97.4
Other financial assets ⁽¹⁾	673,565	127	530266.1
Derivative financial instruments	114,527	135,390	(15.4)
Trade receivables and other accounts receivable, net	595,907	1,184,294	(49.7)
Tax asset	263,616	199,616	32.1
Inventories	725,242	1,219,898	(40.5)
Other non-financial assets	112,161	234,567	(52.2)
Assets held for sale	-	236	(100)
Total current assets	\$ 4,476,176	\$ 3,982,655	12.4
Trade receivables and other accounts receivable, net	40,274	41,208	(2.3)
Investments in associates and joint ventures	7,672,607	39,238	19454.0
Derivative financial instruments	26,185	34,916	(25.0)
Other financial assets	895,396	852,755	5.0
Other intangible assets, net	405,168	484,712	(16.4)
Assets by right of use of leases, net	150,527	433,223	(65.3)
Biological assets	15,879	16,164	(1.8)
Property, plant and equipment, net	4,955,707	11,523,084	(57.0)
Investment property	199,126	240,569	(17.2)
Goodwill	923,106	1,601,761	(42.4)
Deferred tax assets	108,295	250,136	(56.7)
Other non-current assets	10,437	10,318	1.2
Total non-current assets	\$ 15,402,707	\$ 15,528,084	(0.8)
TOTAL ASSETS	\$ 19,878,883	\$ 19,510,739	1.9
US\$ dollar (millions)	-	-	-
LIABILITIES			
Financial liabilities	1,405,455	1,819,111	(22.7)
Leasing liability	46,924	103,151	(54.5)
Trade liabilities and accounts payable	889,964	1,160,101	(23.3)
Tax liability	68,766	49,078	40.1
Employee benefits	136,127	252,106	(46.0)
Provisions	32,249	71,504	(54.9)
Other financial liabilities	101,163	88,266	14.6
Derivative financial instruments	159,243	226,270	(29.6)
Outstanding bonds and preferred shares	145,347	196,845	(26.2)
Other non-financial liabilities	174,730	265,213	(34.1)
Total current liabilities	\$ 3,159,968	\$ 4,231,645	(25.3)
Financial liabilities	677,684	2,234,376	(69.7)
Leasing liability	101,750	422,628	(75.9)
Employee benefits	223,185	232,015	(3.8)
Derivative financial instruments	134,391	114,138	17.7
Provisions	48,742	185,436	(73.7)
Outstanding bonds and preferred shares	2,462,877	2,497,133	(1.4)
Other liabilities	81,461	-	100
Deferred tax liabilities	507,116	518,369	(2.2)
Total non-current liabilities	\$ 4,237,206	\$ 6,204,095	(31.7)
TOTAL LIABILITIES	\$ 7,397,174	\$ 10,435,740	(29.1)
US\$ dollar (millions)	1,925	2,730	(29.5)
Equity attributable to the owners of the parent company	11,823,574	8,013,711	47.5
Non-controlling interest	658,135	1,061,288	(38.0)
EQUITY	\$ 12,481,709	\$ 9,074,999	37.5
US\$ dollar (millions)	3,248	2,374	36.8
TOTAL EQUITY AND LIABILITIES	\$ 19,878,883	\$ 19,510,739	1.9

⁽¹⁾ "Corresponds to 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 1Q24 results will be held on May 15th, 2024, at 8:00 a.m. Colombia & 9:00 a.m. ET

Join web seminar Zoom.

Register before the call:

https://summa-sci.zoom.us/webinar/register/WN_xTerFD0aQ1WVDIcXxCHt3Q

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.

1Q24 results presentation and report are available from today May 15th, 2024, at Cementos Argos' Investor Relations website: ir.argos.co/en/financial-information/quarterly-results/

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