

Cementos Argos achieves a YTD EBITDA margin of 22.2%, aligned with its annual guidance, driven by the initiatives deployed under its strategic program “From the Mine to the Market”

Report 3Q24

November 8th, 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: CMT0Y

SPRINT 2.0

With the inclusion of our common share on the MSCI emerging market and FTSE indices in August and September, as announced in our February earnings call, we can confidently say that we have fully met the commitments outlined in SPRINT 2.0.

SPRINT 2.0 status:

1. Year-to-date EBITDA margin stands at **22.2%**, above the guidance for the current year
2. Shareholder's approved **585 billion pesos** in dividends, **30%** more than last year, of which we have already distributed **380 billion pesos**
3. We have executed in total share repurchases for **340 billion pesos**, of which **300 billion** have been executed this year
4. Average trading volumes from the market maker program with Credicorp, increased **50%** versus last year
5. The integration with Summit in the US advances satisfactorily, with expected synergies this year to be around **40 million dollars**, and an over-all yearly amount of **130 million dollars** over the first five years of the integration
6. Inclusion of the common stock to the FTSE and MSCI indices during August and September, attracted total inflows to the stock of **613 billion pesos** during these two months. To date, the three months average daily trading volume of the stock stands at **3 million dollars**.

Consolidated Results

Third-quarter results were driven by the continued implementation of the profitability strategy across regions, despite weaker volume dispatches. Cement volumes declined by 8.6% during the quarter, primarily due to challenges in the Colombian market, which were not offset by higher volumes in the CCA region. Similarly, ready-mix volumes decreased by 8.1%, largely impacted by the change in business model of the concrete business in Panama and a slowdown in Colombia.

EBITDA for the quarter increased by 7.4%, reaching COP 317 billion, with a margin of 23.7%, representing an improvement of 199 basis points compared to the same period in 2023. Year-to-date, EBITDA totaled COP 887 billion, with margins at 22.2%, aligned with the company's market guidance.

The year-to-date adjusted net income, that as of September stood at 409 billion pesos, decreased 19% versus the same period of 2024. This result is given in a context of a transitional year for the company, where the synergies in Summit Materials have not been completely materialized, and the reduction in interest expenses produced by the deleveraging in Cementos Argos has not been fully captured.

Key Figures - Adjusted		QUARTER			YTD		
		2023.Q3	2024.Q3	Var	2023.Q3	2024.Q3	Var
Revenue	COP Bn	1,358	1,336	-1.6%	4,195	3,991	-4.9%
EBITDA	COP Bn	295	317	7.4%	833	887	6.4%
EBITDA Margin	%	21.7%	23.7%	199 pbs	19.9%	22.2%	235 pbs
Net Income	COP Bn	250	157	-37.4%	504	409	-19.0%
Net Margin	%	18.4%	11.7%	-669 pbs	12.0%	10.2%	-178 pbs
Volumes - Adjusted		QUARTER			YTD		
		2023.Q3	2024.Q3	Var	2023.Q3	2024.Q3	Var
Cement	000 TM	2,456	2,246	-8.6%	7,319	6,969	-4.8%
RMC	000 M ³	711	654	-8.1%	2,084	1,988	-4.6%

For a detailed reconciliation of the adjustments please refer to the reconciliation tables

Results Per Region

Colombia

During the quarter, the continuation of strong results was supported by the successful deployment of the strategic program – *from the mine to the market* – and the strength of the Argos brand. This strategy enabled the company to maintain stable prices throughout the year, despite lower local volumes. Total cement dispatches declined by 12% during the quarter, and ready-mix concrete volumes decreased by 2.6% compared to the same period of last year. It is important to note that a five-day truckers' protest in September, which caused nationwide road blockades, affected dispatches. We estimate that these disruptions reduced cement deliveries by approximately 15,000 tons.

The financial results for the quarter reflect the successful execution of the program *from the mine to the market*, generating COP 23.6 billion in savings across three key areas of profitability:

1. **Operational Equipment Effectiveness (OEE):** Reliability at our cement plants has improved by 10% over the past two years.

2. **Cost Control:** Production costs per ton have remained stable for three consecutive years, effectively absorbing inflationary pressures and optimizing fixed costs in response to lower volumes.
3. **Market Leadership:** Our value-driven market proposition has further solidified our leadership position.

As a result, EBITDA grew by 1.7% during the quarter, marking the highest level in nine years, and increased 7.4% for the first nine months compared to 2023. Margins expanded by 276 basis points in the quarter and 286 basis points year-to-date, reaching 28.5% and 25.9%, respectively.

Key Figures - Adjusted		QUARTER			YTD		
		2023.Q3	2024.Q3	Var	2023.Q3	2024.Q3	Var
Revenue	COP Bn	810	744	-8.1%	2,333	2,230	-4.4%
EBITDA	COP Bn	209	212	1.7%	537	577	7.4%
EBITDA Margin	%	25.8%	28.5%	276 pbs	23.0%	25.9%	286 pbs

Volumes - Adjusted		QUARTER			YTD		
		2023.Q3	2024.Q3	Var	2023.Q3	2024.Q3	Var
Cement	000 MT	1,540	1,354	-12.1%	4,354	4,012	-7.8%
Local Market	000 TM	1,160	999	-13.9%	3,321	2,955	-11.0%
Exports	000 TM	380	355	-6.6%	1,032	1,057	2.4%
RMC	000 M3	635	618	-2.6%	1,868	1,834	-1.8%
Aggregates	000 MT	209	137	-34.5%	827	441	-46.7%

For a detailed reconciliation of the adjustments please refer to the reconciliation tables

CCA

Our ongoing focus on profitability and the fine-tuning of business strategies across markets, aimed at achieving best-in-class performance, drove positive operational and financial results in the region. Local markets saw a 5.4% increase in volume dispatches, driven by strong performance in Honduras (+16.4%), the Dominican Republic (+13.3%), and Puerto Rico (+6.5%). Variations in the ready-mix figures are explained by the turnover of the business in Panama where we no longer operate directly these assets.

Supported by these dynamics and a stable year-over-year price environment, revenue in the local markets grew by 1.5%, while EBITDA increased by 14%. This performance translated into an EBITDA margin of 24.4% for local markets, reflecting a 258-basis-point expansion, fully aligned with our "Mine to Market" efficiencies program.

Key Figures - Adjusted		QUARTER			YTD		
		2023.Q3	2024.Q3	Var	2023.Q3	2024.Q3	Var
Revenue	USD M	135	141	4.8%	420	435	3.6%
Central America	USD M	64	63	-2.2%	200	197	-1.8%
Caribbean	USD M	63	66	5.2%	198	197	-0.7%
Trading*	USD M	7	12	61.5%	22	42	89.0%
EBITDA	USD M	33	35	4.5%	96	106	10.3%
Central America	USD M	18	19	5.8%	55	57	3.3%
Caribbean	USD M	10	12	27.7%	28	38	33.4%
Trading	USD M	5	3	-42.0%	13	12	-10.5%
EBITDA Margin	%	24.6%	24.5%	-8 pbs	22.9%	24.4%	148 pbs
EBITDA Margin Central America	%	28.1%	30.4%	229 pbs	27.4%	28.8%	141 pbs
EBITDA Margin Caribbean	%	15.5%	18.8%	331 pbs	14.3%	19.2%	491 pbs

Volumes - Adjusted		QUARTER			YTD		
		2023.Q3	2024.Q3	Var	2023.Q3	2024.Q3	Var
Cement	000 TM	916	891	-2.7%	2,965	2,957	-0.3%
Central America	000 TM	397	418	5.1%	1,258	1,278	1.5%
Caribbean	000 TM	351	371	5.7%	1,116	1,108	-0.7%
Trading	000 TM	168	103	-38.8%	590	571	-3.4%
RMC	000 M3	77	36	-53.3%	216	154	-28.5%
Central America	000 M3	57	11	-80.6%	154	80	-48.1%
Caribbean	000 M3	20	25	25.3%	61	74	20.7%

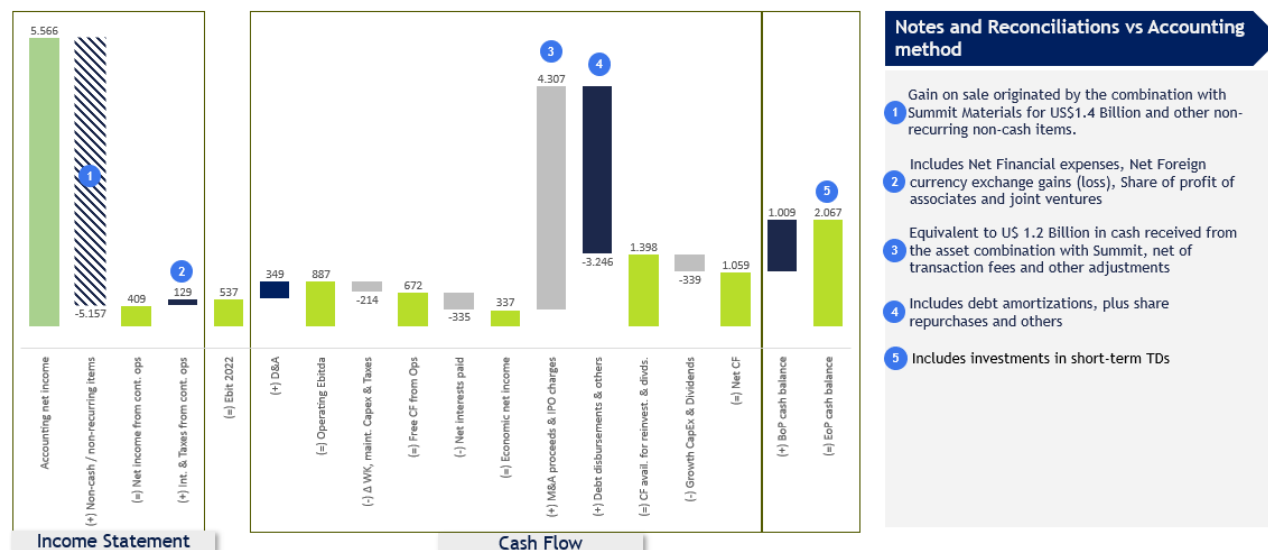
**Does not include sales to related companies*

For a detailed reconciliation of the adjustments please refer to the reconciliation tables

Indebtedness and coverage indicators:

The ratio of net debt to EBITDA stood at 2.2x within our estimates and below our guidance for the year 2024.

Cash Flow as of September 30th, 2024 (COP Billion¹):



Investment Portfolio as of September 30th, 2024:

Company	% Stake	Price per Share (COP)	Value (COP million)	Value (USD million)
Grupo Sura	8.91%	29,000	823,453	198
Total			823,453	198

¹* FX Rate as of September 30th, 2024: COP 4,164.21 / USD

IFRS Figures and Reconciliation to comparable results

Consolidated

Consolidated		QUARTER		YTD	
		2023.Q3	2024.Q3	2023.Q3	2024.Q3
RMC Volume	m3	1,702	654	5,214	1,988
US Assets combination with Summit	m3	-991		-3,131	
RMC Volume - Adjusted	m3	711	654	2,084	1,988

Consolidated		QUARTER		YTD	
		2023.Q3	2024.Q3	2023.Q3	2024.Q3
Cement Volume	TON	3,983	2,197	11,928	6,600
US Assets combination with Summit	TON	-1,527	48	4,609	368
Cement Volume - Adjusted	TON	2,456	2,246	16,538	6,969

Consolidated		QUARTER		YTD	
		2023.Q3	2024.Q3	2023.Q3	2024.Q3
Revenue - IFRS	COP Bn	3,087	1,336	9,800	3,991
US Assets combination with Summit	COP Bn	-1,729		-5,605	
Revenue - Adjusted	COP Bn	1,358	1,336	4,195	3,991

Consolidated		QUARTER		YTD	
		2023.Q3	2024.Q3	2023.Q3	2024.Q3
EBITDA - IFRS	COP Bn	722	311	1,978	868
US Assets combination with Summit	COP Bn	-427	7	-1,145	7
Provision termination Concrete contracts Panama	COP Bn		-2		11
EBITDA - Adjusted	COP Bn	295	317	833	887
EBITDA Margin - IFRS	%	23.4%	23.3%	20.2%	21.8%
EBITDA Margin - Adjusted	%	21.7%	23.7%	19.9%	22.2%

Consolidated		QUARTER		YTD	
		2023.Q3	2024.Q3	2023.Q3	2024.Q3
Net Income - IFRS	COP Bn	229	137	448	5,566
US Assets combination with Summit	COP Bn				-5,295
Gain on sale	COP Bn				95
Transaction and integration costs	COP Bn		16		7
Expenses	COP Bn		7		11
Provision termination Concrete contracts Panama	COP Bn		-2		25
Non-Recurring Income Tax	COP Bn	20	-2	56	
Net Income - Adjusted	COP Bn	250	157	504	409
Net Margin - IFRS	%	7.4%	10.3%	4.6%	139.5%
Net Margin - Comparable	%	18.4%	11.7%	12.0%	10.2%

Colombia

COLOMBIA		QUARTER		YTD	
		2023.Q3	2024.Q3	2023.Q3	2024.Q3
Revenue - IFRS	COP Bn	769	744	2,216	2,230
US Assets combination with Summit	COP Bn	41		117	
Revenue - Adjusted	COP Bn	810	744	2,333	2,230

IFRS Results:

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

COP Bn	Revenue		
	2023.Q3	2024.Q3	Var
Colombia	769	744	-3.2%
CCA	542	579	6.9%
Central America	257	257	-0.1%
Caribbean	254	273	7.2%
Trading	30	50	64.9%
Subtotal	3,081	1,323	-57.0%
Corporate	6	11	0.0%
Other Businesses		2	0.0%
Consolidated Results	3,087	1,336	-56.7%

USD M

Colombia	187	181	-3.3%
CCA	135	141	4.8%
Central America	64	63	-2.2%
Caribbean	63	66	5.2%
Trading	7	12	61.5%
Subtotal	759	322	-57.5%
Corporate			0.0%
Other Businesses			0.0%
Consolidated Results	760	325	-57.2%

EBITDA				
2023.Q3	Mgn (%)	2024.Q3	Mgn (%)	Var Marg
209	27.1%	212	28.5%	138
135	24.9%	145	25.0%	10
73	28.2%	80	31.3%	306
40	15.6%	51	18.8%	316
22	74.4%	13	26.2%	-4,824
771	25.0%	357	27.0%	194 bps
-48	N/A	-46	N/A	N/A
-1	N/A	0.4	N/A	N/A
722	23.4%	311	23.3%	-8 bps

50	26.8%	52	28.6%	181
33	24.6%	35	25.0%	39
18	28.1%	20	31.4%	335
10	15.5%	12	18.8%	331
5	72.6%	3	26.1%	-4,657
187	24.6%	87	27.1%	245 bps
-12	N/A	-11	N/A	N/A
	N/A	0.13	N/A	N/A
175	23.0%	76	23.4%	37 bps

CEMENTOS ARGOS SA AND SUBSIDIARIES
Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the nine and three months ended September 30, 2024 and 2023 | Millions of Colombian Pesos

	Accumulated			Quarterly		
	2024	2023	Variation	2024	2023	Variation
Continuing operations						
Income from operations	\$ 3,991,132	\$ 4,077,865	-2.13	\$ 1,335,627	\$ 1,316,544	1.45
US\$ dollar (millions)	1,002	924		335	298	
Cost of sales	-2,967,710	-3,083,522	-3.76	-975,489	-968,649	0.71
Cost of sales	-2,669,521	-2,792,322	-4.40	-862,610	-875,120	-1.43
Depreciation and amortization	-298,189	-291,200	2.40	-112,879	-93,529	20.69
Gross profit	\$ 1,023,422	\$ 994,343	2.92	\$ 360,138	\$ 347,895	3.52
Administrative expenses	-343,416	-311,973	10.08	-120,919	-105,719	14.38
Selling expenses	-125,091	-124,696	0.32	-40,472	-41,633	-2.79
Depreciation and amortization	-51,042	-61,476	-16.97	-17,157	-18,155	-5.50
Impairment of goodwill and assets	0	-193	-100.00	0	10	-100.00
Other revenues, net	15,023	-15,943	-194.23	-153	739	-120.70
Operating profit	\$ 518,896	\$ 480,062	8.09	\$ 181,437	\$ 183,137	-0.93
EBITDA	868,127	832,931		311,473	294,811	
US\$ dollar (millions)	218	189		78	67	
Adjusted EBITDA	886,614	832,931		316,543	294,811	
US\$ dollar (millions)	223	189		80	67	
Financial expenses, net	-388,975	-481,662	-19.24	-124,417	-181,772	-31.55
Foreign currency exchange (loss) gains	4,141	-57,457	-107.21	9,189	184	4,894.02
Share of profit of associates and joint ventures	188,591	-2447	-7,807.03	131,989	593	22,157.84
Profit before income tax	\$ 322,653	\$ -61,504	-624.60	\$ 198,198	\$ 2,142	9,152.94
Income tax	-52,301	1,519	-3,543.12	-20,513	5807	-453.25
Discontinued operations, net	5,295,485	507,858	942.71	-40,449	221,503	-118.26
Net income	\$ 5,565,837	\$ 447,873	1,142.73	\$ 137,236	\$ 229,452	-40.19
Income for the period attributable to:						
Owners of the parent company	5,512,456	387,587	1,322.25	113,530	208,426	-45.53
Non-controlling interest	53,381	60,286	-11.45	23,706	21,026	12.75
Net income for the year	\$ 5,565,837	\$ 447,873	1,142.73	\$ 137,236	\$ 229,452	-40.19
US\$ dollar - Owners of the parent company	1,385	88	1,476.70	29	47	-39.61
Net income adjusted	408,565	504,150 -	18.96	156,518	249,892.23 -	37.37
Additional Information:						
Gross margin	25.6%	24.4%		27.0%	26.4%	
Operating margin	13.0%	11.8%		13.6%	13.9%	
Net margin	138.1%	9.5%		8.5%	15.8%	
EBITDA	868,127	832,931		311,473	294,811	
EBITDA margin	21.8%	20.4%		23.3%	22.4%	
Adjusted EBITDA	886,614	832,931		316,543	294,811	
Adjusted EBITDA margin	22.2%	20.4%		23.7%	22.4%	

CEMENTOS ARGOS SA AND SUBSIDIARIES
Condensed Interim Consolidated Statement of Financial Position

As of september 30 and december 31 | Millions of Colombian pesos

	September 2024	December 2023
Cash and cash equivalents	\$ 1,970,669	\$ 1,008,527
Derivative financial instruments	45,525	135,390
Other financial assets	96,733	127
Trade debtors and other accounts receivable, net	566,449	1,184,294
Tax assets	210,644	199,616
Inventories	736,916	1,219,898
Other non-financial assets	154,928	234,567
Assets Held for Sale	0	236
Total current assets	\$ 3,781,864	\$ 3,982,655
Trade debtors and other accounts receivable, net	39,784	41,208
Investments in associates and joint ventures	8,588,580	39,238
Derivative financial instruments	100,754	34,916
Other financial assets	854,716	852,755
Intangible assets, net	392,681	484,712
Right-of-use assets, net	135,520	433,223
Biological assets	15,192	16,164
Property, plant and equipment, net	5,051,476	11,523,084
Investment properties	206,490	240,569
Goodwill, net	998,267	1,601,761
Deferred tax asset	101,226	250,136
Other non-financial assets	11,675	10,318
Total non-current assets	\$ 16,496,361	\$ 15,528,084
TOTAL ASSETS	\$ 20,278,225	\$ 19,510,739
LIABILITIES		
Financial obligations	1,228,943	1,819,111
Lease liabilities	40,235	103,151
Trade liabilities and accounts payable	892,613	1,160,101
Tax liabilities	85,273	49,078
Liability for employee benefits	173,078	252,106
Provisions	25,487	71,504
Other financial liabilities	80,577	88,266
Derivative financial instruments	67,226	226,270
Outstanding bonds and preferred shares	430,852	196,845
Other non-financial liabilities	182,286	265,213
Total current liabilities	\$ 3,206,570	\$ 4,231,645
Financial obligations	948,203	2,234,376
Lease liabilities	97,379	422,628
Liability for employee benefits	222,737	232,015
Derivative financial instruments	127,507	114,138
Provisions	61,323	185,436
Outstanding bonds and preferred shares	1,979,413	2,497,133
Other non-financial liabilities	75,355	-
Deferred tax liability	441,986	518,369
Total non-current liabilities	\$ 3,953,903	\$ 6,204,095
TOTAL LIABILITIES	\$ 7,160,473	\$ 10,435,740
HERITAGE		
Issued capital	2,290,218	2,242,552
Own shares repurchased	-401,682	-157,995
Reservations	5,758,565	684,841
Cumulative results	1,295,868	1,431,318
Other comprehensive income	3,392,724	4,154,687
Total equity attributable to controlling interests	\$ 12,335,693	\$ 8,355,403
Non-controlling interests	782,059	719,596
TOTAL EQUITY	\$ 13,117,752	\$ 9,074,999
TOTAL LIABILITIES AND EQUITY	\$ 20,278,225	\$ 19,510,739

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 3Q24 results will be held on November 8th, 2024, at 11:00 a.m. Colombia & ET

Join web seminar Zoom.

Register before the call:

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

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. To avoid connectivity issues, we suggest connecting at least 15 minutes before the call.

3Q24 results presentation and report are available from today November 8th, 2024, at Cementos Argos' Investor Relations website: ir.argos.co/en/financial-information/quarterly-results/

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