

February 24, 2021

RESET PLAN:

THE MAIN CHARACTER IN THE RESULTS OF 2020

I want to greatly recognize our human talent because thanks to their resilience, commitment, effort, and passion, in 2020, we achieved an operating result even higher than in 2019. Despite having faced a very challenging year, everyone gave it their best from within their role for our company to take relevant steps in terms of financial flexibility and organizational efficiency. During this term, we also strengthened our portfolio with specialized products and services, and we continued creating social value for the different stakeholders. These experiences will allow us to be more prepared to face the challenges and take advantage of the opportunities that the future presents us with.



Juan Esteban Calle,
CEO.

Plant
Martinsburg,
Virginia

CONSOLIDATED RESULTS:



At the end of the fourth quarter, we reported an EBITDA* of COP 448 billion (USD 122.2 million), representing an increase of 16.3% (in pesos) compared to the same quarter of 2019. This is due to greater economic dynamics in the three regions and cost and expense efficiencies captured in the RESET program's execution. Likewise, we have a cumulative EBITDA* of COP 1.7 trillion (USD 456.1 million), 4.5% (in pesos) more. Revenues from October to December were COP 2.3 trillion (USD 634.1 million), with a decrease of 1% (in pesos), and consolidated revenues were COP 9 trillion (USD 2.4 billion), 4% (in pesos) less than last year. In 2020, the net profit was COP 78 billion (USD 21.2 million).

We want to highlight a 2% increase in cement volumes during the last quarter of the year, where we dispatched close to 4 million tons. This increase was caused in part by greater export activity from Cartagena and trading in the Caribbean and Central America regions. In regard to the consolidated figures, this is close to 15 million tons, a reduction of 9.1%.

The adjusted concrete volumes, excluding the figures from the 2019 divestiture in the United States last year, had a decrease of 15.8% during the quarter and 16.3% on a like for like basis. This goes to show the slower dynamics in the commercial segment of the United States as well as in the formal construction in Colombia. It's important to remember the impact that the hurricanes and heavy rains had on the business in the United States and the operational closures that lasted ten to twelve in Colombia and most of the markets in Central America and the Caribbean due to the pandemic. This impact was offset by price improvements in Colombia and the United States, cost and expense efficiencies in all of our operations, along with the devaluation of the Colombian peso.

*Adjusted EBITDA for 4Q19 excludes the EBITDA generated by the ready-mix concrete operations divested in the USA Region, as well as land appraisals in Colombia and payments associated with the agreement with the DOJ in the United States.



MAIN ADVANCES OF RESET,

ARGOS' COMPREHENSIVE PLAN TO MITIGATE THE EFFECTS OF COVID-19:



HEALTH, SAFETY AND EMPLOYMENT:

- We successfully implemented health and safety protocols to protect all employees in the value chain.
- We restarted operations following strict health and safety measures in all the countries where we operate.
- We protected 3,733 jobs in Colombia and 3,356 jobs in the other regions.



LIQUIDITY:

- We generated free cash flow for COP 1 trillion (USD 272.4 million), which allowed us to end up with a solid cash position of COP 621 billion (USD 180.8 million) at the end of 2020, while reducing total debt for the year.
- We achieved savings of USD 11.6 million during the fourth quarter and USD 115 million for the year, thus exceeding the initial goal of USD 94 million.



OPERATIONAL EXCELLENCE:

- We achieved an increase in the implementation of the Argos ONE platform in the three regions.
- We implemented our Digital Twin project, which, through data analysis and artificial intelligence, improves our products' variability and quality and guarantees an optimum combination of operational assets. Annual savings of USD 13 million are expected as of 2022.

PERFORMANCE BY REGIONS:

USA Region:



Efforts to increase profitability led to 15.8% growth in quarterly EBITDA*. During that same term, RESET generated savings of USD 4.6 million.

At the end of the quarter, cement shipments decreased 3%, and concrete shipments decreased 15.9%. The previously mentioned reflects the impact of adverse weather conditions and challenging market conditions in the commercial segment that were partially offset by a greater contribution from the residential and infrastructure segments in concrete sales.

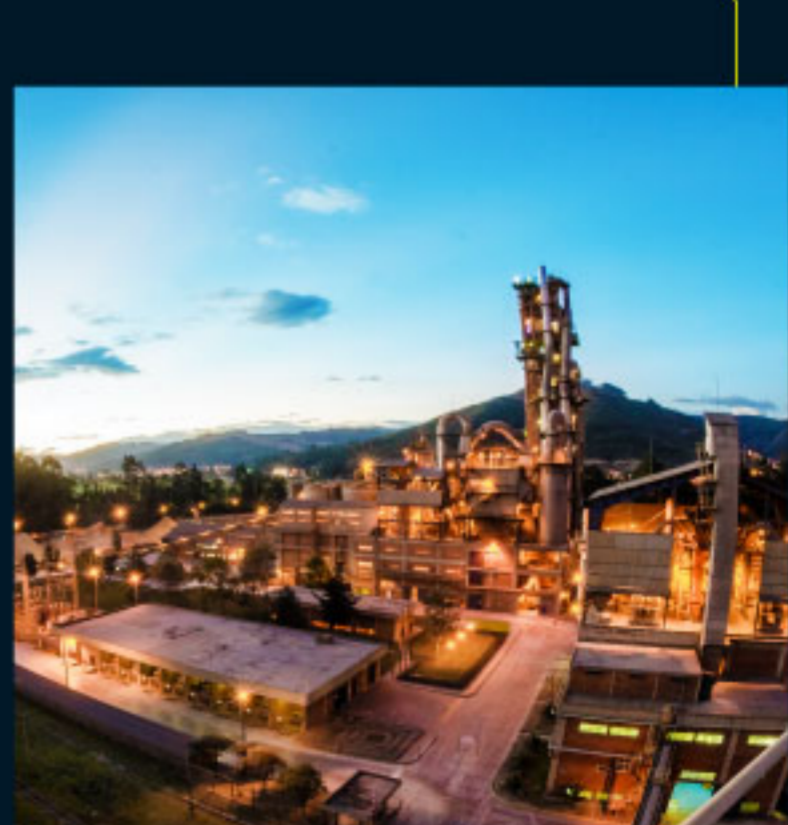
Slightly higher prices and lower volumes caused revenue contraction. However, in the Carolinas and the Southeastern part of the country, volumes in the last quarter grew compared to the previous year to double digits. This is partly because we managed to place the Argos seal on relevant projects such as distribution centers and large warehouses. On a cumulative basis, cement shipments decreased 6.4% and concrete shipments by 9.9%.

The performance of this region, throughout the year, was satisfactory. This is despite challenges that derived from weather conditions and the effects on the economy due to the uncertainty of COVID-19 and the presidential elections. The consolidated EBITDA* of the company in the USA reached USD 257 million, a growth of 6.3% when compared to 2019.

Colombia Region:

We reached USD 1.9 million in savings derived from RESET. During the last quarter of the year, the volumes of cement and concrete showed a reduction of 1.6% and 12%, respectively. Likewise, the regional revenues during this term decreased 3% and EBITDA* by 1.7%.

Although the industry, in general, was hit in its 2020 results, the country showed a favorable dynamic in the residential segment, reflecting the national government's successful implementation program that seeks to provide a total of 200,000 subsidies for acquiring housing between 2020 and 2022. In this context, cumulative cement and concrete shipments decreased 18.3% and 25.7%, respectively. On the other hand, the revenues for the year were 15.3% (in pesos) less than in 2019, and the EBITDA* was lower by 17.5% (in pesos), thus closing the year at COP 401 billion (USD 108.6 million).



However, the recovery speed for demand, driven primarily by the self-construction segment, in markets such as the Dominican Republic, Puerto Rico, and Honduras, has helped the region's consolidated results to be less affected than the foreseen. All this considering the magnitude of the challenges faced.

Caribbean and Central America Region:



We reported USD 1.8 million in RESET savings during the quarter. Greater exports and trading activity drove the growth of cement volume during the final quarter of the year, a figure that increased by 13.5% compared to the same term in 2019. The aforementioned was partially offset by the fall in prices and the revaluation of the currency in Haiti. During this same term, revenues remained stable, and EBITDA* decreased 1.7%.

Regarding the consolidated performance of the year, cement shipments in local markets decreased 3.3% as a consequence of the impact of two hurricanes, the prolonged isolation measures, and the limitations for investment in infrastructure, given the focus of public budgets on pandemic care. In 2020, revenues were reduced by 16.6% and EBITDA* by 20.7%, thus achieving USD 117 million.

However, the recovery speed for demand, driven primarily by the self-construction segment, in markets such as the Dominican Republic, Puerto Rico, and Honduras, has helped the region's consolidated results to be less affected than the foreseen. All this considering the magnitude of the challenges faced.

I am convinced that we are on the right track, and, therefore, I want to invite you to remain committed to results, envisioning a future full of opportunities. Let's remain focused on continuing in good spirit and complying with all biosafety protocols to help accelerate the economic recovery and the recovery of growth indicators and employment levels. Let's always bear in mind that we are the main characters of the history of our company and the main persons responsible for its sustainability.

Juan Esteban Calle.