

May - 2021

THE RESULTS OF THE FIRST QUARTER REFLECT OUR COMMITMENT TO CONTRIBUTE TO REACTIVATE THE ECONOMY AND CREATING EMPLOYMENT AND SOCIAL VALUE

The results of this quarter in terms of sustainability, job creation, commercial dynamics, progress in efficiency and competitiveness programs, cash generation and deleveraging were satisfactory due to the commitment, good spirits, and a sense of transcendence of over 7,200 of our employees.

Juan Esteban Calle
CEO



- ▶ We accomplished important milestones in terms of sustainability. We have continued to invest in Colombia with the expansion of the Cartagena port and plant, thus incorporating 194 direct and indirect jobs and deepening its support to the value chain of more than 1,700 small and medium-sized suppliers in the country.
- ▶ In the first quarter of 2021, we showed improvement in results in terms of revenues and EBITDA.
- ▶ Cement shipments were in strong demand in all markets and were lower in comparison based on Colombia, as well as the Caribbean and Central American regions.
- ▶ Concrete volumes were mainly impacted by a slower recovery in Colombia and the Caribbean and Central America and weather conditions in the United States.
- ▶ Decrease in debt and operational performance favored the leverage reduction level.

A QUARTER OF KEY PROGRESS

During the first quarter of 2021, the consolidated income was USD 651.6 million and EBITDA was USD 125.1 million. This was thanks to better dynamics in all markets and a lower comparison base in Colombia and the Caribbean and Central America. Cement volumes reached 4.1 million tons, thus representing an increase of 19 %. On the other hand, concrete shipments totaled 2 million cubic meters, with a decrease of 4.4 %, mainly caused by weather conditions in the United States and a slower recovery of formal construction in Colombia and in Caribbean and Central America countries.

Likewise, at the beginning of the year, we launched Green Solutions, a portfolio made up of innovative resources, services and products that contribute to the development of more environmentally friendly projects for the environment. We materialized a loan for COP 160 billion where the interest rate is based on environmental and social performance and corporate governance (ESG). Additionally, we updated our climate change strategy, where we have committed to reducing CO₂ emissions by 29 % by 2030 and offer carbon-neutral concrete by 2050.

RESULTS BY REGIONS:



UNITED STATES REGION

Revenues remained stable at USD 349 million, while higher efficiencies drove EBITDA to USD 50 million. Cement volumes totaled 1.4 million tons, which means we saw an increase of 3.1 % compared to the same term in 2020. These volumes were driven by the positive dynamics of the construction of warehouses and distribution centers, which continue to support the demand of cement. On the other hand, concrete volumes decreased 6.9 %. They were impacted especially by a massive winter storm in Texas and an increase of rainy conditions in the Carolinas.

The macroeconomic context in the country continues to be favorable in relation to the construction sector thanks to the performance of the residential segment. In infrastructure, it is highlighted that the federal government recently announced a proposal called the American Jobs Plan, which includes an investment of USD 2 billion over the next eight years. After of 12 to 18 months of its approval, this plan could boost an increase in the cement demand during the next 8 to 10 years.



COLOMBIA REGION

Better volumes and stable prices allowed for an increase of income compared to the same term of last year, which reached USD 169.6 million. This, added to lower maintenance costs drove the increase of the EBITDA, which stood at USD 40.7 million. Cement shipments were 1.2 million tons, with an increase of 19.4 %, thus benefiting from a low comparison base. On the other hand, concrete volumes were 572,000 cubic meters, 3.3 % higher than that of the same quarter of last year, but still lower compared to 2019.

In this first quarter, in terms of volume and mass segment, the market continued to recover, maintaining the positive dynamics seen since September 2020. For its part, formal construction continues its path to recovery, driven by an increase in housing starts and stability in the execution of infrastructure projects.



CARIBBEAN AND CENTRAL AMERICA REGION



An income increase is reported due to higher cement volumes, as well as a USD 41 million EBITDA, higher than the same period of 2020. The dynamics of self-construction and signs of recovery in Panama drove higher cement shipments to 1.4 million tons, 21.4 % more. Concrete shipments, meanwhile, decreased 13.7 % year-on-year as a result of lower recovery rate in the industrial segment.

Regarding the dynamics of the market, a better performance of the industrial segment is estimated in the medium term, due to some plans by local governments to promote economic recovery through infrastructure.

*“The health and safety of our employees, as well as creating employment and social value, continue to be our highest priorities for 2021. We are convinced that at Argos we are a part of the solution, and we will continue working every day with optimism, empathy and hope to contribute to make Argos the best company we all dream of, **stated Juan Esteban.**”*