

Grupo Argos S.A

CONFERENCE CALL TO DISCUSS GRUPO ARGOS S.A FINANCIAL AND OPERATIONAL RESULTS FOR THE FOURTH QUARTER OF 2020.

Company: Grupo Argos S.A

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Participants:

- Jorge Mario Velasquez Jaramillo, Chief Executive Officer, Grupo Argos
- Alejandro Piedrahita, Strategy and Corporate Finance Vice President
- Rafael Olivella, Vice President of Corporate Matters, Grupo Argos
- Mauricio Ossa, President, Odinsa
- Pablo Arroyave, President of Corporate Finances, Odinsa
- Maria Clara Aristizabal, Manager for the Urban Development business
- Natalia Agudelo, Director of Investor Relations

Natalia Agudelo, Director of Investor Relations

Good morning, to you all. This is Natalia Agudelo, and I want to thank you for your participation in this Fourth Quarter Result Presentation. We have Jorge Mario Velasquez, President of Grupo Argos; Alejandro Piedrahita, Strategy and Corporate Finance VP; Rafael Olivella, Vice President of Corporate Matters in Grupo Argos; Mauricio Ossa, President of Odinsa; Pablo Arroyave, President of Corporate Finances in Odinsa; Maria Clara Aristizabal, Manager for the Urban Development Business. The conference is being translated into English simultaneously. Remember that our reports as well as the financial reports, relevant information and presentations are published in Spanish and English in our portal for investors www.grupoargos.com.

In our website, we have made available presentation that will be following the video conference. In order to download you can access the menu clicking on financial information. In the section of "Reports", you'll find a file called "Presentation 4T2020". I want to invite you all to go over the presentation on slide number 3.

And I'll give the word to Jorge Mario Velasquez, Grupo Argos President.

Jorge Mario Velasquez Jaramillo, Chief Executive Officer

Thank you, Natalia. Good morning to you all. Thank you for being with us today in this call. I'd like to share with you the results for the fourth quarter 2020, and I wanted to begin by hoping you all well, good health and getting ready to step outside as such profound shock that we suffered as a society, but we are starting to see that light at the end of the tunnel for all of us. So, thank you very much and it's a pleasure having you all.

I would start by saying that 2020 presented obviously a challenge, very important challenge for society and for the business group. The organization has proven this year its adaptation capacity, its equity strength in order to navigate this extreme shocks achieving results that even though have been impacting the economy due to the closures, such as cement dispatches or for example, the airport closure for several months, as well as roads, and the reduction of traffic in shopping malls where large part of our operations is focused, all of this started showing a positive trend quarter-after-quarter, and at the end results that even though have been impacted on their numbers due to this economic deacceleration, do present better results than the one that we could have imagined at the beginning of this situation with such a large impact.

Today we come with a solid organization, structurally speaking, with a debt that's located at the same levels that we had in 2019. Our businesses have proven the adaptation capacity in order to keep on generating cash, even in the most challenging moments, but at the same time, they proved the necessary flexibility in order to adjust all our structures both in cost and expenses according to the difficulties that we face in this unpredictable moment. Priorities that we define and the action plan that we implemented in a fast and anticipated manner at the beginning of March allowed us to mitigate the financial effects that this pandemic

brought with. I would like to highlight the role of Grupo Argos as a strategic articulator in a coordinated effort with all the companies in order to keep on contributing in synergy and creation as a powerful source of value generation. And at the same time, as an articulator of a strategy that's known for our long-term vision. Thanks to this joint effort, during 2020, we were able to move investments for more than COP 1.4 trillion guaranteeing at the same time, the continuity and reliability of the operation and the highest quality standards of our products and services.

Likewise, in OPEX terms, we were able to reach savings that reached to the figure of COP 541 billion. For those COP 541 billion, we want to highlight a reduction in the structure expenses for more than COP 165 billion. This is less compared with 2019. In addition, in order to guarantee the liquidity during such uncertain moments and the highest moment of uncertainty of the year, we took insured credits for COP 1.4 trillion that during the year were prepaid, thanks to the solid cash generation of all of our businesses.

Once we go over the financial results, you'll be able to evidence the relevance that as I said these actions had in order to make the cost and expense structure more variable that we consider were fundamental initiatives in order to maintain our equity strength, the equity strength of our business group in such a difficult year.

I would like to start by the operational results of our different businesses. In such way, we'll be able to have a better landscape and a better understanding of how the consolidated result of Grupo Argos is constructed. And analysing, simultaneously, the accelerated recovery that we have been seeing since the beginning of the second quarter last year and that during December showed not just a very positive view or expectancy for 2021 and 2022, but also with a solid competitive decision and very similar to what we had previously in our operations.

So, let me begin by each one of the businesses. Now, I want to invite you to follow the results of our cement business. In our cement business, we closed the fourth quarter 2020 with 4 million tons of sold cement, 2% higher than the volume that we reached same period last year, and 25% higher than the volume that we had for the second quarter 2020. This was the period where we had the largest lockdowns and where the pandemic was hitting strongest. We want to highlight that during November and December, we increased the cement volumes

compared to the same months previous year by 7%. This is a very positive signal facing 2021. Even though that during the fourth quarter, we saw a contraction in the concrete sales in the United States dropping 21% compared with same period last year due to climate conditions that were less favourable in several of the states that we operate that delayed the advancements of those works our customers have been bidding, were completely trustful on the reactivation given the different economic dynamism context that we're seeing locally, regionally, and global towards a post-COVID recovery.

Likewise, the indicators concerning the sectors all around our geographies prove recovery signals. We want to highlight that in Colombia we saw an acceleration of new housing sales during last quarter that grew 35% year-after-year reaching 59,000 sold housing units in the United States for the month of December. The construction expense increased by 5.7% year-after-year, and the housing construction licenses that's a lead indicator for future cement consumption, grew 17% year-after-year. Meanwhile, in Central America and the Caribbean, the majority of the regions and countries with the exception of Panama that has had a slower recovery, have proven a positive dynamic in the self-construction that's leading the cement demand. Thanks to the progressive recovery in the sales volumes, we were able to achieve revenues in Cementos Argos for COP 2.3 trillion for the quarter. This is a very stable result compared with previous year and we reached an adjusted EBITDA for non-recurrent operations for COP 448 billion, which grew 16% compared with fourth quarter previous year. The implemented efforts by the company in order to optimize its expansive cost structure during the pandemic represented in savings for 2020 of more than \$115 million were key in order to upgrade in a lighter manner and close that base in order to follow that path of profitability maximization that we expect to maintain even further than 2021.

Celsia. 2020 was a year that has proven the stability and resilience of the energy business of Grupo Argos. Even though we never stopped our operations during the year, the electric sector was also affected by this global economic deacceleration that was translated in a demand drop in Colombia of 2.6% particularly impacted by the consumption of the industrial segment that decreased a 3.4%. The accumulated energy generation for the company dropped 7% during the year if we exclude the generation of the Termoflores plant that had been sold in September 2019. Nevertheless, thanks to a better hydrology during

the last weeks of the year in Colombia, Celsia closed the year with reservoirs at 67% level. It's a very healthy level in order to face those dried periods that we'll be facing in 2021.

In the distribution and commercialization energy sectors, we closed the sector with 876 gigawatts sold per hour, very aligned with what we had recorded in the same quarter previous year with a base that is consolidated today higher than 1.2 million customers in Colombia. And the financial aspect of the company reached revenues for COP 898 billion and an EBITDA of COP 336 billion for the quarter, which represents a reduction of 7% and 11%, respectively compared with the same quarter previous year. This drop is explained mainly by the creation of Caoba that's our investment platform with Cubico Sustainable that incorporated the assets of what we call Plan5Caribe, Toluviejo and the assets of the level 3 and 4 for Tolima.

From 2020, this platform has been deconsolidated from our Celsia financial results. When we eliminate this effect, the EBITDA dropped 3% in the quarter even though that it has grown through the year at an 8% rate. We also want to highlight the investment plan that has been programmed for energy business for 2020 for close to COP 3.6 trillion from which COP 1.4 trillion will be contributed by the company and the rest by the platforms in order to strengthen and improve the quality of the service, which is an aggressive strategy for renewable energy growth, non-conventional renewable energy growth and the consolidation of the distribution of transmission assets under the strategic alliance scheme that has been proving to be a powerful route in order to keep on growing in a profitable manner around this business.

Odinsa. Moving onto the road and airport concessions, we see a year with higher operational affectations given that the passenger vehicle flows were highly impacted by the constrained measures and mobility constrained measures decreed by the authorities in order to mitigate the propagation of the virus. The magnitude of the impact for the infrastructure asset that faces the loss of revenues but keeps its availability and honours the debt service is of course very relevant.

In the segment of road concessions, the traffic dropped to less than a third between February and April but recovered in the measure that the mobility

constraints were lifted reaching a total of 123,000 vehicles mobilized per day during the month of December. This figure is 3% less than that where we recorded same month previous year. We want to highlight under this respect a performance traffic-wise higher than last month previous year for all concessions in respect with our historic data in the exception with Tunel de Oriente concession that has a higher correlation with the Jose Maria Cordova Airport traffic and that ended with levels of 81% of vehicles compared with the same month previous year. In airports, we went from moving 3.3 million passengers a month on average in 2019 to 1 million passengers a month on average during 2020.

As you can see on slide 7, this business confirms an accelerated recovery for roads since May, while the airport business began presenting recovery signals since September with a gradual reopening of El Dorado airport that begun progressive operations with national passengers moving on afterwards to the reactivation of international flights, a segment that we want to mention contributes with the highest traffic rate in terms of the results for this asset. El Dorado closed in December with 1.4 million passengers, meaning by this 54% less that would have been recorded same month 2019, but substantially higher with practically no performance during the confinement months. Economically speaking, we have achieved important advancements in negotiations with competent authorities. In order to reach the economic reestablishment of the contracts that had their equilibrium affected by the order closures by the [inaudible]. We also want to let you know that with the support of the different agencies and the national infrastructure agencies described two agreements with different road concessions in order to mitigate the impact of the pandemic.

In this, we recognized the affectation of the revenues due to stop of the toll charges for those vehicles that were going over the national territory and also the affectation due to the reduction of traffic in the different toll booths as a condition to the measures adopted by the national government. In respect with the airport concessions, our Opain subsidiary together with the rest of the concessions of the country signed a memorandum of understanding with ANI which is recognized that the adopted measures by the national government in order to avoid propagation of COVID-19 implied the total restriction of commercial flights between March and September of 2020, generating an impact in regulated revenues and non-regulated revenues for the concession. Attending this, the concession for El Dorado Airport will have an extension to that date that had

initially been established that will compensate regulated and non-regulated revenues that were not perceived between the 23rd of March and 30th of September 2020. These agreements that have been reached for road and airport concessions and that are not reflected in the financial results for this period have been estimated over COP 400 billion and partially mitigate the impact in the equity value of the assets granting an extension without costs to these dates that we had initially specified in the contract. Odinsa closed the fourth quarter with revenues close to COP 204 billion, this is 13% growth compared with 2019, where road concessions keep proving strength both from the contractual model as well as from the traffic side.

Nevertheless, the airports that entered through a participation event through Odinsa keep impacting the results in a very important manner with a negative variation for the quarter close to COP 18 billion. EBITDA for the period closed in COP 76 billion with a drop of 16% excluding the non-recurrent effects. It's also right for us to remember that Grupo Argos consolidates El Dorado Airport. The asset that reflects has to be set the highest affectation in the concession business and that reflected a net loss of COP 14 billion during the quarter.

Now let me move on and discuss the real estate business and I want to invite you to see the main highlights that we have on slide 8, where we highlight that at the end of this period where businesses for COP 136 billion that together with those that have been signed previous year ensured COP 290 billion of revenues for the next five years. Within this set of promises, we have the last block of the project that we've called Ribera de Mallorquin, this is one of the most innovative urban developments in the country, the concentrates in attending social interest housing demand in a sustainable, inclusive manner and based on material quality standards and urbanism standards that exceed other national reference and will turn this project into an iconic project for Colombia. With this last sales promise that we have signed, we completed the closure of those five landmarks that are part of the first stage of this project and that contributed during the year COP 54 billion to our financial results. This contributed to the fact that in 2020, the urban development business grew a 7% EBITDA wise compared with previous year closing in COP 48 billion without, bear in mind, the results of Pactia, real estate fund. We also want to highlight that we were able also to postpone CAPEX investments for COP 39 billion that will be executed in the upcoming years with

which the business closed the year with a positive net cash flow of more than COP 14 billion.

In respect to the real estate rental business, Pactia, for the fourth quarter, we had an effective gross revenue of COP 74 billion, a decrease in 15% year-after-year while the operational net revenue was COP 50 billion, representing a 14% year-after-year. EBITDA for the quarter was COP 31 billion, representing a reduction of 21% year-after-year. This differences in results reflect the release that Pactia has granted to its customers in shopping malls and less revenue to available rooms in the hotel as a consequence of the pandemic. But nevertheless, we will adjust these changes through the accounting in the property taxes and not recurrent revenues, the operational revenue and EBITDA dropped 1% to 2% respectively.

In terms of the same assets for the year, the reduction year-after-year of the effective gross revenue was of 8% and 2% for the operation of net result, and 4% for the EBITDA. It's also important to highlight that in the last quarter, we saw a very strong recovery in the Colombian economy and in the real estate sector. The fund placed more than 44,000 square meters of rentable gross area and sold non-strategic assets for a value close to COP 67 billion. Also during the fourth quarter of 2020, Gran Plaza shopping mall presented increases of 58% in the traffic and 30% in terms of sales compared with the results they had in the third quarter last year while the seven hotels that we have in our portfolio went from a 10% occupation to a 25% occupation rate. And this landscape represents the results and the dynamics of each one of the businesses within our business group.

Let us now look at the consolidated results. As you have been able to see, the results of our different businesses were impacted by the effects of COVID-19. But they also show rigorous and disciplined management in order to mitigate these external shocks and to support a progressive reactivation that we have been evidencing with positive results in the majority of our businesses during this fourth quarter. On slide 11, you'll be able to see the consolidated results. Revenues for 2020 reached COP 14 trillion, closed in COP 3.6 trillion, this is 8% percent less compared with the adjusted results for non-recurrent operations of 2019, but 4% higher than what we had in the third quarter 2020. We also want to highlight the performance of the energy business with contributions to consolidated revenue of that fourth quarter for COP 892 billion that represented

25% of the total revenues, followed by the cement business with a contribution of COP 2.3 trillion, equal to 65% of the revenue.

This behaviour in our consolidated values was impacted by the shock of the airport business that consolidate as we mentioned before Grupo Argos and that meant a lot of contribution of the concession business for COP 181 billion compared with the revenue of fourth quarter previous year.

In total, cost expenses dropped in COP 1.4 trillion during 2020, that are equal to a reduction of a 10% year-after-year and reassure the magnitude of the shock, but at the same time the importance of a mitigation plan that has been previously mentioned. Consolidated EBITDA closed fourth quarter at COP 789 billion with an increase of 1%, compared with the same quarter previous year eliminating the non-recurrent effects this behaviour or base with the viability of the cost and expenses that we let in order to adapt ourselves to those external shocks in order to protect our margin and the sustainability of our organization.

On slide 14, you'll be able to see the detail of the structural expense reduction in each one of our businesses. It was a joint effort that was indispensable in order to keep the organization's profitability. Moving on to the non-operational results, the financial expense for the year reached COP 1.2 trillion and dropped COP 36 billion, this is 2.8% lower compared to what we had in 2019, explained by the reduction of the interest rates and proactive management from our different treasury offices in the reprofiling of debt. This exercise let the companies to carry out operations with the bank and with capital market over to COP 1 trillion in favourable rate and term conditions.

Cementos Argos advanced successfully with the omission of COP 250 billion that were placed on November, this operation allowed to improve the average life of the total debt that dropped in short-term portion going from 25% in the middle of 2020 to a 14% at the end of this year. From its side, in Odinsa, there was refinancing of the Tunel de Oriente debt for COP 660 billion last month of the year, what reassures the coherence of the plan in the moment of the acquisition and allowed us to use the leveraging capacity that the asset has in order to reduce the indebtedment of the company in front of its debt level of what we had in September 2020, simultaneously maximizing the present value of the concession.

Bearing in mind what has been previously said, we want to highlight that in this exercise that has shown a significant devaluation of the Colombian peso, and given that 37% of the organization's debt is in US dollars due to our international operation, we were able to close 2020 with a consolidated indebtedness of COP 16.7 trillion. This is just 3% higher than what we had in December 2019. If we eliminate the effect of the exchange variation, the debt increase would be even lower than 1%. Net debt registered a small reduction during the year and was located in COP 15.4 trillion.

The net profit for 2020 closed in COP 154 billion and from the controller side in minus COP 100 billion, given that the highest effects have been happening in those sectors where we participate, such as the airport concessions. But nevertheless, we also want to highlight the capacity that the organization has in order to generate an operational cash flow for COP 2.8 trillion. This fact allowed us to proceed with our operations and comply with our obligations, proceed with our investment and adjustment maintenance programs, closing the new year with a strong consolidated position that reached COP 2.7 trillion. Our indebtedness levels and the continuity prove the structural soundness that Grupo Argos had in moments of shocks, such as the one we saw previous year.

Now I want you to move on to look at the separate results that are on slide 16. In respect with the separated results 2020, the revenues reached COP 256 billion with a positive contribution of our cement businesses, energy, and real estate that added with these investments and with the dividends of portfolio investments reached COP 457 billion compared with losses of COP 204 billion in the concession business, that are registered as we have previously mentioned in the Grupo Argos revenues through the participation method. During the year, the manageable expenses dropped a 10% in nominal terms. EBITDA was COP 83 billion and net profits reached minus COP 59 billion, mainly due to the negative effects over the concession business that we had broadly explained. It is also very important to highlight that the operational cash flow during the period at a separated level had a positive behaviour reaching COP 103 billion driven by the expense efficiencies. In terms of the capital structure, Grupo Argos closed with separate debt of COP 1.6 trillion, which doesn't represent a variation in comparison with the close of 2019. The financing source diversification capacity and the liquidity of Grupo Argos at a separate level besides the rightful and timely financial management has allowed us to keep that trust of the market that at the end of October

supported the ordinary bond exchange for an amount of COP 137 billion. This transaction constitutes the first private debt exchange that has happened in the country, representing a milestone in the Capital Markets of Colombia, contributing at the same time towards development and indebtedness.

In addition, we also want to highlight the credit refinancing with local bank for close to COP 480 billion that extend the debt average life from 5.7 years in September to 6.3 years at the end of December 2020, achieving a reduction in the debt concentration between 2022 and 2023 of a 47% to an 8% of the total expiries. With this transaction, we're also able to take advantage of the favourable conditions of the market in order to access debt at much more competitive rates. Even though the consolidated and separated results were impacted by the external shock of the pandemic, the strategic coherence of a long-term vision of Grupo Argos through its power and solidness during the year. Three milestones during 2020 ratified the strength that has characterized this organization for the last 90 years. The company, first of all, was able to keep stable net debt with a very difficult year. Second, we were able to reach a reduction in our expense structure. We also confirmed the extraordinary capacity of our businesses in order to generate cash flows. All these prove that Grupo Argos is a flexible and prepared organization in order to prepare as a leader in the economic reactivation in all the territories where we operate today.

And in light of these results, the company and its Board will bring to the shareholder a consideration, a dividend of COP 382, first time that represents an increase aligned with the inflation of 2020. In addition, the organization will offer the option to its shareholders to receive the dividends in ordinary shares of Grupo Argos in cash or a combination, 50% shares, 50% cash. With this purpose, we want to keep the structural strength of the organization that has allowed us to sail that 2020 shock at the same time that we honour the commitments we have with our shareholders that have supported us through decades and that keep on helping us in the strategic vision of this Group and we want them to be here also in the long term.

Finally, the commitment and discipline and rigorous management of this shock plan contributed to the mitigation of the effects of the pandemic and proved the structural strength of the organization, 2020 ratified the benefit of counter with a portfolio of assets and the majority are regulated or hired in the long term in order

to ensure predictable and stable cash flows, but at the same time, it validated the convenience of diversity in order to mitigate and compensate the effects of the pandemic in some of the businesses, we had airport closures. We also want to highlight the continuity and strength of the energy business, the progressive recovery of the road concessions and better volumes in cement in the different regions where we have operations.

We're optimistic about the future because besides our financial flexibility and the adaptation capacity that the Group has proven in 2020, we're identifying positive signals in those markets that we participate, both in the infrastructure sector and that will prove the results of our businesses. In the United States, the new office projects investments for more than \$1.9 billion, as a mechanism to create millions of employees, of employment and renew the infrastructure. In Latin America, we have identified relevant opportunities in the professional administration of the assets that the region requires in order to keep on growing. And in Colombia, the structuring of a 26-project package is being organized. Under this line, the social and economic effects generated by the pandemic during 2020 ratified the role of companies as the main source of employment and investment as vehicles drive the development of economies and to create solutions that will offer progress and well-being to our citizens. The situation has proven that if companies thrive, companies and citizens thrive too, that's why we say with pride that we are working on a fund, education and employment fund that that wants through different educational programs in different business with different companies employing a group of 2,000 youngsters, training another 6,000 youngsters given that these are the population that have been affected the most by the pandemic in Colombia. Initially, we'll be working on this pilot program with Comfama, Proantioquia, and other companies that we expect also to be part of the program progressively there to multiply this impact.

In addition, we have been implementing a relief program, a support and rescue program for those vendors of the organization that have required so in order to ensure the subsistence of value chains in order to contribute to the national production cycle, agreeing payment due dates and helping to strengthen their businesses through mentorships of our professionals. This program is contributing to the protection of more than 25,000 employments of 800 micro, small and middle-sized companies. From the social aspect, we want to highlight the contributions of Grupo Empresarial Argos in order to face this current

situation that exceeded COP 24 billion at the end of 2020, with the donation of more than COP 10 billion for the acquisition of health equipment in order to strengthen the health system in Medellin and Antioquia with contributions also in departments such as Bolivar, Valle del Cauca and Tolima.

This special way of understanding and developing our businesses was recognized during 2020 by the Dow Jones Sustainability Index which located Grupo Argos and its companies within the most sustainable around the world for eight consecutive years. In this edition, Grupo Argos and Cementos Argos have consolidated for the eighth time as members of the Dow Jones Sustainability Index highlighting or standing out as one of the companies with the best practices around business related topics and environmental and social aspects. The Group's companies also were mentioned in the Sustainability Yearbook of the S&P Global. Grupo Argos and Cementos Argos received the silver seal and Celsia the bronze seal as a recognition to a transparent comprehensive and long-term focus management.

This distinction brings together those companies that have had the best sustainable performance at a global level in order to recognize its efforts around economic, social and environmental aspects. In this edition, the 2020 edition, 7,000 companies were evaluated coming from 61 different industries from which 13 of those are Colombian, including those that belong to Grupo Empresarial Argos. This recognition strengthened the trust in those different stakeholders and different international and national investors in front of those companies that work in favour of long-term value generation.

From the environmental angle, after a very careful analysis of each one of our operations, we established concrete goals in order to mitigate those effects coming from climate change. In this sense, we will reduce in 46% the intensity of our emissions of carbon dioxide or greenhouse effects, equivalent to COP 1 million of consolidated revenues for 2030, and we will simultaneously reduce 37% emissions in terms of this component in absolute manner, and we will advance in the risk and opportunity management in terms of climate change. This ambitious commitment asks from us to keep on advanced and decisively in operational eco efficiency and the increase of electric energy coming from non-conventional renewable sources and the progressive substitution of fossil fuels for alternative fuels in between other measures.

I don't want to end this conference without thanking you all for your permanent support and thank our more than 14,000 collaborators that make all these efforts possible, but moreover have proven with their dedication and talent that we share that higher purpose of positively transforming the lives of millions of people through infrastructure and that all of them have contributed ideas and knowledge in order to materialize this value proposal that has been shared with society.

I want to thank you all for your attention and I will open now the Q&A session, Natalia can support us leading or coordinating any questions or queries that the audience might have.

Natalia Agudelo, Director of Investor Relations

Thank you, Jorge Mario. I invite you all to ask your questions through our Q&A widget. We have several now. First comes from Juliana Aguilar from Valores Bancolombia. She asks about the extension on the due dates for Opain, or if it's just expected with the revenues that are not being received, or if this is just for the period that the airport was closed, or if it contemplates another extension period? And in addition, she asks, if there have been conversations with the authorities in order to compensate those revenues have not been received?

Jorge Mario Velasquez Jaramillo, Chief Executive Officer

Thank you, Juliana, for the question. It's key and I'm going to propose I'll be approaching these questions at the same time. And this is a question, I am sorry, we'll be making it a bit longer in order to convey this as best as we can the reach of this agreement, because it is the fundamental for us and for the organization understanding the importance of this agreement. First thing is that the life of the concession ends in January of 2027. So, we have agreed during this memorandum of understanding with ANI for the concession business is precisely a compensation of those regulated and non-regulated revenues; just remember that the airport has regulated revenues coming from the airport rates that are in the non-regulated ones related of those real estate activities or non-regulated services. During the lockdown we could not exercise the object of the contract. So, because of this, the agreement parts from the recognition of the non-regulated and regulated revenue that has not been received. So, many by the concession could exercise the object of its contract so or what's agreed is to

basically this non-received revenue that will start at the end of January 2027. Let me give the word to Mauricio and he could explain the details of these operations.

So, the first concrete answer is, yes, it does compensate for those revenues regulated and non-regulated. Second question is if it just includes the period of suspension, the concrete answer is that this agreement establishes the compensation for that period between March and September, that was actually the period of suspension. So, in this particular case, March-September, that was six months now. There's going to be a second negotiation round happening probably during April, we will be discussing the residual effect product of lockdowns and those decisions that have been taken by the counterpart in order to compensate those revenues that were not received during October on. And in Quiport there's a different situation, but I would like Mauricio to answer this, if he could maybe elaborate over this question more specifically. I find very important, Mauricio, if you could share with the crowd the discussions that we'd be having with ANI and the second part of the question. What happens from September, October on?

Mauricio Ossa, President of Odinsa

Thank you, Jorge Mario. Warm greeting for you all, good morning. Effectively, as you mentioned, we have a memorandum of understanding that establishes the criteria, the methodology of how the compensation will happen where the most important is the restitution of 100% of the regulated and non-regulated revenue that has all been received and 100% of the costs or over costs that we have acquired. So, effectively as Jorge Mario mentioned, under these lines, there's an agreement for that time where it was closed, it was March-September 2020, where we had a total suspension. And there's another agreement of economic equilibrium restitution for the next six months October-March, and that's how we're going to be operated to re-establish the traffic and actually the traffic year base was taken as 2019. So, it's a compensation, a compensation that has a figure that Jorge Mario mentioned COP 350 billion, COP 400 billion that translates into an extension on the due dates for the concession and that starts running since January 2027. So, since then we'll be adding about two or three more compensations, because according to the different forecasts we have in terms of traffic, we would believe that this will be normalized at the end of 2022 or

beginning of 2023. I insist once again, we are using [inaudible] traffic in 2019. And that's where we get that figure of 3.3 million passengers per month.

In addition, we had taken a series of measures also due to the support of ANI in respect through the flexibilization of certain contractual obligations that have a very important impact on the OPEX and deferral of some charges such as those that have been added to the type of concession in order to flexibilize the operation because of Quiport effectively, we have been having conversations; conversations have been happening a bit differently here. Because the first thing we had to do is agree with Quito's municipality, who's the counterpart for the segregation of the master plan. This means delaying investments close to \$82 million. One part was in 2020, another one in 2021. They were delayed till traffics come back up again. This is the agreement with which right now we are having conversations around compensation. This conversation is just starting, but there is a disposition, there's an openness from the counterpart both from the Ecuador case and the Colombian case are completely aware of the impact that this generated, and they are aware that is outside our hands. So, this would be all that I would have to mention and give the word back to Jorge Mario.

Jorge Mario Velasquez Jaramillo, Chief Executive Officer

Thank you, Mauricio. I think this is clearly explained. We would be open to answer any other questions if Juliana has any more doubts.

Natalia Agudelo, Director of Investor Relations

Okay, we have another question from Juliana Aguilar, and she ask, in terms of Cementos Argos dividends, will Grupo Argos receive this as shares?

Jorge Mario Velasquez Jaramillo, Chief Executive Officer

The answer would be yes, we will be receiving them as shares or stocks.

Rodrigo Sanchez from Corredores Davivienda is asking, how much are we estimating resources and therefore the holding in 2021?

Let me give the word to Alejandro, because for me this is fundamental for us to understand the sources and flows for the dividends that we have and couple

these with the dividend and distribution flows and with the rest of the resource usages. I believe Alejandro this is a question that we need to give the certain level of detail in order to have a better context.

Let me start by the conclusion. We have right now based on the different sources that we have, the way that we'll be taking the dividends, the distribution proposal for dividends and how do we expect this to be received by our shareholders in the market, analysts reported of the business revenues, real estate business revenues, and also revenues coming from other sources. This leads to a point of equilibrium within the indebtedment and in the primary super EBIT. So, this means that the Company will balance revenue sources with its expenses, also with the structural reduction in this expense structure in order for the primary super EBIT to be higher or equal to zero. But I want to give the word to Alejandro, because structurally I believe this is key for this to be detailed given that it's relevant to understand that the situation does not lead to a higher structural indebtedment of the company. Alejandro, the word is yours.

Alejandro Piedrahita, Strategy and Corporate Finance Vice President

Thank you, Jorge. Let me drill into bit of detail here. First thing I would mention is that the construction for the cash flow of Grupo Argos is relatively simple. As a matter of fact, you can see that each one of the costs that we always present, how is the cash flow for the business? And first of all, we say that the revenue composition that we have is mainly received dividends and these investments of the urban development business, another this investment that we might do different from the portfolio at this certain moment. For 2021, when we took the sources, generated sources from those items that I just previously mentioned, we have a budget of close to COP 523 billion, approximately this is what we have in terms of sources; our usage are usually simple, dividend payments, functioning expenses, interests and taxes. It's basically that what generates our payments based on other investments that we might do in the future. When you look at the forecast uses that we have for 2021, those usages are around COP 540 billion. So, we have budgeted revenues of COP 583 billion and we have the expenses for COP 514 billion. This gives us a projection with an excess cash flow close to COP 9 billion. Later on, I can make this break down just for you to understand better. COP 9 billion that, remember, it's a custom that we have in organization, having a very adjusted cash flow and an absolute efficiency level. In 2019 just for you to

have an idea, we closed our cash with COP 1.7 billion. In 2020, we closed our cash with COP 24 billion. We closed with a higher cash level given what has been happening during the course of the year that COVID was again affecting the country. So, we decided to close with a cash flow that's higher than what we usually have, in this projection we have COP 9 billion.

We have a projection or a forecast, I call it forecast as this depends on how the market decides to take those dividends, in shares or cash. So, we use this formula where we would have to pay COP 240 billion. The operational expenses, the total expenses would be COP 120 billion, an estimated interest close to COP 94 billion and tax is around COP 60 billion. So, this in a certain way gives us equilibrium conditions and sustainability conditions also that Jorge have mentioned that are key. Another way to make a cross check is to see what happens with the indebtedment. And as Jorge mentioned, this organization in 2019 we closed with COP 1.59 billion in terms of leverage. In 2020, despite the shock plan that Jorge mentioned at the beginning, we effectively took a credit of COP 150 billion and paid it completely at the end of the year, because we didn't need the cash, we closed with COP 1.59 billion. And for this year according to these projections that I show you, we close with indebtedment level around COP 1.57 billion. So, this means that we keep a using source structure that has a super EBIT without having to increase the leveraging level of the company in order for it to be completely flexible with something additional that as Jorge said, we don't have credit expiry date for 2021. We have a due date in 2022 due to the mechanism that you use in terms of debt exchange we're seeing how we could delay it for another 7 years, this means in 2022, we wouldn't have any expiry dates or due date and we don't have any for 2021. So, this proves that from a financial flexibility point of view, we have lots of flexibility for next three years.

Natalia Agudelo, Director of Investor Relations

Perfect. We have Rodrigo Sanchez asking which are the goals as to metrics for Grupo Argos that you want to reach in the mid and long-term, and how are these behaving for the end of 2020?

Jorge Mario Velasquez Jaramillo, Chief Executive Officer

Rodrigo, let me begin by illustrating a little bit about the particular path that the Company has been building upon. I think it's relevant being able to give a context about this. First thing that we've decided is that we've decided to become a relevant infrastructure player within the region in the material construction businesses, also for road and airport concessions with the following particularity or with the certain particularity, and that is developing a capital allocation activity within these businesses according to the best opportunities and the best risk profile according to each one of these. So, mainly by this Grupo Argos allocates capital within its businesses and within its businesses within the subsectors, where we see the best opportunities in order to execute two simultaneous strategic paths. First one is the profitable growth, meaning by this finding growth opportunities, always generating value over the capital cost. And second is the work that we have been executing in the last couple of years of improving the operational metrics focus on a capital return for each one of our businesses and by this optimizing the EBITDA and because of this increase in the capital return that we have allocated within the company.

In that train of thought, we have been growing and the metric, come back to the back to the question, is that in 2021, we will be increasing 182 basic points that return over the capital that has been implemented in a consolidated manner within the business and within companies of the business. This would lead us in 2021 to be only 60 basic points under the WACC of the businesses, that's right now around 856. So, we'll keep on growing, we'll keep on reallocating capital, making cash outs or debt restructuring that will allow us to reallocate the capital in those businesses that belong to this three business groups, where we can see there's a potential value capture and where we can also leverage that growth in a better cash flow structure according to work around businesses. So, this means a better revenue management, better cost, better structural expenses, much more focus on the primary effects of each one of the businesses in order to have positive cash flows.

With that long-term vision, we are very optimistic in capturing value towards the future. If you think about this in 2021, this would be an increase of 180 points in scoring. But there's still very important considerations in terms of the shocks that we have faced. We are not in a full recovery year, a post-COVID full recovery year, so much better perspective than 2020 for sure, but still as we have proven on the graphs, the airport traffic is 1.4 million, 1.5 million passengers, we had 3.3 million

in the past. So, this will have a recovery that will take some time, but we want to reach the past values that we had. The road traffics are still and similar values that we had in pre-COVID, but there is important growth around this also. Cement dispatches also have shown positive signals in the last months, but there's still an impact in many of the activities that surround the cement business, for example Panama they are highly effective yet in their economic dynamics.

So, with this I want to say that changing these 181 points based on a better operation, better efficiency and better capital allocations is a very positive signal, because in the moment that the full recovery comes back, the value generation of this Group will be potentially very, very relevant. Just from an economic point of view, focus in ROCE, focus in cash, focus in selective investments and profitable investments.

Simultaneously, the organization has also set certain goals, working goals in other fronts that we consider that are absolutely relevant, and I want to mention specifically the one that I mentioned during the conference, the climate change strategy. Grupo Argos has been articulating with other business, cement, energy, concessions, real estate business a very rigorous execution and follow-up of CO2 emissions or greenhouse effect emissions. And as I mentioned before, we had set this goal for 2030, it's a very ambitious goal, but it's fully documented, reducing 36% in absolute terms the CO2 emissions and 46% in terms of economic density. Meaning by this in terms of tons of CO2 equivalent to COP 1 million revenue. These goals have a concrete plan in each one of the companies. The transition to the energy businesses, cleaner energy, substitution of alternative fuels, working with CO2 captures with projects such as microalgae that are we are working on cements with much greener clinker production as compared with December we had previous year. Cost cutting efforts in our concession operations such as El Dorado has done, from the generation of waste management and water management. So, all our impact in our operations will lead to a drop of 37% in terms of absolute emission values and 46% in terms of economic density.

And this is not a figure that should be taken lightly. We hope for this reduction to answer to the leadership that we maintain in terms of better behaviour and better performance of infrastructure within our country and being among the best in the world. So this is a commitment that we have with our investors. Simultaneously, we will keep our discipline and keep looking for larger growth, but at the same

time, execute an ambitious plan in terms of environmental mitigation and compensations.

Natalia Agudelo, Director of Investor Relations

We have a question from Johanna Castro from Itau, asking about the statements given by Transportation Minister, where she said that the third runway for El Dorado is not optimal and we are asked, how does this change our investment plans and if the crisis has affected the investment schedule for other road and airport programs.

Jorge Mario Velasquez Jaramillo, Chief Executive Officer

Thank you. Very good question. Thanks to Johanna. I would first give you context and then give the word to Mauricio that might drill into a bit more detail about what we've been doing. But I would say that the fundamental and first thing is that the organization has been working in some private initiatives around the Bogota airport system. That has been analysed in a structural manner. And these are initiatives that have to do with the runways how to improve the efficiency and the operations of those runways operated by El Dorado airport is with an initiative, private initiative proposed to ANI. And we've also been rethinking how we could increase the operations of Bogota's airport. We considered that the Bogota airport is the country assets, strategic assets, cannot be repeated and it's probably among the best within the American continent due to its location, due to what it means in terms of cargo and passenger, and transportation. But in addition, El Dorado airport will also be a fundamental pillar in the growth of this new economy since now, is around the urban connectivity, where this better and stronger economic development will happen.

So, what I want to say with this, this is the long-term effort, this is not a short-term effort. With that train of thought, it's also worth coming back to last year, where the discussion revolved around the airport capacity, Bogota was not operating its maximum. Obviously today, it's operating at 50%. The question then is when it will come back to 100% or even more than 100%. So, here you need to analyse this a bit carefully, that's where we have a projection between 18 million and 20 million passengers, we're optimistic with the trends that we're seeing, but this will take some time getting back to these levels, but I do believe it will come back. These

volumes will come back. There are elements that prove that traveling trends within families and businesses will come back, in some scenarios even higher to what we had previously, obviously business trip will be coming back, all this will come back.

So, saying this, the Bogota airport will require investments once again for its growth, probably not now, we're not saying that they have to be done since now, but these levels will come back. And Odinsa, that's the one operated in the concession and has the right to lead this initiative, has structured some ideas that we believe are optimal in terms of cost benefit. At the end, the airports are owned by the concession, but it's owned by the nation. So, the best cost efficiency operation in order to expand its capacity is what the nation should consider; that's the counterpart. If there's one railway, two or three railways constructed, I do respect all the positions. I believe that we need to understand the context, where the different officials have made these comments, because maybe they're speaking about or referring themselves on studies that look at some of the considerations in a financial manner. But I do believe it's a discussion that will be happening in the future still, and the airport will have to consider its new railways within the airport or new railways elsewhere. We believe that what we have presented is a very good alternative in terms of cost efficiency. Let me give the word to Mauricio.

Mauricio Ossa, President of Odinsa

Thank you, Jorge. Effectively as you say, I would just add one thing for a collective understanding, we have a pre-feasibility study, but what we present is modular. So, it's something that has several phases because in between other things, these new railways, they cannot just happen out of the blue, we need to organize terminals at puente aéreo. So, we have to see how this conversation evolves, because it needs to be broader and we cannot just understand one side decorations such as the final decision, but we need to adjust ourselves according to the way these discussions evolve. The other question had to do with Cartagena, if I understand correctly. Effectively the traffic has suffered as we have explained previously. Traffic will recover and Jorge has mentioned that we have elements to be optimistic about the recovery, even though that we cannot be completely sure how much time this will take. And this is a delay that we have put within projects.

Nevertheless, the structure of paths for an airport takes some time and our proposal for Cartagena is also the thinking of the country is having, a competitive airport for the country, right next to the sea in order to help developing further the Caribbean coast region. So, I believe that this will probably have certain delays, but this does not mean that we are advancing slowly in terms of restructuring, but obviously, this time that will be about two to three or more years, will help for the curves to recover. But I wanted to add by saying that the Cartagena airport is an airport that is supposed to start operations in 2029. So, it's not a short-term project or that it had never been thought for it to begin operations around these close years. So, what happened here is that probably this will happen after 2030, when the airport would make the most sense and would make sense as a competitive asset for the country.

Jorge Mario Velasquez Jaramillo, Chief Executive Officer We have one question from Daniel Barela, they are asking about the road quit from del Meta, if we could just speak little bit about the changes in the scope, how the CAPEX dropped and when do we start the work? It's very important question. I'll give Mauricio the word. And then I could mention another couple of things according to the flow and everything.

Mauricio Ossa, President of Odinsa

Yes, effectively, this was the first private initiative established in the country, this was in 2014, 2015. Originally it intended to take the vehicle flows of Villavicencio up to Puente [inaudible], this is not the necessary project as well as for the country. And in the measure that certain changes started happening around the portfolio in terms of volumes and price, traffics has started changing and this led us to review the project. Finally, this ended in a project restructuring, this obviously changes the scope of the project. And the project had nine functional units, right now it has five functional units, in a very virtuous way, functional units that were defined are those functional units that with our current traffic can be developed and within 10 years, within the contract review, there's a possibility of reviewing, if the traffic is showing a higher behaviour that was forecasted, we could include or start works that have been suspended.

So, this means that the project goes, and just let me check the exact figure, the project drops into 60% the original CAPEX going from COP 1.2 trillion to COP 500 billion. The OPEX we have a drop of 44% going from COP 1.9 trillion to COP 1.1 trillion in the OPEX. In the OPEX, this is an important reduction, close to 50% of the size of the contract as the contract had been honoured and part of what allowed us to reach this agreement is that we have been honouring the contract constantly. Today this contract has licenses, land bonds, networks, grids, phase 3 design, budget, absolutely everything. This will allow us to start fast in part of that contractual agreement is honouring the agreements that we had to honour during the pre-construction phase.

So, as Jorge Mario mentioned, we want to have to do equity contributions up to 2023. We don't have to do any new equity contribution; this equity already being contributed will be used for the construction phase. We have the responsibility and we also have a plan for reaching financial close for that project that has a traffic curve that's higher than we had initially established. We should be starting the construction phase around second semester. I'm not fully sure what month would this be but it should be around August and October, should be a project that we execute in a project close to 36 months. So, it drops its reach into half. We don't have to do contributions up to 2023 and 2024, that would be last contributions. This implies COP 47 billion of contributions for Odinsa in those two years, and the project is in the pre-operational phase, and is practically ready to begin its construction. So, as saying it in a concrete ways new project that's part of the road portfolio that Company has.

Natalia Agudelo, Director of Investor Relations

We have a question from Danielle Guardiola. He has two questions. He's asking if we can share the initiatives that we have in terms of cost reduction for holding in 2021, and if we have any specific reductions goals? And he's also asking, considering the price of the stock in 2020 if we are prioritizing the capital using in the repurchase of stocks for Grupo Argos?

Jorge Mario Velasquez Jaramillo, Chief Executive Officer

Thank you, Danielle, for your question, and I'll approach this from two different angles, just to give you this answer. Structural expenses have been not just being

worked on through this last year, but for last five years, we have been working on restructuring not just the holding, but in all our business Group. Last year as I mentioned, there was a consolidated reduction in the structural expenses for the Group of 9%, in an amount close to COP 180 billion. In the case of Grupo Argos, this reduction was higher even, it was a 10% reduction. These actual expenses that we mentioned and that are shown to the market, as Alejandro mentioned, of COP 129 billion, that's worth double clicking on this, double clicking on that expense structure. From that expense structure only COP 61 billion are the expenses that include the function of the holding; the rest of the expenses have to do with property taxes and costs around maintenance operation and real estate management. Given that all of the real estate management business is included, all its operation is also included in terms of property taxes that start low and maintenance costs add to COP 67 billion.

So, there is a sequential reduction when we look at the last five years, so we're speaking about a 5% in terms of real values. We've been moving 5% year-after-year since 2006 till now, and right now we are in a level of COP 61 billion. Sales are addressed for 2021 in terms of maintaining and consolidating the level of structural expenses that we had in previous years, the premises of operation and normalization. That train of thought we began a very a field-based budget work, very cautious work, not just reducing the holding structure, but also the operational expenses that the company might enquire, and this has led to this reduction, this constant reduction reaching this current levels. So, with that, I believe that we're reaching the rational values and very efficient values for the size of an organization that we have, intervening assets for COP 54 billion, COP 55 billion.

In terms of the question, and I don't know if Alejandro can support me in this or if he may be correct any of these figures I'm just mentioning out of memory, but this is the size of the magnitudes in stock repurchasing as you might remember, stock repurchasing is an option that was approved for the previous year assembly and the previous Board, so that gave the Board the possibility -- and let me make the parenthesis, this parentheses, this has been regulated by now by the superintendency of making a repurchase in the moment that's considered necessary, things have the option still valid. It's under our radar, it's one of the options that the company would have, obviously as he was mentioned previously the dividend bonds that we have set, and that was explained by Alejandro, has

the obligation of maintaining that level from the indebtedness around zero or higher than zero. Besides, the expectation of seeing how the market will take those shares under the proposal that we had made from the Board to the shareholders, and this would be under the shareholder decision.

That's also a possibility of having this option, but to be sincere, to be frank, under our current scheme, this would have to depend on extraordinary operations that are not budgeted right now by which the company will always be able to access the mechanism, it's a mechanism of backup to our shareholders, taking this is an option of having the local capital to do so, but in principle this would be an option that we are not considering.

Natalia Agudelo, Director of Investor Relations

I have questions with 5G, they're asking, what is the foreseeable landscape in the 5G firepower that Odinsa would have in that terms, and how do you see the changes being proposed to be concession contracts?

Mauricio, do you want to answer these questions?

Mauricio Ossa, President of Odinsa

Perfect. Generally speaking, the 5G contracts are contracts that evolve in certain aspects over the 4G ones. I just wanted to mention three topics, they have an environmental component, and social component and that's much more explicit with larger scope that we see something positive. And about our vocation about the way we execute our projects in the case of Pacifico 2, that's well known by all. So, we feel comfortable with these types of things being in the contracts. We even foresee that the risk metrics are pretty similar to the 4G. It's something that financial sector and the different concessionaries know how to administrate and adequately manage. And there's also a very important component in terms that in terms of total or partial suspensions of traffic, we are foreseeing the mechanisms and therefore compensation in case of facing such events as we had last year with COVID-19, in this types of contracts we had a detailed this type of situations in order to mitigate this effect. So, in general, these contracts are an evolution we see them as a positive evolution.

According to the discussions with the government and the changes being proposed by the government, we have been monitoring them, some are more attractive than others, because they fit much better strategically under the assets that we have nowadays, but we also believe that's important for this to advance. We have been working on a series of initiatives within Odinsa that will allow us to have liquidity mechanisms that may be mentioned bit further on if it's necessary, that allow us to have that firepower. And bearing this in mind is that we are thinking on participating specifically in the first 5G project that will be coming out that expires tomorrow. Tomorrow is the due date to present a proposal [inaudible]. We believe this is a very important project for the company. It's part of our strategic scope in the way that we would have to set the flows in the case that we get this contract, this would come from the actions that we're taking in order to have the liquidity necessary within the company. And we'll keep on analysing the portfolio in order to contrast this between the strategic aspect, our capacity and the execution capacity that we have.

Natalia Agudelo, Director of Investor Relations

I want to thank you all for your participation. Thank you, Dr. Jorge Mario; thank you, Dr. Mauricio, Alejandro, Rafael, Pablo for being with us today, all the participants. Any additional questions or queries, we are more than open from the Investors Relation unit to answer any questions. Thank you all. Have a nice day.