Good morning, this is Jose Velez, CEO of Cementos Argos. I am joined by Mr. Ricardo Sierra, CFO and Maria Clara Aristizabal, Assistant to the CEO.

We would like to welcome each and every one of you to this conference call and thank you for your interest in joining us today.

The results for the first quarter of 2009 clearly prove that our corporate diversification strategy is and shall continue to be the best way ahead towards securing stable results and greater business sustainability over the long-term.

For the first 3 months of this year, our companies in Colombia obtained stable levels of operating revenues along with an EBITDA which dropped by only 9 thousand million pesos compared to this same period last year. It is worthwhile mentioning that dispatches for the first quarter of last year were the highest in the history of the Colombian cement industry, and therefore the first quarter of this year is being compared to a much higher record figure.

Latin America performed exceptionally well with operating revenue and EBITDA increasing by 33% and 62%, respectively. On the other hand, our companies in the US continue to perform poorly. Revenues and EBITDA in this part of the world dropped by 30% and 65%, respectively, mainly due to the declining demand for concrete on the markets in question, but the increase in EBITDA for our Latin American operations (5 million dollars) is partially offsetting the drop in EBITDA in the US (8 million dollars).

On the non operating side, as you know, by the end of 2008 Argos reached an agreement with Vale, the Brazilian mining company, in order to sell its coal export business for 373 million dollars. The closing of the transaction successfully took place last March 31st and Argos received 300 million dollars. The other 73 million dollars currently estimated by Argos as being the remaining balance, shall depend on the results of an appraisal to be carried out on these mining resources over the next two years in one of the areas where this mining business operates.

The funds received allowed Cementos Argos to strengthen its financial position, by lowering its net debt from 1.2 billion dollars to 900 hundred million dollars and ensuring the funds to amortize its debt during 2009. It also brings down the Company’s exposure to the exchange rate to more balanced levels, in keeping with its financial purpose of naturally hedging and reducing the risk represented by fluctuating exchange rates on the Company’s income statement.
With regard to this last point, the first part of the second tranche of Commercial Paper was successfully placed on March. Demand for this issue came to 517 thousand million pesos, which was 4.3 times the total amount offered. Therefore, the maximum amount authorized, or 150 thousand million pesos, was placed for a term of 363 days at an annual effective rate of 8.4%, amply evidencing the confidence deposited by our investors in Cementos Argos. The funds obtained from this placement were used to pay the same amount of Commercial Paper which became due and payable that month.

Based on the favorable conditions of the capital markets in Colombia, the Board of Directors of Cementos Argos decided to authorize its legal representatives to carry out all those steps required for an issue of ordinary bonds in Colombian pesos for a value of 640 thousand million pesos (or 275 million dollars) which were successfully placed yesterday.

An initial 500 thousand million pesos was offered to the market, with the possibility of extending this amount by another 140 thousand million pesos for a total of 640 thousand million pesos; this in order to fulfill a higher investor demand.

Demand for this issue came to 734 thousand million pesos. That is to say 1.5 times the amount initially offered. The total amount placed came to 640 thousand million pesos, this being the highest amount ever placed by a corporate issuer in Colombia. With yesterday’s issue of bonds, Argos has placed a total of 1.5 billion pesos on the Colombian capital market, amply evidencing the trust placed by investors in the Company.

It is important to mention the diverse range of investors who bidded for the Argos bonds. Our strategy, aimed at offering different series with varying terms, allowed us to attract all types of investors: private individuals, collective portfolios, trust funds, insurance companies as well as pension and severance funds. Also, the variety of terms will allow us to have our own yield curve that shall provide us with a point of reference for future placements of debt.

The funds obtained from this issue of bonds shall be used to substitute and optimize the Company’s current financial liabilities. It is worthwhile mentioning that with this placement we shall be securing the refinancing of all those loans that become due and payable in 2009. One of our main objectives with this issue of bonds is to extend the terms and enhance the maturity profile of our current indebtedness.

Since these funds shall be used to substitute our debt in dollars, the Company’s net short position in dollars will be 12 million dollars in May 2009. We expect to maintain our position within a range of plus or minus 30 million dollars so as to minimize the exchange risk on our income statement.
Another great piece of news for Cementos Argos was the fact that the Supreme Court of Justice in Venezuela ruled in favor of Cementos Argos, upholding its title to a cement plant located in the State of Trujillo. Since the plant was expropriated in August, 2007, we expect to be shortly negotiating compensation with the Venezuelan Government. It is important to mention that this investment has been totally provisioned on the Company’s books, therefore the corresponding indemnity to be paid by the Venezuelan Government on this expropriated property would directly go to the net profits in Argos’ income statement. Just as a reference, Holcim sold its stake at an estimated 250 dollars per ton of cement capacity, while Lafarge did it at an estimated 200 dollars per ton.

Let me now move on to the most important figures on our operating results for the first quarter of 2009.

Cementos Argos obtained 954 thousand million pesos (396 million dollars) in consolidated operating revenues, that is to say 2% higher than those obtained for the same period last year. EBITDA came to 156 thousand million pesos (65 million dollars) that is to say 16 thousand million pesos lower than that of the same period last year. With the results obtained so far this year, and despite the low visibility, we are confirming our year-end goal of securing a consolidated EBITDA of 638 thousand million pesos.

Net profits came to 259 thousand million pesos (101 million dollars) showing an increase of 218% compared to the same period last year, this mainly due to profits obtained from the sale of coal-mining assets to the Brazilian company, Vale.

If we exclude the extraordinary profits from the coal asset sale and the exchange loss net we would still have a positive net income of 48 thousand million pesos, practically the same of last year if we add back the same items.

Let’s now review the results in the regions where we operate.

**Colombia:**

Sales of grey cement for the cement industry in the first quarter of 2009 came to 2 million tons, showing a drop of 11% with regard to the same period for the previous year. This figure corresponded to 1.5 million tons of bagged cement, showing a drop of 12% versus 2008 as well as 510 thousand tons of bulk cement, with a drop of 8%.

In the case of Argos, grey cement sales at March 2009, came to 968 thousand tons, showing a drop of 15%. This included 748 thousand tons of bagged cement and 220 thousand tons of bulk cement.
It is important to note that these results are mainly due to the fact that during the first quarter of 2008, volumes were the highest in the history of the cement industry. However, sales started to pick up at the end of this first quarter, since although January was a bad month, with February only slightly better, March’s results were positively good. Given the recent uptrend in sales, the adjudication of several contracts and evident signs of an increasing demand, we are confident of being able to secure our targeted year-end EBITDA for this region.

United States:

The situation in the US continues to be difficult, but Company Management is making all efforts to maintain EBITDA in spite of the drop in sales volumes. Savings obtained so far this year total 46 million dollars, thanks to greater operating efficiencies and good prices negotiated for materials purchased on all those markets where we are present.

Revenues obtained in the United States came to 119 million dollars, with a drop of 30% with respect to the same period last year. EBITDA came to 5 million dollars, compared with the 13 million dollars obtained during the first quarter of last year; although it went 70% over and above the figure we had originally budgeted.

Company Management expects the rest of the year to be a difficult one for its US operations, however, we are convinced that the industry will pick up in 2010 and 2011.

In fact, many analysts have recently upgraded their recommendation for the building materials sector.

In a report issued yesterday, Credit Suisse upgraded the Building Materials Sector from underweight to overweight, as “the incrementally better data from the US housing market suggests that 2009 will be the trough for housing starts”. In addition to their expectation for an improved housing market in the US in 2010, Credit Suisse also expects to see infrastructure delivering positive growth.

In a similar way BNP Paribas has just released a report upgrading its recommendation for the building materials sector from Underperform to Neutral, because “several factors that determined their cautious stance on the sector, have now become less significant and valuations are now more attractive. Among the reasons for the more positive view on the sector they cite how balance sheets of several of the industry majors have been strengthened, cost inflation has fallen sharply and the industry is generally proving successful in maintaining price discipline”.


The Portland Cement Association is estimating that out of the 800 billion dollars allocated to the stimulus package, between 260 and 270 billion dollars of this shall provide a boost for cement consumption. They are expecting cement consumption to increase by 16 million tons during the term of the different stimulus programs. Also the “Aid to States” program is expected to increase cement consumption by 2.2 million tons in 2009, 5.5 million in 2010 and 2.5 million in 2011.

The total volume projected by the PCA for the period 2009 - 2012 (26 million tons) corresponds to 26% of the cement consumption in 2008 (99 million tons).

The stimulus package contained in the American Recovery and Reinvestment Act is due to have a positive effect on Cementos Argos’ area of influence (Texas, North and South Carolinas, Arkansas, Virginia and Georgia). The Portland Cement Association estimates a 23% increase in total cement consumption in both 2010 and 2011 in this region.

The stimulus package shall also have a positive effect on ready mix consumption within Argos’ area of influence. The National Ready Mix Association is forecasting a 23% increase in total ready mix consumption in 2010 and 31% increase in 2011 in this region.

Latin America:

Latin America performed exceptionally well during the first quarter of 2009, mainly in Panama, which accounted for the highest EBITDA figure in the region. Panama is currently going through an infrastructure construction boom which has far outweighed the slowdown in residential construction.

Panama: Revenues here totaled 45 million dollars, showing an increase of 41% with regard to 2008. EBITDA came to 11 million dollars, which was 65% higher than that of the same period last year. This produced an EBITDA margin of 26%. Sales of grey cement came to 168 thousand tons, showing a 12% increase with regard to this same period last year. Concrete sales came to more than 128 thousand cubic meters, for a total increase of 16%.

Dominican Republic: Revenues came to 10 million dollars, which was 22% lower than in 2008. EBITDA reached 3 million dollars, showing a drop of 16% with regard to this same quarter last year. This produced an EBITDA margin of 30%. Sales of grey cement came to more than 89 thousand tons, dropping by 29% versus 2008.

Haiti: Operating revenue came to 13 million dollars, showing an increase of 10% compared to the same quarter last year. EBITDA totaled 2 million dollars for a 31% increase versus 2008. Sales of grey cement came to 102 thousand tons, showing a drop of 2% versus 2008.
Please take into account that the only company that does not consolidates in our financial statements is the one that operates in Dominican Republic, because the stake held is not sufficient to warrant such inclusion according to Colombian GAAP.

Outlook 2009:

In the absence of key forecast data on the trend of the global economy, many companies from our industry have refrained from communicating any predictions about their performance in 2009.

We, at Argos acknowledge that 2009 will be a challenging year without much visibility, nevertheless we feel that focusing on rigorous cost management, helping our clients through the cycle and maximizing cash flow generation we will achieve the following results.

First of all we are estimating revenues in line with those obtained in 2008. EBITDA is estimated at 638 thousand million pesos, that is 7.7% above last year’s figure. 412 thousand million pesos would come from the operations in Colombia, 45 million dollars from the US, 47 million dollars from LATAM and 16 thousand million pesos from the other businesses.

Our final message is that we consider Cementos Argos to be in a different position from the rest of the industry because of its strong balance sheet with very important non core assets, such as the real state assets and the well known equity portfolio. This position enables us to take advantage and leverage from this crisis, “as the building material industry is hurt first when the economy is cooling down, but stands first in line to profit from proposed government stimulation programs”.

At this time, I would like to thank you for your attention, and we will be happy to take your questions and comments.