

Financial Results

4Q2017



GRUPO ARGOS

*Grupo Argos works with Colombia's National Parks to achieve the protection of eight ecosystems in Colombia, such as the one in Cinaruco, in Arauca.
Photo: Rodrigo Durán*

Separate statement of financial position

STATEMENT OF FINANCIAL POSITION – SEPARATE

	Dec-17	Dec-16	Var. (%)
Cash and cash equivalents	299,082	179,358	66.75%
Derivative Financial Instruments	0	0	NA
Current Investments	13,692	0	NA
Trade account receivables, net	198,433	266,766	-25.62%
Inventories	164,685	81,488	102.10%
Prepayments	3,660	6,660	-45.05%
Total current assets	679,552	534,272	27.19%
Non-current investment	14,687,131	14,515,263	1.18%
Other non-current account receivables	11,965	4,166	187.21%
Inventories	47,275	42,583	11.02%
Intangibles, net	3,329	5,917	-43.74%
Property, plant and equipment, net	10,723	25,551	-58.03%
Investment properties	2,083,575	1,867,447	11.57%
Total non-current assets	16,843,998	16,460,927	2.33%
Total assets	17,523,550	16,995,199	3.11%
Current financial liabilities	3,728	5,920	-37.03%
Bonds and other financial liabilities	367,340	139,132	164.02%
Current trade and other current payables	83,789	92,004	-8.93%
Provisions	515	1,921	-73.19%
Current tax payables	45,668	5,562	721.07%
Labor liabilities	12,683	11,776	7.70%
Other current liabilities	62,970	46,770	34.64%
Total current liabilities	576,693	303,085	90.27%
Non-current financial liabilities	458,039	550,033	-16.73%
Bonds and other financial liabilities	769,075	766,243	0.37%
Deferred taxes	162,692	132,865	22.45%
Employee benefits liability	11,908	13,075	-8.93%
Total non-current liabilities	1,401,714	1,462,216	-4.14%
Total liabilities	1,978,407	1,765,301	12.07%
Issued capital	53,933	53,933	0.00%
Share premium	1,354,759	1,354,759	0.00%
Other Comprehensive Income	1,564,175	1,559,137	0.32%
Reserves	2,829,844	2,743,764	3.14%
Other equity components	592,604	466,622	27.00%
Retained earnings (loss)	8,696,987	8,699,863	-0.03%
Net income (loss)	452,841	351,820	28.71%
Total Equity	15,545,143	15,229,898	2.07%

SEPARATE STATEMENT OF LOSSES AND PROFITS

	4Q2017	4Q2016	Var (%)	Dec-17	Dec-16	Var (%)
Operating Revenues	48,575	615,759	-92.1%	1,190,197	1,111,486	7.1%
Financial income or expenses, net	0	369,974	-100.0%	659,532	544,501	21.1%
Real estate income	39,876	130,812	-69.5%	260,454	207,310	25.6%
Equity method, net	8,699	114,973	-92.4%	270,211	359,675	-24.9%
Variable cost	6,252	378,153	-98.3%	397,533	458,681	-13.3%
Cost of sales - Financial activities	0	357,713	-100.0%	351,062	435,554	-19.4%
Cost of sales - Real estate business	6,252	20440	-69.4%	46,471	23,127	100.9%
Gross income	42,323	237,606	-82.2%	792,664	652,805	21.4%
Gross margin	87.13%	38.59%		66.60%	58.73%	
Overhead	49,794	43,613	14.2%	165,117	133,843	23.4%
Administrative expenses	47,878	42,048	13.9%	144,354	128,214	12.6%
D&A	933	899	3.8%	18,450	3,499	427.3%
Selling expenses	983	666	47.6%	2,313	2,130	8.6%
D&A - selling	0	0	NA	0	0	NA
Other income and other expenses	-3,683	9,621	-138.3%	-19,833	-3,818	419.5%
Other income	3706	20118	-81.6%	11,241	24,777	-54.6%
Other expenses	-7,389	-10,497	-29.6%	-27,664	-18,627	48.5%
Wealth tax	0	0	NA	-3,410	-9,968	-65.8%
Operating income	-11,154	203,614	-105.5%	607,714	515,144	18.0%
Operating margin	-22.96%	33.07%		51.06%	46.35%	
EBITDA	-10,221	204,513	-105.0%	629,574	528,611	19.1%
EBITDA margin	-21.04%	33.21%		52.90%	47.56%	
Non-operating revenues and expenses	-27,156	-36,774	-26.2%	-116,348	-135,335	-14.0%
Financial revenues and expenses, net	-27,121	-36,821	-26.3%	-120,427	-141,519	-14.9%
Revenues from dividends	0	0	NA	0	0	NA
Exchange difference, net	-35	47	-174.5%	4,079	6,184	-34.0%
Net participation in associates results	0	0	NA	0	0	NA
Pre-tax profit (loss)	-38,310	166,840	-123.0%	491,366	379,809	29.4%
Income tax	-9,609	-1,637	487.0%	38,525	27,989	37.6%
Net income	-28,701	168,477	-117.0%	452,841	351,820	28.7%
Net margin	-59.09%	27.36%		38.05%	31.65%	

SEPARATE STATEMENT OF CASH FLOW

	2017	2016
NET INCOME	452,841	351,820
Adjustments for:	-	-
Income from dividends and participations of uncontrolled companies	(99,209)	-
Tax expense recognized during the period	38,525	21,439
Equity method – subsidiaries	(270,210)	(352,840)
Gain/loss from measurement at fair value of investment properties	(115,329)	(66,307)
Financial expenses recognized during the period	134,204	153,714
Interest revenues recognized during the period	(9,833)	(16,392)
Gain/loss from measurement at fair value of PP&E	810	(4,012)
Loss due to the disposition of intangibles	10	-
net income from sale investment	(220,773)	(23,725)
net income of fair value arising on investments in associates or joint ventures	(43,659)	-
Loss arising on the sale of non-current assets available for sale and other assets	2	-
Gain/loss from disposal of investment properties	(5,965)	(11,550)
Gain/loss from measurement at fair value of financial instruments	-	-
Instrument inefficiency on cash flow hedge	-	-
valuation of financial instruments	(5,295)	(1,311)
(Recovery) net loss for provisions recognized in results of the period	(762)	2,235
D&A of non - current assets	18,450	3,412
Impairment from Non- current assets recognized during the period	17	-
Exchange difference not realized, recognized in results of financial instruments	272	(5,637)
Other adjustments to reconcile the gain (loss)	25,405	-
	(100,499)	50,846
CHANGE IN WORKING CAPITAL:	-	-
Trade account receivables and other accounts receivables	148,396	(182,486)
Inventories	31,285	9,211
Other assets	(10,691)	(5,622)
Trade account payables and other accounts payables	1,614	(58,703)
Provisions	(430)	-
Other liabilities	15,714	24,688
CASH FROM OPERATIONS	85,389	(162,066)
Dividends received and revenue from other participations	351,403	244,743
Income and wealth tax paid	(11,206)	(8,260)
CASH FROM OPERATIONS	425,586	74,417
CASH FLOW FROM INVESTMENT ACTIVITIES	-	-
Financial interests received	9,567	-
Acquisition of PP&E	(1,402)	(5,727)
Sale of property, plant and equipment	-	-

Acquisition of investment properties	-	(230)
Sale of investment properties	6,564	121,770
Intangible asset acquisition	-	(25)
Acquisition of other non-current assets	-	-
Sale non-current assets	-	-
Acquisition of subsidiaries	(505,863)	(138,926)
Sale of participation in subsidiaries	1,753	-
Share acquisition in associates and joint ventures	(15,892)	(65,974)
Sale of share in associates and Join Ventures	402,807	188,149
Acquisition of financial assets	(99,752)	(187,147)
Sale of financial assets	99,471	472,745
Subordinates debt payment	48,744	-
CASH FLOW FROM INVESTMENT ACTIVITIES	(54,003)	384,635
	-	-
CASH FLOW FROM FINANCING	-	-
Bond issuance	350,000	-
Payment of bonds and commercial papers	(132,250)	(209,734)
Increase/decrease in other financing instruments	(211,992)	(151,389)
Dividends paid	(257,604)	(229,929)
CASH FLOW FROM FINANCING	(251,846)	(591,052)
	-	-
CASH FROM THE PERIOD	119,737	(132,000)
	-	-
Cash and cash equivalents at the beginning of the period	179,358	311,454
FX effects on cash	(13)	(96)
CASH FROM PREVIOUS PERIOD	299,082	179,358

Consolidated Statement of financial position

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

	Dec-17	Dec-16	Var %
Cash and cash equivalents	2,625,892	1,921,472	36.7%
Derivative financial instruments	176	1,420	-87.5%
Investments	45,371	2,303	1870.1%
Trade account receivables, net	2,713,848	2,707,432	0.2%
Inventories	1,086,669	1,069,615	1.6%
Prepayments	134	0	NA
Non-current assets held for sale	228,103	198,478	14.9%
Total current assets	49,925	350,872	-85.8%
Non-current investment	6,750,119	6,251,592	8.0%
Other non-current account receivables	9,616,673	9,925,907	-3.1%
Inventories	2,619,430	2,560,227	2.3%
Intangibles, net	47,275	42,583	11.0%
Property, plant and equipment, net	7,196,127	4,638,553	55.1%
Investment properties	18,481,446	18,258,476	1.2%
Deferred taxes	2,203,222	2,273,994	-3.1%
Biological assets	573,316	758,382	-24.4%
Derivative financial instruments	54,129	20,870	159.4%
Other non-current assets	2533	650	289.5%
Total non-current assets	23,679	18,340	29.1%
Total assets	40,817,829	38,497,982	6.0%
Current financial liabilities	47,567,948	44,749,574	6.3%
Bonds and other financial liabilities	2,874,332	3,407,874	-15.7%
Current trade and other current payables	704,251	760,339	-7.4%
Current provisions	2,116,725	1,567,365	35.0%
Current tax payables	340,185	328,471	3.6%
Labor liabilities	189,664	169,270	12.0%
Other current liabilities	210,547	202,657	3.9%
Derivative financial instruments	667,596	480,889	38.8%
Liabilities associated with assets held for sale	3,622	102,555	-96.5%
Total current liabilities	824	191,699	-99.6%
Non-current financial liabilities	7,107,746	7,211,119	-1.4%
Bonds and other financial liabilities	6,499,405	6,363,559	2.1%
Deferred taxes	6,653,888	4,644,438	43.3%
Provisions	1,562,383	1,580,512	-1.1%
Other non-current payables	304,360	298,565	1.9%
Labor liabilities	237,324	319,950	-25.8%
Derivative financial instruments	494,531	440,950	12.2%
Other non-current liabilities	0	8,901	-100.0%
Total non-current liabilities	401,163	246,984	62.4%
Total Liabilities	16,153,054	13,903,859	16.2%
Total Equity	23,260,800	21,114,978	10.2%
Issued capital	53,933	53,933	0.0%
Share premium	1,354,759	1,354,759	0.0%
Other Comprehensive Income	2,159,131	1,987,756	8.6%
Reserves	2,829,844	2,743,764	3.1%
Other components of shareholders' equity	-7,225	-21,305	-66.1%
Retained earnings (loss)	9,045,006	8,898,455	1.6%
Net income (loss)	610,659	589,466	3.6%
Non-controlling interest	8,261,041	8,027,768	2.9%
Equity	24,307,148	23,634,596	2.8%

INCOME STATEMENT - CONSOLIDATED

	4Q2017	4Q2016	Var (%)	Dec-17	Dec-16	Var (%)
Revenues from operating activities	3,585,209	3,723,960	-3.7%	14,573,579	14,552,884	0.1%
Goods sold	3,222,833	3,001,173	7.4%	12,749,208	13,135,043	-2.9%
Financial income/expenses	71,471	452,235	-84.2%	694,359	678,501	2.3%
Real estate income	246,472	183,614	34.2%	892,776	369,381	141.7%
Equity method, net	98,817	118,596	-16.7%	435,723	539,998	-19.3%
Sales returns and discounts	-54,384	-31,658	71.8%	-198,487	-170,039	16.7%
Variable cost	2,803,579	2,738,706	2.4%	10,319,275	10,431,474	-1.1%
Cost of goods sold	2,486,738	2,045,753	21.6%	8,713,183	8,983,406	-3.0%
Depreciation and amortization	224,870	240,811	-6.6%	931,133	854,885	8.9%
Cost of sales – Financial act.	0	372,707	-100.0%	317,018	462,263	-31.4%
Cost of sales - Real estate	91,971	79,435	15.8%	357,941	130,920	173.4%
Gross income	781,630	985,254	-20.7%	4,254,304	4,121,410	3.2%
<i>Gross margin</i>	21.80%	26.46%		29.19%	28.32%	
Operating expenses	265,323	517,033	-48.7%	1,879,177	1,574,938	19.3%
Administrative expenses	99,277	382,408	-74.0%	1,243,861	1,116,030	11.5%
D&A- administrative	97,763	67,663	44.5%	377,781	189,020	99.9%
Selling expenses	58,360	56,747	2.8%	222,123	230,273	-3.5%
D&A- administrative	9,923	10,215	-2.9%	35,412	39,615	-10.6%
Other income/expenses	123,358	74,714	65.1%	145,406	-89,835	-261.9%
Other income	178,759	443,917	-59.7%	376,838	528,168	-28.7%
Other expenses	-55,401	-369,569	-85.0%	-191,661	-517,134	-62.9%
Wealth Tax	0	366	-100.0%	-39,771	-100,869	-60.6%
Operating profit	639,665	542,935	17.8%	2,520,533	2,456,637	2.6%
<i>Operating margin</i>	17.84%	14.58%		17.30%	16.88%	
EBITDA	972,221	861,258	12.9%	3,904,630	3,641,026	7.2%
<i>EBITDA margin</i>	27.12%	23.13%		26.79%	25.02%	
Non-operating revenues and expenses	-276,908	-256,228	8.1%	-1,079,085	-971,602	11.1%
Financial revenues and expenses, net	-287,705	-277,702	3.6%	-1,102,280	-1,011,876	8.9%
Exchange difference, net	10,797	21,474	-49.7%	23195	40274	-42.4%
Gain/loss on investment retirement	0	0	NA	0	0	NA
Pre-tax profit (loss)	362,757	286,707	26.5%	1,441,448	1,485,035	-2.9%
Income tax	268,045	67,126	299.3%	534,865	353,033	51.5%
Profit (loss) from continuing operations	94,712	219,581	-56.9%	906,583	1,132,002	-19.9%
Net loss from discontinued operations	0	0	NA	0	0	NA
Net income	94,712	219,581	-56.9%	906,583	1,132,002	-19.9%
<i>Net margin</i>	2.64%	5.90%		6.22%	7.78%	
Controlling interest	44,265	179,749	-75.4%	610,659	589,466	3.6%
<i>Net margin - controlling</i>	1.23%	4.83%		4.19%	4.05%	