

# Financial Statements

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3Q 2017



GRUPO ARGOS

# Financial Results

3rd Quarter of 2017



## Separate statement of financial position

### STATEMENT OF FINANCIAL POSITION – SEPARATE

	Sept 16	Sept 17	Var. (%)
Cash and cash equivalents	106,150	179,358	-40.8%
Derivative Financial Instruments	-	-	NA
Current Investments	162,476	-	NA
Trade account receivables, net	387,617	266,766	45.3%
Inventories	119,616	81,488	46.8%
Prepayments	6,719	6,660	0.9%
<b>Total current assets</b>	<b>782,578</b>	<b>534,272</b>	<b>46.5%</b>
Non-current investment	14,737,345	14,515,263	1.5%
Other non-current account receivables	13,550	4,166	225.3%
Inventories	46,720	42,583	9.7%
Intangibles, net	4,991	5,917	-15.6%
Property, plant and equipment, net	10,572	25,551	-58.6%
Investment properties	1,908,505	1,867,447	2.2%
<b>Total non-current assets</b>	<b>16,721,683</b>	<b>16,460,927</b>	<b>1.6%</b>
<b>Total assets</b>	<b>17,504,261</b>	<b>16,995,199</b>	<b>3.0%</b>
Current financial liabilities	4,056	5,920	-31.5%
Bonds and other financial liabilities	365,315	139,132	162.6%
Current trade and other current payables	157,093	92,004	70.7%
Provisions	514	1,921	-73.2%
Current tax payables	38,001	5,562	583.2%
Labor liabilities	11,409	11,776	-3.1%
Other current liabilities	47,983	46,770	2.6%
<b>Total current liabilities</b>	<b>624,371</b>	<b>303,085</b>	<b>106.0%</b>
Non-current financial liabilities	458,038	550,033	-16.7%
Bonds and other financial liabilities	766,243	766,243	0.0%
Deferred taxes	142,173	132,865	7.0%
Employee benefits liability	13,075	13,075	0.0%
<b>Total non-current liabilities</b>	<b>1,379,529</b>	<b>1,462,216</b>	<b>-5.7%</b>
<b>Total liabilities</b>	<b>2,003,900</b>	<b>1,765,301</b>	<b>13.5%</b>
Issued capital	53,933	53,933	0.0%
Share premium	1,354,759	1,354,759	0.0%
Other Comprehensive Income	1,479,092	1,559,137	-5.1%
Reserves	2,829,844	2,743,764	3.1%
Other equity components	601,328	466,622	28.9%
Retained earnings (loss)	8,699,863	8,699,863	0.0%
Net income (loss)	481,542	351,820	36.9%
<b>Total Equity</b>	<b>15,500,361</b>	<b>15,229,898</b>	<b>1.8%</b>

# Financial Results

3rd Quarter of 2017



## SEPARATE STATEMENT OF LOSSES AND PROFITS

COP millones	3T17	3T16	Var (%)	sep-17	sep-16	Var (%)
<b>Operating Revenues</b>	754,550	213,722	253.1%	1,141,622	495,727	130.3%
Financial income or expenses, net	505,036	85,637	489.7%	659,532	174,527	277.9%
Real estate income	174,327	29,910	482.8%	220,578	76,498	188.3%
Equity method, net	75,187	98,175	-23.4%	261,512	244,702	6.9%
<b>Variable cost</b>	296,662	77,774	281.4%	391,281	80,528	385.9%
Cost of sales - Financial activities	284,261	77,774	265.5%	351,062	77,841	351.0%
Cost of sales - Real estate business	12,401	-	NA	40,219	2,687	1396.8%
<b>Gross income</b>	457,888	135,948	236.8%	750,341	415,199	80.7%
<i>Gross margin</i>	60.7%	63.6%		65.7%	83.8%	
<b>Overhead</b>	45,457	23,558	93.0%	115,323	90,230	27.8%
Administrative expenses	28,780	22,068	30.4%	96,476	86,166	12.0%
D&A	16,171	860	1780.3%	17,517	2,600	573.7%
Selling expenses	506	630	-19.7%	1,330	1,464	-9.2%
D&A - selling	-	-	NA	-	-	NA
<b>Other income and other expenses</b>	-8,214	-2,137	284.4%	-16,150	-13,439	20.2%
Other income	131	255	-48.6%	7,535	4,659	61.7%
Other expenses	-8,344	-2,392	248.8%	-20,275	-8,130	149.4%
Wealth tax	-1	-	NA	-3,410	-9,968	-65.8%
<b>Operating income</b>	404,217	110,253	266.6%	618,868	311,530	98.7%
<i>Operating margin</i>	53.6%	51.6%		54.2%	62.8%	
<b>EBITDA</b>	420,389	111,113	278.3%	639,795	324,098	97.4%
<i>EBITDA margin</i>	55.7%	52.0%		56.0%	65.4%	
<b>Non-operating revenues and expenses</b>	-27,288	-45,263	-39.7%	-89,192	-98,561	-9.5%
Financial revenues and expenses, net	-31,994	-45,240	-29.3%	-93,306	-104,698	-10.9%
Ingresos por dividendos	-	-	NA	-	-	NA
Exchange difference, net	4,706	-23	NA	4,114	6,137	-33.0%
Net participation in associates results	-	-	NA	-	-	NA
<b>Pre-tax profit (loss)</b>	376,929	64,990	480.0%	529,676	212,969	148.7%
Income tax	43,776	17,439	151.0%	48,134	29,626	62.5%
<b>Net income</b>	333,153	47,551	600.6%	481,542	183,343	162.6%
<i>Net margin</i>	44.2%	22.2%		42.2%	37.0%	

# Financial Results

3rd Quarter of 2017



GRUPO ARGOS

## SEPARATE STATEMENT OF CASH FLOW

	Sept 2017	Sept 2016
<b>Operating cash flow</b>		
<b>NET INCOME</b>	<b>481,542</b>	<b>183,343</b>
Adjustments for:		
Dividend income from non-controlling companies	-93,663	-102,864
Tax expense recognized during the period	48,134	29,626
Wealth tax recognized during the period	3,410	8,260
Equity method – subsidiaries	-261,512	-244,702
Financial expenses recognized during the period	104,338	116,320
Interest revenues recognized during the period	-7,065	-11,127
Gain/loss from sale of PP&E	11	183
Gain/loss from investment sale	-220,773	-11,661
Gain/loss from disposal of investment properties	-5,965	-
Gain/loss from measurement at fair value of investment properties	-112,000	-
Gain/loss from measurement at fair value of investment properties through P&L	-29,463	-
Gain/loss from measurement at fair value of financial instruments valuation of financial instruments	-4,985	-1,515
	-	1
Instrument inefficiency on cash flow hedge	-	-9
Impairment from Non- current assets recognized during the period	479	70
D&A of non - current assets	17,517	2,600
FX gain/loss on financial instruments recognized in results	269	-5,605
	<b>-79,726</b>	<b>-37,080</b>
<b>CHANGE IN WORKING CAPITAL:</b>		
Trade account receivables and other accounts receivables	-13,836	27,932
Inventories	28,078	-6,978
Other assets	272	-5,661
Trade account payables and other accounts payables	2,685	-68,257
Other liabilities	4,539	34,380
<b>Cash from operations</b>	<b>-57,988</b>	<b>-55,664</b>
Wealth tax payed	-3,410	-8,260
Income tax payed	-7,796	-
Dividends received	280,238	178,757
<b>CASH FROM OPERATIONS</b>	<b>211,044</b>	<b>114,833</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Acquisition of PP&E	-593	-4,496
Sale of investment properties	6,564	-
Intangible asset acquisition	-1,029	-16
Acquisition of subsidiaries' control	-407,286	-
Subordinates debt payment	39,000	-
Share acquisition in associates and joint ventures	-12,371	-49,753
Sale of share in associates and Join Ventures	406,718	-
Financial interests received	10,863	10,536
Acquisition of financial assets	-162,580	-
Sale of financial assets	-	280,214
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-120,714</b>	<b>236,485</b>
<b>CASH FLOW FROM FINANCING</b>		
Increase/decrease in other financing instruments	125,932	-207,646
Dividends paid	-191,267	-171,930
Interests paid	-98,187	-117,519
<b>CASH FLOW FROM FINANCING</b>	<b>-163,522</b>	<b>-497,095</b>
<b>CASH FROM THE PERIOD</b>	<b>-73,192</b>	<b>-145,777</b>
Cash from the previous period	179,358	311,454
FX effects on cash	-16	-115
<b>CASH AT THE END OF THE PERIOD</b>	<b>106,150</b>	<b>165,562</b>

# Financial Results

3rd Quarter of 2017



GRUPO ARGOS

## Consolidated Statement of Financial Position

### STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

	Sept 17	Sept 16	Var %
Cash and cash equivalents	2,356,012	1,921,472	22.60%
Derivative financial instruments	157	1,420	-88.90%
Investments	197,273	2,303	8465.90%
Trade account receivables, net	2,877,677	2,707,432	6.30%
Inventories	1,151,664	1,069,615	7.70%
Prepayments	287,373	198,478	44.80%
Non-current assets held for sale	8,187	350,872	-97.70%
<b>Total current assets</b>	<b>6,878,343</b>	<b>6,251,592</b>	<b>10.00%</b>
Non-current investment	9,217,994	9,925,907	-7.10%
Other non-current account receivables	2,564,302	2,560,227	0.20%
Inventories	46,720	42,583	9.70%
Intangibles, net	7,237,219	4,638,553	56.00%
Property, plant and equipment, net	18,125,618	18,258,476	-0.70%
Investment properties	2,282,995	2,273,994	0.40%
Deferred taxes	725,115	758,382	-4.40%
Biological assets	54,414	20,870	160.70%
Derivative financial instruments	563	650	-13.40%
Other non-current assets	30,597	18,340	66.80%
<b>Total non-current assets</b>	<b>40,285,537</b>	<b>38,497,982</b>	<b>4.60%</b>
<b>Total assets</b>	<b>47,163,880</b>	<b>44,749,574</b>	<b>5.40%</b>
Current financial liabilities	3,867,304	3,407,874	13.50%
Bonds and other financial liabilities	1,015,489	760,339	33.60%
Current trade and other current payables	2,215,714	1,567,365	41.40%
Current provisions	337,961	328,471	2.90%
Current tax payables	323,382	169,270	91.00%
Labor liabilities	166,675	202,657	-17.80%
Other current liabilities	552,475	480,889	14.90%
Derivative financial instruments	87,797	102,555	-14.40%
Liabilities associated with assets held for sale	824	191,699	-99.60%
<b>Total current liabilities</b>	<b>8,567,621</b>	<b>7,211,119</b>	<b>18.80%</b>
Non-current financial liabilities	6,157,358	6,363,559	-3.20%
Bonds and other financial liabilities	5,462,254	4,644,438	17.60%
Deferred taxes	1,556,485	1,580,512	-1.50%
Provisions	314,449	298,565	5.30%
Other non-current payables	329,979	319,950	3.10%
Labor liabilities	467,709	440,950	6.10%
Derivative financial instruments	1,912	8,901	-78.50%
Other non-current liabilities	430,327	246,984	74.20%
<b>Total non-current liabilities</b>	<b>14,720,473</b>	<b>13,903,859</b>	<b>5.90%</b>
<b>Total Liabilities</b>	<b>23,288,094</b>	<b>21,114,978</b>	<b>10.30%</b>
<b>Total Equity</b>	<b>23,875,786</b>	<b>23,634,596</b>	<b>1.00%</b>
Issued capital	53,933	53,933	0.00%
Share premium	1,354,759	1,354,759	0.00%
Other Comprehensive Income	1,954,715	1,987,756	-1.70%
Reserves	2,829,845	2,743,764	3.10%
Other components of shareholders' equity	-23,313	-21,305	9.40%
Retained earnings (loss)	9,053,167	8,898,455	1.70%
Net income (loss)	566,393	589,466	-3.90%
Repurchased shares	-	-	
Non-controlling interest	8,086,287	8,027,768	0.70%
<b>Equity</b>	<b>23,875,786</b>	<b>23,634,596</b>	<b>1.00%</b>

# Financial Results

3rd Quarter of 2017



## INCOME STATEMENT - CONSOLIDATED

	3T2017	3T2016	Var (%)	Sep-17	Sep-16	Var (%)
<b>Revenues from operating activities</b>	<b>4,066,042</b>	<b>3,401,921</b>	19.5%	<b>10,988,369</b>	<b>10,828,923</b>	1.5%
Goods sold	3,264,247	3,105,623	5.1%	9,526,375	10,133,870	-6.0%
Financial income/expenses	439,836	141,828	210.1%	622,887	226,266	175.3%
Real estate income	284,908	59,828	376.2%	646,304	185,767	247.9%
Equity method, net	130,368	140,305	-7.1%	336,907	421,401	-20.1%
Sales returns and discounts	-53,317	-45,663	16.8%	-144,104	-138,381	4.1%
<b>Variable cost</b>	<b>2,622,976</b>	<b>2,361,600</b>	11.1%	7,515,696	7,692,767	-2.3%
Cost of goods sold	2,074,681	2,066,846	0.4%	6,226,445	6,937,653	-10.3%
Depreciation and amortization	233,124	204,459	14.0%	706,263	614,074	15.0%
Cost of sales - Financial act.	250,217	77774	221.7%	317,018	89,555	254.0%
Cost of sales - Real estate	64,954	12,521	418.8%	265,970	51,485	416.6%
<b>Gross income</b>	<b>1,443,066</b>	<b>1,040,321</b>	38.7%	3,472,673	3,136,156	10.7%
<i>Gross margin</i>	35.5%	30.6%		31.6%	29.0%	
<b>Operating expenses</b>	<b>568,293</b>	<b>359,112</b>	58.2%	1,613,854	1,057,905	52.6%
Administrative expenses	383,907	231,977	65.5%	1,144,584	733,622	56.0%
D&A- administrative	122,335	59,069	107.1%	280,018	121,357	130.7%
Selling expenses	52,747	58,651	-10.1%	163,763	173,526	-5.6%
D&A- administrative	9,304	9,415	-1.2%	25,489	29,400	-13.3%
<b>Other income/expenses</b>	<b>-46,172</b>	<b>-17,065</b>	170.6%	22,048	-164,549	-113.4%
Other income	18,400	32,768	-43.8%	198,079	84,251	135.1%
Other expenses	-64,572	-51,072	26.4%	-136,260	-147,565	-7.7%
Wealth Tax	0	1,239	NA	-39,771	-101,235	-60.7%
<b>Operating profit</b>	<b>828,601</b>	<b>664,144</b>	24.8%	1,880,867	1,913,702	-1.7%
<i>Operating margin</i>	20.38%	19.52%		17.12%	17.67%	
<b>EBITDA</b>	<b>1,193,364</b>	<b>935,848</b>	27.5%	2,932,408	2,779,768	5.5%
<i>EBITDA margin</i>	29.3%	27.5%		26.7%	25.7%	
<b>Non-operating revenues and expenses</b>	<b>-277,134</b>	<b>-243,502</b>	13.8%	-802,177	-715,374	12.1%
Financial revenues and expenses, net	-274,299	-256,109	7.1%	-814,575	-734,174	11.0%
Exchange difference, net	-2,835	12,607	-122.5%	0	0	NA
Gain/loss on investment retirement	0	0	NA	12398	18800	-34.1%
<b>Pre-tax profit (loss)</b>	<b>551,467</b>	<b>420,642</b>	31.1%	1,078,690	1,198,328	-10.0%
Income tax	99,853	92,471	8.0%	266,820	285,907	-6.7%
<b>Profit (loss) from continuing operations</b>	<b>451,614</b>	<b>328,171</b>	37.6%	811,870	912,421	-11.0%
Net loss from discontinued operations	0	0	NA	0	0	NA
<b>Net income</b>	<b>451,614</b>	<b>328,171</b>	37.6%	811,870	912,421	-11.0%
<i>Net margin</i>	11.1%	9.6%		7.4%	8.4%	
<b>Controlling interest</b>	<b>339,896</b>	<b>157,565</b>	115.7%	566,393	409,717	38.2%
<i>Net margin - controlling</i>	8.4%	4.6%		5.2%	3.8%	

