

2016



EARNINGS RELEASE

1H16 - 2Q16

January 01, 2016 – June 30, 2016

SONDA S.A. and subsidiaries announce their consolidated financial results for the period from January 01 to June 30, 2016. All figures are expressed in Chilean pesos and have been prepared under International Financial Reporting Standards (IFRS). Translations to US dollars stated in this report are based on the month-end exchange rate as of June 30, 2016 (1 US\$ = 661.37 Chilean Pesos).

SUMMARY: 1H16 - 1Q16

- CONSOLIDATED REVENUES**

US\$604.7 million

- OPERATING INCOME**

US\$55.5 million

- EBITDA**

US\$80.8 million

- NET INCOME**

US\$34.6 million

- EBITDA MARGIN**

13.4%

- NET MARGIN**

5.7%

EXECUTIVE SUMMARY

SONDA had consolidated revenues of \$399,934 million (US\$604.7 million) for 1H16, 6.8% lower than the same period in the previous year. Operating income was \$36,690 million (US\$55.5 million), decreasing by 13.3% (YoY) and EBITDA was \$53,453 million (US\$80.8 million), lower by 9.3% (YoY). Net income attributable to owners totaled \$22,902 million (US\$34.6 million), 10.4% higher than in 1H15.

Regional results:

Region	Revenues		EBITDA	
	Ch\$M	Δ Y/Y	Ch\$M	Δ Y/Y
Chile	175,207	7.0%	28,266	5.5%
Brazil	139,916	-22.6%	10,789	-42.7%
Mexico	36,241	9.2%	6,548	14.8%
OPLA	48,570	-5.4%	7,850	3.1%
Total	399,934	-6.8%	53,453	-9.3%

ROE for Jun-16 was 9.6%. Current liquidity ratio was 2.3x, financial leverage ratio was 0.2x and financial expenses coverage ratio was 10.0x, all of them reflect a healthy financial position.

Highlights:

- The depreciation of the Brazilian Real, Argentinean Peso, Mexican Peso and Colombian Peso against Chilean Peso had a negative effect on the translation of foreign subsidiaries income statements to reporting currency (Chilean Peso). Indeed, excluding this effect, consolidated revenues for 1H16 could have reached US\$632.2 million decreasing by 2.5% YoY, while EBITDA would have reached US\$82.9 million, lower by 7.0% than in 1H15.
- Operations outside Chile decreased their revenue by 15.3% (YoY), totaling \$224,726 million (US\$339.8 million), contributing 56.2% of consolidated revenues, while EBITDA decreased by 21.7% compared with 1H15, reaching \$25,187 million (US\$38.1million). Without the currency translation effect, consolidated revenues and EBITDA would have decreased by 6.1% and 16.6%, respectively.
- Revenues in Brazil reached \$139,916 million (US\$211.6 million) and EBITDA totaled \$10,789 million (US\$16.3 million), lower by 22.6% and 42.7% (YoY), respectively. Without the currency translation effect, revenues and EBITDA would have decreased by 12.3% and 36.7%, respectively.
- Revenues in Mexico reached \$36,241 million (US\$54.8 million) growing by 9.2% (YoY) and EBITDA totaled \$6,548 million (US\$9.9 million) growing by 14.8%. Without the currency translation effect, revenues and EBITDA would have increased by 15.4% and 21.8%, respectively.
- Revenues in OPLA reached \$48,570 million (US\$73.4 million) 5.4% lower than in 1H15, while EBITDA totaled \$7,850 (US\$11.9 million), 3.1% more than in 1Q15. Without the currency translation effect, revenues would have grown by 1.8% and EBITDA by 4.3%.
- Revenues in Chile grew by 7.0% (YoY) totaling \$175,207 million (US\$264.9 million) and EBITDA increased by 5.5% (YoY), reaching \$28,266 million (US\$42.7 million).
- Net income attributable to the owners was 10.4% higher than in 1H15, mainly due to lower taxes accrued in the current period as consequence of the effect of Chilean Peso appreciation against US Dollar in foreign investments valuation.
- New deals closed during 1H16 reached US\$496.1 million, 21.7% lower than in 1H15 (at each period-end exchange rate). Without currency translation effects, new deals volume decrease by 15.8%.

Figure 1 – Consolidated Financial Statement

Consolidated Financial Statements | SONDA S.A.

Millions of Ch\$ (Ch\$M)				
Income Statement				
	Jun-15	Jun-16	Δ \$	Δ %
Revenues	429,056	399,934	-29,122	-6.8%
Cost of Sales	-348,781	-325,553	23,228	-6.7%
GROSS PROFIT	80,275	74,381	-5,894	-7.3%
Administration Expenses	-37,935	-37,691	243	-0.6%
OPERATING INCOME ⁽¹⁾	42,340	36,690	-5,650	-13.3%
Depreciation and Amortization	16,588	16,763	175	1.1%
EBITDA ⁽²⁾	58,928	53,453	-5,476	-9.3%
Other Income	1,585	2,947	1,362	85.9%
Other Expenses	-4,311	-7,535	-3,224	74.8%
PROFIT (LOSS) FROM OPERATING ACTIVITIES	39,614	32,101	-7,512	-19.0%
Financial Income	3,407	2,422	-984	-28.9%
Financial Expenses	-4,363	-5,368	-1,005	23.0%
Share of Profit (Loss) of Associates	28	141	113	396.2%
Foreign Exchange Differences	316	-1,436	-1,752	-555.1%
Income (Loss) for Indexed Assets and Liabilities	-233	-611	-377	161.7%
NET INCOME BEFORE TAXES	38,768	27,250	-11,518	-29.7%
Income Tax Expense	-16,003	-1,611	14,393	-89.9%
NET INCOME FROM CONTINUING OPERATIONS	22,765	25,640	2,875	12.6%
Net Income Attributable to Minority Interest	2,027	2,738	711	35.1%
NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	20,738	22,902	2,164	10.4%
Balance Sheet				
	Dec-15	Jun-16	Δ \$	Δ %
Cash and Cash Equivalents	68,392	53,664	-14,729	-21.5%
Other Current Financial Assets	1,720	2,506	786	45.7%
Trade Accounts Receivable and Other Receivables, Net	231,689	203,394	-28,295	-12.2%
Accounts Receivable from Related Companies	3,665	4,329	663	18.1%
Inventories	42,481	40,706	-1,775	-4.2%
Other Current Assets	34,190	47,331	13,141	38.4%
CURRENT ASSETS	382,137	351,929	-30,208	-7.9%
Intangibles Assets and Goodwill	245,684	268,047	22,364	9.1%
Property, Plant and Equipment, Net	95,433	94,932	-501	-0.5%
Other Non-currents Assets	59,532	67,331	7,799	13.1%
NON-CURRENT ASSETS	400,649	430,310	29,661	7.4%
ASSETS	782,786	782,239	-547	-0.1%
Other Current Financial Liabilities	13,308	11,522	-1,786	-13.4%
Other Liabilities	186,062	143,694	-42,368	-22.8%
CURRENT LIABILITIES	199,370	155,215	-44,155	-22.1%
Other Non-current Financial Liabilities	78,641	78,754	113	0.1%
Other Liabilities, Non-Current	38,917	40,838	1,921	4.9%
NON-CURRENT LIABILITIES	117,558	119,592	2,034	1.7%
LIABILITIES	316,928	274,808	-42,121	-13.3%
Minority Interest	6,839	7,849	1,010	14.8%
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	459,018	499,583	40,564	8.8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	782,786	782,239	-547	-0.1%

⁽¹⁾ Operating Income = Gross Profit – Administration Expenses

⁽²⁾ EBITDA = Operating Income + Depreciation and Amortization

MANAGEMENT DISCUSSION AND ANALYSIS ON 1H16 CONSOLIDATED RESULTS

I. Consolidated Results for 1H16

Revenues

Consolidated revenues totaled \$399,934 million (US\$604.7 million) for 1H16, 6.8% (\$29,122 million / \$44.0 million) lower than in 1H15. Without currency translation effects revenues would have decreased by 2.5% (YoY).

Main variations in the period were the following:

- 9.6% decrease (\$23,446 million / US\$35.5 million) in revenues from the IT Services business, totaling \$220,484 million (US\$333.4 million) in 1H16, mainly in Brazil and due to the negative effect of currency translation from Brazilian Reais to Chilean Pesos. Without this effect, revenues coming from IT Services business would have decreased by 2.3%.
- 16.8% decrease (\$4,967 million / US\$7.5 million) in revenue from the Application business, reaching \$24,556 million (US\$37.1 million) in 1H16, coming from Brazil and to the negative effect of currency translation from Brazilian Reais to Chilean Pesos. Without the latter effect, revenues coming from Application business would have decreased by 10.0%.
- 0.5% decrease (\$709 million / US\$1.1 million) in revenue from the Platform business, reaching \$154,894 million (US\$234.2 million) for 1H16, mainly coming from Brazil and partially offset by Chile.

Revenue breakdown by business line for 1H16 is the following: IT Services contributed 55.1% of total revenues, Platforms contributed 38.7% and Applications contributed with the remaining 6.1%.

Figure 2 – Consolidated Revenues by Business Line

	Jun-15 Ch\$M	Jun-16 Ch\$M	Δ \$	Δ %
CONSOLIDATED REVENUES BY BUSINESS LINE				
Platforms	155,603	154,894	-709	-0.5%
IT Services	243,930	220,484	-23,446	-9.6%
Applications	29,523	24,556	-4,967	-16.8%
Total	429,056	399,934	-29,122	-6.8%
Breakdown				
Platforms	36.3%	38.7%		
IT Services	56.9%	55.1%		
Applications	6.9%	6.1%		
Total	100%	100%		

Cost of Sales and Selling, General and Administrative Expenses

Consolidated cost of sales totaled \$325,553 million (US\$492.2 million) in 1H16, showing a decrease of 6.7% (YoY).

Administration expenses were \$37,691 million (US\$57.0 million) for 1H16, 0.6% less than in 1H15.

Figure 3 – Income Statement

	Jun-15 Ch\$M	Jun-16 Ch\$M	Δ \$	Δ %
SUMMARY OF CONSOLIDATED INCOME STATEMENT				
Revenues	429,056	399,934	-29,122	-6.8%
Cost of Sales	-348,781	-325,553	23,228	-6.7%
GROSS PROFIT	80,275	74,381	-5,894	-7.3%
Administration Expenses	-37,935	-37,691	243	-0.6%
OPERATING INCOME ⁽¹⁾	42,340	36,690	-5,650	-13.3%
EBITDA ⁽²⁾	58,928	53,453	-5,476	-9.3%
NET INCOME ATTRIBUTABLE TO OWNERS	20,738	22,902	2,164	10.4%
Financial Ratios				
Gross Margin	18.7%	18.6%		
Operating Margin	9.9%	9.2%		
EBITDA Margin	13.7%	13.4%		
Net Margin	4.8%	5.7%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Operating Income and EBITDA

Operating income reached \$36,690 million (US\$55.5 million), lower by 13.3% with regards to 1H15. Gross Margin as a percentage of revenue came to 18.6% and the operating margin to 9.2%, lower by 10bp and 70bp than those reported in the first half of 2015, respectively. Without currency translation effects, Operating Income would have fallen by 12.2%.

EBITDA totaled \$53,453 million (US\$80.8 million) for 1H16, a decrease of 9.3% compared to 1H15. EBITDA margin reached 13.4%, 30bp lower than in 1H15. Without currency translation effect, EBITDA would have decreased by 7.0%.

Other Comprehensive Income (Excluding Administration Expenses)

Total other comprehensive income, excluding administration expenses, reached a loss of \$9,439 million (US\$15.1 million) in 1H16, US\$5,868 million (US\$8.9 million) higher than the loss reported in 1H15, mainly as a consequence of: increased Other Expenses (\$3,224 million / US\$4.9 million); negative effects from Foreign Exchange Differences (\$1,752 million / US\$2.6 million) and an increase in Financial Expenses (\$1,005 million / US\$1.5 million).

In Other Expenses, a \$3,800 million (US\$5.7 million) charge is included in 1H16, as well a \$2,902 million (US\$4.4 million) charge in 1H15, both due to restructuring costs related to business integration processes undertaken in Brazil in 2015 and 2016.

Net Income

Net income attributable to the owners of the company, totaled \$22,902 million (US\$34.6 million) in 1H16, reflecting an increase of 10.4% (YoY), mainly due to lower taxes accrued in the current period as a consequence of CLP / USD exchange rate decrease, which in 1H15 generated additional taxes by US\$6.8 million, while in 1H16 had an opposite effect by US\$11.0 million. Taking this apart, net income decreases by 37.9% (YoY).

II. Consolidated Results for the Second Quarter of 2016 (2Q16)

Revenues

Consolidated revenues reached \$201,810 million (US\$305.1 million) in 2Q16, lower by 6.8% than in 2Q15. Without currency translation effects revenues would have decreased by 5.3%.

- Revenues from IT services business decreased by 6.4%, totaling \$112,299 million (US\$169.8 million) which, without currency translation effect, revenues would have shown a decrease of 2.9%. In Chilean Pesos, the change is mainly due to:
 - 13.2% decrease in technical support revenues (\$4,252 million / US\$6.4 million), to \$27,889 million (US\$42.2 million).
 - 6.8% lower revenues from professional services (\$2,562 million / US\$3.9 million), reaching \$35,319 million (US\$53.4 million).
- Applications business total revenues went down by 21.6% YoY (\$3,177 million / US\$4.8 million), totaling \$11,503 million (US\$17.4 million). In Chilean Pesos, the change is mainly due to:
 - 29.5% decrease in development and maintenance (\$1,791 million / US\$2.7 million), totaling \$4,283 million (US\$6.5 million).
 - 20.6% decrease in support and implementation revenues (\$1,389 million / US\$2.1 million), to \$5,357 million (US\$8.1 million).
- Platforms business revenues decreased by 4.6% YoY (\$3,789 million / US\$5.7 million) reaching \$78,008 million (US\$117.9 million). In Chilean Pesos, the change is mainly due to:
 - 44.1% lower sales of SW platforms (\$6,446 million / US\$9.7 million), to \$8,176 million (US\$12.4 million) mainly in Brazil.
 Partially offset by:
 - 4.3% higher sales of HW platforms (\$2,818 million / US\$4.3 million), to \$67,670 million (US\$102.3 million) mainly in Chile.

In terms of revenue breakdown by business line, IT services contributed with 55.7% of consolidated revenues during the second quarter of 2016, while applications and platforms business lines represented 5.7% and 38.7%, respectively.

Figure 4 – Consolidated Revenues by Business Line

	2Q15 Ch\$M	2Q16 Ch\$M	Δ \$	Δ %
CONSOLIDATED REVENUES BY BUSINESS LINE				
Platforms	81,797	78,008	-3,789	-4.6%
IT Services	119,952	112,299	-7,653	-6.4%
Applications	14,681	11,503	-3,177	-21.6%
Total	216,430	201,810	-14,620	-6.8%
Breakdown				
Platforms	37.8%	38.7%		
IT Services	55.4%	55.7%		
Applications	6.8%	5.7%		
Total	100%	100%		

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales amounted \$165,570 million (US\$250.3 million) for 2Q16, down 4.7% YoY, mainly due to lower costs in Brazil.

Administration expenses totaled \$18,742 million (US\$28.3 million), decreasing by 4.9% YoY.

Figure 5 – Income Statement

	2Q15 Ch\$M	2Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF CONSOLIDATED INCOME STATEMENT				
Revenues	216,430	201,810	-14,620	-6.8%
Cost of Sales	-173,821	-165,570	8,251	-4.7%
GROSS PROFIT	42,609	36,241	-6,369	-14.9%
Administration Expenses	-19,706	-18,742	963	-4.9%
OPERATING INCOME ⁽¹⁾	22,904	17,498	-5,405	-23.6%
EBITDA ⁽²⁾	30,927	26,360	-4,567	-14.8%
NET INCOME ATTRIBUTABLE TO OWNERS	12,974	5,180	-7,794	-60.1%
Financial Ratios				
Gross Margin	19.7%	18.0%		
Operating Margin	10.6%	8.7%		
EBITDA Margin	14.3%	13.1%		
Net Margin	6.0%	2.6%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Operating Income and EBITDA

Operating income reached \$17,498 million (US\$26.5 million / -23.6% YoY). Gross margin as a percentage of revenues reached 18.0%, while operating margin was 8.7%, 170bp and 190bp lower than in 2Q15, respectively.

EBITDA amounted to \$26,360 million (US\$39.9 million / -14.8% YoY) for 2Q16 and EBITDA margin reached 13.1%, 120bp lower than in 2Q15.

Other Comprehensive Income (Excluding Administration Expenses)

Total other comprehensive income, excluding administration expenses, moved from a loss of \$2,476 million (US\$3.7 million) in 2Q15 to a loss of \$7,839 million (US\$11.9 million) in 2Q16. The higher loss was mainly due to an increase in Other Expenses (-\$2,438 million / -US\$3.7 million), a decrease in Foreign Exchange Differences (-\$2,203 million / -US\$3.3 million) and a decrease in Financial Revenues (-\$1,105 million / -US\$1.7 million).

In Other Expenses there is a \$3,800 million (US\$5.7 million) charge in 2Q16 and a \$2,902 million (US\$4.4 million) charge in 2Q15, due to restructuring costs related to business integration processes undertaken in Brazil in 2015 and 2016.

Net Income

Net income attributable to the owners of the Company, amounted \$5,180 million (US\$7.8 million) in 2Q16, down 60.1% YoY as consequence of lower Operating Income and lower Other Comprehensive Income.

III. Regional Results for the first half of 2016 (1H16)

Chile

Main changes in Chile between 1H16 and 1H15 are described below:

- Revenue reached \$175,207 million (US\$264.9 million), increasing by 7.0% (YoY) mainly due to higher revenues from Platforms (+10.2%) coming from the retail business, and from Applications (+14.1%).
- Operating Income was \$21,563 million (US\$32.6 million / +1.3% YoY) and EBITDA was \$28,266 million (US\$42.7 million / +5.5% YoY), mainly due to a higher volume of revenues.
- Operating Margin reached 12.3%, and EBITDA Margin reached 16.1%, 70bp and 30bp lower than in 1H15, respectively.

Figure 6 – Business in Chile
Jun-15 – Jun-16

	Jun-15 Ch\$M	Jun-16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS CHILE				
REVENUES	163,797	175,207	11,410	7.0%
Platforms	93,452	102,941	9,489	10.2%
IT Services	62,787	63,639	852	1.4%
Applications	7,558	8,627	1,068	14.1%
Cost of Sales	-126,510	-135,205	-8,696	6.9%
GROSS PROFIT	37,288	40,002	2,714	7.3%
Administration Expenses	-15,998	-18,439	-2,440	15.3%
OPERATING INCOME ⁽¹⁾	21,289	21,563	274	1.3%
EBITDA ⁽²⁾	26,782	28,266	1,484	5.5%
Operating Margin	13.0%	12.3%		
EBITDA Margin	16.4%	16.1%		

Main changes in Chile between 2Q16 and 2Q15 are described below:

- \$88,053 million (US\$133.1 million / +6.5% YoY) in revenues for 2Q16. The increase was driven mainly by higher revenues from Platforms (+11.6% YoY).
- Operating income of \$10,061 million (US\$15.2 million) and EBITDA totaled \$13,484 million (US\$20.4 million), decreasing by 8.0% and 1.7% (YoY), respectively.

Figure 7 – Business in Chile
2Q15 – 2Q16

	2Q15 Ch\$M	2Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS CHILE				
REVENUES	82,717	88,053	5,336	6.5%
Platforms	46,092	51,436	5,344	11.6%
IT Services	31,960	32,614	653	2.0%
Applications	4,664	4,002	-662	-14.2%
Cost of Sales	-63,519	-68,204	-4,685	7.4%
GROSS PROFIT	19,198	19,848	651	3.4%
Administration Expenses	-8,262	-9,787	-1,525	18.5%
OPERATING INCOME ⁽¹⁾	10,936	10,061	-874	-8.0%
EBITDA ⁽²⁾	13,719	13,484	-235	-1.7%
Operating Margin	13.2%	11.4%		
EBITDA Margin	16.6%	15.3%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Brazil

Main changes in Brazil between 1H16 and 1H15, are described below:

- Revenue reached \$139,916 million (US\$211.6 million), 22.6% lower than in 1H15. Without currency translation effects, revenues would have decreased by 12.3% (YoY). Lower revenues come mainly from both IT Services and Platforms businesses.
- Operating Income reached \$3,705 million (US\$5.6 million / -64.3% YoY) and EBITDA was \$10,789 million (US\$16.3 million / -47.2% YoY). Without currency translation effects, Operating Income and EBITDA would have decreased by 61.9% and 36.7%, respectively.
- Operating margin was 2.6% and EBITDA margin was 7.7%, 310bp and 270bp lower than in 1H15, respectively. The decrease is explained by the increase in the payroll tax (MP540 – MP669) from 2.0% to 4.5%, and the salary increase agreed between unions and the IT Companies in the state of Sao Paulo starting in January 2016. Both effects drive a 344bp decrease in the 1H16 EBITDA Margin.

Figure 8 – Business in Brazil
Jun-15 – Jun-16

	Jun-15 Ch\$M	Jun-16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS BRAZIL				
REVENUES	180,717	139,916	-40,801	-22.6%
Platforms	30,243	19,197	-11,046	-36.5%
IT Services	131,401	107,271	-24,130	-18.4%
Applications	19,072	13,447	-5,625	-29.5%
Cost of Sales	-156,273	-125,190	31,083	-19.9%
GROSS PROFIT	24,444	14,726	-9,718	-39.8%
Administration Expenses	-14,076	-11,021	3,056	-21.7%
OPERATING INCOME ⁽¹⁾	10,367	3,705	-6,662	-64.3%
EBITDA ⁽²⁾	18,835	10,789	-8,046	-42.7%
Operating Margin	5.7%	2.6%		
EBITDA Margin	10.4%	7.7%		

Main changes in Brazil between 2Q16 and 2Q15, are described below:

- Revenues reached \$70,686 million (US\$106.9 million), decreasing 19.8% YoY. Without currency translation effects, revenues would have reached US\$ 111.3 million (-16.5% YoY).
- Operating income reached \$1,802 million (US\$2.7 million) and EBITDA totaled \$5,749 million (US\$8.7 million) decreasing by 69.5% and 41.6%, respectively.
- Operating margin reached 2.5%, 420bp lower than in 2Q15, while EBITDA margin reached 8.1%, 310bp below than in 2Q15. The decrease is explained by the increase in the payroll tax (MP540 – MP669) and the salary increase agreed between unions and the IT Companies in the state of Sao Paulo. Both effects drive a 326bp decrease in the 2Q16 EBITDA Margin.

Figure 9 – Business in Brazil
2Q15 – 2Q16

	2Q15 Ch\$M	2Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS BRAZIL				
REVENUES	88,163	70,686	-17,476	-19.8%
Platforms	17,151	10,728	-6,423	-37.5%
IT Services	62,362	53,583	-8,779	-14.1%
Applications	8,650	6,376	-2,274	-26.3%
Cost of Sales	-74,962	-64,283	10,680	-14.2%
GROSS PROFIT	13,200	6,404	-6,796	-51.5%
Administration Expenses	-7,295	-4,601	2,693	-36.9%
OPERATING INCOME ⁽¹⁾	5,905	1,802	-4,103	-69.5%
EBITDA ⁽²⁾	9,845	5,749	-4,096	-41.6%
Operating Margin	6.7%	2.5%		
EBITDA Margin	11.2%	8.1%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Mexico

Main changes in Mexico between 1H16 and 1H15 are described below:

- Revenue grew by 9.2% (YoY), totaling \$36,241 million (US\$54.8 million). Without currency translation effect, revenues would have grown by 15.4%
- Operating Income reached \$5,621 million (US\$8.5 million) and EBITDA reached \$6,548 million (US\$9.9 million), showing an increase of 13.0% and 14.8% (YoY), respectively.
- Operating margin reached 15.5% and EBITDA margin reached 18.1%, both higher by 50bp and 90bp than in 1H15, respectively.

Figure 10 – Business in Mexico
Jun-15 – Jun-16

	Jun-15 Ch\$M	Jun-16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS MEXICO				
REVENUES	33,177	36,241	3,064	9.2%
Platforms	16,284	18,232	1,948	12.0%
IT Services	16,893	18,009	1,116	6.6%
Applications	0	0	0	-
Cost of Sales	-25,101	-27,002	-1,901	7.6%
GROSS PROFIT	8,076	9,239	1,163	14.4%
Administration Expenses	-3,102	-3,618	-516	16.7%
OPERATING INCOME ⁽¹⁾	4,974	5,621	646	13.0%
EBITDA ⁽²⁾	5,702	6,548	846	14.8%
Operating Margin	15.0%	15.5%		
EBITDA Margin	17.2%	18.1%		

Main changes in Mexico between 2Q16 and 2Q15 are described below:

- Revenues for \$19,040 million (US\$28.8 million), a 2.5% (YoY) increase, mostly as a result of increased revenues from the IT Services business (+18.6% YoY). Without currency translation effects, revenues would have grown by 8.9%
- Operating income reached \$3,058 million (US\$4.6 million), 9.9% higher than in 2Q15, and EBITDA increased by 13.3% YoY, to \$3,512 million (US\$5.3 million).
- Operating margin was 16.1%, while EBITDA margin reached 18.4%, reflecting a larger proportion of revenues coming from the IT Services business.

Figure 11 – Business in Mexico
2Q15 – 2Q16

	2Q15 Ch\$M	2Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS MEXICO				
REVENUES	18,567	19,040	473	2.5%
Platforms	9,834	8,687	-1,147	-11.7%
IT Services	8,734	10,354	1,620	18.6%
Applications	0	0	0 -	
Cost of Sales	-14,080	-14,055	25	-0.2%
GROSS PROFIT	4,487	4,985	498	11.1%
Administration Expenses	-1,706	-1,927	-221	13.0%
OPERATING INCOME ⁽¹⁾	2,781	3,058	277	9.9%
EBITDA ⁽²⁾	3,099	3,512	413	13.3%
Operating Margin	15.0%	16.1%		
EBITDA Margin	16.7%	18.4%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

OPLA (Other countries in Latin America)

Main changes in OPLA (which includes Argentina, Colombia, Costa Rica, Ecuador, Peru, Panama and Uruguay) between 1H16 and 1H15 are described below:

- Revenues are lower by 5.4% than in 1H15, reaching \$48,570 million (US\$73.4 million). Without currency translation effects, revenues would have grown by 1.8% (YoY).
- Operating Income reached \$5,801 million (US\$8.8 million) and EBITDA was \$7,850 million (US\$11.9 million), growing by 1.6% and 3.1%, respectively. Without currency translation effects, Operating Income and EBITDA would have grown by 3.9% and 4.3% (YoY), respectively.
- Operating margin was 11.9% and EBITDA Margin 16.2%, 80bp and 140bp higher than in 1H15, respectively.

Figure 12 – Business in OPLA
Jun-15 – Jun-16

	Jun-15 Ch\$M	Jun-16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS OPLA				
REVENUES	51,364	48,570	-2,795	-5.4%
Platforms	15,623	14,524	-1,099	-7.0%
IT Services	32,849	31,564	-1,285	-3.9%
Applications	2,892	2,482	-410	-14.2%
Cost of Sales	-40,897	-38,155	2,742	-6.7%
GROSS PROFIT	10,467	10,415	-53	-0.5%
Administration Expenses	-4,758	-4,614	144	-3.0%
OPERATING INCOME ⁽¹⁾	5,709	5,801	92	1.6%
EBITDA ⁽²⁾	7,610	7,850	240	3.1%
Operating Margin	11.1%	11.9%		
EBITDA Margin	14.8%	16.2%		

Main changes in OPLA between 2Q16 and 2Q15 are described below:

- 10.9% decrease in revenues, to \$24,031 million (US\$36.3 million), explained by a decrease in all business lines: IT Services revenues for -\$1,148 (-US\$1.8 million / -1.7%), Application business for \$241 million (-US\$0.4 million / -17.7%) and Platform business for -\$1,563 million (-\$US2.4 million / -17.9%). Without currency translation effects, revenues would have decreased by 4.2%.
- Operating income by \$2,577 million (US\$3.9 million / -21.5%) and EBITDA of \$3,615 million (US\$5.5 million / -15.2%).
- Operating margin reached 10.7%, while EBITDA margin reached 15.0%.

Figure 13 – Business in OPLA
2Q15 – 2Q16

	2Q15 Ch\$M	2Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS OPLA				
REVENUES	26,983	24,031	-2,952	-10.9%
Platforms	8,721	7,158	-1,563	-17.9%
IT Services	16,896	15,748	-1,148	-6.8%
Applications	1,367	1,125	-241	-17.7%
Cost of Sales	-21,258	-19,027	2,231	-10.5%
GROSS PROFIT	5,725	5,003	-721	-12.6%
Administration Expenses	-2,443	-2,427	17	-0.7%
OPERATING INCOME ⁽¹⁾	3,282	2,577	-705	-21.5%
EBITDA ⁽²⁾	4,264	3,615	-649	-15.2%
Operating Margin	12.2%	10.7%		
EBITDA Margin	15.8%	15.0%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Figure 14 – Regional Summary

Regional Summary	Jun-15 Ch\$M	Jun-16 Ch\$M	Δ \$	Δ %	2Q15 Ch\$M	2Q16 Ch\$M	Δ \$	Δ %
CHILE								
REVENUES	163,797	175,207	11,410	7.0%	82,717	88,053	5,336	6.5%
Platforms	93,452	102,941	9,489	10.2%	46,092	51,436	5,344	11.6%
IT Services	62,787	63,639	852	1.4%	31,960	32,614	653	2.0%
Applications	7,558	8,627	1,068	14.1%	4,664	4,002	-662	-14.2%
Cost of Sales	-126,510	-135,205	-8,696	6.9%	-63,519	-68,204	-4,685	7.4%
GROSS PROFIT	37,288	40,002	2,714	7.3%	19,198	19,848	651	3.4%
Administration Expenses	-15,998	-18,439	-2,440	15.3%	-8,262	-9,787	-1,525	18.5%
OPERATING INCOME ⁽¹⁾	21,289	21,563	274	1.3%	10,936	10,061	-874	-8.0%
EBITDA ⁽²⁾	26,782	28,266	1,484	5.5%	13,719	13,484	-235	-1.7%
Operating Margin	13.0%	12.3%			13.2%	11.4%		
EBITDA Margin	16.4%	16.1%			16.6%	15.3%		
BRAZIL								
REVENUES	180,717	139,916	-40,801	-22.6%	88,163	70,686	-17,476	-19.8%
Platforms	30,243	19,197	-11,046	-36.5%	17,151	10,728	-6,423	-37.5%
IT Services	131,401	107,271	-24,130	-18.4%	62,362	53,583	-8,779	-14.1%
Applications	19,072	13,447	-5,625	-29.5%	8,650	6,376	-2,274	-26.3%
Cost of Sales	-156,273	-125,190	31,083	-19.9%	-74,962	-64,283	10,680	-14.2%
GROSS PROFIT	24,444	14,726	-9,718	-39.8%	13,200	6,404	-6,796	-51.5%
Administration Expenses	-14,076	-11,021	3,056	-21.7%	-7,295	-4,601	2,693	-36.9%
OPERATING INCOME ⁽¹⁾	10,367	3,705	-6,662	-64.3%	5,905	1,802	-4,103	-69.5%
EBITDA ⁽²⁾	18,835	10,789	-8,046	-42.7%	9,845	5,749	-4,096	-41.6%
Operating Margin	5.7%	2.6%			6.7%	2.5%		
EBITDA Margin	10.4%	7.7%			11.2%	8.1%		
MEXICO								
REVENUES	33,177	36,241	3,064	9.2%	18,567	19,040	473	2.5%
Platforms	16,284	18,232	1,948	12.0%	9,834	8,687	-1,147	-11.7%
IT Services	16,893	18,009	1,116	6.6%	8,734	10,354	1,620	18.6%
Applications	0	0	0 -		0	0	0 -	
Cost of Sales	-25,101	-27,002	-1,901	7.6%	-14,080	-14,055	25	-0.2%
GROSS PROFIT	8,076	9,239	1,163	14.4%	4,487	4,985	498	11.1%
Administration Expenses	-3,102	-3,618	-516	16.7%	-1,706	-1,927	-221	13.0%
OPERATING INCOME ⁽¹⁾	4,974	5,621	646	13.0%	2,781	3,058	277	9.9%
EBITDA ⁽²⁾	5,702	6,548	846	14.8%	3,099	3,512	413	13.3%
Operating Margin	15.0%	15.5%			15.0%	16.1%		
EBITDA Margin	17.2%	18.1%			16.7%	18.4%		
OPLA								
REVENUES	51,364	48,570	-2,795	-5.4%	26,983	24,031	-2,952	-10.9%
Platforms	15,623	14,524	-1,099	-7.0%	8,721	7,158	-1,563	-17.9%
IT Services	32,849	31,564	-1,285	-3.9%	16,896	15,748	-1,148	-6.8%
Applications	2,892	2,482	-410	-14.2%	1,367	1,125	-241	-17.7%
Cost of Sales	-40,897	-38,155	2,742	-6.7%	-21,258	-19,027	2,231	-10.5%
GROSS PROFIT	10,467	10,415	-53	-0.5%	5,725	5,003	-721	-12.6%
Administration Expenses	-4,758	-4,614	144	-3.0%	-2,443	-2,427	17	-0.7%
OPERATING INCOME ⁽¹⁾	5,709	5,801	92	1.6%	3,282	2,577	-705	-21.5%
EBITDA ⁽²⁾	7,610	7,850	240	3.1%	4,264	3,615	-649	-15.2%
Operating Margin	11.1%	11.9%			12.2%	10.7%		
EBITDA Margin	14.8%	16.2%			15.8%	15.0%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

ANALYSIS OF CONSOLIDATED BALANCE SHEET

Assets

Total assets amounted to \$782,239 million (US\$1,182.8 million) as of June 30, 2016, flat compared to December 2015. This was mainly due to:

- Trade account receivable and other receivables, current by \$28,295 million (US\$42.8 million) whose balance as of June 30, 2016 was \$203,934 million (US\$307.5 million), mainly due to higher seasonality in December.
- Cash and Cash Equivalents by \$14,729 million (US\$22.3 million), whose balance as of June 30, 2016 was \$53,664 million (US\$81.1 million), mainly due to payment of dividends, earnouts related to acquisitions, and working capital requirements.

Partially offset by increases in:

- Goodwill by \$21,138 million (US\$32.0 million), whose balance as of June 30, 2016 was \$239,874 million (US\$362.7 million), mainly due to currency translation effects.
- Current tax asset, current by \$12,524 million (US\$18.9 million), whose balance as of June 30, 2016 was \$32,401 million (US\$49.0 million), mainly coming from Chile and Brazil.

Liabilities

Liabilities totaled \$274,809 million (US\$415.5 million) as of June 30, 2016 decreasing by 13.3% with respect to December 2015, mainly due to a decrease in:

- Trade account payable and other payable by \$19,637 million (US\$29.7 million) whose balance as of June 30, 2016 was \$99,888 (US\$151.0 million), mostly coming from Mexico and Chile, due to a higher seasonality in December.
- Current tax liabilities, current by \$13,683 million (US\$20.7 million), whose balance as of June 30, 2016 was \$8,404 million (US\$12.7 million), due to lower taxes payables in Chile and Mexico.
- Other current financial liabilities of \$6,912 million (US\$10.5 million) whose balance as of June 30, 2016 was \$19,017 million (US\$28.8 million) due to lower deferred revenues and retentions.

Shareholder's Equity

Consolidated Shareholders' Equity Attributable to Owners reached a value of \$499,583 million (US\$755.4 million) in 1H16 increasing by 8.8% compared to December 2015 (+\$40,564 million / +US\$61.3 million). Main changes with respect to December 2015 are driven by net income in the period net of dividends and positive effects on the account Reserve of Exchange Difference Translation (+\$29,133 million / +US\$44.0 million).

Return on Equity (ROE) reached 9.6%.

Figure 9 – Financial Ratios Summary

Financial Ratios		Jun-15	Jun-16	Δ Jun-16 / Jun-15
LIQUIDITY				
Current Ratio (Current Assets / Current Liabilities)	(times)	2.0	2.3	15.4%
Quick Ratio ((Current Assets - Inventories) / Current Liabilities)	(times)	1.7	2.0	15.9%
Working Capital (Current Assets - Current Liabilities)	(Ch M\$)	181,584	196,713	8.3%
INDEBTEDNESS				
Leverage ((Current Liabilities + Non-current Liabilities) / Equity)	(times)	0.6	0.5	-14.5%
Financial Leverage ((Other Current Financial Liabilities + Other Non-current Financial Liabilities) / Equity)	(times)	0.2	0.2	-8.0%
Short-Term Debt (Current Liabilities / Total Liabilities)	(times)	0.6	0.6	-7.5%
Long-Term Debt (Non-Current Liabilities / Total Liabilities)	(times)	0.4	0.4	11.8%
Financial-Expenses-Coverage Ratio (EBITDA / Financial Expenses)	(times)	13.5	10.0	-26.3%
Financial Debt to EBITDA Ratio ((Current Liabilities + Non-current Liabilities) / EBITDA ^{1,2})	(times)	0.8	0.8	5.7%
Net Financial Debt to EBITDA Ratio ((Current Liabilities + Non-current Liabilities - Cash and Cash Equivalents - Other Current Financial Assets) / EBITDA ^{1,2})	(times)	0.3	0.3	26.8%
PROFITABILITY				
ROE (Net Income attrib.to Owners ² / Equity attrib.to Owners ³)	%	8.5%	9.6%	110 pb
ROA (Net Income attrib.to Owners ² / Equity attrib.to Owners ³)	%	5.1%	5.9%	80 pb
Earnings per Share (Net Income attrib.to Owners of Comp. / Total Shares ⁴)	(Ch\$)	47.6	52.6	10.4%
Dividend Yield (Dividends Paid ⁵ / Closing Market Stock Price)	%	2.0%	2.0%	0 pb

1 EBTIDA = Operating Income + Depreciation and Amortization

2 Annual Base

3 Calculated as an average:

- Jun-16: average between Jun-16 and Dec-15

- Jun-15: average between Jun-15 and Dec-14

4 Numbers of shares considered:

- Jun-16 = 871.057.175

- Jun-15 = 871.057.175

5 Last 12 months

Statements of Cash Flow

Cash and Cash Equivalents totaled \$53,664 million (US\$81.1 million) as of June 30, 2016, which compares to \$61,212 million (US\$92.6 million) as of June 30, 2015.

Net Operating Cash Flow was \$17,747 million in 1H16 (US\$26.8 million), a 3.2% higher than 1H15.

Net Investment Cash Flow was \$12,542 million (US\$19.0 million), decreasing the use of funds by \$1,840 million (US\$2.8 million).

Capital Expenditures (CAPEX) amounted to \$12,734 million (US\$19.3 million) as of June 30, 2016, and include: intangibles for \$1,234 million (US\$1.9 million); \$10,097 million (US\$15.3 million) invested in the purchase of fixed assets for internal use and for projects with customers; and permanent investments for \$1,402 million (US\$2.1 million).

Net Financing Cash Flow totaled \$18,637 million (US\$28.2 million), a change of \$1,058 million (US\$1.6 million) in comparison with 1H15, mainly due to higher financial expenses.

Figure 10 – Statements of Cash Flow

	Jun-15 Ch\$M	Jun-16 Ch\$M	Δ \$	Δ %
Statements of Cash Flow				
Net Cash Flows from (used in) Operating Activities	17,201	17,747	546	3.2%
Net Cash Flows from (used in) Investing Activities	(14,382)	(12,542)	1,840	-12.8%
Net Cash Flows from (used in) Financing Activities	(17,579)	(18,637)	(1,058)	6.0%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATES	(14,761)	(13,433)	1,328	-9.0%
Effect of Exchange Rate changes on Cash and Cash Equivalents	(2,617)	(1,296)	1,322	-50.5%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,378)	(14,729)	2,650	-15.2%
Cash and Cash Equivalents at beginning of period	78,590	68,392	(10,198)	-13.0%
CASH AND CASH EQUIVALENTS AT END OF PERIOD	61,212	53,664	(7,548)	-12.3%