

FY12-4Q12

Earnings Release



Sonda S.A.



SUMMARY: FY12-4Q12

- Consolidated Revenues: US\$ 1,419.3m
- Operating Income: US\$ 178.3m
- EBITDA: US\$ 244.5m
- Net Income: US\$ 95.0m
- Revenues Growth: +14.9% YoY
- EBITDA Growth: +28.0% YoY

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EARNINGS RELEASE

January 01, 2012 – December 31, 2012

SONDA S.A. (Santiago Stock Exchange: SONDA), the leading Latin American owned private-sector IT Services provider, announces its consolidated financial results as of December 31, 2012. All figures are expressed in Chilean Pesos and have been prepared under International Financial Reporting Standards (IFRS). Conversions to US dollars stated in this report are based on the month-end exchange rate as of December 31, 2012 (1 US\$=479.96 Chilean Pesos).

1. EXECUTIVE SUMMARY

SONDA totaled consolidated revenues of \$681,192 million (US\$1,419.3 million) for the full year 2012, showing an increase of 14.9% YoY. Operating income¹ grew by 24.1%, to \$85,556 million (US\$178.3 million) and EBITDA² reached \$117,348 million (US\$244.5 million), reflecting a rise of 28.0% YoY. EBITDA margin was 17.2%, up 170bp when compared to the same period in 2011. Net income totaled \$45,590 million (US\$95.0 million), growing 16.2% YoY.

These results are in line with regional operations' figures:

In millions of Ch\$	Revenues		EBITDA	
Chile	306,039	+21.0%	66,227	+17.2%
Brazil	229,865	+10.3%	31,188	+50.3%
Mexico	60,735	-11.6%	9,577	+10.5%
OPLA	84,552	+34.79%	10,355	+79.7%
Total	681,192	+14.9%	117,348	+28.0%

As of December 2012, ROE ended up at 13.0%. Current ratio (1.80x), financial leverage (0.27x) and financial expenses coverage (10.88x) ratios, reflect a solid financial position.

For 4Q12, consolidated revenues reached \$183,770 million (US\$382.9 million), 6.2% less compared with the same period in 2011, while operating income totaled \$24,840 million (US\$51.8 million / +12.2% YoY) and EBITDA \$33,714 million (US\$70.2 million / +14.8% YoY). EBITDA margin was 18.3%, up 330bp when compared to 4Q11. Net income decreased by 3.6% YoY, to \$12,772 million (US\$26.6 million).

Highlights:

- Devaluation of the Brazilian Real with regards to Chilean Peso during 2012, negatively affected the conversion of the results of Brazilian operations to reporting currency and with this, the consolidated results. Excluding the effect of exchange rate fluctuations in the conversion of local currencies to reporting currency (Chilean peso), the consolidated revenues would have reached US\$1,501.3 million growing by 21.6% YoY, while EBITDA would have reached US\$256.2 million growing by 34.2% YoY. For 4Q12, excluding the conversion effect, consolidated revenues would have reached US\$421.1 million growing by 3.2% YoY, while EBITDA would have reached US\$75.4 million growing by 23.3% YoY.

- Operations outside Chile generated revenues for \$375,153 million (US\$781.6 million), up 10.4% YoY and contributing with 55.1% of consolidated revenues. The exchange rate fluctuations also had an effect in the combined results of operations outside of Chile, which without this effect, would have increased revenues by 22.1%, and for 4Q12, revenue would have grown by 15.6%.

- Operating income and EBITDA for the operations outside of Chile increased by 29.7% and 45.3%, reaching \$35,402 million (US\$73.8 million) and \$51,120 million (US\$106.5 million), respectively. Without conversion effects, EBITDA would have grown by 61.3% in FY12 and 56.8% in 4Q12. EBITDA margin was 13.6% in FY12, up 320bp and 14.0% in 4Q12, up 360bp, when compared to the same period in 2011.

¹ Operating Income: Gross Profit – Administration Expenses

² EBITDA: Operating Income + Depreciation and Amortization

- Revenues in Brazil grew by 10.3% YoY totalizing \$229,865 million (US\$478.9 million), in line with higher EBITDA (+50.3% YoY) and 13.6% EBITDA margin (+360bp YoY). Expressed in local currency, revenues in Brazil grew by 28.7% and EBITDA by 77.8% for FY12, while in 4Q12 revenues grew by 27.0% and EBITDA grew by 104.0%.
- In Mexico, operating income and EBITDA increased by 9.2% and 10.5% respectively, while EBITDA margin scaled up by 320bp and reached 15.8%.
- The OPLA region showed strong figures, with \$84,552 million (US\$176.2 million / +34.8% YoY) in revenues, and higher EBITDA (+79.7% YoY). EBITDA margin reached 12.2%, up 300bp when compared to 2011.
- Revenues in Chile up 21.0% YoY, totaling \$306,039 million (US\$637.6 million) and EBITDA of \$66,227 million (US\$138.0 million / +17.2% YoY). EBITDA margin was 21.6% in FY12 and 23.6% in 4Q12.
- Net income attributable to the owners of the company reached \$45,590 million (US\$95.0 million), reflecting an increase of 16.2% YoY.
- New deals reached US\$1,265.2 million between January and December, 2012, down 5.5% YoY, mainly as a consequence of the effect of the large scale Metrobus' project in Panama (US\$180 million). Excluding this, new deals would have grown by 9.1% YoY.

Figure 1 – Consolidated
Financial Statements Summary

CONSOLIDATED FINANCIAL STATEMENTS

SONDA S.A.

In millions of Ch\$

INCOME STATEMENT	Dec-11	Dec-12	Dev.	Var.%
Revenues	592,819	681,192	88,373	14.9%
Cost of Sales	(468,688)	(534,629)	(65,941)	14.1%
Gross Profit	124,131	146,563	22,432	18.1%
Administration Expenses	(55,163)	(61,007)	(5,844)	10.6%
Operating Income ⁽¹⁾	68,968	85,556	16,587	24.1%
Depreciation and Amortization	22,694	31,792	9,098	40.1%
EBITDA ⁽²⁾	91,663	117,348	25,685	28.0%
Other Income	1,608	2,206	598	37.2%
Other Expenses	(12,841)	(11,699)	1,142	-8.9%
Profit (Loss) From Operating Activities	57,735	76,062	18,327	31.7%
Financial Income	5,623	3,181	(2,442)	-43.4%
Financial Expenses	(9,134)	(10,785)	(1,651)	18.1%
Share of Profit (Loss) of Associates	417	644	227	54.3%
Foreign Exchange Differences	346	111	(235)	67.8%
Income (Loss) for Indexed Assets and Liabilities	(1,729)	(825)	905	-52.3%
Other Comprehensive Income	(70,873)	(78,175)	(7,302)	10.3%
Net Income Before Taxes	53,258	68,388	15,130	28.4%
Income Tax Expense	(12,599)	(19,448)	(6,849)	54.4%
Net Income from Continuing Operations	40,659	48,940	8,281	20.4%
Net Income Attributable to Minority Interest	1,433	3,350	1,917	133.7%
Net Income Attributable to Owners of the Company	39,225	45,590	6,365	16.2%
BALANCE SHEET	Dec-11	Dec-12	Dev.	Var.%
Assets	576,776	695,106	118,329	20.5%
Current Assets	270,536	305,564	35,028	12.9%
Cash and Cash Equivalents	32,936	61,310	28,374	86.2%
Trade Accounts Receivable and Other Receivables, Net	162,401	158,699	(3,702)	-2.3%
Accounts Receivable from Related Companies	15,438	14,623	(816)	-5.3%
Inventories	26,986	29,632	2,646	9.8%
Other Current Assets	32,775	41,301	8,526	26.0%
Property, Plant and Equipment, Net	76,950	89,113	12,163	15.8%
Investment Properties	3,537	3,351	(186)	-5.3%
Intangibles Assets and Goodwill	172,323	237,093	64,770	37.6%
Other Non-Currents Assets	53,431	59,985	6,554	12.3%
Liabilities	267,455	296,597	29,142	10.9%
Current Liabilities	169,261	170,142	881	0.5%
Other Current Financial Liabilities	36,696	21,709	(14,987)	-40.8%
Other Liabilities	132,565	148,432	15,868	12.0%
Other Non-Current Financial Liabilities	87,196	83,814	(3,382)	-3.9%
Other Liabilities, Non-Current	10,999	42,642	31,643	287.7%
Minority Interest	4,109	4,737	628	15.3%
Total Shareholders' Equity Attributable to Owners of the Company	305,212	393,771	88,559	29.0%
Total Liabilities and Shareholders' Equity	576,776	695,106	118,329	20.5%

⁽¹⁾ Operating Income: Gross Profit – Administration Expenses⁽²⁾ EBITDA: Operating Income + Depreciation and Amortization

2. MANAGEMENT DISCUSSION AND ANALYSIS ON FY12 AND 4Q12 CONSOLIDATED RESULTS

I. CONSOLIDATED RESULTS FOR FULL YEAR 2012 (FY12)

REVENUES

Consolidated revenues reached \$681,192 million (US\$1,419.3 million) for FY12, up 14.9% YoY (+\$88,373 million / US\$184.1 million), mostly explained by:

- +8.1% rise (+\$26,846 million / US\$55.9 million) in revenues from IT services business, totaling \$359,432 million (US\$748.9 million), as a result of:
 - +15.5% increase in outsourcing's revenues (+\$22,547 million / US\$47.0 million), reaching \$167,726 million (US\$349.5 million).
 - +5.0% greater revenues from IT support services (+\$4,916 million / US\$10.2 million), totaling \$102,937 million (US\$214.5 million).
- growth of 29.8% (+\$61,033 million / US\$127.2 million) in platforms business, reaching \$265,896 million (US\$554.0 million), mainly as a consequence of:
 - +17.9% larger sales of HW (+\$30,388 million / US\$63.3 million), totaling \$200,114 million (US\$416.9 million).
 - +95.9% larger sales of SW (+\$29,143 million / US\$60.7 million), reaching \$59,531 million (US\$124.0 million).

Devaluation of the LatAm currencies with regards to Chilean Peso during 2012, negatively affected the conversion of the results to reporting currency and with this, the consolidated revenues. Excluding the effect of exchange rate fluctuations, consolidated revenues would have reached US\$1,501.3 million growing by 21.6% YoY.

Regarding revenue breakdown by business line, IT services contributed with a 52.8% of consolidated revenues, applications provided an 8.2% and platforms generated the remaining 39.0%.

Figure 2 – Consolidated Revenues by Business Line

CONSOLIDATED REVENUES		In millions of Ch\$		
Business Line	Dec-11	Dec-12	Dev.	Var. %
Platforms	204,863	265,896	61,033	29.8%
IT Services	332,587	359,432	26,846	8.1%
Applications	55,369	55,863	494	0.9%
Total	592,819	681,192	88,373	14.9%
Share by Business Line	Dec-11	Dec-12		
Platforms	34.6%	39.0%		
IT Services	56.1%	52.8%		
Applications	9.3%	8.2%		
Total	100.0%	100.0%		

COST OF SALES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Cost of sales totaled \$534,629 million (US\$1,113.9 million) for FY12, showing an increase of 14.1% YoY, in line with increased revenues.

Administration expenses reached \$61,007 million (US\$127.1 million), up 10.6% YoY, mostly explained by Quintec, PARS and Elucid's consolidation.

OPERATING INCOME AND EBITDA

Operating income amounted to \$85,556 million (US\$178.3 million) increasing 24.1% YoY, due to better operating results from operations in Brazil, Chile and Peru. Gross margin as a percentage of revenues totaled 21.5%, while operating margin was 12.6%, improving with regards to FY11 by 60bp and 100bp, respectively.

EBITDA totaled \$117,348 million (US\$244.5 million / +28.0% YoY), as a product of better results for most of the company operations, while EBITDA margin reached 17.2%, growing by 170bp YoY.

Devaluation of the LatAm currencies with regards to Chilean Peso during 2012, negatively affected the conversion of the results to reporting currency and with this, the operating income and EBITDA. Excluding the effect of exchange rate fluctuations, operating income would have reached US\$187.9 million growing by 30.7% YoY, while EBITDA would have reached US\$256.2 million growing by 34.2% YoY.

Figure 3 – Income Statement

	In millions of Ch\$			
CONSOLIDATED INCOME STATEMENT	Dec-11	Dec-12	Dev.	Var. %
Revenues	592,819	681,192	88,373	14.9%
Cost of Sales	(468,688)	(534,629)	(65,941)	14.1%
Gross Profit	124,131	146,563	22,432	18.1%
Administration Expenses	(55,163)	(61,007)	(5,844)	10.6%
Operating Income ⁽¹⁾	68,968	85,556	16,587	24.1%
EBITDA ⁽²⁾	91,663	117,348	25,685	28.0%
Net Income Attributable to Owners	39,225	45,590	6,365	16.2%
FINANCIAL RATIOS	%	%		
Gross Margin	20.9%	21.5%		
Operating Margin	11.6%	12.6%		
EBITDA Margin	15.5%	17.2%		
Net Margin	6.6%	6.7%		

⁽¹⁾ Operating Income: Gross Profit – Administration Expenses

⁽²⁾ EBITDA: Operating Income + Depreciation and Amortization

OTHER COMPREHENSIVE INCOME (Excluding Administration Expenses)

Total other comprehensive income, excluding administration expenses, moved from a loss of \$15,710 million (US\$32.7 million) in December, 2011, to a loss of \$17.168 million (US\$35.8 million) in December 2012, mainly due to a decrease in financial income and an increase in financial expenses.

NET INCOME

Net income attributable to the owners of the company, reached \$45,590 million (US\$95.0 million) for 2012, reflecting an increase of 16.2% YoY.

II. CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2012 (4Q12)

REVENUES

Consolidated revenues reached \$183,770 million (US\$382.9 million) in 4Q12 6.2% less compared with the same period in 2011, mainly due to:

- lower revenues from IT services business (-14.8% YoY), totaling \$93,723 million (US\$195.3 million), driven by:
 - 10.8% decrease in outsourcing's revenues (-\$5,536 million / -US\$11.5 million), to \$45,895 million (US\$95.6 million).
 - 20.3% decrease in revenues from IT support services (-\$6,425 million / -US\$13.4 million), totalizing \$25,296 million (US\$52.7 million).
- platforms business revenues up 6.7% YoY (+\$4,750 million / US\$9.9 million) reaching \$75,811 million (US\$158.0 million), principally as a result of:
 - +57.2% larger sales of SW (+\$6,615 million / US\$13.8 million), to \$18,174 million (US\$37.9 million).
 - 2.0% lower sales of HW (-\$1,159 million / -US\$2.4 million), reaching \$55,568 million (US\$115.8 million).
- applications business revenues down 3.7% YoY (-\$549 million / -US\$1.1 million), totalizing \$14,236 million (US\$29.7 million), primarily due to:
 - 5.7% decrease of support and implantation services (-\$344 million / -US\$0.7 million), to \$5,649 million (US\$11.8 million).
 - 5.7% decrease of development and maintenance services (-\$343 million / -US\$0.7 million), to \$5,692 million (US\$11.9 million).

Devaluation of the LatAm currencies with regards to Chilean Peso during 2012, negatively affected the conversion of the results to reporting currency and with this, the consolidated results. Excluding the effect of exchange rate fluctuations, consolidated revenues for 4Q12 would have reached US\$421.1 million growing by 3.2% YoY.

Lower revenues in 4Q12 are also explained by a high comparison base, because of a one-time sale related to a large scale project in Panama in 2011.

In terms of revenue breakdown by business line, IT services contributed with 51.0% of consolidated revenues during the fourth quarter of 2012, while applications and platforms business lines provided 7.7% and 41.3%, respectively.

Figure 4 – Consolidated Revenues by Business Line

CONSOLIDATED REVENUES

In millions of Ch\$

Business Line	4Q11	4Q12	Dev.	Var. %
Platforms	71,061	75,811	4,750	6.7%
IT Services	110,062	93,723	(16,339)	-14.8%
Applications	14,785	14,236	(549)	-3.7%
Total	195,908	183,770	(12,138)	-6.2%
Share by Business Line				
	4Q11	4Q12		
Platforms	36.3%	41.3%		
IT Services	56.2%	51.0%		
Applications	7.5%	7.7%		
Total	100.0%	100.0%		

COST OF SALES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Cost of sales amounted \$143,037 million (US\$298.0 million) for 4Q12, decreasing 8.6% YoY, primarily as a result of lower sales, due to a high base of comparison in 4Q11 related to the large scale project in Panama.

Administration expenses totaled \$15,893 million (US\$33.1 million), decreasing by 8.0% YoY, in line with efficiencies obtained after the integration of the companies acquired in 2011 and 2012.

OPERATING INCOME AND EBITDA

Operating income reached \$24,840 million (US\$51.8 million / +12.2% YoY), mainly due to better operating results in Brazil. Gross margin as a percentage of revenues reached 22.2%, while operating margin was 13.5%, reflecting improvements of 210bp and 220bp, respectively.

EBITDA increased to \$33,714 million (US\$70.2 million / +14.8% YoY) for 4Q12 and EBITDA margin reached 18.3% for the period.

Devaluation of the LatAm currencies with regards to Chilean Peso during 2012, negatively affected the conversion of the results to reporting currency and with this, the operating income and EBITDA. Excluding the effect of exchange rate fluctuations, operating income would have reached US\$55.6 million growing by 20.4% YoY, while EBITDA would have reached US\$75.4 million growing by 23.3% YoY.

Figure 5 – Income Statement

	In millions of Ch\$			
CONSOLIDATED INCOME STATEMENT	4Q11	4Q12	Dev.	Var. %
Revenues	195,908	183,770	(12,138)	-6.2%
Cost of Sales	(156,484)	(143,037)	13,447	-8.6%
Gross Profit	39,424	40,733	1,309	3.3%
Administration Expenses	(17,279)	(15,893)	1,387	-8.0%
Operating Income ⁽¹⁾	22,144	24,840	2,696	12.2%
EBITDA ⁽²⁾	29,362	33,714	4,353	14.8%
Net Income Attributable to Owners	13,249	12,772	(476)	-3.6%
FINANCIAL RATIOS	%	%		
Gross Margin	20.1%	22.2%		
Operating Margin	11.3%	13.5%		
EBITDA Margin	15.0%	18.3%		
Net Margin	6.8%	7.0%		

⁽¹⁾ Operating Income: Gross Profit – Administration Expenses

⁽²⁾ EBITDA: Operating Income + Depreciation and Amortization

OTHER COMPREHENSIVE INCOME (Excluding Administration Expenses)

Total other comprehensive income, excluding administration expenses, moved from a loss of \$5,104 million (-US\$10.6 million) in 4Q11 to a loss of \$4,895 million (-US\$10.2 million) in 4Q12.

NET INCOME

Net income attributable to the owners of the Company, amounted \$12,772 million (US\$26.6 million) for 4Q12, lower 3.6%, when compared to same period in 2011.

3. REGIONAL RESULTS FOR FULL YEAR 2012 (FY12) AND THE FOURTH QUARTER OF 2012 (4Q12)

CHILE

Main changes in Chile between FY11 and FY12 are described below:

- revenues of \$306,039 million (US\$637.6 million), increasing 21.0% YoY, as a result of growth coming from IT services (+12.0% YoY) and platforms (+31.7% YoY), due to larger sales and the consolidation of Quintec's operations in Chile, in spite of a high comparison base in 2011 due to a large scale project delivered in Panama.
- operating income reaching \$50,154 million (US\$104.5 million / +20.4% YoY) and EBITDA totaling \$66,227 million (US\$138.0 million / +17.2% YoY).
- EBITDA margin down to 21.6% mainly due to the full year consolidation of Quintec in 2012.

Figure 6 – Business in Chile

CHILE	In millions of Ch\$							
	Dec-11	Dec-12	Dev.	Var. %	4Q11	4Q12	Dev.	Var. %
Revenues	252,979	306,039	53,060	21.0%	95,088	83,410	(11,678)	-12.3%
Platforms	112,765	148,541	35,775	31.7%	40,839	41,256	417	1.0%
IT Services	128,563	143,943	15,380	12.0%	50,484	38,135	(12,349)	-24.5%
Applications	11,651	13,556	1,905	16.4%	3,765	4,019	254	6.7%
Cost of Sales	(190,835)	(228,793)	(37,958)	19.9%	(73,569)	(60,469)	13,100	-17.8%
Gross Profit	62,144	77,246	15,102	24.3%	21,519	22,941	1,421	6.6%
Administration Expenses	(20,473)	(27,093)	(6,620)	32.3%	(7,521)	(7,169)	352	-4.7%
Operating Income ⁽¹⁾	41,672	50,154	8,482	20.4%	13,998	15,771	1,773	12.7%
EBITDA ⁽²⁾	56,488	66,227	9,739	17.2%	18,927	19,695	768	4.1%
Operating Margin	16.5%	16.4%			14.7%	18.9%		
EBITDA Margin	22.3%	21.6%			19.9%	23.6%		

⁽¹⁾ Operating Income: Gross Profit – Administration Expenses

⁽²⁾ EBITDA: Operating Income + Depreciation and Amortization

Main changes in Chile between 4Q11 and 4Q12 are described below:

- \$83,410 million (US\$173.8 million / -12.3% YoY) in revenues for 4Q12, with higher revenues coming from platforms (+1.0% YoY) and applications (+6.7%) and lower revenues coming from IT services (-24.5% YoY) due to a high comparison base in 2011 as a consequence of a one-time sale related to a large scale project in Panama.
- operating income of \$15,771 million (US\$32.9 million), increasing 12.7% YoY, mainly due to a better gross profit (6.6% YoY) in 2012.
- EBITDA totaling \$19,695 million (US\$41.0 million), up 4.1% compared with the same period in 2011.
- EBITDA margin reached 23.6%, 370bp higher than the 19.9% obtained 4Q11.

BRAZIL

Main changes in Brazil between FY11 and FY12 are described below:

- ➔ revenues totaling \$229,865 million (US\$478.9 million), up 10.3% YoY, primarily due to growth from platforms (+72.9% YoY), positively influenced by PARS consolidation. Revenues in local currency (BRL) increased by 28.7%.
- ➔ operating income reached \$24,256 million (US\$50.5 million / +43.9% YoY), while EBITDA grew by 50.3% YoY, to \$31,188 million (US\$65.0 million). Excluding the effect of exchange rate fluctuations, operating income would have grown 70.0% and EBITDA 77.2% YoY, respectively.
- ➔ operating margin and EBITDA margin were 10.6% and 13.6%, improving by 250bp and 360bp, respectively.

Figure 7 – Business in Brazil

BRAZIL	In millions of Ch\$							
	Dec-11	Dec-12	Dev.	Var. %	4Q11	4Q12	Dev.	Var. %
Revenues	208,383	229,865	21,482	10.3%	57,948	60,136	2,187	3.8%
Platforms	31,465	54,390	22,925	72.9%	9,892	17,252	7,361	74.4%
IT Services	139,494	139,976	482	0.3%	38,678	34,386	(4,292)	-11.1%
Applications	37,424	35,499	(1,925)	-5.1%	9,378	8,497	(881)	-9.4%
Cost of Sales	(169,825)	(187,299)	(17,474)	10.3%	(48,327)	(49,541)	(1,214)	2.5%
Gross Profit	38,558	42,566	4,008	10.4%	9,621	10,594	973	10.1%
Administration Expenses	(21,698)	(18,310)	3,388	-15.6%	(5,132)	(4,235)	897	-17.5%
Operating Income ⁽¹⁾	16,860	24,256	7,396	43.9%	4,489	6,360	1,870	41.7%
EBITDA ⁽²⁾	20,744	31,188	10,444	50.3%	5,580	9,251	3,670	65.8%
Operating Margin	8.1%	10.6%			7.7%	10.6%		
EBITDA Margin	10.0%	13.6%			9.6%	15.4%		

⁽¹⁾ Operating Income: Gross Profit – Administration Expenses

⁽²⁾ EBITDA: Operating Income + Depreciation and Amortization

Main changes in Brazil between 4Q11 and 4Q12 are described below:

- ➔ revenues reaching \$60,136 million (US\$125.3 million), growing 3.8% YoY, explained by improvements coming from platforms business (+74.4% YoY) mostly, offsetting lower revenues from applications (-9.4% YoY) and IT services (-11.1% YoY). Excluding the effect of exchange rate fluctuations, consolidated revenues would have grown 27.2% YoY.
- ➔ operating income and EBITDA reaching \$6,360 million (US\$13.3 million) and \$9,251 million (US\$19.3 million), increasing by 41.7% and 65.8% YoY, respectively. Excluding the effect of exchange rate fluctuations, operating income would have grown 74.6% and EBITDA 103.2% YoY, respectively.
- ➔ higher both operating and EBITDA margin, at 10.6% and 15.4% for 4Q12, from 7.7% and 9.6% in 4Q11, increasing 290bp and 580bp, respectively.

MEXICO

Main changes in Mexico between FY11 and FY12 are described below:

- revenues down 11.6% YoY, totaling \$60,735 million (US\$126.5 million), as a result of lower activity in the platforms business (-17.3% YoY), due to a large scale project developed in 2011. Excluding this effect, revenues would have grown by 8.7%.
- operating income of \$7,644 million (US\$15.9 million / +9.2% YoY) and \$9,577 million (US\$20.0 million / +10.5% YoY) in EBITDA as a result of the margin improvement achieved during the year.
- operating margin reached 12.6%, while EBITDA margin grew 320bp, reaching 15.8%.

Figure 8 – Business in Mexico

In millions of Ch\$								
MEXICO	Dec-11	Dec-12	Dev.	Var. %	4Q11	4Q12	Dev.	Var. %
Revenues	68,729	60,735	(7,993)	-11.6%	19,452	17,742	(1,710)	-8.8%
Platforms	33,997	28,122	(5,875)	-17.3%	8,746	8,416	(330)	-3.8%
IT Services	34,401	32,342	(2,059)	-6.0%	10,697	9,326	(1,371)	-12.8%
Applications	330	271	(59)	-17.9%	8	0	(8)	-100.0%
Cost of Sales	(54,899)	(46,741)	8,158	-14.9%	(14,623)	(14,067)	556	-3.8%
Gross Profit	13,830	13,995	165	1.2%	4,829	3,675	(1,153)	-23.9%
Administration Expenses	(6,826)	(6,350)	476	-7.0%	(2,408)	(1,666)	742	-30.8%
Operating Income ⁽¹⁾	7,004	7,644	641	9.2%	2,420	2,009	(411)	-17.0%
EBITDA ⁽²⁾	8,666	9,577	911	10.5%	2,925	2,506	(419)	-14.3%
<i>Operating Margin</i>	<i>10.2%</i>	<i>12.6%</i>			<i>12.4%</i>	<i>11.3%</i>		
<i>EBITDA Margin</i>	<i>12.6%</i>	<i>15.8%</i>			<i>15.0%</i>	<i>14.1%</i>		

⁽¹⁾ Operating Income: Gross Profit – Administration Expenses

⁽²⁾ EBITDA: Operating Income + Depreciation and Amortization

Main changes in Mexico between 4Q11 and 4Q12 are described below:

- revenues for \$17,742 million (US\$37.0 million), an 8.8% YoY decrease, as a result of lower activity in the platforms (-3.8% YoY) and IT services businesses (-12.8% YoY) considering a high base for comparison in 2011 due to a large scale project mostly delivered that year.
- operating income, reaching \$2,009 million (US\$4.2 million), decreasing 17.0% YoY, due to a lower gross profit (-23.9% YoY). EBITDA decreased 14.3% YoY, to \$2,506 million (US\$5.2 million).
- lower both operating and EBITDA margin, at 11.3% and 14.1% for 4Q12, from 12.4% and 15.0% in 4Q11, respectively.

OPLA (Other countries in Latin America)

Main changes in OPLA (which includes Argentina, Colombia, Costa Rica, Ecuador, Peru, Panama and Uruguay) between FY11 and FY12 are described below:

- +34.8% increase in revenues, to \$84,552 million (US\$176.2 million), due to higher sales in all business lines: IT services (+43.3% YoY), platforms (+30.8% YoY) and applications (+9.6% YoY). These figures are explained by improvements in most of the 7 countries of this region, Quintec's consolidation, and the beginning of operations of the Metrobus' project in Panama in Feb-12.
- growth in both operating income and EBITDA, to \$3,501 million (US\$7.3 million) and \$10,355 million (US\$21.6 million), improving 79.7% YoY.
- operating margin was 4.1% and EBITDA margin reached 12.2%, 300bp up YoY.

Figure 9 –Business in OPLA

OPLA	In millions of Ch\$							
	Dec-11	Dec-12	Dev.	Var. %	4Q11	4Q12	Dev.	Var. %
Revenues	62,728	84,552	21,824	34.8%	23,420	22,483	(938)	-4.0%
Platforms	26,635	34,843	8,208	30.8%	11,584	8,886	(2,698)	-23.3%
IT Services	30,128	43,172	13,043	43.3%	10,202	11,876	1,674	16.4%
Applications	5,964	6,537	573	9.6%	1,634	1,720	86	5.3%
Cost of Sales	(53,129)	(71,796)	(18,668)	35.1%	(19,965)	(18,960)	1,006	-5.0%
Gross Profit	9,599	12,756	3,157	32.9%	3,455	3,523	68	2.0%
Administration Expenses	(6,167)	(9,255)	(3,088)	50.1%	(2,218)	(2,822)	(604)	27.2%
Operating Income ⁽¹⁾	3,433	3,501	69	2.0%	1,237	701	(536)	-43.4%
EBITDA ⁽²⁾	5,764	10,355	4,591	79.7%	1,930	2,263	333	17.3%
Operating Margin	5.5%	4.1%			5.3%	3.1%		
EBITDA Margin	9.2%	12.2%			8.2%	10.1%		

⁽¹⁾ Operating Income: Gross Profit – Administration Expenses

⁽²⁾ EBITDA: Operating Income + Depreciation and Amortization

Main changes in OPLA between 4Q11 and 4Q12 are described below:

- 4.0% decrease in revenues, to \$22,483 million (US\$46.8 million), due to lower activity in platforms business (-23.3% YoY), offsetting the 16.4% YoY and 5.3% YoY increase in IT services and applications business lines, respectively.
- operating income of \$701 million (US\$1.5 million / -43.4% YoY) and EBITDA of \$2,263 million (US\$4.7 million / +17.3% YoY).
- operating margin reached 3.1%, while EBITDA margin grew to 10.1%, improving by 190bp.

Figure 10 – Regional Summary

REGIONAL SUMMARY	In millions of Ch\$							
	Dec-11	Dec-12	Dev.	Var. %	4Q11	4Q12	Dev.	Var. %
CHILE								
Revenues	252,979	306,039	53,060	21.0%	95,088	83,410	(11,678)	-12.3%
Platforms	112,765	148,541	35,775	31.7%	40,839	41,256	417	1.0%
IT Services	128,563	143,943	15,380	12.0%	50,484	38,135	(12,349)	-24.5%
Applications	11,651	13,556	1,905	16.4%	3,765	4,019	254	6.7%
Cost of Sales	(190,835)	(228,793)	(37,958)	19.9%	(73,569)	(60,469)	13,100	-17.8%
Gross Profit	62,144	77,246	15,102	24.3%	21,519	22,941	1,421	6.6%
Administration Expenses	(20,473)	(27,093)	(6,620)	32.3%	(7,521)	(7,169)	352	-4.7%
Operating Income ⁽¹⁾	41,672	50,154	8,482	20.4%	13,998	15,771	1,773	12.7%
EBITDA ⁽²⁾	56,488	66,227	9,739	17.2%	18,927	19,695	768	4.1%
<i>Operating Margin</i>	16.5%	16.4%			14.7%	18.9%		
<i>EBITDA Margin</i>	22.3%	21.6%			19.9%	23.6%		
BRASIL								
Revenues	208,383	229,865	21,482	10.3%	57,948	60,136	2,187	3.8%
Platforms	31,465	54,390	22,925	72.9%	9,892	17,252	7,361	74.4%
IT Services	139,494	139,976	482	0.3%	38,678	34,386	(4,292)	-11.1%
Applications	37,424	35,499	(1,925)	-5.1%	9,378	8,497	(881)	-9.4%
Cost of Sales	(169,825)	(187,299)	(17,474)	10.3%	(48,327)	(49,541)	(1,214)	2.5%
Gross Profit	38,558	42,566	4,008	10.4%	9,621	10,594	973	10.1%
Administration Expenses	(21,698)	(18,310)	3,388	-15.6%	(5,132)	(4,235)	897	-17.5%
Operating Income ⁽¹⁾	16,860	24,256	7,396	43.9%	4,489	6,360	1,870	41.7%
EBITDA ⁽²⁾	20,744	31,188	10,444	50.3%	5,580	9,251	3,670	65.8%
<i>Operating Margin</i>	8.1%	10.6%			7.7%	10.6%		
<i>EBITDA Margin</i>	10.0%	13.6%			9.6%	15.4%		
MÉXICO								
Revenues	68,729	60,735	(7,993)	-11.6%	19,452	17,742	(1,710)	-8.8%
Platforms	33,997	28,122	(5,875)	-17.3%	8,746	8,416	(330)	-3.8%
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Applications	330	271	(59)	-17.9%	8	0	(8)	-100.0%
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Operating Income ⁽¹⁾	7,004	7,644	641	9.2%	2,420	2,009	(411)	-17.0%
EBITDA ⁽²⁾	8,666	9,577	911	10.5%	2,925	2,506	(419)	-14.3%
<i>Operating Margin</i>	10.2%	12.6%			12.4%	11.3%		
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OPLA								
Revenues	62,728	84,552	21,824	34.8%	23,420	22,483	(938)	-4.0%
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IT Services	30,128	43,172	13,043	43.3%	10,202	11,876	1,674	16.4%
Applications	5,964	6,537	573	9.6%	1,634	1,720	86	5.3%
Cost of Sales	(53,129)	(71,796)	(18,668)	35.1%	(19,965)	(18,960)	1,006	-5.0%
Gross Profit	9,599	12,756	3,157	32.9%	3,455	3,523	68	2.0%
Administration Expenses	(6,167)	(9,255)	(3,088)	50.1%	(2,218)	(2,822)	(604)	27.2%
Operating Income ⁽¹⁾	3,433	3,501	69	2.0%	1,237	701	(536)	-43.4%
EBITDA ⁽²⁾	5,764	10,355	4,591	79.7%	1,930	2,263	333	17.3%
<i>Operating Margin</i>	5.5%	4.1%			5.3%	3.1%		
<i>EBITDA Margin</i>	9.2%	12.2%			8.2%	10.1%		

⁽¹⁾ Operating Income: Gross Profit – Administration Expenses

⁽²⁾ EBITDA: Operating Income + Depreciation and Amortization

4. ANALYSIS OF CONSOLIDATED BALANCE SHEET

ASSETS

Total assets amounted \$695,106 million (US\$1,448.3 million) as of December 31, 2012, with a rise of 20.5% when compared to December 31, 2011. This is mainly explained by increases of:

- \$28,374 million (US\$59.1 million) in cash and cash equivalents, totaling \$61,310 million (US\$127.7 million), primarily due to the capital increase conducted at the end of 2012.
- other current assets for \$8,526 million (US\$17.8 million), to \$41,301 million (US\$86.1 million), mainly due to PARS and Elucid consolidation.
- property, plant and equipment, for \$12,163 million (US\$25.3 million), totaling \$89,113 million (US\$185.7 million), primarily related to the construction of a new datacenter in Chile and investments related to projects for clients.
- intangible assets and goodwill, for \$64,770 million (US\$134.9 million), as a consequence of PARS and Elucid acquisitions, reaching \$237,093 million (US\$494.0 million).

The company continues showing a solid liquidity position as of December 31, 2012, with a current ratio of 1.80x. Working capital reached \$135,422 million (US\$282.2 million).

LIABILITIES

Total liabilities reached \$296,597 million (US\$618.0 million) as of December 31, 2012, reflecting a rise of 10.9% regarding December 2011, product of the offset effect of the following:

- decrease of \$14,987 million (US\$31.2 million) in other current financial liabilities, to \$21,709 million (US\$45.2 million), due to payment of bank loans.
- increase of \$31,643 million (US\$65.9 million) in other non-current liabilities, to \$42,642 million (US\$88.8 million), primarily due to the PARS and Elucid consolidation.

Debt level remained low at the end of December 2012, with a 0.75x leverage ratio (total liabilities / equity), a 0.27x financial leverage ratio (financial liabilities / equity) and 10.88x financial expenses coverage ratio (EBITDA / financial expenses).

SHAREHOLDER'S EQUITY

Shareholders' equity attributable to the owners of the company, reached \$393,771 million (US\$820.4 million) as of December 31, 2012. Main changes compared to December 2011, are the capital raise conducted at the end of 2012, the results for the period, the interim dividend and conversion effects from foreign subsidiaries.

In terms of annualized profitability, both ROE and ROA reached 13.0% and 7.2%, respectively.

Figure 11 – Financial Ratios Summary

CONSOLIDATED FINANCIAL RATIOS		Dec-11	Dec-12	Var % Dec-12 Dec-11
Liquidity				
Current Ratio (Current Assets / Current Liabilities)	(times)	1.60	1.80	12.4%
Quick Ratio (Current Assets - Invent. - Others ^(*) / Current Liabilities)	(times)	1.24	1.41	13.9%
Working Capital (Current Assets - Current Liabilities)	Million Ch\$	101,275	135,422	33.7%
Indebtedness				
Leverage (Current Liabilities + Non-Current Liabilities) / Equity	(times)	0.88	0.75	-14.0%
Short-Term Debt (Current Liabilities / Total Liabilities)	(times)	0.63	0.57	-9.4%
Long-Term Debt (Non-Current Liabilities / Total Liabilities)	(times)	0.37	0.43	16.1%
Financial-Expenses-Coverage Ratio (EBITDA / Financial Expenses)	(times)	10.04	10.88	8.4%
Profitability				
ROE ^(**) (Net Income attrib.to Owners / Equity attrib.to Owners, average)	%	13.2%	13.0%	-0.8%
ROA ^(**) (Net Income attrib.to Owners of Comp. / Assets , average)	%	7.2%	7.2%	-1.0%
Earnings per Share ^(**) ^(***) (Net Income attrib.to Owners of Comp. / Total Shares)	Ch\$	50.9	54.4	7.0%
Dividend Yield ^(***) (Dividends Paid / Closing Market Stock Price)	%	1.9%	1.8%	-3.6%

(*) Others = Accounts Receivable from Related Companies; Prepayments; Current Tax Receivable; Other Current Assets.

(**) Corresponds to annualized profitabilities.

(***) Figures consider a total of 837.918.566 shares for Dec-12 and 771.057.175 shares for Dec-11.

(****) For determining ratios, the values for Equity, Total Assets, Inventories and Operational Assets have been calculated as:
 - Dic-12: average between Dec-12 and Dec-11
 - Dic-11: average between Dec-11 and Dec-10

STATEMENTS OF CASH FLOW

Cash and Cash Equivalents at End of Period totaled \$61,310 million (US\$127.7 million) in December 31, 2012, compared to \$32,936 million (US\$68.6 million) as of December 31, 2011.

Operating Cash Flow was \$86,091 million (US\$179.4 million) as of December 31, 2012, as a result of collection activities net of payments to suppliers, employees and taxes.

Investment Cash Flow, reached \$92,224 million (US\$192.1 million), increasing the use of funds by \$75,377 million (US\$157.0 million), mainly due to PARS and Elucid's acquisitions.

CAPEX totaled \$92,973 million (US\$193.7 million) as of December, 2012, with net permanent investments of \$55,823 million (US\$116.3 million), and \$33,891 million (US\$70.6 million) mainly invested in fixed assets intended for projects of clients, and the construction of a new datacenter in Chile.

Financing Cash Flow was \$41,734 million (US\$87.0 million), corresponding to the net balance between income and loans payment. The increase is mainly a consequence of the funding obtained to execute the company's investment plan.

Figure 12 – Statements of Cash Flow

STATEMENTS OF CASH FLOW	In millions of Ch\$			
	Dec-11	Dec-12	Dev.	Var. %
Net Cash Flows from (used in) Operating Activities	33,447	86,091	52,644	157.4%
Net Cash Flows from (used in) Investing Activities	(16,847)	(92,224)	(75,377)	447.4%
Net Cash Flows from (used in) Financing Activities	(8,391)	41,734	50,125	-597.4%
Net Increase (Decrease) in Cash and Cash Equivalents before effect of Exchange Rates	8,210	35,601	27,392	333.6%
Effect of Exchange Rate changes on Cash and Cash Equivalents	(254)	(7,227)	(6,973)	2,741.0%
Net Increase (Decrease) in Cash and Cash Equivalents	7,955	28,374	20,419	256.7%
Cash and Cash Equivalents at beginning of period	24,981	32,936	7,955	31.8%
Cash and Cash Equivalents at End of Period	32,936	61,310	28,374	86.2%