

## PRESS RELEASE

## SONDA'S NET INCOME GROWS BY 43.1% IN 1Q07 (YoY)

Santiago, Chile, April 25, 2007 – SONDA S.A. (Santiago Stock Exchange: SONDA), the Latin American leader in IT Services, today announced its consolidated financial results for the period from January 1, 2007 to March 31, 2007.

All figures are in Chilean pesos of March 31, 2007 and have been prepared in accordance with accounting principles generally accepted in Chile. The translations to US dollars stated in this report are based on the exchange rate at the end of March 2007 (1 US\$ = 539.21 Chilean pesos)

#### **SUMMARY**

Net income for the first quarter of 2007 grew by 43.1% when compared to the same period of 2006, and reached Ch\$6,784 million (US\$ 12.6 million). This result was mainly driven by the 26.5% improvement in consolidated operating income, which reached Ch\$6,014 million (US\$ 11.2 million) in 1Q07, and by the 114.0% increase in non-operating results, which reached Ch\$2,112 million (US\$ 3.9 million).

Similarly, EBITDA<sup>§</sup> amounted to Ch\$9,461 million (US\$ 17.5 million), representing a rise of 23.8% over 1Q06, reflecting the better operating income in the first quarter of this year. The consolidated operating margins also improved in 1Q07 and reached 12.2% at the operating level and 19.2% at the EBITDA level.

Revenues grew by 6.3% when compared to 1Q06 and amounted Ch\$49,152 million (US\$ 91.2 million). A 62.1% of revenues came from IT services, 31.8% from the platforms business and 6.1% from applications. By region, business in Chile contributed with 67.7% of total revenues, Brazil with 14.9%, Mexico with 6.9% and ROLA (rest of Latin America) with 10.5%.

Chile, Brazil and Mexico showed increases of 16.5%, 31.4% and 175.5% in their respective operating income in the first quarter of 2007, with regard to the same period of 2006. EBITDA contribution by each of these countries was 19.0%, 16.4% and 191.7% higher than 1Q06. The ROLA region (Argentina, Ecuador, Uruguay, Peru, Costa Rica and Colombia) showed falls of 32.7% y 19.7% in each case during the first quarter of 2007.

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<sup>§</sup> EBITDA="Earnings before Interest, Taxes, Depreciation and Amortization. In calculating EBITDA, operating income is taken plus operating depreciation and amortization. The calculation of EBITDA is not based on generally accepted accounting principles. EBITDA is shown as additional information because the management believes it to be useful in evaluating the Company's results. EBITDA is useful in evaluating the Company's operating functioning compared to other companies, as its calculation eliminates the effects of financing, income taxes and the accounting of capital costs incurred which may vary for reasons unrelated to the Company's normal business operations.



#### **HIGHLIGHTS**

**Signature of deals for US\$ 63.0 million.** SONDA signed a relevant volume of deals in the first quarter of 2007, with a diversified range of customers including contracts of up to five years. Out of these, US\$ 30.2 million were related to business in Chile, US\$ 8.9 million to business in Brazil, US\$ 14.5 million to business in Mexico and US\$ 9.4 million to ROLA.

Changes to the contract with the Administrador Financiero del Transantiago. On February 16, SONDA and the Administrador Financiero del Transantiago (AFT) signed an amendment to the technological services contract in order to agree on new unitary prices, taking into account the final scope of the services provided by SONDA, and to agree on the additional investment necessary to include the carrying out of different tests on the systems. For this, SONDA made an additional investment related to the project equivalent to 210,750 Unidades de Fomento. These changes do not significantly affect the expected return on investment of the project. The implementation of this project has meant an investment of US\$ 79.7 million approximately as of March 2007.

**Quality and efficiency factors.** The quality and efficiency plan has continued to be developed and implemented in all the countries where SONDA S.A. has operations. The plan includes training, automation of operative processes and new certifications in methodologies and standards like CMMi, ISO9001:2000, ITIL and PMI. Remarkable is the Microsoft's GOLD certification obtained by SONDA in Mexico.

**New contracts.** New contracts signed during the period include those with SII, IANSA, Cencosud, CMPC, Lipigas, Aguas Andinas, CSAV and Nestlé in Chile; EDS, Telemig, Natura, Motorola, Shell, Telemar and Embraer in Brazil; Coca Cola Export, Intermec, Banamex, Minera México and TELCEL in Mexico.



SONDA CONSOLIDATED STATEMENTS OF INCOME  In millions of constant Ch\$ as of March 31, 2007									
Sales	46.218	49.152	2.934	6,3%					
Cost of Sales	-36.314	-38.325	-2.011	5,5%					
Gross Profit	9.904	10.827	923	9,3%					
Operating Income	4.756	6.014	1.258	26,5%					
EBITDA	7.641	9.461	1.820	23,8%					
Non Operating Income	987	2.112	1.125	114,0%					
Net Income	4.741	6.784	2.044	43,1%					
FINANCIAL RATIOS	%	%	DESV.	Var.%					
Gross Margin	21,4%	22,0%	0,6%	2,8%					
Operating Margin	10,3%	12,2%	1,9%	18,9%					
EBITDA Margin	16,5%	19,2%	2,7%	16,4%					
Net Margin	10,3%	13,8%	3,5%	34,6%					

#### Revenues

The 6.3% growth in revenues in 1Q07 over 1Q06 reflects growth in the IT services business of Ch\$2,994 million (US\$ 5.6 million) and in platforms of Ch\$2,240 million (US\$ 4.1 million), being increases of 10.9% and 16.7% respectively. The applications business on the other hand saw a 43.1% drop in revenues compared to 1Q06, and amounted to Ch\$3,034 million (US\$ 5.6 million).

From a regional point of view, Chile and Mexico account for most of the rise in revenues in the first quarter 2007, with a revenue growth of 6.5% and 60.4% respectively, generating totals of Ch\$33,263 million (US\$ 61.7 million) and Ch\$3,397 million (US\$ 6.3 million) each. It should be mentioned that the revenues generated in Chile were higher than at 1Q06 despite the divestiture of the subsidiary BAC in June 2006, which implied less revenues for an amount of Ch\$4,036 million (US\$ 7.4 million). Discounting the effect of the divestiture of BAC, and assuming it had maintained a similar level of revenues to those produced in the first quarter of 2006, consolidated revenues at 1Q07 would have grown by 15.1%. In Mexico on the other hand, the increase was mainly in the IT services business (+Ch\$2,211 million, equivalent to US\$ 4.1 million), essentially due to higher revenues of IT support and management services (+\$2,153 million, equivalent to US\$ 4.0 million).

ROLA showed 4.4% growth in its revenues to 1Q07, reflecting a positive change in the IT services line, basically in Uruguay (+Ch\$392 million, equivalent to US\$ 0.7 million) and Colombia (+Ch\$484 million, equivalent to US\$ 0.9 million). Finally, Brazil produced revenues of Ch\$7,334 million (US\$ 13.6 million) during the quarter, a fall of 7.5% with regard to 1Q06 as a result of lower revenues from the applications business (-Ch\$1,109 million, equivalent to US\$ 2.1 million).

#### **IT Services**

Revenues from the IT services business rose from Ch\$27,509 million at 1Q06 (US\$ 51.0 million) to Ch\$30,503 million at 1Q07 (US\$ 56.6 million), representing an increase of 10.9%. This is mainly explained by increased revenues related to IT support and management services (+Ch\$904 million, equivalent to US\$ 1.7 million) and outsourcing services (+Ch\$3,618 million, equivalent to US\$ 6.7 million), mainly due to IT outsourcing projects in Chile and IT support services in Brazil.

These increases more than cover the decline shown in the professional services and systems integration business (-Ch\$1,528 million, equivalent to US\$ 2.8 million) which was basically caused by the divestiture of the subsidiary BAC in Chile in Jun'06, which represented Ch\$3,610 million (US\$ 6.7 million) of reduced revenues during the first quarter 2007 in the IT services business. Discounting the effect of the sale of BAC and assuming a level of IT Services





revenues similar to those obtained in the first quarter of 2006, consolidated IT Services revenues at 1Q07 would have grown by 24.0%.

At a regional level, noteworthy was the 192.3% increase is revenues of IT services in Mexico (+Ch\$2,211 million, equivalent to US\$ 4.1 million), accumulating Ch\$3,361 million (US\$ 6.2 million) of revenues at 1Q07, essentially due to higher revenues associated to IT support and management services. A similar trend, although on a lower scale, was shown by ROLA, with a rise of 39.8% in revenues from IT services, to a total of Ch\$2,387 million (US\$ 4.4 million) at 1Q07. Brazil's IT services revenues increased from Ch\$6,493 million (US\$ 12.0 million) at 1Q06 to Ch\$6,780 million (US\$ 12.6 million) at 1Q07.

In Chile, IT services revenues reached a level of Ch\$17,975 million (US\$ 33.3 million) at 1Q07, a 1.0% decrease compared to 1Q06. This is basically due to the divestiture of the subsidiary BAC already mentioned. If this had not happened and assuming similar level of revenues for 2007, Chile would have shown an 18.9% increase in its IT services revenues.

#### **Applications**

The applications business generated revenues for Ch\$3,034 million (US\$ 5.6 million) at 1Q07, reflecting a fall of 43.1% when compared to the year before, basically due to reduced revenues related to support and implementation in Brazil, and to development and maintenance in Chile.

All countries experienced decreases compared to 1Q06, especially Brazil with an 84.0% fall in total revenues to Ch\$212 million (US\$ 0.4 million) at 1Q07. Chile showed a decline of 26.2%, with revenues in the applications business of Ch\$2,357 million (US\$ 4.4 million) in 1Q07, while ROLA declined by 36.6% to Ch\$465 million (US\$ 0.9 million). Finally, Mexico did not generate any revenues related to the applications business during the first guarter of 2007.

#### **Platforms**

During the first quarter of 2007, platforms business revenues rose by 16.7% to Ch\$15,616 million (US\$ 29.0 million), reflecting higher hardware sales than in the same period of the previous year, especially in Chile.

Chile is the main driver of revenue growth in the platforms business, with a 30.9% increase over 1Q06 to a total of Ch\$12,932 million (US\$ 24.0 million) at 1Q07. Brazil contributed to a lesser degree with sales of Ch\$342 million (US\$ 0.6 million), 197.5% up on the previous year.

On the other hand, Mexico and ROLA showed falls of 96.0% and 7.7% respectively, with sales of Ch\$36 million (US\$ 0.1 million) and Ch\$2,306 million (US\$ 4.3 million) in each case, the latter influenced by falls in hardware sales in Ecuador, Uruguay and Costa Rica.

## **Cost of Sales**

Cost of sales increased in the first quarter of 2007 by 5.5%, compared to 1Q06, and totalled Ch\$38,325 million (US\$ 71.1 million). This increase is mainly due to the higher costs (+Ch\$2,280 million, equivalent to US\$ 4.2 million) related to higher sales of hardware and higher depreciation and amortization charges (+Ch\$541 million, equivalent to US\$ 1.0 million) related to the new integration and outsourcing projects begun in recent months.

## Administrative and Selling Expenses

Administrative and selling expenses reached Ch\$4,813 million (US\$ 8.9 million) at 1Q07, with a reduction of 6.5% compared to the first quarter of 2006. In 2007, these expenses represented 9.8% as a percentage of revenues. This reduction is largely explained by reductions in Brazil (-Ch\$456 million, equivalent to US\$ 0.8 million), basically in labor and general expenses.



## **Operating Income**

Due to the rise in the operating margin, complemented by reduced administrative and selling expenses, the operating income in the first quarter of 2007 rose by 26.5% to Ch\$6,014 million (US\$ 11.2 million) with regard to 1Q06. As a percentage of revenues, the operating margin was 12.2%, which compares positively with the 10.3% obtained during the same period of the previous year.

## **Non-Operating Results**

Non-operating results rose from Ch\$987 million (US\$ 1.8 million) at 1Q06 to Ch\$2,112 million (US\$ 3.9 million) at 1Q07, basically as a result of higher financial income (+Ch\$916 million, equivalent to US\$ 1.7 millions) and higher income on investments in related companies (Ch\$423 million, equivalent to US\$ 0.8 million). These positive changes basically registered in Chile.

#### Net Income

The consolidated net income for the first quarter of 2007 reached Ch\$6,784 million (US\$ 12.6 million), which compares positively to the Ch\$4,742 million (US\$ 8.8 million) at 1Q06. This is the result of better operating margins and an improved non-operating result. This 43.1% increase in net income was accompanied by an improvement in the net margin from 10.3% at 1Q06 to 13.8% at 1Q07.

#### **FINANCIAL POSITION**

#### **Assets**

Total assets grew by 60.0% compared to 1Q06, to a total of Ch\$315,537 million (US\$ 585.2 million), distributed 62.2% in current assets, 16.9% in fixed assets and 20.9% in other long term assets. This growth in total assets is basically the result of larger balances of time deposits, other short-term assets and fixed assets.

#### **Current Assets**

Current assets amounted to Ch\$196,128 million (US\$ 363.7 million), reflecting an 87.2% increase over 1Q06. This is explained by larger balances invested in time deposits, which reached Ch\$31,547 million (US\$ 58.5 million) in 1Q07, and growth in other short-term assets, such as securities held under repurchase agreements for Ch\$50,407 million (US\$ 93.5 million). The cash balance at the end of the quarter was Ch\$104,498 million (US\$ 193.7 million).

## **Fixed Assets**

Fixed assets reached a total of Ch\$53,368 million (US\$ 99.0 million) at the end of 1Q07, a 52.5% increase over the level at 1Q06, mainly as a result of investments made in equipment related to the project with the Administrador Financiero del Transantiago.

#### Other Assets

Other assets increased by 15.0% over 1Q06 to Ch\$66,041 million (US\$ 122.4 million) at the end of the first quarter of 2007. This was produced by increases in goodwill (+32.2%), long-term debtors (+38.8%) and investments in related companies (+34.9%), accounts whose respective balances at 1Q07 were Ch\$15,745 million (US\$ 29.2 million), Ch\$11,299 million (US\$ 21.0 million) and Ch\$6,341 million (US\$ 11.8 million), respectively. Intangible assets were Ch\$12,174 million (US\$ 22.6 million), a similar level to that of 1Q06



#### Liabilities

Liabilities decreased by 13.8% in the first quarter of 2007, to Ch\$91,831 million (US\$ 170.3 million), reflecting a reduction in long-term debt, primarily with banks (-Ch\$15,092 million, equivalent to US\$ 28.0 million). This financial debt reduction was mainly due to the repayment of quarterly instalments on a peso denominated loan with banks Santander, BCI and Estado, of approximately US\$ 4.6 million each, and the repayment of semi-annual instalments of approximately US\$ 5.9 million each, on the syndicated loan in UF with banks BCI, Estado and Security.

## Shareholders' Equity

Shareholders' equity at 1Q07 amounted to Ch\$223,706 million (US\$ 414.9 million), a rise of 146.6% when compared to 1Q06, basically because of the IPO made in Nov'06. It was also strengthened by the net income generated in the period (Ch\$6,784 million, equivalent to US\$ 12.6 million). The current ratio at 1Q07 showed a comfortable position at 3.5:1 and an the quick ratio of 2.1:1. The debt ratio fell from 1.1:1 at 1Q06 to 0.4:1 at 1Q07.



#### **REGIONAL SUMMARY**

#### **OPERATIONS IN CHILE**

- Deals signed for US\$ 30.2 million in the first quarter of 2007, including those with SII, IANSA, Cencosud, CMPC, Lipigas, Aguas Andinas, CSAV and Nestlé.
- Start-up of the project of Administrador Financiero del Transantiago, AFT, in February 2007.
- Increase of 6.5% in revenues over 1Q06, to Ch\$33,263 million (US\$ 61.7 million). Discounting the effect of the divestiture of the subsidiary BAC and assuming a similar amount of revenues as in the first quarter of 2006, sales would have increased by 19.4% at 1Q07.
- Increases of 16.5% in operating income and 19.0% in EBITDA, to amounts of Ch\$5,025 million (US\$ 9.3 million) and Ch\$7,834 million (US\$ 14.5 million) respectively, reflecting larger sales and better operating margins.
- Increase in the non-operating result from Ch\$554 million (US\$ 1.0 million) at 1Q06 to Ch\$2,264 million (US\$ 4.2 million) at 1Q07, mainly due to larger financial income and higher income on investments in related companies.
- General improvement in margins, with 23.1% for the gross margin, 15.1% for the operating margin, 23.6% for the EBITDA margin and 17.7% for the net margin.

#### **OPERATIONS IN BRAZIL**

- Deals signed for US\$ 8.9 million in the first quarter of 2007, highlighting those signed with EDS, Telemig, Natura, Motorola, Shell, Telemar and Embraer.
- Revenues of Ch\$7,334 million (US\$ 13.6 million) at 1Q07, a 7.5% decline from the same period of the year before due to reduced sales of applications.
- Efficiencies obtained last year led to a 37.7% reduction in administrative and selling expenses compared to 1Q06, which in turn led to rises of 31.4% in operating income and 16.4% in EBITDA, amounting to Ch\$327 million (US\$ 0.6 million) and Ch\$641 million (US\$ 1.2 million) respectively.
- Negative non-operating result of Ch\$164 million (US\$ 0.3 million) due to other non-operating expenses, which affected net income in the first quarter by 61.8% with regard to 1Q06, to a final amount of Ch\$186 million (US\$ 0.3 million).
- The operating margin rose from 3.1% at 1Q06 to 4.5% at 1Q07, while the EBITDA margin moved from 6.9% to 8.7%.

#### **OPERATIONS IN MEXICO**

- Deals signed for US\$ 14.5 million in 1Q07, including those with Red Uno, Coca Cola Export, Intermec, Banamex, Minera México and TELCEL.
- Increase of 60.4% in revenues at 1Q07, to a total of Ch\$3,397 million (US\$ 6.3 million), due to higher IT services revenues.
- Operating income of Ch\$281 million (US\$ 0.5 million) and EBITDA of Ch\$310 million (US\$ 0.6 million), reversing the loss incurred the previous year as a result of the good results obtained in the IT services business.
- Net income reached Ch\$309 million (US\$ 0.6 million), an improvement of Ch\$531 million (US\$ 1.0 million) over the first quarter of 2006.
- Recovery of all the margins, showing a 28.2% of gross margin, an 8.3% operating margin, a 9.1% EBITDA margin and a 9.1% of net margin in 1Q07.



## **OPERATIONS IN ROLA**

- Deals signed for US\$ 9.4 million in the first quarter of 2007, mainly those with Prorenta in Argentina, Antel in Uruquay, SEDAPAL in Peru, Clínica Medellín in Colombia, among others.
- Revenues of Ch\$5,158 million (US\$ 9.6 million), with a 4.4% rise over 1Q06 as a result of growth in IT services revenues (basically Uruguay and Colombia).
- Increases of 7.1% in the cost of sales and or 23.0% in administrative and selling expenses led to reductions of 32.7% in operating income and 19.7% of EBITDA, which amounted to Ch\$380 million (US\$ 0.7 million) and Ch\$676 million (US\$ 1.3 million), respectively.
- Net income amounted to Ch\$387 million (US\$ 0.7 million), 7.0% below the level of the first quarter of 2006.
- The operating margin was 7.4%, the EBITDA margin 13.1% and the net margin 7.5% at 1Q07.



# SONDA CONSOLIDATED FINANCIAL STATEMENTS

In millions of constant Ch\$ as of March 31, 2007

Income Statement	1006	%	1007	%
Sales	46.218	100,00%	49.152	100,00%
Cost of Sales	-36.314	-78,57%	-38.325	-77,97%
Gross Profit	9.904	21,43%	10.827	22,03%
Administrative and Selling Expenses	-5.148	-11,14%	-4.813	-9,79%
Operating Income	4.756	10,29%	6.014	12,24%
Depreciation and Amortization	2.885	6,24%	3.447	7,01%
EBITDA	7.641	16,53%	9.461	19,25%
Financial Income (Expense), Net	304	0,66%	1.496	3,04%
Financial Income	1.241	2,69%	2.157	4,39%
Financial Expense	-937	-2,03%	-661	-1,34%
Price-level Restatement	181	0,39%	-438	-0,89%
Foreign Exchange Difference	76	0,16%	21	0,04%
Other Non-Operating Income	426	0,92%	1.034	2,10%
Non Operating Income	987	2,14%	2.113	4,30%
Income before Taxes, Interest and Amortiz.	5.743	12,43%	8.127	16,53%
Income Taxes	-1.373	-2,97%	-1.104	-2,25%
Minority Interest	-33	-0,07%	-250	-0,51%
Amortization of Negative Goodwill	405	0,88%	12	0,02%
Net Income	4.742	10,26%	6.784	13,80%
Balance Sheet	1006	%	1007	%
Assets	197.209	100,00%	315.537	100,00%
Current Assets	104.777	53,13%	196.128	62,16%
Cash and Equivalents	44.554	22,59%	74.787	23,70%
Accounts Receivables	44.071	22,35%	50.007	15,85%
Inventories	9.121	4,63%	7.825	2,48%
Other Current Assets	7.030	3,56%	63.509	20,13%
Property, Plant and Equipment	34.993	17,74%	53.368	16,91%
Investment in Other Companies	4.699	2,38%	6.341	2,01%
Other Assets	52.740	26,74%	59.700	18,92%
Liabilities	106.493	54,00%	91.831	29,10%
Current Liabilities	54.665	27,72%	56.381	17,87%
Short-Term Financial Debt	17.484	8,87%	16.948	5,37%
Other Current Liabilities	37.181	18,85%	39.434	12,50%
Long-Term Financial Debt	44.025	22,32%	28.932	9,17%
Other Current Liabilities	2.702	1,37%	3.821	1,21%
Minority Interest	5.101	2,59%	2.697	0,85%
Total Shareholder's Equity	90.716	46,00%	223.706	70,90%
Total Liabilities and Shareholder's Equity	197.209	100,00%	315.537	100,00%



# **REGIONAL SUMMARY**

In millions of constant Ch\$ as of March 31, 2007

		1006	1007	Var.	%
CHILE					
Sales		31.231	33.263	2.032	6,5%
Platforms		9.880	12.932	3.052	30,9%
IT Services		18.158	17.975 -	183	-1,0%
Applications		3.194	2.357 -	837	-26,2%
Cost of Sales	-	24.041 -	25.571 -	1.530	6,4%
Gross Profit		7.190	7.691	502	7,0%
Administrative and Selling Expenses	-	2.875 -	2.666	209	-7,3%
Operating Income		4.314	5.025	711	16,5%
EBITDA		6.587	7.834	1.247	18,9%
Operating Margin		13,8%	15,1%	1,3%	9,4%
EBITDA Margin		21,1%	23,6%	2,5%	11,7%
BRASIL					
Sales		7.929	7.334 -	595	-7,5%
Platforms		115	342	227	197,5%
IT Services		6.493	6.780	287	4,4%
Applications		1.321	212 -	1.109	-84,0%
Cost of Sales	-	6.471 -	6.254	217	-3,4%
Gross Profit		1.459	1.081 -	378	-25,9%
Administrative and Selling Expenses	-	1.209 -	753	456	-37,7%
Operating Income		249	327	78	31,4%
EBITDA		550	641	90	16,4%
Operating Margin		3,1%	4,5%	1,3%	42,0%
EBITDA Margin		6,9%	8,7%	1,8%	25,9%
MEXICO					
Sales		2.117	3.397	1.280	60,4%
Platforms		882	36 -	846	-96,0%
IT Services		1.150	3.361	2.211	192,2%
Applications		85		85	-100,0%
Cost of Sales	-	2.010 -	2.439 -	429	21,4%
Gross Profit		108	958	851	791,0%
Administrative and Selling Expenses	-	480 -	677 -	196	40,9%
Operating Income	-	373	281	654	-175,5%
EBITDA	-	338	308	646	-191,3%
Operating Margin		-17,6%	8,3%	25,9%	-147,0%
EBITDA Margin		-16,0%	9,1%	25,0%	-156,9%
ROLA					
Sales		4.940	5.158	218	4,4%
Platforms		2.499	2.306 -	193	-7,7%
IT Services		1.707	2.387	679	39,8%
Applications		734	465 -	269	-36,6%
Cost of Sales	-	3.792 -	4.061 -	269	7,1%
Gross Profit		1.148	1.097 -	51	-4,4%
Administrative and Selling Expenses	-	583 -	717 -	134	23,0%
Operating Income		565	380 -	185	-32,7%
EBITDA		841	678 -	164	-19,4%
Operating Margin		11,4%	7,4%	-4,1%	-35,6%
EBITDA Margin		17,0%	13,1%	-3,9%	-22,8%