



# Earnings Release

**SONDA S.A.**

March 2014

## Earnings Release

January 01, 2014 - March 31, 2014

SONDA S.A. and subsidiaries announce their consolidated financial results for the period from January 01 to March 31, 2014. 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 March 31, 2014 (1 US\$ = 551.18 Chilean Pesos).

### Relevant figures:

- ❖ Consolidated Revenues:  
**US\$302.4 million**
- ❖ Operating Income  
**US\$34.3 million**
- ❖ EBITDA:  
**US\$48.6 million**
- ❖ Net Income Attributable to Owners:  
**US\$24.4 million**
- ❖ EBITDA margin:  
**16.1%**
- ❖ Net Margin:  
**8.1%**

### 1. Executive Summary

SONDA had consolidated revenues of \$166.658 million (US\$302.4 million) for the first three months of 2014, 5.6% higher than the same quarter for the previous year. Operating income was \$18,883 million (US\$34.3 million) and EBITDA was \$26,778 million (US\$48.6 million), a decrease of 6.4% and 1.5% respectively (YoY). Net income attributable to owners totaled \$13,427 million (US\$24.4 million), 6.6% lower than the same period in 2013.

Regional results:

Region	Revenues		EBITDA	
	Ch\$M	Δ Y/Y	Ch\$M	Δ Y/Y
Chile	72,461	+2.7%	12,748	-16.1%
Brazil	53,111	-0.8%	6,048	-3.4%
Mexico	14,854	+11.6%	2,718	+21.7%
OPLA	26,232	+28.2%	5,264	+51.2%
<b>Total</b>	<b>166,658</b>	<b>+5.6%</b>	<b>26,778</b>	<b>-1.5%</b>

The ROE for 1Q14 was 11.1%. The current liquidity ratio was (2.0x), financial leverage ratio was (0.2x) and financial expenses coverage ratio was (18.0x) which reflect a strong financial position.

Other highlights:

- ❖ Operations outside Chile increased their revenue by 7.9% (YoY), totaling \$94,198 million (US\$170.9 million), contributing 56.5% of consolidated revenues, while operating income and EBITDA grew by 12.0% and 17.1% compared to the same quarter in 2013, reaching \$8,961 million (US\$16.3 million) and \$14,030 million (US\$25.5 million), respectively.
- ❖ Operations outside Chile also improved the EBITDA margin by 120bp in comparison with the first quarter of 2013, reaching 14.9%.
- ❖ Revenues in Brazil reached \$53,111 million (US\$96.4 million), a decrease of 0.8% (YoY) and EBITDA totaled \$6,048 million (US\$11.0 million), a decrease of 3.4% (YoY). Without currency translation effects revenue in Brazil would have grown by 0.8% and EBITDA decreased by 2.2% (YoY).
- ❖ Revenues in Mexico reached \$14,854 million (US\$27.0 million) and EBITDA totaled \$2,718 million (US\$4.9 million), growing by 11.6% and 21.7% in relation to the same quarter in 2013, respectively. The EBITDA margin reached 18.3%, 150bp higher than 1Q13.
- ❖ Revenues in OPLA reached \$26,232 million (US\$47.6 million), growing by 28.2%, and EBITDA increased by 51.2% (YoY). EBITDA margin reached 20.1%, 310bp higher than the same period in 2013.
- ❖ Revenues in Chile grew by 2.7% totaling \$72,461 million (US\$131.5 million) while EBITDA decreased by 16.1%, down to \$12,748 million (US\$23.1 million).
- ❖ Net income attributable to owners was \$13,427 million (US\$24.4 million), 6.6% lower than the same quarter in 2013.
- ❖ New deals closed in 1Q14 reached US\$249.9 million, 23.2% lower than the first quarter of 2013. This was due to a higher backlog of contracts still in the signing process, plus a higher comparison base due to the signature of a relevant contract in 1Q13. Without these effects, new business volume would have grown by 2.0%

Figure 1: Consolidated Financial Statements Summary

**Consolidated Financial Statements  
SONDA S.A.**

Millions of Ch\$ (Ch\$M)				
<b>Income Statement</b>	<b>Mar-13</b>	<b>Mar-14</b>	<b>Δ \$</b>	<b>Δ %</b>
Revenues	157,861	166,658	8,798	5.6%
Cost of Sales	(123,229)	(134,316)	(11,086)	9.0%
<b>Gross Profit</b>	<b>34,631</b>	<b>32,343</b>	<b>(2,289)</b>	<b>-6.6%</b>
Administration Expenses	(14,452)	(13,459)	993	-6.9%
<b>Operating Income <sup>(1)</sup></b>	<b>20,180</b>	<b>18,883</b>	<b>(1,296)</b>	<b>-6.4%</b>
Depreciation and Amortization	7,000	7,894	894	12.8%
<b>EBITDA <sup>(2)</sup></b>	<b>27,180</b>	<b>26,778</b>	<b>(402)</b>	<b>-1.5%</b>
Other Income	457	125	(332)	-72.6%
Other Expenses	(1,467)	(1,551)	(85)	5.8%
<b>Profit (Loss) From Operating Activities</b>	<b>19,170</b>	<b>17,457</b>	<b>(1,713)</b>	<b>-8.9%</b>
Financial Income	2,416	2,550	134	5.5%
Financial Expenses	(1,661)	(1,488)	173	-10.4%
Share of Profit (Loss) of Associates	147	(40)	(187)	-127.5%
Foreign Exchange Differences	(1,073)	913	1,986	-185.0%
Income (Loss) for Indexed Assets and Liabilities	25	(218)	(243)	-960.6%
<b>Net Income Before Taxes</b>	<b>19,024</b>	<b>19,174</b>	<b>150</b>	<b>0.8%</b>
Income Tax Expense	(3,886)	(4,928)	(1,043)	26.8%
<b>Net Income from Continuing Operations</b>	<b>15,138</b>	<b>14,245</b>	<b>(893)</b>	<b>-5.9%</b>
Net Income Attributable to Minority Interest	763	818	55	7.2%
<b>Net Income Attributable to Owners of the Company</b>	<b>14,375</b>	<b>13,427</b>	<b>(948)</b>	<b>-6.6%</b>
<b>Balance Sheet</b>	<b>Dec-13</b>	<b>Mar-14</b>	<b>Δ \$</b>	<b>Δ %</b>
Cash and Cash Equivalents	170,861	181,420	10,559	6.2%
Other Current Financial Assets	7,046	12,630	5,584	79.3%
Trade Accounts Receivable and Other Receivables, Net	139,943	140,279	335	0.2%
Accounts Receivable from Related Companies	5,344	2,923	(2,421)	-45.3%
Inventories	32,401	31,871	(530)	-1.6%
Other Current Assets	37,846	39,792	1,946	5.1%
<b>Current Assets</b>	<b>393,441</b>	<b>408,914</b>	<b>15,473</b>	<b>3.9%</b>
Intangibles Assets and Goodwill	221,217	236,462	15,245	6.9%
Property, Plant and Equipment, Net	91,242	91,989	747	0.8%
Other Non-currents Assets	38,030	38,784	754	2.0%
<b>Non-current Assets</b>	<b>350,488</b>	<b>367,235</b>	<b>16,746</b>	<b>4.8%</b>
<b>Assets</b>	<b>743,930</b>	<b>776,149</b>	<b>32,219</b>	<b>4.3%</b>
Other Current Financial Liabilities	52,764	53,792	1,028	1.9%
Other Liabilities	152,036	152,406	370	0.2%
<b>Current Liabilities</b>	<b>204,800</b>	<b>206,198</b>	<b>1,397</b>	<b>0.7%</b>
Other Non-current Financial Liabilities	41,352	40,459	(894)	-2.2%
Other Liabilities, Non-Current	22,405	24,303	1,898	8.5%
<b>Non-current Liabilities</b>	<b>63,757</b>	<b>64,762</b>	<b>1,005</b>	<b>1.6%</b>
<b>Liabilities</b>	<b>268,557</b>	<b>270,960</b>	<b>2,402</b>	<b>0.9%</b>
Minority Interest	5,347	6,089	742	13.9%
<b>Total Shareholders' Equity Attributable to Owners of the Company</b>	<b>470,025</b>	<b>499,100</b>	<b>29,075</b>	<b>6.2%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>743,930</b>	<b>776,149</b>	<b>32,219</b>	<b>4.3%</b>

<sup>(1)</sup> Operating Income = Gross Profit – Administration Expenses

<sup>(2)</sup> EBITDA = Operating Income + Depreciation and Amortization

## 2. Consolidated Results for the first quarter of 2014 (1Q14)

### Revenues

Consolidated revenues totaled \$166,658 million (US\$302.4 million) for 1Q14, 2014, 5.6% (\$8,798 million / \$16.0 million) higher than the first quarter of 2013.

The main variations were the following:

- ❖ Decrease of 0.9% (\$786 million / US\$1.4 million) in revenues from the IT Services business, totaling \$88,341 million (US\$160.3 million) in 1Q14, due to lower revenue in Chile and Brazil, partially offset by higher revenues in OPLA generated from new contracts and projects.
- ❖ Increase of 2.3% (\$307 million / US\$0.6 million) in revenue from the Application business, reaching \$13,628 million (US\$24.7 million) for 1Q14, mainly due to increased revenue in Brazil and Chile.
- ❖ Increase of 16.7% (\$9,277 million / US\$16.8 million) in revenue from the Platforms business, reaching \$64,690 million (US\$117.4 million). The main variations were:
  - Sales of HW rose by 15.6% (\$6,219 million / US\$11.3 million), totaling \$45,962 million (US\$83.4 million).
  - Sales of SW rose by 21.9% (\$3,231 million / US\$5.9 million), totaling \$18,016 million (US\$32.7 million).

The analysis of revenue by business line for 1Q14, indicates that IT Services contributed 53.0% of consolidated revenues, Platforms contributed 38.8% and Applications contributed the remaining 8.2%.

Figure 2: Consolidated Revenues by Business Line

<b>Consolidated Revenues by Business Line</b>	<b>1Q13</b>	<b>1Q14</b>	<b>Δ \$</b>	<b>Δ %</b>
	Ch\$M	Ch\$M		
Platforms	55,412	64,690	9,277	16.7%
IT Services	89,128	88,341	(786)	-0.9%
Applications	13,321	13,628	307	2.3%
<b>Total</b>	<b>157,861</b>	<b>166,658</b>	<b>8,798</b>	<b>5.6%</b>
<b>Breakdown</b>				
Platforms	35.1%	38.8%		
IT Services	56.5%	53.0%		
Applications	8.4%	8.2%		
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		

### Cost of Sales and Selling, General and Administration Expenses

Consolidated cost of sales totaled \$134,316 million (US\$243.7 million) in 1Q14, an increase of 9.0% over the same period in 2013.

Administration expenses were \$13,459 million (US\$24.4 million) for 1Q14, a reduction of 6.9% on the first quarter of the previous year.

Figure 3: Consolidated Income Statement Summary

Summary of Consolidated Income Statement	1Q13	1Q14	Δ \$	Δ %
	Ch\$M	Ch\$M		
Revenues	157,861	166,658	8,798	5.6%
Cost of Sales	(123,229)	(134,316)	(11,086)	9.0%
<b>Gross Profit</b>	<b>34,631</b>	<b>32,343</b>	<b>(2,289)</b>	<b>-6.6%</b>
Administration Expenses	(14,452)	(13,459)	993	-6.9%
Operating Income <sup>(1)</sup>	20,180	18,883	(1,296)	-6.4%
<b>EBITDA <sup>(2)</sup></b>	<b>27,180</b>	<b>26,778</b>	<b>(402)</b>	<b>-1.5%</b>
Net Income Attributable to Owners	14,375	13,427	(948)	-6.6%
<b>Financial Ratios</b>				
Gross Margin	21.9%	19.4%		
Operating Margin	12.8%	11.3%		
EBITDA Margin	17.2%	16.1%		
Net Margin	9.1%	8.1%		

<sup>(1)</sup> Operating Income: Gross Profit – Administration Expenses

<sup>(2)</sup> EBITDA: Operating Income + Depreciation and Amortization

### Operating Income and EBITDA

Operating income was \$18,883 million (US\$34.3 million), a decrease of 6.4% (YoY). Gross Margin as a percentage of revenue came to 19.4% and the operating margin to 11.3%, lower by 250bp and 150bp respectively.

EBITDA totaled \$26,778 million (US\$48.6 million) for 1Q14, a decrease of 1.5% (YoY). While EBITDA margin decreased to 16.1%, 110bp less than in previous year.

### Other Comprehensive Income (Excluding Administration Expenses)

Other Comprehensive Income went from a loss of \$1,156 million (US\$2.1 million) in 1Q13 to a gain of \$290 million (US\$0.5 million) in 1Q14, caused mainly by the positive effect of foreign exchange differences (\$1,986 million / US\$3.6 million).

### Net Income

Net Income Attributable to Owners for 1Q14 totaled \$13,427 million (US\$ 24.4 million), 6.6% lower than the first quarter of 2013.

### 3. Regional Results for the first quarter of 2014 (1Q14)

#### Chile

The main variations in Chilean operations to March 2014 are the following:

- ❖ Revenue reached \$72,461 million (US\$131.5 million), increasing by 2.7% (YoY), due to higher revenues from Platforms (15.9%).
- ❖ Operating Income was \$9,922 million (US\$18.0 million / -18.5% YoY) and EBITDA was \$12,748 million (US\$23.1 million / -16.1% YoY), due to the end of some outsourcing contracts last year.
- ❖ Operating Margin reached 13.7%, 360bp lower than the first quarter of 2013.

Figure 4: Chile Results Summary

Summary of Results Chile	1Q13	1Q14	Δ \$	Δ %
	Ch\$M	Ch\$M		
Revenues	70,526	72,461	1,934	2.7%
Platforms	34,674	40,180	5,506	15.9%
IT Services	32,870	28,992	(3,878)	-11.8%
Applications	2,983	3,289	306	10.3%
Cost of Sales	(51,906)	(56,109)	(4,203)	8.1%
<b>Gross Profit</b>	<b>18,620</b>	<b>16,351</b>	<b>(2,269)</b>	<b>-12.2%</b>
Administration Expenses	(6,439)	(6,429)	10	-0.2%
<b>Operating Income <sup>(1)</sup></b>	<b>12,181</b>	<b>9,922</b>	<b>(2,259)</b>	<b>-18.5%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>15,202</b>	<b>12,748</b>	<b>(2,454)</b>	<b>-16.1%</b>
<i>Operating Margin</i>	<i>17.3%</i>	<i>13.7%</i>		
<i>EBITDA Margin</i>	<i>21.6%</i>	<i>17.6%</i>		

<sup>(1)</sup> Operating Income: Gross Profit – Administration Expenses

<sup>(2)</sup> EBITDA: Operating Income + Depreciation and Amortization

#### Brazil

The main variations in Brazilian operations in 1Q14 are the following:

- ❖ Revenue reached \$53,111 million (US\$96.4 million), 0.8% lower than 1Q13, mainly due to currency translation effects, without which growth would have been 0.8%.
- ❖ Operating Income reached \$3,912 million (US\$7.1 million / -7.4% YoY) and EBITDA was \$6,048 million (US\$11.0 million / -3.4% YoY). Without currency translation effects, Operating Income would have decreased by 6.4% and EBITDA by 2.2%.
- ❖ Operating margin was 7.4% and EBITDA margin was 11.4%, down 50bp and 30bp, respectively.

Figure 5: Brazil Results Summary

Summary of Results Brazil	1Q13	1Q14	Δ \$	Δ %
	Ch\$M	Ch\$M		
Revenues	53,560	53,111	(449)	-0.8%
Platforms	10,563	11,019	457	4.3%
IT Services	34,668	32,991	(1,677)	-4.8%
Applications	8,329	9,101	772	9.3%
Cost of Sales	(44,774)	(45,476)	(702)	1.6%
<b>Gross Profit</b>	<b>8,785</b>	<b>7,635</b>	<b>(1,150)</b>	<b>-13.1%</b>
Administration Expenses	(4,560)	(3,723)	837	-18.4%
<b>Operating Income <sup>(1)</sup></b>	<b>4,226</b>	<b>3,912</b>	<b>(314)</b>	<b>-7.4%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>6,263</b>	<b>6,048</b>	<b>(215)</b>	<b>-3.4%</b>
<i>Operating Margin</i>	<i>7.9%</i>	<i>7.4%</i>		
<i>EBITDA Margin</i>	<i>11.7%</i>	<i>11.4%</i>		

<sup>(1)</sup> Operating Income: Gross Profit – Administration Expenses

<sup>(2)</sup> EBITDA: Operating Income + Depreciation and Amortization

## Mexico

The main variations in Mexican operations in 1Q14 are the following:

- ❖ Revenue grew by 11.6% (YoY), totaling \$14,854 million (US\$27.0 million), mainly due to higher revenues from Platforms (+48.5% YoY).
- ❖ Operating Income reached \$2,371 million (US\$4.3 million / +35.3% YoY) and EBITDA reached \$2,718 million (US\$4.9 million / +21.7% YoY).
- ❖ Operating margin reached 16.0% and EBITDA margin reached 18.3%, higher by 280bp and 150bp than the same period in 2013, respectively.

Figure 6: Mexico Results Summary

Summary of Results Mexico	1Q13	1Q14	Δ \$	Δ %
	Ch\$M	Ch\$M		
Revenues	13,309	14,854	1,545	11.6%
Platforms	4,128	6,129	2,001	48.5%
IT Services	8,971	8,726	(245)	-2.7%
Applications	211	0	(211)	-100.0%
Cost of Sales	(10,074)	(11,505)	(1,431)	14.2%
<b>Gross Profit</b>	<b>3,235</b>	<b>3,349</b>	<b>114</b>	<b>3.5%</b>
Administration Expenses	(1,483)	(978)	505	-34.1%
<b>Operating Income <sup>(1)</sup></b>	<b>1,752</b>	<b>2,371</b>	<b>619</b>	<b>35.3%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>2,232</b>	<b>2,718</b>	<b>485</b>	<b>21.7%</b>
<i>Operating Margin</i>	<i>13.2%</i>	<i>16.0%</i>		
<i>EBITDA Margin</i>	<i>16.8%</i>	<i>18.3%</i>		

<sup>(1)</sup> Operating Income: Gross Profit – Administration Expenses

<sup>(2)</sup> EBITDA: Operating Income + Depreciation and Amortization

## OPLA (Other Latin American Countries)

The main variations in operations in 1Q14 for the OPLA region (Other Latin American Countries), which includes Argentina, Colombia, Costa Rica, Ecuador, Panama, Peru and Uruguay, are the following:

- ❖ Revenue increased by 28.2% over the first quarter of 2013, reaching \$26,232 million (US\$47.6 million). Remarkable was the revenue growth of IT Services (39.7% YoY), mainly driven by Colombia, Uruguay, Ecuador, Argentina and Panama.
- ❖ Operating Income reached \$2,678 million (US\$4.9 million) and EBITDA was \$5,264 million (US\$9.6 million), growing by 32.5% and 51.2% (YoY), respectively.
- ❖ Operating margin was 10.2% and EBITDA margin was 20.1%, higher by 30bp and 310bp than the same period in 2013, respectively.

Figure 7: OPLA Results Summary

Summary of Results OPLA	1Q13	1Q14	Δ \$	Δ %
	Ch\$M	Ch\$M		
Revenues	20,465	26,232	5,767	28.2%
Platforms	6,048	7,362	1,313	21.7%
IT Services	12,618	17,633	5,015	39.7%
Applications	1,798	1,238	(561)	-31.2%
Cost of Sales	(16,475)	(21,225)	(4,750)	28.8%
<b>Gross Profit</b>	<b>3,991</b>	<b>5,007</b>	<b>1,017</b>	<b>25.5%</b>
Administration Expenses	(1,970)	(2,330)	(360)	18.3%
<b>Operating Income <sup>(1)</sup></b>	<b>2,021</b>	<b>2,678</b>	<b>657</b>	<b>32.5%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>3,482</b>	<b>5,264</b>	<b>1,782</b>	<b>51.2%</b>
<i>Operating Margin</i>	<i>9.9%</i>	<i>10.2%</i>		
<i>EBITDA Margin</i>	<i>17.0%</i>	<i>20.1%</i>		

<sup>(1)</sup> Operating Income: Gross Profit – Administration Expenses

<sup>(2)</sup> EBITDA: Operating Income + Depreciation and Amortization

Figure 8: Regional Results Summary

Regional Summary	1Q13	1Q14	Δ \$	Δ %
	Ch\$M	Ch\$M		
<b>Chile</b>				
Revenues	70,526	72,461	1,934	2.7%
Platforms	34,674	40,180	5,506	15.9%
IT Services	32,870	28,992	(3,878)	-11.8%
Applications	2,983	3,289	306	10.3%
Cost of Sales	(51,906)	(56,109)	(4,203)	8.1%
<b>Gross Profit</b>	<b>18,620</b>	<b>16,351</b>	<b>(2,269)</b>	<b>-12.2%</b>
Administration Expenses	(6,439)	(6,429)	10	-0.2%
<b>Operating Income <sup>(1)</sup></b>	<b>12,181</b>	<b>9,922</b>	<b>(2,259)</b>	<b>-18.5%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>15,202</b>	<b>12,748</b>	<b>(2,454)</b>	<b>-16.1%</b>
<i>Operating Margin</i>	17.3%	13.7%		
<i>EBITDA Margin</i>	21.6%	17.6%		
<b>Brazil</b>				
Revenues	53,560	53,111	(449)	-0.8%
Platforms	10,563	11,019	457	4.3%
IT Services	34,668	32,991	(1,677)	-4.8%
Applications	8,329	9,101	772	9.3%
Cost of Sales	(44,774)	(45,476)	(702)	1.6%
<b>Gross Profit</b>	<b>8,785</b>	<b>7,635</b>	<b>(1,150)</b>	<b>-13.1%</b>
Administration Expenses	(4,560)	(3,723)	837	-18.4%
<b>Operating Income <sup>(1)</sup></b>	<b>4,226</b>	<b>3,912</b>	<b>(314)</b>	<b>-7.4%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>6,263</b>	<b>6,048</b>	<b>(215)</b>	<b>-3.4%</b>
<i>Operating Margin</i>	7.9%	7.4%		
<i>EBITDA Margin</i>	11.7%	11.4%		
<b>Mexico</b>				
Revenues	13,309	14,854	1,545	11.6%
Platforms	4,128	6,129	2,001	48.5%
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Administration Expenses	(1,483)	(978)	505	-34.1%
<b>Operating Income <sup>(1)</sup></b>	<b>1,752</b>	<b>2,371</b>	<b>619</b>	<b>35.3%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>2,232</b>	<b>2,718</b>	<b>485</b>	<b>21.7%</b>
<i>Operating Margin</i>	13.2%	16.0%		
<i>EBITDA Margin</i>	16.8%	18.3%		
<b>OPLA</b>				
Revenues	20,465	26,232	5,767	28.2%
Platforms	6,048	7,362	1,313	21.7%
IT Services	12,618	17,633	5,015	39.7%
Applications	1,798	1,238	(561)	-31.2%
Cost of Sales	(16,475)	(21,225)	(4,750)	28.8%
<b>Gross Profit</b>	<b>3,991</b>	<b>5,007</b>	<b>1,017</b>	<b>25.5%</b>
Administration Expenses	(1,970)	(2,330)	(360)	18.3%
<b>Operating Income <sup>(1)</sup></b>	<b>2,021</b>	<b>2,678</b>	<b>657</b>	<b>32.5%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>3,482</b>	<b>5,264</b>	<b>1,782</b>	<b>51.2%</b>
<i>Operating Margin</i>	9.9%	10.2%		
<i>EBITDA Margin</i>	17.0%	20.1%		

<sup>(1)</sup> Operating Income: Gross Profit – Administration Expenses

<sup>(2)</sup> EBITDA: Operating Income + Depreciation and Amortization



## 4. Analysis of Consolidated Balance Sheet

### Assets

Total assets amounted to \$776,149 million (US\$1,408.2 million) as of March 2014, showing an increase of 4.3% compared to December 2013. This was mainly due to an increase in:

- ❖ Cash and Cash Equivalents of \$10,559 million (US\$19.2 million), whose balance as of March 31, 2014 was \$181,420 million (US\$329.1 million), due to an increase in cash flow from operating activities during the first quarter of 2014.
- ❖ Goodwill of \$13,391 million (US\$24.3 million), whose balance as of March 31, 2014 was \$197,367 million (US\$358.1 million), due to currency conversion effect.
- ❖ Intangible Assets other than Goodwill of \$1,854 million (US\$3.4 million), whose balance as of March 31, 2014 was \$39,095 million (US\$70.9 million), mainly due to investments in contracts for customers.

### Liabilities

Liabilities totaled \$270,960 million (US\$491.6 million) as of March 31 2014, increasing by 0.9% with respect to December 2013, mainly due to an increase in:

- ❖ Accounts Payable to Related Entities of \$3,154 million (US\$5.7 million), whose balance as of March 31, 2014 was \$11,145 million (US\$20.2 million), due to dividends payable to related parties.
- ❖ Deferred Tax Liabilities of \$1,363 million (US\$2.5 million), whose balance as of March 31, 2014 was \$13,647 million (US\$24.8 million), due to higher taxes in Brazil associated with currency translation effects.

And a decrease in:

- ❖ Current Tax Liabilities of \$2,053 million (US\$3.7 million), whose balance as at 31 March 2014 was \$6,814 million (US\$12.4 million), caused by lower VAT.

Indebtedness remains at stable levels in 1Q14, with a Leverage ratio (Total Liabilities/Equity) of 0.5x, and a Financial Leverage ratio (Financial Liabilities/Equity) of 0.2x.

### Shareholder's Equity

Consolidated Shareholders' Equity Attributable to Owners reached a value of \$499,100 million (US\$905.5 million) in 1Q14. The main variations with respect to December 2013 are driven by the results for the period, the dividend accrual and the currency translation effects on the interest in foreign subsidiaries.

The Return on Equity (ROE) reached 11.1%.

Figure 9: Financial Indicators

Financial Ratios		Mar-13	Mar-14	Δ		
				Mar-14 / Mar-13	Dec-13 / Mar-14	
<b>Liquidity</b>						
<b>Current Ratio</b> (Current Assets / Current Liabilities)	(times)	2.2	2.0	-8.9%	1.9	3.2%
<b>Quick Ratio</b> ((Current Assets - Inventories) / Current Liabilities)	(times)	2.0	1.8	-8.7%	1.8	3.7%
<b>Working Capital</b> (Current Assets - Current Liabilities)	(Ch M\$)	201,250	202,717	0.7%	188,641	7.5%
<b>Indebtedness</b>						
<b>Leverage</b> ((Current Liabilities + Non-current Liabilities) / Equity)	(times)	0.6	0.5	-15.3%	0.6	-5.1%
<b>Financial Leverage</b> ((Other Current Financial Liabilities + Other Non-current Financial Liabilities) / Equity)	(times)	0.2	0.2	-20.7%	0.2	-5.8%
<b>Short-Term Debt</b> (Current Liabilities / Total Liabilities)	(times)	0.6	0.8	27.7%	0.8	-0.2%
<b>Long-Term Debt</b> (Non-Current Liabilities / Total Liabilities)	(times)	0.4	0.2	-40.8%	0.2	0.7%
<b>Financial-Expenses-Coverage Ratio</b> (EBITDA / Financial Expenses)	(times)	16.4	18.0	10.0%	15.8	13.8%
<b>Financial Debt to EBITDA Ratio</b> ((Current Liabilities + Non-current Liabilities) / EBITDA <sup>1,2</sup> )	(times)	1.0	0.9	-10.3%	0.8	6.6%
<b>Net Financial Debt to EBITDA Ratio</b> ((Current Liabilities + Non-current Liabilities - Cash and Cash Equivalents - Other Current Financial Assets) / EBITDA <sup>1,2</sup> )	(times)	(0.4)	(0.9)	140.5%	-0.7	26.8%
<b>Profitability</b>						
<b>ROE</b> (Net Income attrib.to Ow ners <sup>2</sup> / Equity attrib.to Ow ners <sup>3</sup> )	%	13.7%	11.1%	-260 bp	15.4%	-430 bp
<b>ROA</b> (Net Income attrib.to Ow ners <sup>2</sup> / Equity attrib.to Ow ners <sup>3</sup> )	%	8.0%	7.1%	-90 bp	9.2%	-210 bp
<b>Earnings per Share</b> (Net Income attrib.to Ow ners of Comp. / Total Shares <sup>4</sup> )	(Ch\$)	66.0	61.7	-6.6%	76.3	-19.2%
<b>Dividend Yield</b> (Dividends Paid <sup>5</sup> / Closing Market Stock Price)	%	1.7%	2.3%	60 bp	2.5%	-20 bp

<sup>1</sup> EBITDA = Operating Income + Depreciation and Amortization

<sup>2</sup> Annual Base

<sup>3</sup> Calculated as an average:

- Mar-14: average between Mar-14 and Dec-13

- Mar-13: average between Mar-13 and Dec-12

- Dec-13: average between Dec-13 y Dec-12

<sup>4</sup> Numbers of shares considered:

- Mar-14 = 871.057.175

- Mar-13 = 871.057.175

- Dec-13 = 871.057.175

<sup>5</sup> Last 12 months

## Statements of Cash Flow

The final balance of Cash and Cash Equivalents totaled \$181,420 million (US\$329.1 million) in 1Q14, which compares with \$146,752 million (US\$266.3 million) in 1Q13.

Net Operating Cash Flow reached \$18,499 million in 1Q14 (US\$33.6 million), a decrease of 22.9% in comparison with 1Q13.

Net Investment Cash Flow reached \$7,824 million (US\$14.2 million), increasing the use of funds by \$20,593 million (US\$37.4 million), primarily due to the liquidation of investments in the same quarter of last year, not repeated this quarter.

Capital Investment (CAPEX) amounts to \$2,334 million (US\$4.2 million) in 1Q14 and consists of \$269 million (US\$0.5 million) in intangibles, and \$2,065 million (US\$3.7 million) invested in the purchase of fixed assets for projects with customers and for internal use.

Net Financing Cash Flow totaled \$2,461 million (US\$4.5 million), decreasing by 105.0% (YoY), primarily due to a reduction in funds collected from the capital increase ended in January 2013.

Figure 10: Cash Flow Statement Summary

Statements of Cash Flow	Mar-13	Mar-14	Δ \$	Δ %
	Ch\$M	Ch\$M		
Net Cash Flows from (used in) Operating Activities	23,982	18,499	(5,482)	-22.9%
Net Cash Flows from (used in) Investing Activities	12,769	(7,824)	(20,593)	-161.3%
Net Cash Flows from (used in) Financing Activities	48,882	(2,461)	(51,343)	-105.0%
<b>Net Increase (Decrease) in Cash and Cash Equivalents before effect of Exchange Rates</b>	<b>85,633</b>	<b>8,214</b>	<b>(77,419)</b>	<b>-90.4%</b>
Effect of Exchange Rate changes on Cash and Cash Equivalents	(191)	2,344	2,535	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>85,442</b>	<b>10,559</b>	<b>(74,883)</b>	<b>-87.6%</b>
Cash and Cash Equivalents at beginning of period	61,310	170,861	109,551	178.7%
<b>Cash and Cash Equivalents at End of Period</b>	<b>146,752</b>	<b>181,420</b>	<b>34,667</b>	<b>23.6%</b>