



EARNINGS RELEASE

1H18 – 2Q18

January 01, 2018 – June 30, 2018

SONDA S.A. and subsidiaries announce their consolidated financial results for the period from January 01 to June 30, 2018. 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, 2018 (1 US\$ = 651.21 Chilean Pesos).

SUMMARY: 1H18 - 2Q18

- **CONSOLIDATED REVENUES**
US\$564.9 million

- **OPERATING INCOME**
US\$30.0 million

- **EBITDA**
US\$58.1 million

- **NET INCOME**
US\$2.1 million

- **EBITDA MARGIN**
10.3%

- **NET MARGIN**
0.4%

EXECUTIVE SUMMARY

SONDA totaled consolidated revenues of \$367,899 million (US\$564.9 million) in the first half of 2018. Operating income was \$19,550 million (US\$30.0 million) and EBITDA registered \$37,867 million (US\$58.1 million). Net income attributable to owners totaled \$1,336 million (US\$2.1 million), influenced by negative effects of the exchange rate in US\$ 11.4 million.

Without exchange rate effects, revenues and EBITDA would have decreased 2.5% and 9.2%, respectively.

Regional results:

Region	Revenues		EBITDA	
	Ch\$M	ΔY/Y	Ch\$M	ΔY/Y
Chile	173,311	-2.2%	24,075	-18.0%
Brazil	108,779	-21.9%	4,170	16.7%
Mexico	23,793	-29.1%	940	-76.9%
OPLA	62,016	4.0%	8,682	33.7%
Total	367,899	-10.2%	37,867	-12.9%

Current Liquidity ratio was 1.8x, Financial Leverage ratio was 0.3x and Financial Expenses Coverage ratio was 5.1x, reflecting a solid financial position.

Highlights:

- Operations outside Chile totaled revenues of \$ 194,588 million (US\$ 298.8 million), 16.3% lower than 1H17 (YoY), representing a 52.9% of the consolidated revenues. EBITDA decreased by 2.4% compared to the same period of 2017, reaching \$ 13,792 million (US\$ 21.2 million). Without foreign exchange effects, revenues would have decreased by 4.8% (YoY) and EBITDA increased by 8.1% (YoY).
- In Brazil, revenues reached \$108,779 million (US\$ 167.0 million), decreasing 21.9% (YoY) and EBITDA totaled \$4,170 million (US\$6.4 million), growing 16.7% (YoY). Without currency effects, revenues would be 9.5% lower and EBITDA would have increased by 38.4%.
- In Mexico, revenues reached \$23,793 million (US\$ 36.5 million), decreasing by 29.1% (YoY) and EBITDA totaled \$940 million (US\$1.4 million), lower by 76.9%. Without currency effects, revenues and EBITDA would have decreased by 23.6% and 75.6%, respectively.
- OPLA registered revenues of \$62,016 million (US\$95.2 million), 4.0% higher (YoY), and EBITDA of \$8,682 million (US\$13.3 million), higher by 33.7% (YoY). Without currency effects, revenues and EBITDA would have grown 16.8% and 43.8%, respectively.
- In Chile, revenues decreased 2.2% (YoY) totaling \$173,311 million (US\$266.1 million) and EBITDA decreased 18.0% (YoY), reaching \$24,075 million (US\$37.0 million). Excluding currency translation effects, revenues would have grown by 0.4% and EBITDA would have decreased by 17.5% (YoY). Taking apart the effect of the sale of the subsidiary Transacciones Electrónicas (Dec-17), whose results are not being consolidated since January 2018, revenues would have increased 1.8% and EBITDA would have decreased 5.2%.
- Net income attributable to the owners decreased 88.6% compared to June 2017. This result included a negative foreign exchange effect in the determination of taxes by US\$ 11.4 million. As of June 30, 2017, the exchange rate effect was positive by US\$1.3 million. Discounting both effects, Net Income would have been lower by 19.1% (YoY).
- In the period, new deals closed totaled US\$574.3 million, 15.3% lower than the same period of 2017 (at each period-end exchange rate). Brazil contributed with 36.1% of business closings, decreasing 38.9% (YoY). It stands out the growth in OPLA, where new deals closed increased 29.7% (YoY), driven by IT Services (+46.9%).
- Pipeline of new potential businesses amounted US\$3,603.7 million, growing 2.4% compared to the same period of 2017. Brazil contributed with US\$1,960.2 million of potential businesses.

Figure 1 – Consolidated Financial Statement

Millions of Ch\$ (Ch\$M)				
Income Statement				
	Jun-17	Jun-18	Δ \$	Δ %
Revenues	409,684	367,899	-41,785	-10.2%
Cost of Sales	-345,143	-307,510	37,633	-10.9%
GROSS PROFIT	64,540	60,389	-4,152	-6.4%
Administration Expenses	-41,679	-40,839	841	-2.0%
OPERATING INCOME ⁽¹⁾	22,861	19,550	-3,311	-14.5%
Depreciation and Amortization	20,632	18,317	-2,316	-11.2%
EBITDA ⁽²⁾	43,494	37,867	-5,627	-12.9%
Other Income	1,687	1,231	-457	-27.1%
Other Expenses	-6,000	-4,129	1,872	-31.2%
PROFIT (LOSS) FROM OPERATING ACTIVITIES	18,548	16,652	-1,896	-10.2%
Financial Income	3,592	4,388	796	22.2%
Financial Expenses	-8,167	-7,381	786	-9.6%
Share of Profit (Loss) of Associates	82	78	-4	-4.9%
Foreign Exchange Differences	2,067	29	-2,038	-98.6%
Income (Loss) for Indexed Assets and Liabilities	-294	-117	177	-60.2%
NET INCOME BEFORE TAXES	15,827	13,648	-2,179	-13.8%
Income Tax Expense	-1,825	-11,876	-10,052	550.9%
NET INCOME FROM CONTINUING OPERATIONS	14,002	1,772	-12,230	-87.3%
Net Income Attributable to Minority Interest	2,328	436	-1,892	-81.3%
NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	11,674	1,336	-10,338	-88.6%
Balance Sheet				
	Dic-17	Jun-18	Δ \$	Δ %
Cash and Cash Equivalents	40,980	44,659	3,679	9.0%
Other Current Financial Assets	45,453	14,725	-30,728	-67.6%
Trade Accounts Receivable and Other Receivables, Net	225,160	197,791	-27,369	-12.2%
Accounts Receivable from Related Companies	5,712	3,444	-2,269	-39.7%
Inventories	37,703	44,512	6,809	18.1%
Other Current Assets	48,028	45,057	-2,971	-6.2%
CURRENT ASSETS	403,036	350,188	-52,849	-13.1%
Intangibles Assets and Goodwill	254,954	237,992	-16,962	-6.7%
Property, Plant and Equipment, Net	124,134	113,851	-10,284	-8.3%
Other Non-currents Assets	97,035	92,119	-4,917	-5.1%
NON-CURRENT ASSETS	476,124	443,962	-32,162	-6.8%
ASSETS	879,160	794,149	-85,011	-9.7%
Other Current Financial Liabilities	70,078	71,823	1,745	2.5%
Other Liabilities	182,820	126,974	-55,847	-30.5%
CURRENT LIABILITIES	252,899	198,797	-54,102	-21.4%
Other Non-current Financial Liabilities	102,098	92,259	-9,838	-9.6%
Other Liabilities, Non-Current	34,425	31,595	-2,831	-8.2%
NON-CURRENT LIABILITIES	136,523	123,854	-12,669	-9.3%
LIABILITIES	389,422	322,651	-66,771	-17.1%
Minority Interest	5,329	5,464	135	2.5%
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	484,409	466,034	-18,375	-3.8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	879,160	794,149	-85,011	-9.7%

⁽¹⁾ Operating Income = Gross Profit – Administration Expenses

⁽²⁾ EBITDA = Operating Income + Depreciation and Amortization

MANAGEMENT DISCUSSION AND ANALYSIS ON 1H18 AND 2Q18 CONSOLIDATED RESULTS

I. Consolidated Results for the first half of 2018 (1H18)

Revenues

Consolidated revenues totaled \$367,899 million (US\$564.9 million) in 1H18, lower by 10.2% than in 1H17 (-\$41,785 million/ -US\$64.2 million). Excluding currency translation effects, revenues would have decreased 2.5%.

The main differences are the following:

- Revenues from IT Services business decreased 14.7% (-\$33,672 million/ -US\$51.7 million), reaching \$195,760 million (US\$300.6 million) in 1H18, mainly due to Brazil.
- Revenues from Platforms business decreased 7.7% (-\$12,359 million / -US\$19.0 million), reaching \$148,117 million (US\$227.4 millions) in 1H18, mainly explained by Mexico and OPLA.
- Revenues from Applications business increased 21.5% (+\$4,245 million / +US\$6.5 million), totaling \$24,023 million (US\$36.9 million) in 1H18, mainly due to Brazil.

In the first half of 2018, the revenue breakdown by business was 53.2% IT Services, 40.3% Platforms and 6.5% Applications.

Figure 2 – Consolidated Revenues by Business Line

	Jun-17 Ch\$M	Jun-18 Ch\$M	Δ \$	Δ %
CONSOLIDATED REVENUES BY BUSINESS LINE				
Platforms	160,476	148,117	-12,359	-7.7%
IT Services	229,431	195,760	-33,672	-14.7%
Applications	19,777	24,023	4,245	21.5%
Total	409,684	367,899	-41,785	-10.2%
Breakdown				
Platforms	39.2%	40.3%		
IT Services	56.0%	53.2%		
Applications	4.8%	6.5%		
Total	100%	100%		

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales amounted \$307,510 million (US\$472.2 million) in 1H18, registering a decrease of 10.9% (YoY), in line with lower revenues.

Administration expenses were \$40,839 million (US\$62.7 million) in 1H18, lower by 2.0 (YoY).

Figure 3 – Income Statement

	Jun-17 Ch\$M	Jun-18 Ch\$M	Δ \$	Δ %
SUMMARY OF CONSOLIDATED INCOME STATEMENT				
Revenues	409,684	367,899	-41,785	-10.2%
Cost of Sales	-345,143	-307,510	37,633	-10.9%
GROSS PROFIT	64,540	60,389	-4,152	-6.4%
Administration Expenses	-41,679	-40,839	841	-2.0%
OPERATING INCOME ⁽¹⁾	22,861	19,550	-3,311	-14.5%
EBITDA ⁽²⁾	43,494	37,867	-5,627	-12.9%
NET INCOME ATTRIBUTABLE TO OWNERS	11,674	1,336	-10,338	-88.6%
Financial Ratios				
Gross Margin	15.8%	16.4%		
Operating Margin	5.6%	5.3%		
EBITDA Margin	10.6%	10.3%		
Net Margin	2.8%	0.4%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Operating Income and EBITDA

Operating income amounted \$19,550 million (US\$30.0 million), 14.5% lower (YoY). Gross margin reached 16.4%, 60bp higher (YoY) and Operating margin reached 5.3%, 30bp lower in comparison to 1H17. Excluding currency translation effects, Operating income would have decreased 14.0%.

EBITDA totaled \$37,867 million (US\$58.1 million) in 1H18, representing a decrease of 12.9% (YoY). EBITDA margin reached 10.3%, 30bp lower than in 1H17. Excluding currency translation effects, EBITDA would have decreased 9.2%.

Other Comprehensive Income / Losses (Excluding Administration Expenses)

Total Other comprehensive income / losses, excluding Administration expenses, presented a loss of \$5,902 million (US\$9.1 millions) as compared to the loss of \$7,034 million (US\$10.8 million) registered in 1H17. The main variations were a decrease in Other Expenses by function (\$1,872 million / US\$2.9 million), increase in Net Financial Income (\$1,582 million / US\$2.4 million), and a greater loss due to currency exchange difference (\$2,038 million) / US\$ 3.1 million).

Other expenses by function decreased mainly due to a lower charge for restructuring expenses (\$1,638 million / US\$ 2.5 million).

Net Income

Net income attributable to the owners of the company amounted \$1,336 million (US\$ 2.1 million), 88.6% lower than in 1H17. The latter included a negative effect over tax (-US\$11.4 million) as a consequence of exchange rate fluctuations (CLP/USD). In 1H17, the exchange rate effect was positive and amounted US\$1.3 million. Taking both effects apart, net income would have decreased 19.1% (YoY).

II. Consolidated Results for the second quarter of 2018 (2Q18)

Revenues

Consolidated revenues totaled \$182,783 million (US\$280.7 million) in 2Q18, lower by 10.6% than in 2Q17 (-\$21,733 million / -US\$33.4 million). Excluding currency translation effects, revenues would have decreased 2.2%.

- Revenues from IT Services business decreased 15.6% (-\$17,925 million / -US\$27.5 million), reaching \$96,915 million (US\$148.8 million) in 2Q18, mainly due to Brazil and Chile. The latter was partially offset by the positive performance of OPLA.
- Revenues from Platforms business decreased 6.7% (-\$5,353 million / -US\$8.2 million), reaching \$74,341 million (US\$114.2 million) in 2Q18, mainly explained by Mexico and a higher comparison base registered in OPLA in 2Q17, a consequence of increased platform revenues coming from businesses closed in 4Q16 and delivered during 2Q17.
- Revenues from Applications business increased 15.5% (+\$1,545 million / +US\$2.4 million), totaling \$11,527 million (US\$17.7 million) in 2Q18, driven by Brazil and Chile.

In 2Q18, the revenue breakdown by business was 53.0% IT Services, 40.7% Platforms and 6.3% Applications.

Figure 2 – Consolidated Revenues by Business Line

	2Q17 Ch\$M	2Q18 Ch\$M	Δ \$	Δ %
CONSOLIDATED REVENUES BY BUSINESS LINE				
Platforms	79,694	74,341	-5,353	-6.7%
IT Services	114,840	96,915	-17,925	-15.6%
Applications	9,982	11,527	1,545	15.5%
Total	204,516	182,783	-21,733	-10.6%
Breakdown				
Platforms	39.0%	40.7%		
IT Services	56.2%	53.0%		
Applications	4.9%	6.3%		
Total	100%	100%		

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales amounted \$151,397 million (US\$232.5 million) in 2Q18, registering a decrease of 12.2% (YoY), in line with lower revenues.

Administration expenses were \$20,068 million (US\$30.8 million) in 2Q18, 4.0% lower than the SG&A expenses registered in 2Q17.

Figure 3 – Income Statement

	2Q17	2Q18	Δ \$	Δ %
SUMMARY OF CONSOLIDATED INCOME STATEMENT				
Revenues	204,516	182,783	-21,733	-10.6%
Cost of Sales	-172,357	-151,397	20,960	-12.2%
GROSS PROFIT	32,159	31,385	-774	-2.4%
Administration Expenses	-20,903	-20,068	835	-4.0%
OPERATING INCOME ⁽¹⁾	11,256	11,317	61	0.5%
EBITDA ⁽²⁾	21,756	20,292	-1,464	-6.7%
NET INCOME ATTRIBUTABLE TO OWNERS	2,295	-3,514	-5,809	-253.2%
Financial Ratios				
Gross Margin	15.7%	17.2%		
Operating Margin	5.5%	6.2%		
EBITDA Margin	10.6%	11.1%		
Net Margin	1.1%	-1.9%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Operating Income and EBITDA

Operating income amounted \$11,317 million (US\$17.4 million) 0.5% higher than in 2Q17. Gross margin and Operating margin reached 17.2% and 6.2%, respectively, 150bp and 70bp higher in comparison to 2Q17, respectively. Excluding currency translation effects, Operating income would have increased 1.8%.

EBITDA totaled \$20.292 million (US\$31.2 million) in 2Q18, representing a decrease of 6.7% (YoY). EBITDA margin reached 11.1%, 50bp higher than in 2Q17. Excluding currency translation effects, EBITDA remains at the same levels.

Other Comprehensive Income / Losses (Excluding Administration Expenses)

Total Other comprehensive income / losses, excluding Administration expenses, registered a loss of \$2,976 million (US\$4.6 million) in 2Q18, as compared to the loss of \$8,145 million (US\$12.5 million) amounted in 2Q17. The latter was a consequence of lower Other expenses (\$3,385 million / US\$5.2 million) and lower Financial expenses (\$1,367 million / US\$2.1 million).

Net Income

Net income attributable to the owners of the company amounted -\$3,514 million (-US\$5.4 million) in 2Q18, 253.2% lower than in 2Q17. The latter included a negative effect over tax as a consequence of exchange rate fluctuations (CLP/USD). In 2Q17, the exchange rate effect remained neutral. Taking exchange rate effect apart, Net income would have increased 163.7% (YoY).

III. Regional Results for the first half (1H18) and the second quarter of 2018 (2Q18)

Chile

Main changes between 1H18 and 1H17 are described below:

- Revenues totaled \$173,311 million (US\$266.1 million), showing a decrease of 2.2% (YoY), mainly explained by lower revenues from IT Services (-9.3%), associated to the sale of the interest in Transacciones Electronicas S.A. (Dec-17). Excluding currency translation effects and the sale of Transacciones Eletronicas S.A., revenues would have grown 4.5%.
- Operating Income totaled \$17,448 million (US\$26.8 million / -22.2% YoY) and EBITDA totaled \$24,075 million (US\$37.0 million / -18.0% YoY), mainly explained by the divestiture of Transacciones Electronicas S.A.
- Operating Margin reached 10.1%, and EBITDA Margin reached 13.9%, 260bp and 270bp lower than in 1H17, respectively.

Figure 6 – Business in Chile

	Jun-17 Ch\$M	Jun-18 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS CHILE				
REVENUES	177,175	173,311	-3,865	-2.2%
Platforms	100,152	101,858	1,706	1.7%
IT Services	68,755	62,335	-6,420	-9.3%
Applications	8,268	9,117	849	10.3%
Cost of Sales	-134,744	-135,421	-677	0.5%
GROSS PROFIT	42,431	37,890	-4,541	-10.7%
Administration Expenses	-19,995	-20,442	-447	2.2%
OPERATING INCOME ⁽¹⁾	22,436	17,448	-4,988	-22.2%
EBITDA ⁽²⁾	29,360	24,075	-5,286	-18.0%
Operating Margin	12.7%	10.1%		
EBITDA Margin	16.6%	13.9%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Main changes between 2Q18 and 2Q17 are described below:

- Revenues amounted \$87,740 million (US\$134.7 million), representing a decrease of 2.1% (YoY), due to lower revenues in IT Services businesses (-10.0%). The latter is mainly explained by the sale of the interest in Transacciones Electrónicas S.A. (Dec-17), whose revenues are no longer consolidated since January 2018.
- Operating income totaled \$8,533 million (US\$13.1 million / -22.4% YoY) and EBITDA totaled \$11,909 million (US\$18.3 million / -17.6% YoY), affected by the sale of the interest in Transacciones Electrónicas.
- Operating margin and EBITDA margin reached 9.7% and 13.6%, respectively, 260bp and 250bp lower compared to 2Q17.

Figure 4 – Business in Chile
2Q17 – 2Q18

	2Q17 Ch\$M	2Q18 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS CHILE				
REVENUES	89,640	87,740	-1,900	-2.1%
Platforms	49,936	51,146	1,210	2.4%
IT Services	35,174	31,656	-3,518	-10.0%
Applications	4,530	4,937	408	9.0%
Cost of Sales	-68,382	-68,701	-319	0.5%
GROSS PROFIT	21,258	19,039	-2,219	-10.4%
Administration Expenses	-10,263	-10,506	-243	2.4%
OPERATING INCOME ⁽¹⁾	10,996	8,533	-2,463	-22.4%
EBITDA ⁽²⁾	14,444	11,909	-2,535	-17.6%
Operating Margin	12.3%	9.7%		
EBITDA Margin	16.1%	13.6%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Brazil

Main changes between 1H18 and 1H17, are described below:

- Revenues amounted \$108,779 million (US\$167.0 million), 21.9% lower than in 1H17, mainly explained by lower revenues from IT services business due to some contracts ending. Excluding currency translation effects, revenues would have decreased 9.5%.
- Operating Income registered a loss of \$3,530 million (-US\$5.4 million / +46.8% YoY) and EBITDA totaled \$4,170 million (US\$6.4 million / +16.7% YoY). Excluding currency translation effects, Operating Income and EBITDA would have increased 40.2% and 38.4%, respectively (YoY).
- Operating Margin was -3.2% and EBITDA Margin was 3.8%, higher by 160bp and 120bp than in 1H17, respectively.

Figure 8 – Business in Brazil
Jun-17 – Jun-18

	Jun-17 Ch\$M	Jun-18 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS BRAZIL				
REVENUES	139,314	108,779	-30,535	-21.9%
Platforms	17,987	18,564	577	3.2%
IT Services	111,994	77,365	-34,630	-30.9%
Applications	9,333	12,851	3,518	37.7%
Cost of Sales	-132,525	-101,421	31,104	-23.5%
GROSS PROFIT	6,789	7,358	569	8.4%
Administration Expenses	-13,429	-10,887	2,542	-18.9%
OPERATING INCOME ⁽¹⁾	-6,641	-3,530	3,111	46.8%
EBITDA ⁽²⁾	3,574	4,170	596	16.7%
Operating Margin	-4.8%	-3.2%		
EBITDA Margin	2.6%	3.8%		

Main changes between 2Q18 and 2Q17, are described below:

- Revenues amounted \$51,336 million (US\$78.8 million), 21.2% lower than in 2Q17. Excluding currency translation effects, revenues would have decreased by 5.6%, mainly due to lower revenues from IT Services business as consequence of some contracts ending.
- Operating income registered a loss of \$904 million (-US\$1.4 million / +65.2% YoY) while EBITDA was \$2,667 million (US\$4.1 million / +4.0% YoY). Excluding currency translation effects, Operating income and EBITDA would have increased by 58.6% and 24.9% (YoY), respectively.
- Operating and EBITDA margin reached -1.8% and 5.2%, respectively, an improvement of 220bp and 130bp compared to 2Q17.

Figure 5 – Business in Brazil
2Q17 – 2Q18

	2Q17 Ch\$M	2Q18 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS BRAZIL				
REVENUES	65,148	51,336	-13,812	-21.2%
Platforms	6,040	10,106	4,066	67.3%
IT Services	54,600	35,679	-18,920	-34.7%
Applications	4,508	5,550	1,042	23.1%
Cost of Sales	-61,499	-47,369	14,130	-23.0%
GROSS PROFIT	3,649	3,967	318	8.7%
Administration Expenses	-6,244	-4,871	1,373	-22.0%
OPERATING INCOME ⁽¹⁾	-2,596	-904	1,691	65.2%
EBITDA ⁽²⁾	2,564	2,667	103	4.0%
Operating Margin	-4.0%	-1.8%		
EBITDA Margin	3.9%	5.2%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Mexico

Main changes between 1H18 and 1H17 are described below:

- Revenues decreased 29.1% compared to 1H17, totaling \$23,793 million (US\$36.5 million) mainly due to lower sales from the Platform business and currency translation effects. Excluding the latter effect, revenues would have decreased 23.6%.
- Operating Income amounted \$287 million (US\$0.4 million) and EBITDA totaled \$940 million (US\$1.4 million), representing a decrease of 90.9% and 76.9% (YoY), respectively. The latter is a consequence of lower revenues from the Platform business, some contracts that were not renewed, a lower demand of services, higher severance expenses and bad debt provisions. Excluding currency translation effects, Operating Income and EBITDA would have decreased 90.8% and 75.6%, respectively (YoY).
- Operating and EBITDA Margin were 1.2% and 3.9%, respectively. Both lower by 820bp compared to 1H17.

Figure 10 – Business in Mexico
Jun-17 – Jun-18

	Jun-17 Ch\$M	Jun-18 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS MEXICO				
REVENUES	33,538	23,793	-9,745	-29.1%
Platforms	15,926	8,069	-7,857	-49.3%
IT Services	17,612	15,724	-1,888	-10.7%
Applications	0	0	0 -	
Cost of Sales	-27,460	-19,893	7,567	-27.6%
GROSS PROFIT	6,077	3,900	-2,178	-35.8%
Administration Expenses	-2,938	-3,612	-674	23.0%
OPERATING INCOME ⁽¹⁾	3,140	287	-2,852	-90.9%
EBITDA ⁽²⁾	4,063	940	-3,124	-76.9%
Operating Margin	9.4%	1.2%		
EBITDA Margin	12.1%	3.9%		

Main changes between 2Q18 and 2Q17 are described below:

- Revenues totaled \$10,814 million (US\$16.6 million), 33.8% lower than in 2Q17, mainly due to the Platform business. Excluding currency translation effects, revenues would have decreased 28.8%.
- Operating income amounted \$105 million (US\$0.2 million) and EBITDA totaled \$416 million (US\$0.6 million), representing a decrease of 90.0% and 72.7% (YoY), respectively. The latter is mainly explained by lower revenues from Platform business. Excluding currency translation effects, Operating income and EBITDA would have decreased 89.9% and 70.7%, respectively.
- Operating margin was 1.0% and EBITDA margin was 3.9%, both 540bp lower than in 2Q17, respectively.

Figure 6 – Business in Mexico
2Q17 – 2Q18

	2Q17 Ch\$M	2Q18 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS MEXICO				
REVENUES	16,342	10,814	-5,528	-33.8%
Platforms	7,177	2,577	-4,600	-64.1%
IT Services	9,165	8,237	-928	-10.1%
Applications	0	0	0 -	
Cost of Sales	-13,683	-9,014	4,669	-34.1%
GROSS PROFIT	2,659	1,800	-859	-32.3%
Administration Expenses	-1,610	-1,695	-85	5.3%
OPERATING INCOME ⁽¹⁾	1,049	105	-944	-90.0%
EBITDA ⁽²⁾	1,528	416	-1,111	-72.7%
Operating Margin	6.4%	1.0%		
EBITDA Margin	9.3%	3.9%		

(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 1H18 and 1H17 are described below:

- Revenues increased 4.0% compared to 1H17, reaching \$62,016 million (US\$95.2 million). Excluding currency exchange effects, revenues would have increased 16.8% (YoY).
- Operating Income amounted \$5,345 million (US\$8.2 million) and EBITDA \$8,682 million (US\$13.3 million) increasing 36.1% and 33.7% (YoY), respectively. Excluding currency exchange effects, operating margin would have increased 47.1% and EBITDA 43.8% (YoY).
- Operating and EBITDA Margin reached 8.6% and 14.0%, respectively. The latter represents an improvement of 200bp and 310bp compared to same period in previous year, respectively.

Figure 12 – Business in OPLA
Jun-17 – Jun-18

	Jun-17	Jun-18	Δ \$	Δ %
	Ch\$M	Ch\$M		
SUMMARY OF RESULTS OPLA				
REVENUES	59,657	62,016	2,359	4.0%
Platforms	26,411	19,626	-6,785	-25.7%
IT Services	31,070	40,336	9,265	29.8%
Applications	2,176	2,055	-121	-5.6%
Cost of Sales	-50,414	-50,775	-361	0.7%
GROSS PROFIT	9,243	11,241	1,998	21.6%
Administration Expenses	-5,317	-5,897	-580	10.9%
OPERATING INCOME ⁽¹⁾	3,926	5,345	1,418	36.1%
EBITDA ⁽²⁾	6,496	8,682	2,186	33.7%
Operating Margin	6.6%	8.6%		
EBITDA Margin	10.9%	14.0%		

Main changes in OPLA (which includes Argentina, Colombia, Costa Rica, Ecuador, Peru, Panama and Uruguay) between 2Q18 and 2Q17 are described below:

- Revenues decreased 1.5%, totaling \$32,892 million (US\$50.5 million). Excluding currency translation effects, revenues would have grown 11.3%.
- Operating income amounted \$3,583 million (US\$5.5 million) increasing 98.3% (YoY) and EBITDA totaled \$5,299 million (US\$8.1 million) increasing 64.6% (YoY). Excluding currency translation effects, Operating income would have increased 113.5% and EBITDA would have increased 76.4%
- Operating and EBITDA margin reached 10.9% and 16.1%, respectively, 550bp and 650bp higher than in 2Q17.

Figure 7 – Business in OPLA
2Q17 – 2Q18

	2Q17	2Q18	Δ \$	Δ %
	Ch\$M	Ch\$M		
SUMMARY OF RESULTS OPLA				
REVENUES	33,386	32,892	-493	-1.5%
Platforms	16,540	10,511	-6,029	-36.5%
IT Services	15,902	21,343	5,441	34.2%
Applications	944	1,039	95	10.0%
Cost of Sales	-28,793	-26,313	2,480	-8.6%
GROSS PROFIT	4,593	6,579	1,986	43.3%
Administration Expenses	-2,786	-2,996	-210	7.6%
OPERATING INCOME ⁽¹⁾	1,807	3,583	1,776	98.3%
EBITDA ⁽²⁾	3,220	5,299	2,079	64.6%
Operating Margin	5.4%	10.9%		
EBITDA Margin	9.6%	16.1%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Figure 8 – Regional Summary

Regional Summary	Jun-17 Ch\$M	Jun-18 Ch\$M	Δ \$	Δ %	2Q17 Ch\$M	2Q18 Ch\$M	Δ \$	Δ %
CHILE								
REVENUES	177,175	173,311	-3,865	-2.2%	89,640	87,740	-1,900	-2.1%
Platforms	100,152	101,858	1,706	1.7%	49,936	51,146	1,210	2.4%
IT Services	68,755	62,335	-6,420	-9.3%	35,174	31,656	-3,518	-10.0%
Applications	8,268	9,117	849	10.3%	4,530	4,937	408	9.0%
Cost of Sales	-134,744	-135,421	-677	0.5%	-68,382	-68,701	-319	0.5%
GROSS PROFIT	42,431	37,890	-4,541	-10.7%	21,258	19,039	-2,219	-10.4%
Administration Expenses	-19,995	-20,442	-447	2.2%	-10,263	-10,506	-243	2.4%
OPERATING INCOME ⁽¹⁾	22,436	17,448	-4,988	-22.2%	10,996	8,533	-2,463	-22.4%
EBITDA ⁽²⁾	29,360	24,075	-5,286	-18.0%	14,444	11,909	-2,535	-17.6%
Operating Margin	12.7%	10.1%			12.3%	9.7%		
EBITDA Margin	16.6%	13.9%			16.1%	13.6%		
BRAZIL								
REVENUES	139,314	108,779	-30,535	-21.9%	65,148	51,336	-13,812	-21.2%
Platforms	17,987	18,564	577	3.2%	6,040	10,106	4,066	67.3%
IT Services	111,994	77,365	-34,630	-30.9%	54,600	35,679	-18,920	-34.7%
Applications	9,333	12,851	3,518	37.7%	4,508	5,550	1,042	23.1%
Cost of Sales	-132,525	-101,421	31,104	-23.5%	-61,499	-47,369	14,130	-23.0%
GROSS PROFIT	6,789	7,358	569	8.4%	3,649	3,967	318	8.7%
Administration Expenses	-13,429	-10,887	2,542	-18.9%	-6,244	-4,871	1,373	-22.0%
OPERATING INCOME ⁽¹⁾	-6,641	-3,530	3,111	46.8%	-2,596	-904	1,691	65.2%
EBITDA ⁽²⁾	3,574	4,170	596	16.7%	2,564	2,667	103	4.0%
Operating Margin	-4.8%	-3.2%			-4.0%	-1.8%		
EBITDA Margin	2.6%	3.8%			3.9%	5.2%		
MEXICO								
REVENUES	33,538	23,793	-9,745	-29.1%	16,342	10,814	-5,528	-33.8%
Platforms	15,926	8,069	-7,857	-49.3%	7,177	2,577	-4,600	-64.1%
IT Services	17,612	15,724	-1,888	-10.7%	9,165	8,237	-928	-10.1%
Applications	0	0	0 -		0	0	0 -	
Cost of Sales	-27,460	-19,893	7,567	-27.6%	-13,683	-9,014	4,669	-34.1%
GROSS PROFIT	6,077	3,900	-2,178	-35.8%	2,659	1,800	-859	-32.3%
Administration Expenses	-2,938	-3,612	-674	23.0%	-1,610	-1,695	-85	5.3%
OPERATING INCOME ⁽¹⁾	3,140	287	-2,852	-90.9%	1,049	105	-944	-90.0%
EBITDA ⁽²⁾	4,063	940	-3,124	-76.9%	1,528	416	-1,111	-72.7%
Operating Margin	9.4%	1.2%			6.4%	1.0%		
EBITDA Margin	12.1%	3.9%			9.3%	3.9%		
OPLA								
REVENUES	59,657	62,016	2,359	4.0%	33,386	32,892	-493	-1.5%
Platforms	26,411	19,626	-6,785	-25.7%	16,540	10,511	-6,029	-36.5%
IT Services	31,070	40,336	9,265	29.8%	15,902	21,343	5,441	34.2%
Applications	2,176	2,055	-121	-5.6%	944	1,039	95	10.0%
Cost of Sales	-50,414	-50,775	-361	0.7%	-28,793	-26,313	2,480	-8.6%
GROSS PROFIT	9,243	11,241	1,998	21.6%	4,593	6,579	1,986	43.3%
Administration Expenses	-5,317	-5,897	-580	10.9%	-2,786	-2,996	-210	7.6%
OPERATING INCOME ⁽¹⁾	3,926	5,345	1,418	36.1%	1,807	3,583	1,776	98.3%
EBITDA ⁽²⁾	6,496	8,682	2,186	33.7%	3,220	5,299	2,079	64.6%
Operating Margin	6.6%	8.6%			5.4%	10.9%		
EBITDA Margin	10.9%	14.0%			9.6%	16.1%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

ANALYSIS OF CONSOLIDATED BALANCE SHEET

Assets

Total Assets recorded the amount of \$794,149 million (US\$ 1,219.5 million) as of June 30, 2018, decreasing by 9.7% compared to December 2017. Main differences are:

Decrease in:

- Other Current Financial Assets by \$30,728 million (US\$47.2 million), whose balance as of June 30, 2018 was \$14,725 million (US\$22.6 million), due to the use of funds obtained after the sale of Transacciones Electrónicas S.A. (Dec-17). These funds were used mainly for dividend payments and working capital requirements.
- Accounts Receivable and Other Current Accounts Receivable by \$27,369 million (US\$42.0 million), whose balance as of June 30, 2018 was \$197,791 million (US\$303.7 million), mainly in Brazil, Mexico and Chile, and originated by the higher seasonality existing in December.
- Goodwill of \$13,074 million (US\$20.1 million), whose balance as of June 30, 2018 was \$217,676 million (US\$334.3 million), mainly explained by exchange rate effects.
- Property, plant and equipment by \$10,284 million (US\$15.8 million), whose balance as of June 30, 2018 was \$113,851 million (US\$174.8 million), originated mainly in Brazil.

Liabilities

As of June 30, 2018, liabilities totaled \$322,651 million (US\$495.6 million), representing a decrease of 17.1% compared to December 31, 2017. Main changes are:

Decrease in:

- Accounts payable and other payables by \$32,070 million (US\$ 49.2 million), whose balance as of June 30, 2018 was \$72,453 million (US\$111.3 million), mainly explained by Chile, Colombia and Brazil due to the higher seasonality of December.
- Accounts Payable to Related Entities, Current by \$10,374 million (US\$15.9 million), whose balance as of June 30, 2018 was \$698 million (US\$1.1 million), associated with the payment of the dividend to the controlling shareholders.
- Other non-financial liabilities, current by \$9,838 million (US\$15.1 million), whose balance as of June 30, 2018 was \$92,259 million (US\$141.7 million), mainly from Brazil.
- Liabilities for current taxes, current by \$9,448 million (US\$14.5 million), whose balance as of June 30, 2018 was \$7,490 million (US\$11.5 million), associated with a decrease in the income tax and in sales and services taxes.

Shareholder's Equity

Consolidated shareholders' equity attributable to owners amounted \$466,034 million (US\$715.6 million) as of June 30, 2018, decreasing 3.8% compared to December 31, 2017 (-\$18,375 million / -US\$28.2 million). The latter is explained by effects in Reserve of exchange difference translations (-\$19,825 million / -US\$30.4 million), as well as by the earnings of the period, net of dividends.

The return on equity (ROE) was 0.6%.

Figure 9 – Financial Ratios Summary

Financial Ratios		Jun-17	Jun-18	Δ Jun-18 / Jun-17	Dic-17	Δ Jun-18 / Dic-17
LIQUIDITY						
Current Ratio (Current Assets / Current Liabilities)	(times)	1.6	1.8	13.6%	1.6	10.5%
Quick Ratio ((Current Assets - Inventories) / Current Liabilities)	(times)	1.4	1.5	10.2%	1.4	6.4%
Working Capital (Current Assets - Current Liabilities)	(Ch M\$)	134,739	151,391	12.4%	150,138	0.8%
INDEBTEDNESS						
Leverage ((Current Liabilities + Non-current Liabilities) / Equity)	(times)	0.8	0.7	-9.7%	0.8	-13.9%
Financial Leverage ((Other Current Financial Liabilities + Other Non-current Financial Liabilities) / Equity)	(times)	0.4	0.3	-12.4%	0.4	-1.0%
Short-Term Debt (Current Liabilities / Total Liabilities)	(times)	0.6	0.6	-4.4%	0.6	-5.1%
Long-Term Debt (Non-Current Liabilities / Total Liabilities)	(times)	0.4	0.4	8.0%	0.4	9.5%
Financial-Expenses-Coverage Ratio (EBITDA / Financial Expenses)	(times)	5.3	5.1	-3.7%	5.1	0.7%
Financial Debt to EBITDA Ratio ((Current Liabilities + Non-current Liabilities) / EBITDA ^{1,2})	(times)	2.3	2.2	-5.3%	1.8	17.4%
Net Financial Debt to EBITDA Ratio ((Current Liabilities + Non-current Liabilities - Cash and Cash Equivalents - Other Current Financial Assets) / EBITDA ^{1,2})	(times)	1.2	1.4	13.7%	0.9	50.4%
PROFITABILITY						
ROE (Net Income attrib.to Owners ² / Equity attrib.to Owners ³)	%	4.7%	0.6%	-410 pb	13.2%	-1260 pb
ROA (Net Income attrib.to Owners ² / Equity attrib.to Owners ³)	%	2.7%	0.3%	-240 pb	7.4%	-710 pb
Earnings per Share (Net Income attrib.to Owners of Comp. / Total Shares ⁴)	(Ch\$)	26.8	3.1	-88.6%	74.5	-95.9%
Dividend Yield (Dividends Paid ⁵ / Closing Market Stock Price)	%	1.4%	3.8%	240 pb	1.2%	260 pb

1 EBITDA = Operating Income + Depreciation and Amortization

2 Annual Base

3 Calculated as an average:

- Jun-18: average between Jun-18 and Dic-17

- Jun-17: average between Jun-17 and Dic-16

- Dic-17: average between Dic-17 y Dic-16

4 Numbers of shares considered:

- Jun-18 = 871.057.175

- Jun-17 = 871.057.175

- Dic-17 = 871.057.175

5 Last 12 months

Statements of Cash Flow

Cash and cash equivalents totaled \$44,659 million (US\$68.6 million) as of June 30, 2018, compared to \$64,892 million (US\$99.6 million) as of June 30, 2017.

Net cash flow from operating activities totaled \$23,799 million (US\$36.5 million) in 1H18, higher than the \$8,297 million (US\$ 12.7 million) generated in same period of previous year.

The net cash flow from investing activities was \$16,657 million (US\$25.6 million) during 1H18, generating additional funds by \$46,169 million (US\$70.9 million) YoY.

Capital Expenditures (CAPEX) reached \$13,010 million (US\$20.0 million) in 1H18 and included: \$7,973 million (US\$12.2 million) invested in the purchase of fixed assets for internal use and the development of projects with clients, \$4,442 million (US\$6.8 million) in permanent investments, and \$595 million (US\$0.9 million) in intangibles.

Net cash flow used in financing activities totaled \$36,483 million (US\$56.0 million), compared to \$22,815 million (US\$35.0 million) obtained from financing activities in the same period of the previous year. The latter is mainly explained to lower inflows from loans and a larger amount of dividends paid.

Figure 10 – Statements of Cash Flow

	Jun-17 Ch\$M	Jun-18 Ch\$M	Δ \$	Δ %
Statements of Cash Flow				
Net Cash Flows from (used in) Operating Activities	8,277	23,799	15,522	187.5%
Net Cash Flows from (used in) Investing Activities	(29,512)	16,657	46,169	156.4%
Net Cash Flows from (used in) Financing Activities	22,815	(36,483)	(59,298)	-259.9%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATES	1,580	3,974	2,394	151.6%
Effect of Exchange Rate changes on Cash and Cash Equivalents	(759)	(295)	464	61.1%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	820	3,679	2,858	348.5%
Cash and Cash Equivalents at beginning of period	64,072	40,980	(23,091)	-36.0%
CASH AND CASH EQUIVALENTS AT END OF PERIOD	64,892	44,659	(20,233)	-31.2%