

Raising Targets for the Next 3-Year Cycle

During today's Investor Day event, Sonda disclosed its new three-year targets (2019-21), which, although ambitious, are strongly backed by the coherent strategy presented by the company's key executives. While we believe that today's positive market reaction is well-deserved, it is still too early to incorporate the company's aspirations at face value into our model estimates. We are maintaining our **market perform** rating on the name and raising our YE19 target price to CLP 1,200/share.

- Management showed full alignment on a clear, coherent strategy based on a more integrated company and leveraging on Sonda's strengths, but still addressing the conditions in each market.
- Ambitious new three-year growth targets are significantly higher than both the consensus and our previous estimates; organic capex plans are also substantially higher than our previous estimates.
- We maintain our market perform rating on Sonda and introduce a new YE19 target price of CLP 1,200/share. Our target price yields a 12% annualized total return.

A clear, coherent strategy. Sonda's Investor Day offered an extraordinary opportunity to meet and listen to the company's key executives. Highlights included: a reminder of Sonda's extensive experience in digital transformation projects, including case studies; a pan-regional emphasis on four industry/expertise verticals – transportation, retail, financial services and government; a description of Sonda's transformational capacities – disruptive innovation, digital assets and key alliances; and the more prudent positioning of future acquisitions, mostly as eventual moves toward organic growth.

New growth targets and capex requirements exceed our previous estimates. The guidance incorporates a sharp recovery of growth in all regions relative to the past couple of years, in both revenues and EBITDA. According to management, the recovery will be supported by the pipeline of new projects, the execution of the company's strategy and efficiency gains across the organization. We nonetheless still see some headwinds in key regions such as Mexico (macro and political uncertainties), Brazil (incipient top-line growth recovery and an ambitious EBITDA margin guidance given the company's track record in that country) and ROLA (where similar arguments apply considering the challenges still expected in Argentina).

We are maintaining our market perform rating on the name, updating our model and raising our YE19 target price to CLP 1,200/share (from CLP 1,100/share). Our new estimates partially incorporate the growth targets disclosed during Sonda's investor day event, but also a higher capex level going forward. At our target price, we see the company trading at 9.5x EV/EBITDA on 2020 estimates, vs. the current 9.8x forward estimate the company is trading at. In terms of P/E, we see the company at 24.3x at our target price and on 2020 estimates, vs. the current forward P/E of 22.3x. On a PEG basis (2018 P/E and 2018-21 EPS CAGR), Sonda is trading at 1.3x, below the 1.9x weighted average for the peer sample.

Estimates and Valuation

Years	2017a	2018e	2019e	2020e	2021e	2022e
Net revenues (CLP m)	841,541	800,517	873,394	949,882	1,026,829	1,086,299
EBITDA (CLP m)	101,909	90,364	108,782	124,071	142,999	149,233
Net income (CLP m)	64,896	23,192	35,752	43,011	52,332	54,777
Net debt (CLP m)	85,743	113,733	200,316	204,077	189,467	171,850
EPS	74	27	41	49	60	63
FCFE (CLP m)	37,949	28,593	201,093	102,257	109,329	90,368
EV/EBITDA	10.1	11.8	10.6	9.3	8.0	7.6
P/E	14.4	40.4	26.2	21.8	17.9	17.1
FCFE yield (%)	3.6	2.7	19.2	9.8	10.5	8.6
DPS (CLP)	62.8	16.8	25.9	31.1	37.9	39.6
Dividend yield (%)	5.8	1.6	2.4	2.9	3.5	3.7
P/BV	1.9	1.9	1.9	1.8	1.7	1.6

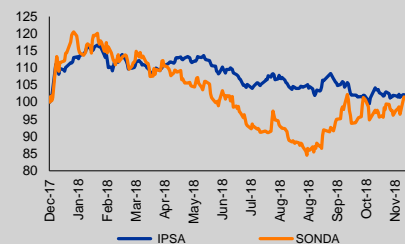
Source: Itaú BBA

Ticker (local)	SONDA
Target Price (YE19)	CLP 1,200.0

Stock Data

Current price	CLP	1,057.20
Upside (YE19)	%	13.0
52 Week high/low	CLP	1298.9/871
Shares outstanding	th	871,100
Market capitalization	CLP m	920,927
3-mth avg daily vol.	CLP m	883
Performance (%)	1m	12m
Absolute	5.3	-1.5
Vs. IPSA	4.3	-4.0

Company x IPSA



Source: Itaú BBA

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WE LIKE SONDA'S CORPORATE STRATEGY

Sonda's Investor Day offered an extraordinary opportunity to meet and listen to the company's key executives. On the right is a full list of Sonda's speakers.

Sonda presented a sound, coherent strategy for its next three-year cycle (2018-21). We will discuss what we believe were key highlights, while referencing and including links to the specific Investor Day presentations (in Spanish). We invite readers to read the full presentations, as our discussion is not an exhaustive account of the rich content shared during the Investor Day event. In summary, we highlight:

- A reminder of Sonda's extensive experience in digital transformation projects, including illustrative case studies.
- Pan-regional focus on four industry/expertise verticals: transportation, retail, financial services and government.
- Sonda's transformational capacities: disruptive innovation, digital assets and key alliances.
- The more prudent positioning of future acquisitions, mostly toward organic growth.

See Section 2, below, for guidance, a discussion of our new estimates and a description of the country-specific strategies presented during the event.

An Experienced Player in the “New” Digital Transformation Arena

Four decades' experience in a fast-evolving sector. Raúl Vejar, Sonda's CEO, began with a catchy phrase, “Sonda has been working for 44 years at the pace of Moore's law (specifically through 22 cycles of Moore's Law),” effectively setting the audience's mindset on Sonda's demonstrated capacity to adapt to growing demands and the rapidly changing environment of the IT service sector.

Mr. Vejar emphasized **Sonda's position as a digital transformation specialist**, likely under the belief that Sonda has earned an image as digital transformation and cognitive technology experts. A long market presence and its work to expand a wide array of IT services, which include more traditional outsourcing services and platform sales, is likely clouding Sonda's rightful position in the more recent and faster growing wave of digital transformation that captures the imagination of audiences.

An emblematic digital transformation project, in case we forgot: “Registro Civil En Línea.” Mr. Vejar shared a slide on the functionalities included in one of its most emblematic digital transformation projects, the Civil Registry in Chile.

Plus highlights of seven other digital transformation solutions. Sonda has developed projects in the seven following areas: i) fleet management and payment for public transport systems; ii) full IT outsourcing for the issuance of IDs and passports; iii) investment fund and pension fund management; iv) telemedicine and health services; v) ID validation through facial recognition on mobile apps; vi) security alert systems based on big data analytics; and vi) cattle tracking.

Services that will grow more in 2021 include Datacenter, Cloud, Cyber Security and Analytics, according to Mr. Vejar.

A Very Concrete Pan-Regional Industry Focus

Four Industry/expertise verticals. For the first time in the years we have been covering Sonda, we see the company narrowing down its industry focus. Sonda identified four verticals in which it plans to leverage its distinctive expertise in all markets. These are transportation, retail, financial services and government.

However, these will not be exclusive. As Sonda's management explained, depending on each market's conditions and expertise, the company will continue to exploit other verticals on a more local basis (e.g., utilities in Brazil and the health service industry in Colombia).

SECTION 1

Investor Day Speakers:

Mario Pavón, Chairman

Raúl Véjar, CEO

Rafael Osorio, CFO

José Orlandini, Senior VP IT Services
Alberto Merino, VP Comm. Development
Juan Aristizabal, VP End User Support

Country Managers

Chile – Raúl Sapunar
Brazil – Affonso Nina
Mexico – Salvador Cabral
Colombia – Ricardo Rodríguez
Argentina, Uruguay – Gerardo Cruz

Others:

Caio Silva, VP Applications Brazil
Tim Cardoso, VP Int. & Outsourcing Brazil

Rivaldo de Oliveira, Dir. Utilities Brazil
Daniel Carrasco, Dir. Innovation

Key Sources (clickable):

- [Raúl Vejar – Introduction](#)

The Four Verticals Plus Other Examples



Source: Sonda

Sonda's Transformational Capacities

Sonda highlighted three ways in which the company supports the capacities to transform their clients' businesses:

Disruptive Innovation. Based on an "outside-in" model, Sonda develops digital solutions incorporating transformational technologies, including Sonda's cognitive enterprise service management and its AI platform named SonIA, among others.

Digital Assets, Transforming User Experience. The company referred to a suite of what it calls "Digital Assets" that are plug-and-play components that can be readily used to transform user experiences. These are Intelligent Service Management, Tech B@r, Box Support, App Movil, Password Reset and Sonda Intelligent Virtual Agent.

Digital Alliances. Sonda highlighted five alliances that are key to its transformational services and included a description of specific joint experiences using each example. The five partners are SAS, Microsoft, SAP, TR Process and Adobe.

A More Prudent Acquisition Strategy

Different from Sonda's past three-year plans, this time, management only disclosed organic growth aspirations and capex requirements. Regarding acquisition prospects, Mr. Osorio, Sonda's CFO, highlighted:

- Sonda's focus on organic growth. Future acquisitions are thought of as eventual moves toward organic growth.
- Acquisitions will be driven by opportunities to: support organic growth, improve time-to-market by applying complementary skills and expand coverage in specific geographies (Mexico, Colombia and Peru).
- Sonda may consider acquiring distinctive capacities in regions outside of Latin America and, to a lesser extent, the company may also consider expanding its services outside of Latin America.

Key Sources (clickable):

- [Rafael Osorio – Strategic Plan](#)
- [Smart Transport](#)

Two other Case Studies in other Verticals:

- [Utilities \(Brazil\)](#)
- [Smart Safety & Lighting \(Uruguay\)](#)

Three examples of integral client relations (Brazil):

- [Embraer](#)
- [Natura](#)
- [Petrobras](#)

Key Sources (clickable):

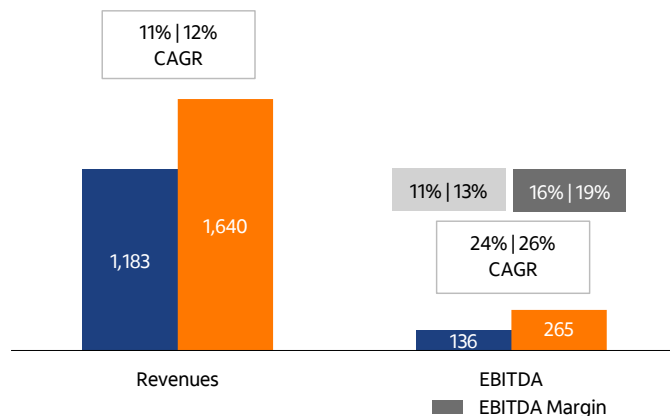
- [Disruptive Innovation](#)
- [Digital Assets](#)
- [Digital Alliances](#)

WE'LL MEET HALFWAY – OUR NEW ESTIMATES

SECTION 2

During the investor day conference, Sonda presented new guidance for the company for the 2018-21 period. We believe these numbers are optimistic and have only partially incorporated them into our forecasts for the stock.

Sonda 2018-21 Guidance – Revenue CAGR and EBITDA Margin (USD m at Constant FX as of 3Q18)



Source: Itaú BBA, Company Reports

Base figures (blue) are based on YE18 estimates by Itaú BBA and applying the revenue CAGR guidance and EBITDA margin guidance provided by Sonda. X% | Y%, X includes retail business in Chile | Y excludes retail business in Chile.

Guidance incorporates a sharp recovery in growth in all regions relative to the past couple of years, in both revenues and EBITDA. According to management, the recovery will be supported by the pipeline of new projects, the execution of the company's strategy and efficiency gains across the organization. We nonetheless still see some headwinds in key regions such as Mexico (macro and political uncertainties), Brazil (incipient top-line growth recovery and an ambitious EBITDA margin guidance given the company's track record in that country) and ROLA (where similar arguments apply considering the challenges still expected in Argentina).

Sonda 2019-21 Guidance – Revenues and EBITDA per Country (USD m at Constant FX as of 3Q18)

	IDC Industry Growth Projections in USD 2018-2021				Guidance			ItaúBBA Estimates		
	Total IT Service Industry	Infrastructure as a Service	IT Services	Applications	Revenue CAGR 18-21	EBITDA Margin by 2021	Cumulative Organic Capex 2019-2021	Revenue CAGR 18-21	EBITDA Margin by 2021	Cumulative Capex 2018-2021
Chile	7%	30%	8%	10%	7% 8% ⁽¹⁾	15% 24% ⁽¹⁾	USD 360 mn	7%	15%	USD 360 mn
Brazil	7%	48%	5%	9%	12%	18%		12%	12%	
Mexico	6%	36%	8%	9%	17%	15%		11%	13%	
OPLA ⁽²⁾	9%	36%	9%	12%	15% ⁽³⁾	18%		11%	14%	

Source: ItaúBBA, Company Reports

(1) X% | Y%, X includes retail business in Chile | Y excludes retail business in Chile

(2) Figures show for ROLA are reflective of the outlook for Colombia with respect to industry outlook

(3) OPLA assumes a constant FX for Argentina in USD as of 3Q18.

Chile (60% of 2018e EBITDA) – Enticing Macro Outlook on a New Industry Cycle

Sonda's management appears more optimistic about the outlook for the next three years in its home country of Chile. GDP growth estimates appear to be reflective of a more favorable business climate, large IT investments are expected across several key industries, including large mining projects, the government's new digital agenda opens the possibility for new opportunities and the next industry cycle of e-commerce, AI, digital transformation, cyber security and automatization, among others, continues to drive growth.

According to IDC, the IT industry in Chile is expected to grow at a 7.2% YoY CAGR from 2019-21, with key segments on which Sonda is focused outpacing this growth. In this same time period, management is aiming for a top-line growth of 7%-8%, with EBITDA margins at 15% by 2021 (relatively unchanged from current levels). This is more or less in line with our new forecasts.

An important point that was brought up during the Q&A session is the potential impact of the loss of the TranSantiago project by Sonda. Management mentioned that following the planned expiration of the concession in February 2019, the current administration is likely to offer an extension of the project. In any case, it sees any modification to the company's concession as a low-risk event with a low potential hit to EBITDA in the country.

Brazil (14% of 2018e EBITDA) – Backpedaling From the Brink and Into a Recovery

We welcomed management's message regarding the outlook in Brazil. The final phase of its transformation process, together with announcements of large, key contract assignments, helps support a better outlook for the company in this market. As is the case in Chile, the incoming government appears to be more supportive of a favorable investment climate for IT projects, which should grow at a higher rate vs. GDP, as the private sector continues to seek opportunities to employ nascent technologies such as infrastructure as a service, Robotic Automatization, AI and analytics.

Management is guiding for a 12% YoY CAGR from 2019-21 for the top line, with EBITDA margin expected to reach 18% by 2021. We forecast a similar growth rate for the top line, but pencil in a much lower EBITDA margin (12% by 2021). We believe that there is much left to prove in terms of EBITDA margin gains, considering the company's recent track record in Brazil. Our forecast already incorporates a material improvement from the 5.6% EBITDA margin level expected by 2018 and from the 3.3% lows of 2016.

We found particularly illustrative some key projects in which Sonda has participated in Brazil:

- Brazil's CEO spoke of a new project in which the company will become the main provider for printer infrastructure and printing services for CAIXA. This is the largest outsourcing contract in the company's history and is expected to bring in revenues of close to BRL 250 million.
- Answering an investor's question regarding the potential threat of Amazon as a cloud provider, Brazil's CEO stated that most companies are living in a multi-cloud environment. For example, Sonda has worked with Anima Educação to implement a multi-cloud platform hosting Microsoft Azure, Amazon AWS and a private cloud. Sonda cited the preference among most companies to not depend solely on public cloud providers.
- Management also touched on a project executed for Embraer, in which Sonda was able to reduce the maintenance downtime of aircraft by 60% by creating an integrated IT platform that allowed the company to increase the efficiency-aircraft-component sourcing by several fold.
- Lastly, Brazil's CEO cited a project, in collaboration with Petrobras, to significantly automate accounting and fiscal processes for the Petrobras.

Going forward, we expect better performance in Brazil from Sonda, as:

- The company is apparently on the last leg of integrating its units in Brazil and ready to operate as a single entity.
- It has significantly reduced costs – we attribute a 200-bp improvement in 2019 EBITDA margin from these efforts vs. 2018e EBITDA margin of 5.6%.
- It has pivoted away from low margin projects and has successfully closed in on larger, more profitable projects.
- Sonda has created a sales team solely dedicated to government sales and introduced a new sales model for the private sector.
- It has strengthened the brand name and increased its net promoter score by 20%.

Mexico (6% of 2018e EBITDA) – Three-Pronged Strategy

Mexico's new CEO emphasized that it must execute three items to reach the guidance of a 17% YoY revenue CAGR 2019-21 and to reach a 15% EBITDA margin. First, Sonda needs to improve access to large corporate accounts. Mexico's CEO noted that it is currently not a relevant player when it comes to providing IT services to large cap Mexican organizations. For this, Sonda is pursuing talent with access to C-level suites in the main corporates in Mexico. Second, management believes that it can better leverage its strategic alliances with IT service and solution providers such as Cisco, among others, in the country to provide a more unified and integrated offer to its potential clients. Finally, Sonda's management emphasized better integration of the Mexican unit into the company's regional presence in Latin America. Mexico's CEO voiced his concerns that the Mexican unit had been operating as a separate entity, separate from the rest of the LatAm units, and as such, had not fully leveraged Sonda's full suite of digital assets and infrastructure in Mexico.

Our forecasts are below guidance. In particular, we envision a potentially more difficult investment climate in Mexico over the next few years. Political and macro uncertainties, in our view, could depress IT investments for government and corporates, limiting some of the potential in revenue growth for the company in Mexico. We also believe that a few quarters more of sustained EBITDA margin recovery is needed for us to assign the full benefit of the doubt to the company's 15% margin guidance for Mexico.

ROLA (19% of 2018e EBITDA) – Colombia Took Center Stage

Colombia's CEO presented his outlook for the country, while Sonda's CFO added information on the other countries that make up the "Rest of Latin America" (ROLA) division.

In the case of Colombia, the new government is aggressively pursuing a second wave of digitalization that should aid Sonda's growth. The CEO of Colombia stated that previous administrations laid the ground work in terms of IT infrastructure and the new government is now looking to build layers of applications and services on top of this new infrastructure.

Considering that Sonda is the largest IT integrator in the country, a key provider of services such as VMware and Citrix, and has recently deployed new services in cyber security and mobility, management believes the company is well positioned to catch the next wave of growth in the country, both in the public and private sectors.

In other regions of ROLA, management seemed optimistic on the outlook for Peru and Panama, while Sonda's CFO provided a cautious outlook for Argentina going forward. All considered, management expects a 12% YoY revenue CAGR for 2019-21 and an EBITDA margin of 21% by 2021 for the unit. This is above our forecasts.

Significantly Increasing Capex to Prepare for the Next Growth Wave

Management also announced a three-year organic investment plan of USD 360 million, of which 47% will be financed with debt and the remainder via internal cash generation. However, management expects the net debt to EBITDA ratio to remain below 1.0x by 2021, similar to current levels.

These funds will be used to: i) fund growth in integration and outsourcing projects (26%); ii) deploy and build two data centers (31% of total funds); and iii) the remainder will be used for developing new solutions.

Our model now fully reflects these capex investments. We note that of the USD 360 million, USD 195 million is allocated for 2019. Management commented that the front loading of this capex is in response to the pipeline of projects it is already seeing and to prepare the company for accelerated growth in the coming years.

We note that there is some risk to this incremental capex. It looks as if the capex investments are needed and will be deployed in 2019, while the company is expecting growth to pick up in the following years. If the growth does not come, Sonda could risk incremental cash burn without the growth compensation that is expected to follow.

Also, for the first time in recent company history, Sonda did not present a figure for estimated inorganic expansions. Management was emphatic that inorganic growth should aid organic expansion, and we interpreted the message as meaning the company is prioritizing organic growth in the next three years over inorganic expansions. We note, however, several mentions of inorganic moves outside the LatAm region, and we believe that management could be considering strategic investments in non-LatAm countries going forward.

DCF VALUATION

SECTION 3

Sonda – DCF Valuation (CLP in Millions)

	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
EBIT	49,572	65,747	78,904	95,853	101,192	106,169	113,085	122,806	132,470	141,914	151,825	162,239
Adj. Taxes	-12,258	-17,807	-21,956	-27,475	-29,581	-31,107	-33,164	-36,180	-39,172	-42,089	-45,148	-48,361
NOPLAT	37,314	47,940	56,949	68,378	71,611	75,062	79,920	86,626	93,298	99,825	106,677	113,879
Dep. & Amort.	40,792	43,035	45,167	47,146	48,042	48,632	49,695	50,650	51,210	51,363	51,414	51,352
Inc./(Dec.) in Working Capital	-21,767	-23,846	-11,761	-3,796	2,444	3,801	-953	296	4,199	6,902	6,842	7,314
Capex and acquisitions	-40,990	-124,633	-52,956	-49,493	-50,163	-50,478	-51,370	-52,152	-52,509	-52,414	-52,171	-51,760
Free Cash Flow to the Firm	15,349	-57,504	37,398	62,235	71,933	77,018	77,293	85,419	96,198	105,676	112,763	120,784

Residual Value	1,846,095
Perpetuity Growth Rate (CLP)	2.5%

Fair Value Calculation	2019E	WACC	Chile	Brazil	Mexico	ROLA		CLP
PV of Explicit Cash Flow	501,212	Risk Free Rate	5.3%	8.3%	7.2%	7.5%	Price Appreciation	11.6%
PV of Residual Value	765,209	ERP	4.5%	4.5%	4.5%	4.5%	Div Yield	1.6%
Net Cash/(Debt)	-200,316	Beta	0.97	0.97	0.97	0.97	Total Return	13.2%
Minority Stake	-20,722	Cost of Equity	10%	13%	12%	12%	Annualized	12.5%
Fair Value	1,045,383	Pretax Cost of Debt	7.3%	7.3%	7.3%	7.3%		
		Tax Rate	27%	35%	30%	33%		
Number of Shares (Mn)	871	Cost of Debt	5.3%	4.7%	5.1%	4.9%		
Fair Value		Share of Debt and Capital						
Per Share (CLP)	1,200	MV Debt	28%	28%	28%	28%		
		MV Equity	72%	72%	72%	72%		
		WACC	8%	10%	10%	10%		
		EBITDA contribution 2019	53.8%	20.8%	7.2%	18.2%		
		Combined WACC	9.21%					

Source: Itaú BBA

FINANCIAL ESTIMATES AND COMPANY DATA

SECTION 4

Sonda – Summary of Financial Estimates

Figures in Million of CLP	2017E	2018E	2019E	2020E	2021E	2022E	5-Year CAGR
Net Income Data							
Net Revenues	841,541	800,517	873,394	949,882	1,026,829	1,086,299	5.2%
YoY Change	3.1%	-4.9%	9.1%	8.8%	8.1%	5.8%	
Costs & Expenses (excl. D&A)	-739,632	-710,153	-764,611	-825,811	-883,830	-937,066	4.8%
YoY Change	2.9%	-4.0%	7.7%	8.0%	7.0%	6.0%	
EBITDA	101,909	90,364	108,782	124,071	142,999	149,233	7.9%
EBITDA Mg.	12.1%	11.3%	12.5%	13.1%	13.9%	13.7%	
YoY Change	5.0%	-11.3%	20.4%	14.1%	15.3%	4.4%	
Depreciation and Amortization	-42,400	-40,792	-43,035	-45,167	-47,146	-48,042	2.5%
% of Revenues	5.0%	5.1%	4.9%	4.8%	4.6%	4.4%	
EBIT	59,509	49,572	65,747	78,904	95,853	101,192	11.2%
% of Revenues	7.1%	6.2%	7.5%	8.3%	9.3%	9.3%	
Net Income	64,896	23,192	35,752	43,011	52,332	54,777	-3.3%
YoY Change	145.9%	-64.3%	54.2%	20.3%	21.7%	4.7%	
Earnings per Share (CLP)	74.5	26.6	41.0	49.4	60.1	62.9	
Balance Sheet Data							
Assets	879,160	827,403	987,204	1,048,927	1,130,744	1,182,980	6.1%
Cash and Equivalents	86,433	28,517	76,651	104,727	159,290	190,145	17.1%
Other Current Assets	48,028	49,468	50,953	52,481	54,056	55,677	
Fixed Assets	124,134	124,331	205,930	213,719	216,066	218,187	
Other Non-Current Assets	53,073	54,665	56,305	57,994	59,734	61,526	
Liabilities	389,422	340,123	477,411	517,002	571,585	599,904	9.0%
Current Liabilities	252,899	214,392	217,373	224,655	239,408	254,016	
Non-Current Liabilities	136,523	125,732	260,038	292,347	332,176	345,888	
Debt (Short and Long Term)	172,176	142,250	276,967	308,803	348,757	361,995	16.0%
Equity	489,738	487,280	509,793	531,925	559,159	583,076	
Minority Stake	5,329	6,160	7,535	9,185	11,189	13,305	
Shareholders Equity	484,409	481,119	502,258	522,740	547,970	569,771	3.3%
Cash Flow Data and Leverage Metrics							
Organic capex	24,545	32,021	124,633	52,956	49,493	50,163	15.4%
% of Revenues	3%	4%	14%	6%	5%	5%	
USD	40	49	193	83	78	80	14.8%
Free Cash Flow to the Firm	37,398	62,235	71,933	77,018	77,293	85,419	18.0%
Debt Increase / (Repayment)	6,238	-29,926	134,717	31,837	39,954	13,238	
Free Cash Flow to Equity	37,949	28,593	201,093	102,257	109,329	90,368	18.9%
Dividends	14,833	54,684	14,614	22,528	27,102	32,976	
Payout	23%	236%	41%	52%	52%	60%	
Dividend per Share (CLP)	62.78	16.78	25.86	31.11	37.86	39.62	-8.8%
Net debt / EBITDA Ratio	0.84x	1.26x	1.84x	1.64x	1.32x	1.15x	

Source: Company reports and Itaú BBA estimates

Sonda – Summary of Financial Estimates by Region

	2017E	2018E	2019E	2020E	2021E	2022E	5-Year CAGR
Figures in Local Currency (in Mn)							
Chile							
Revenues	367,446	364,123	388,174	415,812	443,276	463,771	
YoY Change	1.7%	-0.9%	6.6%	7.1%	6.6%	4.6%	4.8%
EBITDA	63,743	54,071	58,550	62,498	66,391	69,214	
Margin	17.3%	14.8%	15.1%	15.0%	15.0%	14.9%	-48bp
YoY Change	5.2%	-15.2%	8.3%	6.7%	6.2%	4.3%	1.7%
Brazil							
Revenues	1,345	1,320	1,482	1,671	1,874	2,034	
YoY Change	-6.3%	-1.8%	12.3%	12.7%	12.2%	8.5%	8.6%
EBITDA	66	74	133	179	232	243	
Margin	4.9%	5.6%	8.9%	10.7%	12.4%	12.0%	141bp
YoY Change	38.3%	11.7%	80.1%	35.4%	29.5%	4.7%	29.8%
Mexico							
Revenues	2,059	1,909	2,133	2,371	2,625	2,822	
YoY Change	-1.2%	-7.3%	11.8%	11.1%	10.7%	7.5%	6.5%
EBITDA	236	167	229	299	346	373	
Margin	11.5%	8.8%	10.8%	12.6%	13.2%	13.2%	35bp
YoY Change	-33.4%	-29.2%	37.3%	30.5%	15.6%	7.7%	9.6%
ROLA							
Revenues	132,953	142,591	159,702	178,866	193,891	205,291	
YoY Change	31.5%	7.2%	12.0%	12.0%	8.4%	5.9%	9.1%
EBITDA	16,976	17,898	19,798	21,897	27,597	28,902	
Margin	12.8%	12.6%	12.4%	12.2%	14.2%	14.1%	26bp
YoY Change	13.7%	13.7%	24.8%	11.5%	10.1%	9.5%	13.8%

Source: Company reports, and Itaú BBA estimates

Macroeconomic Estimates

	2017E	2018E	2019E	2020E	2021E	2022E	5-Year CAGR
Chile							
GDP Growth	1.5%	3.8%	3.5%	4.0%	3.5%	3.5%	3.7%
CPI Variation	2.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Nominal GDP Growth	3.7%	6.9%	6.6%	7.1%	6.6%	6.6%	6.8%
Foreign Exchange (CLP/USD)							
EOY	615	660	645	635	632	630	
YoY Change	-8.1%	7.2%	-2.3%	-1.6%	-0.5%	-0.3%	0.5%
Average	647	636	653	640	634	631	
YoY Change	-3.9%	-1.8%	2.6%	-1.9%	-1.0%	-0.4%	-0.5%
Brazil							
GDP Growth	1.0%	1.3%	2.5%	3.0%	2.9%	2.7%	2.5%
CPI Variation	2.9%	4.2%	4.2%	4.0%	3.8%	3.8%	4.0%
Nominal GDP Growth	4.0%	5.6%	6.8%	7.1%	6.8%	6.6%	6.6%
Foreign Exchange (BRL/USD)							
EOY	3.3	3.8	3.9	3.9	4.0	4.0	
YoY Change	1.8%	13.2%	4.0%	0.0%	2.6%	0.0%	3.8%
Average	3.2	3.6	3.8	3.9	4.0	4.0	
YoY Change	-8.5%	14.1%	5.2%	1.8%	1.4%	1.2%	4.6%
Mexico							
GDP Growth	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
CPI Variation	6.8%	4.4%	3.8%	3.5%	3.3%	3.3%	3.7%
Nominal GDP Growth	8.9%	6.5%	5.9%	5.6%	5.4%	5.4%	5.7%
Foreign Exchange (CLP/USD)							
EOY	19.66	19.30	18.80	18.67	18.53	18.40	
YoY Change	-5.1%	-1.8%	-2.6%	-0.7%	-0.7%	-0.7%	-1.3%
Average	19.10	19.15	19.05	18.73	18.60	18.47	
YoY Change	2.4%	0.3%	-0.5%	-1.7%	-0.7%	-0.7%	-0.7%

Source: Itaú BBA

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Ratings ⁽¹⁾	Definition ⁽²⁾	Coverage ⁽³⁾	Banking Relation ⁽⁴⁾
Outperform	The analyst expects the stock to perform better than market average.	57%	64%
Market Perform	The analyst expects the stock to perform in line with market average.	36%	40%
Underperform	The analyst expects the stock to perform below market average.	7%	8%

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Companies Mentioned	Ticker	Recent Price	Disclosure Items					
			1	2	3	4	5	6
Sonda	SONDA	1057.20						

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Sonda



Source: Itaú BBA

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