



## EARNINGS RELEASE

# 1H17 - 2Q17

*January 01, 2017 – June 30, 2017*

*SONDA S.A. and subsidiaries announce their consolidated financial results for the period from January 01 to June 30, 2017. 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, 2017 (1 US\$ = 664.29 Chilean Pesos).*

## SUMMARY: 1H17 - 2Q17

- CONSOLIDATED REVENUES**

US\$616.7 million

- OPERATING INCOME**

US\$34.4 million

- EBITDA**

US\$65.5 million

- NET INCOME**

US\$17.6 million

- EBITDA MARGIN**

10.6%

- NET MARGIN**

2.8%

## EXECUTIVE SUMMARY

SONDA totaled consolidated revenues of \$409,684 million (US\$616.7 million) in the first half of 2017, 2.4% higher than the same period of 2016. Operating Income was \$22,861 million (US\$34.4 million), decreasing by 37.7% (YoY) and EBITDA registered \$43,494 million (US\$65.5 million), lower by 18.6% (YoY). Net Income attributable to owners totaled \$11,674 million (US\$17.6 million), representing a decrease of 49.0% in comparison to 1H16.

Regional results:

Region	Revenues		EBITDA	
	Ch\$M	ΔY/Y	Ch\$M	ΔY/Y
Chile	177,175	1.1%	29,360	3.9%
Brazil	139,314	-0.4%	3,574	-66.9%
Mexico	33,538	-7.5%	4,063	-37.9%
OPLA	59,657	22.8%	6,496	-17.3%
Total	409,684	2.4%	43,494	-18.6%

Current Liquidity ratio was 1.6x, Financial Leverage ratio was 0.4x and financial expenses coverage ratio was 5.3x, all of them reflect a balanced financial position.

Highlights:

- Operations outside Chile increased their revenues by 3.5% (YoY), totaling \$232,509 million (US\$350.0 million), contributing 56.8% of consolidated revenues, while EBITDA decreased 43.9% compared to 1H16, totaling \$14,133 million (US\$21.3million). Excluding currency translation effects, ex-Chile revenues and EBITDA would have decreased by 1.5% and 43.1%, respectively (YoY).
- Revenues in Brazil amounted \$139,314 million (US\$209.7 million) and EBITDA totaled \$3,574 million (US\$5.4 million) decreasing 0.4% and 66.9% (YoY), respectively. Excluding currency translation effects, revenues and EBITDA would have decreased by 11.0% and 68.7%, respectively. Even though operating results and margins are still way lower than normal, they both have shown a continued improvement compared to 4Q16 and 1Q17.
- Revenues in Mexico totaled \$33,538 million (US\$50.5 million), decreasing 7.5% as compared to 1H16 and EBITDA amounted \$4,063 million (US\$6.1 million) lower by 37.9%. Excluding currency translation effects, revenues and EBITDA would have decreased 2.6% and 33.1%, respectively.
- Revenues in OPLA amounted \$59,657 million (US\$89.8 million), 22.8% higher than in 1H16, while EBITDA totaled \$6,496 million (US\$9.8 million), 17.3% lower than in 1H16. Excluding currency translation effects, revenues would have grown 26.8% and EBITDA would have decreased 16.2%.
- Revenues in Chile grew 1.1% (YoY) totaling \$177,175 million (US\$266.7 million) and EBITDA increased 3.9% (YoY), registering \$29,360 million (US\$44.2 million). Excluding currency translation effects, revenues and EBITDA would have grown 2.5% and 4.1%, respectively.
- Net Income attributable to the owners decreased 49.0% compared to 1H16 including the positive effect of US\$1.3 million over the Income Tax Expense, generated as consequence of CLP appreciation against USD. In 1H16, the positive effect over taxes amounted US\$10.9 million. Taking this apart, Net Income would have decreased 30.8%.
- In the period, new deals closed totaled US\$677.9 million, 36.7% higher than in 1H16 (at each period-end exchange rate). By country, Brazil contributed with 50% of the total deals closed, increasing 141.0% (YoY). IT Services registered the highest growth in terms of deals closed and it represented the largest contribution to deals closed in Brazil. At Consolidated level, the highest growth came from IT Outsourcing Services, which increased 100.6% (YoY).
- Pipeline of new potential businesses amounted US\$3,520.3 million, growing 71.2% compared to 1H16. Brazil contributed with US\$2,025.1 million, showing an increase of 80.5% in comparison to 1H16.

Figure 1 – Consolidated Financial Statement

Consolidated Financial Statements | SONDA S.A.

Millions of Ch\$ (Ch\$M)				
<b>Income Statement</b>	<b>Jun-16</b>	<b>Jun-17</b>	<b>Δ \$</b>	<b>Δ %</b>
Revenues	399,934	409,684	9,750	2.4%
Cost of Sales	-325,553	-345,143	-19,591	6.0%
<b>GROSS PROFIT</b>	<b>74,381</b>	<b>64,540</b>	<b>-9,841</b>	<b>-13.2%</b>
Administration Expenses	-37,691	-41,679	-3,988	10.6%
<b>OPERATING INCOME <sup>(1)</sup></b>	<b>36,690</b>	<b>22,861</b>	<b>-13,829</b>	<b>-37.7%</b>
Depreciation and Amortization	16,763	20,632	3,869	23.1%
<b>EBITDA <sup>(2)</sup></b>	<b>53,453</b>	<b>43,494</b>	<b>-9,959</b>	<b>-18.6%</b>
Other Income	2,947	1,687	-1,259	-42.7%
Other Expenses	-7,535	-6,000	1,535	-20.4%
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>32,101</b>	<b>18,548</b>	<b>-13,553</b>	<b>-42.2%</b>
Financial Income	2,422	3,592	1,169	48.3%
Financial Expenses	-5,368	-8,167	-2,799	52.2%
Share of Profit (Loss) of Associates	141	82	-60	-42.2%
Foreign Exchange Differences	-1,436	2,067	3,503	-243.9%
Income (Loss) for Indexed Assets and Liabilities	-611	-294	316	-51.8%
<b>NET INCOME BEFORE TAXES</b>	<b>27,250</b>	<b>15,827</b>	<b>-11,423</b>	<b>-41.9%</b>
Income Tax Expense	-1,611	-1,825	-214	13.3%
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>25,640</b>	<b>14,002</b>	<b>-11,637</b>	<b>-45.4%</b>
Net Income Attributable to Minority Interest	2,738	2,328	-410	-15.0%
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>22,902</b>	<b>11,674</b>	<b>-11,228</b>	<b>-49.0%</b>
<b>Balance Sheet</b>	<b>Dec-16</b>	<b>Jun-17</b>	<b>Δ \$</b>	<b>Δ %</b>
Cash and Cash Equivalents	64,417	64,892	474	0.7%
Other Current Financial Assets	27,090	28,414	1,324	4.9%
Trade Accounts Receivable and Other Receivables, Net	198,641	201,483	2,842	1.4%
Accounts Receivable from Related Companies	3,045	3,157	112	3.7%
Inventories	40,198	37,906	-2,292	-5.7%
Other Current Assets	50,735	43,588	-7,147	-14.1%
<b>CURRENT ASSETS</b>	<b>384,127</b>	<b>379,440</b>	<b>-4,687</b>	<b>-1.2%</b>
Intangibles Assets and Goodwill	274,756	267,684	-7,072	-2.6%
Property, Plant and Equipment, Net	133,347	131,646	-1,701	-1.3%
Other Non-currents Assets	87,835	101,660	13,826	15.7%
<b>NON-CURRENT ASSETS</b>	<b>495,938</b>	<b>500,991</b>	<b>5,053</b>	<b>1.0%</b>
<b>ASSETS</b>	<b>880,065</b>	<b>880,431</b>	<b>366</b>	<b>0.0%</b>
Other Current Financial Liabilities	83,270	107,725	24,454	29.4%
Other Liabilities	156,363	136,977	-19,386	-12.4%
<b>CURRENT LIABILITIES</b>	<b>239,633</b>	<b>244,702</b>	<b>5,068</b>	<b>2.1%</b>
Other Non-current Financial Liabilities	82,668	91,310	8,643	10.5%
Other Liabilities, Non-Current	47,749	43,557	-4,193	-8.8%
<b>NON-CURRENT LIABILITIES</b>	<b>130,417</b>	<b>134,867</b>	<b>4,450</b>	<b>3.4%</b>
<b>LIABILITIES</b>	<b>370,050</b>	<b>379,568</b>	<b>9,518</b>	<b>2.6%</b>
Minority Interest	8,438	6,808	-1,630	-19.3%
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>501,576</b>	<b>494,054</b>	<b>-7,522</b>	<b>-1.5%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>880,065</b>	<b>880,431</b>	<b>366</b>	<b>0.0%</b>

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS ON 2017 CONSOLIDATED RESULTS

### I. Consolidated Results for the first half of 2017 (1H17)

#### Revenues

Consolidated revenues totaled \$409,684 million (US\$616.7 million) in 1H17, higher by 2.4% than in 1H16 (+\$9,750 million / +US\$14.7 million). Excluding currency translation effects revenues would have increased 0.3% (YoY).

- Revenues from IT Services business increased 4.1% (+\$8,948 million / +US\$13.5 million), registering \$229,431 million (US\$345.4 millions) in 1H17 driven by higher revenues in Chile and Brazil.
- Platforms business revenues increased 3.6% (+\$5,581 million / +US\$8.4 million) totaling \$160,476 million (US\$241.6 million) in 1H17, mainly explained by the increase in OPLA.
- Applications business revenues decreased 19.5% (-\$4,779 million / -US\$7.2 million), totaling \$19,777 million (US\$29.8 million), mainly explained by Brazil.

In the first half of 2017, the revenue breakdown by business was 56.0% IT Services, 39.2% Platforms and 4.8% Applications.

Figure 2 – Consolidated Revenues by Business Line

	Jun-16 Ch\$M	Jun-17 Ch\$M	Δ \$	Δ %
<b>CONSOLIDATED REVENUES BY BUSINESS LINE</b>				
Platforms	154,894	160,476	5,581	3.6%
IT Services	220,484	229,431	8,948	4.1%
Applications	24,556	19,777	-4,779	-19.5%
<b>Total</b>	<b>399,934</b>	<b>409,684</b>	<b>9,750</b>	<b>2.4%</b>
<b>Breakdown</b>				
Platforms	38.7%	39.2%		
IT Services	55.1%	56.0%		
Applications	6.1%	4.8%		
<b>Total</b>	<b>100%</b>	<b>100%</b>		

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

Cost of sales amounted \$345,143 million (US\$519.6 million) in 1H17, representing an increase of 6.0% (YoY).

Administration expenses registered \$41,679 million (US\$62.7 million), increasing 10.6% compared to previous year mainly explained by increases in Chile and Brazil.

Figure 3 – Income Statement

	Jun-16 Ch\$M	Jun-17 Ch\$M	Δ \$	Δ %
<b>SUMMARY OF CONSOLIDATED INCOME STATEMENT</b>				
Revenues	399,934	409,684	9,750	2.4%
Cost of Sales	-325,553	-345,143	-19,591	6.0%
<b>GROSS PROFIT</b>	<b>74,381</b>	<b>64,540</b>	<b>-9,841</b>	<b>-13.2%</b>
Administration Expenses	-37,691	-41,679	-3,988	10.6%
<b>OPERATING INCOME <sup>(1)</sup></b>	<b>36,690</b>	<b>22,861</b>	<b>-13,829</b>	<b>-37.7%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>53,453</b>	<b>43,494</b>	<b>-9,959</b>	<b>-18.6%</b>
<b>NET INCOME ATTRIBUTABLE TO OWNERS</b>	<b>22,902</b>	<b>11,674</b>	<b>-11,228</b>	<b>-49.0%</b>
<b>Financial Ratios</b>				
Gross Margin	18.6%	15.8%		
Operating Margin	9.2%	5.6%		
EBITDA Margin	13.4%	10.6%		
Net Margin	5.7%	2.8%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

### Operating Income and EBITDA

Operating Income amounted \$22,861 million (US\$34.4 million) lower by 37.7% as compared to 1H16. Gross Margin and Operating Margin as a percentage of revenues reached 15.8% and 5.6%, respectively, representing a reduction of 280bp and 360bp in comparison to 1H16. Excluding currency translation effects, Operating Income would have decreased 34.5%.

EBITDA totaled \$43,494 million (US\$65.5 million) in 1H17, representing a decrease of 18.6% (YoY). EBITDA Margin was 10.6%, 280bp lower than in 1H16. Excluding currency translation effects, EBITDA would have decreased by 18.2%.

### Other Comprehensive Income / Losses (Excluding Administration Expenses)

Total Other Comprehensive Income / Losses, excluding Administration Expenses, presented a loss of \$7,034 million (US\$10.6 million) in 1H17; \$2,405 million (US\$3.6 million) lower than the loss registered in 1H16. The latter was a consequence of a positive effect in Foreign Exchange Differences (\$3,503 million / US\$5.3 million), lower Other Expenses (\$1,535 million / \$2.3 million). The previous positive effects were partially offset by an increase in Net Financial Expenses (\$1,630 million / US\$2.5 million).

### Net Income

Net Income attributable to the owners of the Company, amounted \$11,674 million (US\$17.6 million) in 1H17, 49.0% lower than in 1H16, mainly as consequence of a lower Operating Income, considering a positive effect of US\$1.3 million over the Income Tax Expense, generated as consequence of CLP appreciation against USD. In 1H16, the effect was also positive and amounted US\$10.9 million. Taking this apart, Net Income would have decreased 30.8%.

## II. Consolidated Results for the second quarter of 2017 (2Q17)

### Revenues

Consolidated revenues totaled \$204,516 million (US\$307.9 million) in 2Q17, higher by 1.3% than in 2Q16 (+\$2,706 million / +US\$4.1 million). Excluding currency translation effects, revenues would have shown similar levels than in 2Q16.

- Revenues from IT Services business increased 2.3% (+\$2,542 million / +US\$3.8 million), registering \$114,840 million (US\$172.9 millions) in 2Q17, mainly driven by higher revenues in Chile, Colombia and Brazil.
  - 13.6% higher revenues from IT Outsourcing (+\$6,666 million / +US\$10.0 million), reaching \$55,757 million (US\$83.9 million).
  - 10.4% decrease in Professional Services revenues (-\$3,689 million / -US\$5.6 million), to \$31,630 million / US\$47.6 million).
- Platforms business revenues increased 2.2% (+\$1,685 million / +US\$2.5 million), registering \$79,694 million (US\$120.0 millions) in 2Q17 driven by higher revenues in Colombia and Peru.
  - 86.1% increase in revenues from sales of SW platforms (+\$7,038 million / +US\$10.6 million), reaching \$15,213 million (US\$22.9 million).
  - 7.4% decrease in sales of HW platforms (-\$5,012 million / -US\$7.5 million) totalizing \$62,658 million (\$94.3 million).
- Applications business revenues decreased 13.2% (-\$1,522 million / -US\$2.3 million), totaling \$9,982 million (US\$15.0 million), driven by lower sales in Brazil.
  - 23.4% decrease in Support and Development revenues (-\$1,252 million / -US\$1.9 million), to \$4,105 million (US\$6.2 million).

In the second quarter of 2017, the revenue breakdown by business was 56.2% IT Services, 39.0% Platforms and 4.9% Applications.

Figure 4 – Consolidated Revenues by Business Line

	2Q16 Ch\$M	2Q17 Ch\$M	Δ \$	Δ %
<b>CONSOLIDATED REVENUES BY BUSINESS LINE</b>				
Platforms	78,008	79,694	1,685	2.2%
IT Services	112,299	114,840	2,542	2.3%
Applications	11,503	9,982	-1,522	-13.2%
<b>Total</b>	<b>201,810</b>	<b>204,516</b>	<b>2,706</b>	<b>1.3%</b>
<b>Breakdown</b>				
Platforms	38.7%	39.0%		
IT Services	55.7%	56.2%		
Applications	5.7%	4.9%		
<b>Total</b>	<b>100%</b>	<b>100%</b>		

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

Cost of sales amounted \$172,357 million (US\$259.5 million) in 2Q17, showing an increase of 4.1% (YoY).

Administration expenses registered \$20,903 million (US\$31.5 million), increasing 11.5% compared to the same period in 2016, mainly driven by the acquisition of Ativas in 2016.

Figure 5 – Income Statement

	2Q16	2Q17	Δ \$	Δ %
<b>SUMMARY OF CONSOLIDATED INCOME STATEMENT</b>				
Revenues	201,810	204,516	2,706	1.3%
Cost of Sales	-165,570	-172,357	-6,787	4.1%
<b>GROSS PROFIT</b>	<b>36,241</b>	<b>32,159</b>	<b>-4,082</b>	<b>-11.3%</b>
Administration Expenses	-18,742	-20,903	-2,161	11.5%
<b>OPERATING INCOME <sup>(1)</sup></b>	<b>17,498</b>	<b>11,256</b>	<b>-6,243</b>	<b>-35.7%</b>
<b>EBITDA <sup>(2)</sup></b>	<b>26,360</b>	<b>21,756</b>	<b>-4,604</b>	<b>-17.5%</b>
<b>NET INCOME ATTRIBUTABLE TO OWNERS</b>	<b>5,180</b>	<b>2,295</b>	<b>-2,885</b>	<b>-55.7%</b>
<b>Financial Ratios</b>				
Gross Margin	18.0%	15.7%		
Operating Margin	8.7%	5.5%		
EBITDA Margin	13.1%	10.6%		
Net Margin	2.6%	1.1%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

### Operating Income and EBITDA

Operating Income amounted \$11,256 million (US\$16.9 million) lower by 35.7% as compared to 2Q16. Gross Margin and Operating Margin as a percentage of revenues reached 15.7% and 5.5%, respectively, representing a decrease of 230bp and 320bp in comparison to 2Q16. Excluding currency translation effects, Operating Income would have decreased 33.9%.

EBITDA totaled \$21,756 million (US\$32.8 million) in 2Q17, representing a decrease of 17.5% (YoY). EBITDA Margin reached 10.6%, 250bp lower than in 2Q16.

### Other Comprehensive Income / Losses (Excluding Administration Expenses)

Total Other Comprehensive Income / Losses, excluding Administration Expenses, moved from a loss of \$7,839 million (US\$11.8 million) in 2Q16 to a loss of \$8,145 million (US\$12.3 million) in 2Q17. The latter was a consequence of an increase in Financial Expenses (\$2,220 million / US\$ 3.3 million) and lower Other Income (\$1,081 million / US\$1.6 million), partially offset by Foreign Exchange Differences (\$1,340 million / US\$2.0 million) and lower Other Expenses (\$935 million / US\$1.4 million).

In Other Expenses, there is a \$3,403 million (US\$5.1 million) charge in 2Q17 and a \$3,800 million (US\$5.7 million) charge in 2Q16, due to restructuring costs related to business reorganization processes undertaken in Brazil.

### Net Income

Net Income attributable to the owners of the Company, amounted \$2,295 million (US\$3.5 million) in 2Q17, 55.7% compared to 2Q16, mainly because of a lower Operating Income. In 2Q16 a positive effect over taxes (+US\$1.9 million) was registered, because of exchange rate fluctuations (CLP/USD). In 2Q17, the exchange rate effect remained neutral. Taking this exchange rate effect apart, Net Income would have decreased 40.3%.

### III. Regional Results for the first half (1H17) and the second quarter of 2017 (2Q17)

#### Chile

Main changes between 1H17 and 1H16 are described below:

- \$177,175 million (US\$266.7 million) in revenues for 1H17 showing an increase of 1.1% (YoY), mainly explained by higher revenues from IT Services (+8.0). Excluding currency translation effects revenues would have grown 2.5%.
- Operating Income totaled \$22,436 million (US\$33.8 million / +4.0% YoY) and EBITDA totaled \$29,360 million (US\$44.2 million / +3.9% YoY) due to increased revenues and higher margins.
- Operating Margin reached 12.7%, and EBITDA Margin reached 16.6%, 40bp and 50bp higher than in 1H16, respectively.

Figure 6 – Business in Chile  
Jun-16 – Jun-17

	Jun-16 Ch\$M	Jun-17 Ch\$M	Δ \$	Δ %
<b>SUMMARY OF RESULTS CHILE</b>				
REVENUES	175,207	177,175	1,968	1.1%
Platforms	102,941	100,152	-2,789	-2.7%
IT Services	63,639	68,755	5,115	8.0%
Applications	8,627	8,268	-359	-4.2%
Cost of Sales	-135,205	-134,744	461	-0.3%
GROSS PROFIT	40,002	42,431	2,429	6.1%
Administration Expenses	-18,439	-19,995	-1,557	8.4%
OPERATING INCOME <sup>(1)</sup>	21,563	22,436	872	4.0%
<b>EBITDA <sup>(2)</sup></b>	<b>28,266</b>	<b>29,360</b>	<b>1,095</b>	<b>3.9%</b>
Operating Margin	12.3%	12.7%		
EBITDA Margin	16.1%	16.6%		

Main changes between 2Q17 and 2Q16 are described below:

- \$89,640 million (US\$134.9 million) in revenues for 2Q17 showing an increase of 1.8% (YoY), mainly explained by higher revenues from IT Services (+7.9%, YoY) and Applications business (+13.2%). Excluding currency translation effects revenues would have increased 2.4%.
- Operating Income totaled \$10,996 million (US\$16.6 million / +9.3% YoY) and EBITDA totaled \$14,444 million (US\$21.7 million / +7.1% YoY).
- Operating Margin reached 12.3%, and EBITDA Margin reached 16.1%, improving 90bp and 80bp compared to 2Q16, respectively.

Figure 7 – Business in Chile  
2Q16 – 2Q17

	2Q16 Ch\$M	2Q17 Ch\$M	Δ \$	Δ %
<b>SUMMARY OF RESULTS CHILE</b>				
REVENUES	88,053	89,640	1,587	1.8%
Platforms	51,436	49,936	-1,500	-2.9%
IT Services	32,614	35,174	2,560	7.9%
Applications	4,002	4,530	528	13.2%
Cost of Sales	-68,204	-68,382	-178	0.3%
GROSS PROFIT	19,848	21,258	1,410	7.1%
Administration Expenses	-9,787	-10,263	-476	4.9%
OPERATING INCOME <sup>(1)</sup>	10,061	10,996	934	9.3%
<b>EBITDA <sup>(2)</sup></b>	<b>13,484</b>	<b>14,444</b>	<b>960</b>	<b>7.1%</b>
Operating Margin	11.4%	12.3%		
EBITDA Margin	15.3%	16.1%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization



## Brazil

Main changes between 1H17 and 1H16, are described below:

- Revenues amounted \$139,314 million (US\$209.7 million), 0.4% lower than in 1H16. Excluding currency translation effects, revenues decreased 11.0%.
- Operating Income registered a loss of \$6,641 million (-US\$10.0 million / -279.2% YoY) and EBITDA totaled \$3,574 million (US\$5.4 million / -66.9% YoY). Excluding currency translation effects, Operating Income and EBITDA would have decreased 256.8% and 68.7%, respectively (YoY).
- Operating Margin was -4.8% and EBITDA Margin was 2.6%, lower by 740bp and 510bp than in 1H16.

Figure 8 – Business in Brazil  
Jun-16 – Jun-17

	Jun-16 Ch\$M	Jun-17 Ch\$M	Δ \$	Δ %
<b>SUMMARY OF RESULTS BRAZIL</b>				
REVENUES	139,916	139,314	-602	-0.4%
Platforms	19,197	17,987	-1,210	-6.3%
IT Services	107,271	111,994	4,723	4.4%
Applications	13,447	9,333	-4,114	-30.6%
Cost of Sales	-125,190	-132,525	-7,335	5.9%
GROSS PROFIT	14,726	6,789	-7,937	-53.9%
Administration Expenses	-11,021	-13,429	-2,409	21.9%
OPERATING INCOME <sup>(1)</sup>	3,705	-6,641	-10,346	-279.2%
<b>EBITDA <sup>(2)</sup></b>	<b>10,789</b>	<b>3,574</b>	<b>-7,215</b>	<b>-66.9%</b>
Operating Margin	2.6%	-4.8%		
EBITDA Margin	7.7%	2.6%		

Main changes between 2Q17 and 2Q16, are described below:

- Revenues amounted \$65,148 million (US\$98.1 million), 7.8% lower than in 2Q16, mainly explained by lower revenues from Platforms (-43.7%) and Applications business (-29.3%), partially offset by higher revenues from IT Services (+1.9%). Excluding currency translation effects, revenues would have decreased by 14.0%.
- Operating Income registered a loss of \$2,596 million (-US\$3.9 million / -244.0% YoY) while EBITDA showed a gain of \$2,564 million (US\$3.9 / -55.4% YoY). Operating and EBITDA Margin reached -4.0% and 3.9%, respectively.
- Even though operating results and margins are still way lower than normal, they both have shown a continued improvement compared to 4Q16 and 1Q17.
- The latter is a consequence of the action plan executed by management in Brazil during this year, as well as by better economic expectations which in turn have led to an increase in demand from customers and to a higher volume of new deals.

Figure 9 – Business in Brazil  
2Q16 – 2Q17

	2Q16 Ch\$M	2Q17 Ch\$M	Δ \$	Δ %
<b>SUMMARY OF RESULTS BRAZIL</b>				
REVENUES	70,686	65,148	-5,539	-7.8%
Platforms	10,728	6,040	-4,687	-43.7%
IT Services	53,583	54,600	1,016	1.9%
Applications	6,376	4,508	-1,868	-29.3%
Cost of Sales	-64,283	-61,499	2,784	-4.3%
GROSS PROFIT	6,404	3,649	-2,755	-43.0%
Administration Expenses	-4,601	-6,244	-1,643	35.7%
OPERATING INCOME <sup>(1)</sup>	1,802	-2,596	-4,398	-244.0%
<b>EBITDA <sup>(2)</sup></b>	<b>5,749</b>	<b>2,564</b>	<b>-3,185</b>	<b>-55.4%</b>
Operating Margin	2.5%	-4.0%		
EBITDA Margin	8.1%	3.9%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

## Mexico

Main changes between 1H17 and 1H16 are described below:

- Revenues decreased 7.5% compared to 1H16, totaling \$33,538 million (US\$50.5 million) mainly due to lower sales from the Platform business and currency translation effects. Excluding the latter effect, revenues would have decreased only 2.6%.
- Operating Income amounted \$3,140 million (US\$4.7 million) and EBITDA totaled \$4,063 million (US\$6.1 million), representing a decrease of 44.1% and 37.9% (YoY), respectively. Excluding currency translation effects, Operating Income and EBITDA would have decreased 40.1% and 33.1%, respectively (YoY).
- Operating and EBITDA Margin were 9.4% and 12.1%, respectively. Both showed a decreased of 610bp and 600bp compared to 1H16.

Figure 10 – Business in Mexico  
Jun-16 – Jun-17

	Jun-16 Ch\$M	Jun-17 Ch\$M	Δ \$	Δ %
<b>SUMMARY OF RESULTS MEXICO</b>				
REVENUES	36,241	33,538	-2,703	-7.5%
Platforms	18,232	15,926	-2,306	-12.6%
IT Services	18,009	17,612	-397	-2.2%
Applications	0	0	0 -	
Cost of Sales	-27,002	-27,460	-458	1.7%
GROSS PROFIT	9,239	6,077	-3,161	-34.2%
Administration Expenses	-3,618	-2,938	680	-18.8%
OPERATING INCOME <sup>(1)</sup>	5,621	3,140	-2,481	-44.1%
<b>EBITDA <sup>(2)</sup></b>	<b>6,548</b>	<b>4,063</b>	<b>-2,484</b>	<b>-37.9%</b>
Operating Margin	15.5%	9.4%		
EBITDA Margin	18.1%	12.1%		

Main changes between 2Q17 and 2Q16 are described below:

- \$16,342 million in revenues (US\$ 24.6 million) 14.2% lower than in 2Q16. Excluding currency translation effects, revenues would have decreased 12.1%.
- Operating Income amounted \$1,049 million (US\$1.6 million) and EBITDA totaled \$1,528 million (US\$2.3 million), representing a decrease of 65.7% and 56.5% (YoY), respectively. This is mostly explained by a postponement in the revenue recognition of certain contacts and an increase in the share of lower-margin platform businesses.
- Operating and EBITDA Margin reached 6.4% and 9.3%, respectively. Both represented a decreased of 970bp and 910bp compared to 2Q16. These lower-than-normal margins are short-lived as the delayed revenues mentioned above are expected to be recognized in 3Q17

Figure 11 – Business in Mexico  
2Q16 – 2Q17

	2Q16 Ch\$M	2Q17 Ch\$M	Δ \$	Δ %
<b>SUMMARY OF RESULTS MEXICO</b>				
REVENUES	19,040	16,342	-2,698	-14.2%
Platforms	8,687	7,177	-1,509	-17.4%
IT Services	10,354	9,165	-1,189	-11.5%
Applications	0	0	0 -	
Cost of Sales	-14,055	-13,683	373	-2.7%
GROSS PROFIT	4,985	2,659	-2,326	-46.7%
Administration Expenses	-1,927	-1,610	317	-16.4%
OPERATING INCOME <sup>(1)</sup>	3,058	1,049	-2,009	-65.7%
<b>EBITDA <sup>(2)</sup></b>	<b>3,512</b>	<b>1,528</b>	<b>-1,984</b>	<b>-56.5%</b>
Operating Margin	16.1%	6.4%		
EBITDA Margin	18.4%	9.3%		

(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 1H17 and 1H16 are described below:

- Revenues increased 22.8% compared to 1H16, reaching \$59,657 million (US\$89.8 million) mainly due to higher revenues in Colombia and Peru from new contracts begun this year.
- Operating Income amounted \$3,926 million (US\$5.9 million) and EBITDA \$6,496 million (US\$9.8 million) decreasing 32.3% and 17.3% (YoY), respectively. This decrease is mainly explained by a lower performance in Argentina.
- Operating and EBITDA Margin reached 6.6% and 10.9%, respectively. The latter represents a 530bp reduction in both margins.

Figure 12 – Business in OPLA  
Jun-16 – Jun-17

	Jun-16	Jun-17	Δ \$	Δ %
	Ch\$M	Ch\$M		
<b>SUMMARY OF RESULTS OPLA</b>				
REVENUES	48,570	59,657	11,087	22.8%
Platforms	14,524	26,411	11,887	81.8%
IT Services	31,564	31,070	-493	-1.6%
Applications	2,482	2,176	-306	-12.3%
Cost of Sales	-38,155	-50,414	-12,259	32.1%
GROSS PROFIT	10,415	9,243	-1,172	-11.2%
Administration Expenses	-4,614	-5,317	-703	15.2%
OPERATING INCOME <sup>(1)</sup>	5,801	3,926	-1,874	-32.3%
<b>EBITDA <sup>(2)</sup></b>	<b>7,850</b>	<b>6,496</b>	<b>-1,354</b>	<b>-17.3%</b>
Operating Margin	11.9%	6.6%		
EBITDA Margin	16.2%	10.9%		

Main changes between 2Q17 and 2Q16 are described below:

- Revenues increased 38.9%, totaling \$33,386 million (US\$50.3 million). Excluding currency translation effects, revenues would have grown 41.8%.
- Operating Income amounted \$1,807 million (US\$2.7 million) and EBITDA \$3,220 million (US\$4.8 million) decreasing 29.9% and 10.9%, respectively.
- Operating and EBITDA Margin reached 5.4% and 9.6%, respectively. The latter represents a reduction in margins of 530bp and 540bp, respectively. A lower performance in Argentina and a higher volume of Platform businesses in Peru and Colombia explain the decrease in margins.

Figure 13 – Business in OPLA  
Jun-16 – Jun-17

	2Q16	2Q17	Δ \$	Δ %
	Ch\$M	Ch\$M		
<b>SUMMARY OF RESULTS OPLA</b>				
REVENUES	24,031	33,386	9,355	38.9%
Platforms	7,158	16,540	9,382	131.1%
IT Services	15,748	15,902	154	1.0%
Applications	1,125	944	-181	-16.1%
Cost of Sales	-19,027	-28,793	-9,766	51.3%
GROSS PROFIT	5,003	4,593	-411	-8.2%
Administration Expenses	-2,427	-2,786	-359	14.8%
OPERATING INCOME <sup>(1)</sup>	2,577	1,807	-770	-29.9%
<b>EBITDA <sup>(2)</sup></b>	<b>3,615</b>	<b>3,220</b>	<b>-395</b>	<b>-10.9%</b>
Operating Margin	10.7%	5.4%		
EBITDA Margin	15.0%	9.6%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Figure 14 – Regional Summary

Regional Summary	Jun-16 Ch\$M	Jun-17 Ch\$M	Δ \$	Δ %	2Q16 Ch\$M	2Q17 Ch\$M	Δ \$	Δ %
<b>CHILE</b>								
REVENUES	175,207	177,175	1,968	1.1%	88,053	89,640	1,587	1.8%
Platforms	102,941	100,152	-2,789	-2.7%	51,436	49,936	-1,500	-2.9%
IT Services	63,639	68,755	5,115	8.0%	32,614	35,174	2,560	7.9%
Applications	8,627	8,268	-359	-4.2%	4,002	4,530	528	13.2%
Cost of Sales	-135,205	-134,744	461	-0.3%	-68,204	-68,382	-178	0.3%
GROSS PROFIT	40,002	42,431	2,429	6.1%	19,848	21,258	1,410	7.1%
Administration Expenses	-18,439	-19,995	-1,557	8.4%	-9,787	-10,263	-476	4.9%
OPERATING INCOME <sup>(1)</sup>	21,563	22,436	872	4.0%	10,061	10,996	934	9.3%
<b>EBITDA <sup>(2)</sup></b>	<b>28,266</b>	<b>29,360</b>	<b>1,095</b>	<b>3.9%</b>	<b>13,484</b>	<b>14,444</b>	<b>960</b>	<b>7.1%</b>
Operating Margin	12.3%	12.7%			11.4%	12.3%		
EBITDA Margin	16.1%	16.6%			15.3%	16.1%		
<b>BRAZIL</b>								
REVENUES	139,916	139,314	-602	-0.4%	70,686	65,148	-5,539	-7.8%
Platforms	19,197	17,987	-1,210	-6.3%	10,728	6,040	-4,687	-43.7%
IT Services	107,271	111,994	4,723	4.4%	53,583	54,600	1,016	1.9%
Applications	13,447	9,333	-4,114	-30.6%	6,376	4,508	-1,868	-29.3%
Cost of Sales	-125,190	-132,525	-7,335	5.9%	-64,283	-61,499	2,784	-4.3%
GROSS PROFIT	14,726	6,789	-7,937	-53.9%	6,404	3,649	-2,755	-43.0%
Administration Expenses	-11,021	-13,429	-2,409	21.9%	-4,601	-6,244	-1,643	35.7%
OPERATING INCOME <sup>(1)</sup>	3,705	-6,641	-10,346	-279.2%	1,802	-2,596	-4,398	-244.0%
<b>EBITDA <sup>(2)</sup></b>	<b>10,789</b>	<b>3,574</b>	<b>-7,215</b>	<b>-66.9%</b>	<b>5,749</b>	<b>2,564</b>	<b>-3,185</b>	<b>-55.4%</b>
Operating Margin	2.6%	-4.8%			2.5%	-4.0%		
EBITDA Margin	7.7%	2.6%			8.1%	3.9%		
<b>MEXICO</b>								
REVENUES	36,241	33,538	-2,703	-7.5%	19,040	16,342	-2,698	-14.2%
Platforms	18,232	15,926	-2,306	-12.6%	8,687	7,177	-1,509	-17.4%
IT Services	18,009	17,612	-397	-2.2%	10,354	9,165	-1,189	-11.5%
Applications	0	0	0	-	0	0	0	-
Cost of Sales	-27,002	-27,460	-458	1.7%	-14,055	-13,683	373	-2.7%
GROSS PROFIT	9,239	6,077	-3,161	-34.2%	4,985	2,659	-2,326	-46.7%
Administration Expenses	-3,618	-2,938	680	-18.8%	-1,927	-1,610	317	-16.4%
OPERATING INCOME <sup>(1)</sup>	5,621	3,140	-2,481	-44.1%	3,058	1,049	-2,009	-65.7%
<b>EBITDA <sup>(2)</sup></b>	<b>6,548</b>	<b>4,063</b>	<b>-2,484</b>	<b>-37.9%</b>	<b>3,512</b>	<b>1,528</b>	<b>-1,984</b>	<b>-56.5%</b>
Operating Margin	15.5%	9.4%			16.1%	6.4%		
EBITDA Margin	18.1%	12.1%			18.4%	9.3%		
<b>OPLA</b>								
REVENUES	48,570	59,657	11,087	22.8%	24,031	33,386	9,355	38.9%
Platforms	14,524	26,411	11,887	81.8%	7,158	16,540	9,382	131.1%
IT Services	31,564	31,070	-493	-1.6%	15,748	15,902	154	1.0%
Applications	2,482	2,176	-306	-12.3%	1,125	944	-181	-16.1%
Cost of Sales	-38,155	-50,414	-12,259	32.1%	-19,027	-28,793	-9,766	51.3%
GROSS PROFIT	10,415	9,243	-1,172	-11.2%	5,003	4,593	-411	-8.2%
Administration Expenses	-4,614	-5,317	-703	15.2%	-2,427	-2,786	-359	14.8%
OPERATING INCOME <sup>(1)</sup>	5,801	3,926	-1,874	-32.3%	2,577	1,807	-770	-29.9%
<b>EBITDA <sup>(2)</sup></b>	<b>7,850</b>	<b>6,496</b>	<b>-1,354</b>	<b>-17.3%</b>	<b>3,615</b>	<b>3,220</b>	<b>-395</b>	<b>-10.9%</b>
Operating Margin	11.9%	6.6%			10.7%	5.4%		
EBITDA Margin	16.2%	10.9%			15.0%	9.6%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

## ANALYSIS OF CONSOLIDATED BALANCE SHEET

### Assets

As of June 30, 2017, Total Assets amounted \$880,431 million (US\$1,325.4 million) flat compared to December 31, 2016. Main variations are as follows:

Decrease in:

- Current tax assets, current by \$7,626 million (US\$11.5 million), whose balance as of June 30, 2017 was \$28,695 million (US\$43.2 million) mainly in Brazil and Chile.
- Goodwill by \$4,836 million (US\$7.3 million), whose balance as of June 30, 2017 was \$237,937 million (US\$358.2 million), mainly driven by currency exchange fluctuations.

Increase in:

- Non-current Receivable by \$10,915 million (US\$16.4 million) whose balance as of June 30, 2017 was \$35,370 million (US\$53.2 million) driven by a larger volume of Managed Device Services businesses in Peru and Colombia.

### Liabilities

As of June 30, 2017, Total Liabilities totaled \$379,568 million (US\$571.4 million), representing an increase of 2.6% compared to December 31, 2016. Main changes are:

Increase in:

- Other current financial liabilities by \$24,454 million (US\$36.8 million) whose balance as of June 30, 2017 was \$107,725 million (US\$162.2 million) mainly in Brazil and Colombia.

Decrease in:

- Trade and other current account payable by \$12,693 million (US\$19.1 million), whose balance as of June 30, 2017 was \$99,525 million (US\$149.8 million) mainly in Peru and Chile.
- Non-current trade account payable by \$4,444 million (US\$6.7 million), whose balance as of June 30, 2017 was \$9,892 million (US\$14.9 million), mainly due to liabilities related to earnouts which moved from long term to short term.

### Shareholder's Equity

Consolidated Shareholders' Equity Attributable to Owners amounted \$494,054 million (US\$743.7 million) as of June 30, 2017, decreasing 1.5% compared to December 31, 2016 (-\$7,522 million / -US\$11.3 million). The movements in Shareholder's Equity are due to effects in the Reserve of Exchange Difference Translation (-\$8,157 million / -US\$12.3 million) as well as gains in Net Income in the period, net of dividends.

The annualized Return on Equity (ROE) was 4.7%.

Figure 15 – Financial Ratios Summary

Financial Ratios		Jun-16	Jun-17	Δ		
				Jun-17 / Jun-16	Dec-16 Jun-17 / Dec-16	
<b>LIQUIDITY</b>						
<b>Current Ratio</b>	(times)	2.3	1.6	-31.6%	1.6	-3.3%
(Current Assets / Current Liabilities)						
<b>Quick Ratio</b>	(times)	2.0	1.4	-30.4%	1.4	-2.8%
((Current Assets - Inventories) / Current Liabilities)						
<b>Working Capital</b>	(Ch M\$)	196,713	134,739	-31.5%	144,494	-6.8%
(Current Assets - Current Liabilities)						
<b>INDEBTEDNESS</b>						
<b>Leverage</b>	(times)	0.5	0.8	39.9%	0.7	4.4%
((Current Liabilities + Non-current Liabilities) / Equity)						
<b>Financial Leverage</b>	(times)	0.2	0.4	123.4%	0.3	22.1%
((Other Current Financial Liabilities + Other Non-current Financial Liabilities) / Equity)						
<b>Short-Term Debt</b>	(times)	0.6	0.6	14.1%	0.6	-0.4%
(Current Liabilities / Total Liabilities)						
<b>Long-Term Debt</b>	(times)	0.4	0.4	-18.4%	0.4	0.8%
(Non-Current Liabilities / Total Liabilities)						
<b>Financial-Expenses-Coverage Ratio</b>	(times)	10.0	5.3	-46.5%	8.1	-34.2%
(EBITDA / Financial Expenses)						
<b>Financial Debt to EBITDA Ratio</b>	(times)	0.8	2.3	171.0%	1.7	33.6%
((Current Liabilities + Non-current Liabilities) / EBITDA <sup>1,2</sup> )						
<b>Net Financial Debt to EBITDA Ratio</b>	(times)	0.3	1.2	281.0%	0.8	58.3%
((Current Liabilities + Non-current Liabilities - Cash and Cash Equivalents - Other Current Financial Assets) / EBITDA <sup>1,2</sup> )						
<b>PROFITABILITY</b>						
<b>ROE</b>	%	9.6%	4.7%	-490 pb	5.5%	-80 pb
(Net Income attrib.to Owners <sup>2</sup> / Equity attrib.to Owners <sup>3</sup> )						
<b>ROA</b>	%	5.9%	2.7%	-320 pb	3.2%	-50 pb
(Net Income attrib.to Owners <sup>2</sup> / Equity attrib.to Owners <sup>3</sup> )						
<b>Earnings per Share</b>	(Ch\$)	52.6	26.8	-49.0%	30.3	-11.5%
(Net Income attrib.to Owners of Comp. / Total Shares <sup>4</sup> )						
<b>Dividend Yield</b>	%	2.0%	1.4%	-60 pb	2.2%	-80 pb
(Dividends Paid <sup>5</sup> / Closing Market Stock Price)						

1 EBITDA = Operating Income + Depreciation and Amortization

2 Annual Base

3 Calculated as an average:

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

- Jun-16: average between Jun-16 and Dec-15

4 Numbers of shares considered:

- Jun-17 = 871.057.175

- Jun-16 = 871.057.175

5 Last 12 months

## Statements of Cash Flow

Cash and Cash Equivalents totaled \$64,892 million (US\$97.7 million) as of June 30, 2017, compared to \$53,664 million (US\$80.8 million) as of June 30, 2016.

Net Cash Flow from Operating Activities totaled \$14,788 million in 1H17 (US\$22.3 million), decreasing 16.7% compared to 1H16.

Cash Flow used in Investing Activities totaled \$36,369 million (US\$54.7 million), increasing the use of funds by \$23,827 million (US\$35.9 million).

Capital Expenditures (CAPEX) amounted \$29,645 million (US\$44.6 million) in 1H17, and includes: \$20,625 million (US\$31.0 million) invested in the purchase of fixed assets for internal use and for projects with customers; \$6,949 million (US\$10.5 million) for permanent investments and intangibles for \$2,071 million (US\$3.1 million).

Net Cash Flow from Financing Activities totaled \$22,815 million (US\$34.3 million) in 1H17, compared to \$18,637 million (\$28.1 million) used in 1H16.

Figure 16 – Statements of Cash Flow

	Jun-16 Ch\$M	Jun-17 Ch\$M	Δ \$	Δ %
<b>Statements of Cash Flow</b>				
Net Cash Flows from (used in) Operating Activities	17,747	14,788	(2,959)	-16.7%
Net Cash Flows from (used in) Investing Activities	(12,542)	(36,369)	(23,827)	190.0%
Net Cash Flows from (used in) Financing Activities	(18,637)	22,815	41,452	-222.4%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATES	(13,433)	1,234	14,667	-109.2%
Effect of Exchange Rate changes on Cash and Cash Equivalents	(1,296)	(759)	536	-41.4%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,729)	474	15,203	-103.2%
Cash and Cash Equivalents at beginning of period	68,392	64,417	(3,975)	-5.8%
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>53,664</b>	<b>64,892</b>	<b>11,228</b>	<b>20.9%</b>