

2016



EARNINGS RELEASE

9M16 - 3Q16

January 01, 2016 –September 30, 2016

SONDA S.A. and subsidiaries announce their consolidated financial results for the period from January 01 to September 30, 2016. 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 September 30, 2016 (1 US\$ = 658.02 Chilean Pesos).

SUMMARY: 9M16 - 3Q16

- CONSOLIDATED REVENUES**

US\$921.8 million

- OPERATING INCOME**

US\$87.4 million

- EBITDA**

US\$125.2 million

- NET INCOME**

US\$51.1 million

- EBITDA MARGIN**

13.6%

- NET MARGIN**

5.5%

EXECUTIVE SUMMARY

SONDA had consolidated revenues of \$606,592 million (US\$921.8 million) for 9M16, 6.4% lower than the same period in the previous year. Operating income was \$57,497 million (US\$87.4 million), decreasing by 14.4% (YoY) and EBITDA was \$82,368 million (US\$125.2 million), lower by 10.6% (YoY). Net income attributable to owners totaled \$33,593 million (US\$51.1 million), 17.8% higher than in 9M15.

Regional results:

Region	Revenues		EBITDA	
	Ch\$M	ΔY/Y	Ch\$M	ΔY/Y
Chile	265.992	5,0%	44.524	5,7%
Brazil	212.789	-18,4%	17.307	-38,4%
Mexico	54.988	2,0%	8.919	-7,5%
OPLA	72.823	-8,6%	11.619	-5,3%
Total	606.592	-6,4%	82.368	-10,6%

ROE for Sep-16 was 9.4%. Current liquidity ratio was 2.2x, financial leverage ratio was 0.2x and financial expenses coverage ratio was 10.0x, all of them reflect a healthy financial position.

Highlights:

- The depreciation of the Brazilian Real, Argentinean Peso, Mexican Peso and Colombian Peso against Chilean Peso had a negative effect on the translation of foreign subsidiaries income statements to reporting currency (Chilean Peso). Indeed, excluding this effect, consolidated revenues for 9M16 could have reached US\$954.8 million decreasing by 3.0% YoY, while EBITDA would have reached US\$127.8 million, lower by 8.7% than in 9M15.
- Operations outside Chile decreased their revenue by 13.6% (YoY), totaling \$340,599 million (US\$517.6 million), contributing 56.1% of consolidated revenues, while EBITDA decreased by 24.3% compared with 9M15, reaching \$37,844 million (US\$57.5million). Without the currency translation effect, consolidated revenues and EBITDA would have decreased by 6.8% and 20.4%, respectively.
- Revenues in Brazil reached \$212,789 million (US\$323.4 million) and EBITDA totaled \$17,307 million (US\$26.3 million), lower by 18.4% and 38.4% (YoY), respectively. Without the currency translation effect, revenues and EBITDA would have decreased by 13.0% and 35.7%, respectively.
- Revenues in Mexico reached \$54,988 million (US\$83.6 million) growing by 2.0% (YoY) and EBITDA totaled \$8,919 million (US\$13.6 million) decreasing by 7.5%. Without the currency translation effect, revenues and EBITDA would have increased by 11.3% and 0.6%, respectively.
- Revenues in OPLA reached \$72,823 million (US\$110.7 million) 8.6% lower than in 9M15, while EBITDA totaled \$11,619 million (US\$17.7 million), 5.3% lower than in 9M15. Without the currency translation effect, revenues would have grown by 1.2% and EBITDA would have decrease by 2.1%.
- Revenues in Chile grew by 5.0% (YoY) totaling \$265,992 million (US\$404.2 million) and EBITDA increased by 5.7% (YoY), reaching \$44,524 million (US\$67.7 million).
- Net income attributable to the owners was 17.8% higher than in 9M15, mainly due to lower taxes accrued in the current period as consequence of the effect of Chilean Peso appreciation against US Dollar in foreign investments valuation.
- New deals closed during 9M16 reached US\$727.8 million, 18.1% lower than in 9M15 (at each period-end exchange rate). Without currency translation effects, new deals volume decrease by 14.2%.

Figure 1 – Consolidated Financial Statement

Consolidated Financial Statements | SONDA S.A.

Millions of Ch\$ (Ch\$M)	Sep-15	Sep-16	Δ \$	Δ %
Income Statement				
Revenues	647,840	606,592	-41,248	-6.4%
Cost of Sales	-522,659	-491,510	31,149	-6.0%
GROSS PROFIT	125,181	115,082	-10,099	-8.1%
Administration Expenses	-57,979	-57,585	395	-0.7%
OPERATING INCOME ⁽¹⁾	67,202	57,497	-9,704	-14.4%
Depreciation and Amortization	24,912	24,871	-41	-0.2%
EBITDA ⁽²⁾	92,114	82,368	-9,746	-10.6%
Other Income	3,578	4,199	621	17.4%
Other Expenses	-6,450	-11,672	-5,222	81.0%
PROFIT (LOSS) FROM OPERATING ACTIVITIES	64,330	50,024	-14,306	-22.2%
Financial Income	3,627	3,523	-104	-2.9%
Financial Expenses	-6,469	-8,203	-1,734	26.8%
Share of Profit (Loss) of Associates	11	47	36	324.9%
Foreign Exchange Differences	-68	-1,418	-1,350	1997.4%
Income (Loss) for Indexed Assets and Liabilities	-194	-695	-501	258.2%
NET INCOME BEFORE TAXES	61,237	43,279	-17,958	-29.3%
Income Tax Expense	-29,580	-5,481	24,099	-81.5%
NET INCOME FROM CONTINUING OPERATIONS	31,657	37,798	6,141	19.4%
Net Income Attributable to Minority Interest	3,138	4,205	1,067	34.0%
NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	28,519	33,593	5,074	17.8%
Balance Sheet				
Cash and Cash Equivalents	68,392	60,495	-7,897	-11.5%
Other Current Financial Assets	1,720	2,701	980	57.0%
Trade Accounts Receivable and Other Receivables, Net	231,689	195,950	-35,739	-15.4%
Accounts Receivable from Related Companies	3,665	4,655	990	27.0%
Inventories	42,481	32,309	-10,172	-23.9%
Other Current Assets	34,190	52,965	18,775	54.9%
CURRENT ASSETS	382,137	349,075	-33,062	-8.7%
Intangibles Assets and Goodwill	245,684	264,035	18,352	7.5%
Property, Plant and Equipment, Net	95,433	94,227	-1,206	-1.3%
Other Non-currents Assets	59,532	75,378	15,846	26.6%
NON-CURRENT ASSETS	400,649	433,641	32,992	8.2%
ASSETS	782,786	782,715	-70	0.0%
Other Current Financial Liabilities	13,308	11,702	-1,606	-12.1%
Other Liabilities	186,062	145,356	-40,706	-21.9%
CURRENT LIABILITIES	199,370	157,058	-42,312	-21.2%
Other Non-current Financial Liabilities	78,641	78,426	-216	-0.3%
Other Liabilities, Non-Current	38,917	39,016	99	0.3%
NON-CURRENT LIABILITIES	117,558	117,441	-117	-0.1%
LIABILITIES	316,928	274,499	-42,429	-13.4%
Minority Interest	6,839	9,268	2,429	35.5%
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	459,018	498,948	39,930	8.7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	782,786	782,715	-70	0.0%

⁽¹⁾ Operating Income = Gross Profit – Administration Expenses

⁽²⁾ EBITDA = Operating Income + Depreciation and Amortization

MANAGEMENT DISCUSSION AND ANALYSIS ON 9M16 CONSOLIDATED RESULTS

I. Consolidated Results for 9M16

Revenues

Consolidated revenues totaled \$606,592 million (US\$921.8 million) for 9M16, 6.4% (\$41,248 million / \$62.7 million) lower than in 9M15. Without currency translation effects revenues would have decreased by 3.0% (YoY).

Main variations in the period were the following:

- 6.8% decrease (\$24,761 million / US\$37.6 million) in revenues from the IT Services business, totaling \$337,638 million (US\$513.1 million) in 9M16, mainly in Brazil and due to the negative effect of currency translation from Brazilian Reais to Chilean Pesos. Without this effect, revenues coming from IT Services business would have decreased by 1.7%.
- 15.3% decrease (\$6,619 million / US\$10.1 million) in revenue from the Application business, reaching \$36,520 million (US\$55.5 million) in 9M16, coming from Brazil and to the negative effect of currency translation from Brazilian Reais to Chilean Pesos. Without the latter effect, revenues coming from Application business would have decreased by 11.5%.
- 4.1% decrease (\$9,867 million / US\$15.0 million) in revenue from the Platform business, reaching \$232,434 million (US\$353.2 million) for 9M16, mainly coming from Brazil and partially offset by Chile.

Revenue breakdown by business line for 9M16 is the following: IT Services contributed 55.7% of total revenues, Platforms contributed 38.3% and Applications contributed with the remaining 6.0%.

Figure 2 – Consolidated Revenues by Business Line

	Sep-15 Ch\$M	Sep-16 Ch\$M	Δ \$	Δ %
CONSOLIDATED REVENUES BY BUSINESS LINE				
Platforms	242,301	232,434	-9,867	-4.1%
IT Services	362,399	337,638	-24,761	-6.8%
Applications	43,139	36,520	-6,619	-15.3%
Total	647,840	606,592	-41,248	-6.4%
Breakdown				
Platforms	37.4%	38.3%		
IT Services	55.9%	55.7%		
Applications	6.7%	6.0%		
Total	100%	100%		

Cost of Sales and Selling, General and Administrative Expenses

Consolidated cost of sales totaled \$491,510 million (US\$747.0 million) in 9M16, showing a decrease of 6.0% (YoY).

Administration expenses were \$57,585 million (US\$87.5 million) for 9M16, 0.7% less than in 9M15.

Figure 3 – Income Statement

	Sep-15 Ch\$M	Sep-16 Ch\$M	Δ \$	Δ %
SUMMARY OF CONSOLIDATED INCOME STATEMENT				
Revenues	647,840	606,592	-41,248	-6.4%
Cost of Sales	-522,659	-491,510	31,149	-6.0%
GROSS PROFIT	125,181	115,082	-10,099	-8.1%
Administration Expenses	-57,979	-57,585	395	-0.7%
OPERATING INCOME ⁽¹⁾	67,202	57,497	-9,704	-14.4%
EBITDA ⁽²⁾	92,114	82,368	-9,746	-10.6%
NET INCOME ATTRIBUTABLE TO OWNERS	28,519	33,593	5,074	17.8%
Financial Ratios				
Gross Margin	19.3%	19.0%		
Operating Margin	10.4%	9.5%		
EBITDA Margin	14.2%	13.6%		
Net Margin	4.4%	5.5%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Operating Income and EBITDA

Operating income reached \$57,497 million (US\$87.4 million), lower by 14.4% with regards to 9M15. Gross Margin as a percentage of revenue came to 19.0% and the operating margin to 9.5%, lower by 30bp and 90bp than those reported in 9M15, respectively. Without currency translation effects, Operating Income would have fallen by 13.1%.

EBITDA totaled \$82,368 million (US\$125.2 million) for 9M16, a decrease of 10.6% compared to 9M15. EBITDA margin reached 13.6%, 60bp lower than in 9M15. Without currency translation effect, EBITDA would have decreased by 8.7%.

Other Comprehensive Income (Excluding Administration Expenses)

Total other comprehensive income, excluding administration expenses, reached a loss of \$14,219 million (US\$21.6 million) in 9M16, US\$8,254 million (US\$12.5 million) higher than the loss reported in 9M15, mainly as a consequence of: increased Other Expenses (\$5,222 million / US\$7.9 million); increase in Financial Expenses (\$1,734 million / US\$2.6 million) and a negative effects from Foreign Exchange Differences (\$1,350 million / US\$2.1 million).

In Other Expenses are included: \$4,827 million (US\$7.3 million) in 9M16, as well a \$4,042 million (US\$6.1 million) charge in 9M15, both due to restructuring costs related to business integration processes undertaken in Brazil in 2015 and 2016. Additionally, includes non-recurrent expenses by \$5,324 million (US\$8.1 million) associated to civil lawsuit, labor litigation and legal fees.

Net Income

Net income attributable to the owners of the company, totaled \$33,593 million (US\$51.1 million) in 9M16, reflecting an increase of 17.8% (YoY), mainly due to lower taxes accrued in the current period as a consequence of CLP / USD exchange rate decrease, which in 9M15 generated additional taxes by US\$19.5 million, while in 9M16 had an opposite effect by US\$11.8 million. Taking this effect apart, net income decreases by 39.5% (YoY).

II. Consolidated Results for the Third Quarter of 2016 (3Q16)

Revenues

Consolidated revenues reached \$206,658 million (US\$314.1 million) in 3Q16, lower by 5.5% than in 3Q15. Without currency translation effects revenues would have decreased by 3.9%.

- Revenues from IT services business decreased by 1.1%, totaling \$117,154 million (US\$178.0 million) which, without currency translation effect, revenues would have shown a decrease of 0.4%. In Chilean Pesos, the change is mainly due to:
 - 15.4% decrease in End-user support revenues (-\$4,839 million / -US\$7.4 million), to \$26,678 million (US\$40.5 million).
 Partially offset by:
 - 7.4% higher revenues from IT Outsourcing revenues (+\$3,791 million / +US\$5.8 million), reaching \$55,293 million (US\$84.0 million).
- Applications business total revenues went down by 12.1% YoY (-\$1,652 million / -US\$2.5 million), totalizing \$11,964 million (US\$18.2 million). In Chilean Pesos, the change is mainly due to:
 - 20.3% decrease in development and maintenance (-\$1,200 million / -US\$1.8 million), to \$4,726 million (US\$7.2 million).
- Platforms business revenues decreased by 10.6% YoY (-\$9,159 million / -US\$13.9 million) reaching \$77,540 million (US\$117.8 million). In Chilean Pesos, the change is mainly due to:
 - 8.0% lower sales of HW platforms (-\$6,100 million / -US\$9.3 million), to \$69,966 million (US\$106.3 million) mainly in Chile.
 - 39.6% lower sales of SW platforms (-\$3,758 million / -US\$5.7 million), to \$5,728 million (US\$8.7 million).

In terms of revenue breakdown by business line, IT services contributed with 56.7% of consolidated revenues during the third quarter of 2016, while applications and platforms business lines represented 5.8% and 37.5%, respectively.

Figure 4 – Consolidated Revenues by Business Line

	3Q15 Ch\$M	3Q16 Ch\$M	Δ \$	Δ %
CONSOLIDATED REVENUES BY BUSINESS LINE				
Platforms	86,698	77,540	-9,159	-10.6%
IT Services	118,469	117,154	-1,315	-1.1%
Applications	13,616	11,964	-1,652	-12.1%
Total	218,784	206,658	-12,126	-5.5%
Breakdown				
Platforms	39.6%	37.5%		
IT Services	54.2%	56.7%		
Applications	6.2%	5.8%		
Total	100%	100%		

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales amounted \$165,957 million (US\$252.2 million) for 3Q16, down 4.6% YoY, mainly due to lower costs in Brazil.

Administration expenses totaled \$19,893 million (US\$30.2 million), decreasing by 0.8% YoY.

Figure 5 – Income Statement

	3Q15	3Q16	Δ \$	Δ %
SUMMARY OF CONSOLIDATED INCOME STATEMENT				
Revenues	218.784	206.658	-12.126	-5,5%
Cost of Sales	-173.878	-165.957	7.921	-4,6%
GROSS PROFIT	44.906	40.701	-4.205	-9,4%
Administration Expenses	-20.045	-19.893	151	-0,8%
OPERATING INCOME ⁽¹⁾	24.861	20.807	-4.054	-16,3%
EBITDA ⁽²⁾	33.185	28.915	-4.270	-12,9%
NET INCOME ATTRIBUTABLE TO OWNERS	7.781	10.691	2.910	37,4%
Financial Ratios				
Gross Margin	20,5%	19,7%		
Operating Margin	11,4%	10,1%		
EBITDA Margin	15,2%	14,0%		
Net Margin	3,6%	5,2%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Operating Income and EBITDA

Operating income reached \$20,807 million (US\$31.6 million / -16.3% YoY). Gross margin as a percentage of revenues reached 19.7%, while operating margin was 10.1%, 80bp and 130bp lower than in 3Q15, respectively.

EBITDA amounted to \$28,915 million (US\$43.9 million / -12.9% YoY) for 3Q16 and EBITDA margin reached 14.0%, 120bp lower than in 3Q15.

Other Comprehensive Income (Excluding Administration Expenses)

Total other comprehensive income, excluding administration expenses, moved from a loss of \$2,393 million (US\$3.6 million) in 3Q15 to a loss of \$4,779 million (US\$7.3 million) in 3Q16. The higher loss was mainly due to an increase in Other Expenses (\$1,999 million / US\$3.0 million).

In Other Expenses there are non-recurrent expenses by \$2,798 million (US\$4.3 million) associated to civil lawsuit, labor litigation and legal fees.

Net Income

Net income attributable to the owners of the Company, amounted \$10,691 million (US\$16.2 million) in 3Q16, 37.4% higher than in 3Q15, mainly due to lower taxes accrued in the current period as a consequence of CLP / USD exchange rate decrease, which in 3Q15 generated additional taxes by US\$12.6 million, while in 3Q16 had an opposite effect by US\$0.8 million. Taking this apart, net income decreases by 36.6% (YoY).

III. Regional Results for the first nine months of 2016 (9M16) and the third quarter of 2016 (3Q16)

Chile

Main changes in Chile between 9M16 and 9M15 are described below:

- Revenue reached \$265,992 million (US\$404.2 million), increasing by 5.0% (YoY) mainly due to higher revenues from Platforms (+5.3%) coming from the retail business, IT Services (+3.3%) and from Applications (+14.3%).
- Operating Income was \$34,421 million (US\$52.3 million / +2.4% YoY) and EBITDA was \$44,524 million (US\$67.7 million / +5.7% YoY), mainly due to a higher volume of revenues.
- Operating Margin reached 12.9%, and EBITDA Margin reached 16.7%, 40bp lower and 10bp higher than in 9M15, respectively.

Figure 6 – Business in Chile
Sep-15 – Sep-16

	Sep-15 Ch\$M	Sep-16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS CHILE				
REVENUES	253,410	265,992	12,582	5.0%
Platforms	146,608	154,390	7,783	5.3%
IT Services	95,455	98,633	3,178	3.3%
Applications	11,348	12,969	1,621	14.3%
Cost of Sales	-195,137	-203,818	-8,681	4.4%
GROSS PROFIT	58,274	62,174	3,901	6.7%
Administration Expenses	-24,668	-27,753	-3,086	12.5%
OPERATING INCOME ⁽¹⁾	33,606	34,421	815	2.4%
EBITDA ⁽²⁾	42,121	44,524	2,403	5.7%
Operating Margin	13.3%	12.9%		
EBITDA Margin	16.6%	16.7%		

Main changes in Chile between 3Q16 and 3Q15 are described below:

- \$90,785 million (US\$138.0 million / +1.3% YoY) in revenues for 3Q16. The increase was driven mainly by higher revenues from IT Services (+7.1% YoY) and Applications (+14.6% YoY).
- Operating income of \$12,857 million (US\$19.5 million) and EBITDA totaled \$16,258 million (US\$24.7 million), increasing by 4.4% and 6.0% (YoY), respectively.

Figure 7 – Business in Chile
3Q15 – 3Q16

	3Q15 Ch\$M	3Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS CHILE				
REVENUES	89,613	90,785	1,172	1.3%
Platforms	53,156	51,449	-1,706	-3.2%
IT Services	32,668	34,994	2,326	7.1%
Applications	3,790	4,342	553	14.6%
Cost of Sales	-68,627	-68,613	14	0.0%
GROSS PROFIT	20,986	22,172	1,186	5.7%
Administration Expenses	-8,669	-9,315	-646	7.4%
OPERATING INCOME ⁽¹⁾	12,317	12,857	541	4.4%
EBITDA ⁽²⁾	15,339	16,258	919	6.0%
Operating Margin	13.7%	14.2%		
EBITDA Margin	17.1%	17.9%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Brazil

Main changes in Brazil between 9M16 and 9M15, are described below:

- Revenue reached \$212,789 million (US\$323.4 million), 18.4% lower than in 9M15. Without currency translation effects, revenues would have decreased by 13.0% (YoY). Lower revenues come mainly from both IT Services and Platforms businesses.
- Operating Income reached \$6,891 million (US\$10.5 million / -56.4% YoY) and EBITDA was \$17,307 million (US\$26.3 million / -38.4% YoY). Without currency translation effects, Operating Income and EBITDA would have decreased by 56.2% and 35.7%, respectively.
- Operating margin was 3.2% and EBITDA margin was 8.1%, 290bp and 270bp lower than in 9M15, respectively. The decrease is partially explained by the increase in the payroll tax (MP540 – MP669) from 2.0% to 4.5%, and the salary increase agreed between unions and the IT Companies in the state of Sao Paulo starting in January 2016. Both effects drive a 385bp decrease in the 9M16 EBITDA Margin.

Figure 8 – Business in Brazil
Sep-15 – Sep-16

	Sep-15 Ch\$M	Sep-16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS BRAZIL				
REVENUES	260,890	212,789	-48,101	-18.4%
Platforms	43,105	27,144	-15,961	-37.0%
IT Services	191,058	165,474	-25,584	-13.4%
Applications	26,727	20,171	-6,556	-24.5%
Cost of Sales	-224,143	-188,027	36,115	-16.1%
GROSS PROFIT	36,747	24,761	-11,986	-32.6%
Administration Expenses	-20,924	-17,870	3,054	-14.6%
OPERATING INCOME ⁽¹⁾	15,823	6,891	-8,932	-56.4%
EBITDA ⁽²⁾	28,083	17,307	-10,777	-38.4%
Operating Margin	6.1%	3.2%		
EBITDA Margin	10.8%	8.1%		

Main changes in Brazil between 3Q16 and 3Q15, are described below:

- Revenues reached \$72,873 million (US\$110.7 million), decreasing 9.1% YoY. Without currency translation effects, revenues would have reached US\$ 104.3 million (-14.4% YoY).
- Operating income reached \$3,186 million (US\$4.8 million) and EBITDA totaled \$6,518 million (US\$9.9 million) decreasing by 41.6% and 29.5%, respectively.
- Operating margin reached 4.4%, 240bp lower than in 3Q15, while EBITDA margin reached 8.9%, 260bp below than in 3Q15. The decrease is explained by the increase in the payroll tax (MP540 – MP669) and the salary increase agreed between unions and the IT Companies. Both effects drive a 470bp decrease in the 3Q16 EBITDA Margin.

Figure 9 – Business in Brazil
3Q15 – 3Q16

	3Q15 Ch\$M	3Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS BRAZIL				
REVENUES	80,173	72,873	-7,300	-9.1%
Platforms	12,861	7,947	-4,915	-38.2%
IT Services	59,657	58,202	-1,454	-2.4%
Applications	7,655	6,724	-931	-12.2%
Cost of Sales	-67,869	-62,837	5,032	-7.4%
GROSS PROFIT	12,303	10,036	-2,268	-18.4%
Administration Expenses	-6,848	-6,850	-2	0.0%
OPERATING INCOME ⁽¹⁾	5,456	3,186	-2,270	-41.6%
EBITDA ⁽²⁾	9,249	6,518	-2,731	-29.5%
Operating Margin	6.8%	4.4%		
EBITDA Margin	11.5%	8.9%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Mexico

Main changes in Mexico between 9M16 and 9M15 are described below:

- Revenue grew by 2.0% (YoY), totaling \$54,988 million (US\$83.6 million) with increases in IT Services and Platforms. Without currency translation effect, revenues would have grown by 11.3%.
- Operating Income reached \$7,564 million (US\$11.5 million) and EBITDA reached \$8,919 million (US\$13.6 million), showing a decrease of 9.9% and 7.5% (YoY), respectively. Without currency translation effect, Operating Income would have decrease by 2.1% and EBITDA would have grown by 0.6%.
- Operating margin reached 13.8% and EBITDA margin reached 16.2%, both lower by 180bp and 170bp than in 9M15, respectively.

Figure 10 – Business in Mexico
Sep-15 – Sep-16

	Sep-15 Ch\$M	Sep-16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS MEXICO				
REVENUES	53,900	54,988	1,088	2.0%
Platforms	27,989	28,301	311	1.1%
IT Services	25,911	26,687	776	3.0%
Applications	0	0	0 -	
Cost of Sales	-40,400	-42,184	-1,784	4.4%
GROSS PROFIT	13,500	12,804	-696	-5.2%
Administration Expenses	-5,100	-5,240	-140	2.7%
OPERATING INCOME ⁽¹⁾	8,400	7,564	-836	-9.9%
EBITDA ⁽²⁾	9,645	8,919	-727	-7.5%
Operating Margin	15.6%	13.8%		
EBITDA Margin	17.9%	16.2%		

Main changes in Mexico between 3Q16 and 3Q15 are described below:

- Revenues for \$18,747 million (US\$28.5 million), a 9.5% (YoY) decrease, mostly as a result of lower revenues from Platforms business (-14.0% YoY) and IT Services business (-3.8% YoY). Without currency translation effects, revenues would have grown by 4.7%.
- Operating income reached \$1,944 million (US\$3.0 million), 43.3% lower than in 3Q15, and EBITDA decreased by 39.9% YoY, to \$2,371 million (US\$3.6 million).
- Operating margin was 10.4%, while EBITDA margin reached 12.6%.

Figure 11 – Business in Mexico
3Q15 – 3Q16

	3Q15 Ch\$M	3Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS MEXICO				
REVENUES	20,723	18,747	-1,976	-9.5%
Platforms	11,705	10,068	-1,637	-14.0%
IT Services	9,018	8,678	-339	-3.8%
Applications	0	0	0	-
Cost of Sales	-15,299	-15,182	118	-0.8%
GROSS PROFIT	5,424	3,565	-1,859	-34.3%
Administration Expenses	-1,998	-1,621	377	-18.8%
OPERATING INCOME ⁽¹⁾	3,426	1,944	-1,482	-43.3%
EBITDA ⁽²⁾	3,944	2,371	-1,573	-39.9%
Operating Margin	16.5%	10.4%		
EBITDA Margin	19.0%	12.6%		

(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 9M16 and 9M15 are described below:

- Revenues are lower by 8.6% than in 9M15, reaching \$72,823 million (US\$110.7 million). Without currency translation effects, revenues would have grown by 1.2% (YoY).
- Operating Income reached \$8,621 million (US\$13.1 million) and EBITDA was \$11,619 million (US\$17.7 million), decreasing by 8.0% and 5.3%, respectively. Without currency translation effects, Operating Income and EBITDA would have decreased by 3.9% and 2.1% (YoY), respectively.
- Operating margin was 11.8% and EBITDA Margin 16.0%, 60bp higher than in 9M15.

Figure 12 – Business in OPLA
Sep-15 – Sep-16

	Sep-15 Ch\$M	Sep-16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS OPLA				
REVENUES	79,639	72,823	-6,817	-8.6%
Platforms	24,600	22,599	-2,000	-8.1%
IT Services	49,976	46,844	-3,132	-6.3%
Applications	5,064	3,380	-1,685	-33.3%
Cost of Sales	-62,979	-57,480	5,499	-8.7%
GROSS PROFIT	16,660	15,343	-1,318	-7.9%
Administration Expenses	-7,288	-6,722	566	-7.8%
OPERATING INCOME ⁽¹⁾	9,373	8,621	-752	-8.0%
EBITDA ⁽²⁾	12,264	11,619	-645	-5.3%
Operating Margin	11.8%	11.8%		
EBITDA Margin	15.4%	16.0%		

Main changes in OPLA between 3Q16 and 3Q15 are described below:

- 14.2% decrease in revenues, to \$24,253 million (US\$36.9 million), explained by a decrease in all business lines: IT Services revenues for -\$1,847 (-US\$2.8 million / -10.8%), Application business for -\$1,274 million (-US\$1.9 million / -58.7%) and Platform business for -\$901 million (-\$US1.4 million / -10.0%). Without currency translation effects, revenues would have increased by 0.2%.
- Operating income by \$2,820 million (US\$4.3 million / -23.0%) and EBITDA of \$3,769 million (US\$5.7 million / -19.0%).
- Operating margin reached 11.6%, while EBITDA margin reached 15.5%.

Figure 13 – Business in OPLA
3Q15 – 3Q16

	3Q15 Ch\$M	3Q16 Ch\$M	Δ \$	Δ %
SUMMARY OF RESULTS OPLA				
REVENUES	28,275	24,253	-4,022	-14.2%
Platforms	8,976	8,075	-901	-10.0%
IT Services	17,127	15,280	-1,847	-10.8%
Applications	2,172	898	-1,274	-58.7%
Cost of Sales	-22,082	-19,325	2,757	-12.5%
GROSS PROFIT	6,193	4,928	-1,265	-20.4%
Administration Expenses	-2,530	-2,108	422	-16.7%
OPERATING INCOME ⁽¹⁾	3,664	2,820	-843	-23.0%
EBITDA ⁽²⁾	4,654	3,769	-885	-19.0%
Operating Margin	13.0%	11.6%		
EBITDA Margin	16.5%	15.5%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

Figure 14 – Regional Summary

Regional Summary	Sep-15 Ch\$M	Sep-16 Ch\$M	Δ \$	Δ %	3Q15 Ch\$M	3Q16 Ch\$M	Δ \$	Δ %
CHILE								
REVENUES	253,410	265,992	12,582	5.0%	89,613	90,785	1,172	1.3%
Platforms	146,608	154,390	7,783	5.3%	53,156	51,449	-1,706	-3.2%
IT Services	95,455	98,633	3,178	3.3%	32,668	34,994	2,326	7.1%
Applications	11,348	12,969	1,621	14.3%	3,790	4,342	553	14.6%
Cost of Sales	-195,137	-203,818	-8,681	4.4%	-68,627	-68,613	14	0.0%
GROSS PROFIT	58,274	62,174	3,901	6.7%	20,986	22,172	1,186	5.7%
Administration Expenses	-24,668	-27,753	-3,086	12.5%	-8,669	-9,315	-646	7.4%
OPERATING INCOME ⁽¹⁾	33,606	34,421	815	2.4%	12,317	12,857	541	4.4%
EBITDA ⁽²⁾	42,121	44,524	2,403	5.7%	15,339	16,258	919	6.0%
Operating Margin	13.3%	12.9%			13.7%	14.2%		
EBITDA Margin	16.6%	16.7%			17.1%	17.9%		
BRAZIL								
REVENUES	260,890	212,789	-48,101	-18.4%	80,173	72,873	-7,300	-9.1%
Platforms	43,105	27,144	-15,961	-37.0%	12,861	7,947	-4,915	-38.2%
IT Services	191,058	165,474	-25,584	-13.4%	59,657	58,202	-1,454	-2.4%
Applications	26,727	20,171	-6,556	-24.5%	7,655	6,724	-931	-12.2%
Cost of Sales	-224,143	-188,027	36,115	-16.1%	-67,869	-62,837	5,032	-7.4%
GROSS PROFIT	36,747	24,761	-11,986	-32.6%	12,303	10,036	-2,268	-18.4%
Administration Expenses	-20,924	-17,870	3,054	-14.6%	-6,848	-6,850	-2	0.0%
OPERATING INCOME ⁽¹⁾	15,823	6,891	-8,932	-56.4%	5,456	3,186	-2,270	-41.6%
EBITDA ⁽²⁾	28,083	17,307	-10,777	-38.4%	9,249	6,518	-2,731	-29.5%
Operating Margin	6.1%	3.2%			6.8%	4.4%		
EBITDA Margin	10.8%	8.1%			11.5%	8.9%		
MEXICO								
REVENUES	53,900	54,988	1,088	2.0%	20,723	18,747	-1,976	-9.5%
Platforms	27,989	28,301	311	1.1%	11,705	10,068	-1,637	-14.0%
IT Services	25,911	26,687	776	3.0%	9,018	8,678	-339	-3.8%
Applications	0	0	0	-	0	0	0	-
Cost of Sales	-40,400	-42,184	-1,784	4.4%	-15,299	-15,182	118	-0.8%
GROSS PROFIT	13,500	12,804	-696	-5.2%	5,424	3,565	-1,859	-34.3%
Administration Expenses	-5,100	-5,240	-140	2.7%	-1,998	-1,621	377	-18.8%
OPERATING INCOME ⁽¹⁾	8,400	7,564	-836	-9.9%	3,426	1,944	-1,482	-43.3%
EBITDA ⁽²⁾	9,645	8,919	-727	-7.5%	3,944	2,371	-1,573	-39.9%
Operating Margin	15.6%	13.8%			16.5%	10.4%		
EBITDA Margin	17.9%	16.2%			19.0%	12.6%		
OPLA								
REVENUES	79,639	72,823	-6,817	-8.6%	28,275	24,253	-4,022	-14.2%
Platforms	24,600	22,599	-2,000	-8.1%	8,976	8,075	-901	-10.0%
IT Services	49,976	46,844	-3,132	-6.3%	17,127	15,280	-1,847	-10.8%
Applications	5,064	3,380	-1,685	-33.3%	2,172	898	-1,274	-58.7%
Cost of Sales	-62,979	-57,480	5,499	-8.7%	-22,082	-19,325	2,757	-12.5%
GROSS PROFIT	16,660	15,343	-1,318	-7.9%	6,193	4,928	-1,265	-20.4%
Administration Expenses	-7,288	-6,722	566	-7.8%	-2,530	-2,108	422	-16.7%
OPERATING INCOME ⁽¹⁾	9,373	8,621	-752	-8.0%	3,664	2,820	-843	-23.0%
EBITDA ⁽²⁾	12,264	11,619	-645	-5.3%	4,654	3,769	-885	-19.0%
Operating Margin	11.8%	11.8%			13.0%	11.6%		
EBITDA Margin	15.4%	16.0%			16.5%	15.5%		

(1) Operating Income: Gross Profit – Administration Expenses

(2) EBITDA: Operating Income + Depreciation and Amortization

ANALYSIS OF CONSOLIDATED BALANCE SHEET

Assets

Total assets amounted to \$782,715 million (US\$1,189.5 million) as of September 30, 2016, flat compared to December 2015. This was mainly due to:

Decrease in:

- Trade account receivable and other receivables, current by \$35,739 million (US\$54.3 million) whose balance as of September 30, 2016 was \$195,950 million (US\$297.8 million), mainly due to higher seasonality in December and lower revenues in the current period.

Partially offset by increases in:

- Goodwill by \$17,976 million (US\$27.0 million), whose balance as of September 30, 2016 was \$236,531 million (US\$359.5 million), mainly due to currency translation effects.
- Current tax asset, current by \$15,664 million (US\$23.8 million), whose balance as of September 30, 2016 was \$35,541 million (US\$55.0 million), mainly coming from Chile and Brazil.
- Tax asset, non-current by \$8,679 million (US\$13.2 million), whose balance as of September 30, 2016 was \$8,679 million (US\$13.2 million), mainly coming from Brazil.

Liabilities

Liabilities totaled \$274,499 million (US\$417.2 million) as of September 30, 2016 decreasing by 13.4% with respect to December 2015, mainly due to a decrease in:

- Trade account payable and other payable by \$14,996 million (US\$22.8 million) whose balance as of September 30, 2016 was \$104,529 (US\$158.9 million), mostly coming from Mexico and Chile, due to a higher seasonality in December.
- Current tax liabilities, current by \$13,932 million (US\$21.2 million), whose balance as of September 30, 2016 was \$8,155 million (US\$12.4 million), due to lower taxes payables in Chile and Mexico.
- Other current non-financial liabilities of \$8,502 million (US\$12.9 million) whose balance as of September 30, 2016 was \$17,428 million (US\$26.5 million) due to lower deferred revenues and retentions.

Shareholder's Equity

Consolidated Shareholders' Equity Attributable to Owners reached a value of \$498,948 million (US\$758.3 million) as of September 2016 increasing by 8.7% compared to December 2015 (+\$39,930 million / +US\$60.7 million). Main changes with respect to December 2015 are driven by net income in the period, net of dividends, and by positive effects on the account Reserve of Exchange Difference Translation (+\$23,104 million / +US\$35.1 million).

Return on Equity (ROE) reached 9.4%.

Figure 9 – Financial Ratios Summary

Financial Ratios		Sep-15	Sep-16	Δ Sep-16 / Sep-15
LIQUIDITY				
Current Ratio (Current Assets / Current Liabilities)	(times)	2.1	2.2	6.8%
Quick Ratio ((Current Assets - Inventories) / Current Liabilities)	(times)	1.8	2.0	9.6%
Working Capital (Current Assets - Current Liabilities)	(Ch M\$)	183,017	192,016	4.9%
INDEBTEDNESS				
Leverage ((Current Liabilities + Non-current Liabilities) / Equity)	(times)	0.6	0.5	-13.1%
Financial Leverage ((Other Current Financial Liabilities + Other Non-current Financial Liabilities) / Equity)	(times)	0.2	0.2	-10.5%
Short-Term Debt (Current Liabilities / Total Liabilities)	(times)	0.6	0.6	-4.3%
Long-Term Debt (Non-Current Liabilities / Total Liabilities)	(times)	0.4	0.4	6.4%
Financial-Expenses-Coverage Ratio (EBITDA / Financial Expenses)	(times)	14.2	10.0	-29.5%
Financial Debt to EBITDA Ratio ((Current Liabilities + Non-current Liabilities) / EBITDA ^{1,2})	(times)	0.7	0.8	11.7%
Net Financial Debt to EBITDA Ratio ((Current Liabilities + Non-current Liabilities - Cash and Cash Equivalents - Other Current Financial Assets) / EBITDA ^{1,2})	(times)	0.2	0.2	4.6%
PROFITABILITY				
ROE (Net Income attrib.to Owners ² / Equity attrib.to Owners ³)	%	8.0%	9.4%	140 pb
ROA (Net Income attrib.to Owners ² / Equity attrib.to Owners ³)	%	4.8%	5.7%	90 pb
Earnings per Share (Net Income attrib.to Owners of Comp. / Total Shares ⁴)	(Ch\$)	43.7	51.4	17.8%
Dividend Yield (Dividends Paid ⁵ / Closing Market Stock Price)	%	2.3%	2.0%	-30 pb

1 EBTIDA = Operating Income + Depreciation and Amortization

2 Annual Base

3 Calculated as an average:

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

- Sep-15: average between Sep-15 and Dec-14

4 Numbers of shares considered:

- Sep-16 = 871.057.175

- Sep-15 = 871.057.175

5 Last 12 months

Statements of Cash Flow

Cash and Cash Equivalents totaled \$60,495 million (US\$91.9 million) as of September 30, 2016, which compares to \$59,324 million (US\$90.2 million) as of September 30, 2015.

Net Operating Cash Flow was \$43,749 million in 9M16 (US\$66.5 million), a 14.7% higher than in 9M15.

Net Investment Cash Flow was \$19,323 million (US\$29.4 million), decreasing the use of funds by \$2,132 million (US\$3.2 million).

Capital Expenditures (CAPEX) amounted to \$19,454 million (US\$29.6 million) in 9M16, and include: \$15,890 million (US\$24.1 million) invested in the purchase of fixed assets for internal use and for projects with customers; intangibles for \$2,174 million (US\$3.3 million); and permanent investments for \$1,390 million (US\$2.1 million).

Net Financing Cash Flow totaled \$31,402 million (US\$47.7 million), a change of \$1,276 million (US\$1.9 million) in comparison with 9M15, mainly due to higher financial expenses.

Figure 10 – Statements of Cash Flow

	Sep-15 Ch\$M	Sep-16 Ch\$M	Δ \$	Δ %
Statements of Cash Flow				
Net Cash Flows from (used in) Operating Activities	38,145	43,749	5,604	14.7%
Net Cash Flows from (used in) Investing Activities	(21,455)	(19,323)	2,132	-9.9%
Net Cash Flows from (used in) Financing Activities	(32,678)	(31,402)	1,276	-3.9%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATES	(15,988)	(6,976)	9,012	-56.4%
Effect of Exchange Rate changes on Cash and Cash Equivalents	(3,278)	(921)	2,357	-71.9%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,266)	(7,897)	11,369	-59.0%
Cash and Cash Equivalents at beginning of period	78,590	68,392	(10,198)	-13.0%
CASH AND CASH EQUIVALENTS AT END OF PERIOD	59,324	60,495	1,171	2.0%