



For further information contact:

**Quiñenco S.A.**

Pilar Rodríguez-IRO

(56) 22750-7221

Email: [prodriguez@lq.cl](mailto:prodriguez@lq.cl)

## QUIÑENCO S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2016

(Santiago, Chile, May 27, 2016) Quiñenco S.A., a leading Chilean business conglomerate, announced today its consolidated financial results under IFRS, for the first quarter ended March 31, 2016.

Consolidated financial results are presented in accordance with IFRS and the regulations established by the Superintendency of Securities and Insurance (SVS). All figures are presented in nominal Chilean pesos, unless stated otherwise. Figures in US\$ have been converted from Chilean pesos (Ch\$) at the observed exchange rate on March 31, 2016 (Ch\$669.80 = US\$1.00), unless indicated otherwise, and are only provided for the reader's convenience.

### 1Q 2016 HIGHLIGHTS

- Net income<sup>1</sup> amounted to a gain of Ch\$31,661 million in the first quarter of 2016, a decrease of 50% over the same period in 2015, primarily due to the negative impact of the adverse conditions in the shipping industry on Hapag-Lloyd's and CSAV's results during the quarter.
- The contribution from the Manufacturing, Financial, and Port Services segments and from CCU improved in 1Q 2016, whereas the Energy sector's results decreased.
- At the corporate level a lower cash balance translated into lower financial income, while the effect of a higher rate of inflation on indexed liabilities generated greater losses during the quarter.
- Earnings per ordinary share amounted to a gain of Ch\$19.04 for the first quarter of 2016.

<sup>1</sup> Net income corresponds to Net income attributable to Controllers' shareholders.



## GROUP HIGHLIGHTS – FIRST QUARTER 2016 AND SUBSEQUENT EVENTS

### SM SAAM – Quiñenco acquires 8.3% additional stake

During 1Q 2016, Quiñenco acquired an additional 8.3% stake in SM SAAM for approximately US\$58 million, increasing its share to 50.8%.

### CCU – Sells stake in Pisco Bauzá

On January 7, 2016, CCU announced that its subsidiary Compañía Pisquera de Chile sold its 49% stake in Compañía Pisquera Bauzá to Agroproductos Bauzá. The price of the transaction amounted to UF 150,000 (approximately US\$5.4 million).

### CCU – Increases stake in HOD business to 100%

During January 2016, CCU exercised the call option granted in the Shareholders' Agreement and increased its total stake in its HOD water business, Manantial, from 51% to 100%.

### Techpack – Sells Flexible Packaging business to Amcor

On April 18, 2016, Techpack announced the sale of its flexible packaging business, including the stake of Nexus Group in the operations in Peru and Colombia, to the leading Australian packaging company Amcor, for US\$435 million. Techpack reported an estimated gain before taxes of US\$50 million, and Quiñenco in turn informed that the transaction would generate an estimated pre-tax gain of approximately US\$33 million. On May 31, 2016, the transaction was completed, after obtaining approval from Techpack's Shareholders during May and from antitrust authorities in certain jurisdictions, among others. Of the total price US\$285 million correspond to Techpack. With an estimated net debt of US\$68.8 million, Techpack is left with a balance of US\$216 million, before expenses related to the transaction and working capital adjustments. Thus, Techpack no longer participates directly or indirectly in the flexible packaging business.

### Quiñenco – Dividend Distribution

At the Ordinary Shareholders' Meeting held on April 29, 2016, shareholders approved a dividend distribution corresponding to 2015 net income of Ch\$23.24 per share, payable as of May 11, 2016, to those shareholders registered with the company as of May 5, 2016. The total amount of the dividend is Ch\$38,648 million, equivalent to 40% of 2015 net income.



## FORMAT OF FINANCIAL STATEMENTS

As of 2012, the Superintendency of Securities and Insurance (SVS) has modified the format of the Income Statement, adding the line "Gains (losses) of operating activities". As defined by the SVS this sub-total includes the following concepts: Gross income, Other operating income, Distribution Costs, Administrative expenses, Other operating expenses, and Other gains (losses). In accordance with this definition, this document refers to Gains (losses) of operating activities or Operating Income in the same manner.

## SEGMENT INFORMATION

In accordance with IFRS requirements, financial information is reported for the six segments defined by Quiñenco for this purpose: Manufacturing, Financial, Energy, Transport, Port Services and Other. However, in order to allow a better understanding of the consolidated financial statements, the latter and the subsequent analysis, have been divided in Banking and Non-banking (industrial) activities, as follows:

- **Industrial Sector:** includes the following Segments and main companies:

**i) Manufacturing**

- Invexans
- Techpack

**ii) Financial**

- LQ Inversiones Financieras (LQIF holding)

**iii) Energy**

- Enex

**iv) Transport**

- Compañía Sud Americana de Vapores (CSAV)

**v) Port Services**

- SM SAAM in 2016

**vi) Other**

- Quiñenco and others (includes CCU, SM SAAM in 2015, Quiñenco holding and eliminations)

The companies composing this sector reported their financial statements in accordance with IFRS. Invexans, Techpack, CSAV and SM SAAM report their financial statements in US dollars, and translate them to Chilean pesos for consolidation purposes.

On March 27, 2013, Madeco's Extraordinary Shareholders' Meeting approved the division of the company in Invexans as the legal successor, and a new company now named Techpack (formerly Madeco). Invexans' main asset is its 28.84% stake in Nexans, a French multinational company leader in the world cable industry. Techpack's main assets were Alusa (flexible packaging), Madeco Mills (brass mills), and Indalum (profiles). During 2013 Techpack decided to discontinue the brass mills business in Chile and Argentina, and in March 2015 announced the decision to close the profiles business, focusing its activities solely in packaging. In April 2014, the Shareholders' Meeting approved changing the company's name from Madeco to Techpack. Techpack has classified the companies Madeco



Mills, Decker Industrial and Indalum as discontinued operations in 2015 and 2016. As of March 31, 2016, Quiñenco's stake was 98.6% in Invexans and 65.9% in Techpack.

During July, August and December 2014 and February 2015, Quiñenco and its subsidiaries Inversiones Río Bravo and Inmobiliaria Norte Verde subscribed an additional 9.2% stake in CSAV during its capital increase, thus increasing its total holding to 55.2% as of March 2015. As of March 2016 Quiñenco's stake is 56.0%.

During the first quarter of 2016, Quiñenco acquired an additional 8.3% stake in SM SAAM, reaching 50.8%. Therefore, as of March 2016 financial statements, SM SAAM is a consolidated subsidiary, and is accounted for in the new Port Services business segment. In 2015, SM SAAM is accounted for as an equity investment in the Other business segment.

**Banking Sector:** includes the following Segments and main companies:

**i) Financial**

- Banco de Chile
- SM Chile

These companies reported their financial statements partially in accordance with IFRS, as determined by the Superintendency of Banks and Financial Institutions.



### Summarized Consolidated Income Statement

Sector /Segment	Manufacturing		Financial		Energy		Transport		Port Services		Other		Total	
	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Consolidated Income (Loss)														
Industrial Sector	(3,376)	(28)	(2,456)	(3,852)	5,682	5,134	43,880	(18,636)	-	11,995	13,913	6,849	57,642	1,462
Consolidated Income Banking Sector	-	-	100,653	113,864	-	-	-	-	-	-	-	-	100,653	113,864
<b>Consolidated Net Income (Loss)</b>	<b>(3,376)</b>	<b>(28)</b>	<b>98,197</b>	<b>110,012</b>	<b>5,682</b>	<b>5,134</b>	<b>43,880</b>	<b>(18,636)</b>	<b>-</b>	<b>11,995</b>	<b>13,913</b>	<b>6,849</b>	<b>158,295</b>	<b>115,326</b>
Net Income (Loss) Attributable to Non-controlling Interests	650	819	74,185	83,636	-	-	19,471	(8,052)	-	6,737	853	525	95,159	83,665
<b>Net Income (Loss) Attributable to Controllers' Shareholders*</b>	<b>(4,026)</b>	<b>(847)</b>	<b>24,012</b>	<b>26,376</b>	<b>5,682</b>	<b>5,134</b>	<b>24,408</b>	<b>(10,584)</b>	<b>-</b>	<b>5,257</b>	<b>13,060</b>	<b>6,324</b>	<b>63,136</b>	<b>31,661</b>

\* Corresponds to the contributions of each business segment to Quiñenco's net income.

#### Net Income – 1Q 2016

Quiñenco reported a net gain of Ch\$31,661 million in the first quarter of 2016, 49.9% below the same period in 2015, primarily due to the negative variation in the contribution from CSAV, reflecting its share in Hapag-Lloyd's losses for the quarter, due to the negative impact of lower freight rates in a highly competitive environment with subdued global economic growth, which was in part compensated by additional synergies and cost savings, as well as the drop in international fuel prices. It is worth noting, however, that the contribution from the Financial, Manufacturing and Port services segments increased in 1Q 2016, reflecting sound results at Banco de Chile, Invexans, Techpack, and SM SAAM. CCU also increased its contribution, based on the good performance of its business units. Enx, for its part, reported a decline in net income despite favorable operating results, due to lower non-operating income. At the corporate level, financial income decreased due to a lower cash balance, and the negative effect of inflation on indexed liabilities increased based on a higher rate of inflation in the current quarter.

Earnings per ordinary share amounted to a gain of Ch\$19.04 in the first quarter of 2016.



## Consolidated Income Statement Breakdown

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
<b>Industrial Sector</b>				
<b>Revenues</b>	<b>567,113</b>	<b>846.7</b>	<b>575,076</b>	<b>858.6</b>
Manufacturing	55,446	82.8	57,859	86.4
Financial	-	-	-	-
Energy	443,871	662.7	402,197	600.5
Transport	44,678	66.7	22,582	33.7
Port Services	-	-	67,208	100.3
Other	23,118	34.5	25,230	37.7
<b>Operating income (loss)</b>	<b>3,614</b>	<b>5.4</b>	<b>13,082</b>	<b>19.5</b>
Manufacturing	(725)	(1.1)	3,220	4.8
Financial	(933)	(1.4)	(942)	(1.4)
Energy	6,893	10.3	9,030	13.5
Transport	(1,758)	(2.6)	(5,483)	(8.2)
Port Services	-	-	6,627	9.9
Other	138	0.2	630	0.9
<b>Non-operating income (loss)</b>	<b>48,873</b>	<b>73.0</b>	<b>1,107</b>	<b>1.7</b>
Interest income	3,795	5.7	1,653	2.5
Interest expense	(9,229)	(13.8)	(12,319)	(18.4)
Share of net income/loss from related co.	53,089	79.3	15,232	22.7
Foreign exchange gain (loss)	1,160	1.7	449	0.7
Indexed units of account restatement	58	0.1	(3,908)	(5.8)
Income tax	5,512	8.2	(12,498)	(18.7)
Net income (loss) from discontinued operations	(357)	(0.5)	(230)	(0.3)
<b>Consolidated Net Income (Loss) Industrial Sector</b>	<b>57,642</b>	<b>86.1</b>	<b>1,462</b>	<b>2.2</b>
<b>Banking Sector</b>				
Operating revenues	381,634	569.8	411,046	613.7
Provision for loan losses	(65,432)	(97.7)	(64,831)	(96.8)
Operating expenses	(179,078)	(267.4)	(194,186)	(289.9)
Operating income (loss)	137,124	204.7	152,030	227.0
Non-operating income (loss)	(15,442)	(23.1)	(18,091)	(27.0)
Income tax	(21,029)	(31.4)	(20,075)	(30.0)
<b>Consolidated Net Income (Loss) Banking Sector</b>	<b>100,653</b>	<b>150.3</b>	<b>113,864</b>	<b>170.0</b>
<b>Consolidated Net Income</b>	<b>158,295</b>	<b>236.3</b>	<b>115,326</b>	<b>172.2</b>
Net Income Attributable to Non-controlling Interests	95,159	142.1	83,665	124.9
<b>Net Income Attributable to Controllers' Shareholders</b>	<b>63,136</b>	<b>94.3</b>	<b>31,661</b>	<b>47.3</b>



## I. Industrial Sector

### Revenues – 1Q 2016

Consolidated revenues totaled Ch\$575,076 million in the first quarter of 2016, 1.4% above those of the same period in 2015, primarily due to the consolidation with SM SAAM, and to a lesser extent, sales growth at Techpack and Banchile Vida, partially offset by lower revenues at Enex and CSAV<sup>2</sup>.

Consolidated sales in the first quarter of 2016 can be broken down as follows: Enex (69.9%), SM SAAM (11.7%), Techpack (10.1%), CSAV (3.9%), and others (4.4%).

### Operating Income<sup>3</sup> - 1Q 2016

Operating income for the first quarter of 2016 reached a gain of Ch\$13,082 million, compared to a gain of Ch\$3,614 million in the first quarter of 2015. The increment in consolidated operating results is primarily attributable to the consolidation with SM SAAM in 1Q 2016, as well as the improved operating income reported by Invexans, Enex, and, to a lesser extent, Techpack. These favorable results were partially compensated by CSAV's greater operational loss.

### EBITDA<sup>4</sup> – 1Q 2016

EBITDA amounted to Ch\$27,907 million in 1Q 2016, up 121.6% from the first quarter of 2015. The increment is primarily explained by the consolidation with SM SAAM in the current quarter, and to lesser extent, by higher EBITDA from Enex and Techpack's operations.

### Non-Operating Results<sup>5</sup> – 1Q 2016

Non-operating income amounted to a gain of Ch\$1,107 million in the first quarter of 2016, compared to a gain of Ch\$48,873 million in the same quarter of 2015.

### Proportionate share of net income of equity method investments (net) – 1Q 2016

Quiñenco's proportionate share of net income from equity method investments (net), which primarily includes the results from CCU and SM SAAM (in 2015), as well as Invexans' share in the results of Nexans<sup>6</sup> and CSAV's share in the results of Hapag-Lloyd, reached a gain of Ch\$15,232 million, compared to a gain of Ch\$53,089 million in 1Q 2015.

<sup>2</sup> It is worth noting that since Techpack, Invexans, CSAV and SM SAAM report in US dollars and translate their financial statements to Chilean pesos for consolidation purposes, variations analyzed in Chilean pesos vary from those in US dollars. For analysis of Techpack's, Invexans', CSAV's and SM SAAM's results in US dollars, refer to Segment/Operating company analysis.

<sup>3</sup> Operating income includes: Gross income (revenues minus cost of sales), Distribution costs, Administrative expenses, Other operating revenue, Other operating expenses, and Other gains/losses.

<sup>4</sup> EBITDA is calculated as: Operating income minus/plus Other gains/losses plus Depreciation plus Amortization of intangibles.

<sup>5</sup> Non-operating results include the following items: Financial income, Financial costs, Proportionate share of equity method investments, Foreign currency exchange differences, and Indexed units of account restatement.

<sup>6</sup> Nexans only reports results as of June and December, in accordance with French regulations and IFRS.



Quiñenco's proportionate share of net income from IRSA (CCU) increased by 1.6% to Ch\$12,796 million. Quiñenco's proportionate share of net income from SM SAAM (adjusted by fair value accounting) amounted to a gain of Ch\$3,267 million in 1Q 2015. In 1Q 2016, SM SAAM's proportionate share in its affiliates amounted to Ch\$8,113 million.

CSAV's proportionate share of net income from Hapag-Lloyd (adjusted by fair value accounting) amounted a loss of Ch\$5,657 million, compared to a gain of Ch\$36,926 million in 1Q 2015.

#### Interest Income - 1Q 2016

Interest income for the first quarter of 2016 amounted to Ch\$1,653 million, 56.4% below that obtained in 1Q 2015. This variation corresponds mainly to lower financial income at Quiñenco, reflecting a lower cash balance.

#### Interest Expense - 1Q 2016

Interest expense for the first quarter of 2016 amounted to Ch\$12,319 million, 33.5% greater than in 1Q 2015. The variation is mainly explained by the consolidation with SM SAAM's financial costs, and higher financial costs at Enx.

#### Foreign currency exchange differences – 1Q 2016

In 1Q 2016, the gains (losses) specific to foreign currency translation differences amounted to a gain of Ch\$449 million, compared to a gain of Ch\$1,160 million reported in 1Q 2015, primarily attributable to less favorable results at CSAV and Enx, partially compensated by favorable results at Techpack and SM SAAM.

#### Indexed units of account restatement – 1Q 2016

The gain or loss derived from the restatement of assets and liabilities indexed to units such as the *Unidad de Fomento* or UF (inflation indexed) amounted to a loss of Ch\$3,908 million in the first quarter of 2016, compared to a gain of Ch\$58 million reported in the same period of 2015. The variation is mainly explained by Quiñenco and LQIF holding.

#### Income Taxes – 1Q 2016

The industrial sector reported an income tax expense of Ch\$12,498 million in 1Q 2016, compared to an income tax credit of Ch\$5,512 million reported in 1Q 2015, primarily due to income tax expense in the current quarter vis-à-vis a credit in 1Q 2015 at CSAV, higher income tax at Techpack, and the consolidation with SM SAAM's income tax expense.

#### Discontinued Operations – 1Q 2016

In 1Q 2016 the result of discontinued operations amounted to a loss of Ch\$230 million, compared to a loss of Ch\$357 million in 1Q 2015. Discontinued operations primarily correspond to Indalum (profiles), Madeco Mills (brass mills Chile), and Decker Industrial (brass mills Argentina), reported by Techpack.



### Non-controlling Interests – 1Q 2016

In the first quarter of 2016, at a consolidated level (including both Industrial and Banking net income), net income attributable to non-controlling interests amounted to Ch\$83,665 million. Of the total amount reported in 1Q 2016, Ch\$56,924 million corresponds to minority shareholders' share of Banco de Chile and SM Chile's net income. Remaining net income attributable to non-controlling interest is mainly explained by minority shareholders' share of LQIF's net income, and to a much lesser extent, of SM SAAM's net income.

## II. Banking Sector

### Operating Revenues - 1Q 2016

Operating revenues for the first quarter of 2016 amounted to Ch\$411,046 million, 7.7% above the first quarter of 2015, mainly due to higher operating revenues at Banco de Chile, primarily due to higher revenues from the Bank's net asset exposure to UFs, given a higher rate of inflation during the period, greater income from loans based on 12.5% annual growth in average loans, growth in fee income, and a higher contribution from demand deposits, as a result of volume growth and higher nominal interest rates.

### Provision for Credit Risk - 1Q 2016

Provisions for loan losses at Banco de Chile amounted to Ch\$64,830 million in the first quarter of 2016, a slight 0.9% below the provisions registered in the first quarter of 2015.

### Operating Expenses - 1Q 2016

Operating expenses increased by 8.4% to Ch\$194,186 million in 1Q 2016, mainly explained by an increase of 8.4% in Banco de Chile's operating expenses to Ch\$194,110 million, mostly related to higher personnel and administrative expenses.

### Non-operating Results - 1Q 2016

During the first quarter of 2016 non-operating results amounted to a loss of Ch\$18,091 million, 17.2% above the first quarter of 2015, primarily explained by higher accrued interest expense of the Subordinated Debt with the Chilean Central Bank, owing to the higher rate of inflation registered during the first quarter of 2016.

### Consolidated Net Income - 1Q 2016

Consolidated net income for the banking sector amounted to Ch\$113,864 million in 1Q 2016, up by 13.1% from the same period in 2015, mainly due to higher operating revenues, which compensated increased operating expenses and, to a lesser extent, higher non-operating losses during the quarter.



**CONSOLIDATED BALANCE SHEET ANALYSIS (vis-à-vis the 4<sup>th</sup> quarter of 2015)**

**Condensed Consolidated Balance Sheet**

	12-31-2015		03-31-2016	
	MCh\$	MUS\$	MCh\$	MUS\$
Current assets industrial sector	652,059	973.5	<b>876,485</b>	1,308.6
Non-current assets industrial sector	4,059,801	6,061.2	<b>4,332,777</b>	6,468.8
Assets financial sector	31,287,863	46,712.2	<b>31,100,146</b>	46,432.0
<b>Total Assets</b>	<b>35,999,723</b>	<b>53,747.0</b>	<b>36,309,408</b>	<b>54,209.3</b>
Current liabilities industrial sector	389,936	582.2	<b>483,012</b>	721.1
Long-term liabilities industrial sector	926,473	1,383.2	<b>1,092,339</b>	1,630.8
Liabilities financial sector	28,598,415	42,696.9	<b>28,427,141</b>	42,441.2
Non-controlling interests	3,063,092	4,573.1	<b>3,392,853</b>	5,065.5
Shareholders' equity	3,021,807	4,511.5	<b>2,914,063</b>	4,350.6
<b>Total Liabilities &amp; Shareholders' equity</b>	<b>35,999,723</b>	<b>53,747.0</b>	<b>36,309,408</b>	<b>54,209.3</b>

**Current Assets Industrial Sector**

**Current assets increased by 34.4% compared to the fourth quarter of 2015, primarily due to the dividend received by LQIF from Banco de Chile, and the consolidation with SM SAAM's assets as of March 2016. Funds were used, on the other hand, in the acquisition of shares of SM SAAM by Quiñenco, and the investment in fixed assets by Enex and, to a lesser extent, Techpack.**

**Non Current Assets Industrial Sector**

Non current assets increased by 6.7% compared to the fourth quarter of 2015, mainly due to the consolidation with SM SAAM, which was partly offset by a decrease in the balance of equity investments, mainly reflecting the absence of SM SAAM in March 2016 and a lower balance at Hapag-Lloyd, partly compensated by the addition of SM SAAM's equity investments.

**Assets Banking Sector**

Total assets of the banking sector decreased by 0.6% compared to the fourth quarter of 2015. Loans to customers decreased by 0.2% with respect to December 2015, mainly due to lower commercial loans.

**Current Liabilities Industrial Sector**

Current liabilities increased by 23.9% over the fourth quarter of 2015, mainly reflecting the consolidation with SM SAAM as of March 2016, and higher bank debt at Enex, partially offset by lower accounts payable at Enex and lower bank debt at Techpack.

**Long-term Liabilities Industrial Sector**

Long-term liabilities increased 17.9% in comparison to the fourth quarter of 2015, mainly due to the consolidation with SM SAAM as of March 2016.



**Liabilities Banking Sector**

Liabilities corresponding to the banking sector decreased by 0.6% compared to the fourth quarter of 2015.

**Minority Interest**

Minority interest increased by 10.8% in comparison to the fourth quarter of 2015, primarily explained by higher minority interest at SM SAAM as of March 2016, and to a lesser extent, higher minority interest at LQIF (from Banco de Chile).

**Equity**

Shareholders' equity decreased by 3.6% compared to the fourth quarter of 2015 mainly due to a decrease in other reserves, mostly explained by unfavorable conversion effects of CSAV, SM SAAM, Invexans and Techpack, partially offset by period earnings.



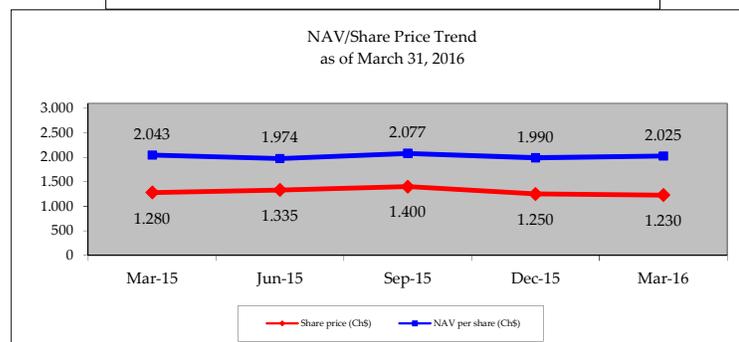
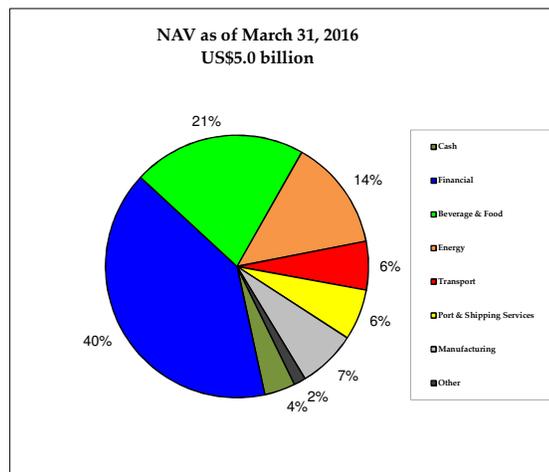
Quiñenco Corporate Level Debt and Cash

As of March 31, 2016	Debt		Cash & equivalents		Total Net Debt	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
Corporate level	421,881	629.9	94,287	140.8	327,595	489.1
Adjusted for:						
50% interest in LQIF	91,178	136.1	54,796	81.8	36,382	54.3
50% interest in IRSA	42,239	63.1	414	0.6	41,824	62.4
<b>Total</b>	<b>555,298</b>	<b>829.1</b>	<b>149,497</b>	<b>223.2</b>	<b>405,801</b>	<b>605.9</b>

The debt to total capitalization ratio at the corporate level (unadjusted) was 12.4% as of March 31, 2016.

NAV

As of March 31, 2016, the estimated net asset value (NAV) of Quiñenco was US\$5.0 billion (Ch\$2,025 per share) and market capitalization was US\$3.0 billion (Ch\$1,230 per share). The discount to NAV is estimated at 39.3% as of the same date.





## SEGMENT /OPERATING COMPANY ANALYSIS

Sector /Segment	Manufacturing		Financial		Energy		Transport		Port Services		Other		Total	
	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16	1Q 15	1Q 16
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Industrial Sector</b>														
Income (loss) from continued operations before taxes	(2,395)	2,116	(2,614)	(4,015)	7,085	6,382	35,678	(11,698)	-	13,644	14,732	7,760	52,487	14,190
Income tax	(624)	(1,914)	158	164	(1,404)	(1,249)	8,201	(6,938)	-	(1,649)	(819)	(911)	5,512	(12,498)
Net loss from discontinued operations	(357)	(230)	-	-	-	-	-	-	-	-	-	-	(357)	(230)
<b>Net income (loss) industrial sector</b>	<b>(3,376)</b>	<b>(28)</b>	<b>(2,456)</b>	<b>(3,852)</b>	<b>5,682</b>	<b>5,134</b>	<b>43,880</b>	<b>(18,636)</b>	<b>-</b>	<b>11,995</b>	<b>13,913</b>	<b>6,849</b>	<b>57,642</b>	<b>1,462</b>
<b>Banking Sector</b>														
Net income before taxes	-	-	121,682	133,939	-	-	-	-	-	-	-	-	121,682	133,939
Income tax	-	-	(21,029)	(20,075)	-	-	-	-	-	-	-	-	(21,029)	(20,075)
<b>Net income banking sector</b>	<b>-</b>	<b>-</b>	<b>100,653</b>	<b>113,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,653</b>	<b>113,864</b>
<b>Consolidated net income (loss)</b>	<b>(3,376)</b>	<b>(28)</b>	<b>98,197</b>	<b>110,012</b>	<b>5,682</b>	<b>5,134</b>	<b>43,880</b>	<b>(18,636)</b>	<b>-</b>	<b>11,995</b>	<b>13,913</b>	<b>6,849</b>	<b>158,295</b>	<b>115,326</b>
Net income (loss) attributable to Non-controlling interests	650	819	74,185	83,636	-	-	19,471	(8,052)	-	6,737	853	525	95,159	83,665
<b>Net Income (Loss) Attributable to Controllers' shareholders</b>	<b>(4,026)</b>	<b>(847)</b>	<b>24,012</b>	<b>26,376</b>	<b>5,682</b>	<b>5,134</b>	<b>24,408</b>	<b>(10,584)</b>	<b>-</b>	<b>5,257</b>	<b>13,060</b>	<b>6,324</b>	<b>63,136</b>	<b>31,661</b>

### MANUFACTURING SEGMENT

The following table details the contribution of the investments in the Manufacturing segment during 2016 and 2015 to Quiñenco's net income:

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
Invexans	(3,472)	(5.2)	(586)	(0.9)
Techpack	(554)	(0.8)	(261)	(0.4)
<b>Total Manufacturing Segment</b>	<b>(4,026)</b>	<b>(6.0)</b>	<b>(847)</b>	<b>(1.3)</b>

As of March 31, 2016 and 2015, Quiñenco's ownership of Invexans was 98.6% and 98.3%, respectively. As of March 31, 2016 and 2015, Quiñenco's ownership of Techpack was 65.9%.



## INVEXANS

	1Q 15		1Q 16		1Q 15	1Q 16
	MCh\$	MUS\$	MCh\$	MUS\$	ThUS\$	ThUS\$
Sales	56	0.1	33	0.0	90	47
Operating loss	(3,554)	(5.3)	(496)	(0.7)	(5,688)	(708)
Non-operating income (loss)	(20)	(0.0)	(88)	(0.1)	(32)	(126)
Net loss controller	(3,531)	(5.3)	(594)	(0.9)	(5,652)	(849)
Total assets			293,575	438.3		438,304
Shareholders' equity			274,122	409.3		409,260

Invexans reports its financial statements in US dollars, and translates them to Chilean pesos for consolidation purposes based on the US\$/Ch\$ exchange rate at the end of the period in the case of the Balance Sheet, and the monthly average exchange rate in the case of the Income Statement. Invexans' figures in Chilean pesos are included for reference. However, the following analysis is based on the company's financial statements in US dollars, as filed with the SVS, as shown in the last two columns of the table.

In accordance with French regulations and IFRS, Nexans does not publish financial statements for the quarters ended in March and September. In view of this, Invexans requested and was granted approval from the SVS to use December and June financial information for March and September, respectively. Therefore, these quarters only reflect exchange rate conversion effects and changes in the stake in Nexans corresponding to that quarter.

### 1Q 2016 Results

Invexans revenues, which correspond mainly to income from leases, amounted to US\$47 thousand in 1Q 2016, 47.8% below the same period in 2015.

Operating income reached a loss of US\$708 thousand, improving 87.6% from the loss of US\$5,688 thousand reported in 1Q 2015, mainly due to a loss of US\$2,531 thousand related to a slight dilution of the stake in Nexans due to a capital increase for employees reported in 1Q 2015, and substantially lower expenses and provisions related to legal contingencies in Brazil in the current quarter.

Non-operating income amounted to a loss of US\$126 thousand, compared to a loss of US\$32 thousand in 1Q 2015. This unfavorable variation is primarily explained by a loss from exchange rate differences in the current quarter compared to a gain in 1Q 2015, and to a lesser extent, by lower financial income.

In 1Q 2016 Invexans registered income tax expense of US\$15 thousand compared to a credit of US\$68 thousand in 1Q 2015. In all, Invexans posted a net loss of US\$849 thousand in 1Q 2016, a substantial improvement over the loss of US\$5,652 thousand reported in 1Q 2015, primarily explained by improved non-operating results.



## TECHPACK

	1Q 15		1Q 16		1Q 15	1Q 16
	MCh\$	MUS\$	MCh\$	MUS\$	ThUS\$	ThUS\$
Sales	55,390	82.7	57,826	86.3	<b>88,666</b>	<b>82,415</b>
Operating income	2,828	4.2	3,716	5.5	<b>4,531</b>	<b>5,295</b>
Net income (loss) Controller	(840)	(1.3)	(396)	(0.6)	<b>(1,337)</b>	<b>(555)</b>
Total assets			331,148	494.4		<b>494,398</b>
Shareholders' equity			144,664	216.0		<b>215,981</b>

Techpack carries its accounting in US dollars, and translates its financial statements to Chilean pesos for consolidation purposes based on the US\$/Ch\$ exchange rate at the end of the period in the case of the Balance Sheet, and the monthly average exchange rate in the case of the Income Statement. Techpack's figures in Chilean pesos are included for reference. However, the following analysis is based on the company's financial statements in US dollars, as filed with the SVS, as shown in the last two columns of the table.

### 1Q 2016 Results

Techpack's sales, which correspond entirely to flexible packaging, amounted to US\$82,415 thousand in the first quarter of 2016, declining 7.1% with respect to the same quarter in 2015, due to a drop in prices in dollar terms, explained by the devaluation of the local currencies in the region, together with a 1.9% reduction in sales volumes, primarily explained by Chile and Peru.

Gross income reached US\$16,195 thousand, up 2.2% from 1Q 2015 despite the decrease in sales, as a result of greater production efficiencies and a regional procurement plan. Operating income amounted to US\$5,295 thousand, up by 16.9% from 1Q 2015, mostly explained by the growth in gross income, and to a lesser extent, by lower administrative expenses.

Non-operating income for the quarter amounted to a loss of US\$1,429 thousand, lower than the loss of US\$2,634 thousand reported in 1Q 2015, primarily attributable to lower financial costs and exchange rate gains in the current quarter compared to losses in 1Q 2015.

Income tax for the quarter amounted to US\$2,715 thousand, higher than in 1Q 2015. Discontinued operations, in turn, which correspond to Indalum, Madeco Mills, and Decker Industrial, reported a loss of US\$328 thousand in 1Q 2016, which compares favorably to the loss of US\$571 thousand in 1Q 2015. Thus, net income for 1Q 2016 reached a loss of US\$555 thousand, improving 58.5% with respect to the loss reported in 1Q 2015.



## FINANCIAL SEGMENT

The following table details the contribution of the investments in the Financial Segment during 2016 and 2015 to Quiñenco's net income:

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
LQIF holding	(1,228)	(1.8)	(1,926)	(2.9)
Banking sector	25,240	37.7	28,302	42.3
<b>Total Financial Segment</b>	<b>24,012</b>	<b>35.8</b>	<b>26,376</b>	<b>39.4</b>

As of March 31, 2016 and 2015, Quiñenco's ownership of LQIF was 50.0%. LQIF's economic rights in Banco de Chile were 33.0% as of March 31, 2015 and 33.2% as of March 31, 2016.

### LQIF Holding

LQIF holding registered a loss of Ch\$3,852 million, 56.8% greater than the loss of Ch\$2,456 million reported in 1Q 2015, mainly explained by a higher loss from the effect of inflation on financial obligations denominated in UFs, due to a higher rate of inflation in 1Q 2016.

### Banking Sector

The Banking sector is comprised of Banco de Chile and SM Chile. The most relevant item of the income statement in the case of SM Chile is the interest expense of the Subordinated Debt with the Chilean Central Bank.

## BANCO DE CHILE

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
Operating revenues	381,479	569.5	<b>410,852</b>	613.4
Provision for loan losses	(65,432)	(97.7)	<b>(64,830)</b>	(96.8)
Operating expenses	(179,018)	(267.3)	<b>(194,110)</b>	(289.8)
Net income (loss)	116,715	174.3	<b>132,527</b>	197.9
Loan portfolio	21,883	32.7	<b>24,499</b>	36.6
Total assets	28,157	42.0	<b>31,106</b>	46.4
Shareholders' equity	2,529	3.8	<b>2,761</b>	4.1
Net financial margin	4.7%		<b>4.7%</b>	
Efficiency ratio	46.9%		<b>47.3%</b>	
ROAE	18.5%		<b>19.4%</b>	
ROAA	1.7%		<b>1.7%</b>	



### 1Q 2016 Results

Banco de Chile reported net income of Ch\$132,527 million in the first quarter of 2016, increasing by 13.5% with respect to the first quarter of 2015. This result is primarily explained by growth in operating revenues, based mostly on higher income from the Bank's net asset exposure to UFs, given a higher rate of inflation in the current quarter, higher income from loans, as well as fee-based income, along with a moderate decrease in loan loss provisions. These effects were partially offset by higher operating expenses.

Operating revenues, which include net financial income, fee income and other operating income, increased by 7.7% to Ch\$410,852 million in the first quarter of 2016. This increment is mainly attributable to a higher contribution from the Bank's net asset exposure to UFs, due to the positive variation in the UF in 1Q 2016 (0.71%) compared to 1Q 2015 (-0.02%), 4.8% growth in income from loans, resulting from average loan balances increasing by 12.5% despite a moderate decrease in average lending spreads, and a 7.4% increment in fee income, mainly generated in the retail banking segment by transactional services, and also by insurance brokerage and mutual funds management. The contribution from demand deposits to the Bank's cost of funds also increased due to higher average balances and higher nominal interest rates. Although to a lesser extent, charges related to credit value adjustment for derivatives decreased, while income from the management of fixed-income securities increased. These positive factors more than compensated a negative exchange rate effect on the asset position hedging the Bank's exposure to US\$ denominated loan loss allowances, due to the appreciation of the Chilean peso in 1Q 2016 vis-à-vis its depreciation in 1Q 2015, a drop in sales of AFS securities, and a slightly negative repricing effect on interest bearing liabilities.

Provisions for loan losses amounted to Ch\$64,830 million, a slight 0.9% below 1Q 2015. This variation is mainly explained by a positive exchange rate effect on the Bank's exposure to loan loss allowances denominated in US\$, which was mostly offset by the 12.5% annual expansion in average loans, and regulatory changes related to the treatment of impaired loans, factoring loans and guarantees.

Operating expenses increased by 8.4% to Ch\$194,110 million, mainly due to a 12.5% increment in personnel expenses, owing mostly to higher bonuses, the effect of past inflation on salaries, and higher severance payments following recent changes in the organizational structure, and an 11.5% increase in administrative expenses, mainly explained by higher advertising expenses to reinforce brand recognition and new strategic alliances, an increase in IT and communication expenses, higher expenses related to security, surveillance and money and valuables transportation, and greater maintenance expenses. These factors were partly offset by a reduction in other operating expenses, reflecting lower contingency and country risk provisions.

As of March 2016, the Bank's loan portfolio had experienced an annual growth of 12.0% and a slight quarterly decrease of 0.2%. Annual growth reflects the expansion in consumer loans of 11.8% and in residential mortgage loans of 17.9%, targeting primarily growth in middle and upper income segments. Commercial loans went up by 9.5%, mostly based on a higher penetration of the SME segment.



Banco de Chile is the second ranked bank in the country with a market share of 18.2% of total loans (excluding operations of subsidiaries abroad) as of February 2016. Its return on average equity (annualized) reached 19.4% in 1Q 2016.

### Interest Subordinated Debt

In the first quarter of 2016 accrued interest expense of the Subordinated Debt with the Chilean Central Bank was 16.3% higher than the first quarter of 2015, due to the effect of a higher rate of inflation in 1Q 2016 as compared to the same period in 2015.

### ENERGY SEGMENT

The following table details the contribution of the investments in the Energy Segment during 2016 and 2015 to Quiñenco's net income:

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
Enex	5,682	8.5	5,134	7.7
<b>Total Energy Segment</b>	<b>5,682</b>	<b>8.5</b>	<b>5,134</b>	<b>7.7</b>

As of March 31, 2016 and 2015, Quiñenco controls 100% of the energy segment.

### ENEX<sup>7</sup>

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
Sales	443,871	662.7	<b>402,197</b>	600.5
Operating income	6,893	10.3	<b>9,030</b>	13.5
Net income Controller	5,682	8.5	<b>5,134</b>	7.7
Total assets			<b>773,732</b>	1,155.2
Shareholders' equity			<b>537,576</b>	802.6

### 1Q 2016 Results

Enex's consolidated sales during 1Q 2016 reached Ch\$402,197 million, down 9.6% from 1Q 2015, mainly due to lower fuel prices, partially compensated by higher sales volumes, primarily boosted by sales of fuels at service stations. The total volume dispatched by Enex during the quarter amounted to 914 thousand cubic meters, 1.7% higher than in 1Q 2015, of which 97.2% corresponds to fuels.

<sup>7</sup> Enex corresponds to the consolidated financial statements of Enex S.A.



Gross income during the period reached Ch\$48,385 million, 15.5% above 1Q 2015, primarily due to the growth in sales volumes through service stations, together with improved margins of lubricants, mostly resulting from the effect of selling inventory at historical cost given increasing international reference prices.

Operating income during the quarter reached a gain of Ch\$9,030 million, up by 31.0% from 1Q 2015, largely due to the increase in gross income explained above, which was partially compensated by higher operating expenses related to service stations and convenience stores, and higher brand related expenses following the conversion of the Terpel stations during 2015. EBITDA reached Ch\$12,212 million in the first quarter of 2016, 28.1% higher than in the first quarter of 2015.

Non-operating income amounted to a loss of Ch\$2,647 million, compared to the gain of Ch\$193 million reported in 1Q 2015, mostly explained by higher financial costs and exchange rate losses in 1Q 2016 vis-à-vis exchange rate gains in 1Q 2015.

Net income for 1Q 2016 amounted to Ch\$5,134 million, 9.6% lower than net income reported in 1Q 2015, primarily due to lower non-operating results, partially offset by improved operating results and lower income tax expense during the quarter.

## TRANSPORT SEGMENT

The following table details the contribution of the investments in the Transport Segment during 2016 and 2015 to Quiñenco's net income:

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
CSAV	24,408	36.4	(10,584)	(15.8)
<b>Total Transport Segment</b>	<b>24,408</b>	<b>36.4</b>	<b>(10,584)</b>	<b>(15.8)</b>

As of March 31, 2016 and 2015, Quiñenco's ownership of CSAV was 56.0% and 55.2%, respectively.

## CSAV

	1Q 15		1Q 16		1Q 15	1Q 16
	MCh\$	MUS\$	MCh\$	MUS\$	ThUS\$	ThUS\$
Sales	44,678	66.7	22,582	33.7	71,525	<b>32,144</b>
Operating income (loss)	(1,758)	(2.6)	(5,483)	(8.2)	(2,841)	<b>(7,841)</b>
Net income (loss) Controller	44,246	66.1	(18,862)	(28.2)	70,874	<b>(27,220)</b>
Total assets			1,470,431	2,195.3		<b>2,195,328</b>
Shareholders' equity			1,345,213	2,008.4		<b>2,008,380</b>



### 1Q 2016 Results

CSAV's consolidated sales in 1Q 2016 reached US\$32.1 million, decreasing by 55.1% with respect to 1Q 2015. This significant drop is mostly explained by CSAV's decision to discontinue refrigerated bulk cargo (reefer vessels) and solid bulk cargo operations during the past year. The reduction is also attributable to lower freight rates, reflecting the negative effect of the reduced level of activity and demand for vehicle transport services to the west coast of South America and the drop in fuel prices. During 1Q 2016, gross income amounted to a loss of US\$4.9 million, compared to a gain of US\$0.9 million in 1Q 2015. Although cost of sales decreased, reflecting the fall of close to 49% in fuel prices, discontinuation of the refrigerated bulk and solid bulk cargo services, and the lower level of activity in the car carrier business, this reduction did not compensate the fall in revenues explained above. Operating income reached a loss of US\$7.8 million in 1Q 2016, compared to a loss of US\$2.8 million reported in 1Q 2015, primarily reflecting the decline in gross income, which was partly offset by a decrease in administrative expenses.

Non-operating income for the quarter amounted to a loss of US\$8.8 million as compared to a gain of US\$60.0 million reported in 1Q 2015. This unfavorable variation is primarily due to CSAV's share in Hapag-Lloyd's results for the first quarter (amounting to a loss of US\$15.2 million), adjusted by CSAV's fair value accounting of this investment (a positive adjustment of US\$7.2 million), which in all amounted to a loss of US\$8.1 million. Hapag-Lloyd reported a net loss of US\$49 million in the first quarter of 2016, which compares unfavorably with the gain of US\$144 million reported in the same quarter of 2015. This negative result reflects subdued global economic growth and sustained competitive pressure in the container shipping industry that led to a further significant decline in freight rates during the current quarter. Additional synergy effects and cost savings partly compensated the effect of the drop in freight rates. EBITDA reached US\$136 million, posting an EBITDA margin of 6.4%, although below that obtained in 1Q 2015 (US\$319 million).

CSAV reported a net loss of US\$27.2 million in 1Q 2016, compared to a gain of US\$70.9 million in 1Q 2015, due to the decline in operating and non-operating results explained above, together with an income tax expense as a result of the appreciation of the euro with respect to the US\$ during the period and its impact on CSAV's financing structure related to the investment in Hapag-Lloyd.

### PORT SERVICES SEGMENT

The following table details the contribution of the investments in the Port Segment during 2016 to Quiñenco's net income:

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
SM SAAM	-	-	5,257*	7.8
<b>Total Port Services Segment</b>	-	-	<b>5,257</b>	<b>7.8</b>

\* Corresponds to the proportionate share in SM SAAM's results for the three month period up to March 2016. Starting March 2016, SM SAAM's results are consolidated and no longer accounted for as an equity investment. As of March 31, 2015 Quiñenco held a 42.4% interest in SM SAAM. SM SAAM's contribution in 1Q 2015 is included in the segment Other, and amounted to Ch\$3,267 million. As of March 31, 2016, Quiñenco controls 50.8% of SM SAAM.



## SM SAAM

	1Q 16		1Q 15	1Q 16
	MCh\$	MUS\$	ThUS\$	ThUS\$
Sales	67,208	100.3	116,585	<b>95,697</b>
Operating income	6,627	9.9	16,166	<b>9,342</b>
Net income Controller	10,359	15.5	13,909	<b>14,694</b>
Total assets	839,833	1,253.9		<b>1,253,857</b>
Shareholders' equity	481,429	718.8		<b>718,765</b>

### 1Q 2016 Results

In the first quarter of 2016 SM SAAM's consolidated sales reached US\$95.7 million, down by 17.9% from 1Q 2015, primarily explained by lower revenues from logistics, port terminals, and, to a lesser extent, tug boats. Revenues from logistics fell by 27.3% due to lower dynamism in Chile and the termination of certain services to ships in Chile and the closing of operations in Brazil. Revenues from port terminals diminished by 24.4%, owing to lower operations at Guayaquil and Iquique, partially offset by growth at Mazatlán in Mexico. Revenues from tug boats decreased 6.9% mainly due to lower revenues from Mexico and Canada. Consolidated revenues can be broken down as follows: Tug boats (47.4%), Ports (26.5%), and Logistics and others (26.1%).

Gross income amounted to US\$24.4 million, 21.7% below 1Q 2015, explained mostly by lower gross income of port terminals, and to a lesser extent, of logistics and tug boats, following the lower level of revenues. During 1Q 2016 operating income amounted to US\$9.3 million, 42.2% lower than the same period in 2015, primarily explained by the reduction in gross income, and the impairment of two cranes at Mazatlán (Mexico), partly compensated by a decrease in administrative expenses. SM SAAM's consolidated EBITDA reached US\$22.5 million in 1Q 2016, down 18.9% from the same period in 2015, mainly attributable to the port terminals and tug boats segments, and to a lesser extent, to logistics.

Non-operating income for the quarter amounted to a gain of US\$10.0 million, substantially higher than the gain of US\$4.8 million reported in 1Q 2015. This variation is mainly explained by a higher contribution from equity investments, reflecting higher results from Peru, despite the reduction of SM SAAM's stake in Tramarsa (from 49% to 35%), due to the addition of the port of TISUR to the company's business portfolio in November 2015, and improved performance of tug boats in Brazil, with growth in operations and additional cost savings. On the other hand, the contribution from the ports of San Antonio and Antofagasta decreased, mostly owing to higher costs. Also, SM SAAM reported a gain from exchange rate differences in 1Q 2016 compared to a loss in 1Q 2015.

SM SAAM reported a net gain of US\$14.7 million in 1Q 2016, up by 5.6% from 1Q 2015, mainly due to improved non-operating results, together with a lower tax expense, which more than offset lower operating income during the quarter.



## OTHER SEGMENT

The following table details the contribution from investments in the Segment Other during 2016 and 2015 to Quiñenco's net income:

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
IRSA (CCU) <sup>8</sup>	12,598	18.8	12,796	19.1
SM SAAM	3,267	4.9	-	-
Quiñenco & other	(2,805)	(4.2)	(6,472)	(9.7)
<b>Total Other Segment</b>	<b>13,060</b>	<b>19.5</b>	<b>6,324</b>	<b>9.4</b>

As of March 31, 2016 and 2015, Quiñenco's ownership of CCU was 30.0%. As of March 31, 2015, Quiñenco's ownership of SM SAAM was 42.4%.

The contribution from SM SAAM corresponds to Quiñenco's proportional share in its net income for the period 2015, adjusted by the fair value accounting for this investment at Quiñenco. The adjustment for 1Q 2015 amounted to Ch\$419 million (downward adjustments). For a comparative analysis of SM SAAM please refer to the Port Services segment.

## CCU

	1Q 15		1Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
Sales	382,834	571.6	<b>414,193</b>	618.4
Operating income	68,789	102.7	<b>67,079</b>	100.1
Net income (loss)	43,289	64.6	<b>44,586</b>	66.6
Total assets			<b>1,801,396</b>	2,689.5
Shareholders' equity			<b>1,054,925</b>	1,575.0

## 1Q 2016 Results

CCU reports its results in accordance with the following three business segments: Chile, International Business, and Wine. Chile includes beer, non-alcoholic beverages, and spirits. The International Business segment includes beer, cider, non-alcoholic beverages, and spirits in Argentina, Uruguay and Paraguay. Wine includes the commercialization of wine, mainly in the export market. CCU's sales in the first quarter of 2016 grew by 8.2% compared to the first quarter of 2015, as a result of 6.3% growth in consolidated sales volumes and 1.8% higher average prices. Sales growth was led by the Chile operating segment, with a 13.2% increment, given a 5.0% rise in average prices and a 7.8% increase in volumes, resulting from good execution at sales points, followed by the Wine segment with 9.3% growth in sales reflecting 7.6% higher average prices, driven by the favorable effect of the strong

<sup>8</sup> Corresponds to Quiñenco's proportionate share of CCU's net income, prepared in accordance with IFRS.



US\$ exchange rate, and 1.6% volume growth. The International Business segment, on the other hand, reported a 4.4% reduction in sales, due to lower average prices that were down by 6.7%, partly offset by a 2.4% increase in sales volumes.

Gross income rose by 6.3% to Ch\$230,896 million, in line with sales growth and partially offset by higher cost of sales, mainly due to the effect of the devaluation of the main currencies CCU operates in, impacting US\$ denominated costs. The gross margin as a percentage of sales decreased from 56.8% in 1Q 2015 to 55.7% in 1Q 2016.

Operating income reached Ch\$67,079 million, down by 2.5% from 1Q 2015, primarily explained by losses from derivatives in the current quarter, and higher administrative expenses, which offset the increment in gross income explained above. EBITDA amounted to Ch\$93,103 million in 1Q 2016, increasing 7.5% from 1Q 2015.

CCU reported non-operating losses of Ch\$5,494 million, greater than the loss of Ch\$2,493 million in 1Q 2015. The variation is mainly explained by losses from exchange rate differences during the quarter vis-à-vis gains in 1Q 2015, primarily due to the impact of the devaluation of the Argentine peso, and greater losses related to the effect of higher inflation on indexed liabilities.

Net income for the first quarter of 2016 amounted to Ch\$44,586 million, 3.0% higher than the same quarter in 2015, primarily due to a lower tax expense during the current quarter, which offset lower operating and non-operating results. Tax expense decreased due to the effect of inflation adjustments on tax equity and the favorable impact of foreign exchange rate fluctuations, which compensated higher income taxes in Chile in line with the increase in the corporate tax rate (from 22.5% to 24.0%).

### QUIÑENCO and Others

The negative variation of Quiñenco and others is mainly explained at the corporate level by a greater loss arising from the effect of higher inflation on liabilities in UFs, and lower financial income reflecting a lower cash balance. To a lesser extent, the decrease is also attributable to a lower contribution from Banchile Vida, which fell by 12.1% during the quarter, mostly owing to lower operating results. These unfavorable variations were partially compensated by a non-recurring gain reported at the corporate level in 1Q 2016, corresponding to a provisory revaluation of Quiñenco's investment in SM SAAM, due to the change in the accounting method from an equity method investment to a consolidated subsidiary.

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All of Quiñenco's Earnings and Press Releases and other relevant information on the Company, including quarterly financial statements, are available for viewing on the Company's website:

[www.quinenco.cl](http://www.quinenco.cl)  
[www.quinencogroup.com](http://www.quinencogroup.com)