

## **Quiñenco's Profit amounted to Ch\$108,740 million in 2017, a year characterized by growth in international businesses**

- Significant progress in the investment in Hapag-Lloyd was achieved during this period, with the company showing positive results, while the French company Nexans doubled its profits.
- CCU and SM SAAM's international businesses were also noteworthy and, at a local level, Banco de Chile's performance.
- Although the profits in this period show a 39% decrease as compared to the previous year, this is mainly explained by the one-time accounting impact on CSAV caused by its dilution in Hapag-Lloyd after the merger with UASC.

**Santiago, March 29, 2018.** Quiñenco recorded net income of Ch\$108,740 million in 2017, which represents a 39% decrease as compared to the previous year. This is mainly explained by the results of Compañía Sud Americana de Vapores (CSAV), which reflect an accounting and one-time loss of US\$167 million according to IFRS, originated by the dilution in Hapag-Lloyd resulting from the merger with United Arab Shipping Company (UASC).

Nevertheless, this loss was partly mitigated by two effects. First, the accounting gain of US\$15 million resulting from the increase in CSAV's interest in Hapag-Lloyd during the last quarter of the year, when it reached 25.5%. Also, due to CSAV's share in the positive results of the German shipping company in 2017, which amounted to US\$30 million and reverted the US\$107 million loss in 2016. This upturn resulted mainly from the significant increase in the operational result of the company, considering the greater volume transported, largely due to the merger with UASC, and a slight recovery in freight rates.

Also in the international area, the French company Nexans doubled its net profit reaching €125 million, with a 12% increase in the operating result together with a profit derived from raw material price variations over exposed inventories, which allowed the company to propose a €0.7 per share dividend. The submarine high voltage transmission segment was outstanding, with organic sales increasing by 45%.

CCU, on the other hand, recorded net income of Ch\$129,607 million, increasing 9.4% compared to the previous year, mostly resulting from the International Business and Chile segments. The consolidated sales volume increased 5%, reaching a record of 26 million hectoliters, boosted by a 17% increase in International Business, mostly in Argentina. Higher costs negatively affected the Wine segment.

SM SAAM obtained net income of Ch\$39,820 million, growing 7.6% mainly due to the gain obtained from the sale of its share in Tramarsa (Peru). The addition of Puerto Caldera in Costa Rica and good performance of the port of Guayaquil in Ecuador, which doubled its capacity this year, was partially offset by lower results in logistics, tug boats, and ports in Chile.

In the energy sector, Enx's gross income was 2% higher than in the previous year, based on higher sales volumes of fuels and better margins in lubricants. The total dispatched volume amounted to 3,730 cubic meters, a 1.8% increase compared to 2016. Nevertheless, the final result of Ch\$8,774

million, 57% lower than the previous period was affected by a higher depreciation of fixed assets together with higher expenses related to service stations and provisions.

Banco de Chile, whose revenues represent about 40% of Quiñenco's consolidated revenues, increased its profit by 4.3% compared to the previous year, reaching Ch\$576,012 million. These results are explained, in a context of lower inflation, by sustained growth of client related income and lower loan loss provisions. The return on average capital was 20%, higher than the industry's average of 13%.

Quiñenco's CEO, Francisco Pérez Mackenna, highlighted that 2017 was "a positive year for the Company. Operationally, the companies clearly show consolidation with promising results particularly in the international area, with Hapag-Lloyd and Nexans showing positive performance".

It is worth noting that during the last quarter of 2017, CSAV and Hapag-Lloyd carried out successful capital increases for US\$294 million and US\$400 million, in Chile and Germany respectively. Quiñenco, on the other hand, participated in CSAV's process slightly increasing its share to 56.2%.

Mr. Perez Mackenna also emphasized the importance for CCU of the agreement reached in Argentina between the company and AB InBev, by which the termination of the distribution agreement of the Budweiser brand in that country will be anticipated, in exchange for US\$400 million for the Argentine subsidiary together with the transfer of several brands. The free competition authorities of Argentina approved the agreement in March.

Referring to another recent event that strengthens the Group's international business development strategy, Francisco Pérez Mackenna highlighted Invexans' announcement, that it will establish a subsidiary in London, "a financial city by excellence, a strategic point that will allow us to be closer to where we believe we may find eventual business opportunities", he said.

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**Quiñenco** is one of the largest and most diversified business conglomerates in Chile, with consolidated assets of approximately US\$61.8 billion. It participates in leading companies of the financial, beverage and food, manufacturing, energy, transport and port services sectors that in all employ approximately 69 thousand people in Chile and abroad. For further information visit [www.quinenco.cl](http://www.quinenco.cl)