



## Quiñenco's profits increased by 66% in 2018

- Net income amounted to Ch\$180,430 million, mainly due to the recovery of CSAV, which reverted the impact of its dilution in Hapag-Lloyd in 2017, and to the gain generated at CCU due to the early termination of the Budweiser license in Argentina.
- Other highlights of the year were Enex's entry to the United States market and the generation, at Banco de Chile, of the necessary profits to complete 100% repayment of the subordinated debt with the Chilean Central Bank, 17 years ahead of the established maturity.

**Santiago, March 27, 2019.** Quiñenco S.A.'s net income during 2018 amounted to Ch\$180,430 million, representing a 66% increase compared to the previous period. In a year highlighted by significant events at each one of the subsidiaries, CSAV's recovery and the non-recurring gain at CCU, resulting from the early termination of its Budweiser license in Argentina, primarily explain these results.

*Compañía Sudamericana de Vapores (CSAV)* reverted the effects of its accounting loss recorded in 2017 due to its dilution in Hapag-Lloyd after the merger with United Arab Shipping Company (UASC). During the year, the German shipping company Hapag-Lloyd, was among the best operators of the container ship industry at a worldwide level, and reported positive results at year end. Within a challenging context for the global container ship business, noteworthy are the 21% growth in its transported volumes and 12% growth in EBITDA, which closed the year at US\$1,345 million.

Another significant factor boosting Quiñenco's profits in 2018 was the good performance of CCU and its contribution to the holding's consolidated results. This period was favorably affected by the transaction between CCU Argentina and Anheuser-Busch InBev, for the early termination of the Budweiser license in exchange for a portfolio of brands and payments of up to US\$400 million before taxes, over a three-year term, including a down payment in cash of US\$316 million. In addition, CCU achieved a record volume of 28.5 million hectoliters of consolidated beverages, a 9.6% increase compared to 2017, and the excellent performance of the operating segments Chile, where volumes increased by 5.6%, and International Business, with a 23% increment. In Colombia, where CCU operates together with Postobón, this year the sales of premium brand beers exceeded half a million hectoliters, and in February the local beer Andina was launched, being the first brand entirely produced at its new plant located outside Bogotá.

On the other hand, Banco de Chile's net income amounted to Ch\$595 billion in 2018, which will allow complete payment of the balance of the subordinated debt that SM Chile maintains with the Chilean Central Bank. This obligation, totaling UF56 million, was acquired at a UF + 5% interest rate in 1996, with final maturity in 2036, but its repayment will be completed next month (April), 17 years in advance. With respect to its results, the Bank reported a 3.3% increase compared to the previous term. The 9.6% growth in revenues, driven by income related to clients as well as the favorable effect of inflation during the period, offset greater expenses and provisions for loan losses, mostly non-recurring.

In the case of SM SAAM, its net income amounted to US\$49.6 million, a decrease of US\$9.7 million compared to 2017, which included a non-recurring gain of approximately US\$30 million on the sale of its minority interest in Tramarsa. Thus, the company reflects a good operating performance driven by the Port Terminals segment, with greater activity at most of the ports. The Logistics segment, in turn, experienced a significant recovery. Recently, during the summer of 2019, SM SAAM announced an agreement to acquire from Boskalis its interest in the two joint ventures existing in Brazil, Canada, Mexico and Panama for the tug boat business, strengthening its position in the region. This transaction amounts to US\$201 million.

Within Quiñenco's internationalization process, Enex completed in 2018 a significant step by entering the United States market through the acquisition of 38 Road Ranger Travel Centers, located on the main interstate highways connecting Texas and the Midwest. This transaction amounted to US\$289 million. In terms of results, Enex's net income grew significantly reaching Ch\$19,277 million, with a 9.8% increase in EBITDA, based on better margins in the service stations channel and in lubricants, together with an increase in sales volumes and a lower expense in provisions.

Another significant event in Quiñenco's expansion strategy was the establishment of a subsidiary of Invexans in London, Invexans Limited, in order to explore new business opportunities and concentrate international investments, particularly in Europe. During the last quarter of 2018, Invexans completed the transfer to its subsidiary in the United Kingdom of its total shares in the French cable and technological solutions multinational Nexans, which currently represent about 29% of the total of such company. Within a complex global environment for the industry, Nexans' net results decreased from 125 million euros in 2017 to 14 million euros in 2018, mainly due to lower performance of the high voltage and projects operations, in addition to a loss due to the effect of inventory price variations. During the year, Nexans adjusted its management, changed the CEO, and announced a global restructuring plan to strengthen its growth capacity.

In addition to acknowledging value of the results in 2018, which he described as a "good year for Quiñenco", the CEO, Francisco Pérez Mackenna, stated that this performance

“reaffirms the growth strategy designed by the Board of Directors and the Company’s management”.

“In a period with many fulfillments, I particularly highlight Enex’s entry to the demanding United States market, the transaction completed by CCU in Argentina, the confirmation of Hapag-Lloyd as the best operator in the industry at a global level and, of course, the total repayment of the subordinated debt resulting from the good performance of Banco de Chile”.

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**Quiñenco** is one of the largest and most diversified business conglomerates in Chile, with consolidated assets amounting to approximately US\$60 billion. It participates in leading companies of the financial, beverages and food, manufacturing, energy, transport and port services sectors, which together employ over 69 thousand individuals in Chile and abroad. For further information, visit [www.quinenco.cl](http://www.quinenco.cl)