



**QUIÑENCO S.A.**

**As of June 2020:**

## **International Companies Drive Quiñenco's Results to Levels Similar to First Half of 2019**

- **The company reported net income of Ch\$76,492 million, comparable to the same period last year, explained mainly by positive performances from Hapag-Lloyd, Nexans and SM SAAM's towage business, offsetting weaker results from Chilean operations.**
- **Francisco Pérez Mackenna, CEO of Quiñenco, affirmed that while group companies "have not gone unscathed by the pandemic, the company's international diversification strategy has given us the necessary flexibility to face the current situation."**

**Santiago, September 11, 2020.-** Quiñenco reported net income for the first half of 2020 of Ch\$76,492 million, marking a decrease of 0.4% over the same period last year. This figure does not fully reflect the impact of the public health and economic crises caused by Covid-19. In aggregate, the impact of such complex conditions on the performance of CCU, ENEX and Banco de Chile was partially offset by the results of Hapag-Lloyd, Nexans and SM SAAM.

During the first six months of 2020, amid pandemic-related restrictions and volatile oil prices, Hapag-Lloyd, the main asset of Compañía Sudamericana de Vapores (CSAV), saw a 3.5% decline in transported volumes. However, the shipping company reported EBITDA of US\$1.3 billion, up 19.2% from the first half of 2019, and net income of US\$307 million, due in part to rising average freight rates combined with effective cost management.

Also worth mentioning are the results of the French multinational Nexans, despite the impact of the public health crisis. An organic drop in sales of 9.8%, particularly in the industrial and construction segments, was mitigated by cost cutting efforts and transformation plans, in addition to lower restructuring costs. As a result, Nexans's EBITDA reached €162 million, down 16.9% from the first half of 2019, including the pandemic's negative impact of €64 million based on estimates by the French company, and it reported a net loss of €55 million, marking an improvement of 52.6% over June 2019.

SM SAAM's contribution to Quiñenco's consolidated results was also up by 21.1%. The towage division's strong performance, driven by the Brazilian operations acquired from Boskalis in late 2019, along with a gain on the sale of real estate and the favorable effect of converting to Chilean pesos were offset by a weaker performance from the port terminal division, particularly in Chile. Due to lower activity levels, throughput at domestic ports operated by said subsidiary fell 21% on average in comparison to the first half of last year.

CCU's results during the period, which fell 56.5% to Ch\$28,978 million, reflect the effect of restrictions to curb the spread of the pandemic that affected consumption in all countries where the company operates, especially during the second quarter. Additionally, depreciated local currencies with respect to the US dollar in both Argentina and Chile also had an unfavorable impact. The exception was the Wine segment, which performed better, enjoying growth in volumes and a positive impact from a stronger dollar.

Meanwhile, Enex's contribution to the holding's results sunk to a loss of Ch\$55 million, mainly due to a reduced flow of customers in the service station channel because of the pandemic, and lower oil prices, partially offset by a strong first quarter performance. Total volumes dispatched as of June 2020 reached 1.86 million cubic meters, down 13.5% from the same period last year.

In the financial segment, Banco de Chile saw a 15.4% decline in net income, reflecting a rise in loan loss provisions, including increased provisions as a result of the Covid-19 outbreak, particularly in the wholesale banking segment. On the other hand, the interest saved after SM Chile paid off its subordinated debt in April 2019 had a positive effect on Quiñenco's financial segment, which in all decreased its contribution to consolidated results by 5.1%.

At a corporate level, in late June Quiñenco issued UF 4 million in bonds, divided into one 27-year series of UF 3 million and another 12-year series of UF 1 million, with rates of 1.65% and 1.20% reflecting the market's trust in the company's future. Similarly, in late August the holding subscribed its entire pro rata share of the capital increase carried out by its subsidiary Compañía Sudamericana de Vapores (CSAV), investing around US\$215 million, equivalent to Quiñenco's 61.45% interest in the shipping company.

In addition to reporting the results for the period, the CEO of Quiñenco, Francisco Pérez Mackenna, referred to the pandemic's impact on the global economy and the group's activities: "The public health crisis continues to be a challenge for all countries and our companies have not gone unscathed by the pandemic, although the international diversification strategy we have followed for many years has given us strength and flexibility to face the current situation. We will continue, as we have done from the outset, to prioritize protecting the health of all our employees and keeping our companies operational in order to avoid disrupting the goods and services production chain. We hope that the gradual reopening taking place in Chile and around the world, without letting our guard down, will allow the economy to begin a reactivation and recovery process" he affirmed.

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**Quiñenco** is one of the largest, most diversified corporate conglomerates in Chile. It owns interests in leading companies in the financial, beverage, manufacturing, energy, transport and port services industries, which together employ over 68 thousand people in Chile and abroad. More information is available at [www.quinenco.cl](http://www.quinenco.cl)