



QUIÑENCO S.A.

Quiñenco's Net Income for First Quarter 2020 lower than 1Q 2019

- **The Company reported net income of MCh\$39,417, which reflects only the first few weeks of the COVID-19 crisis in Chile. This figure is 29.4% less than the same period in 2019, mainly explained by reduced results from Hapag-Lloyd and CCU, offset in part by strong performances from Banco de Chile and Enx as of March.**
- **Quiñenco's CEO, Francisco Pérez Mackenna, expressed his concern about the impact this crisis will have on domestic and global economic activity, affirming that today "our priority is to safeguard the lives and health of our workers and keep our operations running, in order to not affect the chain of goods and services."**

Santiago, May 29, 2020.- Quiñenco reported net income for the first quarter of 2020 of Ch\$39,417 million, marking a decrease of 29.4% over the same period in 2019. These figures correspond to the period when the COVID-19 public health crisis had recently arrived in Chile and the Americas, but was already affecting Asia and a large part of Europe. In this context, the variation in the company's performance can be explained mainly by reduced results from Hapag-Lloyd and CCU, which was offset in part by strong figures from Banco de Chile and Enx until March.

During the first three months of 2020, Hapag-Lloyd, the main asset of Compañía Sudamericana de Vapores (CSAV), enjoyed higher revenue due to a 4.3% increase in transported volumes and a 1.4% rise in average freight rates. However, these variables were negatively impacted by higher fuel costs to comply with the new IMO 2020 sulfur emissions standard and a loss from fuel inventory revaluations as oil prices were down at the end of March. The German shipping line reported net income of US\$24 million, with EBITDA of US\$517 million. In January CSAV completed its acquisition plan for Hapag-Lloyd, purchasing an additional 2.2%, thus reaching around 30% ownership. Recently, at an extraordinary shareholders' meeting CSAV shareholders approved a capital increase of US\$350 million to finance these investments.

The quarterly results from CCU, which fell 33.6% to Ch\$32,235 million, reflect the negative effect of the depreciating Argentinean and Chilean pesos versus the US dollar, in addition to high inflation in Argentina, which was partially offset by growth in the Wine segment. In terms of operations, CCU saw a rise of 6.4% in consolidated sales volumes, despite the challenging conditions in Chile and a drop in late March because of the public health crisis.

The financial segment, in turn, increased its contribution to consolidated results. Banco de Chile's net income was up 34.8%, as a result of growth in operating revenues, offsetting higher provisions for loan losses partly attributable to the COVID-19 outbreak, particularly in the wholesale banking

segment. The full repayment of SM Chile's subordinated debt in April 2019 also had a favorable effect, as interest was recorded only for the first quarter of last year.

In the energy segment, Enx reported 35.1% growth in operating income, driven by local operations, even though volumes were affected by the public health crisis in late March. A drop in volumes of fuel sold in the service station channel in Chile and the U.S. was offset by higher volumes in the industrial segment. Enx reached net income of Ch\$11,413 million, which is significantly higher than the same period in 2019.

SM SAAM's share of Quiñenco's consolidated results was also up by 11.1%. In operating terms, port terminals were affected by decreased activity, which reduced throughput, particularly in Chile. However, that was offset by improved operating performances from the towage division, particularly in Brazil, thanks to the transaction with Boskalis in October 2019, combined with a gain on the sale of real estate in Valparaíso and the positive effect of conversion to Chilean pesos.

Although the first quarter impact of the COVID-19 pandemic on the company's results and financial position was limited, it must be borne in mind that the crisis primarily affected only a portion of the month of March. The reach and consequences the crisis will have on the different group companies for the rest of the year cannot be estimated as yet, given the uncertainty regarding the duration and severity of the pandemic. To date, the group's companies have taken multiple steps to address the pandemic, protecting employees, supporting customers and working to ensure that production and logistics chains run smoothly.

Along with reporting the results, the CEO of Quiñenco, Francisco Pérez Mackenna, expressed that the company is following with concern what is happening in the domestic and global economy as a result of the pandemic. "Our businesses' strong performances over time and our long-term strategy of growth and diversification enable us to be in a sound position to face today's difficult conditions globally," he expressed, adding that now "our priority is to safeguard the lives and health of our workers and keep our operations running, in order to not affect the chain of goods and services."

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