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## **QUIÑENCO S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2020**

(Santiago, Chile, May 29, 2020) Quiñenco S.A., a leading Chilean business conglomerate, announced today its consolidated financial results under IFRS, for the first quarter ended March 31, 2020.

Consolidated financial results are presented in accordance with IFRS and the regulations established by the Financial Market Commission (CMF, formerly Superintendency of Securities and Insurance). 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, 2020 (Ch\$852.03 = US\$1.00), unless indicated otherwise, and are only provided for the reader's convenience.

### **1Q 2020 HIGHLIGHTS**

Net income of Ch\$39,417 million, 29.4% less than 1Q 2019, primarily explained by CSAV, CCU, and Quiñenco corporate level, partly offset by growth in the banking sector and Enex.

Industrial sector operating income up 47.1% to Ch\$27,680 million, driven by SM SAAM, boosted by the tug boat segment and a non-recurring gain, and by Enex, mainly reflecting local operations.

Affiliates Hapag-Lloyd and CCU posted lower quarterly results. Hapag-Lloyd was impacted by higher fuel costs and a devaluation of bunker stocks, while CCU was affected by devaluations of local currencies. In both cases, however, quarterly volumes and revenues increased.

Bank sector results up based on growth at Banco de Chile, driven by higher revenues, and absence of interest on the subordinated debt of SM Chile in the current quarter, after full repayment in April 2019.

Earnings per share amounted to Ch\$23.71 in 2020.



## GROUP HIGHLIGHTS – FIRST QUARTER 2020 AND SUBSEQUENT EVENTS

### CSAV increases stake in Hapag-Lloyd and approves capital increase

During January 2020, as approved by its Board of Directors, CSAV acquired an additional stake in Hapag-Lloyd, thus reaching a stake of 30%. The acquisition implied an investment of approximately US\$330 million, financed with a loan from Quiñenco. CSAV's Board also agreed to carry out a US\$350 million capital increase, as approved by CSAV's shareholders at an extraordinary meeting held on May 19, 2020. The meeting also approved the absorption of accumulated losses.

### Quiñenco – Dividend Distribution

At the Ordinary Shareholders' Meeting held on April 30, 2020, shareholders approved a dividend distribution corresponding to 2019 net income of Ch\$37.89775 per share, payable as of May 15, 2020, to those shareholders registered with the company as of May 9, 2020. The total amount of the dividend is Ch\$63,015 million, equivalent to 30% of 2019 net income.

### Invexans and parent company of Enex merge

On March 23, 2020, shareholders approved the merger of Invexans with Inversiones Río Argenta, holding company of Enex. This merger seeks to strengthen Invexans' investment portfolio, and facilitates Enex's international expansion.



## INFORMATION ON FINANCIAL STATEMENTS AND SEGMENTS

### FORMAT OF FINANCIAL STATEMENTS

In accordance with the definition issued by the Financial Market Commission, the line “Gains (losses) of operating activities” 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.

As of January 1, 2019, IFRS 16 (leases) has been adopted, with effects on the Balance sheet and Income Statement. Consequently, right of use of leased assets and the present value of the corresponding liabilities are now included in the balance sheet. In the income statement, amortizations of the rights of use and financial costs are registered instead of leasing expenses. For further detail please refer to the Financial Statements (notes 3 and 19).

### 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

**vi) Other**

- Quiñenco and others (includes CCU, 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.

Invexans' main asset is its 28.72% stake in Nexans, a French multinational company leader in the world cable industry. As of March 31, 2020, Quiñenco has a 99.4% stake in Invexans.

As of March 31, 2020, Techpack has a 0.53% stake in Nexans. As of March 31, 2020, Quiñenco's ownership of Techpack is 99.97%.

Thus, as of March 31, 2020, through its subsidiaries Invexans and Techpack, Quiñenco has a 29.2% interest in Nexans.

During the last quarter of 2017 CSAV sold its entire stake in Norgistics Chile to third parties, and determined the closing of the offices of Norgistics in Peru, Mexico and China. Therefore, in 2019 and 2020 all of Norgistics' operations have been classified as discontinued activities in the income statement. In January 2020, CSAV announced the decision to close its car carrier operations, therefore classifying this business as a discontinued activity in the 2019 and 2020 income statements.

During 3Q 2019, Quiñenco acquired an additional 5.28% stake in CSAV. Thus, as of March 31, 2020, Quiñenco's stake in CSAV is 61.45%.

During 2019, CSAV acquired an additional 1.93% in Hapag-Lloyd, reaching 27.79% ownership as of December 31, 2019. During the first quarter of 2020, CSAV acquired a further 2.2% stake in the German shipping company, totaling 30.0% ownership as of March 31, 2020.

On June 6, 2019, the Banco de Chile shares held by SM-Chile and SAOS were distributed to the series A, B, D and E shareholders of SM-Chile en liquidación registered as of May 31, 2019, in accordance with SM-Chile's bylaws. Thus, as of March 31, 2020, LQIF's ownership and economic rights in Banco de Chile are 51.15%.

On December 30, 2019, Quiñenco sold its direct and indirect stakes in Banchile Vida, SegChile and Inversiones Vita (parent company of the former two companies) to multinational insurance firm Chubb. Thus, the contribution of the insurance business and the gain generated by the transaction have been classified as a discontinued activity in the income statement in 2019 and 2020.

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

**i) Financial**

- Banco de Chile
- SM Chile (in 2019 only)

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


**ANALYSIS OF CONSOLIDATED RESULTS**
**Summarized Consolidated Income Statement**

Sector /Segment	Manufacturing		Financial		Energy		Transport		Port Services		Other		Total	
	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Consolidated Income (Loss) Industrial Sector	440	(4,842)	(2,307)	(4,412)	2,120	11,413	21,687	3,656	13,469	14,410	17,386	(8,939)	<b>52,795</b>	<b>11,285</b>
Consolidated Income Banking Sector	-	-	80,742	136,882	-	-	-	-	-	-	243	57	<b>80,985</b>	<b>136,939</b>
<b>Consolidated Net Income (Loss)</b>	<b>440</b>	<b>(4,842)</b>	<b>78,435</b>	<b>132,470</b>	<b>2,120</b>	<b>11,413</b>	<b>21,687</b>	<b>3,656</b>	<b>13,469</b>	<b>14,410</b>	<b>17,629</b>	<b>(8,882)</b>	<b>133,780</b>	<b>148,224</b>
Net Income (Loss) Attributable to Non-controlling Interests	(13)	(9)	59,904	99,651	-	-	9,504	1,409	7,676	7,972	895	(216)	<b>77,966</b>	<b>108,807</b>
<b>Net Income (Loss) Attributable to Controllers' Shareholders</b>	<b>453</b>	<b>(4,834)</b>	<b>18,530</b>	<b>32,819</b>	<b>2,120</b>	<b>11,413</b>	<b>12,183</b>	<b>2,246</b>	<b>5,793</b>	<b>6,438</b>	<b>16,734</b>	<b>(8,666)</b>	<b>55,814</b>	<b>39,417</b>

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

**Net Income – 1Q 2020**

Quiñenco reported a net gain of Ch\$39,417 million in the first quarter of 2020, decreasing 29.4% with respect to the same period in 2019. This variation is primarily explained by lower contributions from CSAV and CCU, and an unfavorable impact of inflation on indexed liabilities and higher income tax expense at Quiñenco corporate level, partly mitigated by improved results in the financial segment and at Enx. The decline in the transport segment reflects CSAV's share in the results of its main asset, Hapag-Lloyd, which reported a 76.8% drop in net income to US\$24 million, impacted by higher costs of fuel in compliance with IMO 2020 sulphur emissions and a non-recurring charge of US\$64 million due to the devaluation of fuel stocks at the end of March. CCU's contribution decreased due to lower performance in the International Business and Chile segments, both affected by local currency devaluations, partly offset by better performance in the Wine segment. Quarterly consolidated volumes grew despite having dropped towards the end of March due to the pandemic. In the financial segment, Banco de Chile posted strong results, boosted by revenue growth offsetting higher provisions, including the impact of the Covid-19 outbreak, and the absence of interest expense related to the subordinated debt fully repaid in April 2019, led to a 77.1% rise in the segment's contribution to consolidated results. In the energy segment, Enx also posted strong operating performance, boosted by local operations despite a downturn in sales volumes towards the end of March, as well as positive non-operating results. SM SAAM's contribution, in turn, increased mainly as a result of a favorable conversion effect, positive operating performance in tug boats, and a non-recurring gain on the sale of real estate, offsetting lower results in port terminals, impacted by the fall in activity leading to lower volumes transferred.

Earnings per ordinary share amounted to Ch\$23.71 in the first quarter of 2020.



## Consolidated Income Statement Breakdown

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
<b>Industrial Sector</b>				
<b>Revenues</b>	<b>703,678</b>	<b>825.9</b>	<b>795,701</b>	<b>933.9</b>
Manufacturing	- Invexans & Techpack	0.0	21	0.0
Financial	- LQIF holding	-	-	-
Energy	- Enex	617,216	724.4	677,580
Transport	- CSAV	-	-	-
Port Services	- SM SAAM	86,286	101.3	118,074
Other	- Quiñenco & others	158	0.2	26
<b>Operating income (loss)</b>	<b>18,812</b>	<b>22.1</b>	<b>27,680</b>	<b>32.5</b>
Manufacturing	- Invexans & Techpack	(1,274)	(1.5)	(1,321)
Financial	- LQIF holding	(384)	(0.5)	(413)
Energy	- Enex	7,774	9.1	10,504
Transport	- CSAV	(1,126)	(1.3)	(928)
Port Services	- SM SAAM	18,601	21.8	25,021
Other	- Quiñenco & others	(4,781)	(5.6)	(5,183)
<b>Non-operating income (loss)</b>	<b>28,791</b>	<b>33.8</b>	<b>(8,657)</b>	<b>(10.2)</b>
Interest income		5,548	6.5	3,450
Interest expense		(17,551)	(20.6)	(21,354)
Share of net income/loss from related co.		40,231	47.2	18,532
Foreign exchange gain (loss)		382	0.4	1,065
Indexed units of account restatement		182	0.2	(10,350)
		-	-	-
Income tax		2,764	3.2	(6,725)
Net income (loss) from discontinued operations		2,428	2.8	(1,013)
<b>Consolidated Net Income (Loss) Industrial Sector</b>	<b>52,795</b>	<b>62.0</b>	<b>11,285</b>	<b>13.2</b>
<b>Banking Sector</b>				
Operating revenues		444,888	522.2	513,152
Provision for loan losses		(89,156)	(104.6)	(125,559)
Operating expenses		(220,952)	(259.3)	(220,296)
Operating income (loss)		134,780	158.2	167,296
Non-operating income (loss)		(19,589)	(23.0)	1,896
Income tax		(34,206)	(40.1)	(32,253)
<b>Consolidated Net Income (Loss) Banking Sector</b>	<b>80,985</b>	<b>95.0</b>	<b>136,939</b>	<b>160.7</b>
<b>Consolidated Net Income</b>	<b>133,780</b>	<b>157.0</b>	<b>148,224</b>	<b>174.0</b>
Net Income Attributable to Non-controlling Interests		77,966	91.5	108,807
<b>Net Income Attributable to Controllers' Shareholders</b>	<b>55,814</b>	<b>65.5</b>	<b>39,417</b>	<b>46.3</b>



## Industrial Sector

### Revenues – 1Q 2020

Consolidated revenues totaled Ch\$795,701 million in the first quarter of 2020, 13.1% above those of the same period in 2019, primarily due to higher revenues at Enex, and to a lesser extent, sales growth at SM SAAM<sup>1</sup>.

### Operating Income – 1Q 2020

Operating income for the first quarter of 2020 reached a gain of Ch\$27,680 million, compared to the gain of Ch\$18,812 million in the first quarter of 2019. The increment in consolidated operating results is primarily attributable to SM SAAM and Enex.

### EBITDA – 1Q 2020

EBITDA amounted to Ch\$62,070 million in 1Q 2020, up 49.0% from the first quarter of 2019. The increment is primarily explained by higher EBITDA at SM SAAM, boosted by the consolidation with the towage operations in Brazil, and at Enex.

### Non-Operating Results<sup>2</sup> – 1Q 2020

Non-operating income amounted to a loss of Ch\$8,657 million in the first quarter of 2020, compared to a gain of Ch\$28,791 million in the same quarter of 2019.

#### *Proportionate Share of Net Income of Equity Method Investments (net) – 1Q 2020*

Quiñenco's proportionate share of net income from equity method investments (net), which primarily includes the results from CCU, as well as Invexans' share in the results of Nexans<sup>3</sup>, CSAV's share in the results of Hapag-Lloyd, and SM SAAM's affiliates, reached a gain of Ch\$18,532 million, compared to a gain of Ch\$40,231 million in 1Q 2019.

- Quiñenco's proportionate share of net income from IRSA (CCU) decreased 36.6% from Ch\$14,485 million to Ch\$9,186 million.
- SM SAAM's proportionate share in its affiliates decreased by 3.1% to Ch\$2,977 million.
- CSAV's proportionate share of net income from Hapag-Lloyd (adjusted by fair value accounting), amounted to a gain of Ch\$5,914 million, compared to a gain of Ch\$21,557 million in 1Q 2019, which also included a gain generated by the 0.2% stake acquired that quarter.

<sup>1</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, Invexans, CSAV and SM SAAM's results in US dollars, refer to Segment/Operating company analysis.

<sup>2</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>3</sup> Nexans only reports results as of June and December, in accordance with French regulations and IFRS.



#### *Interest Income 1Q 2020*

Interest income for the first quarter of 2020 amounted to Ch\$3,450 million, 37.8% less than that obtained in 1Q 2019. This variation corresponds mainly to lower financial income at Quiñenco corporate level, offset by higher financial income at Enex.

#### *Interest Expense – 1Q 2020*

Interest expense for the first quarter of 2020 amounted to Ch\$21,354 million, 21.7% greater than in the first quarter of 2019. The variation is mainly explained by higher financial costs at CSAV, and SM SAAM, slightly offset by lower financial costs at Enex.

#### *Foreign Currency Exchange Differences – 1Q 2020*

In 1Q 2020, the gains (losses) specific to foreign currency translation differences amounted to a gain of Ch\$1,065 million, compared to the gain of Ch\$382 million reported in 1Q 2019, primarily attributable to favorable results at Enex, offset by unfavorable results at Techpak and, to a lesser extent, SM SAAM.

#### *Indexed Units of Account Restatement – 1Q 2020*

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\$10,350 million in the first quarter of 2020, compared to a gain of Ch\$182 million reported in the same period of 2019. The variation is mainly explained by greater losses at Quiñenco (corporate level) and at LQIF holding.

#### **Income Taxes – 1Q 2020**

The industrial sector reported an income tax expense of Ch\$6,725 million in 1Q 2020, compared to an income tax credit of Ch\$2,764 million reported in 1Q 2019, primarily explained by higher tax expense at Quiñenco corporate level, and also at SM SAAM and Enex, partly offset by a higher income tax credit at CSAV.

#### **Discontinued Operations – 1Q 2020**

In 1Q 2020 the result of discontinued operations amounted to a loss of Ch\$1,013 million, compared to a gain of Ch\$2,428 million in 1Q 2019. In 1Q 2019, the gain primarily corresponds to Banchile Vida's results for the quarter. In 1Q 2020, the loss corresponds to Techpak and CSAV's discontinued operations, and to a downward price adjustment at Quiñenco corporate level on the sale of the insurance business.

#### **Non-controlling Interests – 1Q 2020**

In the first quarter of 2020, at a consolidated level (including both Industrial and Banking net income), net income attributable to non-controlling interests amounted to Ch\$108,807 million. Of the total amount reported in 1Q 2020, Ch\$66,681 million corresponds to minority shareholders' share of Banco de 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 and CSAV's net income.





## Banking Sector

### Operating Revenues - 1Q 2020

Operating revenues for the first quarter of 2020 amounted to Ch\$513,152 million, 15.3% above the first quarter of 2019, mainly due to the favorable impact of higher inflation on the Bank's net asset position in UFs, higher fee income, and the positive impact of exchange rate variations on the Bank's position in US dollars to hedge its expenses and liabilities in said currency.

### Provision for Credit Risk - 1Q 2020

Provisions for loan losses at Banco de Chile amounted to Ch\$125,560 million in the first quarter of 2020, 40.8% greater than the provisions registered in the first quarter of 2019, mainly attributable the negative impact of exchange rate variations on loan loss provisions for US dollar denominated loans, higher expense related to increased risk in the wholesale segment, and loan portfolio growth, focused mainly in the retail segment.

### Operating Expenses - 1Q 2020

Operating expenses went down by a slight 0.3% to Ch\$220,296 million in 1Q 2020, primarily reflecting lower personnel expenses, mostly offset by greater administrative expenses, higher depreciation and amortization, and higher other operating expenses.

### Non-operating Results - 1Q 2020

During the first quarter of 2020 non-operating results amounted to a gain of Ch\$1,896 million, comparing favorably to the loss of Ch\$19,589 million reported in the first quarter of 2019, primarily explained by the absence of accrued interest expense of the Subordinated Debt with the Chilean Central Bank in the current quarter, since it was fully paid on April 30, 2019.

### Consolidated Net Income - 1Q 2020

Consolidated net income for the banking sector amounted to Ch\$136,939 million in 1Q 2020, up by 69.1% from the same period in 2019, mainly due to higher operating revenues and the favorable impact of full payment of the subordinated debt in April 2019, partially compensated by greater loan loss provisions.


**CONSOLIDATED BALANCE SHEET ANALYSIS (vis-à-vis the 4th quarter of 2019)**
**Condensed Consolidated Balance Sheet**

	12-31-2019		03-31-2020	
	MCh\$	MUS\$	MCh\$	MUS\$
Current assets industrial sector	1,025,848	1,204.0	980,005	1,150.2
Non-current assets industrial sector	5,397,021	6,334.3	6,117,465	7,179.9
Assets financial sector	41,273,328	48,441.2	44,796,342	52,576.0
<b>Total Assets</b>	<b>47,696,197</b>	<b>55,979.5</b>	<b>51,893,812</b>	<b>60,906.1</b>
Current liabilities industrial sector	521,270	611.8	538,604	632.1
Long-term liabilities industrial sector	2,154,985	2,529.2	2,248,293	2,638.7
Liabilities financial sector	37,520,550	44,036.7	41,187,750	48,340.7
Non-controlling interests	4,012,958	4,709.9	4,165,722	4,889.2
Shareholders' equity	3,486,434	4,091.9	3,753,444	4,405.3
<b>Total Liabilities &amp; Shareholders' equity</b>	<b>47,696,197</b>	<b>55,979.5</b>	<b>51,893,812</b>	<b>60,906.1</b>

**Current Assets Industrial Sector**

Current assets decreased by 4.5% compared to the fourth quarter of 2019, primarily due to a lower balance of cash and cash equivalents, mostly attributable to CSAV's acquisition of an additional 2.2% stake in Hapag-Lloyd, partly offset by a higher balance at LQIF due to the dividend received from Banco de Chile. The lower balance of cash was partially offset by higher other non financial assets, mainly at Enex and SM SAAM, higher inventories, also at Enex and SM SAAM compensating lower inventories at CSAV, and higher assets maintained for sale, primarily corresponding to CSAV following the decision to close its car carrier business.

**Non Current Assets Industrial Sector**

Non current assets increased by 13.3% compared to the fourth quarter of 2019, mainly reflecting an increment in equity investments, due to a greater book value of Hapag-Lloyd, based on CSAV's increased stake in the German company, including goodwill, a positive conversion effect and to a lesser extent, period earnings. The variation in non current assets is, to a lesser extent, also explained by an increment of 9.7% in fixed assets, mostly at SM SAAM and Enex, offsetting a decrease at CSAV.

**Assets Banking Sector**

Total assets of the banking sector increased by 8.5% compared to the fourth quarter of 2019. Loans to customers increased by 2.8% with respect to December 2019, reflecting mainly growth in commercial loans, and to a lesser extent, residential mortgage loans, while consumer loans decreased.



### Current Liabilities Industrial Sector

Current liabilities increased by 3.3% compared to the fourth quarter of 2019, primarily due to higher financial debt, mainly at Quiñenco holding explained by exchange rate hedges related to the loan granted to CSAV, and to a lesser extent, by liabilities of assets available for sale, mostly at CSAV. These increases were partly offset by lower accounts payable at Enex and to a lesser extent, at CSAV.

### Long-term Liabilities Industrial Sector

Long-term liabilities increased by 4.3% compared to the fourth quarter of 2019, primarily attributable to higher financial debt at SM SAAM and CSAV, mainly due to conversion effects, and to a lesser extent, due to greater deferred tax liabilities mostly at SM SAAM.

### Liabilities Banking Sector

Liabilities corresponding to the banking sector increased by 9.8% compared to the fourth quarter of 2019.

### Minority Interest

Minority interest increased by 3.8% compared to the fourth quarter of 2019.

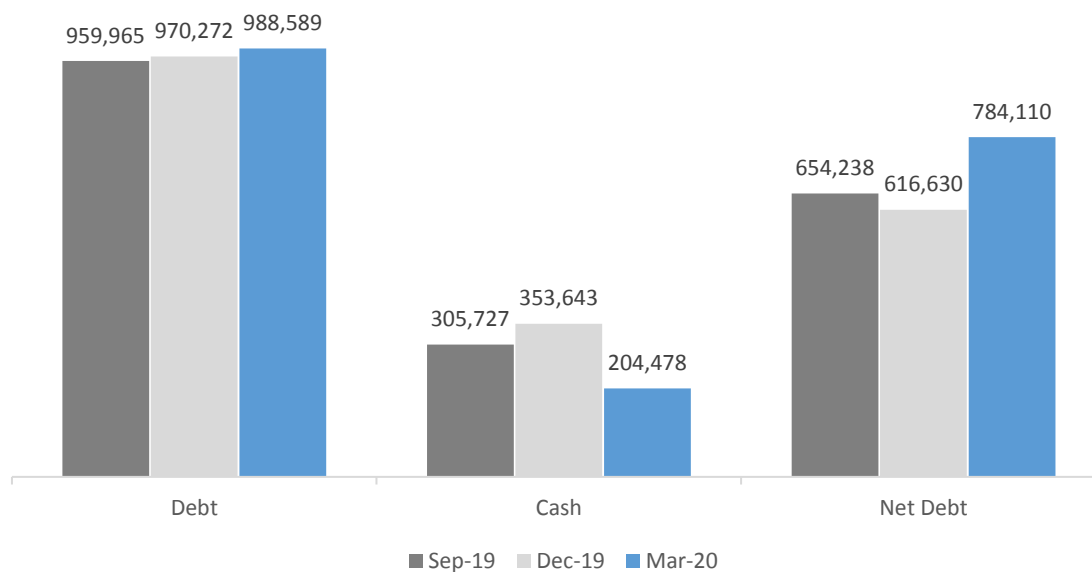
### Equity

Shareholders' equity increased by 7.7% compared to the fourth quarter of 2019, mainly due to higher other reserves, mostly reflecting positive conversion effects at CSAV, SM SAAM, Invexans and Techpack, and also due to period earnings net of dividends.


**QUIÑENCO CORPORATE LEVEL DEBT AND CASH**

As of March 31, 2020	Debt		Cash & Equivalents		Total Net Debt	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
Corporate level	863,525	1,013.5	113,459	133.2	750,067	880.3
Adjusted for:						
50% interest in LQIF	101,662	119.3	90,541	106.3	11,122	13.1
50% interest in IRSA	23,401	27.5	479	0.6	22,922	26.9
<b>Total</b>	<b>988,589</b>	<b>1,160.3</b>	<b>204,478</b>	<b>240.0</b>	<b>784,110</b>	<b>920.3</b>

The debt to total capitalization ratio at the corporate level (unadjusted) was 18.0% as of March 31, 2020.

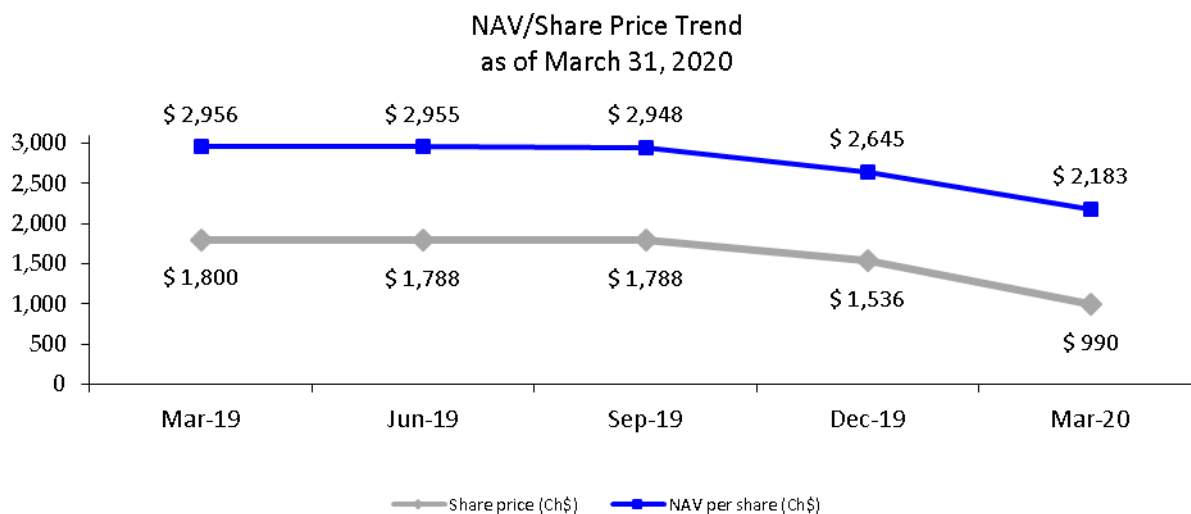
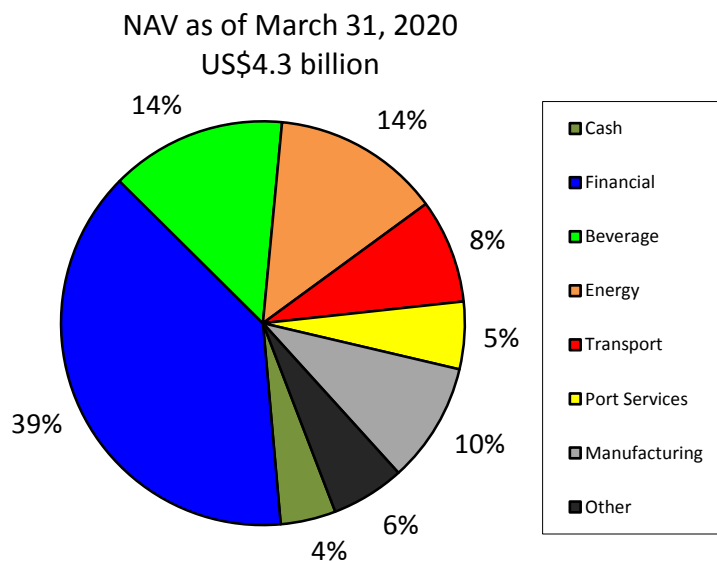
**Corporate Level Adjusted<sup>4</sup> Cash & Debt**  
 (Millions of Ch\$)


<sup>4</sup> Adjusted for 50% interest in LQIF holding and IRSA.



**NAV**

As of March 31, 2020, the estimated net asset value (NAV) of Quiñenco was US\$4.3 billion (Ch\$2,183 per share) and market capitalization was US\$1.9 billion (Ch\$990 per share). The discount to NAV is estimated at 54.6% as of the same date.

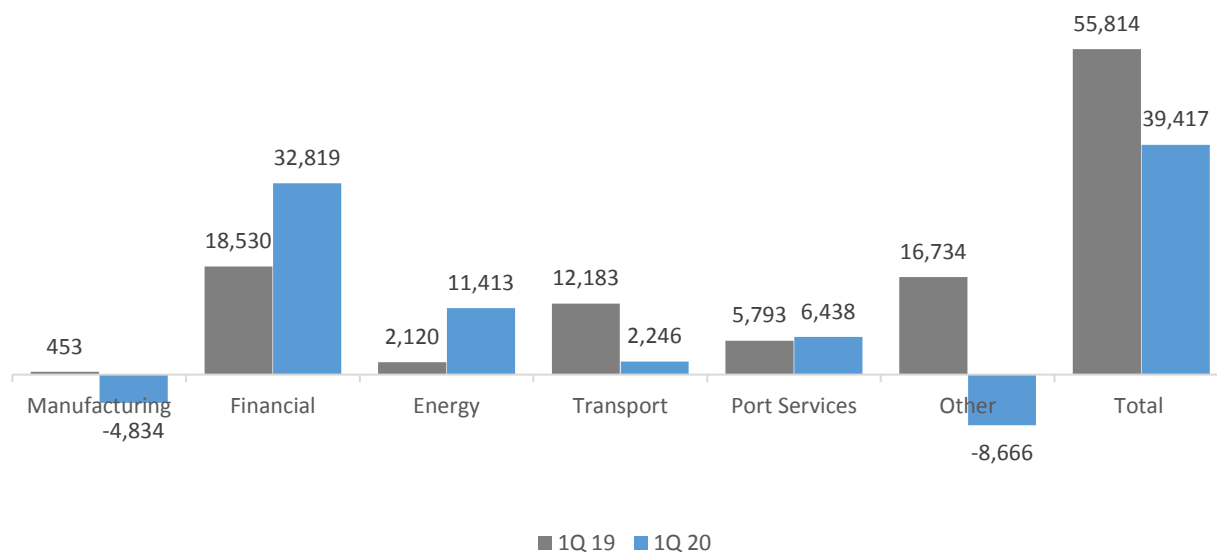



**SEGMENT / OPERATING COMPANY ANALYSIS**

## Quarterly Results

Sector /Segment	Manufacturing		Financial		Energy		Transport		Port Services		Other		Total	
	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20	1Q 19	1Q 20
	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	654	(4,684)	(2,335)	(4,448)	3,159	14,576	19,495	(604)	18,970	22,647	7,661	(8,464)	47,603	19,023
Income tax	(24)	(53)	28	35	(1,039)	(3,163)	2,503	4,741	(5,501)	(8,237)	6,796	(49)	2,764	(6,725)
Net loss from discontinued operations	(190)	(105)	-	-	-	-	(311)	(482)	-	-	2,929	(426)	2,428	(1,013)
<b>Net income (loss) industrial sector</b>	<b>440</b>	<b>(4,842)</b>	<b>(2,307)</b>	<b>(4,412)</b>	<b>2,120</b>	<b>11,413</b>	<b>21,687</b>	<b>3,656</b>	<b>13,469</b>	<b>14,410</b>	<b>17,386</b>	<b>(8,939)</b>	<b>52,795</b>	<b>11,285</b>
<b>Banking Sector</b>														
Net income before taxes	-	-	114,947	169,135	-	-	-	-	-	-	243	57	115,191	169,193
Income tax	-	-	(34,206)	(32,253)	-	-	-	-	-	-	-	-	(34,206)	(32,253)
<b>Net income banking sector</b>	<b>-</b>	<b>-</b>	<b>80,742</b>	<b>136,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243</b>	<b>57</b>	<b>80,985</b>	<b>136,939</b>
<b>Consolidated net income (loss)</b>	<b>440</b>	<b>(4,842)</b>	<b>78,435</b>	<b>132,470</b>	<b>2,120</b>	<b>11,413</b>	<b>21,687</b>	<b>3,656</b>	<b>13,469</b>	<b>14,410</b>	<b>17,629</b>	<b>(8,882)</b>	<b>133,780</b>	<b>148,224</b>
Net income (loss) attributable to Non-controlling interests	(13)	(9)	59,904	99,651	-	-	9,504	1,409	7,676	7,972	895	(216)	77,966	108,807
<b>Net Income (Loss) Attributable to Controllers' shareholders</b>	<b>453</b>	<b>(4,834)</b>	<b>18,530</b>	<b>32,819</b>	<b>2,120</b>	<b>11,413</b>	<b>12,183</b>	<b>2,246</b>	<b>5,793</b>	<b>6,438</b>	<b>16,734</b>	<b>(8,666)</b>	<b>55,814</b>	<b>39,417</b>

Contribution to Net Income by Segment  
(Millions of Ch\$)




**MANUFACTURING SEGMENT**

The following table details the contribution of the investments in the Manufacturing segment during 2019 and 2020 to Quiñenco's net income:

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
Invexans	(918)	(1.1)	(1,268)	(1.5)
Techpack	1,371	1.6	(3,565)	(4.2)
<b>Total Manufacturing Segment</b>	<b>453</b>	<b>0.5</b>	<b>(4,834)</b>	<b>(5.7)</b>

As of March 31, 2019 and 2020, Quiñenco's ownership of Invexans was 98.7% and 99.4%, respectively. As of March 31, 2019 and 2020, Quiñenco's ownership of Techpack was 99.97%.

**INVEXANS**

	1Q 19		1Q 20		1Q 19 ThUS\$	1Q 20 ThUS\$
	MCh\$	MUS\$	MCh\$	MUS\$		
Sales	13	0.0	14	0.0	19	17
Operating loss	(873)	(1.0)	(1,083)	(1.3)	(1,309)	(1,362)
Non-operating income (loss)	(39)	(0.0)	(115)	(0.1)	(58)	(146)
<b>Net loss controller</b>	<b>(930)</b>	<b>(1.1)</b>	<b>(1,276)</b>	<b>(1.5)</b>	<b>(1,394)</b>	<b>(1,606)</b>
Total assets			347,008	407.3		407,272
Shareholders' equity			329,680	386.9		386,935

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 CMF, 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 CMF 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 2020 Results**

Inveans reported an operating loss of US\$1,362 thousand, compared to the loss of US\$1,309 thousand reported in 1Q 2019, mainly explained by expenses relating to a property in Quilpué, partially offset by lower administrative expenses in the current quarter, and to a lesser extent, to lower expenses related to legal contingencies in Brazil.

Non-operating income amounted to a loss of US\$146 thousand, higher than the loss of US\$58 thousand reported in 1Q 2019, mostly due to exchange rate differences in the current quarter, generated by cash balances in euros and Chilean pesos, partly compensated by lower financial costs.

Inveans posted a net loss of US\$1,606 thousand in 1Q 2020, greater than the loss of US\$1,394 thousand reported in 1Q 2019, due to both the higher non-operating and operating losses explained above.

**TECHPACK**

	1Q 19		1Q 20		1Q 19	1Q 20
	MCh\$	MUS\$	MCh\$	MUS\$	ThUS\$	ThUS\$
Sales	4	0.0	7	0.0	6	9
Operating income	(401)	(0.5)	(238)	(0.3)	(599)	(294)
Net income (loss) from discontinued operations	(190)	(0.2)	(105)	(0.1)	(285)	(131)
<b>Net income (loss) Controller</b>	<b>1,371</b>	<b>1.6</b>	<b>(3,566)</b>	<b>(4.2)</b>	<b>2,020</b>	<b>(4,487)</b>
Total assets			164,064	192.6		192,555
Shareholders' equity			162,163	190.3		190,326

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 shown in the last two columns of the table.

On May 31, 2016, Techpack sold its entire flexible packaging business to Australian Amcor. Due to this sale, the results and expenses related to the transaction have been classified in discontinued operations.

**1Q 2020 Results**

During the first quarter of 2020, Techpack's operating income amounted to a loss of US\$294 thousand, improving from the loss of US\$599 thousand reported in 1Q 2019, mainly due to lower administrative expenses in the current quarter.

Non-operating income for the quarter amounted to a loss of US\$4,094 thousand, comparing unfavorably to the gain of US\$2,911 thousand reported in 1Q 2019, primarily explained by losses from exchange rate differences in the current quarter, whereas in 1Q 2019 a gain was reported.





Discontinued operations reported a loss of US\$131 thousand in 1Q 2020, 54.0% less than the loss registered in 1Q 2019, and correspond mainly to maintenance expenses of the discontinued operations.

Thus, net income for 1Q 2020 reached a loss of US\$4,487 thousand, compared to the gain of US\$2,020 thousand reported in 1Q 2019, due mostly to the lower non-operating results during the quarter.



## FINANCIAL SEGMENT

The following table details the contribution of the investments in the Financial Segment during 2019 and 2020 to Quiñenco's net income:

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
LQIF holding	(1,153)	(1.4)	(2,206)	(2.6)
Banking sector	19,684	23.1	35,025	41.1
<b>Total Financial Segment</b>	<b>18,530</b>	<b>21.7</b>	<b>32,819</b>	<b>38.5</b>

As of March 31, 2019 and 2020, Quiñenco's ownership of LQIF was 50.0%. LQIF's economic rights in Banco de Chile were 34.1% as of March 31, 2019 and 51.2% as of March 31, 2020.

### LQIF Holding

#### 1Q 2020 Results

LQIF holding registered a loss of Ch\$4,412 million in 1Q 2020, 91.3% above the loss of Ch\$2,307 million reported in 1Q 2019, mainly explained by higher losses from the effect of inflation on financial obligations denominated in UFs, due to a higher variation of 1.02% in the UF in the current quarter vis-à-vis a nil variation in 1Q 2019.

### Banking Sector

The Banking sector is comprised of Banco de Chile and, until June 2019, by SM Chile. The most relevant item of the income statement in the case of SM Chile was the interest expense of the Subordinated Debt with the Chilean Central Bank. On April 30, 2019, following full repayment of the Subordinated Debt, SM-Chile was dissolved and is in the winding up process.

**BANCO DE CHILE**

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
Operating revenues	444,596	521.8	513,093	602.2
Provision for loan losses	(89,156)	(104.6)	(125,560)	(147.4)
Operating expenses	(220,824)	(259.2)	(220,293)	(258.6)
<b>Net income (loss)</b>	<b>101,537</b>	<b>119.2</b>	<b>136,882</b>	<b>160.7</b>
Loan portfolio	28,185,764	33,080.7	30,862,835	36,222.7
Total assets	36,092,359	42,360.4	44,796,698	52,576.4
Shareholders' equity	3,300,949	3,874.2	3,550,891	4,167.6
Net financial margin	4.1%		4.4%	
Efficiency ratio	49.7%		42.9%	
ROAE	12.2%		16.2%	
ROAA	1.1%		1.3%	

**1Q 2020 Results**

Banco de Chile reported net income of Ch\$136,882 million in the first quarter of 2020, increasing by 34.8% with respect to the first quarter of 2019. This growth is primarily explained by greater operating revenues, offset by higher loan loss provisions.

Operating revenues, which include net financial income, fee income and other operating income, rose 15.4% to Ch\$513,093 million in the first quarter of 2020. Higher revenues due to the favorable impact of greater inflation on the contribution of the Bank's net asset exposure to UFs, with an increase of 1.0% in the current quarter vis-à-vis no variation in the UF in 1Q 2019, were followed by higher fee income, boosted by fees from insurance brokerage, based on the joint venture materialized in 2Q 2019 along with growth in written premiums, and to a lesser extent, from mutual funds management reflecting a 29.0% rise in assets under management, and a favorable impact on revenues of the Bank's position in dollars to hedge US\$-denominated liabilities and expenses given a 13.6% depreciation of the Chilean peso in 1Q 2020 compared to the 2.0% appreciation registered in 1Q 2019. To a lesser extent, higher income from treasury activities, mostly due to higher results from trading and the AFS portfolio, and an increment in income from loans based on annual growth in average loans of 7.4% also contributed to revenue growth. These positive effects were partially offset by a negative impact of counterparty value adjustment for derivatives, mainly explained by rising credit spreads following the volatility in the markets due to Covid-19 which resulted in higher probabilities of default of counterparties, lower net financial income from subsidiaries, mostly owing to the securities brokerage subsidiary where its fixed-income portfolio was negatively affected by higher credit spreads, a decline in other operating revenues, largely explained by the release of non-credit related allowances in 1Q 2019 and lower revenues from sale of assets received in lieu of payment, and a decrease in the contribution of demand deposits to funding, related to lower interest rates in local and foreign markets.



Provisions for loan losses amounted to Ch\$125,560 million, increasing 40.8% from 1Q 2019. This increment is primarily explained by a negative impact related to US\$-denominated loan loss provisions given the 13.6% depreciation of the Chilean peso in 1Q 2020 compared to the 2.0% appreciation registered in 1Q 2019, higher provisions primarily due to increasing risk in the wholesale banking segment, due to a less favorable economic context amid Covid-19, since some clients have not been able to operate normally due to measures taken to fight the pandemic, and finally, also due to loan growth, which was mostly concentrated in the retail segment.

Operating expenses decreased by a slight 0.2% to Ch\$220,293 million in 1Q 2020. Lower personnel expenses were mostly offset by higher administrative expenses, and to a lesser extent, by increased depreciation and amortizations and other operating expenses. The decline in personnel expenses is mostly explained by a one-time release of a performance bonus allowance and lower severance payments, partly compensated by higher salaries, which in turn resulted from the effect of inflation on salaries mitigated by the optimization of the organizational structure based on synergies achieved in some business areas. The increment in administrative expenses is mainly attributable to expenses related to maintenance of ATMs given an expanded nationwide network, higher IT and communication expenses relating to home office equipment and support since March this year after the Covid-19 outbreak, and also due to the implementation of the new service model for personal and SME banking, partly compensated by lower expenses on outsourced sales services that are now carried out internally.

Income tax expense in the first quarter of 2020 diminished by 5.7% to Ch\$32,253 million.

As of March 2020, the Bank's loan portfolio posted an annual expansion of 9.5%, placing the Bank as number 2 in total loans. In the retail segment, loans grew 8.7%, boosted by personal banking loans, mostly residential mortgages, as well as loans to SMEs. The wholesale segment, in turn, experienced an annual increase of 10.9%, with strong growth in the middle market as well as the corporate area, based mainly on growth in commercial credits.

Banco de Chile is the second ranked bank in the country with a market share of 16.3% of total loans (excluding subsidiaries outside Chile), for the period ended March 31, 2020. Its return on average equity reached 16.2%.

#### **Interest Subordinated Debt – 1Q 2020**

Accrued interest expense of the Subordinated Debt with the Chilean Central Bank was only reported in the first quarter of 2019, following complete repayment of said debt on April 30, 2019.


**ENERGY SEGMENT**

The following table details the contribution of the investments in the Energy Segment during 2019 and 2020 to Quiñenco's net income:

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
Enex	2,120	2.5	11,413	13.4
<b>Total Energy Segment</b>	<b>2,120</b>	<b>2.5</b>	<b>11,413</b>	<b>13.4</b>

As of March 31, 2019 and 2020, Quiñenco controls 100% of the energy segment.

**ESEX**

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
Sales	617,216	724.4	677,580	795.3
Operating income	7,774	9.1	10,504	12.3
<b>Net income Controller</b>	<b>2,120</b>	<b>2.5</b>	<b>11,413</b>	<b>13.4</b>
Total assets			1,347,321	1,581.3
Shareholders' equity			620,265	728.0

**1Q 2020 Results**

Enex's consolidated sales during 1Q 2020 reached Ch\$677,580 million, up by 9.8% from 1Q 2019, mainly due to higher prices of fuels in all segments, along with higher volumes sold in the industrial segment, partly offset by lower volumes in the service station segment in Chile and the USA. The total volume dispatched by Enex during the quarter amounted to 1,091 thousand cubic meters, 1.6% higher than in 1Q 2019, of which 98.0% corresponds to fuels.

Gross income during the period reached Ch\$74,966 million, 14.2% above 1Q 2019, primarily due to a higher gross margin per unit of fuel sales in the service station segment and greater gross income from the industrial segment, boosted by the growth in volumes. In addition, there was a favorable impact of selling inventory at historical cost given increasing international reference prices during the current quarter, whereas during 1Q 2019 they decreased.

Operating income during the quarter reached a gain of Ch\$10,504 million, up 35.1% from 1Q 2019, largely due to the growth in gross income explained above, partially offset by a 9.3% increment in selling and administrative expenses, mainly attributable to greater depreciation, fees and royalties related to the service station segment, as well as increased transport costs, following the growth in volumes sold to industrial clients.



Non-operating income amounted to a gain of Ch\$4,072 million in 1Q 2020, comparing favorably with the loss of Ch\$4,616 million reported in 1Q 2019, mostly explained by a gain from exchange rate differences in the current quarter, and to a lesser extent, to lower financial costs and a better result of equity investments.

Net income for 1Q 2020 amounted to Ch\$11,413 million, significantly above the net income of Ch\$2,120 million reported in 1Q 2019, primarily reflecting better non-operating results, mostly explained by a gain from exchange rate differences, and also improved operating income.


**TRANSPORT SEGMENT**

The following table details the contribution of the investments in the Transport Segment during 2019 and 2020 to Quiñenco's net income:

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
CSAV	12,183	14.3	2,246	2.6
<b>Total Transport Segment</b>	<b>12,183</b>	<b>14.3</b>	<b>2,246</b>	<b>2.6</b>

As of March 31, 2019 and 2020, Quiñenco's ownership of CSAV was 56.2% and 61.5%, respectively. Quiñenco's proportionate share in CSAV's results is adjusted by the fair value accounting of this investment at Quiñenco. During 1Q 2019 and 1Q 2020 the adjustment was a lower result of Ch\$3 million and a lower result of Ch\$4 million, respectively.

**CSAV**

	1Q 19		1Q 20		1Q 19 ThUS\$	1Q 20 ThUS\$
	MCh\$	MUS\$	MCh\$	MUS\$		
Sales	-	-	-	-	-	-
Operating income (loss)	(1,126)	(1.3)	(928)	(1.1)	(1,687)	(1,167)
<b>Net income (loss) Controller</b>	<b>21,692</b>	<b>25.5</b>	<b>3,662</b>	<b>4.3</b>	<b>32,545</b>	<b>4,702</b>
Total assets			2,389,317	2,804.3		2,804,264
Shareholders' equity			1,902,046	2,232.4		2,232,370

CSAV reports its financial statements in US dollars, and translates them to Chilean pesos for consolidation purposes based, in general terms, 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. CSAV'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 CMF, as shown in the last two columns of the table. In 2017 CSAV sold its stake in Norgistics Chile and decided on the closure of its other offices. Therefore, all of Norgistics operations have been classified as discontinued



operations in 2019 and 2020 in the income statement. Also, during January 2020 CSAV announced its decision on the closure of car carrier business, thus this business has been classified as a discontinued activity in 2019 and 2020 in the income statement.

### **1Q 2020 Results**

CSAV's operating income amounted to a loss of US\$1.2 million in 1Q 2020, compared to a loss of US\$1.7 million in 1Q 2019, primarily due to lower administrative expenses.

Non-operating income for the quarter amounted to a gain of US\$0.4 million, down from the gain of US\$30.9 million reported in 1Q 2019. This decline is primarily due to CSAV's share in Hapag-Lloyd's results for the quarter, adjusted by CSAV's fair value accounting of this investment, which amounted to a gain of US\$7.4 million in 1Q 2020, compared to the gain of US\$27.9 million in 1Q 2019. Furthermore, CSAV's additional 0.2% stake in Hapag-Lloyd acquired during the first quarter of 2019, generated a gain of US\$4.4 million.

Hapag-Lloyd reported a net gain of US\$24 million in the first quarter of 2020, down from the gain of US\$104 million reported in 1Q 2019. Hapag-Lloyd's revenue increased 5.9%, mostly explained by 4.3% growth in transported volumes, together with a 1.4% rise in average freight rates. Operating expenses went up 8.4%, mainly due to the higher sales volumes and also due to the higher cost of fuel complying with IMO 2020 regulation on lower sulphur emissions, as well as a loss from the devaluation of fuel inventory at end of March prices, after having dropped sharply, amounting to a charge of US\$64 million. Thus, Hapag-Lloyd's EBIT reached a gain of US\$176 million in 1Q 2020, 27.4% less than the US\$243 million reported in 1Q 2019. EBITDA amounted to US\$517 million, decreasing by 6.9% from 1Q 2019, with the EBITDA margin reaching 14%.

CSAV reported a net gain of US\$4.7 million in 1Q 2020, down from the gain of US\$32.5 million in 1Q 2019, primarily due to CSAV's share in Hapag-Lloyd's lower results for the quarter, and to a lesser extent, a greater tax credit in the current quarter.



**PORT SERVICES SEGMENT**

The following table details the contribution of the investments in the Port Services Segment during 2019 and 2020 to Quiñenco's net income:

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
SM SAAM	5,793	6.8	6,438	7.6
<b>Total Port Services Segment</b>	<b>5,793</b>	<b>6.8</b>	<b>6,438</b>	<b>7.6</b>

As of March 31, 2019 and 2020, Quiñenco's ownership of SM SAAM was 52.2%. Quiñenco's proportionate share in SM SAAM's results is adjusted by the fair value accounting of this investment at Quiñenco. During 1Q 2019 the adjustment was a lower result of Ch\$464 million and in 1Q 2020 the adjustment was a lower result of Ch\$998 million.

**SM SAAM**

	1Q 19		1Q 20		1Q 19 ThUS\$	1Q 20 ThUS\$
	MCh\$	MUS\$	MCh\$	MUS\$		
Sales	86,286	101.3	118,074	138.6	129,302	147,207
Operating income	18,601	21.8	25,021	29.4	27,973	31,374
<b>Net income Controller</b>	<b>11,987</b>	<b>14.1</b>	<b>14,245</b>	<b>16.7</b>	<b>17,960</b>	<b>17,992</b>
Total assets			1,343,719	1,577.1		1,577,080
Shareholders' equity			659,243	773.7		773,731

SM SAAM reports its financial statements in US dollars, and translates them to Chilean pesos for consolidation purposes based, in general terms, 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. SM SAAM'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 CMF, as shown in the last two columns of the table.

**1Q 2020 Results**

In the first quarter of 2020 SM SAAM's consolidated sales reached US\$147.2 million, up by 13.8% from 1Q 2019, primarily explained by 53.2% higher revenues from tug boats, reflecting the consolidation with SAAM Towage Brazil in the current quarter, and to a lesser extent, increased special services. This growth was partly offset by lower revenues from port terminals, which diminished by 8.3% mostly due to a 12% drop in transferred volumes related to the Covid-19 crisis and its impact on international trade. Revenues from logistics decreased 9.0% mainly owing to a decrease in storage and transport services, mostly related to the retail industry.





Consolidated revenues can be broken down as follows: Ports (44.2%), Tug boats (48.3%), Logistics (7.9%), and Corporate<sup>5</sup> (-0.4%).

Gross income amounted to US\$46.3 million, 16.8% higher than 1Q 2019, explained mostly by higher gross income at tug boats, mostly attributable to the consolidation with the operations in Brazil, to a small extent offset by lower gross income at port terminals and logistics. During 1Q 2020 operating income amounted to US\$31.4 million, up 12.2% from the gain reported in 1Q 2019, primarily reflecting growth in the tug boat segment, again mainly due to the consolidation with SAAM Towage Brazil. Operating income at port terminals remained stable despite the decline in gross income, thanks to efficiencies and conversion effects. In logistics, operating income declined 13.3% reflecting the lower level of activity partly offset by lower administrative expenses. In addition, the current quarter includes a non-recurring gain of US\$3.8 million on the sale of a property in Valparaíso, and 1Q 2019 included the non-recurring gain of US\$4.9 million on the sale of SM SAAM's minority stake in Terminal Puerto Arica, both before taxes. SM SAAM's consolidated EBITDA<sup>6</sup> reached US\$53.2 million in 1Q 2020, increasing 27.2% over the same period in 2019, primarily boosted by growth in the tug boat segment.

Non-operating income amounted to a loss of US\$1.5 million, compared to a gain of US\$1.9 million in 1Q 2019. This lower result is mainly explained by higher financial costs, reflecting the consolidation with SAAM Towage Brazil and the financing to acquire Boskalis' stake in the joint ventures. Income from equity investments decreased, mostly due to lower results of the port terminals in Chile, partially compensated by a higher result of airport services in logistics, favorably impacted by the devaluation of the Chilean peso.

Income tax expense in 1Q 2020 increased from US\$8.7 million to US\$10.6 million, mostly due to the consolidation with the tug boat operations in Brazil.

SM SAAM reported a net gain of US\$18.0 million in 1Q 2020, remaining stable in relation to 1Q 2019. Lower results of port terminals were compensated by the non-recurring gain of US\$2.8 million on the sale of real estate in 1Q 2020 and, to a lesser extent, improved results at logistics, along with a stable contribution from tug boats.

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<sup>5</sup> Corporate also includes eliminations and others.

<sup>6</sup> Corresponds to EBITDA reported by SM SAAM.



## OTHER SEGMENT

The following table details the contribution from investments in the Segment Other during 2019 and 2020 to Quiñenco's net income:

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
IRSA (CCU)	14,485	17.0	9,186	10.8
Quiñenco & other	2,250	2.6	(17,852)	(21.0)
<b>Total Segment Others</b>	<b>16,734</b>	<b>19.6</b>	<b>(8,666)</b>	<b>(10.2)</b>

As of March 31, 2019 and 2020, Quiñenco's ownership of CCU was 30.0%.

## CCU

	1Q 19		1Q 20	
	MCh\$	MUS\$	MCh\$	MUS\$
Sales	476,858	559.7	511,233	600.0
Operating income	75,016	88.0	69,826	82.0
<b>Net income (loss)</b>	<b>48,516</b>	<b>56.9</b>	<b>32,235</b>	<b>37.8</b>
Total assets			2,396,689	2,812.9
Shareholders' equity			1,342,186	1,575.3

### 1Q 2020 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, Paraguay and Bolivia. Wine includes the commercialization of wine, mainly in the export market. CCU's sales in the first quarter of 2020 increased by 7.2% compared to the first quarter of 2019, as a result of 6.4% growth in consolidated sales volumes, driven by the Chile and Wine segments, and by a slight 0.7% increase in average prices in terms of Chilean pesos. The Chile operating segment posted growth of 8.7% in sales reflecting a 10.4% increase in volumes, more than compensating a 1.6% decline in average prices, due to promotional activities and a negative mix effect in March. The Wine segment also posted an increase, with sales up 10.8%, based on 7.9% higher average prices, explained by the positive effect of the stronger US\$ against the Chilean and Argentine pesos on export revenues, together with 2.7% growth in volumes, boosted by exports and the domestic market in Argentina. The International Business operating segment reported a 2.8% rise in sales, based on 4.6% higher average prices in Chilean pesos, compensating a decline of 1.7% in volumes.

Gross income increased by 3.4% to Ch\$253,795 million, primarily due to higher gross income in the Wine and Chile segments, partly offset by a decline in the International Business segment. Gross income in the Wine segment grew boosted by the higher revenues and a lower cost of wine. In the Chile segment, revenue growth was partly offset by



higher costs, mostly attributable to the depreciation of the Chilean peso respect to the US dollar and its impact on US\$-denominated costs, although this was mitigated to some extent by efficiencies and lower costs of some raw materials. Gross income at the International Business segment, however, decreased due to higher costs, reflecting the impact of the depreciation of the Argentine peso against the US dollar on US\$-indexed costs, partially compensated by lower costs of raw materials and efficiencies. The gross margin as a percentage of sales decreased from 51.5% in 1Q 2019 to 49.6% in 1Q 2020.

Operating income reached Ch\$69,826 million, decreasing 6.9% from 1Q 2019. The growth in gross income was offset by an increment of 12.1% in MSD&A expenses, mainly attributable to the Chile segment, where it was in line with revenue growth, followed by the International Business and Wine segments, where these expenses increased as a percentage of sales, largely due to the impact of inflation in Argentina and greater commercialization expenses for exports, respectively. On the other hand, the current quarter includes a gain from derivatives hedging assets in foreign currencies. EBITDA<sup>7</sup> amounted to Ch\$90,730 million in 1Q 2020, decreasing 9.7% from 1Q 2019, primarily due to the drop in the International Business segment, as well as a decrease in the Chile segment, partially offset by an increment in the Wine segment. Overall, CCU estimates a net unfavorable impact of the devaluations explained above of Ch\$15,644 million on EBITDA. Excluding this impact, EBITDA would have increased by 5.9%.

CCU reported a non-operating loss of Ch\$13,572 million, well above the loss of Ch\$4,042 million reported in 1Q 2019. The variation is mainly explained by higher net financial costs, attributable to the higher cash balance maintained in the same quarter of 2019 for tax and dividend payments related to the transaction in Argentina in 2018, losses from exchange rate differences, and a greater loss from the effect of inflation on indexed liabilities. These effect were partly offset by better results from equity investments, mostly reflecting a better financial result in Colombia.

Net income for the first quarter of 2020 amounted to Ch\$32,235 million, 33.6% lower than the same quarter in 2019, primarily due to lower operating performance of the International Business operating segment, mainly explained by the adverse impact of the devaluation of the Argentine peso and hyperinflationary accounting in Argentina, and of the Chile segment, impacted by the depreciation of its currency, partly compensated by improved performance of the Wine segment.

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<sup>7</sup> EBITDA corresponds to EBITDA reported by CCU.



**QUIÑENCO and Others**

**1Q 2020 Results**

The negative variation in Quiñenco and others is mainly explained at the corporate level by the unfavorable impact of higher inflation on indexed liabilities, and an income tax expense in the current quarter vis-à-vis an income tax credit in 1Q 2019. Also, the first quarter of 2019 included the contribution of Banchile and SegChile, classified as discontinued activities, which were sold on December 30, 2019.

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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)