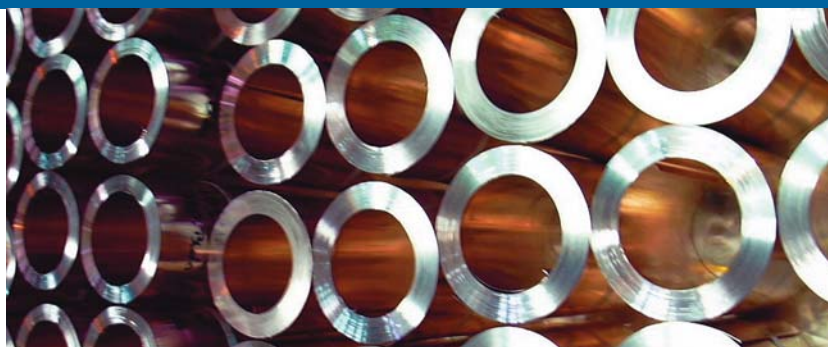




manufacturing

Madeco is an industrial company with an important presence in Chile, Brazil, Peru and Argentina. Its productive activities are concentrated in four main areas: copper and aluminum cables; brass mill products; flexible packaging and aluminum profiles.

The regional growth strategy employed by Madeco in its development stage – when it invested in production in Chile, and in corporate acquisitions abroad – was based on using economies of scale in production, marketing and access to primary resources. This has allowed Madeco to become one of the leading producers in the region.

Madeco commands a competitive position in the cable business in Chile, Peru and Brazil. In Argentina, Decker-Indelqui has partially reopened its brass mill and foundry operation – after a temporary shutdown in 2002 – in the hope of an important recovery in domestic demand.

Madeco is currently focused on a long range performance plan, involving an industrial and commercial restructuring of the parent company and its subsidiaries, aiming at improving productive and operational efficiency and also sales, affected by the stagnant investment levels in the company's main markets, particularly Brazil and Argentina. The objective is to recover market share to historic levels and prepare the company for the challenges of a reinvigorated business environment.

It's worth highlighting that last year Madeco strengthened considerably its financial structure, after carrying out a vital Ch\$95,114 million capital increase. It also completed a financial restructuring, begun at the end of 2002, which allowed it to stabilize its solvency and reduce debt by 33% between December 2002 and 2003. Madeco also reached an agreement with its creditors to restructure about US\$120 million of debt, stretching terms to seven years with a three-year grace period.

2003 Results

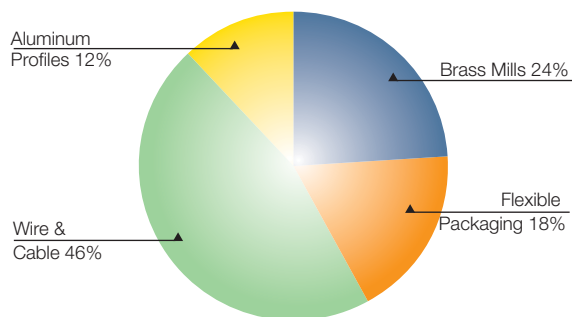
Madeco's sales level declined by 8.2% to Ch\$237,666 million in 2003. The deterioration in sales during the year was mainly attributable to lower cable sales, particularly in Brazil. Cable unit sales fell as a consequence of weak demand for metal cables in Brazil, which affected sales volumes as well as the effect on sales of the appreciation of the Chilean peso vis-à-vis the US dollar under Chilean GAAP.

In spite of the sharp decline in sales, Madeco reported an 84.4% increase in operating profit, which reached Ch\$7,457 million in 2003. The rise in operating profit was attributable to a company-wide decrease in SG&A expenses, which more than offset the decline in gross profit associated with the company's lower sales level. The operating margin as a percentage of sales was 3.1% in 2003, compared to 1.6% in 2002.

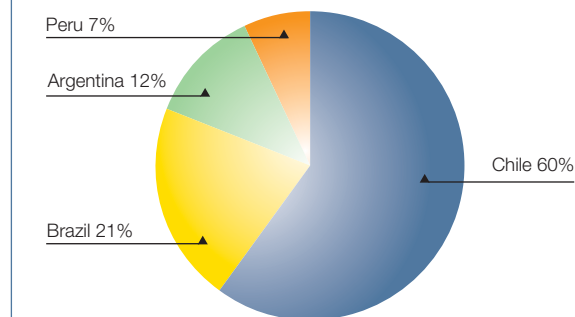
Madeco reported non-operating losses of Ch\$22,076 million, down from the Ch\$48,050 million reported in 2002, mostly explained by lower non-operating expenses (-44%), a reduction in interest expense



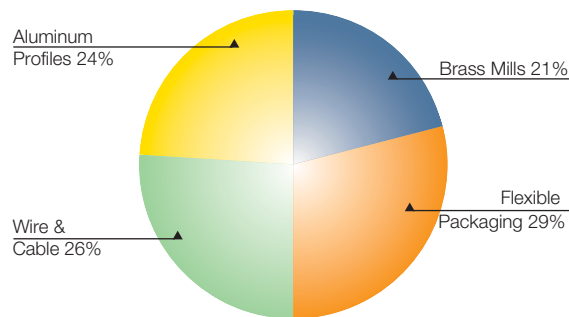
2003 SALES COMPOSITION
MCh\$ 237,666



ASSETS BY COUNTRY
MCh\$ 353,676



2003 EBITDA BY BUSINESS UNIT
MCh\$ 18,529



(-35.4%) and the absence of exchange rate losses (-97.6%). Other non-operating expenses amounted to Ch\$11,323 million and included a provision for a loss on Madeco's investment in Optel of Ch\$4,917 million and the write-off of assets in Argentina and in Madeco's coin blank subsidiary, Armat, for Ch\$3,141 million and Ch\$1,302 million, respectively.

In spite of the marked improvement at the operating level in all of Madeco's business units except wire and cable, the company's bottom line for the year 2003 directly reflects the aforementioned non-operating losses. The net loss for the period amounted to Ch\$16,734 million, significantly less than the Ch\$40,568 million loss reported in 2002, a year in which the company was also impacted by low investment levels in the region and further aggravated by the Argentine crisis.

MARKET SHARE	2003	2002
WIRE & CABLE		
Chile	30%	31%
Brazil	18%	18%
Peru	64%	56%
Argentina	4%	4%
BRASS MILLS		
Chile	57%	55%
Argentina	13%	12%
Coin blanks	5%	6%
FLEXIBLE PACKAGING		
Chile	26%	26%
Argentina	8%	7%
ALUMINUM PROFILES	76%	73%