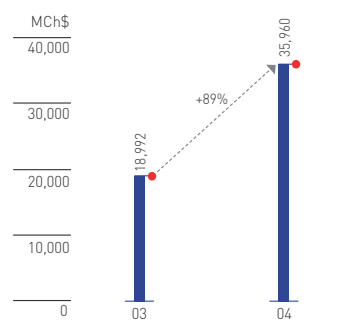


## Renovation

**EBITDA**  
MCh\$ 35,960 in 2004



Market share	2003	2004
<b>Wire &amp; Cable</b>		
Chile	30%	37%
Brazil	18%	16%
Peru	64%	65%
Argentina	4%	5%
<b>Brass Mills</b>		
Chile	57%	59%
Argentina	13%	14%
Coin blanks	5%	4%
<b>Flexible Packaging</b>		
Chile	26%	26%
Argentina	8%	8%
<b>Aluminum Profiles</b>	76%	71%



The activities of Madeco, an industrial conglomerate with an important regional presence, are concentrated in four main areas of production: copper and aluminum cables, brass mills, flexible packaging and aluminum profiles.

Last year marked the beginning of a business recovery at Madeco, which in the past few years has had to contend with difficult economic conditions, resulting mainly from problems in both the sectors and markets in which it operates. Given this, and the company's complicated financial state, Madeco launched an internal restructuring program in 2002. The 2002-2005 strategic plan basically involves lifting sales through improved organization, stronger exports, and the recovery of market share, as well as working toward improved operational efficiency and a reduced cost structure. The success of this program, aimed at recovering profitability in a competitive market, means Madeco is ready to successfully take on the challenges of the coming years.

Thanks to the operational and financial measures applied during this time, 2004, although still a transitional year, was an extremely positive period. From the operational viewpoint, Madeco managed to increase sales activity and production. The cable and brass mill businesses proved to be especially dynamic.

Although the financial restructuring was implemented in 2003, there were also important achievements in 2004. These included the full payment of the Series C bonds from the company's own funds, the placement of all the remaining stock shares, and the refinancing of the Series B long-term bonds with a new Series D issue.

### 2004 Results

Madeco's sales level rose by 33.0% to Ch\$324,035 million in 2004. The growth in sales during the year was mainly attributable to higher average prices of cables and brass mill products, mainly

## MANUFACTURING

related to the increase in copper prices as well as higher volumes sold, which on a consolidated basis grew by 12.7%.

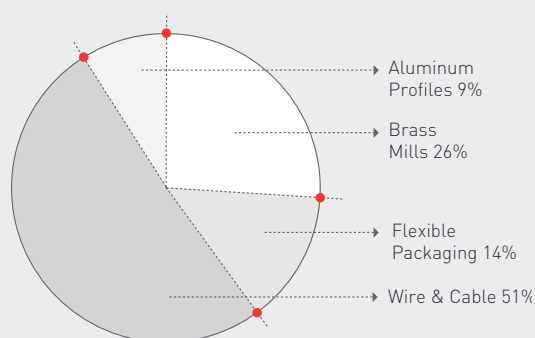
The pronounced recovery in sales, gains in efficiency and a slight 0.4% decline in SG&A expenses translated directly into significantly higher operating profits for Madeco. The company's operating income increased from Ch\$7,643 million to Ch\$25,176 million, attributable to the cable and brass mill business units. The operating margin as a percentage of sales rose from 3.1% in 2003

exchange rate losses due to the appreciation of the Chilean peso also served to reduce non-operating losses for the period.

Madeco's improved performance, both at the operating and non-operating level served to totally revert 2003's net loss of Ch\$17,153 million. Madeco reported net income of Ch\$8,512 million in 2004. Worth highlighting is that 2004 is the first year since 1998 that Madeco has reported a positive bottom line.

### 2004 sales composition

MCh\$ 324,035

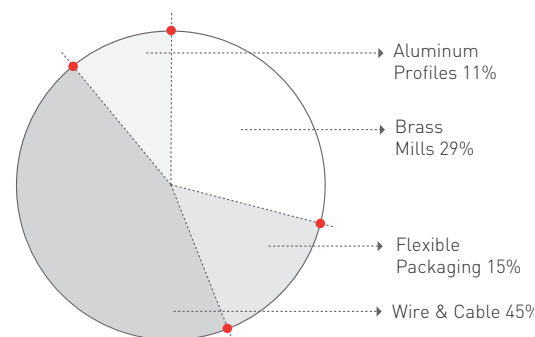


to 7.8% in 2004. Likewise, the increase in EBITDA was significant, growing from Ch\$18,992 million in 2003 to Ch\$35,960 million in 2004.

Madeco reported non-operating losses of Ch\$14,301 million, down by 36.8% from the Ch\$22,628 million reported in 2003, mostly explained by lower non-operating expenses, which in 2003 included asset write-offs and provisions for the liquidation of Optel in Brazil. In addition, a 13.9% reduction in interest expense and the absence of

### 2004 EBITDA by business unit

MCh\$ 35,960



## Special Cables Project in Brazil

Madeco's current business plan is focused on developing a new range of specialized cables with high value-added content. In keeping with this, Ficap, the Brazilian cable subsidiary, began exploiting a niche market in the export of specialized electricity transmission cables used in the construction of ships and oil drilling platforms.

At the end of 2003, the Brazilian government helped reactivate the shipbuilding industry in the country, which resulted in the re-emergence of demand for this type of cable. Madeco has made the most of the business opportunity, already claiming a 75% market share in this niche area and brightening its outlook for coming years.