

# MADECO



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47.7%



MCh\$ **89,565**

reached the profit generated by the sale of the cable unit to Nexans in September 2008

**Madeco's activities** are managed through three principal businesses: the manufacture of brass mills, flexible packaging, and aluminum and PVC profiles. It has 12 manufacturing plants in Chile, Peru and Argentina. It also has a global presence by exporting a wide variety of products to 20 countries with more than 3,000 large customers.

On September 30, 2008, Madeco sold its cable unit to Nexans, the world's largest cable producer, for US\$448 million in cash and 2.5 million shares of Nexans. Madeco has thus left the direct production of cables.

Through its shareholding in Nexans, Madeco obtains important benefits such as presence in the cable industry through a world leader, with reduced risks due to the access to product segments of a higher technological level and the replacement of a regional presence by a more diversified global one. Madeco thus became the principal individual shareholder in Nexans and has a seat on its board.

Madeco's profiles business in 2008 incorporated the sale of PVC systems and profiles, broadening this unit's range of products, which were complemented by the incorporation of a subsidiary for assembling PVC windows and doors.




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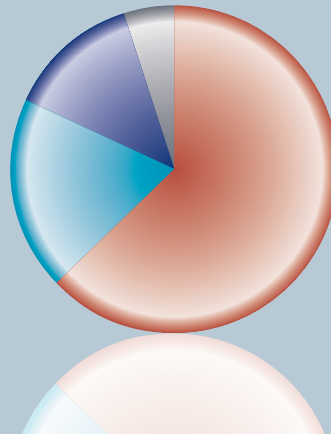
Madeco is determined to continue consolidating the regional leadership of the flexible packaging unit which is showing a strong growth in the region, by using proceeds from the sale of the cable unit. New products are constantly being developed for Madeco's customers, according to their requirements and needs. As a result of its business activities during this year, Madeco aims to achieve operating efficiency in each of its business units, based on synergies between subsidiaries and supported by corporate management policies and practices that generate greater efficiency.



## SALES COMPOSITION

MCh\$692,958 in 2008

	Wire & Cable	63%
	Flexible Packaging	19%
	Brass Mills	13%
	Profiles	5%



## 2008 Results

Madeco's sales declined slightly, by 0.4% to Ch\$692,958 million in 2008, reflecting a 4.6% fall in consolidated sales volumes together with a 4.4% rise in average prices. The reduction in volume is mainly explained by the sale of the cable unit to Nexans at the end of the third quarter of 2008 and a weaker performance in the brass mills unit, partially compensated by larger volumes in the flexible packaging unit. The increase in average prices is attributable to higher copper and aluminum prices in

the first three quarters and lower prices obtained by the flexible packaging unit.

Operating income decreased by Ch\$3,671 million (8.4%) to Ch\$40,014 million, mainly due to the brass mills unit, whose operating income fell by Ch\$4,802 million as a result of reduced sales volumes and a sharp fall in the copper price towards the end of the year, which reduced the gross margin. The operating income of the cable unit also fell by 8.1% due to its inclusion only until the third quarter of 2008. The flexible packaging unit, however, showed a 55.0% growth in its operating income, reflecting

**MARKET SHARE**

As of December 31		2008
<b>Brass Mills</b>		
Chile		57%
Argentina		9%
Coin blanks		14%
<b>Flexible Packaging</b>		
Chile		32%
Argentina		7%
Peru		59%
<b>Profiles</b>		
Chile (Aluminum)		61%
Chile (PVC)		11%



higher sales together with a better gross margin following the cost controls implemented by Management. The reduced consolidated operating performance also affected EBITDA, which declined by 10.3% to Ch\$54,599 million.

Madeco reported a non-operating profit of Ch\$100,350 million, substantially better than the loss of Ch\$17,599 million in 2007. This is mainly attributable to the profit on the sale of the cable unit to Nexans on September 30, 2008, amounting to Ch\$89,565 million after taxes. Thus,

net income for 2008 of Madeco was Ch\$97,184 million, significantly higher than the Ch\$21,410 million of the year before.