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## QUIÑENCO S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE FULL YEAR AND FOURTH QUARTER OF 2016

(Santiago, Chile, March 30, 2017) Quiñenco S.A., a leading Chilean business conglomerate, announced today its consolidated financial results under IFRS, for the full year and fourth quarter ended December 31, 2016.

Consolidated financial results are presented in accordance with IFRS and the regulations established by the Superintendency of Securities and Insurance (SVS). 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 December 31, 2016 (Ch\$669.47 = US\$1.00), unless indicated otherwise, and are only provided for the reader's convenience.

### 2016 HIGHLIGHTS

- Net income<sup>1</sup> amounted to a gain of Ch\$176,902 million in 2016, 83.1% higher than the prior year primarily due to the improvement in the contribution from the Manufacturing segment, mostly reflecting Nexans' return to profits in 2016, reflecting the achievements of the strategic initiatives implemented, and also the non-recurring gain on the sale of Techpack's flexible packaging business to Amcor.
- At the corporate level, the revaluation of Quiñenco's investment in SM SAAM due to the change in the accounting method from equity investment to consolidated subsidiary generated a non-recurring gain, which also boosted the year's results.
- Enex and Banchile Vida also contributed to growth in net income based on improved operating performance. Although CSAV and Hapag-Lloyd obtained positive operating results during the year, the contribution to consolidated results remained stable. SM SAAM's contribution declined mostly due to a non-recurring gain reported in 2015, partially compensated by positive performance of port terminals and tug boats in South America.
- In the Banking sector, Banco de Chile achieved solid growth in its core businesses, despite a weakened economic environment, thus mitigating the unfavorable effect on its revenues of lower inflation. Bottom line results were also affected by higher income tax and greater operating expenses.
- Earnings per ordinary share amounted to a gain of Ch\$106.39 in 2016.

<sup>1</sup> Net income corresponds to Net income attributable to Controllers' shareholders.



## GROUP HIGHLIGHTS – FOURTH QUARTER 2015 AND SUBSEQUENT EVENTS

### **CSAV – Sells stake in Liquid Bulk Business**

On October 19, 2016, CSAV announced the sale of its stake in the joint-venture with Odfjell Tankers that operates the liquid bulk business on the west coast of South America, as part of the company's restructuring process of its businesses, following the merger of its container ship business with Hapag-Lloyd in 2014.

### **SM SAAM – Acquires stake in Puerto Caldera, Costa Rica**

On September 27, 2016, SM SAAM announced an agreement to acquire control (51%) of two concessions at Puerto Caldera, the second largest port of Costa Rica, for a total amount of US\$48.5 million. Puerto Caldera is a multipurpose terminal located 79.5 km from San José, on Costa Rica's Pacific coast. The transaction was materialized on February 8, 2017, after approval from local regulatory authorities was granted.

### **SM SAAM – Quiñenco acquires additional 1.45% stake**

During November and December 2016, Quiñenco and its subsidiary Inmobiliaria Norte Verde acquired 140,835,362 shares of SM SAAM at a price of Ch\$53.7 per share, increasing its stake in the company to 52.2%.

### **Techpack – Quiñenco launches Tender Offer for Techpack**

As approved by its Board of Directors on September 27, 2016, Quiñenco carried out a Tender Offer for 34.08% of the shares of Techpack, from October 3 to November 2, 2016. The price was US\$0.54 per share. The Tender Offer was completed successfully and Quiñenco thus reached a 98.98% stake in Techpack. The total payment amounted to US\$67 million. Following the tender offer, and the exercise of withdrawal rights and purchase rights, Quiñenco's stake in Techpack reached 100.0%.

### **Techpack – Acquires stake in Nexans**

During November 2016, Techpack acquired 229,860 shares of Nexans, equivalent to a stake of 0.53% in the French cable company, for a total amount of approximately US\$12 million.

### **SM SAAM – Raises funds through bond issue**

On January 17, 2017, SM SAAM successfully placed its first bond issuance of UF 2,800,000 (approximately US\$111 million) on the local market.



## FORMAT OF FINANCIAL STATEMENTS

As of 2012, the Superintendency of Securities and Insurance (SVS) has modified the format of the Income Statement, adding the line "Gains (losses) of operating activities". As defined by the SVS this sub-total 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.

## 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**

- Enx

**iv) Transport**

- Compañía Sud Americana de Vapores (CSAV)

**v) Port Services**

- SM SAAM in 2016

**vi) Other**

- Quiñenco and others (includes CCU, SM SAAM in 2015, 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 28.52% stake in Nexans, a French multinational company leader in the world cable industry. On December 4, 2014, Quiñenco's Board approved a tender offer for Invexans' shares held by minority shareholders, which concluded successfully in January 2015. As of December 31, 2016, Quiñenco has a 98.6% stake in Invexans.

On May 31, 2016, Techpack sold its entire flexible packaging business to Australian packaging company Amcor. Techpack has classified Alusa and its subsidiaries, and the effects of the transaction with Amcor, as discontinued



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**Fourth Quarter and Full Year 2016**

operations in 2015 and 2016. During the last quarter of 2016, Techpack acquired a 0.53% stake in Nexans through the Paris stock exchange. Thus, as of December 31, 2016, through its subsidiaries Invexans and Techpack Quiñenco has a 29.05% interest in Nexans.

On September 27, 2016, Quiñenco's Board approved a tender offer for Techpack's shares held by minority shareholders, which concluded successfully in November 2016. Following the tender offer and the exercise of withdrawal rights and purchase rights, Quiñenco's ownership of Techpack reached 100.0% as of December 31, 2016.

During July, August and December 2014 and February 2015, Quiñenco and its subsidiaries Inversiones Río Bravo and Inmobiliaria Norte Verde subscribed an additional 9.2% stake in CSAV during its capital increase, thus increasing its total holding to 56.0% as of December 2015. As of December 2016 Quiñenco's stake is 56.0%. On October 19, 2016, CSAV sold its stake in the liquid bulk joint-venture with Odjfell Tankers. Thus, in Quiñenco's consolidated financial statements, this business is classified as a discontinued operation in 2016.

During the first quarter of 2016, Quiñenco acquired an additional 8.3% stake in SM SAAM, reaching 50.8%. Therefore, as of March 2016 financial statements, SM SAAM is a consolidated subsidiary, and is accounted for in the new Port Services business segment. In 2015, SM SAAM is accounted for as an equity investment in the Other business segment. During the fourth quarter of 2016, Quiñenco acquired a further 1.5% stake in SM SAAM, reaching a total of 52.2% at year end.

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

**i) Financial**

- Banco de Chile
- SM Chile

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



### Summarized Consolidated Income Statement

#### Full Year Results

Sector /Segment	Manufacturing		Financial		Energy		Transport		Port Services		Other		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Consolidated Income (Loss) Industrial Sector	(36,503)	14,968	(17,326)	(15,815)	19,773	20,227	(17,309)	(17,198)	-	37,738	18,588	29,648	(32,777)	69,568
Consolidated Income Banking Sector	-	-	484,093	479,342	-	-	-	-	-	-	-	-	484,093	479,342
<b>Consolidated Net Income (Loss)</b>	<b>(36,503)</b>	<b>14,968</b>	<b>466,767</b>	<b>463,527</b>	<b>19,773</b>	<b>20,227</b>	<b>(17,309)</b>	<b>(17,198)</b>	<b>-</b>	<b>37,738</b>	<b>18,588</b>	<b>29,648</b>	<b>451,316</b>	<b>548,910</b>
Net Income (Loss) Attributable to Non-controlling Interests	4,718	3,091	354,467	351,690	-	-	(7,318)	(7,184)	-	20,699	2,829	3,712	354,696	372,008
<b>Net Income (Loss) Attributable to Controllers' Shareholders</b>	<b>(41,221)</b>	<b>11,877</b>	<b>112,300</b>	<b>111,837</b>	<b>19,773</b>	<b>20,227</b>	<b>(9,991)</b>	<b>(10,014)</b>	<b>-</b>	<b>17,039</b>	<b>15,759</b>	<b>25,936</b>	<b>96,620</b>	<b>176,902</b>

#### Quarterly Results

Sector /Segment	Manufacturing		Financial		Energy		Transport		Port Services		Other		Total	
	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Consolidated Income (Loss) Industrial Sector	(21,849)	3,726	(4,596)	(3,732)	2,069	1,094	(71,991)	20,357	-	2,870	10,926	32,184	(85,442)	56,498
Consolidated Income Banking Sector	-	-	120,642	105,999	-	-	-	-	-	-	-	-	120,642	105,999
<b>Consolidated Net Income (Loss)</b>	<b>(21,849)</b>	<b>3,726</b>	<b>116,046</b>	<b>102,267</b>	<b>2,069</b>	<b>1,094</b>	<b>(71,991)</b>	<b>20,357</b>	<b>-</b>	<b>2,870</b>	<b>10,926</b>	<b>32,184</b>	<b>35,200</b>	<b>162,497</b>
Net Income (Loss) Attributable to Non-controlling Interests	1,577	(110)	88,216	77,708	-	-	(31,708)	8,963	-	1,105	566	1,229	58,651	88,895
<b>Net Income (Loss) Attributable to Controllers' Shareholders</b>	<b>(23,426)</b>	<b>3,836</b>	<b>27,829</b>	<b>24,558</b>	<b>2,069</b>	<b>1,094</b>	<b>(40,283)</b>	<b>11,394</b>	<b>-</b>	<b>1,765</b>	<b>10,360</b>	<b>30,955</b>	<b>(23,451)</b>	<b>73,602</b>

#### Net Income – Full Year 2016

Quinenco reported net income of Ch\$176,902 million in 2016, 83.1% higher than in 2015, primarily attributable to a greater contribution from the Manufacturing segment, particularly from Invexans, reflecting Nexans' return to profits in 2016. The positive result reported by the French multinational reflects sustained growth in operating income, resulting from the strategic initiatives and restructurings implemented. Techpack's contribution, in turn, was boosted by a non-recurring gain of Ch\$14.218 million from the sale of its flexible packaging business to Amcor. The Energy segment also contributed with a 2.3% rise in net income at Enx, based on higher sales volumes in the service station and industrial channels, and improved performance in lubricants. Banchile Vida registered 12.6% growth in its net income, reflecting higher revenues and good claims management. In the Transport segment, Hapag-Lloyd achieved positive operating results despite further drops in freight rates, mainly owing to synergies and cost reductions, together with the favorable impact of lower fuel prices. CSAV's car carrier business also improved its performance during the year. Banco de Chile reported a slight decline of 1.2% in its profits, despite weak economic growth and low inflation, mainly due to growth in customer-related income, compensating higher operating expenses, higher income tax, and a moderate increase in loan loss provisions. SM SAAM's net income decreased 20.9% mostly due to a non-recurring gain reported in 2015 related to the restructuring of its activities in Peru, partially compensated by good performance of port terminals, boosted by the port of TISUR, and of tug boats in South America. The contribution from SM SAAM also reflects the increase in Quinenco's ownership from 42.4% to 52.2%. CCU's net income declined 1.9%, primarily due to





lower results of the international business segment, due to the devaluation of the Argentine peso, which was partially offset by improved performance of the wine segment and stable results in Chile. Finally, at the corporate level, the revaluation of Quiñenco's investment in SM SAAM due to the change in its accounting from equity investment to consolidated subsidiary, generated a non-recurring gain of Ch\$23.275 million in 2016. Also, the lower level of inflation in the current year reduced the negative impact of inflation on indexed liabilities.

Earnings per ordinary share amounted to Ch\$106.39 in 2016.

#### Net Income – 4Q 2016

Quiñenco reported a net gain of Ch\$73,602 million in the fourth quarter of 2016, compared to the loss of Ch\$23,451 million reported in 4Q 2015. This favorable variation is mainly due to the positive contribution of the transport segment in 4Q 2016, reflecting CSAV's share in Hapag-Lloyd's net income, and the favorable performance of CSAV's car carrier business during the quarter. The better result is also explained by positive results reported by Nexans for the second half of the year (Nexans reports only as of June and December), reflecting the favorable effects of the strategic initiatives implemented by management. CCU also contributed with 44.8% growth in net income, based on higher sales volumes and a reduction in MSD&A expenses. SM SAAM, however, posted a drop of 67.7% in net income, primarily explained by a non-recurring gain from the restructuring of its activities in Peru reported in 4Q 2015. Banco de Chile's net income also decreased by 11.5%, mostly explained by a higher tax burden, higher operating expenses and greater loan loss provisions, which were only in part compensated by growth in operating revenues due to the unfavorable effect of lower inflation compared to the previous quarter. At the corporate level, a non-recurring gain from the revaluation of Quiñenco's investment in SM SAAM due to the change in the accounting method from equity investment to consolidated subsidiary, also boosted consolidated results.

Earnings per ordinary share amounted to gain of Ch\$44.26 in the fourth quarter of 2016.



## Consolidated Income Statement Breakdown

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
<b>Industrial Sector</b>								
<b>Revenues</b>	<b>487,950</b>	<b>728.9</b>	<b>574,767</b>	<b>858.5</b>	<b>1,917,121</b>	<b>2,863.6</b>	<b>2,158,855</b>	<b>3,224.7</b>
Manufacturing - Invexans & Techpack	113	0.2	2	0.0	242	0.4	57	0.1
Financial - LQIF holding	-	-	-	-	-	-	-	-
Energy - Enex	435,910	651.1	453,966	678.1	1,697,629	2,535.8	1,691,434	2,526.5
Transport - CSAV	24,759	37.0	22,639	33.8	118,519	177.0	85,831	128.2
Port Services - SM SAAM	-	-	66,718	99.7	-	-	266,522	398.1
Other - Quinenco & others	27,168	40.6	31,441	47.0	100,731	150.5	115,011	171.8
<b>Operating income (loss)</b>	<b>(8,310)</b>	<b>(12.4)</b>	<b>16,521</b>	<b>24.7</b>	<b>3,183</b>	<b>4.8</b>	<b>66,124</b>	<b>98.8</b>
Manufacturing - Invexans & Techpack	(1,425)	(2.1)	(1,903)	(2.8)	(8,382)	(12.5)	(5,479)	(8.2)
Financial - LQIF holding	(914)	(1.4)	(1,094)	(1.6)	(3,780)	(5.6)	(4,115)	(6.1)
Energy - Enex	4,038	6.0	(7)	(0.0)	24,551	36.7	27,110	40.5
Transport - CSAV	(9,838)	(14.7)	357	0.5	(9,172)	(13.7)	4,614	6.9
Port Services - SM SAAM	-	-	4,074	6.1	-	-	26,830	40.1
Other - Quinenco & others	(171)	(0.3)	15,093	22.5	(34)	(0.1)	17,162	25.6
<b>Non-operating income (loss)</b>	<b>(84,576)</b>	<b>(126.3)</b>	<b>30,078</b>	<b>44.9</b>	<b>(45,260)</b>	<b>(67.6)</b>	<b>17,409</b>	<b>26.0</b>
Interest income	2,179	3.3	3,063	4.6	10,543	15.7	9,546	14.3
Interest expense	(8,616)	(12.9)	(11,258)	(16.8)	(36,027)	(53.8)	(44,323)	(66.2)
Share of net income/loss from related co.	(71,754)	(107.2)	41,780	62.4	1,805	2.7	67,373	100.6
Foreign exchange gain (loss)	(113)	(0.2)	(61)	(0.1)	2,145	3.2	2,195	3.3
Indexed units of account restatement	(6,272)	(9.4)	(3,445)	(5.1)	(23,727)	(35.4)	(17,382)	(26.0)
Income tax	7,498	11.2	9,345	14.0	3,838	5.7	(29,240)	(43.7)
Net income (loss) from discontinued operations	(54)	(0.1)	554	0.8	5,461	8.2	15,275	22.8
<b>Consolidated Net Income (Loss) Industrial Sector</b>	<b>(85,442)</b>	<b>(127.6)</b>	<b>56,498</b>	<b>84.4</b>	<b>(32,777)</b>	<b>(49.0)</b>	<b>69,568</b>	<b>103.9</b>
<b>Banking Sector</b>								
Operating revenues	414,540	619.2	420,360	627.9	1,647,561	2,461.0	1,735,946	2,593.0
Provision for loan losses	(74,012)	(110.6)	(87,280)	(130.4)	(303,062)	(452.7)	(309,733)	(462.7)
Operating expenses	(188,032)	(280.9)	(191,139)	(285.5)	(726,519)	(1,085.2)	(788,787)	(1,178.2)
Operating income (loss)	152,496	227.8	141,941	212.0	617,980	923.1	637,425	952.1
Non-operating income (loss)	(18,539)	(27.7)	(16,740)	(25.0)	(72,069)	(107.7)	(68,936)	(103.0)
Income tax	(13,315)	(19.9)	(19,202)	(28.7)	(61,818)	(92.3)	(89,147)	(133.2)
<b>Consolidated Net Income (Loss) Banking Sector</b>	<b>120,642</b>	<b>180.2</b>	<b>105,999</b>	<b>158.3</b>	<b>484,093</b>	<b>723.1</b>	<b>479,342</b>	<b>716.0</b>
<b>Consolidated Net Income</b>	<b>35,200</b>	<b>52.6</b>	<b>162,497</b>	<b>242.7</b>	<b>451,316</b>	<b>674.1</b>	<b>548,910</b>	<b>819.9</b>
Net Income Attributable to Non-controlling Interests	58,651	87.6	88,895	132.8	354,696	529.8	372,008	555.7
<b>Net Income Attributable to Controllers' Shareholders</b>	<b>(23,451)</b>	<b>(35.0)</b>	<b>73,602</b>	<b>109.9</b>	<b>96,620</b>	<b>144.3</b>	<b>176,902</b>	<b>264.2</b>



## I. Industrial Sector

### Revenues – Full Year 2016

Consolidated revenues totaled Ch\$2,158,855 million in 2016, 12.6% above 2015, mainly owing to the consolidation with SM SAAM in 2016, and to a lesser extent, higher revenues at Banchile Vida, partially compensated by lower revenue from CSAV and, to a lesser extent, lower revenue from Enx.

Consolidated sales in 2016 can be broken down as follows: Enx (78.3%), SM SAAM (12.3%), CSAV (4.0%), and others (5.4%).

### Revenues – 4Q 2016

Consolidated revenues totaled Ch\$574,767 million in the fourth quarter of 2016, 17.8% above those of the same period in 2015, primarily due to the consolidation with SM SAAM in 2016, and also due to higher sales at Enx, and, to a lesser extent, Banchile Vida. CSAV's sales, on the other hand, diminished, mainly due to the classification as a discontinued operation of the liquid bulk business in 4Q 2016.

Consolidated sales in the fourth quarter of 2016 can be broken down as follows: Enx (79.0%), SM SAAM (11.6%), CSAV (3.9%), and others (5.5%).

### Operating Income<sup>2</sup> - Full Year 2016

Operating income in 2016 reached a gain of Ch\$66,124 million, substantially higher than the gain of Ch\$3,183 million reported in 2015. The variation is primarily attributable to the consolidation with SM SAAM in 2016, and also to a favorable variation at Quiñenco at the corporate level, due to the revaluation of its investment in SM SAAM caused by the change in the accounting from equity investment to consolidated subsidiary. The increment is also explained by higher operating income at CSAV, and to a lesser extent, to improved operating results at Invexans and Enx. Techpack's operating losses, however, increased with respect to 2015.

### Operating Income - 4Q 2016

Operating income for the fourth quarter of 2016 reached a gain of Ch\$16,521 million, compared to a loss of Ch\$8,310 million in the fourth quarter of 2015. The improvement in consolidated operating results is primarily attributable to the non-recurring gain at the corporate level due to the revaluation of its investment in SM SAAM, improved results at CSAV, the consolidation with SM SAAM in 4Q 2016, and, to a lesser extent, higher operating income at Banchile Vida, partially offset by a lower result at Enx and Invexans.

<sup>2</sup> Operating income includes: Gross income (revenues minus cost of sales), Distribution costs, Administrative expenses, Other operating revenue, Other operating expenses, and Other gains/losses.





#### **EBITDA<sup>3</sup> – Full Year 2016**

EBITDA amounted to Ch\$109,095 million in 2016, up 221.6% from 2015, generated mainly by SM SAAM, Enex, and Banchile Vida's operations.

#### **EBITDA<sup>4</sup> – 4Q 2016**

EBITDA amounted to Ch\$25,276 million in 4Q 2016, up substantially from the Ch\$3,708 million in 4Q 2015. The increment is primarily explained by the consolidation with SM SAAM in the current quarter, and to lesser extent, by higher EBITDA from Enex's operations.

#### **Non-Operating Results<sup>5</sup> – Full Year 2016**

Non-operating income amounted to a gain of Ch\$17,409 million in 2016, improving from the loss reported in 2015 of Ch\$45,260 million. The main items included in non-operating results are discussed below:

##### **Proportionate share of net income of equity method investments (net) – Full Year 2016**

Quiñenco's proportionate share of net income from equity method investments (net), which primarily includes the results from IRSA (CCU) and SM SAAM (in 2015), as well as Invexans' share in Nexans' results and CSAV's share in Hapag-Lloyd's results, reached a gain of Ch\$67,373 million, compared to a gain of Ch\$1,805 million in 2015. In the case of SM SAAM in 2015, the proportionate share is adjusted by the fair value accounting for this investment at Quiñenco. (For more detail see Segment/operating Company Analysis).

Quiñenco's proportionate share of net income from IRSA (CCU) increased by 0.1% to Ch\$33,010 million. Quiñenco's proportionate share of net income from SM SAAM in 2015, amounted to Ch\$17,785 million. In 2016, SM SAAM's proportionate share in its affiliates amounted to Ch\$28,637 million. Invexans' proportionate share in Nexans' net income (adjusted by fair value accounting at Invexans), together with Techpack's share in Nexans' net income in 2016 only, amounted to a loss of Ch\$38,013 million in 2015 and to a gain of Ch\$10,530 million in 2016. CSAV's proportionate share of Hapag-Lloyd's net income (adjusted by fair value accounting at CSAV) amounted to a gain of Ch\$47,927 million in 2015. However, CSAV's dilution after the German shipping company's IPO generated a loss of Ch\$59,079 million, also in 2015. In 2016, the proportionate share (adjusted by fair value accounting at CSAV), amounted to a loss of Ch\$5.335 million.

##### **Interest Income – Full Year 2016**

Interest income in 2016 amounted to Ch\$9,546 million, down by 9.5% from 2015. This variation is primarily explained by lower financial income at Enex and Quiñenco, mostly due to a lower average cash balance,

<sup>3</sup> EBITDA is calculated as: Operating income minus/plus Other gains/losses plus Depreciation plus Amortization of intangibles.

<sup>4</sup> EBITDA is calculated as: Operating income minus/plus Other gains/losses plus Depreciation plus Amortization of intangibles.

<sup>5</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.



partially compensated by the consolidation with SM SAAM's financial income in 2016 and higher financial income at Techpack.

#### **Interest Expense – Full Year 2016**

Interest expense in 2016 amounted to Ch\$44,323 million, up 23.0% with respect to 2015. The variation is mainly explained by the consolidation with SM SAAM in 2016, and to a lesser extent by higher interest expense at Enex, LQIF holding, and CSAV.

#### **Foreign currency exchange differences – Full Year 2016**

In 2016, the gains/losses specific to foreign currency translation differences amounted to a gain of Ch\$2,195 million, compared to a gain of Ch\$2,145 million reported in 2015, primarily attributable to lower gains at CSAV and, to a lesser extent, Invexans, partially offset by the consolidation with the gain at SM SAAM, and better results at Techpack and Banchile Vida.

#### **Indexed units of account restatement – Full Year 2016**

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\$17,382 million in 2016, 26.7% lower than in 2015, primarily due to a lower rate of inflation in 2015, which had an effect mostly on Quiñenco, LQIF holding, and CSAV.

#### **Non-Operating Results – 4Q 2016**

Non-operating income amounted to a gain of Ch\$30,078 million in the fourth quarter of 2016, compared to a loss of Ch\$84,576 million in the same quarter of 2015.

#### **Proportionate share of net income of equity method investments (net) – 4Q 2016**

Quiñenco's proportionate share of net income from equity method investments (net), which primarily includes the results from CCU and SM SAAM (in 2015), as well as Invexans' share in the results of Nexans<sup>6</sup> and CSAV's share in the results of Hapag-Lloyd, reached a gain of Ch\$41,780 million, compared to a loss of Ch\$71,754 million in 4Q 2015.

Quiñenco's proportionate share of net income from IRSA (CCU) increased by 51.6% to Ch\$16,074 million. Quiñenco's proportionate share of net income from SM SAAM (adjusted by fair value accounting) amounted to a gain of Ch\$9,181 million in 4Q 2015. In 4Q 2016, SM SAAM's proportionate share in its affiliates amounted to Ch\$6,738 million.

CSAV's proportionate share of net income from Hapag-Lloyd (adjusted by fair value accounting) amounted to a gain of Ch\$13,472 million, compared to a loss of Ch\$66,182 million in 4Q 2015.

<sup>6</sup> Nexans only reports results as of June and December, in accordance with French regulations and IFRS.



#### **Interest Income - 4Q 2016**

Interest income for the fourth quarter of 2016 amounted to Ch\$3,063 million, 40.6% above that obtained in 4Q 2015. This variation corresponds mainly to higher financial income at Quinenco, reflecting a higher cash balance, the consolidation with SM SAAM in 2016, and higher financial income at Techpack, partially offset by lower financial income at Enx.

#### **Interest Expense - 4Q 2016**

Interest expense for the fourth quarter of 2016 amounted to Ch\$11,258 million, 30.7% greater than in 4Q 2015. The variation is mainly explained by the addition of SM SAAM's financial costs, and higher financial costs at Quinenco and CSAV, partially compensated by lower financial costs at Enx, in comparison to 4Q 2015.

#### **Foreign currency exchange differences – 4Q 2016**

In 4Q 2016, the gains (losses) specific to foreign currency translation differences amounted to a loss of Ch\$61 million, compared to a loss of Ch\$113 million reported in 4Q 2015, primarily attributable to gains at CSAV and Banchile Vida, partly offset by a less favorable result at Enx.

#### **Indexed units of account restatement – 4Q 2016**

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\$3,445 million in the fourth quarter of 2016, compared to a loss of Ch\$6,272 million reported in the same period of 2015. The variation is mainly explained by Quinenco and LQIF holding.

#### **Income Taxes – Full Year 2016**

The industrial sector reported income tax expense of Ch\$29,240 million, compared to income tax of Ch\$3,838 million reported in 2015, primarily due to higher income tax expense at CSAV, Techpack, and the consolidation with SM SAAM.

#### **Income Taxes – 4Q 2016**

The industrial sector reported an income tax credit of Ch\$9,345 million in 4Q 2016, compared to an income tax credit of Ch\$7,498 million reported in 4Q 2015, primarily due to a higher income tax credit at CSAV and Enx, partly offset by higher tax expense at Techpack and the consolidation with SM SAAM's taxes.

#### **Discontinued Operations – Full Year 2016**

In 2016 the result of discontinued operations amounted to a gain of Ch\$15,275 million, compared to a gain of Ch\$5,461 million in 2015. Discontinued operations in 2016 primarily correspond to Techpack's gain on the sale of its flexible packaging business to Amcor, and to a much lesser extent, to CSAV's liquid bulk business sold in October 2016.



#### Discontinued Operations – 4Q 2016

In 4Q 2016 the result of discontinued operations amounted to a gain of Ch\$554 million, compared to a loss of Ch\$54 million in 4Q 2015. In both quarters the result corresponds mainly to Techpack's discontinued operations, and in 4Q 2016 also includes a slight loss from CSAV's discontinued liquid bulk business, sold in October 2016.

#### Non-controlling Interests – Full Year 2016

In 2016, at a consolidated level (including both industrial and banking net income), net income attributable to non-controlling interests amounted to Ch\$372,008 million. Of the total amount reported in 2016, Ch\$239,394 million corresponds to minority shareholders' share of Banco de Chile and SM-Chile's net income. Remaining net income attributable to non-controlling interest is explained by minority shareholders' share of LQIF's and, to a lesser extent, SM SAAM's net income.

#### Non-controlling Interests – 4Q 2016

In the fourth quarter of 2016, at a consolidated level (including both Industrial and Banking net income), net income attributable to non-controlling interests amounted to Ch\$88,895 million. Of the total amount reported in 4Q 2016, Ch\$53,025 million corresponds to minority shareholders' share of Banco de Chile and SM 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 CSAV's and SM SAAM's net income.

## II. Banking Sector

#### Operating Revenues – Full Year 2016

Operating revenues in 2016 amounted to Ch\$1,735,946 million, increasing 5.4% with respect to the previous year. Operating revenues correspond almost entirely to Banco de Chile, which also posted 5.4% growth, mainly due to greater income from loans, based on annual portfolio expansion, higher fee income, and also higher non-customer income from AFS instruments, which offset the lower contribution from the Bank's net asset position in UFs, given a lower rate of inflation with respect to 2015, and the negative impact of exchange rate fluctuations on the Bank's net asset position in USD to hedge USD denominated loan loss allowances.

#### Operating Revenues - 4Q 2016

Operating revenues for the fourth quarter of 2016 amounted to Ch\$420,360 million, 1.4% above the fourth quarter of 2015, mainly due to slightly higher operating revenues at Banco de Chile, primarily due to the unfavorable impact of lower inflation on the Bank's net asset exposure to UFs, which offset growth in customer related income.

#### Provision for Credit Risk - Full Year 2016

Provisions for loan losses at Banco de Chile amounted to Ch\$309,735 million in 2016, up 2.2% from 2015, mainly attributable to loan growth and additional countercyclical provisions established in 2016. These effect were partially compensated by a positive exchange rate effect on USD denominated loan loss allowances.



#### **Provision for Credit Risk - 4Q 2016**

Provisions for loan losses at Banco de Chile amounted to Ch\$87,280 million in the fourth quarter of 2016, up 17.9% from the fourth quarter of 2015, mostly explained by a net deterioration in credit quality and the expansion in average loans, focused in the retail banking segment.

#### **Operating expenses - Full Year 2016**

Operating expenses increased by 8.6% to Ch\$788,787 million, explained primarily by greater personnel and administrative expenses and, to a lesser extent, by higher operating expenses, depreciation and amortization expenses related mostly to ATMs, at Banco de Chile.

#### **Operating Expenses - 4Q 2016**

Operating expenses increased by 1.7% to Ch\$191,139 million in 4Q 2016, mainly explained by an increase of 1.6% in Banco de Chile's operating expenses to Ch\$190,863 million. Higher personnel expenses were largely compensated by lower administrative expenses.

#### **Non-operating Results - Full Year 2016**

During 2016 non-operating results amounted to a loss of Ch\$68,936 million as compared to a loss of Ch\$72,069 million in 2015, primarily explained by lower accrued interest expense of the Subordinated Debt with the Chilean Central Bank, resulting mainly from the effect of lower inflation during the period on said expenses.

#### **Non-operating Results - 4Q 2016**

During the fourth quarter of 2016 non-operating results amounted to a loss of Ch\$16,740 million, down 9.7% from the fourth quarter of 2015, primarily explained by lower accrued interest expense of the Subordinated Debt with the Chilean Central Bank, mainly owing to the lower rate of inflation registered during the fourth quarter of 2016.

#### **Consolidated Net Income - Full Year 2016**

Consolidated net income for the banking sector amounted to Ch\$479,342 million down by 1.0% from 2015, resulting from higher income tax expense, mainly due to a higher corporate tax rate, higher operating expenses and a moderate increase in loan loss provisions, that were mostly compensated by growth in operating revenues.

#### **Consolidated Net Income - 4Q 2016**

Consolidated net income for the banking sector amounted to Ch\$105,999 million in 4Q 2016, down by 12.1% from the same period in 2015, mainly due to higher loan loss provisions during the quarter, higher income tax and, to a lesser extent, higher operating expenses, partially compensated by growth in operating revenues.





**CONSOLIDATED BALANCE SHEET ANALYSIS (vis-à-vis the 3<sup>rd</sup> quarter of 2016)**

**Condensed Consolidated Balance Sheet**

	09-30-2016		31-12-2016	
	MCh\$	MUS\$	MCh\$	MUS\$
Current assets industrial sector	887,170	1,325.2	995,455	1,486.9
Non-current assets industrial sector	4,085,605	6,102.7	4,248,305	6,345.8
Assets financial sector	31,018,578	46,333.0	31,557,748	47,138.4
<b>Total Assets</b>	<b>35,991,354</b>	<b>53,761.0</b>	<b>36,801,508</b>	<b>54,971.1</b>
Current liabilities industrial sector	356,578	532.6	410,712	613.5
Long-term liabilities industrial sector	1,188,555	1,775.4	1,333,024	1,991.2
Liabilities financial sector	28,161,680	42,065.6	28,665,391	42,818.0
Non-controlling interests	3,367,666	5,030.3	3,393,753	5,069.3
Shareholders' equity	2,916,876	4,357.0	2,998,628	4,479.1
<b>Total Liabilities &amp; Shareholders' equity</b>	<b>35,991,354</b>	<b>53,761.0</b>	<b>36,801,508</b>	<b>54,971.1</b>

**Current Assets Industrial Sector**

Current assets increased by 12.2% compared to the third quarter of 2016, primarily due a higher balance of cash, primarily at Quiñenco due to the bond issuance of UF5,000,000 carried out during December 2016.

**Non Current Assets Industrial Sector**

Non current assets increased by 4.0% compared to the third quarter of 2016, mainly reflecting a higher balance of equity investments and increased fixed assets, mostly at SM SAAM, reflecting the fair value valuation carried out by Quiñenco for this investment. The increase in equity investments is mostly explained by a higher balance at Hapag-Lloyd, Nexans and, to a lesser extent, IRSA.

**Assets Banking Sector**

Total assets of the banking sector increased by 1.7% compared to the third quarter of 2016. Loans to customers increased by 1.5% with respect to September 2016, reflecting growth in all types of loans.

**Current Liabilities Industrial Sector**

Current liabilities increased by 15.2% over the third quarter of 2016, primarily due to higher accounts payable at Enx, and higher dividends payable at Quiñenco.



#### **Long-term Liabilities Industrial Sector**

Long-term liabilities diminished by 12.2% in comparison to the third quarter of 2016, mainly due to higher debt at Quiñenco following the bond issuance carried out in December (UF5,000,000).

#### **Liabilities Banking Sector**

Liabilities corresponding to the banking sector increased by 1.8% compared to the third quarter of 2016.

#### **Minority Interest**

Minority interest increased by 0.8% in comparison to the third quarter of 2016, primarily explained by higher minority interest at CSAV, LQIF, and SM SAAM, partially compensated by a decrease at Techpack.

#### **Equity**

Shareholders' equity increased by 2.8% compared to the third quarter of 2016, mainly due to period earnings, net of dividends, and higher other reserves.



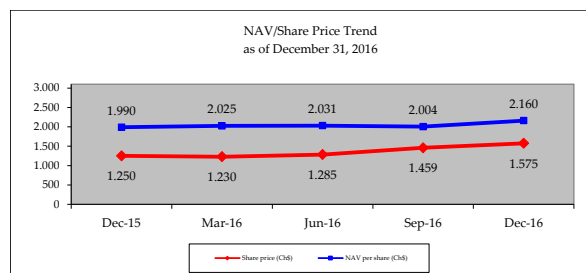
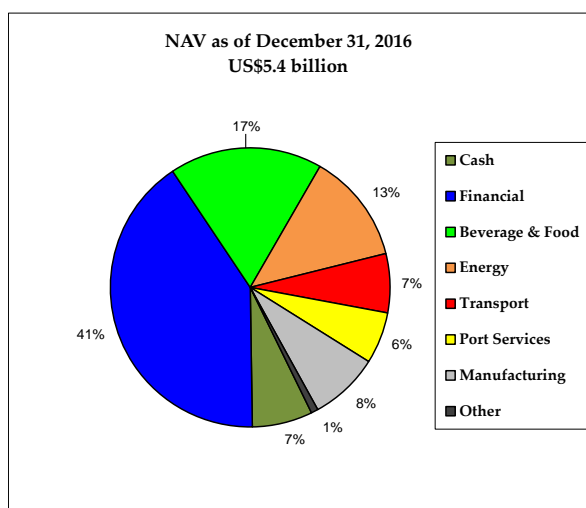
### Quiñenco Corporate Level Debt and Cash

As of December 31, 2016	Debt		Cash & Equivalents		Total Net Debt	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
Corporate level	664,607	992.7	305,253	456.0	359,354	536.8
Adjusted for:						
50% interest in LQIF	92,253	137.8	402	0.6	91,851	137.2
50% interest in IRSA	37,358	55.8	495	0.7	36,863	55.1
<b>Total</b>	<b>794,218</b>	<b>1,186.3</b>	<b>306,150</b>	<b>457.3</b>	<b>488,068</b>	<b>729.0</b>

The debt to total capitalization ratio at the corporate level (unadjusted) was 17.8% as of December 31, 2016.

### NAV

As of December 31, 2016, the estimated net asset value (NAV) of Quiñenco was US\$5.4 billion (Ch\$2,160 per share) and market capitalization was US\$3.9 billion (Ch\$1,575 per share). The discount to NAV is estimated at 27.1% as of the same date.





## SEGMENT /OPERATING COMPANY ANALYSIS

### Full Year Results

Sector /Segment	Manufacturing		Financial		Energy		Transport		Port Services		Other		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
	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	(46,639)	5,463	(17,812)	(16,478)	21,362	21,196	(21,323)	(4,551)	-	45,567	22,334	32,336	(42,077)	83,533
Income tax	4,675	(4,372)	486	663	(1,589)	(969)	4,013	(14,044)	-	(7,829)	(3,747)	(2,688)	3,838	(29,240)
Net income from discontinued operations	5,461	13,878	-	-	-	-	-	1,397	-	-	-	-	5,461	15,275
<b>Consolidated Net income (loss) industrial sector</b>	<b>(36,503)</b>	<b>14,968</b>	<b>(17,326)</b>	<b>(15,815)</b>	<b>19,773</b>	<b>20,227</b>	<b>(17,309)</b>	<b>(17,198)</b>	<b>-</b>	<b>37,738</b>	<b>18,588</b>	<b>29,648</b>	<b>(32,777)</b>	<b>69,568</b>
<b>Banking Sector</b>														
Income before taxes	-	-	545,911	568,489	-	-	-	-	-	-	-	-	545,911	568,489
Income tax	-	-	(61,818)	(89,147)	-	-	-	-	-	-	-	-	(61,818)	(89,147)
<b>Consolidated Net income banking sector</b>	<b>-</b>	<b>-</b>	<b>484,093</b>	<b>479,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>484,093</b>	<b>479,342</b>
<b>Consolidated net income (loss)</b>	<b>(36,503)</b>	<b>14,968</b>	<b>466,767</b>	<b>463,527</b>	<b>19,773</b>	<b>20,227</b>	<b>(17,309)</b>	<b>(17,198)</b>	<b>-</b>	<b>37,738</b>	<b>18,588</b>	<b>29,648</b>	<b>451,316</b>	<b>548,910</b>
Net income (loss) attributable to Non-controlling interests	4,718	3,091	354,467	351,690	-	-	(7,318)	(7,184)	-	20,699	2,829	3,712	354,696	372,008
Net Income (Loss) Attributable to Controllars' shareholders	(41,221)	11,877	112,300	111,837	19,773	20,227	(9,991)	(10,014)	-	17,039	15,759	25,936	96,620	176,902

### Quarterly Results

Sector /Segment	Manufacturing		Financial		Energy		Transport		Port Services		Other		Total	
	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16	4Q 15	4Q 16
	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	(26,403)	3,249	(4,755)	(3,902)	3,276	(993)	(76,628)	12,086	-	4,536	11,623	31,624	(92,886)	46,599
Income tax	4,608	(84)	159	170	(1,207)	2,087	4,637	8,278	-	(1,666)	(698)	560	7,498	9,345
Net income from discontinued operations	(54)	562	-	-	-	-	-	(8)	-	-	-	-	(54)	554
<b>Consolidated Net income (loss) industrial sector</b>	<b>(21,849)</b>	<b>3,726</b>	<b>(4,596)</b>	<b>(3,732)</b>	<b>2,069</b>	<b>1,094</b>	<b>(71,991)</b>	<b>20,357</b>	<b>-</b>	<b>2,870</b>	<b>10,926</b>	<b>32,184</b>	<b>(85,442)</b>	<b>56,498</b>
<b>Banking Sector</b>														
Income before taxes	-	-	133,957	125,201	-	-	-	-	-	-	-	-	133,957	125,201
Income tax	-	-	(13,315)	(19,202)	-	-	-	-	-	-	-	-	(13,315)	(19,202)
<b>Consolidated Net income banking sector</b>	<b>-</b>	<b>-</b>	<b>120,642</b>	<b>105,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,642</b>	<b>105,999</b>
<b>Consolidated net income (loss)</b>	<b>(21,849)</b>	<b>3,726</b>	<b>116,046</b>	<b>102,267</b>	<b>2,069</b>	<b>1,094</b>	<b>(71,991)</b>	<b>20,357</b>	<b>-</b>	<b>2,870</b>	<b>10,926</b>	<b>32,184</b>	<b>35,200</b>	<b>162,497</b>
Net income (loss) attributable to Non-controlling interests	1,577	(110)	88,216	77,708	-	-	(31,708)	8,963	-	1,105	566	1,229	58,651	88,895
Net Income (Loss) Attributable to Controllars' shareholders	(23,426)	3,836	27,829	24,558	2,069	1,094	(40,283)	11,394	-	1,765	10,360	30,955	(23,451)	73,602



## MANUFACTURING SEGMENT

The following table details the contribution of the investments in the Manufacturing segment during 2015 and 2016 to Quiñenco's net income:

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
Invexans	(24,653)	(36.8)	3,694	5.5	(42,240)	(63.1)	8,946	13.4
Techpack	1,226	1.8	142	0.2	1,019	1.5	2,931	4.4
<b>Total Manufacturing Segment</b>	<b>(23,426)</b>	<b>(35.0)</b>	<b>3,836</b>	<b>5.7</b>	<b>(41,221)</b>	<b>(61.6)</b>	<b>11,877</b>	<b>17.7</b>

As of December 31, 2016 and 2015, Quiñenco's ownership of Invexans was 98.6%. As of December 31, 2016 and 2015, Quiñenco's ownership of Techpack was 100.0% and 65.9%, respectively.

## INVEXANS

	Quarters				Full Year			
	4Q 15		4Q 16		4Q 15	4Q 16	2015	2016
	MCh\$	MUS\$	MCh\$	MUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales	113	0.2	0	0.0	163	-	368	60
Operating income (loss)	(199)	(0.3)	(1,158)	(1.7)	(285)	(1,738)	(7,876)	(1,416)
Non-operating income (loss)	(24,815)	(37.1)	5,016	7.5	(35,241)	7,520	(56,099)	15,092
Net income (loss) controller	(25,008)	(37.4)	3,744	5.6	(35,517)	5,611	(63,901)	13,464
Total assets			313,476	468.2			420,817	468,246
Shareholders' equity			292,696	437.2			393,310	437,206

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 SVS, as shown in the last two columns of the table.

## Full Year 2016 Results

Invexans' revenues, which correspond mainly to income from leases and services, amounted to US\$60 thousand in 2016, 83.7% below the previous period, mainly due to a lower number of properties for rent.

Operating income reached a loss of US\$1,416 thousand, compared to the loss of US\$7,876 thousand reported in 2015. This improvement is mainly due to a loss generated in 2015 by a slight dilution in Nexans following a share issue to employees and expenses related to legal contingencies in Brazil, also in 2015. In addition, during 2016 administrative





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**Fourth Quarter and Full Year 2016**

expenses were reduced by 23.0%, a favorable effect of the management of legal contingencies was reported, and the sale of real estate generated a non-recurring gain.

Non-operating income amounted to a gain of US\$15,092 thousand, compared to a loss of US\$56,099 thousand in the previous year, primarily due to Invexans' accounting of its proportional investment in Nexans. During 2016 Nexans reported a net gain of €61 million, comparing favorably to the loss of €194 million reported in 2015. Nexans' operating income increased 24% reaching €242 million, based on the positive impact of the strategic initiatives implemented, despite a slight decline in organic sales of 1.2%<sup>7</sup>, mostly explained by the drop in the oil and gas sector. The growth in operating income is explained by Distributors and Installers, with 23.8% growth based on LAN cables and systems, particularly in the USA and China, while power cables for the construction market declined, mostly in Europe and North America, partially compensated by increments in South America, Middle East, Russia and Africa. The Transmission, Distribution and Operators segment also contributed with 13.0% growth, reflecting higher sales of transmission, both submarine and land, and of operators, whereas the distribution market was affected by lower demand for energy, which was compensated by restructurings in Europe and Asia-Pacific. The Industrial segment posted a 3.5% increase in operating income, based on good performance of wind farms and aeronautics, along with a stabilization of automotive harnesses, compensating a strong fall in the oil and gas sector.

At a non-operating level, Nexans reported lower impairment costs (€8 million in 2016 compared to €129 million in 2015), lower restructuring costs (down to €33 million in 2016 from €100 million in 2015), and to a lesser extent, a lower loss from the core exposure effect (loss of €6 million in 2016 compared to a loss of €52 million in 2015). Invexans adjusts its proportional share in Nexans' results in accordance with the fair value determined for this investment. Thus, in all, Invexans reported a gain of US\$15,478 thousand for its investment in the French company, compared to a loss of US\$56,161 thousand reported in 2015.

Income tax at Invexans in 2016 amounted to US\$212 thousand, compared to an income tax credit of US\$74 thousand in 2015. Thus, net income for 2016 amounted to a gain of US\$13,464 thousand, a significant improvement over the loss of US\$63,901 thousand reported in 2015.

#### 4Q 2016 Results

In 4Q 2016 Invexans reported a net gain of US\$5,611 thousand, compared to a loss of US\$35,517 thousand in 4Q 2015. The result primarily reflects Invexans' share in Nexans' net income for the second half of 2016, which improved from a loss of US\$35,141 thousand to a gain of US\$7,580 thousand, reflecting the positive evolution of Nexans' net income during the period.

<sup>7</sup> Organic growth: Nexans compares sales with the same consolidation base, excluding impacts such as acquisition and divestments between one period and another, exchange rate effects and variations in non-ferrous metal prices.



## TECHPACK

	Quarters				Quarters		Full Year	
	4Q 15		4Q 16		4Q 15	4Q 16	2015	2016
	MCh\$	MUS\$	MCh\$	MUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales	-	-	2	0,0	-	<b>4</b>	-	<b>21</b>
Operating income (loss)	(1,226)	(1,8)	(745)	(1.1)	(1,753)	<b>(1,117)</b>	(5,111)	<b>(6,669)</b>
Net income (loss) from discontinued operations	(54)	(0,1)	562	0.8	(22)	<b>844</b>	8,400	<b>20,362</b>
Net income (loss) controller	1,861	2,8	55	0.1	2,660	<b>85</b>	2,033	<b>6,284</b>
Total assets			169,344	253.0			492,581	<b>252,952</b>
Shareholders' equity			155,043	231.6			212,430	<b>231,590</b>

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 filed with the SVS, 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 of the transaction and of the flexible packaging business have been classified as a discontinued operation in both periods.

### Full Year 2016 Results

Techpack's operating income amounted to a loss of US\$6,669 thousand in 2016, 30.5% higher than the loss reported the prior year, primarily due to higher administrative expenses, reflecting personnel costs and severance payments following the sale of the flexible packaging business.

Non-operating income for the year amounted to a gain of US\$1,144 thousand, compared to a loss of US\$443 thousand in 2015, mostly due to a favorable variation in exchange rate differences and higher financial income.

The gain from discontinued operations in 2016 amounted to US\$20,362 thousand, substantially higher than the gain of US\$8,400 thousand corresponding to 2015, primarily due to the after tax gain of US\$20,862 thousand, subject to final adjustments, generated by the sale of Techpack's flexible packaging business to Australian Amcor, on May 31, 2016. The transaction implied cash income of US\$204 million, subject to final price adjustments. Deducting the book value of the investment in Alusa and Inversiones Alusa, other costs related to the transaction, estimated taxes and also the reversal of conversion differences that have an effect on results, the net effect on results as of December 2016 of the transaction was a gain of US\$21 million. The remaining balance of discontinued operations, amounting to a



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**Fourth Quarter and Full Year 2016**

loss of US\$500 thousand in 2016 and a gain of US\$8,400 thousand in 2015, corresponds mostly to the results of Alusa and subsidiaries (until May 2016), and to a lesser extent, to Decker, Indalum and Madeco Mills.

#### 4Q 2016 Results

Techpack's net income reached a gain of US\$85 thousand in 4Q 2016, compared to a gain of US\$2,660 thousand in 4Q 2015, primarily due to an income tax credit in 4Q 2015, partially compensated by lower administrative expenses and a positive result of discontinued operations in the current quarter vis-à-vis a slight loss in 4Q 2015. Discontinued operations correspond to Indalum, Madeco Mills and Decker in both quarters, and also include Alusa and subsidiaries in 4Q 2015.

### FINANCIAL SEGMENT

The following table details the contribution of the investments in the Financial Segment during 2015 and 2016 to Quinenco's net income:

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
LQIF holding	(2,298)	(3.4)	(1,866)	(2.8)	(8,663)	(12.9)	(7,908)	(11.8)
Banking sector	30,128	45.0	26,424	39.5	120,963	180.7	119,745	178.9
<b>Total Financial Segment</b>	<b>27,829</b>	<b>41.6</b>	<b>24,558</b>	<b>36.7</b>	<b>112,300</b>	<b>167.7</b>	<b>111,837</b>	<b>167.1</b>

As of December 31, 2015 and 2016, Quinenco's ownership of LQIF was 50.0%. LQIF's economic rights in Banco de Chile were 33.19% as of December 31, 2015 and 33.41% as of December 31, 2016.

#### LQIF Holding – Full Year 2016

LQIF holding registered a loss of Ch\$15,815 million in 2016, 8.7% lower than the loss of Ch\$17,326 million in 2015, primarily due to lower losses arising from the effect of inflation on liabilities denominated in UFs (indexed to inflation), due to a lower rate of inflation in 2016, partially compensated by higher administrative expenses and higher financial costs.

#### LQIF Holding - 4Q 2016 Results

LQIF holding registered a loss of Ch\$3,732 million in 4Q 2016 compared to a loss of Ch\$4,596 million in 4Q 2015, mainly explained by lower losses related to the effect of inflation on financial obligations denominated in UFs in 4Q 2016, reflecting a lower rate of inflation in the current quarter.

#### Banking Sector

The Banking sector is comprised of Banco de Chile and SM Chile. The most relevant item of the income statement in the case of SM Chile is the interest expense of the Subordinated Debt with the Chilean Central Bank.



## BANCO DE CHILE

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
Operating revenues	414,381	619.0	<b>420,210</b>	627.7	1,646,355	2,459.2	<b>1,734,794</b>	2,591.3
Provision for loan losses	(74,011)	(110.6)	<b>(87,281)</b>	(130.4)	(303,062)	(452.7)	<b>(309,735)</b>	(462.7)
Operating expenses	(187,947)	(280.7)	<b>(190,863)</b>	(285.1)	(726,238)	(1,084.8)	<b>(788,283)</b>	(1,177.5)
Net income controller	140,098	209.3	<b>124,034</b>	185.3	558,995	835.0	<b>552,249</b>	824.9
Loan portfolio					24,558,041	36,682.8	<b>25,385,534</b>	37,918.9
Total assets					31,292,944	46,742.9	<b>31,558,000</b>	47,138.8
Shareholders' equity					2,740,084	4,092.9	<b>2,887,410</b>	4,313.0
Net financial margin	4.7%		<b>4.7%</b>		5.0%		<b>4.9%</b>	
Efficiency ratio	45.4%		<b>45.4%</b>		44.1%		<b>45.4%</b>	
ROAE	20.6%		<b>17.2%</b>		21.4%		<b>19.6%</b>	
ROAA	1.8%		<b>1.6%</b>		1.9%		<b>1.8%</b>	

## Full Year 2016 Results

Banco de Chile reported net income of Ch\$552,249 million in 2016, 1.2% less than in 2015. Customer income growth during the period compensated lower inflation, a higher corporate tax rate, increased operating expenses and a moderate increase in loan loss provisions.

Operating revenues, which include net financial income, fee income and other operating income, grew 5.4% in 2016 to Ch\$1,734,794 million. The impact of lower inflation and an unfavorable exchange rate effect on the hedge of USD denominated allowances was offset by solid growth in customer income as well as non-customer income. Income from AFS instruments increased due to the recognition of unrealized mark-to-market gains. Annual growth of 7.9% in average loans, reflecting strong growth in retail banking, together with an upward trend in average spreads boosted income from loans. Lower funding costs due to term gapping and earnings retention and capitalization also contributed to increased revenues. Fee income increased by 5.0%, mainly attributable to transactional services, and also to higher fees from insurance brokerage and mutual funds. Finally, 8.7% growth in average balances of demand deposits also implied an increment in revenues.

Provisions for loan losses amounted to Ch\$309,735 million up 2.2% from 2015. This increase is mainly attributable to 7.9% annual growth in average loans, mostly concentrated in the retail banking segment, and higher countercyclical allowances in 2016, given the Bank's expectations of the economic outlook. These increases were partially offset by a positive exchange rate impact on USD denominated loan loss allowances, given the depreciation of the Chilean peso in 2015 compared to the appreciation in 2016, a net credit quality improvement in the wholesale segment, and regulatory changes in the treatment of certain types of loans.



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**Fourth Quarter and Full Year 2016**

Operating expenses increased by 8.5% to Ch\$788,283 million compared to 2015, mostly due to higher personnel expenses, which increased 9.6%, explained by the effect of inflation on salaries, higher severance payments following organizational restructuring, and higher bonuses. Administrative expenses also increased by 5.6%, mainly owing to greater IT expenses, higher rent related to new branches, and higher maintenance costs of fixed assets. Also, other expenses rose due to higher provisions and write-offs of assets received in lieu of payment, and depreciations and amortization expenses increased based on the replacement of ATM devices and IT implementations.

Income tax expense in 2016 increased 44.2% to Ch\$89,040 million, mostly explained by the increase in the corporate tax rate from 22.5% in 2015 to 24.0% in 2016.

As of December 2016, the Bank's loan portfolio posted an annual expansion of 3.4%, placing the Bank as number 2 in total loans. In the retail segment, residential mortgage loans grew by 8.2% annually, where growth in higher income segments has been prioritized. Consumer loans grew 8.0%, reflecting growth in installment loans and credit card loans. Loans managed by the consumer finance division posted a slight reduction of 0.4%. The wholesale segment, however, experienced an annual decrease of 3.2%, largely influenced by subdued economic growth.

Banco de Chile is the second ranked bank in the country with a market share of 18.0% of total loans (excluding subsidiaries outside Chile), for the period ended December 31, 2016. Its return on average equity reached 19.6%, compared to 11.0% for the local financial system.

#### **4Q 2016 Results**

Banco de Chile reported net income of Ch\$124,034 million in the fourth quarter of 2015, decreasing by 11.5% with respect to the fourth quarter of 2015. This decline is primarily based on higher income tax, higher operating expenses, and greater loan loss provisions, partially offset by 1.4% growth in operating revenues. Higher income from 3.3% growth in average loans and a slight rise in average spreads was offset by a lower contribution of the Bank's net UF asset exposure caused by lower inflation in the current quarter.

#### **Interest Subordinated Debt – Full year 2016**

In 2016 accrued interest expense of the Subordinated Debt with the Chilean Central Bank decreased by 3.0% with respect to 2015, mainly due to the lower rate of inflation in 2016.

#### **Interest Subordinated Debt – 4Q 2016**

In the fourth quarter of 2016 accrued interest expense of the Subordinated Debt with the Chilean Central Bank was 8.3% lower than the fourth quarter of 2015, mainly due to the effect of a lower rate of inflation in 4Q 2016 as compared to the same period in 2015.





## ENERGY SEGMENT

The following table details the contribution of the investments in the Energy Segment during 2015 and 2016 to Quinenco's net income:

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
Enex	2,069	3.1	1,094	1.6	19,773	29.5	20,227	30.2
<b>Total Energy Segment</b>	<b>2,069</b>	<b>3.1</b>	<b>1,094</b>	<b>1.6</b>	<b>19,773</b>	<b>29.5</b>	<b>20,227</b>	<b>30.2</b>

As of December 31, 2015 and 2016, Quinenco controls 100% of the energy segment.

## ENEX<sup>8</sup>

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
Sales	435,910	651.1	<b>453,966</b>	678.1	1,697,629	2,535.8	<b>1,691,434</b>	2,526.5
Operating income	4,038	6.0	<b>(7)</b>	0.0	24,551	36.7	<b>27,110</b>	40.5
Net income controller	2,069	3.1	<b>1,094</b>	1.6	19,773	29.5	<b>20,227</b>	30.2
Total assets					774,737	1,157.2	<b>777,630</b>	1,161.6
Shareholders' equity					531,015	793.2	<b>560,501</b>	837.2

## Full Year 2016 Results

During 2016 Enex reported sales of Ch\$1,691,434 million, down by a slight 0.4% from 2015, primarily due to lower prices of fuels, which offset growth in sales volumes, both in the retail and industrial channels, together with a lower sales volume of asphalts. The total volume of dispatches amounted to 3.7 million cubic meters during the period, 12.2% above 2015, of which 97.7% were fuels.

Gross income during the period reached Ch\$191,794 million, growing 16.6% over 2015, mainly reflecting the higher volume of sales through service stations and the industrial channel, together with higher volumes and margins in lubricants, mostly resulting from the effect of selling inventory at historical cost given increasing market prices. Operating income posted a 10.4% increment, reaching Ch\$27,110 million in 2016, primarily due to the growth in gross income explained above, partially offset by higher operating expenses at service stations and convenience stores, higher logistics costs related to the sales volume, and also higher expenses related to brand use after the conversion of the Terpel service stations. In addition, during 2016 a provision for legal contingencies was established. EBITDA amounted to Ch\$49.726 million in 2016, growing 38.1% over 2015.

<sup>8</sup> Enex corresponds to the consolidated financial statements of Enex S.A.



Non-operating income amounted to a loss of Ch\$5,914 million, 85.5% above the loss reported in 2015, mostly due to higher financial expenses and, to a lesser extent, lower income from equity investments.

Net income for the year reached Ch\$20,227 million, 2.3% higher than the Ch\$19,773 million reported in 2015, largely explained by the increase in operating income, and also by lower tax expense in the current quarter, partially compensated by the greater non-operating loss reported.

#### 4Q 2016 Results

During 4Q 2016 Enx posted net income of Ch\$1,094 million, 47.1% below the same period in 2015. Operating income dropped substantially during the quarter due to a provision for legal contingencies established in 4Q 2016. However, gross income grew 22.2% reflecting higher sales volumes and improved margins in fuels. EBITDA amounted to Ch\$12,248 million, increasing 65.4% over 4Q 2015. Finally, during the quarter Enx reported an income tax credit, whereas in the same period in 2015 it registered an income tax expense.

#### TRANSPORT SEGMENT

The following table details the contribution of the investments in the Transport Segment during 2015 and 2016 to Quiñenco's net income:

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
CSAV	(40,283)	(60.2)	11,394	17.0	(9,991)	(14.9)	(10,014)	(15.0)
<b>Total Transport Segment</b>	<b>(40,283)</b>	<b>(60.2)</b>	<b>11,394</b>	<b>17.0</b>	<b>(9,991)</b>	<b>(14.9)</b>	<b>(10,014)</b>	<b>(15.0)</b>

As of December 31, 2015 and 2016, Quiñenco controls 56.0% of CSAV. Quiñenco's proportionate share in CSAV's results is adjusted by the fair value accounting of this investment at Quiñenco. During 2015 and 2016 the adjustment was a lower result of Ch\$116 million and Ch\$684 million, respectively.



### CSAV<sup>9</sup>

	Quarters			
	4Q 15		4Q 16	
	MCh\$	MUS\$	MCh\$	MUS\$
Sales	24,759	37.0	<b>22,639</b>	33.8
Operating income (loss)	(9,838)	(14.7)	<b>357</b>	0.5
Net income (loss) controller	(71,921)	(107.4)	<b>21,579</b>	32.2
Total assets			<b>1,451,517</b>	2,168.2
Shareholders' equity			<b>1,343,267</b>	2,006.5

Quarters		Full Year	
4Q 15	4Q 16	2015	2016
ThUS\$	ThUS\$	ThUS\$	ThUS\$
31,230	<b>34,002</b>	166,986	<b>127,130</b>
(13,925)	<b>543</b>	(12,816)	<b>7,085</b>
(102,194)	<b>32,436</b>	(14,654)	<b>(23,317)</b>
		2,225,718	<b>2,168,159</b>
		2,042,430	<b>2,006,464</b>

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 SVS, as shown in the last two columns of the table. Since CSAV sold its stake in the liquid bulk business, in 2015 and 2016 it classified this business as a discontinued operation.

### Full Year 2016 Results

CSAV's consolidated sales in 2016 reached US\$127.1 million, down by 23.9% from 2015, mostly reflecting the decision to discontinue refrigerated bulk cargo (reefer vessels), which operated for the last time during the beginning of 2015, and lower freight rates in the car carrier business, and to a lesser extent, the discontinuation of the solid bulk cargo operations during the third quarter of 2015. The reduction in freight rates reflects the negative effect of the reduced level of activity and demand for vehicle transport services to the west coast of South America and the drop in fuel prices, which affects rates with adjustment clauses.

CSAV's gross income amounted to US\$7.1 million in 2016, improving over the gain of US\$2.8 million reported in 2015, mainly due to a lower cost of sales, in line with the discontinuation of the refrigerated bulk and solid bulk cargo services, and a more efficient operating structure for the car carrier business in accordance with the lower level of activity of the market. The lower cost of sales is also explained by the 33% drop in average fuel prices. However, since part of the sales have adjustment clauses, this favorable effect was partially compensated by lower revenues.

Operating income reached a gain of US\$7.1 million in 2016, compared to a loss of US\$12.8 million reported in 2015, mostly due to the reversal of the NYSA-ILA claim provision, which amounted to US\$12.5 million. Improved performance of the car carrier business during the second half of the year also contributed, although to a lesser

<sup>9</sup> As of December 2015, CSAV's financial statements present the containership business as a discontinued business available for sale, due to the merger with Hapag-Lloyd. However, for a better analysis of its results CSAV included a note on discontinued activities detailing its results with the containership business as a continuing activity. The following analysis is based on the figures presented in the referred note.



extent. Selling and administrative expenses were also reduced, following adjustments in CSAV's administrative structure in accordance with its current level of activities.

Non-operating income amounted to a loss of US\$10.9 million in 2016, as compared to a loss of US\$7.5 million reported in 2015. This negative variation is primarily due to CSAV's share in Hapag-Lloyd's results for 2016 (amounting to US\$33.4 million), adjusted by CSAV's fair value accounting of this investment (a positive adjustment of US\$26.4 million), which in all amounted to a loss of US\$7.0 million. In 2015, CSAV's investment in Hapag-Lloyd translated into a net loss of US\$6.5 million, due to CSAV's adjusted share in Hapag-Lloyd's net income of US\$77.4 million and CSAV's dilution in Hapag-Lloyd following the latter's IPO that generated a loss of US\$83.9 million. In 2016 Hapag-Lloyd reported a loss of US\$107 million, compared to the gain of US\$124 million reported in 2015, primarily due to weak global economic growth and sustained competitive pressures in the container shipping industry pushing freight rates further down. The year's results reflect the strong fall in average rates, partially compensated by the positive effects of synergies and cost savings, as well as lower fuel prices compared to the previous year. Sales declined 12.9%, reflecting the 15.4% drop in average freight rates. Hapag-Lloyd's operating income amounted to a gain of US\$115 million, 66.6% below the prior period. EBITDA, however, reached US\$671 million, with a margin of 7.9%, although lower than that of 2015 (US\$922 million).

In 2016 CSAV registered an income tax expense of US\$20.6 million, compared to an income tax credit in 2015, mostly due to an adjustment related to tax carry forward losses in 2Q 2016, and also due to taxes related to the financing structure of the investment in Hapag-Lloyd. Thus, in 2016 CSAV reported a net loss of US\$23.3 million, greater than the loss of US\$14.7 million reported in 2015.

#### 4Q 2016 Results

During the fourth quarter of 2016 CSAV posted a net gain of US\$32.4 million, a substantial improvement over the loss of US\$102.2 million reported in the same period in 2015. This variation primarily reflects CSAV's share of Hapag-Lloyd's positive results for the quarter, adjusted by fair value accounting, which amounted to a gain of US\$20.2 million compared to a loss of US\$94.1 million in 4Q 2015, and the favorable performance of the car carrier business, which posted a positive operating result during the quarter.

#### PORT SERVICES SEGMENT

The following table details the contribution of the investments in the Port Segment during 2016 to Quiñenco's net income:

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
SM SAAM	-	-	1,765	2.6	-	-	17,039	25.5
<b>Total Port Services Segment</b>	-	-	1,765	2.6	-	-	17,039	25.5



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**Fourth Quarter and Full Year 2016**

\* Corresponds to the proportionate share in SM SAAM's results for the full year 2016. Starting 2016, SM SAAM's results are consolidated and no longer accounted for as an equity investment. As of December 31, 2015 Quiñenco held a 42.4% interest in SM SAAM. SM SAAM's contribution in 4Q 2015 is included in the segment Other, and amounted to Ch\$17,785 million. As of December 31, 2016, Quiñenco controls 52.2% of SM SAAM. Quiñenco's proportionate share in SM SAAM's results as of 2016 is adjusted by the fair value accounting of this investment at Quiñenco. During 2016 the adjustment was a lower result of Ch\$1.840 million.

## SM SAAM

	Quarters		Quarters		Full Year	
	4Q 16		4Q 15	4Q 16	2015	2016
	MCh\$	MUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales	66,718	99.7	97,242	<b>100,219</b>	426,273	<b>393,932</b>
Operating income	4,074	6.1	20,156	<b>6,131</b>	59,701	<b>39,587</b>
Net income controller	6,906	10.3	32,160	<b>10,378</b>	68,936	<b>54,545</b>
Total assets	848,539	1,267.5			1,220,802	<b>1,267,479</b>
Shareholders' equity	500,903	748.2			717,239	<b>748,208</b>

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 SVS, as shown in the last two columns of the table.

## Full Year 2016 Results

In 2016 SM SAAM's consolidated sales reached US\$393.9 million, down by 7.6% from 2015, mostly due to lower revenues from logistics, port terminals and, to a lesser extent, tug boats. Revenues of the logistics segment fell 16.0% due to lower activity in Chile and the closure of certain operations in Chile and the closure of Brazil's operations. Revenues from port terminals decreased 8.5%, due to less operations at Guayaquil, partially compensated by positive performance of Florida and Mazatlán. Revenues from the tug boat segment decreased 1.9%, mainly due to lower revenues from Mexico, reflecting lower off-shore activity. Consolidated revenues can be broken down as follows: tug boats (47.0%), port terminals (29.1%), and logistics and others (23.9%).

During 2016 operating income amounted to US\$39.6 million, 33.7% below 2015, primarily due to a non-recurring gain of US\$32 million, related to the restructuring of Tramarsa (Peru) reported in 2015, partially compensated by costs related to the closure of logistics in Brazil and of some logistics operations in Chile, also during 2015. However, performance of logistics improved during 2016, compensating a lower contribution from tug boats and port terminals. SM SAAM's consolidated EBITDA reached US\$91.4 million in 2016, down a slight 0.4% from 2015.





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**Fourth Quarter and Full Year 2016**

Non-operating income for the year amounted to a gain of US\$34.9 million, 7.1% lower than the gain reported in 2015. This variation is mainly explained by lower financial income and, to a lesser extent, lower gains from exchange rate differences. These reductions were partially compensated by a higher contribution from equity investments, mainly reflecting the contribution from Peru, despite SM SAAM's lower stake in Tramarsa (which declined from 49% to 35%), due to the inclusion of the port of TISUR in the company's portfolio in November 2015, and better performance of tug boats in Brazil. The contribution of the port of San Antonio, however, decreased due to a 16 day strike.

Income tax expense during 2016 was 32.9% below the previous year, mainly due to lower results at the port of Guayaquil and SAAM SMIT Towage Norte. SM SAAM reported a net gain of US\$54.5 million in 2016, 20.9% lower than 2015, mainly due to the non-recurring gain reported in 2015 generated by the restructuring of SM SAAM's activities in Peru.

#### 4Q 2016 Results

In the fourth quarter of 2016 SM SAAM's net income amounted to US\$10.4 million, down by 67.7% from 4Q 2015. This decline is primarily attributable to a non-recurring gain of US\$32 million arising from the restructuring of Tramarsa during 4Q 2015. To a lesser extent, the reduction is also explained by lower operating results from logistics and tug boats during the quarter, compensated by growth of the port terminals segment, mainly boosted by the addition of the port of TISUR.

#### OTHER SEGMENT

The following table details the contribution from investments in the Segment Other during 2015 and 2016 to Quiñenco's net income:

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
IRSA (CCU)	10,603	15.8	16,074	24.0	32,980	49.3	33,010	49.3
SM SAAM	9,181	13.7	-	-	17,785	26.6	-	-
Quiñenco & other	(9,425)	(14.1)	14,881	22.2	(35,006)	(52.3)	(7,074)	(10.6)
<b>Total Other Segment</b>	<b>10,360</b>	<b>15.5</b>	<b>30,955</b>	<b>46.2</b>	<b>15,759</b>	<b>23.5</b>	<b>25,936</b>	<b>38.7</b>

As of December 31, 2016 and 2015, Quiñenco's ownership of CCU was 30.0%. As of December 31, 2015, Quiñenco's ownership of SM SAAM was 42.4%.

The contribution from SM SAAM corresponds to Quiñenco's proportional share in its net income for the period, adjusted by the fair value accounting for this investments at Quiñenco. The adjustment amounted to a downward adjustment of Ch\$1,798 million in 2015.



CCU

	Quarters				Full Year			
	4Q 15		4Q 16		2015		2016	
	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$	MCh\$	MUS\$
Sales	451,952	675.1	<b>479,983</b>	717.0	1,498,372	2,238.1	<b>1,558,898</b>	2,328.6
Operating income	68,563	102.4	<b>83,493</b>	124.7	213,449	318.8	<b>192,306</b>	287.3
Net income controller	38,287	57.2	<b>55,432</b>	82.8	120,808	180.5	<b>118,457</b>	176.9
Total assets					1,825,447	2,726.7	<b>1,871,577</b>	2,795.6
Shareholders' equity					1,057,816	1,580.1	<b>1,077,298</b>	1,609.2

Full Year 2016 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 and Paraguay. Wine includes the commercialization of wine, mainly in the export market. CCU's sales grew by 4.0% in 2016 compared to 2015, mainly as a result of 3.6% growth in consolidated sales volumes and a slight rise of 0.4% in average prices. In the Chile business segment sales went up by 9.7%, with average prices increasing 4.9% and volumes up by 4.5%. Sales in the Wine segment increased 6.3%, reflecting 3.2% higher average prices together with 3.0% growth in volumes. In the International Businesses segment, however, sales decreased 8.8%, due to a drop of 9.6% in average prices only slightly offset by 1.0% growth in sales volumes, reflecting the devaluation of the Argentine peso.

Operating income decreased 9.9% to Ch\$192,306 million in 2016, primarily due to losses from exchange rate hedges on taxes of assets denominated in foreign currencies. Excluding the item Other gains and losses, operating income declined 1.6% due to an increase of only 0.5% in gross income, mainly due to the negative impact of the devaluation of the Argentine peso and of the Chilean peso with respect to the USD on USD denominated costs, together with a moderate increase in selling, marketing, and distribution expenses, although they diminished as a percentage of sales reflecting the initiatives of the ExCCelencia CCU plan, and also due to a favorable conversion effect of said expenses to Chilean pesos in the International Business segment.

CCU reported non-operating losses of Ch\$21,978 million, 3.6% lower than the loss reported in 2015, mainly due to lower financial costs and lower losses from liabilities indexed to inflation, due to the lower rate of inflation in 2016, partially compensated by lower financial income.

Net income in 2016 amounted to Ch\$118,457 million, 1.9% less than in 2015, primarily due to the decline in operating income that was partially offset by lower non-operating losses and lower income tax expense during the current year, reflecting lower income before tax and favorable exchange rate effects on taxes.



#### 4Q 2016 Results

In 4Q 2016 CCU's net income amounted to Ch\$55,432 million, 44.8% higher than the same quarter in 2015. Consolidated sales volumes grew 8.6%, compensating a reduction of 2.2% in average prices due to the negative effect of the devaluation of the Argentine peso on the International Business segment. Costs increased in line with sales growth, but marketing, selling, distribution and administrative expenses decreased 2.5%, mainly reflecting the results of the company's ExCCelencia CCU plan, and a favorable translation effect of said expenses in the International Business segment to Chilean pesos. Thus, EBITDA increased 14.7% to Ch\$105,407 million in the quarter.

#### QUIÑENCO and Others

##### Full Year 2016 Results

The positive variation in Quiñenco and others is mainly explained at the corporate level by the revaluation of its investment in SM SAAM in 2016, due to the change in the accounting of this investment from an equity method investment to a consolidated subsidiary, and to a lesser extent by lower losses from liabilities indexed to inflation also at the corporate level, given the lower rate of inflation. In addition, Banchile Vida increased its contribution by 12.6%, based on higher operating results and a gain from exchange rate differences, partially compensated by higher income tax expense.

##### 4Q 2016 Results

The positive variation in Quiñenco and others is mainly explained at the corporate level by the revaluation of its investment in SM SAAM in 2016, due to the change in the accounting of this investment from an equity method investment to a consolidated subsidiary. Also, the contribution from Banchile Vida increased 40.9% with respect to the same quarter in 2015, mostly due to higher operating income. At the corporate level lower losses due to the effect of lower inflation on liabilities in UFs were partially compensated by higher financial costs.

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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  
www.quinencogroup.com