

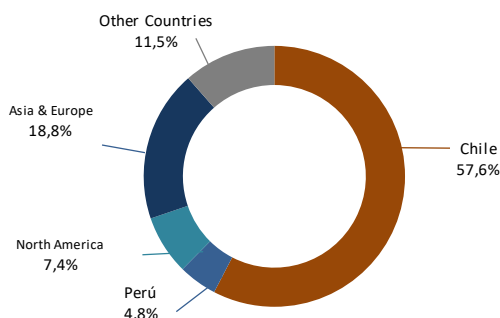
## SIGDO KOPPERS S.A. PERFORMANCE REPORT

### HIGHLIGHTS – DECEMBER 2018

Consolidated Income Statement	Figures in ThUS\$		
	Dec-17	Dec-18	Var.
Sales	2.204.618	2.329.917	5,7%
EBITDA <sup>(1)</sup>	285.930	313.323	9,6%
EBITDA Margin	13,0%	13,4%	
EBITDA Pro Forma <sup>(2)</sup>	318.158	343.844	8,1%
Profit (Loss)	127.081	128.269	0,9%
<b>Sigdo Koppers Net Profit (non recurrent)</b>	<b>83.387</b>	<b>86.106</b>	<b>3,3%</b>

	Dec-17	Dec-18	Var.
Total Assets	3.635.093	3.676.849	1,1%
Total Equity <sup>(3)</sup>	1.760.468	1.719.739	-2,3%
Net Debt	750.573	827.156	10,2%
Net Debt / EBITDA	2,63	2,64	
ROE	6,30%	6,58%	
ROCE	5,80%	6,99%	

**Consolidated Income of Sigdo Koppers by Region**



(1) EBITDA = Gross Earnings + Other Income by Function - Distribution Costs – Administrative Expenses - Other Expenses by Function + Depreciation and Amortization Expenses.

(2) Pro Forma EBITDA = EBITDA + Related Company Profits

(3) Total Equity includes non-controlling interests.

(4) EBITDA + proportional profit from unconsolidated consortiums

- The consolidated revenues of Sigdo Koppers (SK) rose 5,4% compared to December 2017, totaling US\$2.33 billion, mainly the result of an increase in physical sales in most of the business areas, highlighting Puerto Ventanas (PVSA), Enaex and Magotteaux.

- The consolidated EBITDA was US\$313.3 million as of December 31, 2018, 9.6% higher than the same period in 2017. This result is associated with a higher operating result in Magotteaux and PVSA, and a better performance in the rental and distribution business of machinery.

- The net profit totaled US\$86.1 million, rose 3.3% compared to December 2017, highlighting a higher level of profit in the Industrial and Commercial and Automotive areas, partially offset by a lower result in the Services area, mainly due to the losses in Ingeniería y Construcción Sigdo Koppers (ICSK), which originate from the work in the Talara refinery in Peru. This also influences the increase in the effective tax rate, since the deferred taxes associated with losses in Talara are not being recorded.

- In summary, Sigdo Koppers show mixed results because of (1) a better performance in Magotteaux and the railway business of PVSA, (2) an increase in sales in the machinery distribution business in Chile, which were partially offset by (3) a poor performance in ICSK due to problems in operations in Peru.

- As at December 31st, Sigdo Koppers held assets worth US\$3.67 billion. It also had a good consolidated cash liquidity of US\$286.8 million and a conservative level of debt. The consolidated net financial debt-to-EBITDA ratio was 2.64 (2.63 in December 2017).

## HIGHLIGHTS OF SUBSIDIARIES OF SIGDO KOPPERS S.A. – DECEMBER 2018

The highlights of the subsidiaries of Sigdo Koppers for December 2018 as compared to the same period in 2017 are:

### Ingeniería y Construcción SK (ICSK)

- ICSK worked 18.2 million man-hours (+11%), consistent with the increase in projects awarded. ICSK's pro forma EBITDA indicated a loss of CLP\$8.27 billion, which is a 40% worst compared to 2017. This operating loss is largely related to the completion of the project at the Talara refinery in Peru. ICSK had a net loss of **CLP\$3.74 billion (US\$-6 million)**, a decrease of CLP\$8.84 billion compared to December 2017. This loss is also increased because the deferred taxes associated with the losses in Talara are not being recorded. **The backlog as of December 31, 2018 was US\$533 million.**

### Puerto Ventanas (PVSA)

- PVSA transferred a total of 5.8 million tons (+8%), the result of a drop in the transfers of concentrate and grains. Fepasa transported 1,108 million Tons-Km (+16.8%), highlighting the increase in the transportation of copper concentrate and forest pieces. **The Consolidated EBITDA of Puerto Ventanas was US\$48 million**, an increase of 20%, by an improvement in the port business and Fepasa, its subsidiary. **The Consolidated Net Profit of Puerto Ventanas was US\$21.4 million**, an increase of 6.5% compared to December 2017.

### Enaex

- Enaex sold 902,000 tons of explosives (+8%). The rock-blasting service improved in Brazil. So, the **Consolidated EBITDA of Enaex was US\$166 million at December 2018**, a slight increase of 1% explain by a higher result in the Chemical business (Mejillones) and Systems of Initiation (Davey Bickford). Its **Net Profit was US\$78.7 million**, a decrease of 2% in comparison to December 2017.

### Magotteaux

- Magotteaux's sales totaled US\$709 million (+6%). Physical sales rose (+2%), in the Grinding balls and Casting business. **Magotteaux's EBITDA totaled US\$61.6 million at December 2018**, 42% increase compared to December 2017, explained by a recovery of operating margins. Magotteaux thus earned a **Net Profit of US\$20.7 million**, rising 52% compared to December 2017.

### SK Comercial (SKC)

- SKC earned income of US\$266 million (+4.6%), driven by machinery sales. Its **EBITDA totaled US\$34.8 million**, a growth of 46% compared to December 2017. Its **Net Profit was US\$2.0 million**, mainly explained by a slight recovery of machinery market in Chile, together with an extraordinary profit resulting from the sale of a land framed in the restructuring process of SKC.

### SK Bergé/SK Inversiones Automotrices (SKIA)

- SKBergé recorded sales of 91,946 units, a rise of 18% compared to December 2017. This growth came mainly from the increase in sales both in Chile (+27%) and abroad (+6%). Nonetheless, **SKIA earned a Net Profit of CLP\$17.25 billion (US\$27 million)**. The net profit in pesos (CLP) is lower to the net profit in the same period of the previous product of a negative non-operational result, and losses due to exchange rate differences (strong devaluation of the Argentine peso).

## CONSOLIDATED INCOME STATEMENT

Sigdo Koppers Consolidated Income Statement	Figures in ThUS\$		
	Dec-17	Dec-18	Var.
Sales	2.204.618	2.329.917	5,7%
Sales expenses	-1.722.298	-1.800.047	-4,5%
<b>Gross income</b>	<b>482.320</b>	<b>529.870</b>	<b>9,9%</b>
Other operating income	14.932	13.248	-11,3%
Distribution costs	-69.782	-78.005	-11,8%
Administrative expenses	-222.303	-220.995	0,6%
Other operating expenses	-42.274	-48.137	-13,9%
Other gains (losses)	907	2.180	140,4%
<b>Operating income</b>	<b>163.800</b>	<b>198.161</b>	<b>21,0%</b>
<b>EBITDA</b>	<b>285.930</b>	<b>313.323</b>	<b>9,6%</b>
<i>% EBITDA Margin</i>	<i>13,0%</i>	<i>13,4%</i>	
Interest income	5.731	6.327	10,4%
Interest expenses	-53.754	-57.261	-6,5%
Related companies income	32.228	30.521	-5,3%
Exchange differentials	3.048	-4.375	-243,5%
Price - level restatement	-2.134	3.165	248,3%
Other income (losses)	907	2.180	140,4%
<b>Income before taxes</b>	<b>148.919</b>	<b>176.538</b>	<b>18,5%</b>
Income tax	-21.838	-48.269	-121,0%
<b>Income</b>	<b>127.081</b>	<b>128.269</b>	<b>0,9%</b>
Gain (losses) from uncontinued operations	-	-	
<b>Net income</b>	<b>127.081</b>	<b>128.269</b>	<b>0,9%</b>
<b>Income attributable to Sigdo Koppers</b>	<b>83.387</b>	<b>86.106</b>	<b>3,3%</b>
<b>Income attributable to non-controlling interests</b>	<b>43.694</b>	<b>42.163</b>	<b>-3,5%</b>

<sup>(1)</sup>EBITDA = Operating Income + Depreciation and Amortization

## ANALYSIS OF THE INCOME STATEMENT

### Consolidated Revenues

Revenue Business Areas	Figures in ThUS\$			Figures in ThUS\$		
	Dec-17	Dec-18	Var.	4Q17	4Q18	Var.
<b>Services</b>	<b>584.791</b>	<b>587.326</b>	<b>0,4%</b>	<b>140.590</b>	<b>178.750</b>	<b>27,1%</b>
Ingeniería y Construcción SK	448.018	425.718	-5,0%	105.234	133.561	26,9%
Puerto Ventanas	136.773	161.608	18,2%	35.356	45.189	27,8%
<b>Industrial</b>	<b>1.375.338</b>	<b>1.492.249</b>	<b>8,5%</b>	<b>361.285</b>	<b>404.850</b>	<b>12,1%</b>
Enaex	705.173	783.061	11,0%	191.445	223.464	16,7%
Magotteaux <sup>(1)</sup>	667.376	709.188	6,3%	169.182	181.386	7,2%
SK Inv. Petroquímicas	2.789	0	-100,0%	658	0	-100,0%
<b>Commercial &amp; Automotive</b>	<b>254.266</b>	<b>265.981</b>	<b>4,6%</b>	<b>63.591</b>	<b>72.763</b>	<b>14,4%</b>
SK Comercial	254.266	265.981	4,6%	63.591	72.763	14,4%
SKIA <sup>(2)</sup>	-	-	-	-	-	-
<b>Parent company &amp; adjustment<sup>(3)</sup></b>	<b>-9.777</b>	<b>-15.639</b>	<b>-60,0%</b>	<b>-2.114</b>	<b>-4.855</b>	<b>-129,6%</b>
<b>Consolidated Sales</b>	<b>2.204.618</b>	<b>2.329.917</b>	<b>5,7%</b>	<b>563.352</b>	<b>651.508</b>	<b>15,6%</b>

<sup>(1)</sup> SK Inversiones Automotrices S.A. (SKIA) does not account for the income of SKBergé because it holds 40% of its shares and, therefore, does not consolidate its financial statements.

<sup>(2)</sup> Eliminations and adjustments as of June are mainly the result of consolidated intercompany netting.

**2018 vs. 2017:** Consolidated income amounted to US\$2.329 billion, an increase of 5%. Sales rose in all of the group's subsidiaries, particularly in PVSA, Magotteaux and Enaex.

**The main variations in consolidated income accumulated to December 2018 compared to the same period in the previous year were:**

**Service Area:** Sales totaled US\$587.33 million, a slight increase of 0.4% compared to December 2017, by a higher revenue in Puerto Ventanas and partially offset by lower income in ICSK.

- The revenues of Ingeniería y Construcción Sigdo Koppers (ICSK) fell 6.0% in pesos, due to the gap between completed projects and new projects, and the new way of accounting for revenues (IFRS 15). In addition, due to the

low performance of the Talara project in Peru. ICSK was awarded projects for US\$347 million in 2018.

- The sales of Puerto Ventanas totaled US\$161.61 million, a rise of 18.2%. There was a combined effect of (1) more cargo carriage by Fepasa (+16.8%), especially in the mining and forestall sector, (2) higher revenues in port business because cargo transfers rose (+7.8%), specifically concentrate and grains.

**Industrial Area:** Sales totaled US\$1.49 billion, representing a growth of 8.5%. The physical sales of both Magotteaux and Enaex rose.

- Enaex's income increased 11% compared to December 2017, mainly because income improved in the Chemicals Division (+9%) in line with a higher level of

physical sales of ammonium nitrate, and a higher sale of electronic detonators by Davey Bickford (+ 23%).

- The sales of Magotteaux totaled US\$709.2 million, a growth of 6.3% that was largely the product of a rise in the physical sales of grinding balls and castings, especially to mining companies (+5.5%), and of castings to the cements and utilities (+11.5%) and aggregates sector (+15.8%).

**Commercial and Automobile Area:** SK Comercial earned income of US\$265.9 million, a rise of 4.6% compared to December 2017, mainly due to greater physical sales in the Machinery Distribution business. However, income was impacted by the slowdown in the Machinery Rental business (-4.2%), which has been affected by a drop in investments in Chile and Peru.

**Cost of Sales and Costs of Distribution, Administrative and Other Expenses by Function (SGA)**

The Cost of Sales increased 4.5% compared to December 2017, in line with the rise in sales. The operating margin was better in SK Comercial, Magotteaux and ICSK.

Distribution Costs, Administrative and Other Expenses by Function (SGA) totaled US\$347.14 million at December 31, 2018, a rise of US\$12.7 million compared to December 2017, product of the higher level of activity, higher expenses in Enaex associated with R & D and higher expenses in ICSK as a result of new operations in Brazil and the demobilization of Talara's work in Peru. A significant portion of the SGA is in pesos, so the appreciation of the CLP as compared to the USD (-1.1%) has increased the representation of these expenses in dollars.

**EBITDA**

EBITDA Business Areas	Figures in ThUS\$			Figures in ThUS\$		
	Dec-17	Dec-18	Var.	4Q17	4Q18	Var.
<b>Services</b>	<b>55.975</b>	<b>57.533</b>	<b>2,8%</b>	<b>27.192</b>	<b>31.830</b>	<b>17,1%</b>
Ingeniería y Construcción SK	15.572	9.132	-41,4%	17.025	17.343	1,9%
Puerto Ventanas	40.403	48.401	19,8%	10.167	14.487	42,5%
<b>Industrial</b>	<b>210.493</b>	<b>227.783</b>	<b>8,2%</b>	<b>59.217</b>	<b>62.255</b>	<b>5,1%</b>
Enaex	164.373	166.235	1,1%	44.132	46.440	5,2%
Magotteaux <sup>(1)</sup>	43.323	61.592	42,2%	14.767	15.815	7,1%
SK Inv. Petroquímicas	2.797	-44	-101,6%	318	0	-100,0%
<b>Commercial &amp; Automotive</b>	<b>23.772</b>	<b>34.696</b>	<b>46,0%</b>	<b>6.556</b>	<b>9.308</b>	<b>42,0%</b>
SK Comercial	23.864	34.811	45,9%	6.589	9.326	41,5%
SKIA <sup>(3)</sup>	-92	-115	-25,0%	-33	-18	45,5%
<b>Parent company &amp; adjustment</b>	<b>-4.310</b>	<b>-6.689</b>	<b>-55,2%</b>	<b>-6.687</b>	<b>-1.406</b>	<b>79,0%</b>
<b>Consolidated EBITDA</b>	<b>285.930</b>	<b>313.323</b>	<b>9,6%</b>	<b>86.278</b>	<b>101.987</b>	<b>18,2%</b>
EBITDA Margin	13,0%	13,4%		15,3%	15,7%	
<b>Consolidated pro-forma EBITDA</b>	<b>318.158</b>	<b>343.844</b>	<b>8,1%</b>	<b>96.373</b>	<b>107.993</b>	<b>12,1%</b>

<sup>(1)</sup> SK Inversiones Automotrices S.A. (SKIA) does not account for the EBITDA of SKBergé because it owns 40% of its shares and, therefore, it does not consolidate its financial statements.

<sup>(2)</sup> Pro Forma EBITDA = EBITDA + Related Company Profits.

**2018 vs. 2017:** The Consolidated EBITDA of Sigdo Koppers was US\$313.32 million, a rise of 9.6% compared to the previous year. Results were better in the Industrial and Commercial and Automotive Areas. The pro forma Consolidated EBITDA was US\$343.8 million (+8.1%), which includes the profits of unconsolidated companies.

**The main variations in EBITDA accumulated to December 2018 compared to the same period in the previous year were:**

**Services Area:** The EBITDA totaled US\$57.53 million, an increase of 2.8%, explained by a better operational result in Puerto Ventanas.

- The pro forma EBITDA of ICSK (EBITDA + Related Company Profit), which includes unconsolidated consortiums and associates, was CLP\$8.27 billion (equal to US\$12.89 million), a drop of CLP\$5.48 billion compared to December 2017.

This fall is mainly explained by the loss caused in the Talara refinery project in Peru, together with low levels of income reflected by projects that are not yet billed (IFRS 15).

- The consolidated EBITDA of Puerto Ventanas was US\$48.40 million (+19.8%). The port business showed a higher level of EBITDA as a result of greater transfers of concentrate and grains. Fepasa experienced an increase in operating income because of the increase in physical movements in the mining and forestall sector.

**Industrial Area:** The EBITDA was US\$227.8 million, a rise of 9.6%.

- Enaex's EBITDA totaled US\$166.24 million, a slight rise of 1.1%, for a higher operating result in the Chemical and Initiation Systems business (Davey Bickford), partially offset by an increase in distribution expenses, along with higher exports.

- Magotteaux's EBITDA was US\$61.59 million as of December 2018, a rise of 42.2% compared to the same period in the previous year. There was recovery in grindings balls margins and in castings, combined with an increase in the physical sales.

#### **Commercial and Automobile Area:**

- The EBITDA of SK Comercial was US\$34.81 million, an increase of 45.9% compared to December 2017, caused by the combined effect of (1) a higher operating result in the machinery rental business; and (2) an increase in physical sales by the machinery distribution business.

#### **Non-Operating Income**

#### **Financial Income and Costs**

Consolidated Financial Income rose 10.4% as of December 2018, to US\$6.32 million. The main reason was an increase in the average cash available as compared to December 2017.

Consolidated Financial Costs amounted to US\$57.26 million, an increase of 6.5% compared to December 2017. This was mainly due to the net effect of higher debt owed by Magotteaux, SK Comercial and Puerto Ventanas.

#### **Earnings of Associates and Joint Ventures**

Through December 31, 2018, the Share in Earnings of Associates and Joint Ventures totaled US\$30.52 million, dropping 5.3% compared to December 2017. There was a net impact from (1) a decline in the activity of the companies and consortiums not consolidated by ICSK; and (2) a result in SKBergé very similar to the one obtained in the year 2017. The above is recorded by the proportional recognition of SKBergé Net Profit by SK Inversiones Automotrices (SKIA) for US\$26.9 million (+0.5%). The Chilean peso appreciated 1.1% compared to the U.S. dollar between the two periods being compared, which improved the representation of the income of both companies in dollars (both keep their accounting in Chilean pesos).

#### **Exchange Differentials and Income from Indexation Units**

The sum of Exchange Differentials and Income from Indexation Units (net) to December 2018 was negative, totaling a net US\$4.18 million, a drop of US\$5.09 million compared to December 2017. There was a loss totaling US\$2.34 million (on a net basis) in Enaex; of US\$4.08 million in Magotteaux; and of US\$0.88 million in SK Comercial.

**NET PROFIT**

Net profit Business Areas	Total Companies			% SK	Attributable to parent company		
	Figures in ThUS\$				Figures in ThUS\$		
	Dec-17	Dec-18	Var.		Dec-18	Dec-17	Dec-18
<b>Services</b>	<b>27.930</b>	<b>15.544</b>	<b>-44,3%</b>		<b>15.882</b>	<b>8.176</b>	<b>-48,5%</b>
Ingeniería y Construcción SK	7.867	-5.829	-174,1%	60,43%	5.020	-3.928	-178,2%
Puerto Ventanas	20.063	21.373	6,5%	50,01%	10.862	12.104	11,4%
<b>Industrial</b>	<b>95.736</b>	<b>99.461</b>	<b>3,9%</b>		<b>60.171</b>	<b>63.669</b>	<b>5,8%</b>
Enaex	80.184	78.730	-1,8%	60,72%	48.689	47.806	-1,8%
Magotteaux <sup>(1)</sup>	13.627	20.653	51,6%	95,00%	9.887	15.791	59,7%
SK Inv. Petroquímicas <sup>(2)</sup>	1.925	78	-95,9%	74,59%	1.595	72	-95,5%
<b>Commercial &amp; Automotive</b>	<b>18.976</b>	<b>28.980</b>	<b>52,7%</b>		<b>19.972</b>	<b>28.727</b>	<b>43,8%</b>
SK Comercial	-7.855	2.039	126,0%	87,20%	-6.846	1.784	126,1%
SKIA	26.831	26.941	0,4%	99,99%	26.818	26.943	0,5%
<b>SK companies profit</b>	<b>142.641</b>	<b>143.985</b>	<b>0,9%</b>		<b>96.025</b>	<b>100.572</b>	<b>4,7%</b>
Parent company & adjustments					-12.638	-14.466	
<b>Total consolidated profit</b>					<b>83.387</b>	<b>86.106</b>	<b>3,3%</b>

<sup>(1)</sup> Magotteaux's figures include income of SK Sabo Chile S.A. The profits attributable to the controller were adjusted in the different companies through which Sigdo Koppers controls Magotteaux.

<sup>(2)</sup> The profit of CHBB was adjusted in SK Inversiones Petroquímicas S.A. through which Sigdo Koppers controlled CHBB.

**2018 vs. 2017:** The net profit of Sigdo Koppers was US\$86.11 million, which is an increase of 3.3% compared to December 2017. This result is mainly due to a higher level of net profit in SK Comercial y Magotteaux.

Also, important to mention is that this result includes the corporate (first category) tax rate of 27% in Chile, a rise from 25.5% in the same period in 2017, which caused income to fall by approximately US\$2 million.

**The main variations in the Net Profits of subsidiaries accumulated as of December 2018 were, in comparison to the same period in 2017:**

**Services Area:** The net profit of this area decreased 44.3%, to US\$15.54 million:

- The net loss of ICSK was CLP\$3.739 million (US\$5.83 million), mainly explain by losses on the Talara project in Peru, including extra costs for demobilization of staff due to project departure. This loss considers that the deferred taxes

associated with the losses in Talara are no longer being recorded.

- Puerto Ventanas's net profit was US\$21.37 million, increased 6.5% compared to December 2017. This result is mainly explained by better results for Fepasa as physical movements increased, specifically in the mining and forestall sector.

**Industrial Area:** The net profit was US\$99.46 million, increasing 3.9% compared to December 2017.

- Enaex earned a net profit of US\$78.7 million, 1.8% lower than in the same period in 2017, mainly by lower operational margin in the Service and Explosives business in Chile.
- The net profit of Magotteaux rose 51.6%, to US\$20.65 million. Operating margins increased for grinding balls and castings, combined with a growth in physical sales.



**Commercial and Automobile Area:** The net profit totaled US\$28.98 million, an increase of 52.7% compared to December 2017.

- SK Comercial recorded a net profit of US\$2.04 million, 126% higher than in December 2017, explained mainly by an increase in the result in the Machinery Distribution business in Chile, together with an extraordinary profit from the sale of land framed in the process of restructuring operations and the search for synergies.
  
- SK Inversiones Automotrices earned a net profit of US\$26.90 million, 0.4% higher than as of December 2017 (-0.8% in CLP), product of greater physical sales both in Chile and abroad, offset by a non-operational loss by exchange rate affected mainly the operations in Argentina, by strong Argentine peso devaluation.

## 1. CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet	Figures in ThUS\$		
	Dec-17	Dec-18	Var.
<b>Current Assets</b>			
Cash and cash equivalent	310.877	286.801	-7,7%
Account and sales receivables	578.018	520.227	-10,0%
Inventories	300.013	408.116	36,0%
Other current assets	31.997	36.959	15,5%
<b>Total current assets</b>	<b>1.220.905</b>	<b>1.252.103</b>	<b>2,6%</b>
<b>Long-term assets</b>			
Property, plants & equipment	1.185.268	1.185.574	0,0%
Other long-term assets	1.228.920	1.239.172	0,8%
<b>Total long-term assets</b>	<b>2.414.188</b>	<b>2.424.746</b>	<b>0,4%</b>
<b>Total assets</b>	<b>3.635.093</b>	<b>3.676.849</b>	<b>1,1%</b>
<b>Current liabilities</b>			
Short-term financial debt	245.781	223.409	-9,1%
Accounts payable	362.129	398.485	10,0%
Other current liabilities	148.740	152.805	2,7%
<b>Total current liabilities</b>	<b>756.650</b>	<b>774.699</b>	<b>2,4%</b>
<b>Long-term liabilities</b>			
Long-term financial debt	815.669	890.548	9,2%
Other long-term liabilities	302.306	291.863	-3,5%
<b>Total long-term liabilities</b>	<b>1.117.975</b>	<b>1.182.411</b>	<b>5,8%</b>
<b>Total liabilities</b>	<b>1.874.625</b>	<b>1.957.110</b>	<b>4,4%</b>
<b>Equity</b>			
Attributable to the controller	1.324.488	1.308.420	-1,2%
Attributable to non-controlling interests	435.980	411.319	-5,7%
<b>Total equity</b>	<b>1.760.468</b>	<b>1.719.739</b>	<b>-2,3%</b>
<b>Total liabilities and equity</b>	<b>3.635.093</b>	<b>3.676.849</b>	<b>1,1%</b>

## Analysis of the Consolidated Statement of Financial Position

**The main variations in the Consolidated Classified Balance Sheet of Sigdo Koppers as of December 2018 in comparison to the close of 2017 were:**

### **Consolidated Assets of Sigdo Koppers:**

Sigdo Koppers' consolidated assets totaled close to US\$3.67 billion, an increase of US\$41.76 million compared to the close of 2017. Highlights are:

- Sigdo Koppers reported consolidated cash of US\$286.80 million (Cash and Cash Equivalent), a decrease of US\$24.08 million compared to December 2017. Notable are the cash levels in Enaex (US\$117.08 million) and Magotteaux (US\$38.10 million). The parent company held US\$108.43 million in cash (including SK Inv. Automotrices S.A. and SK Internacional S.A.).
- Accounts receivable totaled US\$520.23 million, a decrease of US\$57.79 million. The average number of days of receivables was 82, 14 days less than at the close of 2017. The subsidiaries with the highest receivables were Ingenieria y Construccion SK (US\$96.7 million; -44.6%), Enaex (US\$210.63 million; +14.2%) and Magotteaux (US\$98.66 million; -3.2%).
- The consolidated inventories totaled US\$408.12, an increase of US\$108.10 million compared to December 2017. Inventories increase of US\$37.05 million in ICSK, US\$14.50 million in Enaex and US\$42.39 million in SK Comercial. The average number of days of consolidated inventory of Sigdo Koppers therefore totaled 83 days as of December 2018, higher than December 2017.
- Consolidated Property, Plant and Equipment totaled close to US\$1.2 billion, an increase of US\$0.31 million, mainly because of the new investments by Enaex, who acquired a nitrate ammonium producer plant in Peru (Cachimayo) by US\$15.2 million. The Sigdo Koppers' subsidiaries with the highest level of property, plant and equipment are Enaex (US\$515.01 million), Magotteaux (US\$243.09 million), Puerto Ventanas (US\$245.73 million), and SK Comercial (US\$131.15 million).

### **Consolidated Liabilities and Equity**

As at December 31, 2018, Sigdo Koppers' Total Liabilities amounted to US\$1.9 billion, a rise of US\$82.49 million compared to December 2017. The main reasons were:

- Accounts Payable totaled US\$398.49 million, which represents an increase of US\$36.36 million compared to the close of 2017. The average number of days in Accounts Payable was 81, an increase compared to December 2017 (77 days). Subsidiaries with the highest accounts payable are Enaex, with US\$94.05 million (+1.0%); Magotteaux, with US\$124.69 million (-2.5%); and SK Comercial, with US\$93.00 million (+63.8%).
- Consolidated Financial Liabilities amounted to close to US\$1.11 billion, an increase of US\$52.5 million. The debt of ICSK increased by US\$15.55 million and of Magotteaux by US\$36.78 million and lower debt level in Puerto Ventanas by US\$6.26 million. On a parent company level, Financial Liabilities totaled US\$222.73 million (-7.0%), in the form of corporate bonds for UF 4.0 million and a bank loan for US\$50.0 million. To hedge its UF debt compared to the U.S. dollar, the parent company holds cross-currency swaps equal to UF 3.5 million.
- The Total Consolidated Equity of Sigdo Koppers was US\$1.72 billion, a decrease of 2.3%. This fall is directly related to exchange rate differences in investments with currency different from the dollar that are recorded in Other Equity Reserves.

**Main Liquidity and Debt Ratios as at December 31, 2018 and December 31, 2017**

Liquidity Ratios	Unit	Dec-17	Dec-18
Current Liquidity <sup>(1)</sup>	times	1,61	1,62
Acid-Test Ratio <sup>(2)</sup>	times	1,17	1,04
Working Capital <sup>(3)</sup>	ThUS\$	515.902	529.858

<sup>(1)</sup> Current Liquidity = Current Assets/Current Liabilities

<sup>(2)</sup> Acid-Test Ratio = (Cash and Cash Equivalent + Accounts Receivable and Trade Receivables)/Current Liabilities

<sup>(3)</sup> Working Capital = Accounts Receivable and Trade Receivables + Inventories – Accounts Payable

■ The consolidated current liquidity ratio was 1.62 times and the acid-test ratio was 1.04 times at December 31, 2018, similar level than at the close of 2017. These indicators show that Sigdo Koppers has a good liquidity position on a consolidated basis, partially because it holds short-term fixed-income financial instruments.

■ Consolidated working capital increased by US\$13.9 million compared to the close of 2017. So, the average number of days of working capital was 83, slight increase with respect to December 2017 (85 days), explained by a lower level of accounts receivable, mainly in ICSK and Magotteaux.

Debt Ratios	Unit	Dec-17	Dec-18
Leverage <sup>(1)</sup>	times	1,06	1,14
Financial expenses coverage <sup>(2)</sup>	times	5,32	5,47
Net financial debt / EBITDA	times	2,63	2,64
Net financial leverage <sup>(3)</sup>	times	0,42	0,46

<sup>(1)</sup> Debt Ratio = Total Liabilities / Total Equity

<sup>(2)</sup> Financial Expense Coverage = Cumulative EBITDA / Cumulative Financial Costs

<sup>(3)</sup> EBITDA + Share in earnings of unconsolidated consortiums and subsidiaries.

<sup>(4)</sup> One of the SK Corporate Bond Covenants requires that net financial leverage be less than 1.2.

■ The Net Financial Debt-to-EBITDA ratio was 2.64 as of December 31, 2018, a similar level compared to December 2017. Sigdo Koppers' debt indicators show an all-around adequate financial position, with an ample cushion to meet its short and long-term obligations.

■ The debt ratio (leverage) was 1.14 at December 31, 2018, slight increase compared to December 2017. Net financial leverage (covenants for corporate bonds) was 0.46 at December 31, 2018, reflecting a sufficient cushion to meet the covenant of 1.2.

## 2. CONSOLIDATED CASH FLOW

Consolidated Cash Flow	Figures in ThUS\$		
	Dec-17	Dec-18	Var.
<b>Operating cash flow</b>	<b>339.201</b>	<b>161.992</b>	<b>-52,2%</b>
<b>Investment cash flow</b>	<b>-111.910</b>	<b>-132.037</b>	<b>-54,9%</b>
Capex	-100.715	-108.276	-1,6%
Fixed assets sales	3.051	28.683	-27,0%
Other	-14.246	-52.444	-104,9%
<b>Finance cash flow</b>	<b>-226.956</b>	<b>-42.252</b>	<b>322,6%</b>
Net variation in financial liabilities	-109.761	60.560	-107%
Interest	-39.825	-42.299	34,2%
Dividends	-65.941	-64.917	-3,1%
Capital increased	0	0	18,0%
Other	-11.429	4.404	
<b>Total net cash flow</b>	<b>335</b>	<b>-12.297</b>	<b>-7,5%</b>
<b>Effect of exchange rate changes</b>	<b>6.340</b>	<b>-8.689</b>	<b>-268,1%</b>
<b>Cash and cash equivalent</b>	<b>288.070</b>	<b>267.084</b>	<b>81,4%</b>

The consolidated **Operating Flow** of Sigdo Koppers was US\$161.99 million as at December 31, 2018, a decrease of 52.2% compared to December 2017. The main operational flow drops are recorded in (1) ICSK, due to the decrease in activities in Peru and injections of working capital for the operation in Brazil; (2) SK Comercial, product of lower sales of used machinery from the rental business and an increase in inventories of the machinery distribution business; and (3) Enaex, as a result of a temporary increase in working capital associated with a higher level of accounts receivable and a slight increase in inventories associated with the arrival of an ammonia vessel at the end of December.

The consolidated **Investment Flow** was US\$-132.04 million in December 2018. The investment in fixed assets (Capex) reached US\$108.3 million, mainly by Enaex (US\$41.52 million) and ICSK (US\$14.77 million) investment, mainly associated by Maintenance Capex. The Capex of SKC totaled US\$15.90 million. When the sales of used machinery in the rental business are added (included in the operating flow),

SKC's net Capex indicates a divestment of US\$9.1 million (downsizing of SK Rental's fleet).

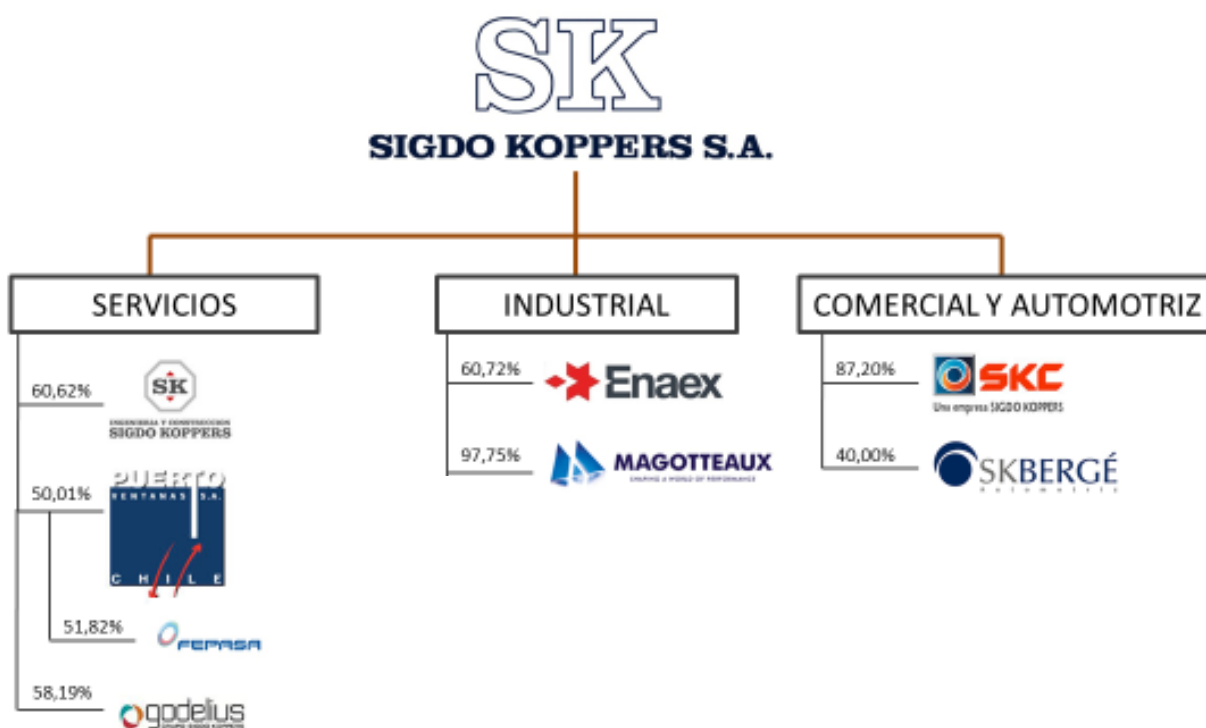
Also, in the fixed assets sale, property sale of ICSK reached US\$16.04 million, and in Other Investment Flow highlights the flow associated with Enaex investment in control of the Cachimayo Plant in Peru for US\$15.2 million, and of Magotteaux in its incorporation to the company Grinding Media South Africa (consortium with Scaw Metal) for US\$ 26.7 million.

Finally, as at December 31, 2018, the **Finance Flow** was US\$-42.25 million. In particular, the net variation in financial liabilities was US\$60.56 million, including the corporate bonds, due to the combined effect of (1) an increase in the financial liabilities of Magotteaux (US\$36.78 million), ICSK (US\$15.55 million) and SKC (US\$9.73 million); and (2) the payment by the parent company of financial liabilities, for a total of US\$8.03 million of amortized bonds.

### 3. RESULTS BY COMPANY

#### Description of the Sigdo Koppers Group

Sigdo Koppers S.A. is the parent company of a business group with a presence in the **Services, Industrial, Commercial and Automotive areas** through its subsidiaries and affiliates. It participates in the **Services Area** through Ingenieria y Construccion Sigdo Koppers S.A., Puerto Ventanas S.A. and this latter's subsidiary Fepasa S.A., and SK Godelius. It is present in the **Industrial Area** through Enaex S.A. and Magotteaux Group S.A. It engages in the **Commercial and Automotive Area** through SK Comercial S.A. (SKC) and SKBergé S.A. This latter company is a strategic venture with the Bergé Group from Spain.



**Note:** Simplified corporate structure at December 31, 2018.

#### 4.1 Ingeniería y Construcción Sigdo Koppers Group S.A.

Ingeniería y Construcción Sigdo Koppers	Dec-17 MM\$	Dec-18 MM\$	Var. %	4Q17 MM\$	4Q18 MM\$	Var. %
Revenue	290.598	273.102	-6,0%	66.472	89.368	34,4%
EBITDA	10.100	5.858	-42,0%	11.051	11.022	-0,3%
<i>EBITDA Margin</i>	<i>3,5%</i>	<i>2,1%</i>		<i>16,6%</i>	<i>12,3%</i>	
Pro-Forma EBITDA(*)	13.754	8.270	-39,9%	10.859	12.666	16,6%
<i>Pro-Forma EBITDA Margin</i>	<i>4,7%</i>	<i>3,0%</i>		<i>16,3%</i>	<i>14,2%</i>	
Controller's net profit	5.103	-3.739	-173,3%	6.379	5.765	-9,6%

	Horas (Miles)	Horas (Miles)	Var.	Horas (Miles)	Horas (Miles)	Var.
Total man-hours executed	16.378	18.178	11,0%	5.122	5.006	-2,3%

(\*) Pro Forma EBITDA: EBITDA + Related Company Profit

Ingeniería y Construcción Sigdo Koppers Group S.A. (ICSK) is leader in the execution of construction projects, engineering and the industrial assembly of medium- and large-scale projects. Its prestige is sound both in Chile and abroad. ICSK develops industrial projects, such as Mining and Metallurgy, Power Generation and Transmission, Civil Works and Industrial Construction.

- As at December 31, 2018, ICSK and the consortiums of which it is a member had worked a total of **18.17 million man-hours**, an increase of 11.0% compared to the previous year. The main projects implemented to December of 2018 were (1) the civil works and assembly of the main conveyance system in Codelco's Chuquicamata Underground Mine; (2) the Transfers Codelco Andina project of Codelco; (3) the construction of power lines in Brazil in a consortium with Alumini and Fujian; and (4) the Pulp Textile project for the Valdivia Arauco Cellulose Plant.

- ICSK's consolidated income totaled CLP\$273.10 billion (US\$426 million)**, a decrease of 6.0% compared to the same period in 2017. This is due to (1) accounting adjustments of the new standard IFRS 15 that affects the recognition of revenues (the sale does not reflect the actual progress of the works, but the payment statements accepted by the client); and (2) low income in Peru due to the exit of the Talara project.

- ICSK's consolidated EBITDA was CLP\$5.86 billion** to December 2018, a decrease of CLP\$4.24 billion. The Pro Forma EBITDA (EBITDA + Related Company Profit), which includes the share in earnings of unconsolidated consortiums and associates, was CLP\$8.27 billion, a decrease of CLP\$5.48 billion. This is from the combined effect of (1) the losses recorded and higher spending due to the demobilization of workers in the subsidiary SSK in Peru in the Talara refinery project; (2) by lower level of projects in the BSK consortium and (3) for accounting effects associated with the new standard IFRS 15 that affects the recognition of revenues with respect to costs. .

- ICSK's net loss was CLP\$-3.74 billion** at December 31, 2018. This meant a decrease of CLP\$8.8 million compared to the previous year. This loss is also increased since the deferred taxes associated with the losses in Talara are not being recorded. The project was terminated in September.

- At December 31, 2018, ICSK had a backlog of US\$533 million**, which should be built mostly between 2019 and 2020.

Some of the major projects awarded to December 2018 are:

**CHILE:**

- Main Transportation System Chuquicamata, Codelco
- Andina Transfer and Intermediate Transport System, Codelco
- Project pulpa textile Valdivia Plant, Arauco
- Dataluna Datacenter
- Cervecerias Chile expansion project
- Project underwater lines Oxiquim
- Ojos del Salado mine maintenance project

**BRASIL:**

- New power transmission lines in Brazil, Sterlite

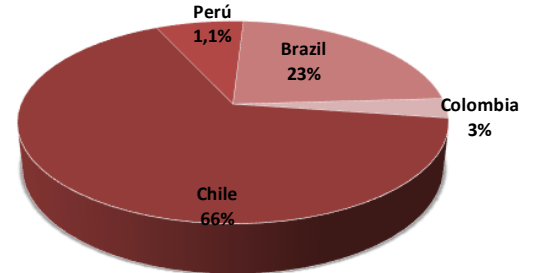
**PERU:**

- Sulfur plant and material handling for Marcobre

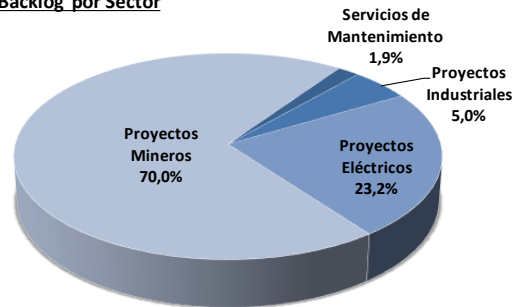
**COLOMBIA:**

- Adaptation of Gas Management of Termostipa plant

**Backlog por País**



**Backlog por Sector**





#### 4.2 Puerto Ventanas S.A.

Puerto Ventanas Consolidated	Dec-17	Dec-18	Var.	4Q17	4Q18	Var.
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Revenue	136.773	161.608	18,2%	35.356	45.189	27,8%
EBITDA	40.403	48.401	19,8%	10.167	14.487	42,5%
<i>EBITDA Margin</i>	<i>29,5%</i>	<i>29,9%</i>		<i>28,8%</i>	<i>32,1%</i>	
<b>Controller's net profit</b>	<b>20.063</b>	<b>21.373</b>	<b>6,5%</b>	<b>4.636</b>	<b>7.133</b>	<b>53,9%</b>
PVSA - Tons transferred	5.412.836	5.832.590	7,8%	1.253.774	1.541.781	23,0%
Fepasa - Th Ton-Km	948.597	1.108.301	16,8%	231.881	285.411	23,1%

The business of Puerto Ventanas consists of the transfer of bulk cargo in the central zone of Chile, including loading on and unloading from ships, and the subsequent storage of cargo, if required. It engages in the cargo transportation industry in Chile through its subsidiary Ferrocarril del Pacífico S.A. (Fepasa).

- **Puerto Ventanas transferred 5,832,590 tons** to December 2018, an increase of 7.8% compared to 2017. There were higher transfers of concentrate and grains.

Puerto Ventanas	Figures in Tons		
	Dec-17	Dec-18	Var.
Coal	2.289.373	2.321.614	1,4%
Concentrate	1.844.527	2.039.175	10,6%
Calcina	32.742	21.716	-33,7%
Acids	305.035	249.485	-18,2%
Grains	276.552	424.042	53,3%
Clinker - Slag - Bauxita	389.960	436.338	11,9%
Petcoke	146.784	188.780	28,6%
Asphalt	60.049	33.973	-43,4%
Fuels	49.936	80.466	61,1%
Others	17.879	37.003	107,0%
<b>Total</b>	<b>5.412.836</b>	<b>5.832.590</b>	<b>7,8%</b>

- Revenues from the Port Business totaled US\$70.04 million, 8.2% higher what was reported for the previous year and consistent with the increase in cargo transfers, specifically concentrate and grains. Puerto Ventanas continued to be a leader in bulk transfers in the central zone of Chile, holding a market share of 57% in solid bulk at the close of 2018.

Fepasa	Figures in Th- Ton-Km		
	Dec-17	Dec-18	Var.
Pulp	473.541	544.920	15,1%
Mining	304.248	392.384	29,0%
Solid waste	94.679	96.677	2,1%
Grain	50.408	23.107	-54,2%
Industrial	526	1.806	243,7%
Containers	25.194	49.407	96,1%
<b>Total</b>	<b>948.597</b>	<b>1.108.301</b>	<b>16,8%</b>

- **Fepasa** carried a total of 1,108.3 million tons-kilometer of cargo to December 2018, a 16.8% increase compared to 2017. Mining cargo climbed 29% compared to December 2017, mainly because the contract to carry copper concentrate from the Las Tortolas plant (AngloAmerican) entered into effect and more copper concentrate was carried from Codelco's Andina Division. Also, highlights the increase in forest area charges (+15.1%) and containers (+96%). In contrast, bulk cargo carriage declined 54.2% after certain unprofitable contracts were terminated due to the collapse of the Tolten bridge.

- At December 31, 2018, the **Consolidated EBITDA of Puerto Ventanas was US\$48.40 million**, an increase of 19.8% compared to the same period in 2017, showing a better operating result of the port business, together with a higher operating result in Fepasa.

- Fepasa's cumulative EBITDA was CLP\$8.96 billion (US\$13.98 million), a growth of 58% compared to December 2017, the result of an increase in cargo transfers in the forest and mining area, and a significant drop in selling and administrative expenses.
- So, at December 31, 2018, the **Consolidated Net Profit of Puerto Ventanas was US\$21.37 million**, an increase of 6.5% compared to 2017. This increase is mainly explained by higher profits in Fepasa.

### 4.3 Enaex S.A.

Enaex	Dec-17	Dec-18	Var.	4Q17	4Q18	Var.
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Revenue	705.173	783.061	11,0%	191.445	223.464	16,7%
EBITDA	164.373	166.235	1,1%	44.132	46.440	5,2%
<i>EBITDA Margin</i>	23,3%	21,2%		23,1%	20,8%	
<b>Controller's net profit</b>	<b>80.184</b>	<b>78.730</b>	<b>-1,8%</b>	<b>21.474</b>	<b>23.128</b>	<b>7,7%</b>

Enaex is the leader in Latin America in the production of ammonium nitrate and mining explosives, and it is a major integral rock-breaking service provider. It has commercial operations in the top mining markets in the world (Latin America, North America, Australasia). It has an ammonium nitrate plant in Mejillones capable of producing 850 thousand tons annually, which is one of the major complexes that produce this input worldwide. Through its subsidiary Davey Bickford (DB), it manufactures detonators and electronic blasting systems.

Enaex	Figures in Tons		
	Dec-17	Dec-18	%
High Explosives	10.781	9.588	-11,1%
A.N. Export	169.442	189.262	11,7%
A.N. National	552.549	584.174	5,7%
Britanite	99.632	118.902	
<b>Total</b>	<b>832.404</b>	<b>901.926</b>	<b>8,4%</b>
Avg. NH3 Price (US\$/Ton)	348	325	-6,6%

Physical sales totaled 901,93 tons, a growth of 8.4% compared to December 2017. This improvement was due to the rise in the sale of ammonium nitrate on the local market (+31.63 Ktons) and higher exports (+19.82 Mtons). The increase in Britanite's sales (+19.27 Ktons compared to December 2017) was the result of new operations in the mining sector in Brazil.

Enaex earned income of US\$783.1 million, a rise of 11.0% compared to December 2017. The growth came mostly from Britanite and Davey Bickford, which contributed income of US\$120.25 million (+1%) and US\$134.31 million (+23%), respectively, together with the Chemicals Division (+9%) and

the operations in Peru (+64%) where the incorporation of Cachimayo stands out.

At December 31, 2018, copper production in Chile totaled 5.7 million tons, an increase of 4.6% compared to the same period in 2017. Peru produced 3 million tons, a similar result compared to 2017.

The consolidated EBITDA of Enaex was US\$166.23 million to December 2018, a slight increase of 1.1%. Mainly, (1) a higher physical sales, (2) higher operational result in the Chemicals and Initiation Systems business (Davey Bickford), partially offset by (3) lower operational result in the Chile Services and Explosives division and (4) a higher distribution expense due to the increase in exports from Chile.

On a non-operating level, there was a loss of US\$12.4 million at December 31, 2018, a better result of US\$0.87 million compared to December 2017. Of particular note are the lower level of Financial Expenses, partly offset with increased losses from exchange differentials, due to the appreciation of the Euro and the sharp depreciation of the Argentine peso.

Therefore, at December 31, 2018, Enaex recorded a net profit of US\$78.7 million, which represents a drop of 1.8% compared to December 2017. This fall in results is explained almost entirely by an increase in taxes, due to the increase in the effective rate in Chile.

#### 4.4 Magotteaux Group S.A.

Magotteaux Group	Dec-17	Dec-18	Var.	4Q17	4Q18	Var.
	MUS\$	MUS\$	%	MUS\$	MUS\$	%
Revenue	667.376	709.188	6,3%	169.182	181.386	7,2%
EBITDA	43.323	61.592	42,2%	14.767	15.815	7,1%
<i>EBITDA Margin</i>	<i>6,5%</i>	<i>8,7%</i>		<i>8,7%</i>	<i>8,7%</i>	
Controller's net profit	13.627	20.653	51,6%	6.679	9.698	45,2%

Magotteaux Group S.A. is a Belgian company that is the world leader in the production and sale of high-chromium wear products (an alloy of cast metal and ferrochromium). The main products that it manufactures are high-chromium grinding balls and castings. The most important markets where the Magotteaux products are sold are the mining industry and the cement industry.

Magotteaux Group	Dec-17	Dec-18	Var.
			%
Grinding Media	319.467	322.688	1,0%
Casting	49.183	52.160	6,1%
<b>Total</b>	<b>368.650</b>	<b>374.848</b>	<b>1,7%</b>

At December 2018, physical sales totaled 374,848 tons, a slight increase of 1.7% compared to December 2017. The physical sales of grinding balls (GM) grew 1.0%, mainly in cast steel balls in mining area. The physical sales of castings (steel wear parts) increased

6.1%, product of higher sales in the Cements and Aggregates sector.

At December 2018, **Magotteaux's consolidated income totaled US\$709.19 million**, an increase of 6.3% compared to 2017. This recovery came mainly from (1) an increase in the sale price for GM and castings; (2) higher physical sales in the grinding balls business, mainly to mining companies; and (3) more physical sales of castings to the cements and aggregates sector.

**Magotteaux's EBITDA amounted to US\$61.59 million** as of December 2018, a 42.2% increase compared to December 2017. The reason was the recovery in margins on both grinding balls and castings.

**The company earned a net profit of US\$20.65 million** as at December 31, 2018, which constitutes an increase of 51.6% compared to the same period in 2017.

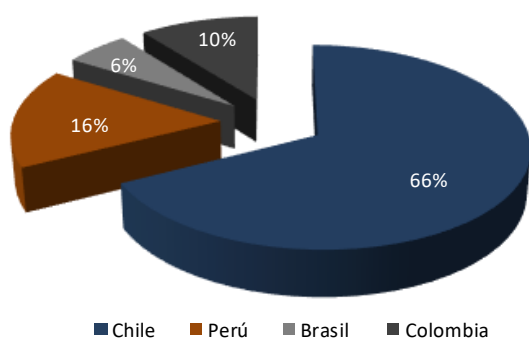
### 3.5 SK Comercial S.A.

SK Comercial	Dec-17	Dec-18	Var.	4Q17	4Q18	Var.
	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Revenue	254.266	265.981	4,6%	63.591	72.763	14,4%
<i>Distribution Business</i>	166.273	185.506	11,6%	43.651	50.650	16,0%
<i>Rental Business</i>	100.958	96.746	-4,2%	23.122	24.268	5,0%
<i>Consolidation adjust</i>	-12.965	-16.271	0,0%	-3.182	-2.155	0,0%
EBITDA	23.864	34.811	45,9%	6.589	9.326	41,5%
<i>EBITDA Margin</i>	9,4%	13,1%		10,4%	12,8%	
Controller's net profit	-7.855	2.039	126,0%	-593	805	235,8%

SK Comercial S.A. (“SK Comercial” or “SKC”) engages in the representation, import, distribution and rental of machinery and equipment. SKC is present on the Chilean, Peruvian, Brazilian and Colombian markets. It represents prestigious world brands such as Toyota, Volvo, Manitou, Iveco, New Holland, Bridgestone, Firestone, Kenworth, DAF and JMC, with which it has been a consistent leader on its markets.

machinery rental business has a fleet valued nominally US\$ 134 million, 11% lower than December 2017.

**Distribution of the SK Rental Fleet by Country (US\$)**



■ **2,175 units were sold in the machinery distribution business**, an increase of 18% compared to 2017. In terms of the value of sales, the machinery distribution business increased by 12%, consistent with the increase in sales. The

■ As at December 2018, **SK Comercial’s consolidated income totaled US\$265.98 million**, an increase of 4.6% compared to December 2017. Sales in the machinery distribution business rose.

■ **The consolidated EBITDA of SK Comercial was US\$34.81 million** an improvement of 45.9% compared to December 2017. The EBITDA margin was 13.1%, which compares positively with the 9% recorded at December 2017. This better result is a combination of: (1) better performance in the rental business; (2) the increase in physical sales and margins in the machinery distribution business in Chile; and (3) register of income before taxes from the sale of a ground of the subsidiary Sigdotek.

■ As at December 2018, **SK Comercial had a net profit of US\$2.0 million**, an improvement of US\$9.89 million compared to December 2017. This recovery is explained by a better operating result in the machinery distribution business in Chile, together with an extraordinary profit from the sale of land framed in the process of restructuring SKC's operations.

### 3.6 SK Inversiones Automotrices S.A.

SK Inversiones Automotrices	Dec-17 MM\$	Dec-18 MM\$	Var. %	4Q17 MM\$	4Q18 MM\$	Var. %
Controller's net profit	17.393	17.254	-0,8%	3.721	7.098	90,7%

Sigdo Koppers S.A. controls SK Inversiones Automotrices S.A. (SKIA) through the ownership of 99.99% of its shares. In turn, SKIA owns 40% of the shares in SKBergé S.A. SKIA does not, therefore, consolidate SKBergé's financial statements. Consequently, SKBergé S.A.'s net profit is recognized as a Share in the Earnings of Associates and Joint Ventures.

- SKBergé S.A. has a presence in Chile, Peru, Argentina and Colombia. In Chile it represents Chrysler, Jeep, Dodge, Fiat, Ferrari, Alfa Romeo, Infiniti, Mitsubishi Motors, Maserati, MG, SsangYong, Tata and Chery. In Peru it represents Kia, Peugeot, Chery, MG, Fuso and Mitsubishi Motors. In Colombia, it handles the Chrysler, Dodge, Jeep, Volvo and Peugeot makes. Finally, it represents Kia in Argentina. SKBergé also engages in the vehicle financing business through its indirect interest in Santander Consumer Finance Chile and Santander Consumer Finance Peru.

- As at December 31, 2018, SK Bergé had sold 91,946 units, an increase of 18% compared to December 2017. The units sold in Chile in particular totaled 54,632, a climb of 27.3% compared to 2017. In Chile, the sale of Mitsubishi vehicles rose 23% (in units), Chrysler (+59%), Ssangyong (+9%), MG (+73%), Infinity (+28%) y Chery (+20%). Sales abroad totaled 37,314 units, a rise of 6% compared to the previous year. Of note for makes distributed abroad is the growth in Peugeot Peru (+42%), Peugeot Colombia (+64%) and Chrysler Colombia (+134%).

- Despite the increase in sales, **SKIA recorded income for CLP\$17.25 billion (-1%)**. This lower result is explained product of an accounting loss due to exchange rate differences, due to the strong devaluation of the Argentine peso.

- The National Automobile Association of Chile (ANAC) reported that in Chile 417,000 units were sold in 2018 (+16%). The main sources of SKBergé's growth will be an organic growth on the markets where it does business (mainly foreign countries).