

ANNUAL
REPORT
2018

Compañía Electro Metalúrgica S.A.



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CONTENT
ANNUAL RESULTS 2018

01

COMPANY
INFORMATION **P. 6**

01.1 Board of Directors **P.8**

01.2 Management **P.9**

01.3 Historical Information **P.10**

02

CONSOLIDATED
RESULTS **P. 14**



03

RESULTS BY BUSINESS P. 20

03.1 Metallurgic Business P.23

03.2 Container Business P.33

03.3 Wine Business P.39

03.4 Communications Business P.47

03.5 Electric Generation Business P.49

04

ANNUAL RESULTS AND FINANCIAL STATEMENT 2018 P. 50

04.1 Consolidated Financial Statements P.52

04.2 Related Companies P.60

04.3 Declaration of Responsibility P.67

01

COMPANY
INFORMATION



CORPORATE NAME

Compañía Electro Metalúrgica S.A.
Elecmetal S.A.

LEGAL DOMICILE

Av. Andres Bello 2233, 11th floor,
Providencia, Chile

PHONE NUMBER

(56) 223614010

TAX ID NUMBER

90,320,000-6

TYPE OF LEGAL
ENTITY

Open Corporation, Registered in the
Securities Registry of the Financial
Market Commission, Chile, "CMF", N° 45.

MNEMONIC

ELECMETAL, Santiago Stock Exchange.
Santiago, Chile.

WEB PAGE

www.me-elecmetal.com
www.elecmetal.cl



01.1 | BOARD OF DIRECTORS

CHAIRMAN

Juan Antonio Álvarez Avendaño

I.D. Number 7,033,770-3

Attorney, MBA Pontificia Universidad Católica de Chile; Chairman of the board of directors of Quemchi S.A., Navarino S.A., and Marítima de Inversiones S.A.; Vice-chairman of the Board of Directors of Cristalerías de Chile S.A.; Executive Vice President of Parque Arauco S.A.; member of the Advisory Board of Generación Empresarial.

DIRECTORS

Carlos F. Cáceres Contreras

I.D. Number 4,269,405-3

Commercial Engineer, MBA Cornell University, ITP Harvard Business School; Member of the board of companies and non profit organizations; President of the Advisory Board of Instituto Libertad y Desarrollo; Numerary member of the Chilean Academy of Social, Political and Moral Science. As a civil servant he has been a member of the State Council; Chairman of the Chilean Central Bank, Minister of Finance, and Minister of the Interior.

José Ignacio Figueroa Elgueta

I.D. Number 7,313,469-2

Attorney, Universidad de la Republica. Masters in Corporate Law Universidad Católica de Chile, postgraduate studies in the Law School and Fen U. Of Universidad de Chile, Law School of Universidad Diego Portales, London School of Economics and Political Science, Universidad de Salamanca. Partner of the law firm "Juan Agustin Figueroa". Board member of companies and non profit organizations.

Fernando Franke García

I.D. Number 6,318,139-0

Commercial Engineer, Master of Finance of the Universidad Adolfo Ibañez; Board member of Cristalerías de Chile S.A., Cia. Inversiones la Española S.A., Colegio Cree of Cerro Navia and other closed corporations and simplified corporations.

VICE-CHAIRMAN

Baltazar Sánchez Guzmán

I.D. Number 6,060,760-5

Commercial Engineer; Chairman of the Board of Directors of Cristalerías de Chile S.A., Ediciones Financieras S.A., and Sociedad Anónima Viña Santa Rita; Vice-chairman of the Board of Directors of Quemchi S.A.; Director of Navarino S.A., ME Global Inc. (USA), Inversiones Siemel S.A, and Sociedad Anónima Jahuel Aguas Minerales y Balneario.

Alfonso A. Swett Opazo

I.D. Number 7,016,281-4

Commercial Engineer, MBA Duke University; President of the Confederation of Production and Commerce (CPC); member of the board of diverse companies; professor of the Pontificia Universidad Católica de Chile.

Alfonso Swett Saavedra

I.D. Number 4,431,932-2

Businessman; Chairman of the board of Forus S.A., Costanera S.A.C.I., and Olisur S.A.; Board member of Cristalerías de Chile S.A., Sociedad Anónima Viña Santa Rita, Corporación Patrimonio Cultural de Chile and protectora de la Infancia; and Counselor of SOFOFA.

BOARD OF DIRECTORS' COMMITTEE

CHAIRMAN

Carlos F. Cáceres Contreras

BOARD MEMBERS

Baltazar Sánchez Guzmán

Alfonso Swett Saavedra

01.2 | MANAGEMENT ELECMETAL S.A.

GENERAL MANAGER

Rolando Medeiros Soux

I.D. Number 5,927,393-0

Chemical Engineer. M.Sc Upsala.

GENERAL MANAGER ME ELECMETAL CHILE

José Pablo Domínguez Bustamante

I.D. Number 10,557,722-2

Commercial Engineer. MBA UC

CORPORATE MANAGEMENT AND DEVELOPMENT MANAGER

Eugenio Arteaga Infante

I.D. Number 6,374,575-8

Commercial Engineer MBA UC

CORPORATE COMPTROLLER

Carlos Romero Pérez

I.D. Number 12,782,082-1

Commercial Engineer. MBA UC

INTERNATIONAL BUSINESS MANAGER

Eduardo Muñoz Huerta

I.D. Number 7,311,248-6

Commercial Engineer

ADMINISTRATION AND FINANCE MANAGER

Nicolás Cuevas Ossandón

I.D. Number 7,050,857-5

Commercial Engineer

01.3 | HISTORIC INFORMATION

1917



Mr. Emilio Orrego Luco, together with a group of important local businessmen and investors, founded Compañía Electro Metalúrgica S.A., Elecmetal in 1917. The project meant installing the first electric steel foundry furnace in Latin America, initially to make steel spare parts for agriculture, mining, industry, and Empresa de Ferrocarriles del Estado. Minneapolis Electric Steel Casting (“ME”) was founded that same year in the USA in the same sector.

1970

In the mid-1970’s, Elecmetal initiated an active investment and diversification plan of its activities. In 1975 the company acquired 46% of the shares of Cristalerías de Chile S.A., a glass container manufacturer, in a tender offering convened by the Corporación

de Fomento de la Producción (CORFO). It subsequently continued buying shares until completing 68.17% of its shareholding. From then on, an important technological and commercial modernization process began; within that process an important technical cooperation agreement was celebrated in 1977 with the company Owens-Illinois of the United States, the world’s leading producer of glass containers.

1980

As a natural extension of the glass container business, in 1980 the Company expanded its activities, through Cristalerías de Chile S.A., into the plastic container business. Through that same company and jointly with Owens-Illinois, it continued its diversification policy by acquiring Viña Santa Rita Ltda. that same year, and initiating its involvement in the agro-industrial sector.

1986-1989

In 1986 new steps were taken within its diversification policy. Through its subsidiary, Cristalerías de Chile S.A., it acquired 17% of Marinsa S.A., an investment company with a large shareholding in Compañía Sud Americana de Vapores S.A., in a public tender offer, to later continue increasing its shareholding in Marinsa.

In late 1989 Navarino S.A. was born, a company that originated from the division of Cristalerías de Chile S.A., and into which all investments in the shipping sector were transferred. Navarriño owns 89.615 of Marinsa as of 12.31.2018.



In 1989 Elecmetal continued with its diversification plan by acquiring, through Cristalerías de Chile S.A., television frequencies tendered by Televisión Nacional de Chile, and creating the company Red Televisiva Megavisión S.A. “MEGA.” Megavision S.A. was sold in 2012.

1992-1993

The board approved the spin-off of Elecmetal in 1992, creating a new company, Quemchi S.A., into which all the investments in the shipping sector were transferred. As of 12.31.2018 Quemchi maintains 88.08% shareholding in Navarino S.A. In 1993, and as a way to finance its modernization and diversification

process, Cristalerías de Chile S.A. carried out a capital increase where a large part of the shares were sold in the international markets by means of American Depositary Receipts (ADR). As of that moment, and until 2005, its shares were traded on the New York Stock Exchange, under the ticker symbol «CGW». Elecmetal, directly and indirectly, holds, as of 12.31.2018, 53.57% of the shareholding in Cristalerías de Chile S.A.

1994

In 1994, Elecmetal, through its subsidiary Cristalerías de Chile S.A., expanded its investments in the communications sector by entering the cable television services business in partnership with TCI/Bresnan, currently Liberty Global Inc. Cable systems were acquired and the company Metr polis S.A. was created. The following year, the board agreed to the merger of Metr polis S.A. and the cable television company, Intercom, creating Metr polis-Intercom S.A., where Cristalerías and Liberty participated with 60% of the shareholding. Later, in 2000, Cristalerías de Chile and Liberty bought the remaining 40% of Metr polis-Intercom in equal shares from their partner. In 2005 Cristalerías entered into an agreement with LGI Internacional, Inc. (a subsidiary of Liberty Global Inc.) to merge the operations of Metr polis- Intercom S.A. and VTR GlobalCom S.A., under

the latter; leaving Cristalerías de Chile S.A. with 20% of VTR GlobalCom S.A., participation that was sold in early 2010.

1995 - 1996



Through Cristalerías de Chile S.A., a percentage of the shareholding of the financial newspaper “El Diario”, presently “Diario Financiero”, was purchased in 1995. Diario Financiero is the main specialized media source in the country. Subsequently, it acquired Ediciones e Impresos S.A. editor of the business magazine “CAPITAL”.

In 1996, the subsidiary Cristalerías de Chile S.A. acquired an additional 49.9% of the shareholding in the plastics sector companies, Cristal Pl sticos Ltda. (Crowpla) and Reicolite S.A., completing 99.9% of the holdings in both companies which were later merged to form a new company called Crowpla-Reicolite S.A. Later, in the year 2001, Cristalerías de Chile S.A. and Embotelladora Andina S.A. established a business venture in the plastic container business by means



of their respective subsidiaries, Crowpla-Reicolite S.A. and Envases Multipack S.A., forming the company Envases CMF S.A. where they held equal ownership until early 2012, when Cristalerías de Chile sold its share. The subsidiary S.A. Viña Santa Rita acquired 39.4% of the share capital of Viña Los Vascos in 1996, which was later increased to 43% in 1999. Les Domaines Barons de Rothschild (Lafite), controlled by the Rothschild family, was the principal shareholder, with a holding of 57%.

1999

In 1999, the subsidiary Cristalerías de Chile S.A. acquired 40% of Ray n Cur  S.A.I.C., a glass container production company located in Mendoza, Argentina, from the Spanish company Vicasa S.A.. The remaining 60% shareholding is owned by the Verallia group, one of the three principal glass container producers in the world.

2001- 2003



In 2001, Elecmetal formed the subsidiary ME Global Inc. in Delaware, USA, with the objective of carrying out its globalization project, as a supplier of steel spare parts. With this goal, the company successfully participated in the acquisition process of the assets of ME International, Inc. and ME West Castings, Inc. Both of the before mentioned companies were under the provisions of Chapter 11 of the US Bankruptcy Law because of the financial problems of their owner, GS Industries Inc. and its holding company GS Technologies Corp. The assets that were purchased were primarily two high-technology furnaces located in Duluth, Minnesota, and Tempe, Arizona, USA. Continuing with the development of the metallurgical business, in 2003 Elecmetal was awarded 60% of the property of the company Fundición Talleres in the National and International Public Tender of the Furnace Business of the Workshops Division carried out by Codelco, Chile. Subsequently, in

2007, Elecmetal completed 100% of its ownership.

2006-2007

In 2006, the subsidiary Cristalerías de Chile initiated the operation of its second glass container production plant in Chile, located in the municipality of Llay-Llay, Fifth Region.

In 2007, Elecmetal and Esco Corp. (USA) signed a Joint Venture agreement and established the company Esco Elecmetal Fundición Limitada, a subsidiary that produces steel spare parts for ground engaging to supply the domestic and export market, for such purposes a modern plant was built in Colina.

2009-2012

As part of the development of new products and markets, in 2009 Elecmetal began the sale of grinding balls for large mining companies. In 2011, Elecmetal and Longteng Special Steel Co., Ltd. – an important steel company- established a 50/50 Joint Venture in China, named “ME Long Teng Grinding Media (Changshu) Co. Ltd.”, which has a manufacturing plant in Changshu, China, which has the capacity to produce, with technology and ME Elecmetal specifications, 500,000 tons of grinding balls annually. In 2012, Elecmetal continued with its international expansion program by incorporating the subsidiary ME Elecmetal (China) Co., Ltd in the city

of Changzhou, China. This subsidiary constructed a modern liner plant which was inaugurated in 2014.

2014

In 2014 Cristalerías de Chile (with 34% of the shareholding) in alliance with Viñedos Emiliana (33%) and Industria Corchera (33%) incorporated the company Wine Packaging & Logistic S.A., “WPL” with the objective of participating in the bottling, labelling, and wine keeping service. WPL began its operations in 2016.

2016



In 2016 the modernization project of the Foundry Workshop located in Rancagua, which was initiated in 2015, was completed, incorporating the most modern technology in the fabrication of mill coating and other spare parts. Also that year, Elecmetal carried out a reorganization of the productive operations of its

metallurgic business in Chile, as part of its long-term strategic development plan, which meant closing the foundry plant located in Santiago and transferring its productive capacity to the Rancagua plant. In addition, Elecmetal continued with its international expansion program incorporating the subsidiary ME Long Teng Grinding Media (Zambia) Limited in Lusaka, Zambia. In other business areas, the subsidiary Taguavento of Cristalerías de Chile, inaugurated the Parque Eólico Las

Peñas, in Arauco, materializing the entry into non conventional renewable energy.

2017

On the occasion of the company's centennial, Elecmetal carried out different celebratory activities with the participation of the board of directors, shareholders, employees and their families, suppliers, authorities, and friends. The tender process for the lot

in Vicuña Mackenna also took place this year, concluding successfully during the second semester of the year.

2018

This year saw the completion of a modern grinding ball production plant in Zambia. It was inaugurated towards the end of the year, it began its operations and is servicing the needs of clients in Africa.



Inauguración Planta MELT (31-10-2018). Kalumbila, Zambia.

02

CONSOLIDATED RESULTS

The results of the operations for 2018 were total revenue of \$38,233 million, results that are not comparable to the results of the prior year. The total revenue of 2017 was \$85,393 million, results that included the sale of the Vicuña Mackenna lot, which represented net revenue of \$32,164 million. Excluding this extraordinary gain, the total comparable revenue is \$53,229 million for 2017.





Of the total revenue of \$38,233 million for the 2018 operations, the amount of \$24,377 million are attributable to the shareholders of the parent and \$13,856 millions are attributable to the non-controlling participants (minority interest).

The consolidated sales for the year reached \$752,690 million, amount 15.1% greater than 2017 (\$654,049 million). This increase is due to the increase in sales in all businesses: 23.5% in the metallurgic business, 6.0% in the glass containers business, and 4.2% in the wine business.

Gross consolidated revenue for the year was \$170,255 million, which is 2.3% greater than 2017 (\$161,863 million). The variation can be explained by a greater revenue in the metallurgic business (4.1%) and in the wine business (3.9%), which compensates a decrease in gross revenue in the container business (2.3%).

The consolidated revenue of operational activities reached \$70,596 million, which was \$113,003 million in 2017, includes extraordinary revenue of \$43,174 million for the sale of the lot in Vicuña Mackenna. Isolating this extraordinary effect, the consolidated revenue for the operational activities in 2017 reached \$69,829 million. At the close 2018, the operational revenue includes \$25,336 million that corresponds to the metallurgic business (\$26,532 million in 2017 without considering the sale of the lot), \$26,590 million correspond to the glass container business (\$26,184 million in 2017), \$19,576 millions to the wine industry (\$17,131 million in 2017), and includes a loss of \$905 million in other businesses (loss of \$18 million in 2017).

In regards to the consolidated non-operational results for the year 2018, the participation in revenue of associates reached a profit of \$3,861 million, comparable to the profit of \$7,888 millions in 2017; the variation is due mainly to the lower results in Rayén Cura, Esco Elecmetal, and Viña los

Vascos. Net financial expenses reached \$11,718 million, in comparison to \$12,449 millions in 2017. The line of Other Non Operational includes the result by unit of readjustment, the latter was a loss of \$3,780 million (loss of \$1,483 million the previous year) associated to the bonds in Inflationary Units (Chilean UF) and the effect of the adjustment for hyperinflation in Argentina that impacts the loss of the subsidiary Viña Santa Rita in \$1,132 million. This also includes the exchange rate differentials, which mainly comprehends losses of \$8,621 million in the metallurgic business and of \$594 million in the electric generation business, partially compensated by a gain of \$1,030 million in Viña Santa Rita, representing a total loss of \$8,135 million in the period in comparison to the revenue of \$3,026 million in 2017, due to the uneven behavior and variation in the exchange rate for both periods.

The expense for capital gains tax is a charge of \$12,376 million, which considers the effects of the increase in rate of the income tax in Chile for the year 2018 (27.0%) in comparison to the previous period (25.5%), the reduction of the income tax in the USA (21% vs 35%) that impacts the subsidiary ME Global (USA), and the expense of differed taxes for an amount of \$1,658 million accounted for in Viña Santa Rita for the extraordinary gain in the declaration of investment goods at a reasonable rate (\$811 million) and the declaration for hyperinflation in Argentina (\$847 million). The tax charge in 2017 was \$23,890 million, which includes \$11,009 million for the earnings in the sale of the Vicuña Mackenna lot.

In relation to the operational results per business area, the analysis is as follows:

METALLURGIC BUSINESS

The sales revenue of the metallurgic business, which includes the individual business of Elecmetal, in addition to its subsidiaries Fundición Talleres, and ME Global (EE.UU.) and ME Elecmetal (China), and the commercialization of products produced by third parties under our specifications, reached \$448,579 million in 2018, which represents an increase of 23.5% in comparison to 2017 (\$363.182 million).

The consolidated gross earnings of the metallurgic business in 2018 was \$448,579 million, which represents an increase of 23.5% in comparison to the previous year (\$363,182 million). The consolidated operational activities earnings of the metallurgic business were \$25,336 million, compared to

earnings of \$69,169 million in 2017, due to the sale of Vicuña Mackenna lot. Isolating this extraordinary effect, the adjusted consolidated operational revenue for 2017 was \$26,532 million. The decrease in comparative terms can be explained by smaller margins due to: a) more aggressive levels of competition, both in North America and Asia Pacific, related mainly to the weakening of the Canadian and Australian currency vs the US dollar, compensated in part by the better results in Chile and South America; b) greater sales in new markets in the Asia Pacific Region; and c) a different mix of products.



Income Statement (B\$)	01-01-2018 31-12-2018	01-01-2017 31-12-2017	Variation January-December	
			MMS\$	%
Operational income	448.579	363.182	85.397	23,5%
Operational expense	(382.436)	(299.638)	(82.798)	27,6%
Gross Revenue	66.143	63.544	2.599	4,1%
Revenue from operational activities	25.336	69.706	(44.370)	-63,7%

CONTAINER BUSINESS (CRISTALERIAS DE CHILE S.A INDIVIDUAL)

In 2017 income from the sale of glass containers reached \$137,095 million, which is 6.0% greater than the income of the prior year (\$129,391 million).

The gross revenue for the period was \$38,139 million, which is 2.3% less than that of 2017 (\$39,003 million). The operational expenses were \$98,957 million, increasing 9.5% in respect to 2017, due mainly to greater costs of energy from the increase in petroleum, greater charges for depreciation and greater storage and waste due to the increase in inventory to improve the service to our clients.

The revenue from operational activities in 2018 was \$26,589 million, which includes in other revenue, a revenue of \$1,682 million in the sale of an industrial property. The operational revenue in 2017 was \$26,184 million.

The total consolidated results of Cristalerías de Chile S.A. as of December 31, 2017 was a revenue of \$31,103 million, which represents a decrease of 9,5% in comparison to the year 2017 (\$34,358 million). Of the total revenue indicated above, the amount of \$26,608 is attributable to the shareholders of the parent (\$29,142 million in 2017).



Income Statement (B\$)	01-01-2018 31-12-2018	01-01-2017 31-12-2017	Variation January-December	
			MM\$	%
Operational income	137.095	129.391	7.704	6,0%
Operational expense	(98.957)	(90.358)	(8.599)	9,5%
Gross Revenue	38.138	39.033	(895)	-2,3%
Revenue from operational activities	26.589	26.184	405	1,5%

WINE BUSINESS (VIÑA SANTA RITA AND SUBSIDIARIES)

Viña Santa Rita and its subsidiaries attained sales for \$170,686 million during the year 2018, which represents an increase of 4.2% against 2017 (\$163,749 million) and includes wine export and domestic sales, sale of liquors and others.

In relation to consolidated exports, Viña Santa Rita and its subsidiaries exported a total of US\$117.9 million, amount 2.0% greater than the previous year. The volume of exports for the period reached a total of 3,683 thousand boxes (3,609 thousand boxes in the previous year), and the consolidated medium price was US\$32 per box, similar to the previous year.

The valued sales for exports equivalent in pesos reached \$76,585 million, which represents an increase of 2.5% in regards to 2017. In relation to the domestic market, the income from sales reached \$85,441 million, which represents an increase of 5.2% in regards to the invoicing of 2017, as a result of an improvement of the medium price to compensate the important increase in unitary cost, derived from the harvest of 2017 and 2018.

The revenue from operational activities in 2018 was \$19,576 million, which includes Other Gains for \$3,091 million, in comparison with \$140 million in 2017, which is due mainly to the adjustment to the reasonable value of investment property for \$3,002 million, an extraordinary one-off effect, product of the revalorization of land that are declared as investment property with real estate potential. The operational revenue of 2017 was \$17,131 million.

The total consolidated results of S.A. Viña Santa Rita and its subsidiaries as of December 31, 2018 was a revenue of



\$11,786 million, which is 10.3% less than that of 2017 (\$13,139 million). Of the previously indicated total revenue, the amount of \$11,784 million is attributable to shareholders of the parent (\$13,138 million in 2017).

Income Statement (B\$)	01-01-2018 31-12-2018	01-01-2017 31-12-2017	Variation January-December	
			MM\$	%
Operational income	170.686	163.749	6.937	4,2%
Operational expense	(103.084)	(98.701)	(4.383)	4,4%
Gross Revenue	67.602	65.048	2.554	3,9%
Revenue from operational activities	19.576	17.131	2.445	14,3%

03

RESULTS PER BUSINESS

**Herein below is the
presentation of the results of
the different Business Areas
of Elecmetal S.A.**







03.1

METALLURGIC BUSINESS

ME Elecmetal is a global company, leader in innovation and in the development of comprehensive solutions that add value to extractive processes and the processing of minerals in different mining operations in the world.

ME Elecmetal is one of the leading producers and retailers of special steel parts, grinding means and other products and services for the mining market, through an extensive network of manufacturing plants, joint ventures, licenses and strategic alliances with high level corporations, such as ESCO Corporation, a Division of the WEIR Group, from Scotland, and Valley Forge from the USA, Ferry Capitain from France, Long Teng Special Steel Co. Ltd from China. In addition, it has an extensive network of offices and commercial representations all of the regions of the world. This coverage is a result of its strategic globalization and territorial expansion plan and the extension and innovation of its product and service lines for mining and other target markets.

ME Elecmetal is oriented at satisfying the global demand of the following groups of products and comprehensive solutions: spares for grinding equipment (coating in steel and white irons for SAG mills, verticals and bar balls); grinding balls and bars for SAG grinding and secondary grinding; spares for crusher equipment (wearing parts for rotating crushers, cones, jaws, impact, and others), and spares for ground engaging equipment (knife systems, adaptors, points and bail protectors for mechanical and hydraulic shovels, front loaders and others). Additionally, it manufactures pump components for the transportation of pulp and industrial applications, large castings pieces for primary grinding, mills and cooper casting, and other mining and industrial machinery, and the delivery of high strength steel plates and repair and reconditioning services for mineral processing equipment.



Through its representation lines, it offers a great variety of products and complementary solutions for mining applications, such as, for grinding: bolt and nut fasteners, rubber products and rubber-metal compositions, acoustic systems for monitoring and improving the performance of the mills; for crusher wear operations: bronze components and others, backing epoxy resin, AST application pumps; in addition to a series of services with sensors, failure detection and early detection tools, simulations, repair equipment, and productivity improvement of mining operations through comprehensive solutions denominated ME FIT.

ACQUISITIONS AND STRATEGIC ALLIANCES

ME Global Inc., an affiliate incorporated in 2001 in the United States of America, was the vehicle used for the acquisition of the assets of the companies ME International, Inc. and ME West Castings, Inc. in the USA. As of 2002, ME Elecmetal initiated an asset optimization program, introducing a new products and process and organizational development technologies that has allowed it to attain the highest industry standards of steel spares at a global level.

In Chile, Fundición Talleres Ltda., which is also dedicated to the manufacturing and commercialization of steel spares in the South America, was acquired by means an international tender process for 60% of its property in the year 2004. 100% of the company's property was acquired in 2007.

ESCO, a Division of the WEIR Group, world leader in the manufacturing of steel parts for the ground engaging, which celebrated its 105-year anniversary in 2018, has been the licensor of ME Elecmetal since 1959 with a license and technical cooperation agreement to manufacture and commercialize its products in Chile. This alliance with ME Elecmetal was extended in 2007 to a 50/50 Joint Venture, incorporating the affiliate company Esco Elecmetal Fundición Ltda. ("Esco Elecmetal").

As part of the development of new products and markets, and its vision to deliver comprehensive solutions to its clients, ME Elecmetal developed the technology, metallurgic as well as process, for the elaboration of balls of special steels of superior quality, which are used in conjunction with coatings in the grinding mills in large-scale mining. It is in this manner that as of 2009, its new products "ME Super SAG" and "ME





“Ultragrind”, manufactured by means of exclusive production agreements with Lonteng Special Steel co., Ltd., began to be successfully commercialized. Subsequently, in the year 2011, ME Elecmetal and Longteng Special Steel Co., Ltd. established in China a 50/50 joint venture company “ME Long Teng Grinding Media (Changshu) Co. Ltd.” (“ME Long Teng”) for the exclusive manufacturing of these products that ME Elecmetal commercializes worldwide.

ME Elecmetal has developed important commercial and strategic ties with famous international trademarks, in the form of representations that have been maintained for many years. A clear example of these ties is the representation of the trademarks Ferry Capitain and CMD, of Groupe CIF of France. The latter is an important conglomerate that supplies the international heavy industry from its seven plants located in France and Germany, and that provides large cast components, such as gears, pinions, crowns, crusher bodies, and mill caps. Also, continuing its permanent search of new alliances, ME Elecmetal began to commercialize, in the Chilean market, a line of “ME Elecmetal” high-quality epoxy resins for the application of backing in crusher equipment. In relation to grinding equipment, the company maintains the representation of the liner bolts of the trademark “Valley Forge” of recognized prestige in the global industry.

Continuing with the development of comprehensive solutions for our clients, in 2016 an exclusive representation and product development agreement was entered into with the Chinese company Jiangxi Naipu Mining Machinery and New Materials Co. Ltd., with the objective of supplying rubber parts and rubber/steel parts for the coating of mills for mineral processing. To this day, a series of new solutions of rubber parts and rubber/steel parts have been developed, showing positive results in SAG mill applications and mills of balls.

IMPORTANT INVESTMENT PLAN

ME Elecmetal has carried out an important investment plan to consolidate its leadership and supply the demand from the mining activity at a global level.

ME Elecmetal has special steel foundries for wear parts in the USA, China, and Chile, where it operates with the highest standards of industrial security, quality, productivity, and environmental protection standards, which in total represent the capacity to produce 120,000-ton parts per year.

Additionally, the before mentioned subsidiary, “Esco Elecmetal”, inaugurated a state of the art steel foundry in 2012 to exclusively supply from Chile, ESCO products to the Chilean and international markets; this product line is a recognized market leader for the extraction of minerals and ground engaging products in mining and construction sites.

In addition, subsequent to the launching of a pilot plant in 2010, the subsidiary “ME Long Teng”, initiated in 2011 the construction of a modern modular manufacturing plant that manufactures grinding balls in the city of Changshu, China, whose production is commercialized directly by ME Elecmetal worldwide. In 2018 the fifth stage of plant construction was completed, reaching a total annual production capacity of 500,000 tons, which positions the latter as the plant with the largest production capacity of grinding balls in the world.

In 2014, the subsidiary “ME Elecmetal (China) Co., Ltd.” completed the construction of a state of the art special steel foundry in the city of Changzhou, province of Jiangsu, China,

with a capacity of 30,000 tons of spare parts for grinding equipment. In March 2016 the plant obtained the ISO-9000 and ISO 14,000 certifications, which reflects the high level quality of its products and the high standards of clean production of its manufacturing standards.

ME Elecmetal continued its international expansion plan in 2016 by incorporating the subsidiary ME Long Teng Grinding Media (Zambia) Limited in the city of Lusaka, Zambia. This subsidiary completed the construction of a modern manufacturing plant for grinding balls in 2018 in the locality of Kalumbila, a zone of mining importance, to service African clients. On October 31, 2018, the plant was inaugurated with the presence of authorities, clients, suppliers, administration and employees of the subsidiary.



On the other hand, in Chile, the Company completed the 2016 modernization project of its special steel spare part plant in Rancagua to service the large-scale mining clients in Chile and South America. This plant, with a production capacity of 36,000 tons of special steel parts, brings together the experience of ME Elecmetal in all of its plants worldwide and incorporates the most advanced processes and manufacturing equipment for this type of industries. Elecmetal carried out a reorganization of the productive operations of its metallurgic business in Chile as part of a long-term strategic development plan, which meant closing the plant located in Santiago and transferring its productive capacity to this modern plant in Rancagua.

Additionally, ME Elecmetal has established manufacturing agreements of some selected casting parts, of a lower technological requirement, with different foundries in

China, North America, and Chile. These products are elaborated under ME Elecmetal's quality, industrial security, and environmental protection standards and its technical specifications standards.

TERRITORIAL EXPANSION AND GLOBAL COVERAGE

ME Elecmetal has a worldwide distribution network with technical and sale services capability that covers the five continents. The Company delivers comprehensive solutions in order to ensure the satisfaction of its clients' needs distributed in more than 40 countries, working together with them in the design of solutions and productivity improvements by means of products and services that meet the highest standards of quality and innovation technology.



Para ello cuenta con personal especializado propio que visita las distintas faenas mineras en el mundo entero desde sus instalaciones matrices en Chile, Estados Unidos y China y desde sus oficinas filiales en Australia, Brasil, Canadá, México, Mongolia, Perú y Zambia. Adicionalmente, mantiene alianzas de representación en varias regiones y países.

DELIVERY OF INTEGRAL SOLUTIONS TO CLIENTS AND INNOVATIONS

The quality and prestige of ME Elecmetal is recognized worldwide and stems from the delivery of value added solutions for our client's processes, combining designs, alloys or materials, services and technology tailored to the needs of each client, with the strictest technical regulations that make it possible to achieve performance levels that significantly reduce mineral processing costs and other materials. This value proposal falls within our VAES philosophy. The VAES philosophy ("Value Added Engineering Services") includes a series of activities focused on six key areas of the mining operation: Production Increase, Greater Equipment Availability, Effective Cost Reduction, Environmental Protection, Training, and Security. This philosophy is valued by our clients and is the base of our leadership position in the wear solutions market for global mining. An example of this is the leadership obtained in the market of wear components for crushing SAG. In this market, excluding Australia and Asia, where the company has just commenced its penetration, ME Elecmetal boasts more than 50% of worldwide participation. Each project inspired by the VAES philosophy is measured and controlled to validate the results and manage in a visible manner and jointly its advances with our customers.

In this context, the ME FIT System is the reflection of the constant search for new comprehensive solutions for our clients' mining processes, by integrating product and service solutions in the Mine, Wear, and Grinding. The ME FIT System proposal is based on the synergy obtained from integrating consulting, products, services, people, logistics, and manufacturing, making it possible to add value to our clients in a way that could not be achieved otherwise. "FIT" is the acronym for "Fully Integrated Technology" and it refers to the fact that ME Elecmetal integrates the technologies in the processes of the Mill, Wear, and Grinding.



The technical service delivered by ME Elecmetal, and that constitutes an effective differentiation with the competition, is oriented to finding the least effective cost for its clients and includes advisory services in the optimization of loading processes and treatment of minerals and other materials, new designs and on-site service with highly trained and highly experienced staff. In addition to working together with clients in identifying opportunities, finding innovative solutions,



and applying improvements in production processes and maintenance practices, this sales strategy through benefits allows for the establishment of real strategic alliances with clients.

Within the new mining products, it is important to highlight the introduction in the Chilean market of ESCO's NEMESYS and ULTRALOCK product lines, for hydraulic and cable shovels,



which represents major improvements in the management of the Mine and that have been tested with great success in Chile. These systems incorporate significant productive advantages for clients in their design, which translate into higher yields, an important reduction of risks in the installation operation and removal of items of wear, and effective reduction of the amount of time devoted to these activities. In this wear products market for ground engaging equipment, clients have recognized the quality, safety, and ease of installation of our products, allowing ME Elecmetal a leadership position in the market of haulage blade for large-scale mining.

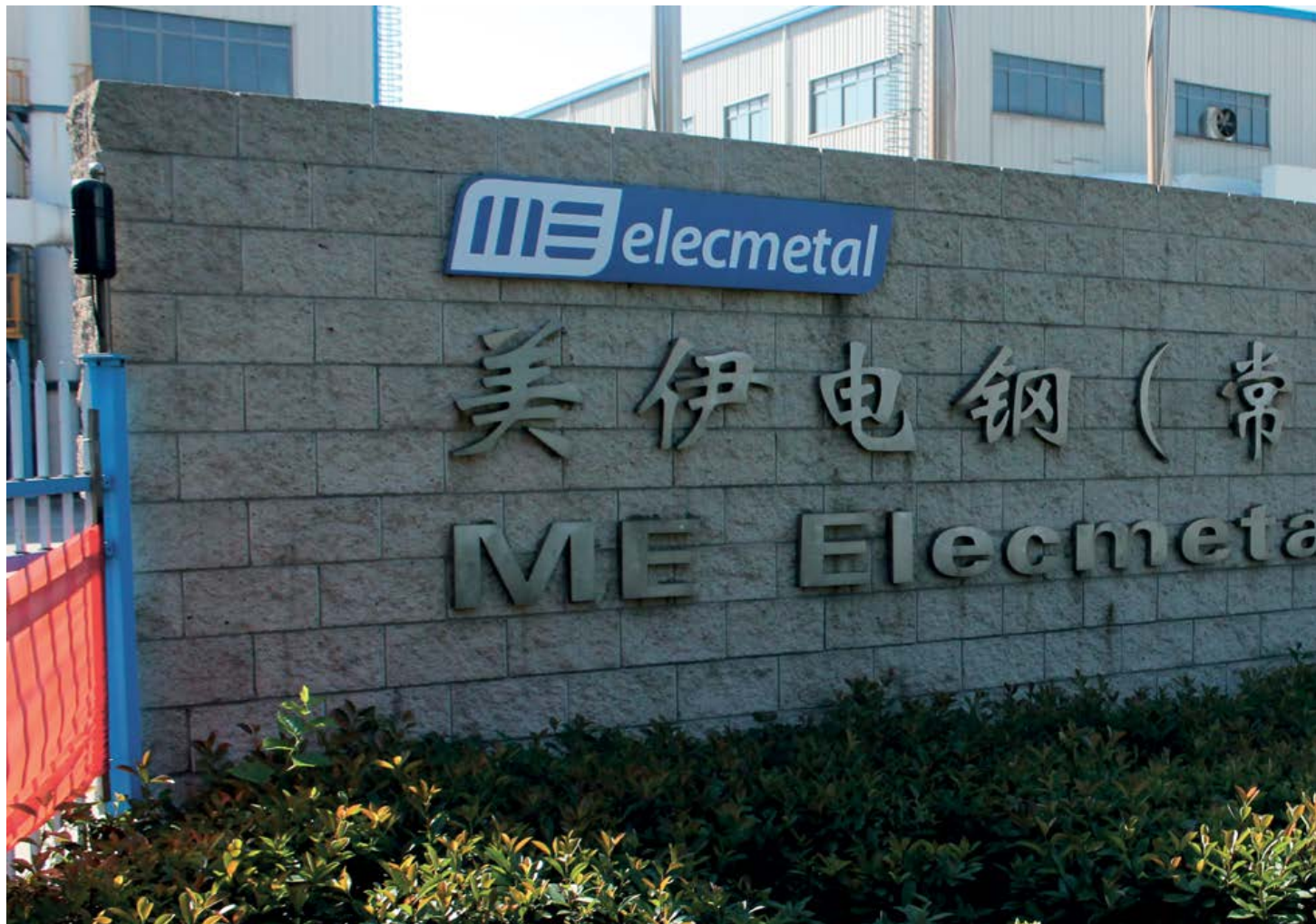
Complementing the line of businesses and comprehensive services for its clients, ME Elecmetal consolidated its new business area of Inspection and Early Alert Service, which delivers monitoring, inspection of mining equipment, 3D laser measurements, predictive/symptomatic analysis, and the most advanced technology available in the market with sensors, acoustic systems, ultrasound, thermography, and laser scanning equipment, and a highly qualified technical team. The incorporation of new technologies and the intelligent gathering of data (IoT) is an important part of what this unit's day to day.

All these developments and the continued emphasis on high-quality of products and service excellence are part of the innovation program that is present in the permanent management of ME Elecmetal's personnel. Working together with the client, the technical knowledge, and the application of world-class simulation systems by our Engineering and Design and Early Alert teams, generate the fundamental conditions to increase availability of mining equipment and the processing of minerals, increasing the extraction and processing rate, and the quality of products, obtaining gains in service life, and less exposure to workplace accidents, amongst other benefits and that constitute innovative solutions and best practices for the mining market.

ORGANIZATIONAL DEVELOPMENT

ME Elecmetal's metallurgic business is comprised of close to 1,150 individuals, mainly distributed in Chile, U.S.A., and China; as well as in Australia, Brazil, Canada, Mongolia, Peru, England and Zambia.

In 2018, ME Elecmetal continued developing its efforts for organizational alignment and for the motivation and commitment of its staff to achieve its vision of the future: "to be a globally competitive supplier, recognized for its excellence and leadership in delivering comprehensive solutions that add value to mining processes and other target markets."



Towards this end, ME Elecmetal advances in fulfilling its corporate mission of satisfying the needs and exceeding the expectations of its shareholders, clients, employees, and the communities where it operates, by providing comprehensive solutions to the market.

The values framework for its work is based on the fundamental principle of respect for the dignity of individuals and is made up by a set of corporate values, such as comprehensive human development, proactive search for excellence, client oriented, creativity and innovation, teamwork and cooperation, responsibility and integrity, and the commitment to the environment. In this manner, ME Elecmetal accords the highest priority to establishing work environments where individuals can display their full potential, their creativity and initiative, so that they feel they are fulfilling themselves in a

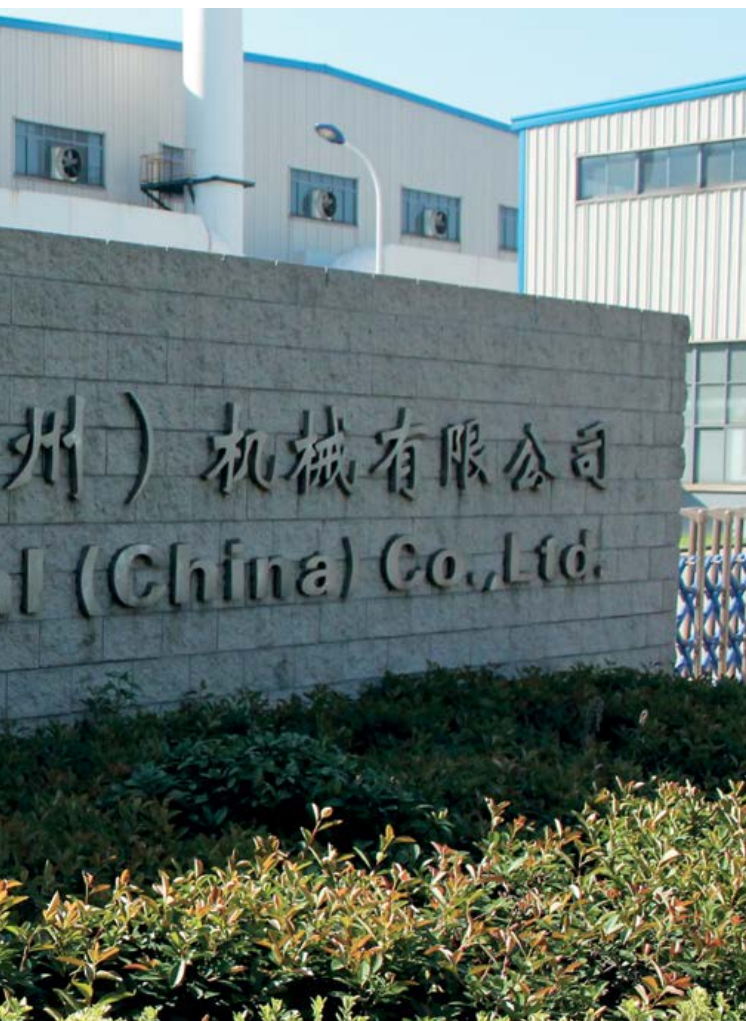
comprehensive manner through their job. This is the essence of ME Elecmetal's Path to Excellence and the company continues to develop its people management policies oriented to promote the personal and professional development of its collaborators, work security, and better life quality for its workers and their families.

On the other hand, it is important to highlight the excellent labor relations that exist in the plants, the spirit of understanding amongst workers and management, and the collaboration and compromise of all to face challenges, which involves many cross-cutting activities at a global level, with involvement of people from different regions of the world where ME Elecmetal is present.

FINANCIAL RESULTS

Sales revenue in the metallurgic business, including the individual business of Elecmetal and the results of its subsidiaries Fundición Talleres, ME Global and ME Elecmetal (China), and the commercialization of products manufactured by ME Longteng, Esco Elecmetal, and by third parties under our specifications, reached \$448,579 million in 2018, which represents an increase of 23.5% against 2017 (\$363,182 million).

The gross consolidated revenue of the metallurgic business in 2018 was \$66,143 million, which represents an increase of 4.1% in comparison to the previous year (\$63,544 million). Earnings from consolidated operational activities of the metallurgic business was \$25,336 million, in comparison to the earnings of \$69.706 million in 2017, which includes the revenue from the sale of the Vicuña Mackenna lot. Isolating this extraordinary effect, the operational revenue for 2017 was \$26,532 million. The decrease in comparative terms can be explained by smaller margins due to: i) more aggressive levels of competition, both in North America and Asia Pacific, related mainly to the weakening of the Canadian and Australian currency vs the US dollar, compensated in part by the better results in Chile and South America; ii) greater sales in new markets in the Asia Pacific Region; and iii) a different sales mix of products.





03.2

CONTAINER
BUSINESS

Cristalerías de Chile is the country's leader in the production and sale of glass containers; with over 110 years of experience. It supplies the wine, beer, soft drink, juice, mineral water, liquor, and food markets.

The main products manufactured by Cristalerías de Chile S.A. are returnable and non-returnable glass containers, crown and screw cap, wide mouth, decorated, painted, and labelled, all with the quality mandated by national and international markets. The company services more than 250 clients, offering varied complementary technical and commercial services, both in design and development of new containers, as well as their filling, closing, labelling, packaging and distribution management.

In 2017 the glass container business registered sales for \$137,095 million, which represents a historic record and an increase of 6% in regards to the previous year (\$129,391 million).

Regarding the sale of containers for the wine industry, principle market for the company, sales decreased in relation to the year 2017 due mainly to the reduction in the sale of containers for the wine export market. It is important to point out that the exportation of bottled wine at a national level reached 53.3 million boxes, which represents a reduction of 3.3% in regards to the previous year.

The sector of bottles for non-alcoholic drinks, sales of returnable and non-returnable containers increased over 2017, due mainly to the increase in sales in family-sized returnable formats for soft drinks and individual sized non-returnable formats for juices and mineral water.

In relation to the beer market, the consumption of beer showed a greater volume to that of the previous year, with an increase in the sale of returnable containers and in the sale of non-returnable containers, the latter due mainly to the increased sales of individual formats.





The sales of bottles for pisco and liquors and containers for the food sector increased in regards to the previous year, due to the development of new containers for the pisco market and the increase in containers for olive oil and the agroindustry.

In relation to the monetary results of the glass container business, the gross revenue for the period was \$38,139 million, which is 2.3% lower than the gross revenue of the year 2017 (\$39,033 million). Exploitation costs were \$98,957 million, increasing in 9.5% in regards to 2017, due mainly to the greater cost of energy due to the increase of petroleum, greater depreciation charges and greater storage costs and waste due to the increase in inventory to improve our client service. The revenue from operational activities reached \$26,589 million, which includes the sale of an industrial property. The operational revenue in 2017 was \$26,184 million.

In commercial matters, during 2018 the company carried out different activities with the objective of providing a better service to its clients, studying and promoting the development of new glass containers projects, and highlighting benefits of the latter. Some of the most important activities were:

- The work, jointly with clients, in new container projects and the support with marketing and materials in points of sale for the final product.





- The sponsorship of important wine, beer, and food fairs, where Cristalería de Chile's customers had prominent participation.
- The support of different activities geared towards promoting Chilean wine abroad.
- As in other years, massive glass container recycling campaigns were extended to new locations in the country, and disseminated through the main means of communication, allowing for the promotion of the ecological advantages of glass containers. Also, the continuation of the collaboration with Corporación de Ayuda al Niño Quemado -COANIQUEM-, an institution of recognized prestige in Chile.
- The publication of the magazine "En Vitrina" was maintained. The later is directed to our clients and includes matters regarding the different industries that use glass; information is provided regarding new products packaged in glass and gives information regarding the company. This publication continues to be an excellent contact opportunity with clients and provides communication and information to them.

For the fourth consecutive year the Company positions the trademark Elige Vidrio (Pick Glass), as a citizen's cause whose objective is to create consciousness amongst Chileans about the responsible consumption of packaging, promoting the benefits of glass containers, highlighting the positive impact that these have in the quality of life of people. In a global context where the protection of the environment is ever more relevant to the consumer, Elige Vidrio arises as a concrete response to reduce the consumption of plastic, contributing to solve the contamination it has caused in the planet and, particularly, in the oceans. That is how today, more than 190,000 follow our cause in social media.

During 2018 the Company continued to work in its strategic focal points, reinforcing the identity of glass in its most relevant attributes such as quality, the environment, that it is a trend setter, and promoting initiatives of returning, reusing, recycling and entrepreneurship.

The company carried out a massive campaign in diverse media outlets with a message oriented towards highlighting the attributes of glass in relation to the care of the environment and how this material is a positive response towards reducing the use of plastic in our country. Our message was transmitted through different publicity spots, and at the same time, we had content presence in some TV and radio shows.

Additionally, strategic alliances materialized in this area. In a national scenario where the impact in the environment is ever more relevant by consumers, Elige Vidrio has gained greater importance, becoming an actor who convenes and attracts different brands to impulse their commitment with the planet. During 2018 different initiatives were carried out thanks to the collaborative work with trademarks such as CMR Falabella, Entel, Fiat, Jeep, Sedal, and others. Its important to highlight the alliance with Canal 13 for the campaign denominated "More Oceans, Less Plastic," where time was dedicated during the last months of the year and whose objective is to carry out a calling to care for our oceans in the summer months, where celebrities such as Sergio Lagos, Josefina montane, and Justiniano Lagos, leader of the fishermen's union of Horcon, promoted this joint campaign.

Our development of Elige Vidrio recycling campaigns continued. During the year we carried out the campaign Temuco Elige Vidrio (Temuco Chooses Glass) that was able to join different public and private actors to promote the recycling of glass in that city. A project that had important advances was Magallanes Elige Vidrio (Magallanes Chooses Glass): thanks to the collaborative work of different actors of the region, toward the end of the year the necessary authorization was obtained in order to launch the initiative in early 2019, the latter would be the first glass recycling campaign in Punta Arenas and will be the southernmost recycling campaign in the world.

Concerning investments, the construction of a new glass foundry oven in the Llay Llay plant was initiated, which will consolidate the latter as the most modern of its field in Latin-American, both in productive processes and in care for the environment. This investment will reach approximately US\$100 and contemplates three new lines of production with state of the art technology, inspection laboratories and a Batch House. During the year the Company carried out investments for approximately US\$42 million in fixed assets, mainly in the advancement of the new furnace, maintenance, storage, and the completion of the third decorative line. Cristalería de Chile's investment policy allows it to be in optimal conditions to supply the growing demand of its clients, with quality, opportunity and granting the best service.

During the year the Company continued consolidating its commitment with sustainable development with projects and activities with different groups of interest, which will be reflected

in the Fourth Biannual Sustainability Report. The report delivers information regarding the company's social, economic, and environmental performance for 2017 and 2018.

In relation to the development of associated businesses, 2018 was the second full year of operations for Wine Packaging & Logistic (WPL)'s plant. WPL is a company dedicated to bottling, labelling and storage of wines that is born out an alliance with Compañía con Viñedos Emiliana e Industria Corchera. The plant is one of the most modern bottling companies in the country, and its high levels of efficiency and quality of processes make it an excellent alternative for externalizing the operations of companies of this sector. During the period bottling and labeling operations were carried out for clients, increasing sales in more than 11% in regards to the previous year.

CONSOLIDATED RESULTS

In regards to total results of the company, Cristalerías de Chile S.A. mainly consolidates its results with S.A. Viña Santa Rita, Ediciones Chiloé S.A, Cristalchile Inversiones S.A., and Taguavento SPA.

During the year 2018 consolidated sales of Cristalerías de Chile reached \$303,693 million (\$290,564 million in 2017). This increase of 4.5% is mainly due to the increase in sales of 6.0% in the glass container business and of 4.25 in the wine business, which are compensated in part by the decrease in sales of Ediciones Chiloe and Taguavento.

The gross consolidated revenue for the year reached \$106,572 million, which represents an increase of 1% in regards to the year 2017.

The other revenue (losses) include a gain of \$4,426 million in the year 2018 compared to a loss of \$126 million in 2017. This is due mainly to the sale of an industrial lot and an extraordinary adjustment to a reasonable value of investment properties with an important real estate potential.

In regards to results of associates in 2018 was a profit of \$3,209 million (\$6,211 million in 2017) and the reduction is explained mainly to the lower results in Rayén Cura because of charges originating from the devaluation of the Argentinian peso that impacts in \$1,237 million and because of the hyperinflation in



Argentina that affects the accounting of the results in \$1,598 million and in lesser terms by lesser results in Viña los Vascos.

The results from readjustment units was a loss of \$3,155 million (loss of \$1,187 million in 2017), explained mainly by the effect of hyperinflation in Argentina in the subsidiaries Viña Santa Rita, that negatively impacts in \$1,322 million.

The total consolidated earnings of Cristalerías de Chile S.A. as of December 31, 2018 was a revenue of \$31,103 million, which represented a decrease of 9.5% in comparison to the year

2017 (\$34,358 million). Of the total revenue for the year 2018, an amount of \$26,608 million is attributable to the shareholders of the parent (\$29,142 million in 2017), and the amount of \$4,495 million is attributable to non-controlling participants (minority interest) (\$5,216 million in 2017).





03.3

WINE
BUSINESS

Elecmetal participates in the wine business through direct and indirect ownership in Sociedad Anonima Viña Santa Rita. Viña Santa Rita commercializes wines of Chilean origin with its own trademark, in addition to the wines Viña Carmen, Sur Andino, and Nativa, of Argentinian origin, through the trademarks Doña Paula and Sur Andino Argentina.

During the year 2018, the consolidated sales of Viña Santa Rita and its subsidiaries reached \$170,686 million. The latter represents an increase of 4.2% in comparison to 2017 (\$163,749 million). The variation is due mainly to increases in all segments: sales in the export market reached \$76,588 million, which represents an increase in 2.5% in regards to 2017; sales in the national market reached \$85,441 million, this is 5.2% higher than sales of the previous year, and revenue from other sales for \$8,657 million, which is 10.2% higher than the prior year. Regarding consolidated exports, in 2018 Viña Santa Rita and its subsidiaries exported a total of US\$117,9 million, amount that is 1.9% greater than the previous year. The volume of exports for the term reached a total of 3,682,000 boxes, which is an increase of 2.1% greater than the volume of exports from the previous year. The average consolidated price was US\$32 per box during 2018, similar to that of the previous year.

The principle export markets for Viña Santa Rita and its subsidiaries are: Brazil, Ireland, United States of America, China, Canada, United Kingdom, Japan, and Denmark. It is important to highlight the continuous growth in key markets, where China registered an increase of 85.3%, South Korea an increase of 41.0%, Argentina increased 25.2%, Mexico presented an increase of 18.6%, and Brazil continues consolidating itself with an increase of 6.3%. In regards to regions, the main growth is registered in Asia with 30.3% and Latin-American with 6.8%.

Santa Rita[®]



In the domestic market, the volume of sales in 2018 reached 78.2 million liters, which represents a decrease of 2.5% in comparison to the prior year. The price of sale increased 7.9% in regards to 2017, thus valued sales in the domestic market reached an invoicing of \$85,441 million, which translates to an increase of 5.2% compared to the previous year. Viña Santa Rita reached a participation in the market of 30.5%, according to Nielsen, which represents a growth of 0.6%, maintaining a leadership position in the market.

During 2018 Viña Santa Rita and its subsidiaries obtained important milestones. Viña Santa Rita celebrated three decades of history of its iconic wine Casa Real Reserva Especial, 100% Cabernet Sauvignon, considered to be one of the most important wines to have been produced in Chile. This anniversary coincided with the market debut of the 2015 harvest, with a renovated image, which paid homage to its precursor, Mr. Ricardo Claro Valdez. The 2015 harvest represents an evolution after three decades of this award-winning wine, which continues to be the highest expression of Cabernet Sauvignon of Chile.

In the context of the global campaign “Reinventing the Classics”, Viña Carmen entered into an agreement with the Frida Kahlo Corporation, associating itself with a renown Latin-American artist who today is one of the figures with greatest relevance at a global level. The alliance, which highlights the credentials of trajectory and innovation of Carmen, was translated into the launch of limited edition wines, which were commercialized in Chile and in international markets.





In relation to new businesses, this year Viña Santa Rita materialized its entry to two of the most relevant categories of alcoholic beverages in Chile: pisco and beer. At the beginning of the year market the launch of the own-brand Protocolo 1733, a premium pisco inspired in more than 280 years of domestic pisco history. In the beer category, two projects were implemented: the representation in Chile of the brands Peroni Natro Azzurro (Italy) and Grolsch (Holland) by virtue of an agreement with the Japanese beer group Asahi Group, and the launch of the trademark Golden Deer, in alliance with Caledonian Breweries, part of the Group C&C, the biggest brewery in Scotland. On the other hand, at the end of the year an agreement was reached with Group Valdivieso for the distribution in the on trade channel of its product portfolio, which will begin in 2019. The sparkling wines, wines, rum, and Mitjans liquors, will undoubtedly strengthen the position of Santa Rita as a distributor in this channel. Valdivieso is the most relevant actor in Chile in the sparkling wine market, this will allow us to enhance joint synergies, both in this segment where Valdivieso has a prominent position, as well as in wines, where Santa Rita is the leader.

AWARDS

During 2018 Viña Santa Rita and its subsidiaries obtained important acknowledgments in Chile and abroad.

Casa Real Reserva Especial 2015 received 95 points and the title “Wine of the Year” in the category Cabernet Sauvignon by the critic Tim Atkin, MW. Additionally, Descorchados also



granted 95 points to the same wine. Meanwhile, Santa Rita Floresta Carmenere reached 94 points in the magazine Wine & Spirits for the 2017 harvest, and was included in its ranking of the “Years Best”. It also obtained the Gold Medal in the contest Carmenere to the World, while Descorchados granted 96 points to the 2018 harvest. In addition, 120 Reserva Especial Cabernet Sauvignon 2017 was recognized with a Silver Medal in the International Wine & Spirit Competition.

On the other hand, Carmen Gold was recognized by the magazine Wine Enthusiast with 93 points for the 2013 harvest. At the same time, Tim Atkin MW granted 94 points and the title of Wine of the Year to the 2015 harvest, while Descorchados prized the same harvest with 97 points. The Carmen DO line also reaped important recognition, especially with Quijada Semillon. Tim Atkin MW gave it 94 points and Descorchados 93 points to the 2017 harvest, while Decanter gave 92 points to the 2016 harvest, reaching Silver Medal in the International Wine Challenge.

There were also acknowledgements in sustainability matters. Recyclapolis Foundation jointly with the Undersecretary of Tourism delivered a recognition to the Vineyard for its contribution to sustainable tourism. This distinction reaffirms the effort that the Vineyard has made to develop enoturism, through an innovative and sustainable offer, always with wine at the center. It is important to point out the consolidation of Viña Santa Rita’s cultural heritage, as a presentation card to our Chilean and foreign consumers.





DOÑA PAULA VINEYARD

Doña Paula is projected as one of the most important vineyards in Mendoza, recognized worldwide for the quality of its wines.

In the year 2018 Doña Paula reached a volume of sales of 502 thousand boxes, which represents an increase of 1.5% against 2017, and invoicing was equivalent to US\$18.6 million, which translates into a decrease of 7.7% en relation to the prior year, registering an average price per box of US\$37, which represents a decrease of 9.1% in comparison to the previous year. The principal markets for Doña Paula are the United States, Argentina, Ireland, and Canada.

Continuing with the long term strategy, the mix of reserve or superior wines grew 4% against the previous year, reaching 35% of its offer. During 2018, efforts were made to consolidate Doña Paula's position in key markets and continue growing aggressively in the domestic market. Do to a change in the distribution model, initiated in early 2016, the vineyard grew this period in volume in Argentina in 25.2% compared to the year 2017.

During 2017 Doña Paula stood out in contests and domestic and foreign publications. Reflection of years of investigation and discourse of the history of Viña Doña Paula, Selección de Bodega Malbec harvested important awards in 2018. To celebrate its most recent harvest, the 2015, towards the end of the year a vertical tasting took place with prominent figures of the Argentinian Industry who were able to get to know the evolution of this iconic Malbec, a faithful reflection of the terroir of Gualtarry. Doña Paula Selección de Bodega harvest 2015 obtained 95 points in the Tim Atkin MW report, while the International Wine Challenge gave it 96 points and Gold Medal to the 2016 harvest, followed by 96 points by Descorchados. In the line Blends de Altura, Descorchados awarded 94 points to the wines 1110 2016 and 1350 2016. Tim Atkin granted 92 and 93 points to both wines, respectfully.

INVESTMENTS

In regards to investments, Viña Santa Rita invested US\$21.7 million in 2018, mainly in the areas of winegrowing and logistics.

The agricultural and enological investments were carried out with the main objective of sustaining Viña Santa Rita's strategic plan, oriented towards improving the enological efficiency, productivity and achieving a greater self-sufficiency of grapes, and ensuring irrigation availability. One of the principle investments in the wine industry is the WiSe project, translated as wisdom or from the English acronym "Wine Seed", whose principle objective is to "plant wine", aligning in an effective, efficient and sustainable manner the production of wines with the projected growth, betting on high quality productive vineyards. In 2018 Viña Santa Rita continued with its program of planting varieties mainly in the areas of Buin and Palmilla, Casablanca, Pumanque and other areas of the central Valley. Currently, Viña Santa Rita and its subsidiaries possess a total of 3,907-planted hectares in Chilean farms (3,185 hectares) and Argentina (722 hectares). There was also an advancement in harvesting investments, such as the grape reception area, presses, improvement of civil works, and others.

In the area of logistics, the extension of the Buin factory continued, with the construction of 18,000 square meters of warehouses oriented towards the distribution of the company's wines.



RESULTS

In relation to the financial results of the year, the consolidated gross revenue for Viña Santa Rita was \$67,602 million, this is 3.9% greater than the consolidated gross revenue of the previous year (\$65,048 million), resulting from a greater gain in the export market and in other sales. Distribution costs increased in 10.5% against the previous year, due to the greater volume of exports, a greater unitary cost due to increased requirements to transport merchandise to ports and greater unitary cost in Chile because in the increase in price of petroleum. The administration expenses increased in 4.7% in comparison to the previous year.



The revenue from operations activities in 2018 was \$19,476 million, which includes Other Gains for \$3.091 million, in comparison with \$140 million the year before, which is due mainly to the adjustment to the reasonable value of investment property for \$3,002 million, an extraordinary one-off effect, product of the revalorization of land that are declared as investment property with real estate potential. The operational revenue of 2017 was \$17,131 million.

Viña Santa Rita registered earnings in its non-consolidated subsidiaries for \$1,037 million in 2018, against revenue of \$1,312 million the previous year. This is due mainly to the lower results of Viña Los Vascos S.A., whose controlling shareholder, with

57% of the shares, is Les Domaines Barons de Rothschild (Lafite) and where Viña Santa Rita is the owner of the remaining 43%.

The result by unit of readjustment was a loss of \$2,604 million (loss of \$779 million in 2017) due to the adjustment because of the declaration of hyperinflation in Argentina, carried out on July 1, 2018, that impacts negatively in \$1,132 million.

Tax expenses were \$4,895 million (\$3,178 million in 2017). The difference is due mainly to differed taxes for \$1,658 million accounted for in Viña Santa Rita for the extraordinary utility in the declaration of reasonable the value of investment property (\$811 million) and the hyperinflation declaration in Argentina (\$847 million).

The total consolidated results of S.A. Viña Santa Rita and its subsidiaries as of December 31, 2018 was a revenue of \$11,786 million, which is 10.3% less than that of 2017 (\$13,139 million). Of the previously indicated total revenue, the amount of \$11,784 million is attributable to shareholders of the parent (\$13,138 million in 2017).





03.4

COMMUNICATIONS
BUSINESS

Since 1989, ELEC METAL participates in the media and communications sector via Cristalerías de Chile S.A., who through its subsidiary Ediciones Chiloé S.A. (owner of Sociedades Ediciones Financieras S.A.) is present in the written news business with “Diario Financiero” and in the editorial business through the magazines “CAPITAL”, “ED”, and others.



EDICIONES FINANCIERAS S.A.

In a difficult context for the industry of written press, where four relevant publications in the local industry were closed in 2018, Ediciones Financieras S.A. has been able to innovate and continue diversifying its income, conquering new audiences and making its operation more efficient, reinforcing its digital proposal during this exercise with a business model based on its readership.

In 2018 Diario Financiero's celebrated its 30th anniversary, milestone that was celebrated with multiple activities with its main interest groups. Readers, employees, advertisers, and opinion leaders participated in celebrating 30 years at the vanguard of business information. The activities culminated with the DF award ceremony, which took place with the presence of various Ministers of State. In this ceremony an award for the business man of the year was awarded to Jose Said Saffie. In attendance and also awarded were Roberto Angelini, Eduardo Guillisasti, Jose Antonio Guzman, Horst Paulmann, Miguel Purcell, and Luis Enrique Yarur.

With the objective of reinforcing the digital proposal, during the year, Diario Financiero launched a series of products of specialized content, improving the speed and ease to access the latter, in addition to lining up all the organization towards this objective, allowing it to reach the target of digital subscribers, with an increase of 50% in respect to the previous year. These implemented transformations made Diario Financiero worthy of the prize Innova Claro of the “Outstanding Team 2018” for the project “Digital Transformation DF”.

Notwithstanding the before mentioned achievements, the decrease in publicity in paper during the period was more substantial than was foreseen and generated a decrease in income from this source that was not compensated by other business. At the close of 2018 only 36% of income originated from publicity in paper. The final result for the period was a loss of \$696 million.



03.5

ELECTRIC GENERATION BUSINESS

As a commitment of comprehensive sustainability with the issue of climate change, Elecmetal participates, through Cristalerías de Chile, in the business of renewable energy. The company Taguavento, subsidiary of Cristalerías de Chile, participates actively in the development of greenfield renewable energy proposals.

The first initiative incorporated the study, construction, and operation of an Eolic Park Las Peñas (“ELP”) located in the Eight Region. The ELP park has four aero-generators that sum up to 8.4MW of capacity that are injected into the National Electric System (SEN).

The year 2018 marked the second year of operations of the Eolic Park Las Peñas (ELP), where the availability of the plant reached 95.7%, putting an end to the initial adjustment period in order to enter into the best utilization period of of wind conditions and production of excellence of the park.

Even though the wind was reduced in 8% in relation to the previous year, the greater availability and production allowed the park to close the year with an outstanding 41.5% factor of the plant, which ratifies ELP, for the second consecutive year, as the best eolic park in the National Electrical System (SEN).



In terms of Taguavento’s financial results, income from sales in the year 2018 were of \$1,338 million, obtaining an operational profit of \$198 million and registering a final loss of 531 million, which can be explained mainly by exchange rate differentials.

04

ANNUAL REPORT
AND FINANCIAL
STATEMENTS 2018





04.1

CONSOLIDATED FINANCIAL
STATEMENTS

CLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Classified Statement of Financial Position	12-31-2018 M\$	12-31-2017 M\$
Current assets		
Cash and cash equivalents	21,033,441	44,202,567
Other current financial assets	42,384	6,139,803
Other non-financial assets, current	2,579,845	2,235,844
Trade and other receivables, current	203,912,591	172,725,254
Receivables from related entities, current	4,026,200	4,788,428
Inventory	215,239,644	205,786,288
Biological assets, current	9,168,742	8,902,062
Tax assets, current	21,973,617	20,501,397
Total current assets other than assets or groups of assets for disposal, classified as held for sale or held as distributable to owners	477,976,464	465,281,643
Non-current assets or group of assets for disposal, classified as held for sale or held as distributable for owners	-	86,937
Total current assets	477,976,464	465,368,580
Non-current assets		
Other financial assets, non-current	2,888,136	2,803,014
Other non-financial assets, non-current	2,504,926	2,328,006
Receivables, non current	849,388	895,862
Investments accounted using equity method	83,094,876	69,236,900
Intangible assets different from Goodwill	18,079,059	18,094,930
Goodwill	-	1,434,585
Properties, plant, equipment	416,842,025	374,274,094
Investment property	5,684,042	2,164,892
Taxes assets, non-current	529,557	374,419
Deferred tax assets	9,255,954	8,147,558
Total non-current assets	539,727,963	479,754,260
Total assets	1,017,704,427	945,122,840

CLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Classified Statement of Financial Position	12-31-2018 M\$	12-31-2017 M\$
Equity and liabilities		
Liabilities		
Current liabilities		
Other financial liabilities, current	72,475,695	40,027,828
Trade and other payables, current	112,877,694	107,379,282
Payables to Related Parties, current	4,056,237	6,322,389
Other provisions, current	1,153,867	1,105,577
Liabilities from taxes, current	8,532,385	16,735,459
Provisions for employee benefits, non-current	8,702,261	8,389,090
Other non-financial liabilities, current	4,041,087	5,509,983
Total current liabilities other than liabilities or groups of liabilities for disposal, classified as held for sale	211,839,226	185,469,608
Total current liabilities	211,839,226	185,469,608
Non-current liabilities		
Other financial liabilities, non-current	231,903,357	232,561,210
Other payables, non-current	2,103,625	2,357,182
Other provisions, non-current	-	-
Deferred tax liability	23,038,650	20,359,388
Provisions for employee benefits, non-current	14,231,174	13,594,001
Other financial liabilities, non-current	5,598,297	4,843,000
Total non-current liabilities	276,875,103	273,714,781
Total liabilities	488,714,329	459,184,389
Equity		
Share capital	23,024,953	23,024,953
Retained earnings (losses)	345,911,855	326,118,221
Other reserves	6,298,058	(5,817,434)
Total equity attributable to the shareholders of the parent	375,234,866	343,325,740
Non-controlling interest	153,755,232	142,612,711
Total equity	528,990,098	485,938,451
Total equity and liabilities	1,017,704,427	945,122,840

CONSOLIDATED INCOME STATEMENT BY FUNCTION

Income Statement By Function	1/1/2018 12-31-2018 M\$	1/1/2017 12-31-2017 M\$
Profit (loss)		
Revenue from ordinary activities	752,690,495	654,049,209
Cost of sales	(582,435,257)	(487,613,825)
Gross profit	170,255,238	166,435,384
Other income, by function	2,568,452	2,522,759
Distribution Costs	(18,997,644)	(16,728,625)
Administration costs	(87,780,191)	(82,158,819)
Other expenses, by function	(173,202)	(114,485)
Other earnings (loss)	4,723,211	43,046,448
Earnings (loss) from operational activities	70,595,864	113,002,662
Financial revenue	2,065,059	1,889,735
Financial costs	(13,783,232)	(14,339,099)
Impairment losses (earnings from impairment of value and reversal of impairment losses) determined in accordance with IFRS 9	(213,914)	(700,359)
Participation in earnings (loss) of associates and joint businesses that are accounted using the equity method	3,860,543	7,888,030
Exchange rate differential	(8,135,047)	3,025,620
Results for indexation units	(3,779,988)	(1,483,415)
Earnings (loss), before taxes	50,609,285	109,283,174
Expenses from income tax	(12,376,340)	(23,890,436)
Earnings (loss) from continued operations	38,232,945	85,392,738
Earnings (loss) from discontinued operations	-	-
Earning (loss)	38,232,945	85,392,738
Earnings (losses), attributable to		
Earnings (loss), attributable to shareholders of the parent	24,377,285	69,984,785
Earnings (loss), attributable to non-controlling interest	13,855,660	15,407,953
Earnings (loss)	38,232,945	85,392,738
Earnings per share		
Earnings per basic share		
Earnings (loss) per basic share in continued operations	556,56	1,597,83
Earnings (loss) per basic share in discontinued operations	-	-
Earnings (loss) per basic share	556,56	1,597,83

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Comprehensive Income Statement	1/1/2018 12-31-2018 M\$	1/1/2017 12-31-2017 M\$
Earnings (loss)	38,232,945	85,392,738
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to the income of the period, before taxes		
Other comprehensive income, before taxes, earnings (loss) for reevaluation	-	44,403
Other comprehensive income, before taxes, earnings (loss) from actuarial defined benefit plans	(167,242)	(787,189)
Total other comprehensive income that will not be reclassified to the income of the period, before taxes	(167,242)	(742,786)
Other comprehensive income that will be reclassified to the income of the period, before taxes		
Earnings (loss) from differences currency adjustments, before taxes	12,478,295	(12,568,531)
Earnings (loss) from cash flow hedges, before taxes	(329,748)	431,532
Total other comprehensive income that will be reclassified to the income of the period, before taxes	12,148,547	(12,136,999)
Total other comprehensive income, before taxes	11,981,305	(12,879,785)
Other components of other comprehensive income, before taxes		
Income tax related to actuarial defined benefit plans of other comprehensive income	45,155	212,541
Income tax related to cash flow hedges of other comprehensive income	89,032	(116,514)
Total other comprehensive income	12,115,492	(12,783,758)
Total comprehensive income	50,348,437	72,608,980
Comprehensive income attributable to		
Comprehensive income, attributable to shareholders of the parent	36,492,777	57,201,027
Comprehensive income, attributable to non-controlling interest	13,855,660	15,407,953
Total comprehensive income	50,348,437	72,608,980

CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD)

Direct cash flow statement	1/1/2018 12-31-2018 M\$	1/1/2017 12-31-2017 M\$
Cash flow from (utilized in) operational activities		
Types of charges by operational activities		
Charges from the sale of goods and the provision of services	810,568,950	710,464,478
Types of payments		
Payments to suppliers for the supply of goods and services	(614,835,193)	(560,594,331)
Payments to and on behalf of employees	(90,084,030)	(92,276,994)
Other payments by operational activity	(18,157,043)	(17,800,399)
Net cash flow from (used in) operational activities	87,492,684	39,792,754
Received dividends	2,234,344	5,017,545
Interest paid	(10,824,203)	(11,881,281)
Interest received	1,724,873	1,677,603
Reimbursed income tax (paid)	(21,954,854)	(14,843,090)
Other cash entries (outflows)	(2,681,972)	2,188,139
Cash flow from (utilized in) operational activities	55,990,872	21,951,670
Cash flows from (used in) investment activities		
Cash flows used in the purchase of non-controlling interest	(1,893)	-
Other charges for the sale of interest or debt instruments of other entities	22,706,753	13,137,771
Other payments to acquire interest or debt instruments of other entities	(17,211,670)	(10,255,729)
Other payments to acquire interest in joint businesses	(1,926,482)	(6,271,387)
Amounts from the sale of property, plant and equipment	149,097	51,048,962
Purchase of property, plant, and equipment	(51,237,804)	(41,907,485)
Purchase of intangible assets	(420,954)	(4,361,964)
Amounts from other long term assets	1,780,507	-
Payments derived from futures, forwards, options, and swaps agreements	(3,567,390)	(2,541,042)
Charges from futures, forwards, options, and swaps agreements	2,447,629	2,040,801
Other cash entries (outflows)	92,645	-
Net cash flows from (used in) investment activities	(47,189,562)	889,927
Cash flows from (used in) financing activities		
Amounts from shares issuance	21,268	-
Amounts from long term debt	2,233,468	16,188,804
Amounts from short term debt	190,306,554	103,994,566
Total amounts from debt	192,561,290	120,183,370
Debt of related entities	87,147	207,311
Debt payments	(181,817,264)	(128,680,079)
Debt payments of related entities	-29,468	(8,001)
Dividends paid	(42,674,974)	(24,533,409)
Interest paid	(566,705)	(616,278)
Cash flows from (used in) financing activities	(32,439,974)	(33,447,086)
Net increase (decrease) in cash and cash equivalents, before the effect of changes in exchange rates	(23,638,664)	(10,605,489)
Effect of the variation in the exchange rate over cash and cash equivalents	469,538	(2,141,843)
Net increase (decrease) of cash equivalents	(23,169,126)	(12,747,332)
Cash and cash equivalents at the beginning of the term	44,202,567	56,949,899
Cash and cash equivalents at the end of the term	21,033,441	44,202,567

ESTADOS CONSOLIDADOS DE CAMBIOS EN EL PATRIMONIO NETO

	Share capital	Reserves from differences currency adjustments	Reserves from cash flow hedges	Reserves of earnings (loss) from actuarial defined benefit plans	Other various reserves	Other reserves	Retained earnings (losses)	Equity attributable to the shareholders of the parent	Non-controlling interest	Total equity
Initial Balance Current Period 31-12-2018	23,024,953	(12,109,341)	(1,103,026)	(2,408,194)	9,803,127	(5,817,434)	326,118,221	343,325,740	142,612,711	485,938,451
Increase (decrease) due to changes in accounting policies							-	-		-
Increase (decrease) due error fixes										
Re-expressed Initial Balance	23,024,953	(12,109,341)	(1,103,026)	(2,408,194)	9,803,127	(5,817,434)	326,118,221	343,325,740	142,612,711	485,938,451
Equity changes										
Comprehensive Income										
Earning (loss)							24,377,285	24,377,285	13,855,660	38,232,945
Other comprehensive income		12,478,295	(240,716)	(122,087)	-	12,115,492		12,115,492		12,115,492
Comprehensive income								36,492,777	13,855,660	50,348,437
Share capital										
Dividends							(12,192,449)	(12,192,449)		(12,192,449)
Increase (decrease) due other contributions from owners										
Decrease (increase) due other distributions to owners										
Increase (decrease) due transfers and other changes							7,608,798	7,608,798	(2,713,139)	4,895,659
Increase (decrease) due to portfolio transactions										
Increase (decrease) due to changes in the participation of subsidiaries that do not imply loss of control										
Total changes in equity	-	12,478,295	(240,716)	(122,087)	-	12,115,492	19,793,634	31,909,126	11,142,521	43,051,647
Final Balance Current Period 31-12-2018	23,024,953	368,954	(1,343,742)	(2,530,281)	9,803,127	6,298,058	345,911,855	375,234,866	153,755,232	528,990,098

	Share capital	Reserves from differences currency adjustments	Reserves from cash flow hedges	Reserves of earnings (loss) from actuarial defined benefit plans	Other various reserves	Other reserves	Retained earnings (losses)	Equity attributable to the shareholders of the parent	Non-controlling interest	Total equity
Initial Balance Previous Period 31-12-2017	23,024,953	459,190	(1,418,044)	(1,833,546)	9,758,724	6,966,324	291,126,944	321,118,221	137,419,757	458,537,978
Increase (decrease) due to changes in accounting policies										
Increase (decrease) due error fixes										
Re-expressed Initial Balance	23,024,953	459,190	(1,418,044)	(1,833,546)	9,758,724	6,966,324	291,126,944	321,118,221	137,419,757	458,537,978
Equity changes										
Comprehensive Income										
Earning (loss)							69,984,785	69,984,785	15,407,953	85,392,738
Other comprehensive income		(12,568,531)	315,018	(574,648)	44,403	(12,783,758)		(12,783,758)		(12,783,758)
Comprehensive income								57,201,027	15,407,953	72,608,980
Share capital										
Dividends							(34,993,508)	(34,993,508)		(34,993,508)
Increase (decrease) due other contributions from owners										
Decrease (increase) due other distributions to owners										
Increase (decrease) due transfers and other changes									(10,214,999)	(10,214,999)
Increase (decrease) due to portfolio transactions										
Increase (decrease) due to changes in the participation of subsidiaries that do not imply loss of control										
Total changes in equity	-	(12,568,531)	315,018	(574,648)	44,403	(12,783,758)	34,991,277	22,207,519	5,192,954	27,400,473
Final Balance Previous Period 31-12-2017	23,024,953	(12,109,341)	(1,103,026)	(2,408,194)	9,803,127	(5,817,434)	326,118,221	343,325,740	142,612,711	485,938,451



INDEPENDENT AUDITOR'S REPORT

Sirs.
Shareholders and Board Members of
Compañía Electro Metalúrgica S.A.:

We have audited the enclosed consolidated financial statement of Compañía Electro Metalúrgica S.A. and subsidiaries, which includes the consolidated statement of the financial situation as of December 31, 2018, and the corresponding consolidated statement of comprehensive income, of changes in equity and cash flows for the year ending such date, and the corresponding notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and reasonable presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, implementation, and maintenance of the pertinent internal controls for the preparation and reasonable presentation of these consolidated financial statements so that they are free from significant incorrect representations, whether due to fraud or error.

RESPONSIBILITY OF THE AUDITOR

Our responsibility consists of issuing an opinion regarding these consolidated financial statements, based on our audits. We have not audited the financial statements of the subsidiaries Viña Los Vascos S.A., and associate, and Rayén Curá S.A.I.C., reflected in the consolidated financial statements under the participation method. These associates represent total assets of M\$36,915,497 as of December 31, 2018 and an accrued net income of M\$3,251,145 for the year ending on such date. These financial statements were audited by other auditors whose reports have been supplied to us, and our opinion, concerning the amounts included for Viña Los Vascos S.A. and associate Rayén Curá S.A.I.C. are based solely on the reports issued by those auditors. We conducted our audit in accordance with Generally Accepted Auditing Regulations in Chile. Those regulations require that we plan and perform our job with the objective of achieving a reasonable degree of security that the consolidated financial statements are free from of material misstatement.

An audit involves carrying out procedures to obtain auditing evidence regarding the amounts and revelations in the consolidated financial statements. The selected procedures depend on the judgment of the auditor, including the evaluation of the risks of material misstatements in the consolidated financial statements, whether due to fraud or error. When carrying out these risk assessments, the auditor considers the pertinent internal controls for the preparation and reasonable presentation of the consolidated financial statements of the entity with the objective of designing auditing procedures that are appropriate to the circumstances, but not with the intention of expressing an opinion on the effectiveness of the internal control of the entity. Consequently, we do not issue an opinion of that nature. An audit also includes, evaluating how appropriate the accounting policies that were used are, and the reasonability of the material accounting estimations carried out by Management, as well as an evaluation of the general presentation of the consolidated financial statements.

We believe that the auditing evidence that we have obtained is sufficient and appropriate to provide a basis to support our auditing opinion.



OPINION

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements identified in the first paragraph, reasonably present, in all material respects, the financial position of Compañía Electro Metalúrgica S.A. and Subsidiaries as of December 31, 2018 and the results of its operations and cash flows for the years ending on that date are in accordance with the International Financial Reporting Standards.

Other Matters

The financial statements of Compañía Electro Metalúrgica S.A. and Subsidiaries as of December 31, 2017, and for the year ending on such date, were audited by other auditors who issued an opinion without amendments over the latter in their report dated March 1st, 2018.

A handwritten signature in black ink, appearing to read 'Teresa Oliva S.', with a vertical line extending downwards from the end of the signature.

Teresa Oliva S.

Santiago, March 1, 2019

KPMG Ltda.

04.2

RELATED COMPANIES

ELECMETAL

COMPAÑÍA ELECTRO METALÚRGICA S.A.

In accordance to current regulations issued by the Financial Market Commission of Chile, below is the summary of the Financial Statements of Subsidiaries.

Such Financial Statements may be consulted, in full, in the offices of Compañía Electro Metalúrgica S.A. and those of the Financial Market Commission of Chile.

MAIN RELATED COMPANIES

Inversiones Elecmetal Ltda.

Equity	MUSD\$240,167	
Type of entity	Limited Liability Company	
Corporate purpose	Investments	
Unique Tax Number	99,506,820-6	
Chairman	Jaime Claro Valdés	
Vice Chairman	Baltazar Sánchez Guzmán	(Elecmetal Director)
Director	Rolando Medeiros Soux	(Elecmetal General Manager)
General Manager	Rolando Medeiros Soux	(Elecmetal General Manager)
Direct interest	99.99%	
Direct and indirect interest	100%	
Portion of investments over individual assets	21.47%	

ME Global Inc. (EEUU)

Equity	MUSD\$251,697	
Type of entity	Closed Corporation	
Corporate purpose	Steel foundry	
Chairman	Rolando Medeiros Soux	(Elecmetal General Manager)
Directors	Jaime Claro Valdés Alfred Fulton Eduardo Muñoz Huerta Baltazar Sánchez Guzmán	(Elecmetal Director)
CEO	Eduardo Muñoz Huerta	
Indirect interest	100%	

Servicios y Consultorías Hundaya S.A.

Equity	M\$ 102,160,590	
Type of entity	Closed Corporation	
Corporate purpose	Investments in companies and provision of services and consultancies	
Unique Tax Number	83,032,100-4	
Chairman	Juan Antonio Álvarez Avendaño	(Elecmetal Chairman)
Directors	José Ignacio Figueroa Elgueta Patricio García Domínguez Rolando Medeiros Soux Alfonso Swett Saavedra	(Elecmetal Director) (Elecmetal General Manager) (Elecmetal Director)
General Manager	Luis Grez Jordán	
Direct interest	99.99%	
Portion of investment over individual assets	15.59%	

Cristalerías de Chile S.A.

Equity	M\$ 320,308,438	
Type of entity	Open Corporation	
Corporate purpose	Manufacture of glass and investments in companies	
Unique Tax Number	90,331,000-6	
Chairman	Baltazar Sánchez Guzmán	(Elecmetal Director)
Vice Chairman	Juan Antonio Álvarez Avendaño	(Elecmetal Chairman)
Directors	Sebastián Swett Opazo	
	Joaquín Barros Fontaine	
	José Ignacio Figueroa Elgueta	(Elecmetal Director)
	Fernando Franke García	(Elecmetal Director)
	Arturo Concha Ureta	
	Alfonso Swett Saavedra	(Elecmetal Director)
	Juan Andrés Olivos Bambach	
	Antonio Tuset Jorratt	
General Manager	Eduardo Carvallo Infante	
Direct interest	34.03%	
Direct and indirect interest	53.57%	
Portion of investments over individual assets	15.08%	(Direct)

Sociedad Anónima Viña Santa Rita

Equity	M\$ 159,236,735	
Type of entity	Open Corporation	
Corporate purpose	Production and commercialization of wines	
Unique Tax Number	86,547,900-K	
Chairman	Baltazar Sánchez Guzmán	(Elecmetal Director)
Vice Chairman	Arturo Claro Fernández	
Directors	Gregorio Amunategui Prá	
	Joaquín Barros Fontaine	
	José Ignacio Figueroa Elgueta	(Elecmetal Director)
	Andrés Navarro Betteley	
	Pedro Ovalle Vial	
	Alfonso Swett Saavedra	(Elecmetal Director)
General Manager	Andrés Lavados Germain	
Direct interest	1.92%	
Portion of investment over individual assets	57.92%	

Fundición Talleres Ltda.

Equity	(M\$ 3,257,633)	
Type of entity	Limited Liability Company	
Corporate purpose	Steel foundry	
Unique Tax Number	99,532,410-5	
Chairman	Rolando Medeiros Soux	(Elecmetal General Manager)
Directors	Eugenio Arteaga Infante José Pablo Domínguez Bustamante Alfred Fulton Edwin Gong Eduardo Muñoz Huerta Zhenyu Xu	
General Manager	José Pablo Domínguez Bustamante	
Direct interest	98%	
Direct and indirect interest	100%	
Portion of investments over individual assets	-0.50%	

Cristalchile Inversiones S.A.

Equity	M\$ 1,114,721	
Type of entity	Closed Corporation	
Corporate purpose	Investments, both in Chile and abroad, in all types of goods, tangible and intangible, shares and corporate interest	
Unique Tax Number	96,972,440-5	
Chairman	Jaime Claro Valdés	
Directors	Pedro Jullian Sánchez Baltazar Sánchez Guzmán	(Elecmetal Director)
General Manager	Cirilo Elton González	
Indirect interest	53.56%	

Rayén Curá S.A.I.C. (República Argentina)

Equity	M\$ Arg. 1,978,113	
Type of entity	Closed Corporation	
Corporate purpose	Manufacture and sale of glass objects	
Chairman	Michelle Giannuzzi	
Vice Chairman	Cirilo Elton González	
Directors	Damián Fernando Beccar Varela Walter Formica Mauricio Palacios Silva Quintín Testa Domínguez (suplente) Pedro Nicholson (suplente) Juan Pablo Chevallier Boutell (suplente) Horacio Beccar Varela (suplente)	
General Manager	Walter Formica	
Indirect interest	21.43%	

Esco Elecmetal Fundición Limitada

Equity	M\$ 34,828,862	
Type of entity	Limited Liability Company	
Corporate purpose	Steel foundry	
Unique Tax Number	76,902,190-6	
Directors	José Pablo Domínguez Bustamante	(ME Elecmetal Chile General Manager)
	Joseph Weber	
Substitute Director	Raoul Meunier Artigas	
Site Manager	Ramón Alarcón Arias	
Direct interest	50%	
Portion of investments over individual assets	2.73%	

Me Elecmetal (China) Co., Ltd.

Equity	MUSD\$ 26,849	
Type of entity	Wholly Foreign Owned Enterprise	
Corporate purpose	Steel foundry	
Chairman	Rolando Medeiros Soux	(Elecmetal General Manager)
Directors	Eugenio Arteaga Infante	
	José Pablo Domínguez Bustamante	
	Alfred Fulton	
	Edwin Gong	
	Eduardo Muñoz Huerta	
	Zhenyu Xu	
Plant Manager	Edwin Gong	
Indirect interest	100%	

SUMMARY OF FINANCIAL STATEMENT OF SUBSIDIARIES

SUMMARY OF FINANCIAL STATEMENT OF MAIN SUBSIDIARIES

Inversiones Elecmetal Ltda. (Consolidated)

	2018 MUS\$	2017 MUS\$
Current assets	144,154	124,247
Non-current assets	251,275	253,052
Total assets	395,429	377,299
Current liabilities	63,922	60,307
Non-current liabilities	91,340	84,917
Equity	240,167	232,075
Total liabilities and equity	395,429	377,299
Revenue from ordinary activities	375,555	348,585
Gross earnings	44,581	62,730
Earnings of the period	11,215	24,593
Variation of net cash and cash equivalents	(7,915)	(7,880)
Cash and cash equivalents at the end of the period	949	8,864

Me Global Inc (U.S.A.)

	2018 MUS\$	2017 MUS\$
Current assets	108,850	93,705
Non-current assets	181,742	181,573
Total assets	290,592	275,278
Current liabilities	22,500	22,120
Non-current liabilities	16,395	13,367
Equity	251,697	239,791
Total liabilities and equity	290,592	275,278
Revenue from ordinary activities	203,703	205,699
Gross earnings	34,503	50,704
Earnings of the period	11,833	24,332
Variation of net cash and cash equivalents	(5,213)	(9,092)
Cash and cash equivalents at the end of the period	3	5,216

Servicios y Consultorías Hendaya S.A. (Consolidated)

	2018	2017
	M\$	M\$
Current assets	6,340,506	6,564,532
Non-current assets	97,968,358	92,453,949
Total assets	104,308,864	99,018,481
Current liabilities	1,198,900	1,066,869
Non-current liabilities	949,374	910,836
Equity	102,160,590	97,040,776
Total liabilities and equity	104,308,864	99,018,481
Revenue from ordinary activities	1,590,786	1,550,740
Gross earnings	330,058	280,521
Earnings of the period	7,864,358	8,900,329
Variation of net cash and cash equivalents	256,749	164,730
Cash and cash equivalents at the end of the period	3,515,387	3,258,638

Cristalerías de Chile S.A. (Consolidated)

	2018	2017
	M\$	M\$
Current assets	228,186,825	232,056,298
Non-current assets	338,155,874	285,404,391
Total assets	566,342,699	517,460,689
Current liabilities	88,143,065	65,575,427
Non-current liabilities	133,509,716	131,576,824
Equity	344,689,918	320,308,438
Total liabilities and equity	566,342,699	517,460,689
Revenue from ordinary activities	303,692,650	290,564,389
Gross earnings	106,572,435	105,479,197
Earnings of the period	31,102,696	34,358,288
Variation of net cash and cash equivalents	(15,856,621)	(1,809,593)
Cash and cash equivalents at the end of the period	13,186,364	29,042,985

Sociedad Anónima Viña Santa Rita (Consolidated)

	2018	2017
	M\$	M\$
Current assets	140,154,450	129,932,938
Non-current assets	155,833,824	135,029,020
Total assets	295,988,274	264,961,958
Current liabilities	53,102,156	35,730,548
Non-current liabilities	74,900,519	69,994,675
Equity	167,985,599	159,236,735
Total liabilities and equity	295,988,274	264,961,958
Revenue from ordinary activities	170,685,536	163,748,614
Gross earnings	67,601,881	65,047,621
Earnings of the period	11,785,627	13,139,486
Variation of net cash and cash equivalents	(4,085,516)	5,329,808
Cash and cash equivalents at the end of the period	3,312,062	7,397,578

Fundición Talleres Ltda. (Consolidated)

	2018	2017
	M\$	M\$
Current assets	69,484,071	53,520,254
Non-current assets	78,584,382	79,274,542
Total assets	148,068,453	132,794,796
Current liabilities	59,870,504	47,946,162
Non-current liabilities	91,455,582	82,975,431
Equity	(3,257,633)	1,873,203
Total liabilities and equity	148,068,453	132,794,796
Revenue from ordinary activities	89,721,399	60,661,533
Gross earnings	15,355,408	11,119,285
Earnings of the period	(5,092,905)	908,791
Variation of net cash and cash equivalents	502,573	661,879
Cash and cash equivalents at the end of the period	2,483,278	1,980,705

Cristalchile Inversiones S.A.

	2018	2017
	M\$	M\$
Current assets	-	1.655.500
Non-current assets	17,650,263	10,327,926
Total assets	17,650,263	11,983,426
Current liabilities	20,702	-
Non-current liabilities	16,514,840	16,054,936
Equity	1,114,721	(4,071,510)
Total liabilities and equity	17,650,263	11,983,426
Earnings of the period	3,695,691	3,695,691

Esco Elecmetal Fundición Limitada

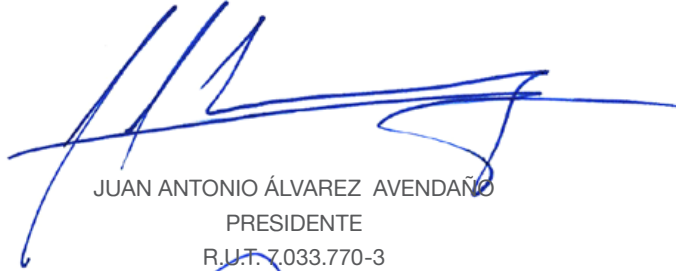
	2018	2017
	M\$	M\$
Current assets	11,180,168	10,787,674
Non-current assets	33,097,980	32,159,971
Total assets	44,278,148	42,947,645
Current liabilities	4,847,993	3,514,671
Non-current liabilities	4,601,293	5,700,773
Equity	34,828,862	33,732,201
Total liabilities and equity	44,278,148	42,947,645
Earnings of the period	1,096,661	3,121,959
Variation of net cash and cash equivalents	(1,833,845)	1,991,203
Cash and cash equivalents at the end of the period	1,922,613	3,756,458

Me Elecmetal (China) Co. Ltd.

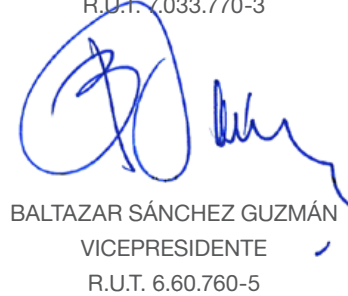
	2018	2017
	MUS\$	MUS\$
Current assets	19,909	18,867
Non-current assets	33,901	37,740
Total assets	53,810	56,607
Current liabilities	25,451	27,436
Non-current liabilities	1,510	1,126
Equity	26,849	28,045
Total liabilities and equity	53,810	56,607
Revenue from ordinary activities	36,144	39,699
Gross earnings	8,092	10,458
Earnings of the period	148	1,561
Variation of net cash and cash equivalents	(2,928)	1,106
Cash and cash equivalents at the end of the period	412	3,340

STATEMENT OF LIABILITY

The signing parties, acting as Board Members and General Manager of Compañía Electro Metalúrgica S.A., Elecmetal S.A., registered in the Securities Registry No. 045, swear under oath that the information contained in the Annual Report 2018 of the Company is true and that it is sent to the Financial Market Commission of Chile duly signed by the majority of its Board Directors.



JUAN ANTONIO ÁLVAREZ AVENDAÑO
PRESIDENTE
R.U.T. 7.033.770-3



BALTAZAR SÁNCHEZ GUZMÁN
VICEPRESIDENTE
R.U.T. 6.60.760-5



CARLOS F. CÁCERES CONTRERAS
DIRECTOR
R.U.T. 4.269.405-3



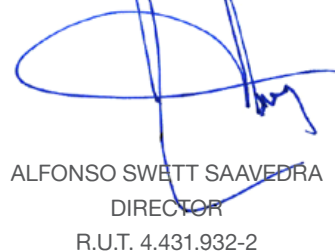
JOSE I. FIGUEROA ELGUETA
DIRECTOR
R.U.T. 7.313.469-2



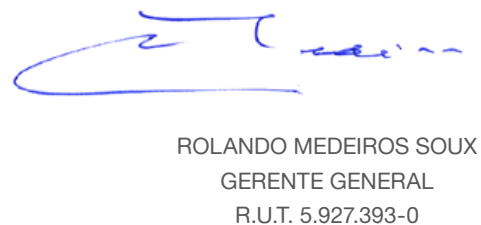
FERNANDO FRANKE GARCÍA
DIRECTOR
R.U.T. 6.318.139-0



ALFONSO SWETT OPAZO
DIRECTOR
R.U.T. 7.016.281-4



ALFONSO SWETT SAAVEDRA
DIRECTOR
R.U.T. 4.431.932-2



ROLANDO MEDEIROS SOUX
GERENTE GENERAL
R.U.T. 5.927.393-0



Compañía Electro Metalúrgica S.A.