



Conference Call ILC 4Q18  
March 26<sup>th</sup>, 2019



# DISCLAIMER – CONFERENCE CALL INFORMATION



Forward-looking statements are based on the beliefs and assumptions of ILC's management, and on information currently available. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of ILC and could cause results to differ materially from those expressed in such forward-looking statements.

- **Conference Call Information:**

Date: Tuesday, March 26<sup>th</sup>, 2019 @ 12:00 PM Sgto. / 11:AM ET  
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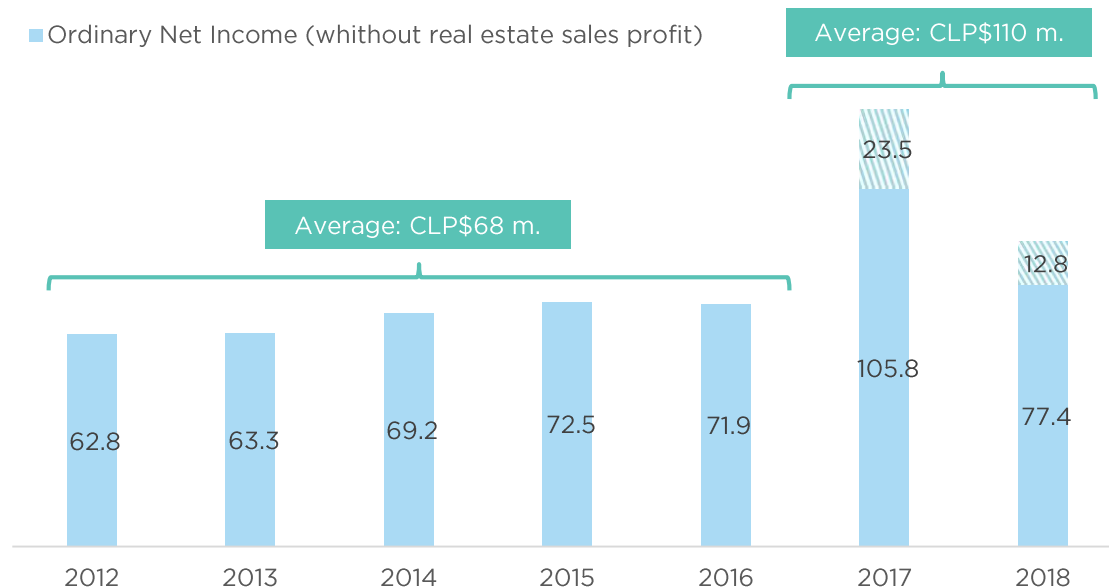
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# 2018 AT A GLANCE



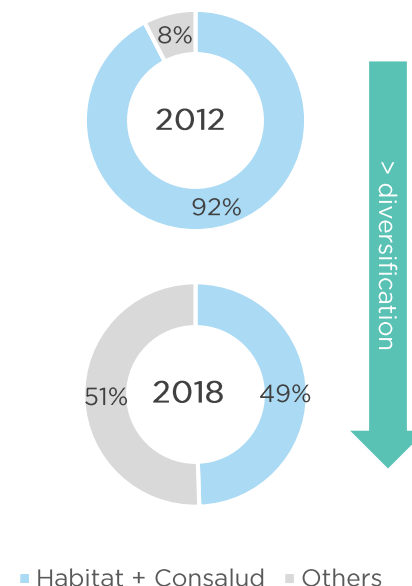
## ILC Ordinary Net Income (CLP\$ b.)

- Real Estate Sales Profit (Confuturo)
- Ordinary Net Income (whithout real estate sales profit)



Source: ILC

## ILC Ordinary Net Income Breakdown



Source: ILC

## 2018 vs. 2017: Δ- 30% ILC Ordinary Net Income

### Main negatives

- Weaker performance financial markets worldwide: S&P500 (-6%), MSCI World (-10%), MSCI EM (-17%), IPSA (-19%)

### Main positives

- Banco Internacional increased loans by 40%
- Greater activity at Red Salud
- Higher revenues in AFP Habitat Chile and Peru
- ROE 2018: 14%

## 1. Higher activity in Red Salud

- Consolidated EBITDA increased 9% QoQ
- Higher activity in both inpatient and outpatient services through the network
- Occupation increased from 58% in 4Q17 to 68% in 4Q18

## 2. Growth in loans continues at Banco Internacional

- 39% increase in commercial loans (YoY), compared to 12% of the industry
- ROE of 12.7%, up 30 bps QoQ due to growth in loans, greater efficiency and lower risk provisions

## 3. Acquisition of 17% additional participation in Banco Internacional, totaling 67% stake in 2Q19

## 4. Growth in revenues of AFP Habitat in Chile and Peru

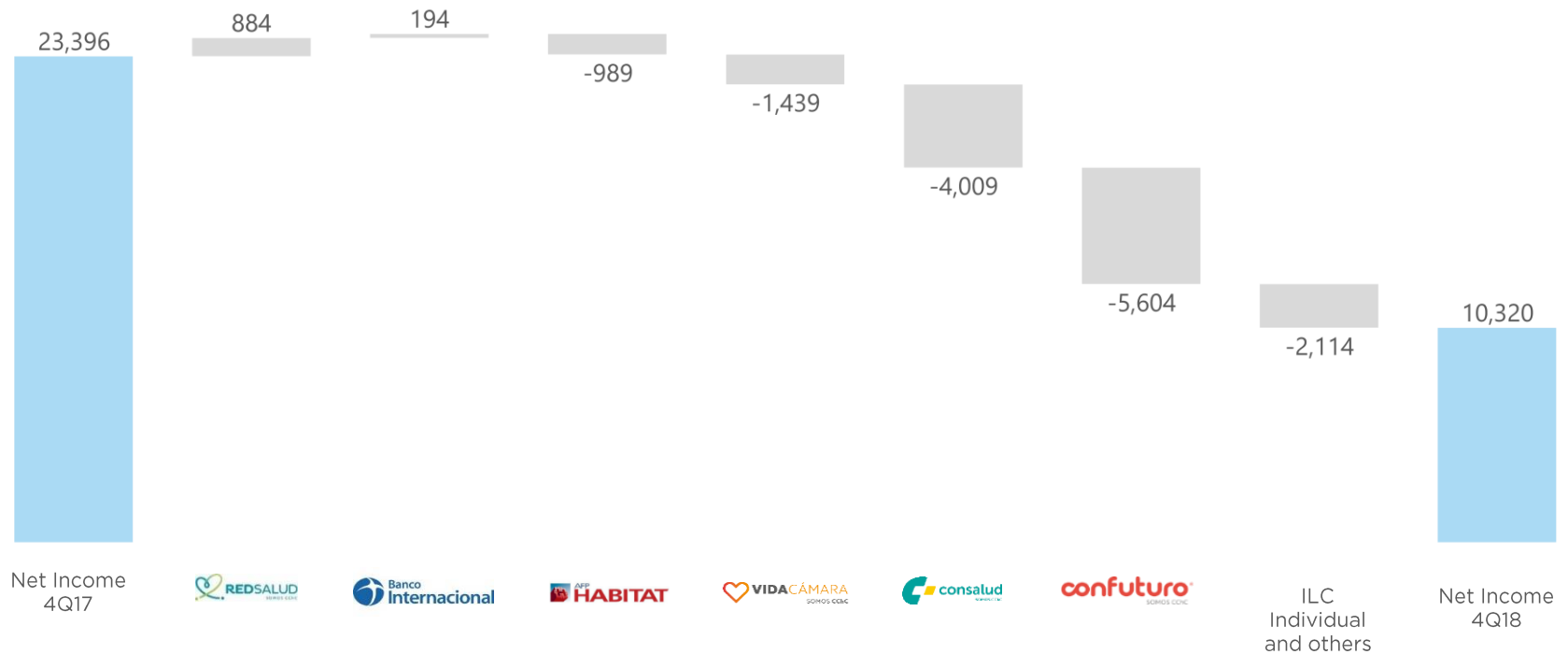
- Revenues up by 7% QoQ, ~65% from Chile and ~35% growth comes from Peru



# ALL IN ALL...



## ILC's Net Income Variation by Subsidiary (CLP\$ m.)



Source: ILC

- ILC's net income decreased 56% QoQ → weaker global investment returns, higher loss ratios in Consalud and Vida Cámara Chile, larger reserves in Vida Cámara Peru
- Better operating performance in Red Salud and Banco Internacional

# OPERATING PERFORMANCE SUPPORTED BY HIGHER REVENUES IN CHILE AND PERU

## Financial Statements

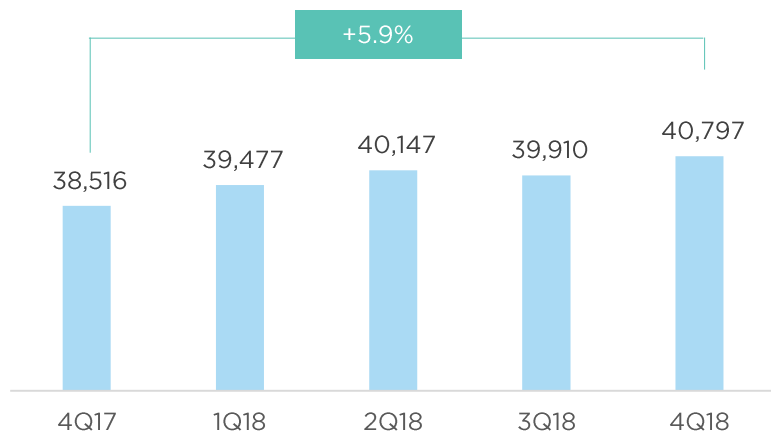
CLP\$ m.	4Q18	4Q17	%
Revenues: Chile	44,756	42,402	5.6%
Revenues: Peru	5,697	4,663	22.2%
SG&A	(23,050)	(21,580)	6.8%
<b>Operating Income</b>	<b>27,403</b>	<b>25,485</b>	<b>7.5%</b>
Gain (Loss) of the Encaje	(3,632)	2,499	-245.3%
<b>Non Operating Income</b>	<b>(2,421)</b>	<b>3,623</b>	<b>-166.8%</b>
Profit Before Encaje	21,909	19,747	11.0%
<b>Net Profit</b>	<b>18,277</b>	<b>22,245</b>	<b>-17.8%</b>

## Highlights

- **Operating income increased 7.5% QoQ** → higher revenues from fees in Chile and Peru offset larger SG&As mainly due to increased sales force
- **Peru** recorded a net profit of \$95 million, affected by a \$630 million loss in the return of its encaje. As of the end of 2018, Habitat Peru had more than 1.1 million active affiliates
- **Lower non operating income**, due to a decrement in the profitability of reserve requirements

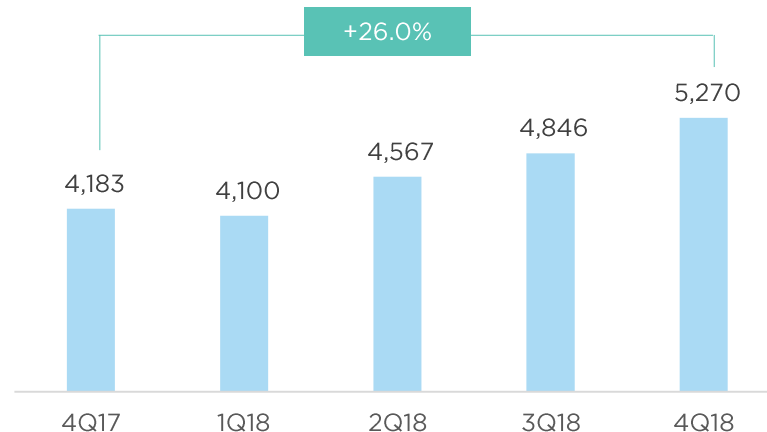
## Average Income per Contributor Habitat Chile

CLP\$



## Average Income per Affiliate Habitat Peru

CLP\$



# GLOBAL INVESTMENT RETURNS AFFECTED RESULTS

## Financial Statements

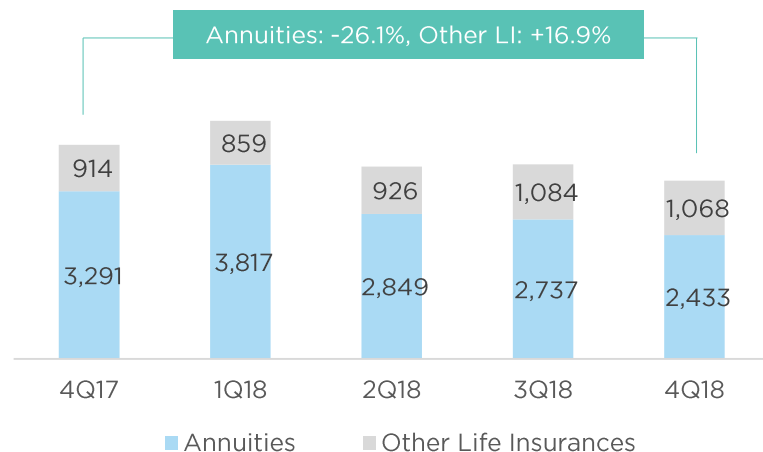
CLP\$ m.	4Q18	4Q17	%
Net Premiums Income	99,069	104,133	-4.9%
Net Investments Income	58,537	76,841	-23.8%
Cost of Sales	(147,918)	(159,390)	-7.2%
SG&A	(6,270)	(4,756)	31.9%
<b>Operating Income</b>	<b>3,417</b>	<b>16,828</b>	<b>-79.7%</b>
Non Operating Income	769	(5,543)	-113.9%
<b>Net Profit Conf. + Corp</b>	<b>3,728</b>	<b>9,600</b>	<b>-61.2%</b>

## Highlights

- Net premiums income decreased 4.9% (QoQ)** → annuity collection decrement partially offset by other life insurance premiums
- Investment result decreased by 23.8% (QoQ)** → driven by lower equity and fixed income returns (local and international)
- Cost of sales down 7.2% (QoQ)** → lower reserves constitution due to reduction in sales, partially compensated by larger pensions paid

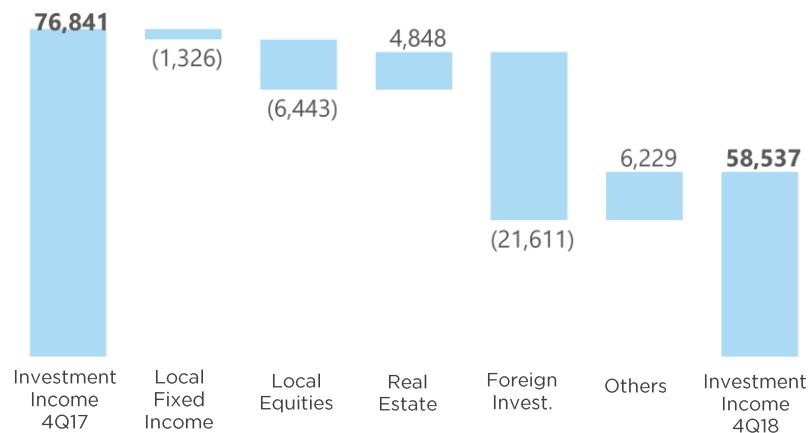
## Confuturo Life Insurance Premiums

UF Th.



## Net Investment Income

CLP\$ m.



# BANCO INTERNACIONAL: COMMERCIAL LOANS +39%, ROE UP TO 12.7%



## Financial Statements

CLP\$ m.	4Q18	4Q17	%
Net Interest Margin	13,429	9,814	36.8%
Net Income from Fees	1,926	1,000	92.6%
Other Operating Income	1,465	2,955	-50.4%
<b>Gross Operating Result</b>	<b>16,820</b>	<b>13,769</b>	<b>22.2%</b>
Credit Risk Provisions	(898)	(2,511)	-64.2%
SG&A	(9,929)	(5,925)	67.6%
<b>Operating Income</b>	<b>5,993</b>	<b>5,333</b>	<b>12.4%</b>
<b>Net Result</b>	<b>4,618</b>	<b>4,235</b>	<b>9.0%</b>

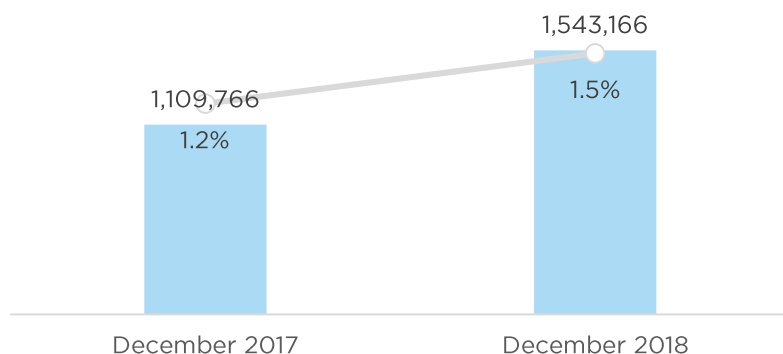
## Highlights

- **Net interest margin increased 36.8% (QoQ) → higher loans mainly to large corporations**
- **Credit risk provisions down 64.2% (QoQ) → guarantee constitution and better risk portfolio**
- **Efficiency ratio improved** from **55.6%** at the end of December 2017 to **53.9%** in December 2018

## Banco Internacional Commercial Loans

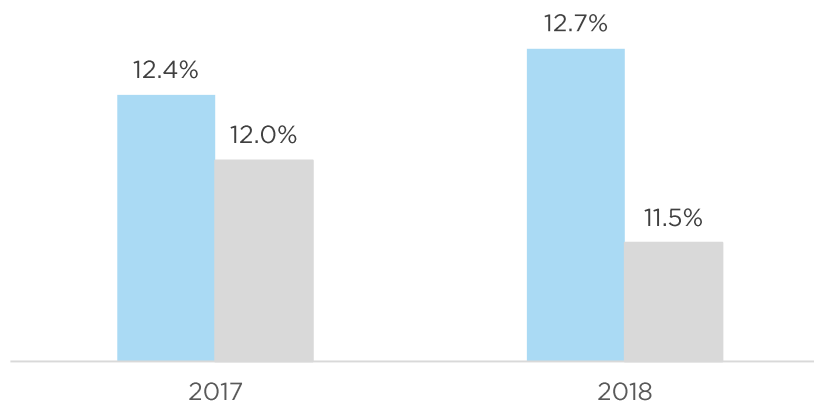
CLP\$ m.

Commercial Loans — Market Share



## ROE

Banco Internacional Industry





# EBITDA BOOSTED BY HIGHER REVENUES ACROSS THE NETWORK

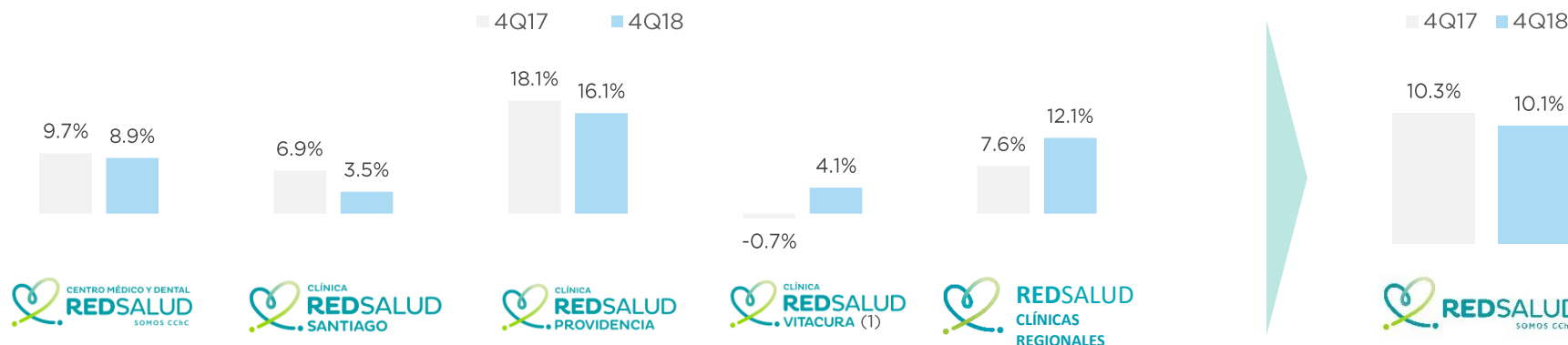
## Financial Statements

CLP\$ m.	4Q18	4Q17	Var. %
Revenues	98,946	89,026	11.1%
Costs of Sales	(75,724)	(68,522)	10.5%
SG&A	(17,868)	(15,523)	15.1%
Operating Income	6,029	5,107	18.1%
Non Operating Income	(3,837)	(2,384)	60.9%
Profit to Red Salud	2,249	1,365	64.8%
EBITDA	9,982	9,179	8.7%
EBITDA Margin	10.1%	10.3%	-0.22%

## Highlights

- **Net revenues went up by +11.1% (QoQ)** → larger contributions in all facilities, highlighting Red Salud Santiago (+15%), Providencia (+7%) and Regional Hospitals (+14%)
- **Improvement in cost of sales ratio (QoQ)** → Cost of sales over revenues fell from 77.0% to 76.5%, offset by larger SG&As over revenues
- **Consolidated EBITDA growth of 8.7% (QoQ)** → greater activity, increased internal derivation and operating costs cuts. EBITDA margin fell 20 bps due to larger revenues and SG&As

## EBITDA Margin by Entity



(1) Includes Inmobiliaria Clínica Vitacura  
 Regional Hospitals: Iquique, Elqui, Valparaíso, Rancagua, Temuco and Magallanes  
 Source: CMF, Red Salud, ILC

# GREATER HEALTHCARE ACTIVITY IMPACTED LOSS RATIOS OF CONSALUD AND VIDA CÁMARA

## Financial Statements Consalud (Under IFRS)

CLP\$ m.	4Q18	4Q17	Var. %
Revenues	130,991	116,414	12.5%
Costs of Sales	(114,525)	(95,258)	20.2%
Administrative Expenses	(17,055)	(16,309)	4.6%
<b>Operating Income</b>	<b>(589)</b>	<b>4,847</b>	<b>-112.2%</b>
Non Operating Income	579	485	19.5%
<b>Profit to Consalud</b>	<b>872</b>	<b>4,881</b>	<b>-82.1%</b>

## Highlights Consalud

- **12.5% larger revenues (QoQ)** → 3.4% increase in average beneficiaries, inflation and price adjustments for health plans
- **560 bps increase in loss ratio (QoQ)** → higher reimbursements of inpatient and outpatient medical services, as well as medical licenses
- **707 thousand beneficiaries** as of December 2018

## Financial Statements Vida Cámara

CLP\$ m.	4Q18	4Q17	Var. %
D&C Chile – Gross Profit	(239)	1,050	-122.7%
Health & Life Insurance – Gross Profit	1,463	1,916	-23.6%
Administrative expenses	(1,894)	(1,800)	5.2%
<b>Operating Income</b>	<b>(507)</b>	<b>1,304</b>	<b>-138.9%</b>
Non Operating Income	(26)	115	-122.7%
<b>Profit to Vida Cámara</b>	<b>(348)</b>	<b>1,091</b>	<b>-131.9%</b>

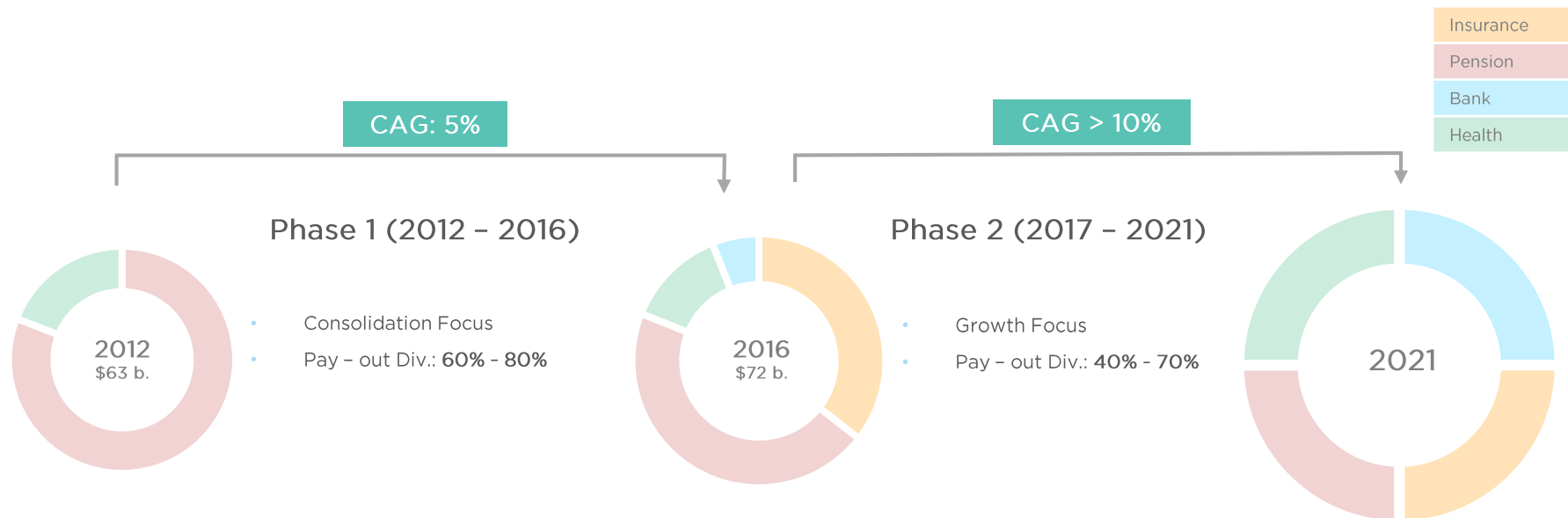
## Highlights Vida Cámara

- **Consolidated gross profit decreased by 138.9% (QoQ)** → weaker performance of life and health insurances as well as the D&S Chile
- **Increase in loss ratio** from 83.1% in 4Q17 to 88.9% in 4Q18
- **19% rise in beneficiaries** totaling 329 thousand

# ILC: NEW PHASE



## ILC Net Income Composition



Fundamentals

Consistency

Capital  
Deployment

Acquisitions and  
successful  
transformations

Adaptability to  
regulatory changes





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