



Conference Call ILC 2Q20
August 21, 2020

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 and uncertainties because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that economic scenarios, 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: Friday, August 26, 2020 @ 11:00 AM Santiago / ET

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1. Net result of \$39.8 bn. (+59.3% QoQ), mainly driven by:

- Recovery in global financial markets and its impact in profitability of the encaje (+\$38 bn.) and Confuturo's equity portfolio (+\$26 bn)
- Lower loss ratio in Consalud (76.1% in 2Q20 vs. 92.7% in 2Q19) and Vida Cámara (44.9% in 2Q20 vs 92.2% in 2Q19)

2. Higher impairments and larger provision expenses in both Confuturo and Banco Internacional

- Higher impairment provisions in Confuturo related to international and local bonds, from companies affected by Covid-19
- Banco Internacional recognized \$4.500 million of voluntary provisions, in addition to the \$3.500 million constituted in December 2019

3. Codiv-19 affected demand for all medical services

- During the 2Q20, Red Salud was affected by a lower activity, mainly during April.
- Demand for consultations in Outpatient Centers were down by 47%, whereas dental revenues were also down by 74% during 2Q20. The inpatient segment registered decreases of 57% in surgeries

4. ILC and its subsidiaries have remained operative

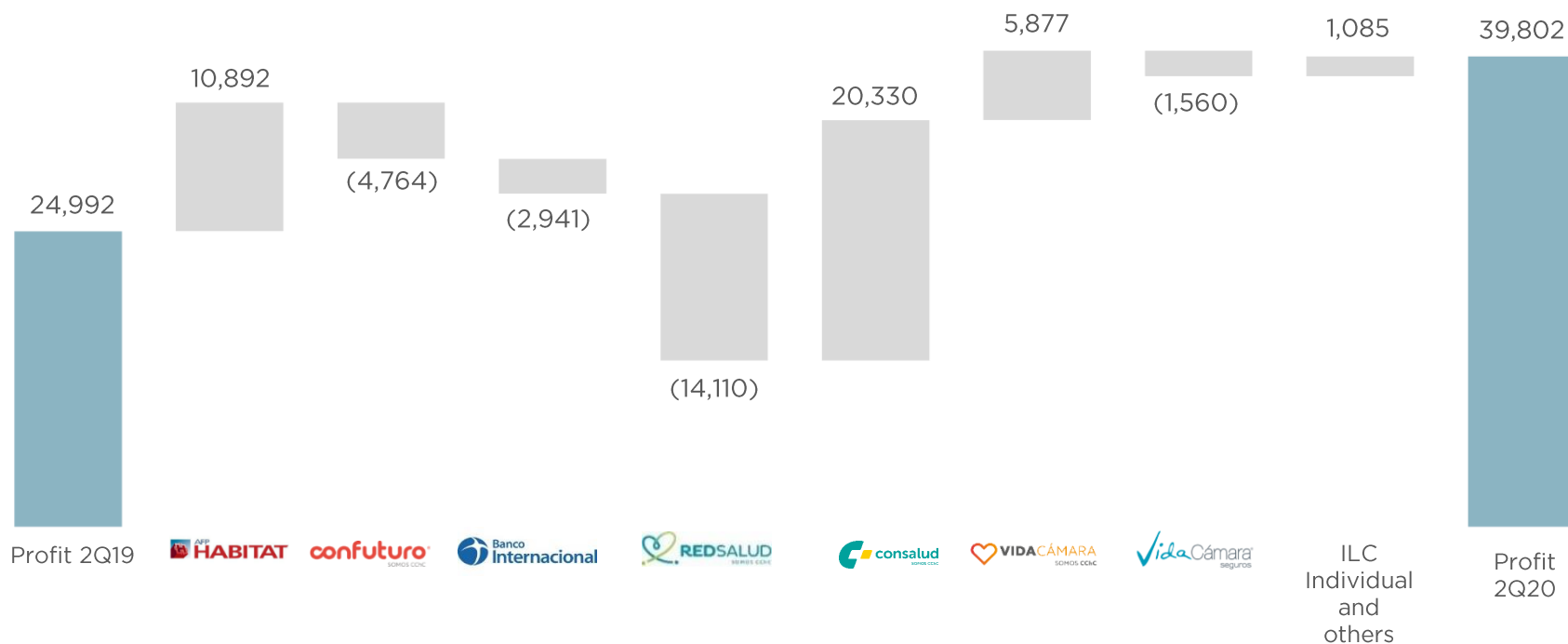
- All our subsidiaries are 100% operative
- ILC is facing this scenario with CLP\$100 billion in cash and a comfortable liability structure

ALL IN ALL...



ILC Profit Variation by Subsidiary

CLP\$ m.



(+) Isapre Consalud and Vida Camara loss ratios came down, and AFP Habitat's legal reserves performed better QoQ

(-) Weaker demand in Red Salud due to Covid-19, lower annuity premiums and higher impairments at Confuturo, as well as greater provisions in Banco Internacional

PARTIAL RECOVERY IN GLOBAL FINANCIAL MARKETS

IMPROVED ENCAJE

Financial Statements

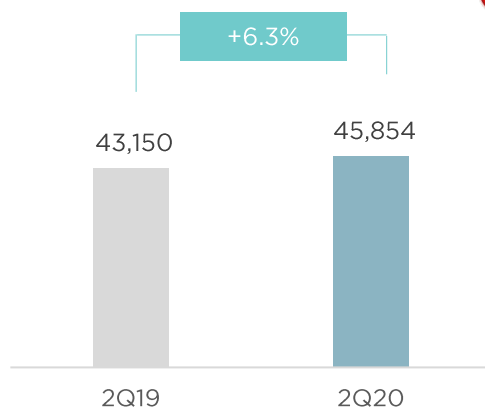
CLP\$ m.	2Q20	2Q19	%
Revenue: Chile	47,042	47,232	-0.4%
Revenue: Peru	7,123	6,623	7.5%
Revenue: Colombia	13,401	-	-
Total Revenue	67,565	53,855	25.5%
SG&A	(35,593)	(22,374)	59.1%
Net Operating Income	31,972	31,481	1.6%
Gain (Loss) on Legal Reserves	56,218	17,747	216.8%
Non-Operating Loss	56,195	18,902	197.3%
Profit (Loss) before Taxes	88,167	50,383	75.0%
Net Profit (Loss)	64,571	37,555	71.9%
Profit Before Taxes and Legal Reserves	31,950	32,636	-2.1%

Highlights

- **Operating income increased 1.6%** → Higher revenue in Peru (+7.5%) and the consolidation of Colfondos (+\$13,401 m.), partially offset by a 59.1% rise in SG&As (83% explained by the consolidation of Colombia)
- **Higher Non-operating income** → due to a \$38,471 million increment in returns on legal reserves in Chile, Peru and Colombia
- **International contribution (Peru & Colombia)** → represented 14.3% of AFP Habitat's net result in 2Q20 (before taxes and legal reserves)

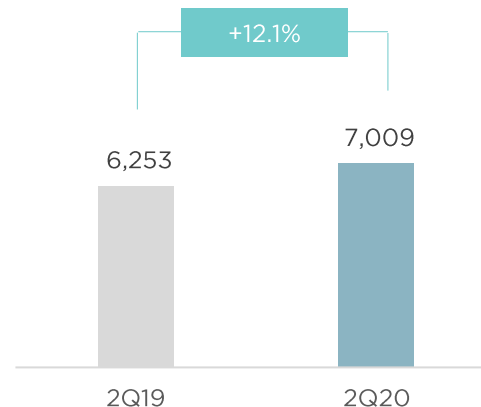
Average Income per Contributor

CLP\$



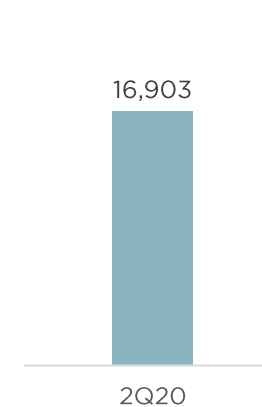
Average Income per Affiliate

CLP\$



Average Income per Contributor

CLP\$



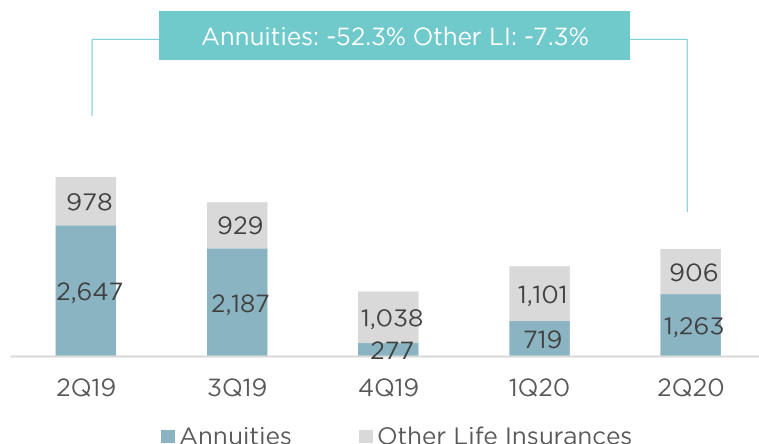
LOWER PREMIUMS COLLECTION PARTIALLY OFFSET BY RECOVERY IN GLOBAL FINANCIAL MARKETS RESULTS

Financial Statements

CLP\$ m.	2Q20	2Q19	%
Net Premium Income	26,432	95,746	-72.4%
Net Investment Income	123,902	86,330	43.5%
Cost of Sales	(105,303)	(160,132)	-34.2%
SG&A	(16,914)	(7,294)	131.9%
Net Operating Income (Loss)	28,116	14,649	91.9%
Non-Operating Income (Loss)	(22,538)	(2,607)	764.4%
Net Profit (Loss) Insurance Act.	7,592	13,011	-41.7%
Net Profit (Loss) Inv. Confuturo	5,909	10,673	-44.6%

Confuturo Life Insurance Premiums

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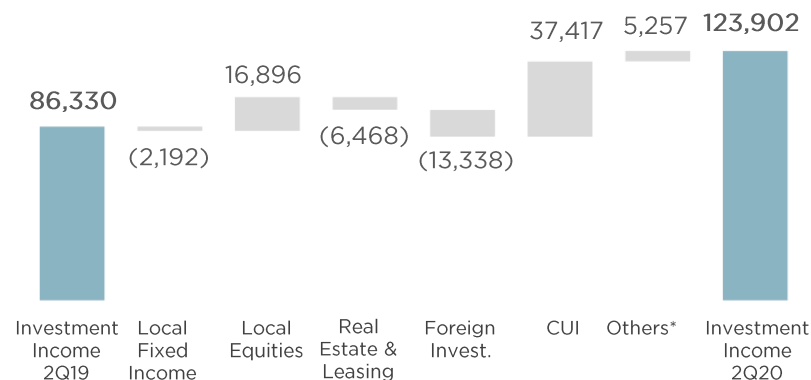


Highlights

- **Net premium income decreased by 72.4%** → annuity premiums fell 52.3% (vs. 62.0% decrease for industry). Spread between scheduled withdrawals and annuities increased 110 bps, reducing preference for annuities from 55.6% to 28.9%. Number of people retiring with scheduled withdrawals +7.4% / annuities -65.1% QoQ
- **Investment returns grew 43.5%** → partial recovery in global financial markets meant CLP\$25,650 million gain on its local and international stock portfolio. (excluding CUI). The above, was partially offset by a CLP\$17,150 million drop in the valorization of investment funds quotas
- **SG&As up by \$9,620 million due to impairment** → higher impairment provisions related to international and local bonds of companies operationally affected by Covid-19. Impairment represented 0.5% of total financial investments

Net Investment Income*

CLP\$ m.



GREATER NIM AND EFFICIENCY OFFSET HIGHER PROVISIONS

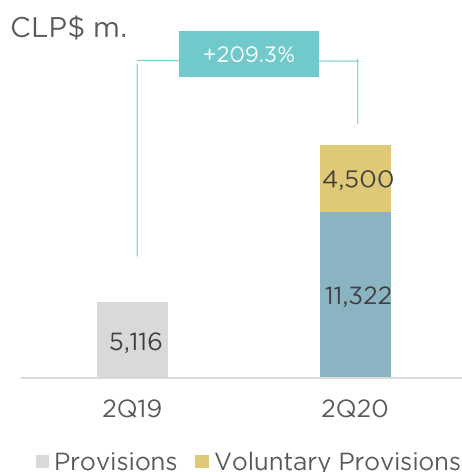
Financial Statements

CLP\$ m.	2Q20	2Q19	%
Net Interest Margin	14,605	6,391	128.5%
Net Fee Income	2,358	8,044	-70.7%
Other Operating Income	13,379	9,605	39.3%
Gross Operating Income	30,342	24,040	26.2%
Credit Risk Provisions	(15,822)	(5,116)	209.3%
SG&A	(12,452)	(10,753)	15.8%
Net Operating Income	2,068	8,171	-74.7%
Net Profit	2,432	7,055	-65.5%

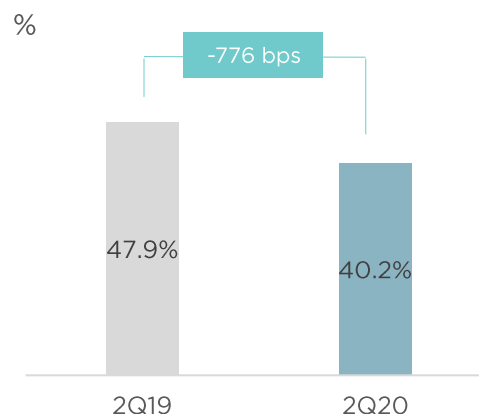
Highlights

- **Net interest and fee margin increased 17.5%** → 25% loan growth + interest and fee expenses fall due to lower rates and lower financial costs
- **Credit risk provisions grew \$10,706 million** → loan growth, higher impairments and voluntary provisions for \$4,500 million
- **Efficiency ratio improved from 47.9% in 2Q19 to 40.2% in 2Q20** → higher gross operating income, partially offset by greater SG&As
- **Other operating income increased 39.3%** → mainly due to a \$15,601 million profit related to treasury operations

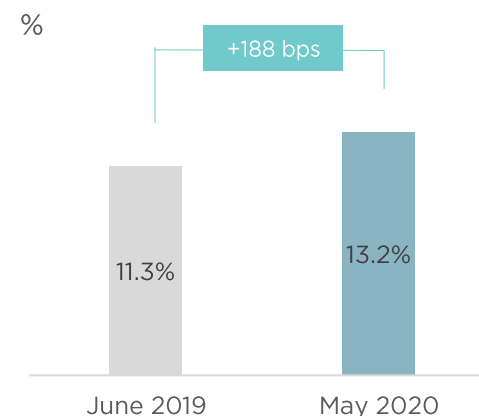
Risk Expenses



Risk Efficiency



Solvency ratio (Basel I)



MEDICAL ACTIVITY AFFECTED BY COVID-19, THE LOWEST ACTIVITY LEVELS WERE RECORDED IN APRIL 2020

Financial Statements

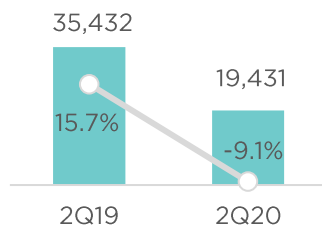
CLP\$ m.	2Q20	2Q19	%
Revenue	69,639	107,093	-35.0%
Cost of Sales	(65,879)	(79,306)	-16.9%
SG&A	(17,433)	(19,463)	-10.4%
Net Operating Income	(13,673)	8,324	-264.2%
Non-Operating Loss	(3,340)	(4,156)	-19.6%
Net Profit (Loss) - Red Salud	(11,181)	2,929	-481.8%
EBITDA	(7,307)	13,630	-153.6%
EBITDA Margin	-10.5%	12.7%	-23.22%

Highlights

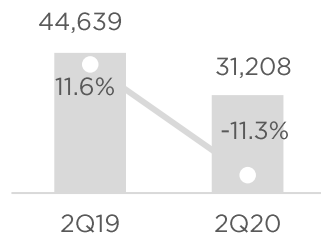
- **Revenue decreased by 35% →** Surgeries during the second quarter of 2020 were down by 51%, whereas medical consultations decreased by 54% and medical tests dropped 36%. Deepest impact in April 2020
- **COGS & SG&As fell 17% and 10% respectively (QoQ) →** mainly due to lower activity and Red Salud's health expense control plan, which was launched in March 2020 in order to afford the activity drop caused by Covid-19
- **Consolidated EBITDA dropped \$20,937 million →** \$7 billion decrement in each of the EBITDAs of our Metropolitan Hospitals, Regional Hospitals and Medical and Dental Centers units

Revenue (CLP\$ m.) and EBITDA Margin (%) by Entity

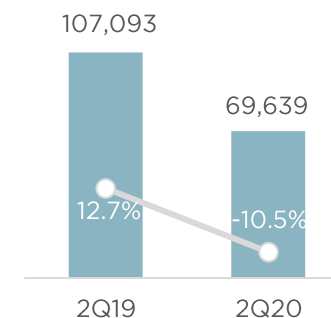
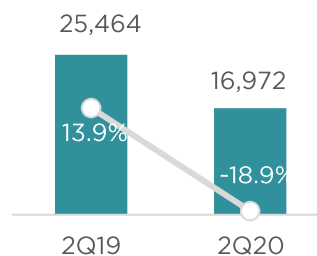
Medical and Dental Centers:



Metropolitan Region Hospitals:



Regional Hospitals:



LOWER LOSS RATIO AS HEALTHCARE ACTIVITY DECREASED DUE TO COVID-19

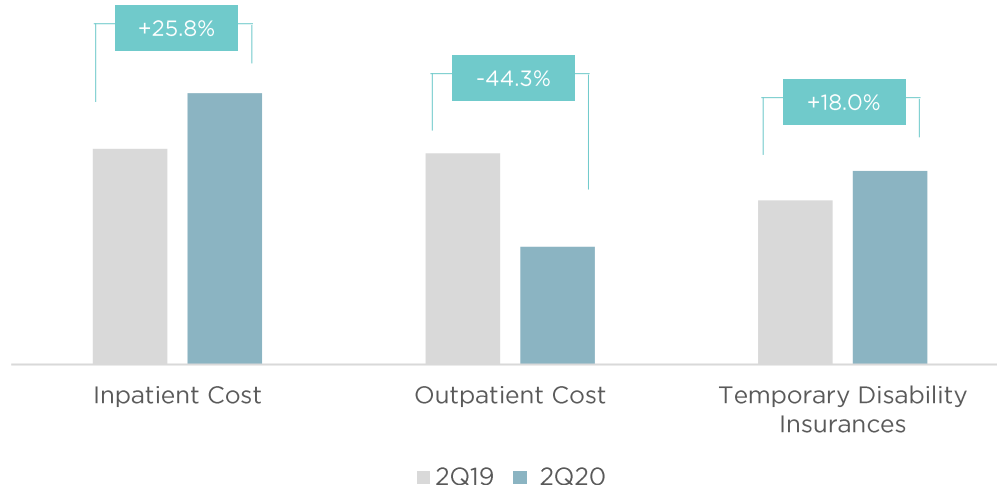
Financial Statements (Under IFRS)

CLP\$ m.	2Q20	2Q19	%
Revenue	148,924	132,712	12.2%
Cost of Sales	(112,009)	(121,687)	-8.0%
Administrative Expenses	(19,154)	(18,968)	1.0%
Net Operating Income (Loss)	17,761	(7,943)	-323.6%
Non-Operating Income	394	484	-18.6%
Net Profit (Loss) - Consalud	12,998	(7,335)	-227.2%

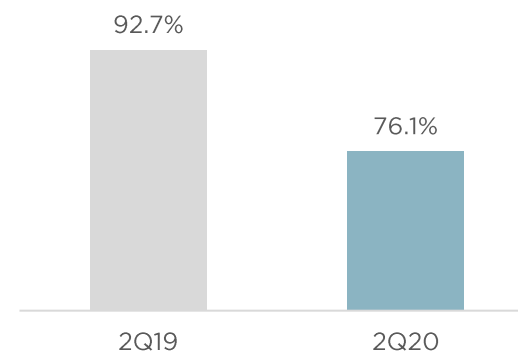
Highlights

- **Revenue went up by 12.2%** → 2.5% increase in average contributors and price adjustments (base plan and GES)
- **1663 bps fall in loss ratio** → Rise in revenues and decreased reimbursements for outpatient care (-44.3%) as activity in healthcare industry fell in 2Q20 due to pandemic
- **SG&As remained stable** → Increase in salaries offset by savings in marketing, rental and other sales expenses. Lawsuits against Consalud decreased 2.0%

Costs of Sales



Loss Ratio



LOWER LOSS RATIO AS HEALTHCARE ACTIVITY DECREASED DUE TO COVID-19

Financial Statements

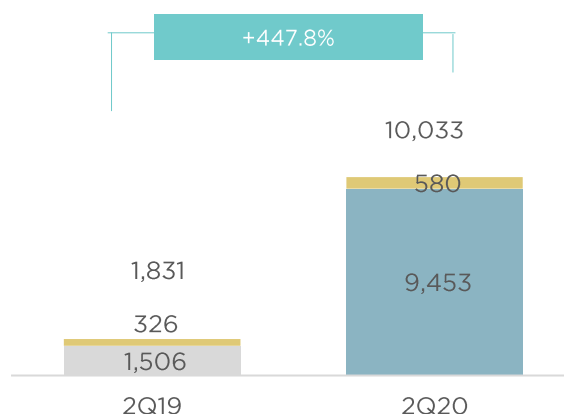
CLP\$ m.	2Q20	2Q19	%
Revenue	31,651	28,873	9.6%
Cost of Sales	(18,209)	(24,278)	-25.0%
Administrative Expenses	(4,083)	(4,409)	-7.4%
Net Operating Income	9,767	1,762	454.3%
Non-Operating Income	161	272	-40.7%
Net Profit - Vida Camara	7,345	1,557	371.9%

Highlights

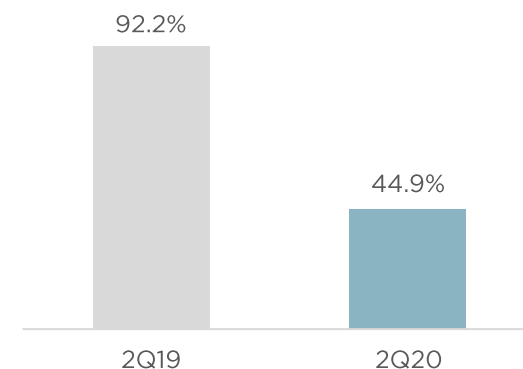
- Gross profit increased by \$8,202** → Better performance from life and health insurance + run-off of D&S insurance
- Improvement in loss ratio** from 92.2% in 2Q19 to 44.9% in 2Q20 → Higher revenue and lower medical activity, especially in outpatient services due to pandemic
- 1.8% fall in beneficiaries of life and health insurance**, totaling 336 thousand people and UF521 thousand in premiums, ranking 3rd in the industry

Gross Profit

■ D&S Gross Profit
■ Life & Health Gross Profit



Loss Ratio



1

Ensure the wellbeing of our workers and customers

2

Adapt the organization to COVID-19 challenges

3

Preserve our financial position and cash flows

4

Continue with our social commitment as part of our DNA



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