Corporate Report
2019

Corporate Report **2019**

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Letter from the Chairman

Dear Shareholders,
On behalf of the board of Entel, I have the pleasure of presenting our annual report 2019.

This was a highly challenging period for most of the world's economies, many of which suffered from the effects of trade tensions between China and the United State during the year.

In the case of Chile, gross domestic product closed with a growth of 1%, far below initial projections and the 4% recorded in 2018. This can be explained by the effects of the trade war and more importantly by the macro-economic consequences of the social unrest in the country since 18 October.

Naturally what happened over the final months of the year put a strain on Chilean society, impacting both people's daily lives and the normal course of different industries and businesses. In the case of Entel, despite some damage to 27 stores countrywide, luckily this did not result in major issues regarding the safety of the company's workers or the service we provide to our customers.

It is clear that a changing social environment will be with us for some time to come, and we hope that the future direction we take as a country will help us to continue to improve. In any event, Entel will continue to provide the best network infrastructure together with a high degree of innovation that has enabled us to consolidate our leadership position and continue to thrive in highly competitive markets such as Peru and Chile.

Successful sale of towers in Chile and Peru

At a business level, the telecommunications industry continues to experience a speeded up process of change, forcing Entel to be aware of and anticipate the transformations that occur in the technological cycles, the movements of its competitors and, in particular, the needs of increasingly connected and sophisticated customers.

Against this backdrop the main industry tendencies point to digital business models, focused on customer experience and cost control. Following this logic, the increase in the volume of mobile data that will be transmissible thanks to the implementation of 5G technology will require a different, much more robust network structure with the accompanying complexities and challenges.

The arrival of fifth generation or 5G technology will require a major capital push by all industry players as it will involve the development of fibre optic networks and antennas suitable for user connections.

As such, 5G will require a new structure for antenna placement, changing from widely-spaced large towers to a grid of lower, closer towers, all connected through fiber optics.

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To this end, after carrying out a study on the use of our towers that took into account a number of factors, Entel decided to sell off those that qualified as non-strategic assets. This was done through an agreement with the American Tower Corporation for the sale and lease of 3,242 telecommunications towers in Chile and Peru for an estimated US$ $770 million. Of these, 2,364 had been transfered over by the end of 2019.

This is relevant agreement with both operational and financial benefits for the company.

Growth in mobile clients in Chile

Globally, the industry operates in a highly competitive environment which has affected its profitability levels. However, Entel has managed to consolidate its leadership position in the telecommunications business in Chile, holding on to a solid share of revenue in the mobile sector with an estimated 35.4% of industry revenue. Add to this is a high level of satisfaction and brand recognition, translating into higher average revenue per customer with Ch$ 8,805 at the end of the fourth quarter and a port-out churn rate for postpaid customers of 1% as of December, the lowest in the industry.

Over the year the increase in data traffic from postpaid customers - contract customers - continued, with a 1.6 times increase in the consumer segment for the twelve months. This shows the importance of our services in people's daily lives. However it also shows that Entel can offer a distinctive browsing experience to its customers, by having a modern and robust 4G+ network deployed throughout the country, which has made it possible to broaden the data offer in an attractive way, complemented by attractive financing plans for handsets.

Another trend that has continued to grow is the migration of customers from prepaid to postpaid, which has led to a more stable industry. As a result Entel increased subscription customers by 512,000 over the year, up 13% compared to 2018 thanks to solid performance in sales, portability, migration of customers from its own prepaid base and loyalty programs. The company now has 4.3 million postpaid customers, a 35% share of that market as at December 2019, for the first time over prepaid, in line with our business strategy.

It should also be noted that, in terms of mobile portability, in 2019 we saw 50,784 net subscription-to-subscription switches, ranking us second for this parameter.

In Chile we are faced with a market that, while still competitive, is more mature, with a solid evolution of subscription customers, and where the use and penetration of mobile data continues to increase.

Digital Transformation

The company-wide digital transformation process continued to generate an efficient and simplified experience, facilitating the launch of new services and creating customized packages for customers in each segment.

In this context we continue to make progress on our Entel Digital Transformation project, involving changes to almost all of our systems platforms. In 2019 the phase of migration to digital platforms for our subscription customer base was launched. This meant that changes in our offering and service channels had to be frozen for several months, which affected the commercial drive and the quality of service to our customers for that period.

We continue to integrate and simplify customer care processes on these new platforms through various tools such as advanced analytics and big data, process automation and the use of "bots" to generate efficient and simple experiences.

Over the year we continued to grow our digital customer service, to the point that in 2019, 94% of interactions in Chile were resolved through self-service channels in the consumer segment. Over the year we launched our virtual assistant "ClaudIA" through WhatsApp and interaction with executives through this channel, which saves costs and improves customer satisfaction. In December 2019, 41% of postpaid customer attention was provided through these channels rather than by traditional telephone executives.

Entel+ Project

In 2019 we stepped up our Entel+ program which aims to change the way we work in many areas of the company and reallocate resources to current and potential growth areas. It has been deployed across 664 initiatives and 12 work areas, with more than 400 people involved in projects that aim to rethink our processes, from strategy to the way we are organized, the way we attend, market, buy from suppliers and connect with our customers.

We are confident that the digital transformation projects and Entel+, with their success to date, will enable us to continue to deploy our strategy and business efficiently and in harmony with the future challenges that we, as a company, will have to address.

Digital offering in the corporate segment

In the corporate customer segment, there was a growing need for integrated voice, data and internet solutions, as well as information technology services and digital solutions. In this regard we have continued with cyber security services focusing on the protection of critical assets and customer information.

This has allowed us to become involved in highly complex projects in this segment. We also continue to position ourselves as a major player in the IT business and as the largest data center infrastructure provider, now with TIER IV Gold certification from the Uptime Institute.

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Moreover, through Entel Ocean, a business unit that we created to capture digital opportunities in business services, we have managed to build new businesses focused on the development of advanced digital solutions, using the best infrastructure in its class, such as big data analysis, artificial intelligence and cloud infrastructure. All this has allowed us to develop tailor-made projects in different industries (retail, municipalities and government institutions), which can be replicated with other clients.

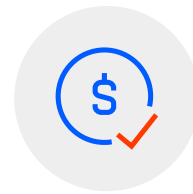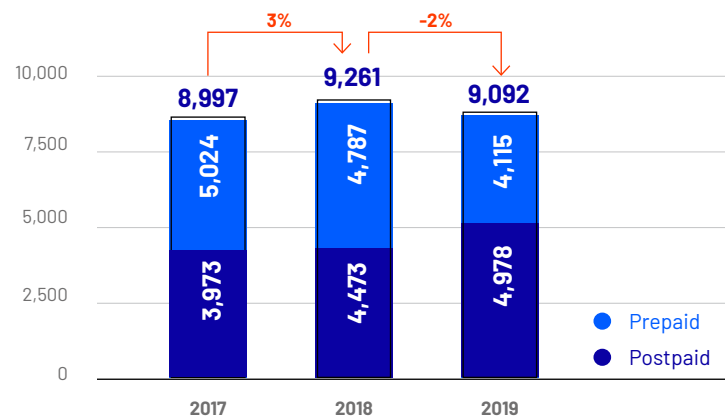## Fixed service in homes and SM enterprises in Chile

Regarding Entel Hogar's services, the company focused on providing solutions for the residential segment, gearing its efforts mainly to Internet services. This allowed us to reach a base of 157,000 postpaid internet customers, including both fixed wireless broadband and fiber customers, with an annual growth of 84.4% compared to December 2018.

It should be noted that during 2019 the deployment of fiber optics continued, reaching 285,000 homes passed, a figure that is expected to increase significantly over 2020.
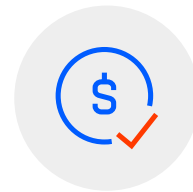
Fixed connectivity with access for the non-corporate business segment also performed well over the year, seeing revenue up by 5.3% with a 23.7% share. This progress was mainly due to IP connectivity services achieving greater use of the deployed GPON fiber optic network.

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Mobile customers - Chile (000)

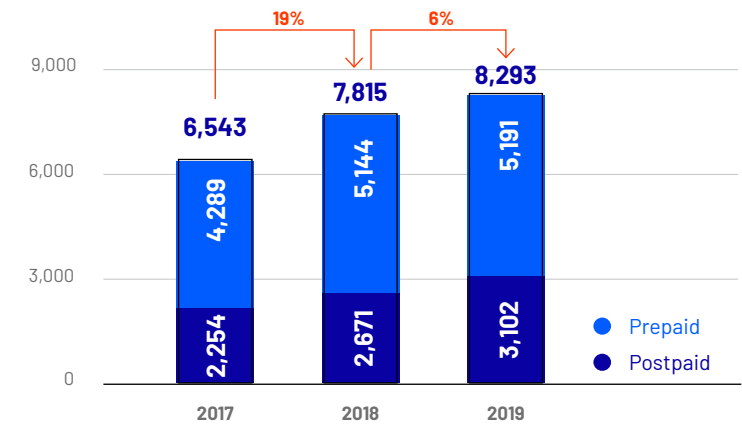|	2017	2018	2019
Total	8,997	9,261	9,092
Prepaid	5,024	4,787	4,115
Postpaid	3,973	4,473	4,978

3% · -2%

35.4%
share of mobile industry revenues in **Chile in 2019**

24.6%
share of mobile revenues in the industry in **Peru, in the fourth quarter of 2019**

Mobile customers - Peru (000)

	2017	2018	2019
Total	6,543	7,815	8,293
Prepaid	4,289	5,144	5,191
Postpaid	2,254	2,671	3,102

19% · 6%

Consolidated income in Ch$ million

2018	2019	2019 (without sale of towers)
1,922,960	2,197,543	1,996,494

14.3% · 3.8%

EBITDA in Ch$ million

2018	2019	2019 (without IFRS 16)	2019 (without IFRS 16, without sale of towers)
426,921	770,411	687,180	491,755

80.5% · 61.0% · 15.2%

Profit in Ch$ million

2018	2019	2019 (without IFRS 16)	2019 (without IFRS 16, without sale of towers)
-23,614	154,152	152,779	12,367

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Results in Peru aligned with the strategy

For Entel Peru, revenue increased 38% compared to 2018, totaling Ch$ 677,273 million. This was driven by the sale of towers (Ch$ 80,902 million) and the increase in revenue from voice and data services, together with higher revenue from handset sales and the 8% revaluation of the Peruvian sol against the Chilean peso.

The mobile customer base hit 8.3 million as at December 2019, with a net growth of 6% compared to 2018. A significant slice of the growth came from postpaid clients, whose base increased by 13.6% reaching 2.9 million, with 327,000 net additions over the year. It should be noted that in 2019 we led subscription-to-subscription portability, with a total of 195,000 thousand net switches.

In the fourth quarter of 2019, the company achieved a 24.6% share of the revenue for the mobile industry, an increase of 2.6 percent compared to the same period in 2018. This is in line with the strategy plan to obtain a 28% revenue share of the Peruvian mobile industry in three years.

It is important to highlight the digital transformation that the company is undergoing, with 100% of its prepaid base migrated to new platforms and significant progress made in migrating postpaid customers. The use of digital channels, virtual assistants and through WhatsApp has also been expanded. In 2019, 92% of interactions at Entel Peru were made via self-service and digital channels.

In 2019, Entel Peru posted EBITDA of Ch$ 125,815 million, also driven by the sale of towers completed at the end of the year. Excluding this effect and the application of accounting standard IFRS 16 (International Financial Reporting Standards), the company would have seen an increase in EBITDA Ch$ 57,132 million over 2018.

2019 Results

In terms of consolidated results, the year was notable for - in addition to the effect of the sale of towers - revenue growth from the operation in Peru and the expansion of fixed services in Chile, mainly associated with digital services in the Corporate and SME segments and Entel Hogar. This offset a fall in mobile revenue in Chile, mainly due to the decrease in mobile access charges.

Resulting consolidated revenue came to Ch$ 2,197,543 million, which represented an increase of 14% over 2018, with EBITDA increasing by 80% compared to the previous year, totaling Ch$ 770,411 million. The bottom line result saw earnings of Ch$ 154.152 million, a substantial improvement compared to the Ch$ 23.614 million loss recorded in 2018.

Excluding the effect of the IFRS16 accounting standard and the impact of the sale of towers, the company's consolidated income would have increased by 3.8% and EBITDA would have grown by 15.2% over the year.

Confidence in the financial market

I would also like to highlight the interest shown by investors in the local placement of two series of bonds completed in October. Through a short series of UF 6 million and a long series of UF 2 million, a collection of UF 9.35 million was achieved. The result demonstrates the high level of confidence investors have in the company, in our strategy and in its execution.

Awards and the contribution to transforming society

In this context, we are pleased to note that the goals we work towards are recognized by our stakeholders. This translates into the awards and prizes we receive throughout the year in both Chile and Peru.

In the case of Chile, our corporate reputation was awarded sixth place in the Merco Ranking, consolidating us as a leader in the telecommunications industry.

This is also the case for the BCX award (Best Consumer Experience) in the Telecommunications category, given by the IZO consultancy, with Entel Peru getting first place in the Peruvian market. This award, which Entel Peru has won for the sixth year in a row, is the result of its focus on delivering a first-class service experience.
In the case of Entel Peru, the company also won at the eCommerce Awards 2019 in the Best Mobile Initiative category, thanks to the launch of its new
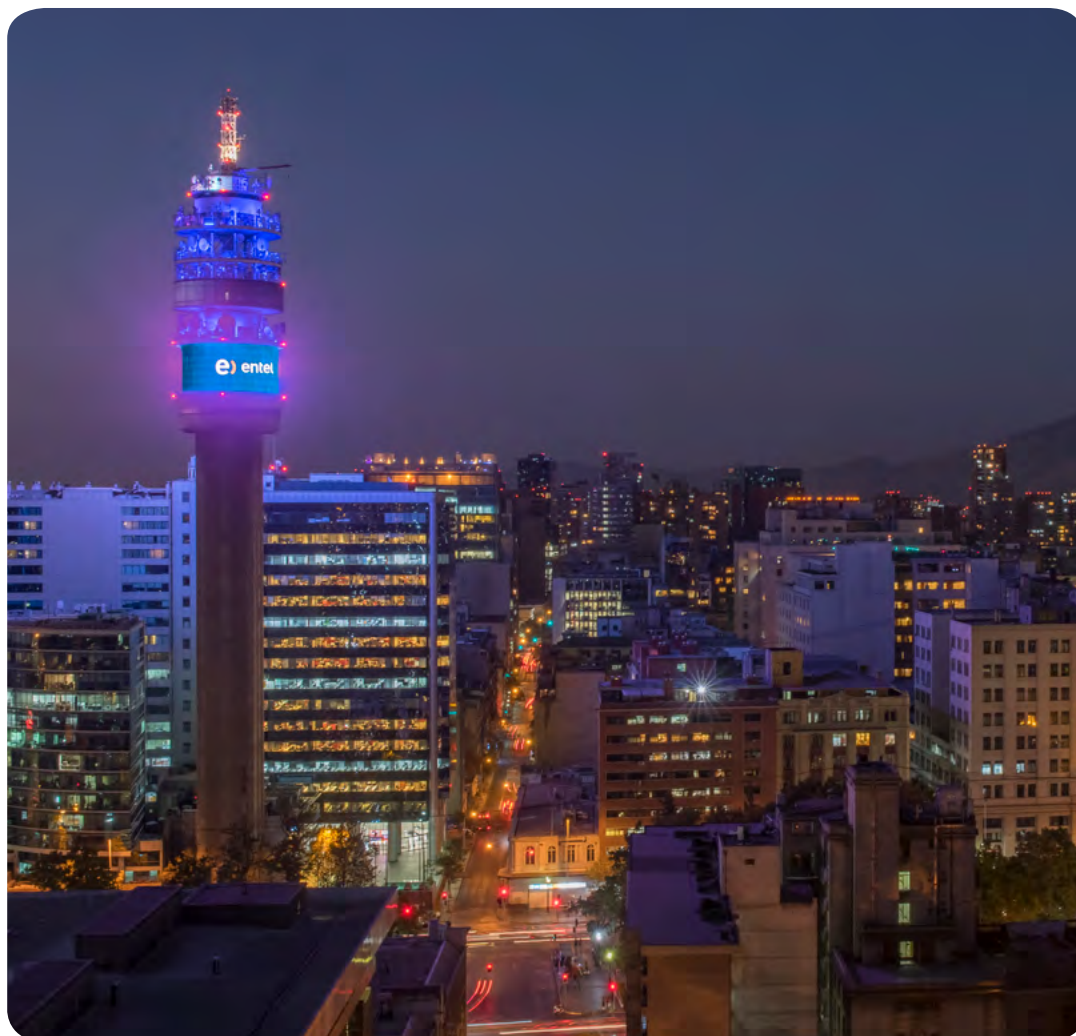
online store, making it the only operator in Peru to obtain this recognition at Latin American level.

The sustainable management of our business was also acknowledged in 2019. For the fourth year running, Entel is part of the Dow Jones Sustainability Index (DJSI), an international benchmark that recognizes the world's leading companies in terms of sustainable performance. The company is part of the sustainable stock portfolio of the Dow Jones Chile Sustainability Index and of the same index in the MILA Pacific Alliance (Latin American Integrated Markets) category, ranking 21st in the industry worldwide. It was up two places and is the only telecommunications company in Chile to be a member of these portfolios.

At Entel we believe that the role of companies is not only to be an economic engine, but also to be a part of society, able to redefine our reason for being and foster a culture where everyone can contribute. While we still have some way to go, we are committed to contributing to the transformation of our society, one where everyone is welcome.

In this area, our work is also being acknowledged. Fundación Iguales rewarded Entel for contributing to the improvement of the quality of life of people, in matters of sexual and gender diversity in Chile in the category of National Company.

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Information Security and Protection

In an interconnected world, safeguarding the information and data being transmitted is a core issue. In 2019, we consolidated the structure and governance of Cybersecurity Management, acquiring new tools, technologies and monitoring systems aimed at preventing the breach of our systems and anticipating possible weaknesses.

Additionally, in 2019 we published the Data Protection Policy which explains how data is used and treated, as well as our commitment to safeguarding our customers' information and correspondence. This was the fruit of a cross-cutting company project.

Regulatory policy and spectrum

In terms of regulation, 2019 was a pivotal year for telecommunications. This was due primarily to the fact that within the framework of a fruitful public-private partnership, progress was made in clarifying the different visions regarding the use of the radioelectric spectrum, generating greater certainty for companies regarding operating conditions and their improvements, in anticipation of the important challenges that we will face as a country in the coming years. Of particular importance was progress on the use of the 3.5 MHz band (key for the deployment of 5G) and the formulas determined to implement the Supreme Court's ruling for the 700 MHz band.

As a strategy for the coming years, we will continue to work in and improve the mobile market in both Chile and Peru, capitalizing on growth opportunities and expanding into the residential segment and into digital services for businesses, seeking to consolidate our operation in Peru and transforming the company for this challenging environment. We know these challenges are great, but as our purpose states, the possibilities are endless.

To conclude, I would like to thank the shareholders for their trust in the company's Board of Directors, the ongoing choice made by our customers for the services we provide and the constant work and leadership of our employees.

Juan José Hurtado Vicuña
Chairman of the Board

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1.1 **Entel** Profile

We are a company in a **constant state of innovation**, a leading telecommunications and technology operator in Chile with a growing operation in Peru.

- **54.86%** Investments ALTEL Ltda.
- **26.46%** Others
- **18.68%** Pension funds

Entel is a leading technology and telecommunications company with operations in Chile and Peru, markets in which it has more than 17.4 million mobile customers and consolidated annual revenues of US$ 2.935 million reported as of December 2019.

The company provides mobile phone services and fixed network operations (including data, IT integration, internet, local and long distance phone services and related services), for the consumer, business, corporate and wholesale segments.

In Peru, through its subsidiary Entel Peru it provides mobile phone services and has an integrated range of fixed-line services for companies. Additionally, it provides call center services in both countries.

To achieve our objective and unlock the infinite possibilities technology offers, contributing to the responsible transformation of society, we deliver simple and efficient service experiences. This is achieved through a robust, state-of-the-art infrastructure for mobile, fixed and digital information technology communications, allowing us to provide our customers with these infinite possibilities.

Ownership

Entel Chile SA is one of the biggest corporations in the country listed on the Santiago Stock Exchange, with market capitalisation of US$ 2.104 million at the close of 2019. Ownership is distributed amongst 1,788 shareholders and the controlling shareholder is Inversiones ALTEL Ltd, a subsidiary of Almendral S.A.
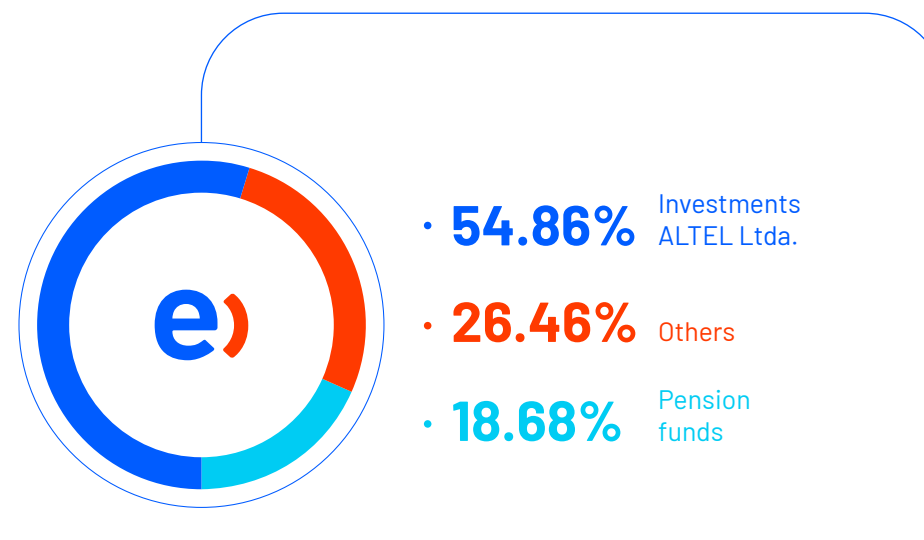
Reportability

Entel SA reports its financial information through its Annual Report in accordance with General Standard No. 30 of the Financial Market Commission. Environmental, social and governance management information is reported through its Sustainability Report. The scope of the information is detailed in note 01 of the Consolidated Financial Statements.

Key Figures (Ch$ million)	2019	2018	% Change	2017
Total Revenue	2,197,543	1,922,960	14%	1,955,171
EBITDA	770,411	426,921	80%	437,103
Operational Profit	343,917	90,913	278%	117,385
Annual Profit	154,152	-23,614		43,410
Profit per share (Ch$)	510,4	-78,19		143,73
Dividend return (%)*	0	0,82		0,49
Return on Equity (% annualized)**	10,36	-1,81		3,47

	2019	2018	% Change	2017
Assets	**5,169,494**	**3,964,215**	**30%**	**3,529,040**
Liabilities	**3,560,819**	**2,597,793**	**37%**	**2,290,689**
Equity	**1,608,674**	**1,366,422**	**18%**	**1,238,351**

*Dividend Return (%) = (Dividends last twelve months/share price at close)
**Return on Equity (%)(annualized)(profit for year/average equity)

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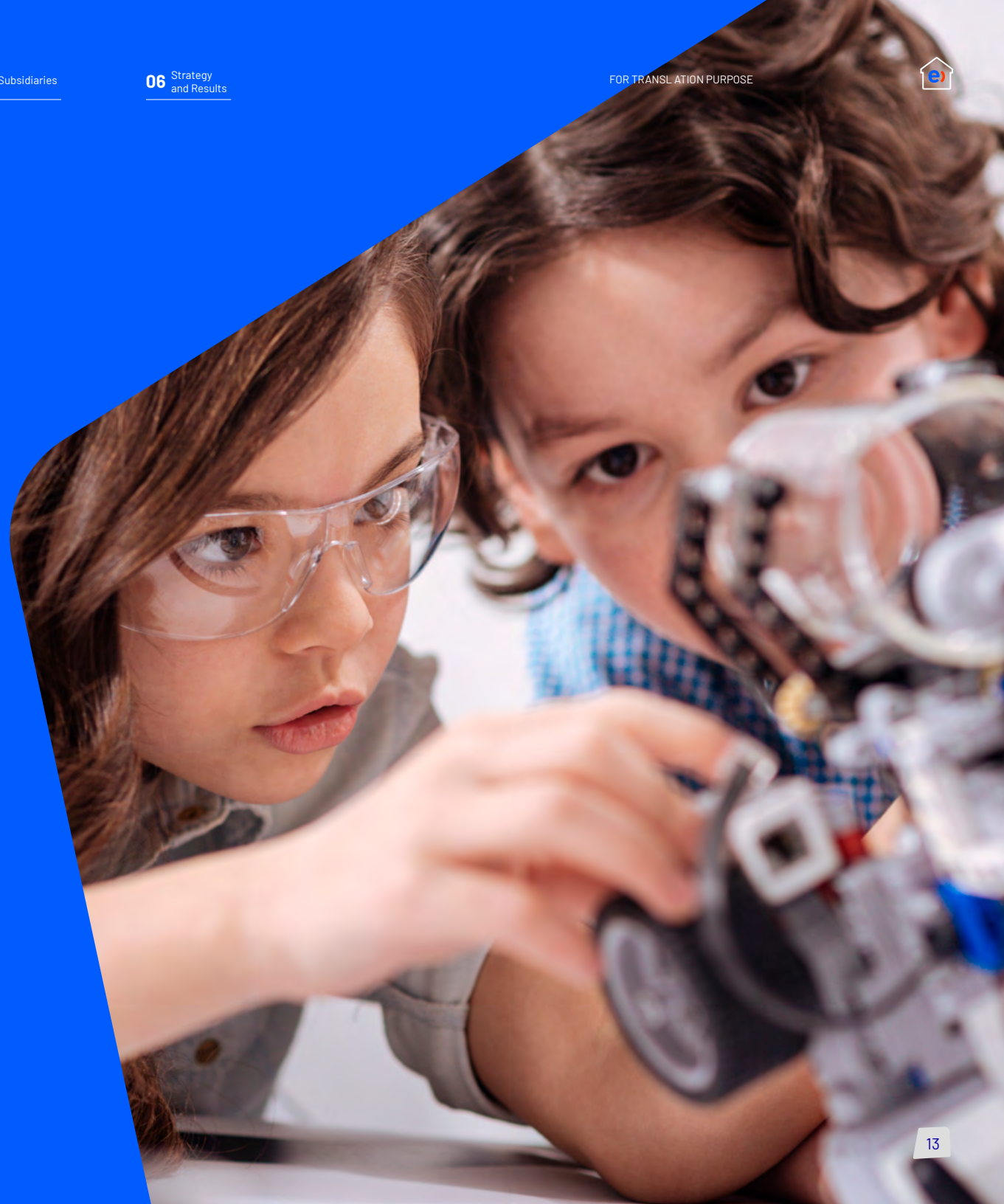
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Entel Purpose

We exist to bring on the **infinite possibilities** technology offers to **responsibly** transform society.

1.2 **Entel** at a Glance

17.4
Million mobile customers in Chile and Peru
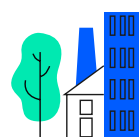
Consolidated Revenue*

Ch$ 2,197,543
Million pesos

Consolidated EBITDA*

Ch$ 770,411
Million pesos

Investment

Ch$ 408,633
Million pesos

Chile

Mobile customers

9.1 million
512,000 new postpaid customers (13% annual growth)

Residential RGU

511,000
13% growth

Revenue*

Ch$ 1,492.747
Million pesos

EBITDA*

$631.453
Million pesos

Investment

Ch$ 280.817
Million pesos

Spectrum

250 MHz
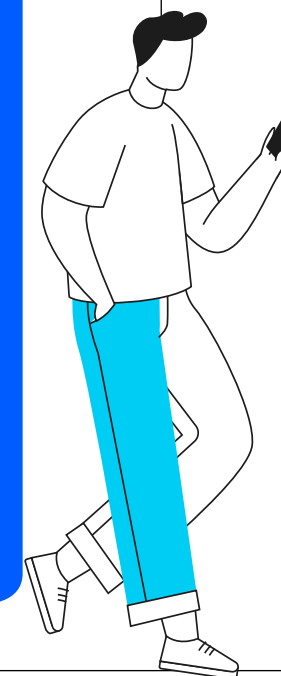
(*) Amount includes sale of infrastructure

Mobile infrastructure (sites)

2G: 3,306
3G: 5,604
LTE: 4,142
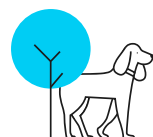
Data Centers

8,500 m^2

TIER IV Gold Certification in Ciudad de los Valles 3

5,000 km

of fiber optic core network throughout Chile

1.8 million

households with potential service nationwide, with wireless technology and fiber optics

Perú

Mobile customers

8.3 million

327,000 new postpaid customers (13.6% annual growth)

Revenue*

US$ 992

Million dollars*

Mobile infrastructure (sites)

4,314

2G, 3G and 4G

1.7 million

homes in Lima with service potential for wireless technology.

Residential RGU

197,000

2% growth

Spectrum

297.4 MHz

Investment

US$ 178.1

Million dollars*

Data Centers

750m^2

* Sol-dollar exchange rate at 3.3110

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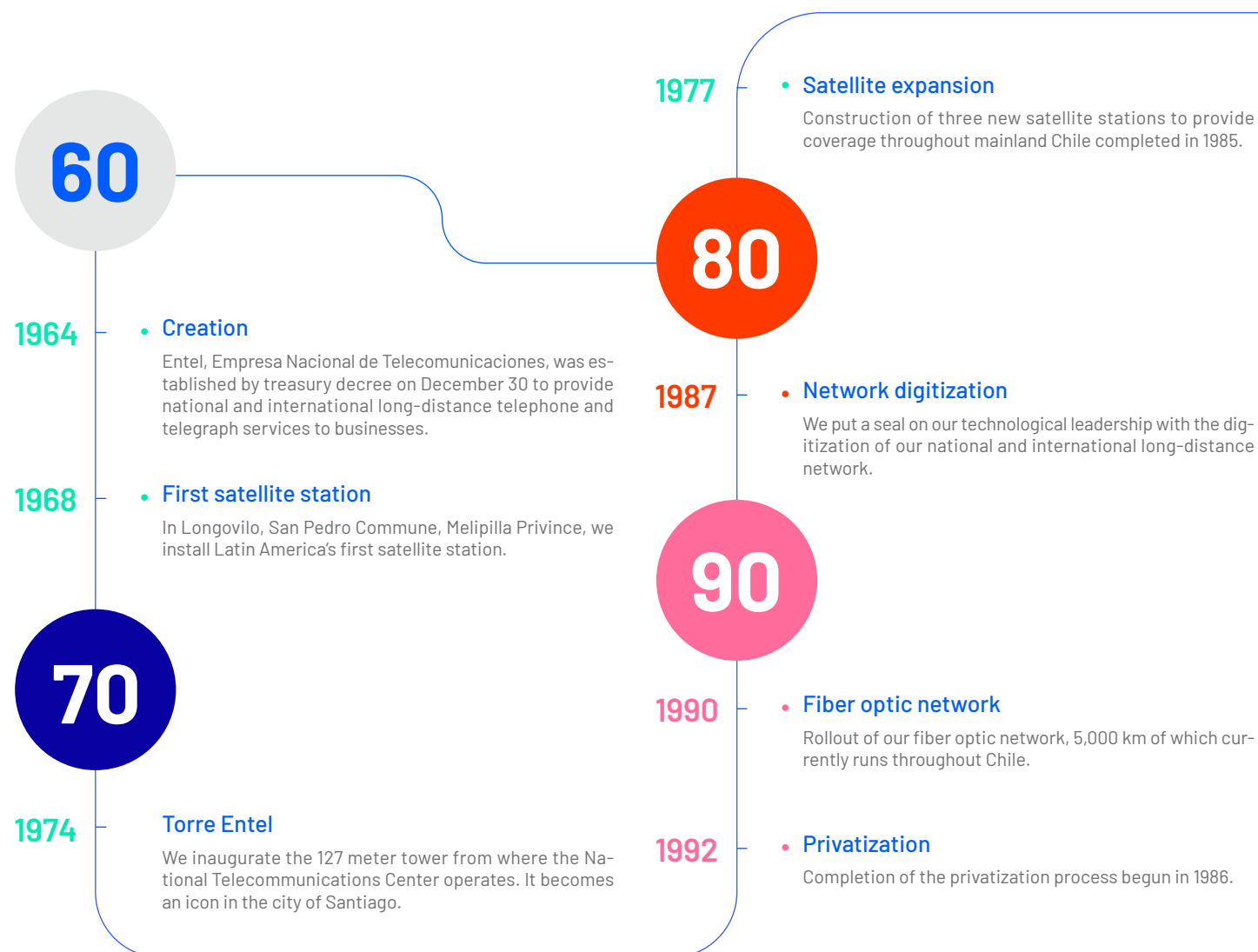
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1.3 **Historical** Review

60

1964 Creation

Entel, Empresa Nacional de Telecomunicaciones, was established by treasury decree on December 30 to provide national and international long-distance telephone and telegraph services to businesses.

1968 First satellite station

In Longovilo, San Pedro Commune, Melipilla Privince, we install Latin America's first satellite station.

70

1974 Torre Entel

We inaugurate the 127 meter tower from where the National Telecommunications Center operates. It becomes an icon in the city of Santiago.

1977 Satellite expansion

Construction of three new satellite stations to provide coverage throughout mainland Chile completed in 1985.

80

1987 Network digitization

We put a seal on our technological leadership with the digitization of our national and international long-distance network.

90

1990 Fiber optic network

Rollout of our fiber optic network, 5,000 km of which currently runs throughout Chile.

1992 Privatization

Completion of the privatization process begun in 1986.

00

1993

International Expansion

We start our expansion abroad with the creation of Americatel Corp, to provide long-distance services in the United States. In 1994 Entel we take over Americatel Central America. Both companies are sold in 2006.

1994

Multicarrier system

With multicarrier code 123, we starts competing with other operators in our core business area.

1995

Internet Services

We add internet connection to our service range.

1996

Local phone service

Local telephone services start.

Analog cellphone service

We take over Telecom Celular S.A which provides analog mobile services with coverage in various regions of the country.

1997

PCS mobile service

After obtaining two PCS (Personal Communication Service) licences, we start to provide mobile services throughout the country.

2000

Call Center

We create the subsidiary Entel Call Center.

Entry into Peru

We create Americatel Peru to provide long-distance and traffic termination services in that country.

Entel Will

Under the brand name EntelPhone, we obtain two licenses on the 3,500 Mhz band to provide fixed wireless services and broadband for internet (Entel Will).

2005

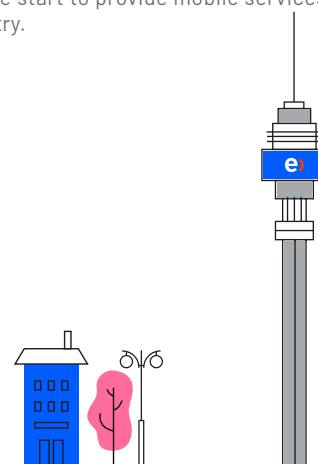**IT Services**
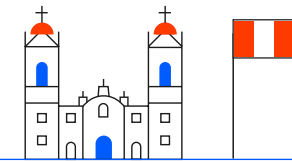
We broaden our range, offering IT services.

2006

3G Mobile Network

We become the first operator in Latin America to commercially launch a 3G mobile telephone network.

Mobile Broadband

Under the brand name Entel PCS, we launch the first mobile broadband service in Latin America.

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2010

New Data Center

In Ciudad de los Valles, Santiago, we inaugurate the first 2,000 m2 stage of a data center with 8,000 m2 of floor-space projected. We start a shift in the industry towards local, high-quality data centers.

2011

Restructuring of Entel

We reshape the company, integrating the fixed and mobile businesses. Activities are grouped in units based on market segments.

2012

Rural Connectivity

Together with the Chilean government, we successfully complete the first major connectivity program to provide more than 1,474 rural localities with broadband coverage, benefiting more than three million people.

Spectrum awarded for 4G on 2.6 GHz band

We are awarded the central block of the 2,600 Mhz band, tendered by the Department of Telecommunications, allowing us to provide services over networks using LTE and 4G technology.
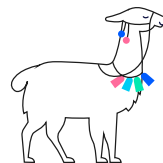
MVNO Services

We start providing network infrastructure services to mobile virtual network operators (MVNOs), a new mobile business segment.

Expansion in Residential Wireless and Pay TV

With Entel Hogar, we start providing fixed wireless telephone services, satellite TV and internet in the residential segment.

2013

Acquisition of Nextel Perú

Our company acquires 100% shares of Nextel Perú, the third biggest mobile company in Peru.

2014

Launch of Entel Peru brand

Successful launch of the Entel Peru brand, supported by expansion and modernization of the existing 2G, 3G and 4G network, with an attractive commercial offering.

2015

Digital Transformation

Signing of agreement with Ericsson to jointly develop the digital transformation project, aimed at changing all system platforms.

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2016

Entel launches the 4G + LTE Advanced network

We are the first company in the country to activate a 4G network in the 700 MHz band, awarded in 2014. It is the most modern in Latin America, with LTE- Advanced Carrier Aggregation technology.

700 MHz Peru license awarded

For an investment of US$ 290 million, we were awarded one of the three blocks of 700 MHz band, allowing us to provide 4G services.

Member of Dow Jones Sustainability Index Chile

We are the first telecommunications company in the country to join the Dow Jones Sustainability Index Chile (Chile DJSI).

2017

### Rollout of network on 700 MHz band

We become the first company to achieve national coverage on the 700 MHz band, allowing us to expand our service range, strengthen 4G technology and 4G+ (LTE - Advanced Carrier Aggregation).

Conectando Chile project ends

After two years of implementation, the inhabitants of 911 isolated towns in Chile, from Chislluma in Parinacota to San Juan in Magallanes, can communicate for the first time from their homes through voice and mobile internet services. The project had two phases and involved a total investment of US$ 218 million.

Launching of Residential Fiber Optics

The Home Fiber Optic service starts rollout in the Metropolitan Region to continue into the provinces.
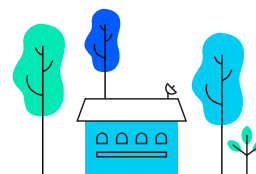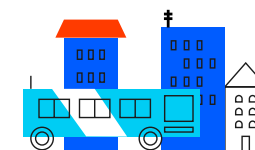
2018

Fixed wireless residential internet service

We launch and deploy new residential wireless internet service, with high-speed Massive MIMO technology in Chile and Peru, for customers lacking attractive options in their area.

Entel Ocean

Entel Ocean is born, a new unit dedicated to developing high value advanced digital solutions for large corporations, using tools such as IoT, big data, analytics, artificial intelligence and cloud.

New Brand Identity

Our evolution towards a technology company that provides solutions through digitalization and connectivity, sets in motion the brand purpose "Your possibilities are endless".

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FOR TRANSL ATION PURPOSE
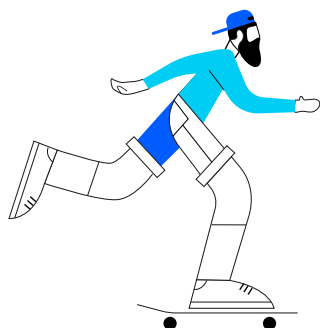
1.4 **Highlights** 2019

5G

5G network experimental tests

A remote ultrasound over 5G network was the first telemedicine pilot test to be carried out in Chile, undertaken by Entel in partnership with Ericsson and Qualcomm. The second test we performed was in an industrial context, in partnership with ABB and Ericsson, and consisted of remotely operating a robotic arm.

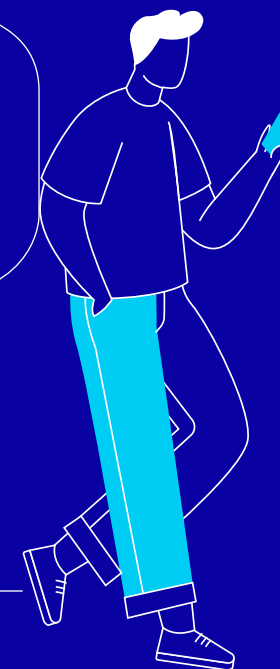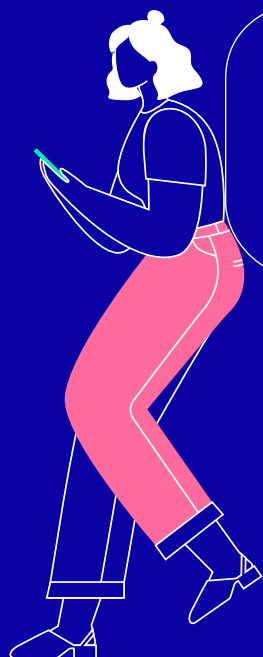### "The life of the planet is in your hands"

In 2019 a campaign was launched to reinforce one of the company's pillars - to transform society in a responsible manner. The initiative seeks to encourage people to adopt sustainable habits with their cell phones and other technological devices, giving priority to repair, reuse and recycling, thereby promoting the circular economy.

Diversity and Inclusion Policy

After years of work, in 2019 the diversity and inclusion policy was launched, fostering inclusivity for all at Entel, regardless of differences (gender, diversity, disability, nationality or ethnicity), as everyone builds from their own identity.

Entel Digital Transformation (TDE)

We completed the implementation of the new digital platforms for our postpaid clients in Chile, as well as their migration. Specifically, the interaction and experience of our customers will be more agile and simple, which will allow us to boost the business with 100% digital business.

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Tier IV Data Center Certification for Ciudad de los Valles

The process of TIER IV certification of the Ciudad de los Valles data center has been completed. Of the more than 1,500 data centers in the world validated by the Uptime Institute, only 14 have obtained this certification and of these only 6 are in the service provider category, positioning Entel amongst leaders in this area.

Sale of Towers

At the end of 2019, the sale of 3,242 non-strategic telecommunication towers was completed in Chile and Peru, taking into account how much they were used as well as the current and future needs of the business and technology. The transaction brought in US$ 772 million.

Creation of the Chief Data Officer (CDO)

In 2019 the CDO department was created in response to the need to evolve into a "data driven" company, in order to protect and treat information responsibly and generate value for both internal and external customers.

Bond Placement

The placement consisted of two series of bonds - a short series for UF 6 million and a long one for UF 2 million, raising UF 9.35 million.

Data Protection Policy

Caring for the protection of our customers' data is of great importance to Entel, which is why in 2019 we published and implemented the Data Protection Policy, where we explain our use and handling of data, as well as our commitment to safeguarding our customers' information and communications.

Breakeven in Peru

Breakeven was achieved at Entel Perú in the fourth quarter of 2019.

1.5 **Awards** and Recognition

Human Resources

Merco Talento

In 2019 we were placed 6th in the national ranking of leading companies for attracting and retaining talent. We were also the only company in the telecommunications and IT businesses sector at the top of the table.

Best Chile

For the fourth year running we were awarded the Best Chile prize. This recognition is awarded by Principal to the companies most committed to the well-being and financial future of their employees.

Best Chile

It is the first initiative in Chile to reward the companies most committed to the future finance and welfare of their employees. The study seeks to identify the best practices and the benefits that companies provide for their employees, in order to generate formal studies and encourage the inclusion of financial and social security education in the company agendas.

Diversity and Inclusion

Fundación Iguales – National Company

In 2019 we were acknowledged by Fundación Iguales in their National Company category. This award recognizes those companies that have expressed their support for demands for sexual and gender diversity, as well as those that have specific policies of inclusion for the LGBTI community. This award was for 2019, but was received in 2020.

Corporate Reputation

Merco Reputation

For the fifth year in a row, our company was in the top 10 for corporate reputation in the Merco Ranking, in 6th place, and we consolidated our position as a leader in the telecommunications industry.

Sustainability

Fourth Year in the Dow Jones Sustainability Index

Once again we were part of the Dow Jones Sustainability Index (DJSI), an international benchmark that recognizes the companies that lead the world in sustainable performance. We came 21st in the overall ranking for the telecommunications industry and joined the DJSI Chile and DJSI LAIM Pacific Alliance indexes. We are the only telecommunications company on this index.

Dow Jones Sustainability Chile Index (DJSI Chile)

The index is made up of those companies that are leaders in social, environmental and corporate governance matters. Dow Jones Sustainability™ Chile Index, DJSI Chile is the first sustainability index in Chile, developed jointly with SP Dow Jones Indices and RobecoSAM. It is the first of its kind in the country to use the Dow Jones Sustainability Index methodology and the first to be based on IPSAs. The index uses Best in Class methodology to find the top 40% of eligible companies listed on the stock exchange general price index, IGPA, with float-adjusted market capitalization greater than US$ 100 million, based on environmental, social and long-term corporate governance factors.

FTSE4Good from the London Stock Exchange

In 2019 we continued to be amongst the London Stock Exchange's FTSE4Good companies, which groups enterprises with sustainable practices worldwide.

FTSE4Good

This refers to a series of stock market indices on the London Stock Exchange, which groups companies from around the world with sound environmental, social and governance (ESG) practices.

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ALAS20

We were awarded 3rd place in the category Leading Company in Sustainability in ALAS20, an initiative that integrally recognizes excellence in disclosing information to the public on sustainable development practices, corporate governance and responsible investment by companies in Brazil, Chile, Colombia, Mexico and Peru.

ALAS20

This is a Latin American initiative that assesses, rates and integrally recognizes excellence in disclosing information to the public on sustainable development practices, corporate governance, and responsible investment by companies and investors in Brazil, Chile, Colombia, Mexico and Peru.

Service Quality

Best Consumer Experience (BCX)

For the sixth time we won first place in the Best Customer Experience award from the Best Consumer Experience (BCX) study, in the Telecommunications category, sharing it this year with Entel Peru. Meanwhile, in the Chile category, for the eighth time in a row were ranked top in terms of excellence, best practices and innovation in customer experience.

ProCalidad

We were awarded first place at the ProCalidad National Customer Satisfaction Awards in the "Fixed Phone Services" category, a service we have provided since 2012 with simple and accessible customer solutions.

This ranking assesses the satisfaction of men and women over 18 years of age with a home phone or cell phone in more than 25 service sectors and is the result of analysing a sample of 41,000 direct customer opinion surveys conducted between March and November 2018 throughout the country, on satisfaction in areas with a high impact on citizens' lives.

PROCALIDAD
INDICE NACIONAL DE SATISFACCION DE CLIENTES

Indexes on which we are listed

SPCLXIGPA

General Stock Price Index. It groups most of the shares traded on the Santiago Stock Exchange. It measures long-term price changes.

MSCI Chile Index

MSCI sets benchmarks to support the performance of the main Chilean issuers with international exchanges. The index is based on the free float market capitalization of each share, taking into account liquidity measures of each share.

Sustainability

DJSI Chile
DJSI MILA Pacific Alliance
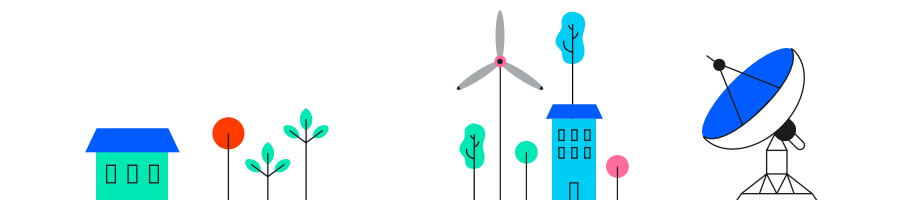FTSE4Good

SP IPSA

Selective Stock Price Index. It measures the price variations of the largest and most liquid Chilean issuing companies listed on the Santiago Stock Exchange.

Peru Awards

Quality and Service

First Place for Customer Experience in Latin America and Peru

Best Consumer Experience awarded us first place in the Latin American Telecommunications category, shared with Chile, and for the sixth year running first place in the category in Peru.

Entel was the winner of the eCommerce Awards 2019 in the category of Best Mobile Initiative, thanks to the launch of its new online store, becoming the only operator in Peru to win this award in Latin America.

Corporate Reputation

We are still among the 15 best companies in **Merco**, a ranking that analyses perception and valuation of the main companies in different sectors based on more than 18 000 surveys.

For our reputation, talent and social responsibility, we were once again recognized amongst the "Most Admired Companies in Peru" by PWC and G de Administración magazine.

Effie Awards. We won three gold and two silver Effies in the Internet and Telecommunications category with the Mama Power, New Prepaid Chip 29 and Dimitree campaigns.

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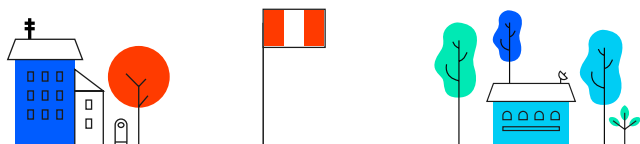
For 55 years we have existed to **transform** people's lives throug **technology.**

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1.6 **Corporate** Governance

Entel's Corporate Governance is responsible for supervising the company's executive management and ensuring sustainable value is created, seeing that principles are applied and maintaining a good relationship with stakeholders. In this way it seeks to forge long-term relationships with shareholders, employees, customers, suppliers and the community.

The Entel Board of Directors is the top governing body of the company's Corporate Governance. Once a year, as set out by law, an Ordinary Shareholders' Meeting is held to report on the company's annual a. All shareholders can participate and have the right to voice and vote.
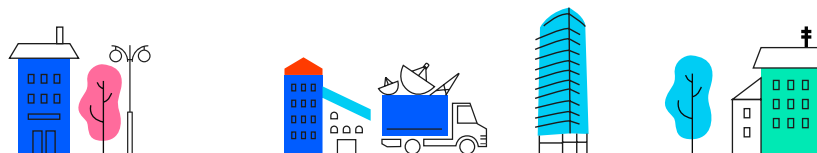
Principles of Corporate Governance

1

Taking decisions and approving strategic guidelines for the proper management of the company's business.

2

Protecting the rights of shareholders, ensuring the fair treatment of all of them.

3

Timely and accurate disclosure of any relevant information about the company.

Shareholders Meeting

25 April 2019

The Ordinary Annual Shareholders' Meeting, among other matters, approved:

- The Annual Report, Balance Sheet and other Financial Statements as at December 31, 2018, and the External Audit Company's report for the same fiscal year.

- No dividends were distributed for the year.

- The investment and financing policy, and the dividend policy was reported.

- Remuneration of the directors and the Directors' Committee and the annual budget of the Committee.

- The appointment of external auditors EY and risk ratings agencies Fitch Ratings and ICR (International Credit Rating).

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## Investor Relations Model

1. Dedicated and trusting relationship

2. Relevant and timely information

3. Transparent information

At Entel we have a model and policy for Investor Relations, through which we seek to provide transparent, relevant and timely information to all our investors regardless of their size, keeping them up-to-date with the state of the company. In addition we seek to maintain long-term, trusting relationships with investors, to which end we have exclusive department. The information requirements that may emerge from our businesses in Chile and Peru are met by the Investor Relations Department.

We have strengthened communication with investors and analysts in the sector through this department, with a series of initiatives including visits to our operations, meetings at our offices, visits to foreign investors and participation at local and international conferences. seeking to respond promptly to their requests.

For the quarterly publication of financial results, the investor relations department is responsible for preparing analysis reports, holding international telephone conferences and local meetings with the Finance and Management Control Manager.

This material is available to anyone interested in the company's website, where it is regularly updated.
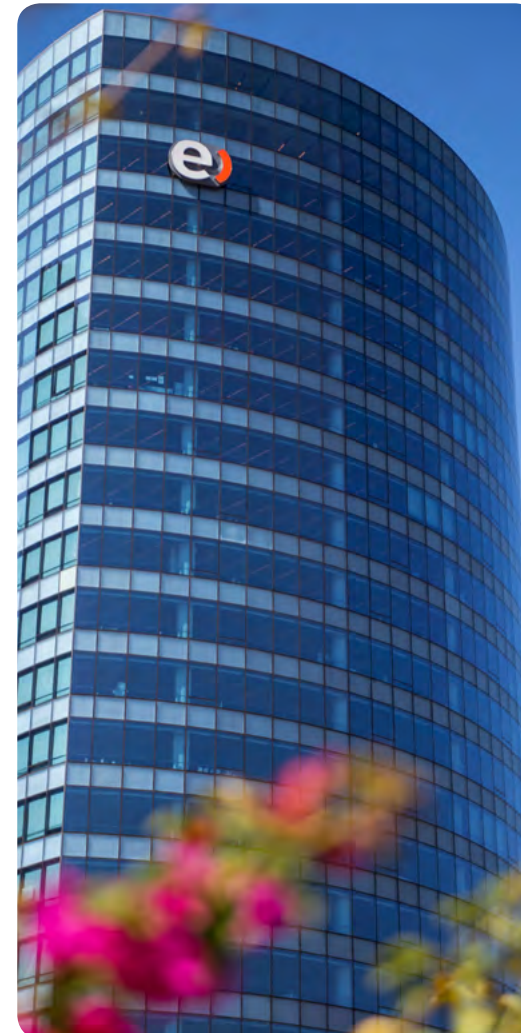
Activities 2019
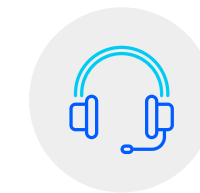
9
Participation in international and national conferences and a Non-Deal Roadshow.
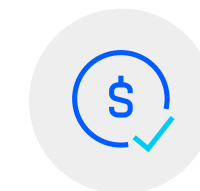
4
Quarterly teleconferences with investors.

4
Local meetings with analysts to deliver quarterly results.

598
Exchanges over the year with stakeholders with foreign funds, local funds, pension funds and market analysts.

Organization and Operation

Board of Directors

It is made up of nine members elected at the shareholders' meeting, who do not hold executive positions in the company.

Members keep their seat for three years. They can be re-elected indefinitely.

Main functions

Setting the general guidelines for the management of the company, geared towards meeting the economic, social and environmental goals.

Establishing suitable forms of governance for the management of the company.

Determining policies to guide the organization in specific matters.

Appointing the CEO who has all the legal powers and obligations proper to their position. As such there is a separation of roles between who presides on the board and who exercises the responsibility of CEO.

Reviewing the running of the company through a monthly CEO's report. The Board of Directors is responsible for assessing and setting out guidelines to be followed in compliance with corporate goals and objectives.

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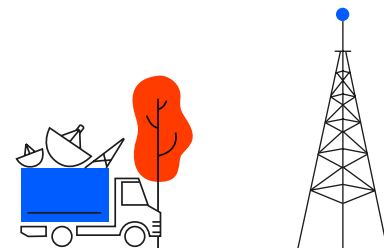
The Board meets in an ordinary manner once a month, and in an extraordinary manner when it is necessary to deal with any specific or contingent matter.

The CEO is the only executive who reports exclusively to the Board of Directors. In addition to the CEO, the Finance and Management Control Manager and the Legal Executive attend the Board meetings on a regular basis, the latter acting as secretary.
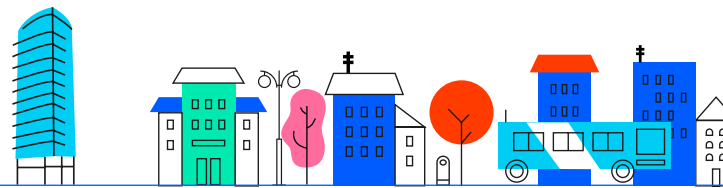
On a monthly basis the **CEO** reports to the board on the management of the business and issues requiring the board's knowledge and approval.

The **Finance and Management Control Manager** reports monthly on the management of the company regarding the budget approved by the board. Quarterly, it presents the financial statements to be approved and sent to the Commission for the Financial Market.

The **Vice Presidencies for Markets** submit their work and business management plan twice a year.

The **Internal Audit and Operational Risks Department** presents the risk policy and the criminal liability system for legal entities twice a year.

The **Vice-Presidency for Technology and Operations** presents the networks and telecommunications situation biannually.

Entel Peru's Chief Executive Officer reports on the operational and financial management of this subsidiary every three months.

The **Regulatory and Corporate Affairs Department** presents the situation of the networks and the development of more significant telecommunications projects biannually.

The **Investor Relations Department** turns in a report on its activities to the board once a year.

The **Ethics Committee** annually presents its main activities and complaints.

1.7 **Board of** Directors

Juan José Hurtado Vicuña
Chairman

- **Civil Engineering, Universidad de Chile. / ID 5.715.251-6**
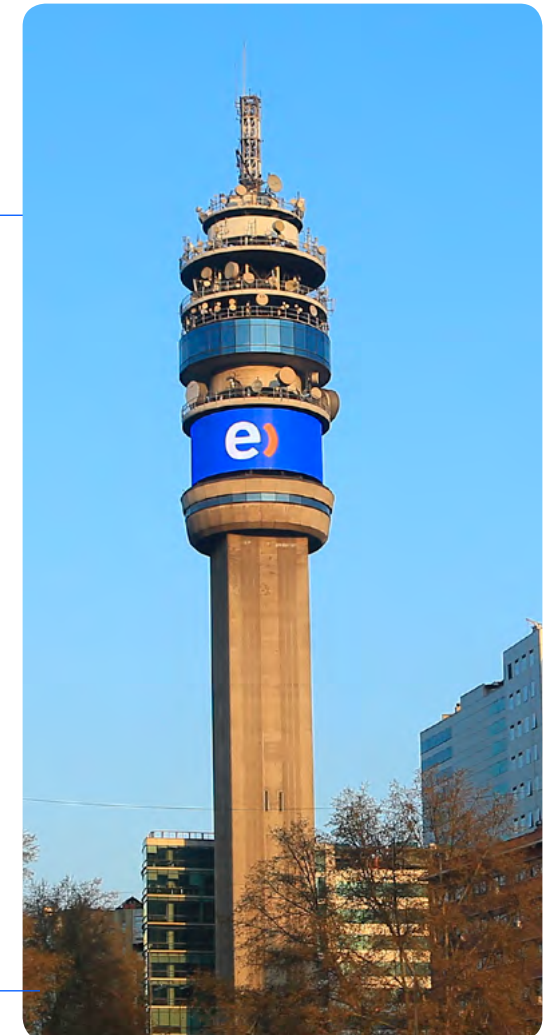
  He is a member of the Board of Grupo Consorcio and Pucobre. He also sat on the Colbún Board, and more. He has been a member of the Board of Directors of Entel for 20 years.

Luis Felipe Gazitúa Achondo
Vice President

- **Business Administration, Universidad de Chile. / ID 6.069.087-1**

  He is Chairman of the Board of CMPC. Boards on which he has sat include Colbún and Cruzados SADP. He has been on the Entel Board for 17 years.

Bernardo Matte Larraín
Director

- **Business Administration, Universidad de Chile. / ID 6.598.728-7**

  He is a member of the Board of CMPC and Banco Bice. His background in telecommunications consists of 12 years as a director at Entel.

Richard Büchi Buc
Director

- **Civil Engineer in Mining, Universidad de Chile and MBA Wharton School of Business, University of Pennsylvania. / ID 6.149.585-1**

  He has 27 years of experience in telecommunications and has been a director of Entel for two years.

Jorge Salvatierra Pacheco
Independent Director

- **Civil Industrial Engineering, Pontificia Universidad Católica de Chile and MBA Saint Louis University / ID 6.557.615-5**

  He is currently Chairman of the Board of Directors of Canal 13. He was a director of LAN Airlines and Telefónica del Sur. He has 13 years experience in telecommunications and has been a director of Entel for three years.

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Patricio Parodi Gil
Director

- Business Administration, Pontificia Universidad Católica de Chile and MBA, Harvard University. /ID 8.661.203-8

He is also Chairman of the Board of Banco Consorcio. He has six years of experience in telecommunications as an Entel Board member.

Carlos Fernández Calatayud
Independent Director

- Electronic Civil Engineering, Universidad Federico Santa María. / ID 5.213.938-4

He was executive vice president for the Andean Region of Computer Associates Corporation and CEO of Telmex and AT&T LA in Chile. He also worked in different senior management positions and as a director at IBM in Chile. He has 12 years of experience in telecommunications and has been Entel's director for five years.

Andrés Echeverría Salas
Director

- Business Administration, Pontificia Universidad Católica de Chile and MBA, University of California, Los Angeles. / ID 9.669.081-9

He has been a member of the Entel Board for 8 years, his background in telecommunications.

Juan José Mac-Auliffe Granello
Director

- Business Administration, Pontificia Universidad Católica de Chile. / ID 5.543.624-K

He was director of Ebema SA, director of Fundación Banmédica and director of Vidaintegra SA. He has 25 years of experience in telecommunications and as a member of the Board of Entel.

Currently, all Entel directors participate on more than four company boards.

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Directors' Committee

A body established by the Corporations Law, composed mainly of independent directors whose purpose is to review certain matters for subsequent approval by the Board of Directors. Duties include:

- Examining the external auditors' reports, balance sheets and other financial statements. Proposing external auditors and risk ratings agencies to the board of directors that must be submitted for the approval of the Ordinary Shareholders' Meeting.

- Reviewing transactions between related parties and other matters included in the Corporate Governance Manual.

- Examining the remuneration systems and compensation plans of the managers and senior executives.

- Reviewing the work plan for external and internal audits, and integral contingency management.

Summary of Directors' Committee Activities 2019

Meeting Date	Main subjects addressed
Jan 30, 2019	**1.** Crime prevention model report
	2. Presentation of annual financial statements by external auditors
Apr 1, 2019	**1.** Board Committee remuneration and budget
	2. External auditors
	3. Rating agencies and designation of period for publication of social notices
	4. Income structure, MBO model and private role retention plan
Jun 3, 2019	**1.** 2019 audit work plan
	2. Approval of annual plan and setting of dates for committee sessions
Sep 2, 2019	**1.** Authorization for contracting services to a Metric Arts company. Spa.
	2. Committee work report
Oct 7, 2019	**1.** Report related operations
	2. Risk approval and assessment of risk policy audit plan progress
Nov 4, 2019	**1.** Corporate Governance
Dec 16, 2019	**1.** Annual risk policy assessment and results
	2. Statement on corporate manual and NCG 385
	3. Ethics committee operation report
	4. Auditors' report and analysis of main observations on internal oversight of non-relevant matters.

In **2019** the Director's Committee was made up of Carlos Fernández (independent director and committee chair), Jorge Salvatierra (independent director) and Luis Felipe Gazitúa (director).

Director Diversity Indicators

Gender	2019
Female	0
Male	9
Total	**9**

Age range	2019
Less than 30	0
Between 30 and 40	0
Between 41 and 50	0
Between 51 and 60	2
Between 61 and 70	5
Over 70	2
Total	**9**

Length of Service	2019
Less than 3 years	0
3 - 6 years	3
More than 6 years and less than 9 years	1
9 - 12 years	2
More than 12 years	3
Total	**9**

Nationality	2019
Chilean	9
Foreign	0
Total	**9**

Remuneration of the Board of Directors:

The remuneration of the board of directors is approved annually at the General Shareholders Meeting. None of the members of the board of directors or the organization's executives are remunerated with stocks and shares in the company or for their work as directors of subsidiary companies.

Remuneration

The Board of Directors and the Directors Committee incurred no additional expenses nor hired consultants during the 2019 fiscal year.

Average attendance at Board meetings for **2019 was 98%**

Name	Position	Remuneration Board of Directors 2019 ThCh$	Remuneration Directors' Committee 2019 ThCh$	Total 2019 ThCh$	Remuneration Board of Directors 2019 ThCh$	Remuneration Committee of Directors 2018 ThCh$	Total 2018 ThCh$
Juan Hurtado Vicuña	Chairman	87,897		87,897	83,357		83,357
Felipe Gazitúa Achondo	Vice President	64,074	14,652	78,726	64,293	14,286	78,579
Richard Büchi Buc	Director	43,948		43,948	42,861		42,861
Andrés Echeverría Salas	Director	43,948		43,948	41,657		41,657
Carlos Fernández Calatayud	Independent Director	43,946	14,652	58,598	42,862	14,286	57,148
Juan José Mac-Auliffe Granello	Director	43,948		43,948	42,861		42,861
Patricio Parodi Gil	Director	42,740		42,740	40,497		40,497
Bernardo Matte Larrain	Director	41,514		41,514	41,678		41,678
Jorge Salvatierra Pacheco	Independent Director	43,946	14,652	58,598	42,862	14,286	57,148
		455,960	**43,956**	**499,916**	**442,928**	**42,858**	**485,786**

(1) Directors as at December 31, 2019

Note: At the Ordinary Shareholders' Meeting held on April 25, 2019, it was agreed to maintain the remuneration of the Board of Directors approved at the Ordinary Meeting of Shareholders in 2018, which includes payment of a fixed monthly remuneration for directors of 50 UTM plus 25 UTM per each session attended, with a maximum of one paid session per month. The vice president receives 1.5 times that amount and the president, double. Monthly remuneration ceiling for Entel, subsidiaries and affiliates may not exceed 80 UTM per director, 120 UTM in the case of the vice president and 160 UTM for the president.

Standout Practices

1. Induction policy for new directors

Our company has a formalized induction policy for new directors. The CEO of the company is responsible for the process which includes providing information on:

- Operation of the Board of Directors

- Main operational, financial, legal and institutional aspects of the company.

- Legal norms covering the operation of boards and the role and duties the law requires of each director.

2. Access to remote information

Each of the directors can review the minutes of the sessions of the last three years and access information on presentations made at the sessions through a new secure, remote and permanent Directors' Portal, which operates with a double authentication system.

3. Procedures for ongoing training and advice

The board has the right to hire the consultants necessary to support their work.

Training and Presentations for the Board of Directors

In 2019, in addition to the usual presentations by the various vice presidents and managers of the company, as well as external auditors, training and presentations to the board were conducted by the executive team and/or external specialists. These included:

- Presentation on new regulations by Cristóbal Eyzaguirre.

- EY presentation on trends in technology and robotics.
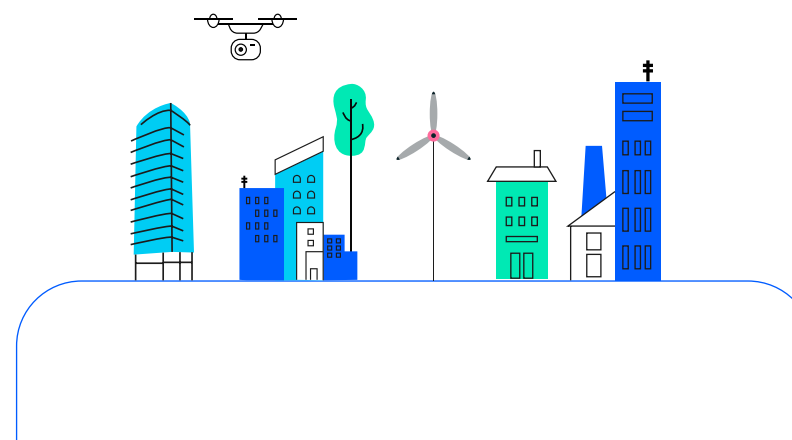
More than five decades **contributing** to the development of Chile through **telecommunications.**

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1.8 **Management**

Organizational Chart

ANTONIO BÜCHI B.
CEO

José Luis Poch P.
Vice President
Consumer Segment

Mario Núñez P.
Vice President
Enterprise Segment

Julián San Martín A.
Vice President
Corporate Segment

Alfredo Parot D.
Vice President
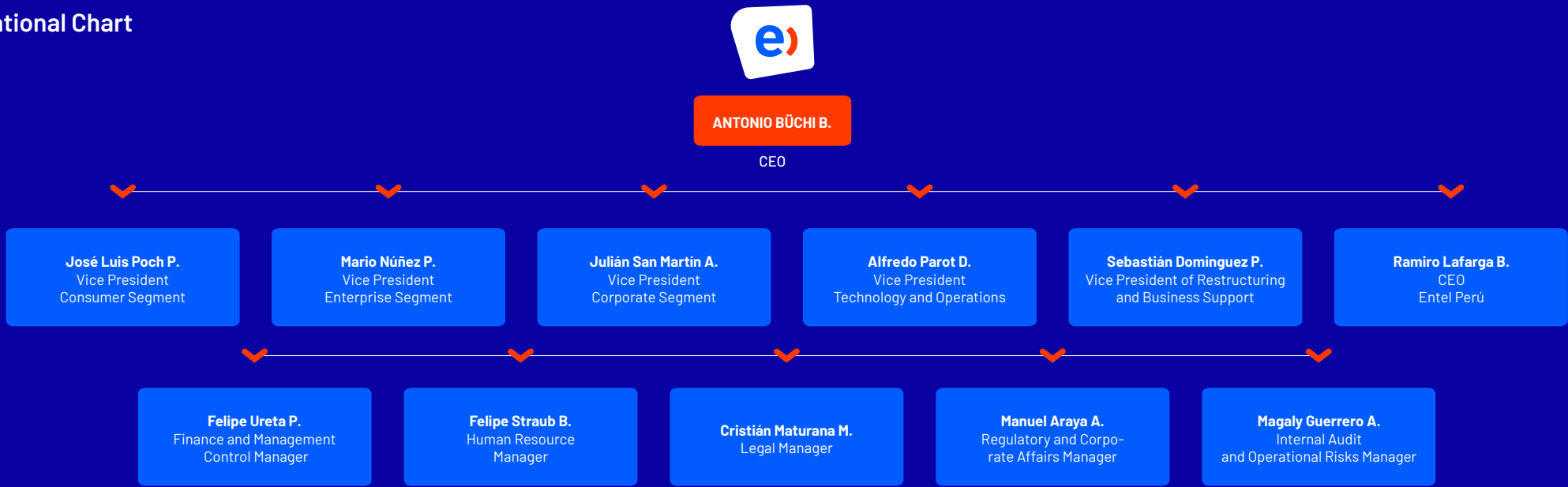Technology and Operations

Sebastián Domínguez P.
Vice President of Restructuring
and Business Support

Ramiro Lafarga B.
CEO
Entel Perú

Felipe Ureta P.
Finance and Management
Control Manager

Felipe Straub B.
Human Resource
Manager

Cristián Maturana M.
Legal Manager

Manuel Araya A.
Regulatory and Corporate Affairs Manager

Magaly Guerrero A.
Internal Audit
and Operational Risks Manager

Our management is set up to address all the company's strategic and management issues through a cross-cutting administration format which makes it possible to comprehensively visualize the opportunities and challenges that arise in the business.

In Chile, we serve the needs of our customers according to market segments: Consumers, Enterprises and Corporations. Each division has its own teams for innovation and product development,

pricing, marketing, sales, and customer service. The Technology and Operations Department deals with traditional technical activities (networks, systems and operations), and includes customer service for the Wholesale Segment.

Additionally, our organizational structure includes cross-cutting coordination with departments for the various business units. The departments responsible for Finance and Management Control, Hu-

man Resources, Legal, Audit and Regulation and Corporate Affairs support the company's efforts to meet the challenges of growth and development.

All these units operate under the leadership of General Management, which promotes a close interrelationship between them and their personnel, in line with the concept of an agile organization.

In Peru, Entel's management reports to a board and has an internal structure similar to that of the Chilean business. The other company subsidiaries report to specific boards and are managed in line with their strategies.

Members of the Executive Team

José Luis Poch Piretta
Vice President Consumer Segment

- ID 7.010.335-4

From March 2011. Various roles at Entel since February 1993.

Business Administration, Pontificia Universidad Católica de Chile.

Alfredo Parot Donoso
Vice President of Technology and Operations

- ID 7.003.573-1

From March 2011. Various roles at Entel since January 1996.

Civil Industrial Engineering, Pontificia Universidad Católica de Chile.

Felipe Ureta Prieto
Finance and Management Control Manager

- ID 7.052.775-8

From August 1996. Various roles at Entel since May 1994.

Business Administration, Pontificia Universidad Católica de Chile.

Manuel Araya Arroyo
Regulatory and Corporate Affairs Manager

- ID 10.767.214-1

From March 2011. Various roles at Entel since May 1994

Civil Industrial Engineering and Masters in Business Administration, Pontificia Universidad Católica de Chile.

Mario Núñez Popper
Vice President Enterprise Segment

- ID 8.165.795-5

From March 2011. Various roles at Entel since 1993.

Civil Industrial Engineering, Pontificia Universidad Católica de Chile.

Sebastián Domínguez Philippi
Vice President of Restructuring and Business Support

- ID 10.864.289-0

From March 2017. Various roles at Entel since May 2000.

Civil Industrial Engineering, Pontificia Universidad Católica de Chile and Master in Economics, Cambridge University.

Felipe Straub Barros
Human Resources Manager

- ID 8.131.463-2

From January 2012.

Psychology, Pontificia Universidad Católica de Chile and MBA, Alberto Hurtado University/Loyola College in Maryland.

Magaly Guerrero Arce
Internal Audit and Operational Risks Manager

- ID 10.978.118-5

From March 2017.

Auditing/Accounting, Universidad Tecnológica Metropolitana and MBA, Universidad Adolfo Ibáñez.

Antonio Büchi Buc
Entel Group Chief Executive Officer

- ID 9.989.661-2

From March 2011. Various roles at Entel since 2000.

Civil Industrial Engineering, Pontificia Universidad Católica de Chile and Master of Arts in Economics, University of Chicago.

Julián San Martín Arjona
Vice President Corporate Segment

- ID 7.005.576-7

From December 2006.

Civil Industrial Engineering, Universidad de las Américas and Computer Engineering, Universidad de Chile.

Ramiro Lafarga Brollo
Entel Peru Chief Executive Officer

- ID 14.718.820-K

From March 2017.

Public accountant, Universidad Católica Argentina, and master's degree in economics and business administration from ESEADE (Argentina).

Cristián Maturana Miquel
Legal Manager

- ID 6.061.194-7

From March 1994.

Law, Universidad de Chile.

Diversity indicators for key executives at Entel S.A., PCS and Entel Perú

Diversity of key executives at Entel S.A., PCS and Entel Perú, 2019

Gender	Entel SA and PCS	Entel Perú
Female	11	1
Male	79	9
Total	90	10

Nationality	Entel SA and PCS	Entel Perú
Chilean	81	5
Foreign	9	5
Total	90	10

Age range	Entel SA and PCS	Entel Perú
Less than 30	0	0
31-40	13	1
41-50	42	8
51-60	33	1
61-70	2	0
Total	90	10

Length of Service	Entel SA and PCS	Entel Perú
Less than 3 years	10	5
3-6 years	15	4
More than 6 and less than 9 years	17	0
9-12 years	8	0
More than 12 years	40	1
Total	90	10

Full workforce:

	Workforce							
Level	2019 Entel S.A.	2019 Entel PCS	2019 Call Center S.A.	2019 Other sub-sidiaries	2019 Call Center Peru	2019 Americatel Peru	2019 Entel Perú*	Total 2019
Management	48	42	9	1	7		10	117
Professional and Technical	1,872	1,133	497	39	525	24	257	4,347
Clerical	506	538	1,625	224	2,740	306	2,009	7,948
Total	2,426	1,713	2,131	264	3,272	330	2,276	12,412

Remuneration of the Executive Team

Annual bonuses are paid in line with pre-established formulas based on achieving corporate targets for the respective areas. There is a long-term plan with a horizon of up to six years to accrue fixed and variable payments for meeting targets, with a maxi-mum established for the variable amounts. All these payments are included in the figures set out in the table below.

Salaries of managers and senior executives 2019

Personnel included	115 employees from Entel SA and its subsidiaries
Remuneration	Ch$ 11,204,773,208
Bonuses	Ch$ 4,557,311,932

Severance pay for 2019: $577,166,910 paid in total to 14 executives

* Entel Peru figures also include Directnet workforce

1.9 Ethics and Compliance

Ethics

To serve Entel's purpose, it is key to maintain relationships of trust with each of the company's employees and especially with stakeholders. As such, as a company we have undertaken to establish an "ethical culture", to which end a plan for the dissemination of ethics and compliance was developed in 2019.

To help meet our commitments we have a code of ethics, an ethics committee, a complaints channel and a compliance model, all of which shape our ethical system.

Code of Ethics

The aim of our code of ethics is to be the benchmark for all persons or companies linked to Entel, including its directors, managers, workers, contractors, suppliers and consultants, setting standards of conduct that seek to preserve the integrity of the type of culture and organization we want to build. We strive for real commitment to our principles and values, which are based on the general principles of ethics. These documents are intended to provide a roadmap to conduct in a business environment, in a clear, accurate and consistent manner in line with our culture and purpose as a company.

At the Board meeting held on May 6, 2019, the updated Code of Ethics and Application Manual was presented, incorporating changes in Entel's purpose, cultural pillars and approval of the conflict of interest, gifts, travel and invitations policies.

Ethics Committee

The purpose of the Ethics Committee is to oversee management and meet the highest standards of good practice. The committee is made up of six company executives appointed by the CEO:

> Human Resources Manager (Chairman)

> Legal Manager

> Vice President Corporate Segment

> Vice President Technology and Operations

> Regulatory and Corporate Affairs Manager

> Internal Audit and Operational Risk Manager

> Committee Secretary: Legal Division Lawyer

Main Functions

To investigate and respond to claims made via whistle-blower channels.

To propose relevant action to address shortcomings identified in connection with the investigation of complaints made.

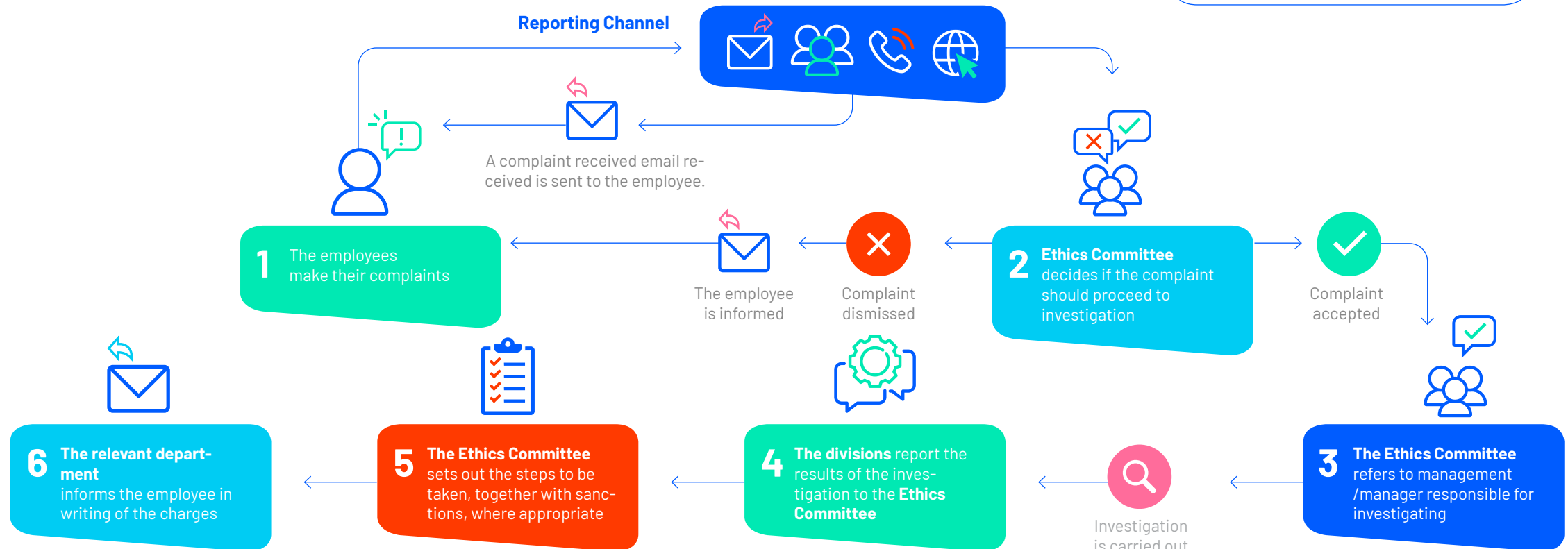To resolve issues relating to its rules.
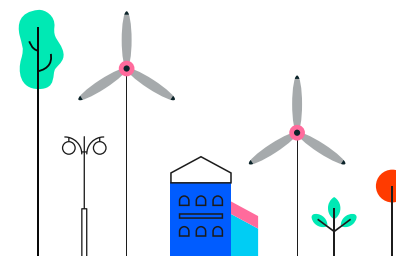
Reporting Channel

At Entel we have a channel for receiving anonymous and confidential reports of breaches of our code of ethics, internal rules, laws and/or regulations, such as: discrimination, workplace harassment, sexual harassment, fraud, corruption, environmental damage, anti-competitive practices, among others (21 types of complaint). The complaints are managed by a company external to Entel (Fundación Generación Empresarial). All cases are reviewed by the Ethics Committee, which meets monthly.

In 2019, 120 complaints were filed, up 6% over the 113 filed in 2018. Their status is as follows: 111 are resolved and 9 are under investigation.

Reporting Channel

A complaint received email received is sent to the employee.

1 The employees make their complaints

The employee is informed

Complaint dismissed

2 **Ethics Committee** decides if the complaint should proceed to investigation

Complaint accepted

6 **The relevant department** informs the employee in writing of the charges

5 **The Ethics Committee** sets out the steps to be taken, together with sanctions, where appropriate

4 **The divisions** report the results of the investigation to the **Ethics Committee**

Investigation is carried out

3 **The Ethics Committee** refers to management /manager responsible for investigating

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Regulatory Compliance Model

Entel has a Regulatory Compliance Model, which is based on the values and principles that guide the company's actions. Guidelines for policies, standards and procedures that ensure that the company acts in accordance with these guidelines are drawn up.

The main safeguard or defence mechanism against corruption that the company currently employs is the implementation, based on Law No. 20,393, of a crime prevention model. This includes policies of oversight, control and the appointment by the board of directors of a crime prevention officer who has full autonomy and is responsible for the implementation and oversight of the prevention model. In addition, it receives and investigates the complaints that are presented on these matters through the different operating channels at Entel.
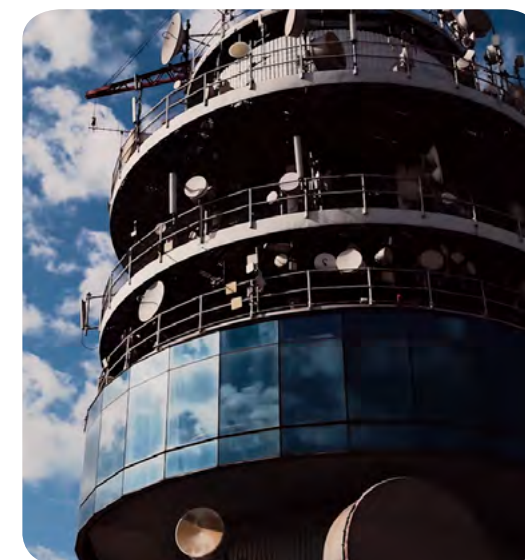
We have a crime prevention model that allows us to ensure corporate integrity
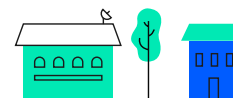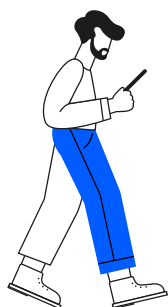
The main policies and guidelines that exist within the company they are:

- Code of Ethics and Application Manual
- Crime Prevention Model Manual
- Anti-corruption Policy
- Conflict of Interest Policy
- Gifts, Invitations and Travel Policy
- Purchasing Policy
- Donations Policy
- Sponsorship Policy
- Lobby Policy
- Protocol for Relationships with Employees and Public Officials
- Funding Policy
- Investment and Financing Policy
- Complaints Procedure

As of May 2019, the company's compliance department promoted the Ethics and Compliance Management System which incorporated the code of ethics, application manual, policies relating to the crime prevention model, free competition, diversity and inclusion policies, among others, into a single access on the corporate intranet available to all company employees, and the registration of declarations of conflicts of interest and of gifts, travel and invitations received or not accepted.

Ethics and Compliance Training and Dissemination Activities

1

Launch of the Corporate Ethics and Compliance Management system.

2

Launch of updated Code of Ethics and Implementation Manual: new purpose, cultural pillars, conflict of interest policy and gifts, travel and hospitality.

3

Formalization and updating of policies for the Crime Prevention Model

4

Dissemination of Crime Prevention Model policies: Conflict of Interest, Gifts, Travel and Hospitality and Lobbying among others.

5

Talks aimed at key personnel from Purchasing, VP Corporations, Network Division (Ethics and Compliance Cafes).

6

Dissemination of videos on ethical conduct.

7

Posters on Ethical Culture in Entel's elevators.

8

Gift, travel and hospitality policy infographics.

9

Barometer (survey) of Ethical Culture applied in conjunction with Fundación Generación Empresarial

10

Implementation of Compliance Tracker, an identity verification service using lists of those sanctioned for Money Laundering and Terrorist Financing as well as their base crimes and local and international PEPs, which provides a tool for the prevention of the crime of bribery in our prevention model, generating automatic warnings to the person in charge of prevention and issuing certificates of compliance, as well as other due diligence activities.

Gift, Travel and Hospitality Policy

This regulates and makes the process of accepting and granting gifts, hospitality and travel more transparent in order to create an environment of regulatory compliance and accountability inside and outside the organization, preventing potential conflicts of interest. At the same time it aims to reduce the legal and reputational risk to which Entel may be exposed by the perpetration of crimes established in Law 20.393 or any other legislation that may be applicable to it.

At the end of 2019, compliance with recording the acceptance and/or return of gifts, travel and hospitality - exceptions to the general policy - resulted in 69 statements, mainly concentrated in the VP Consumer Segment, VP Corporate Segment and VP Technology and Operations.

Conflict of Interest Policy

In August 2019, the conflict of interest policy was disseminated throughout the company. Its main objective is to prevent and regulate those situations of "conflict of interest" that may arise in the case of employees of Entel Chile S.A. and its subsidiaries, when, as a result of the exercise of their position, function or position in the company, they may participate in, decide on, or influence matters which compromise their personal interest with respect to suppliers, customers, competitors or other stakeholders of Entel.

By the end of 2019, the entire Board of Directors had made their conflict of interest declaration and compliance among the company's Top 400 leaders was 86%.

Entel Board

100%

● Declared - 9

Top 400

14%
86%

● Declared - 339
● Undeclared - 54
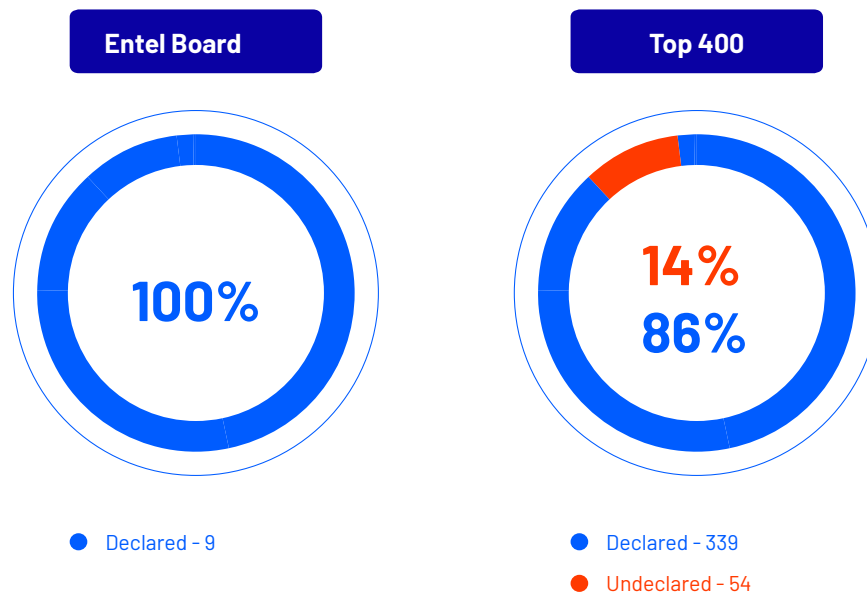
Risk Management Model

Our company has a risk management governance model, the main function of which is to identify strategic risks (macro risks), as well as tactical and operational risks, in a timely and preventive manner throughout the organization, and to establish mitigating action in its main operations, processes, regulations or other relevant issues for the company.

To implement our governance model we have a comprehensive risk management policy, work methodologies (risk models and standard criteria) and committees (cyber security, business continuity, ethics, physical security, data protection, among others), which work together to determine risk mitigation and response measures.

We continue to work on and develop our corporate risk management model and methodology with a corporate policy (for Entel and subsidiaries) that is updated and has a clear and structured governance framework.

Risk Management Policy

With its risk management policy, Entel has established a corporate risk management model which complies with the requirements of the COSO model (Committee of Sponsoring Organizations, of the Treadway Commission) and ISO 31000.
The model is regulated by the Risk Management and Continuous Oversight Subdivision (which reports to Internal Audit) and establishes the methodological framework so that the different areas of the com-

pany are framed within this governance model (reporting, communication, establishment of operating committees, monitoring of action plans etc.).

The aims of the General Risk Management and Control Policy are:

1. **Promote the Culture of Risk Management:** The Risk Management team, which reports to Internal Audit, has joined the main operating committees which are made up of division or department managers. They meet periodically in accordance with their respective committees and examine specific risks and mitigating action in the event of any incidents. Each of these committees has received specific training in risk management.
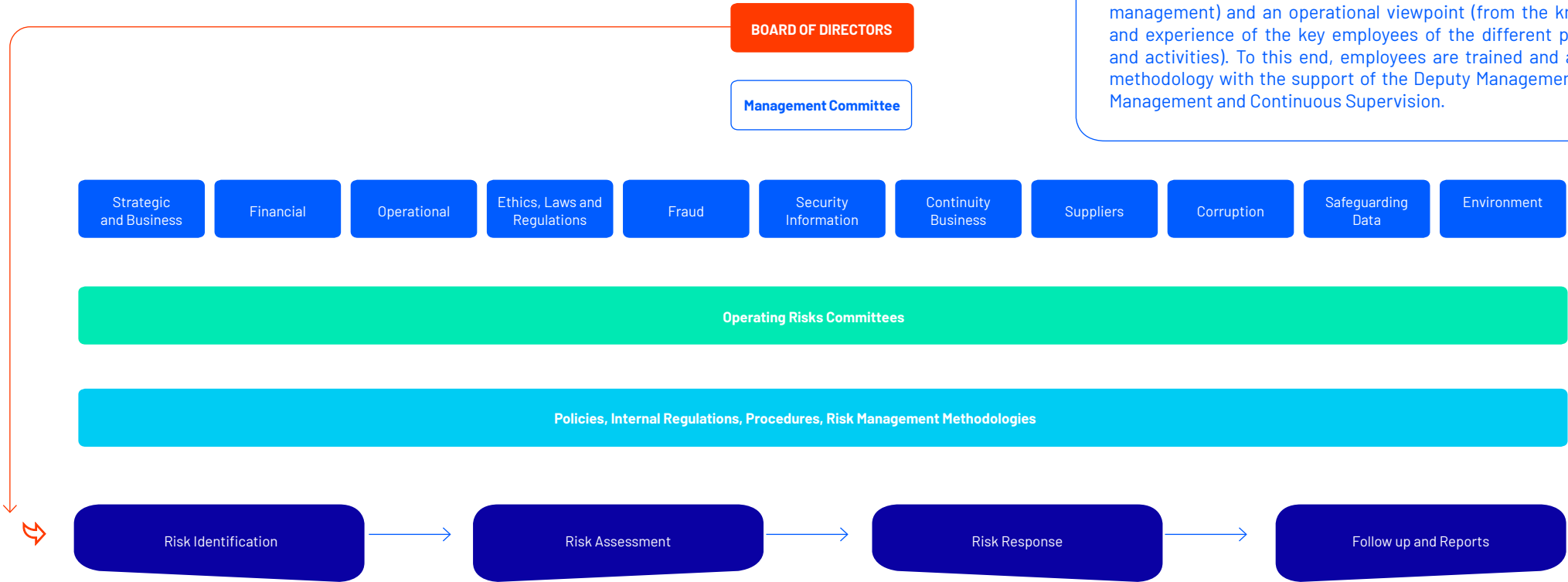
2. **Establishing standards and definitions:** The risk management team has established a formal methodology, using risk impact and probability criteria to maintain uniform standards in the organization which are adapted to the reality of the company's operations.

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Governance and Risk Management Model

Entel's Risk Management Governance Model is structured with a top-down and bottom-up view, ie identifying risks from a strategic perspective (top management); a tactical perspective (middle management) and an operational viewpoint (from the knowledge and experience of the key employees of the different processes and activities). To this end, employees are trained and apply the methodology with the support of the Deputy Management of Risk Management and Continuous Supervision.

BOARD OF DIRECTORS

Management Committee

| Strategic and Business | Financial | Operational | Ethics, Laws and Regulations | Fraud | Security Information | Continuity Business | Suppliers | Corruption | Safeguarding Data | Environment |

Operating Risks Committees

Policies, Internal Regulations, Procedures, Risk Management Methodologies

Risk Identification → Risk Assessment → Risk Response → Follow up and Reports

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3. Delivering results to the Board of Directors and the Administration: at least twice a year, the Board of Directors Committee are updated on macro risks to the business and the progress of mitigation action, as well as the applied work methodology. In addition, the updated business risk map, as well as the operational and tactical maps are presented to the Management Committee for approval.

4. Management 2019 Risk Management Team (Internal Audit and Operational Risk Management): In the second half of 2019, the macro business risks underwent their annual update and new, emerging risks were identified and assessed in order to apply mitigation measures. Monitoring of risk from the previous year was also conducted. As a result of this process, 15 macro risks were identified, which at the end of December were undergoing ongoing mitigation action and monitoring of their risk level. This includes issues of high importance to the company such as: Cybersecurity, Business Continuity, Sustainability, Compliance, Data Privacy, and other.

5. As a result of the social outburst of October 18, 2019, the "Crisis Committee" was convened, which is led by the General Manager, and is made up of all the VPs and First Line Executive Managers of Entel and the Assistant Manager of Risk Management and Oversight.

6. Another important achievement of risk management in 2019 was the development of the Tactical Risk Map of "Environment and Climate Change". Identifying the operational risks associated with these macro risks has generated various initiatives and projects to mitigate them. Environmental and climate change activities have cut across the organization, with the participation of multidisciplinary teams identifying and addressing the risks and their mitigation with the appropriate people.

These risks are in addition to those that were already part of the company's Risk Matrix, which relate to relevant sustainability management issues that can be viewed in detail in our Sustainability Report.

In 2019 we incorporated the main sustainability management risks for the company into a new **Strategic Sustainability Plan** for Entel, with the aim of promoting our purpose and orienting all activity towards the interior of the company, the whole value chain and society as a whole, to help transform our company and its environment in a responsible, inclusive and conscious manner.
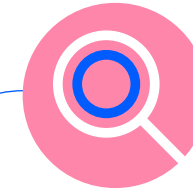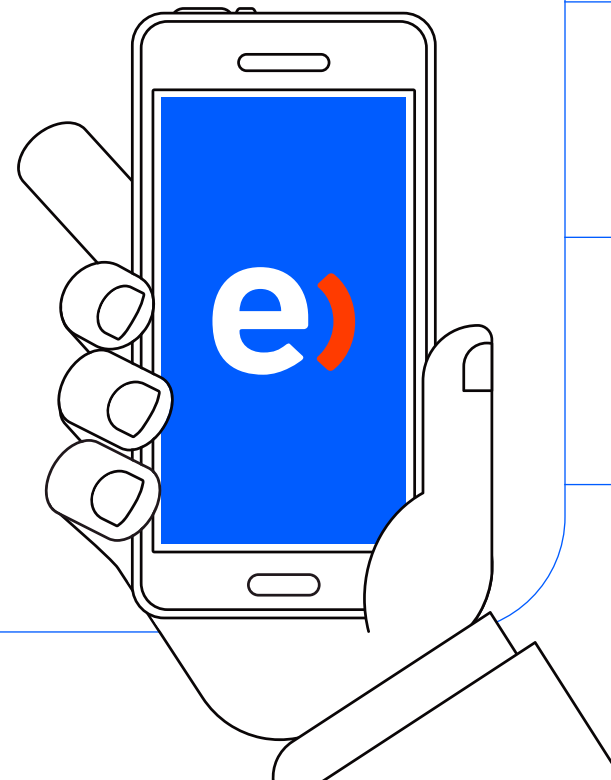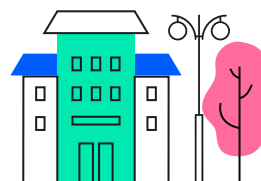
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02. Strategic Pillars

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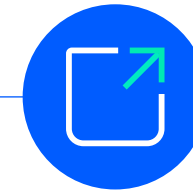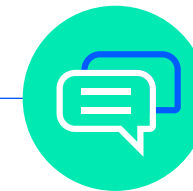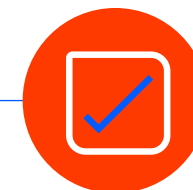
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2.1 **Our** pillars

1
Innovation and adaptation

2
Agile Organization and Culture

3
Distinctive Experience

4
Modern and robust infrastructure

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The competitive environment in the IT industry has evolved rapidly in recent years, creating a **global digital environment** which is impacting all sectors. Today the likes of Hyper Scale, Big Data, Advanced Analytics, Artificial Intelligence are transforming business models and our quality of life.

Telecommunications companies have not remained on the sidelines of this new reality; on the contrary, we are being challenged in many ways and have even been part of this change.

To address this scenario, our company is undergoing a process of restructuring, moving from a telecommunications company to a digital technology company, based on the following lines:

- Getting closer emotionally to our customers, supported by new technologies that allow us to generate better user experiences.

- Reinventing our business and exploring new opportunities, building on digitalization, automation and artificial intelligence.

- Developing digital capabilities within the organization to accompany and drive the continuous evolution.

- Strengthening and renewing infrastructure as a basic enabler to support the value proposal to our customers.

Comoditization of connectivity

New Digital Competitors (OTT and Technological Giants)

Uncoupling the Value Chain

Digital Consumer More demanding and in search of memorable experiences

Restructuring
at Entel

Our history has been defined by a process of constant transformation...

Future Project	New Entel Culture	Entel Peru and Transformation	Organization +2015	Business Agility	Entel + Data & IA Driven
2010	**2012**	**2014**	**2015**	**2016-2017**	**2018-2019**
Fixed-Mobile Integration Reorganization around customer segments Rebranding con look&feel Digital	New Cultural Building Blocks: Cross-cutting teamwork and innovation and adaptation. Leadership Style: empowered, multi-area	Deploying technology enablers for greater business agility Capturing opportunity at Entel Peru	Simplifying structure Reduction of hierarchical levels Strengthening of specialists and Human Capital Management Models.	Incorporation Agile methodology Creation of Analytical Management Digital Unit VC CLIN Fund	Focusing resources on areas of highest potential Creation of CDOs and CIOs to better respond to new challenges

... to adapt to new competitive environments.

2.2 **Innovation** and Adaptation

Innovation is part of our strategic foundation, allowing us to evolve our service portfolio in order to deliver an attractive, relevant and innovative proposal, focused on our clients.

To this end we have developed a corporate innovation model supported by three main pillars:

Customer Focus:

We understand our clients and their needs very well. We identify lifestyle behavior changes early on, in order to detect opportunities to help meet our customers' needs.

Future Vision

We have a vision of the challenges for our company in the future and a shared purpose built around it. We have focused on aligning our innovation strategy around this in order to show that we are a transformational player.

Adaptation:

We are building a Lean Agile-Innovative culture, enabling quick exploration of opportunities and solutions. We identify opportunities and abandon businesses, practices, ideas and attitudes that are no longer relevant in the new environment.

Our model has evolved due to the development of a corporate innovation in-house culture, that can create multidisciplinary teams backed by collaboration and knowledge transfer, strengthening a working ecosystem that generates processes for innovation.

In addition, we have consolidated a framework for the exploration and analysis of high potential trends, with the aim of continuously exploring technological, social and cultural trends, both locally and internationally, in order to identify opportunities early on, counteract threats and create competitive advantage.

In 2019 prospective strategies have been applied to various technological trends such as: 5G, IA, IoT analytics, NB IoT (LPWA), Video recognition, AR/VR and more, specifically in strategic intentions and the design, development and implementation to validate the hypotheses.

Additionally, Entel's open innovation program (Entel Explora) was strengthened by digitally integrating us with local business accelerators to connect the internal challenges of the organization with the talent of digital and technological entrepreneurs who want to contribute creatively to the new challenges of society.

It is worth mentioning the development of CLIN, a private investment fund in which Entel participates and which is managed by Inversiones Innovadoras SA (a Fundación Chile company) - also a collaborator - Zoma Capital, Engie Factory, Stars Investments and the leverage of Corfo. In 2019 CLIN invested in

five national startups with the potential to scale up to international level, mainly focused on B2B markets.

All the above initiatives are overseen by the Strategic Innovation Committee, made up of the company's senior management and headed by the Vice Presidency of Business Transformation and Support, under which it manages, promotes and develops initiatives that enable the creation of new areas of value.
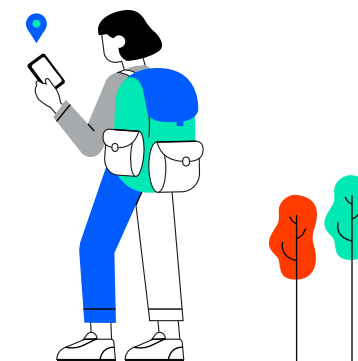
Entel Digital Agenda

In order to accelerate our transformation and capacity to adapt in line with changes in society, customers and the competitive environment, we are promoting a digital transformation agenda at Entel.

This agenda was designed using a model of digital maturity for strategic domains and the best practices of the global industry, the contribution of international consulting companies, large technology providers and strategic partners such as Vodafone.

The main challenge is to achieve a harmonious transformation of our strategic domains and enhance our ability to adapt. To this end a board with more than 25 executives has been created, allowing us to take a holistic vision and actively foster initiatives to accelerate the digital maturity necessary for our challenges.

Entel +

In 2019 we continued to work on Entel+, an improvement program that has allowed us to reallocate resources and facilitate adaptation to the competitive environment. This initiative makes us rethink our processes with a fresh and challenging view of how we do and execute things, capturing the efficiencies of digitization. It has been an invitation to rethink everything from strategy to the way we are organized, serve, market, buy from suppliers and link up with customers.

The program today has 12 work fronts between Entel Chile and Entel Peru, with more than 400 people directly involved, supported systematically and methodologically by best management practices. At the end of the year, 664 projects were in one of 4 stages of development: Identified and validated, planned, implemented and completed.
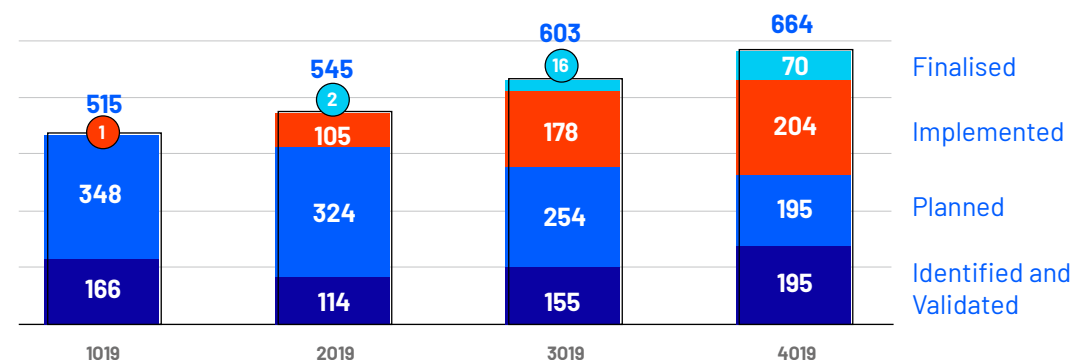
12
Work fronts in Entel Chile and Entel Peru
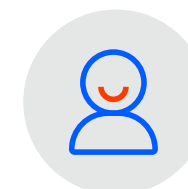
400
People directly involved

Number of active initiatives per stage

	1Q19	2Q19	3Q19	4Q19
Total	515	545	603	664
Finalised	1	2	16	70
Implemented		105	178	204
Planned	348	324	254	195
Identified and Validated	166	114	155	195

Identification and validation: Initiatives in the process of identifying value and validation of business cases.
Planned Initiatives planned in team workflow and ready to be implemented.
Implemented: Initiatives in progress with first evidence of partial value captured.
Finalised: Initiatives completed with sufficient evidence to ensure total value capture.

2.3 **Agile Organization** and Culture

At Entel we are convinced that human capital management is the mainstay of our business and is a strategic focus that drives us to continue developing policies, projects and initiatives in line with an internal culture based on our cultural pillars, in a setting where everyone is welcome.

Our goal is for every employee to be able to link their personal aims with the company's challenges, generating a close and mobilizing experience that will allow us to deliver a unique experience to our clients.

Diversity and Inclusion

2019 was a year where we achieved important milestones. After years of working on organizational and individual transformation, we have managed to move forward along a path that brings us satisfaction: we have installed a diverse and inclusive culture that is powerful, continuously experienced and communicated, is recognized as our own and valued within the organization. This journey has led us to reflect and change processes in order to celebrate our diversity, which has positively influenced team dynamics, the use of language and the relationship between employees. This work has been supported by initiatives such as creating working groups on sexual diversity, gender balance and people with disabilities, with workshops in Santiago and in the regions, talks by experts, experiential courses and the consolidation of a board of diversity and inclusion, made up of managers and other employees. In mid-September we launched our Diversity and Inclusion Policy, a process for which a manual of good

practices is in development to guide employees in their activities.

In our commitment to generate equal opportunities and foster a culture in which each person, according to his or her own identity, contributes to the achievement of different objectives, in 2019 we implemented processes to reinforce this goal. Examples of this are the use of the inclusive curriculum to mitigate bias in recruitment and internal mobility processes, and the implementation of an outreach programme for employees with disabilities. This deep conviction prompted us to go one step further and illuminate our tower with the colors of the LGBTQ+ flag on the world day against homophobia and become part of the Pride Connection network of companies, working with different NGOs on diversity and inclusion. Due to these achievements, in 2019 the Fundación Iguales included us in their category of national companies contributing to the improvement of the quality of life of people in matters of sexual and gender diversity in Chile.

This information and more details on the human resources initiatives can be reviewed in the Talent Leader chapter of the Sustainability Report.

New ways of working

It is important to note that our management and organizational model, which supports our business objectives, has undergone some permanent changes, given the different types of tasks - be they projects, specialization, management or loyalty - with an ever flatter structure, more horizontal

relationships and greater autonomy for individuals and teams. In this vein, in 2019 we implemented new ways of working, such as Home Office, Deferred Time and other mechanisms that allow employees to better combine personal life and work. Initiatives such as these, together with a culture based on respect and ways of working that have enhanced the

autonomy of the teams in the management of their tasks, have been key in managing the situation of social crisis we experienced in the last months of 2019, managing to maintain our operational and commercial continuity throughout the country, making people's safety a priority.

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Agile Culture

In order to respond to the great challenges of the industry in increasingly shorter business cycles in the midst of a changing and uncertain environment and with complex challenges that require multidisciplinary teams, two years ago we implemented Agile and OpsTeams work methodologies, which radically changed the way almost 14% of our staff operates, mainly in the areas of product development and customer experience. The empowerment and the capacity of resolution of the agile teams made up from different departments and taking on end-to-end responsibility for assignments, have encouraged the rest of the organization to operate more efficiently and to carry out cross-departmental multidisciplinary work.

In 2019, the Agile planning processes that take place every four months were consolidated through collaboration between the different business units. The dissemination of the OKRs (Objectives and Key Results) culture was continued through workshops and, as part of this transformation process, an Agile Maturity Index (AMI) was developed to measure the growth, learning and progress of the teams using these methodologies. Complementing this work, the Agility Academy was created, offering a number of online courses to the entire company, and a service models track which reinforces more direct communication within the company to improve coordination and facilitate the resolution of those problems that require the interaction of different departments.

Digital Talent

The digital transformation that we are experiencing as a society brings with it great opportunities, both for our customers and for the company, which is why we have developed a strategy to attract and retain digital talent, that includes search ecosystems differentiated according to the specialization.

Today we have different digital search tools that, through advanced analytics, allow us to identify and access these profiles. In this way, in each department of the company we have identified - together with the managers of each unit - the profiles we are going to require to enhance our businesses and develop new opportunities. This digital talent model also includes a rewards model that aims to retain existing talent within the company with a training program that seeks to level out digital knowledge.

> There are currently **83 cells and centers of excellence in Chile**, with more than 850 people working with this methodology.

Main Metrics

Chilean Workforce

By Gender	
Female	1,380
Male	2,759
Total	**4,139**

Age range	2019
Less than 30	684
31-40	1,569
41-50	1,219
51-60	567
61-70	95
Over 70	5
Total	**4,139**

Length of Service	2019
Less than 3 years	1,220
Between 3 and 6	1,007
More than 6 and less than 9 years	681
Between 9 and 12	413
More than 12 years	818
Total	**4,139**

Nationality	2019
Chilean	3,915
Foreign	224
Total	**4,139**

Nationalities

Country	2019
Germany	2
Argentina	15
Australia	2
Bolivia	3
Brazil	8
Colombia	16
Cuba	2
Spain	9
India	13
Italy	1
Mexico	1
Paraguay	1
Peru	12
Poland	1
Portugal	8
San Pedro and Miquelón	1
Ukraine	1
Venezuela	128
Total	**224**

Pay Gap 2019

Job Type	Disparity women / men
Management	94.60%
Professional and Technical	93.30%
Other workers	94.55%

Note: This looks at the average income of men compared to women, weighted by staffing at each level

Training / Entel University

In 2019 we continued the implementation of our corporate university, a digital platform that aims to support the professional development of our employees.

After monitoring the main trends in the industry, in 2019 we carried out on-site and online programs on topics such as sustainability, agility and the digital world, among others, installing the capacities and tools required by both the company and individuals in their current and future development processes, in an increasingly dynamic work context.

In addition, we strengthened CRECE, the co-financing programme for postgraduate studies, offering training topics that are compatible with Entel's enablers and aims, such as analytics, big data, internet of things, associated with user experience, digital marketing, innovation and cybersecurity.

Labor Relations

Entel has a labor relations policy based on respect and ongoing dialogue with employees and with the four unions that currently exist in our organization. More information on union relations can be found in the **Sustainability Report**.

Accident Rate

At Entel we care about the safety of all workers, both contracted and those who provide services through external companies.
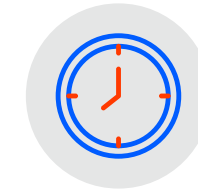
In 2019 our employees **dedicated 388,000 hours** to their training

Accident Rate		
Group (ESA, PCS, PHONE)	2018	2019
Number of fatal accidents	0	0
Number of fatal diseases (related to work)	0	0
Accident Rate	0.30%	0.51%
Loss Rate	10.00%	8.00%
Frequency Index	1	2
Severity Index	39	31
Total days lost to accidents	304	273
Days lost due to occupational sicknesses	157	62
Total days lost (days of medical rest due to work accidents and occupational diseases)	461	335
Average Labor Force	4,719	4311
Absenteeism Rate	0.40%	0.30%
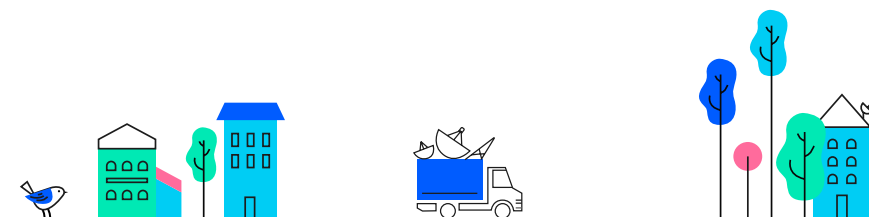
2.4 **Distinctive** Experience

> With 25 **million interactions** per month with Consumer Segment customers in 2019, average satisfaction stood at 60 points for postpaid mobile.

Total monthly interactions with our mobile customers during 2019 came to 25 million, down 16% from the previous year. This decrease was due to the improved resolution of the channels and an increase in our free plan customers, who by their nature interact less than the rest of the customer base. Self-service channels already account for 95% of total interactions.

The growing expectations of our customers for a high level of service, with attention to detail, contextualized to their needs and realities, was particularly challenging in 2019 in terms of maintaining our quality standard. Over the year the average satisfaction level of our postpaid clients in the personal market was 60 points. To meet the challenges this year, we are moving forward on three key projects, incorporating new technologies to adapt to new environments.

Digital Transformation

In 2019 we migrated our entire consumer market subscription base to our new digital platform, a process begun in 2017 with the migration of prepaid customers. This important change, though it impacted on our flexibility for a few months, allows us to generate important advantages in terms of creating new products, simplification of our attention and distribution channels, both digital and traditional, and personalization of offers. In short, it is a major improvement in customer experience.

Artificial Intelligence (AI)

Thanks to the incorporation of new data analysis and machine learning capabilities, we have been able to introduce a new service platform based on artificial intelligence. Our new BOT (ClaudIA) has more than 400,000 monthly interactions with our customers without the need for human intervention and with very high levels of customer satisfaction.

Contextual Marketing

In 2019 we implemented our new contextual marketing platform which is capable of customizing packages to fit individual customers, helping us meet the high expectations of our users.

Satisfaction Index

Channel	Value
Entel App	60
BOT (ClaudIA)	63
Phone (CC + IVR)	50
Website	56
Stores	73

(Scale: 0 10 20 30 40 50 60 70 80)

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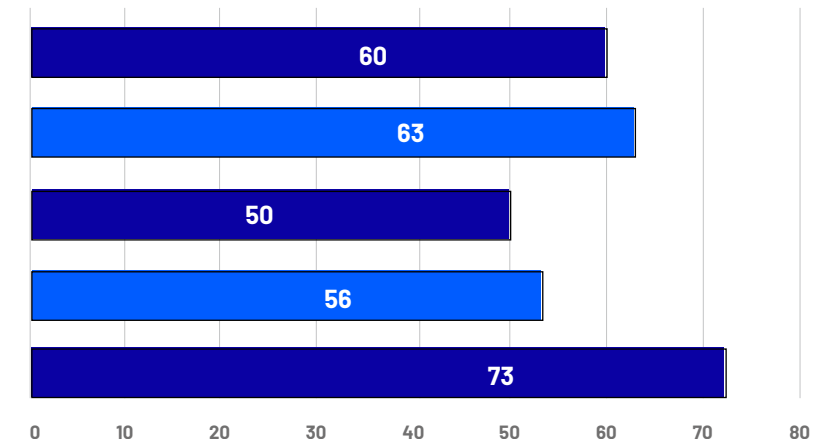04 Entel Perú

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Enterprise Segment

Entrepreneurs, SMEs and large companies are served by the Business market. The different sizes and types of businesses mean that we have to develop different strategies to respond appropriately with flexible products and services. For this, we are in constant contact with our customers through different channels, in order to improve our products and services and to anticipate their expectations.

Seeking to be an ally in the development of their businesses, we support our customers by keeping them informed of the different opportunities offered by technology and the benefits it can bring them. To this end we have created different spaces where management support tools can be found, offering information, training and network generation.

Corporate Segment

In 2019 we continued to strengthen our Zero Distance initiative, which, in line with the purpose and cultural pillars of the company, seeks to strengthen the relationship with Corporations customers in their process of digital transformation. This new relationship model is based on getting close to the client to observe their business in all its dimensions so as to capture as many business opportunities as possible. This allows us to jointly decide on a portfolio of services and the best way to manage it.
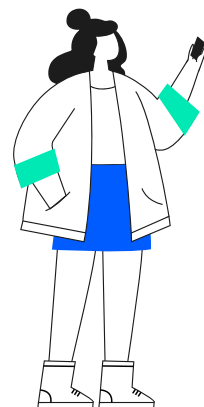
2.5 Modern and robust infrastructure

One of the most recognized strengths of our offering is the **quality of the services and connectivity** we provide, at all times and in the most diverse areas of the country.

Fixed and mobile network

Operational efficiency was the highlight of 2019 with regard to our infrastructure, enabling us to manage high-impact projects and completing Entel's entire Digital Transformation, which was a challenge we had been working on for a few years and which allows us, with an eye to the future, to make our business more efficient, agile and profitable.

Entel's leadership is based on offering a distinctive experience in mobile services, extensive network in areas of high traffic demand and a service that is continuously expanding its coverage to the most needed locations. In order to keep delivering we continue to strengthen our quality and reach, consolidating our leadership in 2019 as reflected by customer preference for Entel in this segment. Here the challenge is to continuously improve our network. While data usage by users almost doubled

over the last year, Entel continued to look for new ways to improve the service we deliver.

In particular, for the fixed network in terms of our operational capabilities we stand out for our management of residential fiber optics, with a high capacity for installation, operations, maintenance and service. We continue to roll out, with more than 300,000 homes covered.

The operation, maintenance and growth of our networks received a total investment of US$ 583.6 million, of which US$ 178.1 million went to Peru and US$ 405.5 million went to Chile and subsidiaries.

In Chile

Growth and maintenance of mobile network infrastructure in Chile: US$ 141.4 million which includes mobile access equipment and services, involving 1,175 mobile sites and 568 fixed wireless broadband sites in 2019 (including +300 upgrades to 4G and 100 new POPs), in addition to the implementation of VoLTE.

Network rollout for residential business and home equipments: US$ 67.4 million, covering more than 1.8 million homes nationally for service potential, with wireless and fiber optic technology.
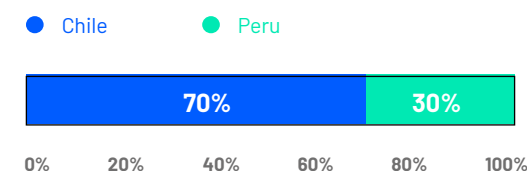
Other investments in cross-cutting systems and networks supporting the fixed and mobile business to support the marked traffic growth in 2019 and ensure the operational continuity of our services: US$ 69.5 million.

Investments in digital restructuring: US$ 45.6 million allotted for the digital transformation program and infrastructure and systems to support the business.

Equipment and installations for the fixed consumer business: US$ 64.5 million allotted for projects and facilities for our customers in all segments.

IT infrastructure and data center: US$ 14.7 million spent on data center, platform growth and IT operational continuity and digital unit.

In Peru

Investments were mainly for network growth and digital transformation.

Growth and maintenance of mobile network infrastructure: US$ 90 million, including deployment of 626 new sites and capacity.

Rollout of 199 fixed wireless broadband (BAFI) sites on the 2.3 GHz and 3.5 GHz band: US$ 20.4 million.

US$ 39.4 million were invested in the Digital Transformation project.

US$ 7 million were invested in 78* business projects and commercial offerings such as postpaid messaging transaction campaigns and web receipt viewer.

US$ 3 million were invested in the for Enterprises segment projects and the Granularity project.

(*) Projects with more than S/50K in investment.

Investment in Infrastructure

● Chile   ● Peru

70%	30%

0%   20%   40%   60%   80%   100%

Enablers
of our infrastructure

To meet the need to evolve towards a data driven company, a Chief Data Officer, CDO, was appointed in 2019, with the aim of transforming and converting information responsibly and to a standard, to generate value for internal and external customers, and, together with the digital transformation, to open up infinite possibilities.

Cybersecurity

Data Management

In an increasingly digital, interconnected world, safeguarding the information and data being transmitted is a central issue. As a technology company we are aware that one of the most significant risks in this new scenario is to safeguard the security of the digital systems with which society operates. This is why we have made cyber security a priority dimension in our management, cutting across the entire company.

In 2019 the structure and governance of the Cybersecurity Department was consolidated, acquiring new tools, technologies, people and monitoring systems aimed at preventing a breach of our systems, anticipating possible weaknesses and improving the detection of threats, always in accordance with the highest standards in the world.

In 2019 the CDO (Chief Data Officer) was created with the responsibility for managing the data within Entel and evolving towards a data driven company, consolidating the automation of processes and allowing us to provide a better quality service and experience to our customers, tailored to their needs. In 2019 this department instituted data governance by creating three committees: Data Governance Committee, Data Value Committee and Data Steering Comittee.

In addition, at the beginning of 2019 we published Entel's Customer Privacy Policy where we explain our use and treatment of data as well as our commitment to safeguarding our customers' information and communications. This was the fruit of a cross-cutting company project.

Digital Transformation @ Entel

In 2019 the development of the TD@E project continued, one of Entel's main strategic enablers, whose primary objectives are:

1. To make Entel a simpler and more digital company in terms of both our customers' experience and our internal processes.

2. Generate a world-class customer (CeX) experience.

3. Make Entel the most efficient organization in the region.

4. Implement world-class enterprise architecture and IT landscape.

With a main focus on simplification, products & services, processes (seamless and one click) and technology (cloud based and virtualized) supporting omnicanality so that customers and service executives have a comprehensive view, TD@E makes all the information available (Customers, Products & Services) in a single screen (360), which reduces the customer service time with clearer and more timely information for a more agile and accessible customer service, sales and post-sales channels (Stores, RemotCall Center Sales, IVR, USSD, App and web). This drastically reduces the time required to implement changes and improvements in the systems' product and service range.

The most significant milestone of this period was the completion of the migration of the entire mobile post-paid B2C base in Chile.

Implementation of VoLTE & Wifi calling

Between 2018 and 2019, a modernization project was implemented, deploying a new mobile Core IMS on virtualized infrastructure, following the latest technological trends in the market, which provides voice service directly on our 4G Network or Wifi accesses, in the latter case both nationally and internationally (Roaming).

What is VoLTE?

VoLTE is voice over the 4G Network (LTE) transmitted in IP packets.

Why VoLTE?

Because it allows faster connections. The call setup time in VoLTE is cut in half compared to a conventional voice call.

Its characteristics include:

1. Voice and Data activated simultaneously
2. Much clearer voice communications
3. Optimize the use of the mobile network

What is WiFi Calling or VoWiFi?

It is a feature that is pre-installed in new software on the latest generation of smartphones, which allows you to make and receive voice calls, send and receive SMS, using WiFi access as if it were part of the mobile network.

5G Tender

We started the 5G supplier selection bidding process, inviting all known players worldwide. This process began in October with the formal launch of the bidding process and included the experimental tests authorized by Subtel, developed along two lines - health, with telemedicine; and in the industrial sector, moving a robotic arm from a distance.
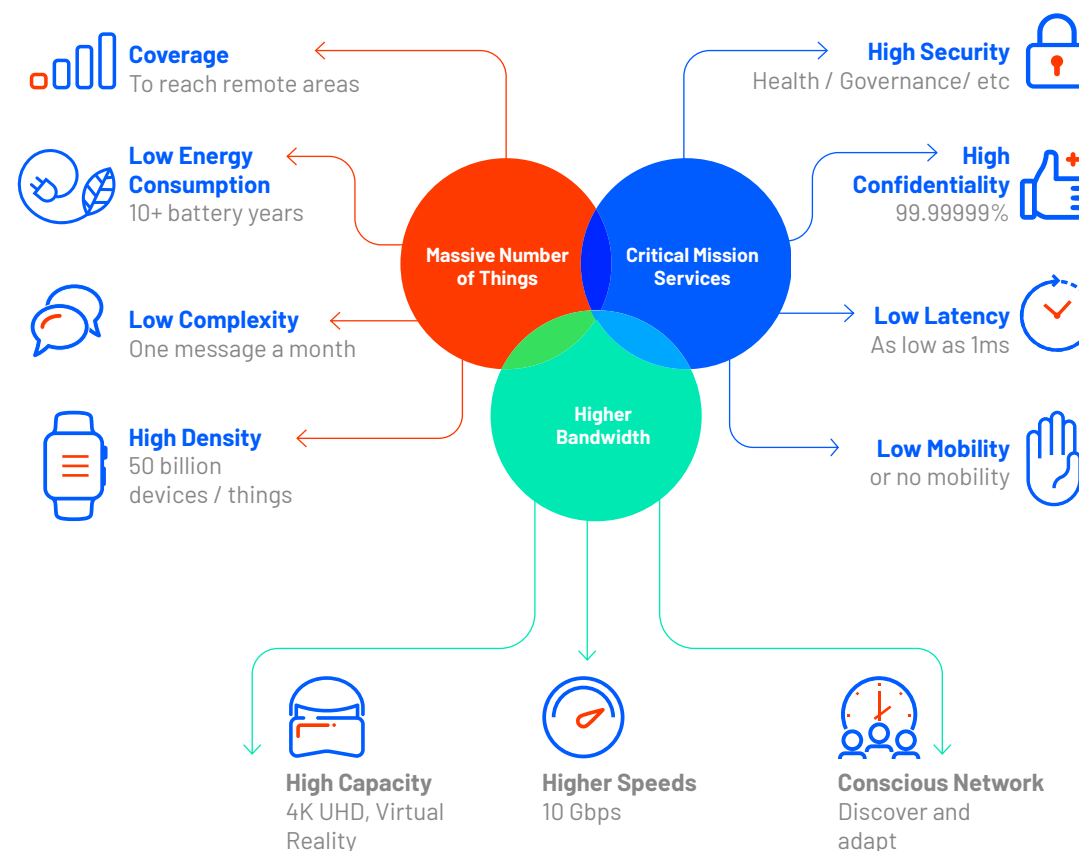
What is 5G?

Envision a world where everything is connected, from objects, people, to intelligent machines. A place where substantial improvements in the quality of life of people could be generated. Such a world is not far from becoming a reality, and the technology that will make it happen is already beginning to be widely embraced around the world: 5G, a platform that will enable innovation and that will not only improve current mobile broadband services, but also expand mobile networks to support a wide variety of devices and services, and connect new industries for better performance, efficiency and cost.

This is the fifth generation of the mobile connectivity service that began four decades ago with the appearance of the first cell phones - a story that started with voice, text messages, data and is evolving into total connectivity.

This technology gives rise to great challenges:

• Expanding mobile broadband with a focus on interactive applications that require high performance, starting with higher download speeds.

• Enabling ultra-reliable communication links at speeds that LTE cannot reach, thanks to lower data transmission latency.

• Achieving simultaneous wireless network connectivity for millions of devices

Coverage
To reach remote areas

Low Energy Consumption
10+ battery years

Low Complexity
One message a month

High Density
50 billion devices / things

Massive Number of Things

Critical Mission Services

Higher Bandwidth

High Security
Health / Governance/ etc

High Confidentiality
99.99999%

Low Latency
As low as 1ms

Low Mobility
or no mobility

High Capacity
4K UHD, Virtual Reality

Higher Speeds
10 Gbps

Conscious Network
Discover and adapt

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A enabler of change and transformation

5G will facilitate the exploration of new markets and services, without losing our core proposal in the mainstream. Challenging us to innovate corporately, to make Entel an important digital services provider (Digital Partner)

The transformation process Entel is undergoing is accelerated by the introduction/arrival of 5G, pushing the company to quickly adapt to changes in the country, develop new digital capabilities internally and in concert with the ecosystem, and finally to reinvent the business and explore the surroundings.

As new services and commercial agreements are created, Entel's capacity to vertically integrate with equipment manufacturers, OTT players and content generators will be strengthened. It will be very important to identify the use cases and their most appropriate monetization models, in order to leverage our commercial and technical digital capabilities.

Reasons for using 5G in Telecommunications Companies

Next 2 years

59.9%	23.2%	16.9%

Next 5 years

38.4%	14.5%	47.1%

- ● Greater speed and user capacity
- ● Competitiveness
- ● New markets and services

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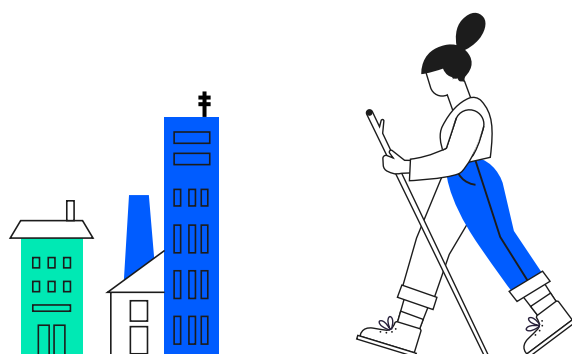
Transport Networks in Chile

Core and Metropolitan Optical Network

Our Core Optical Transport network runs 5,000 km of FO throughout Chile and is characterized by its strength, stability and resilience, ensuring the connectivity of all Entel's critical traffic. Along with the renewal of the ROADM optical transport core network, a variety of third routes were created for backups between La Serena and Chillán, thus strengthening the network in the face of the natural events and disasters that frequently affect our country.

The renewal of the Metropolitan Core at ROADM transport level strengthens the main points of presence through which a large percentage of national and international traffic and its interconnection with the Internet run. This Metropolitan Core network improves the interconnection between the Entel data centers, preparing us for the technological changes that come with 5G technology. In addition, the company has an aggregation network with 40 points of presence in Santiago, which allows fixed and mobile access traffic to be concentrated on the core network. Over the year the Core and Metropolitan networks were also upgraded, increasing their capacity by 60% and preparing them for the new challenges of high-capacity services. In turn the renovation of the Valparaiso Metropolitan Core was initiated with ROADM equipment, satisfying the transportation needs of the 5th Region.

Microwave

The microwave network is currently used as a branching and access network, largely for connecting rural areas to the fiber optic core network. It has national coverage and is used to interconnect the access network, providing mobile phone and wireless data services to these localities. Currently our company has a network with IP protocol across almost the entire network, leaving some TDM links to provide services to some customers.

Satellite Network

The satellite network allows us to cover the whole country at insular and peninsular level, providing fixed and phone services thanks to 63 earth stations distributed across the territory, connecting to remote areas such as Puerto Williams, Villa O'Higgins, Antarctica and Easter Island. The main teleport is Longovilo, which has more than 20 satellite antennas. Through agreements with satellite operators around the world (Intelsat, Telesat, O3B), we offers television and data services throughout Chile.
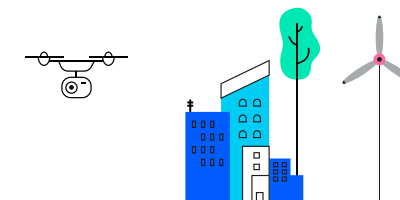
Our satellite platforms with world-class technology allow us to provide corporations and businesses with private services (internet, LAN extension, phone services) and also, in collaboration with the Department of Telecommunications, to provide public internet to 212 rural schools and isolated areas throughout Chile, helping to break the digital divide.

The use of HTS (High Throughput Satellite) allows greater traffic capacity, generating efficiencies in the use of the satellite spectrum and in cost. This is with national continental coverage.

5,000

km of fiber optic core network throughout Chile

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Virtualization of Networks and Service Platforms (mobile, fixed, data and voice, value added and Telco Cloud)

The introduction of Telco Cloud architecture has enabled Network Virtualization (NFV) to deploy different software-based networking functions on common hardware (servers), replacing the traditional deployment model with monolithic, proprietary technology provider hardware. In this way we have created three new high capacity processing centers in just one year, with a significant improvement in robustness, efficiency and capacity, the latter being expanded by a factor of three compared to the previous year to cover the explosive traffic demand experienced in recent times. In 2019 the modernization and evolution of our network and service platforms was consolidated. This is a significant step towards 5G, facilitating technological evolution and significantly improving our customers' experience.

IP/MPLS Core Data Network

Currently, the MPLS Network (Multiprotocol Label Switching) uses the Entel transport networks, connecting the different access networks, both mobile and fixed, with internet service platforms and other operators. Using different transport routes enables high availability. We are continually working on further diversifying routes, taking advantage of the ROADM optical transport network which provides greater network robustness and consequently greater tolerance in the event of failures. In addition to the internet platforms, we have high capacity

and redundancy with international TIER I providers and content providers (Google, Netflix, etc.), making it possible to improve the end user experience and efficiencies in content delivery.

Backhaul IP: Made up of 198 aggregation points of IP traffic for both mobile and fixed services, distributed nationwide, concentrating traffic towards the MPLS Core.

Core MPLS: Composed of 62 routers grouped in 31 points of presence nationwide, from Arica to Punta Arenas, processing 100% of Entel's network traffic and interconnecting to the network and service platform and the CORE IP.

Core IP: A set of routers that enable connectivity to public internet services, traffic that had reached 590Gbps in December 2019, distributed as follows:

• International Tier 1: 6.4%, International Internet Traffic.

• National: 3.1%, National Internet Traffic.

• Traffic to local content providers: 80.5%, Facebook, Google, Netflix, Akamai, Microsoft, Mediastream, Group Z.

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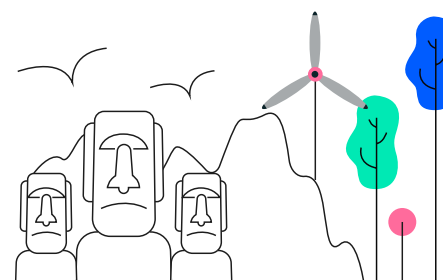
Access Networks in Chile

xDSL access network

The xDSL Access Network has 318 points of presence, covering 161 communes across the country. It makes it possible to offer voice, data and internet services through a wide range of products. In 2018 the DIAGNOSIS tool was introduced to support fault diagnosis in DSLAM for NGN services.

Ethernet Access Network

Both in the core and access, the ethernet network is connected to the MPLS network throughout the country, to provide dedicated and high availability services for voice and data. Entel currently has around 915 PoPs in 311 districts. In 2019, Metro Ethernet networks continued to enable coverage increases in MPLS ports and nx10 Gbps uplink extensions in the main cities to support services in the nx1Gbps enterprise and corporate segments. Additionally, the capacity of the international network (USA-PERU-CHILE) was expanded and Rapa Nui was incorporated.

GPON Access Network

In 2019 we continued rolling out fiber optic network for the consumer segment (homes), reaching a total of 285,000 homes passed in the Metropolitan Region by December 2019, with significant penetration in triple play services (internet + television + phone services). In addition, the GPON fiber optic

network for our enterprises segment customers registered more than 120,000 businesses passed, an infrastructure that strengthens the coverage in dense residential areas of high commercial interest in different regions of the country and 1 Gbps plans for the consumer Internet service were released.

Wireless Access Network for Fixed and Mobile Services

With more than 6,000 points of presence, the different frequency bands (radio spectrum) are emitted over them. In Chile these are:

- 700 MHz (15+15 MHz), in operation throughout the country, offering mobile data services with LTE Advanced technology.

- 900 MHz (10+10 MHz)*, used to provide 3G mobile and data services.

- 1,900 MHz (2 blocks of 15+15 MHz), in operation throughout the country, used to provide mobile phone and data services through 2G, 3G and LTE technologies.

- 2,600 MHz (20+20 MHz), used to provide mobile data services using LTE technology.

- 3,500 MHz (2 blocks of 50 MHz)*, in 2019 the Massive MIMO base station deployment project was finished, completing a total of 566 sites distributed nationwide.

*In 2019, a request was made to modify these concessions to reduce the spectrum on the 900 MHz band by 10 MHz and the 3,500 MHz band by 20 MHz, with a maximum return deadline of October 2021.

Infrastructure in Peru

The wireless network infrastructure of our company in Peru uses various technologies and bands capable of delivering different types of fixed and mobile services, according to the needs of our customers, with coverage levels on: 2G/3G network on band 1. 900 MHz where we have deployed in more than 3,600 sites nationwide; the 4G network, with national presence deployed on the 1,700 - 2,100 MHz (AWS) and 700 MHz (APT) bands, in addition to the 2600 MHz band in the provinces of Lima, Callao, Huara, Piura, Santa, Ica. Trujillo, Chiclayo and Cusco; and the use of the 2,300 MHz band is to provide fixed broadband internet services. Regarding the trunked radio service, there is an IDEN network on the 800 MHz band. There is also is a Wimax network on the 3,500 and 2,300 MHz bands, deployed through 122 sites nationwide to provide fixed Internet access.

The core network of the mobile service has three redundant nodes in Lima and presence in Trujillo and Arequipa.
It also has a 1,852 km network in Lima, made up of 62 rings that interconnect 206 pre-aggregation sites and 21 rings with 142 mobile and fixed traffic aggregation nodes. In the provinces it has fiber optic rings in Piura, Chiclayo, Trujillo and Arequipa

with a total of 68 km + 992 km of interconnection, adding mobile and fixed traffic. An MPLS multiservice network and a DWDM transport network with bandwidths of up to 100 Gbps are deployed over the fiber optic network.

Progress in Peru in 2019:

- In 2019 progress continued on the deployment of the 4T6S solution for the LTE AWS network, with 250 sectors. 926 sectors of the 4T4R solution were also deployed.

- 410 new Low Height sites and 216 macro sites were deployed.

- Investments were mainly allocated to network growth and digital transformation.

Data Center Infrastructure

At Entel we have the largest infrastructure of inter-connected Data Centers in the country, with 8,500 m^2 of floorspace distributed over 5 data centers named according to their location: Ciudad de los Valles, Amunátegui, Ñuñoa, Pedro de Valdivia, Longovilo.

From these centers our company offers housing and IT operation outsourcing services.
They are connected to each other through high availability and high capacity networks and have redundant fibre optic connectivity routes to ensure that in the event of a break in one of the routes, high speed data traffic is kept going on the redundant route, guaranteeing operational continuity for customers.

Their space, architecture, security, fire control, electrical energy, air conditioning etc. ensure a service with high standards and different service level agreements.

In 2019, TIER IV Gold certification in Sustainable Operation was granted for phase 3 of Ciudad de los Valles.

Call Center Infrastructure

Entel's Call Center infrastructure consists of two sites in Chile and two in Peru. In the case of Chile we have 11,860 m2 in the city of Santiago and 600m2 in Viña del Mar, with a total capacity of 2,429 positions. In Peru we have two sites in the city of Lima - one 7,738m2, and the other 3,216 m2 with a total of 2,219 positions.

In 2019, the land in the city of Santiago was sold and will be handed over in 2021.

Corporate Buildings

In Chile we have three corporate buildings as well as administrative offices in the regions.

Tower C Titanium Park: 19,441m2.

Corporativo Amunátegui, Torre Entel: 19,487 m2.

Costanera: 7,513m2.

Administrative offices in the regions: 7,500 m2 (approximate).

Owned stores

To date, in Chile we have 10 owned stores located in different districts of the country. They total 6,468m2 in floorspace.

Sale of Towers

After conducting a study regarding the use of our towers, which assessed their strategic value based on various factors such as technology development and the evolution of the telecommunications infra-structure market, in 2019 Entel sold 3,242 towers in Chile and Peru to US telecommunications infra-structure operator American Tower Corporation.

In the case of Chile, the agreement involved the sale of 1,980 units, equivalent to 40% of the country's own towers, while in Peru, 1,262 towers were sold, not exceeding 64% of the total.

410
New Low Height sites and 216 macro sites.

3,500 MHz
Deployed through 122 sites nationwide to provide fixed internet access

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3.1 **Industry**

If the telecommunications industry had to be defined in one word, it would probably be challenging. This is because it is constantly evolving. We were created to connect the country as a long-distance company,
next adding local phone services, then internet, mobile phone, IT developments, until we reached what we are today, a business that evolved from a telecommunications company to a technology and digital company.

Twenty years ago no one would have imagined that family communication would take place through instant chat, which allows you to send photos, audios, videos, share links or files. Today's life, in all areas, is impacted by the telecommunications industry. From the routine, to work, formalities, scheduling a doctor's appointment, keeping yourself informed and being entertaining. That's why it's so challenging, because the demands people make and the need to be connected are constant and growing. Indeed, in the last two years, mobile data consumption in our country has quadrupled.

Today, in Chile, although there are areas that still have low percentages of internet access, this is be-

ing worked on, and like Entel we have also become involved in contributing to digital literacy and bringing technology closer to everyone.

The telecommunications industry will continue to be instrumental in the development of various technological platforms and as part of the ecosystem that enables digitization and connectivity. In addition, there is constant movement, which makes it essential to generate new ideas, ongoing transformation and differentiated mechanisms of action.

Other changes relate to the entry of new players offering digital services such as digital advertising, video games, OTT, and direct-to-customer content

distributors. The huge impact they will have in the coming years can be quantified through revenue growth. Ovum estimate that by 2023 traditional telco operators will generate revenue of $1.01tn, with a CAGR of 2%. It is estimated that the new players will see revenues of $1.08tn, with a CAGR of 10%.

The Industry in Chile

As at September 2019, gross revenues for the Telecommunications and IT Services industry totaled $6.004 million pesos for the past 12 months ($8.8 billion US$). This represented a slight growth of 0.75% in relation to 2018, driven by broadband, IT services and mobile phone services.

Entel has a 23.2% industry revenue share in Chile according to estimates made by the company based on information published by other industry players.

Revenue Share by Segment (%)
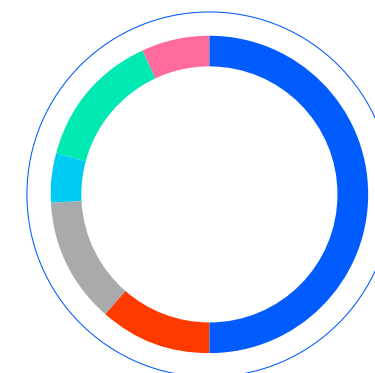
- **50.1%** Mobile voice and data
- **11.6%** Pay TV
- **12.5%** Broadband
- **5.1%** Fixed Phone Service
- **13.9%** IT Services
- **6.8%** Fixed Data businesses

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Growth Drivers

Currently, some industry services are shrinking, such as fixed phone services. Others remain stable, such as mobile phone services. In the coming years, growth in the telecommunications industry will be driven by broadband, mobile data and, primarily, IT services.

The mobile industry, which is stable in terms of size, has seen a significant shift in the makeup of its subscribers. During 2019, a significant migration from prepaid to postpaid subscribers was observed. In fact, according to a Subtel report, for the first time the number of post-paid mobile subscribers exceeded the number of prepaid customers in the Chilean telecommunications industry.

The migration from prepaid to postpaid brings new challenges. On the one hand, there is an increase in the expected revenue per customer when switching to postpaid. On the other hand, postpaid plans have higher data consumption, so data traffic should continue to increase, thus maintaining pressure on service quality faced with a mobile industry with little space for growth.

Main Industry Players

In Chile there are a number of players in the telecommunications industry, offering a variety of services to both individuals and companies. Entel and Movistar make up half the revenue followed by Claro, WOM (in the mobile market) and VTR (in the fixed market). In terms of IT services, Sonda is one of the major competitors, with data center services and general digital solutions.

Constantly evolving industry

If the advent of mobile voice calls and text messages a few decades ago made communication and life easier for people all over the world, the new technologies that have emerged over the past 15 years have revolutionised the way we all live.

The world is becoming more and more digital:
Changes of habits

The continuous progress of technologies and changes in people's habits create a virtuous circle that accelerates the adoption of new trends, and even behaviour, and the demand for the spread of these new technologies.

People are changing the way they consume, communicate and relate to their environment, and the relationship with mobile devices such as cell phones is one example. Being able to shop at the supermarket with a mobile device, have business meetings with someone thousands of miles away, or simply share a recent video on social networks, are easy, thanks to the continuous transformation of the telecommunications industry.
However, not only have behaviours changed on a personal level, also work styles and spaces have evolved. It is now much more common to work from home, hold meetings with people from other countries and have collaborative work spaces. This means it is not enough to deliver fixed phone and internet services, it is also necessary to provide specialized services for each customer and create digital workspaces in order to be constantly connected, no matter where the customer is or what kind of job they do.

But a more digital world also brings certain difficulties and dangers. People are concerned about the security of their data, and their privacy is increasingly important. Not everyone is willing to provide information such as a phone number or email. Furthermore, according to information provided by the United Nations, only 58% of countries have legislation on these matters.

The digital tsunami keeps growing

Worldwide, over the past five years data traffic has grown exponentially. In Chile alone, including 3G and 4G networks the volume of data has quadrupled over just two years. Globally it is expected to continue increasing. This high demand for data has been a challenge for operators worldwide, putting pressure on their network capacities and on revenue earned from data use.

The factors driving this significant increase in data traffic include the growth of smartphone penetration in the worldwide. According to estimates made by Ovum, by the end of 2024 there will be seven billion smartphones in the world and 80% of total mobile connections will be made through one.

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Another factor that has driven this increase in data consumption is the switch to unlimited plans. In addition to this, what will greatly increase the use of data in the coming years is the downloading and streaming of videos, which will increase as a result of the operators' alliances with OTT.
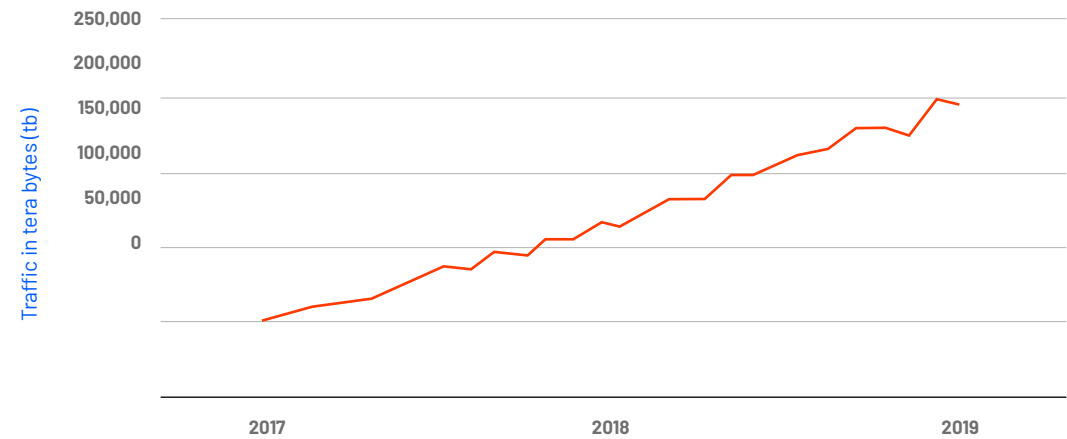
New sales models and service channels

Due to the wide range of choices that consumers have, and as a way to meet the competition, operators have sought new avenues of action. An example of this is the new sales model called Sim Only, which consists of selling plans separately from handsets.

Likewise, new service channels have been developed in order to meet the demands of customers, most of which are now digital. Operators around the world have chosen to develop applications and digital assistants to improve the customer experience.

Wireless data traffic Chile (Subtel)

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Residential services

The Chilean residential segment presents interesting challenges over the short term. On the one hand there is higher rollout of fiber optics by the respective companies, which suggests an improvement in the quality of connections and the possibility of offering higher speeds to a greater number of households in Chile. On the other hand, according to Subtel data as at September 2019, there are approximately three million households connected to fixed Internet, out of an estimated total of six million households in Chile. This points to the fact that there is still ample room to grow in the market, where companies can promote their value proposition and increase their coverage and customer base.

The television market meanwhile is undergoing important changes in the world and also in Chile. Subtel reported that from September 2018 to September 2019, satellite TV subscribers fell by 9.5%, while wired TV subscribers were up 4.4%. This translates into a net fall of 2.5% in TV subscribers. Among other factors, the launch and spread of different OTT platforms, such as Netflix, YouTube, HBO Go, Amazon Prime etc., has seen customers changing the way they consume content as they turn to streaming and on demand. Consequentially there have been direct repercussions for traditional pay TV subscriptions.

Cloud

The expansion of public clouds and data centers worldwide has boosted the outsourcing of data storage to companies, assuring remote access and work no matter the circumstances. The digitization of information, coupled with the increased capacity and lower cost of storing large amounts of data has provided the opportunity for large-scale data analysis, where Big Data and Analytics have positioned themselves as important trends in recent years.

Recently, however, another degree of complexity has been added to data analysis. The new possibilities provided by 5G technology, in conjunction with IoT and Analytics, have opened the doors to Edge Computing. Because certain actions require low latency, some data processing will move from the clouds to the servers on site. This trend represents evolution in the Cloud and will be increasingly important for the development of Smart Cities, industrial processes, and other business segments.

5G Launch

Globally the introduction of 5G technology began at the end of 2018. According to the information provided by Ovum, for 2019 and 2020 the total number of launches will be 62. This new technology will be introduced quickly and it is expected that the sale of mobile devices capable of supporting 5G will be very fast as a result of their price falling. As such, more users will be able to opt for this new technology.

The main benefits of 5G, compared to 4G, are higher speed, greater immediacy due to almost no latency, and the delivery of more value in content and data. It will be possible to innovate, improve and massify IoT, data streaming and virtual reality.
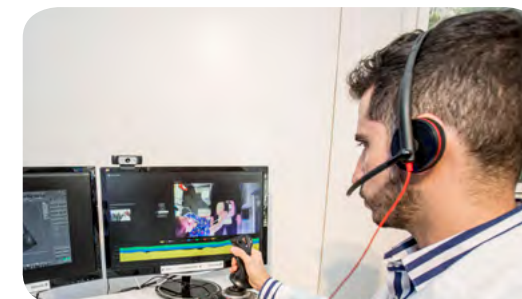
Number of 5G launches by region

Region	Number
Africa	1
North America	5
Middle East	10
Asia-Pacific	21
Europe	25
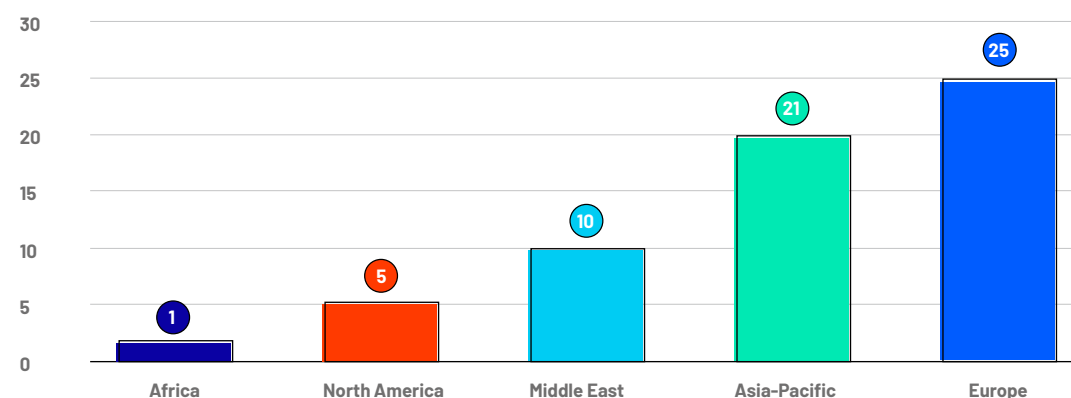
Artificial Intelligence

Artificial Intelligence will be the most transformative technology over the next 10 years. It is a technology that many already use in their daily routine, through interactions with digital assistants, on mobile devices, online translation services, video games etc.

Active AI assistant users have doubled over the past four years, totaling one million users in 2018. According to estimates made by Ovum, penetration of 18% in 2018 is expected to reach 41% in 2024 and continue to grow. In addition, this mass adoption will have a major impact on the way this type of service is monetized and delivered.

This is only the beginning of the exponential growth of Artificial Intelligence in everyone's lives. A large part of the world's population will use this technology in their daily routines.

Fintech

The financial industry has evolved profoundly in the space of a few years, through new technologies that impact traditional business models, legislation and customer relations. FinTech startups (banking, insurance, payments, etc.) have proliferated in recent years and are beginning to emerge from their niches to start operating at scale, thanks to lower barriers and fewer regulatory restrictions. Added to the growing demand for services and access by the public - seeking a fairer and more balanced re-lationship with financial institutions - being able to generate differentiation through technology and innovation focused on the customer represents a challenge for traditional players and a space of opportunity for non-traditional companies in the field.
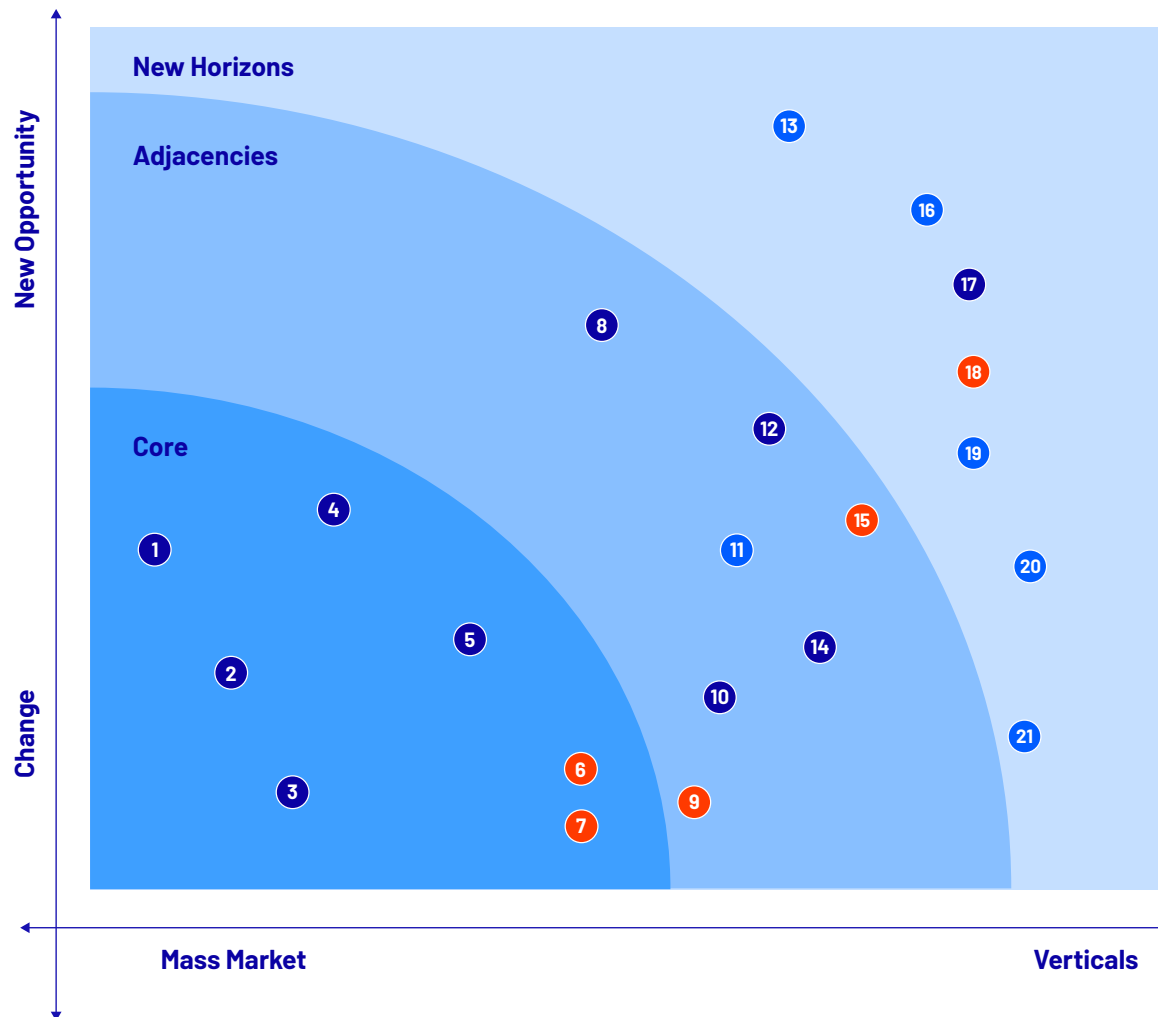
Internet of things (IoT)

IoT, or the internet of things, interconnects objects or machinery digitally through the network. A connected object receives and/or emits information through a built-in sim card. This technology has a wide scope, from smart homes with security, heating and light bulb sensors, to connected remote machinery and M2M (machine to machine). This market is multi-faceted. On the one hand there is the development of equipment and hardware that allows the connection of the devices to be monitored/controlled. On the other hand, we have developed a platform (in most cases, the cloud) that allows us to receive data reports, analyze them and perform actions on handsets. In the residential area, the "use case" extends mostly to smart homes, while in the industry the important use cases are: efficiencies, automations, failure prevention and real time production monitoring.

The 18% penetration of **Artificial Intelligence** in 2018 is estimated to reach **41% in 2024.**

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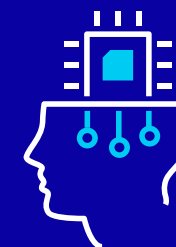
Scalability potential
of the 4.0 industry

- ● Person to person
- ● Person to machine
- ● Machine to machine

New Opportunity

New Horizons

Adjacencies

Core

Change

Mass Market — Verticals

The 4.0 industry will require synergy between the macro forces: High-performance and interoperable connectivity, Internet of Things, storage and cloud computing and new Artificial Intelligence engines; to transform ways of working and encourage automation in operations, thus ensuring transparency and trust among all stakeholders in the value chain.

This, and our national context, are aligned with the company's purpose, taking on even greater importance, not only from our capacity to connect millions of Chileans, but from a responsible and committed perspective to design, develop and implement more and better solutions, where technology is our ally to transform society.

- ● **1.** IMS services
- ● **2.** Mobile Network
- ● **3.** Connectivity
- ● **4.** Mobile Hot Spots
- ● **5.** Low cost mobile network
- ● **6.** Thin Clients
- ● **7.** Cloud Services
- ● **8.** Immersive video communications
- ● **9.** Ultra HD (UHD) content delivery
- ● **10.** Private Networks
- ● **11.** Wearables

- ● **12.** Virtual Presence
- ● **13.** Automated Controls
- ● **14.** First Responder Connectivity
- ● **15.** Augmented Reality
- ● **16.** Real-time telematics
- ● **17.** Real-time video uplink connection
- ● **18.** Remote Control
- ● **19.** eHealth
- ● **20.** Smart Metering
- ● **21.** Sensor Network

3.2 **Regulatory** Framework

Legal Context

Telecommunications services in Chile are governed by the General Telecommunications Law No. 18.168, and complementary legislation.

The law establishes the general principle of free and equal access to telecommunications where anyone can bid on concessions and permits in the manner of and following the conditions set down in law.

However, public and intermediary telecommunications services that require spectrum and which for technical reasons only permit the participation of a limited number of companies, are subject to public tender processes under the terms set out in the specific technical regulations.
For these concessions the authority assigns the

right to use and enjoy specific radio frequencies (spectra), usually exclusively. In turn, the respective concessionaire carries out the pertinent regulatory procedures to be able to operate the concessions, requesting permits for the telecommunications infrastructure which it uses in accordance with current regulations.

Entel holds a number of different concessions, licenses and permits to provide its various telecommunications services which include:

- Public local telephone service.

- Public local wireless telephone service.

- Public voice-over-internet service.

- Limited television service.

- Public data transmission service

- Public service for mobile data transmission by satellite.

- Intermediate telecommunications service

- International long-distance service

- Digital mobile public telephone service.

The interconnection of public and intermediate telecommunications services is mandatory and the interconnection prices are regulated. The prices or rates to the public, meanwhile, are freely fixed by the respective service provider, unless expressly qualified by the Competition Tribunal in cases expressly laid down by law. Under these circumstances tariffs be fixed for services and this is done in line with the terms and procedures set out in General Telecommunications Law.

Impact of Regulatory Changes

The regulatory changes being introduced by the authorities promote new business opportunities in the telecommunications industry. However, true to its DNA, Entel has been able to transform itself in accordance with the times and the needs of the country in order to continue its operations. Thus, in 55 years, we have varied in size, products, services, subsidiaries, always preserving our role.

But within a regulated industry such as the one where we do business, the sorts of regulatory or policy changes made by the authorities that could impact the results of the company, or restrict its growth prospects, cannot be ruled out.
Thus, over 55 years we have changed in terms of size, products, services, subsidiaries, always staying true to our mission. In this area the regulations govern the activity of the industry with a view to the public interest. In this regard we believe that the well-being of consumers and the public interest require clear regulations and criteria that enable a proper assessment of the projects proposed by the

company, as well as its investment risks. As such it is necessary to monitor the regulations governing the sector.

In this context, the main regulatory instrument for the telecommunications sector is the general telecommunications law itself, where in recent years there have been important modifications in the regulatory framework, through the obligations derived from the modifications to this law. Among others, the freedom of choice for telecommunications services, the obligation to provide a minimum guaranteed speed for Internet access, sanctions for the illegal decoding of limited television services, and the regulation of the laying and removal of overhead and underground lines.

The diversification and size of our company enable us to **reduce the risk** of regulatory impact.

Number portability

As of December 2010, the number portability was introduced, which to date has accumulated almost 20 million switchovers. In the second half of 2019, the Portability Committee began the call for tenders for a third bidding process. In this new tender, the approved rules include the feasibility that the customer who switches over their fixed line can notify of their wish to cancel the other telecommunication services that are "packaged", for example, television and internet. As a result, greater dynamism is expected in terms of fixed market portability and more options for customers.

Radioelectric spectrum

In terms of frequency allocation, in recent years public tenders have enabled the operation of the AWS frequencies (1700-2100 MHz); 2600 MHz and 700 MHz in Chile, which has enabled the development of 4G technology in the country.

Regarding the frequencies in the 700 MHz band, in 2019 a Supreme Court ruling was being applied which, on the one hand, obliged operators to divest themselves of the same amount of spectrum that was acquired in that spectrum tender; and, on the other hand, considered the possible revision of the maximum limit of spectrum ownership per operator through a non-contentious inquiry made by Subtel to the Competition Tribunal.
Entel, Claro and Movistar have now announced how they will proceed in returning spectrum. Their deadline to do so is October 2021.

With respect to the review of spectrum limits, the Competition Tribunal resolved Subtel's non-contentious inquiry into changing the limit for the radio spectrum each public telecommunications service operator may hold. The resolution stipulates the following:

Low Macroband: (Below 1 GHz) a spectrum holding limit of 35% per operator will be adopted.

Medium Macroband: (between 3 and 6 GHz) in the long term there will be a maximum spectrum limit of 30% per operator.

Medium Low Macroband: (between 1 and 3 GHz) a maximum limit of 30% per operator will be adopted.

High Macroband: (greater than 24 GHz) in the long term, there will be a maximum spectrum limit of 30% per operator.

*In the Medium and High Macrobands, conditions have also been set for the short and medium term.

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IMEIs Base

Since 2016, various resolutions have been issued regulating the marketing and licensing of mobile handsets, requiring that: these handsets comply with a type approval protocol; that there be a centralised database in which the codes of each handset (IMEI) is registered; and that dealers can only network enable those IMEI codes that are registered in this database. IMEIs that register on the operators' network but are not in the database, may operate on the networks but must register within a period of 30 days, after which they may not operate on Chile's networks.

The industry is in a bidding process with the agency that manages the centralized base of IMEIs, for a new period of service which should end with the entry into operation in October 2020.

Free Choice

The law on free choice of telecommunications services was passed in 2015, but it was not until 2018 that the regulations establishing the form and conditions for guaranteeing free choice in the contracting and provision of telecommunications services in lots, buildings and co-owned property took effect. The applies both for existing buildings and condominiums, as well as for new real estate projects.

This regulation has allowed Entel to deploy the residential fibre optic project more smoothly given the accessibility and permits the regulation requires from telecommunications concessionaires and co-ownership administrators, leading to greater choice for users and greater dynamism in the market.

Cable Laying and Removal

In August 2019, Law No. 18,168, the General Telecommunications Law, was amended to regulate the laying of overhead cables, establishing that licensees with overhead or underground telecommunication service lines will be responsible for their proper installation, identification, modification, maintenance, organization, transfer and removal (in case of disuse). Subtel needs to issue the corresponding technical regulations to operationalize the new legal provision.
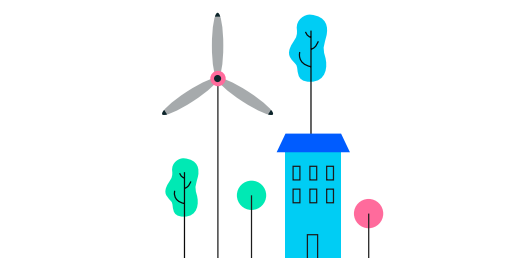
Guaranteed Minimum Internet Speed

In November 2017, Law No. 18.168 was amended, establishing that concessionaires providing Internet access service must guarantee a percentage of average access speeds, and make available a system that allows the measurement of such speeds. A commitment was also made to finance an independent technical body responsible for quality of service (speed) measurements.

In December 2019, Subtel submitted its regulatory proposal to the Comptroller's Office to define the organization, operation and public bidding mechanism of the independent technical agency, which in accordance with the law will be responsible for performing service quality measurements.

Bills in Progress

In terms of legislation, the National Roaming Bill is in its second constitutional stage before the Chamber of Deputies. This bill, which originated in bulletin 12.558, was merged with the new government proposal (bulletin 12.828). In the last quarter of 2019, discussion of this bill continued with a presentation by the various companies and telecommunications experts, aimed at refining the proposal to limit the scope of the bill regarding the compulsory locations for spectrum tenders and/or locations benefiting from projects of the Telecommunications Development Fund.

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Tariff Processes

Setting tariffs is the process defined by the General Telecommunications Law to establish rates for services that are mainly provided through interconnections.

In mobile phone services, the Tariff Decrees of all operators were updated in January 2019. The new regulated tariffs for the sector set a reduction of about 80% for access charges.

For fixed phone services, the tariff process was initiated for our concessionaire Entel Telefonía Local S.A. (EntelPhone), a process for determining new rates that will end in January 2021.
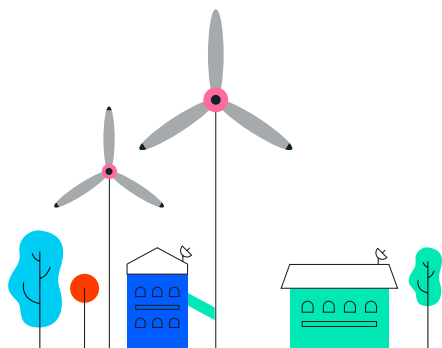
Policymakers

Department of Telecommunications The Department of Telecommunications, which reports to the Ministry of Transport and Telecommunications.

This is the authority responsible for the application and oversight of the General Telecommunications Act and its regulations. It also has sole responsibility for the technical interpretation of the legal and regulatory provisions governing telecommunications.

It aims to coordinate, promote and develop telecommunications in Chile, through instruments issued by the Department itself or by the Ministry of Transport and Telecommunications. One example is the allocation - through public tenders - of concessions to use the radio spectrum when frequencies are limited.

The Ministry of the Economy, Development and Tourism, and the Ministry of Transport and Telecommunications: These ministries have joint responsibility for setting the structure, level and indexation mechanisms of service tariffs, which is performed through the enactment of the respective tariff decrees.

The National Economic Prosecutor and the Tribunal for the Defence of Free Competition

The National Economic Prosecutor is the agency responsible for promoting free competition. As such, it must defend and promote competition in all markets and productive sectors of the Chilean economy. The Tribunal for the Defense of Free Competition meanwhile, as a special and independent judicial body, prevents, corrects and sanctions attempts to limit free competition by applying the regulations set out in Decree Law No. 211.

Examples of its role in the telecommunications industry include identifying monopoly situations that require prices to be set for legally mandated services, issuing rulings on company mergers in the sector and preventing or sanctioning behavior that harms free competition.

3.3 **Corporate** Image

"We exist to bring the infinite possibilities that technology offers closer, and **responsibly transform society.**"

*Your **possibilities** are endless*

*Your **possibilities** are endless*

At Entel we updated our purpose, brand and corporate image to reflect our commitment and responsibility to society. We are constantly seeking to give support and meaning to this purpose, contributing to bringing closer the infinite possibilities that technology offers, through our products and services and how we tell people what we are doing, looking for innovative and creative solutions that allow us to generate sustainable development.

At Entel we feel a great responsibility to the community because we know we are a company that is loved by the people. The Brandpower index 2019 confirms this, showing that we are the most powerful brand in the minds of Chileans (30.8%) in the telecommunications industry, confirming our leadership and approachability. This challenges us, however, to continue working to grow crossways, connecting with people and with a society in flux.

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"The Life of the Planet is in Your Hands"

At Entel we are committed to the circular economy and sustainability is key to the business. As such we have conducted marketing campaigns to reinforce these messages, based on the conviction that responsible consumption is key and our role is to take advantage of the platforms we have to educate and communicate along these lines.

In 2019 we reinforced and publicized our certified technical service stores (Entel Service), guaranteed by Entel, calling on people to repair their damaged equipment, extending its useful life and generating awareness of the environment and electronic recycling in the more than 700 bins we have throughout Chile.

Other Campaigns

Campaign marking 50 years since the first moon landing, remembering our participation in enabling Chile to be the only country in South America to see man landing on the moon live, thanks to our Longovilo satellite station.

Transmisión en vivo de la llegada del hombre a la luna
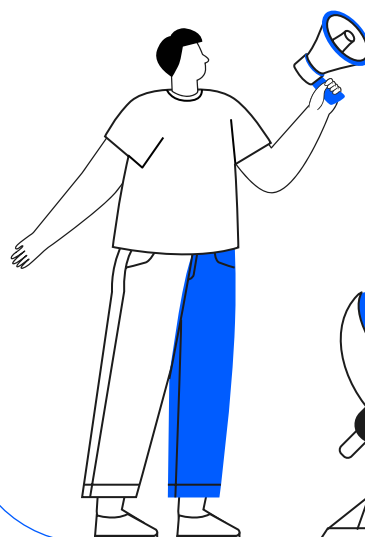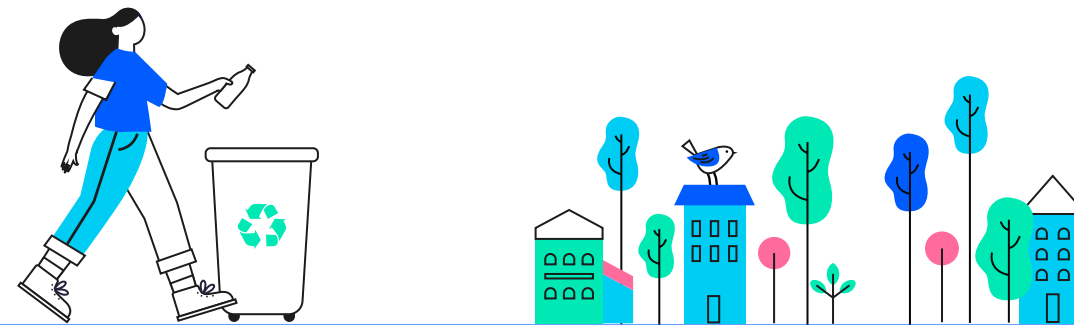
Entel Electronic Recycling Tour: Tour from Antofagasta to Coyhaique collecting electronic waste with the recycling truck Retruck.
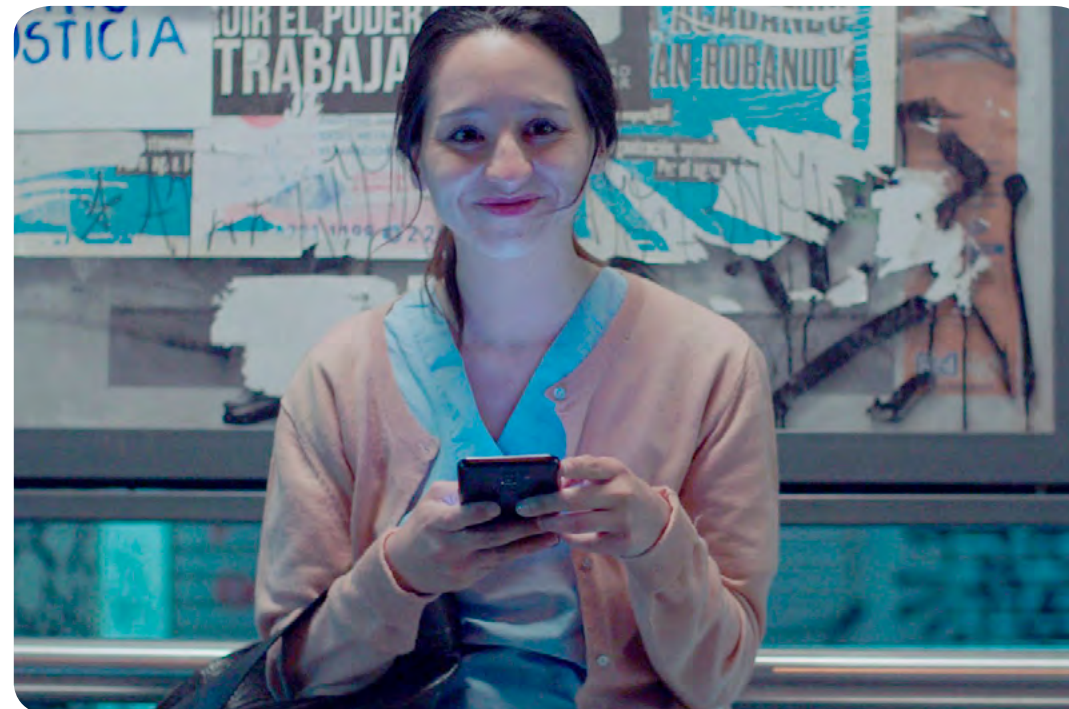
Good Signals: At the end of 2019 we launched the Buenas Señales campaign, focused on the need for companies to care about people and society beyond their own business, in our case as a telecommunications company with a deeper role, being a bridge that facilitates connection and linkage. Since its inception Entel has had this role at its core, but today more than ever it is necessary to include it in the roadmap and show it on each of our customer and community contact platforms.

Through an alliance with Kyklos we are supporting the electronic recycling center with people with cognitive disabilities, and participating in the **No-waste Chile campaign.**

3.4 **Segments**

Consumer Segment

In 2019 we delivered voice and data services to 7,585,498 mobile customers. We reached the 40,000 mark for customers with fiber optic services (equivalent to 75,218 RGUs) and more than 300,000 homes with wireless connection services (435,357 RGUs), to whom we deliver telephone and internet services, complemented by satellite TV.

Enterprise Segment

More than 130,000 companies of different sizes (micro, small, medium and large) are customers of our company whom we serve through the Enterprise Segment.
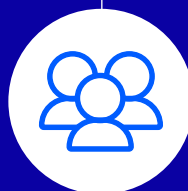
Mobile Phone Services (with or without data)
• Postpaid
• Prepaid
• International roaming
• Mobile Internet (MBB)

Carrier Billing
• Netflix
• Spotify
• Google Play

Residential
• Wireless phone services
• Fiber phone services
• Wireless Internet
• Fiber Internet
• Wireless television

• Fiber television

International long-distance carrier
• Fixed and Mobile

Handsets and accessories
• Smartphones
• Speakers, headphones, tripods, etc.

Financial and Insurance Services
• Entel Visa Card
• Handsets/Travel/Car Insurance

Mobile Solutions
• Multimedia Plans
• Mobile Broadband Plans
• Roaming

Handsets
• Handset Sales
• Accessories
• Handset insurance

Fixed Solutions
• Wireless company
• Local managed network
• Dedicated Internet
• Fixed telephony + internet
• Business pack (1 and 2 lines)
• Virtual platform (2 to 12 lines)
• Trunk IP (12 or more lines)
• International long distance
• Data
• Firewall
• Fixed Wireless Broadband

Technological Solutions
• Cloud infrastructure
  – Entel Secure Cloud
  – Azure Services
• Applications
  – Office 365
  – G Suite
  – MDM
  – FacturaNet
• Internet of things (IoT)
  – Fleet Management (GPS)
  – M2M connectivity
• Data Center
  – Housing
• Dedicated Server
• Digital Market
• Video Analytics
  – Server hosting

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Corporate Segment

We serve around 500 conglomerates with operations in Chile that require specific solutions, as well as public services of the state. We take care of particular and specialized needs, both in the technological and service areas, which largely support the strategic processes of your business. We offer convergent solutions for mobile, fixed and digital services.

Mobile Solutions
- Unlimited mobile voice and data service, with collaboration, contactability and geo-referencing services.
- Mobile Broadband
- International roaming
- MDM (Mobile Device Management)
- E-commerce platform with exclusive digital attention for corporate partners with a choice of plans, equipment and accessories.
- Easy billing: platform to manage billing of mobile b2b account

Fixed Solutions
- Data Networks: Private mobile networks connectivity, dedicated Internet, dedicated coverage, private networks MPLS, SD-WAN, connectivity to public clouds.
- Monitoring of infrastructure and business processes.
- Unified communications: Phone service, Voice and Collaboration, On Demand IP Phone Service, Videoconference, UCaaS

- Public phone service: Local phone services, International long distance Technological solutions

Digital Solutions
- IT solutions: Outsourcing, Housing, SAP Services, End User Services (EUS), Technological renewal, Entel Secure Cloud
- Digital solutions / Entel Ocean: This is an ecosystem that connects and enables platforms through various technologies, generating products in an agile and scalable way. In this way we spark our platform strategy, which is:
  - IoT Platform, Reef
  - Analytics Platform, Kamal
  - Cloud platform, Entel Secure Cloud
  - Contactability Platform, Touch
  - MarketPlace Platform
- Cybersecurity through Entel CyberSecure: Endpoint Security Management, Cybersecurity Assessment, Smart Security, Cyber Intelligence Center, Cloud Protection Shield

Wholesale Segment

We provide leasing of fixed and mobile network infrastructure and services to more than 65 national and 100 international telecommunications operators.

International Roaming
- Services between international mobile operators that enable Entel customers to use their mobile services abroad and international mobile operator customers to use their services in Chile, using the Entel network.

National Roaming and Services for Mobile Virtual Network Operators
- Leasing the Entel mobile network to mobile operators to cover areas where their coverage is partial or non-existent.
- Providing network, infrastructure and other services necessary for companies with no owned network (MVNOs) to operate in the Chilean mobile industry.

Network Leasing
- Covers a range of features. These include fiber optic and satellite data transport services, last fiber optic miles and IP transit services.

International Traffic
- Voice traffic termination services in Chile and worldwide.

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3.5 **Consumer** Segment

In line with our purpose, in 2019 we continued to focus on **delivering a distinctive quality and innovative portfolio** of voice, mobile data and value-added services. We also provide services for the home, including fixed and wireless internet, phone and television. In line with our purpose, this wide offering allows us to bring the infinite possibilities of technology closer to more people.
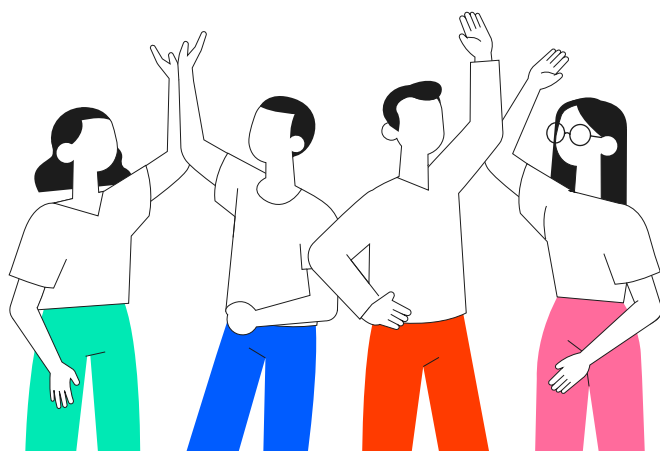
Mobile Services

Mobile industry trends in Chile show a mature market with stable service revenues, more stable competitive intensity, and a continuous migration of subscribers from prepaid to subscription, which saw for the first time post-paid subscribers in Chile exceeding the number of prepaid customers.

In line with the focus of our business, over the period we achieved 15.6% growth in the subscription segment, due to sales performance, portability, loyalty programs and the migration of prepaid customers. As a result we grew by 467,000 postpaid customers, meaning we now have 3.5 million customers, making us market leaders with 32%.

In 2019 we continued with our Entel Digital Transformation process, migrating our entire postpaid customer base to a new digital platform. Once the migration phase was completed, this allowed us greater commercial flexibility, bringing us significant advantages in developing products and services to serve our customers. This had a significant impact, with average monthly growth of 32,000 postpaid customers in the first nine months of the year going up to 65,000 in the fourth quarter. The same impact was seen in postpaid-postpaid portability where we led the industry in the last quarter of the year.

Market offerings focused on the subscription segment with attractive data and customer retention plans, handset financing, promotions for additional lines, plus major OTT partnerships that allow customers to pay for Spotify, Netflix and Google Play through their Entel bill.

In the case of the prepaid segment, the offering was strengthened with digital services with one-click top-ups, which also led to increased efficiencies and levels of customer satisfaction, in addition to the OTT offering that was also made available to this customer segment of the Consumer Segment.

Mobile data traffic followed the growth trend over the year, and for our customers their (effective) traffic during 2019 was 1.6 times higher in December 2019 than in December 2018.

15.6%

Growth in the postpaid segment

Residential Service

The fixed home services industry is a mature business of which we have a low market share, representing a major opportunity for growth. We capitalized on this opportunity in 2019, growing from 1.4% of the market in September 2018 to 5.3% in September 2019, due to the growth in home internet services through two technologies: fiber optics and fixed wireless broadband.

This growth was possible thanks to our service coverage deployment; by December 2019 we had 1.5 million potential households eligible for our wireless services and 285,000 for fiber optic services.

The changes in technology in home internet services have increased the importance of fiber optics in this industry. Today 26.5% of the homes that can access internet services, do so through this technology.
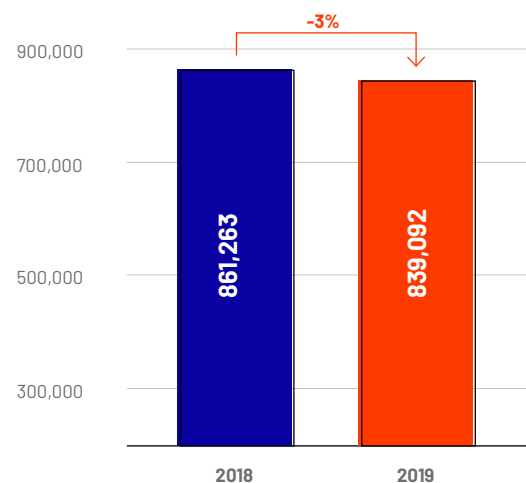
Revenue

Mobile revenues directly from our customers increased 1% over the previous year. However, the decrease in access charges due to lower termination rates meant that our total revenue was down 3.4%, from Ch$ 783,734 million to Ch$ 756,771 million. It should be noted that the reduction in termination rates also implies a reduction in the cost of access charges, thereby mitigating the impact on margins.

Fixed-line revenue was up 6.2% from Ch$ 77,531

to Ch$ 82,321. This increase is largely explained by strong year-on-year growth in revenue from fiber optic customers (145%).

Total revenue from the Consumer Segment came to Ch$ 839,092 million, a decrease of 2.6% over 2018. Income coming solely and directly from customers was up 1.4%.

Consumer Segment Revenue (Ch$ million)

-3%

900,000
700,000
500,000
300,000

861,263 2018
839,092 2019

Revenue by Service Breakdown Consumer Segment

- **90%** Mobile Services and Handsets
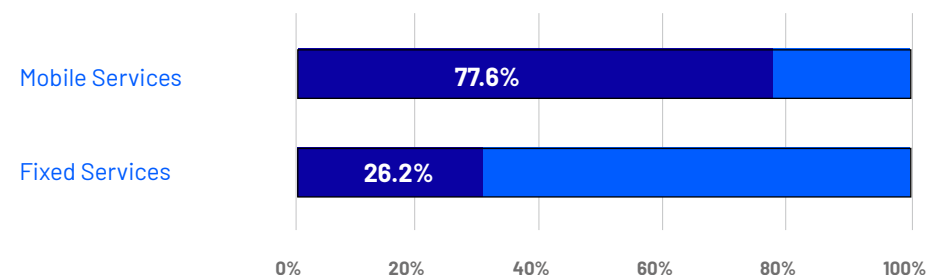- **10%** Fixed Services

Consumer Segment – Share of Total Revenue of Entel Chile

● Consumer Segment ● Other Segments

Mobile Services — 77.6%

Fixed Services — 26.2%

0% 20% 40% 60% 80% 100%

3.6 **Enterprise** Segment

At Entel we want to support, inspire and mobilize Chilean companies in their technological transformation, thereby supporting their future challenges. In this market we cater to entrepreneurs, SMEs and large companies with mobile, fixed, IT and digital services.

In terms of products and services, mobile services are our largest source of revenue in this segment, accounting for 65.7%. The fixed services are delivered as Internet, phone sevices, data and security products, while the solutions associated with the IT world include infrastructure, software as a service and digital services.
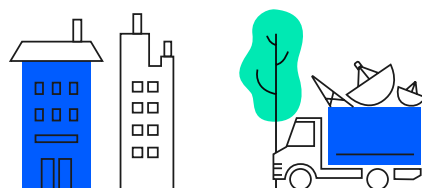
Mobile Services

The corporate segment is showing signs of maturity, and we have maintained our 42% share of mobile lines. This is because we have been continuously adapting the offering to meet the growing demand of data in mobile services, availability of options with or without handsets as requested. In addition, we continue to leverage new revenue streams such as the "consumerization proposition", innovations in roaming plans and mobile broadband options.

Fixed Services

In fixed services we are growing at an annual rate of 4.9%, mainly based on our provision of services over the GPON (optical fiber) network, allowing us to provide internet, telephony, virtual PBX and data network services.

These services are complemented with connectivity value solutions such as network security services and RLA, which allows the administration and management of the internet network within the company and optimization of the use of the contracted infrastructure.

IT Services

In terms of IT services, the 2019 fiscal year ended with 22.1% growth over 2018, mainly driven by 38% growth in Cloud products - collaboration solutions and infrastructure as a service.

The collaborative services we offer include the Google suite and Microsoft Office 365, which provide mail, video conferencing and applications to support business management, giving them the tools they need to be connected from anywhere and on any device, facilitating the effectiveness of their partners' work.

Our infrastructure-as-a-service offering includes cloud solutions hosted both by our data centre and on the public cloud from the world's leading operators of these services.

Customer experience and service quality

With more than 132,000 clients, the Enterprises Segment is fairly diverse, requiring a flexible product and service strategy that can be adapted to the needs of all sizes of businesses.

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Digital Market

One of the most relevant advances in 2019 was the launch in August of Digital Market, a portal that offers diverse digital solutions to our business clients. The goal is to deliver a layer of digital solutions that complement our telecommunications solutions, strengthening our role as technology partners. To that end we offer our clients a variety of solutions, ranging from e-mail tools, videoconferencing and digital forms to the digitalization of order taking, among others.

With Digital Market we simplify business for our clients, freeing them from having to deal with several world-class solution providers, with Entel delivering multiple solutions from a single location. These are mainly solutions oriented to small and medium enterprises, simple to implement and with the support of technology partners if required.

Business Community

In addition to providing technologies, at Entel we care about supporting our customers by providing information, training and network generation, with a special focus on SMEs and their digital empowerment.

Thus in 2019 we continue to generate useful content for them through our Business Community, Clic and Redpyme Courses website.

Also with these initiatives, we are fulfilling our objective of supporting and motivating clients in the adoption of new technologies, as well as in the digital transformation process.

Digitized

In the latter part of 2019, a new version of Digitalizados was launched, a docureality that aims to motivate the transformation of SMEs through technological challenges. In this edition, 6 SMEs were selected to be given different digitization challenges.

The objective of this new season was to show the difficulties that companies have in incorporating technology and the solutions Entel has to offer in this regard.

42%

Share of mobile lines in the Enterprise Segment

Initiatives to support SMEs

In the last quarter of the year, as a result of the situation in the country, Entel implemented a series of initiatives to support smaller companies.

A portal was set up for those companies that had some financial or logistical difficulty with Entel's services, with the aim of assessing the services to be provided in each case.

Data traffic fees were also increased for customers with limited plans, in order to facilitate the operational continuity of their business. This benefited 92,057 customers.

For the SME suppliers, we decided to reduce the payment times, first by one week and then by two. This was done in spite of being signed up to "Pro-Pyme", an initiative of the Ministry of Economy to support SMEs that already cuts payment times.
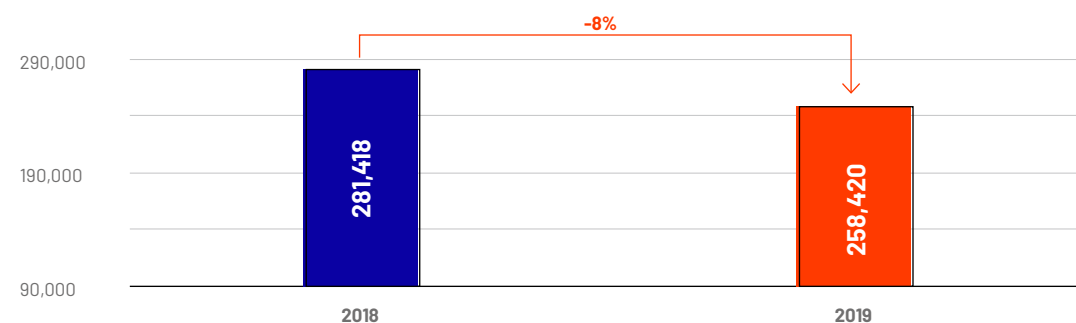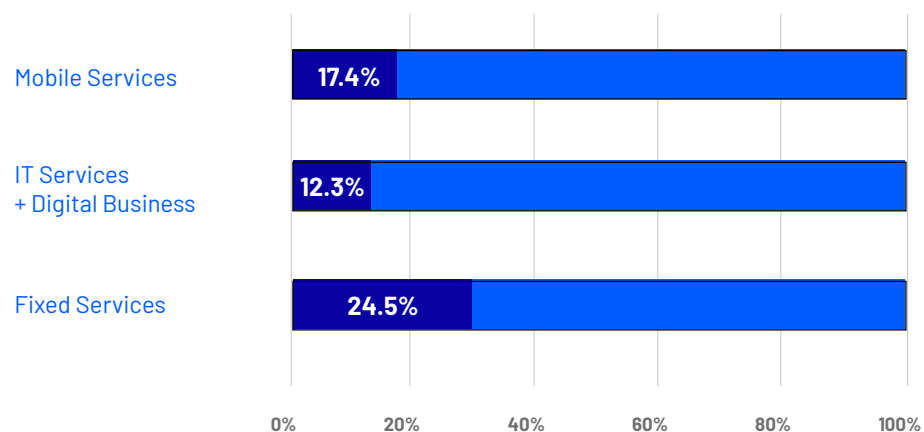
Revenue

The decrease in mobile revenues can be explained by lower fixed-charge revenues, mainly due to a higher take-up of SIM-only plans in the segment, partly offset by higher revenues from handsets. Revenue from the wireline business increased primarily as a result of bundled internet and voice services over the GPON fiber network. IT/digital services revenue also grew as a result of increased collaborative services and infrastructure as a service.

Enterprise Segment - Revenue (Ch$ million)

-8%

	2018	2019
	281,418	258,420

Enterprise Segment % share of Entel Chile's total services

● Enterprise Segment   ● Other Segments

|	Enterprise Segment
Mobile Services	17.4%
IT Services + Digital Business	12.3%
Fixed Services	24.5%

0%   20%   40%   60%   80%   100%

Revenue by Service Breakdown Enterprise Segment

- **78.9%** Mobile Services and Handsets
- **13.0%** Fixed Services
- **8.1%** IT Services

3.7 **Corporate** Segment

Over the years the Corporate Segment has managed to build a wide offering integrating mobile services, fixed network, information technology (IT) and digital services. Currently, we have more than 500 clients - large national companies and institutions - translating into a very important market share for the mobile business (52.1%), fixed business (55.6%), IT and digital services (18.9%). Acting as strategic partners to our customers, our mission is to help them integrate technological solutions that contribute to the core of their business and their business performance.
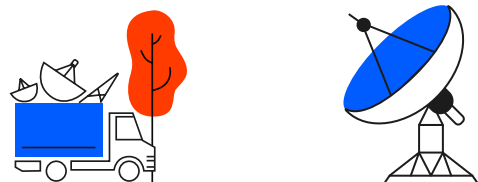
In 2019 we will further expand our value offer by developing our traditional connectivity and IT infrastructure businesses, and by creating new businesses in the areas of cyber security and digital solutions, such as Big Data-Analytics, IoT, Machine Learning, Artificial Intelligence and the Cloud, all of which are enablers for the digitization of our clients' businesses.

We are making progress in the incorporation of network virtualization solutions, which make it possible to manage the growing demands of variable and flexible connectivity that companies will have due to the demanding process of digitizing their businesses. Regarding infrastructure management using data centers and IT outsourcing services, we continue to gain ground by technically consolidating our management and operation, with TIER IV certification for sustainable operation from the Uptime Institute, making us the first service provider in Latin America to obtain this accreditation. Currently the IT business represents about 30% of the revenue of the corporate segment.

In this same field of transformation of our traditional businesses, we have also adapted our offering in the mobile business. In general companies are not hiring more mobile lines for their employees. Here the strategy we applied was to enhance the benefit of "Affinity", of interest to the companies and/or their unions. This service provides lines, terminals and accessories which can be accessed by workers who do not have mobile services contracted by the company. This benefit also extends to their relatives.

Regarding the businesses with the greatest growth potential (Digital Services), in 2019 we went further with the development of both our own capacities and alliances for Ocean - a cross-cutting unit of Entel presented in 2018 and aimed at solving the business problems of our customers based on digital technology. We also consolidated high growth in cybersecurity by expanding our positioning in this market niche. Both are businesses that in general show growth in the order of 30% and still have a small base in corporate revenue (9%).

Currently the IT business represents about **30% of the revenue of the corporate segment**

A new approach to the customer's business

In order to deliver this new value proposition with differentiated positioning, aligned with the business objectives of each customer, Zero Distance was implemented, a cultural change that will transform the way we relate to our corporate customers. By deepening our ties in each of our interactions with customers, we increase our ability to understand both their business and their needs, developing our consultative capacity, adapting our solutions to bring greater value to their multiple challenges and relating as to our customers as partners .

In 2019, 4 "Zero Distance Meetings" were held, bringing together the leaders of the Corporate Segment. More than 35 free workshops were held on the various areas to promote the understanding of cultural change, linking it to various initiatives. In addition, more than 200 account plans were generated, enabling us to understand our customers in greater depth, developing strategic opportunities that enhanced the coordination of collaborative work with the rest of the areas that serve our customers, which improved business closure rates by more than 5% percentage points, leveraging the fulfillment of the annual sales plan.

35 Workshops

Across departments for understanding cultural change.

200 Account

plans which enabled us to understand our customers in greater depth.

Highlights

Initiatives of note in 2019 regarding Ocean: The Sea the Forest project, involving a fire detection system based on sensors that detect emissions that can appear up to 12 minutes before smoke is visible. Another significant project was related to the concept of contactability, also developed by Ocean. This is the Touch platform, a much needed service in the health field. An example of its applicability is the coordination of appointments for patients requiring specialty consultations. This expands coverage and makes efficient use of specialists, who are generally scarce and expensive. Another high-impact application of Touch is appointment and medication reminders for chronic patients.

In the world of cybersecurity, our Cyberintelligence Center was reopened, for which we have been increasing the number of customers through permanent solutions and services, based on consulting and advanced protection.

The year closed with growth in IT outsourcing and progress made in implementing process automation (PAM) initiatives that will improve the effectiveness of service operations.
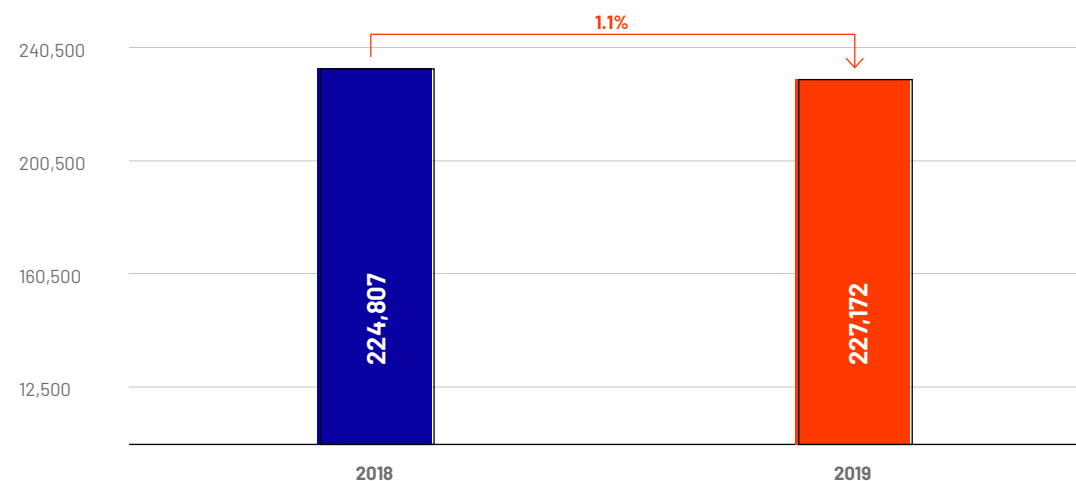
sea theforest **sea** smartmonitoring

sea yourhome **sea** thecity

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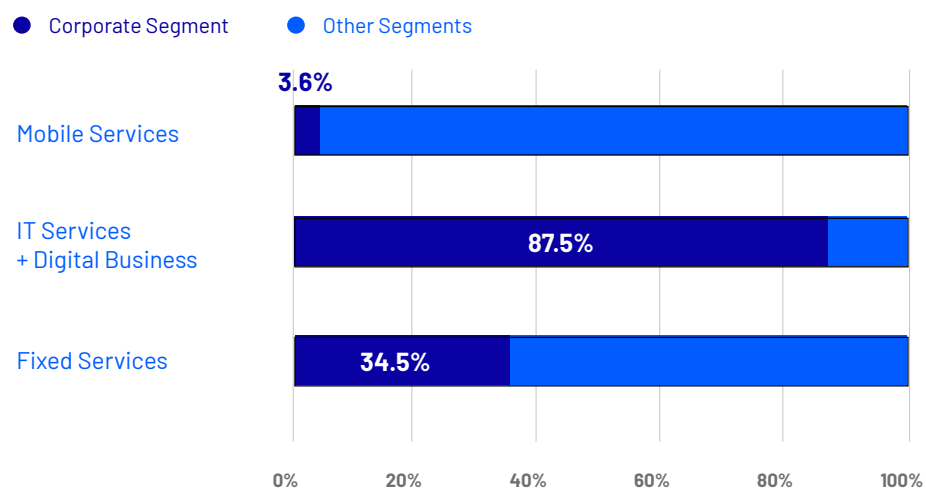FOR TRANSLATION PURPOSE

Revenue

Revenue from the corporate segment increased 1.1% year-on-year, due to higher revenue in the IT business (+4.8%) and in digital services (+14.9%), partially offset by a decline in revenue in the mobile business (-3.3%). The decrease in mobile revenue can be explained by lower overage revenue linked to the change in the commercial offering that increased voice and data quotas, it was also partially offset by an increase in revenue from fixed charges.

Revenue from fixed services (including IT/digital) increased 1.9%, mainly due to higher revenue from IT/digital services, which include traditional outsourcing and housing services and Entel Secure Cloudm, together with an increased emphasis on the development of digital businesses in which cyber security plays an important role. Meanwhile lower revenues were reported for local telephony and traditional telecommunications services.

Corporate Segment – Share of Total Revenue from Entel Chile Sevices

● Corporate Segment   ● Other Segments

Mobile Services	3.6%
IT Services + Digital Business	87.5%
Fixed Services	34.5%

Corporate Segment - Revenue (Ch$ million)

1.1%

2018	2019
224,807	227,172

Revenue by Service Breakdown Corporate Segment

- **15.5%** Mobile Services and Handsets
- **48.3%** Fixed Services
- **26.2%** IT Services
- **9.9%** Digital Services

3.8 **Wholesale** Segment

This business segment is oriented to meeting the needs of national and international telecommunications operators, through the lease of fixed and/or mobile network services in areas where they need to complement their coverage or where they do not have their own coverage.
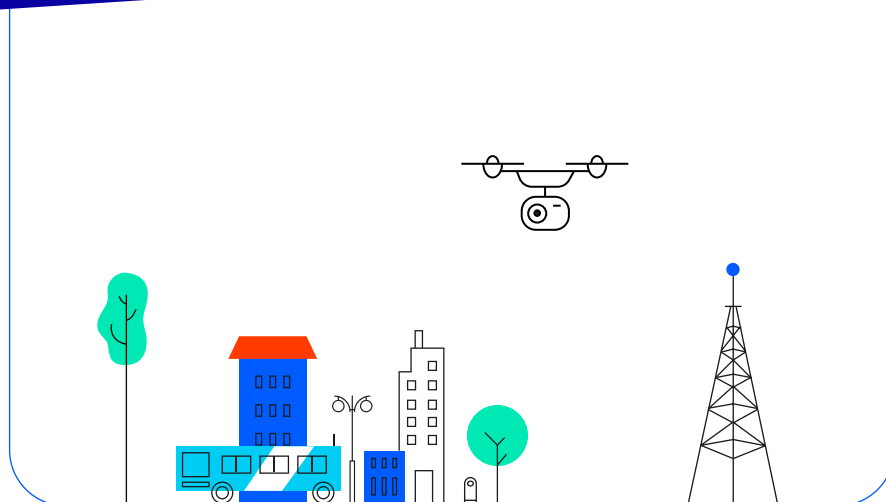
Among the services it provides, the following stand out:

International voice traffic business: International voice traffic services for operators, based on a wide network of partners and ENTEL's experience. These are tailor-made solutions with a competitive price-quality ratio. It also includes the management of the LDI traffic of Entel Chile's and Entel Peru's own customers.

Lease of fixed infrastructure: last mile services in optical fiber for national and international operators that use Entel's network to access their customers.

Lease of mobile infrastructure: installation services for antennas and equipment in Entel towers for other fixed, mobile and ISP operators.

Lease of network to MVNOs and other operators: national roaming services to other operators and services to virtual mobile operators.

International roaming: managing agreements with operators around the world to provide roaming services to Entel customers when visiting those countries (voice, data, SMS), and in turn the customers of these operators use the Entel network when visiting Chile or Peru.

In 2019 efforts continued on establishing close, long-term relationships with our customers in order to understand their needs and be efficient in our work.

In the case of national roaming business, in 2019 coverage agreements were established for mandatory locations and rural areas, which, together with supporting the connectivity of some areas, enables better use of the infrastructure.

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Revenue

Gross revenue from the Wholesale Segment increased by 4.3% in 2019, as a result of an increase in revenue from traffic businesses and other operators. This was partially offset by a drop in revenue from the rental of mobile infrastructure and MVNO.

4.3%

Wholesale Segment revenue increased in 2019
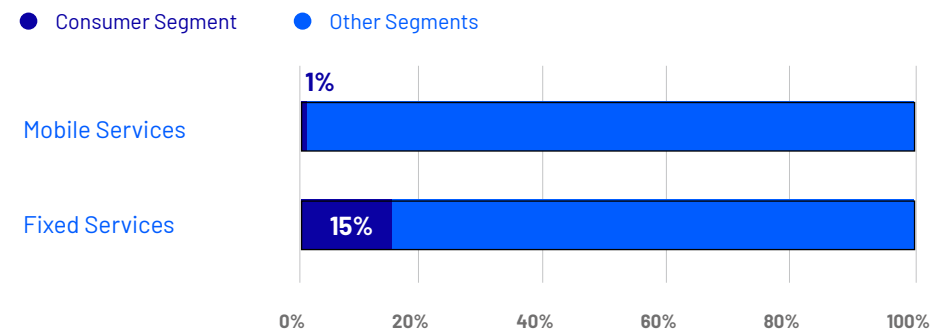
Wholesale Segment - Revenue (Ch$ million)

4%

Year	Revenue
2018	57,629
2019	60.098
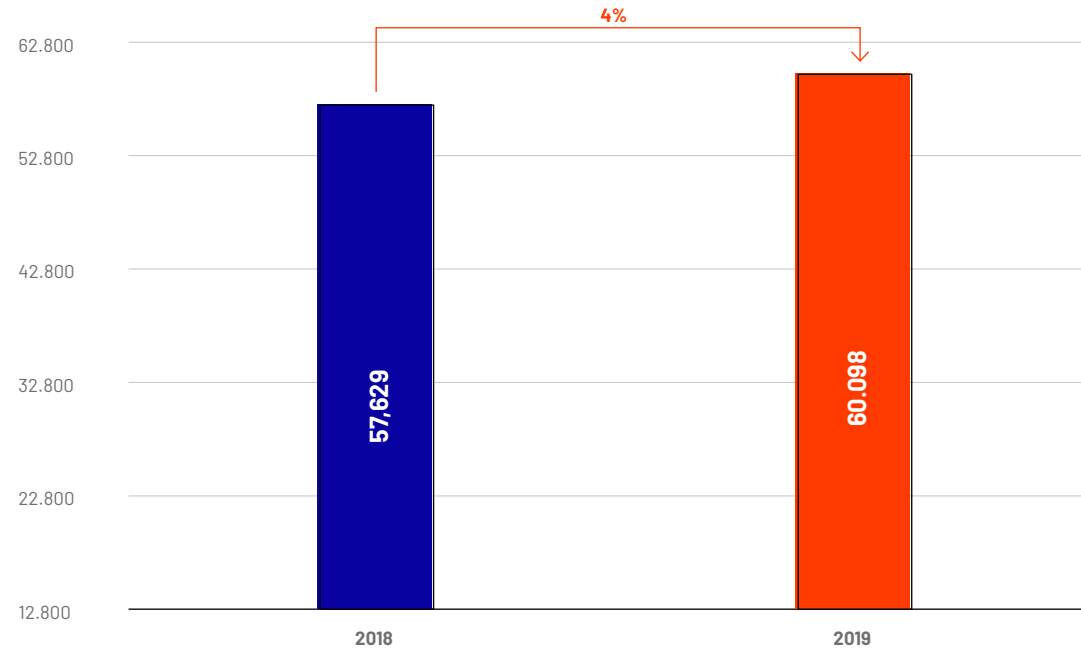
Revenue by Service Breakdown Wholesale Segment

- **22%** Mobile Services and Handsets
- **78%** Fixed Services

Wholesale segment – share of total services of entel chile

● Consumer Segment   ● Other Segments

Mobile Services — 1%

Fixed Services — 15%

0%   20%   40%   60%   80%   100%

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04. Entel Perú

The 2019 fiscal year was very important for **Entel Perú** as it reached breakeven in its fifth year of operation. Se trató de un año de grandes retos y buenos resultados de crecimiento.

The operation in the Peruvian market comprises services provided through the subsidiaries Entel Perú SA, Americatel and Direcnet. In 2019, Entel Perú and Americatel merged their operations to approach the Peruvian market as a whole, offering mobile and fixed services to different customer segments with the aim of continuously improving the Entel Group's services in that country.

The strategic priorities for the year focused on the sustainable growth of our businesses, strengthening operational excellence, developing talent and consolidating our team, continuing to strengthen

our brand image and providing an outstanding experience for our customers.

In Peru, the dynamics of the mobile industry continued to be relatively stable, with promotions focused on voice and data plans (unlimited with fare-use) with high end plans, backed by an offer with appealing handsets, roaming services and selected digital content (OTT), adding more value to the mix, while in mid- and low-end segments, offers focused on data through mass channels.

In this context, the company's mobile customer base continued to grow (+6%), driven by the strong expansion in the postpaid segment (including BAM&M2M)(+16%) and in the prepaid segment (+1%) but with an increase in the share of top-ups partly associated to the implementation of the "Entel Pay" sales model.

Growth in EBITDA can largely be explained by tower sales, with an impact of US$ 113.1 million. Organic EBITDA grew, driven by higher revenue and operating scale, control of customer acquisition, the implementation of digital transformation plans, and implemented efficiency programs.

We continued to grow in 2019. Rollout increased in more than 600 locations, twice as much as the previous year, allowing us to reach more than 70% of Peru's population.

Mobile Services

As in Chile, the mobile segment is Entel Peru's main source of revenue. In this segment we have focused on expanding the offering for various customer segments, including digital solutions.

The total mobile customer base increased 6% compared to 4Q18, totalling 8,292,944 subscribers. The postpaid segment (including BAM&M2M) continued to grow strongly, hitting 3,102,362, up 16% over the year. In prepaid, the customer base grew 1% to 5,190,582 customers. Net adds amounted to 478,000 in 2019. The postpaid segment (including BAM&M2M) reached 431,000 due to higher gross sales, portability and better loyalty plans. In the prepaid segment (including MBB), customer base hit 47,000, driven by a focus on higher value customers with more top-ups. Over the last quarter of the year, net adds in the segment reached 177,000 due to greater channel coverage and traction of the "Entel Pay" sales model.
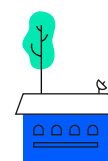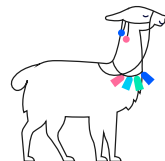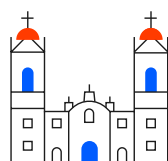
38%

increase in total revenue compared to **2018**

8.3

Million customers throughout Peru

Over the year, the process of migrating postpaid customers to new digital platforms continued to make progress. Entel Peru continued to expand in the postpaid segment, driven by increased sales activity fuelled by an attractive offering of data services in conjunction with mobile phone, OTT and roaming service offerings. Over the year, offers included unlimited data for high-end plans and phones, including more flexible financing terms (18, 12 or 6 months), depending on the risk profile, as well as mass sales channels for lower value plans.

A line of services in the business segment was launched and for these customers we expanded our value proposition through digital tools such as geolocation, collaboration, automation and Internet of Things (IoT), among others.

The prepaid sales model was implemented through the "Entel Pay" mass sales channel, improving productivity in the fourth quarter of the year, significantly increasing net adds along with improvements in the industry's top-up share. The offers were based on welcome bonuses for portability and reload incentives with free social networks and OTT digital content (VR) for limited days, along with the 30-day "Prepaid Chip 29" launched on the mass channels.

Residential Service

For the Home business, 2019 saw a major milestone in the deployment of the 2,300 MHz network, following the rollout of our fixed wireless internet service and the 3,500 MHz network for regions.

By December, 625 points of presence were deployed, reaching 1.7 million households in Lima and the regions. By the end of 2019 the residential segment had 130,000 RGUs, up 7.2% on 2018.

Entel Peru has continued to expand its network to the residential segment, with telephony and wireless broadband services leveraging the capabilities of the mobile network. By the end of 2019, 197,000 revenue-generating units (RGUs) had been reached, growing 2% in the subscription and prepaid sectors. This self-installable service is offered across different business plans and can connect to multiple devices with unlimited navigation and improved speeds. It is currently available in Lima and some other cities in Peru.

Customer Satisfaction

At Entel Peru we apply satisfaction indicators for each point of contact with the customer. This way we can obtain the necessary information to improve both procedures and processes.

We also listen to what customers say on social networks so that we have the most and best information to respond to their needs, with timely, targeted deals. Thus, in 2019 we continued to be leaders in customer satisfaction in all segments.

As a result of this, together with Entel Chile we won first place in the Best Customer Experience (BCX) award in the Latin American Telecommunications category.

We were also recognized by OSIPTEL as the company with the best network quality in the industry.

In addition, the quality of our service was acknowledged by a Tutela study, where we came first for the highest average download speed on 3G and 4G networks in the Peruvian market.

Digital Transformation

As part of Entel's Digital Transformation process, in the last quarter of the year the migration of postpaid customers from the consumer segment began, ending 2019 with 100,000 customers switching to the new platform.

Innovations such as customer service via WhatsApp Business are part of the transformation process. Today, 35% of our call center's customer service is provided through WhatsApp, thanks to our interest in providing immediate and simple customer service.

Our logic is to give customers the freedom to choose contact channels to best suits their preferences, through an app, web or social networks. By year-end our e-commerce in the consumer segment represented 5% of sales.

In addition, after-sales services via digital already represent 92% of the total.

The strengths of agile methodology are also generating results in our company in Peru. In 2019, we worked together with our partners to develop "agile" skills, where collaborative and multidisciplinary teamwork, thinking outside the box and always being focused on the customer are the main priorities, resulting in a series of initiatives. This model addresses important challenges aligned with the business strategy such as renewing offerings and capturing opportunities in the market.

About 7% of the staff work in multidisciplinary teams that collaboratively and creatively seek to provide timely responses in line with customer needs. This way of working is already generating interesting results in terms of new services and improvements in efficiency.

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Main Diversity Indicators for Entel Peru

Gender	2019
Female	1,004
Male	1,272
Total	**2,276**

Age range	2019
Less than 30	568
Between 30 and 40	1,230
Between 41 and 50	441
Between 51 and 60	33
Between 61 and 70	4
Over 70	0
Total	**2,276**

Length of Service	2019
Less than 3 years	734
3 - 6 years	984
More than 6 and less than 9 years	206
9 - 12 years	201
More than 12 years	151
Total	**2,276**

Nationality	2019
Peruvian	2,253
Foreign	23
Total	**2,276**

Nationality

Country	2019
Argentina	2
Belgium	1
Brazil	1
Chile	12
Colombia	2
Cuba	2
Nicaragua	1
Venezuela	3
Total	**23**
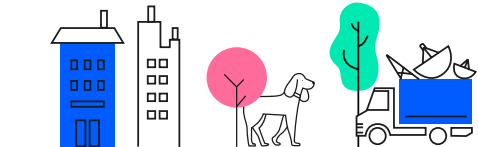
Regulatory Framework

Spectrum

In 2019 radio spectrum was reconfigured. The reconfiguration process of the 2300 and 2500 bands began in December 2018 and was concluded in the third quarter of last year, assigning 30MHz in the 2300 band in the departments of Piura, La Libertad, Lambayeque, Lima and Callao, Ica and Arequipa, and keeping 40Mhz in several provinces of the main departments of the country in the 2500 band, including the department of Lima and the Provincia Constitucional del Callao. Also, at the end of October 2019 the reconfiguration of the 3500 band was initiated, enabling the use of IMT services and 5G technology.

To make the reconfiguration processes viable, the Ministry of Transport and Communications (MTC) approved new radio spectrum caps (60Mhz in the low bands and 280 MHz in the medium bands), and expanded the capacity of the 3.5 band. Thus Peru has become the country with greater spectrum availability on this band, which has been extended to the 3300-3800Mhz range, that is, with 500Mhz, following the recommendation of the GSMA.

As a result of the reconfiguration of the 2300 and 2500 bands, the 2300 band was also transferred to Entel Peru (30Mhz) which was formalized in November 2019. In this way the Entel Group was able to consolidate the ownership of these bands in Entel Peru, generating efficiencies in the operation of the network and in the design of the offering, in addition to the possibility of using both bands for mobile services.

The MTC also approved other rules regarding the use of spectrum, such as (i) the Spectrum Leasing Regulation, which enables a secondary market for spectrum with prior approval from the MTC, by establishing additional obligations for operators (expansion, connectivity, among others) who sign spectrum leasing contracts; and ii) the "Rule on Spectrum Use Targets applicable to public telecommunications services, except for point-to-point carrier service or satellite services", applicable to bands undergoing reconfiguration and concessions that are being renewed, among others.
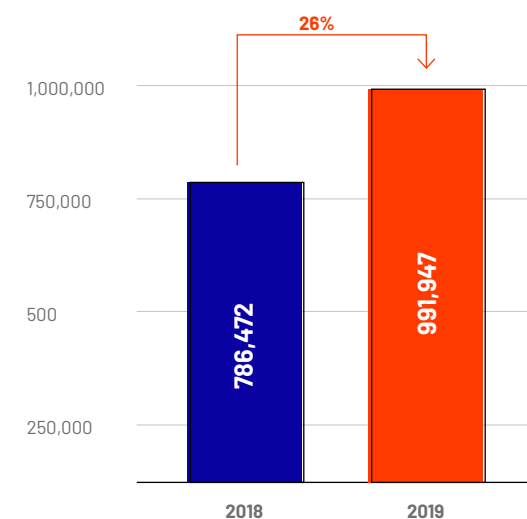
National Fiber Optic Backbone

In 2019 the MTC reviewed the situation of the national backbone (transport infrastructure that links 195 provincial capitals throughout Peru), an asset of the Peruvian state currently managed by a private concessionaire (Azteca), which was created with the aim of spreading broadband in the country. The backbone faces a problem linked mainly to its design and pricing regime, which has impeded its use in optimal conditions. Given the high degree of network underuse and the concessionaire's announcement that the contract would be terminated, the MTC engaged the services of the World Bank, which issued a report with recommendations to address the problems detected, which affect the development of broadband in the country.

During the last quarter of 2019, the MTC published a bill to amend the Broadband Act Regulations, modifying part of the operating conditions of the backbone and regional transmission networks. The regional transport networks, together with the backbone network, were designed to expand broadband services to all of Peru. In spite of this, Azteca has proposed the termination of its concession contract. As such it is expected that during 2020 the backbone will return to the State in its capacity as owner and grantor, in order for a new bidding process to be held to choose a new operator.

Revenue

Entel Peru's revenue (mobile and fixed) increased by 26% (in Peruvian soles), reporting US$ 991,947 thousand, affected by the sale of towers for US$ 116.1 million. Organic revenue came in at US$ 875,847, an increase of 11.4%, despite the reduction in mobile termination rates (-56%) effective from the end of January 2019. This expansion was driven by higher mobile service revenue (+12%), coupled with a 6% expansion in the customer base, some tariff increases and the effects of the initial application of IFRS 15 in 2018. Revenue from mobile handset sales grew (+23%), largely driven by the postpaid segment, along with sales of high-end handsets, the greater availability of in-store financing plans and digital platforms. Sales of prepaid phones meanwhile were down. "Entel Hogar" services increased 21% and fixed business services increased 9%, mainly due to integrated voice, data and internet services for the segment.

Entel Peru Revenue (US$ thousands)

26%

2018	2019
786,472	991,947

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05. Subsidiaries

5.1 Entel Call Center

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5.1 **Entel** Call Center

> The main goal of our subsidiary, in Chile and Peru, is to help transform the user experience, integrating technology, processes and people to contribute to business development and to society.

The increased use of technology by users has contributed to a change in the dynamics of the call center business, with a steady increase in digital solutions and self-service over traditional telephone support, strengthening the creation of more efficient solutions in spending and designed for digitized users, relying heavily on social networks and apps.

In this context, Entel Call Center sees itself as an advisor to its clients in the process of transforming channels through the digital revolution, in order to generate better experiences for its users. As such the company has been refining its processes and customer-oriented automated services.

It operates in Chile and Peru and its clients include companies and government institutions. Fifty-nine percent of our business revenue comes from services provided within the Entel Group.

Highlights 2019

• **Installation and field support operations are initiated**, providing a greater presence at the various customer travel touchpoints and improving the experience.

• **Income growth** in non-traditional businesses: Digital Services, Automation, Technology as a Service.

• **Capturing new customers** with operations in Chile and Peru.

• **The number of teleworking staff is doubled,** contributing to the uptime of operations.

• **Upgrade of the Workforce Management solution** to one that, together with the management of voice services (Inbound and Outbound), incorporates the running of social networks and backoffice.

Services

The operation of the subsidiary through traditional and digital sales and after-sales channels, is in line with the Entel Group's customer service model. As such the objective is to create simple experiences for users, framed within the corporate purpose of bringing together the infinite possibilities that technology provides.

The services are integrated in a unique and centralized information structure, facilitating the intelligent use of data, which is complemented by an end-to-end service, providing quality to the customer value chain in their interactions with end users:

Omnichannel Services: Implementation of multimedia services, social networks, chat, tailor-made platforms and platforms complementary to existing remote service.

Service Desk: Technical support help desks for companies.

Back Office Services: mplementation of services additional to customer service as part of a closed cycle.

Sales campaigns: Consultative sales services, telemarketing and billing, incorporating delivery services.

Customer Service: Inbound service models, implemented using technologies such as IVR, CRM and service flows depending on the business.

Service Desk: Technical support help desks for companies.

Technological Services: Implementation of on-demand technology platforms.

Consulting Service: Speech analytics on demand, quality audits and workforce management.

Installation and on-site technical support.

Revenue

Over the 2019 fiscal year, Entel Call Center generated revenue of Ch$ 59,532 million, an increase of 5.9% compared to 2018. Revenue was favorably impacted by the sale of a property belonging to the subsidiary for Ch$ 6,600 million, partly offset by a drop in service revenue mainly as a result of the digitalization and automation of interactions.

5.9%
Entel Call Center increased revenue compared to **2018**

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Chilean Market Context

Globally, 2019 was a volatile year, mainly due to the trade dispute between the United States and China and the Brexit negotiations.

Locally, the year was marked by less dynamic economic growth, with sectoral performance below expectations. A challenging external context, adverse weather conditions, delays in the approval of some economic reforms promoted by the government and the social upheaval in the last quarter led to 2019 ending with a change in Gross Domestic Product of 1%, a considerable difference from the 4% with which it closed 2018.

Inflation was within the Central Bank's target range, closing the period with a rate of 3%, while the price of the dollar rose by 8% ($748.74) compared to the end of 2018.

On the stock market, although the main index of the Santiago Stock Exchange - SP IPSA - ended the period with its biggest drop in six years and a 1.6% fall in the number of businesses in that market, the total amounts traded reached a record high, growing by 6.7%.

The telecommunications sector showed a modest revenue growth of 1.2% over 2018, driven by growth in revenue from household broadband services (19.4%), IT services (6.5%) and to a lesser extent by enterprises' fixed data (1.0%). This increase was partially offset by lower fixed telephony revenues (21.4%). In turn, mobile revenues increased by 0.8% over the previous year.

The mobile industry continued its tendency of prepaid-to-postpaid migration and a more stable competitive environment with less dynamic supply adjustment and an 80% drop in mobile access charges at the beginning of the year. Against this backdrop, in 2019, for the first time contract customers exceeded prepaid ones, according to Subtel information.

With regard to regulatory matters, in 2019 a decision was made as to how com companies would comply with the Supreme Court's ruling obliging them to release the same amount of spectrum acquired in that spectrum auction (700 MHz band), and included a possible revision of the maximum limit of ownership per operator through a non-contentious Subtel consultation with the Competition Tribunal.

Regarding the first point, Entel and other operators have already announced how they will proceed with the release of spectrum, the deadline for which is October 2021.

For the review of the spectrum limits, in 2019 the Competition Tribunal resolved Subtel's non-contentious consultation on modifying the maximum limit of radio spectrum that each public telecommunications service operator may have. The resolution provided for the establishment of limits (percentages) with respect to the grouping of bands according to their characteristics. In the case of Entel these limits have been complied with. This ruling must now be reviewed by the Supreme Court.
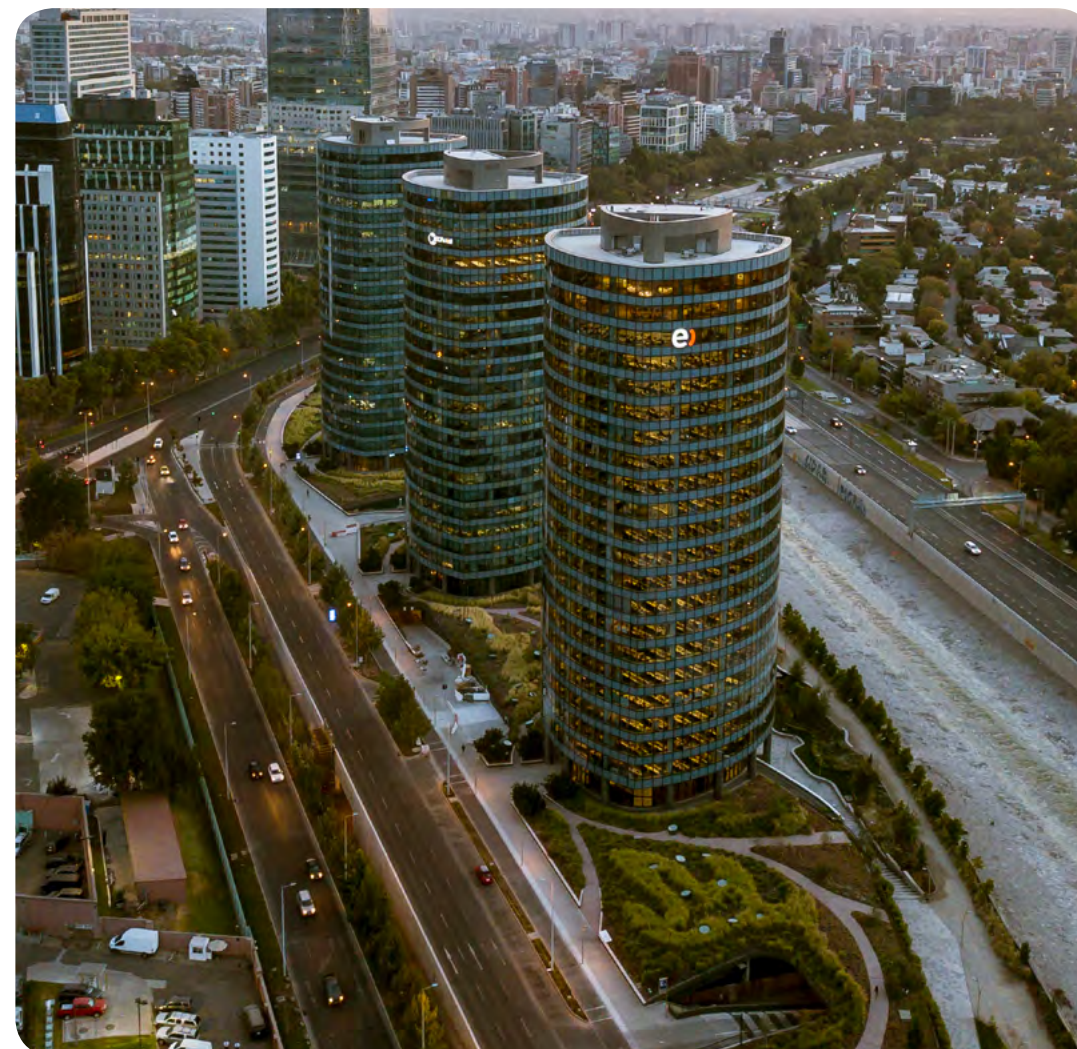
Peruvian Market Context

As in 2018, Peru's political environment was very volatile due to the closing of congress at the end of September. Uncertainty led to repercussions in terms of GDP, which registered its lowest growth in the last ten years (2.2%). The economic sectors that contributed the most to this growth were trade and services, while those that detracted the most were manufacturing and mining.

The telecommunications sector in Peru continued to be marked by strong commercial activity and the drop in mobile access charges (-53%). As a result, the sector's revenues increased by 2% as at December 2019.

The biggest increases were in the mobile market with a growth of 3%, explained by the increase of 14% in the revenue from handsets due to lower subsidies at operator level. Meanwhile service revenues closed down 2%, in line with the drop in access charges. Fixed services experienced zero growth mainly due to lower voice revenues (-13%), offset by higher revenues from Pay TV (+8%) and, to a lesser extent, from fixed internet (+3%).

In terms of regulation, 2019 was the year the radio spectrum was reallocated in the country. The reallocation processes of the 2300 and 2500 bands started in December 2018 and were completed the third quarter of last year, assigning 30MHz in the 2300 band in the departments of Piura, La Libertad, Lambayeque, Lima and Callao, Ica and Arequi-

pa. 40Mhz was maintained in several provinces of the country's main departments on the 2500 band, including the department of Lima and the Constitutional Province of Callao. At the end of October the reallocation of the 3500 band was initiated, enabling the use of IMT services and 5G technology.

To make the reconfiguration processes viable, the Ministry of Transport and Communications (MTC) approved new radio spectrum caps (60Mhz in the low bands and 280 MHz in the medium bands), and expanded the capacity of the 3.5 band. Thus Peru has become the country with greater spectrum availability on this band, which has been extended to the 3300-3800Mhz range, that is, with 500Mhz, as per the recommendations of the GSMA.

As a result of the reallocation of the 2300 and 2500 bands, the transfer of the 2300 band to Entel Peru (30Mhz) was also authorized and formalized in November. In this way the Entel Group was able to consolidate the ownership of these bands in Entel Peru, generating efficiencies in the operation of the network and in the design of the offering, in addition to the possibility of using both bands for mobile services.

Strategy 2019

Maintain revenue share in mature markets in Chile

In the face of a more stable industry with less dynamic tailoring of the offering, Entel held on to its revenue share within the mobile industry, reaching 35.4% and leading with the lowest port-out rate compared to the other operators.

The tendency of the mobile industry in Chile shows stable service revenue with steady migration of subscribers from prepaid to subscription and an increase in data traffic. The company's customer base decreased by 2% compared to 2018, due to the prepaid voice base which was adjusted downwards by 14%. This was partly offset by the significant increase in the voice subscription segment of 13% year-on-year (+512,000), linked to attractive data offerings and migration from prepaid, along with effective loyalty programs and increased digital interactions.

In 2019 (June-September), the entire post-payment base was migrated to digital platforms, with the focus on stabilizing the related platforms. With the migration and its correct operation, Entel showed strong recovery in its business dynamics, reaching net adds of 207,000 lines in the fourth quarter.

The packages focused on the subscription segment through mass channels with customized deals available on "Entel App", offering attractive data plans, handset financing, promotions for additional lines, combined with important OTT partnerships (including Spotify, Netflix and Goo-

gle Play) and effective loyalty plans. In addition, a wide range of accessories and insurance deals for mobile phones have become important in the value proposition. For the prepaid segment the offering was complemented with digital services through "one-click top-ups", including new alternatives such as "magic top-up". The new way to be prepaid. Change your tariff, top-up once and enjoy the whole month!

Growth in residential and enterprises fixed businesses
Business in Chile

The Residential industry is showing strong development in the deployment of optical fiber at the expense of other technologies. In addition, traditional pay television services continue to grow in lower income segments. There is also a progressive unbundling of content through OTT operators.

Today the company has a strong network in place to offer services in the residential segment. Currently, the number of homes covered with wireless services stands at 1.8 million, with a focus on the outdoor FWBB service with greater stability and experience. The deployment of the fiber optic network continued in the high density areas of Santiago, reaching 285,000 homes passed at the end of 2019.

Entel Hogar registered 511,000 RGUs - an increase of 13% over 2018 - including wireless and optical fiber connections, highlighting mainly the growth in

internet access (84%), television (8%) and voice disconnections (11%). The company has a competitive offering for wired (fiber optic) internet services with speeds from 150 to 940 Mbps and for wireless FWBB service up to 30 Mbps with an outdoor antenna. Fixed connectivity with access for the Business segment also performed well in 2019, increasing revenues by 5.3%, with a segment share of 23.7%
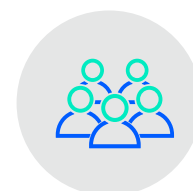
and growing 0.7 percentage points over the previous year. These developments were mainly due to IP connectivity services, resulting in greater use of the deployed GPON network.

84%
Growth in Internet access base.

35.4%
share within the mobile industry

512,000
new postpaid customers

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IT and the development of new digital businesses

The important growth areas for telecommunications companies include IT Services, Cybersecurity and Digital Solutions. In the case of the first two, Entel has gained maturity and new accounts. It is a major and recognized player in the industry for services that demand ever greater specialization and modernization and has introduced artificial intelligence into operations. The company has developed platforms to serve different business solutions.

In the world of digital solutions, Entel Ocean has been developing an offering and capacities since its launch in June 2018. Today Entel has a dedicated professional team and products that allow it to participate in the IoT, big data analytics, AI and cloud markets. In 2019, important deals were signed, including for a project in the field of public security, with video analytics products. 2020 should see an increase in activity, addressing sectors such as Smart Cities, Mining, Health, Transport, etc.

Delivering a simple, consistent digital service experience

2019 was a very challenging year for Entel, requiring additional efforts to maintain quality standards for our customers, coupled with high service expectations. This has led us to use agile methodologies and our digital transformation project as enablers. We have continued to develop a way of working that facilitates exploration, learning and incremental interactive development of simple and innovative services. This translated into the expansion of customer service channels with our BOT ClaudIA through chat and Whatsapp, achieving 94% of our interactions through automatic channels.

In 2019 we already had the customer base of the consumer segment (7.5 million) totally migrated to the TDE platform, which allows important advances in the way of working and better customer experience due to our closer knowledge of customers.

The efforts we make on behalf of customers were acknowledged. The company won first place in the Ibero-American Telecommunications category and, for the eighth consecutive year, first place in Chile in the "Best Customer Experience" award. Additionally, in fixed telephony Entel is the company with the highest customer satisfaction in Chile. The "Brand Power" survey conducted in the mobile phone industry in 2019 put Entel ten points ahead of the second highest ranked.

This was also the case for the BCX award (Best Consumer Experience) in the Telecommunications category, given by the IZO consultancy, with Entel Peru getting first place in the Peruvian market. This award, which Entel Peru has won for the sixth year in a row, is the result of its focus on delivering a first-class service experience. Entel was also the winner of the eCommerce Awards 2019 in the category of Best Mobile Initiative, thanks to the launch of its new online store, becoming the only operator in Peru to win this award in Latin America.

Growing and Consolidating the Peruvian Business

In Peru the industry continued to be relatively stable, with promotions focusing mainly on voice and data (unlimited plans with fare-use) in high-value plans, along with offers of handset financing, roaming and OTT content adding value to the offering. In the medium and low value plans, the offering focused on data through wholesale channels.

In this scenario, Entel Peru continued expanding its client base (+6%) with 8,292,944 subscribers, driven by the strong expansion of the post-paid voice segment (+13.6%), whose base stood at 2,851,300 customers, while the prepaid segment showed a slight increase (+1%) with 5,188,182 customers. Net subscription portability in Peru is higher than the rest of the industry, with 195,000 customers - well over the 64,000 switchovers of the closest competitor.

In Peru, Entel is a valued brand, highly regarded and a leader in customer satisfaction in all segments. This has allowed us to take a 21.5% share of the industry's total subscriber market, up 1.8 % on 2018. Regarding mobile industry revenues, Entel reached 24.6% in the fourth quarter, a change of 2.6 % compared to 2018.

To tap the potential of the residential segment, the company is implementing services in areas with low fixed network coverage and quality, as is the case with the Fixed Wireless Broadband (FWBB) in the 2.3 GHz band, which allows higher speeds and coverage. By December 2019, there were 469 points of presence and 1.7 million households covered in Peru. At the end of 2019, the residential segment had 197,000 RGUs, up 2% compared to 2018, driven by fixed wireless broadband service in Lima and in other regions.

EBITDA growth was largely attributable to the sale of towers amounting to Ch$ 125.815 million. Organic EBITDA's growth was driven by the increase in revenues and the greater operational scale achieved. The control of client acquisition costs, the implementation of digital transformation and efficiency programs also contributed.

100%
Customers in consumer segment switched to digital platforms

13.6%
Postpaid base growth for Peru

2019 Results

The new accounting standard for leases (IFRS 16) came into force on January 1, 2019. Figures comparing 2018 are unchanged in the financial statements and are presented according to accounting standards prior to IFRS 16.

The change for the company, as a result of the application of IFRS 16, is mainly for those leases associated with sites where mobile telephone antennas and commercial premises are located. This is because such contracts have the qualities of an identifiable asset and the right to control its use.

Initially the Entel Group opted for the modified retrospective method when first adopting the standard, which meant making an initial adjustment to the statement of financial position as of January 1, 2019, resulting in higher assets for rights of use and to balance this, higher leasing liabilities, both of which totaled Ch$ 344.921 million. Additionally, prepaid expenses of Ch$ 29.813 million were reclassified as fixed assets.

In addition, the company signed contracts with American Tower Corporation (Chile-Peru) to sell 3,242 towers (1,980 in Chile and 1,262 in Peru).

The operation was organized to initially close on December 27, 2019, with the sale of 1,275 towers in Chile and 1,089 in Peru, with revenues of Ch$ 201.049 million. The remaining towers were to be transferred within a maximum period of 18 months. The remaining towers were to be transferred within a maximum period of 18 months.

Entel obtained consolidated revenues of Ch$ 2,197,543 million in 2019, an increase of 14% over the previous year, mainly due to the sale of towers and organic growth in the Entel Peru operation.

Revenue Entel Peru

Entel Peru's revenues increased by 38% over the same period in 2018, reaching Ch$ 677,273 million, Ch$ 188,219 million over year-end 2018, driven by the sale of the towers (Ch$ 80,902 million). In addition, organic revenue reached Ch$ 596.371 million with growth of 22% on 2018, explained by the increase in revenues from mobile services (12%) in line with the increase in the customer base (6%), an increase in certain tariffs, the valuation of the Peruvian sol against the Chilean peso and the initial effect of the application of IFRS 15 in 2018. This was offset in part by the fall in interconnection rates.

Handset sales increased by 17% due to higher sales in the postpaid segment, in line with the increased availability of handset financing plans. Revenue for Hogar increased by 17% in 2019.

Revenue from Fixed-, Voice-, Data-, Digital IT-Services for Enterprises and Corporations

Revenue from fixed connectivity for the enterprises and corporations segment totaled Ch$ 276.234 million, up 3.0% on 2018. This can be explained by growth in both segments, mainly in digital services revenue (+15%), Trunk IP services (+14%), Business

Pack (+9%) and IT services (+4%). These are partially offset by lower telephony revenue. In general, revenue growth can be attributed to IT services and digital solutions (cloud services, cybersecurity, Entel Ocean), along with increased revenue from IP solutions offered over our high-speed fiber optic infrastructure.

Entel Residential Services Revenue

Entel Hogar in Chile grew 9% over the year, totaling Ch$ 78,192 million. This increase is due to higher revenue from broadband services (+74%) and pay TV services (+7%), in line with the growth of RGUs in broadband services over wireless and fibre optic technology (+84%) and pay TV (+8%). ARPU meanwhile grew by 5% (Ch$ 13,148) compared to 2018, due to higher sales of wireline services. Telephony revenues, on the other hand, decreased 13%, due to disconnections in the period.
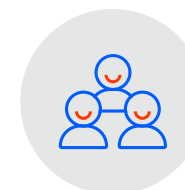
Our subsidiary Entel Peru reaches **8.3 million** customers and sees positive organic EBITDA at year-end 2019.

Chile continues with strong growth in **high-end customers in the mobile market**

Successful sale of towers in Chile and Peru

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Consolidated **EBITDA** for 2019 totaled **Ch$ $770,411 million**, up 80% due mainly to the sale of towers in the last quarter. Excluding the above, EBITDA grew 15%.

Revenue – Mobile Services Chile

Mobile revenues in Chile fell by 5% to Ch$ 950.478 million as a result of lower service revenues affected by the fall in access charge rates (80%). Excluding the effect of the drop in access charges, the decrease in revenue would have been 2%. This drop is due to lower revenues from monthly services related to the prepaid segment, due to the migration to the postpaid segment and the shrinkage of the customer base. In addition, revenue from services exceeded in voice and data in the postpaid segment decreased, due to the increase in voice and data tariffs. This was partly offset by the increase in income from fixed monthly charges. Sales of handsets and accessories were down slightly, mainly in the prepaid segment.

Wholesale, Call Center and Americatel Revenue

With respect to services in the wholesale segment, which offers infrastructure leasing and wholesale services to other companies, there was an increase in 2019. This can be explained by the increase in revenue in the traffic business and is partially offset by lower revenues in infrastructure services.

The Call Center subsidiary's organic revenues were down, in part due to the transformation of customer service models and lower activity in the sales platforms for the last quarter of the year.

The Americatel Peru subsidiary posted an 8% increase in revenue compared to 2018, closing with Ch$ 22.147 million. This growth was partly due to the revaluation of the Peruvian Sol over the Chilean Peso.

Revenues from integrated voice and data and data center/IT services to businesses, increased with respect to 2018, which was partially offset by lower revenues in the wholesale business.

EBITDA

Consolidated EBITDA for 2019 totaled $770,411 million, up 80% due mainly to the sale of towers in the last quarter. Excluding this effect and the application of IFRS 16, EBITDA totaled Ch$ 491,755 million, a variation of 15% due to improved performance in Peru.

Entel Peru posted EBITDA of Ch$ 125.815 million, due mainly to the sale of towers in the last quarter. Excluding this effect and the application of IFRS 16, the company showed an EBITDA of Ch$ 3,010 million, an increase of Ch$ 57,132 million over 2018. This improvement was due to improved service margins as a result of revenue growth, lower transportation costs and a better balance of access charges. This is in addition to lower acquisition costs and reduced administration expenses.

In Chile, EBITDA totaled Ch$ 631,453 million, a 33% increase over 2018, mainly explained by the first phase of tower sales completed in the last quarter. Excluding this effect and the application of IFRS 16, EBITDA came to Ch$ 478,138 million, an increase of 1% over 2018. This can be explained by better margins in the fixed business, partly offset by lower mobile margins.

Over the whole year, the consolidated operation generated an EBITDA margin of 35% versus 22% in 2018, mainly due to the sale of towers. Discounting this effect and the application of IFRS 16, the margin came to 25%, an increase of 2.4 percent over the previous year. This shows the company's ability, through enabling projects such as the digital transformation and Entel+, to achieve greater operational efficiencies without compromising service quality.

Operating Profit

Consolidated operating income as at December 31, 2019, was Ch$ 343,917 million, up 3.8 fold from the end of 2018, explained mainly by tower sales. Discounting this effect and the application of IFRS 16, operating income was Ch$ 134.065 million, an increase of 48% over the previous year.

Consolidated Results (Ch$ million)

	2019	2018	% Change	2019 (excl. IFRS 16)	% Change
Consolidated Revenue	2,197,543	1,922,960	14.3%	2,197,543	14.3%
EBITDA	770,411	426,921	80.5%	687,180	61%
Ebitda Margin	35.06%	22.20%		31.27%	
Operational Profit	343,917	90,913	278.3%	329,490	262.4%
Net Interest Expense	-88,812	-75,821	17.1%	-76,347	0.7%
Exchange rate and adjustment of units of account	-14,895	-17,363	-14.2%	-14,895	-14.2%
Pre-Tax Profit	240,210	-2,271		238,248	
Taxes	-86,058	-21,343	303.2%	-85,469	300.5%
Annual Profit	154,152	-23,614	-752.8%	152,779	

Consolidated Results (Ch$ million)

	2019	2018	% Change
Mobile Phone Services-Chile	950,478	1,001,678	-5.1%
Mobile Phone Services-Peru	579,251	477,854	21.2%
Data Services (including IT)	203,086	196,426	3.4%
Local Telephone Services (*)	50,856	52,62	-3.4%
Long Distance	8,050	10,464	-23.1%
Internet (**)	58,155	49,366	17.8%
Services to Other Operators	29,562	29,949	-1.3%
Traffic Business	25,156	23,652	6.4%
TV Service	38,589	36,521	5.7%
Americatel Perú	22,147	20,448	8.3%
Call Center Services and Other	13,463	12,730	5.8%
Other Revenue	218,751	11,250	1844.5%
Total Operating Revenue	**2,197,543**	**1,922,960**	**14.3%**
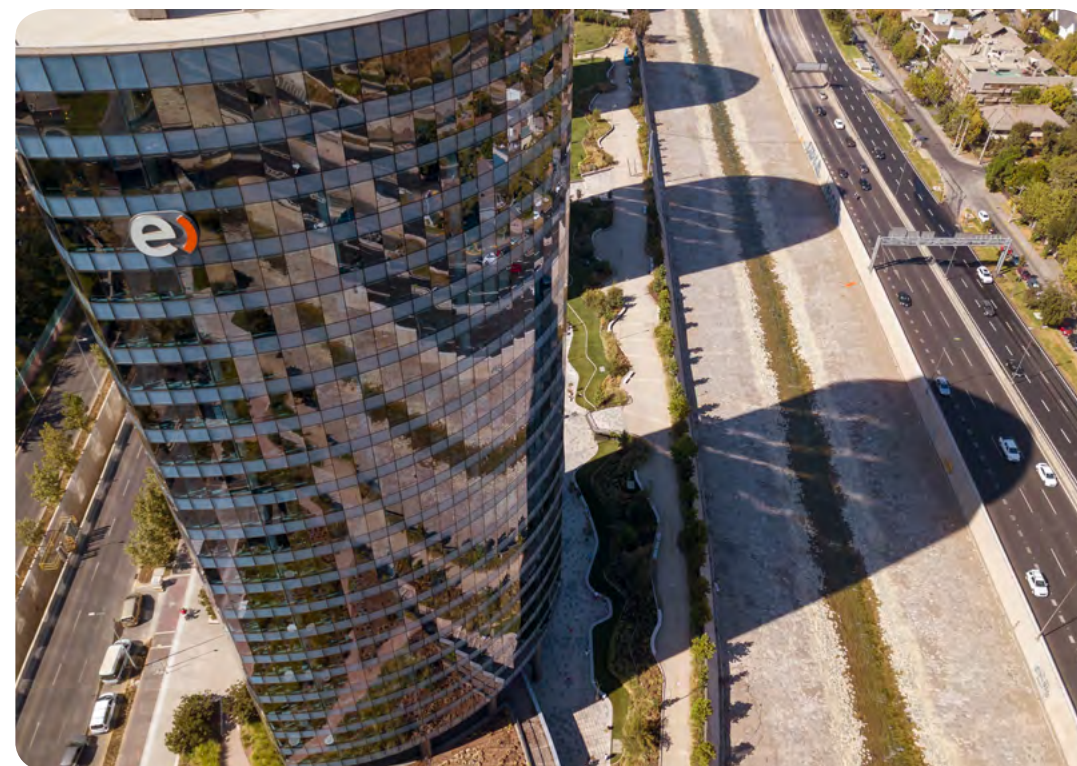
(*) Includes traditional fixed line revenue, NGN-IP and trunk IP sections
(**) Includes revenue from Duo Empresas

Non-Operating Income

Non-operating results at the end of 2019 showed a loss of Ch$ 103.707 million, an increase compared to the loss of Ch$ 93.184 million at the end of 2018. This was mainly due to higher financial expenditure for leasing (IFRS 16), higher interest costs from increased debt and bond issuance and higher readjustment expenses associated with UF debt. These were partially offset by improved market valuations of hedging derivatives and by gains from foreign exchange differences.

Annual Profit

Income tax for 2019 corresponds to a tax rate of 27%. In 2019 there was an income tax expense of Ch$ 86,058 million compared to a Ch$ 21,343 million for 2018, mainly due to higher revenue associated with the sale of towers in both Chile and Peru.

At the end of the year, profit of Ch$ 154,152 million was posted, compared to a loss of Ch$ 23,613 million, largely explained by the sale of the assets mentioned above.

Investments

Investments amounted to Ch$ 408,633 million, down Ch$ 23,388 million (-5%) compared to 2018. In Chile, these were mostly allocated to mobile, fixed, data center and support infrastructure (56%), residential business (17%), businesses in the Enterprises and Corporate segment (16%), and the digital transformation project (11%). In Peru, investments were mainly assigned to network growth, digital transformation and residential business.

Operational Cash Flow

The consolidated operation showed positive operating cash flow at the end of 2019 amounting to Ch$ 500.776 million, compared to negative cash flow of Ch$ 11.606 million at the end of 2018. The variation was due to the higher consolidated EBITDA, resulting from the sale of assets and improvements in Peru, lower working capital and lower investments.

Debt

At December 31, gross financial debt increased 10% to $1,987.1 billion, as a result of an 8% increase in the Ch$/US$ exchange rate, affecting debt denominated in US dollars, together with the inflation adjustment on the debt denominated in Unidades de Fomento (UF) and a new local bond issue for UF 9.3 million.

Net debt (gross debt less cash and net balances of F/X hedging instruments, including mark-to-market) reached $1,212.9 billion, a 26% drop from $1,638.1 billion in 2018. The company's net debt is fully hedged against exchange rate fluctuations through derivative instruments and 91% is at a fixed interest rate.

On October 3, 2019, a series N local bond was issued for UF 6 million for a term of nine years (duration of 8.2 years) at a placement rate of UF+0.87% per annum and a series Q for UF 2 million for a term of 20 years (duration of 13.6 years) at a placement rate of UF+1.34% per annum. Revenue from both series was UF 9.3 million. The series N includes a single capital amortization for UF 6 million in 2028 and the series Q at 20 years includes equal semiannual amortizations with 13 years of grace. Both series have semi-annual interest payments.

With the funds raised, the entire loan with Banco de Chile and BNS&EDC was repaid, in addition to the first installment of the loan with Banco Estado, all for a total amount of Ch$ 196.9 billion.

The lower current net debt, the higher the EBITDA, and the proceeds from the sale of the towers explains how as at December 31, the Net Debt/EBITDA ratio decreased from 3.84 to 1.57.

At the end of 2019, a debt ratio (total liabilities over equity) of 2.21 and a coverage ratio (EBITDA over net financial expenses) of 9.42 were also presented as per the definition of the credit covenants and local bond 2019 series N and Q, and 6.89 as per the definition of the local 2014 bond, series M.

In terms of the maturity profile of its debts, the first significant one will be in 2022, for US$ 347 million.

In 2019 the rating agencies upheld Entel's credit rating at Investment Grade levels.

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Company Details

- **Company Name:**
  Empresa Nacional de Telecomunicaciones S.A.

- **Common Name:**
  Entel-Chile SA

- **Mnemonic:**
  ENTEL

- **Registered address:**
  Av. Costanera Sur Río Mapocho 2760 Piso 22 Torre C

- **Address:**
  Av. Costanera Sur Río Mapocho 2760 Piso 22 Torre C

- **Tax ID:**
  92.580.000 - 7

- **Company Type:**
  Open Stock Company

- **Company Registration in the Securities Registry:**
  162

- **Telephone Number:**
  (56 -2) 2360 0123

- **Fax:**
  (56-2) 2360 3424

- **Post Code:**
  Casilla 4254, Santiago.
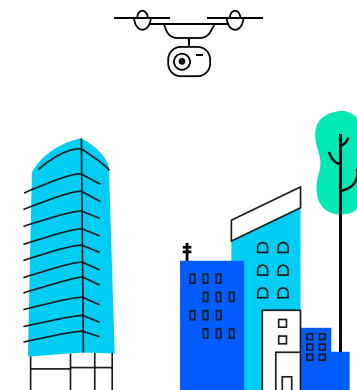
- **Website:**
  www.entel.cl

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  Tel: (562) 2360-3176
  cdelacerda@entel.cl

- **CSD Register Shareholder Support Service**

  Tel: (562) 2393 9003 / (562) 2393 9005
  Fax: (562) 2393 9101 / (562) 2393 9215

  As of Monday, February 17, 2020, all services relating to the support of shareholders, issuers, brokers and the general public will be provided at Avenida Los Conquistadores 1730, 24th floor, Providencia.

  **Monday to Friday from 9 a.m. to 5 p.m. uninterrupted
  atencionaccionistas@dcv.cl**

Corporate Report **2019**