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Annual Report

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Corporate
Information

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Company Details

Identification

Company name

Empresa Nacional de Telecomunicaciones S.A.
(Entel Chile S.A.)

Headquarter Address

Avenida Costanera Sur Río Mapocho N ° 2760,
22nd floor, Tower C, Las Condes, Santiago.

Tax ID

92.580.000-7

Entity Type

Public Limited Company, registered in the Securities Registry of the Securities and Insurance Supervisor under No. 0162, and governed by the rules of Law No. 18.046 and its regulations.

Addresses

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(56-2) 2360 3424

General Management

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22nd floor, Tower C, Las Condes, Santiago.

Finance and Administration Division

Avenida Costanera Sur Río Mapocho N ° 2760,
22nd floor, Tower C, Las Condes, Santiago.

Investor Relations

Carmen Luz de la Cerda Castro
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General Office

Avenida Costanera Sur Río Mapocho N ° 2760,
22nd floor, Tower C, Las Condes, Santiago.

Website

www.entel.cl

www.canaldedenuncia.cl/cda/entel/cdpages/inicio.aspx

FOR TRANSLATION PURPOSE

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Entel Peru

Entel Peru



A graphic element consisting of two overlapping shapes: a larger orange trapezoid and a smaller blue trapezoid nested within it, positioned in the lower right area of the image.

**Chairman
of the Board**

Dear Shareholders,

On behalf of Entel's Board of Directors, I am pleased to present our 2018 Annual Report.

This was a year with better macroeconomic indexes in both Chile and Peru, with estimated annual GDP growth of 4% in both countries, in the context of a challenging competitive landscape and including a series of worrying events relating to regulations that impacted projects and generated uncertainty in the sector.

However, we belong to an industry in continued change, and our culture of leadership drives us to strengthen the process of organizational transformation started a few years ago. As such, in 2018 we developed a new mission as a company: "Drawing on the infinite possibilities technology offers to responsibly transform society".

Our renewed identity conveys that we are no longer just a telecommunications company, but have embraced being first-line players in bringing technology to our customers.

On this journey we have learned that in the 21st century, more than just commercial skill is needed to grow; it is also the ability to develop products quickly, attuned to customers who demand integrated, simple, one-click solutions.

Better Networks for New Services

Better networks for new services to deliver these solutions have expanded the service portfolio, guaranteeing quality and a high standard of service, as always investing strongly in infrastructure. Investments in 2018 came to CLP432,021 million. CLP311,761 million went to Chile, allocated mainly to mobile infrastructure, data centers, the residential business and projects for the Corporate & SME segment, as well as the company's digital transformation project.

In Peru, with a total investment of CLP120,260 million, we focused on growing the network, the residential business and also on the digital transformation of the company.

Results for 2018

Consolidated revenue for the financial year came to CLP1,922,960 million, down 1.6% on 2017. This figure was affected by the new accounting treatment (IFRS 15) in force since January 2018. Without this, consolidated revenue would have increased by 0.5%.

In the context of consolidated revenue performance, the growth in mobile services in Peru stood out, up 3.9% (+ 10.1% without the effect of the IFRS 15 accounting standard). The mobile business both in Chile and in Peru remain the main source of the Group's revenue. In addition, a steady increase in revenue from fixed networks associated with enterprise customers continues to be seen, especially for the provision of integrated voice, data and internet solutions, as well as IT and digital services. Entel residential internet and television services have also shown steady revenue growth.

The consolidated EBITDA for 2018 was CLP426,921 million, down 2.3% on the previous year. Without the application of IFRS 15, EBITDA would have increased by 4.4%, driven by an improvement over 2017 of CLP51,419 million in Peru, partially offset by lower margins in Chile. It is important to highlight the improvement in EBITDA and the margins achieved by the company at a consolidated level in the third and fourth quarters of the year, an upturn contributed to by operations in both Chile and Peru.

However at the end of the year there was a consolidated loss of CLP23,614 million was compared to CLP43,410 million profit in 2017. Without applying IFRS 15, the loss would have been CLP2,873 million, which can be explained primarily by higher taxes related to the strong annual increase in the peso/dollar exchange rate, which impacted tax value investments abroad.

Growth in mobile customers and data traffic in Chile.

Over the course of 2018 we held our leadership in the local mobile market in Chile, with a total of 9.3 million customers and growth of 2.9%. The increase was essentially in postpaid customers,

growing by half a million, and were leaders in customer portability with 71,490 net switch-overs.

Added to which, technological changes have allowed us to substantially strengthen our data offering. Thus customers obtain greater benefits for the same price and have a high satisfaction rate, which are valued elements in a highly competitive and challenging industry.

This, added to the maturity of the market, translated into a 4.6% fall in our mobile phone service revenues in Chile in 2018 (-3.5% without IFRS 15), which was down to two main factors.

First, revenue was affected by the decrease in overage revenue from voice and data, due to the increase in data allowances and voice minutes after the launch of unlimited postpaid plans. This was partially offset by a progressive increase in fixed charges related to the increase in high-end customer base. In addition, the migration of customers from prepaid to postpaid continued to be marked, significantly affecting revenue from the prepaid segment.

Meanwhile - and reflecting the change in the structure of the offering - sales of handsets and accessories would have increased by 16.1%, excluding IFRS 15.

Worth highlighting is the huge increase in data traffic (effective) generated by our customers, which grew by a factor of 2.1 between December 2017 and December 2018. This shows the importance of our services in people's daily lives.

Increasing opportunities in fixed service in homes and enterprises in Chile

In Entel Hogar, a segment that offers fixed phone services, internet and television, revenue was up 4.2%, linked to fixed broadband and television services, partly offset by lower revenue from voice services.

In 2018 we continued to roll out fiber optic networks in areas with high population density. Meanwhile the network for high-speed fixed wireless broadband services achieved coverage of around 900 thousand households. This is an important project for the company and a pioneering one globally, which we resumed in October after partially resolving the freezing of the band, decreed by the authority in June. With these initiatives we hope to reach a potential universe of more than three million households by 2021.

Fixed connectivity with access performed well for the Enterprise Segment in 2018, increasing its revenue by 4.5%, with a 22% revenue share in the segment and up 1.1pp on the previous year. This progress is linked principally to IP connectivity services, achieving higher use of the deployed GPON network.

Growth and consolidation in Peru.

Our subsidiary Entel Perú turned in revenue of CLP489,053 million, 3.9% more than the previous year. Not counting the accounting effect of IFRS 15, income would have been up 10.1%. This result was related to revenue from voice and data services, together with higher revenue from handset sales. It should be noted that there was an increase in spite of the 67% decrease in revenue for the period from access charges.

Also worth highlighting is the strong growth of the mobile customer base, which came to a total of 7.8 million subscribers, up 19.4%.

To improve the service potential of fixed wireless broadband in Peru, we are currently implementing services on the 2.3 GHz band. This allows us to expand the commercial offering to the residential segment with voice and wireless broadband services. At the end of 2018 we reached 193,000 RGU (revenue generating units), representing growth of 39.3%.

A very important milestone in our operation in Peru was reaching the EBITDA break even point in the fourth quarter - discounting the effect of the IFRS 15 accounting standard - pushed by a wider customer base, lower customer acquisition costs and the implementation of efficiency plans.

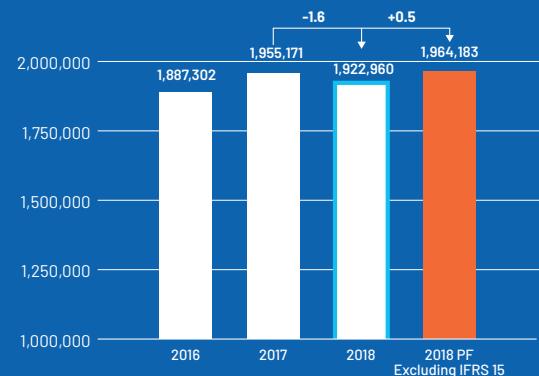
This year we took decisive steps to fulfill our proposed goal of being an important player in the Peruvian market - a valued and preferred brand for Peruvians, driving change to help transform the offering and connectivity in the country.

Contributing to the transformation of society

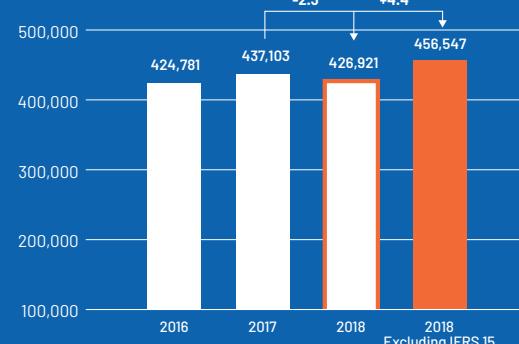
It is precisely because we find ourselves in times of change that we want to nurture a leading role in bringing technology closer, in order to responsibly transform society, incorporating sustainable thinking in our activities.

In 2018 we celebrated ten years as adherents to the United Nations Global Compact, the principles of which guide companies to work

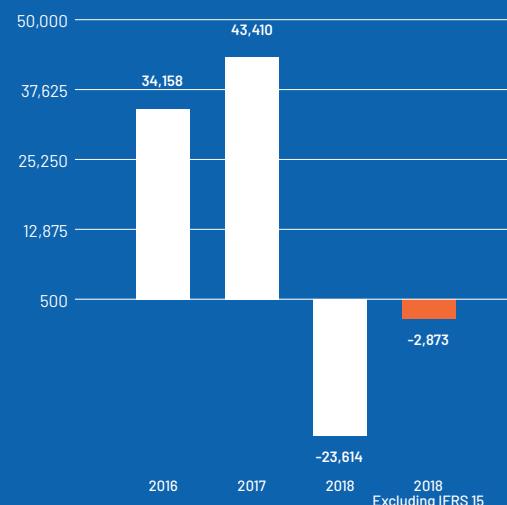
Consolidated income in CLP million



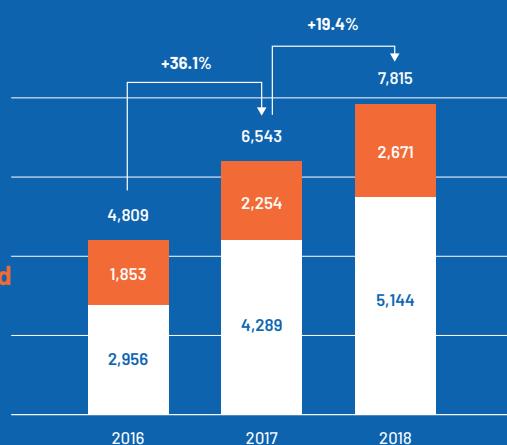
EBITDA in CLP million



Profit in CLP million



Mobile customers - Peru (000)



Mobile customers - Chile (000)



on human rights, labor standards, the environment and integrity, aspects of which we set out in our sustainability report. As an example, over one year we recycled a total of 370 tons of mainly electronic waste.

As a company we are part of the community and we are present in the lives of people, linking families through sports and artistic events. One of the most important activities is the Hecho en Casa Entel urban art festival, which fills cities such as Santiago and Viña del Mar with color. This year the initiative won us the Avonni Innovation Prize in the City category.

We are pleased to see that the desire to transform that moves us is recognized by our stakeholders. This translates into the 20 awards and acknowledgments that we received over the course of the year in Chile and Peru, granted on the basis of service quality, sustainability, investor relations and attracting talent.

To highlight one of these awards, in 2018 we were once more handed first place in the IZO Consultancy's "BCX", or best customer experience, awards, both in Chile and Peru. And Entel Peru won first place for Ibero-America in the same category.

We care about being a company that is highly-regarded by all, and especially by our employees. In 2018 we moved forward with commitment management, mainly by strengthening leadership capacities and the self-management of people in their own training. We also took important steps towards defining rules and the participatory development of a diversity and inclusion policy. We developed flexible schedules and the Home Office method of reaffirming trust relationships and generating greater team productivity and self-fulfillment.

Digital transformation for customers and within the company

To help make the digital transformation a reality for the Corporate & SME segment customers, we created our Entel Ocean business unit, which aims to provide digital solutions in areas such as the internet of things, solutions in the cloud, advanced analytics and the use of big data.

Over the course of the year we completed the certification for phase three of our data center in Ciudad de los Valles (6,000m² total floor space), becoming the first certified TIER IV in Chile in the "Design Documents & Constructed Facility" category, and placing us amongst the most advanced in the world.

But the transformation is also taking place inside the company. This is why we continue to make progress with our Entel digital project, which entails changing almost all our systems platforms.

We also continue to integrate and simplify the service platforms through tools such as advanced analytics and big data, automating procedures and using bots to generate efficient and simple experiences. The year saw strong growth in digital customer service, to the point that in Chile in 2018, 92% of transactions were resolved through self-service channels. This striking change to digital channels saw no less than 29 million contacts made in the consumer segment, with an increase in customer satisfaction and a significant decrease in interaction costs.



However the transformation required by companies today is not only on systems platforms, which is why several years ago we started making a number of changes in terms of organization and ways of working. In 2015 we developed a new, more horizontal, flexible and efficient organizational structure. In 2017 we created the Vice Presidency for Transformation and Business Support to push the digital process of the company, promote the adoption of the agile methodology as a way of working, and the use of advanced analytics and big data.

In 2018 we took a further step with the launch of Entel+, a program that aims to change the way we work in many areas and reallocate resources to areas currently growing or with growth potential. This is an invitation to rethink all our processes, from strategy to the way we are organized, sell, buy from suppliers, and attend to and connect with customers.

Regulatory policy and spectrum

The year was marked by significant regulatory uncertainty. I can only say that in view of the tradition of stability that has been a feature of both the Chilean and Peruvian markets, we trust that the uncertainty will be resolved regarding limiting the spectrum that companies currently have, as we are convinced that this should be increasing if we want to adequately address the challenges imposed by the constant growth of data services and the future development of 5G. To successfully achieve this objective, the existence of a public-private partnership is very important, guaranteeing the technological development of the country, the quality of service to users and the legal security of investments.

As a strategy for the coming years, we will continue working and improving in the mobile market both in Chile and in Peru, expanding in the residential and digital services segment, consolidating our operation in Peru and transforming the company for the challenges of the 21st century. We know that these challenges are great, but as our new mission states, the possibilities are endless.

Finally, I would like to give thanks for the trust placed in the company's board of directors by shareholders, the continued choice made by our customers for the services we provide, and the ongoing work and leadership displayed by our employees.



Juan Hurtado Vicuña

Chairman

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Chapter I

Corporate Information



FOR TRANSLATION PURPOSE

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.

Our value proposition is to deliver simple and efficient service experiences through first-rate infrastructure for mobile and fixed communications and digital information technologies, opening up infinite possibilities for our customers.

In Chile, we offer a full range of services for individual consumers, companies and corporations, seeking to attend to everything from everyday needs to the complex processes of businesses and institutions, through supporting digital restructuring, the contact center and IT outsourcing.

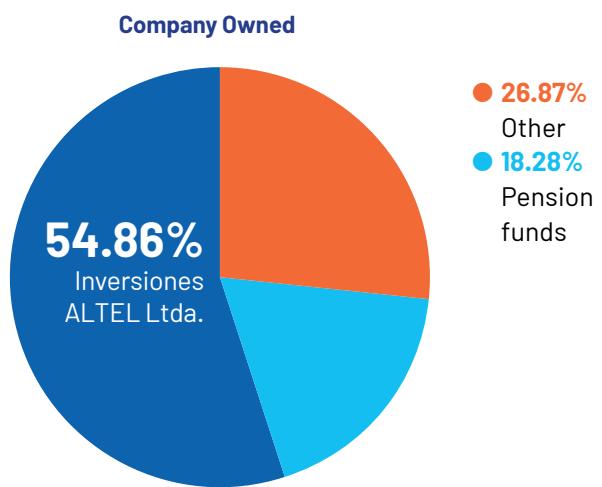
In Peru we mainly provide voice and data mobile services with national coverage, and to a lesser degree fixed services and IT outsourcing for companies based in Lima.

In both markets our company's operations are underpinned by its own robust, secure, state-of-the-art network infrastructure.

Ownership

Entel Chile SA is one of the biggest corporations in the country listed on the Santiago Stock Exchange, with market capitalisation of USD 2,383 million at the close of 2018.

Ownership is distributed amongst 1,797 shareholders and the controlling shareholder is Inversiones ALTEL Ltd, a subsidiary of Almendral S.A.



Key Figures (CLP billion)

	2018	2017	Change	2016
Total Revenue	1,922,960	1,955,171	-2%	1,887,302
EBITDA	426,921	437,103	-2%	424,781
Operating profit	90,913	117,385	-23%	114,395
Annual profit	-23,614	43,410	-154%	34,158
Profit per share (CLP)	-78.19	143.73	-154%	128.11
Dividend yield (%)*	0.82	0.49		0.00
Return on Equity (% annualized)**	-1.81	3.47		3.08
Assets	3,964,215	3,529,040	12%	3,480,440
Liabilities	2,597,793	2,290,689	13%	2,218,567
Equity	1,366,422	1,238,351	10%	1,261,873

* Dividend yield (%) = (Dividend last twelve months / share quotation at year-end)

** Return on Equity (%) (annualized) = (profit for year over average equity)



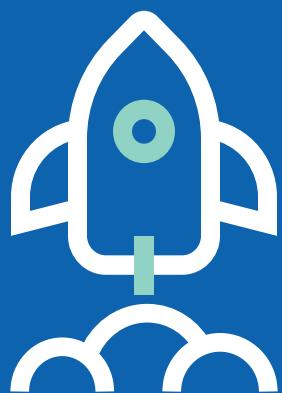
Change the world!



Make it amazing!



Love what you do!



Take the risk!



**Feel like
your customer!**



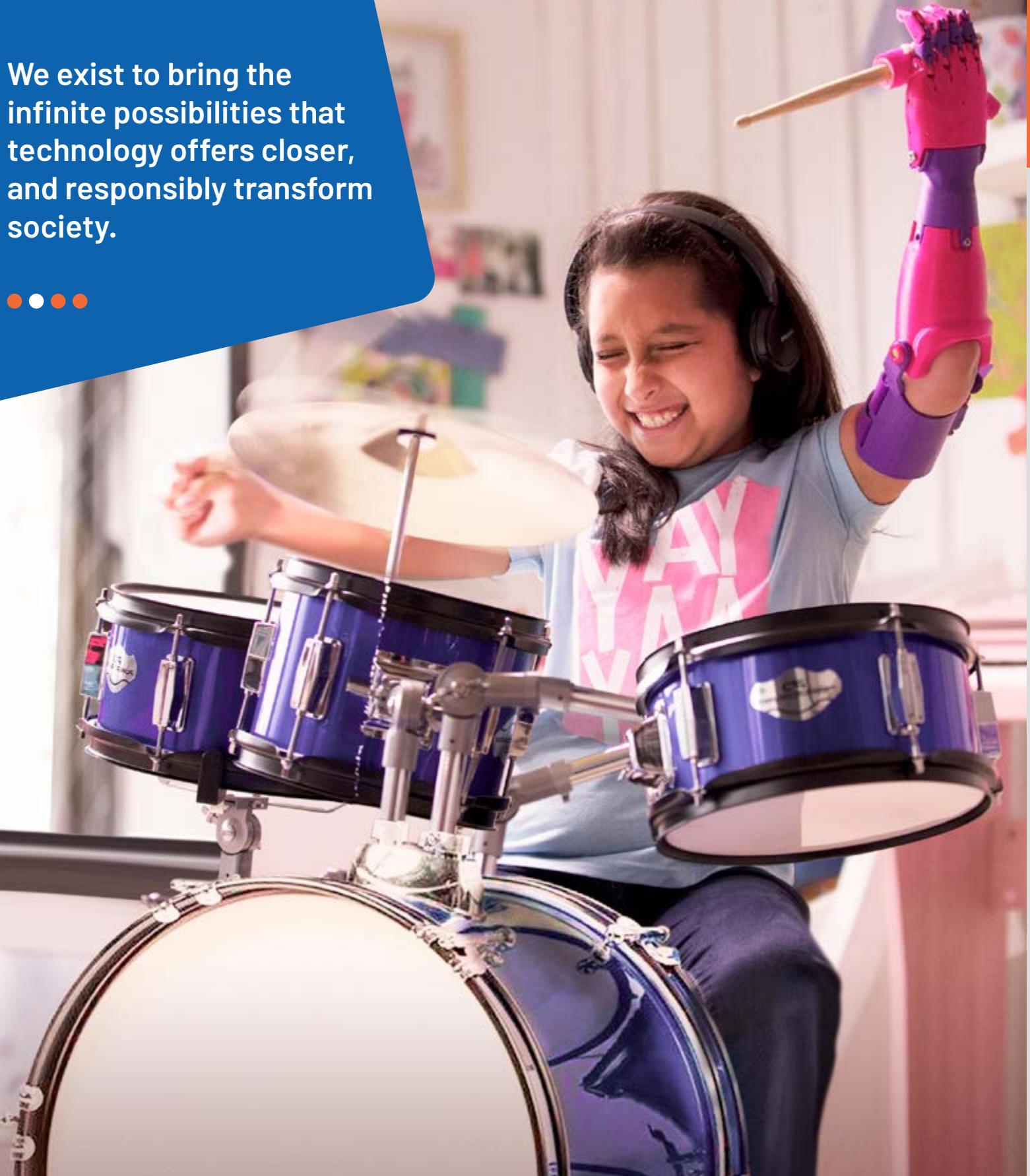
Join the challenge!

Cultural Pillars

Right from the start, part of what has driven us to advance and evolve has been the desire to contribute to the development of people, companies and society. First through fixed communications, facilitating contact throughout Chile and the world. Then via mobile communications, making communication possible from anywhere. Since 1995 we have fostered a better connected world through internet access.

But the world changes and will continue to do so, and today we know that Entel is about much more than connectivity. Our role is to bring technology closer and facilitate its use, generating thousands of opportunities in everyday life. This technology improves the daily lives of people, fostering the development and productivity of companies and their employees, and contributing to transforming and improving the society in which we live.

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



Entel at a Glance

17.1

million mobile customers in Chile and Peru



Total Revenue



CLP 1,922,960

million

Consolidated EBITDA



CLP 426,921

million

Investment



USD 672.5

million

Chile

Mobile customers

9.3 million

2.9% annual growth

Residential RGU

453,000

Revenue

CLP 1,459,233

million

EBITDA

CLP 481,042

million

Investment

USD 486.4

million

Spectrum

250 MHz



Infrastructure (sites)

- **2G:** 4,184
- **3G:** 5,194
- **LTE:** 2,713

**Data Centers****8,500 m²**

TIER IV Certification for Ciudad de los Valles 3

5,000 km

fiber optic core network throughout Chile

**1.1 million**

homes nationally with service potential for wireless and fiber optic technology.

Peru**Mobile customers****7.8 million**

19.4% annual growth

Residential RGU**193,000**39.3%
annual growth**Investment USD****186.1**

million

Revenue**CLP 489,053**

million

Mobile infrastructure (sites)**3,546**

2G, 3G and 4G

1 million

homes in Lima with service potential for wireless technology.

Spectrum**341.4 MHz****750 m²**

Data Centers

History

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 Province, we install Latin America's first satellite station.

1974

- **Torre Entel**

We inaugurate the 127 meter tower from where the National Telecommunications Center operates, which 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.

1987

- **Network Digitisation**

We confirm our technological leadership with the digitization of our national and international long-distance network.

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.

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 takes over Americatel Central America. Both companies are sold in 2006.

1994

- **Multicarrier System**

With multicarrier code 123, we start competing with other operators in our original business area.

1995

- **Internet Services**

We add internet connection to our service offering.

1996

- **Local Telephone 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

- **PSC Mobile Phone 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.

2008

- Acquisition of Cientec

We acquire the company Cientec, an IT services provider.

2009

- First HSPA+ commercial network

With the operation of the first commercial HSPA+ network in Latin America, we are able to offer the fastest broadband speeds on the market.

2010

- New Data Center

We launch the first phase of its Ciudad de los Valles data center with 8,000 m² of floor space. We started a shift in the industry towards local, high-quality data centers.

- Acquisition of Transam and Will

Entel acquires Transam, an intermediary telecommunications services supplier and long-distance operator, and Will, a local wireless telephone and data transmission services company.

2011

- Integrating 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, benefitting 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

- Second stage of the Ciudad de los Valles Data Center

We inaugurate the second stage of the Ciudad de los Valles Data Center, a project with Tier III Design Documents and Tier III Constructed Facility certificates, awarded by the Uptime Institute.

- Acquisition of Nextel Peru

The company acquires 100% of shares in Nextel Peru, the third largest mobile company in the country.

- Partnership with Ericsson for digital transformation

Agreement signed with Ericsson to work together as strategic partners on digitizing Entel.

2014

- Launch of Entel Peru brand

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

2016

- Entel launches the 4G + LTE Advanced network

We are the first company in the country to launch a 4G network in the 700 Mhz band, the most modern in Latin America, with LTE Advanced Carrier Aggregation technology.

- 700 MHz Peru license awarded

With an investment of US\$ 290 million, we are awarded one of the three blocks of the 700 MHz Band, making it possible for 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).

- Successful capital increase

We seal a capital increase of CLP 353.703 billion, with the aim of financing investment activities in Chile and Peru.

2017

- Deployment of network on 700 MHz band

We are 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 Finished

The inhabitants of 730 isolated localities, from Chislluma in Parinacota to San Juan in Magallanes, were able to communicate for the first time from their homes, with voice and mobile internet services. Since its inception in 2014, the initiative saw total investment of USD 218 million.

- Launching of Residential Fiber Optics:

With a projected investment of US\$ 230 million in five years, the service started roll out in the Metropolitan Region, moving on to the country's regions.



**More than
five decades
contributing to
the development
of Chile through
telecommunications.**

Milestones 2018

Leadership in postpaid mobile portability in Chile



In 2018 we were leaders in postpaid portability, according to the Department of Telecommunications, with 71,490 net switch-overs - a 32% share of the 611,000 new customers with plans, that put us at the forefront of the segment.

Residential Fixed Wireless Internet Services



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

Entel Ocean



At the ninth Entel summit, the creation of Entel Ocean is announced, a new unit dedicated to developing advanced high-value digital solutions for B2B, using tools such as big data, analytics, artificial intelligence and the cloud. The ethos behind Entel Ocean is to respond to every customer with agility, flexibility and security, through proposals tailored to their business.

Progress with Business Enablers



Our transformation gets dynamic, with concrete results. Entel's digital transformation project deals with customer service 100% through a single, simple platform. Customer care through the web, IVR and apps accounts for 92% of interactions. Over the course of the year, an analytics team was set up and began work with the business and customer service areas. As part of agile organization, the roles and structure were optimized and the cells and tribes format made it possible to speed up project development and the launch of new products.

Tier IV Data Center Certification for Ciudad de los Valles



Our Ciudad de los Valles 3 data center achieves TIER IV design and construction certification, allowing us to respond to our clients' highest quality standards. It is able to isolate a fault automatically and continue operating without affecting customers' operational continuity. It cuts the carbon footprint and water consumption by 35%.

Digital Transformation In Peru



100% of Entel Peru prepaid customers migrate to the new platforms. This process was carried out successfully between February and May, with no major losses in terms of activations, top-ups, traffic or valuation.

Acquisition of Direcnet in Peru



We acquire all the shares of the Peruvian company Direcnet for USD3.5 million. As such we becomes owners of block B of the frequency band 2.3-2.4 GHz (2,300-2,400 MHz), a utility spectrum for providing mobile internet services. The band entered a legal process with the Peruvian regulator.

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".

Awards and Recognition

Chile

Service quality



- **First place for "Fixed Phone Services" in Customer Satisfaction Prize**

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.

The ranking assesses satisfaction amongst Chileans in more than 25 service sectors, based on polling more than 30,000 customers between March and November 2017 on their satisfaction with services that have a high impact on people's lives.



- **First place Customer Experience in Ibero-America**

Over the last seven years we have been acknowledged by the IZO consultancy for the quality of experience we provide to our customers. In 2018 the Best Consumer Experience study awarded us first place in the Telecommunications category for Ibero-America, tying with Entel Peru and coming top in the industry in Chile.

- **First place in mobile phone services user satisfaction**

In the second half of 2018, Entel came top for satisfaction in postpaid mobile phone services, with 73% net satisfaction according to a phone service users satisfaction study carried out by the Department of Telecommunications and Cadem.

Corporate Reputation



- **Best company in its category Merco 2018**



For the fourth year in a row, Merco Ranking placed us amongst the top ten for corporate reputation - this time 8th - establishing us as leaders in the telecommunications sector. The Corporate Reputation Business Monitor is an assessment tool based on multi-stakeholder methodology comprising six assessments and 24 information sources.

- **First place for telecommunications in the RepTrak® ranking**

For the third year in a row we came top in the telecommunications industry in the RepTrak® ranking for corporate reputation, based on the opinions of the general public.

- **Fourth place Informe Reporta**

Deva, a Spanish agency specializing in financial communication, for the third year assessed IPSA companies in Chile and awarded our company fourth place for the financial and non-financial information made available to stakeholders, at the ordinary shareholders' meeting.

- **Presence at the first ranking of digital brands**

Our brand was among three highlighted by the agency Llorente & Cuenca in its first ranking to measure the presence of IPSA companies in digital environments and the strategy of these companies on the various virtual platforms.

The ranking was developed from the AMEC Integrated Evaluation Framework (Association of Measurement and Evaluation of Communication), based on three aspects: relevance, influence and beliefs, selecting 20 brands listed on the Santiago Stock Exchange that stand out as producers of digital content and participants in social networks in the fields of telecommunications, banking, services, retail and vineyards.

Sustainability



MEMBER OF
Dow Jones
Sustainability Indices

In Collaboration with RobecoSAM

- **Dow Jones Sustainability Index Chile**

Once again we were part of the Dow Jones Sustainability Index (DJSI), an international measure that acknowledges the companies that lead the world in sustainable performance. We came 23rd in the overall ranking for the telecommunications industry and joined the DJSI Chile and DJSI LAIM Pacific Alliance indexes. A salient feature was the early adoption of electronic waste recycling, in anticipation of the law on recycling and extended producer responsibility.



- **Fourth place in Pro Humana ranking**

This ranking distinguishes those companies with the best sustainability management in Chile that applied the Pro Humana Sustainable Strategy Model. Entel was awarded fourth place and stood out for its performance in ethical, social and economic matters.

- **Featured in Index Americas July 2018**

We were acknowledged in the multilateral category on the corporate sustainability Index Americas, based on 400 indicators in 100 companies open to the stock market across the continent. The assessment is carried out by the Inter-American Development Bank (IDB) and the Global Center at Columbia University, together with Ernst and Young. Other participants include the Institute of Directors of Chile (IdDC) and the Millstein Center for Global Markets and Corporate Ownership.



- **Avonni City Award for innovation with Hecho en Casa Entel**

Our urban art festival won the innovation prize in the City category, awarded jointly by Fundación Foro Innovación and Volvo Cars Chile. The prize acknowledged that the works included in Hecho en Casa Entel managed to "change the face of the city, always bearing in mind the idea of making the world a better place for people."



FTSE4Good

- **London Stock Exchange's FTSE4Good**

In 2018 we continue to be amongst the London Stock Exchange's FTSE4Good companies, which groups enterprises with sustainable practices worldwide.

Human Resources



- **Seventh place in Merco Talent 2018**

For the third year running we were among the best companies for attracting and keeping talent, ranking 7th in the Merco Talento general ranking, up one position over last year. In addition, for the fifth year on the go we were top for our industry.

- **Best telecommunications company in "Best Company for Employee Financial Future"**

For the third year in a row we were recognized as one of the best companies and the only one in the industry to stand out for its financial and welfare concerns.

Awards and Recognition

Peru

Service Quality



- **First place for Customer Experience in Ibero-America**

Best Consumer Experience awarded us 1st place in the telecommunications category in Ibero-America and Peru.

Sustainability

- **Corporate Social Responsibility**

For the second year in a row we were recognized as a socially responsible company by the Peru 2021 association.

Corporate Reputation

- **Most Admired Companies**

Outstanding in terms of reputation, talent and social responsibility, we became the first phone services operator to be recognized in the seventh "Most Admired Companies of Peru" award, a distinction awarded by PWC and the G de Gestión magazine. The study was based on 3,000 surveys carried out on senior executives of Peruvian companies.

- **Merco 2018 Operator with the Best Reputation ranking**

At ninth best, Entel Peru is up a hefty seven places over last year in the Merco 2018 ranking. The ranking is based on five assessments and more than 18,000 surveys, and looks at the perception and assessment of the country's major companies. These results are audited by the international firm KPMG.



- **Effie Awards**

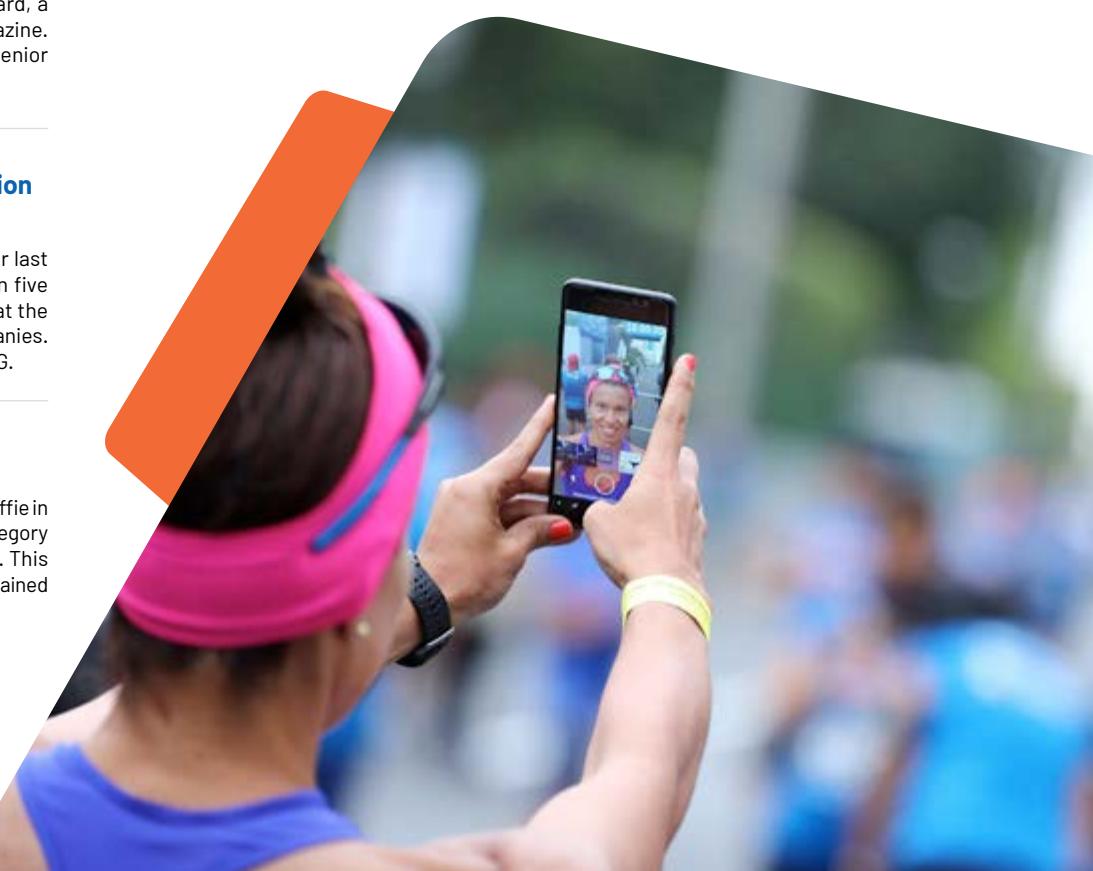
In advertising we were awarded a golden Effie in the internet and telecommunications category for the "Unlimited Apologies" campaign. This distinction is one of more than a dozen obtained over the last three years.

Human Resources



- **Great Place To Work - GPTW**

For the third year in a row we were one of the best companies to work for, ranked 10th out of 25 companies with more than 1,000 employees.



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 management. 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 2018

On April 26, 2018, the Annual Ordinary Shareholders' Meeting was held. Amongst other matters, it approved:

- The Annual Report, the Balance Sheet and the Income Statement for 2017.
- The distribution of a definitive dividend of CLP34 per share, equivalent to 30.61% of the net income 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 Ernst & Young, and risk ratings agency Fitch Ratings and ICR (International Credit Rating).

Investor Relations Meetings with Investors.

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, breakfast meetings, regular meetings at our offices, 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, as well as updating the presentation of results for investors. This material is available to anyone interested in the company's website, where it is regularly updated.

Activities 2018

6

international and national conferences in which we participate and a Non-Deal Roadshow.

4

quarterly teleconferences with investors.

4

local meetings with analysts to deliver quarterly results.

584

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

Information is available on the website www.entel.cl/inversionistas.

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 that 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.

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. Quarterly, it presents the financial statements to be approved and sent to the Commission for the Financial Market.
- The Finance and Management Control Manager reports monthly on the management of the company regarding the budget approved by the board.
- The Vice Presidencies of 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 of Technology and Operations reports on the situation of the networks and development of the most significant telecommunications projects 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 reports on its operations in Sustainability and Communications once a year.
- The Investor Relations Department turns in a report on its activities to the board once a year.

Regulatory Compliance Model

Crime Prevention

At Entel we have a Crime Prevention Model (CPM) which supports the company's Regulatory Compliance Model, which in turn takes account of prevention, detection, response and continuous monitoring activities. These are part of prevention activities, basic documents in which values, expected behaviors, policies and procedures are set out, such as the Code of Ethics, the Code of Ethics Application Manual, the Crime Prevention Model Procedures) and respective policies on anti-corruption matters. Indeed the CPM contains a series of activities aimed at shaping a type of organization that ensures corporate integrity and prevents crimes being committed.

In 2018 our Board of Directors endorsed the Crime Prevention Manager, recertified the model and worked on a new anticorruption policy and on upgrading related policies (gifts, trips and invitations, lobbies, donations, etc.) in line with the new crimes published in the Official Gazette on November 20, 2018, on matters of preventing and detecting corruption. Additionally, as part of prevention activities, training and dissemination was carried out within the company.

We have a Crime Prevention Model (CPM) that makes it possible for us to oversee corporate integrity.



Free Competition

In the second half of 2018, a manager for compliance with free competition was appointed to the board of directors, who amongst other functions will provide guidelines and recommendations for conduct vis-a-vis free competition.

As per the above, and especially as established in the guide "Programs for Compliance with Free Competition Regulations" issued by the National Economic Prosecutor's Office of Chile, a handbook on free competition was prepared. The manual is an integral element of the requirements made of all Entel employees. Its purpose is to communicate the commitment of the board of directors and all employees to fully respect the rules relating to the defence of free competition, as well as to report through the channels established internally any behavior that goes against this and provide a guide to prevent breaches of these standards. The manager for compliance with free competition adheres to the company's regulatory compliance model which includes activities for prevention, detection, response and continuous supervision.



Regulatory Compliance Model

Oversight Environment

- Protocols
- Policies
- Code of Ethics
- Procedures and Manuals

Legal Instruments

- Work Contract
- Sworn Declarations
- Supplier Contracts
- Internal Regulations: Order, Health and Safety



Prevention



- Communication and Training
- Politics and Procedures
- Corporate Governance and Risk Culture

Detection



- Risk and Audit Matrix
- Ongoing Monitoring
- Reporting Channels

Response



- Interaction and Coordination Regulatory Bodies
- Scaling, Investigation and Resolution
- Sanctions and Disciplinary Measures

Supervision and Continuous Improvement

- Continuous Risk Assessment
- Assessment of Laws and Regulatory Changes
- Continuous Review of Compliance Model

Support Areas

+ Board of Directors

+ Technology and Operations

+ CEO

+ Market Segments

+ Legal Division

+ Internal Audit

+ Human Resources

+ Regulatory and Corporate Affairs

+ Finance and Management Control

+ Restructuring and Business Support

Output

+ Compliance

+ Ethics Committee

+ Board of Directors

Our Board of Directors



**Juan José
Hurtado
Vicuña**
President

- Industrial Civil Engineering, Universidad de Chile.
- I.D. 5.715.251-6

He is currently the director of Larraín Vial and Grupo Consorcio. He was also a member of the Board of Colbún. For 20 years he has been a member of the Board of Directors of Entel.



**Luis Felipe
Gazitúa Achondo**
Vice President

- Business Administration, Universidad de Chile.

- I.D. 6.069.087-1

He was vice president of the Board at Colbún, vice president of the Cruzados SADP Board and a member of the Board at HidroAysén. He has been on the Entel Board for 16 years.



**Bernardo
Matte Larraín**
Director

- Business Administration, Universidad de Chile.
- I.D. 6.598.728-7

He was a member of the Board of Directors of Copec, Chairman of the Board of Colbún and member of the Board of Directors of Minera Valparaíso. He has been a director at Entel for 11 years, his background in telecommunications.



**Richard Büchi
Buc**
Director



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

He has 26 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
- I.D. 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 12 years of experience in telecommunications and has been a director of Entel for two years.



**Patricio
Parodi Gil**

Director

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

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



**Andrés
Echeverría Salas**

Director

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

He has been a member of the Entel Board for 7 years, his background in telecommunications.



**Carlos Fernández
Calatayud**

Independent
Director

- Electronic Civil Engineering, Universidad Federico Santa María.
- I.D 5.213.938-4

He was executive vice president for the Andean Region of Computer Associates Corporation, general manager 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 11 years experience in telecommunications and has been a director of Entel for two years.



**Juan José
Mac-Auliffe
Granello**

Director

- Business Administration, Pontificia Universidad Católica de Chile.
- I.D 5.543.624-K

He was director of Ebema SA, director of Fundación Banmédica and director of Vidaintegra SA. He has 24 years of experience in telecommunications and as a member of the Board of Directors of Entel.

- Average attendance at Board meetings for 2018 was 95%.
- Currently, all Entel directors participate on more than four company boards.

Directors' Committee

A body prescribed by the Public Limited Companies Act, made up primarily of independent directors, with the purpose of reviewing 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.

In 2018, as in the previous year, the Director's Committee was made up of Carlos Fernández (independent director and committee chair), Jorge Salvatierra (independent director) and Luis Felipe Gazitúa (director).

Summary of Directors' Committee Activities 2018

Meeting Date	Main Subjects Addressed
January 31	<p>Presentation by external auditors.</p> <ul style="list-style-type: none"> • Review of the 2017 Financial Statements. • Applying IFRS 15 and its initial effect on equity as at January 1, 2018. • Regulatory Framework for the starting the operation of the Commission for the Financial Market. <p>2. Presentation by the Audit and Operational Risk Department.</p> <ul style="list-style-type: none"> • Compliance Plan. <p>3. Policy report on the remuneration of the principal executives, annual incentive plan and retention schemes.</p>
April 4	<ul style="list-style-type: none"> • Internal audit plan 2018, based on the COSO model which includes regulatory compliance: Law of Criminal Responsibility, Free Competition, lobby, General Law of Telecommunications, Protection of Private Life, Rules on Protection of Consumer Rights, Law of the Securities Market, Public Limited Companies, and more. • Reliability of financial accounting information. • Effectiveness and efficiency of operations. <p>1. Proposal to the Board of Directors by external auditors for their appointment at the ordinary shareholders meeting.</p> <p>2. Proposal to the Board of Directors of risk ratings agencies for their appointment at the ordinary shareholders meeting.</p> <p>3. Proposal to the Board of Directors on Directors' Committee budget to be designated at the ordinary shareholders meeting.</p> <p>4. Proposal to the Board of Directors to contract services or perform due diligence on companies that perform the external audit of Entel and its subsidiaries.</p>
June 4	<p>1. EY auditors presents its annual audit plan. Additionally there were reports on the application, possibilities of adoption and possible impacts of IFRS 16, applicable from 2019.</p> <p>2. It was agreed to maintain the way of regulating the system for establishing and approving related operations given that it complies with current legal regulations, the Corporate Governance Manual and International Accounting Standards (IAS 24).</p>
August 6	<p>1. Limited review report from external auditors, not including relevant issues.</p> <p>2. Presentation by Audit and Operational Risk Division on free competition prevention model.</p>
December 17	<p>1. Auditors' report and analysis of main observations on internal oversight of non-relevant matters.</p> <p>2. Annual report on running of ethics committee.</p> <p>3. Remuneration policy review and executive subrogation.</p>

Standout Practices

1. Induction policy for new directors

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

- Running of the Board of Directors
- Main operational, financial, legal and institutional aspects of the company.
- Legal norms covering the functioning 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 role.

Training and Presentations to the Board

In 2018, 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 carried out by the executive team and/or external specialists. These included:

- Presentation on the reputation study for companies in Chile, carried out by the Corporate Reputation Center of the Universidad de los Andes.
- Presentation by EY on the biggest risks faced by telecommunications companies worldwide.

Main issues approved by the board over the year

- Corporate Governance Practices (NCG No. 385).
- Annual company budget.
- Annual company report.
- Quarterly company financial statements to be presented to CMF.
- Annual Communications and Sustainability Policy.
- Company Risk Map.
- Other agreements on matters relating to management.

Remuneration and expenses of the Board

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.

The Board of Directors and the Directors Committee incurred no additional expenses nor hired consultants during the 2018 fiscal year.

Remuneration

Name	Position	Remuneration of the Board 2018	Remuneration Directors' Committee 2018	Total 2018	Remuneration of the Board 2017	Remuneration Directors' Committee 2017	Total 2017
		CLP (000)	CLP (000)	CLP (000)	CLP (000)	CLP (000)	CLP (000)
Juan Hurtado Vicuña	Chairman	83,357		83,357	81,583	—	81,583
Luis Felipe Gazitúa Achondo	Vice President	64,293	14,286	78,579	62,926	13,984	76,910
Richard Büchi Buc	Director	42,861		42,861	40,781	4,636	45,417
Andrés Echeverría Salas	Director	41,657		41,657	41,951		41,951
Carlos Fernández Calatayud	Independent Director	42,862	14,286	57,148	41,950	13,984	55,934
Juan José Mac-Auliffe Granello	Director	42,861		42,861	41,951		41,951
Patricio Parodi Gil	Director	40,497		40,497	41,951		41,951
Alejandro Pérez Rodríguez	Director	0		0	13,907		13,907
Bernardo Matte Larraín	Director	41,678		41,678	39,623		39,623
Jorge Salvatierra Pacheco	Independent Director	42,862	14,286	57,148	28,044	9,348	37,392
		442,928	42,858	485,786	434,667	41,952	476,619

(1) Directors as at December 31, 2018

Note: At the Ordinary Shareholders' Meeting held on April 26, 2018, it was agreed to maintain the remuneration of the Board of Directors approved at the Ordinary Meeting of Shareholders in 2017, 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.



Diversity Indicators

Gender	2018
Female	0
Male	9
Total	9

Age range	2018
Less than 30	0
31-40	0
41-50	0
51-60	2
61-70	5
Over 70	2
TOTAL	9

Length of Service	2018
Less than 3 years	1
3-6 years	2
6-9 years	2
9-12 years	1
More than 12 years	3
TOTAL	9

Nationality	2018
Chilean	9
Foreign	0
Total	9

Management

Organizational Chart



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 of Finance and Management Control, Human Resources, Legal, Audit and Regulatory and Corporate Affairs, support the company's in addressing the challenges of growth and development.

All these units operate under the leadership of the General Management, which fosters close interplay between them and their professionals, operating under the concept of agile organization.

In Peru, at the executive level, Entel's management reports to a Board of Directors and has an internal structure similar to Chile's. The other company subsidiaries report to specific boards and are managed in line with their strategy



Antonio Büchi Buc

- Entel Group Chief Executive Officer
- I.D 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.

Key executives

Sebastián Domínguez Philippi

- Vice President Transformation and Business Support
- I.D 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.

Mario Núñez Popper

- Vice President Enterprise Segment
- I.D 8.165.795-5
- From March 2011. Various roles at Entel since 1993.
- Civil Industrial Engineering, Pontificia Universidad Católica de Chile.

José Luis Poch Piretta

- Vice President Consumer Segment
- I.D 7.010.335-4
- From March 2011. Various roles at Entel since February 1993.
- Business Administration, Pontificia Universidad Católica de Chile.

Julián San Martín Arjona

- Vice President Corporate Segment
- I.D 7.005.576-7
- From December 2006.
- Civil Industrial Engineering, Universidad de las Américas and Computer Engineering, Universidad de Chile.

Alfredo Parot Donoso

- Vice President Technology and Operations
- I.D 7.003.573-1
- From March 2011. Various roles at Entel since January 1996.
- Civil Industrial Engineering, Pontificia Universidad Católica de Chile.

Cristián Maturana Miquel

- Legal Manager
- I.D 6.061.194-7
- From March 1994.
- Law, Universidad de Chile.

Ramiro Lafarga Brollo

- Entel Peru Chief Executive Officer
- I.D 14.718.820-K
- From March 2017.
- Public accountant, Universidad Católica Argentina, and master's degree in economics and business administration from ESEADE (Argentina).

Manuel Araya Arroyo

- Regulatory and Corporate Affairs Executive
- I.D 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.

Felipe Ureta Prieto

- Finance and Management Control Executive
- I.D 7.052.775-8
- From August 1996. Various roles at Entel since May 1994.
- Business Administration, Pontificia Universidad Católica de Chile.

Felipe Straub Barros

- Human Resources Manager
- I.D 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
- I.D 10.978.118-5
- From March 2017.
- Auditing/Accounting, Universidad Técnologica Metropolitana and MBA, Universidad Adolfo Ibáñez.

Diversity amongst key executives Entel S.A and PCS

Gender	2018	Length of Service	2018
Female	13	Less than 3 years	12
Male	82	3-6 years	22
TOTAL	95	6-9 years	14
		9-12 years	6
		More than 12 years	41
		TOTAL	95
Age range	2018	Nationality	2018
Less than 30	0	Chilean	87
31-40	10	Foreign	8
41-50	51	TOTAL	95
51-60	33		
61-70	1		
TOTAL	95		

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 maximum established for the variable amounts. All these payments are included in the figures set out in the attached table.

Salaries of managers and senior executives 2018

Personnel included	120 people Entel S.A. and subsidiaries
Remuneration	CLP12,325,634,496
Bonuses	CLP4,296,946,268
Severance pay for termination of employment contract in 2018 CLP1,367,626,554 split between 14 executives.	

Staff

Level	Entel S.A.	Entel PCS	Call Center S.A.	Other subsid- aries	Call Center Peru	Americatel Peru	Entel Peru	Total
Management	54	41	8	2	8	9	9	131
Professional and technical	1,912	1,202	293	32	650	362	269	4,979
Clerical	599	591	1,657	297	2,134	5	2,076	7,100
TOTAL	2,565	1,834	1,958	331	2,792	376	2,354	12,210



Guiding principles for the Corporate Governance

The Corporate Governance Manual, the Code of Ethics and the Application Manual are documents to which employees, contractors, suppliers and clients adhere.

Ethics Committee

The purpose of the Ethics Committee is to oversee management and meet 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

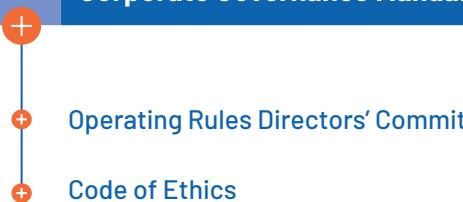
- To investigate and respond to claims made via whistle-blower channels.
- To propose relevant action to address shortcomings identified in connection with the investigation of complaints made.
- To resolve various regulatory issues.



In 2018 our employees appreciated the existence of a Code of Ethics and a whistleblower channel according to a survey answered by 1,800 people (40% of the staff).



Corporate Governance Manual



Code of Ethics and Application Manual

The Code of Ethics and its respective Application Manual were updated in 2017. These documents detail the guidelines and good practices the company establishes to guide its actions using values and principles which involve the entire organization.

It is an easy-to-use document, available on the web, that disseminates basic rules of behavior based on cases. It responds in a simple way to doubts on ethical matters that may arise in the daily work of employees.

These documents clarify the commitment of Entel to ensure compliance with the rules and combat bad practices such as corruption.

More details at www.entel.cl/inversionistas/gobierno_corporativo.html y en el Reporte de Sustentabilidad 2018.

Reporting Channels

At Entel we have a channel for receiving anonymous and confidential reports relating to conflicts of interest and compliance with the rules of ethical conduct, along with other situations that require attention. It is a public access channel that guarantees the anonymity of the complainant.



Risk and Oversight Management

With a defined policy and a clear structure, at Entel we continue working towards an integrated vision of risk management.

Our company deals with risk management using a cross-cutting governance policy, covering both the company and the national and international subsidiaries.

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

- Promote the risk management model
- Set out standards and definitions
- Establish governance and risk management model
- Provide Board and Management with results

Strategic Committee on Integral Risk Management: comprised of the CEO and his direct reports. It meets quarterly, its main function being to provide guidelines and resources in accordance with the strategies and the general risk control and management policy.

Operating Committee on Risk Management: comprising divisional or departmental managers. They meet regularly as per their respective committees (for example, data privacy committee, cybersecurity committee, systems committee) and analyze specific possible risks and mitigating action.

This operating structure is based on the principles of agile organization in force in our company, to help incorporate tools and methodologies that allow synergies and cross-use of knowledge acquired.

Internal Audit and Operational Risk Division

The Internal Audit and Operational Risk Division, the area in charge of the process, supports the risk control and management system through the following roles:

- Ensuring compliance with the mechanisms governing risk management, promoting the culture and fostering understanding.
- Coordinating with and supporting the organizational units in identifying, analyzing, assessing, recording and mitigating risk.
- Following-up on and ensuring traceability of mitigation projects and other projects associated with risk management, whether these are internal for each department or cut across the organization.
- Keeping the macro risks map for the company up-to-date and providing guidelines for preparing maps of operational risks in different areas (environment, free competition, cybersecurity, business continuity, and more).
- Keeping management and the Board informed of compliance with, changes and improvements in risk management.



In 2018, our company placed special emphasis on identifying and assessing regulatory risk in free competition, with training and courses for 100% of the managers and employees of key processes. Emphasis was also placed on the Crime Prevention Model.

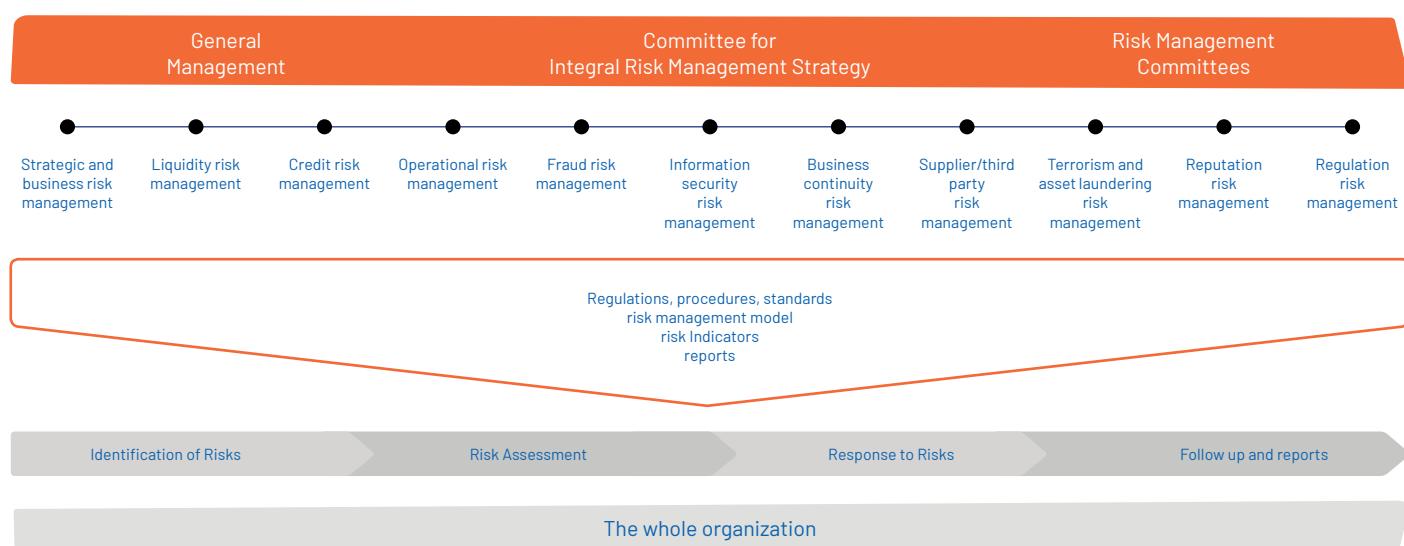


COPYSPACE FOR TRANSLATION PURPOSES

Contingency Management Process Administration

BOARD OF DIRECTORS

Integral Risk Management Policy



Management 2018

In 2017 we started establishing general policies and procedures, and this continued last year with the updating of the company's macro risk map. The committees worked on operational surveys for ten priority issues and their corresponding mitigation.

In 2018, our company placed special emphasis on the plan for regulatory compliance on free competition, with training and courses for 100% of the managers and employees of key processes. Emphasis was also placed on the Crime Prevention Model, in compliance with Law No. 20.393 on Criminal Liability of Legal Persons, certified by Feller Rate Rating Agency Ltda. Regarding the latter, at the end of 2018, after the publication of Law No. 21.121 amending Law No. 20.393, on Criminal Liability of Legal Entities, a survey of policies, procedures, risk matrices, processes and other aspects of the internal oversight environment to be updated

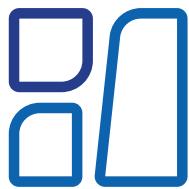
shortly, was undertaken, in line with our Crime Prevention Model.

Employees can access all the necessary information about crime prevention to do with the law in an intranet portal, and have a whistleblower channel that operates both in-house and for third parties. There is also an e-learning course on the CPM that needs to be passed by all employees, which is monitored by the Head of Crime Prevention. Entel's management team has attended ethical culture and corporate governance meetings to look at these issues in detail and be able to support their teams.

2

Chapter II **Strategic Pillars**





Our business model has transitioned from voice to data, with an offering in tune with constantly evolving needs. This is important for the network and for generating simple and unique experiences.



In a world in flux our company is at the forefront of developing competitive advantages in the industry. This progressive transformation from a telecommunications operator to a company that facilitates the use of technologies, is underpinned by four essential pillars.

Digitization opens both opportunities and challenges that Entel is addressing with a great deal of collaborative work and the conditions for developing new ideas.

We seek to continue excelling in the relationship with our customers, so that they choose us not only for the quality of service, but for a distinctive experience, both in terms of excellence in connectivity and of simplicity and attention to all their needs.



Innovation and Adaptation

For our company, innovation is a strategic enabler of the first order, fundamental in generating competitive advantages.

At Entel we have a structure designed to foster and drive innovation, which consists of a Strategic Committee for Innovation made up of the company's senior management and a Vice Presidency for Business Transformation and Support, under which we promote and develop initiatives, both internally and externally.

The organizational and technological transformation started in 2015 and has accelerated and deepened, with important progress made in 2018.

Agile Organization

Agile organizations have the ability to rapidly reconfigure their strategy, processes and technology to create value and grasp opportunities. These features are precisely what we are building, essentially with a greater responsiveness to market challenges.

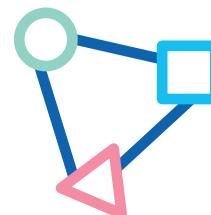
About 10% of our staff works in multidisciplinary teams that seek to provide timely responses in tune with the needs of customers, working collaboratively and creatively. This way of working

is already generating interesting results in terms of new services and improvements in efficiency.

Entel Digital Transformation

Generating simple, differentiating experiences for our customers requires channels and platforms that also make it easy to manage them correctly, from the back and front office. Digital transformation at Entel is changing the operation and service processes and systems that make it possible to digitize management tools and the customer experience.

In 2017 we finished migrating to a single prepaid digital platform, which meant shutting down 48 applications in Chile and three in Peru. In 2018 we made progress in postpaid migration in Chile. Currently, 92% of liaising with customers is done through self-service, digital (web and app on mobile devices), and telephone IVR, with an average of 29 million contacts made in the consumer segment per month. This means improvements in satisfaction and reduction of costs, as well as being able to set up offerings more quickly.



10%

of our workforce
works in
multidisciplinary
teams.





Analytics Reinforcement

To develop internal competencies with which tools and knowledge can be leveraged, the Advanced Analytics Division started to strengthen its professional team and acquire conceptual methodology and technological support. This team is in charge of providing services to the organization with data intelligence and proposals for new solutions, both for internal processes and for customers.

We are convinced that opportunities grow when we come up with digital services interlinked with the connectivity that we have traditionally provided. In B2C we are creating adjacencies for the use of mobile technologies, such as means of payment, fintech solutions and carrier billing. In B2B meanwhile we are advancing rapidly in the integrated management of cloud solutions and Internet of Things (IoT), in partnership with giants such as Microsoft, Amazon and Google.

An ocean of advanced solutions

The creation of Entel Ocean, a new unit in charge of developing advanced digital solutions for big data analytics, artificial intelligence and cloud, is an initiative to accelerate the provision of high-end offerings for B2B, aimed at responding to the needs of customers with agility, flexibility and security, through propositions tailored to their business.

Entel Ocean's mission is to be a pioneer in providing advanced services for the local and Peruvian markets, offering a team of experts in data science and analytics that will be a strategic ally for our customers, whether they are companies (of all sizes) or institutions, in their virtualization and digital transformation processes.

The name Ocean evokes an ecosystem and the ability to coordinate multiple skills and views for the same problem or challenge. It also alludes to data lakes, a linked concept in terms of dimension and assignment of data and its volume. More than a lake, at Entel we manage an ocean of information.

Agile Organization and Culture

Human capital management priorities leverage our business, through cultural initiatives, employee experience and digitalization.

For our company, organizational competencies and excellence in people constitute a priority strategic focus, which is why we monitor the main trends in human capital management and apply what brings us power and sustainability.

In 2018 the human resources services model was strengthened through collaborative work between the Centers of Excellence and "Business Partners", who established the various specific and general needs in conjunction with the company's departments and markets, in line with the requirements of the business.

Mission and Cultural Pillars

The renewal of the Entel brand meant taking on important cultural changes, replacing the mission and vision with a fresh goal, cultural pillars and management practices that reflect our challenges and identity. Using simpler, more animated language, this new corporate philosophy fosters connections between internal management and our customers, and linkage of personal goals with those of the company.



Change the world!

- ✓ Drive the changes you want to see
- ✓ Question, investigate and solve.



Love what you do!

- ✓ Link your goals with Entel's challenges.
- ✓ Share who you are and have fun at work.



Make it amazing!

- ✓ Do more with less.
- ✓ Set yourself challenging goals



Feel like your customer!

- ✓ Treat your customer as you would hope to be treated.
- ✓ Care about their time and exceed their expectations.



Take the risk!

- ✓ Try it out, get it wrong, learn from your mistakes.
- Dare to take the first step.



Join the challenge!

- ✓ Promote team spirit.
- ✓ Welcome all ideas.

Diversity and Inclusion

In 2018, we strengthened our commitment to diversity and inclusion, holding 16 awareness-raising workshops, three keynote talks, roundtables and in-house campaigns, including raising awareness about the use of language.

The most important milestone here was formally setting up the Corporate Committee on Diversity and Inclusion, made up of one representative from the work groups, managers and vice-presidents of the company, who will take on the critical role of developing the Entel Diversity and Inclusion Policy.



71.1%

of employees have been working more than three years at Entel.

Chilean Workforce

By Gender	
Female	1,485
Male	2,914
TOTAL	4,399
By Nationality	
Chilean	4,216
Foreign	183
TOTAL	4,399
By Age	
Less than 30	780
31 - 40	1,670
41 - 50	1,316
51 - 60	543
61 - 70	85
Over 70	5
TOTAL	4,399
By length of service	
Less than 3 years	1,272
3 - 6 years	1,316
6 - 9 years	575
9 - 12 years	452
Over 12 years	784
TOTAL	4,399
Wage Gap	
Job Type	Disparity women / men
Management	90.1%
Professional and Technical	92.7%
Other Workers	88.2%

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

Organizational Pulse

Entel uses different tools to take the organization's "pulse".

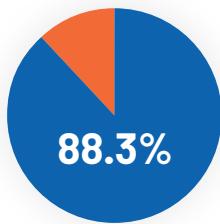
Great Place to Work Survey

Each year Entel administers the Great Place to Work survey with the aim of making the company a better place to work, boosting its strengths and correcting those aspects where there is room for improvement. The results activate people management programs, based on the results obtained from each level of the organization.

- **Frequency**

Annual

- **Participation 2018:**



Barometer

This measurement was applied only to those working under agile methodology. It gathers information on the processes, answer quality, team adherence to the methodology etc., to find areas for improvement.

- **Frequency first semester.**

Fortnightly

- **Frequency second semester.**

Monthly

Engagement

The engagement assessment continued to be applied over the course of the year, measuring each employee's level of commitment with their duties and the company's mission. To obtain information, a survey was developed that provides team leaders with relevant updated data.

- **Frequency**

Twice a year

Month	Participation	Measurement
March	73.3%	88.1%
September	80.5%	87.3%

Survey for in-house customers

This makes it possible to measure the quality of services offered internally across different departments. Internal customers assess the service provided according to quality, usefulness, treatment and response time. The results are tied in with performance goals.

- **Frequency**

Twice a year

Employee Experience

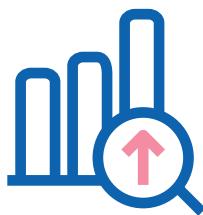
At Entel we want the experience of our employees to be in line with what we seek to provide our customers with, both in terms of flexibility and digitalization. In 2018 we worked together with our employees on developing competences linked to the world of agility, where teamwork and multidisciplinary work prevails, along with thinking beyond the limits and always being focused on the customer, resulting in initiatives and platforms that kept us moving forward in our transformation.

U. Entel

In 2018 we inaugurated an internal platform to provide learning activities for the organization, offering more than 40 online and face-to-face courses. This was an important shift, encouraging the self-management of employees through a flexible curricular system based on credits, choice according to what they consider relevant for their development, and study at their time of choice.

Training

The increase in employee training hours can mostly be explained by the launch of our corporate university, an initiative that makes it possible for us to offer more on-site and online courses. In addition, the academy of professional skills was created, offering more than 40 general interest cross-cutting courses, on-site and online, such as problem solving, effective presentations, English, Office, beginners finance and project management.



290%

increase in training hours
between 2017 - 2018

Employees self-manage training through Entel University.



Hours of annual training

Job Category	2017	2018
Management	1,934	18,172
Professional and Technical	100,640	279,379
Clerical	7,004	20,543
TOTAL	109,578	318,094

Total investment in training

Company Name	Costs
Entel	CLP373,382,157
Entel Phone	CLP5,062,680
Entel PCS	CLP421,555,163
TOTAL	CLP800,000,000

Training Program Participants

Company Name	Costs
Entel	6,908
Entel Phone	65
Entel PCS	4,277
TOTAL	11,250

New Internal Mobility Policy

In order to continue fostering professional development within Entel, at the end of 2018 we launched a new Internal Mobility Policy which has specific criteria that makes it possible for us to define the type of search with greater objectivity.



26%

of the workforce took on new responsibilities in 2018.

409

promotions or sideways moves for 4,399 employees.

Flexible Schedule

Because we want to promote Entel as a more attractive and flexible company, mid 2018 we set up a new way of working, establishing three different schedules for employees to choose from.



886

people changed their work schedules.

87.6%

of employees prefer to arrive and leave early.

Aira

Since 2018 our recruitment portal has used Aira, a platform based on artificial intelligence, with which you can carry out searches more quickly and efficiently, based on objective parameters and cutting down on bias. This leads to a more inclusive selection of talent.

Workplace

We started the Workplace platform for Facebook companies in order to migrate communication to an internal social network, creating an internal, collaborative, interactive and mobile medium. This new channel makes it possible to share best practices between the departments and enhance feedback through more cross-cutting support.

Home Office

The Home Office system helps put us at the cutting edge in terms of new trends, and to foster changes that have a positive impact on the quality of life of those working at Entel. It is a scheme whereby employees can choose one day a week to work from home, or another place previously agreed on. It provides an opportunity to develop coordination between the work teams and demonstrates the trust we have in our employees to carry out their duties responsibly and with commitment outside the premises. 32% of people in staff and support departments joined the scheme in 2018. From January 2019 it will be extended to the segments and technology departments.



Recycling

We continue installing recycling bins on all floors of the Titanium Building in order to create the habit of separating materials, raising awareness and adopting a sustainable culture to take us towards the goal of generating zero rubbish.

Connect Program

Fostering new trends in people management, this leadership program based on elements of neuroscience seeks to underpin the cultural transformation of our company, generating a mindset open to change, growth and flexibility. Conecta focuses on leadership roles with special emphasis on the agile world and the management team.

Rethinking Spaces

In line with an agile culture, we are moving towards cutting down on fixed workstations, encouraging spatial mobility. This system, in addition to generating greater availability of workstations, promotes interactions and synergies between teams.

Digitisation

In terms of organizational structure, in 2018 we created the Analytics Division under the Vice Presidency for Business Transformation and Support umbrella, and Ocean, a unit specialized in high-value digital solutions for companies (B2B), under the Vice-Presidency of the Corporate Segment. The Cybersecurity Division was also created, under the Vice Presidency of Technology and Operations umbrella.

All this meant progress in development, recruiting and monitoring new competencies, shaping our own talent ecosystem at the service of the different projects and departments that require it.

Agility Culture

The people management model in our company involves us taking charge of the ongoing changes in the industry and other important challenges, such as renewing our offering and capturing opportunities in the market. Since 2015 we have been adapting through flattening our organizational structure; new work modalities; and creating specialist tracks, projects, management and loyalties. At the beginning of 2018 we implemented the new agile and OpsTeams work methodologies, which radically modified the way of operating of more than 10% of our staff.

Agile Methodology

Along with generating new services and modifying processes in a shorter space of time, the agile method impacted the entire company in terms of the way of approaching business. The empowerment and the decisive capacity of the agile teams has encouraged the rest of the organization to operate with greater efficiency and carry out multidisciplinary work between departments, in order to achieve company objectives.

OpsTeams

In the Vice Presidency of Technology and Operations, important challenges include rollout and construction of networks. The Operational Teams are multidisciplinary, analyzing and solving multiple variables simultaneously and in a complementary way, using Lean methodologies and others.

Labor relations

Our company has a labor relations policy based on respect and constant dialogue with employees and with the four unions that currently exist in our organization.

In 2018 three collective negotiations were held where the keynote was to negotiate in advance and sign collective agreements, thanks to mutual trust and collaborative work between the company and its unions.

At year-end 2018, 76.8% of our workforce in Chile was unionized. In Peru, there are no organized unions.

Category	2017	2018
Unionized Workers	73.3%	76.8%
Workers covered by collective agreement	99.5%	99.6%

Number of training sessions to prevent accidents in 2018

Group (ESA, PCS, PHONE)	Total employees	Total contractors
No. workers attending per course (total)	7,698	5,940
No. Courses (total)	521	290
Hours (total)	13,579	19,834

Accident Rate

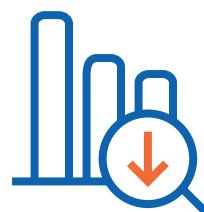
At Entel we make sure to take care of the safety of all workers, both those with contracts and those who provide services in external companies.

Group (ESA, PCS, PHONE)	2016	2017	2018
Number of fatal accidents	0	0	0
Number of fatal diseases (related to work)	0	0	0
Accident Rate	0.59%	0.46%	0.30%
Loss Rate	19%	16%	10%
Frequency Index	2%	2%	1%
Severity Index	75%	64%	39%
Total days lost to accidents	592	599	304
Days lost due to occupational sicknesses	334	177	190
Total days lost (days of medical rest due to work accidents and occupational diseases)	926	776	494
Average Labor Force	4,890	4,805	4,719
Absenteeism Rate	0.8%	0.6%	0.4%

Number of days without work accidents = 86 days (to January 18, 2019)

Change in the rate compared to the previous year

Percentage change (between 2017 and 2018)	%
Accident Rate	-34.8%
Loss Rate	-37.5%



49.1%

less days lost to accidents in 2018 compared to previous year.



In 3 years the loss rate fell from 19% to 10%

Distinctive Experience

With 29 million interactions per month with Consumer Segment customers in 2018, average satisfaction stood at **62 points for postpaid mobile**.

In an increasingly digital environment we intend to continue providing our customers with simple, high-quality experiences, making access to the infinite possibilities of technology easy.

2018 saw a number of advances in the management of the service, resulting in 92% interactions dealt with through self-service, digital (web and app on mobile devices) and telephone IVR channels.

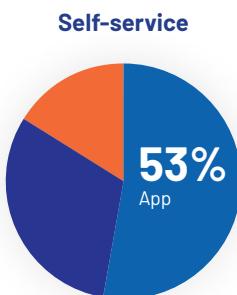
At Entel we also provide traditional forms of customer service, in person and via the call center for sales and after sales, because we understand that among our customers are those who prefer those channels.

We are currently using several agile methodologies such as design thinking, scrum, lean startup, and have found them to be an important enabler, providing us with a framework that facilitates exploration, learning and incremental interactive development of simple and innovative services that increase customer satisfaction.

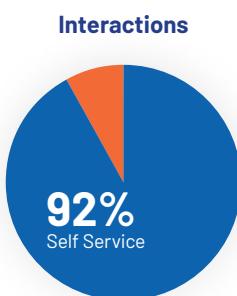
For this, our business departments - organized in Tribes and Cells - with the support of the cross-cutting departments - organized as Centers of Excellence (CoE) - interlink different methodologies and tools, giving us an in-depth understanding of the needs of our customers and what experiences they are looking for, and quickly weigh up possible solutions through the development of MVPs (minimum viable products).

These solutions are enhanced thanks to the automation and digitalization of processes using state-of-the-art technology - such as the artificial intelligence applied in the development of bots for customer care and sales - along with the analytical efficiency of our processes and the understanding of our customers.

In terms of satisfaction, in 2018 we improved compared to 2017, with an annual average of 62 points of net satisfaction in postpaid mobile phone services.



● 31% Web
● 16% IVR



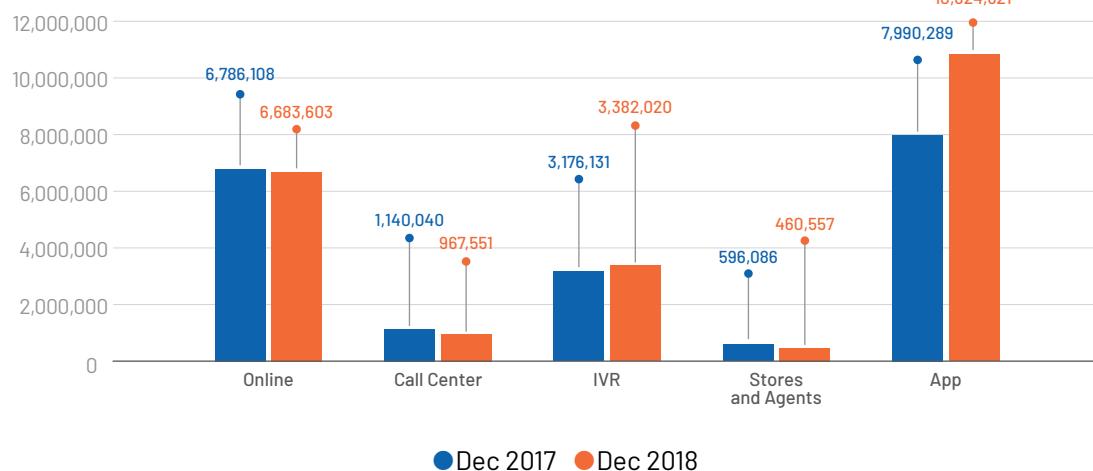
● 8% live agent customer care

Digital channels (web and app)

Currently, 77% of our customers' interactions are carried out through a digital channel (web or app). These include buying plans and handsets, making balance and points inquiries, changing plans and cashing in rewards.

The Entel app is the second most used in Chile after Banco Estado's, as measured by Criteria Research, reflecting an increase in use and customer appreciation of the features.

Interactions in Consumer Segment Channels



77%

of interactions
are digital.



the Entel app is the
second most used in
Chile.

Handsets and Services Sales

The new handset sales model saw the company opening other business channels. The traditional face-to-face sales format has been maintained, with stores primarily dedicated to selling handsets and accessories both to customers and non-customers.

Our online equipment and accessories store was opened in March 2018. By the end of the year it had accumulated sales of CLP4.5 billion and 30,000 handsets, with 97% successful delivery, generating a channel with great potential into 2019.

Meanwhile sales of fiber optic connectivity services for high speed internet are 100% digital. Customers can navigate through the website or app, fill out a simple form and obtain the requested service. At the end of 2018 more

than 10% of the sales of services through fiber optics was carried out digitally, with no human interaction.

Smart SIM

For most of the processes the digitization of customer care involves customer self-service, making decisions facilitated by the usage flow rate provided by our ecosystem. Smart SIM is an initiative that started in 2017 and was fully deployed in 2018. The customer buys an "autoplan chip", registers it on our site (choosing whether to activate it as pre- or postpaid), inserts the SIM in their mobile phone and starts using Entel services.

FOR TRANSLATION PURPOSE

Cluster and Upgrading Stores

Our customer service points were revamped in 2018. We made progress in setting them up as product experience centers for cell- and residential services, as well as working on enhancing and growing sales of handsets and accessories. As a result, sales growth at our customer service points reached 6% in 2018.

Entel has 144 stores of which 11 are our own and the rest, operated by our strategic partners using a cluster strategy. The stores have also been modernized, based on initiatives developed under the agile method. With advances in digitalization and the reduction of certain operative steps, along with the use of electronic fingerprints, the time of sale was down to just ten minutes, boosting customer satisfaction.

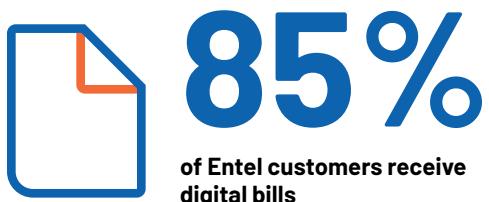
Call Center

In 2018 this channel was consolidated as the main channel for resolving more complex customer issues. We continue to work on the loyalty initiative both at the call center and stores. It consists of shaping the attitude of the customer service executives to standards of our brand.

Over the course of the last year, significant efficiencies have been achieved with this channel, reducing costs by 16%.

Electronic Bill

This growing wave of digitization has positively impacted the use of electronic billing. Only 6% of our customers used to use electronic bills, generated through face-to-face sales and remote channels. Now, with the intensified use of digital channels, in 2018, 97% of bills for new customers were digital. In total, 85% of Entel customers receive their bills in digital format, with the according economic and environmental benefits from reducing the use of paper and transport.



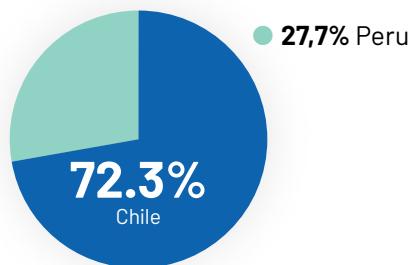
Modern and Robust Infrastructure

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.

At Entel we care about maintaining our own, robust infrastructure of the highest quality, which make it possible for us to provide the best standards in terms of capacity and stability, for both mobile and fixed services. As such we have invested in the most modern technology and have a top-tier team of engineers and professionals to maintain the infrastructure and make the improvements and upgrades required in a dynamic and increasingly demanding environment.

The operation, maintenance and growth of our networks received a total investment of USD 672.5 million, of which USD 186.1 million went to Peru and USD 486.4 million went to Chile and subsidiaries.

Total investment in infrastructure



In Chile

- **Growth and maintenance of mobile network infrastructure in Chile:** USD181.2 million, including mobile access equipment and services - making changes to more than 1,280 towers in 2018.
- **Rollout of Fiber Optic Network for residential business and customer handsets:** USD63.4 million, covering more than 1.1 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 2018 and ensure the operational continuity of our services: USD 58.4 million.
- **Investments in digital restructuring:** USD46.2 million allotted for the digital transformation program and infrastructure and systems to support the business.
- **Equipment and installations for the fixed consumer business:** USD 60.5 million allotted for projects and facilities for our customers in all segments.
- **IT infrastructure and data center:** USD22.5 million allocated to data center, growth of platforms and IT operational continuity.

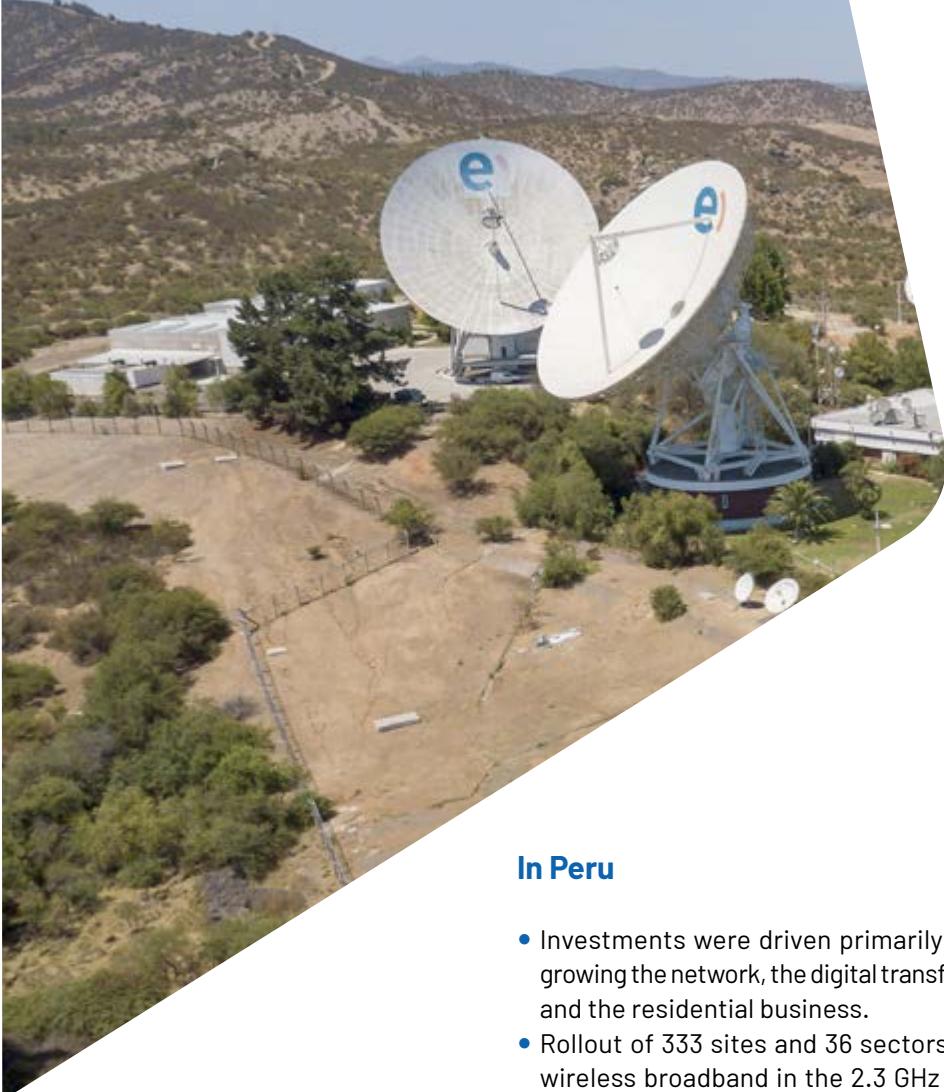


USD

672.5

million invested
in Chile and Peru.





In Peru

- Investments were driven primarily towards growing the network, the digital transformation and the residential business.
- Rollout of 333 sites and 36 sectors of fixed wireless broadband in the 2.3 GHz band for residential segments: USD15 million.
- USD38 million was invested in digital transformation, allotted to implementing the project.
- USD11 million was invested in 75 business projects and commercial offerings such as improving the Entel App and Traveler Roaming.
- Growing the network saw USD60 million invested in mobile rollout and USD15 million on projects connected to the 3.5 GHz band.
- The network reached 3,546 sites, covering 70% of the population of Peru.

Digital Evolution

The network infrastructure is constantly evolving and there are certain technologies that facilitate the transformation of our business from telecommunications to digital technology. Incorporating network functions virtualization (NFV) and software defined networking (SDN) has created a much more agile and flexible infrastructure, able to meet the needs of customers more dynamically and making it possible to enable services at the cutting edge worldwide, such as the Internet of Things (IoT).

At the same time, we have worked on implementing new technological trends (based on Gartner) that have come about with the implementation and evolution of big data & analytics, artificial intelligence, RPA, cloud, and that are expected to continue with the development of IoT, cognitive contact center, augmented reality, always with an eye to technological security and data protection.

All the initiatives associated with the digital transformation of the company are another strategic enabler, fundamental for our ongoing conversion into a simpler, more digital company, with more flexibility, agility and competitiveness, speeding up the rate of change of our products and minimizing time to market.

New operational Teams

The agile philosophy applied in the business and service areas has also touched the technical, operational and infrastructure units, generating very positive results. Today we have 13 operational teams with more than 300 professionals from different company departments, who, working methodologically, autonomously, with common goals and with an end-to-end view are achieving significant improvements in terms of quality, innovation, time to market, customer satisfaction and a significant cost reduction.

Our main ops teams are:

- Mobile network rollout.
- In-building mobile coverage.
- Fiber optic rollout.
- Fixed and mobile service failure rates.
- Technical revenue assurance.

This allows us to easily adapt to the needs demanded by the industry and the market, always aiming to offer our customers high quality services.

13
operational teams with more than
300
professionals from different
company departments.

Entel Digital Transformation

Our digital restructuring project is an enabler whose main aims are:

- Make Entel a simpler and more digital company in terms of the customer experience (one click) and in our internal processes (zero touch).
- Build world-class customer experience.
- Make Entel the most efficient organization in the region.
- Implement global benchmark architecture and IT landscape.

The path taken from the first steps in 2015 has been dizzying and has seen tangible results for the company. The project started with the creation of an initial team, with people chosen from different areas and countries, both for their experience and attitude to collaboration, and more representatives from Ericsson. Its deployment has seen the incorporation of professionals from 23 countries and all continents, enhancing problem analysis and solutions capacity.

The first macro task developed and realized by the digital transformation team was prepaid B2C - in May 2017 in Chile and in February 2018 in Peru. For this, the best practices globally were used; the offering was simplified and the time to market of products and services for mobile prepaid customers was substantially improved.

Our transformation has omni-channeling as its main focus so customers and customer service executives will have a 360° view with all the relevant information on a screen. This cuts customer care time, with clearer more timely information for an even more agile service, available through our various channels (web, app, IVR, USSD, store and call center). One of the advantages is the time reduction for applying changes to the range of products and services in the systems, from months to days.

Infrastructure Development and Expansion Milestones 2018

- Release of Massive MIMO sites on the 3,500 MHz band for wireless fixed broadband services (BAFI) at various locations countrywide, providing coverage to more than 900,000 homes.
- Development and improvement of network vulnerability. Third routes added for all sites with core nodes.
- Improvement in the availability of the mobile customer database in three different sites throughout the country to make our network more robust in the face of natural disasters and faults.
- Improvements in architecture and GPON network for 3 Play services (internet + tv + phone service)
- Capacity growth in the mobile network in access and core to help absorb the high data demand of 2018 and 2019. We split the mobile core amongst various sites in Santiago and the regions to minimize the possibility of faults.
- SDN release for tv content distribution network (CDN) connectivity, making it possible to bring the content to our users and optimize the use of our MPLS network, proactively improving for possible congestion and optimizing the network cost.
- Preparation for early release of voice on 4G (VoLTE).
- Deployment of virtualized network functions such as vEPC, vDNS, vFW and vVO.
- We began paving the way for network automation by deploying a tool that makes it possible to apply massive configurations on the MPLS network with a single instruction.
- Release of new narrow band LTE network that will make it possible for us to provide connectivity for Internet of Things services.



Creation of the Cybersecurity Division

As a technology company we are aware that one of the most important risks of the 21st century is the security of the digital systems with which society operates. In 2018 we took an important step in terms of structure and capacities, creating the Cybersecurity Division which reports to the Vice Presidency of Technology and Operations with scope that cuts across the company.

The aim of our cybersecurity division, created in 2018, is to identify risks and implement security controls to ensure that the executives in charge make decisions with a residual risk acceptable to the business. Work is approached through units specializing in information security, technological security, security operations and access management, which channel regulations and procedures through Business Information Security Officers (BISOs) who represent their departments and are responsible for:

- Ensuring compliance with policies and regulations
- Fostering the cybersecurity culture
- Fostering the execution of controls and action plans
- Ensure the compliance of critical suppliers
- Managing exceptional cases
- Reporting security incidents

Transport Networks in Chile

Fiber Optic

The fiber optic core network runs throughout Chile for more than 5,000 km and is characterized by its strength and stability. In 2018 the ROADM transport core network was renewed and several third routes were created for backups between La Serena and Chillán, strengthening the network in the face of natural events and catastrophes that often affect our country.

This year also saw the renovation of the ROADM transport Metropolitan Core, strengthening the main points of presence with heavy loads of national and international traffic, and their interconnection with the internet. This Metropolitan Core network improves the interconnection between the Entel data centers, preparing us for the technological changes that comes 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.

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.

In 2018, the introduction of E-band links made it possible to deliver high-capacity solutions (potentially up to 10 Gbps) for fixed and mobile traffic over distances of up to 2 km. On traditional bands, regulatory changes to the use of channels and distances of links have had a strong impact on enabling and adapting microwave networks, both on Medium and High Capacity and Last Mile.

For this network we have 2,300 Ericsson Mini-link links, 2,000 Huawei links between RTN620, RTN959 and RTN980 and 700 Harris Aviat links.

Satellite

The satellite network allows us to cover the whole country at insular and peninsular level, providing fixed and voice services due 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.



5,000
km fiber optic core
network throughout
Chile



2,300
high-tech links to
connect the country.



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.

In 2018 we started the process of migrating to an HTS satellite (High Throughput) with higher capacity, generating efficiencies in the use of the satellite spectrum and in terms of costs.

High Capacity Data Network IP/MPLS

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. In 2018 the diversity of routes was strengthened, taking advantage of the ROADM optical transport network, which bolsters the network, providing greater tolerance in case of faults.

In addition to the internet platforms, we have high capacity and redundancy with international TIER 1 providers and content providers (Google, Netflix, etc.), making it possible to improve the end user experience and efficiencies in content delivery.

Network Virtualization

Network Virtualization has made it possible for us to deploy different network functions on common hardware (servers), replacing the traditional model of network deployment with monolithic hardware (dedicated and expensive), for software-based functions that can be run on these common servers. The new technology has allowed for the creation of three new High Capacity Mobile Core sites in just one year, which means savings of CAPEX and OPEX. It also adds strength, efficiency and capacity to our network, increasing the capacity we had at the beginning of the year threefold, covering the needs of our customers and the explosive growth of mobile data.

In 2019 we will continue to modernize and evolve our network as an enabler of 5G, bringing technology closer and significantly improving our customers' experience.



Threefold

increase in network capacity through virtualization.



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 services. In 2018 the DIAGNOSIS tool was introduced to support fault diagnosis in DSLAM for NGN services.

Ethernet Access Network

For both core and access, the MPLS network has evolved to use gigabit Ethernet connections throughout the country to provide dedicated, high-availability voice and data services. Entel currently has around 915 PoPs in 311 districts.

In 2018, in terms of networks Metro Ethernet continued to enable coverage increases in MPLS ports and uplink extensions on nx10Gbps in the main cities, in order to support services in the Enterprises and Corporations nx1Gbps segment. Additionally, Carrier Ethernet Lite was released for wholesalers in areas that met the requirements to support Selective QinQ and Jumbo Frame base services. Internationally the MPLS data transport network was strengthened between Chile, Peru and the USA.

GPON Network

In 2018 we continued rolling out fiber optic network for the consumer segment (homes), reaching a total of 223,000 homes passed in the Metropolitan Region by December 2018, with significant penetration in triple play services (internet + television + phone services). In addition the GPON fiber optic network for customers in the Enterprise Segment had over 113,000 businesses passed, reinforcing coverage in dense residential and high business interest zones throughout the country.



Mobile Network

Mobile Spectrum

Entel Chile has the following bands for its service:



- **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 mobile phone and 3G data services.
- **1,900 MHz (2 blocks of 15+15 MHz)**, used to provide mobile phone and data services through 2G, 3G and LTE technology.
- **2,600 MHz (20 + 20 MHz)**, used to provide mobile data services with LTE technology.
- **3,500 MHz (2 blocks of 50 MHz)**, in 2018, 337 Massive MIMO base stations were commissioned to provide fixed wireless internet connection services.



2G/3G Mobile Network

These networks support voice and data services with GSM/GPRS/EDGE/UTM technologies. 2G has 4,184 points of presence, and 3G, 5,194 as at December 2018.

LTE Mobile Network

Continuing with the rollout of the fourth generation mobile network, in 2018 efforts have been focused mainly on coverage and capacity projects. Asa such, a total of 2,713 PoPs have been enabled. Meanwhile in the main cities of the country, carrier aggregation has been activated, optimizing the use of the spectrum, increasing the speed of traffic and releasing network resources more quickly, with a coverage of around 95%.

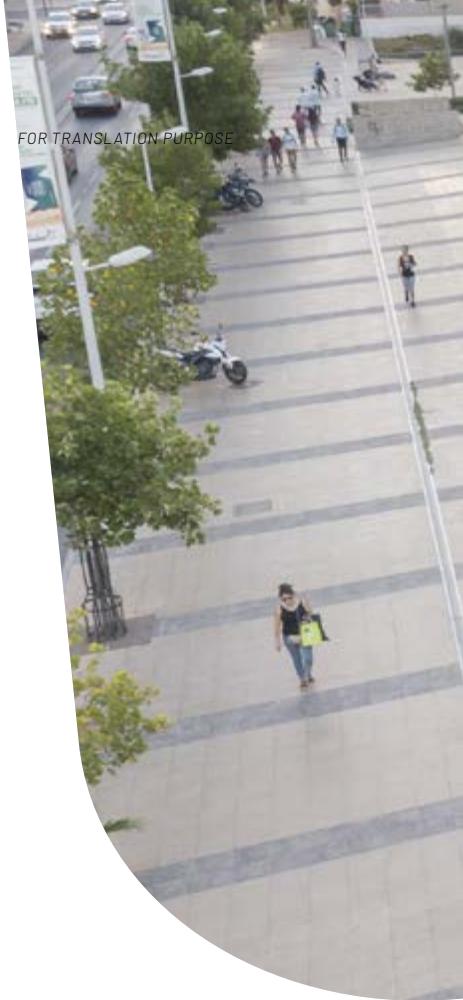
Data Centre Network

We have seven data centers interconnected through IP/MPLS/DWDM Fiber Optic networks. These are high availability and high capacity, named after their locations - Ciudad de los Valles. These data centers have 8,500 m² of fitted out floor space.

Our data centers are changing to telco cloud, where you can mount virtualized network functions on infrastructure, providing new network architecture and greater flexibility in the deployment of new

products. All this together with the activation of SDN, contributing to final customers in terms of interconnection with our datacenter.

From these centers, our company offers IT operation outsourcing services, from housing to more complex services. Data center services are designed for companies looking to maximize the availability of business-critical applications, improve security levels and the protection of critical information, and make considerable reductions in investment in infrastructure when compared to the levels an average customer would require to obtain an equivalent service with their own resources. All our data centers have redundant paths of fiber optic connectivity, meaning that should one of the routes be cut off, high-speed data traffic is kept going by the redundant path, ensuring operational continuity for our customers.



Infrastructure in Peru

The wireless network infrastructure of our company in Peru has various technologies and bands for delivering different types of fixed and mobile services, according to the needs of our customers, with levels of coverage on 2G/3G network over the 1,900 MHz band, with deployment in more than 3,600 sites nationwide; the 4G network, with deployment nationwide on the 1,700 - 2,100 MHz (AWS) and 700 MHz (APT) bands; and the use of the 2,300 MHz band to provide fixed broadband internet services. Regarding the trunked radio service, there is an IDEN network on the 800 MHz band. There 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.

In addition it has a 1,081 metropolitan fiber optic network in Lima, consisting of 21 rings connecting 142 mobile and fixed traffic aggregation nodes. In the provinces it has a total of 68km of optical fiber rings in Piura, Chiclayo, Trujillo and Arequipa that incorporate mobile and fixed traffic. Meanwhile 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 2018

- In 2018, deployment of the 4T6S solution for the LTE AWS network started, making possible a 97% improvement in capacity. It was the first rollout in Latin America, with seven hundred 4T6S sectors.
- The new Massive MIMO technology was installed, one of the first massive developments worldwide. This technology facilitates a big increase in capacity and makes use of the spectrum more efficient.
- Rollout of LTE Advanced Pro features such as 256QAM, 4x4 MIMO and Carrier Aggregation, improving speed and user experience on the mobile network.
- Following the path of the technological evolution of the core network, network functions were virtualized at its three nodes in Lima. This saw Entel's 4G mobile network recognized as the best in terms of speed, latency and availability in Peru, according to OpenSignal's August 2018 report.



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 11,860m² 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.

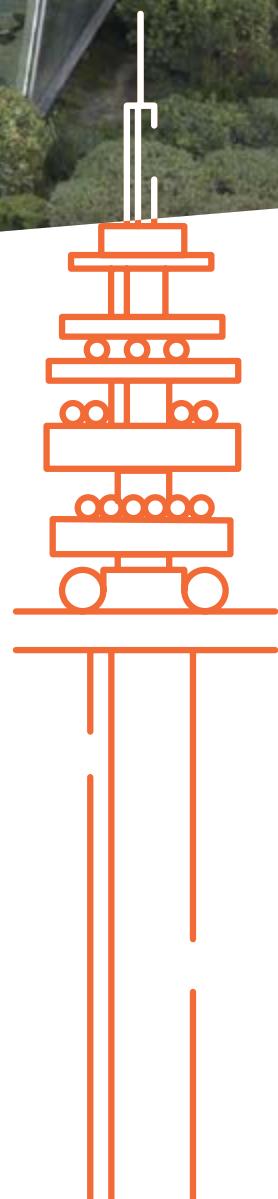
Corporate Buildings

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

- Tower C Titanium Park: 19,441m².
- Corporate Amunátegui, Entel Tower: 19,487m².
- Costanera: 7,513m².
- Regional Administrative Offices: 7,500 m² (approximate)

Owned Stores

To date, in Chile we have 11 owned stores located in different districts of the country. They add up to a total of 7,090m².



3

Chapter III **Business**



Industry

The Telecommunications Industry

The challenge of constant reinvention is part of the DNA of a global telecommunications industry that has seen exponential transformation. Two decades ago the mobile voice service sector's revenue came from voice and messaging services, while today, matters that previously seemed distant, such as artificial intelligence, are part of everyday life.

The global telecom consumer market will be worth more than USD 1,200 billion by the year 2022, according to international consultants Ovum, with most stemming from broadband, mobile data and pay TV. Penetration of these services is already high, which means that possible growth is relatively low. In fact a compound annual growth rate (CAGR) of 2% overall is expected over the next five years. By 2019, revenue growth in all regions will start to slow down and new revenue sources, in addition to higher efficiency and quality, will be the basis for the growth of the industry.

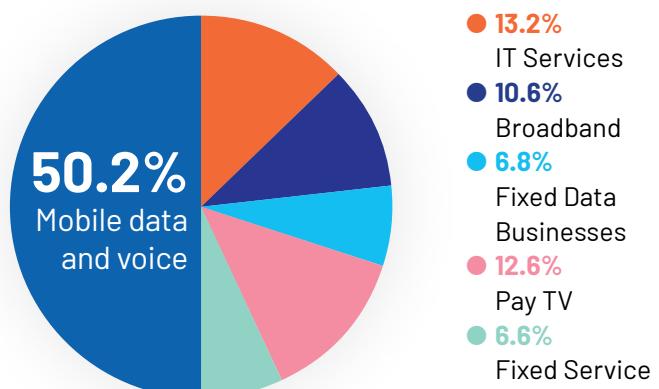
The high level of competitiveness and mobile penetration have also made the fixed industry more attractive, in search of new products and services for customers. For this reason, fixed-mobile convergence is a global issue in the sector.

The Industry in Chile

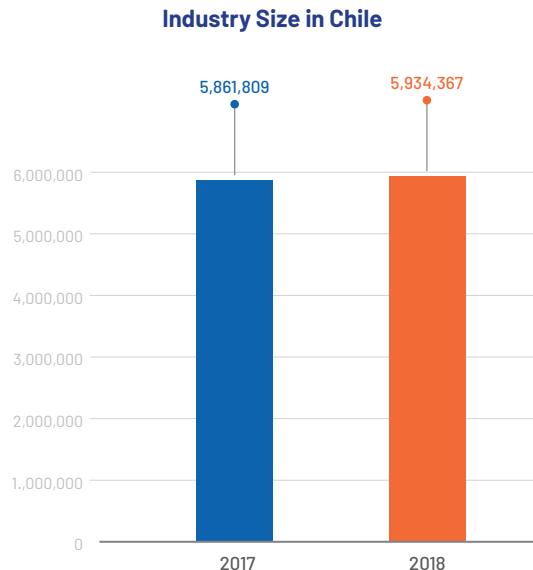
Gross revenues at the end of 2018 for the telecommunications and IT services industry in which our company participates in Chile - including services to individuals, companies and corporations - came to CLP5,934 billion, growth of 1.2%, driven by the mobile business, broadband and pay TV.

Entel's market share in 2018 was 24.1%, according to company estimates based on information published by industry players.

Revenue Share by Industry Segment (%)



Source: Entel figures based on IDC estimates, company reports.



Source: Entel figures based on IDC estimates, company reports.

Growth Drivers

It is expected that over the next three years, growth of the industry in Chile will be driven by IT services, mobile data and residential services such as pay TV and broadband, according to IDC. Meanwhile, as a consequence of new technologies and consumer trends, fixed and mobile voice services are projected to continue to decline.

Main Industry Players in Chile

The telecommunications industry in Chile consists of multiple actors competing to deliver different services to individuals, companies and institutions. The players include Entel and Movistar (Telefónica) taking around half the total revenue, followed by Claro (América Móvil), VTR (Global Liberty), WOM, and other smaller players. In terms of IT service providers, Sonda stands out.

The Industry in Peru

The Peruvian telecommunications and technology also participates in the global restructuring process, relating to changes in people's behavior and lifestyle. The demand for connectivity increases as more services and useful applications become available, while mobility is driven by new technologies that promote electronic commerce, mobile banking and the use of social networks for information, communication and entertainment.

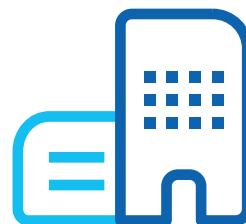
The industry is highly competitive, with Movistar, Claro, Entel, Bitel and Virgin as the main players in the mobile business. In the fixed business the competition is Telefónica, Telefónica Multimedia, Claro, Entel, Americatel and Bitel.

In 2018 there was a significant drop in mobile access charges in Peru (-67%), resulting in a 3% drop in industry revenues at the end of the year. Entel estimates revenue of USD 4.7 billion.

Industry in a State of Constant Transformation

The telecommunications and technology industry has never been so important to people. It is part of everyday life to carry out multiple activities through cellphones or devices connected to the telecommunications network, be it to communicate, express oneself, socialize, transfer money or buy and entertain. The world is increasingly digital and connected, making the telecommunications industry indispensable.

This would not be possible without the constant transformation of companies and their services, seeking to improve and expand their range for the customer.



Change in the Customer Service Channels

Over a short period of time the customer service and sales channels have become mostly digital and integrated. All this in line with the growing use of electronic commerce, through applications and virtual assistants as a touchpoint before face-to-face service, seeking to make liaising with customers more efficient, thus improving their experience.

The Digital Data Tsunami Continues

The growing trend in data consumption per user continued over 2018, putting pressure on operators globally not only in terms of capacity but also revenue/giga. There are now more than 4.3 billion people in the world who use the Internet, 9.1% more than in January 2018. The continuous increase in the penetration of smartphones, tariff reductions, the development of a digital ecosystem and the expected arrival of 5G, ensure that the use of data will continue to grow worldwide.

It is expected that the total traffic for global data for mobile and fixed networks will grow to 29% CAGR by the year 2023. This will be due particularly to the increase in mobile traffic (CAGR 41%) and the increase in video traffic, which is expected to go from 79% of total traffic to 85% by 2023, according to Ovum.

The increased data consumption has been pushed by the telecommunications industry through increases in data quotas in plans and alliances, with free streaming content services, known as OTTs (Over the Top).

Chile is no exception in terms of this trend. According to the Department of Telecommunications, mobile connections on 3G and 4G networks exceed 17 million, an increase of 6.6% between December 2017 and June 2018. The growth in traffic is the result of the increase in demand for consumer data to access content and services digitally, not only more frequently, but also in a more prolonged manner, wanting to be connected at all times.



Residential Services

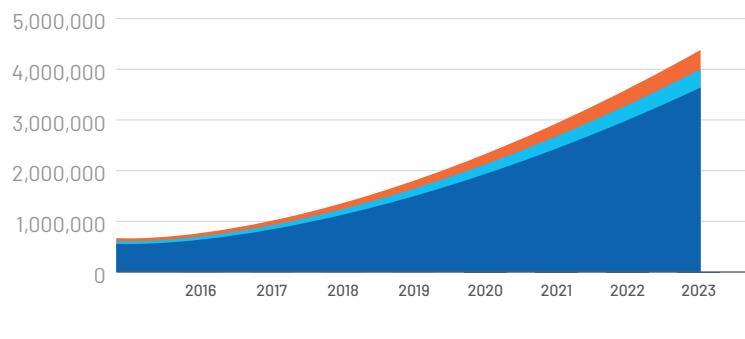
One of the ways to provide internet efficiently and with a high service level is through fixed wireless broadband, an excellent way to access places where wired technologies are not viable.

Meanwhile fiber optics has become the dominant wired technology worldwide for providing the best quality internet to homes. In Chile it represents 18% of fixed connections (as at September 2018). For our company this has been one of the points of growth since 2017, with a focus on delivering the best service, selectively rolling out fiber within the country.

Bundling services for the home, which includes phone services, internet and TV, has also been part of the restructuring. Consumers demand more original content, at any time, place and on any device. As such, with the arrival of disruptors such as Netflix that distribute content directly to the customer, packaged services have tended to replace pay TV with OTTs, allowing greater flexibility for the customer.

Operators have seen potential in these alliances through carrier billing. This is a method of paying for digital services through the mobile phone service operator, where the customer receives the payment on the monthly bill instead of paying for the service directly. More than 15% of online users pay through this method worldwide, according to Ovum.

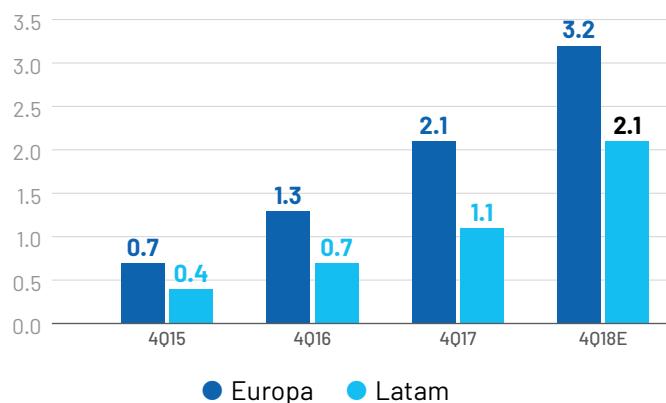
Annual global traffic according to service (PB/year)*



*Ovum, estimates 2019 to 2023.

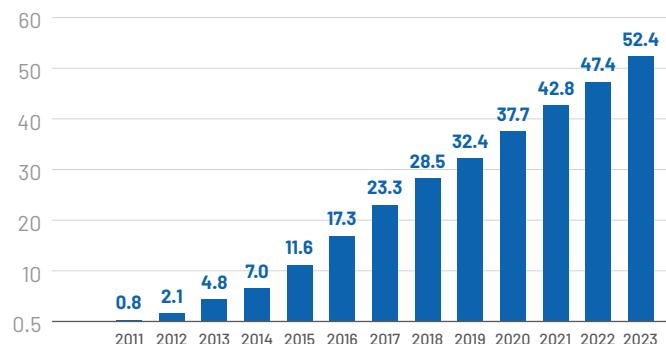
PB: Petabyte

GoU Post- and Prepaid by Region *(GB)



Internal Information. *Average of countries from regions.

OTT video subscriptions Latam (million)



Source: Ovum



Information Security

Given the increase in digital activity and the expansion of social networks, information security was a much discussed topic in 2018. In the European Union, the General Regulation on Data Protection is in force. It relates to the protection and processing of personal data, standardizing the respective laws in the member countries regarding the oversight and processing of personal information.

The security of information is an important issue, not only on a personal level. Cyber attacks against large companies and institutions are increasingly frequent and complex. The agencies susceptible to cyber attacks can no longer be satisfied with prevention - timely detection and response are essential. This has meant a bigger place for cybersecurity services, which are growing in terms of offering and revenue worldwide.

Our company has been offering "Entel Cyber Secure" since 2017. It is a portfolio of cybersecurity solutions and services for the protection, defense, risk management and regulatory compliance of ICT systems for companies, corporations and the government.

New Sales Models

Mobile phone services companies have recently changed their sales models, offering more and more sim only plans, i.e. without handsets as part of the plan. By separating the sale of the service from the acquisition of the handset, more competition is generated. Most operators currently offer state-of-the-art equipment and accessories (speakers, headphones, cases) as another line of business and source of revenue.

Reconfigured Work Teams

The world is currently focused on adopting new technologies, ongoing innovation and greater global competition, imposing new needs on companies in terms of reinvention and continuous adaptation capabilities.

This change requires new strengths from the workers, ongoing learning and the ability to adapt to a constantly changing environment. In addition employees are ever more digitally savvy, hyper-connected and technological. As such many organizations have opted for a new working model using agile methodology, our company being one of them.

New Technologies

The Internet of Things(IoT), artificial intelligence and big data analytics represent today's most important technologies, facilitating the creation of previously unthinkable products and services such as smart technology, machine learning and cloud computing. As such IT services and digital businesses have rapidly grown, with high expectations for the coming years.

Digital Economy

Connectivity is fundamental to the current economy, both between users and between user and device or even between devices (M2M). Digitalization builds on connectivity, growing in all sectors both private and public. Carrying out administrative procedures online or buying with your smartphone is no longer a cause for surprise.

Our company is part of the transformation with the Entel Ocean digital unit, created to provide high-end digital solutions and support customers in their digital transformation.

Internet of Things

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 covers a broad range, from smart homes or smart homes with security, lighting or heating sensors, to connected remote machinery or M2M(Machine to Machine), where two or more

machines share information in the form of data for their continuous operation, and very useful in the industrial field. In the near future, IoT is expected to generate smart cities.

Cloud and Big Data Analytics

The expansion of data centers and public clouds worldwide has fostered the outsourcing of data storage to companies, with access to them and remote work regardless of the circumstances. The workload is moving to the cloud, supported by services such as IaaS, PaaS and SaaS (Infrastructure, Platform, Software as a Service), which are already essential for large companies and corporations.

The digitalization of information, added to the increase in capacity and the lower cost of storing large amounts of data, has provided an opportunity to carry out large-scale data analysis, even in real time, facilitating the generation of contingent and useful knowledge for research and decision making. This is big data analytics, the use of huge amounts of information to carry out analysis, even in real time, modeling and even predicting data.



IoT, artificial intelligence and big data analytics are the most important technologies at present.



Artificial Intelligence

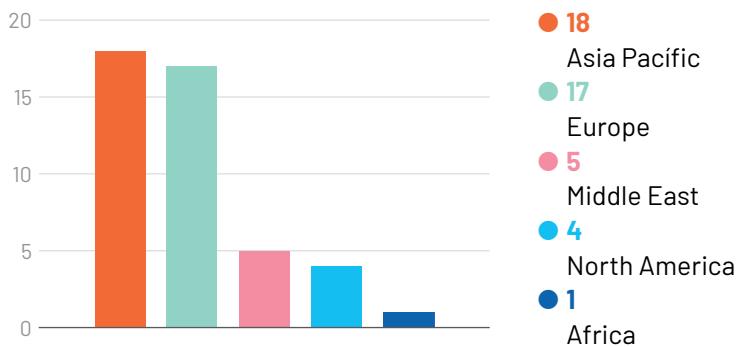
Artificial intelligence (AI) is already part of the daily life of many people, through interactions with digital assistants on smartphones and speakers for the home, online translation services, fraud detection systems, and more. Many consumers do not know that these services work through artificial intelligence, but this term is becoming increasingly familiar and it is expected that in 2019, interactions with AI and the benefits it generates will continue to grow, for example through initiatives in health, cybersecurity and self-driving cars.

5G Launch

The 5G launches began over the last months of 2018. United States suppliers started offering this service. In 2019 new tests and launches are expected.

5G technology allows a greater amount of data to be shared, faster and with a greater number of devices. This will improve mobile data traffic, delivering greater coverage and therefore better connectivity, with less latency. It will also enable innovations, improvements and popularization of IoT and streaming data, virtual reality and augmented reality, as well as benefits for B2B services (Business to Business). The new technology will be accompanied by new equipment that supports this technology and can capture its potential value.

Number 5G Launches Pledged per Region in 2019



*Ovum



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.

Public and intermediary telecommunications services that require spectrum and which for purely 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.

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. Only under these circumstances can tariffs be fixed for services and this is done in line with the terms and procedures set out in General Telecommunications Law.

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 telephone service
- Digital mobile public telephone service.



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



For these concessions, as appropriate, 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.

At Entel we carry out our business in accordance with telecommunications sector regulations, in all the aspects set out in the telecommunications law and its regulations.

Impact of Regulatory Changes

The regulatory changes being introduced by the authorities allow for new business opportunities to be created in the telecommunications industry.

However, diversification and the relative size of our company makes it possible to mitigate the consequences of possibly adverse or inadequate regulations, reducing the risk to the operation, its flow, and to creating value for its shareholders and contributing to the community.

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.

Residential Wireless Internet Project Launched

As part of Entel's technological evolution, in 2018 we launched a wireless residential internet project through LTE TDD Massive MIMO technology, which optimizes the use of frequency resources to deliver faster connection to homes. This is a pioneering project in the world, similar to what large operators in developed countries are implementing.

This project uses the a 3,500 MHz band, frequency on which we had previously provided connectivity services through WLL, and subsequently with WiMax technology.

After an official launch in Renca in February 2018, we started providing this service in communes with just one operator or with zero internet connectivity. Processing administrative authorizations started in September 2017 and continued into 2018, whilst we developed an attractive commercial offering for customers.

In the midst of rolling out infrastructure, and with new customers for this development, in June 2018 exempt resolution no. 1,289 was issued, through which the Department of Telecommunications established that i) New authorizations would not be granted, nor modifications to the concession, nor would works for telecommunications services operating on the band 3,400-3,800 MHz be signed off on; ii) operations of authorized services on the 3,400-3,800 MHz band would be suspended; iii) the services that were authorized on these bands should be provided in other frequency bands.

Entel Telefonía Local SA, in its capacity as concessionaire of these services, filed an appeal for protection against the measure.

Regulatory Changes

On October 3, 2018, an amendment to resolution no. 1,289 was issued, incorporating a new article through which "the effects of this resolution are excluded, in the case of Entel, for 50 MHz of the 100 MHz allocated on that band". On October 10, 2018, Entel Telefonía Local SA abandoned the application for protection. This withdrawal was accepted by the State Defense Council, representing the Department of Telecommunications, on October 12, 2018, and the Court of Appeals accepted the withdrawal on October 18, 2018.

Over the last months of 2018, the project regained its dynamism with nearly 500 sites pending authorization from the Department of Telecommunications and 310 already deployed. With a customer base of close to 60,000, the service is highly valued and in demand from thousands of Chileans, mainly from the C3, D and E social grades, who until now had poor, or no, internet connection.

Portability

In 2018, number porting in the mobile industry kept up its momentum, with our company, after the change of commercial offering in the last quarter of 2017 towards plans with unrestricted consumption and no quota, leading in net portability in the postpaid segment and sustaining better behavior in the prepaid net portability.

Terminal Regulation: Regarding the regulation on selling handsets, in 2018 modifications were still being implemented to allow mobile handset activation to be controlled by the network of concessionaires.

In previous years, a handset authorization process was applied, verifying their technological compatibility and frequency bands as well as their compatibility with the emergency alert system. This is done through a white list control system, which involves operators only providing services to handsets registered and/or approved in that registry. Additionally, in 2018 the temporary list was implemented which allows users of unregistered handsets to access the mobile service of any operator for 30 days. After that period, users must regularize their handset if their purpose is to use it in Chile. To this end, companies send three text message reminders to users over the grace period.

This addresses cases of foreign users using a local sim card just for a limited time (maximum 30 days), and local users who acquire their equipment abroad. Within this timeframe they must register their handset with the telecommunications operator they have been using or through certifiers authorized by the Department of Telecommunications.

Free Choice: In 2018 the regulation came into effect setting the terms and conditions guaranteeing free choice in procuring and receiving services in estates, buildings and co-owned properties. This norm was pending after the Free Choice of Telecommunications Services Act was enacted in 2015, which originated from a recommendation of the Competition Tribunal and received broad parliamentary approval.



Our residential wireless internet service is highly valued and demanded by our customers, who previously had no good options.



FOR TRANSLATION PURPOSE



In force since September 2018, the regulation details the processes, deadlines and requirements that must be met by both concessionaires and the developers of real estate projects. In the case of new projects, they must ensure that channels are included for different operators to provide telecommunications services. It also provides information on the process by which the administrators and owners of buildings and condominiums, as well as the concessionaires that already provide services here, will allow access of other operators, even retroactively for buildings and condominiums already built.

This new regulatory body has opened opportunities for the deployment of the fiber optic residential connectivity project that our company has been developing over the past two years.

Minimum Speed: Regarding the internet access service, the regulatory bodies necessary for the implementation of the Minimum Guaranteed Internet Speed Law approved in November 2017 are being prepared by the Department of Telecommunications.

In general terms this law establishes that the concessionary providing internet access service must guarantee a percentage of the average access speeds for time periods of greater and lesser congestion, with regard to national and international connections, wired and wireless; they must make available to users a system or application to measure these speeds and associated technical parameters; they must finance a technical and independent body responsible for service quality (speed) measurements and include information on average access speeds in contracts, advertising and commercial offers.



Approved Bills

In terms of legislation in 2018, the bills described below stand out.

Illegal Television Decoding: In October the Senate approved the bill that modifies the General Telecommunications Law to set out sanctions for the illegal decoding of limited television services. This initiative sanctions piracy in Chile through the use of decoders that do not have the rights to transmit pay-TV signals. By 2019 the enactment of complementary regulations and regulations is expected to see this new legislation put into practice.

New Faculties for Sernac: Law No 21.081 was also enacted, reforming the National Consumer Service (Sernac) and giving it new powers to protect consumer rights. This new law gives Sernac the power to oversee companies, who

will be obliged to respond to their demands. They will, for example, have the power to summon legal representatives, administrators, advisors and dependents. Sernac staff will be doubled to oversee, prosecute breaches and enforce the law, while increasing current fines up to six-fold.

Bills under Discussion

Emergency Calls: In 2018 the bill relating to calls to the emergency services was discussed, through which it is intended to control the improper use of communications with these services and for which concessionaires are required to provide more information.

Out-of-Service Cabling: A new bill was also discussed to regulate the out-of-service cabling of telecommunications operators, an initiative that seeks to improve the removal of this type of infrastructure when it is no longer in operation.

Mobile Telephone Services

Cybercrime: A cybercrime bill delivered in 2018 seeks to create new obligations for ISPs, such as the provisional preservation of computer data in response to requirements by the police, the delivery of information relating to the communications transmitted or received by the ISP, and the increase from one to two years of the storage period of IP addresses used by Entel users, as well as their traffic and address.

Personal Data Protection This year the bill presented by the government in 2017 that regulates the protection and processing of personal data and establishes the personal data protection agency was approved by the Senate, opening a period for recommendations. This bill proposes new rights and requirements regarding the processing of personal data and proposes the creation of a Data Protection Agency in charge of applying and overseeing the regulation.

Tariff Processes

Setting tariffs conforms to the process defined by the General Telecommunications Law, to establish benefits that are mainly granted on the interconnections.

In this respect the authorities are continuing with the policy initiated in 2014 to establish tariff decreases in services provided through interconnection, especially access charges for mobile and fixed concessionaires.

The current tariff decrees of Entel PCS Telecomunicaciones and the other mobile companies operating in Chile are valid until January 25, 2019. As such, at the end of 2017 the process to update the regulated figures for the 2019-2024 period of the mobile concessionaires began.

For this process, in July our company delivered its proposal and tariff study for the rates of regulated services.

In accordance with the process set out by the law and its regulations, on November 26 the Report on Objections and Counterpropositions was notified. This is the pronouncement made by the ministries on the tariff proposal made by the concessionaire, counterproposing a rate of access charges of CLP1.35 per minute.

To review the counterproposal of the authority, Entel requested an expert commission be set up which delivered its report at the end of December. As such, on December 26, 2018, the Modifications and Requests Report was sent, a document where our concessionaire incorporates the pertinent modifications or legitimately requests the figures presented in the Tariff Study, a report accompanied by the opinion of the Expert Commission.

With this information, the ministries issued the tariff decree establishing a rate of CLP1.8 per minute, which will apply for the five-year period 2019-2024 with respect to regulated mobile phone services.

This tariff decree is pending "toma de razón", or ex-ante control of legality, by the Comptroller's Office, where it will be reviewed, both formally and technically, to comply with the provisions of the law.

Fixed Voice Service

The tariffs for the concessionaire Entel Telefonía Local SA (EntelPhone) are determined for the five-year period 2016-2021, and the process of determining new rates will begin in 2020.

Meanwhile, tariff processes started for other fixed companies in 2017 (Netline, GTD Telesat, Claro Servicios Empresariales, Claro Communications, Fullcom), were finished in 2018. All these cases pointed to a drop in access charge rates compared to those in force in their last tariff decree.



Main issues looked at by the Competition Tribunal

Regarding the lawsuit filed by the National Corporation of Consumers and Users (Conadecus) over the contest for the allocation of spectrum in the 700 MHz band by Claro, Movistar and Entel, although this was rejected by the Competition Tribunal, the association filed a complaint at the Supreme Court.

In June, the Supreme Court revoked the ruling, stating: "i) That Movistar, Claro and Entel behaved in an anti-competitive manner when they were awarded blocks through the public tender of the 700 band, without respecting the 60 MHz limit; ii) That Movistar, Claro and Entel must divest themselves of the same amount of radioelectric spectrum that was acquired in the 700 band bid, leaving the alternative of selecting the band that will be divested; iii) Subtel must ensure the

timely and adequate compliance with what has been hereby ordered; iv) if Subtel considers it necessary to review the maximum limit of the radioelectric spectrum that each operator may have, it must initiate a consultative process at the Competition Tribunal. Failing this it must initiate the necessary procedures to adapt the established limit to the 60 Mhz parameters defined for each participating operator on the aforementioned radio spectrum.

In accordance with the foregoing, in early October Subtel filed a query at the Competition Tribunal which it identified as the National Spectrum Plan, which, among other things, seeks to modify the current maximum amount of radioelectric spectrum that each telecommunications company can have (modify the 60 MHz limit) and provides that compliance with the obligation to transfer spectrum ordered by the Competition Tribunal should not be immediate, but rather in the context of what is resolved in said consultation.

If, with the presentation of the query Subtel reports that the ruling of the Supreme Court is being complied with, the manner and opportunity for compliance is still under discussion through different legal appeals and proceedings in different jurisdictional offices.

In 2018 the Competition Tribunal rejected claims filed by Netline Mobile SA, OPS Ingeniería Limitada and Telecomunicaciones Max Limitada against Claro Chile SA, Entel PCS Telecomunicaciones SA and Telefónica Móviles Chile SA, finding that "the defendants would have been in compliance with their obligation to make available an offer for facilities and/or resale of plans for virtual mobile operators, based on general, uniform, objective and non-discriminatory criteria."

The plaintiffs filed a claim against these judgments in the Supreme Court. In 2018 this claim was resolved with the Supreme Court confirming the Competition Tribunal's judgment.



Main issues looked at by the National Economic Prosecutor's Office (FNE)

Finally, the FNE has initiated different research processes in which it has requested information from the telecommunications industry. Among the most important are the processes for requesting information and/or research, in areas such as contracts for national roaming and other services among network operators; information from content suppliers for the pay television service; and transfer of telecommunications networks, when it is necessary to develop a project to change the network in case of modification of the street layout.

AUTHORITIES

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.

Ministry of the Economy, Development and Tourism, and 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 Defense 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.

Corporate Image

In 2018, after generating a new company mission in-house, at we worked to refresh the brand and enhance our image with customers and other stakeholders, as a technology company that empowers people and contributes to the responsible transformation of society.

To this end we changed our tagline from "living better connected" to "your possibilities are endless" and worked on the new visual identity of Entel, adding digital codes and more vibrant and varied colors.

The reason for the change was both internal and external. Since 2010 we had hung on to the same image, as the company and services changed in line with the trends and needs of customers. And although we provide voice and data access of the highest quality, we have advanced rapidly in integrating technological solutions, where we not only have a role as distributors, but also as advisers, integrators and developers.

As a result we strengthened the identity of the organization with a renewed, coherent brand with which we want to maintain our value proposition.

Changing the brand has also been an opportunity to organize the tone and style of communication. Revamped communication platforms gives us consistency that builds brand and generates efficiencies in advertising investments. This has translated into intensifying the use of social networks and brief television commercials with more direct messages.

New Brand Identity



vivir mejor conectado



**Your possibilities
are endless**





FOR TRANSLATION PURPOSE

Corporate Information | Strategy

Our Business

Entel Peru |

Sustainability | Subsidiaries

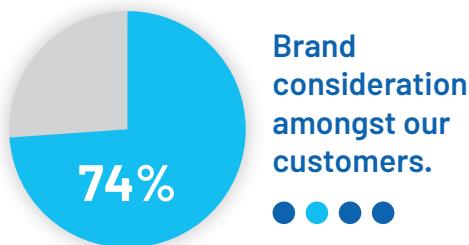
Results

We are progressively implementing digital marketing tools, which enable us to build more precise segmentation mechanisms from aggregate data, good for both communication efficiency and sales conversion support.

Top of Mind (TOM)

In a survey carried out by GFK Adimark in December 2018, we were the telecommunications company with the highest brand recall, with a TOM score of 33%, 11 points ahead of the second in the industry.

In terms of brand consideration, we scored 74% amongst our customers and 23% among non-customers, the best result in the industry against both benchmarks. We were also the preferred brand in the industry amongst customers and non-customers, with 22 points over the second favorite.



33%

Top of Mind We are the company with the highest brand recall in telecommunications

Events 2018

Entel's Santiago Marathon: massive sports event, started in 2007 to promote running and healthy living.

Formula E World Cup: we are involved in the international electric car race because we are interested in encouraging the use of clean energy and promoting the good use of technology.

Teatro Mori Regional Tour: initiative to decentralize culture through quality theater accessible to all audiences. In 2018 there were performances in La Serena, Valparaíso, Rancagua and Antofagasta.

Hecho en Casa Entel: important event for the brand, disseminating art in public spaces for free. It had a million attendees.

New Year's at the Entel Tower: a fireworks show, gifted to the city of Santiago by Entel for over a quarter of a century.

2018 Concerts

In partnership with DG Medios, we provided exclusive presale tickets for 15 concerts. More than 380,000 people attended Katy Perry, Phil Collins, Roger Waters and Shakira concerts, and others.

Awards

Bronze effie for advertising with Pre Power campaign, prepaid with unlimited data, in the digital category.

**We support activities
that contribute to
culture and recreation**



Market Segments

Consumer Segment

In 2018 the segment served 7,790,493 mobile customers with voice and data services. In residential, reaching almost 22,000 customers through fiber optic services (equivalent to 46,154 RGU) and more than 299,000 households with wireless services (equivalent to 406,350 RGU), providing voice and internet services, supplemented with satellite television.

MOBILE PHONE SERVICES (WITH OR WITHOUT DATA)

- Postpaid
- Prepaid
- International Roaming
- Mobile Internet (MBB)

CARRIER BILLING

- Netflix
- Spotify
- Google Play

HOGAR

- Fixed Phone Service
- Wireless Residential Internet
- Fiber Optic Internet
- Satellite and HD television

INTERNATIONAL LONG-DISTANCE CARRIER

- Fixed and Mobile.

EQUIPMENT AND ACCESSORIES

- Smartphones
- Speakers, headphones, tripods, etc.
- Entel Visa Card

Enterprise Segment

More than 125,000 companies of different sizes (micro, small, medium and large) are customers and are served through the Enterprise Segment.

MOBILE SOLUTIONS

- Multimedia Plans
- Mobile Broadband Plans
- Roaming
- International Long Distance

HANDSETS

- Sale of handsets.

FIXED SOLUTIONS

- Wireless Company
- Administered Local Network
- Dedicated Internet
- Fixed Phone Service and Internet
- Business Pack (1 and 2 lines)
- Virtual Platform (2 to 12 lines)
- Trunk IP (12 or more lines)
- International Long Distance
- Data
- Dedicated Server

TECHNOLOGICAL SOLUTIONS

- Cloud infrastructure.
 - Entel Secure Cloud
 - Azure Services
- Applications
 - Office 365
 - G Suite
 - MDM
 - FacturaNet
- Internet of things (IoT)
 - Fleet Management (GPS)
 - M2M Connections
- Data Center
 - Housing
 - Server Hosting

FOR TRANSLATION PURPOSE

Corporate Segment

Serving around 600 conglomerates with operations in Chile that require specific solutions, as well as public services of the state. Providing specialized needs both in the technological and service strata, with these to a large extent underpinning the strategic processes of their operations. Offering convergent solutions for mobile, fixed and digital services.

MOBILE SOLUTIONS

- Mobile voice and data services with consumption management and access to corporate systems
- Mobile Broadband
- International Roaming
- MDM (Mobile Device Management)
- Plans, handsets and accessories for employees, in addition to the corporate plan through an exclusive service channel for end users.

FIXED SOLUTIONS

- Data Networks
 - Private Mobile Networks Connectivity
 - Dedicated Internet
 - Dedicated Coverage
 - MPLS Private Networks
 - SD-WAN
 - Managed WiFi
- Network and Business Process Monitoring
 - Convergent Monitoring
- Fixed Phone Service
 - Voice and Collaboration
 - IP On Demand Services
 - Convergent Centrex
 - Videoconference.
 - UCaaS
- Public Phone Service
 - Local Phone Service
 - International Long Distance

- IT Solutions
 - Outsourcing
 - Housing
 - SAP Services
 - End User Services (EUS)
 - Technological Evolution
 - 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. This is the way we spark off the strategy for our platforms, which are:

- IoT Platform, Reef
- Analytics Platform, Kamal
- Cloud Platform, Entel Secure Cloud
- Contactability Platform, Touch
- MarketPlace Platform
- Cybersecurity with Entel Cyber-Secure
 - Endpoint Security Management
 - Cybersecurity Assessments
 - Smart Security
 - Cyber Intelligence Center
 - Protection Shield on the Cloud

Wholesale Segment

Providing rental for fixed and mobile network infrastructure and services to more than 65 national telecommunications operators, including Grupo Claro, Grupo Telefónica, GTD-Telsur Group, VTR, WOM, SILICA Networks, Internexa, and 100 international operators such as AT&T, Vodafone, Millicom, Century Link, Verizon, Cable & Wireless, Orange and Telxius.

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.
- More than 450 agreements with operators in 191 countries.

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 set of features. These include fiber optic and satellite data transport services, last fiber optic miles and IP transit services.

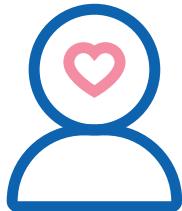
International Traffic

- Voice traffic termination services in Chile and worldwide.



Consumer Segment

For our consumer customers we seek to deliver an innovative package of distinctive quality for voice, mobile data and added value services. We also provide services for the home, including fixed and wireless internet, voice and television.



Mobile Services

In 2018 the industry in general saw a strong migration of prepaid customers to postpaid, due to the innovative and competitive offerings arising from lower tariffs and the higher use of data.

In this scenario, with signs of stabilization and maturity in the business we held on our leadership in the market, with almost 8 million mobile customers.

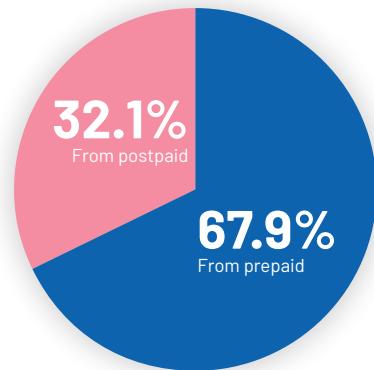
In 2018, the base of postpaid voice customer grew by 21.8%, reaching three million customers, representing 31.6% of the industry and 76.0% of the segment's mobile business revenue.

Net portability was positive for the postpaid business, with 213,237 customers, 32.19% coming from other players' postpaid customers and 67.9% prepaid.

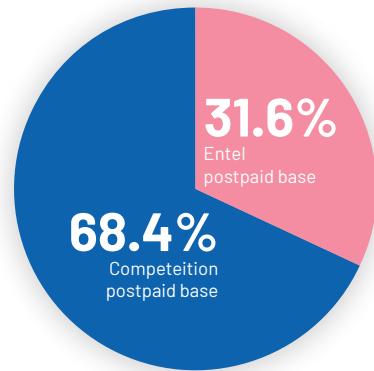
With almost eight million customers, we are holding on to leadership in the mobile business.



Net Portability - Postpaid Mobile Services



Postpaid Mobile Market Share



FOR TRANSLATION PURPOSE

Plans with unlimited voice and data connection launched in 2017 had a positive impact on these results, satisfying the growing need for mobile data, leveraged by the development and constant investment in the network and infrastructure enabling customers to be connected in areas where other companies have no coverage.

Revenue was impacted by lowering overage usage, which as a proportion of the fixed charge dropped from 9% in 2017 to no more than 3% in 2018. These changes, common to all companies in Chile, have caused the local industry to experience low revenue growth.

In our constant search to deliver better solutions for our customers, in 2018 we developed products for the family with discounts on the second line, aimed at strengthening loyalty.

Postpaid voice base grew by more than

528,000

customers in 2018.



Another innovation was to expand the possibilities of the mobile service through carrier billing, so that those customers who do not use a credit card or simply prefer to pay through our bill, access entertainment or information platforms such as Netflix, Google Play and Spotify.

Together with differentiating ourselves through our recognized network quality, the digitalization of contacts with our clients has made it possible to make interactions simpler and faster, with concrete results in customer satisfaction and efficiency in our processes (see distinctive experience chapter).

Although prepaid revenues have fallen across the industry, due to the migration of customers to postpaid plans, our share of revenues in this segment grew and remains at the top of the market with a 37% share.

This growth is due primarily to the quality of our service and the ease of topping up on the different digital platforms.

Our quality in terms of network and service open up interesting opportunities in fixed services, where we recently reached 4.1% of the market, but where we intend to grow, bring quality connection possibilities to all.



Residential Services

For the industry the fixed residential service is a mature business, in which voice services have given way to broadband. In this context, our entry position with 4.1% of the market opens up very important possibilities for our company due to the valued attributes of our brand, particularly in terms of quality and service.

Here, the ProCalidad Prize awarded to us in 2018 is significant as a fixed phone company has never before been awarded this prize.

The residential service through fiber optic, which includes broadband, fixed phone and television services, showed interesting growth in 2018, reaching 21,660 homes, of which 18,238 had been connected over the last year. The plans range from 200 to 400 megabytes and allow viewing content on different devices, as is the use trend today.

At the close of 2018 we had 223,000 households covered in Chile, to which the service can potentially be provided.

The wireless internet and satellite television services for the home serve a double purpose for the company. First, they help bridge the digital divide in Chile since, making it possible for us to reach customers from medium and low socioeconomic segments where there are no available services, or where supply is scarce. They also help inject greater dynamism into the fixed segment.

For this new service we saw growth of 3.5% in RGUs for wireless residential at the end of 2018, reaching almost 299,000 households with wireless service and 908,000 households covered throughout the country. This is a lower rate than what we had projected, due to the temporary freezing of the 3,500 MHz band for several months and the suspension of business deployment.

Taking both technologies into account, the households that can access these services come to 1.1 million, covering 24% of non-rural households in the country.

FOR TRANSLATION PURPOSE

Revenue

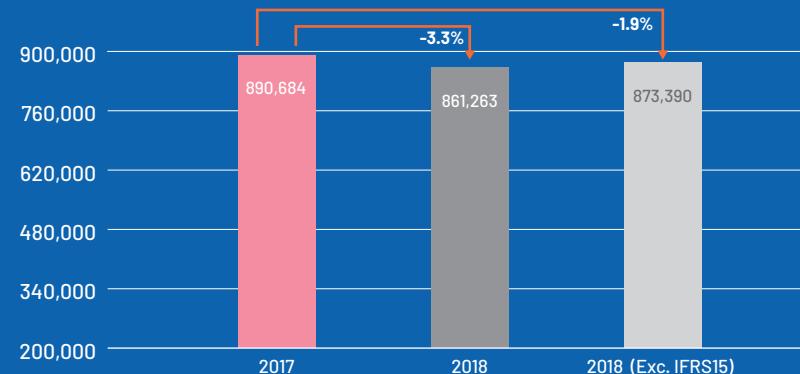
Total revenue for the consumer segment in 2018 totaled CLP861,263 million, down 3.3% on 2017. Without IFRS 15, revenues fell by 1.9%, which can be explained by lower revenue in the mobile business (-2.2%), partially offset by higher revenue in fixed services (+2.4%) driven by services in the household segment (+4.2%).

Revenue from mobile services fell due to lower revenue in monthly voice and data services, mostly in the prepaid segment, affected by the continuous migration of customers to the postpaid segment and less top-ups. In the postpaid segment there was also a fall in overage revenue, associated with the increase in data quotas and free voice minutes offer, due to an evolved commercial offering. This was partially offset by incremental increase in fixed charges, linked to an increase in the high-end customer base and revenues from access charges resulting from increased traffic.

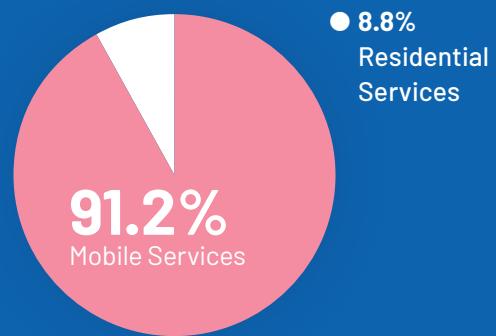
Revenue from handset sales increased 16.7%, driven by the postpaid segment, in line with the sales strategy of providing financing plans for devices, and partly offset by lower prepaid revenue.

Fixed service revenue grew due to higher revenue from Entel Hogar, due to an increase in internet and television services, partly offset by lower revenue from voice services due to increased disconnections. As of December 2018, Entel Hogar RGU hit 453,000, an increase of 2%.

Consumer Segment Revenue (CLP million)



Revenue by Service Breakdown (%)



Consumer Segment - Share of Total Revenue of Entel Chile



Enterprise Segment

At Entel we want to be the ones backing, inspiring and mobilizing Chilean companies in their processes of technological transformation, supporting their future challenges. In this segment we serve SME and large company customers (not corporations) with mobile, fixed and IT services.



Mobile Services

Mobile services for the Enterprise Segment show signs of maturity, with annual growth levels of lines close to 0.2%. Over the last year our company managed to capture a 42.7% share of mobile lines in the segment.

This is because we seek out the best approach for our customers, in line with their connectivity needs, diversifying the offering with plans with and without handsets. This is in addition to promoting new sources of revenue such as the consumerization proposal, innovations in roaming plans and mobile broadband plans.

Mobile services and handsets made up 69.8% of the revenue of the Enterprises Segment.

Fixed Services

In fixed services with access we are growing at a rate of 4.5% per year, based on our offering mainly over the GPON fiber optic network, enabling us to provide packaged internet services with voice service solutions, data networks and virtual PBX.

In 2018 we launched several services, adding layers of value on their fixed network access.

The Managed Local Network, launched in the second half of the year, is a product aimed at managing the in-house internet network and optimizes the use of the contracted infrastructure. Its main attributes include the fact that the system generates real-time reports on the operation of the network, allows oversight and prioritizing of inhouse use of the network, blocking or enabling sites and providing differentiated Wifi access.

Empresa Wireless is a solution aimed at small and medium businesses that need an intelligent wireless phone system that facilitates mobility within their facilities.

With the Virtual Platform, customers obtain a fixed voice solution, with a virtual telephone exchange and high-speed symmetric fiber optic internet that can connect several users in one or more branches at low cost, without the need to invest in equipment.

IT Services

IT services grew over 2018, up 5.1% on 2017, driven by collaboration, administration and cloud infrastructure solutions.

The Google suite and Microsoft Office 365 are the collaboration services offered. These include mail and applications that professionalize companies, giving them the tools to be connected from anywhere and on any device.

Management services such as MDM (Mobile Device Management) make it possible to manage company mobile devices from a platform, keeping information secure.

In 2018 we launched Entel Secure Cloud, a world class service with a hybrid cloud format, which complements services hosted in our own data center with services provided by third parties. With this solution, companies have backup, data processing and disaster recovery services.

Impact of Agile Methodology

Agile methodology has meant a change in our way of working, introducing tribes and cells where teams are empowered and develop solutions in the shortest possible time, depending on the dynamism of the market. This has brought us closer to customers from where we can respond to their needs and improve their experience.

Networked Enterprises

As well as providing technology, at Entel we care about supporting our customers with information, training and networking. Comunidad Empresa is a digital platform for SMEs, through which customers can access free courses, contact networks and virtual store. The SME Network is linked to the "Enterprises Community", a space provided by Entel but self-managed by participants to generate collaboration and do business with each other.

Gira Entel

In 2018 the Entel Empresas Tour, which has been running for eight years, attracted more than 3,000 people in Temuco, Puerto Varas, Iquique, Antofagasta, Viña del Mar, Concepción and Santiago. Customers invited for free were able to find out about trends in digital transformation presented by Jonas Kjellberg, co-creator of Skype; Julián Ugarte, founder of Socialab and founding partner of IF; and Felipe Ovalle, founder of Medialabs and director of OhMyGeek!

Digitalizados

The digitized campaign aimed to provide information and teach current and potential customers on how to leverage the digital tools in their business. For this campaign three different businesses were challenged by digital consultants to compete for a big prize in technological equipment, with a docu-reality format. The launch video had 6 million visits.

Revenue

Revenue from the Enterprise segment fell 4.2% compared to 2017. Without IFRS 15, revenue also decreases (-4.7%), linked to lower revenues in the mobile business (-7.9%) and partially offset by an increase in fixed revenue (+3.7%) and IT/digital services (+5.1). The decrease in mobile revenues can be explained by lower revenue from overage services and fixed charges, due to the increase in voice and data quotas together with an increase in SIM-only plans in the segment.

Mobile handset revenue increased 4.5% in 2018.

Fixed services increased, mainly due to packaged internet and voice services over the GPON fiber network, while revenue from IT/digital services also grew as a result of the increase in collaboration, administration and security services.

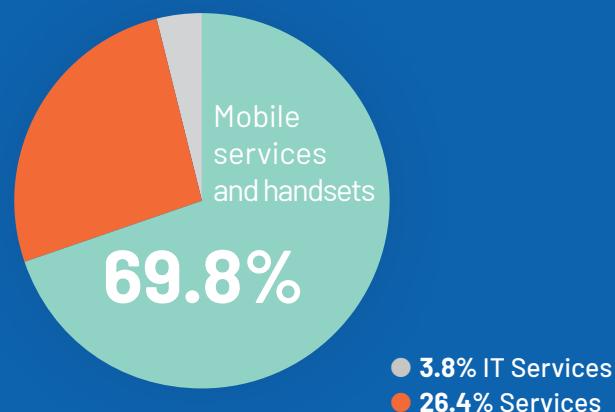
Enterprise Segment - Share of Total Services of Entel Chile



Enterprise Segment - Revenue (clp million)



Revenue Breakdown - Enterprise Services

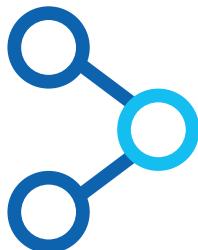


The Entel brand in the Enterprises Segment was first for Top of Mind at the end of 2018 with a 44% presence in this market, according to the BrandVivo study with GFK.



Corporate Segment

In the Corporate Segment we are strategic partners of our customers - the large companies and institutions of the country - helping them incorporate technological solutions with solid capabilities in order to develop highly complex projects that improve or contribute to the core of their activity.



As leaders in terms of preference in the corporate segment, we serve around 600 of the largest companies and public institutions in the country, with an offering that integrates mobile services, fixed network, and information technology (IT) and digital.

Mobile Services

In 2018 we continued as leaders with 47.9% of postpaid voice lines in the Corporate Segment, even though there was a decrease in the number of lines as a result of the decrease in the size of the organizations and budgetary adjustments that impacted on customer spending on tools and benefits for their employees.

However there has been a significant momentum in the sector, reflected in the tariffs and subsidies for handsets, which is why we continue to work on customer loyalty, focusing on the renewal of contracts, offering an improved deal on data, adapted to needs.

Our standing in the market is demonstrated by the new corporate customers that have chosen us, as well as the employees and families of our customers through Entel Conviene, a program that works in together with the wellness areas and has allowed us to deliver proposals to users within companies that set us apart.

In 2018, 7,000 new lines were enabled, benefiting the employees and families of our customers, enabling them to acquire lines, equipment and accessories at preferential prices through exclusive service channels and with a distinctive digital experience.

Fixed Services

In 2018 revenues were up 2.7% over the previous year, due to the renewal of important contracts and the development of new product portfolios for old and recent customers.

Amongst the fixed services for the corporate segment, our connectivity package is adjusted to the requests of companies to stay connected at all times, thanks to our company's robust infrastructure and solutions adapted to every need. These include SD-WAN service, convergent monitoring, private MPLS networks, dedicated internet, managed Wifi, private mobile network connectivity and dedicated coverage.

In terms of voice and collaboration, we offer solutions ranging from telephone exchanges and videoconferencing to integral solutions such as UcaaS, a product that aims to integrate the customer's communication alternatives in a single portal, such as voice, videoconferencing, file transfer and chat, including an option to install video terminals and integrate with their PABX IPs (telephone exchanges).

IT Services

The business of traditional IT services, including outsourcing and housing in our data center, SAP services, End User Services (EUS) and Entel Secure Cloud grew 3.3% without including the sale of PC and IT equipment.

Among the highlights were the allocation of housing spaces for new customers and the duplication of volumes of attention in the field. Also, a change was made in the cloud sales strategy, with Cloud First and "Pay as you Grow" agreements made with suppliers.



Most interconnected data center infrastructure in the country

8,500 m²

- of features ensuring high level service and different service level agreements according to customer needs.
- For housing and outsourcing

TIER IV

In 2018 phase 3 of Ciudad de los Valles was completed, and TIER IV certifications were awarded for "Design Documents and Constructed Facility", making us the first data center in Chile to obtain this certification.

5 data centers

In operation in Chile (Ciudad de los Valles, Amunátegui, Ñuñoa, Pedro de Valdivia, Longovilo)

+350

Total customers, including important banks and public institutions

35%

Intensive use of free cooling decreases the carbon footprint and water consumption.

+200

Customers are hosted in Ciudad de los Valles

25,000

servers hosted



The cybersecurity business grew 44.6%, driven by the sale of projects and technologies and more verticalization in critical infrastructures.



Digital Services

In 2018 our focus was on the development of digital businesses within the IT world - the fastest growing business within our segment.

The cybersecurity business grew 44.6% over the last year, due to intense activity focusing on the sale of projects and technologies and more verticalization in critical infrastructures. This unit has capacities installed in a Cyber Intelligence Center made up of a team specialized in the subject and experts in telecommunications and IT. The service consists of a consultancy that facilitates an understanding of the customer's level of exposure to risk and its critical assets, to establish a way to increase maturity in the organization.

With a unique value proposition based on Entel's infrastructure, in 2018 we launched Entel Ocean, a new digital unit created to provide high value solutions for B2B. This is geared to responding to each customer flexibly and securely through proposals tailored to their business, based on tools such as big data, analytics, cloud, artificial intelligence, internet of things (IoT), automation and predictive modeling.

FOR TRANSLATION PURPOSE



Zero Distance from Customers

In 2018 we created Zero Distance, a cross-cutting initiative anchored on our brand's new mission, which is about strengthening the relationship with customers in their digital restructuring process. This works with two converging views, starting by getting very close to the customer in order to get a 360 degree view of their business and capture the greatest number of business opportunities. The second aspect is related to co-creation through productive conversations that help establish the portfolio of services they will need and how to manage it.

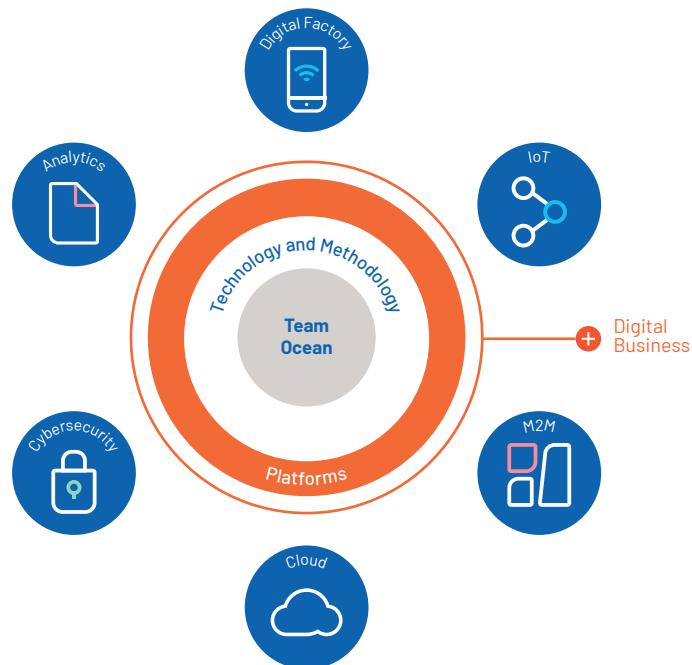
73%

average satisfaction in the mobile business.

68%

average satisfaction in the fixed business.

Business Vision, Enabling Technologies

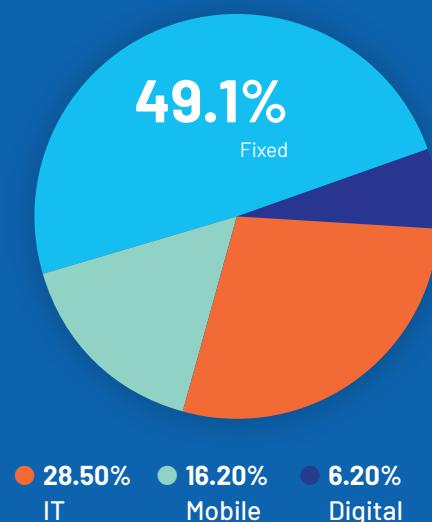


Revenue

The Corporate segment revenue fell 0.9% compared to 2017. Without the effect of IFRS 15, revenue fell by just 0.3% due to lower revenue in the mobile business (-12.6%) and in fixed services (-1.3%), this was partially offset by an increase in IT/digital revenue, up 8.6%. The decrease in mobile revenue can be explained by lower average 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.

Fixed service revenue decreased mainly due to lower revenue in local telephony services and traditional telecommunications services. Meanwhile revenue from IT/digital services increased, especially in traditional IT outsourcing and housing services and in Entel Secure Cloud, this coming with an important focus on developing digital businesses in which cybersecurity plays an important role.

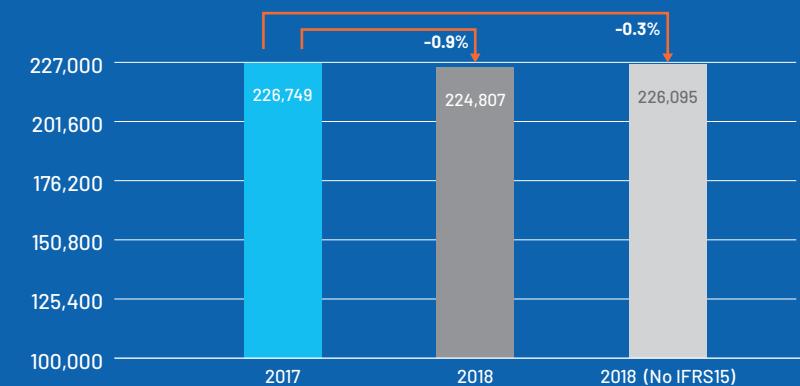
Breakdown of Revenue by service



Corporate Segment - Share of Total Revenue of Entel Chile



Corporate Segment - Revenue (CLP million)



FOR TRANSLATION PURPOSE



In 2018 our focus was on the development of digital businesses within the IT world - the fastest growing business within our segment.



Wholesale Segment

FOR TRANSLATION PURPOSE

The wholesale segment is a leading provider of networks and services for national and international operators, with wide national coverage, high service standards at competitive rates and cutting edge infrastructure. It generates partnerships that enable it to leverage the growth of its wholesale customers, as well as providing Entel customers with services of the best quality at competitive rates.

Services

- **International voice traffic business:** This consists of sending international calls from fixed and mobile phones through Entel's Carrier 123, to countries all over the world. Calls from abroad to Chile are also received, as well as calls in transit to third countries for which international carriers use Entel's infrastructure and commercial agreements.
- **Rental of fixed infrastructure:** last mile services for national and international operators that use the Entel network to access their customers and the transport network for fixed, mobile and ISP operators needing to interconnect different cities in the country.
- **The lease of mobile infrastructure:** installation services for antennas and equipment in Entel towers for other fixed, mobile and ISP operators.

191
countries with some
roaming service

74
countries with 4G



- **Lease of network to MVNOs:** 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 clients of these operators use the Entel network when visiting Chile.

Highlights 2018

- **Increase in coverage for the International Roaming Traveler Program:** the coverage of the program was 100 countries, up 56% on 2017. This brings countries covered, with the Entel roaming service to 191.
- **Significant increase in the coverage of enabled 4G roaming countries:** in 2018 there was a significant increase in the number of countries where roaming services with 4G technology is delivered, which by the end of 2018 meant 66% of our customers' data and internet traffic was on 4G networks.
- **Conditions of important satellite and international IP transport contracts were renegotiated favorably:** generating cost reductions that allowed us to continue providing services at very competitive prices and increase the number of users.
- **Reduced activity in network leasing services to mobile operators:** the termination of national roaming contracts in 2017 and the termination of operations of virtual mobile operators had an impact on revenue here.

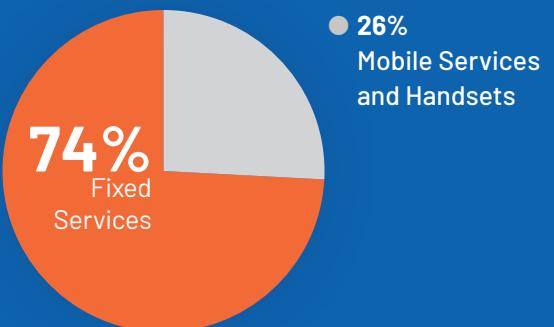
Revenue

Gross revenue from the Wholesale Segment was down 8.5% in 2018 as a result of a decrease in rental revenue from mobile infrastructure associated with national roaming and MVNO services, partially offset by an increase in the traffic business.

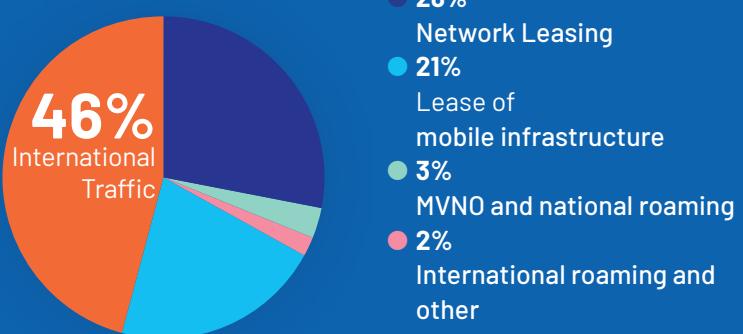
Wholesale Segment - Share of Total Services of Entel Chile



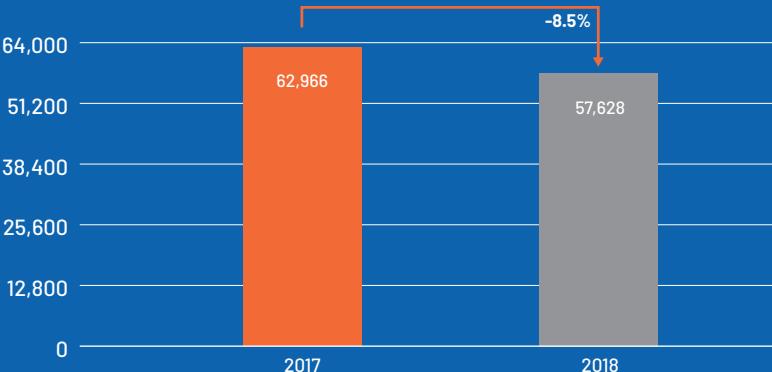
Wholesale Segment - Revenue by Service (%)



2018 revenue composition by operator type



Corporate Segment - Revenue (CLP million)





Chapter IV

Entel Peru

4

2018 was challenging and dynamic for Entel Peru, in our fourth year of operation in the country. With a competitive service offer and awards attesting to the quality of the brand's own service, our company substantially grew mobile customer numbers and continued establishing itself as a benchmark for digitalization in the enterprises segment.

With an investment of USD186.1 million over the last financial year, we speeded up on developing projects in order to leverage our growth.

As a result Entel Peru is the telecommunications industry company with the highest growth rate in Peru, and fifth in the world. The determining factors here have been high levels of brand recognition and preference, higher scale and a stepping up digital experience.

Mobile Services

In the competitive mobile services market, our company added 1.3 million customers in 2018 alone, bringing the total to 7.8 million. This represents 19.4% growth in the total mobile customer base, in which prepaid grew by 855,000 customers - 19.9% - and postpaid increased by 417,000, - 18.5% -.

For prepaid customers our product is attractive, based on unlimited minutes and apps as well as mechanisms to increase validity through packs. Transparency and clarity of the products was highly valued by customers. In addition, with the launch of the Chip S/.29 plan, customers had the benefits of a postpaid non-contract plan for 30 days, available for additional lines and portability. This initiative established a high-value prepaid

In our fourth year of operation we are the telecommunications company with the highest growth rate in Peru, and fifth in the world.



7.8
million
mobile customers.



19.8%
total subscriber base,
mobile sector.



positioning from the moment of the sale.

In the postpaid segment, in 2018 we stepped up the customer experience with novel, disruptive products for the market, due to a fresh look at our customer base and the implementation of protection tools and ARPU management using predictive models. In addition to launching plans with unlimited minutes to any operator, we extended the use of the WhatsApp Unlimited Roaming service and created loyalty mechanisms that include additional lines, telephones paid in installments and digital content platforms OTT (Netflix and music) through carrier billing.

As a result, 2018 saw us leading in prepaid and postpaid mobile portability according to Osiptel rankings and we went from a market share of 5.5%, inherited from the old brand, Nextel, to 19.8%.

Fixed Services

In the residential business, 2018 saw an important milestone in the shape of the 2,300 MHz network rollout, which is independent of the one used for mobile services and allowed us to grow with a powerful offering, tripling the previous year's. We started offering wireless fixed internet services with higher speeds and coverage, with self-installing devices in indoor formats, and a new range of installation services in outdoor mode.

By December, 454 points of presence were deployed, potentially covering 1 million homes in Lima. At year end 2018, the residential segment had 193,000 RGUs, up 39.3% on 2017. The improvements were driven by the fixed wireless internet service in Lima and in some regions.

The new offering was accompanied by the creation of new sales channels (door-to-door) and the improvement of customer care and retention processes.

Enterprise Segment

Over the course of the year we expanded our value proposition for these customers through digital tools such as geolocation, collaboration, automation and Internet of Things (IoT).

Corporate customers grew by 15.2% compared to the previous year, reaching more than 900,000 in 2018. This increase was strongly boosted by the small and medium-sized companies segment, with 56% growth, followed by sales to corporations with 33%.

Improvements in the customer service processes included implementing digital tools such as webs and apps, which make it possible to streamline processes and for customers to help themselves and be aware of the status of their requests. In terms of recommendations, we closed the year at 19%, three points above the target. Added to which, our brand Entel Enterprises climbed 4% in Top of Mind, making it leader in the industry with 46%.

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 pay attention to our customers' comments on social networks, allowing us to be attentive to their needs with timely, concrete offerings. As such, in 2018 overall satisfaction was at 71%, 12 points over the competition leader.

As a result, Best Customer Experience (BCX) awarded us first place in the telecommunications category for Ibero-America. The study looks at more than 50,000 consumers from 117 Latin American companies from different sectors, focusing on the brand, product and interaction with customers.



71%

overall customer satisfaction.



+900,000
enterprise customers.





Digital Transformation

The strengths of agile methodology are also generating results in our company in Peru. Innovations such as customer service via WhatsApp Business is evidence of this, and of our interest in attending to customers quickly and simply, giving them the freedom to choose the contact channel that best suits them, be it this app, web or social networks. At the end of the year, 93% of the transactions were carried out digitally.

The highlight of the year was the completion, in February, of prepaid digital transformation, gathering all customer service tools for the segment on a single platform. Due to the lessons learned in Chile, the project took just three months, with the intense participation of almost 100 business professionals, the IT

department and the restructuring team. The system was able to manage 250,000 new customers in the first six weeks and to migrate 5.9 million customers in two months, all with no major losses in terms of activation, top-ups, traffic and pricing.

This experience has allowed us to incorporate best practices throughout, design a simplified offering and improve the time-to-market of products and services for mobile prepaid customers. The new platform has an omnichannel approach and ensures that customers and customer service executives have a 360° perspective, with all the relevant information on one screen.



93%

of transactions were digital



Regulatory Framework

Spectrum

2018 was a year in which the sector's governing, the Ministry of Transport and Communications (MTC), took on a key role, particularly in a central issue for the industry: the radio spectrum. At the beginning of the year a new methodology was launched for the payment of the fee for using the spectrum for mobile services. This could be considered progress on the matter, as the per handset methodology was gradually being abandoned, working against expansion of the service. The impact of this change has been positive, notwithstanding the observations we made at the time to the MCT.

In the first half of the year, important news was given to the company, related to the radio spectrum, and in particular to the bands assigned to the Entel group in Peru. The National Frequency Allocation Plan was modified to: i) identify the bands available for Advanced Mobile Internet services (IMT or 4G), including the 700, 800, 1,700, 1,900, 2,300, 2,500 and 3,500MHz bands, ii) the allocation of the 800 band was changed, in that it can be used for providing all public telecommunications services in general and not only the core service; iii) the channeling of the 2,500 band was changed, which will enable Entel to make effective use of the band with FDD technology, once its change of location is arranged (reconfiguring); and iv) it was established that IMT bands would be assigned through public tender.

In August, the 800, 2,300, 2,500 and 3,500MHz bands were declared to be under reconfiguration, and in October a reconfiguring regulation was published, having started the process for the 2,300 and 2,500MHz bands in December 2018. While this reconfiguration may culminate

in the return of a part of the spectrum, it will enable the transfer of the 2,300 MHz spectrum to a single company of the Group, generating efficiencies that allow consolidation of the fixed internet offering, as well as using the 2,500MHz spectrum to provide mobile service

Portability

In 2017 and 2018, there were irregularities in portability that distorted the accumulated data of the industry. In response to this problem, the Supervisory Body for Private Investment in Telecommunications (Osiptel) modified the Numerical Portability Regulation for mobile and fixed phone services to speed up the company's procedure for change. The changes made by the regulator establish: i) one month as the minimum term for the subscriber to make use of the number porting, both for the first and for the following switch-overs, ii) more information for the procedure and iii) weekend switch-overs. The impact of this norm is positive, revealing portability figures on the one hand, and on the other facilitating portability for users on weekends.

IMEI Blocks

In September, Osiptel asked the operating companies to block all mobile phones relating to one million "invalid" IMEI codes, that is, those that do not meet the GSMA standard. To do this they had to send text messages to customers announcing the blocking of the handset and the suspension of the line until the device was delivered to the

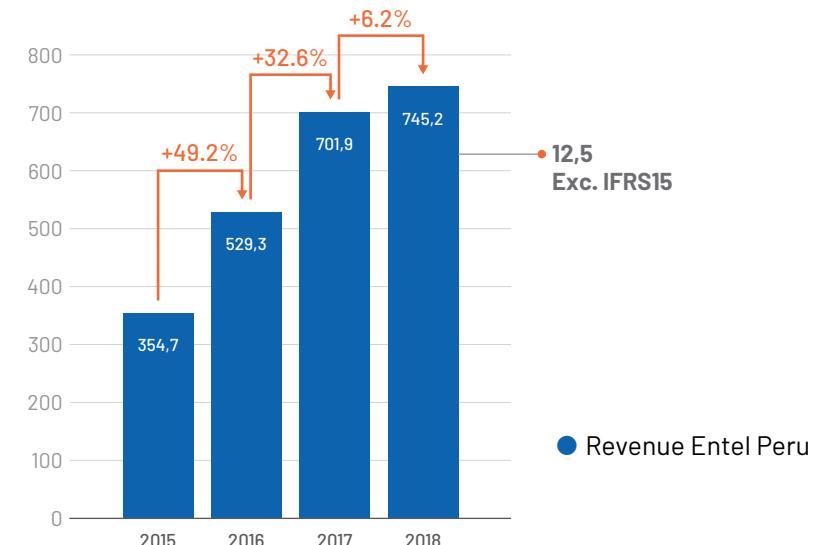
FOR TRANSLATION PURPOSE

operator. In response to the announcement, the Association for the Promotion of National Infrastructure declared that blocking cell phones with invalid IMEI would "affect the right of communication of people who have legally acquired their mobile handsets, as it has not been taken into account that some handsets were imported legally and sold as 'freed' in formal establishments". The Peruvian Association of Consumers and Users felt similarly, proposing "incremental blocking to reduce the risks to users who bought their equipment in good faith." The authority accepted these points of view and presented a gradual implementation schedule. These blocks are laid down in the current regulations, with suspension of service. However, given its impact it is expected that the rule will be modified and blockages will be applied gradually, without service suspension.

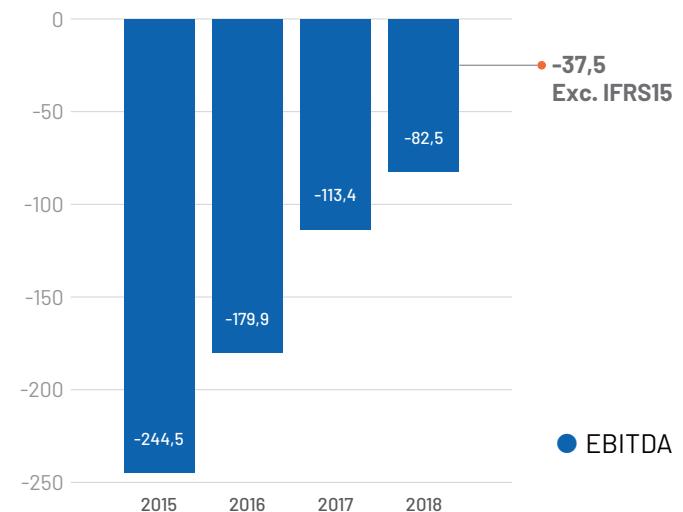
Revenue

Revenue from Entel Peru increased by 3.9% (in Peruvian soles + 6.2%), reporting \$489,053 million. Without the effect of IFRS 15, revenue increased 10.1%, registering \$518,161 million, despite the reduction in mobile termination rates, down 67%, effective at the end of January 2018. Revenue growth was mainly attributed to an increase in handset sale revenue, up 80%. Additionally, service revenue increased in line with the growth of the customer base, partly offset by lower interconnection revenue associated with reductions in access charges. Entel Hogar services increased by 77%, due to wireless fixed internet services and the increase in RGUs, up 58.7%.

Revenue Entel Peru (USD million)



EBITDA Entel Peru (USD million)



5

Chapter V

Sustainability



Sustainable Business Vision

The new mission of our company reflects the challenge we have taken on in the long term, as important actors in the digitalization of our environment and the generation of opportunities through the use of technology in daily life and business.

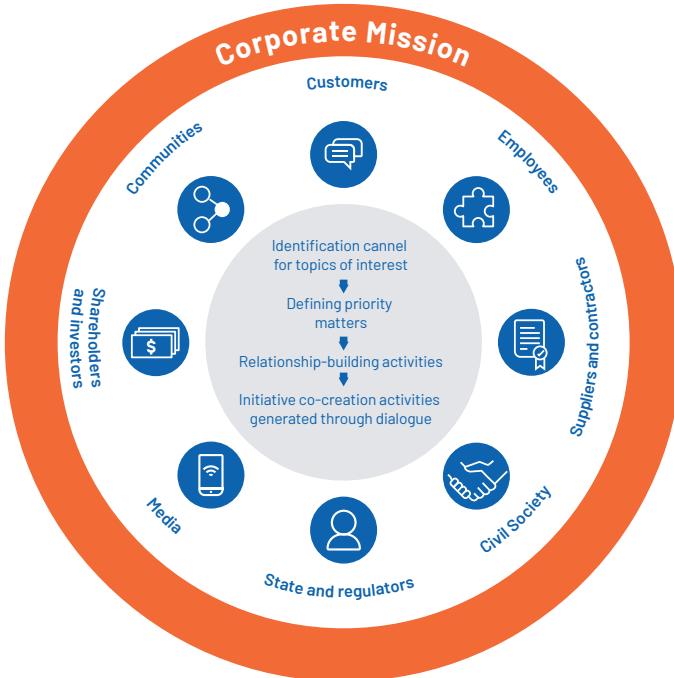
By saying that "we exist to draw on the infinite possibilities technology offers to responsibly transform society" we are taking on sustainability as part of our corporate ambition and a fundamental part of our business strategy.

After moving forward on a path that started with social responsibility initiatives and the development of shared value activities, since 2017 we have had a vision of sustainability that defines the cross-cutting nature of this approach throughout the organization, which is reflected in the sustainable agenda. This has allowed us to build a comprehensive view, through which we link the aims of the company with the expectations of the different stakeholders and the challenges that are being raised worldwide on these matters.

Integrating sustainability into the overall management of the company has allowed us to position ourselves and be measured through different accreditation agencies with national and international standards. With this, we have fostered aspects such as transparency and credibility, which is important for investors that carefully observe the behavior of companies.

Relationship-building with Stakeholders

At Entel we have established a relationship model with stakeholders that formally structures work and communication with all audiences that impact and are impacted on in some way by our operation. After first identifying and defining the different actors, we establish channels to deliver information and establish the topics that are relevant to them. These are prioritized according to the company's guidelines, and depending on their importance, relationship-building activities with stakeholders are established and even joint initiatives. Under this same model, objectives and frequency of liaisons are established, which facilitate effective monitoring of the entire process. The Regulatory and Corporate Affairs Department, through the Sustainability and Communities Department, heads the relationship-building and oversees the application of the model.



Creating Cross-Cutting Value

Through what we do, we seek to open multiple development and transformation possibilities for customers in the different markets in which we operate, as well as for the people and groups with whom we work: employees, contractors, suppliers, communities, authorities, social organizations, the media, and more.

Value Proposition	Consumer Segment	Enterprise Segment	Corporate Segment	Wholesale Segment
	We help people communicate and connect with other people, and benefit from the transformative force of technology	We help companies of all sizes to boost their business through technology and communication, taking them to unimagined limits.	We help large organizations of various kinds to access, in a safe and innovative way, specific communication and technology solutions to support the strategic processes of their operations.	We help different operators to access our extensive network of fixed and mobile infrastructure and scale up the possibilities of connectivity locally and internationally.

Employment and Employment Quality: 4,399 employees at Entel Chile | 11,206 jobs for contractors.

Training: 318,094 total training hours in Entel Chile.

Procurement of services and products: Nearly CLP 959 billion spent on suppliers

Investment in infrastructure and technology: USD 33.3 million on residential internet deployment on 3500 MHz band

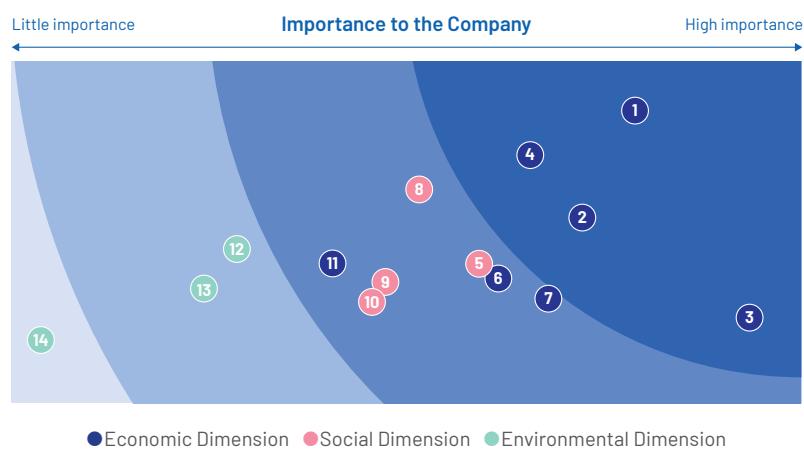
Caring for the Environment 370 tons of electronic recycling in Chile and Peru combined

Reduction of the digital divide and working with the community: 396 employees in corporate volunteer initiatives

Important Issues

Through a project to identify and prioritize the most important issues for the sustainable management of the business, which consisted of interviewing the company's top executives and consulting with the major stakeholders, we put together the following table to summarize the most important matters to work on.

Each of these relevant issues is discussed in detail in the Sustainability Report 2018. Below, we offer a brief summary of each chapter to help understand its importance and how it is dealt with in the company.



- 1. Information Security
- 2. Ethics and Corporate Responsibility
- 3. Digital Transformation
- 4. Safeguarding Privacy
- 5. Recruiting and Retaining Talent
- 6. Consumer Experience
- 7. Regulatory Changes in the Industry
- 8. Human and Labor Rights
- 9. Creating Social Value
- 10. Diversity and Labor Inclusion
- 11. Management of our Supply Chain
- 12. Products/services life cycle
- 13. Operational Eco-Efficiency
- 14. Climate Change

Cybersecurity and Data Protection

In an interconnected world in which human activity advances progressively towards digitalization, technology companies are responsible for the protection of information and the use it is given to generate new opportunities. At Entel we have been concerned with making cybersecurity a priority dimension of our operations, cutting across the company. We have a Cybersecurity Division responsible for identifying risks and implementing controls, supported by four subdivisions in charge of implementing a program that covers everything from architecture and engineering to culture and awareness. Those tasked with ensuring compliance with the policy and standards are 23 Business Information Officers (BISOs) deployed in each company department.

As an important enabler for multiple activities, the internet is also an arena where the rights of people should be protected. In Chile and Peru legislative advances have been made towards the incorporation and improvement of personal data protection. At Entel we use the best practices here, ensuring that personal customer information generated from interactions and digital activities is only used in an anonymous and aggregated form, protecting and maintaining the privacy of users through various systems and mechanisms.

Ethics and Corporate Responsibility

The sustainable development of countries requires the application of solid principles and sustained behaviors that contribute to moving towards goals common to humanity. In Chile and Peru, the perception of corruption has worsened in recent years, which is why it has become a task of the public and private spheres to install prevention and oversight systems for possible failures of integrity.

At Entel cross-cutting principles include a commitment to ethics and corporate responsibility, adherence to the rules of market conduct and respect for the rights of people. Our ethical management systems, particularly the Crime Prevention Model, make up one of the most important pillars for sustaining a healthy operation and managing risks associated with behaviors that could affect the operation of our business, ensuring cross-corporate integrity. Also, by being part of an essentially competitive industry, we strictly adherence to the rules and proper market behavior. Conflict must be resolved in accordance with the regulations, legislation and qualified authorities, always safeguarding good service and the healthy operation of our business. Commitment to fostering and protecting human rights is also part of our organizational culture; from good labor and union relations to recognizing and respecting diversity and inclusion. The Code of Ethics, based on these core commitments, defines the basis of all our actions.

Digital Transformation

The fourth industrial revolution or revolution 4.0 is generating profound changes in people's lives, in economies and society, on a global level. At

Entel we know we are part of these transformations and that our business will support these challenges, either as an enabler of environments for innovation, as a partner in large projects and initiatives, or as a player and architect of transformation.

At Entel we have worked on a process of structural transformation through the creation of specialized departments, tasked with generating policies and managing changes. We have also adopted new work dynamics using the agile methodology, the results of which are already being seen in new products and processes adapted to improving the customer experience. All this is based on the intensive use of new tools such as big data, analytics and artificial intelligence, both internally and externally. In terms of the latter, the creation of the Entel Ocean unit is one of the great milestones of 2018, opening business opportunities and contributing to the digitalization of companies and institutions.



**At Entel,
commitment to
ethics and corporate
responsibility cut
across the whole
company.**



Consumer Experience

The companies that offer access to technology have important challenges and responsibilities to consumers, because we move in strongly competitive arenas and serve increasingly demanding customers regarding the quality of services.

At our company we are investing in and making significant efforts with our digital transformation project, to digitize our processes and service channels in order to offer simpler and more decisive experiences to our customers.

In addition, we work every day towards constantly renewing our products, adapting ourselves agilely to needs that evolve and change at an ever faster rate. These changes cover all our segments: Consumer, Enterprises, Corporate and Wholesale, and involved all areas of the company.

Recruiting and Retaining Talent

Attracting and retaining talented people is a matter of great importance at Entel, because we are clear that our business will be underpinned by automation and artificial intelligence in combination with people of diverse and specialized ways of thinking, who participate in agile, innovative teams and are constantly updating their knowledge and skills.

The transformation process undergoing at our company is based on important changes in the management and coordination of people and teams. This ranges from incorporating artificial intelligence to the process of recruitment and selection, to capacity building through self-management, along with career development that encourages people to grow and contribute to the company, in line with their projects and values.

Diversity and Inclusion

Managing diversity and inclusion in the workplace is part of the current global agenda, as a result of becoming aware of various inequalities. The momentum for cultural change stems from specific laws and regulations and also seeing that diversity can contribute to the different business processes. At Entel, benefits can be seen in: recruiting and retaining talent; satisfaction and pride of belonging; improvement in creativity and innovation; and greater receptivity to the needs of customers.

For our company, diversity is part of an agile culture and an important element for generating the climate of security and belonging that we need to drive the challenges of the company towards the future. The unconditional commitment we have to the human rights of all employees, valuing the whole person without discrimination, is set out in our Code of Ethics and in the Application Manual. The true building of an effective culture in these matters is the responsibility of the Diversity and Inclusion Administration. Work is being carried out on developing our diversity and inclusion policy through a participatory process that will dictate the actions of all areas of the company in these matters. The main issues to be addressed will be: gender balance, disability and sexual diversity.

The focus on diversity and inclusion was determined by 450 participants from all walks of life, in five cities.



At Entel we know that our business is key in helping stakeholders achieve their digital transformation challenges.



Responsible Management of Suppliers

A country's economy prospers when there are healthy and beneficial relationships for the different actors, which includes both developing common opportunities, such as the outsourcing of services and the purchase of supplies. Being part of a supply chain, it is important to take care of each one's responsibilities and the possible risks that may arise. In this regard, developing collaborative relationships to establish good labor practices and quality standards is essential.

At Entel we have a grading system for all new service providers or suppliers of inputs. All Entel suppliers must adhere to our code of ethics and to the crime prevention model and cannot have conflicts of interest in their relationship with the company.

Due to the role of this chain in the development of smaller companies, regulatory changes have been made to encourage good practices such as the law of timely payment enacted in Chile in 2018. With 60% of suppliers being SMEs, at Entel we are aware of the impact we can have through our purchasing and contracting processes, and as such we observe every aspect of our activities in order to develop a responsible and constructive relationship with them. Since October 2012 we have had the Chilean Economy Ministry's Propyme seal, recognizing good work practices with this business segment.

Regulatory Changes

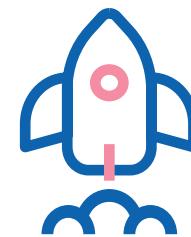
At Entel we carry out business adjusting to the telecommunications sector regulations in all matters set out in the laws in force both in Chile and in Peru. While highly regulated markets can face risks regarding changes that may arise, diversification and the relative size of our company allows us to mitigate the consequences of any adverse or inappropriate regulation, reducing the risks that could impact the operation, the flows, the creation of value for the shareholders and the contribution to the community.

Our plans for investment and any development or service expansion project will always be backed by the current regulations and be aimed at the responsible transformation of society - generating greater opportunities for access to communication and technology, looking for opportunities to create joint value and supporting the development of the sector with the best practices worldwide.

Creating Social Value

Among the numerous disparities that exist in the world, the digital divide has been deepening because it not only covers connection - now considered a basic service - but also inclusion in the economy and networked services. As such the digital divide persists for geographical, gender, socioeconomic, generational and cognitive reasons.

For several years at Entel we have worked to bring connection and technology to distant and vulnerable geographical areas, through wide-ranging initiatives such as Conectando Chile, which culminated in 2017, reaching 730 isolated communities. Currently, we are deploying



Since 2012 we have had the Chilean Economy Ministry's Propyme seal, recognizing good work practices with this business segment.



wireless internet networks to homes, aimed at segments with poor quality or no service.

The company has adopted an inclusive approach that encompasses all its stakeholders, from employees helping communities with their work and volunteering activities, to customers, suppliers and public-private collaboration initiatives. We carry our initiatives in different areas, such as learning sign language to assist people with hearing disabilities, or promoting the digitalization of SMEs through competitions and direct training.

Caring for the Environment

The technology industry has the important challenge of taking charge of environmental impact relating to the growing use of energy and the generation of electronic waste, given the increased demand for digital services worldwide.

Given the characteristics of the operation and its most significant impacts, our focus here is on energy efficiency of our network infrastructure and data center. On the network we carry out initiatives and establish savings goals to reduce consumption in fixed and mobile sites, whilst at our data center we monitor energy lost between the total energy consumed and that which actually reaches the IT equipment,

known as the power user effectiveness indicator or PUE. In 2018 a PUE of 1.76 was achieved, a slight decrease compared to 2017 and the more significant decreases in previous years, which indicates stabilization at the most advanced level.

At Entel we have been working on reducing waste through our merchandising and after sales chain since 2014. Our collection system in Chile includes 109 stores and 641 bins distributed in communes throughout the country for old cellphones and their batteries, chargers, earphones, landlines, modems and other electronic accessories. Instead of going to landfills, these objects enter a circular economy and revalorization cycle through a process that recovers minerals and other elements, used to produce a number of other articles.

In 2018 we recycled more than 370 tons overall and we will continue to manage the environmental impact of our products and services throughout their life cycles, in line with our commitments.



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Chapter VI Other Subsidiaries



Americatel

Over a very short space of time we are evolving to higher value-added services, administrated through customer self-management.



On the way to becoming a technology company backed by the best fixed and mobile connectivity is our subsidiary Americatel Peru, which in 2018 expanded its portfolio of company solutions through digital tools.

The businesses in which we operate has been changing as well as the make-up of the income generated by the company. In this way, long distance and wholesale services, while continuing to account for nearly 10% of revenues, have been falling due to the substitution of other means of communication through the internet.

The integrated business services of voice, data and internet, offered on both optical fiber and 4G technology, grew by 25% in 2018, while the IT business, including outsourcing (housing and hosting in our Lima data center) was up 8%.

Milestones 2018

- Entel Peru works to reinforce an integrated and convergent offering and boost business volume, making use of a broad, robust infrastructure.
- Development of products in IT solutions, based on the technological innovation work that Entel is carrying out in Chile, for rapid implementation in the Peruvian market.
- We announce that as of 2019 Americatel will be renamed Entel Empresas.



FOR TRANSLATION PURPOSE

Digital Business

In the midst of a change in business paradigms and the challenges that digitalization entails for companies, we have an integrated package of connectivity and IT services, focused mainly in Lima and growth in the provinces. Our work methodology allows us to offer value-added services that are flexible regarding the size and needs of customers and the demand, depending on the current stage.

With the support and development capacity of the Entel Group, we provide solutions such as Entel secure cloud, virtual data center and cybersecurity. We also enter the market with business intelligence, big data, analytics, IoT services, all supported on our cloud platform and designed to drive business, based on the analysis and use of data, with the support of the new Entel Ocean unit.

Over a very short space of time we are evolving from renting space for equipment to more value-added services, administered through customer self-management. Opportunities are opening as the adoption of technology no longer requires large investments by customers, because on platforms like cloud, billing is

proportional to use, which is being very well received in the market.

Networks

In 2018 we invested USD8.9 million, mainly on providing fiber optic clients with equipment to start operating the system, especially in terms of platforms and software.

Our services operate on three large fiber optic and satellite networks which are interconnected. A local network, with coverage throughout the city of Lima; a national network that covers Peru's 24 departments; and the global network with direct interconnection to the world's major operators. Our services even reach the Peruvian jungle, through a satellite connection.

For wireless solutions for fixed services we use the LTE network in conjunction with Entel, for voice and data connectivity.

77%

Customer Satisfaction

4%

market share

**Close to
5,000**

Customers



Entel Call Center

We advise and support our customers in restructuring channels through the digital explosion.



Our Call Center subsidiary, which provides services in Chile and Peru, aims to help transform user experience, integrating technology, processes and people, contributing to the development of businesses and society. The business has shown progress in the service channels, with a progressive decrease in telephone contacts and an increase in digital solutions and self-service.

The call centers and contacts industry is growing globally at rates close to 5%, showing a downward trend with regards to previous years. This is because although companies show willingness to invest in these services, they look for more efficient and simple spending solutions for digitized users, including social networks and apps.

From this perspective, at Entel Call Center we have taken on a role of advising our clients - companies and government institutions - on restructuring channels through the digital explosion to generate better experiences for their users.

Sixty-five percent of the revenue of our company comes from the services we provide within the

Entel Group, and 35% from external customers. The rapid transformation of the service models within the group, in search of greater efficiencies and better satisfaction indexes, impacted results with a fall in revenues in 2018, partially offset by the growth of external customers.



60%

net customer satisfaction, consolidating a growth trend over the last two years.

Milestones 2018

- 17% growth in customers outside the Entel Group: 18 new accounts over the year.
- Creation of two new divisions: Transformation and Digital Innovation, focused on incorporating new technologies (automation, artificial intelligence, new channels and channel integration) and Operational Excellence Management, aimed at improving the quality of customer service procedures.
- 60% net customer satisfaction, consolidating a growth trend over the last two years.

Services

- **Multichannel 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:** implementation 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.
- **Technological services:** Implementation of on-demand technology platforms.
- **Consulting service:** speech analytics on demand, quality audits and workforce management.

In summary, we operate sales and after sales channels, both traditional and digital, in line with the service model of the Entel Group that seeks to create simple experiences. These services are integrated into a single, centralized information structure that allows for the intelligent use of data. This is complemented by an end-to-end service through which we provide quality to the customer's value chain in their interactions with end users.

Support for Digital Transformation at Entel

Due to the importance of creating distinctive experiences within the Entel Group's business model, in 2018 our subsidiary Entel Call Center worked intensively to implement innovations and improvements in processes and automated customer care and eradicate friction, doing away with the need for customers to call or contact to find solutions.

One of the channels that saw the most changes was telephone sales, due to changes in sales strategies based on the use of data intelligence and digital channels.

Our Call Center uses traditional and digital sales and post sales channels to create simple experiences.



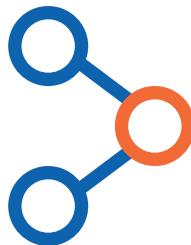
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Chapter VII

Results



The subsidiary Entel Peru almost reached the 8 million customer mark and hit EBITDA breakeven in the fourth quarter, not including the effect of IFRS 15.



Strong growth persists in Chile for high-end customers in the mobile market.

Chilean Market Context

In 2018, Chile's economic environment showed signs of recovery, even within an unstable global panorama caused in part by the trade war between the United States and China. The year closed with an estimated GDP growth of 4%, due to increased investments and an increase in domestic demand driven by consumption in households, boosted by spending on services and durable goods. Inflation was within the Central Bank's target range, closing the year with a rate of 2.6%. Meanwhile, the price of the dollar was up 13% at CLP694.77, compared to the same date for 2017.

In regulatory matters, two important events affected the telecommunications industry: the resolution issued by the Supreme Court, which accepted the appeal filed by the Na-

tional Corporation of Consumers and Users (Conadecus), establishing the divestment of equivalent spectrum awarded in the 700 MHz band tender and stating that where the Department of Telecommunications (Subtel) deems it necessary to review the maximum limit of the radioelectric spectrum that each operator may have, a consultative process must be initiated before the Competition Tribunal. Finally, the regulator opted to present a national spectral plan which is in a consultative phase. The second important matter was the freeze imposed by the Department of Telecommunications (Subtel) in June 2018 for use of the 3,400-3,800 MHz band for all operators using it. Subsequently, in October Subtel partially lifted the band, allowing 50% of the spectrum to be used, limited to fixed wireless services. Our company owns 100 MHz and can use 50 MHz to continue developing services to the residential segment. These facts imply a significant regulatory challenge in terms of providing the right signals to the industry to invest and continue expanding into new technologies in Latin America, being part of the country's development.

In 2018, the Department of Telecommunications started the mobile tariff process for the 2019-2024 period, cutting rates by 80% (down to CLP1.8), which will begin to take effect after the ex-ante control of legality is carried out by the Comptroller's Office.

The Industry in Chile

The telecommunications sector in Chile (including IT) showed moderate revenue growth of 1.2% compared to 2017, reaching CLP5.934 billion (Entel estimates), driven by growth in residential services revenues, up 3.5%, with residential broadband pre-eminent and, to a lesser extent, pay television. Residential services worldwide are being enhanced by broadband and OTT platform services, where content distributors are reaching the final consumer directly, signalling a restructuring process in the pay TV industry.

The fixed service revenue in the Enterprise segment in 2018 showed a slight decrease of 0.2%, including traditional telecommunications services (-0.6%) and IT and digital businesses (-0.1%). Meanwhile mobile services showed an increase of 1.8%, due to growth in handsets (owing to application of IFRS 15 impacting the recognition of mobile handset revenue). Service revenues were down, due to the increase in data and voice quotas in the plans. Data use continues to increase significantly.

Peruvian Market Context

Peru had an active year in political terms that affected all branches of government. In March, former President Pedro Pablo Kuczynski resigned and was replaced by current president Martín

Vizcarra. Over the course of 2018, estimated GDP grew 4.0%, with important fluctuations between quarters. These results were influenced by public and private investment and domestic demand, up from 1.4% in 2017 to 4.4% in 2018.

In terms of regulatory issues, reconfiguring the spectrum is noteworthy, involving both the Ministry of Transport and Communications (MTC) and the Supervisory Agency for Private Investment in Telecommunications (Osiptel). In 2018 a regulation was published establishing the conditions for the use of several bands, some of which may be used for future deployment on 5G.

The telecommunications sector in Peru was marked by strong competition and a significant drop in mobile access charges, down 67%, resulting in a 3% drop in industry revenues to December 2018.

The largest increases were seen in the mobile market with a 72% increase in handset revenue, due to lower subsidies at operator level, partially offset by lower service revenues, down 20%, in line with the reduction in mobile termination rates, the increase of data and voice quotas and the application of IFRS 15. Fixed services held their revenue, experiencing increases in broadband (+ 6%) and pay TV (+ 7%), partially offset by lower voice revenues (-10%).

At a global level, the telecommunications industry is undergoing a transformation process related to changes in people's behavior and lifestyle. We are seeing an increase in the demand for connectivity as countries become more and more digital. The need for mobility is also being driven by new technologies that are helping to change social practices, e.g. e-commerce,

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mobile banking and social networks. In the age of digitalization we see an opportunity for telecommunications companies to participate with new value propositions for connectivity and digital services.

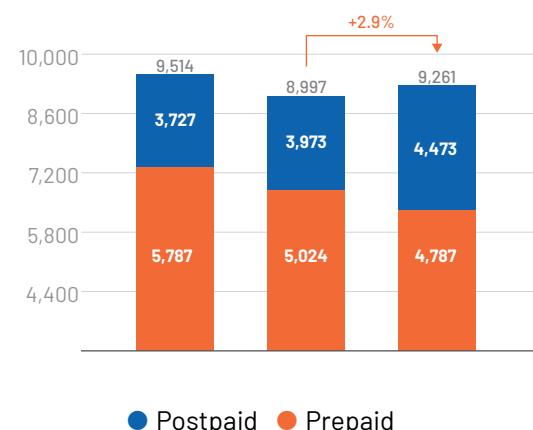
Strategy 2018

Keep up Share in Mature Markets

After a significant change in business dynamics, driven by the company as of August 2017, we held our market share and lead net postpaid portability over all industry players. The trend in the mobile industry in Chile shows a market with stable service revenue, with continuous migration of subscribers from prepaid to postpaid, more stable competitive intensity and a significant increase in data traffic. Performance of our customer base was positive, growing 2.9% compared to 2017. This was due to the postpaid voice segment, increasing year on year by 15.7%, due to attractive data offers and lower customer turnover, along with effective loyalty programs and increased digital interaction. The prepaid voice base was down 4.2%, but the total market share of top-ups saw an improvement.

Offers from the postpaid segment concentrated on attractive data plans, mobile handset financing, promotions for additional lines, together with important OTT associations (including Spotify, Netflix and Google Play). This, along with a wide range of accessories and insurance offers for mobile phones, which has become important in the value proposition. For the prepaid segment, the offering was complemented with digital services through "one-click top-ups", which translates into efficiency and high satisfaction levels.

Chile Mobile Total Customers (In Thousands)



Postpaid voice customers grew 15.7%



Growth in residential and enterprises fixed businesses

Today the company has strong network deployment to offer services in the residential segment. Currently, houses covered by wireless services number 908,000, available in 70 communes throughout Chile. The deployment of the fiber optic network continued in the high density areas of Santiago, reaching 223,000 homes available for sale at the end of the 2018.

Our Entel Hogar service registered 453,000 RGUs (Revenue Generating Units), an increase of 2.3% over 2017, including wireless and fiber optic connections. The low growth of RGUs is mainly due to delayed growth of wireless internet service to the home due to the freezing of the 3,500 MHz band in June 2018, which was partially lifted by the regulator during the fourth quarter of the year. Higher voice disconnections associated with lower sales of packaged services also played a role. The company has a competitive offering for wireless internet services (fiber optic) with speeds from 200 to 400 Mbps and for residential wireless internet service up to 30 Mbps with an outdoor antenna.

Fixed connectivity with access performed well for the enterprises segment in 2018, increasing revenues by 4.5% over the previous year. Progress here is mainly due to IP connectivity services, making greater use of the deployed GPON network and offering a range of new services. This is how innovations such as the "Managed Local Network" were launched on the market, a complete technological solution that simplifies the management of the local network from the cloud, and improved the scalability of services in order to flexibly integrate products such as dedicated internet and MPLS Data.

908,000

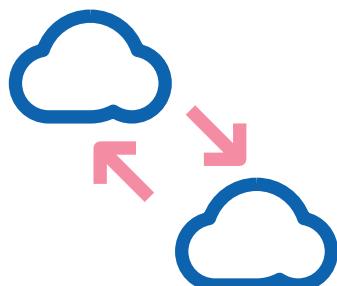
Wireless passed homes.

406,350

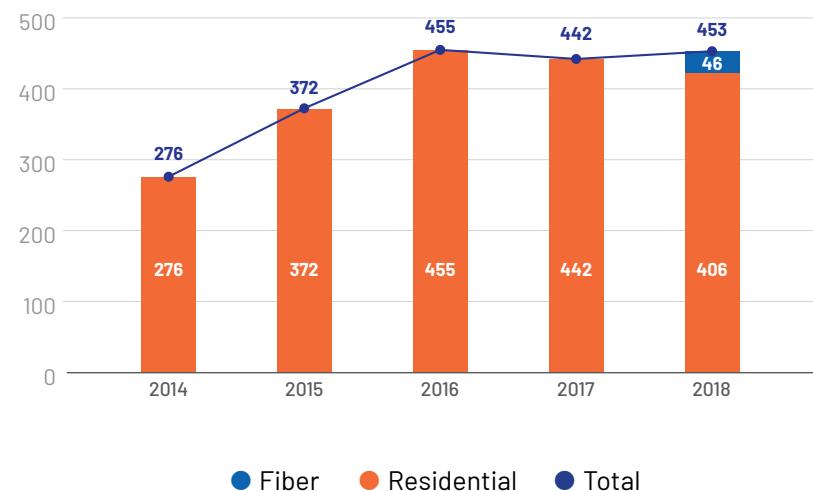
Wireless RGUs.

46,154

Fiber Optic RGUs



RGUs Postpaid Residential in Chile (in thousands)



Delivering a Different Connectivity Experience

As a benchmark operator in the region for the telecommunications industry, Entel provides a distinctive offer to our customers. The simple and unique service experience is built on each interaction with the company, in the delivery of simple solutions, the efficient execution of every procedure, and through personalized attention to customer requirements. The results of this is reflected in the different awards obtained in 2018: First place in satisfaction for mobile services in the postpaid segment, and second place for pay television services, according to the user satisfaction study carried out by the Department of Telecommunications (Subtel) (October, 2018). Our company was recognized by Procalidad in the fixed phone services category, as having the highest customer satisfaction in Chile. In addition we obtained first place for the seventh year in a row for "Best Customer Experience" in the telecommunications industry in Chile, and tied first with Entel Peru for Latin America.

In 2018 we launched a new brand identity, in order to connect with consumers. Today we are a company that brings together the infinite possibilities that technology provides to responsibly transform society, with scope in terms of access and transformation.

Important progress in Entel's digital transformation and ways of working associated with agile structures have facilitated improvements in interaction channels with customers, through digital media, where significant cost efficiencies have been implemented. At the end of 2018, 92% of the interactions in the consumer segment are digital and the rest are through stores and call centers. We are also making advances in performance, improving online sales and the segmentation of unique offers for each client.

Developing New Digital Businesses

In June 2018 we launched Entel Ocean, a unit that designs advanced solutions to speed up companies' digital restructuring. The solutions are based on the use of different platforms that facilitate flow analysis, as is the case of Kamal, a platform that uses cell antennas to analyze how clusters of people move throughout Chile and Peru, in order to make predictions of movement with artificial intelligence, profiling and origin-destination analysis. This makes it possible to facilitate urban planning, the opening of hospitals and engineering studies, to name a few. In the case of the Reef IoT platform, it is available to manage devices, networks, storage, fleet control, activation/deactivation of devices and OTA firmware updates. It also includes a unit for advanced analytics consultancies, which use data science to generate predictive models of

churn, demand, classification, automation, and more. By the end of 2018 the company had signed contracts with entities in the retail sector and public sector.

Growing and Consolidating the Peruvian Business

In Peru, the industry continued to be active, showing signs of stability in data promotions, limited tariff adjustments and decreases in subsidies for mobile handsets. Against this backdrop, Entel Perú continued expanding the customer base - up 19.4% - plus revenue, and improving margins, which contributed to reaching the EBITDA break even point in the fourth quarter, not counting the effect of IFRS 15. This was underpinned by high levels of brand recognition and preference, greater scale and a stepping up of the digital experience.

In the postpaid segment, growth came from high-end plans for data services and improvements in customer loyalty programs to better meet needs, including additional lines, phones with financing and attractive OTT digital content platforms (Netflix and music) through monthly invoicing.

For prepaid, valued customers were the focus of attention, with options that rewarded top-up stability. Over the course of the year there were welcome bonuses for ported customers and "Infla tu Yapa" top-ups that facilitate the purchase of data packs for a limited time, all services provided through digital platforms. We also offered a postpaid plan without a contract for 30 days (Prepaid Chip 29), available for additional lines and portability.



92%

of our interactions with customers in the consumer segment are through self-service channels.

Thus the total base of mobile customers increased 19.4% compared to 2017, with 7,814,806 subscribers. In postpaid (including BAM), the customer base grew by 18.5%, reaching 2,671,201. The prepaid segment (including BAM) had 5,143,605 customers, up 19.9% on the previous year. This saw us achieving an estimated mobile subscriber share of 19.8%, up 2.4% compared to 2017.

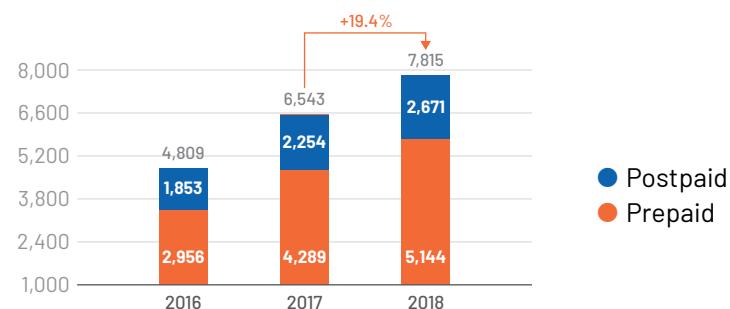
To meet the high potential of the residential market, the company is implementing wireless fixed internet services on the 2.3 GHz band, which enables higher speeds and coverage. By December, 454 points of presence were deployed, covering 1 million homes in Lima. At year end 2018, the residential segment had 193,000 RGUs, up 39.3% on 2017. The improvements were driven by the fixed wireless internet service in Lima and in some regions.



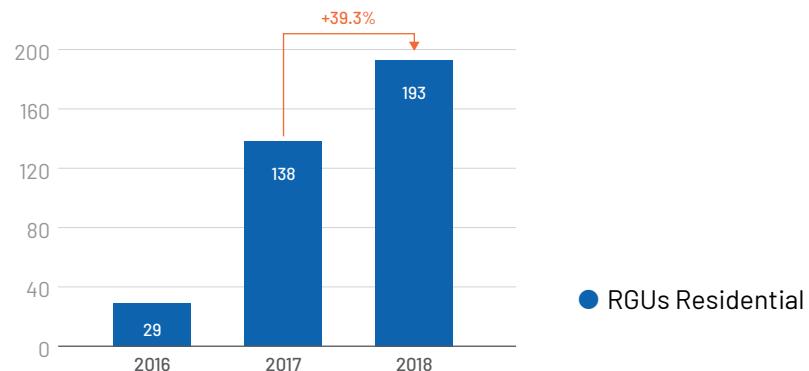
7,814,806
mobile customers in Peru.

19.4%
more growth than in 2017.

Total Mobile Customers in Peru



RGUs Entel Residential Peru (in thousands)



Financial Results 2018

On January 1, 2018, the company adopted the new accounting standard IFRS 15 for revenue recognition. The changes apply to contracts for bundled mobile contracts including handset and service revenues as well as sales commissions and bad debts linked to those contracts. The accounting change increases the recognition of revenue from handsets in advance and decreases revenue from services for the contract period, both net of provisions for bad debts. Sales commissions associated with mobile services are capitalized and amortized over the term of the contract. As a result, the deferred taxes relating to the above are recorded. For the initial adjustment, the modified retrospective method was applied (that is, bundled contracts of 18

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months prior to January 1, 2018) and an income of CLP100,780 million in retained earnings was recorded. Of this net amount, CLP140,842 million correspond to the anticipated EBITDA for the years 2018 - 2019. As such the 2017 and 2018 results are not comparable and are analyzed without effect of IFRS 15.

Our company obtained consolidated revenue of CLP1,922,960 million in 2018, down 1.6%

on 2017, due to the new revenue recognition method (IFRS 15). Discounting the effect of IFRS 15, consolidated revenues increased slightly (+ 0.5%), reaching CLP1,964,183 million. The upturn was mainly driven by higher revenue from Entel Peru, up 10.1%, and fixed services in Chile, up 3.7%, partly offset by lower revenue from mobile services and infrastructure in Chile, down 4.1%.

Consolidated Results (CLP million)					
	2018	2017	% Change	2018 (excl. IFRS 15)	% Change
Consolidated Revenue	1.922.960	1.955.171	-1.6%	1.964.183	0.5%
EBITDA	426.921	437.103	-2.3%	456.547	4.4%
Operational Profit	90.913	117.385	-22.6%	120.539	2.7%
Net Interest Expense	-75.821	-74.810	1.4%	-75.821	1.4%
Exchange rate and adjustment of units of account	-17.363	-16.574	4.8%	-17.363	4.8%
Pre-Tax Profit	-2.271	26.001		27.355	5.2%
Taxes	-21.343	17.409		-30.228	
Annual Profit	-23.614	43.410		-2.873	-106.6%
Operating Revenue (CLP million)					
Mobile Phone Services-Chile	1.001.678	1.050.382	-4.6%	1.013.793	-3.5%
Mobile Phone Services-Peru	472.958	457.018	3.5%	502.066	9.9%
Data Services (including IT)	196.426	188.921	4.0%	196.426	4.0%
Local Telephone Services (*)	52.845	57.244	-7.7%	52.845	-7.7%
Long Distance	10.464	12.367	-15.4%	10.464	-15.4%
Internet (**)	49.366	43.845	12.6%	49.366	12.6%
Services to Other Operators	34.621	43.425	-20.3%	34.621	-20.3%
Traffic Business	23.652	19.989	18.3%	23.652	18.3%
TV Service	36.521	33.161	10.1%	36.521	10.1%
Americatel Peru	20.448	23.710	-13.8%	20.448	-13.8%
Call Center Services and Other	14.195	13.007	9.1%	14.195	9.1%
Other Revenue	9.785	12.099	-19.1%	9.785	-19.1%
Total Operating Revenue	1.922.960	1.955.171	-1.6%	1.964.183	0.5%

(*) Includes traditional fixed line revenue, NGN-IP and trunk IP sections

(**) Includes revenue from Duo Empresas

Revenue Entel Peru

Revenue from Entel Peru increased by 3.9% (in Peruvian soles + 6.2%), reaching CLP489,053 million. Without the effect of IFRS 15, revenue increased 10.1%, registering \$518,161 million, despite the reduction in mobile termination rates (- 67%), effective at the end of January 2018. Revenue growth was mainly due to an increase in handset sale revenue, up 80%, linked to the accounting change and strong sales activity due to greater accessibility of financing plans for customers and sales of handsets through stores and digital platforms. Additionally, service revenue increased in line with the growth of the customer base, partly offset by lower interconnection revenue associated with reductions in mobile access charges. Entel residential services increased by 77%, due to wireless fixed internet services and the increase in RGUs, up 58.7%.

Revenue from fixed services with access and digital IT for the Corporate & SME Segment

Revenue from fixed connectivity for the enterprises and corporations segment totaled CLP268,070 million, up 3.3% on 2017. Growth stems mainly from higher revenues from IT services and digital solutions (+ 8.2%), associated with security and cloud services, while IP services, offered high-speed fiber optic infrastructure, increased 6.0%. Traditional telecommunications revenue derived from integrated data, voice and internet solutions through the MPLS infrastructure network, saw modest growth (+ 0.6%).

Residential Services Revenue

The income from Entel Hogar in Chile grew 4.2% over the year, totaling CLP69,058 million. This increase is due to growth in broadband services (+36.5%) and TV services (+14.6%), in line with the growth of fiber optic broad band RGUs (+42.1%) and Pay TV (+5.3%). ARPU grew 3.8% (CLP12,705) compared to year-end 2017, given higher sale of wired services over fiber optics. Voice revenues decreased 14.1% due to increased disconnections of wireless voice services.

Revenue - Mobile Services Chile

Revenue from mobile services in Chile decreased 4.6%, reaching CLP1,001,678 million. Without the effect of IFRS 15, revenue would have registered a fall of 3.5%, reaching \$ 1,013,793 million, as a result of lower service revenues, explained largely by a decrease in monthly revenue from voice and value added services in the prepaid segment, due to the ongoing migration of customers to the postpaid segment and lower ARPU registered for the period. Similarly, postpaid service revenue fell due to the drop in overage voice and data revenue, after the change pushed in the second half of 2017 and mobile broadband, partly offset by higher revenue in monthly fixed charges and access charges. Handset sales increased 14.3% in the postpaid segment, due to higher gross sales and stepping up attractive instalment plans for mobile handsets.

Wholesale, Call Center and Americatel Revenue

Regarding revenue from the Wholesale Segment services (infrastructure rental and wholesale sale to other companies), there was a decrease in 2018 as a result of a decrease in mobile infrastructure rental revenue, associated with national roaming services and Mobile Virtual Network Operators (MVNOs), partially offset by an increase in the traffic business.

Revenue from the Call Center subsidiary was split 65% from the services we provide within the Entel group, and 35% from services to external clients. Although revenue in 2018 decreased, partly due to the restructuring in the service models within the group, in search of greater efficiencies and better satisfaction rates, they were partially offset by the growth of external customers.

The Americatel Per subsidiary saw a fall in revenue (-14.0%) compared to 2017, closing at CLP20,448 million. This is related to lower revenue from the traffic and long distance business, due to lower traffic and rates in international services. This was offset in part by higher revenue from the enterprises segment in data center/IT services and integrated fiber optic voice and data services.

EBITDA

The consolidated EBITDA for 2018 was CLP426,921 million, down 2.3% on the previous year. Discounting the effect of IFRS 15, EBITDA increased by 4.4%, driven by lower losses in the mobile operation in Peru and partly offset by lower earnings in Chile.

Our Entel Peru subsidiary registered an EBITDA loss of CLP54,121 million, 28.8% better when compared to 2017's CLP75,998 million loss. Discounting the effect of IFRS 15, the recorded loss was CLP24,579 million, an improvement of CLP51,419 million compared to year-end 2017 (+ 67.7%). This improvement was driven by the expansion of the customer base and the efficiency plans implemented. Service margins grew due to customer revenue streams, a better balance of access charges and lower network transport costs. The acquisition cost was also down, due to lower subsidies for mobile handsets and less expenditure on sales commissions and advertising. Meanwhile administrative expenses increased mainly due to an increase in bad debt and billing expenses provisions, in line with the growth in revenue of mobile handsets in the postpaid segment and the expansion of the customer base.

In Chile, EBITDA was CLP481,042 million, down 6.2% on 2017. Discounting the effect of IFRS 15, EBITDA was CLP481,126 million, the decrease is mainly associated with lower margins in mobile service due to a fall in revenue in the prepaid segment and lower overage service revenue, partially offset by higher margins for handsets. The margins of infrastructure services also decreased, due to reduced leasing of mobile infrastructure. The performance of fixed services in the corporate and home segments showed growth.

For 2018, the consolidated operation generated an EBITDA margin of 22.2%, slightly lower than the 22.4% registered in 2017. Discounting the effect of IFRS 15 it came to 23.2%, up 1%.

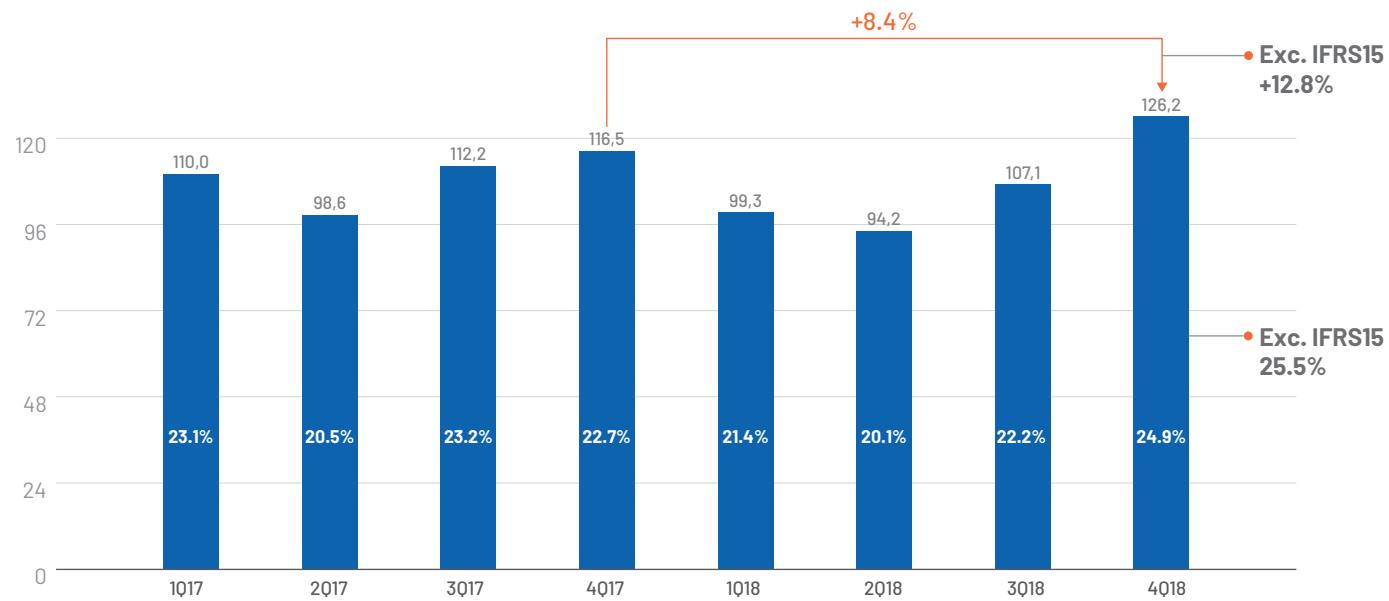
Through operational efficiencies such as enabling projects - digital transformation and agile methodology - the company has managed to maintain its margins in a competitive landscape, without compromising its leadership capacity or service quality.

It is important to highlight the improvement in EBITDA and the margins achieved by the company at a consolidated level in the third and fourth

quarters of the year, an upturn contributed to by operations in both Chile and Peru.

Consolidated operating income as at December 31, 2018 was CLP90,913 million, down 22.6% compared to year-end 2017. Discounting the effect of IFRS 15, operating income saw an increase of 2.7%, coming to CLP120,539 million, in line with lower losses in Entel Peru and offset by lower margins in Chile.

Entel Consolidated EBITDA (CLP million; with IFRS 15)



Non-Operating Income

Non-operating earnings showed a loss of CLP93,184 million, an increase compared to the loss of CLP91,384 million (+ 2.0%) at the end of 2017. This was mainly due to a higher readjustment for Unidades de Fomento (UF) of derivative instruments and bonds, higher interest expense due to an increase in Libor interest rates and lower interest earned due to a lower sustained average cash balance for the year. This was partially offset by the lower cost of currency hedging instruments and a better result in the valuation of financial derivative instruments (mark to market).

Annual Profit

The income tax for 2018 considers in Chile the increase in the corporate tax rate from 25.5% to 27.0% determined for that year. During the year analyzed, there was a charge for income tax of CLP\$ 21,343 million, which is compared with a credit in the year 2017 for CLP\$ 17,409 million, basically associated with a higher exchange rate (USD/CLP\$), generating a higher tax value of the investments abroad. At the end of the year, a loss of CLP\$ 23,614 million was recorded, compared to CLP\$ 43,410 of profit reported in 2017. Without effect of IFRS 15, a loss of CLP\$ 2,873 million was generated.

Investments

Investments in 2018 came to CLP432,021 million, up CLP45,010 million (+ 11.6%) compared to 2017. In Chile, this was mainly allocated to mobile and fixed infrastructure, data centers and support (63%), residential business (13%), to the Corporate & SME Segment (12%) and to the company's digital transformation project (10%). In Peru, investment went mainly to growing the network, residential business and to digital transformation.

Operating Cash Flow

The consolidated operation shows a decline in operating cash flow of CLP11,606 million, compared to a positive flow of CLP65,905 million at year-end 2017. The change was due to lower consolidated EBITDA, a greater use of resources that impacted working capital and an increase in investments.



Debt

As at December 31, 2018, gross financial debt had increased 14.1%, reaching CLP1,807.6 billion, as a result of a 13.0% increase in the CLP/USD exchange rate, which affects the debt in US dollars, together with higher inflation that impacts on the debt in Unidades de Fomento (UF) and a USD80 million loan granted by KFW Bank. Net debt (gross debt less cash and net balances of F/X hedging instruments, including mark-to-market) for the year came to CLP1,638.1 billion, an increase of 13.5% compared to the CLP1,443.2 billion recorded in 2017. The company's debt is fully hedged against changes in the exchange rate through derivative instruments, and 72% has a fixed interest rate.

On October 29, 2018, the Banco Estado loan for CLP99 billion, maturing in 2022, was extended. The new conditions were a variable rate (TAB rate) and annual margins. The new amortization schedule is CLP19.8 billion at its original maturity date in 2022 (TAB rate + 0.30%), CLP49.5 billion extended to 2023 (TAB rate + 0.45%) and the remaining CLP29.7 billion extended to 2024 (TAB rate + 0.62%).

On December 20, 2018, KFW IPEX Bank granted a loan of USD80 million, to be fully amortized in two equal installments of USD40 million each, payable in 2024 and 2025, with quarterly interest payments Libor based + 1.38% per year.

Due to the implementation of IFRS 15 and in line with the methodology in the bonds and loans agreements, the financial agreements were adapted to the accounting changes: for Net Financial Debt/EBITDA from 4.0 to 4.5x (less than) and EBITDA/Net interest expenses from 2.5 to 2.2x (higher than) until June 2020.

The higher net debt in force and lower EBITDA explain why, as of December 31, 2018, the Net Debt/EBITDA ratio increased from 3.3.x to 3.84x. At the end of 2018, a debt ratio (total liabilities over equity) of 1.9 times and a coverage ratio (EBITDA over net financial expenses) of 6.0 times. Regarding the debts maturity profile, the first important due date is in 2021, for USD150 million.

In March 2018, credit agencies Fitch and Standard & Poors downgraded Entel's credit rating from "BBB" to "BBB-" and raised the outlook from negative to stable. Moody's kept its BBB-ranking with a stable outlook.



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Annual Report

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Chapter I

Company Information





Articles of Incorporation

Entel Chile S.A. was incorporated as a corporation by public deed, issued before notary Jaime García Palazuelos in Santiago on August 31, 1964. The company and its articles of incorporation were approved by Supreme Decree No. 5,487, issued by the Ministry of the Treasury on December 30, 1964.

The relevant extract can be found on page 381, No. 191, and the aforementioned decree on page 384, N° 192, of the Santiago Trade Register, dated January 18, 1965, and published in the Official State Gazette on January 20, 1965. The company was declared legally established by Supreme Decree N° 1,088, issued by the Ministry of the Treasury on April 4, 1966.

The company statutes have subsequently undergone a number of modifications to ensure compliance with Decree Law No. 3,500 (1980) regarding the number and nationality of directors, the existence of alternative directors, increases in capital and expanding the areas in which the company operates.

Company Ownership

As at December 31, 2018, the capital stock of Empresa Nacional de Telecomunicaciones S.A. was distributed in 302,017,113 single-series shares, fully subscribed and paid-in by its 1,797 shareholders.

The 12 largest shareholders of Entel S.A. are listed in the table below, together with the size of their shareholding and its percentage.

	Name or Company Name	Shares on 12/31/2018	% Share
1	INV ALTEL LTDA	165,674.102	54.856%
2	BANCO DE CHILE POR CUENTA DE TERCEROS NO RESIDENTES	17,063.963	5.650%
3	AFP HABITAT S A	16,990.225	5.626%
4	BANCO ITAU CORPBANCA POR CTA DE INVERSIONISTAS EXTRANJEROS	16,436.760	5.442%
5	AFP PROVIDA S.A.	14,951.039	4.950%
6	BANCO SANTANDER POR CUENTA DE INV EXTRANJEROS	10,555.473	3.495%
7	AFP CUPRUM S A	9,568.603	3.168%
8	AFP CAPITAL S A	7,343.040	2.431%
9	AFP MODELO S.A.	4,217.087	1.396%
10	BANCHILE C DE B S A	2,905.563	0.962%
11	LARRAIN VIAL S A CORREDORA DE BOLSA	2,459.576	0.814%
12	AFP PLANVITAL S A	2,127.624	0.704%
Otros		31,724.058	10.504%
Total		302,017,113	100.00%

Information according to the Register of Shareholders as of December 31, 2018.

"The existence of other controlling shareholders outside the Controller does not appear in the background of the company."

Controllers

In compliance with General Regulation No. 30, Inversiones Altel Ltda., Tax ID 76.242.520-3, remains the controller of Entel without any change, and with 165,674,102 shares, representing a 54.856% stake in the Group. Inversiones Altel Ltda. is owned by Almendral Telecomunicaciones S.A., Tax ID 99.586.130-5, with a 99.9917% share and Almendral S.A., Tax ID 94,270,000-8, with a participation of 0.0083% and where Almendral Telecomunicaciones SA belongs 100% to Almendral SA. The natural and legal persons that form part of the Controlling Group, directly and indirectly, are the following:

Information according to the Register of Shareholders as of December 31, 2018.

TAX ID	SHAREHOLDER	SHARES	(%)
96.878.530-3	Inversiones Nilo S.A. (*)	1,235,926,704	6.86%
96.895.660-4	Inversiones El Rauli S.A.	946,366,424	5.25%
96.969.110-8	Forestal Cañada S.A.	774,109,283	4.30%
79.770.520-9	Forestal y Pesquera Copahue S.A.	606,020,425	3.36%
96.800.810-2	Inmobiliaria Canigue S. A.	388,766,998	2.16%
90.412.000-6	Minera Valparaíso S.A.	384,296,690	2.13%
96.791.310-3	Inmobiliaria Teatinos S. A.	288,164,056	1.60%
95.980.000-6	Forestal O'Higgins S. A.	505,349,730	2.80%
81.358.600-2	Cominco S.A.	206,601,992	1.15%
96.878.540-0	Inversiones Orinoco S. A.	192,109,370	1.07%
81.280.300-K	Viecal S.A.	126,871,904	0.70%
79.621.850-9	Forestal Cominco S.A.	104,994,454	0.58%
77.320.330-K	Inversiones Coillanca Limitada	67,401,166	0.37%
96.656.410-5	Bice Vida Compañía de Seguros	29,195,853	0.16%
4.333.299-6	Patricia Matte Larraín	6,462,746	0.04%
6.598.728-7	Bernardo Matte Larraín (*)	4,974,342	0.03%
4.436.502-2	Eliodoro Matte Larraín (*)	4,920,302	0.03%
Grupo Matte (17)		5,872,532,439	32.59%
77.302.620-3	Inversiones Teval S.A.	1,738,677,957	9.65%
77.677.870-2	Inversiones Los Almendros Limitada	421,239,288	2.34%
76.086.315-8	Inversiones C R Limitada	8,912,851	0.05%
Grupo Fernández León (3)		2,168,830,096	12.04%
96.950.580-0	Inversiones Huillard S.A.	1,526,191,700	8.47%
89.979.600-4	Inversiones Paso Nevado Ltda.	349,685,252	1.94%
96.502.590-1	Inversiones Metropolitana Ltda	65,399,151	0.36%
Grupo Hurtado Vicuña (3)		1,941,276,103	10.77%

Información según el Registro de Accionistas al 31 de diciembre de 2018

TAX ID	SHAREHOLDER	SHARES	(%)
79.619.200-3	Consorcio Financiero S.A. (*)	912.212.094	5.06%
99.012.000-5	Cía. De Seguros de Vida Consorcio	734.924.284	4.08%
96.579.280-5	CN Life Compañía de Seg. De Vida S. A.	102.431.278	0.57%
	Grupo Consorcio (3)	1.749.567.656	9.71%
85.127.400-6	Inmobiliaria Escorial Ltda.	464.431.708	2.58%
76.503.333-0	Inversiones Rapel Ltda.	141.221.944	0.78%
79.737.090-8	Andromeda Inversiones Ltda.	136.633.769	0.76%
78.136.230-1	Santa Rosario de Inversiones Ltda.	85.463.040	0.47%
79.942.850-4	Inversiones El Manzano Ltda.	82.360.247	0.46%
79.934.710-5	Inversiones Marchigue Ltda. (*)	56.177.702	0.31%
77.740.800-3	Inversiones La Estancia Ltda.	45.226.047	0.25%
79.933.390-2	Andacollo de Inversiones Ltda.	38.996.296	0.22%
77.174.230-0	Inversiones Los Cervos Ltda. (*)	5.936.539	0.03%
96.932.040-1	Los Boldos	4.170.190	0.02%
79.966.130-6	Inmobiliaria e Inversiones Santa Sofia Ltda	4.110.485	0.02%
76.452.873-5	Soc. Colectiva Civil Inversiones Los Robles (*)	357.537.311	1.98%
78.130.310-0	Andaluza Sociedad de Inversiones Limitada	4.099.022	0.02%
76.073.008-4	La Esperanza S. A.	4.099.022	0.02%
4.431.346-4	Valdes Covarrubias Maria Teresa	3.299.023	0.02%
96.928.240-2	Santo Domingo de Inversiones S. A.	3.079.761	0.02%
77.863.390-6	Cerro Colorado de Inversiones Ltda.	3.079.761	0.02%
96.561.610-1	Inmobiliaria Estoril S.A.	124.619	0.00%
79.937.930-9	Inmobiliaria Santoña Ltda	43.109	0.00%
	Grupo Izquierdo Menéndez(19)	1.440.089.595	7.99%
96.949.800-6	Inversiones Green Limitada	438.537.590	2.43%
76.416.848-8	Allegra SpA	166.199.560	0.92%
76.416.849-6	Flomanju SpA (*)	166.199.560	0.92%
76.416.851-8	Pifemarno SpA (*)	152.948.520	0.85%
	Grupo Gianoli (4)	923.885.230	5.13%
	Grupo Controlador (49)	14.096.181.119	78.24%
	Minoritarios (1.612)	3.921.398.012	21.76%
	Total (1.661)	18.017.579.131	100.00%

(*)With shares held by stockholders

Natural persons who are part of the Controller Group

As defined in Title XV of Law No. 18,045, the companies holding shares that represent 78.24% of the capital with voting rights as of December 31, 2018 are detailed below.

Grupo Matte

The control of Matte Group companies is exercised by virtue of a joint control and performance agreement formalized with respect to Forestal O'Higgins S.A. and other societies. Behind the controller are the following members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families, in the form and proportions indicated below:

- > Patricia Matte Larraín, Tax ID 4.333.299-6 (6.49%) and her children: María Patricia Larraín Matte, Tax ID 9.000.338-0 (2.56%); María Magdalena Larraín Matte, Tax ID 6.376.977-0 (2.56%); Jorge Bernardo Larraín Matte, Tax ID 7.025.583-9 (2.56%), and Jorge Gabriel Larraín Matte, Tax ID 10.031.620-K (2.56%).
- > Eliodoro Matte Larraín, Tax ID 4.436.502-2 (7.21%) and his children: Eliodoro Matte Capdevila, Tax ID 13.921.597-4 (3.27%); Jorge Matte Capdevila, Tax ID 14.169.037-K (3.27%), and María del Pilar Matte Capdevila, Tax ID 15.959.356-8 (3.27%).
- > Bernardo Matte Larraín, Tax ID 6.598.728-7 (7.79%) and his children: Bernardo Matte Izquierdo, Tax ID 15.637.711-2 (3.44%); Sofía Matte Izquierdo, Tax ID 16.095.796-4 (3.44%), and Francisco Matte Izquierdo, Tax ID 16.612.252-K (3.44%).

The natural persons identified above are presumed by kinship to belong to the same business group.

Grupo Fernández León

a. Inversiones Los Almendros Ltda., whose ultimate controllers are Eduardo Fernández León, Tax ID 3.931.817-2, Valerie Mac Auliffe Granello, Tax ID 4.222.315-8, Eduardo Fernández Mac Auliffe, Tax ID 7.010.379-6, Tomás Fernández Mac Auliffe, Tax ID 7.010.380-K, and María José Cruzat Ochagavía, Tax ID 9.907.684-6, with a 4.356%, 3.061%, 46.232%, 46.247% and 0.010% direct and indirect shares of the company's capital, respectively. .

b. Inversiones Teval S.A., whose ultimate controllers are:

- > Grupo Fernández León, comprising Eduardo Fernández León, Tax ID 3.931.817-2, Valerie Mac Auliffe Granello, Tax ID 4.222.315-8, Eduardo Fernández Mac Auliffe, Tax ID 7.010.379-6, Tomás Fernández Mac Auliffe, Tax ID 7.010.380-K, and María José Cruzat Ochagavía, Tax ID 9.907.684-6, with 4.510%, 3.614%, 20.781%, 20.832% and 0.036% indirect shares of the company's capital, respectively;
- > Grupo Garcés Silva, comprising José Antonio Garcés Silva, Tax ID 3.984.154-1, María Teresa Silva, Tax ID 3.717.514-5, María Paz Garcés Silva, Tax ID 7.032.689-2, María Teresa Garcés Silva, Tax ID 7.032.690-6, José Antonio Garcés Silva, Tax ID 8.745.864-4, Matías Alberto Garcés Silva, Tax ID 10.825.983-3 and Andrés Sergio Garcés Silva, Tax ID 10.828.517-6, with 3.51%, 0.67%, 9.1649%, 9.1649%, 9.1649%, 9.1649% and 9.1649%, indirect shares of the company's capital, respectively.

c. Inversiones CR Ltda., whose ultimate controllers are Eduardo Fernández León, Tax ID 3.931.817-2, Valerie Mac Auliffe Granello, Tax ID 4.222.315-8, Eduardo Fernández Mac Auliffe, Tax ID 7.010.379-6, Tomás Fernández Mac Auliffe, Tax ID 7.010.380-K, with 52.78%, 35.10%, 6.06% and 6.06% direct shares of the company's capital, respectively.

Grupo Hurtado Vicuña

José Ignacio Hurtado Vicuña, Tax ID 4.556.173-9, María Mercedes Hurtado Vicuña, Tax ID 4.332.503-5, María Victoria Hurtado Vicuña, Tax ID 4.332.502-7, Juan José Hurtado Vicuña, Tax ID 5.715.251-6, José Nicolás Hurtado Vicuña, Tax ID 4.773.781-8, and Pedro José Hurtado Vicuña, Tax ID 6.375.828-0, directly and indirectly, and in equal percentages, control the companies through which Grupo Hurtado acts as member of the controller Almendral S.A. (Inversiones Huillard, Inversiones Paso Nevado and Inversiones Metropolitana).

Grupo Consorcio

a) Consorcio Financiero S.A., whose ultimate controllers are:

- > P&S S.A., with a share of 42.02% of the company's capital. P&S S.A. is controlled in equal percentages with a joint direct and indirect share of 82.06% of the company's capital, by José Ignacio Hurtado Vicuña (Tax ID 4.556.173-9), María Mercedes Hurtado Vicuña (Tax ID 4.332.503-5), María Victoria Hurtado Vicuña (Tax ID 4.332.502-7), Juan José Hurtado Vicuña (Tax ID 5.715.251-6), José Nicolás Hurtado Vicuña (Tax ID 4.773.781-8) y Pedro José Hurtado Vicuña (Tax ID 6.375.828-0).
- > Banvida S.A., with a share of 42.02% of the company's capital. Inversiones Teval S.A. is controller of Banvida S.A. with a share of 80.30% of the company's capital.

b) Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A., whose ultimate controllers are the same as for Consorcio Financiero S.A., through which they hold a 99.91% share of capital of the former.

c) CN Life Compañía de Seguros de Vida S.A., whose ultimate controllers are the same as for Consorcio Financiero S.A., through which they hold direct or indirect a 100% share of capital of the former.

Grupo Izquierdo Menéndez

a) Inmobiliaria Santona Ltda., whose ultimate controllers are Vicente Izquierdo Menéndez, Tax ID 5.741.891-5, and María Virginia Taboada Bittner, Tax ID 6.834.545-6, with a 93.02% and 6.98% direct shares of the company's capital, respectively.

b) Inmobiliaria Escorial Ltda., whose ultimate controllers are Fernando Izquierdo Menéndez, Tax ID 3.567.488-8 (59.764%), Ida Ester Etchebarne Jaime, Tax ID 5.418.932-K (39.246%), Agustín Izquierdo Etchebarne, Tax ID 9.156.812-8 (0.198%), Fernando José Izquierdo Etchebarne, Tax ID 9.156.827-6 (0.198%), Francisco Izquierdo Etchebarne Tax ID 12.027.838-k (0.198%), María de los Ángeles Izquierdo Etchebarne Tax ID 12.027.835-5 (0.198%) and Cristián Tomás Izquierdo Etchebarne, Tax ID 15.642.698-9 (0.198%).

c) Inversiones El Manzano Ltda., whose ultimate controllers are Diego Izquierdo Menéndez, Tax ID 3.932.428-8 with a 95.48%, María Isabel Reyes, Tax ID 5.748.650-3, with a 3.58%, Diego José Izquierdo Reyes, ID 17.402.993-8, (0.23 %), Pablo José Izquierdo Reyes, ID 17.402.994-6, (0.23%), María Isabel Izquierdo Reyes ID 18.018.196-2 (0.23%) and María Alejandra Izquierdo Reyes ID 18.636.111-3 (0.23%).

d) Andacollo de Inversiones Ltda., whose ultimate controllers are Gonzalo Izquierdo Menéndez, Tax ID 3.567.484-5 and Luz María Irarrázaval Videla, Tax ID 5.310.548-3, with a 99.99% and 0.01% direct shares of the company's capital, respectively.

e) Santo Domingo de Inversiones S.A., whose ultimate controllers are Rosario Izquierdo Menéndez, Tax ID 5.548.438-4, and Santiago Izquierdo Menéndez, Tax ID 5.742.959-3, with a 99.79% and 0.21% direct shares of the company's capital, respectively. This company was taken over by Santa Rosario de Inversiones Ltda.

f) Andrómeda Inversiones Ltda., whose ultimate controllers are Roberto Izquierdo Menéndez, Tax ID 3.932.425-3 (22.2%), María Teresa Valdés Covarrubias, Tax ID 4.431.346-4 (1.6%), Roberto Izquierdo Valdés, Tax ID 9.099.538-3 (12.7%), Francisco Rodrigo Izquierdo Valdés, Tax ID 9.099.540-5 (12.7%), Luis Eduardo Izquierdo Valdés, Tax ID 9.099.537-5 (12.7%), José Manuel Izquierdo Valdés, Tax ID 9.968.191-8 (12.7%), María Teresa Izquierdo Valdés, Tax ID 9.099.215-5 (12.7%), María Josefina Izquierdo Valdés, Tax ID 9.099.218-K (12.7%).

g) Santa Rosario de Inversiones Ltda., whose ultimate controllers are Rosario Izquierdo Menéndez, Tax ID 5.548.438-4, and Santiago Izquierdo Menéndez, Tax ID 5.742.959-3, with a 99.79% and 0.21% direct shares of the company's capital, respectively.

h) Inversiones La Estancia Ltda., whose ultimate controller is María del Carmen Izquierdo Menéndez, Tax ID 5.548.409-0 with a 99.99% direct shares of the company's capital.

i) Inversiones Los Ciervos Ltda., whose ultimate controllers are Diego Izquierdo Menéndez, Tax ID 3.932.428-8 with a 99% and María Isabel Reyes, Tax ID 5.748.650-3 with 1% direct shares of the company's capital.

j) "Inmobiliaria Estoril II S.A." is controlled 100% by "Inmobiliaria Estoril SA" (direct and indirect control). The final controllers of the latter are: Matías Izquierdo Menéndez, Tax ID 3.674.298-7, Roberto Izquierdo Menéndez, Tax ID 3.932.425-3, Gonzalo Izquierdo Menéndez, Tax ID 3.567.484-5, Fernando Izquierdo Menéndez, Tax ID 3.567.488-8, Diego Izquierdo Menéndez, Tax ID 3.932.428-8, Santiago Izquierdo Menéndez, Tax ID 5.742.959-3, Vicente Izquierdo Menéndez, Tax ID 5.741.891-5, Rosario Izquierdo Menéndez, Tax ID 5.548.438-4 and Carmen Izquierdo Menéndez Tax ID 5.548.409-0, each with 10.02% ownership and Alejandra Izquierdo Menéndez, Tax ID 5.020.827-3 and Gracia Izquierdo Menéndez, Tax ID 5.742.317-K with 2% each.

k) Inversiones Marchigue Ltda., whose ultimate controllers is Fernando Izquierdo Menéndez, Tax ID 3.567.488-8 (57.55%), Ida Ester Etchebarne Jaime, Tax ID 5.418.932-K (6.2%), Juan Agustín Izquierdo Etchebarne, Tax ID 9.156.812-8 (7.25%), Fernando José Izquierdo Etchebarne, Tax ID 9.156.827-6 (7.25%), Cristián Tomás Izquierdo Etchebarne, Tax ID 15.642.698-9 (7.25%), Francisco Izquierdo Etchebarne, Tax ID 12.027.838-k (7.25%), María de los Ángeles Izquierdo Etchebarne, Tax ID 12.027.835-5, (7.25%).

l) Los Boldos S.A., whose ultimate controllers are Rosario Izquierdo Menéndez, Tax ID 5.548.438-4, and Santiago Izquierdo Menéndez, Tax ID 5.742.959-3, with 99.77% and 0.23% direct and indirect shares of the company's capital, respectively.

m) Inversiones Rapel Limitada S.A., whose ultimate controllers are Vicente Izquierdo Menéndez, Tax ID 5.741.891-5, and María Virginia Taboada Bittner, Tax ID 6.834.545-6, with 93.02% and 6.98% direct and indirect shares of the company's capital, respectively.

n) Andaluza Sociedad de Inversión, whose ultimate controllers is María Alejandra Izquierdo Menéndez, Tax ID 5.020.827-3 with a 99.99% share of the company's capital.

o) La Esperanza S.A., whose ultimate controllers is Gracia Inés Izquierdo Menéndez, Tax ID 5.742.317-K with a 99.99% share of the company's capital.

p) Inmobiliaria e Inversiones Santa Sofía Ltda., whose ultimate controllers are Matías Izquierdo Menéndez, Tax ID 3.674.298-4 (10.37%); María de la Luz González del Valle, Tax ID 4.469.967-2 (0.03%); Jimena Izquierdo González, Tax ID 10.184.748-9 (0.31%); María Cecilia Izquierdo González, Tax ID 10.184.749-7 (6.92%); Felipe Izquierdo González, Tax ID 10.367.412-3 (6.93%); Sofía Izquierdo González, Tax ID 7.054.293-5 (7.72%); Matías Izquierdo González, Tax ID 7.636.577-6 (6.92%); Paula Izquierdo González, Tax ID 7.054.289-7 (6.92%); Nicolás Izquierdo González, Tax ID 10.367.413-1 con un (7.67%); Pedro Izquierdo González, Tax ID 10.364.156-K (7.65%); Lucía Izquierdo González, Tax ID 13.436.321-5 (7.67%); Francisca Izquierdo González, Tax ID 7.054.292-7 (7.67%); Julio Izquierdo González, Tax ID 13.881.971-K (7.71%); Rosario Izquierdo González, Tax ID 18.465.113-0 (0.31%); María del Pilar Izquierdo González, Tax ID 13.233.182-0 (7.69%), direct shares of the company's capital, respectively.

q) Sociedad Colectiva Civil Inversiones Los Robles, Santiago Izquierdo Menéndez, Tax ID 5.742.959-3, (32.82476%), Bárbara Larraín Riesco, Tax ID 6.448.657-8, (3.7364%); Santiago Izquierdo Larraín, Tax ID 16.365.276-5, (10.57314%); Martín Izquierdo Larraín, Tax ID 16.611.594-9, (10.57314%); Benjamín Izquierdo Larraín, Tax ID 17.406.081-9, (10.57314%); Bárbara Izquierdo Larraín, Tax ID 18.020.351-6, (10.57314%); Gracia Izquierdo Larraín,

Tax ID 18.641.299-0, (10.57314%); Lucas Izquierdo Larraín, Tax ID 19.893.205-1, (10.57314%) direct shares of the company's capital, respectively.

r) Cerro Colorado de Inversiones Ltda., whose ultimate controllers are Gonzalo Izquierdo Menéndez, Tax ID 3.567.484-5, and Luz María Irarrázaval Videla, Tax ID 5.310.548-3, with a 99.50% and 0.50% direct shares of the company's capital, respectively.

Grupo Gianoli

a) Inversiones Green Ltda., whose ultimate indirect controller is Foundation G&D (Geneva, Switzerland) with 90% of the company's capital.

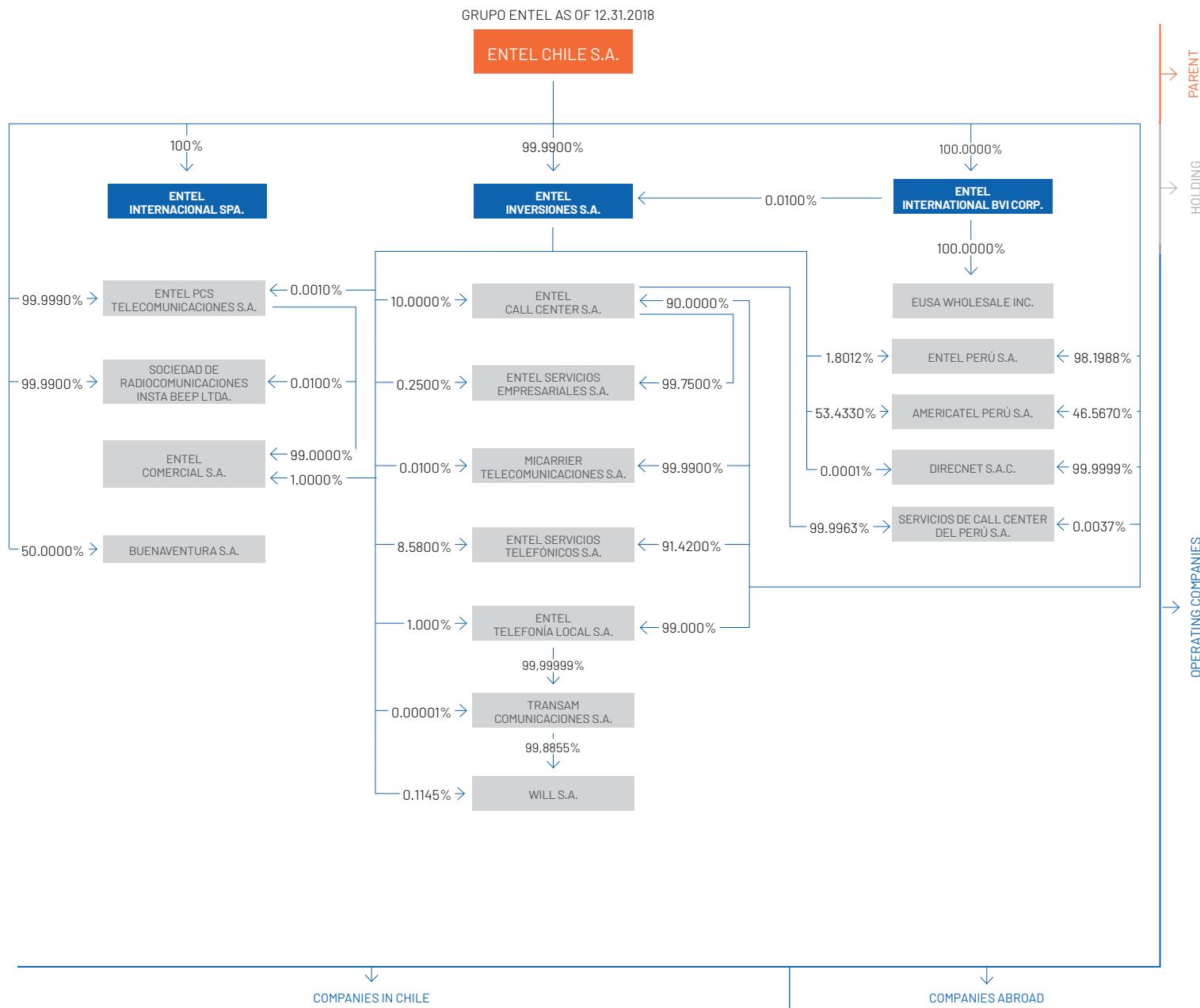
b) Pifemarno SpA, whose ultimate controller is Claudia Gianoli Quesada, Tax ID 48.160.755-8, and the estate of Sergio Pedro Gianoli Gainza, Tax ID of the Republic of Uruguay 1.088.599-5, with indirect shares of 94.58% and 5.42% in share capital.

c) Allegra SpA, whose ultimate controller is Cirilo Gianoli Quesada, Tax ID 48.014.709-K, and the estate of Sergio Pedro Gianoli Gainza. Tax ID of the Republic of Uruguay 1.088.599-5, with indirect shares of 94.58% and 5.42% in share capital.

d) Flomanju SpA, whose ultimate controller is Alberto Gianoli Quesada, Tax ID 48.033.713-1, and the estate of Don Sergio Pedro Gianoli Gainza, Tax ID of the Republic of Uruguay 1.088.599-5, with indirect shares of 94.58% and 5.42% in share capital.

FOR TRANSLATION PURPOSE

Company Structure



Dividend Policy

The Dividend Policy approved by the Company Board and informed in the Ordinary Shareholder Meeting held on April 26 of 2018, is as follows;

A. Dividend policy.

The intention of the Board of Directors, for the year 2018 and following, is to temporarily maintain the dividend policy informed in the 2017 Ordinary Shareholders Meeting, based on the distribution of up to 50% of distributable profits for the year and, where applicable, the capitalization of part of the profits accrued at the end of each period.

It is proposed to pay the resulting dividend on or before May 31 of the corresponding year. In relation to the annual interim dividends, the distribution of a provisional dividend during the last quarter of 2018 is envisaged for the year 2018, whose origin and amount will be determined in accordance with the results obtained by the company during the first three quarters of the year.

This policy will be analyzed upwards as a definitive policy, as the evolution of the business allows the company to resume a stable investment plan, associated with organic revenue growth.

In determining the percentage of profits and the dates on which proposed final dividends will be paid, the company seeks to ensure financial stability while adhering to the established distribution policy. Specific attention has been paid to safeguards for debt, liquidity, and Budget financing, and any pos-

sible covenants that may arise from public supply contracts and credit agreements entered into by the company.

The board's intended dividend payments are always subject to the results and investment requirements set out in the forecasts made regularly by the company.

It is hereby stated that the Policy for the determination of the Distributable Liquid Profit and the Adjustment Treatment Policy determined for the first-time adoption of IFRS that was communicated to the Securities and Insurance Supervisor (today, CMF) in a timely manner and that it was reported to the Board of the year 2013 in accordance with the provisions of Circular 1945 of the Securities and Insurance Supervisor. The policy will continue to hold for future financial years in the manner described above.

B. Dividend Payment Procedure

Upon the written request of any shareholder, dividends will be deposited in the shareholder's current or savings account on the date established for payment. To exercise this right, shareholders must communicate the name of the bank, the branch or office, and the number of an account in their name.

The payment method will prevail until such time as it receives written instruction to the contrary.

Also the shareholders who wish to do so, must communicate at least 24 hours before the closing of the Registry, if they require the payment of the

dividend by means of a nominative check or it is visibly in their favor with dispatch by registered letter.

The company will provide shareholders with forms, available upon request, to allow them to choose one of the established payment methods. For shareholders that have not selected one of the aforementioned payment methods, dividends will be paid at a bank in Chile's Metropolitan Region, as determined by the company, or at the address indicated in the notification referred to below. Dividends that have not been collected within 60 days of the payment date, will be available at the offices of the company responsible for the shareholder register.

Shareholders wishing to collect their dividends from a commercial bank or the company's designated offices must do so in person or via a legally authorized representative with the appropriate powers, as granted by public deed or a private instrument legalized by a public notary. For the latter, either the original document or a duly legalized photocopy must be left with the company.

The dividend payment will be publicly communicated in a timely manner in the national newspaper established at the general shareholders meeting.

Investment Policy

In terms of investments, the company aims to obtain an adequate return on its assets through the study, construction and operation of telecommunications systems and information technology, complemented by the provision of a wide range of related services both in Chile and abroad, principally through its subsidiaries in Peru.

To comply with this objective, the company makes investments in a wide range of technologies and platforms for the sale, provision and development of new services for customers, as well as making investments to meet the growing demand for connectivity related to new services, technologies, markets and user needs.

The company also undertakes projects to maintain a level of technical and economic efficiency, and suitable levels of maintenance for its facilities, making financial optimal decisions to allow the required evolution of infrastructure, networks, platforms and systems.

Consequently, the company seeks to ensure its investments have a stable rate of return over time, in line with their risk and technological obsolescence, and that this is at least equal to the capital cost of their financing structure.

In 2018, in line with Entel's investment and finance budgets, annual investment in fixed assets not exceeding the debt ratio permitted by the financing policy was authorised.

In line with the rules approved at the Ordinary General Meeting of Shareholders, the Board of Directors must provide details of specific investments to be made by the company in Chile and abroad. These values will primarily depend on the development of programs that will materialize during the calendar year, and which will mature in this or subsequent periods.

The company will be authorized to make contributions to subsidiaries and affiliates, in Chile and abroad, within the scope of this policy.

To maximise yields from cash surpluses, the company will invest in financial assets and market securities in line with its portfolio selection and diversification criteria. These criteria will take into consideration factors such as liquidity, security and profitability.

Financing Policy

The financing policy is based on obtaining financial resources in the national and international financial markets, bearing in mind the structure of the company, the natural cycles of business and the cost of debt.

The company's finance policy is based on the following sources of resources in Chile and abroad:

- > Own resources.
- > Resources derived from increases to capital stock by issuing and placement of shares.
- > Supplier credit.
- > Loans from banks and financial institutions.
- > Deferred customs duties.
- > Issuing public and private bonds.
- > Leasing and leaseback operations.
- > Sale of non-core assets.

The policy establishes a maximum level of debt based on the higher of: $(\text{Financial Debt} - (\text{Cash and cash equivalents} + \text{Other current and non-current financial assets})) / (\text{Equity plus non-controlling interests})$ equal to 1.7 (one point seven fold); or $(\text{Financial Debt} - (\text{Cash and cash equivalents} + \text{Other current and non-current financial assets})) / \text{Ebitda last 12 months}$ equal to 3.5 (three point five fold).

In calculating both indicators, financial debt is calculated discounting financial investments and cash. The company will seek to maintain fair debt and financial expenses coverage ratios, bearing in mind the objective of having "investment grade" risk rating.

It should be noted that the management of the company cannot agree to specific dividend restrictions with creditors or make guarantees of any kind to third parties or other companies or enterprises other than subsidiaries or associates.

Additionally, all assets held by the company for operating national and international public service contracts held by Entel and essential for the provision of these services are classified as essential to the company's operations. The company may dispose of, sell, exchange, lease, add, modify or replace other property consisting of towers, antennas and other installations as long as in doing so the provision of services is altered.

Distributable Profits

The consolidated comprehensive income statement for the financial year 2018 shows a loss of CLP 23,614,092,143. To determine the liquid distributable profit used for calculating the minimum compulsory and supplementary dividend, the company has established a policy of deducting net gains originating from the adjustment of assets and liabilities from income until they are realized. For this purpose, as at 12.31.2018 it is not appropriate to make any deduction as the net variation of market value adjustments posted a loss. Consequently, there are no distributable profit for 2018.

Dividends per Share

Year	Nominal dividend (CLP)
2006	290,00
2007	338,00
2008	443,00
2009	443,00
2010	450,00
2011	595,00
2012	555,00
2013	375,00
2014	230,00
2015	34,00
2016	0,00
2017	34,00
2018	44,00

Stock Market Presence

The stock market presence of Entel S.A. in 2018 was 100%, calculated in line with General Regulation No. 327 of the Chilean Superintendence of Securities and Insurance, dated January 17, 2012. This includes transactions carried out on the Santiago Stock Exchange, the Chilean Electronic Stock Exchange. With respect to the Valparaíso Stock Exchange (in liquidation), the reported stock market presence is 0.53.

Summary of Transactions

	Santiago Stock Exchange			Chilean Electronic Stock Exchange			Valparaiso Stock Exchange		
	Quantity Traded	Value Traded (CLP)	Average Price (CLP)	Quantity Traded	Value Traded (CLP)	Average Price (CLP)	Quantity Traded	Value Traded (CLP)	Average Price (CLP)
1 st Quarter 2016	12,361,696	75,980,188,725	6,146	770,819	4,710,848,476	6,111	460	2,690,954	5,850
2 nd Quarter 2016	14,676,368	87,164,441,223	5,939	585,838	3,473,218,475	5,929	161	941,850	5,850
3 rd Quarter 2016	17,873,586	113,575,565,742	6,354	470,764	3,013,338,616	6,401		No Transactions	
4 th Quarter 2016	18,486,381	128,463,919,477	6,949	1,113,214	7,865,537,676	7,066	645	4,386,710	6,801
1 st Quarter 2017	18,568,252	136,931,977,883	7,375	473,409	3,557,842,814	7,515		No Transactions	
2 nd Quarter 2017	13,827,372	106,714,121,661	7,718	501,386	3,884,031,684	7,747		No Transactions	
3 rd Quarter 2017	15,682,972	107,335,276,843	6,844	718,247	4,890,042,480	6,808		No Transactions	
4 th Quarter 2017	14,301,694	97,406,404,677	6,811	632,957	4,225,740,567	6,676	1328	8,992,552	6,772
1 st Quarter 2018	13,180,194	93,209,495,030	7,072	408,975	2,869,619,411	7,017		No Transactions	
2 nd Quarter 2018	16,904,524	113,543,135,939	6,717	1,045,139	7,032,269,618	6,729		No Transactions	
3 rd Quarter 2018	19,709,742	114,000,568,385	5,784	440,256	2,536,968,267	5,762	787	4,598,756	5,843
4 th Quarter 2018	15,962,711	86,120,581,148	5,395	957,959	5,219,606,672	5,449		No Transactions	
Totales	191,535,492	1,260,445,676,733	6,581	8,118,963	53,279,064,756	6,562	3,381	21,610,822	6,392

Share Transactions

Name/Company Name	Function	Transaction Date	Type of Transaction	Method	Nº Shares	Unit price (CLP)	Value Traded (CLP)
Parot Donoso Alfredo	Principal Executive	02-02-18	Disposal	On Stock Market	14,102	7,250	102,239,500
Dominguez Philippi Sebastián	Principal Executive	04-07-18	Acquisition	On Stock Market	833	6,000	4,998,000
Pfingsthorn Olivares Pablo	Principal Executive	07-08-18	Acquisition	On Stock Market	8,400	5893	49,501,200
Dominguez Philippi Sebastián	Principal Executive	16-08-18	Acquisition	On Stock Market	909	5,500	4,999,500
Pfingsthorn Olivares Pablo	Principal Executive	05-11-18	Acquisition	On Stock Market	191	5,279	1,008,308
Pfingsthorn Olivares Pablo	Principal Executive	05-11-18	Acquisition	On Stock Market	6,809	5,300	36,088,384

Financial Activities 2018

Of note amongst the financial activities was the incorporation of the new accounting regulation IFRS15 on bank loans and local bonds, whose impact on recording revenue over time changed the Ebitda measurement used to calculate financial restrictions. These adaptations, the methodology of which was explained earlier, will be applied until June 2020, with previous levels being resumed from that date onwards.

In addition to this, activities focused on extending the terms of financial obligations by signing various banking agreements. In October, the company decided to extend the due date of the loan with Banco Estado signed on April 2017 for CLP 99 billion. In this operation, 80% of capital amortizations were extended to 2021 and 2022.

Subsequently, on November 26, 2018, the company registered two lines of bonds with the Financial Market Commission for terms of 10 years and 30 years. These lines, which do not include guarantees, allow

a series of bearer bonds for a maximum amount of up to UF10 million to be issued.

On December 20, 2018 the company signed an international loan with a 6.5 year term with the German bank Kreditanstalt für Wiederaufbau (KfW) for USD80 million at a rate of Libo + 1.38% per annum. The loan includes two equal capital amortizations for 2024 and 2025.

In line with the positive evolution of the business in Peru, the main consolidated financial metrics showed an improvement in the critical aspects for the consolidation of the company's investment grade. This was reaffirmed in December with a third assessment by the local ratings agency Standard & Poor's.

Over the course of the year, forward derivative instruments for USD200 million were renewed, linked to the coverage of funds of the international bond issue between 2013 and 2014. The combined rate of these forwards plus the renewal of the interest rate swaps (IRS) rate, was CLP + 4.6%.

Towards the end of the year, the leasing contracts that the company had for the purchase of real estate assets were terminated.

In 2018 the company continued with activities aimed at keeping the financial community informed about its performance. This included follow-up on information to shareholders, bondholders, bank creditors and risk rating agencies, with the aim of sharing those elements important for assessing the company.

Over the course of the year, Entel Chile transferred USD350 million to Entel Peru to support expansion of its markets, the network and technology. However, the company will continue to review the potential participation of local Peruvian financial agents for the financing of that subsidiary.

In consolidated terms, as at December 31 the cash balance was CLP72.748 million, which remained invested under the rigorous conservative guidelines detailed in the investment policy. In 2018 a bank overdraft was used for some months and was completely paid off towards the end of the year.

Risk Factors

RISKS COMMON TO THE WHOLE INDUSTRY			
Risk	Description	Impact	Management
Technological Evolution	Technological progress means the company must continuously review its investment projects to ensure they are in line with its aim of meeting the connectivity needs of the markets. These changes occur both as a result of changes in patterns of demand and the development of new forms of connectivity.	The periods of obsolescence of investments in new technology may be less than initially estimated when the investment is made, meaning initial estimates of expected profitability may not be met.	The risk of technological evolution is inherent to all the markets in which Entel operates. A key element of the company's competitiveness is in remaining at the cutting edge of the development of technology while actively managing technological risk.
Regulatory	Telecommunications services in Chile are governed primarily by the General Law of Telecommunications, its regulations and complementary technical regulations. These legal and regulatory bodies establish a general principle of free competition in which concessions are granted through pre-established and objective norms.	Changes in the General Telecommunications Law, new sector regulations or recommendations and obligations from authorities can create opportunities and risks in the company's commercial activities and can also affect the rollout of infrastructure and levels of competition in the market.	Actively participating in legislative and regulatory debate in the sector through the relevant forums, and in market assessments carried out by the authorities, allows Entel to anticipate changes, adapting to the new regulation, minimizing risk and creating opportunities that allow it to maintain its position in the various markets in which it operates, or roll out new services.

RISKS INHERENT TO ENTEL'S ACTIVITIES			
Risk	Description	Impact	Management
Exchange Rate	The company's liabilities are largely designated in foreign currencies due to bank loans and bonds issued on international debt markets. Furthermore, a proportion of Entel's suppliers generate obligations for foreign currency payments.	A daily fluctuation in the value of liabilities as a result of changes in exchange rates, with the respective economic impact on the financial statements.	To cover these volatilities, Entel has short- and long-term contracts in foreign currency assets (hedge derivatives) to protect against such variations and guard against the risk of exchange rate fluctuations.
Interest Rate	In general there is a positive correlation between the company's business activities, the economic cycle and interest rates, which creates a natural hedge for cash flows and financial expenditure. However in certain situations, time lags may occur.	The potential fluctuation of financial expenditure is covered by an interest rate hedge policy which aims to secure a level of coverage for the company's financial expenditure to allow the adequate performance of the business over time and ensure greater predictability and control of financial expenditure.	To comply with these objectives, interest rates are insured against through financial swap contracts (cross currency swaps and forwards) to reduce potential variability in interest on debts with variable rates (e.g. Libor, Tab, Cámara).
Credit	The credit risk from balances of accounts held with banks, financial instruments, negotiable securities and derivatives is managed by the finance department in line with the policies for maintaining the invested capital.	Situations can occur in the market where one of the counterparts in a financial contract - such as one for investments, financial derivatives or cash - are unable to fulfil their obligations.	To reduce this risk, Entel has policies to ensure the diversification of risk based on pre-established limits for the duration, percentage by institution, and the risk classifications of the institutions and instruments in which investments are made.
Liquidity	To minimize risk, Entel's liquidity policy is consistent with the adequate management of assets and liabilities, allowing the company to fully meet short- and medium-term payment commitments.	The company may be affected by the failure to comply with the debt service.	Risks related with accounts receivable originating from commercial business are covered by accounts receivable impairment policies.
			Entel can also anticipate the maturity of financial obligations by searching for an option on the market to provide funds in a timely manner in advance.
			Customer billing is monitored on a daily basis to detect any relevant deviations that may exist with respect to the expected revenue flow. The company actively manages accounts payable to suppliers of consumables and debt services, allowing it to meet all its obligations in a timely manner while optimizing cash surpluses on a daily basis.
			Also, forecasts of cash flows are periodically made along with an analysis of the company's balance sheet and the expectations of the capital market so that Entel has flexible alternatives to deal with needs and availability of cash.

Comparative Performance of Shares



In 2018, the IPSA index ended down 8.25%, despite the better results in local companies, which did not compensate for the high volatility caused by the trade war between China and the US and higher rates from the FED. Meanwhile, Entel shares performed below the index rate, partly due to regulatory issues in Chile and high competition in participating markets.

Comments from Shareholders and the Directors' Committee

During the last year the company did not receive requests with comments or propositions related to the progress of business, with the aim of being included in this report.

Summary of Material Events 2018

In accordance with current laws and regulations, in 2018 the companies within the group informed the Securities and Insurance Supervisor (today CMF), under the qualification of a material event or relevant information, the following:

I. Parent Company - Summons to ordinary shareholders meeting, summons and proposals.

Letter No. 1, dated April 3, 2018, communicated that at the board meeting on April 2, 2018, agreement was reached on the following:

- > To schedule an Ordinary Shareholders' Meeting to be held on Thursday, April 26,
- > 2018, to submit for the consideration of the shareholders and other bodies, in line
- > with the procedure set out in the current regulations, the following matters:

- > Propose to the Ordinary Shareholders' Meeting to distribute of the profits of the year 2017 a final dividend of \$44 per share, to which any amount should be deducted for not having distributed a provisional dividend within the past year, to be paid on the date to be determined by the Ordinary Shareholders' Meeting.

II. Parent Company - Agreements from the ordinary shareholders' meeting, summons, agreements and proposals. Investment and financing policy, Profit Distribution (dividends payment), dividend policy

Letter No. 2, dated April 26, 2018, communicated that at the Ordinary Shareholders' meeting, agreement was reached on the following:

- > Approve the Annual Report, Balance Sheet and Statement of Income for the 2017 financial year.
- > Pay as a final dividend of CLP 44 per share, equivalent to 30.61% of the net income for the year, without deducting any amount due to non-distribution of an interim dividend. Payment will be made as of Thursday, May 23, 2018.
- > The investment and financing policy was approved, and the dividend policy reported.
- > Remuneration of directors and the Directors Committee approved at the previous General Meeting of Ordinary Shareholders was maintained. Similarly, the annual budget for the committee was set, the appointment of Ernst & Young as external auditors was approved, accounts inspectors and reserve accounts inspectors registered with the SVS (now CMF) were designated, Fitch Ratings and ICR (International Credit Rating) were appointed as the risk ratings agencies, El Mercurio de Santiago was retained as the official newspaper for the publication of social notices, and lastly, related operations

were communicated. It is stated that this meeting did not correspond to the election of Company Directors.

Finally, the board President is hereby informed that the minutes of these Shareholders' Meetings will be sent to him within the deadlines established by the current regulations, providing information in accordance with the legal and social regulations on the company website.

III. Parent Company - Assets or share packages, acquisition or disposal

Letter No. 3, dated June 04, 2018, communicated that at the Board Meeting agreement was reached on the following:

Approve by the National Telecommunications Company S.A. and Entel Inversiones S.A. the acquisition of all the shares of the Peruvian Company Direcnet S.A.C. in the amount of US \$ 3,599,759.31 (three million five hundred and ninety nine thousand seven hundred and fifty-nine point thirty one dollars of the United States of North America).

These shares were purchased in cash and the transaction was completed on May 31 in the City of Lima, Peru.

This Company has as its main asset a concession and spectrum on Block B in the 2,300 MHz band, with a bandwidth of 30 MHZ.

IV. Parent Company - Division, merger or incorporation of companies.

Letter N°5, dated October 02, 2018, communicated that at the Board Meeting held on October 01, 2018, agreement was reached on the following:

By agreement of the Board of Directors dated October 1, 2018, it was approved by Entel S.A. the creation of a new subsidiary company, constituted under the social form of a joint stock company, which will fulfill the role of centralizing entity of

the operations carried out by the group outside the country and of foreign investments.

The subsidiary will be formed with Entel S.A. as the main shareholder, and the necessary assets will be filed for its operation in accordance with the proposed purposes, among them, the shares held in foreign companies. In addition, authorizations will be requested abroad to the governmental authorities that may be necessary to perfect the aforementioned operation.

With this, it is possible to optimize the administration and management of the businesses of the foreign entities or subsidiaries, allowing to have a better visibility of the consolidated operation of the same.

V. Parent Company - Others

Letter N°6 dated November 05, 2018, communicated that at the board meeting held on the same date, agreement was reached on the following:

In accordance with the dividend policy announced in the last Ordinary Shareholder Meeting and taking into account earnings as at the third quarter of 2018, it was agreed not to distribute an interim dividend this year.

Insurance Commitments

Entel has insurance coverage for the parent company and all its subsidiaries in Chile and Peru, which cover possible damage that may affect assets, income flow and civil liability towards third parties, negatively impacting earnings and assets. In addition Entel has implemented procedures for risk control and mitigation and has established infrastructure investment plans to help minimize risk.

The insurance policy places particular emphasis on covering those incidents that may have a significant effect on the financial results of the Entel group's companies, dealing with events of negligible impact so as to ensure adequate coverage with the lowest cost, achieved through the constant search for the best alternatives that the insurance market can offer. Likewise, we seek to safeguard third party liabilities resulting from damages caused involuntarily from our activities. In recent years, new coverage has been incorporated and in some cases ceilings have been increased, in line with increased exposure to risks and the demands of a more challenging environment.

Insurance is taken out through a regional program to leverage the advantages offered by the insurance market given the greater insurable volume and the diversification of risks in the region, which has been extended to different types of coverage.

With regards to the accident rate, in 2018 the corporation was not affected by major incidents.

The companies of the Entel group faced natural risks with mitigation measures that are part of an ongoing program, along with other extraordinary measures in response to the imminence of possible events that could cause damage to the assets and consequently risk the continuity of the operation. This risk mitigation policy has been an important step in protecting the assets of the group's companies, keeping the service running and avoiding losses.

The Corporate Insurance program for 2018 includes the following coverage, arranged through different policies, the most relevant of which are:

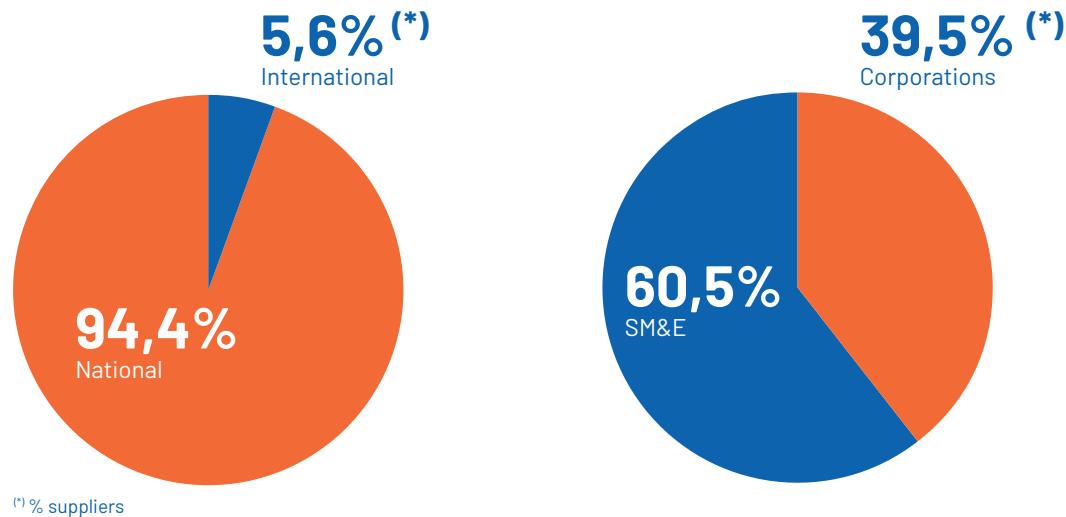
- a. Physical assets and losses caused by stoppages. Under the All Operational Risk category this covers fixed assets and inventories as well as loss of profit and fixed costs associated with the interruption of operations, as a consequence of an incident covered by the policy.
- b. General Liability. Covers group companies against potential pecuniary demands for damage caused to third parties or their assets while carrying out business activities at their facilities, in public areas or on third-party premises.
- c. Directors and Officers Liability (D&O). Protects directors and executives of group companies from claims that may be made against them by third parties to compensate for losses of equity by the latter as a result of decisions made by management, as well as covering certain fines imposed on the organization.
- d. Professional Public Liability. Protects the company's assets against claims from customers that may be affected by errors or omissions in the provision of contracted services covered by this policy.
- e. Civil Liability for Data Protection. This covers personal and corporate data and data security.
- f. International Transport. Protects against damage to equipment and material imported by land, sea and air.
- g. Credit. Protects against net losses or deteriorations in Entel's net equity as a result of third parties failing to meet obligations in funds originating from credit sales.
- h. Miscellaneous. Insurance for vehicles, mobile handsets, travel, personal accidents, health and life insurance for company staff, cabotage, etc.
- i. Insurance programme for contractors: Provides civil liability and personal accident coverage for contractors and subcontractors of group companies to protect the assets of contractors and their workers. This program has been established as one of the requirements to carry out activities commissioned by Entel group companies in Chile, unless our contractors have their own insurance.
- j. Insurance programme for dealers: To get coverage for Entel assets in the possession of franchises, the company approached insurers, securing an insurance programme for dealers that complements the coverage Entel has with its own policies.

Suppliers

In order to strengthen long-term relationships, generate mutually beneficial agreements and reduce the risks associated with the quality of delivery of services, over the course of the last year Entel has implemented a segmentation model and risk map, according to necessity and impact, which allows the established standards relating to performance and sustainability to be monitored, finding opportunities for improvement day by day.

In 2018 Entel acquired USD1.37 billion from 1,849 suppliers through bidding and quotation processes.

Sixty percent of these suppliers are SMEs and 94.4% are national or nationally represented. The suppliers are part of different business units - handsets, networks and infrastructure, IT and business support, where the main suppliers were Apple, Samsung, Huawei, TCT Mobile, LG, Sagemcom for handsets, and Ericsson, Huawei, Cisco, Cam Telecommunications Services, Caro and Caro Engineering, Telrad, Sotraser, Vodafone for the other business units.



Entel, based on its purchasing policy detailed in its Code of Ethics, establishes relationships with suppliers governed by the principles of transparency, integrity, honesty and mutual convenience. The choice of a supplier depends on merit and capacity principles, in accordance with the quality and cost

of the product or service. Tenders are analyzed and awarded based on objective procedures, with world class platforms supporting the procedure.

Statement of Responsibility

Report Signatories and Sworn Declaration of Truth

In compliance with General Regulation No. 30, dated November 10, 1989, and General Regulation No. 283, dated November 5, 2010, both issued by the Chilean Superintendence of Securities and Insurance, this Report is signed by the absolute majority of the members of the Board of Directors and the CEO of Empresa Nacional de Telecomunicaciones S.A., who declare under oath to be responsible for the truth of the information provided in this Annual Report for 2018.



Juan José Hurtado Vicuña
President
TAX ID: 5.715.251-6



Luis Felipe Gazitúa Achondo
Vice President
TAX ID: 6.069.087-1



Carlos Fernández Calatayud
Independent Director
TAX ID: 5.213.938-4



Richard Büchi Buc
Director
TAX ID: 6.149.585-1



Andrés Echeverría Salas
Director
TAX ID: 9.669.081-9



Juan José Mac-Auliffe Granello
Director
TAX ID: 5.543.624-K



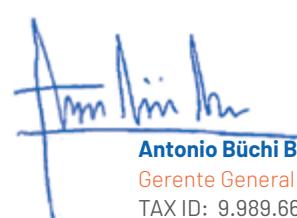
Bernardo Matte Larraín
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Jorge Salvatierra Pacheco
Director Independiente
TAX ID: 6.557.615-5



Antonio Büchi Buc
Gerente General
TAX ID: 9.989.661-2

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Chapter II
**Consolidated
Financial
Statements**







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Independent Auditor's Report
(Translation of the report originally issued in Spanish)

To the Shareholders and Directors of
Empresa Nacional de Telecomunicaciones S.A.

We have audited the accompanying consolidated financial statements of Empresa Nacional de Telecomunicaciones S.A. and subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



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

Opinion on the Regulatory Basis of Accounting

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Empresa Nacional de Telecomunicaciones S.A. and subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Andrés Marchant V.

EY Audit SpA.

Santiago, January 30, 2019

Estados Financieros Consolidados

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. Y FILIALES ESTADOS DE SITUACIÓN FINANCIERA CONSOLIDADOS

Al 31 de Diciembre del 2018 y 2017

ASSETS	Note	12-31-2018 ThCh\$	12-31-2017 ThCh\$
CURRENT ASSETS			
Cash and cash equivalents	5	72,748,250	145,646,465
Other current financial assets	6	17,161,830	2,118,672
Other current non-financial assets	7	108,926,269	55,019,553
Trade and other receivables	8	438,739,769	346,455,962
Trade receivables from related parties	9	389,434	414,501
Inventories	10	120,229,703	96,928,834
Current tax assets	11	52,400,857	98,361,941
Total Current Assets		810,596,112	744,945,928
NON-CURRENT ASSETS			
Other non-current financial assets	6	87,538,958	36,517,409
Other non-current non-financial assets	7	159,626,594	115,810,278
Non-current fees receivable	8	11,966,529	5,140,856
Intangible assets	12	314,966,856	298,921,432
Goodwill	13	47,215,753	47,109,078
Property, plant and equipment	14	2,035,133,173	1,876,555,163
Non-current tax assets	11	2,366,841	1,463,711
Deferred tax assets	15	494,804,455	402,576,318
Total Non-Current Assets		3,153,619,159	2,784,094,245
Total Assets		3,964,215,271	3,529,040,173

The accompanying notes 1 to 38 form an integral part of these Consolidated Financial Statements

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. Y FILIALES ESTADOS DE SITUACIÓN FINANCIERA CONSOLIDADOS, continuación

Al 31 de Diciembre del 2018 y 2017

LIABILITIES AND EQUITY	Número Nota	31-12-2018 M\$	31-12-2017 M\$
CURRENT LIABILITIES			
Other Current Financial Liabilities	16	20,617,883	36,540,044
Trade And Other Payables	17	553,734,579	545,150,721
Accounts Payable To Related Parties	9	298,309	-
Other Provisions	18	8,446,048	7,369,584
Current Tax Liabilities	11	43,407,612	355,884
Other Current Non-Financial Liabilities	19	32,238,501	33,988,534
Total Current Liabilities		658,742,932	623,404,767
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	16	1,794,895,669	1,590,913,982
Other non-current provisions	18	44,054,481	36,481,730
Deferred tax liabilities	15	82,345,876	22,032,668
Non-current provisions for employee benefits	20	13,189,192	12,171,468
Other non-current non-financial liabilities	19	4,565,159	5,684,388
Total Non-Current Liabilities		1,939,050,377	1,667,284,236
EQUITY			
Shares issued		874,846,615	874,846,615
Retained earnings		557,981,776	481,082,173
Other reserves		(66,406,429)	(117,577,618)
Equity attributable to owners of the Parent		1,366,421,962	1,238,351,170
Non-controlling interests		-	-
Total Equity		1,366,421,962	1,238,351,170
Total Liabilities And Equity		3,964,215,271	3,529,040,173

The accompanying notes 1 to 38 form an integral part of these Consolidated Financial Statements

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. Y FILIALES
ESTADOS DE RESULTADOS INTEGRALES CONSOLIDADOS

Por los años terminados al 31 de Diciembre del 2018 y 2017

INCOME STATEMENTS	Note	01-01-2018	01-01-2017
		12-31-2018	12-31-2017
		ThCh\$	ThCh\$
Revenue	22	1,913,174,282	1,943,071,198
Other income	22	9,874,347	11,974,824
Employee benefit expenses	20	(260,153,627)	(249,163,558)
Depreciation and amortization expenses	12 y 14	(331,565,828)	(315,867,652)
Impairment losses (reversals), net	23	(68,584,398)	(52,089,500)
Other expenses	24	(1,171,742,705)	(1,220,664,545)
Other profits (losses)		(89,000)	124,569
Profit from operating activities		90,913,071	117,385,336
Finance income	25	1,889,772	5,225,532
Finance costs	25	(77,711,185)	(80,035,968)
Foreign currency translation	27	(994,222)	(6,973,571)
Income from indexation units	27	(16,368,412)	(9,600,405)
Profit (loss) before taxes		(2,270,976)	26,000,924
Income tax (expense) benefit	15	(21,343,116)	17,408,617
Profit (loss) from continuing operations		(23,614,092)	43,409,541
Profit (loss) from discontinued operations		-	-
Profit (loss)		(23,614,092)	43,409,541
Profit (loss) attributable to			
Owners of the Parent		(23,614,092)	43,409,541
Non-controlling interests		-	-
Profit (loss)		(23,614,092)	43,409,541
Earnings per share			
Basic earnings per share			
Basic earnings (loss) per share from continuing operations		(78,19)	143,73
Basic earnings (loss) per share from discontinued operations		-	-
Basic earnings (loss) per share		(78,19)	143,73

The accompanying notes 1 to 38 form an integral part of these Consolidated Financial Statements

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. Y FILIALES ESTADOS DE RESULTADOS INTEGRALES CONSOLIDADOS, continuación

Por los años terminados al 31 de Diciembre del 2018 y 2017

	01-01-2018	01-01-2017
	12-31-2018	12-31-2017
	ThCh\$	ThCh\$
Profit (loss)	(23,614,092)	43,409,541
Components of other comprehensive income that will not be reclassified to income, before taxes		
Actuarial losses on defined benefit plans	(3,469,510)	(1,747,299)
Components of other comprehensive income that will be reclassified to income, before taxes		
Foreign currency translation profits (losses)	105,142,069	(56,899,156)
Cash flow hedge losses	(43,690,242)	(2,736,117)
Income tax related to components of other comprehensive income that will not be reclassified to income for the year		
Income tax related to defined benefit plans	936,768	471,771
Income tax related to components of other comprehensive income that will be reclassified to profit (loss) for the year		
Income tax related to foreign currency translation	(19,544,261)	6,412,785
Income tax related to cash flow hedges	11,796,365	610,919
Other comprehensive income (loss)	51,171,189	(53,887,097)
Comprehensive income (loss)	27,557,097	(10,477,556)
Comprehensive income attributable to		
Owners of the Parent	27,557,097	(10,477,556)
Non-controlling interests	-	-
Comprehensive income (loss)	27,557,097	(10,477,556)

The accompanying notes 1 to 38 form an integral part of the Consolidated Financial Statements

**EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. Y FILIALES
ESTADOS DE CAMBIO EN EL PATRIMONIO CONSOLIDADO**

Al 31 de Diciembre del 2018 y 2017

	Otras Reservas								
	Share capital	Reserve for actuarial variances in employee benefit plans	Foreign currency translation	Cash flow hedging reserves	Other miscellaneous reserves	Retained earnings (losses)	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of January 1, 2018	874,846,615	(1,336,506)	(31,497,405)	(23,978,826)	(60,764,881)	481,082,173	1,238,351,170	-	1,238,351,170
Increase (decrease) due to change in accounting policies	-	-	-	-	-	100,779,586	100,779,586	-	100,779,586
Restated opening equity	-	-	-	-	-	581,861,759	1,339,130,756	-	1,339,130,756
Comprehensive income									
Profit (Loss)	-	-	-	-	-	(23,614,092)	(23,614,092)	-	(23,614,092)
Other comprehensive income	-	(2,532,742)	85,597,808	(31,893,877)	-	-	51,171,189	-	51,171,189
Comprehensive income							27,557,097		27,557,097
Dividends	-	-	-	-	-	(265,891)	(265,891)	-	(265,891)
Total changes in equity	-	(2,532,742)	85,597,808	(31,893,877)	-	(23,879,983)	27,291,206	-	27,291,206
Closing balance as of December 31, 2018	874,846,615	(3,869,248)	54,100,403	(55,872,703)	(60,764,881)	557,981,776	1,366,421,962	-	1,366,421,962
Opening balance as of January 1, 2017	874,846,615	(60,978)	18,988,966	(21,853,628)	(60,764,881)	450,716,647	1,261,872,741	-	1,261,872,741
Comprehensive income									
Profit (Loss)	-	-	-	-	-	43,409,541	43,409,541	-	43,409,541
Other comprehensive income	-	(1,275,528)	(50,486,371)	(2,125,198)	-	-	(53,887,097)	-	(53,887,097)
Comprehensive income							(10,477,556)		(10,477,556)
Dividends	-	-	-	-	-	(13,044,015)	(13,044,015)	-	(13,044,015)
Total changes in equity	-	(1,275,528)	(50,486,371)	(2,125,198)	-	30,365,526	(23,521,571)	-	(23,521,571)
Closing balance as of December 31, 2017	874,846,615	(1,336,506)	(31,497,405)	(23,978,826)	(60,764,881)	481,082,173	1,238,351,170	-	1,238,351,170

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. Y FILIALES ESTADOS DE FLUJOS DE EFECTIVOS CONSOLIDADOS

Por los años terminados al 31 de Diciembre del 2018 y 2017

STATEMENT OF CASH FLOWS, DIRECT METHOD	Note	01-01-2018	01-01-2017
		12-31-2018	12-31-2017
		ThCh\$	ThCh\$
Cash receipts from customers		2,207,115,207	2,253,556,915
Cash payments to suppliers		(1,367,127,786)	(1,327,187,348)
Cash payments to and on behalf of employees		(276,493,644)	(246,472,161)
Other cash payments for operating activities		(109,479,642)	(119,675,319)
Operating interest received		1,186,820	1,301,070
Income tax reimbursed (paid)		17,586,026	(23,661,061)
Net cash flows provided by (used in) operating activities		472,786,981	537,862,096
Cash flows used to obtain control of subsidiaries		(1,873,506)	0
Proceeds from disposal of property, plant and equipment		421,583	4,375,572
Additions to property, plant and equipment		(508,295,673)	(501,504,528)
Additions to intangible assets		(592,006)	(739,014)
Dividends received		2,064	-
Interest received		1,129,600	3,129,505
Government grants		-	1,996,042
Net cash flows provided by (used in) investing activities		(509,207,938)	(492,740,407)
Proceeds from long-term loans		55,076,800	298,201,750
Proceeds from short-term loans		239,729,272	36,274,474
Loan repayment		(240,816,952)	(238,334,207)
Payment of finance lease liabilities		(1,096,743)	(1,303,725)
Dividends paid		(13,304,915)	(10,309,263)
Interest paid		(77,123,244)	(70,675,870)
Other cash inflows (outflows)		429,609	(24,769,175)
Net cash flows provided by (used in) financing activities	16	(37,106,173)	(10,916,016)
Net increase (decrease) in cash and cash equivalents		(73,527,130)	34,205,673
Effects of exchange rate fluctuations on cash and cash equivalents		628,915	525,962
Cash and cash equivalents, beginning of year		145,646,465	110,914,830
Cash and cash equivalents, end of year	5	72,748,250	145,646,465

The accompanying notes 1 to 38 form an integral part of these Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. Reporting Entity

a. Entel Group

Empresa Nacional de Telecomunicaciones S.A. (Taxpayer ID 92.580.000-7), hereinafter "Entel S.A." is a company constituted and domiciled in Chile. The Company's registered office is at Avenida Costanera Sur 2760, 22nd floor, Las Condes, Santiago, Chile.

This Company is the Parent of the Entel Group companies included in these consolidated financial statements.

The Company is an openly publicly-held corporation , with an indefinite term, registered with the Chilean Financial Market Commission (CMF, formerly the Chilean Superintendence of Securities and Insurance, SVS)under number 162 and, therefore, it is subject to the regulations of this Superintendence. Its shares are registered in the Securities Record and traded in the Chilean market.

The controlling shareholder of Entel S.A. is Inversiones Altel Ltda. (Taxpayer ID 76.242.520-3), the owner of 54.86% of the Company's current shares. 99.99% of Altel Ltda. is controlled by Almendral S.A. (Taxpayer ID 94.270.000-8).

Almendral S.A. is controlled by a group of shareholders who signed a joint interest agreement on January 24, 2005. The agreement was signed by the groups Matte, Fernández León, Hurtado Vicuña, Consorcio, Izquierdo and Gianoli.

The subsidiaries of which the financial statements are included in consolidation correspond to companies domiciled in Chile and other countries as detailed in note 3a).

The Chilean subsidiaries are closely-held corporations not subject to the regulations of the CMF; their shares are not traded, or registered with the Securities Record.

However, in line with legal requirements for public telecommunications concession holders, the subsidiaries Entel PCS Telecomunicaciones S.A. and Transam Telecomunicaciones S.A. are registered with the CMF under Nos. 33 and 232, respectively. Companies registered in this special register are subject to the same regulations as public limited companies in terms of market information and disclosure, except for the requirement to provide interim financial statements on a quarterly basis.

As of December 31, 2017, the Group's personnel amounted to 12.210 employees and an average headcount during the year was amounted to 12.827. As of December 31, 2016, the Group's personnel amounted to 13.311 employees and an average headcount during that year amounted to 13.172.

b. Line of business

The Group companies are engaged in mobile telecommunication services, including voice, added value, data, broadband and mobile internet services basically oriented to proposing integrated solutions, which encompass data networks, local telephony, Internet access, public long distance telephone, cable TV services, information technology services (data center, BPO and operating continuity), infrastructure, lease of networks and wholesale traffic businesses. The Group also provides call center services for the corporate market and Group companies.

These businesses are conducted mainly in Chile. Activities abroad are performed by three companies operating in Peru engaged in the provision of wireline, call center services, and mobile telephone services.

Note: This English translation is for reference purposes only. In the event of any discrepancy between the Spanish original and this English translation, the Spanish original shall prevail.

2. Basis Of Preparation

a. Statement of compliance

The consolidated financial statements as of December 31, 2018, have been prepared in conformity with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and were authorized for issue by the Board of Directors on January 30, 2019.

These consolidated financial statements have been prepared from accounting records held by the Parent and other entities from the consolidated holding. Each entity prepares its financial statements following the accounting principles and criteria in force in each country and, therefore, the necessary adjustments and reclassifications have been applied during the consolidation process to unify such principles and criteria to be in conformity with IFRS.

The financial statements as of December 31, 2017, and their corresponding notes, are shown for comparison purposes. For this purpose, remaining VAT credits have been reclassified in the statement of financial position from "current tax assets", to "other current and non-current financial assets".

Accounting pronouncements (affecting the Group) effective starting from January 1, 2018, and thereafter:

Standards and Amendments	Date of mandatory application
IFRS 16 - Leases	Annual periods beginning on January 1, 2019
IFRIC 23 - Uncertainty Over Income Tax Treatment	Annual periods beginning on January 1, 2019
Conceptual Framework - conceptual framework (revised)	Annual periods beginning on January 1, 2020
AMENDMENTS TO IFRS	
IFRS 3 - Business Combinations: Interests (Minority) Previously Held in a Joint Operation	Annual periods beginning on January 1, 2019
IFRS 9 - Financial Instruments: Prepayment features with negative compensation	Annual periods beginning on January 1, 2019
IFRS 11 - Joint Arrangements: Interests (minority) previously held in a joint operation	Annual periods beginning on January 1, 2019
IAS 12 - Income Taxes: Tax consequences of payments related to financial instruments classified as equity	Annual periods beginning on January 1, 2019
IAS 23 - Borrowing Costs: cost of loans eligible for capitalization	Annual periods beginning on January 1, 2019
IAS 28 - Investments in Associates and Joint Ventures: Long-term investments in associates and joint ventures	Annual periods beginning on January 1, 2019
IAS 19 - Employee Benefits: modification, reduction or settlement of the plan	Annual periods beginning on January 1, 2019
IFRS 3 - Business Combinations: Definition of a business	Annual periods beginning on January 1, 2020
IAS 1 and 8 - Definition of Material	Annual periods beginning on January 1, 2020

NIIF 16 Leases

In January 2016, the IASB issued IFRS 16 Leases. IFRS 16 establishes the definition of a lease agreement and specifies the accounting treatment of the assets and liabilities arising from these contracts from the point of view of the lessor and lessee. The new standard does not significantly differ from the standard that precedes it, IAS 17 Leases, regarding the accounting treatment from the point of view of the lessor. However, from the point of view of the lessee, the new standard requires the recognition of assets and liabilities for most lease agreements. IFRS 16 is mandatory for annual periods commencing as of January 1, 2019. Early application is allowed if it is adopted in conjunction with IFRS 15 Revenue from Contracts with Customers.

In relation to IFRS 16, after reviewing the standard and its effect on the different types of operating leases, the Company concluded that the affected contracts in the Entel Group are mainly those associated to sites where the mobile telephone antennas and commercial stores are located.

The Group has opted for initial adoption of the standard in its retrospective mode, recognizing assets and liabilities for the present value of total future payments committed in the contracts. These cash flows are discounted at an incremental debt interest rate. In addition, current prepaid expenses due to those contracts will be reclassified to property, plant and equipment. The figures that are comparative to the 2018 figures in the financial statements will not be modified and will be presented in accordance with original accounting standards.

It considers contracts whose remaining term is longer than one year. For those with remaining terms that are shorter than one year, the Company will recognize the assets and liabilities once the contracts have been negotiated and uncertainties regarding the new terms and/or respective lease income have been cleared up.

The estimated impact of the initial adjustment as of January 1, 2019, on the statement of financial position is detailed as follows:

	Chile	Perú	Total
	MCh\$		
Increase in lease liabilities	186,284	149,397	335,681
Increase in right of use of property, plant and equipment	186,284	149,397	335,681
Additionally, prepaid expenses will be reclassified to property, plant & equipment	20,020	5,984	26,004

This initial adjustment in the statement of financial position originates an increase in right of use assets and as a counter entry, higher lease liabilities, and deferred tax assets and liabilities. The net accounting effect for the concepts of lease, depreciation, amortization and interest on income from future periods product of the change in IFRS 16, will depend on the evolution of the contracts and their negotiation. These changes due to the standard, affect the temporary nature of the recognition in the financial statements.

Regarding the remaining new standards and amendments, Management believes that they will not have a significant impact on the consolidated financial statements of the Entel Group, on the year of their first application.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items:

- > derivative financial instruments are measured at fair value
- > interest-bearing borrowings are measured at amortized cost; and
- > liabilities arising from post-employment defined benefit plans are measured at their present value considering actuarial variables.

c. Functional and presentation currency

The amounts of these consolidated financial statements are rounded to the nearest thousand of Chilean pesos, except indicated otherwise. The Chilean peso is the Group's functional and presentation currency.

d. Use of estimates and judgments

In the preparation of the consolidated financial statements, the Company's management uses certain estimates based on the best information available at each reporting date. These estimates impact the valuation of certain assets, liabilities, profit or loss, and cash flows that would be significantly affected by new events giving rise to changes in assumptions and other sources of uncertainty assumed through the present date. The main estimates refer to:

- > Actuarial assumptions used for estimating severance indemnity payment liabilities, detailed in Note 20.
- > Valuation of intangible assets other than goodwill, goodwill generated from the acquisition of companies, which could affect the determination of impairment losses, detailed in Note 12.
- > Useful life of property, plant and equipment and intangible assets, detailed in Notes 12 and 14.
- > Assumptions made when determining the fair value of financial instruments, detailed in Note 6.
- > Assumptions related to the generation of future taxable profits deductible from deferred tax assets, detailed in Note 15.
- > Assumptions associated with the cost of decommissioning facilities, detailed in Note 18.
- > The customer doubtful account rates (impairment) for the different segments based on the projected loss model.

e. Changes in accounting policies

Regarding IFRS 15 Revenue from Contracts with Customers, the Group adopted the new standard on the date of mandatory application (as of January 1, 2018), using the modified retrospective method. This method consists in retrospectively determining the closest past that is affected by the total change produced by the initial adjustment, which is recognized on the date of adoption through equity (retained earnings). Comparative figures with 2017 in the financial statements are not modified and are presented in accordance with original accounting standards.

The effect of adoption of the standard on retained earnings can be visualized in the statement of changes in equity.

If IFRS had not been applied, the summarized comparative statements of financial position, would have been as follows:

	12-31-2018	12-31-2017
	TCh\$	TCh\$
Assets		
Current assets	712,412	744,946
Non- current assets	3,138,932	2,784,094
TOTAL ASSETS	3,851,344	3,529,040

	12-31-2018	12-31-2017
	TCh\$	TCh\$
LIABILITIES AND EQUITY		
Current liabilities	658,743	623,405
Non-current liabilities	1,906,729	1,667,284
Total equity	1,285,872	1,238,351
TOTAL LIABILITIES AND EQUITY	3,851,344	3,529,040

Comparative income for each year would have been detailed as follows:

	12-31-2018 TCh\$	12-31-2017 TCh\$
Revenue	1,964,182	1,955,170
Cost and Expenses	(1,843,644)	(1,837,785)
Profits (losses) from operating activities	120,538	117,385
Profits (Loss) before taxes	27,355	26,001
Income tax (expense) benefit	(30,228)	17,409
Profit (Loss)	(2,873)	43,410

Except for the above, accounting policies have been consistently applied during the periods covered by these financial statements.

In respect to IFRS 9, which in its model for measuring impairment of accounts receivable contemplates the expected loss of the debtor, the Group in its risk management model for insolvency of its customers, uses the same focus to recognize impairment. Due to this, the standard had no effect on its financial statements.

3. Significant Accounting Policies

a. Basis of consolidation

Consolidation of a subsidiary shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee. Specifically, the revenues and expenses of a subsidiary acquired or sold during the year are included in the consolidated statements of comprehensive income from the date in on which the Company obtains control and up to the date in on which control ceases.

The consolidated financial statements include the financial statements of the parent and the entities controlled by the Group (its subsidiaries). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvements with the entity and when it has the ability to affect those returns through its power over the entity. Thus, the Company controls an investee when, and only when, it has all the following:

- > control over the investee (that is, it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns);
- > exposure, or rights, to variable returns from involvement with the investee; and
- > the ability to use power over the investee to affect the amount of the investor's returns.

When there is a loss of control, Entel S.A. derecognizes the assets and liabilities of the subsidiary, non-controlling interests and other equity components related to the subsidiary. Any gain or loss resulting from the loss of control is recognized in profit or loss. If any investment is retained in the former subsidiary this is valued at its fair value when control is lost. Subsequently, that investment retained is accounted for as an investment recorded under the equity method or a financial asset available for sale, depending on the level of influence retained.

In preparing consolidated financial statements, an entity combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income revenue and expenses. All the Company's direct and indirect subsidiaries are controlled by 100% and, accordingly, non-controlling interest does not exist in the consolidated financial statements.

The significant transactions made by consolidated companies, and balances payables between them have been eliminated for consolidation purposes.

The carrying amount of the Parent's investment in each subsidiary is offset against equity, after adjusting such carrying amount to fair value on the date in which control over the investee is obtained. At that date, goodwill is recognized as described below whereas any gain resulting from the acquisition of a business or negative goodwill is recognized in the statement of comprehensive income.

Assets and liabilities of consolidated foreign operations expressed in currencies other than the Chilean peso are translated into Chilean peso using the exchange rate at the reporting date. Foreign currency differences resulting from the application of this method are classified in equity until the disposal of the investment.

The exemption allowed under IFRS 1(First-Time Adoption of IFRS) for annulling exchange rate differences accumulated at the date of transition to IFRS was not adopted.

The subsidiaries included in consolidation correspond to companies domiciled both in Chile and abroad, detailed as follows:

Tax No.	Company name	Country of origin	Functional currency	Interest percentage			
				12.31.2018		12.31.2017	
				Direct	Indirect	Total	Total
96806980-2	ENTEL PCS TELECOMUNICACIONES S.A.	CHILE	Ch\$	99.999	0.001	100.000	100.000
76479460-5	ENTEL COMERCIAL S.A.	CHILE	Ch\$	-	100.000	100.000	100.000
96561790-6	ENTEL INVERSIONES S.A.	CHILE	Ch\$	99.990	0.010	100.000	100.000
96554040-7	ENTEL SERVICIOS TELEFONICOS S.A.	CHILE	Ch\$	91.420	8.580	100.000	100.000
96563570-K	ENTEL CALL CENTER S.A.	CHILE	Ch\$	90.000	10.000	100.000	100.000
96697410-9	ENTEL TELEFONIA LOCAL S.A.	CHILE	Ch\$	99.000	1.000	100.000	100.000
96548490-6	MICARRIER TELECOMUNICACIONES S.A.	CHILE	Ch\$	99.990	0.010	100.000	100.000
96553830-5	ENTEL CONTACT CENTER S.A.	CHILE	Ch\$	-	-	-	100.000
96672640-7	ENTEL SERVICIOS EMPRESARIALES S.A.	CHILE	Ch\$	-	100.000	100.000	100.000
79637040-8	SOC. DE TELECOMUNICACIONES INSTABEEP LTDA	CHILE	Ch\$	99.990	0.010	100.000	100.000
96652650-5	TRANSAM COMUNICACIÓN S.A.	CHILE	Ch\$	-	100.000	100.000	100.000
96833480-8	WILL S.A.	CHILE	Ch\$	-	100.000	100.000	100.000
0-E	AMERICATEL PERU S.A.	PERU	PEN	46.570	53.430	100.000	100.000
0-E	SERVICIOS DE CALL CENTER DEL PERÚ S.A.	PERU	PEN	0.004	99.996	100.000	100.000
0-E	ENTEL DEL PERU S.A.	PERU	PEN	98.199	1.801	100.000	100.000
0-E	DIRECNET S.A.C	PERU	PEN	99.999	0.001	100.000	-
0-E	EUSA WHOLESALE INC.	USA	Ch\$	-	100.000	100.000	100.000
0-E	ENTEL INTERNACIONAL B.V.I. CORP.	BRIT. VIRGIN ISLANDS	Ch\$	100.000	-	100.000	100.000

During 2018, Entel Contact Center S.A. was absorbed by its parent company, Entel Call Center S.A. by means of a merger by incorporation. This merger included all the assets, liabilities, rights and obligations, and consequently, it did not generate any equity changes at a Group level (companies under common control). Likewise, this merger has not produced an impact at a consolidated income and cash flows level.

As of June 2018, Direcnet S.A.C., a company established in Peru, entered the perimeter of consolidation of the Entel Group.

On May 31, 2018, the acquisition of Direcnet del Perú by Entel Chile S.A. was carried out directly with an interest of 99.999% and the remaining 0.001% was acquired through its subsidiary Entel Inversiones S.A., after Directv Perú SLR transferred 100% of the shares. These transactions amounted to US\$ 3.6 million for the entire stock capital.

According to IFRS 3, the purchase qualifies as an "acquisition of assets". Therefore, the price paid is allocated to the main asset that the Company has, which is the concession and spectrum over block B of the 2.300 Mhz band, with a band width of 30 Mhz.

This acquisition will allow the Entel Group to complement existing capacities to continue developing business in Peru.

At the Board of Directors' meeting held on October 1, 2018, Entel S.A. approved the creation of a new subsidiary, Entel Internacional SpA, established as a stock company, which will allow it to carry out the role of centralizing the Group's operations undertaken abroad and foreign investments.

On January 9, 2019, the subsidiary was authorized by the Chilean Internal Revenue Service (SII) to carry its accounting in US\$. This company has a subscribed capital of US\$ 10,000 which as of the date of issuance of these financial statements has not yet been paid.

b. Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The difference determined between the original and closing amount is recognized under foreign currency translation differences in the statement of income.

An exception to the above relates to assets and liabilities stated at fair value (mainly those arising from financial derivative contracts). The differences between exchange rates at the reporting date and the fair value of such contracts are also recorded in profit or loss within Foreign currency translation differences, with the exception of cash flow hedge contracts where differences are recognized in equity.

Assets and liabilities expressed in foreign currency or other translation units are translated as follows:

		Closing exchange rate	
		12.31.2018 Ch\$	12.31.2017 Ch\$
US dollar	US\$	694.77	614.75
Euro	EUR	794.75	739.15
UF (Inflation-adjusted units)	UF	27,565.79	26,798.14
New Peruvian Sol	PEN	206.35	189.68

c. Financial instruments

Financial assets

The Group classifies its financial assets under the following categories: fair value through profit or loss or other comprehensive income; and assets at amortized cost. The classification depends on the purpose for which the financial assets were acquired.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset.

> Financial assets at fair value through profit and loss

The Group companies include under this category those derivatives that do not meet the requirements for hedge accounting. Contracts that record an asset position at the reporting date are presented within other financial assets in the statement of consolidated financial position, whereas those with liability positions are recognized within other financial liabilities.

> Financial assets and liabilities at amortized cost.

Correspond to financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Group has determined that the calculation of amortized cost does not differ from the invoiced amount as there are no significant costs associated with the transactions.

Cash and cash equivalents comprise cash on hand and short-term, highly liquid investments which are subject to an insignificant risk of changes in value. In addition to cash balances and those held in bank current accounts, cash and cash equivalents also includes short-term deposits; fixed income mutual fund deposits; and transactions with buyback and resale options with original maturities of three months or less. These assets are recorded at their nominal value or amortized cost, depending on their nature, with changes through profit or loss. Recorded balances include interest and inflation adjustments accrued at the end of the year.

Financial liabilities

The Group initially recognizes unsecured debts issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date on which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities under financial liabilities measured at amortized cost. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Such liabilities include loans and borrowings, bank overdrafts, and trade and other payables.

Financial liabilities hedged by derivatives designated to manage the exposure to fluctuations in cash flows (cash flow derivatives used for hedging) are measured at amortized cost.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

If in certain contracts embedded derivative contracts coexist, they are separated from the original contract and are accounted for separately. This procedure is applied if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a

separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when:

- > at inception the hedge relationship is formally designated and documented;
- > the hedge is expected to be highly effective;
- > the effectiveness of the hedge can be reliably measured;
- > the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivatives are measured at fair value in accordance with NIIF 9.

If a fair value hedge meets the conditions for hedge accounting, the following accounting treatment is applicable:

- > Cash flow hedges – When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity (cash flow hedge reserve). The amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

When hedges relate to risk management strategies but not necessarily meet the effectiveness and testing requirements required by international financial reporting standards for the application of hedge accounting, changes in the value of instruments are charged to profit or loss.

d. Inventories

Goods for sale are measured at the lower of cost and net realizable value depending on the purpose for which they are held. The cost of inventories is measured using the weighted average price.

Such a classification includes mobile phone handsets for customers. In this case, grants related to the transfer of handsets to customers are expensed in profit or loss as cost of sale.

The main inventories are mobile handsets and accessories. The existence of obsolescence is assessed at each reporting date in order to register the corresponding recognition of assets, considering the storage time of the different handsets in warehouses, and the potential sale of such handsets.

e. Impairment

- > Non-derivative financial assets

A financial asset not measured at fair value through profit or loss is evaluated at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence that a loss event has occurred after initial recognition of the asset, and that the event had a negative effect on the future estimated cash flows of the asset which can be reliably measured.

The calculation of impairment of trade accounts receivable is based on an analysis of observable historical data, on the behavior of the overdue portfolio, and incorporates relevant market variables, to estimate the future behavior of the portfolio. An analysis is performed, both retrospective, monitoring the behavior of the accounts receivable portfolio, and prospective in relation to customer behavior, differentiating by customer segments to which they belong, and the different products that the Company has contracted.

As a general rule, the following criteria are used in order to determine the date to be covered:

1. Date on which a customer "stops being a customer"
2. The recovery curve becomes asymptote
3. Conceptual homologation of the policy, according to the relative importance of the segment.
4. Should there be relevant differences between the 1st and 2nd rule, the rate is fed back, with recovery of the subsequent months.

This policy establishes the hedging of the probability of non-payment of the portfolio from the time at which income is provisioned, thus faithfully reflecting its intrinsic credit risk.

This model ultimately provides a rate to determine the allowance for doubtful accounts in accordance with the present policy.

The allowance policy incorporates segmentation of customers, both by their nature, as well as by products and services contracted. In this way the diverse credit risks of the accounts receivable portfolio are encompassed with the different types of customers. With this, the Company believes it fully reflects the need to establish an allowance on the portfolio.

The policy is reviewed periodically, in order to keep it up to date, and thus faithfully reflect the intrinsic risk of the portfolio, taking into account demographic factors, technological change risks, credit improvements, regulatory changes, etc. That is, all events that might reasonably affect the statistically proven impairment behavior of the portfolio.

The calculation of impairment of accounts receivable does not consider the discounted values of these assets since they are collected in the short term. Therefore, the difference between their current value and their present value is not significant.

> Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets other than goodwill that have indefinite useful life or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The ceiling test to determine value-in-use is subject to the operating segment for goodwill impairment purposes.

Impairment losses are recognized in profit or loss. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount; however, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

In determining the acquisition value, the Group considers the acquisition price of assets and services, including non-recoverable tax and customs duties. Likewise, the Group considers site and start-up costs until it is ready to operate; in addition, the estimation of dismantling and withdrawal costs are also included.

Net interest on borrowings directly associated with the financing of construction work, accrued during the development period and up to the date in which the asset is available for use are capitalized except for projects which development period is lower than six months.

g. Depreciation of property, plant and equipment

Depreciation is estimated using the straight-line method based on the estimated useful life of the assets in conformity with technical studies. Such technical studies include the annual verification of technologic and/or business events that make it advisable to amend such useful life as well as the assets' residual value at the date of removal.

In addition, the Group applies procedures to evaluate any indication of asset impairment. In the event that there are assets which values exceed their market value or ability to generate net income, the Group makes impairment adjustments which are charged to profit or loss.

Tables of useful life for depreciation are highly disaggregated, based on the characteristics of different assets in addition to the possibility of being treated on an individual basis. Most significant useful life are detailed in Note 14, Property, plant and equipment.

The useful life and residual values are reviewed at least once a year, considering the advances in technology and, if appropriate, are adjusted prospectively, affecting future depreciations.

h. Finance leases

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases.

For these purposes, the Group considers the transfer of the asset at the end of the agreement, the value of a possible purchase option, the portion of the economic life of the asset covered by the term of the lease and the degree to which the current value of minimum lease agreement payments is equivalent to the asset fair value. The leased asset is measured at an amount equivalent to the present value of lease payments and the amount payable to exercise the purchase option. Leased assets are subject to depreciation under the general standards applicable to property, plant and equipment.

The ownership of leased assets is legally acquired through the exercise of the purchase option and, therefore, the Company cannot freely dispose of these assets until it exercises the purchase option.

Assets under finance lease agreements are considered as sold for accounting purposes and derecognized from inventories. Gains and losses resulting from such transactions are based on the 'present value' of lease payments receivable in relation to the acquisition or construction cost of assets sold.

i. Intangible assets

Intangible assets include rights of use on fiber optic cable capacities (IRUs), the cost of licenses and operating concessions, as well as other rights of use in favor of the Group companies.

IRUs are amortized on a straight-line basis and expensed in profit or loss over the period of the related agreements.

Licenses and concessions are amortized over the lower of the estimated operating or awarding periods whereas rights of use are amortized over the life of the agreement with a maximum period of 40 years.

Computer software cost is capitalized over a period of 4 years.

j. Goodwill

For goodwill that arises from the total or partial acquisition of companies, the Group uses the acquisition method to establish the fair value of the acquiree's identified assets and liabilities, recognizing the possible difference in the amount paid for the acquisition as goodwill. This amount is subject to impairment testing at each year-end and any possible impairment losses are recognized.

k. Income tax and deferred taxes

The income tax expense is determined, based on profit or loss for tax purposes. Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes are recorded as non-current assets and liabilities, as applicable. Such values are recognized at current value with no discount to their present value regardless of the estimated term of recovery. Deferred tax assets and liabilities are recognized using the current tax rates when these are expected to be realized or settled.

I. Employee benefits

- > Defined benefits plan(post-employment benefits)

Post-employment benefits include severance payments to employees with indefinite employment contract with Entel Chile S.A., who are members of Corporación Mutual and are entitled when they achieve 8 years of continuous service. These obligations are measured at their present value and discounted using long-term interest rates and actuarial assumptions regarding employee turnover, life expectancy and salary and wage forecasts of the potential beneficiaries.

To determine the net amount of the liability to be recognized, the Group deducts the fair value of balances accumulated by employees based on the contributions they have to make in certain Funds under agreements currently in force.

Variations in the obligation related to accruals associated with increases in the number of periods or increases or decreases in the number of employees are charged to payroll expenses, whereas those related to the accrual of embedded interest, are charged to profit or loss. Gains or losses arising from actuarial effects are charged to equity.

- > Termination benefits

Termination benefits, other than post-employment benefits, are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

- > Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The cost of employee vacations is recognized in the year in which vacation days accrue, regardless of the year in which employees use them.

m. Revenue

Revenue is recognized on the basis of the accrual method, when the Group becomes entitled to receive a consideration. For these purposes, the Group considers the time of delivery or reception of goods or rendering of services provision, regardless of the time when the related cash flows are received (prepaid, simultaneous or at a given term).

The Group has the following specific policies for revenue:

- > Aggregated offers - This caption identifies the components of commercial packages, offered determining the characteristics of each package. Based on the above, package income is allocated to each of its obligations based on their fair value, applying the corresponding individual income recognition standards.

Package sales that cannot be disaggregated are treated as a single transaction. Package sales cannot be disaggregated when their commercial effect cannot be understood without reference to the whole set of transactions.

The most significant aggregated offer relates to the recruitment of mobile telephone service customers. This offer includes the equipment, a credit chargeable to services and the expectation for future services. Only those cash flows of which reception is certain are considered for recognition by disaggregating as service the average amount of the value that can be allocated to telephone services as these are used by customers.

Obligations are recognized considering total cash flows of the contract, including the initial instalment allocating to each of them, the prices the proportionality of evaluating total cash flows on the basis of the separate observable prices of each obligation.

For the capture of prepaid mobile telephone customers, this offer is composed of the handset, a credit on the services and hope of future services. In the accounting recognition, only cash flows over which certainty exists are considered, separating as a service the average value of the amount chargeable to telephone services, to the extent that these are used by the customer.

In the event that solely some elements can be assigned a value reliably, the residual value is assigned to the remaining components.

The value assigned to a certain component will be limited to the sale price not subject to the delivery of other items.

Amounts received in relation to future services are recognized as a liability for advances received from customers, which are subsequently reclassified to profit or loss when the related services are used. Main cash flows for this concept correspond to amounts related to services included in prepaid mobile telephone service offers as well as the sale of subsequent electronic recharges.

Habilitation costs charged to post payment customers under contracts of loan and restitution of equipment are recognized in profit or loss in the same period when the delivery of the related equipment is also recognized in profit or loss.

> Sale of handsets - In conformity with the general standard, revenue is recognized when handsets are delivered to customers.

In the event that the sale includes a supplementary activity (installation, set-up, start-up, etc.) such sale is recognized upon approval by the customer.

No revenue is recognized for equipment delivered without transference of ownership (bailment, loan, lease, etc.). Handsets under this condition are recorded as operating assets and, accordingly, they are subject to the related depreciation. Cable television, internet, fixed-line telephony and certain IT services are included under this condition.

> Revenue from connection charges - revenue from connection charges are deferred and recognized as revenue during the term of the contract or expected customer retention period, whichever is shorter.

The customer retention period is estimated based on the historical experience, churn rates or the knowledge of market behavior.

Connections whose direct execution cost is equal to or higher than the charge to the customer are excluded from the previous procedure. In this case, revenue from connection charges is recognized as revenue when the customer connects, in order to achieve symmetry between revenue and expenses.

Connection costs include installation and management of third party orders, distributor fees and SIM card cost.

Also excluded from the general procedure are connections that represent an independent transaction, that is not rescindable, or subject to the mandatory delivery of other goods or services.

> Customer Loyalty Programs - Provision of future benefits based on service use levels or current or past purchases. Revenue received is allocated based on fair values among services already rendered and services to be provided in the future; revenue allocated to the latter is treated as unearned income for future sales. Simultaneously, the Company accrues a provision for marginal costs associated with services or goods to be delivered fully or partially for free.

This procedure excludes isolated campaigns intended to introduce new products or re-launch other products as long as such campaigns last for less than three months and do not represent more than 1% of sales for the last 12 months.

These programs include credits for calls, product discounts, benefits for goal compliance and accumulation of exchangeable points for products, own or third party services.

In the cases where benefit prescription or defeasance clauses are exercised, the respective unused balances are transferred to revenue.

These procedures are only applied if it is possible to make reliable estimates of benefits to be obtained by customers.

> Sale Discounts - Revenue is stated net of discounts granted to customers.

> Third Party Sales - In the cases where the Company acts as principal, agent or broker-dealer for sales of goods or services produced by other agents, revenue is recorded net; i.e., recording only the margin resulting from rendering the services; i.e., the commission or fee, or share of profit received.

To establish the condition to act as principal, the Group considers whether the product is explicitly sold on behalf of the supplier, whether it assumes the risks related to the product, the responsibility over it and is in charge of fixing the sale price.

> Prepaid Mobile Services - Revenue from sales of prepaid mobile services is recognized in profit or loss in the month when users make use of the services or when such services expire, if earlier.

> Rendering of services in progress at the reporting date - Service rendering for more than one accounting period is recognized as revenue under the percentage of completion method at each reporting date. This percentage is determined based on the proportional of inputs used compared with budget.

n. Finance costs

Initial expenses related to fees, advisory services and taxes for financial debts are treated using the amortized cost method. Under this method, these expenses become a part of the effective interest rate and, accordingly, they are amortized using such rate and during the schedule payment period.

o. Provisions

The Group recognizes liabilities for all legal obligations in favor of third parties arising from transactions conducted or future events for which it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are recognized when the amount of the obligation can be reliably estimated, based on the risks identified and the best estimates. The amount of provisions is discounted when the effect of the time value of money is deemed to be material. Refer to Note 18 for further information.

p. Dividends

Dividends payable to third parties are reported as a change in net equity in the period in which the obligation for their distribution arises either because of being declared at the Shareholders' Meeting or being related to a legal obligation for minimum dividends.

q. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets.

r. Government grants

Government grants intended to finance investments are recorded as lower acquisition or construction cost of the related assets.

s. Interconnection revenue and costs

Amounts accrued in favor or against the Group's companies are recognized on the basis of existing agreements and traffic measurements exchanged with other domestic and international operators.

t. Deferred costs

The main deferred costs correspond to commissions that are paid to external sales channels for the signing of contracts with customers for mobile telephone services. Those expenses are recognized in income either during the term of the contract or during the average period of permanence based on behavior statistics for the segment of such customers, whichever is shorter.

u. Cost of sales

Cost and expenses are charged to services directly as access charges and other services provided by telecom operators. Other cost pools are distributed to each segment and product through allocation drivers. These drivers are from different nature, and some are obtained directly from the ERP systems, and others correspond to activity variables obtained from the operational systems. Property, plant and equipment are related to technological platforms and the allocation of product depreciation based on the use of such platforms.

4. Financial Assets And Liabilities

a. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Derivative Financial Instruments

The fair value of a derivative contract that is not quoted in an active market is obtained from the difference between the cash flows related to the rights and obligations resulting from the contract discounted at the applicable market interest rate at the measurement date (Level 2 in the fair value hierarchy).

For currency forward contracts, fair value corresponds to the difference between the amount of the foreign currency to be acquired based on the contract, multiplied by the applicable forward exchange rate, the debt in Chilean pesos and Peruvian soles agreed in the contract, both discounted using the effective exchange rate for the Chilean peso and the Peruvian sol for the remaining contract period.

As there are no rates for all maturity dates but for some specific dates, the applicable rate is obtained by interpolating the closest points to the applicable maturity date. This procedure is applied to rates in inflation-indexed units(UF), Chilean pesos, US dollars, Euros and Peruvian soles.

In the case of contracts to hedge against fluctuations in exchange and/or interest rates (Cross Currency Swap and IRS), the fair value corresponds to the difference in discounted cash flows of each contract component, including the nominal amount.

Rates used to discount the local currency as well as the Peruvian currency are risk free and zero-coupon rates of instruments issued by the central banks of each country.

With respect to foreign currency rates, the rates are risk-free and zero-coupon rates based on interbank rates (U.S. LIBOR) adjusted by the market risk in each country.

Non-derivative financial liabilities

For disclosure purposes, fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market interest rate is determined by reference to similar leases.

In the case of current trading assets and liabilities, the fair value is estimated to be equal to their current value as they correspond to short-term cash flows.

b. Fair value hierarchy

In conformity with the methods and techniques used to determine fair values, the following hierarchies are defined:

- > Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- > Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- > Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the changes in the fair value of net liabilities from derivatives:

	12.31.2018	12.31.2017
	Level 2 ThCh\$	Level 2 ThCh\$
Net beginning balance of derivative contracts, assets (liabilities)	(4,950,055)	107,190,864
Profits (losses) recognized in income	143,186,448	(135,379,099)
Profits (losses) recognized in equity	(43,690,241)	(2,736,117)
Negative (favorable) settlement of contracts for the year	2,220,790	25,974,297
Change in fair value measurement	101,716,997	(112,140,919)
Ending balance of derivatives, assets (liabilities)	96,766,942	(4,950,055)

c. Categories of financial assets and liabilities

The table below shows the carrying amounts for the different categories of financial assets and liabilities compared to their fair values.

December 31, 2018, in ThCh\$	Note	At fair value		Assets at amortized cost	Liabilities at amortized cost	Currency or indexation unit	Total at carrying amount	Total at fair value
		through profit or loss	through OCI hedge derivatives					
Assets								
Cash equivalents	5	-	-	61,153,854	-	CLP/USD/PEN	61,153,854	61,153,854
Other financial assets	6							
Derivatives		16,084,487	88,616,301		-	USD	104,700,788	104,700,788
Trade and other receivables	8	-	-	450,706,298	-	CLP/USD/PEN	450,706,298	450,706,298
Accounts receivable from related parties	9	-	-	389,434	-	CLP	389,434	389,434
Total assets		16,084,487	88,616,301	512,249,586			616,950,374	616,950,374
Liabilities								
Other financial liabilities	16							
Interest bearing borrowings		-	-	-	358,079,373		358,079,373	362,374,852
Liabilities with bondholders		-	-	-	1,449,500,333		1,449,500,333	1,416,554,769
Derivatives		587,931	7,345,915	-	-		7,933,846	7,933,846
Trade and other payables	17	-	-	-	553,734,579		553,734,579	553,734,579
Accounts payable to related parties	9	-	-	-	298,309		298,309	298,309
Total liabilities		587,931	7,345,915		2,361,612,594		2,369,546,440	2,340,896,355

December 31, 2017, in ThCh\$	Note	At fair value		Assets at amortized cost	Liabilities at amortized cost	Currency or indexation unit	Total at carrying amount	Total at fair value
		through profit or loss	through OCI hedge derivatives					
Assets								
Cash equivalents	5	-	-	136,499,621	-	CLP/USD/PEN	136,499,621	136,499,621
Other financial assets	6							
Finance lease receivables		-	-	809,212	-	UF	809,212	808,915
Derivatives		2,462,840	35,364,029		-	USD	37,826,869	37,826,869
Trade and other receivables	8	-	-	351,596,818	-	CLP/USD/PEN	351,596,818	346,455,962
Accounts receivable from related parties	9	-	-	414,501	-	CLP	414,501	414,501
Total assets		2,462,840	35,364,029	489,320,152			527,147,021	522,005,868
Liabilities								
Other financial liabilities	16							
Interest bearing borrowings		-	-	-	285,571,697		285,571,697	286,075,523
Liabilities with bondholders		-	-	-	1,297,949,792		1,297,949,792	1,363,529,722
Finance lease payables		-	-	-	1,155,613		1,155,613	1,687,570
Derivatives		15,423,449	27,353,475	-	-		42,776,924	42,776,924
Trade and other payables	17	-	-	-	545,150,721		545,150,721	545,150,721
Total liabilities		15,423,449	27,353,475		2,129,827,823		2,172,604,747	2,239,220,460

OCI – Other comprehensive income.

The application of IFRS 9 Financial Instruments did not imply changes in respect to valuation of financial assets and liabilities, in comparison to the preceding standard, IAS 39. The loans and accounts receivable category was replaced by assets at amortized cost but their valuation is still at amortized cost. Only assets or liabilities that are derivative instruments are measured at fair value.

5. Cash And Cash Equivalents

Cash and cash equivalents are detailed as follows:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Cash	97,753	116,073
Cash in banks	11,487,520	9,010,585
Short-term deposits	57,818,319	133,633,176
Fixed income mutual funds	-	2,866,445
Central bank instruments	3,335,535	-
Other cash and cash equivalents	9,123	20,186
Total	72,748,250	145,646,465
Total by type of currency		
CLP	6,330,368	121,857,496
USD	61,730,199	18,698,791
PEN	4,665,955	5,072,174
EUR	21,728	18,004
Total	72,748,250	145,646,465

The same items of the caption are considered for the statement of financial position and the statement of cash flows. The Group's companies have no balances that are not available for use, nor do they have restrictions on financing cash flows to be used in operating and/or investment activities.

There is no control and the Board of Directors is not informed on the series of activities related to the business segments included in Note 29, except for the mobile telephone business in Peru, performed by the subsidiary Entel Perú S.A.

Refer to the analysis "Comments on the statements of cash flows of funds" for further details on the most relevant items in the statement of cash flows.

As of December 31, 2018, bank lines of credit in current accounts (overdraft) that are formally approved and authorized, but have not been used amount to ThCh\$ 178,000,000.

a) Short-term deposits, with original maturities equal to or less than three months, are recorded at amortized cost and are detailed as follows for each period:

Bank	Currency	Investment date	Maturity date	Days	Amount ThCh\$	Accrued days	Accrued interest ThCh\$	Total 12.31.2018 ThCh\$
Banco BCI	Ch\$	12-31-2018	01-10-2019	10	32,645	-	-	32,645
Banco BCI	Ch\$	12-11-2018	01-10-2019	30	5,287	20	103	5,390
Banco BCI	USD	12-21-2018	01-31-2019	41	9,726,780	10	8,889	9,735,669
Banco BCI	USD	12-30-2018	01-03-2019	4	348,628	1	5	348,633
Banco BCI	USD	12-21-2018	01-03-2019	13	557,528	10	277	557,805
Banco Scotiabank	USD	12-21-2018	01-08-2019	18	5,558,160	10	5,867	5,564,027
Banco Scotiabank	USD	12-21-2018	01-17-2019	27	7,642,470	10	8,067	7,650,537
Banco Itaú	USD	12-21-2018	02-14-2019	55	11,811,090	10	11,811	11,822,901
Banco de Chile	USD	12-21-2018	02-07-2019	48	11,116,320	10	10,838	11,127,158
Banco Estado	USD	12-21-2018	01-24-2019	34	9,726,780	10	8,647	9,735,427
Scotiabank - Perú	PEN	12-30-2018	01-03-2019	4	82,540	1	6	82,546
Scotiabank - Perú	PEN	12-31-2018	02-01-2019	2	412,700	-	-	412,700
Banco Interbank del Perú	PEN	12-31-2018	02-01-2019	2	226,985	-	-	226,985
Banco de Crédito del Perú	PEN	12-30-2018	01-03-2019	4	268,255	1	21	268,276
Banco Continental del Perú	PEN	12-31-2018	02-01-2019	2	247,620	-	-	247,620
Total					57,763,788		54,531	57,818,319

Bank	Currency	Investment date	Maturity date	Days	Amount ThCh\$	Accrued days	Accrued interest ThCh\$	Total 12.31.2018 ThCh\$
Banco BBVA	USD	12-26-2017	01-03-2018	8	4,918,000	5	1,981	4,919,981
Banco BBVA	USD	12-26-2017	01-03-2018	8	5,532,750	5	2,228	5,534,978
Banco BBVA	USD	12-26-2017	01-03-2018	8	6,147,500	5	2,476	6,149,976
Banco BBVA	CLP	12-28-2017	01-05-2018	8	3,145,000	3	755	3,145,755
Banco BCI	Ch\$	10-31-2017	02-01-2018	63	9,200,000	61	48,637	9,248,637
Banco BCI	Ch\$	12-19-2017	02-01-2018	44	3,373,000	12	3,508	3,376,508
Banco BCI	Ch\$	12-29-2017	01-05-2018	7	3,000,000	2	500	3,000,500
Banco BCI	Ch\$	11-23-2017	01-05-2018	43	2,463,000	38	8,111	2,471,111
Banco BCI	Ch\$	11-21-2017	01-05-2018	45	2,450,000	40	8,493	2,458,493
Banco BCI	Ch\$	12-27-2017	02-02-2018	37	6,519,000	4	2,434	6,521,434
Banco BCI	Ch\$	12-12-2017	01-26-2018	45	4,575,000	19	7,534	4,582,534
Banco Consorcio	Ch\$	12-13-2017	01-22-2018	40	5,799,000	18	8,699	5,807,699
Banco Consorcio	Ch\$	10-16-2017	01-12-2018	88	6,101,000	76	40,185	6,141,185
Banco Itaú	Ch\$	11-22-2017	01-05-2018	44	5,342,000	39	16,667	5,358,667
Banco Itaú	Ch\$	12-20-2017	03-20-2018	90	6,120,000	11	6,351	6,126,351
Banco Itaú	Ch\$	11-20-2017	01-05-2018	46	3,903,000	41	12,268	3,915,268
Banco Santander	Ch\$	12-29-2017	01-05-2018	7	10,953,000	2	1,833	10,954,833
Banco Santander	Ch\$	11-07-2017	02-05-2018	90	6,226,000	54	29,138	6,255,138
Banco Santander	Ch\$	01-12-2017	01-05-2018	35	4,749,000	30	11,398	4,760,398
Banco Santander	Ch\$	12-28-2017	01-24-2018	27	5,105,000	3	1,281	5,106,281
Banco Santander	Ch\$	12-11-2017	01-29-2018	49	3,959,000	20	6,598	3,965,598
Banco Santander	Ch\$	11-10-2017	01-26-2018	77	4,501,000	51	19,894	4,520,894
Banco Scotiabank	Ch\$	11-08-2017	02-06-2018	90	9,808,000	53	42,452	9,850,452
Banco Scotiabank	Ch\$	01-12-2017	01-05-2018	35	4,412,000	30	10,589	4,422,589
Banco Scotiabank	Ch\$	12-11-2017	01-26-2018	46	3,590,000	20	6,103	3,596,103
Banco de Crédito del Perú	PEN	12-29-2017	02-01-2018	4	948,400	2	161	948,561
Banco de Crédito del Perú	PEN	12-29-2017	02-01-2018	4	379,360	2	64	379,424
Banco de Crédito del Perú	PEN	12-29-2017	01-05-2018	7	56,904	2	10	56,914
Scotiabank - Perú	PEN	12-29-2017	01-05-2018	7	56,904	2	10	56,914
Total					133,332,818		300,358	133,633,176

b) Investments in fixed income mutual fund units for 2017 are detailed as follows:

Counterparty	Issuance	Maturity	Original currency	Type/Class	Capital invested ThCh	Closing amount ThCh\$	Total 12.31.2017 ThCh\$
Banco Estado FM	12-29-2017	01-02-18	Ch\$	Fondo Solvente Serie 1	1,560,000	1,560,484	1,560,242
Banco Estado FM	12-29-2017	01-02-18	Ch\$	Fondo Solvente Serie 1	548,000	548,170	548,085
Banco Estado FM	12-29-2017	01-02-18	Ch\$	Fondo Solvente Serie 1	758,000	758,235	758,118
Totales						2,866,000	2,866,445

c) Instruments from the Central Bank of Chile correspond to financial loans with rights receivable from sale of financial instruments in portfolio (agreements) and are recorded at amortized cost, and detailed as follows:

Counterparty	Issuance	Maturity	Original currency	Type/Class	Capital invested ThCh\$	Closing amount ThCh\$	Total 12.31.2017 ThCh\$
Banco Itau	12-28-2018	01-02-19	US\$	BCP	3,339,312	3,335,961	3,335,535
Totales					3,339,312		3,335,535

In conformity with working capital management policies, all deposits in the financial market have been entered into with widely known high rated banks and financial institutions in Chile and Peru.

The carrying amount of time deposits, fixed income mutual funds and instruments issued by the Chilean Central Bank for both periods does not significantly differ from their fair values.

6. Other Financial Assets

La composición de este rubro, es la siguiente:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Current		
Derivatives - not designated as hedges	16,084,487	700,108
Derivatives - designated as hedges	1,077,343	609,352
Finance lease receivables	-	809,212
Subtotal current	17,161,830	2,118,672
Non-current		
Derivatives - designated as hedges	87,538,958	34,754,677
Derivatives - not designated as hedges	-	1,762,732
Subtotal non-current	87,538,958	36,517,409
Total other financial assets	104,700,788	38,636,081

Derivatives include all contracts with balances in favor (right) of Group companies.

- Hedging Derivatives – cash flows – these balances correspond to the market value of derivative contracts that have been designated as exchange and interest risk hedges, and cross currency swaps (CCS), in relation to bonds placed in the international market. These CCS contracts consist in the substitution of obligations in bonds in the amount of US\$ 1,600 million at fixed rates of 4.875% and 4.75%, for obligations in Unidades de Fomento (U.F.) in the amount of 16.38 million and obligations in Chilean pesos in the amount of ThCh\$ 506,595,200, both at annual rates in the range of UF+3.57% and CL\$+7.73%.
- Derivatives at fair value though in profit or loss (not used as hedging). These comprise the following:

- > Purchase/sale of foreign currency futures(FR), which comprise the purchase obligation of US\$ 551 million and EUR 3 million, for a total amount of ThCh\$ 284,465,275 and 408 million New Soles(ThCh\$84,162,866).
- > Interest rate swap (IRS), on a notional of US\$ 200 million on which interest at a fixed rate of 4.75% is received and interest is paid at 360-day Libor + margins that fluctuate between 1.78% and 2.075% annually.

Those derivative contracts with balances against (obligation) Group companies are recorded within Other financial liabilities (Note 16).

Finance Lease Receivables reflected (as of December 2017) balances related to a contract with Telmex S.A. which corresponds to the value of the principal instalments receivable at 90 days for telecommunications infrastructure leases.

The agreement encompasses 19 equal annual installments of UF 40,262,12 each, the last expiring on January 10, 2017, and a final installment representing the purchase option of UF 30,196.59 expiring on January 10, 2018.

7. Other Non-Financial Assets

This caption is detailed as follows:

	Current		Non-current	
	12.31.2018 ThCh\$	12.31.2017 ThCh\$	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Prepaid expenses				
Leases (land, buildings)	23,438,668	26,154,757	6,841,599	4,259,095
Maintenance, support	4,400,402	3,286,299	-	-
Lease of capacity	484,844	858,497	1,379,642	1,638,780
Advertising	268,955	1,264,506	-	-
Insurance	2,642,638	404,378	320,530	-
Other	2,000,214	2,025,616	345,521	-
Deferred costs, capture of customer contracts	60,312,579	-	9,359,724	-
Remaining VAT credit	15,377,969	21,025,500	141,379,578	109,912,403
Total	108,926,269	55,019,553	159,626,594	115,810,278

The balances of deferred costs on capture of customers as of December 2018 contemplate those produced from first-time adoption of IFRS 15 and those arising from yearly activities. These costs are recognized in income over a period of 18 months, which coincides with the average duration of contracts with customers.

For the year underway, income was recognized in the amount of ThCh\$ 81,660,173. There has been no impairment affecting capitalized balances.

The remaining tax credits originate mainly in the Entel Peru subsidiary and will be applied to VAT on future sales.

8. Trade And Other Receivables

a. Trade and other receivables are detailed as follows:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Trade and other receivables, net		
Current trade accounts receivable, net	418,305,801	334,383,531
Current accounts receivable from employees, net	13,250,052	7,310,429
Other current accounts receivable, net	7,183,916	4,762,002
Total	438,739,769	346,455,962
Non-current accounts receivable, net		
Non-current trade accounts receivable, net	4,402,158	-
Non-current accounts receivable from employees, net	6,343,847	2,454,487
Other non-current accounts receivable, net	1,220,524	2,686,369
Total	11,966,529	5,140,856
Trade and other receivables, gross		
Current trade accounts receivable, gross	562,098,772	451,075,866
Current accounts receivable from employees, gross	13,250,052	7,310,429
Other current accounts receivable, gross	7,248,411	4,826,650
Total	582,597,235	463,212,945
Non-current accounts receivable, gross		
Non-current trade accounts receivable, gross	4,619,563	-
Non-current accounts receivable from employees, gross	6,343,847	2,454,487
Other non-current accounts receivable, gross	1,220,524	2,686,369
Total	12,183,934	5,140,856

Trade and other receivables do not include securitized or ceded items.

Trade receivables are stated net of provisions for impairment (uncollectibility) of ThCh \$ 144,010,376 and ThCh \$ 116,692,335, as of December 31, 2018 and 2017, respectively.

As of December 2018, net current and non-current trade accounts receivable include ThCh\$42,273,846, for recognition of equipment sales to mobile telephone customers on a loan for use basis ("comodato") (IFRS 15). The initial amount on adoption was ThCh\$ 81,539,749 and there are no liabilities associated to these contracts.

b. Current and non-current gross values, equivalent to ThCh\$ 566,718,335 and ThCh\$ 451,075,866, are detailed as follows:

12-31-2018 Portfolio structure	Non-renegotiated portfolio		Renegotiated portfolio		Total gross portfolio ThCh\$
	No. of customers	Gross balances ThCh\$	No. of customers ThCh\$	Gross balances ThCh\$	
Current	3,062,839	385,977,936	79	1,451,264	387,429,200
1 - 30 days	782,102	41,979,141	65	220,788	42,199,929
31 - 60 days	284,397	16,424,796	35	37,617	16,462,413
61 - 90 days	255,340	10,752,195	26	50,172	10,802,367
91 - 120 days	232,100	9,105,464	19	26,208	9,131,672
121 - 150 days	195,456	7,231,473	17	28,876	7,260,349
151 - 180 days	205,561	7,141,030	25	37,498	7,178,528
181 - 210 days	208,116	6,834,322	28	1,506,903	8,341,225
211 - 250 days	231,291	7,666,387	75	331,518	7,997,905
Over 250 days	2,337,103	62,288,032	12,101	7,626,715	69,914,747
Total	7,794,305	555,400,776	12,470	11,317,559	566,718,335

12-31-2017 Portfolio structure	Non-renegotiated portfolio		Renegotiated portfolio		Total gross portfolio ThCh\$
	No. of customers	Gross balances ThCh\$	No. of customers ThCh\$	Gross balances ThCh\$	
Current	1,761,581	271,072,719	55	625,617	271,698,336
1 - 30 days	905,560	36,967,001	35	46,965	37,013,966
31 - 60 days	283,758	14,200,375	60	50,937	14,251,312
61 - 90 days	250,739	12,535,030	53	56,013	12,591,043
91 - 120 days	236,956	9,446,699	32	19,298	9,465,997
121 - 150 days	220,803	8,752,420	82	61,563	8,813,983
151 - 180 days	195,430	6,866,414	74	43,390	6,909,804
181 - 210 days	205,442	7,252,344	77	44,936	7,297,280
211 - 250 days	218,623	6,816,114	99	105,575	6,921,689
Over 250 days	1,766,049	69,129,348	12,435	6,983,108	76,112,456
Total	6,044,941	443,038,464	13,002	8,037,402	451,075,866

c. In addition, trade accounts receivable include the following balances in relation to non-securitized bounced documents or documents in legal collection:

	12-31-2018		12-31-2017	
	No. of customers	Gross balances ThCh\$	No. of customers	Gross balances ThCh\$
Returned notes receivable	9,245	9,766,631	9,749	9,453,009
Notes receivable in legal collection process	1,345	4,331,319	930	4,173,319
Total	10,590	14,097,950	10,679	13,626,328

d. Changes in the provision for impairment

	12.31.2018 ThCh\$	12.31.2018 ThCh\$
Beginning balance	120,332,444	128,008,706
Increase due to impairment recognized in income	64,142,498	48,239,789
Drop in impaired financial assets	(44,185,839)	(58,263,148)
Increase (decrease) in foreign exchange	3,721,273	(1,293,012)
Total	128,008,706	116,692,335

The beginning balance for 2018 contemplates ThCh\$ 3,640,109 originated from initial adoption of IFRS 15 for customers not billed for sale of equipment provided in a loan for use mode.

Trade receivables include provided but unbilled services for ThCh\$ 94,719,108 y M\$ 86,347,516, as of December 31, 2018 and 2017, respectively.

Trade receivables mature on the dates stated in the related invoices.

Accounts receivable impairment is determined by evaluating the historical payment behavior of customers from the various segments that compose the portfolio.

Entel performs an analysis of the level of solvency and activity by type of distributor, for sale of handsets and recharge. A line of credit is generated based on this, which is 100% covered by credit insurance, which has a 10% deductible for each claim.

In the case of recharge distributors, a guarantee bond equivalent to 20% of monthly billing is required. That guarantee bond can be executed upon any non-compliance with contractual clauses.

In addition, an allowance was established for approximately Ch\$1,500 million, contemplating contingencies such as covering the deductible in case of claim or another contingency.

The credit insurance contemplates covering all accounts receivable generated with the counterpart. This credit insurance covers all partners that sell recharge and handsets, without making any differentiation.

Compliance Incentives (credit improvements). In the Companies segments, motivation for payment compliance by customers is influenced by not figuring in public or private non-compliance registries (DICOM, Transunion – formerly Databusiness- and SIISA). In addition, for all segments, differentiated service cut-offs, telephone collections actions and onsite collection up to non-renewal of contracts actions are taken by the company as applicable.

e. Information on Trade Receivables by Segment

The most significant disaggregation for collection purposes taking into account the business-product combination is the "consumer-mobile services segment". Note that this segment includes 49% of the balance receivable due from Telefonía Móvil Perú as of December 31, 2018.

The tables below show, in addition to the portfolio for the "consumer-mobile services segment", information for "all other segments." This breakdown by segment includes Companies, Corporate, Wholesale and Other Businesses, as well as 51% of the balance of accounts receivable due from Telefonía Móvil Perú.

12-31-2018													
Stages in arrears	Consumer segment												
	Mobile services				Wireline services				Other services				
	Non-renegotiated		Renegotiated		Non-renegotiated		Renegotiated		Non-renegotiated		Total Gross debt	Total Impairment	Total net debt
	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment			
Current	185,008,867	11,112,466	1,311	613	8,056,852	852,635	-	-	-	-	193,067,030	11,965,714	181,101,316
1 - 30 days	13,788,877	2,978,453	990	823	91,727	38,575	-	-	-	-	13,881,594	3,017,851	10,863,743
31 - 60 days	5,973,412	3,597,252	12,127	11,476	421,427	403,066	83	67	-	-	6,407,049	4,011,861	2,395,188
61 - 90 days	5,024,309	4,815,472	7,606	7,414	403,227	390,791	83	73	-	-	5,435,225	5,213,750	221,475
91 - 120 days	4,965,662	4,925,897	9,339	8,969	364,532	352,584	3,149	2,952	-	-	5,342,682	5,290,402	52,280
121 - 150 days	4,473,646	4,473,646	13,485	13,485	347,327	338,224	4,106	4,106	-	-	4,838,564	4,829,461	9,103
151 - 180 days	4,539,452	4,539,452	10,997	10,997	358,492	347,046	83	83	-	-	4,909,024	4,897,578	11,446
181 - 210 days	4,405,160	4,405,160	1,491,256	1,491,256	354,661	350,176	7,161	7,161	-	-	6,258,238	6,253,753	4,485
211 - 250 days	5,100,821	5,100,821	265,541	265,541	642,756	642,756	14,243	14,243	-	-	6,023,361	6,023,361	-
Over 250 days	35,903,246	35,903,246	3,099,207	3,099,207	1,514,297	1,514,297	806,977	806,977	-	-	41,323,727	41,323,727	-
Total	269,183,452	81,851,865	4,911,859	4,909,781	12,555,298	5,230,150	835,885	835,662	-	-	287,486,494	92,827,458	194,659,036

12-31-2018													
Stages in arrears	All other segments												
	Mobile services				Wireline services				Other services				
	Non-renegotiated		Renegotiated		Non-renegotiated		Renegotiated		Non-renegotiated		Total Gross debt	Total Impairment	Total net debt
	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment			
Current	140,920,211	6,824,788	363,853	169,861	49,978,881	1,811,230	1,086,100	627,424	2,013,125	22,026	194,362,170	9,455,329	184,906,841
1 - 30 days	16,671,440	3,139,187	80,674	67,018	9,611,700	533,707	139,124	94,130	1,815,397	32,062	28,318,335	3,866,104	24,452,231
31 - 60 days	6,363,882	1,409,153	21,200	20,062	3,426,915	341,821	4,207	3,505	239,160	3,110	10,055,364	1,777,651	8,277,713
61 - 90 days	2,946,481	2,470,692	5,940	5,791	2,287,090	339,644	36,543	33,625	91,088	1,277	5,367,142	2,851,029	2,516,113
91 - 120 days	2,427,838	2,090,530	6,859	6,587	1,135,856	225,703	6,861	6,618	211,576	1,006	3,788,990	2,330,444	1,458,546
121 - 150 days	1,516,736	1,301,244	6,625	6,625	888,103	320,161	4,660	4,660	5,661	112	2,421,785	1,632,802	788,983
151 - 180 days	1,221,632	1,037,423	17,724	17,724	987,797	418,586	8,694	8,694	33,657	664	2,269,504	1,483,091	786,413
181 - 210 days	1,582,750	1,494,292	3,231	3,231	484,460	243,265	5,255	5,255	7,291	144	2,082,987	1,746,187	336,800
211 - 250 days	1,358,903	1,212,396	38,577	38,577	560,398	300,233	13,157	13,157	3,509	69	1,974,544	1,564,432	410,112
Over 250 days	12,977,675	11,486,498	3,364,937	3,364,937	11,668,650	9,266,586	355,594	355,594	224,164	2,234	28,591,020	24,475,849	4,115,171
Total	187,987,548	32,466,203	3,909,620	3,700,413	81,029,850	13,800,936	1,660,195	1,152,662	4,644,628	62,704	279,231,841	51,182,918	228,048,923

Stages in arrears	12-31-2017											
	Consumer segment											
	Mobile services				Wireline services				Other services			
	Non-renegotiated		Renegotiated		Non-renegotiated		Renegotiated		Non-renegotiated		Total Gross debt	
	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Total Impairment	Total net debt
Current	98,546,768	-	69	-	2,496,506	-	329,734	-	-	-	101,373,077	- 101,373,077
1 - 30 days	12,281,059	3,778,141	1,766	716	4,197,860	3,697,522	2,679	1,764	-	-	16,483,364	7,478,143 9,005,221
31 - 60 days	5,973,009	4,466,210	1,613	1,525	512,675	464,658	9,153	4,605	-	-	6,496,450	4,936,998 1,559,452
61 - 90 days	5,286,450	5,071,103	2,057	2,028	471,582	449,921	7,458	5,286	-	-	5,767,547	5,528,338 239,209
91 - 120 days	5,013,245	4,818,296	1,444	1,438	416,159	388,453	8,728	6,014	-	-	5,439,576	5,214,201 225,375
121 - 150 days	4,786,409	4,626,394	6,615	6,615	376,988	357,391	4,532	4,110	-	-	5,174,544	4,994,510 180,034
151 - 180 days	4,053,701	3,895,976	9,972	9,972	369,886	349,643	11,832	8,078	-	-	4,445,391	4,263,669 181,722
181 - 210 days	3,844,646	3,687,872	10,264	10,264	385,163	375,726	17,088	14,388	-	-	4,257,161	4,088,250 168,911
211 - 250 days	4,102,561	3,762,160	21,374	21,374	698,668	692,496	9,979	8,723	-	-	4,832,582	4,484,753 347,829
Over 250 days	29,149,774	26,986,932	2,878,485	2,878,485	1,773,684	1,767,831	297,026	293,618	-	-	34,098,969	31,926,866 2,172,103
Total	173,037,622	61,093,084	2,933,659	2,932,417	11,699,171	8,543,641	698,209	346,586	-	-	188,368,661	72,915,728 115,452,933

Stages in arrears	12-31-2017											
	All other segments											
	Mobile services				Wireline services				Other services			
	Non-renegotiated		Renegotiated		Non-renegotiated		Renegotiated		Non-renegotiated		Total Gross debt	
	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Total Impairment	Total net debt
Current	118,221,880	-	140,706	-	49,991,099	-	155,108	-	1,816,466	-	170,325,259	- 170,325,259
1 - 30 days	10,396,810	721,086	17,440	1,320	9,184,807	774,994	25,080	2,481	906,465	61,841	20,530,602	1,561,722 18,968,880
31 - 60 days	3,819,568	563,868	15,251	12,135	3,651,763	355,140	24,920	3,183	243,360	18,522	7,754,862	952,848 6,802,014
61 - 90 days	4,066,897	734,979	15,472	8,283	2,655,395	494,925	31,026	5,646	54,706	1,460	6,823,496	1,245,293 5,578,203
91 - 120 days	1,846,126	1,093,482	2,563	2,526	2,144,480	360,788	6,563	4,467	26,689	2,022	4,026,421	1,463,285 2,563,136
121 - 150 days	1,692,416	868,457	40,861	33,024	1,884,999	465,552	9,555	4,837	11,608	880	3,639,439	1,372,750 2,266,689
151 - 180 days	1,032,528	598,556	15,336	15,336	1,376,672	412,723	6,250	3,750	33,627	2,548	2,464,413	1,032,913 1,431,500
181 - 210 days	1,546,342	1,111,588	10,156	10,156	1,361,308	663,601	7,428	4,910	114,885	5,118	3,040,119	1,795,373 1,244,746
211 - 250 days	607,800	436,091	67,698	67,698	1,405,436	634,829	6,524	5,027	1,649	125	2,089,107	1,143,770 945,337
Over 250 days	23,524,530	18,606,377	3,605,152	3,605,106	14,425,101	10,785,198	202,445	193,361	256,259	18,611	42,013,487	33,208,653 8,804,834
Total	166,754,897	24,734,484	3,930,635	3,755,584	88,081,060	14,947,750	474,899	227,662	3,465,714	111,127	262,707,205	43,776,607 218,930,598

9. Trade Receivables Due From Related Parties

The table below shows the detail of transactions and balances with persons or legal entities related to the mentioned parents as well as the benefits received by the Group's Board of Directors and key management personnel.

As discussed in Note 1. a), the controlling shareholder of Entel Chile S.A. is Inversiones Altel Ltda. (Taxpayer ID 76.242.520-3), the owner of 54.86% of the Company's current shares. 99.99% of Altel Ltda. is controlled by Almendral S.A. (Taxpayer ID 94.270.000-8).

Almendral S.A. is controlled by a group of shareholders who signed a joint interest agreement on January 24, 2005. The agreement was signed by the groups Matte, Fernández León, Hurtado Vicuña, Consorcio, Izquierdo and Gianoli.

a. Trade receivables:

Tax No.	Company	Country	Relationship	Currency	CURRENT	
					12.31.2018 ThCh\$	12.31.2017 ThCh\$
76.115.132-0	Canal 13	Chile	Common director	Ch\$	12,804	-
90.193.000-7	Empresas el Mercurio	Chile	Common director	Ch\$	30,379	22,089
90.222.000-3	Empresas CMPC S.A.	Chile	Common shareholder	Ch\$	58,634	-
93.834.000-5	Cencosud	Chile	Common director	Ch\$	-	171,814
96.529.310-8	CMPC Tissue S.A.	Chile	Common shareholder	Ch\$	111,029	66,153
96.532.330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Ch\$	76,203	59,981
97.080.000-K	Banco BICE	Chile	Common shareholder	Ch\$	33,142	42,768
99.012.000-5	Seguros de Vida Consorcio S.A.	Chile	Common shareholder	Ch\$	67,243	51,696
Total					389,434	414,501

b. Accounts payable:

Tax No.	Company	Country	Relationship	Currency	CURRENT	
					12.31.2018 ThCh\$	12.31.2017 ThCh\$
76.115.132-0	Canal 13	Chile	Common director	Ch\$	184,788	-
90.193.000-7	Empresas el Mercurio	Chile	Common director	Ch\$	111,813	-
96.529.310-8	CMPC Tissue S.A.	Chile	Common shareholder	Ch\$	632	-
99.012.000-5	Seguros de Vida Consorcio S.A.	Chile	Common director	Ch\$	1,076	-
Total					298,309	-

Only related party balances and transactions are reported, only transactions and balances with related parties exceeding UF6,000 per annum are reported.

c. Transactions:

The Company conducts transactions with related parties domiciled in Chile.

Tax No.	Company	Relationship	Transaction	12.31.2018		12.31.2017	
				Amount Thch\$	Credit (debit) to profit or loss	Amount Thch\$	Credit (debit) to profit or loss
76.115.132-0	Canal 13	Common director	Services provided	126,071	126,071	-	-
			Services received	1,845,162	(1,845,162)	-	-
90.193.000-7	Empresas el Mercurio	Common director	Services provided	201,847	201,847	226,102	226,102
			Services received	630,942	(630,942)	-	-
90.222.000-3	Empresas CMPC S.A.	Common shareholder	Services provided	230,103	230,103	-	-
93.834.000-5	Cencosud	Common director	Services provided	-	-	830,899	830,899
96.505.760-9	Colbun S.A.	Common shareholder	Services provided	-	-	261,014	261,014
96.529.310-8	CMPC Tissue S.A.	Common shareholder	Services provided	430,392	430,392	324,967	324,967
			Services received	587	(587)		
96.532.330-9	CMPC Celulosa S.A.	Common shareholder	Services provided	475,120	475,120	419,670	419,670
97.080.000-K	Banco BICE	Common shareholder	Services provided	283,381	283,381	267,462	267,462
99.012.000-5	Seguros de Vida Consorcio S.A.	Common shareholder	Services provided	457,006	457,006	469,142	469,142
			Services received	170,996	(170,996)		
99.520.000-7	Copec S.A	Common shareholder	Services provided	-	-	715,447	715,447
99.520.000-7	Copec S.A	Common shareholder	Services received	-	-	330,153	(330,153)
99.012.000-5	Seguros de Vida Consorcio S.A.	Accionista en Común	Servicios Prestados	457,006	457,006	469,142	469,142
			Servicios Recibidos	170,996	(170,996)		
99.520.000-7	Copec S.A	Accionista en Común	Servicios Prestados	-	-	715,447	715,447
99.520.000-7	Copec S.A	Accionista en Común	Servicios Recibidos	-	-	330,153	(330,153)
Total				(443,767)		3,184,550	

The detail is as follows: Telecommunication services provided to related parties correspond to services included in the Entel Group's line of business (mobile and wireline telephone services, Internet, data services and call center). As of December, those services provided and they are equivalent to 0.1% and 0.2% of the Group's total revenue, in each respective year. Services received are mainly related to advertising patronage.

d. Key management personnel compensation:

The Parent is managed by a Board of Directors comprised of nine members, of which compensation for the first the years 2017 and 2016, amounted to ThCh 485,786 y ThCh 476,618, respectively.

For the same periods, key management personnel compensation amounted to 4,123,102 and Th ChM\$ 8,097,686, respectively. These amounts include annual bonuses paid of ThCh \$ 1,785,727 y Th Ch\$ 4,739,198 paid in each of the periods.

The number of the key management personnel is 11 and 12, respectively.

10. Inventories

Inventories are primarily comprised of mobile telephone handsets and accessories. Inventories are stated in conformity with Note 3 d; and are detailed as follows:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Mobile telephone services equipment and accessories	119,192,913	95,338,746
Work in progress	507,348	1,092,293
Other inventory	529,442	497,795
Total	120,229,703	96,928,834

For each period, there are no liens over items of property, plant and equipment.

For mobile phone handsets, the cost of handsets is recognized directly in profit or loss when contracts are signed.

During the periods covered by these financial statements, income was charged for the concept of cost of sales, marketing costs and/or consumption of materials, in the amount of ThCh\$ 375,448,654 and ThCh\$ 385,808,215, respectively.

During the same reporting periods, there have been no allocations to inventory from adjustments to the realizable value.

During 2018 and 2017, respectively, ThCh 2,677,913 and Th Ch\$ 2,778,796, respectively, for impairment of inventory, arising from technological and/or market obsolescence. The accumulated values for this concept amount to ThCh\$ 3,829,175 and ThCh\$ 2,583,932, respectively.

At each reporting period, there have been no reversals of impairment losses recognized in prior periods.

11. Current Tax Assets And Liabilities

As of December 31, 2018 and 2017, the Group Companies' liability for current income tax expense is offset by mandatory monthly provisional income tax payments made during the year.

As of December 31, 2018 and 2017, the aggregate accumulated offsetting amounts of those companies with recoverable balances (receivables) were ThCh\$19,754,129 and ThCh\$32,456,941, respectively. These balances are presented within current tax assets in current assets, as follows:

	Current		Non-current	
	12.31.2018 ThCh\$	12.31.2017 ThCh\$	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Monthly provisional income tax payments, net of income tax	19,754,129	32,456,941	-	-
Provisional payment for absorbed profits	14,841,665	41,790,909	-	-
Provisional payment for prior periods, other credits	17,805,063	24,114,091	2,366,841	1,463,711
Total	52,400,857	98,361,941	2,366,841	1,463,711

The aggregate amount of income taxes payable was ThCh\$43,407,612 and ThCh\$355,884, as of December 31, 2018 and 2017, and are presented within current tax liabilities in current liabilities.

12. Intangible Assets

Intangible assets include licenses, easements and others, and are detailed as follows:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Total intangible assets, net	314,966,856	298,921,432
Finite-lived intangible assets, net	314,966,856	298,921,432
Identifiable intangible assets, net	314,966,856	298,921,432
Patents, registered trademarks and other rights, net	3,087,427	3,582,939
Other identifiable intangible assets, net	311,879,429	295,338,493
Total intangible assets, gross	414,676,963	388,197,091
Identifiable intangible assets, gross	414,676,963	388,197,091
Patents, registered trademarks and other rights, gross	39,027,908	39,027,908
Other identifiable intangible assets, gross	375,649,055	349,169,183
Total accumulated amortization and impairment of intangible assets	(99,710,107)	(89,275,659)
Accumulated amortization and impairment, identifiable intangible assets	(99,710,107)	(89,275,659)
Accumulated amortization and impairment, patents, registered trademarks and other rights	(35,940,481)	(35,444,969)
Accumulated amortization and impairment, other identifiable intangible assets	(63,769,626)	(53,830,690)

As of December 31, 2018 and 2017, the net value of the main components of intangible assets is detailed as follows:

	Net value	Provider	Term (months)	Residual term (months)
Patents, trademarks and other rights:				
- Customer relationships	3,068,804	CIENTEC and TRANSAM takeover	180	72
- Easements	18,623	Real estate owners	120 - 240	0 - 85
Total	3,087,427			
Other identifiable intangible assets:				
- 900 MHz band concession	8,249,710	State of Chile	480 - 360	384 - 267
- 700 MHz band concession	6,000,981	State of Chile	360	313
- 2600 MHz band concession (4G tender)	3,398,537	State of Chile	360	286
- 700 MHz band concession	190,601,977	State of Peru	480	463
- AWS 1700 - 2100 MHz band concession	53,697,510	State of Peru	480	329
- 1900 MHz band concession	37,727,069	State of Peru	480	365
- 2500 MHz band concession	5,109,250	State of Peru	156	68
- 3500 MHz band concession	1,809,585	State of Peru	171 - 240	25 - 174
- 2300 MHz band concession	1,896,543	State of Peru	240	180
- Other	3,388,267			
Total	311,879,429			

	Net value	Provider	Term (months)	Residual term (months)
Patents, trademarks and other rights				
- Customer relationships	3,512,489	CIENTEC and TRANSAM takeover	180	87
- Easements	70,450	Real estate owners	120 - 240	3 - 97
Total	3,582,939			
Other identifiable intangible assets:				
- 900 MHz band concession	8,525,019	State of Chile	480 - 360	393 - 279
- 700 MHz band concession	6,230,317	State of Chile	360	325
- 2600 MHz band concession (4G tender)	3,541,133	State of Chile	360	298
- 700 MHz band concession	179,745,109	State of Peru	480	475
- AWS 1700 - 2100 MHz band concession	50,740,240	State of Peru	480	341
- 1900 MHz band concession	35,819,426	State of Peru	480	377
- 2500 MHz band concession	5,525,293	State of Peru	156	80
- 3500 MHz band concession	2,015,159	State of Peru	171 - 240	37 - 186
- Other	3,196,797			
Total	295,338,493			

Accumulated impairment losses shown in the table above relate mainly to the rights of use over optic fiber cable capacities. At each reporting date, these accumulated impairment losses amount to ThCh\$2,857,281 and they originated mainly in prior years as a result of adjustment of such assets to their recoverable amount due to a decrease in market demand.

No fully amortized intangible assets are still in use.

There are no restrictions over the ownership of intangible assets and no total or partial guarantees have been granted over intangible assets.

As of December 31, 2018 and 2017, the Group does not have any significant commitments for the acquisition of intangible assets.

As of December 31, 2017 and 2016, identified changes in intangible assets are detailed as follows:

Movements 2018			
	Patents, trademarks & other rights, net ThCh\$	Other identifiable intangible assets, net ThCh\$	Total identifiable intangible assets ThCh\$
Opening balance	3,582,939	295,338,493	298,921,432
Additions	-	2,424,519	2,424,519
Amortization	(495,512)	(9,938,935)	(10,434,447)
Increase (decrease) in exchange rates	-	24,014,360	24,014,360
Other increases (decreases)	-	40,992	40,992
Closing balance	3,087,427	311,879,429	314,966,856

Movements 2017			
	Patents, trademarks & other rights, net ThCh\$	Other identifiable intangible assets, net ThCh\$	Total identifiable intangible assets ThCh\$
Opening balance	4,233,579	317,122,755	321,356,334
Additions	-	693,165	693,165
Amortization	(650,640)	(7,885,975)	(8,536,615)
Increase (decrease) in exchange rates	-	(14,637,301)	(14,637,301)
Other increases (decreases)	-	45,849	45,849
Closing balance	3,582,939	295,338,493	298,921,432

The amortization schedule for intangible assets is detailed as follows:

Assets	Minimum useful life (years)	Maximum useful life (years)
Patents, registered trademarks and other rights	4	20
Information programs	4	4
Other identifiable intangible assets	10	40
Rights to use fiber optics	15	15

13. Goodwill

Changes in goodwill are detailed as follows:

Company	Main segment	Beginning balance 01.01.2017 ThCh\$	Foreign currency translation ThCh\$	Ending balance 12.31.2017 ThCh\$	Foreign currency translation ThCh\$	Ending balance 12.31.2018 ThCh\$
Entel PCS Telecommunicaciones S.A.	Individuals	43,384,200	-	43,384,200	-	43,384,200
Cientec Computación S.A.	Corporations	2,402,281	-	2,402,281	-	2,402,281
Entel Perú S.A.	Individuals	1,277,851	(64,056)	1,213,795	106,675	1,320,470
Transam Comunicación S.A.	Individuals	108,646	-	108,646	-	108,646
Will S.A.	Individuals	156	-	156	-	156
Final balance, net		47,173,134	(64,056)	47,109,078	106,675	47,215,753

Goodwill is subject to annual impairment testing at each reporting date. No impairment indicators exist since the date of acquisition.

The main goodwill balances relate to the following business combinations:

- a. The goodwill related to the investment in the subsidiary Entel PCS Telecommunicaciones S.A. arose from the merger in which the parent acquired all the assets and assumed all the liabilities of the subsidiary Entel Telefonía Personal S.A. made by the end of 2010.

The assets of the taken over company included 94.64% of the equity of Entel PCS Telecommunicaciones S.A. as well as an asset for goodwill paid, generated in December 2002 as a result of the acquisition of 25% of the shares owned by Propel Inc. (USA).

When 100% of control over Entel Telefonía Personal S.A. was acquired by the Entel Group, the former had almost exclusive control over two subsidiaries in charge of significant concessions in the 1900MHz band, which allowed developing the digital mobile telephone service business in Chile.

The qualitative factors considered in the goodwill recognized included the high growth potential and expected profitability of the mobile telephone business, the higher flexibility in relation to investing and operational decisions, especially considering the exclusion of a minority interest held by a foreign shareholder within the telecommunication equipment manufacturing industry, and the market position of the subsidiary at the time.

The periodic performance of impairment tests include the present and forecast contribution of revenue resulting from mobile telephone service transactions, the level of updating and capacity of technological platforms, the satisfaction level of customers, market recognition and the status of technical and marketing management.

- b. The goodwill related to the investment in the subsidiary Cientec Computación S.A. arose from the acquisition of 100% of its shares from its prior shareholders in December 2008. The selling shareholders were Inversiones Balilia Limitada and Millenium Fondo de Inversiones Privado, legal entities not directly or indirectly related to the acquirer.

The purpose of acquiring this company was to expand the Group's capacity to offer operating continuity services within the Information Technology business. Cientec was a well reputed company in providing operating continuity business services to companies (hosting/housing services, critical business applications for IT center management, sale and training platforms).

The qualitative factors considered in the goodwill recognized relate to the reputation of Cientec among its customers, the transfer of management and higher efficiencies related to the critical customer mass.

The periodic performance of goodwill impairment tests include the maintenance and growth of market share, maintenance of service standards and the profitability and growth potential of related business area.

- c. The goodwill related to the investment in the subsidiary Entel Perú S.A. (formerly Nextel Perú S.A.) arose from the acquisition of 100% of its shares from its prior shareholders in August 2013. The selling shareholders were American Company NII Holdings, a legal entity not directly or indirectly related to the acquirer.

This transaction allows Entel S.A. to expand the sale of services and its presence in Peru, a country with a strong economy and an attractive market, which presents a good potential for development.

The efforts have been focused on developing a business strategy to achieve a relevant position in the market, promoting the segmentation of consumer and SME customers, and redesigning the commercial offer and customer service, as well as expanding the distribution channels. In addition, the network capacity and coverage, as well as the 2G, 3G and 4G technologies have been significantly expanded, positioning the latter as the best in terms of quality in the Peruvian market. Beginning in October, 2014, Nextel Peru officially changed its name to Entel Peru, thereby consolidating the change in brand name in the Peruvian market. As a result, the Company launched a high-impact advertising campaign focused on strengthening the new brand name and services provided to the market.

- d. The impairment tests for recognized assets are based on the comparison of the carrying amount of the cash-generating unit, including its surplus value, to the discounted net cash flows with a 9-year time frame. Should the fair value be lower than the net carrying amount, an impairment loss that cannot be reversed is recognized in profit or loss. Impairment tests are performed at the end of each annual period when indications of impairment exist requiring such tests.

The main assumptions used to calculate recoverable amounts are based on the best forecast estimates for the cash flows of the different businesses that the Company will undertake and based, for the short-term, on a Budget that has been formally approved by the Board for the next three years. For longer periods, estimates consider the markets (expectations regarding customer base, income margins, levels of competition, maturity cycles, new business) technological aspects and the need for associated additional investments that the Company believes will be necessary, such as expansion of networks, technological evolution, spectrums, etc. The aforementioned activity projections influence the evolution of the different financial metrics, such as debt levels, working capital fluctuations, debt indicators, taxes, dividends and profit rates, among other things. Projected cash flows are analyzed jointly, in order for them to reflect coherence with the Company's vision and long-term expected plans. Finally, the cash flows obtained are discounted at rates associated to the Company's cost of capital which ranges from 7.7% to 8.74% annually (WACC rate).

To date, the recovery value of the cash generating units to which goodwill has been allocated, comfortably exceed their carrying amounts. Consequently, no impairment for this concept has been recognized.

14. Property, Plant And Equipment

The gross values, depreciation and net values of property, plant and equipment as of December 31, 2017 and 2016, are detailed as follows:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Total property, plant and equipment, net	2,035,133,173	1,876,555,163
Assets under construction, net	426,323,241	359,862,021
Land, net	12,682,656	12,449,639
Buildings, net	118,251,006	123,492,304
Plant and equipment, net	1,297,851,683	1,242,373,687
IT equipment, net	134,747,094	92,113,199
Fixed facilities and accessories, net	31,522,857	31,138,237
Motor vehicles, net	94,791	64,743
Leasehold improvements, net	5,265,279	7,587,897
Other property, plant and equipment, net	8,394,566	7,473,436
Total property, plant and equipment, gross	5,880,620,822	5,375,952,011
Assets under construction, gross	426,323,241	359,862,021
Land, gross	12,682,656	12,449,639
Buildings, gross	284,648,847	282,167,001
Plant and equipment, gross	4,397,706,197	4,066,356,262
IT equipment, gross	447,845,036	363,989,979
Fixed facilities and accessories, gross	248,626,103	231,498,142
Motor vehicles, gross	898,193	886,708
Leasehold improvements, gross	35,207,362	33,735,384
Other property, plant and equipment, gross	26,683,187	25,006,875
Total accumulated depreciation and impairment of property, plant and equipment	(3,845,487,649)	(3,499,396,848)
Accumulated depreciation and impairment, buildings	(166,397,841)	(158,674,697)
Accumulated depreciation and impairment, plant and equipment	(3,099,854,514)	(2,823,982,575)
Accumulated depreciation and impairment, IT equipment	(313,097,942)	(271,876,780)
Accumulated depreciation and impairment, fixed facilities and accessories	(217,103,246)	(200,359,905)
Accumulated depreciation and impairment, motor vehicles	(803,402)	(821,965)
Accumulated depreciation and impairment, leasehold improvements	(29,942,083)	(26,147,487)
Accumulated depreciation and impairment, other	(18,288,621)	(17,533,439)

FOR TRANSLATION PURPOSE

Movements in 2018 of items comprising property, plant and equipment are detailed as follows:

	Assets under construction ThCh\$	Land ThCh\$	Buildings, net ThCh\$	Plant and equipment, net ThCh\$	IT equipment, net ThCh\$	Fixed facilities and accessories, net ThCh\$	Motor vehicles, net ThCh\$	Leasehold improvements, net ThCh\$	Other property, plant & equipment, net ThCh\$	Property, plant & equipment, net ThCh\$
Opening balance	359,862,021	12,449,639	123,492,304	1,242,373,687	92,113,199	31,138,237	64,743	7,587,897	7,473,436	1,876,555,163
Changes	Additions	280,103,243	-	699,899	82,697,287	65,033,901	1,458,211	78,135	387,412	5,312,583
	Disposals	(164,068)	-	-	(1,196,674)	(2,862)	(733)	(4,338)	-	(1,368,675)
	Depreciation expense	-	-	(6,982,313)	(260,464,118)	(35,669,424)	(13,443,087)	(49,680)	(3,794,596)	(728,163)
	Impairment loss recognized in profit or loss	-	-	(4,356,970)	(1,723)	(83,207)	-	-	-	(4,441,900)
	Increase (decrease) in exchange rate	7,565,399	233,017	680,963	33,099,292	6,216,992	1,351,696	5,930	-	522,767
	Other increases (decreases)	(221,043,354)	-	360,153	205,699,179	7,057,011	11,101,740	1	1,084,566	(4,186,057)
	Total changes	66,461,220	233,017	(5,241,298)	55,477,996	42,633,895	384,620	30,048	(2,322,618)	921,130
Closing balance	426,323,241	12,682,656	118,251,006	1,297,851,683	134,747,094	31,522,857	94,791	5,265,279	8,394,566	2,035,133,173

Movements in 2017 of items comprising property, plant and equipment are detailed as follows:

	Assets under construction ThCh\$	Land ThCh\$	Buildings, net ThCh\$	Plant and equipment, net ThCh\$	IT equipment, net ThCh\$	Fixed facilities and accessories, net ThCh\$	Motor vehicles, net ThCh\$	Leasehold improvements, net ThCh\$	Other property, plant & equipment, net ThCh\$	Property, plant & equipment, net ThCh\$
Opening balance	375,743,957	12,589,561	130,415,986	1,183,773,181	77,175,834	34,296,217	353,206	7,322,286	7,941,119	1,829,611,347
Changes	Additions	210,463,387	-	-	128,563,996	37,380,752	4,052,041	38,317	813,700	9,031,439
	Disposals	(58,416)	-	(9,533)	(3,864,084)	(323,249)	(1,032,308)	(276,235)	(24,355)	-
	Depreciation expense	-	-	(6,914,674)	(252,402,546)	(29,722,447)	(13,764,318)	(48,368)	(3,709,241)	(769,443)
	Impairment loss recognized in profit or loss	-	-	-	(3,849,711)	-	-	-	-	(3,849,711)
	Increase (decrease) in exchange rate	(3,706,309)	(139,922)	(418,068)	(18,384,086)	(2,844,637)	(849,780)	(2,422)	-	(285,664)
	Other increases (decreases)	(222,580,598)	-	418,593	208,536,937	10,446,946	8,436,385	245	3,185,507	(8,444,015)
	Total changes	(15,881,936)	(139,922)	(6,923,682)	58,600,506	14,937,365	(3,157,980)	(288,463)	265,611	(467,683)
Closing balance	359,862,021	12,449,639	123,492,304	1,242,373,687	92,113,199	31,138,237	64,743	7,587,897	7,473,436	1,876,555,163

The additions disclosed in the tables of movements are not representative of the payments related to acquisitions of property, plant and equipment (taxes and changes in suppliers are not included). Such information is included in the statement of cash flows.

During 2018 and 2017, interest has been generated in the Group and charged to work in progress and associated materials, in the amount of ThCh\$ 10,395,085 and ThCh\$ 5,055,190 respectively, in accordance with the policy described in Note 3f.

The Group's companies have procedures for identifying possible loss of value of its property, plant and equipment items.

The policies for determining impairment of property, plant and equipment are based on ongoing analysis of the indications of impairment; if the results are positive, the recovery values of the affected assets are estimated.

For this purpose, the Company has assets control systems with various levels of component details which are associated to technological service platforms.

The values charged to losses for this concept during 2018 and 2017, originate in removal of equipment affected by technological changes or a decrease in their recoverable values due to a decrease in the price of certain services or customer equipment, with scarce probability of them being reused or disposed of, and equipment with remaining useful life that exceed their estimated period of economic use. See Nota 23.

Average depreciation applied is detailed as follows:

Assets	Minimum useful life (years)	Maximum useful life (years)
Buildings	20	50
Plant and equipment		
External plant	7	25
Mobile handsets	3	7
IT equipment	3	4
Fixed facilities and accessories	3	10
Motor vehicles	3	7
Leasehold improvements	5	5
Other property, plant & equipment	5	10

For assets of which the useful life is completed, the Group has not determined recoverable amounts of possible gains from sale as it is difficult to forecast the complementary economic efficiency period of such assets, mainly due to that fact that their ageing has increased their technological risk.

There are no ownership restrictions over any assets except for those usual for assets under finance leases. In addition, no total or partial guarantees have been granted over these assets.

As of December 31, 2018 and 2017, commitments related to the acquisition of property, plant and equipment including purchase orders to suppliers and contracts related to the construction of civil works, amount to ThCh\$ 92,176,383 and ThCh\$79,173,407, respectively.

Property, plant and equipment do not include any items out of service with significant value.

The gross value of fixed assets that although totally depreciated are still in use amounts to ThCh\$2,009,803,012. In general, these assets correspond to assets with high technical obsolescence, of which retirement or replacement becomes economically convenient upon completion of the services being used, increase in failure risks, suspension of the technological support from the manufacturer or other circumstances. The value in use of these assets has not been estimated due to the uncertainty regarding the remaining use period.

Fondo de Desarrollo de las Telecomunicaciones, an entity dependent of the Ministerio de Transportes y Telecomunicaciones, awarded the Entel Group the execution of several projects intended to drive projects allowing to increase the coverage of telecommunication services, specially toward the most vulnerable or isolated areas of Chile.

As part of this project, as of December 31, 2017, the Group has carried out works for ThCh\$76,403,618. As per the agreement entered into with the Chilean Government, the Group has received grants of ThCh\$28,879,847. From this amount, ThCh\$25,884,150 has been recorded as goodwill for works performed and ThCh\$534,657 as advanced payments, charged to works to be performed.

15. Income Tax And Deferred Taxes

a. General information

Law No. 20.780, amended through Law No. 20.899, establishes that starting 2017, there are new tax regimes in Chile, with joint-stock companies subject to the partially integrated system, which establishes the new tax earnings records (RAI), which includes FUT historical balances plus profits for the year, and the accumulated credit balance (SAC), which determines the credit rate to which the shareholders are entitled to when distributing dividends.

As of December 31, 2018, balances of both records for the Group companies that at the reporting date maintained undistributed tax profits are detailed as follows:

Company	RAI ThCh\$	SAC		Effective rate -TEF %
		From 01.01.2017 Current rate with refund ThCh\$	To 12.31.2016 TEF rate without refund ThCh\$	
Empresa Nacional de Telecomunicaciones S.A.	774,473,381	97,985,629	150,161,249	24.9%
Entel PCS Telecomunicaciones S.A.	526,690,780	271,900	149,082,582	27.4%
Entel Inversiones S.A.	36,901,018	154,103	6,383,025	22.5%
Transam S.A.	9,953,693	1,487,094	798,224	29.7%
Entel Comercial S.A.	4,574,805	9,687	1,296,846	25.1%
Entel Servicios Empresariales S.A.	4,359,796	747,007	645,542	25.3%
Entel Telefonía Local S.A.	3,455,698	-	7,466,733	25.7%
Entel Will S.A.	3,329,827	388,489	25,469	31.5%
Entel Servicios Telefónicos S.A.	965,465	127,053	839,128	22.1%
Total ThCh\$	1,364,704,463	101,170,962	316,698,598	

b. Deferred taxes

Deferred tax assets and liabilities stated in conformity with Note 3k are detailed as follows:

Concept	12.31.2018		Changes in		
	Assets ThCh\$	Liabilities ThCh\$	Income ThCh\$	OCI (1) ThCh\$	RE (2) ThCh\$
Depreciation of property, plant and equipment	62,281,507	35,222,446	(34,730,961)	(1,244,775)	-
Amortization of intangibles	146,091	10,942,895	2,764,737	(1,502,944)	-
Accumulation (or accrual)	18,159,771	11,992,356	13,446,868	201,700	(24,105,899)
Provisions	20,033,127	-	922,344	1,961,941	-
Impairment of accounts receivable (doubtful accounts)	26,702,875	-	588,513	806,902	1,031,216
Mark to market of derivative contracts	-	-	(14,228)	-	-
Assets/liabilities at amortized cost	-	4,018,666	(150,466)	-	-
Deferred revenue	3,964,754	19,766,500	(3,141,741)	(299,715)	(16,987,271)
Assets acquired under finance lease arrangements	-	-	(292,853)	-	-
Assets sold under finance leases	-	-	154,483	-	-
Tax losses	357,451,064	-	53,045,506	37,709,379	-
Other	6,065,266	403,013	1,585,510	166,683	-
Total	494,804,455	82,345,876	34,177,712	37,799,171	(40,061,954)

OCI (1): Corresponds to Other Comprehensive Income (Ori in Spanish), Accumulated Foreign Currency Translation Reserves.

RA (2): Corresponds to Retained Earnings (RA in Spanish). The amounts presented in this account correspond to net deferred tax liabilities arising from initial application of IFRS 15. See Note 21

Concept	12.31.2018		Changes in	
	Assets ThCh\$	Liabilities ThCh\$	Income ThCh\$	OCI (1) ThCh\$
Depreciation of property, plant and equipment	68,210,107	5,175,310	(13,389,884)	220,102
Amortization of intangibles	158,758	12,217,355	(4,178,023)	488,728
Accumulation (or accrual)	16,625,690	944	769,628	(66,913)
Provisions	17,148,842	-	4,918,460	(82,803)
Impairment of accounts receivable (doubtful accounts)	24,276,244	-	(3,046,656)	(260,167)
Mark to market of derivative contracts	14,228	-	117,973	(413)
Assets/liabilities at amortized cost	-	3,868,200	521,966	-
Deferred revenue	4,626,981	-	119,362	(3,279)
Assets acquired under finance lease arrangements	292,853	-	(324,769)	-
Assets sold under finance leases	92,375	216,487	146,534	-
Tax losses	266,696,179	-	52,080,763	(20,301,805)
Other	4,434,061	554,372	(3,900,691)	(37,252)
Total	402,576,318	22,032,668	33,834,663	(20,043,802)

Deferred assets related to tax losses are primarily obtained from accumulated tax losses of the subsidiary Entel Perú S.A., which do not have maturity dates and will be applied to future tax earnings generated in such subsidiary.

c. Unrecognized deferred tax assets

Deferred assets related to tax losses are primarily obtained from accumulated tax losses of the subsidiary Entel Perú S.A., which do not have maturity dates and will be applied to future tax earnings generated in such subsidiary.

d. Deferred and current income tax expense (benefit) are detailed as follows

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Current income tax expense	53,895,721	28,623,309
Current tax expense	31,293	883,506
Adjustments to current tax from prior period	1,593,814	(13,080,769)
Other current tax expense (benefit)	55,520,828	16,426,046
Total current tax expense, net		
Deferred income tax expense	(34,177,712)	(33,834,663)
Tax expense (benefit) related to origination and reversal of temporary differences	(34,177,712)	(33,834,663)
Income tax expense (benefit)	21,343,116	(17,408,617)

e. Reconciliation between the legal tax rate and the effective tax rate (amounts):

For each period, the reconciliation between the expense using the legal tax rate and expense using the effective tax rate is detailed as follows:

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Income tax expense (benefit) using the legal tax rate	(613,164)	6,637,803
Effect of tax rates in other jurisdictions	(4,332,730)	(6,941,771)
Tax effect from permanent differences		
Adjustments/fluctuation of tax investments	36,110,229	(17,998,452)
Price-level restatement of paid-in capital	(17,823,603)	(11,027,293)
Effect of deferred tax on equity items	936,768	471,771
Tax estimated using the applicable rate	(459,952)	4,049,220
Other increases (decreases) in expenses using the legal tax rate	7,525,568	7,400,105
Total adjustments to tax expense using the legal rate	21,956,280	(24,046,420)
Tax expense (benefit) using the effective rate	21,343,116	(17,408,617)

f. Reconciliation of legal tax rate to effective tax rate (percentage):

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Legal tax rate	27.0%	25.5%
Effect of tax rates in other jurisdictions	190.8%	-26.7%
Effect of tax rate of		
Adjustments/fluctuation of tax investments	-1590.1%	-69.1%
Price-level restatement of paid-in capital	784.8%	-42.4%
Effect of deferred tax on equity items	-41.2%	1.8%
Tax calculated using the applicable rate	20.3%	15.6%
Other increases (decreases) in expenses using the legal tax rate	-331.4%	28.3%
Total adjustments to the legal tax rate	-966.8%	-92.5%
Effective tax rate	-939.8%	-67.0%

16. Other Financial Liabilities

As of December 31, 2018 and 2017, other financial liabilities are detailed as follows.

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
CURRENT		
Interest bearing borrowings	795,390	1,109,070
Liabilities with bondholders	17,237,385	15,303,757
Finance lease liabilities	-	1,155,613
Derivatives - not designated as hedges	59,692	15,423,449
Derivatives - designated as hedges	2,525,416	3,548,155
Subtotal current	20,617,883	36,540,044
NON-CURRENT		
Interest bearing borrowings	357,283,983	284,462,627
Liabilities with bondholders	1,432,262,948	1,282,646,035
Derivatives - not designated as hedges	528,239	-
Derivatives - designated as hedges	4,820,499	23,805,320
Subtotal non-current	1,794,895,669	1,590,913,982
Total other financial liabilities	1,815,513,552	1,627,454,026

a. Interest bearing borrowings – As of December 31, 2018, outstanding bank loans were as follows:

- > On December 20, 2018, the Company signed a loan with German bank Kreditanstalt für Wiederaufbau (KFW) for the amount of US\$ 80 million at a rate of Libo + 1.38%. The outstanding loan will be paid in two equal installments in 2024 and 2025.
- > On April 27, 2017, Banco del Estado granted a loan with a single due date for a 5-year term, in the amount of Ch\$ 99,000 million at a rate of TAB plus 0.30%. On October 29, 2018, the due date for this loan was extended, keeping 20% on its original due date (April 2022), extending 50% to 2023 at a rate of TAB + 0.45% and 30% to 2024 at a rate of TAB + 0.62%.
- > On June 30, 2017, the Company signed a loan with Bank of Nova Scotia and Export Development of Canada EDC Scotia for US\$ 225 million in amounts of US\$ 150 million and US\$ 75 million respectively, at a rate of Libo + 0.85% with equal installments in 2021 and 2022.
- > On June 29, 2017, the Company signed a loan in Ch\$ with Scotiabank Chile for the equivalent of US\$ 50 million at a rate of TAB + 0.10%. The outstanding loan will be paid in equal installments in 2021 and 2022.
- > On June 15, 2017, a 5-year loan in Ch\$ was signed with Banco de Chile for the equivalent of US\$25 million at a rate of TAB + 0.45%. The outstanding loan will be paid in two equal installments in 2021 and 2022.

b. Liabilities with bondholders – this corresponds to the following:

- > Placement of bonds in the international market in October 2013 of US\$1,000 million establishing average maturity of 10 years and a fixed rate of 4.875%.
- > Placement of bonds in the local market in July 2014 for UF 7 million, with a maturity of 21 years and a fixed rate of 3.50%.
- > Placement of bonds in the international market in July 2014 for US\$800 million, with an average maturity of 11.5 years and a fixed rate of 4.750%.

Such obligations are subject to certain restrictions, which are presented in Note 32.

In determining the market value of derivatives, cash flows are discounted considering inputs (interest rates) quoted in active markets. Accordingly, market values determined are classified in level 2 of the hierarchy established by IFRS 13.

The schedule of due dates of “other financial liabilities” and “trade and other accounts payable”, is presented in the following table, for each accounting close date. This information is presented comparing the carrying amounts (fair value or amortized cost, as applicable), to the nominal values (projected cash flows at nominal value).

For valuation purposes, the profile for the nominal value due dates of other financial liabilities presented in the following tables consider principal and interest values (non-discounted values) in the case of financial debts and the offset value of financial derivative contracts with negative values, according to conversion tables current as of the closing date.

MATURITIES OF FINANCIAL LIABILITIES As of 12.31.2018

Creditor	Type of liability	Total debt ThCh\$	NOMINAL VALUES					Term in years
			0 - 90 days	91 days - 1 year	1 - 2 years	2 - 3 years	3 - 4 years	
Banco Bilbao Vizcaya Argentaria, Chile	Line of credit	3,163	3,163	-	-	-	-	-
Subtotal		3,163	3,163	-	-	-	-	-
Banco del Estado de Chile	Loans	111,409,760	2,371,600	2,662,000	3,542,880	3,533,200	99,300,080	
Banco de Chile	Loans	18,953,409	249,263	505,856	670,809	8,937,858	8,589,623	
Scotiabank Chile	Loans	37,242,415	399,387	903,532	1,198,162	17,645,655	17,095,679	
Export Development of Canada	Loans	57,943,819	635,020	1,461,101	1,937,714	27,417,014	26,492,970	
The Bank of Nova Scotia	Loans	116,688,706	1,270,734	2,922,203	3,875,427	55,633,708	52,986,634	
KFW-Ipex Bank	Loans	69,860,512	582,217	1,777,916	2,366,387	2,346,933	2,172,546	
Subtotal		412,098,621	5,508,221	10,232,608	13,591,379	115,514,368	206,637,532	
Liabilities with bondholders	Bonds	1,617,945,634	26,068,349	50,848,479	60,271,296	60,271,298	289,979,627	
Liabilities with bondholders	Bonds	303,467,618	1,673,836	5,613,362	6,695,343	6,695,344	6,695,343	
Subtotal		1,921,413,252	27,742,185	56,461,841	66,966,639	66,966,642	296,674,970	
Banco de Crédito e Inversiones	Derivatives - designated as hedges	-	-	-	-	-	-	-
Banco de Crédito e Inversiones	Derivatives - designated as hedges	11,560,489	871,210	1,238,872	1,656,097	1,643,103	1,643,103	
Banco de Chile	Derivatives - designated as hedges	-	-	-	-	-	-	-
Banco de Chile	Derivatives - designated as hedges	10,464,818	856,446	1,124,981	1,508,541	1,491,211	1,476,579	
Banco Santander - Chile	Derivatives - designated as hedges	5,750,564	492,640	720,118	962,280	947,009	917,091	
Banco Bilbao Vizcaya Argentaria, Chile	Derivatives - designated as hedges	-	-	-	-	-	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Derivatives - designated as hedges	6,552,886	289,846	755,437	1,011,616	1,000,597	986,298	
The Bank of Nova Scotia	Derivatives - designated as hedges	2,652,984	215,421	402,059	534,887	527,737	499,014	
Corpbanca	Derivatives - designated as hedges	620,101	50,272	94,034	125,083	123,312	116,609	
JP Morgan Chase Bank, N.A.	Derivatives - designated as hedges	9,231,005	815,966	1,025,770	1,374,829	1,359,273	1,337,493	
JP Morgan Chase Bank, N.A.	Derivatives - designated as hedges	-	-	-	-	-	-	-
Subtotal		46,832,847	3,591,801	5,361,271	7,173,333	7,092,242	6,976,187	
Banco de Crédito e Inversiones	Derivatives - not designated as hedges	15,400	-	15,400	-	-	-	-
Banco Itaú Corpbanca	Derivatives - not designated as hedges	65	65	-	-	-	-	-
Scotiabank Chile	Derivatives - not designated as hedges	-	-	-	-	-	-	-
JP Morgan Chase Bank, N.A.	Derivatives - not designated as hedges	-	-	-	-	-	-	-
The Bank of Nova Scotia	Derivatives - not designated as hedges	-	-	-	-	-	-	-
Scotiabank (Perú)	Derivatives - not designated as hedges	16,869	12,216	4,653	-	-	-	-
BBVA (Perú)	Derivatives - not designated as hedges	21,258	21,258	-	-	-	-	-
Banco de Crédito del Perú	Derivatives - not designated as hedges	20,006	18,252	1,754	-	-	-	-
Banco Santander (Perú)	Derivatives - not designated as hedges	34,729	34,729	-	-	-	-	-
Subtotal		108,327	86,520	21,807	-	-	-	-
Trade payables	Trade payables	324,397,285	324,397,285	-	-	-	-	-
TOTAL		2,704,853,495	361,329,175	72,077,527	87,731,351	189,573,252	510,288,689	

	4 - 5 years	Over 5 years	Total debt ThCh\$	CARRYING AMOUNT							
				Term in days				Term in years			
				0 - 90 days	91 days - 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	
	-	-	3,163	3,163	-	-	-	-	-	-	-
	-	-	3,163	3,163	-	-	-	-	-	-	-
	-	-	98,702,370	642,931	-	-	-	98,059,439	-	-	-
	-	-	16,809,227	26,381	-	-	8,391,423	8,391,423	-	-	-
	-	-	32,855,986	9,904	-	-	16,423,041	16,423,041	-	-	-
	-	-	51,642,261	28,105	-	-	25,807,078	25,807,078	-	-	-
	-	-	103,239,858	14,052			51,612,903	51,612,903	-	-	-
2,560,227	58,054,286		54,826,508	70,854	-	-	-	-	-	-	54,755,654
2,560,227	58,054,286		358,076,210	792,227	-	-	102,234,445	200,293,884	-	-	54,755,654
278,689,616	851,816,969		1,256,913,874	11,000,525	5,645,006	-	-	229,976,096	229,523,676	780,768,571	
6,695,344	269,399,046		192,586,459	-	591,854	-	-	-	-	-	191,994,605
285,384,960	1,121,216,015		1,449,500,333	11,000,525	6,236,860	-	-	229,976,096	229,523,676	972,763,176	
	-	-	387,568	-	-	-	-	-	-	-	387,568
1,648,172	2,859,932		701,184	701,184	-	-	-	-	-	-	-
	-	-	369,639	-	-	-	-	-	-	-	369,639
1,387,587	2,619,473		636,891	521,953	51,067	-	-	-	-	-	63,871
734,364	977,062		278,390	169,297	109,093	-	-	-	-	-	-
	-	-	3,808,092	-	-	-	-	215,079	215,079	3,377,934	
899,307	1,609,785		449,084	314,260	50,046	-	-	-	-	-	84,778
324,293	149,573		100,469	-	100,469	-	-	-	-	-	-
75,800	34,991		23,653	-	23,653	-	-	-	-	-	-
1,205,519	2,112,155		484,394	411,291	73,103	-	-	-	-	-	-
	-	-	106,551	-	-	-	-	35,517	35,517	35,517	
6,275,042	10,362,971		7,345,915	2,117,985	407,431	-	-	250,596	250,596	4,319,307	
	-	-	-	-	19,650	-	-	-	-	-	-
	-	-	401	401	-	-	-	-	-	-	-
	-	-	50	50	-	-	-	-	-	-	-
	-	-	2,124	2,124	-	-	-	-	-	-	-
	-	-	565,706	37,467	-	-	-	-	-	-	528,239
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	587,931	40,042	19,650	-	-	-	-	-	528,239
	-	-	324,397,285	324,397,285	-	-	-	-	-	-	-
294,220,229	1,189,633,272		2,139,910,837	338,351,227	6,663,941	-	102,234,445	430,520,576	229,774,272	1,032,366,376	

MATURITIES OF FINANCIAL LIABILITIES As of 12.31.2017

Creditor	Type of liability	Total debt ThCh\$	NOMINAL VALUES					
			Term in days		FOR TRANSLATION PURPOSE			Term in years
			0 - 90 days	91 days - 1 year	1 - 2 years	2 - 3 years	3 - 4 years	
Banco del Estado de Chile	Loans	114,054,215	2,222,770	2,516,690	3,361,710	3,352,525	3,352,525	3,352,525
Banco de Chile	Loans	19,748,940	231,413	469,631	621,070	622,772	464,527	464,527
Scotiabank Chile	Loans	38,292,344	642,448	832,468	1,100,909	1,103,925	1,007,407	1,007,407
Export Development of Canada	Loans	50,422,411	335,654	772,126	1,021,100	1,023,559	931,346	931,346
The Bank of Nova Scotia	Loans	100,842,976	671,307	1,543,637	2,041,585	2,047,118	1,862,693	1,862,693
Claro Infraestructura S.A. (Telmex S.A.)	Loans	567,548	567,548	-	-	-	-	-
Subtotal		323,928,434	4,671,140	6,134,552	8,146,374	8,149,899	7,618,498	
Obligaciones con tenedores de Bonos	Bonds	1,280,011,957	23,065,933	44,992,016	53,329,561	53,329,563	53,329,561	53,329,561
Obligaciones con tenedores de Bonos	Bonds	301,525,570	1,627,223	5,457,042	6,508,892	6,508,893	6,508,892	6,508,892
Subtotal		1,581,537,527	24,693,156	50,449,058	59,838,453	59,838,456	59,838,453	
Banco de Crédito e Inversiones	Derivatives - designated as hedges	1,144,156	-	-	-	-	-	-
Banco de Crédito e Inversiones	Derivatives - designated as hedges	17,970,619	1,172,119	1,661,409	2,218,315	2,226,240	2,213,246	2,213,246
Banco de Chile	Derivatives - designated as hedges	679,858	-	-	-	-	-	-
Banco de Chile	Derivatives - designated as hedges	16,817,993	1,205,367	1,597,308	2,125,161	2,140,699	2,123,369	2,123,369
Banco Santander - Chile	Derivatives - designated as hedges	11,589,798	846,896	1,267,421	1,688,028	1,698,464	1,683,193	1,683,193
Banco Santander - Chile	Derivatives - designated as hedges	-	-	-	-	-	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Derivatives - designated as hedges	3,643,438	-	-	-	-	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Derivatives - designated as hedges	11,527,238	428,132	1,070,979	1,425,490	1,434,722	1,423,703	1,423,703
The Bank of Nova Scotia	Derivatives - designated as hedges	5,521,308	377,962	691,057	921,410	924,985	917,835	917,835
JP Morgan Chase Bank, N.A.	Derivatives - designated as hedges	1,328,557	90,907	166,291	221,721	222,607	220,836	220,836
JP Morgan Chase Bank, N.A.	Derivatives - designated as hedges	15,014,784	1,152,258	1,458,112	1,940,259	1,953,874	1,938,318	1,938,318
JP Morgan Chase Bank, N.A.	Derivatives - designated as hedges	808,509	-	-	-	-	-	-
Subtotal		86,046,258	5,273,641	7,912,577	10,540,384	10,601,591	10,520,500	
Banco de Crédito e Inversiones	Derivatives - not designated as hedges	3,690,345	974,690	2,715,655	-	-	-	-
Banco Itaú Corpbanca	Derivatives - not designated as hedges	1,745,170	1,319,210	425,960	-	-	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Derivatives - not designated as hedges	272,100	238,250	33,850	-	-	-	-
Banco de Chile	Derivatives - not designated as hedges	1,291,740	142,080	1,149,660	-	-	-	-
Banco Santander - Chile	Derivatives - not designated as hedges	264,550	264,550	-	-	-	-	-
Banco del Estado de Chile	Derivatives - not designated as hedges	2,968,825	242,280	2,726,545	-	-	-	-
Scotiabank Chile	Derivatives - not designated as hedges	3,686,635	484,230	3,202,405	-	-	-	-
Banco Security	Derivatives - not designated as hedges	1,531,150	354,900	1,176,250	-	-	-	-
Banco de Crédito e Inversiones	Derivatives - not designated as hedges	84,845	84,845	-	-	-	-	-
Banco Itaú Corpbanca	Derivatives - not designated as hedges	254,365	254,365	-	-	-	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Derivatives - not designated as hedges	30,525	30,525	-	-	-	-	-
Banco de Chile	Derivatives - not designated as hedges	46,680	46,680	-	-	-	-	-
Banco del Estado de Chile	Derivatives - not designated as hedges	30,570	30,570	-	-	-	-	-
HSBC Bank (Chile)	Derivatives - not designated as hedges	100,500	100,500	-	-	-	-	-
Scotiabank Chile	Derivatives - not designated as hedges	87,130	87,130	-	-	-	-	-
Scotiabank (Perú)	Derivatives - not designated as hedges	50,512	50,512	-	-	-	-	-
Banco de Credito del Peru	Derivatives - not designated as hedges	46,073	46,073	-	-	-	-	-
BBVA (Perú)	Derivatives - not designated as hedges	32,887	18,566	14,321	-	-	-	-
Interbank (Perú)	Derivatives - not designated as hedges	19,822	19,822	-	-	-	-	-
Banco Santander (Perú)	Derivatives - not designated as hedges	25,436	20,941	4,495	-	-	-	-
Subtotal		16,259,860	4,810,719	11,449,141	-	-	-	-
Consortio Nacional de Seguros S.A.	Finance lease	993,487	269,261	724,226	-	-	-	-
Chilena Consolidada Seguros de Vida S.A.	Finance lease	175,005	65,627	109,378	-	-	-	-
Banco Bice Leasing Financiero	Finance lease	33,263	33,263	-	-	-	-	-
Subtotal		1,201,755	368,151	833,604	-	-	-	-
Trade payables	Trade payables	326,575,700	326,575,700	-	-	-	-	-
TOTAL		2,335,549,534	366,392,507	76,778,932	78,525,211	78,589,946	77,977,451	

Years	FOR TRANSLATION PURPOSE		Total debt ThCh\$	CARRYING AMOUNT						
				Term in days			Term in years			
	4 - 5 years	Over 5 years		0 - 90 days	91 days - 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years
99,247,995	-	114,054,215	2,222,770	2,516,690	3,361,710	3,352,525	3,352,525	99,247,995	-	-
17,339,527	-	19,748,940	231,413	469,631	621,070	622,772	464,527	17,339,527	-	-
33,605,187		38,292,344	642,448	832,468	1,100,909	1,103,925	1,007,407	33,605,187		
46,338,626		50,422,411	335,654	772,126	1,021,100	1,023,559	931,346	46,338,626		
92,676,636	-	91,097,922	13,029	-	-	-	-	91,084,893	-	-
	-	520,093	520,093	-	-	-	-	-	-	-
289,207,971	-	285,571,697	1,076,713	32,357	-	-	-	284,462,627	-	-
51,664,615	1,000,300,708	1,110,768,145	9,733,541	4,994,844	-	-	-	-	1,096,039,760	
6,508,893	268,405,735	187,181,647	-	575,372	-	-	-	-	186,606,275	
58,173,508	1,268,706,443	1,297,949,792	9,733,541	5,570,216	-	-	-	-	1,282,646,035	
	1,144,156	2,430,053	-	-	-	-	-	348,530	2,081,523	
2,213,246	6,266,044	5,183,127	938,744	-	-	-	-	438,170	3,806,213	
-	679,858	953,238	-	83,575	-	-	-	-	869,663	
2,097,900	5,528,189	2,878,321	704,082	200,116	-	-	-	-	1,974,123	
1,622,935	2,782,861	1,767,058	248,483	-	-	-	-	506,192	1,012,383	
-	-	3,883,654	-	-	-	-	-	1,294,551	2,589,103	
342,434	3,301,004	4,301,963	-	82,554	-	-	-	-	4,219,409	
1,398,567	4,345,645	3,181,846	409,284	165,485	-	-	-	-	2,607,077	
867,440	820,619	39,906	-	39,906	-	-	-	-	-	
208,715	197,480	106,262	-	106,262	-	-	-	-	-	
1,905,485	4,666,478	2,628,047	569,664	-	-	-	-	686,128	1,372,255	
269,503	539,006	-	-	-	-	-	-	-	-	
10,926,225	30,271,340	27,353,475	2,870,257	677,898	-	-	-	3,273,571	20,531,749	
-	-	3,527,044	963,472	2,563,572	-	-	-	-	-	
-	-	1,710,281	1,310,395	399,886	-	-	-	-	-	
-	-	268,083	237,605	30,478	-	-	-	-	-	
-	-	1,219,492	138,060	1,081,432	-	-	-	-	-	
-	-	263,598	263,598	-	-	-	-	-	-	
-	-	2,797,703	242,187	2,555,516	-	-	-	-	-	
-	-	3,455,086	483,418	2,971,668	-	-	-	-	-	
-	-	1,460,436	350,279	1,110,157	-	-	-	-	-	
-	-	84,779	84,779	-	-	-	-	-	-	
-	-	251,268	251,268	-	-	-	-	-	-	
-	-	30,391	30,391	-	-	-	-	-	-	
-	-	46,671	46,671	-	-	-	-	-	-	
-	-	30,479	30,479	-	-	-	-	-	-	
-	-	100,025	100,025	-	-	-	-	-	-	
-	-	86,810	86,810	-	-	-	-	-	-	
-	-	28,614	28,614	-	-	-	-	-	-	
-	-	22,412	22,412	-	-	-	-	-	-	
-	-	6,533	6,533	-	-	-	-	-	-	
-	-	18,286	18,286	-	-	-	-	-	-	
-	-	15,458	15,458	-	-	-	-	-	-	
-	-	15,423,449	4,710,740	10,712,709	-	-	-	-	-	
-	-	952,891	251,074	701,817	-	-	-	-	-	
-	-	169,790	62,600	107,190	-	-	-	-	-	
-	-	32,932	32,932	-	-	-	-	-	-	
-	-	1,155,613	346,606	809,007	-	-	-	-	-	
-	-	326,575,700	326,575,700	-	-	-	-	-	-	
358,307,704	1,298,977,783	1,954,029,726	345,313,557	17,802,187	-	-	-	287,736,198	1,303,177,784	

In the case of other financial liabilities included in the table above, the table below shows the detail of each liability identifying the debtor Group companies, the related creditor, country of origin and the financial conditions of the liabilities:

As of 12.31.2018									
Debtor's tax ID	Debtor	Country	Creditor's tax ID	Creditor	Country	Currency	Type of repayment	Effective rate	Nominal rate
92.580.000-7	Entel S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	Ch\$	At maturity		0.25%
92.580.000-7	Entel S.A.	Chile	97.030.000-7	Banco del Estado de Chile	Chile	Ch\$	At maturity	4.66%	Tab CLP 90D + 0.3%
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch\$	Deferred annual	5.17%	Tab CLP 180D + 0.45%
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	Ch\$	Deferred annual	5.06%	Tab CLP 180D + 0.1%
92.580.000-7	Entel S.A.	Chile	0-E	Expo Development Canada	United States	US\$	Deferred annual	3.13%	Libor USD 90D + 0.85%
92.580.000-7	Entel S.A.	Chile	0-E	The Bank of Nova Scotia	United States	US\$	Deferred annual	3.13%	Libor USD 90D + 0.85%
92.580.000-7	Entel S.A.	Chile	0-E	KFW-Ipex Bank GmbH	Germany	US\$	Deferred annual	4.24%	Libor USD 90D + 1.38%
92.580.000-7	Entel S.A.	Chile	0-E	Deutsche Bank Trust Company Americas, como representante de tenedores de bonos	United States	US\$	Deferred annual	5.09% - 4.88%	4.874% / 4.75%
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile, como representante de tenedores de bonos	Chile	UF	Deferred annual	3.51%	3.50%
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-k	Banco Santander - Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	0-E	The Bank of Nova Scotia	Canada	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.023.000-9	Corpbanca	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.043.000-8	JP Morgan Chase Bank, N.A.	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.043.000-8	JP Morgan Chase Bank, N.A.	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	Ch\$	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	Ch\$	-	-	-
96.697.410-9	Entel Telefónica Local	Chile	97.018.000-1	Scotiabank Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	0-E	JP Morgan Chase Bank, N.A.	Chile	US\$	-	-	-
92.580.000-7	Entel S.A.	Chile	0-E	The Bank of Nova Scotia	Chile	US\$	-	-	-
0-E	Entel Perú	Perú	0-E	Scotiabank (Perú)	Peru	PEN	-	-	-
0-E	Entel Perú	Perú	0-E	BBVA (Perú)	Peru	PEN	-	-	-
0-E	Entel Perú	Perú	0-E	Banco de Crédito del Perú	Peru	PEN	-	-	-
0-E	Entel Perú	Perú	0-E	Banco Santander (Perú)	Peru	PEN	-	-	-

As of 12.31.2017

Debtor's tax ID	Debtor	Country	Creditor's tax ID	Creditor	Country	Currency	Type of repayment	Effective rate	Nominal rate
92.580.000-7	Entel S.A.	Chile	97.030.000-7	Banco del Estado de Chile	Chile	Ch\$	At maturity	4.66%	Tab CLP 90D + 0.3%
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch\$	Deferred annual	5.17%	Tab CLP 180D + 0.45%
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	Ch\$	Deferred annual	5.06%	Tab CLP 180D + 0.1%
92.580.000-7	Entel S.A.	Chile	0-E	Export Development of Canada	United States	US\$	Deferred annual	3.13%	Libor USD 90D + 0.85%
92.580.000-7	Entel S.A.	Chile	0-E	The Bank of Nova Scotia	United States	US\$	Deferred annual	3.13%	Libor USD 90D + 0.85%
92.580.000-7	Entel S.A.	Chile	88.381.200-K	Claro Infraestructura S.A. (Telmex S.A.)	Chile	UF	Annual	9.12%	8.70%
92.580.000-7	Entel S.A.	Chile	0-E	Deutsche Bank Trust Company Americas, como representante de tenedores de bonos	United States	US\$	Deferred annual	5.09% - 4.88%	4.874% / 4.75%
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile, como representante de tenedores de bonos	Chile	UF	Deferred annual	3.51%	3.50%
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-k	Banco Santander - Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-k	Banco Santander - Chile	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	0-E	The Bank of Nova Scotia	Canada	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.043.000-8	JP Morgan Chase Bank, N.A.	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.043.000-8	JP Morgan Chase Bank, N.A.	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.043.000-8	JP Morgan Chase Bank, N.A.	Chile	UF	-	-	-
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.023.000-9	Banco Itaú Corpbanca	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-k	Banco Santander - Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.030.000-7	Banco del Estado de Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	Ch\$	-	-	-
92.580.000-7	Entel S.A.	Chile	97.053.000-2	Banco Security	Chile	Ch\$	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	Ch\$	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.023.000-9	Banco Itaú Corpbanca	Chile	Ch\$	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	Ch\$	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Ch\$	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.030.000-7	Banco del Estado de Chile	Chile	Ch\$	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.951.000-4	HSBC Bank (Chile)	Chile	Ch\$	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	Ch\$	-	-	-
0-E	Entel Perú	Perú	0-E	Scotiabank (Perú)	Peru	PEN	-	-	-
0-E	Entel Perú	Perú	0-E	Banco de Credito del Peru	Peru	PEN	-	-	-
0-E	Entel Perú	Perú	0-E	BBVA (Perú)	Peru	PEN	-	-	-
0-E	Entel Perú	Perú	0-E	Interbank (Perú)	Peru	PEN	-	-	-
0-E	Entel Perú	Perú	0-E	Banco Santander (Perú)	Peru	PEN	-	-	-
92.580.000-7	Entel S.A.	Chile	99.012.000-5	Consorcio Nacional de Seguros S.A.	Chile	UF	Monthly	8.03%	8.03%
92.580.000-7	Entel S.A.	Chile	99.185.000-7	Chilena Consolidada Seguros de Vida S.A.	Chile	UF	Monthly	8.43%	8.43%
92.580.000-7	Entel S.A.	Chile	97.080.000-K	Banco Bice Leasing Financiero	Chile	UF	Monthly	8.32%	8.32%

Liquidity risks are controlled through the financial planning, which considers debt policies and possible sources of financing from third parties. The indebtedness level of the Group companies as well as access to domestic and international financing through bank borrowings and the placement of debt securities allow discarding long-term liquidity risks, except for those related to systemic alterations in financial markets.

The previous tables of due dates include financial lease agreement obligations (2017) whose specific due dates are as follows:

Minimum lease payments	12.31.2018			12.31.2017		
	Gross	Interest	Present value	Gross	Interest	Present value
Between 1 and 90 days	-	-	-	368,152	(21,537)	346,615
Between 90 days and 1 year	-	-	-	833,595	(24,597)	808,998
Total				1,201,747	(46,134)	1,155,613

On November 26, 2018, the Company registered two lines of bonds with the Financial Market Commission (CMF) with 10-year and 30-year terms. The lines, which do not contemplate guarantees, allow the Company to issue Bearer Bonds series for a joint maximum of up to UF 10 million.

These bond issuance contracts represent an alternate source of financing, to be used based on possible Company needs and as economic and market variables favorable to the placement of Bonds arise.

The reconciliation is shown in ThChS of net financial liabilities, excluding cash and cash equivalents to cash flows from financing activities is detailed as follows:

	Opening balance 12.31.2017	Cash flows			Movements other than cash			Closing balance 12.31.2018
		Increase	Payments	Interest	Fluctuation adjustments	Amortization expenses	Changes in fair value	
Loans and obligations with the public (Bonds)	1,583,521,489	53,985,959	(71,709,567)	71,923,289	167,711,081	2,144,292	-	1,807,576,543
Overdrafts	-	239,729,272	(239,726,109)					3,163
Derivatives	4,950,055	-	(2,213,056)	5,377,351	(150,081,077)	-	45,199,785	(96,766,942)
Lease	346,401	-	(401,925)	43,164	12,360	-	-	-
Total net liabilities from financing activities	1,588,817,945	293,715,231	(314,050,657)	77,343,804	17,642,364	2,144,292	45,199,785	1,710,812,764
Payment of dividends			(13,304,915)					
Other payments for additional taxes, commissions, etc			(3,465,832)					
Net cash flows (used in) financing activities			(37,106,173)					

	Opening balance 12.31.2016	Cash flows			Movements other than cash			Closing balance 12.31.2017
		Increase	Payments	Interest	Fluctuation adjustments	Amortization expenses	Changes in fair value	
Loans and obligations with the public (Bonds)	1,591,494,992	99,238,750	(71,724,141)	69,774,691	(109,515,454)	4,252,651	-	1,583,521,489
Overdrafts	-							0
Derivatives	(107,190,864)	-	(25,974,297)	4,685,045	124,435,368	-	8,994,803	4,950,055
Lease	721,007	-	(382,871)	8,265	-	-	-	346,401
Total net liabilities from financing activities	1,485,025,135	99,238,750	(98,081,309)	74,468,001	14,919,914	4,252,651	8,994,803	1,588,817,945
Payment of dividends			(10,309,263)					
Other payments for additional taxes, commissions, etc			(1,764,194)					
Net cash flows (used in) financing activities			(10,916,016)					

17. Trade And Other Payables

Trade and other payables, not existing interests related to such payables, are detailed as follows:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
TRADE PAYABLES		
foreign correspondents	1,094,686	1,321,233
Telecommunications suppliers	22,915,274	33,515,921
Foreign suppliers	16,962,050	20,608,531
Domestic suppliers	455,808,724	419,718,392
OTHER PAYABLES		
Obligations with employees	23,701,737	25,075,586
Dividends payable	44,495	13,083,519
Other (net VAT debit, withholding taxes)	33,207,613	31,827,539
Total	553,734,579	545,150,721

Comparative information for trade payables to suppliers for invoices (excluding accruals) is presented below. The Entel Group's companies recorded no past due debt in both periods:

Current trade payables by maturity date	12-31-2018			12-31-2017		
	Goods	Services	Total	Goods	Services	Total
	ThCh\$			ThCh\$		
Up to 30 days	47,619,146	74,188,049	121,807,195	58,620,425	97,912,077	156,532,502
Between 31 - 60 days	60,496,469	98,724,711	159,221,180	44,233,491	64,088,654	108,322,145
Between 61 - 90 days	24,166,444	19,202,466	43,368,910	36,633,860	25,087,193	61,721,053
Total	132,282,059	192,115,226	324,397,285	139,487,776	187,087,924	326,575,700

The approximate average payment period for all accounts payable (trade and other payables) is 89 days, measured according to the activities recorded during the last 3 months.

The % of accounts payable from the main 10 suppliers related to total trade payables is detailed as follows:

Supplier's name	12-31-2018 %	12-31-2017 %
Huawei del Perú SAC	10.2%	4.3%
Samsung Electronics Chile Ltda.	2.2%	3.5%
Samsung Electronics Perú	3.2%	2.6%
Ericsson Chile S.A.	1.8%	2.4%
Cia Ericsson S.A.	1.0%	-
APPLE Chile Comercial	2.2%	1.8%
Huawei Chile Ltda.	4.6%	1.3%
Huawei Device Co, Ltd	-	1.1%
Claro Chile S.A.	-	0.6%
Motorola Mobility Inc.	1.0%	-
LG Electronics Inc. Chile Ltda.	-	0.6%
Telrad Perú S.A.	-	1%
Telefónica del Perú S.A.	0.8%	-
Falabella Retail S.A.	0.6%	-
Otros	72.3%	81.30%
Total trade payables	100%	100%

18. Other Provisions

Provisions are detailed as follows:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
CURRENT PROVISIONS		
Other provisions	8,446,048	7,369,584
Total current provisions	8,446,048	7,369,584
NON-CURRENT PROVISIONS		
Dismantling, restoration and rehabilitation costs	44,054,481	36,481,730
Total non-current provisions	44,054,481	36,481,730

As of the periods referred to in these financial statements, movements in these provisions are detailed as follows:

	Dismantling and restoration costs ThCh\$	Other provisions ThCh\$	Total ThCh\$
Total provision, opening balance (01-01-2018)	36,481,730	7,369,584	43,851,314
Increase (decrease) in existing provisions	3,473,629	1,041,547	4,515,176
Provision used	(41,433)	-	(41,433)
Increase for accrued interest	1,726,883	-	1,726,883
Increase (decrease) in exchange rate	2,036,956	34,917	2,071,873
Other increases (decreases)	376,716	-	376,716
Total changes in provisions	7,572,751	1,076,464	8,649,215
Total provision, closing balance (12.31.2018)	44,054,481	8,446,048	52,500,529

	Dismantling and restoration costs ThCh\$	Other provisions ThCh\$	Total ThCh\$
Total provision, opening balance (01-01-2017)	36,481,730	7,369,584	43,851,314
Increase (decrease) in existing provisions	1,635,844	2,226,612	3,862,456
Provision used	(483,370)	-	(483,370)
Increase for accrued interest	1,961,057	-	1,961,057
Increase (decrease) in exchange rate	(1,089,001)	(18,855)	(1,107,856)
Other increases (decreases)	234,908	-	234,908
Total changes in provisions	2,259,438	2,207,757	4,467,195
Total provision, closing balance (12.31.2017)	36,481,730	7,369,584	43,851,314

The determination of the provision for dismantling and restoration costs considers the estimated value for the construction, demolition or any other unavoidable activity. These costs are discounted based on estimated validity periods of contracts maintained with the owners of the properties or facilities where the premises are located, considering the termination and renewal hypotheses. These amounts are discounted using the Company's indebtedness cost rates.

19. Other Non-Financial Liabilities

Correspond mainly to unearned income, which as of each year-end is detailed as follows.

	Current		Non-current	
	12,31,2018 ThCh\$	12,31,2017 ThCh\$	12,31,2018 ThCh\$	12,31,2017 ThCh\$
Deferred revenue				
Prepayment cards	7,154,560	6,975,133	-	-
Services billed in advance	15,395,366	16,624,578	-	-
Customer loyalty programs	6,535,511	6,665,070	1,127,613	1,614,841
Transfer of networks	2,613,165	3,061,629	3,345,172	3,529,210
Submarine cable lease	25,838	117,487	12,919	38,758
Prepaid government grants, pending allocation	514,061	544,637	20,596	420,459
Other deferred liabilities	-	-	58,859	81,120
Total	32,238,501	33,988,534	4,565,159	5,684,388

Services billed in advance correspond to balances of income that is not borrowed, customer contract liabilities. The initial adoption of IFRS 15 did not imply recognition of liabilities for contracts that were not affected, since the adoption affected mobile telephone sales.

20. Employee Benefits And Expenses

a. Personnel expenses are detailed as follows

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Salaries and wages	189,781,788	186,030,520
Short-term employee benefits	13,743,070	19,657,786
Post-employment benefits expense	(3,197,299)	(648,181)
Termination benefits	25,470,750	10,621,258
Other personnel expenses	34,355,318	33,502,175
Total	260,153,627	249,163,558

b. Severance indemnity payments (post-employment and termination benefits)

The Parent Company maintains the most significant agreements in relation to severance payments payable to its employees and executives.

The right to receive this benefit, as well as the determination of the amount payable, is regulated by the existing agreements considering such relevant factors as the number of years of service, permanence and salary.

The benefit in favor of employees is provided through Corporación Mutual Entel Chile, which is financed in a shared manner. Employees provide a monthly contribution of 2.66% of their base salaries and the Company pays the balances that might possibly be required to complete the payment of a number of severance payments of up to 3% of its employees.

As of December 31 of each year, liabilities recognized as post-employment benefits recorded in Non-current provisions for employee benefits amount to ThCh\$13,189,192 and ThCh\$12,171,468, respectively, and represent the present value of accrued severance indemnity payments at such dates, deducting the amounts held by the Guild Association.

c) Movements in the Parent's severance payment (post-employment) benefits are detailed as follows:

Movements	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Present value of the obligation, opening balance	12,171,468	10,407,369
Cost of current service	624,434	428,794
Interest cost of the obligation	745,513	664,981
Cost (revenue) from past service	(2,447,842)	-
Actuarial profits and losses arising from the obligation	3,469,510	1,747,299
Contributions paid to the plan	(1,373,891)	(1,076,975)
Present value of the obligation, closing balance	13,189,192	12,171,468

d) Actuarial assumptions used to calculate benefits:

Movements	12.31.2018	12.31.2017
Discount rate	6.30%	6.30%
Salary increase rate	3.00%	1.00%
Personnel turnover rate	1.1%; 0.1%	1.5%; 0.1%
Retirement age. men	70	70
Retirement age. women	65	65
Mortality rate	RV-2014	RV-2014

The discount rate is obtained from the rates of local corporate bonds at a term that is in accordance with the remaining duration of the obligation.

The salary increase is in line with the Company's global annual remunerations increase policy.

Turnover rates are obtained from the Company's turnover statistics.

Finally, the mortality table is the latest one issued by the Superintendency of Pensions and Pension Fund Administrators.

e) Análisis de sensibilidad

Sensitivity analysis, should there be a variation of +- 100 base points in the actuarial variables, (keeping all the rest of the variables constant) it is estimated that the provision would be detailed as follows:

	Effect +100 base points	Effect -100 base points
	12.31.2018	
	ThCh\$	ThCh\$
Termination benefits:		
Annual discount rate	11,653,824	15,004,270
Salary increase rate	15,048,017	11,594,465
Turnover rate	12,622,649	-

21. Capital And Reserves

Changes in equity accounts as of December 31, 2018 and 2017, are detailed in the Statement of Changes in Equity.

Capital

The Company has a single series of ordinary shares with no par value outstanding, which have been fully paid. Due to the above, there are no rights, privileges and/or restrictions corresponding to classes of shares, including on the distribution of dividends and reimbursements.

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
SHARE CAPITAL		
Authorized share capital	908,767,566	908,767,566
Subscribed authorized share capital	876,370,945	876,370,945
Share capital issued	880,167,568	880,167,568
Reconciliation of number of shares outstanding		
Number of shares outstanding	302,017,113	302,017,113
Increase in number of shares	-	-
Number of shares outstanding	302,017,113	302,017,113

The attached Issued Capital table does not discount expenses incurred in the placement of shares.

Between January 1, 2017 and December 31, 2018, there are no movements related to redemptions, payments, or decreases.

There are no treasury shares.

There are no reserves or any commitments for the issue of shares to cover option and sale agreements.

Retained (loss) Earnings

No interim dividends were distributed in either year.

The provision established (2017) to comply with the minimum dividend, represents Ch\$ 43.12 per share.

As of January 1, 2018, the effect on retained earnings due to the adoption of IFRS 15 is detailed as follows:

	ThCh\$
Total equity as of 12-31-2017	1,238,351,170
Higher net income from sale of equipment, doubtful accounts discounted	81,539,749
Fees attributable to future services	59,301,791
Deferred tax	(40,061,954)
Total adjustments	100,779,586
Adjustments on equity % as of December	8%
Total equity as of 01-01-2018	1,339,130,756

The detail of changes in retained earnings for each year can be observed in the statement of changes in equity.

Dividend Policy

Pursuant to Law No. 18.046, except for any different unanimous agreement reached at shareholders meetings, publicly traded companies must pay annual dividends of at least 30% of the profit for the period.

The Group's dividend distribution policy currently in force sets dividend limits exceeding legal minimum amounts. However, the Group's policy establishes maximum amounts and, accordingly, the discretionary criterion is applied for possible dividends exceeding the maximum legal amount. As a result, no provisions for dividends additional to the minimum legal requirement were accrued.

The policy communicated at the Ordinary Shareholders' meeting held on April 27, 2017, approved the maximum for dividend distribution of 50% of profit for each period depending on the Company's profit for the period, investment needs and safeguards established in long-term loan agreements entered into by the Company in relation to debt, liquidity and financing issues. This policy means maintaining the policy of the prior year.

As required by the Financial Market Commission (formerly, the Superintendency of Securities and Insurance (SVS)), through Circular No.1945 of 2009, the Parent established a policy regarding the treatment of the effects resulting from adjustments of financial assets and liabilities at fair value. In line with this, the Group has established as policy to reduce from the profit to be used to pay dividends the unrealized gains resulting from adjustments to fair value.

Except for the conditions indicated in the preceding paragraphs, the Company is not subject to any additional restrictions to the payment of dividends.

Dividends paid

During 2018 and 2017, the Group has paid the following dividends:

At the Ordinary Shareholders' Meeting held on April 27, 2018, the shareholders agreed to distribute a final dividend charged against profits for 2017 in the amount of Ch\$44 per share, equivalent to ThCh\$ 13,288,753. This dividend was paid as of May 23, 2018.

At the Ordinary Shareholders' Meeting held on April 27, 2017, the shareholders agreed to distribute a final dividend of Ch\$34 per share corresponding to the profits of 2016 equivalent to ThCh\$10,268,582. This dividend was paid on May 25, 2017.

According to the statement of cash flows, the dividends paid include the dividends agreed for distribution in each year and those collected in prior years.

Other reserves

Other reserves included in the Statement of Changes in Equity are as follows:

Reserves for actuarial variances for employee benefit plan: Relates to variances in liabilities due to employee benefit plans, as a result of changes in actuarial variances, adjusting them to current market rates used for their measurement, such as the discount rate, turnover rate, mortality rate and income forecasts.

Translation reserve: Reflects accumulated gains or losses resulting from the translation of the financial statements of foreign subsidiaries from their functional currency to the Group's presentation currency (Chilean pesos).

Cash flows hedge reserve: Corresponds to the difference between carrying amount and the fair value of cash flow hedge contracts qualified as effective hedges. Net of deferred taxes.

These amounts are transferred to profit or loss as contracts mature.

Other reserves: Credits and debits to equity in relation to adjustments required due to the first time application of International Financial Reporting Standards (IFRS) as of January 1, 2008. Main balances related to such adjustments relate to unrecognized deferred tax liabilities of ThCh\$10,866,212 and advances from customers of ThCh\$8,215,281.

In addition, in accordance with Article 10 of Law No. 18.046 and Official Letter No. 456 issued by the Superintendence of Securities and Insurance, price-level adjustment on paid-in capital is also recorded in this caption.

The evolution of other reserves for the respective periods is detailed as follows

	Other reserves				
	Actuarial changes in employee benefit plans	Foreign currency translation	Cash flow hedges	Other miscellaneous reserves	Total other reserves
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of January 1, 2017	(60,978)	18,988,966	(21,853,628)	(60,764,881)	(63,690,521)
Other comprehensive income (loss)	(1,275,528)	(50,486,371)	(2,125,198)	-	(53,887,097)
Total changes in equity	(1,275,528)	(50,486,371)	(2,125,198)	-	(53,887,097)
Closing balance as of December 31, 2017	(1,336,506)	(31,497,405)	(23,978,826)	(60,764,881)	(117,577,618)
Opening balance as of January 1, 2018	(1,336,506)	(31,497,405)	(23,978,826)	(60,764,881)	(117,577,618)
Other comprehensive income	(2,532,742)	85,597,808	(31,893,877)	-	51,171,189
Total changes in equity	(2,532,742)	85,597,808	(31,893,877)	-	51,171,189
Closing balance as of December 31, 2018	(3,869,248)	54,100,403	(55,872,703)	(60,764,881)	(66,406,429)

22. Revenue And Other Revenues

a. Revenue

The Group's revenue relates mainly to the rendering of services; sales of goods are not significant and supplement the services rendered, which are detailed as follows:

	01.01.2018 12.31.2018 ThChS	01.01.2017 12.31.2017 ThChS
Mobile telephone services-Chile	1,001,678,142	1,050,382,297
Mobile telephone services-Peru	472,957,858	457,018,453
Private services (including IT services)	196,426,438	188,921,080
Local telephone services (including NGN - IP)	52,844,767	57,244,433
Television service	36,521,120	33,160,855
Long distance	10,463,586	12,367,358
Internet	49,366,395	43,844,632
Services to other operators	34,621,102	43,425,370
Traffic business	23,651,720	19,989,472
Americatel Peru	20,448,295	23,710,335
Call center and other services	14,194,859	13,006,913
Total revenue	1,913,174,282	1,943,071,198

Certain categories of that revenue are transversal to the reported segments. Their relationship is detailed in Note 29.

Revenue from mobile telephone services, in the respective periods, includes the sale of equipment and accessories in the amount of ThCh\$ 362,747,058 and ThCh\$ 226,876,133, respectively.

The implementation of the new standard for revenue recognition (IFRS 15) for this year, implied lower net revenue (services and sale of equipment) from mobile telephone services in the Chilean market in the amount of ThCh\$ 12,115,043 and in the Peruvian market in the amount of ThCh\$ 29,107,989, for a Group total of ThCh\$ 41,223,032.

b. Other revenues

As of December 31, 2018 and 2017, other revenue is as follows:

	01.01.2018 12.31.2018 ThChS	01.01.2017 12.31.2017 ThChS
Refund from dealers for handsets lost	2,297,844	2,201,574
Subleasing of stores and points of sale	4,242,885	3,819,070
Commercial interest and reimbursement of collections expenses	1,382,488	2,411,540
Network transfer	569,642	-
Insurance indemnities	313,736	676,414
Other revenue	1,067,752	2,866,226
Total other revenue	9,874,347	11,974,824

23. Impairment Loss (Reversals), Net

As of December 31, 2018 and 2017, impairment affecting profit or loss is detailed as follows:

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Impairment loss, property, plant and equipment *	4,441,900	3,849,711
Impairment loss (reversals), trade receivables **	64,142,498	48,239,789
Total impairment loss	68,584,398	52,089,500

*See note 14.

**See note 8 d).

24. Other Expenses

As of December 31, 2018 and 2017, other expenses are detailed as follows:

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Access charges and profit sharing to correspondents	(138,907,023)	(166,633,534)
Outsourcing and materials	(51,766,634)	(50,580,510)
Advertising, commissions and cost of sales	(542,003,544)	(560,332,977)
Lease and maintenance	(216,555,280)	(222,197,407)
Share to other service operators	(48,605,435)	(47,696,955)
Professional and consulting services	(52,287,260)	(58,133,499)
Energy and other consumption items	(36,140,001)	(34,309,993)
Other	(85,477,528)	(80,779,670)
Total other expenses	(1,171,742,705)	(1,220,664,545)

The implementation of the revenue recognition standard (IFRS 15) for 2018, implied lower net commission expenses (capitalization and amortization) associated to contracts involving future mobile telephone services for the Chilean and Peruvian markets in the amount of ThCh\$9,293,333.

25. Finance Income And Finance Costs

As of December 31, 2018 and 2017, finance income and finance costs are detailed as follows:

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Interest on time deposits - assets at amortized cost	1,129,600	3,064,738
Interest on finance leases granted	-	64,767
Accrued interest (net) - interest rate swap	760,172	1,642,802
Derivatives fair value adjustment - interest rate swap	-	453,225
Total financial income	1,889,772	5,225,532
Interest cost, loans - liabilities at amortized cost	(10,114,241)	(7,316,387)
Interest cost, bonds - liabilities at amortized cost	(52,086,661)	(57,592,892)
Amortization of expenses related to loan agreements	(2,144,293)	(4,252,843)
Interest rate hedges (cross-currency swaps)	(5,377,198)	(4,685,071)
Derivatives fair value adjustment - interest rate swap	(2,290,971)	-
Interest cost, finance leases	(46,025)	(157,237)
Interest cost on post-employment benefit plans	(745,513)	(664,981)
Interest cost, other	(1,875,648)	(2,439,698)
Other finance costs	(3,030,635)	(2,926,859)
Total financial costs	(77,711,185)	(80,035,968)
Total finance costs, net	(75,821,413)	(74,810,436)
The net finance cost includes the following interest related to		
assets and liabilities not measured at fair value through profit or loss:		
Total income from interest on financial assets	1,129,600	3,129,505
Total cost of interest on financial liabilities	(70,043,016)	(75,350,897)

26. Assets And Liabilities In Foreign Currency

Assets and liabilities in foreign currency are detailed as follows.

Class of Asset	Foreign currency	12.31.2018 ThCh\$	Amounts not discounted based on maturity			
			1 - 90 days	91 days - 1 year	1 - 3 years	Over 5 years
Cash and cash equivalents	US\$	61,730,199	61,730,199	-	-	-
	PEN	4,665,955	4,665,955	-	-	-
	Euro	21,728	21,728	-	-	-
Other current financial assets	US\$	393,038,236	141,376,839	251,661,397	-	-
	Euro	2,384,250	2,384,250	-	-	-
Other current non-financial assets	US\$	711,222	393,926	317,296	-	-
	PEN	56,234,565	55,251,714	982,851	-	-
Current trade and other receivables	US\$	21,611,092	21,329,821	281,271	-	-
	New sol	107,276,795	106,719,216	557,579	-	-
	Euro	331,571	331,571	-	-	-
Inventory	PEN	54,865,654	54,865,654	-	-	-
Other non-current financial assets	US\$	1,111,632,000	-	-	-	1,111,632,000
Other non-current non-financial assets	PEN	145,769,674	-	4,390,096	-	141,379,578
Non-current rights receivable	PEN	671,463	-	-	671,463	-
Intangible assets	PEN	294,211,816	-	-	-	294,211,816
Property, plant & equipment	PEN	642,885,617	-	-	-	642,885,617
Current and non-current tax assets	PEN	2,366,841	-	-	2,366,841	-
Deferred tax assets	PEN	382,991,223	-	-	-	382,991,223
Total assets in foreign currency		3,283,399,901				
	US\$	1,588,722,749				
	PEN	1,691,939,603				
	Euro	2,737,549				
Class of liability	Foreign currency	12.31.2018 ThCh\$	Amounts not discounted based on maturity			
			1 - 90 days	91 days - 1 year	1 - 3 years	Over 5 years
Other current financial liabilities	Dolares	16,645,531	11,000,525	5,645,006	-	-
Trade and other payables	Dolares	123,217,460	123,217,460	-	-	-
	Euro	2,479,531	2,479,531	-	-	-
	Nuevo Sol	105,200,130	98,979,213	6,220,917	-	-
Other current non-financial liabilities	Nuevo Sol	15,864,134	15,864,134	-	-	-
Other non-current financial liabilities	Dolares	1,449,863,959	-	-	614,339,734	835,524,225
	Nuevo Sol	622,440	-	-	-	622,440
Non-current provisions	Nuevo Sol	26,555,052	-	-	26,230,209	324,843
Deferred tax liabilities	Nuevo Sol	56,529,443	-	-	-	56,529,443
Other non-current non-financial liabilities	Nuevo Sol	58,771	-	-	-	58,771
Total liabilities in foreign currency		1,797,036,451				
	US\$	1,589,726,950				
	PEN	204,829,970				
	Euro	2,479,531				

Class of asset	Foreign currency	12.31.2017 ThCh\$	Amounts not discounted based on maturity			
			1 - 90 days	91 days - 1 year	1 - 3 years	Over 5 years
Cash and cash equivalents	US\$	18,698,791	18,698,791	-	-	-
	PEN	5,072,174	5,072,174	-	-	-
	Euro	18,004	18,004	-	-	-
Other current financial assets	US\$	330,434,033	124,102,471	206,331,562	-	-
Other current non-financial assets	US\$	249,816	-	249,816	-	-
	PEN	9,359,310	9,090,356	268,954	-	-
	US\$	23,904,084	23,132,087	771,997	-	-
Current trade and other receivables	PEN	53,551,696	43,543,303	10,008,393	-	-
	US\$	43,465,004	43,465,004	-	-	-
	PEN	25,674,277	25,062,796	611,481	-	-
Inventory	PEN	983,600,000	-	-	983,600,000	
Current tax assets	PEN	277,023,384	-	-	-	277,023,384
Other non-current financial assets	US\$	508,506,161	-	-	-	508,506,161
Intangible assets	PEN	112,839,825	-	-	-	112,839,825
Property, plant & equipment	PEN	283,056,180	-	-	-	283,056,180
Total assets in foreign currency		2,675,452,739				
	US\$	1,356,886,724				
	PEN	1,318,548,011				
	Euro	18,004				
Class of liability	Foreign currency	12.31.2017 ThCh\$	Amounts not discounted based on maturity			
			1 - 90 days	91 days - 1 year	1 - 3 years	Over 5 years
Other current financial liabilities	US\$	14,728,385	9,733,541	4,994,844	-	-
Trade and other payables	US\$	108,617,782	108,617,782	-	-	-
	PEN	87,200,204	82,326,995	4,873,209	-	-
Other current non-financial liabilities	US\$	13,813,834	13,813,834	-	-	-
	PEN	1,232,687,894	-	-	-	1,232,687,894
Non-current provisions	PEN	20,650,817	-	-	-	20,650,817
Deferred tax liabilities	PEN	15,950,835	-	-	-	15,950,835
Other non-current non-financial liabilities	PEN	81,034	-	-	-	81,034
Total liabilities in foreign currency		1,493,730,785				
	US\$	1,356,034,061				
	PEN	137,696,724				

As of each accounting close date, the Group's companies had current derivative contracts hedging foreign exchange (foreign currency futures - forwards) and for substituting obligations in dollars for obligations in unidades de fomento and pesos (Cross Currency Swap - CCS). The previous tables only include the foreign currency component of those contracts.

27. Foreign Currency Translation And Results From Inflation-Indexed Units

The origin of the effects on profit or loss from foreign currency translation differences during the periods indicated above are detailed as follows:

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Other Assets	2,763,095	(1,175,265)
Trade and other payables	(5,166,510)	8,306,541
Obligations with the public - Bonds	(144,036,000)	98,496,000
Interest bearing borrowings	(18,509,300)	12,845,250
Derivative interests - closing exchange rate effect (FW)	36,122,509	(29,013,048)
Derivative interests - closing exchange rate effect (CCS)	128,032,000	(87,552,000)
Derivative interests - fair value effect (FW)	(2,647,660)	(7,764,028)
Other liabilities	2,447,644	(1,117,021)
Total foreign currency translation	(994,222)	(6,973,571)
Income from indexation units		
Other Assets	1,562,271	127,666
Derivative interests - closing exchange rate effect (CCS)	(12,572,656)	(7,372,671)
Obligations with the public - Bonds	(5,346,031)	(3,133,749)
Other liabilities	(11,996)	778,349
Total income from indexation units	(16,368,412)	(9,600,405)

28. Operating Leases

The main operating lease agreements acting as lessee relate to leases and rights of use of urban and rural real estate for the location of technical nodes.

	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Property lease expenses	100,406,449	100,325,599

In addition, this caption includes expenses related to telecommunication signal transmission, data and other, which amounts amounted to ThCh\$33,038,041 and ThCh\$34,562,123 during the years 2018 and 2017.

Future commitments are detailed as follows:

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
LEASED PROPERTY		
Up to one year	75,039,120	63,331,865
From one to five years	154,184,227	130,685,208
Satellite segment, data, submarine cables and other		
Up to one year	66,975,291	74,291,518
From one to five years	137,296,154	158,885,838

Operating leases acting as lessor relate to agreements associated with the business of leasing networks to other telecommunication and datacenter service operators (housing, hosting, virtual servers, etc.).

	12.31.2018 ThCh\$	12.31.2017 ThCh\$
FUTURE MINIMUM LEASE RECEIPTS		
Up to one year	16,420,831	15,591,671
From one to five years	32,802,905	31,058,182
	01.01.2018 12.31.2018 ThCh\$	01.01.2017 12.31.2017 ThCh\$
Lease receipts recognized in income	12,177,946	11,772,601

As of December 31, 2018, no contingent rents are pending receipt.

29. Operating Segments

The Group has very developed management control systems, which allow having separate financial information with high disaggregation levels for making decisions about allocation of services and performance evaluation.

In line with the Group's organizational structure, the following operating segments have been defined for reporting purposes based on their related revenue levels: "Consumer", "Small and Medium Enterprises", "Corporations", "Mobile Services Peru" and "All other segments".

The factors used to identify each segment relate to separate operating functions for each market segment referred to product development and innovation, prices, marketing, sales and customer service. In addition, each segment's requirements over the common technical and shared services infrastructure is also taken into account.

Each of the defined segments, generates revenue and expenses, for which the Company has differentiated information, which is examined periodically by the decision-making levels in terms of allocation of resources and evaluation of results.

The information by business segment in the first half of the year is affected by the application of IFRS 15 (see Note 2.e).

The operating segment information for the years ended December 31, 2018 and 2017, is detailed as follows:

General information on income, cash flows, assets and liabilities as of 12.31.2018 in ThChS	Segment Description						Not assigned	Withdrawals	Group total
	Consumer	Enterprise	Corporate	M. services Peru	Other businesses				
Revenue	861,262,831	281,417,260	224,806,881	489,053,016	875,725,196	-	(819,090,902)	1,913,174,282	
Other significant revenue (expense) items	(606,130,736)	(163,392,759)	(142,242,410)	(543,174,333)	(850,401,740)	-	819,088,495	(1,486,253,483)	
Reportable segment profit (loss) (EBITDA)	255,132,095	118,024,501	82,564,471	(54,121,317)	25,323,456	-	(2,407)	426,920,799	
Depreciation, amortization and impairment	(156,470,451)	(56,623,799)	(58,454,322)	(47,632,735)	(16,865,432)	-	39,011	(336,007,728)	
Reportable segment operating profit (loss) EBIT	98,661,644	61,400,702	24,110,149	(101,754,052)	8,458,024	-	36,604	90,913,071	
Interest income				71,668		48,672,916	(46,854,812)	1,889,772	
Interest expenses				(47,790,789)		(76,775,208)	46,854,812	(77,711,185)	
Foreign currency translation and income from indexation units				(1,895,442)		(15,430,588)	(36,604)	(17,362,634)	
Income tax expense (benefit)				42,627,989		(63,971,105)	-	(21,343,116)	
Total profit (loss)	98,661,644	61,400,702	24,110,149	(108,740,626)	8,458,024	(107,503,985)	-	(23,614,092)	
Assets				1,666,541,906		3,314,680,299	(1,017,006,934)	3,964,215,271	
Increase in non-current assets	39,349,928	18,886,213	31,418,595	121,248,609	8,895,362	218,396,483	-	438,195,190	
Liabilities				1,315,469,457		2,299,330,786	(1,017,006,934)	2,597,793,309	
Equity								1,366,421,962	
Liabilities and equity								3,964,215,271	
Impairment losses recognized in profit or loss	22,090,313	6,466,043	2,930,168	34,890,696	2,207,178	-	-	68,584,398	
Cash flows provided by (used in) operating activities				(35,526,836)		508,313,817	-	472,786,981	
Cash flows provided by (used in) investing activities				(142,013,260)		(544,034,099)	176,839,421	(509,207,938)	
Cash flows provided by (used in) financing activities				176,839,421		(37,106,173)	(176,839,421)	(37,106,173)	

General information on income as of 12.31.2018 in ThChS without IFRS 15	Segment Description						Not assigned	Withdrawals	Group total
	Consumer	Enterprise	Corporate	M. services Peru	Other businesses				
Revenue	873,390,303	280,117,048	226,094,663	518,161,005	875,725,196	-	(819,090,902)	1,954,397,313	
Other significant revenue (expense) items	(616,212,466)	(165,235,156)	(142,349,855)	(542,739,856)	(850,401,740)	-	819,088,495	(1,497,850,578)	
Reportable segment profit (loss) (EBITDA)	257,177,837	114,881,892	83,744,808	(24,578,851)	25,323,456	-	(2,407)	456,546,735	
Depreciation, amortization and impairment	(156,470,451)	(56,623,799)	(58,454,322)	(47,632,735)	(16,865,432)	-	39,011	(336,007,728)	
Reportable segment operating profit (loss) EBIT	100,707,386	58,258,093	25,290,486	(72,211,586)	8,458,024	-	36,604	120,539,007	

General information on income, cash flows, assets and liabilities as of 12.31.2017 in ThChS	Segment Description						Not assigned	Withdrawals	Group total
	Consumer	Enterprise	Corporate	M. services Peru	Other businesses				
Revenue	890,684,325	293,852,408	226,748,227	470,592,476	787,552,792	-	(726,359,030)	1,943,071,198	
Other significant revenue (expense) items	(612,820,820)	(180,549,186)	(142,515,469)	(546,590,095)	(749,350,753)	-	725,857,824	(1,505,968,499)	
Reportable segment profit (loss) (EBITDA)	277,863,505	113,303,222	84,232,758	(75,997,619)	38,202,039		(501,206)	437,102,699	
Depreciation, amortization and impairment	(148,829,700)	(55,293,879)	(54,141,684)	(42,935,985)	(18,947,923)	-	431,808	(319,717,363)	
Reportable segment operating profit (loss) (EBIT)	129,033,805	58,009,343	30,091,074	(118,933,604)	19,254,116		(69,398)	117,385,336	
Interest income				54,592		44,125,349	(38,954,409)	5,225,532	
Interest expenses				(39,469,479)		(79,520,898)	38,954,409	(80,035,968)	
Foreign currency translation and income from indexation units				(46,762)		(16,596,612)	69,398	(16,573,976)	
Income tax expense (benefit)				43,038,225		(25,629,608)	-	17,408,617	
Total profit (loss)	129,033,805	58,009,343	30,091,074	(115,357,028)	19,254,116	(77,621,769)		43,409,541	
Assets				1,301,804,311		3,000,991,383	(773,755,521)	3,529,040,173	
Increase in non-current assets	49,661,673	17,987,693	25,417,392	98,541,273	13,295,251	186,133,515	-	391,036,797	
Liabilities				989,022,847		2,075,421,677	(773,755,521)	2,290,689,003	
Equity								1,238,351,170	
Liabilities and equity								3,529,040,173	
Impairment losses recognized in profit or loss	22,172,833	8,469,904	3,333,860	17,543,836	569,067	-	-	52,089,500	
Cash flows provided by (used in) operating activities				(102,091,385)		639,953,481	-	537,862,096	
Cash flows provided by (used in) investing activities				(102,426,064)		(597,533,683)	207,219,340	(492,740,407)	
Cash flows provided by (used in) financing activities				207,219,340		(10,916,016)	(207,219,340)	(10,916,016)	

No operations have been discontinued during the periods 2017 and 2016.

The reportable segment "Consumer" relates to natural persons who are the final users of the services and equipment provided. The significant services for this segment relate to mobile call, data and equipment, landline telephony, international long distance telephony, and Internet, wireless landline telephony and television services, the latter associated with the House segment.

The reportable segment "Small and Medium-Sized Entities" generally relates to legal entities where goods and services acquired are used in productive processes or sold. The significant services for this segment relate to mobile call, data and equipment, data, Internet, local telephony and network lease and IT services.

The reportable segment "Corporate" has characteristics similar to those of Small and Medium-Sized Entities but relates to larger companies, government entities, banks and all kind of large companies. The relevant services of this segment relate to mobile call, data and equipment, IT services, local telephony and Internet services.

The reportable segment "Mobile Services Peru" relates to services provided by the subsidiary Entel Perú S.A. to customers and companies.

The reportable segment "Other Business" relates mainly to network infrastructure services provided to other domestic as well as foreign telecommunication services suppliers, and traffic businesses.

This segment also includes the operations of subsidiaries providing call center services both in Chile and Peru as well as Americatel Peru's operations, which include the provision of corporation services, long distance and traffic services, Internet and IT services.

Foreign operations conducted by the Group's subsidiaries in Peru generated revenue with third parties of ThCh\$502,373,875 and ThCh\$488,944,466 during the years 2017 and 2016, which are equivalent to 26% and 25% of the Company's revenue for the related periods.

Inter-segment transactions are stated at market prices, which usually correspond to prices for sale to third parties.

Due to the nature of the business and its financing, there is no allocation of finance costs.

Income by business segment is determined at different levels, with income at the Ebitda level being the most considerable, since its components mainly include directly related allocations.

In the allocation of revenue and expenses to each business segment, the Company considers that the correlations existing amongst them and with assets and liabilities, do not result in asymmetrical allocations.

The Entel Group provides mobile telecommunication services including voice, added value, data, broadband and mobile internet services as well as fixed network services basically focused on providing integrated solutions including data network, local telephony, Internet access, long distance public telephony, information technology integration services (data center, BPO and operating continuity) lease of networks and wholesale traffic businesses. The Group also provides call center services for the corporate market and Group companies.

These businesses are mainly conducted in Chile. Businesses abroad are carried out by three subsidiaries operating in Peru that provide fixed network and call center services. From September 2013, Entel Peru was included to the Group offering mobile telephone services.

At Group level, there are no clients concentrating significant revenue percentages. The analysis of invoices does not consider invoices issued to intermediaries for the magnetic charge of prepaid mobile telephone services.

30. Capital Management

Capital needs for financing investments are covered both with the Company's own resources and also funds from placement of shares and withholding of benefits, as well as resources from long-term debt with third parties.

According to the established internal policies, the level of indebtedness can reach a maximum of the greater of the following ratios: i)(Financial Debt - Net)/Equity plus non-controlling interests, ratio equal to 1.7 times, or ii)(Financial Debt - Net)/Ebitda (See Note 32) for the last twelve months, ratio equal to 3.5 times. The calculation of both ratios considers, the Financial Debt less other financial assets and cash and cash equivalents.

This financing policy was confirmed at the last Ordinary Shareholders' Meeting held on April 26, 2018.

Per the financial statements as of December 31, 2018, amounts obtained from financing are represented by accumulated equity of ThCh\$1,366,421,962 and current and non-current liabilities of ThCh\$1,815,513,552.

The mentioned financial liabilities include negative balances due to valuation of derivative instrument in the amount of ThCh\$ 7,933,846. Balances in favor presented by these valuations have not been deducted.

Should the Company face investment needs of an extraordinary nature that exceed the established limit, these must be submitted for approval at a Shareholders' Meeting, proposing the corresponding financing structures, such as capital or debt instrument issuances, bank debt, loans from suppliers or any other form of capital financing.

All bank loan contracts, both local and international and the bond issuance Contract in Chile contemplate certain restrictions on management and financial ratio limits. The latter includes the obligation to not exceed a ratio of 4.0 for Net Financial Debt/Ebitda, both for all bank loans and the local bond, and a ratio equal to or greater than 2.5 for Ebitda/Net Finance Costs.

However, and in a transitory manner, and as a consequence of the application of IFRS 15 as of January 1, 2018, and its impact on the EBITDA and on the calculation of certain financial restrictions that are contained in the bond issuance contract, which was executed on June 24, 2011 by the Company and the Bank Representing Bondholders, on May 29, 2018, as stipulated in the Contract the Company adapted the limits established for the net interest coverage ratio that the Company must maintain in its financial statements. That ratio must not be less than 2.2 until June 30, 2020, inclusive. As of the financial statements subsequent to that date, the Company must maintain an interest rate coverage ratio of no less than 2.5.

In addition, the limit of the net financial indebtedness ratio was adapted, and must not exceed 4.5 until June 30, 2020, inclusive. As of the financial statements subsequent to that date, the Company must maintain a net financial indebtedness ratio not in excess of 4.

Likewise, these same adaptation to the financial restrictions were incorporated as stipulated in the Contracts with creditor banks Scotiabank, Banco de Chile and Banco del Estado through deeds signed on June 8, 2018, June 13, 2018 and June 11, 2018 respectively.

On September 22, the international loan signed with the Bank of Nova Scotia and EDC was modified for these same financial restrictions, establishing the same current levels and deadlines for all bank loans and local bonds. Further details on the calculation procedures and declaration of compliance with these restriction are included in Note 32(e).

31. Risk Management (Unaudited)

Technological change risk

The evolution in telecommunication technologies makes it necessary to permanently review existing investment plans in order for them to be focused on satisfying the evolution in connectivity needs arising in markets. Technological changes arise from changes in demand habits as well as from the development of new communication methods whether related to applications or the speed used. The investment in new technologies can become obsolete before the term considered to repay the investment is completed, thus generating that initial profitability estimates are not met.

As a result of the above, the risk of technological change is inherent to the industry in which the Group operates. The Group believes it is critical that they stay ahead of technologic development by actively managing the risk of such change.

Accordingly, ENTEL has included an active and ongoing policy as a strategic development component for adopting cutting edge technologies and analyzing their expected return. Such a policy has allowed the Group being successful in adapting to the use of new technologies as well as being an integrated supplier and adopting new methods for doing businesses. Accordingly, the arrival and implementation of new technology has allowed ENTEL to grow, integrate and diversify reducing its exposure to concentrate its businesses in specific niches.

Regulatory Risks

Regulation plays a significant role in the telecommunication industry. In relation to this matter, the regulation restricts and oversees the industry activity with respect to a rule prescribed in the public interest. Particularly, Government standards and criteria have an influence on pricing and on several Company decisions to adapt its conduct in order to guarantee the rights of all the people in the community, i.e., for public purposes. However, we believe that the wellbeing of consumers and public interest require stable standards and criteria, allowing the proper evaluation of projects proposed by the Company and the reduction of its investment risks. Taking that interest into account, it is required to perform a proper follow up of the standards regulating the sector.

The main regulation in the telecommunication sector that needs to be studied is the General Telecommunications Act, and over the last years there have been significant changes to the regulatory framework by means of obligations resulting from amendments to legislation, including Network Neutrality, Modification of Primary Zones for local public telephone services; Recovery and Continuity of the Public Telecommunication System; Number Portability and Installation of Antennas Broadcasting and Transmitting Telecommunication Services and the Law that introduces Digital Terrestrial Television and the Law on guaranteed Internet Speeds.

Of these obligations emanating from legal modifications, we highlight the implementation of numeric portability, including total portability between fixed and mobile services, process in which a customer will be able to port his/her number indifferently to fixed or mobile companies, which allows the telecommunications industry to increase the competitive dynamics of the market. As of December 2018, there have been more than 17 million customers ported, of which more than 16 million are in the mobile industry. In this aspect, we highlight the sustained improved behavior of the concessionaries of the Entel Group, maintained since September 2017, in respect to portability in the fixed and mobile world, evidence of this is that Entel led portability in the subscribers segment during 2018.

In matter of allocation of frequencies, in the last years there have been public tenders that allow the operation in Chile of AWS frequencies (1700-2100 MHz); 2600 MHz and 700 MHz, which has allowed the development of 4G technology in the country, which is relevant for the development of telecommunication services offers. These latter frequencies allocated in Chile (700 MHz) for high speed data transmission services (LTE), allow for complementing the offer of LTE or 4G services with a band with higher indoor penetration and better rural coverage, and additionally allow companies to provide carrier aggregation services in conjunction with the 2600 MHz bank, technology that is already being provided to our customers as of May 2016, being the first company to achieve national coverage for this project.

Regarding these frequencies in the 700 MHz band and the public tender that allocated those bands, what the Supreme Court decided, under different instances is in the process of being reviewed. This was: i) That Movistar, Claro and Entel have engaged in anticompetitive conduct by adjudication of blocks in the public tender for the 700 band, without respecting the limit of 60 MHz imposed as a the maximum that each incumbent can have, a violation of article 3 of D.L. 211; ii) That Movistar, Claro and Entel must dispose of the same amount of the radioelectric spectrum

that was acquired in the 700 band tender, leaving them to elect the band that will be disposed of; iii) Subtel must ensure timely and adequate compliance with the previous order; iv) If Subtel believes that it is necessary to review the maximum limit of the radioelectric spectrum that each operator can have, it must begin a consultation process before the TDLC for that purpose. Otherwise it must begin the procedures necessary to adjust the limit established to the defined parameters of 60 MHz for each operator participating in the mentioned radioelectric spectrum".

On the one hand, during the first days of October, the Telecommunications Undersecretary made a presentation to the Tribunal for the Defense of Free Competition ("Tribunal de Defensa de la Libre Competencia" or TDLC) to modify the 60 MHz limit in the right to use the spectrum for each operator, in addition to other additional measures, such as special conditions related to the tenders for allocation of the frequencies for the introduction of 5G. On the other hand, there are different legal recourses that have been filed, among them an appeal and writ of inapplicability due to unconstitutionality, regarding the manner, timing and conditions that are considered in the compliance with what was resolved by the Supreme Court.

Regarding the former, December 28 was the deadline for interested parties to contribute information and in accordance with that, establish that they are legitimately intervening in the development of this non-contentious process. Entel PCS and Entel Telefonía Local contributed information and both were considered legitimate intervening parties in the process.

Exempt resolution 1,289 was published in June, whereby the Undersecretary of Telecommunications established that: i) No new authorizations or modifications to the concession will be granted, or site reception for Telecommunication services that operate in the 3.400-3800 MHz band; ii) Suspension of the operation of the services that are authorized in the 3.400-3.800 MHz frequency band; iii) the services that are authorized in those bands must be provided in other frequency bands. Certain concessionaries, including Entel, filed an injunction against that measure.

Subsequently, on October 3, the Official Gazette published an amendment of Resolution 1,289 which complements it, incorporating a new article, through which "the effects of this Resolution are excepted, for the case of Entel, of 50 MHz of the 100 MHz that have been allocated in this band". In this manner Entel can resume operation of the fixed wireless telecommunication services through its BAFI project. Entel withdrew its injunction and the State Defense Council ("Consejo de Defensa del Estado") accepted such withdrawal, which has been provided for by the Court of Appeals of Santiago.

Regarding this same band, and the resolutions of the Subtel, Telefónica Chile presented a consultation to the TDLC (non-contentious), in order for it to determine how the RE 1953, which allows the use of part of the spectrum of the 3.400-3.800 MHz band spectrum should be interpreted, and in this sense if what has been resolved by Subtel delivers competitive advantages for a future tender of the 5G band. On February 17, the deadline for the interested parties to be able to contribute information expires.

In another matter present in June 2018, Exempt Resolution 1,372 was published, which modifies Resolution 1,463, dated June 2016. This 2016 regulation, regulated commercialization of handsets, requiring that those handsets comply with a homologation protocol (demanding that all handsets commercialized in the country must comply with the emergency alert system, SAE in Spanish), and operate on the basis of centralized data (White List) in which certifiers record the codes of each handset (IMEI) and the concessionaries can only enable in the network, the IMEI codes that are recorded in this database.

This new amendment incorporates the obligation in respect to that the centralized database must contain IMEIs of a length and characteristics which comply with the technical requirements of the EIRs, and that the IMEIs are recorded in the EIR. It also establishes that the Temporary

Base, that is the IMEIs that are recorded in the networks of the operators, but are not in the White List, must allow their registration for a period of 30 days, also must be unique and centralized.

These modifications in the centralized database and temporary recording were implemented on November 10, 2018, and as of March 13, 2019, those handsets with 30 days of permanence on the temporary list must be disabled and will not be able to carry on communications in the mobile network of any operator.

Another regulatory matter that was defined through Supreme Decree 167, refers to the manner and conditions to guarantee free election in the contracting and reception of telecommunications services in real estate developments, buildings and co-ownership of real estate, regulation that was pending enactment subsequent to the enactment in 2015 of the Law on Free Election of Telecommunications Services, which originates in a regulatory recommendation provided by the TDLC and which was approved with ample parliamentary approval.

This regulation, which came into effect at the beginning of September, mainly details the processes, deadlines and requirements that must be fulfilled on the one part by the concessionaries, and on the other by the developers of real estate development projects. In the case of new real estate projects, these must guarantee that channeling is included for the various operators that may provide telecommunications services; it also details the process through which the managers and owners of buildings and condominiums; as well as the concessionaries that already provide services in one of these buildings, will allow access to other telecommunication services operators in this type of properties, even retroactively for urbanizations of buildings and condominiums already built.

Also, regarding this regulatory matter, enactment of the Regulation establishing the conditions for the implementation of the Law that regulates the Minimum Guaranteed Speed on the Internet. In this respect, this law in general establishes that the concessionaries that provide Interned access services should guarantee a percentage of the average access speeds for the different time tranches of greater and less congestion in respect to the connections both national and international, wired and wireless; it contemplated placing at the disposal of the users a system or application that allows measurement of those speeds and associated technical parameters; the need to finance a technical and independent organization responsible for measuring the quality of service (speed) would be established and it would contemplate including in the contracts and the advertising and commercial offers, information on average access speed.

Regarding the tariff processes of mobile companies, at the end of July the mobile concessionaries provided their proposal and tariff study for the tariffs of regulated services. In accordance with the process regulated in the Law and its regulations, on November 26 the Objections and Counterproposals Report was notified, which is the pronouncement made by the Ministries regarding the tariff proposal made by the concessionary, counter-proposing an Access Charges tariff of Ch\$1.35 per minute.

For review of the counterproposal from the Authorities, Entel requested the formation of an Expert Commission, which provided its report in the last days of December, and over which there was a favorable pronouncement in the opinion of Entel in 39 of the 40 controversies presented.

Therefore, on December 26, 2018, the Report on Amendments and Insistencies was sent, document where the concessionary, after receiving the Report on Objections and Counterproposals, incorporates the relevant amendments or insists justifiably on the values presented in the Tariff Study, report which accompanied the opinion of the Experts Commission. With the merits of that information, the Tariff Decree in which the tariffs that must be in force for the next 5-year period in respect to the regulated mobile telephone services should be dictated.

In terms of acts of free competition organizations, there is no news regarding the processes requiring information and/or investigation, in terms such as National Roaming Contracts and other services between network operators; information on suppliers of content; and Transfer of Telecommunications Networks, when it is necessary to develop a network change project in case of modification of the street plan.

In terms of Bills, that directly affect the telecommunications sector, during this quarter only the Bill on cables that are not in use is under review and discussion in the Congress.

In the first weeks of October the senate finished approving the bill that modifies the General Telecommunications Law to establish sanctions on illegal decoding of limited television services. This initiative sanctions the problem of piracy in Chile through the use of decoders that do not have pay television signal transmission rights. Dictating of complementary standards and regulations to put into practice this new legislation is still pending.

Finally, Law No. 21.081 was published in the Official Gazette which reforms the SERNAC and delivers new faculties to better protect the rights of consumers. The mentioned project was fully approved by the Senate in October 2017, it was subsequently reviewed by the Constitutional Tribunal, determining that some of its articles (faculties) were objected by the Constitutional Tribunal. Congress dispatched a new Consumer Law, with the pertinent amendments, bill that was sent by the executive for Registration to the Comptroller General. This latter organization did not record the bill sent, which merited a new review by the Constitutional Tribunal to clarify the applicability of certain articles. With this last revision by the TC a new text was dispatched for enactment.

The new Law gives SERNAC, among other things, the faculty to be able to inspect companies, which will be obligated to respond to its requirements, and can, for instance, summon the legal representatives, administrators, advisors and dependents of the companies in a mandatory and compelling manner. The oversight staffing of SERNAC will be duplicated, to pursue infractions and enforce the law, and fines to companies that are in breach will be increased to more than 6 times the current amount.

In all, the new Law that reforms the SERNAC will be in force 6 months after its publication, except for specific tools and improvements in special and individual interest judicial processes, which will come into force 12, 18 or 24 months after publication, depending on the region of the country.

These regulatory changes that the authority is introducing, create business risks and/or opportunities. The diversification and relative size of the services provided by Entel allow the Company to partly mitigate the consequences of a possible adverse or inadequate regulation, reducing the aggregate risk of its operations, cash flows, the creation of value for its shareholders and its contribution to the community. In all, within a regulated industry, such as that in which ENTEL carries out its business, regulation or policy changes set forth by the authority at a legal or regulatory level, that could have an impact on the Company's results or restrict its possibilities for growth cannot be discarded.

Exchange rate risk

Entel's financing is mostly denominated in foreign currency and is composed of bank loans and 144 bonds issued in the international market, both for a total of US\$ 2,105 million (ThCh\$ 1,462,490,850). These are detailed in Note 16 to the financial statements. In addition, a smaller portion of the suppliers of the Entel Group, generate ongoing trade accounts payable in foreign currency. Both components are liabilities that change their value daily due to exchange rate fluctuations. For this purpose, Entel enters into short and long-term contracts in active foreign currency positions (derivative instruments), so that the balance sheet is immune to these changes and thus eliminates the risk of exchange rate fluctuation.

Interest rate risks

Through its Interest Risk Hedging Policy, the Company fundamentally seeks to ensure a level of hedging of its finance cost that allows adequate performance of the business as all times, allows better forecasting of finance cost and ensures more control over it.

In general, there is a positive relation between the Company's business, economic cycle and interest rate level. This gives rise to a natural hedging between the business' cash flows and financial expenses although in certain situations time gaps may occur.

The Company's debt is mostly composed of international and local long-term bonds and hedging instruments denominated at fixed rates. Notwithstanding the above, and in order to comply with the aforementioned objectives and for the part of the debt at variable rates, the Company has interest rate insurance that sets the rate, such as FRA or Cross Currency Swaps that reduce the variability of interest generated by debt agreed at variable rates such as Libor, TAB or Chamber.

The factors taken into consideration when making decisions include the review of implicit discounts in the curves of future rates (swap curves), market surveys, surveys of economic expectations provided by public entities and estimates regarding the economy and its impact on the main variables.

Credit risk

The credit risk derived from balances with banks, financial instruments, marketable securities and derivatives is managed by the Finance and Management Control Management in conformity with the policies created for purposes of maintaining invested capital. These policies diversify risk by means of pre-established limits for the duration of placements, percentage by institution and the risk of instruments in which cash surpluses are invested. The investment instruments approved and used are those issued by the Chilean and Peruvian Central Banks or banking institutions and its subsidiaries with high risk ratings. Investments may be denominated in the domestic or the main foreign currencies.

The risk exposure related to the recovery of receivables arising from commercial operations is derived from the terms of payment that, due to the characteristics of the telecommunication industry, must be offered to direct customers, intermediaries, and other national and international operators with whom reciprocal connection agreements are held.

The management of the risk related to receivables is intended to minimize exposure, insofar as possible given market conditions. Risk management processes differ based on the profiles of debtors and in conformity with segmented portfolio controls, including: consumers, SMEs, corporations, telecommunication companies, correspondents, distributors, large retailers and other channels for the distribution of goods and services. See Note 3, letter e, impairment.

For each segment, there are prospective and predictive models that allow generating policies depending on the origin of the debt, which range from the prepaid services used for the customer/product combinations (presenting the highest risk) to the establishment of credit limits with and without collaterals, credit insurance, and other alternatives which are assessed on a case-by-case basis.

Liquidity risk

In terms of providing the liquidity required to meet financial obligations in a timely manner, Entel plans for future maturities by searching the market alternative that can provide funds in a timely manner.

A detail of the maturity dates of financial liabilities is provided in Note 16.

Risk governance

Entel has a General Policy of Risk Control and Management approved by the Board of Directors and is structured as a cross-cutting governance for a comprehensive risk management, led by the Strategic Committee of Comprehensive Risk Management and supported by a Risk Management Operating Committee.

In accordance with such policy, the line and business areas are responsible for managing risks. To support such management, the Company's governance is assisted by these committees and the Operational Risk and Internal Audit Management, specifically in the Risk Management Area.

The latter is responsible for providing support and following-up on risk management and governance, in particular focused on:

- > Operational risk
- > Business continuity
- > Information security
- > System access risk management

In addition, this area is responsible for:

- > Ensuring compliance with governance mechanisms for risk management, promoting culture and ensuring its understanding.
- > Coordinating and supporting organizational units in accordance with the defined governance model in the identification, analysis, evaluation, recording and mitigation of risks.
- > Performing a follow-up and recording mitigation and other projects associated with risk management, either internal for each area or cross-cutting at organizational level.
- > At least every three years, organizing and updating the risk map.
- > Keeping Management and the Board informed on the compliance, evolution and improvement of risk management matters.

The Operational Risk and Internal Audit Management is responsible for assessing effectiveness of the implementation of Risk Control and Management Policy, compliance with its regulations and supporting such information.

This structure allows the Company to conduct efficient corporate management actions and make a contribution to mitigate risk the Company's risks.

32. Contingencies, Litigation And Covenants

Contingencies related to direct commitments maintained by Group companies as of December 31, 2018 and 2017, are as follows:

- a. Contingencies related direct commitments for foreign purchase orders of ThCh\$25,166,319 and ThCh\$29,622,584, respectively. All these purchase orders are recorded in foreign currencies and have been translated using the exchange rates at the end of each period.
- b. Contingency related to bank guarantee certificates provided to ensure compliance with contracts related to the award of 700 and 2,600MHz frequencies, and the replacement of public use assets for the construction and maintenance of networks. At each period, these certificates amounted to ThCh\$99,933,387 and ThCh\$104,094,783, respectively.
- c. As of December 31, 2017, significant lawsuits and legal procedures that could represent a loss contingency for the Group companies are as follows.

Promotora Promout con Entel y Entelphone S.A.

Court: 18th Civil Court of Santiago,

Case No.: 1250-2006. Notification: March 17, 2006

Defendants: Entel and Entelphone

Request: Compensation of UF46,000 for consequential and moral damages.

Cause of action: Alleged damages for non-compliance with telemarketing contract.

Current procedural stage: Compliance.

On March 24, 2017, a second instance judgment was filed with the Court, which is in accordance with the appeal on the final first instance judgment.

Possible contingency: None, it is considered likely that the case will be rejected based on poor legal grounds.

Motta vs. Ericsson Chile S.A.

Court: 8th Civil Court of Santiago

Case No.: 35257-2011

Notification: October 5, 2012

Matter: Compensation for damages.

Plaintiff: Carlos Motta Pouchucq

Request: Compensation of Ch\$500,000,000

Cause of action: Death from accident in the workplace.

Current procedural stage: Final sentence rejecting the lawsuit against ENTEL confirmed by the Court of Appeals of Santiago on May 6, 2014.

Sentence pending. Through resolution dated July 8, 2015, the Court ordered that the judgment is complied with.

Possible contingency: None, it is considered likely that the case will be rejected based on poor legal grounds.

Netline Mobile S.A. vs. Entel PCS S.A. and others

Court: Of Defense of Free Competition.

Case No.: C-271-2013 (accumulated at 269-2013 and 286-2014).

Notification: January 16, 2014.

Matter: Adversarial process for violation of free competition.

Plaintiff: Netline Mobile S.A. and OPC Ingeniería Ltda.

Request: The plaintiffs request the TDLC to declare the following (i) the immediate compliance with the sentence of December 23, 2011, (ii) that the defendants have infringed DL 211, (iii) that defendants stop practices from continue to be performed; and (iv) that each of them is sanctioned with a fine of 20,000 UTA.

Cause of action: Violation of DL 211.

Current procedural stage: The Supreme Court rejected the complaint against the sentence of the TDLC which rejected the complaint.
 Possible contingency: It is considered probable that the complaint will be rejected in accordance with the grounds stated before the TDLC.

Conadecus vs. Telefónica Móviles Chile S.A. and others

Court: Of Defense of Free Competition.

Case No.: C-275-2014.

Notification: May 8, 2014.

Matter: Adversarial process for violation of free competition.

Plaintiff: Corporación Nacional de Consumidores y Usuarios, Conadecus.

Request: (i) That the defendants have breached Article 3 of Decree Law 211; (ii) That the involvement by the defendants in the bidding process for the 700MHz frequency and all acts related to such process is ended; (iii) That, in relation to that indicated above, the defendants no longer use the frequency they took illegally, until they adjust to the 60Mhz limit or as the Court orders in an non-contentious proceeding; (iv) that they refrain from behaving inappropriately; and (v) that a fine is established for Government benefit of 20,000 Annual ax Units for each.

Cause of action: Violation of DL 211.

Current procedural stage: The Supreme Court passed sentence on June 25, 2018, accepting the complaint appeal. Order to dispose of the same amount of spectrum acquired in the 700 MHz public tender, in the band at Entel's election. The sentence is pending compliance before the TDLC.

Netline vs. Telefónica S.A. and others

Court: 6th Civil Court of Santiago

Case No.: C-3320-2014

Notification: May 7, 2014.

Matter: Compensation for damage resulting from violation of DL 211.

Plaintiff: Netline Mobile S.A.

Request: Payment of Ch\$59,112,106,116.

Current procedural stage: The first instance sentence rejected the complaint. Second instance sentence confirmed it. Pending appeal on the form and merits before the Supreme Court.

Possible contingency: Probable rejection of the complaint based on the grounds stated by the TDLC.

Telestar Móvil S.A. vs. Entel PCS S.A. and others

Court: Of Defense of Free Competition.

Case No.: C-289-2014.

Notification: April 20, 2016.

Matter: Adversarial process for violation of free competition.

Plaintiff: Telestar Móvil S.A.

Request: (i) Immediate compliance with the sentence of the Supreme Court requesting the defendants to offer all the OMVs the lowest price offered by the Mobile Telephone Services, (ii) acknowledgement that demands have infringed Article 3 of DL 211, (iii) abstention from continue performing such illegal behavior (iv) imposition of a fine of 20,000 UTA; and (v) application of Article 26 of DL 211.

Cause of action: Violation of DL 211.

Current procedural stage: The Supreme court rejected the complaint against the sentence of the TDLC which rejected the complaint.

Possible contingency: Rejection of the complaint is considered probable based on the grounds stated by the TDLC.

Medel and Garrido

Court: 24th Civil Court of Santiago

Case No.: C-5889-2015

Notification: July 13, 2015

Matter: Ordinary Trial

Defendant: Entel S.A.

Request: Payment of Ch\$300,000,000

Cause of action: Compensation for damage for extra-contractual liability

Current procedural stage: Sentencing.

On February 1, 2018, the court passed sentence, rejecting the action filed against Entel. The sentence was appealed by the defendant Incobech Ltda., therefore the cause is at the appeal stage since March 28.

Possible contingency: It is considered probable that the complaint will be rejected due to lack of grounds.

Arriagada vs. Claro.

Court: 3rd Civil Court of La Serena

Case No.: C-683-2014

Notification: October 7, 2014

Matter: Large Claim Ordinary Proceeding. Compensation for damages.

Defendant: Entel PCS S.A.

Request: Payment of Ch\$250,000,000

Cause of action: Compensation for damages.

Current procedural stage: Notification of complaint.

On November 2, 2015, the Court resolved that the case be filed in the Judicial Files.

Possible contingency: It is considered probable that the complaint will be rejected due to lack of grounds.

Mauricio Herrera Cía. Ltda. vs. Entel S.A

Court: Arbitration.

Notification: March 30, 2016.

Matter: Arbitration.

Defendant: Empresa Nacional de Telecomunicaciones S.A

Request: Payment of Ch\$1,598,449,590.-

Cause of action: Unearned revenue and termination payments.

Current procedural stage: Judgment issuance

On November 10, the arbitrator orders the summoning of the parties to the sentence hearing. On November 16, the arbitrator orders the final judgment, which partially accepted the demand against Entel, and ordered it to pay a fine of Ch\$59,010,000, which was noticed on December 4.

Through the present date, both parties have filed appeals with the Santiago Court of Appeals against the arbitrator.

Possible contingency: None, it is considered likely that the case will be rejected based on poor legal grounds.

Leal vs. Baran Chile and Entel PCS

Court: 6th Civil Court of Santiago.

Case No.: C-9128-2017

Notification: August 8, 2017.

Matter: Collection in Chilean Pesos

Defendant: Entel PCS Telecommunicaciones S.A.

Request: Payment of Ch\$306,512,749.

Cause of action: Services rendered and unpaid and compensation for damages.

Current procedural stage: On November 21, the Court accepted the dilatory plea related to the incompetence to file the complaint recorded by Entel. On December 2, the plaintiff corrected its demand. Through resolution of December 5, the Court considered errors corrected and on December 20, the plaintiff requested that defendants are declared in contempt.

Possible contingency: None, it is considered likely that the case will be rejected based on poor legal grounds.

Comercializadora Acciona vs. Entel Telefonía Local and Entel PCS

Court: 5th Civil Court of Santiago.

Case No.: C-31637-2017

Notification: August 8, 2018.

Matter: Contract termination and damage indemnity.

Defendant: Entel PCS Telecommunicaciones S.A. and Entel Telefonía Local S.A.

Request: Damage indemnity in the amount of Ch\$545,145,308.

Cause of action: Contractual non-compliance.

Current procedural stage: Discussion.

On April 4, the case was sent to the Santiago Court of Appeals, appealing dilatory incompetency exception.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

Telecomunicaciones Ricardo Zeballos vs. Entel PCS

Court: 12th Civil Court of Santiago.

Case No.: C-27851-2017

Notification: January 31, 2018.

Matter: Damage indemnity.

Defendant: Entel PCS Telecommunicaciones S.A.

Request: Payment of Ch\$126,768,947.

Cause of action: Contractual non-compliance.

Current procedural stage: Reconciliation.

On April 2, the court vacated the response and transferred the rejoinder, which was vacated on April 9. Through resolution dated April 11, the court vacated the rejoinder and summoned the parties to a reconciliation hearing. On July 26, the reconciliation hearing took place. On July 31, the main defendant requested that the court annul that hearing. On November 22 the court resolves "the incident raised is accepted and leaves without effect the reconciliation subpoena.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

Easton vs. Entel PCS

Court: 22nd Civil Court of Santiago.

Case No.: C-34173-2017

Notification: February 5, 2018.

Matter: Damage indemnity.

Defendant: Entel PCS Telecomunicaciones S.A.

Request: Payment of Ch\$186,856,880.

Cause of action: Non-contractual liability.

Current procedural stage: Concluded.

On November 23, abandonment of the proceeding is alleged. On November 30, the plaintiff opens up to this incident. On December 24 the court declares abandonment of the proceeding.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

Martínez vs. Tastets System

Court: 1st Labor Court of First Instance of Santiago.

Internal Court No. (RIT): 0-6581-2017

Notification: November 7, 2017.

Matter: Voidance of termination.

Request: Ch\$239,169,767.

Cause of action: Remuneration owed.

Current procedural stage: Appeal for annulment.

On May 2, at trial hearing, there was no reconciliation and the hearing was suspended until June 25. At that time the continuation of the hearing took place without achieving an agreement between the parties, and date was set for notification of sentence on July 6. Sentence was dictated on July 25, 2018 and an appeal for annulment was filed on August 7, 2018, which is in process.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

Inversiones Altazor vs. Entel S.A.

Court: 9th Civil court of Santiago

Case No.: C-8848-2017

Notification: May 14, 2018.

Matter: Damage indemnity

Defendant: Empresa Nacional de Telecomunicaciones S.A.

Request: Damage indemnity in the amount of Ch\$480,915,900.

Cause of action: Consequential damages, loss of profits and moral damage.

Current procedural stage: Discussion.

On December 17, Entel S.A. responded to the complaint.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

Delgado vs. Tecci

Court: 1st Labor Court of First Instance of Santiago.

Internal Court No. (RIT): 0-270-2018

Notification: January 22, 2018.

Matter: Work accident

Request: Ch\$300,000,000

Cause of action: Damage indemnity.

Current procedural stage: Compromise.

On December 5, the parties arrived at an agreement, which is pending compliance.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

Inversiones Winston Michelson vs. Entel PCS

Court: 11th Civil Court of Santiago.

Case No.: C-9573-2018

Notification: May 2, 2018.

Matter: Damage indemnity.

Defendant: Entel PCS Telecommunicaciones S.A.

Request: UF 8,585

Cause of action: Loss of profits.

Current procedural stage: End of the evidence stage.

On September 4, the cause was received for evidence. On October 17, that resolution was notified. On December 6 the parties were summoned to hear sentencing.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

Construcciones y Comunicaciones Eduardo Pizarro vs. Entel PCS

Court: 27th Civil Court of Santiago.

Case No.: C-7164-2018

Notification: May 22, 2018.

Matter: Notification of collection of invoice.

Defendant: Entel PCS Telecommunicaciones S.A.

Request: Ch\$240,930,279.

Cause of action: Payment for services.

Current procedural stage: Discussion.

On May 22, Entel was notified of the request. On May 25, Entel opposed the notification, requesting rejection of the preparatory measures.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

Lepimán vs. Barrientos

Court: 2nd Labor Court of First Instance of Santiago.

Internal Court No. (RIT): 0-7824-2018

Notification: November 28, 2018.

Matter: Work accident.

Request: Ch\$403,118,400

Cause of action: Indemnity for work accident

Current procedural stage: Response to the complaint.

On November 28, the complaint was notified to Entel, however, the preparatory hearing has not yet been established.

Possible contingency: Probable rejection of the complaint due to lack of grounds.

d. Tax Procedures

> The Parent has been notified of the following by the Chilean Internal Revenue Service:

1) Exempt Resolution No. 84/2007 of April 27, 2007. The mentioned resolution established the modification of Taxable Net Income to the amount of (ThCh\$176,660), the modification of the one-off tax base to ThCh\$1,443,671, in both cases for tax year 2005, arising from allocations and adjustments made by the Company.

A tax claim was filed against such resolution at the Tax Court of the Chilean Internal Revenue Service on July 11, 2007.

On December 22, 2016, the Court issued sentence of first instance, which rejected the tax claim filed. By virtue of this, an interlocutory appeal is filed in due time and form with supplementary appeal in order to revert the Court's judgment, the resolution of which is still pending.

The Chilean Internal Revenue Service's adjustments referred to above were settled through Tax Assessments 4 and 5 of 2007. In such tax assessments, refunds of ThCh\$2,641,281 are requested plus adjustments for inflation, interest and fines, derived from allocations and adjustments made by the Company in calculating its profits for tax years 2004 and 2005, which according to the Service are not correct.

A tax claim was also filed against such tax assessments with the Tax Court of the Chilean Internal Revenue Service on July 11, 2007.

On December 27, 2016, the Tax Court issued the first instance judgment, which rejected the tax claim filed. As a result, an interlocutory appeal is filed in due time and form with supplementary appeal in order to revert the Court's sentence of first instance.

Subsequently, on June 19, 2017, the Tax Court partially accepted the remedy of revocation in regard to an item of a very item with respect to its amount and rejected the remaining aspects of such remedy. Appeals have been filed with the Court for the items for which an adverse judgment was received.

2) Tax assessments 3, 4 and 5 issued in 2008. In these tax assessments, refunds of ThCh\$2,267,037 are requested plus adjustments for inflation, interest and fines, derived from allocations and adjustments made by the Company in calculating its profits for tax years 2005 and 2006, which according to the Service are not correct.

Against such tax assessments, the Company requested the review of the tax audit (RAF) on July 9, 2008. Such request was resolved on May 11, 2009, through Resolution 22-09, which partially accepted the RAF, voiding most of the amounts included in the tax assessments. Notwithstanding the above, a tax claim was filed for the tax assessment item that was not accepted in the RAF with the Tax Court of the Chilean Internal Revenue Service on July 11, 2007.

On December 27, 2016, the Tax Court issued a first instance judgment, which rejected the tax claim filed in regard to the sole tax assessment item that had not been accepted in the RAF. As the last remaining item's amount addressed in this controversy with the Chilean IRS was immaterial with respect to its amount and the fact that there were few possibilities of reverting the decision having voided the other aspects in tax assessments, the Company decided not to file any other appeal to the first instance judgment, which through the present date is final.

3) Tax assessments 33-36, September 1, 2009. In these tax assessments refunds and corporate income tax payments are requested for ThCh\$4,657,018, plus adjustments for inflation, interest and fines, derived from allocations and adjustments made by the Company in calculating its profits for the tax years 2007 and 2008, which according to the Service are not correct.

On January 7, 2011, the Service issued resolution 59-2010, which only partially accepted the request for the review of the tax audit presented on November 13, 2009. A tax claim was filed against such tax assessments with the Santiago Oriente's Tax Court of the Chilean Internal Revenue Service.

On December 22, 2016, the Court issued the first instance judgment, which accepted part of the tax claim filed. As a result, on January 9, 2017, a remedy of revocation was filed with supplementary appeal in order to revert the part not accepted in the first instance judgement, and such resolution is still pending.

Note that certain provisions related to the lawsuits referred to above have been made and recorded in these financial statements.

➤ On April 30, 2008, the subsidiary Call Center S.A. was notified by the Chilean Internal Revenue Service about Subpoena No.26 of April 29, 2008. This subpoena contests the tax losses declared by the Company up to tax year 2005 for a total of ThCh\$11,599,818. If the claim is successful, it will not be possible to use these losses against future earnings.

Upon reversing the tax loss result declared by the Company, the Chilean IRS issued Tax assessment No. 15 of July 25, 2008, determining differences in the Corporate Income Tax of tax year 2005 for the historical amount of Ch\$358,900,272, plus adjustments, interests and fines.

Against such tax assessment, the Company requested the review of the tax audit (RAF) on October 10, 2008. Such request was solved on August 31, 2009, through Resolution 59-09, which partially accepted the RAF, annulling in its entirety the tax assessment and determining a lower tax loss. A tax claim was filed against such tax assessments at the Tax Court of the Chilean Internal Revenue Service.

Issued sentence of first instance on December 22, 2016, by which the claim was rejected. As a result and to validate the tax loss result declared by the Company, on January 9, 2017, a remedy of revocation was filed with supplementary appeal in order to revert the part not accepted in the first instance judgment and the resolution of this is still pending.

Additionally, on July 31, 2015, the Company was noticed of Tax assessments Nos. 142, 143 and 144 due to differences in Corporate Income Tax amounting to Ch\$955,337,294, including adjustments, interests and fines at the issuance date of such tax assessments for the tax periods April 2012 and April 2013.

Basically, such tax assessments arise from the Chilean IRS's removal of tax loss carryforward declared by the Company until tax year 2005, as indicated above.

As a result, on November 19, 2015, the Company filed a tax claim against such tax assessments with the 3rd Tax and Customs Court of Santiago.

The claim is currently at the first instance process and the parties are waiting for the Court's decision to start the evidentiary stage to file the related supporting documentation. Note that the close of such tax assessments is directly associated with the outcome of the remedy of revocation with supplementary appeal against the first instance judgment filed on January 9, 2017, and the resolution of this is still pending.

In relation to the previously discussed cases, we should state that although first instance judgments already exist in relation to the tax claims filed with the Tax Court of the Chilean Internal Revenue Service, and the contingency that was originally assessed has decreased significantly because of several items accepted by RAF resolutions and the decisions referred to above, we believe we have sound legal grounds that will

allow us to reverse a portion of the judgments issued by the court indicated above, in particular, with respect to the most significant items of the lawsuits with respect to the amounts involved.

- > The subsidiary Entel Contact Center S.A. (formerly Satel S.A.) has been denied refunds of provisional tax payments of ThCh\$103,109 and ThCh\$81,510 for the tax years 2003 and 2004, respectively. Currently, the Company is waiting for the court to enter evidentiary stage.
- > On January 9, 2015, the subsidiary Entel PCS Telecomunicaciones was noticed by the Chilean Internal Revenue Service of tax assessments 1, 2, 3, 4 and 5, by virtue of which tax differences amounting to ThCh\$3,941,455 were determined. The SII determined that the agreement to avoid double international taxation entered into between Chile and the UK is not applicable, by virtue of which the Company made tax withholdings with a reduced rate in conformity with the agreement, for services rendered by a company domiciled in the UK, by virtue of the agreements previously entered into by the parties.

A tax complaint was filed against those Assessments before the 3rd Tax and Customs Court of the Metropolitan Region, explaining the full application of the agreement to the remittances paid. The court currently dictated the resolution which accepted the cause to the evidence stage, and is currently at that stage.

Notwithstanding the above, on the basis of the merits of the documentation and arguments presented to the Tax Court, we believe that the legal and procedural position of the Company is based on solid grounds, which lead us to expect a positive rather than negative result. Notwithstanding this, this situation can only be resolved with the dictation of termination sentence issued by the courts of justice in the future.

- e. Financial Contracts – There are management restrictions and certain financial ratios measured on the quarterly financial statements, imposed by the bank loan contracts and bonds placed in the international market and in Chile.

The most significant refer to the following:

1. Financial ratios

As a consequence of the application of IFRS 15 as of January 1, 2018, and its impact on the EBITDA and in the calculation of certain financial restrictions that are contained in the Bond Issuance Contract, which was executed on June 24, 2011, by the Company and the Bank Representing Bondholders, on May 29, 2018, and in accordance with the stipulations of the Contract, the limits established were adapted for the Net Interest Coverage Ratio that the company must maintain in its financial statements. That ratio must not be less than 2.2 until June 30, 2020, inclusive. As of the financial statements subsequent to that date, the Company must maintain an Interest Coverage Ratio of no less than 2.5.

In addition, the Net Financial Debt Ratio limit was adapted, which must not exceed 4.5 until June 30, 2020, inclusive. As of the financial statements subsequent to that date, the Company must maintain a Net Financial Debt Ratio not in excess of 4.0.

Likewise, these same adaptations to the financial restrictions were incorporated as stipulated in the Contracts with creditor banks Bank of Nova Scotia/EDC, Scotiabank, Banco de Chile and Banco del Estado through deeds signed on September 22, 2018, June 8, 2018, June 13, 2018 and June 11, 2018, respectively.

For both ratios, the EBITDA and net finance costs are calculated considering the last 12 moving months prior to each quarterly close. Based on the audited and non-audits financial statements, as applicable, on a quarterly basis, the Company calculates and controls compliance with the financial restrictions included in these Contracts.

As of December 31, 2018, the ratios observed comply with such restrictions as the Debt Ratio (Net Financial Debt / Ebitda) with a ratio of 3.84:1 when the maximum permitted is 4.5:1 and the Interest Coverage Ratio (Ebitda/Net Finance Costs) is 6.04:1 when the minimum permitted is 2.2:1.

2. Other restrictions

- > Additionally, the contracts include restrictions such as:
 - a. No merger or consolidation with another company is allowed unless the surviving company assumes the obligations and does not exceed the limits established by the debt covenants.
 - b. Sale of assets: Neither the Company nor its subsidiaries may sell assets without considering:
 - > A fair value for the asset sold.
 - > A reinvestment of the product being sold in the main business of the sold product.
 - c. Any sale is allowed related to obsolete or unnecessary inventory, operations involving cash or cash equivalents, and any other sale arising in the normal course of business.

3. Liens

Allows to grant liens in the normal course of the business and up to an amount proportional to the size of the Company's assets.

In the event of non-compliance with any of these requirements, the creditor can demand the payment of all indebted amounts, without any right to file any appeal, legal action or complaint by the debtor subsequent to the adjustment period agreed.

33. Third Party Guarantees

The Group companies have not received any guarantees from third parties in relation to the acquisition of assets, loan operations, or to guarantee any other type of obligation.

34. Environment

The Companies have not made any disbursements for environmental standards.

35. Research And Development

During the periods covered by these consolidated financial statements, the Group companies have not conducted any activity that can be qualified as research and/or development activities.

However, the Parent maintains a contract with the main public agency responsible for promoting innovation (Corfo's Innova Chile Committee) in order to promote business innovation, innovative entrepreneurship, technology diffusion and transfer, and public innovation. The expenses incurred up to date in the context of this initiative do not yet qualify as research or development expenses.

In conformity with this contract, a modern Innovation Center focused on the generation of high technology projects was created, with the joint participation of clients and technological allies.

36. Sanctions

The Group companies and their directors or managers have not been subject to sanctions of any nature imposed by the Chilean Financial Market Commission or any other regulatory authority.

37. Financial Information For Subsidiaries

The financial information for the subsidiaries included in these consolidated financial statements is provided below. Transactions and balances with the Parent are also included.

The above information has been prepared in conformity with International Financial Reporting Standards.

a. Financial statements:

Company	12.31.2018				12.31.2018		
	Assets		Liabilities		Revenue	Profit (Loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
Entel PCS Telecommunicaciones S.A.	375,024,366	829,183,339	260,960,563	356,072,866	1,298,486,775	29,418,020	29,418,020
Entel Comercial S.A.	1,184,214	4,159,953	737,068	-	-	190,711	190,711
Entel Inversiones S.A.	204,555	16,255,833	634	-	-	(3,202,234)	996,782
Entel Servicios Telefónicos S.A.	195,380	2,330,136	238,823	-	723,104	427,684	427,684
Entel Call Center S.A.	15,921,553	20,745,390	7,246,732	12,370,919	26,424,234	(56,126)	516,352
Entel Telefonía Local S.A.	17,344,623	37,081,452	21,370,384	-	116,937,716	28,976,224	28,976,224
Micarrier Telecommunicaciones S.A.	309,299	2,709,253	-	-	-	125,829	125,829
Entel Servicios Empresariales S.A.	990,654	5,491,067	2,429,185	-	9,773,031	956,015	956,015
Soc.de Telecommunicaciones Instabeep Ltda.	4,414	1	422	806,472	-	(25,937)	(25,937)
Transam Comunicaciones S.A.	12,996,648	1,548,857	5,127,481	2,168,011	134,889,555	15,016,476	15,016,476
Will S.A.	7,884,634	9,804,006	4,000,010	13,401,619	192,229,122	6,184,782	6,184,782
Americatel Perú S.A.	7,791,691	34,056,840	10,208,537	19,914,051	24,407,978	(2,900,949)	(2,900,949)
Servicios del Call Center del Perú S.A.	8,265,045	3,956,765	3,596,315	1,415,431	27,586,468	370,734	370,734
Entel Perú S.A.	233,975,728	1,428,986,488	223,523,487	1,088,885,713	479,843,510	(106,927,931)	(105,586,541)
Direcnet S.A.C.	991,234	2,588,456	959,407	2,100,850	-	(1,812,695)	(1,750,486)
Entel Internacional B.V.I Corp.	20,427	276,092	-	-	-	31,443	31,443

Company	12.31.2017				12.31.2017		
	Assets		Liabilities		Revenue	Profit (Loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
Entel PCS Telecommunicaciones S.A.	292,124,429	815,667,352	309,129,178	272,083,416	1,327,463,513	88,660,627	88,660,627
Entel Comercial S.A.	1,159,062	3,992,831	739,662	-	-	72,500	72,500
Entel Inversiones S.A.	579,431	16,877,721	616	-	-	(3,007,873)	(3,437,090)
Entel Servicios Telefónicos S.A.	76,346	2,289,289	175,032	944	724,053	440,868	440,868
Entel Call Center S.A.	5,818,944	30,269,705	2,229,106	17,326,870	22,103,125	2,846,224	2,519,838
Entel Telefonía Local S.A.	38,539,272	39,803,110	15,262,915	-	115,718,026	35,895,682	35,895,682
Micarrier Telecommunicaciones S.A.	307,933	2,584,790	-	-	-	122,882	122,882
Entel Contact Center S.A.	1,268,858	6,742,478	612,481	-	6,891,610	(37,812)	(37,812)
Entel Servicios Empresariales S.A.	647,129	4,758,199	1,920,189	-	7,822,478	431,797	431,797
Soc.de Telecommunicaciones Instabeep Ltda.	4,292	1	421	860,414	-	(11,769)	(11,769)
Transam Comunicaciones S.A.	5,485,301	35,960,929	13,543,235	2,925	133,456,917	38,888,445	38,888,445
Will S.A.	4,191,871	10,109,007	1,243,047	539,567	139,671,496	11,484,819	11,484,819
Americatel Perú S.A.	5,904,395	29,646,478	9,788,877	12,160,367	26,164,776	(1,972,528)	(1,972,528)
Servicios del Call Center del Perú S.A.	7,911,787	3,941,769	3,167,767	2,418,961	29,629,196	1,509,798	1,509,798
Entel Perú S.A.	153,967,008	1,147,837,303	185,361,859	803,660,988	463,387,973	(115,357,028)	(115,829,975)
Entel Internacional B.V.I Corp.	20,272	244,583	-	-	-	(25,697)	(25,697)

b. Balances in favor or against with the Parent Company:

DUE FROM SUBSIDIARIES

Tax No.	COMPANY	Country	Currency	Current		Non-current	
				12.31.2018 ThCh\$	12.31.2017 ThCh\$	12.31.2018 ThCh\$	12.31.2017 ThCh\$
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Ch\$	22,005,520	19,193,808	313,956,227	250,654,334
96.554.040-7	Entel Servicios Telefónicos S.A.	Chile	Ch\$	17,376	16,878	-	-
96.563.570-K	Entel Call Center S.A.	Chile	Ch\$	25,829	54,903	10,960,181	12,166,643
79.637.040-8	Instabeep Ltda.	Chile	Ch\$	-	-	886,472	860,414
96.652.650-5	Transam Comunicación S.A.	Chile	Ch\$	367,656	367,656	2,161,258	-
96.833.480-8	Will S.A.	Chile	Ch\$	-	-	13,401,619	539,567
0-E	Entel Perú S.A.	Perú	USS	532,542	652,267	1,006,921,292	767,999,327
0-E	Americatel Perú S.A.	Perú	USS	538,658	672,476	18,687,713	11,125,558
0-E	Servicios de Call Center del Perú S.A.	Perú	USS	20,488	37,937	1,410,738	2,414,915
0-E	Direcnet S.A.C	Perú	USS	-	-	1,459,017	-
Total				23,508,069	20,995,925	1,369,844,517	1,045,760,758

DUE TO SUBSIDIARIES

Tax No.	COMPANY	Country	Currency	Current		Non-current	
				12.31.2018 ThCh\$	12.31.2017 ThCh\$	12.31.2018 ThCh\$	12.31.2017 ThCh\$
96.561.790-6	Entel Inversiones S.A.	Chile	Ch\$	-	-	1,205,049	413,655
96.554.040-7	Entel Servicios Telefónicos S.A.	Chile	Ch\$	65,406	62,996	2,327,379	2,286,609
96.563.570-K	Entel Call Center S.A.	Chile	Ch\$	2,651,946	2,460,308	-	-
96.548.490-6	Micarrier Telecomunicaciones S.A.	Chile	Ch\$	260,440	260,440	2,709,253	2,584,790
96.697.410-9	Entel Telefonía Local S.A.	Chile	Ch\$	-	-	20,191,651	12,213,454
96.553.830-5	Entel Contact Center S.A.	Chile	Ch\$	-	144,922	-	488,816
96.652.650-5	Transam Comunicación S.A.	Chile	Ch\$	-	-	-	22,135,223
96.672.640-7	Entel Servicios Empresariales S.A.	Chile	Ch\$	977,215	537,863	4,925,871	4,667,529
0-E	Entel Perú S.A.	Perú	USS	387,778	520,522	-	-
0-E	Americatel Perú S.A.	Perú	USS	73,911	212,588	-	-
0-E	Entel B.V.I Corp.	Brit. Virgin Is.	USD	-	-	274,446	242,837
Total				4,416,696	4,199,639	31,633,649	45,032,913

d. Transactions between the Parent Company and Subsidiaries:

Tax No.	COMPANY	Transaction	12.31.2018		12.31.2017	
			Amount ThCh\$	Credit (debit) to profit or loss	Amount ThCh\$	Credit (debit) to profit or loss
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Services provided	200,606,972	200,606,972	153,129,362	153,129,362
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Services received	7,804,196	(7,804,196)	7,800,472	(7,800,472)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Loans granted	54,015,597	-	-	-
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Loans received	-	-	65,584,881	-
96.561.790-6	Entel Inversiones S.A.	Loans received	934,232	-	-	-
96.561.790-6	Entel Inversiones S.A.	Loans granted	-	-	542,378	-
96.554.040-7	Entel Servicios Telefónicos S.A.	Services provided	167,789	167,789	164,387	164,387
96.554.040-7	Entel Servicios Telefónicos S.A.	Services received	670,254	(670,254)	658,870	(658,870)
96.554.040-7	Entel Servicios Telefónicos S.A.	Loans granted	5,243,296	-	-	-
96.554.040-7	Entel Servicios Telefónicos S.A.	Loans received	-	-	519,440	-
96.563.570-K	Entel Call Center S.A.	Services provided	246,942	246,942	242,547	242,547
96.563.570-K	Entel Call Center S.A.	Services received	10,081,978	(10,081,978)	7,785,071	(7,785,071)
96.563.570-K	Entel Call Center S.A.	Paid on account of loan	1,144,782	-	2,134,488	-
96.697.410-9	Entel Telefonía Local S.A.	Services provided	21,751,095	21,751,095	21,681,321	21,681,321
96.697.410-9	Entel Telefonía Local S.A.	Services received	1,317,080	(1,317,080)	1,355,219	(1,355,219)
96.697.410-9	Entel Telefonía Local S.A.	Loans granted	-	-	5,669,878	-
96.697.410-9	Entel Telefonía Local S.A.	Loans received	7,978,197	-	-	-
96.548.490-6	Micarrier Telecomunicaciones S.A.	Loans received	42,234	-	3,012,146	-
96.553.830-5	Entel Contact Center S.A.	Services received	559,593	(559,593)	790,116	(790,116)
96.553.830-5	Entel Contact Center S.A.	Loans granted	492,917	-	418,363	-
96.672.640-7	Entel Servicios Empresariales S.A.	Services provided	48,839	48,839	52,500	52,500
96.672.640-7	Entel Servicios Empresariales S.A.	Services received	9,773,031	(9,773,031)	7,822,477	(7,822,477)
96.672.640-7	Entel Servicios Empresariales S.A.	Loans received	-	-	954,879	-
96.652.650-5	Transam Comunicación S.A.	Loans granted	24,296,480	-	16,811,005	-
96.833.480-8	Will S.A.	Loans received	-	-	8,159,227	-
96.833.480-8	Will S.A.	Loans granted	12,862,052	-	-	-
0-E	Americatel Perú S.A.	Loans granted	5,219,574	-	5,225,223	-
0-E	Americatel Perú S.A.	Services provided	232,712	232,712	227,039	227,039
0-E	Americatel Perú S.A.	Services received	111,969	(111,969)	105,243	(105,243)
0-E	Servicios de Call Center del Perú S.A.	Paid on account of loan	932,736	-	-	-
0-E	Servicios de Call Center del Perú S.A.	Loans granted	-	-	672,651	-
0-E	Servicios de Call Center del Perú S.A.	Services provided	137,931	137,931	155,457	155,457
0-E	Entel Perú S.A.	Loans granted	221,643,134	-	246,123,490	-
0-E	Entel Perú S.A.	Services provided	2,695,695	2,695,695	2,037,565	2,037,565
0-E	Entel Perú S.A.	Services received	1,725,317	(1,725,317)	1,685,747	(1,685,747)
0-E	Direcnet S.A.C	Loans granted	1,393,986	-	-	-

38. Subsequent Events.

Between January 1, 2019 and the date of issuance of these consolidated financial statements, no other subsequent events have occurred that could significantly affect the amounts contained herein.

Ratio Analysis of Consolidated Financial Statements

Financial Structure, Evolution of Revenue, Expenses and Profitability

For the purposes of comparative analysis, it should be remembered that on January 1, 2018, the new accounting standard on revenue recognition (IFRS 15) came into force. Comparisons with 2017 in the financial statements have not been changed and are presented in line with accounting standards prior to IFRS 15.

The change for the company is in mobile phone services, specifically service subscription deals with handset rental, as well as with the allowance for bad debt associated with these contracts. This is based on the fact that providing mobile equipment creates an obligation separate to the provision of the service.

This type of contract generates charges that are paid to the different distribution channels, settled on the basis of the future services to be provided. These costs are deferred and are reflected as outturn when income is generated.

The application of the new accounting standard saw an initial adjustment to January 1, 2018, retrospectively establishing the recent past affected by the total change of the initial adjustment, recognized in equity. This initial adjustment came to CLP100,779 million net of taxes. This initial adjustment meant anticipating future EBITDA of CLP140,842 million so that the future EBITDA will be reduced by this amount for the next 18 months from January 1 of this year. It should be noted that this change of the standard affects the timing of income recognition and expenses relating to the business mentioned above.

Below is a table comparing results between December 2018 and 2017, where both periods are presented for comparable criteria, eliminating the effects of IFRS 15 for December 2018.

Period between January and December (CLP million)	Consolidated		
	2017	2018	Δ %
Revenue from Ordinary Activities (Reported)	1,955,171	1,922,960	-1.6%
Elimination of net adjustment of lower revenue postpaid contracts and handsets	41,223		
Income without IFRS15 Adjustment (comparable)	1,955,171	1,964,183	+0.5%
EBITDA	437,103	426,921	-2.3%
Elimination of net adjustments of revenue, commissions and bad debt	29,626		
Proforma EBITDA without IFRS15 (comparable)	437,103	456,547	+4.4%
EBIT without IFRS15 (comparable)	117,385	120,539	+2.7%
Profit / Loss without IFRS 15 (comparable)	43,410	-2,873	

Ebitda (Earnings before income tax, interest, adjustments and exchange-rate fluctuations deprecations, amortizations and extraordinary items).

Earnings at Ebitda level decreased from 437,103 to 426,921 million pesos, comparing the twelve months of each year. This represents a decrease of 2.3%. This decrease is affected by the IFRS 15 accounting process, decreasing Ebitda to the tune of CLP29,626 million. Without the effect of IFRS 15, Ebitda is up 19,444 million, or 4.4%, reaching 456,547 million.

This increase can be explained by the lower losses of the subsidiary Entel Peru, turning in an increase of 29% (68% without IFRS 15) in terms of Ebitda, associated with growth in revenue, efficiencies in operating costs and lower costs for capturing customers, which were partially offset by lower margins of some businesses, mainly in Chile, due to lower revenue from mobile services and leases of network infrastructure to other operators, and non-recurring expenses associated with efficiency initiatives in the operation. Given the above, Ebitda in Chile turned in a 6% drop.

Financial Ratios

This document presents the changes noted in the most significant financial ratios over the last twelve months.

Information is not adjusted for changes in the purchasing power of the currency. In accordance with the IFRS, adopted by the Company as of 2008; since that time the company has not price-level adjusted that figure.

Consumer Price Index for the year ended December 31, 2015, has recorded the following variations: 2.6% for the twelve months of 2018; 34.4% from the date on which the application of price-level adjustment was discontinued.

	31.12.2018	31.12.2017
LIQUIDITY RATIOS		
Current liquidity (Current assets / Current liabilities)	1.23	1.19
Acid Ratio (Cash and Cash Equivalents / Current Liabilities)	0.11	0.23
INDEBTEDNESS RATIO		
Indebtedness ratio (%) (Total debt / Equity)	190.12	184.98
Short-term debt ratio (%) (Current Liabilities / Total debt)	25.36	27.21
Long-term debt ratio (%) (non-current liabilities / total debt)	74.64	72.79
Interest coverage (profit before tax and interest / financial costs)	0.97	1.32
EFFICIENCY AND PROFITABILITY RATIOS		
Profit margin (Profit on revenue)	(1.23)	2.23
Return on Equity (%) (annualized) (profit for year over average equity)	(1.81)	3.47
Return on assets (%) (annualized) (Net income for year over average assets)	(0.63)	1.24
PROFITABILITY AND VALUE PER SHARE		
Earnings per share (annualized) (\$)	(78.19)	143.73
Dividend yield (%) (Dividend last twelve months / share quotation at year-end)	0.82	0.49
Book value per share (Equity / number of shares) (\$)	4,524.32	4,100.27
Market value (as quoted) (CLP)	5,381.60	6,913.30

Evolution of Financial Ratios

In the periods being compared, there is a loss over the twelve months of this year. The debt indices meanwhile show a slight upturn over the last twelve months, due mainly to the greater increase in liabilities with respect to the increase in equity, as explained below.

Efficiency and Profitability - margin and return on equity and assets are down, due mainly to the effects of the new accounting process associated with IFRS 15, along with lower earnings from the operation in Chile, partially offset by better earnings from Entel Peru associated with the expansion of its operations. Additionally, non-operating results fell slightly, due mainly to higher expenses for readjustments affecting the liabilities denominated in UF, and also lower interest revenue. Meanwhile, there are higher tax costs due to the rise in the peso/dollar exchange rate for the twelve months of this year, affecting foreign investments and the higher rate of income taxes applied in this year.

The debt ratio meanwhile went up from 185% to 190% over the year. This change is due to the further increase in liabilities of 307 billion (+ 13%) compared to an increase in equity of 128 billion (+ 10%), where equity increased due mainly to the initial adjustment of the implementation of IFRS 15 and the reserves for translation exchange differences affecting investments in Peru, owing to the increase in the peso/dollar exchange rate over the last twelve months. This was partially offset by the decrease in cash flow reserves of cash due to adjustments in the market values of the portfolio of financial derivative instruments.

The financial expenses coverage ratio turned in a fall compared to the same period for the previous year, leaving it at 0.97%. Excluding the effects of IFRS 15, the index showed a 1.35-fold increase. The extension to this limit improves if the calculation is made on effective flows. Results before depreciation give a ratio of 5.4 (5.79 times without IFRS 15).

For the purposes of calculating the coverage ratios of financial expenses, interest on bank loans is included, as are differences in rates for interest hedging contracts, and interest on capital leases. Interest calculations are made on the basis of effective rates, in accordance with amortised cost procedures (IAS 39).

With regard to liquidity ratios, the coverage ratio of current assets over current liabilities dropped from 119% to 123%. This is due to the effect of a further increase in current assets of 66 billion (+ 9%), compared to the 35 billion (+ 6%) increase in current liabilities.

With regard to the acid ratio, ie the coverage of cash and cash equivalents over current liabilities, it was down from 23% to 11%. This was due to a 73 billion drop in cash and cash equivalents and an increase in current liabilities of 35 billion.

Analysis of Balance Sheet

	31-12-2018 CLP (million)	31-12-2017 CLP (million)	% Change
ASSETS			
Current Assets	810,596	744,946	9
Non-current Assets	3,153,619	2,784,094	13
TOTAL ASSETS	3,964,215	3,529,040	12

Regarding the level of the Group's total assets, there was a 435 billion pesos growth, equivalent to 12%, compared to the previous year.

The main changes in total assets can be seen in the 159 billion peso increase in Property, Plant and Equipment, corresponding to the amount by which investments exceeded depreciation for the period, where the gross investment was for 431 billion pesos.

Eighty percent of investments in property, plant and equipment by the Entel Group, including subsidiaries in Peru, went on services requiring further development, particularly mobile services, and 23% was invested in infrastructure and fixed network platforms. In turn the investment in mobile services was mainly on network infrastructure.

An increase of 98 billion pesos can be seen in the Other Current Non-Financial and Non-Current Assets segment and an upturn of 99 billion in Current Trade Debtors and Non-Current Receivables. These increases are due mainly to the application of IFRS 15 this year as originating from 2018 activity, where the initial adjustment in these accounts was recorded against equity. These effects lead to an increase of 70 and 44 billion pesos in Other Non-Financial Assets and Trade Debtors respectively. In addition there was an increase of 77 billion in the Current Commercial Debtors of Entel Peru, given the increased customer base.

Current inventories increased by 23 billion and relate mainly to mobile handsets tied to service users. Inventory levels, activities and turnover are determined on the basis of portfolio growth projections, the demand for handset renewal, changes in technology, and customer retention campaigns.

There was also an increase of 66 billion in Other Current and Non-Current Financial Assets as a result of the increase in the exchange rate on derivative hedging instruments, 92 billion in Deferred Tax Assets, and an increase of 16 billion in Intangible Assets.

Finally, there was a decrease in Cash and Cash Equivalents of 73 billion, and Current Tax Assets fell 46 billion, due mainly to the return of provisional monthly payments.

	31-12-2018 CLP (million)	31-12-2017 CLP (million)	% Change
LIABILITIES AND EQUITY			
Current Liabilities	658,743	623,405	6
Non-Current Liabilities	1,939,050	1,667,284	16
Equity	1,366,422	1,238,351	10
Attributable to the Owners of the Parent Company	1,366,422	1,238,351	
TOTAL LIABILITIES AND EQUITY	3,964,215	3,529,040	12

Regarding the level of the Group's total liabilities, there was 307 billion pesos of growth, equivalent to 13%, compared to the previous year.

The increase in total liabilities is mainly due to a 188 billion peso increase in current and non-current financial liabilities, due to the increase in dollar debt as a result of the increase in the peso/dollar exchange rate over the twelve months of the year, and obtaining a new 80 million dollar bank loan. In addition there was a 43 billion peso increase in Current Tax Liabilities due to higher income taxes, and an increase in deferred tax liabilities of 60 billion pesos, affected mainly by IFRS 15 to the tune of 32 billion pesos.

Meanwhile equity turned in a net increase of 128 billion pesos compared to December 2017, due mainly to the initial adjustment from the application of IFRS 15 to the tune of 101 billion, and an increase of 86 billion in reserves for exchange rate differences from the conversion that affects investments in Peru as a result of the increase in the peso/dollar exchange rate over the twelve months of this year. These effects were partially offset by the reduction in cash flow hedge reserves of 32 billion due to the decrease in the market values of the portfolio of financial derivative instruments and lower results for the year.

As mentioned, there were no significant net effects due to fluctuations in the exchange rate as these were neutralized by the Group's hedging policies. These policies are based on hedging exposure through derivatives, as noted above.

Adjustment in Equity by application of IFRS 15

As mentioned in note 2e) of the financial statements, the Group adopted the new revenue recognition standard as of January 1, 2018, using the modified retrospective method. This method consists of retrospectively establishing the recent past affected by the total change of the initial adjustment, which is identified on the adoption date, affecting equity (retained earnings).

Below are figures showing the effect of the initial adjustment to equity to January 1, 2018, as a consequence of adopting the new standard:

	CLP (000)
Total equity at 31-12-2017	1,238,351,170
Higher net income from sale of equipment, discounting bad debt	81,539,905
Commissions Attributed to Future Services	59,301,791
Deferred tax	(40,062,033)
Total Adjustments	100,779,663
% Adjustments to Equity December	8%
Total Equity at 01-01-2018	1,339,130,833

This initial adjustment to equity originates as an offsetting entry on a higher account receivable, a higher deferred expense for customer capture and a deferred tax liability.

In terms of equity, adopting the standard saw an increase of ThCh\$ 100,779,663 (+8%), compared to 31.12.2017. The net accounting effect on the results of future periods as a result of the change to IFRS 15 will depend on the performance of the income associated with the activity of the postpaid mobile business in the form of lease or loan agreements. It should be noted that this change of the standard affects the timing of the recognition of income and expenses relating to the business indicated above.

Adjustment in the Financial Position Statement by application of IFRS 16 (lease policy)

In January 2016, the IASB issued IFRS 16 - Leases. IFRS 16 defines a lease and specifies the accounting treatment of assets and liabilities arising from these contracts from the point of view of the lessor and lessee. The new standard does not differ from the norm that precedes it, IAS 17 - Leases, from the point of view of the lessor. However, from the lessee's point of view, the new standard requires the recognition of assets and liabilities for contracts that meet the characteristics of having an identifiable asset and the right to control its use. IFRS 16 will be mandatory for one-year periods beginning on or after January 1, 2019.

With respect to IFRS 16, after reviewing the regulations and their effect on the different types of operating leases, it can be concluded that the contracts affected in the Entel Group are mainly those associated with sites where mobile phone services and commercial premises are located.

The Group has opted for initially adopting the standard in its modified retrospective mode by recognizing assets and liabilities at the present value of the total of future payments committed in the contracts. These flows are discounted at an incremental interest rate of indebtedness. In addition, the anticipated expenses that are in effect for said contracts will be reclassified to fixed assets. The comparative figures in relation to 2018 on the financial statements are not modified and are presented according to the original accounting standards.

Contracts whose remaining term of validity is greater than one year will be considered. For those with remaining maturities of less than one year, the assets and liabilities will be recognized once the contracts have been renegotiated and the uncertainty regarding the new terms and/or lease income has been allayed.

The estimated impact of the initial adjustment on the balance sheet, as at January 1, 2019, is as follows:

	CLP (000)
Increase in Lease Liabilities	335,681
Increase in Fixed Assets for Usage Rights	335,681
In addition, prepaid expenses will be reclassified to fixed assets for ThCh26,004	

This initial adjustment in the balance sheet gives rise to a greater rights of usage asset, counterbalanced by a greater liability from leases and assets and liabilities for deferred tax assets and liabilities. The net accounting effect of leases, depreciation, amortization and interest on the results of future periods stemming from the change resulting from IFRS 16, will depend on the progress of the contracts and their renegotiation. These changes resulting from the standard, affect the timing of recognition in the financial statements.

Income Statement Analysis:

Sales revenue performance

The Group's revenues are categorized as Revenue from Ordinary Activities, Other Revenue and and Other Gains (losses) from the Comprehensive Income Statement. These revenues increased by 2% when comparing 2018 and 2017, as follows:

SALES REVENUE PERFORMANCE :	2018 CLP (million)	2017 CLP (million)	Change %
Mobile Telephone Services - Chile	1,001,678	1,050,383	-5
Mobile Telephone Services - Peru	472,958	457,018	3
Private Services (including IT services)	196,426	188,921	4
Local Telephone Services (including NGN-IP)	52,845	57,244	-8
Television Service	36,521	33,161	10
Long Distance	10,464	12,367	-15
Internet	49,366	43,845	13
Services to Other Operators	34,621	43,425	-20
Traffic Business	23,652	19,989	18
Americatel Peru	20,448	23,710	-14
Call Center Services and other	12,730	12,184	4,
Other revenue (1)	11,251	12,923	-13
Total Operating Revenue	1,922,960	1,955,170	-2

(1) Other income, from the disposal of property, plant and equipment, business interests and other.

Consolidated revenues for the twelve months of the year totalled 1,923 billion pesos, down 2% compared to 2017. This fall was affected by IFRS 15, in place from January this year, to the tune of 41,223 million pesos in decreased revenue. Without the effect on revenue of IFRS 15, Entel turned in a 0.5% increase, driven by higher revenue in Peru's mobile operation (+ 10%), partially offset by a decrease in revenue in Chile.

As can be seen, within the performance of the Group's revenue, the growth in Peru's mobile services stands out, turning in a 3% increase in revenue compared to 2017 (+ 10% without IFRS 15). Mobile revenues in both Chile and in Peru remain the main source of the Group's revenue. In addition, a progressive increase in revenue from fixed networks associated with business customers continues to be seen, especially for the provision of integrated voice, data and internet solutions, IT services and digital services. Entel residential internet and television services have also shown steady revenue growth.

The Company continues performing well in terms of high-end mobile phone service customers, despite the highly competitive environment in a more mature industry. In Peru, Entel continues to position its brand as an important player in the market and has focused on the expansion of the commercial offering including unlimited data for high value plans and incorporating the financing method in the sale of postpaid handsets, improving distribution channels and a selective expansion of the network.

In mobile services in Chile, the Group has a strong position owing to sustained commercial momentum and service quality. Revenue in the Corporate Segment rose 5% over 2014. The fall is primarily due to a decrease in the revenue from variable services due to the increase in data quotas and the free voice minutes offered in the changing commercial offering, both for postpaid and prepaid. This was partially offset by incremental increase in fixed charges, linked to an increase in the high-end customer base and revenues from access charges resulting from increased traffic. Revenue associated with the sale of handsets and accessories was up 49% on last year, with an increase mainly in the prepaid segment.

Over 2018 the subsidiary Entel Peru turned in revenue of 473 billion, 16 billion pesos more than in 2017, a rise of 3%. Without the effect of IFRS 15, revenue was up 10%. This was driven by the increase in revenue from voice and data services in conjunction with higher revenues from handset sales. The increase was due to the strong growth of mobile customers, reaching 7,814,806 customers as at December 31, 2018, showing a net growth of 19% compared to December 2017, and turning in an average ARPU of CLP5,066. It should be noted that over the last twelve months there has been a sharp decrease in access charges, down by 75%. The company is also selectively expanding its commercial offering to the residential segment with telephone and wireless broadband services, exploiting mobile network capabilities. At the end of December 2018, there were 193,000 revenue generating units (RGUs), translating to growth of 39% for pre- and postpaid modalities. This self-installable service is offered in various business plans and can be connected to multiple devices with unlimited navigation and faster speeds. It is currently available in Lima and some other cities in Peru. In order to improve the high potential of broadband services in Peru, the company is currently implementing services on the 2.3 Ghz band, which allows higher speeds and coverage.

Revenue from private services related to integrated voice, data and internet networks provided to the business segment, together with the information technology services associated with hosting, security and cloud services, was up 4% compared to December 2017, driven primarily by new customer contracts. These services allow customers to address their needs without investing in their own infrastructure, improving their productivity through the use of the best fiber optic network infrastructure and data center capabilities, as well as cloud services, cyber-security, IoT connectivity and other digital services.

Local phone service revenue turned in a decrease of 8%, mainly due to the decrease in tariffs for access charges and the revenue from "Entel Hogar". For wireless postpaid phone services, 210,000 RGUs were reached as at December 31, 2018, down 16% on the previous year. Meanwhile positive performance can be seen for these services provided through fiber optics, where more than 10,000 RGUs had already been reached as at December 31.

Ten percent growth in television services corresponds to the portion of the satellite TV service associated with Entel Hogar. To date, the satellite service has 133,000 RGUs and for the service provided through fiber optics, 15,000 RGUs have already been reached, with the company continuing a selective strategy for this service.

Internet services experienced growth of 13%, due to greater activity in the business segment as well as "Entel Hogar" services with regard to the portion of the mobile broadband service (FWBB) now powered by 4G+ capacities, and the fact that as at December 31, 64,000 RGUs had been reached, representing an increase of 3% compared to 2017. There has also been positive progress in the residential services provided over fiber where more than 22,000 have been reached as at December 31 in postpaid.

It should be noted that residential services were affected by the interruption to business from July to the beginning of October, as a result of the blockade of the 3,500 MHz band decreed by the authority in June. Business was restarted at the beginning of October.

Revenue from long distance services turned in a drop of 15%, with international long distance revenues falling due to lower traffic and tariffs, in line with the greater penetration of IP services.

Revenue from services to other mobile and fixed operators showed a decrease of 20% for the period, due to a decrease in revenues and the terms of certain contracts for leasing network infrastructure to both mobile and fixed operators.

Traffic business services were up 18%, mainly due to better tariffs and traffic.

Earnings for Americatel Peru, meanwhile, were down 14%, given lower revenue from long distance and wholesalers, due to lower traffic and non-recurring services in 2017, partially offset by higher revenue from integrated voice, data and internet business services, offered both on optical fiber and 4G technology. IT outsourcing services meanwhile saw an increase in revenue.

Call Center services were up 4% due to higher revenue mainly in Chile.

Costs, Expenses and Profitability

Information included below relates to the main cost and expenses categories for 2018 and 2017:

COSTS, EXPENSES AND PROFITABILITY	2018 CLP (million)	2017 CLP (million)	% Change
Operating costs	(1,832,047)	(1,837,785)	-0.3
Operating income (EBIT)	90,913	117,385	-23
- Net financial costs, adjustments and other	(93,184)	(91,384)	2
Net income	(23,614)	43,410	-154

The consolidated cost of operations for the twelve months of the year totaled 1,832 billion pesos, a decrease of 0.3% compared to figures for 2017. Excluding the effect of IFRS 15, there was an increase of + 0.3%.

The decrease in costs is mainly due to lower interconnection and transportation costs, lower customer capture costs, and lower maintenance and professional services costs. These lower costs were partially offset by higher depreciation associated with the growth of investments in network infrastructure and new commercial platforms related to digital transformation, higher bad debt expenses associated with greater activity, mainly in Peru, higher expenses due to closures of collective bargaining processes, organizational restructuring processes.

Earnings (losses) of Operational Activities and Ebitda

Operating income decreased from CLP117,385 million to 90,913 million (-23%) and Ebitda decreased from CLP437,103 to 426,921 million (-2%), 2017 - 2018. This decrease is affected by the IFRS 15 accounting process, decreasing Ebitda to the tune of CLP29,626 million. Without IFRS 15, the operating result turned in an increase of 3%, with Ebitda was up 19,444 million, equivalent to + 4%. The increase in Ebitda can basically be explained by lower losses from the subsidiary Entel Peru, turning in an improvement of +29 (+ 68% without IFRS 15).

Regarding depreciation, impairment and amortization, there was an increase of 16 billion (5%), compared to 2017. The increase stems mainly from the deployment of the 4G network, the implementation of IT developments, mainly relating to digital transformation, greater investment in buildings and branches and customer installations, and investments in the transport and fiber optic networks. In addition costs were higher for the amortization of intangibles due to the start of the amortization of the 700 MHz 4G license that started on August 2017 in Peru. It should be noted that this band was awarded in 2016 for USD 290 million.

Mobile telephone services - Peru

As described in note 29, financial information by segment, this transaction corresponds to services provided through the subsidiary Entel Peru SA

Below is a table comparing results between December 2018 and 2017, where both 12-month periods are presented for comparison, excluding the effects of IFRS 15 for December 2018.

Period between January and December (CLP million)	Entel Peru		
	2017	2018	Δ %
Revenue from Ordinary Activities (Reported)	470,592	489,053	+3.9%
Elimination of net adjustment of lower revenue postpaid contracts and handsets		29,108	
Income without IFRS15 Adjustment (comparable)	470,592	518,161	+10.1%
EBITDA	-75,998	-54,121	+28.8%
Elimination of net adjustments of revenue, commissions and bad debt		29,542	
Proforma EBITDA without IFRS15 (comparable)	-75,998	-24,579	+67.7%
EBIT without IFRS15 (comparable)	-118,934	-72,212	+39.3%

The performance of Entel Peru's earnings, investments and financing can be seen below, based on the subsidiary's individual financial statements for both periods.

ENTEL PERU	31.12.2018 CLP (million)	31.12.2017 CLP (million)	Change %
Total Operating Revenue	489,089	470,747	4
Operating Loss (EBIT)	(99,727)	(118,934)	16
Total Loss	(106,928)	(115,357)	7

Entel Peru continues to develop its strategy of placing a brand with a distinctive offering in the Peruvian market, delivering high customer satisfaction through the best user experience, incorporating segmentation and multi-channeling, with a world-class infrastructure for voice and mobile data services, as well as a strong regional expansion of sales channels.

Market dynamics in Peru have moved towards a greater supply of data. Against this backdrop, Entel Peru continued to grow and consolidate its position in the market, backed by a mobile data and voice offering with the highest levels of customer satisfaction, through attractive commercial offerings for the postpaid and prepaid segments, incorporating the financing method in the sale of postpaid handsets.

The subscriber customer base reached 7,814,806 as at December 31, 2018; 19% up on December 2015, driven by 2G, 3G and 4G services. The customer base grew 5% compared to the third quarter of the year.

In the postpaid segment there were 2,671,201 customers, an increase of 18% compared to 2017. This growth was achieved by offering a wide range of multimedia plans and increasing the offering with attractive internet navigation quotas, social network promotions and unlimited videos for premium range plans and free minutes for calls to all destination networks. A varied range of intelligent smartphone handsets continue to be on offer, as are plans for SIM cards without a handset. In addition, efficiencies in sales costs have been achieved through rationalizing the distribution channels and with the introduction of low cost sales models for lower end plans. Additionally, the commercial offering has evolved over time towards a lower subsidy in the supply of handsets, incorporating the financing method in the sale of postpaid equipment.

In the prepaid segment the customer base was up 20%, reaching 5,143,605 customers as at December 31, 2018. This growth was driven by the progressive increase in network coverage and sales channels regionally, along with offerings that focus on providing incentives for top-ups, including unlimited voice minutes to any destination network, the use of social networks like WhatsApp and free basic Facebook for a limited time. Also, promotions for portability were launched.

The company has continued to selectively expand its commercial offering to the residential segment with telephone and wireless broadband services, exploiting mobile network capabilities. At the end of December 2018, there were 193,000 revenue generating units (RGUs), translating to growth of 39% for pre- and postpaid modalities compared to 2017. This self-installable service is offered in various business plans and can be connected to multiple devices with unlimited navigation and faster speeds. It is currently available in Lima and some other cities in Peru. In order to improve the high potential of broadband services in Peru, the company is currently implementing services on the 2.3 Ghz band, which allows higher speeds and coverage.

Revenue for the twelve months of 2018 reached 489 billion pesos, an increase of 18 billion (+ 4%) compared to December 2017, driven by the growth of the customer base and by lower subsidies in the sale of handsets, partly offset by the reduction in mobile interconnection rates. Revenue affected by the new accounting process IFRS 15, taking it down some 29 billion pesos. Without the effect of IFRS 15, revenues show an increase of 10%. It should be noted that over the last twelve months there has been a sharp decrease in access charges, down 75%.

Performance of costs; the total cost of the operation for the period totaled 5,895 billion pesos, a slight decrease of 0.1% compared to the figures for December 2017. This change can mostly be explained by lower access, transportation and customer capture costs. This was almost completely offset by higher bad debt costs given the larger customer base and the increase in handset sales, compensation payments associated with the restructuring processes, and higher depreciation and amortization.

Entel Peru's EBITDA meanwhile turned in a loss of 52 billion pesos, 24 billion less than at same date last year (+ 31%). This decrease in losses was mainly driven by better service and equipment margins and lower customer capture costs. Similarly Ebitda, discounting the effects of IFRS 15, showed a 70% reduction in the loss, reaching -23 billion pesos.

Depreciation, Amortization and impairment showed an increase of 4 billion (+ 10%). The increase is mainly generated by investments relating to the deployment of the network and the implementation of IT developments, mainly related to the digital transformation. In addition costs were higher for the amortization of intangibles due to the start of the amortization of the 700 MHz 4G license that started on August 2017 in Peru. It should be noted that this band was awarded in 2016 for USD 290 million.

Entel Peru reported an operating loss of CLP 100 billion, down 16% on the CLP 119 billion loss recorded in December 2017. Discounting the effects of IFRS 15, the operating loss reaches 70 billion, an improvement of 41% on December 2017.

The flow of capital investments is related to the network rollout, ongoing since 2013 in Peru, the year Entel acquired the subsidiary, as well as the business platforms and the digital transformation project.

Over the last twelve months the financing needs of the subsidiary Entel Peru came to around USD 350 million, contributed by the parent company Entel Chile.

Consolidated Pre-Tax Profit

Non-operating results fell slightly, due mainly to higher expenses for readjustments affecting the liabilities denominated in UF, and also lower interest revenue.

Pre-tax earnings are the result of revenue performance, discussed above.

As of September 29, 2014, Law No. 20.780, published in the Official Gazette of the Republic of Chile, brought with it several modifications to the current system of income tax and other taxes. Amongst the most important changes is the progressive increase in corporate tax to 27% as of 2018, as a result of the application of a partially integrated system to be implemented in 2017.

The income tax determined as at December 31, 2018 includes a hike in the rate from 25.5% to 27% for the year. Over the course of 2018 income tax was higher to the tune of 39 billion pesos compared to 2017, basically due to the increase in the peso/dollar exchange rate for the twelve months of the year, affecting investments abroad and the higher rate of income taxes applied for the year.

II. Comments on the cash flow statement

The behavior in 2017 and 2016 of cash-generating sources in each activity is described below.

In terms of operating activities, a decrease was observed in net inflows of CLP 65 billion, down from 538 to 473 billion pesos.

This decrease in operating activities was mainly due to the combined effects of an increase in the disbursements of the operation to the tune of CLP60 billion (4%), and a decrease in the amounts charged to customers of CLP46 billion (2%), partially offset by an increase in revenue flows in Income Taxes of 41 billion (174%), mainly due to the repayment of provisional monthly payments.

Meanwhile in terms of investment there was an increase in net outflow of 16 billion pesos, mainly due to an increase in "Procurement of Property, Plant and Equipment" to the tune of 7 billion pesos (1%), linked to the company's investment and growth plan, an increase of 2 billion associated with the purchase of the subsidiary Direcnet, and a decrease of 4 billion in revenue from the sale of fixed assets.

There was also a negative net flow of 37 billion as at December 31, 2018, turning in a decrease of 26 billion compared to December 2017, mainly due to lower loan acquisitions. Additionally, there are increases in interest and dividend payments. This was partially offset by lower disbursements on settlements for derivative instrument offsets.

As a result of the above and the cash balances and cash equivalents at the beginning of each period, final availability at the close of each of the periods in Cash and Cash Equivalents fell from CLP 146 to 73 billion, maintaining volumes that successfully covered the Group's cash flow planning.

III. Market and Market Risk Analysis

Market Analysis

The Entel Group operates in a highly competitive market, amid continuous technological change in the various service lines it offers.

In a more mature market and highly competitive environment, Entel continues making solid gains in higher end mobile customers, deepening the penetration of mobile data supported with strong levels of brand recognition, a superior infrastructure with multi-channel customer experience, the consolidation of the offering for data plans, and strong leadership in terms of revenue share in the industry. It also continues to invest in digital transformation to improve the customer experience and increase efficiencies.

The Company continues its commitment to maintain a business model based on cornerstones such as the high quality of services, the best network infrastructure and a high degree of innovation, which allows it to do well in highly competitive markets.

With the development of 4G+ technology, the Company has continued to apply its strategy to increase the use of mobile data, where it has made significant investments to increase the penetration of smartphones. Today, almost all post-paid customers have a data or multimedia plan. Additionally, in the prepaid segment service penetration has grown significantly over the period.

The Group's favorable positioning and its technological infrastructure constitute its main strength for facing the changing market that lies ahead. In the mobile service area, which represents 77% of the revenue for the year, the "Entel" brand maintains a strong position and is preferred by a large number of customers. It has the best network infrastructure and is highly innovative, offering customers a multichannel experience. Such factors have been crucial for managing market share policies and customer portfolio composition (post-paid and pre-paid).

The market policies implemented have paid special attention to post-paid customers, whose level of service use (MOU for voice and GOU for data) and average revenue (ARPU) are higher than those of pre-paid customers.

The company carries out ongoing analysis regarding relevant stakeholders in the telecommunications industry, both in mobile services and fixed networks. The mobile industry in Chile has been facing an increase in competitive dynamics, a strong expansion in mobile data usage and services, and a significant trend of customers moving from the prepaid to the postpaid segment. As such, at an aggregated level, the industry has shown a level of maturity in the customer base. Against this backdrop, over the year the base of Entel's mobile customers in Chile experienced a net increase of 3% to 9,260,638 customers. In a highly competitive environment, this positive change is basically for postpaid customers driven by net portability, higher prepaid migration and better customer retention, where Entel has grown its base of this type of

customer by 13% (voice and mobile broadband) over the last twelve months, where the highest value customers are, representing 48% of the total mobile phone services customer base in Chile. Regarding the prepaid segment customer base, there was a decrease compared to 2017, of 5% (voice and mobile broadband), due to greater postpaid migration and affected by regularization of the customer base.

The Company recently launched "Multi Smart Plans" in the postpaid segment, which makes it possible to connect up to five devices on a specific plan, through a range of data plans with higher video and music quotas for all plans, including deals with or without handsets. In addition, new controlled account plans have been launched, along with Simple Control, which includes unlimited WhatsApp that doesn't use the monthly data quota included in each plan. This new offering responds to the tendency of users to use more data for instant messaging applications such as WhatsApp. On the other hand, a more agile self-service model was introduced for low tariff plans, with the launch of the "nuevo chip auto plan", providing easy access and automatic installation capabilities, distributed in the retail channels. In this context Entel continued to develop its strategy based on value, service quality and customer experience.

As a way to continue innovating and to reinforce the commitment to deliver the best navigation experience, Entel continued with its Conectados plans ("Unlimited Connection"), which include unlimited use of social networks for high-end plans, along with music and video apps. The Company continued to improve the service experience by exclusively allowing customers to access digital content platforms for Android, Google Play and Spotify applications, being billed in the monthly service. This new package responds to the exponential growth of users' mobile data consumption and to the fact that Entel can offer a distinctive navigation experience to its customers, as it has the most modern network in Latin America and 4G + service deployed in all regions of the country. For the development of the business plans, setting in motion 4G+ technology has made it possible to strengthen the offering of data, where from September 31, 2018, 4.7 million customers have had access to 4G services, an increase of 49% compared to the previous year. This new unlimited connection package is complemented by equipment financing plans.

Over the quarter, the mobile industry continued to show some stabilization in data promotions, mainly in the postpaid segment. In this scenario, Entel continued to post strong growth in postpaid sales, as a result of increased portability and prepaid migration due to an attractive data deal. In addition, there was less switching due to customer retention programs.

The prepaid market continued to be affected by a reduction in top-ups, a drop in access charges and greater migration to postpaid plans. Against this backdrop sales were driven by the SIM model and promotional top-ups, which offer limited time access to social networks such as Facebook, WhatsApp and Twitter, and increased access and continuity of services through online services. Additionally, the company launched self-service plans which include promotions for ported customers. The Company is making steady progress in delivering a commercial offering through the digital platforms, where the market share of top-ups in the prepaid segment has remained stable throughout the year.

In the context of the digital transformation project, the prepaid customers were migrated to the new technological platforms at the end of last year, making it possible to improve times for providing services.

As a way to improve the efficiencies of the sales channels, the Company has introduced new services in its own stores, incorporating the sale of accessories and handsets by any operator.

In the third quarter, Entel launched a new brand image, highlighting the "transformation" of people, communities, companies and society. The slogan is "My possibilities are endless", which extends the context of the brand from telecommunications to facilitate the use of technology in a broader sense.

In the enterprises segment, the Company has continued consolidating and increasing its leadership, both in mobile services and in integrated voice, data and internet services, as well as in IT outsourcing.

The mobile business in the companies segment continued to face a competitive market with aggressive data promotions and the reduction of mobile lines as a result of customers reducing costs in this segment. With respect to mobile service plans for the enterprises segment, plans have been launched with higher navigation quotas and better business connectivity for e-mail applications and Whatsapp messaging on an ongoing basis. Likewise, extensive affinity plans for family members have been incorporated. In addition, handset payment by installment plans have been extended to this segment.

In terms of fixed network services, growth in the business customer segment continues to be observed, with the provision of services backed by solid infrastructure, fiber optics and data center capacities, integrated voice, data and internet solutions, as well as Information technology (IT) services where there has been an increasing interest in the use of the Cloud, which allows companies to migrate from their own platforms to outsourcing solutions.

In addition we have continued with Cyber Security services focused on the protection of critical assets and customer information. Entel is a Fortinet "Platinum Managed Security Service Provider", the first Service Provider in Chile in this category.

The Group has developed different service proposals for the corporate segment on the basis of a solid mobile infrastructure and network GPON, and datacenter capabilities, through the converging sale of fixed and mobile services.

The expansion of the GPON network has allowed Entel to achieve greater coverage in fixed services and increase its presence in the corporate market, thereby improving connectivity solutions and the integration of fixed and mobile services with high speed access.

Entel is involved in highly complex projects in the corporate market which have resulted in the company leading the telecommunications sector in terms of market share. Additionally, the company has consolidated its position as a major player in the IT business and the most significant supplier of datacenter infrastructure, also having Tier III Gold certification, granted by the Uptime Institute. Its design, implementation and operation guarantee 99.982% availability to face any contingency. In September the third stage of the Tier IV certified Data Center was launched in Ciudad de los Valles, which will add an additional 30% floorspace, with a total of 8,500 square meters in 8 locations. This allows the company to increase its capacity to deliver services.

In June, the ninth Entel Summit was held, one of the most important meetings for innovation, technology and business in Chile. The event addressed new digital businesses such as Airbnb and "Innovation and Technology with Social Impact" presenting disruptive digital solutions to generate changes in society ("School in the Cloud") and "Proximie" (an augmented reality platform for medicine). "Entel Ocean" was launched at this event, a unit that has been developing advanced digital solutions using the best infrastructure and tools of Entel in its class, such as big data analysis, artificial intelligence and cloud infrastructure, together with an ecosystem of work under agile methodologies.

Regarding Entel Residential services, the company has been taking advantage of the level of development and convergence of their technologies and focusing on providing fixed wireless, internet and satellite television solutions for certain segments of the residential market, rolling out services on 3.5 Ghz. As at December 31 there were 406,000 postpaid RGUs, where efforts were made to improve the package for those homes where the penetration of this service is low, or where there are no other suppliers. In June, the Department of Telecommunications issued a decree for the entire industry, temporarily freezing the use of the 3.5 GHz band. At the beginning of October that resolution was modified, resuming the rollout and sale of FWBB services.

Additionally, the Company is in the process of rolling out its fiber optic network, which aims to quickly reach households in the high density or consumption segment of the country to deliver internet, TV and fixed phone services. To date, the network covers certain sectors of the Metropolitan region and the sale of services has begun incrementally. On December 31 there were 46,000 postpaid internet, television and broadband service RGUs.

In the second semester of 2018, and in its first year of Entel's participation in the category, we were awarded first place nationally for "Customer Satisfaction in Fixed Phone Services".

In 2018 Entel again appeared in the Dow Jones Sustainability Index, this year reaching 23rd in the ranking of operators worldwide. In Chile we were 21st amongst all industries. Entel is the only operator nationwide to feature as part of this index. This index uses the "best in class" approach, based on environmental, social and long-term governance factors.

Regarding the awarding of frequencies, public tenders have been held in recent years, allowing the AWS frequencies (1700-2100 MHz) to operate in Chile; 2600 MHz and 700 MHz, which has made it possible to develop 4G technology in the country, being important for developing the range of telecommunications services. The awarding of 700 MHz frequencies for high-speed data transmission services (LTE), complements the range of LTE or 4G services with a band providing greater penetration in closed or indoor spaces, and better rural coverage. Additionally it provides Carrier Aggregation service in conjunction with the 2600 MHz band, technology that has been available to our customers from May 2016, being the first company to reach national coverage with this project.

Regarding these 700 MHz frequencies and the public tender that awarded the bands, various bodies are assessing what was determined by the Supreme Court, which stated: "i) That Movistar, Claro and Entel behaved in an anti-competitive manner when they were awarded blocks through the public tender of the 700 band, without respecting the 60 MHz limit; ii) That Movistar, Claro and Entel must divest themselves of the same amount of radioelectric spectrum that was acquired in the 700 band bid, leaving the alternative of selecting the band that will be divested; iii) Subtel must ensure the timely and adequate compliance with what has been hereby ordered; iv) if Subtel considers it necessary to review the maximum limit of the radioelectric spectrum that each operator may have, it must initiate a consultative process at the Competition Tribunal. Failing this it must initiate the necessary procedures to adapt the established limit to the 60 MHz parameters defined for each participating operator on the aforementioned radio spectrum.

On the one hand in early October the Department of Telecommunications presented a query to the Competition Tribunal about modifying the 60 MHz limit of spectrum use rights of each operator, in addition to other additional measures, as well as special conditions relating to frequency allocation tenders for the introduction of 5G. Meanwhile there are various judicial appeals that have been filed, including an appeal of inapplicability due to unconstitutionality regarding the terms, opportunity and conditions of compliance with what was determined by the Supreme Court.

With regard to the former, December 28 was the deadline for stakeholders to provide background information, and it was established that they are lawfully involved in the development of this non-adversarial process. Entel PCS and Entel Telefonía Local provided information and both were considered to be legitimately part of the process.

In June 2018 exempt resolution no. 1,289 was issued, through which the Department of Telecommunications established that i) New authorizations would not be granted, nor modifications to the concession, nor would works for telecommunications services operating on the band 3,400-3800 MHz be signed off on; ii) operations of authorized services on the 3,400-3,800 MHz band would be suspended; iii) the services that were authorized on these bands should be provided in other frequency bands. Some concessionaires - among them Entel - filed an application for protection against the measure.

On October 3, 2018, an amendment to resolution no. 1,289 was issued, incorporating a new article through which "the effects of this resolution are excluded, in the case of Entel, for 50 MHz of the 100 MHz allocated on that band ". In this way, Entel was able to resume development of wireless fixed telecommunications services through its FWBB project. Entel withdrew its appeal for protection and the State Defence Council accepted the withdrawal, already provided by the Court of Appeals of Santiago.

Regarding this same band and the resolutions of the Department of Telecommunications, Telefónica Chile submitted a query to the Competition Tribunal (non-contentious), to determine how resolution 1953 should be interpreted, which allows the use of part of the spectrum of the 3,400-3,800 MHZ band, and as such if the resolution of the Department of Telecommunications provides competitive advantages for a future tendering of the 5G band. February 17 was the deadline for stakeholders to provide background information.

Internationally, the Group currently operates only in Peru, the market, resource requirements and management efforts of which are aligned to the current strategic definitions. The Group's business in Peru focused on the mobile phone service business through Entel Peru, integrated fixed network services for business customers through Americatel Peru, and call center services.

Entel Perú has restructured its business strategy to become a global mobile carrier, serving all customer segments and delivering a unique experience in a time of significant technological evolution towards mobile data services. For this purpose efforts have been focused on expanding the network, technology supply for voice and mobile data, distribution channels and increasing the commercial offering and handset range for the market.

Entel Peru has continued with brand building, with a high level of customer satisfaction and expansion of its world-class network. It is offering customers major promotions, leveraged by a distinctive user experience and supported by world-class infrastructure. The commercial offering includes high-capacity multimedia data plans with unlimited voice service regardless of the destination network, high-end handsets and free access to social networks. This commercial proposal has been recognized by the Peruvian market and today the brand has a high level of memorability. Also, throughout 2017 the offer of a wide range of multimedia plans has been expanded with attractive internet browsing quotas, promotions to social networks and free minutes for calls to all destination networks. A wide range of intelligent smartphones continue to be offered, as well as plans for SIM cards without a handset, and the financing method has been incorporated into the sale of postpaid handsets.

Over the course of the period, the company continued to substantially improve its margins. The significant growth in revenue, the reduction of mobile interconnection rates, the lower costs of infrastructure leases and the higher efficiency of client capture have been the main drivers of these improvements.

In the prepaid segment, the Company successfully completed the migration to new digital platforms with solid implementation and better sales processes for prepaid customers. An improved deal was offered to prepaid customers to enjoy the benefits of a postpaid plan without a contract for 30 days (prepaid chip 29) available for second lines and portability.

The new mobile interconnection rates for the period 2018-2021 began on January 29, 2018 with a reduction of 67%, reaching a 75% reduction over the last twelve months. The charge will be applied to all operators in the industry and will be reviewed each year according to the volume of traffic.

The customer base has grown steadily, reaching 7,814,806 customers as at December 31, 2018, up 19% on December last year and 5% up on the previous quarter, driven by 2G, 3G and 4G services. This increase was driven by 1,271,647 net sales over the course of the twelve months of this year and 371,000 in the fourth quarter, growing in both post- and prepaid. The postpaid customer base (voice and mobile broadband), with its higher-value customers, grew by 20% compared to December 2017. With regard to prepaid (voice and mobile broadband), the customer base

grew by 19% and progress continued in developing services and increasing top-up channels throughout the country, as well as sales and distribution networks, and offering access to social networks for free. Entel Peru holds one of the 30 MHz blocks on the 700 MHz band, through a public tender conducted by the Ministry of Transport and Communications. This band is of great importance for 4G services.

The residential segment continued to grow, offering phone and wireless broadband services, making use of the mobile network's capabilities and reaching 193,000 revenue generating units in post- and prepaid as at December 31, 2018 (+ 39%). This increase was mainly in the fixed wireless broadband service, available in Lima and some cities in Peru. Currently the Company is deploying a new network in the 2.3 GHz band that will improve speeds and coverage.

At the end of May, the purchase of Direcnet del Perú by Entel Chile was completed with the acquisition of all the shares for USD3.6 million. The company's main asset is the concession and spectrum over block B on the 2,300 MHz band, with a bandwidth of 30 MHz. This acquisition will help complement existing capacities to continue developing business in Peru.

Analysis of Market Risk

The market risks faced by the Group's companies are discussed in note 31 of the consolidated financial statements.

The note describes the technological, regulatory, currency, credit, interest rate and liquidity risks, as well as the control and mitigation policies applied. The continuous analysis of technology and market trends is strengthened through an alliance with the Vodafone Group, a British carrier and worldwide leader in mobile services. Through this alliance, the Entel Group, amongst other benefits, shares bests practices in customer service, has access to new voice and data products with international access, is able to increase Roaming service coverage and quality and maintain a leading position in the development of added-value services in the area of Advanced Digital Mobile Telephony.

Regarding tariff processes, the authorities are continuing with the policy initiated in 2014 to establish tariff decreases in services provided through interconnections, especially access charges for mobile and fixed concessionaires.

Faced with the aforementioned regulatory changes, the diversification and size of the Entel Group helps mitigate the adverse consequences of any regulation, as well as creating new business opportunities. However, in a regulated industry, changes that impact the results or limit growth prospects cannot be ruled out. Regarding the freezing of the 3,500 MHz band declared by the Department of Telecommunications in June, in early October this was partially revoked, allowing the continued rollout and supplying of the wireless broadband business (FWBB).

IV. Compliance with Commitments

Through to the present date, the Group's companies have complied with all their obligations with third parties.

Certificate of Accounts Inspectors

Dear Shareholders

Empresa Nacional de Telecomunicaciones S.A.

We have reviewed the Individual and Consolidated Financial Statements of Empresa Nacional de Telecomunicaciones SA, for the twelve-month period ended December 31, 2018, a review that has resulted in no remarks. Our examination and review as Account Inspectors included checking account balances in the general ledger and summary sheet of the Consolidated Financial Statements with the corresponding accounts on the Balance Sheet and the Income Statement on this date.



Leonardo Augusto Guzmán Faber
Inspector of Accounts



Gastón Ibarra Ponce
Inspector of Accounts

Santiago, January 31, 2019.

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Chapter III **Subsidiaries and Affiliates**





Financial Statements for Subsidiaries

as at December 31, 2018 and December 31, 2017

	Entel PCS Telecomunicaciones S.A. y Filial		Entel Telefonía Local S.A. y Filiales		Entel Servicios Telefónicos S.A.		Micarrier Telecomunicaciones S.A.		Entel Inversiones S.A. y filial	
	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17
ASSETS										
Current Assets	375,787,956	291,658,320	34,540,387	24,022,702	195,380	76,346	309,299	307,933	7,996,246	6,483,825
Non-current Assets	824,672,927	812,549,167	41,858,959	58,714,926	2,330,136	2,289,289	2,709,253	2,584,790	44,047,500	39,256,848
TOTAL ASSETS	1,200,460,883	1,104,207,487	76,399,346	82,737,628	2,525,516	2,365,635	3,018,552	2,892,723	52,043,746	45,740,673
LIABILITIES										
Current Liabilities	261,277,009	309,449,677	26,788,989	18,045,543	238,823	175,032	-	-	10,209,170	9,789,493
Non-Current Liabilities	351,959,412	268,134,501	16,554,166	1,587,397	-	944	-	-	19,914,051	12,160,367
TOTAL LIABILITIES	613,236,421	577,584,178	43,343,155	19,632,940	238,823	175,976	-	-	30,123,221	21,949,860
NET EQUITY										
Paid-in Capital	128,398,586	128,398,586	29,603,142	29,603,142	1,413,277	1,413,277	4,141,580	4,141,580	2,870,847	2,870,847
Other Reserves	(10,526,899)	(10,526,899)	(2,419,357)	(2,419,357)	(115,502)	(115,502)	(338,476)	(338,476)	584,999	(44,210)
Retained Earnings	469,302,589	408,707,500	5,871,906	35,895,682	988,918	891,884	(784,552)	(910,381)	13,003,907	14,629,898
Non-controlling stock	50,186	44,122	500	25,221	-	-	-	-	5,460,772	6,334,278
Conversion reserves										-
TOTAL LIABILITIES AND NET EQUITY	1,200,460,883	1,104,207,487	76,399,346	82,737,628	2,525,516	2,365,635	3,018,552	2,892,723	52,043,746	45,740,673

Summary statements of comprehensive income for subsidiaries

As at December 31, 2018, and December 31, 2017, in thousands of pesos

	Entel PCS Telecomunicaciones S.A. y Filial		Entel Telefonía Local S.A. y Filiales		Entel Servicios Telefónicos S.A.		Micarrier Telecomunicaciones S.A.		Entel Inversiones S.A. y filial	
	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17
Ordinary Revenue										
Ordinary Revenue	1,298,486,775	1,327,463,513	364,403,852	345,510,553	724,170	724,053	-	-	24,407,978	26,155,138
Other operating revenue	2,135,654	4,466,460	497,746	258,658	-	99,315	140,994	137,429	89,736	448,408
Staff Costs	(61,617,182)	(58,624,735)	(907,731)	(889,650)	-	-	-	-	(6,874,223)	(6,728,928)
Depreciation and Amortization	(161,149,440)	(155,018,441)	(2,596,461)	(3,092,225)	-	-	-	-	(5,302,769)	(5,065,675)
Other miscellaneous operating costs	(1,041,829,924)	(1,001,940,740)	(322,340,916)	(294,209,028)	(178,462)	(251,477)	(15,165)	(14,547)	(17,509,124)	(18,940,459)
Pre-Tax Profit (Loss)	36,025,883	116,346,057	39,056,490	47,578,308	545,708	571,891	125,829	122,882	(5,188,402)	(4,131,516)
Revenue (expenditure) for corporate tax	(6,605,956)	(27,684,705)	(10,073,188)	(11,669,471)	(118,024)	(131,023)	-	-	635,198	205,035
PROFIT (LOSS)	29,419,927	88,661,352	28,983,302	35,908,837	427,684	440,868	125,829	122,882	(4,553,204)	(3,926,481)
"Earnings (losses) attributable to parent company shareholders"	29,418,020	88,660,627	28,976,224	35,895,682	427,684	440,868	125,829	122,882	(3,202,234)	(3,007,873)
Earnings attributable to noncontrolling shares	1,907	725	7,078	13,155	-	-	-	-	(1,350,970)	(918,608)
PROFIT (LOSS)	29,419,927	88,661,352	28,983,302	35,908,837	427,684	440,868	125,829	122,882	(4,553,204)	(3,926,481)
PROFIT (LOSS) PER SHARE										
Ordinary shares	366,89	1,105,74	1,668,53	2,066,97	132,001,23	136,070,34	12,582,90	12,288,20	(288,749,69)	(271,223,91)

Entel Call Center S.A. y filiales		Entel Perú S.A		Direcnet S.A.C		Entel Internacional BVI Corp. y filial		Empresa de Radiocomunicaciones Insta Beep Ltda.	
31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-16	31-12-15
16,912,207	16,184,554	233,975,728	153,967,008	991,234	-	20,427	20,272	4,414	4,292
22,194,051	22,064,728	1,428,986,488	1,147,837,303	2,588,456	-	276,092	244,583	-	-
39,106,258	38,249,282	1,662,962,216	1,301,804,311	3,579,690	-	296,519	264,855	4,414	4,292
9,675,916	7,607,525	223,523,487	185,361,859	959,407	-	-	-	422	421
12,370,919	14,092,742	1,088,885,713	803,660,988	2,100,850	-	-	-	886,472	860,414
22,046,835	21,700,267	1,312,409,200	989,022,847	3,060,257	-	296,519	264,855	886,894	860,835
13,867,175	13,867,175	638,026,108	542,146,108	2,946,401	-	25,211,353	25,211,353	2,969,432	2,969,432
(2,119,492)	(2,691,970)	(42,589,508)	(43,930,897)	62,209	-	5,222	5,001	(242,681)	(242,681)
5,301,342	5,357,468	(244,883,584)	(185,433,747)	(2,489,177)	-	(24,920,056)	(24,951,499)	(3,609,231)	(3,583,294)
10,398	16,342	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
39,106,258	38,249,282	1,662,962,216	1,301,804,311	3,579,690	-	296,519	264,855	4,414	4,292

Entel Call Center S.A. y filiales		Entel Perú S.A		Direcnet S.A.C		Entel Internacional BVI Corp. y filial		Empresa de Radiocomunicaciones Insta Beep Ltda.	
31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-16	31-12-15
65,693,417	64,275,001	479,843,510	463,387,973	-	-	-	-	-	-
414,643	1,001,161	9,245,282	7,413,839	-	-	(320)	76	-	-
(46,664,761)	(40,027,831)	(58,897,083)	(56,304,571)	(87,399)	-	-	-	-	-
(1,828,643)	(1,784,433)	(47,348,488)	(42,935,985)	(284,247)	-	-	-	-	-
(16,221,679)	(18,552,106)	(532,135,593)	(529,956,509)	(1,704,596)	-	31,763	(25,773)	(25,937)	(11,770)
1,392,977	4,911,792	(149,292,372)	(158,395,253)	(2,076,242)	-	31,443	(25,697)	(25,937)	(11,770)
(1,446,700)	(2,064,469)	42,364,442	43,038,225	263,547	-	-	-	-	-
(53,723)	2,847,323	(106,927,930)	(115,357,028)	(1,812,695)	-	31,443	(25,697)	(25,937)	(11,770)
(56,126)	2,846,224	(106,927,930)	(115,357,028)	(1,812,695)	-	31,443	(25,697)	(25,937)	(11,770)
2,403	1,099	-	-	-	-	-	-	-	-
(53,723)	2,847,323	(106,927,930)	(115,357,028)	(1,812,695)	-	31,443	(25,697)	(25,937)	(11,770)
(5,91)	299,57	(33,00)	(41,97)	(32,53)	-	628,86	(513,94)	0,00	0,00

Summary cash flow statements for subsidiaries

As at December 31, 2018, and December 31, 2017 (in thousands of pesos)

	Entel PCS Telecomunicaciones S.A. y Filial	Entel Telefonía Local S.A. y Filiales	Entel Servicios Telefónicos S.A.	Micarrier Telecomunicaciones S.A.	Entel Inversiones S.A. y filial					
	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17
Net cash flows from (used in) operating activities	168,156,478	296,830,011	28,384,916	28,584,105	284,417	519,440	(15,202)	(17,178)	849,130	3,507,499
Net cash flows from (used in) investment activities	(195,520,756)	(174,111,809)	(985,683)	(823,661)	-	-	15,202	17,178	(5,604,131)	(8,247,071)
Net Cash Flows from (used in) Financing Activities	27,409,429	(123,506,286)	(27,145,546)	(27,984,066)	(284,417)	(519,440)	-	-	5,219,495	4,782,387
Net increase (decrease) in cash and cash equivalents	45,151	(788,084)	253,687	(223,622)	-	-	-	-	464,494	42,815
Effects of foreign currency variations on cash and cash equivalents	-	-	-	-	-	-	-	-	77,312	(48,195)
Cash and cash equivalents, statement of cash flow, initial balance	1,067,777	1,855,861	218,220	441,842	156	156	-	-	880,373	885,753
Cash and cash equivalents, statement of cash flow, final balance	1,112,928	1,067,777	471,907	218,220	156	156	-	-	1,422,179	880,373

Statement of changes in equity of subsidiaries

As at December 31, 2018, and December 31, 2017 (in thousands of pesos)

	Entel PCS Telecomunicaciones S.A. y Filial	Entel Telefonía Local S.A. y Filiales	Entel Servicios Telefónicos S.A.	Micarrier Telecomunicaciones S.A.	Entel Inversiones S.A. y filial
Opening Balance Current Period 01-01-2018	526,623,309	63,104,688	2,189,659	2,892,723	23,790,813
Income from comprehensive income and expenditure	82,721,497	28,983,302	427,684	125,829	(1,851,264)
Distribution of final dividends	(39,897,282)	(59,000,000)	(330,650)	-	-
Increase (decrease) for other distributions to owners	(8,825,406)	-	-	-	-
Other increases (decreases) in Net Equity	26,602,344	(31,799)	-	-	(19,024)
Final Balance Current Period 12-31-2018	587,224,462	33,056,191	2,286,693	3,018,552	21,920,525
Opening Balance Previous Period 01-01-2017	488,546,205	69,612,628	1,748,791	2,769,841	27,290,841
Income from comprehensive income and expenditure	88,661,352	35,908,837	440,868	122,882	(3,926,481)
Distribution of final dividends	(59,965,149)	(42,416,769)	-	-	-
Minimum Dividend	(26,598,188)	-	-	-	-
Other increases (decreases) in Net Equity	35,979,089	(8)	-	-	426,453
Final Balance as at 12-31-2017	526,623,309	63,104,688	2,189,659	2,892,723	23,790,813

Entel Call Center S.A. y filiales		Entel Perú S.A		Direcnet S.A.C		Entel Internacional BVI Corp. y filial		Empresa de Radiocomunicaciones Insta Beep Ltda.	
31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-18	31-12-17	31-12-16	31-12-15
8,959,631	8,242,390	(37,610,109)	(102,091,385)	(3,634,906)	-	(2,501)	(2,188)	(25,937)	(11,420)
4,659,522	(1,787,121)	(150,340,838)	(102,426,064)	(3,422,108)	-	-	-	-	-
(13,980,474)	(5,216,808)	187,209,185	207,219,340	6,403,687	-	-	(2)	25,937	11,420
(361,321)	1,238,461	(741,762)	2,701,891	(653,327)	-	(2,501)	(2,190)	-	-
158,617	(87,927)	366,574	(250,000)	845,784	-	2,656	(1,969)	-	-
1,618,186	467,652	4,554,378	2,102,487	72,034	-	20,272	24,431	-	-
1,415,482	1,618,186	4,179,190	4,554,378	264,491	#iVALOR!	20,427	20,272	-	-

Entel Call Center S.A. y filiales(1)		Entel Perú S.A		Direcnet S.A.C		Entel Internacional BVI Corp. y filial		Empresa de Radiocomunicaciones Insta Beep Ltda.	
16,549,015		312,781,464		2,089,453		264,855		(856,543)	
(53,723)		(106,927,930)		(1,570,020)		31,443		(25,937)	
-		-		-		-		-	
-		97,221,389		-		-		-	
564,131		47,478,093		-		221		-	
17,059,423		350,553,016		519,433		296,519		(882,480)	
14,020,463		262,618,939		-		290,853		(844,773)	
2,847,323		(191,914,664)		-		(25,697)		(11,770)	
-		-		-		-		-	
-		242,550,136		-		-		-	
(318,771)		(472,947)		-		(301)		-	
16,549,015		312,781,464		-		264,855		(856,543)	

Subsidiaries of Entel S.A.

Company Name	Entel PCS Telecomunicaciones S.A. and subsidiaries	Entel Telefonía Local S.A. o Entel Phone S.A. and subsidiaries
Legal Status	Close corporation, registered in the Special Register of Reporting Entities (Number 33).	Close corporation.
Articles of Incorporation	Incorporated as a corporation by public deed on October 3, 1996, in accordance with the laws of the Republic of Chile.	Incorporated as a corporation by public deed on April 29, 1994, in accordance with the laws of the Republic of Chile. On December 20, 1994, by Supreme Decree 450, the Ministry of Transport and Telecommunications awarded a public telephone service concession to the company to install, operate, and run a local telephone system.
Business purpose	The study, construction and operation of a system to provide a full range of transmission, switching, communication, metering, billing and charging services for mobile telecommunications; the import, export, marketing, distribution, sale, leasing and provision in any other form of all types of equipment required to provide mobile communications, together with complementary and supplementary services; and, in general, all types of activities, including agreeing, signing and executing all types of contracts, required to provide any type of mobile telecommunications services.	Its aim is to satisfy telephone, multimedia and infrastructure needs of high-use consumers; to provide sales and dealership services for communication equipment and undertake any business activities related to telecommunications.
Subscribed and paid-in capital, December 31, 2018	Ch\$ 128,398,586 thousand.	Ch\$ 29,603,142 thousand.
Direct and indirect share in Entel S.A.	Entel Chile S.A.: 99.999% Entel Inversiones S.A.: 0.001%	Entel Chile S.A. 99.00% Entel Inversiones S.A. 1.00%
Percentage of investment in Entel S.A. assets	17.26%	0.96%
Income for 2018	Ch\$ 29,419,927 thousand	Ch\$ 28,983,302 thousand.
Board of Directors	Juan Hurtado Vicuña, Chairman of the Board Luis Felipe Gaitán, Vice President of the Board Richard Büchi Buc, Director Felipe Ureta P., Director Alfredo Parot D., Director	Antonio Büchi B., Chairman of the Board Sebastián Domínguez P., Director Alfredo Parot D., Director José Luis Poch P., Director Felipe Ureta P., Director
CEO	Antonio Büchi B.	Mario Núñez P.
Positions held at Entel Chile S.A.	Alfredo Parot D., Vice President Technology and Operations Felipe Ureta P., Finance and Management Control Executive Antonio Büchi B., Chief Executive Officer	Antonio Büchi B., Chief Executive Officer Sebastián Domínguez P., Vice President of Transformation and Business Support Alfredo Parot D., Vice President Technology and Operations José Luis Poch P., Vice President Consumer Segment Felipe Ureta P., Finance and Management Control Manager Mario Núñez P., Vice President Enterprise Segment
Business relationship with Entel Chile S.A.	Entel PCS Telecomunicaciones S.A. provides network infrastructure to increase the coverage of its fixed telecommunications services. Entel Chile S.A. provides it with telecommunications services to support its mobile communications operations.	EntelPhone S.A. provides Entel Chile S.A. with the necessary services to complement its comprehensive range of communications and business continuity. Entel Chile S.A. provides operation and maintenance services for network platforms that support their business.
Agreements and Contracts	Entel PCS SA hires national signal transport services in switched and dedicated mode from Entel Chile SA for Ch\$ 184,188,294 thousand. Entel PCS also leases or sub-leases physical space in buildings, stores, and radio stations from Entel Chile S.A. or third parties and receives marketing consultancy services, telephone technical services, and data center services for Ch\$ 12,612,477 thousand. Entel Chile S.A. receives infrastructure leasing, telecommunications services, and the payment of access charges from Entel Chile S.A. for Ch\$ 7,804,196 thousand.	Entel Phone SA receives the annual leasing of telecommunications infrastructure and installation services, provision of operation and maintenance services for networks, leasing or subleasing of physical space in buildings and commercial premises, IT data processing services, network administration and administration services from Entel Chile S.A. for Ch\$ 21,751,095 thousand. Provides telecommunications services and access charges to Entel Chile S.A. Ch\$ 1,317,080 thousand.

Subsidiaries of Entel S.A.

Company Name	ENTEL Perú S.A.	ENTEL Call Center S.A. and subsidiaries
Legal Status	Subsidiary abroad.	Close corporation.
Articles of Incorporation	ENTEL Peru S.A. (formerly Nextel del Peru S.A.) was incorporated as a limited company by public deed on December 30, 1987, under the laws of the Republic of Peru.	Entel Call Center SA (formerly Entel Internacional S.A.), incorporated as a corporation by public deed on September 12, 1989, in accordance with the laws of the Republic of Chile. Its initial purpose was to provide consultancy services for telecommunications and IT projects. Its business purpose was amended on March 29, 2000.
Business purpose	The provision of telecommunications end-user and value-added services, including trunked service, single- and bi-directional person search services, transmission services, storage and processing of data and any other telecommunications services in line with Peruvian legislation; activities related to the acquisition, installation, sale and maintenance of telecommunications equipment and the supply of related services.	The development, installation, operation and running of its own and third-party telecommunications platforms in Chile and abroad, and, in general, develop activities or services provided through telecommunications equipment or installations served by operators or automated operations.
Subscribed and paid-in capital, December 31, 2018	Ch\$ 638,026,108 thousand.	Ch\$ 13,867,175 thousand.
Direct and indirect share in Entel S.A.	Entel Chile S.A. 98,20% Entel Inversiones S.A. 1,80%	Entel Chile S.A. 90,00% Entel Inversiones S.A. 10,00%
Percentage of investment in Entel S.A. assets	10.12%	0.45%
Income for 2018	Ch\$(106,927,930) thousand.	Ch\$(53,723) thousand.
Board of Directors	Antonio Büchi B., Chairman of the Board Felipe Ureta P., Director Richard Büchi B., Director José Luis Poch P., Director Alfredo Parot D., Director Juan Hurtado V., Director Luis Felipe Gazitúa A., Director Sebastián Domínguez P., Director Carmen Rosa Graham A., Director Martín Pérez M., Director	Sebastián Domínguez P., Chairman of the Board Julián San Martín A., Director Mario Núñez P., Director José Luis Poch P., Director Felipe Ureta P., Director
CEO	Ramiro Lafarga B.	José Antonio Llanos D.
Positions held at Entel Chile S.A.	Antonio Büchi B., Chief Executive Officer Felipe Ureta P., Finance and Management Control Manager José Luis Poch P., Vice President Consumer Segment Alfredo Parot D., Vice President Technology and Operations Sebastián Domínguez P., Vice President of Transformation and Business Support	Sebastián Domínguez P., Vice President of Transformation and Business Support Julián San Martín A., Vice President Corporate Segment Mario Núñez P., Vice President Enterprise Segment José Luis Poch P., Vice President Consumer Segment Felipe Ureta P., Finance and Management Control Manager
Business relationship with Entel Chile S.A.	Entel Peru S.A. and Entel Chile S.A. they provide each other with transportation services and international communications termination services.	Entel Call Center provides the infrastructure required for services via remote channels for customers of subsidiaries of the Entel Group. Entel Chile SA meanwhile provides all the telecommunications services that support the call center business.
Agreements and Contracts	Entel Peru S.A. hired Entel Chile S.A. traffic termination and access charges payments for Ch\$ 2,695,695 thousand. Entel Chile S.A. hired Entel Peru traffic termination services and payment of access charges for Ch\$ 1,779,889 thousand.	Entel Chile S.A. provides Entel Call Center S.A. with telecommunications, administration and IT services, and leases office space for Ch\$ 384,873 thousand. Entel Call Center SA provides inbound and outbound call services to Entel Chile S.A. for Ch\$ 10,641,570 thousand.

Subsidiaries of Entel S.A.

Company Name	ENTEL Inversiones S.A. and subsidiaries	ENTEL International B.V.I. Corp., and subsidiary
Legal Status	Close corporation.	Subsidiary abroad.
Articles of incorporation	Incorporated as a corporation by public deed on August 8, 1989, in accordance with the laws of the Republic of Chile.	Incorporated as a corporation on February 12, 1993, in Tortola, the British Virgin Islands.
Business purpose	Making strategic investments in line with corporate objectives, regardless of their relationship to the telecommunications business.	Making strategic foreign investments for Entel.
Subscribed and paid-in capital, December 31, 2018	Ch\$ 2,870,847 thousand.	Ch\$ 25,211,353 thousand.
Direct and indirect share in Entel S.A.	Entel Chile S.A. 99.99% Entel International BVI Corp. 0.01%	Entel Chile S.A. 100.00%
Percentage of investment in Entel S.A. assets	0.37%	0.01%
Income for 2018	Ch\$ (1,851,264) thousand.	Ch\$ 31,443 thousand.
Board of Directors	Antonio Büchi B., Chairman of the Board Cristián Maturana M., Director Alfredo Parot D., Director	Richard Büchi B., Chairman of the Board Antonio Büchi B., Director Felipe Ureta P., Director
CEO	Felipe Ureta P.	Felipe Ureta P.
Positions held at Entel Chile S.A.	Antonio Büchi B., Chief Executive Officer Cristián Maturana M., Legal Executive Alfredo Parot D., Vice President Technology and Operations Felipe Ureta P., Finance and Management Control Manager	Antonio Büchi B., Chief Executive Officer Felipe Ureta P., Finance and Management Control Manager
Business relationship with Entel Chile S.A.	Reciprocal provision of international communications transport and termination services.	None.
Agreements and Contracts	Receives international data transportation and traffic termination services from Entel Chile S.A. Ch\$ 232,712 thousand. Provides Entel Chile S.A. with international traffic termination services and the sale of services Ch\$ 117,525 thousand.	There were no acts or contracts that significantly influenced the operations and results.

Subsidiaries of Entel S.A.

Company Name	Micarrier Telecomunicaciones S.A. o Micarrier S.A.	Direcnet S.A.C
Legal Status	Close corporation.	Subsidiary abroad.
Articles of Incorporation	Incorporated as a corporation by public deed on December 30, 1988, in accordance with the laws of the Republic of Chile. Formerly known as Entel Servicios de Datos S.A. until March 26, 1996 when it amended its articles of incorporation to change its name.	Direcnet S.A.C se constituyó como sociedad anónima cerrada por escritura pública de 23 de diciembre de 2016, conforme a las leyes de la República de Perú.
Business purpose	The installation, operation, running and provision of public and private telecommunications services at national and international level, both directly and through third parties.	Its purpose is to provide public service cable distribution in the form of direct broadcast by satellite, local carrier services, value-added services and in general, all types of public telecommunications service allowed by the rules governing the telecommunications activities.
Subscribed and paid-in capital, December 31, 2018	Ch\$ 4,141,580 thousand.	Ch\$ 2,946,401 thousand.
Direct and indirect share in Entel S.A.	Entel Chile S.A. 99.99% Entel Inversiones S.A. 0.01%	Entel Chile S.A. 99.99% Entel Inversiones S.A. 0.01%
Percentage of investment in Entel S.A. assets	0.09%	0.02%
Income for 2018	Ch\$ 125,829 thousand.	Ch\$(1,812,695) thousand.
Board of Directors	José Luis Poch P., Chairman of the Board Mario Núñez P., Director Alfredo Parot D., Director Sebastián Domínguez P., Director Felipe Ureta P., Director	None.
CEO	Pablo Pfingsthorn O.	Luis Torrealba F.
Positions held at Entel Chile S.A.	José Luis Poch P., Vice President Consumer Segment Mario Núñez P., Vice President Enterprise Segment Alfredo Parot D., Vice President of Technology and Operations Sebastián Domínguez P., Vice President of Transformation and Business Support Felipe Ureta P., Finance and Management Control Manager Pablo Pfingsthorn O., Head of Financial Planning and Management Control Department	
Business relationship with Entel Chile S.A.	None.	None.
Agreements and Contracts	There were no acts or contracts that significantly influenced the operations and results.	There were no acts or contracts that significantly influenced the operations and results.

Subsidiaries of Entel S.A.

Company Name	Entel Servicios Telefónicos o Entelfónica S.A.	Sociedad de Telecomunicaciones Instabeep Ltda.
Legal Status	Close corporation.	Limited liability company.
Articles of Incorporation	Originally incorporated as a close corporation by public deed dated March 13, 1989, under the laws of the Republic of Chile and with the name Global Telecomunicaciones S.A. On June 24, 1993, the corporate status was amended, changing the name and legal status.	Incorporated as a limited liability company by public deed on August 4, 1985, in accordance with the laws of the Republic of Chile.
Business purpose	To provide telecommunications services, sales, distribution and dealership services, and to undertake any business activities related to telecommunications.	The aim of the company is to carry out business relating to electrical and electronic engineering, especially concerning the establishment, operation and use of communications services and any other related activity agreed on by the partners.
Subscribed and paid-in capital, December 31, 2018	Ch\$ 1,413,277 thousand.	Ch\$ 2,969,432 thousand.
Direct and indirect share in Entel S.A.	Entel Chile S.A.: 91.42% Entel Inversiones S.A.: 8.58%	Entel Chile S.A. 99.99% Entel PCS Telecomunicaciones S.A. 0.01%
Percentage of investment in Entel S.A. assets	0.06%	0.00%
Income for 2018	Ch\$ 427,684 thousand.	Ch\$(25,937) thousand.
Board of Directors	José Luis Poch P., Presidente del Directorio Sebastián Domínguez P., Director Felipe Ureta P., Director	No tiene.
CEO	Pablo Pfingsthorn O.	José Luis Poch P.
Positions held at Entel Chile S.A.	José Luis Poch P., Vice President Consumer Segment Sebastián Domínguez P., Vice President of Transformation and Business Support Felipe Ureta P., Finance and Management Control Manager Pablo Pfingsthorn O., Head of Financial Planning and Management Control Department	José Luis Poch P., Vice President Consumer Segment
Business relationship with Entel Chile S.A.	Entelfónica S.A. provides advertising services in public telephones to Entel Chile S.A. In turn, Entel Chile S.A. it provides operation and maintenance services for the public telephone network.	None.
Agreements and Contracts	Provides national and international signal transportation services, receives administration and computer services and leases or subleases physical spaces in commercial premises, Ch\$ 167,789 thousand. ENTELFÓNICA SA provides Entel Chile SA with advertising and customer care services Ch\$ 670,254 thousand.	There were no acts or contracts that significantly influenced the operations and results.



Design

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Annual Report

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Sustainability
Report

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CEO's Letter

To all our stakeholders:

With the publication of this ninth Entel Sustainability Report, we celebrate thirteen years of commitment to transparency and sustainability in our company's operations.

It has been a path of many challenges and lessons, which we started with specific measures and today extends across the different departments of the company and to very center of our business. This vision is consistent with the idea that drove the founding of Entel in the middle of the last century: take telecommunications to more places and open up opportunities for more people. Today, presented with the important and growing role played by technology in people's lives and the economic and social development of the countries where we operate, we wanted to reaffirm this conviction in our corporate mission, and we started 2018 declaring that "we exist to draw on the infinite possibilities technology offers to responsibly transform society".

With the publication of this ninth Entel Sustainability Report, we celebrate thirteen years of commitment to transparency and sustainability in our company's operations.



Restructuring is at the center of our mission and is part of our history which stretches back more than 50 years. This has been particularly dizzying in recent years, with technological developments that open up opportunities and paths we never imagined before, and a response from people and markets marked by this dynamism. It has been a very big challenge, which has forced us to rethink our business from many perspectives.

At Entel we have adapted to these changes thanks to the hard work and effort of our workforce and a profound restructuring of the systems and the entire operation of the company. We were the first organizations in Chile to implement agile work methodologies and in 2018 we saw how this approach has helped us innovate procedures and our value proposition; to coordinate better, with fresh and multidisciplinary looks; and to significantly improve the efficiency with which we perform our work. The great digital restructuring process that we started in 2015 is already letting us deliver state-of-the-art technological solutions that leverage unique experiences for

our clients. Far from having finished, this transformation will continue to be extended, but now with far more dynamic organization, capable of adapting and responding in an unerring, innovative and responsible way.

We are committed to bringing technology and its opportunities to more people, and to doing this responsibly in order to contribute to the transformation of society and the achievement of the great challenges and goals that we share with our stakeholders. Technology moves fast, very fast, which forces us today more than ever to coordinate with society and the authorities, identifying and acting equally quickly in the face of risks relating to the business - from addressing the inequalities arising from many people today not having timely and quality access to technology, to the security of information and the large amount of data generated today.

As such the regulatory changes made by the authorities create new opportunities, but also risks for the telecommunications industry, as in 2018 with the freezing of

the 3,500 MHz band by the Department of Telecommunications, in the midst of us rolling out the infrastructure installation. Fortunately, this was partially resolved at a later time.

In matters of information security, in 2018 we made progress with the integration of new standards and procedures for effective safeguarding and security, and we took the first steps to create data management administration based on international best practices. Both topics are already part of the cross-cutting management of the business and we will continue advancing and improving each year to achieve a robust and reliable operation.

Data traffic is growing exponentially, and as such, together with the aforementioned advances in cybersecurity, in 2018 we also made a number of technological adaptations to our network and antennas, which today can connect a greater number of people through various technological mediums. With regards to the environmental impacts of our entire value chain, we continue making advances in

the promotion of electronic recycling, supporting initiatives in our stores and in different regions, both in Chile and Peru. This is in addition to our agreement with Ericsson to recycle waste in the networks. In 2018 we recycled more than 370 tons overall and we will continue to manage the environmental impact of our products and services throughout their life cycle, in line with the commitments we made here.

In 2018 there was an important global milestone for the information age, with more than 50% of the world's population having access to an internet connection. Technology companies played an important role in achieving this, working together with multiple actors pursuing the same goal. But the challenge of connecting those that still have no access remains, along with improving the current situation and overcoming factors other than access to technology, such as social and economic disparities. We want to work together with the different actors, public and private, to establish the path and the right conditions to achieve these goals, always focusing on the well-being of people and their full integration into the information society and the opportunities for development afforded by technology.

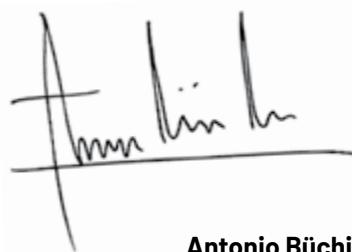
Our goal is to contribute to the responsible transformation of society, and one

of the most important missions here has emerged within our own company. We are called upon not only to fully respect people's rights and put mechanisms in place to protect their integrity and well-being, but also to value the contribution each one makes to our company. In 2018 we continued promoting work to establish Diversity and Inclusion Management, working across the company to generate more channels geared to listening to the opinions of people and building, with respect, an organization in which we can all develop our potential and talent. In addition, there have been more opportunities to enhance employees and teams, such as the Entel University, and challenges to foster cross-cutting innovation, such as "e)makers". Our team is the engine of great changes and our best tool to meet the challenges we have set as goals.

Globally and locally, our work towards sustainability has been recognized. This year we were once again part of the sustainable assets portfolio of the Dow Jones Sustainability Index for Chile and for Latin American Integrated Markets, and we continue to be part of the London Stock Exchange's FTSE4Good. In Chile, for the second year we participated in the Prohumana business sustainability ranking, achieving 4th place. And both in Chile and in Peru we remain committed

to the principles of the United Nations Global Compact.

Together with all those who make up Entel, we invite you to explore this report, to be part of the initiatives we promote each day to create more opportunities and move forward safely towards the future, building, as our mission states, a world of infinite possibilities.



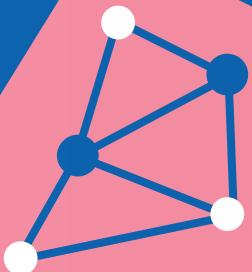
Antonio Büchi Buc
CEO

FOR TRANSLATION PURPOSE



01.

Infinite Possibilities



**Creating a New Entel
Mission and Cultural
Pillars**



1.1 Sustainability Profile

 102-12
 102-16

ENTEL MISSION

"We exist to draw on the infinite possibilities technology offers to responsibly transform society"

Technology has driven many of the biggest changes the planet has seen in recent decades. How many of the activities we carry out today and are part of our daily routines were unimaginable a generation ago? How do those changes come about and how do they touch more people every day? How is the economy and our society being transformed with such speed, and how can the organizations and institutions that govern us adapt to that?

Transformation and change are part of Entel's story. We came into being a few years after the great Valdivia earthquake, to connect the different regions of Chile whose situation was becoming more vulnerable due to their being incommunicado. Even then we understood that connectivity, and, later, shrinking the digital divide, contributed to the well-being of people

and the development of the country. Added to this, ever faster technological development challenged us to transform our own company - to invest in digital systems; train the work teams to respond in an agile manner; and adapt our whole operation so that more people have safe and effective access to information and communication technologies.

Come 2018 and we are seeing that all these changes, beyond contributing to the well-being of people, are an opportunity for empowerment, a challenge to think about the company and society without restraints, and we have proposed - to start with - to contribute, with the responsibility and commitment this implies.

CULTURAL PILLARS



Change the world!



Love what you do!



Make it amazing!



Feel like your customer!



Take the risk!



Join the challenge!

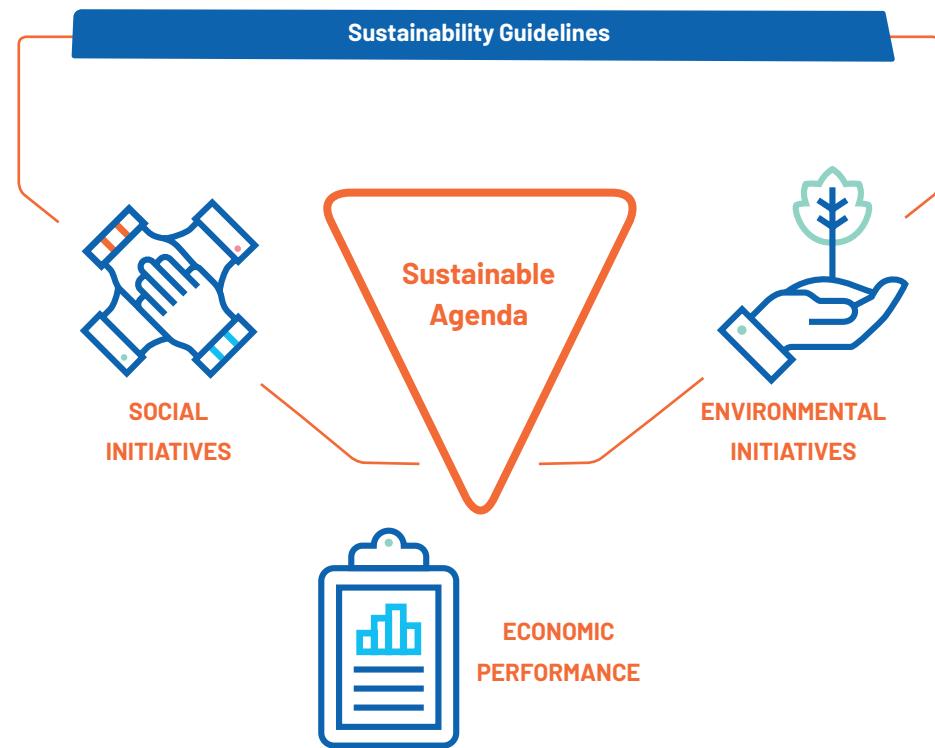
The restructuring of our mission from "living better connected" to "infinite possibilities", and setting new corporate pillars was a process that began in 2017 by consulting with the entire organization. This was a participatory exercise that synthesized many of the elements of Entel's restructuring process. Defining our mission allows us to look together at the biggest challenge the company has in the long term, which is to remain a fundamental part of the development and transformation of society. To this end we have strategically oriented our action and development plans without losing sight of the reasons and needs behind the creation of the company.

Today, sustainability is part of our corporate mission, which throughout the history of the company has been a process of working and learning, from first reaching out to the community at the beginning of the decade with corporate social responsibility initiatives, that later became an approach shared with our stakeholders, to a vision of strategic sustainability of the business that is continuously being developed and opens up new opportunities for growth.

Over the course of 2018 we continued promoting our Sustainable Agenda. From this roadmap emerged the guidelines for managing and assessing initiatives

that facilitate both the integration of economic, social and environmental elements from any department or operational area of the company, and for building of a vision of integral and sustainable development over time.

The Sustainable Agenda has allowed Entel to build a broad vision which links the needs of the company with the expectations of society and the relevant global guidelines.



FOR TRANSLATION PURPOSE

Awards



For the fourth year in a row, Merco Ranking placed us amongst the top ten for corporate reputation - this time 8th - establishing us as leaders in the telecommunications sector. The Corporate Reputation Business Monitor is an assessment tool based on multi-stakeholder methodology comprising six assessments and 24 information sources.



For the third year running we are part of the Dow Jones Sustainability Index (DJSI), 23rd in the overall ranking for the telecommunications industry -and the only one in Chile- and part of DJSI Chile and DJSI LAIM Pacific Alliance.



In 2018 we continue to be amongst the London Stock Exchange's FTSE 4Good companies, which groups enterprises worldwide with sustainable practices.

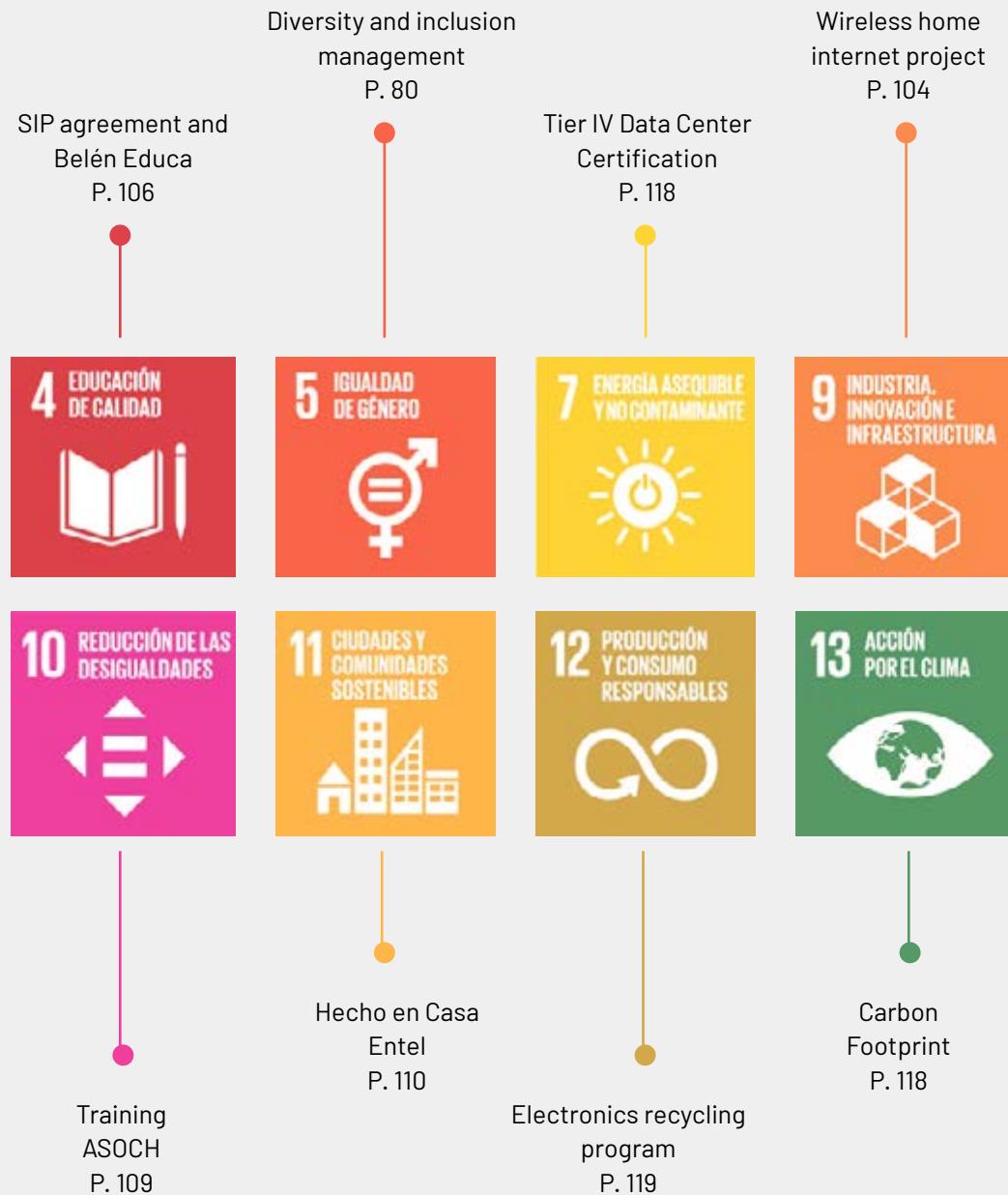


In 2018 we participated for the second time in the Prohuman sustainability ranking, achieving 4th place.



For 10 years Entel Chile has adhered to the United Nations Global Compact, an initiative to which, as of 2017, we have added the operations of Entel Peru. To this early commitment to the 10 principles of the compact - grouped under Human Rights, Labor Standards, Environment and Anticorruption - our company has envisioned how the initiatives proposed in the Sustainable Agenda can also contribute to the 17 Sustainable Development Goals of the UN's 2030 Agenda.

Integrating sustainability into the overall management of the company has allowed us to position ourselves and be measured through different accreditation bodies with national and international standards. This allows us to enhance transparency and credibility, and has even opened up investment opportunities.



Materiality

Aligning our priorities with those of our Stakeholders

102-44
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Sustainability is part of the dynamic and constantly changing environment in which companies operate, especially those like us have a significant technological component. The Sustainability Agenda has allowed us to focus our efforts for the medium term, and to enhance this vision and orient it more strategically we carried out a materiality analysis to identify the company's priority issues and those that are in line with the expectations and concerns of our stakeholders. This took place at the end of 2018 with the aim of laying the foundations for our work on these issues for the future. It also organizes the contents of this Sustainability Report in line with GRI Standards methodology. This report is the ninth our company has produced and the fourth annual one. It complies with the essential option of GRI Standards and details the results and performance for Entel Chile between January 1 and December 31, 2018. In places, and duly

indicated, information corresponding to the performance of Entel Call Center and Entel Peru for the same period is also provided.

Corporate Contact

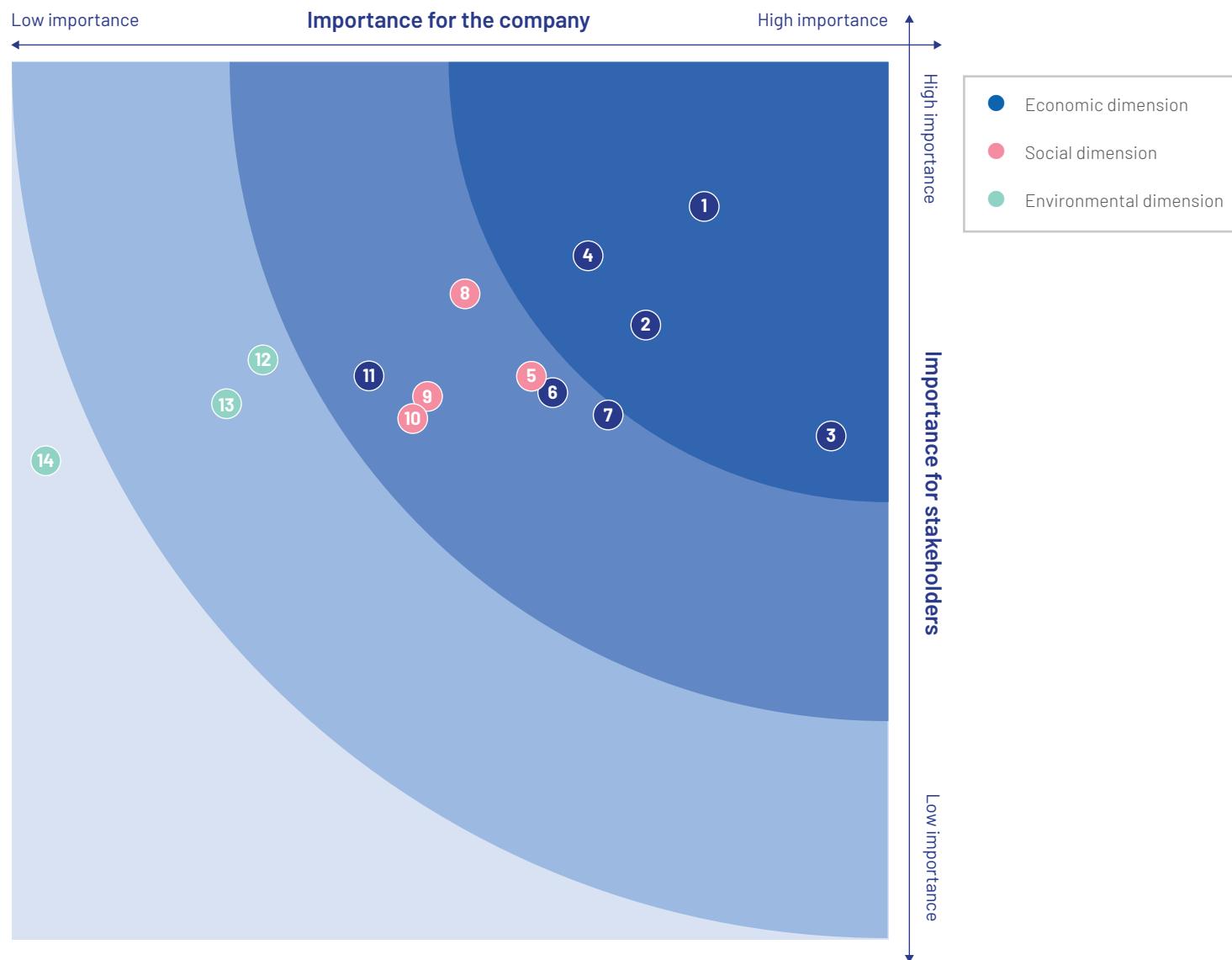
If you are interested in the information contained in this report or if you have any questions or comments on its content or need to contact those who responsible for preparing it, please get in touch through:

sustentabilidad@entel.cl

What does defining materiality consist of?

To identify and prioritize the most relevant issues for the sustainable management of the business, we interviewed ten vice presidents and top-tier managers, who stated which elements had the greatest implications for the company's management in the coming years. Through online surveys we then asked our main interest groups - customers in the different segments, suppliers and contractors, shareholders, investors and executives from other companies, authorities and regulators, representatives from civil society, neighboring communities and the media - for their top concerns and reasonable expectations.

The result of this exercise is summarized in the table below.



- 1. Information security
- 2. Ethics and corporate responsibility
- 3. Digital Transformation
- 4. Protection of Privacy
- 5. Recruiting and Retaining Talent
- 6. Consumer Experience
- 7. Regulatory changes in the industry
- 8. Human and Labor Rights
- 9. Creating Social Value
- 10. Diversity and Labor Inclusion
- 11. Management of our Supply Chain
- 12. Products/services life cycle
- 13. Operational eco-efficiency
- 14. Climate Change

FOR TRANSLATION PURPOSE

The main material issues listed in the chart as a result of this prioritization exercise represent the most important areas of action for the sustainability of the company in the medium term, and are also consistent with the main concerns of stakeholders in the development of the business and how it has the potential to transform various areas of their lives and work. All the issues mentioned are significant but differ in their degree of importance in terms of how they impact the business or their interest to the different actors with whom we are in contact when carrying out our work; as such, prioritizing is necessary.

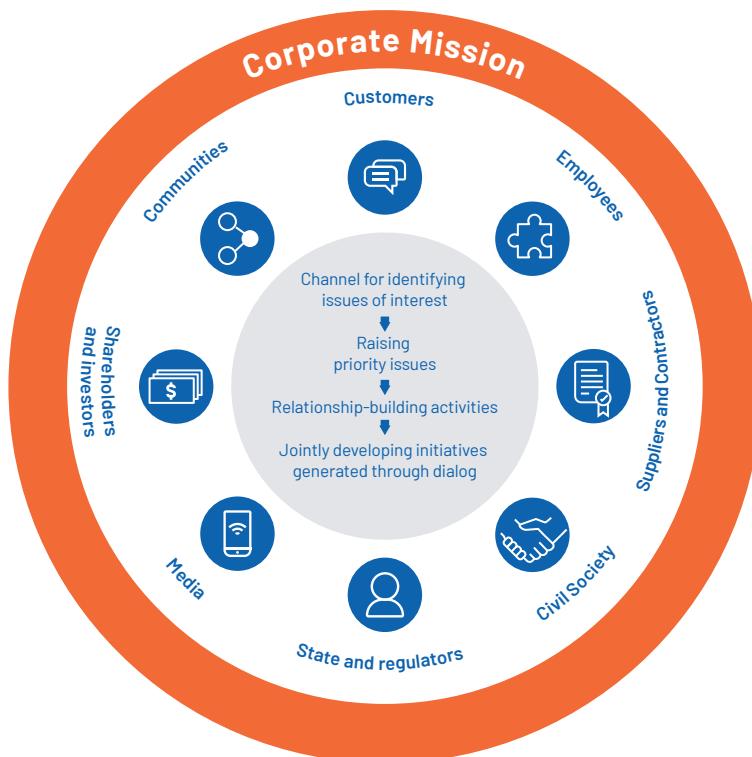
This Sustainability Report is structured around these material issues and, in each section, it shows how each is managed and the accompanying challenges for Entel.



Relationship-building with Stakeholders

At Entel we have established a relationship model with stakeholders, which formally structures work and communication with them. After initially identifying and defining stakeholders, channels are established for delivering information and identifying issues of interest. These are prioritized according to the company's guidelines, and depending on their importance relationship activities are established and even joint initiatives with stakeholders. Within this same model,

the aim and frequency of contact with each actor is established and effective follow-up on the liaison, expectations and work to be carried out can be undertaken. The Regulatory and Corporate Affairs Department, through the Sustainability and Communities Department, heads the relationship-building and oversees the application of the model.



At Entel we are part of:

- Asociación Chilena de Empresas de Tecnología de Información A.G. (ACTI)
- Asociación de Telefonía Móvil A.G. (ATELMO)
- Acceso TV A.G.
- Asociación GSM
- Centro de Estudios del Desarrollo (CED)
- Centro de Estudios Públicos (CEP)
- Libertad y Desarrollo
- Sociedad de Fomento Fábril (SOFOFA)
- Unión Social de Empresarios Cristianos (USEC)
- Pride Connection
- Prohumana Red

Creating Cross-Cutting Value

102-2

Value Proposition	Consumer Segment	Enterprise Segment	Corporate Segment	Wholesale Segment
	We help people communicate and connect with other people, and benefit from the transformative force of technology	We help companies of all sizes to boost their business through technology and communication, taking them to unimagined limits.	We help large organizations of various kinds to access, in a safe and innovative way, specific communication and technology solutions to support the strategic processes of their operations.	We help different operators to access our extensive network of fixed and mobile infrastructure and scale up the possibilities of connectivity locally and internationally.

Corporate Management

Employment and Employment Quality: 4,399 employees at Entel Chile | 11,206 jobs for contractors.

Training: 318,094 total training hours in Entel Chile.

Procurement of services and products: Nearly CLP 959 billion spent on suppliers

Investment in infrastructure and technology: USD 33.3 million on residential internet deployment on 3500 MHz band

Caring for the Environment 370 tons of electronic recycling in Chile and Peru combined

Reduction of the digital divide and working with the community: 396 employees in corporate volunteer initiatives

Our corporate mission is reflected in all the markets in which we operate and in each interaction with the actors that make it possible to set in motion and manage business from day to day. In order to offer services to people, entrepreneurs, large enterprises and corporations, and even to other operators, we need to coordinate our work with different parties and make a positive impact in these interactions. We want to open infinite possibilities for development and transformation for all:

for the customers in the different markets in which we work and for any individual or group that participates in our operation and makes it possible, whether employee or contractor, authority or regulatory body, neighboring community or civil society organization.

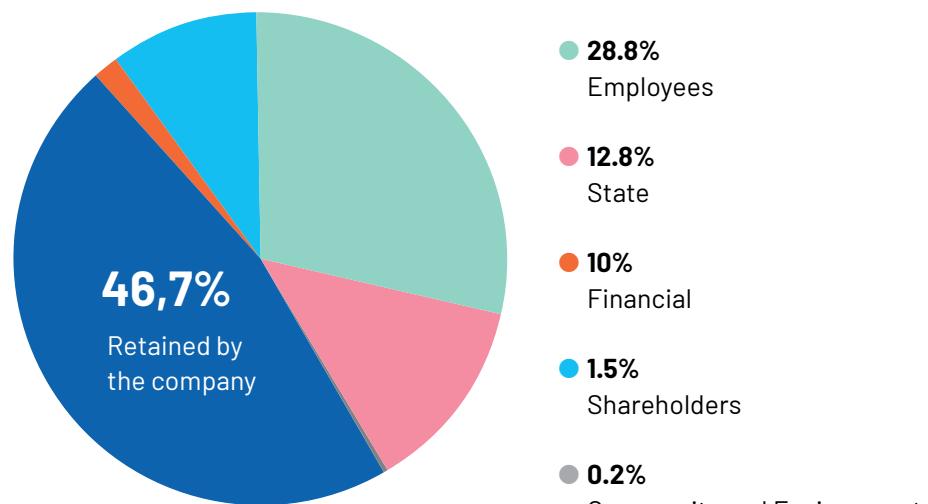
Our business generates endless possibilities through its value proposition and the processes on which the entire Entel operation is based.

The responsible transformation of society is part of the corporate mission. As such, attention to detail in each part of the value proposition and in our different markets is very important. Generating value for the company and our stakeholders has elements that cut across management: job creation, procurement of goods and services, investment in infrastructure,

and research and development, making a significant contribution to the transformation of society and increasing opportunities. When our company grows and develops, so do our partners and society as a whole.

Creating and allocating economic value

201-1



Over the course of 2018, total revenue for our company came to ThCh\$ 2,026,547,295. Of this, ThCh\$ 1,124,779,586, was spent on procuring goods and services, so the economic value for the period reported was ThCh\$ 901,767,709, 2% less than the value generated over the previous year.

Of the total economic value generated, 46.7% was ploughed back into the company. The rest went on salaries and payments to employees - 28.8%; 12.8% on taxes to the State of Chile; 10% on payments to providers of capital and financing; 1.5% to shareholders; and 0.2% - the same as in 2017 - to finance community and environmental projects. The latter came to ThCh\$ 1,368,700.44 in 2018 and was allocated as follows: 33% in cash contributions, 38% as in-kind donations, and 29% on general expenses relating to the management of corporate citizenship activities.

Distributed Value	2017 (CLP 000)	2018 (CLP 000)
Employees	249,222,643	260,210,672
State	166,986,873	115,303,488
Community and Environment	1,797,799	1,368,700
Retained by the company	399,098,329	421,144,815
Shareholders	10,268,582	13,288,753
Financial	88,945,542	90,451,281
Total Distributed	916,319,768	901,767,709

Why is investing in technology and telecommunications important?

In Chile many 3G and 4G mobile connections have been developed. In September 2018 there were 129,67 mobile phone customers per 100 inhabitants in Chile¹. This has been possible thanks to important investments in the technology and communications sector. On the other hand, according to figures from the Department of Telecommunications, home internet connections constitute an important challenge in bridging the digital divide in the country, and are only growing by 4% a year. This low growth means, for example, that 80% of the people in rural areas do not have access to Broadband². Home connections are characterized by their stability and quality which allows them to be used for setting up businesses, teleworking and carrying out more complex administrative procedures online. This situation illustrates the importance for the different players in the sector and in the country of investing in technology and communications in order to ensure more and better fixed and mobile connections.

According to the study "Infrastructure Critical to Development, 2018-2027", carried out by the Chilean Chamber of Construction in 2018, telecommunications are an important driver of growth in the country. "In the digital age, information highways are comparable to the former importance of railroads, power grids or road infrastructure. As such, the countries where conditions are better in this area will have greater prospects for development."³ The same study estimates that by 2027 the sector will require an investment of around USD 24,838 million, mainly to improve access to fixed and mobile broadband, and also to scale up the fiber optic trunk network.

While OECD countries have an average sector investment of USD 152 per inhabitant, in Chile the average annual investment in recent years has been around USD 2,145 million, or USD 120 per inhabitant. According to the report, improving regulations to generate appropriate incentives is one of the main challenges to generating greater investment.



129.67

Mobile phone service customers per 100 inhabitants in Chile

The operation, maintenance and growth of our networks received a total investment of USD 672.5 million, of which USD 186.1 million went to Peru and USD 486.4 million went to Chile and subsidiaries.

1. Subtel figures from January 2019.

2. Subtel figures

3. Page 11, Executive Summary "Infrastructure Critical to Development 2018-2027", Chilean Chamber of Construction. 2018

Corporate Governance

The board of directors is the body that administers Entel's corporate governance. Its nine members do not hold executive positions in the company. Members stand for two years and can be reelected. The last vote was held in 2017 at the ordinary shareholders' meeting, as such in 2018 there were no changes of board members⁴.

The board represents shareholders and manages the company to ensure it meets its financial, social and environmental objectives. It oversees the executive administration of the company which it also represents before the stakeholders, cultivating a good relationship and contributing to the generation of value in the long term.

The directors' committee has three members, two of them independent and one

of whom presides over the committee. It meets at least four times a year and is responsible for checking accounting, transactional and external and internal auditing matters.

How does the board supervise and monitor matters relating to Entel's sustainability?

The Regulatory and Corporate Affairs Department, through the Sustainability and Communities Department, has ongoing communication with stakeholders through a number of channels, constantly working with them through various projects and initiatives, many of which have been set out in this report. Furthermore,

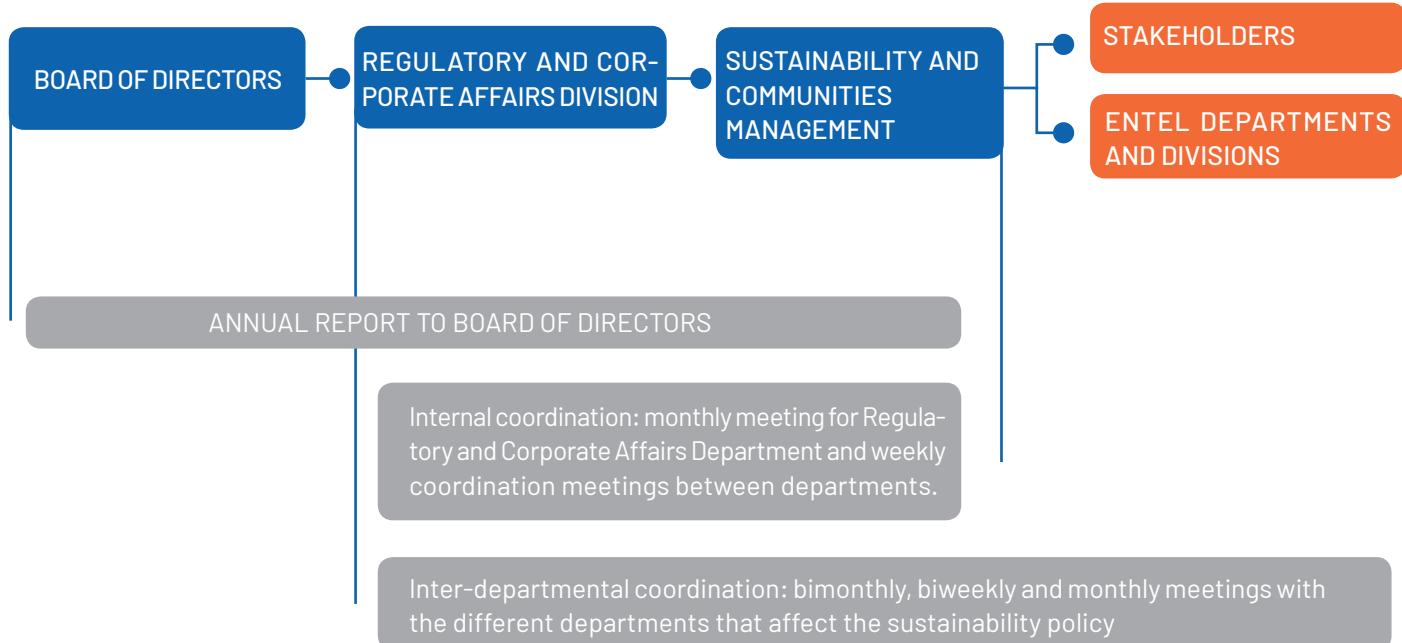
all company departments are governed by our sustainability guidelines. Each department is responsible for aligning and working with the rest of the divisions with links to these areas. Coordination between the Regulatory and Corporate Affairs Department and the rest of the company is carried out on a monthly, biweekly or bimonthly basis, as the case may be, to ensure continuous management and frequent monitoring of each aspect or project.

The Regulatory and Corporate Affairs Department issues a report annually to the board of directors, showing Entel activities, progress and challenges in the field of sustainability, as well as the main liaising activities with stakeholders.

4. For details on the make-up of Entel's Board of Directors and the company's organizational chart, please see the corporate governance chapter of the 2017 Annual Report.



FOR TRANSLATION PURPOSE



Supervision and ethical management in Entel

102-16

Why is ethics currently so important for technology companies?

It is not just about the challenges facing the internet and free and open access to information, but also how those companies that can make the digital world a better place have basic guidelines and systems - and more innovative ones - to generate, from their own organizational rules, the necessary trust of their stakeholders: from their customers to shareholders and investors.

From this trust responsible transformation can be generated and innovation in digital products and services fostered that will facilitate, for example, greater inclusion or cross-cutting value creation. In other words, if, for example, through algorithms artificial intelligence replicates our prejudices when providing information, or generates certain virtual profiles that reinforce inequalities seen

in reality, it can hinder the transformative capacity that motivated the birth of the World Wide Web⁵. Conscious and ongoing vigilance to these issues by large technology companies can be based on solid ethical pillars and commensurate management.

5. "The Case #ForTheWeb", World Wide Web Foundation, 2018. Washington DC.

At Entel we have different guidelines, channels and bodies to make ethics a component that cuts across the company's operations. These are reviewed periodically and are made up of the company's code of ethics and its application manual; an ethics committee that sees to its administration; a whistleblowing channel for the entire company; and the crime prevention model, structured in accordance with the current regulations and our principles and values.

The code of ethics governs the actions of the board of directors and the entire organization and provides guidelines for our operation. It is the benchmark for all people linked to the company – directors, executives, workers, contractors, suppliers and consultants. It determines the way in which the company relates to its stakeholders; behavior to foster free competition; conflicts of interest that may arise; criminal responsibilities and the detail of the ethical system. The last revision of this document was made in 2017. The Application Manual provides guidance and practical help for applying the principles and guidelines on a day-to-day basis.



The Code of Ethics and the Application Manual are published on the company website. On entering the company, all employees receive, together with their employment contract, the internal regulations and the code of ethics. They must sign that they have received these documents and commit to respecting and applying them. The audit department is in charge of the crime prevention model and responsible for sending new members of the company the link to the obligatory online course on crime prevention. In 2018 the learning management department also created a video of the contents of our Code of Ethics for the entire company. Talks on corporate governance and content updates are held for all employees annually. In the case of suppliers, from 2018 all must sign adherence to the code and the crime prevention model in addition to not creating conflicts of interest.

Risk Management

Our Comprehensive Risk Control and Management Policy sets out the basic principles and the general framework for proper risk identification, oversight and management that could affect Entel's plans, business, operation and running. It also carries out periodic follow-up on risk control and mitigation. This allows risk to be contained at a known and controlled level.

At an operational level, Entel's Risk Management Administration is a cross-cutting organizational structure that allows the company's risks to be comprehensively managed, gaining a tactical and strategic perspective. This way risks can be anticipated and mitigated in a timely manner, allocating resources and defining strategies which can even help identify new opportunities for profitability.

How does the Risk Management Administration work?

The company's organizational units are primarily responsible for the identification, assessment, oversight and mitigation of risks. This is why fostering a culture of prevention is a fundamental aspect of

work, cutting across all departments. The Internal Audit and Operational Risk Management Division is responsible for the coordination and support of the organizational units. It also registers and monitors and reports to management and the board on strategic risk management. It is also responsible for periodically assessing the effectiveness of the implementation of the risk management and control policy.

How did we foster a risk prevention culture in 2018?

To create an effective culture of risk prevention where everyone is on top of the necessary concepts and know-how to act in certain circumstances, it is essential to integrate people from different company departments to work on these issues. Throughout the company there are various initiatives that aim to improve management, reduce risk and mitigate its consequences.

In 2018 the Risk Management Administration made important progress, particularly regarding methodology and corporate loyalty:

- Our Risk Management Administration is in line with ISO 31000, updating the methodology of detection, classification and assessment of risks at an operational, tactical and strategic level. This made it possible to standardize probability and impact measurements and have cross-cutting appraisal, which facilitates order and the subsequent prioritization of risks and their respective remedies. By cutting out the differences associated with the origin or type of risk, action plan decision making is streamlined. This methodology was applied when updating high-level macro business risk as well as for the various tactical and operational risk maps.

- We managed to disseminate and implement this methodological update, improving the results at a cross-cutting level through the company, notably in procedures relating to cybersecurity, free competition and the crime prevention model.
- We updated the macro business risks, identifying new risk situations faced by the company.

CRISIS COMMITTEE

Our Crisis Committee is made up of all the company vice presidents and front-line managers. It has been in operation since 2009 and its main aims are:

- To protect the integrity of all personnel working in Entel, internally and externally.
- To provide guidelines for a timely response to crisis situations that may affect the normal progress of operations, and maintain the continuity of services.
- To build a response structure for decision making to contain a crisis in a timely fashion.
- To analyze the consequences of each crisis and take measures to prevent similar events in the future.

In 2018 our company was not affected by any crisis that required activation of the Committee.

What are the main macro- and emerging risks we are currently facing?

From reviewing and updating the macro business risks, corporate risks were established, based on which all issues were monitored and addressed transversally across the company, putting in place mitigation measures where necessary. This work is led by the Risk Management and Continuous Monitoring Division and progress is reported on monthly through "performance talks" by the different vice-presidencies and departments, and every six months to the board of directors.

In terms of emerging risks, new situations facing the company were identified, the most significant of which were linked to regulatory issues concerning the environment and free competition, as well as updates of Law 20,393 on the Model for the Prevention of Crime and Criminal Responsibility of Legal Entities and matters relating to the rights of consumers. Issues relating to cybersecurity and the protection of our customers' information represent other important and priority emerging risks for the responsible management of our company.

EMERGING RISK FOR ENTEL



Protection of personal information

With the new Personal Data Protection Law being developed in Chile, we have to adapt our organization to ensure that non-compliance does not occur in this matter.

Among the changes relating to regulations being discussed in Chile is making personal data protection a constitutional right of individuals. Changes also include creating a new regulatory body - the Personal Data Protection Agency.

These changes are a worldwide trend. In other parts of the world, for example in the European Union, issues such as the right to data portability, access rights and the right to know which personal information is being used, and for what, are also under discussion.

This could be important for the company to bear in mind in the medium term and the discussion at national level.

Our new risk map allows us to identify the highest risks and accordingly to establish and apply mitigation measures. Regarding the protection of personal data, there are regular meetings of the Operational Committee on Data Administration. This body is responsible for executing initiatives aimed at strengthening the controls associated with safeguarding our customers' data.



Environmental protection

Environmental awareness is becoming increasingly strong, especially with the consequences of climate change and challenging environmental events occurring with increasing frequency and strength. This demands active management by organizations and people and translates into greater expectations for environmental care as well as new regulations aimed at strengthening environmentally responsible organizational cultures.

Our updated Risk Map already regards environmental deterioration as a significant risk and the respective mitigation measures are being defined and implemented across for the various priority matters. As such, caring for the environment and proactive management in the main areas where our operation has the greatest impact is an important issue for our operations.

Our Performance



02



Economic Performance

- 2.1** Ethics, Corporate Responsibility and Commitment to Human Rights
- 2.2** Regulatory Issues
- 2.3** Transformation: New Business Opportunities and Collaboration
- 2.4** Transformative experiences
- 2.5** Cybersecurity and Data Protection
- 2.6** Responsible Management of Suppliers

03



Social Performance

- 3.1** Diversity and Inclusion
- 3.2** Talent Management and Development
- 3.3** Community and Social Investment

04



Environmental Performance

- 4.1** Caring for the Environment

2.1

Ethics, Corporate Responsibility and Commitment to Human Rights

Why is it important?

Favorable scenarios for the sustainable development of countries, people and businesses are strongly linked. Organizations share the responsibility to ensure and respect the values, principles and norms that as a society we have agreed on to live in peace and achieve the goals and challenges we have undertaken for our joint welfare.

The Corruption Perception Index ⁶ for Chile has been getting worse in recent years. While in 2012 we were in 20th place, in 2018 we fell to 26th. Peru also fell in the ranking, 105th in 2018, down almost ten places compared to 2017. It is the task of all, public- and private sector organizations, to work together to reverse this trend. The effects of corruption on the economies of the countries have been widely studied and are never auspicious in terms of development and growth in the long term.

It is also the duty of all to ensure that the rights of people are respected in the various areas of their lives. Currently 21 countries, including Chile, have a National Action Plan on Human Rights and Business, and Peru is among the 23 that are preparing a plan ⁷. This will lead to more instances of public-private collaboration and specific action plans to advance together in promoting and protecting these rights. This means companies playing an important role in this area, identifying potential risks within their organizations and even in their supply chains. As such private sector organizations are called upon to come up with plans to promote and act, and, if necessary, to mitigate and remedy, in order to prevent any abuse of the fundamental rights of individuals, both internally and with external stakeholders.

6. Chile Transparente, Transparency International.

7. <https://globalnaps.org/>

How do we manage it at Entel?

The commitment to ethics and corporate responsibility, adherence to the rules of market conduct and respect for the rights of individuals are cross-cutting principles of our business behavior and relationship-building with each of our stakeholders. Regardless of the changes it goes through over time, this is key to our business sustaining itself and developing, for its own well-being and that of society.

Our ethical management systems, particularly the Crime Prevention Model, make up one of the most important pillars for sustaining a healthy operation and managing risks associated with behaviors that could affect the operation of our business, ensuring cross-corporate integrity. These are reviewed, updated and reported on regularly to our company as a whole, in order to minimize the associated risks.

It should also be remembered that ours is an industry which, given its nature as a provider of basic services, operates in a highly regulated and changing landscape. Unlike other basic services companies, such as water or electricity, our sector is also characterized by the presence of multiple competitors. Adherence to the rules and appropriate market behavior are also cross-cutting guidelines for our business. Conflict must be resolved in accordance with the regulations, legislation and qualified authorities, always safeguarding good service and the healthy operation of our business.

Finally, the commitment to human rights, promoting and protecting them, is also part of our organizational culture; from good labor and union relations to recognizing and respecting diversity and inclusion. The Code of Ethics, based on this core commitment, defines the

basis of all our actions. Today we are also working proactively to identify and address new risks in this area that could arise both within the company as well as in the relationship and work with our stakeholders. This will make it possible for us to address the challenges that we have set for the future with the same rules of respect and responsibility that until now have supported our growth.

Fighting Corruption

What safeguards have we taken against corruption?

At Entel we have a Crime Prevention Model (CPM) which supports the company's Regulatory Compliance Model, which in turn takes account of prevention, detection, response and continuous monitoring activities. These are part of prevention activities, basic documents in which values, expected behaviors, policies and procedures are set out, such as the Code of Ethics, the Code of Ethics Application Manual, the Crime Prevention Model Procedures) and respective policies on anti-corruption matters. Indeed the CPM contains a series of activities aimed at shaping a type of organization that ensures corporate integrity and prevents crimes being committed. In 2018, our board of directors ratified an official responsible for the prevention of crimes. Over the course of the year the CPM was recertified and our new anti-corruption policy and the updating of related policies were worked on, based on the new crimes published in the Official Gazette on November 20, 2018 (Law No. 21,121), on matters of prevention and detection of corruption, already approved by the board for its next publication.



Additionally, in 2018, as part of prevention activities, training and dissemination was carried out to transversally combat corruption within the company:

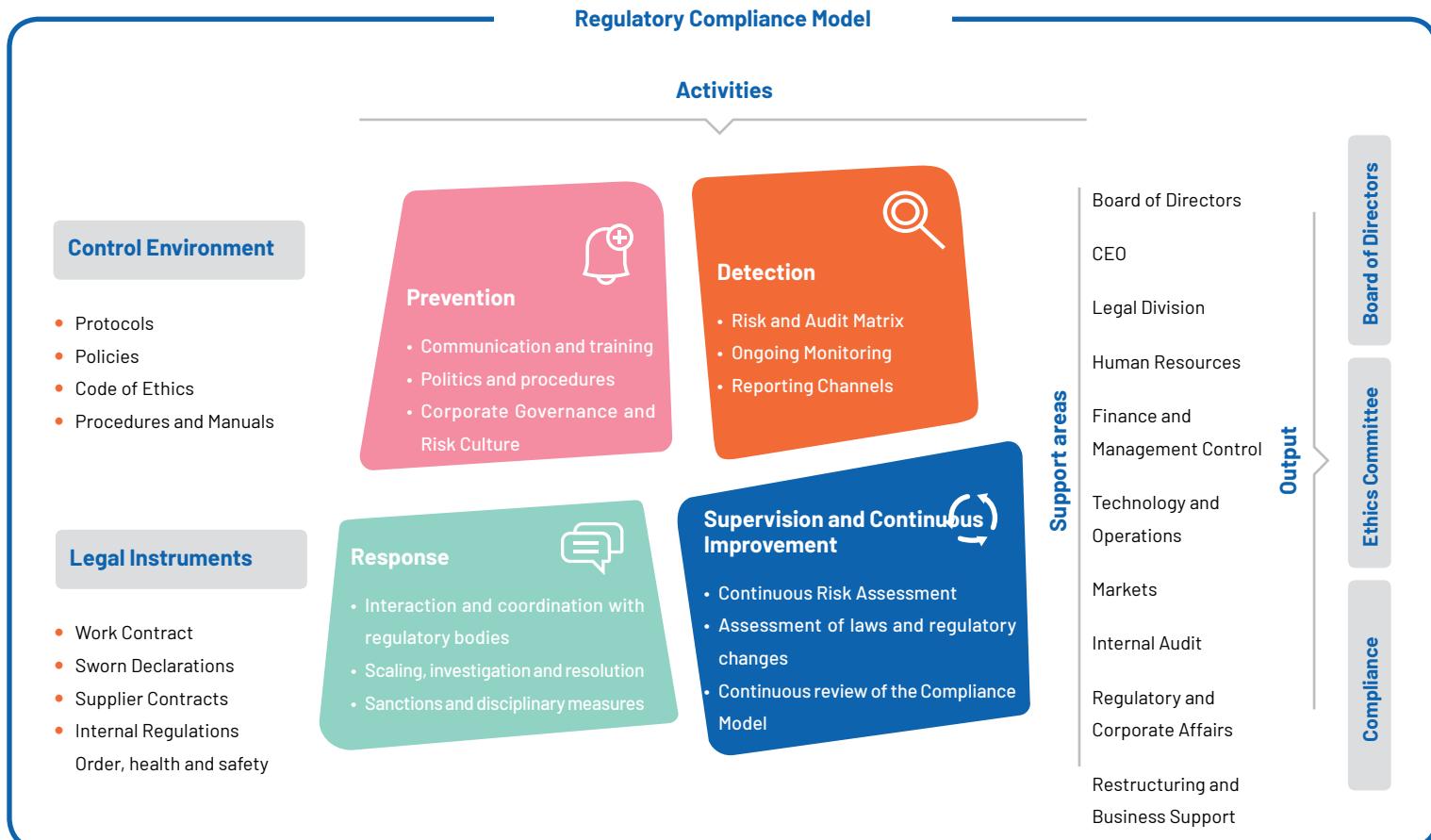
Top-tier managers and executives participated in a conference on ethical culture and corporate governance.

100% of employees from the critical areas attended the informative lectures "Reinforcing the CPM", where supervision and monitoring were addressed and crimes included in Law 20,393 were consolidated.

100% of the critical and recurrent suppliers signed the contractual adherence to our CPM.

Among detection activities for 2018, 20 compliance audits were carried out relating to the offences of Law 20,393 regarding processes where there is a risk of corruption. The main risk identified in this area relates to the availability of information online, allowing us to make correct and timely decisions regarding corruption risk. To address this situation we are working on the implementation of

an app that will allow us to identify the level of exposure to certain transactions with suppliers, business partners, customers and others, strengthen controls already in place, and execute due diligence.



Free Competition

In the second half of 2018, an officer for compliance with free competition was appointed to the board of directors, who amongst other functions will provide guidelines and recommendations for conduct vis-a-vis free competition. As per the above, and especially as established in the guide "Programs for Compliance with Free Competition Regulations" issued by the National Economic Prosecutor's Office of Chile, a handbook was prepared and approved by the board, which is an integral part of the obligations required of all Entel employees. The purpose of the manual is to communicate the commitment of the board of directors and all Entel employees to fully respecting the rules relating to the defence of free competition, as well as to report through the channels established internally any behavior that goes against this and provide a guide to prevent breaches of these standards.

At Entel we have a Crime Prevention Model (CPM) which supports the company's Regulatory Compliance Model, which in turn takes account of prevention, detection, response and continuous monitoring activities.

1.

Regarding the lawsuit filed by the National Corporation of Consumers and Users (Conadecus) over the contest for the allocation of spectrum in the 700 MHz band by Claro, Movistar and Entel, although this was rejected by the Competition Tribunal, the association filed a complaint at the Supreme Court.

In June, the Supreme Court revoked the ruling, stating: "i) That Movistar, Claro and Entel behaved in an anti-competitive manner when they were awarded blocks through the public tender of the 700 band, without respecting the 60 MHz limit; ii) That Movistar, Claro and Entel must divest themselves of the same amount of radioelectric spectrum that was acquired in the 700 band bid, leaving the alternative of selecting the band that will be divested; iii) Subtel must ensure the timely and adequate compliance with what has been hereby ordered; iv) if Subtel considers it necessary to review the maximum limit of the radioelectric spectrum that each operator may have, it must initiate a consultative process at the Competition Tribunal. Failing this it must initiate the necessary procedures to adapt the established limit to the

60 MHz parameters defined for each participating operator on the aforementioned radio spectrum.

In accordance with the foregoing, in early October Subtel filed a query at the Competition Tribunal which it identified as the National Spectrum Plan, which, among other things, seeks to modify the current maximum amount of radioelectric spectrum that each telecommunications company can have (modify the 60 MHz limit) and provides that compliance with the obligation to transfer spectrum ordered by the Competition Tribunal should not be immediate, but rather in the context of what is resolved in said consultation.

If, with the presentation of the query Subtel reports that the ruling of the Supreme Court is being complied with, the manner and opportunity for compliance is still under discussion through different legal appeals and proceedings in different jurisdictional offices.

2.

Also, non-contentious proceedings were filed at the Competition Tribunal initiated by Telefónica Móviles and Telefónica Chile to resolve whether Exempt Resolution No. 1,289 and its supplement, issued by Subtel in June and October 2018 respectively with respect to the use and enjoyment of the 3,400-3,600 MHz frequency bands, could be in violation of the norms that protect free competition.

The tribunal accepted the query and initiated the non-contentious procedure so that the interested parties could provide background information.



In 2017 the Competition Tribunal rejected claims filed by Netline Mobile SA, OPS Ingeniería Limitada and Telecomunicaciones Max Limitada against Claro Chile SA, Entel PCS Telecomunicaciones SA and Telefónica Móviles Chile SA, finding that "the defendants would have been in compliance with their obligation to make available an offer for facilities and/or resale of plans for virtual mobile operators, based on general, uniform, objective and non-discriminatory criteria."

The plaintiffs filed a claim against these judgments in the Supreme Court. In 2018 this claim was resolved with the Supreme Court confirming the Competition Tribunal's judgment.

3.

Human Rights

In an effort to identify possible human rights risks in Entel Chile, its value chain and amongst its stakeholders, in 2018 we analyzed the company based on the United Nations UNGP framework. The due diligence process starts by identifying current and potential adverse impacts on human rights with which the company could be involved. The aim is to understand the negative impact on specific interest groups, in a defined operational context. As such, of the 32 rights that the framework addresses, 18 were identified as relevant for our company and its operations, which we split into seven categories.

Although we found that human rights issues are addressed in our operations through adequate policies and controls, we face significant future challenges with regard to our supply chain⁸ and, increasingly important, in fostering and protecting the human rights of our customers⁹.



Health and Safety at Work

- Right to the protection of life.
- Right to an adequate standard of living.
- Right to health.
- Right to enjoy decent and satisfactory working conditions.



Working conditions

- Right not to be subjected to slavery, servitude or forced labor.
- Right to liberty and security of the person.
- The right to social security.



Freedom of association

- Right to the freedom of assembly.
- Right to the freedom of association.
- Right to union membership and right to strike.



Freedom of expression

- Right to freedom of opinion and expression.
- Right to freedom of opinion and expression.
- Right to privacy.



Equality and non-discrimination

- Right to equality before the law, equal protection before the law and the right to non-discrimination.
- Rights of minorities.



Child protection

- Right to child protection.
- Right to education.



Free self-determination

- Right to free self-determination

8. More information in the section of this report: "Responsible Management of the Supply Chain".

9. More information in the section of this report: "Cybersecurity and Data Protection".

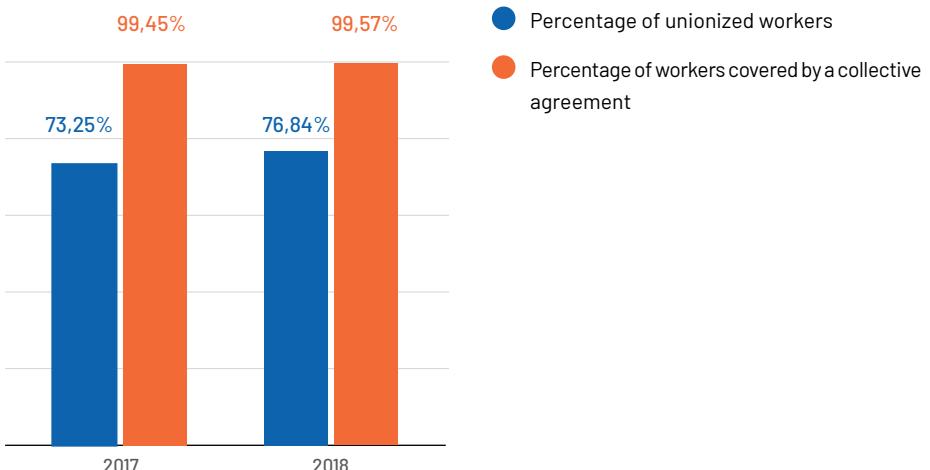
Labor Relations and Unions

102-41

For us it is essential to maintain good labor and union relations, which allows us to attend, together with the union leaders, to the concerns and problems of our employees, who responsible for providing the services we offer. As such, fostering good labor relations is key, because it facilitates the proper fulfillment of the basic public service that we provide to our customers. Within the Human Resources Division is the People Management and Labor Relations Department, responsible for interacting directly with the unions, who they have meetings with each week. Issues raised are monitored through follow-up minutes.

In 2018, there were three early collective bargaining agreements made in Entel Chile. In two of these the term of validity was shortened from 32 to 24 months, maintaining the extension of benefits within the company. It should be noted that in 2017 the definition of Entel's minimum services was presented to the authority and was agreed upon and signed by all the existing unions in the company.

UNIONIZATION OF ENTEL CHILE



2.2

Regulatory Issues

Why is it important?

The law governing telecommunications in Chile 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. For technical reasons, the participation of companies is limited and as such the radioelectric spectrum is subject to public tender and is tendered according to the stipulations of the regulations in each case. As such our company has different concessions, licenses and permits that enable it to provide services, and to this end the authority assigns the respective use of radio frequencies or spectra, usually exclusively.

The regulated use of the radio spectrum makes it possible for different services to be provided - fixed, mobile or satellite - to the community. In short it is what

sets the conditions of the business and the industry in general. Any revision or change to the regulations can open new development opportunities, but it can also carry risks and affect the rollout of technological advances. For this reason, constant, proactive and coordinated work with various actors to promote overall good practice, and adherence to the regulations, their guidelines and procedures, are essential to ensure the proper performance and development of the parties who operate in this environment and, especially, the welfare and transformation of people's lives.

How do we manage it at Entel?

At Entel we develop our business in accordance with telecommunications sector regulations, in all matters set out in the telecommunications law and its regulations. For those matters not covered in this regulatory framework, telecommunications services are also governed by the applicable provisions of the Consumer Rights Protection Law. This way we ensure the development of our business, projecting ourselves towards the future, opening new and infinite possibilities for the people, always protecting their well-being.

Faced with the inherent risks of such a regulated market and the changes that may arise, as a company we diversify in terms of products and services, constantly adapting to the market, which makes it possible for us to adjust to possible adverse or inadequate regulations, reducing the aggregate risk of

the operation, the flows, the creation of value for the shareholders and our contribution to the community.

Our plans for investment and any development or service expansion project will always be backed by the current regulations and be aimed at the responsible transformation of society - generating greater opportunities for access to communication and technology, looking for opportunities to create joint value and supporting the development of the sector with the best practices worldwide.

The major authorities regulating the telecommunications sector are:



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.

Ministry of the Economy, Development and Tourism, and 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 Defense 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.

FOR TRANSLATION PURPOSE

Important Case 2018: Residential Wireless Internet Project

The latest report of the Commission for Broadband¹⁰, headed by the International Telecommunications Union (ITU) and Unesco, underscored the critical role that broadband plays in the sustainable development of the population at global level, from online access to medical and health services, to receiving electronic payments or alerts on large-scale emergency and natural disaster operations. The same report said that the expansion of broadband, at its most innovative stage, consists of developing the next generation of mobile broadband (5G), the development of fixed broadband, and satellite connection systems.

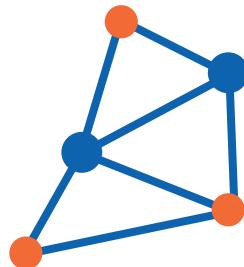
The development of residential broadband in particular is important because it makes the full integration of people and organizations in the digital economy possible, with more stable and faster connections, facilitating more and bigger tasks to be carried out online.

In Chile, big cities account for 80% of both investment and internet demand residentially. There are 3.2 million home connections in the country¹¹ with 48% of them located in the Metropolitan Region. 44% of homes still do not have internet

and there are 110 communes that have less than 5% fixed internet penetration. Also: 55 communes have less than 1% fixed internet penetration. Bringing better connectivity to more places and people is not only in Entel's mission, it is part of recommendations and good practices globally for the contribution of telecommunications to sustainable development and full inclusion in the digital economy.

As part of Entel's technological evolution, in 2018 we deployed wireless residential internet project through LTE TDD Massive MIMO technology, which optimizes the use of frequency resources to deliver faster connection to homes. This is a pioneering project in the world, similar to what large operators in developed countries are undertaking. This project occupies the 3,500 MHz band.

After an official launch in Renca in February 2018, we started providing this service in communes with just one operator or with zero internet connectivity. Processing administrative authorizations started in September 2017 and were supplemented in 2018, developing an attractive commercial offering for customers.



48%

of residential connections are in the Metropolitan Region.

10. State of Broadband 2018 Report, International Telecommunication Union

11. Total figure as at September 2018.

In Chile there is a digital divide in access to home internet, with wireless access a key tool for closing the gap. Enabling this access through the 3,500 MHz band and according to the concessions granted to our company through public tender, help make progress with this challenge.

With the infrastructure installation in full swing and new customers signed up to this service, in June 2018 the Department of Telecommunications announced the suspension of these operations in order to study the future use of the 3,400-3,800 MHz band. Given that the resolution was vitiated by illegalities and arbitrariness, Entel Telefonía Local SA, in its capacity as concessionaire of these services, filed an appeal for protection against the measure.

Finally, on October 3, we were granted authorization to use 50 MHz of the 100 MHz that we had assigned on the 3,500 MHz band, and in this way we were able to restart marketing fixed wireless telecommunications services.

In the last months of 2018, the project regained its dynamism with almost 500 sites pending authorization from the Department of Telecommunications, with 310 already deployed. Entel has a broadband subscriber base of close to 60,000 customers, 40,000 of which are on the 3500 MHz band. The service is highly valued and in demand from thousands of Chileans, mainly from the C3, D and E segments, who until now had poor, or no, internet connection.



At the time of the launch of the residential wireless internet project, numerous local and national authorities referred in various interviews to the media to the advantages and benefits this project would bring. Here are some of those comments

Gloria Hutt,
Minister for Transport and Telecommunications.

"We value the public-private partnership that is being created today, which is about reducing the digital divide both in remote areas and those with low access to digitization nationwide. A cornerstone for the government is that Chileans are increasingly connected and have quality services, in addition to being players in the digital revolution."

Rodrigo Ramírez,
Ex Undersecretary for Telecommunications

"For a long time we sat back and watched how some places in the country enjoyed access to high-quality, high-speed internet services, while other neighborhoods were classified as unsuitable for receiving similar services. Through this fixed, wireless internet service, Entel is breaking these barriers, innovating with this technology, making good use of the spectrum, involving municipal action for the proper deployment of infrastructure and bringing citizens internet services, vital today for the best social performance."



For more detail on the Regulatory Framework and the legal context in which the telecommunications industry currently operates, as well as the main regulatory changes, the approved bills and those that were under discussion during the period being reported on, please see the chapter "Business" in the Entel 2018 Annual Report.

2.3

Transformation: new opportunities for business and collaboration

Why is it important?

In one decade we have seen how many daily activities have changed thanks to technology, transforming entire industries in a relatively short time. Think, for example, of how you take a taxi today or rent a room or accommodation when you go on vacation. In 2007, two friends who decided to advertise a space in their home to pay the rent, earned themselves \$80 the first time, and in 2014 had a company that was worth more than \$10 billion. At the last Entel Summit in 2018, Chip Conley, strategic advisor for Airbnb, summed up the story: "Ten years ago we did not exist, today we are the world's leading hotel company. How did we get there? With technology, collaboration and a mobilizing mission."

The technological revolution will continue to bring substantive changes to our lives, to countries' economies and to society as a whole. At Entel we know that we are part of these transformations and that our business will support these challenges, either as an enabler of innovation environments, as a partner in large projects and initiatives, or as a player and architect of the transformations.

How do we manage it at Entel?

We understand the business of transformation. Transformation has been part of us since the birth of the company and has never stood still, on the contrary, it has accelerated, especially in recent years. Our corporate mission reflects precisely this aspect of the business, which has helped us to see alternatives and growth possibilities, even in complex and highly dynamic environments. To go further and bring the infinite possibilities of technology to society, promoting its responsible transformation, we need a robust corporate structure and different units throughout the company to mobilize the transformation both internally and externally.

In 2017 we took an important step by creating the Vice Presidency for Business Transformation and Support, a department in charge of leading all the environments and enablers for change

in the company, from the teams' new working dynamics (agile methodology) and the continuous introduction of technology, to the analysis of data and the exploration of new business opportunities. In 2018 this department continued working to become our integral program for administering and leading these great transformations, far beyond digital technology. From here the creation of new specialized units is looked into, the aim of which is to open more opportunities for the company and society as a whole. For example, the creation of Entel Ocean was one of the big milestones of the year. Along with this initiative, new challenges and opportunities emerge, to continue growing and contributing to progress.

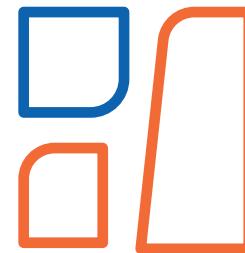
Entel's Digital Transformation

Our digital transformation process began in 2015, covering Chile and Peruvian operations, from the supply of products and services, business processes, and the development of cutting-edge technological solutions that leverage unique experiences for our customers. We operate in a competitive environment, with short cycles of change requiring evolutionary adaptation, where the ongoing development of digital competencies is essential, which is why this migratory process has been a pillar for the current and future development of our business.

In 2018 we continued making progress across the main management indicators determined for the project, improving launch times or time to market, the back office processes and consumer experience and loyalty, among others. Some of the most important progress of the year was in the prepaid area, both for Chile

and Peru, where, thanks to the changes implemented, price changes reduced their time to value from one month to between 1 and 3 days.

Another important focus of the work over the year was in the field of omnichanneling. Today, customers and executives have a 360° view, making it possible for all their information to be available on a single screen, either through the Entel App, in stores, or at the call center. Thanks to this technological empowerment, service times are reduced and more clear and timely information is provided for agile customer service.



2015

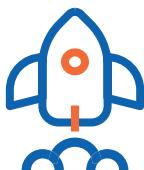
The digital transformation process started at Entel



Strategic Innovation Committee

Innovation is what makes it possible for us to generate a distinctive and transformative value proposition, and is located at the crossroads between technology and business. Along with the digital transformation, the impetus to innovate and the creation of a business culture around it has also been an important area of work and an enabler of change in our company. Today, innovation and adaptability are part of our cultural pillars, the purpose of which is to encourage employees, regardless of the area in which they work, to be constantly challenging themselves and looking for new opportunities to deliver a better service.

All corporate innovation initiatives and programs must ensure strategic alignment at the highest level of the company. As such, the Strategic Committee for Innovation is made up of the CEO and all top-tier executives, together with the manager of strategic innovation. This meets quarterly to identify, prioritize and ensure that each innovation initiative deployed achieves the expected impact and contributes to the company's final mission.



Among the main aims of the Strategic Committee for Innovation, are:

To align and ensure the delivery of Entel's mission in all innovation initiatives carried out at the company.

To monitor the performance of the Entel innovation model and the impact on our customers' and experience.

To establish and prioritize wide-ranging strategic activities that foster a culture of innovation in each of the company's employees, in accordance with Entel's mission and cultural pillars.

To assign the necessary resources for executing strategic innovation projects in different arenas, and in the medium- and long term, aiming to achieve a distinctive experience that sets us apart, for each of our customers.

Entel Ocean: Innovation and development at the service of all organizations

With the experience of our own technological and digital transformation, at Entel we saw that many companies and organizations were going through similar processes, including themselves in the technological revolution and the opportunities for innovation and growth that this brings. We set out to accompany them in this speeding up of things, promoting the development of new businesses and becoming an ally and strategic partner in this field.

Entel Ocean was born out of this, our new digital unit where the challenge is to provide high value digital solutions for companies, or B2B ¹² aimed at an agile, flexible, secure response to each customer through tailoring proposals to their business.

Today, technological developments that were previously accessible only by larger companies are less expensive to implement and make practically unlimited

data processing tools available even to small companies. This opens a world of possibilities for development and growth, as never seen before. Ocean has a multi-disciplinary team of specialists - from engineers, data scientists, UX designers, journalists and sociologists - who deliver an experience to suit the needs of each customer, regardless of their category or size. Its work focuses on developing products through an ecosystem that connects and enables platforms through various technologies, generating products in an agile and scalable way, integrating elements of analytics, the internet of things, big data, and predictive models, and more.



<https://entelocean.com>
@EntelOcean

The focus of Ocean's work has been mainly in three sectors - health, banking & finance, and retail.

12. Business to business



KAMAL

Kamal is one of the initiatives that Entel Ocean has developed aimed at supporting organizations transitioning to make business decisions based on data and not on instinct. This transition makes it possible for us to consider and incorporate other points of view that explain revenue performance, new business, experience and customer profiling, and other metrics of the organization.

Applying state-of-the-art technologies and talent with experience in techniques and tools for the extraction, visualization and advanced analytics of the organization's own data, and the incorporation of data from the environment, it is possible to offer a 360 view of the current (descriptive) and potential (prescriptive) business.

It is an advanced analytical platform with products with specific aims for improving the transport system and providing public and private services

through studies on mobility, predictive maintenance, digital profiling of the population, data marketplace, and more. Similarly, the platform offers an environment to develop tailored solutions to support companies maximize business, intelligently leveraging this data, for example, to open a store or segment products and services.

It is worth mentioning that all the use of personal data is undertaken in line with the policies and procedures for safeguarding the privacy of our company and the regulatory framework and international best practices for this field. For more information on these guidelines and the protection of personal data, please see the chapter on cybersecurity and data protection from this sustainability report.



Entel +

Our internal transformation never stops. Changes in organizations like ours respond to the speeded up evolution of the world and society: our customers today demand much more than low prices and better network services, they look for integral digital experiences. For this, many of the measures we have implemented over the last few years will make it possible for us to better face the huge transformations that are on their way, and truly become the company we want to be in the coming years. As such, at the end of 2018, we undertook a new restructuring project: Entel + Its aim is to rethink all the processes of the company in order to make it more efficient and to better manage resources; to respond in an agile and efficient way to the expectations of a hyper-connected society. This project will be run in 2019 with the support of the consulting firm McKinsey, with the first results set to be seen within a year.

"We need fresh, challenging thinking, whereby we reassess the way we approach all the things we do and constantly challenge ourselves - I include myself - to innovate, create, to do more with less. In short, to surprise".

Antonio Büchi
Entel CEO





2.4

Distinctive Experiences

Why is it important?

In recent years the market for communications, phone services and information has changed dramatically. With new players in the industry and explosive technological development, the business we once knew is no longer the same. The constant renewal of service offerings and the ability to provide agile and accurate responses to the needs of customers are currently an important differentiating element, where innovation is a factor for development and survival.

Add to this the exponential increase in the access of people and organizations to the internet. The report "The State of Broadband in Latin America and the Caribbean", prepared by the ECLAC Regional Observatory for Broadband, reveals that in Chile the price per gigabyte is one of the lowest in the region and the threshold of affordability¹³ is less than 2%. Action by government and the telecommunications companies has been fundamental here, helping democratize access to the internet, both mobile and fixed. In this scenario more customers

come on board, and new opportunities and responsibilities arise, such as activating more and better channels of communication and digital customer care online with the popularization of the internet, which has led to a change in expectations and new work dynamics for people and organizations. As such, a distinctive experience in the use and access to this resource can bring greater value to the business and to users.

Prices per gigabyte have gone down and the internet today makes possible many of the most basic activities and transactions of our day-to-day lives, our jobs and our companies. Creating transformative and efficient experiences for clients can make a big change, not only for companies in the field and for our business, but also for society as a whole.



affordability threshold in Chile,
amongst the lowest in the region

13. This indicator gives an approximation of the proportion of income that must be allocated to access the service; the lower the proportion, the more affordable the service. It is measured by the average price offered for 1Mbps as a percentage of monthly GDP per capita. The United Nations International Broadband Commission sets a threshold of 5% as a reference.

How do we manage it at Entel?

The Entel Digital Transformation has been one of the pillars of change at our company. Adopting more technology and the digitalization of our processes have meant a significant investment and a great effort that has made it possible for us to take the company to new levels of experience and transform our business for the future. Technology today has this transformative potential, which we have experienced, and we want more people and organizations - our clients - to join this change and lift their lives and businesses to new experiences and challenges.

Today we have an integrated offering of services that is constantly being refreshed and that has transformed our business and our value proposition, preparing us agilely for needs that change and evolve at accelerated rates. The changes have been in all our markets: Consumer, Enterprises, Corporate and Wholesale, and have involved all areas of the company.

We have also revitalized our processes and service channels to make our operation more efficient and to be at the forefront of our clients' digital requirements. The excellent response of our customers to our corporate app and new developments such as customer care bots ¹⁴ have made it possible for us not only to communicate better and more efficiently, but also to explore more opportunities for the growth of our business through commercial alternatives.

We are aware of the transformative potential of technology and what it can mean for the daily life of our customers, be they individuals, SMEs or large corporations that need more complex solutions. We do not want anybody to be left out of this great technological evolution. We therefore supplement our value proposition with initiatives and alternatives so that each individual or organization can leverage their possibilities.

¹⁴. Bot is an autonomous program that interacts with users and other systems, imitates human behavior and provides information or help to users.

Agile Methodology for a better customer experience

In order to offer innovative solutions and offerings, and respond promptly and effectively to needs and the constant changes in the market, the "agile work methodology" we have implemented in our different business areas has allowed us to adapt the work dynamics and improve our customers' experience. Different representatives from different departments participate in the various tribes, seeing the development of products or services from beginning to end; from the initial idea or the identification of the needs of the customers, to their ideation, prototyping, testing and marketing and communication. The results translate into a significant decrease in development times and greater customer satisfaction. There are also multidisciplinary operational teams which analyze and solve the various variables in a simultaneous and complementary manner, using lean methodologies and others for rollout and network building.

In the **CONSUMER SEGMENT** Vice Presidency, for the Consumer and Residential segments, we work with two tribes: Business Tribe and Digital Experience Tribe, which are organized in cells and/or Centers of Excellence (CoEs) grouped into clusters of prepaid, postpaid, residential, wireless and fiber residential, or work transversally on projects for the customer.

With the various projects that were implemented in 2018, it was possible to reduce the time-to-market or launch time of products and services, additionally obtaining the best postpaid mobile satisfaction levels of the last four years.

We have also implemented innovative service systems that allow us to improve the experience of customers, in-field sales people, and care for the environment. The Paperless Project, designed for the in-field channel that sells residential products, was led by the CoE Fixed On Boarding, with the aim of eliminating printed contracts and changing them for electronic signatures and the consequent improvements in terms of experience, operational expenses and sustainability.

In the case of the **WHOLESALE SEGMENT**, the Ops Team Roaming UX, made up of representatives from the Wholesale Segment, Operations, Studies and Quality, Networks and Systems departments, managed to improve the main source of customer dissatisfaction relating to the operation of International Roaming and the increase in 4G coverage, specifically in the traveler program. With this, people who travel can access a quality service similar to the one they have in Chile.

The work consisted of working together in an agile way, as a single team, detecting obstacles more easily and shortening the launch times for 4G coverage roaming with mobile companies abroad. When the OPs Team was created, efficiency was up 300%. In other words, work that had taken six months was carried out in just two months with the new team; the operation went from launching two 4G roaming services per month to between 11 and 14. Currently, 70% of the roaming data traffic of our mobile customers abroad is carried out on 4G networks, currently leading in terms of satisfaction in the industry's roaming service sector.



FOR TRANSLATION PURPOSES

Infinite Possibilities

Economic Performance

Social Performance

Environmental Performance

GRI Index

More and Better Development Opportunities

Today technology moves business. Failure to implement it satisfactorily can impact projects and their growth, which can be a critical factor, especially for smaller companies or those that are starting out. But above all, technology makes it possible to take businesses into unimagined areas of development and growth, opening infinite possibilities for transformation for themselves, and, as a whole, for the economy of their country.

At Entel we are committed to small and medium-sized companies. We want to be an ally so they can meet the challenges they have set themselves and explore new possibilities for development. This in turn impacts our business and makes it possible for us to grow on a par with our customers. To this end we have implemented various technological and digital projects and initiatives to progress together with the country's small and medium-sized enterprises (SMEs) on the path to full integration into the digital and technological era.

Entel enterprises community

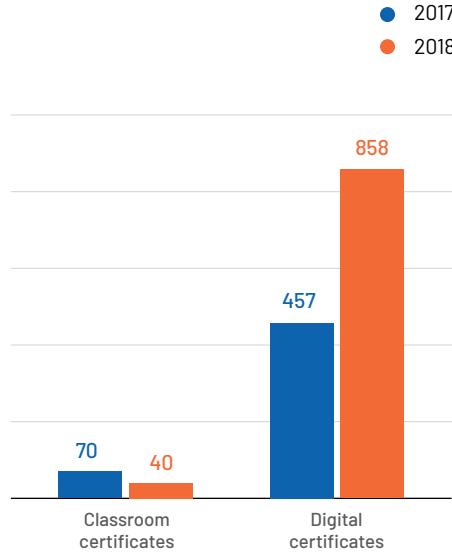
Visit
<http://ce.entel.cl>
 and join!

CLIC COURSES

CLIC COURSES

Since 2013 we have been holding free training sessions open to the entire community (customers and non-customers), which are conducted in person and digitally. The aim of the Click Courses is to be able to assist entrepreneurs from all over the country in the process of digitizing their businesses.

Different modules provide knowledge, practical cases, and tools applicable to business management, making tools and useful content available to foster and develop ventures to the maximum.



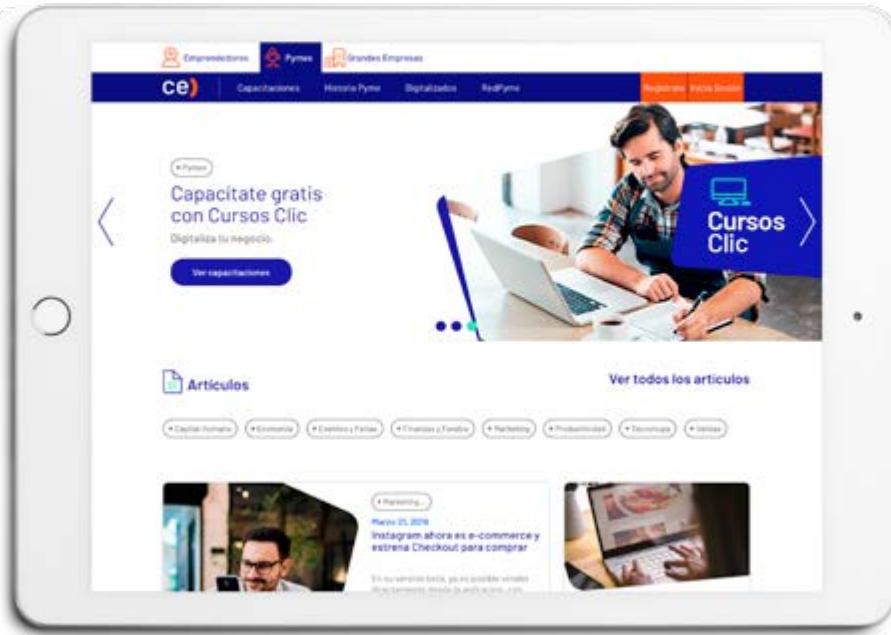
FOR TRANSLATION PURPOSE

SME NETWORK

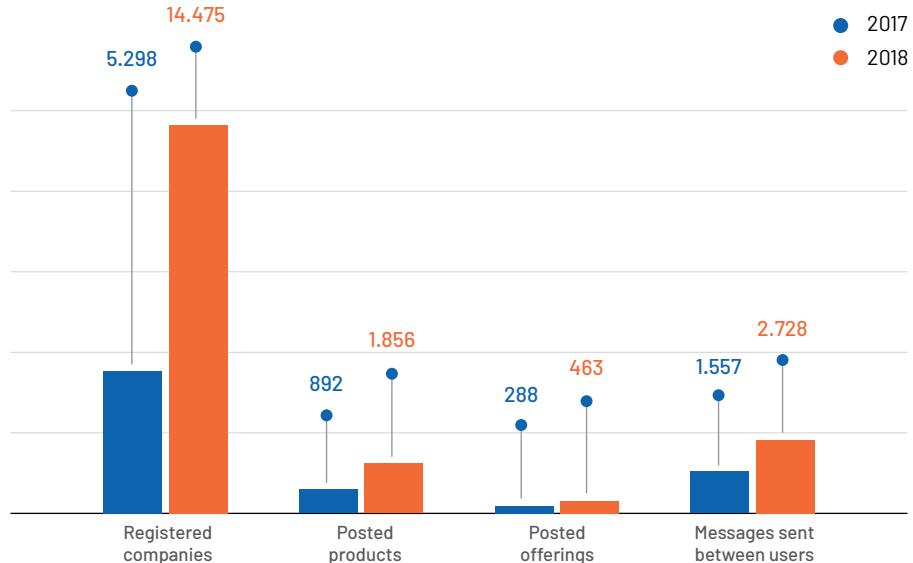
With the aim of encouraging collaboration networks between micro and small companies and boosting their businesses, in 2017 we launched the new digital platform RedPyme. This is a virtual space open to all micro and small entrepreneurs nationwide. Its main aim is to address the needs of those both starting up businesses or businesses seeking to market products and increase sales.

Registered users have access to an extensive database to generate better business opportunities, increase productivity, search for suppliers and be contacted by potential customers. Registration is free and open to the entire community, whether or not they are one of our customers.

In 2018, companies registered in RedPyme increased by a full 173%. However the average number of visits was lower than for the year of its launch, at 12,503 versus 27,214 in 2017. The challenge here is to give greater visibility to the platform in the coming years.



SME NETWORK



Digitized

In 2018 the Digitalizados (digitized) project was the first docu-reality on digital transformation where three businesses were put to the test by consultants to compete for millions of pesos in technological equipment. With a total of 17 episodes available through streaming, followers of the program could see how the participants made headway in the different challenges put to them. By December, there were 19,146 views.

You can see all the episodes of Digitalizados here:
<https://digitalizados.entel.cl>

Which SMEs participated and how can technology transform your business?



CIUDAD CAPITAL

This sandwich store from La Serena wanted to provide an online delivery service, but didn't know how to do it.

Coach: Natalia Espinoza, creator of the Papinotas app for communication in schools.



CLUB DULCE

In this after school club for children, concerned parents were constantly calling. The team needed to be able easily access the fact sheets for each child, without depending on paper, in order to respond to parental concerns.

Coach: Daniela Lorca, co-founder of Baytuto.com, an e-commerce for parents.



VERDE PURO

This agro SME needed to implement a sales strategy to take it out of debt.

Coach: Inti Núñez, director of Strategy at the Faculty of Engineering, University of Concepción.

Omni-Channeling and Digital Communication

Technology can open endless possibilities in our most basic and everyday activities. Each person evolves in different areas and digital tools can help to optimize our processes of interacting and working, and the work of each person and organization. At Entel we want to offer our customers different possibilities for interaction, whether it be selling or after sales, and have services available through different channels that suit customers' needs. We understand that clients may want to interact with us in different contexts, situations and at different times, requiring remote or face-to-face channels, with the help of an executive or through self-service mechanisms, or indeed a mix of the above. Our technology platforms must adapt to this

and be both functional and efficient for us, and comfortable for our customers. We will always favor the best channel for individual needs and will encourage customers to use the channels that will optimize their experience.

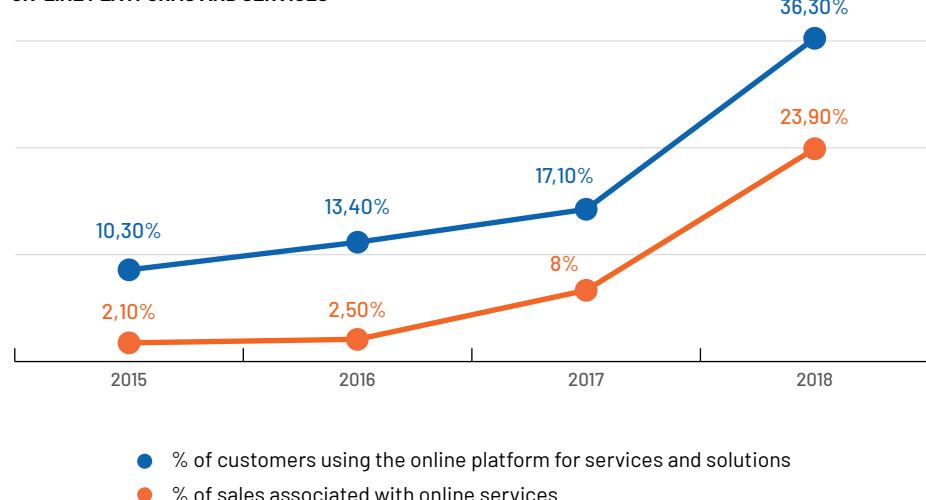
In line with the changes and transformations that we have undertaken as a company, the response of our customers to digital platforms has been increasing, and today, a significant part of customer care and interactions are carried out through these channels, including sales.

Our Entel app is the second most used application in Chile and number one in the telecommunications sector.

Source: Criteria Research



ON-LINE PLATFORMS AND SERVICES



What is omnichanneling?

It is a strategy organizations use to improve the user or customer experience, whereby different communication channels, platforms and resources are designed to cooperate and interact with each other, rather than operating in parallel.

Presenting ClaudiA: Our new virtual assistant bot

In October we launched the new virtual assistant ClaudiA, introducing the name and face to our customers. ClaudiA can be found in our chat, in six sections of the website including residential, mobile and "My protected handset", in addition to Facebook Messenger where she informs the customer about the status of shipping of handsets purchased via e-commerce.

ClaudiA's customer care has been limited for the moment to mainly informative and non-transactional tasks, and many of the requests she receives, even if she answers the question or guides the customer, end in a conversation with an executive,

as they require more specific attention rather than informative guidance.

Of the total number of conversations, 13% of the clients only spoke with ClaudiA, without being passed on to an executive. The remaining 87% requested attention that, after being answered by ClaudiA, was transferred on to an executive. Of these conversations, 45% corresponded to sales and 55% to after sales.

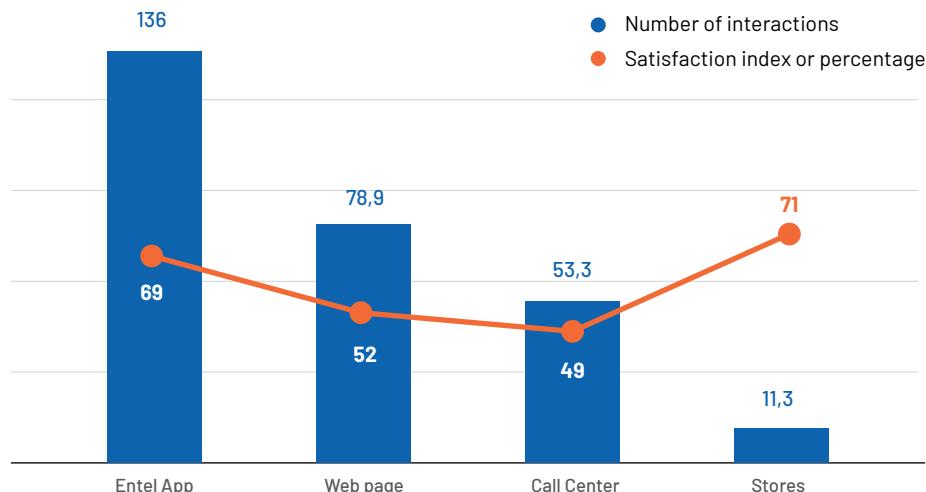


FOR TRANSLATION PURPOSE

Satisfaction With and Reliability Of Networks

Even though satisfaction levels for remote channels - except in the case of Call Centers - exceed 50%, face-to-face care in branches continues to lead here, with 71% satisfaction, though in terms of numbers for interactions, these are the lowest. Although we have made great advances in terms of enabling technology and user involvement, we still have the challenge of increasing customer satisfaction rates through remote channels.

INTERACTIONS AND SATISFACTION THROUGH CUSTOMER CARE CHANNEL



15. Calculated as the total number of interruptions to customers, corresponding to the total of all customer accounts experiencing interrupted service during each incident, divided by the total number of customers served.

16. Calculated as the total duration of the interruption to the customer, corresponding to the sum of all interruptions in terms of time, multiplied by the number of customer accounts affected by each interruption, divided by the total number of clients served.



Communication and Advertising

As a consumer products company, Entel has a broad reach to consumers, with a constant offering of products and promotions that are periodically and agilely renewed. As well as our advertising with its own style, we have a presence at and support various events and projects. Our brand is recognized and valued by consumers and the various stakeholders. In 2018, for the third year in a row, we were recognized in the RepTrack 17 ranking as Chile's best telecommunications company.

Our marketing communications seek to inform consumers and customers in a timely and transparent manner. In the same way as different areas of our operation, these are subject to oversight by the regulatory bodies.

In 2018, with regard to the offering and promotion of "Unlimited Plans", SUBTEL started an oversight process of telecommunications companies. The upshot was an official request for companies to remove the word "unlimited" from their commercial offers. In SUBTEL's opinion, the conditions promised were not being met, due to variations in the quality of service provided, with slowdowns in navigation speeds at certain times or when exceeding a traffic quota. Entel renamed these plans "Free Plans", maintaining the conditions agreed with our customers at the time the agreement was made, with no fines or penalties arising from this. The conditions and restrictions that apply to these products - in addition to being communicated in a timely manner to consumers and customers who contract

the service - are based on estimates and calculations of the average maximum usage of individual users of voice and data services.



17. Study carried out by the Reputation Institute consultancy, a world leader in reputation measurement and management. In Chile, in 2018 it was carried out on 7,000 people.



Consulta la **factibilidad**
de nuestros servicios
en tu hogar



2.5

Cybersecurity and Data Protection

Why is it important?

At the end of 2018, the internet experienced traffic to the tune of 67,600 gigabytes per second, globally¹⁸. The online world has become a cornerstone of society, public infrastructure and private life. An operation of this magnitude requires that the companies and organizations that operate in the digital world take the due precautions in terms of information security for the various systems. Only this way can we carry out banking transactions, for example, or legal administrative procedures without moving from our desk, in a few minutes and without taking risks. Meanwhile, the large amount of information generated and stored in this growing data traffic - including every click we make - can generate new developments and systems based on analysis and big data that makes it possible to create products and services much more efficiently, even in terms of public innovation. As such, the infinite transformative capacity of the virtual world must have its parallel in

information security and the protection of people's privacy. It is worth bearing in mind that since you started reading this paragraph, the Gbs downloaded on the planet were in excess of 3.1 billion.

Although not matching the speed that characterizes the virtual world, regulations and norms on these matters have also advanced. Unfortunately there have also been increasingly sophisticated tactics for cyber attacks and obtaining user information for malicious purposes. This makes it ever more necessary for the different organizations, public and private, that have an impact on information security and on the protection of privacy, to assure safe access to information and communications technologies.

The accelerated development of technology and access to information have represented a unique opportunity for transformation. Today, with the Internet

of Things (IoT) and the development of technologies based on analytics and big data, there is ever greater potential for innovation to change our lives and routines. Together with development and innovation, making advances in terms of the security and protection of this huge information network and of the users that interact on it is a very important issue for the development of our business, the minimization of risks, and the responsible transformation of society.

18. Internet Live Stats <http://www.internetlivestats.com> / Consulta enero de 2019.

How do we manage it at Entel?

Technological developments and the constant growth of internet access, both mobile and fixed, have been the most important pillar of our company's development and will continue to be so into the future. With the large amount of data that generated through user interactions, new opportunities for innovation and greater business transformation also emerge.

The risks we confront in computer science oblige us to adopt proactive management throughout the organization, taking care of and safeguarding information across the company. The same applies to the opportunities for business growth offered by new technologies and data. They require that greater precautions be taken promptly to ensure an operation that is responsible with customers and users.

As such, at Entel we have taken care to make cybersecurity a priority element

of our work across the entire company, creating the necessary bodies and departments to manage it and regularly updating the systems that support the operation.

We have a Cybersecurity Committee that meets regularly and holds extraordinary sessions in the event of an incident. In 2018 the Cybersecurity Division was also created, with the aim of strengthening security within the company and for the various services we offer. In addition we have ISO 27001 certification for information security. From the moment of joining the company our employees receive training and training in these areas. In the most important cases we extend this to suppliers, contractors and corporate customers.

In the area of data protection, any personal customer information generated in interactions and digital activities is only used in an anonymous and aggregated

form, protecting the privacy of users through various systems and mechanisms, always with the aim of expanding their possibilities and offering better services and experiences targeted at the needs and interests of the people.



67,600

Gigabytes per second downloaded
globally

Creation of the Cybersecurity Division

The aim of our cybersecurity division, created in 2018, is to identify risks and implement security controls to ensure that the executives in charge make decisions with a residual risk acceptable to the business. The division is made up of four sub-administrations and is the second line of defence for the management of security risk. Organizing cybersecurity in the company includes picking business information security officers (BISOs), who are responsible for cybersecurity in their division or department. In total there are 23 BISOs responsible for compliance with the cybersecurity policy and rules in each area of the company, fostering a cross-cutting culture, ensuring the execution of controls and action plans and reporting on any incident. They are also responsible for ensuring the compliance of crucial suppliers to their departments.

The cybersecurity program led by this division has eight areas of work: Governance, budget and plan; controls; architecture and engineering; processes and operations; culture and awareness raising; response to incidents; and risk management.

In the particular case of data center cybersecurity, the data center infrastructure division has a cybersecurity manager in charge of coordinating with the cybersecurity division. In this way the policies and good practices relating to information security are spread throughout the company. Indeed, the cybersecurity division operates transversally throughout the organization.

How does the Cybersecurity Committee work?

The Cybersecurity Committee has technical and business areas. While the members of the technical area met fortnightly over the course of 2018, accounting for 21 sessions in total, the business team met monthly, starting the last quarter of the year, the date on which it went into operation. Both areas complement and support each other in their respective tasks and responsibilities. The body for collective work is the cybersecurity steering committee, which meets quarterly and includes representatives from the cybersecurity division in addition to the BISOs or security managers and managers from the different departments. This body reviews innovations in security and sets up and monitors a program of projects and initiatives to mitigate strategic risks in cybersecurity. Also, special guests attend to present specific issues of security and fraud, and future steps are established to continue advancing in this area.

CYBERSECURITY MEETINGS

Organized by the cybersecurity steering committee, these meetings are about integrating on these matters at a technical and business level and include talks and topics on the subject. Employees from different departments attend the sessions. In 2018, two meetings were held, attended by 113 people. These addressed issues such as relevant risks and the importance of protecting privacy, and were supplemented by third-party presentations including the main cybersecurity crimes, a talk given by the Chilean Police Investigation Unit, and an presentation on Social Engineering by Dreamlab.

Training in cybersecurity

Cybersecurity is a cross-cutting management issue in the organization: all our employees are asked to take due precautions with the computer systems and address and report on any risks detected. For this reason training in this area is ongoing, carried out by various bodies and in different formats such as informative capsules and training programs.

1,008

employees received secure mail capsules with information about safeguarding against spam, phishing, malware, social engineering and acceptable use of mail.

606

people received the secure desktop capsule, with practices to physically safeguard the information.

131

new employees participated in the induction talks on cybersecurity.

21

people from the systems division participated in safe development training, with content on threat modeling design, OWASP¹⁹ and access control.

ISO 27001 certification

Since 2010 we have had ISO 27001 certification for information security regarding data center services. These are permanently monitored with regards to compliance and updated according to the requirements of the standard. The certification is carried out and validated independently by an external company specializing in this field.

19. Open Web Application Security Project, an open source project dedicated to determining and combating what makes software unsafe. It is driven by a non-profit organization.

Data Protection and Safety

At the beginning of the decade, in 2011, the Report of the United Nations Special Rapporteur for the Promotion and Protection of the Right to Freedom of Opinion and Expression, recognized that the internet, as a digital platform, constituted an important enabler to the extent that without its existence, the exercise of these rights would be seriously affected. Just as access and creation of infrastructure are very important, so too was safeguarding various elements for secure access to the network, where cybersecurity and protecting the relative anonymity of users were of particular importance for user protection and fully respecting their rights. Since then, discussion and regulations on this topic have increased in different parts of the world and today are becoming a priority.

In May 2018, the Chilean Congress approved a reform to an article of the constitution and added personal data protection at the same level of importance as respecting and protecting private life and personal and family honor. This was a prelude to enacting the Personal Data Protection Law in Chile. In Peru this year

there was also discussion on changes to the Personal Data Protection Law, in force in the country since 2011.

At Entel, together with dedicating ourselves to the strengthening and security of our information systems and cybersecurity, we also ensure the quality of the data and take the necessary precautions so that any use made of it is responsible and fully safeguards people's rights and the privacy. Although the new Data Protection Law has not been enacted, we closely follow discussion on it and work from the systems and legal divisions to incorporate the best national and international practices to our processes and activities in this area.

Personal information

Those relating to any information concerning individuals, identified or identifiable.

Sensitive information

Personal information that refers to a person's physical or moral character or circumstances of their private life. As a general rule it cannot be processed unless authorized by law, consent is given by the owner, or it is necessary to determine or grant health benefits for the owner.

FOR TRANSLATION PURPOSE

How do we treat personal data?

At Entel we have more than nine million customers, a growing number of them postpaid. Given the sheer size of our services and interactions, we have a large amount and variety of data that is essential for the provision of our services and the development of new businesses, and is also used in remote contracting, communication of our products and services, and other interactions with our customers. Our Terms and Conditions of Use for the Entel Website, accepted by customers, include regulating the use of personal data registered on the site.

What type of information do we collect through our website?

When creating an account at Entel, or acquiring our services and products, we collect registration information, location and details obtained through the services to offer suggestions and promotions based on individual tastes and preferences, technical information from the services, user handsets and more. In addition we obtain information on how each person uses our products and services, including the numbers the customer

Data collection and capture

Are carried out

- With the consent of our customers;
- Through procedures and processes authorized by law, and incorporating the corresponding terms and conditions of use;
- Or from sources accessible to the public.

Data storage, updating and safeguarding

There is information of customers and non-customers on servers, technological platforms, hard drives, pen drives and computers. In addition there are statistical and anonymous data on different platforms such as cloud and internal systems.

All the platforms and storage systems apply cutting edge data protection models and standards from the best international practices and the current regulations covering these matters.

Communication and data processing

Data can end up with third parties for studying and liaison activities with customers, given the necessary authorizations and protection safeguards are in place. In such cases, it is required that shared personal data only be used for the purposes established in the transference, requiring the highest security and data protection standards. Also, in compliance with conditions established in legal proceedings, state bodies or officials may request data without having the express consent of users or customers. In 2018 we received a total of 68,042 consultations from the state and authorities. We respond to all requests that comply with the regulations, and if we possess data, we will hand it over.

dials, characteristics of interactions, service levels and the preferences and characteristics of web browsing data. It should be noted that all information is used anonymously and in an aggregated manner, and never individualized to private persons, thus protecting privacy.

In 2018 there were no breaches of privacy or loss of personal data of Entel customers from our data storage systems.

Data Governance Committee

We realize that people need to keep their personal information protected and safe, and we share this concern. As such we have policies and procedures that incorporate good practices from international standards, are in line with the regulatory framework and adapt to current needs in these matters.

Since 2018 we also have also had the Operational Committee on Data Administration that meets monthly and is made up of a multidisciplinary team. Its main function is to develop the company's global strategy in the area of data communication and protection, ensuring that privacy and security are priorities and laws and regulations are complied with, along with our customers' needs.

Data protection is aligned and related to more than one enterprise risk, being part of corporate risk management. One of the milestones of the Data Governance Committee was incorporating a process to identify specific risks relating to current legislation and changes in laws, assessing qualitatively both probabilities and impact. This will make it possible to rank risks that need to be mitigated and establish the respective mitigation plan.

These action plans and advances will be overseen as part of the Corporate Risk Management Model.

It should be noted that our complaints channel makes it possible to manage infringement of regulations and company ethics. Through this web platform, complaints of various kinds are received and dealt with, which includes filtering the personal data of customers or entities external to Entel, as well as complaints from employees and internal bodies.





2.6

Responsible Management of Suppliers

Why is it important?

Relationships between partner companies participating in a business and sharing common aims make it possible for the companies to grow, and also the economy as a whole. However, purchasing goods and outsourcing services also requires looking carefully at the corporate responsibilities of the companies and the possible risks that may arise from an organization's supply chain.

Putting in place strategies and models to manage risk and promote the dynamics of collaboration and development on various fronts and in pursuit of different aims is currently very important for corporate management.

It should also be borne in mind that suppliers for a large company are diverse. As such, together with identifying the

risks inherent to each sector, region or company size, establishing good work practices and relationships that allow each side to develop is also fundamental. This involves setting up effective collaborative relationships to address the difficulties or risks that may arise.

One of the sectors that most needs support and help today is that of smaller companies. In this respect, changes in the regulations also aim to foster good payment and work practices with this sector. In Chile, the law for timely payment, passed in 2018 and seeking to ensure that payment timeframes are not exceeded, is an example of how joint projects that meet the needs of SMEs are in line with the priorities of the economy in general and with a more sustainable development in the long term.

How do we manage it at Entel?

Our purchasing policy is established in the company's Code of Ethics. Here, the principles of transparency, integrity, honesty and mutual convenience are set out. Choosing a supplier depends on their merit and ability and the quality and cost of the product or service.

The Model for the Management of Contractors and Suppliers takes into account the life cycle of the supplier from the beginning of the commercial relationship until its end. It establishes the criteria and procedures for monitoring and assessment and generates feedback channels to improve performance in this area and mitigate risks. In 2018 we implemented a risk map that makes it possible for us to monitor compliance with established criteria based on supplier segmentation and according to their level of criticality and impact.

The Purchasing Division is the primary responsible party for the grading, monitoring and assessment of suppliers. The Vice Presidency of Human Resources, meanwhile, through the risk prevention and outsourcing departments, is

charged with ensuring compliance with risk prevention regulations, reviewing and grading companies regarding compliance with current labor laws. These are the main sustainability criteria addressed in this area.

Our suppliers are strategic business partners. For this reason, rating and assessing are carried out through improvement processes and joint projects between Entel and each company that works with us to deliver on our mission.

In terms of the make-up of our supply chain and the impact we can have through our procurement and purchasing processes, it should be noted that 60% of our suppliers are small and medium-size companies and since October 2012 we have held the "Propyme" hallmark, awarded by the Ministry of the Economy in recognition of good working practices with the SME segment. On the other hand, just under half of the total spending on suppliers goes to contractors, so constant attention to risk factors at work is an important part of managing sustainability.

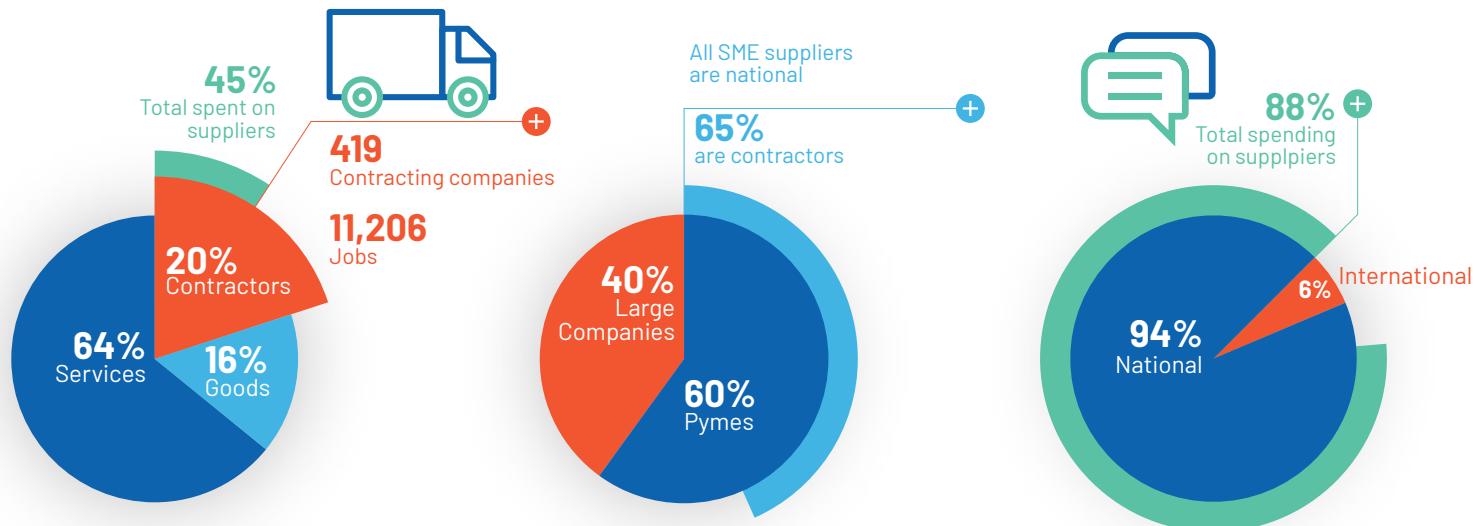


60%

of our suppliers are small and medium-sized companies

1,920 supplier companies

Nearly CLP959 billion spent on suppliers in 2018

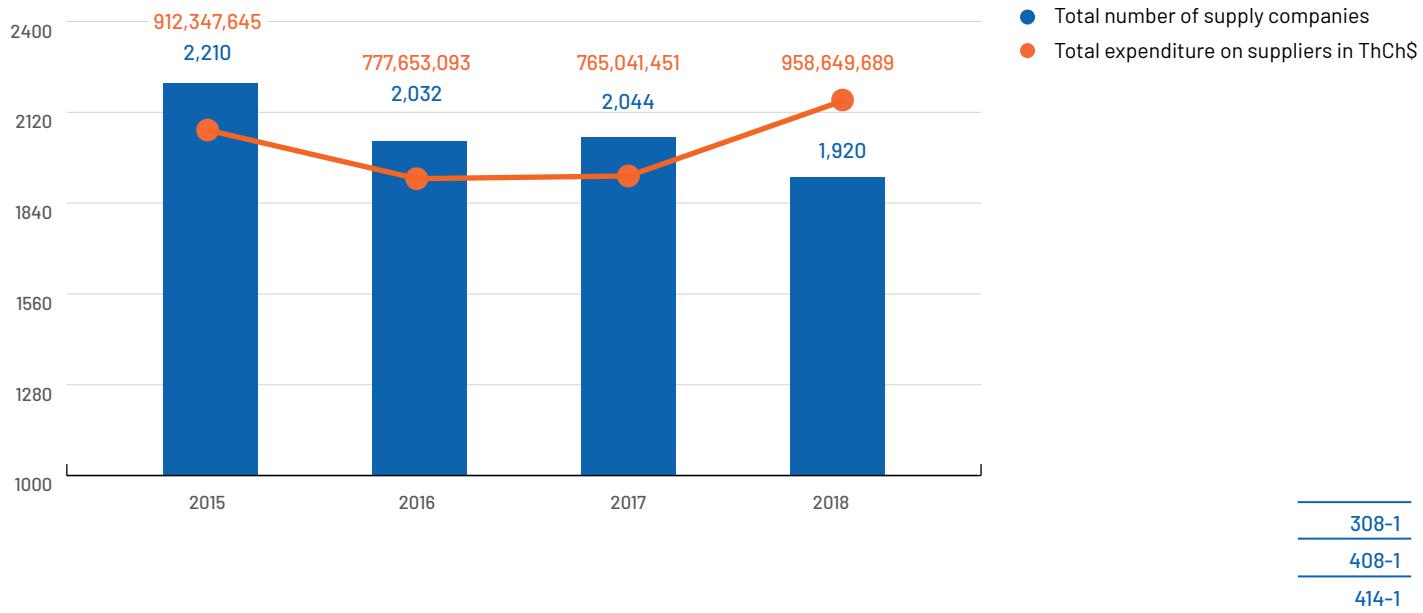


At Entel we have a supplier risk map. These are segmented depending on the amount of purchases, frequency, and if they are in line with the subcontracting law. At the same time, impact is monitored - being high, medium or low risk - using variables such as contracts, warranties, outsourcing, risk prevention, insurance and financial. In 2018, 159 first level suppliers (direct suppliers)

fitted the category "critical suppliers". Of these, 105 were contractors. 71.19% of total spending on suppliers in 2018 went to these critical suppliers.

FOR TRANSLATION PURPOSE

NUMBER OF SUPPLIERS AND TOTAL EXPENDITURE FOR ENTEL CHILE



How do we work together with suppliers to incorporate good business practices and attention to the risks inherent to this area of operations?

The process of grading consists of assessing various points of new service providers or supply vendors, as well as suppliers that haven't been used for more than six months, depending on whether the service is related to the Subcontracting Law. This process addresses the six pillars of our model, which are: arrears, risk prevention, contracts, warranties, insurance and outsourcing.

In 2018, 424 new companies were assessed; 100% of the new suppliers hired over the period. Of these, 31% were contractors. Contractors go through a full grading process. As well as documentation of their adherence to the code of ethics and CPM and having a satisfactory financial report, they must meet criteria of outsourcing, and risk prevention. The

rest of the new supplier companies go through a simple grading process.

Of the total number of suppliers assessed for social and environmental aspects, whether for their adherence to the company's codes of conduct or their legal compliance with the different pillars of the model, 11% were found to present a high risk in some aspect. With all of these a special joint work plan was applied to regularize their situation. Only one supplier assessed presented a risk to working with minors. The case was tackled early on and the situation brought into line, with the supplier then being deemed suitable.

All Entel suppliers must adhere to our code of ethics and to the crime prevention model and cannot have conflicts of interest in their relationship with the company. They also adhere to the sustainable business standards included in each of these guidelines.

3.1

Diversity and Inclusion

FOR TRANSLATION PURPOSE

103-1

103-2

103-3

Why is it important?

At the beginning of 1990, 32.5% of women in Chile had a paid job. The figure currently stands at 47.4%²⁰ and continues to rise. However there are still many challenges for the full integration of women in the workplace.

In 2016, Pride Connection Chile became the first network of companies seeking to foster inclusive work spaces for sexual diversity and recruiting LGBT talent in the member organizations, including Entel.

As of April 2018, the new Labor Inclusion Law in Chile requires that in companies with more than 100 employees, at least 1% must be people with disabilities. The law also prohibits any discrimination against this group.

The process of implementing an ecosystem in accordance with this new reality, with open and tolerant organizational policies and cultures, is an overdue challenge.

The benefits of fostering a culture of diversity and inclusion – beyond the imperative respect for people and their rights – are:

- Recruiting and retaining talent
- The satisfaction and pride of belonging
- The improvement in creativity and innovation
- And a greater receptivity to the needs of diverse clients.

20. National Institute of Statistics, 2018

How do we manage it at Entel?

At Entel we believe that having a diverse and inclusive culture serves the purpose of the company and the people who work there. We aspire to a reality where each person feels they can build from their own identity. To that end we strive to create a team environment in which each person feels safe to play a part with their talent in finding innovative solutions that respond to the new needs and expectations of our customers.

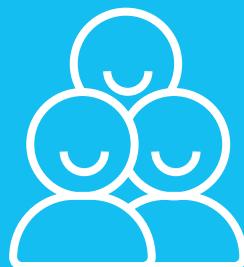
The code of ethics and the application manual state the unbound commitment of the company to the human rights of all its employees, appreciating the individual in their entirety, without arbitrary discrimination.

We believe in the value of the diversity of the company's human team, which is why we undertook the challenge of building a Diversity and Inclusion Administration in line with the transformation processes experienced by the company. This work has been carried out in different

stages, including participative channels throughout the company. There have been workshops, dialogues and roundtables. In 2018 there were three working sessions which by the beginning of 2019 will give shape to the Diversity and Inclusion Committee, made up of company managers and employees. The preparation and publication of the Diversity and Inclusion Policy is also expected in 2019, governing the activities of all the company's departments on these matters. The roundtables also set out the main focuses we will work on as a company concerning gender balance, people with disabilities and sexual diversity.

The Diversity and Inclusion Administration governs all our employees and in the future will assess the inclusion of its guidelines in working with subsidiaries and suppliers. Management assessment mechanisms in this area should be proposed by the working groups in each area of priority diversity. Meanwhile,

by 2019 the committee is expected to meet regularly to implement at least 50% of the initiatives proposed by the roundtables within the work plan.



2017

Entel started working on the implementation of a diversity and inclusion administration

ENTEL CHILE

2018	4,399 Employees
2017	4,788
2016	4,731

ENTEL CALL CENTER

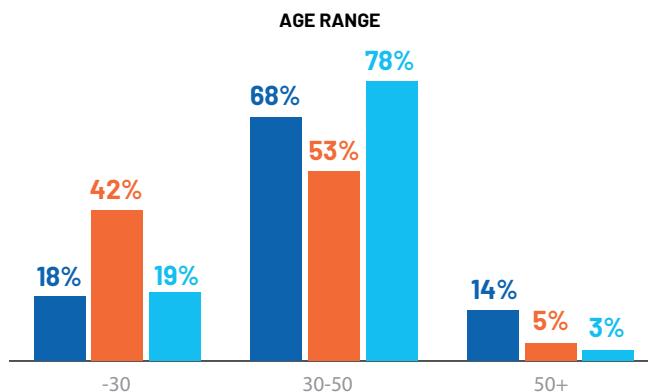
2018	1,958 Employees
2017	1,410

ENTEL PERÚ

2018	2,354 Employees
2017	2,527

FOREIGNERS

4%
2%
1%



WOMEN

34%
52%
44%

In our company we value the contribution made by each person, with their experience and abilities, to achieve the objectives set. 67% of our staff are between the ages of 30 and 50, and 41% of the total are women. 3% of the employee are foreigners. In Chile, this figure could grow within the next few years considering that nationally this group represents 6% of the population, still far from the average of foreign residents in the different OECD countries.

As our team becomes more diverse, as a company we have been creating the mechanisms and the appropriate bodies to foster a culture based on respect. This way, together with the work of the Diversity and Inclusion Administration, we seek to enhance people's characteristics and qualities, enriching our value proposition through diversity. Meanwhile the code of ethics, its application manual and our ethical management system ensure that each person is respected and that an environment of tolerance and non-discrimination is always promoted in our company.

41%

of our overall workforce
are women

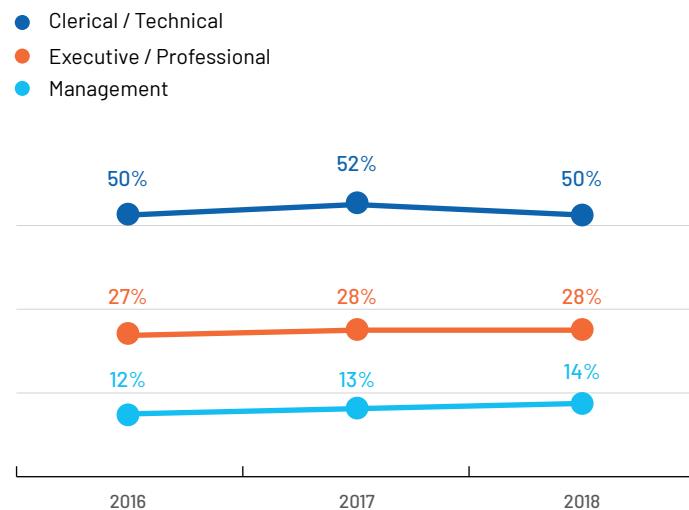
Through which channels can employees report discrimination?

Any incident of discrimination must be reported through Entel's ethical management system and its corresponding channels, whether virtual or face-to-face. These are set up to always protect people and their integrity. In 2018 there were two reports of incidents of arbitrary discrimination; one, an offensive joke to a foreign worker and another regarding perceived discrimination regarding promotion and gender. Both were taken on by the Ethics Committee, referred for investigation and resolved to the satisfaction of the complainants.



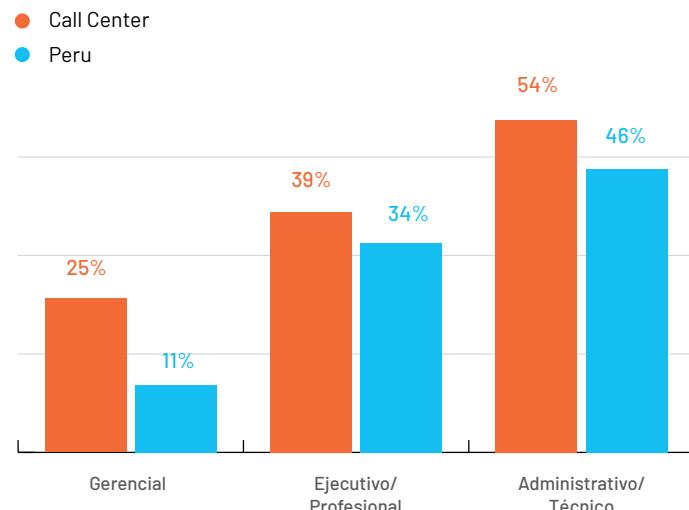
Gender Balance

PERCENTAGE OF WOMEN BY LEVEL



At the end of 2018, 1,485 women were part of the Entel Chile team. The most uniform category in terms of gender balance in this operation is administrative and technical, where there is fifty-fifty balance of women and men. The biggest gap is at management level, where, as of December 2018, only 14% of employees were women. This figure was up 2% on 2016. At executive and professional level the figure is a little better, though there is still a significant gap, with women at 28%.

PERCENTAGE OF WOMEN BY LEVEL ENTEL CALL CENTER AND ENTEL PERU 2018



At the end of 2018, there were 1,012 women working at the call center and 1,039 in the Entel Peru team. The breakdown of women in the various employment categories can be seen in the corresponding chart. Of all the operations, Entel Call Center has the highest percentage of women in management positions at 25% of the total managers, compared to 11% in Entel Peru and 14% in Entel Chile.

Wage Gaps

Type of position	Gap women/men		
	Entel Chile	Entel Call Center	Entel Peru
Management	90.1%	95.2%	100.04%
Professional and technical	92.7%	94.1%	99.8%
Other workers	88.2%	94.9%	91.33%

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

102-8

Type of contract at Entel

In general, the vast majority of our employees hold indefinite contracts for full-time work.

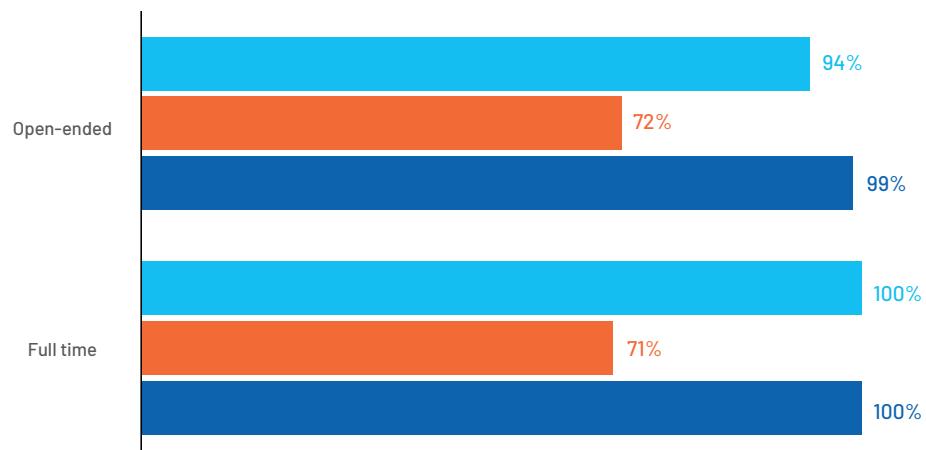
As at December 2018, at Entel Chile, five women and one man held part-time posts. In addition, 33 women held a fixed-term contract and 22 men.

At Entel Call Center, 381 women held part-time posts, and 187 men. Meanwhile 302 women held fixed-term contracts, and 253 men.

At Entel Peru, five women held part-time posts, and six men. Meanwhile, 85 women held a fixed-term contract, and 62 men.

EMPLOYEES BY CONTRACT TYPE

- Entel Peru
- Entel Call Center
- Entel Chile



Diversity and Inclusion Administration

16

Awareness building workshops



In 2018, prior to the establishment of the Diversity and Inclusion Committee, workshops were held in different regions where representatives from all company levels participated. About 10% of the total staff participated, in order to jointly establish the management focus for this issue within the company, and also to learn about concepts such as unconscious bias.

By 2019 we expect to settle on the definitive constitution of the Diversity and Inclusion Committee and see the publication of the Diversity and Inclusion Policy which will govern the entire company. We will also advance in terms of the working plans for priority work areas laid out in the working sessions.

450Participants from
all
levels

Andrés Villablanca

PMO Consultant,
Corporate Segment VP

"My motivation for taking part in this process is to be able to share my testimony and the keys that allowed me to face my disability with this new opportunity. I want to tell my peers that everything is possible, that it is you who sets the limits.

Entel, for those who experience it daily, is an oasis, and I am very proud to be part of this cultural change."

Mónica Fuentes

Deputy manager for mediation, activation and OSS PTD processes, Technology and Operations VP

"I want to contribute to gender equity in our company in the short term as I had a hard time proving myself as a female engineer when I worked in Operations and Engineering in the 1990s. I would like the stigma of being a female technician to disappear and for our value and intelligence to be respected.

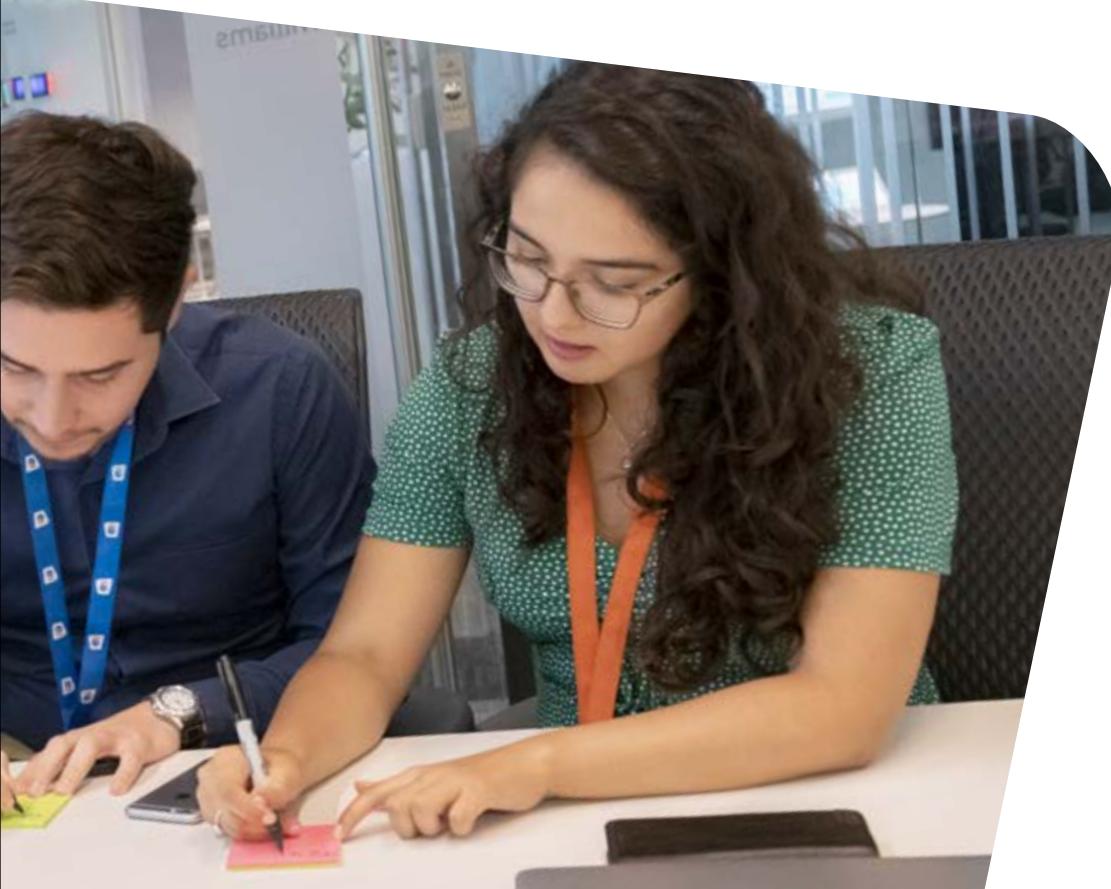
This work shows that Entel wants to be an agent of change in the country, which makes me proud to belong to the company."

Carlos Pino

Current Account Assistant, Transformation and Business Support VP

"I want to build a place where we can all live without fear, where everyone is accepted and respected the way we are, where our rights are not violated. At our roundtable, one of the issues we have most touched on is the discrimination and social rejection that many people have suffered for being homosexual or trans.

It fills me with pride and joy that this company of which I am a part, wants to create a place where each person can live their life without fear of discrimination or segregation. We are making a radical corporate culture change, and what could be better than the change originating with the officials themselves."



Talent Management and Development

Why is it important?

The full incorporation of a company into a digital and technological world, far from creating a scenario that dispenses with people, requires diverse human teams, with specialized skills and knowledge. For this reason, recruiting and keeping talent is of great importance for Entel's operations and our strategic development into the future. The key lies in the right mix of automation and artificial intelligence with specialized people and agile work teams, constantly updating their knowledge and skills, and disposed to innovation.

In the study "Human Capital Trends 2018", carried out by Deloitte worldwide, participating executives indicated that although adopting technology and automation generates anxiety in people over possible job losses, technological advances can open up new opportunities for businesses to have a positive

impact on society. This is where the human team, following the technological operation, becomes more important and can boost innovation both for the growth of the business and to foster broader transformation.

Technology can also complement and optimize the management of human teams, for example by supporting recruitment and selection processes, especially as more specialized profiles are required. It can also help in the construction and coordination of dynamic and agile work teams, committed to the company and convinced of its innovative and transformative capacity.

How do we manage it at Entel?

Our transformation process has been based on a significant change of perspective in the management and coordination of people and teams. From recruitment and selection, to the development of capacities within the company, including their regular assessment and monitoring. This vision has led us having specialized people and teams in place whose concerns are aligned with the development and growth plans that we have set for ourselves. As such, the implementation of specialist tracks and agile work methodology have cemented the first environment for transformation to build the company and business we have in mind for the future, which, in combination with the digital transformation and the adoption of new technologies - which constitute the second environment for transformation - have driven the great changes in our company in recent years.

One of the most important characteristics for an organization that devel-

ops in an agile and efficient way is the self-management and proactiveness of its members. The ability to respond and quickly adapt allows a company, particularly in an industry like ours, to anticipate changes and move in uncertain environments. As such the main training programs, as well as other initiatives that, for example, drive innovation within the company, develop these competencies in employees.

To build the teams, whether through external recruitment processes or internal mobility programs, a central element of the management and transformation process is to define skills and identify specialized skills for each position. This makes it possible not only to incorporate the capabilities specific to a dynamic organization, but also to design training and career development programs that allow people and the company to grow in step and in line with their projects and future vision.

NEW APPOINTMENTS

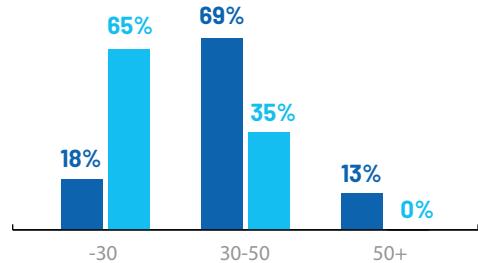
● CHILE 930 people

● PERU 542 people

MEN

58%

55%



WOMEN

42%

45%

TURNOVER

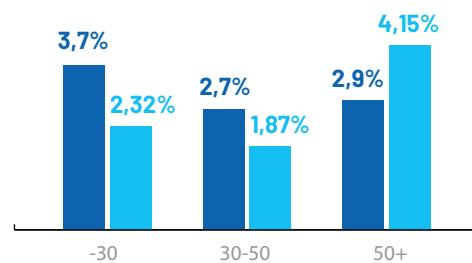
● CHILE 1.52%

● PERU 2.01%

MEN

1.82%

2.05%



WOMEN

1.37%

1.94%

Although turnover increased slightly at Entel Chile in 2018, going from 1.1% in 2017 to 1.52%, it has remained relatively stable in recent years considering that in 2016 it was at 1.6%. In Peru meanwhile it increased from 1.46% in 2016, to 1.53% in 2017, hitting 2.01% in 2018.

INTERNAL MOBILITY AT ENTEL

In 2018, 347 people in Chile and 197 in Peru filled internal vacancies in the company through promotions or transfers.

Aira: New technological ally for recruitment

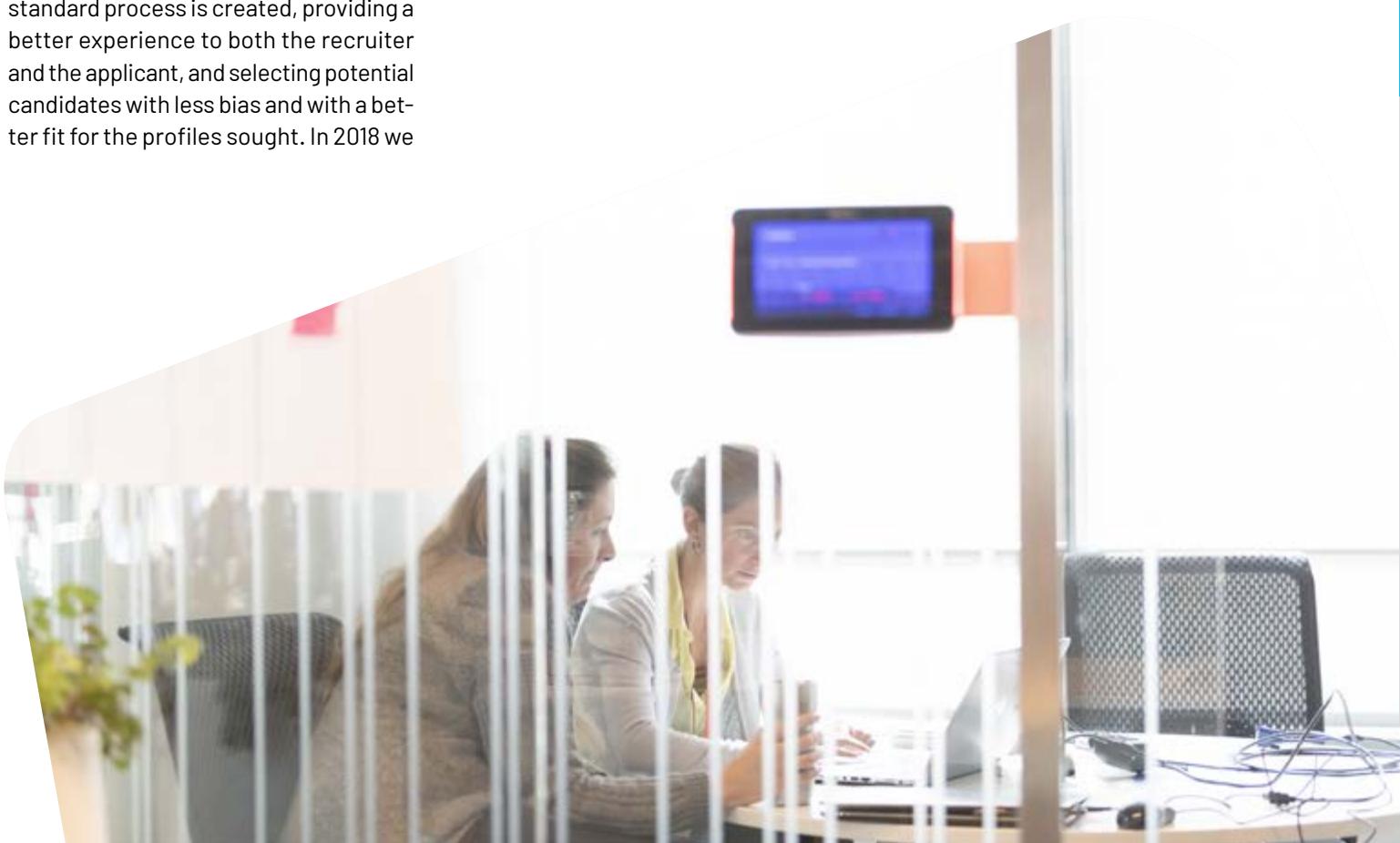
To improve the selection processes and draw on the tools that technology offers today, in 2018 we implemented the Aira platform. This is recruiting software that applies artificial intelligence to make the process more effective and efficient. Aira is able to review and prioritize 1,000 CVs in seconds, identifying candidates' professional experience, analyzing their emotions and performing psychometric tests, 100% digitally from start to finish. In this way a more effective and efficient standard process is created, providing a better experience to both the recruiter and the applicant, and selecting potential candidates with less bias and with a better fit for the profiles sought. In 2018 we

received more than 69,400 applications for 224 vacancies at Entel Chile.

Aira is an example of how adopting new technologies can improve people's work. Thanks to automation, in this case recruitment operation times decrease, meaning that the recruitment department takes on a much more specialized consulting role towards its internal customer.

69,400

applications for
224 vacancies



Agile Work Method: Specialized work teams with a quick response

There are now more than 700 people working under the Agile Work Method, in different areas of the business. The process began in 2015 with the adoption of a new organizational structure, more horizontal teams and an emphasis on interdisciplinary work. In 2017, the first inter-department work cells were formed, with multidisciplinary and autonomous teams undertaking collaborative projects. With a focus on innovation, these

teams take on projects from end to end, committing to meet customer expectations and aligned with the business strategy. Although it is a process in flux, in 2018 - with a methodology by now more integrated in the organization - we put together new cells, supporting work with the managers to develop competences in line with the company's expectations and the skills necessary to manage these sorts of teams and processes.

700

people working under the Agile Work Method in different areas of the business



SUCCESS STORY OF AGILE WORK METHODOLOGY: Creation and launch of Managed Local Network product for the Market Segment

Managed Local Network is a solution for customers of the Market Segment, particularly small and medium companies, to monitor, distribute and prioritize data traffic within their organizations as per their needs.

The entire process to move forward on this product in 2018 - from its creation to its launch and mass communication - was the result of the work of the Large

Companies Market cell. Here, different professionals were able to identify, based on customer needs, a possible solution; to design and implement the product, and to communicate it effectively.

The most visible result of this work was a notable reduction in service launch time. Since the whole team is involved from the beginning, all project participants have a better understanding from the

beginning. This also has an impact on the consistency of the final product and effective communication both internally and externally.

Talent Training and Development

404-1

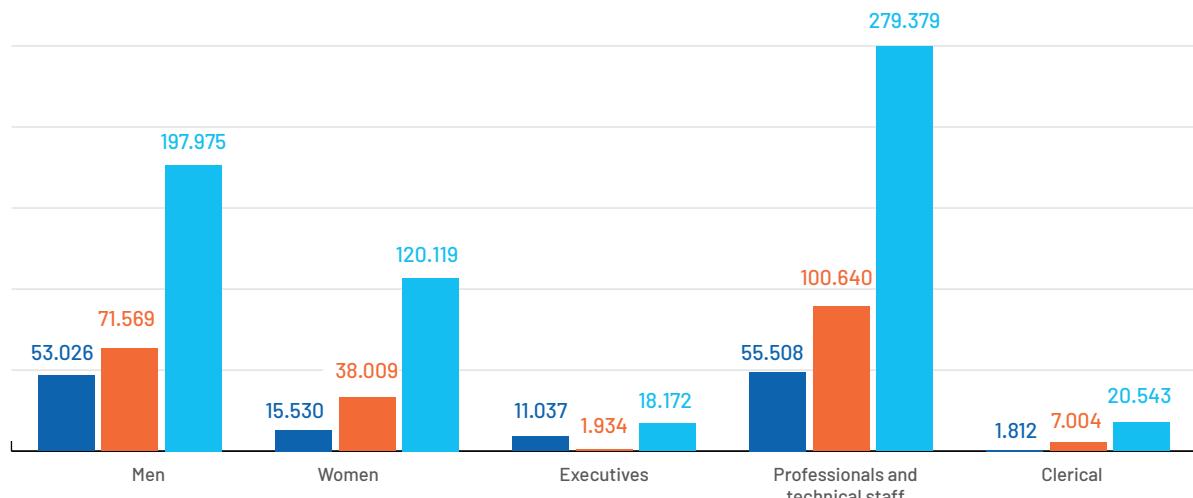
404-2

The evolution of our company, of the ways in which we work and, as our mission states, the responsible transformation of society, requires employees to continuously develop their skills and contribute to the teams with their specific knowledge and innovative capacity. To this end, in 2018 Entel Chile imparted 318,094 hours of training, 190% more than the previous year's 109,579. This new figure represents an average of 72 hours of training per person over the year.

On top of the extra hours invested in our employees, new training programs were added, including Entel University, which is documented later in this chapter.

TRAINING HOURS BY GENDER AND LEVEL
ENTEL CHILE

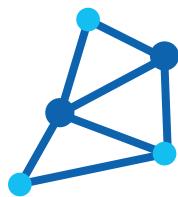
- 2016
- 2017
- 2018



PROMOTION AND DEVELOPMENT OF MANAGERS

In addition to the people with the right skills, the management of agile and innovative teams requires managers to successfully lead the challenges.

To help strengthen leadership skills, various programs and initiatives aimed at managers and team leaders were carried out over the course of the year.



Conecta program, fostering transformation

Its objective is to generate new skills and competencies for transformation, based on neuroscience tools.



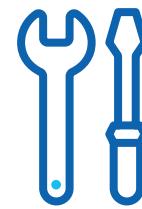
Organizational pulse workshops

These aim to prepare our managers to understand and manage the information of their teams regarding work environment and engagement level.



Mentoring program

The aim is to provide forums for managers to share good practices and experiences about the good management of the organizational climate.



Entel onboarding

It aims to provide tools and capacities to those taking on leadership positions so they can adapt to their new responsibilities in a better way.

FOR TRANSLATION PURPOSE

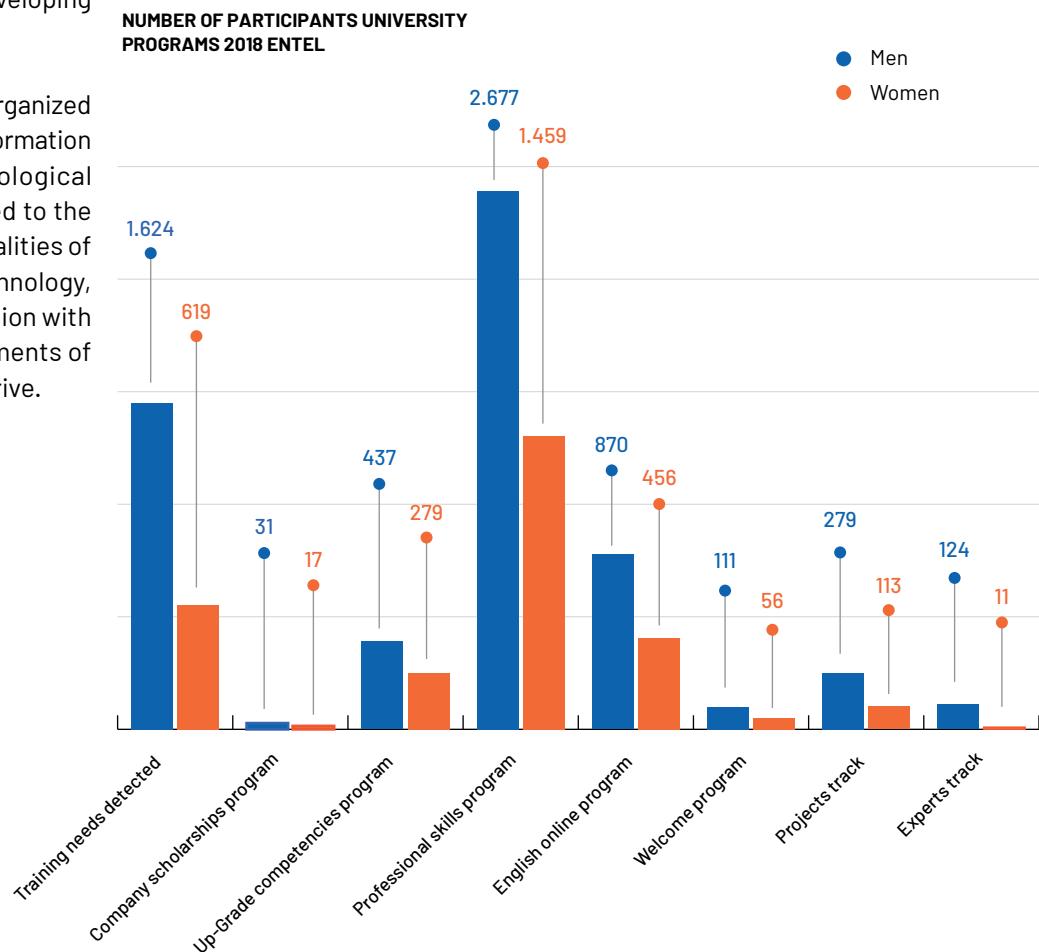
Entel University

In 2018 we inaugurated our new learning management portal, Entel University. As well as being a space to facilitate the upgrading of specific skills, it also seeks to train those who are part of our team and provide them with the necessary tools to take the challenges that drive and support our mission.

One of the objectives of this initiative is to promote learning in a dynamic and flexible way. It is aimed at all employees and seeks to encourage them to take the initiative and be proactive in developing their skills and talents.

Entel University programs are organized in thematic academies of transformation and leadership for the technological world. The contents are tailored to the global, regional and national realities of applying the possibilities of technology, and are established in conjunction with employees, as per the requirements of the challenges they lead and drive.

The Up_Grade Competencies Program, the Professional Skills Program, the Welcome Program, the Company Scholarship Program, and the Online English Program are part of our company's cross-training line. Meanwhile, the Training Needs Detection, the Experts Track and the Projects Track are part of the technical training line, geared to more specific positions and functions.



e) makers challenge Impetus for innovation

Along with developing the skills and potential of people so they can effectively contribute to the teams, we proposed to foster innovation at a cross-cutting level with a strong focus on the priority issues of our work, such as sustainability and technological transformation. This is the main objective of the e) makers challenge initiative, which continued to be held as in previous years.

In 2018 there were three e) makers challenges: two, open to the whole company, and one aimed in particular at the human resources division. Among the three challenges, 144 ideas and more than 800 interactions were generated. To support this work and to accompany those who participated, designing and profiling workshops were held. In addition, participants were supported by specific mentoring to work on the different topics or areas that were being strengthened in each line of work.



Sustainability Challenge	Human Resources Challenge	Analytics Challenge
51 ideas 704 participants 27 selected projects	19 ideas 19 participants 1 selected project	74 ideas 78 participants 4 selected projects
Efforts were made on three priority categories for our management of sustainability: Diversity and inclusion, Social development and Reduction of the digital divide.	This specific challenge for the human resources department was to look for innovative ideas for devising memorable, differentiating experiences that ensure efficiency, satisfaction and commitment to the service of internal customers.	The Analytics Division and the the Innovation Division launched the challenge, inviting the whole company to propose solutions to solve specific problems of customer loyalty and market studies.

Winning idea

e) makers challenge



"Human Resources Tube"

The team behind the winning idea proposed developing video capsules to explain typical, everyday procedures of the HR department, for example how to ask for vacations or where to send a medical license. These are simple, very recurrent questions that the department's team has to respond to on a case-by-case basis, taking up a lot of time; questions that can be answered more efficiently and effectively with the help of technology. The videos deliver standardized and simple information to employees, reducing the load of those responsible for attending to these concerns and allowing them to perform other more specialized tasks.

Winning ideas Sustainability Challenge

"Bridging the digital divide for the elderly"

For the second year running the team of the corporate segment VP participated in the sustainability challenge with the aim of reducing the digital gap for the elderly. While in 2017 they focused on the purchase of supplies and implements, in 2018 they were able to train a group of beneficiaries from the municipality of La Reina. About a quarter of the population of this Santiago commune are in the elderly age bracket, many of them in need of technological tools to facilitate numerous daily activities. The idea was to start with a training manager, and in the future have the participants themselves teaching what they have learnt to others.





"1st Regional Meeting on Educational Robotics"

In the Bío Bío region, specifically in the Cañete Polytechnic High School the First Regional Meeting of Educational Robotics was held, attracting students from various establishments in the region, including from rural areas. Boys and girls were able to show their own creations and compete in a number of ways. Robotics enhances creativity and can be learnt from a very early age. The aim of the initiative was to encourage participation and enthusiasm that the issue generates in children, in this instance at regional level.

27

Selected projects



704

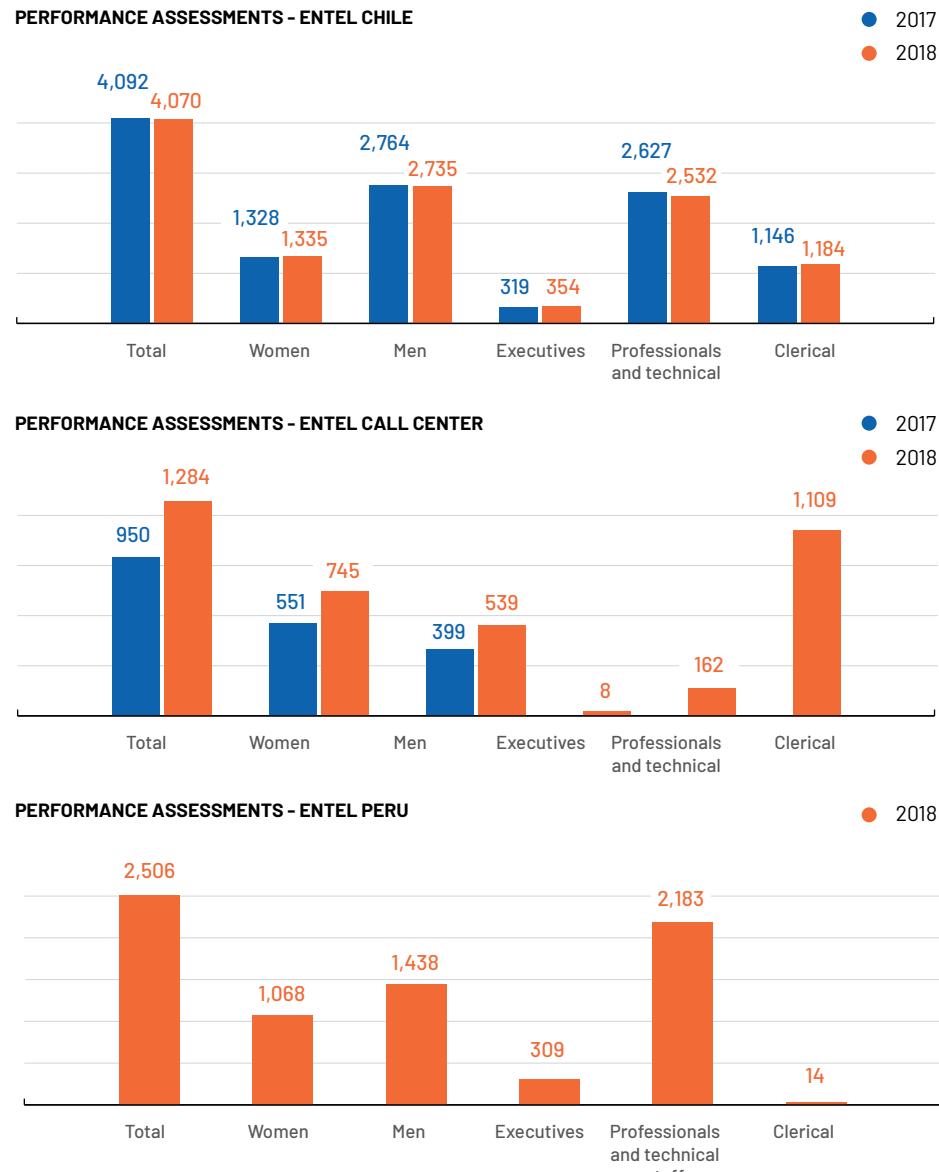
Participating employees



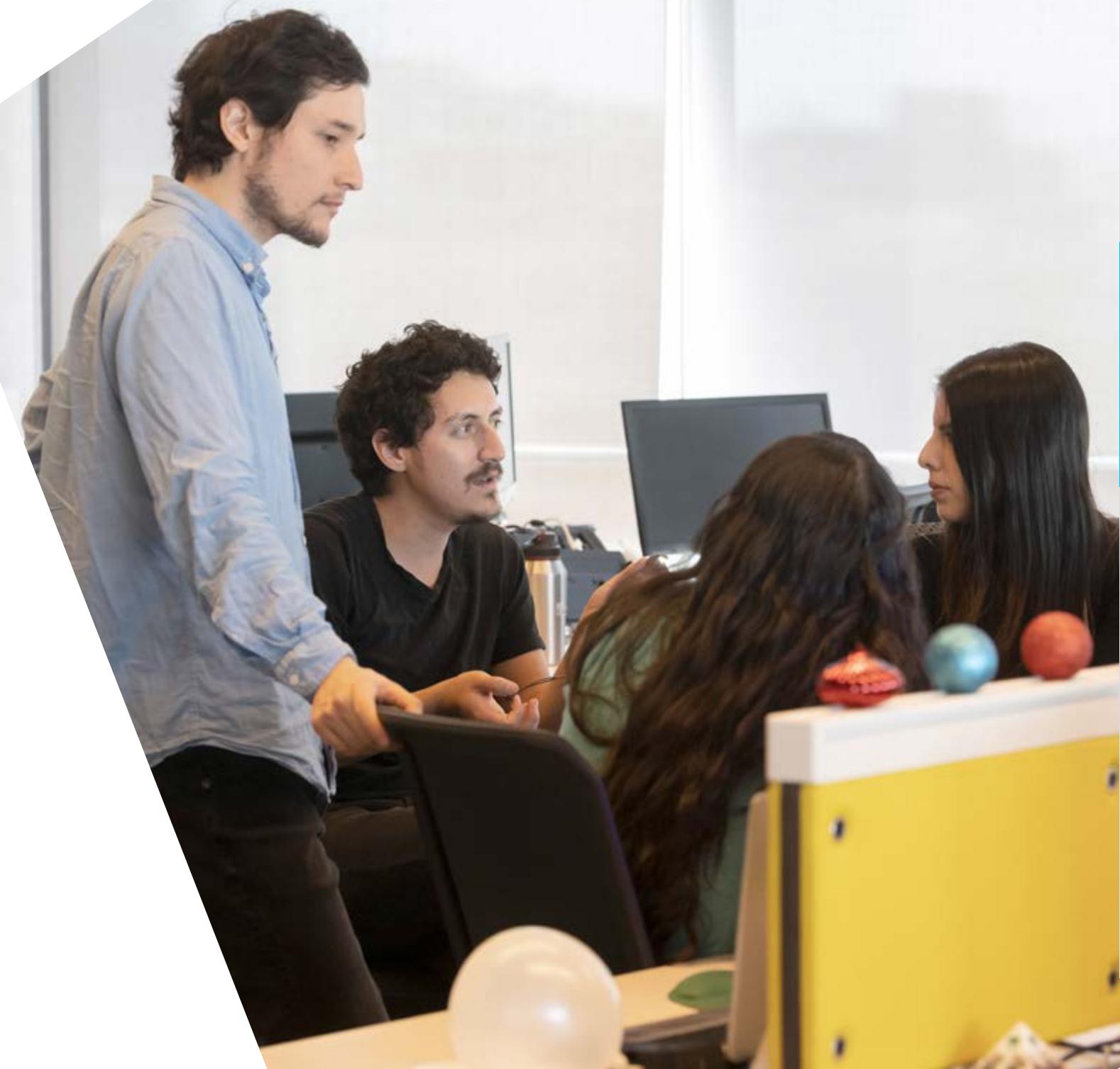
Performance Assessment

In December 2018, 4,070 employees from Entel Chile, 1,284 from the Entel Call Center and 2,506 employees from Entel Peru underwent formal performance assessment procedures. This is an essential part of talent development, mainly because in addition to putting individual and team achievements and challenges in perspective, it allows us to identify skills that need to be reinforced in order to deliver our aims as a company. The evaluation process also makes it possible to pinpoint people who demonstrate high potential and skill levels, in order to develop and increase their performance.

We have also started implementing assessments that incorporate more variables and different visions and aptitudes. In 2018, 62 people at Entel Chile participated in a 360° assessment, and at Entel Call Center this type of assessment was used for the first time with satisfactory results. With this tool the different team members assess each other, which includes employees evaluating management. At Entel Peru, managers and supervisors have 180° assessments with feedback.



FOR TRANSLATION PURPOSE



New Ways of Working

Technology and digitalization not only facilitate innovation, they also allow people better perform their tasks, more comfortably and flexibly. At Entel we want to foster a balance of interests and responsibilities between the personal and working lives of employees, creating work spaces that fit the needs of the people. To this end we are updating our work dynamics and exploring the alternatives offered by technology and global trends in this field, which will also allow us to improve our value proposition as an employer brand.

To review and assess these new ways of working, a home office committee was created, which meets weekly. The aim is to continue progressing with this initiative, incorporating more vice-presidencies.

As of December 2018, 998 employees were on a flexible working schedule, adjusting their hours of entry and exit from the workplace, and 152 were participating in a Home Office or teleworking program.



Safe and Healthy Work Environment

403-1	403-4	403-7
403-2	403-5	403-8
403-3	403-6	403-10

The management and development of talent require safe and healthy working environments that protect integrity and foster people's well-being. Entel's Preventive Management System for Occupational Health and Safety ensures that each member of the company carries out their work in a safe manner, including workers from contractor companies. Although the system is not certified, internal and external audits are carried out regularly by customers.

Within the company's departments and projects, the highest risk jobs are driving, working at heights (towers, posts, roofs and rooftops), work in confined spaces (underground chambers, shaft ventilation, crawl spaces), work in electrical installations and work carried out in geographic areas over 3,000 meters above sea level. For this type of work there is a technical safety standard for both personnel and contractors, which includes various items that must be reviewed and be present in order to carry out the work.

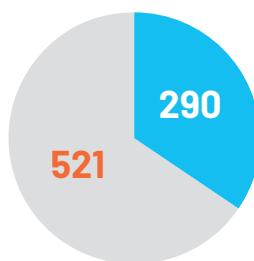
There is also grid training on health and safety issues for all employees - internal and contractors - that must be undertaken. In 2018, courses were held for the different areas and jobs that represent the greatest risk and are mentioned above.

There are also courses for supervisors of contractor companies that deal with matters such as accident investigation, hazard identification and risk assessment, and supervision techniques. The results of these training sessions for 2018 are detailed in the corresponding graph. Additionally at Entel, for all employees we have undertaken prevention and self-care campaigns, dissemination of security procedures and dissemination of topics of interest through our internal digital platforms.

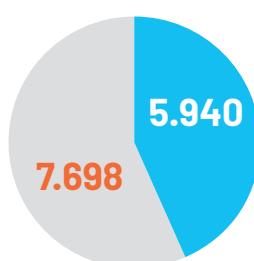
OCCUPATIONAL HEALTH AND SAFETY TRAINING

- Internal workers
- Contractors

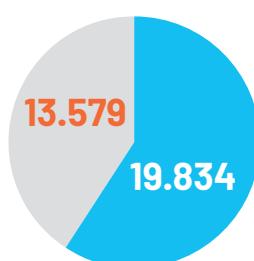
Total courses



Attendees:



Total hours of training



As of December 2018, 242 contractor companies were registered in Preventive Management System for Occupational Health and Safety, and 6,580 workers had received accreditation. This comes to 60% of the external workforce and 90% of the critical workforce.

	Entel Chile			Entel Call Center			Entel Peru		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
No. of joint committees	18	17	18	3	3	2	1	1	1
Percentage of workers represented by committees	80%	81%	86%	100%	100%	100%	50%	50%	50%



In 2018 we had 0 accidents and illnesses resulting in death. Over the last three years, at Entel Chile we have managed to reduce the accident rate thanks to various campaigns aimed at reducing commuting accidents and those sustained in recreational activities organized by the company.

Programs and benefits for our employees



Life insurance for employees with open-ended contracts for Entel Chile, Call Center and Peru.



Collective health insurance with medical and dental coverage.



Disability insurance for employees of Entel Chile and Call Center.



Extended license for paternity or maternity, with 5 extra days in addition to those granted by law, for Entel Peru.



Leaving plan or retirement plan, according to the current collective agreements at Entel Chile, and retirement support plan for workers over 65 at Entel Peru.



Agreements for the care of children in a nursery for Entel Chile and Entel Call Center, and a voucher for minors who can not attend a nursery due to health problems in Entel Chile.

The health, welfare and nutrition of our employees is important. At Entel Chile we carry out free care and education campaigns on nutritional, ophthalmological and dental matters, as well as on pensions and financial matters. In 2018 the Health Fair focused on education to optimize the use of health plans and supplementary insurance, under the slogan "Take care of your pocket". There are also preventive medicine programs for people over 40 through an agreement with a medical provider and an online medical program for our employees and their families that makes it possible, with a response time of less than two minutes, to get an assessment and diagnosis and issue electronic or inter-consultation prescriptions if necessary, in addition to conducting biweekly educational campaigns. In the case of Entel Peru, the "Vive Bien" program includes nutritional, psychological and occupational doctors appointments, while for Entel Call Center, different providers offering health and nutrition services visit employees on a monthly basis.

To encourage sport and recreational activities, at Entel Chile we have a country club with 13 hectares of green areas and facilities such as a swimming pool, tennis and squash courts and soccer and mini-soccer pitches. There is an agreement for the Call Center with the YMCA Gym and at Entel Peru there are functional and Zumba training workshops, as well as free rental of sports courts for employees.

All the women who made use of their maternal leave at Entel Chile and Peru, returned to work afterwards.



The Entel Health Committee is made up of representatives from management and the trade unions. It assesses high-cost and complex health issues and provides contributions that cover up to the total cost of medical bills. For employees in the regions that need more complex treatments, there are accommodation facilities in Santiago and free days that don't affect vacations.

Engagement and Working Environment

Beyond health and safety, at Entel we understand that employee satisfaction affects key results, such as productivity and improvements in customer experience.

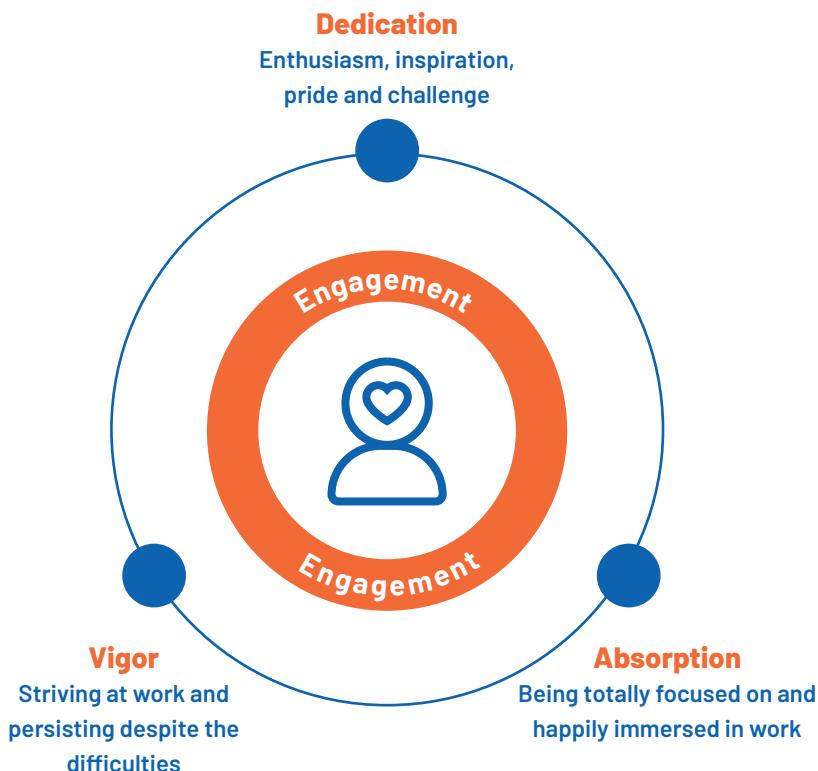
This requires improving how employee satisfaction is measured and managed, which has been an important focus of work aimed at the well-being of people and the strengthening of employment. To do this we have adopted new tools, focusing on engagement indicators which allow us to monitor the enthusiasm and motivation within work teams. 2018 was the last year in which we applied the Great Place to Work survey in the company.

In March and September 2018, engagement was measured. In March, 3,306 employees participated; in the September, 3,507. The results showed 88% and 87.3% engagement respectively. The aim is to obtain the greatest amount of information to generate improvements in the management of the work teams, through 17 questions that address three components: dedication, vigor and absorption (see table). From the results obtained, each department is responsible

for instituting their own action plans and working together to make our company a place with which people can identify, develop and grow.

87.7%

Average engagement at Entel according to 2018 measurements



3.3

Communities and Social Innovation

FOR TRANSLATION PURPOSE

103-1

103-2

103-3

Why is it important?

In 2018 an important milestone was reached worldwide: for the first time in history there were more people with access to an internet connection than without it. In other words, just over half of the planet's population - 51.2%, according to figures from ITU²¹ - had a web access point. This poses numerous challenges to connect the other half in a shorter period of time and improve access for those who are already online. Some of these challenges are technical and technological, others to do with education, and others, inclusion and overcoming economic, social or territorial barriers that affect the digital divide.

The importance of access to technology and communications is related to the growing influence they have on the quality of life of people and their presence in the most diverse areas of the daily work of individuals and organizations.

This makes the companies that provide these services important catalysts for the great changes that contemporary society is undergoing. Being at the center of these transformations, with an active role in corporate citizenship and responsibility, contributes to the stability and development of the business and can boost recognition and reputation. But above all, as never before there is the highly important factor that we are contributing to the welfare of people.



51.2%

of the world population had access to an internet connection in 2018

21. International Telecommunications Union

How do we manage it at Entel?

The opening of the infinite possibilities technology offers people requires constant, coordinated work between different actors to cover the different action fronts. At Entel we have adopted an approach to include our stakeholders in the work we carry out each day, to scale up opportunities and access technology. In this great challenge, various disparities persist which we want to help bridge, but we cannot do this on our own. The task actively includes our employees, customers, suppliers of goods and services, civil society organizations and the public sector, forming a large network from which we can expand the impact of our mission.

We have explored how our work can make a greater contribution to the challenges posed by society as a whole, to achieve more sustainable development, and we want to continue contributing and deepening this line of action into the future. Today, our corporate citizenship and social investment initiatives are steps in this direction, providing support

from different areas: investment in infrastructure to connect more people, work with local communities, training specialized technicians, supporting artistic initiatives and the recovery of heritage, all fostering interaction between people.

The Regulatory and Corporate Affairs Division is the main department responsible for directing social relations and investment programs, and involvement in the above by other departments. It is in charge of identifying opportunities for expanding and developing the corporate mission and promoting these opportunities for the joint benefit of the business and society.

Rollout and Territorial Coverage

Our greatest contribution as a company to the social and economic development of the countries where we operate is the inclusion and interconnection of people with technology and communications, and the constant improvement of access and connections. Taking cutting-edge technology to a location is the first step to introducing its inhabitants to the digital age and the endless opportunities it brings with it.

What is it?

One of our most important projects at present is the deployment of a high speed wireless internet service with Massive MIMO technology.

It is a pioneering project in global terms, similar to what is being developed by large operators in developed countries. It includes the rollout of more than 650 sites throughout Chile over three years, of which about 310 are already operational, with a high demand from thousands of Chileans who until now have had no good service. As it is a totally wireless alternative, no wiring for the fixed internet services is necessary, nor is a visit from a technician for its start-up, and only an electrical connection is required.

What are the benefits?

According to figures from the Department of Telecommunications (Subtel), 44% of households still do not have internet. Currently there are 110 communes with less than 5% penetration of this service, and 55 communes with less than 1%, which are not necessarily rural areas or areas that are difficult to access.

Thanks to the evolution of the technologies available in the market, today we can carry out this project that will benefit many of these households.

This service is also about introducing a quality, competitive option to the fixed market and residential telecommunications services, which until now has not been much in evidence due to a lack of emphasis on regulating the service in pursuit of more actors.

Case: Driving connectivity in Alto Hospicio homes

Despite being only 10 kilometers from the center of Iquique, the most important urban area in the region of Tarapacá, in Alto Hospicio only 22% of households have fixed internet. We hope to benefit 15,800 households in this commune, which currently do not have this service or have no other alternatives in terms of commercial offerings.



FOR TRANSLATION PURPOSE

Claudia Pizarro
Mayor of La Pintana

"Inequality today is not only a problem of income, it is also an issue of equality in terms of access to information and opportunities. This is a tremendous technological advance for La Pintana, but mostly a gigantic step of social inclusion for our community."

Claudio Castro
Mayor of Renca

"The Internet is a basic tool, recognized by the UN as a human right since 2011. What Entel is delivering today settles a debt the country has with areas that incomprehensibly still have no access to this service."

The deployment of this project was interrupted between June and October 2018, with the freezing of the 3,500 MHz band that in part provided the wireless fixed broadband service. Thanks to the partial lifting of the measures by the authority we were able to continue with its development and implementation. Details of this case and its implications are included in the "Regulatory Issues" section of this sustainability report.



44%

of households in Chile still do not have access to the internet in their homes.

Education in Telecommunications

As the country's deployment and technological capacity increase, there is a growing need for specialized technicians who can respond to the needs of the sector and customers in different places. This constitutes an opportunity for many young people to view telecommu-

nations and technology as an attractive sector where they can develop and grow professionally. Over the course of 2018 we promoted various initiatives aimed at students specializing in telecommunications.

AGREEMENT WITH THE PRIMARY INSTRUCTION SOCIETY

Since 2016 we have been working together with the Primary Education Society to strengthen the telecommunications specialty at the Eliodoro Matte Ossa School in San Bernardo, Santiago. Here we participated in roundtables, directly contributing to the design of curricular grids and the content of the specialty. We also contributed with infrastructure for the school and developed internships in the field with our contractor company CAM.

LABOR PRACTICES BELÉN EDUCA

In 2018, 30 students specializing in telecommunications from the schools Arzobispo Crescente Errázuriz and San Damián de Molokai carried out their professional practices at our company.

STUDENT VISITS TO OUR FACILITIES

Our goal is to support young people who have an opportunity to grow and develop in telecommunications. As such we organize student visits to facilities such as the satellite station at Longovilo and the National Telecommunications Center at the Entel Tower, in order to build a rapport, furnish students with details on the field of work and support them with advancement opportunities. In 2018 one of the most important visits was that of the students of the Fernando Santiván de Panguipulli educational center, as part of their study tour.

Education is the greatest source of opportunities and the infinity of possibilities for transformation. Because of this, beyond the specific work in the field of telecommunications, we also support our partners who contribute to the education of young people. Since 2014 we have participated in the tutoring program of Belén Educa. In 2018, 45 tutors from our company worked with the same number of fourth-year students from Belén Educa schools, guiding them in their personal, academic and work-related concerns. For six sessions a year, each tutor works with a student, focusing on their aptitudes, abilities and desires, discovering alternatives for better job development or for continuing with higher education.

For the second year running, 12 executives from our company participated in the motivational talks of Belén Educa, sharing their work experiences and views on different subjects such as decision making, factors influencing success, vocation and employment. A total of 480 high school students from all levels attended the talks over the course of the year.



Working with Social and Neighborhood Leaders

413-1

Technology is an important booster of connectivity and community insertion. At Entel we want to add value to our work and collaborate with people who have representative positions and drive changes in their communities. In 2018, more activities were added in line with the training sessions and workshops for social leaders carried out in previous years, this time in conjunction with the Municipality of Santiago and 140 neighborhood leaders from buildings and condominiums in the commune.

The initiative consisted of eight days of training and dissemination of citizen issues to enhance good relations between neighbors, provide knowledge to those with leadership roles and guide the communities they represent. All meetings were held in the auditorium at the Entel Tower corporate building, between October and November. Topics such as dealing with emergency situations, and training on various regulations, including aspects such as the rights and obligations of the inhabitants of condominiums and buildings with telecommunications companies, as well as other legislation such as joint property ownership and responsible pet ownership.

The close of the program was held in the telecommunications plaza in front of the Entel Tower, with a talk by the expert Michel de L'Herbe on "Emergencies: telecommunications and social co-responsibility". The activity was attended by the mayor of Santiago, councilors from the commune, directors of community development and citizen participation of the Municipality, and representatives of Entel.

Together with the Municipality of Santiago, we also participated in celebrations for the day of the social and community leader, an initiative in which more than 480 social leaders from Santiago are acknowledged, which was headed by the mayor Felipe Alessandri.

Corporate Voluntary Scheme

Entel employees are important actors in the company's strategy of involvement with society and are the co-creators of the initiatives. Through various volunteer activities, members of our company can explore new possibilities and opportunities to work with the community. In 2018, 63 initiatives were carried out for children's day celebrations and Christmas, which attracted 396 volunteers and benefited a total of 8,968 members of the institutions that received aid.



FOR TRANSLATION PURPOSE

Inclusion for the democratization of telecommunications

Among the infinite possibilities opened up by technology, inclusion is a special field of work which opens up multiple opportunities for action and collaboration. Since 2016 we have worked with Chile's Association of the Deaf, with the aim of supporting and promoting the democratization of telecommunications for the development of people with hearing disabilities.

Our employees are an essential element in fostering the inclusion of and receiving deaf customers in the stores and customer service points. As such, in 2018, 14 new employees from different stores in Santiago underwent sign language training. There are now 26 people in 12

stores in the city that can serve these customers in particular. Also in 2018, a deaf employee was taken on as Commercial Customer Service Manager in the Entel Tower store, attending a specially designed counter.

In Peru, the "Señas que Conectan" program pursues the same aims, and in 2018, 11 executives from three stores - two in Lima and one in Trujillo - were trained in sign language to better serve hearing-impaired customers.



Culture, Art and City

Technology makes it possible to connect with others. But beyond the arenas of digital communication, connecting people with each other and with the places and spaces where we live, to transform them into true arenas of coexistence, it is also important to improve the quality of life and well-being of people. Supporting and disseminating culture allows us to share through collective initiatives, and as such at Entel we support various initiatives of this sort.

Entel Hecho en Casa

As of 2016 we have been promoting this artistic initiative based on an invitation to get to know and explore public spaces through interacting with urban art. The aim is, through large-scale installations by recognized national and foreign artists, to transform the city and its iconic spaces with creativity, inviting its inhabitants to explore it from new perspectives. In 2018, Hecho en Casa Entel included five urban interventions of Chilean animals by artists from Chile, France, Portugal, Australia and Italy. The aim was to pay homage to the biodiversity of our country and incorporate sustainable elements such as making exhibits from recyclable materials.

As a way of actively including citizens, the intervention of the Entel Tower was designed through a participatory initiative, the "Entel Tower Ideas" contest. For the first time, applications for the contest were open to the public and we received a record 800 plus proposals. Also, through social networks people could participate by sending a photo of the festival's works and be one of the chosen two, who, at the end of the festival could go up to the lookout point on the Entel Tower and enjoy a prime view of the city. About a million people enjoyed the festival and its various installations in Santiago and Viña del Mar.



The works from Entel Hecho en Casa 2018

Woodpecker*

Mauricio García

22

Advertising Student

Insectarium

Mantra / France

Andean Flame

Bordalo II / Portugal

Chilean Rooster

Amigo & Amigo / Australia

Snails

Cracking Art / Italia

* Winner of the Entel Tower Ideas contest

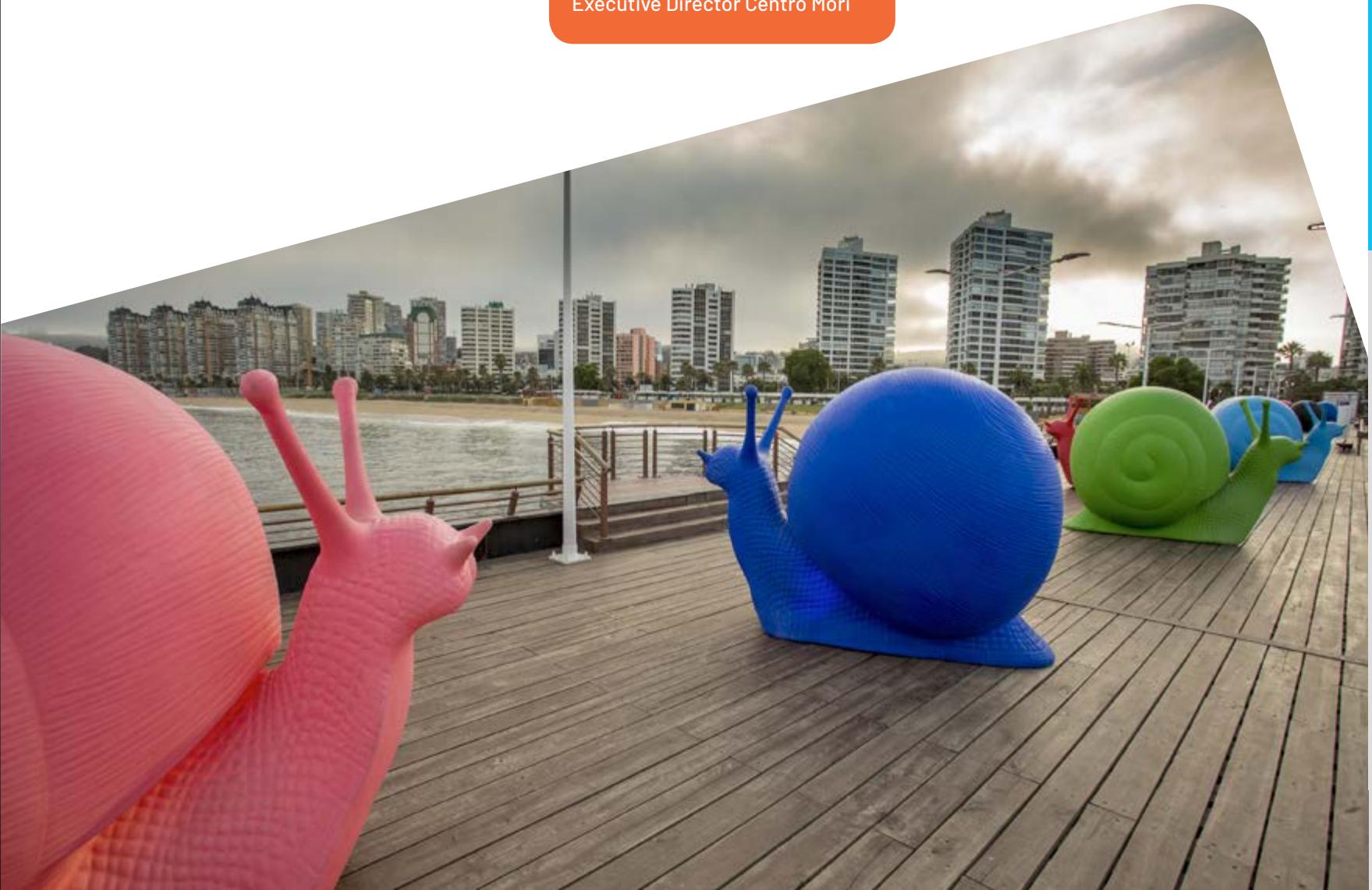
FOR TRANSLATION PURPOSE

Teatro Mori National Tour

Just as we strive to bring technology and communications to different corners of the country, we also spread culture to the different regions. For the fourth year in a row we bring the best of national theater, free of charge, to different regions of the country. This year we were in Coquimbo, Valparaíso, O'Higgins and Antofagasta with the works "Nex door's Door" and "The Mathematics War".

"Thanks to Entel, for the fourth year running Centro Mori has reached different corners of the country with the best of national theater. In three years of touring we have convened more than 30,000 people, establishing our presence in regions with the aim of decentralizing culture through quality theater accessible to all audiences."

Cristóbal Vial
Executive Director Centro Mori





Chilean Cultural Heritage Corporation Award

In 2018 we were recognized by the Cultural Heritage Corporation of Chile as being one of the companies with the best track record in terms of contributions made under the Law of Cultural Donations over two decades. The Corporation recognized our commitment to national artistic heritage, particularly through various publications, exhibitions and art activities. Initiatives highlighted during the delivery of the award were the books on various Chilean artists, two books of aerial photographs by Guy Wenborne, "Chile from the Air" and "Santiago from the Air", exhibitions in the GAM cultural center and the Santiago Metro, and the Hecho en Casa festival, as well as the websites for Chilean cultural heritage Nuestro.cl and Patrimonio.cl.

"Entel is recognized for its perseverance and professionalism in developing, in partnership with cultural institutions and the state, projects of a wide scope for the benefit of the citizens as a whole."

Chilean Cultural Heritage Corporation

FOR TRANSLATION PURPOSE

Sustainable Journalism Award

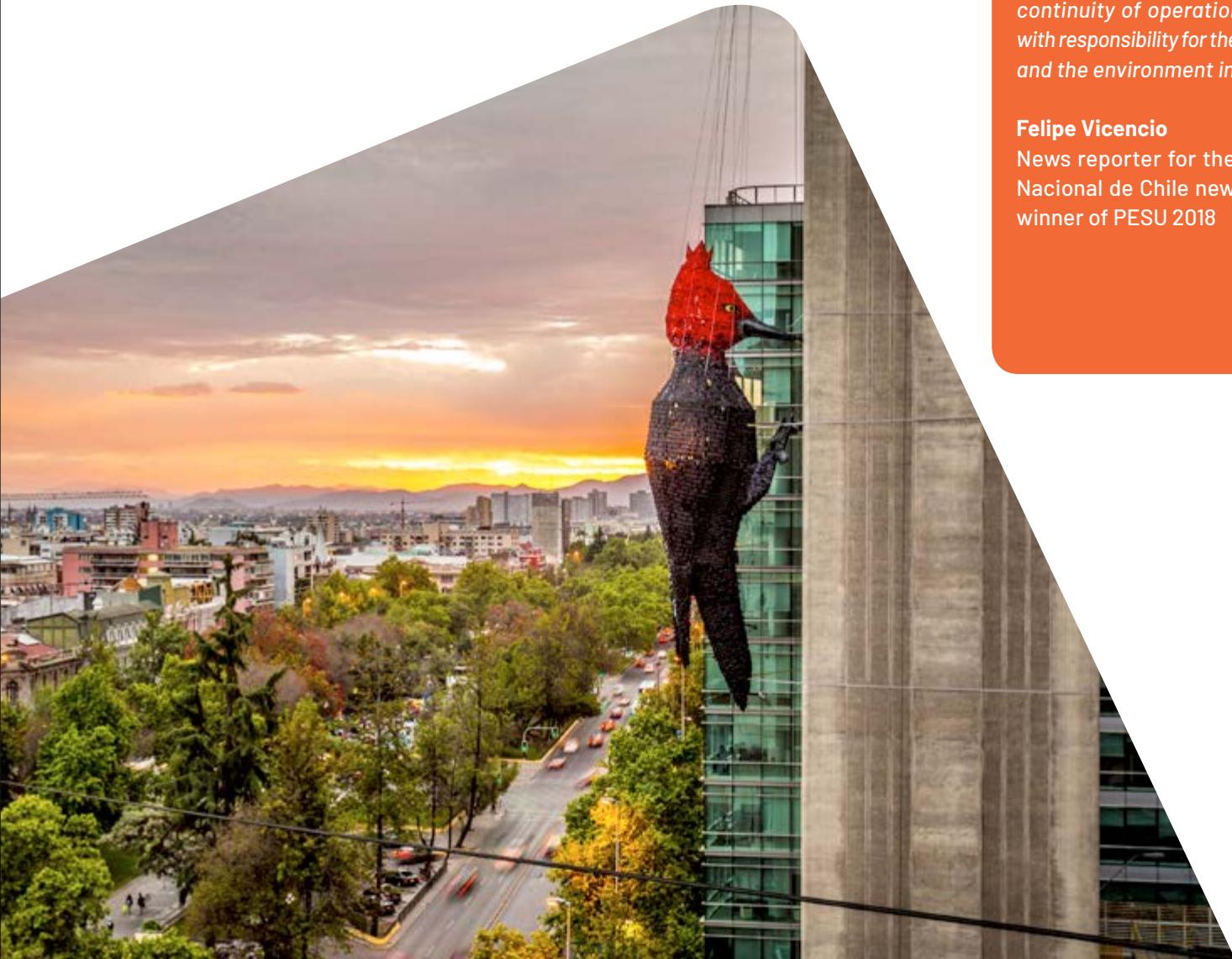
In 2018 we celebrated the 10th Sustainable Journalism Award which recognizes journalistic work that contributes to the construction of a more sustainable, harmonious and inclusive society. The main aim of the initiative is to promote debate and raise public awareness on the importance of sustainability. Seventy applications were received for the different categories.

The categories were TV Reportage, Newspaper Feature, Newspaper Reportage, Radio and Newspaper in Peru. The jury chose Felipe Vicencio for Chile and Diego Suárez for Peru as the overall winners of the PESU 2018 prize, which consists of an internship at the Catholic University of Milan.

"We know the importance of sustainability in general for the whole of society, especially today in the 21st century. As such it is very important that companies like Entel focus on this issue through a journalistic award. I believe that this initiative is super valuable and is what companies in the 21st century should be about, thinking about business but also about the sustainability and continuity of operations, starting with responsibility for the community and the environment in general."

Felipe Vicencio

News reporter for the Televisión Nacional de Chile news program, winner of PESU 2018



4.1

Caring for the Environment

FOR TRANSLATION PURPOSE

103-1
103-2
103-3
102-11

Why is it important?

The internet consumes about 7% of the total energy of the planet, according to the latest "Clicking Clean" study by Greenpeace²², published in 2017. This energy consumption exceeds that of the aviation industry. If we say that data traffic will triple by the end of this decade, the type of energy used by companies in the digital sector and any initiative for the efficient use of this resource can have an exponential future impact. There are already examples - companies like Facebook and Amazon are using clean energy for their processes and data traffic.

Meanwhile, electronic and technological waste also constitute a concern in the field of environmental management. In 2016 alone, 44.7 million tons of electronic waste was generated. According to the latest report from Global E-Waste Monitor²³, that equates to 4,500 times

the volume of the Eiffel Tower in Paris. By 2021 it is estimated that this type of waste will come to 52.2 million tons. Currently, 20% of this type of waste globally is collected and recycled, a figure that fortunately has been growing over the years, although there are still great challenges to increase this figure.

These two areas represent great opportunities for technology companies to transform their operations and contribute to caring for the environment from their own fields of management, focusing on their most significant impacts. And also for working in partnership with different people and organizations to promote an environmentally conscious culture from the heart of the digital revolution.



7%

of the total energy consumed worldwide corresponds to internet use.

22. <http://www.greenpeace.org/usa/global-warming/click-clean/>

23. The Global E-waste Monitor is an initiative of the United Nations University, the International Telecommunications Union and International Solid Waste Association.

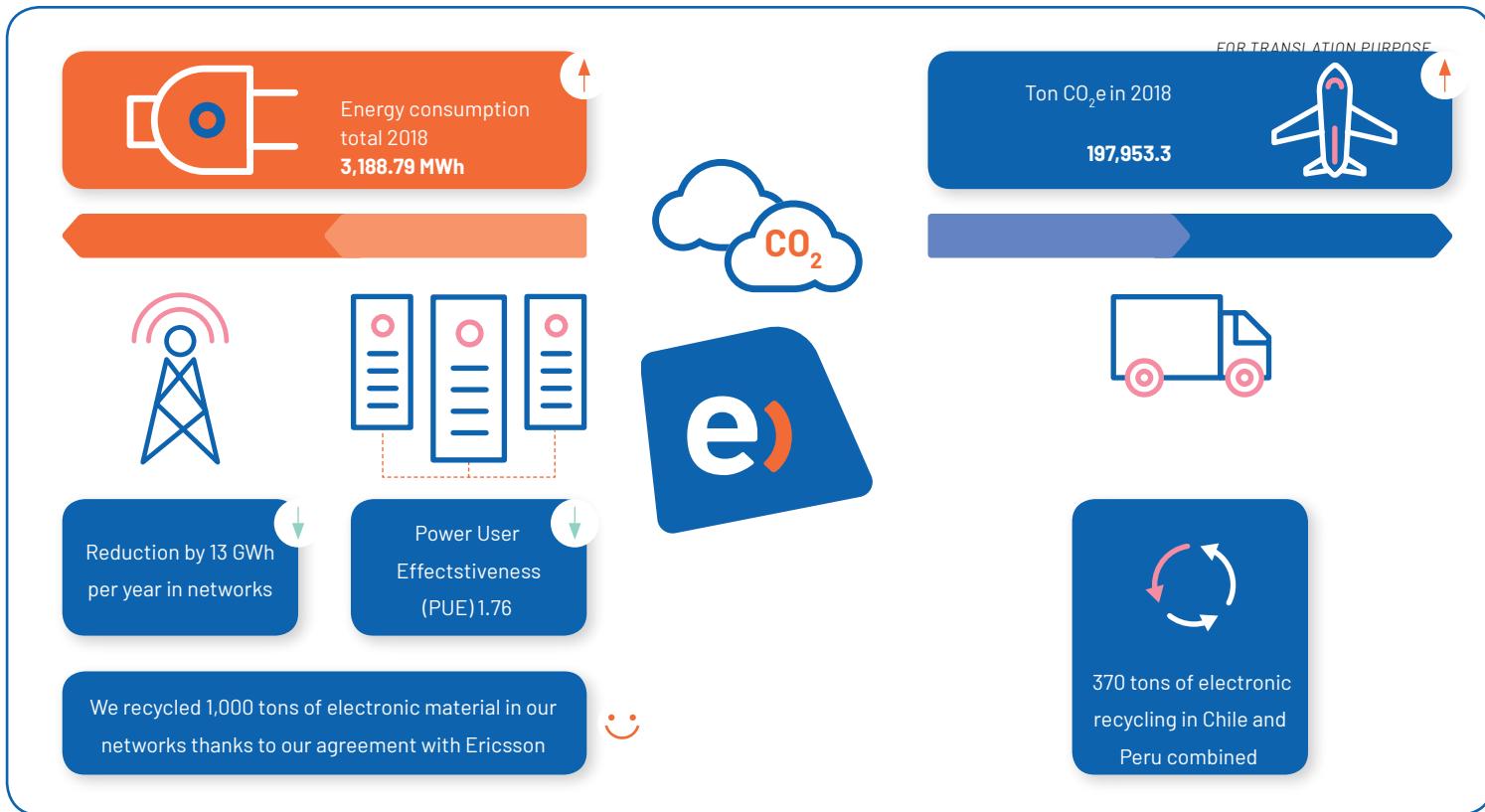
How do we manage it at Entel?

Caring for the environment is included in our sustainability guidelines and has been an important pillar of work in recent years. All areas of the company must commit to active management in this area. It is also a constant topic in our work with stakeholders. Due to the characteristics of our operation and its most significant impacts, the most important initiatives are linked to energy efficiency – particularly in networks and data centers – and the reduction of waste through our marketing and after-sales chain. Since 2016 we have also measured our carbon footprint for operations in Chile and Peru.

Since establishing our first sustainability policy, each year we have been adding more stakeholders and new initiatives to the company's environmental activities, especially those which require a commitment and a shared environmental culture to deepen and expand their impact, such as recycling. As more and more people join the digital and technological revolution, our work need to also focus

on adopting on a huge scale practices that take care of the environment and minimize the impact of our operation.

The responsible transformation of society and the creation of infinite possibilities through technology can only come about if we are able to minimize the impact to the environment where those possibilities emerge. In other words, without caring for the environment, our mission would remain unfinished. As such this area of activity becomes more important every year.

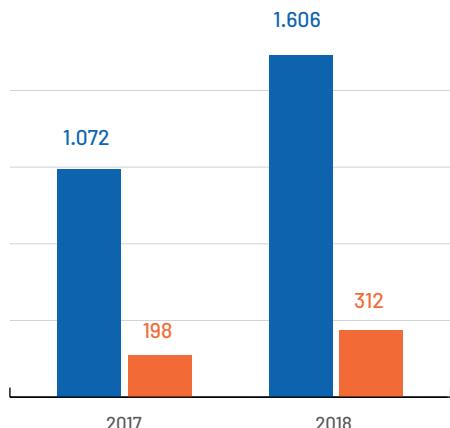


Energy efficiency

The most intensive energy consumption of the operation occurs in the running of our networks and in the data center facilities. As this area is the one where emissions are the greatest - about 90% of our carbon footprint is made up of of indirect emissions - savings and efficiency in the use of energy is essential to minimize our impact on the environment. In 2018, however, our energy consumption increased due to the adoption and implementation of technology so our antennas and networks were able to support the growing data traffic.

ENTEL CHILE ENERGY CONSUMPTION TJOULES

- Internal power consumption
- External power consumption



Big global companies in the digital economy have implemented numerous efficiency and energy saving initiatives in their electronic servers and facilities. The PUE international standard, used by the Entel Data Center, puts it at the same level as other facilities in its category, along with world leaders in these areas such as Facebook and Google.

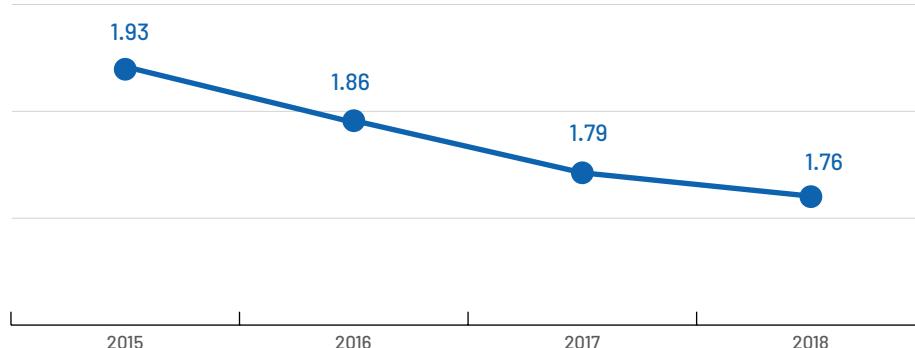
While saving initiatives and targets are proposed annually for networks, data center energy losses are monitored, measuring the difference between the total energy consumed in the operation and what actually reaches the IT equipment. This is the Power User Effectiveness indicator, or PUE. In 2018 a PUE of 1.76 was achieved, with just a slight decrease over 2017 compared to previous years. This is because the technologies implemented and the improvements made are already the most advanced in this field.

In 2018, in the case of the reduction in consumption for networks, five new initiatives were added to the 11 already implemented in the previous year. Viewed together, there has been a 13GWh decrease in consumption each year.

In 2018 meanwhile, the first operating phase of the Ciudad de Los Valles 3 Data Center began, the technological implementation of which represents an improvement in energy efficiency of approximately 58% compared to traditional technology. In the other operations, thanks to various improvements in the equipment, energy consumption was 30 to 40% lower across the different installations. It should be noted that Ciudad de los Valles is Entel's main Data Center, with annual energy growth of around 10% and where most of our energy efficiency efforts have been concentrated, making possible a PUE for this installation of less than 1.6.

We want to foster the use of clean energy in our facilities. For 2019 one of our challenges is to modify our electricity contracts with energy supply companies to ensure that the energy consumed by our facilities includes a greater proportion of energy coming from renewable sources.

PUE DATA CENTER ENTEL



TIER IV CERTIFICATION FOR DATA CENTER

At the end of 2018, the third stage of our Ciudad de los Valles Data Center was granted TIER IV certification by the Uptime Institute, placing the installation amongst the best in the world, complying with high standards of design, structure, performance, reliability, investment and return on

investment. The first and second stages of this important installation already had the TIER III certification granted by the same organization, recognizing its world-class design, installation and operation.



Carbon footprint

[305-1](#)
[305-2](#)
[305-3](#)

Our operation generates CO₂ emissions mainly as a result of the indirect consumption of energy from antennas, data centers, offices and corporate buildings. In 2018 Entel's total emissions came to 197,953.3 tons of CO₂e, including scopes 1, 2 and 3, which includes direct and indirect emissions associated with different operations - antennas, call centers, distribution centers, data centers, corporate buildings and owned stores²⁴. This represents an increase in the total carbon footprint of 49.2% compared to the previous year and by 9.5% compared to 2016. The increase was largely due to electrical consumption from the use of antennas.

Although there was no growth in the grid of antennas nationally, in 2018 a technological consolidation process was carried out to install new equipment on the existing antennas. In this way, connections can be offered through multiple technologies from the same structure. This is necessary as it responds to the growing demand from our customers and the increasingly intensive use of data. If we compare data traffic from December 2017 to December 2018, we see a 101% increase in traffic on our network. The worldwide trend is for continued growth of data. Our efforts will focus on the fact that the higher energy consumption due to the increase in infrastructure that

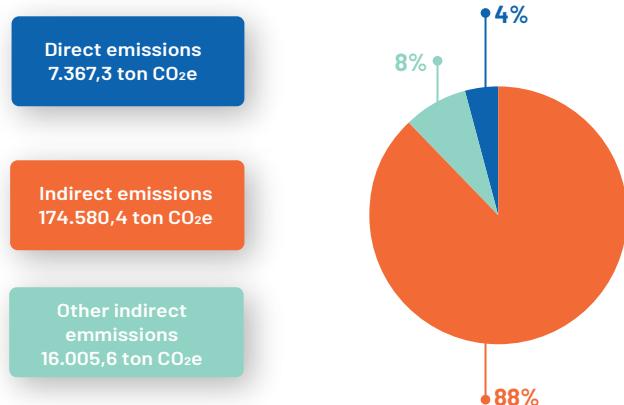
supports a bigger operation, is proportionally smaller in terms of growth than the increase in data traffic.

Entel Peru also calculates its environmental footprint. At the time this report was being finished, this operation was carrying out calculations that will be available on its virtual platforms and through specific documentation.

24. This represents 100% of the company's own facilities in Chile. It includes the following emission sources: electricity, fugitive emissions, stationary sources, mobile sources, import and distribution of equipment, office paper and air travel.

FOR TRANSLATION PURPOSE

CARBON FOOTPRINT ENTEL CHILE 2018



The emissions of our company for 2018, are equivalent to the emissions emitted by 65,984 cars over a year. In 2018 there were over 5.5 million motor vehicles in chile.

Waste and electronic recycling

An important area of our environmental management occurs at the end of our production cycle, that is, once the customer has used their product and they have reached the end of their useful life. Recycling this waste is not only an important area of work in terms of caring for the environment and reducing electronic waste, it is also an opportunity to contribute to the circular economy and revalorize elements that would otherwise have ended up in landfills. In this case the revalorization takes place through a process of recovering minerals and elements also known as "urban mining". The electronic devices contain gold, copper, iron and aluminum, and more, valuable

elements that can be used again to build and manufacture various products.

What is the circular economy?

Reducing, reusing and recycling are fundamental pillars of the circular economy. The aim is to reuse and revalorize waste that would previously have gone to a landfill.

ELECTRONIC RECYCLING IN STORES

109

Stores throughout Chile have electronic recycling bins

The electronic recycling in stores program started in 2014 and since then has continued to develop and grow. In 2018, an inventory of the existing bins was made, communication with the stores was improved and new bins were dispatched to those that did not have them.

The bins receive electronic waste such as old cellphones and their batteries, chargers, earphones, fixed phones, modems and other electronic accessories.

Recycled in 2018

3.58

tons of electronic waste

through this program, preventing them from ending up in landfills and reclaiming materials such as plastic, gold, aluminum and copper through urban mining carried out by the company MIDAS²⁵.

"ELECTRONIC RECYCLING FOR CHILE" PROGRAM

644

Bins for electronic recycling are set up in different communes of Chile

In partnership with Fundación Recyclápolis, the "Electronic Recycling for Chile" program makes it possible for Entel to be present beyond its own stores, in communes and public places which anyone can access and drop off their electronic waste. The locations are designated by the municipalities, who are important allies as they are familiar with local conditions and contribute to optimizing the collection and reuse process. These bins can be used to recycle electronic waste such as cell phones, batteries, cartridges and toner, CDs and DVDs, and other accessories.

Recycled in 2018

8.51

tons of electronic waste throughout Chile

dealt with by the company Recycla²⁶ in terms of classification, dismantling and final processing.

RECYCLING BINS IN PERU

70

Electronic recycling bins

Since 2015, waste from electrical and electronic equipment such as cellphones, chargers, hearing aids and batteries have been recycled through the "Recycle to Transform" program. We have collection points in our offices and stores and in the establishments of allied companies. The process has two stages. First, the components are separated to recycle the metals and plastics. These items are then exported to large handset factories in China and India. The company San Antonio Recycling²⁷, approved and certified by the Ministry for the Environment of Peru, is responsible for processing waste.

Recycled in 2018

25

tons of electronic waste through this program

25. <http://midaschile.cl/>

26. <http://www.recyclea.cl/>

27. <https://www.sar.pe/>

FOR TRANSLATION PURPOSE

Recycling for customers Corporate Segment

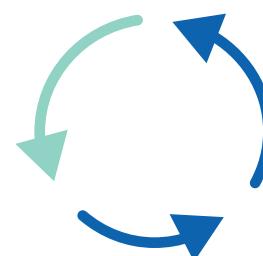
Since 2015 we have also been promoting electronic recycling with our customers' employees in the Corporate Segment. This way the people working in these companies can recycle their waste in the comfort of their work spaces. In December 2018, 17 organizations had joined the program. Since 2016 these companies have receive an annual award to keep up their commitment to recycling and sustainability.



PARTNERSHIP WITH ERICSSON FOR MANAGING AND RECYCLING WASTE

In 2018, through more than two years work on the program "Product Take Back"²⁸, which deals with waste coming from the deployment and operation of our network, we achieved an important milestone, having managed to recycle 1,000 tons of obsolete electronic material. This program has made it possible for us to recover 98% from this material at the end of its useful life, with all the environmental benefits that implies, and also making sav-

ings in terms of management and efficiency in the operations of both companies. For example, before the initiative we had more than 6,000 m² of warehouse for stock from de-installs. Today we have 4,500 m² and we are still cutting down, all the above in line with environmental regulations. There was, in addition, a cost linked to the final disposal of this waste. Today, thanks to this initiative, this has been completely eliminated.



333.5

tons of waste recovered in 2018
through the agreement with
Ericsson

28. <https://www.ericsson.com/en/about-us/sustainability-and-corporate-responsibility/environment/e-waste-management>

Initiatives to encourage recycling within the company

Entel Zero Rubbish

Recycling waste has been part of the company's environmental care guidelines over the last years. In 2018 we also wanted to incorporate the 4Rs - reject, reduce, recycle and reuse - into our corporate culture to a greater degree. As such we began the "Entel Zero Trash" project, starting with containers for recycling paper, cans, PET bottles and glass in the Parque Titanium corporate building. Along with setting up bins, educational campaigns were carried out to teach workers how to correctly dispose of their waste. This initiative was complemented by an ambassadors program, where on each floor there are people trained to encourage recycling within work teams.

We also devised a pilot program to eliminate disposable water and coffee cups from corporate buildings, to be launched at the beginning of 2019 with the support of the Regulatory and Corporate Affairs Department and the Human Resources Department.

The recycling of waste such as glass, plastic and cans, has also been part of events held at the Club de Campo Entel, from activities organized there by the different divisions to large company celebrations.



Recycling advertising material

Since 2016 we have been working with the company Marketgreen²⁹ to recover and recycle the company's PVC advertising material, with the aim of supporting and fostering circular economy cycles and reducing other environmental impacts in our operation.

In 2018, 14,592 m² of PVC fabric was collected, weighing 6,410 kilos. After recovery, it was valorized and inserted into a second cycle of useful life. The initiative offset 7,647.5 kg of CO₂, 38.5% of the total emitted with this type of advertising.

This year the collection rate for this material was considerably improved, up from 22.6% to 65.6%. QR coded fabrics, meanwhile, which can be reclaimed at the end of their useful life, increased from a rate of 20%, to 59%.

Waste management and treatment

306-2

The table below gives an overview of the treatment of the different types of waste for 2018.

Waste Management Entel Chile (Kgs)					
Type of waste	Type of treatment	2016	2017	2018	
Electronic waste (cellphones, accessories, batteries, etc.)	Recycling programs	13,114	3,443	12,090	
Waste from the deployment and operation of the network	Agreement with Ericsson which includes a sustainable waste management procedure.	347,358	102,587	333,505	
Plastics in general	Recycling and waste operator	37,878	5,016	7,973	
Paper	Treatment plant	13,977	9,310	1,452	
Cardboard	Recycling	229,496	278,404	181,486	
Hazardous waste (batteries, cells, battery banks)	Treatment plant	39,220	24,049	*	
Non-hazardous solid industrial waste	Landfill	13,830	14,302	29,914	

*Hazardous waste such as batteries, cells and battery banks, were dealt with through the agreement with Ericsson and are included in the figure for this type of process for 2018, unlike in previous years.

29. <https://www.marketgreen.cl/>

05.

GRI Index:

GRI Index:

Essential Compliance

FOR TRANSITION PURPOSES

GENERAL CONTENTS

GRI standard	Contents	Document or Location	Page number or URL	Explanation or Omission
GRI 102: General Contents	102-1 Name of the organization	Corporate Annual Report	13	
	102-2 Activities, brands, products and services	Sustainability Report	17	
	102-3 Location of the headquarters	Corporate Annual Report	13	
	102-4 Location of the operations	Corporate Annual Report	13	
	102-5 Property and legal form	Corporate Annual Report	13	
	102-6 Markets Served	Corporate Annual Report	13	
	102-7 Size of the organization	Corporate Annual Report	8, 49 and 88 - 89	
	102-8 Information on employees and other workers	Sustainability Report	79	
	102-9 Supply chain	Sustainability Report	72	
	102-10 Significant changes in the organization and supply chain			For 2018 there were no significant changes in the organization and its supply chain.
	102-11 Precautionary principle or approach	Sustainability Report	114 - 115	
	102-12 External Initiatives	Sustainability Report	11	
	102-13 Affiliation to associations	Sustainability Report	16	
	102-14 Declaration of senior executives responsible for decision making	Sustainability Report	4 - 6	
	102-16 Values, principles, standards and codes of conduct	Sustainability Report	9, 21-22	
	102-18 Governance structure	Sustainability Report	20	
	102-40 List of interest groups	Sustainability Report	16	
	102-41 Collective bargaining agreements	Sustainability Report	35	
	102-42 Identification and selection of stakeholders	Sustainability Report	16	
	102-43 Approach for the participation of the interest groups	Sustainability Report	16	
	102-44 Key issues and concerns mentioned	Sustainability Report	14	
	102-45 Entities included in the consolidated financial statements	Financial Statements	43	
	102-46 Establishing the contents of the reports and the coverage of the issue	Sustainability Report	13 - 15	
	102-47 List of material issues	Sustainability Report	14	
	102-48 Restatement of information			For the 2018 Sustainability Report, no restatements of information regarding previous years were presented.
	102-49 Changes in reporting	Sustainability Report	13	

GRI standard	Contents	Document or Location	Page number or URL	Explanation or Omission
GRI 102: General Contents	102-50 Period under examination of the report	Sustainability Report	13	
	102-51 Date of last report	Sustainability Report	13	
	102-52 Reporting cycle	Sustainability Report	13	
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	102-54 Declaration of preparation of the compliance report with GRI standards	Sustainability Report	13	
	102-55 GRI content index	Sustainability Report	124 – 131	
	102-56 External Initiatives			This report has not been verified externally

MATERIAL ASPECTS

GRI standard	Contents	Document or Location	Page number or URL	Explanation or Omission
Economic Performance				
GRI 102: General Contents	103-1 Explanation of the material issue and its coverage	Sustainability Report	17 – 18	
	103-2 The management approach and its components	Sustainability Report	17 – 18	
	103-3 Assessment of the management approach	Sustainability Report	17 – 18	
	201-1 Direct economic value generated and distributed	Sustainability Report	18	
Indirect economic impact				
GRI 103: Management Approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	50 – 51	
	103-2 The management approach and its components	Sustainability Report	50 – 51	
	103-3 Assessment of the management approach	Sustainability Report	50 – 51	
GRI 203: Indirect economic impact	203-2 Significant indirect economic impact	Sustainability Report	54	
Procurement Practices				
GRI 103: Management Approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	70 – 71	
	103-2 The management approach and its components	Sustainability Report	70 – 71	
	103-3 Assessment of the management approach	Sustainability Report	70 – 71	
GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	Sustainability Report	72	

GRI standard	Contents	Document or Location	Page number or URL	Explanation or Omission
Anti-corruption				
GRI 103: Management Approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	28 - 29	
	103-2 The management approach and its components	Sustainability Report	28 - 29	
	103-3 Assessment of the management approach	Sustainability Report	28 - 29	
GRI 205: Anti-corruption	205-1 Operations assessed in terms of risk of corruption	Sustainability Report	30	
	205-2 Communication and training in anti-corruption policies and procedures	Sustainability Report	30	
	205-3 Incidents of corruption and action implemented	Sustainability Report		There were no incidents presented for the reported period
Unfair competition				
GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	28 - 29	
	103-2 The management approach and its components	Sustainability Report	28 - 29	
	103-3 Assessment of the management approach	Sustainability Report	28 - 29	
GRI 206: Unfair competition	206-1 Legal action for anti-competitive practices and monopolistic practices	Sustainability Report	32	
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GRI 103: Management Approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	114 - 115	
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	103-3 Assessment of the management approach	Sustainability Report	114 - 115	
GRI 302: Energy	302-1 Energy consumed within the organization	Sustainability Report	116 - 117	
	302-2 Energy consumed outside the organization	Sustainability Report	116 - 117	
	302-4 Reduction in energy consumption	Sustainability Report	116 - 117	
Emissions				
GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	114 - 115	
	103-2 The management approach and its components	Sustainability Report	114 - 115	
	103-3 Assessment of the management approach	Sustainability Report	114 - 115	
GRI 305: Emissions	305-1 Direct emissions	Sustainability Report	118 - 119	
	305-2 Indirect emissions	Sustainability Report	118 - 119	
	305-3 Other emissions	Sustainability Report	118 - 119	
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GRI 103: Management Approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	114 - 115	
	103-2 The management approach and its components	Sustainability Report	114 - 115	
	103-3 Assessment of the management approach	Sustainability Report	114 - 115	
GRI 306: Effluents and waste	306-2 Waste by type and method of disposal	Sustainability Report	123	

GRI standard	Contents	Document or Location	Page number or URL	Explanation or Omission
Environmental Assessment of Suppliers				
GRI 103: Management Approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	70 - 71	
	103-2 The management approach and its components	Sustainability Report	70 - 71	
	103-3 Assessment of the management approach	Sustainability Report	70 - 71	
GRI 308: Environmental Assessment of Suppliers	308-1 New suppliers that have been assessed through environmental criteria	Sustainability Report	73	
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GRI 103: Management Approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	82 - 83	
	103-2 The management approach and its components	Sustainability Report	82 - 83	
	103-3 Assessment of the management approach	Sustainability Report	82 - 83	
GRI 401: Employment	401-1 New employee hiring and staff rotation	Sustainability Report	84	
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Health and Safety at Work				
GRI 103: Management Approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	82 - 83	
	103-2 The management approach and its components	Sustainability Report	82 - 83	
	103-3 Assessment of the management approach	Sustainability Report	82 - 83	
GRI 403: Occupational health and safety	403-1 Occupational health and safety management system	Sustainability Report	97	
	403-2 Hazard identification, risk assessment and incident investigation	Sustainability Report	97	
	403-3 Occupational health services	Sustainability Report	97	
	403-4 Worker participation, consultation and communication on health and safety at work	Sustainability Report	97	
	403-5 Worker training on health and safety at work	Sustainability Report	97	
	403-6 Fostering workers' health	Sustainability Report	97	

GRI standard	Contents	Document or Location	Page number or URL	Explanation or Omission
GRI 403: Occupational health and safety	403-7 Prevention and mitigation of impact on the health and safety of workers directly linked through commercial relationships	Sustainability Report	97	
	403-8 Workers covered by an occupational health and safety management system	Sustainability Report	98	
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GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	82 - 83	
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	103-3 Assessment of the management approach	Sustainability Report	82 - 83	
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	404-2 Programs to improve employee skills and transitional assistance programs	Sustainability Report	87 - 89	
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	103-3 Assessment of the management approach	Sustainability Report	74 - 75	
GRI 405: Diversity and Equality of opportunities	405-1 Diversity on the Board and amongst employees	Sustainability Report	76	
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GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	74 - 75	
	103-2 The management approach and its components	Sustainability Report	74 - 75	
	103-3 Assessment of the management approach	Sustainability Report	74 - 75	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report	77	
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GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	70 - 71	
	103-2 The management approach and its components	Sustainability Report	70 - 71	
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GRI 408: Child Labor	408-1 Operations and suppliers at risk of incidents of child labor	Sustainability Report	73	

GRI standard	Contents	Document or Location	Page number or URL	Explanation or Omission
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GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	28 - 29	
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GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments and development programs	Sustainability Report	108 and 110-111	
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GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	70 - 71	
	103-2 The management approach and its components	Sustainability Report	70 - 71	
	103-3 Assessment of the management approach	Sustainability Report	70 - 71	
GRI 414: Social Assessment of Suppliers	414-1 New suppliers that have been assessed through environmental criteria	Sustainability Report	73	
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GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	50 - 51	
	103-2 The management approach and its components	Sustainability Report	50 - 51	
	103-3 Assessment of the management approach	Sustainability Report	50 - 51	
GRI 417: Marketing and labeling	417-3 Incidents of non-compliance related to marketing and communications	Sustainability Report	60	
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GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	62 - 63	
	103-2 The management approach and its components	Sustainability Report	62 - 63	
	103-3 Assessment of the management approach	Sustainability Report	62 - 63	
GRI 418: Customer privacy	418-1 Complaints about loss of customer data	Sustainability Report	66	

GRI standard	Contents	Document or Location	Page number or URL	Explanation or Omission
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GRI 103: Management approach	103-1 Explanation of the material issue and its coverage	Sustainability Report	50 - 51	
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**Content Editing
and GRI Guidelines**

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