ANNUAL ANALYSIS

Based on the Consolidated Financial
Statements as of December 31, 2015

COMPAÑÍA SUD AMERICANA DE VAPORES S.A.
AND SUBSIDIARIES

CONTENTS

1. Analysis of Financial Position

a) Statement of Financial Position

The following table details the Company's main asset and liability accounts as of each period end:

ASSETS	December 31, 2015	December 31, 2014
	MM US$	MM US$
Current assets	80.2	93.9
Non-current assets	2,145.5	2,116.7
Total assets	**2,225.7**	**2,210.6**

LIABILITIES AND EQUITY	December 31, 2015	December 31, 2014
	MM US$	MM US$
Total current liabilities	61.3	266.6
Non-current liabilities	113.5	44.2
Equity attributable to the owners of the Company	2,042.4	1,890.0
Equity attributable to non-controlling interests	8.5	9.8
Total liabilities and equity	**2,225.7**	**2,210.6**

As of December 31, 2015, total assets increased by MMUS$ 15.1 compared to December 31, 2014. This variation is explained by an increase of MMUS$ 28.8 in non-current assets, offset by a decrease of MMUS$ 13.7 in current assets.

The increase of MMUS$ 28.8 in non-current assets is explained mainly by an increase of MMUS$ 27.4 in equity method investments. This change is explained mainly by the increase in the investment in Hapag-Lloyd AG (hereinafter HLAG) of US$ 29.7 million made as part of that company's IPO on the German stock exchange. This increase was partially offset by the effect of the dilution loss, net of CSAV's share of the profit (loss) from this joint venture.

On November 6, 2015, HLAG went public in Germany, raising almost MMUS$ 287 (MMEUR$ 265). This IPO was directed mainly towards the market. However, in order to support the IPO and demonstrate its commitment to HLAG, CSAV participated in the capital increase by subscribing 1,366,991 new shares of HLAG (equivalent to MMEUR$ 27.3 or MMUS$ 29.7), corresponding to

10.33% of the first issuance placed in the IPO. As a result, CSAV's interest in HLAG decreased from 34.01% before the IPO to 31.35% after the IPO at a placement price below the book value of the shares that CSAV held as of that date. Therefore, the Company had to reflect a dilution loss of MMUS$ 83.9.

Following the IPO, CSAV is still a majority shareholder and maintains the Shareholder Agreement signed with HLAG's other controlling partners, Kühne Maritime and the City of Hamburg.

HLAG's results and the rest of its equity movements are accounted for using the equity method and recorded within equity method investments. In 2015, CSAV recorded a profit of MMUS$ 77.4 for its share of the profit (loss) from the HLAG joint venture, including the effects of the PPA. For more information, see Note 15 to these consolidated financial statements.

The following table summarizes the movements in the investment in HLAG:

Detail of Movements in CSAV's Investment in HLAG	**MMUS$**
Balance as of December 31, 2014	**1,765.0**
Share of HLAG's Profit	43.5
Effect of PPA on Profit	33.9
Total Share of HLAG's Profit	**77.4**
Share of Other Comprehensive Income	(1.5)
Dilution Loss from IPO	(83.9)
Subscription of Capital Increase in IPO	29.7
Other Changes in Equity	5.6
Balance as of December 31, 2015	**1,792.4**

The decrease in current assets of MMUS$ 13.7 is explained by decreases in receivables from related parties (MMUS$ 9.9), trade and other receivables (MMUS$ 6.3), other financial assets (MMUS$ 1.8), inventories (MMUS$ 2.3) and current tax assets (MMUS$ 0.1), partially offset by an increase in cash and cash equivalents (MMUS$ 6.7).

As of December 31, 2015, total liabilities decreased by MMUS$ 136.0 compared to December 31, 2014. This variation is explained by a decrease of MMUS$ 205.3 in current liabilities, offset by an increase of MMUS$ 69.3 in non-current liabilities.

The decrease in current liabilities of MMUS$ 205.3 is explained by drops in other current financial liabilities of MMUS$ 130.1, other provisions of MMUS$ 48.2, trade and other payables of MMUS$ 16.5 and payables to related parties of MMUS$ 5.5. The sharp decrease in other current financial liabilities resulted from the first quarter repayment of the bridge loans used to finance CSAV's capital contribution to HLAG made in December 2014 and the prepayment of its UF bonds in August 2015. The decrease in other provisions is explained mainly by MMUS$ 33.7 (net) reclassified as non-current during the period and MMUS$ 14.5 in provisions consumed during the period.

The increase in non-current liabilities of MMUS$ 69.3 is explained primarily by the aforementioned reclassification of MMUS$ 33.7 in other provisions as non-current, an increase in other non-current financial liabilities of MMUS$ 4.7 mainly as a result of the long-term loan for US$ 45 million secured from Banco Itaú to finance the full prepayment of its UF bonds and the increase in payables to related parties of MMUS$ 30 as a result of the loan taken out by the Company from its parent company, Quiñenco S.A., to finance its participation in HLAG's IPO.

As of December 31, 2015, equity increased by MMUS$ 151.1 compared to December 31, 2014. This variation is explained primarily by the capital increase subscribed and paid during the first quarter of 2015 for MMUS$ 165.1, partially offset by the loss of MMUS$ 14.7 recorded for the year 2015 and the positive effect in other reserves of MMUS$ 2.0 mainly from CSAV's share of HLAG's other comprehensive income and other changes in equity, and the issuance costs from CSAV's most recent capital increase that have been recorded in other miscellaneous reserves awaiting approval to capitalize at the next extraordinary shareholders' meeting.

b) Statement of Income

	Ended December 31, 2015	For the Year Ended December 31, 2014
	MM US$	**MM US$**
Revenue	183.1	235.3
Cost of sales	(180.2)	(237.1)
Gross profit (loss)	**2.9**	**(1.8)**
Administrative expenses	(19.7)	(19.2)
Other operating expenses	3.8	846.6
Operating profit (loss)	**(13.0)**	**825.6**
EBITDA	**(5.9)**	**756.9**
Finance costs, net	(3.6)	(3.9)
Share of profit (loss) of equity method associates and joint ventures	(6.5)	(86.7)
Exchange differences and other non-operating expenses	2.1	12.6
Income tax expense (benefit)	5.9	(127.5)
Profit (loss) after taxes	**(15.1)**	**620.1**
Profit (loss) from continuing operations	(15.1)	620.1
Loss from discontinued operations	-	(230.8)
Profit (loss) attributable to owners of the company	**(14.7)**	**388.7**

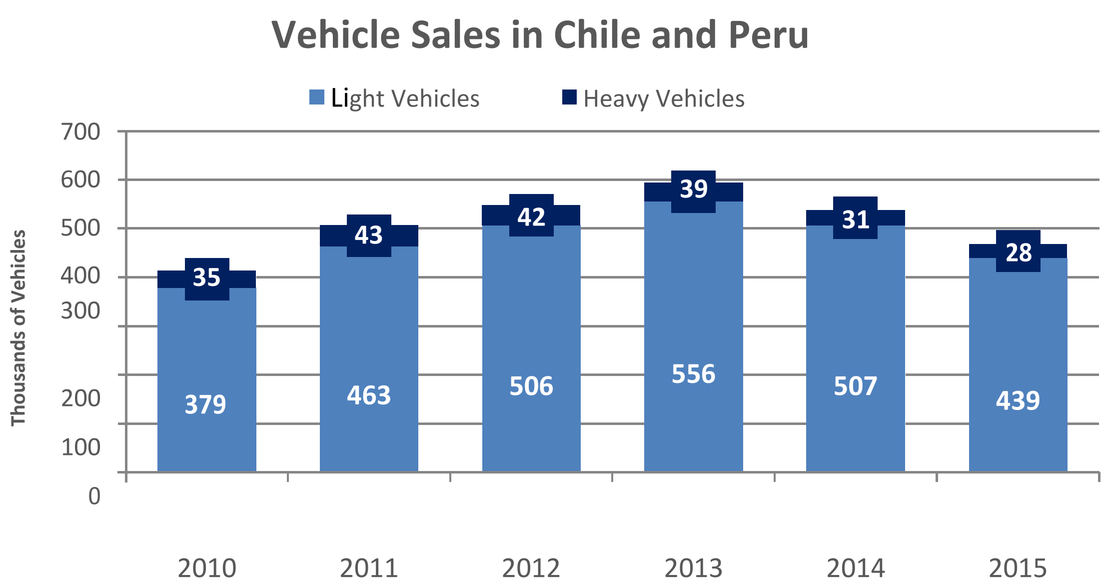
The **loss attributable to the owners of the Company** of MMUS$ 14.7 for the year 2015, represents a reduction of MMUS$ 403.4 over the same period in 2014. This variation is explained mainly by the operating losses reported by the transport services operated directly by CSAV and the dilution loss in its investment in HLAG as a result of the capital increase carried out by this company in 2015 as part of its IPO.

The Company recorded an **operating loss** of MMUS$ 13.0 for the year ended December 31, 2015, which represents a decrease of MMUS$ 838.6 over the same period in 2014. This net difference is explained almost entirely by the gain of MMUS$ 864.0 recorded upon closing the transaction with HLAG and, to a lesser extent, to the improvement of MMUS$ 25.4 in results from other continuing activities, explained mainly by the loss of MMUS$ 18.7 that CSAV recorded in 2014 from the sale of its interest in the joint venture Dry Bulk Handy Holding (DBHH).

However, it is important to mention that during the year 2015, and despite the unfavorable conditions prevailing in the market, CSAV posted **gross profit** of MMUS$ 2.9, compared to a loss of MMUS$ 1.8 in 2014.

CSAV's **income statement** reflects **revenue** of MMUS$ 183.1 for the period ended December 31, 2015, which represents a drop of MMUS$ 52.2 over the same period in 2014. This drop is explained mainly by reduced activity and demand for vehicle transport services in markets on the west coast of South America (see chart "Vehicle Sales in Chile and Peru"), combined with reduced freight rates in this business. Another contributing factor stems from the indexation of a portion of freight rates to variations in fuel prices: Recent drops in fuel prices during the year have resulted in decreased revenue.

The drop in revenue is also explained, although to a lesser degree, by the reduced activity in the freight forwarding business as a result of reduced volumes and low container shipping freight rates in South American markets, as well as decreased revenue from the solid bulk transport business due to the company's strategy to exit this business. This strategy concluded with the last bulk carrier chartered by CSAV being redelivered to its owners during the third quarter of 2015.



Source: ANAC (Chile) and ARAPER (Peru)

Cost of sales amounted to MMUS$ 180.2 for the period ended December 31, 2015, which represents a decrease of MMUS$ 56.9 over the same period in 2014. This drop in operating costs is in line with reduced market activity as well as CSAV's smaller scale in the vehicle transport business and, to a lesser extent, to the effects of the freight forwarding and solid bulk transport businesses, as mentioned above. The decrease in cost of sales can also be explained by the lower average fuel prices seen during 2015, which fell close to 42% compared to the same period in 2014. However, as mentioned above, since a portion of sales have fuel price indexation clauses, some of the positive effect on costs was partially offset by reduced revenue.

On the other hand, although to a lesser extent, the drop in fuel prices was partially offset in cost of sales because a portion of its sales uses fixed-priced contracts, and thus the company recorded greater expenses as a result of the evolution of fuel prices during the year.

Administrative expenses amounted to MMUS$ 19.7, which represents an increase of MMUS$ 0.5 over the same period in 2014, explained by the costs of managing the investment in HLAG. Of this amount, MMUS$ 15.4 is related to other transport services, and MMUS$ 4.3 is related to the container shipping segment.

Other operating income amounted to MMUS$ 3.8 for the period ended December 31, 2015, which represents a decrease of MMUS$ 842.8 over the gain of MMUS$ 846.6 recorded for the same period in 2014. This difference is explained almost entirely by the aforementioned result from the transaction with HLAG in 2014.

In **share of profit (loss) from equity method associates and joint ventures**, CSAV recorded a loss of MMUS$ 6.5, which is explained almost entirely by the results of the investment in HLAG.

This negative result of MMUS$ 6.5 in the share of the HLAG joint venture is explained mainly by the fact that the dilution loss of MMUS$ 83.9 mentioned above was greater than CSAV's share of HLAG's profit for the year 2015 and the positive effects of the PPA recognized during the year.

According to the equity method, which applies to a joint venture, CSAV reflects in profit or loss its direct share of the profit or loss attributable to the owners of HLAG and also the effect on profit or loss of the amortization of purchase price allocation (PPA), determined as of transaction close on December 2, 2014 (in accordance with IAS 28). HLAG reported profit attributable to the owners of the company of MMUS$ 123.9 for the year 2015 and also recognized a positive MMUS$ 101.3 for PPA amortization for the year 2015. The company applied the equity method value to these figures: 34.0% until the third quarter of 2015 and 31.35% after the IPO for the fourth quarter of 2015. Thus, CSAV recorded a gain of MMUS$ 43.5 for its direct share of HLAG's results and profit of MMUS$ 33.9 for its share of the PPA amortization for the year.

During 2015 CSAV recognized an income tax benefit of MMUS$ 5.9, arising mainly from the effect of variations in the euro exchange rate on the financing structure between Group subsidiaries related to the investment in HLAG, and, to a lesser extent, from the company's operating losses for the year and changes in tax rates on deferred tax assets.

Therefore, the **loss attributable to the owners of the Company** of MMUS$ 14.7 represents a reduction of MMUS$ 403.4 over the same period in 2014. Bear in mind that during 2014 the Company recorded a gain of MMUS$ 864 from the transaction close with HLAG, which was partially offset by the tax effect of this transaction and the loss of MMUS$ 230.8 from the container shipping operations classified as discontinued until transaction close.

c) Operating Results by Segment

CSAV reports two business segments as of December 31, 2015: Container Shipping and Other Transport Services. Each segment is described briefly below:

- Container Shipping: These are the container shipping services operated by HLAG, represented by the investment in that joint venture, plus certain assets and liabilities related to the container shipping business that are still controlled by CSAV (deferred asset, financial liabilities and others).

- Other Transport Services: This includes CSAV's operations in car carrier services (mainly to markets on the west coast of South America), liquid bulk transport on the west coast of South America and logistics and freight forwarder operations through the Norgistics subsidiaries. In 2015 CSAV redelivered its last leased bulk carrier and discontinued bulk solid operations. It also restructured operations providing refrigerated cargo transport on reefer vessels, transferring these services to the Norgistics subsidiaries.

Until 2014, the logistics and freight forwarding businesses, operated by the Norgistics subsidiaries, mainly served as support services for the container shipping business. After the transaction with HLAG was closed, Norgistics began operating these businesses completely independently. HLAG is now merely one of its suppliers in providing its logistics and freight forward services.

The following chart shows the income statement by segment for the year ended December 31, 2015 (more details in note 6 to the financial statements):

	Container Shipping 2015	2014	Change
	MMUS$	**MMUS$**	**MMUS$**
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit (loss)	**-**	**-**	**-**
Administrative expenses	(4.3)	(3.3)	(1.0)
Other operating expenses	1.4	864.4	(863.0)
Operating profit (loss)	**(2.9)**	**861.1**	**(864.0)**
Finance costs, net	(3.6)	(3.1)	(0.5)
Share of profit (loss) of equity method associates	(6.5)	(87.4)	80.9
Exchange differences and other	3.3	4.8	(1.5)
Income tax expense	(1.1)	(129.4)	128.3
Profit (loss) from continuing operations	**(10.8)**	**646.0**	**(656.8)**
Loss from discontinued operations	-	(230.8)	(230.8)
Loss attributable to non-controlling interests	-	(0.5)	(0.5)
Profit (loss) attributable to owners of the company	**(10.8)**	**414.7**	**(425.5)**

In 2015, the container shipping business recorded a loss of MMUS$ 10.8, explained mainly by the already mentioned loss recorded on the investment in HLAG and the administrative expenses related to this segment.

	Other Transport Services 2015	2014	Change
	MMUS$	**MMUS$**	**MMUS$**
Revenue	183.1	235.3	(52.2)
Cost of sales	(180.2)	(237.1)	56.9
Gross profit (loss)	**2.9**	**(1.8)**	**4.7**
Administrative expenses	(15.4)	(15.9)	0.5
Other operating expenses	2.3	(17.8)	20.1
Operating loss	**(10.2)**	**(35.5)**	**25.3**
Finance costs, net	-	(0.7)	0.7
Share of profit (loss) of equity method associates	-	0.6	(0.6)
Exchange differences and other	(1.0)	7.8	(8.8)
Income tax benefit	7.0	1.9	5.1
Loss from continuing operations	**(4.2)**	**(25.9)**	**21.7**
Profit (loss) from discontinued operations	-	-	-
Profit (loss) attributable to non-controlling interests	(0.4)	0.1	(0.5)
Loss attributable to owners of the company	**(3.8)**	**(26.0)**	**22.2**

Other transport services posted a loss of MMUS$ 3.8 during 2015, which represents an improvement of MMUS$ 22.2 over 2014. This improved result is explained mainly by the gross profit of MMUS$ 2.9 recorded by CSAV for 2015 (versus a loss of MMUS$ 1.8 in 2014)— attained despite unfavorable market conditions—and, as mentioned previously, by the loss of MMUS$ 18.6 on the sale of the company's interest in DBHH during 2014.

2. Difference between Commercial and Book Values of Assets

The financial statements as of December 31, 2015, have been prepared in conformity with International Financial Reporting Standards (IFRS) as approved by the Chilean Securities and Insurance Supervisor, the regulatory agency that supervises the Company. Given the long-term nature of the Company's assets as well as the nature of the services it provides and the shipping industry in general, it is possible to determine the true relationship between the book and economic values of the Company's principal assets in the framework of IFRS provisions defined for such purpose, which have been adopted for these financial statements.

3. Market Analysis

a) Container Shipping Segment

The Company participates in the container shipping business through its investment in HLAG (accounted for as a joint venture). Although CSAV has significant influence over HLAG and jointly controls it together with other major partners, the joint venture has an independent management team that controls and manages its risks autonomously and in accordance with the standards of a publicly-listed and regulated company in Germany.

The container shipping industry continues to face volatile and generally adverse market conditions, characterized by:

- Lingering fragile and volatile global economic conditions that have resulted in low growth in demand for container transport. In particular, sluggish growth in China, the rest of Asia, Europe and Latin America have negatively affected global transport volumes.
- An oversupply of capacity as a result of shipbuilding orders during the years before the 2009 crisis. Although shipbuilding orders have stabilized at more reasonable levels, weaker demand for shipping during 2015 has generated excess supply. In 2016, the opening of the new Panama canal expansion may affect the supply and demand equilibrium along global shipping routes.
- Volatility in bunker prices, which is the industry's main consumable. Prices remained high until the end of 2014 and have since fallen considerably like other commodities.

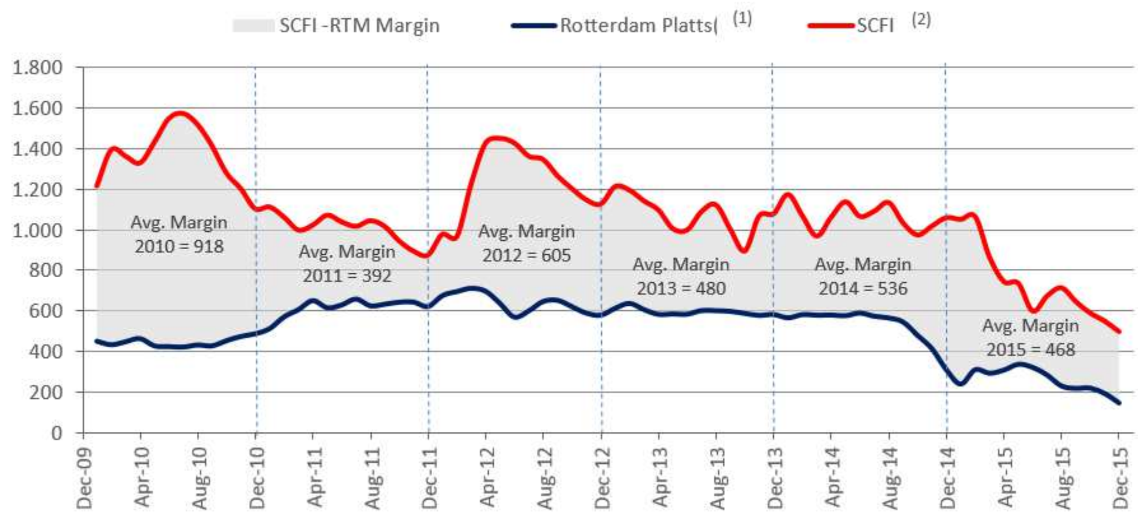
For several years now, the largest global shipping companies have independently taken a series of important measures to reverse these negative conditions and the changes in operating paradigms they are facing. These measures have included suspending and restructuring transport services; increasing their idle fleet and suspending voyages (in late 2015, the industry experienced the highest idle fleet levels seen since 2010); implementing super slow steaming on a global level; focusing on reducing operating costs; increasing productivity and asset use; and more efficiently using fuel.

In recent years, shipping companies have increased joint operating agreements in order to improve customer service levels while generating economies of scale and economies of network that would otherwise have been unreachable if operating independently. These efforts have been significant and have resulted in the formation of major global operating alliances through consortia such as 2M, Ocean Three and G6 (HLAG is a member of the latter). Currently, there is also a growing push from certain players to consolidate the industry (e.g. COSCO with China Shipping and CMA CGM with APL) as well as to restructure global joint operating alliances.

Despite operating improvements attained and efforts to streamline the industry implemented by shipping companies, freight rates net of fuel costs ("ex-bunker rates") are still below historical levels along most routes and much lower than levels that the industry could presently consider a sustainable equilibrium. This situation has not allowed the industry as a whole to attain normal profitability levels. However, some competitors have posted positive results, thanks to their economies of scale and economies of network as well as their healthy capital structures. Nevertheless, the current low freight rates and modest growth in demand could change this situation.

Regarding the asset reinvestment process, the main global operators are driving container vessel investment plans aimed at better adjusting to the new operating paradigms. These plans are focused on boosting efficiency, reducing fuel consumption, operating as part of consortia or global operating alliances and adapting their fleets to the new Panama canal. Vessels under construction total 20% of the current operating fleet.

However, all industry players continue to face a challenging scenario. Drops in container freight rates and their high volatility in recent months have only been partially offset by reduced bunker prices.



	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15
SCFI-RTM Average Margin	811	754	571	436	399	277	389	483	426	369	356	351

(1) Average price of bunker (IFO 380) at Rotterdam.

(2) Shanghai Containerized Freight Index

b) Other Transport Services Segment

The different shipping sub-segments operated by CSAV in 2015, such as transporting vehicles and refrigerated, solid bulk and liquid bulk cargo, have also been affected by weaker global demand for transport, excess supply and volatile bunker prices.

The car carrier business has experienced volatile demand since the financial crisis of 2008. Supply continues to be dominated by Japanese and Korean shipping companies, which account for about 65% of the market.

Global demand for vehicles is positively or negatively affected by the economic conditions in different countries and changes in manufacturing countries. In recent years, China has replaced other major manufacturing countries as one of the largest producers. In 2015 global demand for shipping has been impacted by the weak global economic conditions that have affected production and global exports.

Nevertheless, the global vehicle transport industry grew consistently during the last few years, showing decreases only in 2010 and 2011 as a result of the 2008 financial crisis. Until now, the year 2015 has exhibited weaker global demand. On the other hand, PCTC vessels (“Pure Car and Truck Carriers”) have increased their average size, growing from a capacity of around 4,200 vehicles in 2008 to about 4,900 vehicles in 2014, in order to increase economies of scale and operating efficiency.

CSAV transports vehicles mainly from Asia, the United States and Europe to Chilean and Peruvian markets. These markets have been strongly affected by the economic performance of both countries and, thus, vehicle imports have fallen significantly since 2014. During 2015, sales of light vehicles in these markets fell 13% while trucks and buses decreased by 10% as compared to the same period last year. This trend, coupled with more conservative inventory management by dealers, has negatively impacted both volumes and freight rates in CSAV's vehicle transport operations. (see chart "Vehicle Sales in Chile and Peru" on page 6).

The logistics and freight forward businesses are closely related to the evolution of the container shipping business and freight rates. In recent quarters, the east and west coast markets of South America have not evolved favorably given the region's poor economic performance.

The Company's liquid bulk transport business is focused primarily on moving sulfuric acid along the west coast of South America. Demand in this business is primarily related to mining production and has evolved stably.

The global refrigerated bulk cargo business (reefer vessels) has lost market share over the past few years as a result of increasing use of refrigerated containers. The available supply of this type of vessel has dropped significantly to adjust to weaker demand, thereby increasing dependence on a few suppliers for vessel leases. As a result, CSAV has decided to cease operating vessels in this business and offer its clients transport solutions for the 2016 fruit season through its Norgistics subsidiaries in lieu of operating specialized refrigerated carriers.

The solid bulk carrier business has been strongly affected since the financial crisis of 2008. The industry has considerable overcapacity and shipping and vessel charter rates have remained very low. CSAV decided to reduce its exposure to this business by selling its interest in DBHH during the second quarter of 2014 and redelivering in 2015 all of the chartered vessels it operated or sub-chartered to third parties. As of December 31, 2015, CSAV has already redelivered all of its chartered vessels and, therefore, is no longer exposed to this business.

4. Analysis of Statement of Cash Flows

The following table details the main components of cash flows for each period:

	December 31, 2015	2014
	MMUS$	MMUS$
Cash flows from operating activities	**(26.1)**	**(281.4)**
Operating cash flows	(25.2)	(276.8)
Income taxes and other	(0.9)	(4.6)
Cash flows from investing activities	**(32.4)**	**(447.0)**
Loss of control of subsidiaries or other businesses	-	(86.6)
Acquisition of interest in joint ventures	(29.7)	(243.1)
Purchases and sales of property, plant and equipment	(2.9)	(120.3)
Other	0.2	3.0
Cash flows from financing activities	**67.5**	**567.3**
Payment to purchase treasury shares	-	(20.9)
Issuance of shares	162.7	428.6
Loans obtained from and paid to related parties	30.0	-
Loans obtained and paid	(121.2)	208.9
Interest payments	(3.2)	(39.8)
Other	(0.8)	(9.5)
Effect of change in exchange rate	**(2.3)**	**5.1**
Net cash flows	**6.7**	**(156.0)**

The net variation in cash and cash equivalents, equivalent to **net cash flows**, was an inflow of MMUS$ 6.7 for the period ended December 31, 2015, which represents an increase of MMUS$ 162.7 over the same period in 2014. It is important to point out that the Company's cash flows for the year 2014 include its discontinued operations (CSAV's container shipping business).

Operating activities generated a negative net flow of MMUS$ 26.2 for the period ended December 31, 2015, which represents an improvement of MMUS$ 255.2 over the same period in 2014. This negative flow can be mainly explained by the operating results and administrative expenses posted by other transport services, as well as by payments to cover closing costs for the transaction with HLAG, disbursements related to investigations by antitrust regulators in the car carrier business and payments to close the solid bulk transport business. Most of these payments were provisioned and, thus, did not affect profit for the period.

Investing activities generated a negative net flow of MUS$ 32.3 for the period ended December 31, 2015, which represents an improvement of MUS$ 414.7 over the same period in 2014. This flow is explained mainly by the company's subscription of shares in HLAG's IPO (MMUS$ 29.7) and, to a lesser extent, to major maintenance performed on liquid bulk carriers owned by the company. Other factors from 2014 include the Company's participation in a capital increase in HLAG in December of that year and installment payments on the construction of container ships.

Financing activities generated a positive net flow of MMUS$ 67.5 for the period ended December 31, 2015, which represents a decrease of MMUS$ 499.8 over the same period in 2015. This variation is explained mainly by the effect of decreased proceeds from loans obtained net of reduced loan payments (MMUS$ 330.1), reduced proceeds from issuances of other equity instruments (MMUS$ 265.9), the amount drawn down from the loan from Quiñenco S.A. in 2015, classified as loans from related parties, to finance the Company's participation in HLAG's IPO (MMUSD$ 30.0), payments made in 2014 to acquire shares from shareholders exercising their appraisal right (MMUS$ 20.9), and a reduction in interest paid (MMUS$ 36.6).

5. Analysis of Market Risk

The Company's investment in HLAG is presently its primary asset (80.5% of total assets as of December 31, 2015). Therefore, although the market risks of the container shipping business are not directly reflected in CSAV's financial statements, they are indirectly reflected since the effects are ultimately presented in the value of CSAV's investment in that joint venture, in the dividends it can receive from that company and in the effects on equity and profit or loss for the period. Therefore, even though CSAV contributed its entire container shipping business to HLAG in 2014, the main business risks continue to be related to container shipping.

As mentioned previously, HLAG has an independent management team that controls and manages its risks autonomously and in accordance with the standards of a publicly-listed and regulated company in Germany.

The principal risks that the Company faces from the segments it continues to operate directly (other transport services segment) stem from the possibility of deteriorating demand for ocean transport, an increase in supply, a drop in freight rates and a rise in oil prices. Other risks that may affect the industry include heightened competition, asset obsolescence, environmental risks and regulatory changes.

On the demand side, risk comes primarily from the global economic conditions and the impact of global economic slowdown. As of January 2016, the International Monetary Fund (IMF) is forecasting a 0.3% contraction in global GDP growth (3.1% for 2015 compared to 3.4% in 2014). In other words, no major change in demand is expected in the short term. South America continues to perform weakly. For 2016, the IMF predicts a slight recovery, forecasting GDP growth of 3.4%. The organization is also forecasting growth in global trade (products and services) of 3.4% for 2016 versus 2.6% in 2015.

On the supply side, there is the risk that new vessel construction exceeds future demand, thus exacerbating the imbalance.

In addition, the main risk in the vehicle transport business stems from the weakness of key markets for CSAV (west coast of South America) and global balance of supply and demand for maritime shipping.

The price of oil has dropped considerably since the last quarter of 2014. However, it continues to be volatile and there is no certainty as to how it will evolve in the future. A portion of freight sales is indexed to fuel price variations. The Company takes out fuel price hedges for other, fixed-price sales.

In relation to interest rate risks, as of December 31, 2015, all of the Company's liabilities were at floating rates indexed to the Libor, which has remained stable, although the future curve indicates a slight upward trend.

Regarding exchange rate volatility, most of the Company's income and expenses are denominated in US dollars. As of December 31, 2015, certain assets and liabilities are denominated in other currencies. As indicated in Note 5 to the consolidated financial statements, in early 2015 the Company hedged its exchange rate risks (Chilean peso to US dollar) on loans for the capital increase underway at that time, which were paid in February 2015. Similarly, before the Company fully prepaid its UF bonds, it had liabilities exposed to the depreciation of the Chilean peso, which positively affected exchange differences for the year 2015.

6. Financial Ratios

As of December 31, 2015, the Company's principal ratios have performed as follows:

a) Liquidity Ratios

Liquidity Ratios		December 31, 2015	December 31, 2014
Current Liquidity	Current Assets / Current Liabilities	1.308	0.352
Acid-Test Ratio	Cash and Cash Equivalents / Current Liabilities	0.855	0.171

- **Current Liquidity:** This ratio increased in comparison to December 2014, due to a decrease in current assets (MMUS$ 13.7) and a sharp decline in current liabilities (MMUS$ 205.3).

- **Acid-Test Ratio:** This ratio increased in comparison to December 2014, due to an increase in cash (MMUS$ 6.7) and a decline in current liabilities (MMUS$ 205.3).

b) Leverage Ratios

Leverage Ratios		December 31, 2015	December 31, 2014
Leverage	Total Liabilities / Equity	0.085	0.164
Short-Term Leverage	Current Liabilities / Total Liabilities	0.351	0.858
Long-Term Leverage	Non-Current Liabilities / Total Liabilities	0.649	0.142
Financial Expense Coverage	Profit (Loss) before Tax and Interest / Finance Costs	4.833	192.692

- **Leverage**: This ratio decreased as compared to December 2014 due to a decrease in total liabilities (MMUS$ 135.9) mainly as a result of prepaying the bridge loan in February 2015, and an increase in equity (MMUS$ 151.0) primarily attributable to profit for the period and the portion of the capital increase subscribed and paid in early 2015.

- **Short-Term Leverage:** This ratio decreased as compared to December 2014 because the decrease in current liabilities (MMUS$ 205.2) is greater than the decrease in total liabilities (MMUS$ 135.9).

- **Long-Term Leverage:** Unlike the short-term index, this ratio increased in comparison to December 2014 and June 2014 as the weight of current liabilities decreased.

- **Financial Expense Coverage:** This ratio decreased considerably with respect to December 2014, mainly due to a decrease in profit before taxes and interest of MMUS$ 768.9, which can be explained to a large extent by the before-tax gain of MMUS$ 777 recorded in December 2014 as a result of the transaction with HLAG.

c) Profitability Ratios

Profitability Ratios		December 31, 2015	December 31, 2014
Return on Equity	Profit (Loss) Attributable to Owners / Average Equity	-0.007	0.266
Return on Assets	Profit (Loss) Attributable to Owners / Average Assets	-0.007	0.169
Return on Operating Assets	Operating Profit (Loss) / Average Operating Assets *	-0.007	0.340
Dividend Yield	Dividends Paid in Last 12 Months / Market Value of Stock	0.000	0.000
Earnings (Loss) per Share	Profit (Loss) Attributable to Owners / Number of Shares	-0.0005	0.0227
Market Value of Stock (Ch$)		13.7	22.4

* Average Operating Assets: Total assets less deferred taxes and intangible assets.

- **Return on Equity:** This ratio fell as compared to December 2014 due to a decrease in profit for the period of MMUS$ 403.4, partially offset by an increase in average equity of MMUS$ 512.1.

- **Return on Assets:** This ratio decreased as compared to December 2014 due to a decrease in profit for the period of MMUS$ 403.4 and a decrease in average assets of MMUS$ 75.7.

- **Return on Operating Assets:** This ratio decreased as compared to December 2014 due to a decrease in operating profit of MMUS$ 654.0 and an increase in average operating assets of MMUS$ 21.8.

- **Dividend Yield:** This index remained constant because no dividends were distributed in 2014 and 2015.

- **Earnings per Share:** Earnings per share decreased as compared to December 2014 because of a decrease in profit for the period of MMUS$ 403.4 and an increase of 13,599 million in the number of shares.

- **Market Value of Stock:** The share value posted a strong variation of 39% over December 2014.

d) Activity Ratios

Activity Ratios		December 31, 2015	December 31, 2014
Inventory Turnover	$\frac{\text{Fuel Costs}}{\text{Average Inventories}}$	8.235	13.375
Inventory Permanence	$\frac{\text{Average Inventories} * 360}{\text{Fuel Costs}}$	43.717	26.717

- **Inventory Turnover:** As of December 31, 2015, there is a drop in this indicator with respect to the same period in 2014. For comparison purposes, the figure for fuel costs as of December 31, 2014, includes 11 months of container shipping activities.

- **Inventory Permanence:** As of December 31, 2015, there is an increase in this indicator with respect to the same period in 2014. For comparison purposes, the figure for fuel costs as of December 31, 2014, includes 11 months of container shipping activities.